



U.S. SENATE COMMITTEE ON

Commerce, Science, and Transportation

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**Statement of Chairman Ernest F. Hollings
Senate Commerce Committee Hearing on Seaport Security
July 24, 2001**

Today, the Committee will examine the state of security at our nation's seaports, and for those that have yet to study this issue, I think they may be surprised at what they hear. Despite the massive volume of cargo that moves through our nation's ports, there are no federal security standards, guidelines or otherwise, and the federal government does not provide the resources to obtain the technology to adequately screen the cargo moving through, leaving our seaports vulnerable to criminal activity – from smuggling to terrorism to cargo theft. The safety and security of our national borders is a federal responsibility, and given the security that we help to provide at our nation's land and air borders, we must do more for our seaports.

On Friday, Senator Bob Graham and I introduced the Port and Maritime Security Act of 2001. This legislation is long overdue. It is needed to facilitate future technological advances and increases in international trade, and ensure that we have the sort of security control necessary to ensure that our borders are protected from drug smuggling, illegal aliens, trade fraud, threats of terrorism as well as potential threats to our ability to mobilize U.S. military force. We introduced similar legislation in the last Congress, but time did not allow us to proceed any further with the legislative process. However, this is just too important an issue to let go by, and I intend to work with Senator Graham, and others, to try and craft a policy to help protect our maritime borders.

The Department of Transportation recently conducted an evaluation of our marine transportation needs for the 21st Century. In September 1999, then Transportation Secretary Slater issued a preliminary report of the Marine Transportation System (MTS) Task Force - *An Assessment of the U.S. Marine Transportation System*. The report reflected a highly collaborative effort among public sector agencies, private sector organizations and other stakeholders in the MTS.

The report indicates that the United States has more than 1,000 harbor channels and 25,000 miles of inland, intracoastal, and coastal waterways in the United States which serve over 300 ports, with more than 3,700 terminals that handle passenger and cargo movements. These waterways and ports link to 152,000 miles of railways, 460,000 miles of underground pipelines and 45,000 miles of interstate highways. Annually, the U.S. marine transportation system moves more than 2 billion tons of domestic and international freight, imports 3.3 billion tons of domestic oil, transports 134 million passengers by ferry, serves 78 million Americans engaged in recreational boating, and hosts more than 5 million cruise ship passengers.

The MTS provides economic value, as waterborne cargo contributes more than \$742 billion to U.S. gross domestic product and creates employment for more than 13 million citizens. While these

figures reveal the magnitude of our waterborne commerce, they don't reveal the spectacular growth of waterborne commerce, or the potential problems in coping with this growth. It is estimated that the total volume of domestic and international trade is expected to double over the next twenty years. The doubling of trade also brings up the troubling issue of how the U.S. is going to protect our maritime borders from crime, threats of terrorism, or even our ability to mobilize U.S. armed forces.

Security at our maritime borders is given substantially less federal consideration than airports or land borders. In the aviation industry, the Federal Aviation Administration (FAA) is intimately involved in ensuring that security measures are developed, implemented, and funded. The FAA works with various Federal officials to assess threats directed toward commercial aviation and to target various types of security measures as potential threats change.

Currently, each air carrier, whether a U.S. carrier or foreign air carrier, is required to submit a proposal on how it plans to meet its security needs. Air carriers also are responsible for screening passengers and baggage in compliance with FAA regulations. We made sure that airports, the FAA, air carriers and law enforcement worked together to protect the flying public.

At land borders, there is a similar investment in security by the federal government. In TEA-21, approved \$140 million a year for five years for the National Corridor Planning and Development and Coordinated Border Infrastructure Program. These funds will help facilitate the law enforcement functions of the federal government, and are in addition to funds that we invest in border patrol operations.

By way of contrast, at U.S. seaports, the federal government invests nothing in infrastructure, other than the human presence of the U.S. Coast Guard, U.S. Customs Service, and the Immigration and Naturalization Service, and whatever equipment those agencies have to accomplish their mandates. Physical infrastructure is provided by state-controlled port authorities, or by private sector marine terminal operators. There are no controls, or requirements in place, except for certain standards promulgated by the Coast Guard for the protection of cruise ship passenger terminals. Essentially, where sea ports are concerned, we have abrogated the federal responsibility of border control to the state and private sector.

