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THE NEXT STEP IN AVIATION SECURITY—CARGO SECURITY: IS DHS IMPLEMENTING THE REQUIREMENTS OF THE 9/11 LAW EFFECTIVELY?

HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION SECURITY AND INFRASTRUCTURE PROTECTION

OF THE

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THE NEXT STEP IN AVIATION SECURITY—CARGO SECURITY: IS DHS IMPLEMENTING THE REQUIREMENTS OF THE 9/11 LAW EFFECTIVELY?

Tuesday, July 15, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON TRANSPORTATION SECURITY AND
INFRASTRUCTURE PROTECTION,
Washington, DC.

The subcommittee met, pursuant to call, at 2:15 p.m., in Room 311, Cannon House Office Building, Hon. Sheila Jackson Lee [Chairwoman of the subcommittee] presiding.

Present: Representatives Jackson Lee, Markey, DeFazio, Clarke, and Lungren.

Ms. JACKSON LEE. The subcommittee will come to order.

It is my pleasure to acknowledge the Today Foundation that has 16 students here. It is a leadership group from Dallas and Tyler. Could you please stand up so we could see you and welcome you? Congratulations. We are delighted to have you here. Welcome.

The subcommittee is meeting today to receive testimony on "The Next Step in Aviation Security—Cargo Security: Is DHS Implementing the Requirements of the 9/11 Law Effectively?" Our witnesses today will testify about TSA's progress in meeting the 9/11 Act mandate to screen 100 percent of all air cargo on passenger aircraft by 2010.

I am proud to convene today's hearing to evaluate the progress made by TSA in carrying out section 1602 of the implementing recommendations of the 9/11 Commission Act of 2007, which mandates that 100 percent of all air cargo aboard passenger aircraft be screened by the year 2010.

On page 393, it is important to take note of the 9/11 Commission report that part of the descriptive instructions given indicated that TSA also needs to intensify its effort to identify, track and appropriately screen potentially dangerous cargo in both the aviation and maritime sectors. This Congress has taken up the challenge, and therefore this landmark piece of legislation will make our citizens safer.

I am proud that under the leadership of Chairman Thompson this committee worked to steer this provision through Congress last year. As Chairwoman of this subcommittee, I am ready to help ensure that it is implemented properly.

I want to take this opportunity to recognize the significant efforts of Mr. Markey of Massachusetts in making this screening requirement a reality. I look forward to continuing to work with him on this important issue.

I am concerned with the implementation of this mandate and the status of TSA's pilot program. In particular, I want to be sure that the program will be narrowly tailored to ensure the least amount of impact on small and medium-sized businesses and that TSA will be providing stakeholders with the necessary guidance and technologies in order to make implementation successful.

This mandate was not designed to be heavy-handed. Instead, it calls for a 3-year phased approach to screening 100 percent of cargo carried on passenger planes and lays out clear and specific benchmarks. It is with this framework in mind that the subcommittee is evaluating whether progress has been made by TSA in attempting to reach the benchmarks and for us to help ensure that guidance is available to industry stakeholders who will be impacted by the implementation of new TSA regulations.

Allow me to take this moment to thank the Department of Homeland Security overall. We as the Homeland Security Committee have the responsibility of oversight. But I do want to acknowledge that there are hard-working members of this Department who just a few years ago became a single department, and out of that singleness they had to unify, speak the same language and work on the same mission. So we know that they have been working hard to secure the homeland.

We are grateful to the expanded law enforcement, to the aviation and transit and maritime and others that address the question of security. We have watched as there has been a new attitude in making sure that America is safe, and we are grateful to have gone since 2001 without a major incident on our soil.

For some who are in this room, this may be a nuisance, inspection of air cargo. As we look around the world, as we watch the flare-ups, most recently in Afghanistan, the difficulties in Pakistan, the challenges in the Mideast, we recognize that although we may not be on borrowed time, that the responsibility of this particular committee is a bottom line, for if something were to occur the question would be what were you doing?

So I express my appreciation to those who will be witnesses today, that recognize we are part of a team. To the witnesses from the Department, I want to be particularly clear: It is vital that this subcommittee be informed of any difficulties that have arisen in implementing this mandate. This is to happen if we are to work in an oversight manner and to ensure that we are all traveling the same journey. Unless we are made aware of real or potential obstacles, we cannot help you obtain the tools and/or the resources you lack and will not look fondly on future shortcomings we could have helped to resolve.

This is not between the committee and staff members and industry. This really is a higher goal, responding to the needs of securing America, being effective and efficient, but certainly doing our job. For that reason, I hope that you will be clear and specific about any problems you are experiencing or anticipating. I view the relationship between TSA and this subcommittee as a partnership, and

we are ready and willing to provide you with the tools you need. But, again, you need to make us aware of the facts.

This August will mark the anniversary of the enactment of the 9/11 Act. As chair of the subcommittee, I think it is appropriate to convene this hearing nearly a year after the enactment of the 100 percent screening provision to assess the progress made by TSA in implementing a critical component of this legislation and nearly 7 years since 2001.

In accordance with the legislation phase-in approach, TSA must screen 50 percent of all cargo transported by passenger planes in the United States by February 2009 en route to fulfilling the 100 percent requirement by 2010. Because the implementation of this provision is complex and involves numerous stakeholders, it is imperative for Members to inquire about TSA's progress and whether TSA is on track to meet the mandated 2010 deadline.

Specifically, I am hoping our witnesses today will address the following issues. First, there seems to be a great deal of concern regarding the status of TSA's pilot program. We must ensure that as an integral part of this program proper and timely guidance is provided to industry stakeholders to allow them to comply with regulations. Particularly relevant to this is the status of the interim final rule. The subcommittee must know when this will be released.

Second, we are concerned that smaller companies with fewer resources at their disposal will be unable to comply with the program. TSA's existing pilot proposal requires that certified screening facilities purchase equipment that can cost anywhere from $150,000 to $500,000 per facility. Unfortunately, small and medium-sized companies often are not able to invest in such expensive equipment, especially if there is no assurance that the equipment purchased will meet the requirements set by TSA or prove to be effective for implementation of the program.

Third, we want to know how DHS is evaluating any innovative technologies that can be applied to help fulfill this mandate. Under the law, the Administrator of TSA may approve measures beyond any X-ray equipment, explosive detection system, explosive trace detection and canine teams to ensure that cargo does not pose a threat to our Nation's aviation security.

I am interested in learning how DHS is thinking outside the box about any strategic plan in place for evaluating technologies that can potentially enhance security as it pertains to this mandate. I will not rest until the bureaucratic tape is cut and innovative effective technologies can readily be deployed in order to make this task both readily possible, but also efficient and effective and successful.

Finally, we are interested in hearing from industry stakeholders who will be affected by TSA's imposed implementation plan. While some of these witnesses are engaged in the pilot program, others will discuss recommendations that should be considered by TSA as it implements regulations and works toward fulfilling the 100 percent mandate.

I look forward to the witnesses' testimony regarding this important program, and stand ready for the subcommittee to support your vital mission.

Once again, I would like to thank everyone for their participation, and look forward to hearing from our witnesses.

At this time, without objection, I would like to enter three statements into the record. The first is a statement submitted by the SOS Global Express; the second is a statement submitted by the Airline Pilots Association; the third and final statement for the record is a letter from the Vice President of Rapiscan and Smiths Detection Technology.

Hearing no objection, it is so ordered.

[The information referred to follows:]

STATEMENT OF SOS GLOBAL EXPRESS

TRANSPORTATION SECURITY ADMINISTRATION AIR CARGO ON PASSENGER AIRCRAFT SCREENING REGULATION

Issue One: Support for 100 Percent Screening

Section 1602 of the Implementing the Recommendations of the 9/11 Commission Act of 2007 (the "Act"), Public Law 110–53, requires that 100 percent of all cargo placed on passenger aircraft undergo security screening by August 3, 2010. SOS Global Express, Inc. fully supports the Act's screening requirement, which is essential to preserving the security of passenger aircraft.

Section 1602 of the Act sets both a general standard and minimum requirements. The general standard requires the Transportation Security Administration ("TSA") to "provide a level of security commensurate with the level of security for the screening of passenger checked baggage . . . " Pub. L. 110–53, § 1602(a). The minimum standards require TSA to implement a phased-in screening process whereby 50 percent of the subject cargo must be screened by February 3, 2009. The final phase requires 100 percent screening by August 3, 2010. SOS Global Express, Inc. fully supports the general standard and minimum requirements.

Issue Two: The TSA's Pilot Screening Program (1) fails to adequately ensure the safety of cargo shipped on passenger aircraft, (2) shifts the regulatory cost to the private sector, and (3) imposes severe hardship on thousands of companies that ship cargo on passenger aircraft.

The Transportation Security Administration should reassess and revise its plans for implementing the new Certified Cargo Screening Program (CCSP). The Implementing the Recommendations of the 9/11 Commission Act of 2007 (Act) requires that 100 percent of all cargo placed on passenger aircraft undergo security screening by August 3, 2010. Screening is essential to preserving the security of passenger aircraft. However, the CCSP falls far short of reaching the statutory requirements while also imposing severe economic hardships on freight forwarders.

The TSA is expected to issue an Interim Final Rule on the CCSP during August 2008. The time to act is now. If the TSA is allowed to move forward with the CCSP as it is currently planned, the TSA will shift the regulatory and financial burden onto the air cargo industry. The TSA will force an unfunded mandate on hard-working businesses that might not survive the crush of an unfair and poorly implemented regulation.

The air cargo industry is a vital part of our Nation's economy. Freight forwarders, manufacturers, and third-party logistics companies move about 7,500 tons every day of urgent deliveries on passenger aircraft. These customers provide airlines with much-needed revenue. Congress must not allow the air freight industry to be unnecessarily destroyed by misguided Government regulators.

Solution: Open Airports

1. TSA must reassess the economic impact of the CCSP and not entirely rely on the program for compliance with the Act.
2. TSA must require more screening at the airport and provide financial and personnel support to avoid bottlenecks and delays at the airport screening locations.
3. TSA must receive appropriate funding for the airport-level screening process.

STATEMENT OF CAPTAIN JOHN PRATER

JULY 15, 2008

ALPA is the world's largest, most influential pilot union, representing nearly 55,000 pilots who fly for 40 airlines in the United States and Canada. ALPA was founded in 1931 and our motto since its beginning is "Schedule with Safety." ALPA has had a prominent role in shaping aviation security for many decades. The Association demanded, and ultimately achieved, legislation that created airline passenger screening at the height of the so-called "homesick Cuban" hijacking crisis in the early 1970's. Many of the aviation security improvements that were made after the terrorist attacks of September 11, 2001, were first advocated by ALPA via congressional testimony given in September and October 2001 which included installation of hardened cockpit doors, upgrading airline security training, and the creation of the Federal Flight Deck Officer (FFDO) program, among many others. We urged Congress to address cargo security as well, and while progress has been made since 2001, there is much work yet to be done in this arena and for that reason, we applaud the subcommittee for holding this hearing.

The specific focus of the hearing is DHS's implementation of Section 1602 of the "Implementing Recommendations of the 9/11 Commission Act of 2007." The law requires the Secretary of Homeland Security to establish a system to screen 100 percent of cargo transported on passenger aircraft by August 2009. In our remarks, we will first provide some background regarding cargo screening on passenger and all-cargo aircraft, then look at the specific issue of the adequacy of DHS's response to the 100 percent screening requirement for passenger aircraft. Finally, we will address what we believe to be the most neglected area of cargo security: the insufficiency of security measures adopted for all-cargo operators.

BACKGROUND

In May 2003, TSA created three air cargo working groups within the Aviation Security Advisory Committee. These working groups, which included subject-matter experts from labor and industry, were chartered to examine and recommend improved security protocols related to three topics: shipper acceptance procedures, indirect air carriers, and security of all-cargo airliners. In October 2003, the working groups provided the TSA with 43 recommendations, which ultimately served as the foundation for an Air Cargo Strategic Plan that former DHS Secretary Thomas Ridge approved in January 2004.

In November 2004, the TSA published in the *Federal Register* (Docket No. TSA–2004–19515) a Notice of Proposed Rulemaking (NPRM), Air Cargo Security Requirements, which was based in large measure on the 43 recommendations made by three working groups. The NPRM was adopted as the Final Rule on Air Cargo Security Requirements in May 2006. It mandated a number of significant improvements to the security of the air-cargo supply chain by requiring airports, domestic and foreign airlines, and indirect air carriers to implement additional security measures.

The air-cargo supply chain is a complex, multi-faceted mechanism that begins when a shipper tenders goods for transport. It potentially involves numerous intermediary organizations such as freight forwarders, indirect air carriers (IACs), and other industry personnel who accommodate the movement of goods. The process culminates when a shipment is received by airline personnel, loaded on an airliner, and delivered to its intended destination.

Because a cargo shipment is exposed to multiple security-related circumstances from the time it is tendered until it is delivered, an effective air-cargo protective system must focus on the entire supply chain and discover opportunities for, and provide reasonable measures to prevent or interrupt, malicious acts. Such a system must certify the integrity of the goods that are offered and the reliability of the shipper, properly educate and verify the trustworthiness of all personnel who maintain access to shipments, and ensure a secure operating environment. Because the movement of goods is often time-critical, this process presents a daunting challenge to regulators and industry alike, and complete success has not yet been achieved.

The Passenger Carrier Cargo Supply Chain

Since the events of September 11, 2001 the TSA has worked diligently to strengthen the air cargo supply chain, primarily focusing its efforts on cargo that is shipped on passenger aircraft. It has spent a significant amount of time on the development of a Freight Assessment System (FAS), the Known Shipper Management System (KSMS), the Certified Shipper program and the Certified Cargo Screening Program (CCSP). ALPA agrees with TSA that, based on the state of today's screening technology and the need to facilitate the movement of goods, an ef-

fective cargo screening program must be composed of a variety of techniques to ensure that 100 percent of the cargo which is loaded on commercial aircraft is secure.

The combination of systems that TSA proposes to accomplish this goal is built upon a certain degree of trust, as responsibility for ensuring its integrity is shared among the critical players who compose the air cargo supply chain, including: Known Shippers (KS); Certified Shippers (CS); Certified Cargo Screening Entities (CCSE); Indirect Air Carriers (IACs); direct air carriers; other entities involved in the movement of air cargo such as trucking companies, and the TSA. For the proposed system to be effective, it requires the proper education, strict management, supervision, enforcement and oversight of the stakeholders by the governing authority. Consequently, serious responsibility is assigned to the TSA to make certain that it has sufficient personnel and resources in place to guarantee the integrity of the entire process.

ALPA supports TSA's multi-faceted, air-cargo supply chain security vision, to include the CCSP, but urges Congress and the TSA to be mindful that without the proper resources and a comprehensive and effective oversight and enforcement process, the system is vulnerable. TSA must be afforded and dedicate the appropriate resources to effectively fulfill its obligation in securing the air-cargo supply chain.

SCREENING 100 PERCENT OF CARGO ON PASSENGER AIRLINES

There has been considerable debate over the meaning of the terms "inspection" and "screening" when applied to goods shipped in the air-cargo supply chain. Generally, inspection means to open and examine the contents of a package. Screening signifies that some measure of security control—not necessarily a physical inspection—has been applied to a shipment.

The current screening/inspection system employs a layered approach, using a combination of the Certified Cargo Screening Program, the Certified Shipper program, the Known Shipper program, Government inspections and enforcement, facility security requirements, vetting of supply chain personnel, standard security programs for airlines and indirect air carriers, random inspections by carriers, and the Freight Assessment System (FAS). ALPA supports this layered approach to securing goods which move in the air-cargo supply chain. The current state of screening technology, labor resource constraints, and the dire financial straits of the airline industry all argue against a 100 percent pre-flight inspection requirement. A very few passenger airlines, due to their size, type of operation, types of cargo carried and other variables, may be able to institute a 100 percent inspection of cargo today. Most, however, cannot. To force such a requirement on the carriers at a time of $145 per barrel of oil is simply unrealistic and, in our view, unnecessary.

Given the fact that TSA proposes a layered approach in securing the air-cargo supply chain, no need has been demonstrated to justify inspecting 100 percent of goods offered for shipment. Until affordable and efficient technology exists and is capable of inspecting all commodities moved via air without disrupting the normal flow of commerce, ALPA supports TSA's layered approach to cargo security based upon a philosophy of 100 percent screening.

SECURITY MEASURES FOR ALL-CARGO OPERATORS

The post-9/11, revitalized focus on airline security revealed that security regulations pertaining to air cargo operations were inadequate and that the all-cargo airline industry was often exempted from complying with the stricter policies that are mandated for passenger airlines. As an example, all cargo airlines are not required to install hardened flight deck doors, and all-cargo pilots were initially excluded from participating in the FFDO program. Known Shipper (KS) rules are not applied in the all-cargo supply chain. Additionally, Common Strategy training is not required for flight crews of all-cargo airliners. This imbalance in regulatory requirements affords all-cargo operations only a fraction of the protections that are mandated for passenger airlines.

Because of the differing levels that still exist between the security of goods shipped on passenger air carriers versus those moved in the all-cargo air supply chain, ALPA offers the following recommendations:

Make Greater Use of Technology.—The air-cargo strategic plan must continue to incorporate effective, strategically located screening and inspection technology. This includes the technical means to detect improvised explosive devices, and chemical, biological, and radiological weapons or contaminants. ALPA urges the TSA to continue research and development of equipment that will accomplish this task. New technology must accommodate standardized industry practices relative to the expeditious movement of goods.

Implement Risk-Based Assessment of Cargo.—A Government Accountability Office (GAO) investigative report entitled *Federal Action Needed to Strengthen Domestic Air Cargo Security* (October 2005), plus risk assessments offered by air-cargo stakeholders and security experts, suggest that the effectiveness of the Known Shipper (KS) program is limited at best and that the program should not be relied upon as the primary method of securing the passenger air-cargo supply chain.

To supplement the protections offered by the KS program, the TSA is developing a computerized Freight Assessment System (FAS) for assigning risk metrics to cargo shipped on passenger airliners. The Aviation Security Advisory Committee, through its Air Cargo Working Group, has helped the TSA in this effort. The Working Group, composed of subject-matter experts representing various disciplines associated with the air-cargo supply chain, was chartered to assist the Government in developing an information-based, threat-management system that evaluates specific information about shippers and the goods they tender so that a corresponding risk score can be computed which identifies cargo considered to be of elevated risk. Any suspicious cargo that is detected by this risk-assessment engine will be subjected to additional inspection.

The KS program, coupled with an effective FAS, would significantly enhance aviation safety and security. ALPA believes that these cargo security initiatives should not be limited to use solely in the passenger domain, but that they should be expanded to incorporate goods transported by all-cargo airliners. We urge the TSA to expedite the deployment of FAS and to continue its partnership with the now disbanded Air Cargo Working Group.

Require a SIDA for All-Cargo Operations.—As a result of the Final Rule on Air Cargo Security Requirements, Secure Identification Display Area (SIDA) protocols have been implemented in some areas of all-cargo operations that are conducted at airports supporting passenger airline service. However, current regulations fail to require this important safeguard at airports that serve only all-cargo operations. This lack of SIDA standards dramatically reduces the security provided to air-cargo operations conducted at these facilities.

SIDA requirements detail perimeter security protocols, clearly define entry and exit procedures, dictate specific identification display and ramp security procedures, and are predicated on a mandatory 10-year, fingerprint-based criminal history record check for all employees who maintain unescorted-access privileges within the SIDA. Consistent application of these standards throughout the all-cargo domain would significantly enhance the protection of shipments, flight crews, and parked all-cargo airliners, and would greatly improve the background screening standards needed to properly identify and vet ramp and warehouse personnel. ALPA proposes that any airport that serves regularly scheduled, all-cargo operations that involve transport-category airliners be required to maintain a full security plan and designated SIDA for such operations. Further, ALPA recommends that the TSA ensure, through strict compliance enforcement, that airports and airlines adequately address the potential security vulnerabilities posed by non-SIDA operations areas, including maintaining proper staffing, selection, and training of persons who will be charged with the responsibility of performing the requisite security functions.

Install Hardened Flight Deck Doors and Secondary Barriers on All-Cargo Airliners.—A significant number of all-cargo airliners lack bulkheads and flight deck doors, leaving them without partitions that separate the flight deck from the airplane's interior. This lapse in security is highlighted by the fact that all-cargo airliners frequently carry additional, non-crew personnel, such as couriers and animal handlers. To deter persons who possess malicious intent and impede their ability to attack flight crew members, gain access to aircraft controls, or otherwise execute a hostile takeover of an airliner, physical barriers must be designed and installed to separate the all-cargo airliner's flight deck from accessible passenger and cargo areas. All-cargo flight decks must be clearly delineated and protected in the same fashion as the flight decks of passenger airliners, including the provision of reinforced flight deck doors, secondary flight deck barriers, and training for crewmembers in appropriate flight deck access procedures.

Vet Persons Who Have Unescorted Access to Cargo and All-Cargo Airliners.—ALPA has consistently advocated a policy of "One Level of Safety and Security" for passenger and all-cargo airline operations. To best protect the integrity of the air-cargo supply chain, persons with unescorted access to shipments destined to be transported on passenger or all-cargo airliners (i.e., persons who receive, inspect, transport, and load air cargo, and those who are granted the privilege of unescorted access to all-cargo airliners) must be vetted using a thorough threat matrix that measures significantly more than a potential link to terrorism. All persons who are granted unescorted access to cargo destined for shipment by air must be vetted by

means of a fingerprint-based criminal history records check (CHRC) and threat matrix as are applied to applicants for unescorted SIDA access.

Vet Persons Transported on All-Cargo Airliners.—All-cargo flights often transport couriers, animal handlers, and company employees, many of whom are foreign nationals and who frequently sit immediately outside the flight deck, unsupervised and possessing items normally not allowed to be carried on passenger airliners. While the Final Rule on Air Cargo Security Requirements specifies physical screening measures for these non-crewmembers (i.e., supernumeraries) before boarding, it fails to subject them to a security threat assessment (STA) background investigation. As such, supernumeraries are allowed to board all-cargo airliners with less screening than is required for persons traveling on passenger airliners. This practice is particularly troubling in view of the fact that many all-cargo airliners lack hardened flight deck doors, Federal Air Marshals, flight attendants, and able-bodied passengers to help protect the flight deck and crew from attack.

The Final Rule requires airlines to ensure that the direct employers of these supernumeraries have completed background checks on them and have maintained the records of same. Unfortunately, this process has proven unsatisfactory. ALPA recommends that the practice of allowing an airline and/or the direct employer to be responsible for completing these investigations be eliminated. The TSA must assume responsibility for ensuring the completion of fingerprint-based criminal history records checks for supernumeraries flying on all-cargo airliners. ALPA further recommends that all persons transported on all-cargo airliners be subjected to the same pre-travel screening (i.e., checking them against current terrorist watch lists) as is applied to persons carried on passenger airliners.

Provide Security Training for All-Cargo Flight Crew Members and Staff.—Government-approved security training, equivalent to that required in the passenger domain, must be mandated for flight crews and ground personnel supporting all-cargo flight operations. Basic and recurrent crew training must include instruction on the All-Cargo Common Strategy and all-cargo flight crews should be provided access to TSA-issued Security Directives (SDs) and Information Circulars (ICs) that pertain to their role as In-Flight Security Coordinators (ISCs). Additionally, security training for all-cargo flight crews and ground personnel should include instruction in identifying, countering, and mitigating threats presented by explosive devices; chemical, biological, and radiological weapons; and other contaminants and dangerous goods.

Expand TSA Compliance Enforcement.—ALPA encourages the TSA to continue expanding its field inspection staff; to create a non-punitive, voluntary self-disclosure program; and to develop and distribute security training materials to educate cargo industry employees and agents. The TSA's current Cargo Watch initiative stands as a positive example in this regard. These efforts, coupled with appropriate regulations, strict compliance enforcement, and enhanced electronic communications capabilities will significantly enhance the security of passenger and all-cargo operations. The TSA continues to strengthen the requirements for businesses holding, or attempting to acquire, Known Shipper and Indirect Air Carrier (IAC) status and continues to bolster the security requirements relating to the acceptance, processing, and movement of air cargo.

ALPA agrees that confirmation of background information supplied by IACs and Known Shippers and strict enforcement of the pertinent regulations these businesses must follow is paramount to the success of cargo security efforts. All participants in the air-cargo system must qualify to participate, and they must understand the regulations and the critical need to comply with security mandates.

Address Security Deficiencies at Private Airports Serving All-Cargo Operations.—Major all-cargo airlines use a number of privately owned airports as sorting facilities. These airports support significant cargo operations and a variety of transport-category airplane types, including large, wide-body airliners. Unfortunately, these airports are not held to the same Government-mandated security standard applied to airports operating in the public domain and are not subject to the same scrutiny in compliance efforts. As such, significant security deficiencies exist at a number of these locations. ALPA urges Government regulators to take notice of these vulnerabilities and to respond with appropriate regulations and enforcement actions.

For security reasons, specific information related to this topic will not be provided within the framework of this document. However, ALPA is prepared to meet with appropriate Government and industry representatives to provide them with more-detailed information and to help in remediation efforts.

Conduct Vulnerability Assessments and Threat Mitigation.—The success of any Government-sponsored efforts to assess vulnerabilities within air-cargo supply chain operations hinges upon meaningful consultation with associated industry subject

matter experts (SMEs). Because SMEs best understand the strengths and weaknesses of their respective operational environments, they are well-positioned to provide critical insight in any attempt to find vulnerabilities contained therein and to establish effective and efficient countermeasures to potential threat vectors.

To facilitate this process, Government representatives must engage SMEs in meaningful, regular dialog that incorporates current intelligence related to potential threats to the air-cargo supply chain. ALPA urges all appropriate Government entities to identify industry SMEs from critical disciplines within the air-cargo supply chain, solicit their input regarding the strengths and vulnerabilities within their respective operational environments, and share with them current intelligence related to threats to cargo. This consultative process is necessary for Government and industry partners to determine and characterize threat scenarios and develop and implement appropriate threat mitigation practices.

Improve Cargo Security Rule.—While ALPA did not agree with all of the requirements of the Final Rule announced in May 2006, it signaled great potential for significant improvement in the security of the air-cargo supply chain. Unfortunately, implementation of several facets of the Rule has not gone smoothly.

Confusion regarding the security threat assessment (STA) requirements led to a number of delays in implementing them. This uncertainty had an adverse effect on domestic and foreign airlines, indirect air carriers (IACs), freight forwarders, and their employees and agents. ALPA urges the TSA to clarify the rules relating to the STA process.

The Final Rule provides that SIDA security measures must be extended to secured areas and air operations areas that are regularly used to load cargo on, or unload cargo from, an aircraft operated under a full program or a full all-cargo program. It further requires that each airport security program will specify the limits of the cargo operations area to be included in a SIDA, subject to review and approval by TSA.

ALPA has been disappointed to learn that at some airports where the Final Rule requires that SIDA requirements be extended to cargo areas, certain air operations areas used by all-cargo airliners have not been made part of the SIDA. ALPA urges the TSA to apply a strict interpretation and enforcement policy related to the SIDA requirements specified in the Final Rule.

Use Known Shipper Concept for All-Cargo Operations.—Measures have been taken via the Known Shipper (KS) program to minimize threats that cargo shipments present to passenger airliners. However, the same protective standards are not applied to goods shipped via all-cargo airlines. Cargo and passenger airliners should be viewed equally in terms of susceptibility to exposure to risks associated with improvised explosive devices and chemical, biological, and radiological hazards. The KS system must include an effective methodology for maintaining its integrity, accuracy, and reliability. Any decisionmaking process designed to evaluate a person or organization seeking inclusion in the KS database should incorporate sufficient criteria, beyond a link to terrorism that will indicate the character, reliability, and susceptibility to compromise of the persons involved, or the potential for disruption of the air transportation system for political or economic purposes.

CONCLUSION

The Transportation Security Administration, in conjunction with industry stakeholders, has done significant work to improve the security of the air-cargo supply chain, but there is much more to be done. The costs associated with needed cargo security enhancements are minimal when viewed in terms of the potential price to be paid for failing to properly protect the air-cargo industry from viable threats.

Since the events of Sept. 11, 2001, cash-strapped and bankrupt passenger airlines have added multiple layers of security enhancements at their own expense, while many all-cargo airlines, which until very recently enjoyed robust growth and sustained record profits, have failed to keep pace in making such improvements. Protecting flight crews, industry personnel, passengers, and airliners engaged in or affected by air-cargo operations requires that Government and industry stakeholders cooperate in achieving effective layers of security.

ALPA commends the TSA for a number of its cargo security efforts, including increased field inspection staff and use of canine resources, research on screening technology, research on the use of container seals to certify the integrity of cargo shipments, and the continued effort to develop and deploy the CCSP and Freight Assessment System (FAS).

Thank you for the opportunity to provide this statement.

LETTER FROM PETER KANT AND H.B. MILLER

JULY 15, 2008.

The Honorable Bennie G. Thompson,
The Honorable Edward J. Markey,
U.S. House of Representatives, Committee on Homeland Security, Washington, DC 20515.

DEAR CHAIRMAN THOMPSON AND CONGRESSMAN MARKEY: We applaud your efforts to focus more attention on the need to provide for comprehensive inspection of air cargo carried by passenger aircraft.

Rapiscan Systems and Smiths Detection both manufacture, install, and service an array of non-intrusive inspection systems for use in airports. Our companies are the two providers of new inspection systems for the Transportation Security Administration's (TSA) advanced technology (AT) checkpoint security program.

Rapiscan and Smiths also have systems on the TSA's approved list of candidate technologies for inspection of air cargo on passenger aircraft. As many freight forwarders note, there is also a need for pallet inspection systems to screen larger air cargo. Rapiscan, Smiths and other manufacturers have for over 10 years, provided these systems to cargo companies and airlines in the United States and worldwide.

Under Pub. L. 110–53, Congress set a target date of February, 2009 for screening 50 percent of air cargo carried by passenger aircraft. We note that the technology to meet this mandate is readily available and urge our Government to continue its accelerated efforts to approve inspection systems and provide air cargo operators with approved inspection procedures so effective inspection can begin as soon as possible.

As Congress conducts oversight of the implementation of the passenger air cargo screening mandate, please let us know if we can provide you and/or your staffs with more details regarding the current availability and state of cargo inspection technologies. Thank you again for your efforts to call attention to this important homeland security issue.

Sincerely,

PETER KANT,
Vice President, Global Government Affairs, Rapiscan Systems,
H.B. MILLER,
Vice President, Smiths Detection, Inc.

Ms. JACKSON LEE. As I introduce the Ranking Member, the distinguished gentleman from California, let me just indicate to the audience that both of us serve on multiple committees, including the Judiciary Committee, which I happen to be on the Task Force for Antitrust Competition, which was holding a simultaneous hearing. So to the Ranking Member and to the audience, I was delayed because I was in another hearing, and I thank the Ranking Member.

At this time, it is my pleasure to yield to the Ranking Member for an opening statement.

Mr. LUNGREN. Thank you very much, Madam Chairwoman.

Well, I express my agreement with you over the need to better secure our passenger air cargo system. As you noted, it has been 7 years since 9/11. We have invested literally billions of dollars to screen airline passengers, their baggage and carry-on. After these enormous expenditures to secure our airlines, it would be foolhardy to ignore the cargo that is being transported on the same aircraft.

Sensible security requires stronger passenger air cargo measures. The 100 percent screening requirement posed by the majority, however, does raise a number of concerns which I feel compelled to articulate.

First, I hope that the 100 percent screening solution does not raise false security expectations; that is, the idea that all threats to passenger air cargo can be eliminated by instituting a, quote-unquote, 100 percent screening is unrealistic. We should not forget

that risks can be managed in our vast homeland, but never totally eliminated, as much as we would wish that to be the case.

Second, my concern about the 100 percent screening requirement is that it abandons the risk-based homeland security approach to terrorist threats which has been the direction of this committee, been the direction of the Congress, been the direction of DHS. It is one that I think has worked very effectively.

Risk assessment allows DHS, and in this case TSA, to effectively target its financial and intelligence resources for the best security benefit. We don't have unlimited resources, obviously. So, without that, we have to be smarter than the terrorists and use our intelligence and layered security measures to mitigate future risks.

While passenger air cargo security needs tightening, I hope that by imposing a, quote-unquote, 100 percent screening mandate we don't force a costly security overhaul which pushes the passenger air cargo screening further down the supply chain to indirect air carriers and freight forwarders, because many of these important small business passenger air cargo contributors have difficulty making the bottom line as it is now.

What I am trying to say is we ought to be smarter than just being led by slogans. We ought to make sure that the risk-based approach continues here as it has everywhere else.

We have to see how many more inspectors this would require if we are going to make this work. Hopefully the pilot program will show us exactly what that is. We have to be concerned about what the Small Business Committee of the House has expressed to us, their concern about whether costs might make it a noncompetitive aspect of the smaller operations versus the large operations.

