

S. HRG. 107-785

**PASSAGE AND IMPLEMENTATION OF S. 1214,
THE PORT AND MARITIME SECURITY ACT**

FIELD HEARING

BEFORE THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

FEBRUARY 19, 2002

Printed for the use of the Committee on Commerce, Science, and Transportation



U.S. GOVERNMENT PRINTING OFFICE

83-182 PDF

WASHINGTON : 2003

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ERNEST F. HOLLINGS, South Carolina, *Chairman*

DANIEL K. INOUE, Hawaii	JOHN McCAIN, Arizona
JOHN D. ROCKEFELLER IV, West Virginia	TED STEVENS, Alaska
JOHN F. KERRY, Massachusetts	CONRAD BURNS, Montana
JOHN B. BREAUX, Louisiana	TRENT LOTT, Mississippi
BYRON L. DORGAN, North Dakota	KAY BAILEY HUTCHISON, Texas
RON WYDEN, Oregon	OLYMPIA J. SNOWE, Maine
MAX CLELAND, Georgia	SAM BROWNBACK, Kansas
BARBARA BOXER, California	GORDON SMITH, Oregon
JOHN EDWARDS, North Carolina	PETER G. FITZGERALD, Illinois
JEAN CARNAHAN, Missouri	JOHN ENSIGN, Nevada
BILL NELSON, Florida	GEORGE ALLEN, Virginia

KEVIN D. KAYES, *Democratic Staff Director*

MOSES BOYD, *Democratic Chief Counsel*

JEANNE BUMPUS, *Republican Staff Director and General Counsel*

CONTENTS

	Page
Hearing held on February 19, 2002	1
Statement of Senator Breaux	4
Prepared statement	5
Statement of Senator Hollings	1
Prepared statement	2

WITNESSES

Bonner, Hon. Robert C., Commissioner, United States Customs Service	13
Prepared statement	19
Brown, Douglas R., Ph.D., Vice President for Business Development and Programs, Ancore Corporation	50
Prepared statement	52
Burdette, Robert M., Town Administrator, Town of Mount Pleasant, South Carolina	37
Flynn, Stephen E., Ph.D., Senior Fellow, National Security Studies, Council on Foreign Relations	57
Groseclose, Jr., Bernard S., President and CEO, South Carolina State Port Authority	34
Koch, Christopher L., President and CEO, World Shipping Council	61
Prepared statement	65
Loy, Hon. Admiral James M., Commandant, United States Coast Guard	7
Prepared statement	11
Riley, Jr., Hon. Joseph P., Mayor, City of Charleston, South Carolina	29
Prepared statement	31
Summey, Hon. R. Keith, Mayor, City of North Charleston, South Carolina	32
Taylor, Major Alvin A., South Carolina Department of Natural Resources	39
Prepared statement	42

APPENDIX

Lynch, Robin, President, Sea Containers America Inc., prepared statement	75
Cannon, Jr. Esq., J. Al, Sheriff, Charleston County, SC, letter dated February 6, 2002, to Hon. Ernest F. Hollings	78

PASSAGE AND IMPLEMENTATION OF S. 1214, THE PORT AND MARITIME SECURITY ACT

TUESDAY, FEBRUARY 19, 2002

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Charleston, SC.

The Committee met, pursuant to notice, at 1:30 p.m. at the Charleston Maritime Center, 10 Wharfside Street, Charleston, South Carolina, Hon. Ernest F. Hollings, Chairman of the Committee, presiding.

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

The CHAIRMAN. This afternoon, my first urge in calling the Committee to order is to thank a lot of folks. First, I want to thank our distinguished colleague, the Senator from Louisiana, John Breaux. He's the Chairman of our Maritime Subcommittee and this is his fourth hearing in the field and following this problem right along and possibly more knowledgeable than most in the U.S. Senate. And we really are honored to have him with us.

Let me thank Mr. Henry Brown. We invited our distinguished Congressman Henry Brown of this district to sit with us. Maybe he'll be along momentarily. I am particularly pleased that we've got the Commandant of the Coast Guard with us, Admiral Loy, and the Commissioner of Customs, Mr. Bonner. They are very busy there in Washington, but to grace us with their presence has been already a tremendous help this morning.

I thought this morning was frankly going to be a sort of idle tourism to point out this and point that out. And on the contrary, it was an eye opener for me to find out how well the Coast Guard is coordinated, how sophisticated Customs is. I think to this day, that is the best briefing that this particular Senator and Committee has had in quite some time.

Our Secretary of Transportation was to be with us, but he is just recovering from a hip operation and thought it best he stay back in Washington. But right to the point, Secretary Norman Mineta has already approved our Senate-passed home security bill which is now over in the House side. And they hope that they will deal with it as expeditiously as they can.

Let me thank—I will emphasize that again, Commandant Merit, the Captain of the port, he is the No. 1 man in charge of security and I am glad of it because I can tell from his briefing this morning that he really is in charge. I have got to recognize Major General Seifert. He has been nominated by Governor Hodges in charge of

homeland security and I want to thank him for attending this hearing.

We want to acknowledge Mr. Robin Lynch, the President of Sea Containers America, Inc. I recognize Al Cannon, our Sheriff, who has been giving us security along with Reuben Greenberg, the Chief of the city police here. And I will include Mr. Lynch's and Sheriff Cannon's statements in the record [refer to Appendix] and also my own statement in the record.

[The prepared statement of Senator Hollings follows:]

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

Today, we are gathered to take testimony on the challenges that we face as a nation in securing our seaports and maritime boundaries. In the aftermath of September 11th, this is a daunting and difficult challenge. The protection of our maritime boundaries poses unique challenges because of the breadth of our coastline, the proximity of the public to maritime businesses and endeavors, and the sheer volume of container cargo and shipments of bulk petroleum products and hazardous materials. Literally, we have thousands of tons of hazardous cargoes, originating from foreign nations being transported by foreign vessels right through the heart of many U.S. cities. Additionally, the maritime trade is very open, and we do not have the best or most reliable information about shipments, vessels, or the crew members who man those vessels. It is, indeed, a difficult issue to address.

Lloyd's List International reported that a NATO country's intelligence service has identified 20 merchant vessels believed to be linked to Osama bin Laden. Those vessels are now subject to seizure in ports all over the world. Some of the vessels are thought to be owned outright by bin Laden's business interests, while others are on long-term charter. *The Times* of London reported that bin Laden used his ships to import into Kenya the explosives used to destroy the U.S. embassies in Kenya and Tanzania.

Several weeks ago, a suspected member of the Al Qaeda terrorist network was arrested in Italy after he tried to stow-away in a shipping container heading to Toronto. The container was furnished with a bed, a toilet, and its own power source to operate the heater and recharge batteries. According to the *Toronto Sun*, the man also had a global satellite telephone, a laptop computer, an airline mechanics certificate, and *security passes for airports* in Canada, Thailand and Egypt.

These two stories really bring home this issue of seaport security. Except for those of us who live in port cities like Charleston, people often do not think about the nation's ports—these critical entry points where industrial and consumer goods are loaded onto trucks and railroad cars heading directly to their hometowns. But making these ports more secure is vital to protecting our national security. The destruction that can be accomplished through security holes at our seaports potentially exceed any other mode of transportation. And yet we have failed to make seaport security a priority.

I would like to take this opportunity to thank all of the people who have worked to help us, not only schedule this hearing, but, in the morning we toured the entire harbor to investigate the challenges facing us in this area, and to witness Customs at work clearing cargo. The Port and the City have been a gracious hosts to our visitors from Washington, and the Coast Guard and Customs have contributed to make this a real learning experience.

We have here today, one of the most knowledgeable Senators in the U.S. Senate on maritime issues, Senator John Breaux. Senator Breaux is the Subcommittee Chairman of the Surface Transportation and Merchant Marine Subcommittee, and he really knows the maritime issues. Senator Breaux recently got back from chairing a series of hearings on the South Atlantic and Gulf Coasts, and I understand that it was a little bit of an eye-opening experience, and he might be working on additional legislation to enhance seaport security, and I look forward to working with him on that. I welcome him to Charleston.

Last year, the U.S. Senate passed S. 1214, the Port and Maritime Security Act, a bill that I had originally introduced in the 106th Congress. Actually, because of the deficiencies in seaport security, we have been working on legislation in this area for over two years—not just since the attacks of September 11th. However, since those attacks, the issue of seaport security has become critical. We have a long way

to go in this area, and I am hopeful that we can get to Conference with the House on this issue as soon as possible.

The Port and Maritime Security Act would, for the first time ever, require federal approval of port security programs. These plans will have to meet rigorous standards for security infrastructure, screening equipment, evacuation plans, access controls, and background checks for workers in security-sensitive areas. The Coast Guard will be designated as the lead agency in evaluating and approving security plans, and in helping coordinate law enforcement and antiterrorism policies. The Coast Guard is the Captain of the Port, and the lead agency in helping to protect our maritime borders and coastal areas.

We also will require more information about the cargo and passengers arriving at our ports. Right now, we do not know enough about the ships and the cargo that call 24 hours a day. We need to change that immediately. We will require that ships electronically transmit their cargo manifests—and if the manifest does not match the cargo, it will not be unloaded. We also will check crew and passenger manifest information to identify people who could pose a security threat. We need to know who is on these ships, and, eventually, be able to quickly check the names with a computer database of known terrorists or other associates of international criminal organizations. I am very concerned about the lack of credible information that we have on maritime trade. Security experts attempting to trace the shipping assets of Osama bin Ladin had immense difficulties tracing his fleet of over twenty vessels, and are quoted as saying that it was more secretive than tracing banking assets.

The bill will help federal, state and local law enforcement officials to better coordinate the sharing of critical information. If a local police officer arrests someone for breaking into a secure area of the port, timely sharing of that information with state and federal officials might help identify the person as part of a larger international network. It is critical that Customs agents work with the local police, that the state police work with Immigration officials, and that The FBI work with local port authorities. That type of cooperation will dramatically improve port security. Much of what we will achieve in seaport security will be advanced here in Charleston at the local level.

The businesses that operate in seaports also play a crucial security role. They must be brought into a cooperative environment in which a port's law enforcement information is communicated and shared confidentially with privately-hired security officers. In return, private security officers must have a direct line to share information with federal, state, and local authorities.

To verify that the cargo loads match the manifests, we will need more Customs officials to check that cargo. Incredibly, only 2 percent of the cargo containers arriving at our ports are ever checked by Customs officials. While Customs does attempt to profile cargo coming in to identify risky cargoes—two percent is totally insufficient. Let me be clear. This is a huge hole in our national security system that must be fixed. We need to have the best technology employed here—and we might have to address it in more than one way. Our legislation would seek to close this security hole by directly granting and authorizing more than \$168 million for the purchase of non-intrusive screening and detection equipment to be used by U.S. Customs officers. These Customs officers are on the front lines of protecting our country from the importation of illegal and dangerous goods. We must give them the latest technology and the most modern cargo screening equipment available.

We also must help the private sector and the port authorities meet these national security challenges. This problem would be much more simple to solve if the United States had national seaports under the control of the federal government—or if the federal government directly funded seaport infrastructure. However, that is not the case. Maritime infrastructure is owned by states and by the private sector. But the federal government has a role to play here for homeland security. We cannot force states and the private sector to comply with security mandates, yet not provide funding. The legislation will directly fund and authorize \$390 million in grants to local port security projects. The bill also will fund loan guarantees that could cover as much as \$3.3 billion in long term loans to port authorities acting to improve their security infrastructure. Upgrading that infrastructure means installing modern gates and fencing, security-related lighting systems, remote surveillance systems, concealed video systems, and other security equipment that contributes to the overall level of security at our ports and waterfront facilities. I was very pleased to see that the President's budget request had more funds for both the Coast Guard and for Customs, but concerned that the budget request provided no funds for grants and loans for port security. Port security will occur in the port itself, and we must deliver the resources to the ports and to the states to help them address what is a federal responsibility: border protection and control.

I look forward to hearing this afternoon's testimony we truly have a distinguished group of panelists. In particular, I would like to recognize the Commandant of the Coast Guard, Admiral James Loy. Admiral Loy is going to be moving on, and I wanted to express to him, my appreciation of his service to the nation. He has been a credit to our nation and to the Coast Guard organization. I thank him for his service.

I would also like to recognize Mr. Robin Lynch, President of Sea Containers, America. Sea Containers builds marine shipping containers here in Charleston, and I asked them to prepare testimony on how marine containers could be used or modified to help enhance the overall security of the container system. I will be including their testimony in the record.

The CHAIRMAN. Finally, let me thank the State Port Authority's Ann Moise and Chris Koch of the World Shipping Council, who have both been highly instrumental in helping this hearing along. Let me yield now to my colleague, Senator Breaux.

**STATEMENT OF HON. JOHN B. BREAUX,
U.S. SENATOR FROM LOUISIANA**

Senator BREAUX. Thank you very much, Mr. Chairman, and thank you for your courtesies and thanks to all the people of Charleston, South Carolina, for the courtesies that they have shown to the Committee and our staff.

It has been a wonderful and a delightful visit and I am here because Senator Hollings told me to come here.

[Laughter.]

I will tell you how much I have enjoyed the trip and the leadership of the distinguished Chairman. He did not clarify the fact that the only legislation that is now passed in the U.S. Senate dealing with maritime security and port security is the legislation that he got through the Senate Commerce Committee and through the U.S. Senate by a unanimous vote addressing the great concerns that we have as a nation and we have as a Congress about the very legitimate concerns about maritime and port security.

Things have changed. The world is different since 9/11, and it is clear that all of the ports of the United States are potential targets for terrorist threats. We used to base most of our security at ports for incoming drug trafficking coming into our ports and that is obviously a continuing, very important task. But there is an additional task and that is the potential terrorism that could be perpetrated on all of the ports of the United States.

Senator Hollings' legislation goes a very long way to try to bring in all of the competing factors, if you will, in coming up with a comprehensive management plan. And it is very clear that when everybody is in charge, nobody is in charge. And when we have local government, state government and federal officials, Coast Guard, and Customs and all of our federal agencies that are trying to do their jobs, there has to be a degree of coordination if it is going to be done properly and the way we want it to be done. So that legislation goes a long ways toward doing that.

As Senator Hollings, the Chairman, has indicated, this is my fourth hearing. We had started off with hearings in Port Everglades in Florida and moved on to my home State of Louisiana where we had hearings at the Port of New Orleans and followed that up with hearings at the Port of Houston.

The hearing today will mark the fourth port that we've toured or looked at. We'll be going to the West Coast later on during the

spring time. It is really interesting, all the ports are different. All the ports are unique. And the good thing about Senator Hollings' legislation is that it recognizes that. This is not a one size fits all solution. The Port of Charleston is different from the Port of New Orleans. It is different from the Port of Houston.

It is different from the Port of Long Beach in Los Angeles. And every port has their own difficulties and also have their own vulnerabilities. So one size doesn't fit all. And what the legislation truly calls for is a comprehensive plan developed at the local level with the Coast Guard and with the Customs and other officials involved with the state and local officials to come up with something that needs to be done.

I won't belabor our comments, but I will tell you that I was most impressed with what we saw here in Charleston. Of the four ports, including my own in New Orleans, I think that you are far ahead of all of the ports that I have seen so far in coming up with a comprehensive plan about how this security question needs to be addressed. You have local support. You have volunteers. You have a coordinated effort. And it was a pleasure to see the good work that is being done.

This is serious business. The risks are astronomical. One container can carry 60,000 pounds. One ship can carry 3,000 containers. If you remember, Timothy McVeigh, Mr. Chairman, when he blew up the courthouse in Oklahoma City did it with 15,000 pounds of explosives. One container can carry 60,000 pounds and one ship can carry 3,000 containers. So the risks are really quite serious.

It is really interesting to see what you're doing. We'll hear about that more and I just want to congratulate all the officials for an outstanding job that I think you have done so far and we'll have some questions from the testimony, Mr. Chairman. But before I forget, thank you for inviting me. I ask that my full statement be included in the record at this time.

[The prepared statement of Senator Breaux follows:]

PREPARED STATEMENT OF HON. JOHN B. BREAUX,
U.S. SENATOR FROM LOUISIANA

Senator Hollings, I wanted to thank you for scheduling this hearing, and also want to commend the people of Charleston and the port for helping facilitate our visit and our hearing.

On any given day on Capitol Hill, as many as 20 congressional hearings can take place at one time. At these hearings, we call upon policy experts to enlighten us with new ideas for improving the safety, security and prosperity of our country.

But it is good to get outside of Washington. We need to hear new voices with fresh ideas. Conducting these field hearings helps us learn more about the challenges facing local citizens, local governments, and local businesses as they try to improve the quality of life in their communities.

And touring the places and facilities directly impacted by our public policies and new laws helps us learn more about what is happening on the ground—where the rubber meets the road—or, in the case of the Port of Charleston, where the hull meets the waves.

I also wanted to add my condolences, congratulations and appreciation to Admiral Loy. I add my condolences, because Admiral Loy will be sorely missed; I add my congratulations and appreciation because he should be congratulated for his fine work in leading one of the premier maritime units in the world, and also know that he was appreciated for his efforts.

As you mentioned, I recently took my Subcommittee on a road trip, or maybe more accurately road, plane, and boat trip. We visited seaports at Port Everglades,

Florida, Port of New Orleans, and the Port of Houston. It really was an eye-opening experience. For instance, in my home state of Louisiana, we will have a huge challenge with port security. The Mississippi River bisects my state, and up and down the river for two hundred miles are a continuous string of ports, docks and waterfront facilities, many of them filled with explosive materials, hazmat, and petrochemicals.

The size of these ships can hardly be imagined. While in New Orleans, I had occasion to board a freighter with Sea Marshal's boarding party coming into the City of New Orleans, and when on the bridge, we were looking down at most of the City of New Orleans, with two thirds of a mile of steel in front of us. These ships, while currently being the lifeblood to my state's trade and industry, could also pose to be a huge threat to my state, and ultimately to the health of this nation. When, we were forced to close down the airport system, we were able to regain complete control. Could you imagine what would happen if we were to be forced to exert the level of control over our maritime trade on the Mississippi River, that we did with our airports. It would take months, potentially wrecking thousands of industries.

The Port of Houston was even more amazing. Our entire maritime system transports 25 percent of all hazardous materials and 75 percent of all petroleum used in the United States—and much of that cargo travels right through this area. Along the 52-mile Houston Ship Channel, there are 150 chemical plants, storage facilities and oil refineries. When we powered by down the Channel, I witnessed two 800 or 900 foot propane tankers moored side by side, attached to a pipeline system that stretched back to a field of propane tanks, as far as the eye could see.

When I asked what sort of security was in place, the Coast Guard responded that a security zone had been established, when I asked what that constituted, the response was that it was a notice to mariners that it was off limits. Well in essence, this sort of security is no more than a "no trespass" sign—obviously, this is not adequate given the risks. However, I also do not think that the entire blame rests with the Coast Guard, they do not have the assets to protect our maritime environment 24 hours a day seven days a week. This has to be a cooperative effort. The private sector has a role in securing their ships and terminals.

We really need to get going on this issue, for instance, your average marine container can carry 60,000 lbs., and I would note, that Timothy McVeigh used only 15,000 lbs. of ammonium nitrate to blow up the Oklahoma City Federal Building. The Port of Charleston handled more than 1.5 million of these containers last year from all over the world, and yet Customs inspects less than 2% of these.

S. 1214, the Port and Maritime Security Act is a necessary first step to start coordinating a system of security at our ports, but ultimately, it is going to require a lot of hard work here on the local level in places like Charleston.

Mr. Chairman, I am currently in the process of working on a bi-partisan bill of additional measures that I think will strengthen in further, the provisions of S. 1214. I was concerned after visiting in New Orleans, that the U.S. government is only tracking the progress of vessels in a very few places in the United States, despite the fact that technology is readily available to require GPS transponders to be carried, and vessels to be tracked once entering into U.S. waters. The technology is inexpensive, and not to allow the Coast Guard to keep track of shipping should not be an option.

I am also concerned about the quality of information that is available to identify and verify both foreign vessels and foreign seamen, to ensure that they are who they say they are. We need some sort of international system to verify the status of the maritime industry, if we are to avoid leaving the door wide open to potential threats—again this is not that onerous a requirement. At a hearing I chaired last year, it was revealed that the Coast Guard alone, had identified over 1,000 seamen operating on board Panamanian vessels with fraudulent licenses. Close to two-thirds of the world's fleet operates under flags-of-convenience. Places such as Liberia, Panama, the Marshall Islands. These nations will have to take steps to ensure that vessels operating under their registries are not security risks to our nation.

I also want to work with the Coast Guard to ensure that we can better protect security zones, and protect vessels who pose higher risks to the environment or to our security, or to the health and welfare of the public.

We have too much at risk here not to move, and not to move fast, on policies that for the first time will coordinate protection and strengthen our maritime borders.

Mr. Chairman, once again, I would like to thank you for scheduling this hearing, and I look forward to the testimony.

The CHAIRMAN. Thank you. And it is not just the Oklahoma City, but we are all reminded of the fact that it was bin Laden who docked his ship in Mombasa, the Port of Kenya in Africa, where

he offloaded explosives and blew up the Embassy in Nairobi, Kenya and the one in Dar Es Salaam in Tanzania where our constituent Bob Royal is now the Ambassador. I just checked and his new embassy will be ready in June. So we've got him all fixed up.

One matter of point, with respect to port security, it was at our initiative, that of Senator Graham of Florida and myself, 2 years ago, that then President Clinton instituted a Port Security Commission study and brought together some seventeen federal agencies. They issued their report and we had hearings. Then the Congress changed to the new Congress. And again last year, we had hearings during the year and in August—August 2nd. That is prior, of course, to September the 11th. We reported on a port security bill. Come 9/11 we had 2 more hearings, then subsequently, in October reported our bill unanimously from the Committee and it passed the U.S. Senate unanimously, and as I have just noted, with the approval and endorsement of the Bush Administration.

Having said that, let me recognize our first panel, the Admiral James M. Loy, the Commandant of the United States Coast Guard and the Honorable Robert C. Bonner, Commissioner of the United States Customs Service.

Admiral Loy and Commissioner Bonner, we have your prepared statements. They will be included in their entirety in the record. You can sum them up or deliver them as you wish. Admiral Loy.

**STATEMENT OF HON. ADMIRAL JAMES M. LOY, COMMANDANT,
UNITED STATES COAST GUARD**

Admiral LOY. Thank you, Mr. Chairman. Good afternoon, Senator Breaux. I am certainly honored to be with you today and to experience the morning's tour of the port. And I, too, was impressed with the coordinated efforts being undertaken here in the Port of Charleston and would offer that our national challenge is to find the best practices like we found this morning in Charleston and make them standard nationwide, and we will be about the business of trying to do that.

With your permission, Mr. Chairman, I will offer my written statement for the record and focus just on a few points that I think is probably important—

The CHAIRMAN. They will be included.

Admiral LOY.—and press on. First, the notion of value and vulnerability as it relates to our ports, a couple of simple facts. The maritime industries of our nation contribute over a trillion dollars to the GNP of our country on an annual basis. Ninety-five percent of the non-NAFTA commerce that is carried to and from America come and go by ship. We have about 95,000 miles of coastline to worry about in our country, three and a half million square miles of exclusive economic zone. Seventy-five hundred ships, mostly foreign flagged, make about 51,000 port calls in this country on an annual basis.

Over 200,000 sailors find their way toward the United States on an annual basis. Six and a half million passengers, a billion tons of petroleum, 6 million containers per year in the seaways system, 16,000 a day finding their way to and from our country.

Those simple facts, of which there are many others, lend this notion of both value and vulnerability to the seaport structure. 9/11

was all about an aviation issue and we have watched the Congress and the nation at large focus on the security implications to the aviation world since then.

But as Senator Breaux mentioned and as Senator Hollings' bill is all about, the maritime end of our national system has perhaps greater value and clearly greater vulnerability and we must be about the business of dealing with that.

Most of those numbers I think that I mentioned can be posted under both the value and the vulnerability column. Our challenge is to raise the collective security profile of our ports and waterways so the terrorist goes elsewhere for his target. How do we do that? I think it is about making very real investments. I think it is about making the kind of judgments that are already present in the Senate bill.

I think it is about prioritizing very difficult lists and developing risk-based decision-making tools that allow us to deal as constructively as we can with this security challenge.

Second, the dichotomy between balancing, continuing our commerce on the one hand and raising security profile on the other, the second issue that I think is enormously important. Much has been written about the issue of homeland security over the past few years, but much of it was very narrow in scope. Focusing on homeland defense as a function of the military, missile defense shields, for example, or from the narrow functional perspective such as the work of the Seaport Crime Commission which tried to look through just the crime prism at the seaports of our nation.

The main exception to this narrow view is the U.S. Commission on National Security Strategy/21st Century, also known as the Hart-Rudman Commission. Their work, especially their work published in phase one of their report, presents this dichotomy between projecting a doubling or tripling of international commerce on one hand and the attendant sort of inference that we need to loosen our port structures to enable that to happen, and on the other hand, raising the security profile against what they called in their January 2001 report an asymmetric array of threats facing this country which in their minds require us to pay attention security-wise to actually tightening down our ports.

So loosening them to generate commerce, tightening them down to generate security. That is the dichotomy that I think we have to be conscious about because anything that we do in a security profile business we must be conscious of the effort at the same time to identify the good guys and actually facilitate them through the system that we might build for greater security.

The third point of four that I would make, sir, is about conceptualizing the border of the future. We should not be restrictive in our minds to what's going to help us today or tomorrow. Rather, we should try to literally think our way toward 10 or 15 years down the road, imagine what the border parameters, what the attributes of that kind of border system of the future should be and then build bridges in order to get there constructively. We've been working hard since 9/11 to understand what that border of the future might be. That is a border concept, what is it that we think would be necessary to balance that dichotomy of commerce on one hand and security on the other.

Let me offer just a sort of short list of ideas that we might even develop in Q and A. First, I think the border of the future must be pushed outward, Mr. Chairman, such that we are not dealing with a linear border like is often that case between Canada over there and United States here. Rather, we need to press our borders out all the way to the points of origin of people and cargo and vessels or other vehicles that are coming toward the United States.

I think a layered strategy of activity is ordered. We need to be aggressive at points of origin overseas. We need to be aggressive in terms of understanding what's happening in the maritime domain as they approach our country. We need to be concerned with our own seas, our own territorial sea and, of course, we still need to be very much concerned with the port of entries that actually cross our linear borders into the maritime sector that is in the ports of America, all 361 of them.

There are notions about how we can do that, that I think, in fact, can be and have already been internalized in not only the Senate bill, but as you anticipate going to Congress, finding other good ideas that might find their way into the House bill and nurture them in Congress such that we get the very best initial step that we can take.

