

U.S. SEAPORT SECURITY

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

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OCTOBER 4, 2000
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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

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U.S. SEAPORT SECURITY

WEDNESDAY, OCTOBER 4, 2000

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 9:30 a.m. in room SR-253, Russell Senate Office Building, Hon. John McCain, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

The CHAIRMAN. Good morning. The Committee meets today to hear from witnesses on the findings and new recommendations of the Interagency Commission on Crime and Security in U.S. Seaports.

In April 1999 the President established the Interagency Commission to look into the growing problem of crime and security shortfalls in U.S. seaports. The President asked the Commission to evaluate the nature and extent of serious crime in seaports, as well as looking into the effectiveness of current security measures.

After months of delay, the Commission issued its final report on September 7, 2000. While the Commission was not able to determine the full extent of serious crime at seaports, it did report on 20 findings and made recommendations addressing each of those findings. The Commission surveyed seaports on the East, West, and Gulf Coasts, as well as the Great Lakes, and found significant criminal activity at each.

The Commissioners determined that seaport crime encompasses a broad range of crimes. These include the importation of illicit drugs, contraband and prohibited or restricted merchandise, stowaways and alien smuggling, trade fraud and commercial smuggling, environmental crimes, cargo theft and the unlawful exportation of controlled commodities, ammunitions, stolen property, and drug proceeds.

These findings leave little doubt that crime in our Nation's seaports is a serious problem that has impacted well beyond our port cities. For example, a car stolen in Kentucky on Tuesday could be on its way out of the country through the Port of Charleston on Wednesday.

It should be noted that, based on the Commission's findings, the same vessel taking that car out of the country may have in its inbound voyage brought in illicit drugs, counterfeit merchandise, or illegal aliens that will go undetected due to the lack of adequate controls at our Nation's seaports. Further, the Commission's rating

of security at the seaports surveyed, described as ranging from poor to fair and in a few cases good, must be taken seriously by ports, transportation workers, and federal, state, and local agencies involved in the operation and control of our seaports. Action is needed to address the many identified problems and security shortcomings.

I want to thank all the members of the Commission for their efforts, and I look forward to hearing more on their findings and recommendations from several of those members here today.

I'm also interested in hearing from our other witnesses, who I understand share concerns raised by the Commission, but are also very concerned about how the Commission's recommendations will be implemented.

I know of no Member of Congress who has been more aware and more involved in this issue than my friend from South Carolina. Senator Hollings because of personal experiences, has been involved in these issues for many years. I appreciate his leadership and efforts to bring about at least some solutions to these very difficult issues, and I would like to turn the hearing over to Senator Hollings at this time.

**STATEMENT OF HON. ERNEST F. HOLLINGS,
U.S. SENATOR FROM SOUTH CAROLINA**

Senator HOLLINGS. Thank you very much, Mr. Chairman. I have been looking at a map earlier this morning to find a port on the East Coast of Mexico. Altamira is the biggest one I can find, and the reason I was doing that was to try to bring into focus the importance of your calling this particular hearing. What happens is, if I walk across from Tijuana to San Diego, I'm stopped. I've got a coordinated policy. I'm checked individually, my luggage and everything else of that kind. Same thing coming from Juarez into El Paso.

If I fly from Mexico City and land in Phoenix, Arizona, there is a coordinated security policy there, both the customs, immigration and otherwise. In fact, the FAA really sets out the security policies that have got to be followed by the various airlines. They look the policy over, they inspect it, they make sure the security procedures are sound and effective.

But if I load up one of these containers that can carry as much as 80,000 pounds or 40 tons, at the Port of Altamira, and if I load up 100 of those containers with cocaine, under the facts and the findings, wherever the hundreds of those containers come in, whether it is to Charleston, New York, or wherever, 99 of them will not even be looked at. Ninety-nine will not be looked at, not even inspected. There is no coordinated policy.

We are in one heck of a fix, and we truly are indebted to our colleague, Senator Bob Graham of Florida, who has brought this to our attention, instituted the Commission study and finding. I know he wants to testify, so we have got a lot of things to comment upon here. But what we really are trying to do, you and I at the Committee level, is fashion a policy from these recommendations that is as sound as the security policies followed by any airport, for any city like El Paso, or San Diego, or otherwise, coming across our land borders. In particular we must protect against threats of ter-

rorism, as well as the drugs that come in through our sea ports. Nobody is going to fly into New York and bomb it, but it would be very easy to come into these ports and spread viruses or other threats, such as chemicals, or put in some sort of explosive. But I am interested in hearing our witnesses so let me put my statement in the record and yield to our real leader here, Senator Graham. [The prepared statement of Senator Hollings follows:]

PREPARED STATEMENT OF HON. ERNEST F. HOLLINGS,
U.S. SENATOR FROM SOUTH CAROLINA

Mr. Chairman, I would like to thank you for scheduling this hearing at this late date. I know that it is very late in the session, and I know that it probably isn't all that important to your seaports in Arizona, but I think that this is an issue that is important to the general security of this nation.

Our seaport system is really straining at the seams. We seem to have larger and larger ships, coming into port with fewer and fewer sailors, carrying more and more cargo, and handling it with a fraction of the number of longshoremen. The container business has been growing annually a clip of 5 to 7 percent a year, and our overall maritime trade volume is expected to double by the year 2020.

Currently, the major agencies charged with responsibility for seaport security are already overextended and it is inconceivable given current trends that we will be able to cope with a doubling in cargo volume in the next twenty years.

Seaports are international borders. I know the average man on the street would consider our international airports, or our land borders, to be actual borders, but a lot of people do not picture a seaport as an international border that needs to be protected in the same fashion as the southwest land border, or as an international airport. Senator Graham was the first in Congress to recognize the need to bolster security at seaports, and I would like to commend him for his work on this issue. He has problems in Florida with theft and drugs, and his state is aggressively dealing with the problems. The problem is, that as soon as we enhance security there in Florida, the criminal activity will move right up the coast. Senator Graham was able to convince the President that this issue deserved more attention, and an Inter-agency Commission on Seaport Crime and Security was established to review the status of seaport security in the United States.

Well the review is in and the report identified serious security concerns at U.S. seaports. The Commission concluded that crime and drug smuggling at U.S. seaports are high, and that better coordination among various law enforcement agencies are needed. The Commission recommended that voluntary minimum physical infrastructure guidelines be implemented. Such guidelines would include practices for physical seaport security, provisions that would restrict access to sensitive areas, vehicular access and potential restrictions on carrying firearms. The report also acknowledged that seaports are highly vulnerable to terrorism, and that a potential terrorist attack could cause substantial damage at our ports. The state of security was generally rated as poor to fair.

I would like to commend the three co-chairs and the staff who worked on the document, they did an excellent job. Many of the recommendations of the report have been incorporated into S. 2965, the Port and Maritime Security Act, which Senator Graham and I introduced last month. I look forward to working with members of the Committee and the various industry groups in order to reach some consensus on improving seaport security.

Let me also be clear that our seaports are not the only ones to be faulted, many of them have worked to enhance their security. Criminal activity at U.S. seaports includes importation of drugs, contraband, and illegal merchandise; stowaways and alien smuggling; trade fraud and commercial smuggling; environmental crimes; cargo theft; and the unlawful exportation of controlled commodities, munitions, stolen property, and drug proceeds. Many of these violations are violations of federal law. Additionally, the federal government also has the responsibility of protecting the public from threats of terrorist activity and in ensuring that our transportation strategic needs are not sabotaged. So, the federal government also has a large role to play in seaport security, but we need to work together with the ports themselves and the local community to do this.

A recent report on international cargo security practices, prepared by the U.S. Department of Transportation and issued last May, indicates that drug trafficking and money laundering are international problems that take advantage of the vulnerabilities in the transportation system. At our ports high container volumes

and limited inspection resources result in statistically low probability of detection, with most container facilities being able to inspect less than one percent a day. That same report also indicates that organized crime has invested in the transportation industry, and owns or controls its trucking companies. So not only can they use the transportation system, they can enter it, and monitor the progress of their illegal activities. In essence, the floodgates of trade are open to criminals.

For instance, in my own state, the Port of Charleston which is the fourth largest container port in the United States, until this month Customs officials had no equipment even capable of x-raying intermodal shipping containers. Prior to the receipt of the new x-ray equipment, Customs, which is understaffed to start with, must have physically opened containers, and requested the use of a canine unit from local law enforcement to help with drug or illegal contraband detection. This is not acceptable.

The Commission found that seizures at the twelve seaports accounted for 56 percent of total cocaine, 32 percent of marijuana, and 65 percent of heroin seizures carried in commercial trains, planes, and trucks at all U.S. ports of entry nationwide. Yet, we have done relatively little, other than send in an unmanned contingency of Coast Guard and Customs officials to do whatever they can.

Practically speaking, the Customs Service because of fiscal constraints has focused its oversight on policing cargo entry, and the Coast Guard, also constrained by budgetary limitation, has tended to focus more resources on water-side activities. At U.S. seaports, the federal government invests nothing in infrastructure, other than the human presence of the U.S. Coast Guard, U.S. Customs Service, and the Immigration and Naturalization Service, and whatever equipment those agencies have to accomplish their mandates. Physical infrastructure is provided by state-controlled port authorities, or by private sector marine terminal operators. There are no controls, or requirements in place, except for certain standards promulgated by the Coast Guard for the protection of cruise ship passenger terminals. Essentially, where sea ports are concerned we have abrogated the federal responsibility of border control to the state and private sector.

By way of comparison, in the aviation industry, the Federal Aviation Administration (FAA) is intimately involved in ensuring that security measures are developed, implemented, and funded. The FAA works with various federal officials to assess threats directed toward commercial aviation and to target various types of security measures as potential threats change. Currently, each air carrier, whether a U.S. carrier or foreign air carrier, is required to submit plans to meet its security needs. Air carriers also are responsible for screening passengers and baggage in compliance with FAA regulations. The types of machines used in airports are all approved, and in many instances paid for by the FAA. The FAA uses its laboratories to check the machinery to determine if the equipment can detect explosives that are capable of destroying commercial aircrafts.

At land borders, there is a substantial investment in security by the federal government. In TEA-21, Congress approved \$140 million each year for five years for the National Corridor Planning and Development and Coordinated Border Infrastructure Program. Activities under this program include improvements to existing transportation infrastructure that facilitate cross-border vehicles and cargo movements; construction of highways and related safety enforcement facilities that facilitate movements related to international trade; operational improvements, including improvements relating to electronic data interchange and use of telecommunications, to expedite cross border vehicle and cargo movements; and planning, coordination, design and location studies. While not all of the funds provided to National Corridor Planning and Development account are used directly to address security concerns, the funds help contribute to the mandate of conducting security. Additionally, the Immigration and Naturalization Service is provided funds to erect physical security at land borders.

We need to do better at our seaports. The public deserves better, and I look forward to working on this in the future to make sure that we do better with our system of seaport security.

The CHAIRMAN. Senator Graham, welcome. Thank you for the great effort you have made on this issue. I understand very well that this issue in your home State of Florida is one of very compelling importance. We thank you for your leadership and all of your efforts on this issue, and welcome you before the Committee.

**STATEMENT OF HON. BOB GRAHAM,
U.S. SENATOR FROM FLORIDA**

Senator GRAHAM. Mr. Chairman, Senator Hollings, let me first express my appreciation to you for holding this important hearing, particularly at this very congested period of our Congress, on the important subject of seaport security and the focus that you will give to the recent report issued by the Interagency Commission on Crime and Security in U.S. Seaports.

I would like to take this opportunity to thank the President for his leadership in establishing the seaport Commission, and the members of the Commission for the outstanding work which they have completed and have now presented to us. Thank you very much for the advance position that you have afforded us to consider these important matters.

Over the past 17 months, the Commission has uncovered a wealth of information about security shortfalls and crime at our seaports. Their work will be of great benefit to the Congress and the administration as we seek to address the needs of America's seaports.

A little background. In early 1998, in response to almost daily reports of crime and narcotics trafficking at Florida seaports, and following some personal experiences I had during a day working with the Customs Service at Florida's Port Manatee on October 14, 1997, I began an investigation of the security situation at America's seaports.

At that time, and perhaps even more today, I was very concerned that our seaports, unlike airports and, Senator, I appreciate the comments you have just made drawing some of those distinctions—lack the advance security procedures and equipment that are necessary to prevent acts of terrorism, cargo theft, drug trafficking and other illicit activities at seaports.

In addition, although seaports conduct the vast majority of our international trade, the activities of law enforcement and trade processing agencies such as the Coast Guard, Customs, the Department of Agriculture, FBI, and state and local agencies are often uncoordinated and fragmented. Taken together, this lack of security and Interagency coordination at U.S. seaports presents an extremely attractive target for criminals and a variety of criminal activities.

Why do I believe that seaport security is such a critical problem? First, U.S seaports conduct 95 percent of the Nation's international trade, and over the next 20 years the total volume of imported and exported goods at seaports is expected to increase three times.

Second, the variety of trade and commerce carried out at seaports has greatly expanded. All cargo, containerized cargo, passenger cargo, tourism, intermodal transportation systems, and complex domestic and international trade relationships, have significantly changed the nature and conduct of seaport commerce.

Third, this continuing expansion of activity at seaports has increased the opportunities for a variety of illegal activities, including drug trafficking, cargo theft, auto theft, illegal immigration, and the diversion of cargos such as food to avoid safety inspections.

Seaports are also the bridge between international and domestic commerce. If that bridge is not secure, it can cause a sag in our

economy that has the potential for even more serious economic consequences.

In the face of these new security challenges, it appears the United States port management system has fallen behind the rest of the world. Unlike other developed trading nations, where seaports are a component of the national transportation system, the United States port system is largely a local concern, often under the control of local or special governmental districts. This decentralization has created a potential vulnerability to crime, and in some cases has influenced criminals to shop for ports that offer the best opportunities for criminal activities.

If I may say, Senator, the reason I did my work with the Customs Service at Port Manatee was because the Port of Tampa a few miles north, had tightened its security and therefore those persons who were engaged in criminal activities, in this case primarily the export of stolen automobiles, had shifted to what they considered to be a softer target at Port Manatee.

We lack a comprehensive Nation-wide strategy to address the security issues that face our seaport system. Therefore, later in 1998 I asked the President to establish a federal Commission to evaluate both the nature and extent of crime and the overall state of security in seaports, and to develop recommendations for improving the response of federal, state, and local agencies to all types of seaport crime.

