

# THE CIP REPORT

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## PORT SECURITY

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## Message from CIP Program Director John McCarthy

It is no secret that ports and the associated shipping sector are vulnerable to both physical and cyber attacks, and after 9/11, the world grasped the substantial vulnerability of the maritime freight transportation system. These primary entry points to the supply chain, where over 90% of commerce occurs, allow connectivity, speed and efficiency upon which we are economically dependent. These same strengths are the very things that can be used against us by those with malicious intent.

On 1 July, 2004, the Maritime Transportation Security Act and the International Maritime Organization (IMO) International Ship and Port Facilities Security Code were implemented across this nation and the world. These comprehensive changes in international laws concerning shipping and port security protection have implications for the industry and for America's security that are staggering both economically and operationally.

This edition of *The CIP Report* comes together in part due to our sponsorship of research and programs related to this topic. The Critical Infrastructure Protection Program has supported a visiting research fellow, Mr. Willem Holleman. Mr. Holleman, Deputy Director for General Freight Policy at the

Ministry of Transport, Netherlands, is on a ten month sabbatical and is currently doing research on port security. Mr. Holleman is specifically focusing on strategic issues that enhance security of ports and the supply chain as a whole.

Mr. Holleman and nine senior port industry and government specialists met in the spring of 2004 to discuss the impending July 1st deadline, advances in port security since 9/11, and obstacles that the industry and the government face concerning implementation of the new codes. Much attention was given to pertinent issues surrounding this subject that they felt were not being readily

explored by the government and other research institutions. Some key issues included striking the appropriate economic balance between port security and profitability, managing container inspections at ports, and tying port security to the larger homeland security agenda.

As 80 to 90 percent of the critical infrastructure in the U.S. is owned and operated by the private sector, its protection is a gray space where government's responsibility to protect citizens meets the dynamics of the free marketplace. Presented in this edition of *The CIP Report* are viewpoints under current debate and information regarding the management of the public / private intersection in Port Security, one of the most relevant and important topics of discussion in CIP today.



## New Maritime Security Measures Well Under Way

On July 1, 2004 countries around the world implemented the first multilateral ship and port security standard ever created.

The U.S. Coast Guard is aggressively enforcing the International Ship and Port Facility Security Code (ISPS), which requires ships and ports to implement a broad range of security measures covering communications, port and ship access control, monitoring people and cargo, and screening personnel, baggage, cargo and vehicles. The ISPS was negotiated in 2002 under the International Maritime Organization (IMO), and has been adopted by 148 countries.

In addition to the international requirements of the International Ship and Port Security Code, the United States has required vessels and port facilities around the country to take additional security measures by July 1, as part of the domestic Maritime Transportation Security Act which establishes a new, robust baseline of security for our nation's ports.

Port facilities as well as vessels across the nation were required to file a security assessment and security plan with the U.S. Coast Guard. The security assessments identified the aspects of each port facility and vessel that were deemed vulnerabilities. The accompanying security plan outlined specific measures that would be taken by each port to

address those vulnerabilities. In the U.S., some 9500 vessels and 3500 facilities submitted both a security assessment and a security plan earlier this year.

Governments of all ISPS signatories are obliged to review and verify security plans and issue security certificates to ships and approve plans for port facilities that meet the new requirements.

U.S. Homeland Security Secretary Tom Ridge said in June that the U.S. Coast Guard would move to verify international compliance with the new requirements on U.S. territorial waters by boarding every foreign ship on its first visit to a U.S. port. Foreign ships that lack proper security certificates would be subjected to additional scrutiny and precautions, which include searches and possible denial of entry to U.S. ports. The Coast Guard said it also would be tracking vessels coming from non-compliant ports.

The IMO and some shipping industry representatives have expressed concern that strict enforcement of the code may delay ships and disrupt maritime transportation because some vessels and many ports have not yet complied. In a June 21 IMO news release, IMO Secretary-General Efthimios Mitropoulos urged countries to ensure that shipping lanes, particularly those of strategic significance, are open under all circumstances.

