

**Written Statement**  
**Deputy Commissioner Jayson Ahern**  
**U.S. Customs and Border Protection**  
**Senate Committee on Commerce, Science, and Transportation**  
**Subcommittee on Surface Transportation and Merchant Marine Infrastructure,**  
**Safety, and Security**  
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**INTRODUCTION:**

Chairman **Lautenberg**, Ranking Member **Smith**, and distinguished Members of the Subcommittee:

Good morning and thank you for this opportunity to discuss the Secure Freight Initiative (SFI) and the recently released report on the initial pilot ports. I want to take this opportunity to apologize for submitting the report past the April deadline. We wanted to ensure that the report was as robust as possible and have worked hard to provide a comprehensive assessment of the progress made at each of the seven locations, detail the challenges and successes, and outline the future strategy for the deployment of integrated scanning technology abroad.

I want to thank the Committee for its strong support of CBP. This Committee played a central role in the passage of the *Security and Accountability for Every Port (SAFE) Act* of 2006, legislation that directed the Department of Homeland Security (DHS) to explore, on a pilot basis, the feasibility and potential benefits of an international scanning program at three foreign ports. I look forward to reporting back to you on our experiences during these pilots and on some of the lessons we have learned.

I would also like to take the opportunity to thank the foreign governments and customs officials that have partnered with us throughout this process, as well as the port and terminal operators and other stakeholders whose support and collaboration was indispensable. The SFI pilots have benefited from host nation officials and port operators willing to expend, to varying degrees, the resources associated with additional staffing, alarm response protocols, construction and other infrastructure upgrades. Importantly, this report also includes input from these industry and foreign government partners.

Before discussing the SFI program, I must note that the success of CBP's cargo security strategy stems from a risk-based, layered enforcement approach. It includes advance information, sophisticated technology, and partnerships with the trade community and other countries. In addition to requiring the SFI pilots, the *SAFE Port Act* supported the current layered, risk-based approach to maritime and cargo security by codifying a number of supply chain security programs that DHS established following the September 11, 2001 terrorist attacks and which continue today. Specifically, the *SAFE Port Act* codified DHS' advanced information requirements and automated

analysis, the Customs-Trade Partnership Against Terrorism (C-TPAT), the Container Security Initiative (CSI), and the use of non-intrusive inspection (NII) technology to scan high-risk shipments.

These programs form the backbone of CBP's risk-management, layered enforcement strategy. To most effectively manage multiple threats to our country, we must direct resources to areas of greatest risk. We are constantly working to refine this layered process by strengthening our tools and capabilities, working to maintain an appropriate balance between the wide range of threats we face and allocating our limited resources accordingly. It is important to reiterate that the layers of this strategy are interdependent and that different layers secure different parts of the supply chain. This approach ensures that cargo is regularly assessed and that security does not rely on any single point that could be compromised.

Although there has been much discussion about maritime container security in recent years, we have also been—and must remain—focused on other threats to our borders and to other components of the supply chain. We must remain vigilant in securing all conveyances and in screening passengers at our land borders, airports, railways, and small vessel terminals. In fact, although we frequently refer to the 11.5 million containers arriving by sea, there are an equal number of truck containers arriving across our land borders with Canada and Mexico.

While increased resources for programs such as SFI have enhanced our ability to address maritime container security vulnerabilities, it is important also to recognize that 100 percent scanning DOES NOT equal 100 percent security and that no single layer or tool in our risk-based approach should be overemphasized at the expense of the others. The strength of the strategy is that it ensures continuous security at multiple nodes in the supply chain, distributing resources so that focus on one threat does not overshadow other vulnerable areas that could also be exploited.

## **THE SECURE FREIGHT INITIATIVE (SFI):**

Now I'd like to turn my attention to the international integrated scanning program under the Secure Freight Initiative (SFI).

Under SFI, an integrated scanning system, consisting of radiation portal monitors (RPM) provided by DOE/National Nuclear Security Administration and non-intrusive inspection (NII) imaging systems provided by CBP, is used to scan containers as they move through the pilot locations in the foreign ports. Through optical character recognition (OCR) technology, data from these systems is integrated and provided to CBP officers who can use it, along with customary data sources, to determine if the container should be referred to the host nation for secondary examination prior to being loaded onto a vessel destined for the United States. SFI provides additional data points used by CBP officers in conjunction with advanced manifest data, such as 24-hour rule information, Customs-Trade Partnership Against Terrorism (C-TPAT) information, and the

Automated Targeting System (ATS) to identify high risk containers that warrant additional scrutiny prior to continuing on through the global supply chain.

Meeting the legislative requirements of the SAFE Port Act, the first three SFI ports (Puerto Cortes, Honduras; Port Qasim, Pakistan; and Southampton, United Kingdom) became fully operational on October 12, 2007. Under SFI, DHS and DOE work to scan all U.S.-bound maritime containers; the total U.S.-bound container volume at these three ports from October 12, 2007 to May 25, 2008 was 170,564 containers. Furthermore, CBP and DOE are working to pilot scanning equipment in additional complex environments, such as high-volume and transshipment ports. These additional locations include certain terminals in Hong Kong (which is now fully operational); Salalah, Oman and Port Busan, South Korea.