I just want to make sure that what we do is effective, that we are being smarter than the other guys, and that we are always guided by the risk-based assessment approach. I think if we abandon that, we abandon something that has proven to be very, very, very successful.

Last, I would just say, I am heartened by the fact that TSA has indicated that they are going to have a multiple-layered approach; that they are talking about new technology, that they are talking about inspectors, that they are talking about canine units. As Members of this subcommittee and committee know and members of the audience know, I have always tried to point out the fact that canine units apparently give us an opportunity to be as agile as we possibly can, to be able to move when the unexpected occurs, and in some cases can do a better job than that required by equipment that causes capital investment and changes in already existing physical locations. So I hope that we can learn from what the approach is that TSA has already embarked upon and which they intend to continue in the future.

So I look very much forward to hearing from our witnesses. I want to thank them for being here today. With that, Madam Chairman, I would yield back the balance of my time.

Ms. JACKSON LEE. Mr. Lungren, we thank you for your comments and remarks. We hope we will find common ground on such an important issue. Thank you for your opening statement.

It is my privilege to acknowledge the presence of the distinguished gentleman from Oregon, Mr. DeFazio, who is present here.

Let me also make note of the fact that other Members of the subcommittee are reminded that under the committee rules opening statements may be submitted for the record.

We begin by welcoming our first panel of witnesses. Our first witness is Mr. John B. Sammon, who is the Assistant Administrator for the Transportation Sector Network Management Office at TSA. Mr. Sammon works to protect and secure our Nation's intramodal transportation systems, including aviation, rail, mass transit, maritime, cargo and pipelines. We are looking forward to his testimony today, since the office he directs has been tasked with implementing several mandates enacted by the 9/11 Act, including the 100 percent screening of air cargo aboard passenger airplanes.

I must note that the subcommittee requested that Mr. Ed Kelly testify here today. Mr. Ed Kelly is TSA's chief architect of air cargo policy, but the invitation was unfortunately declined by TSA. Nevertheless, I welcome Mr. Sammon's testimony. In your testimony, you might explain Mr. Kelly's absence, Mr. Sammon. We welcome you.

Our second witness is Mr. James Tuttle, head of the Explosives Division of the Department's Science and Technology Directorate. Mr. Tuttle's division is responsible for the Department's scientific research and technology, explosives detection, blast mitigation and response to non-nuclear explosives and other energetic threats, including shoulder-fired missiles aimed at commercial aircraft.

Mr. Tuttle came to DHS with 21 years of experience in R&D efforts. He has published numerous professional papers and completed a Boeing Fellowship in Seattle where he helped develop applications for reducing the radar signature of military aircraft. Welcome, Mr. Tuttle.

Our third witness is Ms. Kathleen Berrick from the Government Accountability Office. Ms. Berrick is a senior executive with GAO's Homeland Security and Justice team. In this position, she oversees GAO reviews of aviation and surface transportation security matters and has developed a broad knowledge of transportation security practices and related Federal policies, as well as Federal and private sector roles and responsibilities. She has leveraged this expertise to lead numerous reviews of DHS and TSA initiatives, to strengthen the security of the U.S. transportation system, and to navigate the complex array of legislation passed and policies instituted in the aftermath of the terrorist acts of September 11, 2001.

We welcome back Ms. Berrick, who routinely testifies before this subcommittee and the full committee, and we are looking forward to her assessment on the progress made by TSA regarding the 100 percent screening mandate.

Without objection, the witnesses' full statements will be inserted into the record. I now ask each witness to summarize his or her statement for 5 minutes, beginning with Assistant Administrator Sammon.

STATEMENT OF JOHN P. SAMMON, ASSISTANT ADMINISTRATOR, TRANSPORTATION SECTOR NETWORK MANAGEMENT, TRANSPORTATION SECURITY ADMINISTRATION, DEPARTMENT OF HOMELAND SECURITY

Mr. SAMMON. Good afternoon, Chairwoman Jackson Lee and Ranking Member Lungren. And Chairwoman, Mr. Kelly is sitting behind me right now, Ed Kelly, accompanied by Douglas Brittan, who is his assistant in the air cargo area.

Ms. JACKSON LEE. We certainly will welcome his answering the questions. Thank you.

Mr. SAMMON. Sure. Thank you. I am pleased to be here today to discuss the progress that the Transportation Security Administration is making toward fulfilling the air cargo provisions of implementing the recommendations of the 9/11 Commission Act.

We are committed to the goal of screening 50 percent of all air cargo shipped from the United States on passenger aircraft by February 2009 and 100 percent by August 2010. This goal has been a TSA objective, and TSA worked closely with Congress to reach these provisions in the 9/11 bill.

As you know, implementation of the 9/11's air cargo provisions requiring 50 percent screening by February and 100 percent screening by August 2010 presents significant challenges. The major challenge we face is that there is not enough capacity at all the airports to do the screening that needs to be done. This lack of capacity makes it impractical to attempt to break down, screen and reassemble large consolidated loads on airport property with any timeliness or efficiency. Furthermore, the resulting congestion would pose a security vulnerability and a threat target of its own.

TSA's answer to that challenge is to enable screening further up the supply chain to TSA certified freight forwarders and shippers in addition to airport facilities. TSA is then creating a secure chain of custody from the screening location to the airport.

Logistics planners at many fields use secure chain of custody with great success and have done so for decades. Screening cargo at the appropriate time and place in the supply chain will keep commerce and freight flowing in a secure manner. By reducing congestion potential at the airports, this approach also provides the best opportunity for small businesses to have continued access to air carrier screening facilities at the airport.

Participation in TSA-certified screening programs is voluntary. Participants become TSA-regulated parties and agree to adhere to TSA security protocols for their operations. A common security protocol will include standards for personnel vetting, facility infrastructure security and physical screening facilities, among the other requirements. TSA will only certify facilities that have been inspected and validated by TSA or TSA-authorized agents.

A key to this initiative is that the air carriers have the ultimate responsibility to transport only certified, screened cargo. TSA's regulatory programs, including ongoing inspections, will enable cargo to be done by certified parties, but unscreened cargo will not be allowed to fly after August 2010.

While it is the air carrier's responsibility to ensure that cargo has been screened by a TSA-certified entity who actually screens the freight in a particular location that will be determined by mar-

ket issues such as available capacity, labor costs, real estate costs, and the ability to become TSA security-certified, it is the air carrier's responsibility to work with freight forwarders and cargo handlers to ensure sufficient screening capacity exists in our markets. In the end, if only 100 pounds have been screened, only 100 pounds can fly in commercial aircraft.

To meet the first deadline in February, TSA is directing its inspector, canine and technology resources to the 18 highest volume cargo airports. These airports handle nearly two-thirds of passenger cargo.

In addition to our cargo volume focus, TSA's February plan puts passengers first. As a consequence, TSA expects that all cargo will be screened on aircraft carrying 80 percent of the passengers. Let me repeat that. By February 2009, TSA expects that all cargo will be screened on aircraft carrying 80 percent of the passengers. Through a combination of focusing on high cargo airports and high volume passenger flights, we expect to meet the 50 percent requirement in the act.

TSA has measures in place today that assure the safety of air cargo on passenger planes through a risk-based, layered security approach. TSA is committed to a process that keeps air cargo moving while meeting vital security screening requirements. That is why we particularly appreciate the assistance of Jim Tuttle in the Science and Technology Office's R&D program, and we look forward to working with Cathy Berrick to make this new screening process as airtight as possible.

Thank you. I will be happy to answer your questions later on.

[The statement of Mr. Sammon follows:]

PREPARED STATEMENT OF JOHN P. SAMMON

JULY 15, 2008

Good afternoon Chairwoman Jackson Lee, Ranking Member Lungren, and distinguished Members of the subcommittee. I am pleased to be here today to discuss the progress the Transportation Security Administration (TSA) is making toward fulfilling the air cargo security provisions of the Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Act), Pub. L. 110–53.

As you know, implementation of the 9/11 Act's air cargo provisions—requiring the screening of 50 percent of cargo on passenger aircraft by February 2009 and all such cargo by August 2010—presents significant challenges. To meet these challenges, TSA is emphasizing effective security management of the entire air cargo supply chain by building upon our established programs: air cargo security regulations, standard security programs, security directives, information sharing, and increased use of TSA-certified explosives detection canine teams and Transportation Security Inspectors (TSIs) for cargo. Key to the success of our screening regime will be collaboration with stakeholders—U.S.-based shippers, freight forwarders, and passenger air carriers—through a program that will facilitate screening early in the supply chain using currently approved screening methods and stringent facility and personnel security standards.

TSA's strategy involves every component of the air cargo shipping system—from the entity originating the freight to the freight consolidators/forwarders, airports, and finally to air carriers who transport the cargo—and the people involved in the process that have access to cargo at every point in the supply chain. The program is designed to harmonize with the international community, since a large portion of air cargo moves on international flights.

TSA is committed to meeting the 9/11 Act's goals. And, when we meet the 50 percent goal, the vast majority of flights, carrying more than three-quarters of all passengers, will in fact be screened at the 100 percent level.

THE 9/11 ACT: REINVENTION OF AIR CARGO SECURITY

Approximately 12 million pounds of cargo is transported daily on passenger aircraft. To accommodate this considerable stream of commerce, TSA currently has in place a multilayered, risk-based system for securing cargo traveling on passenger aircraft. As required by applicable security programs and regulations, aircraft operators and foreign air carriers are now primarily responsible for screening a percentage of cargo transported on passenger aircraft. In addition, indirect air carriers (IACs) are required to screen or provide to TSA for screening, all cargo that meets certain high-risk criteria. Regardless of risk, TSA screens 100 percent of cargo at Category II–IV airports.

Currently, required cargo screening is conducted by aircraft operators and air carriers, using the following TSA-approved methods of screening: physical search with manifest verification, X-ray, explosives trace detection (ETD), explosives detection systems (EDS), and decompression chamber. Cargo consolidations built by aircraft operators and air carriers or accepted in that form from shippers and IACs are subject to random screening by TSA-trained and certified explosives detection canine teams. For unique cargo types that do not lend themselves easily to these established screening methods, TSA permits alternative screening methods to be employed, such as verification of the description of the cargo and matching the identity of the shipper with information contained in the shipping manifest.

Additional layers of security augment the required screening. For example, with very few exceptions, cargo may only be accepted for transport on passenger aircraft when there is an established business relationship between the shipper and accepting IAC, aircraft operator, or air carrier. Employees and authorized representatives of aircraft operators, foreign air carriers, and IACs with unescorted access to cargo must undergo a security threat assessment (STA), and the Security Identification Display Area (SIDA) security requirements at regulated airports have been expanded to include areas where cargo is loaded and unloaded. TSA has timely processed and adjudicated 170,000 STAs for IAC employees.

The 9/11 Act mandates significant changes to this regime. Section 1602 of the 9/11 Act amends TSA's primary screening authority, 49 U.S.C. § 44901, to require TSA to implement a cargo screening program that will, no later than August 2010, achieve the screening of 100 percent of cargo transported on passenger aircraft in a manner that results in a level of security commensurate with that of checked baggage. The 9/11 Act defines the term "screening" to mean "a physical examination or non-intrusive method of assessing whether cargo poses a threat to transportation security" and includes within that definition X-ray systems, EDS, ETD, explosives detection canine teams certified by TSA, and a physical search combined with manifest verification. The 9/11 Act also provides TSA the flexibility to develop additional methods to ensure that the cargo does not pose a threat to transportation security, including a program to certify the security methods used by shippers.

The requirements are easily stated, but the enormity of the task cannot be overstated. Essentially, this legislation mandates the reinvention of air cargo security.

CONSIDERABLE CHALLENGES

The 9/11 Act's mandate cannot be achieved by relying on the current system, whereby aircraft operators and air carriers are almost exclusively responsible for screening cargo. Currently, aircraft operators alone do not have the capacity to screen the volume of cargo that is now transported on passenger aircraft daily. Requiring passenger aircraft operators to screen 100 percent of air cargo would result in carrier delays, congestion at airport cargo facilities, backlogs of unscreened cargo, and missed flights—in short, such a requirement would significantly impede the flow of commerce. Likewise, requiring screening of the current volume of cargo carried on passenger aircraft at the airports by parties other than the aircraft operators would be impractical, if not impossible, if only because of the lack of space to accommodate such an operation.

Multiple Stakeholders

To fulfill the 9/11 Act's requirements, TSA must rely on the wholehearted cooperation of industry. Success will only be achieved by augmenting current screening resources with those of multiple stakeholders and ensuring that screening is conducted at earlier stages in the air cargo supply chain. As discussed more fully below, in connection with the Certified Cargo Screening Program, TSA is working with aircraft operators, IACs, and shippers to create, pilot, and ultimately implement a program in which air cargo security is a responsibility shared by the entire air cargo industry.

Technology

A critical challenge in meeting the requirements of the 9/11 Act is the development of technology to accomplish the contemplated level of screening, particularly given current practices for packing cargo for transportation aboard passenger aircraft. Under current industry practice, a large percentage of cargo that will be placed aboard passenger aircraft, particularly wide-body aircraft, is tendered at the airport in a consolidated state, i.e., it has already been packaged on large pallets for transportation. Without the development of effective technology for dealing with cargo tendered in this manner, screening would require significant costly re-engineering of existing packaging and shipping processes.

The new requirements for screening cargo commensurate with passenger baggage will have the biggest impact on cargo that is carried on wide-body aircraft. For efficiency in operation, wide-body aircraft utilize Unit Load Devices (ULDs) to transport the cargo in the lower holds of the aircraft. These ULDs can hold up to 11,000 lbs. of cargo comprised of literally hundreds of pieces/boxes. Some ULDs are hard-sided (similar to baggage containers) where the pieces are hand-stacked inside, while other are flat metal pallets on which the pieces are stacked, contoured to the aircraft shape, then shrouded in plastic and covered in heavy netting to prevent shifting in flight. The majority of the wide-body flights are on international lanes. IACs control most of the market (most shippers work through an IAC for many reasons, and do not negotiate directly with carriers). As a result, a very high percentage of ULDs are filled/built by the IAC, not at the air carrier's facility. This is done not only for efficiency, but also because it enables IACs to obtain better rates than when cargo is tendered "loose" (because less handling by the carrier is required). For international cargo, cutoff times for carriers to receive cargo from IACs (or shippers) is approximately 4 hours prior to departure time.

Without the development of technology to effectively screen cargo built into large pallets and ULDs, screening cannot be executed primarily at airports. If all cargo were to be screened only at airports by air carriers, they would have to either: (a) Break down/remove cargo from all ULDs previously built-up by IACs, screen the cargo, and re-build the ULDs, or (b) require the IACs to tender the cargo "loose," and then the carrier would screen the cargo and "build up" all of the containers. Either scenario would be extremely labor-intensive, be costly in time, and eliminate rate discounts for industry.

MEETING THE CHALLENGES

TSA is well on its way to meeting the 50 percent screening milestone and to having in place the critical regulatory pieces for meeting the 100 percent goal. There are several interlocking pieces that advance us toward the 50 percent goal in the short term and that lay the groundwork for the complete implementation of the 9/11 Act's requirement for cargo screening.

Near-Term Elements: 100 Percent Screening for Vast Majority of Passenger Flights

A key component of achieving the 9/11 Act's 50 percent milestone by February 2009 is a 100 percent screening requirement for passenger aircraft that comprise approximately 95 percent of all domestic passenger flights and carry approximately 25 percent of all cargo that is carried on passenger aircraft. This requirement, developed in coordination with air carriers and other appropriate stakeholders, is scheduled to go into effect in October 2008.

Most significantly, this requirement will cover flights that carry more than three-quarters of all passengers. This means that when this requirement becomes effective, the great majority of air passengers will be protected by enhanced screening measures, even in advance of full deployment of our air cargo strategy.

Near-Term Elements: Canine Program

Current TSA security directives and emergency amendments already require that bulk cargo consolidations be made available by aircraft operators and air carriers for screening by TSA-certified explosives detection canine teams. As of July 1, 2008, TSA has trained 450 teams that are deployed and operated by local law enforcement agencies at airports. Standard operating procedures governing these teams require that they devote at least 25 percent of their duty time in the air cargo environment. Canine teams generally are concentrated at or near airports where there are high volumes of passengers and cargo. Under the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, Pub. L. 110–28, Congress provided TSA with additional funding to expand the explosives detection canine team program by 170 teams. Of these, half will be proprietary, that is, comprised of TSA-owned dogs and TSA handlers, and devoted exclusively to screen-

ing air cargo. The deployment of additional canine resources ensures that a greater number of cargo consolidations that are subject to screening will in fact be screened.

Near-Term Elements: Increased Cadre of Inspectors

At the beginning of fiscal year 2008, TSA employed 300 Cargo TSIs exclusively dedicated to the oversight of air cargo. Since then, TSA has trained and deployed an additional 130 air cargo TSIs, and another 20 will be added by the end of fiscal year 2008. Inspectors conducted more than 37,000 compliance reviews in fiscal year 2007 and initiated more than 2,500 formal investigations based on suspected non-compliance with TSA requirements. Cargo inspectors operate under work plans to ensure that all aircraft operators, air carriers, and IACs are inspected regularly and that those that have had previous compliance issues are inspected more frequently and thoroughly. Cargo inspectors also conduct outreach to all regulated entities to ensure their ability and willingness to comply with the IAC program's requirements prior to their approval. Along with performing daily oversight of cargo operators, inspectors also conduct covert testing of the air cargo system and participate in "cargo strike" surge activities at our Nation's largest cargo airports.

Near-Term Elements: Elimination of Alternative Screening Methods

In addition to increasing screening across the board, TSA is in the process of re-evaluating and eliminating many of the alternative screening methods previously used for ensuring the security of certain categories of cargo. TSA reported to Congress a comprehensive overview of alternative screening of specific commodities, as required by section 1602 of the 9/11 Act.

Looking Forward: The Certified Cargo Screening Program

TSA is diligently working with all of our partners across the air cargo community to establish the linchpin of our air cargo screening strategy—the Certified Cargo Screening Program (CCSP)—a voluntary program under which TSA will certify cargo screening facilities to screen cargo before it is tendered to aircraft operators for carriage on passenger aircraft. As authorized by the 9/11 Act, we are currently developing an Interim Final Rule (IFR) to implement the CCSP, which we hope to publish by the end of this calendar year. This program, which we anticipate deploying in fiscal year 2009, will establish full supply chain security of air cargo and play a major role in overcoming the hurdles inherent in a 100 percent screening requirement.

Like TSA's existing security programs, the CCSP will rely on layers of security to provide the best possible protection for cargo on passenger aircraft and the least disruption to commerce. Under the CCSP, facilities upstream in the air cargo supply chain such as shippers, manufacturers, warehousing entities, distributors, and third-party logistics companies will be able to apply to TSA to be designated as certified cargo screening facilities (CCSFs). IACs and aircraft operators that screen cargo outside airport perimeters may also apply to be certified to become CCSFs in order to screen cargo for transport on passenger aircraft. CCSFs will be required to screen cargo using TSA-approved methods and to implement chain of custody measures to ensure the security of the cargo throughout the air cargo supply chain prior to tendering it for transport on passenger aircraft. CCSF employees and authorized representatives will be required to successfully undergo TSA-conducted STAs. Before being certified, and periodically thereafter, the CCSF will be required to undergo examination by a TSA-approved validator, who will also need to undergo a TSA-conducted STA. These facilities will also be subject to regular and random inspections by TSA cargo inspectors to ensure their adherence to CCSP requirements.

Once the program is implemented, CCFS-screened cargo will contribute greatly toward meeting the 50 percent and 100 percent cargo screening requirements of the 9/11 Act.

CERTIFIED CARGO SCREENING PILOT PROGRAMS

As part of the process of establishing this regulatory program, TSA is testing the concept of screening earlier in the supply chain by conducting two pilot programs: (1) The CCSP (Phase One) pilot involving shippers and other entities such as manufacturers, distributors and third-party logistics companies, and (2) the Indirect Air Carrier (IAC) technology pilot. The pilot program with shippers is being conducted at the following major gateway airports: San Francisco, Chicago, Philadelphia, Seattle, Los Angeles, Dallas-Fort Worth, Miami, Atlanta, and New York/Newark. The pilot with IACs is running at these airports and additionally at Dulles, Honolulu, Intercontinental Houston, Boston/Logan, Detroit, Denver, San Juan and Orlando.

Over 65 percent of all cargo transported on passenger aircraft is from these 18 pilot airports. Approximately 61 percent of cargo transported on wide-body aircraft originates at just 6 of these airports. By focusing its outreach in the pilots on the entities using the airports with the highest volume of cargo transported on wide body passenger aircraft, we have been able to maximize the impact of the pilots.

The IAC technology pilot is evaluating the effectiveness of cargo screening equipment recommended by TSA, such as Advanced Technology X-ray (AT X-Ray), ETD machines, and EDS, by commodity class at each participant's consolidation facility. Congressional appropriations provided TSA with funds for the screening of air cargo. TSA is using these funds to assist in the deployment of appropriate screening technology for use in the IAC pilot program. In addition to testing the equipment itself, the IAC pilot is also evaluating the volumes of cargo the IAC community is able to screen and the use of chain of custody procedures.

Industry has responded enthusiastically to TSA's call for participation in the pilots. During the first 4 months of 2008, TSA teams met with over 225 shippers, 550 IACs, and 100 air carriers in these cities to explain the impact of the regulation as well as the solution provided by the CCSP. To date, TSA is working with over 70 IAC pilot locations as well as over 100 shipper locations that are undergoing the validation process to become certified to screen as part of the pilot. Fourteen major IACs are committed to participating in the pilot and are in various stages of certification. The final steps in the process will be their purchase of approved technology and subsequent completion of the necessary training on use of that equipment. In addition to the IACs who are formally participating in the pilot, we have received applications from 47 IAC facilities in the 18 cities that wish to become certified and plan to purchase the approved technology on their own.

We feel that this approach has many benefits, not the least of which is that moving the screening of cargo for these larger IAC operations away from the airports will allow the carriers to utilize their capacity to screen cargo from smaller IACs and shippers who do not have the volumes of cargo or the financial ability to invest in the infrastructure needed to screen cargo themselves.

Looking Forward: Research and Development

To address the technological challenges, TSA is working collaboratively with the DHS Science and Technology Directorate (S&T) to identify technology gaps and to prioritize research and development (R&D) requirements. Together, we are working to develop and qualify technologies in the areas of automated break-bulk and bulk explosives detection; trace explosives detection; alternative screening technologies such as metal detection, non-linear junction device detectors, and Improvised Explosives Device (IED) disruptor technologies; blast mitigation technologies; stowaway detection technologies; and supply chain integrity technologies. Our collaboration includes the conduct of laboratory and field assessments of AT X-ray and pallet-sized X-ray technologies in conjunction with S&T's Transportation Security Laboratory (TSL).

TSA and S&T completed technology readiness evaluations of bulk air cargo screening technologies last year, and research is continuing on promising technologies under Cooperative Research Development Agreements (CRDAs). Formal qualification testing of break-bulk (box/piece) air cargo screening technologies is scheduled to commence this Fall with a view toward adding successful technologies to an air cargo screening technology Qualified Products List (QPL). In addition, TSA is working with S&T to prioritize bulk (palletized/containerized) air cargo screening technology requirements for future investments.

TSA has been conducting a Hardened Unit Loading Device (HULD) Pilot Program for which interim test results were released in November 2007. Based on these results, TSA has decided to put the HULDs on a QPL. The final test results and report for the HULD Pilot Program are expected to be completed and released by August 31, 2008.

Finally, TSA is also working closely with the S&T Cargo Pilot Program, which assessed air cargo screening costs for three levels of automation. S&T will submit a report to Congress on the results of the pilot, after which TSA will report to Congress the cost estimates for doing 100 percent screening of air cargo at various airports on all-cargo and on passenger aircraft.

SUCCESS IS THE ONLY OPTION

TSA's mission is to protect the security of the Nation's entire transportation system. Our current risk-based, layered security approach has served us well in fulfilling that mission. We anticipate that the current program, along with the new CCSP, will enable us to achieve the 100 percent air cargo screening requirement envisioned by the 9/11 Act in a manner that does not disrupt the flow of commerce.

Thank you, again, for the opportunity to bring you up to date on our progress with this important mandate. I will be happy to answer any questions you may have.

Ms. JACKSON LEE. Thank you, Mr. Sammon, for your testimony.

Mr. Tuttle, you are recognized for your testimony and you may summarize it for 5 minutes.

STATEMENT OF JAMES TUTTLE, DIRECTOR, EXPLOSIVES DIVISION, DIRECTORATE FOR SCIENCE & TECHNOLOGY, DEPARTMENT OF HOMELAND SECURITY

Mr. TUTTLE. Good afternoon, Chairwoman Jackson Lee, Ranking Member Lungren, and distinguished Members of the subcommittee. It is my honor to appear before you today to provide a brief overview of how the Science and Technology Directorate is assisting TSA in meeting the goal of screening 100 percent of air cargo by 2010.

The Science and Technology Directorate is committed to protecting the Nation against this threat. Our work with TSA begins with a customer-led transportation security IPT, Integrated Product Team, which addresses air cargo and explosive detection. Through this process, we gather TSA input, work together to identify their needs, define capability gaps, prioritize technology development and allocate R&D resources.

Prior needs identified thus far include technologies for screening break bulk, palletized, containerized air cargo for explosives and weapons. A primary focus is on meeting the goal of screening 100 percent of air cargo by 2010.

We are assisting TSA in meeting this goal in three ways: The Air Cargo Explosive Detection Pilot Program, the Air Cargo Research and Development Program, and the Science and Technology support to TSA's Certified Cargo Screening Program. I will now provide a brief overview of each program.

In 2005, Congress directed Science and Technology to work with TSA to determine if significantly more levels of air cargo could feasibly be screened for explosives, additional costs to increase that screening and how effective existing baggage screening technologies would be if they were used to screen air cargo.

The Air Cargo Explosive Detection Pilot Program was conducted at three airports: San Francisco International Airport, Cincinnati-Northern Kentucky International Airport, and Seattle-Tacoma International Airport. Pilot program operations are now concluded and we are now analyzing the data from those sites. This data will help define how to screen the various commodities of air cargo, guide the development of future screening technologies and inform concept operations.

Our second program area deals with explosives air cargo research and development. Its overall goal is to perform research, development and testing of secure systems to screen all air cargo for a wide range of explosives threats while minimizing operational costs and impact on the flow of people and commerce through air transit.

The general approach is to use or adopt security technologies that have been successfully employed at U.S. airports for screening checked and carry-on baggage, mainly focused on commercially

available technologies that can be modified and enhanced. The program is also involving research and development in new and emerging technologies to screen air cargo faster, more reliably and more effectively without human operations intervention.

The third program area includes test and evaluation for TSA's Certified Cargo Screening Program. Specifically, we have been asked to evaluate the efficacy of independent cargo screening facilities which are privately run and screening air cargo for explosive threats. These facilities could receive freight bulk air cargo, perform screening and assemble parcels from multiple sites into pallets for ingestion in the airport. The TSA Certified Cargo Screening Program must also address how to screen the chain of custody between where air cargo is screened and the final ingestion at airports. We plan to levy present work in the areas of screening commerce and maritime transportation, which could provide important technologies for securing the supply chain.

In conclusion, the threat of explosives through air cargo remains considerable. The key challenge is that current technology is inadequate to screen diverse commodities reliably and effectively. The Science and Technology Directorate is committed to a balanced strategic approach to developing air cargo screening technologies that will meet TSA requirements efficiently and effectively.

Members of the committee, I thank you for the opportunity to meet with you today. My written testimony provides additional detail in each of these initiatives.

Thank you.

[The statement of Mr. Tuttle follows:]

PREPARED STATEMENT OF JAMES TUTTLE

JULY 15, 2008

INTRODUCTION

Thank you, Madam Chairwoman and Members of the subcommittee for this opportunity to share with you the work the Science and Technology Directorate (S&T) performs to support the Transportation Security Administration's (TSA) goal to screen 50 percent of air cargo to be transported on passenger aircraft by February, 2009 and 100 percent by August 2010.

S&T's Explosives Division develops the technical capabilities to detect, interdict, and lessen the impacts of non-nuclear explosives used in terrorist attacks against mass transit, civil aviation and critical infrastructure. This includes checkpoint, baggage, air cargo, and vehicle screening technologies; blast-resistant aircraft construction; and detection of explosive threats from a distance (standoff detection). Customer inputs and requirements from the TSA, U.S. Secret Service, U.S. Coast Guard, and first responders are used to define capability gaps, prioritize technology needs, and allocate research.

There are three, interrelated ways that S&T assists, or plans to assist, TSA in achieving the goal to screen 100 percent of air cargo by August 2010. The first way is in the conduct of the multi-year, multi-million dollar Air Cargo Explosives Detection Pilot Program (ACEDPP). This program has been carried out in full partnership with TSA as well as with the three local airport authorities and officials who have participated.

The second way is in the conduct of the multi-year, multi-million dollar Air Cargo Research and Development Program. This program is also being conducted in close coordination with TSA. TSA prescribes the requirements in a Capstone Integrated Product Team process, which serves as the basis for the research program.

The third way, still in the planning stage, is S&T support to the TSA Certified Cargo Screening Program. The Securing the Chain of Custody section of this document addresses the activities that TSA requests S&T to undertake in support of the Certified Cargo Screening Program.

The sections that follow provide more detailed information on these three ways S&T is assisting TSA in achieving the goal of screening 100 percent of air cargo by August 2010.

AIR CARGO EXPLOSIVES DETECTION PILOT PROGRAM (ACEDPP) SUMMARY AND LESSONS LEARNED

Summary

In authorizing the ACEDPP, Congress recognized the potential threat of an explosive device to be loaded onto a plane as cargo and detonated, resulting in catastrophic loss of life and significant damage to property and commerce. An additional vulnerability is related to freighter aircraft, which typically have larger cargo doors and can accept larger containers. With larger cargo containers, there is the potential for an individual to stow away in the container and take control of the plane during flight.

The ACEDPP is evaluating countermeasures to these vulnerabilities by examining alternative approaches to, and assessing the impacts of, substantially increasing air cargo screening levels for explosives and for the detection of stowaways using existing screening methods (i.e., bulk explosives detection, trace detection, canine screening and physical inspection) and TSA-qualified screening protocols. ACEDPP results will assist S&T in defining the research agenda for future cargo screening technology development to fill gaps that exist in present systems.

The ACEDPP will provide critical information about the design, operation and challenges of integrated cargo handling and screening systems, and their associated costs. The program will also collect important data about the frequency and nature of false alarms generated during screening. Such information will guide the improvement of existing screening technologies and the development of future technologies, as well as inform the development of effective Concepts of Operation (ConOps).

Key questions the ACEDPP addresses are:

- Is it feasible to screen significantly more air cargo (i.e., at least six times more than pre-ACEDPP levels)? What resources and ConOps are required to do so?
- What are the costs associated with increased screening levels, and how are these costs distributed over system and operational elements?
- To what degree does increased screening enhance security? How effective are technologies and protocols developed for screening passenger-checked baggage in detecting explosives in air cargo?

The ACEDPP is unique in that it has taken a systems approach to cargo screening. This approach integrates screening technologies with cargo handling systems. It also incorporates ConOps that direct specific cargo commodities to the most appropriate screening technology, based on detection sensitivities, alarm rates and other factors. ACEDPP data collection and analysis efforts are focused on evaluating the efficacy, cost, and operational impacts of increased cargo screening using high-fidelity/high-integrity, ground-truth operational data.

The ACEDPP established pilot operations at three airports: San Francisco International Airport (SFO), Cincinnati/Northern Kentucky International Airport (CVG), and Seattle-Tacoma International Airport (SEA). The objective of the pilot programs at SFO and CVG is to evaluate screening of belly loaded cargo for explosives, while the SEA pilot evaluated the use of canines and technology to screen bulk cargo for explosives and stowaways.

The program has completed operations and data collection at each of the three pilot sites. The current focus is on data analysis, computer simulation, optimization modeling activities, and completion of the final report. Three interim reports have been provided to Congress as required by the statute establishing the ACEDPP. The fourth progress report is in review and will be transmitted to Congress within the month. The final report will include conclusions and recommendations that will inform evolving cargo screening policies, screening protocols and future technology development efforts. In its final report to Congress, ACEDPP will include a cost-benefit analysis to compare the high-volume/high-automation screening approach implemented at SFO-United Air Lines, the moderate-volume/high-automation approach at SFO-Northwest/Continental, and the moderate-volume/reduced-automation approach at CVG-Delta.