As of June 30, 56 percent of

more than 21,000 ships had received security certificates, and 69 percent of more than 6,500 ports had their plans approved, according to an IMO survey covering 46 countries, which account for more than 80 percent of world merchant shipping by tonnage. The U.S. Coast Guard said that it has received security plans from 99 percent of U.S. vessels and port facilities subject to the code and has reviewed most of these plans.

Tony Regalbuto, chief of policy and planning for the U.S. Coast Guard's port security directorate, said that these security efforts are not likely to cause any major disruptions to trade if compliant ships coming from non-compliant ports take reasonable steps to protect themselves. The U.S. Coast Guard is advising those vessels to move to a higher security level when they visit such ports, he added.

"If they provide documentation to the U.S. Coast Guard confirming that they indeed acted on this advice, it will give some level of confidence that the vessels are in compliance and their security has not been compromised," Regalbuto said. The ships that have not taken higher security measures when visiting non-compliant ports will be subjected to more extensive precautionary measures when they enter U.S. territorial waters.


*(Continued, Page 3)*

**Maritime Security** (Cont. from Page 2) Regalbuto said that the agency is planning to issue security advisories regarding non-compliant countries. The advisories will be based on information provided to the IMO and reports of U.S. Coast Guard representatives who have visited key ports around the world. The Coast Guard plans to visit over three years small, medium and large ports in 135 countries with which the United States trades, he said. To date, the Coast Guard's International Port Security Program team has visited Singapore, Honduras, and South

Korea, and has found them to be in substantial compliance with the ISPS Code.

Regalbuto said the Coast Guard will continue to work with non-compliant countries, sharing international best practices and providing them with technical assistance, if necessary, to help them meet the new requirements. If, despite those efforts, a country fails to imple-

Captain Anthony (Tony) Regalbuto, retired, is Chief of the Policy and Planning Office for the Port Security Directorate at Coast Guard Headquarters. His thirty three years of marine safety experience has prepared him for the challenges of leading the Coast Guard efforts in making the Marine Transportation System more secure. Captain Regalbuto is a graduate of the State University of New York Maritime College.



ment the new measures, the U.S. government may consider imposing sanctions on trade with that nation, he said. ❖

Since July 1, over 1,500 ships have been searched and 78 ships were detained, expelled or denied entry. The reasons for detention, expulsion or denial of entry ranged from a lack of proper documentation to the security officer not checking the inspector's identity when they boarded the vessel. However, compliance with the new regulations appears to be improving; from July 19 - July 26 only 4 ships (5.4% of ISPS exams; down from 6.5% the previous week) were subject to detention, expulsion or denial.<sup>1</sup>

<b>ISPS Compliance Efforts July 1-26</b>	
Total Number of At Sea Exams	42
Total Number of In Port Exams <sup>2</sup>	1,494
Total # of Denial of Entry Orders:	11
Total # of Expulsion from Port Orders:	15
Total # of MTSA or ISPS Related Detention Orders:	52

The least compliant nations of the new ISPS appear to be Bolivia and Honduras who have had all eight of their registered vessels either expelled or detained by the Coast Guard. Bolivia and Honduras appear to be the exception, not the rule, as the largest flag states, Panama, Liberia and Marshall Islands have had 21, 1, and zero ships, respectively, either expelled or detained. As the flag state with over 129M gross tones of vessels the 21 detentions account for only .0002 percent of the total fleet tonnage.<sup>3</sup>

The Coast Guard is in the process of hiring 500 additional people to focus on enforcement of new port security regulations.<sup>4</sup> For example the United States took a special interest in Trinidad and Tobago's port security efforts, because 80% of Liquefied Natural Gas originated from ports in Trinidad and Tobago and the United States wanted to ensure there were no supply disruptions when the new agreements came into force.<sup>5</sup> (Continued, Page 12)

## It's July 1 -- Has the 'Tide Turned' on Port Security?

**Bryan Day, MPA, Faculty Research Associate  
School of Public Policy, George Mason University**

Washington, DC - With tough security laws looming, Homeland Security Under Secretary Asa Hutchinson asserted "we can stop a dirty bomb" at a recent panel on port security. Serious security concerns remain and are exacerbated by the challenge of significant cost overruns, according to those who shared the June 29 panel. This was the third in a series of Critical Conversations sponsored by the Critical Infrastructure Protection (CIP) Project of the George Mason University (GMU) School of Law.

