
GAO

Report to Congressional Requesters

April 2005

CONTAINER SECURITY

A Flexible Staffing Model and Minimum Equipment Requirements Would Improve Overseas Targeting and Inspection Efforts





Highlights of [GAO-05-557](#), a report to congressional requesters

Why GAO Did This Study

In January 2002, U.S. Customs and Border Protection (CBP) initiated the Container Security Initiative (CSI) to address the threat that terrorists might use maritime cargo containers to ship weapons of mass destruction. Under CSI, CBP is to target and inspect high-risk cargo shipments at foreign seaports before they leave for destinations in the United States. In July 2003, GAO reported that CSI had management challenges that limited its effectiveness. Given these challenges and in light of plans to expand the program, GAO examined selected aspects of the program's operation, including the (1) factors that affect CBP's ability to target shipments at foreign seaports, (2) extent to which high-risk containers have actually been inspected overseas, and (3) extent to which CBP formulated and documented strategies for achieving the program's goals.

What GAO Recommends

GAO recommends that CBP refine its staffing model to help improve the program's ability to target shipments at foreign ports, develop minimum technical requirements for the detection capabilities of equipment used in the program, and complete development of performance measures for all program objectives.

The Department of Homeland Security (DHS) generally concurred with our recommendations and described corrective actions to respond to them. The Department of State had no comments.

www.gao.gov/cgi-bin/getrpt?GAO-05-557.
To view the full product, including the scope and methodology, click on the link above.
For more information, contact Richard M. Stana at (202) 512-8777 or stanar@gao.gov.

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What GAO Found

Some of the positive factors that have affected CBP's ability to target shipments overseas are improved information sharing between U.S. and foreign customs staff and a heightened level of bilateral cooperation and international awareness of the need to secure the whole global shipping system. Although the program aims to target all U.S.-bound shipments from CSI ports, it has been unable to do so because of staffing imbalances. CBP has developed a staffing model to determine staffing needs but has been unable to fully staff some ports because of diplomatic considerations (e.g., the need for host government permission) and practical considerations (e.g., workspace constraints). As a result, 35 percent of these shipments were not targeted and were therefore not subject to inspection overseas. In addition, the staffing model's reliance on placing staff at CSI ports rather than considering whether some of the targeting functions could be performed in the United States limits the program's operational efficiency and effectiveness.

CBP has not established minimum technical requirements for the detection capability of nonintrusive inspection and radiation detection equipment used as part of CSI. Ports participating in CSI use various types of nonintrusive inspection equipment to inspect containers, and the detection and identification capabilities of such equipment can vary. In addition, technologies to detect other weapons of mass destruction have limitations. Given these conditions, CBP has limited assurance that inspections conducted under CSI are effective at detecting and identifying terrorist weapons of mass destruction.

Although CBP has made some improvements in the management of CSI, we found that further refinements to the bureau's management tools are needed to help achieve program objectives. In July 2003, we recommended that CBP develop a strategic plan and performance measures, including outcome-oriented measures, for CSI. CBP developed a strategic plan for CSI in February 2004 that contains three of the six key elements required for agency strategic plans, and CBP officials told us they continue to develop the other three elements. While it appears that the bureau's efforts in this area meet the intent of our prior recommendation to develop a strategic plan for CSI, we will continue to monitor progress in this area. CBP has also made progress in the development of outcome-oriented performance measures, particularly for the program objective of increasing information sharing and collaboration among CSI and host country personnel. However, CBP continues to face challenges in developing performance measures to assess the effectiveness of CSI targeting and inspection activities. Therefore, it is difficult to assess progress made in CSI operations over time, and it is difficult to compare CSI operations across ports.

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Abbreviations

ATS	Automated Targeting System
CBP	U.S. Customs and Border Protection
CSI	Container Security Initiative
GPRA	Government Performance and Results Act of 1993
ICE	U.S. Immigration and Customs Enforcement
NTC	National Targeting Center
OMB	Office of Management and Budget
PRD	personal radiation detector
RIID	radiation isotope identifier device
RPM	radiation portal monitor
WCO	World Customs Organization
WMD	weapons of mass destruction

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United States Government Accountability Office
Washington, DC 20548

April 26, 2005

The Honorable Susan M. Collins
Chairman
The Honorable Joseph I. Lieberman
Ranking Minority Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Norm Coleman
Chairman
The Honorable Carl Levin
Ranking Minority Member
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable John D. Dingell
Ranking Minority Member
Committee on Energy and Commerce
House of Representatives

Ocean cargo containers play a vital role in the movement of cargo between global trading partners. In 2004, nearly 9 million ocean cargo containers arrived and were offloaded at U.S. seaports. Responding to heightened concern about national security since September 11, 2001, several U.S. government agencies have focused efforts on preventing terrorists from smuggling weapons of mass destruction (WMD) in cargo containers from overseas locations to attack the United States and disrupt international trade.¹ Because of its frontline responsibilities for inspection at U.S. ports of entry, the U.S. Customs and Border Protection (CBP) has the lead U.S.

¹Throughout this report, we use the term *weapons of mass destruction* to refer to chemical, biological, radiological, or nuclear agents or weapons. Some agencies define *WMD* to include large conventional explosives as well. Another term being used almost synonymously with *WMD* is *weapons of mass effect*, which refers to a terrorist attack that would not explicitly fit this definition of *WMD*. As clearly demonstrated by the events of September 11, a terrorist attack would not have to fit the definition of *WMD* to achieve mass effect in terms of mass casualties, destruction of critical infrastructure, economic losses, and disruption of daily life nationwide.

role in ensuring ocean container security and reducing the vulnerabilities associated with the overseas supply chain.

In light of the complexity and interconnectedness of global commerce, international cooperation is a key factor in reducing the vulnerability of oceangoing cargo. To help address its responsibility to ensure the security of this cargo, CBP has in place a program known as the Container Security Initiative (CSI). The program aims to target and inspect high-risk cargo shipments at foreign seaports before they leave for destinations in the United States. Under the program, foreign governments agree to allow CBP personnel to be stationed at foreign seaports to use intelligence and automated risk assessment information to target shipments to identify those at risk of containing WMD or other terrorist contraband. CBP personnel are to refer these high-risk shipments to host government officials, who are then to determine whether to inspect the shipment before it leaves the port for the United States. Host government officials examine shipments with nonintrusive inspection equipment (such as X-ray machines) and, if they deem it necessary, open the cargo containers to physically examine the contents inside. As of February 2005, the CSI program was operational at 34 foreign seaports, with plans to expand to an additional 11 ports by the end of fiscal year 2005.