As a follow-on activity to ACEDPP, S&T is assisting TSA in accomplishing its air cargo screening through additional testing of different equipment that TSA wanted to test at SFO. We shall be gathering raw data and images for varied cargo from an L–3 Communications (L–3) MVT–HR unit we have on loan from L–3. S&T expects to collect about 3 months of data that, again, will assist in better understanding how the performance of X-ray based screening equipment might be im-

proved (either through indicated changes in hardware or in improved algorithms). Data will be shared with L–3 and will also be analyzed at Lawrence Livermore National Laboratory. We expect to continue this data collection at SFO with a Surescan unit in the Fall, after we are through collecting other data with this unit at Tyndall AFB. These data collection efforts take on more importance as TSA evolves toward wishing to use AT technologies (in addition to CT-based technologies) as part of its strategy for screening more air cargo.

S&T will also be collecting data from the AS&E X-ray back scatter van, loaned to us by AS&E, at SFO. We shall determine its effectiveness for stowaway detection as a complement to what we have already learned at SEA from CO_2 and heart-beat monitoring equipment under the ACEDPP. The back scatter unit has been effective in connection with war operations in theatre.

These data collection efforts have been in accordance with the direct requests of the Chief Technical Office at TSA.

Lessons Learned

- More than half of air cargo at some facilities (e.g., United/SFO) is currently screened by alternate methods due solely to the way it is packaged. Eliminating these alternate methods of screening will add substantially to the air carrier screening load using traditional methods.
- Screening high percentages of air cargo shipments for explosives using existing baggage screening technologies is feasible. However, breaking down and rebuilding Unit Loading Device (ULD) shipments for piece-level screening is very labor intensive. Moving the requirement for screening ULDs earlier in the process to Indirect Air Carriers (IACs), manufacturers, or Independent Cargo Screening Facilities (ICSFs) would be far more efficient. Alternatively, ULDs could be screened by air carriers using canines or another bulk screening method.
- The use of heart beat monitors coupled with carbon dioxide sensors for detecting stowaways in bulk cargo containers was determined to be feasible. FEMA-certified search-and-rescue canines also showed great promise as a means to detect stowaways in freighter-bound bulk cargo.
- The cost of technology-based screening is on the order of $0.08–0.12 per pound and is dominated by cargo handling and screening labor. Canine screening is much less expensive per pound—less than $0.01 per pound for the ACEDPP pilot at SEA-TAC airport.
- Given that labor is the predominant factor in air cargo screening costs, ongoing efforts by equipment vendors to reduce false alarm rates would result in substantial future cost savings.
- Limited operational efficacy assessments for explosives detection systems (EDS) machines were conducted at SFO using simulated explosives, with very positive results. Some efficacy data for explosives trace detection (ETD) and canine screening have been reported elsewhere. There is still a need for system-level efficacy testing and analysis.
- Under the current screening regime, screening 100 percent of air cargo would have significant impacts on air carriers. Many business practices would need to be modified, such as allocation of substantial warehouse space for screening equipment, screening personnel and shipment staging, requiring some shipments to be delivered earlier, and prioritizing shipments for screening. The Certified Cargo Screening Program (CCSP), being developed by TSA (and discussed more fully in TSA's written statement), is being designed to mitigate this impact.
- Cargo screening can provide side benefits to air carriers, such as yielding accurate weights and dimensions to maximize revenues and help balance aircraft loads.

Important legacies of the ACEDPP include an optimization model that permits TSA to undertake tradeoff analyses between performance and comprehensive, inclusive costs. This verified and validated model, using detailed cost information collected at three airports in the process of undertaking the ACEDPP, reveals the costs of increased cargo screening, by category of cost, and is being used by TSA now in extrapolating the results of the ACEDPP to the top five air cargo carrying airports and the top ten passenger carrying airports, as required by Congress. Another legacy is the library of images from airport X-ray based detection systems. These images can be accessed by investigators to help determine what improvements in hardware and in software would be necessary to improve future detection performance—both in terms of the probability of detection and in lower false alarm rates. Since labor costs have been shown in the ACEDPP to be about 50 percent of the total costs of screening air cargo and to be a substantially greater fraction of costs than

any other cost category, reduction of labor costs through reduction of false alarm rates can save substantial money. It has been estimated that each percent reduction in false alarm rate leads to a $25 million/year saving in screening costs. A final legacy is the beta-testing design of suitable material handling facilities that can reliably track air cargo from ingestion to plane delivery, route cargo to the appropriate screening technology based upon the type of commodity involved, and reduce potential injury to cargo handling personnel through ergonomically designed lifting and movement systems.

AIR CARGO RESEARCH AND DEVELOPMENT PROGRAM

The overall goal of the Explosives Division's Air Cargo Research and Development Program is to research, develop, and test security systems (technologies and screener/operators) to screen all air cargo for a wide range of explosive threats while minimizing operational costs and the impact on the flow of people and commerce through the mass air transit system.

The general approach is to use, or adapt, security technologies that have been successfully employed at U.S. airports for screening checked and carry-on baggage. To reduce costs, research has focused on commercially available technologies that can be modified and enhanced from other applications (e.g., military equipment). Given gaps in the commercial technology base, the program also involves researching and developing new and emerging technologies to screen air cargo faster, more accurately, and with less reliance on the human operator.

Derived from the program's goal and approach are the following research and development (R&D) objectives:

- Aggressively pursue an innovative and forward-thinking R&D program focused on automated detection of explosives.
- Screen a wide range of cargo commodities without significantly impacting cargo operations.
- Develop technologies to screen break bulk, palletized, and containerized configurations of cargo.
- Apply technology to strengthen the security of the supply chain to permit distributed screening over time and across geography.

TSA CERTIFIED CARGO SCREENING PROGRAM

The *Implementing Recommendations of the 9/11 Commission Act of 2007* requires that the 50 percent screening of air cargo to be transported by passenger aircraft by February 2009 and 100 percent by August 2010 be provided at a level of security commensurate to that of passenger baggage. Current TSA-approved methods of air cargo screening include physical search with manifest verification, X-ray, explosives trace detection (ETD), explosives detection systems (EDS), decompression chamber, and canine screening. TSA has concluded that screening capacity at a single point in the supply chain, e.g. at the premises of air carriers in air cargo-carrying airports, is insufficient to accomplish this requirement. The large volume of air cargo (about 12 million pounds daily) that moves on passenger aircraft suggests that carrier delays, cargo backlogs and transit time increases could all occur unless the screening strategy distributes the requirement spatially and by participant. TSA intends to satisfy the requirements, in large part, by establishing a Certified Cargo Screening Program (CCSP), which will create additional screening capacity in the air cargo supply chain. TSA has already begun implementation of an Indirect Air Carrier (IAC) Screening Technology Pilot, as part of the development of the CCSP, and will issue an Interim Final Rule, as provided by the 9/11 Act, to fully implement the program.

TSA will be describing these programs in its testimony today. The S&T Directorate will continue to assist TSA in accomplishing its objectives in whatever specific ways TSA may require for both the CCSP and IAC aspects of its approach to air cargo screening.

However, an additional variation of the two approaches, above, involves establishment of Independent Cargo Screening Facilities (ICSFs). The ICSF is a "fee-for-service" business model variant that would provide screening services for varied entities, including smaller IACs and air carriers. ICSFs could be located near airports and could provide screening services for those customers (shippers or others) who do not wish to invest in security requirements and equipment to screen freight themselves. Quite importantly, the ICSFs could also receive air cargo in the form of individual break bulk parcels, screen them as such (with technologies now suited only for break bulk sizes), and assemble them into pallets for delivery to airport sites. The ACEDPP has measured the times required to break down pallets for break bulk screening in EDS equipment and then reassemble them for delivery to the air car-

rier point of embarkation. The times are lengthy and could threaten the orderly flow of commerce. In addition, the assembly of pallets and ULDs is a complex science that challenges the ability of screeners to reassemble pallets and ULDs expeditiously once the screening is completed. TSA has received several expressions of interest from entities who wish to explore the business opportunities presented by ICSFs. TSA would like S&T to contact these parties and design, establish and evaluate such a facility at one of the larger airports. S&T could bring the comprehensive expertise and contacts it has developed in conjunction with its ACEDPP and incorporate "lessons learned" in the design of an effective ICSF. S&T would work closely with the TSA Air Cargo team in developing an operating plan for this business model and in selecting a suitable pilot site.

S&T and TSL are also providing significant support of the CCSP by conducting the Multi-Technology Assessment (MTA) of Advanced Technology (AT) X-ray and pallet-sized X-ray systems. S&T is adjusting testing priorities to support the TSA CCSP initiative to get detection, throughput, and false alarm data to help provide guidance on how commercially available technologies can be used in the IAC Pilots.

In addition, S&T via the Independent Test and Evaluation (IT&E) Program at the TSL, is establishing a bulk/high-density break bulk air cargo qualification testing capability. This high visibility initiative is helping to establish technical requirements for commercially available cargo screening equipment. Most importantly, this effort will commence qualification testing of existing break-bulk air cargo screening equipment this Fall in direct support of the TSA CCSP.

The S&T Directorate welcomes the opportunity to participate with TSA in the multiple ways that have been described in this paper and specifically would like to work with the TSA Air Cargo Team in the design and evaluation of the new ICSF concept.

SECURING THE CHAIN OF CUSTODY

One of the challenges that must be addressed in carrying out TSA's Certified Cargo Screening Program will be how to secure the chain of custody between the points where air cargo is screened, e.g. at TSA-certified shipper sites, the IACs or at ICSFs, and final ingestion at the air carrier site at the airport. Fortunately, the S&T program supporting Customs and Border Patrol (CBP) to secure commerce in maritime transportation can provide important technologies to accomplish such chain of custody. The following S&T projects may provide results that TSA might draw upon to improve security in the chain of custody.

M-Lock.—M-Lock is designed to ensure that truck cargo leaving air cargo consolidation facilities completes its intended path to designated airports throughout the United States with no tampering. The M-Lock configuration of the Marine Asset Tag Tracking System (MATTS) is a MATTS tag in a lock enclosure that can be used as a TSA Chain of Custody tool for reliably tracking and monitoring air cargo from a consolidation facility to an entry point at a U.S. airport. In conjunction with TSA's Certified Shipper Program, M-Lock's will be demonstrated in an operational scenario starting in Q4 of fiscal year 2008.

Air Cargo Composite Container.—This project, which kicked off in fiscal year 2008, expands upon the composite materials developed in association with the Hybrid Composite Container project. In order to detect tampering or intrusion, security sensors will be embedded into the walls of an air cargo Unit Load Device (ULD) fabricated using composite materials. The project's success depends on ensuring lightweight comparability to existing aluminum containers and interoperability with existing aircraft loading infrastructure.

Secure Carton.—This Small Business Innovative Research (SBIR) project will develop a shipping carton with embedded security sensors. These sensors will detect tampering/opening of the carton once it has been closed and secured. The carton will communicate to an RFID reader any tamper event such as the insertion of threat material. This project provides improved supply chain visibility, chain of custody, and security closer to the point of manufacture, or stuffing, and is scalable and applicable across various shipping modalities including maritime and air cargo. The prototype development phase of this project will end in fiscal year 2008 and testing will start in fiscal year 2009.

Secure Wrap.—This SBIR project, which kicked off in fiscal year 2008, is developing a more flexible and secure tamper-indicative wrapping material. This wrap is suitable for palletized cargo shipped through the international supply chain and across the various shipping modalities (e.g. air, maritime, land). Secure wrapping material will have the capability to detect tampering through the material and will be deployable with minimal impact to current supply chain logistics and processes.

CanScan.—This project will develop enhancements to existing secondary non-intrusive inspection (NII) capabilities to detect or identify terrorist contraband items (e.g., drugs, money, illegal firearms) or humans. These system enhancements will provide increases in penetration, resolution, and throughput when compared to existing NII systems. Future Automatic Target Recognition (ATR) capability will be integrated into the CanScan system. This project addresses the Cargo Security Capstone IPT's highest capability gap to enhance cargo screening and examination systems through advanced non-intrusive inspection. The capabilities developed will screen air cargo in unit load devices (ULD), on pallets, or break-bulk configurations. This effort is planned to begin in fiscal year 2009.

Automatic Target Recognition (ATR).—The project will develop an automated imagery detection capability for anomalous content (e.g. persons, hidden compartments, contraband) for use in existing and future Non-Intrusive Inspection (NII) systems. This ATR capability is applicable to scanning and imaging systems used by CBP and TSA by applying an operator-assisted decision aid that provides target discrimination. This project is planned to begin in fiscal year 2010.

Air Cargo Data Exchange System.—This project establishes a system architecture and prototype implementation to ensure that security data and tracking information from various tamper-evident devices are communicated reliably and securely to TSA. This prototype implementation will be interfaced to TSA's targeting capability. The effort is planned to begin in fiscal year 2014.

CUSTOMER OUTPUT FOCUSED

Input from customers is key to defining capability gaps, prioritizing technology needs, and effectively allocating research. This input has been gathered through the DHS S&T Capstone Integrated Product Team (IPT) and the Air Cargo Product IPT processes. The Capstone IPT has identified capability gaps for technology development, operations and oversight, and detection of stowaways. The explosives detection IPT calls for technologies for screening break bulk, palletized, and containerized air cargo for explosives and weapons.

One of the highest priorities of TSA is to develop requirements and to qualify commercially available technologies to screen air cargo. Congress directed that by February 2009, 50 percent of air cargo transported on passenger aircraft be screened and to increase that percentage to 100 percent of air cargo by August 2010. The Explosives Air Cargo Program will work with TSA to assist TSA in meeting this goal.

Goals for Air Cargo Explosives Detection R&D.—The short-, mid-, and long-term research goals for effective air cargo screening of explosive threats are identified below. These goals are based on the program mission, the investment approach, operational objectives, and customer input.

Short-Term Goals (0–2 years)

- Development of cargo-optimized EDS systems for break bulk cargo screening.
- Continued industry outreach to pursue private sector innovations and approaches.
- Tools to assess operator performance and to regulate/oversee screening effectiveness. Cargo screening is currently a regulated function.
- Evaluation of current capabilities and TSA approved screening methods.
- Detection of non-explosive components of air cargo threats.

Mid-Term Goals (3–5 years)

- Development of advanced technologies to screen larger cargo configurations without causing logistical burdens on the industry.
- Development of advanced technologies to screen dense and exception cargo commodities.
- Mitigation of insider threats by ensuring cargo integrity throughout the supply chain.

Long-Term Goals (>5 years)

- Next Generation ETD and EDS development to permit automated, fast, accurate inspection of a wide range of commodities and cargo configurations.

The specific fiscal year 2008 and fiscal year 2009 goals are:

- Conduct testing of cargo-optimized technologies, based on checked luggage equipment, for break bulk cargo screening.
- Conduct testing of a metal detection technology to detect the components of an Improvised Explosive Device (IED), such as wires, batteries, and timers, rather than identification of the explosive. This will be used for non-metallic cargo commodities.

- Complete development of a prototype technology that ruins the electronics of an IED and renders it safe. This will be used for non-electronic cargo commodities.
- Conduct testing (Technology Readiness Evaluation) of commercially available technologies to screen containerized cargo made of low-density commodities (e.g., fresh flowers, produce, and seafood).
- Develop and pilot test a selection test to identify and hire the best air cargo screeners.
- Begin development and validation of standardized training for all of the approved air cargo screening technologies.
- Begin development and validation of a certification test to assess the performance (i.e., operator proficiency) of air cargo screeners.

These immediate activities will assist TSA in meeting the requirements to screen 50 percent of air cargo transported on passenger aircraft by February 2009 and to increase that percentage to 100 percent of air cargo by August 2010.

AIR CARGO SCREENING CHALLENGES

There are currently six approved methods for the screening of air cargo: physical search with manifest verification, canines, X-ray, decompression chamber, Explosives Trace Detection (ETD), and Explosive Detection Systems (EDS). None of these methods were designed for cargo inspection, and their use in the cargo environment has resulted in limited performance in terms of detection, nuisance alarms, throughput, operation/logistics, and costs. A dedicated near-, mid-, and long-term R&D program is described to optimize current (checked baggage and checkpoint) inspection technologies for cargo and to develop equipment and systems to expeditiously and effectively screen cargo. Challenges an R&D program must address are:

Commodities.—The greatest challenge in screening air cargo is the tremendous range and configuration of commodities. Many of the common cargo commodities (e.g., machine parts) are very dense and present significant challenges for inspection technologies. In addition, many commodities are exceptional, such as cargo that is live (e.g., tropical fish) or requires great care and sensitivity (e.g., human remains) (refer to Table 3). The time-sensitive nature of air cargo requires fast screening and resolution. Further, there is wide seasonal, temporal, and geographic fluctuation in commodities shipped by air. Last, approximately 15 percent of the cargo is unique or unusual (e.g., race cars, marble statues) and can present tremendous screening challenges.

Configurations and Packaging.—Another challenge in screening air cargo is the wide range of packaging and configurations. Cargo can be presented in individual boxes, on pallets, and in a wide range of containers (i.e., Unit Load Devices or ULDs). In general, break bulk cargo is considered to be individual boxes less than one cubic meter (3 ft×3 ft×3 ft). Containerized cargo includes shrink-wrapped pallets, cookie sheets, and ULDs. These configurations are generally 4 ft×4ft×8 ft, but can also be much larger. Currently, there is no inspection technology to inspect the larger cargo configurations automatically (i.e., without operator intervention). In addition, cargo is packaged in a diverse range of material including cardboard, metal, wood, and plastics and a large range of weights that can exceed current equipment capabilities.

Operational Constraints and Environment.—The context of air cargo in the United States has a profound impact on its safe and expeditious screening. Numerous and diverse stakeholders are involved with air cargo: air carriers, logistics companies, indirect air carriers, freight forwarders, shippers (both known and unknown), industry groups, screening companies, and government agencies. Stakeholders have competing views and demands that may be strenuous. The TSA's oversight of cargo screening is from a regulatory perspective. Thus, TSA does not directly screen air cargo, nor does it procure, deploy, maintain, or operate cargo screening equipment. Key operational constraints to screening air cargo include:

- Diverse and Numerous Stakeholders;
- Regulatory Oversight/Approach From Government;
- Percentage of Cargo Screened;
- Operational Need for Speed and Efficiency;
- Economic Impact of Screening;
- Alarm Resolution is Critical;
- Insider Threats;
- Theft;
- Public Concern;
- Political Interest.

There is strong pressure to inspect more cargo and to reduce the current type and number of exemptions. In fiscal year 2006, Congress directed DHS S&T to conduct

three Air Cargo Explosive Detection Pilot Programs (ACEDPP) to examine the feasibility of screening six times more air cargo in a break bulk configuration. A final report to Congress, with key findings regarding this challenge, will be presented in January 2009.

The Technology Base.—The technologies that have been used, or proposed, to screen air cargo were developed for checked or carry-on baggage. As a result, each technology and approach has limitations in terms of detection, throughput, sensitivity, automation, and operational costs. Several screening methods and technologies exist for the type of commodity and configuration that are acceptable for screening low density commodities in small configurations. Performance gets progressively worse as the density increases, the configuration gets larger, and the packaging becomes more complex. The ultimate goal of the Explosives Air Cargo Program is to provide effective and acceptable technologies for all types of commodities and configurations.

Additional Security Challenges.—Other challenges to screening air cargo include the need for operational speed and efficiency. This is particularly important given the corporate and national economic benefits of air cargo commerce. Furthermore, a very low nuisance alarm rate is required of any technology that will be operationally acceptable, especially given the high costs and difficulty in opening and resolving alarms in carefully packaged break bulk and containerized configurations. In addition, the open nature of the air cargo system has made it vulnerable to threats from insiders and to theft, which is estimated at 3 percent annually and is accepted by the industry as a "cost of doing business." Theft of cargo indicates that there are vulnerabilities in the system that could be exploited to insert a threat.

THE OPPORTUNITIES: PROPOSED SYSTEMS APPROACH FOR SCREENING AIR CARGO

The Explosives Air Cargo Program is also guided by a vision of an integrated system of people, technologies, and procedures to effectively and expeditiously screen air cargo. This vision is based on the idea that any effective and optimized system for screening should include at least the following seven components.

- Tested and Qualified Products—by Commodity/Configuration
- Detection, Identification, and Disruption
- Site-Specific Customization
- Distributed System
- Protection and Inspection Approaches
- Human Engineering
- Rigorous Oversight and Audit for Quality Assurance

Candidate Technology List.—Working in collaboration with TSA, a draft performance specification has been developed that presents the detection and processing requirements for break bulk and containerized air cargo screening technologies. This performance specification, analogous to a Qualified Products List, will facilitate the selection of suitable solutions for air cargo screening. To the extent practicable, technologies should be automated to aid the human operator in the interpretation of complex images and information. It is foreseen that technologies for the proposed air cargo system will be approved or qualified by configuration (i.e., break bulk or containerized) and by eight major cargo commodities.

Explosive Detection, Device Identification, and Threat Disruption.—For checkpoints and checked baggage the focus has been on detection of explosive substances. Given the nature of air cargo, an entire, intact explosive device is the threat that will almost certainly be presented. This provides the opportunity to identify the non-explosive components of the device (i.e., metals) in non-metallic air cargo. There is also the opportunity to disable/disrupt the intact device in non-electronic cargo to render it harmless to the aircraft. The proposed systems approach to air cargo screening should be multi-faceted and include explosives detection, as well as innovative approaches for device identification, and threat disabling/disruption.

Site-Specific Customization.—Given the wide variation in the types and configurations of air cargo by airport (e.g., Miami has a high percentage of fresh flowers) it is likely that specific technologies should be mapped onto the operational needs of each airport and/or operation. For the State of Alaska, which relies on air cargo rather than roadways, the customization and flexibility of the cargo screening will be critical. Thus, it is foreseen that an effective cargo security system will be a customized "patchwork" of technologies, procedures, and human operators who are designed to optimize the detection and minimize the operational costs of air cargo inspection at each site.

Distributed System.—The current air cargo system involves numerous stakeholders (e.g., shippers, consolidators, handlers) who have facilities and equipment off site from the airport. There is opportunity to take advantage of the distributed

nature of air cargo over geography and time. To the extent that cargo can be effectively screened by trusted entities and that the supply chain is secure, it will be possible to design a system that is flexible and does not create "cargo checkpoints" or bottlenecks at the airport. Improved supply chain integrity will reduce thefts. The proposed systems approach should include supply chain integrity to permit distributed screening over time and geography.

Protection and Inspection.—Protection refers to hardening the aircraft or its subsystems so that it has enhanced capability to withstand the effects of an explosive device. To the extent that protection approaches are viable and successful, terrorists are forced to use larger threats to cause catastrophic damage. Larger threats are easier to identify via inspection and thus the performance demands on detection technologies can be better optimized. The proposed systems approach should employ protection technologies to ensure a more robust capability to mitigate explosive threats via air cargo.

Human Engineering.—Even with significantly automated technologies, it will ultimately be the decision of a human operator whether or not a cargo item represents a threat. The human operator is a necessary and key component of an effective security system. Thus, there should be a dedicated focus on human factors and the performance of individuals screening cargo through R&D on selection, training, equipment interfaces, standardization, development of procedures, and mitigations of insider threats.

Oversight and Audit.—A significant challenge for a complex socio-technical system with diverse people, entities, locations, procedures, technologies is to maintain strict vigilance. The goal is to maintain high and consistent levels of performance over time. Technologies and interventions, such as Threat Image Projection, can be incorporated to maintain vigilance, provide training to operators, and monitor performance to determine person-machine effectiveness. The proposed air cargo security system should be designed with oversight and quality assurance as a key goal.

AIR CARGO R&D STRATEGIC MAP

Given the challenges, opportunities, operational constraints, and technology approaches, the Explosives Air Cargo Program has developed a high-level strategic map to guide the sequencing and priority of R&D based on the cargo configuration, commodity characteristics, and the applicable technology approach.

The strategic R&D map indicates that technologies will be developed individually for break bulks, palletized, and containerized cargo configurations. These are in order of difficulty, but the ultimate goal is one integrated technology solution that can screen all three configuration types. Within each configuration, technologies will be specialized for low density, high density, and exceptional commodities. Six technology approaches will be developed, enhanced, and tested to yield air cargo screening systems:

- Trace Explosives Detection is based on chemistry and it involves technologies that can identify minute particles or vapors from explosives. In this area, the R&D focus is to get the sample into the technology, to get more accurate analysis (sensors), and to increase automation so there is less reliance on a human operator.
- Bulk Explosives Detection is based on physics and involves electromagnetic energy and ionizing radiation (such as X-rays) to penetrate cargo, collect data (e.g., mass and density), and present an image. In this area the R&D focus is to increase automation so there is less reliance on a human operator, increase detection of explosives, reduce nuisance alarms, increase speed and throughput, increase power to screen larger and more dense cargo, increase reliability, and reduce annual operational costs.
- Device Component Detection is based on technologies that detect or disrupt the non-explosive components of an IED. In air cargo the threat is an intact IED that is a complete circuit with a power source, initiator, explosive, and switch/timer. In this R&D area the focus is to increase sensitivity (e.g., find very small amounts of metal in produce), increase throughput, ensure safety, increase speed and throughput, and reduce reliance on a human operator.

  This work is based on commercially available technologies or the integration of mature components. A dedicated basic research effort is not required since the effort involved leveraging work conducted by other Government agencies (e.g., DoD, NASA) through the Technical Support Working Group (TSWG).
- Human Engineering is concerned with getting the best performance from the human operator and to ensure that technology is designed for ease-of-use (ergonomics). The R&D focus is to select, train, and monitor the performance of human operators who are screening air cargo. Another key R&D challenge

is to evaluate the automation of screening technologies and determine the most effective way for humans to interpret data and resolve alarms.

- Canine Explosives Detection is concerned with the use of dogs to screen air cargo for explosives and the scent of threats. The challenge for R&D is to breed the best dogs, increase training tools, develop better ways to get a scent (sample) to the dogs, improve detection performance, increase consistency of the dogs, and reduce operational costs.
- Mitigation and Hardening is focused to develop bomb-resistant systems to complement and back-up explosive detection technologies. Existing inspection systems may not always find explosives at weights that can, under some circumstances, cause catastrophic failure. Selective use of hardening technology in conjunction with inspection may result in a more practical and cost-effective means of ensuring aircraft safety than inspection alone.

In addition, as technologies mature, a concerted effort will be undertaken to integrate and fuse the technologies to take full advantage of their orthogonal capabilities. It is envisioned that the "final" fused solution will take advantage of multiple technology layers in an integrated system of systems (technology, people, and procedures).

CONCLUSION

The threat of explosives to air cargo remains considerable. The key challenge is that there exists a very limited current technology base. There is currently no technology that can cost-effectively, efficiently, accurately, and quickly screen the diverse range of cargo commodities, configurations, and packaging.

The DHS S&T Explosives Division is committed to a balanced strategic approach to developing air cargo screening technologies by leveraging research and development in chemistry and physics-based detection, IED component detection, human engineering, canine olfaction, and explosives mitigation. Research and development in the air cargo explosives detection area will ensure that technology products are available to be deployed to ensure the safety and security of the traveling public.

Members of the committee, I thank you for the opportunity to meet with you today to discuss how the S&T Directorate is assisting TSA in meeting the goal of screening 100 percent Air Cargo by 2010. As we move ahead, I look forward to working with the committee to improve our Nation's capabilities in the area of securing air cargo.

Ms. JACKSON LEE. Thank you, Mr. Tuttle, for your testimony.

I now recognize Ms. Berrick to summarize her statement for 5 minutes. Welcome.

STATEMENT OF CATHLEEN A. BERRICK, DIRECTOR, HOMELAND SECURITY AND JUSTICE ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE

Ms. BERRICK. Thank you, Madam Chairwoman, Ranking Member Lungren, and Representative DeFazio for inviting me here to discuss GAO's work assessing air cargo security and TSA's efforts in implementing a system to screen 100 percent of cargo transported on passenger aircraft.

As you are aware, in response to the implementing recommendation of the 9/11 Commission Act, TSA is required to implement a system to physically screen 50 percent of cargo transported on passenger aircraft by February 2009 and 100 percent of such cargo by August 2010. To fulfill this requirement, TSA is developing a voluntary program referred to as the Certified Cargo Screening Program, or CCSP, which would allow the screening of air cargo to take place at various points throughout the supply chain. TSA has already taken a number of important actions to implement this program, including identifying cities and some facilities for participation in the program's pilot and conducting outreach to the air cargo industry. TSA has also identified a number of technologies

that it plans to approve for use under the program. These activities are critical and will undoubtedly assist the agency moving forward.

However, TSA will face a number of challenges as it attempts to implement this new, fundamental shift in the way in which air cargo is secured. More specifically, the CCSP is still in the early stages and has not yet been fully defined. For example, TSA is still in the process of conducting outreach to identify participants for the program's pilot and has not yet identified specific time frames for completing necessary activities leading up to the February and August deadlines.

TSA has also not identified the number of certified facilities needed to ensure the program's success. Without specific plan activities tied to time frame, it may be difficult for the agency, Congress and others to monitor TSA's progress moving forward.

In addition to the need for sound planning for the upcoming pilot, we identified five challenges that TSA will need to address related to the CCSP and strengthening air cargo security more generally.

First, TSA has identified some technologies that the agency plans to allow certified facilities to use for screening cargo, but has not yet completed its technology assessments. In addition, although TSA plans to reimburse industry for some equipment costs, air cargo stakeholders expressed concern regarding the costs associated with purchasing and the screening equipment needed to become a certified facility.

Second, TSA has taken steps to eliminate the majority of exempted, domestic and outbound cargo that is not required to be screened. However, the agency plans to continue to exempt some types of this cargo from screening after the August 2010 deadline. Further, TSA has not yet completed its air cargo vulnerability assessments, which could help to identify potential security vulnerabilities associated with these exemptions.

Third, TSA may face resource challenges in overseeing participants in the CCSP. While TSA has increased its number of inspectors dedicated to cargo and plans to request funding for additional inspectors, it has not yet conducted an assessment of its compliance resource needs under the program.

Fourth, while the CCSP is focused on domestic and outbound air cargo, more work remains to strengthen the security of cargo transported into the United States from foreign countries. TSA has strengthened its efforts to secure inbound air cargo through various means, including planning to increase the amount of cargo physically screened. In addition, TSA has begun working with foreign governments to help develop uniform air cargo security standards and to mutually recognize each others' standards, referred to as harmonization. However, the agency has not yet finalized its strategy for securing this cargo and continues to exempt certain types of cargo from screening.

Finally, the air cargo industry is critical to the successful implementation of the CCSP. Should these entities not volunteer to participate in the program in the thousands as TSA envisions, air carriers will ultimately be responsible for ensuring that cargo is screened prior to its transport on passenger aircraft, which could become an overwhelming undertaking.

We will continue to review TSA's air cargo security efforts and will report to this committee and the public on the results of our work.

This conclude my opening statement. I look forward to your questions.

[The statement of Ms. Berrick follows:]

PREPARED STATEMENT OF CATHLEEN A. BERRICK

JULY 15, 2008

GAO HIGHLIGHTS

Highlights of GAO–08–959T, a testimony before the Subcommittee on Transportation Security and Infrastructure Protection, Committee on Homeland Security, House of Representatives.

Why GAO Did This Study

The Implementing Recommendations of the 9/11 Commission Act of 2007 requires the Transportation Security Administration (TSA) to implement a system to physically screen 100 percent of cargo on passenger aircraft by August 2010. To fulfill these requirements, the Department of Homeland Security's (DHS) TSA is developing the Certified Cargo Screening Program (CCSP), which would allow the screening of cargo to occur prior to placement on an aircraft. This testimony addresses four challenges TSA may face in developing a system to screen 100 percent of cargo: (1) Deploying effective technologies; (2) changing TSA air cargo screening exemptions; (3) allocating compliance inspection resources to oversee CCSP participants; and (4) securing cargo transported from a foreign nation to the United States. GAO's comments are based on GAO products issued from October 2005 through February 2008, including selected updates conducted in July 2008.

What GAO Recommends

GAO has made recommendations to DHS and TSA in prior reports to increase the security and screening of air cargo, including completing vulnerability assessments and developing a plan for analyzing compliance inspections. TSA generally agreed with these recommendations and plans to address them.

AVIATION SECURITY: TRANSPORTATION SECURITY ADMINISTRATION MAY FACE RESOURCE AND OTHER CHALLENGES IN DEVELOPING A SYSTEM TO SCREEN ALL CARGO TRANSPORTED ON PASSENGER AIRCRAFT

What GAO Found

DHS has taken steps to develop and test technologies for screening and securing air cargo; however, TSA has not completed assessments of the technologies it plans to use as part of the CCSP. TSA has reported that there are several challenges that must be overcome to effectively implement any of these technologies, including the nature, type, and size of cargo to be screened and the location of air cargo facilities. In addition, the air cargo industry voiced concern about the costs associated with purchasing the screening equipment. GAO will likely review this issue in future work.

TSA plans to revise and eliminate screening exemptions for some categories of air cargo, thereby reducing the percentage of cargo transported on passenger aircraft that is subject to alternative methods of screening. However, TSA plans to continue to exempt some types of domestic and outbound cargo (cargo transported by air from the United States to a foreign location) after August 2010. TSA based its determination regarding the changing of exemptions on professional judgment and the results of air cargo vulnerability assessments. However, TSA has not completed all of its air cargo vulnerability assessments, which would further inform its efforts.

