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**Maritime
Administration**

MARITIME SECURITY REPORT

*** October 1998 ***



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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 John Pisani, 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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Golden Candle Award

The Maritime Administration was a 1997 recipient of the *Golden Candle Award*, conferred by Open Source Solutions, Inc., for production of the agency's *Maritime Security Report*. The award recognizes superior initiatives as well as sustained accomplishments in the field of open source intelligence.

Note: The preceding issue of the *Maritime Security Report* is dated October 1997. Issues previous to that are dated: 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.

The U.S. International Crime Control Strategy - A Foundation for Substantially Improving the Security of International Maritime Trade Corridors and Reducing Cargo Crime

EXECUTIVE SUMMARY

In order to improve U.S. Government efforts to combat international organized crime, the *International Crime Control Strategy* (ICCS) was developed through a coordinated process involving all relevant Federal agencies and was made public by the Office of the President in May 1998. The ICCS is a plan of action and complements other crime control documents, such as the National Drug Control Strategy and Presidential Directives on, for example, alien smuggling and counterterrorism.

The ICCS is intended to provide a framework for integrating all facets of the Federal response to the direct and immediate threat international crime presents to the national security interests of the United States. The ICCS articulates eight broad goals and thirty related objectives, which appear in this report. They serve as a blueprint for an effective, long-term attack on the international crime problem. The ICCS also provides a basis for development of a tailored subsidiary strategy.

The purpose of this *Maritime Security Report* is to serve as a concept paper toward development of such a subsidiary strategy, one specifically tailored to address international crime's impact on port and cargo security. The concepts in this report are a synthesis of the goals, objectives, programs, and initiatives of the U.S. International Crime Control Strategy (ICCS) and other documentation. This report is intended to advance on the purpose of the ICCS.

The elements of a subsidiary strategy proposed in this report include a goal to substantially improve port and cargo security in the international maritime trade corridors. The goal has three objectives: (1) Facilitate the flow of international maritime commerce unimpeded by the direct or indirect consequences of transnational criminal activity; (2) Maximize the engagement of the commercial maritime industry in a multinational cooperative effort with government; and (3) Maintain secure maritime trade corridors using tools for systemic reevaluation, accountability, and effective response. Supporting the goal and objectives are basic principles, four approaches, and examples of best practices for accomplishing a strategy.

The U.S. International Crime Control Strategy - A Foundation for Substantially Improving the Security of International Maritime Trade Corridors and Reducing Cargo Crime

The activities of international organized crime adversely impact the economic competitiveness of legitimate open market commerce and deter trade and investment. The billions of dollars derived from illicit enterprises enable organized crime groups to compromise and penetrate commercial markets and acquire legitimate companies. This further equips them with the instruments to advance their criminal enterprises and obfuscate their operations in the process. The effects can discourage the commercial initiative of U.S. business interests operating overseas. The most powerful criminal syndicates may be capable of achieving substantial influence or even monopolistic control over critical sectors of the national economy of some countries. The result may diminish multilateral efforts to promote more cooperative solutions to global trade problems and may prevent credible economic systems from being instituted.

According to U.S. law enforcement agencies, corruption of public officials is a common objective of organized crime groups. They use it to enhance their power and position in an ongoing market, undermine the regulatory apparatus, and buy immunity from enforcement actions. The consequences of corruption at any level commensurately weakens the rule of law and erodes public confidence in democratic government. If sufficiently pervasive, corruption can result in a civil society plagued by lawlessness or an absence of market transparency and regulatory enforcement.

In some countries, organized crime groups may attempt to influence the political process by forming financial alliances with anti-government guerrillas. In these cases, the effects may exacerbate regional tensions, contribute to political instability, and even destabilize legitimate central government authority. The impacts of international organized crime, therefore, pose a direct threat to the economic and trade interests of the United States and its allies.

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The ICCS goals and objectives address many specific issues and provide broad guidance for many others. The ICCS also includes numerous programs and initiatives. They serve as a blueprint for an effective, long-term attack on the international crime problem. The ICCS is intended to be dynamic, adaptable, and sufficiently flexible to enable its extrapolation into tailored applications and subsidiary strategies.

Developing a Subsidiary Strategy to Protect Maritime Cargo. The purpose of this *Maritime Security Report* is to serve as a concept paper toward development of such a subsidiary strategy, one specifically tailored to address international crime's impact on port and cargo security. The concepts in this report are a synthesis of the goals, objectives, programs, and initiatives of the U.S. International Crime Control Strategy (ICCS) and other documentation. This report is intended to advance on the purpose of the ICCS.