We need to be very conscious of intelligence and information in the future, Mr. Chairman, as it relates to that border of the future and we need to find ways to fuse classic intelligence and commercial information in such a fashion that we have a much better picture of what is coming toward our country.

Ideas such as international standards, biometric credentialing of people that are on our waterfronts and faring in our seaways, totally coordinated law enforcement efforts like you have applauded Charleston for this morning and the notion of visibility, vigilance and enforcement along our borders. Mostly on the land borders, of course, challenges for the Customs Service and the INS.

And last, Mr. Chairman, what is the Coast Guard's role in all of this because I think I owe you that as part of an opening comment in the hearing. Since 9/11, we have been attempting to design a maritime security plan for the United States. There are five crucial points that I think are part of that. The first is about Maritime Domain Awareness, clearly and literally being infinitely more aware of what's happening in the waterways around us than we were on the 10th of September.

The second notion is to control the movement of high-interest vessels in our ports and waterways. And that varies from simply putting a pilot on board to adding sea marshals as necessary to escorting them literally from the seaboard all the way to their pier and back out.

The third point is about critical infrastructure identification and protection and making absolutely certain that we have gone through that process of identifying critical infrastructure in our ports and determining who is responsible for their protection.

Fourth, simple presence, an increased presence on our waterways. I think it has an enormous deterrence value on one hand and certainly a response capability value on the other.

And last, outreach. We have made a concerted effort to portray our efforts of the future as an all-hands evolution. It should be

about the kind of things that you witnessed in the Port of Charleston this morning. It should be about volunteer efforts. It should be about private sector efforts. It should be about federal agency efforts. It should be about state and local as appropriate.

All of those have to be married together in a comprehensive port security plan for each port. I think we can nationalize a standard plan with attributes from a model port kind of effort that we are undertaking at the moment. Once that template is developed, then to run port vulnerability assessments on all the critical ports of our nation, develop an action plan from that and make that happen.

There have been wonderful ideas emerge, Mr. Chairman, from our time already spent in the last 5 months. Whether it is about sea marshal, whether it is about marine safety and security teams, whether it is about how to go about the generation of comprehensive port security plans, those things are very much all in order and we're working very hard to finish them off.

From the Coast Guard's perspective, as a military service and as a federal law enforcement agency, we are the right people for the law to hold accountable with respect to the port security of our nation. On the land side, the Customs Service, of course, has the lead with respect to cargo and with INS shares the responsibility for the people that are actually entering the system.

But on the waterside facilities and on the waters of our ports and waterways, there is no doubt who the responsible agency ought to be. For over 211 years, we have been engaged in that kind of business for our nation, hopefully with the flexibility that can shift to the right emphasis as the right point in our nation's history. Today's emphasis is on an anti-terrorism division.

We are the ones who are very good at separating the guilty from the merely suspicious and we are the ones who size up each case and dispose of it based on a very complex array of things that might come to play on any given one of those responsibilities. We offer very scalable command and control cells and frameworks in our ports. Our captains of the port have very large and strong and legal authorities to deal with what is necessary for them to deal with. And our port security units and our marine safety and security teams will add teeth to that.

We're the bridge to the Department of Defense, when necessary, if and when, God forbid, challenges in our ports call for us to pull from the Department of Defense the assets necessary to make that happen.

Last, and perhaps the single most important issue, I believe the key to our future is how well we collect, analyze, and disseminate information in the future, Mr. Chairman. I term the challenge in the maritime sector Maritime Domain Awareness. We simply must make quantum improvements in our capability and willingness to collect and share information to a central fusion entity and then draw and act on the products that can be produced thereby. I make no pretenses to this challenge. Information is power. Mixing classic military intelligence on one hand and very private commercial information on the other will not be easy. But we must be about that chore to design what is necessary to do that well. It is the key, after all, to our national security in the future.

We have led an effort at our intelligence coordination center in Suitland, Maryland, since January of 2001. I can tell you, Mr. Chairman, it got an awful lot busier right on 9/11 and thereafter. We have pushed a notice of arrival requirement for incoming commercial traffic to 96 hours. We have built a national vessel movement center. We produce tactical products daily for our field commanders and for our Navy brethren. If MDA, Maritime Domain Awareness, is about vehicles, in our case, ships, people and cargo, then information about those three elements will be the key to our future success. And by we, I mean America, not just the Coast Guard.

Thank you, Mr. Chairman. I am enormously appreciative of these hearings, so that we can keep this challenge on the front burner and in the face of America's attention. Thank you for including me in our port tour this morning and I look forward to answering your questions.

[The prepared statement of Admiral Loy follows:]

PREPARED STATEMENT OF HON. ADMIRAL JAMES M. LOY, COMMANDANT,
UNITED STATES COAST GUARD

Good afternoon Mr. Chairman and distinguished members of the Committee. As Commandant of the Coast Guard, I want to thank you for the opportunity to appear before you today to discuss the Coast Guard's maritime security strategy following the attacks of September 11th.

It has been said that the future has a way of arriving unannounced. The future arrived suddenly, violently and without warning on a clear day in September. In past years our view of national security was projected mainly abroad, rather than within our own borders. Today, we suffer under the constant threat of terrorism as a means of coercion or retaliation, as much as the world already has, a reality that will no doubt continue well into the future.

Prior to September 11th, the Coast Guard's efforts were directed toward executing and enhancing maritime safety and security, environmental protection, and homeland defense in addition to our other normal peacetime missions. However, September 11th marked a change in the comfort and confidence our American citizens had in their security and safety. Yet despite the obvious presence of the unseen enemy, the Coast Guard engaged in a massive response effort to protect our ports and marine transportation system (MTS). We also immediately escalated our force protection condition to protect our own people and facilities. The unique nature of the Coast Guard, as an agile emergency response-oriented organization, allowed us to immediately increase our security posture, using existing active duty, reserve, civilian, and auxiliary personnel; and existing shore units, ships, boats and aircraft. One of the biggest lessons learned from September 11th is that the nature of the threat facing all nations has changed dramatically. What we saw on September 11th was hijackers taking over commercial flights for the sole purpose of turning them into human guided weapons of mass destruction. We must translate that thought pattern and recognize the vulnerability of our maritime environment. We must change our assumptions underlying maritime security.

As a nation that depends so heavily on the oceans and sea lanes as avenues of prosperity, we know that whatever action we take against further acts of terrorism must protect our ports and waterways and the ships that use them. The MTS of the United States handles more than 2 billion tons of freight, 3 billion tons of oil, transports more than 134 million passengers by ferry, and entertains more than 7 million cruise ship passengers each year. The vast majority of the cargo handled by this system is immediately loaded onto or has just been unloaded from railcars and truckbeds, making the borders of the U.S. seaport network especially vulnerable.

Preventing another attack requires an understanding of the maritime dimension of Homeland Security and constant vigilance across every mode of transportation: air, land, and sea. The agencies within the Department of Transportation, including the U.S. Coast Guard, Federal Aviation Administration, Federal Highway Administration, Federal Railroad Administration, Federal Transit Administration, the Saint Lawrence Seaway Development Corporation, and the Maritime Administration (MARAD), touch all three modes of transportation and are cooperatively linked. This

is especially true of the maritime mode. Ensuring robust port and maritime security is a national priority and an intermodal challenge, with impacts in America's heartland communities just as directly as the U.S. seaport cities where cargo and passenger vessels arrive and depart daily. The United States has more than 1,000 harbor channels, 25,000 miles of inland, intracoastal and coastal waterways, serving 361 ports containing more than 3,700 passenger and cargo terminals.

Simply stated, MTS is a complex transportation network, as is clearly evident with the activity right here in the Port of Charleston. Individually, the Port of Charleston ranks as the 4th largest container cargo port in the United States moving over 1.5 million twenty-foot equivalent units (TEU) annually. Approximately, 1.9 million tons of break-bulk cargo is handled in Charleston with an estimated annual cargo movement valued at over 33 billion dollars. The port complex continues to grow at an amazing rate. Current growth predictions indicate that container cargo will double in the next 20 years. The biggest challenge facing our MTS is how to ensure that legitimate cargo is not unnecessarily delayed as we and other nations introduce enhanced security measures against some very real and potent threats. The importance of the U.S. MTS and the priority placed upon it by the Department of Transportation cannot be overstated.

I am very proud of the job our Coast Guard men and woman have been doing to deter potential future terrorist attacks in the maritime arena. Our people are working long hours, other important missions are being curtailed, and 25 percent of our total Reserve population has been placed on active duty. In the Charleston area alone, 44 reserve members have been recalled to assist in myriad port security missions such as the boarding and escorting of high interest vessels. However, this posture is not sustainable . . . nor is it an efficient or effective use of resources. Our challenge for the future is to determine what the new normalcy represents in terms of mission requirements and associated operational activity, while also ensuring that the Coast Guard is able to provide forces to meet its military service responsibilities. While the most pressing security challenges have been met with existing authorities, we now must work to build a network of protections—one that transforms what has been a rapid response into a sustained effort that recognizes heightened homeland security as a part of normal operations. In addition, marine security depends on the users of the system, shippers and operators, and affects the trade corridors they use.

The intermodal aspect of the MTS requires the Department and its agencies with a stake in MTS to take a unified approach in addressing the expansive security requirements nation-wide. Through interagency collaboration and extensive partnering with public, private, domestic and international entities, tremendous steps have been taken to address the strategic gaps between the current and desired level of protection for our nation's ports and waterways. A key in this local outreach effort has been the continued engagement by the Captains of the Port with the private sector through such forums as the Port Readiness and Harbor Safety Committees, similar to the efforts ongoing here in Charleston. Since the attacks of September 11th, the Charleston maritime community has worked together to implement a Port Intelligence Team to assist in intelligence information sharing between local, State and Federal Law Enforcement agencies, in addition to scheduling and preparing for a massive port security exercise, Exercise Harbor Shield, in April, to evaluate the ports ability to respond to a terrorist threat. The teamwork and desire of the community to significantly enhance maritime security here in Charleston is exemplary. Equally important are partnering efforts with the international community. Recognizing that the maritime sector of the world's economy is the most valuable and the most vulnerable, at a recent International Maritime Organization meeting in December, the Coast Guard proposed the development of concrete actions that will enhance maritime security worldwide. These proposed international recommendations are key in intercepting threats before they reach our borders, thus extending the borders of our domain awareness, an awareness that was lost leading up to the attacks of September 11th.

While effective homeland security is built upon the principles of awareness, prevention, response, and consequence management, the primary objectives are awareness and prevention, since we hope to avoid any need for future consequence management. Awareness helps focus resources and provides efficiency to prevention. Prevention places a premium on awareness, detecting, identifying, and tracking threats to our homeland security. However, once terrorists or the means of terrorism are on the move towards or within the United States, the nation must have the means to detect and intercept them before they reach our borders and our transportation system. While there are no guarantees, there is good reason to believe that we can improve our national ability to detect potential threats through effective use of information that is, to a great extent, already available. Exploiting available in-

formation to separate the good from the bad, and then stop the bad, is the heart of the Coast Guard developed Maritime Domain Awareness concept and overall Maritime Homeland Security Strategy. This strategy must facilitate legitimate maritime commerce, which is supposed to double in the next 20 years, while filtering threats by using real time intelligence.

The goals of the Coast Guard's Maritime Homeland Security Strategy will be to:

- Build Maritime Domain Awareness.
- Control movement of High-Interest Vessels.
- Enhance presence and response capabilities.
- Protect critical infrastructure and enhance USCG force protection.
- Conduct Domestic and International Outreach.

In summary, the Department of Transportation mounted a significant and rapid response to this severe and unexpected threat. Notably, maritime trade, which is critical to this country's economic strength, continues to move through ports with minimal interruption. It is no surprise that sustaining mobility will come at a higher cost to all of us. But the reality is that we live in a country that prides itself on the openness of its democracy, so we remain at risk to attacks of terrorism. It is incumbent upon our government to minimize this risk. With your support, the Coast Guard shall meet this challenge and ensure that our nation's Marine Transportation System remains the very best in the world.

The CHAIRMAN. Thank you, sir. Commissioner Bonner.

**STATEMENT OF HON. ROBERT C. BONNER, COMMISSIONER,
UNITED STATES CUSTOMS SERVICE**

Commissioner BONNER. Chairman Hollings and Senator Breaux. First of all, Chairman Hollings, I want to thank you for inviting me to testify here in Charleston today. And Charleston, as we saw this morning, is one of the premier seaports of our country. In fact, it is the—it is on an annual basis that—or something in the order of over 400,000 cargo containers are offloaded every year in the Port of Charleston. It is close to—well, it is well over a thousand a day containers that are unloaded at this seaport and it makes it the fourth largest—in terms of commerce in Charleston, it is the fourth largest seaport in the country.

By the way, I am very delighted to be here too today with my partner in homeland security, and that is Admiral Loy of the Coast Guard. Let me say, Senator Hollings, that you have called our nation's seaports, and I am quoting you here, "a gaping hole in our national security." And I couldn't agree more with that statement. And I want to thank you for having this hearing and for focusing our attention on the profoundly important and urgent issue of security of our nation's seaports.

And it also focuses our attention, if I might say so, on an issue of what we must do to protect our country's seaports and our country from the introduction of terrorist weapons, including eventually weapons of mass destruction into or through our seaports. And also this hearing, it seems to me, focuses appropriate attention on a related issue, and that is what we must do with other nations to protect our global transportation system from exploitation and use by terrorist organizations, and to do all this, by the way, without choking off international trade that is so important to our country's economy, in fact, to the world's economy.

I think we should recall that one of the expressed goals of the terrorist organization has been to target not only American lives, but American livelihoods, to target literally the American economy.

Osama bin Laden stated as just that notion in his last diatribe or one of his diatribes from his cave in Afghanistan. And a terrorist attack at one of our seaports by concealing a terrorist weapon in a container would, of course, have far-reaching consequences to the port and the surrounding community. And ultimately, it would disrupt, in my estimate, the global trade system that depends upon containerized shipping.

And that, if that happened, of course, that would have a significant adverse impact on our economy as well as the world's economy. So I want to thank you, Mr. Chairman, for offering and passing through the Senate, along with Senator Breaux's help, S. 1214, the Port and Maritime Security Act.

That bill, when enacted, will vastly improve seaport security in any number of ways. But among other things, S. 1214, Mr. Chairman, will be a giant step in equipping the United States Customs Service with the tools and the technology and the information it needs to bolster our nation's defenses against international terrorism.

It will greatly aid Customs' mission to protect and facilitate in our international commerce, but at the same time, ensure that cargo that is en route to the United States from foreign destinations does not pose a threat to our country. And that bill also will help Customs target and inspect high-risk cargo or goods, that is, cargo or cargo containers that pose a potential threat to our country.

Since September the 11th, Mr. Chairman, the top priority of the U.S. Customs Service has been responding to the continuing terrorist threat at our land borders and at our seaports. Our highest priority, clearly, bar none, is to do everything we reasonably and responsibly can to prevent terrorists and terrorists weapons from entering our country through our customs inspectors and our canine enforcement officers who are doing just that, protecting and defending our country against terrorists and terrorist threats at all our ports of entry along the land border, as well as at our seaports.

In addition to using, by the way—in addition, we're using the Customs Service's broad investigating jurisdiction to go on the offensive, and that is, to go after—go on the attack against terrorism by disrupting terrorist financing to limit them from doing it to Customs Service. And we're also using our customs special agents to investigate and deny international terrorist organizations the weapons, the tools and the equipment to be able to carry out and commit terrorist acts.

At about 10 a.m. on September the 11th, the Customs Service went to what was called a level one alert across the country at all our border entry points. And because there is a continued, a real and continued threat that the international terrorists will strike again at our country, we remain at level one alert to this day and we're likely to remain at level one alert at the U.S. Customs Service at all the border entry points for the foreseeable future.

Senator BREAUX. Mr. Bonner, just to clarify that, I mean, some of the ports are level three—tell me they are at a level three. Which one is which?

Commissioner BONNER. Well, the Customs Service has four threat levels, Senator, and so it doesn't necessarily correspond to

the port threat level. But a threat level one is the highest level of security alert at the U.S. Customs Service. And that means that we scrutinize more people, more vehicles and more cargo coming in than at any other level. And it—one way I guess I would describe it, the ordinary level, by the way, before September 11th, was a level four, so we've moved up to our highest level of security alert at the Customs Service. And that is the highest level we can be at without actually shutting the borders down, which is the last thing we want to do.

Admiral LOY. If I may, Senator Breaux, the cruise ship industries' levels are inverted in their numeric—

Senator BREAUX. I think we've got to use the same numbering.

Commissioner BONNER. Exactly.

Senator BREAUX. In one area, a three is the highest and in the other one, number one is the highest.

Commissioner BONNER. That, by the way, is an issue that is being looked at through the—

Senator BREAUX. That is a start.

Commissioner BONNER.—Homeland Security Act. In any event, Mr. Chairman, in approaching the priority mission to prevent terrorists and terrorist weapons from entering our country, I couldn't agree more with Admiral Loy that U.S. Customs Service and the U.S. Government must do everything possible to push the border outwards. We need to expand our perimeter of security away from the national boundaries and toward foreign points of departure. This effort to push the border outward must include the involvement of the trade community. And, in November, I proposed a new Customs trade partnership against terrorism that will vastly improve the security along the entire supply chain from the foreign loading dock where those containers are stuffed and loaded by foreign vendors to our land borders or to our seaports.

We're also working on the international front with our good friend Canada, for example, as illustrated by the 30-point smart border declaration and was signed by Governor Ridge and Minister Manley, Deputy Prime Minister Manley. As part of that plan, U.S. Customs and Canadian Customs are placing personnel at each other's ports in a hope in targeting and pre-screening cargo that arrives at one country that is headed for the other.

For example, we're going to be in very short order, in a matter of weeks, appointing U.S. Customs personnel to Vancouver and to Halifax to work with Canadian Customs to target and pre-screen containers that are being off-loaded there that are in transit to the United States. And last month, as another important step to push the border outward, I proposed a container security strategy to substantially reduce the vulnerability of cargo containers to the concealment or smuggling of terrorist weapons.

I'd like to just take a couple of moments if I could and say a few words about this container security strategy or initiative. And first of all, as Admiral Loy mentioned, the vast majority of the world's trade moves in containers. Much of it is carried by ocean-going container ships such as you saw at the Wando Terminal here in Charleston.

Nearly half of all the incoming freight to the United States by night, about 46 percent, comes in to the United States via ship, via

vessel, most of that by containerized ships. So about almost half. The rest of it by about a little over 30 percent is coming in, moving across the United States either from Canada or from Mexico by commercial truck. And then you have about 20 percent that is arriving by air cargo or air shipment.

But a lot of it is coming in by cargo vessel. And unfortunately, as Senator Breau, you observed, the ocean-going cargo containers are susceptible to the terrorist threat. I think it was Senator Hollings who pointed out that it was last October that Italian authorities arrested a suspected Al Qaeda operative who was an Egyptian national who was literally living inside a sea container that was moving from Egypt through Italy to Halifax, Canada. That individual who was headed for Canada had airport pass security badges. And ominously, he also had an airport mechanic's credentials.

The consequences, of course, would be far worse if terrorists were to succeed in concealing conventional explosives such as they use, or God forbid, concealing a weapon of mass destruction, even a crude nuclear device among the approximately 15,000 or 16,000 cargo containers that are off-loaded in the United States every day. There are about 5.7 million a year containers, sea-going cargo containers that come into the U.S. That is about 15,000 to 16,000 a day.

The devastation if one of those containers did contain a weapon of mass destruction would be horrifying and the impact on our global economy would be severe. Much of the world trade, if that happened, much of the world trade, which as Admiral Loy pointed out, goes by ocean-going cargo vessel, by containerized ship, would stop. It would stop at least until we got a security system in place in which we had a reasonable assurance that containers being shipped to our country could not do harm, do not carry weapons of mass destruction.

You know, it is very simple, I think, to state—it is harder to do—but we ought not to wait until that happens. As the primary agency for cargo security, U.S. Customs Service should know everything there is to know about containers that is headed to the Port of Charleston or other ports in this country before it leaves the Port of Rotterdam, before it leaves the Port of Singapore or Los Angeles or Newark or here in Charleston. I'd like to see the container pre-screened, targeted and pre-screened there; not here.

There are just ten—if you just take the ten largest seaports outside the United States, the top ten mega-ports for containerized shipping, they account for nearly half, 49 percent, of all the sea-going containers that are bound for and arrive in this country. These ten mega-ports include, for example, Hong Kong, Singapore, Rotterdam, Tokyo, Bremerhaven and some others. So if we started with those mega-ports and started with them, we should establish a new international security standard for containers in order to protect this vital system of global trading.

The core elements of the container security strategy are first that we must establish international security criteria for identifying high-risk cargo containers that pose a potential risk, either containing terrorist weapons or terrorists themselves. And second, we must pre-screen the high-risk containers at the ports of shipment,

the ports of origin. In other words, before it is shipped to the United States.

That simple concept, by the way, represents a revolutionary change in how countries operate and how Customs Services operate because currently, Customs Services around the world, including the U.S. Customs, target and inspect high-risk containers at the port of arrival, when they arrive here. And so what we're talking about is this situation where that is plainly not sufficient to protect against the terrorist threat and we need to develop a system that changes our focus and pre-screens cargo containers before they head to the United States; in other words, before they leave those ports.

The third element, by the way, of a container security strategy is that we must maximize the use of detection technology to pre-screen the high-risk containers. And you saw some of that inspection technology. You saw the gamma ray VACIS machine which takes an image inside a container. We must use that technology that already exists to pre-screen goods before they're shipped to the U.S.

I wanted to just take a moment, if I could, and show you a couple of images that were taken by the VACIS machine. And I know both you, Mr. Chairman and Senator Breaux were able to take a look and see what a VACIS machine does. I am going to speak without the microphone.

This is just to illustrate that—this, by the way, was a cab of a truck that was coming across the Mexican border. It was coming across the Mexican border. This is the cab of the container—of a truck. It is coming across the Mexican border, actually at Alta Mesa, California, and it went through the VACIS machine and it was one of the ones that we—it was based upon targeting. It wasn't based upon any specific intelligence.

And the U.S. Customs Service operator of the VACIS machine noted two anomalies in the sleeping cab of this truck. Those two anomalies, one was under the mattress and one was in the ceiling of the sleeper part of the cab. And inside there was about 250 pounds of illegal drugs.

Now, one of the reasons I wanted to show you this one was that the traffickers thought they were going to be very clever because with respect to this shipment, they actually shielded in lead to defeat the VACIS machine. The reality is the lead, like the drugs themselves, showed up like a sore thumb.

This shows you—this photo shows you the—some of the lead shielding around the illegal drugs has been stripped away. In fact, I have a piece of this lead shielding here that they shielded this in. The reason I wanted to show you this—show you this photo is it relates to drugs.

But we have inspection technology that if you had, for example, any kind of nuclear material, weapons-grade material, radioactive material that you were trying to bring in through a cargo container, that machine that you saw, that x-ray gamma ray machine that you saw will detect that as an anomaly, will show up and will give us a basis for going in and inspecting that particular shipment.

By the way, if it weren't lead shielded, as you know, we have the—those personal radiation detector devices that will sound the alarm for any kind of radioactive material. The other thing, I think it might have been you, Mr. Chairman, you asked with respect to—with respect to a—one of these machines, would they show terrorists that might be hidden inside a container. And here—this is a shot, by the way—this was taken at Laredo, Texas, and this is a rail VACIS. We also have—we have a VACIS machine at the rail crossing down in Laredo, Texas. But it just shows you that this kind of x-ray and gamma ray technology, if you take it, I mean, it will show clear images if you have anybody inside one of these steel containers.

So there is some important technology. What we want to do is to take that technology that the U.S. Customs Service is currently using to screen based upon a targeted risk those containers coming in to the U.S. and we would like to see the targeting and pre-screening take place at the foreign port before those containers are shipped here.

Just one other thing, and that is part of the strategy would also include developing and using what I would call a smart container. Right now, these containers—these shipping containers, they're as dumb as a post. What we want to do is to make sure they have electronic seals on them and that they have sensing devices so the importer and the U.S. Customs Service will know if anybody has tampered with that container, particularly after it has gone through the pre-screening process.

Just one other thing. Let me say that effective use of this technology, Mr. Chairman, also depends on good targeting information. And that is accurate, advanced information about what is supposedly inside that container, who it is being shipped from, the country of origin, the consignee and other data. And your bill, Senator Hollings, S. 1214, will go a long way, first of all, in making it mandatory for the first time rather than voluntary that this advanced manifest information, the advanced information of what's in those containers will be supplied to the U.S. Customs Service and the U.S. Government. And it is going to take us a major step closer to where we ultimately need to be, and that is to have complete and accurate information on all incoming containers before they leave the foreign port and are headed to the United States.

So let me just conclude by saying, because I know the Committee will have questions and I will be happy to answer any questions you have, Mr. Chairman and Senator Breaux, just let me conclude by saying that if we've learned anything from September the 11th, it is that we must be prepared for anything. And the Al Qaeda and other terrorist organizations, they used one component of our transportation system, commercial aviation, on September the 11th. It is not at all unimaginable that they will, or associated terrorist organizations, will attempt to use another, and that is our global trading system, using cargo containers.

And we need to, in my judgment, enact S. 1214, Mr. Chairman. We need to act expeditiously to address this threat. I want to thank you for giving me the opportunity to speak.

[The prepared statement of Commissioner Bonner follows:]

PREPARED STATEMENT OF ROBERT C. BONNER, COMMISSIONER,
U.S. CUSTOMS SERVICE

Chairman Hollings, Senator Breaux, thank you for your invitation to Charleston to testify on issues relating to the security of America's seaports. This is not only a city of great beauty, it is a place of great historical significance for U.S. Customs. Our presence here dates back to the very founding of the Customs Service, in 1789. The Bay Street Customs House, which the agency occupied in 1879 after nearly one hundred years in the Old Exchange Building, is one of the crown jewels of Customs buildings. It is matched only by our Customs House in New Orleans, and shares the distinction of having been completed by the same federal architect—Alfred B. Mullett, of the Department of the Treasury.

The preservation of these historic landmarks and Customs' continued presence in them attests both to Customs' ties to the past and our commitment to the future of America's great seaports. And we have reason to be concerned that this future is in jeopardy, unless we take decisive action *now* to protect our nation's seaports, and the global transportation system upon which they depend, from the threat posed by international terrorist organizations.

Let us recall that one of the express goals of the terrorists has been not only to target American lives, but to target the American economy. Osama Bin Laden stated as much in one of his last diatribes from his cave in Afghanistan. An attack on one of our seaports by terrorists would potentially have far-reaching consequences, not just for the port itself and surrounding communities, but for our principal system of global trade and the economy of our nation.

