

Congress of the United States
Washington, DC 20515

March 6, 2006

ENSURE THE SECURITY OF SEA CONTAINERS

Cosponsor The Sail Only if Scanned (S.O.S.) Act

Dear Colleague:

As Congress attempts to address the proposed takeover of U.S. terminals by Dubai Ports World, we must not lose sight of the bigger issue. No matter who owns or operates port facilities, the fact is that only about 5% of the more than 11 million shipping containers destined for the United States are inspected or scanned. The United States cannot own or control the entire global trade network, but the United States can and should ensure the security of every container destined for this country. Security experts agree that nuclear weapons, or bomb-making materials, could easily be smuggled into the country under the current regime. We must correct this vulnerability in our port security system.

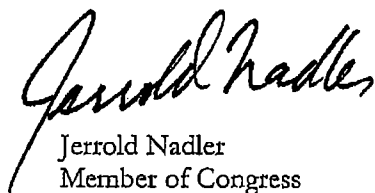
In order to ensure that every container is checked for radiological or other hazardous substances, we will introduce the Sail Only if Scanned (S.O.S.) Act. This legislation is quite simple. It would mandate:

- that all containers must be scanned using the best-available technology, including scanning for radiation and density, before they are loaded onto a ship destined for the United States;
- that the scans must be reviewed by American security personnel before the container is loaded; and
- that the containers are sealed with a device that indicates if the container has been tampered with in transit, and can notify U.S. officials of a breach before the containers enters the Exclusive Economic Zone of the United States.

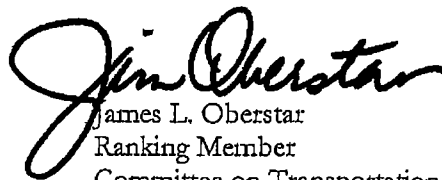
This legislation is modeled on the operations conducted at container terminals in Hong Kong, which is described in the attached Op-Ed, "A Port in the Storm Over Dubai," by Stephen E. Flynn and James M. Loy that ran in the *New York Times* on February 28, 2006. The cost of creating this security system is quite minimal. In fact, the estimated cost to scan a container is only \$6.50 - a drop in the bucket given that it costs about \$4000 to ship a container from Asia to the United States. The shipping companies could absorb this cost with virtually no impact on the cost of consumer goods. All Congress needs to do is make 100% scanning the policy of the United States. This legislation would do just that.

If you would like to cosponsor the Sail Only if Scanned (S.O.S.) Act, or if you have any questions, please feel free to contact us or Lisette Morton on Rep. Nadler's staff at 5-5635 or lisette.morton@mail.house.gov.

Sincerely,



Jerrold Nadler
Member of Congress
Committee on Transportation
and Infrastructure



James L. Oberstar
Ranking Member
Committee on Transportation
and Infrastructure

February 28, 2006
Op-Ed Contributors

A Port in the Storm Over Dubai

By STEPHEN E. FLYNN and JAMES M. LOY

THE political firestorm surrounding the takeover of five American container terminals by Dubai Ports World, a United Arab Emirates company, is a political distraction, but in many ways a welcome one. Americans are finally taking port security seriously.

Ports are the on- and offramps to global markets, and they belong to a worldwide system operated by many different private and public entities. Since the United States cannot own and control all of that system, we must work with our trade partners and foreign companies to ensure its security. A major step in that direction would be to construct a comprehensive global container inspection system that scans the contents of every single container destined for America's waterfront before it leaves a port — rather than scanning just the tiny percentage we do now.

This is not a pie-in-the-sky idea. Since January 2005, every container entering the truck gates of two of the world's busiest container terminals, in Hong Kong, has passed through scanning and radiation detection devices. Images of the containers' contents are then stored on computers so that they can be scrutinized by American or other customs authorities almost in real time. Customs inspectors can then issue orders not to load a container that worries them.

The Department of Homeland Security has greeted this private-sector initiative with only tepid interest. But the Dubai deal provides an opportunity to adopt a system like the one in Hong Kong globally. Washington should embrace Dubai Ports World's offer to provide additional guarantees to protect the five American terminals it wants to run. The company should agree to install scanning and radiation detection equipment at the entry gates of its 41 terminals in the Middle East, Europe, Asia, North America and South America within the next two years.

By making this commitment, the company could address head-on the anxiety of American lawmakers, governors and port city mayors that is fueling the uproar. The 45-day review period that has recently been agreed upon provides the breathing room to work out the details. Congress and the White House should appropriate the necessary funds to allay the concerns of the severely strained Customs and Border Protection agency, which, burdened by old and frail information systems, may worry that it can't tap the revolutionary potential of such a comprehensive inspection approach.

Hutchison Port Holdings, a Hong Kong-based company that is the world's largest container terminal operator, would probably join Dubai Ports World in putting Hong Kong-style inspection systems in place within its 42 ports. Hutchison's chief executive, John Meredith, is an outspoken advocate for improving container security and has championed the Hong Kong pilot program, which runs in one of its terminals.

Hutchison Port Holdings along with PSA Singapore Terminals, Dubai Ports World and Denmark's APM Terminals handle nearly eight out of every 10 containers destined for the United States. If they agreed to impose a common security fee of roughly \$20 per container, similar to what passengers are now used to paying when they purchase airline tickets, they could recover the cost of installing and operating this system worldwide. This, in turn, would furnish a powerful deterrent for terrorists who might be tempted to convert the ubiquitous cargo container into a poor man's missile.

There is already a bipartisan bill that the White House and Congress could embrace to advance this effort. The GreenLane Maritime Cargo Security bill, co-sponsored by Senators Susan Collins, Republican of Maine, and Patty Murray, Democrat of Washington, provides incentives for American importers to accept the modest fees associated with a global container inspection system. The bill would also establish minimum security standards and encourages the tracking and monitoring of containers throughout the supply chain.

Moreover, it would create joint operations centers within American ports to ensure that, should there be a terrorist incident or a heightened level of threat, the ports will respond in a coordinated, measured way that will allow the flow of commerce to resume when appropriate.

A global regime for container security will require oversight. Congress should require that the security plans developed by importers be independently audited. It should also provide the Department of Homeland Security with adequate Customs and Coast Guard inspectors to audit these auditors. Today Customs has only 80 inspectors to monitor the compliance of the 5,800 importers who have vowed to secure their goods as they travel from factories to ship terminals. To assess worldwide compliance with the International Ship and Port Facility Security Code, the Coast Guard has just 20 inspectors — roughly the size of the average passenger screening team at an airport security checkpoint.

Congress and the White House should step back from the brink of political fratricide over the Dubai deal. Certainly it is necessary and appropriate to closely examine any transaction that involves a foreign government having an ownership interest in critical United States assets. But the 45-day security review will provide a chance to work through those issues.

At the end of the day, America's port security challenge is not about who is in charge of our waterfront. The real issue is that we are relying on commercial companies largely to police themselves. Both Congress and the White House should embrace a framework of "trust but verify," in President Ronald Reagan's phrase, based on real standards and real oversight. When it comes to the flow of goods around the planet, we need to know what's in the box.

Stephen E. Flynn is a senior fellow at the Council on Foreign Relations and a retired Coast Guard officer. James M. Loy is a former deputy secretary of homeland security and commandant of the Coast Guard.