

Statement by Mic Dinsmore, Chief Executive Officer, Port of Seattle
Senate Commerce Committee

Subcommittee on Surface Transportation and Merchant Marine
July 1, 2002 -- Port of Seattle Commissioner Chambers

Solutions for Secure Commerce

Good afternoon, Senator Wyden, Senator Murray and Senator Cantwell. Thank you for the chance to speak to you on the critical issue of seaport security and specifically, solutions to the question: How do we secure our port communities and the goods flowing through them?

First, let me give you some background on the Port of Seattle. We are one of the largest and most diverse ports in the nation. We operate Sea-Tac airport and have many other commercial maritime and non-maritime businesses. Our contribution to the state's economy is more than \$34 billion annually. In the container business, combined with the Port of Tacoma, we are the third largest container "gateway" in North America. We are also one of the nation's fastest growing cruise ports, and next year, we will see more than 500,000 people sailing from Seattle.

I want to make five points during my presentation: 1) Making sure that ports and the goods shipped through them are secure is absolutely essential if we are to avoid severe economic distress in this country and abroad; 2) We are pleased with the help Congress has provided so far, but more is needed and it must come rapidly; 3) In order to achieve the greatest return from our port security efforts we must rely on existing and emerging technology; 4) Whatever processes we use to make our facilities more secure ought to also allow us to expedite the flow of goods through them; and 5) It is important to ensure that foreign goods coming into the US through from Canadian or Mexican ports experience the same inspection rigor that goods coming into US ports receive.

While this may sound like a very dramatic and maybe somewhat outlandish statement, it is a very possible scenario if we do not adequately prepare ourselves. A terrorist incident at a major port in this nation right now would produce the biggest economic downturn this nation has experienced since the Great Depression. Let me explain why.

The vast majority of goods consumed by the American people come from some other country and 90 percent of those goods travel to this nation by waterborne vessel. Businesses no longer have huge warehouses and distribution centers solely for the storage of these goods. Instead, they use ocean-going containers to control inventory and a concept called "just in time delivery," which means the goods reach their final destination just before they are placed on the retail shelf.

This system makes waterborne commerce even more critical to the nation's economy because it is on the water, and in most cases in ocean-going containers, that much of the inventory for next weeks goods are kept. If the system through which those goods are delivered is in any way disrupted because of a terrorist act, at the present time, it would call into question

the entire system and the federal government would have to shut it down. In doing so, it would not only stop goods from being delivered to US ports, but it would also stop the flow of trade at ports in Europe and Asia, as well as many other places that rely on a regular and uninterrupted flow of our goods in exchange for products their citizens create that will be consumed by Americans. If the system shut down for more than a week, the consequences to our economy would be devastating.

We must find ways to secure port facilities so that it becomes more difficult for a terrorist to cause damage either hurting people or infrastructure. We must make sure that goods coming into this country and going to other nations, are guaranteed secure. We must be absolutely sure that what was loaded in the container is what is stated on the manifest and this needs to be verified independent of the shipper or even the shipping line. We need to make sure that the goods during their voyage across the ocean and overland to their final destination remain undisturbed.

I want to thank you for the \$93 million that was recently appropriated to harden our facilities and we applaud the funds included in the supplemental appropriations bill to continue that work. There is also funding in the supplemental appropriations bill that would begin addressing what I refer to as "point of origin" container security. Between the Ports of Seattle and Tacoma more than 3000 individual ocean-going containers cross our terminal facilities each day and are trucked or taken by rail to points outside our immediate port boundaries. The only evidence we have of what is in these containers comes from the manifests that are provided to us, which of late are more specific, but still do not come with a guarantee of accuracy. There is about \$28 million in the supplemental appropriations bill devoted to Operation Safe Commerce, which is an attempt to guarantee the accuracy of those manifests and to track and identify tampering of the container if it were to occur. I want to applaud Senator Murray for including these dollars in the supplemental appropriations bill and I want to thank Senators Cantwell and Wyden for their support for that funding. Once the supplemental bill is passed I urge you to make sure that any dollars made available for Operation Safe Commerce are distributed as quickly as possible without the usual wait we see with federal funds. Safe Commerce, which Tim will describe later, is a port and private sector-based initiative that we believe has the best chance of securing goods coming from overseas. There is also funding in the Treasury portion of the supplemental appropriations bill for the US Customs Container Security Initiative or CSI as it is affectionately called. These funds should also be made available because Safe Commerce, in conjunction with CSI, will enhance container security at foreign ports.

I want to talk a moment about how we make both our seaports and the goods that come into them more secure through technology. We must move rapidly in deploying technology that will create a more secure environment for the international trade arena. There are many technology vendors competing for a "piece" of the security pie. We favor the use of tested and proven technologies and extensive involvement of private sector entities and ports in testing and deploying new technology, especially when there is a need to work closely with our foreign partners. The federal government agencies must be providing oversight and working closely to ensure that their standards are met, but port districts and many private entities are more

nimble than the federal government agencies . In addition, we have extensive business relationships with shippers, shipping lines, foreign ports and others in the chain of custody for goods coming into and leaving this country. Our ability to rapidly deploy and test a particular technology and then actually use the technology long-term is a real plus.

We want to reach a point where a significant number of "boxes" that come through the ports of Seattle and Tacoma are guaranteed to have been loaded according to particular standards that can verify that the manifest accurately reflects the goods loaded. We also want to make sure that the goods can be tracked from where the box is loaded to where it is unloaded and the goods distributed. In addition, it is important that we try to move goods more quickly using technology and not find ourselves having to slow the process because we need to be overly-cautious about what comes into this country. A slowdown in the process of moving goods through the system will ultimately result in making US ports less competitive, which will have a major impact on US ports and the US economy .

I now want to talk about how we could easily secure our front door and leave other doors open if we are not careful . We need to make sure that the same processes that we send goods through when they enter a US port is duplicated for goods from overseas that are shipped into our country through adjacent borders --Canada or Mexico. We fear that if it becomes more difficult and costly to bring foreign goods into US ports because of security measures, there could be a rush to send those goods through either Canada or Mexico. If this happens, it will totally undermine all our security efforts and put the nation in a vulnerable situation. Overseas goods coming into the US from these adjacent nations should be subjected to the same rigor that goods coming into US facilities must face. It will be critical for the US Congress to make sure that this is the case.

I will end by again thanking you for conducting your seaport security hearing in Seattle and at our facilities. I would like now to turn over the microphone to Tim Farrell, Deputy Executive Director of the Port of Tacoma.