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of Transportation

**Maritime
Administration**

MARITIME SECURITY REPORT

** May 2000 **



MARITIME SECURITY REPORT

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INTRODUCTION

The *Maritime Security Report* is an unclassified periodic publication prepared to inform the commercial maritime industry, senior Maritime Administration officials, the Secretary of Transportation's Office of Intelligence and Security, and the *Federal Ad Hoc Working Group On Maritime Security Awareness*. The report focuses on international criminal activity and security issues which could pose a threat to U.S. commercial maritime interests and the movement of U.S. civilian cargoes in foreign trade.

The global nature of U.S. trade means that U.S.-flag ocean carriers call on ports in nearly every country, and cargoes owned by U.S. interests may be embarked on ocean vessels of any flag or in any port worldwide. U.S. commercial maritime interests, therefore, can be jeopardized worldwide by a broad range of illicit activities, adversely affecting their competitiveness.

The *Maritime Security Report* is intended to increase awareness of the scope and severity of economic crime affecting U.S. maritime commerce. Increased awareness is a factor in improving port and cargo security in the international maritime trade corridors. The Maritime Administration expects increased awareness to contribute toward deterring criminal exploitation of the maritime transportation system, its users and providers.

The *Maritime Security Report* is produced under the authorization of Margaret D. Blum, Associate Administrator for Port, Intermodal, and Environmental Activities. The information contained in the report is based on our research and analysis of recent, significant developments, and is compiled from commercial sources and U.S. Government reports.

Please direct any questions and comments on the information in this report to Thomas Morelli, Program Manager, Port and Cargo Security, or Director, Office of Ports and Domestic Shipping, Maritime Administration, U.S. Department of Transportation, 400 Seventh Street, SW, Washington, DC 20590, or telephone (202) 366-5473/fax (202) 366-6988.

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Note: The preceding issue of the *Maritime Security Report* is dated June 1999. Issues previous to that are dated: October 1998, October 1997, April 1997, January 1997, September 1996, April 1996, January 1996, and August 1995 (the initial issue of the report). Copies of previous issues are available in printed format or in electronic form. Visit MARAD's web site at <http://www.marad.dot.gov> to view specific editions or for more information.

OAS Technical Advisory Group (TAG) on Port Security: A Multilateral Initiative to Develop a Common Strategy and Devise Basic Guidelines and Minimum Standards to Improve Port Security in the Western Hemisphere

The member countries of the Organization of American States (OAS) have recognized that a coordinated multilateral approach to improving port security in the Western Hemisphere is needed and has established an administrative mechanism for developing solutions. Through its Inter-American Committee on Ports, the OAS sanctioned the establishment of the Technical Advisory Group on Port Security (TAG/PS). The TAG/PS is designed to include the participation of private sector entities such as trade associations, corporations, and other forms of non-governmental organizations. The TAG/PS was established on October 14, 1999, in Guatemala at the Committee's biennial conference under the authority of Article 68 of the Rules of Procedures of the Inter-American Committee on Ports. The relevant documentation from the conference, including the operative resolutions (Res.4&.7/(I-99)), is contained in Appendix 1 of this report.

Purpose and Function of the TAG/PS

The OAS Inter-American Committee on Ports determined and resolved, at the meeting in Guatemala, that the purpose and main functions of the TAG/PS are as follows:

Purpose: To advise the Inter-American Committee on Ports on all aspects of port security so that port authorities will have the information and means necessary to make the best decisions to significantly reduce security risks, resulting in more secure and efficient ports in the Western Hemisphere.

Main Functions: To achieve its purpose, the Technical Advisory Group on Port Security has the following functions:

- Compile and exchange information on port security, including applications of technology advances to reduce security risks;
- Design and maintain a database with information relevant to its work;
- Recommend training programs based on the member countries' needs;
- Recommend port security guidelines for the member countries;
- Prepare specialized reports, studies and technical documents;

- Organize national and international meetings and activities on specialized topics in its area;
- Report to the Chair of the Executive Board, in writing, every six months, on the progress and results of its work; and
- Prepare proposals and recommendations on policies and strategies and present them to the Inter-American Committee on Ports, by way of the Executive Board.

Resolved: TAG/PS to Develop a Port Security Strategy with U. S. Leadership

Through resolution at the Guatemala meeting, the Inter-American Committee on Ports committed the TAG/PS to its principal task and assigned leadership of that effort to the United States, as prescribed in the following language:

1. Develop a common port security strategy and devise basic guidelines and minimum standards of security for the ports of the member countries of the OAS; and
2. Entrust the delegation of the United States with preparation of a set of activities on this topic for inclusion in the Executive Board's Work Program for 2000-2001.

