

As Delivered

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Amenities:

I'd like to thank you all for such a warm welcome. It's a privilege to be here among professionals who represent such an important sector of the shipping industry—an industry that is vital to the well being of this country and, indeed, the world. And I appreciate the opportunity to take a few minutes to speak about important issues of concern to all of us.

Introduction:

Last Thursday, an article on the front page of the *Wall Street Journal* highlighted the difficult and potentially divisive balance between security and free trade—what it referred to as the “Clash on the Docks.”

The article portrayed the intense interest of the business community in measures that the federal government is taking to increase security, especially at the ports of entry, and the creation of a new Department of Homeland Security.

It framed the issue in terms of a battle—a war within a war, if you will. According to the article, this so-called battle is building between those who want to see our nation's commercial lifeblood continue to flow freely, and those whose job it is to keep the blood of innocent people from flowing at the hands of terrorists.

My friends, that kind of story may sell newspapers, but it doesn't sell me. The real “clash on the docks” is not between government and industry, but between freedom and the tyranny of terrorism.

The only battle we as a nation and as an international community should be waging at this moment is in the war against a common enemy—the terrorists who would destroy both our security and our prosperity.

Government and industry must fight together to wage that war.

Last March, when Chris Koch and I were together in Cambridge, Massachusetts, attending a conference on meeting the challenges of Homeland Security, he said:

“What is needed is for the government to clearly identify the new security requirements, and for the industry to work cooperatively and quickly with the government to determine the best, most efficient way to meet them.”

That doesn't sound like a battle to me.

It does sound like hard work, though—and it is. I admit that certainly there are many challenges and many distractions ahead, as we seek to do exactly what Chris Koch suggests. But in the midst of that hard work, we can find a common cause...and our cause is clear: we must develop a strategy that preserves both security and freedom for America...which means providing for the efficient flow of commerce.

As Delivered

In the short time that I have with you this morning, I'd like to advance that cause by outlining some new developments in our strategy for Maritime Security, and speak briefly about some of the other initiatives that I believe will help to make our marine transportation system the safest, most efficient, and most secure in the world.

The Challenges of Maritime Security:

Last week, at the same time as the article appeared in the *Wall Street Journal*, we were preparing to commemorate the tragedy of September 11<sup>th</sup>. The President of the United States was planning to deliver a major address to the United Nations in New York.

In the midst of heightened security measures surrounding those events, the Liberian-flagged container ship *Palermo Senator* arrived in Port Elizabeth, New Jersey. An inspection team detected trace amounts of radiation in the cargo. The threat that a weapon of mass destruction might be onboard raised considerable alarm.

The *Palermo Senator* was ordered back out to sea to remain in a special security zone, until we could conduct a more comprehensive inspection. It remained for several more days, until we were able to determine that there was no danger, and the vessel was finally cleared to enter port.

We stand to learn a great deal from this event. The lessons learned will include ways to improve information flow, the speed of decision-making, gaps in capability, and public affairs guidance. I believe each of these lessons will be useful in establishing greater predictability for the government, as well as the maritime industries.

Beyond the lessons learned, such an event serves to point up two clear facts: our ports are vulnerable, and they are valuable. It also highlights the delicate balance between security and free commerce.

While those of us here today might consider the value and vulnerability of our seaports to be self-evident, it's worth noting that these commercial centers comprise only a small portion of our maritime borders.

In addition to roughly 360 seaports, our maritime border consists of nearly 95,000 miles of open shoreline, 25,000 miles of navigable waterways, and more than 3.4 million square miles of exclusive economic zone.

In our efforts to protect the most valuable and vulnerable elements of this vast maritime frontier, it would be a real strategic mistake for us or for any nation to build the first line of defense in close proximity to the highest valued targets.

The *Palermo Senator* is a case in point. Imagine if we had several such events in the same port at the same time.

The problem quickly becomes very complex, as you all know very well.

But, as complex as the problem may be, it seems to me that the solution to providing security to a homeland is not very different from providing security to a home.