TSA officials stated there may not be enough compliance inspectors to oversee implementation of the CCSP and is anticipating requesting an additional 150 inspectors for fiscal year 2010. They further stated that they have not formally assessed the number of inspectors the agency will need. Without such an assessment, TSA may not be able to ensure that CCSP entities are meeting TSA requirements to screen and secure cargo. To ensure that existing air cargo security requirements are being implemented as required, TSA conducts audits, referred to as compliance inspections, of air carriers that transport cargo. The compliance inspections range from a comprehensive review of the implementation of all security requirements to a review of at least one security requirement by an air carrier or freight forwarder

(which consolidates cargo from many shippers and takes it to air carriers for transport). GAO reported in October 2005 that TSA had conducted compliance inspections on fewer than half of the estimated 10,000 freight forwarders Nation-wide and, of those, had found violations in over 40 percent of them. GAO also reported that TSA had not analyzed the results of compliance inspections to systematically target future inspections.

GAO reported in April 2007 that more work remains for TSA to strengthen the security of cargo transported from a foreign nation to the United States, referred to as inbound air cargo. Although TSA is developing a system to screen 100 percent of domestic and outbound cargo, TSA officials stated that it does not plan to include inbound cargo because it does not impose its security requirements on foreign countries. TSA officials said that vulnerabilities to inbound air cargo exist and that these vulnerabilities are in some cases similar to those of domestic air cargo, but stated that each foreign country has its own security procedures for flights coming into the United States.

Ms. Chairwoman and Members of the subcommittee, we appreciate the opportunity to participate in today's hearing to discuss the security of the air cargo transportation system. In response to the terrorist attacks of September 11, 2001, the Aviation and Transportation Security Act was enacted in November 2001, which created the Transportation Security Administration (TSA) and required it to provide for the screening of all passengers and property, including cargo, U.S. mail, and carry-on and checked baggage that is transported onboard passenger aircraft. Recognizing the need to strengthen the security of air cargo, Congress enacted, and the President signed into law, the Implementing Recommendations of the 9/11 Commission Act of 2007, which requires TSA to implement a system to physically screen 50 percent of cargo on passenger aircraft by February 2009, and 100 percent of such cargo by August 2010.[1] To fulfill the requirements of the Act, TSA is developing a program, referred to as the Certified Cargo Screening Program (CCSP), which would allow the screening of air cargo to take place at various points throughout the air cargo supply chain. Under the CCSP, Certified Cargo Screening Facilities (CCSF), such as shippers, manufacturing facilities, and freight forwarders that meet security requirements established by TSA, will volunteer to screen cargo prior to its loading onto an aircraft.[2] Participation of the air cargo industry is critical to the successful implementation of the CCSP. According to TSA officials, air carriers will ultimately be responsible for screening 100 percent of cargo transported on passenger aircraft should air cargo industry entities not volunteer to become a CCSF.

My testimony today focuses on the challenges TSA may face as it works to develop a system to screen 100 percent of cargo transported on passenger aircraft by August 2010. Our comments are based on GAO reports and testimonies issued between October 2005 and February 2008 addressing the security of the air cargo transportation system, including selected updates to this work conducted in July 2008. In addition, this statement includes selected information collected during our review of TSA's report on its air cargo screening exemptions as mandated by the Implementing Recommendations of the 9/11 Commission Act of 2007.[3] This review was completed in July 2008 and has yet to be publicly issued. We will initiate a review of TSA's efforts to meet the requirement to screen 100 percent of cargo transported on passenger aircraft in the near future, at the request of the Chairman of the House Committee on Homeland Security and Congressman Edward Markey.

We conducted our work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

SUMMARY

TSA has taken actions to strengthen the security of air cargo, but may face four major challenges as it proceeds with its plans to implement a system to screen 100 percent of cargo transported on passenger aircraft by August 2010.[4] These chal-

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[1] See Pub. L. No. 110–53, § 1602, 121 Stat. 266, 477–80 (2007) (codified at 49 U.S.C. § 44901(g) (mandating the screening of all cargo transported on passenger aircraft and defining "screening" for purposes of satisfying the mandate)).

[2] A freight forwarder consolidates cargo from many shippers and takes it to air carriers for transport.

[3] See Pub. L. No. 110–53, § 1602(b), 121 Stat. 266, 479–80 (2007).

[4] "Screening" as defined by the Implementing Recommendations of the 9/11 Commission Act of 2007 means a physical examination or nonintrusive methods of assessing whether cargo poses

lenges are: (1) Deploying effective technologies to screen and secure air cargo; (2) determining whether to revise, maintain or eliminate existing TSA air cargo screening exemptions; (3) allocating compliance inspection resources to oversee CCSP participants; and (4) securing inbound cargo.[5] First, TSA has identified some technologies that the agency plans to allow certified facilities to use for screening and securing cargo, but has not yet completed assessments of these technologies. As a result, TSA cannot be assured that the technologies it plans to approve for use as part of the CCSP can effectively screen cargo. In addition, the air cargo industry has expressed concern regarding the costs associated with purchasing the screening equipment under the CCSP. Second, although TSA has taken steps to eliminate the majority of exempted domestic and outbound cargo that it has not required to be screened, the agency currently plans to continue to exempt some types of domestic and outbound cargo from screening after August 2010.[6] TSA determined whether to change its exemptions based on professional judgment and, to some extent, the results of air cargo vulnerability assessments. However, TSA has yet to complete its air cargo vulnerability assessments, which could help to identify other potential security vulnerabilities associated with the exemptions. In addition, while TSA has plans to complete its vulnerability assessments, the agency has not established a time frame for doing so. Third, the agency has also begun analyzing the results of air cargo compliance inspections and has hired additional compliance inspectors dedicated to air cargo. TSA officials reported, however, that the agency will need additional air cargo inspectors to oversee the efforts of the potentially thousands of entities that may participate in the CCSP once it is fully implemented. Finally, more work remains in order for TSA to strengthen the security of inbound cargo. Specifically, the agency has not yet finalized its strategy for securing inbound cargo or determined how, if at all, inbound cargo will be screened as part of its proposed CCSP.

BACKGROUND

Air cargo ranges in size from 1 pound to several tons, and in type from perishables to machinery, and can include items such as electronic equipment, automobile parts, clothing, medical supplies, other dry goods, fresh cut flowers, fresh seafood, fresh produce, tropical fish, and human remains. Cargo can be shipped in various forms, including large containers known as unit loading devices that allow many packages to be consolidated into one container that can be loaded onto an aircraft, wooden crates, assembled pallets, or individually wrapped/boxed pieces, known as break bulk cargo. Participants in the air cargo shipping process include shippers, such as individuals and manufacturers; indirect air carriers, also referred to as freight forwarders; air cargo handling agents who process and load cargo onto aircraft on behalf of air carriers; and air carriers that store, load, and transport cargo. A shipper may also send freight by directly packaging and delivering it to an air carrier's ticket counter or sorting center where either the air carrier or a cargo handling agent will sort and load cargo onto the aircraft.

According to TSA's Air Cargo Strategic Plan, issued in November 2003, the agency's mission for the air cargo program is to secure the air cargo transportation system while not unduly impeding the flow of commerce. TSA's responsibilities for securing air cargo include, among other things, establishing security requirements governing domestic and foreign passenger air carriers that transport cargo, and domestic freight forwarders.[7] TSA is also responsible for overseeing the implementation of air cargo security requirements by air carriers and freight forwarders through compliance inspections, and, in coordination with the Department of Homeland Security's (DHS) Science and Technology (S&T) Directorate, for conducting research and development of air cargo security technologies. Air carriers are respon-

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a threat to transportation security. See 49 U.S.C. § 44901(g)(5). Such methods of screening include X-ray systems, explosives detection systems (EDS), explosives trace detection, explosives detection canine teams certified by TSA, or a physical search together with manifest verification. While additional methods may be approved to ensure that cargo does not pose a threat to transportation security, these additional methods cannot include solely performing a review of information about the contents of cargo or verifying the identity of a shipper of the cargo if not performed in conjunction with other authorized security methods, including whether a shipper is registered in the known shipper database.

[5] Inbound air cargo is cargo that is transported into the United States from abroad by either U.S. or foreign-operated air carriers.

[6] Cargo transported by air within the United States is referred to as domestic air cargo, and cargo transported by air from the United States to a foreign location is referred to as outbound air cargo.

[7] TSA also establishes security requirements for domestic and foreign all-cargo carriers that transport cargo to, from, and within the United States.

sible for implementing TSA security requirements, predominantly through a TSA-approved security program that describes the security policies, procedures, and systems the air carrier will implement and maintain to comply with TSA security requirements. These requirements include measures related to the acceptance, handling, and screening of cargo; training of employees in security and cargo screening procedures; testing employee proficiency in cargo screening; and access to cargo areas and aircraft. If threat information or events indicate that additional security measures are needed to secure the aviation sector, TSA may issue revised or new security requirements in the form of security directives or emergency amendments applicable to domestic or foreign air carriers. Air carriers must implement the requirements set forth in the security directives or emergency amendments in addition to those requirements already imposed and enforced by TSA.

DHS's U.S. Customs and Border Protection (CBP) has primary responsibility for preventing terrorists and implements of terrorism from entering the United States. Specifically, CBP screens inbound air cargo upon its arrival in the United States to ensure that cargo entering the country complies with applicable laws and does not pose a security risk. CBP's efforts include analyzing information on cargo shipments to identify high-risk cargo arriving in the United States that may contain terrorists or weapons of mass destruction, commonly known as targeting, and physically screening this cargo upon its arrival.[8]

Air carriers use several methods and technologies to screen cargo. These currently include manual physical searches and the use of approved technology, such as X-ray systems; explosives trace detection systems; decompression chambers; explosive detection systems (EDS); and certified explosives detection canine teams.[9] Under TSA's security requirements for domestic and inbound cargo, passenger air carriers are currently required to randomly screen a specific percentage of nonexempt cargo pieces listed on each airway bill. As of October 2006, domestic freight forwarders are also required, under certain conditions, to screen a certain percentage of cargo prior to its consolidation. TSA does not regulate foreign freight forwarders, or individuals or businesses that have their cargo shipped by air to the United States.

DHS IS IN THE EARLY STAGES OF TESTING TECHNOLOGIES TO SCREEN AND SECURE AIR CARGO

DHS has taken some steps to develop and test technologies for screening and securing air cargo, but has not yet completed assessments of the technologies TSA plans to approve for use as part of the CCSP. According to TSA officials, there is no single technology capable of efficiently and effectively screening all types of air cargo for the full range of potential terrorist threats, including explosives and weapons of mass destruction. We reported in October 2005, and again in April 2007, that TSA, working with DHS's S&T Directorate, was developing and pilot testing a number of technologies to screen and secure air cargo with minimal impact on the flow of commerce. DHS officials stated that once the Department determines which technologies it will approve for use with domestic air cargo, it will consider the use of these technologies for enhancing the security of inbound cargo shipments. These pilot programs seek to enhance the security of cargo by improving the effectiveness of air cargo screening through increased detection rates and reduced false alarm rates, while addressing the two primary threats to air cargo identified by TSA—hijackers on an all-cargo aircraft and explosives on passenger aircraft. A description of these pilot programs and their status is included in table 1.

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[8] For the purpose of the statement, the term "targeting" refers to the use of information obtained from the screening process to identify high-risk air cargo shipments for inspection.

[9] Explosives Trace Detection requires human operators to collect samples of items to be screened with swabs, which are chemically analyzed to identify any traces of explosive material. Decompression chambers simulate the pressures acting on an aircraft by simulating flight conditions, which cause explosives that are attached to barometric fuses to detonate. An explosive detection system uses computer-aided tomography X-rays to examine objects inside baggage and identify the characteristic signatures of threat explosives. Certified explosives detection canine teams have been evaluated by TSA and shown to effectively detect explosive devices.

TABLE 1.—TSA AND S&T'S PILOT PROGRAMS TO TEST TECHNOLOGIES TO SCREEN AND SECURE AIR CARGO WITH MINIMAL IMPACT ON THE FLOW OF COMMERCE

Pilot Program	Description	Status
Air cargo explosives detection pilot program	Tests the use of explosive detections systems, explosives trace detectors, standard X-ray machines, canine teams, technologies that can locate a stowaway through detection of a heartbeat or increased carbon dioxide levels in cargo, and manual screening of air cargo.	Consistent with the Conference Report accompanying the Department of Homeland Security Appropriations Act, 2006, DHS's S&T is reporting on the initial results of the pilots every 6 months after initiation of the first pilot.* DHS last submitted a report dated June 2007, and the latest update is currently undergoing DHS executive review. In July 2008, TSA officials provided an update that this pilot is complete and that its final report to Congress is due July 2008.
Explosive detection system (EDS)	Tests the use of computer-aided tomography to compare the densities of objects to locate explosives in air cargo and to determine the long-term feasibility of using EDS equipment as a total screening process for break bulk air cargo.	TSA planned to complete this pilot program in May 2008. In July 2008, TSA officials provided an update that the pilot will be completed by the end of 2008.
Air cargo security seals	Explores the viability of potential security countermeasures, such as tamper-evident security seals, for use with certain classifications of exempt cargo.	Contract was awarded in June 2007 and TSA planned to start evaluating various seals in the spring of 2008. However, in July 2008, TSA officials provided an update that the agency is not conducting a pilot program in this area.
Hardened unit loading devices	Tests the use of containers made of blast-resistant materials that could withstand an explosion onboard an aircraft.	TSA is finalizing its pilot program to evaluate hardened unit loading devices. In July 2008, TSA officials provided an update that this pilot will be completed by the end of August 2008.

TABLE 1.—TSA AND S&T'S PILOT PROGRAMS TO TEST TECHNOLOGIES TO SCREEN AND SECURE AIR CARGO WITH MINIMAL IMPACT ON THE FLOW OF COMMERCE—Continued

Pilot Program	Description	Status
Pulsed fast neuron analysis (PFNA)	Identifies the chemical signatures of contraband, explosives and other threat objects.	In the research and development phase. However, in July 2008, TSA officials provided an update that the agency does not plan to conduct a pilot program in this area.

Source: GAO analysis of information provided by TSA.
*H.R. Conf. Rep. No. 109–241, at 53 (2005) (accompanying Pub. L. No. 109–90, 119 Stat. 2064 (2005)).

Although TSA is moving forward with its plans to implement a system to screen 100 percent of cargo transported on passenger aircraft, the agency has not completed all of its assessments of air cargo screening technologies. According to TSA officials, the results of its technology tests will need to be analyzed before the agency determines which technologies will be certified for screening cargo, and whether it will require air carriers and other CCSP participants to use such technology. Although TSA has not completed all of its pilot programs or set time frames for completing all of them, TSA is planning on allowing CCSFs to use explosives trace detection, explosive detection system (EDS), X-ray, and other technology under CCSP for screening cargo. Without all of the results of its pilot programs or a time frame for their completion, however, TSA cannot be assured that the technologies the agency plans to approve for screening cargo as part of the CCSP are effective. GAO will likely review this issue as part of our planned review of TSA's efforts to meet the requirement to screen 100 percent of cargo transported on passenger aircraft.

According to TSA officials, tamper-evident/resistant security seals will be essential for ensuring that cargo screened under the CCSP has not been tampered with during transport from the CCSF to the air carrier. Officials noted that the agency recognizes that the weakest link in the transportation of air cargo is the chain of custody to and from the various entities that handle and screen cargo shipments prior to its loading onto an aircraft. Officials stated that the agency has taken steps to analyze the chain of custody of cargo under the CCSP, and is drafting a security program that will address all entities involved in the transportation and screening of cargo under the CCSP to ensure that the chain of custody of the cargo is secure. However, as of July 2008, TSA officials stated that the agency is not conducting a pilot program to test tamper-evident/resistant security seals. Therefore, the effectiveness of security seals to effectively prevent cargo shipments from tampering is unknown. GAO will likely review this issue as part of our planned review of TSA's efforts to meet the requirement to screen 100 percent of cargo transported on passenger aircraft.

In addition, we reported in April 2007 that several air carriers we met with were using large X-ray machines at facilities abroad to screen entire pallets of cargo transported on passenger aircraft. These machines allow for cargo on pallets to undergo X-ray screening without requiring the pallet to be broken down.[10] We also noted that CBP uses this technology to screen inbound air cargo once it enters the United States. TSA officials recently stated that the agency planned to pilot test large X-ray machines, identifying that large X-ray machines could be used to screen certain types of cargo that are currently exempt from TSA's screening requirements, as part of the agency's efforts to screen 100 percent of cargo transported on passenger aircraft. TSA officials stated that the agency plans to evaluate this equipment beginning late 2008 as part of its CCSP pilot program and to complete the evaluation at the conclusion of the CCSP pilot in August 2010.

In addition, as part of the agency's plans to screen 100 percent of cargo transported on passenger aircraft, TSA is taking steps to expand the use of TSA-certified explosives detection canine teams to screen cargo before it is placed onto passenger aircraft. In 2004, TSA conducted a pilot program that determined that canine teams had an acceptable rate of detecting explosives in an air cargo environment, even when the teams were not specifically trained in this area. TSA is in the process of adding 170 canine teams to support aviation security efforts, of which 85 will be primarily used to screen air cargo.[11] These teams are to be primarily located at the 20 airports that receive approximately 65 percent of all air cargo transported within the United States. TSA officials, however, could not identify whether the additional 85 canine teams will meet the agency's increasing screening needs as part of its efforts to screen 100 percent of such cargo, thus raising questions regarding the future success of the CCSP.

According to TSA officials, the Federal Government and the air cargo industry face several challenges that must be overcome to effectively implement any of these technologies to screen or secure cargo. These challenges include factors such as the nature, type and size of cargo to be screened; environmental and climatic conditions that could impact the functionality of screening equipment; low screening throughput rates; staffing and training issues for individuals who screen cargo; the location of air cargo facilities; employee health and safety concerns, such as worker exposure to radiation; and the cost and availability of screening technologies. As TSA takes

[10] GAO, *Aviation Security: Federal Efforts to Secure U.S.-Bound Air Cargo Are in the Early Stages and Could Be Strengthened*, GAO–07–660 (Washington, DC: April 2007).

[11] There are currently 370 TSA-certified explosives detection canine teams that are cross-trained to work in multiple aviation environments, including air cargo.

steps to implement the CCSP, it will be critical for the agency to address these challenges to ensure the effectiveness of the program.

As TSA proceeds from piloting to implementing the CCSP, the issue of who purchases the technologies to support the program will have to be resolved. Specifically, TSA officials stated that under the CCSP, certified facilities and air carriers will be responsible for purchasing equipment to screen cargo. Officials noted that many air carriers already have screening equipment in place at their facilities to support this screening, and stated that TSA will reimburse CCSFs for the cost of the equipment, such as EDS, for up to $375,000 per facility as long as these entities continue to meet security requirements established by TSA. The CCSF, however, will be responsible for maintaining the screening equipment and purchasing new equipment in the future. In addition, CCSFs will be required to train their staff to operate the equipment using TSA's training standards. Air cargo industry stakeholders have already raised concerns regarding the cost of purchasing and maintaining screening equipment to support the CCSP. According to some industry estimates, the cost of purchasing air cargo screening equipment will be much more than the $375,000 TSA plans to reimburse each CCSP participant. In addition, the air cargo industry has expressed concern regarding the costs associated with training those individuals who will be operating the air cargo screening equipment.

TSA PLANS TO REVISE AND ELIMINATE SCREENING EXEMPTIONS FOR SOME CATEGORIES OF AIR CARGO, BUT HAS NOT COMPLETED AIR CARGO VULNERABILITY ASSESSMENTS TO INFORM ITS EFFORTS

TSA plans to revise and eliminate current exemptions for some categories of cargo, thereby reducing the percentage of cargo transported on passenger aircraft that is subject to alternative methods of screening.[12] These changes will go into effect in early 2009. However, according to agency officials, TSA made these determinations based on a limited number of vulnerability assessments, as well as professional judgment.[13] In February 2008, TSA issued a report assessing existing screening exemptions for certain kinds of cargo transported on passenger aircraft and evaluated the risk of maintaining those exemptions. As part of its assessment, TSA officials stated that they considered and determined the threat to and vulnerability of the exempted cargo types. TSA officials also stated they based their determinations on which screening exemptions to revise, maintain or eliminate in part on results from air cargo vulnerability assessments at Category X airports they completed in accordance with law.[14] TSA has completed assessments at 6 of the 27 Category X airports. Absent the completed assessments, which could help to identify potential security vulnerabilities associated with the exemptions, TSA does not have complete information with which to make risk-based decisions regarding the security of air cargo. TSA officials have acknowledged the importance of completing air cargo vulnerability assessments and stated that they will complete them by the end of 2009. Officials further stated that as the agency conducts additional air cargo vulnerability assessments, they will assess the results to determine whether existing screening exemptions should be revised, maintained or eliminated.

TSA HAS TAKEN ACTIONS TO STRENGTHEN AIR CARGO COMPLIANCE INSPECTIONS, BUT MORE RESOURCES MAY BE NEEDED TO ENSURE CCSP PARTICIPANTS ARE MEETING TSA SCREENING REQUIREMENTS

To ensure that existing air cargo security requirements are being implemented as required, TSA inspects air carriers and freight forwarders that transport cargo. Under the CCSP, TSA will also have to inspect other entities, such as shippers, who volunteer to participate in the program. These compliance inspections range from an annual comprehensive review of the implementation of all air cargo security requirements to a more frequent review of at least one security requirement by an

[12] For certain types of cargo, TSA has authorized the use of TSA-approved alternative methods for screening cargo transported on passenger aircraft. Alternative methods can include verifying shipper information and conducting a visual inspection of the cargo shipment.

[13] TSA officials made these statements during our review of TSA's report on its air cargo screening exemptions. We completed this review in July 2008 and the results have yet to be publicly issued.

[14] See Pub. L. No. 110–28, 121 Stat. 112, 140–41 (2007) (providing that the $80 million appropriated for air cargo shall be used to complete air cargo vulnerability assessments for all Category X airports, among other purposes). TSA classifies the commercial airports in the United States into one of five security risk categories (X, I, II, III, and IV). In general, Category X airports have the largest number of passenger boardings, and Category IV airports have the smallest. Categories X, I, II, and III airports account for more than 90 percent of the Nation's air traffic.

air carrier or freight forwarder. In October 2005, we reported that TSA had conducted compliance inspections on less than half (49 percent) of the estimated 10,000 freight forwarder facilities Nation-wide, and of those freight forwarders they had inspected, the agency found violations in over 40 percent of them. We also reported that TSA had not determined what constitutes an acceptable level of performance related to compliance inspections, or compared air carriers' and freight forwarders' performance against this standard; analyzed the results of inspections to systematically target future inspections on those entities that pose a higher security risk to the domestic air cargo system; or assessed the effectiveness of its enforcement actions taken against air carriers and freight forwarders to ensure that they are complying with air cargo security requirements. We recommended that TSA develop a plan for systematically analyzing andusing the results of air cargo compliance inspections to target future inspections and identify system-wide corrective actions. We also recommended that TSA assess the effectiveness of enforcement actions in ensuring air carrier and freight forwarder compliance with air cargo security requirements. TSA officials stated that, since our report was issued, the agency has increased the number of inspectors dedicated to conducting domestic air cargo compliance inspections. Officials also told us that TSA has begun analyzing compliance inspection results to prioritize their inspections on those entities that have the highest rates of non-compliance, as well as newly approved freight forwarders and air carriers that have yet to be inspected. However, in recent discussions with TSA officials regarding their plans to implement the CCSP, they stated that there may not be enough compliance inspectors to conduct compliance inspections of all the entities that could be a part of the CCSP, which TSA officials told us could number in the thousands, once the program is fully implemented by August 2010. As a result, TSA is anticipating requesting an additional 150 cargo Transportation Security Inspectors for fiscal year 2010 to supplement its existing allocation of 450 Transportation Security Inspectors. However, TSA officials stated that they have not formally assessed the number of Transportation Security Inspectors the agency will need. Without such an assessment, TSA may not be able to ensure that entities involved in the CCSP are meeting TSA requirements to screen and secure cargo. GAO will likely review this issue as part of our planned review of TSA's efforts to meet the requirement to screen 100 percent of cargo transported on passenger aircraft.

TSA HAS NOT IDENTIFIED A STRATEGY FOR SECURING INBOUND AIR CARGO

We reported in April 2007 that more work remains in order for TSA to strengthen the security of inbound cargo. As previously stated, TSA is currently taking steps to develop a system of screening 100 percent of domestic and outbound cargo transported on passenger aircraft. TSA does not, however, currently plan to include inbound cargo as part of this system. TSA officials acknowledge that vulnerabilities to inbound cargo exist, but stated that each foreign country has its own security procedures for flights coming into the United States, and further stated that TSA does not impose its security requirements on foreign countries. According to TSA, it will continue to work with other countries to encourage the adoption of uniform measures for screening cargo flights bound for the United States as it enhances its requirements for screening cargo originating in the United States. TSA has begun working with foreign governments to develop uniform air cargo security standards and to mutually recognize each other's security standards, referred to as harmonization. We reported, however, that duplicative air cargo security standards exist, which can impede the flow of commerce, expose air cargo shipments to security risk, and damage high-value items. For example, to meet TSA requirements, passenger air carriers transporting cargo into the United States must screen a certain percentage of non-exempt cargo shipments, even though these shipments may have already been screened by a foreign government. Air carrier representatives stated that meeting TSA screening requirements is problematic in certain foreign countries because air carriers are not permitted to rescreen cargo shipments that have already been screened by foreign government employees and deemed secure. These conflicts and duplication of effort could potentially be avoided through harmonization.

According to TSA officials, pursuing harmonization would improve the security of inbound cargo and assist TSA in performing its mission. For example, officials stated that the harmonization of air cargo security standards would provide a level of security to those entities not currently regulated by the agency, such as foreign freight forwarders and shippers. However, achieving harmonization with foreign governments may be challenging because these efforts are voluntary and some foreign countries do not share the United States' view regarding air cargo security threats and risks. Additionally, foreign countries may lack the resources or infrastructure needed to develop an air cargo security program as comprehensive as that

of the United States. In April 2007, we recommended that TSA, in collaboration with foreign governments and the United States air cargo industry, systematically compile and analyze information on air cargo security practices used abroad to identify those that may strengthen TSA's overall air cargo security program. TSA agreed with this recommendation and, since the issuance of our report, has reviewed the air cargo screening models of two foreign countries. According to TSA officials, this review led to the design of their proposed CCSP.

Opportunities exist for TSA to further strengthen its screening efforts for inbound cargo in the following three key areas:

Conducting air cargo vulnerability assessments for inbound cargo. As noted earlier, TSA is currently conducting air cargo vulnerability assessments at Category X airports, but is not including inbound cargo in these assessments. While TSA has plans to conduct vulnerability assessments as part of its risk-based approach to securing inbound cargo, the agency has not established a time frame for doing so. Such assessments could provide information on the potential vulnerabilities posed by the transport of inbound cargo. We reported in April 2007 that TSA officials stated that they would conduct vulnerability assessments of inbound cargo after they had assessed the vulnerability of domestic cargo. Nevertheless, TSA officials acknowledged that vulnerabilities to inbound cargo exist and that these vulnerabilities are in some cases similar to those facing the domestic and outbound air cargo supply chain.

Assessing the vulnerability posed by maintaining screening exemptions for inbound air cargo. TSA has not assessed the potential vulnerabilities posed by inbound air cargo screening exemptions. In April 2007, we reported on the potential vulnerabilities associated with inbound air cargo screening exemptions. Specifically, we reported that screening exemptions could pose a risk to the inbound air cargo supply chain because TSA has limited information on the background of and security risks posed by foreign freight forwarders and shippers whose cargo may fall into one of the exemption categories. We recommended that TSA assess whether existing inbound air cargo screening exemptions pose an unacceptable vulnerability to the air cargo supply chain and if necessary, address these vulnerabilities. TSA agreed with this recommendation and noted that the agency had recently revised and eliminated domestic and outbound air cargo screening exemptions. However, TSA has yet to address our recommendation for assessing inbound air cargo screening exemptions.

Updating TSA's Air Cargo Strategic Plan to address inbound cargo. As part of TSA's risk-based approach, TSA issued an Air Cargo Strategic Plan in November 2003 that focused on securing the domestic air cargo supply chain. However, in April 2007, we reported that this plan did not include goals and objectives for securing inbound cargo, which presents different security challenges than cargo transported domestically. To ensure that a comprehensive strategy for securing inbound cargo exists, we recommended that DHS develop a risk-based strategy to address inbound cargo security that should define TSA's and CBP's responsibilities for ensuring the security of inbound cargo. In response to our recommendation, CBP issued its International Air Cargo Security Strategic Plan in June 2007. While this plan identifies how CBP will partner with TSA, it does not specifically address TSA's responsibilities in securing inbound cargo. According to TSA officials, the agency plans to revise its Air Cargo Strategic Plan in the fall of 2008, and will address TSA's strategy for securing cargo from international last points of departure, as well as its collaborative efforts with CBP to secure this cargo.

Ms. Chairwoman, this concludes my statement. I would be pleased to answer any questions that you or other Members of the subcommittee may have at this time.

Ms. JACKSON LEE. Let me thank the witnesses for their testimony and remind each Member that he or she will have 5 minutes to question the panel. I now recognize myself for questions.

Let me address this to you, Mr. Sammon. You have hopefully responded to my opening statement and at least laid out a framework of what the challenges are.

Tell me about this problem of capacity, and have you advised this subcommittee, myself as the Chairwoman, on this seemingly growing or ongoing problem?

Mr. SAMMON. We have had numerous briefings with the staff. The issue, what we don't want to do is to simply pass a regulation forcing the air carriers to screen all of the cargo at the airport. Our

problem is that much of the cargo that is presented to the air carriers comes in the form of consolidated loads, that there are large shipments that are put together to go to particular places, and there are economic reasons and materials handling reasons for this.

Ms. JACKSON LEE. Mr. Sammon, I appreciate where you are going with this, but in advising the staff, what is your intention about the lack of capacity? Hear me out, because the lack of capacity may be an issue in 2009, it may be an issue in 2010. You have to directly respond to the issue of capacity.

Are you going to ask the airports to inventory their space and to look for what might be feasible? Have you concluded that there is no on-site space? What is the option?

Mr. SAMMON. What we are looking at, we feel at some airports there may be plenty of capacity. However, at others, there is insufficient capacity. Therefore, the capacity we want to use for screening is at the locations where people are assembling these loads and/or shipping the loads that are going onto the passenger aircraft. In each market, it will vary. In some markets, it may be more in the airport; in some it may be more off.

Ms. JACKSON LEE. So you are not looking necessarily for space at the airport? Is that what you are saying?

Mr. SAMMON. No, ma'am.

Ms. JACKSON LEE. So when you make the point there is not capacity, what are you speaking of?

Mr. SAMMON. What we are speaking of is that if we forced all of the cargo screening to happen at all airports, we would have a capacity issue, that not all airports, for instance JFK, could handle all this.

Ms. JACKSON LEE. Because the time is short, what is the status of the interim rule?

Mr. SAMMON. The interim rule is progressing now. We expect that to be out by the end of the year.

Ms. JACKSON LEE. Can Mr. Kelly give us an exact time frame?

Mr. SAMMON. I believe he can give you the same answer. I can ask him, if he could.

Ms. JACKSON LEE. I would like to. Do you have an exact——

Mr. KELLY. As John said, it is going through the process right now of being finalized, and it will move to DHS and OMB probably in the next 2 or 3 months and then be issued.

Ms. JACKSON LEE. Well, we are looking to February 2009. Is that what you are expecting?

Mr. KELLY. We expect a final rule to be in place before February.

Ms. JACKSON LEE. Before February. Let me move quickly. Thank you, Mr. Sammon. I may come back to you. As I said, my time is short.

Let me go to Ms. Berrick. What is your assessment of the progress that has been made by TSA, and, in particular, whether or not they have what we would call a coherent vision, an effective plan for first meeting the 50 percent and then meeting the 100 percent of screening, air cargo screening?

Ms. BERRICK. First of all, I think they have taken some important steps in terms of planning. They have identified the cities that

have high volumes of cargo, identified the locations, and have reached out to stakeholders there.

The area where I think they can strengthen is developing a more specific plan leading up to the February and August deadlines that are tied to time frames, and that would enable TSA internally and also this committee to monitor their progress in moving toward those deadlines. We haven't seen those specific plans.

A couple of other areas where I think they can focus their efforts—one is related to completing technology assessments. As Mr. Tuttle mentioned, S&T has completed some assessments, but there are still a number that are under way and may not be completed for years.

Ms. JACKSON LEE. Let me interrupt you for a moment. What is your response to the TSA blocking whole categories of cargo, exempting whole categories of cargo?

