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TESTIMONY OF

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President

BEFORE THE SENATE COMMERCE COMMITTEE

Oversight Hearing on Port Security

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

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

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

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

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

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

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

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

America's port industry is vast, versatile and highly competitive, consisting of deep draft commercial seaports dispersed along the Atlantic, Pacific, Gulf and Great Lakes coasts. These ports range from huge load centers handling millions of tons of containerized, breakbulk and dry and liquid bulk cargos to relatively small "niche" ports serving the unique needs of particular regions, localities, or industries. Furthermore, ports differ in the way they are operated. AAPA membership consists of operating, landlord and limited operating ports. Operating ports are those in which cargo handling inland from the pier is performed by port authority employees. At landlord ports, these functions are

performed by tenants. Limited operating ports combine these roles, leasing some facilities and operating others. With such varied control over port operations and facilities, what works in one port to control crime and security may not work in another port.

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

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

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

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