AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

ASSESSING THE RESILIENCY OF THE NATION'S SUPPLY CHAIN

HEARING

BEFORE THE

SUBCOMMITTEE ON BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

MAY 7, 2008

Serial No. 110–111

Printed for the use of the Committee on Homeland Security

Available via the World Wide Web: http://www.gpoaccess.gov/congress/index.html

U.S. GOVERNMENT PRINTING OFFICE

42–925 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON HOMELAND SECURITY

BENNIE G. THOMPSON, Mississippi, *Chairman*

LORETTA SANCHEZ, California
EDWARD J. MARKEY, Massachusetts
NORMAN D. DICKS, Washington
JANE HARMAN, California
PETER A. DEFAZIO, Oregon
NITA M. LOWEY, New York
ELEANOR HOLMES NORTON, District of Columbia
ZOE LOFGREN, California
SHEILA JACKSON LEE, Texas
DONNA M. CHRISTENSEN, U.S. Virgin Islands
BOB ETHERIDGE, North Carolina
JAMES R. LANGEVIN, Rhode Island
HENRY CUELLAR, Texas
CHRISTOPHER P. CARNEY, Pennsylvania
YVETTE D. CLARKE, New York
AL GREEN, Texas
ED PERLMUTTER, Colorado
BILL PASCRELL, JR., New Jersey

PETER T. KING, New York
LAMAR SMITH, Texas
CHRISTOPHER SHAYS, Connecticut
MARK E. SOUDER, Indiana
TOM DAVIS, Virginia
DANIEL E. LUNGREN, California
MIKE ROGERS, Alabama
DAVID G. REICHERT, Washington
MICHAEL T. MCCAUL, Texas
CHARLES W. DENT, Pennsylvania
GINNY BROWN-WAITE, Florida
GUS M. BILIRAKIS, Florida
DAVID DAVIS, Tennessee
PAUL C. BROUN, Georgia
CANDICE S. MILLER, Michigan

JESSICA HERRERA-FLANIGAN, *Staff Director & General Counsel*
ROSALINE COHEN, *Chief Counsel*
MICHAEL TWINCHEK, *Chief Clerk*
ROBERT O'CONNOR, *Minority Staff Director*

SUBCOMMITTEE ON BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM

LORETTA SANCHEZ, California, *Chairwoman*

JANE HARMAN, California
ZOE LOFGREN, California
SHEILA JACKSON LEE, Texas
JAMES R. LANGEVIN, Rhode Island
HENRY CUELLAR, Texas
AL GREEN, Texas
BENNIE G. THOMPSON, Mississippi *(Ex Officio)*

MARK E. SOUDER, Indiana
DAVID G. REICHERT, Washington
MICHAEL T. MCCAUL, Texas
GUS M. BILIRAKIS, Florida
MIKE ROGERS, Alabama
PETER T. KING, NEW YORK *(Ex Officio)*

ALISON ROSSO, *Director*
DENISE KREPP, *Counsel*
CARLA ZAMUDIO-DOLAN, *Clerk*
MANDY BOWERS, *Minority Senior Professional Staff Member*

CONTENTS

Page

STATEMENTS

The Honorable Loretta Sanchez, a Representative in Congress From the State of California, and Chairwoman, Subcommittee on Border, Maritime, and Global Counterterrorism 1
The Honorable Mark E. Souder, a Representative in Congress From the State of Indiana, and Ranking Member, Subcommittee on Border, Maritime, and Global Counterterrorism:
Oral Statement 2
Prepared Statement 3

WITNESSES

Mr. Todd Owen, Executive Director, Cargo and Conveyance Security Office, Office of Field Operations, U.S. Customs and Border Protection, Department of Homeland Security:
Oral Statement 6
Prepared Statement 8
Rear Admiral James Watson, Director, Prevention Policy for Marine Safety, Security and Stewardship, U.S. Coast Guard, Department of Homeland Security:
Oral Statement 10
Prepared Statement 12
Mr. Robert W. Kelly, Senior Advisor, The Reform Institute:
Oral Statement 15
Prepared Statement 17
Mr. Paul Zimmermann, Director of Operations, Board of Commissioners, The Port of New Orleans:
Oral Statement 20
Prepared Statement 21

FOR THE RECORD

The American Association of Port Authorities 5

APPENDIX

Questions From Honorable Loretta Sanchez 39

ASSESSING THE RESILIENCY OF THE NATION'S SUPPLY CHAIN

Wednesday, May 7, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM,
Washington, DC.

The subcommittee met, pursuant to call, at 3:19 p.m., in Room 311, Cannon House Office Building, Hon. Loretta Sanchez [chairwoman of the subcommittee] presiding.

Present: Representatives Sanchez, Cuellar, and Souder.

Ms. SANCHEZ. The Subcommittee on Border, Maritime and Global Counterterrorism will come to order. The committee is meeting today to receive testimony on "Assessing the Resiliency of the Nation's Supply Chain."

I want to thank our witnesses for staying the extra hour and 15 minutes and beyond. Just even to begin this, I am so sorry the other side is playing games, and we are having a good time running back and forth for votes. So I am told that we have about an hour if no procedural votes come up. So we will at least get your testimony in and begin to answer questions, and I think that that will be good.

So thank you again for being before us. I am looking forward to receiving your testimony and, of course, to asking you questions. Today we will be discussing the vulnerabilities of our Nation's supply chain, the consequences that could be caused by an incident affecting that supply chain, and how we can prepare to effectively and efficiently restore the supply chain after any type of incident.

Ensuring that we have a comprehensive plan that would assist in recovering and restoring the supply chain after any attack or disruption is a primary concern to many of us on this subcommittee. A disruption would bring a halt to goods flows. We would have to find new ways to move goods in our country. Of course, it could have an incredible impact on our economy.

I remember back in 2002, I think it was in the summer, living in southern California, seeing the 10-day shutdown of the ports up there in LA/Long Beach and seeing just transport ships all the way down to San Diego waiting to try to unload. Of course, it cost us between $1 billion and $2 billion a day. Then to restart, once we opened up the port again, took us, I think somebody told me, almost 6 months to get back on schedule as we needed to.

So that is a lot of economic consequences, not only to someplace like southern California, but that reached all the way into so many

other places, like car manufacturing in Alabama where they have just-in-time and receive pieces they need there.

So we need to prepare for that. We want to be prepared to minimize the potential negative effects. I am aware that the Department has compiled numerous documents on broad initiatives and goals, but I am concerned that the level of detail necessary to establish inherent resiliency has been overlooked. In order to be successful, recovery plans must be fully fleshed out, communicated to all stakeholders, practiced frequently, and funded.

The resiliency effort must be open to input and to feedback from the private sector, because, of course, as we learned then, they really are the ones who are moving so much of those goods, and they need to be in the loop. In addition, communication with the private sector. We also encourage the Department to continue communicating regularly with this subcommittee and with the full committee.

We are very interested in receiving the overdue report evaluating the capabilities of the SAFE Port Act pilot project that tested the large-scale radiation scanning of U.S.-bound containers. Any indication of when we would receive that report would be greatly appreciated.

Again, I thank the witnesses.

I yield to my ranking member from Indiana, Mr. Souder, for his opening statement.

Mr. SOUDER. Thank you, Madam Chair.

The ability of our Nation's supply chain to quickly recover from a terrorist attack or a natural disaster is critical to both the national security and economic security of the United States.

I have the largest manufacturing district in the country, both percent and actual numbers of manufacturing workers. Wherever we aren't making something, we are growing in between, food stuff.

In Fort Wayne, for example, we make everything from vehicles to orthopedic devices in Warsaw to military contract things from SonaVoice to all of the aircraft control devices from BAE for every single military aircraft.

After September 11, 2001, commercial trucks were severely delayed; that is the GM pick-up plant, which is the largest in the United States, is the bridge between Windsor and Detroit due to security concerns. There is about a hundred crossings per pick-up. This led to a loss of revenue and potentially would have lost the jobs in my district if we don't keep these things flowing.

We have time now to work out some of these issues to reduce delays and facilitate rerouting of trade in the event of an attack or disaster. For example, in Tacoma, Washington, is the main rail connection to the entire Midwest, and that port has incredible complications in trying to figure out how we are going to manage and do the security of those trains. There are multiple points you could cut it there or anywhere before it spreads that are critical to infrastructure.

Los Angeles/Long Beach is the biggest trucking center for all these parts that are coming to the Midwest to keep all of our plants going, and that could be done. At one point, in New Orleans, the largest grain elevator in my district, 100 percent of the soybeans were going to a harbor in New Orleans to ship to Asia. That

shifted a little bit now because it goes depending on the trading, but the whole Mississippi River valley funnels into New Orleans. You can do multiple different types of choke points, whether it is rail or whether it is truck or whether it is on the water, inland, that are critical to keeping the industrial structure moving in the United States.

To this end, there are three key issues. No. 1 is what communication protocols exist between DHS and the private sector in the event of an incident? No. 2, how do training and exercise programs cover resumption-of-trade issues, and how is the private sector involved in that? No. 3, what are the roles and responsibilities for making decisions involving resumption of trade in DHS and with other levels of government?

Madam Chair, I would like to thank you for holding this hearing. I believe this is a really important issue. This week, DHS is operating a Government-wide exercise to test crisis response capabilities and continuity of operations.

I would like to call to everyone's attention an article from The Washington Post this morning which provides some details on the exercise, including that it involves terrorists sabotaging a tanker vessel on the West Coast. The Coast Guard and CBP are clearly involved in the planning and preparations for this exercise, and I hope that it will include a resumption-of-trade aspect.

I ask unanimous consent that the article from The Washington Post be inserted into the hearing record.

I appreciate the willingness of Mr. Owen and Admiral Watson to come here today. It is unfortunate that we couldn't delay this hearing 1 day or possibly till next week to allow for these individuals to take part in this exercise and then include the lessons learned, especially as they relate to supply-chain resiliency, in the testimony before the committee.

Again, I thank the witnesses for being here, your patience with our floor procedures.

I yield back the rest of my time and ask for my full statement and the article to be inserted in the record.

Ms. SANCHEZ. The gentleman has asked for his full statement and the article to be inserted.

[The statement of Hon. Souders and the information follow:]

PREPARED STATEMENT OF THE HON. MARK SOUDER

MAY 7, 2008

Thank you Madam Chair. The ability of the Nation's supply chain to quickly recover from a terrorist attack or natural disaster is critical to both the national security and economic security of the United States.

I have the largest manufacturing district in the country. In Fort Wayne, for example, we make everything from vehicles to orthopedic devices to military supplies. After September 11, 2001, commercial trucks were severely delayed at the bridge between Windsor and Detroit due to security concerns; this led to a loss of revenue and jobs at the plants in my district. We have time now to work out some of these issues to reduce delays and facilitate rerouting of trade in the event of an attack or disaster.

A great deal has been done since then to enhance security in our ports and throughout the supply chain. There is no doubt that there is more to be done on the prevention side to implement and enhance on-going initiatives, as well as a continual vigilance to ensure that the security measures we have in place are addressing current threats and trends.

One area where more work is clearly needed is on resiliency and resumption of trade. While considering the SAFE Port Act of 2006, Congress recognized that more needed to be done on resiliency planning and included several legislative mandates:

- Requiring Federal Maritime Security Coordinators to identify salvage equipment capable of restoring trade capacity and clearing waterways as quickly as possible after an incident;
- Requiring the Coast Guard to establish interagency operational centers to improve communication and coordination within ports; and
- Requiring DHS to develop a system to collect and share risk information with the private sector related to the security of the supply chain.

Two other sections required strategic plans for securing the supply chain and protocols for resuming trade. Both of these were submitted on July 13, 2007. I would like to express appreciation for the timeliness of the delivery to Congress; I know that a lot of man hours went into these documents.

I am looking forward to receiving an update on the implementation of those specific sections of law. In addition, there are three key issues that I hope to discuss in today's hearing:

1. What communication protocols exist between DHS and the private sector in the event of an incident?
2. How do training and exercises programs cover resumption of trade issues and how is the private sector involved?
3. What are the roles and responsibilities for making decisions involving resumption of trade within DHS and with other levels of government?

Madam Chair, I would like to thank you for holding this hearing; I believe that this is a really important issue. This week, DHS is operating a governmentwide exercise to test crisis-response capabilities and continuity of operations.

I would like to call to everyone's attention an article from the Washington Post this morning which provides some details on the exercise—including that it involves terrorists sabotaging a tanker vessel on the west coast. The Coast Guard and CBP are clearly involved in the planning and preparations for this exercise and I hope that it will include a resumption of trade aspect. I ask unanimous consent that the article from the Washington Post be inserted in the hearing record.

I appreciate the willingness of Mr. Owens and Admiral Watson to come here today. It is unfortunate that we couldn't delay this hearing 1 day or possibly until next week to allow for these individuals to take part in the exercise and then include the lessons learned, especially as they relate to supply chain resiliency in their testimony before the committee.

Again, I thank the witnesses for being here and I yield back my time.

APPENDIX 1.—U.S. TESTS RESPONSE TO SET OF CALAMITIES

EXECUTIVE BRANCH "RUNS" GOVERNMENT FROM OUTSIDE D.C. AS MOCK CRISES MOUNT

By Mary Beth Sheridan, Washington Post Staff Writer, Wednesday, May 7, 2008

Thousands of key Federal employees are being whisked from the Washington area by helicopter and car for a 3-day test of their ability to run the government from remote locations during a disaster.

The exodus, which began yesterday and will continue today, involves the White House and other parts of the executive branch. Congress and the judiciary are not part of the exercise, which is being overseen by the Department of Homeland Security.

Since the late 1990's, every Federal agency has been required to have a plan to quickly resume operations after a catastrophe. But the response to the Sept. 11, 2001 terrorist attacks raised doubts about many agencies' preparations.

This week's "continuity of government" drill is one of the largest by the Federal Government since 9/11, officials said. It is part of a national 8-day exercise in which officials are responding to a cascade of nightmarish events. The drill started Thursday, with terrorists sabotaging a tanker carrying poisonous gas in Washington State.

Next, suspected nerve gas was accidentally released from a government stockpile in Oregon. The disaster script also calls for a devastating Category 4 hurricane to roar up the East Coast toward the District, where officials will be getting word of a terrorist threat to the capital.