The program is promising, but our previous work has raised concerns about its management and its ability to achieve its ultimate goal of improved cargo security. In July 2003, we reported that CBP's management of CSI had not evolved from a short-term focus to a long-term strategic approach.² We recommended that the Secretary of the Department of Homeland Security (DHS) work with the Commissioner of U.S. Customs and Border Protection to develop (1) a strategic plan that clearly lays out the program's goals, objectives, and detailed implementation strategies; (2) performance measures that include outcome-oriented indicators; and (3) a human capital plan that clearly describes how CSI will recruit, train, and retain staff to meet the program's growing demands as the bureau implements new program elements. In March 2004, we testified that CBP's targeting system does not incorporate all key elements of a risk management framework and recognized

²GAO, *Container Security: Expansion of Key Customs Programs Will Require Greater Attention to Critical Success Factors*, GAO-03-770 (Washington, D.C., July 25, 2003).

modeling practices in assessing the risks posed by oceangoing cargo containers.³

In light of the program's planned expansion, we examined selected aspects of the program's operation and management. This report addresses the following issues:

1. What factors affect CBP's ability to target shipments at overseas seaports?
2. Under CSI, to what extent have high-risk containers been inspected overseas prior to their arrival at U.S. destinations?
3. To what extent has CBP developed strategies and related management tools for achieving the program's goals?

To address all three objectives, we met with CBP officials in Washington, D.C., who have program responsibilities for CSI and reviewed available data and documentation for the program. To ascertain the degree to which high-risk shipments were targeted and inspected overseas, we obtained data on CSI targeting and inspection activity for each of the CSI ports. We also met with CSI teams and host government officials at four overseas ports. In addition, we observed elements of the targeting and inspection processes at these ports and obtained and reviewed documentation of CSI procedures provided by CBP and host government officials at these ports. We also assessed the reliability of CBP's data on the number of shipments and containers subject to targeting and inspection under CSI and found the data sufficiently reliable for use in our report. In addition, we examined the status of the bureau's efforts to implement our prior recommendations for strategic and human capital plans and performance measures for the program.

We conducted our work from February 2004 through February 2005 in accordance with generally accepted government auditing standards. More details about the scope and methodology of our work are presented in appendix I.

³GAO, *Homeland Security: Summary of Challenges Faced in Targeting of Oceangoing Cargo Containers for Inspection*, GAO-04-557T (Washington, D.C., March 2004).

Results in Brief

We identified both positive and negative factors that affect CBP's ability to target shipments at overseas seaports. According to CBP officials, some of the positive factors are improved information sharing between U.S. and foreign customs operations and a heightened level of bilateral cooperation and international awareness regarding securing the whole global shipping system across governments. Related to these factors, as of February 2005 CBP had successfully negotiated agreements with host nations to allow CSI to operate in 34 foreign seaports. As of September 11, 2004, CSI teams were able to target approximately 65 percent of the U.S.-bound shipments coming through CSI ports to determine whether they were high-risk and should be referred to host government customs officials for inspection. This represents about 43 percent of all shipments transported to the United States by oceangoing cargo containers. However, other, negative factors limit CBP's ability to successfully target containers to determine if they are high-risk. One such factor is staffing imbalances, which impede CBP from targeting all containers shipped from CSI ports before they leave for the United States. While CBP has developed a staffing model to determine the required level of staff, political and practical considerations have limited the number of staff at some ports. As a result of these imbalances, 35 percent of U.S.-bound shipments from CSI ports were not targeted and were therefore not subject to inspection overseas—the key goal of the CSI program. One of the features of the CSI staffing model that may contribute to the staffing imbalance is its reliance on placing staff overseas at CSI ports. Another negative factor is weaknesses in manifest data, one source of data used for targeting shipments.

As of September 11, 2004, host government officials inspected the majority of containers referred to them for inspection by CSI teams. However, 28 percent of these containers were not inspected for a variety of reasons. For example, 1 percent of the container referrals were denied by host government officials, generally because they believed the referrals were based on factors not related to security threats, such as drug smuggling. For referred containers that are not inspected by host governments overseas, the CSI team is supposed to refer the container for inspection by CBP upon arrival at the U.S. destination port. Although CBP officials did not have information going back to the inception of CSI, they noted that between July 2004 and September 2004, about 93 percent of shipments referred for domestic inspection were inspected at a U.S. port. CBP explained that some referred shipments were not inspected domestically because inspectors at U.S. ports received additional intelligence information that lowered the risk characterization of the shipments or because the shipments remained aboard the carrier while in the U.S. port. For the 72 percent of referred containers that were inspected overseas,

CBP officials told us that no WMD were discovered. However, the inspection equipment used at CSI ports varies in detection capability and there are no minimum technical requirements for equipment used as part of CSI. In addition, technologies to detect other WMD have limitations. As a result, CBP has limited assurance that inspections conducted under CSI are effective at detecting and identifying terrorist WMD in containers.

Although CBP has made some improvements in the management of CSI, we found that further refinements to the bureau's management tools are needed to help achieve program goals. In July 2003, we recommended that CBP develop a strategic plan and performance measures, including outcome-oriented measures, for CSI. CBP issued a strategic plan for CSI in February 2004 that contains three of the six key elements required for agency strategic plans: a mission statement, long-term objectives, and implementation strategies. The director of CBP's Strategic Planning and Audit Division told us the bureau continues to develop the other three elements for the CSI strategic plan: (1) describing how performance goals are related to general goals of the program, (2) identifying key external factors that could affect program goals, and (3) describing how programs are to be evaluated. CBP has also made progress in the development of outcome-oriented performance measures, particularly for the program objective of increasing information sharing and collaboration among CSI and host country personnel. However, CBP continues to face challenges in developing performance measures to assess the effectiveness of CSI targeting and inspection activities. Therefore, it is difficult to assess progress made in CSI operations over time, and it is difficult to compare CSI operations across ports.

We are making several recommendations to improve the program's ability to meet its objectives. These include revising its staffing model, developing minimum detection capability requirements for nonintrusive inspection equipment used in the program, and completing development of performance measures for all program objectives. We provided a draft of this report to the Secretary of DHS and the Department of State for comment. In its response, DHS noted that CBP generally agreed with our recommendations and cited corrective actions it either has taken or planned to take. The Department of State had no comments on the draft report.

Background

Several studies on maritime security conducted by federal, academic, nonprofit, and business organizations have concluded that the movement of oceangoing cargo in containers is vulnerable to some form of terrorist action, largely because of the movement of shipments throughout the

supply chain.⁴ Relatively few importers own and operate all key aspects of the cargo container transportation process, which includes overseas manufacturing and warehouse facilities, carrier ships to transport goods, and the transportation operation to receive the goods upon arrival. Most importers must rely on second-hand parties to move cargo in containers and prepare various transportation documents. Second-hand parties within the cargo container supply chain may include exporters, freight forwarders, customs brokers, inland transportation providers, port operators, and ocean carriers. Every time responsibility for cargo in containers changes hands along the supply chain, there is the potential for a security breach; specifically, this change in responsibility creates opportunities for contraband to be placed in containers and opportunities for fraudulent documents to be prepared. According to the U.S. Department of Transportation's Volpe National Transportation Systems Center, importers who own and operate all aspects of the supply chain suffer the fewest security breaches because of their increased level of control.⁵

While CBP has noted that the likelihood of terrorists smuggling WMD into the United States in cargo containers is low, the nation's vulnerability to this activity and the consequence of such a disaster are high. With about 90 percent of the world's maritime cargo moving by containers, terrorist action related to cargo containers could paralyze the maritime trading system and quickly disrupt U.S. and global commerce. In a strategic simulation of a terrorist attack sponsored by the consulting firm Booz Allen Hamilton in 2002, representatives from government and industry organizations participated in a scenario involving terrorist activities at U.S. seaports.⁶ The scenario simulated the discovery and subsequent detonation of "dirty bombs"—explosive devices wrapped in radioactive material and designed to disperse radiological contamination—hidden in cargo containers at various locations around the country. These "events" led simulation participants to shut down every seaport in the United States

⁴The supply chain consists of all stages involved, directly or indirectly, in fulfilling a customer request. These include the manufacturer, suppliers, transporters, warehouses, retailers, and customers. A supply chain involves the flow of information, product, and funds between the different stages.