For that reason, I want to thank you, Chairman Hollings and Senator Breaux, for authoring and passing S. 1214, the Port and Maritime Security Act of 2001. This bill represents a giant stride toward enactment of legislation that will equip the Customs Service with the tools, the technology and the information it needs to bolster our nation's defenses against international terrorism.

I am confident that U.S. Customs will benefit greatly from this legislation, as will our partner in homeland security, the U.S. Coast Guard. Indeed, I am very pleased to be here with Admiral Loy to discuss a topic that is of such great importance to both our organizations.

Since September 11th the top priority of the U.S. Customs Service has been responding to the continuing threat at our land borders, seaports and airports. Our highest priority is doing everything we reasonably and responsibly can to keep terrorists and terrorist weapons from entering the United States.

Through our Customs inspectors and Canine Enforcement Officers, we are doing just that: protecting and defending our country against the terrorist threat at all our ports of entry, including our seaports. In addition, using our broad investigative jurisdiction, our Customs special agents are going on the offensive against the terrorists by attacking and disrupting their financing and denying them the weapons and equipment they need to commit terrorist acts.

Since September 11th, Customs has been at a Level One alert across the country—at all border entry points. Level 1 requires sustained, intensive antiterrorist questioning, and includes increased inspections of travelers and goods at every port of entry. Because there is a continued threat that international terrorists will attack again, we remain at Level 1 alert to this day and will be at Level 1 for the foreseeable future.

As part of our response, we also implemented round-the-clock coverage by at least two armed Customs officers at every Customs location, even at low volume crossings along our northern border. To this day, Customs inspectors are, in many places, working 12 to 16 hours a day, six and seven days a week.

To help ensure that Customs forms a coordinated, integrated counterterrorism strategy for border security, I established a new Office of Anti-Terrorism within the agency. I appointed an experienced security expert and senior military leader to head that office, who reports directly to me.

Customs continues to lead the fight against terrorist financing, and against those who aid and abet terrorist organizations through financial support of their murderous activities. Last October we formed Operation Green Quest, a joint investigative team led by Customs and supported by the IRS, Secret Service and other Treasury Department bureaus, as well as the FBI and the Department of Justice. I am pleased to report that so far, Operation Green Quest has led to the seizure of approximately \$13 million in suspected terrorist assets, 11 arrests, and the dismantling of a major middle-eastern money transfer network.

Customs agents are also working diligently under Operation Shield America to monitor exports of strategic weapons and materials from the U.S. They are seeking to prevent international terrorist groups from obtaining sensitive U.S. technology,

weapons and equipment that could be used in a terrorist attack on our nation. Since the inception of Operation Shield America, Customs agents assisted by the Department of Commerce have visited approximately 1,000 companies in the United States—companies that manufacture or sell items that may be sought by terrorists or state sponsors of terrorism. During these visits, our agents have consulted with these firms about what products of theirs may be of interest to terrorist groups, and how they can keep them out of the wrong hands.

To help Customs officers in the field, I have also established the Office of Border Security. The mission of that office is to develop more sophisticated antiterrorism targeting techniques for passengers and cargo in each border environment.

In approaching our primary mission to prevent terrorists and terrorist weapons from transiting our borders, I believe that Customs must also do everything possible to “push the border outwards.” We must expand our perimeter of security away from our national boundaries and towards foreign points of departure. We can no longer afford to think of “the border” merely as a physical line separating one nation from another. We must also now think of it in terms of the actions we can undertake with private industry and with our foreign partners to pre-screen people and goods before they reach the U.S. The ultimate aims of “pushing the border outward” are to allow U.S. Customs more time to react to potential threats—to stop threats before they reach us—and to expedite the flow of low-risk commerce across our borders.

Any effort to “push the border outwards” must include the direct involvement of the trade community. In November, I proposed a new Customs-Trade Partnership Against Terrorism. I am pleased to tell you that we are entering into partnership with some of the biggest U.S. importers. This Customs-Trade partnership will vastly improve security along the entire supply chain, from the loading docks of foreign vendors to our land borders and seaports.

The Customs-Trade Partnership Against Terrorism, or “C-TPAT,” builds on past, successful security models between Customs and the trade that were designed to prevent legitimate commercial shipments from being used to smuggle illegal drugs. The good news is that we already have much of the security template in place to protect trade from being exploited by terrorists. Our challenge now is to apply that to as broad a range of the trade community as possible.

We are also working with our good friend Canada to harmonize security and commercial processing between our two countries—as illustrated by the 30-point “Smart Border Declaration,” signed by Homeland Security Director Tom Ridge and Canadian Deputy Prime Minister John Manley. Part of that plan includes placing U.S. Customs and Canadian Customs personnel in each other’s ports to help in the targeting and pre-screening of cargo that arrives in one country and is headed to the other. To implement this initiative, I have directed that U.S. Customs inspectors be stationed in the ports of Vancouver, Halifax, and Montreal to assist in the targeting and pre-screening of cargo that arrives there and is destined for the U.S. In fact, that is happening as we speak. Likewise, Canada Customs will soon be stationing inspectors at U.S. ports such as Seattle and Newark.

In addition to meeting part of the goals of the Ridge/Manley declaration, the placement of Customs inspectors in Canada is a first step in another core area of our efforts to “push the border outwards,” and that is implementation of the Container Security Initiative, or CSI. I proposed the CSI last month to address the vulnerability of cargo containers to the smuggling of terrorists and terrorist weapons.

The vast majority of world trade—about 90%—moves in containers, much of it carried on oceangoing container ships. Nearly half of all incoming trade to the United States by value—about 46%—arrives by ship, and most of that is in containers.

As significant as cargo container traffic is in the U.S., we are less dependent on it than many other nations—say, Japan, South Korea, Singapore, and the Netherlands.

Unfortunately, oceangoing cargo containers are susceptible to the terrorist threat. You may recall the discovery by Italian authorities last October of a suspected Al Qaeda operative, an Egyptian national, living inside a sea container. He was headed for the Canadian port of Halifax, with airport maps, security badges, and an airport mechanic’s credentials.

The consequences would be far worse were terrorists to succeed in concealing a weapon of mass destruction, even a crude nuclear device, among the tens of thousands of containers that enter U.S. ports every day. The physical devastation and mass murder that would be caused by such an attack are horrible to contemplate. And the impact on our global economy would be severe. Much of world trade would simply grind to a halt as we struggled to develop and implement a security system that would provide assurance against another such attack.

We should not wait for such a scenario to occur. As the primary agency for cargo security, I believe U.S. Customs should know everything there is to know about a container headed for this country *before* it leaves Rotterdam or Singapore for the Port of Newark, the Port of Los Angeles or the Port of Charleston. I want that container pre-screened *there*, not here.

Just ten of the world's largest seaports are responsible for nearly half of all sea-going containers bound for the United States (49%). These "mega-ports" include Hong Kong, Singapore, and Rotterdam.

Beginning with the mega-ports that export to the U.S., we should establish a new international security standard for containers in order to protect this vital system of global trade. The core elements of the CSI are the following:

- First, we must establish international security criteria for identifying high-risk cargo containers that potentially pose a risk of containing terrorists or terrorist weapons.
- Second, we must pre-screen the high-risk containers at their port of shipment—in other words, *before* they are shipped to the U.S.

Let us consider this for a moment, and recognize that this simple concept represents a major revolution in standard practice. Currently, most customs services around the world—including the U.S. Customs Service—target and inspect high-risk containers at their port of *entry*, before they are introduced *into* a country. This is a system that has worked for hundreds of years, and is adequate to meet the ordinary threats presented to customs services—such as the smuggling of narcotics or the evasion of customs duties.

But this system is not sufficient to meet the threat presented by international terrorist organizations. This is for one simple, yet sobering, reason—the threat presented by weapons of mass destruction. Certainly, if a drug trafficking organization wants to use a cargo container to smuggle cocaine or heroin, we are content to seize those drugs *here*—at the Port of Charleston, or at any other U.S. port. But if a cargo container has been used to smuggle a weapon of mass destruction set to go off upon arrival in the U.S., it may be too late to save American lives and the infrastructure of a great seaport such as Charleston.

Accordingly, we must change our focus and alter our practice to the new reality. Customs services around the world—including the U.S. Customs Service—must screen high-risk cargo containers before they leave their ports of shipment, and catch weapons of mass destruction or other terrorist weapons *before* they do their murderous damage to lives and to the global economy.

- Third, we must maximize the use of detection technology to pre-screen high-risk containers.

Much of this technology already exists and is currently being used by the U.S. Customs Service and other customs services around the world to inspect cargo containers for weapons of mass destruction. We have 4000 sensitive radiation detection pagers and dozens of large-scale non-intrusive inspection devices in use at ports across the country, including here in Charleston. But we need more of this equipment, in more locations around the country. The funds provided in the FY02 budget, and the FY02 Supplemental go a long way toward meeting that need. This funding will permit Customs to purchase 16 more Mobile VACIS systems, one of which will be added to Charleston, along with a tool truck. Still more is needed, however. And for this we look to the FY03 budget, and to the enactment into law of a robust version of S. 1214, which also provides funding for this equipment, among other things.

But the use of such detection technology at our seaports is not enough. The great international seaports—Rotterdam, Singapore, Hong Kong, among other places—must also use this equipment to screen for weapons of mass destruction before they leave those ports. The very survival of the global shipping economy depends upon this.

- Fourth, we must develop and broadly deploy "smart" boxes—smart and secure containers with electronic seals and sensors that will indicate to Customs and to the private importers or carriers if particular containers have been tampered with, particularly after they have been pre-screened.

As you can glean from this list, technology and information are essential to a successful container security strategy, and to our counter-terrorist mission in general. And to put it simply, the more technology and information we have, and the earlier in the supply chain we have them, the better.

The effective use of technology depends largely on good targeting, for which we require *advance* information. Prior to September 11th, the Customs Service exam-

ined about 2% of incoming cargo to the U.S. That percentage is significantly higher now. However, to some the overall number of examinations may still seem surprisingly low in proportion to the vast amount of trade we process. Yet it is important to note that the cargo Customs selects for intensive inspection is not chosen randomly. In fact, it is the result of a careful screening process, a process that uses information culled from a vast database on shipping and trading activities known as the Automated Manifest System, or AMS. Using targeting systems that operate within AMS, we are able to sort through the cargo manifests provided to Customs by shippers and carriers, and pick out those that appear unusual, suspect, or high-risk. It is a system that has served us well, but one that can and must serve us much better in light of September 11th.

Without the enactment of S. 1214, the submission of advance shipping manifests will continue to be strictly voluntary. In some ports, notably this one, Customs obtains advance information on about 97% of incoming cargo—one of the best rates in the country. We cannot rest our Nation's homeland security, however, on the vagaries of haphazard advance information that is often incomplete and sometimes inaccurate: Timely, accurate, and complete information is vital to homeland security, and we should mandate that the appropriate parties in the transportation chain provide it in advance, so as to permit Customs to determine whether a particular shipment warrants closer scrutiny. S. 1214 goes a long way toward accomplishing this. As such, S. 1214 takes us a major step closer to where we ultimately need to be, particularly for the CSI—and that is to have full information on incoming cargo *before it even leaves the foreign port.*

In fact, by mandating advance information for outbound as well as inbound passengers and cargo, S. 1214 would expand on our successful efforts to require airlines to submit passenger manifests to our Advance Passenger Information System, or APIS, prior to departure. As part of our immediate response to September 11th, we promptly sought, and the Congress promptly enacted, legislation that made the submission of data on incoming passengers to Customs' Advanced Passenger Information System, or "APIS," mandatory for all airlines. That law was passed last November as part of the Aviation Security Bill. Initially, I ordered all international airlines flying into the U.S. from abroad to submit advance passenger information to Customs, or face 100% inspection of people and goods departing their flights. That way we were able to better secure advance passenger information on all incoming international flights before the new law took effect. And I want to add that Customs is prepared to deny landing rights to any airlines that seek to defy the new law.

I also look forward to the completion of the Automated Commercial Environment, or ACE, which as you know is an extremely important project for the Customs Service. ACE, our new system of trade automation, offers major advances in both the collection and sorting of trade data. With ACE, we will not only be able to expedite trade across our borders, we will greatly enhance our targeting abilities. The system's advanced features will help our officers to pinpoint risk faster and more accurately, by allowing them to manipulate data in ways they simply cannot now.

I believe ACE is so important to our efforts to defend against terrorists that I have proposed a four-year goal to finish the system. I realize the funding implications this may have on the present schedule for ACE, but I believe they are fully warranted to protect our country.

We are also working with the Canadian and Mexican governments to improve information exchange and adopt benchmarked security measures that will expand our mutual border and reduce the terrorist threat to most of the North American continent. I mentioned the Ridge/Manley plan earlier in my statement and some of what it will do for Customs. We are working right now on an eight-point declaration with Mexico that would commence unprecedented cooperation and information sharing regarding incoming goods and passengers along our southern border.

While these initiatives will bolster our defenses against terrorists, there are still many weaknesses. The events of September 11th demonstrated that we must be prepared for anything. The terrorists have already exploited one key component of our transportation system: commercial aviation. It is not at all unthinkable that they will seek to target others, including maritime trade. I believe our seaports and the system of global trade they support are vulnerable, and I believe we must act now to address this threat. Thank you.

The CHAIRMAN. Thank you. And thank you both. Admiral Loy, when an airliner operates—we track it constantly. Specifically, no airline or plane approaches the continental limits of this nation and is not picked up by radar and everything else at that time and constantly tracked through its journey, but we get good information

from the pilots and we get good information from the shippers themselves, sometimes customs and otherwise, but there is no constant check of the movement of vessels. Or is there?

In other words, in the dark of night, a vessel could come into the Port of Charleston, couldn't it, and not be concerned at all or—I know that is not likely, but it could happen. In other words, we do not have transponders. We have got them on planes, but we do not have them on ships I guess is a short question and answer. Should we have them?

Admiral LOY. Sure, I believe we should. There is an international effort at the moment to make a carriage requirement for all shipping internationally that would conclude that process by 2008. I do not believe that is soon enough. We have just this past week been working over in London with the International Maritime Organization to accelerate that effort toward 2004 as the end date in which all international shipping would be required to carry that automatic identification system, that transponder you're describing. So that would allow us to—just to literally see, once we have the shore infrastructure in place to read the signal that would be emitted by that transponder. And that is an important part of making it happen over that timeframe.

But your notion is right on track, sir, and we're trying to do that both as a national carriage requirement and more importantly if we can make that happen internationally in the timeframe that we would like to see it happen, that would be a good thing.

The CHAIRMAN. I know we have got about 703 million to local ports to beef up security and we have got 3.3 billion in loan guarantees and everything else. But how about the Coast Guard? I know we're sort of behind the curve in the sense that 20 years ago Senator Breaux extended the limits of the United States which extended the size of the United States by about $\frac{1}{3}$, but did not expand the Coast Guard by $\frac{1}{3}$.

On the contrary, 20 years ago, we had the same personnel. Then I remember when I first got there 35 years ago, you didn't have any drugs. But now, superimposed not only on the standard 200-mile limit, but we have got the expanded role of drugs checking and apprehension.

So—well, put it this way. I would say—I have always learned that prior to 9/11, $\frac{2}{3}$, 65 percent of your time was spent on drugs. Now how much time are you spending on drugs and how much time are you spending on terrorism or are you going to get enough money to do what you're supposed to do and enough personnel?

Admiral LOY. Sir, again, as you have heard me speak over the course of the last 4 years, I can look you in the eye this time and tell you that the 2003 President's request is a solid one. We have designed a 3-year process by which the eventual requirements that I think are appropriate for the Coast Guard to make our contribution to this all-hands evolution known as port security for our nation, we will grow to the point that we will be able to do that in 3 1-year segments.

In 2003, we will grow by about 2,200 people. I think that is a good number in terms of executability. That is recruiting them, training them and bringing them in and making them a solid productive set of Coast Guardsmen. And over the course of the 3-year

bill program, we will get to where we need to get. The notion of additional missions over time without an intended resource and head count and boat count as part of that is very, very true.

Without attribution to our Senator Breaux and the guy responsible for it, who has well been a terrific supporter of our organization, let me just say that, yes, sir, coming up to 2000, 2001, 2002, I was quite concerned as to whether or not the Coast Guard had the wherewithal to do all America expected of it. But the supplemental, the Fall supplemental that produced the \$209 million supplement for us, the expected Spring supplemental added to the 2003 request will put us where we need to be by the end of 2003, sir, on this growth curve, if you will, that will get us over the course of that 3-year growth system to where we can make our contribution.

The CHAIRMAN. Commissioner Bonner, you emphasized particularly with the experience and briefing we had this morning that intelligence is a sort of front line or the cellar door attack or defense against terrorism. We politicians, we say, well, wait a minute; we do not want to terrorize the people. So we say only 2 percent of all of these containers, 98 percent chance of a terrorist coming through. Intervening, of course, is that we're going to check every one of the hundreds of thousands of millions of containers. That is never going to happen. I know that and you know that. So it is kind of like they say, it is the economy, stupid; now it is the intelligence, stupid. In other words, we're going to have to get the best of intelligence for the mission.

I was impressed this morning with the intelligence and the use of technology and the coordination of effort and everything else that you have in the Customs Service. And frankly, I didn't know you were that sophisticated. Of course, you have kept us in the dark in Charleston and we had to borrow dogs from down in Camden. You say you were given two of those teams, now, of dogs?

Commissioner BONNER. Well, I know that, but we will not only be getting a couple of our canine officers that are good detection dogs here in Charleston to assist in the Customs effort, but we anticipate that we—we should be able to nearly double the number of inspectors we have at the Port of Charleston. And based upon the—the terrorist 2002 supplemental as well as the President's 2003 budget if it is enacted, we expect to be able to put in something in the order of 30 additional Customs inspectors here in Charleston, 30—15 this year, and another 15 next year.

So, again, that is still contingent upon the 2003 budget being enacted and getting the funding. But you're right, Senator, in terms of the 2 percent. If I could comment on that for a moment. I have been hearing that quite a bit in the media that—with some alarm, that the U.S. Customs Service is only inspecting 2 percent of the cargo containers that are coming in to the country. And that is—that is somewhat misleading because it seems to assume that customs is just sort of randomly selecting out one out of every 50 containers to take a look at.

The reality is that it is not just intelligence. We get a lot of information and have a tremendous amount of information, trade information, commercial information and mass information about the cargo containers that are coming in so that we can make a risk as-

assessment so that we can target based upon risk. The containers we want to look at, the 2 percent, or actually it is more than 2 percent, but the ones that we want to look at are the ones that pose a potential risk, particularly security risk, that is for terrorist or terrorist weapons in particular. We are also all for looking at containers to make sure they do not contain any illegal drugs and the like. But we're taking a look and we're looking at inspecting containers based upon the risk and risk assessment.

The second thing that we're doing is we're smarter about what we're looking at in terms of those containers. The second thing is as the result of some technology that Customs put in place that goes back now to 1995 that was principally designed and developed to give us better inspection capability of a container against illegal drugs. But we're using that same technology as is as effective to detect weapons of mass destruction and other kinds of explosive devices, chemical weapons, and the like that could be smuggled into the United States. We're using that technology. And that technology includes the VACIS machine which is a—actually, that is a gamma ray machine, but it basically give us an image of the inside of the container.

And using those machines, we can inspect 20, 30, or maybe even up to 40 containers an hour as opposed to the old system that Customs had to go through which was actually to open the doors of the container, to physically search, which actually can take several hours per container. So we have got some more sophisticated equipment. And as you know, we're also using some radiation detector devices, as well.

So we're being smarter about what we're looking at. And the important thing is that the U.S. Customs Service has enough personnel and it has enough technology and it has enough information and it has the technology to manage and manipulate that information so that we are looking at every container that poses a risk, particularly a security risk. That is what we need to do. And I think that we're a long way toward doing that.

The CHAIRMAN. Well, both of the gentlemen here emphasize pre-clearance, pre-clearance. That is a sort of a two-way street. I can see Bernard Groseclose—I am going to get him here in just a little bit, but if they're pre-clearing everything in Rotterdam and then we can speed it up as it comes into Charleston, but what if Rotterdam says, wait a minute, pre-clear everything in Charleston going to Rotterdam? And that could sort of slow down and cost a heck of a lot more money. Has that been considered?

Commissioner BONNER. Yes.

The CHAIRMAN. That is a two-way street.

Commissioner BONNER. And I think it is a two-way street. I think it has to be a reciprocal system. If you're developing a system that is secure, you need to make sure that all the countries with the ports and as many ports as possible you want in the system are doing outbound. And that would include the U.S., so we would be doing—screening outbound for cargo, cargo containers that are moving to Europe or to Asia and the like.

So it will be—it is a revolutionary thinking in terms of how we would approach our business in a way. We would want to make sure that Rotterdam and Singapore and these other ports are tar-

getting and pre-screening. We want to make sure that it is effective and to our satisfaction so that we do not have to—once that container has been pre-screened at Rotterdam, that we—it can speed right through when it hits the Port of Charleston. But by the same token, I think we have to be prepared to pre-screen outbound, as well.

By the way, it is not a well known fact, but U.S. Customs Service actually does screen or pre-screen some outbound containers. It is a very, very small—it is under 1 percent, but we do screen outbounds right now. We screen outbound for what? Drug money that is leaving the United States, stolen vehicles.

And, so, it is not totally unknown. But I think we need to be prepared to do it ourselves because that would be part of the system that would protect the—the global trading system which is the movement of almost all commerce between the trading nations by ocean-going container or container vessels.

The CHAIRMAN. Well, it is premised on the port of export knowing the shipment, having to it the intelligence and that information and everything else regarding the shipment in this country. And in Rotterdam, having the knowledge of all the shipments there and Holland or wherever it is coming from. That is good.

Excuse me. Senator Breaux.

Senator BREAUX. Thank you, Mr. Chairman. Thank you to the witnesses for their testimony. If I have learned nothing else today, I have learned that I will never use the phrase that we only inspect 2 percent of the containers or less coming in to this country because that is something that has been improperly characterized in the media and also by those of us who are outside of the government. And what we have learned today is nothing further could be from the truth than the 2 percent figure.

If the terrorists and the smugglers are banking on the fact that we are ignoring 98 percent of the containers coming into this country, they're in serious trouble. And many of the things that you're doing, we cannot talk about publicly. I am very, very confident that the net effect of what we're doing gives you a much, much greater surveillance of the cargo coming in than 2 percent. That is a real misleading figure and I think the Chairman bore that out.

Admiral Loy, you had said that the—the budget for this coming year, 2003, is a solid budget for the Coast Guard. I think that is correct. But the comprehensive plan that our Committee has adopted in the Senate and the House hopefully eventually will adopt is going to call for not just the Coast Guard doing some things, but it is going to call for port authority, local government, state officials to also be involved. The Coast Guard cannot do it by yourselves. And we have to have a comprehensive effort in port security.

And I hope that the President's budget calls for more money for local governments, state governments, and port authorities to help be part of this comprehensive plan. And Senator Hollings and I developed, as the Senator said, \$3.3 billion for loan guarantees and for additional allotments for grant money. How much?

The CHAIRMAN. \$703 million.

Senator BREAUX. \$703 million for direct grants to the local ports and port authority. But do you think there's going to be potential to get some money to help the local folks in this area or not?

Admiral LOY. Senator, obviously the purse strings are on Capitol Hill in respect to the distribution of those kind of moneys in reference to the first responders, if you will, in terms of funds capability or as part of the security profile up front.

My notion as the fifth element in that five-notion plan is about outreach. We have to sit down with probably 40 or 50 trade associations at the national level and we have encouraged, as you found a bit this morning, each of our Captains of the Port and their respective ports of the country to use their leadership on the harbor seating committees or the port readiness committees to reach out and help everyone understand that this, in fact, is all-hands evolution.

Let me give you a couple of quick examples of what I mean. On 9/11, we sort of as an organization surged like our search and rescue instincts usually have us do. And we went from about 2 percent of our budgeting capability, looking at port security on a daily basis on the 10th of September and before, to over 50 percent of our budgeted capability as an organization.

And where did we get that extra effort? We drew down our drug enforcement effort, fisheries enforcement effort and lots of other mission-related activity around the world and around our nation because the nation needed us to focus on port security on 9/11 and immediately thereafter. So we surged to infinite places like nuclear power plants. And for the first several weeks, it was the Coast Guard often providing waterside security to nuclear power plants while we systematically went about the business of seeing with the Nuclear Regulatory Commission that it was the lessee of those nuclear power plants, that was responsible not only for landside, but waterside security, as well.

So we were able to remind them of that, to allow them to stand up that security profile and then we could back away from nuclear power plants and sort of go elsewhere. I would think, sir, that the most important all-hands evolution piece of information to get across at the hearing this morning would be that if you are a private sector owner of a container terminal or of a petroleum distillery or of a fill-in-the-blank, you are responsible for the security of that particular facility.

The Coast Guard will, in fact, as you described, gain capability through the 2003 budget and hopefully the 2004 and 2005 budget, as well. But as Senator Hollings mentioned, there is no way that Congress would ever be able to legislate enough resources to us to do the whole job.

Senator BREAUX. Nor should it. But the point is that the comprehensive plan for most ports in the United States are going to call for the local port authorities, state and local government combined to do more than they are doing now.

Admiral LOY. And the private sector, as well.

Senator BREAUX. And the private sector, as well.

Admiral LOY. Absolutely.

Senator BREAUX. And our bill has room for local force and local organizations to help them do that.

Admiral LOY. Yes, sir.

Senator BREAUX. Are they going to have to pay for it by themselves or are they going to pay for it in conjunction with the federal government helping them?

Admiral LOY. Yes, sir.

Senator BREAUX. And the concern I have, is the budget going to request any money for that at all? I mean, I hope they apparently will.

Admiral LOY. There's nothing in our bill that offers a pass through in the way of grants or anything else in the President's budget that goes up. I could check and I would be happy to check with Governor Ridge for you, sir, and see how he is playing that very real requirement elsewhere in this—

Senator BREAUX. We're spending money like it was going out of style in Washington right now.

Admiral LOY. Right.

Senator BREAUX. We are sending money to places that need it. I mean, New York City obviously—

Admiral LOY. Sure.

Senator BREAUX.—is in great demand and justifiably so. And doing things with the railroad and bridges and everything else. And, of course, we are going to have to do something too. They are not going to be able to do it all by themselves.