I think that the U.S. Coast Guard and Customs Agency are doing an outstanding job, but they are outgunned. There is simply too much money in the illegal activities they are seeking to curtail or eradicate, and there is too much traffic coming into, and out of the United States. For instance, in the latest data available, 1999, we had more than 10 million TEU's imported into the United States. For the uninitiated, a TEU refers to a twenty-foot equivalent unit shipping container. By way of comparison, a regular truck measures 48-feet in length. So in translation, we imported close to 5 million truckloads of cargo. According to the Customs Service, seaports are able to inspect between 1% and 2% of the containers, so in other words, a drug smuggler has a 98% chance of gaining illegal entry.

It is amazing to think, that when you or I walk through an international airport we will walk through a metal detector, our bags will be x-rayed, Customs will interview us, and may check our bags. However, at a U.S. seaport you could import a 48 foot truck load of cargo, and have at least a 98 % chance of not even being inspected. It just doesn't seem right.

In my own state, the Port of Charleston, which is the fourth largest container port in the United States, just recently we got our first unit even capable of x-raying intermodal shipping containers, and we have the temporary deployment of a canine unit. By way of comparison, the Dallas/Fort Worth Airport is the fourth largest airport in the United States. It would be inconceivable that an airport of this magnitude have just one single canine, and one piece of screening equipment. This is simply not sufficient.

The request to evaluate our system of seaport security came from Senator Graham, and I would like to commend him for his persistent efforts in addressing this issue. Senator Graham has had problems with security at some of the Florida seaports, and although the state has taken some steps to address the issue, there is a great need for considerable improvement. Senator Graham laudably convinced the President to appoint a Commission, designed much like the Aviation Security Commission, to review security at U.S. seaports.

The Commission visited twelve major U.S. seaports, as well as two foreign ports. It compiled a record of countless hours of testimony and reviewed the security practices of the shipping industry. It also met with local law enforcement officials to discuss the issues and their experiences as a result of seaport related crime.

For instance, the Commission found that the twelve U.S. seaports accounted for 56% of the number of cocaine seizures, 32% of the marijuana seizures, and 65% of heroin seizures in commercial cargo shipments and vessels at all ports of entry nationwide. Yet, we have done relatively little, other than send in an undermanned contingency of Coast Guard and Customs officials to do whatever they can.

Drugs are not the only criminal problem confronting U.S. seaports. For example, alien smuggling has become increasingly lucrative enterprise. To illustrate, in August of 1999, I.N.S. officials found 132 Chinese men hiding aboard a container ship docked in Savannah, Georgia. The INS district director was quoted as saying, "This was a very sophisticated ring, and never in my 23 years with the INS have I seen anything as large or sophisticated." According to a recent GAO report on INS efforts on alien smuggling (RPT-Number:B-283952), smugglers collectively may earn as much as several billion dollars per year bringing in illegal aliens.

Another problem facing seaports is cargo theft. Cargo theft does not always occur at seaports, but in many instances, the theft has occurred because of knowledge of cargo contents. International shipping provides access to a lot of information and a lot of cargo to many different people along the course of its journey. We need to take steps to ensure that we do not facilitate theft. Losses as a result of cargo theft have been estimated as high as \$12 billion annually, and it has been reported to have increased by as much as 20% recently. The FBI has become so concerned that it recently established a multi-district task force, Operation Sudden Stop, to crack down on cargo crime.

The other issues facing seaport security may be less evident, but potentially of greater threat. As a nation in general, we have been relatively lucky to have been free of some of the terrorist threats that have plagued other nations. However, we must not become complacent. U.S. seaports are extremely exposed. On a daily basis many seaports have cargo that could cause serious illness and death to potentially large populations of civilians living near seaports if targeted by terrorism. Most of

the population of the United States lives in proximity to our coastline.

The sheer magnitude of most seaports, their historical proximity to established population bases, the open nature of the facility, and the massive quantities of hazardous cargoes being shipped through a port could be extremely threatening to the large populations that live in areas surrounding our seaports. The same conditions in U.S. seaports, that could expose us to threats from terrorism, could also be used to disrupt our abilities to mobilize militarily. During the Persian Gulf War, 95% of our military cargo was carried by sea. Disruption of sea service, could have resulted in a vastly different course of history. We need to ensure that it does not happen to any future military contingencies.

As I mentioned before, our seaports are international borders, and consequently we should treat them as such. However, I am realistic about the possibilities for increasing seaport security, the realities of international trade, and the many functional differences inherent in the different seaport localities. Seaports by their very nature, are open and exposed to surrounding areas, and as such it will be impossible to control all aspects of security, however, sensitive or critical safety areas should be protected. I also understand that U.S. seaports have different security needs in form and scope. For instance, a seaport in Alaska, that has very little international cargo does not need the same degree of attention that a seaport in a major metropolitan center, which imports and exports thousands of international shipments. However, the legislation we are introducing today will allow for public input and will consider local issues in the implementation of new guidelines on port security, so as to address such details.

