

National Strategy for Global Supply Chain Security Implementation Update

January 2013

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Executive Summary

The *National Strategy for Global Supply Chain Security* (Strategy), released in January 2012, establishes the United States Government's policy to strengthen the global supply chain to protect the welfare and interests of the American people and to enhance our Nation's economic prosperity. The Strategy complements and supports existing policies, and emphasizes:

- All modes of transport (air, land, and sea) as well as critical intermodal hubs to provide “end-to-end” coverage of the supply chain system;
- An all-hazards approach, recognizing that man-made as well as natural threats could trigger disruptions to the system; and
- The need for the global supply chain system to be both more secure and able to recover quickly should an incident occur.

The primary focus during this first year of implementation has been to build additional models and assessments for how the global supply chain system operates as an interconnected network. Much of this work built upon existing analysis of the systems' constituent parts and, as a result, the United States Government now has a greater ability to describe, predict, and mitigate the disruptions that could affect the different types of supply chains that feed our domestic critical infrastructures and contribute to our national welfare and economic prosperity. This is a necessary first step toward the ultimate goal of developing and institutionalizing global measures to enhance the security, efficiency, and resilience of this vital global system.

As required by the Strategy, this report summarizes progress made by Federal departments and agencies in strengthening the global supply chain system during the first year of implementation.¹ It also highlights opportunities for continued work and makes recommendations for future implementation activities.

2012 Accomplishments

Over the last year, the United States Government made good progress in advancing the priority actions identified in the Strategy's Implementation Guidance. These priority actions include:

- Refining our understanding of supply chain threats and risks by completing insightful new assessments of the system as an interconnected network and updating analysis of the

¹ *The Strategy for Global Supply Chain Security* notes that “Departments and agencies will submit to the President, through the Assistant to the President for Homeland Security and Counterterrorism, a consolidated report on implementation status within 1 year of the release of the Strategy. The report will detail progress made on each of the priority action areas identified [in the Strategy]. It will also include additional recommendations for future action developed during the outreach process.”

specific radiological or nuclear terrorist threat that reaffirmed current policies and programs.

- Advancing technology by establishing United States Government priorities in the supply chain space (such as tracking and intrusion detection capabilities for containers in transit) and developing a process to better coordinate research and development projects to advance those priorities; and supporting international capabilities to identify the illicit transport of radiological and nuclear materials in the supply chain by increasing the number of detection systems provided to foreign government partners.
- Building resilient critical infrastructures by creating new incentives, such as Resilience STAR, to encourage industry stakeholders to build resilience into their supply chains, which then strengthens the system overall; mapping the interdependencies among the supply chains of various critical infrastructure sectors (such as energy, cyber, and transportation); and creating common resilience metrics and standards for worldwide use and implementation.
- Promoting the development and utilization of supply chain standards through active engagement with relevant stakeholders to advance technical standards for radiation and nuclear detection technologies as well as global standards or best practices guiding the submission and analysis of postal and air cargo information.
- Improving commercial information analysis and sharing capabilities through innovative pilots with foreign governments to assess data and inspect high-risk cargo prior to arrival at the U.S. border.
- Streamlining and harmonizing government processes and policies to facilitate trade by completing milestone mutual recognition arrangements with the European Union for air, land, and sea cargo security programs;² establishing four virtual Centers of Excellence and Expertise to improve the uniformity of trade enforcement processes among all our Nation's ports of entry; and creating a new Interagency Trade Enforcement Center to identify and address unfair trade practices.
- Establishing a Cross Sector Supply Chain Working Group, composed of private sector representatives from domestic critical infrastructure sectors, and supporting their development of a "Global Supply Chain Findings and Recommendations Report" that will inform future implementation efforts.

2013 Implementation Activities

² The 2012 arrangement with the European Union brings the total number of mutual recognition arrangements to seven Customs Trade Partnership Against Terrorism and Authorized Economic Operator mutual recognition arrangements; a maritime security mutual recognition arrangement with the European Union, air cargo security mutual recognition arrangements with 33 foreign nations, and mail security requirements with 32 nations.