Admiral LOY. Yes, sir. One of the things I will point out that is in the bill very strongly is this notion of pulling together a comprehensive port security plan made up of a number of different pieces. The bill calls for vessel security plans or port facility security plans. And when the Captain of the Port gathers all the players around that harbor safety committee table to forge the comprehensive plan that we speak of, it will be quite clear from those two plan sets and the port vulnerability assessments that will be made as a result of our legislation that will give us the action plan necessary to press forward. How each and every item on that list is there—is funded thereafter is the challenge you're describing, sir. And we'll have to get our arms around that.

Senator BREAUX. My final point is when you go to your International Maritime Organization, IMO, meeting in London—when does it come up? Next week or so?

Admiral LOY. The working session was last week, sir. The next scheduled discussion is in early May.

Senator BREAUX. I urge you to deliver them a very clear message that the United States, I think, is not going to accept the year 2008 for the requirement for ships calling on U.S. ports to have transponders. That is far too long.

Admiral LOY. Certainly. That is exactly—

Senator BREAUX. Send a message from—I think from this Committee, I think he would agree, from the Chairman and I have the minutes available to do that, but we are not going to wait until 2008 to put a transponder—a transponder is a simple piece of equipment. So anybody who has a single engine airplane landing in Charleston has to have a transponder on their airplane.

Admiral LOY. Yes, sir.

Senator BREAUX. And yet you've got a super tanker that is coming into ports all over this country with no transponder on them.

You cannot track them. That is not acceptable anymore. Tell all your friends over there that.

Admiral LOY. I thank you for the reinforcement on that, sir. You're absolutely right and our challenge is to also deal with the—there are several technical issues of making it happen well. There are frequency negotiations underway that we would appreciate any congressional support on to make sure those negotiations come out right. And, as I indicated earlier, the shoreside infrastructure to read those signals as they are being emitted is the other part we have to get done, as well.

The CHAIRMAN. One point of clarification. That solid request of 2003, does that include still the moneys that we have to fence from 050, the defense budget, back over to the—

Admiral LOY. The President's request assumes that there will still be about a \$340 million task fund from DOD, yes, sir.

The CHAIRMAN. Well, since I studied my humility, I am going to mend the rivers. When Commandant Merit is promoted to captain, which should be rather shortly, you're going to leave him here. He is doing an outstanding job. Isn't that right, Commissioner Bonner? Weren't you impressed?

Commissioner BONNER. I was greatly impressed.

The CHAIRMAN. And, I was greatly impressed with your Customs folks, but you had to bring them from all around. Just let them stay here, OK? You two gentlemen have really made the hearing for us at the Committee level. We thank you very much. We want to move on here with the next panel, if you don't mind. We will leave the record open for further questions.

We next call on our two distinguished Mayors, Joe Riley of the City of Charleston and Keith Summey of the City of North Charleston, Mr. Bernard S. Groseclose, the President of our State Port Authority, Mr. Robert M. Burdette, Administrator of the Town of Mount Pleasant, and Major Alvin A. Taylor of the South Carolina Department of Natural Resources.

You're not going to find any better Mayors than Joe Riley and Keith Summey. Mayor Riley, we have, as with all of these gentlemen, the statements. You may deliver them fully prepared if you wish or file them with the Committee and summarize them. Mayor Riley.

**STATEMENT OF HON. JOSEPH P. RILEY, JR.,
MAYOR, CITY OF CHARLESTON, SOUTH CAROLINA**

Mayor RILEY. Thank you very much, Senator. I have given a copy of my prepared statement, and I will be happy to briefly summarize them.

The CHAIRMAN. Good. It will be a part of the record.

Mayor RILEY. Thank you, Senator Hollings for having us here in Charleston and thank you very much Senator Breaux for honoring us with your presence again. The Port and Maritime Security Act is a very typical Senator Ernest F. Hollings' action. It is a leadership, no nonsense, pragmatic, proactive response to the challenge.

We saw Senator Hollings when we had Hurricane Hugo here in 1989, the way he responded from Washington, understanding exactly on the ground, behind-the-scenes response that is necessary.

And that is what this bill before Congress does for our maritime community.

We all understand that 9/11 created a new world and that we have still got enemies. The fact is our enemies now realize that our battlefields are not going to be 4,000 miles away. Rather, the battlefields are now—they want them to be in our cities and in our harbors and in our communities. They want to kill our civilians, disrupt our freedoms, destroy our economy and our way of life.

Just as they found—I believe this was said here today in this audience, that our aircraft port system was weak in terms of surveillance, they understand—could understand the same about our port and maritime system. We cannot let them do it. The Port Maritime Security Act gives us that protection. Every American citizen is owed the right that our ports and our places of entry are secure.

Just a few thoughts from our local perspective. First of all, the local police, fire and emergency management systems must be seen as they are—America's front line troops. If a terrorist attack, an explosion, biological or chemical event happens in one of our ports, the first response will not be from the Army Special Forces. The first response will be from the police officers, firefighters, and emergency personnel in the local community.

We must have the training. We must have the equipment. We must have resources for the additional manpower that recognize their federal growth. What the terrorists would wish for is that if the event occurs, that we haven't a capacity to respond, do not have the energy, do not have the manpower, do not have the training to respond so that their action creates the havoc and the destruction that they desire. It has to be a recognition that in terms of homeland security that our ports and port communities have substantial additional needs and they are serving substantial, additional national roles other than those in other communities that do not have ports and water entry within it.

Some examples, our police, as you perhaps found out today, operate a water patrol. Our small city has 14 vessels of one size or form and we work very closely with Captain Merit I, too, hope, Senator Hollings, and the fabulous Coast Guard. Our dive team assists.

When they have to inspect the ship and were concerned that there might be explosives underneath, it was the City of Charleston police officers, our trained dive team, our dogs, our bomb squads that respond. It would be wise to embrace that fact that those resources if available to the local level that are working in partnerships now need to be recognized and enhanced and supported so they have more equipment, that we have additional training, that we—that our role, our federal role and responsibility is recognized.

Another point, the chief—our fire chief, Chief Thomas, which Senator Hollings knows very well, informed us that every hospital in a port community should have a decontamination tent or process. That is, it is obviously equipment that would be set up overnight, but if we have one of these events that we do not want to have, but if one happens, then the civilian population should have the ability to quickly decontaminate it and treat it at the available hospitals. That should be there and should be pro forma. And there should be additional training in the equipment. And one of our peo-

ple, again, Chief Thomas said that the more flexibility and the more equipped, sometimes the guidelines that might be—that might fit the national standpoint do not fit the local medium flexibility.

We also believe that there should be in every port a full-time special response unit for that port with the manpower, equipment and training that is there 24 hours a day, 7 days a week so that that—immediately, that seconds after the event happens, that there is that unit facility that is available.

Perhaps—this is nationally, not just locally, and I am sure this is being discussed, but our people feel that there needs to be a national terrorism phone number. There's got to be a number that the people call, not just law enforcement, but the average citizen. You know, it might even be more important in a rural community where you see the crop duster and some unusual looking person hanging around. People do not—do not know how to handle that kind of information. Our people do not have it.

And in closing, Senator Hollings and Senator Breaux, unrelated to this, I guess, but Chief Greenberg asked that I please formalize our request that this area be recognized as a high intensity drug trafficking area. This is a designation that borders and ports can be given and because of the huge amount of cargo that comes through here, our community is subject to a much higher than normal threat of illegal drugs being imported and we ask for that consideration.

We thank you so much for being here. We thank you for the wonderful leadership that you are giving our country.

[The prepared statement of Mayor Riley follows:]

PREPARED STATEMENT OF HON. JOSEPH P. RILEY, JR.,
MAYOR, CITY OF CHARLESTON, SOUTH CAROLINA

One of the lessons we learned from September 11th is that we are vulnerable. Never before have we had to examine our resources in such a way to determine where terrorism can find a weakness. Prior to September 11th, we assumed that our airlines had everything under control, that our skies were safe and that we could respond to any event. Our assumptions have been wrong because we are dealing with an enemy who is cunning, organized, well funded and willing to die in order to destroy us. We must now appraise our resources and consider the risks around us.

One of the vulnerabilities in Charleston is our State Ports Authority. A substantial contributor to our economy and a valuable state and national resource, it is imperative that we take steps to protect this agency and our citizens who rely on this facility and those who live in our area.

The first 6-8 hours following a terrorist incident anywhere in our country are the most critical for the safety of our citizens. This is the very critical period before the arrival of any state or federal resources, so the initial emergency response depends on our local personnel and equipment. Certainly, The City of Charleston stands ready to assist the State Ports Authority with any incident that may happen by making all our resources available to respond for any request for assistance from the SPA, including our HAZ MAT Team headed by Chief Rusty Thomas of the Charleston Fire Department. In addition our Police Department under Chief Greenberg will make available any of their resources including the Maritime Patrol and Swat Team. Local EMS, Fire and/or Police will usually be the first to arrive upon the scene of an incident. It is very important that the spirit of cooperation between local agencies exists in order to bridge the time between the incident and the arrival of federal assistance. It is important to remember that an incident and the response necessary will be overwhelming. The State Ports Authority should keep the City informed of all potential or actual problems.

Important Issues to Consider

1. **Initial Detection**—The initial detection of an incident will occur at the local level by either EMS, Fire, Police or Port Officials. Consequently these first responders need to be trained to identify hazardous agents and take appropriate action. Funding for training of first responders would help to insure identification of a hazard, assessment of the situation and containment of the hazard. We are dealing with new threats and new hazards and the training must be adequate for all possible occurrences.
2. **Security Assessment**—An assessment of the security of potential targets is of the utmost importance in planning for a response to an incident. A review of Port to include the docks, and cargo loading/unloading facilities is key in the preparation of a security plan. The identification of foreign vessels and their cargo should be included in this review.
3. **Public Information**—Information passed on to the general public in the event of an incident is crucial. Our citizens have proven that they will respond appropriately when they have timely, clear and decisive direction. Providing information about the incident along with instructions on evacuation, traffic restrictions, mass care, sheltering and self-aid will give our residents the information they need to respond and will have a positive effect on the public's perception of the incident and its handling by officials.
4. **Shared Information**—Information on potential threats and suspected activities must be shared by organizations involved. While it may not be possible to prevent all incidents the sharing of information can insure that organizations are at their highest state of readiness if necessary. As we have seen, the sharing helps put together the puzzle. One agency may have a piece of information that allows other information to make sense and possibly prevent a tragedy.
5. **Mutual Aid**—Where at all possible organizations should enter into formal Mutual Aid agreements. This will insure that the local resources that will be stretched from the immediate response during an incident can be supplemented as quickly as possible.

Thank you for the opportunity to express the concerns that we have on the local level. It is important for us all to understand the challenges we have as a result of September 11, 2001.

The CHAIRMAN. Thank you. Mayor Summey.

**STATEMENT OF HON. R. KEITH SUMMEY,
MAYOR, CITY OF NORTH CHARLESTON, SOUTH CAROLINA**

Mayor SUMMEY. Thank you, Senator Hollings and Senator Breaux. It is a great pleasure that my community, North Charleston, South Carolina accepts the invitation to provide comments concerning Senate bill—S. 1214 and other general issues surrounding seaport security.

Security features. The proposed legislation will provide much needed improvements for the security of the U.S. borders. Many of our concerns will be answered in the legislation. And these include security features. Providing appropriate guidelines for fencing and surveillance will assist the adjacent communities as well as the ports.

Inspection of cargo. Adding Customs inspectors and agents will increase the inspection sequence of materials. And with only 3 percent of containers being inspected, additional agents are very essential to this transpiring.

On-board ship personnel. We are pleased to see that the legislation addresses information and background requirements. Traditionally, once Customs clears the vessel, these individuals move about our community without restriction, and the legislation places some guidelines on this.

Security at private terminals. The South Carolina Port Authority maintains an active police force. Its ranks may have been reduced over time, but at least it is responsible for on-shore incidents. Some of the private terminals have inadequate or do not have any on-shore security and the legislation begins to address this, as well.

Background checks of on-shore personnel. It is encouraging to see background checks with restrictions for new or continuing employment. This piece of S. 1214 will aid the community in many other ways regarding those folks while they are within our communities.

Coordination among various agencies dealing with ports. We are pleased to witness a requirement for improved coordination. Customs, Coast Guard, United States Department of Agriculture, and the local State Ports Authority Police provide services to the port, and appropriate coordination can only strengthen our local security. There is no place for turf wars on this issue. It has to be completely coordinated.

Coordinated access to the waterfront. This will also assist in controlling security. Many individuals have direct access to the waterfront activities without any security checkpoints.

Manifest of cargo. We agree with the requirement to provide information on the products entering our communities. If an incident arises with cargo, the local authorities are usually called to assist. A few years ago, our municipality was called in to the local port to handle a chemical spill. This chemical agent became unstable with humidity and water. Our police and fire departments were involved with this effort and our fire department maintained a command post in the site for 3 months. We would ask that some provisions be made to include notification of cargo, especially chemicals, and be made in advance to the local authorities. Even correct placards on the containers would be helpful. Chemical issues, such as this, could be organized by groups unfriendly to our country.

This legislation is a great step forward for improving security at the ports in the U.S. It will have some secondary effects. Our area has been designated as a HIDA area, High Intensity Drug Area. Improved security at the ports will assist also ancillary with the war on drugs.

We work well with both the Coast Guard and Customs locally. With increased efforts for security, local governments would be called upon taxing our resources. Federal grants and other financial assistance, such as reimbursement for expenses, should be considered in the bill.

Another item for consideration is the efficiency of the ports versus security. Each port must buy into the improved security measures with enthusiasm. All of the ports in this country compete against each other for cargo. They must not allow the need for efficiency to take precedence over security.

Will we be able to have some influence in foreign ports to improve their security measures? Certainly we must take care of our ports first. However, improved security in all ports is essential.

We appreciate the opportunity to provide input into this very important piece of our homeland security. Thank you for your consideration and we look forward to working with you.

The CHAIRMAN. Thank you very much.

Mr. Groseclose is the President and CEO of our South Carolina State Port Authority. You and your organization have already made this hearing successful, and we really are indebted to you. I recognize Mr. Groseclose.

**STATEMENT OF BERNARD S. GROSECLOSE, JR., PRESIDENT
AND CEO, SOUTH CAROLINA STATE PORT AUTHORITY**

Mr. GROSECLOSE. Thank you, Chairman Hollings and Senator Breaux. We have more pleasure in having you up here today to see the Port and what's going on in Charleston. It is my privilege to be here today in my role as President and CEO of the South Carolina State Port Authority. The Authority, as you may know, is an enterprise agency of the state and operates, of course, not only here in Charleston, but also in Georgetown and Port Royal. We are the fourth largest container port in the United States, as has been mentioned earlier, and also a port of strategic significance to our country. Therefore, most of my comments will reflect that particular conduct. I assure you that security at all of our terminals and communities that surround them remain foremost in all of our planning.

In today's security-conscious time, the Port of Charleston benefits from years of security awareness. This awareness led the authorities to invest millions of dollars in high-mass lighting and customs-approved fencing, and most importantly, in a well-trained and professional certified police force. These are the basics, and many ports do not have these things to build on, as you have seen, as you've moved around the country. The theft prevention and drug smuggling efforts of yesterday are the first steps toward more in-depth anti-terrorist measures that are needed today.

In 1998, Senator Hollings and Senator Graham began to push for more awareness of drug smuggling through our nation's ports. The U.S. Interagency Commission on Crime and Seaport Security visited the Port of Charleston, and both listened to waterfront leaders and shared their thoughts on these issues. The Model Port Concept is evolved from that Commission, and the South Carolina State Ports Authority Police began reviewing the same situation in light of that Model. We developed a 3-year plan designed to meet or exceed those standards where gaps existed. These plans included enhanced access control, off-terminal parking for those who did not require a vehicle onsite, vehicle decals, a color-coded visitor pass system and an ID system for Port Authority employees. The new Ports Authority computer-based ID system has the capability of controlling access to specific areas of our facility for each individual once it is fully implemented. That system can also be applied to non-Ports Authority employees by category.

It was about this same time that Senator Hollings also worked with the Port to provide some shipboard firefighting training for our local fire departments. And our local law enforcement, HAZMAT and fire departments are excellent and have always worked very closely with the Ports Authority to fill any special needs that we have. I would like to take this opportunity to publicly thank them and our community leadership for their continuing effort and cooperation which will be ever more important as we move forward for security enhancement.

Being alert to theft and drug practices cannot fully prepare a facility for terrorism issues. Not only did the actions of 9/11 change the priority, but they also created the need for instant action. They added pressure for three key port security elements. The first, Senator, long-term solution is identification of persons with access to port terminals, either from land or water. Two, a means to restrict those persons to their appropriate area. And three, better intelligence concerning the cargo entering or leaving a port by truck, train or vessel. Port personnel have the main responsibility for controlling access of individuals from the land side and work very closely with Customs, the Coast Guard, INS, and USDA to properly handle port interfaces with cargo, crew, and passengers from the water or from the land.

Charleston is fortunate the ships that call are from the world class liner companies who have entered the world net and whose ships and crews are frequent repeat visitors to our port. I compliment Customs for being as up to date on shippers and receivers of the cargo as their limited resources and systems will allow.

The current concept of extending our U.S. boundaries or pushing back our borders as has been mentioned so that Customs and the Coast Guard are involved in receiving the cargo before it goes on board a ship is very positive. This could be a very strong method for knowing what is coming into our country in time to do something about it. Ports, in general, around this country, I believe, will applaud this forward-thinking idea.

At the State Ports Authority here, the Port Police have been on high alert since September 11. They check the photo ID of every person coming in the gates. New decals and visitor passes have been put into effect. We have color-coded the passes and decals coordinated with the terminal and the site that is being visited. All Ports Authority employees currently wear their new ID badges. Advance notification of visitors is required and the police follow up to ensure the person is expected. Although every vehicle entering the gate cannot be physically searched without disruption of commerce, an increased number of random physical searches are being conducted of cars and trucks at port security gates.

The ID card system with computer-controlled access is in place for Ports Authority employees. However, rolling it out, the remainder of the waterfront community must await standards and guidance as to background checks. It is currently illegal for Ports Authority Police to run a routine background check on those other than its employees. It also is counter-productive to start a process without knowing the types and requirements of background checks. The system can be extended to those waterfront workers who require regular terminal access once we have a firm understanding that the rules governing ID cards and the physical and legal capability to conduct background checks is required. A federal standard needs to be in place to avoid states moving to resolve this issue individually. I feel it is vital that Congress act on port security to avoid duplicative or conflicting planning. Therefore, I applaud the Senate's action, and join the many who urge rapid consideration of this legislation in the House.

The major issue which would benefit from national control is that of proper IDs. Currently, the traffic control terminal could be from

many states and they call a few times a year or a number of times a day. As mentioned today, we have over 100 different trucking companies on a given day who are sending drivers in and out of our ports facilities there. Since there is a national standard for a commercial driver's license, it would be reasonable to extend that national standard to create a more improved type of ID card. This card could be read by port computer ID system and is designed to show the type of background information the federal government prefers. To have a trucker stop at each port to get a port ID is too time consuming and to have to undergo a background check at each port would clog the police systems and be unfair and expensive to the driver or his company. A busy port like Charleston has thousands of trucks a day at each of its four terminals, and the gridlocks of a port-by-port or even state-by-state system the truckers would cause would be overwhelming.

On the other hand, we would not advocate a nationwide ID system for all port workers because a worker at one port does not automatically have a reason to visit or enter another port. The shipping and port business is highly competitive and no port would allow any individual to enter its facility without proof that there was a business reason to do so.

The Port of Charleston has undergone external and internal security vulnerability assessments and depending on the final federal guidelines, it is comfortable that it knows what it needs to do to enhance its security. The Ports Authority is proactively working with the Coast Guard to participate in training exercises and tests. We are researching the most advanced security resources and technology that will help us in the fight against terrorism. The issue is certainly not willingness to change, but the ability to pay for that change and the need for firm direction as to the type of change that is required.

We need one reasonable and proper standard with flexibility to address different needs at different ports. We need funding assistance to do what we know we have to do. And certainly your bill, S. 1214 meets these needs both in direction and funding and we strongly support that. It gives the ports the ability to develop a plan that fits their needs and serves the security priorities of their communities and their nations.

Here in Charleston we know our weaknesses and we want to correct them. We know we need better perimeter control and radiation detectors. We need more cameras and intrusion devices and we need more staff, to give a few concrete examples. We also need the direction and ability to proceed with appropriate ID systems for all persons requiring regular access to our facilities. We appreciate that S. 1214 helps to provide the funding to make these changes quickly. Although they speak for themselves very clearly, I add my support to those federal agencies such as the Coast Guard and Customs who must have the funds and the resources to expand their visibility capabilities and their intelligence-gathering capabilities. This is certainly a key to our mutual success. They are doing an excellent job now given their resources, but as we all know, they are stretched to the maximum. In addition, I strongly support funding for our local port groups, the area's fire, police and HAZMAT units. They will also need extra help. We have an excel-

lent and cooperative relationship with local and federal agencies here in Charleston and admire the work that they have been doing.

On a final note, I am a member of the MTS National Advisory Council, which was sworn to provide advice to Secretary Mineta, and we are sorry that he could not be here today. But I want you to know that port security has been a major issue for discussion in the National Advisory Council and something that will continue to be of greater importance than before. We certainly encourage in your future hearings as you discuss the replacement of TEA-21 and the idea of a SEA-21 and so forth that we would certainly be supportive of those efforts.

Chairman Hollings and Senator Breaux, we at the South Carolina State Ports Authority applaud your effort. We will work with you fully to accomplish these vital issues. We urge the House, also, to follow through on this bill with all possible speed. We thank this Committee and especially you, Mr. Chairman, for working to provide us the tools both in legislation and in funding which we need to do the job. We must strive to provide proper port security and we want to make the Port of Charleston a flagship for those others.

Thank you for your attention and I welcome any questions at this time.

The CHAIRMAN. Very good. Thank you. Mr. Burdette.

STATEMENT OF ROBERT M. BURDETTE, TOWN ADMINISTRATOR, TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Mr. BURDETTE. Good afternoon, Mr. Chairman and Senator Breaux. My name is Robert McPherson Burdette. I am the Town Administrator for Mount Pleasant, South Carolina, and I am appearing on behalf of Mayor Harry M. Hallman, Jr. and the Mount Pleasant Town Council. Mayor Hallman sends his warmest regards. I think he is back at his office plotting against Mayors Riley and Summey to try and get the HL Hunley there. Senator Breaux, Mount Pleasant is pretty much everything you see on that side of the water. I lead somewhat of a double life in that when I am not just the Town Administrator for Mount Pleasant, I am also a Colonel in the U.S. Army Reserve, assigned to First U.S. Army as the Emergency Preparedness Liaison Officer to the State of South Carolina. My testimony will draw from both my civilian and military careers as well as from interviews with the chiefs of our police and fire departments.

First, Mount Pleasant is a bedroom community of 50,000. The Wando Welch Port Terminal, located on the Wando River, is bordered on three sides by the Town of Mount Pleasant, even though the port itself is not in the corporate limits. Interstate 526 serves the Welch terminal. There is one two-lane road leading to and from the port from I-526. A residential community of over 5,000 is located within one-third of a mile of the Welch Terminal gate, with the closest neighborhood being literally a stone's throw from a large container yard.

S. 1214 is a major step in the right direction in addressing port security issues, particularly in regard to incident prevention and incident response. The emphasis on planning and preparation is noteworthy. The Town of Mount Pleasant has an outstanding working relationship with the U.S. Coast Guard. The Port Captain and

his staff communicate well with our police and fire department commands. Moreover, by virtue of my position as Emergency Preparedness Liaison Officer for First U.S. Army, I am an ex officio member of the local Port Readiness Committee, and attend those meetings, which also address security, on a regular basis.

While S. 1214 provides a sound foundation for developing a better port security approach, it may not go far enough in certain areas. First, the Act, as well as the objectives of its operating elements, does not seem to recognize that most of our ports are surrounded by dense to moderately dense urban and suburban populations. These residents and businesses are generally ignorant of port operations and are, for the most part, not aware of the potential threat posed by incidents, accidental or intentional, that may occur on or around these facilities.

For instance, I am told that the Wando Welch Terminal is one of the few ports on the East Coast certified to receive and ship explosives. An assessment of this threat to surrounding areas, to my knowledge, has never been completed. I would suggest that security assessments include threat assessments to surrounding populations due to the types of shipments that are authorized at U.S. ports.

Second, the Act refers to the need to involve local government agencies in port security planning. This cannot be emphasized enough. One of the most significant problems to date is that local law enforcement agencies only receive unclassified information from federal agencies regarding terrorist threats. We realize that sensitive information in the wrong hands can create huge problems and pose great risk to law enforcement agents. Nevertheless, with over 300,000 local law enforcement officers in the United States, local government law enforcement constitutes a major effort in preventing incidents by good solid police work, but we do need the information in advance. At some point, federal law enforcement is going to have to trust local chiefs of police and sheriffs if we are to eradicate the terrorist element in our midst. We have a need to know, if necessary, establish a process where directors of local law enforcement can receive security clearances, and then hold them responsible for this classified information just as you would an officer in the U.S. military. Moreover, all of our law enforcement agencies in the vicinity of the port need to be able to communicate. To this end, resources are needed to equip the agencies with compatible communications equipment. Currently, all law enforcement agencies cannot talk with one another effectively during an emergency.

Third, while it may be implied, I saw no mention of the Army National Guard in the Act's provisions. This must be included specifically. The National Guard departments of our states have certainly proven valuable in enhancing our airport security, and I would suggest they have a major role to play at our ports and harbors. They must, however, receive additional appropriation to make the kind of contribution that is needed.

Next, I wish to turn my attention to incident response and consequence management. Through the direction of the Department of Defense, the South Carolina Army National Guard has established the 43rd Weapons of Mass Destruction Civil Support Team near

Fort Jackson, South Carolina. This team, commanded by LTC Randy Clayton, is one of the 22 like units throughout the United States established to detect chemical and biological agents and to assess overall threat to any incident. The South Carolina unit was recently certified by the Department of the Army to carry out its mission. I respectfully submit that the greatest threat for chemical, nuclear, and biological attacks may be through our ports and that augmentation of this unit near our ports and harbors perhaps should be considered. Currently, it would take 3 to 4 hours for the 43rd Civil Support Team to arrive in Charleston and be prepared for testing and analysis. While local governments have some detection and analysis capability, none have the capability of the Weapons of Mass Destruction Civil Support Teams.

