Deputy Secretary Loy Addresses the Maritime and Port Security 2004 Conference

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I want to thank Marine Log for holding this conference. For well over a century, you have taught me and thousands of others how to thrive and prosper in the maritime environment without jeopardizing safety, violating the law or damaging the environment. We now need your assistance as we work to protect our ports and the communities that surround them from terrorists....

Meetings like this, in which industry professionals can share their wisdom and expertise, are the lifeblood of any "new era." This is no exception.

All of us, government and industry alike, face changes in the way we used to do business. We must meet hard deadlines and difficult mandates. And we do not have the luxury of delegating our responsibilities to someone else.

I'm reminded of a quote by the great humorist Will Rogers. During World War I, Rogers said he had the perfect answer to the German U-Boats that were menacing American and British ships on the high seas. Rogers's proposal? Heat the ocean until it boiled. When asked how he would do it, he said, "Hey, that's someone else's problem; I'm just the idea man."

The "someone else" in our current challenge is every one of us. As we found on countless ships of our collective past, this one is an "all-hands" evolution. Our grandparents had World War I - our parents had World War II and Korea - now, we have the global war on terrorism.

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.

It is chilling to think that eight years earlier, the Twin Towers were viewed from a helicopter by Ramzi Yousef, the mastermind of the first World Trade Center bombing, while in police custody. "Look down there," he was told by an FBI agent in the chopper. "They're still standing." Yousef replied, "They wouldn't be, if I had had enough money and explosives."

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

We must always seek to anticipate the terrorists' next move - which may be completely different from their last. If they came by truck in 1993 - and by plane in 2001 - their next journey might very well be by ship. The same sea-lanes that have brought freedom and prosperity to so many people on this earth, could be traveled in an attempt to destroy that freedom.

President John F. Kennedy, a Navy man - everyone's entitled to one mistake! - liked to quote the Old Breton Fisherman's Prayer: "Oh God, thy sea is so great and my boat is so small."

On September 11th, 2001, those oceans, which had shielded America from direct attack for nearly two centuries, no longer protected us from terrorists who hid among us and used our own freedom as a weapon against us.

The terrorists hit us like a perfect storm. In so doing, they awakened us from our complacent nap and made us shockingly aware of new vulnerabilities. It's been said that the future arrives unannounced. Well, for us, the future arrived on 9-11-01. And there is no going back.

This quest we often hear for a "return to normalcy" - there will be no such thing in our lifetime. We're constructing the new normalcy and our only choice will be to adapt.

Days after 9-11, President Bush described us as "a country awakened to danger and called to defend freedom." Overnight, we learned that our old capabilities and institutions, designed for the Cold War, were insufficient against a new enemy - an enemy with no flag, no borders, no President - and no remorse. Overnight, we knew had to retool and reorganize.

Two years later, we are, as the President said in his State of the Union Address, "rising to meet" our new responsibilities, and our "vigilance is protecting America." We are not only adapting to this new normalcy - we are shaping it!

What is this new normalcy? It is awareness of our enemies, our friends and ourselves.
It is ports and industry developing their own security plans, not being dictated to from above.

It is an activity set capable not only of stopping terrorists, but the criminals and smugglers who support them.

It is time-saving and money-saving incentives that reward both innovation and coordination to keep commerce flowing.

And it is a Department of Homeland Security that backs you up.

Let me illustrate the dramatic changes we’ve seen in these past two years:

- Before September 11th, the idea of mobilizing 22 separate agencies into a single unit with a single primary mission was rarely discussed, even by academics. Today, the Department of Homeland Security is a robust reality, with 180,000 dedicated patriots working every day in “a unified national effort to secure America.”

- Before September 11th, airport ticket agents asked if you packed your own bags - and largely ignored your answer. Today, from the curb to the cabin to the cockpit, new technology and thousands of highly trained screeners and air marshals are making a very real difference.

- Before September 11th, the idea of a nationwide biometrics-based system to check visa status was the topic of some discussion - but not much else. Now, US-VISIT is deployed across the country. In its first few weeks, dozens of "watch list" hits have been made - and a fugitive, on the lam from federal custody for 20 years, has been caught. [Terrorists may lie - but fingerprints tell the truth!]

- Before September 11th, our national stockpile of medications to protect Americans against a bioterrorist attack was drastically undersupplied. Today, we have stockpiled a billion doses of antibiotics and vaccines, including enough smallpox vaccine for every man, woman, and child in America.

- Before September 11th, the idea of a single agency to collect threat information across the entire span of government and map it against our critical infrastructure was not even on the drawing board. Today it’s a reality.

- Before September 11th, federal agencies rarely shared vital information with state and local officials and law enforcement. Today we have secure communications technologies and expanded security clearances at every level of government. And our Homeland Security Advisory System is creating a constant two-way flow of information and responsiveness.

Today, we are more secure and better prepared than ever before - and we reach a higher level of readiness every day.

