

# "Global Maritime Security: Securing the Flow of Commerce"

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- I. **I. Focus of Presentation** – move from general overview of HLS to focus on the maritime component .... Hopefully, it will provide a helpful scene setter for the panel discussion. Will highlight:
- The **significance of the maritime sector** to our overall HLS efforts
  - The key elements of our **MHLS Strategy**
  - **Progress** since 9/11
  - **Priority efforts over the next 12 months** with particular emphasis on MTSA regs implementation.
- II. **II. The Importance of the Maritime Sector** – Clearly, 9/11 has **changed public priorities when it comes to security** .... This is particularly **true when it comes to the maritime where we have systems and infrastructure** which can be used as **both targets, as weapons, or as conduits for terrorist or other illegal activity** . I should note that until 9/11, the natural and **primary focus of maritime industry/trade was not on security** -- it was

on **efficiency**. Relative to the maritime, **aviation's security practices were much more advanced ...** largely due to years of terrorist activity in the world's airports and air space. The **CG's primary emphasis** as a regulatory and LE agency had been on **safety, the environment, and vessel traffic mgt ...** that is, the safe and efficient movement of waterborne commerce. The exception = cruise ships which had seen terrorist activity in the 80's. With 9/11 came the imperative to identify and reduce security gaps in the maritime. It is essential that we get this right ... the **maritime sector** is one of the most **valuable and vulnerable** components of our transportation system. The challenge is substantial:

- The MTS is key to our prosperity ... Over **95% of non-North American trade enters through U.S. seaports,**
- Accounts for **2 billion tons and \$800 billion** of domestic and international freight annually.
- We have 26K miles of commercially navigable waterways serving 361 ports .... Over 5000marine terminals.
- 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.
- Waterways support **110,000 commercial fishing vessels** that contribute **\$111 billion to State economies**, and serve an increasing population of 78 million Americans engaged in recreational boating.
- **Some 8000 Foreign** vessels make **50,000 port calls** annually.
- And domestic and international **trade is expected to double** in next twenty years.

As with other components of our transportation system, the challenge in securing the maritime sector is how to do so while concurrently facilitating the flow of people, cargo, and vessels.

### III. Maritime Strategy:

Since 9/11, in keeping with the President's National Strategy for HLS, Secretary Ridge and all elements of the DHS have worked hard to prevent, protect, and reduce vulnerabilities, and enhance the response to any acts of terrorism.

“One Team, One Fight:” The creation of DHS, gathering CG, TSA, Customs, FEMA, etc. together has allowed for “**one face at the border**” for the corporate world, ensuring more efficient flow of commerce.

We in the CG as part of the new department and, as the lead federal agency for maritime component of HLS, have developed and implanted strategies to reduce security risks in our ports and waterways ... and at the forefront has been the goal of not impeding the prosperity of our private maritime sector.

- Safety and Security are two sides of the same coin. **When you imbed safety, you imbed profit.**
- We are keenly aware that with a **security intervention comes the potential to slow down commerce.** So we have been very conscious and used risk management to **ensure direct risk reduction benefit.**

**Four key elements** make up our approach to reducing maritime security risks:

(1) **Increase our awareness** of all activities and events in the maritime by,

- **pushing out the borders** to international partners,
- increasing **visibility of all** activities associated with **people/cargoes/vessels**,
- conducting **foreign port security audits**,
- **developing field Intelligence teams**, and enhancing joint, Interagency and industry cooperation and info flow, and
- assessing cued **intelligence, integrated surveillance and tracking**.

(2) **Build and administer an effective maritime security regime** – both domestically and internationally. This element includes:

- scenario-based risk ranking processes,

- implementing the Maritime Transportation Security Act (MTSA), aggressively enforcing the International Ship and Port Facility Security Code,
- developing assessments of our 55 most significant military and economic ports, and
- assisting Customs and TSA in improving Supply Chain Security and identity security processes.

**(3) Increase “our” (federal, including DOD, state and local) operational presence** in ports and coastal zones and beyond for a layered security posture. We will:

- aggressively enforce and exercise domestic and International Security standards,
- increase our shore, surface and air patrols,
- exercise heightened MARSEC activities and provide critical infrastructure protection to our High Value Assets,
- add more people, boats, and ships to our force structure, and
- establish new, highly responsive security teams.

- (4) **Improve our response posture** in the event a security incident does occur. This involves building the right response capabilities and maintaining high readiness posture for our ships, aircraft, boats, and haz material strike teams.