Ms. BERRICK. We just looked at that and in fact have made recommendations in the past that TSA should re-look these exemptions. The 9/11 Act mandated TSA to re-look those exemptions and GAO to look at their assessment. We found that TSA generally did a good job in re-looking the exemptions of air cargo. Based on their review, they made some modifications to the exemptions. However, there are still some in place.

But the key point that we made related to the exemptions is TSA hasn't yet completed vulnerability assessments of the air cargo system at airports, and as they get more information in from doing those assessments, it will inform their decisions about the exemptions. Just during the course of our review, they received new information from vulnerability assessments that prompted them to modify one of the exemptions because they thought it was a security vulnerability.

So we think it is important for TSA to complete these assessments so they can really make informed decisions about the exemptions.

Ms. JACKSON LEE. My time has expired.

Mr. Lungren, you are recognized for 5 minutes.

Mr. LUNGREN. Thank you very much.

Mr. Sammon, in January of this year, I went out to San Francisco Airport, I think it was the United facility, and looked at a, quote-unquote, pilot project that was then in existence with respect to air cargo. Are you familiar with that pilot program?

Mr. SAMMON. Yes, sir.

Mr. LUNGREN. While I was there, I saw where pallets would come in that had been sent by a particular shipper. They were unpalletized, I guess is the language they used. They went through the system for the check. If there was something that indicated that one should be taken out for a physical inspection, it was. As I recall, a photograph was taken of the palletized cargo. Then the system was such that it was repalletized in the same way, presuming that all the pieces could go back in, there wasn't something that kept it out. It seemed to work fairly well. I didn't know how expensive it was or how unmanageable or manageable it was.

What were the results of that pilot project?

Mr. SAMMON. Well, I think it was a good pilot project, and Jim Tuttle may wish to comment on this also. But one thing we did

learn, if you looked at it from a materials handling standpoint from that same facility and shed, because I spoke to the personnel out there, and I said if you had taken all the pallets here and had to run it through the system, what would happen? He said there is no way we could handle it here.

So our idea is before the boxes are put onto the pallet, is have that entity screen them, assemble the pallet under a secure chain of custody to the airport. Because the one thing we did learn, again from a materials handling and logistics standpoint, trying to do all the cargo that came to that shed, the United shed, would be extremely difficult and cause a lot of congestion in that facility.

So, it was a worthwhile pilot to have for that one reason, that we learned quite a bit in terms of the materials handling impact, in terms of how much you could actually put through. That was one of the primary lessons we saw from it.

Mr. LUNGREN. As you push it down the supply chain and you have these certified entities, are you saying that if it is a certified entity it would do a physical screening of each parcel?

Mr. SAMMON. It would do the screening of the freight before they are assembled. That is the idea.

Mr. LUNGREN. How do you define a physical screening?

Mr. SAMMON. They would either X-ray, physically open it, ATD, canine, whatever, the measures that are mentioned in the act. If we can pull that freight out of that United cargo shed, we feel that the smaller businesses who bring single boxes in and small shipments then we will have the opportunity to have those shipments screened at that United shed, rather than being filled up by all the cargo from the large freight forwarders.

Mr. LUNGREN. Is this a system that is similar to what they have, what has been in place in England for some time?

Mr. SAMMON. Yes. In England, they have a similar system that they call them consignors. But they have certified to screen the freight, they are certified by the British authorities, and then the freight is brought to the airport under a chain of custody. In fact, much of what we are doing is modeled after the British system.

Mr. LUNGREN. Ms. Berrick, have you looked at this?

Ms. BERRICK. We did look at cargo screening methods around the world in Asia and Europe and did find that the United Kingdom and also Ireland have a very similar system that TSA is modeling off of. They have less volume of cargo than the United States, but it has been shown to be effective in those countries.

Mr. LUNGREN. Would you define that as a coherent vision or a coherent approach to it, or is it an incoherent approach?

Ms. BERRICK. I would categorize it as a coherent approach, but, again, I would like to see more specific plans on how it is going to be implemented, given the looming time frames coming up in February and August.

Mr. LUNGREN. What would be the nature of the certification, Mr. Sammon?

Mr. SAMMON. The certification would consist of facility security in terms of perimeter security, access control, background checks on employees, security processes, certification of the truck drivers who are going to deliver the freight, seals through the process, that the shipments are sealed, the trucks are sealed and, in terms of the

whole chain of custody, is certified by TSA from the facility to the airport.

Mr. LUNGREN. Mr. Tuttle, in looking at a number of these things that they are doing, what is the state of technology with respect to that? Here is the question I have. I have seen different pieces of technology that have come through the last number of years, and yet in some cases I see where dogs do a better job. When you are looking at things from this, I will call it laboratory perspective, and I mean that with a positive nature, that you are looking at these things to see how they are working, what about the practical nature of it? When you are looking at some of these various technology advances, do you take into consideration what Mr. Sammon talked about in terms of capacity? I will just simply say this: That is, scalability of the equipment, so it can be located in small units as well as larger units, where it may not require a major capital investment by an airport in terms of modifying in a very significant way the physical footprint that is already there?

Mr. TUTTLE. We worked very, very closely with TSA on these issues. As far as the general state of technology, the biggest problem, because the various commodities that flow through and the size of the pallets and the explosives size you need to look for, there is no technology that can screen a whole pallet, period. There is nothing even close. So, you look at it, you have to break it apart. So if you do break bulk, that is very labor-intensive to do.

Now, there are a number of technologies that can do it, and TSA has already outlined what those technologies are, the five or six various technologies, but even they have problems with various commodities. So you almost have to match up the technology versus the commodity, and that is the data we have actually been collecting and providing to them to help them make a decision on how they are going to do it.

Mr. LUNGREN. Thank you.

Ms. JACKSON LEE. The gentleman's time has expired.

I yield 5 minutes, recognizing the distinguished gentleman from Oregon, Mr. DeFazio, for questioning.

Mr. DEFAZIO. Thank you, Madam Chairwoman.

Mr. Sammon, how many certified sites do you expect there will be?

Mr. SAMMON. We can expect for the phase 1, we expect to have the freight forwarders, probably about 60 to 80, and we expect that perhaps several hundred shippers. The initial lift will be, in terms of getting to the 50 percent, will be at the airports and also on a limited number of high-volume freight forwarders.

Mr. DEFAZIO. So there will be 60 to 80 places that would have the equipment that will do the actual inspection on phase 1?

Mr. SAMMON. Yes, sir. That is also where we are concentrating our canine teams, our proprietary canine teams also.

Mr. DEFAZIO. So several hundred shippers will funnel into that?

Mr. SAMMON. Yes, sir.

Mr. DEFAZIO. But you are not depending on the shipper to certify the security or safety, there will be actual physical inspection at those 60 to 80 places?

Mr. SAMMON. Yes, sir, for the first phase.

Mr. DEFAZIO. You say here they will be random oversight, unannounced inspections, those sorts of things. How many inspectors do you think you are going to need to monitor those 60 to 80 places?

Mr. SAMMON. Well, we will have about 450 in place, and as we go to 100 percent cargo screening, we will focus that inspection force more and more on those certified facilities. Right now we have about 10,000 IACs, or the independent agents who ship, and they do work with those folks in terms of their paperwork and what kind of shipments they are presenting. But what we want to do is see if we can focus on a limited number of facilities where the screening is actually happening, real screening taking place, what that does to the dynamic of the inspection force.

Mr. DEFAZIO. Phase 1 is going to cover what percentage of the cargo?

Mr. SAMMON. Fifty percent.

Mr. DEFAZIO. So do we just double that number for phase 2, or is it going to be more dispersed and require even more?

Mr. SAMMON. Phase 2 will be a different dynamic. If you think of phase 1 primarily happening at the airports and a limited number of freight forwarders, in phase 2 we will expand the number of freight forwarders and also expand the number of shippers.

Mr. DEFAZIO. So how big?

Mr. SAMMON. The shippers may expand to 15,000 shipper locations.

Mr. DEFAZIO. Fifteen thousand shipper locations, that actually do the physical screening?

Mr. SAMMON. Yes, sir.

Mr. DEFAZIO. One thousand, five hundred?

Mr. SAMMON. Fifteen thousand.

Mr. DEFAZIO. Fifteen thousand?

Mr. SAMMON. Yes.

Mr. DEFAZIO. How many inspectors do you think you will need to oversee that?

Mr. SAMMON. We will have a larger force. Also we are looking at third-party validators to certify and to check on those.

Mr. DEFAZIO. What is a third-party validator?

Mr. SAMMON. A third-party validator would be similar to the process that they use——

Mr. DEFAZIO. That they use overseas? That is not too good?

Mr. SAMMON. No, that the English do use. What we would do is hire a party that has demonstrated their ability to do certifications in other areas, particularly in logistics, and hire them and their agents.

Mr. DEFAZIO. Fifteen thousand dispersed sites. Then how are we going to secure—okay. I think we have a logistical problem there. But then beyond that, there is 15,000 places feeding the cargo into the airports.

Tell me about the security system for the chain of custody. Let's assume that somehow we can monitor, certify and ensure that those 15,000 are good. How are we going to secure the freight after that point?

Mr. SAMMON. Well, then if it is from one of those original shipper sites, they could go directly to the airport with a secure chain of

custody, that is the electronic and paper flow, in addition to the tamper evidence sealing system is in place.

Mr. DEFAZIO. Have you a tamper-proof tamper evidence system, unlike the current very lame system we use on containers in our ports now, that any kid can replicate by going downtown to the local supply store?

Mr. SAMMON. There are a number of tamper evidence systems, and I think Mr. Tuttle also referred to the work that he is doing in developing these in his testimony. Also in terms of what we want to do with the chain of custody is work with Cathy Berrick and GAO through this period to make sure that we are covering all the bases as we go along, as opposed to waiting until it is over and Cathy writing a report and saying there are problems here, problems there.

We would like to work with GAO to make sure we keep this as airtight as possible. We recognize the issues in terms of chain of custody. We also recognize the problems if we let all this freight pile up at the airport and attempt to screen it there. You have got a challenge, and that is the biggest challenge we see.

Mr. DEFAZIO. Ms. Berrick, is GAO aware of the magnitude we are talking about here, the 15,000, and do you think that is going to present a pretty substantial logistical challenge here?

Ms. BERRICK. I think you hit on two key points, which is the TSA's inspections resources and being able to oversee this, and the second is the chain of custody.

When we reported on this most recently at the end of 2005, we looked at TSA's inspection program. There is a lot of positive aspects to it. But the area we felt that could really be strengthened was really the freight forwarders. Of the 10,000 freight forwarder locations, TSA at that time had inspected about half, and at half of those there were security deficiencies in terms of not meeting security requirements in 40 percent of those facilities.

So with this increased requirement in terms of overseeing these 15,000 facilities, I think it will be very challenging. TSA has increased, as Mr. Sammon mentioned, its inspections work force. They recognize this challenge is coming. They said that they plan on requesting additional funding for more inspectors. But I agree, I think it will be a very difficult challenge and something that TSA will need to assess, exactly what is going to be the impact on the agency, which hasn't been done yet.

The second point about the chain of custody I think is also crucial. At one point TSA had said they were going to do a pilot looking at the tamper-resistant seals. We heard recently they weren't planning on doing that. So that is an area we will be following up on as part of our work.

Mr. DEFAZIO. One very quick follow-up, Madam Chairwoman.

Mr. Sammon, of those 40 percent who didn't live up to snuff that the GAO found, what were the consequences for those folks?

Mr. SAMMON. There is a combination of administrative and civil actions. I think it is about 20 percent civil actions, fines, penalties, revocations, whatever.

Mr. DEFAZIO. Those fines, were they actually implemented? Because I am familiar with the process. Sometimes we read in the

paper about a big fine, and then subsequently it kind of goes away through the process.

Mr. SAMMON. That is my understanding. Of that population of 10,000 IACs, of the number of IACs, there are 10,000 IAC locations, there are about 5,000 roughly IACs; only about 350 have multiple locations. So you have a lot of single mom-and-pop folks out there who are looking at regulations and things. Those folks, we see them in the future. With 100 percent physical screening, you are going to be paying less attention to them, because it is going to actually be screened at the airport or through a forwarder. So you focus your attention on the 350 with the multiple locations and the places that have real bricks-and-mortar security facilities in place.

Mr. DEFAZIO. Thank you. Thank you, Madam Chairwoman.

Ms. JACKSON LEE. I thank the gentleman for his questioning.

It is my pleasure to recognize the distinguished gentlewoman from New York, Ms. Clarke, for 5 minutes for questioning.

Ms. CLARKE. Thank you very much, Madam Chairwoman. I want to thank you on your vigilance with regard to this matter of cargo security, and I want to thank our panelists for being here this afternoon to do an examination and an assessment of exactly where we are.

In fiscal year 2008, the President's budget request for air cargo security was $55 million, well below the $73 million that Congress felt was necessary to meet the 100 percent screening mandate required by law. This year, the President recommended deleting the cargo line item and placing the funding into a broader package that would allow funding intended for cargo security to be used for other uses. This gives the appearance that the President is looking for ways to minimize the funding for implementation of this mandate, despite the difficulty that TSA is having in meeting deadlines with higher levels of funding provided by Congress. I believe this demonstrates a lack of seriousness or reneging, if you will, on the part of the administration to provide genuine cargo security.

So, my question to you, Mr. Sammon, is you are the person tasked with ensuring the 100 percent screening requirement is met by the authorized deadlines, and knowing how much work there is yet to complete, do you agree with the President's budget recommendations, or do you feel it is important that your program receive a dedicated funding stream at the higher levels Congress is providing?

Mr. SAMMON. Ma'am, I would have to check into that a little bit more. My understanding as of Friday is that we asked for $104 million for dedicated air cargo screening program, including 170 canine teams, 450 inspectors and so on. So I will double-check to see where that request stands. But I know we had requested the $104 million.

Ms. CLARKE. Madam Chairwoman, can we just follow-up to make sure that that is indeed the case and there is dedicated funding? That obviously is your preference, Mr. Sammon.

Mr. SAMMON. Well, you would need that magnitude to support the increased inspectors and canines.

Ms. CLARKE. That is dedicated funding, so that this funding cannot be utilized for other TSA purposes?

Mr. SAMMON. That is my understanding.

Ms. JACKSON LEE. If the gentlewoman would yield, we would be happy to do that, provide that for her. We would ask, Mr. Sammon, that you provide that for the committee in writing.

Mr. SAMMON. We will do that.

Ms. CLARKE. Thank you very much, Madam Chairwoman.

I represent a district in Brooklyn, New York, which is located in very close proximity to New York's two major airports. They are among our Nation's busiest in terms of international flights, transporting many thousands of Americans and foreign passengers each day. Yet the GAO says that TSA has no plan to screen cargo coming in on flights from other countries.

This seems like a major loophole in the plan. While I understand that we cannot regulate what happens in other countries, CBP and the Coast Guard, both DHS components, have worked out ways to promote cargo screening at many foreign seaports when the shipments are headed to the United States.

Can you explain why TSA is unable to do this?

Mr. SAMMON. First of all, what we want to do, and I think as we spoke earlier and that Ms. Berrick emphasized, as this program is being developed and put in place, we want to have the program put in place on a solid basis and foundation. It is similar to a number of overseas programs. At that point I think, when it's up and solid and running, then we can take something that is in place, operating overseas and attempt to get cooperation from other governments to put the same program in place. But it is not fully—it is not up and functioning yet, so it is hard to put a program in place overseas that is not up and running here.

Ms. CLARKE. So do you have a projected time by which you will have finished this assessment and think about piloting that in the United States? Is that ultimately the goal that we set for ourselves?

Mr. SAMMON. The goal is to be at 100 percent screening by August 2010. I think, working with GAO and other folks on this committee, that we can get to that point and know where what resources are required and to be at the point. Then when I think we have that fully functioning, we can take that much more easily and transport it overseas.

But we are working right now with the folks in Australia, throughout the European community, Great Britain and a number of other locations, Canada, in terms of talking about harmonizing the security procedures that they have with ours so that we end up at the same place.

Ms. CLARKE. My time is winding down. But have you looked at Israel? Have you looked at the model they have?

Mr. SAMMON. Yes, we have looked at Israel. Part of the issue on Israel on many of these screening things with passengers and whatever is they have one location and it is a much smaller stream of cargo than we are facing in the United States.

Ms. CLARKE. But, Ms. Berrick, I see that you are chomping at the bit. Madam Chairwoman, would you indulge me for just a moment?

Ms. JACKSON LEE. I continue to yield to the gentlelady.

Ms. CLARKE. Thank you.

Ms. BERRICK. With respect to GAO's work looking at cargo coming into the United States from foreign countries, we did report that TSA and CBP. They both play a role. We are doing less to ensure the security of that cargo. Carriers coming into the United States are required to inspect a certain percentage of cargo, but it is a small percentage. TSA is planning to increase that percentage.

We have also made some recommendations in this area, including conducting vulnerability assessments. TSA, as Mr. Sammon mentioned is also working to harmonize security requirements with foreign countries, which we think is very positive. But we think still more work remains in inbound air cargo.

Ms. CLARKE. While Israel may not have the scale we are looking at, certainly there is maybe a way to build that to scale or some of what they are doing to scale to suit the United States in the various ports of entry that we have here in terms of air travel.

I yield back. Thank you very much, Madam Chairwoman.

Ms. JACKSON LEE. The gentlelady's time is expired.

It is a pleasure to yield again to another distinguished gentleman who knows a little bit about this issue, and his knowledge continues to grow and contribute to this committee as well as the securing of America. We thank him for his service.

The distinguished gentleman from Massachusetts, Mr. Markey, I yield to you questioning for 5 minutes.

Mr. MARKEY. Thank you, Madam Chair, very much; and welcome, Mr. Sammon.

TSA's current plan to screen all the cargo carried on passenger planes relies heavily on freight forwarders and other private sector participants in the air cargo industry. Specifically, under TSA's proposed certified cargo screening program, shippers and other entities along the supply chain would voluntarily agree, voluntarily agree to screen cargo before it reaches the airport in exchange for some financial support from TSA and presumably fees from customers wanting to ship their goods on a passenger plane. What is TSA's fallback plan if not enough private sector companies elect to participate as so-called certified screeners?

Mr. SAMMON. Yes. I think as I mentioned in my oral testimony, in the end you have 100 pounds to screen, you have 100 pounds that flies. So it is everyone's interest to make sure that their partners in the whole air cargo business, there are a sufficient number of people who are screening the freight. It is in the economic interest not only——

Mr. MARKEY. But what if they don't volunteer? What is your plan?

Mr. SAMMON. If they don't volunteer, it is ultimately the air carrier's responsibility to make sure the cargo they transport has been screened either by another entity or by the airline themselves.

Mr. MARKEY. How are you going to ensure that that works, that system?

Mr. SAMMON. In the end, by August, if there is freight that is not through our inspector, if there is freight that is not screened, it won't fly.

Mr. MARKEY. Ms. Berrick, are you aware at GAO of TSA's efforts to develop and test a fallback cargo screening plan and does GAO believe that these efforts are sufficient to test its feasibility?

Ms. BERRICK. To our knowledge, the Plan B, if you will, is the carriers at the airports having to do the screening. From the work that we have done, the indication is that would be very, very difficult because of capacity space limitations, equipment and—so it would be difficult for them to have the ability to do that.

Mr. MARKEY. So you don't think that TSA's Plan B really is feasible?

Ms. BERRICK. We are continuing to look at that and haven't concluded other than we think it would be difficult for carriers to do it at the airport.

Mr. MARKEY. Thank you.

Mr. Sammon, I am concerned about TSA's ability to monitor compliance with the new cargo rules it is developing to comply with the 100 percent screening mandate.

One year ago almost to the day, July 11, 2007, the Department of Homeland Security's Inspector General issued this report. It was a scathing, scalding indictment of TSA's current air cargo security structure and contained disturbing findings.

On page 6, for example, TSA's process for overseeing the screening of cargo by the airlines, quote, increases the opportunities for the carriage of explosives, incendiaries and other dangerous devices on passenger aircraft. That is only with one entity, besides TSA doing the screening.

Now, under TSA's proposed certified shipper screening program, TSA will be responsible for overseeing potentially five additional entities who would be eligible to screen air cargo under TSA's plan. According to your testimony, those entities also would be eligible to screen air cargo shippers, manufacturers, warehousing entities, distributors and third-party logistics companies.

As the Department's Inspector General reported, TSA had significant problems with overseeing airline compliance when only a fraction of air cargo had to be screened. Now, not only are an additional five types of entities eligible to screen cargo, but 100 percent of the cargo must be screened. I am concerned about whether TSA will be able to carry out this oversight function effectively, given its past documented difficulties.

Ms. Berrick, is that a legitimate concern?

Ms. BERRICK. I think it is a legitimate concern, and it is a key challenge that we identified in our statement today.

Back at the end of 2005, we looked at TSA's compliance efforts for freight forwarders. At that time, as well as the case today, there were 10,000 facilities where freight forwarders were located. TSA had inspected about half of those, and of 40 percent of those, half there were security deficiencies. So, given the increased volume, I do think it will be a challenge.

Mr. MARKEY. Mr. Sammon, on page 4 of your testimony, you state that, quote, without the development of technology to effectively screen cargo built into large pallets and ULDs, screening cannot be executed primarily at airports. If the technology to effectively screen pallets were available, would you support having it screened at airports?

Mr. SAMMON. In addition to the pallets, you have large ULDs, which are called cookie sheets, which looks like a large flat aluminum sheet which can hold up to 11,000 pounds, which is larger

than the size of this table, perhaps twice the size of this table. The technology—if we are lucky, we can get technology to screen 4 by 4 by 4 pallets. Getting to a cookie sheet, which are delivered to many—by the aircraft I think is way, way off in the future.

Mr. MARKEY. I have a letter here from two established, well-known screening equipment vendors. In this letter, Smiths and Rapid-Scan state that, "Rapid-Scan, Smiths and other manufacturers have for over 10 years provided pallet inspections to screen larger air cargo to cargo companies and airlines in the United States and worldwide."

I think the TSA should focus its plans on screening cargo at the airports or as close to the airport perimeter as possible to reduce the possibility of tampering with the cargo from the point of screening to the point of loading it onto the aircraft. Southwest Airlines now screens 60 percent of the cargo which goes on to its planes at the airport, and I know that they are a profitable airline and one that is doing well. But it seems to me that the models are already here to get most of the cargo screened, Mr. Sammon, at the airport with equipment that already exists.

Mr. SAMMON. Most of the cargo that—Southwest has a fleet of 737s. They are flying single box cargo, small—they are not flying large cookie sheets, and it is a completely different problem.

I think in Jim Tuttle's testimony he talked about the issues. We are going to test pallet size, high-voltage X-rays during the pilot phase of this, but they have not been approved for purchase in the lab yet. We may find that they are good for certain commodities.

Mr. MARKEY. When are you going to approve them? What is the deadline you have established?

Mr. SAMMON. They may never be approved. They may only be approved for certain commodities.

Mr. MARKEY. What is your schedule for making a determination as to whether or not the job can get done?

Mr. SAMMON. They are working with the labs over the next several labs, and we will see how the approval—I would personally like to see the pallet-sized machines approved if possible. But if they are not secure and we can't view into particularly dense commodities, there is no point in having those machines out there.

Mr. MARKEY. Again, referring back over to Ms. Clarke and, obviously, other examples, the Israelis and others have focused on this issue. I no longer believe that it is a technological issue. I do believe it is a political issue, a question of political will on the part of the Bush administration.

We are now 7 years since 9/11. That is an awful long time to develop technology that could make sure that the successor Mohamed Attas and others who boarded those planes in Boston could not do so through the cargo hold using just cargo in order to accomplish those goals.

Seven years is a long, long time. That is how long it took President Kennedy in 1961 to 1969 to put a man on the moon and to get him to come back. This does not seem as complicated a task, and I hope that you know that we are going to be monitoring your progress on this very closely.

Thank you, Madam Chairwoman.

Ms. JACKSON LEE. I thank the gentleman.

I am going to give the opportunity for Members, if they desire, to have a second round; and I yield to myself at this time 5 minutes.

I just want to see if I can focus on the line of questioning of Mr. Markey, Mr. Sammon, and that is that I am just unclear—having listened to the eloquence of our Members and their questioning and having listened to the astuteness of your answers, I am unclear as to where we are and what we need to have happen. So let me try to ask some very factual, direct questions that you can answer as direct as you possibly can.

I believe we have an objection of 50 percent air cargo screening by 2009; and my question to you is, what date will we meet that 50 percent requirement under the law signed by the President of the United States?

Mr. SAMMON. We are confident that we will get to 50 percent in February 2009.

Ms. JACKSON LEE. Let me ask that question again. Will you get 50 percent in February 2009?

Mr. SAMMON. Yes, through the combination of focusing on the high-volume cargo location airports. There are 18 airports that represent 66 percent of the volume of freight. We are focusing our canines, our technology, our inspector resources on those. In addition to that, we are focusing on the aircraft that carry 80 percent of the passengers. Those two combinations, we expect to get 50 percent of the cargo——

Ms. JACKSON LEE. Do you consider that your pilot program?

Mr. SAMMON. We consider it because we are testing technology throughout this entire period, and technology will develop. We are also going to be testing and retesting. The chain of custody will all be considered a pilot program.

Ms. JACKSON LEE. The pilot program is what you gauge will be the work that is in place by 2009? Is that what you are saying? You consider that a pilot?

Mr. SAMMON. The pilot program and through technology will continue through August 2010.

Ms. JACKSON LEE. Right. But is the pilot program part of meeting the 2009 50 percent goal?

Mr. SAMMON. Yes.

Ms. JACKSON LEE. So you don't include the 15,000 sites? That is not what you are going to get your hands around immediately?

Mr. SAMMON. No, the 15,000 sites will not be part of the initial phase.

Ms. JACKSON LEE. Will 15,000 sites be part of the completion?

Mr. SAMMON. Yes.

Ms. JACKSON LEE. Let me ask the question. Will you be 100 percent by the time instituted in the 9/11 Act?

Mr. SAMMON. Yes, our goal is to be at 100 percent by August, 2010.

Ms. JACKSON LEE. Your recollection that you have asked for $104 million, do you have a recollection that the administration has asked for that or the Department? Is that all you need? Is $104 million—inasmuch as the gentlelady from New York showed a gap in the amount of money that the administration asked for and the Congress?

Mr. SAMMON. I would have to double-check. I know that what I was referring to was a request I had in on Friday to what we had requested for air cargo, and it was $104 million. I will double-check on where that has gone from that standpoint.

Ms. JACKSON LEE. You had mentioned sometime that you were going to increase the number of transportation security inspectors solely for air cargo screening in the upcoming months. How many inspectors do you have? What kind of training do they have or are engaged in and what are their responsibilities?

Mr. SAMMON. The air cargo inspectors—we have, I believe, about 430 on board. We were going to hire 150. I think we have hired 130 of the 150. We still have another 20 to hire.

Ms. JACKSON LEE. Is that added to the 400 or a total of 400?

Mr. SAMMON. Originally, we were at 300; and we added—we are adding 150 more.

Ms. JACKSON LEE. So it is 450?

Mr. SAMMON. Yes, that is correct.

Ms. JACKSON LEE. You are up to 100 and what?

Mr. SAMMON. We are up to 430. So we expect to be at 450 by the end of the year.

Ms. JACKSON LEE. What is your goal for air cargo inspectors?

Mr. SAMMON. Right now, we are going to go 450 and see over the next several months how that works by looking at 100 percent actual inspection. On certain high-volume locations, we think that those inspector resources may be sufficient. We may come back to you and say we need additional inspector resources. We may come back and say we need additional canines.

One thing we are doing, of the 170 canines, we split them into two groups. One is the traditional supply to the airport. The other half—the other 85 are proprietary canine teams that we can take anywhere in—we can take them to freight forwarder facilitators, and we think we can get a lot more productivity out of those canines than the ones just at the airport.

Ms. JACKSON LEE. So the $104 million, is that going to cover these additional inspectors?

Mr. SAMMON. Yes, ma'am, and the canines.

Ms. JACKSON LEE. You mentioned the word "third-party" validators. Who are you utilizing in the third-party validators?

Mr. SAMMON. We have not chosen any third-party validators yet. That program is finalizing in the fall. Again, the third-party validators are not a necessary component of the first stage to get to 50 percent.

Ms. JACKSON LEE. So you don't believe you need those to get to 50 percent. Are you using in-house?

Mr. SAMMON. We will use our own inspectors, yes.

Ms. JACKSON LEE. Mr. Tuttle, you have mentioned a program that deals with the air cargo explosive detection pilot program and its use of canines and technology to screen both cargo for explosive and stowaways. Has S&T or TSA conducted additional tests on the effectiveness of canines as a detection method?

And let me have a post-script to that question. I am concerned that we may be closing our eyes to the technology proposed by small and minority and women-owned businesses, and I would like

to have in writing what your particular effort is in assessing technologies presented by less than multinationals.

In particular, we understand that a review was given or rejected of freight scan, a technology by a small company; and I would like to know the process that was gone through to assess the viability or whatever the present status is.

My inquiry is based upon the fact—what chance does efficient, effective technologies that come through smaller companies have in participating in this program?

Mr. TUTTLE. Well, actually, we get more of our innovative ideas from smaller companies, to tell you the truth. I see a lot of the bigger companies are already set on their solution, and they are just trying to validate it through some of our testing. We might do a transportation lab. So I do not know if we really did reject that, if S&T did; and if we did, I will get an answer back of why for that.

Ms. JACKSON LEE. I would appreciate it if you would review that for me and provide a response back.

But can you answer me about your additional tests on the effectiveness of canines as a detection method?

Mr. TUTTLE. Yes, we had three different pilots conducted. One of them was San Francisco. The one that was focused on canines was at Seattle-Tacoma; and, actually, the canines were relatively effective as being used as an explosive detection. The major focus of that effort was actually stowaways, but they were pretty effective for explosive detection.

Ms. JACKSON LEE. Okay. Do you feel that you have the technology—are you keeping up or is the technology keeping up with the pace and requirements of the 9/11 Act? Do you feel that we will have a broad enough technology, a span of technology that will meet the goals of 50 percent screening and then 100 percent screening? Are you keeping pace with that?

Mr. TUTTLE. Well, we are improving the technologies, whether it be handheld trace detectors, whether it be training aids that we give to TSA to train their canines, whether it be screening tests, those type of things.

But, basically, what that means is you have to break the pallet down if you are going to do it at the airport or you can do it in parcel size before it gets built up. The major problem with this technology is, if you want to do everything at the airport, you are going to have to break it up. There is a number of different technologies, in fact, one in which we tested in your district down in Houston, that shows promise. But we have a long way to go on that.

I understand this was done 5 years ago. You think, gee, you send a man to the moon in 7 years. Why can't we? But a lot of money hasn't been focused on looking at a whole palletized solution.

Ms. JACKSON LEE. The only thing I can say, Mr. Tuttle, is we better get busy. Maybe we are not focusing because we think it will go away. Obviously, you are involved in technology. I imagine you are straightforward and certainly want to find the vast amount of technology. But the word should go out that there is a seriousness here, and we better find the technology and look at a number of opportunities to look at other examples like Israel and other places to get creative.

Let me just conclude by asking Ms. Berrick her assessment of in your review of what you have heard that would give you confidence that they will meet the 50 percent deadline and 100 percent deadline, since you have been reviewing, you have been critiquing and you have been assessing some of the pilot work that TSA has done.

Ms. BERRICK. I would say the elements have all been thought through and are there. But, again, what we haven't seen are specifically how it will be implemented. The devil is in the details. There is a lot of details associated with these different items that we have been talking about today.

We haven't seen the level of specifics that we would anticipate seeing for something that is moving forward into a pilot phase of this magnitude. So I would say I think that is the first key point, a plan with specifics and time frames.

The other two key areas, one is inspections. Of the 450 inspectors dedicated to cargo, some of those inspection resources are also dedicated to other TSA activities. So it is important that TSA determine what their needs are going to be, resource needs will be for inspections.

I think the other key issue which you have talked about as well, which is technology, a lot of these technology pilots we have been reporting for 5 years are in process, but we haven't seen a whole lot of progress, with the exception of the completion of this recent pilot.

Ms. JACKSON LEE. Specific and defined staff people that are actually doing the air cargo work. Are you concerned about whether the release of the rule and its impact?

Ms. BERRICK. I think it is important that TSA, as they have been doing, reach out to the cargo industry and make sure they fully consider the input that they are getting before moving forward with the rule. So I think stakeholder outreach is extremely key in making sure the rule is successful.

Ms. JACKSON LEE. I thank you.

Mr. Lungren.

Mr. LUNGREN. Thank you very much, Madam Chair.

I very much enjoy being back in Congress and being back with my friend, Mr. Markey, who always enlightens me. We seem to run on parallel tracks. He has an Achilles repaired, I have a hip replaced. He breaks his wrist, and I fall off my bike last week and injure my wrist. So I guess I will affectionately call my friend, Mr. Markey, lefty over there from now on, since he can use his left hand and not his right hand.