## As Delivered

Both depend in large measure on a strong police force, as well as an active community that is both engaged and aware.

And both require an effective strategy to coordinate these efforts.

President Bush recently unveiled the National Homeland Security Strategy, which outlines plans to accomplish three broad objectives: to prevent terrorist attacks within the United States; to reduce America's vulnerability to terrorism; and to minimize the damage and recover from attacks that do occur.

It is a sound strategy that depends primarily on sharing information, securing our borders, protecting vital infrastructure, partnering with others at home and abroad, and preparing to respond quickly to future events.

The Coast Guard has been at the center of effort to define a maritime security strategy that supports the President's broader homeland security strategy.

Our strategy has evolved somewhat over the months since we first announced it. We have incorporated all of the original strategy within a modified strategy that is very closely aligned with the President's.

There are seven principal elements of that strategy.

### The Maritime Homeland Security Strategy:

First, we must implement a layered defense of the maritime domain. We are designing a full range of concentric maritime security measures, starting overseas and extending to the shores of the United States.

The goal is to have the effect of pushing our borders out as far as possible, so we can intercept potential threats long before they arrive on the docks.

Second, we will work to maintain an increased level of security operations directed against terrorism. The *Palermo Senator* represents the reality of what we have been calling "the new normalcy." Our maritime operations must reflect the changes brought by the events of last fall by increasing the level of effort against terrorism, without degrading our readiness in other missions.

Third, we will strengthen the security of our ports and reduce their vulnerability.

Fourth, we must create a more comprehensive awareness of threats and activities in the maritime domain. This is really the centerpiece of our strategy. Prior to September 11<sup>th</sup>, our awareness of potential threats to our nation was relatively low. Our preparations regarding serious threats to our homeland were focused mainly on first response capability and consequence management. Obviously, that wasn't enough. We must be more aware—not only to prepare for last year's threat, but next year's, as well.

Fifth, we plan to further expand the core competencies and re-capitalize vital assets of the Coast Guard. We will re-capitalize our Deepwater forces, continue to deploy Maritime Safety and Security Teams, and expand our Sea Marshal program. These improvements will take

## As Delivered

several years to achieve, but we are committed to obtaining the needed resources to get the job done.

Sixth, we must prepare our forces to transition easily between homeland security and homeland defense operations. If all else fails, we must be ready to conduct joint military operations to defend our homeland. As one of America's five armed forces, the Coast Guard will stand ready to execute the orders of combatant commanders, extending from the Commander-in-Chief.

Finally, we have set out to organize and sustain a lasting partnership between the public and private sectors, both at home and abroad. I'd like to focus on this element a bit more closely in just a moment.

This seven-part maritime border security strategy incorporates the core competencies of the Coast Guard into multi-agency, multi-national, and layered operations to push our maritime borders outward—into and beyond the 200-mile Exclusive Economic Zone.

It will help to ensure that we can strengthen our maritime security, while allowing the freedom of commerce that is so vital to our economic security.

### The New Department of Homeland Security:

The President's Homeland Security Strategy addresses required capabilities and the way ahead. It also points clearly to the need for changes in the way our government is organized to work.

With his recent proposal to create a single Department of Homeland Security, the President has taken the next logical step to ensure that we have the ability to implement the maritime security strategy.

From my perspective, it is a necessary change, whose time has come. I believe that the proposed organization will bring unity of effort and unity of command to our efforts to strengthen homeland security, with clear lines of authority to get the job done.

That's the main reason I believe that the Coast Guard is a necessary component of the proposed Department.

It's also the reason that I think that it will be good for our partners in the maritime industry.

I know that many of you share the concern that the government needs to be more responsive to the needs of industry, and that we need to coordinate the efforts of individual agencies to meet our combined need for information.

These concerns will be most effectively addressed by the creation of this new department. We have already begun in earnest to work with other agencies to reduce the number of competing or repetitive requirements among us. But we can do more if we are all under the same roof.

You will recall President Lincoln's famous admonition: "A house divided against itself cannot stand."

