

**STATEMENT OF COMMISSIONER ROBERT C. BONNER
HEARING ON SECURITY AT U.S. SEAPORTS
U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION
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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 anti-terrorist 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 counter-terrorism 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 anti-terrorism 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 seagoing 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 examined 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.