Officials leaving the Washington area will work from temporary offices in Virginia, West Virginia and Maryland for periods ranging from a few hours to 2 days. Others will work from home.

Russ Knocke, a Homeland Security spokesman, said thousands of employees will take part in the exercise. Plans call for a mandatory evacuation of the Washington region before "Hurricane Zoe" strikes at 1 a.m. Thursday.

Knocke would not say which senior officials are participating. President Bush will not be working from a remote location, but other White House officials will, said Scott Stanzel, deputy White House press secretary.

"I'm not going to be able to detail who those officials are," he said.

The roles of Cabinet secretaries in remote locations will be played by their underlings in some cases.

The out-of-town sites used in the exercise will include Mount Weather, a cold war-era bunker on the border of Loudoun and Clarke counties that has been used in recent years as an operations center by the Federal Emergency Management Agency, officials said.

Critics have derided FEMA in recent years for including functions such as patent processing as an "essential" service to be restored after a catastrophe.

But Paul C. Light, a professor of government at New York University's Wagner Graduate School of Public Service, applauded officials for organizing the drill.

"At least they're doing exercises," he said. "It's not enough to design plans; you have to practice."

FEMA is running the hurricane part of the exercise. Washington, Maryland and Virginia officials "are involved but not playing full-scale," said Chris Geldart, who heads Homeland Security's office for the National Capital Region.

Most residents won't notice anything unusual during the hurricane exercise, because much of it is "tabletop"—involving discussions of plans rather than deployments of first responders. But hotels a few hours outside Washington may be unusually full of visitors who are clearly not tourists.

Ms. SANCHEZ. Do we have anything else to be inserted at this point into the record?

I will ask that the memo that was sent to us from the AAPA be inserted. Without objection, it is so.

[The information follows:]

AMERICAN ASSOCIATION OF PORT AUTHORITIES

SUPPLY CHAIN SECURITY

A Call for Minimum Standards

While the Department of Homeland Security has attempted to address supply chain security under the various programs that have been promulgated by Customs and Border Protection, the reality is that no internationally agreed upon minimum supply chain security standards have been published. Without this global baseline, and a method of either enforcement or rewards, supply chain security is largely a voluntary notion that his little chance of truly enhancing security.

Through discussions with supply chain participants, and as demonstrated by real-world security-related demonstration projects, it has been determined that a framework for minimum mandatory supply chain security standards that is recognized and accepted worldwide is necessary in order to begin the complex process of ensuring that goods moving through the supply chain are not compromised. This framework would cover five major areas:

1. Verification that a container is free of false compartments;
2. Verification that reasonable care and due diligence have been used in packing, securing, and manifesting goods;
3. Ensuring that at any point along the route that the cargo has not been tampered with;
4. Ensuring that the integrity of the information and information systems associated with the movement of cargo has not been compromised;
5. Ensuring that accurate data on the shipment is provided to Customs well in advance of the ship's arrival in the United States.

To date, the Federal Government's response to supply chain security has been fragmented among several agencies (e.g., U.S. Coast Guard, Customs and Border Protection, Domestic Nuclear Detection Office, Transportation Security Administration, Federal Emergency Management Administration, U.S. Department of Transportation, etc.), and many of the programs currently in place feature voluntary participation, such as the Customs-Trade Partnership Against Terrorism (C–TPAT), or are internal research efforts looking at applying technology solutions to mitigate the risks.

Although the benefits of participation in these voluntary programs have included reduced or priority inspections (the "Green Lane" concept), these benefits have not been consistently applied throughout the trade community. Therefore, there is reduced incentive for supply chain owners to make investments in complying with voluntary programs that may provide little return on investment.

Minimum security standards would address several issues that have already been identified, such as: lack of a standard Risk Assessment Methodology; disparity among countries on how security devices that may be installed on ocean containers are treated by customs; the lack of a global, dedicated frequency band for security devices that use radio communication as part of their functionality; the lack of provisions for security in current international standards for container manufacture; the lack of a standardized, pre-shipment inspection checklist or other method to ensure that containers are in good repair, and are the proper dimensions; the lack of an international standard for minimum identification verification or background checks of employees who have access to cargo; agreement on the minimum data elements that should be included in cargo transactions; lack of standard operating procedures and processes for the encryption and exchange of data and information as cargo moves through the supply chain; and the lack of minimum standards for conducting and documenting the inland dray portion of the supply chain.

Without internationally recognized minimum and enforceable supply chain security standards, there can be no firm foundation upon which to build the appropriate business processes, policies, procedures and technologies that are economically and commercial viable to improve supply chain security, including the development of acceptable performance criteria for enforceable third party certification and program auditing.

Ms. SANCHEZ. The Chair reminds other members of the subcommittee that, under committee rules, opening statements may be submitted for the record.

Now to the testimony. I welcome our first panel of witnesses.

Our first witness, Mr. Todd Owen, is the executive director of the Cargo and Conveyance Security Office in the Office of Field Operations for the U.S. Customs and Border Protection.

Our second witness, Rear Admiral James Watson, is the director of prevention policy for marine safety, security and stewardship, U.S. Coast Guard.

Our third witness, Mr. Robert W. Kelly, is senior advisor at The Reform Institute.

Our last witness, Mr. Paul Zimmermann, is the director of operations at the Port of New Orleans.

Welcome, all. Without objection, we are going to put your full statements to be inserted into the record.

I will now ask each witness to summarize his statement for 5 minutes, beginning with Mr. Owen.

STATEMENT OF TODD OWEN, EXECUTIVE DIRECTOR, CARGO AND CONVEYANCE SECURITY OFFICE, OFFICE OF FIELD OPERATIONS, U.S. CUSTOMS AND BORDER PROTECTION, DEPARTMENT OF HOMELAND SECURITY

Mr. OWEN. Good afternoon, Chairwoman Sanchez, Ranking Member Souder. It is an honor to have the opportunity to testify before you today.

My testimony this afternoon will focus on U.S. Customs and Border Protection's role in ensuring the continuity of international trade in the event of an incident occurring in the maritime environment.

I would be remiss if I did not begin by thanking the almost 50,000 CBP employees for their hard work, dedication and professionalism they exhibit every day while protecting our Nation. As America's front-line border agency, U.S. Customs and Border Pro-

tection employees are highly trained professional personnel, resources, expertise and law enforcement authorities to meet our twin goals of improving security and facilitating the flow of legitimate travel and trade.

CBP is responsible for preventing terrorists and terrorist weapons from entering the United States, apprehending individuals attempting to enter the United States illegally, stemming the flow of illegal drugs and other contraband, and protecting our agriculture and economic interests from harmful pests and disease.

To this end, CBP has worked to refine a layered and risk-based approach to enhance the security of goods and people entering the United States. This layered approach to security reduces our reliance on any single point or program, extends our zone of security outward, and facilitates resiliency and resumption of critical trade after an event of national significance.

I am pleased to appear before the subcommittee today to highlight some of the activities related to the above global supply chain security, which we know we rely on so heavily, not only for security, but the ability to recover quickly after disruptive events.

The communication of accurate and timely information between all stakeholders, whether Federal, State, local or private sector, is a necessary precondition to facilitate the quick recovery from unanticipated change or disruption. By working to ensure that resiliency-building conditions are deployed within the supply chain, CBP will thereby increase its capacity to receive, process and act upon commercial and security information quickly and efficiently, thus mitigating threats with the least possible disruption to legitimate trade.

CBP is making every effort to work with our partners and stakeholders to ensure quick and coordinated recovery in the maritime transportation system. CBP and the U.S. Coast Guard have developed joint protocols for the expeditious recovery of trade. These protocols were recently signed by both the CBP Commissioner and the Commandant of the U.S. Coast Guard, and they also establish a critical communication link to industry groups representing trade and carrier interests.

CBP has also developed a formal business-resumption communication and coordination plan with Canada's border services agency. These protocols provide for both CBP and CBSA during instances where precise, accurate and timely communication is essential. A similar communication coordination plan with the Government of Mexico is being finalized.

CBP recognizes that a critical part of post-incident resumption is identifying methods for communicating reliable, timely and factual information to the trade community. To this end, CBP has created a Web-based mechanism, known as the Unified Business Resumption Messaging, for communicating with the trade community and has tested it during multiple exercises with industry representatives. The content of these messages is tailored to all modes of transportation; provides the trade community with timely information concerning port operations so that they may make informed business decisions in a post-incident environment.

CBP is also becoming more involved in local, regional and national incident response and recovery exercises. These exercises are

helping CBP personnel establish relationships with responding agencies and to identify best practices for multi-agency incident response.

While our efforts in a post-incident resumption of trade have focused on the processes for interagency cooperation and with sharing timely information with the trade community, we recognize that it is impossible to predict every significant event scenario or the details that will present themselves in an actual event. Our response to an actual event will depend on the facts we encounter, and each response will be tailored to those circumstances.

The initiatives discussed today are only a portion of CBP's efforts to secure our homeland, and we will continue to provide our men and women on the front lines with the necessary tools to help them gain effective control of our Nation's border.

Again, I would like to thank Chairwoman Sanchez and Ranking Member Souder for the opportunity to present this testimony today and for your continued support of DHS and CBP. Thank you.

[The statement of Mr. Owen follows:]

PREPARED STATEMENT OF TODD OWEN

MAY 7, 2008

Chairwoman Sanchez, Ranking Member Souder and distinguished subcommittee members, my name is Todd Owen and I am the Executive Director for Cargo and Conveyance Security, Office of Field Operations, U.S. Customs and Border Protection (CBP). As the Executive Director for the Cargo and Conveyance Security (CCS) Office since May 2006, I am directly responsible for all cargo security programs and policies for CBP. As you may imagine, a variety of programs and efforts fall under the purview of the Cargo and Conveyance Security office including, among others: the Container Security Initiative (CSI); the Secure Freight Initiative (SFI); radiation detection equipment and large scale imaging equipment, policies, and programs; the Customs-Trade Partnership Against Terrorism program (C–TPAT); the national Canine Enforcement Program; cargo enforcement efforts and policies, coordinated activities with the U.S. Coast Guard and the Transportation Security Administration; the Cargo Control Office, trade security policies and programs including in-bond, manifest, and carrier compliance programs; and the National Targeting Center for Cargo (NTC–C), located in Northern Virginia.

Prior to my current position with Cargo and Conveyance Security, I served as the Director of the C–TPAT program from January 2005 through May 2006. C–TPAT is an important industry-government partnership program under which companies commit to enhance security measures within their own infrastructure, thereby enabling CBP to leverage supply chain security throughout international locations beyond U.S. regulatory reach. We worked hard during this time to strengthen C–TPAT by more clearly defining the security measures required of members, by implementing strong management controls, and by increasing the number of program personnel, all of which boosted the level of foreign site assessments performed worldwide. These efforts resulted in the effective and robust program in place today—a program that is a key component of our risk-based and layered defense.

It is an honor to have the opportunity to appear before you today. My testimony this morning focuses on CBP's role of ensuring the continuity of international trade in the event of an incident occurring in the maritime environment.

As America's frontline border agency, CBP employs highly trained and professional personnel, resources, expertise and law enforcement authorities to meet our twin goals of improving security and facilitating the flow of legitimate trade and travel. CBP is responsible for preventing terrorists and terrorist weapons from entering the United States, apprehending individuals attempting to enter the United States illegally, stemming the flow of illegal drugs and other contraband, protecting our agricultural and economic interests from harmful pests and diseases, protecting American businesses from theft of their intellectual property, regulating and facilitating international trade, collecting import duties, and enforcing United States trade laws.

To this end, DHS has worked continuously to refine a layered and risk-based approach to enhance the security of the goods and people entering the United States.

This layered approach to security reduces our reliance on any single point or program that could be compromised, extends our zone of security outward, and facilitates resiliency and resumption of critical trade after an event of national significance. This multi-layered approach includes:

- Advanced Information under the 24-Hour Rule and Trade Act of 2002;
- Screening the information through the Automated Targeting System;
- Government-industry partnerships such as the Customs Trade Partnership Against Terrorism (C–TPAT);
- Partnerships with the international community such as the Container Security Initiative (CSI) and the Secure Freight Initiative (SFI);
- Use of Non-Intrusive Inspection technology and mandatory exams for all high risk shipments.

On a typical day CBP processes more than 1.13 million passengers and pedestrians; 70,200 truck, rail, and sea containers; 251,000 incoming international air passengers; 74,100 passengers and crew arriving by ship; 82,800 shipments of goods approved for entry; $88.3 million in fees, duties and tariffs; and makes 70 arrests of criminals at ports of entry (POE) and 2,402 apprehensions between the POEs per day. CBP also seizes an average of 7,388 pounds of narcotics, $652,603 worth of fraudulent commercial merchandise, 41 vehicles, 164 agriculture pest, and 4,296 prohibited meat or plant materials each day.

I am pleased to appear before the subcommittee today to highlight key accomplishments related to ensuring that the global supply chain upon which we rely so heavily is not only secure, but also has the ability to recover quickly after disruptive incident. The communication of accurate and timely information between all stakeholders—whether Federal, local, State, or private-sector—is a necessary precondition to facilitate quick recovery from unanticipated change or disruption. By working to ensure that resiliency-building conditions are developed within the supply chain, CBP will thereby increase its capacity to receive, process, and act upon commercial and security information quickly and efficiently, thus mitigating threats with the least possible disruption to legitimate trade.

CBP is making every effort to work with our partners and stakeholders to ensure quick and coordinated recovery of the maritime transportation system. The events of Hurricane Katrina revealed the need to work more cohesively as an agency with a stronger emphasis on internal and external communication methods. Acting on recommendations made in the Katrina after-action reports, CBP established the Incident Management Division within our Office of Intelligence and Operations Coordination.

In doing this, we have created the CBP Incident Management Coordination Directive. This policy will ensure all CBP offices are effective, coordinated, and responsive during and after an incident. This will also ensure we maintained focused on our primary missions of preventing terrorists and terrorist weapons; interdicting the flow of illegal aliens, narcotics, and other contraband; and facilitating legitimate trade and travel.

On a national level we are getting more involved in Local, Regional and National Incident Response and Recovery exercises. These exercises are helping CBP personnel establish relationships with responding agencies and also identifying better practices for the bigger picture of Multi-Agency Incident Response.

