



WORLD SHIPPING COUNCIL
PARTNERS IN AMERICA'S TRADE

Remarks of
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“A Perspective on United States Security Initiatives
Affecting International Liner Shipping”

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I. Introduction

Last year, Americans purchased and imported goods from more than 178,000 foreign businesses. In serving this flow of international trade, the liner shipping industry carried roughly six million containers of imported cargo to the United States. It also carried approximately 3.3 million containers of export cargo being shipped from more than 202,000 American businesses. In total that constitutes roughly \$500 billion worth of goods, or more than \$1.3 billion worth of goods per day through U.S. ports.

It is unarguable that the industry moves this commerce very efficiently and inexpensively, which not only provides great value and choice to consumers and businesses in America and around the world, but has dramatically spurred economic growth and economic globalization.

The principal issue and challenge facing the industry, its customers, and the governments of the international trading community is how to enhance the security of this commercial process in a way that both prevents the risk of terrorist threats from being realized, and enables trade to flow efficiently and reliably.

The challenge is indeed substantial. But so are the efforts of government and industry. There have been, at times, differences that the industry has expressed regarding certain regulatory proposals or how certain security initiatives may have been implemented. The liner shipping industry, however, has fully and consistently supported the core strategy of the U.S. government of –

- Developing new international security regimes at the International Maritime Organization covering ships and port facilities, and of
- Building cooperative agreements with its trading partners that facilitate (1) pre-loading cargo manifest review, (2) notices not to load cargo that requires further review, and (3) the establishment of cargo inspection capabilities at ports of loading allowing security officials to inspect any high risk container for security reasons.

Today, I would like to discuss the various pieces of these efforts and offer some perspectives on future directions and efforts.

Before discussing the security initiatives and their substance, it might be helpful to consider some of the political considerations that surround these issues in the United States.

Members of the Democratic Party in the United States have been consistently criticizing the Bush Administration for not doing enough to protect the nation's homeland security. Some of this criticism is that not enough money is being spent to address various homeland security issues. Some of the criticism has involved the government's treatment of containerized shipping. On February 14, the Democratic leaders of the Senate and House of Representatives sent a joint letter to the President calling on the Administration to "ensure that 100 percent of cargo containers are inspected before entering the United States". Shortly thereafter, a Democratic Member of the House of Representatives introduced a bill (H.R. 1010) that calls for 100 percent of all containers and trailers to be inspected by U.S. Customs in the nation of export (affecting trucking, rail, aviation, and ocean shipping), and for the U.S. Coast Guard to board all incoming vessels outside 200 miles to ensure that all containers were secure. On March 29th, the Democrats' weekly radio address criticized Customs' level of container inspections, and stated that it was inadequate. Whether these proposals will be pushed legislatively remains to be seen, but they do provide a clear contrast with the approach of U.S. Customs Commissioner Bonner and Homeland Security Under Secretary Hutchison who state that the objective should not be to inspect 100% of all containers, but to inspect 100% of all container that raise security issues.

Maritime security is, by no means, however, simply a matter of partisan politics. Bipartisan legislation was passed at the end of the last Congress in December – the Maritime Transportation Security Act. Senate hearings were held last month on the issue of container security, and the committee’s Republican chairwoman stated after the hearing that “I give [Customs] good marks for starting these initiatives, but we need to step up the pace,” because “I believe this is our single greatest vulnerability.” It is clear that the Administration, for both security and political reasons, must be able to demonstrate that tangible, meaningful programs are established to address supply chain vulnerability.

A host of initiatives from the Administration have been undertaken to address different aspects of how to provide enhanced security. A comprehensive examination of ship security, marine terminal and port security, personnel security, and cargo security has been underway and continues. The leadership and missions of the Customs Service, the Coast Guard, the Transportation Security Administration, and the Immigration and Naturalization Service have been combined in the new Department of Homeland Security. In short, 2003 has begun with a great deal of activity in the maritime security arena, and these initiatives will continue through the year. As a result, it will be very important for all affected sectors to be aware of what is being considered and what is being implemented. These issues are a highly relevant part of Containerization International’s 6th Annual Liner Shipping Conference.

