



COTECNA

100% Scanning: Is it viable?

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Presentation Agenda

1. Brief Overview of Cotecna
2. What is the 100% scanning requirement?
3. Global Container Movements – relative volumes
4. 100% scanning requirement challenges – GAO report
5. Conclusions / The Way Forward

Cotecna's profile

- Founded in Fribourg, Switzerland in 1974
- Cotecna is a trade facilitation and trade security solution provider
- 2008 revenues of CHF 283 million
- Cotecna is one of the world leaders in Government inspection services
- 100 offices worldwide and a workforce of 4000 employees & agents
- Member of the IFIA (International Federation of Inspection Agencies)
- Geneva Head Office ISO 9001:2000 certified by AB Certification France, Certificate N° A 928
- ANAB accredited for ISO 9001
- FLA and WRAP accreditations for social compliance
- Member of the FOSFA (Federation of Oils, Seeds and Fats Associations) and the GAFTA (Grain & Feed Trade Association)



International Network

4000 qualified professionals in 100 offices worldwide



Cotecna and Supply Chain Security

- World's leading private sector owner and operator of large scale shipping container x-ray scanning systems
- Vice Chairman and Supply Chain Security Working Group Coordinator for the European Organisation for Security (EOS)
- Council Member of the International Federation of Inspection Agencies (IFIA) and founding member of the IFIA Trade Security Committee
- Participation in the World Customs Organisation Private Sector Consultative Group on behalf of IFIA
- Chair of the working group for the ISO 28001 standard (Supply Chain Security)
- European Commission funded projects / programmes related to supply chain security – SECCONDD, MENTORE, CREATIF
- World Bank contract writing a global supply chain security guide
- Designated US Customs and Border Protection as a C-TPAT third party validator for the China pilot
- Involved in 7 of 18 secure tradelanes under the US Operation Safe Commerce Programme
- Participation in activities of the European Committee for Standardization (CEN) and the European Security Research and Innovation Forum (ESRIF) Working Group 9

What is the 100% Scanning Requirement?

The requirements to scan containers were contained in the SAFE Port Act signed into law in October 2006, and the Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Commission Act of 2007), signed into law in August 2007. The SAFE Port Act says this about scanning at U.S. seaports:

"SCANNING CONTAINERS.-Subject to section 1318 of title 19, United States Code, not later than December 31, 2007, all containers entering the United States through the 22 ports through which the greatest volume of containers enter the United States by vessel shall be scanned for radiation. To the extent practicable, the Secretary shall deploy next generation radiation detection technology." (Section 121).

