

Seal in your status for C-TPAT and AEO

Proper use of cargo seals can protect shipments against theft, smuggling and terrorism. What you may not know is that proper attention to your trading partners' seal suppliers is essential to protect your firm's C-TPAT and AEO status.

Scott Kirk, Chairman and **Bob Kirby**, President, International Seal Manufacturers Association (ISMA)

It is a cliché to talk about layered security strategies, but the term applies to cargo security seals in a unique way: while *proper use of seals* provides a layer of physical security for shipments, *proper attention to seals* provides a layer of institutional protection for your firm's position in important government compliance programmes. This article will help shippers, carriers, terminal operators and other third parties understand the specific actions they must take to 'cover their flanks,' protecting their hard-earned status in beneficial programmes, their brand's reputation, and the integrity of their shipments.

ISO 17712

'ISO 17712' is the prism that affects both the physical and institutional layers of self-protection. The formal title of the International Standards Organization (ISO) document is 'Freight containers – Mechanical seals.' The ISO community developed 17712 quickly when, in the wake of the September 2001 terrorist attacks, industry and government leaders realised that there was no international standard for cargo security seals. There have been three versions of 17712, progressively enhancing and clarifying the document:

- **Publicly Available Standard (PAS) 17712: 2003.** The original PAS, in effect an interim international standard, defined the physical performance expected of seals, following benchmarks long observed by leading customs authorities, shippers and carriers. Based on test results for tensile strength, bending, shear and impact resistance, seal classifications were Indicative (no barrier protection), Security (modest barrier protection) and High Security (meaningful barrier protection).
- **PAS 17712: 2006.** The revised PAS had three major changes with one significant implication. The first change, intended to simplify the task of cargo checkers in the field, called for seals to be marked according to their classification: 'I' (Indicative), 'S' (Security), or 'H' (High Security). The second change, designed to reduce security vulnerabilities, was the addition of a 'normative annex' that defines the best security-related practices for seal manufacturers and distributors. The third change, intended to mitigate counterfeiting, linked the other changes: only firms certified as compliant with the normative annex may apply grade classification stamps. The effect of the changes is significant: every 17712-compliant seal must come from a 17712 process-compliant manufacturer. Non-compliant manufacturers cannot provide ISO-compliant seals.
- **International Standard (IS) 17712: 2008.** A formal International Standard will replace the PAS next year. Unanimous votes at the most recent meetings of ISO working group and its parent committee foretells the key clarifications in that document. First, laboratories must be



Application of a snapper bolt seal.

independent third parties. Second, test procedures will be more tightly defined to reduce the risk of two labs providing different results for similar seals. Finally, the accredited scope of test laboratories and security process reviewers must address ISO 17712.

ISO 17712 morphed into a *de facto* mandate even though no government formally requires the use of 17712-compliant seals. Voluntary government and international body programmes provided the catalyst for change. The three major organisations have been the US Customs and Border Protection (CBP), the World Customs Organization (WCO) and the European Commission (EC).

C-TPAT, SAFE and AEO

CBP's Customs-Trade Partnership Against Terrorism (C-TPAT) instigated the transformation of 17712 into a *de facto* mandate. This voluntary programme encourages supply chain best security practices in exchange for two kinds of benefits. First, qualified members count on customs clearance preferences: fewer random inspections, less intrusive reviews and more reliable clearance processing times. Second, qualified members enjoy a marketing advantage, enhancing the reputation and attractiveness of their brands with trading partners; all other things being equal, it became better to do business with a C-TPAT member than a non-member.

The WCO and the EC adopted many core concepts underlying C-TPAT. The WCO began with its Framework of Standards to Secure and Facilitate Trade, the SAFE Framework.

OUR MAIN MESSAGE

To protect your status as C-TPAT and AEO compliant, you must pay attention to the sources of security seals used by you and your supply chain partners.