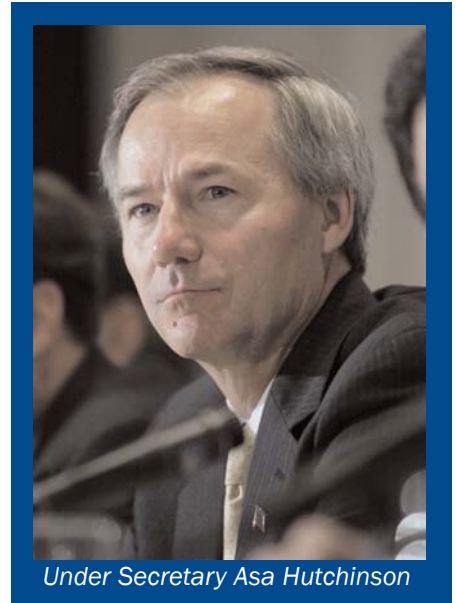
The timely discussion titled *Turning the Tide: Securing America's Ports* occurred days before the implementation of aggressive anti-terrorism laws which will require federally approved security plans for all cargo vessels as well as 24-hour notice for all foreign ships planning to enter U.S. ports. The

International Ship and Port Security (ISPS) Code and Maritime Transportation Security Act (MTSA) took effect on July 1, 2004.

Dirty bombs, also known as Radiological Dispersal Devices are crude explosive weapons with nuclear material. These bombs have been called "weapons of mass panic" because although they are not thought to cause significant casualties, terrorists are aware that they can cause great psychological impact on a city. These weapons are also relatively easy to manufacture and slip into U.S. ports. Of greater concern could be a more traditional nuclear device. The Center for Trade Policy Studies estimates that a modest weapon detonated in a major seaport could kill 500,000 to 1 million people.

Under Secretary Hutchinson's assertion was given in response

to a direct question by panel moderator, Frank Sesno, GMU Professor and CIP Program Senior Fellow. "I think we can stop a dirty bomb...because we have systems in place," responded Hutchinson.



*Under Secretary Asa Hutchinson*

Carl Bentzel, Senior Democratic Counsel for the Senate Commerce, Science and Transportation Committee, explained that the 'systems' in place are a layered approach to security where various sources such as the Flag Administration, port inspectors and the U.S. Coast Guard simultaneously certify a ship is compliant.

But Joe Cox of the Chamber of Shipping of America stressed that even with systems in place the complexities of the industry have already produced security gaps for which there exists no effective response plan. For example, Cox hypothesized that a certified and compliant foreign ship could enter an American port - but come from a homeport that is noncompliant and thus not certified. No procedure exists for (Continued, Page 5)



*Joe Cox, James Carafano, and Carl Bentzel*

Turning the Tide (Cont. from Page 4) this scenario, Cox said. Rear



*P.J. Crowley*

Admiral Larry Hereth, director of port security for the US Coast Guard, said that a new

program was being implemented to address just this concern and over time these noncompliant ports will be brought up to U.S. standards and laws. In the meantime, though, it was conceded that such ports remain vulnerable with little or no security plans in place.

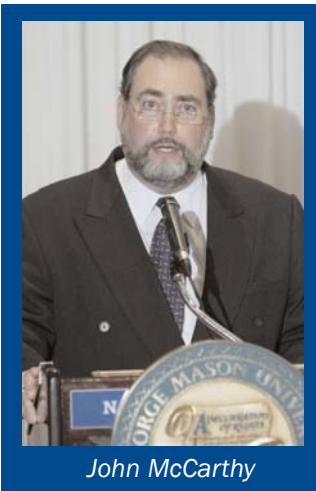
Other concerns included the absence of uniform code-compliant identification cards and recent reports within the shipping industry that various government officials are refusing to show their government IDs upon boarding foreign ships for inspections. In response to the latter, Hutchinson said his department would look into the matter and provide a follow up.

