

Remarks of U.S. Customs Commissioner Robert C. Bonner*
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I. Introduction

It is a pleasure to be back at the Center for Strategic and International Studies, one of Washington's premier think tanks, and to speak with this distinguished group.

It was just last January – seven months ago – that I spoke here and proposed the Container Security Initiative, “CSI,” a revolutionary initiative designed to push our zone of security outward, an initiative designed to protect and secure the global trading system.

I am pleased to be back at the Center to tell you where we are on CSI, and to discuss some of the other Homeland Security initiatives of the United States Customs Service to protect America from the threat of international terrorism.

But before I update you on the progress of the Container Security Initiative, I would like to take a few minutes to discuss President Bush's plan for a new Department of Homeland Security.

II. Department of Homeland Security

As you know, President Bush proposed creating a new department of government – the Department of Homeland Security – in an announcement on June 6th. The House passed legislation to establish the new Department on July 26th. And the Senate will begin debating its version of legislation for a new Department when it returns next week.

I expect that the Customs Service will, as the President has proposed, be transferred in its entirety into the new Department, and I fully support that move. The Customs Service's broad responsibilities and authority at the border make it a critical part of the effort to secure our Nation's homeland and better secure our Nation's borders.

In his announcement, the President noted that, although we are stronger and better prepared than we were on the morning of September 11th – and we are – the new Department will help us to be even stronger and better.

** Commissioner Bonner reserves the right to edit his written remarks during his oral presentation and to speak extemporaneously. Thus, his actual remarks, as given, may vary slightly from the written text.*

We have taken many steps to address the terrorist threat and to prevent further terrorist attacks.

At the Customs Service, we have made combating terrorism the No. 1 priority of the agency – we have increased security at our borders, and implemented the Container Security Initiative (CSI), the Customs-Trade Partnership Against Terrorism (C-TPAT), Operation Green Quest, a Customs-led multi-agency task force to investigate and attack terrorist financing, as well as many other counterterrorism initiatives. Other federal agencies have also increased their security posture.

But the President is right – the new Department of Homeland Security proposed by the President will make us far more effective and more efficient in protecting America against the threat of terrorism.

- It will clearly align responsibility and accountability for our Nation's security.
- It will establish clear lines of responsibility for what is now a fragmented effort, particularly at our borders.
- And when it comes to protecting our borders, we can no longer abide the fragmentation and ambiguity regarding roles and missions.

But the new Department must be created and implemented in the right way. Only then can it protect our Nation the way it should – the way it must.

The new Department of Homeland Security must be the most modern, efficient, and flexible in the Federal government. And the new Secretary should have the authority he or she needs to do the job right. This includes having the authority to consolidate and align functions, integrate and deploy personnel, and transfer assets and funds as needed to get the job done.

Some have criticized the effort, saying it will cost too much. At the same time, some of these critics want to strip away provisions that would allow the new Secretary to eliminate duplication and inefficiency. These very provisions can, in my view, actually make this effort revenue neutral over time.

The authority to streamline overlapping border functions is absolutely essential to achieving greater efficiency and effectiveness. It is not enough for all organizations with border responsibilities to simply be moved into the new department. There must be authority to consolidate where appropriate.

To make sense, this reorganization must involve more than just shifting boxes from one Department of government to another. The new Secretary should have the ability to reorganize as needed in order to:

- Achieve a more effective border security for our nation;
- Unify management, supervision, and training;
- Achieve economies of scale in overhead or support functions, including IT systems;
- Free up resources in one location that could be better used in another.

On the personnel front, the Secretary of the new Department should also be given the flexibility needed. That means incorporating into the new Department the very best government personnel practices that we have ever developed:

- It means pay-banding.
- It means the ability to bring in new talent quickly to fill vacancies in critical positions.
- It means the Secretary would be able to shift personnel assignments rapidly as new threats or new enemies emerge.
- It means that good performance can and should be rewarded and that poor performers would be held accountable, as they should always be, but as they must be when security of the American people is at issue.
- Above all, it means, as the President has said, that “we get the right people in the right jobs at the right time, and hold them accountable.”

Also critical to the ability of the new Department to achieve its full potential is the Secretary’s authority to transfer some funds and assets as needed to address the terrorist threat. For example, if intelligence indicates that terrorists are planning to use a certain kind of biological weapon, the Secretary should have the authority to redirect funds immediately to develop and deploy vaccines and to improve detection equipment for that weapon so that we could prevent an attack.