Homeland Security Presidential Directive 5 (HSPD 5) requires all Federal agencies to adopt the National Incident Management System (NIMS) and that State and local agencies adopt NIMS as a condition in receiving Federal assistance. The NIMS is a national approach to incident management. It is applicable to all incidents and hazards, regardless of the size and scope. NIMS provides a flexible framework for a standardized organizational structure to improve interoperability. More importantly, it improves coordination and cooperation between public and private entities.

Within the NIMS structure is the Incident Command System (ICS), a standard, on-scene, all-hazard incident management concept. Within the ICS structure a unified command, which is used when multiple agencies are responsible for an incident that crosses political jurisdictions. This ensures the agency leaders are coordinating to ensure that resources are being used effectively. Each agency assumes their authority. However, during a significant event, the Secretary of Homeland Security may designate a local Federal official or pre-designated regional officials to become the Principle Federal Official (PFO). The PFO is responsible for coordinating and accounting for all Federal resources, ensuring each agency brings to the response trained certified personnel that understand the ICS and NIMS processes, thereby enhancing the ability to work more effectively together.

The National Response Framework (NRF), which recently replaced the National Response Plan, is a guide that details how the Nation conducts all-hazards response, from the smallest incident to the largest catastrophe. This document estab-

lishes a comprehensive, national, all-hazards approach to domestic incident response. The NRF identifies the key response principles, as well as the roles and structures that organize national response.

CBP is conducting comprehensive business resumption planning in the event of a significant disruption in the flow of trade to ensure actions are taken to maintain communication and coordination of CBP processes at our borders with our U.S. Government and foreign government stakeholders, as well as the trade community. In accordance with the Security & Prosperity Partnership, Initiative 9.2.7, a significant amount of planning has been done with Canada Border Service Agency (CBSA) to address significant disruptions at our shared land border. CBP and CBSA have developed the overarching planning protocols, as well as the more detailed Joint CBSA/CBP Business Resumption Communication and Coordination Plan. This plan is intended to provide guidance and points of contact for communications between CBP and CBSA from the field level up to headquarters and the CBP Commissioner and CBSA President. Both sets of these protocols have been tested at joint tabletop exercises, with participation from CBP, CBSA, State and local governments, and members of the trade community.

In accordance with Section 202 of the SAFE Port Act of 2006, the National Strategy for Maritime Security (NSMS), NSPD–41/HSPD–13, the National Maritime Transportation Security Plan (NMTSP) and the Maritime Infrastructure Recovery Plan (MIRP), CBP has been working with U.S. Coast Guard and has signed CBP/USCG Joint Protocols for the Expeditious Recovery of Trade. The purpose of these protocols is to establish national-level processes and procedures by which the Coast Guard, CBP, and other Federal agencies will have a forum for joint intergovernmental and joint government/private sector dialogs to identify and act on important issues to facilitate rapid maritime transportation system (MTS) recovery and the resumption of commerce at our borders.

A critical part of business resumption is identifying methods for communicating reliable, timely, and factual information to the trade community. CBP has created a web-based mechanism for communicating with the trade community and has tested it during multiple exercises with industry representatives (Unified Business Resumption Messaging). The content of the messages is tailored to all modes of transportation. This message capability is a direct result of exercises with the trade community to understand the information needed to make informed business decisions in a post-event environment.

Our efforts in post-event resumption of trade have been focused on processes for interagency cooperation and sharing with non-Federal stakeholders, as well as establishing broad principles for a risk based approach to cargo security that will function in a pre- and post-event environment. We recognize, however, that it is impossible to predict every significant event scenario or the details that will present themselves in an actual event. Our response to an actual event will depend on the facts we encounter and each response will be tailored to reflect these circumstances.

CBP's frontline officers and agents will continue to protect America from terrorist threats and accomplish our traditional enforcement missions in immigration, customs, and agriculture, while balancing the need to facilitate legitimate trade and travel. These initiatives discussed today are only a portion of CBP's efforts to secure our homeland, and we will continue to provide our men and women on the frontlines with the necessary tools to help them gain effective control of our Nation's borders. I would like to thank Chairwoman Sanchez, Ranking Member Souder, and the members of the committee, for the opportunity to present this testimony today, and for your continued support of DHS and CBP. We will be happy to respond to any questions that you may have at this time.

Ms. SANCHEZ. Thank you.

I now recognize Rear Admiral Watson to summarize his statement for 5 minutes.

STATEMENT OF REAR ADMIRAL JAMES WATSON, DIRECTOR, PREVENTION POLICY FOR MARINE SAFETY, SECURITY AND STEWARDSHIP, U.S. COAST GUARD, DEPARTMENT OF HOMELAND SECURITY

Admiral WATSON. Good afternoon, Madam Chairwoman, Representative Souder and distinguished members of the subcommittee. It is my pleasure to appear before you today to discuss the Coast Guard's role in supporting resiliency of our Nation's sup-

ply chain and our recent accomplishments with regard to recovery planning.

Recovery of the marine transportation system and resumption of commerce following a major incident, natural or manmade, that significantly impacts the MTS is an important component in supporting overall resiliency of the Nation's supply chain.

The Coast Guard has a broad, multifaceted jurisdictional authority and responsibility to ensure the safety and security of the Nation's marine transportation system. As such, the Coast Guard is uniquely positioned to lead marine transportation system recovery efforts and, to date, has made significant progress toward improving the Nation's preparedness posture in support of Department of Homeland Security strategic goals.

The resumption of commerce requires the Coast Guard to coordinate with multiple Federal and State agencies to mitigate the impacts to the United States economy resulting from a significant marine transportation system disruption. Likewise, the private sector plays a critical role in marine transportation system recovery. Industry possesses both the best information on inbound and outbound cargoes and day-to-day capabilities within the transportation mode to identify transportation and cargo-processing alternatives. These partnerships require prescribed communication procedures and pre-identified responsibilities to achieve the objective of restoring functionality to the damaged marine transportation system infrastructure.

The Maritime Infrastructure Recovery Plan established a comprehensive approach to recovery from a transportation security incident. It provides a framework that clearly defines the roles for Government agencies, including the Coast Guard. The Maritime Infrastructure Recovery Plan also recognizes that the private sector plays a key role in the successful operation and management of the marine transportation system. The vast majority of marine transportation infrastructure assets are privately owned and operated. The decision to repair, replace or rebuild private physical assets following a catastrophic event is a private-sector decision.

The Coast Guard, in concert with other Government agencies, plays a vital role in facilitating the marine transportation system recovery and restoration of the trade. This is a accomplished through close interagency coordination, facilitation of Government to private-sector communications, and by fulfilling our captain-of-the-port responsibilities, including managing aids to navigation and ensuring key waterways and Federal channels remain viable for shipping traffic.

Drawing on lessons learned from Hurricane Katrina, a maritime recovery and restoration task force report, recommendations from a 2006 maritime recovery symposium that was held and the SAFE Port Act, Coast Guard partnered with Customs and Border Protection to develop the joint protocols for expeditious recovery of trade. These protocols were signed by both the Commandant and the Commissioner of Customs and Border Protection in January.

The protocols established a communications process at the national level and describe how the Coast Guard and CBP will communicate and coordinate with other Federal agencies and the mari-

time industry following an event causing a major disruption to the maritime transportation system.

The protocols support HSPD–13 and the protection of the national economy and national defense, as well as support of the SAFE Port Act mandate to develop protocols for resumption of trade in the event of a transportation disruption. The Coast Guard also continues aggressively to reach out to members of industry and ensure they understand their commitment to improving the recovery process.

These protocols establish a critical communication link to industry groups representing trade and carrier interest. Following an event causing national impact, the Coast Guard and CBP will coordinate closely with these stakeholder groups to communicate marine transportation system status and critical restrictions, and ascertain the industry's intentions with regard to potential cargo diversion. This communication protocol allows Coast Guard and CBP to temporarily relocate or augment existing resources to a particular port as necessary.

The Coast Guard released the Coast Guard-wide guidance establishing marine transportation recovery units as a component of local incident command structure just recently. The guidance calls for Coast Guard field units to replicate the national coordination process at the port level. Local units have been receiving training on implementing and establishing local coordination and communication procedures.

In further effort to enhance resiliency of the supply chain, the Coast Guard promoted resiliency projects as part of FEMA's Port Security Grant Program for fiscal year 2007 and 2008. These grant funds enabled the port areas to designate and implement strategies to build local redundancy and strengthen interdependencies.

Thank you for the opportunity to testify today. I would be happy to answer questions.

[The statement of Admiral Watson follows:]

PREPARED STATEMENT OF REAR ADMIRAL JAMES WATSON

MAY 7, 2008

Good afternoon, Madam Chairwoman and distinguished members of the subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's role in supporting resiliency of our Nation's supply chain and our recent accomplishments with regard to recovery planning.

Recovery of the Marine Transportation System (MTS) and the resumption of commerce following a major incident, natural or man-made that significantly impacts the MTS is an important component in supporting overall resiliency of the Nation's supply chain. The Coast Guard has broad, multi-faceted jurisdictional authority and responsibility to ensure the safety and security of the Nation's MTS. As such, the Coast Guard is uniquely positioned to coordinate MTS recovery efforts and to date has made significant progress towards improving this Nation's preparedness posture in support of Department of Homeland Security (DHS) strategic goals for recovery.

The Marine Transportation System (MTS) consists of ports, waterways and intermodal landside connections which accommodate the movement of freight, military goods and passengers. The MTS is a vital public-private partnership that makes up an essential component of the Nation's transportation network. It links water and surface transportation (rail and highway) and enables America to globally connect. Stakeholders in the MTS include governmental agencies, waterfront facilities, commercial and recreational vessels, vehicles and system users, such as importers and exporters.

The resumption of commerce requires the Coast Guard to coordinate with multiple Federal and State agencies in cooperative efforts to mitigate the impacts to the

U.S. economy resulting from a significant MTS disruption. Likewise, the private sector plays a critical role in MTS recovery. Industry possesses both the best information on inbound and outbound cargoes and day-to-day capabilities within the transportation modes to identify transportation and cargo processing alternatives. These partnerships require prescribed communications procedures and pre-identified responsibilities to achieve the objective of restoring functionality to damaged MTS.

BACKGROUND

The concept of Recovery of the MTS following a significant event in the maritime sector is not new and is grounded in previous doctrine such as the National Contingency Plan (NCP). The NCP served to inform recent security-focused recovery efforts required by the Maritime Transportation Security Act of 2002 (MTSA), and MTS recovery concepts were further reinforced during the responses to Hurricanes Katrina and Rita in 2005. MTSA requires the National Maritime Transportation Security Plan (NMTSP) address the restoration of commerce following a security incident in the maritime transportation sector. Recovery in this context was further identified as an area of emphasis in National Security Presidential Directive (NSPD–41), Homeland Security Presidential Directive (HSPD–13), and National Strategy for Maritime Security. One of the national level plans that resulted from these strategy documents is the Maritime Infrastructure Recovery Plan (MIRP).

The MIRP established a comprehensive approach to recovery from a transportation security incident with a focus on marine transportation capabilities. It provides a framework with clearly defined roles for government agencies (including the Coast Guard) and the private sector to facilitate resumption of passenger and cargo flow to minimize negative impacts on the U.S. economy following a major event.

However, the MIRP also recognizes that the private sector plays a key role in the successful operation and management of the MTS as the vast majority of maritime transportation infrastructure assets are privately owned and operated. The decision to repair, replace, or rebuild private physical assets following a catastrophic event is a private sector decision. As such, the Coast Guard, in concert with other governmental agencies, plays a vital role in facilitating MTS recovery and restoration of trade. This is accomplished through close inter-agency coordination, facilitation of government to private sector communications, and by fulfilling its Captain of the Port responsibilities including managing aids to navigation systems and ensuring key waterways and Federal channels remain viable for shipping traffic.

Following Hurricane Katrina, the Coast Guard chartered a Maritime Recovery and Restoration Task Force (MR^2TF) in order to develop a greater understanding of the MTS recovery and restoration process and to better inform future planning considerations. The Task Force issued a report that more clearly defined recovery expectations, set objectives and offered recommendations to improve the recovery and restoration posture. Recommendations included incorporating MTS Recovery concepts into response plans such as the Maritime Infrastructure Recovery Plan (MIRP), local Area Maritime Security Plans (AMSP), and Continuity of Operations Plans (COOP) to ensure interagency/industry focus on MTS recovery. The Task Force also recommended the development of essential elements of information and key measures for each level of the response organization to gauge recovery status, and highlight the need to link MTS recovery and restoration with critical infrastructure protection.

In August 2006, the Coast Guard sponsored a National Maritime Recovery Symposium (NMRS) to initiate national-level discussions regarding the implications of port closures or restrictions, as well as actions required to facilitate the resumption of commerce following a national transportation security incident (TSI) in the maritime sector. The symposium was attended by more than 160 invited government, private maritime sector and inter-modal transportation executives to identify and compile strategic critical requirements for national maritime recovery planning. The symposium identified six major needs to enable recovery of he MTS and resumption of trade:

- An integrated government/industry recovery management organization;
- An integrated government/industry national communications system for recovery;
- A national logistics support plan for cargo diversion;
- An integrated government/industry business continuity planning system;
- Government awareness of cargo flows and inter-modal connectivity; and
- Federal funding mechanisms to support local, State and national recovery preparedness.

The Security and Accountability For Every Port (SAFE Port) Act of 2006 established a requirement for DHS to develop a strategic plan to enhance the security

of the international supply chain in which the Coast Guard played an integral role in the development of the section on Maritime Recovery. Section 202 of the SAFE Port Act further required the development of protocols for the expeditious resumption on trade, which formed the basis for the Joint MTS Recovery protocols recently developed by the Coast Guard and U.S. Customs and Border Protection (CBP).

ACCOMPLISHMENTS

Drawing upon lessons learned from Hurricane Katrina, key findings of the MR²TF report, recommendations generated within NMRS, and SAFE Port Act mandates, the Coast Guard partnered with CBP to develop the Joint protocols for MTS Recovery and the Expeditious Resumption of Trade. These protocols were recently signed by both the Commandant of the Coast Guard and the Commissioner of Customs and Border Protection.

