



IMUA - NYC

Gary Lupinacci – Certified Cargo Screening Program

September 30th, 2011

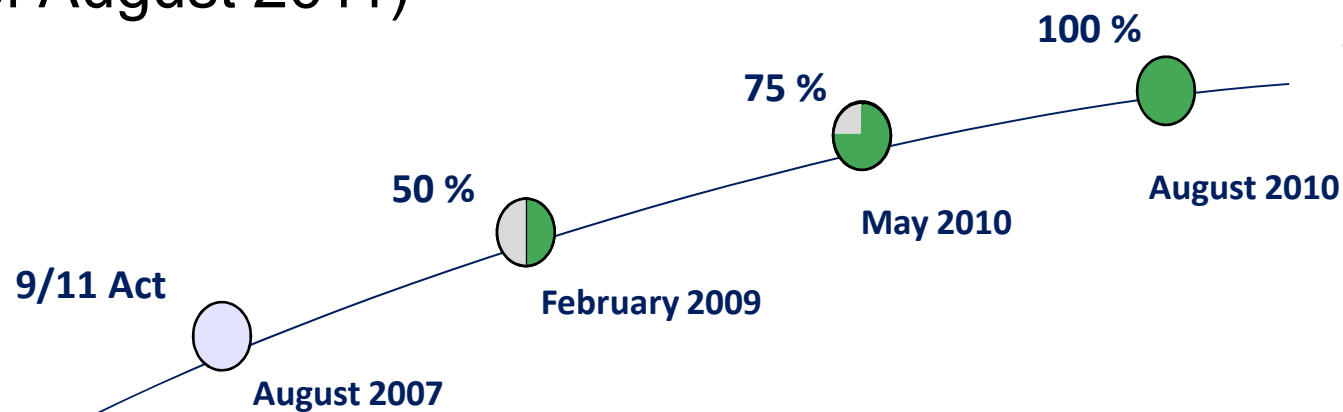




Law – 100% Screening Legislation

Legislation

- The Implementing Recommendations of the 9/11 Commission Act of 2007 took effect August 2010
- Required that cargo is screened at a level of security commensurate with checked baggage
- TSA established the Certified Cargo Screening Program (CCSP) which has certified more than 1,200 entities (as of August 2011)

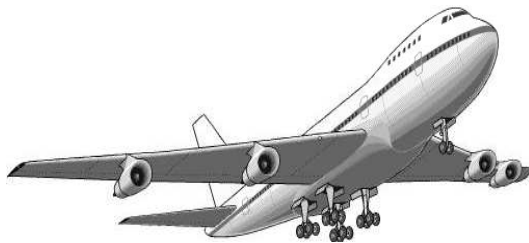


100% Congressional Mandate was Challenging to Air Cargo Environment



Screening Capability

- ✓ Airlines already approaching their screening capacity



Piece Level

- ✓ Individual item within a shipment



Limited Screening Technology

Funding

- ✓ No Congressional funding for screening





Transportation Modes: Shippers Have Options



U.S. Domestic

- Truck
- All-cargo air
- PAX



PAX

- CCSP
 - Shipper
 - Freight Forwarder
 - ICSF
- Air Carrier Program
 - AOSSP/MSP



International Export

- Maritime
- All-cargo aircraft
- PAX

If you choose PAX, it is either screened under CCSP or an Air Carrier Security Program

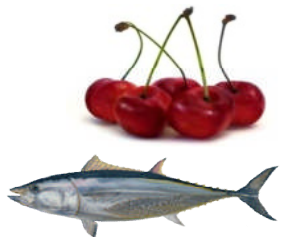
Commodities That Pose Supply Chain Challenges



- Requires cold chain handling
- FDA sealed



- Compromised package integrity
- High value security



- Requires cold chain handling
- Perishable/limited shelf life
- USDA/APHIS requirements



- Sanctity of the remains



- Sealed drums
- Possibly toxic if opened
- Liquids/powders



- Varying sizes
- Sophisticated packaging
- High value



100% Mandate Challenging to Air Cargo Environment

Limited Screening Technology

TSA Approved technologies:

- ✓ X-Ray/AT X-Ray
- ✓ Explosive Trace Detection (ETD)
- ✓ Explosive Detection System (EDS)
- ✓ Electronic Metal Detection (EMD)
- ✓ No technology for multi-commodity skids