Last, I will speak specifically about the Port of Charleston. When the U.S. Navy abandoned the Charleston Navy Base and Shipyard, it took with it most of the portside and waterside firefighting capability that was available to Charleston harbor. At one time, we had over 1,000 trained shipboard firefighters in the Charleston area. Today, the local governments of Charleston have 96 trained shipboard firefighters. Moreover, the Navy took most of the equipment that is necessary to attack ship and portside fires. We must now rely on commercial tugboat companies and limited U.S. Coast Guard support for response. We have little or no foam firefighting capability. I would suggest that assessments of port security include local firefighting capability and hazardous material response capability, and that the Congress should address equipment, manpower, and training through an appropriation.

We are also concerned about cutbacks to our Customs agents in Charleston, who in the past, have had as their primary responsibility, the Charleston Port. We understand that as many as five Customs agents in Charleston have been temporarily reassigned to other missions as a result of the 9/11 tragedy. Talking about security will simply not be enough. It must be resourced and, of course, that costs money.

If we are to have secure ports, an investment must be made at the local, state, and federal levels. I hope that the assistance will not be in the form of mandates that are unresourced. Any bill that requires a commitment of manpower and equipment to achieve security of our ports must be accompanied by a funding package.

Senator Hollings, Senator Breaux, I wish to thank you for allowing me the honor of presenting this testimony today and I will be glad to answer your questions.

The CHAIRMAN. Very good. Major Taylor.

**STATEMENT OF MAJOR ALVIN A. TAYLOR,
SOUTH CAROLINA DEPARTMENT OF NATURAL RESOURCES**

Major TAYLOR. Senator Hollings and Senator Breaux, I too would like to thank you for giving us the opportunity to come and speak here today. I do not think there's a person in this room whose life wasn't changed after the events of September 11. And I know it changed mine. It made me look on my own border, look at the security of ports and maritime security, to look at things in an entirely different way than I did before that time. And what I am going to

do today is maybe give a little different look at my idea of maritime security.

We have heard a lot today about the Port of Charleston. We must realize we have three ports in South Carolina. The Port of Charleston has one-fourth the most assets with the major base located right here at the Coast Guard. But we also have Port Royal in Beaufort County and Georgetown Port in Georgetown County, two ports also high on the list for security needs.

When you look at maritime security, you have to remember that South Carolina is a floating state. We are fourth in the country in registered motor boats, and we have a lot of people who spend a lot of time on the water. We have 20 access points where someone could gain access to our state from offshore. Nineteen of those have immediate access to the intracoastal waterway. At any point in time someone can come in, not necessarily to the Port of Charleston, may come in at North Edisto River with the intention of ending up in the Port of Charleston or they may even be going to Savannah.

So, in thinking about maritime security, we have got to take a little bit outside the globe that we have been talking about and expand it. What we have looked at today is a small portion of what we need to be looking at when we talk about maritime security.

It is my hope, and I know it will be, that S. 1214 will be another good partnership bill that we had parts in before. Two prime examples, one just recent JEA agreements that were made possible through gentlemen from the Commerce Committee where we were able to have funding that would help us in the protection of our federal fisheries.

When that passed, we had no idea how important it would be to master security. Because we have been able to have funding through a state and federal partnership for fisheries enforcement, now we are offshore, where we weren't before. And it couldn't have happened at a better time.

We heard Admiral Loy speak of how they changed some of their missions; their missions have been redefined. Now, their No. 1 priority is national security and immediate search and rescue, emergency search and rescue. So someone had to backfill the mission that was traditionally theirs. And now, because of a joint enterprise agreement or state and federal partnership, we have been able to backfill for the Coast Guard and the states have been able to move in and do fisheries enforcement so the Coast Guard could spend more time on national security.

And that in itself is a security mission. I will give you an example. Just a few weeks ago, my officers were monitoring an offload of a longline vessel. They were in the hull of the boat measuring fish. About 3,000 pounds of fish came off the boat and they were down in the bottom watching every fish, making sure everything was OK. When the boat had been offloaded and they started looking around a little bit, they found a secret compartment in the hull of the boat and in that compartment were about 300 pounds of fish filets. OK, they were fish filets. Good federal fisheries case. My point is, it could have been something else. It could have been explosives. It could have been biological. It could have been a number of things that would affect our national security and it was being

brought in by a boat that was traveling just a few hours, a few days earlier was 80 to 100 miles offshore.

Last year, our commercial fishing vessels made over 10,000 trips offshore. That is out of our rivers, bays, sounds, harbors, ports offshore for up to 100 miles, 200 miles offshore and then back in.

We talked this morning about HIV vessels, High Interest Vessels. And what is a High Interest Vessel? Is it just a cargo ship that may have a particular cargo on it or is it possibly some other vessels that are traveling offshore and then are coming back in? I think those are things we have got to expand and look at.

It could be fishing vessels. It could be recreational vessels. It could be—25,000 recreational trips last year out of the rivers and sounds of South Carolina. We have 142 public landings just in our six coastal counties. At any point in time, someone could put a boat in the water and they could be right in the Port of Charleston, the Port of Georgetown or the Port of Port Royal, just by trailing the boat and putting them in in a public-access area.

Over 100 marinas have overnight sleeping capabilities, plenty of places for people who want to have access to our state. And that is true of all states. It is not just South Carolina. Lighthouse Bridge, just south of Charleston, opened 5,000 times last year to large vessel traffic coming in and out of the Charleston area. So those are vessels that are traversing the state every day. Again, that is true of all states, especially along the Atlantic seaboard.

So what I would propose is that yes, maritime security and port security are extremely important, but it is a bigger picture than just some of the things we have talked about. We have got to think about security on a big picture, not just on the ports themselves.

Another example of a state and federal partnership that has just been an excellent partnership has been that of our use for—that we have had in Breaux-Hallman, maybe just Breaux-Hollings.

Senator BREAUX. No, in that case, it is Hollings-Breaux.

Major TAYLOR. Hollings-Breaux. And, you know, it has been very helpful. And again, when all this was put on paper and put down, we never thought the effect it would have for us here in South Carolina as it deals with security. Simply, now we can use these funds to help the Coast Guard in search and rescue missions. Put people in boats, put them on the water, just through having both that funding available to us.

Now, I use those two examples of federal and state partnerships to show how I feel that S. 1214 I think should work. And I think it should be a way to fund funds to state and local agencies so that they can step up to the plate and be a player, which is what we want to be.

Last year, our officers had 17,000 boating hours just in our coastal area. That is a lot of time on boats. Shortly after 9/11, the Coast Guard had the security zone from the Naval Weapons Station. It didn't take them but a day or so to realize that this was a big deal because it was taking a lot of time and a lot of manpower and a lot of hours to get the job done. That is why we have this partnership.

I cannot say enough for the local Coast Guard men and women. We have the best working relationship I think we have ever had since I have been here. I, like you, Senator Hollings, would like to

see them stay. And that, in itself, is a problem that maybe Admiral Loy and some of his people could look at in the future, because just as people begin to get to know an area, you get good working relationships and then in another day or so, they are gone, and there's a new crew coming in who have to learn each other, we have to learn the area all over again.

Thank you for your time. Thank you for having given us the opportunity to speak and we strongly support S. 1214 and urge that it move forward as soon as possible.

[The prepared statement of Major Taylor follows:]

PREPARED STATEMENT OF MAJOR ALVIN A. TAYLOR,
SOUTH CAROLINA DEPARTMENT OF NATURAL RESOURCES

Since the tragic events of September 11, all law enforcement groups have redefined the mission priorities within their respective agencies. The South Carolina Department of Natural Resources, Law Enforcement Division is no exception. We have modified our efforts and priorities making the security of our state and nation a priority goal. We must send a strong message that our ports, harbors, waterways, power plants, bridges, coastline, and water intake facilities are protected and safe.

Traditionally, our officers have been responsible for the enforcement of our state fish, game, and boating laws. In 2001, our coastal marine patrol officers were involved with:

- 1) 9,000 cases
- 2) 17,000 boating hours
- 3) 500 search and rescue hours

A FULL TIME JOB!

The United States Coast Guard (USCG) has also redefined its mission, with Homeland/Port Security now being their number one priority. Fisheries and recreational boating enforcement are still important missions for the Coast Guard, but are second in importance to their security mission. These enforcement activities must now be shouldered by the State. We anticipate that these changes within the Coast Guard will be long term, and at some level permanent.

In 1999, the South Carolina Department of Natural Resources (SCDNR) entered into a Joint Enforcement Agreement with the National Oceanic and Atmospheric Administration (NOAA) to expand SCDNR's enforcement authority into federal waters off the coast of South Carolina. Officers of the Marine Patrol district were certified as deputy National Marine Fisheries Service (NMFS) agents that were empowered to enforce federal fisheries laws off the coast of South Carolina.

With this agreement in place with NMFS, the Coast Guard can now take their near shore assets, and shift them from fisheries to security in the ports, while SCDNR assists with fisheries enforcement. This enforcement activity by the state also serves as a deterrence to terrorist activity by providing a law enforcement presence on the waters adjacent to the state.

In January 2002, DNR Marine Patrol officers monitored the offloading of a long line fishing vessel that had returned from fishing eighty to one hundred miles offshore. At the conclusion of the offload, a secret compartment was discovered in the vessel. This compartment was filled with illegal fish fillets. This secret compartment could have contained explosives or other items that could have been used by terrorists.

In addition, these fishermen could be approached to smuggle in various items. An increased law enforcement presence would deter this kind of activity. The commercial fisheries industry in South Carolina landed 2.4 million pounds of fish in 2000. There were two hundred eighty-eight charter and head boat permits issued, which resulted in over ten thousand trips offshore. Total recreational offshore trips were estimated at twenty five thousand one hundred twenty-one. All of these fishing trips leave our harbors, bays, sounds, and rivers, go offshore and then return. Any of these could be a security concern.

Along the coast of South Carolina, there are many bays, sounds, and navigable rivers from which one can gain access to South Carolina. There are twenty navigable entrance points where boaters can gain access to South Carolina and then on to the Intercoastal Waterway (ICW), which transverses the entire coast of the state. There are one hundred twenty-two public launching sites and one hundred marinas

located in the six coastal counties. There are one hundred commercial fishing docks from Little River to Hilton Head, South Carolina. These areas are patrolled by SCDNR Law Enforcement officers. Many of these coastal rivers extend inland and so do our enforcement needs. There are many launching sites on these inland rivers where a boat can be launched and then travel downstream into the port. We also need to be aware of inland dams, i.e. Santee Cooper, that could create major problems down stream, and into the port if broken.

South Carolina is the home of three commercial ports, Beaufort, Charleston, and Georgetown. The United States Coast Guard relies heavily on enforcement officers from SCDNR to assist in security in and around these port sites. However, commercial shipping in our ports is not the only maritime threat to South Carolina. The waterways and ports of South Carolina provide unlimited opportunities for access. The Limehouse Drawbridge located on the Stono River (ICW), south of Charleston opened five thousand, eighty-eight times in 2001 for large vessel traffic.

Maritime security is a greater issue then just security in the port. As you have seen, there are many opportunities for one to gain access into the state through the marine environment. These areas need a law enforcement presence, which in turn will act as a deterrence.

Since September 11, SCDNR coastal officers have participated in the following activities:

- 1) In the Beaufort areas we have increased water patrols around the Marine Corp Air Station, Parris Island Marine Corp Training Center, Harbor Town Marina, and access areas to the Savannah ports. We have also provided security escorts for vessels using the port. This amounts to over eight hundred additional hours of patrol time during this period.
- 2) In Charleston, officers are regularly patrolling train trusses, bridges, and marina areas, as well as assisting the Coast Guard with marine escorts of passenger vessels in and out of the harbor. DNR officers have also completed approximately one hundred thirty-five hours of USCG training on boat tactics and security escorts. This amounts to over six hundred hours of training and patrol time during this period.
- 3) In Georgetown, SCDNR officers have performed water patrols adjacent to 3-V Chemical Plant, Winyah Generating Power Station, major bridges, and two major water intake systems. Officers have also assisted in the escort of vessels in and out of Georgetown Harbor. This amounts to over four hundred hours of patrol time during this period.

This work has been completed while these officers continue with their traditional responsibilities. These activities performed by state officers allow the Coast Guard to focus their efforts on security issues. Any enforcement by state officers enhances national security because of their law enforcement presence on state waters. To fulfill our obligations to both port/maritime security, and boating/fisheries enforcement, additional assets will be needed in the areas of personnel, equipment, and operating revenue. S. 1214 will go a long way towards insuring that Federal, State, and local enforcement agencies will be able to have proper personnel, train and equip those officers, and have sufficient funds and authority to support this mission. Without this support we may literally run out of gas. Everyone is stretched thin and doing all they can possibly do, both inland and along the coast. Support of this nature is desperately needed!

The CHAIRMAN. Thank you very, very much, Major Taylor, for the valuable contribution. We have got to think, as you say, broadly.

Mayor Riley, I just learn more every day. But you asked for a number, a national number on counter-terrorism should we have any idea or suspicion of it. And we were given this by the Coast Guard this morning. Homeland security, if a terrorist event has occurred or is imminent, call the National Response Center, 1-800-424-8802. So that, you've already got that, I think. I think that is the number that the FBI is using, the Coast Guard, Immigration Service, and everyone else.

Specifically, Mayor Riley and Mayor Summey, do you think law enforcement, local law enforcement ought to be put under FEMA?

Mayor RILEY. No, sir.

The CHAIRMAN. Mayor Summey, do you think those people, local law enforcement, ought to be put under FEMA?

Mayor SUMMEY. Senator, in my recollection, you're the expert on FEMA.

The CHAIRMAN. Well, you know, that fellow James Lee Whitt, he cleaned it up. It is an outstanding service now.

Mayor SUMMEY. I think the major issue is that most issues involving local law enforcement are local issues.

The CHAIRMAN. Right.

Mayor SUMMEY. And so the majority of the time, I think we need to be trained to react to the events that are happening in our country today so that they can be the backup and the assistant responders in cases of an emergency like this. And you know, some of the issues that we deal with on a daily basis—you know, I talked about the containers being properly marked as to the type of chemicals and what have you. The majority of the containers coming into the Port of Charleston, whether it be at Wando, whether it be at downtown Charleston, or whether it be in North Charleston, leave the area by rail or truck through North Charleston.

And we did a study last year. In a 1-year period of time on I-526 between Plymouth Ferry exit and I-26 exit off of I-526, there were 108 accidents in that year involving commercial vehicles. And you know, within 100 yards of the two-mile stretch of that section in North Charleston is residential and commercial property with people. And when we respond to these accidents involving these commercial vehicles and a lot of times they do involve a truck containing chemicals, we need to be able to know exactly how to respond, whether we need to evacuate people if it is a spill or what have you.

And so, there's a lot of challenge that we must cross-train with the Port Authority and the Customs folks so that we are trained in how to deal with these things as they come more and more through our community.

The CHAIRMAN. Yeah, and there would be a rare occasion for those 108 accidents along that highway for Federal Emergency Management Administration to be called. It would be the local police. And there was a method in my madness to that question because what we have confronting us right now in the Congress is a recommendation by Governor Ridge and the President to the effect that the law enforcement folks be put under FEMA. There's a fancy twist to this thing. It is called the First Response Team, and the first responder goes under FEMA.

Now, the truth of the matter is that over the last several years, we have had down, down, down, the lowering of the incidents of crime. The crime rate has been down, down with community policing, and it has worked. And I had that particular budget, my little Appropriation Subcommittee, and we have got trained—we have got five, six schools now for that local law enforcement training and everything else there in addition to the FBI Academy, a cultures development—when Bob Mueller came on as the new head of the FBI, I said for goodness sakes, get your act together and get with local law—he talked to local law enforcement chiefs and he said just that. We cut out all of this arrogance and nonsense now and

we are going to have in close proximity the law enforcement—close coordination with local law enforcement officers.

And that was met with tremendous approval and I have watched that develop. And all of a sudden get under FEMA, while I have the highest regard now for FEMA, because as I say, Mr. Whitt straightened it out, and as far as I know, Mr. Alrough has done a good job up there in New York particularly and everything of that kind, but that is not the first response.

The first fellow we wanted at Oklahoma was the FBI to try to—and we did it—as a result trace down the culprit and convict him. And I just do not want to see with the good programs that we have got and the coordination and the culture and all development of the Department of Justice, the FBI, local law enforcement, all of a sudden put those programs under the Federal Emergency Management Administration. Do you have a comment, Mayor?

Mayor RILEY. Well, Senator, that would be a terrible mistake. The ability, the leadership, the Chiefs of Police in working with the community, the people that they have, that is a fabulous resource community connected that in a time of great tragedy, opposite—that would be the opposite thing to do, to divorce that from the connection of their responsibility for the community or for the preparation of it.

What we do need is to recognize the role that we have for our communities and for our country and make sure that it is—your question was to the director of Customs and to the head of the Coast Guard, to make sure that the resources are available for these groups and for the community as far as the additional manpower. But the last thing you want to do is short circuit a community, a built-in ready community response.

The CHAIRMAN. Well, I have been in the forefront with respect to our firefighters.

Mayor RILEY. Yes, sir.

The CHAIRMAN. Together, we put in the firefighting academy insurance department. When I got to Washington, we changed over and put in the federal firefighting entity there. And, in fact, that was in the 1960's and they'd pull the box, the firemen would come and they would shoot the fireman, but he would get nothing. If you shot an FBI man, he got a \$50,000 death benefit. So I changed that. So I have been on the firefighters' side and more recently a cosponsor, as we know now, we have got local assistance, particularly for the volunteer fire departments as well as the established departments. And the Governor Ridge recommendation is for the first response, namely law enforcement and firefighters would be put under FEMA.

Mayor RILEY. That wouldn't work. That just wouldn't work.

The CHAIRMAN. You do not think so either?

Mayor SUMMEY. No, sir, I definitely do not.

The CHAIRMAN. Yes.

Mayor SUMMEY. You know, in a first response scenario, we still cannot abandon the responsibility of these police departments or fire departments still goes on with the rest of the city as well.

The CHAIRMAN. Right. Mr. Groseclose, with respect to the pre-screening, the name of the game in operating a port, and you're No. 1, is to move it, move it. And you've done it more efficiently in a

productive way than any port in the world. Now, having said that, if we had the pre-screening at all of the export ports into the import Port of Charleston, then they say, wait a minute, you've got to reciprocate and you've got to pre-screen. What's your comment about that suggestion of pre-screening?

Mr. GROSECLOSE. Well, I think I would agree with Mr. Bonner's statements. I think that certainly there would be some benefits to pushing back borders on both sides to get better information on the contents of containers before they leave foreign ports, before they leave the United States ports. And, I think, that can certainly be improved upon.

The CHAIRMAN. You get good information about the shipments, do you? I mean, they—I guess 60–70 percent are just normal shippers regularly using the port. And so you know about them and their credibility and trust. With respect to any new ones, you would be looking into it and wanting to know about it. So maybe that wouldn't hold you up there at the state ports. On the contrary, you could facilitate it, and if they facilitated yours, then you could move it. Both sides could move even faster.

Mr. GROSECLOSE. Exactly. I think there should be some time spent in getting up to speed on both sides of the ocean, but I think that it would be beneficial to all parties. I think it was said by Commissioner Bonner, the Customs Service today does a lot more inspection in terms of paying attention to who the shippers are, what the commodities are, where they are moving, and how they are moving and so forth. And, if changes are made in the system, they are alerted to that and look into it, so I think that would be beneficial.

The CHAIRMAN. I want to yield to Senator Breaux. Let me ask about that background check, security clearance. Now, as I understand, everybody that works at a state port facility has that background check?

Mr. GROSECLOSE. Yes, sir, for our own employees, yes.

The CHAIRMAN. How about the truck drivers? You said that you wanted an identification for them, suggested ID, but they are not checked right now?

Mr. GROSECLOSE. No, sir. No one beyond Port Authority employees are checked for background at this time.

The CHAIRMAN. The longshoremen offloading that ship, they have background checks?

Mr. GROSECLOSE. No, sir.

The CHAIRMAN. They do not? It seems like that crowd would have the background—who are you checking, the secretaries or—the Port Authority officials? I mean, when you say background checks, who are you checking?

Mr. GROSECLOSE. Every employee of the South Carolina State Port Authority, and that is all of the authority we have at this time.

The CHAIRMAN. Let me get right to the longshoreman, because that could be the holdup on the House side of that bill. I know we had some difficulty with it. We couldn't have security installed without some kind of background check, just like you check all your employees. They got to have a background of all those longshoreman. Do you agree or disagree?

Mr. GROSECLOSE. I would agree. I think there are hundreds of employees and people representing different companies who come on our facilities every day. We have about 600 employees, but there are a couple of thousand people in the Port of Charleston area who have access to our facility. We do ID checks. We, you know, look into their reason for being there. But today, there is no background check beyond those 600 employees that we have.

And, I think that that is a wise move. I think that some of the concern is, that you will hear, is that doing a background check, what do you do with that information? What kind of restrictions do you put on and how do you deal with the people who have a past record or something. And I think it would be unfair to, you know, those people to never have access to a terminal ever again.

The CHAIRMAN. Senator Breaux.

Senator BREAUX. Thank you, Mr. Chairman. That is the first time I have ever heard of a Subcommittee that you've chaired, Commerce, State or Justice on the Appropriations Committee as being just that little old Committee I chair.

The CHAIRMAN. We got the money. We have been doing a good job with it. We got the crime rate down.

Senator BREAUX. And those Committees are very big Committees. Mayor Riley, Mayor Summey, and Mr. Burdette, I think that local governments are forever changed as of 9/11. For the first time, we are going to be involved in doing things that local government has never had to do before and that is security against international terrorism and threats from foreign countries. Local mayors have never had to do that.

And, if you're going to be involved in a comprehensive plan providing the systems to protect Mount Pleasant, Charleston, and North Charleston from terrorist attacks from foreign countries, that is above and beyond your budget. And that is a national responsibility and that is why I think that the bill we have is very important, trying to help you to do things that the national government normally does. You're not going to be able to do them without some kind of assistance financially to get it to work. Otherwise, it is just not going to work.

Mr. Groseclose, you do not know how fortunate you are. You are, what, the head of the Port Authority for South Carolina. They've got 14 Port Authorities in New Orleans now.

The CHAIRMAN. Fourteen?

Senator BREAUX. Fourteen separate Port Authorities. At least 14 at last count when I left town a couple of weeks ago. They may have 15 when I get back.

The CHAIRMAN. What's our Charleston friend up there?

Senator BREAUX. Todd Brinson—

The CHAIRMAN. Todd Brinson, he has all 14?

Senator BREAUX. No, he just had one. There are 13 others just like him. And you try and get 14 Port Authorities to agree on the time of day, I want you to know it is not possible.

The CHAIRMAN. I think you ought to—I understand your port, too, runs for a hundred miles.

Senator BREAUX. Yeah, it is a long port, yeah.

The CHAIRMAN. Yeah.

Senator BREAUX. That is a lot of work. It is very difficult to coordinate and you all are fortunate in South Carolina that you have it under one umbrella. I think that is real important. I think, though, following up on the discussion here with Senator Hollings about the driver's check, I mean, I think that the people are not going to be able to enter the ports like they did before 9/11. Used to, they'd just drive around the port and what are you doing? Oh, looking at the ships, and not a lot of questions being asked of drivers or guests or tourists or people who had business there.

In the future, the only people in ports are going to be people that have business there. And that is on land and sea. We talked to Mr. Groseclose about that plan.

I am for restricting access to ports by sea to people who have a business to be there. No longer can you use the port area as a place for recreational purpose. And that is going to be a tough thing to do because many of the ports are next to private marinas and recreational boating areas. So it is really difficult. And the way you have to do it is by setting up security zones that are enforcing, not just a no trespassing sign. It has to be more than that.

I mean, we were in the Port of Houston. I mean, you had LNG tankers that pulled up alongside chemical refineries and all the gas refineries and private vessels just going there. And the only thing they basically had was a no-trespassing notice to mariners that you're not supposed to be alongside the LNG tanker.

A very small vessel blew up the USS COLE and killed a lot of servicemen, a very small, little boat, probably 40 feet or less, blew the ship out of the water and killed a number of service people. If you did that in the Port of Houston with a small vessel alongside an LNG tanker or alongside a chemical refinery, you could blow up the whole City of Houston, just one after the other.

We cannot let that happen again. I mean, the times are different and the circumstances are different.

I think on the question of getting the background check, I think that, for instance, drivers who rented a car from the ports, if they had a background check, they could get a special class of identification that allows them to come because they've had a background check, they are in the computer file, and people who do not submit to a background check are held to a greater degree of surveillance when they come to the port. I think you'd have most all your drivers being willing to submit to that.

And that probably can be applied to aviation in the future. People who agree to a background check would not have to stand in line for 2 hours and have everything checked. Still would be security, but it wouldn't be the same degree as if they hadn't had a background check.

And I think a port can do that. I think anybody going into a port, you pretty much have, I think, an authority to say if you're going to use this facility, you're going to have to abide by the rules that we set up. And I think that is important.

Mr. GROSECLOSE. Well, I couldn't agree with you more, Senator, but today, we do not have the legal authority to do background checks on anyone other than our own employees.

Senator BREAUX. But if this is port adopted—I am just asking. If the port adopted a ruling of the port that said anybody who

comes on this port property has a background check—I mean, you wouldn't have to do it. You could get law enforcement to do it. But they would have to have some kind of—don't you have the authority to say if you're coming on my property, you have to have a background check?

Mr. GROSECLOSE. We are limited in terms of what we can do from that standpoint. We do restrict access to the terminals, or we should say the gates. Everybody passing through the gates, truck drivers, individual in an automobile must produce a photo ID, must have a reason for being there, you know, check for why they are there and so forth. And so that is a regular occurrence today and that has been stepped up considerably since September 11th. There are decals on vehicles that come and go through the facility. We have cut down considerably on those. Unlike a lot of other ports, we do not have recreational uses in close proximity. We have, you know, perimeter fencing, high-mass lights, and surveillance cameras.

Senator BREAU. But you have recreational use on the water.

Mr. GROSECLOSE. Out on the water, you're absolutely right.

The CHAIRMAN. If the Senator yields, you say that you've got the right to prevent anyone from coming on your property without a background check.

Mr. GROSECLOSE. Yes sir.

The CHAIRMAN. Well, it seems like, then, you could require it before they came on the property, a background check. What's to restrict?

Mr. GROSECLOSE. There is a piece of legislation that has been introduced in the House this year—

The CHAIRMAN. To not have background checks?

Mr. GROSECLOSE. No. To have background checks on all people. And that would provide the authority to undertake those.

Mayor SUMMEY. We are very limited in local government to run background checks. We have to go through SLED computers to run those and there has to be sufficient reason to run those under SLED guidelines.

Senator BREAU. Well, maybe our legislation can explore that, but I mean, I think that it is solely appropriate. I think it would be a positive thing for the people who use the port because if they have a background check, you've got an ID to show that I have got a background check, go right through, and not be stopped for a long period of time. If you do not, you're going to have a greater—we need to explore that and see if that is a problem.