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However, before proceeding further with this proposal, a basic awareness of the ICCS is important. The ICCS articulates eight broad goals and thirty related objectives. The ICCS also details numerous programs and initiatives which appear in the ICCS full text. They provide a basis for development of a derivative, tailored subsidiary strategy.

ICCS Goals and Objectives. For purposes of brevity the salient elements of the ICCS -- its goals and objectives -- are presented below, in the language of the White House report.

Goal 1: Extend the First Line of Defense Beyond U.S. Borders

Objectives: (1) Prevent acts of intentional crime planned abroad, including terrorist acts, before they occur; (2) Use all available laws to prosecute select criminal acts committed abroad; (3) Intensify activities of law enforcement, diplomatic, and consular personnel abroad.

Goal 2: Protect U.S. Borders by Attacking Smuggling and Smuggling-Related Crimes

Objectives: (1) Enhance our land border inspection, detection, and monitoring capabilities through a greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector; (2) Improve the effectiveness of maritime and air smuggling interdiction efforts in the transit zone; (3) Seek new, stiffer criminal penalties for smuggling activities; (4) Target enforcement and prosecutorial resources more effectively against smuggling crimes and organizations.

Goal 3: Deny Safe Haven to International Criminals

Objectives: (1) Negotiate new international agreements to create a seamless web for the prompt location, arrest, and extradition of international fugitives; (2) Implement strengthened immigration laws that prevent international criminals from entering the United States and that provide for their prompt expulsion when appropriate; (3) Promote increased cooperation with foreign law enforcement authorities to provide rapid, mutual access to witnesses, records, and other evidence.

Goal 4: Counter International Financial Crime

Objectives: (1) Combat money laundering by denying criminals access to financial institutions and by strengthening enforcement efforts to reduce inbound and outbound movement of criminal proceeds; (2) Seize the assets of international criminals through aggressive use of forfeiture laws; (3) Enhance bilateral and multilateral cooperation against all financial crime by working with foreign governments to establish or update enforcement tools and implement multilateral anti-money laundering standards; (4) Target offshore centers of international fraud, counterfeiting, electronic access device schemes, and other financial crimes.

Goal 5: Prevent Criminal Exploitation of International Trade

Objectives: (1) Interdict illegal technology exports through improved detection, increased cooperation with the private sector, and heightened sanctions; (2) Prevent unfair and predatory trade practices in violation of U.S. criminal law; (3) Protect intellectual property rights by enhancing foreign and domestic law enforcement efforts to curtail the flow of counterfeit and pirated goods and by educating consumers; (4) Counter industrial theft and economic espionage of U.S. trade secrets through increased

prosecution of offenders; (5) Enforce import restrictions on certain harmful substances, dangerous organisms, and protected species.

Goal 6: Respond to Emerging International Crime Threats

Objectives: (1) Disrupt new activities of international organized crime groups; (2) Enhance intelligence efforts against criminal enterprises to provide timely warning of changes in their organizations and methods; (3) Reduce trafficking in human beings and crimes against children; (4) Increase enforcement efforts against high tech and computer-related crime; (5) Continue identifying and countering the vulnerabilities of critical infrastructures and new technologies in telecommunication, financial transactions, and other high tech areas.

Goal 7: Foster International Cooperation and the Rule of Law

Objectives: (1) Establish international standards, goals, and objectives to combat international crime by using bilateral, multilateral, regional, and global mechanisms and by actively encouraging compliance; (2) Improve bilateral cooperation with foreign governments and law enforcement authorities through increased collaboration, training, and technical assistance; (3) Strengthen the rule of law as the foundation for democratic government and free markets in order to reduce societies' vulnerability to criminal exploitation.

Goal 8: Optimize the Full Range of U.S. Efforts

Objectives: (1) Enhance executive branch policy and operational coordination mechanisms to assess the risks of criminal threats and to integrate strategies, goals, and objectives to combat those threats; (2) Mobilize and incorporate the private sector into U.S. Government efforts; (3) Develop measures of effectiveness to assess progress over time.