TSA Approved methods:

- ✓ Physical search
- ✓ TSA canines





Certified Cargo Screening Snapshot as of August 2011

- Accounted for almost 1/2 of total cargo uplifted in the U.S. by weight

Freight Forwarders (IACs)

- Make up the majority of the facilities
- Most forwarders using X-ray and/or ETD



Shippers

- Account for more unique companies/participants
- Segment primarily high value (pharma, museums & some high tech) and perishable (seafood, produce)
- Most shippers using physical search in packing process

Independent Cargo Screening Facilities (ICSFs)

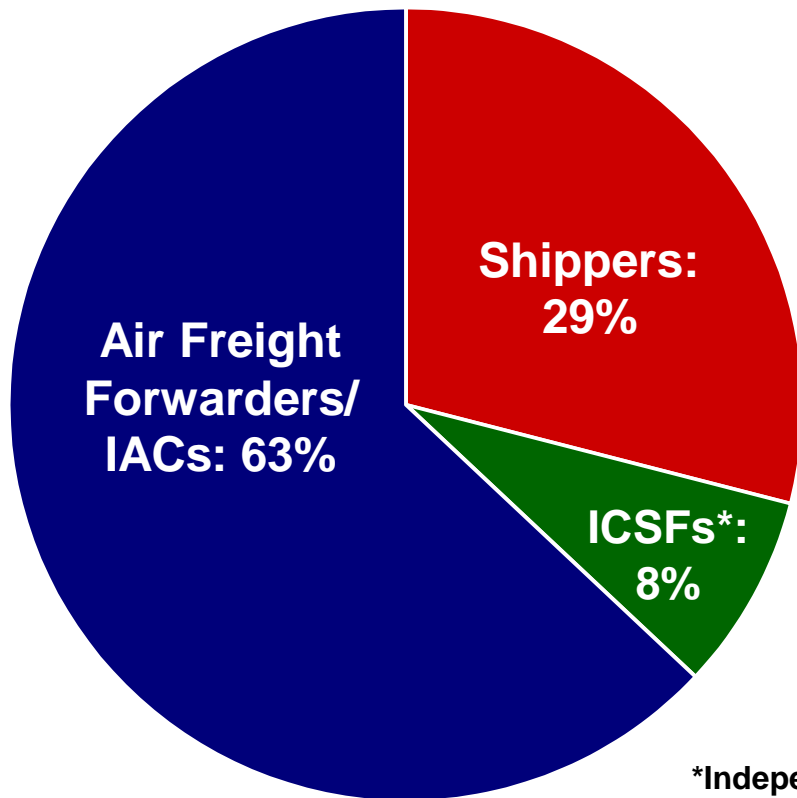
- Over 100 serving small forwarders on “pay as you go” basis, volume increasing in this segment
- Most ICSFs using X-ray and/or ETD



