

Supply Chain Security



American Science and Engineering awarded \$45 million contract from Middle East customs agency

American Science and Engineering, Inc. (AS&E) announced that it has been awarded a two-phased contract valued at \$45 million from a Middle East customs agency to use its patented X-ray detection systems to secure strategic borders, seaports, and airports. The first phase of the contract has been funded at \$25 million. The contract includes multiple OmniView™ Shaped Energy™ Gantry Systems and multiple PalletSearch™ and ParcelSearch™ X-ray Inspection Systems.

"This significant follow-on order solidifies our position in the region and further demonstrates our customer's confidence in AS&E's proprietary technology to secure their seaports, borders, and airports," said Anthony Fabiano, President and CEO. "In our on-going collaboration with this valued client, we have worked closely to provide a full range of product offerings to efficiently inspect parcels and cargo for manifest veri-

fication, contraband, and threats. This latest contract award attests to the effectiveness of AS&E systems currently deployed to protect their borders."

The OmniView Shaped Energy Gantry System is the only multi-view relocatable system available today that combines high-energy transmission inspection plus multiple Z® Backscatter™ X-ray views. The combination of technologies delivers the most reliable means of detecting contraband and threatening materials, such as weapons and explosives hidden in cargo containers, tankers, and large vehicles. OmniView Shaped Energy Gantry provides high penetration into inspected objects. The System's scanning platform operates by moving on rails past stationary vehicles and cargo.

The System is bi-directional allowing for a high throughput of approximately two trucks per scan, 24 trucks per hour.

CBP seizes \$10 million in misdescribed textiles since October

US Customs and Border Protection (CBP) has seized more than \$10 million (over the last four months) in goods that were misdescribed in an effort to circumvent trade laws and regulations. CBP plays a critical role in enforcing trade laws and ensuring that appropriate revenue is collected.

Many different schemes are used to evade duty or quotas on textiles being brought into the country. Some importers circumvent quotas by transshipment-changing the country of origin of their goods. Still others use false documents or labels or provide incorrect descriptions of the merchandise. Textile imports are especially important since they represent 43% of all revenue collected. "CBP is committed to facilitating and stimulating the flow of legitimate international trade and collecting import duties. However, CBP also intends to maintain a robust trade enforcement program and textiles is a priority issue," said Acting Commissioner, Deborah J. Spero.

Import Specialists in CBP with specialized commodity knowledge analyze and review textile imports for possible violations. Focusing on this commodity has paid off with the seizure of several major shipments.

One of the enforcement tools being used is on-site verification of manufacturers. In November 2005, CBP Textile Production Verification teams traveled to foreign factories to review and verify that wearing apparel that is shipped to the US is produced at those facilities. The Textile Production Verification Teams reviewed 195 high-risk foreign factories. Of these, 70 were closed, 24 refused the team admission, 50 were considered high potential for transshipments and three had evidence that they were engaging in illegal transshipments. As a result of these site visits CBP is currently in the process of seizing shipments with a domestic value of \$1.3 million from any factory that was determined closed.

Sites are selected after extensive trade analysis. Countries are categorized based on risk for non-compliance with trade laws and policies. Those countries

that are identified as high-risk go to the top of the list for verification activities, but selection of individual manufacturers is also a result of the application of stringent targeting techniques. Verifications are ongoing and visits to additional locations are being planned.

CBP has initiated a special operation to address the misdescription of merchandise. Over the course of the last four months CBP has seized more than \$10 million in misdescribed goods and identified a scheme to circumvent the China safeguards by misdescribing cotton merchandise as ramie which has a much lower rate of duty. In November and December 2005, over 2,000 additional examinations were conducted to identify smuggling and misdescription of merchandise. In addition to the seizures made, CBP import specialists identified significant Intellectual Property Rights (IPR) violations.

During fiscal year 2005, textile and wearing apparel reviews conducted by Regulatory Audit recommended recoveries of over \$4, 974,000. In addition, discoveries of violations have been found in textile imports of the Caribbean Basin Trade Preference Agreement, the Singapore Free Trade Agreement, and classification errors resulting in more than \$900,000 in recovered revenues.

CBP import specialists at the ports of entry are receiving extensive Free Trade Agreement (FTA) training to target possible violation of FTA requirements in shipments entering US trade. Yet another resource used to identify misdescribed merchandise are the CBP Laboratories. Laboratory analysis can establish the make-up of any textile product through chemical and fiber analysis. "CBP has an arsenal of tools to ensure compliance with laws and regulations governing imports," said Janet Labuda, Director, Textile Enforcement and Operations Division. CBP will continue to use a multi-faceted, but complementary approach consisting of trade pattern analysis, on-site verifications, review of production records, audits, and laboratory analysis to enforce our trade laws and to ensure that appropriate revenue is collected.

