

The Southern Border: A Security Conundrum

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Access to National Territory After NAFTA With Seamless Border



Origin



Destination

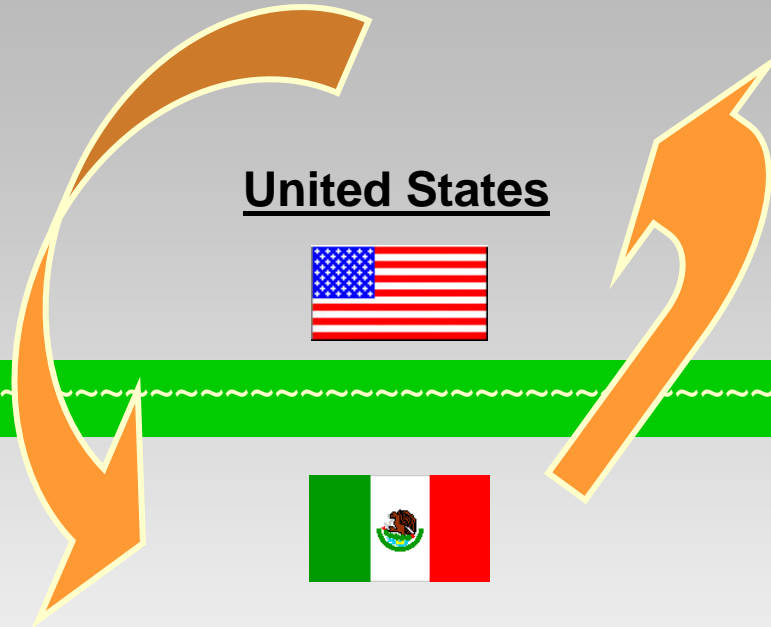
United States



Customs
Clearance



Mexico



Destination



Origin



U.S. - Mexico Crossing Under First Phase of NAFTA with U.S./Mex. Carrier Partnership