The ICCS has its foundations in Presidential Decision Directive 42 (PDD 42), which was issued on October 21, 1995. PDD 42 aims to improve international anti-crime efforts by strengthening the rule of law, and fostering democracy, free markets, and human rights. PDD 42 ordered executive branch agencies of the U.S. Government to: (1) increase the priority and resources devoted to countering international crime; (2) achieve greater effectiveness and synergy by improving internal coordination; (3) work more closely with other governments to develop a global response to this threat; and (4) use aggressively and creatively all legal means available to combat international crime. The ICCS is intended for submission to Congress for passage into legislation as an International Crime Control Act.

Strategy Needed to Counter Threats to Maritime Trade Corridors.

International organized crime groups are taking full advantage of the growth in sophisticated global commerce, transportation, communication, and financial links to perpetrate cargo crimes involving smuggling, cargo theft, and money laundering. Criminal exploitation of the maritime trade corridors places in jeopardy the international commerce of the United States and its global economic alliance. 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 organized criminal activities, adversely affecting their competitiveness.

Unconstrained by borders or national sovereignty, international organized crime groups are operating transnationally and deriving billions of dollars from a wide range of cargo crimes. Among the most lucrative types of cargo crime are cargo theft itself and the smuggling of drugs, alien migrants, stolen goods including automobiles, contraband merchandise, and illicit currency shipments. Levels of containerized cargo volumes are forecasted to increase significantly. This will create more opportunities for cargo crime while lowering the statistical risk of detection and interdiction.

Ports as Marine Intermodal Choke Points. International maritime trade corridors consist of three main logistical components -- ports, ocean vessels, and the landside modes of transport. Functioning as pivotal nodes in a system of trade routes, the seaports provide intermodal interface to the international maritime shipping cycle. Among the trade segments engaged in marine intermodal business transactions are, for example, ocean and land transporters, shippers, freight consolidators and forwarders, financial institutions, warehousemen, labor unions, and the security departments of all parties involved.

Consequently, seaports and the freight movements through their landside accesses are viewed by cargo crime groups as marine intermodal choke points of commerce. Improved port and cargo security, therefore, is central to all efforts by government and industry to reduce criminal exploitation of commerce transported in the international maritime trade corridors.

Secure Maritime Trade Corridors: A Strategic Approach.

Substantially improving the port and cargo security in the international maritime trade corridors requires a strategy specifically designed for the purpose. An effective strategy incorporates systemic approaches to problem solving. It must be based on sound principles and contain supporting objectives, programs, and initiatives so that deployment of common tools and

interoperable techniques can be synchronized. These elements and characteristics are essential to the planning and policy making process of mobilizing, coordinating, and calibrating means and resources.

Strategic Outcomes. Through a tailored strategy, several positive outcomes may be achievable. They include: (1) Substantially improve port and cargo security; (2) Constrict the opportunities for criminal exploitation of maritime commerce; and (3) deter uncontested illicit activities in international maritime trade corridors while facilitating legitimate commerce.

Elements of Strategy. The concepts in this report represent a synthesis of the goals, objectives, programs, and initiatives of the ICCS and other documentation. This report offers fundamentals for consideration which may be useful in developing a strategy tailored to substantially improving port and cargo security in the international maritime trade corridors. The elements of strategy put forth in this report are formulated on a single goal. The goal is accompanied by three objectives and several supporting basic principles toward achieving the goal. All are presented in the following section.

The Proposed Strategy: Its Goal, Objectives, and Basic Principles

GOAL: *Substantially improve port and cargo security in the international maritime trade corridors.*

Objective 1: *Facilitate the flow of international maritime commerce unimpeded by the direct or indirect consequences of transnational criminal activity.*

Basic Principles: Assist in the achievement of: (1) integrated and comprehensive security plans and operations which ensure the integrity of legitimate movements and transactions in the commercial shipping cycle while denying access to the system by illicit goods and activities; (2) modernized and automated freight transport systems, processes, and trade data information flows; and (3) standardized customs regimes assisted by the trade community's informed compliance; (4) trade community's cooperation in government enforcement efforts resulting in concentration of enforcement efforts on intentional violators; and (5) expeditious cargo clearance and improved system efficiency.

Objective 2: Maximize the engagement of the commercial maritime industry in a multinational cooperative effort with government.

Basic Principles: Engage government and industry in: (1) planning, developing, and implementing operational strategic and tactical solutions to cargo crime; (2) producing and exchanging intelligence of an actionable and predictive quality; and (3) conducting transportation security training programs to improve the effectiveness of cargo crime countermeasures.

Objective 3: Maintain secure maritime trade corridors using tools for systemic reevaluation, accountability, and effective response.