The protocols establish a communications process at the national level and describe how the Coast Guard and Customs and Border Protection will communicate and coordinate with other Federal agencies and the maritime industry following an event causing a major disruption to the MTS to facilitate recovery and the resumption of trade. The protocols support NSPD–41/HSPD–13 and the protection of the national economy and national defense as well as support the SAFE Port Act of 2006 mandate to develop protocols for the resumption of trade in the event of a transportation disruption. The Coast Guard also continues to aggressively reach out to members of industry to ensure that they understand our commitment to improving the recovery process.

The protocols also establish a critical communications link to industry groups representing trade & carrier interests. Following an event causing national impact, the Coast Guard and Customs and Border Protection will coordinate closely with these stakeholder groups to communicate MTS status and critical restrictions as well as ascertain industry's intentions with regard to potential cargo diversions. This communication protocol allows Coast Guard and Customs and Border Protection to temporarily reallocate or augment existing resources to a particular port as necessary.

By following the MTS Recovery Protocols, the Coast Guard, Customs and Border Protection, and other Federal agencies, informed with pertinent and timely information from affected stakeholders, will communicate more effectively, resulting in a more expeditious MTS recovery that mitigates the detrimental effects of a disruption in trade.

Incident command actions associated with response or recovery to domestic incidents which impact the ability of cargo and vessels to move through the supply chain will be carried out in accordance with National Incident Management System (NIMS) principles. NIMS was mandated in HSPD–5 to provide for interoperability and compatibility among Federal, State, and local capabilities, and includes a core set of concepts such as the incident command system, unified command, incident information reporting, etc. The NMTSP and the MIRP describe how recovery management is carried out at the various levels, and reflects the organizational constructs detailed in the National Response Framework, as well as the use of the Incident Command System (ICS) and unified command procedures.

The Coast Guard recently released Coast Guard-wide guidance establishing Marine Transportation Recovery Units (MTSRU) as a component of the Incident Command structure. The guidance calls for Coast Guard field units to replicate the national coordination process at the port level. Local units have received training on implementation and establishing local coordination and communication procedures.

In an effort to boost preparation in the ports and ease the financial burden of stakeholders, the Coast Guard promoted resiliency projects as a part of FEMA's Port Security Grant Program for fiscal year 2007. The funds enabled the ports to design and implement strategies to build redundancy and strengthen interdependencies.

The Coast Guard recently issued updated guidance for a nationwide 5-year update to AMSP. This guidance includes substantial new material to guide all-hazard-compatible port-level planning to facilitate MTS recovery and for preparation of Salvage Response Plans to guide incident management planning for removal of obstructions to navigation to support expeditious resumption of commerce pursuant to the SAFE Port Act. These materials were specifically designed to align with the DHS Strategy to Enhance International Supply Chain Security and the Customs and Border Protection—CG protocols for the resumption of commerce.

The AMSP provides guidance for the Captain of the Port (COTP) pertaining to MTS recovery and the reopening of ports. Inclusion of this checklist in the AMSP fulfills one of the requirements of the SAFE Port Act to incorporate recovery planning within each of our existing contingency plans. As such, each plan must include not only procedures to facilitate the recovery of the MTS after a Transportation Se-

curity Incident, but also a process for addressing measures for reopening ports, and affected waterways, or linkages to other port plans that address recovery. Generally, measures for reopening the port will take into consideration the use of resources to locate, mark and remedy any channel obstructions. Provisions must also be made for verifying the functionality of Aids to Navigation and navigational depths within the channels.

CONCLUSION

The Coast Guard understands the economic impacts presented by disruptions to the MTS. While the Coast Guard is required to uphold regulatory requirements, all due consideration is given to ensuring the facilitation of commerce throughout our coastal ports and inland waterways. The COTP uses regulatory authority, such as restricting or redirecting the flow of vessel traffic, to implement safety and security measures as necessary to reduce risk to the port navigation system and other MTS infrastructure taking into consideration the effects of these measures on commerce. As time permits and the situation dictates, the COTP will consult with port partners and stakeholders using coordination structures such as the Area Maritime Security Conference and harbor safety committees.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions you may have.

Ms. SANCHEZ. Thank you, Admiral.

I now recognize Mr. Kelly to summarize his statement for 5 minutes.

STATEMENT OF ROBERT W. KELLY, SENIOR ADVISOR, THE REFORM INSTITUTE

Mr. KELLY. Thank you, Chairwoman Sanchez and Ranking Member Souder, for inviting me to testify today.

For the past year, The Reform Institute has been promoting the need for greater focus on building resiliency across every industry, institution and infrastructure component of the Nation. Resiliency is that notion that an entity can experience a catastrophic event and nevertheless bounce back and return to a state of near-normalcy as quickly as possible. Perhaps nowhere is the need for building resiliency more compelling than as it pertains to the global supply chain.

Over the course of the past few decades, the way by which raw material suppliers, manufacturers, wholesalers, retailers and end-users both deliver and receive tangibles has undergone sweeping changes. Technology has created the capability for each of these players to both send and receive needed inventory just in time. This has yielded great savings and achieved remarkable efficiencies. However, it has created a global system that is extremely vulnerable to disruption, irrespective of whether the source of that disruption is natural or manmade.

The reasons are pretty straightforward. The U.S. industry relies on the ability to obtain parts, components and finished goods from around the world on a continuous, uninterrupted basis. It matters very little what type of industry we are talking about; very few are able to continue to operate nominally following a major disruption. Only relatively small amounts of critical inventory are now stored in warehouses. The supply chain itself has become the warehouse.

Now, this quest for greater efficiency has generated lower prices and more product choices for consumers, but has also yielded overstretched, single-source supply chains that lack the redundancy robustness to withstand a disruptive event. In this pursuit of leaner supply chains, too little attention has been paid by many firms

to ensure the continuity of their operations in the event of a disruption in the supply chain. The fact that many employers aren't prepared for such a contingency means that a catastrophe that shuts down the global supply chain even briefly could wreak economic havoc.

The West Coast dock strike of 2002 that you referred to earlier, Madam Chairwoman, illustrates this point. The strike shut down the West Coast ports for a mere 10 days, yet the effect on the U.S. economy has been estimated upwards of $15 billion. It took several months to recover from this catastrophe, and yet this strike was a planned, widely publicized, anticipated and peaceful event. One can only imagine the economic consequences of an unanticipated incident.

The current focus of DHS is heavily weighted toward prevention and enforcement, with little emphasis on building resilience. As much as it pains me to admit it, I think that the time has come for all of us to concede the fact that certain catastrophic events are inevitable. We can no more guarantee our security from the acts of a determined terrorist organization than we can prevent a natural disaster. However, what we can influence is how we react to these events and how we build a Nation whose institutions can absorb a catastrophic blow regardless of its origin and to bounce back rapidly.

The Institute's symposium on Building a Resilient Nation that was held recently in New York illustrated what many private-sector leaders are already doing to build resiliency within their own companies and industry sectors. There is much that the public sector can learn from these leaders.

DHS and its operating agencies, such as Coast Guard and Customs and Border Patrol, have accomplished much in the few years since its creation. However, there is much work that remains to be done.

First, there is a vital role for DHS to play the cheerleader in reminding industry of the fact that building resiliency is very much in their own self-interest. If the first principle of being in business is to stay in business, building resilient organizations is what every business owes to its employees, its shareholders, its customers and its suppliers.

Second, DHS needs to function as a key resource for U.S. industry and other institutions as they endeavor to become more resilient.

Third, DHS should serve as a clearinghouse for best practices in crafting business-continuity plans for all types of industry.

Fourth, DHS should play a leading role in organizing and conducting exercises that allow the corporate sector to test their continuity plans and revise them accordingly.

DHS also needs to assume greater responsibility in hardening our supply chain. Greater emphasis needs to be placed on new technologies involving smart containers and the development of electronic cargo manifest that contains far richer and more reliable data than is currently used to target suspect containers that relies on unreliable carrier-supplied manifest data.

More attention also needs to be paid to the deployment of container screening technology that can detect shielded material,

which is the most reliable signature of an RDD or dirty bomb, the destructive impact of which on our supply chain would be catastrophic.

Finally, Congress has an important role in helping change the dialogue in the area of homeland security from one that all too often focuses on preventing what may often be unpreventable while failing to address preparing for the inevitable. America's greatest resource is a well-informed, well-prepared citizenry that has been conditioned to the realities of the uncertain times that we live in. Congress can serve as the catalyst for refocusing our national priorities on building resiliency within every component of our critical infrastructure, every institution and our vital supply chain, and help achieve the worthy goal of building a resilient Nation.

I would be happy to take any questions that you may have. Thank you.

[The statement of Mr. Kelly follows:]

PREPARED STATEMENT OF ROBERT W. KELLY

MAY 7, 2008

Chairwoman Sanchez, Ranking Member Souder, thank you for the opportunity to appear before the subcommittee to discuss the vital topic of "Assessing the Resiliency of the Nation's Supply Chain." I also applaud Chairman Thompson for addressing resilience within the Homeland Security Committee by making May "Resilience Month."

The focus on resilience is a welcomed development at a critical time. Awareness of the importance of resilience to our security and economy must be encouraged throughout the Nation. Such awareness must be followed by action that is informed by and complements innovative efforts that are already underway in the private sector.

The Reform Institute is a non-partisan, non-profit public policy organization dedicated to strengthening the foundations of our democracy and building a resilient society. The Institute is committed to promoting and facilitating a national dialog on resilience.

Simply stated, resilience is the ability to rapidly respond to and recover from a catastrophic event. It is imperative that resilience become a national priority. It must be given status equal to, and viewed in the same light as risk prevention is in our homeland security policy. Confronting the resilience challenge will provide the Department of Homeland Security with the overarching vision that it has lacked since its inception. Such a concept can also unify the disparate agencies within the Department and energize its mission.

The current myopic focus on prevention ignores reality and discourages essential efforts toward preparedness. The fact is that not every catastrophic event can be prevented. As painful as it is to admit, we can no more prevent a determined terrorist from achieving an isolated victory than we can prevent a hurricane or earthquake. What we can control, however, is how we prepare for catastrophic events and how we react when the sad eventuality occurs. Making resilience a priority will ensure that we are adequately prepared for the next Hurricane Katrina or terrorist attack and that such an incident does not severely disrupt vital economic and social activity in this country.

While government authorities have paid scant attention to resilience to this point, key actors within the private sector have embraced the concept. As part of the McCormick Tribune Foundation's Conference Series, the Reform Institute hosted in March of this year a national symposium on Building a Resilient Nation: Enhancing Security, Ensuring a Strong Economy in New York City that brought together corporate leaders and industry experts to discuss the importance of resilience to our national and economic security. Representatives from major sectors of the economy provided inspiring examples of their efforts to improve the ability of their firms to continue operating in the face of a crisis. They also offered a frank assessment of the enormous challenges that remain.

The public sector must learn from the progress made by these private sector leaders and foster the further development of such initiatives. Government agencies such as the DHS have a critical role to play as facilitators of private sector efforts

toward resilience. The uninterrupted operation of U.S. businesses and the flow of goods and material through the global supply chain are vital to our national security and our viability as a global power. Supporting businesses in developing and exercising their continuity plans is one of the crucial roles that government can play.

There is a vital role for DHS to play as the Nation's cheerleader reminding industry of the fact that building resilience is very much in their own self-interest. DHS needs to function as a key resource for U.S. industry and other institutions as they endeavor to become more resilient. The Department should serve as a clearinghouse for best practices in crafting business continuity plans by industry. There is also a major need for DHS to play a leading role in organizing and conducting exercises that allow the corporate sector to test their continuity plans and revise them accordingly. Developing continuity of operations plans and then allowing them to languish on the shelf would lead to a false sense of security perhaps more dangerous than having no plans at all. A regular schedule of joint public-private exercises will allow firms to enhance their response and continuity plans and will also bolster the working relationship between government and corporate officials who will have to cooperate closely in times of crisis in order to ensure a speedy and orderly return to regular operations.

The government has a particular role to play in assisting small- and medium-sized firms in strengthening their resilience; entities that lack the resources to properly accomplish the task on their own. These businesses are the backbone of our economy and are the most vulnerable. Even a relatively short disruption in operations could cause these firms to shut down.

Effective public-private partnerships will require better communication between agencies such as DHS and private firms. DHS must directly engage businesses and make them an integral part of the decisionmaking process, instead of simply handing down directives with little input. There must also be an improved flow of information between the public and private sectors. Employers can more adequately prepare for possible contingencies when they have better information regarding the potential threats and risks to their business. Reliable lines of communication must also be established in the case of emergency so that government authorities can effectively coordinate with businesses on response and continuity efforts.

Considering that some 85 percent of our critical infrastructure is in the hands of the private sector, extensive public-private partnership is an absolute necessity in order to strengthen the Nation's resilience. The Nation's aging infrastructure represents a serious vulnerability that must be addressed. Our infrastructure and supply chain are potential terrorist targets because they are so essential to the Nation's economic vitality.

The need for enhanced resilience and increased public-private partnership is no more evident than as it pertains to the supply chain. The highly efficient and deeply integrated global supply chain is the heart and soul of our economy. However, our acute reliance on the "just-in-time" delivery of goods made possible by supply chain innovations leaves our economy severely vulnerable to a disruption caused by either a natural or man-made disaster.

Innovations in shipping and the opening of new markets due to globalization have resulted in goods moving from one end of the globe to another in a relative blink of an eye. The remarkable breadth and efficiency of the global supply chain has transformed commerce. Retailers and distributors have largely forgone the storing of merchandise in warehouses and instead rely on the continuous "just-in-time" delivery of goods. The quest for greater efficiency has generated lower prices and more product choices for consumers, but also has yielded over-stretched, single-source supply chains that lack the redundancy and robustness to withstand adequately a disruptive event, such as a natural disaster, industrial accident, or terrorist attack.

In the pursuit of leaner supply chains, too little attention has been paid by firms to ensure the continuity of their operations in the event of a disruption in their supply chain. The fact that many employers are unprepared for such a contingency means that a catastrophe that shuts down the global supply chain even briefly could bring economic activity to a virtual halt and cause damage to our economy in the near and long terms.

The West Coast dock strike of 2002 illustrates this point. This strike shut down West Coast ports for 10 days. The cost of the strike to the U.S. economy was estimated at $15 billion. It took many firms several months to recover from the disruption to their supply chains caused by the strike. The strike was a planned, anticipated and peaceful event. One can only imagine the economic consequences of an unexpected incident that causes all U.S. ports to shut down for a period of time.

