

CHECKING IN



by Keith Biondo | **Publisher**



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Playing Politics with Homeland Security: 100-Percent Wrong

If you source or sell anything overseas, you are no doubt aware of Senator Chuck Schumer's (D-NY) efforts to mandate 100-percent scanning of inbound containers through an amendment to the SAFE Port Act.

As part of the effort to get the amendment adopted, Schumer, along with eight other Democratic senators – Obama, Clinton, Menendez, Kerry, Kennedy, and the rest of the usual suspects – sent an open letter to Wal-Mart demanding that the largest retail importer end its opposition to 100-percent scanning.

Thankfully, the Schumer measure was rejected by those lawmakers putting your security, our economy, and logic above their own political security. The time for play-acting to get votes on important security issues is past, right?

Wrong. The saga continues like a recurring bad dream.

Senator Robert Menendez (D-NJ) – one of the Wal-Mart 9 – has introduced another amendment mandating 100-percent container scanning. "Scanning anything less than 100-percent of cargo containers is...reckless security policy," he says.

"Port security has devolved into nothing more than algorithms, which are a sophisticated form of 'eenie-meenie-miney-moe.' I have yet to hear a persuasive argument for why we should not be scanning every cargo container entering our ports," he adds.

The National Customs Brokers and Forwarders Association calls the Menendez amendment a "backdoor mandate" to undo the defeat of the Schumer amendment. Menendez likes 100-percent defense, but not offense, it seems. Last May, he was looking closely at censuring President Bush to prevent him from "eavesdropping" on suspected terrorist calls to the United States, according to *Political Affairs* magazine. I guess we can pick and choose which important security measures to support. Eenie-meenie-miney-moe.

Do the Wal-Mart 9 senators really care about your company, your job, or how attacking domestic commerce upsets the lives of everyday people when they are put out of work? Or do they only want to position themselves to get votes by conning those outside the industry into thinking they have their best interests at heart, and that they are "tough" on security?

Efforts to pass the 100-percent solution will continue. If you think playing politics with Homeland Security is wrong, make your voice heard now, before it is too late. ■

Readers of this column know where I stand on what I term Homeland Security Event Management (HSEM). A PDF of my previous columns on this issue is available at www.inboundlogistics.com/hsem.pdf

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SAFE, At Home

The shipping community, with government assistance, is the defensive line protecting us from threats caused by nuclear proliferation. Where's the global anti-nuke movement? They must be sitting this one out, waiting for the next power plant to open. We know exactly where Congress is, however. The Security and Accountability for Every Port Act (SAFE) offers up a multi-layered, risk-based group of protective actions, not just in America but at originating ports around the world.

Here are some of the Act's highlights:

■ Expanding The Container Security Initiative, which calls for originating ports to notify U.S. officials about inbound cargo. The United States will install more container scanners domestically, but also "loan" radiation scanners to offshore ports and train workers there on how to use them.

■ Establishing a new office of Cargo Security Policy, which will work with foreign port and security officials to keep bi-directional security information flowing.

■ Developing and implementing plans to quickly resume commerce should terrorists strike a U.S. port (thank you, Katrina).

■ Fast-tracking a transport worker identification card system, including a biometric ID system. Perhaps anticipating an ACLU challenge on privacy grounds, the Act does not bar workers with criminal records. Does that include illegal transport workers? It's a DP World, isn't it?

A dust-up is brewing over the law's "authorization vs. appropriation" issue, however. That's where lots of security initiatives are set down on paper, but not backed up by other paper – greenbacks, that is.

One example is the Port of Oakland, which handles massive inbound container volume. The Port sought funding for cameras, fences, equipment, RFID, and a worker ID system, but was placed in the funding queue alongside Nashville and St. Louis. Homeland Security officials contend that other programs cover Oakland's projects. Prioritizing risk will be continually contentious.

Homeland security grew from a cottage to a mansion industry, but we've dodged the desire by some to make it a government profit center. Congressman Chuck Schumer (D-NY), for example, wanted to include provisions for security feebates (tax every container), where the shipping community directly foots the bill for homeland security. The feebate concept was lifted from the environmental movement, where the more "bad" you do – in this case, shipping – the more you pay. Should Wal-Mart be the guarantor of domestic security?

Joe Lieberman (D-CT) wanted to balloon funding and infrastructure to protect buses and subways. Staying focused, the majority in Congress told Joe no.

