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Thank you for the kind introduction, and all of you in the audience for the warm welcome. And let me thank you, the students and staff, for your service to the nation in this, a very challenging security environment for our nation. We are in the Coast Guard are honored to be a member of the armed service team.

[Recognize VIPs]

Every service chief has force transformation and force structure and capabilities on his mind these days ... the Coast Guard is no exception. So it's my great pleasure for me to talk with you about how the Coast Guard is transforming itself in the wake of 9/11. We are re-examining our strategic focus, redoubling our efforts at international and interagency cooperation, and changing our organization in very significant ways; that is, in the way we are structurally organized, how we develop our people, and what assets we need to do our job. All of these efforts are geared to a single purpose: to make the Coast Guard "Semper Paratus" -- Always Ready -- to keep America safe, and in support of that goal to ensure that we maintain operational effectiveness ... with the right portfolio of capabilities today and into the future.

I will talk about the Coast Guard's Maritime Homeland Security Strategy, the progress we've made in implementing it, and our future plans to continue its implementation.

No one group knows better than the people in this room that the events of September 11, 2001 changed our world ... changed our collective agenda.

Secretary of the Navy Gordon England noted, when he was Deputy Secretary of the Department of Homeland Security, that we have faced three great "isms" during his lifetime. Referring to World War II, he noted that it took the Allies 6 years to defeat fascism and then almost 50 years to defeat communism. He thinks it could take as long to win this war on terrorism. Everyone hopes it won't take that long, but as we know, "hope is not a method."

On 9/10/01, the Coast Guard's maritime emphasis was primarily on safety, law enforcement, the environment, and vessel traffic management ... that is, the

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safe and efficient use of America's waterways by commercial and recreational users.

We had a focus on transnational threats but not terrorism per se. Our maritime security efforts were about 15-18% of our resource base and were channeled primarily to the challenges of illegal drugs, illegal migrants and illegal fishing around the world. For example, prior to the attacks of 9/11, the Coast Guard invested less than 2% of its resources toward active port and coastal security duties—not because it wasn't important, but because the perceived threat was low. Immediately after 9/11, in fact on 9/11 ½, Coast Guard operations surged so that about 50% of our resource base was allocated to the port security mission. Since then, we have rebalanced our efforts, providing roughly 25% for port and coastal waterway security.

Our challenge was and is to significantly improve the security of the maritime transportation system in this country while continuing to move goods on our waterways and through our ports.

This sounds fairly straightforward. This sounds simple. The phrase kind of rolls off the tongue, “improve security, while continuing to facilitate the flow of commerce.” But, this is an extremely complex issue with a wide range of tactical options, each with its own strategic implication. For example, at one end of the spectrum, some would have us stop and inspect every incoming ship from stem to stern. Anyone suggesting that approach has an incomplete understanding of how the resulting delays would impact the American and the global economy.

Our strategy to mitigate risk has to deal with a system ... the maritime transportation system ... that is at once global in nature and very valuable ... and very open ... and very vulnerable.

Let's consider the system's value.

- Over 95% of our non-North American trade flows through our seaports.
- That trade accounts for 2 billion tons and \$800 billion of domestic and international freight annually.
- Approximately 3.3 billion barrels of oil are imported annually.
- 6 million cruise ship passengers are carried each year from U.S. ports.
- Ferry systems transport 180 million passengers annually.

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- Our waterways support over 110,000 commercial fishing vessels that contribute \$111 billion to state economies.
- These same waterways also serve an increasing population of 78 million Americans engaged in recreational boating.
- Finally, domestic and international trade in this environment is expected to double in the next twenty years.

Clearly, our maritime transportation system is key to American economic prosperity and to global economic stability.

The vulnerability proposition is just as clear:

- In the United States, there are 26 thousand miles of commercially navigable waterways serving 361 ports, and over 3,200 marine terminals.
- Some 8000 foreign vessels make 50,000 port calls annually.
- A terrorist seeking to introduce himself or a weapon of mass destruction into our country would not necessarily need to use a port, but could come ashore at almost any location along our 95,000 miles of coastline.

Post-9/11, we crafted a maritime security strategy that recognizes both the value and vulnerability of the system. Our strategy significantly enhances security, while continuing to facilitate the flow of commerce. We aligned our strategic goals with those of the President and the Department of Homeland Security. These national goals are: Awareness, Prevention, Protection, Response, and Recovery. The Coast Guard has been designated the lead agency for the maritime component of homeland security because of the things we bring to the table.