Mr. MARKEY. But he went to Notre Dame, and I went to Boston College. He is a Republican, and I am a Democrat. So——

Mr. LUNGREN. That is true. Just to show you, on that same line, the gentleman from Massachusetts said to Mr. Sammon, you have had 7½ years to do this. That is a long time. Let me just put it another way. It has been 7½ years since we had that attack. Is that not true?

Mr. SAMMON. That is true.

Mr. LUNGREN. Have we had an attack on another airliner in the United States since then?

Mr. SAMMON. No, sir.

Mr. LUNGREN. Is that by accident?

Mr. SAMMON. No.

Mr. LUNGREN. Has a lot of work gone into that?

Mr. SAMMON. There was a lot of work, starting with intelligence and border security in terms of who comes, who flies, who doesn't fly, the kinds of people allowed to travel around the country.

In terms of the layers, well, we think that the 100 percent screening and actual screening is a good idea. We think that cargo has been—is more difficult than dropping a bag for a specific airline off and that lots of work has been going in from the Department and from TSA to ensure and protect this country. So there has been lots of work and resources.

Mr. LUNGREN. Correct me if I am wrong, but I have one of the air forwarders in my district. I went and visited them about a year ago to find out how they work. I presume they are like a lot of other air forwarders, that a lot of the cargo they get, even though it is given to them as air forwarding, it never gets on an airplane.

Mr. SAMMON. The chance—and if you look at the time-sensitive business and if you looked at people presenting business to air forwarders, you have many more times a chance it will end up going over the road, a time-definite market.

Mr. LUNGREN. They instructed me that if someone specifically asks that their piece of cargo, whether it is a small piece or pallet or whatever, go on a particular passenger airline, it is not accepted. Is that the practice in the industry?

Mr. SAMMON. It has to be 100 percent screened. It will be—if it is from a known—if they know who it is coming from. But if they want to be flight-specific, it has to be screened today. So you can't walk up and say I would—if you go to an airport and drop off a package for a specific flight, they—it has to be screened. Otherwise, it won't be accepted.

Mr. LUNGREN. And to go on a passenger airliner, does it have to be one of the secured companies?

Mr. SAMMON. It has to come from what is a known shipper. So you have a known business relationship, yes.

Mr. LUNGREN. If it is a non-known shipper, can it go on a passenger——

Mr. SAMMON. No, it cannot. A number of the passenger companies also have all-cargo divisions. So you may ship something and think, well, it is going to go to this destination. I will give it to—hopefully, it will go on this carrier. They may end up on their own cargo plane, as opposed to a passenger plane.

Mr. LUNGREN. I was just wondering about that. Because it seems to me that is part of the layered approach to defending against a terrorist attack, is it not?

Mr. SAMMON. Yes, it is. You have shipping, cargo, you have less control over what is going to happen to it than you do, say, dropping a bag off at the airport.

Mr. LUNGREN. As a matter of fact, when I went and I talked with them, they showed me how, if they receive a piece of cargo or—they don't physically. The people that are doing it are sitting at a desk at a computer terminal. They know where it is supposed to go, and they go and look up in their computer system with logarithms to figure out in terms of price, in terms of when it has to reach there and so forth. It can be on rail, it can be on truck, it can be on air-

plane, and it might be a different one on a different particular day, depending on the circumstances; is that correct?

Mr. SAMMON. Yes, sir. A day, a week makes a big difference in terms of the availability of capacity and delivery dates. You may have—over a weekend, you have 3 or 4 days to make up for a Monday delivery. Say if you are shipping on Thursday, it may not have to go on an airplane for a Monday delivery.

Mr. LUNGREN. The reason I am asking this is I was being briefed by the folks in my district who happen to have their headquarters there the way they operate, and I wanted to know from your perspective did that appear to be the way the industry operates as opposed to just the way this particular air forwarder operates?

Mr. SAMMON. That is typical of the industry. I mean, an air forwarder handles all kinds of freight. Their purpose is, if you are a shipper or manufacturer, they can provide you with multiple modes of transportation, provide you with the best combination of price and service that meets your logistical needs. That is the niche they provide, and that is what business they are in.

Mr. LUNGREN. I just happen to think that is an example of where their interest in the way they operate happens to dovetail with our interest in protecting against a vulnerability in the cargo arena that could otherwise be looked at as a vulnerability by a terrorist or someone who would want to have an explosive device on a passenger airliner.

Mr. SAMMON. Yes, I agree. Introducing it to a freight forwarder, you have much less certainty and control over how it is going to be delivered than dropping a bag at the airport.

Mr. LUNGREN. Thank you very much, and I yield back the balance of my time.

Ms. JACKSON LEE. The gentleman's time has expired.

Mr. DeFazio is recognized for 5 minutes in the second round.

Mr. DEFAZIO. Thank you, Madam Chairwoman.

I guess I want to return to the overseas screening issues. I don't remember the specific wording of the provision, but our mandate did not extend to cargo carried on American-owned or operated aircraft returning to the United States?

Mr. SAMMON. No.

Mr. DEFAZIO. It was just domestic?

Mr. SAMMON. It is cargo being shipped from the United States domestically or international.

Mr. DEFAZIO. Okay. So we didn't mandate that.

Mr. SAMMON. No.

Mr. DEFAZIO. But if one were to look at this objectively, wouldn't we think there might be as high or perhaps, in my opinion, a higher threat with cargo that originates overseas?

Mr. SAMMON. I wouldn't disagree with you, sir.

What we want to do is make sure from a practical standpoint that we have this program here nailed down, working so we can work with those other governments to have the same kinds of requirements in place over there so that we have the same kind of inbound. Yes, sir. But we need to have the program working here first. It is kind of hard to suggest they should do something that we don't have up and running yet.

Mr. DEFAZIO. No. But what percentage are you requiring to be screened now? Is that a public number?

Mr. SAMMON. I cannot reveal that now.

Mr. DEFAZIO. But it is—so we are requiring a percentage overseas to be physically screened?

Mr. SAMMON. It depends. Different countries have different what are called model security programs. We accept their security program or not, and there are various aspects of it in terms of how they treat that cargo. That is how that works.

Mr. DEFAZIO. Right. Well, I have a high level of concern about overseas since, you know, I think it was 2 years ago this summer we had the very well-developed plot for onboard explosives in Great Britain.

Mr. SAMMON. Yes.

Mr. DEFAZIO. We certainly had Pan Am 103, which was checked baggage with a barometric device that was set to go off the second time the plane reached altitude, having flown on a smaller plane from Crete to Frankfurt and then loaded onto the larger plane. So we know those devices have been made, can be made. I think that, you know—I guess I really feel that the overseas area is a high-risk area, given recent activities.

Okay. Mr. Markey has just shown me an air cargo—shall establish 100 percent of cargo transport and passenger by an air carrier or foreign air carrier in air transportation or intrastate air transportation. It says, in air transportation or intrastate. I don't see that there is a provision that restricts that to domestic.

Mr. SAMMON. Well, our interpretation is that you asked for it to be commensurate with the baggage security, which takes us back to ATSA, which takes us back to originating shipments in the United States. That is our interpretation.

Mr. DEFAZIO. Right. I guess I was not aware of that recollection, and I wouldn't necessarily agree with that interpretation. I think that is something that we are going to need to revisit in our specifics.

Again, I believe there is a higher threat level overseas, and I am not saying—to say, well, after we get our act together over here with a lower threat level, then we will begin to work with foreign partners, which can take years to implement some measures over there. Ms. Berrick, have you looked at this particular issue overseas?

Ms. BERRICK. We have, and we understand TSA's interpretation of the law. This is one area that we are going to be looking into, the interpretation, compare that to the requirements of the 9/11 Act as a part of work we are doing for this committee that we are getting ready to kick off.

In terms of security for cargo coming into the United States, we have also reported that we think there is vulnerabilities associated with that. Although we can't give a specific percentage, a small percentage of cargo we can say publicly coming into the United States is screened.

Also, there is a set of exemptions of cargo that does not have to be screened that is coming into the United States. And although TSA reassessed exemptions for domestic cargo, they haven't yet

done that for cargo coming into the United States. So we think that more can be done to strengthen security in that area.

Mr. DEFAZIO. What about that, Mr. Sammon? Why haven't you reassessed—if you have reassessed where there is a lower threat level in the United States and restricted, why would you maintain those exemptions overseas and not reassess?

Mr. SAMMON. We are looking at those continuously. Again, one—if you look at the liquids ban, we were able to convince a number of the European countries that they should institute the same ban because of our leadership in terms of the knowledge of the threat. So if you have something in place that we know is—works, that is superior, we can convince other people to do things. I think until we are there, it is a hard—you are pushing uphill a bit. We are looking continuously at the international programs and where they stand, what exemptions are proper or not.

Mr. DEFAZIO. Well, I am afraid that reminds me of your ultimate parent agency; and I was intimately involved in creating the TSA. But, you know, for many years, 22 years, I have served on the Aviation Committee for many years. We would always refer to the tombstone mentality at the FAA, which was, unfortunately, after the fact. I think in this area in terms of what I, you know, personally would think are the threats overseas that are known, we should exert a little more preemptive leadership in this area. I would hope to minimally review that list and secondarily to begin to press for, you know, a higher percentage of screening overseas and then, third, to move toward 100 percent overseas as quickly as practical.

Thank you, Madam Chairwoman.

Ms. JACKSON LEE. The gentleman's time has expired. I thank the distinguished gentleman.

I would be happy to yield to the distinguished gentlelady from New York. If she would yield to me for just a moment, as Mr. DeFazio's probative questions—Mr. DeFazio, if I might, either we need to receive a clarification as GAO is reviewing this interpretation of the law from your perspective, and I would ask that that be accelerated, particularly that narrow point of the inspection of foreign cargo. I think many Members of Congress believe that that was included in the mandate. If it is not included in the mandate, I think it is important for this committee to consider an immediate or at least forthcoming legislative fix that will help clarify it for the Department of Homeland Security.

I think that if you—in essence, we are starting our inspection midway down the trunk, and so we don't catch it at the top. The interpretation would seem quite contrary to, I think, the intentions of the Congress. I will look forward to this committee getting that determination, and I would ask Mr. Sammon to clarify or to give us the genesis of his interpretation as well.

I thank the gentlelady for yielding. I yield to the gentlelady for her 5 minutes.

Ms. CLARKE. Thank you very much, Madam Chairwoman.

Ms. Berrick, I wanted to ask, in the past, this committee has had concerns about the known shipper program and the lack of standards that exist before a company is given this designation. Have

the vulnerabilities regarding known shipper been addressed by TSA?

Ms. BERRICK. That is an area we are going to be looking at. I know that TSA in the past 2 years have taken action to strengthen the known shipper program. They issued a rule that requires a database to maintain known shippers. They have better visibility over who the known shippers are. We will continue to look at that.

If I could make one point about TSA's coordination with international partners, it has been very positive in a number of regards related to trying to harmonize security requirements with other countries. That is a very difficult thing to do; and TSA has made progress along those areas, which we think is very positive.

Ms. CLARKE. So, given the progress that you have observed, is the timetable for synchronization one that you think will be in the immediate future, foreseeable future?

Ms. BERRICK. They already have made some concrete progress. For example, they will allow—TSA will allow carriers to apply to TSA to amend their security programs to account for security measures they are already doing in their host country. That is a very, very positive step because——

Ms. CLARKE. Do you see that being a standard protocol going forward?

Ms. BERRICK. I think TSA has implemented that as a standard procedure moving forward.

Ms. CLARKE. Thank you very much.

After the attacks of 9/11, Congress, the President and, quite frankly, the public at large all determined that the role of screening passengers and securing airports should be the domain of Government. It should not be overseen by airlines and other private entities. Mr. Sammon, why is TSA—or why is it that TSA has now sort of thrust so much of the cost and responsibility for the very sensitive air security operations back on the private sector?

Mr. SAMMON. Right now, the air screening that is taking place is taking place in the private sector. TSA does not have the resources to take or the logistical capability to take packages inside an airport and run them through TSA screening facilities without great disruption of the supply chain.

So what we are trying to do is maintain—the reason air cargo flies—cargo flies in passenger jets is that there are specific time and economic advantages to it. If we disrupt those, then the cargo may—can go in either all-cargo airplanes or by other means. So what we are trying to do is work and design the security system around the supply chain so we do the least amount of disturbance to it, yet provide the amount of security that is necessary for the flying public.

Ms. CLARKE. It just seems like sort of a Catch-22. Because we put so much faith in the private sector that—to sort of be the security guard, that should there be a breach in that, the accountability to Government is very low. So, you know, I don't know how much of that you have given consideration to, but I think that, while we are concerned about the disruption of commerce through cargo and the fact that passenger flights are an efficient way of getting that done, one disruption due to an oversight in cargo could mean a

very significant problem. What would we then say to the public when they ask "Where was Government?"

Mr. SAMMON. I think still, in terms of what we are looking at and the threat streams we are looking at, what our resources are focused on in terms of the airport, in terms of behavior detection and a whole series of initiatives, we think that the appropriate place right now for cargo screening is what we are recommending in this program.

Ms. CLARKE. So each airline has a standard that you believe is adequate and have full faith in?

Mr. SAMMON. Through the certified screening program, the standards will be clarified and specified. There are currently screening standards. The screening protocols for the airlines and their agents will be—are being clarified, known what they are——

Ms. CLARKE. So you are not quite there yet?

Mr. SAMMON. Is being rolled out right now, yes, ma'am. We are right in the middle of doing this.

Ms. CLARKE. So you are in the middle. You are not right there yet?

Mr. SAMMON. No, no. As I said, we will be there in August 2010.

Ms. CLARKE. Thank you very much, Madam Chairwoman.

Ms. JACKSON LEE. The gentlelady's time is expired.

I recognize the gentleman from Boston, Massachusetts, Mr. Markey, for 5 minutes.

Mr. MARKEY. I thank the gentlelady, a graduate of Boston University Law School, for the recognition.

I would just begin by saying that it is really a wonderful thing that there has been no successful additional attack on the United States since 9/11. I think that is the one thing that Mr. Lungren and I do agree upon. That is absolutely something that we should all really thank goodness for.

But, at the same time, the GAO and the Inspector General say that cargo is vulnerable, and we have a responsibility to make sure that we eliminate that vulnerability so that there is not a repetition, and that is what this hearing is about.

Ms. Berrick, as you referenced in one of your responses, in April 2007, GAO completed a report on the security of so-called inbound air cargo. That is cargo that is transported from overseas into our country. According to TSA, approximately 200 U.S. and foreign air carriers currently transport cargo into the United States from foreign countries. During 2005, 4 billion—with a B—billion pounds of cargo was transported from overseas into our country aboard passenger planes.

In your testimony, you stated that TSA, quote, has not yet finalized its strategy for securing such inbound cargo or determined how, if at all, inbound cargo will be screened. The 100 percent cargo screening mandate in the 9/11 Commission law applies to domestic and foreign air carriers. In your opinion, is TSA on track or meeting the statutory deadline to implement a system for screening all inbound cargo coming into our country on foreign carriers?

Ms. BERRICK. Related generally to the security of inbound air cargo, we did report that TSA can make progress in this area.

You mentioned one key point we made, which was the lack of a strategy for how they are going to approach this area of cargo secu-

rity. TSA has told us they plan to update their air cargo strategy for both domestic and inbound air cargo.

Another key area we talked about was the need for TSA to conduct vulnerability assessments of inbound air cargo security. We are going to be looking, as a part of our work, to see to what extent the 9/11 mandate applies to cargo coming into the United States from foreign locations. So we will be reviewing that in more detail.

We do know the TSA has some plans to increase the percentage of cargo, the screening of cargo coming into the United States. So they are taking some steps to strengthen security in this area, but we think more work needs to be done.

Mr. MARKEY. Mr. Sammon, do you agree with GAO's assessment that TSA is falling behind in meeting the law's requirement that all inbound cargo on passenger planes also be screened? What are you doing at TSA to ensure that you are going to meet the statutory deadline for screening all the cargo coming into our country from overseas?

Mr. SAMMON. Again, I would repeat that what we are doing is focusing on the cargo that originates in the United States. It is our interpretation of the law and its reference to the baggage screening requirements, referring to ATSA, that we are talking about shipments originating in the United States. So what we are doing is, first of all, focusing on shipments originating, and then when we have a secure system, a proven system in place that we can work with the foreign governments——

Mr. MARKEY. Can I read this to you, Mr. Sammon? Because I would be interested in your interpretation as the author of this provision. It says here on—and this is at the beginning of the section on screening of cargo.

It says, air cargo on passenger aircraft, not later than 3 years after the date of enactment of the Implementing Recommendations of the 9/11 Commission Act of 2007, the Secretary of Homeland Security shall establish a system to screen 100 percent of cargo transported on passenger aircraft operated by an air carrier or foreign air carrier in air transportation or intrastate air transportation to ensure the security of all such passenger aircraft carrying cargo.

So where in that is there a differentiation made between foreign and domestic air carrier?

Mr. SAMMON. First of all, we do—our program recognizes outbound cargo as both domestic carriers and foreign carriers. Second, it is the reference to provide a level of security commensurate with the level of security for the screening of passenger checked baggage which refers to a level of security that we provide under ATSA which is for the outbound shipment of bags and cargo.

Mr. MARKEY. I don't know what you're—this system applies to foreign air carriers.

Mr. SAMMON. We apply—our system also applies to foreign air carriers. What we are talking about with this program applies not only to domestic carriers but foreign carriers. But it is the shipments that originate in the United States that we can screen.

Mr. MARKEY. Back to you, Ms. Berrick. What do you think about this interpretation and what vulnerability does it create?

Ms. BERRICK. The interpretation is an area that we feel we need to look at as a part of our work, but we have not yet completed

that effort yet. But we will, and we will speed that up at the request of the committee.

Mr. MARKEY. If Mr. Sammon's interpretation is correct, does that create problems at the other end in terms of the security of the screening for cargo on passenger planes?

Ms. BERRICK. Yes. We have made recommendations in saying security for inbound air cargo can be improved in a number of areas. Again, TSA is taking some action to strengthen security in that area, but we think more can be done.

Mr. MARKEY. Yeah. Well, again, I disagree with you, Mr. Sammon, on your interpretation; and I would hope that you would work toward closing the gap and doing so quickly because I think it leaves an aperture that could be exploited.

Mr. SAMMON. Our intent is to address the international inbound—and I think we should probably respond with a written legal opinion back to the committee that would address where we are coming from.

Mr. MARKEY. That would be very helpful. Thank you.

Thank you, Madam Chairwoman.

Ms. JACKSON LEE. I thank the gentleman. The gentleman's time has expired.

There being no further questions for our first panel, I want to thank the witnesses for appearing before the subcommittee today for this very important hearing.

To the witnesses of which I have asked for answers, Ms. Berrick, Mr. Tuttle, with respect to the technology and the analysis of the opportunities for small women-owned and minority-owned businesses, I appreciate direct and expeditious answers.

To Mr. Sammon, on a number of issues that we asked, particularly focusing on your affirmation of meeting the deadline, the amount of funding that you have asked for—and I might add that we will seek a clarification through a number of sources of how we are going to ensure the full inspection of all cargo. But for those inquiries we have made, we appreciate a quick response.

The Members of the subcommittee may have additional questions for you as well. We ask that you respond to them expeditiously in writing.

You are now dismissed, and we now welcome our second panel to the witness table. As the clerk is preparing to clear, we will hold this hearing in recess for votes for Members. But we appreciate it if the clerk will have the table and witnesses ready upon our return.

[Recess.]

Ms. JACKSON LEE. The meeting is now reconvened.

I welcome our second panel of witnesses. Our first witness is Captain Paul Onorato, President of the Coalition of Airline Pilots Association. Captain Onorato is a Southwest Airlines captain based at Baltimore-Washington International Thurgood Marshall Airport. He began his career with Southwest Airlines in May, 1997, and has previously served as CAPA's Vice President. He has been active in the Southwest Airlines Pilots Association serving as Chairman of its Governmental Affairs Office Committee, and has 7 years of experience working on legislative and regulatory issues of concern to

the five member associations of CAPA and the Southwest Airlines Pilots Association.

Our second witness is Mr. John M. Meenan, Executive Vice President and Chief Operating Officer of the Air Transport Association. Mr. Meenan is responsible for all aspects of ATA operations, with a particular focus on technical, safety, security, environmental, economic and legal policy issues impacting the airlines industry.

Mr. Meenan joined ATA as an Assistant General Counsel in 1985 following 9 years with the United States Secret Service. He has acted as the industry representative on numerous Department of Transportation and Federal Aviation Administration committees and working groups and has been a frequent member of the U.S. delegations to various international bodies, including the International Civil Aviation Organization and the International Labor Organization.

Our third witness is Mr. Brandon Fried who was appointed to serve as the Executive Director of the Airforwarders Association in November 2005. Mr. Fried has more than 25 years of experience in the air freight industry. He started his career as a sales representative in Los Angeles and then moved to Washington, DC, where he founded, owned and operated the Washington office of Atcom Worldwide, a global freight forwarder specializing in time definite air cargo transportation.

Our fourth witness is Ms. Cindy Allen, who is testifying today on behalf of the National Customs Brokers and Forwarders Association of America. With over 20 years of experience as both a freight forwarder and customs broker, Ms. Allen chairs the NCBFAA task force, which is currently focusing on governmental security programs. She is currently Vice President of Corporate International Customs and Director of Import and Export Compliance at Argis Air Express.

Without objection, the witnesses' full statements will be inserted into the record. I now ask each witness to summarize his or her statement for 5 minutes, beginning with Captain Onorato. Captain, you are recognized for 5 minutes.

STATEMENT OF CAPTAIN PAUL ONORATO, PRESIDENT, COALITION OF AIRLINE PILOTS ASSOCIATIONS

Mr. ONORATO. Thank you. Chairman Jackson Lee, Ranking Member Lungren and Members of the subcommittee. Thank you for the opportunity to provide testimony before you this afternoon.

I am Captain Paul Onorato, President of the Coalition of Airline Pilots Association, a trade association of 23,000 passenger and cargo pilots which represents issues of concern to the Allied Pilots Association of American Airlines, the Independent Pilots Association of United Parcel Service, the National Pilots Association of Airtran Airways, the Southwest Airlines Pilots Association, and the Teamsters Local 1224 of ABX Air. CAPA commends Chairwoman Jackson Lee and Ranking Member Lungren for their foresight in holding hearings to tackle this very tough issue.

Let us begin with some background on CAPA's interest and extensive involvement in aviation cargo security. For the past 7 years, aviation cargo security has been one of CAPA's highest pri-

orities and has been addressed in each of CAPA's annual aviation security report cards. The grades received in the report card are shared by the industry, Congress and the administration, and are designed to rate aviation security as the pilot sees it, from the curb to the cockpit.

CAPA has always held the position that air cargo carried aboard passenger and cargo aircraft should be physically inspected as it arrives at the airport commensurate with checked baggage screening. Cargo security is an unresolved problem reaching back to the Aviation Transportation Security Act of November 2001.

Congress clearly wanted all articles placed on commercial aircraft to be inspected. Passenger baggage security was quickly addressed through the implementation of the 100 percent baggage inspection program. Unfortunately, the TSA allowed the cargo industry to define the scope of cargo inspections and allowed for all passenger cargo to be screened under the Known Shipper Program. The Known Shipper Program is a database-driven program which failed to verify the actual contents of any cargo box or package being placed on passenger aircraft.

TSA continued to tweak the Known Shipper Program with additional database enhancements, such as the Freight Assessment System. These two programs still failed to physically inspect the contents of the cargo carried aboard commercial aircraft. CAPA's pilots worked closely with several Members of Congress to address the air cargo security issue, notably Congressman Ed Markey and his staff, whose leadership on this issue has been indispensable.

The result of this collaboration was the recent enactment of the 9/11 Act, which requires 10 percent screening of passenger air cargo. This brings us directly to today's issue of: Is DHS implementing the requirements of the 9/11 law effectively?

In order to comply with the February 2009 50 percent screening mandate, TSA is apparently working on three initiatives: The Certified Cargo Screening Program, the Indirect Air Carrier Screening Technology Pilot, and the Narrow-Body Aircraft Screening Amendment. Unfortunately, with the demise of the Air Cargo Working Group, it is now very difficult for organizations like CAPA to obtain detailed information on the progress of these programs.

Airline industry representatives insist that to meet the August 2010 100 percent screening requirements, it will be nearly impossible for the typical legacy passenger carrier to screen all cargo at their in-house cargo build-up facilities. To that end, TSA is developing the Voluntary Certified Cargo Screening Program to enable vetted, audited and certified supply chain facilities to screen cargo earlier in the supply chain.

Within this program, TSA is extending the right to screen cargo beyond the air carrier's certified cargo screening facilities. These facilities could be a third-party entity certified by the TSA to screen cargo prior to delivery to the air carrier. CAPA has voiced concerns related to the cargo screening facility concept and is specifically concerned about facility security standards, personnel training, regulatory oversight of the facilities, and the reliability of the chain of custody between the cargo screening facility and the transporting aircraft. TSA has commented that tamper-evident technology will be used.

It is important to highlight the positive advances which can be made in cargo security when an individual company decides to commit their talent and resources to solve problems and mitigate potential security threats. Currently, Southwest Airlines, my employer, one of CAPA's parent airlines, voluntarily doubled the mandated TSA screening percentage system-wide for their narrow-bodied cargo.

Southwest Airlines is physically screening air cargo as it arrivals at the airport commensurate with baggage screening and has invested millions of the company's money in the newest explosives detection technology. They are to be highly commended for stepping up to enhanced security for the traveling public ahead of the mandates.

TSA's plan for implementing the air cargo screening requirement in the 9/11 Act should be consistent with the screening policies and procedures already in place at carriers such as Southwest Airlines. As TSA continues its work to implement the screening requirements for the cargo carried on passenger planes, I encourage Congress to turn its attention to the security of freight transported on all cargo carriers, an issue I know Congressman Markey has raised in the past.

Our volunteer pilots regularly attend national working groups and continually strive to be honest brokers in all we do. Since 9/11, CAPA has stood ready and willing to interface with legislators, regulators and industry to improve our Nation's aviation security. We appreciate the trust placed in us by Congress and such organizations as DHS, TSA, FAA and GAO, as well as our members, airlines and airports. We look forward to continuing our joint efforts to secure our Nation's air travel.

[The statement of Mr. Onorato follows:]

PREPARED STATEMENT OF PAUL ONORATO

JULY 15, 2008

Chairwoman Jackson Lee, Ranking Member Lungren, Members of the subcommittee, thank you for the opportunity to provide testimony before you this afternoon on "The Next Step in Aviation Security—Cargo Security. I am Captain Paul Onorato, President of the Coalition of Airline Pilots Associations (CAPA).

The Coalition of Airline Pilots Associations, a trade association of more than 23,000 professional passenger and cargo pilots represents the legislative and regulatory issues of concern to the Allied Pilots Association of American Airlines; the Independent Pilots Association of United Parcel Service; the National Pilots Association of Air Tran Airways; the Southwest Airlines Pilots Association and the Teamsters Local 1224 of ABX Air. CAPA commends Chairwoman Jackson Lee and Ranking Member Lungren for their foresight in holding hearings to tackle this very tough issue.

Let us begin with some background on CAPA's interest and extensive involvement in aviation cargo security. For the past 7 years aviation cargo security has been one of CAPA's highest priorities and has been addressed in each of CAPA's annual Aviation Security Report Cards. The "grades" received in the report card are shared by the industry, Congress and the administration and are designed to rate aviation security as the pilot sees it from the "curb to the cockpit." CAPA has always held the position that Air Cargo carried aboard passenger and cargo aircraft should be physically inspected as it arrives at the airport, commensurate with checked baggage screening.

Cargo security is an unresolved problem reaching back to the Aviation Transportation Security Act (ATSA) of November 2001. Congress clearly wanted ALL articles placed on a commercial aircraft to be inspected. Passenger baggage security was quickly addressed through implementation of the 100 percent baggage inspection program. Unfortunately, the TSA allowed the cargo industry to define the scope of

cargo inspections and allowed for all passenger cargo to be screened under the Known Shipper Program. The Known Shipper Program is a data-based driven program which failed to verify the actual contents of any cargo box or package being placed on passenger aircraft. TSA continued to "tweak" the Known Shipper Program with additional database enhancements such as the Freight Assessment System. These two programs still failed to physically inspect the contents of the cargo loaded aboard commercial aircraft.

CAPA has participated in the TSA's Air Cargo Working Groups and the Department of Homeland Security's Aviation Security Advisory Committee's Air Cargo Working Group. Both the ASAC charter and the cargo working group's charter were recently terminated. Unfortunately, there is currently no TSA stakeholder cargo working group available in which to discuss critical cargo security plans, programs and developments.

CAPA's pilots worked closely with several Members of Congress to address the Air Cargo Security issue, notably Congressman Ed Markey and his staff, whose leadership on this issue has been indispensable. The result of this collaboration was the recent enactment of Public Law 110–53, "the 9/11 Act", which requires the 100 percent screening of passenger air cargo. This brings us directly to today's issue of "Is DHS Implementing the Requirements of the 9/11 Law Effectively?"

In order to comply with the February 2009 50 percent screening mandate TSA is apparently working on three initiatives: the Certified Cargo Screening Program; the Indirect Air Carrier Screening Technology Pilot; and the Narrow Body Aircraft Screening Amendment. Unfortunately, with the demise of the Air Cargo Working Group it is now very difficult for organizations like CAPA to obtain detailed information on the progress of these programs.

Airline industry representatives insist that to meet the August 2010 100 percent screening requirements it will be nearly impossible for the typical legacy passenger carrier to screen all cargo at their in-house cargo buildup facilities. To that end, TSA is developing the voluntary Certified Cargo Screening Program to enable vetted, audited, and certified supply chain facilities to screen cargo earlier in the supply chain. Within this program, TSA is extending the right to screen cargo beyond the air carrier to Certified Cargo Screening Facilities. These facilities could be a third-party entity certified by the TSA to screen cargo prior to delivery to the air carrier. CAPA has voiced several concerns related to the Cargo Screening Facility concept and is specifically concerned about facility security standards, personnel training, regulatory oversight of the facilities, and the reliability of the chain of custody between the Cargo Screening Facility and the transporting aircraft. TSA has commented that "tamper evident technology" will be used. However, CAPA is currently unaware of any of the details regarding this technology.

It is important to highlight the positive advances which can be made in cargo security when an individual company decides to commit their talent and resources to solve problems and mitigate potential security threats. Currently, Southwest Airlines, my employer and one of CAPA's Association's parent passenger airlines, voluntarily doubles the mandated TSA cargo screening percentages system-wide for their narrow-body cargo. Narrow-body aircraft account for about 96 percent of total domestic passenger flights and over 25 percent of total passenger air cargo by weight. Southwest Airlines is physically screening air cargo as it arrives at the airport, commensurate with baggage screening, and has invested millions of the company's money in the newest explosive detection technology. They are to be highly commended for stepping up to enhance security for the traveling public ahead of the mandates.

TSA's plan for implementing the air cargo screening requirements in the 9/11 Act should be consistent with the screening policies and procedures already in place at carriers such as Southwest Airlines. As TSA continues its work to implement the screening requirements for cargo carried on passenger planes, I encourage Congress to turn its attention to the security of freight transported on all-cargo carriers—an issue I know Congressman Markey has raised in the past. None of the current laws or regulatory agencies are addressing the issue of security within the all-cargo operations. As a Nation we've been most fortunate our enemies have not exploited the all-cargo security loopholes such as: nonstandard and frequently minimal perimeter and ramp security found at many cargo airports and the lack of flight-deck doors or hardened cockpit doors on all-cargo aircraft. Congress must monitor the progress of the 9/11 law to ensure the intent of the law is achieved.

Our volunteer pilot members regularly attend numerous national working groups and continually strive to be "honest brokers" in all we do. Since 9/11 CAPA has stood ready and willing to interface with legislators, regulators, industry and other associations to improve our Nation's aviation security. We appreciate the stakeholder trust placed in us by Congress and such organizations as DHS, TSA, FAA,

and GAO as well as our member's airlines and airports. We look forward to continuing our joint efforts to secure our Nation's air travel.

Ms. JACKSON LEE. We thank you for your testimony, Captain.

Mr. Meenan, you are recognized for 5 minutes.

STATEMENT OF JOHN M. MEENAN, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, AIR TRANSPORT ASSOCIATION

Mr. MEENAN. Chairwoman Jackson Lee, thank you very much. On behalf of our member airlines, please accept our thanks for the opportunity to appear before the subcommittee today to discuss both our commitment to meeting the screening requirements of the 9/11 Commission Act and to outline a few concerns which we believe must be addressed quickly.

First, as to our commitment, our members are well along in developing their individual compliance plans to meet the February 2009 deadline for screening 50 percent of all cargo shipments on passenger aircraft. These plans vary from carrier to carrier, depending on the nature and scope of their particular cargo operation. They involve things like equipment acquisition, development of appropriate procedures, in some cases contractual arrangements with other cargo handling partners, and, to a limited extent, they may also involve the termination of cargo services at certain locations where business benefits do not outweigh the security expenses.