As Delivered

He wasn't talking about a wood and plaster building, however. He was talking about human institutions. In Lincoln's way of thinking, a family is a house. A government is a house. A nation is a house.

We need the strength of unity where it counts.

Promoting Partnership and Unity of Effort:

That brings me to focus for a moment on the last element of our strategy: to build lasting partnerships between the public and private sectors, both at home and abroad.

The basis of any partnership is trust. Its purpose is twofold: to share the burden of effort, and to provide needed reliability and stability with respect to the relationship of the partners as they work toward their common goals. Over time, reliability and stability yield a certain degree of predictability as to how the partners will act.

That's exactly what we're seeking. It's for those very reasons that we've decided to place such emphasis on our partnership with you and with others here in America and around the world.

Last week, our delegation met with 58 other member nations of the International Maritime Organization in an intersessional meeting of the Maritime Security Working Group.

I have been very well impressed by both the degree of solidarity expressed among the membership of that group, and by the speed with which they have gotten things done.

The progress on international security standards for vessels and port security at IMO has clearly been extraordinary. We have worked very hard to attain a global solution through this international process, seeking to match standards identified in our own domestic bills...and things are going well.

I'm pleased to report that IMO member countries have completed an entire reading and commented on all proposed amendments to SOLAS, and both the mandatory as well as the recommendatory sections of the International Ship and Port Facility Security Code. ISPS Code requires ships on international voyages and port facilities serving these ships to (1) conduct a security assessment, (2) develop a security plan, (3) designate security officers, (4) perform training and drills, and (5) take appropriate protective measures in order to identify and take preventive measures against security incidents.

In the United States, we will meet the Code requirements through the family of plans concept: the Port Security Plan (PSP), Facility Security Plan (FSP), and Ship Security Plan (SSP). We encourage use of the Family of Plans concept among our international partners, as well.

All major elements proposed by the United States on maritime security have been adopted or retained. I think it is very encouraging that support remains strong for security requirements on ships and in port facilities.

The Port State Control issue remained central to discussions. Two control regulations have been drafted for SOLAS: one for standard port state control issues and one to outline procedures for exercising control when the ship is outside the port. The Working Group's

## As Delivered

proposed language on control retains a Contracting Government's ability to ensure security requirements are in place on ships. It also enables security vetting for ships prior to port entry.

Here at home, we are also working very hard to codify security requirements. The Coast Guard recently published guidance to Captains of the Ports and port stakeholders on development of Port Security Committees. The guidance offers use of Risk Based Decision Making techniques, to assess port security and to develop Port Security Plans.

This guidance was developed in anticipation of Port and Maritime Security legislation, which we expect to be passed this fall. It also conforms to the International Ship and Port Facility Security Code expected to be adopted by IMO in December of this year.

In January of this year, we partnered with the International Council of Cruise Lines to publish guidance for passenger ships.

Based on that guidance, we have also published security guidance concerning passenger ferries certified to carry more than 500 passengers.

These cover access to the ship, restricted areas on the ship, embarkation of passengers and crew, loading of ship's cargo and stores, and monitoring of the ship.

Guidance on security procedures for vessels, other than passenger vessels and ferries, and for facilities will soon follow. The guidance documents are modeled on what we believe will be required by the regulations to be promulgated by IMO, and by our own domestic legislation.

The guidance for facilities will address measures to be taken at each level of security regarding access to the port facility, restricted areas within the port facility, loading cargo and ship's stores, and monitoring the port facility.

We hope to have this guidance published early this fall.

We really appreciate the World Shipping Council's willingness to review drafts of this guidance, which helps ensure commerce considerations are taken into account as security is improved.

We are also beginning a Regulatory Project to develop regulations specifying the design, scope, implementation and periodic exercise of Port, Vessel and Facility Security Plans. This is in response to anticipated Port and Maritime Security legislation expected to be passed this fall, and International Ships and Port Facility Code (ISPS) requirements expected to come into effect in July 2004.

We are collaborating with the US Customs Service and INS to improve and simplify the collection of information on people, cargo, and vessels entering in and passing through our maritime transportation system.