Basic Principles: Utilize information management systems as tools to (1) establish systemic and measurable mechanisms; (2) provide a basis for international comparison; (3) facilitate risk management processes including identification and analysis of vulnerabilities and threats; and (4) develop countermeasure responses to constrict criminal exploitation of the international maritime trade corridors.

The Rationale for Industry Support. Modern international trade transactions are conducted in multiple markets and across borders which may only recently have been liberalized. This has complicated proprietary accountability and nationalistic distinctions. The complex and urgent pace of these activities often overwhelms local, state, and federal enforcement capabilities. Despite this, the approaches to implementing strategies for combating international organized crime have tended to emphasize the role of government.

Limitations of a Government-only Approach. A government-only approach depends on regulatory and law enforcement capabilities and mechanisms. These governmental instruments are implemented through various national, bilateral, and multilateral instrumentation. However, criminal exploitation of commercial industries manifests in illicit enterprises which victimize or mimic legitimate business activities. In the absence of industry involvement, these circumstances tend to place government in an adversarial posture with the private sector, which may advantage organized crime.

Law enforcement and judicial proceedings alone are not adequate mechanisms for combating transnational organized crime's targeting of international commerce. Robust private industry

support is also needed in order to maintain effective and consistently funded programs. A sustained effort is essential in order to substantially improve port and cargo security in the international maritime trade corridors.

Advantages of Private Sector Engagement. In contrast, a government/private sector cooperative approach -- emphasizing nonregulatory means -- emphasizes facilitation of the flow of trade and efficient legitimate commerce. It strives to do so in compatibility with achieving security goals and objectives. In addition, this approach improves government/private sector relations in commercial sectors or geographic regions where, for various reasons, it is not otherwise easily achieved.

Four Approaches Based on Private Sector Engagement. The proposed goal, objectives, and basic principles are projected through four approach themes:

- * Government/Private Sector Partnerships
- * Transparency in Maritime Jurisdictions
- * International Cooperation
- * Information Exchange and Intelligence

Expression of these four approach themes is focused mainly through mobilizing and incorporating the private sector into U.S. and foreign government efforts. The industry has a first-line interest in protecting commercial trade from international crime. This fact raises the importance of the Government/Private Sector Partnerships approach to the extent that it is also established as a formal objective.

Government/Private Sector Partnerships. A cooperative effort between government and the commercial industry is paramount to implementing flexible and effective countermeasures and appropriate responses to current and emerging cargo crime threats. A commitment to this shared responsibility is essential for substantially improving the port and cargo security of international maritime trade corridors.

Profitable seaport business and commercial relationships are dependent upon the security of the international maritime trade corridors. The scope of port and cargo security, therefore, extends beyond the physical facilities of the seaport to include, for example, other ports, shippers, intermodal transportation carriers, and insurers moving cargo through an interdependent trade network. Through government/industry cooperative partnerships, an economy of effort can be achieved while actually increasing the degree of port and cargo security provided to all aspects of the maritime transportation system.

Transparency in Maritime Jurisdictions. Maritime trade corridors are conduits for billions of tons of goods transported among global markets through the world seaports. Maritime commerce today is conducted with more than 90,000 merchant ships sailing the world's oceans under nearly 200 separate flags of registry. It moves 95% of world trade and involves hundreds of seaports and the billions of people living in the markets they serve. The ships, seaports, and all other entities involved in the logistics of handling marine intermodal cargoes, represent the commercial interests of potentially every country in the world.

The world trade and economic structure are increasingly interrelated. Entry into world markets and competitiveness in sectors such as international maritime trade, require a facilitative commercial environment. Effective enforcement is also required to ensure that maritime commerce is unimpeded by the debilitating impacts of smuggling and other cargo crimes. Cooperative multinational operations by customs and border management agencies contribute to facilitative transportation and trade conditions. Their operations are, however, heavily dependent on commercial trade data.

The availability of information on shipping transactions is used by customs services to scrutinize documentation for indications of smuggling and other cargo crimes. This information received by customs in advance also serves the process of reviewing the documentation on arriving cargo shipments, adjudicating its compliance, and effecting expeditious clearance of cargoes.

