



**International Chamber of Commerce**

*The world business organization*

## **Policy statement**

### **Supply chain security**

Prepared by the Commission on Transport and Logistics, 18 November 2002

The following statement is submitted on behalf of the Commission on Transport and Logistics of the International Chamber of Commerce (ICC), the world business organization. ICC's Commission on Transport and Logistics represents all segments of the international transport industry, including companies using transport services, shippers, carriers, freight forwarders, banks, insurers and business travellers worldwide. ICC aims to promote the market economy and an open international trade and investment system.

The international transportation system is essential to the prosperity of all nations. For the global economy to flourish, this system must continue to provide safe, secure, efficient and reliable services to importers, exporters and travellers in all parts of the world.

ICC believes that effective security measures are needed to ensure that the international transportation system is protected from acts of terrorism. Beyond terrible loss of life and property, a terrorist incident directed at the world's transportation system would result in interrupted service, port and terminal closures and delays to cargo and passenger travel, with potentially catastrophic effects on world trade.

It is the view of world business, as represented by ICC, that the global nature of transport requires that appropriate security regulations and standards be achieved through international consultation and consensus. Business and government cooperation is essential to define, develop and implement timely and long-range plans for securing cargo and conveyances in international trade.

- Specifically, ICC notes that the United States Customs Service has announced the publication of a Final Rule requiring cargo manifest information 24 hours prior to the lading of cargo at foreign ports for shipment to the United States. ICC believes that every effort should be made to implement this Rule in a manner that does not create undue burdens, unnecessary costs and delays in the delivery of goods to the US. ICC urges US Customs to consult closely with affected private sector parties. Measures should also be taken to prevent the unauthorized release of sensitive confidential company information.
- ICC will continue to work in cooperation with the World Customs Organization (WCO) to explore approaches for increasing protection of international borders and strengthening international supply chain security against terrorist attacks and other threats to the system of international trade.
- Over recent decades, international companies and carriers have invested heavily to streamline and secure international supply chains, both in terms of information partnerships and transportation security. These investments can be the foundation for cooperation between government and industry for improving international supply chain security.
- International standards and measures should be crafted with regard to maintaining and improving the facilitation and efficiency of the supply chain. Improved facilitation, through risk management, contributes to improved security, for example, by keeping containers in motion. Methods should be developed to enable the identification of higher-risk containers that warrant

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additional scrutiny, thus facilitating the rapid movement of all other cargo and enhancing overall security.

- Moreover, international standards and measures should aim at uniformity, simplicity and ease of deployment from country to country. There will be counterproductive effects if companies are faced with many different and conflicting national approaches to improved security. International standards should also have the flexibility to address the great diversity among supply chain structures, individual chain links and transportation modes.

In addition, ICC supports:

- Greater consultation among different agencies within governments prior to the introduction of new security measures;
- Promotion of international security standards through such bodies as the WCO, the International Maritime Organization, the International Civil Aviation Organization and the World Trade Organization, so as to result in a consistent global security system;
- Greater consideration of the "known shipper" programs that result in more transparency and the classification of low-, medium-, and high-risk cargoes, without compromising sensitive commercial information; and
- The effective use of information technology, with greater interoperability between countries, to make the supply chain process more secure and more efficient.

ICC calls on governments to bring industry leaders, including shippers, carriers and intermediaries, into discussions to work together in developing global standards and measures that will be effective and efficient without impeding international trade. National regulations on security should be developed in such a way as to be consistent with the standards and measures of international organizations.

In developing new security safeguards, policy makers must be careful not to unnecessarily compromise or undermine the efficiency and reliability of the transportation industry or impose unnecessary costs. Measures should be consistent with the principles of threat-based risk management and cost-benefit analysis. Such measures should also clarify the respective liabilities of the different commercial and governmental parties.

In conclusion, there is a convergence of interests between industry and government, and the welfare and wealth of nations depend upon the pursuit of those joint interests. Every effort should be made to keep the international transportation system protected and in a position to serve world trade.