Developing comprehensive continuity strategies must become an imperative for all ventures that rely on the global supply chain. Recommendations for bolstering busi-

ness resilience in regard to the global supply chain were provided in the recent Reform Institute white paper, Chain of Perils: Hardening the Global Supply Chain and Strengthening America's Resilience.

DHS can and must assume significant responsibility in hardening the global supply chain in order to deter terrorists from targeting it in order to derail our economy. Supporting and promoting the implementation of innovative technologies such as "smart" containers and advanced container screening should be a priority for DHS. A significant deficiency is the fact that a National Intelligence Estimate focusing on supply chain vulnerabilities has yet to be done. This needs to be fixed right now.

The current patchwork of government initiatives falls well short of securing the supply chain. Under the Container Security Initiative (CSI), less than 1 percent of cargo containers are inspected prior to arriving at U.S. ports. CSI depends on cargo manifest lists provided by the carriers to target containers for inspection. However, manifests often provide little data on the origin and nature of the cargo. What data is provided can be unreliable and unverifiable.

Determined terrorists could exploit gaps in the security patchwork by placing a dirty bomb inside a cargo container prior to its loading at a foreign port and detonating it at a U.S. port or within our intermodal transportation system. On top of the loss of life and damage caused by the bomb, such an action would call into question the security of the entire supply chain. The likely government response would be to shut down U.S. ports as authorities searched for more bombs in the pipeline.

Closing American ports would set off a ripple effect throughout the global economy. The United States has no contingency plan for restoring the intermodal transportation system in the event of a nationwide closure of seaports for a number of days. Approximately 95 percent of global commerce is carried at sea with a significant amount borne in cargo containers. At any given time, about 60 percent of the world's merchant fleet is at sea. Given this fact, it takes little imagination to consider the massive back-up of ships and "boxes" that even a minor shutdown would engender. Businesses that depend heavily on "just-in-time" delivery of goods and supplies would quickly run out of merchandise and material. Firms that are ill-prepared for such circumstances could possibly face having to lay-off employees or even shut down operations. This ripple effect, combined with fears of more attacks, would likely roil the markets.

The economic impact of such a scenario could be devastating and long-lasting, depending on how long the ports were closed and the resilience of American companies and our citizenry. The possibility of such a scenario occurring underscores the need for intensifying our efforts to harden the global supply chain and enhance the resilience of U.S. industry across all sectors.

These are not easy tasks by any means. Building greater resilience will require significant commitment and investment on the part of individual firms. However, these firms should view such expenditures as necessary for ensuring the long-term viability of the enterprise. They must also recognize that developing resiliency in an uncertain world will provide them with an advantage over competitors who are not prepared. By assisting businesses in pooling resources and sharing best practices and other vital information, public authorities can play an important role in facilitating this transformation.

Hardening the global supply chain will also necessitate significant public-private collaboration. Such cooperation will have to be on an international scale since shippers at foreign ports are a key part of the equation. Private firms and DHS must work closely together to establish an efficient yet effective process for screening cargo containers.

Although there are no easy solutions, the path has been cleared somewhat by pioneering firms that have led the way in promoting and implementing resilience. DHS must embrace public-private collaboration to implement innovative new systems and programs already being initiated by the private sector and exercise effective leadership to shepherd these changes through.

The Reform Institute is ready and willing to help encourage public-private partnerships toward resilience. Thank you again for this opportunity. I look forward to any questions you may have.

Ms. SANCHEZ. I thank you.

I now recognize Mr. Zimmermann for his statement for 5 minutes.

STATEMENT OF PAUL ZIMMERMANN, DIRECTOR OF OPERATIONS, BOARD OF COMMISSIONERS, THE PORT OF NEW ORLEANS

Mr. ZIMMERMANN. Chairwoman Sanchez, Ranking Member Souder, thank you for the opportunity to speak this afternoon.

The lower Mississippi River is one of the most significant waterways in the United States. Over 6,500 ships per year transit the five port authorities comprising the lower Mississippi River, carrying over 485 million tons of cargo, nearly 25 percent of our Nation's waterborne commerce.

To have the Mississippi River closed for any duration of time would be problematic for our Nation's economy. To have it closed for an extended period of time would be catastrophic. We simply must ensure that it is protected and that it can recover quickly from any event, natural or manmade.

In terms of protection, from 2002 through 2005, the Department of Homeland Security provided the Port of New Orleans with nearly $6 million in port security grants to be used for lighting, fencing, barriers, detection cameras, mobile command center, and a river patrol vessel. These grants did not require matching funds.

In 2005, the Port of New Orleans joined its sister ports on the lower Mississippi River and created the Lower Mississippi Port-Wide Strategic Security Council. In recognition of its economic significance, the mission of this five-port council is to help ensure that the ports in the lower Mississippi River become the safest and most protected maritime complex in the United States.

In 2006 and 2007, this council received grants of nearly $30 million. These funds were utilized for various vessel tracking, surveillance, communications and training projects. These grants, unlike prior-year grants, required a 25 percent matching contribution. This required match, along with the corresponding operational and maintenance costs, presents significant financial hardships and could result in projects not being undertaken. We strongly encourage that this matching requirement be eliminated from future port security grants and that operational and maintenance costs be included.

The sheer volume of maritime traffic, combined with numerous targets of interest, make the lower Mississippi River particularly vulnerable to U.S.S. Cole types of attack. The United States Coast Guard does an excellent job of vessel inspection and aids to navigation management on the lower Mississippi River. I would like to recognize Captain Lincoln Stroh, U.S. Coast Guard Captain of the Port, Sector New Orleans, for his efforts. Captain Stroh strongly emphasizes the need for a collaborative approach to keeping our port safe and takes a strong leadership role in that regard.

I will comment, however, that the Coast Guard is severely hamstrung in the Port of New Orleans area, as they simply do not have enough assets on the water to provide an adequate level of deterrence, interdiction, surveillance and presence on the Mississippi River.

From a disaster recovery perspective, Hurricane Katrina provided the Port of New Orleans, and indeed all of our neighbors on the U.S. Gulf Coast, with the unique, though unfortunate, opportunity to learn the value of preparing ahead for a return to busi-

ness after a devastating event. It is said that every cloud has a silver lining. While the Port of New Orleans recovered fairly quickly after Katrina, the events that took place contributing to its recovery were basically reactionary, with an emphasis on mere survival.

For the purpose of this hearing, the who, how, when and where of activities after the storm were not as important as the resulting plan formulated to guide our recovery from future events. Our organization now has in place plans to address command and control, personnel, financial, operational, communications and risk management issues in the event of another disaster. The need for such a plan is indeed what every organization should come to realize is the silver lining coming from Katrina.

In a large-scale recovery effort, it is essential that each and every organization involved be virtually self-sustaining from the onset of the incident. A realistic disaster recovery plan must be in place, exercised and funded.

A port is comprised of numerous service providers, public and private—river pilots, tug boat operators, longshoremen, truck drivers, regulatory agencies, fuel providers, et cetera—all playing a role in keeping a port operational. Each element should have its own organizational recovery plan in place.

From an overall protection and recovery standpoint, a great deal has been done on our Nation's mightiest river. However, a great deal remains to be undertaken.

In the war on terrorism and in terms of maintaining international trade resiliency, our concern must never fall victim to complacency. The Port of New Orleans has learned a great lesson from Hurricane Katrina. We learned the value of the Mississippi River to our Nation, we learned the value of human life, and we learned the value of human resolve. All must be protected.

In that regard, we stand ready to assist this subcommittee in any way we can.

[The statement of Mr. Zimmermann follows:]

PREPARED STATEMENT OF PAUL J. ZIMMERMANN

MAY 7, 2008

The lower Mississippi River is one of the most significant waterways in the United States. Over 6,500 ships per year transit the five port authorities comprising the lower Mississippi River—the ports of Plaquemines, St. Bernard, New Orleans, South Louisiana and Baton Rouge—carrying over 485 million tons of cargo—nearly 25 percent of our Nation's waterborne commerce. To have the Mississippi River closed for any duration of time would be problematic for our Nation's economy. To have it closed for an extended period of time would be catastrophic. We simply must ensure that it is protected and that it can recover quickly from any event, natural or manmade.

In terms of protection, from 2002 through 2005 the Department of Homeland Security provided the Port of New Orleans $5.7 million Port Security Grants. These funds were used for lighting, fencing, barriers, metal detectors, cameras, a mobile command center and a river patrol vessel. These grants did not require matching funds.

In 2005, the Port of New Orleans joined its sister ports in forming the Lower Mississippi River Portwide Strategic Security Council. In recognition of its economic significance, the mission of this five-port Council is to help ensure that the ports on the lower Mississippi River become the safest and most protected maritime complex in the United States.

In 2006 and 2007 the Council received grants totally nearly $30 million. These funds are to be utilized for various vessel tracking, surveillance, communications and training projects. The 2006 and 2007 Port Security Grants, unlike prior year's

grants, require a 25 percent matching contribution. This required match, along with corresponding operational and maintenance costs, present significant financial hardships and could result in projects not being undertaken. We strongly encourage that this matching requirement be eliminated from future Port Security Grants and that operational and maintenance costs be included.

The sheer volume of maritime traffic combined with numerous targets of interest makes the lower Mississippi River particularly vulnerable to a U.S.S. Cole-type of attack. The United States Coast Guard does an excellent job of vessel inspections and aids to navigation management on the Mississippi River and I would like to recognize Capt. Lincoln Stroh, U.S. Coast Guard Captain of the Port, Sector New Orleans for his efforts. Capt. Stroh strongly emphasizes the need for a collaborative approach to keeping our ports safe and takes a strong leadership role in that regard. I will comment, however, that the Coast Guard is severely hamstrung in the Port of New Orleans area as they do not have enough assets on the water to provide an appropriate level of deterrence, interdiction, surveillance and presence on the Mississippi River.

From a disaster recovery perspective, Hurricane Katrina provided the Port of New Orleans, and indeed all of neighbors on the U.S. Gulf Coast, with a unique, though unfortunate, opportunity to learn the value of preparing ahead for the return to business after a devastating event.

It is said that every cloud has a silver lining. While the Port of New Orleans recovered fairly quickly after Katrina, the events that took place contributing to its recovery were basically reactionary with an emphasis on mere survival. For the purposes of this hearing, the who, how, when and where of activities after the storm are not as important as the resulting plan formulated to guide our recovery from future events. Our organization now has plans in place to address command and control, personnel, financial, operational, communications and risk management issues in the event of a disaster. (Components of this plan are attached.) The need for such a plan is indeed what every organization should come to realize is the silver lining coming from Katrina.

In a large-scale recovery effort it is essential that each and every organization involved be virtually self-sustaining from the onset of the incident. A realistic disaster recovery plan must be in place, exercised and funded. A port is comprised of numerous service providers—public and private. River pilots, tugboat operators, longshoreman, truck drivers, regulatory agencies, fuel providers, etc. all play a role in keeping a port operational. Each element should have its own organizational recovery plan in place. To the extent possible I would suggest that all Federal, State and municipal agencies develop its own local disaster recovery plan.

From an overall protection and recovery standpoint, a great deal has been done on our Nation's mightiest river. However, a great deal remains to be undertaken. In the war on terrorism, and in terms of maintaining international trade resiliency, all concerned on must never fall victim to complacency.

The Port of New Orleans learned great lessons from Hurricane Katrina. We learned the value of the Mississippi River to our Nation, we learned the value of human life and we learned the value of human resolve—all must be protected. In that regard we stand ready to assist this subcommittee in anyway we can.

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS

Elements of Disaster Recovery Plan

- Possible Events: Fire, earthquake, flood, terrorist event, hurricane, power blackout, nuclear disaster, computer virus, bridge collapse.
- Employee Information: Where will they go in event of evacuation? Contact names, numbers, email.
- Facility Assessment: Procedures to insure facilities are inspected and deemed safe for occupancy or use after event.
- Communications: Cell phones, satellite phones, VHF radios, interoperable UHF radios, internal and external capabilities, maintain contact with service providers, law enforcement and regulatory agencies.
- Satellite Office: Pre-arranged hotel with housing and office accommodations for pre-determined senior staff. Proceed directly to hotel in case of an event.
- Incident Command: Pre-determined staff in charge at event site, administration office and satellite office.
- Harbor Police Department: Provide safety and security to port facilities and local community.
- Financial Services: Provide out-of-area banking services for employees, direct deposit, checking, accounts receivable/payable. Key financial data stored offsite and accessible from remote location.

- Daily Communications: Staff conference call at pre-determined time.
- Website Updates: Pre-determine who does it and who provides update information.
- Departmental Functions: Each department knows their respective role. Example: Maintenance—initial facility assessment, repairs; Marketing—communicate with customers; Media—pre-determined spokesperson.
- Risk Management: Understand insurances and claims process beforehand, communicate with insurers, FEMA.
- Housing: MARAD.

Ms. SANCHEZ. Thank you, Mr. Zimmermann.

I thank all the witnesses for their testimony.

I will remind each member that he or she will have 5 minutes to question the panel. I now recognize myself for a few questions.

In his testimony, Mr. Owen referenced the development of the National Incident Management System and the National Response Framework that outlined the procedures for managing and responding to all-hazard incidents. I believe that in order to successfully recover from incidents, there must be coordination between the private and the public sectors of the supply chain. I have been concerned because I have been hearing from people that non-Federal and private-sector stakeholders frequently only learn about incidents on CNN.

So I would like to know—and this is for any and all of you—how do the National Incident Management System and the National Response Framework involve non-Federal and private-sector stakeholders to ensure that they are fully informed and that the affected systems can bounce back quickly?

Maybe we will start with Mr. Owen.

Mr. OWEN. Thank you, Chairwoman.

What U.S. Customs and Border Protection has done, based on the experiences we had with some tabletop exercises with Canada, is that we also recognized that we needed a more real-time accurate communication tool to get word out to the trade community as to what ports of entry are closed, what alternative ports of entry are open for service, extended service. What we felt was important was to get the information into the hands of the trade community so that they could self-adjust. We also needed a feedback mechanism for them to tell us where the anticipation and the trade was going to go, so that we could then send our resources to meet that need.

To that end, we did develop a unified business messaging system, which the trade community can sign up for, and it provides them real-time information as to what activities are suspended at particular points of entry. We had opportunity to use this on the land border on the Tecate with the fires last summer. We were able to quickly inform the trade community as to the status of the Port of Tecate, as well as what neighboring ports of entry were open. So that is one mechanism that we have.