1. Truck and Cargo



Mexican

Customs Broker



2. Truck w/o Trailer and Crossing

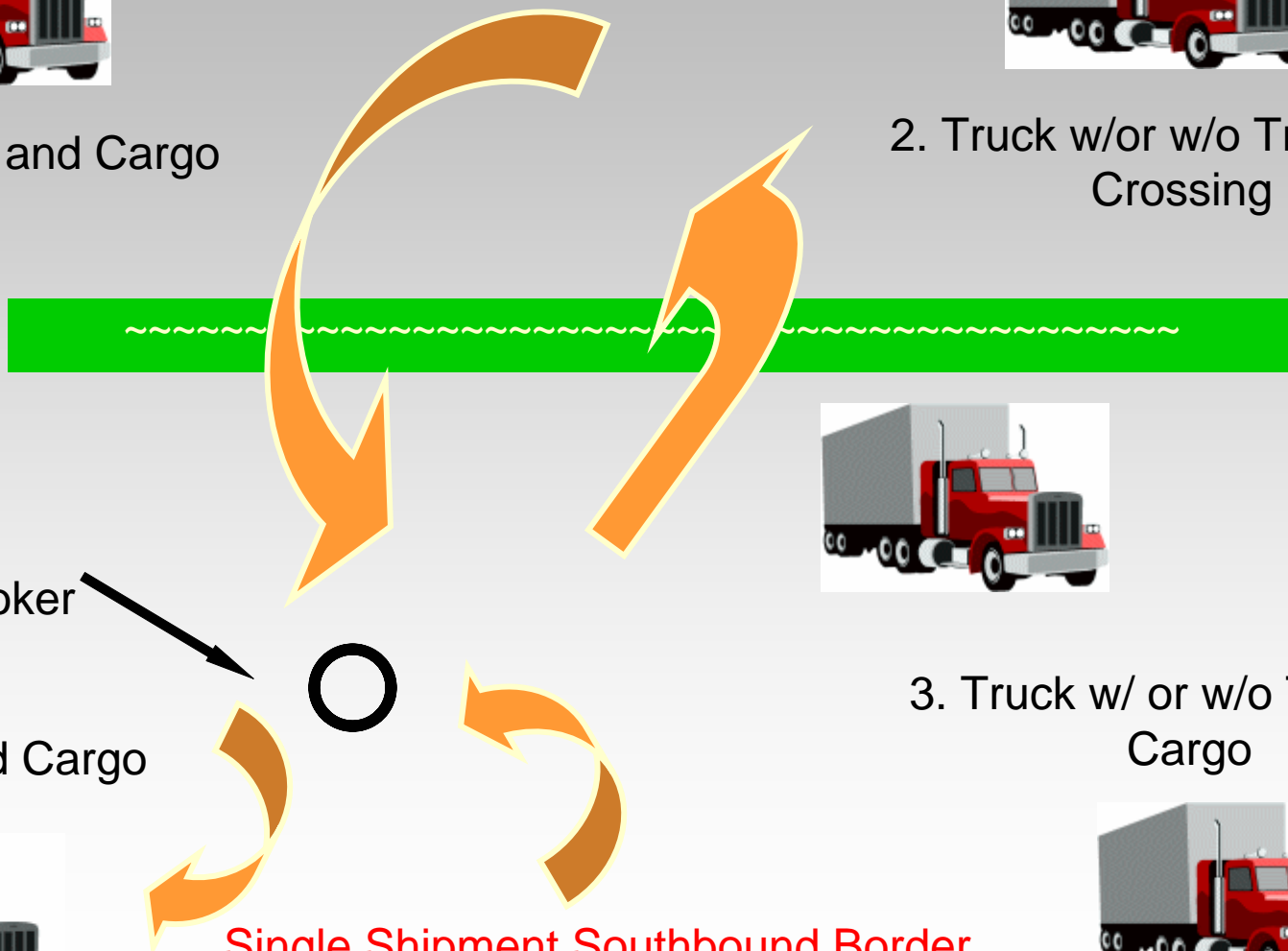


3. Truck w/ or w/o Trailer or Cargo

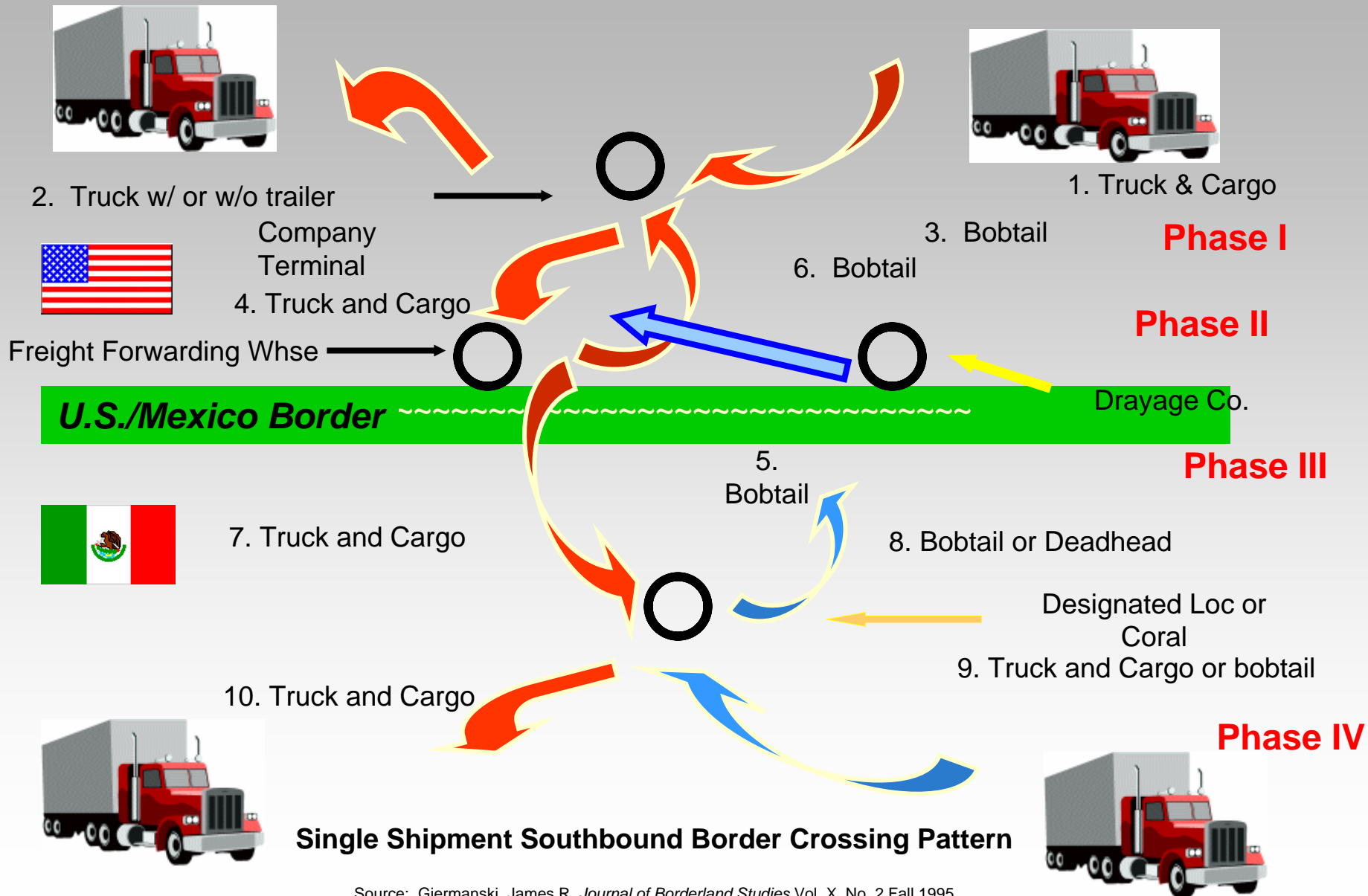


4. Truck and Cargo

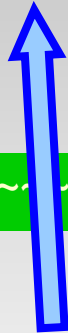
Single Shipment Southbound Border Crossing Pattern



Current U. S. - Mexico Crossing



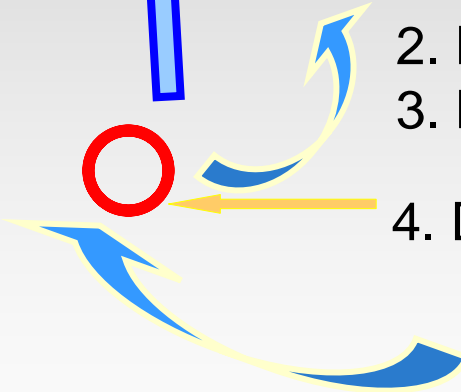
Current U. S. - Mexico Crossing Phases at Most Ports



U.S./Mexico Border



- 2. Mexican Broker
- 3. Mexican Drayage
- 4. Drop Lots
- 1. Mexican Long-hauler



Seven Security Black Holes in Institutional Practices

1. Mexican Shipper Loads at Origin
2. Mexican Long-hauler Picks Up at Shipper
3. Mexican Long-hauler Carries to Border
4. Containers/trailers **WAIT** for pick-up
5. Drayage Carrier Called and Picks Up Container/trailer
6. Drayage Crosses Container/trailer into U.S.
7. Drayage Moves to U.S. Customs Broker

The WAIT Issue

- **Waiting to Enter the Customs Territory of the United States**
 - **Sea Ports – CSI requires at least 1day at foreign port. There is an average of 8 days in the U.S. at the U.S. Port** (John M. Broder, **New York Times**, July 27, 2004)
 - **Land Ports – In Laredo, 1to 4 days in Mexico, system-sensitive** (confidential sources and firms, July 27, 2004)