First, we have unique authorities associated with being a law enforcement agency, a regulatory agency, and a military service.

Second, our pre-9/11 mission set gave us experience and selected capabilities that mesh well with the port and coastal security mission. I should note that there are capability gaps and we are busily attempting to close them.

Third, we brought significant, though aging capacity. To be clear, before 9/11, we lacked the capacity to accomplish all of our many missions. Capacity involves having enough people with the right competencies, and the hardware to make them effective. In the pre-9/11 world, the Coast Guard had reduced its workforce by 10%, was laying up assets, and was reducing operations by 15%.

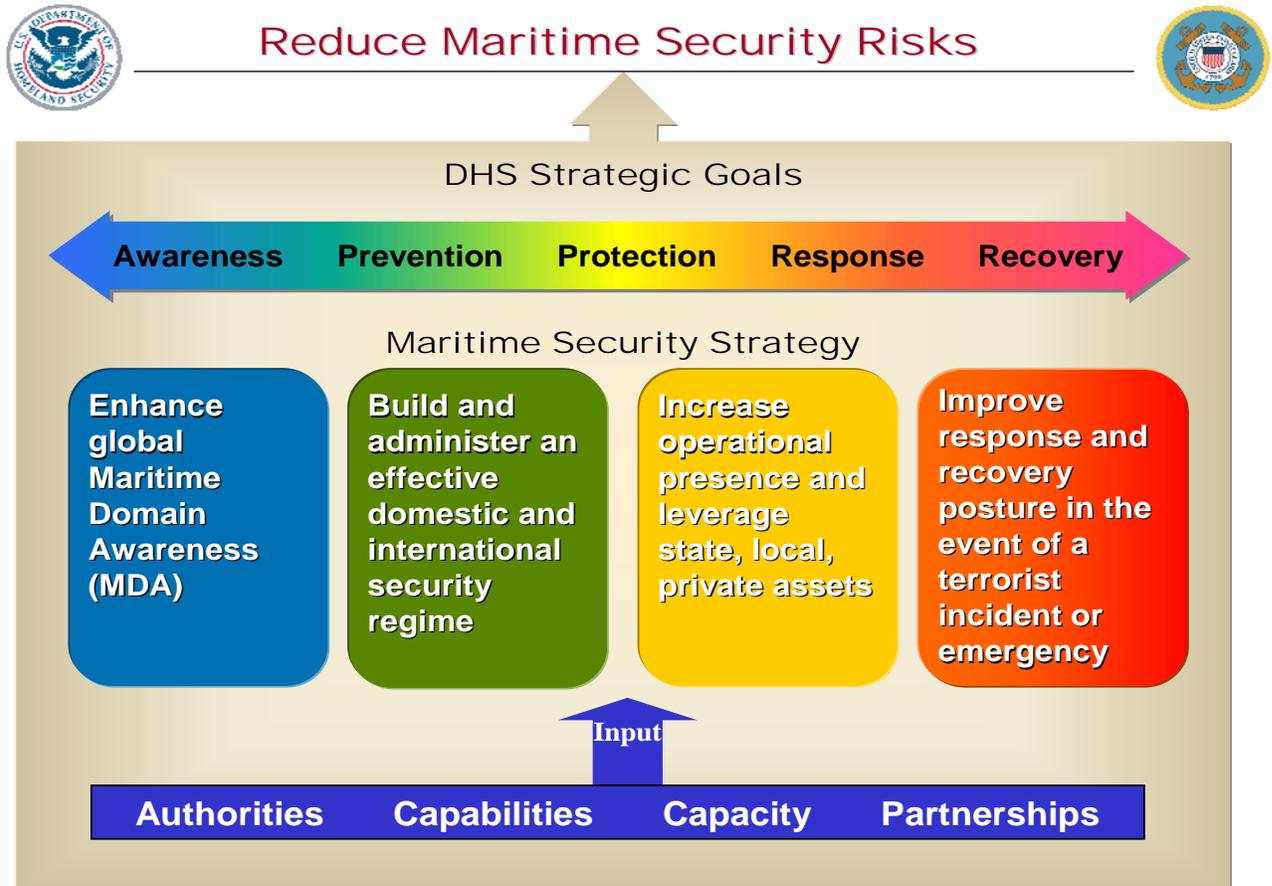
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Despite that, in the post-9/11 world, it was recognized that we brought a fleet of boats, ships, planes, and extremely competent and energetic people to the battle.