So what has made the difference? We have made the protection of our people and way of life the highest charge of our nation. Just as importantly, we’ve done it without compromising the qualities that make us Americans. We refuse to accept closed doors and raised walls as the price of security.

Our welcoming nature and our global economic leadership must be strengthened, not weakened, by our new security resolve. And they will be.

The Department of Homeland Security will preserve our political and economic freedoms even as we protect lives - that is our vision of homeland security.

This vision will be achieved by concentrating on several strategic goals:

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

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 state, local and tribal partners. For the first time as a nation, we have brought those capabilities together, under one roof.

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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. We're building a Department that breaks with the bureaucratic baggage of the past and strikes out to create the model agency for the new century.

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.

Nowhere has the nexus between security and the economy been more starkly illustrated than at our nation's airports. That's been the front-page focus since 9-11 because of what happened on 9-11. But in this room we know only too well that oceans and sea-lanes and seaports are the avenues of freedom - and prosperity.

Maritime industries contribute more than one trillion dollars to the annual GDP. That commerce travels through 3.4 million square miles of exclusive economic zone and along more than 95,000 miles of coastline, dotted by about 360 seaports.

Every year, more than 7,500 ships make port calls - carrying 6.5 million passengers, six million containers and one billion tons of petroleum.

All in 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.

Our ships and ports are more valuable to the global economy than any other mode of transportation - and, I would suggest, more vulnerable, especially to an enemy whose self-professed desire is to "destroy our economy."

After September 11th, it took days to restore movement by aviation; the aftermath of losing several ports would be measured in months, if not years.

Remember that the impact of a relatively benign labor strike on the West Coast two years ago was a not-so-benign $20 billion or more.

The threat is real. Now, the biggest challenge facing our marine transportation system is to ensure that legitimate cargo is not needlessly delayed as we and other nations institute new security measures.

Fortunately, we have a few things going for us. Start with attitude. As the gentleman who follows me this morning, former Coast Guard Cmdr. Stephen Flynn put it, "Talking about port security" before 9-11 "was like being a teetotaler at a New Year's party."

No longer. Now, the will to improve security is there, because the awareness is there. One would truly have to be brain-dead to fail to recognize the legitimacy of the threat.

Another advantage is our capabilities. Businesses face many more problems than terrorism - problems such as theft, pilferage and fraud. An estimated $10 billion is annually lost to cargo theft.

The same measures that can be used to thwart these crimes - perimeter security, employee background checks, separate "high-value" safe rooms, and tamper-evident containers, to name a few - can be applied to the fight against terrorism. And I applaud industry's efforts to share best practices as we move forward.

For our part, the Department of Homeland Security is working hard to stop drug and alien smuggling, identity theft, money laundering, electronic crimes and the other "enabling" crimes that give terrorists the "lifeblood" they need to survive.

And we are tapping into extensive capabilities and experience in doing so - the United States Secret Service; our dedicated ICE agents; and, of course, the U.S. Coast Guard, which has stopped tons of drugs and thousands of undocumented immigrants from entering the U.S. illegally by sea.

Finally, we have the incentive to act - based on the law.
You are all aware of the Maritime Transportation Security Act. The final rules for the act were published and announced last fall.

The Act requires port officials, ships' captains and facility operators to submit individualized security plans to the Department for approval.

We realize that one size does not fit all. The plans should be flexible, with the ability to ratchet protective measures up or down, based on the threat.

They should utilize technology, such as the new Automatic Identification System, which will help us quickly separate law-abiding vessels from suspect ones.

And they should meet or exceed basic national and international standards so our response to a terrorist threat or attack is coordinated, not chaotic.

The aim is to strengthen and bring consistency to maritime security, without mandating a one-size fits all approach.

We understand there will be short-term costs, particularly for many smaller ports with less security experience. We are fully engaged with the maritime industry to help alleviate the burden.

Know that these rules were developed with the full cooperation of the private sector. We solicited more than 2,000 comments and recommendations, and held public meetings in New Orleans, Cleveland, Seattle, New York City and many other cities with a vital interest.

The implementation of these plans will complement our Department's already strong response. Our posture is one of "layered security" - pushing our borders continuously outward from American shores.

This philosophy is grounded in history. The great 19th Century naval strategist Alfred Thayer Mahan believed that a secure nation required more than coastal defense. It required building new and bigger ships and deploying them all over the world to impress our friends and intimidate our enemies.

Today we use this approach not to project power, but to share information with and help secure all free nations.

Currently, information regarding nearly 100 percent of all containerized cargo is carefully screened by DHS before it arrives in a U.S. port. It starts with our landmark Container Security Initiative. Under CSI, U.S. Customs and Border Protection inspectors are placed at the world's top seaports, where they work with their foreign counterparts to screen and label cargo as "higher-risk" or "low-risk" long before it reaches the U.S.

The process is aided immeasurably by our new "24-hour rule," which requires electronic transmission of advance cargo manifests from U.S.-bound sea carriers a day in advance of loading. Early reports from industry show that the 24-hour rule is aiding not just security, but productivity.