II. Specific Security Initiatives

This morning I would like to address twelve of the most substantial maritime security initiatives that the U.S. government has been pursuing. The liner shipping industry has generally supported these government initiatives. It has worked to make them effective, while at the same time ensuring that they allow for the continued, efficient movement of commerce. The Council and its Member lines have supported the U.S. Customs Service’s 24-hour rule and supported the Container Security Initiative. Every single Member company of the Council has joined the Customs’ Trade Partnership Against Terrorism. The Council has supported the U.S. Coast Guard and other governments’ efforts that produced new international security rules for ships and port facilities. The industry will continue to support these initiatives and the strategies behind them.

A. Cargo and Supply Chain Security

1. Container Security Initiative (CSI)

The CSI program is a set of government-to-government agreements that the United States Customs Service (now the Bureau of Customs and Border Protection) has entered into to enhance the security of containerized shipments of cargo. In order to be eligible for participation in CSI, countries and their customs administrations must:

- Have regular, direct and substantial container traffic to the U.S.

- Have legal authority to collect information about and inspect export, transit and transshipped cargoes from their territories;
- Have, or be in the process of obtaining, non-intrusive inspection (NII) equipment and radiation inspection equipment for containerized cargoes; and
- Commit to share data for the pre-screening of cargoes, and have the capability to assess, analyze and process such data.

Once a customs administration has met these criteria, it or the responsible ministry signs a Declaration of Principle (DOP) with U.S. Customs. In addition to the U.S.-Canada agreement of February 2002 covering Vancouver, Halifax and Montreal (and Seattle and Newark in the U.S.), CSI DOPs have been signed covering the following 21 ports: Algeciras, Spain; Antwerp, Belgium; Bremerhaven, Germany, Felixstowe, U.K.; Genoa, Italy; Gothenburg, Sweden; Hamburg, Germany; Hong Kong; Kobe, Japan; La Spezia, Italy; Le Havre, France; Nagoya, Japan; Port Klang, Malaysia; Pusan, South Korea; Rotterdam, The Netherlands; Shanghai, China; Singapore; Tanjun Pelepas, Malaysia; Tokyo, Japan; Yantian, China; Yokohama, Japan.¹

Some time after the signing of the DOP, the declaration is executed through a pilot program of an expected duration of 6 months. To initiate the pilot program, Customs sends a team of officers to the foreign CSI port to conduct site assessments, arrange for the practical cooperation and data sharing with the local customs administration, install, cargo information systems, computers and software etc.

While the needs of each port will be addressed individually -- and be reflected in the sizes of the pilot teams -- these teams are typically made up of 5 officers (three inspectors, a research analyst and a senior Customs official acting as team leader).

When the Customs pilot program team has been deployed and is installed in the foreign CSI port, the port officially becomes "CSI operational". As of mid-March, the following CSI ports are "operational" (listed in the order in which they became so): The three Canadian ports, Rotterdam, Le Havre, Antwerp, Hamburg, Bremerhaven and, as of mid-March, the first Asian port - Singapore.

Considerable progress has been made in establishing CSI agreements, and more progress is imminent. A possible CSI agreement with the European Union would expand the cooperative initiative and its security enhancements to even more European ports. These initiatives by U.S. Customs and their counterparts are an essential, logical core element of enhanced container security.

There are several important challenges that the CSI faces. First, the progress and establishment of these agreements is, in diplomatic time frames, rapid and successful. It is important, however, for the governments involved to show that CSI agreements are more than paper documents, but are real initiatives with adequate staffing levels, adequate levels of container inspection equipment, appropriate levels of container

¹ These ports handle approximately 60 percent of the cargo that is transported to the United States.

inspection, and at least some non-classified discussion of whether it is producing successful results. Unless this is done, questions about the adequacy of container security will continue unabated. Unless this is done, the security infrastructure to keep trade flowing in the event of a terrorist incident in this sector of the economy may be insufficient.