Without this authority, there could be unnecessary delays in getting the funds to rapidly develop counter-measures. Unlike other areas of government, we can’t be thinking only in terms of annual budget cycles. If there is an inability to responsibly shift funding, we cannot possibly be nimble enough to respond to the shifts in the evolving and complex threats we will face from international terrorist organizations.

I also believe that, to maximize the effectiveness of the new Department, organizations with border responsibilities should share a chain of command. Separate chains of command for these organizations – for Customs, Coast Guard, TSA, and the border inspection functions of INS – would impede, rather than further the efficiencies that the new Department is intended to create, adding unnecessary layers of bureaucracy to the process.

It has been said that the most difficult thing to do in government is to reorganize government. The second most difficult thing is to get it right. Let us not create aberrations to protect someone's turf or to preserve the status quo.

This is not the time to remove existing authority from the President. This is not the time to micromanage through legislation.

I am hopeful that when Congress returns from its recess, it will join the President in creating a Department of Homeland Security that will be strong enough, and flexible enough, to meet the threats to our Nation's Homeland Security. A new Department that will be far more effective and efficient in protecting the American homeland and American people than what we have now.

III. CSI

Now, let me turn to the main focus of my talk today – the Container Security Initiative, or CSI. In the months since I unveiled CSI here at the CSIS in January, the Container Security Initiative has moved to the forefront of our government's effort to secure the Nation from the potential terrorist threat using cargo containers. Indeed, the CSI concept is now a major piece of the President's National Strategy for Homeland Security, issued last month.

For those of you who weren't here in January, and as a quick recap for those who were, let me briefly describe what CSI is and what we are trying to accomplish with it.

CSI is a plan to secure an indispensable, but vulnerable link in the chain of global trade: containerized shipping.

Approximately 90% of world cargo moves by container, much of it stacked many stories high on huge transport ships. 200 million cargo containers are transported between the world's seaports each year, constituting the most critical component of global trade. Nearly half of all incoming trade to the United States (by value) – about 46% – arrives by ship, and most of that is in sea containers.

That means that annually nearly 6 million cargo containers – 5.7 million last year, to be precise – arrive and are offloaded at U.S. seaports. Other

countries, such as the U.K., Japan, and Singapore, for example, are even more dependent on sea container traffic.

The fact is, all trading nations depend on containerized shipping.

The problem is: there is virtually no security for what is the primary system to transport global trade. And the consequences of a terrorist incident using a container would be profound.

As experts like Stephen Flynn have pointed out repeatedly, if terrorists used a sea container to conceal a weapon of mass destruction and detonated it on arrival at a port, the impact on global trade and the global economy could be immediate and devastating – all nations would be affected. No container ships would be permitted to unload at U.S. ports after such an event. They would not be permitted to enter U.S. ports until a security system, like CSI, was established and put in place.

This is not a situation where you want to wait until it happens before taking action. We don't want to wait for the "nuke in the box."

Al Qaeda is still a threat. All those thousands of terrorists trained in Bin Laden's training camps are still a threat. And the threat is not just to harm and kill American citizens, it is a threat to damage and destroy the U.S. and the world economy – to attack not just the World Trade Center, but world trade.

To address this threat, I proposed CSI last January. With CSI, the U.S. Customs Service has and is entering into partnerships with other governments to identify high-risk cargo containers and pre-screen those containers at the foreign ports before they are shipped to the U.S.

CSI has four core elements:

- **First, identify "high-risk" containers.** In this regard, U.S. Customs has already established criteria and automated targeting tools for determining what is "high risk" based on advance information and strategic intelligence, which permits us to identify "high-risk" containers – and by that I mean containers that could be used by international terrorists to conceal terrorist weapons or even terrorists.
- **Second, pre-screen containers before they are shipped.** Do the security screening at the port of departure, not the port of arrival. In Rotterdam or Singapore, rather than Newark or Los Angeles.
- **Third, use technology to pre-screen high-risk containers.** Why? So that the screening can be done rapidly without slowing down the

movement of trade. This technology includes large scale x-ray and gamma ray machines and radiation detection devices.

As this next visual shows, these machines can detect even lead-shielded materials, or even people illegally concealed inside these steel containers.