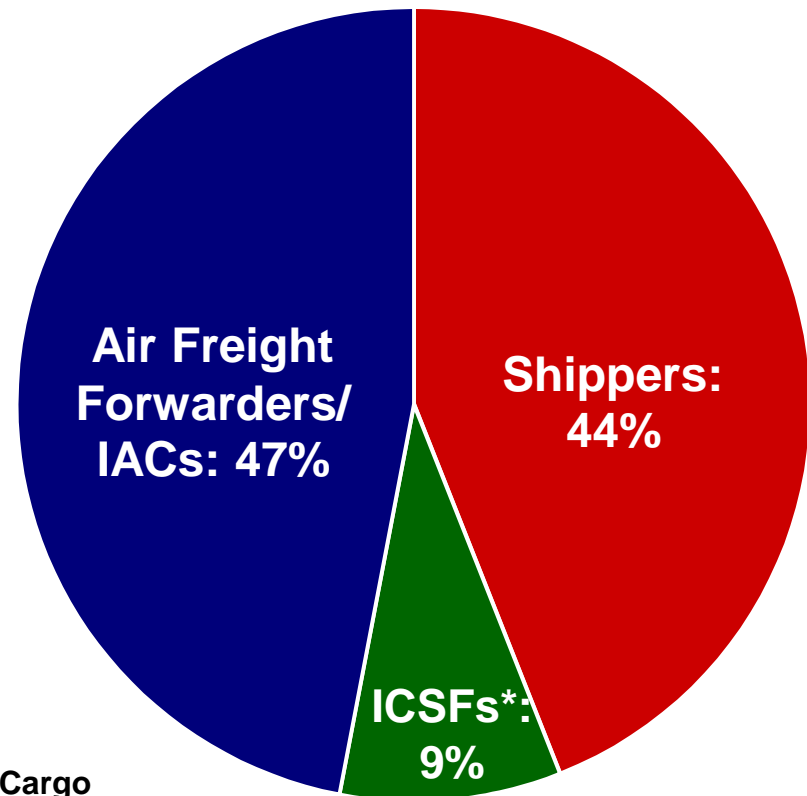


Current CCSF Environment – Participant Breakdown

August 2010 vs. August 2011



August 2010 – 650 facilities

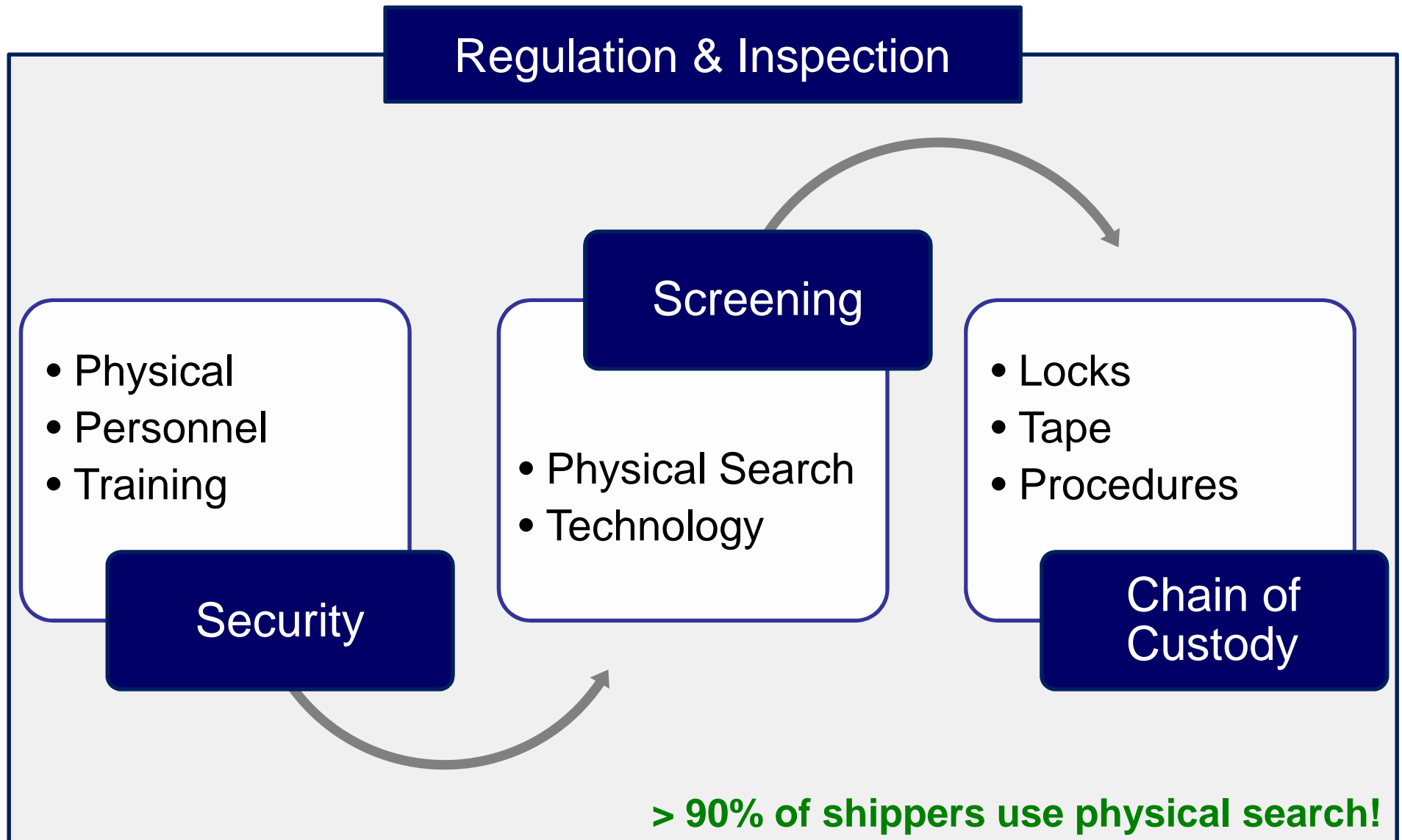


August 2011 – ~1200 facilities

*Independent Cargo Screening Facilities



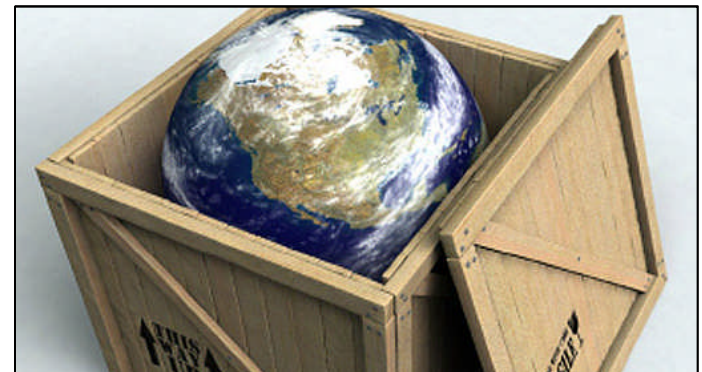
CCSP has Three Participation Requirements





Looking Forward: The International Environment

- The 9/11 Act requirement to screen also applies to International Inbound air cargo
- TSA is establishing programs to enable industry to achieve this requirement
 - Cannot set up CCSP program outside of U.S.
 - Regulation scope is currently limited to carriers
- Response to Yemen incident October 29, 2010





Challenges for International Inbound

- Challenges include:
 - Large volume of cargo (2.8B* lbs.) on passenger aircraft from 94 countries
 - Increasing security without impeding the free flow of commerce
 - Complexity of the global supply chain
 - TSA currently regulates the air carriers
 - Piece-level screening
 - Screening capacity at the air carriers
 - Availability and standard application of technology
 - Sovereign nations implement individual security programs

