# Chapter 19: International Logistics Security

**TRUE/FALSE**

1. The events of September 11, 2001 did not have a major impact on the way international business is conducted.

ANS: F DIF: Easy REF: page 688

2. One of the first international organizations to implement enhanced security measures was the International Maritime Organization.

ANS: T DIF: Easy REF: page 691

3. The International Chamber of Commerce is not involved in security initiatives.

ANS: F DIF: Easy REF: page 695

4. The United States’ initial strategy to combat terrorism focused on interdiction.

ANS: T DIF: Moderate REF: page 697

5. A security policy that emphasizes 100-percent inspection is the best method for detecting explosives.

ANS: F DIF: Moderate REF: page 688

6. The C-TPAT program operates very much within the guidelines established by the SAFE initiative.

ANS: T DIF: Moderate REF: page 701

7. The United States and the European Union approach security issues in more or less the same way.

ANS: F DIF: Moderate REF: page 707

8. Corporations mostly see the benefits of increased security in terms of reduced cargo losses and increased profits.

ANS: F DIF: Moderate REF: page 709

9. When a machine erroneously clears a piece of luggage that actually contains a bomb, this is a Type I error.

ANS: F DIF: Difficult REF: page 699

10. When a machine erroneously identifies a shipment as containing dangerous cargo, when in reality it is a shipment of innocuous goods, the machine has committed a Type I error.

ANS: T DIF: Difficult REF: page 699

11. Type I and Type II errors are mutually exclusive; if a process generates Type I errors, then it does not generate any Type II errors.

ANS: F DIF: Difficult REF: page 699

12. In security screening, Type I errors (identifying a safe shipment incorrectly as dangerous) is less dangerous than Type II errors (identifying a dangerous shipment incorrectly as safe).

ANS: F DIF: Difficult REF: page 699

13. “Geo-fencing” is a technology that allows a company to monitor whether a truck shipment departs from a pre-determined itinerary.

ANS: T DIF: Moderate REF: page 709

14. Tamper-resistant seals are preferable over traditional seals.

ANS: T DIF: Easy REF: page 710

15. Countries located outside of North America and Europe do not feel threatened by terrorism and therefore have not cooperated with international security measures.

ANS: F DIF: Difficult REF: page 695

**MULTIPLE CHOICE**

1. Efforts by corporations to reduce the vulnerability of their international supply chain to more traditional criminal activities is called

|  |  |  |  |
| --- | --- | --- | --- |
| a. | security management. | d. | C-TPAT. |
| b. | supply chain management. | e. | safety management |
| c. | security studies. |

ANS: A

Security management is a corporate function that manages all of the security efforts of a particular company.

DIF: Easy REF: page 688

2. Which international organization(s) was(were) involved with developing security measures?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | International Maritime Organization | d. | International Monetary Fund |
| b. | Customs Alliance | e. | SWIFT |
| c. | NAFTA |

ANS: A

NAFTA was a trade agreement, not an international organization in charge of transportation security. The IMF and SWIFT have not enacted any anti-terrorism plans. However, the IMO implemented large-scale security efforts through the SOLAS program.

DIF: Moderate REF: page 691

3. The following factor(s) do NOT influence the type of security measures that ports put in place?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | location | d. | physical layout |
| b. | type of cargo | e. | all ports have to enforce identical ISPS requirements |
| c. | size |

ANS: C

Location and physical layout influence the technologies used by the ports to monitor for security, and the type of cargo determines the level of security. Size makes no difference.

DIF: Moderate REF: page 692

4. The primary role of the World Customs Organization has traditionally been

|  |  |  |  |
| --- | --- | --- | --- |
| a. | developing security procedures. | d. | eliminating customs duties. |
| b. | the simplification and harmonization of Customs’ procedures. | e. | reducing tariff rates worldwide. |
| c. | negotiating free trade agreements. |

ANS: B

WCO is in charge of the simplification and harmonization of Customs procedures.

DIF: Moderate REF: page 693

5. The SAFE initiative was implemented by

|  |  |  |  |
| --- | --- | --- | --- |
| a. | the European government | d. | the International Maritime Organization |
| b. | the World Customs Organization | e. | the NAFTA agreement |
| c. | the World Trade Organization |

ANS: B

The SAFE (Security and Facilitation in a Global Environment) initiative was implemented by the WCO in June 2005.

DIF: Moderate REF: page 694

6. C-TPAT program offer companies the following advantages:

|  |  |  |  |
| --- | --- | --- | --- |
| a. | higher probability of Customs’ inspections at the port of entry. | d. | faster shipping times. |
| b. | first-come-first-serve scheduling of inspections when they are deemed necessary. | e. | an assigned Customs official for each shipment. |
| c. | assistance from Customs’ Supply Chain Security Specialists. |

ANS: C

Customs official will assist C-TPAT companies in the management of their security programs.

DIF: Moderate REF: page 701

7. In addition to the C-TPAT program, the United States has also created which program(s) or initiative(s) to improve security?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Maritime Transportation Security Act | d. | Container Security Initiative |
| b. | Security and Accountability For Every Port Act | e. | All the answers in this response set are programs of the United States designed to improve security. |
| c. | Transportation Workers’ Identification Credential |

ANS: E

All of these security measures were among those created by the U.S. government.

DIF: Moderate REF: page 703

8. The European Union based their security initiatives on which international organizations’ guidelines?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | World Trade Organization. | d. | the International Security Organization. |
| b. | the United Nations. | e. | the International Maritime Organization. |
| c. | the International Chamber of Commerce. |

ANS: E

The EU based their guidelines on the International Ship and Port Facilities Security Code of the International Maritime Organization, and then the SAFE framework of the World Customs’ Organization.

