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## United we stand?

**T**he Sept. 11 terrorist attacks have necessitated tremendous efforts and attention toward cargo security.

While previous efforts at just-in-time inventory management succeeded in squeezing out speed, efficiencies and costs in operations, we must accept the fact that cargo security is and will remain a significant focus in supply-chain management.

Government agencies, airlines, ocean carriers, inland carriers, distribution centers, cargo owners and others in the supply chain have been forced to rethink and retool their operations to protect cargo from terrorism. Few would argue against the necessity of these efforts against the potential risks. We are all in this together, and each must shoulder our own share of responsibility.

The Department of Homeland Security was created to lead us into a new, safer environment, enveloping other government agencies each with their own areas of direct responsibility and focus. Customs and Border Protection, the Food and Drug Administration and the Department of Agriculture have initiated fairly successful programs.

Government inspections of cargo have increased significantly over the last six years, and steady demand remains for greater percentages of containers to be checked on arrival, as well as before loading. Programs such as the Customs-Trade Partnership Against Terrorism and the Container Security Initiative will provide risk-assessment tools allowing more attention to be focused where deemed necessary. But we can likely expect more inspections as import volume grows.

Are importers bearing an uneven burden with the inspections of import containers? Consider that when a government agency chooses a shipment for inspection:

- The importer has no access to the cargo.
- The importer cannot deliver the cargo and must finance the delay.
- The delay may force the importer into default against a pending sale contract.
- The importer must bear all costs associated with the inspection, including trucking to the inspection site; cargo unloading, handling and re-loading; carrier fees associated with inspection; broker fees associated with inspection; risk of damage or loss to product; demurrage charges incurred on containers while pending inspection; and demurrage fees on other boxes under the same bill of lading.

While most of this must be assumed as the cost of doing business, demurrage charges are, in fact, punitive and should not be assessed against containers that are not accessible to the importer. Carriers and terminal operators have steadily reduced terminal and equipment free-time privileges while increasing the rates of demurrage charged on a daily basis.

These actions have been defended with the claims that importers were abusing their privileges and using the terminals' and carriers' equipment for free storage of their cargo. But, clearly, this claim cannot be made when the importer is denied access to its cargo and must cooperate with government authorities and their agents while an inspection order is fulfilled.

Some may even argue that terminal operators have little incentive to

expedite inspections because delays will increase their revenue gained in demurrage charges.

Several port authorities and terminal operators have recognized the unfairness of this situation and have offered some relief, instituting in their tariffs exemption from demurrage charges while shipments are held for government inspections or providing wording that would establish free time commencement after government holds have been removed.

This should be the norm instead of the rare exception. To secure the supply chain on a sustainable basis, some principles should be adhered to:

- All parties must cooperate fully and bear their share of the burden and cost.
- All parties should be treated fairly.
- All cargo should be handled with care, avoiding damage or loss.
- Trade disruption and delay should be kept to a minimum.
- No party should gain excessive rewards at the expense of others.
- Free time should commence only after government holds have been released.

Importers must take the initiative and seek support from their local, state and federal government representatives and appropriate port authorities and government agencies in adherence to these principles and ensure fair, equitable and sustainable supply-chain security.

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