Where They WAIT

- The Drop Lot
 - The Long-haul Carrier Drop Lots (Access somewhat limited)
 - General Drop Lots (Access generally unlimited)

Security Programs

- **C-TPAT** (Customs -Trade Partnership Against Terrorism)
 - **FAST** (Free and Secure Trade)
 - **PAPS** (Pre-Arrival Processing System)
 - **BRASS** (Border Release Advanced Screening & Selectivity)
 - **CAFES** (Customs Automated Forms Entry System)

FAST, PAPS, BRASS, CAFES

- 1. Not Security Systems
- 2. Purpose is to “Expedite Release and Processing” (Federal Register, August 17, 2004, Vol. 69, No. 158)
- 3. Some Exceptions to Advanced Cargo Info
 - Non dutiable cargo under \$2000
 - Products returned, etc. (Federal Register, above)
 - And more...

C-TPAT's Coverage and Success in Mexico

- **For Whom?**

All sizes of companies in the following industries:

- a) **Carriers (Mexican Trucking Firms 350 as of June 2004)**
- b) **Manufacturers (Mexican: 80 asked, 45 certified, March 2004)**
- c) **Warehouse Operators**
- d) **Brokers**
- e) **Importers**

C-TPAT Industry-Sensitive Security Requirements

For Trucking Companies

1. **Conveyance Security**
2. **Physical Security (required for FAST)**
3. **Access Control**
4. **Procedural Security**
5. **Manifest and Bill of Lading Issues and Procedures**
6. **Personnel Security (required for FAST)**
7. **Education and Training Awareness**
8. **For FAST: Standards for Service Providers**

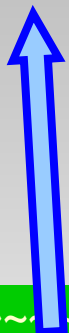
How do the Border Security Programs Impact the Institutional Practices?

- Mexican Shipper – Positive Impact
- U.S. Consignee – Positive Impact

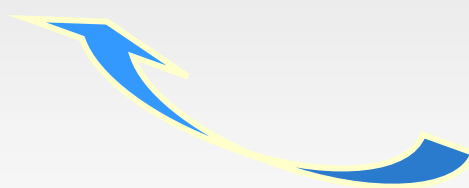
Intermediaries

- Drayage – Some Impact
- Mexican Broker – No Impact
- Drop Lot Security – Some Impact

Current U. S. - Mexico Crossing



U.S./Mexico Border



Origin



1. Loading at Origin
2. Pick-up at Origin
3. Mexican Long-hauler
4. Haul to Border
5. Drop Lot
6. Haul to CBP
7. Post CBP Haul

How Do We Fix It?

1. Use “Smart” Containers and Trailers.
2. Inland Cargo Release in Mexico by Mexican Brokers, (ie. *Dispacho Previo; Pedimento Consolidado*)
3. Use Recintos Fiscalizados (Foreign Trade Zones) to drop cargo.
4. Open the Border to Mexican Long-haulers.
5. Development of an Effective Intelligence Program

What Can the U.S. Control?

- Use of Smart Containers (Great Control)
- Open Border to Mexican Trucks (Medium Control)
- Use Recintos Fiscalizados (Some Control)
- Inland Cargo Release by Mexican Brokers (No Control)
- Intelligence Program (Great Control)

U.S. Border Programs Augmented by:

- Effective Intelligence Program
- Use of Smart Containers
- Opening the Border to Trucking
- Recintos Fiscalizados
- Inland Cargo Release in Mexico by Mexican Brokers

Mexico's Own Assessment of the Efficiency and Costs of its Border Ports

- “Simplifying business practices on the border would reduce the costs to businesses by 2% of the total value of commerce or 14 billion dollars.”*

* Unpublished First Draft, January 21, 2003, DF, Mexico

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