The second challenge facing CSI is its expansion to smaller ports. Customs appropriately has focused on the largest volume ports to begin the program. But the program logically should be expanded to other ports. For example, no port in Africa or Latin America is yet a CSI port.

2. The 24-Hour Rule

An essential element of the CSI cargo security strategy is providing the government with cargo shipment information for screening before vessel loading. Starting in early February, the liner shipping industry and its customers have expended substantial time, energy and money in changing their systems and business processes to comply with the U.S. government's rule requiring cargo information to be filed 24 hours before vessel loading. It has been expensive and difficult. But it is a clear and necessary portion of the government's strategy, and its early implementation generally has been handled with care and consideration by Customs.

Clearly there are both current issues that need to be addressed and future issues that will need to be addressed under this rule. Based on our experience to date, Customs has shown both a willingness and a professional attitude in trying to address such issues with the industry. One current issue under review is how to address the operational difficulties that some automated NVOCCs have experienced in moving their cargo efficiently through U.S. ports of discharge. The Council and its Members are working with NVOCC representatives and Customs in trying to address these issues, and we are optimistic that progress can be made soon.

Other issues will arise as Customs inevitably "ramps up" its enforcement of the advance information filing. Initially, Customs has focused on the adequacy of cargo descriptions. Last Friday, Commissioner Bonner announced that the next step will be for the agency to focus on consignee information, on timeliness of the information filing, and on a continued focus on proper cargo descriptions. As the year progresses, it is likely Customs will work to improve the information it receives in other respects. A continued, constructive dialogue between industry and Customs will be necessary because the issues that arise can be complex, and clear communication and understanding of requirements will be essential. For example, the issue of who should be listed as the "shipper" of a container of consolidated cargo is likely to raise complicated commercial and legal issues that must be carefully considered and understood.

The information used under the 24-hour rule – the carrier's cargo manifest – has certain limitations because it is transportation contract information. Obviously, some cargo shipment information of security interest is beyond the scope of knowledge of the

carrier. From both a security and a compliance perspective, it is important that Customs design its next generation import cargo processing system (the Automated Commercial Environment or ACE) to meet the government's security needs, which it is doing. The manifest system is useful and is currently the best available tool, but the future requires the implementation of a different, more robust information system that puts the obligation for providing transportation information on the carrier and the obligation for providing cargo information on the shipper and consignee. The proper design and development of this new system should be a high priority for the U.S. government.

3. Customs Trade Partnership Against Terrorism (C-TPAT)

The C-TPAT program that U.S. Customs has embarked upon is broad in its scope. As of last week, the program had over 2,300 participants, including importers, carriers (all modes), brokers/consolidators/NVOCC's, and U.S. marine ports and terminals. The program includes 70 of the top 100 U.S. importers, 39 of the top 50 ocean carriers (including all World Shipping Council members), and 36 percent of U.S. imports by value. The development of "trusted shippers" under this program appears to be moving ahead deliberately and purposefully.

The Customs Service has begun a validation process that will review participants' actions and security plan implementation in enhancing supply chain security. Customs is using this voluntary program to get companies to establish and monitor better "in-house" security practices and to encourage the implementation of such higher standards in C-TPAT members' service providers.

Customs' existing Carrier Initiative Program and the Super-Carrier Initiative Program will be "sunsetting", and components of those programs will be incorporated into the C-TPAT as the agency consolidates its various efforts in the anti-terrorism and security arenas.

C-TPAT has started by ensuring a broad scope and ensuring participants have security plans in place. Now that the C-TPAT program is becoming established, the challenge for Customs will be to communicate clearly to Congress and the trade the security enhancements that the program is accomplishing.