Throughout 2012, Federal departments and agencies engaged with industry, international organizations, and other government stakeholders to identify areas for focus in 2013. These 2013 implementation activities include:

- Continuing to refine the United States Government’s understanding of threats and risks to the global supply chain system as an interconnected network by exchanging views on threats and risk with key domestic and international stakeholders, and advancing long term efforts to characterize system-wide risk and develop common risk indicators, metrics, and mitigation measures.
- Further aligning technology needs and investments among Federal departments and agencies by developing a set of United States Government-wide cargo and supply chain research and development (R&D) priorities; and identifying opportunities to test, in operational environments, specific technologies that have the potential to improve the security and integrity of cargo.
- Supporting international capabilities to detect and address the illicit global transport of radiological and nuclear materials and devices and other prohibited items and contraband.
- Promoting supply chain and critical infrastructure resilience by designating new Resilience STAR projects in the transportation sector; conducting exercises to identify and address critical infrastructure dependencies; and utilizing lessons learned from Hurricane Sandy to inform new policies and programs that will enhance our Nation’s preparedness.
- Engaging Congress to identify opportunities to enhance alignment between legislative requirements and the goals and approach established by the Strategy.
- Advancing selected global supply chain standards by strengthening intragovernmental coordination to better convey a unified, “whole-of-government” position during engagements with standards development or other intergovernmental organizations and bilaterally with foreign governments.
- Improving information sharing among Federal departments and agencies and with the private sector by establishing a task force to accelerate implementation of key components of the International Trade Data System; and by formalizing information-sharing agreements where necessary to improve the United States Government’s situational awareness of cargo and goods moving throughout the supply chain system.
- Streamlining and integrating public-private partnership programs requirements across relevant Federal departments and agencies and with key foreign trading partners.
- Emphasizing the completion of additional mutual recognition arrangements with key trading partners.

- Engaging industry stakeholders and private sector owners and operators by continuing the Cross Sector Supply Chain Working Group, and increasing the coordination and awareness between it and other industry or government advisory groups.

Introduction

Securing the global supply chain system is integral to securing both the lives of people around the world and maintaining the stability of the global economy. The very nature of travel and trade in our networked world means that a disruption – whether natural, accidental, or malicious – in one part of the chain can have major implications thousands of miles away. Beyond loss of life and physical damage, these events can cause considerable economic consequences.

The *National Strategy for Global Supply Chain Security* establishes a government-wide vision of our goals, approach, and priorities to strengthen the global supply chain system. The Strategy establishes two explicit goals: promoting the efficient and secure movement of legitimate goods and fostering a global supply chain system that is resilient to natural as well as man-made disruptions. The Strategy also establishes the approach the United States Government will rely upon to achieve these goals – namely risk management and coordinated engagement with key stakeholders who also have key supply chain roles and responsibilities. In particular, the Strategy focuses on the worldwide network of transportation pathways, assets, and infrastructure (including supporting communications systems) by which goods are moved from the point of manufacture until they reach an end consumer.

The underlying goals and approach found in the Global Supply Chain Strategy not only reflect the President’s policy, as found in the National Security Strategy, but are hallmarks of other activities being advanced by the Administration. These other related activities include: enhancing cyber-security; improving critical infrastructure security and resilience; combating transnational organized crime; building our national preparedness capabilities; and enhancing the public health and safety of the American people.

As a result of the Strategy and implementation efforts throughout this first year, the United States Government has developed additional models and assessments to better understand how the global supply chain system operates *as an interconnected network*. These new insights have enhanced our ability to prevent, protect against, respond to, and recover from national level or system-wide supply chain disruptions and exploitations of the network.

Much of this work builds upon existing analysis of individual supply chain components, to include the different sectors and the facilities, transportation conveyances, and even processes involved in manufacturing goods and moving them to their final destination. The purpose of the Strategy was not simply to add to this volume. Instead, the Strategy provided, and will continue to provide, a framework to support the United States Government’s efforts to identify cross-cutting trends, priorities, and needs across all supply chain sectors and components and use this information to develop a more strategic approach to strengthening the system overall.

Implementation Accomplishments and Next Steps

The United States Government focused immediate Strategy implementation on specific priority actions grouped within several broad topic areas, to include:

- Refining the United States Government’s understanding of supply chain threats and risks;
- Advancing technology;
- Building resilient critical infrastructures;
- Identifying and promoting necessary legislation;
- Promoting the development and implementation of priority supply chain standards;
- Improving commercial information analysis and sharing capabilities;
- Streamlining and harmonizing processes and policies and developing customized solutions;
- Continuing engagement with industry partners, critical infrastructure owners and operators, and other stakeholders.

Simultaneously, Federal departments and agencies engaged with industry, international organizations, and other government stakeholders to determine additional areas for longer-term attention. This report summarizes the accomplishments achieved during this first year of implementation, and key activities identified during the engagement period that will be the focus of 2013 implementation efforts within each of the previously noted topic areas.

Understanding Supply Chain Threats and Risks

The Strategy establishes risk management as one of the key guiding principles of our approach to promoting a secure, safe, efficient, and resilient supply chain system. The first step to effective risk management is to identify and understand risks across the system as a whole. The evolving and dynamic nature of threats and vulnerabilities make this a challenging task, complicated further by the scope and complexity of the system itself.