John Tabor elected to International Cargo Security Council Board

NRS Corporate Security Director recognized for industry leadership

John Tabor, Director of Corporate Security for National Retail Systems, Inc. (NRS), has been elected to the board of directors for the International Cargo Security Council (ICSC).

The International Cargo Security Council is an association of professionals active in intermodal transportation and supply chain security dedicated to enhancing the integrity and efficiency of the supply chain through the development and dissemination of security best practices, and facilitating collaboration among industry stakeholders, government, law enforcement and academia in the protection of global trade.

"This is recognition of the industry-

leading security practices we have established at NRS across our entire nationwide network," Tabor said. "I have the best team in the industry and it shows in our security record."

NRS, a provider of logistics services to many leading US retail brands, is well known for its advanced security systems and procedures. Recently, the Millburn, NJ, police department's SWAT team completed Homeland Security training at NRS facilities in North Bergen, NJ.

"It was really amazing to see the team operate," Tabor said. "I wouldn't want to be driving a truck these guys targeted. It didn't take long for them to stop it."

IJS Global joins C-TPAT

IJS Global Inc., a fast-growing international air and ocean freight forwarder, customs broker and non-vessel operating common carrier, said today it has signed on to participate in the US Customs and Border Protection's Trade Partnership Against Terrorism initiative (C-TPAT).

C-TPAT is a joint government-business initiative designed to build cooperative relationships that strengthen overall supply chain and border security. Through this initiative, CBP can provide the highest level of security through close cooperation with the ultimate owners of the supply chain – importers, carriers, brokers, warehouse operators and manufacturers.

"As we expand in the US and beyond, we are always mindful that, in today's world, free, frictionless com-

merce is possible only with a safe and secure global supply chain," said John Gallahan, President and CEO, IJS Global. "Our involvement in C-TPAT sends a strong message to our customers that we are serious about, and committed to, ensuring the integrity of the IJS Global network."

To participate in C-TPAT, businesses must apply and commit to conducting a comprehensive self-assessment of supply chain security using the C-TPAT security guidelines jointly developed by CBP and the trade community. Businesses applying for participation in C-TPAT also must submit a supply chain security profile questionnaire to CBP and develop and implement a program to enhance security throughout the supply chain in accordance with the C-TPAT guidelines.

Port security controversy confirms railroad vulnerability

Rail workers ask officials to consider how port security affects rail and trucking systems.

Engineers and Trainmen for Pennsylvania railroads expressed concern about the potential deal that would give an Arab firm complete control of six US ports.

The deal would allow Dubai Ports World, a United Arab Emirates (UAE)-based company, to purchase commercial operations at ports in Philadelphia, New Jersey, New York, Baltimore, Miami and New Orleans.

There is widespread concern that the deal could hinder domestic security, because of UAE's poor track record in the war on terrorism.

The PA Brotherhood of Locomotive Engineers and Trainmen (BLET) stated that because so much of the freight that enters the country through the ports in question is transported via Pennsylvania's rail system, its workers are asking state officials to conduct an assessment of the transportation infrastructure connecting and servicing the ports.

"That's why," PA BLET Legislative Board Chairman Ken Kertesz says, "Pennsylvania needs to conduct a vulnerability assessment of its transportation infrastructure to investigate the system as a whole - from port, to rail, to tractor-trailers."

According to Kertesz, reports have estimated that only five percent of the cargo containers entering ports are inspected - compared to China where every cargo

container is inspected. Kertesz says rail engineers often have minimal knowledge of what they are transporting; nor are they comfortable with the training they have received to know what to do.

"PEMA has said that the first 72 hours after a man-made or natural disaster occurs, we are on our own," he said.

Kertesz questions whether this is the time to be giving control of US ports to a foreign government. "Port security is vital to the safety of the transportation infrastructure because the railroads and trucks are the vehicles used to haul many of the shipments that arrive at ports such as Philadelphia's Tiago Terminal," Kertesz said.

Recently, al Qaeda once again threatened more attacks on US soil. In a taped message from Osama bin Laden's deputy, Muslims have been called on to attack the West in a similar manner to the recent strikes in Europe. Some analysts interpret these messages to mean terrorists are planning an attack against our passenger or freight railroads.

"Even though it will impose more regulations on our railroad workers, we have formed coalitions of support for increased rail security, and we have taken some steps in the right direction," Kertesz said. "Many of the legislators we spoke to want to know what is traveling through their districts. Losing control of the ports would be a step backwards."