In response to my request, President Clinton established the Interagency Commission on Crime and Security in U.S. Seaports on April 27, 1999, and over the past 17 months the Commission has conducted onsite surveys of 12 U.S. seaports, including the Florida ports of Miami and Port Everglades. At each location, interviews and focus group sessions were held with representatives of government agencies and the trade community.

The focus group meetings with federal agencies, state and local government officials, and the trade community, were designed to solicit their input regarding issues involving crime, security, cooperation, and the appropriate government response to these issues.

The Commission also visited two large foreign ports, Rotterdam in the Netherlands, and Felixstowe in the United Kingdom, in order to assess their security procedures and use their standards and procedures as a benchmark for comparing operations at U.S. ports.

In late August of this year, the Commission issued its final report, the subject of today's hearing, which identifies many of the common security problems that were discovered at U.S. seaports. The report also issues 20 recommendations for improving security at U.S. seaports. Although your other witnesses will describe these recommendations in greater detail, I would like to highlight a few of them.

Among other items, the Commission recommends the creation of a national level security subcommittee of the Interagency Committee on the Marine Transportation System. The specific goal of this subcommittee will be to develop voluntary minimum security guidelines for seaports and a model port concept which would in-

clude detailed site plans and procedures that could be adopted by all ports to improve their security.

Second, the establishment of local port security committees with federal, state, and local and private sector membership.

Third, the preparation of an annual interagency crime assessment report for each American seaport.

Fourth, the development of a 5-year crime and security technology deployment plan to identify and evaluate advanced investigative technology that can be deployed to seaports.

Senator I would like to comment that from my visits, particularly to the port of Rotterdam in the Netherlands, I was impressed at the gap that exists between what is the state-of-the-art in the application of technology to issues such as how to penetrate literally thousands of container cargoes per day, how that is being done at Rotterdam as contrasted to how it is not being done at most U.S. seaports.

I would hope that one of the results of this Commission report and action by this Committee and the Congress would be a much greater emphasis on developing of state-of-the-art technology for security at our seaports, and then deploying that technology to as many of our seaports as possible.

Next, the establishment of interagency federal inspection stations at seaports to facilitate cooperation among federal agencies and to expedite the flow of legitimate trade and commerce.

Finally, an analysis of future federal personnel resource requirements at seaports based upon future projections of seaport crime, trade volume, technology improvements.

These, Senator are some of the primary recommendations of the Commission. It is important to note that not all actions with regard to seaport security need to be taken at the federal level. As an example, the Florida Office of Drug Control has recently published a state-wide security assessment of Florida seaports which in many ways echoes the findings of the seaport Commission's report.

Recognizing the shared responsibility for seaport security among federal, state, and local governments, I believe that this example of a state initiative could be used as a model for other states which will look closely at this problem.

The publication of the Commission's final report should be viewed as only an initial chapter in our efforts to enhance the safety and security of U.S. seaports. Many of the Commission's recommendations will require the administration to pursue regulatory and budgetary actions to ensure they are fully implemented.

I have asked the President and Mr. Jack Lew, Director of the Office of Management and Budget, to include the necessary funding in the fiscal year 2002 budget request to begin addressing the security needs of our seaports. I will be working closely with the administration to address these needs, and I will fully support their efforts to provide the necessary funding for any initiatives related to seaport security.

Finally, together with you, Senator, we have introduced the Port and Maritime Security Act of 2000, which has been introduced as S. 2965. This legislation would address those security recommendations presented by the Commission which require congressional enactment. Because time is running short in this congressional ses-

sion, we expect that this legislation will be reintroduced as early as possible in the 107th Congress. However, I am sure that any actions that we can take with regard to this legislation or seaport security in general in the final weeks of the year 2000 will facilitate the early consideration of similar legislation in 2001.

Mr. Chairman, seaports play one of the most critical roles in expanding our international trade and protecting our borders from international threat. Both the report of the Interagency Commission on Crime and Security in U.S. Seaports and the Port and Maritime Security Act recognize these important responsibilities of our seaports and advocate the use of appropriate resources to move our ports into the 21st Century.

I urge all of us to look toward the future by supporting enhanced seaport security and by taking action now to protect one of our most valuable tools in the promotion of America's economic growth.

Thank you, Senator.

Senator HOLLINGS. [Presiding.] Thank you, Senator. There is no question you have done a thorough job, and we have these valued recommendations in our S. 2965 measure, and as we go along I am going to look to you, in particular, to recommend any kind of changes as we learn exactly how we are going to get a handle on this.

If I were asked on an exam who was responsible for the security at my own home town, the Port of Charleston, I would have to say the state and local officials, and not the United States. True it is the United States that has the Customs agents. In fact, my office is located in the Customs house, but Customs is underfunded and undermanned, and we know that from years of trying to get Treasury to boost the resources of the Customs Service, and of trying to get additional resources for the Coast Guard.

This Committee some 18 years ago increased the size of the United States by one-third, extending the 200-mile economic zone out, and then promptly cut the Coast Guard budget, so when Senator Stevens and I, every time we meet on O50 budget, namely the defense budget, we have to rob \$300 to \$350 million to help supplement the Coast Guard budget.

So the Coast Guard is doing a good job within bounds, mostly on the seaward side of the port. Customs is doing its best trying to facilitate the move of traffic, and yet at the same time, can you imagine trying to inspect one of these 40-foot containers and go all the way through it and everything else like that? It would almost take a day to inspect just one container coming in.

So the state and the local authorities are looked upon for the actual security itself, and I've seen a modicum of cooperation. Our Customs agents actually are in some instances, forced to go to the county sheriff to get the dogs to sniff if they've got a suspicious piece of cargo coming in. They have to go to the county sheriff, and I've seen them myself use the county's dogs—customs doesn't have the necessary resources for those kinds of things.

So we have got to fix areas of responsibility when we have got everybody concerned to ensure that we have someone responsible. But it is significant, Senator Graham, that of this study Commission, and I think the record should show it, that we have got Raymond Kelly of the Customs Service, James K. Robinson of the De-

partment of Justice who cochaired it, along with Clyde Hart, the Maritime Administrator, and then we also have participation from the Departments of Treasury, Commerce, Defense, the National Drug Control Policy, Joint Chiefs of Staff, the Coast Guard, the Environmental Protection Agency, the Departments of Agriculture, Labor, State, and the Office of Management and Budget, the National Security Council, the Central Intelligence Agency, and also the Departments of Justice, and of Health and Human Resources. These departmental authorities are critical of our own ineptitude and lack of security.

Senator GRAHAM. Let me invite you, if you wish, to sit with us at the Committee, because we are ready to call these witnesses and maybe you would like to ask some questions if you have the time this morning.

Senator GRAHAM. Thank you, Senator. I will accept your invitation. I am afraid I will not be able to stay very long because we have a Finance Committee meeting starting at 10.

Senator HOLLINGS. Well, I am confident anybody watching this hearing, and to quote Plato's famous little couplet, the politician makes his own little laws and sits attentive to his own applause, I mean, you and I, having this hearing, we could go back and forth all morning long, as long as that TV worked.

[Laughter.]

Senator HOLLINGS. Thank you very much, then, Senator. Let us get these witnesses here, because I cannot tell when they are going to have a roll call. We have on the panel, Mr. Kurt Nagle, president, American Association of Port Authorities, Admiral Loy, the Commandant of United States Coast Guard, Hon. Clyde Hart, Maritime Administrator, Hon. Raymond Kelly, the Commissioner of the United States Customs, Hon. James K. Robinson, Assistant attorney General of the Criminal Division of the Department of Justice, and John Tousseau, executive board member of the International Longshore & Warehouse Union.

Now, we will go from left to right. Mr. Nagle, you get the microphone and start us off and see what we can learn here.

**STATEMENT OF KURT J. NAGLE, PRESIDENT,
AMERICAN ASSOCIATION OF PORT AUTHORITIES**

Mr. NAGLE. Good morning, Senator Hollings. I am Kurt Nagle, president of the American Association of Port Authorities. AAPA is an association of almost 160 public port authorities in the United States, Canada, the Caribbean and Latin America.

My testimony today reflects the views of AAPA's United States delegation. AAPA port members are public entities, divisions, or agents of state and local government charged with developing port facilities and toward that end have invested billions of dollars of public funds. AAPA's member ports serve vital national interests by facilitating the flow of trade and supporting the mobilization and deployment of U.S. Armed Forces.

International trade has grown to account for almost one-third of our gross domestic product. More than 11 million U.S. jobs now depend on exports. In addition, the existing taxes and fees on international commerce provide nearly \$22 billion in revenues to the federal government annually.

As Senator Graham mentioned, in the next 20 years overseas international trade, of which 95 percent enters the Nation's ports, is expected to double or possibly even triple. As the link between the land and the water, ports continue to update and modernize their facilities to not only accommodate this growth, but to be secure.

U.S. port authorities do not condone illegal acts of any kind taking place in public ports. Our members believe that the protection of port cargo, passengers and facilities from criminal activity is critical to ports, their customers, as well as to the Nation as a whole. In fact, AAPA has a longstanding Port Security Committee focusing on these issues.

Ports have invested significant resources in improving security at seaports to prevent seaport crime from occurring. Many ports spend millions of dollars annually on their own port police as well as patrol vehicles, training, computer systems, et cetera. Also, many of our port members have and continue to invest in security infrastructure such as fencing, lighting, and barriers.

In addition to providing this infrastructure, our members work with local and federal authorities to eliminate criminal activities, and will continue to seek new avenues to stop crime at seaports. Security at seaports involves multiple state, local, and federal government jurisdictions, as well as the private sector. The federal government plays a large role in maintaining security at these international borders.

While the association recognizes the need for the port industry to continue working in cooperation with Congress and the appropriate federal agencies in addressing port security issues, we believe that moving S. 2965, the Port and Maritime Security Act of 2000, at this time is premature. As you know, the Interagency Commission on Crime and Security in U.S. Seaports has just recently released its report, and we believe that a comprehensive review of the findings and recommendations is necessary to properly evaluate options for the most effective federal programs.

Also, rushing legislation through Congress without considering the diverse security needs of U.S. ports could have a major impact on the port industry. Any legislation considered by Congress should be sensitive to the nature and complexity of the industry. There is no universal approach to security that would appropriately address the wide range of individual port requirements.

America's port industry is vast, versatile, and highly competitive, consisting of deep draft commercial seaports dispersed along the Atlantic, Pacific, Gulf, and Great Lakes coast. These ports range from huge load centers to relatively smaller "niche" ports serving the unique needs of particular regions, localities, or industries. With such a range of ports, what works in one port to control crime and security may not work in another.

The Commission's report concludes that the primary criminal activities at seaports is in violation of federal laws for which federal agencies are primarily responsible. We have concerns that the bill as crafted places the responsibility on ports for solving most seaport crime problems by instituting industry security guidelines and offering limited loan guarantees for security infrastructure. There is little in the bill aimed at increasing federal agency resources to

address these problems, and Senator Graham noted the importance in his testimony of adequate resources at the federal level.

Issues such as terrorism and other criminal activity require significant resources. Confronting these challenges requires a national commitment and resources by all levels of government. More specifically, it means that federal and non-federal jurisdictions must share resources, expertise, and work together to deter criminal activity.

The Commission's report recommends a partnership to solve crime and security issues. The bill, however, gives all authority for adopting new federal mandates to the U.S. Coast Guard and other federal agencies. Our members believe that a cooperative public-private approach for recommending changes would result in a more effective security program.

In closing, I want to thank you, Senator Hollings and Senator Graham, for giving us the opportunity to be here to discuss port and maritime security. We look forward to continuing to partner with you, the Congress, and the federal agencies in addressing these important issues.

[The prepared statement of Mr. Nagle follows:]

PREPARED STATEMENT OF KURT J. NAGLE, PRESIDENT,
AMERICAN ASSOCIATION OF PORT AUTHORITIES

Good morning. I am Kurt Nagle, President of the American Association of Port Authorities (AAPA). Founded in 1912, AAPA is an association of almost 160 public port authorities in the United States, Canada, Latin America and the Caribbean. In addition, the association represents almost 300 sustaining and associate members, firms and individuals with an interest in the seaports of the Western Hemisphere. My testimony today reflects the views of AAPA's United States delegation.

AAPA port members are public entities, divisions or agents of state and local government mandated by law to serve public purposes. Essentially, we are public agencies charged with developing port facilities and facilities of commerce and toward that end have invested billions of dollars of public funds. In 1970, trade represented only 13 percent of U.S. GDP. Trade has grown to account for almost one-third of our GDP. More than 11 million U.S. jobs now depend on exports—1.5 million more than just four years ago. Significantly, wages for export-related jobs are 13 to 17 percent higher than non-trade-related jobs in the economy. In addition, existing taxes and fees on international commerce provide nearly \$22 billion in revenues to the federal government annually.

AAPA's member ports serve vital national interests by facilitating the flow of trade and supporting the mobilization and deployment of U.S. Armed Forces. In the next twenty years overseas international trade, of which 95 percent enters the nation's ports, is expected to double. As the link between the land and the water, ports continue to update and modernize their facilities to not only accommodate this growth, but to be secure.

U.S. port authorities do not condone illegal acts of any kind taking place in public ports. Ports believe that the protection of port cargo, passengers and facilities from pilferage, theft, terrorism and other criminal activity is critical to ports, their customers, as well as to the nation as a whole. In fact, AAPA has a long standing port security committee focusing on these issues.

Ports have invested significant resources in improving security at seaports to prevent seaport crime from occurring. Some ports spend millions of dollars on their own port police as well as, patrol vehicles, training, computer systems, etc. Also, many of our port members have and continue to invest in security infrastructure such as fencing, lighting and barriers.

In addition to providing this infrastructure, our members work with local and federal authorities to eliminate criminal activities and will continue to seek new avenues to stop crime at seaports. Security at seaports involves multiple state, local and federal government jurisdictions as well as the private sector. The federal government plays a large role in maintaining security at these international borders. Federal agencies with law enforcement responsibilities at seaports include U.S. Cus-

toms, Coast Guard, Department of Agriculture, Immigration and Naturalization Service, and the Federal Bureau of Investigation.

While the Association recognizes the need for the port industry to continue working in cooperation with Congress, and the appropriate federal agencies, in addressing seaport security issues, we believe that moving S. 2965, the "Port and Maritime Security Act of 2000" at this time is premature. As you know, the Interagency Commission on Crime and Security in U.S. Seaports has just recently released its report and we believe that a comprehensive review of the findings and recommendations is necessary to properly evaluate options for the most effective federal programs.