Key Accomplishments To Date

Strategy implementation efforts in 2012 evolved the United States Government’s understanding of supply chain threats and risks through the following initiatives:

- Assessing Threats to the Global Supply Chain System. The Office of the Director of National Intelligence coordinated the development of an Intelligence Community Assessment (ICA) of Threats to the Global Supply Chain System. The ICA, completed in December 2012, represents the first-ever United States Government assessment of the range of known threats that could trigger national or network-level disruptions to the supply chain system and impact the United States’ interests both at home and abroad.³ The assessment was

³ The ICA is distinct from current assessments that consider the threats associated only with the supply chains of *specific* critical infrastructure sectors (such as manufacturing, transportation, energy, banking and finance, etc.). It is also distinct from existing assessments that consider the threats presented *by* the supply chain system itself (for

novel in its consideration of the global supply chain as an interconnected system of systems, and on how potential disruptions might impact its functioning directly, rather than viewing it from the point of its potential to be misused to deliver threats to other infrastructure. The ICA provides a common perspective of the global supply chain system threat environment to inform current and future efforts across the United States Government that have a supply chain nexus.

- Combating Radiological and Nuclear Terrorism. The Department of Homeland Security's (DHS) Domestic Nuclear Detection Office (DNDO) and relevant departments and agencies conducted a radiological and nuclear terrorism risk assessment that addressed two areas: 1) the balance of risk across different transit modes and pathways within the global supply chain and 2) the balance of risk between supply chain and non-supply chain pathways. The analysis examined global supply chain pathways (air, land and sea) initiating at foreign ports of departure, continuing through the domestic ports of entry and concluding at potential targets. The assessment reaffirmed the necessity of a layered and risk-informed approach to protect the Nation from the threat of nuclear terrorism.
- Initiation of a Longer-Term Effort to Characterize Global Supply Chain Risk. Work during 2012 focused on developing a United States Government characterization of major disruptions to the transportation elements of supply chains, a first step toward the development of a comprehensive "end to end," cross-sector, threat-neutral supply chain risk assessment. The risk characterization effort concluded that while major disruptions (characterized as events causing economic consequences over \$100 billion in a single event or annualized) to the global supply chain are unlikely, a wide range of threat/hazard and vulnerability pairings (such as natural disasters, intentional attacks, and cyber events) could have dramatic impacts.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will work to implement five supply chain threat and risk priorities, including:

1. Refine and utilize risk assessments, such as the Radiological/Nuclear Global Supply Chain Risk Assessment, to inform the deployment of technical solutions and other capabilities internationally and domestically to strengthen the Global Nuclear Detection Architecture and related national policies and programs.
2. Advance efforts to characterize likely Radiological/Nuclear material and devices, including sensitivity, size, and weight of the expected device or material, and their potential transport pathways.

example, as a means to introduce illicit items such as weapons of mass destruction related materials, counterfeit, contaminated, or illegal goods) into the Nation hidden amongst legitimate shipments).

3. Develop and institutionalize a process to characterize and assess system-wide risk in coordination with industry and foreign government stakeholders globally. Specific areas for follow on work include:
 - Analyzing the balance of different risks to the global supply chain (such as the risk of small scale but frequent disruptions that may have a considerable cumulative impact and less frequent but more significant disruptions);
 - Identifying triggers that could cause small or localized disruptions to escalate;
 - Analyzing the exchange points in the supply chain, when goods are transitioned between different modes (from vessel to rail, for example); and
 - Developing and launching a global partnership on supply chain risk and resilience, through continued engagement with the private sector and foreign governments, both bilaterally and through multilateral organizations such as the World Customs Organization (WCO), the International Civil Aviation Organization (ICAO), and the International Maritime Organization (IMO).
4. Assess cyber security related risks to DHS systems used to collect, maintain, and analyze commercial data as well as systems operated on behalf of DHS necessary to secure the exchange of this data among private and public stakeholders.
5. Maintain a repository of global supply chain threat reporting and assessments to support future analysis as well as periodic updates to the ICA on Threats to the Global Supply Chain.

Advancing Cargo and Supply Chain Technology

Effective coordination and use of capabilities across Federal agencies, and with other stakeholders, is critical in this resource constrained environment in order to respond to evolving threats. This is particularly important for technology investments, as these systems are costly and time-consuming to implement.