⁵Department of Transportation, Volpe National Transportation Systems Center, *Intermodal Cargo Transportation: Industry Best Security Practices* (Cambridge, Mass.: June 2002).

⁶Mark Gerencser, Jim Weinberg, and Don Vincent, *Port Security Wargame: Implications for U.S. Supply Chains*, (Booz Allen Hamilton, October 2002).

over a period of 12 days. Booz Allen Hamilton published a report in October 2002 about the results of the simulation, which estimated that the 12-day closure would result in a loss of \$58 billion in revenue to the United States' economy, including spoilage, loss of sales, manufacturing slowdowns, and halts in production. Further, according to the report, it would take 52 days to clear the resulting backlog of vessels and 92 days to stabilize the container backlog, causing a significant disruption in the movement of international trade.

CBP's Targeting and Inspection Approach at Domestic Ports

According to CBP, the large volume of imports and the bureau's limited resources make it impractical to inspect all oceangoing containers without disrupting the flow of commerce. CBP also noted it is unrealistic to expect that all containers warrant such inspection because each container poses a different level of risk based on a number of factors including the exporter, the transportation providers, and the importer. CBP has implemented an approach to container security that attempts to focus resources on particularly risky cargo while allowing other cargo to proceed.

CBP's domestic efforts to target cargo to determine the risk it poses rely on intelligence, historical trends, and data provided by ocean carriers and importers. Pursuant to federal law, CBP requires ocean carriers to electronically transmit cargo manifests to CBP's Automated Manifest System 24 hours before the cargo is loaded on a ship at a foreign port.⁷ This information is used by CBP's Automated Targeting System (ATS). ATS is characterized by CBP as a rule-based expert system that serves as a decision support tool to assess the risk of sea cargo.⁸ In addition, CBP requires importers to provide entry-level data that are entered into the Automated Commercial System and also used by ATS. According to CBP

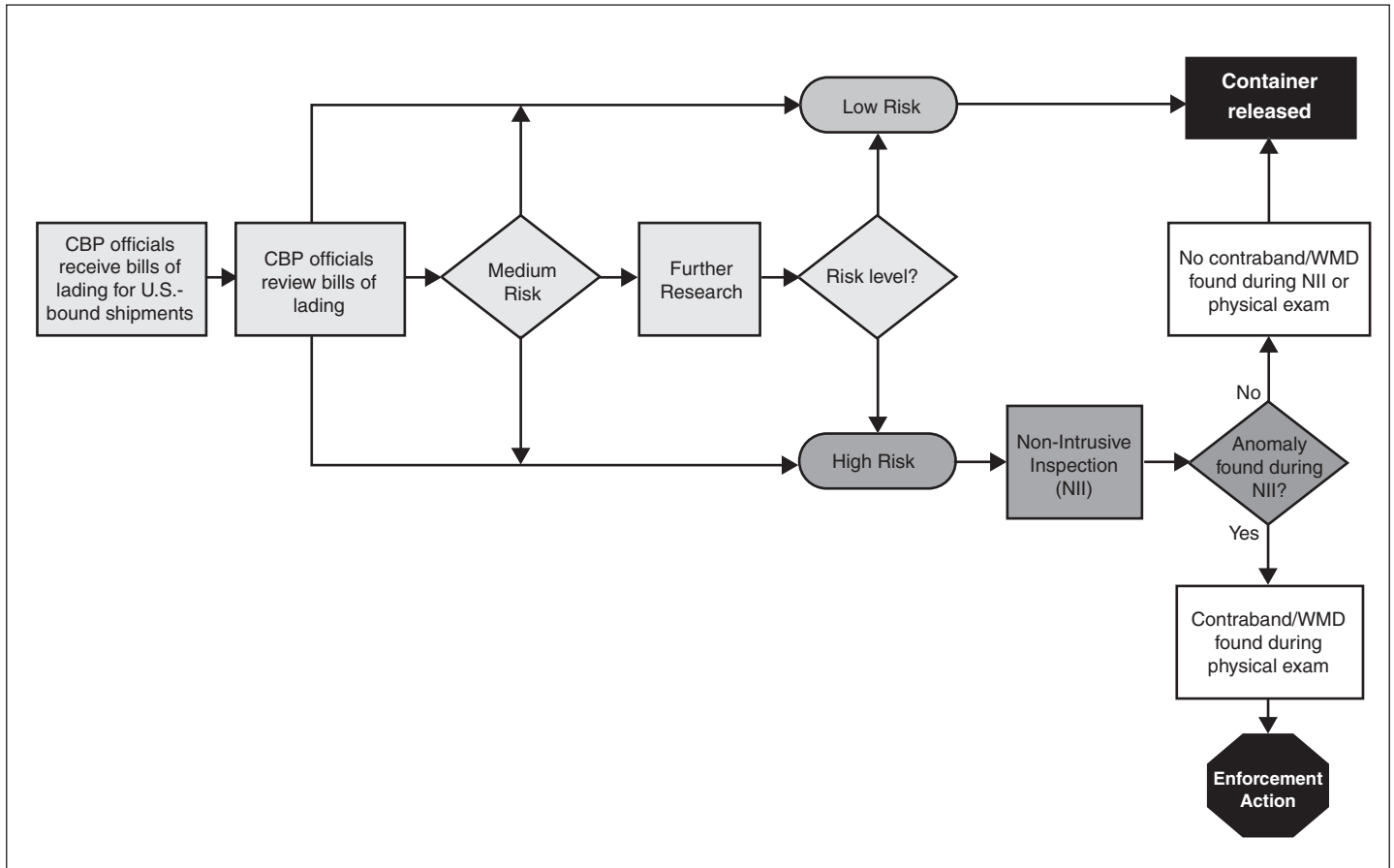
⁷Cargo manifest transmission requirements are located in regulations promulgated under Section 343 of the Trade Act of 2002, Public Law 107-210, as amended by Section 108 of the Maritime Transportation Security Act, Public Law 107-295. Cargo manifests are composed of bills of lading for each shipment laden on a vessel. A bill of lading includes the name of the shipping line, importer, consignee (recipient of the shipment), and manufacturer. The bill of lading also identifies the commodity being shipped, the date the shipment was sent, the number of containers used to transport the shipment, the port where the containers were laden on the U.S.-bound vessel, and the country from which the shipment originated.