Also, rushing legislation through Congress without considering the diverse security needs of U.S. ports could have a major impact on the port industry. Any legislation considered by Congress should be sensitive to the unique nature and complexity of the industry. There is no universal approach to security that would appropriately address the wide range of individual port requirements, therefore, AAPA believes that it is important for the port industry, Congress and the appropriate federal agencies to work in cooperation in considering the issues raised in the Commission's report.

America's port industry is vast, versatile and highly competitive, consisting of deep draft commercial seaports dispersed along the Atlantic, Pacific, Gulf and Great Lakes coasts. These ports range from huge load centers handling millions of tons of containerized, breakbulk and dry and liquid bulk cargos to relatively small "niche" ports serving the unique needs of particular regions, localities, or industries. Furthermore, ports differ in the way they are operated. AAPA membership consists of operating, landlord and limited operating ports. Operating ports are those in which cargo handling inland from the pier is performed by port authority employees. At landlord ports, these functions are performed by tenants. Limited operating ports combine these roles, leasing some facilities and operating others. With such varied control over port operations and facilities, what works in one port to control crime and security may not work in another port.

The Commission's report concludes that the primary criminal activity at seaports is in violation of federal laws, for which federal agencies are primarily responsible. We have concerns that the bill as crafted places the responsibility on ports for solving most seaport crime problems by instituting industry security guidelines and offering limited loan guarantees for security infrastructure. There is little in the bill aimed at increasing federal agency resources to address these problems.

Issues such as terrorism, drug smuggling, illegal aliens, trade fraud, and export crimes require significant federal resources. Confronting these challenges requires a national commitment and resources by all levels of government. More specifically, it means that federal and non-federal jurisdictions must share resources, expertise and work together to deter criminal activity.

The Commission's report recommends a partnership to solve crime and security issues. The bill, however, gives sole authority for adopting new federal mandates to the U.S. Coast Guard and other federal agencies. Our members believe that a cooperative public/private approach for recommending changes would result in a more effective program, and would ensure that the diverse security needs of ports are adequately addressed. This is supported in the report which argues that a cooperative group of Agency, local, private sector, and port industry representatives should work together "to discuss, evaluate, and propose solutions related to seaport security and to address research and development."

In closing, I want to thank you Mr. Chairman for giving us the opportunity to be here to discuss port and maritime security. We look forward to continuing to partner with you, Congress and the federal agencies in addressing these important issues.

Senator HOLLINGS. Admiral Loy, if you and the others would summarize as best you can so we can hear everyone this morning and respond to questions. Your entire statement will be included in the record, and we are delighted to have you. Admiral Loy, we will hear from you now.

**STATEMENT OF ADMIRAL JAMES M. LOY,
COMMANDANT, U.S. COAST GUARD**

Admiral LOY. Good morning, Senator Hollings, Senator Graham. I am honored to join my colleagues before you today to discuss the Coast Guard's impressions of the final report of the Interagency

Commission. As you noted earlier, sir, I participated as a member of the Commission. I believe we did our work thoroughly, and I can report Coast Guard's full concurrence with the recommendations package. I would like to make just three points in my opening statement, sir.

First, this report I believe very properly reinforces current responsibilities among key federal agencies. Those responsibilities are provided for in the law, and the report suggests strong support is in order to enable those agencies to meet their growing responsibilities. For the Coast Guard, that first order of business, as you described in your opening statement, Senator Hollings, is to really restore our readiness across the board, and invest in the modernization projects necessary to allow us to do all of our work, including the challenges represented in the Commission's report.

Second, the report reinforces in greater detail the report on the Marine Transportation System submitted to the Congress just last year. That report was the result of a 2-year effort led by Coast Guard and MARAD for Secretary Slater to raise the visibility of these very issues we speak about this morning. Security in that report was one of five key areas of concern reported then, and I am delighted to see that this Commission reinforces those basic recommendations of the MTS report.

Third, I am convinced that we have really only begun to understand the bigger picture here, and I would like to comment on that for just a minute. Last year, Secretary Slater and I stood in front of 6 tons of cocaine off-loaded from the cargo hold of the motor vessel CANNES in Houston, Texas. It was secreted in the depths of the cargo hold under tons of iron ingots loaded in Brazil and destined for the United States.

It was a great seizure, keyed by superior Coast Guard professionalism at sea, superior intelligence support from DEA and others, excellent detection and monitoring by the Department of Defense, superb professionals in the Customs Service in the Port of Houston—a solid team effort.

But my thoughts as we stood there in front of that 6 tons of cocaine were these. Imagine what that could have been, chemical or biologic agents, a nuclear device, any of hundreds of possibilities. We won that one with a very cooperative flag state on a simple bulk cargo ship with superior agency cooperation.

Now, imagine a 6,000 TEU flag-of-convenience container vessel, with a multinational crew, cobbled together by a hiring agency for an Algerian vessel operator who chartered the vessel from a Greek shipowner, whose corporate offices were in the Cayman Islands. All of a sudden the complexity index of that challenge has gone up tenfold or more.

Mr. Chairman, the Hart-Rudman Commission published two simple goals as part of their report at the end of the first phase of their ongoing work. They wanted to make certain that we sustained our economic prosperity and ensure the security of our homeland. These are both absolutes for the future of our Nation, and when you look hard, sustaining prosperity breeds inevitable openness with regard to our port structures.

Trade is predicted to double, if not triple in the next 20 years, as you have already heard. Globalization and time-definite logistics

have put an incredible premium on rapid, predictable cargo throughput. Disruptions such as multiple federal agency inspections truly have huge economic impact on ports, on companies, on regions of our country, or even on countries themselves. On the other hand, ensuring homeland security suggests a requirement to tighten down those borders. These are opposing demands, and we must find a concept that allows both to go forward.

I'd like to leave you today with just a bigger picture concept, and I will call it for the moment "maritime domain awareness." Its key elements would be an integrated, accessible data base of information for all the agencies that need to get into it, one-stop coordinated inspections, high technology sensors, and X-rays and scanners, and solid decisionmaking bodies charged with taking on and solving these problems.

I believe its key characteristics would be a systems approach that integrates our many and varied efforts, transparency in the domain from over there internationally to here in U.S. ports, collaboration among federal agencies, and certainly coordination among international, regional, local, and federal interests, sensitivity to customer service, and a risk-based decisionmaking concept that would allow us to do our jobs well. Its tools would include solid vulnerability assessments with action plan followups, a model port guide with special attention to security guidelines, and as Senator Graham has reinforced, counterterrorism and contingency plans, and exercises that support those plans, with real-time cargo, people, and vessel tracking systems.

Mr. Chairman, we have just finished our first prototype vulnerability assessment as a trial run in the Port of Baltimore. We worked with the Defense Threat Reduction Agency to produce a multiple week-long assessment process. It was a challenging effort in a challenging port. It covered both the commercial and military outload implications as if it were one of our 17 designated strategic ports.

Our goal was to build and refine that assessment process, and the results of this initial effort are now back under review by the Security Subcommittee of the ICMTS, which has in fact been established, ICMTS being the Interagency Committee on the Marine Transportation System.

Mr. Chairman, the Commission's report is sound, it is very solid and the recommendations are on target, and I suggest to you and the Committee that this is an issue of huge consequence for our Nation. I would hope that we would not wait for some tragedy to provoke either legislation or a better way of doing business.

I look forward to your questions, sir.

[The prepared statement of Admiral Loy follows:]

PREPARED STATEMENT OF ADMIRAL JAMES M. LOY,
COMMANDANT, U.S. COAST GUARD



Admiral James M. Loy
Commandant
United States Coast Guard



Admiral James M. Loy assumed duties as the 21st Commandant of the U.S. Coast Guard in May 1998.

Admiral Loy returned to Coast Guard Headquarters as the Chief of Staff in July 1996 after serving as the Commander, Atlantic Area and Commander, U.S. Maritime Defense Zone Atlantic from June 1994 until June 1996. As Atlantic Area Commander, he planned, coordinated and directed inter-district operations and was responsible for the conduct of Coast Guard operations in the 39 states from the Canadian border to the Caribbean, and east of the Rocky Mountains. As the Maritime Defense Zone Atlantic Commander, he provided a fully integrated Coast Guard/Navy command-and-control network for the defense of ports, harbors and coastal waters in his area of responsibility and for export to U.S. commands overseas.



The Admiral was born in Altoona, Pennsylvania and entered the Coast Guard in 1964 following graduation from the U.S. Coast Guard Academy with a Bachelor of Science degree in General Engineering. He has commanded four Coast Guard Cutters including the POINT LOMAS on combat patrols in Vietnam; CGC VALIANT, homeported in Galveston, Texas; and CGC MIDGETT, homeported in San Francisco, California. He has also served in flag assignments as Commander, Eighth Coast Guard District, New Orleans, Louisiana and as Chief, Office of Personnel and Training at Coast Guard Headquarters.

Admiral Loy attended post graduate school at Wesleyan University in Middletown, Connecticut and the University of Rhode Island in Kingston, Rhode Island, earning Masters degrees in History/Government and Public Administration. He attended the Industrial College of the Armed Forces at Fort Leslie J. McNair in Washington, DC. He was also an intern at the John F. Kennedy School of Government, Harvard University, Cambridge, Massachusetts.

The Admiral's awards include four Coast Guard Distinguished Service Medals, the Defense Superior Service Medal, two Legion of Merit awards, the Bronze Star with Combat "V", the Meritorious Service Medal, five Coast Guard Commendation Medals, the Coast Guard Achievement Medal, Combat Action Ribbon and other unit and campaign awards.

Admiral Loy and his wife, the former Kay McGirk, have two children: Kelly Loy Morf of Cary, North Carolina and Michael, a Coast Guard junior officer currently stationed in New Orleans, Louisiana.

Good morning, Mr. Chairman and distinguished Members of the Committee. As Commandant of the U.S. Coast Guard, I want to thank you for the opportunity to appear before you today to discuss the Coast Guard's views regarding the final report of the Interagency Commission on Crime and Security in U.S. Seaports, hereinafter referred to as the Seaport Commission Report.

The Seaport Commission Report is unique in that all of the appropriate federal agencies worked together to develop and agree to an outline on how to improve security and reduce crime within our nation's port environment. As a multi-mission,

maritime, military service within the Department of Transportation, the Coast Guard is a leader in ensuring America's maritime security. As a lead agency for seaport security, we provide valuable service to the American people by making the nation safer, cleaner, more mobile, and more secure. The Coast Guard concurs with and fully supports the findings and recommendations of the report.

As you know from Secretary Slater's September 1999 Report to Congress on the U.S. Marine Transportation System (MTS), U.S. trade is expected to more than double by the year 2020. In addition, the President's National Security policy, under Critical Infrastructure Protection, states that "Our national security and our economic prosperity rest on a foundation of critical infrastructures . . ." which includes transportation. The Seaport Commission Report identifies a lack of adequate security for our critical MTS infrastructure, which can potentially affect our entire economy. Therefore, it is very important that we address the issues of security and crime in seaports now. If we do, we can assure our National Security and our ability to keep our nation's transportation system the very best in the world. The report contains a solid prescription for making our ports secure, guaranteeing our economic and national security, and reducing crime in those ports.

We have begun to address some of the issues identified by the Commission under Secretary Slater's MTS initiative. The Report to Congress on the U.S. Marine Transportation System was developed in concert with all government agencies and maritime industry stakeholders involved in the MTS. The report outlines the current state of the MTS, establishes a vision for the future, and identifies what is needed to get there, including a framework of national, regional, and local MTS coordinating committees. A significant piece of the MTS report deals with security issues, from the standpoint of both national defense and border control/law enforcement. The report states that the MTS is especially vulnerable to crime and terrorism because of the scale, complexity, and pace of activity in our ports, which often overwhelms local, state, and federal enforcement capabilities. Fortunately, the strength of the MTS design is the interagency partnership that has developed from the national to the local level.

Similar to the MTS report, the Seaport Commission Report identifies the need to balance the management of maritime cargo movement with maintaining security of our MTS. The Commission suggests using MTS interagency committees and an interagency operational systems approach to facilitate both cargo growth and border control.

The Seaport Commission recognizes the leadership value of the MTS coordination committees, MARAD's Marine Transportation System National Advisory Committee (MTSNAC), and the Interagency Committee on the Marine Transportation System (ICMTS), chaired by the Coast Guard. The Commission recommends that the aforementioned committees develop implementation plans for several important proposals stated in the report. I fully endorse this approach. To this end, I am pleased to note that progress has already been made in establishing a security subcommittee in both the MTSNAC and the ICMTS.

The Commission recognized that additional resources are needed to implement some of its recommendations. Examples include implementing infrastructure improvements to allow for interagency systems integration, and pursuing the "model port concept" through which best practices by marine terminal operators are shared, and voluntary minimum-security guidelines are developed.

The report indicates that, to the extent there are resource implications, they must be weighed against other priorities in the context of the overall budget. The Coast Guard intends to do that in the context of budget development.

In summary, the Coast Guard is encouraged that seaport security concerns are receiving national attention. I am also pleased that Seaport Commission suggests that the MTS coordinating committees implement many of their recommendations. Thank you for the opportunity to submit this written statement for the record.

Senator HOLLINGS. Thank you very much, Admiral.
Administrator Hart, welcome back.

**STATEMENT OF CLYDE J. HART, JR., MARITIME
ADMINISTRATOR, U.S. DEPARTMENT OF TRANSPORTATION**

Mr. HART. Thank you very much, Senator. It is nice to be back. Good morning, Senator Hollings, Senator Graham. I am pleased to be here today to share with you MARAD's views on the important issue of port and maritime security. Port and maritime security are

finally receiving the attention that has eluded it for many years. It could not come at a better time, and I wish to express my appreciation to this Committee for its leadership in bringing this issue before the American people.

This hearing will doubtless address many of the issues discussed in the port Commission report recently submitted to the White House. This report will serve as a foundation for providing executive and legislative branches of government important information and expert advice.

I was honored to serve as cochairman of this Commission. I can testify to the zeal and experience its members brought to the formidable maritime security challenges confronting us. Senator Hollings and the cosponsors of S. 2965, the Port and Maritime Security Act of 2000, have taken the port security initiative to the next level.