Key Accomplishments To Date

Cargo and supply chain technology Strategy implementation efforts in 2012 focused on:

- Assessing Currently Available Technologies. DHS coordinated the development of a government-wide baseline assessment of currently available cargo and supply chain related technologies used or approved for use by the United States Government. The assessment highlighted: the need for integrated or cross-functional systems to address multiple threats; improved mobile detection capabilities to secure goods in transit; improved technologies to inspect rail cars and non-containerized cargo; the recent implementation of new technology to detect counterfeit and adulterated products; and enhancements to data management and automated targeting systems.
- Supporting International Detection Capabilities. Federal departments and agencies worked in collaboration with foreign government partners to enhance global capabilities to identify

the illicit transport of radiological and nuclear materials in the supply chain by increasing the international deployments of sensor systems and other detection equipment.

- Prioritizing Research and Development Needs. Federal departments and agencies identified research and development projects that would improve the security of goods in transit through the global supply chain system (to include tracking and intrusion detection capabilities for goods, containers, and conveyances as well as non-intrusive inspection systems) and developed a process to better coordinate United States Government efforts to advance those projects.⁴ This effort also highlighted the need for a mechanism to better integrate R&D efforts with system acquisition programs.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will work to implement two supply chain technology priorities, to include:

1. Develop a United States Government-wide Cargo and Supply Chain R&D Plan to align technology needs with investments, including planning for future security hardware and systems upgrading.
2. Advance technologies that improve the security and integrity of goods in transit, such as radiological and nuclear detection and identification systems as well as container security devices, locks, seals, or tracking mechanisms, from R&D into operational environments, in coordination with industry stakeholders. Conduct a pilot program, in concert with interested foreign governments and industry partners, to assess the capability of promising prototype supply chain technologies (such as the “hybrid security shipping container”) in an appropriate trade route in the supply chain system.

Building Resilient Critical Infrastructures

Recognizing that a variety of man-made and natural incidents have the potential to severely disrupt normal commerce, the Strategy emphasized the need to foster a global supply chain system that can adapt to changing conditions and withstand and rapidly recover from disruption. There are a number of resilience efforts underway currently focused on specific threats or critical infrastructure sectors, such as efforts to enhance individual and community resilience or to develop information technology systems and electricity and energy supply chains that are resilient to cyber threats or other disruptions.

Key Accomplishments To-Date

⁴ ‘Non-intrusive cargo inspection technologies’ refers to those technologies which allow an inspection to be performed from the outside the container or conveyance without having to break containment and/or not requiring entry.

Implementation activities in 2012 focused on enhancing the resilience of the global supply chain as a comprehensive and networked system, including:

- Advancing the Institutionalization of Resilience Methods and Metrics. Building on previous work with the private sector and multilateral organizations such as the World Customs Organization and the Asia-Pacific Economic Cooperation (APEC), Federal departments and agencies developed global guidelines on information sharing for transportation system disruption. In addition, the United States Government engaged with and supported the efforts of organizations such as the World Economic Forum to highlight the need for common definitions, metrics, and standards for supply chain resilience.
- Encourage implementation of resilience practices. The Department of Transportation (DOT) and DHS identified ongoing, domestic transportation infrastructure projects where asset owners and operators are incorporating resilience best practices into their design and construction. These projects, which included bridges, tunnels, maritime ports, and rail systems, will inform the development of national as well as global resilience metrics.
- Understanding the Interdependencies of Critical Infrastructures and Supply Chains. The Federal Emergency Management Agency (FEMA) identified potential vulnerabilities to critical infrastructures and key supply chains during several table-top exercises with private sector stakeholders throughout the Mid-Atlantic region of the United States. The findings of these exercises, in which critical infrastructure dependencies were identified through simulated events designed to stress the supply chain system, will inform both public and private efforts to enhance mitigation, preparedness, response, and recovery capabilities at both the local and regional level. For example, efforts associated with this project led to the identification of a variety of private sector resources capable of providing shared real-time operational information on supply chain disruptions during the response to Hurricane Sandy in 2012. Many of these resources had not been used for this purpose before, but provided valuable insight into how to deploy resources better in order to support supply chain restoration.
- Ensuring Medical Countermeasure Supply During a Public Health Emergency. The U.S. Department of Health and Human Services (HHS) created a new capability on June 15, 2012, by awarding contracts to three Centers for Innovation in Advanced Development and Manufacturing based in Maryland, North Carolina, and Texas. Together the Centers will expand the nation's domestic ability to respond to bioterrorism threats, pandemic influenza, and other epidemics. These Centers offer a new model for public-private partnerships, bringing together small biotech companies, academic institutions and large experienced pharmaceutical companies to develop and deliver medical countermeasures quickly and cost effectively.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will work to implement five supply chain resilience priorities:

1. Expand the Resilience STAR Program into the transportation sector and seek additional opportunities to highlight good resilience practices.⁵
2. Advance the development of resilience metrics and standards that will allow stakeholders to better assess the value and performance of their efforts to incorporate resilience into their supply chains and provide a means to measure the resilience of specific critical infrastructure sectors as well as the system overall.
3. Highlight resilience improvements by providing information on Federal websites for both domestic and international stakeholders.
4. Conduct follow-on studies and exercises, building on the progress of the 2012 FEMA regional project, with an expanding number of private sector participants and a broader geographic range. Also, collaborate with private sector partners to further assess opportunities to utilize industry situational awareness tools identified during the response to Hurricane Sandy to be more effectively utilized in response, restoration, and recovery of supply chains.
5. Ensuring medical countermeasure supply during a public health emergency. HHS expects to release a request for proposals in early 2013 to establish a network of biopharmaceutical 'fill and finish' manufacturers. This U.S. based network of facilities is expected to collectively provide filling and finishing manufacturing capabilities for influenza vaccines and other public health products to address national security and to augment public health needs on a cost-effective, reliable, and sustainable basis.

Promoting Necessary Legislation

Federal departments and agencies regularly engage with Congress to develop legislative solutions to allow or enhance their ability to secure the supply chain system while promoting efficiencies and reducing costs.

Key Accomplishments To Date

⁵ The Resilience STAR program is a private-public partnership that seeks to enhance resilience across national critical infrastructure sectors by providing measurable, industry-approved performance targets which owners and operators voluntarily can meet in order to receive a "STAR" certification. Inspired by certification systems such as ENERGY STAR and the Leadership in Energy and Environmental Design (LEED), Resilience STAR seeks to provide a similar market differentiator for the concept of resilience against significant disasters, be they natural or man-made.

Strategy implementation efforts in 2012 focused on the following activities:

- Securing Maritime Cargo. DHS, in coordination with other relevant Federal departments and agencies, worked to identify potential alternatives to the “100 percent maritime scanning” provision (Section 232 of the Security and Accountability for Every (SAFE) Port Act of 2006, as amended) that would focus threat mitigation efforts on high risk shipments. DHS has exercised its statutory authorities to extend the 2012 implementation deadline. DHS and other relevant Federal departments and agencies have determined, however, that significant challenges will likely preclude full implementation of the provision in the specific manner prescribed. Therefore, DHS considered alternative approaches to secure the maritime pathway against the threat of nuclear terrorism that aligned with the United States Government’s Global Nuclear Detection Architecture and other relevant programs and policies, and that was consistent with international trade obligations and global standards promulgated by the World Customs Organization. DHS will use these potential alternatives to inform continued engagement with Congress on the issue.
- Strengthening Drug Supply Chains. The Food and Drug Administration (FDA) has worked to implement requirements under the 2012 Safety and Innovation Act (FDASIA), including drug supply chain safety provisions, such as requirements for the FDA to establish a unique facility identifier for each establishment registered with the FDA.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will work with the Congress and others to address four supply chain priorities in the legislative and regulatory environment, to include:

1. Engage Congress to identify opportunities to enhance alignment between legislative requirements associated with the use of sensor based radiological and nuclear technologies abroad and the goals and approach established by the Strategy, the Global Nuclear Detection Architecture International Implementation Plan, and other relevant programs and policies.
2. Continue to advance cooperation with foreign governments, such as the United States-Canada Regulatory Council and Beyond the Border Initiative and the United States-European Union Transnational Economic Council, with a focus on enhancing global supply chain security, safety, efficiency, and resilience.
3. Expand DHS authority to share information with rights holders to ascertain whether imported and exported goods violated intellectual property laws.
4. Consider options, including legislative, to authorize agencies to disclose confidential business information to Federal, state and local law enforcement authorities under certain circumstances.

Promoting the Development and Implementation of Supply Chain Standards

Today's supply chain systems transcend national borders and geographic regions and involve a number of private and public sector stakeholders. Global standards, best practices, and guidelines provide a common framework by reducing compliance burdens for industry, allowing governments to realize efficiencies, and maintaining acceptable levels of security. The United States Government will continue to work with intergovernmental bodies and standard-development organizations to develop and implement global standards for technologies, management policies, training protocols, and other supply chain related issues.⁶

Key Accomplishments To Date

The United States Government focused 2012 Strategy implementation on the following standards related activities:

- Advancing the Secure Supply Chain Initiative. DHS, on behalf of the United States Government, sought to strengthen ties among, and advance a common agenda with, supply chain-related multilateral organizations.⁷ This initiative, which began in 2011 and continued throughout 2012, was successful in advancing several priority global supply chain standards and best practices. For example, it resulted in new reporting requirements associated with the transport of certain improvised explosive device precursor materials and the development of a common definition for high risk cargo between customs and law enforcement agencies.
- Strengthening International Mail Standards. The United States Government, in concert with foreign government and industry partners, secured the passage of several key resolutions to improve international postal supply chain security by the Universal Postal Union (UPU) during the quadrennial Congress convened in Doha, Qatar, in October 2012. These key provisions involved global standards for advance data on mail shipments for security purposes as well as standard processes for responding to and resolving anomalies detected at international transit hubs. The 192 member nations of the UPU will work to implement these changes in 2013.
- Strengthening Global Air Cargo. The United States Government made considerable progress in 2012 to strengthen requirements associated with commerce transported on passenger and all-cargo aircraft. These efforts included achieving, in collaboration with