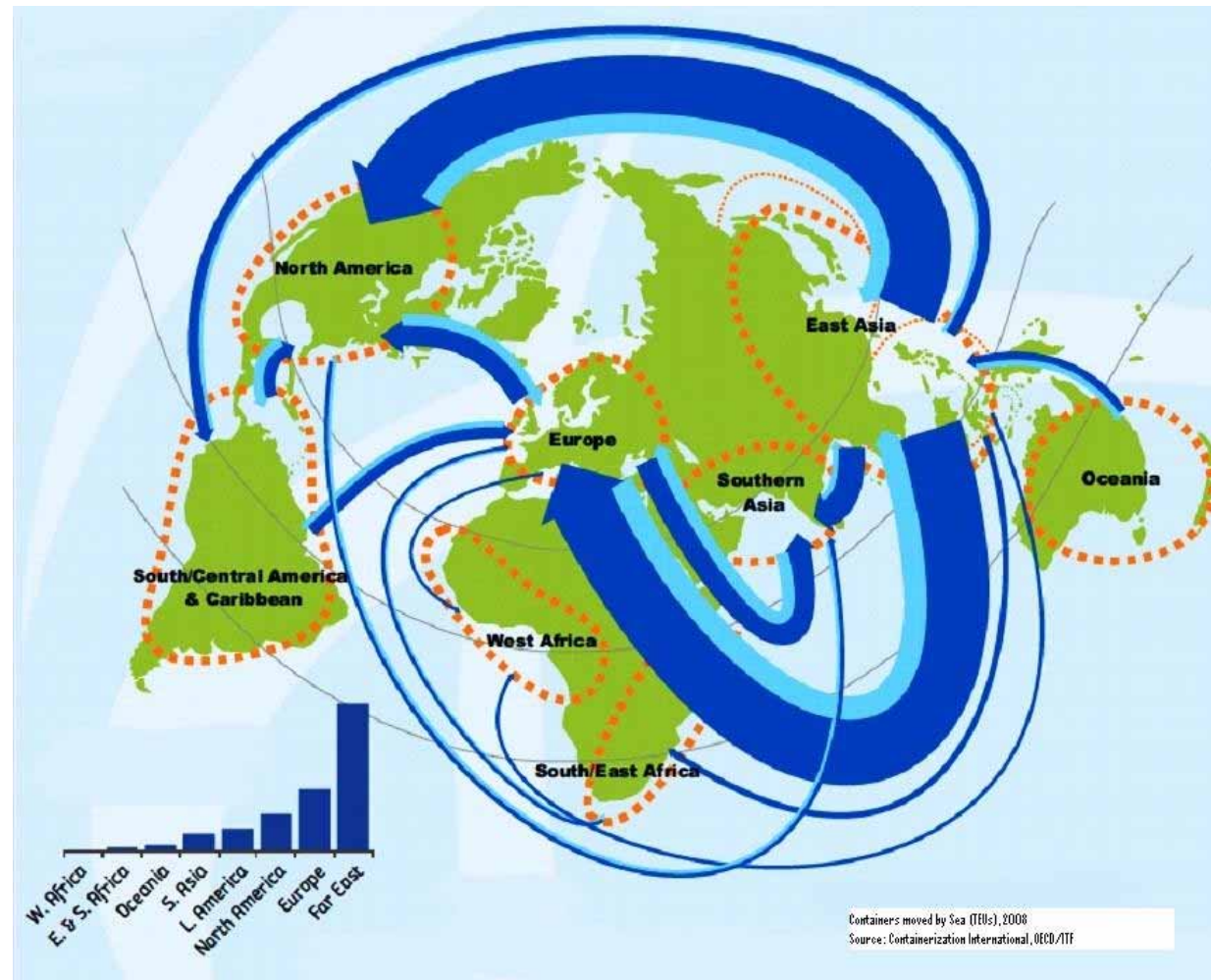
Additionally, the Act says that scanning must detect "shielded and unshielded nuclear and radiological material" (Section 231).

The new 9/11 Commission Act of 2007 goes further by amending the SAFE Port Act to say:

"IN GENERAL.-A container that was loaded on a vessel in a foreign port shall not enter the United States (either directly or via a foreign port) unless the container was scanned by nonintrusive imaging equipment and radiation detection equipment at a foreign port before it was loaded on a vessel also mandate scanning." (Section 1701)¹

¹ *A Different Theory for 100 Percent Container Scanning*, J. Giermanski, 2007

Global Container Movements - 2008



Volume of Containers Moved by Sea (TEUs) 2008, Source: Containerization International OECD / ITF

100% Container Scanning Challenges – US GAO Report²

- Workforce planning
- Host nation examination practices
- Measuring performance
- Resource responsibilities
- Logistics
- Technology and infrastructure
- Use and ownership of data
- Consistency with risk management
- Reciprocity and trade concerns

²GAO Report Number: GAO-08-533T

“SUPPLY CHAIN SECURITY - Challenges to Scanning 100 Percent of U.S.-Bound Cargo Containers”

Conclusions / The Way Forward

- Full implementation will definitely be delayed
- Layered approach, 10+2, Secure Freight Initiative Expansion and global WCO SAFE Framework implementations (with mutual recognition) may reduce the need for the 100% scanning requirement
- « Haves » (larger ports) and « Have Nots » (others) – will always be an issue of contention and competition
- Who Pays? – infrastructure, operation and maintenance remains unsolved
- It is law! – but many barriers and risks to implement still remain...

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