⁸An expert system is a model that can chain together input data and intercept queries in order to make inferences.

officials, ATS uses this information to screen all containers to determine whether they pose a risk of containing WMD.

As shown in figure 1, CBP targeters at domestic ports target containers by first accessing the bills of lading and their associated risk scores electronically. The assigned risk score helps the targeters determine the risk characterization of a container and the extent of documentary review or inspection that will be conducted. For example, containers characterized as high-risk are to be inspected. Containers characterized as medium-risk are to be further researched. That is, targeters are to consider intelligence alerts and research assistance provided by the National Targeting Center (NTC) to the ports, and their own experience and intuition, in characterizing the final risk of shipments. Containers characterized as low-risk are generally to be released from the port without further documentary review or inspection.

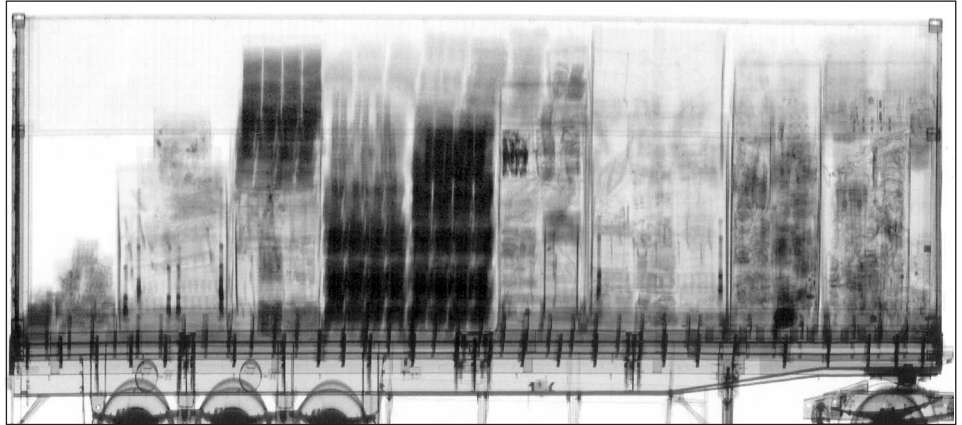
Figure 1: CBP's Domestic Process for Targeting and Inspecting Cargo Containers



Source: U.S. Customs and Border Protection.

There are, generally, two types of inspections that CBP inspectors may employ when examining cargo containers—nonintrusive inspections and physical examinations. The nonintrusive inspection, at a minimum, involves the use of X-ray or gamma-ray scanning equipment. As shown in figure 2, the X-ray or gamma ray equipment is supposed to scan a container and generate an image of its contents. CBP inspectors are to review the image to detect any anomalies, such as if the density of the contents of the container is not consistent with the description of the contents.

Figure 2: Commercial Sample Image Produced by an X-ray Imaging Machine of a Cargo Container Loaded on a Truck Trailer



Source: Host government customs organizations.

If an anomaly is apparent in the image of the container, CBP inspectors are to decide whether to conduct a physical examination of the container. According to CBP officials, they have a policy to determine the type of physical examination to be conducted depending on the location of the anomaly.

CBP inspectors also are to use radiation detection devices to detect the presence of radioactive or nuclear material. If the detectors indicate the presence of radioactive material, CBP officials are to isolate the source and contact the appropriate agency, such as the Department of Energy, for further guidance.

CBP Extended Its Targeting and Inspection Activities to Overseas Seaports

Announced in January 2002, CSI was implemented to allow CBP officials to target containers at overseas seaports so that any high-risk containers may be inspected prior to their departure for U.S. destinations. According to the CSI strategic plan, strategic objectives for CSI include (1) pushing the United States' zone of security beyond its physical borders to deter and combat the threat of terrorism; (2) targeting shipments for potential terrorists and terrorist weapons, through advanced and enhanced information and intelligence collection and analysis, and preventing those shipments from entering the United States; (3) enhancing homeland and border security while facilitating growth and economic development within the international trade community; and (4) utilizing available technologies to leverage resources and to conduct examinations of all containers posing a high risk for terrorist related activity. Another

objective cited by CBP officials, although not included in the CSI strategic plan, is to raise the level of bilateral cooperation and international awareness regarding the need to secure global trade.

To implement CSI, CBP negotiates and enters into bilateral arrangements with foreign governments, specifying the placement of CBP officials at foreign ports and the exchange of information between CBP and foreign customs administrations. CBP first solicited the participation of the 20 foreign ports that shipped the highest volume of ocean containers to the United States. These top 20 ports are located in 14 countries and regions and shipped a total of 66 percent of all containers that arrived in U.S. seaports in 2001. CBP has since expanded CSI to strategic ports, which may ship lesser amounts of cargo to the United States but may also have terrorism or geographical concerns. As shown in table 1, as of February 2005, CSI was operational at 34 ports, located in 17 countries or regions. For fiscal year 2004, the CSI budget was about \$62 million, with a budget of about \$126 million in fiscal year 2005 for the program.

Table 1: CSI Operational Seaports, as of February 2005

Country/region	CSI port	Date CSI operations began at port
Canada	Halifax	March 2002
	Montreal	March 2002
	Vancouver	February 2002
The Netherlands	Rotterdam	September 2002
France	Le Havre	December 2002
	Marseilles	January 2005
Germany	Bremerhaven	February 2003
	Hamburg	February 2003
Belgium	Antwerp	February 2003
	Zeebrugge	October 2004
Republic of Singapore	Singapore	March 2003
Japan	Yokohama	March 2003
	Tokyo	May 2004
	Nagoya	August 2004
Hong Kong Special Administrative Region of China	Kobe	August 2004
	Hong Kong	May 2003
	Gothenburg	May 2003
Sweden	Felixstowe	May 2003
	Liverpool	October 2004
	Southampton	October 2004
United Kingdom	Thamesport	October 2004
	Tilbury	October 2004
	Genoa	June 2003
Italy	La Spezia	June 2003
	Livorno	December 2004
	Naples	September 2004
South Korea	Gioia Tauro	October 2004
	Busan	August 2003
	Durban	December 2003
South Africa	Port Klang	March 2004
	Tanjung Pelepas	August 2004
Malaysia	Piraeus	July 2004
Greece	Algeciras	July 2004
Spain	Laem Chabang	August 2004
Thailand		

Source: CBP.

To participate in CSI, a host nation must meet several criteria. The host nation must utilize (1) a seaport that has regular, direct and substantial container traffic to ports in the United States; (2) customs staff with the authority and capability of inspecting cargo originating in or transiting through its country; and (3) nonintrusive inspection equipment with gamma- or X-ray capabilities and radiation detection equipment. Additionally, each potential CSI port must indicate a commitment to (1) establishing an automated risk management system; (2) sharing critical data, intelligence, and risk management information with CBP officials; (3) conducting a thorough port assessment to ascertain vulnerable links in a port's infrastructure and commit to resolving those vulnerabilities; and (4) maintaining a program to prevent, identify, and combat breaches in employee integrity.