Organizational Configuration and Country Membership of the TAG/PS

The TAG/PS is chaired by the United States and is headquartered in Washington, D.C. This was determined through a membership vote of the Inter-American Committee on Ports at the Guatemala meeting. The Maritime Administration (MARAD) heads the delegation of the United States to the Inter-American Committee on Ports and also serves as Chair and Secretariat to the TAG/PS. The Chair is MARAD's Chief of the Division of Ports. MARAD's Program Manager for Port and Cargo Security serves as Secretariat to the TAG/PS. MARAD executes these duties in coordination with the State Department's United States Permanent Mission to the Organization of American States.

At its first meeting, tentatively scheduled for late 2000, the TAG/PS will set and approve its budget. In doing so, it will take into account its work program, the number of private sector associate members, and the latter's membership dues.

The Inter-American Committee on Ports holds that it is incumbent upon all member countries to recommend private industry participation from their countries in the TAG/PS. The intent is to ensure that the membership consists of private sector participation from all member countries. At the Guatemala meeting, the Committee resolved that the following countries comprise the governmental membership in the TAG/PS:

Argentina	Barbados	Colombia	Canada	Chile	
Guatemala	Jamaica	Mexico	Peru	United States	Uruguay

TAG/PS Collaboration with the International Maritime Organization

The Inter-American Committee on Ports, in order to strengthen cooperation with the International Maritime Organization (IMO), took into consideration at the October 1999 meeting in Guatemala that: (1) the IMO is a global organization dedicated to maritime and seaport affairs; (2) IMO's areas of activity match the priority areas in the Action Plan of the Inter-American Committee on Ports, including in particular, maritime security; and (3) the IMO representative at the October 1999 meeting in Guatemala conveyed his organization's interest in more joint activities and stronger channels of cooperation with the OAS General Secretariat.

In considering that, the Inter-American Committee on Ports also resolved to:

1. Instruct its Executive Board to consider, within its Work Program pertaining to port security, IMO's participation in the following areas:
 - security and crime prevention in ports;
 - combating the traffic in drugs and chemical precursors; and
2. Establish the necessary contacts with IMO's General Secretariat to strengthen inter-institutional cooperation agreements.

Founding Principles and Related International Initiatives

In establishing the Technical Advisory Group on Port Security, the Committee first set forth a foundation of principles in resolutions (see Appendix 1) which recognized the following:

- port security is one of the prerequisites for harmonious and efficient development of ports;
- the private sector's collaboration in port security is an invaluable resource for development of safe, secure, and efficient ports;
- globalization of the world economy and the increase in international maritime traffic have underscored the need for a common strategy in transportation security, one conducive to more efficient movement of international maritime trade;
- port security is fundamental to the management and operation of ports and to the development of trade therein; and
- the declaration adopted at the Western Hemisphere Transportation Ministerial, held in December 1998, singled out the importance of transportation security and its relation to maritime ports and called for greater hemispheric cooperation in this area to improve security along maritime trade routes in the hemisphere.

Since 1998, several key forums and initiatives pertaining to port security contributed positively to the decision to establish the TAG/PS, for example, the Western Hemisphere Transportation Ministerial mentioned above. These events help explain the significance of the OAS' formation of the TAG/PS. The four events presented below were selected for elaboration.

Western Hemisphere Transportation Ministerial - December 1998. The Western Hemisphere Transport Ministerial, held in New Orleans during December 1998, was a gathering of OAS member countries organized by the U.S. Secretary of Transportation, Rodney Slater, to address a wide range of issues affecting the role of transportation in hemispheric integration. The *Ministerial Declaration* adopted by the ministers on December 16, 1998, includes a request that the United Nations Economic Commission on Latin America and the Caribbean prepare a Plan of Action for integration of the region's transportation systems.

The *Ministerial Declaration* also specifies the importance of addressing transportation security issues and the vital role of ports. On December 15, prior to adoption of the declaration by the ministers, Clyde J. Hart, Jr., Maritime Administrator, U.S. Maritime Administration, presented a speech about the importance of improving port security in the Western Hemisphere. Speaking on the need for developing a hemispheric strategic approach for improving the security of the Inter-American maritime trade corridors and reducing cargo crime, Hart outlined the context of the problem facing the OAS member countries. Hart explained that:

“International organized crime groups are taking full advantage of the growth in sophisticated global commerce, transportation, communication, and financial links. Unconstrained by borders or national sovereignty, these crime groups are operating transnationally and deriving billions of dollars from a wide range of cargo crimes -- such as: cargo theft, and the smuggling of drugs, alien migrants, stolen goods including automobiles, contraband merchandise, and illicit currency shipments.”