4. Advance Cargo Information Filing and Screening for U.S. Exports

When Congress passed the Trade Act of 2002, it required the Customs Service to establish advance electronic documentation for all U.S. imports and exports in all transportation modes. While technically not part of the Trade Act requirements, Customs started with inbound ocean freight – using the 24-hour rule. It is now examining how it will establish the rules for outbound ocean freight and for the other transportation modes.

Customs issued several “strawman” proposals in this regard and invited public comments on them. The Council filed comments with Customs on February 18 and addressed a number of issues in the proposed concepts. One issue addressed is the requirement in the Trade Act that the government establish export documentation requirements 24 hours before vessel departure, analogous to the 24-hour rule for inbound cargo. Because the U.S. government already has a functioning Automated Export System (AES) that permits both shippers and carriers to file advance shipment information (unlike AMS which is solely carrier filing), we have suggested that requiring a carrier to file a manifest 24 hours before departure was unnecessary and should not be embraced as proposed in the “strawman”.

Another item of note is that Customs will expect all ocean carriers to be electronically filing all export documentation (in the AES) by October of this year. This may be a challenge. Currently, only nine ocean carriers are fully automated in AES, and carriers have been very busy and focused on addressing the inbound information filing issues. Customs has not yet proposed regulations to address export cargo, so it is unclear exactly what may be expected, but we understand that Customs intends to publish these proposed rules in June. It is possible, depending on the content of the new proposed rules, that there may be challenges for exporters and carriers to be in full compliance with the statutory October 1 implementation date.

5. *The World Customs Organization’s Task Force on Security and Trade Facilitation*

The U.S. government has been advocating international supply chain security solutions through the CSI, the International Maritime Organization, APEC and the G8, and also through the World Customs Organization (WCO). The World Shipping Council has, at the encouragement of the U.S. Customs Service, participated in the proceedings of the WCO’s Task Force on Security and Facilitation of the International Trade Supply Chain. In that context, several issues are of particular interest: 1) the development of advance cargo information guidelines for the identification of high-risk consignments, 2) identification of key data elements essential for pre-screening of consignments before shipment, and 3) the development of high-level guidelines for Customs-industry co-operative agreements for supply chain security.

The Task Force’s final meeting is scheduled for May. Based on the current status of the Task Force’s work, it appears probable that the final recommendations from the Task Force may be very general in nature and will not provide specific or uniform international security rules governing international supply chains. In contrast to the International Maritime Organization (IMO)’s agreement last December on a mandatory international instrument with uniform rules, the WCO recommendations are likely to take the form of suggested voluntary guidelines for individual Customs administrations’ policies in regard to supply chain security. National Customs administrations that are willing and interested in enhancing supply chain security are likely to rely on unilateral measures and bilateral, CSI-like agreements that may choose to incorporate the WCO guidelines. As a result, these WCO guidelines will be of most value if they are clear regarding what

information is required, of whom, at what time, and what operational implications flow from the proposed measures.

6. *Operation Safe Commerce and the Testing and Analysis of New Security Technologies*

The government and industry recognize that new technologies may play a role in enhancing supply chain security. The most important technology to date is the non-intrusive container inspection machines that U.S. and other Customs agencies are deploying to inspect the contents of shipping containers. The role and value of that technology are very clear, because it confirms the information of most importance and most interest from a security perspective— namely, what’s in the sealed container? This non-intrusive inspection technology provides a highly efficient way to inspect containers about which security questions are raised, and because it is the only technology that answers the real security question, its widespread deployment and enhanced use is both necessary and predictable.