- **Fourth, use smarter, more secure containers.** With these, U.S. Customs officers at the U.S. ports of arrival will be able to tell immediately if a pre-screened container has been tampered with. We are already using tamper-proof seals as part of CSI, but to develop even smarter containers, Customs is partnering with the Department of Transportation to explore new technologies. Under Operation Safe Commerce, we are looking for even better ways to secure containers, but at a reasonable and appropriate cost.

The way CSI works is that U.S. Customs inspectors work side-by-side with officials from our partner customs agencies at foreign ports – at “CSI” ports. A small group of U.S. Customs personnel target high-risk cargo containers, and they observe security inspections of that cargo, performed by the host nation personnel. These containers are then secured against tampering.

It is a cooperative effort to detect potential terrorist threats to legitimate maritime commerce before the cargo leaves outbound for the United States.

And the program is reciprocal: we send our Customs officers to their ports, and we welcome customs officers from CSI-participating countries to our ports, if a country wishes to send customs officers here.

Status of CSI

When I first proposed CSI here last January, I said that our goal was to start the program in the top ten or 20 ports that ship to the United States – in terms of volume of cargo containers shipped to the U.S. Why start with the top 20? Because those 20 ports account for nearly 70%, over two-thirds, of all the containers shipped to U.S. seaports. That’s why.

So, seven months later, where are we regarding CSI? So far, six nations have adopted and agreed to implement the Container Security Initiative. In addition to Canada, with whom we pioneered the CSI concept, they include The Netherlands, Belgium, France, and Germany. Singapore has also indicated that it will participate in CSI.

This represents 6 of the top 20 ports – the Ports of Rotterdam, Antwerp, Le Havre, Bremerhaven, Hamburg, and Singapore.

So, CSI is not just an interesting policy idea. It is a reality. And the agreements we have with other countries are not just concepts on paper that are years away from actually being implemented. We are already putting them into action.

In fact, I am pleased to announce that the first team of U.S. Customs personnel are being deployed today in the Port of Rotterdam. That means U.S. Customs targeting personnel, working alongside Dutch Customs, will be targeting and screening cargo outbound from Rotterdam to U.S. ports. CSI will now become operational in Rotterdam – Europe’s largest seaport. And I expect that CSI will be operational in Le Havre, Antwerp, Bremerhaven, Hamburg, and Singapore soon.

This is truly remarkable – being able to implement CSI as quickly as we have. Placing U.S. officials in a foreign country is usually a slow and difficult process. We’ve accomplished this at lightening speed – from concept to implementation in a matter of months.

And the Netherlands was the first, outside of Canada, to help us make it happen. I am deeply grateful to a number of people for this – especially Cliff Sobel, the U.S. Ambassador to The Netherlands, and Helma Nepperus, of the Tax and Customs Administration of The Netherlands’ Ministry of Finance.

Let me also say: This is exactly the kind of “Smarter Border” that Governor Ridge has envisioned, and he has supported CSI all the way. It would not have been possible without his leadership and the leadership of President Bush.

We have been developing CSI on a bilateral basis, an approach that unquestionably has permitted us to obtain agreements and implement CSI quickly, far more quickly than would have been possible working solely through multinational forums. But we have also been promoting the Container Security Initiative in multinational forums, such as the G-8, the World Customs Organization, and the International Maritime Organization.

At the summit in Kananaskis, Canada in June, the G-8 issued an action initiative, the Cooperative G-8 Action on Transport Security, that strongly endorsed CSI principles and recommended implementation of CSI between ports within the G-8 nations and ports of non-G-8 nations as well.

Also in June, I made a joint presentation on container security with Commissioner Rob Wright of the Canadian Customs and Revenue Agency to the World Customs Organization in Brussels. After the presentation, the 161-member nations of the WCO unanimously adopted a resolution on container security that also strongly supports CSI.

With excellent assistance from the U.S. Coast Guard, the International Maritime Organization is also supporting the need for this container security regime.

Benefits of CSI

The reasons why many countries are signing up to participate in CSI are fairly straightforward. First, the bottom line is that CSI offers real protection, on a day-to-day basis, for the primary system of international trade – a system on which all national economies of the world depend.

Second, in the event of an attack using a cargo container, the CSI network of ports will be able to remain operational, because those ports will already have an effective security system in place –one that will deter and prevent terrorists from using it. So joining CSI is a relatively inexpensive “insurance policy against terrorism” that will provide CSI ports with protection from shutdown if an attack occurs.