Basically, I have two messages that I wish to share with you. First, that government and industry need to work together to heighten port security. Second, MARAD welcomes the challenge of enhancing port security.

Why must government work hand-in-hand with industry on bolstering security at our seaports to combat crime? Cargo theft is no longer an inconsequential aspect of doing business. Theft of high technology cargoes alone from the U.S. manufacturers and their customers may exceed \$5 billion annually. Over 200,000 stolen automobiles last year worth more than \$4 billion were illegally shipped out of the United States.

The siphoning off of legitimate profits through criminal activity goes far beyond simple economic losses. Smuggling illegal drugs into America focuses naturally in and around ports. Drug trafficking has destroyed tens of thousands of lives. The vulnerability of ports to terrorism is real, though the threat to date has been low. We cannot permit military mobilization to be adversely affected.

The Commission's report wisely counsels using the existing government-industry channels to address this issue. The Marine Transportation System National Advisory Council and the Interagency Committee on the MTS are ideally suited to do just that. MARAD has always been an active participant in strengthening port and maritime security both domestically and internationally.

MARAD played a lead role in developing the Department of Transportation Publication, Port Security and National Planning Guide, which provides a common basis upon which to establish port security standards. We also produce the maritime security report, which informs the maritime community about international criminal activity that poses a threat to U.S. commercial maritime interests.

MARAD chairs and serves as secretariat of the Technical Advisory Group on Port Security of the Organization of American States Interamerican Committee on Ports.

MARAD is also chair of the National Port Readiness Network, so we work closely with the military for mobilization.

Mr. Chairman, I look forward to working with you and Senator Graham to accomplish our common goals of improving this Nation's port and maritime security. The seaports Commission report and

Senator Hollings' bill deserve our attention. Port and maritime security is important to everyone. Why? Few people stop to consider that \$3/2 trillion annually can be traced to goods and services that flow through our ports. That is a lot of money, a lot of jobs, and a lot of responsibility. We take that duty seriously and inaction is not an option.

I will be pleased to answer any questions of Senator Hollings or Senator Graham. Thank you.

[The prepared statement of Mr. Hart follows:]

PREPARED STATEMENT OF CLYDE J. HART, JR.,
MARITIME ADMINISTRATOR, U.S. DEPARTMENT OF TRANSPORTATION

Introduction

Good morning Mr. Chairman and Members of the Committee. I am Clyde Hart, Maritime Administrator. I am happy to be here today to address the important issue of port security and to discuss S. 2965, the Port and Maritime Security Act of 2000. As everyone here knows Mr. Chairman, our seaports are among the most vital pieces of real estate this country has—both in terms of economics and national security. Any hindrance of the flow of cargoes to or from our shores, whether they be commercial or military cargoes, could have dire consequences.

Worldwide, ships and the cargoes they carry are being increasingly targeted by criminal factions that specialize in alien smuggling, cargo theft, drug smuggling and terrorist activities. Simply put, security weaknesses in and around our ports allow these activities to continue. The associated costs reduce competitiveness and threaten military readiness.

In our view, government partnering with industry to remove those weaknesses, while at the same time maintaining or improving upon the efficiencies for the movement of cargo, is the basic premise upon which all port security measures should be viewed. The Maritime Administration (MARAD) is highly qualified to further this goal. As an agency whose mission is focused on the development and maintenance of a strong maritime industry for both economic and national security purposes, MARAD has developed close relationships with key players to improve port security. Not only do we believe that MARAD should play a key role in port security initiatives, it is an area in which MARAD already has been working for well over a decade, both domestically and internationally.

Before I discuss in more detail some of the ways in which MARAD has and will continue to promote seaport security, I would like to outline briefly some of the reasons why seaport security has become a government priority.

The Need for Heightened Port Security

In April of 1999 President Clinton signed an Executive Memorandum establishing an Interagency Commission (The Commission) on Crime and Security in U.S. Seaports. The President called for a comprehensive review of seaport crime, the state of seaport security and the ways in which government is responding to the problem. This critical first step created the vehicle for the Commission to sound a warning that security in and around our port areas needs improvement. Shortcomings in port security not only cost our country valuable time and resources but also have the potential to impact military readiness. The Commission, which I was honored to co-chair, recently submitted its nearly 250 page report to the President. The report specifically identifies threats to seaports and recommends a number of measures intended to reduce the vulnerability of maritime commerce, national security and the infrastructure that supports them. We at MARAD applaud the President's initiative in this area and are grateful to Senator Hollings and the co-sponsors of S. 2965 for making security at our ports a priority.

Many factors have contributed to the need for increased port security. As the Commission pointed out in its report to the President, thefts of high technology cargoes alone, from U.S. manufacturers and their customers, may exceed \$5 billion annually in direct and indirect costs. The cost of cargo theft is not limited to the manufacturer's expenses to produce a certain product. Among other things, theft costs include lost productivity, lost time and resources spent with police, attorneys, and claims adjusters. Theft also results in increased insurance premiums, greater liability exposure, lost trade, erosion of goodwill and damaged reputation. Nevertheless, in the end, the price of all these individualized costs is borne by you and me, as

taxpayers and consumers. Literally, billions of dollars per year are stolen from us at the hands of thieves in and around our port areas.

Immigration crimes including alien smuggling and stowaways are another major seaport security challenge. Stowaways, in particular, are a significant concern for many U.S. ports. Vessels arriving in the U.S. from third world countries frequently carry stowaways hiding on the ship or in empty containers. Ship's crews spend precious time inspecting the ship and empty containers prior to departure seeking to ensure that stowaways are not aboard. These same crewmembers also jeopardize their safety by confronting determined stowaways desperate to seek a better life. Once at the port of arrival, the discovery of stowaways aboard a vessel immediately results in a disruption of service and can cost the vessel operator hundreds of thousands of dollars. Vessel operators are responsible not only for the complete costs of repatriating the stowaways but are generally subject to fines for violating immigration laws. A century ago, stowaways were probably considered no more than a minor inconvenience. Today, the financial costs to steamship companies in a highly competitive global market can be very significant. The problems created by stowaways domestically also point directly to the shortcomings of port security abroad. International seaport cooperation and recognition of the problem is essential to its eradication. Strict control of access to port areas, containers and ships is critical. Without international cooperation, immigration crimes will continue to plague our ports.

According to the Commission's report, drug smuggling was the most prevalent and most reported crime affecting seaport security. Both passenger and cargo ships arriving at U.S. ports offer smugglers the opportunity to transport vast quantities of contraband. While it is obvious from the number of seizures made by law enforcement agencies that the efforts against illegal drug trafficking continue, it is the economic not the social impact that is the primary concern for the transportation industry. Inspections of arriving ships and cargo must be sufficiently effective to deter smugglers, yet not so intrusive as to impact significantly the smooth flow of cargo to and from port areas. In an era where "just-in-time" logistics allows companies to maintain their competitive edge, undue delays to prevent the importation of contraband can upset entire supply chains with a ripple effect of negative consequences across the globe.

The Commission's report also discusses terrorism as a concern for seaport security. While known incidents of terrorist activity at U.S. seaports remain undocumented, it is the threat of such activity and the vulnerability of seaports that are the reasons for concern. Addressing port vulnerabilities is key to ensuring that our ports are not targeted for terrorist and criminal activities. Moreover, most of the serious crimes that take place in our seaports are in fact violations of federal law. For this reason, it makes good sense for the federal government to work with the ports to explore ways to minimize criminal activity.

MARAD's Role in Contributing to Port Security

Mr. Chairman, the Maritime Administration does not need to be convinced that port security is a good idea. Many of us have observed firsthand the repercussions of security lapses. Nevertheless, achieving appropriate levels of security in our seaports and seeking to educate our international partners as to the need and benefits of seaport security is no small undertaking. Since the advent of containerization and with the advancement of technology, modern seaports often consist of hundreds of acres of stacked containers, some empty, some loaded, awaiting shipment. As one wanders through these areas one cannot help but be struck by the fact that because of technology, fewer and fewer people are required to move massive quantities of cargo. In some ways, our reliance on technology has exposed us to unforeseen vulnerabilities. Where port workers no longer patrol, security risks abound. As noted in both the seaport Commission's report and in S. 2965, port security infrastructure improvement is a critical aspect of modern port security needs. The Maritime Administration has long recognized the need for more secure port infrastructures both at home and abroad. We are pleased to support potential progress in this area.

MARAD has a long history of port security outreach. In early 1990, MARAD conducted sessions on maritime terrorism and drug interdiction in the Ports of New York, Los Angeles/Long Beach, New Orleans, and Philadelphia. MARAD was also instrumental in developing a maritime and terrorism course for the Federal Law Enforcement Training Center. Over the last five years, MARAD has conducted training sessions for Gulf Coast port authorities on bomb threats to determine best practices and capabilities of various government agencies and bomb squads. Over 100 port personnel have been trained in this effort. MARAD has also played a lead role in developing two DOT security guides. These include *Port Security: A National Planning Guide* and *Port Security: Security Force Management*. These guides pro-

vide local governments and the commercial maritime industry with a common basis upon which to establish port security standards and the outcomes expected from meeting those standards. In this regard, MARAD is well equipped to help carry out specific objectives of the seaport Commission's report and S. 2965 by, among other things, working with industry and the ports to develop and implement meaningful voluntary guidelines on port security. MARAD is confident that partnering with industry, working together on a voluntary basis is the key to meaningful progress. Mandating security with tight regulatory controls is likely to have a negative impact not only on government's relationship with the ports but on port efficiency as well. For these reasons MARAD supports those aspects of S. 2965 that will foster the type of government-industry cooperation so necessary to our common goal.

Secretary Slater's Marine Transportation System (MTS) initiative has been an excellent example of how government and the maritime industry can work together to find solutions to a wide range of maritime issues. MARAD is optimistic that seaport security can be best achieved through partnering and cooperation without hindering the flow of commercial or military cargoes.

MARAD recognizes that the movement of military cargoes through our commercial ports has and will continue to be standard practice. Because of our dual mission, MARAD works closely with both the maritime industry and the Department of Defense (DOD). As the seaport Commission's report noted, forward deployment of U.S. troops and equipment overseas in this post Cold War era is declining. Ongoing base closure and realignment initiatives have resulted in the closure of several military owned and operated ports. As a result, U.S. commercial ports have become critical centers for military mobilizations. The security of commercial ports during times of military mobilization is therefore critical to national defense. In developing port security standards MARAD has and will continue to work to bridge the gap between military requirements and industry concerns. A National Port Readiness Network was established by a memorandum of understanding between MARAD and various DOD Commands to ensure, in part, the readiness of commercial seaports in the event of a mobilization. MARAD, as the chair of the National Port Readiness Network (NPRN), can lead the effort to strengthen the NPRN in planning and coordination for military mobilization security at each of 13 commercial ports around the country designated as Strategic Ports.

On an international basis, MARAD serves as Chair and Secretariat of the Technical Advisory Group (TAG) on Port Security of the Organization of American States (OAS) Inter-American Committee on Ports. The purpose of the port security TAG is to develop solutions and coordinate multilateral approaches to improving port security in the Western Hemisphere. The TAG has among its agenda: (1) developing a hemispheric approach to improving the security of the Inter-American maritime trade corridors; (2) developing a common port security strategy; (3) devising basic guidelines and minimum standards of security for ports of member countries of the OAS; and (4) organizing and conducting annual courses planned under the Inter-American Port Security Training Program, which are managed by MARAD.

MARAD has had an on-going port security program with the Organization of American States (OAS) since the 1980s, including port security outreach. Since 1995, MARAD has been conducting port security training courses in the Western Hemisphere. Nearly 300 commercial port authority police and security personnel from the 34 member countries of the OAS have been trained.

MARAD also recently participated in the planning and execution of a project to conduct port security assessments of Peruvian ports and produce a report useful to the Government of Peru. The Peruvian government had requested the assistance through the U.S. Embassy-Lima, pertaining to Peru's interest in a national port security strategy. The embassy, Narcotics Affairs Section, led the project and tasked the U.S. Southern Command to organize a U.S. interagency team to execute the project requirements. The team consisted of representatives from MARAD, the Customs Service, Coast Guard, Drug Enforcement Administration, and the Port of Los Angeles Police Department. MARAD produced a project report and other written documentation for use by the Peruvian government to bolster their port security needs.

MARAD has continually engaged in outreach to foreign countries and their port authorities to enhance the efficiencies of global commerce, which in turn benefit our own maritime industry. By its very nature, trade is an international business in which U.S. companies rely upon the security and efficiencies of foreign ports. As another example of our outreach efforts, MARAD and the Port Authority of Argentina signed a bilateral document on June 24, 1999. This document considers the critical importance of port security to commercial maritime trade and affirms the need to develop channels of communication and exchange information and experience in port security. Further, it declares the mutual intention of the two government agen-

cies to: (1) promote improved security of seaports and waterways, (2) exchange information in matters related to crime and security in seaports and waterways, and (3) develop and coordinate training programs for personnel responsible for seaport operations and security. This bilateral declaration began in multilateral sessions through the OAS Inter-American Committee on Ports.

Finally, since 1995 MARAD has produced and published a report entitled the, "*Maritime Security Report*". The report is an unclassified periodic publication prepared to inform the commercial maritime industry and senior Maritime Administration officials of international criminal activity and security issues which could pose a threat to U.S. commercial maritime interests and the movement of civilian cargoes in foreign trade. The *Maritime Security Report* is intended to increase awareness of the scope and severity of economic crime affecting U.S. maritime commerce. MARAD expects increased awareness to contribute toward deterring criminal exploitation of the maritime transportation system and improving port and cargo security in international trade corridors.

Mr. Chairman, MARAD is no stranger to the importance of port security. We have recognized it as a critical component of our maritime industry and our national security for many years. We heartily support the recommendations of the Port Security Commission. Many provisions of S. 2965 are consistent with the recommendations in the Commission's report, and we would support their enactment. At the same time, we cannot at this time recommend congressional enactment of provisions not included in the report—they will require additional study and consideration by the Department. We appreciate your willingness to consider our views on this topic.

I would be happy to answer any questions you or the other Committee members may have.

Senator HOLLINGS. Thank you, Mr. Hart. Mr. Kelly, we welcome you.