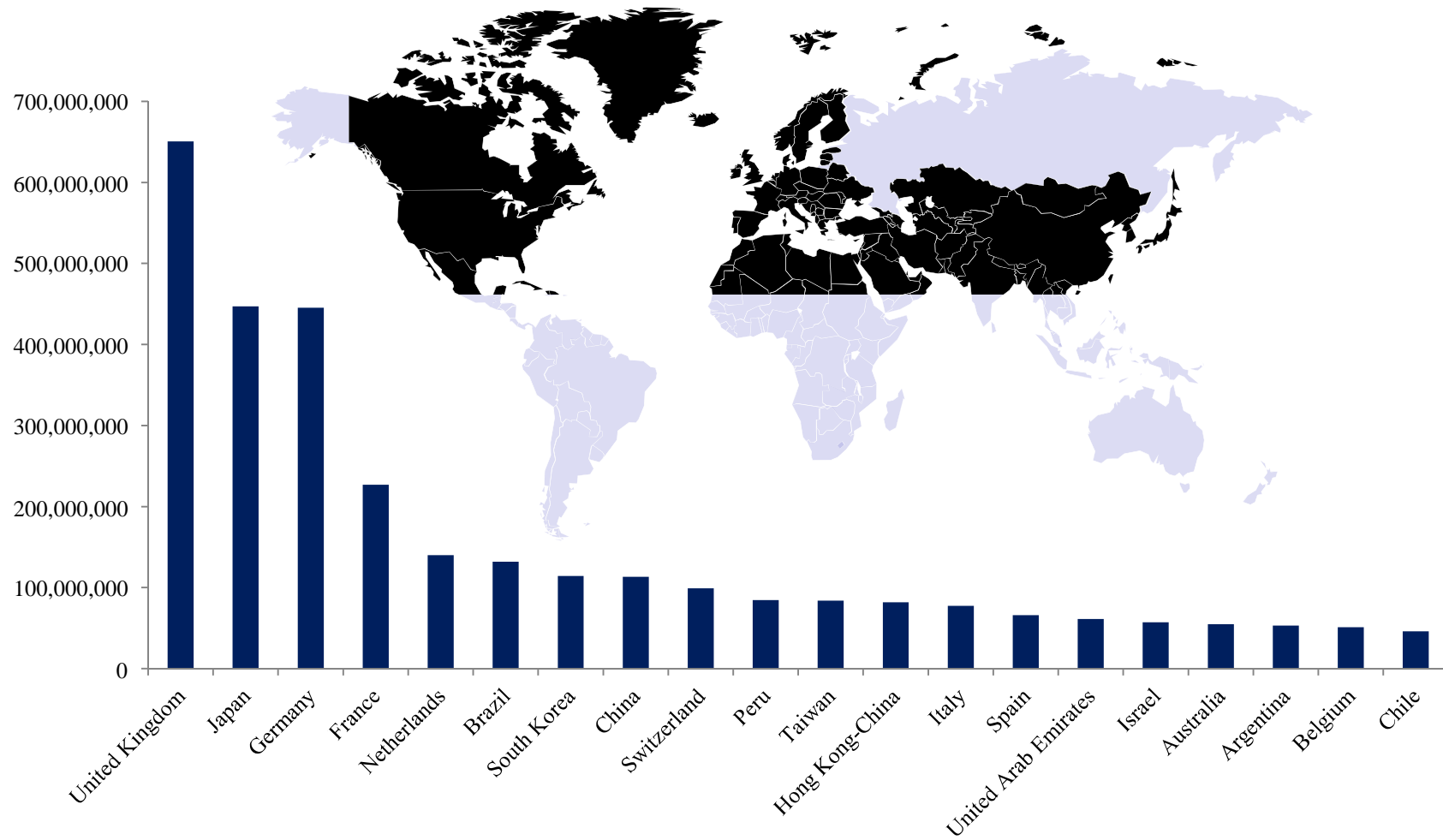


*2009 Bureau of Transportation Statistics,
US Department of Transportation



Top 20 Inbound Countries by Volume

- The top 20 countries delivering inbound cargo to the U.S. represent 83% of the total inbound passenger carrier volume.



Source: 2010 Bureau of Transportation Statistics



Two-fold International Approach for Passenger Carriers

- (1) Changes to ***Standard Security Programs*** for passenger air carriers transporting cargo into the U.S. to include increased requirements for cargo acceptance, handling and screening.
 - Continue to increase carrier screening percentage requirements
 - Last increase was May 1, 2010
 - TSA asked carriers to comment on ability to attain 100% by December 31, 2011 (currently under review)

Two-fold International Approach for Passenger Carriers (cont)



- (2) Recognition of commensurate ***National Country Security Programs*** allowing inbound air carriers departing from countries with programs commensurate to the U.S. to follow only the security requirements of host governments (NCSP Recognition).
- National Country Security Programs
 - TSA focusing on highest volume countries first
 - Some country programs may have a supply chain element
 - Six-step process for full review



NCSP Recognition Process

- Host Country provides security program to TSA
- TSA reviews program
- Site visit is planned for review by both parties
- If program is deemed to be commensurate, TSA confers formal recognition of a country's NCSP
- Renewal of this recognition is at a pre-determined time interval
- Recognition agreements will be communicated to regulated parties



Other Options

Authorized Representative (AR)

- Air carriers may select/approve an AR to perform specific security functions
 - ground handling
 - screening
 - training
 - other
- Air carrier remains fully responsible for designated actions of AR
 - AR location subject to inspection as it relates to the carrier program
- Could enable entities to screen as part of consolidation process



Yemen Incident Response

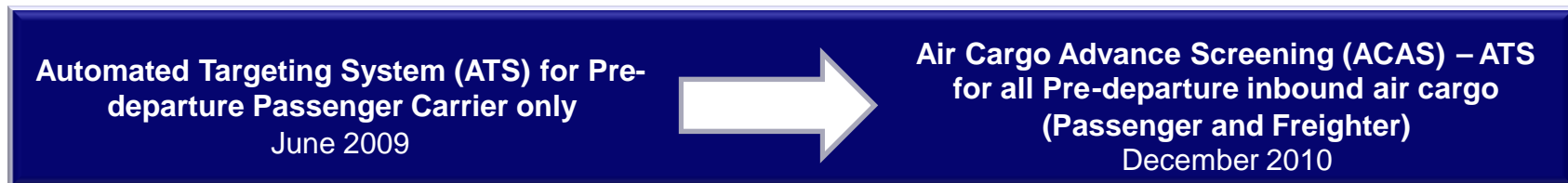
- October 29, 2010: Issued Security Directives for both passenger and all-cargo aircraft
 - No shipments accepted from Yemen or Somalia
 - No high-risk cargo on passenger aircraft
 - High-risk cargo on all-cargo aircraft is 100% screened
- Air Cargo Advance Screening (ACAS) pilot expansion