DIF: Moderate REF: page 707

9. European countries provide simplifications in customs procedures and faster customs clearance to companies that have achieved the status of:

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Tier I Supplier. | d. | Safe European Partner. |
| b. | European Safety Partner. | e. | Authorized Economic Operator. |
| c. | Authorized Customs Partner. |

ANS: E

The status of Authorized Economic Operator allows a firm to clear European customs faster and have access to simplified customs procedures.

DIF: Easy REF: page 707

10. Countries outside of Europe and North America reacted with policies that mirrored the policies of which country or area?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | the United States | d. | The United Kingdom. |
| b. | the European Union | e. | Russia. |
| c. | Canada |

ANS: B

Countries outside of Europe and North America reacted with policies that mirrored the policies of the European Union, by implementing the ISPS Code and SAFE framework.

DIF: Moderate REF: page 708

11. Which U.S. agency is NOT involved with security enforcement?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Customs and Border Protection | d. | Immigration and Customs Enforcement |
| b. | Secret Service | e. | Transportation Security Administration |
| c. | Coast Guard |

ANS: B

The Secret Service’s mission does not involve international security, but the security of the President of the United States and protection of the currency.

DIF: Moderate REF: page 706

12. The management philosophy that “encourages every employee, at every level, to recognize the importance of security within the corporation, and suggest improvements in processes and procedures” is

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Total Security Management | d. | Kaizen |
| b. | Total Quality Management | e. | Statistical Security Control |
| c. | Six Sigma |

ANS: A

Total Security Management is a management philosophy based on the Total Quality Management concepts developed by W. Edwards Deming in the 1970s.

DIF: Moderate REF: page 709

13. In order to protect their fixed assets, companies should implement which of the following physical barriers?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | build fences around the perimeter | d. | install backup electric generators |
| b. | lock all access doors | e. | All of the measures in this answer set have been implemented by companies to protect their fixed assets. |
| c. | have enough outside lights |

ANS: E

All of these physical barriers and measures aid in protecting companies’ fixed assets.

DIF: Easy REF: page 709

14. When a security detection process determines that a cargo contains dangerous goods, even though the goods are innocuous (safe), what type of error is it?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Type I error | d. | sampling error |
| b. | Type II error | e. | random error |
| c. | Type III error |

ANS: A

Type I error is a statistical concept whereby the research concludes that the null hypothesis should be rejected when, in reality, the null hypothesis is true and should be accepted.

DIF: Easy REF: page 699

15. When a security detection process determines that a cargo is innocuous (safe), even though the goods are dangerous, what type of error is it?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Type I error | d. | Sampling error |
| b. | Type II error | e. | random error |
| c. | Type III error |

ANS: B

DIF: Easy REF: page 699

16. The policy of a one-hundred-percent inspection is considered flawed because

|  |  |  |  |
| --- | --- | --- | --- |
| a. | the costs are staggering. | d. | it is ineffective. |
| b. | the amount of room it requires is greater than what is normally available. | e. | the policy is considered flawed for all of the reasons mentioned in this set of responses |
| c. | the personnel needed is very large. |

ANS: E

All of these descriptions are reasons why a one-hundred-percent inspection is flawed.

DIF: Difficult REF: page 689

COMPLETION

1. One of the first international organizations to implement enhanced security measures was the International \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Organization.

ANS: Maritime

DIF: Easy REF: page 691

2. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ initiative coordinates the efforts of Customs authorities worldwide in their effort to combat terrorism.

ANS: SAFE

DIF: Moderate REF: page 694

3. The primary goal of the International Chamber of Commerce is to facilitate international \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

ANS: Trade

DIF: Easy REF: page 695

4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a strategy that attempts to eliminate all imports of a particular type of goods and all entries of a specific group of persons into a country.

ANS: Interdiction

DIF: Moderate REF: page 697

5. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ was created in November 2001 by consolidating into one administration a large number of small private security firms’ employees.

ANS: Transportation Safety Administration

DIF: Moderate REF: page 690

6. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ inspection program is a fallacy. Since there is no conceivable way that the required number of inspectors could be hired, nor that the necessary room would be made available in the ports, the inspection process would be flawed.

ANS: One-hundred-percent

DIF: Moderate REF: page 688

7. The goal of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ program is to encourage corporations involved in international trade to enact security measures that would prevent tampering of the shipments at any point in the supply chain; corporations are asked to evaluate their level of security in the supply chain, determine their vulnerability and remedy them.

ANS: C-TPAT

DIF: Easy REF: page 701

8. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ emphasized that the reduction of poverty, the enforcement of international agreements against arms proliferation, the restoration of democratic governments in areas of regional conflicts, and an increase in international cooperation for criminal investigations would be most effective in dealing with security threats.

ANS: European Union

DIF: Moderate REF: page 707

9. In order to be comprehensive in their security efforts, companies have to secure four areas in their supply chains; their fixed assets (plants, warehouses, distribution centers), their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ while they are in transit, the information on which they rely to manage their operations, and their workforce, to ensure that it is reliable and trustworthy.

ANS: inbound and outbound shipments, shipments, cargo

DIF: Hard REF: page 709

10. In order to protect their shipments while they are in transit, companies implement a different set of measures; they make sure that all cargo containers are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ before they leave any facility

ANS: sealed

DIF: Moderate REF: page 709