The U.S. Coast Guard estimates that money currently allocated by the bill is half of what's needed to secure the ports from threats caused by nuclear proliferation. If that's so, local entities should step up and fill the breach. ■

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Supply Chain Security: Fact vs. Fiction

Man has always been intrigued by transmutation – transforming one element into another. In days of old, we tried changing lead into gold. Today, some are trying to convert the public's fear of supply chain vulnerabilities into political currency, or solid gold votes. While concern is warranted, some choose to grandstand by floating obviously impossible solutions against the threat. That is dangerous.

One grandstanding example is Stephen Flynn's book *America the Vulnerable*, which I wrote about here in August 2004. I just finished reading a book by another Flynn, Vince. In his *Memorial Day*, terrorists become credible "known shippers" and use our ports and border crossings as a conveyance to attack the United States. Vince is the smarter Flynn, giving artistic representation to my view that securing the global supply chain is a binary task. Unlike Stephen, Vince Flynn portrays the task of searching every inbound container as impossible. Both Flynn works are fiction to me.

On the factual side, I recently read a whitepaper published by UNISYS, entitled *Secure Commerce RoadMap*. Here are some key takeaways:

- "Congress must stop advocating 100-percent inspection rates for inbound cargo, which is impossible and undermines credibility with industry."
- "We are ignoring other maritime vulnerabilities. Ninety percent of the current discussion focuses on containers, even though other shipment types represent an equal or greater threat."
- "We need a plan for an incident response and re-start." See Katrina.
- The debate over global security standards is sometimes used as a red herring by those who wish to throw up impediments because they disagree with whatever policy is being suggested at the time.
- NIMBY should stop. "The container contents are not my concern. I just move the box." "My company will not do anything until legislation is passed."
- Maritime insurance rates can incent "safe shipper" compliance.
- Complacency is setting in, the further away we move from Sept. 11.
- "Stuffing security at overseas DCs is a necessity, period."
- The most vulnerable node is overseas inland drayage.

UNISYS ought to be recognized for putting forth a practical, frank, and workable start point that, in my view, is the clearest for dealing with supply chain security. For anyone involved, even tangentially, in global commerce and trade, this whitepaper is a must read. Find it at www.unisys.com or call 800-874-8647.

With recommendations like this whitepaper, and recent initiatives such as the partnership between IBM and Maersk Logistics enabling increased security through highly intelligent wireless tracking devices enhancing global supply chain visibility, perhaps we can work some transmutation magic on polemics like *America the Vulnerable* and end up with *America the Secure*. ■

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Flynn's Folly

I am on my supply chain security rant again, but it's not my fault. Someone recommended I read a new book that is touted as "riveting, chilling and gripping" by a segment of the media. *America the Vulnerable: How Our Government is Failing to Protect Us from Terrorism* was written by Stephen Flynn, a retired U.S. Coast Guard Commander and senior fellow at the Council on Foreign Relations, a liberal Washington think tank.

Flynn's thesis is that the current administration is not spending enough on security at home and is "delusional" in thinking the real fight against terrorism is overseas. Flynn's solution is to spend billions building Fortress America, protecting the homeland by inspecting every person and inbound shipment, and protecting every chemical plant and sensitive manufacturing facility.

Any reader of this column knows I fall into Flynn's delusional category. Homeland defense is a binary task. To be successful, it must include prudent defensive *and* offensive measures. Flynn's solution is fatally flawed for two reasons: 1. he uses fuzzy math to estimate the size of the challenge and 2. it is impossible to do what he says.

First let's look at Flynn's math, specifically the scope of the homeland security challenge, in his view. Flynn says 400 million people, 122 million cars, 11 million trucks, and eight million containers come into the United States each year. He leaves out an estimated 50 million air shipments and 10 million bulk shipments. That's approximately 600 million inbound shipments each and every year – and that number is growing.

Now let's look at the practical implications of what I call HSEM or Homeland Security Event Management. We have to clear every person, search and examine every physical inbound shipment, and secure the non-U.S. facilities from whence these shipments originate, according to Flynn.

Flynn's focus is primarily on containerized cargo. Suppose we secure all that. Then, I wonder, are inbound bulk shipments magically immune to security risks? What would stop terrorists from placing something ticking in a tanker of refined petroleum product or molten sulphur? My overarching point here is that nailing down one homeland security risk only drives the determined to find alternative means.

