

Conference Planning Workshop Summary: Securing The Supply Chain/Making The Supply Chain Environmentally Sound

On February 23, 2009, supply chain stakeholders met at the Department of Commerce's Securing the Supply Chain And Making the Supply Chain Environmentally Sound workshop. The workshop was held to discuss private sector perspectives on trade security and environmental issues, and how these may affect the U.S. supply chain and its transport infrastructure. Workshop participants, expressing their individual viewpoints, came from a wide range of industries and associations. The event was the third in a series of stakeholder workshops intended to explore topics and content for the Department's May 11, 2009 "Game Changers in the Supply Chain Infrastructure: Are We Ready To Play?" conference.

At the workshop, participants described various U.S. and international security and environmental programs and how they believe these affect U.S. supply chains and transport infrastructure. The stakeholders' various concerns underscore the need for these issues to be considered in the development of national transportation infrastructure policy.

Securing The Supply Chain

A major shipping industry representative remarked that the current security environment is over-regulated. Several participants remarked that many of the security-related requirements implemented since September 11, 2001 have increased burdens on the supply chain without a clear security benefit. Suggestions for U.S. security policy changes included common scanning standards and better data-sharing among DHS programs and agencies, particularly between TSA and CBP, clear definitions and goals in security policy; and honest evaluations of the "real" gaps in supply chain security. A systems research analyst called for more transparency in the regulatory process, including better communications and data-sharing between private sector supply chain managers and Federal regulators. Other participants called for better coordination between Congress and the Administration on security policy.

The systems analyst commented that security should not be in conflict with efficiency in the supply chain, and when properly implemented, they actually complement each other, with security adding extra value. A shipping industry specialist added that most companies would not have problems providing security-related information on company processes and proprietary information if it could be proven that the data would remain secure, and that generating the data actually does help the private sector increase the security of their processes and facilities. Several participants noted, however, that there is no efficient balance between cost and security that can be created from Congress' 100% container scanning requirement, and suggested that CBP's recent "10 + 2" rule would achieve better security and have less impact on the supply chain if it was better managed. One port terminal specialist stated that the U.S. seems to have a "cops and robbers"-type security approach towards shippers, adding that some U.S. shipping firms have instituted security technologies and systems that do work.

A cargo transport specialist expressed concern that more focus is being placed on securing borders and freight than on whether commerce and trade suffers. Others expressed concern that the U.S. is imposing international supply chain security measures without concern for the sovereignty of our trading partners, and that these could become a huge barrier to trade in the near future.

Making The Supply Chain Environmentally Sound

As with security, it was noted that environmental regulations are being developed without considering their impacts on trade and investment. A systems analyst stated that impacts on businesses would be mitigated if these regulations were managed in a more efficient manner.

Some participants pointed out that increasing efficiency can often have a positive impact on the environment without the burden on commerce produced by overregulation. A cargo transport specialist noted that automated gates and appointment systems at ports reduce truck idle times, thus reducing air pollution. The specialist added that efficient air traffic management can increase aircraft efficiency by as much as 15-20%, reducing environmental impacts by the same measure.

The transport specialist added that the government must lead in the arena of expanding alternative fuel research and greening the supply chain because consumer-driven demand is insufficient for these purposes. Another participant noted that the SAFE Port Act authorized funds for port security grants, which helped port operators to meet post-9/11 port security requirements. It was suggested that a similar grant program be established to help the private sector address environmental requirements.

Though the Ports of Los Angeles and Long Beach were cited as pioneers in addressing port-related environmental concerns, one analyst felt that their measures were being imposed in a "ham-fisted manner" and should not be used as a U.S.-wide model. It was noted that the Ports' imposition of these environmental and security requirements is spurring shippers to shift to destinations other than LA/Long Beach, in the context of Panama Canal expansion, the development of new port facilities in Mexico and improvements at key East Coast ports. Participants also noted that, in both security and environmental issues, the current economic crisis has given government, companies, and owner/operators some "breathing room" to act before the economy recovers and capacity issues resurface once again.

For More Information Contact 202. 482.3575
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http://www.export.gov/articles/supplychain_seminar.asp