Remarks by Deputy Secretary James Loy at Customs and Border Protection Trade Symposium

Release Date: 01/13/05 00:00:00

Washington, D.C.
Customs and Border Protection Trade Symposium
January 13, 2005
(Remarks as Prepared)

Thank you, Rob, for that kind introduction.

Before I talk about our way forward in trade security and facilitation, I think a brief look back at the United States’ maritime security history is instructive. After the War of Independence, our fledgling country struggled to gain a foothold to maintain our new freedom. Financially, we were struggling, and much of our national income came from import tariffs that were routinely lost due to rampant smuggling on the seas.

So Alexander Hamilton created the Revenue Cutter Service as an armed maritime law enforcement service to enforce the tariff and all other maritime laws and secure the tax revenue. The Revenue Cutter later merged with the Lifesaving Service to form the United States Coast Guard.

Hamilton and George Washington also understood the need to establish a naval force to protect our merchant marine and other interests at sea against attacks by pirates and other foreign nations seeking to harm a newly independent America.

Washington said in his 1793 annual message to Congress, “If we desire to secure peace, one of the most powerful instruments of our rising prosperity, it must be known that we are at all times ready for war.”

At Washington’s urging, Congress passed the Naval Act of 1794, authorizing the creation of the United States Navy. This new navy fought alongside the Revenue Cutter Service to protect commerce and the expanding merchant shipping of the United States.

Looking at the history of our maritime security shows us that, from the beginning, different organizations worked together to achieve a common overall mission: to protect the economic and individual freedom and security of a country they loved.

Our mission is the same today. We all have a role in protecting the free and safe passage of goods and people, and therefore, the commerce and economic well-being of America.

So today we discuss how many disparate yet interconnected groups – from large companies to state and local officials to federal agencies – must join in a coordinated, cohesive national effort to protect U.S. maritime interests, air cargo, the supply chain, and the critical infrastructure vital to each.

Today we must echo Washington’s exhortation to be “at all times ready for war.” Because, though we did not ask for it, war came.

This war is far different than the war our Founders fought to declare freedom, but the ideal we fight for is the same. And Washington’s words, as well as the Coast Guard’s motto, Semper Paratus, or “Always Ready” have more urgency now than ever before.

On the wall in my office is a photograph of the ruins of the World Trade Center, taken from a helicopter three days after 9/11. It is a constant reminder to me of the work that must be done to secure our homeland and ensure freedom’s future.

That photograph reminds me that we must never again underestimate our enemy. And we must never again be caught unprepared. When it comes to homeland security, surprise is no longer an option.

How do we prepare?

We must concentrate on several strategic goals, and these goals apply to both our overall approach to homeland security as well as our cargo, supply chain and maritime security. These goals are consistent with and closely follow the DHS strategies that were laid out by Secretary Ridge over a year ago.

First – and, in my opinion, most important – is awareness – of the enemy and ourselves. Acute awareness is the key to goal number two: prevention.

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We now collect and fuse intelligence in order to identify the latest threats — and we place those threats in context: are they credible and corroborated?

At the same time, we assess our vulnerabilities to those threats, then share the information with our federal, state, local and private sector partners.

Third, we must protect our people, communities, institutions and infrastructure from acts of terrorism, as well as natural disasters and other emergencies.

We are building an "all-hazards" preparedness capability to improve our readiness and mitigate the damage, whether caused by man or Mother Nature.

Fourth and fifth, we must ensure an adequate response and recovery. We are fully prepared to help coordinate and manage the effort by states and localities and the private sector to prevent loss of lives, restore services and rebuild communities.

Sixth, organizational excellence. We are creating a culture that promotes teamwork, mutual respect and accountability.

Seventh and finally, service. Legitimate trade, travel and immigration have made this nation what it is. Our homeland security measures must not obstruct these endeavors, but facilitate them.

The nexus between security and the economy was starkly illustrated at our nation's airports on and after 9/11. And in this room we know only too well that oceans and sea-lanes and seaports are the avenues of freedom - and prosperity--and could also be targets for the enemy.

After all, 95 percent of our commerce is carried through our seaports. And there's no let-up on the horizon: worldwide, intermodal shipping is expected to increase by two-thirds over the next six years; world trade is projected to double by 2020. To sustain our prosperity, we must be able to accommodate this increase.

Last month the Homeland Security Institute and the Department of Homeland Security held a Cargo Security Summit over two days to determine if we are achieving our strategic goals in cargo security.

The summit allowed for a broad discussion to identify needs and strategies on our way to refining and finalizing a National Cargo Security Strategy.

The efforts over those two days were a continuation of comprehensive progress in cargo security the Department and our partners have made in the last few years to achieve two interrelated goals: security and trade facilitation.

This trade symposium will continue the discussion and move us closer to the finish line as we effectively block the terrorist threat and maintain open doors for legitimate trade and commerce.

We have already developed strategies and implementation plans for securing cargo. For example, we have undertaken a comprehensive process to identify threats, vulnerabilities and solutions in air cargo security, much of which serves as the foundation of the Air Cargo Strategic Plan the Secretary and I approved in January 2004.

Our approach to securing cargo – no matter the mode – is to construct a threat-based, risk-managed global strategy based on sustainable layers of security that leverage public and private resources.

We know we cannot do this alone. So we reached out to our partners. We asked the Commercial Operations Advisory Committee for recommendations, evaluated our experiences with Operation Safe Commerce and solicited input from industry experts – as we did again during the Cargo Summit, and as we are now doing during this Trade Symposium.

Our goal at the Department level is to bring all interests together in a clearly defined and articulated strategy that recognizes roles and responsibilities and provides appropriate support in terms of resources and Departmental advocacy.