Finally, we brought a proven record of success in building and capitalizing on partnerships, both internationally and domestically. Our unique blend of military and law enforcement competencies has led to excellent working relationships with various federal, state, and local agencies, including our longstanding partnerships with the Navy and those within the Department of Homeland Security.

Our approach has been to draw upon and enhance these strengths so as to mitigate security risk to the homeland ... preemptively, I might add. We fundamentally understand that we can't totally eliminate risk; therefore, our maritime security strategy was designed to reduce risk.

So, what's our plan? [show slide]



First, we seek to increase our awareness and knowledge of what is happening in the maritime battle space, not just here in American waters, but globally. We need to know which vessels are in operation, the names of the crews and passengers, and the ship's cargo, especially those inbound for U.S. ports. Global Maritime Domain Awareness is critical to separate the law-abiding sailor from the anomalous threat.

Second, to help prevent terrorist attacks we have developed an effective maritime security regime – both domestically and internationally.

Third, we seek to better protect critical maritime infrastructure and improve our ability to respond to suspect activities by increasing our operational presence in ports, coastal zones and beyond ... to implement a layered security posture, a defense-in-depth.

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Finally, we are improving our ability to aid in recovery if there were an actual terrorist attack.

We have made great progress implementing our Maritime Homeland Security Strategy. I firmly believe our maritime border is more secure than ever, but much work remains to be done. We continue our efforts to close the security gap by increasing both our capabilities and capacities.

I am reminded of a quote from football coach and philosopher Lou Holtz. He was being questioned about his team still not having broken into the Top Ten during his first year coaching at Notre Dame, and he replied:

We're not where we want to be,
We're not where we're supposed to be,
But thank God, we're not where we used to be!

I can relate to that!

Let's talk about some of the specifics of what we have done. First, we are much more aware of those vessels inbound for U.S. ports.

- Before 9/11, we required a 24-hour advance notice of foreign vessel arrivals; we have increased that to 96 hours.
- Before 9/11, we required cargo information only on the most hazardous of cargoes; now we require details on all vessels, all cargo, all passengers, and all crew. This information along with the additional time to check it against known terrorist lists gives us the ability to evaluate the security risk of an incoming vessel in addition to the safety risk ... all long before the vessel enters a U.S. port.
- Before 9/11, we had no mandatory ship-tracking requirement; now we have forged an international agreement to accelerate the requirement for an Automated Identification System. It goes into effect this month. Moreover, we are proposing long-range tracking devices be required internationally, which will provide even greater coverage.
- Before 9/11, we had a fairly rudimentary maritime intelligence structure and capability. Post-9/11, we stood up two Maritime Intelligence Fusion Centers, one on each coast, we became formal members of the national intelligence community, and tripled the number of our people engaged in information sharing and intelligence activities.

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- Before 9/11, there were 22 agencies spread throughout the government with homeland security functions. Post 9/11, the Coast Guard has joined with those other agencies in the Department of Homeland Security, and we are forging stronger partnerships and increasing our interoperability and effectiveness.

From my perspective, global maritime domain awareness is one of the most critical elements of our Security Strategy and thus, where a significant portion of our efforts are focused.

Effective risk mitigation ... both safety and security ... in the maritime – anywhere for that matter -- is about awareness: leveraging and synthesizing large amounts of information and specific data from many disparate sources to gain knowledge of the entire maritime environment.

The goal is to know the difference between friend and foe so that legitimate commerce and mariners can move through our coastal and port areas unimpeded, while we interdict contraband and deter illegal activity of all types well out to sea before it reaches our homeland. Our goal is international in scope, interagency in approach, and incredibly complex in execution. Our efforts must leverage technology and partnerships to collect, consolidate, analyze, and sort multiple information sources.

As Assistant Secretary of Defense for Homeland Defense Paul McHale said last week, ““We must detect the enemy threat long before it approaches the United States. We must track that threat as it approaches the United States. If we identify an enemy threat only after it has come ashore, only after it has penetrated our defenses, only after that weapon of mass destruction is located within the United States port or facility, it's too late.”