Major Taylor, I know that you've done some research in Louisiana on waterfowl and fisheries over the years.

Major TAYLOR. Yes, sir. I have. Great state.

Senator BREAU. Raided some of my fisheries and waterfowl in that area.

Major TAYLOR. Well, we'll let you have some fowl back.

Senator BREAU. Well, this has been a great panel. I thank all of you. You've done a great job and I am delighted to be part of it.

The CHAIRMAN. On the—Mr. Burdette, before you leave, that sailboat that caught fire yesterday, that wasn't terrorism.

Mr. BURDETTE. No, sir.

The CHAIRMAN. How about the Town of Mount Pleasant, the ship and portside firefighting capability on your great Town of Mount Pleasant?

Mr. BURDETTE. Well—

The CHAIRMAN. And I understand the Coast Guard came within 12 minutes, but they had to come all the way from around the battery to get there. And I take it the individual was sort of trapped and—and couldn't get out and was already overcome by the smoke and fire. What you were talking about is well taken. But, in addition to that, without terrorism, we need better port and shipside firefighting facility. Do we have any—see, I live over there across the river.

Mr. BURDETTE. We have very little. In all of Charleston there are 96 plain ship firefighters, in all of Charleston County are made up by all the municipalities and also some county personnel.

The CHAIRMAN. We've got some in Mount Pleasant?

Mr. BURDETTE. Oh, yes, sir. The problem is the equipment. When the Navy left, the tugs left with it. They were able to provide most of the water stream from waterside.

The CHAIRMAN. Yeah. And, for your information, we do have a rule against unfunded mandating going on. We are going to make certain that we do not offload a bunch of requirements and responsibilities without the money.

Mayor SUMMEY. Senator, could I just—

The CHAIRMAN. Yes, sir.

Mayor SUMMEY. The latest census, Mount Pleasant is the fastest growing city in the state. By the next census, it is going to be probably the fourth largest city in the State of South Carolina. And I was telling Harry the other day, I could see it now, you know, the signs coming in, in every direction to Mount Pleasant is going to say Mount Pleasant, home of Harry Hallman, across the river from the Hunley.

The CHAIRMAN. Thank you all very, very much. All right, gentlemen. Let's have a little order here. Dr. Stephen E. Flynn. Dr. Flynn is a Senior Fellow from the National Security Studies, Council on Foreign Relations. Dr. Douglas R. Brown, Vice President for Business Development and Programs, Ancore Corporation, and Chris Koch of the World Shipping Council, President and CEO of the World Shipping Council, and we thank you very, very much for helping us in these hearings here in Charleston today. Dr. Brown.

STATEMENT OF DOUGLAS R. BROWN, PH.D., VICE PRESIDENT FOR BUSINESS DEVELOPMENT AND PROGRAMS, ANCORE CORPORATION

Dr. BROWN. Mr. Chairman, Senator Breaux, on behalf of Ancore Corporation, I want to stress our appreciation for your leadership in passing the comprehensive maritime security legislation and offering the ports help in carrying out their day-to-day activities.

Our company offers technology to help prevent terrorism, stop drug trafficking and money laundering, detecting smuggled goods, and helping speed commerce through our ports. We believe the private sector and government can develop systems of deterrence that will help protect our nation from terrorist attacks. We look forward

to working with you and government agencies and port authorities in carrying out systems of deterrence.

The terrorist attacks on our country on September 11th not only attacked our way of life, but also threatened our economy from free and open movement of commerce it is so much a part of.

Nowhere is this more apparent than the nation's seaports. Last year, approximately 6 million containers moved through the United States. It is estimated that the U.S. maritime transportation system moved 2 billion tons of goods throughout the system. Such a staggering volume of cargo has tremendous economic value. They also pose significant risks for our nation's security, as we have proven so often today.

Unfortunately, our government knows very little about what's in the containers themselves. We have heard a number, 2 percent. Whatever it is, it is a small number of cargo containers that are actually inspected. Even more so, we know very little about containers that move under bond of foreign trade zones and in transshipping bonds color containers poorly enter the United States. Not much can be known about its contents. Its contents could pose a major security risk or danger.

Since September 11th, quite frankly, the federal government has focused its attention on airport security. But just as terrorists recognize the weakness of our aviation system, be sure they are studying the vulnerabilities of our ports. Of course it is not possible, as we have heard, to inspect every container entering the ports. Nor, however, is it necessary in order to protect America.

As long as our government can establish a credible deterrent, it can substantially reduce the risk of harm to the American public.

We urge you to consider developing a combination of measures applied strategically at home and abroad. In a moment, I will describe our technology and show how it can make a significant contribution to this effort. Before doing so, I think it is important to point out, as others have, much can be done abroad to produce an integrated system of protection. We urge the federal government to work with our major trading partners to develop export screening programs and custom shipping programs to reduce the risk long before a vessel can approach our ports.

The federal government should support programs and create incentives for major trading partners to inspect shipments abroad, such as advanced clearance programs. The government should work with private sector and foreign governments for more secure containers and to develop profiles on custom shippers. To document these kind of measures will discourage terrorists and will reduce the risk of threatening cargoes entering our ports. However, no such system can be 100 percent foolproof, nor can we enact it with all countries we trade with. So we also need to develop a portside capability for inspecting cargo containers.

Our neutron scanning devices can play a dramatic role in accompanying our nation's security goals while keeping our ports open for business. With significant financing from the federal government, we have developed two technologies—pulsed fast neutron analysis and thermal neutron analysis. These technologies have evolved as a result of our combined experience in addressing ter-

rorist threats in the aviation sector and fighting the scourge of drugs.

Technology is now available to protect our ports. The PFNA technology is so sensitive because it can detect explosives, chemical agents, narcotics, flammable goods and currency and even nuclear devices. It can inspect shipping containers within 2 to 7 minutes and the analysis is done automatically with no interpretation.

PFNA technology is packaged in the cargo container inspection system that is shown in Figures 1 through 5 of the handout of my written testimony.*

It uses libraries of signatures of material specific nature to detect the threats within a cargo container. Importantly, these signatures can be upgraded as new threats occur. And that is very important as we have seen moving through the 1990's where we went from drugs to counter-terrorist weapons. One of the figures there shows the detection of Sarin, the nerve gas used in the Tokyo city attacks by the terrorists. And we developed a signature that specifically targeted Sarin within a fully loaded cargo container.

Also shown in my handout is what we envision for a portside inspection—use of inspection equipment mounted on a portable barge. Such a barge would be moved to the Port of Charleston here where you could move from terminal to terminal and inspect cargo containers before they actually hit the port at landside. Such a system is not yet developed. It could be developed quickly under a program.

Finally, we have a TNA vehicular explosive detection system which could be employed here and other ports to detect explosives in cargo containers for chemical weapons.

In summary, our neutron scanning technology capabilities far beyond present conventional inspection systems. Highly sophisticated equipment is available today for deployment and for protection. Thank you for providing Ancore the opportunity to share our vision and how we can work together to improve port security to abort further terrorist acts.

[The prepared statement of Mr. Brown follows:]

PREPARED STATEMENT OF DOUGLAS R. BROWN, PH.D., VICE PRESIDENT FOR
BUSINESS DEVELOPMENT AND PROGRAMS, ANCORE CORPORATION

Mr. Chairman and Senator Breaux:

On behalf of Ancore Corporation, I appear to share with you our perspective on the current vulnerabilities facing our nation's seaports as a result of the enormous volume of uninspected cargo that moves through them and to suggest ways in which the private sector and the government can develop a system of deterrence that will help protect our nation from further terrorist attacks.

We very much appreciate your leadership in passing S. 1214, the Port and Maritime Security Act of 2001. And we very much appreciate being given the opportunity to make recommendations about how we can help port authorities address the significant challenges they face in their efforts to protect the security of our country.

As part of a comprehensive plan of seaport security, our technologies can help prevent terrorism, stop drug trafficking and money laundering, and detect smuggling, while helping to speed commerce through our nation's vital seaports.

*The information referred to has been retained in Committee files.

September 11th Demonstrated the Potential Vulnerability of Seaports

The terrorists who attacked our country on September 11 not only attacked our way of life, but also threatened our economy that is so closely tied to the free and open movement of commerce. Nowhere is this more apparent than at our nation's seaports. Whereas the government now is seeking to protect our airports with 100 percent inspection of passengers, baggage and air cargo, our seaports remain relatively unprotected. We understand the Port of Charleston, for example, has in service only one bomb-sniffing dog and one x-ray machine.

Last year, approximately 11.6 million containers entered the United States. It is estimated that the U.S. maritime transportation system moves roughly two billion tons of domestic and international freight per year. According to the Department of Transportation, the total volume of domestic and international freight will likely double over the next two decades. Just last year, the Port of Charleston handled 1.5 million 20-ft. equivalent units (TEUs) and 520,391 tons of break bulk cargo. The South Carolina State Port Authority is justifiably proud of having served more than 2,589 ships and barges at its three principal seaport terminals.

Such staggering volumes of cargo have tremendous economic value, but they also pose significant risks to our nation's security. Unfortunately, our government knows very little today about the contents of containers entering through our ports. Less than two percent is actually examined. The government knows even less about containers moving under bond to foreign trade zones or under a transshipment bond. Until a container formally "enters" the United States, not much may be known about its contents. But its contents may pose a major security threat the moment the container arrives in a port or makes it onto a highway.

Since September 11, the federal government naturally has focused much of its attention on the threat posed by potential gaps in air security. But just as the terrorists recognized weaknesses in our aviation system, you can be sure that they are studying the vulnerabilities of our ports.

As you know from the Committee's own work, the Interagency Commission on Crime and Security in U.S. Seaports concluded in 2000 that the *threat* of terrorism at U.S. seaports was *low*, but that the *vulnerability* to terrorism was *high*. As the Commission noted, seaports are relatively open, accessible, and handle massive volumes of cargo that could be sabotaged at its source or in transit. In addition, seaports tend to be near large population bases and to waterway systems that could be used to carry harm widely throughout the population.

We should have no illusions about how obvious these potential vulnerabilities are to terrorists. Moreover, we need to appreciate that the more successful our government is in shutting down potential attacks through our aviation system, the more likely our ports will become a means of wreaking terror.

The United States Should Implement a Comprehensive System of Prevention and Deterrence

As you no doubt appreciate, it is not possible to inspect every container entering through our ports. Nor, however, is it necessary to do so in order to protect the American public. As long as the government can establish a credible deterrent, it can substantially reduce the risk of harm to the American public.

The government and the private sector can establish an effective system of deterrence through a series of incremental measures that together will decrease any potential threat. No one measure, operating in isolation, can provide sufficient benefits at acceptable costs to society.

We urge you to consider developing a combination of measures, applied strategically at home and abroad, to combat terrorism and to facilitate commerce. In a moment, I'll describe for you the technology we have developed with substantial federal government support that can make a significant contribution in this effort. But before doing so, I think it important to point out that much can be done abroad to produce an integrated system of protection.

We urge the federal government to work with our major trading partners to develop export screening programs and trusted shipper programs to reduce risk long before a vessel nears our border. The federal government should explore programs that create incentives for our major trading partners to inspect cargo shipments abroad, such as through a system of advance clearance. The government should work with the private sector and foreign governments to develop more secure containers and to develop profiles for trusted shippers. Adopting these kinds of measures will discourage terrorists and will reduce the risk that threatening cargoes will ever reach our ports.

No such system will ever be foolproof; nor can it be developed quickly or reliably enough for every nation with which we trade. We therefore believe it is equally es-

sential that port authorities adopt measures that can identify threatening cargoes when they reach our ports, whether or not the containers are formally entering the country or are in-transit to a foreign trade zone.

Ancore's Port-Security Technology Offers a Dramatic Improvement Over Conventional Products

It is possible to reduce terrorist threats while maintaining a robust flow of commerce. We have the technologies available to accomplish our shared goals of upgrading our security systems while maintaining the flow of commerce. Our neutron scanning devices can play a dramatic role in accomplishing our nation's security goals while keeping our ports and borders open for business. (We describe the two technologies in greater detail in the attached appendix.)*

With significant financial support from the U.S. Government, we have developed Pulsed Fast Neutron Analysis (PFNA) and Thermal Neutron Analysis (TNA). The technologies have evolved as a result of our collective experience in addressing aviation terrorist threats and in addressing the scourge of illegal narcotics. In 1985, after the bombing of an Air India flight leaving Canada, the Federal Aviation Administration and others recognized that x-ray machines were ineffective against explosives. X-ray detects shapes of dense objects, such as guns. Modern plastic and liquid explosives, however, can be molded into any shape and can have densities similar to many benign materials. The federal government recognized that it needed a technology that could identify the explosives themselves.

During this same timeframe, the U.S. Customs Service was confronted with the scourge of increased importation of illegal drugs in cargo containers and trucks. It was clear that manual inspection, which takes about 15 man hours per container, could never cover more than a fraction of a percent of the incoming shipments—neither land nor manpower are reasonably available to do the job. In recognition of the problem, Congress passed legislation to develop technologies for non-intrusively scanning trucks and cargo containers to detect illegal drugs. The program was run through DARPA, the DOD's premier research agency. Under this and follow-on counter-terrorism programs, the U.S. Government has put more than \$40 million into the development of the PFNA scanning system.

After years of extensive testing, PFNA technology is now available to protect our ports (as well as our aviation system and our land borders). Neutron scanning offers a breakthrough comparable to the significant advance offered by Magnetic Resonance Imaging (or MRI) in medical diagnostics. Prior to MRI, a brain tumor was invisible to x-rays, which could detect the dense bone structure of the skull but could not tell a doctor much about the soft tissue where the tumor hid. With MRI, however, doctors now can quickly and non-intrusively pinpoint a tumor in three dimensions using chemical specific signals. In a similar fashion, PFNA can automatically pinpoint the position of contraband based on material specific signatures, contraband that would otherwise be undetected using traditional x-ray technology.

PFNA technology is so sensitive that it can detect explosives, chemical agents, narcotics, dutiable goods, currency and even nuclear devices. It can inspect a shipping container within three to seven minutes, identifying and locating hazards without the need for human interpretation.

PFNA uses a directed, pulsed beam of high-energy neutrons that interact with the nuclei of elements in scanned objects. This pulsed beam of neutrons is moved over the inspected object as it is mechanically conveyed across the beam during inspection. The penetrating neutron pulses interact with the elemental contents of the items within a container, producing unique gamma ray signals. The signals emanating are separately analyzed by the PFNA computer system.

The PFNA technology has been packaged into the Ancore Cargo Inspector (ACI), which is an integrated device for inspection of fully loaded cargo containers and trucks. The drawing below shows the ACI system inspecting a fully loaded cargo container. The ACI uses libraries of signatures to produce *material-specific* images of the goods inside a cargo container. These libraries are part of the system's data base and can be continually updated to include signatures of new contraband or dutiable cargoes. The use of a high-speed data processing system allows the ACI to present the results of its inspection to the operator in a simple intuitive way.

*The information referred to has been retained in the Committee files.

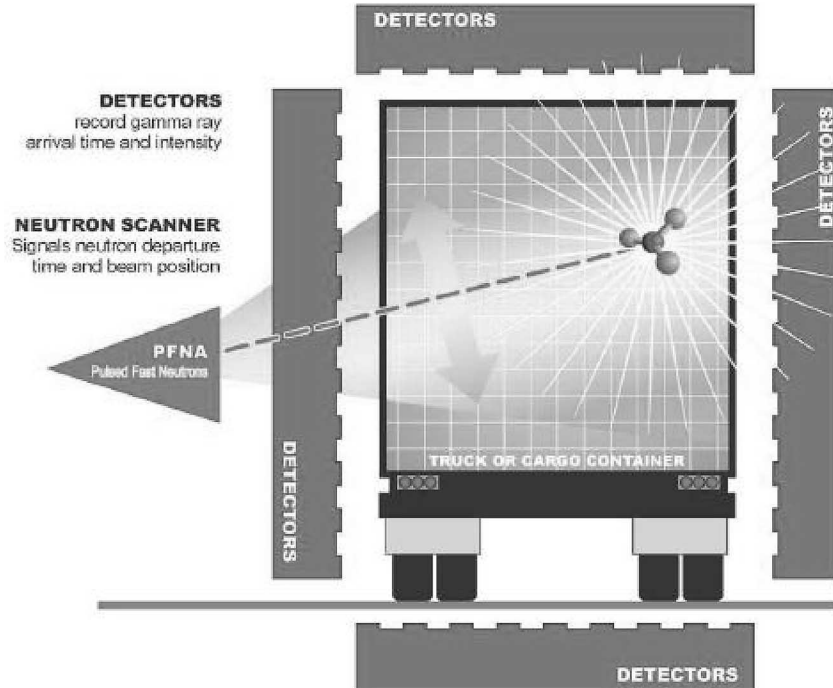


Figure 1. PFNA inspection process.

We also envision a cargo inspection facility based on a moveable platform, which would be particularly handy in a port such as the Port of Charleston. The platform could be moved throughout the port to check suspicious containers, at numerous terminals, before they ever reach land. Such a system is not yet ready for introduction, but might be quickly developed through a concentrated research and development project.

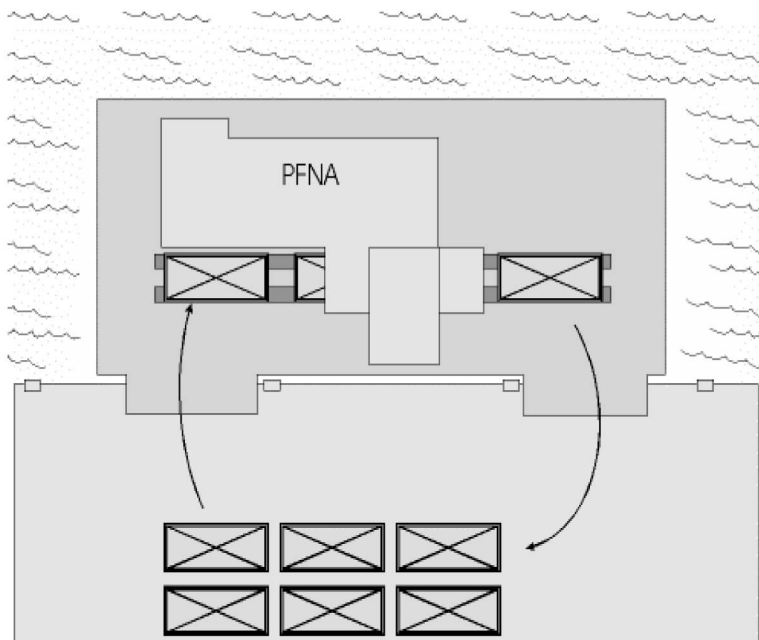


Figure 2. Cargo inspection at ports.

Finally, our TNA-based Vehicular Explosive Detection System (VEDS) could be deployed here and in other ports to detect explosives in suspicious vans and trucks or for the detection of a “weaponized” cargo container full of explosives or chemical weapons. VEDS can detect all known explosives, including military, commercial, and home-made, while simultaneously detecting drugs.



Figure 3. Portal Vehicular Explosive Detection System (VEDS).

In summary, our neutron scanning technology offers capabilities far beyond those of conventional inspection systems. This highly sophisticated equipment is now ready to be deployed as part of a nation-wide system of deterrence. The unique automatic, material specific detection of terrorist threats can significantly increase the security at ports, border crossing stations, airports, and even within the domestic transportation infrastructure of potential urban targets.

Thank you again for providing Ancore with this opportunity to share with you our vision on ways we can work together to improve port security and deter future terrorist attacks.

The CHAIRMAN. Thank you very much. Dr. Flynn.

**STATEMENT OF STEPHEN E. FLYNN, PH.D., SENIOR FELLOW,
NATIONAL SECURITY STUDIES, COUNCIL ON FOREIGN RELATIONS**

Dr. FLYNN. Thank you very much, Mr. Chairman. My name is Stephen Flynn. I am a Senior Fellow with the National Security Studies Program at the Council on Foreign Relations. I am also a Commander in the U.S. Coast Guard and a professor at the U.S. Coast Guard Academy. Since 1999, I have been conducting research at the Council that has been examining in large part the security weaknesses associated with the system of intermodal transportation that is so indispensable to supporting global trade and travel. That project has afforded me the opportunity to conduct field visits within major seaports throughout the United States, in Montreal, Rotterdam, Hong Kong, and Kingston, Jamaica.

It is a privilege for me to be here today to testify on the state of seaport security since the tragic events of September 11 and to outline my views on S. 1214, the Port and Maritime Security Act. In my testimony, I hope to convey two things. First, I will add my voice to those of the other witnesses in validating the overdue government attention and resources now being given to the critical issue of seaport and maritime transportation security. Second, I will make the case for doing whatever can be done to bolster the international and intermodal dimensions of this historic piece of legislation.

Mr. Chairman, I worry that as you pursue this important agenda to advance port and maritime security you are racing against a return to complacency. Rather than recognizing September 11 as a harbinger of how warfare will be waged in the 21st century, it appears that many Americans are choosing to see it as an aberrant event where, thanks to our impressive counter-terrorist operations overseas, we soon will be largely free to return to our "normal" lives here at home. I hold just the opposite view. I would argue that we are at greater risk precisely because of the example of the catastrophic terrorist acts of September 11. The Al Qaeda terrorists who leveled the twin towers and slashed open the Pentagon made launching an attack on the territory of the United States look easy. Also, 19 men wielding box-cutters ended up accomplishing what no adversary of the world's sole superpower could ever have aspired to: the successful blockade of the U.S. economy that resulted from the rush by federal authorities to close U.S. airspace, shut down the nation's seaports, and slow truck, car, and pedestrian traffic across the land borders with Canada and Mexico to a trickle. They achieved a very big bang for a very small buck. We should expect that America's adversaries have watched and learned.

Americans need to come to grips with three realities. First, there is military value to engaging in acts of catastrophic terrorism. It is not simply about killing people in large numbers or toppling buildings. It is about generating the collateral societal and economic disruption associated with these attacks, thereby weakening the power of the targeted state, and creating a substantial incentive for it to reassess its policies. Disruption is the military objective, not corpses and rubble.

Second, for the foreseeable future, there will be anti-American terrorists with global reach, capable of carrying out catastrophic attacks on U.S. soil, including the use of chemical and biological weapons. Regardless of our current efforts to roll up the Al Qaeda network, places will always exist for terrorists to hide, especially before they have committed widespread atrocities, and new adversaries will eventually arise to fill the shoes of those who have perished. As with the war on drugs, calls for “going to the source” may sound good in theory, but it will prove illusive in practice. Terrorism expert David Long suggests a compelling analogy when he asserts “terrorism is like the flu—there will always be a new strain each season.”

Third, many of America’s adversaries will find catastrophic terrorism to be their most attractive military option precisely because of the complete dominance the United States possesses across the conventional spectrum of force. If anyone thinks they can succeed in a pitched battle against U.S. armed forces, they should check with the Iraqi Republican Guard or the Taliban army. The only rational option for the adversaries of the world’s sole superpower is to conduct asymmetric warfare. And the most attractive asymmetric targets are the civil and economic elements of power precisely because they are the real basis for U.S. power and they are presently largely unprotected.

As I survey the menu of tempting targets against which to conduct a catastrophic terrorist act, I find our seaports and the intermodal transportation system among the most attractive. First, because we start from such a low security baseline as documented by the report of the Interagency Commission on Crime and Security in U.S. Ports that helped spawn S. 1214. Inadequate security in our seaports is not simply a result of benign neglect in the face of what was perceived to be a low threat. It is also the cumulative result of what I would call, “malign neglect.” Many in the maritime transportation industry, struggling in the face of competitive pressures for greater efficiencies and lower costs, actively resisted expenditures on security that would erode their already razor-thin profit margins. Prior to September 11, the general neglect of America’s seaports, both in terms of investment in public resources and attention from cash-strapped agencies like the Coast Guard and U.S. Customs, translated into a maritime front door that was virtually wide-open. Despite extraordinary efforts made by federal, state, and local officials since 9/11, things are now only marginally better. Seaports remain the only international boundaries that receive no federal funds for security infrastructure—something the Hollings bill properly aims to correct.

The fact that greater vigilance within our seaports has not translated into much in the way of additional security is a reflection of

the second reason why I believe seaports like Charleston make attractive targets—ports are part of a global transportation network that can be compromised at the weakest link within that network. Charleston is the fourth largest container port in the United States. More than 40 steamship lines carry U.S. trade between Charleston and 140 countries around the world. 1.5 million containers moved through this port last year that originated from loading docks of tens of thousands of factories or freight forwarders from every continent. At a cost of \$1,500–\$3,000, a multi-ton container can be shipped to practically anywhere on the planet. There are no security standards associated with loading a container. There is no requirement that a container be accounted for as it moves from its point of origin, to the port of embarkation. There are not even any agreed-upon security guidelines, though there was a discussion begun last week at the International Maritime Organization to begin to tackle that issue. What this translates into is that there are ample opportunities for a terrorist or a criminal to compromise freight shipments destined for U.S. ports. Drugs, arms, and migrant traffickers have been doing this for years.

In short, seaports make great targets because you can essentially launch an attack from a factory, a freight forwarder, or virtually anywhere within the intermodal transportation system, far from our shores. If the Port of Charleston were to be targeted by a terrorist, there would be plenty of places to hide a weapon among the 12 million tons of cargo, loaded and unloaded in the terminals here in 2001. An adversary could invest in a GPS transponder and track the box's location by satellite and set it off using a remote control. Or he might install a triggering device that would set the weapon off if the door of the container were opened for examination.

That brings me to my third reason to worry about the vulnerability of the seaports and the intermodal transportation system. If a container were to be used as a poor man's missile and it was set off in a seaport, the inevitable fallout would be to generate concern about the 11.5 million other containers that arrived in the United States last year. How would we know they were bomb free? The answer right now is that we couldn't really say one way or the other with any real confidence, unless we opened and inspected them all. With more than 90 percent of all transoceanic general cargo being shipped in containers to and from the United States, stopping and examining every container would translate into grinding global commerce to a halt. It would make the disruption caused by the anthrax mailings look like a minor nuisance by comparison. When the mail service to Washington was compromised, we switched to using more e-mails, faxes, and FedEx. If we have to do a security scrub of the intermodal transportation system, there is virtually no alternative to a box for moving freight. Within a day, factories would go idle. As the world's leading importer and exporter, most of the world's economies would share our pain.