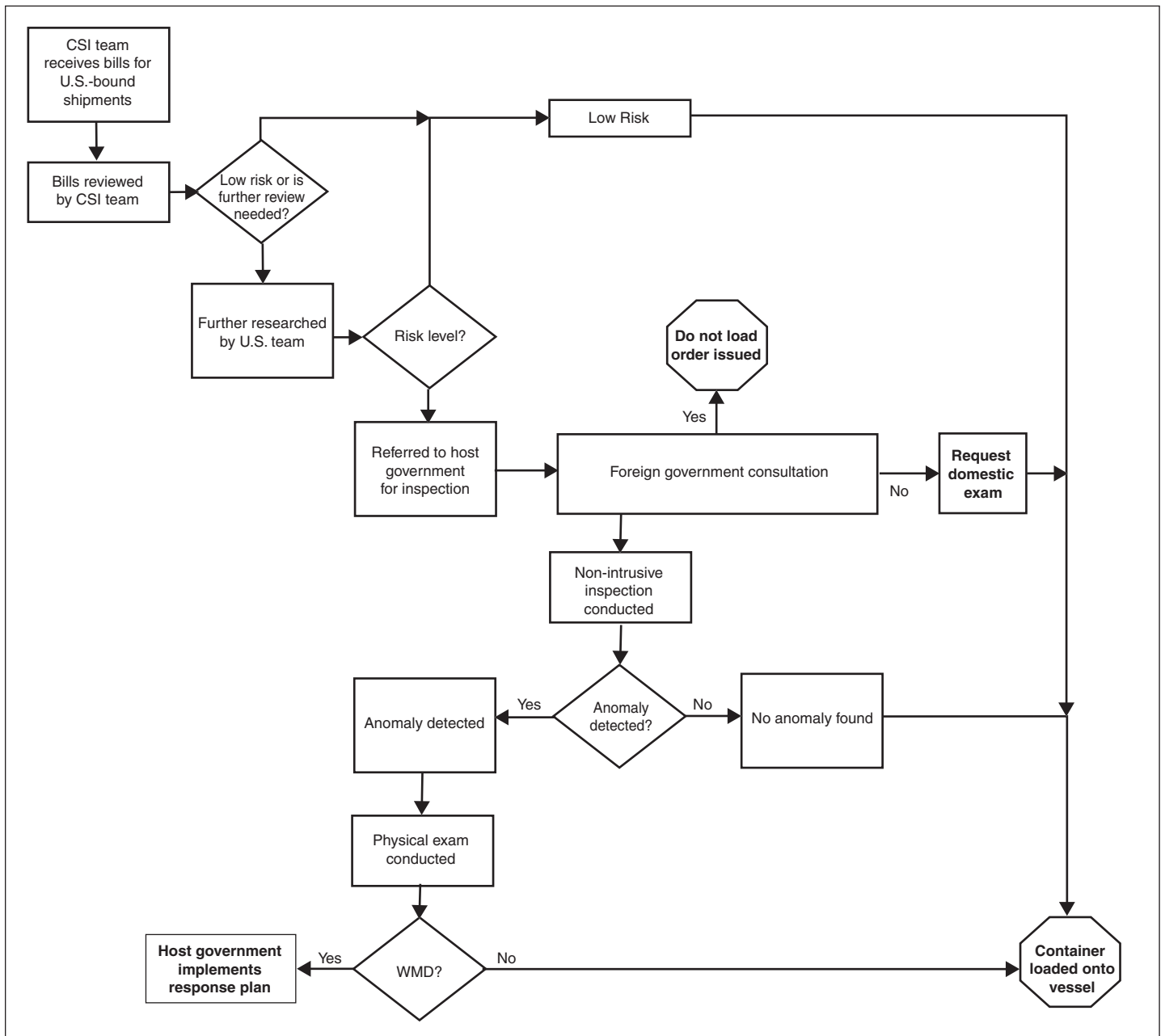
To prepare for implementation of CSI, CBP sends an assessment team to each potential CSI port to collect information about the port's physical and information infrastructure, the host country's customs operations, and the port's strategic significance to the United States. CBP then deploys a CSI team, which generally consists of three types of officials—special agents, targeters, and intelligence analysts. These officials come from either CBP or U.S. Immigration and Customs Enforcement (ICE). The team leader is a CBP officer or targeter who is assigned to serve as the immediate supervisor for all CSI team members and is responsible for coordinating with host government counterparts in the day-to-day operations. The team leader is also to prepare a weekly report on container targeting and inspection activity at the port. The targeters are team members responsible for targeting shipments and referring those shipments they determine are high-risk to host government officials for inspection. The targeter may also observe inspections of containers. The intelligence analyst is responsible for gathering information to support targeters in their efforts to target containers. In addition, the special agents are to coordinate all investigative activity resulting from CSI-related actions, as well as liaison with all appropriate U.S. embassy attachés.

CSI Process for Targeting and Inspecting Cargo Containers Overseas

Although the targeting of cargo at domestic ports is primarily dependent upon the ATS score, under CSI the targeting of cargo is largely dependent on CBP targeters' review of the ATS score in conjunction with reviews of bills of lading, additional information provided by host government officials, and, in at least one country, a unique set of targeting rules developed jointly by CBP and host government officials. As shown in figure 3, on the basis of the initial review, CBP officials are to either (1) categorize shipments as low-risk, in which case the container holding

the shipment is loaded onto the departing vessel without being inspected, or (2) conduct further research in order to properly characterize the risk level of the shipment.

Figure 3: CSI Process for Targeting and Inspecting Cargo Containers Overseas



Source: U.S. Customs and Border Protection.

Referrals of shipments to the host government for inspection are handled in one of three ways—shipments are inspected or inspection is either waived or denied. After receiving a referral for inspection from CSI teams, host customs officials are to review the bills of lading of the shipments and the reasons for the referrals to determine whether or not to inspect the shipments. Some host governments collect information on U.S.-bound shipments independent of CSI, which host officials also consider in decisions of whether to inspect the referred shipments. Finally, if the host government officials determine, on the basis of their review, that a shipment is not high-risk, they will deny inspection of the shipment. For any high-risk shipment for which an inspection is waived or denied, CSI teams are to place a domestic hold on the shipment, so that it will be inspected upon arrival at its U.S. destination. However, if CSI team members are adamant that a cargo container poses an imminent risk to the carrier or U.S. port of arrival but cannot otherwise convince the host officials to inspect the container, CSI team members are to contact and coordinate with the National Targeting Center to issue a do-not-load order for national security. According to CBP officials, this order advises the carrier that the specified container will not be permitted to be unloaded in the United States until a time when any associated imminent risk to the cargo container is neutralized. Once the risk is neutralized, the container is to be loaded back onto the carrier and placed on hold for a domestic examination. According to CBP officials, this type of do not load order has been implemented six times since the inception of CSI.