**STATEMENT OF HON. RAYMOND W. KELLY,
COMMISSIONER, U.S. CUSTOMS SERVICE**

Mr. KELLY. Thank you, Senator Hollings, Senator Graham. Thank you for the opportunity to testify today. I sit before you today in two different roles, the first as cochair of the Interagency Commission and a contributor to its work, the second as the head of one of the federal agencies most impacted by the Commission's findings and recommendations. I would like to offer my perspectives from both sides, but first I want to express the Commission's gratitude to Senator Graham. Senator Graham's leadership was crucial to the founding of the Commission and the success of its year-long study.

Let me also take a moment to acknowledge my fellow cochairs for their contributions to the Commission's report, James Robinson from the Department of Justice, Clyde Hart of the Maritime Administration, and special thanks to Admiral Loy, who was a very active participant as a Commission member.

Senator the Interagency Commission uncovered a great deal to be concerned about at our Nation's seaports. These include security lapses that jeopardize our fight against drug-smuggling, exposure of internal conspiracies, trade fraud, cargo theft, stolen vehicles, and other serious crime.

The good news is the Commission also judged partnership between the federal and private sectors at 12 major seaports it surveyed to be productive. It also found coordination among the law enforcement agencies at all levels to be good. Clearly, the basis for cooperation exists to improve conditions in our seaport environment. Our challenge now is to focus that cooperation and provide the proper resources to make it effective.

The recommendations contained in the Commission's report are the result of extensive research, onsite visits, and public listening sessions conducted with the major stakeholders in seaport security. I believe these proposals meet the President's goal of devising solutions that are viable, cost-effective, and sound.

From a customs standpoint, implementation of these measures will go a long way in addressing weaknesses along one of the most critical fronts in our border mission. Booming activity at our Nation's seaports is yet another welcome sign of our prosperous times, but it also presents unique challenges for our agency. We have to process all of that added commerce with an eye toward protecting America from crime.

The fact is, every extra ship, every extra container presents added opportunities for drug smugglers. The 12 seaports the Commission surveyed accounted for 69 percent of all cocaine by weight seized from commercial cargo shipments and vessels, one half of all marijuana, and 12 percent of all heroin. Clearly, there is a serious threat out there that we must do a better job of addressing.

Half the battle will be in knowing exactly what we are up against. The Commission has proposed an annual threat assessment for seaports handling major volumes of international trade. This information will lay the groundwork for a coordinated federal response to the problem of drug-smuggling and other serious seaport crime.

The report also recommends several key initiatives that will directly impact customs ability to target contraband. These include enhancing the quality of manifest information, the shippers' documentation we use to select high-risk goods. We need regulatory changes that standardize manifest information and require its advance delivery to customs in electronic form.

We must also develop and implement our new automated system for processing goods, the Automated Commercial Environment, or ACE, as we call it. ACE represents one of customs' most critical infrastructure needs. Among its many features is an enhanced ability to use manifest information for selecting suspect cargo.

Of course, the best targeting plans can be laid to waste by internal conspiracies. That is why we need to implement better controls at seaport facilities. Customs welcomes the Interagency Commission's recommendation to achieve this through strengthening physical security, tightening controls on the movement of goods, and limiting who has access to sensitive areas.

Clearly, we stand to benefit as well from acquiring better technology. The report calls for a 5-year crime and security technology plan to identify the tools we need to enhance security at our seaports. Much of this can be drawn from customs experience in utilizing technology at other points along our borders.

Related to our technology needs, we must devise common systems for sharing information about the movement of vessels, passengers, and goods through our seaports. The report calls for a coordinated effort by the principal federal agencies involved in national security to achieve this goal.

Finally, I would like to highlight the need for added manpower to implement these changes. The fact remains that despite the

gains technology and better information offer us, we must have the personnel available to contend with our spiraling workload.

Mr. Chairman, Senator Hollings, this is by no means an exhaustive list. I fully support all the recommendations made by the Interagency Commission. Taken together, they form an effective start in addressing the problems we face at our major seaports.

Again, I am proud of the work of the Commission and the contribution of its members, but in truth we have only just begun our work. I hope that with the help of this Committee we can take the next important step and address the critical resource challenges that we face in strengthening seaport security. Again, thank you for the opportunity to testify.

[The prepared statement of Mr. Kelly follows:]

PREPARED STATEMENT OF HON. RAYMOND W. KELLY,
COMMISSIONER, U.S. CUSTOMS SERVICE

Mr. Chairman, Senator Hollings, Members of the Committee . . .

Thank you for this opportunity to testify on the report of the Interagency Commission on Crime and Security in U.S. Seaports.

I sit before you today in two different roles: the first, as a co-chair of the Interagency Commission, and contributor to its work. The second, as head of one of the federal agencies most profoundly impacted by the Commission's findings and its recommendations. I would like to offer you my perspectives from both sides.

Before I begin, let me express the Commission's gratitude to Senator Graham of Florida. Senator Graham's leadership was crucial to the founding of the Commission and the success of its year-long study.

Let me also take a moment to acknowledge my fellow co-chairs for their contributions to the Commission's report . . . James Robinson from the Department of Justice, and Clyde Hart, of the Maritime Administration. A special thanks as well to Admiral Loy of the Coast Guard for his participation as a Commission member.

Mr. Chairman, the Interagency Commission uncovered a great deal to be concerned about at our nation's major seaports. These include:

Security lapses that jeopardize our fight against drug smuggling; exposure to internal conspiracies; trade fraud; cargo theft; stolen vehicles; and other serious crime.

The good news is the Commission also judged partnership between the federal and private sectors at the 12 major seaports it surveyed to be productive. It also found coordination among law enforcement agencies at all levels to be strong.

Clearly, the basis for cooperation exists to improve conditions in our seaport environment. Our challenge now is to focus that cooperation, and provide the proper resources to make it effective.

The recommendations contained in the Commission's report are the result of extensive research, on-site visits, and public listening sessions conducted with the major stakeholders in seaport security. I believe these proposals meet the president's goal of devising solutions that are viable, cost-effective, and sound.

From a Customs standpoint, I believe implementation of these measures will go a long way in addressing weaknesses along one of the most critical fronts in our border mission.

Booming activity at our nation's seaports is yet another welcome sign of our prosperous times. But it also presents unique challenges for our agency. We have to process all of that added commerce with an eye towards protecting America from crime.

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Half the battle will come in knowing exactly what we're up against. The Commission has proposed an annual threat assessment for seaports handling major volumes of international trade. This information will lay the groundwork for a coordinated, federal response to the problem of drug smuggling and other serious seaport crime.

The report also recommends several key initiatives that will directly impact customs' ability in targeting contraband. These include:

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Finally, I would highlight the need for added manpower to implement these changes. The fact remains that despite the gains technology and better information offer us, we must have the personnel available to contend with our spiraling workload.

Mr. Chairman, this is by no means an exhaustive list. I fully support *all* the recommendations made by the Interagency Commission. Taken together, they form an effective start in addressing the problems we face at our major seaports.

Again, I am proud of the work of the Commission and the contribution of its members. But in truth, we have only just begun our work. I hope that with the help of this Committee, we can take the next important step, and address the critical resource challenges that we face in strengthening seaport security.

Thank you for this opportunity to testify. I'd be happy to take your questions now.

Senator HOLLINGS. Thank you, very much, Commissioner. General Robinson, we welcome you.

STATEMENT OF HON. JAMES K. ROBINSON, ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF JUSTICE

General ROBINSON. Mr. Chairman, Senator Graham, I want to join my cochairs in complimenting and expressing our appreciation to Senator Graham for being the catalyst for putting together this interagency process. I can tell you from my vantage point the opportunity to work with the other agencies on this critical problem was an eye-opening experience, to see the vulnerabilities at our seaports, but also the great opportunities in the area of protecting the Nation's security, and also addressing serious crime problems.

I will abbreviate my comments to leave room for questions, but I can tell you that we at the Justice Department will be looking to the report for guidance in how we can improve law enforcement efforts along the seaports.

From a law enforcement perspective, seaports are critical border control points that afford law enforcement unique opportunities to employ warrantless searches of cargo, to intercept contraband and other goods being transported illegally into our country.

The effectiveness of this border control function has crime and national security implications for all parts of the United States, not just the seaports themselves. The illegal drugs, other contraband, and aliens that come into our country through seaports do not stop

at the seaports. They end up dispersed throughout the country. Similarly, the stolen cars and other stolen goods that are smuggled out of the United States are not stolen from seaports. They are the fruits of crime that can occur anywhere.

It is also important to not lose sight of the international dimension of crime and security issues at our seaports international cargo and passengers by definition originate in foreign countries. If we have stronger law enforcement partners in those countries, we can be more effective in stopping the flow of illegal drugs and other criminal activities that use our seaports.

Addressing seaport crime and security should be in that sense a component of a larger international crime control strategy that involves enhancing our efforts to provide international training and other technical support to law enforcement and promote the rule of law throughout the world, particularly in countries that are ports of origin or key transit points for illegal trafficking offenses.

This was a wonderful experience to learn as much as the Commission was able to learn about this very important issue, and we at the Department can pledge to the chairman we are happy to work with you as you proceed in attempting to implement some of the recommendations made by this Commission.

Thank you.

[The prepared statement of Mr. Robinson follows:]

PREPARED STATEMENT OF HON. JAMES K. ROBINSON, ASSISTANT ATTORNEY
GENERAL, CRIMINAL DIVISION, DEPARTMENT OF JUSTICE

Mr. Chairman, Ranking Member Hollings and other Members of the Committee, I am Jim Robinson, the Assistant Attorney General for the Criminal Division of the Department of Justice. I am happy to have an opportunity today, along with my two Co-Chairs from the Inter-agency Commission on Crime and Security in U.S. Seaports, to discuss with the Committee the Commission's findings and recommendations. I think it is fair to say that the Commission's Report reflects the first inter-agency attempt to look comprehensively at the broad range of crime and security issues involving seaports. These are important issues that certainly deserve the attention of Congress and the Executive Branch, especially as the volume of international commerce through our seaports continues to expand. I commend this Committee for having this hearing and for focusing attention on these issues, which I believe have tremendous potential implications for law enforcement and our national security.

I want to thank my Co-Chairs, the other Commissioners, and, particularly, the staff of the Commission, for all their hard work in gathering the facts, sifting through the policy implications, and preparing the final report. One thing that quickly became apparent as the Commission set about its work is the tremendous complexity of seaport crime and security issues. A large number of government agencies—federal, state, local, and federal—have interests in these issues. In the private sector, there is an even broader array of stakeholders. Everybody had a slightly different perspective on the problem.

We also quickly realized that although there are general crime and security issues common to most ports, the specific security issues vary tremendously depending on the size and nature of the port. Seaport security is an area where we have to be sensitive to local circumstances. One size will not fit all. The Commission's Report recognizes this, and the Report's recommendations emphasize—wisely, in my view—the importance of port-specific crime and security measures as well as more general national standards.

The Commission's findings and recommendations are the product of extensive inter-agency discussion and negotiation, reflecting input from many different perspectives. In order to build a consensus, there were inevitable compromises. In the end, however, we were able to produce a final report that was supported by every Commissioner and which provides a solid inter-agency foundation on which agency-specific budget, policy and planning efforts can build.

Certainly, we at the Justice Department will be looking to the Report for guidance in how we can improve law enforcement efforts involving seaports. From a law enforcement perspective, seaports are critical border control points that afford law enforcement unique opportunities to employ warrantless searches of cargo and persons to intercept contraband and other goods being transported illegally into our country. The effectiveness of this border control function has crime and national security implications for all parts of the United States, not just the seaports themselves. The illegal drugs, other contraband, and aliens that come into our country through seaports do not stop at the seaports; they end up dispersed throughout the country. Similarly, the stolen cars and other stolen goods that are smuggled out of the country are not stolen from the seaports; they are the fruits of crime that can occur anywhere.

Many of the Report's recommendations involving physical and personnel security will help enhance the effectiveness of our interdiction efforts—on both the import and the export side. The Report properly emphasizes the need for better technology for inspections and improved intelligence gathering and sharing systems. Without forward-looking improvements in the efficiency and precision of our border inspection and investigative efforts, we cannot expect to keep pace with increasing volumes of trade in the future. The benefits of these changes will be felt not just in the seaports, but potentially anywhere that is reached by goods that travel in international commerce.

Finally, it is important that we not lose sight of the international dimension of crime and security issues at our seaports. International cargo and passengers by definition originate in foreign countries. If we have stronger law enforcement partners in those countries, we can be more effective in stopping the flow of illegal drugs and other criminal activity that use our seaports. Addressing seaport crime and security should in that sense be a component of a larger international crime control strategy that involves enhancing our efforts to provide international training and other technical support to support law enforcement and promote the rule of law, particularly in countries that are points of origin or key transit points for illegal trafficking offenses.

At this point, I would be happy to answer questions from the Committee.

Senator HOLLINGS. Thank you. Very good. Mr. Tousseau.

STATEMENT OF JOHN TOUSSEAU, EXECUTIVE BOARD MEMBER, INTERNATIONAL LONGSHORE & WAREHOUSE UNION

Mr. TOUSSEAU. Good morning, Mr. Chairman and Members of the Committee. My name is John Tousseau, and I am appearing on behalf of the International Longshore and Warehouse Union president, James Spinoza, and the 60,000 working men and women of the ILWU. I have been a member of the ILWU for 33 years, and have for the past 7 years served on my union's national executive board which makes governing decisions for the ILWU.

Let me first thank Chairman McCain, and I hope he did not leave, because UCLA beat Arizona the other day, and Senator Hollings for inviting us to share our view on the report of the Interagency Commission on Crime and Security in the United States Seaports and the solutions that will be considered by the Committee and other Members of Congress.

The ILWU represents longshore workers on the West Coast and warehouse workers in ports and surrounding areas, port guards, and a marine division consisting of towboat and barge workers. We are therefore in a unique position to help to address the problems of crime and security at our Nation's ports, and we actively participated in the public forums hosted by the Commission and submitted written documents, written comments that are attached to my testimony.

I regret that we have not had time to fully consider all the findings and recommendations made by the Commission. This will

need to be done by our members through the democratic process that our union relies on. However, I hope my testimony will be useful to the Committee, given my over 30 years of experience in working in the industry.

Members of the ILWU are committed to making our ports and surrounding areas safe and secure and free from criminal activities. In fact, it must be remembered that port security is about more than cargo and illegal contraband. It is also the physical safety of the port employees working with containers on a daily basis.

I know that a lot of time we receive hazardous containers that are not properly marked, and that can be detrimental to the health and welfare to our longshore people who are working there.