In other words, the shipping lanes between Rotterdam or Singapore – between CSI ports – and U.S. ports would remain open. They would not need to be shut down.

Not only does this protect the economy of the Netherlands, or Singapore – every nation that joins CSI – but it protects that nation’s principal ports from severe disruption from both an economic and security perspective.

Greater security does not have to mean slowing down or choking off the flow of trade.

In providing security for a transportation system, we ought not kill the system, or make it so inefficient or cumbersome or expensive that the system is hurt.

In thinking about security, what we wanted to achieve with CSI is a system that not only provides a substantial increase in security, but one that also facilitates trade, allows it to move more efficiently and quickly than before 9-11.

And CSI does this.

CSI actually facilitates the flow of trade. When a container has been pre-screened and sealed under CSI, U.S. Customs will not, except in rare cases, need to inspect it again when it reaches the U.S.

You only have to do the security screening once. If a container has been screened before it arrives in the U.S., it will not be screened after it arrives at a U.S. port. Currently, every container identified as high risk is being screened on

arrival to the U.S. With CSI, it will be unnecessary to do this screening here, if it has been done – “there” – at a CSI port.

The screening at a CSI port takes place during the “down time” at the outbound port. Most containers sit on a terminal – on average – for several days waiting for the vessel to arrive and be loaded. We can use this window of “down time” to screen the container for security. On arrival at the U.S. seaport, the CSI-screened container can be released immediately by U.S. Customs and be on its way. High-risk containers that have not come through a CSI port will be delayed until U.S. Customs can do a security screening here in the U.S.

CSI therefore increases the speed and predictability for the movement of cargo containers shipped to the U.S.

Beyond the Top 20

I want to make it clear that our CSI efforts will not stop at the top 20 ports; they were simply the logical place for us to start. As soon as we get CSI in place in many of the top 20 ports – and we are close to doing so – we will expand CSI to other strategic ports. In fact, we are already in discussions with several of the countries with such ports.

Our objective is to have CSI in place at all ports that ship a significant volume to the United States, or that are strategically significant, such as Dubai, Karachi, and Port Kelang in Malaysia. The more ports that sign on, the greater the protection of the global trading system – containerized shipping.

Proposed Customs Regulation

In order for CSI to work most effectively, there must be good targeting – the ability to identify high-risk containers. And good targeting depends on complete, accurate, and timely information about containers being shipped – what is in it, who is shipping the goods, where it originated, and so on. Such information is essential to U.S. Customs’ Automated Targeting System.

It is for that reason that three weeks ago, on August 8th, U.S. Customs published a proposed regulation in the Federal Register that requires advance manifest information – and it requires transmission of that information 24 hours before lading at the foreign port.

The proposed regulation will also eliminate incomplete or vague descriptions of cargo, such as FAK (Freight of All Kinds) and STC (Said to Contain). In the era of international terrorism, these kinds of vague manifest descriptions are no longer acceptable.

Analysis of the complete and accurate manifest information before lading will enable overseas Customs personnel to identify high-risk containers effectively and efficiently, while ensuring prompt processing of lower risk containers.

The proposed regulation is essential for CSI to succeed.

I want to emphasize, though, that the regulation is not something that would apply only to cargo shipped from CSI ports; rather, it will apply to all cargo shipped to the United States from all seaports.

We will analyze the information we receive at U.S. Customs, using our Office of Border Security, to better target containers in advance of their arrival from non-CSI ports. Indeed, having the data in advance of lading – or loading – will permit, when exceptional circumstances demand it, “load, no load” directions to carriers of containers to be shipped to the U.S. from non-CSI ports.

I hope to be able to put out a final regulation within about two to three weeks.

Air CSI

In addition to implementing CSI, and developing the regulation that is essential to CSI’s success, we’re also working on the next logical extension of CSI – applying that program’s targeting and pre-screening principles and methods beyond sea containers to air cargo. With the Department of Transportation, we are developing an Air Cargo Security Initiative – Air CSI – so stay tuned.

IV. A Role for Private Industry/C-TPAT

As U.S. Customs takes steps to improve security, we need to keep in mind that the private sector can play a big role in these efforts – a role that will complement, but not substitute for, the steps that Customs is taking.

And through the Customs-Trade Partnership Against Terrorism, “C-TPAT,” private industry is helping us take steps to improve security throughout the entire supply chain.