As in the domestic inspection process, there are, generally, two types of CSI inspections—nonintrusive inspections and physical inspections.⁹ However, since CBP officials do not have the legal authority to inspect U.S.-bound containers in foreign ports, the host government customs officials are to conduct the inspections. According to CBP, in general, CBP officials are to observe the inspections and document inspection results. In addition, CBP officials, along with host government officials, may review the images produced by the X-ray or gamma-ray equipment to detect any anomalies that may indicate the presence of WMD.¹⁰ Also in collaboration with host government officials, CBP officials are to review the output produced by radiation detection devices to assess whether

⁹Host government officials at one of the four CSI ports we visited conducted physical inspections of all containers referred to them by the CSI team.

¹⁰Host government officials at one of the four CSI ports we visited also used an explosive detection device during nonintrusive inspections.

radioactive or nuclear material is present. On the basis of the results of the nonintrusive inspection, such as if an anomaly is apparent in the image of the container, the host government and CBP officials must decide whether to conduct a physical examination of the container. Our limited observations at three ports confirmed that host nation officials allowed CSI team members to observe the inspection process. CBP and host government officials at the four CSI ports we visited indicated that if WMD or related contraband were found during a CSI inspection, the host government would be responsible for taking appropriate enforcement measures and disposing of the hazardous material.

While CBP Has Enhanced Its Ability to Target Containers Overseas, Limitations Remain

We identified both positive and negative factors that affect CBP's ability to target shipments at overseas seaports. According to CBP officials, the CSI program has produced factors that contribute to CBP's ability to target shipments at overseas seaports, including improved information sharing between the CSI teams and host government officials regarding U.S.-bound shipments and a heightened level of bilateral cooperation on and international awareness of the need for securing the global shipping system. However, we found several factors that may limit the program's effectiveness at some ports, including (1) staffing imbalances at CSI ports and (2) weaknesses in one source of data CBP relies upon to target shipments.

CSI Successes Have Enhanced CBP's Ability to Target Containers Overseas

One of the factors assisting with targeting of cargo is improved information sharing between U.S. and host customs officials. CBP has successfully negotiated agreements with several foreign governments to allow for the operation of CSI at their overseas seaports. Through September 11, 2004, CSI teams were able to target about 65 percent of the shipments coming through 25 CSI ports to determine whether they were at risk of containing WMD. This represented about 43 percent of all oceangoing cargo container traffic to the United States. As of January 2005, CBP had expanded the program to 34 operational ports, with plans to further expand the program to a total of 45 ports by the end of fiscal year 2005. According to CBP officials, the overseas presence of CBP officials has led to effective information sharing between the team and host government officials regarding targeting of U.S.-bound shipments. For example, CBP targeters at one of the ports we visited said that the presence of CBP officials at CSI ports fosters cooperation by host nation customs officials, such that more shipments characterized as high-risk and referred for inspection would be denied inspection by the host government if CBP officials were not present. According to CBP officials, information from host government officials on U.S.-bound shipments has

been beneficial to CBP's efforts to target shipments. They noted that the additional information provided by host governments can be utilized to address threats posed by U.S.-bound shipments. Additionally, CBP officials noted that the CSI teams can provide this information to NTC to incorporate into ATS to enhance CBP's targeting capabilities. During one of our port visits, host government officials noted that providing information to CSI teams allows CBP officials to make more informed decisions about which shipments are high-risk, reducing the number of shipments deemed high-risk and referred for inspection by the host government. Additionally, CBP and host government officials at this same port told us that host government information also results in additional inspections of U.S.-bound containers, beyond those referred by the CSI team. For example, they said that in 2003, this host government identified and inspected 30 high-risk U.S.-bound containers that were not identified as high-risk by the CSI team.

Another positive factor reported to us is the level of bilateral cooperation and international awareness regarding the need to secure global trade. With the discovery and seizure of shipments under CSI of automatic weapons, ammunition, and other falsely identified contraband, CBP noted that many customs services around the world without strong law enforcement capabilities are currently seeking additional legal authority to strengthen their ability to fight terrorism. For example, CBP noted that in June 2002, the World Customs Organization (WCO) passed a resolution to enable ports in all of its member nations to begin to develop outbound targeting programs consistent with the CSI model. In addition, in April 2004 the European Union and the Department of Homeland Security signed an agreement that calls for intensifying and broadening the agreement on customs cooperation and mutual assistance in customs matters, to include cooperation on container security and related matters. For example, the measures adopted in the agreement include the creation of an information exchange network, an agreement on minimum requirements applicable for European ports that wish to participate in CSI, and identification of best practices concerning security controls of international trade.

CBP Staffing Imbalances Prevent Targeting of All Containers from CSI Ports

One factor negatively affecting CBP's ability to target containers is staffing imbalances across ports and shortages at some ports. Although CBP's goal is to target all U.S.-bound containers at CSI ports before they depart for the United States, it has not been able to place enough staff at some CSI ports to do so. CBP has developed a CSI staffing model to determine the staff needed to target containers. However, at some CSI ports CBP has been unable to staff the CSI teams at the levels called for in the CSI

staffing model. In commenting on a draft of this report, DHS noted that the 35 percent of U.S.-bound shipments that were not targeted by CSI teams were deemed low-risk by ATS and thus required no further review at CSI ports. However, our discussions with CSI teams at two of the four ports we visited indicated that those teams did not prioritize shipments for targeting based on ATS score but instead prioritized shipments by departure time. As a result, there is no assurance that all high-risk shipments are targeted at CSI ports.

CBP has been unable to staff the CSI teams at the levels called for in the CSI staffing model because of diplomatic and practical considerations. CBP officials told us it is unrealistic to expect that CBP can place the number of targeters indicated by its staffing model needed to review all shipments at every CSI port. In terms of diplomatic considerations, the host government may limit the overall number of U.S. government employees to be stationed in the country and may restrict the size of the CSI team. In terms of practical considerations, the host governments may not have enough workspace available for CSI staff and may thus restrict the size of the CSI team. The U.S. Department of State would also have to agree to the size of the CSI teams, a decision that has to be balanced with the mission priorities of the embassy, the programmatic and administrative costs associated with increases in staffing, and security issues related to the number of Americans posted overseas. According to the State Department, the average cost of putting an American position overseas will be approximately \$430,000.¹¹

One of the features of the CSI staffing model that may contribute to the staffing imbalance is its reliance on placing staff overseas at CSI ports. It does not consider whether some of the targeting functions could be performed in the United States. For example, the model does not consider what minimum number of targeters need to be physically located at CSI ports to carry out duties that require an overseas presence (such as coordinating with host government officials) as opposed to other duties that could be performed in the United States (such as reviewing manifests and databases). As we noted in our 2002 report on a staffing framework for use at U.S. embassies, federal agencies should consider options that improve operational efficiency and effectiveness and that minimize

¹¹U.S. Office of Management and Budget, Department of State and International Assistance Programs, *Budget of the United States Government, Fiscal Year 2006* (Washington, D.C.: February 2005).

security risks, such as assessing which functions can occur in the United States, as part of their framework for determining the right number of staff to be placed overseas.¹²

CBP has acknowledged that it cannot fully implement the CSI staffing model and has supplemented staff at the CSI ports with domestic targeters at NTC. According to CBP officials, CSI teams may contact these NTC targeters and request that they help target specific shipments that CSI teams at the ports are unable to target. The NTC targeters, after targeting the shipments, are to notify the relevant CSI team with the results of their targeting, including whether the shipments are high-risk and should be referred to the host government for inspection. Although the NTC targeters are available to provide assistance to CSI teams 24 hours a day, 7 days a week, CBP officials noted that even with the addition of these targeters, the bureau has been unable to target every U.S.-bound shipment before it departed a CSI port.