We also have another mechanism through the joint protocols with the Coast Guard. That deals with the reach-back we have to what is known as the carrier support group. We have a carrier support group made up of groups such as the World Shipping Council, the International Association of Independent Tank Owners, the Cruise Line International Association. The purpose of that association is for, again, for us to, in real time, provide them information

onto the status of a port, what facilities may be impacted, and receive feedback from them as to where they will be redirecting their vessels or their cargo so that CBP personnel, Coast Guard personnel can make the proper adjustments.

So those are two relatively two new communication tools that we have that are intended to provide more real-time information back to the trade community.

Ms. SANCHEZ. Anybody else?

Mr. KELLY. Madam Chairwoman, I just might want to add that I think where there might be an area of great emphasis for the Department would be in being more active in providing a role to provide support to any of the businesses that are reliant upon this global fragile supply chain and helping them build very important business-continuity plans.

Based upon the symposium that we had in New York back in March, we heard from many of the leading members of industry as to how they are developing business-continuity plans. But my sense is that this is not widespread and that there are many parts of American industry that are reliant upon this fragile global supply chain, where they could look to the Department for the Department to become a clearinghouse, a center for providing information to these businesses as to how you write a business-continuity plan, what are the types of things you should be thinking about, why you should exercise these continuity plans, how you exercise the plans and so forth.

I think that would go a long way in helping bridge the gap between the public and the private sector.

Ms. SANCHEZ. Mr. Owen or Admiral Watson, do we do that now? Do we provide that type of help to manufacturers, let's say, that are outside of a—I mean, I am thinking back to the issue of maybe a car manufacturing plant somewhere, who has something on some ship coming in through Louisiana.

Do we work with them? Or is that available? Or are they on their own to try to figure this out ahead of time?

Admiral WATSON. Yes, ma'am, maybe I could address that.

We primarily, as Mr. Owen said, we have these protocols, and we work through their associations. Really every business sector has a national association. Our protocols are focused on communications with those associations in an actual event.

I think what we need to work on are the exercises and the preplanning and assistance that I think that the DHS agencies should be doing before an event. The mechanism that we would have primarily to do that is through our various sectors.

You know, I think Mr. Zimmermann mentioned Captain Stroh down in New Orleans. You have the example out on the West Coast that was in The Washington Post. We have exercises that are going on on a routine base. These companies are typically notified of these things, either through their participation on the local area maritime transportation security committees or through information that is disseminated to them through their association, their trade associations and so on. We are starting to get participation in our exercises.

The council that Mr. Zimmermann mentioned I think is a pretty good example. We have a similar organization in Houston. We are

planning exercises across different port areas to exercise this recovery scenario where what is happening in one port might affect another. And, of course, national-level organizations, industry will be affected if any port that they use is impacted by a disruption.

So we will continue doing those exercises and expect that they will respond accordingly.

Ms. SANCHEZ. When you do these exercises and you talk to the associations, the associations are responsible for trying to drum up business from the membership to come over and work through some of these?

How successful have you been in getting participation from area manufacturers or large employers who would be highly affected by goods movement being stopped?

Admiral WATSON. Well, the protocols were just signed in January, and so we are just now starting our set of annual exercises.

But some of these outreach efforts and some of the protocols were active at the local or regional level within the maritime before they became national. In some of those regional-level exercises, we have seen some of the big retail distribution companies, like Wal-Mart and so on, actually participate in some of the exercises.

So, you know, I think we have anecdotal information right now, but I think it is part of our strategy and our plan to involve those companies.

The carriers—those would be the shipping lines, the World Shipping Council, the American Waterways Operators and so on—they have always been involved in all the types of exercises that we hold at the port level, whether for environmental scenarios or hurricane scenarios. So this is fairly routine for them.

Ms. SANCHEZ. Mr. Zimmermann, as a local port authority type of a person—and this is always such an interesting thing, because of course we have the Federal Government, we have the State government—at least in the ports that I have in my arena, the LA/Long Beach one, we have the local port authority, and we have the shippers, and we have people who are using the shippers to move goods.

Would you say that our Department of Homeland Security—because we are really reviewing, what is the Department of Homeland Security doing—do they have those connections going up and down, and have they really gotten something into place to ensure that if something like Katrina would happen again or some sort of stoppage would happen that those ships out there would be able to get their goods to an alternate port or to some other terminal in the port in order to move those goods to where they are needed?

As somebody who represents a local port authority, do you think the coordination is there from the Department of Homeland Security? Do you think they have done enough? Do you think they are just getting off the starting blocks to work on it? What would you suggest from the angle that you are looking at this?

Mr. ZIMMERMANN. Well, the correct answer is probably a combination of all of the above. As a parochial-thinking port authority, we don't want cargo to go to another port; we want to develop our port quickly and recover and keep the cargo there.

I think it is important to note that I have been using the term "collaborative" more and more over the last several years since

Katrina and since 9/11. There are certainly organizations—Joint Terrorism Task Force, area maritime security councils—all of which are designed to share communication. Originally, it started primarily with regulatory agencies; now including trade organizations and private-sector shipping folks.

So, in terms of communication from DHS, to and from DHS for that matter, as well as all of the Federal, State, local service providers, I think communications has drastically improved.

DHS, I think, has done a wonderful job. I am extremely concerned, as I mentioned in my comments, port security grants, as well-intentioned as they are, and they certainly do serve a purpose, they are indeed placing a financial burden on port authorities. A 25 percent matching requirement, as well as the underlying operational and maintenance expenses on assets do present a financial burden. Although American Association of Port Authorities has not come out with a comment on that, I think that will be coming shortly.

So, in that regard, I think that is an issue from port authorities with DHS. But in terms of communications, I think, by and large, they have done a very good job.

Ms. SANCHEZ. Let me just finish up, because I know that my colleague has various questions he wants to ask.

I guess what I am asking is, as I look at—I am more familiar with the port in my backyard, Long Beach/Los Angeles. I know that one person in the Coast Guard basically controls whether he is going to shut down the port or not.

So, if he does that to you as a port authority, I mean, you just posed a very interesting counter to that, that you want to try to get up and get it open and get the business through as fast as you can. So, considering you have, sort of, your own interest, he has an interest of what is safe, what can I open, do you think that if something happened at your port today and your presiding captain from the Coast Guard said, "I have to shut down the port," are there plans in place?

Do you feel confident that people who need the goods that are waiting on those ships that are coming in will know who to call? Will the phone be answered? Will they get some direction about, "I am sorry, the port is down for the next 10 days"? You have, I don't know, flowers that are going to rot on that ship if you don't get them unloaded in the next 2 days, "Use such-and-such alternate port, and you have been cleared to go up there"?

I mean, that is what I imagine. If I am a business person, I am looking for a solution to, "I have to get my flowers off the ship."

Mr. ZIMMERMANN. I understand. We have learned from Katrina the importance of communicating with our customer base. In fact, in our business-disruption plan, we have assigned one of our divisions within the port authority, their primary role is to interface with customers.

A good example is we were receiving calls literally 6 months, if not longer, after Katrina, saying we understand that the city of New Orleans is still under water and nobody is living there and commerce has completely stopped—all of which, of course, was incorrect. But the point there is getting communication out to the business community is imperative.

Another example of that is, and I was telling Mr. Kelly, that, shortly after Katrina, we received a call from the Chairman of the Federal Reserve Bank, Mr. Greenspan. I happened to pick up the phone and talk to him. His first question was, is the port up and running? We received calls weekly thereafter. That was the time period when grain was getting ready to move down the lower Mississippi River.

So, certainly, I think, by and large, the entire Nation recognizes the importance of keeping our port system working. I think that we have learned from a commercial, perhaps a somewhat self-motivating commercial standpoint that it is absolutely imperative to keep our commercial customers informed of what is happening.

So do we have a plan in place to do that? Yes. How extensively can we perform that? I am not quite sure I can answer that right now.

Ms. SANCHEZ. Thank you. I will get back to that question probably in the next round, but I would like to give my ranking member—I am sorry I took so much time, but go ahead, please.

Mr. SOUDER. Mr. Zimmermann, I believe it is in your testimony, you have elements of a disaster recovery plan?

Mr. ZIMMERMANN. Yes, sir.

Mr. SOUDER. Does DHS collect these type of things? Do you have any kind of model format of what port authorities can do? Do you talk to the different port authorities to collect this? Who at DHS would coordinate information-sharing?

Admiral WATSON. In a port area, what we have is that Area Maritime Security Committee. The committee has an area maritime security plan, which is the area plan. It would include the participation of the port, the port operations people, as well as all of the State and local agencies and so on.

Mr. SOUDER. I am sorry, that is not quite my question. At Charleston, I believe we have a project in there, because Defense is so much in, they have kind of a separate thing going, and then in another port authority they have this kind of plan.

What Mr. Kelly recommended and what was partly discussed here is, should you be a clearinghouse where, as different ports evolve, they can get different ideas from each other? If so, where would that be? Do you have anything like that now?

Where, if we came in as an oversight committee and said, "We would like to see the disaster plans for every major port in the United States, what are the best practices, which ones seem to have weaknesses, which ones are advantages and we would like to look at that," would there be a place?

Admiral WATSON. No, sir, we don't have a repository for all those disaster plans from all those different companies.

Where we share best practices is in our committees and in—we have a National Harbor Safety Committee meeting annually. I mean, we have lots of venues to share best practices, but we don't collect the plans or have a staff that is looking through all those to, you know, share best practices.

Mr. SOUDER. It seems to me—I spent most of my career, and particularly the early part of the career, working narcotics heavily, which had interaction with many of you and your agencies. Contra-

band is contraband, people smugglers are people smugglers, and they go through ports and all that type of thing.

In narcotics, over the years, what I watched is, in dealing with that, they have evolved further, and Homeland Security is just tracing behind much of things, like whether it is an EPIC center or how we work with local law enforcement on information-sharing. Many of the things that Homeland Security is trying to do are things that we have done in narcotics. What kind of equipment is purchased at the local level? We developed a clearinghouse for the different agencies where they could review and say, "This is the kind of radio you can get." We tried to do best practices where we had clearinghouses. We formed in treatment and so on, that type of thing.

It seems in Homeland Security we are substantially behind that. I will ask Mr. Zimmermann, when you drafted this, where did you get your ideas from?

Mr. ZIMMERMANN. Well, quite frankly, this was based on in-house knowledge and a little bit of flying by the seat of our pants.

In response to your question, I think it is a case of the American Association of Port Authorities is in its infancy right now of putting together a best-practices-type scenario regarding disaster recovery plans.

I think the next step, looking at disaster recovery from a micro level, at a local level, is that, as I mentioned in my testimony, a port is comprised of numerous private-sector service organizations, and really a port is only as good as every one of those. This summer we will be having an open house at the Port of New Orleans to encourage all of the service providers to discuss their own individual disaster recovery plans. That will also include the local agencies.

I feel fairly confident that most entities in the transportation chain have some sort of disaster recovery plan. But we have not, to my knowledge, actually shared them with one another on a micro level, on a local level. I think that is probably the next step.

Mr. SOUDER. Yeah, because, I mean, I have never been in a place that didn't show the plans and didn't have a whole dog-and-pony show with the plan.

I mean, it is just like at our border crossings. For years, we had all kinds of things developing, and they just didn't talk to each other. If you crossed at one place, we didn't know you crossed over here.

Part of the question is, how is this evolving when you have—I mean, we have the Internet. This isn't hard. I mean, you can basically take some computer college guy and get this stuff together and have a clearinghouse.

This leads me to another, kind of, pet concern I have in watching the exercises. That, particularly when you get into emergency responders, particularly when you get into volunteer emergency responders or even blended in different services, people don't stay in the same position for their whole career. They move inside the departments. So we go through these exercises. Since terrorist attacks don't occur every week, in fact they don't occur every year thankfully, in fact maybe a decade, and then it is one place in the United States, you may never see one in your whole career. By the

time you go through a 30-year career, you may have gone through one exercise but had 10 posts since then.

Are we doing anything—I remember when my youngest son, who is now 20, was doing SimCity stuff. I talked to different troops going to Iraq who are still saying that, in training, some of the video games they are playing are more sophisticated than the training they are getting from our military. That some of this kind of stuff doesn't all require—you have the actual things to make sure your simulations are working.

Are we looking at how, when a new person comes into a fire department, when a new person comes into the police, when you transfer somebody over, when somebody who is doing this in a port gets transferred over here, that there is a simulation they can work through, and particularly with younger people, a model that they are most comfortable with, and are we interacting?

It is like we are, kind of, acting like everything has to be done verbally, that our big innovation is, rather than flying everybody to a city for a meeting, they are doing it through teleconferencing. But there has to be some real breakthrough potentials in training using this type of a format.

I raise this in different formats because there just doesn't seem to be much, kind of, creative programming of how to do this in our different agencies.

Anybody have any thoughts with this? Is anything being done in Homeland Security? Do you have anything similar in ports? Have you seen that in your associations?

By the way, the military is starting to do more of it in their training for overseas. I saw training at Camp Atterbury in Indiana where they were starting to use a game that was almost as sophisticated as my 12-year-old son was doing, but I think they have upgraded steadily.

Admiral WATSON. Sir, I will try to answer your question.

I don't know of anything as sophisticated as, you know, some of the SimCity or whatever, those kinds of gaming, that we have ever seen for something like a seaport. But we are starting to use online training. We are sharing that across agencies. We are putting things online so that they can be accessed by the public without waiting for a physical exercise.

You know, I think that there is still some value in the local area—I guess Mr. Zimmermann would call this the micro area—for people to actually see each other face-to-face. I mean, we have found that when real incidents occur at that local port level, the last thing that you would want is for people to just be meeting each other.

So, you know, we have really focused, I guess purposefully, on these uses of our time and energy to actually have people meet each other.

Mr. SOUDER. I am really fundamentally calling into question that. That is a part of it, but it has to be slot *X* rather than person *X*.

I have a degree in business and a master's degree in business and working in the private sector; this is a changing field. It is so infrequent, that the faces are going to change. If you don't have a model that works and you are depending on person to person, yes,

that helps—an informal structure in any disaster is going to be important as a formal structure.