It is not particularly surprising that a host of different technology vendors are urging governments to consider their particular product as solutions to supply chain security concerns. The U.S. government is working to try to institute processes to test and assess some of these possibilities. Those efforts are still in the formative stages. A number of different government agencies are trying to do similar things (Federal Highway Administration, the Customs Service, the Transportation Security Administration, the Department of Energy National Laboratories, to name a few). One of the more prominent efforts is a program funded by Congress called “Operation Safe Commerce”, which will provide funds to analyze and test different possibilities during the course of this year.

While the picture in this regard is not entirely clear, there seem to be some initial indications that the process being used to assess these technology issues is becoming better informed and more analytical. There is a growing recognition that the government needs to work with industry to clearly identify and validate supply chain security requirements, because those requirements should drive technology, not vice versa.

One of the issues that has generated some attention is the issue of seals on containers. The Council believes that shippers should be required to affix a high security manual seal to containers immediately upon the conclusion of the container stuffing process. An internationally accepted standard for such seals has been approved, and C-TPAT ocean carriers are encouraging their customers to affix such seals. Carriers support expanding such a practice from a voluntary practice to a government requirement.

In the technology discussion, some have argued that the government should consider requiring electronic seals on containers. Unlike high security manual seals, however, there is no agreed standard for e-seals, and the substantial difficulties in establishing such a standard have made it clear that such a standard is highly unlikely in the near future. Further, e-seal’s limitations are becoming clearer. As the Los Alamos National

Laboratory has concluded, e-seals can be defeated as easily as manual seals, and contrary to some of the marketing arguments for them, they cannot and do not inform about what a container's actual contents any more effectively than the carrier's manifest. They do not deter entry into a container any more effectively than a high security manual seal. Furthermore, as technology is developing, e-seals may be overtaken by other technologies that can provide better information, more economically. For example, some technology being tested would indicate whether the container doors have been opened, which while not perfect security information, would provide better security information than whether the seal on the container is the same seal that was originally affixed by the shipper, considering, for example, that the container doors may have been removed and the seal left intact. Furthermore, although they sound somewhat futuristic and many difficult questions about their use remain unanswered, there is growing interest in sensors that might be economically placed in a container that could detect various security risks.

The principal container security issue is: what has been loaded into the container? – not what does someone say was loaded in the container, and not whether the seal on the container is intact. Technology, in the form of non-intrusive inspection equipment, is a substantial step forward. Regarding technologies that might be attached to a container, it is important to recognize that ocean shipping containers do not operate in closed or dedicated services for a particular company or geography, but are interchangeable and are globally mobile. A container used for an export from the U.S. to China this month will be used to transport goods from China to Europe next month, and from Europe to Africa the following month. As a result, requirements for affixing technologies to containers require those technologies to be affixed to the entire world container fleet – all 15 million containers, and require a global supporting infrastructure for those technologies. Accordingly, international standards and international discussion and acceptance of significant changes in this area will be essential.

7. Food Shipments

The U.S. Food and Drug Administration recently issued proposed regulations implementing a new law passed by Congress called the Bioterrorism Preparedness and Response Act. The proposal would require that U.S. importers or their agents provide the prior notification to FDA for food “imported or offered for import into the United States.” While the shipping industry is concerned that these rules might hinder the transportation of food products shipped to the U.S., an issue of direct concern for the shipping industry is that the proposal also includes prior reporting requirements for food products that are only being unloaded in a U.S. port for the purpose of being relayed at that port onto a different vessel for transit to a foreign country, and for food products moving in-bond through the United States for export to and consumption in another country.² The NPRM proposes to place the burden for this reporting of such “transit”

² The NPRM states: “[P]rior notice is required for all food “being imported or offered for import into the United States”. Accordingly, prior notice requirements apply to all food that is brought across the U.S. border ... *regardless of whether the food is intended for consumption in the United States*. In other words, FDA believes that food that is brought into the United States to be put into foreign trade zones, or for the transshipment or reexport immediate or otherwise, is “imported or offered for import” and thus must

cargo on the “arriving carrier or, if known, the in-bond carrier” because in such situations there is no U.S. importer to file the information.