Substantively, the Port and Maritime Security Act establishes a multi-pronged effort to address security needs at U.S. Seaports, and in some cases formalizes existing practices that have proven effective. The bill authorizes the Department of Transportation to establish a task force on port security and to work with the private sector to develop solutions to address the need to initiate a system of security to protect our maritime borders.

The purpose of the task force is to implement the provisions of the act; to coordinate programs to enhance the security and safety of U.S. seaports; to provide long-term solutions for seaport safety issues; to coordinate with local port security committees established by the Coast Guard to implement the provisions of the bill; and to ensure that the public and local port security committees are kept informed about seaport security enhancement developments.

The bill requires the U.S. Coast Guard to establish local port security committees at each U.S. seaport. The membership of these committees is to include representatives of the port authority, labor organizations, the private sector, and federal, state, and local government officials. These committees will be chaired by the U.S. Coast Guard's Captain-of-the-Port, and will be used to establish quarterly meetings with local law enforcement and attempt to coordinate security and help facilitate law enforcement.

The bill also requires the Coast Guard to develop a system of providing port vulnerability assessments for U.S. seaports. After completion of the assessment, the seaport would be required to submit a security program to the Coast Guard for review and approval. The assessment shall be performed with the cooperation and assistance of local officials, through local port security committees, and ensure the port is made aware of and participates in the analysis of security concerns. The

legislation does not include provision for allowing the Coast Guard to conduct criminal background checks of transportation workers to reveal potential threats to facilitate crime or terrorism. It had been my intent to include such a provision, but the need to get it introduced in advance of a hearing scheduled on the subject of seaport security precluded it from being included in the bill. I intend to address this issue as we move the bill through the process, and feel that I can work with interested parties to craft something that will help address legitimate law enforcement concerns, while at the same time, protecting individual rights and defining security risks to avoid unnecessary and needless security review.

The bill authorizes MarAd to provide loan guarantees to help cover some of the costs of port security infrastructure improvements, such as cameras and other monitoring equipment, fencing systems and other types of physical enhancements. The bill authorizes \$ 8 million, annually for four years, to cover costs, as defined by the Credit Reform Act, which could guarantee up to \$320 million in loans for security enhancements. The bill also establishes a grant program to help cover some of the same infrastructure costs. Additionally, the bill provides funds for the U.S. Customs Service to purchase screening equipment and other types of non-intrusive detection equipment. We have to provide Customs with the tools they need to help prevent further crime.

The bill requires a report to be attached on security and a revision of 1997 document entitled "Port Security: A National Planning Guide." The report and revised guide are to be submitted to Congress and are to include a description of activities undertaken under the Port and Maritime Security Act of 2001, in addition to analysis of the effect of those activities on port security and preventing acts of terrorism and crime.

The bill requires the Department of Transportation, to the extent feasible, to coordinate reporting of seaport related crimes and to work with state law enforcement officials to harmonize the reporting of data on cargo theft, or alternatively, the feasibility of utilizing private data on cargo theft. Better data will be crucial in identifying the extent and location of criminal threats and will facilitate law enforcement efforts combating crime. The bill also requires the Secretaries of Agriculture, Treasury, and Transportation, as well as the Attorney General to work together to establish shared dockside inspection facilities at seaports for federal and state agencies, and provides \$1 million, annually for four years, to carry out this section. Currently, there are some U.S. ports that do not have inspection space in the organic port area. It is crucial that inspections occur as close to the point of entry as possible.

The bill also establishes a program to train personnel involved in maritime transportation and maritime security. A better prepared security force will help enable us to more effectively combat potential threats of crime and terrorism. The bill also requires the Customs Service to improve reporting of imports at seaports to help ensure that Customs will have adequate information in advance of having the entry of cargo, and to do so in a manner consistent with their plans for the Automated Commercial Environment (ACE) program.

Finally, the bill reauthorizes an extension of tonnage duties through 2006, and makes the proceeds of these collections available to carry out the Port and Maritime Security Act. These fees currently are set at certain levels, and are scheduled to be reduced in 2002. The legislation reauthorizes and extends the current fee level for an additional four years, but dedicates its use to enhancing our efforts to fight crime at U.S. seaports and to facilitating improved protection of our borders, as well as

to enhance our efforts to ward off potential threats of terrorism.

I look forward to hearing the testimony from our witnesses today.