

June 23, 2016

The Honorable Penny Pritzker
U.S. Department of Commerce
Washington, D.C. 20230

Dear Secretary Pritzker,

Safe and efficient global supply chains are critical to the success of any business and economy. The balance of security and facilitation is imperative for the free flow of legitimate commerce through the supply chain. Ensuring the supply chain is protected against terrorist activities is a shared interest among businesses and governments.

There is a global recognition that there is no single or simple solution for global supply chain security. The current multi-layered risk-based strategy employed by the Department of Homeland Security (DHS) strikes the right balance and approach in addressing today's threat, but also as a means to continuously evaluate and enhance global supply chain security. There remain significant concerns with the unfunded mandate to "scan" every U.S. bound container overseas before it is loaded on a vessel as required under the "*Security and Accountability for Every Port Act of 2006*" (SAFE Port Act) (P.L. 109-347).

While DHS has repeatedly sought the two-year waiver of the requirement as allowed under the "*Implementing Recommendations of the 9/11 Commission Act of 2007*" (9/11 Act) (P.L. No. 110-53), DHS has recently released a Request for Information (RFI) titled "*Strategies to Improve Maritime Supply Chain Security and Achieve 100% Overseas Scanning*" to once again evaluate options to implement the 100 percent requirement. While industry supports the ongoing evaluation of technology and operational efforts to enhance supply chain security, we remain concerned about the continual focus on 100 percent scanning as a solution, as well as an attempt to arrive at "quick wins".

U.S. Customs and Border Protection (CBP), working with the support of U.S. importers, exporters, ocean carriers and other supply chain stakeholders, has developed an effective multi-layered risk-based supply chain security strategy. The multi-layered risk-based strategy enables CBP to use state of the art screening systems and scanning technology to identify and thoroughly inspect any and all containers that it finds to be high risk or that warrant a closer examination. This strategy constantly evolves as CBP continues to enhance its programs, including its partnerships with industry (e.g. Customs-Trade Partnership Against Terrorism) and foreign governments (e.g. Container Security Initiative). Unlike the 100 percent scanning mandate, this strategy ensures CBP's resources are focused on cargo that poses the greatest risk and does not impair the efficiency of the global supply chain. Focusing a strategy on increasing the number of containers that are "scanned" should not be the basis of an effective strategy to enhance supply chain security.

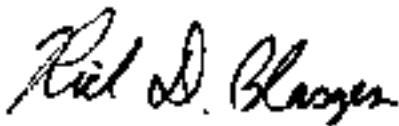
As was required under the SAFE Port Act, CBP conducted a series of pilot projects to evaluate the practicality of achieving the 100 percent mandate. The pilot programs were conducted from 2007 – 2010. CBP found an array of challenges to achieving the 100 percent mandate. These include diplomatic, financial and operational challenges. These same challenges continue to persist today. The most notable challenges include the negative impact on trade capacity and cargo flow and the fact that ports around the world (including the U.S.) are not designed nor have the physical ability to operate such scanning equipment. There are also basic questions that remain unresolved such as who maintains and operates the equipment and who evaluates and responds to scans or potential alarms.

Our trading partners have also raised concerns with the 100 percent scanning mandate. Both the European Commission and the World Customs Organization have expressed significant concerns about the impact the requirement would have on commerce.

It is important that efforts to improve supply chain security continue to evolve. Ensuring the global supply chain is not used as a means for terrorist or other illegal activity is of the utmost importance for government and industry alike. However, it is imperative that a balance is struck that will not cause disruption, delays or additional costs throughout the supply chain.

We would like to ask the Department of Commerce to continue to work with DHS and other agencies to ensure this balance is achieved. With limited government and private sector resources, we need to find the most effective strategy that actually provides enhanced supply chain security. We look forward to continuing to work with you to make our supply chains as secure and competitive as possible.

Respectfully submitted,



Mr. Rick D. Blasgen
President and CEO, Council of Supply
Chain Management Professionals
Chair, Advisory Committee on Supply
Chain Competitiveness



Mr. Rick Gabrielson
Vice President Transportation
Lowe's Companies, Inc
Chair, Freight Policy and Movement
Subcommittee