We have a vested interest in addressing the problems identified by the Commission, and strongly believe that we should be viewed as part of the problem and not as an automatic security threat, as some might have you believe.

Unfortunately, the imposition of arbitrary and extensive criminal background checks on all port employees would create this exact situation. You cannot expect port workers to offer assistance in stopping crime if at the same time you are telling them they are automatic suspects simply because they work in a port and carry a union card. A number of our Nation's ports also impose criminal background checks, and I have enclosed letters on the subject from the Port of Los Angeles, the Port of Seattle, and the Port of Tacoma. The Port of Tacoma points out that ILWU has been an important partner in keeping the docks free from drug-smuggling and that the instincts of one longshore worker led to the largest cocaine seizure in the port's history.

The Commission report identifies internal conspiracies which may include port employees as presenting the most serious challenge to drug interdiction efforts at seaports. While we are aware of some bad apples in our industry, it is patently unfair and contrary to sound security policy to paint all ports and all workers with the same broad brush. In fact, it must be emphasized, as we have done in the past, that the ILWU will not tolerate criminal activities by our members, and we have no knowledge of any member involved in the international drug trade or conspiracies as described by the Commission.

Let me talk for a few minutes about some of the specific recommendations that have been made by the Commission and that have been incorporated into the legislation introduced by Senator Hollings. The Port and Maritime Security Act of 2000, S. 2965, would require the Port Security Task Force to issue guidelines that outline which workers in a port facility should have access to sensitive areas.

As a part of this effort, the task force is required to consider the desirability and the feasibility of utilizing criminal background checks. As explained earlier, we strongly oppose intrusive criminal background checks on all our workers, and thus do not believe that this is a legitimate area for a nonelected body to explore. It is especially troubling, given the fact that there is no requirement in the bill that longshore workers and their unions be represented on the task force. If changes to our work environment are going to be considered, at a minimum we should have a seat at the table.

We are also concerned that the bill sets up the debate on background checks using vague terms and concepts. For example, the bill talks about the need to secure a sensitive area, but does not define that term. The scope of any criminal checks are not established. No privacy protections are contemplated, and no limitations on what can be investigated are put into place.

Both the report and S. 2965 discuss the need to improve the professionalism of port security officers. We could not agree more with this goal, but we are concerned that little has been said about the need to increase the number of security guards in our ports. While there are some limited regulations in this area, they are not universally enforced and do not adequately define what are acceptable security standards.

Luisa Gratz, president of the ILWU Southern California District Council, wrote to the Commission proposing minimum staffing standards for security personnel, which we urge this Committee to support. Sister Gratz cites the following problems that are created when adequate staffing standards are not required and enforced, including the fact that frequently there is only one guard on some terminals. If there is an incident of any kind that causes the lone security officer to be hurt or otherwise occupied, there is no other security on the facility to take care of the emergencies.

I also want to comment briefly on the report's emphasis on the need to enhance electronic surveillance systems. As already discussed, the port area is our workplace, and like any American we are concerned about overly intrusive efforts to track innocent movements and watch every action that we may take on a given day. Given the sensitivity of this issue, we will need to discuss this matter with our members, and look forward to working with officials to strike a proper balance between security needs and legitimate privacy rights.

The Commission's findings in recommendation 11 states that vessel manifest information, import and export, is sometimes deficient for the purposes of import risk assessment and export cargo control. It recommends that all ocean manifests be transmitted electronically to customs sufficiently in advance of the arrival of the vessel to allow manifest information to be used effectively.

It also recommends that all other agencies having enforcement or regulatory responsibilities at the border arrange for information to be distributed on a real-time basis to all agencies having an interest in the goods covered by a particular entry. The marine clerk typically does not receive the manifest. In the past we did receive manifests. We would look through the manifest and discuss things, but now with the electronic revolution and new technologies, things are automatically just faxed over the airways, and consequently a clerk does not have the tools to perform the duties assigned to him. With adequate information, the marine clerks could be more effective in spotting and reporting suspicious activity like contraband, import and export, drugs and tariff evasions to authorities.

Mr. Chairman, Members of the Committee, we will be discussing the full report in the months ahead at the longshore caucus meetings and other forums where we can discuss and debate the various findings and recommendations of the Commission. We need to fully consider the cost of the Commission's recommendations to our in-

dustry, and whether new costs will lead to diversion of cargo to Canada and Mexico. Studies have revealed that one longshore job equates to 10 indirect jobs in the immediate community and as many as 100 in the State of California.

We also need to discuss how the recommendations would affect the tremendous pressure on longshore workers to get these containers off the ship and off the dock for just-in-time delivery. Furthermore, we need to fully discuss the aspects of the report that could be handled more effectively by state and local government, rather than the federal government.

The ILWU looks forward to working with the Committee to address the concerns identified by the Commission in a balanced and fair manner that will protect the rights of our members and will truly enhance port security and safety. Thank you for inviting me to testify today.

[The prepared statement of Mr. Tousseau follows:]

PREPARED STATEMENT OF JOHN TOUSSEAU, EXECUTIVE BOARD MEMBER,
INTERNATIONAL LONGSHORE & WAREHOUSE UNION

Good Morning, Mr. Chairman and Members of the Committee. My name is John Tousseau and I am appearing on behalf of International Longshore and Warehouse Union (ILWU) President James Spinosa and the 60,000 working men and women of the ILWU. I have been a member of the ILWU for 33 years and have for the past seven years served on my union's International Executive Board, which makes governing decisions for the ILWU.

Let me first thank you Chairman McCain and Senator Hollings for inviting us to share our view on the report of the Interagency Commission on Crime and Security in United States Seaports (Commission) and the solutions that will be considered by this Committee and others in Congress. The ILWU represents longshore workers on the West Coast, warehouse workers in ports and surrounding areas, port guards and a marine division consisting of towboat and barge workers. We are therefore in a unique position to help address the problems of crime and security at our nation's ports and we actively participated in the public forums hosted by the Commission and submitted written comments that are attached to my testimony. I regret that we have not had time to fully consider all the findings and recommendations made by the Commission—this will need to be done by our members through the democratic process that our union relies on. However, I hope my testimony will be useful to the Committee given my over 30 years of experience in working in this industry.

The members of the ILWU are committed to making our ports and surrounding areas safe, secure and free of criminal activities. In fact, it must be remembered that the port security is about more than cargo or even illegal contraband, it is about the physical safety of port employees. We have a vested interest in addressing the problems identified by the Commission and strongly believe that we should be viewed as part of the solution and not as an automatic security threat as some might have you believe. Unfortunately, the imposition of arbitrary and extensive criminal background checks on port employees would create this exact situation. You cannot expect port workers to offer assistance in stopping crime if at the same you are telling them they are automatic suspects simply because they work in a port and carry a union card.

This is not only our view. When the House was debating this matter in September of 1998 Representative Jerrold Nadler (D-NY) told his colleagues that "it takes little imagination to conclude that if you want to stop the infestation of our citizens with dangerous drugs, then make working men and women employed at the transportation choke points—such as longshore workers—a major part of the solution by enlisting them as partners in this crucial endeavor." He further commented on criminal background checks, "we are passing value judgements about their criminal records or intentions with no justification other than anecdote."

A number of our nation's ports also oppose criminal background checks and I have enclosed letters on the subject from the Port of Los Angeles, the Port of Seattle, and the Port of Tacoma. The Port of Tacoma points out that the ILWU has "been an important partner in keeping the docks free of drug smuggling" and that the in-

instincts of one longshore worker led to the largest cocaine seizure in the Port's history.¹

The Commission report identifies internal conspiracies, which may include port employees, as presenting the most serious challenge to drug interdiction efforts at seaports. While we are all aware of some "bad apples" in our industry, it is patently unfair and contrary to sound security policy to paint all ports and all workers with the same broad brush. In fact, it must be emphasized, as we have done in the past, that the ILWU will not tolerate criminal activities by our members and we have no knowledge of any member being involved in the international drug trade or conspiracies as described by the Commission.

We are disturbed that in an effort to support their "criminal conspiracy" argument, the Commission makes some vague and questionable allegations about activities at ILWU ports. For example, the report makes reference to a case in Los Angeles/Long Beach concerning 587 pounds of cocaine that was seized in nine duffel bags in a tail end of a container from Colombia intended for Vancouver, British Columbia. After the seizure, a controlled delivery of the cocaine to Canada was conducted. The report suggests that the Royal Canadian Mounted Police revealed an extensive internal conspiracy involving dockworkers at the seaport in Vancouver.

At the time of this incident, ILWU Canadian President Tom Dufresne stated clearly on March 5, 1998 that if officials believe that there are individuals that are engaged in criminal activity then they should take appropriate action. Dufresne added, "we're a very proud workforce, very proud union members, to be a member of the International Longshore and Warehouse Union is one of the high points I think in anybody's life when they get accepted into the membership, and I don't believe people should have to go around apologizing for being longshore workers." To date, no arrests of dockworkers have been made in connection with this case, according to Dufresne. We believe it was patently unfair for the Commission to take a leaked allegation and subsequent press reports fingering members of the ILAFU and present the allegation as fact. It is this type of rush to judgment that will only hamper efforts in the port to create cooperative relationship designed to stop criminal enterprises.

Let me talk for a few minutes about some of the specific recommendations that have been made by the Commission and that have been incorporated into the legislation introduced Senator Hollings, the Port and Maritime Security Act of 2000 (S. 2965). S. 2965 would require the Port Security Task Force to issue guidelines that outline which workers in a port facility should have access to sensitive areas. As part of this effort, the Task Force is required to consider the desirability and feasibility of utilizing criminal background checks. As explained earlier, we strongly oppose intrusive criminal background checks on all our workers and thus do not believe that this is a legitimate area for a non-elected body to explore. It is especially troubling given the fact that there is no requirement in the bill that longshore workers and their unions be represented on the Task Force. If changes to our work environment are going to be considered, at a minimum we should have a seat at the table.

We are also concerned that the bill sets up the debate on background checks using vague terms and concepts. For example, the bill talks about the need to secure a "sensitive area" but does not define that term, the scope of any criminal checks is not established, no privacy protections are contemplated and no limitations on what can be investigated are put into place.

Both the report and S. 2965 discuss the need to improve the professionalism of port security officers. We could not agree more with this goal, but we are concerned that little has been said about the need to increase the number of security guards at our ports. While there are some limited regulations in this area, they are not universally enforced and do not adequately define what are acceptable security standards.² Luisa Gratz, President of the ILWU Southern California District Council wrote to the Commission proposing minimum staffing standards for security personnel, which we urge this Committee to support. Sister Gratz cites the following

¹ Former Commission Executive Director Lynn Gordon commented to our Washington, D.C. representative that she was impressed with the level of cooperation between Customs, longshore workers, police, employers, and the Port of Tacoma. She was impressed that the stakeholders at the Port of Tacoma tend to treat each other as equals and believed the Commission could encourage other ports to develop a similar cooperative structure. The ILWU believes that if Congress begins to question the character and integrity of the workers on the front line, then we lose the equality in the partnership.

² 33 CFR Part 126.15(a) requires that terminal operators handling hazardous cargo must provide guards in such numbers and of such qualifications as to assure adequate surveillance, prevent unlawful entrance, detect fire hazards and check the readiness of protective equipment.

problems, which are created when adequate staffing standards are not required and enforced:

- Unauthorized pedestrians enter waterfront facilities with little interference through employee turnstiles, parking areas and unattended gates.
- Unauthorized persons embark upon vessels because there are no requirements for terminal owners or operators to provide gangway security.
- Unauthorized persons enter terminals where there is insufficient gate security to handle the traffic on entry lanes for both truck and vehicular traffic and also exit lanes simultaneously.
- In an attempt to cut costs, a terminal owner or operator will only have one security officer for an entire facility, leaving the operation vulnerable in numerous areas. Regularly these owners and operators will require this lone security officer to periodically roam the facility. When this occurs, that lone officer is also required to lock the gates making emergency Coast Guard, HAZMAT, police, Customs and fire department personnel and their vehicular entry impossible.
- Frequently, there is only one guard on some terminals. If there is an incident of any kind that causes the lone security officer to be hurt or otherwise occupied, there is no other security on the facility to take care of emergencies.
- Rail gates and rail operations will require greater security. As rail operations increase so will the opportunity for stowaways and other unauthorized activity.

Again, we believe that enacting minimum security personnel manning standards should be a priority as Congress endeavors to secure our nation's seaports.

I also want to comment briefly on the report's emphasis on the need to enhance electronic surveillance systems. As already discussed, the port area is our workplace and like any American, we are concerned about overly intrusive efforts to track innocent movements and watch every action that we may take in a given day. Given the sensitivity of this issue, we will need to discuss this matter with our members and we look forward to working with officials to strike the proper balance between security needs and legitimate privacy rights.

The Commission's Finding and Recommendation 11 states that vessel manifest information, import and export, is sometimes deficient for the purposes of import risk assessment and export cargo control. It recommends that all ocean manifests be transmitted electronically to Customs sufficiently in advance of the arrival of the vessel to allow manifest information to be used effectively. It also recommends that all other agencies having enforcement or regulatory responsibilities at the border arrange for the information to be distributed on a real-time basis to all agencies having an interest in the goods covered by a particular entry. The marine clerk typically does not receive the manifests and consequently does not have the tools to perform the duties assigned to him. With adequate information, the marine clerks could be more effective in spotting and reporting suspicious activity like contraband import and export, drugs, and tariff evasion to authorities.

Years ago, there was a Customs officer assigned on every dock who relied on the experience of people like me to report suspicious cargo. However, documents no longer pass through hands of flesh and blood like mine but rather through cyber links with less and less proximity to the point of production. The vulnerable weak links are electronic. Manifest inspecting, in-bond and transit confirmations and other functions have been relegated to an increasing volume of deferred inspections, samplings and document verifications that were once required dock functions and now are left to cyber chance. Budget restrictions for Customs programs and decreased staffing levels for Customs agents and dock delivery and receiving book functions are a significant threat to national security in the maritime sector.