I certainly agree that effective end game is important, but global Maritime Domain Awareness is the first step to an effective end game. Global MDA will allow us to detect surveill, identify, classify, and interdict vessels of interest. Global MDA gives us the cued intel that will provide the National Command Authority the situational awareness and clarity necessary to determine if a vessel is a friend or foe. Only then can we make an informed decision about whether to effect the end game or not.

As we seek to improve awareness through Global MDA, we are working to improve prevention by implementing significant domestic and international

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security regimes. Before 9/11 we had no formal international or domestic maritime security regime for ports, port facilities, and ships, with the exception of cruise ships. We now have both a comprehensive domestic security regime, which includes a requirement for port and area maritime security committees, and an international security convention in place. Both have been in force since July 1st of this year.

The domestic effort centers on the Maritime Transportation Security Act of 2002 (or MTSA), while the international effort is embodied in the International Ship and Port Facility Security Code (or ISPS).

The development of MTSA and ISPS were collaborative and concurrent processes. The Coast Guard proposed standards and then gave industry an opportunity to define the response. Likewise, we worked with our international partners in the IMO to ensure the final ISPS requirements mirrored the MTSA requirements. To ensure an effective regime, it was necessary that U.S. and international rules be consistent with one another.

Our MTSA and ISPS efforts have been successful in increasing security while facilitating commerce. I'm happy to report that for the vast majority of vessels coming into U.S. ports, it's been "business as usual." Less than 1% of the foreign vessels arriving in the United States have been denied entry, ordered out of port, or detained in port due to security deficiencies.

I'm very pleased with those numbers - and I believe they're a real testament to the power of partnerships. Had shipping industry and port facility stakeholders not been participants in this effort right from the beginning, I am sure those numbers would be much, much higher.

As I said at the beginning of my remarks, I recognized that the Coast Guard would have to re-examine our capacity and capabilities in light of this War on Terror. Post 9/11, we have significantly increased our capacity and added important new capabilities that substantially improve our ability to protect critical port infrastructure, respond to suspected terrorists activities, and help the recovery effort should an attack occur.

First, let me talk about capacity. Immediately following 9/11, we conducted the largest Coast Guard reserve call up since WWII and received significant support from the Coast Guard Auxiliary, our volunteer force of over 40,000 civilians to sustain an adequate security presence in our ports. On 9/10, we were

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shorthanded and could not have met mission without our Reserves and Auxiliary. Since 9/11, we have:

- Increased the size of our full time work force by about 12%.
- Increased the size of our hazardous materials response teams.
- Opened four new boat stations in critical ports including Valdez, Boston, Port Angeles, WA and one here in Washington, D.C.
- Created Field Intelligence Support Teams, field-level commands designed to both collect and disseminate intelligence on maritime threats on a regional basis but that fed national analytical efforts.
- Initiated a major acquisition project to expand awareness of our navigable waterways, ports, and coastal areas through a variety of ways, ranging from expanding Automatic Identification Systems (or AIS), outfitting NOAA buoys offshore, to installing additional shoreside AIS base stations, and to receiving AIS signals from a low-flying satellite. We should be able to receive vessel transponder signals along the entire coastline by 2008.

As we considered capacity issues, we looked at our new assets coming on line. Importantly, we re-examined our recapitalization efforts through the lens of the Global War on Terrorism. Ongoing acquisitions, including Deepwater (which I will talk more about in a minute), command and control systems, and sensor packages were all reconsidered with the increased threat in mind. Not only did we reconsider operational requirements, but also the timing of new system deliveries.

Concurrently, we have implemented numerous new capabilities. These include:

- 13 new Marine Safety and Security Teams. Some include vertical insertion capability from helicopters, dog teams, diver teams, and an underwater detection capability.
- We have evolved our armed use-of-force from helicopters to expand their current counter-drug focus to include providing security during National Security Events like the national political conventions, the G-8 Summit, and during heightened security conditions.
- Our boarding teams are gaining a radiological detection capability and our hazardous material strike teams an expanded envelope for operation, including increased chemical, biological, nuclear, radiological, and explosive capabilities.

Given the fundamental change in our business, we recognized the need to re-evaluate our organization, and within the Coast Guard we are making some command-and-control changes. We are establishing Sector commands, integrating our Groups, Marine Safety Offices, Vessel Traffic Services and, in some cases, Air Stations. Sectors streamline our command-and-control structure to improve internal communications and reduce decision-making lag time.