Databases of cargo information enable increased accuracy in discriminating illicit activity while simultaneously facilitating legitimate commerce. Cargo databases that aid that process should contain information in order to: (1) facilitate cargo flow analysis; (2) provide a basis for international comparison; (3) enable accurate discrimination of cargo movements by their origin, destination, and intermediate transshipment points, including all parties associated with a shipment; (4) contain incident reports and intelligence information pertaining to cargo crimes, segregated by type, and be readily available to authorized users; (5) enable accurate measurement of economic impacts; and (6) develop risk management processes for identify systemic threats, effecting countermeasures, and reducing vulnerabilities of port and cargo throughput.

International Cooperation. Many countries have neither the resources nor the expertise to mount complex or sustained investigations of international crimes. Criminals exploit such countries as safe havens and staging or transit areas. From these operating areas cargo criminals conduct, for example, the smuggling of drugs, precursor chemicals, contraband merchandise, and currency. From these areas trafficking in stolen goods may

be conducted, facilitating the penetration of legitimate markets and trade sectors or for laundering the proceeds from other criminal enterprises.

Recognition of international maritime trade corridors as explicit jurisdictional concepts would ensure that criminal activity directed against them would engender a coordinated multilateral response by governments and the commercial industry. Unless appropriately addressed through international cooperation, sovereignty issues and jurisdictional restrictions can impede interdiction of cargo crimes that cross international boundaries. All states should commit themselves to mechanisms of engagement which are designed to substantially improve port and cargo security in the international maritime trade corridors. This should be a significant issue in regional and bilateral trade negotiations conducted with all nations.

Achieving solutions requires a multilateral partnership among governments, the international commercial maritime industry and trade community, and constituents of the world economy. A cooperative international approach depends on the commitment of all states to sustain their participation in multilateral organizations. Promoting cooperation against transnational organized crime committed against the maritime industry is more effectively organized through such organizations. They include, for example, the International Maritime Organization, United Nations, International Criminal Police Organization (Interpol), and the World Customs Organization.

Associations of seaport security directors, established in individual trading regions, have potential for organizing multilateral initiatives based on government/industry partnerships. They could serve as an integrated regional forum and cohesive focal point for facilitating periodic analyses, discussion, recommendations, mutual assistance, and coordination with government and private sector entities. The association would provide crucial linkage toward the common benefit of its government/industry constituency and confer with other such associations on an inter-regional basis. Each association would work toward substantially improving port and cargo security in its international maritime trade corridors.

Information Exchange and Intelligence. Government efforts against cargo crime are enhanced by the increased awareness resulting from information exchange programs and initiatives with the private sector. Information exchange is crucial to enlarging port and cargo security programs into cooperative global alliances which can form an *investigative bridge* throughout international maritime trade corridors.

Key components in the coordinating process which result from information exchange include: (1) the private sector's role in supporting government's requirements for actionable intelligence on cargo crime activities; (2) the reciprocal role of government in providing commercial industry with sufficient intelligence for which to implement effective countermeasures against cargo crimes; and (3) jointly conducting international training of seaport police and security personnel in relevant subject matter.

Intelligence information provided by the commercial industry has proven indispensable to law enforcement in effecting multinational interdiction of drug smuggling and other cargo crimes at their source or in transit countries. Even if developed late in the shipping cycle, this source of intelligence continues to be instrumental in successful government interdiction of cargo crimes. For example, according to the U.S. Customs Service, the commercial industry accounts for approximately 45% of intelligence information received by that agency from external sources.

Information exchange provides a basis for gaining a greater understanding of the scope and magnitude of the international crime problem. This approach can provide the U.S. Government with a mechanism for integrating the commercial industry into the process of preparing a comprehensive assessment of the international cargo crime problem. Inclusion of the commercial industry would add an indispensable dimension to complement the cooperative efforts of all U.S. law enforcement, diplomatic, and intelligence agencies in such an endeavor.

Best Practices. The following are examples of recent international initiatives and programmatic activities involving the government and industry cooperation in Latin America and the Caribbean. They are best practices which contribute directly and collaterally toward substantially improving port and cargo security in the international maritime trade corridors of the Western Hemisphere. A cohesive strategy designed specifically for that purpose would draw heavily on these best practices, in addition to the U.S. International Crime Control Strategy.

The 1997 Caribbean/U.S. Summit. The agenda of the May 10, 1997, summit meeting between President Clinton and Caribbean heads of state committed the United States to cooperation in formulating a plan of action linking security issues with the economic performance of island nations. The summit strategy formulated a new regional approach intended to integrate trade, economic, and environmental issues, with justice and security issues -- such as drug smuggling, money laundering, weapons trafficking, and strengthened criminal justice systems. The agenda recognized the

important roles of trade and regional economic viability toward Caribbean nations becoming less exploited as transshipment points for drug smuggling and by other organized criminal activities.