The use of domestic targeters demonstrates that CBP does not have to rely exclusively on overseas targeters as called for in its staffing model. Our observations at four CSI ports indicated that having CSI staff work directly with host nation customs officials was beneficial to both the targeting and the inspection processes. However, we also noted that the targeters' work focused on targeting ATS findings, as well as consulting various automated databases, and did not include much interaction with host government officials. For example, at two of the ports we visited CBP officials told us that typically only one or two CSI team members dealt directly with host customs officials. In addition, while CBP officials could not provide us with port-specific or average costs of the CSI port teams, they stated that it was more expensive to post staff overseas than in the United States.

One Source of Targeting Data Has Limitations

Another factor that negatively affects CBP's ability to target shipments is the existence of limitations in one data source used. For CSI, CBP relies on manifest information to assess the risk level of U.S.-bound shipments.¹³

¹²GAO, *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiatives*, GAO-02-780 (Washington, D.C.: July 2002).

¹³According to CBP officials, importers typically do not submit entry-level data to CBP at the same time that manifest data are submitted. As a result, only limited entry-level data are available at the time of review.

As we previously reported, terrorism experts, trade representatives, and CBP officials indicated that manifest data may contain unreliable information and are sometimes incomplete.¹⁴ We reported that manifests are produced by second-hand parties (ocean carriers), not the importers or exporters who have the most contact with and knowledge of the cargo. In addition, manifests have historically been used to disguise detailed information about containers' contents, to prevent theft during transport of the cargo. This is particularly applicable to high-value products, such as electronics and apparel. In the same previous report, we also noted that manifest data can be amended up to 60 days after oceangoing vessels arrive at U.S. seaports, further limiting the use of manifest data for determining a definitive risk level before cargo arrives.¹⁵ CBP officials at CSI ports we visited indicated that despite the requirement that carriers submit accurate and complete manifests to CBP 24 hours prior to the cargo being loaded on the U.S.-bound vessel, some manifest data in ATS remain vague or incomplete. For example, a CBP official at one CSI port we visited said that in some cases the name of the freight forwarder was used in place of the actual names of the importer and consignee. Although CBP officials told us that the quality of the manifest data has improved, there is no method to routinely verify whether the manifest data accurately reflect the contents within the cargo container. CBP officials told us that to try to address the shortcomings of manifests, CSI teams consult other data to obtain information on shipments. As mentioned earlier, entry-level data are used.

Some Containers Not Inspected for a Variety of Reasons

Since the implementation of CSI through September 11, 2004, 28 percent (4,013) of containers referred to host government officials for inspection were not inspected, generally because of host government information that suggested the containers were not high-risk or operational limitations that prevented the containers from being inspected before they left the port. In 1 percent of these cases, host government officials denied inspections, generally because inspection requests were based on factors not related to security threats, such as drug smuggling. Containers designated as high-risk by CSI teams that are not inspected overseas are supposed to be referred for inspection upon arrival at the U.S. destination

¹⁴GAO, *Homeland Security: Summary of Challenges Faced in Targeting Oceangoing Cargo Containers for Inspection*, GAO-04-557T (Washington, D.C.: February 20, 2004).

¹⁵GAO-04-557T. The regulations governing submission of amended manifest data are located in 19 CFR 4.12.

port. CBP officials noted that between July 2004 and September 2004, about 93 percent of shipments referred for domestic inspection were inspected at a U.S. port. CBP officials explained that some shipments designated as high-risk by CSI teams were not inspected domestically because inspectors at U.S. ports received additional information or entry information that lowered the risk characterization of the shipments or because the shipments remained aboard the carrier and were never offloaded at a U.S. port. For the 72 percent (10,343) of containers referred to host government officials for inspection that were inspected overseas, CBP officials told us there were some anomalies that led to law enforcement actions but that no WMD were discovered. However, considering that the inspection equipment used at CSI ports varies in detection capability and that there are no minimum requirements for the detection capability of equipment used for CSI, CBP has no absolute assurance that inspections conducted under CSI are effective at detecting and identifying WMD.

Some Containers Not Inspected Overseas because of Host Government Information

Some of the containers referred for inspection were not inspected because of additional information obtained by host government officials that lowered the risk characterization of the container. An important aspect of CSI is the information host government officials can provide in determining whether a U.S.-bound container is at high risk of containing WMD and should be inspected. For example, at one CSI port we visited, the host customs official told us that although CBP officials referred a shipment for inspection because the area from which the shipment originated had known terrorist activity, the host government's customs officials had a thorough working history with the importer and believed the shipment did not pose a threat. On the basis of this information, the CSI team and the host nation customs officials agreed that the shipment did not pose a threat and that inspection was not necessary.

Some Containers Not Inspected Overseas because of Operational Limitations

Some containers were not inspected at CSI ports because of operational limitations that were generally beyond the control of CBP. For example, since the program's inception through September 11, 2004, some referred containers were not inspected at CSI ports because the containers had already been loaded on departing vessels. CBP officials and host government customs officials explained that a container may already be loaded on a vessel prior to its being referred for inspection because the amount of time the container actually stays in the port—dwell time—may be brief. CSI teams are not always able to target such containers and refer them for inspection before they are loaded. According to CBP and host

government officials with whom we met, terminal operators intentionally schedule the arrival and departure of containers in order to minimize dwell time. However, CSI teams may not always know when containers are due for departure. Host government customs officials at one of the ports we visited said that until recently, the CSI team did not have access to the port schedules for U.S.-bound containers; therefore, team members could not prioritize the order in which they reviewed bills of lading for U.S.-bound shipments based on container dwell time. However, as of July 2004, the CSI team at this port gained access to port schedule information and now prioritizes its review of bills of lading based on container departure time. Host government officials noted that this practice decreases the number of containers waived for inspection.

Host Nations Deny Inspections for Some Containers Referred by CSI Teams

In addition to operational limitations that prevent referred containers from being inspected at CSI ports, host government officials have denied inspection for about 1 percent of the containers referred to them by CBP officials. According to CBP officials, the majority of these denials occurred early in the program's operation as both CSI teams and host government officials implemented the program. For example, host government officials at one CSI port we visited indicated that some of these denials were for inspection requests based on factors not related to security threats, such as drug smuggling. They told us their rationale in denying these requests was that CBP could inspect these containers in the United States, and identifying customs violations was not the purpose of CSI. At another port we visited, CSI team officials told us that host customs officials initially denied inspections of shipments referred solely because of the shipment's ATS score, preferring to instead have referrals that were further researched by the CSI team to help ensure that shipments were truly high-risk. As noted earlier, if the CSI team members are adamant that a cargo container poses an imminent risk to the conveyance or the U.S. port of arrival, they can coordinate with the National Targeting Center to issue a do-not-load order to prevent the container from being placed on the ship.