#### IV. **CG progress since 9/11:**

- We have been **hard at work**, in partnership with our DHR team ... and the private sector, **in implementing this maritime security strategy** ... part of the effort, of course, is to maintain the level of service in ATON, I/B, VTS and other services that facilitate commerce ... while concurrently, placing increasing emphasis on our security mission.
- Prior to the attacks of 9/11, the Coast Guard had committed **less than 2% of its assets** to active port security duty. Immediately after 9/11, the Coast Guard **surged nearly 60%** of its assets in immediate support of port security. Since then, we have rebalanced our assets to provide roughly **28% of our assets** in coverage of port security.
- **We have made progress in all 4 elements of our strategy ... from my perspective we are getting more secure each day:**

- Before 9/11, we required 24-hour advance notice of foreign vessel arrivals; now we have **increased that to 96 hours.**
- Before 9/11, we required info only on hazardous cargo; now we require more detailed **info and visibility and risk awareness of cargo, passengers and crew.**
- Before 9/11, we had no mandatory ship tracking requirement; now we have an international agreement to **accelerate AIS** (Automated Identification System) requirements, and we are proposing **long-range tracking devices** be required internationally.
- Before 9/11, we had a fairly rudimentary maritime intelligence structure and capability; we **now have a more robust intelligence program** including membership in the **National Intelligence Community** and productive interagency sharing of information ... which improves our ability to direct our efforts to the highest risk.

- Before 9/11 we had limited ability to sustain our security presence in many of our ports .... Now we have greatly expanded both our security capacity and capabilities, including a **sea marshal** program, **new MSST's** (Marine Safety and Security Teams), additional security boats and ships and additional personnel, **vertical insertion** and **use of force from helicopters**, and additional boat stations (Valdez, Boston, DC).
- 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 a **comprehensive domestic security regulation and international security convention in place** that will be enforced effective 1 July of this year, and have specialized maritime security levels tied to the national alert system.

## V. Implementing the Strategy:

We have much more to do .... Two areas of priority for us ... first, are efforts to leverage new technologies and attain

capability that provide **coordinated, systematic, fused intelligence of our maritime coastal areas and approaches.** Second, is **implementing the Maritime Transportation Security Act ... an effort that bears directly on the theme of this policy forum.**

## **VI. MTSA Rules Implementation:**

**Summary of the regs:** The regs are designed to **standardize** security measures in order to protect the nation's ports and waterways from a terrorist attack. Its requirements include port security committees, port –wide security plans, vulnerability assessments and security plans for port facilities and vessels. Will impact 10K domestic vessels, 5K facilities, 8K foreign vessels. Costs = \$1.5B first year, \$7B over 10 years.

- **Overall we have tried to develop a system which mitigates risk while minimizing negative impact to the MTS and industry.**
- CG set standard, gave industry opportunity to define response. **Level playing field. Consistency is the key to a strong**

**business climate. We strive for consistency on 3 Levels – among companies, among states, and among countries.**

- Shared elaborate communication and networking with industry with goal of **minimized burden to industry.**
- Our risk tool allowed us to **focus on and only regulate those entities that presented the greatest relative risk.** Many vessels, facilities adjacent to the water and offshore platforms will not be regulated, **thereby reducing security costs to a minimum.**
- We have **opted not to mandate some specific requirements** that were considered earlier--such as specific licensing or training course requirements, or requirements to install bridge video monitoring equipment.
- We used **performance-based measures** generally to allow those regulated to select the best measures for their vessel or facility.

- We encourage industry trade associations to customize these security standards to their industry segment through **alternative security programs**.
- We allow for "**equivalent levels of security**" to recognize more cost-effective ways of attaining the same security level.
- Our regs will insure consistency among operators on the waterfront so that **monies spent on security will not put a facility at a competitive disadvantage**.
- Upgrading security measures may **lower insurance costs**, and **reduce theft** (about \$4 billion/yr).
- The facility security plans will be approved by the local COTP who can **ensure security measures are commensurate with risks by taking into account unique local conditions**.
- We have supported the **port security grant program** to provide funds to industry to defer security costs.
- The regs will minimize costs for vessels by insuring **consistency among state and local jurisdictions**. (A

patchwork quilt of state regs would only frustrate the free flow of commerce and increase vessel security costs.)

- We have negotiated an international agreement that insures the US will **not be put at a competitive disadvantage** with other countries and ports in Mexico and Canada.
- We've largely **incorporated the ISPS Code**, which is required under International Treaty, to avoid redundancies and inconsistencies.
- Foundation of our policies is to **reward good behavior**: Port State Control provides **incentives for compliance by foreign flag vessels**.
- CG facilitated rapid, effective **implementation of security regime via IMO and ISPS collaboration**. **This kind of collaboration is fundamental to the success of** effectively managing the global maritime transportation system.

## **VII. Partnerships**

**In conclusion, I believe** we have done much to work with the private sector to ensure that the regs are consistent and fair, while minimizing the cost of security and the impact on the flow of commerce. The key to this initiative **is strong partnerships. The cooperation at the port level and state level has been tremendous since September 11<sup>th</sup>. But we cannot let our guard down. No one agency ... or one company...can do this alone. We must continue to work together to improve security. I look forward** to continuing this invaluable dialogue with you.

Thank you.