Expressed succinctly, seaports and the intermodal transportation system are America's Achilles Heel. This fact has three very important implications for the subject of today's hearing on the vulnerability of U.S. seaports and how the government is structured to safeguard them:

(1) Seaports cannot be separated from the international transport system to which they belong. Ports are in essence nodes in a network where cargo is loaded on or unloaded from one mode—a ship—to or from other modes—trucks, trains, and, on occasion, planes. Therefore, seaport security must always be pursued against the context of transportation security. In other words, efforts to improve security within the port requires that parallel security efforts be undertaken in the rest of the transportation and logistics network. If security improvements are limited to the ports, the result will be to generate the “balloon effect”; i.e., pushing illicit activities horizontally or vertically into the transportation and logistics systems where there is a reduced chance of detection or interdiction.

(2) Port security initiatives must be harmonized within a regional and international context. Unilateral efforts to tighten security within U.S. ports without commensurate efforts to improve security in the ports of our neighbors will lead shipping companies and importers to “port-shop”; i.e., to move their business to other market-entry points where their goods are cleared more quickly. Thus the result of unilateral, stepped-up security within U.S. ports could well be to erode the competitive position of important American ports while the focus of the security risk simply shifts outside of our reach to Canada, Mexico, or the Caribbean to ports such as Halifax, Montreal, Vancouver, and Freeport.

(3) Since U.S. ports are among America’s most critical infrastructure, they should not be viewed as a primary line of defense in an effort to protect the U.S. homeland. It is only as a last resort that we should be looking to intercept a ship or container that has been co-opted by terrorists in a busy, congested, and commercially vital seaport.

The bottom line is that while we must put our own house in order, the maritime dimension of the homeland security challenge cannot be achieved at home. It is the international trade corridors that must be secure, not just the off-ramps that bring trade to our shores. S. 1214 recognizes this by including a chapter for international port security. But most general cargo does not originate in a port—it starts much further upstream, necessitating the need to move toward point of origin controls, supported by a concentric series of checks built into the system at points of transshipment, transfer of cargo from one conveyance to another, and at points of arrival.

A common set of standard security practices to govern the loading and movement of cargo throughout the supply chain must be developed. The goal is to ensure that an authorized shipper knows precisely what is in a shipment destined for U.S. shores and can report those contents accurately. A second objective is to ensure the electronic documentation that goes with the shipment is complete, accurate, and secure against computer hackers. A third objective is to reduce the risk of the shipment being intercepted and compromised in transit.

This last objective is best achieved by advancing the means for near-real time transparency of trade and travel flows through technologies that can track the movement of cargo and conveyances and which can detect when freight may have been tampered with. Such a system ideally creates a deterrence for criminals or terror-

ists to try and intercept and compromise shipments in transit. Greater transparency also enhances the ability for enforcement officials to quickly act on intelligence of a compromise when they receive it by allowing them to pinpoint the suspected freight. The importance of providing the means for intelligence-driven targeting cannot be overstated. The sheer number of travelers and volume of trade along with the possibility of internal conspiracy even among companies and transporters who are deemed low-risk makes critical the ongoing collection of good intelligence about potential breaches in security. But, that intelligence is practically useless if it helps only to perform a post-attack autopsy. Mandating “in-transit accountability and visibility” would provide authorities with the means to detect, track, and intercept threats once they receive an intelligence alert, long before a dangerous shipment entered a U.S. seaport.

S. 1214 provides a toehold to advance such a comprehensive approach under section 115, “mandatory advanced electronic information for cargo and passengers and other improved Customs reporting procedures”; section 118, “research and development for crime and terrorism prevention and detection technology”; and section 207, “enhanced cargo identification and tracking.” If all these sections along with a section 108, “international port security,” could be refined to take a more comprehensive systems approach and could be effectively put on steroids during the conference committee process, the Port and Maritime Security Act of 2001 would truly represent a substantial step forward in what promises to be a long and difficult war on global terrorism.

In conclusion, building a credible system for detecting and intercepting terrorists who seek to exploit or target our seaports and international transport networks would go a long way toward containing the disruption potential of a catastrophic terrorist act. A credible system would not necessarily have to be perfect, but it would need to be good enough so that when an attack does occur, the public deems it to be as a result of a correctable fault in security rather than an absence of security.

Ultimately getting seaport security right must not be about fortifying our nation at the water’s edge to fend off terrorists. Instead, its aim must be to identify and take the necessary steps to preserve the flow of trade and travel that allows the United States to remain an open, prosperous, free, and globally engaged society.

The CHAIRMAN. Very good. Thank you, Dr. Flynn. Mr. Koch.

**STATEMENT OF CHRISTOPHER L. KOCH, PRESIDENT AND
CEO, WORLD SHIPPING COUNCIL**

Mr. KOCH. Thank you, Mr. Chairman, Senator Breaux. Last year, the international liner shipping industry carried approximately 18 million TEUs of containerized cargo in U.S. foreign trade, containing \$480 billion worth of goods, representing $\frac{2}{3}$ of the value of all of the nation’s ocean-borne commerce. That was approximately 4.8 million containers of U.S. export cargo and about 7.8 million containers of import cargo.

Now, the immediate challenges for the industry and for government are: one, to design the security process and to deploy the capability necessary to minimize, detect, and intercept security risks

as early as possible—before they are loaded on a ship for delivery to their destination; and two, to have the systems and the international protocols in place to ensure an efficient flow of international commerce during all possible security conditions.

What is at issue here is, as Dr. Flynn just said, not just maritime security or transportation, or even the global intermodal transportation system, but the flow of international trade and the world's economic health. We all recognize, as Mr. Bonner and Admiral Loy stated, the concern over the possibility that the international transportation system might be used as a conduit for terrorists. At the same time, we are aware that government officials have indicated that if terrorists were to attack this system, the government's response might be literally to shut down trade. That, however, would allow the terrorist threat to strangle international commerce. It would be extremely damaging to the American and the world economy. The BMW plant upstate, whether it is manufacturing for domestic consumption or export, poultry exporters, furniture exporters—everybody would be caught up in this economic impact that would be felt across the nation and would be severe.

The government must have the strategy and the capability to ensure that trade continues to flow, even if there is an incident. The alternative is to create an even greater incentive for terrorists to target the transportation industry because the consequences would be so destructive.

I would like to observe that the World Shipping Council would recommend four principles be observed as we construct this model. First, there must be a unified and coordinated strategy to address the issue. We recognize that the Department of Transportation oversees transportation and the Customs Service oversees trade. But improving security of intermodal containerized cargo shipments requires a tightly integrated, common approach and clear responsibilities.

Second, there should be clear, mandatory rules informing each responsible person in the transportation chain of what is required. Voluntary programs designed to provide enhanced security levels and to expedite the transportation of loads of cargo are important and should be pursued. But effective security against terrorist threats also requires minimum, clear requirements, with clear accountabilities which are uniformly applied and enforced.

Third, the security regime must allow for the efficient flow of trade. Efficient transportation and secure transportation are not incompatible.

And finally, international cooperation is clearly necessary to effectively and comprehensively extend enhanced security to international supply chains.

Now, of the various components of this challenge, let me start with ships. The Coast Guard clearly has the authority to deal with the "ship" issues. S. 1214 gives them additional tools, and we are fully supportive of that. We are also fully supportive of the Coast Guard's mission at the IMO to expand international security standards dealing with ships.

The second piece of this security challenge is the marine terminal. Again, as you have pointed out earlier in the hearing, Mr. Chairman, the report on the Interagency Commission on Crime

and Security, which started the whole initiative with S. 1214, pointed out that in the United States, seaport security has been found wanting. Your legislation is an excellent start, and we are fully supportive of the bill in that regard and the efforts of the Coast Guard.

The third issue is personnel. Again, we support S. 1214 and the current Department of Transportation efforts to establish a national credentialing program with uniform, minimum federal standards for credentialing, with a federal background check process using criminal histories and national security data and smart card technologies for the credentialing of appropriate transportation personnel. It should cover people with access to restricted terminal areas and vessels, to truckers hauling the container and other security sensitive positions. America's seaports should have systems to ensure and record that only approved people who are supposed to be there are there and only when they are supposed to be there.

We also support the Coast Guard's initiative for the IMO, to establish an international credentialing and background check system for seafarers of all nations.

Let me turn now to the issue of the container. Containerized cargo transportation presents distinct and clearly complex challenges from a security perspective. First, there are a number of different entities and different jurisdictions involved in a shipment—those involved in loading the container and sealing it, the documentation of the shipments, the storage, the trucking, the railroad, the inland terminal, the marine terminal and the ocean carrier.

Second, there's a current lack of a clearly defined and coordinated information system to receive, analyze and act on the data determined by the government to be necessary to pre-screen containerized shipments before they are loaded on the ship.

And third, there is a lack of an established or coordinated global capability to inspect containers, when warranted, before they are loaded aboard ships.

Accordingly, we believe it may be helpful to look at separate, but complementary, aspects of addressing the issue, the first being operations. We support the government establishing a requirement that the shipper must seal a box, originating in or destined for the United States, immediately upon stuffing it and record the seal number on all shipping documents. We support the government establishing standards that all seals on containers should meet, a requirement that the party receiving the container at each interchange check and record the seal number and its condition, and require procedures for when a container is received with a seal discrepancy.

As to new equipment technology, the World Shipping Council members have offered their support and are currently engaged in helping the government in testing and evaluation of cost-effective seal and equipment technologies for containers. While such technologies have not yet been sufficiently proven to have government standards and be required, we continue to work with the government and are fully supportive of those initiatives.

Third, regarding cargo documentation and the government's information requirements, you heard earlier today both Commissioner Bonner and Admiral Loy speak very eloquently about the

need for container security initiatives to “push out” the borders so that the government can acquire essential cargo shipping information in time to analyze it and determine if further inspection of a container is needed or appropriate before it is loaded on a ship. That logic is clear. It is unarguable. The port of discharge is not the place or the time to check for terrorism.

So the government’s objective should be to obtain and analyze shipment information early enough to carry out this objective. The first step is the government has to establish its information requirements. What information does it want, from whom, delivered when?

Each person in the shipping process is going to have a role, from the shipper, to the carrier, to the intermediary. Ocean carriers are willing to do their part. They understand that the cargo manifest is a relevant source of information and they are certainly willing to comply with the manifest requirement. However, I would like to point out that the earliest information required by the government as to cargo on the ship is the ocean carrier’s cargo manifest which is electronically transmitted 48 hours in advance of arrival. Importers are not required by law to provide cargo information or make entry of the goods until 5 days after they have been unloaded. Even more time is allowed for goods that are moving in bond.

This is not the information process that is going to support accomplishing the government’s objective. My point here is not to simply identify an obstacle in front of us, but to identify the need to have an information process that allows commerce to flow smoothly because people know what is in that stream of commerce in time to act on it for security screening purposes.

We understand the Department of Transportation is considering this issue. We understand the Customs Service is considering this issue. We understand the private sector information are trying to determine how they can help. We hope a single, coordinated government approach will be developed soon.

Finally, let me touch base on container inspection capability. It is not feasible nor is it necessary to physically inspect every container entering a marine terminal or port. It is necessary, however, for the government to have the capability to inspect those containers that it identifies as deserving further attention, whether that is on a random basis or based on specific information. And the better the information about a shipment, the better the government will be able to identify which containers warrant inspection. Unless such inspection equipment and competence is available to the government authorities, not only in U.S. ports, but at overseas ports, the government will have an obvious difficulty in accomplishing its objectives. To be fully effective, a security information system requires a way to check out a questionable container before it is loaded on a ship heading to or from a U.S. port. That is the whole point of “advanced awareness.” We believe that this issue requires immediate inter-governmental planning and execution.

Mr. Chairman, in conclusion, we fully support S. 1214. We think it is an excellent start. We hope the House will act on it as quickly as you were able to act on it. We also commend the Coast Guard and the Customs Service who have done a magnificent job since the 11th of September. Their enhanced vigilance has improved security

in the U.S. and we need to build on that. We particularly point to the advanced information system and planning processes and inspection capabilities and the international protocols necessary to make that work. Thank you.

[The prepared statement of Mr. Koch follows:]

PREPARED STATEMENT OF CHRISTOPHER L. KOCH, PRESIDENT AND CEO,
WORLD SHIPPING COUNCIL

I. Introduction

America is a free nation that generally aspires to free trade. Our international transportation and trading system reflects that relative openness and freedom, and we all benefit from it. But today we face a serious, new challenge: How best to design and implement effective maritime security measures that will successfully defend our trading and transportation system from terrorism—while preserving the efficiencies and benefits which consumers, businesses and every national economy derive from today's system.

Meeting that challenge is not a simple task. "Maritime security" covers a variety of different, distinct industries and elements, including: inland waterways, port facilities, marine terminals, non-maritime facilities located on navigable waters, bridges, cruise ships, tankers of various types, and the liner industry. This testimony will address only the *liner shipping*¹ aspects of this agenda, which, while representing only a portion of the issues this Committee is reviewing, are substantial enough to have produced multiple "container security" initiatives within the Executive Branch.

In 2001, the international liner shipping industry carried approximately 18 million TEUs (twenty-foot equivalent units) of containerized cargo in America's international trade—roughly \$480 billion dollars worth of goods. That represents slightly over two-thirds of the value of all of the nation's oceanborne commerce. It represents approximately 4.8 million containers of U.S. export cargo and 7.8 million containers of import cargo.²

Over 800 ocean-going liner vessels, mostly containerships and roll-on/roll-off vessels, make more than 22,000 calls at ports in the United States each year. That's more than 60 vessel calls a day—providing regular scheduled services to and from virtually every country in the world. Liner shipping makes it easier and cheaper for U.S. exporters to reach world markets, and provides American businesses and consumers with inexpensive access to a wide variety of goods from around the world—strengthening our economy and enhancing our quality of life. The members of the liner shipping industry who comprise the World Shipping Council³ carry over 90 percent of this volume. They truly are "Partners in America's Trade," and they recognize that this partnership requires the industry to work effectively with the government to address the new threat that terrorists might try to use or attack our transportation system.

The immediate challenges are (1) to design the security process and deploy the capabilities necessary to minimize, detect and intercept security risks as early as possible—before they are loaded aboard a ship for delivery to their destination, and (2) to have the systems and international protocols in place to ensure the efficient flow of international commerce during all possible security conditions. We must protect the system that facilitates world trade, and prevent transportation assets from becoming means of delivering destruction. We must protect the lives of people who make the international trade system operate and who work and reside in areas through which trade flows. We must protect the nation's ability to continue its trading relations in the event terrorists do attack. And, we must recognize that this terrorist threat is not going to go away, but only become more challenging to address as world trade volumes grow.

For that reason, what is at issue is not just maritime security, or the even the global, intermodal transportation system, but the flow of international trade and the world's economic health.

Government officials have clearly stated their concern over the possibility that our international transportation system might be used as a conduit for terrorism. Ac-

¹ Unlike bulk carriers or "tramp" ships that operate for hire on an "as needed, where needed" basis, liner vessels operate in regular, scheduled services on fixed routes.

² Containers are different sizes, including 40 foot (most common), 45 foot, and 20 foot. For that reason a specific number of TEUs does not equal that number of containers, as a 40 foot container equals two TEUs.

³ The membership of the Council is attached as Appendix A.

cordingly, governments must devise and implement effective strategies to reduce and manage such risks, and carriers, shippers, ports, marine terminals, importers and third parties need to support what is necessary to achieve those objectives.

At the same time, government officials have indicated that, if terrorists were to attack this system, the government response might be to shut down trade.⁴ That, however, would allow the terrorist threat to strangle international trade. It would be extremely damaging to the American and world economy. The government must have a strategy and the capability to ensure that trade continues to flow, even if there is an incident. The alternative would create an even greater incentive for terrorists to target the transportation industry, because the consequences would be so destructive.

There is no single solution for this problem. No single government agency that can solve this problem. No single government that can solve this problem on its own. Every commercial party involved in the transportation of goods has a role to play. Every government has a role to play.

Shippers, consignees, carriers, ports and terminal operators all fear that in the endeavor to address these security concerns, the free and efficient flow of commerce will be impeded, and that requirements may be imposed that unnecessarily impede commerce and raise operating costs, but do little to improve security. This is an entirely legitimate concern. The answer, however, is not to delay action. What is needed is for the government to clearly identify the new security requirements, and for the industry to work cooperatively and quickly with the government to determine the best, most efficient way to meet them.

After September 11, the World Shipping Council established a Security Advisory Committee in order to consider how the liner industry could assist the government in the effort to improve security and protect the flow of commerce. On January 17, the Council issued a White Paper, which was provided to the Department of Transportation, the Customs Service and this Committee. Based on that paper and the continuing commitment of the liner industry to help the government develop effective responses to these challenges, I'd like to offer the following comments to the Committee.

II. The Challenges

Designing and implementing an effective maritime security program will require cooperation, information sharing, and coordination between government and industry. At the outset, the Council recommends that the federal government's strategy and actions should be consistent with certain principles.

First, there must be a unified, coordinated strategy to address the issue. We recognize that the Department of Transportation oversees transportation and the Customs Service oversees trade, but improving the security of intermodal, containerized cargo shipments requires a tightly integrated approach and clear responsibilities. This is particularly true when considering information requirements for cargo shipments, which I will discuss later. It also requires government agencies to effectively share the information that they require.

Second, there should be clear, mandatory rules informing each responsible person in the transportation chain what is required of them. Voluntary programs designed to provide enhanced security levels and to expedite the transportation of low risk cargo are important and should be pursued. But, effective security against terrorist threats also requires clear minimum requirements, with clear accountabilities, which are uniformly applied and enforced.

Third, the security regime must allow for the efficient flow of trade. Efficient transportation and secure transportation are not incompatible.

Fourth, international cooperation is necessary to effectively and comprehensively extend enhanced security to international supply chains. We all recognize that there are both

- legitimate concerns about unilateral U.S. actions that have international implications and about the need for international standards on many of these issues, rather than a crazy quilt of differing national laws, and

⁴ Customs Commissioner Bonner last month stated that "the shipping of sea containers would stop" if a nuclear device were detonated in a container. One can only agree with his comment that this would be "devastating," would cause "massive layoffs" in the economy, and that "we must do everything in our power to establish a means to protect the global sea container trade, and we must do it now." Speech of Commissioner Robert C. Bonner, before the Center for Strategic and International Studies, January 17, 2002, Washington, D.C. Coast Guard officials have made similar comments.

- legitimate concerns that the international community may not act with the urgency and determination that the U.S. government regards as essential.

This tension may be unavoidable, but it need not be destructive. It requires sensitivity and effective communication on all sides. For example, a recent Customs Service proposal to set up close security relations with a select number of large, non-U.S. ports, including the Port of Rotterdam, caused concern in Belgium because the ports of Antwerp and Zeebrugge, which compete with Rotterdam, felt that the proposal might effectively disadvantage them in their trade with the United States. That was clearly not the intent of the proposal; however, the reaction to it illustrates the importance of effective, broad-based international cooperation and sensitivity to actions that are not uniformly applied.

III. Various Aspects of Containerized Cargo Shipping

A. *Ships*: On the issue of ship security, we fully support the various initiatives undertaken by the Coast Guard to address vessel security, both using their existing authority and in leading the initiative at the International Maritime Organization to obtain international agreement.

The Coast Guard immediately after September 11th implemented several measures to improve tracking vessels destined for U.S. ports and the crews and passengers onboard these vessels. Through its sea marshal program, implementation of safety and security zones around vessels and escorting certain types of vessels, the Coast Guard is also taking steps to prevent vessels from becoming terrorist targets or from being used by terrorists as weapons.

The Coast Guard has submitted to the International Maritime Organization (IMO) additional proposals pertaining to vessel security. Among the proposals are the designation of security officers on every vessel and in every company that owns or operates vessels; the availability of alarms or other means on a vessel to notify authorities and other ships of a terrorist hijacking; and the expedited installation on all vessels of the Automatic Identification Systems (AIS) by July 1, 2004, instead of the existing target date of 2008. AIS provides, among other things, a ship's identity, position, course and speed. The Coast Guard has also proposed to the IMO an international system for the issuance of verifiable seafarers' documents and background checks of individual seafarers.

These and other proposals were discussed at a U.S. initiated working group meeting of the IMO that ended last week. Additional IMO meetings are scheduled for later this spring and summer with a view to approving new international vessel security measures at a special IMO session in December.

It is too early to assess which measures may be approved later this year by the IMO and thus become internationally binding requirements. As an international industry operating liner vessels with multinational crews, and under the jurisdiction of many different flag administrations, and calling ports in many different countries, the Council's member companies would prefer that, to the greatest extent possible, mandatory vessel security measures be agreed to at the international level. Clear and uniformly applied and enforced rules would create certainty and clarity for our vessels and their crews and help protect against breaches in, and of, the international supply chain.

One final point about ships and security: Concern has been expressed about terrorist organizations using shell businesses to obtain ownership of vessels to provide a source of income and for logistical purposes. It is very important for flag administrations to work cooperatively with U.S. authorities to track any such terrorist ownership, and we understand that these concerns are being addressed.

B. *Marine Terminals*: The security of ports and marine terminals in this country was analyzed in the Report of the Interagency Commission on Crime and Security in U.S. Seaports (Fall 2000) and found wanting. This issue has been discussed at previous Committee hearings, and that report provided an impetus for your legislation (S. 1214), Mr. Chairman, which is now before the House of Representatives, and which we support.

The Coast Guard, using existing statutory and regulatory authority and working with terminal owners and operators, has already implemented certain measures to increase security in and around waterfront facilities.

Earlier this year, the U.S. Coast Guard Commander for the Pacific Area issued guidelines for the individual Captains of the Port for the inspection and maintenance of adequate security measures for waterfront facilities in the Pacific Area. Developed in cooperation with industry stakeholders, these guidelines are intended for all types of maritime terminals and facilities. They cover areas such as physical property security, personnel security, passenger security, vehicle access and rail security, and are differentiated according to three risks levels. As guidelines, they do

not replace or supersede existing regulations. Rather they are intended to assist the individual Captains of the Port and the operator of a facility in evaluating the security of that facility and taking corrective measures, if necessary. The guidelines are a constructive first step, but further actions are needed. For example, these guidelines do not address the issue of credentials and access controls for people at marine terminals.

The U.S. Coast Guard included in its submission to the IMO a proposal that all port facilities be required to develop and maintain security plans, and that these plans would have to be approved by the government in whose jurisdiction the facility is located according to internationally agreed standards. In addition to this proposal, the Coast Guard has also proposed that IMO agree to a mandatory requirement that every port undergo, by the government in whose jurisdiction it is located, periodic port vulnerability assessments based on internationally agreed vulnerability assessment standards. We fully support the efforts of the Coast Guard to raise enhanced terminal security at the IMO. The Coast Guard has also begun the process of preparing to conduct vulnerability assessments of U.S. ports, and, towards that objective, is developing a so-called “Model Port” security concept.

C. *Personnel*: We support S. 1214 and the Department of Transportation efforts to establish a national credentialing program, with uniform, minimum federal standards for credentialing, with a federal background check process using criminal history and national security data, and “smart card” technology for the credentialing of appropriate transportation workers. It should cover people with access to restricted marine terminal areas and to vessels, the truckers hauling the container, and other security sensitive positions. America’s seaports should have systems to ensure and record that only approved people who are supposed to be there are there, and only when they are supposed to be there.

S. 1214 appropriately instructs the Department of Transportation to work to enhance the security at foreign ports. To be credible, the United States needs to do the same. Many foreign ports have more developed security procedures than U.S. ports, and the institution of credentialing, background checks, and positive access controls at U.S. ports would be a constructive step to show the U.S. government’s resolve.

We also support the Coast Guard’s initiative at the IMO to establish an international credentialing and background check system for seafarers of all nations. The Coast Guard estimates that 200,000 seafarers a year come to the United States. The agency’s IMO proposal is a good-faith proposal to establish an internationally accepted system that would provide enhanced security and ensure the desired freedom of movement for seafarers.

D. *Containerized Cargo*: Containerized cargo transportation presents distinct and clearly complex challenges from a security perspective (1) because of the number of different entities in different jurisdictions involved in a shipment—those involved in loading and sealing the container, documentation of the shipment, storage, trucking, railroads, inland terminals, marine terminals, and the ocean carrier, (2) because of the current lack of a clearly defined and coordinated information system to receive, analyze and act on the data determined by the government to be necessary to pre-screen containerized shipments before they are loaded aboard a ship, and (3) because of the lack of an established or coordinated global capability to inspect containers before they are loaded aboard ships. Accordingly, we believe that it may be helpful to look at separate, but complementary, aspects of addressing this issue.

(1) *Operations*: We support the government establishing:

- a legal requirement that the shipper must seal a container originating in or destined for the United States upon stuffing it, and record the seal number on all shipping documents;
- the standards that such seals must meet (preferably an internationally accepted standard);
- a requirement that the party receiving the container at each interchange (e.g., trucker, railroad, ocean carrier) check and record the seal and its condition upon receipt;
- a requirement that when persons having custody must break the seal for legitimate reasons, they be responsible for affixing a new one, noting the reason, and recording the new seal number on the documentation;
- procedures for when a container is received with no seal, a broken seal, or a seal discrepancy; and

- a requirement that no loaded container be stowed aboard a vessel without an intact, conforming seal.

While the industry recognizes that seals will not by themselves solve security concerns, the Council believes the above requirements would be an appropriate step to ensure a more secure chain of custody.

(2) *New Equipment Technologies*: Council members have offered their support for government efforts in the research, testing, development and evaluation of cost-effective new technologies that could help provide enhanced security, such as electronic seals, and container tracking and intrusion detection technology. While such technologies have not yet been sufficiently proven to have government standards and be required, carriers will continue to work with the government in testing and evaluating such possibilities. Because there are roughly 11 million existing containers serving as instruments of international commerce involving multiple national jurisdictions, it is very important that any technology standards or devices be internationally available and accepted.

(3) *Cargo Documentation and Government Information Requirements*: Customs Commissioner Bonner and Admiral Loy have both spoken clearly about the need for container security initiatives to “push” the nation’s borders out, so that the government can acquire essential cargo shipment data in time to analyze the information and determine if further inspection of that container is needed *before* it is loaded aboard ship. The logic is clear and unarguable. The port of discharge is not the place or the time to check for terrorism.

If the vision of earlier, more effective container security is to become a reality, it requires better, earlier information about cargo shipments, and the capability to effectively inspect containers before they are loaded aboard ships. Let me turn to these issues.

The government’s objective is to obtain and analyze shipment information early enough to implement more timely and effective screening. The first step is for the government to establish its information requirements—specifically, what information does it need, from whom, when, electronically delivered to what information system?