While the Council has been supportive of most security regulatory initiatives from the U.S. government, this one is an exception. First, we believe that the inclusion of such transit cargo under the proposed rules goes beyond what was intended by Congress and does nothing to promote the goals of the Act, which are to protect U.S. food consumers. Second, there is already in place, through the Customs Service’s Automated Manifest System, advance information on such shipments provided 24 hours before the cargo is even loaded on the vessel in a foreign port, and this process should be adequate to meet any advance screening needs for food product cargo that is not being shipped for consumption in the United States. Third, compliance with the Proposed Rule by ocean carriers for such cargo would be completely and totally unworkable because they do not possess, nor do they have access to, the information required by the Proposed Rule. Fourth, foreign shippers of food products will have a very difficult time understanding why the U.S. FDA needs detailed information about their cargo if it is not being sent to a U.S. importer and not being consumed in the U.S. Finally, the Proposed Rule would seriously disrupt international commerce of food products between foreign countries and seriously impair the use of U.S. ports for the relay and transshipment of such commerce. We are hopeful that, upon reflection, the FDA will limit its proposed rule to food shipments being delivered to U.S. importers.

B. Vessel and Port Security

8. Coast Guard Efforts and Implementation of the ISPS Code and SOLAS Amendments

The Maritime Transportation Security Act, which became law last year, requires the U.S. Coast Guard to develop various security plans and requirements for vessels and marine terminals. The Coast Guard strongly advocated that the International Maritime Organization (IMO) establish new rules in this regard. The IMO quickly and successfully agreed to new international vessel and port facility security requirements in December. The Coast Guard subsequently issued for comment an extensive set of proposals that essentially would implement the new U.S. legislation’s mandate by requiring compliance with the IMO rules. The Council, along with many other industry representatives, filed supportive comments regarding these proposals on February 28. Specifically, the Council supported the Coast Guard’s objective to use internationally agreed IMO standards to meet the requirements of the new U.S. law.

The Coast Guard is developing regulations to implement various aspects of the legislation and the IMO rules, which will enter into force in July 1, 2004. There will be an opportunity for another round of public comments on the proposed regulations this

comply with the prior notice requirements.” 68 Fed. Reg. 5430 (emphasis added). *See also* 68 Fed. Reg. 5432 and 5460.

summer. This process is both helpful and necessary, because as many of you know, the development and implementation of compliant security plans by that date will require considerable effort and lead time.

The liner industry has been very supportive of the strategy and the leadership of the U.S. Coast Guard and its efforts at the IMO and its port security efforts in the U.S.. Its efforts and the success of the IMO in developing the new vessel and port facility security regime is a model of how to develop international security enhancements.

The Coast Guard will remain a separate stand-alone agency within the Department of Homeland Security, reporting directly to the Secretary of the new Department. It will be important with this independent structure that there not be duplication or inconsistent approaches with other parts of the new Department.

With respect to ships and ports, a question will be what role, if any, does the Transportation Security Administration have. In light of the Coast Guard's successful record and considering the fact that it is a highly regarded organization by port and flag states around the world, it would seem logical that the Coast Guard should be given the plenary role and full responsibility for these subjects.

With respect to containerized cargo security, however, it is and will continue to be very important that the Customs Service be the agency that is responsible for cargo security. The Coast Guard should not duplicate that mission or act on container security independently of Customs. A clear Memoranda of Agreement between the Coast Guard and Customs is needed to define roles and missions in this area to avoid confusion.