Bob Carson, a marine clerk from San Francisco testified on this subject at the Commission's public forum in San Francisco. He made the point, which I agree with, that the AMS (Automated Manifest System) has deep flaws, mainly in the in-bond movements, which allow a shell game to be played out with many containers across many ports of transshipment. It is not uncommon for a container originating in the Orient to be transloaded, transshipped, "feeder shipped", etc., before it even gets to cross the Pacific. Once it arrives somewhere on our Coast, the same process in reverse is played out, i.e., diverted from one port to another where it is taken off a local clearance and moved "in bond" to points thousands of miles away. Not infrequently, containers and their throughput simply disappear off the computer screens. As volume increases, it will become infinitely harder to catch these glitches where the real threat of smuggling and tariff evasion lies. Nothing should move off the

dock until the steamship line presents a hard copy customs manifest. The Clerks must make sure all the information is correct before the containers are released off dock into the United States.

Mr. Chairman and Members of the Committee, we will be discussing the full report in the months ahead at Longshore Caucus meetings, and other forums where we can discuss and debate the various findings and recommendations of the Commission. We need to fully consider the cost of the Commission's recommendations to our industry and whether new costs will lead to diversion of cargo to Canada and Mexico. Studies have revealed that one longshore job equates to ten indirect jobs in the immediate community and as many as 100 in the State of California. We also need to discuss how the recommendations would affect the tremendous pressure on longshore workers to get these containers off the ship and off the dock for just-in-time delivery. Furthermore, we need to discuss aspects of the report that may be handled more effectively by state or local government.

The ILWU looks forward to working with the Committee to address the concerns identified by the Commission in a balanced and fair manner that protects the rights of our members and that will truly enhance port security and safety. Thank you for inviting me to testify today.

INTERNATIONAL LONGSHORE & WAREHOUSE UNION, AFL-CIO
San Francisco, CA, August 16, 1999

Ms. LYNN GORDON,
Executive Director,
Interagency Commission on Crime and Security in U.S. Seaports,
Washington, DC.

Dear Executive Director Gordon:

As President of the International Longshore and Warehouse Union, representing 60,000 workers in the United States and Canada, I am writing to express our views on the work of the President's Commission on Seaport Security. As you may know, our union represents longshore workers on the West Coast, warehouse workers at our nation's ports, port guards, and a marine division working in and around West Coast ports. ILWU members have a tremendous stake in the ultimate recommendations you make to the President and Congress.

I was pleased to learn that you had the chance to meet with a number of our members from the Ports of Los Angeles and Long Beach, and the Ports of Tacoma and Seattle, Washington. Generally, our members are hard working, proud, honest, and of course, out-spoken. I believe our members are unambiguous in their positions on issues that question their integrity and invade their privacy.

A federal law allowing the Justice Department to perform criminal background checks on our members is not an option. In the strongest terms possible, I urge you to affirmatively reject such a draconian approach to seaport security. You must understand that it was the Federal Bureau of Investigation that for twenty long years illegally wiretapped the phones of ILWU leaders, monitored their mail, and wrongfully imprisoned them. It was not a matter of corruption that motivated the FBI for there was never any hint of corruption within the ILWU leadership. No, the full force of the FBI attempted to destroy this union because the union refused to discriminate against any member based on their political beliefs. It was as simple as that—the ILWU refused to participate in the dark agenda of the McCarthy era. The Justice Department does not have the moral authority to meddle in the affairs of an honest, principled labor union and their hard working members—period.

Productivity will suffer greatly on the West Coast if criminal background checks are conducted on ILWU members. The members of the longshore division have a history of taking it upon themselves to remedy the unfair treatment of just one worker including work stoppages along the entire Coast. "An injury to one is an injury to all" is a slogan adopted by the union and I can assure you it is taken quite literally by the membership. There is no chance—zero—that our employer will see the productivity gains which they envision in a hostile environment in which our members integrity is constantly being questioned.

Supposedly, Rep. Clay Shaw introduced H.R. 318 as a tool to halt the flow of drugs into the United States. On the West Coast, drugs have been stopped when longshore workers reported suspicious activity to the Customs officials. It is ironic that the Shaw legislation would have the unintended consequence of impeding cooperation between union members and Customs. More drugs—not less—would flow through our nation's ports if the Shaw legislation became law.

It is my understanding that the Commission solicited the views of ILWU members on wearing Identification badges. That is an issue that our employer has raised in

the past and continues to be handled through negotiations. Members do carry identification cards with them and could easily produce them if asked. Identification badges are unnecessary and any requirement to wear them should be negotiated between the employer and the union.

I am sure you are aware that our ILWU marine clerks are receiving less than adequate information about the cargo on ships calling our ports. Before the technology revolution, clerks would receive bills of lading and ships manifests so they could adequately facilitate and track the flow of cargo and to assess the risks if any of the cargo to longshoremen and other port workers. Today, Customs clears cargo electronically so vital information is not at the point of production and therefore denied to marine clerks. The front line workers are unable to help authorities in cases involving theft or misclassification of cargo because they are denied information. This practice of denying information to marine clerk professionals is untenable and should be changed.

I am sure you were made aware by Sister Luisa Gratz, of the urgent needs of guards at our ports. Marine terminal operators are simply not providing enough guards to prevent problems. It appears to me that operators are violating current law by not providing a sufficient number of guards to assure adequate surveillance, prevent unlawful entrance, detect fire hazards and check the readiness of protective equipment, and to respond to emergency situations. The ILWU Southern California District Council supports the adoption of a new law mandating manning and training requirements for guards. Penalties would be assessed on operators that fail to comply with the law. The International would support such a proposal as well.

In sum, our members are hard working and honest. Our people do not steal. They do not smuggle drugs. They are not a threat to port security. Based upon results along with my personal experience of over 30 years at West Coast docks there is *no* evidence of waterfront workers including port authority workers, maintenance security, and warehouse workers, ever participating in the smuggling of contraband. I challenge anyone to show me otherwise. We suggest that the Commission enlist our union members as partners in securing our nation's ports rather than impose measures that will only exacerbate security problems.

Sincerely,

BRIAN MCWILLIAMS,
President.

PORT OF TACOMA
Tacoma, WA, August 6, 1999

Hon. JENNIFER DUNN,
U.S. House of Representatives,
Washington, DC.

Dear Congresswoman Dunn:

The Port of Tacoma places a high priority on maintaining its waterfront facilities as a safe and secure environment for workers and cargo. A bill being considered by Congress, "The Drug-Free Ports Act" (H.R. 318), has a laudable title but we have several concerns about the timing and intent of this legislation.

H.R. 318, introduced by Rep. Clay, Shaw (FL-R), seeks a national solution for a local situation. Though some drug handling problems have occurred at ports in Florida, the Port of Tacoma has had a strikingly different experience. The longshore workers in Tacoma, members of the International Longshore & Warehouse Union (ILWU), have been important partners in keeping the docks free of drug smuggling. One illustrative occasion occurred several years ago when a longshore crane operator reported a wrapped box in a bulk shipment. The instincts of this longshore worker led to discovering the largest cocaine seizure in the Port's history.

The bill's provisions, which authorize the Department of Justice to grant port authorities (and other local jurisdictions of a state) access to criminal background information presents serious privacy questions. It is important to note that some measures for addressing potential drug problems are already in place. The Pacific Maritime Association, which handles matters related to longshore employment, currently requires several drug tests. These occur when a longshore worker is first hired as a casual, when a longshore worker reaches a registered status, and when training on new equipment is conducted. In addition, the kind of criminal background information that would be of interest to local law enforcement jurisdictions (and port authorities) is already available through a National Crime Information Center check.

The Port of Tacoma is pleased that this important issue is currently being reviewed by the White House's Interagency Commission on Crime and Security in U.S. Seaports. This Commission, known as the "Graham Commission" (due to its leadership by Senator Bob Graham of Florida), is in the process of touring 12 ports around the country and will be visiting the Port of Tacoma from August 9-12. This dialogue will be an important component in addressing the issues raised in H.R. 318. By visiting a variety of Ports, the Graham Commission will have a broader context for making its recommendations on security improvements.

The Port of Tacoma encourages you to hold off on cosponsoring legislation such as H.R. 318 until after the Graham Commission has issued its report in April 2000. Thank you for your interest and consideration.

Sincerely,

ANDREA RINIKER,
Executive Director.

PORT OF SEATTLE
March 17, 2000

Hon. ADAM SMITH,
U.S. House of Representatives,
Washington, DC.

Dear Congressman Smith:

On behalf of the Port of Seattle, I urge you to refrain from cosponsoring H.R. 318 (Drug Free Ports Act). This bill would allow those with jurisdiction over a "port area" to obtain U.S. Justice Department files on individuals they are considering for hire. While the bill gives significant authority to local government bodies such as the Port, I am not currently convinced that there is sufficient evidence to warrant national legislation on this issue.

Government policies ought to encourage cooperation between all the parties involved in the work environment. Unfortunately, H.R. 318 does just the opposite. Dockworkers in the Seattle-area are very much opposed to H.R. 318. Currently, dockworkers cooperate with U.S. Customs officials and other law enforcement personnel by reporting suspicious activity and serving as active "monitors" in the effort to keep our docks "clean." In Seattle, we have had no major drug-smuggling activities involving those who work on port property or in other areas of the waterfront. H.R. 318 was drafted to address a problem in Florida. Its utility on the West Coast is questionable and may actually be counterproductive as we strive to move goods as quickly and efficiently as possible on and off our docks.

It is important to note that measures to address potential drug problems among dockworkers are already in place. The Pacific Maritime Association, which handles matters related to longshore employment, requires several drug tests. Those occur when a longshore worker is first hired (after 50 hours), when he or she reaches a registered status (no longer working casually, but put on a permanent payroll) and when training on new equipment is conducted.

While there may be some additional actions warranted in the future to address drug smuggling at U.S. ports, H.R. 318 seems heavy-handed and unnecessary. Again, I urge you to refrain from cosponsorship of this bill. It goes against the sort of cooperation we have worked hard to achieve in Seattle. If you have questions, please feel free to contact me on this issue.

Sincerely,

JACK BLOCK,
Commission President.

cc:
D. Lynn Gordon, Executive Director-Interagency Commission on Crime and Security in U.S. Seaports
Brian McWilliams, Int'l. President-ILWU
Pete Jones, Interim Reg. Dir.-Inland Boatman's Union
Bob Gilmore, President-ILWU Local 9
Scott Reid, President-ILWU Local 19
Ian Kennedy, President-ILWU Local 52
Ron Crabtree, President-ILWU Local 98

PORT OF LOS ANGELES
San Pedro, CA, May 1, 2000

Dear Congressman Shaw:

I am writing to you to express my concern for H.R. 318 as presently written. The Port of Los Angeles is among the busiest in the world and a major gateway for cargo arriving in our country to meet the demands of commerce and the American public.

Of particular concern is the provision for port worker background checks. Unless there is information regarding security issues which has not been revealed, the legislation presupposes a major problem with the workers in all of the ports of America. The Port of Los Angeles is one of, if not the, safest in our nation. Crime in maritime commerce most generally occurs away from the environment of the port, on the highways and byways of our nation. To the best of my knowledge, Los Angeles is basically secure. The tenants at the Port and the Port Police have a record of security and crime suppression which would be envied by most governmental jurisdictions. Our Port Police are long-term participants in the multi-jurisdictional Cargo Cats organization.

Since it is our belief that this port is secure, then the reason for H.R. 318 needs further explanation prior to applying solutions. Its unintended consequence is that it would discourage cooperations among all parties involved in the work environment in the ports. Currently, all parties, management and labor, cooperate with U.S. Customs officials and other law enforcement personnel by reporting suspicious activity and serving as active monitors in the effort to keep our piers and docks safe and secure.

If there are facts to the contrary regarding the Port of Los Angeles, I should very much like to know them.

Please consider this expression regarding H.R. 318 while making your future considerations of this matter. Thank you for your consideration of my view.

Sincerely,

LARRY A. KELLER,
Executive Director.

cc:

Congressman Michael G. Oxley, 4th District, Ohio
 Congressman Mark Foley, 16th District, Florida
 Congressman Porter J. Goss, 14th District, Florida
 Congressman Mark Souder, 4th District, Indiana
 Congressman Phil English, 21st District, Pennsylvania

Senator HOLLINGS. Thank you, Mr. Tousseau. I like your suggestion that the marine clerks receive those manifests. As you say, they are very able to discern immediately whether there is some hanky-panky or contraband cargo or whatever, but I cannot understand—I do not find in this report any inordinate invasion of privacy, particularly in sensitive security areas.

Your objection to the security checks or backgrounds checks, and the scanners along the port and everything else of that kind, you go into a Wal-Mart and they have a mirror up there, and they can monitor behavior. They can follow anybody to see whether they are stealing merchandise off the shelves. You go into any supermarket, they have got that sort of security. We should at least try and scan the dock to see whether anybody is illegally entering on a ship or abetting some sort of crime. The officer standing at the door has to have a background and security check, and he has to take a polygraph before he gets a job here on the Capitol Police. With respect to your airport personnel and the customs agents working, they all have background checks, but all of a sudden at the seaports we are not going to have background checks on security personnel? Is that your position?

Mr. TOUSSEAU. Well, during the Vietnam War, when we went into sensitive areas, when we had cargo for the military that was

going to Vietnam, we all had Coast Guard passes and we all had security checks. In the past we did.

Senator HOLLINGS. And it worked.

Mr. TOUSSEAU. And it worked, and we do have security on the terminals at the present time. I work at American President Lines in Southern California, which is the biggest terminal on the West Coast, if not the United States, and we do have security there. Security does monitor, TV cameras. That is not what we are saying.

But if this is to imply that the Commission wants to import more than just what is in place now as far as security is concerned, cameras, searching restrooms, everything else like that, then we are not in favor of that.

Senator HOLLINGS. Well, I sort of agree with you. I do not think we can go overboard, accusing personnel at the ports. It is just our own lack here of a policy which is troubling. As I understand, reading the report and knowing how the ports operate, the primary security responsibility has been done at the state level and at the port level through private security.

However, the Commission report does not find fault with long shoremen, Heavens above, it does not say that they are all crooks. Just that we might need some sort of security checks in sensitive areas.

I work very closely with Ken Riley at the Charleston port, and before him Danny Richardson, and before him George German, so I have been 50 years working with ports and longshoremen.

As a matter of fact, I told one of your agents yesterday when he came to see me, that your membership dues are responsible for my completing a college education. My sophomore year at The Citadel I went aboard a ship with my roommate. We were going to sea. We were going to get a job and do something to make a living.

Incidentally there was no security check on the ship. We just climbed right on up, and went and found the captain up on the top deck, and he said, what do you young fellas want? We wanted a job. He said, well, go down to the office and get an ILA card, and we would be glad to take you on board, and when we found out it was \$650 we rushed back to the barracks so we would not get caught, because we did not have any \$650 to join. So I thank you for the high price of membership.