But if you don't have a basis—I believe in Katrina that, when we first went in, it was just before Commandant Allen got down there and General Honoré, I think, was in the group in Iraq from here that went in in the beginning. There was chaos. That people couldn't talk to each other, people were arguing, no, this is State, this is Federal. The Governor and the Federal Government got in an argument in front of us about who was in charge. That there is only a certain amount of face-to-face. There has to be a structure that goes past the individuals. Katrina was a good example of that challenge.

That the Coast Guard partly worked because you had a more traditional military structure, that it didn't depend on whether you had person-to-person. When the person here said, do something, the next person said, "Okay," and he said, "Do this," and they said, "Okay."

And that how you do this can't—you know, the boat guys go, look, this is my neighborhood, I am going to go rescue my neighborhood, I didn't like the order I got. That is part of the challenge when you work with volunteers. But there has to be some kind of a structure.

One other thing I just want to mention here is that—well, two things. When we think of the traditional disruption, I think it is just good to put it in the record, that I was stunned to know that the largest employer in my district are direct sellers: Avon; Discovery Toys, where my wife works; I have two staffers that do Mary Kay. Thirty-thousand-plus people, they were stunned at the shutdown in Long Beach/Los Angeles because they had no product. That was, ironically, the No. 1 group of people. We think of other sectors.

Also in Katrina, just to show you the little—by about Tuesday, the head of Steel Dynamics called me and said, you have to get this Canadian hydrogen plant open. Two hydrogen plants are down in the Gulf. I said, well, what does that have to do with steel? He said, well, we use just a little bit of hydrogen, but we have put the three big auto companies on warning that the steel isn't going to come, and they are going to have to shut down within 4 days if you can't get the Canadian hydrogen plant open. They have put a notice out to all the parts people that they are going to shut down. It only was just a tiny percent of hydrogen.

Then I called a friend in the Canadian parliament, which isn't the way we should really be handling disasters, and he said, "Well, you shut it down because of the trade thing." So I called Rob Portman and said, "Open it up." He said, "Well, you always complain about dumping." I said, "Forget dumping, open up"—you know, see if the Canadians will get it going, because we are just about to shut down a whole bunch in the retailing.

This kind of stuff just can't be, oh, we had the meeting, we are working on it, and so on. If something happens like this, it has so many angles that we don't even understand that just ripple through that can lead to tens of thousands of jobs because one little chemical didn't come through.

That is why I think we really have to have some different types of approaches. It needs to accelerate information-sharing. We really need to get this stuff online with access with best practices, and not kind of everybody freelancing. We all live in fear about the incident in New York where the cross-jurisdictions, which supposedly we worked out and it wasn't radioactive material, but eight different agencies were struggling with it before we sent the boat back out to sea.

The question here is that if there is a port attack, do we really know if it came in by boat? Are we going to argue that, well, no, it was a land attack; oh, well, there was a land attack and a boat attack, this must be Coast Guard, this must be CBP; no, this is Department of Transportation because I think they hit the rail; oh, maybe it is the air because there was somebody who came in by airplane who got there; oh, no, it is the local port authority, I think the shipping company is in charge of this.

This is what we worry about. There needs to be even more an aggressive thing. If we need to do some consolidation at our end, we need to see what we need to do legislatively.

Thanks.

Ms. SANCHEZ. I agree. I think it goes back to the question I was asking Mr. Zimmermann; how confident are you that if something happens everybody knows—you know, that a company knows where it stands in line and how it is going to get its goods. Or will it? Because, you know, maybe flowers aren't as important as some munitions that is coming in on a ship that was further back in the pecking order.

So I think we have the same concern. The concern is, who is in charge? When does that spring into action? Does everybody know who is in charge and what their role is, and where are they in the pecking order as to when we are going to get to them and what they are going to get to do with their goods?

Ms. SANCHEZ. I mean, this is the question we are asking. I think, when I look at—and every port is different. That is what I have learned. Every port is different. But I am not so confident that if something would happen in my backyard that people really would know how to spring into action and who is in charge and what goods are going to get through and what is not going to get through.

I guess added to that is: What role do the workers on the dock have? Do they know what their role is? Who tells them what to do if something is happening? Are we training them up for that?

I mean, what about all of these dockhands who are the first—they are probably at the incident. You know, do they know what to do? Are we training them to know what to do? What role do they play?

Can anybody here answer that?

Mr. ZIMMERMANN. Chairwoman Sanchez, I would like to respond to that, if you don't mind.

One of the things that concerns me is that most organizations, if not all organizations, have some sort of recovery plan in place. We say that this organization is going to do this, this organization is going to do that, and this is how we are going to respond.

What concerns me is looking behind that plan, meaning you say that your people are going to do this and do that, but suppose these people aren't there; suppose these people can't communicate; suppose these people don't have a home to live in. That is why I keep referring to the micro aspect of disaster recovery, and I will use New Orleans for an example.

I think it is imperative—and, quite frankly, we have not done this yet, and we should and we will—we need to get to each component of the port—service providers and go across the board—and get a little bit into, how exactly are you going to do what you say you are going to do? Use the regulatory agencies, Coast Guard, for an example. Locally, in New Orleans, well, if your guys can't get to where they are supposed to be, how do you respond to that?

So, in other words, I think we have to look behind what everybody says they are going to do and determine exactly how they are going to do it. That is an element that I think is—I won't say it is missing. I just would say that we have not gotten there yet.

Ms. SANCHEZ. Gentlemen, do any of you have an answer to my question or some inkling of who is really taking care of this? I would assume it should be the Department of Homeland Security.

Mr. SOUDER. Can I ask a variation of that?

Ms. SANCHEZ. Yes.

Mr. SOUDER. Does it depend on where the attack hits and who it is from, as to who is in charge?

That is what I was kind of suggesting in mine, which is that, if it comes to the water, it is the Coast Guard; if it comes to the land, it is CBP; if it is in a certain part of the harbor, it becomes the Port Authority; if it is on somebody's company land—does who is in charge depend on who hit and where it hit?

Admiral WATSON. I don't think the vector makes as much difference as the impacted entity. If it is in the port or if it is in the waterway or if it involves a vessel, that is clearly in the responsibility area of the Coast Guard captain of the port.

Mr. SOUDER. Okay. Since it is not likely to be that clear——

Admiral WATSON. But if you consider what is impacted, and then it could have been a plane out of the sky; it could have been an underwater whatever.

Mr. SOUDER. Because most of the ports I think of are—here is the water, so the ports are certainly going to be impacted, most likely, but it may have spread up and may have blocked the rail or it may have taken out a bridge that is rail. It may, in fact, then maybe hit one of the cranes. You may have a terrorist running around on the ground who did it.

So now who is in charge? It hit multiple vectors.

Admiral WATSON. Well, one of the things we haven't touched on is the National Response Framework, the framework that the Federal Government has created, and it uses the ICS system, the national incident management system. We have put a lot of effort into making sure that everyone who should be involved in these disasters gets the basic training at least.

We are seeing that that has been happening. It necessarily involves the Federal agencies involved, which would include people that have responsibility beyond the port, as well as all of the port response agencies, the port facility owners and operators, the port

security people and so on, the State police. That is the structure that really allows us to cross broader areas than just our local jurisdictions, for instance, the Coast Guard and the maritime.

We actually use that for hurricanes, for example. We send someone in the Coast Guard typically up to a State emergency operations center where a State will be managing the effect of a hurricane. I am just speaking from experience here. In the State of Florida, where I was stationed, we have a lot of hurricanes. They are dealing with problems inland, offshore, in the rivers, you name it.

So we are plugged in there just to deal with the maritime issues, but we are using that same framework to manage that in the case of a hurricane, underneath the overall leadership typically of the Governor, unless it gets really out of control. The opposite might be true if the situation is a purely maritime situation, where the Federal Government maintains the overall control but may need the support of the State and locals and, of course, the industry.

We have integrated this recovery concept into our contingency plans, and that is what I mentioned in my statement, that we are going to have a series of exercises. We are going to learn those lessons from the exercises and, hopefully, from the best practices. As we bring different people from different industry segments or different companies, we can share those best practices as we see them through this exercise process.

Mr. KELLY. Madam Chairwoman, if I may.

Ms. SANCHEZ. Absolutely.

Mr. KELLY. We have been talking a lot today about an event taking place in a port and also about port disaster plans.

If an event takes place in a port, the ramifications of the event are going to go far beyond the port. If I am a manufacturer in, say, Fort Wayne, Indiana, or Orange County, California, and I am relying upon the fragile global supply chain from materials to come in from all parts of the globe in order for me to make my product, furthermore, I also have to rely upon it to get my product to market.

I think there is a role for the Department in reminding folks like me, if I am a manufacturer, that it is in my vital interest that I develop a continuity-of-operations plan, a business continuity plan, for my business. By the way, this is what it looks like; here are half a dozen examples; and these are the 12 things you should be thinking about when you are developing a continuity-of-operations plan. Oh, by the way, you need to exercise your continuity-of-operations plan. The worst thing in the world is to have one, put it on the shelf, and be lulled into this false sense of security that, if something bad happens, you pull it off the shelf and respond. You need to be able to test it, exercise it and determine where its deficiencies are.

I think there is a great role for the Department in acting as the national clearinghouse, a focal point for alerting industry, particularly the manufacturing sector, which has to look both upstream in the supply chain and downstream in the supply chain so they can build continuity-of-operations plans so they can survive an event that happens in a port or happens anywhere else in the supply chain.

Ms. SANCHEZ. Thank you, Mr. Kelly.

We have been joined by my colleague, Mr. Cuellar from Texas, and I think that he has some questions to ask.

I will recognize you for 5 minutes.

Mr. CUELLAR. Madam Chair, thank you. I am sorry, I was with Small Business, talking about digital TV transition and the impact of February 17, 2009.

My question has to do with what steps—and I don't know; I came in at the very end—but the impact that happens when you have the supply chain.

That is, let's say you have—and I will talk about my area—you have something coming in from Monterrey, going through Laredo and then going off into the Midwest somewhere, and how that disruption will have an impact, because it does have an impact. Then also, not only talking about that, but on your rules and regulations and how that affects the supply chain that we have.

Do you all do any sort of economic impact when you all implement your rules and regulations relating to this? Because I know that, when we think about Homeland Security, we usually say it is more of an enforcement—at least that is the impression that we get from our business folks who we represent—that you are more law enforcement-minded or mission.

But do you all take any sort of consideration on the work that you do? What is your thought process when you go through that consideration, especially the small-business people?

Anybody?

Do you see what I am saying? You have to do law enforcement, and I don't have a problem with that; I will support you. But the question is, do you all look at the impact that it has?

If there is a bad apple, I understand there is a bad apple, but if there is somebody who is trying to comply, how do you address especially the small-business person involved in this supply chain?

Admiral WATSON. Yes, I think what the question is, is do we take into consideration small business when we make regulations that are going to impact the supply-chain businesses. Certainly, we do through the Administrative Procedures Act and through the regulatory process.

Now, once the regulation is in place and the enforcement is ongoing, you do wind up with people who are impacted, potentially due to, I would hope, minor disruptions of the law enforcement activities taking place. I mean, this could be a Customs inspector; it could be a Coast Guard inspector. That is part of what we have to do to be doing our job on the border or with regard to whatever laws are involved.

Those kinds of things are—you know, we really can only minimize those interruptions to businesses so much. We always have an appeal process if the business feels during those activities that we have really not done a good job of either targeting or doing the law enforcement activity. We are very conscious of those appeals and to those oftentimes good recommendations that businesses have in ways we can improve the way we do law enforcement.

Mr. CUELLAR. Yesterday, we had another meeting in the Small Business Committee, and they invited all of the different associations, from the trucking association to, you know, name the industry. They were talking about Homeland Security and how it im-

pacts. I mean, we had at least 15 to 20 associations—business associations, national business. All of them had a complaint about Homeland. I was doing my best to defend Homeland, but, I mean, apparently, there is an issue with a lot of the national associations that feel that—we are not talking about somebody who is trying to smuggle in drugs or anything like that. We are talking about trying to comply with some of the rules and regulations and the impact that it has. Because, yesterday, what we heard was that they are saying there is no, really, consideration by Homeland Security, as an agency, on businesses.

Maybe this is another time, that maybe we need to follow up, since they are calling us for votes. But I would like for you all to just think about the impact that it has on businesses, not the strict enforcement, but the regulations and the compliance. I guess it is more the compliance nature of it. I would love to follow up with you all on that.

Another motion to adjourn. I am finished, Madam Chair.

Ms. SANCHEZ. Gentlemen, we have a vote on the floor. I think we will go for another 10 minutes if we have questions, and then we will adjourn the committee, because who knows what kind of games are playing out on the floor. I think it is not the only vote we are going to have.

Do you have any further questions, I would ask my ranking member? I will give him some time to ask.

Mr. SOUDER. I am still frustrated with the chain-of-command question, if I can follow up a little bit more on that.

Is there a place in your incident planning, which is one of the big questions in Katrina, where a scale is triggered—I mean, because what happened in Katrina is the Governor had to ask, and the Governor didn't want to lose control over local Guard, and we had all of these kind of questions—where a scale of incident triggers the Federal authority to override?

Admiral WATSON. I didn't come prepared to talk in detail about that scenario, sir. But I can pretty assuredly say that the system whereby the State, in that case, is the requesting authority for Federal agencies. I don't know that there is a trigger that automatically has the Federal Government come and take over a situation in a State.

Mr. SOUDER. We have a whole level of frustration. We are talking about the buses being blocked by a local sheriff on a bridge. We have a problem right now with, quite frankly, some of the border control, where an eagle pass, a mayor isn't letting the Federal Government implement, because we don't have the same land control along the border in Texas that we have in Arizona and California.

At what point does national interest trump local? The American people, when they see somebody hungry or something happening, don't really care about a jurisdictional fight. Now, I am a conservative Republican, and I believe that authorities should stay local as long as possible. But there has to be some trigger here where we say, look, this scale has exceeded a certain point.

Which leads me to a second question, that in emergency response, we have been debating back and forth, have been moving that—do you have, in effect, like, a national emergency response team that moves, or do we have them regionally trained?

Because when we start to look at FEMA—I was just talking to the head of our State Homeland Security Legislative Committee, and one of the things that we run into is, if we have a major incident in any city in Indiana, we don't have enough beds. There is no way you can train for a major incident. A major incident will just overwhelm your local system.

