

FTZ Security as Model for Importers

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Background on Security Requirements

- **International Trade will never be the same after 9-11.**
- **Customs has asked all FTZ Operators to assist in keeping America Secure.**
- **Voluntary Security enhancements, training and awareness are now being implemented in all 250 FTZ projects, on top of normal FTZ security.**
- **The Port Security Act of 2002 will make security of the supply chain mandatory.**

“Best Practices” Security Procedures exist in FTZ Operations

- **Each Importer needs to create and implement a Physical and Procedural Security Manual/System for all imports, throughout the supply chain.**
- **Best Practices is currently demonstrated within the FTZ industry.**
- **FTZ Operators have been required to file a Security Survey for the past several decades.**

“Best Practices” Security Procedures exist in FTZ Operations

- **The Security Survey includes several elements of secure facilities, personnel and training that enhance the integrity of the Zone site, and the inbound imported cargos.**
- **By employing these “best practices” in the supply chain, importers can quickly become more secure, have policies and procedures in place to detect security breaches, and should be able to secure the supply chain more effectively.**

Elements of Security Procedures in FTZ Operations

● Physical Facilities:

- Locks, Intrusion detection, cameras, sensors, grates, and random canine searches.
- Lights, guard service, CCTV, external fencing, and external monitors on the facilities.

● Procedural Security:

- Verification of documents before arrival, in-bond procedures, seal management and collection, training on import processes by warehouse employees (critical for FTZ ops)

Elements of Security Procedures in FTZ Operations

● Personnel

- Screening, training, background checks, second signature validation on procedural issues.
- Paperwork validation, shipper verification, size weight validation, Country of Origin verification of the physical and of documents, damaged goods reports,
- Personnel procedures to manage the merchandise delivery and non-facility personnel at the facility. Asset management.

Additional Security Procedures in FTZ Operations, post 9-11

- **REVIEW existing security to see that it meets the Security Survey that was submitted when activation was approved originally**
- **PERSONNEL: Know who is in your facility at all times. Card reader/door locks etc. are the best way to manage access.**
- **PERSONNEL SCREENING procedures need to be updated and comprehensive.**

Enhanced Security Procedures in FTZ Operations, post 9-11

- **MERCHANDISE:** Know your goods. Make a habit of checking country of origin, matching weight to product, is it light, heavy or any other way unusual or out of the ordinary....
- **CUSTOMS:** Know your Customs Inspectors. Make it a habit of having them sign in, with a badge # or ID # written and recorded.

Enhanced Security Procedures in FTZ Operations, post 9-11

- **BE SUSPICIOUS:** Relay any abnormality of goods, paperwork, or personnel to your Inspector. We all must work in harmony to protect America!
- **BOTTOM LINE:** Any legitimate operation might be used to harm the USA. We all need to be vigilant and diligent in watching the cargo.

Consideration by Customs of using FTZ Security as “Model” for importers

- **Policy and Procedures already in existence:**
 - Customs has requirements in place, manuals, standards and language that it employs for the supply chain importers that utilize FTZ’s. Therefore, the process is easily transportable.
 - Security Standards for Bonded/FTZ’s are being upgraded now, and once complete, will give Customs the “New Best Practices” guidelines.
 - No need to re-create the wheel, just expand it downline to the start of the supply chain.

Consideration by Customs of using FTZ Security as “Model” for importers

- **Standards are auditable and have proved workable inside the trade community:**
 - Over 50% of Fortune 500 companies use FTZ’s and are used to the procedures.
 - Procedures, as updated give Customs a good “starting point” to depart from.
 - Training for importers would be enhanced because of the existing infrastructure of consulting, practitioners and users of FTZ’s already understand “FTZ-secure.”

Consideration by Customs of using FTZ Security as “Model” for importers

- **Procedures and Policies in use “universally” in Customs:**
 - Over 250 Zone projects, located in every state, in every POE (almost).
 - Trade Service Providers (CHB’s, CHL’s, Carriers, etc) already understand FTZ’s and how they operate.
 - System integration into the “normal importing” supply chain could probably occur much quicker because of this pre-existing knowledge.

“Best Practices FTZ” Security Procedures - Conclusion

- **Each Importer needs to create and implement a Physical and Procedural Security Manual/System for all imports, throughout the supply chain.**
- **This will be mandated by the Congress**
- **A “standard” should be established quickly, identifying “Best Practices” for importers in order to comply.**

“Best Practices FTZ” Security Procedures - Conclusion

- **Customs will allow a “Secure Importer” (SI) to have its cargo processed quicker than other importers.**
- **Best Practices for cargo security is currently demonstrated within the FTZ industry.**
- **Customs universally employs this “standard” within almost every POE, creating a solid, national knowledge base**

“Best Practices FTZ” Security Procedures - Conclusion

- **Because Congress wants Secure Importers (SI) within 90 days, Customs may want to try and define an SI, strictly from the security perspective.**
- **Customs could use existing selectivity criteria for trade compliance and allow for “Secure Importer” status, without a full CAT/SA.**

“Best Practices FTZ” Security Procedures - Conclusion

- **These are really two different issues, ie. Secure Transportation from terrorist’s threats, and Trade Compliance.**
- **Congress and the public may not be willing to accept a security breach while waiting on an audit/assessment, or the assignment of an Account Manager, before we as a nation implement better transportation security.**