“The most powerful criminal syndicates may be capable of influencing or even monopolizing critical sectors of the national economy of some countries. In the United States alone, cargo theft is estimated to account for \$10 billion in losses annually. The impact of random inspections in international enforcement efforts to interdict illicit drugs shipped in commercial cargoes can inadvertently constrict the free flow of commerce.”

“These consequences are a direct threat to the economic and trade interests of all countries with whom you conduct maritime commerce. Improved port and cargo security is, therefore, central to all efforts by government and industry to reduce criminal exploitation of commerce transported in the international maritime trade corridors. The economic competitiveness of legitimate open market commerce, trade, and investment in the Hemisphere is at stake.”

Hart offered a prescriptive solution in his presentation, explaining that in order to coordinate a multinational response to this problem, a strategy must be developed to substantially improve the port and cargo security in the international maritime trade corridors of the Western Hemisphere. He encouraged the development of a strategy specifically tailored to address international crime’s impact on the maritime trade corridors. He stressed that in doing so, cooperative efforts between government and the commercial industry are paramount to implementing flexible and effective countermeasures and appropriate responses to current and emerging cargo crime threats.

Argentina/United States Declaration on Port Security - June 1999. Following the cooperative spirit in port security matters inspired at the Western Hemisphere Transport Ministerial, the initiative was seized and advanced by the U.S. and Argentina. MARAD and the Port Authority of Argentina signed a bilateral document on June 24, 1999. This document considers the critical importance of port security to commercial maritime trade and affirms the need to develop channels of communication and exchange information and experience in port security. Further, it declares the mutual intention of the two government agencies to: (1) promote improved security of seaports and waterways, (2) exchange information in matters related to crime and security in seaports and waterways, and (3) develop and coordinate training programs

for personnel responsible for seaport operations and security. This bilateral declaration began in multilateral sessions through the OAS Inter-American Committee on Ports. A copy of the declaration appears in Appendix 2.

Interagency Commission on Crime & Security in U.S. Seaports - April 1999. As a federal initiative in the United States, President Clinton established the Interagency Commission on Crime and Security in U.S. Seaports in April 1999. The Commission was tasked with conducting a 12-month examination of the critical concerns of crime and security affecting the country's maritime trade, including the international implications, and report its findings to the White House. The Administrator of the U.S. Maritime Administration, Clyde J. Hart, Jr., served as one of the Commission's Co-Chairs --- along with the Commissioner of the Customs Service and the Deputy Attorney General for the Criminal Division.

The insights from Hart's work on this Commission have reinforced the U.S. Maritime Administration's long standing position that security in the world seaports must be improved if we are to reduce criminal exploitation of the international maritime trade corridors. Keys to improving port and cargo security on an international basis are the successful development of operating guidelines and minimum security standards, along with a strategy and process for enabling their advancement.

Marine Transportation System Task Force Report - September 1999. The Marine Transportation System (MTS) Task Force was a collaborative public/private sector effort led by MARAD and the Coast Guard to examine a comprehensive range of marine transportation issues, including port security. Following months of field outreach, including a national conference held in November 1998, information resulting from the Task Force's work was evaluated and produced into a report to Congress titled *An Assessment of the U.S. Marine Transportation System*. The report was published in September 1999. It can be found on MARAD's website (www.marad.dot.gov).

Contained in the MTS Task Force report were recommendations, including those pertaining to port security. Of specific importance to the OAS TAG/PS is the MTS Task Force recommendation to strengthen international cooperation through a collaborative effort to *develop a strategy and process for advancing U.S. operating guidelines and minimum security standards on an international basis*. The language of this recommendation became the basis for an element of a resolution adopted by the TAG/PS at the Guatemala meeting in October 1999.

Recent OAS Administrative Determinations Bearing on the TAG/PS

During mid-December 1999, the Executive Board of the Inter-American Committee on Ports met in Buenos Aires to confer on matters evolving from the full Committee meeting held in Guatemala two months before.

At that meeting, the Executive Board approved the work plans of the Committee and resolved that the Chair of the Technical Advisory Group on Port Security should: (1) be informed that it should organize its program of activities for 2000; and (2) proceed with disseminating the objectives, participation mechanisms, and tasks of the Technical Advisory Group on Port Security, using all media. This issue of the *Maritime Security Report* is one instrument in that dissemination effort.