A recent case illustrates the need for such greater clarity. A vessel calling at various U.S. ports encountered the following. In New Orleans, it was identified as a "high interest vessel" by the Coast Guard; it was boarded, fully searched and inspected, had the crew mustered and inspected, and was escorted by the Coast Guard upon departure from port. Three days later, the vessel was boarded by the Coast Guard outside Miami, inspected, and divers conducted a hull survey. The next day, the vessel proceeded to Jacksonville, where the Coast Guard boarded the vessel, searched the ship, and mustered the crew. At Savannah and Charleston, the vessel operated routinely. Three days after Jacksonville, the vessel on its approach to Norfolk was boarded by the Coast Guard 12 miles at sea and investigated. Before this Coast Guard team left the vessel, a second Coast Guard team boarded and inspected the vessel. Now, what was the cause of all this? Nothing about the vessel, its itinerary, or its crew, but questions about three containers stowed on deck.

Questions about containers should be addressed by Customs at the foreign port of loading. If, for some reason that cannot be done, Customs should address serious questions about containers at the first U.S. port. A "high interest container" should be promptly addressed as such; a high interest container should not transform a ship into a "high interest vessel" for numerous Coast Guard boardings at numerous U.S. ports. This example, like the famous Palermo Senator example, illustrates the need for improved

procedures and clarity of roles on container security between Customs and the Coast Guard. Much progress has been made, but more is needed. We remain optimistic that the two agencies can successfully address this issue, and hope that an overlapping new “coordinating” bureaucracy from the new Department of Homeland Security will not be necessary to address the coordination of such maritime security issues.

C. Personnel Security

9. *Electronic Filing of Crew Information:* The U.S. Immigration and Naturalization Service issued proposed rules to require the advance electronic filing of crew member information with the U.S. government.

The Council has supported the statutorily required advance electronic crew manifest submission. It will be consistent with the Coast Guard’s crew member information requirements as part of the so-called Notice of Arrival (NOAs), and will take us a significant step closer to what remains our – and now also the government’s – ultimate goal, namely a single advance electronic crew member submission to one single government repository.

Until that system is created, however, we are concerned that the INS – and the Customs Service that administers the government system that will receive the electronic crew manifests – provide the industry sufficient flexibility and options in meeting the reporting requirements during this interim period without having to invest in new and expensive computer systems. We are in particular pursuing the continued availability of an e-mail system for the filing of the required information even after the implementation – which has been significantly delayed – of a web-based application for such filings.

While addressing issues involving the INS, I should like to note that the earlier, much publicized, operational problems, created by the sometimes seemingly arbitrary detentions of foreign crew members onboard vessels while in U.S. ports, seem to have addressed. The INS should be commended for its willingness to engage in a constructive dialogue with the Council and other maritime associations with a view to more clearly formulate – and communicate – its law enforcement obligations, while at the same time accommodating the operational characteristics of an international industry heavily dependent on seafarers who may not, for various reasons, be in possession of visas when arriving on vessels at U.S. ports or who may reside in countries that have been plagued by terrorist groups.

10. *The Transportation Worker Identification Card:* The Transportation Security Administration has been tasked with the development of a system of background checks and identification card for transport workers in the United States. To date, TSA has not proposed implementation of any particular program or system, and appears to be struggling with the enormity and complexity of the task. There are millions of transportation workers in the United States, and different U.S. laws require different

requirements for different classes of workers (e.g., truck drivers hauling explosives). The challenge of designing a system with a common set of biometric identifiers for maritime, trucking, rail, transit and other workers is quite substantial.

11. ILO Seafarer ID Card: The United States has been supporting the development of a universal biometric seafarer identification card by the International Labor Organization. The Council has been working with U.S. government officials to help formulate a position at the ILO talks that would enable a new biometric seafarer identification document to include or provide direct electronic access to the necessary data elements required for the processing of a U.S. visa. This is important because, given that the U.S. government is not likely to waive the visa requirement for foreign seafarers, it could conceivably enable a foreign seafarer to use his biometric seafarer identification credential to apply for and expedite visa issuance at an overseas consulate or embassy. The U.S. position at the ILO appears to support this basic objective, and hopefully the ILO negotiations will produce a clear and acceptable new set of standards on this matter in June.