More troubling to several panelists was the profound impact on the U.S. and global economies, and the flow of vital goods, in the event there was a need to close all U.S. seaports. In the aftermath of 9/11, a shut down of airports had a significant economic impact - as did a West Coast labor strike a few years back by seaport personnel. Damage from that shutdown approached one billion-

dollars a day. Governmental war game studies performed last year suggest that any more than two weeks with closed ports could begin to break the U.S. economy and threaten a broader global disaster.

P.J. Crowley of the Center for American Progress questioned the panel, "who pays for the implementation of the new standards?" Crowley added that the U.S. Coast Guard estimates that the implementation of these laws are "going to run somewhere in the vicinity of \$7.3 billion over a number of years" and the administration has only budgeted \$46 million for the FY05 budget." Also, these figures do not include funds for the modernization of the U.S. Coast Guard fleet which has to shoulder much of the responsibilities these new laws demand.

Jim White of the Port of Baltimore also shared Crowley's concern about cost overruns, especially given that of 153 ports, only Los Angeles and Long Beach make a profit. White stressed ports typically do not like to pass along the costs because the business is so competitive. When asked, White



*John McCarthy*

did say he believed these new laws were an unfunded mandate and that the federal government should bear much more of

the costs.

However, James Carafano of the Heritage Foundation explained one solution to cost overruns could come from private sector cost sharing, which he believed is necessary and important.



*Frank Sesno*

Carafano said, "[I] believe business can institutionalize those costs hopefully over time, just as they have with safety and environmental protection standards. And it will become five or 10 years from now a part of doing business and [security will be] built into the costs in a more efficient way."

Concluding the discussion, Sesno asked Under Secretary Hutchinson if we are able to measure whether America is any safer after the implementation of these laws. Hutchinson responded that we can't measure in terms of a deterrent value, but we can measure in terms of the success of the maritime business and its contributions to the economy. Final thoughts on port security rested on sustainable security plans and through the successful use and implementation of technology. It is the hope that the ISPS Code and the MTSA will be an integral part of America's strategy to ward-off terrorists here at home. ❖

## International Maritime Organization: Safer Shipping, Cleaner Oceans

Shipping is perhaps the most international of all the world's great industries and one of the most dangerous. It has always been recognized that the best way of improving safety at sea is by developing international regulations that are followed by all shipping nations. From the mid-19th century onwards, a number of such treaties were adopted. Several countries proposed that a permanent international body should be established to promote maritime safety more effectively, but it was not until the establishment of the United Nations itself that these hopes were realized. In 1948 an international conference in Geneva adopted a convention formally establishing the International Maritime Organization. The IMO Convention entered into force in 1958 and the new Organization met for the first time the following year.

The purposes of the Organization are "to provide machinery for

cooperation among Governments in the field of governmental regulation and practices relating to technical matters of all kinds affecting shipping engaged in international trade; to encourage and facilitate the general adoption of the highest practicable standards in matters concerning maritime safety, efficiency of navigation and prevention and control of marine pollution from ships." The Organization is also empowered to deal with administrative and legal matters related to these purposes.

IMO's first task was to adopt a new version of the International Convention for the Safety of Life at Sea (SOLAS), the most important of all treaties dealing with maritime safety. This was achieved in 1960 and IMO then turned its attention to such matters as the facilitation of international maritime traffic, load lines and the carriage of dangerous goods, while the system of measuring the tonnage of ships was revised.

The adoption of maritime legislation is still IMO's most important concern. Around 40 conventions and protocols have been adopted by the Organization and most of them have been amended on several occasions to ensure that they are kept up to date with changes taking place in world shipping.

But adopting treaties is not enough - they have to be put into effect. This is the responsibility of Governments, and there is no doubt that the way in which this is done varies considerably from country to country.