So you are going to have to have—and plus, we were talking about—I was over on the Mississippi side—and it was a great theory, and I have certainly read all of this in New Orleans, it was a great theory, but guess what? They had their families to worry about. They don't have any tax revenue. Their county government place got knocked out. They don't have any computers.

The question is: Like we are starting to do in emergency disaster response, in the economic response, in the supply line, are we going to have, at the very least, informational regional teams that, if a bridge goes out, we know where bridge engineers are and people who can come in from the outside and fix it? Do we have access to other ports within 500 miles that, if the longshoremen who aren't part of a company scatter, somebody can come in when we are restarting while they are trying to get their own families in shape? If there is something that occurs in the physical part of the port, that there people with certain expertise who are working with the different things that can come in, in a regional way, to handle a scale.

Because most of the training that I see or most of the plans that I see are all local people talking to local people. It will overwhelm the local system if it is a major hit.

Admiral WATSON. These protocols for expeditious recovery of trade, that is their intention, is that we recognize that a local port is going to be affected, it is going to be knocked out, and that things are going to have to adjust to get the goods and services to the hinterlands now that that one port is knocked out. You need to have a means of communication; you need to coordinate the Federal and State agencies. You need to not tell business how they are going to do it, but you need to support their telling the Government agencies how they are going to do it.

Mr. SOUDER. So, if somebody blows up a couple of dikes in the Mississippi River and there is also another catastrophe around with lots of deaths, do we know where we would go to bring engineers in and repair places within 1,000 to 2,000 miles to get them down there to get it back open?

Admiral WATSON. We don't have a list like that of engineers, but we have communications with these associations and throughout the Federal Government, so that we would put out a call for those engineers.

Mr. SOUDER. For example, a call went out on Katrina to the Indiana National Guard. It takes even an organized organization like that—they have to get the people in. Then they had to plan the gas route all the way down so they didn't wipe out the gas in each city as they came. It took them about 3½ days to move, because when you are working with organizations that have to pull it together, you are talking 3, 7, 10 days, even in an organized unit.

The reason I raise the question about SWAT teams and so on is because we had this discussion, how much water are we going to

hold back for the future to get it out faster. Sometimes you have to work in 72 hours or in just-in-time delivery. Having everybody put together a voluntary chain takes a week or 2 weeks. We will be bankrupt.

Some of this scale, the question is, can there be something that is a fast response? I don't know what it is called, but that is what we are trying to do in emergency management. The question is, can it be done in getting the infrastructure up and running?

Now, some of these things just take a while. Sault Ste. Marie loses a lock, you are not going to replace it in 6 days. I mean, other things can be, if we were trained to do so.

Admiral WATSON. Right. Yeah, I think if you put your finger on the issue, is that a large part of what we are talking about here today is owned by the private sector. Do they have these recovery plans? I think the answer is, well, they do, but one entity does not know what the other entity's plan is and that——

Mr. SOUDER. Does CBP do any of this in your——

Mr. OWEN. Within CBP, we have for our mobile inspection assets. We can quickly deploy additional officers through our air assets. We have mobile, nonintrusive inspection equipment, the imaging machines that you see. We have mobile radiation portal monitors. We can quickly adjust our resources to meet a change in the flow of trade.

The broader question as to infrastructure changes and things like that, CBP is just not in that type of capacity. But if a port of entry were to be closed and the trade were to move to a neighboring port, if it was a smaller location where we did not have those types of assets, we are in a position to quickly, through our air branch and through the mobile inspection technology, quickly deploy to meet that need in the trade.

Mr. SOUDER. Mr. Zimmermann, is there anybody who you would call? Who would you call?

Mr. ZIMMERMANN. Well, part of the answer is there does exist Area Maritime Security Councils, which are headed jointly by the Coast Guard and FBI. They have, as part of the council, numerous regulatory agencies—Federal, State, local—and some commercial trade organizations and so forth. They are designed to take a—and here is that word again—a collaborative approach to responding.

So I think that is probably the organization that you are referring to. How effective would that be in dealing with the commercial aspect of an event? I am not quite sure. But from a pure regulatory response, that is the purpose of the Area Maritime Security Councils.

Mr. SOUDER. Madam Chair, I know we share a lot of the—when the Cabinet members came in after Katrina, and Secretary Chertoff was trying to—it was like having to bang this out of HHS, bang this out of HUD, hope you could get a phone connection and get people on the phone at the same time—I am not denigrating. The first time through every disaster is hard. But we have now been through 9/11, we have been through Katrina, and we are seeing more of where the holes are. I just wanted to raise these points, because I think, personally, that it is a big hole.

Ms. SANCHEZ. I would agree. I think that this, as we discussed, warrants that we go back and discuss it some more and figure out

what kind of direction we need to give to the Department. Maybe we need to really see who in the Department has this going or is responsible for this, as well as some other reports and things that are missing.

I have a lot of other questions, but we do have a vote on the floor, so I will submit those in writing to you and hope that you get back to us with answers fairly quickly. I mean that, because this Department, in particular, has a sense of not getting back to us in writing.

I will also remind the rest of the members that they can submit questions in writing.

You may receive some, and we would hope that you would answer them and get them back to us quickly.

With that, the meeting is adjourned. Thank you so much to the witnesses once again.

[Whereupon, at 4:40 p.m., the subcommittee was adjourned.]

APPENDIX

QUESTIONS FROM HON. LORETTA SANCHEZ FOR MR. TODD OWEN, EXECUTIVE DIRECTOR, CARGO AND CONVEYANCE SECURITY OFFICE, OFFICE OF FIELD OPERATIONS, U.S. CUSTOMS AND BORDER PROTECTION, DEPARTMENT OF HOMELAND SECURITY

MAY 7, 2008

Question 1. What is the status of the Secure Freight Initiative report? This report was due April 13 and it is my understanding from staff that the Department has refused to provide information on when the report will be completed.

Answer. Response was not provided at the time of publication.

Question 2. It is my understanding that more often than not, the private sector is notified via CNN of a port or terminal closure. Why has CBP failed to develop an adequate communications system?

Answer. Response was not provided at the time of publication.

Question 3. It has been almost 7 years since 9/11 and according to your written statement CBP is now conducting comprehensive business resumption planning. Why has it taken 7 years to start this planning?

Answer. Response was not provided at the time of publication.

Question 4. According to your written testimony, Customs and Border Protection and the Coast Guard recently signed Joint Protocols for the Expeditious Recovery of Trade. Why has it taken so long for the Department to develop these protocols?

Answer. Response was not provided at the time of publication.

Question 5. In your written testimony, you state that "our response to an actual event will depend on the facts we encounter and each response will be tailored to reflect these circumstances." Given the fact that you only just signed the Joint Protocols and are currently conducting comprehensive business resumption planning, what assurances can you give the committee that your response will be adequate and responsive to the needs of the business community?

Answer. Response was not provided at the time of publication.

Question 6. In your written testimony, you reference the Department's multi-layered approach to security. This approach did not include container security devices, which are mandated by the SAFE Port Act and the 9/11 Act. What assurances can you give the committee that the Department is going implement the container security device requirement?

Answer. Response was not provided at the time of publication.

Question 7. The Container Security Initiative (CSI) program depends on foreign governments to inspect containers before they are loaded on ships bound for the United States. How does CBP systematically ensure that these foreign countries have the systems and people capable of detecting and identifying WMD?

Answer. Response was not provided at the time of publication.

Question 8. One aspect of the CSI program is for our CBP personnel to observe foreign countries' processes for inspecting containers. How often do CBP personnel actually participate in or witness these inspections of high-risk cargo bound for the United States? Aren't there some CSI countries where our CBP personnel do not observe the inspections?

Answer. Response was not provided at the time of publication.

Question 9. One perceived benefit for foreign countries participating in CSI is that their containers will not be inspected again when they arrive in the United States. How many containers inspected at CSI ports are re-inspected upon arrival at domestic seaports?

Answer. Response was not provided at the time of publication.

Question 10. A container inspected at a CSI port is unlikely to be inspected again in the United States. What technical standards does CBP have for foreign inspection equipment used at CSI seaports to examine high-risk U.S.-bound containers and

how do these standards compare to technical standards used for inspection equipment at domestic seaports?

Answer. Response was not provided at the time of publication.

Question 11. As noted, the CSI program depends on foreign governments to inspect containers before they are loaded on ships bound for the United States. Does CBP systematically review or examine the inspections practices or training of host government customs services that conduct inspections of high-risk U.S.-bound containers? If not, how do we know they are qualified?

Answer. Response was not provided at the time of publication.

QUESTIONS FROM HON. LORETTA SANCHEZ FOR REAR ADMIRAL JAMES WATSON, DIRECTOR, PREVENTION POLICY FOR MARINE SAFETY, SECURITY AND STEWARDSHIP, U.S. COAST GUARD, DEPARTMENT OF HOMELAND SECURITY

Question 1. In reading through some recent Port Security Exercises reports, I was surprised to learn there are still problems with communication and information sharing. What steps has the Coast Guard taken to improve communication with maritime stakeholders?

Answer. Response was not provided at the time of publication.

Question 2. It is my understanding that more often than not, the private sector is notified via CNN of a port or terminal closure. Why has the Coast Guard failed to develop an adequate communications system?

Answer. Response was not provided at the time of publication.

Question 3. It is my understanding that many maritime stakeholders are unfamiliar with the Homeport website. What steps have you taken to improve visibility of this program?

Answer. Response was not provided at the time of publication.

Question 4. While much planning has been done related to increasing security and preventing terrorist attacks, relatively little attention has been paid to resiliency issues. Resiliency would be needed not just for terrorist attacks, but for natural disasters or any other situation that could close down a port. To what extent does the Maritime Infrastructure Recovery Plan address this need? Isn't it written at too high a level to be useful to a given port in planning and implementing resiliency measures?

Answer. Response was not provided at the time of publication.

Question 5. The Coast Guard guidance on Area Maritime Security Plans was contained in a Navigation and Vessel Inspection Circular (NVIC) and contained a common template for developing such plans. This guidance required that plans—which were to be completed by July 2004—contain priorities for recovery operations. However, recent GAO work on protecting energy tankers and implementation of the SAFE Port Act, noted that Area Maritime Security Plans lacked specific information on recovery and had not been updated to reflect the national-level guidance in the MIRP. What is the schedule for updating the Area Maritime Security Plans to incorporate more recovery issues?

Answer. Response was not provided at the time of publication.

Question 6. The Maritime Infrastructure Recovery Plan (MIRP) noted that the Coast Guard and Area Maritime Security Plans provide little guidance on port-level recovery issues. In addition, the SAFE Port Act specifically required that Area Maritime Security Plans include salvage equipment able to restore operational trade capacity. Have Area Maritime Security Plans now incorporated salvage information to help ports clear waterways as quickly as possible?

Answer. Response was not provided at the time of publication.

QUESTIONS FROM HON. LORETTA SANCHEZ FOR MR. ROBERT W. KELLY, SENIOR ADVISOR, THE REFORM INSTITUTE

Question 1. Why do you think that the Department of Homeland Security has failed to focus on the resiliency of the Nation's supply chain?

Answer. Response was not provided at the time of publication.

Question 2. What role do you think that the Department of Homeland Security should have with regards to resiliency?

Answer. Response was not provided at the time of publication.

Question 3. What lessons learned from the 2002 West Coast port strike and Hurricane Katrina should the Department of Homeland Security apply to improving the resiliency of the Nation's supply chain?

Answer. Response was not provided at the time of publication.

Question 4. How would you describe the current level of communication between the Department of Homeland Security and the private sector? What steps should be taken to improve this communication?

Answer. Response was not provided at the time of publication.

Question 5. What is your assessment of the Department of Homeland Security's cargo security initiatives?

Answer. Response was not provided at the time of publication.

Question 6. What is your assessment of the various maritime security plans that the Department of Homeland Security has developed in the past 5 years?

Answer. Response was not provided at the time of publication.

QUESTIONS FROM HON. LORETTA SANCHEZ FOR MR. PAUL ZIMMERMANN, DIRECTOR OF OPERATIONS, BOARD OF COMMISSIONERS, THE PORT OF NEW ORLEANS

Question 1. In your written statement you state that events that took place contributing to the recovery of the Port of New Orleans were basically reactionary, with an emphasis on mere survival. Please elaborate.

Answer. Response was not provided at the time of publication.

Question 2. What measures could the Port of New Orleans have taken before Hurricane Katrina hit that would have improved the resiliency of the Port?

Answer. Response was not provided at the time of publication.

Question 3. What measures could the Coast Guard and Customs and Border Protection have taken before Hurricane Katrina hit that would have improved the resiliency of the Port?

Answer. Response was not provided at the time of publication.

Question 4. It has been 7 years since the attacks of 9/11 and 3 years since Hurricane Katrina hit landfall. What more should be done to protect the Mississippi River, a river which carries nearly 25 percent of the Nation's waterborne commerce?

Answer. Response was not provided at the time of publication.

Question 5. What are some the lessons learned from Hurricane Katrina that can be used to improve the resilience of the Nation's supply chain?

Answer. Response was not provided at the time of publication.

Question 6. In addition to damage to the Port, there was also significant damage to the infrastructure leading to the Port. How did this damage impact the ability of the Port to come back on line?

Answer. Response was not provided at the time of publication.

Question 7a. The movement of cargo is dependent upon the men and women who work on the ports. In the aftermath of the storm, it was difficult to locate and communicate with these men and women. They had lost their houses and with the phone lines down, they had lost the ability to communicate to the outside world. Did all of your workers return?

Answer. Response was not provided at the time of publication.

Question 7b. How did you locate them?

Answer. Response was not provided at the time of publication.

Question 7c. Where were they housed?

Answer. Response was not provided at the time of publication.

Question 7d. How did you pay them?

Answer. Response was not provided at the time of publication.

Question 8a. In your written statement you state that the Coast Guard is severely hamstrung in the Port of New Orleans area as they do not have enough assets on the water to provide an appropriate level of deterrence, interdiction, surveillance and presence on the Mississippi River.

How has the lack of resources impacted the Port of New Orleans' ability to improve the security of the port?

Answer. Response was not provided at the time of publication.

Question 8b. What additional assets does the Coast Guard need?

Answer. Response was not provided at the time of publication.

○