Your trading partner security reviews should collect file copies of four documents provided to your partner by their seal provider:

1. Current lab certificate showing that the specific seal products comply with ISO 17712's High Security benchmarks.
2. The testing lab's accreditation to test against ISO 17712.
3. Current reviewer certificate showing that the seal supplier conforms to ISO 17712's Security-Related Best Practices.
4. The business process reviewer's accreditation to certify ISO 17712 in addition to ISO 9001.

SAFE's pillars are customs-to-customs and customs-to-trade relationships and SAFE includes a *Seal Integrity Programme*. Both the WCO and the EC developed Authorized Economic Operator (AEO) programmes. AEO's, similar to C-TPAT members, are firms that participate in international supply chains and adopt best security practices. All of these voluntary programmes mention, indeed call for, use of 17712-compliant high security ('H') seals.

Candidates for membership in C-TPAT, SAFE and AEO programmes must describe their supply chain security programmes in detail, conduct self-audits, have the results reviewed and then (depending on the programme) submit to validation inspections by government or accredited third party auditors. Commercial firms cannot qualify for any of these voluntary programmes in isolation; only in the context of their international supply chains. Your security programme must specifically address the security processes of your supply chain partners.

Compliance

Candidates and members in C-TPAT, SAFE and AEO programmes are responsible for due diligence with their partners. In practical terms, that means assuring that your partners comply with your requirements for them, and in terms of this article, that means assuring that the partners use 17712-compliant seals.

Due diligence includes an information-based process to assure 17712 compliance. Both your own firm and your partners should have four critical documents available for inspection: seal test certificates, seal manufacturer security practices compliance certificates, and lab and auditor accreditations for 17712 (see highlight box).

THE INTERNATIONAL SEAL MANUFACTURERS ASSOCIATION (ISMA)

- ISMA members 'set the standard' in the security seal industry by their commitment to quality products and security-related best practices.
- Members are accountable: all subscribe to ISMA's *Code of Ethics*, which includes full compliance with ISO 17712 and its Normative Annex.
- ISMA members were leaders in identifying the need for an international seal standard and, since 2002, in working with users, governments and international organisations to develop, revise and refine ISO 17712.
- ISMA are committed to education about the proper and effective use of seals and sealing systems. Leaders have spoken to public sector and industry groups at the World Customs Organization, the UN, BASC International, major national customs authorities, and industry forums.
- ISMA's eight members produce over 75 per cent of the security seals used in the world market.
- Visit ISMA's web site for information about security seal requirements, about properly accredited labs for 17712 certification, and for links to member sites.

Some sceptics have asked whether 17712 reinforces the interests of a small 'club' of manufacturers. The standard simply lays out high standards for product performance and security-related practices that a prudent seal user should insist upon. Any serious seal manufacturer can meet these hurdles and 17712 specifies how to make credible claims of success.

17712 followed formal and transparent ISO processes. ISO's Technical Committee 104, Freight Containers, created a Mechanical Seals Working Group in response to a committee vote. National standards bodies (such as the British Standards Institute (BSI) in the UK and the American National Standards Institute (ANSI) in the US) appointed one or more National Experts as Working Group members. Experts and observers represented ocean carriers, terminal operators and public agencies in addition to seal manufacturers. Formal ballot windows lasted up to five months. Each national body welcomed comments and votes according to its own procedures. ISO approval required super-majority votes, one nation-one vote, plus successful reconciliation of every comment submitted by national body. As a result, ISO 17712 represents a broad international consensus including users as well as manufacturers. It makes sense to 'cover your flanks' in regard to ISO 17712.

ABOUT THE AUTHORS



Scott Kirk and Bob Kirby serve respectively as the Chairman and President of the International Seal Manufacturers Association (ISMA). Mr. Kirk is also the Executive Vice President of EJ Brooks and Mr. Kirby is the Managing Director of ITW/Envopak.

ABOUT THE ORGANISATION

The International Seal Manufacturer's Association (ISMA) is open to all interested parties involved in the manufacture, distribution and use of security seals embracing mechanical disposable one-time use seals and electronic or mechanical re-usable seals. Membership depends on commitment to a Code of Ethics.

ENQUIRIES

Website: www.ismasecurity.org