COMMENT:

OAS TAG/PS: A Multilateral Instrument for Improving Port Security. In striving to improve port security, it is common in many countries for fundamental differences to exist between the interests of commercial operators with those of various levels of government. The maritime private sector typically considers maintaining the unimpeded flow of cargo to be paramount and expects government law enforcement agencies to assert the principle role in countering criminal exploitation of the transportation system, its users, and providers. Governments, on the other hand, increasingly expect the commercial industry to assume more responsibility for preventing crimes against their transportation and logistic systems, particularly in such crimes as cargo theft. Governments also expect companies to cooperate with law enforcement agencies to prevent such crimes as drug smuggling in commercial cargo, which serves the public interest, and to comply with governmental efforts to collect revenues from international trade and protect the integrity of its borders from transnational crime. Through a strategic approach to port security, it is possible to achieve a more harmonious balance with unity of purpose and common objectives.

The OAS TAG/PS will provide an interface for government and private sector views on port security in the Western Hemisphere. As a multilateral regional forum, it can serve as an effective mechanism for deliberating the various considerations and interests pertaining to port security among the OAS member countries. In doing so, it will provide the opportunity to amicably resolve contradictions and balance competing interests and responsibilities to improve port security in the international maritime trade corridors. Therefore, through the activities of the OAS TAG/PS and sufficient multilateral support, development of a common port security strategy accompanied by basic guidelines and minimum standards of security for the ports of the member countries of the OAS, becomes an attainable goal.

Model Draft Ministerial Declaration of Support for TAG/PS. A formal declaration of support is a valuable instrument for focusing efforts toward effective implementation of the Technical Advisory Group on Port Security (TAG/PS) of the Organization of American States' Inter-American Committee on Ports. Hemispheric efforts to improve security in seaports would be facilitated by regional governmental organizations and multilateral private sector associations which collaborated to draft, sign, and implement such a declaration of support. A declaration by various groups of users and providers of seaport services would assist the TAG/PS in its role as a multilateral mechanism for improving seaport security in the Inter-American maritime trade corridors. The declaration may consist of model language, which could easily be adjusted to suit varying combinations of governmental and private sector entities. The language in the declaration would recognize the inextricable link between trade, economic development, security, and prosperity in our societies.

Appendix 1

OAS Documentation of Resolutions Pertaining to the Formation of the Technical Advisory Group on Port Security

The following four pages are exhibit documents from the annual meeting of the Inter-American Committee on Ports of the Organization of American States (OAS) held 12-14 October 1999 in Guatemala. These documents are the resolutions adopted by the Committee pertaining to the Technical Advisory Group on Port Security (TAG/PS), and are identified as follows:

- Resolution CIDI/CIP/RES.4/(I-99), 14 Oct 1999; *Creation of the Technical Advisory Group on Port Security*
- Resolution CIDI/CIP/RES.7/(I-99), 14 Oct 1999; *Port Security*
- Resolution CIDI/CIP/RES.10/(I-99), 14 Oct 1999; *Strengthening Cooperation with the International Maritime Organization*

**CREATION OF THE TECHNICAL ADVISORY GROUP
ON PORT SECURITY**

THE INTER-AMERICAN COMMITTEE ON PORTS,

CONSIDERING:

That, under Article 68 of its Rules of Procedure, Technical Advisory Groups (TAGs) may be created to provide technical advice in furtherance of the Committee's objectives, resolutions, agreements, and decisions;

That port security is one of the prerequisites for harmonious and efficient development of ports; and

That the private sector's collaboration in these matters is an invaluable resource for the development of safe, secure, and efficient ports,

RESOLVES:

1. To create the Technical Advisory Group on Port Security, which will be composed of the following countries: Argentina, Barbados, Canada, Chile, Colombia, Guatemala, Jamaica, Mexico, Peru, the United States, and Uruguay.
2. To assign to the Group the following purpose and functions:

Purpose: To advise the Inter-American Committee on Ports on all aspects of port security so that port authorities will have the information and means necessary to make the best decisions to significantly reduce security risks, resulting in more secure and efficient ports in the Hemisphere.

Functions:

- (i) To compile and exchange information on port security, including applications of advanced technology to reduce security risks;
- (ii) To design and maintain a database with information relevant to its work;
- (iii) To recommend training programs based on the member countries' needs;
- (iv) To recommend port security guidelines;
- (v) To prepare specialized reports, studies and technical documents;
- (vi) To organize national and international meetings and activities on specialized topics in this area;
- (vii) To report to the Chair of the Executive Board, in writing, every six months, on the progress and results of its work;
- (viii) To prepare proposals and recommendations on policies and strategies and present them to the Inter-American Committee on Ports through the Executive Board.