Each person in the shipping process has a role and an appropriate set of requirements: the importer who has ordered and is purchasing the goods, the shipper who is loading the goods into the container, the carriers who are transporting the goods, and the brokers and forwarders who assist in the cargo information process. Today, the earliest information *required* by the government is the ocean carriers’ cargo manifests, which are electronically transmitted 48 hours in advance of arrival.⁵ Importers are not required by law to provide cargo information and make entry of the goods until five days after they have been unloaded (even more time is allowed if the goods are moving “in bond”). This is not the information process that is going to support accomplishing the government’s objective.

Ocean carriers are willing to do their part. They understand that the cargo manifest is a relevant source of information, and they will submit those manifests when required. By themselves, however, carriers’ cargo manifests have practical limitations and are not likely to be the means by which the government satisfies its information requirements. Specifically, the manifest’s cargo description is the information the carrier is provided by the shipper; its level of detail is limited; there is no uniform or detailed definition of what is an acceptable cargo description for a carrier’s manifest; and, penalties for inadequate or inaccurate cargo descriptions on cargo manifests are imposed only on the carriers transmitting the information, not on the cargo interests providing the information to the carrier—at best, an antiquated approach when dealing with sealed containers.

An effective information system for security purposes presumably needs specific information, from the appropriate parties who possess that information, sooner. The information exists—it’s a matter of how best to obtain it and analyze it. Cargo interests know what has been ordered before a container is stuffed. The shipper who stuffs the container knows what was put in the box. What is needed—and this is admittedly easier to state than to implement—is

⁵NVOCC’s (which are responsible for up to 40% of the cargo in some trade lanes) are not subject to the same Customs bonding and information filing requirements as ocean carriers; they are not required to file cargo manifests for inbound shipments. They should be subject to the same information filing obligations at the same time as ocean carriers.

a system that obtains the needed data, from the appropriate parties, at times sufficiently in advance of loading as to allow for effective security prescreening.

We understand the Department of Transportation is considering this issue. We understand the Customs Service is considering this issue. We understand that private sector information enterprises are trying to determine whether they can play a role in this effort. We hope that a single government approach will be developed soon.

Finally, Mr. Chairman, we support S. 1214's recognition that maritime security requires attention to export cargo, as well as import cargo. We support your legislation's "no documentation/no loading" requirement, and the requirement that export shippers provide complete documentation as soon as possible and no later than 24 hours after tendering cargo to the marine terminal. We recommend an additional clarifying requirement to prohibit loading a container for export unless the shipper has provided complete documentation at least 24 hours before the commencement of loading, in order to avoid the pressure of last minute demands that a box be loaded when the documentation is just being provided and the government has not had a chance to review it. Effective attention to export cargo will demonstrate to the international community that the United States is committed to addressing security risks in a coherent fashion, and not just the risks involved in one direction of foreign trade.

(4) *Container Inspection Capability*: There can be no argument that non-intrusive container inspection equipment,⁶ operated by trained personnel, is necessary, and that this is a very important government competence. Mr. Chairman, the industry recognizes your leadership in S. 1214's authorizing \$168 million for this purpose over the next several years, and appropriating \$33 million for this in the Customs Service Appropriations bill this year.

It is not feasible or necessary to physically inspect every container entering or leaving a port. It is necessary, however, for the government to have the capability to inspect those containers that it identifies as deserving further attention, whether that be on the basis of random selection or specific information. And the better the information about a shipment, the better the government will be able to identify which containers warrant such inspection.

Unless such inspection equipment and competence is available to government authorities, not only at U.S. ports, but at overseas ports of loading, the government will have obvious difficulty accomplishing its objective. To be fully effective, an advanced security information system requires a way to check out a questionable container before it is loaded on a ship heading to or from a U.S. port. That's the point of advanced awareness.

This year's appropriations bill and the Administration's budget for the coming fiscal year do not appear to provide any funding for such equipment beyond U.S. shores. Perhaps the U.S. government can enter into agreements at IMO or bilaterally with its trading partners that provides for this. But, it is an issue that requires immediate inter-governmental planning and execution. Inspection equipment standards should be agreed upon, and inspection capabilities and international cooperation protocols established. Delay in having this capability means that the government will have one less effective tool to intercept dangerous cargo, and to keep commerce flowing in the event of a terrorist incident.

(5) *Sharing Information*: While there are many aspects of addressing this issue, intelligence will be a key part of securing the transportation infrastructure from terrorists threats. Appropriate means should be developed for sharing intelligence alerts and warnings on a timely basis with designated carrier personnel.

IV. Conclusion

Mr. Chairman, the Coast Guard has done a magnificent job in responding to maritime security since September 11, as has the Customs Service. Maritime security has been improved because of their efforts, and their enhanced vigilance and intelligence efforts continue. The challenge is to build on those efforts and create a more complete and permanent set of security procedures and systems that can better ensure the safety of America's foreign trade. The members of the World Shipping Council are ready and willing to help. A safe, efficient and reliable transportation system is essential to our country's prosperity and to the prosperity of all of our trading partners. We appreciate your early and continued leadership on this issue,

⁶This testimony uses the term "inspection equipment" generically, but recognizes that there are different kinds of equipment (e.g., mobile, crane mounted, hand held), using different technologies (e.g., X-ray, gamma ray) with different capabilities to identify different materials (e.g., drugs, radioactivity, carbon dioxide, explosives).

and we look forward to working with you, the Committee, and the House of Representatives on these issues.

Appendix A

**World Shipping Council
Member Lines**

APL
 A.P. Moller-Maersk Sealand (including Safmarine)
 Atlantic Container Line (ACL)
 CP Ships (including Canada Maritime, CAST, Lykes Lines,
 Contship Containerlines, TMM Lines, and ANZDL)
 China Ocean Shipping Company (COSCO)
 China Shipping Group
 CMA–CGM Group
 Compania Sud-Americana de Vapores (CSAV)
 Crowley Maritime Corporation
 Evergreen Marine Corporation (including Lloyd Triestino)
 Gearbulk Ltd.
 Hamburg Sud (including Columbus Line and Alianca)
 Hanjin Shipping Company
 Hapag-Lloyd Container Line
 HUAL
 Hyundai Merchant Marine Company
 Italia Line
 Kawasaki Kisen Kaisha Ltd. (K Line)
 Malaysia International Shipping Corporation (MISC)
 Mediterranean Shipping Company
 Mitsui O.S.K. Lines
 NYK Line
 Orient Overseas Container Line, Ltd. (OOCL)
 P&O Nedlloyd Limited (including Farrell Lines)
 Torm Lines
 United Arab Shipping Company
 Wan Hai Lines Ltd.
 Wallenius Wilhelmsen Lines
 Yangming Marine Transport Corporation
 Zim Israel Navigation Company

The CHAIRMAN. Well, thank you, each of you. Dr. Flynn, you talked about return—or race against a return to complacency. Complacency begins in Washington. I find the people with the war are ready to go to war. They are ready to sacrifice. And yet at the same time, in Washington, we run an advertisement telling people just do not worry about it; take a trip, get your family, enjoy yourself, enjoy yourself. We say, yeah, we are going to have to have a war, but we are not going to pay for it; we are going to run a deficit. We have always paid for every war. But we are going to run a deficit and do not worry about it.

Here back home, every state is struggling, cutting back appropriations and cutting back spending and cutting back tax cuts.

Like Governor Bush down in Florida, he had to suspend his tax cut. So at the local level, there is no complacency. The race against a return to complacency is in Washington. We talk big. But it took us 6 weeks to get airport security. Had language that the President would stand up to bin Laden, but couldn't stand up to Congressman Arme—now we passed port security in two months, unanimously passed, all Republicans, it is bipartisan, but it languishes in the House. Our Committee has following that a rail security bill, to prevent the blowing up of Grand Central Station in New York.

So we have got all of these things and we are trying to move them ahead and I come back and I definitely am confirmed, Sen-

ator Breaux, with the feel for the briefing. For example, we got this morning that this crowd is not waiting on Washington. The Coast Guard, the Port Authority, the local entities, not just the state ports, but there are a lot of folks with private concerns up and down these rivers all working together, pulling together, the mayors, the natural resources department, everybody is dovetailing and ready to go and not waiting on Washington. There's no complacency, but we cannot get our own bill through the House of Representatives.

That is a frustration to me. I do not see Washington really leading. I think they are really following the people, which I hope we'll continue to do because I think the people are right.

With respect to equipment, Dr. Brown, your neutron scanners, how many do we have and in how many ports and how soon can we get a sufficient number to start checking and scanning the way we should?

Dr. BROWN. Thank you. Right now, we are working actually under pre-9/11 situation with the DOT counter-drug program to get our first scanner on the border with New Mexico—I'm sorry, Texas and Mexico. We have looked at production. We believe we can produce the first commercial units in about 12 months, and 20 within the next 2 years, 50 within the next 3 years.

The CHAIRMAN. Fifty within the next 3 years?

Dr. BROWN. Yes.

The CHAIRMAN. Well, you can see how far behind we are. There's no question.

Dr. BROWN. Well, I think the—leading into the events of 9/11, the big problem was—would be for drugs at the border. You saw Commissioner Bonner's pictures. It was a bunch of equipment developed with congressional backing in the 1990's, non-intrusive inspection equipment. There's low- and high-energy radiography systems which you saw from Commissioner Bonner with regards to that which is material-specific. It is a different type, meant for fully loaded containers.

To date, Customs has only adopted the lower energy, empty and lightly-loaded container inspection equipment. They haven't adopted the fully-loaded container inspection equipment. So they really haven't solved the seaside problem as far as actually loaded equipment goes.

The CHAIRMAN. Senator Breaux.

Senator BREAU. Thank you very much, Mr. Chairman. You know, I think about the fact that Senator Hollings is not only on the airport security, but port security, and I am going to start calling him Senator Security. I think that is a title well deserved. There's nothing more important right now than homeland security. A lot of people talk about it, but I think you really have done something about it in both of these two areas.

Dr. Brown, I am just really excited about what you've presented. You know, with these hearings, a lot of times we do not hear a lot from them, but I think in this case, we have learned a lot from the port and the local people in Charleston. But you know, I didn't really know that Congress had actually passed legislation to develop technology for the non-intrusive scanning of trucks and cargo

containers to detect illegal drugs. The program was run over at the Department of Defense.

Dr. BROWN. Yeah, it was DARPA-headed program.

Senator BREAUX. We spent \$40 million developing this PFNA scanning system. And you know, from what you're telling us, that the technology is so simple, and yet it can detect explosives, chemical agents, narcotics, durable goods, currency, and even nuclear devices. I would liken the comparison to the x-ray of a human compared to an MRI of a human where the x-ray just shows bone density and the MRI shows the tumors.

I mean, this technology I think is just outstanding. And do you think that there's sometime in the future where we could have in place a system where we could have the capacity to in fact PFNA scan every container?

Dr. BROWN. I do not think it is necessary to scan every container. I mean, to do the numbers, you would need 50 scanners if they ran night and day and were in the right place which they probably wouldn't be, you would need 50 scanners to handle the 10 million containers coming to port.

Senator BREAUX. I mean this, again, is way off in the future, but I mean, do you envision a system sometime outside of our time of being, for doing this, but this type of work where you can scan an entire ship?

Dr. BROWN. That, I do not think physics will allow you to do at least in the near future. But we have talked a lot about pushing the borders out. A year ago, I was in Dubai. They had this huge free port. It is in the Gulf State—near Gulf states. What happens is cargo containers come in there with raw goods unscanned. They go to a factory area where 30,000 people are employed largely from third-world countries and small factories. Those cargo container goods are reprocessed, goods such as computers, clothing, you name it or you can think of what it might be, and they are all shipped out of there, all unscanned. I think that would be a perfect place to start your across-the-water scanning.

Senator BREAUX. Well, I think the technology is truly outstanding and certainly represents the future. And you know, people are always cussing the federal government. This is an example of the federal government working with private sector to develop something that may not have been done had it not been for the research dollars that the government helped put into this program.

Dr. BROWN. That is absolutely true.

Senator BREAUX. Chris, thanks again. Dr. Flynn. And you're right, I mean, your association would be critical in helping us solve this. I am really glad to see the shipper has such a positive attitude. You're not fighting it. You're really standing up together with it. Thank you, gentlemen, very much.

The CHAIRMAN. Mr. Koch, thank you very, very much, the World Shipping Council, and everything else for your wonderful assistance. For each of the witnesses, the record will stay open for further questions. Thank you all very much. The Committee is adjourned.

[Whereupon the hearing was adjourned.]

APPENDIX

PREPARED STATEMENT OF ROBIN LYNCH, PRESIDENT, SEA CONTAINERS AMERICA INC.

Good morning. Mr. Chairman. My name is Robin Lynch and I am the president of Sea Containers America Inc. My career spans thirty-four years, serving in the maritime industry in five countries, joining Sea Containers in 1981, and assuming my current position in 1987.

Our company was founded by Mr. James B. Sherwood during the infancy of containerization in the mid-1960's. From that time, Sea Containers has been unique in two respects.

First, we have remained a designer, manufacturer and lessor of marine container equipment, giving us a unique perspective shared by no other company; second, we have gained our reputation in the international shipping world as being on the cutting edge of design, construction, and deployment of special containers that have taken our industry far beyond the original ten, twenty and forty foot boxes. We have also had on-going experience as a container carrier—from 1968 with CONTAINERSHIPS SCANDINAVIA and MAERSK WEST AUSTRALIA, so we have seen how the container world operates from both perspectives.

From that beginning, Sea Containers has evolved into a worldwide transport group in over eighty countries that covers three main activities: marine container design, manufacturing and leasing, passenger transport, and leisure-based operations. Within each of these segments is a number of operating units and my responsibilities cover not only all container related matters in North and Central America under our joint venture with General Electric (GESEACO), but also our fast ferry service in New York Harbor (SEASTREAK).

GESEACO is the largest marine container leasing company, with close to 1m TEU of assets, with depots and repair facilities throughout the maritime world. Our fleet contains nearly 100,000 TEU of refrigerated containers, 32,000 flatracks, 25,000 opentops, and 25,000 palletwide style units. Interestingly enough, we believe this new container can contribute to the efforts in the war on terrorism, which I will describe below.

Our American corporate headquarters is in New York, however here in Charleston is our North American Operations Center, our largest depot and repair facility, our key administrative staff, and last but not least located in the former Navy Yard is Charleston Marine Containers Inc., which is the only ISO container manufacturing facility in the United States. I am pleased to advise that CMCI's leading customer is the Pentagon and at the moment thousands of QUADCONS for the Army and TRICONS for the USMC are on order and being produced on our assembly line. Of course, we have also designed and manufactured special units for other government agencies, ocean carriers, railroads and trucking companies—indeed all segments of the intermodal network.

This subcommittee has before it, in this hearing on port security and terrorism, one of the most important topics that our nation and industry faces today. The central point that I would like to make in my testimony is that since container standardization through the ISO method and nearly all manufacture of containers rests beyond total jurisdiction of this country, we believe that the time has come for a new global era of container "use and responsibility".

By this term, I believe that we can assist in the difficult task of identifying possible terrorist-tampered containers so that they will not enter the stream of international commerce, or if they do, enable us to remove them before harming our fellow citizens or our vital multimodal transport network. Multimodalism is successful in its simplicity by allowing a seller (exporter)/purchaser (importer) to load a container, seal it and transport to destination intact without interruption other than a physical customs check (if required). It is necessary to verify what is loaded in a container prior to sealing it before the seal has any useful purpose. Assuming this was done, then whatever type of electronic seal or hinge lock would become a meaningful indicator if tampered with. Also, a box inspection to review any suspicious recent (new looking) repairs or modifications would also be necessary.

I am certain this panel recognizes that the overall issue of port security raises concerns among each segment of the commerce chain that their particular activity not be singled out for blame or carry an unfair burden of responsibility. For example, several ocean carriers I have discussed this matter with point out that they are the intermediary between the shipper and the ultimate consignee. They recognize that other than operations that they directly control—such as consolidation services, container freight stations, or destination distribution—it is only known to the shipper and consignee what is loaded in a box and declared for customs purposes. These carriers know the sting of being held liable when their ships are found to have drugs placed on them without their knowledge.

This subcommittee has previously examined and heard testimony on the very sophisticated methods of those who would tamper with the legally stowed boxes. There have been many cases of immigrant smuggling gangs not breaking the container lock seal, but merely removing the door hinges and carefully removing them. There have been other instances where boxes have been pierced open with the skills of a surgeon to conceal drugs and other illicit cargoes. An important opportunity for inspection authorities comes when a determination is made to physically open and inspect a particular box. If the authorities order the container to be unstuffed, this is a costly and time-consuming process which causes possible cargo damage and opens up theft potential. If, however, the cargo is palletised the whole operation is much quicker and damage and theft opportunities lessened. This is why the new palletwide containers are now being produced to accommodate the common worldwide metric pallet.

Unfortunately, the number of boxes moving in international commerce into our country, over 5.7m annually—in an intricate pattern of container leasing company/ocean carrier/large shipper owned regime—is so large and the flow through every U.S. port is so strong, that there is no simple, “one size fits all” solution. In fact, if we are to confront and defeat this terrorist threat we must move on a number of fronts with coordination to ensure that carriers, port authority, involved federal agencies and container companies are following a concerted plan of action.

From our unique, and might I add neutral, perspective on this matter I would suggest that the major action Congress could take would be initiation of a system approved by an interagency task force which would require shippers and consignees to have their facilities pre-screened, inspected both here and abroad, and approved for movement of goods in international commerce. Cargo shipped from known hostile areas can be subjected to scientific developments, such as the latest seal and hinge technology, electronic monitoring, and tracking of container contents. Shippers and consignees who are not approved must then receive special attention. In addition, we must promote use of x-ray, gamma ray, and bomb detection devices.

For our part as a container designer and manufacturer, I have prepared for the subcommittee a list of enhanced security options that could be implemented on both a short and longer-term basis:

1. Electronic seals for containers supplied by the shippers, that have been approved by government/ocean carrier authorities.
2. Enhanced cargo documentation to enable shippers or their brokers to transmit data direct to U.S. authorities prior to vessel arrival in our ports.
3. Coordinated computer-tracking technology.
4. Container x-ray/gamma ray options that do not impede terminal cargo flow.
5. Accelerated R&D on improved tracking, locks, and production of new secure palletwide units.
6. Increased use of sniffer dogs for detection of explosives and other dangerous materials.
7. Look for recent repairs or work carried out to a container that might be of a suspicious nature.
8. Accomplish all, if not most, of cargo and container inspections at origin load point.

Other than the above, one has to always look at inspecting containers from unknown/little known shippers and consignees, being mindful a terrorist could always pretend to be a true shipper or consignee!

In conclusion, Sea Containers is firmly committed to working with our maritime partners in this important effort. To that end, we applaud and fully support your efforts here today and look forward to passage and rapid implementation of the Port

and Maritime Security Act of 2002. I am requesting that the attached articles from Lloyd's List on container terrorism be included in the record.

Thank you for affording me the honor of testifying and I would be pleased to answer any questions that you might have, or supply additional materials for the record.

Ports in the front line

Lloyd's List, London
Monday, February 4, 2002

Section: Special Report-Maritime Emergencies

Ports around the world face the prospect of being screened by the US and, if their security is found wanting, being graded as "high-risk," with the possibility of loss of trade.

Under proposed US legislation any country which the US determines has a port security problem will be notified and a list of such countries will be published prominently in US ports, on passenger tickets and in travel advice from the US state department.

The US may ban from its own ports ships arriving from a foreign port with insufficient security, while the US president is authorised, without prior notice or hearing, to suspend the right of a US vessel or person to enter such a port.

The situation is being closely watched by the international ports industry. Peter Van Der Kluit, head of the International Association of Ports and Harbours' European office, said his organisation was "very anxious" about the security-grading plan, although the fine details were still being made clear.

The grading could mean some ships arriving from a high-risk port are either denied entry or subject to strict controls. One possibility is the placing by the US Coast Guard of "sea marshals" on ships deemed to be a security risk. Sea marshals have already been used on ships classed by the Coast Guard as potentially hazardous, with the LNG carrier Polar Eagle being boarded by a four-man team during its transit of the Cook Inlet in Alaska last month.

The power to act against foreign ports will come if the Port and Maritime Security Act, passed by the US Senate last December, is adopted by Congress and signed into law by President Bush. Similar proposals have been included in the US submission to next week's special meeting on security at the International Maritime organisation.

The Senate bill also calls on ports and terminal operators to draw up and submit for approval a maritime facility security plan.

The plan has to be made in conjunction with new local port security committees, their memberships drawn from port authorities, unions, the private sector, local, state and federal agencies and law enforcement and under the chairmanship of the local Coast Guard captain of the port.

What's in the box?

Lloyd's List, London
Monday, February 4, 2002

Section: Special Report-Maritime Emergencies

Millions of containers move around the world on ships, trains and trucks and being able to pinpoint all those which contain illegal immigrants, drugs, contraband or terrorists or terrorist materials is a virtual impossibility.

There have been and continue to be successes as drug seizures are made or refugees discovered. Recently, in an Italian port a container was found to be housing a man equipped with a laptop computer, mobile phone and enough supplies to sustain him on a long sea voyage. The ship was bound for Canada and the man was arrested as a suspected terrorist.

Such successes, however, are rare examples since the resources available to customs, immigration and narcotics agencies around the world are insufficient to meet the demand. The only hope of minimising the risk of terrorists smuggling themselves or their deadly equipment in containers is in making the intermodal transport system as secure as possible without hindering the free flow of trade.

The threat of terrorism delivered via a box has been known for some time. A report by the US Department of Transportation in August 2000 suggested terrorists would be more likely to ship a nuclear bomb or its components in one of the 550 ships, 2,500 aircraft or 45,000 containers that entered the US every day. It also

cited a war game, Wild Atom, run by the Washington-based Centre for International Strategic Studies in 1996 in which terrorists smuggled a nuclear bomb into the US disguised as commercial cargo on a ship.

The modern intermodal transport system of ships, rail and trucks is already heavily exploited by organised crime. Once the container was seen as the solution to cargo pilfering, reducing it to a fraction of a percent, but criminals soon realised stealing the container itself could be even more lucrative. According to a recent report commissioned by the National Cargo Security Council, the average value of cargo theft increased fivefold to \$500,000 between the 1970s and 1990s.

"Intermodal shipping," the report noted, "has revolutionised the supply chain and transportation function by using standardised cargo containers, computerised cargo tracking and automated cargo transfer equipment that enables shippers to securely and efficiently transfer containers delivered by sea to other ships for onward shipment onto commercial railroads and trucks for overland transportation."

The container is not only vulnerable to being stolen intact or being broken into, despite the use of locks and seals (enterprising thieves are known not only to break into containers but, having removed the targeted goods, then replace them with sandbags to make up the weight), but can also be the convenient means for smuggling contraband goods around the world. Criminals are able to exploit the complexity of the intermodal system to conceal the true origin of cargo within which contraband goods are hidden.

Containers are also used to smuggle "hot" money from activities such as drug dealing out of the US, exploiting the high volume of containerised trade and the fact that US Customs devotes the majority of its resources to inspecting inbound containers.

As it is, US Customs can only inspect a tiny percentage of import containers, a rate that was expected prior to September 11 to fall as low as 1% in the next few years as trade increased. An increase in its budget, however, under the Port and Maritime Security Act passed by Congress last December may enable it to maintain if not expand its inspection rate.

J. AL CANNON, JR. ESQ., Sheriff
Charleston County, SC, February 6, 2002

Senator ERNEST F. HOLLINGS,
U.S. Senate
Washington, DC

Dear Senator Hollings:

The terrorist attacks of September 11th, and subsequent discovery of further planned attacks have highlighted the suddenness with which the security of the United States can be breached, as well as the terrible cost of such a breach. Every region of the United States has its own particular character and each geographic region brings with it its own unique challenges from a security perspective.

In Coastal South Carolina, we are particularly mindful of the fertile ground our coastline affords illicit maritime traffic of all types. Coastal South Carolina has been favored grounds for smuggling and piracy since before the American Revolution. In the current situation, we are faced not only with the ongoing challenges of narcotics and alien smuggling, but the clandestine importation of weapons of mass destruction, and the potential conversion of hazardous cargo and large seagoing vessels into weapons themselves. Methods used to smuggle aliens can easily be used to smuggle those trained for, and intent on, hostile terrorist action against the citizens of this country. Now that this threat has made its presence known, we expect it to continue for the foreseeable future.

The Charleston County Sheriff's Office supports ongoing security operations by the United States Customs Service, as well as the United States Coast Guard in Charleston Harbor. We further support port and Customs operations with an explosives-sniffing canine. The current level of security is taxing personnel and machinery to their limits on all fronts. In addition to the bulk cargo entering the Charleston Area, and the commercial fishing traffic, there is a constellation of personal watercraft operating in the Coastal Waters of South Carolina. Any of these personal watercraft can be "weaponized" in the manner of the attack on the *U.S.S. Cole*. In the event of a high-value cargo escort, all available local and State agencies must contribute personnel and craft to provide adequate coverage. This is in addition to their normal patrol duties and responsibility for the safety and security of the boating public. There is no shortage of commitment and professionalism, but there remains a desperate need for additional manpower, vessels and equipment.

Weapons of mass destruction or terrorist personnel who gain entry here can be swiftly transported via the Intracoastal Waterway along the Eastern Seaboard from Norfolk, Virginia to Key West Florida. Rail and road nets emanating from the Charleston area provide additional transport options, which are already being used by those schooled in smuggling narcotics.

Charleston itself is frequently transited by "high-value target" shipping, such as shipping directly supporting military operations, as well as hazardous materials. Any one of these ships, once targeted for sabotage or used as a weapon, could cause tremendous devastation and loss of life in the area. There is also a substantial threat to blockage of the harbor from a disabled or sunken vessel or sabotaged bridge. The effects of such a disruption in commerce would ripple across the nation.

Each of these threats provide additional challenges for local law enforcement, and each of these threats to Charleston's maritime operation are not limited to containerized cargo itself. Sabotage to navigational aids, land-based intermodal facilities, bridges and access roads has been a practice in warfare in the past, and can only be expected to be a continued practice. The convergence of these high-value targets in the Charleston area is of tremendous concern to those in law enforcement.

In the furtherance of the defense of Charleston from these threats, law enforcement is in dire need of increased personnel as well as sufficient watercraft to provide an appropriate level of security for high threat cargo and vessels, as well as technology to employ those assets in the most efficient and productive manner. The transfer of intelligence and information in rapid fashion between responsible agencies, aided by an analysis capability is also essential to the effective use of our assets. No single agency can accomplish this task alone, or without the help of the maritime community and the public.

In closing, I wish to thank the Committee for consideration of this document, and extend my appreciation for the Committee's attention to this vital security issue.

Sincerely,

J. AL CANNON, JR., ESQ.
Sheriff.

Cc: Mr. Joe Maupin

