

**Statement of Chairman Dan Lungren**  
**Subcommittee on Economic Security, Infrastructure Protection & Cybersecurity of**  
**the House Committee on Homeland Security**

Before Senate Committee on Homeland Security and Government Affairs

April 5, 2006

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Thank you Chairman Collins and Ranking Member Lieberman, for inviting me to testify before you today. After 16 years away from Congress, it is refreshing to return to an environment in which important issues such as port security are approached in a bipartisan *and* bicameral fashion. The cooperative manner in which the House and the Senate are moving companion legislation on this issue is a testament not only to your leadership here in the Senate, and that of Chairman King in the House, but also evidence of the urgent nature of our task.

On October 18, 2001, Italian port authorities noticed unusual movement coming from a container waiting for the next leg of its transshipment to Canada. Inside the container, a man was attempting to widen ventilation holes for what had become his temporary residence. The container boasted superior amenities to those found in many homes around the globe – a bed, a heater, toilet facilities and water, a lap-top computer and a satellite phone all accompanied the man for his trip. Also inside the container were airport security passes, an airline mechanic’s certificate valid for New York’s JFK, Newark, L.A. International and O’Hare airports.<sup>1</sup> After the man was temporarily apprehended, he disappeared – his intent and whereabouts to this day remain unknown.

This event, occurring only one month after the tragic events of September 11<sup>th</sup>, is in part the product of an increasingly liberal global trade system. Only fifty years ago, before the advent of cargo “containers,” cargo had to be individually loaded, offloaded, transported to a warehouse, inspected by Customs officers, and then reloaded on to their

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<sup>1</sup> Organisation for Economic Co-operation and Development. “Security in Maritime Transport: Risk Factors and Economic Impact.” July 2003. Page 8

respective vessels. Although this system ensured transparency, it was a barrier to trade. Cargo containers are able to accommodate the transport of large volumes of goods without manual intervention by dock workers, making global trade more efficient and more profitable.

Today we must ensure that the efficiency of our intermodal transportation system does not compromise American security. I believe that the “Greenlane Maritime Cargo Security Act,” which we are here today to discuss, does this by enhancing supply chain visibility and accountability. By involving everyone in the supply chain, including importers, freight forwarders, shippers, terminal operators, longshoreman, truck drivers and port employees, the GreenLane Act ensures accountability from the factory floor overseas to seaports here in the United States.

Let me pause here and take a moment to recognize the nature of this endeavor by Senators Collins and Murray. I think it is important to note that neither this effort in the Senate, nor the companion effort in the House with the “Security and Accountability For Every Port Act,” is an afterthought to the recent Dubai Port World controversy. Senator Collins, Senator Murray and Senator Lieberman began work on this bill months before the now defunct acquisition of U.S. port operations by a United Arab Emirates-owned company made headlines around the country. Similarly, we had begun work in the House. Rather, I believe that the hullabaloo surrounding the DPW deal injected a sense of urgency in to the need for important port security reform.

The GreenLane Act authorizes important programs such as the Container Security Initiative, the Customs-Trade Partnership Against Terrorism, or C-TPAT, program, creates a third tier of C-TPAT known as the “GreenLane,” directs the Secretary of Homeland Security to create baseline container security standards and procedures and importantly, creates a dedicated Port Security Grant Program.

The Customs-Trade Partnership Against Terrorism (C-TPAT) program, which is authorized for the first time in the GreenLane Act, incentivizes the private sector to share

the responsibility of protecting our homeland from terrorist attack with government. Entities participating in the international supply chain, from importers to land carriers, are encouraged to enter in to a partnership with the Department of Homeland Security. By allowing companies to volunteer to submit additional information regarding their business operating procedures, manifest data and container contents, they will become eligible for expedited processing once their shipment reaches the United States.

This program lies at the heart of future homeland security business approaches. It serves a dual purpose by protecting Americans from those that would do us harm, but also by creating more efficient and profitable business operations for companies that choose to participate.

One company, Toymaker Hasbro, has seen a five-to-one return rate since becoming a C-TPAT member in 2002. This company spent approximately \$200,000 in upfront costs becoming compliant to C-TPAT, and about \$112,500 each year thereafter maintaining compliance. After becoming a member, its inspections dropped from 7.6% in 2001 to .66% in 2003. Given that Toymaker Hasbro imported 8,000 containers in to the United States in 2003, and that the port authorities charge \$1,000 per inspection, they are saving over half a million dollars a year in inspection costs alone.

The GreenLane Act allows the Department of Homeland Security to focus a greater percentage of its resources on those threats that pose the greatest risk. It makes little sense to spend 99% of our resources hardening 99% of what will never become a target.

That is why I am here today to commend your efforts - your legislation is reflective of a common-sense approach to port security. As you know, Jane Harman, Ranking Member of the House Intelligence Committee, and I have developed House companion legislation to the "GreenLane Maritime Cargo Security Act." Our bill, the "Security and Accountability For Every Port Act," or the "SAFE Port Act," is somewhat different from the Senate legislation before us, but is based upon the common principle of pushing our shores out as far as possible through layered defenses.

The “SAFE Port” Act is a comprehensive proposal to strengthen the maritime transportation system through a multi-layered security strategy that builds on existing initiatives to secure the supply chain from the point of origin to delivery in the United States. This legislation focuses on improving security, both at home and abroad, by expanding capabilities, maximizing available resources, and pushing our borders outward.

The legislation has three key ideas:

1. Enhancing Security at U.S. Ports by establishing a risk-based Port Security Grant Program with dedicated funding from Customs Duties, and requiring the implementation of the Transportation Worker Identification Credential.
2. Preventing Threats from Reaching the U.S. by authorizing and improving two Customs and Border Protection cornerstone security programs – the Container Security Initiative (CSI) and the Customs-Trade Partnership Against Terrorism (C-TPAT), similar to the Senate bill.
3. Tracking and Protecting Containers En Route to the U.S. by improving our ability to detect high-risk containers through strengthening the Automated Targeting System by requiring entry data, establishing container security standards, and supporting additional cargo security research and development, including reviving Operation Safe Commerce.

We held a legislative hearing on the SAFE Port Act on March 16, followed by a markup on March 30. During the markup, in the form of an Amendment in the Nature of a Substitute, we added two key provisions to the base bill. First, we established the

Directorate for Policy, Planning and International Affairs in the Department. Within this Directorate we created the position of Director of Cargo Security.

Also importantly, I worked with Chairman John Linder of the Subcommittee on Prevention of Nuclear and Biological Attack to establish the Domestic Nuclear Detection Office (DNDO). DNDO will work to establish relationships across Departments and levels of government in order to develop a global nuclear detection architecture. Its role in the acquisition, support and deployment of radiological and nuclear detection systems is instrumental in our efforts to secure our ports.

The full Committee met yesterday to hold a legislative hearing on this piece of legislation and a full Committee markup is scheduled for the end of April. As you can see, we believe this must become law sooner rather than later.

Again, I want to thank you for having me before your Committee today. I look forward to continuing to work with you on these important issues.