IMO has introduced measures to improve the way legislation is implemented, by assisting flag States (the countries whose flag a ship flies) and by encouraging the establishment of regional port State control systems. When ships go to foreign ports they can be inspected to ensure that they meet IMO standards. By organizing these inspections on a regional rather than a purely national basis resources can be used more efficiently.

IMO has also developed a technical co-operation program which is designed to assist Governments which lack the technical knowledge and resources that are needed to operate a shipping industry successfully. The emphasis of this program is very much on training and perhaps the best example is the World Maritime  
(Continued, Page 12)



"Throughout the implementation period, IMO has repeatedly urged Governments and the industry to take steps to increase awareness of the potential dangers and to encourage ships' crews to be vigilant and alert to any security threat they may encounter. Great emphasis has been placed on the entry-into-force date, but the real challenge is to ensure that, now that date has passed, we do not allow ourselves to relax and adopt any complacent attitude."

**IMO Secretary General Eftimios Mitropoulos**

## Port Security Funding: A Conundrum for the Policy Makers

Daniel F. Sheehan, P.E.  
Senior CIP Fellow

The complex system of public and private ports and port facilities within the United States are the economic pipeline that helps sustain and expand the U.S. economy. Potential maritime security threats to port infrastructure are real and the possible impacts of disruption to a portion of this critical infrastructure represent genuine economic threats to not only the U.S, but the international economy as well.

Port facilities in the U.S. that interface or service ships on international voyages have most recently been required to comply with the provisions of the Maritime Transportation Security Act and the International Ship and Port Facility Code. A port facility is often a terminal within the context of a larger port complex. The requirements are extensive, comprehensive and expensive. The continuing issue of who is responsible for funding the necessary improvements and physical alterations in order to comply with these new national and international mandates is one that has not been fully resolved. Compounding this issue is the mix and variety of ownership and operating paradigms that exist in the U.S.

In a true *laissez faire* economic environment it would have been a simple, but politically unpalatable, matter to say that the entire

cost should be borne by the owner/operators of the impacted port facilities. Those facilities that did not comply would be at a competitive disadvantage, at least with respect to international trade, to those that complied. The Department of Homeland Security through the Transportation Security Administration decided to assist in the implementation of the MTSA and ISPS requirements through the establishment of a maritime port security grant program. To date that program has provided approximately \$516 million in funds to a wide variety of entities. While some of the funds were directed toward demonstration projects, many recipients utilized the funds to augment physical security and make other necessary facility improvements to meet the requirements of the federal regulations. Each round of federal grants was evaluated against a set of criteria specific to that round. Initial evaluation of grants was done at the local level then forwarded for final review by a board that examined the grants in a national context and awards were subsequently made. The result, in the aggregate, was an infusion of federal funds. However, many of those that applied for grants and were not successful would argue that the infusion of funds tipped the competitive balance between those that received funds and

those that did not.

At this juncture it is interesting to note that the MTSA and the ISPS Code had a similar impact on ships that "interface" with the regulated port facilities. Both U.S. and foreign flag ships were required to implement and meet a comprehensive and costly set of requirements that paralleled those at the facilities. All ships on international voyages that trade with the U.S. were required to comply and to this author's knowledge none received federal or international funding assistance. As an economic entity, this cohort of the private sector bore all of the costs. The contrast could be made that this approach maintained a more balanced competitive economic environment or playing field than one where funds were selectively provided to another economic sector.

The question for federal policy makers at the Administration and the Congressional level is what to do next? There is still considerable demand for federal funding. The American Association of Port Authorities (AAPA) is advocating substantial increases in federal expenditures to assist in the longer term implementation of maritime security measures at ports and port facilities. In recent Congressional testimony they (*Continued, Page 12*)

## Protecting the Nation's Ports

As a member of the Department of Homeland Security, the Coast Guard continues to play an integral role in maintaining the operations of our ports and waterways by providing a secure environment in which mariners and the

American people can safely go about the business of living and working freely. The Coast Guard's port security mission is not new, but it is definitely more visible today than it was prior to the tragic events of Sept. 11, 2001.