These compliance plans, however, are dependent on key assumptions about equipment and processes which we are awaiting the Transportation Security Administration approval for. For example, TSA needs to provide a qualified products list specifying exactly what equipment is approved for TSA screening. We are also expecting clear and detailed guidance on the use of X-ray equipment to screen shipper-built cargo skids. Even more importantly, we are awaiting approval for a batch explosives trace protection processing procedure.

These approvals we have been assured are in process, but at this point we have been waiting for them for some time and we are becoming increasingly concerned that if we don't see them soon, it is going to make meeting those deadlines and commitments very difficult.

It bears noting that because of the intense focus on baggage and passenger screening, budgetary limitations and other Office of Science and Technology priorities, the Department of Homeland Security research and development of cargo equipment has been, in our view, lacking. To date, with the exception of canine screening, we have no certified method to effectively and efficiently screen air cargo. We would urge this subcommittee to focus its attention and to try to focus OST's attention on doing more in that area very quickly.

Another area of extremely serious concern relates to TSA's announced plans to require 100 percent screening of cargo aboard narrow-body aircraft by October 2008 as opposed to the 50 percent screening requirement established by law in 2009. Rather than mandating yet another unnecessary program which would pose significant new challenges to the industry, we believe that the 50 per-

cent 9/11 Act compliance date is the appropriate date to shoot for, and while we would agree that certainly carriers should have the option of going with the 100 percent narrow-body screening the TSA is interested in, that should not be a mandate imposed on everyone.

Looking out further to the legislatively mandated 100-percent-screening deadline in August 2010, we know to a certainty that success is dependent upon TSA's full implementation of a robust certified cargo screening program.

Under the program, large volume shippers and freight forwarders would be certified, as you have heard, to screen cargo which would then be transported directly to the airlines. We believe that this program could significantly advance compliance with the coming February 2009 deadline, and it is essential to meeting the 2010 full screening deadline. We are, however, concerned that the pace of the program again is lagging.

Finally, I would be remiss in not bringing to the subcommittee's attention the devastated economic condition that the airline industry finds itself in. As a direct result of the current fuel price situation, we are seeing substantial reductions in the size of the industry. Roughly 100 communities have already been advised that they will no longer have scheduled air service, close to 30,000 jobs have been eliminated, and hundreds of aircraft are parked or being parked. Going forward, unless fuel prices moderate, things will get worse.

While not directly relevant to today's discussion, we are actively pursuing measures to address the unhealthy oil speculation, while also focusing on supply and demand issues for fuel. We would ask that the subcommittee work with us going forward to assure that the Government plays its full and proper role in providing aviation security and that we all understand the limits under which industry revenues and resources can be applied.

Thank you, and I would be happy to respond to questions.

[The statement of Mr. Meenan follows:]

STATEMENT OF JOHN M. MEENAN

JULY 15, 2008

On behalf of our member airlines, please accept our thanks for the opportunity to appear before the subcommittee today to discuss both our commitment to meeting the cargo screening requirements of the "Implementing Recommendations of the 9/11 Commission Act of 2007" and to outline a few concerns, which must be addressed quickly in order to facilitate our meeting that commitment.

First, as to our commitment, our member airlines are well along in developing their individual compliance plans, enabling them to meet the February 2009 deadline for screening 50 percent of all cargo shipments aboard passenger aircraft. These plans vary from carrier to carrier depending on the nature and scope of each particular cargo operation. These plans involve equipment acquisition, development of appropriate procedures and, in some cases, contractual arrangements with cargo handling partners. To a limited extent, they may also involve a termination of cargo services at certain locations where the business benefits do not outweigh the security expenses.

These compliance plans are, however, dependent on key assumptions about equipment and processes for which we are awaiting Transportation Security Administration (TSA) approvals. For example, we need the TSA to provide a "Qualified Products List" specifying exactly what equipment—already purchased or currently available for purchase—is approved by the TSA for screening cargo. Because there is no certified technology to efficiently screen cargo, airlines remain hesitant to purchase technology absent a qualified list and the specific operational protocols, which help

determine the number of units necessary. We are also expecting clear and detailed guidance on the use of X-ray equipment to screen shipper-built cargo skids. Even more importantly, we are awaiting approval of "batch" Explosive Trace Detection Screening procedures. These approvals, we have been assured, are "in process" and just about to be provided. This promise, while welcome, has been outstanding for some time and we are increasingly concerned that we do not yet have final, actionable commitments from the TSA. Obviously, as we move closer to the February compliance date, our ability to expeditiously implement any unanticipated TSA initiatives becomes more problematic.

It bears noting that because of the intense focus on baggage and passenger screening, budgetary limitations and "other" Office of Science and Technology priorities at the Department of Homeland Security, research and development of cargo screening technology has been a low priority. To date, with the exception of canine screening, we have no certified method to effectively and efficiently screen cargo. We would urge that the subcommittee focus on advancing this as a much higher priority issue. Perhaps consideration should be given to the creation of a TSA grant program to serve as an incentive for manufacturers to develop cargo screening technology.

Another area of extremely serious concern relates to TSA's announced plan to require 100 percent screening of cargo aboard narrow-body passenger aircraft by October 2008, as opposed to 50 percent of cargo aboard all passenger flights as required by law. Rather than mandating yet another new and unnecessary program, which would pose significant operational challenges to airlines operating mixed wide- and narrow-body fleets, we have indicated repeatedly that airlines must be allowed to comply with the 9/11 Act's 50 percent mandate established by Congress. With TSA approval of the technology and procedures that we are currently anticipating—which, as noted previously, we need as soon as possible—our airlines are preparing to meet the requirements of the law. They should not be expected to significantly exceed those requirements. One hundred percent narrow-body cargo screening certainly has a role as a compliance option, but there is no reason for yet another unnecessary mandate. As a practical matter, this initiative would force mixed-fleet operators to create a bifurcated cargo acceptance and screening processes that would pose significant operational challenges and inefficiencies.

Looking out further to the legislatively mandated 100 percent cargo screening deadline of August 2010, we know to a certainty that success is dependent on TSA's full implementation of a robust Certified Cargo Screening Program (CCSP). Under this program, large-volume shippers and freight forwarders would be certified to screen cargo, which would then be transported directly to the airline. In view of the fact that approximately 80 percent of air cargo is shipped by just 20 percent of our cargo customers, there is clearly great value in this type of screening program, which has been demonstrated to be effective in other countries. We believe that this program could significantly advance compliance with the coming February 2009 deadline and that it is essential to meeting the August 2010 full-screening deadline. We are, however, concerned with the pace of program development and would encourage the subcommittee to favorably consider any request that TSA might put forward to significantly accelerate this initiative.

Finally, I would be remiss in not bringing the subcommittee's attention to the devastated economic condition of the airline industry. As a direct result of the current fuel price situation, we are seeing a substantial reduction in the size of the industry. Roughly 100 communities have already been advised that they will no longer have scheduled air service, close to 30,000 jobs have been eliminated and hundreds of aircraft are being removed from service. Going forward, unless fuel prices moderate, things will get worse. While not relevant to today's discussion, we are actively pursuing measures to address unhealthy oil speculation while also managing supply and demand issues. We would ask that the subcommittee work with us going forward to assure that the Government plays its proper role in providing aviation security and that we all understand the limits of industry resources.

Thank you for the opportunity to appear before you today.

Ms. JACKSON LEE. Thank you, Mr. Meenan, for your testimony. Mr. Fried, you are recognized for 5 minutes for your testimony.

STATEMENT OF BRANDON FRIED, EXECUTIVE DIRECTOR, AIRFORWARDERS ASSOCIATION

Mr. FRIED. Chairman Jackson Lee, Ranking Member Lungren, Members of the committee, thank you for the opportunity to appear today to discuss the challenges the air forwarding industry faces in

complying with the air cargo screening mandates of the 9/11 law. I ask that my full statement be entered into the record.

My name is Brandon Fried, and I am the Executive Director of the Airforwarders Association. The forwarding industry is committed to security and looks forward to continued dialog with this committee and TSA. Today I wanted to discuss one of the tools to ensure all cargo is screened, the Certified Cargo Screening Program, or CCSP.

Products such as automobiles, assembly line parts, high-tech electronics, pharmaceuticals and vital consumer goods are transported in the cargo holds of passenger planes on virtually every flight. In some cases our members help save lives by assisting medical companies and hospitals ship urgently needed heart valves, blood samples and human organs across the country to waiting doctors and patients.

Because just-in-time air cargo is critical to so many segments of the American economy, we believe in solutions that provide for both the physical security as well as the economic security of our Nation.

I want to thank the committee for its work in defining screening through a variety of methods. There is no one solution to air cargo security, and many tools are required to handle the variance in size, type and contents of cargo moving daily throughout our Nation and around the globe.

The Airforwarders Association strongly transports the CCSP. The program is a key part of the risk-based, multi-layered approach to air cargo security this association has always endorsed. It balances the need for increased security while also meeting the needs of the shipping public.

The Airforwarders Association has several members participating in the CCSP pilot program. We applaud TSA for working with industry closely to create a model program that will actually work in the forwarding environment.

While these members are seeing progress with certification and implementation, concerns remain. An initial list of technology provided by TSA is now available. However, purchasing equipment has been delayed due to the lack of final approval. Also the amount and timing of reimbursement funding promised to participants continues to change. It is imperative that the pilot program is successful and executed following the good faith agreements already existing in order to continue expansion of the program.

Another concern is that much of the technology certified currently is geared toward passenger baggage applications, with no certified equipment to screen pallets and consolidations. Forwarders move pallets that contain up to 300 different packages. While we have been told the methodology or the technology exists according to vendors, TSA Science and Technology has not certified the equipment, and we urge them to move forward on these devices.

Also, there is no mechanism to protect forwarders' investments if that equipment is later found to be unsatisfactory by TSA. Given the costs involved, many of our members have decided that this is an impediment to participation. We urge TSA to work with forwarders to ease concerns on this issue.

We should not lose sight of the fact that progress is being made on a daily basis by TSA. Initial facility audits have begun, as have initial certification inspections at some members' facilities. Forwarders are submitting security plans, and there is a great deal of dialog with the participants on the ground. Some participants in the pilot program believe they will be able to meet the screening goals by the fall of 2008. That said, the Airforwarders Association is troubled by the potential impact of treating CCSP as an unfunded mandate for all forwarders not participating in the pilot.

If there is not ample participation further down the supply chain, we face a very real threat to both economic and airport security. Airports do not have the real estate to screen all cargo with existing resources, and airlines do not have the financial or human resources to efficiently expedite screening of all just-in-time cargo at the airport.

Forwarders participating in the CCSP must purchase technology costing from $150,000 to $500,000 per facility per machine, a price tag that cannot be met by many forwarders. As a result, they will face delays at the airports, causing them to miss flights and lose revenue, and this lost revenue in the current economic environment could push forwarders out of business. The consolidation of the market is bad for forwarders, manufacturers, and the American consumer.

A survey of our membership has shown that our concerns are well-founded. Of the 60 percent of surveyed members who have less than 10 offices, nearly all stated that without funds they would choose not to participate. The remaining members surveyed indicated that only a few offices would be outfitted with equipment. We urge Congress to provide funding to ensure that the jobs of hundreds of thousands of workers in the air freight industry are not lost and the American economy does not face serious harm to the delays in good and products being delivered.

The Airforwarders Association supports grants to fund CCSP, as well as additional funding, a reallocation of TSA's budget, to provide funding for equipment and personnel devoted to cargo screening.

In conclusion, we believe that a great deal of progress has been made. Our shared goal of creating a safe and efficient air cargo regime can be achieved, provided Congress fulfills its commitment to homeland security by fully funding these programs.

Thank you for hearing my testimony today. I look forward to any questions you may have.

[The statement of Mr. Fried follows:]

PREPARED STATEMENT OF BRANDON FRIED

JULY 15, 2008

INTRODUCTION

Chairman Jackson-Lee, Ranking Member Lungren and Members of the committee, thank you for the opportunity to appear before the House Committee on Homeland Security to discuss the development, implementation and challenges the forwarding industry faces in complying with the air cargo screening mandates of the 9/11 law. I ask that my full statement be entered into the record.

Today, I want to discuss one of the tools developed by TSA to ensure all cargo is screened by August 2010—the Certified Cargo Screener Program, or CCSP. As the executive director of the Airforwarders Association, I assure you that the for-

warding industry is committed to safety and looks forward to continued dialog with this committee and TSA to ensure this program is implemented in a timely fashion and provides a maximum degree of security with a minimum amount of supply chain disruption.

The Airforwarders Association strongly supports The Certified Cargo Screener Program. The task of screening all the cargo that boards passenger planes is an immense challenge, and spreading security responsibilities throughout the supply chain is an effective way of engaging all industry to achieve safety for the traveling public. That said, the cost of participating in this unfunded, voluntary program for forwarders is cost-prohibitive for nearly half of the forwarding industry based on our best approximation. With equipment costs that range from $150,000 to $500,000 per facility, we anticipate seeing more members opting not to participate in the program due to cost or business models that do not utilize facilities at gateway cities. If this happens it will put enormous pressure on the airlines and airports to screen potentially as much as 40 percent of the cargo put on passenger planes in the United States. Not only does this create a bottleneck that is extremely detrimental to our economy and ability to export goods, it also risks a new security concern due to the sheer amount of cargo awaiting inspection in airport cargo facilities.

I urge Congress to provide funding for CCSP, particularly for the benefit of small to mid-sized forwarders, in future appropriations bills. Additionally, I urge TSA to fulfill its commitment to the current participants in the pilot program by completing the list of approved technology and the other critical needs of the program in a timely fashion.

BACKGROUND

My name is Brandon Fried and I am the executive director of the Airforwarders Association. It is a pleasure to address this distinguished panel today on the important issue of air cargo security.

I was appointed to serve as the Executive Director of the Airforwarders Association in November 2005 and have over 25 years as a forwarder myself. In my position as Executive Director, I represent the Association on all security matters and currently serve on the Aviation Security Advisory Committee (ASAC) working group in counsel to the Transportation Security Administration.

The Airforwarders Association is an alliance of Indirect Air Carriers, Cargo Airlines, and affiliated businesses located throughout the United States that play a vital role in ensuring the continuous movement of global commerce. There are over 4,000 registered indirect air carriers who are responsible for the planning, oversight and transporting of companies' goods and products—anything from flowers and seafood to pallets of humanitarian supplies. The parameters of this job include steps such as pick-up of goods, customs clearance, transportation, warehousing, regulatory compliance and delivery, we work from one end of the supply chain to the other.

DISCUSSION

Many of you on the panel today may ask, "Who uses airfreight that flies on passenger planes?" The answer is, "All of us do!" In addition to medical companies and hospitals shipping urgently needed heart valves, blood samples and human organs across the country within hours, those firms depending upon "just in time" inventory strategies do as well. These include companies such as Hewlett Packard, Boeing, General Electric, 3M and IBM.

Products such as automobile assembly line parts, high-tech electronics, pharmaceuticals and vital consumer goods are transported in the cargo holds of passenger planes on virtually every flight. During the cold winter, our families enjoy fresh vegetables flown from the warm west coast and South America on passenger flights. As we speak, thousands of pounds of seafood are in flight to be served tonight in restaurants in places like Albuquerque, Minneapolis, Omaha and St. Louis. In some cases our members help save lives by assisting medical companies and hospitals ship urgently needed heart valves, blood samples and human organs across the country to waiting doctors and patients.

Because air cargo is critical to so many segments of the American economy, we believe in formulating solutions that provide for both the physical security of the public as well as the economic security of our Nation. The Airforwarders Association has been and remains a vocal advocate for continuing the risk-based, multi-layered approach to air cargo security that has protected our Nation's planes and protected our Nation's economy as it enables the critical and efficient flow of commerce. I applaud the committee for its work in crafting the "Implementing the 9/11 Commission Recommendation Act of 2007" to focus on screening air cargo through a variety of methods. There is no one solution to air cargo security and a variety of tools, as

approved in the legislation and certified by TSA, is absolutely critical to handle the variance in size, type, and contents of cargo moving daily throughout our Nation and around the globe.

Certified Cargo Screener Program (CCSP): An Introduction

As such, the Airforwarders Association is supportive of a voluntary program, like the Certified Cargo Screening Program (CCSP), which spreads security throughout the supply chain. The Program is a key part of the risk-based, multi-layered approach to air cargo security this association has always endorsed. It balances the need for increased security while also meeting the needs of the shipping public. The Airforwarders Association, along with other key stakeholders have been working closely with TSA to identify possible participants, potential pitfalls and problems with the parameters of the program, and technology available to meet the screening needs of the supply chain process.

The 9/11 bill specifically recognized programs such as this, as well as other non-intrusive measures approved by TSA, as an important part of the screening mandate. These provisions are critical to meet the mandate as established by Congress to reach 100 percent screening by August 2010. Engaging the supply chain while utilizing technology like tamper-proof seals to ensure the integrity of the cargo is an excellent way to achieve full screening of cargo that does not place the entire financial burden on one entity or part of the supply chain.

Certified Cargo Screener Program (CCSP): Challenge of an Unfunded Mandate

However, if there is not ample participation further down the supply chain by shippers and forwarders alike at certified screening facilities, we face a very real threat to both economic and airport security. Airports do not have the real estate to screen all cargo, or even 50 percent of the total tonnage, moving on passenger planes with existing resources and airlines do not have the financial or human resources to efficiently expedite screening all "just in time" cargo at the airport. In our conversations with the Airports Council International (ACI), airport managers are very concerned about the ability of existing facilities to meet such a high level of cargo demand. If screening occurs at the airport, with no additional funds for airlines or airports, and without funding to encourage additional forwarders to participate in CCSP, the massive influx of cargo that must be screened at the airport is likely to create bottlenecks and delays in the supply chain. This will have a devastating effect on delicate cargo like medical supplies or perishable foods.

We are extremely concerned about the lack of Government funding for the 100 percent screening mandate. Forwarders participating in CCSP must purchase technology for which the cost may range from $150,000 to $500,000 per facility—a price tag that cannot be met by most small and medium-size forwarders. As a result, they will face delays at the airport for cargo screening, causing them to miss flights and lose revenue. This lost revenue, in the current economic environment with high fuel surcharges and razor-thin profit margins, could force forwarders out of business. This consolidation of the market is bad for forwarders, manufacturers and the American consumer.

The variance in size among the forwarding community is part of what makes this vital industry continue to thrive. Forwarders develop specific business models based on the type of cargo niche they carve out for their business needs, be it several small offices to handle trade show and convention material movement, or many large facilities at gateway cities to handle tons of flowers imported from Latin America or American manufactured goods being exported to our trading partners. Just as a wide variety of goods are shipped via airfreight, there are, and should remain, a wide variety of forwarders in the industry to compete for that business.

A survey of our membership and our alliance partner, the National Customs Brokers and Forwarders Association of America, who will testify in a moment, has shown that that our concerns are well-founded. More than half of the members surveyed would qualify as "small to mid-sized", as they have no more than 5 permanent offices that accept cargo for passenger planes. Of the 60 percent of surveyed members that are "small to mid-sized", without additional funds, nearly 100 percent would not choose to participate as a CCSF. The remaining members surveyed indicated that only a few offices would be outfitted with equipment to participate as a CCSF.

While CCSP is a voluntary program, the competitive advantage it gives to companies that have the financial ability to purchase screening equipment makes it a very costly to "opt out" for other companies. Not only do non-participants lose the ability to ensure their cargo moves as quickly as their competitors, but they also will have to expend substantial funds to pay for screening. Smaller businesses in our industry provide professional, well-paying jobs with health and retirement savings benefits

to thousands of hard-working Americans—if the market is altered in such a way that the "haves" are the only companies that can guarantee efficient shipping, the "have nots" may quickly become so financially disadvantaged they will be forced out of business.

Certified Cargo Screener Program (CCSP): The Funding Solutions

We believe the best way to ensure the market stays competitive for all players is to provide funding for all forwarders to be able to participate in CCSP if they so choose. Based on our membership, I expect that to include a number of forwarders who would participate at one to two of their facilities. That said, while we believe it is in the best interest to establish substantial screening responsibilities throughout the supply chain, there are a number of business models that simply do not permit forwarders to screen at any point prior to the airport. It is imperative that the screening at the airport conducted by the airlines and is done in an efficient and expedient manner. We also believe that funding should be available to the airlines to achieve that goal.

Secondary and tertiary airports that serve many residents in districts of Members of this subcommittee are already suffering from cutbacks in airline service. Without the revenue and profit generated by cargo at these airports due to the high cost associated with airline screening of cargo in say, Eugene, Oregon or even Jackson, Mississippi, carriers may cease accepting cargo at those airports and further jeopardize airline service for those cities.

We urge Congress to provide funding to ensure the jobs of hundreds of thousands of employees in the airfreight industry are not lost and the American economy does not face serious harm due to delays in goods and products being delivered. The Airforwarders Association supports small business grants to fund CCSP as well as additional funding or reallocation of TSA's budget to provide funding for equipment and personnel devoted to cargo screening. We are also eagerly awaiting the demonstration of the newly proposed Independent Screening Facility pilot program or "car wash", where third parties will have an off-site, stand-alone facility dedicated to screening cargo for a fee. We believe this is another tool that will alleviate bottlenecks at the airport.

Certified Cargo Screener Program (CCSP): Progression of the Pilot Program

Now, I would like to move to a discussion of the current status of the CCSP pilot program. The Airforwarders Association has several members participating in the CCSP pilot program launched by TSA. We have attached a statement for the record from one such member. These companies are currently facing a degree of uncertainty in terms of moving forward with the program. That said, we applaud TSA for working with industry closely to create a model program that will actually work in the forwarding environment, which is critical to a successful pilot and full-scale deployment.

While an initial list of technology approved by TSA has been made available, purchasing equipment has been delayed due to the lack of final approval. Also, there is concern that the amount of reimbursement funding promised to the participants continues to change as does when that funding will be available to participants. It is imperative that the pilot program is successful in order to continue the expansion of the program, and to that end, other forwarders will listen carefully to the experiences of participants.

With regard to technology, we remain concerned that much of the technology listed as acceptable is geared toward passenger baggage applications with little, if any, approved to screen built pallets and consolidations. Since the mandate dictates screening at the piece level, packing and unpacking pallets not only slows the supply chain, but creates new risks in terms of tampering or theft. Forwarders move pallets that can contain up to 300 different packages—without a machine certified to move these pallets quickly to utilize in the pilot program, the results of throughput times are likely to be much higher than the speed of a pallet screening device.

Also, there is no mechanism in place that protects forwarders investments in currently approved screening technology if that equipment is later found to be unsatisfactory or phased out by TSA. Given the cost involved in the initial purchase, many of our members have cited this uncertainty as an impediment to participation. While the SAFETY Act may provide some degree of protection, we urge TSA to work with forwarders to ease concerns over this particular issue.

The good news from our members is that progress is being made on a daily basis by TSA. Initial facility audits have begun as have initial certification inspections by TSA at some member's facilities. Forwarders are submitting security plans and technology preferences to TSA and there is a great deal of dialog with the participants "on the ground". Smaller participants in the pilot program believe they will

be able to meet screening goals by the fall of 2008. The Airforwarders Association will continue to provide regular updates on progress to this committee at your request.

In conclusion, we believe that a great deal of progress has been made by TSA in meeting the mandate to screen 100 percent of passenger plane cargo. The deployment of the CCSP pilot program is advancing on a daily basis and through the efforts of airlines such as Southwest, freight forwarders and many shippers, I believe that our goal of creating a secure, safe and efficient air cargo security regime can be achieved, provided Congress fulfills its commitment to homeland security by fully funding these programs.

Thank you for hearing my testimony today on this important issue and I look forward to answering any questions you may have.

FALCON GLOBAL DISTRIBUTION, INC./FALCON GLOBAL EDGE, INC.

CCSP PARTICIPATION HIGHLIGHTS

JULY 9, 2008

- (Winter 2008) Falcon personnel obtain first CCSP notional documents and learns of pending BAA for "technology pilot".
- (February 7, 2008): Orientation session with TSA personnel assigned to West Coast target cities and senior TSA management (on-site Union City).
- (February 14, 2008): Falcon submits application to BAA.
- (February, 2008): Falcon Global Distribution, Inc. is approved as an IAC and is subsequently approved for participation in the "technology pilot".
- (February 13, 2008): Falcon submits initial technology proposal, leaning toward installation and operation of AT X-ray.
- (Late February, 2008): Falcon Global Distribution, Inc. becomes an IAC in conjunction with application to BAA.
- (April 29, 2008): Falcon personnel meet L3 representatives at L3 facility to view AT X-ray machines.
- (May 8, 2008): Meeting on-site Union City with representatives from TSA's Science & Technology group, together with other third-party vendors to TSA (Deloitte and Safe Skies) who will be conducting a "process audit" of the facility to aid in determining the best type of screening technology to be used in the facility.
- Initial determination at above meeting that ETD might be better suited to Falcon's facility due to primary inventory product type (electronics), among other factors.
- (May 15, 2008): Falcon submits revised technology proposal, with emphasis shifted from AT X-ray to ETD.
- (May 15, 2008): Falcon submits CCSF application.
- (June 2, 2008): Falcon undergoes initial facility audit at Union City.
- (June 27, 2008): Falcon submits initial Facility Security Plan to TSA.
- (July 9, 2008): Falcon undergoes certification inspection by TSA. The facility is to be certified for physical cargo screening, in anticipation of later reliance on either ETD or ATX-ray as primary screening method.

Comments

The process is moving at a very slow pace but does appear to be going forward. It is readily apparent that TSA is relying on industry to "step up" and make this program work, even by inventing the necessary processes (i.e. training and testing) with minimal TSA guidance. This is a positive in that TSA is letting industry (and particular facilities) dictate practical steps to fulfill the legislative mandate, based on the particular types of products that reside in, and will be shipped from that facility. It is a negative because I believe many companies are: (1) Waiting for TSA to issue firm guidance; and (2) taking TSA's lack of firm guidance as an indication that the CCSP is not viable—or won't be following a change of administrations.

- TSA has not yet released a revised "approved list" of screening technologies, which we were told was to be released June 27, 2008.
- Though TSA has not released an "approved" training/testing program (a draft version, constructed by TSA field personnel, is in circulation as a model), nor guidance on "approved" types of Tamper Evident Technology or the exact specifications for the "screened" indicator sticker, we are moving forward with constructing a training and testing regimen to obtain certification. Our TSA contact is aiming to submit the final certification application to TSA HQ end of the week of 7/14/08.

- Allowing for an approval process of 2–4 weeks, Falcon could have screened cargo (utilizing only physical search screening methodology) in the stream of commerce by middle to end of August.
- If the process audit can be performed in a timely manner, and the approved list of technology published, Falcon hopes that an OTA can be executed and equipment ordered so that training and testing on that equipment can be completed by mid-October.
- Once the technology is installed and personnel adequately trained, Falcon will screen 100 percent of its passenger air cargo shipments immediately. At present rate, I hope that 100 percent of the passenger air cargo originating from Falcon's facility can be screened by end of November, 2008.

Ms. JACKSON LEE. Thank you, Mr. Fried.

Now, Ms. Allen, you are recognized and yielded to for 5 minutes.

STATEMENT OF CINDY ALLEN, CHAIRMAN, TASK FORCE ON SECURITY, NATIONAL CUSTOMS BROKERS AND FORWARDERS ASSOCIATION OF AMERICA

Ms. ALLEN. Thank you, Chairwoman Jackson Lee.

On behalf of National Customs Brokers and Forwarders Association of America, I am pleased to have this opportunity to testify before you today on air cargo security as chairwoman of the Security Task Force for NCBFAA. First let me say a little bit about our industry.

While our membership includes several large and direct air carriers, or IACs, who are household names, our largest segment of membership are medium-small independently owned businesses. We book space aboard aircraft, both passenger and exclusively all air cargo aircraft, and we also assist in the movement of goods toward the airport.

We need to say at the start that we strongly support TSA's Certified Cargo Screening Program and want to do our part in ensuring its success. We believe that it meets this committee's and Congress' intent in addressing the obligations required by the 9/11 law mandating 100 percent security of cargo destined for passenger aircraft.

This program recognizes that indirect air carriers are force multipliers in the twin tasks of establishing security and moving goods by air. Yet our commitment to the TSA in support of the CCSP program does not mean that we are completely happy with how the agency is implementing its obligations under the law.

Initial deployment of the program is being conducted as a pilot. In order to meet Congress' requirement of reaching 50 percent physical examination at the individual carton level or piece level by next February, the agency has sought to entice the largest IACs to the pilot, to the exclusion of small and medium-sized businesses.

The TSA has determined that those large companies are needed in the pilot to meet the 50 percent Federal requirement. To incentivize their participation, TSA will subsidize those companies and underwrite a major portion of their overhead. Small companies, all of whom have been excluded from the pilot, will receive no such benefit.

There appears to be no funding within the TSA for like treatment for the small and medium-sized businesses that will follow these large, mostly international corporations into the program. We therefore start with a basic inequity.

Our sole option is to join the queue at the airport and wait our turn for examination. This not only reduces our ability to put cargo on aircraft expeditiously, but adds one more cost to each shipment for both the small IAC and for our customers, the small and medium-sized exporters who are at the heart of our economy today.

Smaller participants in the TSA program will also see our ability to compete on a one-to-one basis diminish even further at the hands of a Government pilot program. This creates a huge competitive disadvantage in an industry where two of the key differentiating factors of service between companies are time in transit and overall costs.

In her letter of May 1, 2008, to TSA Administrator Kip Hawley, House Small Business Committee Chairwoman Velazquez said that the TSA should restructure the program in a manner that does not place small businesses at a disadvantage.

The Association recognizes, however, that there needs to be creativity to this solution, creativity that reduces its cost overall. We recommend what we refer to as the car wash solution: Establish one or several centralized locations in a specific geographic area where the community's IACs can take their cargo for screening. Some will favor a co-op approach. Others may prefer to establish their own and provide services to the community on a fee basis. The concept can work if given the opportunity, and we understand the TSA is exploring this option.

In all events, however, the costs must be low enough to enable small and medium-sized companies to compete against those who have a built in advantage by virtue of the TSA pilot and funding. IACs who are regulated by the TSA are required to establish and maintain stringent security programs that are regularly vetted by the TSA. We can become viable partners in funneling the freight to the airports, ensuring these secure funnels do not become bottlenecks that have the ability to strangle cargo flow and negatively impact the economic viability of small exporters, effectively limiting their ability to timely compete with goods source abroad.

Chairwoman Jackson Lee, we think your committee is the starting point for achieving a balance for this program, and we look forward to working you with you in search of the solutions.

Thank you.

[The statement of Ms. Allen follows:]

PREPARED STATEMENT OF CINDY ALLEN

JULY 15, 2008

Chairwoman Jackson Lee and Ranking Member Lungren, on behalf of the National Customs Brokers and Forwarders Association of America (NCBFAA), I am pleased to have this opportunity to testify before you today on air cargo security. I am Cindy Allen of Argents Air Express, Ltd., of Romulus, Michigan and chairwoman of the Security Task Force for NCBFAA. NCBFAA is the national organization representing customs brokers, ocean transportation intermediaries and Indirect Air Carriers (IAC). Very simply, an IAC is designated by a shipper to facilitate the movement of his goods by air.

We are directly regulated by the Transportation Security Administration (TSA), together with the air carriers, while our customers, the shippers, are not. We operate under a security plan the details of which cannot be shared with our customers because the program is considered Sensitive Security Information, or SSI. The air carriers to whom we tender cargo are also regulated by the TSA with their plan, the details of which they are not allowed to share with us. Thus, we are a very im-

portant cog in the transportation supply chain and positioned to have a highly positive role in our Nation's fight against terrorism in the skies, through multiple, interdependent layers of security.

First, let me say a little about the industry. We are very closely aligned with our colleagues from the Air Forwarders Association, whose members tend toward domestic shipping while ours tend toward international transportation. While we have several large members who are household names, our largest segment of membership are medium and small, independently owned businesses. While we book space aboard aircraft—both passenger aircraft and exclusively all cargo aircraft—we also assist in the movement of goods toward the airport: either by trucks owned by the IAC or contracting with independent cartage companies; picking up cargo at the shipper's location or receiving it at ours; and, either palletizing merchandise in our own facilities and/or moving merchandise directly to the airport to be built on airline pallets or placed in containers by the airline. If a member contracts with a trucking company to arrange transportation, that company is regulated under our own security program as what is called an "authorized representative." As such, our IAC members are responsible for the conduct of those companies and are liable for their actions, including potential civil and/or criminal violations in their conduct.