⁶ Where any international regulatory cooperation activities are reasonably anticipated to lead to significant regulatory actions, agencies conduct their work in a manner consistent with Executive Order 13609 ("Promoting International Regulatory Cooperation).

⁷ These multilateral bodies include the WCO, the ICAO, the IMO, the APEC, the UPU, and the International Atomic Energy Agency (IAEA).

industry stakeholders, 100-percent screening of air cargo transported on passenger aircraft destined to the United States. Federal departments and agencies also worked collaboratively with foreign government and private sector stakeholders to assess the feasibility and benefits of industry submission of key data associated with goods prior to an aircraft's departure from a foreign location. In addition, the United States Government encouraged the first ever joint WCO and ICAO working group on air cargo to develop guidelines for advance information requirements that would meet both customs and law enforcement needs. These efforts will support the development and implementation of global air cargo information standards and guidelines, resulting in streamlined processes for industry stakeholders and improved targeting capabilities for governments.

- Improving Intra-Government Coordination on Standards Development and Implementation. In 2012, Federal departments and agencies assessed current processes within the United States Government for developing and using relevant international standards associated with select global supply chain issues and identified opportunities for improvement. Some of these suggested improvements are being discussed in the context of ongoing work to update Office of Management and Budget (OMB) guidance to Federal departments and agencies participating in the development and use of voluntary consensus standards to better advance “whole of government” positions.⁸ In addition, the assessment identified nine specific supply chain standards, guidelines, or best practices whose advancement would benefit from enhanced coordination among Federal departments and agencies and more active United States Government engagement overall. These key standards, guidelines, and best practices range from standards governing the use of privately contracted armed security personnel on board ships to combat piracy, technical standards for detection equipment, and comprehensive supply chain management standards designed to help stakeholders understand the network as a whole and better manage the movement of their goods within it.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will work to advance four standards development activities related to global supply chain topics, including:

1. Advance the development and implementation of key global supply chain related standards, best practices, and guidelines to advance goals established by the Strategy, through appropriate multilateral organizations, standards developing organizations, and bilaterally with key trading partners. As part of this effort, Federal departments and agencies will track participation in these organizations, either through established mechanisms or through the development of new policies and procedures, to enhance internal United States Government coordination and better convey a “whole of government” perspective. This effort will also continue to explore mechanisms to encourage stakeholder adoption of global standards, best practices, and guidelines.

⁸ OMB Circular A-119.

2. Enhance or develop guidelines and training within Federal departments and agencies for employees engaged in standards or guidelines development to increase the strategic effectiveness of Federal engagement in standardization processes in order to advance national goals.
3. Evaluate the pros and cons of a formalized process to coordinate U.S. positions on appropriate efforts at the international level so as to ensure a coherent U.S. approach and/or to track participation in standards development in the supply chain space and share relevant information with stakeholders.
4. Initiate rulemaking for air cargo advance information requirements informed by ongoing pilot operations and continued coordination with stakeholders.

Improving Commercial Information Analysis and Sharing Capabilities

The United States Government relies upon the collection, analysis, and sharing of commercial and associated supply chain information with industry stakeholders to enforce compliance with laws and regulations and to identify shipments that warrant additional scrutiny. Strategy implementation efforts in 2012 sought to advance both critical ongoing initiatives, such as the International Trade Data System (ITDS), as well as more recent efforts to refine advance data requirements to strengthen targeting capabilities and facilitate legitimate commerce.

Key Accomplishments To Date

Specific information sharing and analysis accomplishments in 2012 included:

- Establishing ITDS implementation as a critical national-level priority. A total of 47 agencies are working together on the ITDS program. Through ITDS, the Automated Commercial Environment (ACE) will become the “single window” system, intended to eliminate redundant reporting requirements and speed cargo processing by collecting commercial data from industry and distributing it electronically to the appropriate regulatory or law enforcement agency.⁹ The potential longer-term cost savings of ITDS are considerable. Implementation of ITDS has been complicated by technical and operational challenges, funding constraints, and unclear schedules associated with the delivery of key capabilities. DHS, which is responsible for operating and maintaining ITDS, and the Department of the Treasury, which serves as interagency coordinator, and other participating government agencies have worked together to identify specific opportunities to raise awareness of this critical effort, speed development of key functionality, and resolve outstanding policy and regulatory issues to achieve government-wide implementation as soon as possible.