3. To take note that the Group will be chaired by the United States, will elect its Vice Chair at its first meeting, and will be headquartered in Washington, D.C.
4. To instruct the Group to set and approve its budget at its first meeting, taking into account its work program, the number of associate members, and their membership dues.

PORT SECURITY

THE INTER-AMERICAN COMMITTEE ON PORTS,

CONSIDERING:

That globalization of the world economy and the increase in international maritime traffic have underscored the need for a common strategy in transportation security, one conducive to more efficient movement of international maritime trade;

That port security is fundamental to the management and operation of ports and to the development of trade; and

That the declaration adopted at the Western Hemisphere Transportation Ministerial held in December 1998 highlighted the importance of transportation security and its relation to maritime ports, and called for greater hemispheric cooperation in this area to improve security along maritime trade routes in the Hemisphere,

RESOLVES:

1. To develop a common port-security strategy and devise basic guidelines and minimum standards of security for the ports of the member countries.
2. To entrust the delegation of the United States with preparation of a set of activities on this topic for inclusion in the Executive Board's Work Program 2000-2001.

CIDI/CIP/RES. 10 (I-99)

**STRENGTHENING COOPERATION WITH THE INTERNATIONAL
MARITIME ORGANIZATION**

THE INTER-AMERICAN COMMITTEE ON PORTS,

CONSIDERING:

That the International Maritime Organization (IMO) is a global international organization dedicated to maritime and port affairs;

That the IMO areas of activity match the priority areas of the Plan of Action of the Inter-American Committee on Ports, particularly with those concerning maritime safety and security, environmental protection, and facilitation of international maritime traffic; and

That the IMO representative at this meeting conveyed his organization's interest in more joint activities and stronger channels of cooperation with the OAS General Secretariat,

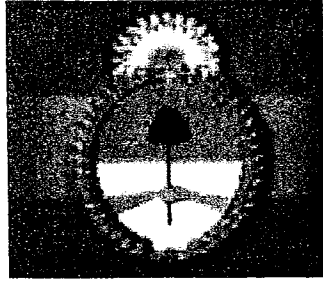
RESOLVES:

1. To instruct the Executive Board to consider, in its Work Program, participation by the International Maritime Organization (IMO) in the following areas:
 - Navigation safety and control;
 - Port industrial safety;
 - Security and crime prevention in ports;
 - Environmental protection;
 - Facilitation of maritime traffic; and
 - Combating trafficking in drugs and chemical precursors.
2. To instruct the OAS General Secretariat to establish the necessary contacts with the IMO General Secretariat to strengthen their cooperation agreements.

Appendix 2

Declaration of Mutual Intention Between the Port Authority of Argentina and the United States Maritime Administration

The following page is an exhibit document of the bilateral declaration on port security between the Port Authority of Argentina and the U.S. Maritime Administration signed 24 June 1999.



THE PORT AUTHORITY OF ARGENTINA (SUBSECRETARIA DE PUERTOS Y VIAS NAVEGABLES) AND THE UNITED STATES MARITIME ADMINISTRATION

CONSIDERING:

That port security plays a vital role in the management, operation and commercial development of seaports;

That the globalization of the worldwide economy has resulted in increased maritime traffic, which must be accommodated at safe, efficient, and secure seaports in harmony with environmental protection of marine ecosystems;

That the U.S. Maritime Administration and the Port Authority of Argentina are cooperating in the implementation of the Inter-American Port Security Training Program of the Organization of American States, which is transferring technical expertise and developing regional approaches to improve seaport security; and

That the *Ministerial Declaration*, adopted at the Western Hemisphere Transport Ministerial in December 1998, specifies the importance of transportation security and the vital role of seaports, and calls for greater cooperation in developing a Hemispheric approach for improving the security of the Inter-American maritime trade corridors;

AFFIRM:

That the U.S. Maritime Administration and the Port Authority of Argentina need to develop channels of communication and exchange information and experience in seaport security, and, therefore, to this end,

DECLARE THEIR MUTUAL INTENTION:

1. To promote improved security of seaports and waterways;
2. To exchange information in matters related to crime and security in seaports and waterways; and
3. To develop and coordinate training programs for personnel responsible for seaport operations and security.

Jesús G. González
Under Secretary for Ports
And Navigable Waterways
Ministry of Economy

Date: June 24, 1999

John E. Graykowski
Deputy Maritime Administrator
Maritime Administration
U.S. Department of Transportation

Date: June 24, 1999

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