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Security in the export industry

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# Security in the Export Industry



# Preamble



- Thomas Friedman (2007,8) described in his book entitled, “The world is Flat”, that the interconnected global economy enabled by advances in Information and Communications Technology and other factors that he terms “Flatteners”, does not only empower the software writers and the computer geeks to collaborate on the work in the flat world, but also AL Qaeda and other terrorist networks.
- “The world pattern for global prosperity has been founded on near-frictionless transport and trade.” Organization for Economic Cooperation and Development (OECD, Paris: July 2003)
- Seaport is a crucial component of the world economy and global transportation infrastructure, Nevertheless generally there hasn’t been a comprehensive governmental regulation and security oversight.

# Descriptions



- The term **export** in international trade means the sending of goods or services produced in one country to another country.
- The seller of such goods and services is referred to as an **exporter**
- The foreign buyer is referred to as an **importer**
- **Cargo**: Each and every shipment of goods recorded on a manifest.
- **Cargo security**: Preventive measures to secure cargo from any kind of threats compromised by terrorist and other unlawful acts.
- **Cargo security plan**: Information on cargo security measures taken by a certified secure cargo handler.
- **Cargo security seal**: A special seal that the Director of Customs has manufactured for use in sealing export containers.



# Security Protocols

- United Nations Security Council Resolutions
- *(the United Nations Security Council is one of the six principal organs of the United Nations, charged with the **maintenance of international peace and security** as well as accepting new members to the United Nations and approving any changes to its United Nations Charter.)*
- The South African Council for the Non-Proliferation of Weapons of Mass Destruction (NPC)
- *( Non-Proliferation of Weapons of Mass Destruction Act, No. 87 of 1993 (Act No. 87 of 1993*



# The regulatory universe around exports



- International Trade Administration Act, No. 71 of 2002
- Customs and Excise Act 91 of 1964 ( Excise Duty Act)
- Import and **export** control is the function of the International Trade Administration Commission of **South Africa** (ITAC).
- **Export** of goods often requires involvement of Customs Authorities.
- Export and re-export permit;
- Import permit; and
- Transit permit
- Certificates of Origin



# Harbour or Port?



- A harbour is a **place** where ships may shelter from the weather or are stored. Harbours can be man-made or natural.
- A man-made harbour will have sea walls or breakwaters and may require dredging.
- A natural harbour is surrounded on most sides by land.
- A **port** is a **man-made** coastal or riverine facility where boats and ships can **load** and **unload**.
- It may consist of quays, wharfs, jetties, piers and slipways with cranes or ramps.

# Types of Ports of Entry



- **An airport** is an airfield where airplanes can take off with cargo and land to off load cargo, including one or more runways and one or more passenger terminals.
- A **water port** can either be a **seaport** or a **riverport**.
  - It is a man-made coastal/ riverine facility for seagoing ships to dock and take on or discharge cargo, including passenger ships used for pleasure voyages.
- **Rail and Road Border Posts/Gates** where goods trains and road haulers off load and load cargo, including passenger trains and busses or private vehicles.

# Risks in the Export Industry



- **Border Control risk**-customs clearance, unforeseen tariffs, a check of compliance with local rules and regulations
- **Legal Risk**- differences in laws between countries.
- **Credit & financing risks**- a customer defaulting on payment, customer's business may fail due to economic volatility.
- **Insurance gap risk** - an insurance gap that cannot be covered except by the Producer/Exporter himself.
- **Cargo theft risk** - the incidence of theft on the rise, the cost of insurance cover is rising regularly.
- **Intellectual Property Risks**- companies overseas may try to steal your trade marks.
- **Trafficking**- includes trafficking or smuggling of persons, money, drugs, weapons, or other contraband goods
- **Human Factor**- human factor can serve as an obstacle to the successful implementation of the security measures.

# Current security measures



- The International Ship and Port Facility Security (**ISPS**) **Code** replacing the SOLAS on minimum security arrangements for ships, ports and government agencies.
- detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade."
- Code of practice on security in ports 2003 – International Maritime Organization
- The practical recommendations are designed to provide guidance to all those responsible for addressing the issue of security in ports.



# Current security measures



- Cargo profiling
  - Early manifest reporting
  - Supply chain assurance
- Container seals
  - Physical
  - Electronic/smart
- Scanners and Detectors
  - Radiological
  - Chemical/Biological
- Monitoring and Access Controls
- Increased manual inspection

# Considerations before implementing port security



- Will port security policies applied to container cargo affect shipping time and costs?
- Will there be infrastructure disruptions and how will those disruptions impact port operations?
- Can security measures exacerbate the impact of port disruptions or impede the recovery from disruptive events?
- What are the potential long-term economic impacts of increased security costs?



# Conclusion



- Risk-based approach to security is vital when developing maritime security policies to regulate international commerce.
- Moreover, due to the complex nature regarding the interaction between the port and the ships, in relation to other economic interests, logistics, and transportation modes within the purview of maritime, security in the export industry must be seen as element of **system resilience** and **risk management**.





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