ACAS Background

- TSA and U.S. Customs and Border Protection (CBP) have been collaborating since June 2009 through a working group focused on how to utilize CBP's **Automated Targeting System (ATS)** to support TSA's mission to secure inbound air cargo.
- Initially, TSA and CBP were looking to utilize ATS as a medium-term tool in the passenger air cargo environment as an additional layer of security to its 100% screenings strategy. This would allow TSA to identify cargo for increased scrutiny.
- As a result of the Yemen Incident, efforts have been accelerated and developed into pilot activities focusing on how to incorporate ATS into DHS' overall strategy. TSA and CBP are jointly targeting inbound air cargo shipments to the U.S. through the **Air Cargo Advance Screening (ACAS)** pilot project.





ACAS Pilot Project Overview

- The ACAS pilot project is a joint effort between TSA and CBP to test and implement baseline threshold targeting in the pre-departure air cargo environment.
- ACAS is **a voluntary** pilot collecting data, refining targeting procedures, and establishing appropriate communication systems to test pre-departure advanced information collection, threshold targeting, and TSA response procedures at non-U.S. locations. The pilot will be conducted in three phases:
 - Express cargo air carrier (**UPS, FedEx, DHL, TNT**)
 - Passenger air carriers and forwarders
 - All-Cargo carriers
- Pilot activities are focused on a proof of concept of each key building block: data, targeting, and enhanced screening, building toward implementation of a comprehensive, pre-departure targeting and screening regime.
- Industry participants are voluntarily providing a subset of data elements from a variety of geographic areas.



9/11 Act Requirements

- ACAS can provide a vehicle for targeting, but will not replace the TSA physical screening requirements of the 9/11 Act for *passenger* aircraft.
- TSA is also exploring a risk-based approach to enable industry to achieve this mandate.
- This risk-based approach will initially be a TSA program-based approach moving in parallel with the ACAS pilot towards a fully implemented data-driven program.

Outreach Efforts

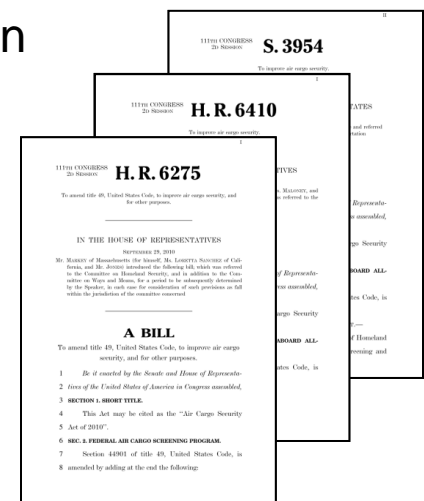
- TSA has resources and personnel stationed worldwide to facilitate discussion and engagement with government counterparts.
- TSA works closely with international associations and organizations.





New Proposed Legislation

- Federalized screening centers
 - H.R. 6275: Air Cargo Security Act of 2010
 - Introduced by Rep. Markey (D-MA) on 9/29/10
 - Latest action: referred to Subcommittee on Transportation Security and Infrastructure Protection on 11/1/10
 - H.R. 6410: Air Cargo Security Act
 - Introduced by Rep. Markey (D-MA) on 11/16/10
 - Latest action: referred to Subcommittee on Transportation Security and Infrastructure Protection on 11/1/10
- 100% screening of cargo transported on all-cargo aircraft
 - H.R. 6410: Air Cargo Security Act
 - Introduced by Rep. Markey (D-MA) on 11/16/10
 - Latest action: referred to Subcommittee on Transportation Security and Infrastructure Protection on 11/1/10
 - S. 3954: Air Cargo Security Act
 - Introduced by Sen. Casey (D-PA) on 11/17/10
 - Latest action: read twice and referred to Committee on Commerce, Science, and Transportation on 11/17/10





Next Steps

- Continue to expand participation in ACAS pilot
- Finalize timing on 100% screening of International Inbound
- Focus on additional NCSP participation
- Work with Industry toward common goal
 - “DON’T LOSE A PLANE”