We have been meeting regularly with INS and Customs to discuss the information needs of each agency and how to collect and share information. The goal is to eventually require vessel operators to submit all arrival information to just one location, allowing government agencies to share the information.

## As Delivered

However, we may need to take intermediate steps toward that goal, due to the complexity of the various computer systems. For example, it might be the case that all cargo information will be submitted to Customs, and that the Coast Guard would obtain that information from Customs without requiring a separate submittal of the cargo information directly to us.

Currently, the Coast Guard is forwarding the Notice of Arrival crew and passenger information that is entered directly into our Ship Arrival Notification System to Customs' Automated Passenger Information System (APIS). The data forwarded to APIS includes information for High Interest Vessels and Special Interest Vessels. It also includes the majority of the people information for other vessels that are 300 gross tons and above. Both Customs and INS have access to the APIS system.

We are determined that other similar measures will eventually add to the solution of creating a single point of contact.

We have completed the initial development of the "Security Attributes of a Model Port." In late August, we also began to conduct security assessments in the ports of several ports in the Northeast and Southwest United States. Over the next 3 years, we will do the same in a total of 55 ports.

We are also very optimistic that the funding to finance the security enhancements of our ports will continue, and we are working closely with the Transportation Security Administration on preparing for the next round of Port Security grants.

And finally, I'm sure that you're all very interested to know that we are engaged with the Department of Transportation and the Customs Service in several initiatives to improve container security, including Operation Safe Commerce, which is a public-private partnership designed to identify the vulnerabilities of the supply chain.

We also fully support the US Customs Service's Container Security Initiative and their Customs-Trade Partnership Against Terrorism.

I expect Commissioner Bonner will address these initiatives with you at lunch today.

Now, let me conclude with a few words about what you can do to help us.

First, as Chris Koch has said, we need you to work cooperatively and quickly with us to determine the best, most efficient way to meet the new security requirements. We need your help, working through your home governments, to support the passing of the IMO initiatives that I've mentioned. We are looking especially for passage of the SOLAS security regulations and for the provisions of the ISPS to be passed in December of this year. We need to take full advantage of the momentum that we have gained in past months. It is imperative to keep this multi-lateral approach alive and well.

Second, with regard to Maritime Domain Awareness, which is the centerpiece of our maritime security strategy, we believe that the installation of Automatic Identification Systems and Long Range Tracking Devices will aid enormously in providing the necessary information on in-bound maritime shipping, long before ships reach our ports. I seek your support in requiring implementation in all ships by December, 2004.

## As Delivered

Third, I encourage you to work closely with the World Customs Organization and with us to solve the very difficult problem of container and cargo security. This may be the most pressing issue at hand. Not only do we seek your support for Operation Safe Commerce, but we need your help to identify available prototypes for new and more effective container tracking and supply chain security systems.

And finally, I'd like to ask for your help in supporting the Port Security Bill, currently in conference between the United States House and Senate. This is a very important piece of legislation, which stands to increase our capability to provide more comprehensive security in the ports of the United States for the benefit of every ship that conducts legitimate trade with us.

### Conclusion:

Ladies and gentlemen, we are all joined together by an intense interest in the security of our nations, and in the safety, security, and mobility of the world shipping industry, as we continue in our fight against terrorism.

It is a high-stakes fight...one that we can't afford to lose.

But, the "clash on the docks" should never be among ourselves, either today or in the future.

It has often been said that the future often arrives unannounced. The future arrived suddenly, violently, and without warning on a clear day last September. The future is now.

That future requires a new strategy of better awareness, better preventive security measures, and broader cooperation among neighbors and friends.

We are committed to attaining both security and efficiency in world shipping. And we are committed to seeking multi-lateral solutions, rather than unilateral solutions wherever possible.

We must succeed together at our work.

Failure is not an option.

Thank you for your commitment to safety and security. We in the Coast Guard look forward to continuing a productive relationship with the World Shipping Council.

Thank you very much.