We need to say, at the start, that we strongly support TSA's Certified Cargo Screening Program and want to do our part in ensuring its success. We believe that it meets this committee's and Congress' intent in addressing the obligations required by the 9/11 law mandating 100 percent screening of cargo destined for passenger aircraft—50 percent required by February 2009, and the remaining 50 percent required by August 2010. The screening must be completed at the piece level, meaning that pallets of cargo must be taken apart and their individual cartons screened.

The program recognizes that Indirect Air Carriers are force-multipliers in the twin tasks of establishing security and moving goods by air. Air cargo is selected as a transportation mode for essentially one reason—urgency. "Just-in-time" delivery has created the business imperative of moving merchandise more quickly to the point of sale, rather than absorbing the expense of inventory and of positioning additional quantities of goods in warehouses. There are several commodities which are not suitable for other means of transportation, such as perishable food, flowers, medicine and medical response items. These are among the diverse mix of products handled daily by IACs and airlines. Collectively, we also move valuable or sensitive cargo for many Government agencies such as Defense, Treasury and State that require urgent shipment and delivery. And, everyone knows now that they can remedy last-minute contingencies that can occur in business through a next-day delivery.

To create a security system that establishes one funnel and a likely bottle-neck at the airports—whereby carriers are required to physically examine and then process packages under limiting conditions—undermines the viability of air cargo delivery. The Certified Cargo Screening Program draws upon regulated entities—Indirect Air Carriers—to share this responsibility. An IAC must have its personnel thoroughly vetted by the TSA through their Security Threat Assessment program. This program mandates that all individuals with unescorted access to air cargo must be screened through a number of databases maintained by the Federal Government. An IAC's facilities must pass muster by meeting fixed physical security standards, which are constantly probed and tested by one of 450 cargo inspectors that the TSA has in the field every day. Finally, each participating air forwarder must meet chain-of-custody standards in delivering screened merchandise to the air carrier. All of these activities take place under regulations promulgated and enforced by the Transportation Security Administration. It is a sensible way to manage security for the huge volumes of air cargo that inundate airports every day.

Yet our commitment to TSA and support of the Certified Cargo Screening Program does not mean that we are completely happy with how the agency is implementing its obligations under the law. Initial deployment of the program is being conducted as a pilot, performed in a number of U.S. cities by a limited number of Indirect Air Carriers. In order to meet Congress' requirement of reaching 50 percent physical examination at the individual carton or piece level by next February, the agency has sought to entice the largest IACs to the pilot, to the exclusion of small and medium-sized businesses who presumably have to be incorporated into the program in time to meet the goal of achieving 100 percent examination. While we understand TSA's responsibility to reach the screening percentages prescribed by the statute, this creates a number of problems for our industry.

To start with, the Certified Cargo Screening Program involves large capital outlays for screening equipment, costs which are well beyond the means of most businesses. Equipment that is used for screening of air cargo must be far more substantial than that required for screening passenger baggage. The size and complexity

of packaging and palletizing requires greater sophistication and capacity—and hence far greater cost. We estimate that outlays will require between $150,000 to $500,000 or more per facility.

It is unrealistic to assume that a typical IAC can afford this equipment for use in his own company, just as we understand it may be difficult for some of the larger participating companies to do so. We clearly understand that all or most of the cost for screening equipment in the pilot program will be underwritten by TSA, with the equipment provided to those companies on a permanent basis, without clear restrictions on their ability to utilize that equipment in their favor in the commercial marketplace. Also of great concern is that with the deadlines rapidly approaching, TSA has not and does not foresee developing a list of eligible products from which to choose, but rather will provide a "Candidate Technology List". Further, we have no guarantees from the agency that should they identify another threat which cannot be detected by existing equipment, we will not be obliged to purchase an entirely new set of equipment at additional cost. You can understand why we approach this cautiously.

There appears to be no funding within TSA for like treatment for the small and medium-sized businesses that will follow these large corporations into the program. We therefore start with a basic inequity. The TSA has determined that these large companies are needed in the pilot to meet the 50 percent Federal requirement. To incentivize their participation, TSA will subsidize those companies and underwrite a major portion of their overhead. Small companies, all of whom have been excluded from the pilot, will receive no such benefit. Their sole option is to join the queue at the airport and await their turn for examination. This not only reduces their ability to put cargo on aircraft expeditiously but adds one more cost to each shipment for both the IAC and their customers—the small and medium-sized exporters who are at the heart of our economy. Smaller participants in the TSA program will see their ability to compete on a one-to-one basis diminish even further. This creates a huge competitive disadvantage in an industry where two of the key differentiators of service between companies are time-in-transit and cost.

NCBFAA surveyed its membership and received over 70 responses from its individual IAC companies. Asked how many offices IACs would equip with the necessary screening equipment and assume other operations costs, 58.3 percent said that they would not do so. Another 31 percent said that they would only equip a very few offices. This may have the undesired effect of shifting the points where air cargo is tendered to mirror the locations where cargo is screened. This is important as it would certainly increase the traffic and infrastructure demands of those already burdened major freight hubs, would affect the profitability of those airlines servicing small locations, and perhaps eventually limit passenger flight availability in those small markets.

In her letter of May 1, 2008 to TSA Administrator Kip Hawley, House Small Business Committee Chairwoman Nydia Velazquez said that "the net effect of this plan could place small firms who cannot reach the volume levels required of pilot participants on an unlevel playing field," concluding that "TSA should restructure the program in a manner which does not place small businesses at a disadvantage."

In approaching a solution, instead of looking backward at the present pilot, NCBFAA is inclined to look ahead to the time when small and medium-sized companies will be incorporated into the Certified Cargo Screening Program and are part of the final 50 percent necessary to achieve the 9/11 law's 100 percent mandate. First, TSA needs to provide the requisite funding to enable that participation. Presently, there is no funding projected, nor available for this purpose. We strongly urge the Congress to look ahead to the fiscal year 2010 budget—which will begin to take shape this fall—and authorize and appropriate funding for this purpose.

The Association recognizes however that there needs to be creativity to this solution, creativity that reduces its cost. We recommend what we refer to as the "car wash" solution: establish one or several centralized locations in a specific geographic area where the community's IACs can take their cargo for screening. Some will favor a co-op approach. Others, such as warehousemen or individual IACs, may prefer to establish their own and provide services to the community on a fee basis. This procedure has been effective and efficiently used in similar circumstances for other governmental, security-related requirements in the CBP Carrier Initiative and C–TPAT programs. Additionally, we have experienced comparable results from Centralized Examination Sites (CES) Nation-wide for over 15 years. The concept can work if given an opportunity and we understand that TSA is exploring this option. In all events, however, the cost must be low enough to enable small and medium-sized companies to compete against those who have a built-in advantage by virtue of the TSA pilot.

Chairwoman Jackson Lee and Ranking Member Lungren, NCBFAA Indirect Air Carriers respect the 9/11 law. You have met, over time, with a large community of our members from the Houston area and know their commitment to the Nation's security. We support Congress' mandate and we support the Transportation Security Administration's Certified Cargo Screening Program. Adjustments however need to be made to ensure that goods flow freely yet securely through the airports and aboard passenger aircraft, while permitting those within our industry to compete for business. We think that your committee is the starting point for achieving this balance and we look forward to working with you in search of solutions.

Thank you for your kind attention to our views.

ATTACHMENT 1.—LETTER FROM HON. NYDIA M. VELAZQUEZ

MAY 1, 2008.

The Honorable Edmund S. Hawley,
Administrator, Transportation Security Administration, East Building, 601 South 12th Street, Arlington, VA 22202–4220.

DEAR ADMINISTRATOR HAWLEY: Small businesses play a critical role in ensuring the security of our Nation. As such, I would like to get more information regarding the Transportation Security Administration's (TSA) development of the Certified Cargo Screening Program. TSA is required by the Implementing the 9/11 Act (Pub. L. 110–161) to screen 50 percent of all cargo placed on passenger aircraft by February 2009 and 100 percent of such cargo by August 2010. Phase One Deployment of the program has begun with a pilot in three metropolitan areas.

The committee is concerned that small firms are not eligible to participate in the pilot program. I understand that TSA has selected participants using a volume benchmark with a minimum level that permits only the largest of air forwarding companies (known as "indirect air carriers ") to participate. The pilot program appears to place small businesses at a competitive disadvantage because TSA is giving away or providing at a reduced cost the required screening equipment to participants. The committee has been informed that the screening equipment would remain the pilot participant's permanent property, while later participants in the Certified Cargo Screening Program would be required to spend hundreds of thousands of dollars to purchase their own equipment. The net effect of this plan could place small firms who cannot reach the volume levels required of pilot participants on an unlevel playing field. They would either need to purchase their own equipment or meet fees expected of air carriers conducting screening at the airport—a cost not faced by the large companies participating in the pilot.

Small firms play an important role is securing our Nation. I urge you to structure the pilot program in a manner which does not place small businesses at a disadvantage.

Sincerely,

NYDIA VELAZQUEZ,
Chairwoman, Committee on Small Business.

Ms. JACKSON LEE. Let me thank you for your testimony and the insight that you have given.

Let me also make it very clear that we hope that all of you will be engaged with our staff, whatever your perspective may be. If we are to meet the timelines set by the legislation, mandated by law, signed by the President of the United States, still good law, then it will be important for us to have the insight that many of you have offered here today. So I know that some may have found their way to half of the staff. It is important that everyone meets with all of our staff members on both the majority and minority side. This legislation and mandate is not partisan. It is solution-based, and the only way we can have solutions is if we are hearing from both perspectives.

With that in mind, I pose this question to Mr. Meenan and Mr. Fried in particular for you to comment on the plan that TSA has recently shared with us today and whether or not you think that plan is feasible, whether it is on track to meet the requirement specifically, the 50 percent screening of air cargo by February 2009,

and what about the requirement to screen 100 percent of air cargo by August 2010. Do you think it is challenging?

Let me also acknowledge, Mr. Meenan, your comments. I agree with you about the plight and difficulty of the airline industry. Many of us have met with our hometown airlines. We are cognizant and we recognize these are very steep challenges.

You might also comment on the relationship, if you will, the funding relationship which in the pilot seems to be discretionary with the sharing of funds.

You heard us pose the question of the issue of asking how much TSA is asking to implement their plan, and I think it is unclear. We in Congress are prepared to make the hard decisions, and it is a hard decision because money is finite and therefore has to be prioritized. But we are pressuring TSA, as I indicated on the record, as my colleague asked the question—what is the amount of resources that legitimately are needed to get the task done?

So I have added to my question, but I want you to focus on what your assessment was on what we heard today, and the feasibility of meeting the deadlines of February 2009 and then the deadline of 2010.

Mr. Meenan.

Mr. MEENAN. Thank you, Chairwoman Jackson Lee. It is a complicated question. I think our testimony attempts to outline the steps we believe need to be taken.

We obviously from the perspective of what the carriers are planning to do themselves, we need the approved equipment lists, we need the procedures, we need to know what is going to be expected of us to do the kind of screenings that the airlines will perform themselves.

We also clearly recognize, and we think to get to the 50 percent goal, that is important, those components are very important as part of that. Obviously, the faster we can advance the CCSP program, the better off we are in terms of being able to add still more cargo to the pile of screened cargo, if you will. But at this point, we really don't know how well advanced that is.

We have heard the same testimony you heard. We heard the same kind of reports. But there has been no independent validation of all of that at this point. Clearly, the more resources that the TSA has to apply to this, the better off we all will be in the long run.

I think one of the things that we believe is seriously lacking is attention to the security equipment development process, the pipeline, if you will, through the Office of Science and Technology.

What we believe has happened there is there has been so much attention focused on passenger screening and that side of the equation, baggage screening, that a decision at some level has either consciously or unconsciously been made simply to let air cargo sort of float out there and somebody else will pick up that responsibility. Right now that looks like it is going to substantially fall on the shoulders of the airlines, and to an extent to the freight forwarders, although they will have an opportunity not to participate if they choose not to.

At the end of the day, what this is all about is keeping our Nation's economy running as effectively as possible. What we want to see is as much of that screening done up the supply chain as it pos-

sibly can be done, with the necessary assurances that it is done properly.

But the bottom bottom-line is we will simply not be able to carry cargo, and that is going to be a very damaging thing not just to the interests of the airline industry and its employees and the employees in the various districts around the country, but to all of the jobs that depend on that cargo moving freely and smoothly through the system. We think better screening technology is the place to start.

Ms. JACKSON LEE. Mr. Fried.

Mr. FRIED. Thank you, Chairwoman Jackson Lee.

I would say I have been in this business for 27 years now and I spend a lot of time at airports, specifically at freight forwarding facilities and at airlines, and I would say that this is a good program. The Certified Cargo Screening Program is an effective method of screening cargo because it is going to push the security task into the supply chain getting shippers involved. That is smart, because at the airports, unfortunately, we have a real estate challenge. As Mr. Sammon said earlier, we have to start breaking down pallets and unit load devices on the piece level and start looking at every single piece. Even with technology, there will be some issues in finding the space to do it. Also, of course, as my colleague has just talked about, the airlines probably couldn't afford to complete the screening in a timely and efficient manner in order for us to make flights.

That said, I would say the Certified Cargo Screening Program has got to be successful, and the way it can be successful is making sure that shippers understand what the program entails. It is a question of communication. It is a question of the TSA making sure that freight forwarders understand what it is about, and it is making sure that the TSA engages the shipping public, the people that give us the boxes.

As far as the freight forwarders are concerned, in order for them to participate as certified cargo screening facilities, they will have to buy technology. As discussed earlier, it is expensive, and without Government assistance to purchase this technology, most of our members will not be able to afford to do so.

So my thought is that we will make the screening deadline of 50 percent by February 2009 and we will do it through a number of ways, the TSA will do it through a number of ways, of course, the freight forwarding community assisting along the way.

We think by that time we will have the CCSP pilot up and running, and they have involved a number of large freight shippers who move a lot of cargo through the gateways, such as JFK, Chicago, Los Angeles and Miami. These large forwarders handle I think approximately 200 pallets a year. So they do a lot of the shipping. In addition to that, you will have some CCSP shippers involved, the big customers, if you will, the big shippers. I also think that those forwarders who can pay for the equipment will start coming on-line as well.

But I think for us to get in and meet the 100 percent deadline, it is going to take financial assistance from Congress in the form of many different tools. It could be grants, it could be tax credits,

it could be a number of methods that I will leave up to more sophisticated financial people to decide for the time being.

Ms. JACKSON LEE. Let me ask, just to follow up very quickly on your point, are you getting sufficient guidance from TSA as we speak?

Mr. FRIED. We remain very active with TSA. We go over to meet with them frequently here in Washington and we are active in our rapport with Mr. Sammon and Mr. Kelly and his staff. The issue right now is there are a lot of unanswered questions regarding the CCSP, and we are waiting for this information.

Ms. JACKSON LEE. So your answer is, the term of art is, you are very active. Are you getting the kind of guidance that moves this program forward from TSA as we speak?

Mr. FRIED. We are getting limited guidance at this time.

Ms. JACKSON LEE. With respect to the crafting of the interim rule, has there been a meeting of stakeholders, or is there a format for there to be input as this rule is being crafted?

Mr. FRIED. Yes. As a matter of fact, we are expecting the Indirect Air Carrier Standard Security Program rewrite, which should—we have been told to expect it within a few weeks, and there will be a comment period thereafter, as there was a comment period for the Indirect Air Carrier Standard Security Program we are working under to this day.

Ms. JACKSON LEE. Well, you have certainly made yourself clear with respect to the resources that are needed. I think this committee made itself clear. We will look into that.

Ms. Allen, you have a smaller community, small to medium-sized businesses. What is the greatest obstacle for those that you represent in complying with and meeting the requirements of this program?

Ms. ALLEN. Right now I would say funding is the largest issue for us and our inability to even participate in the pilot program so that we can avail ourselves of the information of the program, understand what the details of the pilot program are, and decide if that is really something that our membership would be interested in.

We are concerned about our ability to compete with the larger forwarders who have been accepted into this program. We feel that right now they are going to have a competitive disadvantage. They already have an advantage by size and by volume of freight when they tender cargo to the aircraft, so we feel that this is another layer that they are going to be able to use to make sure that their freight gets loaded first on the airlines. Our members are going to be at the bottom of the pile, because we cannot screen our own freight. So we feel it extremely important that we have an opportunity to address that through a co-op or through other cargo security models.

Ms. JACKSON LEE. Certainly you would, I assume, respond affirmatively to suggest that the safety of the goods that you are forwarding are equally important as those of the large companies as well. Have you had any engagement or raised these points directly with TSA?

Ms. ALLEN. We have. We have also aligned ourselves with the Airforwarders Association and in association with Mr. Fried have talked to the TSA on several occasions about some of our concerns.

Ms. JACKSON LEE. What has been the response?

Ms. ALLEN. Their response is they feel that the program as it is now will meet the 50 percent deadline as set by Congress, and they will address the 100 percent after they meet the 50.

We feel it is extremely important that they include our members in that second half of the screening program where essentially the rest of the cargo is coming to the airport, and it is going to be extremely important that our members are even engaged with the TSA through both the NCBFAA and the Airforwarders Association to ensure that the voice of the small and medium-sized forwarders who make up most of the companies that tender freight to the carriers are heard.

Ms. JACKSON LEE. Is that moving forward?

Ms. ALLEN. In a limited way, yes.

Ms. JACKSON LEE. Well, let me make a commitment that we are going to look into it. I frankly believe we are going to review the legislation again, and I think there are some elements of the legislation, including this whole issue of foreign cargo, that have to be clarified. I certainly think it should be clarified on how we address the range of the industry, which includes, as I understand it, your representation of small and medium forwarders.

What would you determine to be the average size in terms of the cargo that you all are transporting, the companies that you represent?

Ms. ALLEN. Mostly small package freight. Our freight does not get tendered to the airlines in a palletized format. We are smaller companies, picking up one, two, maybe one pallet of cargo that gets tendered to a company that then either palletizes it or directly to the airline to palletize it there. We do have some palletized cargo, but certainly not the cookie sheets that was testified as to earlier. We simply don't have that volume of freight for the majority of our members.

Ms. JACKSON LEE. I assume your small and medium-sized companies, however, use large, medium and small airports?

Ms. ALLEN. Absolutely.

Ms. JACKSON LEE. And you use the major carriers?

Ms. ALLEN. Absolutely.

Ms. JACKSON LEE. So, in essence, if we were to use our imagination, even your small and medium-sized companies could be transporting a package that might do harm?

Ms. ALLEN. Absolutely. We fully participate in the supply chain. We pick up cargo from the shippers, we transport it to our warehouses, we break it down, rebuild it, repackage it and tender it to the airlines, just as the larger forwarders do.

Ms. JACKSON LEE. Thank you very much.

Captain, let me just comment and make note of the fact that I understand that Southwest Airlines screens 100 percent of its air cargo. Is that accurate?

Mr. ONORATO. Currently Southwest Airlines screens 60 percent of the cargo loaded on their narrow-bodied aircraft, which is ahead

of the mandate at this point. When asked, they stated they could screen 100 percent by September of this year.

Ms. JACKSON LEE. Well, how are they doing that? What has been the commitment that they have had to make to get that done?

Mr. ONORATO. They have just committed to following the program as it is dictated by the 9/11 Act, and they have purchased the trace detection technology and they use that to screen the package as it arrives at the airport and before they place it on the aircraft.

Ms. JACKSON LEE. You were here and listening to the testimony that talked about this issue of capacity. How does Southwest Airlines address the question of capacity, when we have heard that it may be a stumbling block as we move forward?

Mr. ONORATO. I think because it is a narrow-body operation, as is 96 percent of the flights in the country, you are getting smaller pieces of cargo delivered to the aircraft. So it is easier to piecemeal screen each package, whether it be physical screening, some type of technology application or with a canine inspection.

The palletized and larger bulk cargo seems to be the sticking point that I have noted at this hearing today, and we, as Congressman Markey has also stated, have seen demonstrations of technology that could screen larger bulk cargo and palletized cargo. So there seems to be a stalling point here where we can't develop this technology or purchase this technology and get it to the airports to screen the pallets and the bulk cargo as it arrives.

Ms. JACKSON LEE. What you are saying is that Southwest Airlines as it arrives has an operation that screens?

Mr. ONORATO. Yes, ma'am.

Ms. JACKSON LEE. Is this trafficking that is going on both passenger flights, I assume?

Mr. ONORATO. It is in all passenger operations, so all the cargo transported on Southwest, yes, ma'am, is on a narrow-body passenger aircraft.

Ms. JACKSON LEE. So can you give us a sense of the kind of limitations that you have? You obviously are carrying passengers and cargo and luggage. So you have isolated space for cargo?

Mr. ONORATO. Yes, ma'am.

Ms. JACKSON LEE. Are you able to timely get that cargo screened and on time on airlines?

Mr. ONORATO. Yes, ma'am.

Ms. JACKSON LEE. And they made the investment how long ago?

Mr. ONORATO. As soon as the 9/11 Commission, since August of last year.

Ms. JACKSON LEE. Can you recollect the number of airports that Southwest Airlines flies into across the Nation?

Mr. ONORATO. We serve 63 different airports across the country.

Ms. JACKSON LEE. They range in size from small, medium and large?

Mr. ONORATO. From Los Angeles to Lubbock, Texas.

Ms. JACKSON LEE. First of all, let me state for the record, let me compliment Southwest Airlines. It may be a model that is worth viewing a little bit more closely than TSA might have viewed it. I also want to make note of the fact, as I have spoken to just air cargo pilots, it is a small population I assume that we have not

paid much attention to, and I can assure you they are enthusiastic about the idea of air cargo screening.

They fly the Nation's airlines, or fly at least the Nation's flight fleet for their cargo companies, to a certain extent unnoted and unnoticed, and they fly huge amounts of cargo, and prior to this legislation, unscreened. So the fact that Southwest Airlines has given us an example it seems that we can find a ready way to make this system work.

My question would be, do you have an assessment of the kinds of challenges that you are facing, if you will, by—Southwest Airlines is facing through this process that you have?

Mr. ONORATO. I believe that they are moving rather quickly ahead of the mandate to screen 100 percent of their cargo, so it has strictly been an example of their commitment to the project to adhere to the 9/11 Act as it has been written and to screen the cargo, to enhance the security for their passengers and their crews and their fleet. So they have made that commitment, and they seem to be ahead of the curve as far as adhering to the law.

Ms. JACKSON LEE. Absolutely they are. Southwest Airlines is financing it themselves?

Mr. ONORATO. Yes, ma'am.

Ms. JACKSON LEE. Are you prepared to answer on the record, do you think that adopting first 50 percent and then 100 percent screening of all air cargo is the way the United States and this Government should go?

Mr. ONORATO. Yes, ma'am. Absolutely. CAPA and our 23,000 pilots have always espoused that cargo security is very important, and the curb-to-cockpit view of aviation security, our pilots want the cargo as well as the passengers, their checked bags and the baggage that is loaded underneath, to be 100 percent screened, so that we can assure the safety of the traveling public.

Ms. JACKSON LEE. Some would argue, Captain, that we have spent so much money on aviation that we have left other modes of transportation to their own devices. How would you respond to that?

Mr. ONORATO. I think it is only natural that we focus on aviation because our enemies seem to focus on aviation as well. They are certainly going to spread more terror and get more visibility by attacking aviation, and the impact it can have on the transportation sector and the Gross National Product of our country. So it has an economic impact as well as a terror impact.

Ms. JACKSON LEE. Well said. What would be your answer—you heard Mr. Meenan, I think, make a very important point about the difficulties of the market, the economy, particularly with our airlines. Is there some suggestion evidenced by what Southwest Airlines has done that can be helpful to moving the other airlines closer to accomplishing these goals?

Mr. ONORATO. Certainly better management of their schedule and efficiency and their funding and their commitment to security, as Southwest Airlines has done. I think this is the industry, this is the atmosphere we are in, and these are the commitments that we have to make, and Southwest has set that example.

Ms. JACKSON LEE. I thank you for that. Would you believe that this is a point as well that the Government needs to step in to ensure that we complete our task timely?

Mr. ONORATO. Yes, ma'am. Absolutely. We talked about funding earlier and the possible shortfalls. If there needs to be more funding, then so be it. The technology needs to be accelerated to the shipping areas so that the palletized and bulk cargo loaded on the larger aircraft can be properly screened as well.

Ms. JACKSON LEE. Thank you very much, Captain.

Mr. Meenan, you wanted to respond. Would you respond to this question as to what improvements can be made? Specifically, you highlighted the difficulty in the technology, the progress of the technology and the focus on passenger screening technology. I am troubled by that as well.

What suggestions do you offer to expedite, if you will, the reviewing of the technology, and do you think it is possible for us to have the necessary sophisticated technology by 2009 and 2010? Mr. Meenan?

Mr. MEENAN. I believe that it is challenging to have that technology, but the fact is we have been slow-rolling the investment in R&D there. We could do things like offer incentives to manufacturers to bring forward some of the products that I believe you have been receiving correspondence from some of the vendors out there.

There are lots of things that the Government could do to incentivise the production of newer technology, but right now, as I say, the focus has been more on passenger and baggage.

Getting back to Southwest Airlines, which is a member of our association, I just want it to be clear for the record that the other carriers are very much looking at the same kinds of uses of trace technology that Southwest is using.

It is important to note, however, that the Southwest cargo business is significantly different than a lot of the cargo businesses conducted by other carriers in our membership at this point. Many of them operate both narrow-body and wide-body fleets. They don't necessarily know when the cargo is arriving, what kind of airplane it is going to end up being transported on. There are many variations. We have a member right now who operates narrow-body, heavy cargo fleets—narrow-body heavy cargo fleets that actually accepts palletized cargo.

So there are lots of variables that make it somewhat easier at this point for the one carrier who operates the way Southwest does than it is for the others. But they are all following in that direction right now.

Ms. JACKSON LEE. So let me try to be clear. What you are suggesting is there is disparate aircraft on a number of your members' airlines, if you will, and it makes it difficult to get a uniform approach?

Mr. MEENAN. That is correct. Right now we have carriers that operate in some cases an all-cargo aircraft, as well as their passenger fleet. We have other carriers who operate narrow-body aircraft along with wide-body aircraft, which creates a great variation in terms of how you receive cargo. You don't necessarily know when the cargo comes in the door what kind of aircraft it is going to be carried on.

The TSA at this point has not made clear what the procedures are. For example, Southwest is using trace technology at this point that, at least as we understand it, they have an arrangement with TSA that has not been extended to the rest of the industry at this point. We are waiting, as I said in my testimony, for the release of what is the approved technology, what are the approved procedures. We are told those are in the pipeline, but they have not yet actually been produced by TSA.

So there are lots of unanswered questions at this point that make it perhaps more challenging for a carrier operating one of these more diverse cargo operations than it would be for Southwest. That is not to detract in any way, but I just wanted to be clear that there are reasons that one carrier may be ahead of others at this point in time.

Ms. JACKSON LEE. I wouldn't suspect that you are trying to detract from the great work that Southwest Airlines has done.

Mr. MEENAN. We love Southwest Airlines.

Ms. JACKSON LEE. They are a good role model for others. Many of us have hometown airlines which we promote and have great respect for, such as the hometown airline of Houston, Texas. But we are trying to look at ways of being helpful.

What I heard in your comments is that the guidance from TSA has not come as fluidly as you would like. Is that my understanding?

Mr. MEENAN. We have been told that those decisions are in the pipeline. We are anticipating their release very soon. But, as I said earlier——

Ms. JACKSON LEE. What does "very soon" to you mean?

Mr. MEENAN. We would like them tomorrow. I am not sure that we are going to get them tomorrow.

Ms. JACKSON LEE. You surmise that "very soon" in TSA language means when?

Mr. MEENAN. It could be later this summer. We really don't know at this point. But that will greatly facilitate decisionmaking by carriers as to what kind of equipment they should acquire, how they should go about employing that equipment and so forth.

Ms. JACKSON LEE. Do you have resources overseas to include goods coming in from overseas on your carriers?

Mr. ONORATO. The carriers do have some procedures that they follow within their own security programs overseas, yes.

Ms. JACKSON LEE. But are you utilizing the requirements of the 9/11 Act to ensure that there is a screening process on cargo coming in from overseas?

Mr. ONORATO. Right now, we are complying with the guidelines we have received from TSA as to how those security procedures are to be——

Ms. JACKSON LEE. Which you interpret to mean what?

Mr. ONORATO. There are security procedures in place for cargo that comes into the United States from overseas, but they are not necessarily—as we heard earlier today, they may not be consistent with what I believe some of the members expect as a result of the 9/11 Act.

Ms. JACKSON LEE. Mr. Fried, same question regarding foreign cargo.

Mr. FRIED. Well, most of our members have an international presence, so that the Airforwarders Association focuses primarily on domestic U.S. forwarders. I would say that——

Ms. JACKSON LEE. Most of them have—I am sorry. I did not hear you. Is your microphone on?

Mr. FRIED. My apologies. Most of our members have an international presence. They have international offices. Although we represent primarily domestic voters, we are becoming more international in scope.

I would say that, yes, there is a good deal of cargo coming in from overseas and entering the United States ports; and our members abide by the local rules and regulations of those countries in tendering cargo.

Ms. JACKSON LEE. But do you believe that the reach of the 9/11 Act, as interpreted by your members, reaches for the foreign cargo that you may be bringing into the United States?

Mr. FRIED. I would say, up to now, that has not been specifically addressed by TSA. Our emphasis with TSA up to now has been primarily on cargo transiting within the United States and exiting the United States.

Ms. JACKSON LEE. Well, I think, as we have heard by the earlier testimony, it is certainly an issue that we need to clarify.

Mr. FRIED. I would agree. Cargo has to be safe for everyone.

Ms. JACKSON LEE. Ms. Allen, I didn't know if I heard this from you, are you engaged with TSA, your organization separately, or are you working with some of the collaborative organizations there?

Ms. ALLEN. In both venues, ma'am.

If I could speak to the inbound cargo issue for a moment. We are a national customs brokers and freight forwarders association; and I can answer, when we look at inbound and outbound cargo, generally we see that as two different shops. Our freight forwarders handle the domestic and outbound cargo, and our customs brokerage members and even those entities that have both customs brokers and freight forwarders do handle the inbound cargo on the customs brokerage side with Customs and Border Protection and do certainly cooperate with them in their screening methods on the inbound cargo.

So I can say that we view that as two separate issues at this time; and, yes, we do have involvement with the TSA directly.

Ms. JACKSON LEE. I think there is a distinction between a package coming and it being an American Airline aircraft who is loaded with foreign cargo versus the individual packages that may be the business of small to medium-sized companies; and I think we need to look at that separately in how we distinguish and work with your set of issues, as well as the large companies' issues that actually—I assume that your companies don't have aircraft?

Ms. ALLEN. That would be correct.

Ms. JACKSON LEE. Right. I assume that between Mr. Meenan and Mr. Fried you are representing companies with aircraft?

Mr. FRIED. Primarily my members are what we call non-asset-based. We primarily do not have aircraft. We have, I believe, one member that does operate a fleet. But we have over 200 members now.

Ms. JACKSON LEE. Mr. Meenan.

Mr. MEENAN. Our members all have aircraft, fewer aircraft, but they have aircraft.

Ms. JACKSON LEE. So you have nothing to share with Mr. Fried or Ms. Allen.

Mr. MEENAN. I am tempted to say he can have them.

Ms. JACKSON LEE. Let me thank the witnesses.

I am going to pose a question, and I would appreciate it if you all would submit it in writing. Because I think it warrants a more thoughtful answer than what you might be able to do in a the short period of time that we have.

I would like to have answered, as TSA moves forward through the process of 2009 and 2010 with screening plans for air cargo facility, what should they keep in mind? What should be the additional aspects of their work? What additional assistance should they have in implementing the certified cargo screening program that would be helpful to each of you?—probably excluding the Captain. But we would welcome the thoughts of Southwest Airlines; and we would certainly welcome an emphasis of small to medium-sized companies, Ms. Allen, if you would.

I would also appreciate if Mr. Meenan and Mr. Fried would answer the question of capacity on the airport or off the airport grounds as we try to define how effective and efficient we can move the cargo without inhibiting commerce as well as the traveling public.

Let me express my appreciation for all of the witnesses. It has been a long hearing, but I think it has been an important oversight hearing that allows us to answer the questions that we still, I believe, have unanswered.

I want to thank Captain Onorato for his testimony on behalf of Southwest Airlines. I also want to express an appreciation for Mr. Meenan and Mr. Fried and Ms. Allen.

As well, I think it is important to note that we are going to continue to have oversight on this issue. Because we are a work in progress, and it is very important to note on the record that we are less than 6 months out or about 6 months out of February, 2009, which makes this an urgent matter, and that is why we held this hearing.

So I want to thank the witnesses again for their valuable testimony, and I want to thank the Members of this committee for their questions. The Members of the subcommittee may have additional questions for the witnesses. We ask that you respond to them expeditiously in writing. I have offered my question on the record.

Hearing no further business, the subcommittee now stands adjourned.

[Whereupon, at 5:58 p.m., the subcommittee was adjourned.]

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