With the three initial SFI pilot ports in Honduras, the United Kingdom, and Pakistan, CBP has focused its efforts on exploring methods by which efficient operation (defined as maximizing the security benefit, minimizing disruptions to port operations, and containing costs) could be achieved within the deadline prescribed by law (the SAFE Port Act and the 9/11 Act). The SFI deployments in Honduras, the United Kingdom, and Pakistan indicate that scanning U.S.-bound maritime containers is possible on a limited scale.

However, SFI operations in these initial locations benefited from considerable host nation cooperation, low transshipment rates, and technology and infrastructure costs covered primarily by the United States Government—accommodating and supportive conditions that do not exist in all ports shipping to the United States.

As will be discussed in more detail, the data obtained by the scanning technology does have the potential to enhance targeting by providing two additional data points (RPM spectra and NII images) to the information and tools already available to CBP officers. CBP is committed to a realistic and responsible approach that will incorporate these scan data points into our risk-based methodology in places where the additional information would be of the most benefit to our targeters.

### **SFI CHALLENGES:**

The pilots have demonstrated that not just scanning equipment, but a combination of technology, processes, and collaboration is necessary to a successful scanning system; additional necessary factors include innovative solutions to operational hurdles, useful data that is collected, analyzed and primed to enhance targeting, a collaborative approach with the international community and port operators, and perhaps most importantly, responsible and practical policies informed by the totality of the threats to which the U.S. remains vulnerable.

The continuation of operations in some of the current SFI pilot locations will afford CBP the opportunity to further test possible solutions to the complex challenges posed by transshipment and high-volume ports. . While we continue to learn important lessons in these initial pilot locations, CBP will focus future scanning deployments on high-risk

trade corridors that represent the greatest threats to the United States. Prioritizing deployments in this way will maximize the security benefit that can be achieved with limited departmental funds and ensure that CBP has the capacity to compile, assess, and integrate the additional scan data into its effective, functioning risk-based strategy.

Thus far, the deployment of container scanning equipment at each of the SFI ports has presented certain operational, technical, logistical, financial, and diplomatic challenges that will likely continue to be encountered, to varying degrees, as SFI deploys to additional locations. These challenges include:

- Sustainability of the scanning equipment in extreme weather conditions and certain port environments;
- Varying costs of transferring the data back to the United States (National Targeting Center) in real-time, etc.;
- Re-configuring port layouts to accommodate the equipment without affecting port efficiency;
- Developing local response protocols for adjudicating alarms;
- Addressing health and safety concerns of host governments and respective trucking and labor unions;
- Identifying who will incur the costs for operating and maintaining the scanning equipment;
- Acquiring necessary trade data prior to processing containers through the SFI system;
- Addressing data privacy concerns in regards to the scanning data;
- Concluding agreements with partnering nations and terminal operators to document roles and responsibilities regarding issues such as: ownership, operation, and maintenance of the equipment; sharing of information; and import duty and tax considerations;
- Staffing implications for both the foreign customs service and terminal operator;
- Licensing requirements for the scanning technology;
- Reaching agreement with foreign and industry partners to continue scanning 100 percent of U.S.-bound containers after the pilot ends; and
- Discussing the potential requirements for reciprocal scanning of U.S. exports.

While these challenges are consistent at our pilot ports, the remedies must be specifically tailored to the unique characteristics of each port. One example of a challenge requiring different fixes in each location was the different level of automation, with paper-based rather than computerized systems, in some of the initial SFI ports. In many situations, containers can arrive at the port up to several days before they are loaded on vessels. If containers arrive more than one day before lading, then CBP will not yet have the container's corresponding trade information, received under the 24-hour rule. Without information about what is in the container or whether it is U.S.-bound, resolving an RPM alarm or image anomaly is more difficult. CBP addressed this challenge in a variety of ways, including agreements with customs partners, terminal

operators, and carriers for access to certain information (such as destination and commodity descriptions to identify U.S.-bound containers) that assisted with the risk assessment process and adjudication of radiation alarms. Those ports that lack an automated system will provide additional challenges for providing manifest and destination information to CBP.

One challenge has proven particularly difficult to overcome: operating these systems in a transshipment port. The initial SFI pilots have demonstrated that technical and operation solutions are not yet available to capture transshipped cargo efficiently. New equipment and software must be developed to address the considerable challenge of scanning containers that often transit through ports quickly and without necessarily being placed on trucks or passing through port gates. To date, SFI has progressed on a limited scale in ports that take advantage of the natural chokepoints of entry and exit gates to scan containers. This approach typically prevents significant impact on port operations, but is not applicable in heavy transshipment ports where containers arrive on one ship and depart on another without entering or exiting through the port gates. Because of shorter dwell times for containers, space constraints, lack of immediate availability of shipping data, and the difficulty of identifying chokepoints within busy container terminals, capturing transshipped cargo without seriously impacting port operations remains a significant challenge. Solutions to this challenge will depend upon the specific infrastructure conditions at any given port, technology interface issues, and the development of operational procedures in concert with host nation and port officials. Advances in technology that require a smaller physical footprint are also essential to any future large-scale implementation of SFI.