[Laughter.]

Senator HOLLINGS. But we want to work closely with you. We are not trying to find fault or fix blame. I look at ourselves. It is the Congress that has let this thing go. And Senator Graham brought it to the attention of the President and got this outstanding study here, really in the study we are criticizing ourselves. We have got to get more security personnel. We have got to get better equipment. We have got to fix the security responsibility.

Along that line, as I understand it now under our particular bill, Admiral Loy, the responsibility is fixed with the Coast Guard, is that right?

Admiral LOY. Yes, sir, as I understand the bill, just in terms of the task force challenge you have offered us, sir.

The comment that I would make sort of immediately is to seek some recognition for the Interagency Committee on the Marine Transportation System, which is already in place as a result of the

Marine Transportation System study and report that we did last year. They have been established, as well as has the private representation to the Secretary's council in the National Advisory Committee on the MTS. That also is already in place. They are meeting.

We have now, as a result of this Commission's report, established a Subcommittee on Security to focus on the specific challenges that the report offers, and we are already underway in establishing the agenda for both of those Committees. What we would certainly want to marry up, sir, is the bill's thought process of a task force with the existing effort we have already mounted since MTS and the security Commission's report.

Senator HOLLINGS. But if S. 2965 was passed into law this afternoon, where would the responsibility be for security at a port in the United States? Where would that be?

Admiral LOY. We would own it.

Senator HOLLINGS. That is right, the Coast Guard, just like the FAA more or less has it at the airports.

Admiral LOY. Yes, sir.

Senator HOLLINGS. Mr. Nagle, suppose we passed S. 2965 this afternoon. I understand you do not like it, or you have some objections. What specifically would be wrong? What is wrong with this bill that we ought to correct?

Mr. NAGLE. Well, sir, I think the first issue is, as the Commission report indicated, and as all of the witnesses here testified to this morning, what I think is the key is the partnership between all of the various federal agencies involved, and as you indicated in your initial statement all of the various federal agencies that have various responsibilities at seaports.

But in addition to all of those federal agencies, the importance is to have the industry itself represented as well; labor, the port authorities, state and local governments, so that it is a true partnership and the Commission recognizes that the most beneficial approach toward improving security is to have a cooperative approach between the local and federal governments, and industry itself, and we think that is important, and that right now, sir, is not included in the bill because it is strictly a federal task force.

As Admiral Loy mentioned, the MTS initiative includes both an interagency committee and a national advisory committee, which includes private interests, and we think both of those are important.

Senator HOLLINGS. Well, right, and I agree with you, probably we should have had in this Commission study the state ports represented and the longshoremen represented that are doing the operations and doing all of the work, there is no question about that, and that is one of the reasons we wanted you, particularly both you and Mr. Tousseau, at the hearing here today. But is there any specific section of S. 2965 that we ought to improve upon or eliminate?

Mr. NAGLE. Well, sir, I think the other issue that we have primarily with S. 2965 as it is currently drafted is, again, while the Commission report identifies security as primarily a federal responsibility with partnership with the locals, S. 2965 deals significantly with responsibilities at the port level, and provides some limited loan guarantees.

We believe you should look at it from a more holistic approach. As the Commission report stated, it is clear that federal resources have not kept pace with the growth in trade and the various agencies, Coast Guard, Customs, Maritime, Justice, do not have adequate resources for personnel nor resources to adequately handle the responsibilities that they have as well as in partnership with the local ports.

Ports are investing heavily, but the federal government needs to increase its resources as well.

Senator HOLLINGS. Well, fortunately, General Robinson, we have not had any terrorist activity at a port, but there is no question that the testimony here now shows that there is \$5 billion in high tech theft, and \$4 billion in annual thefts of automobiles. We know that there is \$5 billion lost in textiles coming in that Commissioner Kelly & Customs do not have the adequate personnel to check. The FBI itself says it is an \$8 to \$10 billion theft at the ports, so we have got to do a way better job.

Commissioner Kelly, you gave sort of an OMB report, a glossary of all the manpower and equipment needed. What are we talking about in dollars?

Mr. KELLY. Senator, what we have done is put together a resource allocation model. We used a very reputable consultant to come in. I think it is the first time done in the federal government. It looks at all of our ports of entry. It is a workload-driven report, or vehicle, I should say, to determine what we need.

That has gone forward to Treasury and to OMB. It is being studied. I think that is the means by which we can catch up, getting close to where we should be. It is difficult to put a dollar figure on it, because it will actually change every year. It is workload driven.

We predict that trade will double in the next 5 or 6 years, let alone 10 years, so that is the means that I hope will give us a picture of what we need to accomplish our mission, and then you can put a price tag on it, but it is not an insignificant amount of money, no question about it.

We need an automated system. The system I mentioned in my written comments, ACE, now, the price tag on that system is \$1.5 billion. It is serious money, but we are very grateful that it appears that in the 2001 budget we will be getting \$130 million toward that project, but it is something that is critically needed.

So we need a much better information system, and we need more personnel to run the systems. We need nonintrusive technology. We mentioned we have some of it on the border. We do not have enough of it, and we certainly do not have enough of it in our port of entry.

So I cannot give you a dollar figure, but it will be substantial.

Senator HOLLINGS. Have you had a chance to observe the Port of Rotterdam's, scanner, or the X-ray equipment there?

Mr. KELLY. No, sir. I have heard a lot about it. I have read about it.

Senator HOLLINGS. How about Admiral Loy? Have you observed it?

Admiral LOY. Yes, sir, I have seen it, and that is exactly why I think the Commission was so enthralled with the thought process that to some degree technology could really help us here, thus the

recommendation associated with the full development of a plan on where technological devices can help.

Senator HOLLINGS. We could have the Rotterdam security model at each one of these significant ports at least, the 12 ports that you all examined and everything else. We could at least have that equipment as soon as possible at those ports and then at all ports of entry, just like we have a scanner at every airport that you might land and come into.

Admiral LOY. Yes, sir. The thrust of the model port concept is to sort of design, if you will, the generic port that would meet security specifications that we would like to see in all of our ports, knowing full well that any port of the 361 or so that we have in this Nation, and certainly the strategic ports, those 17, have local peculiarities.

Some of them are break-bulk ports, some of them are container ports, some of them are both. We need not only to have a model port threshold of security that we are trying to insist upon across the full Nation, but also to take into stock the local peculiarities and challenges in any given single port.

The other thought that I would like to offer, sir, is, as Mr. Nagle suggested, it is enormously important for us to be collaborative with private industry, with the port authorities locally, with labor, and with everyone, and that is the thrust of the Interagency Committee on the MTS, working the federal issues together, the National Advisory Council seeking for the Secretary counsel from private industry, and then matching them up with local security committees or harbor safety committees.

The name almost does not really matter, but the thrust of having that same coordination happening at the local port, and fitting those things in between, making certain that there is collaboration in between, that is the design, and that is what we are working on, sir.

Senator HOLLINGS. There is no question that the state ports are operating the ports at the present time, or Commissions at the state and local levels. They have got the best knowledge. They have got the responsibility now.

But as Mr. Nagle has testified, overall border security is a federal responsibility, so in trying to install that system, it has got to be done in a judicious fashion and worked out with the local authorities.

Admiral LOY. And we welcome the leadership role you have offered us on that.

Senator HOLLINGS. Does any member of the panel want to add anything? I am going to leave the record open with respect to questions of the members. We have got about five other things going on. We are winding up supposedly this week and going at least till next week, but is there any other further comment from any of you?

[No response.]

Senator HOLLINGS. Well, we appreciate very much your presentations here this morning and your help with the report, and particularly Mr. Nagle and Mr. Tousseau for coming also, because they have got to be included in this particular endeavor.

The Committee will be at ease. Thank you very much.

[Whereupon, at 10:45 a.m., the Committee adjourned.]

Appendix

PREPARED STATEMENT OF EDWARD WYTKIND, EXECUTIVE DIRECTOR TRANSPORTATION
TRADES DEPARTMENT, AFL-CIO

Chairman McCain, Ranking Member Hollings and Members of the Committee, on behalf of the Transportation Trades Department, AFL-CIO (TTD) and our 30 affiliated unions (see attached), I want to thank the Committee for giving us this opportunity to share our views on the report of the Interagency Commission on Crime and Security in United States Seaports. My name is Edward Wytkind. I am the Executive Director of TTD whose affiliated unions represent several million workers employed in all areas of the nation's transportation system including several thousand who work in our nation's ports. I am pleased to join the International Longshore & Warehouse Union (ILWU) and International Longshore Association (ILA) to offer the views and concerns of transportation labor on the issues affecting security at our nation's seaports.

Today our ports serve as the gateway through which products and goods are imported to, or exported from, the nation. America's ports handle over 95 percent of the volume and 75 percent of the value of cargo moving into and leaving the nation. There can be little doubt that American ports and their employees have had a clear role in spurring job creation and providing substantial benefits to the economy as a whole. These economic benefits to the nation make protecting the integrity of our ports and stopping the influx of illegal drugs a worthy goal that transportation workers support. As an organization dedicated to promoting a safe and drug free workplace, our members expect nothing less.

We agree with the statements of the ILWU and ILA that longshore employees and their unions are in a unique position to help address the problems of crime and security at our nation's ports. Our members are in the line of fire for criminal activities occurring at our ports. As such, we are more committed than anyone to ensuring that our ports and surrounding areas are safe, secure and free of criminal activities. Transportation labor does not condone illegal activities of any kind taking place in our seaports. We believe that the protection of port cargo, passengers, and facilities from theft, terrorism, and criminal activity is critical to our members and the nation as a whole.

For that reason, longshore workers and their unions have been at the forefront of advocating programs that are designed to create a safe and drug-free workplace. ILWU's alcohol and drug prevention and rehabilitation program has even won recognition from former President Bush's "Thousands Points of Light" initiative. Additionally, longshore workers have played a critical role in promoting U.S. national interests and security at our ports by supporting the deployment and mobilization of the U.S. military. This has included maritime movements of equipment and troops in the course of offshore military operations.

The important contributions of longshore unions in developing a safe and secure workplace provide a good starting point to review the findings of the Commission Report. TTD submitted comments to the Commission during its fact-finding process. Unfortunately, we have not had time to fully consider all the findings and recommendations made by the Commission. Over the coming months, however, we will be working with ILWU and the ILA to review the findings and recommendations and to determine the most appropriate federal measures. One issue I should mention is one that we raised in our comments dealing with criminal background checks. We register our strong objections to any proposal to impose extensive and unnecessary criminal backgrounds checks on all port workers and related employees, even those who have worked in this industry, often for single employers, for 20 or more years. These types of proposals have been offered previously and they have been rejected by Congress.

The Commission Report identifies internal conspiracies, which may include port employees, as presenting a serious challenge to drug interdiction efforts at seaports. We understand that there will always be individuals who carry out or participate in criminal activities in our industry. And as we have already stated, we do not con-

done nor defend such conduct. However, other than anecdotal evidence, it has never been clearly shown that longshore workers—including those with impeccable records over decades of employment—have any greater likelihood of engaging in illegal conduct than other persons dealing with or reviewing the cargo as it moves through our transportation network. Furthermore, in today’s intermodal transportation marketplace, the vast majority of cargo moves from the vessels and to gates of terminals in sealed containers, whose contents are secure. As such, there is no sensible reason for instituting these background checks on the overwhelming majority of honest, hardworking workers who are employed at our ports and who do not pose a legitimate safety or security threat.

Mr. Chairman, this appears to be a case of a solution in search of problem. We are adamant that such a “solution” would have negative consequences for workers and other interests in the longshore industry. While we have been vocal opponents of this proposal, other groups have also raised concerns about the feasibility of sweeping criminal background checks. A number of the nation’s ports are opposed to criminal background checks such as the Port of Los Angeles, Port of Seattle, and Port of Tacoma. This growing consensus in the longshore industry against criminal background checks should give all policymakers reason for pause and reevaluation.

Let me also comment on legislation (S. 2965) introduced by Senator Ernest Hollings that incorporates some of the recommendations of the Commission. We commend Senator Hollings for his aggressive commitment to addressing seaport security issues, but it is our view that this legislation needs more input from key stakeholders including transportation labor and deserves more careful and deliberate evaluation. We have grown accustomed to a close working relationship with Senator Hollings on a number of transportation safety and security issues and know that the Senator welcomes our rightful place at the table.

We would argue that any legislation considered by Congress should recognize the unique skills and talents of longshore workers and the ability of these front-line employees to play a vital role in addressing security concerns at our nation’s ports. In so doing, the Congress will recognize the need for cooperation and partnership between longshore unions, port authorities, the ocean shipping industry and appropriate federal agencies in considering the issues raised by the Commission report. Only then, will we have a chance to adopt fair and meaningful measures that work.

In closing, I want to thank you Mr. Chairman and all the Members of this Committee for giving us this opportunity to discuss port security issues. TTD, along with ILWU, the ILA and the International Brotherhood of Teamsters, will continue reviewing the various findings and recommendations of the Commission and will provide to the Committee additional input and information at a later time.

We look forward to working with the Committee, Congress, and the appropriate federal agencies to address the concerns identified by the Commission and to make our ports safer and more secure for workers, businesses and the American people.

Thank you.
Attachment

TTD Affiliates

The following labor organizations are members of and represented by the TTD:

Air Line Pilots Association
Amalgamated Transit Union
American Federation of State, County and Municipal Employees
American Federation of Teachers
Association of Flight Attendants
American Train Dispatchers Department
Brotherhood of Locomotive Engineers
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Communications Workers of America
Hotel Employees and Restaurant Employees Union
International Association of Fire Fighters
International Association of Machinists and Aerospace Workers
International Brotherhood of Boilermakers, Blacksmiths, Forgers and Helpers
International Brotherhood of Electrical Workers
International Brotherhood of Teamsters
International Longshoremen’s and Warehousemen’s Union
International Union of Operating Engineers
Marine Engineers Beneficial Association
National Air Traffic Controllers Association

National Association of Letter Carriers
National Federation of Public and Private Employees
Professional Airways Systems Specialists
Retail, Wholesale and Department Store Union
Service Employees International Union
Sheet Metal Workers International Association
Transportation • Communications International Union
Transport Workers Union of America
United Mine Workers of America
United Steelworkers of America

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