12. Crew List Visas: The U.S. Department of State has proposed the elimination of crew list visas because it has concerns with its current crew list visa system from a security point of view. The Council has suggested that a final rule on this issue could be affected by the outcome of the ILO discussions on a universal biometric seafarer identification document. A positive decision by the ILO, meeting U.S. objectives, could – together with other international and domestic initiatives in regard to vessels and their crews – provide such new conditions surrounding the crew list visa system that it would provide assurances against admitting undesirable persons to the United States.

If a determination were to be made that abolition of the crew list would still be warranted even after the introduction of a universal biometric seafarer document, we requested that the State Department should address several identified areas of concerns pertaining to the issuance of individual seafarer visas before a final rule be promulgated. Among these areas concern are: the need for an expedited and privileged visa application process for seafarers, including a significant reduction of the current visa processing time; the need for a credible signing off/on visa waiver program; the need to keep costs for obtaining individual seafarer visas at a minimum; and the possibility that other countries may impose reciprocal visa requirements on U.S. flagged and crewed vessels.

Foreign governments, other ship owners associations and labor organizations submitted similar comments to the State Department, but it remains uncertain at this time what course the Department will follow.

D. Conclusion

The scope and complexity of trying to ensure that free societies and free commerce are protected from the numerous different potential threats of intentional criminal acts of terrorism is enormous. But rather than be overwhelmed by the enormity of the challenge, the government has embarked upon numerous initiatives and efforts to

enhance the international economy's supply chain security. The liner shipping industry has from the start supported these efforts. The World Shipping Council and its Member companies will continue their support, because the security of international trade-- and its resilience if attacked by terrorists -- require a security infrastructure in which the governments of trading nations and their citizens can have confidence. Importers and exporters also understand that they need a regime that allows governments and the public to have confidence in the security of their supply chains. What shippers and carriers expect in return is a clear, understandable, consistent strategy from the government, with clearly understood and consistent steps of implementation that effectively address the risks.

Are we there yet? No. Is security getting better? Yes. Is the strategy being used sound? Yes. Will implementation improve and become more effective? Yes.

Numerous security initiatives have been undertaken. They are still in their adolescence. While there may be room for additional well-defined initiatives, such as a more comprehensive U.S.-European Commission cargo security framework initiative, many more new initiatives would start to overwhelm industry and could signal the lack of a coherent and consistent government strategy.

Continued demonstrable progress will be expected by politicians, by the public, and by the industry which is investing a great deal of time and money in complying with these security programs. This can best be achieved through:

1. Assessment and analysis of the existing programs;
2. Focused management on strengthening those aspects of existing initiatives that need improvement or more resources; and
3. Public explanation and demonstration of progress and results.

The various maritime and supply chain security strategies I have discussed also clearly require international support. In the area of vessel and port security, international support has been demonstrated by the IMO and by the Coast Guard's implementation of these new international rules as the best way to implement the new U.S. statutory requirements for vessels and ports.

In the area of container security, CSI agreements will be expected to transition from a sound concept to an effective operation. An inherent, but often unspoken, question about the program is what are the consequences for not establishing a CSI-type agreement, or for not providing CSI arrangements with adequate personnel and container inspection equipment? There must be consequences or the program would have no meaning. Explaining and implementing those consequences will be closely watched.

The issue of personnel security -- from those loading containers, to truck drivers, to longshoremen, to ships crews -- will be one of the most challenging because of the global scope and complexity of the issue. While progress is slow, both in the U.S. and globally, efforts are underway.

The industry is supporting these security strategies and measures because it recognizes that the public welfare, its own welfare, and its customers' welfare require a security regime that is credible and that can generate public confidence. One should be pleased to see the commitment, support and cooperation shown by those in public service and those in business to address these difficult challenges. And while one can be impatient with the pace and the costs of these efforts, we should all recognize the difficulty of the challenge and be grateful for the progress being made.