The Coast Guard remains at a heightened state of alert protecting more than 361 ports and 95,000 miles of coastline, America's longest border. Highlights of the Coast Guard's port security efforts include:

- Implementing the Maritime Transportation Security Act regulations, groundbreaking legislation that enhances security at ports, facilities and vessels nationwide by ensuring uniform standards of security exist throughout our U.S port environment.
- Identifying nine individuals holding merchant mariner credentials with possible associations to terrorism through Operation Drydock, a 14-month cooperative investigation with the FBI that also led to about a dozen arrests for providing fraudulent information to the government on a merchant mariner application.
- Leading the world community as the U.S. representative to the International Maritime Organization in creating the first worldwide standard for maritime security by adding security amendments to the Safety of Life at Sea convention and the International Ship and Port Security Code. By successfully advancing this proposal, and achieving nearly universal agreement, the Coast Guard is now partnering with over 100 nations to increase safety and security at sea around the globe.
- Enhancing port safety and security by commissioning new Maritime Safety and Security Teams in San Francisco, Houston, New York and St. Mary's, Ga., bringing the total number of teams nationwide to eight. Assigned to vital ports, these teams can conduct rapid, nationwide response and are capable of deployment via air, ground or sea.
- The United States Coast Guard has prevented more than 136,800 pounds of cocaine, over 14,000 pounds of marijuana and more than 800 pounds of hashish from reaching the United States, and interdicting over 6,000 undocumented migrants attempting to enter the country illegally by sea.

## Statement of Rear Admiral Larry L. Hereth on

**ANTI-TERRORISM & PORT SECURITY ACT OF 2003**

**SUBCOMMITTEE ON TERRORISM, TECHNOLOGY & HOMELAND SECURITY**  
**JUDICIARY COMMITTEE, U.S. SENATE**  
**JANUARY 27, 2004**

Good Morning Mr. Chairman and distinguished members of the Committee. It is a pleasure to appear before you today to discuss Coast Guard efforts to prevent and respond to terrorism and improve maritime transportation security for our seaports.

The United States and the world have come to recognize how vulnerable our international transportation system is to those who intend to do us harm. Valuable and vulnerable... these factors make protection of our marine transportation system a high priority in the U.S. Maritime Homeland Security Strategy.

Working in concert with the Department of Homeland Security and its agencies, we developed a strategic approach to maritime security that places a premium on identifying and intercepting threats well before they reach U.S. shores. We do this by conducting layered, multi-agency, maritime security operations; strengthening the port security posture of our strategic economic and military ports; building on current international cooperative security efforts; and making risk-based decisions. These key elements form the basis of our Maritime Homeland Security

Strategy, closely aligning with the President's National Strategy for Homeland Security.

#### **MTSA Implementation**

The Marine Transportation Security Act of 2002 (MTSA) established a comprehensive approach to maritime security. In October 2003, within the demanding deadlines set by the MTSA, the Coast Guard issued final maritime security regulations that address vessel and facility security, automatic identification systems, and other security requirements. The Coast Guard collaborated extensively with the maritime industry in the development of these regulations including the consideration of thousands of public comments. The regulations also incorporate standards adopted by the International Maritime Organization. The United States played a major role in developing these international standards, which help us to extend our borders out through partnerships with 108 foreign governments to improve the security of the global shipping industry. The international standards and MTSA regulations come into force on July 1, 2004.

#### **Area Maritime Security Committees and Local Coordination**

Each Federal Maritime Security Coordinator (FMSC) has formed an Area Maritime Security (AMS) Committee, which is comprised of other federal, state, and local agencies, as well as members of the local maritime industry in their areas of responsibility. These committees are enhancing the exchange of communication among the Coast Guard, local agencies, and maritime stakeholders. They also will be critical in the development of the Area Maritime Security Plans, which provide the details on how the local, state and Federal government will augment the security of the vessels and facilities within the port environment.