To that end, we distributed and discussed a strategy paper on National Cargo Security Strategy as a forum for the COAC, Operation Safe Commerce and industry representatives to offer recommendations.

Now we must continue forward, refine those recommendations and publish the document as the National Cargo Security Strategy.

We expect this document to be finalized in the coming weeks. Today, we have copies of this strawman strategy along with an executive summary of the findings from the Homeland Security Institute.

I am pleased to see that much of what we put forward in our initial draft is broadly supported by the trade.
I applaud the great work that you and all our partners have done to date. With your help, we have made great progress.

Yet we have much work still to do on the path forward, including in the following areas:

- Aviation Cargo Security
- Daily ideas generated by entrepreneurial Americans and the world
- Programs based on requirements like volunteerism
- Gadgets/gizmos and other technology breakthroughs
- Notions/ideas and other process policy breakthroughs

Therefore our constant challenge will be as change agents, as embracers of change and as managers in a change-dominated environment.

The strategy paper also outlines several objectives that we believe are important for the way ahead, the future of supply chain security.

First, within the risk management challenge, there are some threats of potential severity that we must eliminate. Weapons of mass effect, such as nuclear, chemical and biological, call for the rapid deployment of next generation radiation detection equipment at every port of entry.

We must push out the border by fostering and improving cargo security systems such as the Container Security Initiative and the Customs-Trade Partnership Against Terrorism, the International Port Security Program and the 24-hour rule.

We must continue to strive for a layered security strategy, one that provides many opportunities to mitigate threats; one that prevents the entry of terrorists and their weapons or supplies into the U.S.

We have made great progress in maritime security in the last few years by leveraging the collective energy, ideas and commitment of all our resources and our citizens.

We have improved our Maritime Domain Awareness, collecting and sharing threat intelligence to provide early information to stop terrorists.

Working with partners at the local, state and federal level, the U.S. Coast Guard has coordinated multi-agency efforts to track vessels both in our ports and up to 2,000 miles off shore.

Programs such as the Container Security Initiative have strengthened our port and cargo security, pushing our border security outward. Currently there are U.S. Customs inspectors in 34 international ports of trade working alongside our allies to target and screen cargo.

Standards are also important. Measuring success is important. So, the United States spearheaded the development of the International Ship and Port Facility Security Code, which was adopted by the International Maritime Organization in December 2002.

This international code came into force July 1, 2004, and is the basis on which U.S. inspectors determine if anti-terrorism measures are adequate.

And by collaborating with the Department of Defense, the State Department and other invested agencies, we are also moving forward with the International Port Security Program. Through this effort, U.S. inspectors will be able to assess anti-terrorism measures at port facilities in 135 countries within the next three years.

We look forward to additional efforts already underway in the area of international standards, specifically in the WCO and ISO organizations.

Finally, we are working closely with our private sector partners to ensure that they are undertaking the necessary security measures required under the Maritime Transportation Security Act.

We remain committed to continual improvements in maritime security while we recognize that the security of the maritime domain is a global issue.

The United States, in cooperation with its allies and friends around the world and our state, local, and private sector partners, will work to ensure that lawful private and public activities in the maritime domain are protected against attack and criminal and otherwise unlawful or hostile exploitation.

These efforts are critical to global economic stability and growth and are vital to the interests of the United States.

In support of this, we are pleased to announce that last month the President signed a maritime security policy directive.
In support of this, we are pleased to announce that last month the President signed a maritime security policy directive outlining his vision for a fully coordinated U.S. Government effort to protect U.S. interests in the maritime domain.

This directive reiterates the President's commitment to maritime security and aims to integrate and align all U.S. Government maritime security programs and initiatives into a comprehensive and cohesive national effort involving appropriate federal, state, local and private sector entities.

While much has already been accomplished, the directive details the President’s strategic vision for maritime security while encouraging and supporting ongoing initiatives for an improved global maritime security framework.

As part of the policy, the President has directed that a standing inter-agency committee be created to serve as the primary forum for coordination of U.S. Government maritime security policies and that a National Strategy for Maritime Security be developed that builds on current efforts and capitalizes on existing strategies, tools and resources.

Additionally, the directive has provisions for improved maritime intelligence integration and threat response, a robust domestic and international outreach, and a comprehensive maritime transportation and commerce security system.

Since the attacks of September 11th, Federal departments and agencies have aggressively addressed the challenge of maritime security with several initiatives.

The President’s recent action seeks to leverage such existing initiatives and policies, facilitate inter-agency dialogue and ensure interagency integration and alignment while eliminating duplication of effort and avoiding the creation of redundant policies with regards to maritime security.

We have a great opportunity here to move the process forward, offer commentary and ideas, and deliver a national maritime security strategy document to the President.

As we are here in the Ronald Reagan Building, I will close by sharing two things Ronald Reagan said. First, he said, “Freedom is a fragile thing and is never more than one generation away from extinction. It is not ours by inheritance; it must be fought for and defended constantly by each generation.”

Second, he said, “Our forbearance should never be misunderstood. Our reluctance for conflict should not be misjudged as a failure of will. When action is required to preserve our national security, we will act.”

These thoughts certainly apply to us today. We are here not only because the safety of our cargo and facility of our trade is jeopardized; we are also meeting here because our freedom, our very way of life, is threatened.

We are all in this together. Just as the Greatest Generation took on and defeated the threats of Nazism and Fascism, and Reagan’s generation won the Cold War, we have to take on and defeat the threats of terrorism. Action is required today, and we must and will act to preserve our national security.

This is the duty of our generation.

Thank you.