Key to the Coast Guard's current and future readiness—and our ability to provide necessary levels of homeland security and defense—is obtaining the right *capabilities* and the right *capacity* as we grow, modernize, and realign our force. The Integrated Deepwater System is doing this *now* for many of our aging legacy assets. Deepwater will bring three new classes of cutters, manned and unmanned aircraft, and network-centric C4ISR. Deepwater will deliver the increased capacity *tomorrow* that allows us to become as much a “presence” organization as we are a response organization.

In keeping with the central premise underlying our Strategy for Maritime Homeland Security and, consistent with our Title 10 national defense responsibilities for homeland defense, we simply cannot afford just to respond to emergencies. We must *prevent* them. Ongoing modernization and recapitalization programs are critical in this regard, because they will deliver the platforms and systems needed to close the well-documented capability gaps found in today's Coast Guard.

Deepwater will provide the means to extend our layered maritime defenses from our ports and coastlines many hundreds of miles to sea to increase maritime domain awareness. It is a flexible program, able to meet emerging requirements for maritime security, homeland defense, and our other missions. When Deepwater is complete, our cutters and aircraft will no longer operate as relatively independent platforms with only limited awareness of what surrounds them. Instead, they will have the benefit of receiving information from a wide array of mission-capable platforms and sensors—enabling them to share a common operating picture as part of a network-centric force operating in tandem with other cutters, boats, manned aircraft, and unmanned aerial vehicles. When Deepwater was initially envisioned, subsystem operational requirements were locked in at a 1998 baseline. Clearly the Coast Guard was obligated by 9/11 to re-examine that baseline and reconsider the changed operational environment.

Deepwater's capabilities are absolutely fundamental to the Coast Guard's ability to meet its pre-9/11 missions while dramatically increasing our ability to

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meet expanding homeland security and homeland defense requirements. The Coast Guard is the *one* organization that straddles the seam between the twin mission areas of homeland security and homeland defense. This linkage is often under-appreciated. It is at the confluence of Coast Guard authorities, law-enforcement competencies, interagency experience, and military functionality where threats can be identified and dealt with. Improved Deepwater platforms and systems will serve as the Coast Guard's means for satisfying our responsibilities to *both* the Department of Homeland Security and the Department of Defense.

- Deepwater cutters will possess better sea keeping, higher sustained transit speeds, greater endurance and range, and the ability to launch and recover manned and unmanned aerial vehicles in higher sea states—all critical to more effective maritime operations at sea and close to shore.
- Deepwater will enable the Coast Guard to implement increased security responsibilities—including greater jurisdiction over foreign-flagged vessels, screening and targeting of vessels of interest, and on-board verification through boardings and enforcement-control actions.
- Deepwater's total aviation solution will deliver 80 percent more flight hours than today's legacy assets, as well as improved use-of-force and vertical-insertion capabilities.

Deepwater's C4ISR system is a fundamental building block to improve global Maritime Domain Awareness. It provides:

- A network-centric system focused on information needs of operators and decision makers;
- A system designed to ensure seamless interoperability with Coast Guard units, DHS, Navy, DOD, and other agencies—a true force multiplier in the fullest sense;
- Earlier awareness by gathering and fusing of terrorism-related information, analysis, coordination, response—all critical to detecting, deterring, and defeating terrorist attacks;
- Direct and important contributions to our responsibilities to DOD and the U.S. Northern Command for homeland defense. This enabling role will only assume added significance as we work with that Combatant Commander to increase maritime awareness and mission execution.

Deepwater is our transformational center piece.

As I conclude these remarks, let me leave you with this central thought: 9/11 was a watershed event. It is incumbent upon us as leaders to examine what we are

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about and how we are contributing to America's security. For me, as the Commandant, my responsibility is to ensure the entire Coast Guard conducts that examination, thoroughly yet expeditiously.

This war is not like any that preceded it ... but a very real war nonetheless. We must work with a sense of urgency and action. We cannot afford to grow complacent ... the stakes are simply too high. The Coast Guard is on the move, heading in the right direction, and working hard to ensure it remains always ready. The American people expect it and deserve it.

Thank you and Semper Paratus.

I will gladly take your questions.