⁹ Agencies with licensing and compliance responsibilities are required to join ITDS by the SAFE Port Act of 2006 and by OMB Memorandum M-07-23, September, 10, 2007 based on the recommendations of the President’s Working Group on Import Safety.

Working to advance these opportunities will be the 2013 priority, coordinated by an Administration Task Force (to include, as necessary, the National Security Staff, Office of Science and Technology, and OMB) and supported by the ITDS Board of Directors, the Border Interagency Executive Council and relevant Federal departments and agencies.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will work to advance two supply chain priorities related to information-sharing, including:

1. The ITDS Task Force will coordinate a range of activities , such as:
 - Finalize a long-term schedule and a shared understanding of ITDS capability development and availability by the first quarter of 2013;
 - Promote ITDS implementation by assessing the long term cost savings and other benefits of ITDS utilization and developing a common message for use by relevant Federal departments and agencies in their communications with external stakeholders.
 - Improve information sharing between Federal departments and agencies participating in ITDS by: revising regulations to allow for the collection and sharing of electronic (rather than paper-based) data; finalizing the remaining data-sharing agreements between agencies (a pre-requisite for information sharing); and, updating relevant Paperwork Reduction Act public notices and information collection approvals as necessary.
 - Develop and deploy 1-3 pilots to test the feasibility and benefits of enhanced technical interfaces and other exchanges between Federal departments and agency data collection systems and existing commercial targeting systems (such as DHS' Automated Targeting System).
2. Formalize information-sharing arrangements between Federal agencies focused on cargo arriving and departing the United States, including law enforcement entities operating in the joint National Targeting Center for Cargo, and those agencies such as the Office of Naval Intelligence focused upon cargo moving between foreign ports to foster information sharing and analytic cooperation allowable under law.¹⁰

Streamlining Processes and Developing Customized Solutions

Strategy implementation efforts in 2012 focused on assessing ways to simplify and streamline existing programs and identify new opportunities to expedite trade through specific supply chains that meet robust, pre-established criteria.

Key Accomplishments To Date

¹⁰ The joint National Targeting Center for Cargo and the Office of Naval Intelligence have agreed to document formally their current mutual support practices and future opportunities for improved cooperation.

- Simplifying and Strengthening Public-Private Cooperative Requirements. The United States Government has developed a range of programs that leverage industry expertise and interests by facilitating the release of cargo for companies meeting specific criteria and maintaining solid compliance track records. Federal departments and agencies completed a comprehensive baseline assessment of existing public-private programs across the government that identified specific opportunities to enhance efficiencies and reduce costs associated with these programs. The assessment concluded that enhanced harmonization of Federal requirements could improve those public-private partnership programs focused on both supply chain security as well as efficiency (such as the Customs Trade Partnership Against Terrorism (C-TPAT) and the Importer Self-Assessment (ISA)).
- Transforming Trade Enforcement Processes. Federal departments and agencies enforce compliance with a variety of laws and regulations to ensure that goods entering and exiting our nation are safe, secure, legitimate, and meet our fair trade obligations. Significant progress was made in 2012 to consolidate these compliance functions where possible and to pilot new and innovative processes to expedite the release of highly compliant cargo. Examples include, DHS' Simplified Entry concept, piloted in 2012 in the air environment, which gives industry stakeholders enhanced flexibility in providing required commercial data to government regulators and law enforcement. Another key accomplishment was the establishment by DHS of four Centers of Excellence and Expertise.¹¹ Each of these strategic virtual centers brings DHS's trade expertise to bear on a specific industry, providing tailored support to increase uniform requirements across ports of entry and facilitate the timely resolution of compliance issues nationwide.
- Leveraging Intergovernmental Relationships. The United States' overall vision and collaborative approach to strengthening the global supply chain in partnership with other foreign governments is highlighted in the ongoing successful implementation of initiatives such as the *United States-Canada Beyond the Border Initiative*, and the *21st Century Border Management Initiative* with Mexico. While these initiatives enhance bilateral cooperation across a range of issues, supply chain priorities are also well represented in work associated with facilitating legitimate trade and travel at the border, protecting key critical infrastructures, leveraging resources, and combating transnational organized crime. In addition, the United States Government enhanced engagement with the European Union in 2012 on supply chain and economic competitiveness issues and made significant progress with regional bodies such as the APEC and the Organization of American States.¹² These intergovernmental partnerships, and relationships with multilateral organizations, underscore our commitment to develop collaborative solutions that simultaneously streamline procedures for customs processing and regulatory compliance; align and

¹¹ Current Centers of Excellence and Expertise include: the Center for Information Technology and Consumer Electronics; the Center for Pharmaceuticals, Health and Chemicals; the Center for Automotive and Aerospace; and the Center for Petroleum Natural Gas and Minerals. DHS anticipates establishing five additional Centers in 2013.