The initial deployments under SFI also demonstrate the significant costs associated with procuring and deploying scanning technology and the supporting information technology (IT) infrastructure. With the announcement of SFI in 2006, DHS and DOE each committed approximately \$30 million toward the implementation of SFI at the initial three ports and the installation of equipment at three additional ports where integrated scanning is to be demonstrated on a limited scale.

Costs to industry and foreign partners were minimized during the initial SFI pilot by the use of primarily U.S.-owned systems in SFI ports, as well as U.S.-funded upgrades to terminal operating systems (TOS) and enhancing the local IT infrastructure. In addition to costs incurred by the U.S. government associated with SFI scanning, the terminal operators are also absorbing costs in the form of fuel for the trucks, time to run containers through the systems, and utilities. With the exception of Puerto Cortes, terminal operators do not presently assess a fee to recoup their costs; however, they may begin to do this after the pilot phase. Additionally, our foreign Customs partners are absorbing costs associated with increased staffing levels including overtime, training, and personnel assigned to full-time operations.

Although DHS and DOE funded the initial phase of SFI deployments, the equipment, IT, and personnel costs associated with expanding the program to cover all U.S. bound traffic from the more than 700 different ports that ship to the United States – some

significantly larger and more complex than any of the first three pilots – means that the benefit of immediate widespread deployments must be weighed against the Department’s funding needs to address other homeland security priorities.

While RPM spectra and NII images can be useful additional data points for evaluating the risk of U.S.-bound containers, the lack of universal solutions to make scanning cost-effective and efficient in every port underlies the Department’s strategy to focus future SFI deployments on trade corridors that present the highest risk. Gathering scan data from these high risk corridors will provide additional information, consistent with the Department’s successful layered strategy, for CBP targeters, enhancing risk assessments in the most vulnerable areas without overwhelming the Department’s budget, personnel resources, and ability to defeat other serious threats to the homeland.

### **SFI BENEFITS:**

While highlighting many challenges, the SFI pilots have also produced valuable and positive feedback. SFI, in the initial three ports, has demonstrated the operational feasibility of integrating various scanning technologies and transmitting large amounts of data in near-real time for review and analysis. SFI has also demonstrated that scanning data associated with maritime containers at a port of lading can be integrated into CBP’s ATS and reviewed alongside the targeting system’s risk assessment rule sets. This information can be successfully integrated by electronically linking specific container identification data to that container’s scanning data. To date, CBP has successfully integrated, transmitted, and received thousands of data files from the three operational ports.

Additionally, a preliminary analysis of the potential trade facilitation benefits of SFI has been positive. Containers arriving in the United States accompanied by SFI data do not experience the same rate of examination at U.S. ports as containers that originate from non-SFI locations. As well, the additional data elements gathered at the foreign port assist CBP officers in more quickly and efficiently mitigating risk and adjudicating radiation alarms occurring at a domestic seaport.

### **SFI POTENTIAL OPERATION IN ADDITIONAL PORTS:**

As noted earlier, the implementation of SFI in Pakistan, Honduras, and the United Kingdom, and the limited testing in the four other SFI locations, illustrates that the scanning of all U.S.-bound maritime containers in a foreign port is possible on a relatively contained scale. As DHS, in conjunction with the DOE and the DOS, develops a specific policy forward, we will prioritize our resources and efforts by focusing on specific higher risk trade corridors where the most security benefit can be realized. Based on preliminary results from the three pilot locations, and in light of the considerable costs and challenges associated with the deployment of SFI/ICS systems, this high risk trade corridor approach accords with the current risk-based strategy, best addresses the greatest threats to the United States, and represents the most worthwhile

investment of limited available resources for the scanning of cargo containers at foreign ports.

The issue of container security has precipitated much discussion and effort over the last several years, but the Department has also been, and must remain, attuned to other threats to U.S. ports and other potentially vulnerable components of the supply chain. DHS and Congress have dedicated significant resources and efforts to our cargo and port security programs which have been instrumental in the development of the robust layered and risk-management approach currently in place. We are always eager to enhance these layers and even further refine our targeting to ensure that we focus on those goods and people that represent a threat to our nation. I'm concerned, however, that while we continue to increase resources specifically for container security initiatives, like SFI, we could be neglecting other areas of concern that potentially pose greater risk and vulnerability to the country. Again, a risk management approach to security has to be driven by our informed judgment about the totality of potential risks to the country, not just risks to a single vector.

Furthermore, traffic congestion brought upon by the movement of shipping containers is a threat to the global economy. The United States is especially vulnerable since over 90 percent of its imports and exports move via sea container. As a Nation, and as a global trading partner, we must prioritize our security efforts to embrace the principle "to facilitate the movement of commerce", and align security programs with those efforts that enhance cargo flow through the supply chain in a transparent and accountable process. In this way, transportation providers may be more effective and efficient in protecting our prosperity and those of other trading partners.

Thank you again for this opportunity to testify. I look forward to having a dialogue with this Subcommittee on the merits and future of container scanning.