#### **MTSA Costs**

The cost of implementing MTSA is shared by Federal, state and local government and the maritime industry. The federal government is bearing the cost for increased security in our nation's ports through the creation and deployment of Maritime Safety and Security Teams, personnel, and contract support for vessels  
*(Continued, Page 10)*



**Rear Admiral  
Larry Hereth  
U.S. Coast Guard**

Rear Admiral Larry Hereth is currently serving as the Director of Port Security in the Marine Safety, Security and Environmental Protection Directorate at U.S. Coast Guard Headquarters, Washington, D.C. As Director of Port Security, he oversees all aspects of the Coast Guard port security mission and coordinates activities with other Coast Guard programs, other government agencies and industry to improve Maritime Homeland Security.

Rear Admiral Hereth is a 1973 graduate of the United States Coast Guard Academy with a bachelor of science. He also earned an MBA from Florida Institute of Technology.

**Hereth** (Cont. from Page 9) and facility plan reviews, increased deployment of Coast Guard assets to escort certain vessels into port, the placement of more Coast Guard law enforcement teams aboard inbound vessels at the sea buoy, and more patrols by Coast Guard vessels, small boats, and aircraft. The Coast Guard is sensitive to the impact that increased security may have on legitimate commerce and the maritime industry. The wide variety of security measures implemented to date has had no significant adverse impacts on the flow of maritime commerce.

That said, we note that industry's cost for implementing Section 102 of the MTSA is estimated to be \$1.5 billion in the first year and \$7.3 billion over the next 10 years. While we clearly understand that the cost of these security regulations to the maritime industry is not insignificant, a terrorist incident against our marine transportation system would have a devastating and long-lasting impact on global shipping,

international trade, and the world economy. To quantify this risk, a major port closure for one month due to a maritime terrorist act could cost up to \$60 billion in economic loss to the United States. We have developed the security regulations to be performance-based, providing the majority of owners and operators with the ability to implement the most cost-effective operational controls, rather than more costly physical improvement alternatives. The Coast Guard will be vigilant in its Maritime Homeland Security mission and will remain sensitive to the impact of security measures on maritime commerce.

### **AIS and Long Range Vessel Tracking**

The regulations, which implement MTSA, require certain commercial vessels to install an Automatic Identification System (AIS) by the end of 2004. The Coast Guard is on schedule to have AIS capabilities at each Vessel Traffic Service by then,

and is diligently working towards our long-term goal of nationwide AIS coverage. The Coast Guard has also instituted measures to expand surveillance beyond the reaches of AIS and to increase Maritime Domain Awareness - a combination of intelligence, surveillance, and operational information to build as complete a "common operating picture" as possible of the threats and vulnerabilities in the maritime realm. The Coast Guard is evaluating a variety of options for tracking vessels on the high seas, and will continue to work diligently within the International Maritime Organization on consistent international standards to ensure all SOLAS vessels have tracking equipment on board.

The Coast Guard has also established COASTWATCH, a process through which the national intelligence community analyzes the vessel notice of arrival reports to identify vessels of interest so that the Coast Guard and other agencies can institute appropriate control measures before those vessels reach port. The Coast Guard continues this practice today and has improved electronic sharing of notice of arrival reports and accompanying intelligence information with Customs and Border Protection (CBP), Transportation Security Administration (TSA), Information Analysis and Infrastructure Protections (IAIP) Directorate, Department of Defense, and other components of the Intelligence Community. (Continued, Page 11)

**Hereth** (Cont. from Page 10)

## Deepwater

Our nation faces a growing array of threats from the sea that could harm maritime commerce, coastal population centers, and critical infrastructure within America's maritime borders. The Deepwater program is key to countering these threats by providing the capability to board vessels before they reach port, and respond to acts of terrorism or piracy well away from our shores, while also developing a far more robust and effective Maritime Domain Awareness system. The Coast Guard has begun the recapitalization of our inventory of major cutters, aircraft, and their support systems, which is a near-term national homeland security priority.

