


**Implications of Container Security Pilot Project in HK**

**Presentation at WCO Regional Seminar**

15 Feb 2007


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**Objectives**

- To reinforce the capability of 100% container scanning that Kwai Chung Container Terminal Operators in Hong Kong have demonstrated to address the issue of "What's in the box"
- To illustrate the implications of Integrated Container Inspection System (ICIS) pilot project towards WCO Framework, AEO, SAFE Port Act and Secure Freight Initiative

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**WCO Framework**


**4 Core Elements**

1. Harmonized the advanced electronic manifest information requirements for shipments
2. Participating countries employ a consistent risk management approach
3. Sending nations will perform non-intrusive outbound shipment inspection to receiving nations
4. Benefits to business that meet minimum supply chain security standards and best practice

**2 Pillars**

1. Customs-to-Customs network arrangement
2. Customs-to-Business partnership arrangement


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**Authorized Economic Operator (AEO)**

- A party involved in the international movement of goods complying with WCO or equivalent supply chain standard
- Developed to support the Pillar II – Customs-to- Business Partnership
- Leverage transport communities experience and knowledge that can benefit Customs Administrations in management of their facilitation and security responsibilities
- Provide clear and tangible benefits as incentive to business sectors


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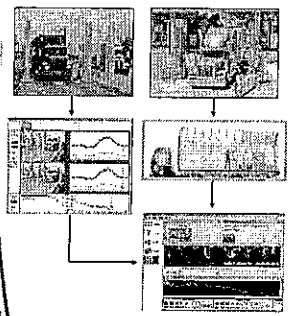
**Role of Kwai Chung Container Terminal Operators in global supply chain security**

- Container Terminal is key choke point along supply chain and operators are possessing a permanence relationship with stakeholders on a long term basis
- Capacity built to address "What's in the box" that can facilitate transportation of low risk cargo and enhance global supply chain without impact to commerce flow
- We commit ourselves to engaging all stakeholders, bolstering our capacity to manage our common problems, and demonstrating the right solutions for the community

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**Objectives of ICIS Pilot Project**



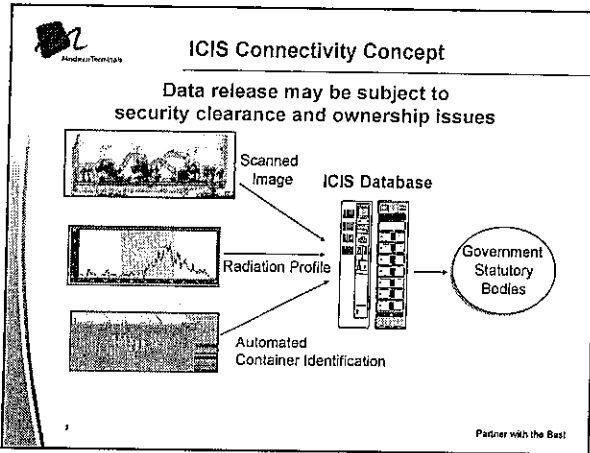
**Increases container security with high throughput**

**Without impact to commerce flow**

- RPM identifies radioactive cargo
- VACIS images reveal cargo shape and density
- OCR links scanning data to container and manifest
- All information integrated in a single display and record

Radiation profile + radiographic image + container ID + manifest = *What's in the box*

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- ### Implications of ICIS Pilot Project
- Demonstrated capacity to realize concept of 100% scanning of containers and addressed issue of "What's in the box"
  - Aroused world's attention to a security initiative driven by business sector
  - Helped to foster SAFE Port Act and Secure Freight Initiative
  - Continues to serve as a pathway for US government to work along to refine integrated screening and scanning in overseas ports
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- ### SAFE Port Act
- US has released "Security and Accountability For Every Port Act of 2006" (SAFE Port Act) in Oct 2006
  - Objectives of SAFE Port Act:
    - Improves maritime and cargo security through enhanced layered defenses
    - Places timelines on expansion of security programmes with shippers and overseas ports.
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### Implementation Schedule of Integrated Scanning Solution under SAFE Port Act

Reference timeline	Actions
13 October 2006	Enactment of the "SAFE Port Act"
No later than 90 days of Enactment (approximately by January 2007)	3 overseas ports will be chosen by the US to establish pilot integrated scanning system in which 100 percent of cargo being sent to the US will be scanned
No later than 1 year of Enactment (approximately by October 2007)	Full scale implementation of the pilot integrated scanning system at the designated ports will be achieved
No later than 180 days after achieving full scale implementation (approximately by April 2008)	Evaluation and assessment report of full scale implementation of the pilot integrated scanning system at the designated ports will be compiled by the Department of Homeland Security, US
No later than 6 months after the submission of report (approximately by October 2008)	The Secretary of Homeland Security will deliver a report to US Congress describing the plan to achieve a full-scale implementation of the integrated scanning solution
Report every 6 months thereafter	The Secretary of Homeland Security will deliver reports to US Congress providing updates on the status of the full-scale implementation

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- ### Implications of SAFE Port Act
- The "SAFE Port Act" points to the future direction that carriers will be required to provide radiation scanning and cargo imaging (as NII implementation) if they want to ship containers to the US
  - The Act confirms the ICIS pilot in HK, as ICIS already involves the deployment of optical character recognition technology, radiographic imaging and radiation scanning of containers on moving trucks
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- ### Secure Freight Initiative
- Vision established in July 2005 by Department of Homeland Security, US
  - Objectives of Secure Freight Initiative:
    - to work with private sector, with new global maritime security standards to elevate standard of maritime security for the entire world
    - introduce a system which can balance the security need with the economic need to have a global and robust trade capability
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### Secure Freight Initiative

Go beyond SAFE Port Act requirement to place RPM, X-Ray Radiography machines and OCR in 6 foreign ports

- 1) Port Qasim( Pakistan)
  - 2) Puerto Cortes( Honduras)
  - 3) Southampton( U.K.)
- \*100% scanning of US-bound cargoes*

- 4) Port of Salalah ( Oman)
  - 5) Port of Singapore( Singapore)
  - 6) Gamman Terminal( Port of Busan)
- \*Conduct limited scanning of US-bound cargoes*

US will soon conduct pilots at these ports using latest generation scanning products but following same approach initiated by Kwai Chung container terminal operators

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### Implications of Secure Freight Initiative

- A multi-government partnership to raise security standards and trade efficiency around the globe
- A powerful template for government-to-government and public-to-private sectors
- Allow host governments overseas visibility into potential dangerous shipments in their own port

Urge a need for Customs to gather, fuse and analyse more complete information from the global supply chain

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### Next Steps

- The total volume of US and Europe trade handled through Kwai Chung container terminals was about 6 million TEUs in 2006, ie about 38% of total volume, which was a considerable amount to the local port community
- Kwai Chung container terminal operators should get themselves prepared for responding to the new moves in global security regime, so that Hong Kong Port will maintain a competitive edge over the neighbouring ports

We will continue to forge new and appropriate alliance with Customs to assist Customs administrations with their security – related mandates

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Thank you

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