C-TPAT is a partnership I proposed last November between U.S. Customs and the private sector. In fact, it is the only significant government-private sector partnership formed in the aftermath of 9/11 to improve security against the terrorist threat.

Through C-TPAT, Customs works closely with the trade community – U.S. importers, carriers, customs brokers, and others. The companies agree to take steps to improve the security of their shipments and the security of the supply chain from foreign loading docks to the U.S. border and seaports. In return, the companies that partner with U.S. Customs – that meet security standards regarding their shipments – will be given the “fast lane” through our land border crossings, and through our seaports.

Having companies provide security for their shipments allows U.S. Customs to concentrate its resources on the high-risk cargo – cargo that poses a potential risk for terrorism.

Because it also improves security along the entire supply chain, while simultaneously expediting the flow of legitimate commerce into the United States, C-TPAT is a “win-win” program – a program through which businesses win and, most importantly, the American people win.

In the short time since we officially launched C-TPAT, the program has already made great progress. To date, nearly 400 companies have signed up and are participating as C-TPAT partners with the United States Customs Service. And those numbers continue to grow every day.

That to me is an astounding response by corporate America. At a time when American business is getting a black eye from a small number of corporate scandals, many, many honest and ethical businesses are stepping forward to invest in the security of cargo systems, without a great deal of fanfare.

V. NEXUS/Air NEXUS

In addition to cargo, every person, citizen or not, must come through U.S. Customs and potentially be subject to Customs’ broad border search authority. So, U.S. Customs, with the INS, must also look at how we process people through our borders. We must find ways to better focus our security resources on the high-risk travelers, while facilitating legitimate travel. If a person does not pose any risk whatsoever, we need not spend a lot of time with that person.

Under the Smart Border Accord between the United States and Canada, we are implementing what is called the NEXUS program. Four government agencies developed the program: U.S. Customs and the INS, on the U.S. side, and Canadian Customs and Revenue Agency (CCRA) and Citizenship and Immigration Canada (CIC), on the Canadian side. This is a joint, binational program to enroll people who cross the land border between the United States and Canada who apply, who provide information and fingerprints, who are run against crime and terrorist indices of both countries, and who are personally interviewed by U.S. and Canadian Customs.

If accepted into the program – and only those judged to pose no risk are accepted – they are issued a proximity card, or SMART card. When they approach the border POE, they wave their card and their information and photo shows up at the entry booth. They get waved right through. No stop for Customs or immigration purposes. It works both ways.

Are we just talking about this? No. It has been agreed to. In June, it was started at a major crossing point – Blaine, Washington. NEXUS will be expanded to the Detroit and Buffalo areas this Fall.

And, just as we are working on the next logical extension of CSI, Air CSI, we are also working on the next logical extension of NEXUS, Air NEXUS. A program that will – through better risk management techniques and pre-screening – improve, secure, and streamline the way international air passengers move through major hub international airports to the U.S.

We are able to start such a project with Canada because U.S. Customs and INS already pre-clear passengers departing for the U.S. through all seven international airports in Canada. We have for years. We certainly will want to explore this concept with other nations, à la CSI, and we will work and coordinate with TSA, INS, and others, as to whether it is feasible to expand Air NEXUS to other foreign hub airports, beyond just those in Canada.

VI. Conclusion

Combating terrorism is, and for the foreseeable future will continue to be, the number one priority of our country and of U.S. Customs. It has to be our number one priority, because the threat of another attack remains very real.

So, as we rapidly approach the one-year anniversary of 9/11, we must not let down our guard. We must continue to do all that we can to thwart future attacks.

For U.S. Customs, this means continuing to implement the President's National Homeland Security Strategy.

It means making better use of data and risk-management principles to identify high-risk goods, vehicles, and people.

It means continuing tightening security at the actual border, but without choking off legitimate trade and travel.

It means pushing our “zone of security” out away from our borders so that the physical borders are not our first line of defense, but our last line of defense.

It means developing and deploying better detection technology and equipment.

President Bush said we shouldn't just be satisfied with things the way they were before September 11th. Our systems should be more secure, and they should also be better and more efficient than they were before September 11. CSI, C-TPAT, NEXUS, and our other counterterrorism initiatives do exactly that.

But even with all that we've done so far, I'm still not satisfied. There's much more that can be done. And I can tell you that I, and all the men and women of the U.S. Customs Service, are continuing to do more – we are more determined than ever in our mission to protect our borders and keep America safe.

Thank you.