The United States pledged to provide advice, technical assistance, and training in improving the security of manufacturing plants and the shipping cycle, and in combating customs-related corruption. The heads of the Caribbean states in turn agreed to engage transport companies and the private sector within their jurisdictions in a cooperative partnership. The intent is the development and adoption of security procedures and participation in programs which deter illegal access to and use of cargoes, commercial conveyances and associated equipment, and seaport and terminal facilities.

Overseas Security Advisory Council. The U.S. Department of State, through its Overseas Security Advisory Council (OSAC), interacts with industry on overseas security problems of mutual concern. Over 1,400 private-sector organizations participate in OSAC's activities and receive information and guidance to defend against security threats such as terrorism, economic espionage, and organized crime. U.S. firms voluntarily submit accounts to OSAC pertaining to security or crime incidents affecting their own or other U.S. overseas operations.

An Engagement Strategy for Port and Waterway Management. The U.S. Office of National Drug Control Policy (ONDCP) stresses that bilateral and multilateral agreements, intelligence sharing, and combined operations with allies are important components of an effective counterdrug strategy. ONDCP and other U.S. drug control agencies have recognized the need to develop U.S. policy and guidance for engaging with South American countries on the subject of port and waterway management.

In response, a Waterways Engagement Strategy was developed in the U.S. Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) under sponsorship of the U.S. Interdiction Coordinator. The strategy was originally intended for application in Peru. U.S. officials there have stated that without the strategy, developing an adequate force to counter the expanded use of rivers by drug smugglers could take as long as ten years.

Essential to effective implementation of the strategy for port and waterway management is the participation of host-nation coast guard, customs, port security, national police, and military. In addition, the cooperation of the commercial maritime trade and shipping communities is required. To ensure that, the strategy calls for a range of relevant resources, training, and support provided to host nations through various direct and indirect U.S. assistance programs and commercial industry outreach initiatives.

According to INL, initial priorities consist of establishing control and development of the maritime jurisdiction. This is followed by effective management of the maritime jurisdiction in the furtherance of social and economic development priorities.

Contained within the operational phases of the strategy are elements intended to detect, disrupt, and deter narcotics transport as well as its production. Other elements include facilitating legitimate maritime commerce while denying uncontested illicit traffic and activity. A constituent link to both of these elements is a focus specifically on deterring the use of commercial ports and waterways for trafficking of precursors, essential chemicals, and narcotic substances. Anticipated benefits for engaged nations include enhanced maritime trade, an increase in governmental revenues from customs collections, and a reduction in smuggling of drugs and contraband.

Americas Counter Smuggling Initiative (ACSI). Commercial transport has become the preferred method of smuggling for sophisticated trafficking organizations. In response, the U.S. Customs Service (USCS) developed ACSI as a priority undertaking designed to increase the effectiveness of countering drug smuggling via commercial cargo and conveyances. ACSI is intended to strengthen cooperative regional efforts with the international trade community in Latin America. The objectives of ACSI include increasing awareness of contraband trafficking in the commercial environment and disrupting internal conspiracies.

ACSI focuses on each aspect of the commercial transportation process and offers a more comprehensive approach to dealing with this problem. In the previous two fiscal years, USCS seized approximately 120 tons of contraband drugs arriving in the United States concealed in commercial shipments, largely by way of ocean transport.

Business Anti-Smuggling Coalition. As part of its response to the problem of smuggling in commercial shipments, USCS established a business-led alliance in 1996, called the Business Anti-Smuggling Coalition (BASC). BASC is a response to USCS identification of commercial containerized cargo at seaports as its primary narcotics detection requirement. BASC is intended to significantly deter the use of legitimate commercial shipments as narcotic smuggling conveyances. It does so by examining the entire process of manufacturing, packaging, and shipping merchandise to the U.S. from foreign countries. BASC also addresses the growing problem of internal conspiracies at cargo handling and intermodal freight interchange points.

BASC assistance includes, for example, security site surveys, developing and implementing security programs, conducting post-

seizure analysis in drug smuggling cases, and guidance on application and deployment of security technology. Assistance also includes development of information exchange relationships.