## Containerized Cargo

Implementation of our security programs will complement and reinforce the additional maritime transportation security improvements currently being developed through ongoing Department of Homeland Security initiatives to improve the security of containers and the entire cargo supply chain.

The Container Security Initiative, the Customs-Trade Partnership

Against Terrorism managed by CBP, and Operation Safe Commerce led by TSA, will work collectively in the overall interagency program to shore up the vulnerabilities plaguing the marine transportation system and the cargo supply chain.

## Law Enforcement Authority Ashore

We have increased our uniformed presence ashore at waterfront facilities and critical infrastructure adjacent to the marine environment. However, we identified a gap in our authority ashore and have developed a proposal to close that gap. Although the Coast Guard is at all times an armed force and has broad authority to protect waterfront facilities and other shore installations under a number of statutes, we lack express authority to arrest a person who commits a Federal offense on shore and to carry a firearm ashore in the performance of official law enforcement duties. Gaining this authority is a top legislative priority for the Coast Guard, and the

Administration's Coast Guard Authorization Act currently before Congress includes a provision that would grant clear authority. We would greatly appreciate the Committee's support in this matter.

## Conclusion

The United States Coast Guard will continue to take a leadership role in coordinating the multi-agency, public and private, national and international maritime security effort as part of the Department of Homeland Security's larger National Transportation System Security Plan. The men and women of the Coast Guard are committed to the continuing protection of our nation's ports. Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have. ❖



**IMO** (Cont. from Page 6)

University in Malmö, Sweden, which was established in 1983 and provides advanced training for the men and women involved in maritime administration, education and management.

The International Shipping and Port Facility Security Code was adopted under the auspices of the IMO following a week-long Diplomatic Conference in December 2002. The

Conference was part of a series of measures to strengthen maritime security and prevent and suppress acts of terrorism against shipping. The Conference was of crucial significance not only to the international maritime community but the world community as a whole, given the pivotal role shipping plays in the conduct of world trade.

With a staff of 300 people, IMO is one of the smallest of all

United Nations agencies. But it has achieved considerable success in achieving its aim of "safer shipping and cleaner oceans". Ship casualty rates have declined and the amount of oil entering the sea from ships has been cut.

The challenge now facing IMO and its 164 Member States is how to maintain this success at a time when shipping is changing more rapidly than ever before. ❖

**ISPS Compliance Efforts** (Cont. from Page 3)

<sup>1</sup> Statistics from U.S. Coast Guard office of Public Relations, received 7/27/04.

<sup>2</sup> Of the 5,002 vessels that arrived at U.S. ports as of July 19, 3,494 of the vessels had previously submitted to pre-enforcement examinations to ease the workload after the July 1 deadline.

<sup>3</sup> Lloyd's List, "Panama hits back at flag defection claims," 07/23/04.

<sup>4</sup> Department of Defense Documents, "Coast Guard Implementing New Security Measures," 07/27/04.

<sup>5</sup> Lloyd's List, "Gas export security is crucial at key Caribbean nation," 07/28/04.

**Funding** (Cont. from Page 7) indicated a need for \$500 Million in FY 05 alone. The dilemma will be is there or should there be a mechanism to attempt to achieve some economic leveling of the competitive environment, which some would say has been caused by the initial infusion of federal funds, or should future needs be evaluated over a longer time period to assess the shortfalls and impacts.

The initial mandates became

effective on July 1, 2004 not only here in the U.S. but internationally as well. The process within the U.S., according to most reports, went smoothly with few disruptions and with only relatively few ships being turned away and an equally small number of port facilities not being approved for international trade. Clearly there was no "economic train wreck" as some had predicted. That is a positive result for both maritime and economic security, however, it is my opinion that the

full impact of these measures will not be fully known or understood until a longer trading cycle has been completed. To my mind that argues for the development of genuine metrics and performance measures to determine whether to continue to augment for port and port facility maritime security through the expenditure of federal funds. As one observer noted this is a conundrum that might now best be examined in an academic rather than a political environment. ❖

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