An Overview of Port Security Programs

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This presentation reflects the views of the authors and does not necessarily reflect the views of the staff, officers, or board of directors of the Public Policy Institute of California
Ports Can Serve As Targets or as Vectors for Terrorist Activity

• An attack at a major port could disrupt the U.S. economy

• It could also kill thousands of people

• Terrorists could ship material anywhere in the United States in an uninspected container
  – 30 days to report to Customs
Responses in Five Different Categories

- Planning for protection, response, and recovery
- Hardening ports as a target
- Sealing gaps in the supply chain
- Pushing U.S. borders out
- Developing and adapting technology
Outline

• The Issue of Port Security
• Post 9/11 Port Security Measures
• Evaluation
Seaports are Essential to the U.S. Economy

- 361 seaports move about 80 percent of U.S. trade by weight
- $742 billion in 2002 – more than goods trade by all modes in most countries
- Global supply chains and just-in-time relationships imply strong ripple effects
Security is a Challenge for Many Reasons

- Volume of trade and time sensitivity
- Intermodality
- Jurisdictional issues
- Quantity of stakeholders, public and private
- Global industry
- Average container journey has 16 stops
  - “Goods at rest are goods at risk”
Before September 11, 2001, Port Security Focused Mostly on Crime

• For example, Interagency Commission on Crime and Security in U.S. Seaports, 2000

• But terrorism was a recognized threat

• Proposals advanced in the late 1990s laid the groundwork for the post-9/11 response
• The Issue of Port Security

• Post 9/11 Port Security Measures

• Evaluation
Maritime Transportation and Security Act of 2002 Provided Overall Strategy

- National, area, facility, and vessel security plans
- Vessel and facility response plans
- Transportation security cards
- Maritime safety and security teams
- Automatic identification systems
- Assessment of foreign ports
- USCG lead agency
### MTSA Implementation is Expected to Prove Costly

<table>
<thead>
<tr>
<th></th>
<th>Vessel Security</th>
<th>Facility Security</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st year cost</td>
<td>0.2</td>
<td>1.1</td>
<td>0.2</td>
<td>1.5</td>
</tr>
<tr>
<td>1st year benefit</td>
<td>781.3</td>
<td>473.7</td>
<td>149.9</td>
<td>1,404.9</td>
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<tr>
<td>10-year cost</td>
<td>1.4</td>
<td>5.4</td>
<td>0.5</td>
<td>7.3</td>
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<tr>
<td>10-year benefit</td>
<td>5,871.5</td>
<td>3,559.7</td>
<td>1,126.6</td>
<td>10,557.8</td>
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</tbody>
</table>

All amounts are in $ Billions.
Each MTSA Measure Proceeding on Its Own Schedule

- Security plans in place by July 1, 2004
  - 49 questionable vessels in first week

- TWICs in third phase of development
  - Ports in northeast, LA and LB, Florida

- MTSA broadened in August 2004

- California’s requirements include terminal traffic controls, surveillance equipment, utility upgrades
  - Expected cost > $305 million
CSI: Pushing the Border Out

- Places CBP teams at foreign ports
- Screens risky containers at point of departure
- First stage had 23 ports in 19 countries
  - 68% of U.S. container traffic
- Second phase adds 15 ports
  - 80% of U.S. container traffic
- Necessarily involves foreign cooperation
C-TPAT: Sealing the Supply Chain

- Voluntary participation by private sector
- Self-assessment of supply chain security
- Implement a program to improve supply chain security
- Benefit: easier clearance into U.S.
Federal Government Has Instituted Different Grant Programs for Port Security

- $645 million so far
- Four rounds of TSA grants -- first three rounds completed
- Operation Safe Commerce for specific supply chain issues at major ports
- UASI grants of $75 million
- R&D grants for specific technologies -- $15 million annually, raised to $35 million
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Compliance and Efficacy Constitute First Major Gap

- MTSA required more than 12,000 facility and vessel security plans. How to oversee?

- C-TPAT includes self-assessments and private-sector action regarding improvement. How to verify?

- CSI places CBP officials at foreign ports. How many are enough?
Funding Is a Second Major Gap

- USCG has new mandates but is stretched thin
- Private sector is expected to pay for security upgrades. It may not be able or willing
- Public financing alternatives yet to be selected
  - General fund, customs duties, user fees
Will Labor Cooperate? Will Foreign Governments?

- Dockworkers uneasy about TWICs
- Other workers include truckers, sailors, warehouse employees
- U.S. security relies on foreign cooperation
California Illustrates the Problems and Promise of Port Security Measures

<table>
<thead>
<tr>
<th>Port</th>
<th>Imports</th>
<th>Total Value</th>
<th>CSI Coverage (%)</th>
<th>Covered Source Ports (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>86.8</td>
<td>77.1</td>
<td>59.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Long Beach</td>
<td>78.0</td>
<td>69.3</td>
<td>67.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Oakland</td>
<td>17.3</td>
<td>15.9</td>
<td>65.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Port Hueneme</td>
<td>4.7</td>
<td>0.2</td>
<td>34.3</td>
<td>33.3</td>
</tr>
<tr>
<td>San Francisco</td>
<td>1.3</td>
<td>0.7</td>
<td>55.0</td>
<td>15.2</td>
</tr>
</tbody>
</table>
States with Major Container Ports Have Good Coverage
Concluding Remarks

- Federal government moved quickly into port security, building on past efforts

- Most port security issues receive some attention

- Serious gaps remain
  - Openness of the supply chain
  - Compliance and usefulness of measures
  - Funding
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