BASC is voluntary and without Customs-imposed mandates, relying instead on the international commercial industry to set standards. The Government of Colombia and the country's trade community have been especially cooperative with USCS in BASC initiatives overseas. BASC complements the long-standing USCS Sea Carrier Initiative Program which emphasizes deterring narcotic smuggling onboard commercial ocean carriers.

Sea Carrier Initiative Program. Like BASC, the Sea Carrier Initiative Program is a joint effort between commercial carriers and USCS. Initially established in 1984, the concept was developed as an alternative to substantial fines and seizures of conveyances and to seek problem solving solutions to recurring problems. Currently, there are approximately 2,870 sea carriers participating in the program. About 70% of these carriers are foreign based. The program encourages the carriers to improve their port and cargo security practices to prevent drug smuggling via their conveyances.

Caribbean Customs Law Enforcement Council (CCLEC). Established in the 1970's, CCLEC has 34 signatory countries including the United States and other members of the Organization of American States, as well as several European countries with interests in the Caribbean Basin. The mission of CCLEC is to assist member administrations to fulfill their mandates to: (1) collect and protect revenue, (2) prevent and interdict illicit drugs, and other prohibited and restricted goods, and (3) facilitate legitimate trade and international travel through the use of modern business systems. CCLEC efforts focus on improving communications, information and intelligence systems, the training and development of customs officers, customs reform and modernization, and promoting continued co-operation between member customs administrations and other enforcement agencies.

IMO Resolution on Commercial Maritime Drug Smuggling. Passage of the International Maritime Organization (IMO; a component of the United Nations) Resolution A.872(20), establishes guidelines for the prevention of drug smuggling on ships engaged in international maritime commerce. The resolution, which was adopted by IMO in November 1997, is titled *Guidelines for the Prevention and Suppression of the Smuggling of Drugs, Psychotropic Substances and Precursor Chemicals on Ships Engaged in International Maritime Traffic*. The IMO resolution was made public through the U.S. Coast Guard's Office of International Affairs, IMO liaison, in August 1998.

The resolution is considered a precedent-setting document containing language which could serve as a foundation for a companion resolution on port and cargo security from the landside perspective. Since Resolution A.872(20) is written mainly from the vessel operator's viewpoint, such an initiative could be a useful contribution to international maritime efforts to control cargo crime.

Inter-American Port Security Training Program. This Organization of American States (OAS) initiative, managed by the U.S. Maritime Administration (MARAD) for the OAS provides port security training courses for commercial port authority police and security personnel. Participants in the training are from member countries of the OAS. It was developed in cooperation with the OAS Permanent Technical Committee on Ports. Port security is a major goal of the OAS, as expressed in its *Guidelines for An Inter-American Port Policy*, published in 1997.

In 1998, three subregional training courses were funded and conducted in Panama, Peru, and Barbados, in order to accommodate participation from Central and South America, and the Caribbean. The training teams consisted of instructors from U.S. commercial port authorities and the U.S. Government. In 1995, training was conducted for OAS countries, sponsored and organized by MARAD and the OAS Inter-American Drug Abuse Control Commission.

COMMENT: The global commercial competitiveness of U.S. maritime transportation and shipping companies is a component of national economic security and strategic industrial position. The financial losses attributed to the operations of transnational organized crime groups pose an economic threat to U.S. companies overseas and the development potential of the markets in which they compete. Small and medium-sized businesses are particularly disadvantaged in international markets where the threat of organized criminal exploitation may necessitate robust corporate security capabilities.

A cooperative partnership between U.S. Government agencies and U.S. companies engaged in foreign trade is needed to deter and counter the operations of transnational organized crime groups targeting commercial operations. Such an approach enables U.S. firms to concentrate on their mercantile objectives and provides a more level playing field in those regions where this approach is applied.

In October 1998, the U.S. Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, Jonathan Winer, was the keynote speaker at the Fall Meeting of the Maritime Security Council, which is an industry trade association dedicated to alleviating criminal exploitation of the

international commercial maritime industry and consequential security impediments. Winer outlined the International Crime Control Strategy (ICCS). He presented an overview of the ICCS relevance for devising specific strategic responses to counter the growing threat to international maritime commerce posed by transnational organized crime.

Winer advocated use of the ICCS as a coherent tool for enabling more effective government/maritime industry efforts in a cooperative partnership around the world. Winer's presentation highlighted the potential leadership role of MSC in developing and applying operational adaptations of the ICCS and furthering government/maritime industry cooperative efforts in the process.

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