¹² Specific achievements include approval and early implementation within the APEC forum of the Counterterrorism and Secure Trade Strategy as well as the initiation, within the Organization of American States, of a supply chain security program that will inform longer term work.

mutually recognize security and safety programs; and create opportunities to modernize infrastructure and expand the mutual capacity for trade.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will work to implement three activities to streamline processes and encourage customized solutions to strengthen the global supply chain system. These activities include:

1. Develop a “United States Government Supply Chain Partnership Program Framework” to inform Federal departments and agencies as they work to develop new supply chain partnership programs, or to refine existing ones to improve harmonization or achieve mutually recognition of requirements.
2. Develop and test centralized processing for applications and eligibility requirements for all U.S. global supply chain related partnership programs, where appropriate.
3. Solicit input from industry or other stakeholders on specific additional opportunities to streamline or enhance government operational processes associated with private-public supply chain partnership programs or to encourage additional stakeholder participation.

Continuing Engagement with Stakeholders

The majority of the global supply chain system is owned and operated by entities outside of the United States Government; industry must be empowered, through an “all-of-nation” approach, to contribute to enhancing security, efficiency, and resilience. In 2012, the United States Government focused implementation outreach efforts on soliciting input from foreign and domestic public and private sector partners to better understand their perspectives, needs, and priorities.

Key Accomplishments To-Date

- Leveraging Industry Partnerships. The Cross Sector Supply Chain Working Group served as the formal mechanism for public-private engagement on Strategy implementation. This group, operating under the Critical Infrastructure Partnership Advisory Council (CIPAC) model, included industry representatives from each of the critical infrastructure and key resource communities.¹³ After nearly 7 months of analysis and deliberation, the group

¹³ The CIPAC provides a legal framework and forum that enables members of the Sector Coordinating Councils and Government Coordinating Councils to engage in critical information and key resource joint protection-related discussions. The Secretary of the Department of Homeland Security exercises statutory authority created under the Homeland Security Act (P.L. 107-296) to exempt CIPAC meetings from the requirements of the Federal Advisory Committee Act (FACA). That exemption expressly establishes a known and trusted framework to uphold effective information sharing, risk mitigation of vulnerabilities; and use of necessary communications during emergencies.

submitted a “Findings and Recommendations Report,” detailing 11 recommendations for follow-on implementation work. Representatives from relevant Federal departments and agencies met with the group in late November and identified areas of mutual interest to advance collaboratively in 2013. These included:

- Continued public-private engagement to facilitate Strategy implementation;
- Joint exercises and planning activities to prepare for supply chain disruptions;
- Development and institutionalization of supply chain risk and resilience standards;
- Modernizing domestic critical infrastructure to improve capacity and promote economic competitiveness;
- Streamlining and simplifying government processes to facilitate commerce; and
- Strengthening public-private intelligence and information sharing policies and procedures.

2013 Priority Implementation Activities

In 2013, Federal departments and agencies will continue to engage industry partners and critical infrastructure owners and operators on the following activities:

1. Continue the Cross Sector Supply Chain Working Group, with any necessary updates to structure, management, and membership.
2. Increase collaboration and awareness between the Cross Sector Supply Chain Working Group and other industry or government advisory groups working to advance supply chain or critical infrastructure issues, including the Commercial Operations Advisory Committee, the Advisory Committee on Supply Chain Competitiveness, and National Maritime Security Advisory Committee, among others.

Conclusion

The economic prosperity of nations worldwide is dependent upon the supply chain system. No one in either the public or the private sector has the resources, the authorities or the full range of expertise to address this problem in isolation. Protecting the global supply chain is therefore, a shared responsibility. By understanding what needs to be done, we can together assess which stakeholder is best positioned – and has the tools and resources – to do it.

We have established a common vision with the *National Strategy for Global Supply Chain Security* to enhance collaboration among Federal departments and agencies and to also guide our interactions with key partners. As the United States Government continues to implement the Strategy and advance other related efforts, industry voices will remain critical to help inform the dialogue. We continue to rely upon Federal Advisory Committee Act process as well

as established mechanisms for private-public collaboration within and across the numerous domestic critical infrastructure sectors (such as CIPAC).

The partnerships, and continued engagement with foreign governments, underscore our commitment to developing collaborative solutions that simultaneously streamline procedures for the processing of goods at borders; align and mutually recognize security programs; and create opportunities to modernize infrastructure and expand capacity.