The information is run through our Automated Targeting System, which compares it against law enforcement data, the latest threat intelligence and the ships' history.

Finally, the higher-risk shipments are physically inspected for terrorist weapons and contraband prior to being released from the port of entry. Last July, for instance, CBP inspectors using ATS in Portland, Oregon, seized a cache of weapons bound for El Salvador. [Mahan would be proud!]

The Department is helping in other ways. We've awarded or made available a total of nearly $350 million in port security grants [over two years]. It will provide new patrol boats, surveillance equipment, command and control facilities - whatever it takes.

In addition, the budget the President signed last fall contains:

- $62 million to expand the CSI.
- $30 million to improve our "known shipper program.
- $64 million for state-of-the-art non-intrusive inspection systems, including radiation detectors and port-based VACIS machines.
- $14 million to double the Customs-Trade Partnership Against Terrorism; more than 5,000 companies have joined, eager to reap the economic benefits of a secure supply chain.
- And finally, $58 million under Operation Safe Commerce to analyze security practices and provide a "test-bed" for innovations at our highest-volume ports.

Overall spending on homeland security will have tripled in just over two years. We cannot guarantee 100 percent safety. But these measures have made our ports - and our nation - a much safer place.
The U.S. Coast Guard has played a big part in developing the new rules - and continues to play a key role in securing our ports and port communities.

After 9-11, the Coast Guard set out to design a maritime security strategy that could conform to the mission and goals of the Department, as well as complement the National Strategy on Homeland Security. We concentrated on five principle elements:

First, enhancing our presence and response capabilities. We wanted to detect, intercept and interdict potential threats as far out to sea as possible. Since 9-11, the Coast Guard has mobilized nearly 4,000 reservists and conducted more than 40,000 security patrols by sea and air.

Second, identifying and controlling high-interest vessels. We began by requiring all foreign-flag vessels to check in 96 hours prior to arrival, instead of 24. Since 9-11, we've boarded or escorted approximately 15,000 high-interest vessels.

Third, identifying and protecting nearby critical infrastructure - chemical plants, refineries and bridges, 85 percent of which is owned by the private sector. These are prioritized by risk, so we can target our resources to save the most lives. It's interesting that estimates show the top 25 ports in the nation account for about 98 percent of container traffic. We must concentrate on protecting these "pressure points" - because we know al Qaeda is concentrating on them, too.

That's why, with the 2004 budget, we more than double the number of Maritime Safety and Security Teams, to 13. Each team is made up of 90 men and women and six boats, enabling us to protect our most vulnerable assets on land and at sea.

Fourth, international and domestic outreach. We cannot succeed at home unless we develop partnerships abroad. We continue to work closely with foreign ports as well as the International Maritime Organization.

Finally, and above all, the Coast Guard created what we call Maritime Domain Awareness.

What is MDA? It is threat intelligence collected from every source and analyzed; knowledge of the area, conditions and our capabilities; then the complete picture shared with our friends and partners. Early information is key to stopping terrorism. The earlier we can spot trends and red flags, the more quickly we can respond.

In sum, we are building new barriers to the "bad guys" - and new bridges to the "good guys." This is crucial. The relationships we create now will be the ones we rely on in a crisis. We cannot afford to wait to create them.

The great Civil War general Joshua Chamberlain put it this way: "A great and free country is not merely defense and protection. For every earnest spirit, it is opportunity and inspiration. The best of each being given to all, the best of all returns to each."

Let me add one final thought. The Department of Homeland Security is not an "in-box"-type agency. We have a clear vision for what a secure homeland will look like by the end of the decade or before.

By then, every community will have a preparedness plan organized down to the neighborhood level so that school children, moms and dads, and senior citizens will know how to protect themselves should another terrorist attack occur.

By then, every state will not only have identified their most vulnerable roads, bridges, monuments, and power plants, but will know what needs to be done to "harden" those targets.

By then, global security measures will protect our cyber networks - with capabilities that shut down hackers right at the keyboard.

By then, sensors will not only be able to detect dangerous bioagents, but quickly contain them as well.

Finally, the world's companies will ship their goods with maximum security - and, I might add, reliability - while legitimate travelers speed across our borders and through our airports.

Through layered defenses on land and sea, we will have deterred threats, foiled attacks and captured many an enemy of freedom - and saved countless lives in the process.

This is a vision that is reasonable and real - and I am proud to say has been embraced throughout the country with a sense of urgency, commitment, and passion unrivaled in my experience.

When General George Marshall spoke to Harvard University for the first time about his plan to reconstruct Europe following World War II, he said that "with foresight, and a willingness on the part of our people to face up to the vast
responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome."

We have a task in front of us not unlike that faced by Secretary of State Marshall - a task driven by social, human, and economic concerns - as well as a willingness to see that vision through to completion. Simply put, it's our turn on watch.

Thank you for embracing this vision. I look forward to working with you in the days and months ahead to make it a reality.