Flynn unintentionally makes this point in his book, citing a 2003 study that shows how vulnerable we are to an anthrax attack from a tall building in a large city. Just two pounds of anthrax can cause 120,000 deaths. So if only 32 of Flynn's 400 million inbound people smuggle one ounce of anthrax, pool their resources in a big city and take an elevator, game over. Lots of time and effort spent looking in some places, but not in all places, to no avail. Too bad I've run out of room before I can show you the rest of Flynn's bad math and what his proposals will cost.

Taking the fight to the terrorist is a messy, dirty, and politically risky venture but it is *not* delusional. It is the most important element in the binary approach to homeland defense. ■

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The Politics of Fear

Media-amplified hysteria and politicization of homeland security in certain circles may be driving security policies toward unreality. Some believe that the *only* way to protect good people from bad people is to lock down the good people instead of aggressively sanctioning the bad. Are we over-emphasizing security at the expense of interdiction in the war on terror? If so, are policy-makers setting unrealistic expectations of total protection with a paper-based approach to homeland security? Interesting questions, considering their impact on global trade and transportation and, more importantly, the safety of our people.

Just lend an ear to the mainstream media in this election year and you might guess that most policymakers believe that the only prudent course is to secure boats, planes, trains, and everything they carry. It's Fortress America, with all of us under various levels of lockdown, and at the same time making it politically unpopular to address the other side of the equation — interdiction and using the Patriot Act and the military to sanction those who would put us in a post-9/11 prison.

But you can lend an ear to other voices, such as Kenneth Button, director of the Center for Transportation Policy at George Mason University, Va. The post-911 scramble to inject security into the U.S. supply chain has not been undertaken in a rational manner, according to Button. And, much of the current security spending is out of line with the threat, he says. Among the problems facing the rational distribution of security resources is the fact that multiple jurisdictions are involved, both domestic and international, private and public.

Supply chain complexity and difficulty in determining the best way to allocate security resources makes it difficult to achieve proper levels of security coverage, Button says. "We're not getting a rational look at security in the United States right now," he notes, adding that security planners are, in many cases, "running around like headless chickens."

There is also no way to measure the effectiveness of security regimes, Button says. A lack of attack, for instance, could mean prevention or simply an absence of attacks. Button warns that because of the many uncertainties, it is important to consider not just prevention, but containment and remediation should things go wrong. Professor Button made his comments at a recent seminar in Singapore.

It is a dangerous world. We must continue to work hard to achieve the important goals of being partners in homeland security. But we must also not shrink from the costly and painful tasks of interdicting those who would destroy us and our economy. One without the other will fail. The alternative is to lock down the good guys, and likely fail at complete security in the process, stalling one important economic engine needed to build societies that create opportunities instead of terrorists.

Regulations striking at the core of global commerce and transportation are being framed in this environment. Interested? Get your voice heard, and, of course, vote. ■



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Ports Play Role in Homeland Defense

Rizak Amid Farid was arrested in Italy on Oct. 18 after police found him hiding in a container bound for Canada. The container was equipped with a satellite phone, two cell phones, a laptop, a bed, a bathroom, and enough food for an extended trip. Farid carried falsified passports, and documents identifying him as an aircraft mechanic. With the tightening of immigration, terror networks are using seaports to get operatives into the United States.

"The U.S. government must realize that the leading-edge boundary for homeland defense is, in fact, foreign ports," says The Maritime Security Council's Kim Petersen. His assessment of current practices, given in testimony before the U.S. Senate late in October, was not good. "It is nothing less than frightening to see how little security there is in some foreign ports that see ships depart and sail directly into Miami or New York," he said.

Once the shipments arrive in North America, "demands will be placed on all of us but especially on our nation's port community, as we embark on a global campaign against terrorism," Raymond Barberesi, director, Office of Ports and Domestic Shipping, U.S. Department of Transportation, told the American Association of Port Authorities convention in early October. "It will never be business as usual."

In the U.S. Congress, the proposed Hollings-Graham legislation would help cities meet the cost of tightening security at ports, and give the U.S. Coast Guard regulatory control over ports. "Some people in Congress don't have any idea it's a problem," says Senator Fritz Hollings, chairman of the Commerce Committee.

The AAPA has opposed the "one size fits all ports" approach to the bill. "Ports are vital to our national security and national defense," Kurt Nagle, AAPA president, told *Inbound Logistics* (see story page 52). But the ports are also primary conduits of the commerce that keeps our economy moving. This tension dictates that ports can never completely keep us impervious to attack.

There is much more our government and we in our industry can do as participants in homeland defense. We should do more. We will do more. But we should recognize that the destruction of those with the evil intent to use our ports as conduits of fear and destruction is our most effective defense.

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