UNITED STATES DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

Statement of

JOHN SAMMON
ASSISTANT ADMINISTRATOR

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

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

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

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

The 9/11 Act: Reinvention of Air Cargo Security

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

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

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

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

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

Considerable Challenges

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

Multiple Stakeholders

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

Technology

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

The new requirements for screening cargo commensurate with passenger baggage will have the biggest impact on cargo that is carried on wide-body aircraft. For efficiency in operation, wide-body aircraft utilize Unit Load Devices (ULDs) to transport the cargo in the lower holds of the aircraft. These ULDs can hold up to 11,000 lbs. of cargo comprised of literally hundreds of pieces/boxes. Some ULDs are hard sided (similar to baggage containers) where the pieces are hand-stacked inside, while other are flat metal pallets on which the pieces are stacked, contoured to the aircraft shape, then shrouded in plastic and covered in heavy netting to prevent shifting in flight. The majority of the wide-body flights are on international lanes. IACs control most of the market (most

shippers work through an IAC for many reasons, and do not negotiate directly with carriers). As a result, a very high percentage of ULDs are filled/built by the IAC, not at the air carrier's facility. This is done not only for efficiency, but also because it enables IACs to obtain better rates than when cargo is tendered "loose" (because less handling by the carrier is required). For international cargo, cut-off times for carriers to receive cargo from IACs (or shippers) is approximately 4 hours prior to departure time.

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

Meeting the Challenges

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

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

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

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

Near-Term Elements: Canine Program

Current TSA security directives and emergency amendments already require that bulk cargo consolidations be made available by aircraft operators and air carriers for screening by TSA-certified explosives detection canine teams. As of July 1, 2008, TSA has trained 450 teams that are deployed and operated by local law enforcement agencies at airports. Standard operating procedures governing these teams require that they devote at least 25 percent of their duty time in the air cargo environment. Canine teams generally are concentrated at or near airports where there are high volumes of passengers and cargo. Under the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq

Accountability Appropriations Act, 2007, P.L. 110-28, Congress provided TSA with additional funding to expand the explosives detection canine team program by 170 teams. Of these, half will be proprietary, that is, comprised of TSA-owned dogs and TSA handlers, and devoted exclusively to screening air cargo. The deployment of additional canine resources ensures that a greater number of cargo consolidations that are subject to screening will in fact be screened.

Near-Term Elements: Increased Cadre of Inspectors

At the beginning of FY08, TSA employed 300 Cargo TSIs exclusively dedicated to the oversight of air cargo. Since then, TSA has trained and deployed an additional 130 air cargo TSIs, and another 20 will be added by the end of FY08. Inspectors conducted more than 37,000 compliance reviews in FY07 and initiated more than 2,500 formal investigations based on suspected non-compliance with TSA requirements. Cargo inspectors operate under work plans to ensure that all aircraft operators, air carriers, and IACs are inspected regularly and that those that have had previous compliance issues are inspected more frequently and thoroughly. Cargo inspectors also conduct outreach to all regulated entities to ensure their ability and willingness to comply with the IAC program's requirements prior to their approval. Along with performing daily oversight of cargo operators, inspectors also conduct covert testing of the air cargo system and participate in "cargo strike" surge activities at our Nation's largest cargo airports.

Near-Term Elements: Elimination of Alternative Screening Methods

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

Looking Forward: The Certified Cargo Screening Program

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

Like TSA's existing security programs, the CCSP will rely on layers of security to provide the best possible protection for cargo on passenger aircraft and the least disruption to commerce. Under the CCSP, facilities upstream in the air cargo supply chain such as shippers, manufacturers, warehousing entities, distributors, and third party

logistics companies will be able to apply to TSA to be designated as certified cargo screening facilities (CCSFs). IACs and aircraft operators that screen cargo outside airport perimeters may also apply to be certified to become CCSFs in order to screen cargo for transport on passenger aircraft. CCSFs will be required to screen cargo using TSA-approved methods and to implement chain of custody measures to ensure the security of the cargo throughout the air cargo supply chain prior to tendering it for transport on passenger aircraft. CCSF employees and authorized representatives will be required to successfully undergo TSA-conducted STAs. Before being certified, and periodically thereafter, the CCSF will be required to undergo examination by a TSA-approved validator, who will also need to undergo a TSA-conducted STA. These facilities will also be subject to regular and random inspections by TSA cargo inspectors to ensure their adherence to CCSP requirements.

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

Certified Cargo Screening Pilot Programs

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

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

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

Industry has responded enthusiastically to TSA's call for participation in the pilots. During the first 4 months of 2008, TSA teams met with over 225 shippers, 550 IACs, and 100 air carriers in these cities to explain the impact of the regulation as well as the

solution provided by the CCSP. To date, TSA is working with over 70 IAC pilot locations as well as over 100 shipper locations that are undergoing the validation process to become certified to screen as part of the pilot. Fourteen major IACs are committed to participating in the pilot and are in various stages of certification. The final steps in the process will be their purchase of approved technology and subsequent completion of the necessary training on use of that equipment. In addition to the IACs who are formally participating in the pilot, we have received applications from 47 IAC facilities in the 18 cities that wish to become certified and plan to purchase the approved technology on their own.

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

Looking Forward: Research and Development

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

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

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

Finally, TSA is also working closely with the S&T Cargo Pilot Program, which assessed air cargo screening costs for three levels of automation. S&T will submit a report to Congress on the results of the pilot, after which TSA will report to Congress the cost

estimates for doing 100 percent screening of air cargo at various airports on all-cargo and on passenger aircraft.

Success Is the Only Option

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

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