Containers Not Inspected Overseas Can Be Inspected on U.S. Arrival

Containers with high-risk shipments that are not inspected overseas are supposed to be referred for inspection upon arrival at the U.S. destination port. Effective November 21, 2003, CSI team members were required to place domestic exam holds on high-risk containers that had not been inspected overseas. That is, the CSI team is supposed to request a domestic inspection for all containers for which an inspection was waived or denied by marking, in ATS, the container for a domestic hold and notifying the director of the U.S.-destination port. The CSI team is also

supposed to request domestic exams for shipments that were inspected overseas but not to the satisfaction of the CSI team, such as if there was a disagreement over the interpretation of the X-ray image produced during the nonintrusive inspection or if the host nation was not willing to perform a physical exam after an anomaly was detected. However, not all shipments referred for a domestic inspection by CSI teams are inspected. Although CBP has not systematically tracked since the program's inception whether containers placed on domestic hold are examined, according to CBP, it began tracking this information in July 2004. CBP officials told us that between July 2004 and September 2004, 93 percent of the shipments placed on CSI for domestic exam hold were actually inspected at a U.S. port. CBP explained that U.S. port officials did not inspect about 2 percent of the shipments placed on domestic exam hold during this time period because the shipments were either remaining on board at the U.S. port or additional intelligence information convinced them that the shipment no longer needed to be characterized as high-risk. For the remaining 5 percent of shipments that were not inspected domestically, CBP officials told us the bureau cannot confirm what action was taken on these shipments because of data input errors by domestic inspectors. CBP officials also noted that they were unable to confirm whether any shipments placed on domestic exam hold prior to July 2004 were actually inspected upon arrival in the United States because of these same data input errors.

**In the Absence of
Minimum Technical
Requirements, Inspection
Equipment Capabilities
Vary**

As of September 11, 2004, host governments had inspected 72 percent (10,343) of all containers referred to them by CSI teams since the inception of the program. These containers were inspected using nonintrusive inspections and physical examinations. According to CBP and host government officials, variation in the extent of physical examinations depends on anomalies detected during the nonintrusive inspection. CBP officials also told us that no WMD have been discovered under CSI.

There are two different types of radiation detection devices used at CSI ports to inspect cargo containers—radiation isotope identifier devices (RIID) and radiation portal monitors (RPM)—each with different detection and identification capabilities. While both devices can detect the presence of radioactive material, only the RIID can determine whether or not the type of radiation emitted by the material actually poses a threat or whether it is a normal emission of radiation, such as that found in ceramic tile. In addition, there is another type of radiation detection device used at CSI ports to help ensure the safety of CSI team members—personal

radiation detectors (PRD). According to radiation detection experts, PRDs are personal safety devices to protect against radiation exposure, they are not adequate as search instruments. A scientist at the Department of Energy Los Alamos National Laboratory who was involved in the testing of radiation detection equipment said that PRDs have a limited range and are not designed to detect weapons-usable nuclear material.

There are also various types of X-ray and gamma-ray imaging machines used at CSI ports to inspect cargo containers, and their detection and identification capabilities may vary. According to CBP, there are various brands of imaging machines used to conduct nonintrusive inspections at CSI ports. These brands of machines differ in their penetration capabilities, scan speed, and several other factors. Despite this variability in detection and inspection capability, CBP officials told us that the inspection equipment used at all CSI ports had inspection capabilities at least as good as the nonintrusive inspection equipment used by CBP at domestic ports. CBP officials told us that prior to establishing CSI at a foreign port, CBP officials conducted on-site assessments of the nonintrusive inspection equipment used at the port. More recently, CBP conducted an assessment of the capabilities of the equipment in use at each CSI port against the capabilities of one brand of equipment. This assessment indicated that with the exception of equipment used in one country, all equipment had capabilities that met or exceeded those of this brand of equipment. In addition, technologies to detect other WMD have limitations. According to CBP officials, the bureau has not established minimum technical requirements for the nonintrusive inspection equipment or radiation detection equipment that can be used as part of CSI because of sovereignty issues, as well as restrictions that prevent CBP from endorsing a particular brand of equipment. Although CBP cannot endorse a particular brand of equipment, the bureau could still establish general technical capability requirements for any equipment used under CSI similar to other general requirements CBP has for the program, such as the country committing to establishing an automated risk management system. Because the CSI inspection could be the only inspection of a container before it enters the interior of the United States, it is important that the nonintrusive inspection and radiation detection equipment used as part of CSI meets minimum technical requirements to provide some level of assurance of the likelihood that the equipment could detect the presence of WMD.

CBP Has Made Progress Developing a Strategic Plan and Performance Measures for CSI, but Further Refinements Are Needed

Although CBP has made some improvements in the management of CSI, we found that further refinements to the bureau's management tools are needed to help achieve program goals. In July 2003, we recommended that CBP develop a strategic plan and performance measures, including outcome-oriented measures, for CSI. In February 2004, CBP finalized a strategic plan for CSI containing three of the six key elements identified by the Government Performance and Results Act of 1993 (GPRA) for an agency strategic plan: a mission statement, objectives, and implementation strategies. CBP officials told us the bureau plans to incorporate the remaining three elements into the CSI strategic plan, specifying how performance goals are related to general goals of the program, identifying key external factors that could affect program goals, and describing how the program will be evaluated. CBP has also made progress in the development of outcome-oriented performance measures for some objectives, particularly for the objective of increasing information sharing and collaboration among CSI and host country personnel. However, further refinements are needed to assess the effectiveness of the other program objectives, including CSI targeting and inspection activities.

CBP Completed a Strategic Plan for CSI, but Three Key Elements Are Still under Development

In July 2003, we recommended that CBP develop a strategic plan for CSI. CBP developed a strategic plan in February 2004. According to GPRA, executive agency strategic plans should include

- a comprehensive mission statement,
- general goals and objectives,
- a description of how the general goals and objectives are to be achieved,
- a description of how performance goals and measures are related to the general goals and objectives of the program,
- an identification of key factors external to the agency and beyond its control that could affect the achievement of general goals and objectives, and
- a description of the program evaluations.

These six key elements are required for executive agency strategic plans and thus serve as a good baseline to measure other long-term planning efforts. In addition, we have found that high-quality plans include

strategies to mitigate the effects of external factors, although such strategies are not a legislative requirement.¹⁶

CSI's strategic plan includes three of these key elements:

- a mission statement: “to prevent and deter terrorist use of maritime containers while facilitating movement of legitimate trade”;
- objectives, including (a) pushing the United States' zone of security beyond its physical borders to deter and combat the threat of terrorism; (b) targeting shipments for potential terrorists and terrorist weapons, through advanced and enhanced information and intelligence collection and analysis, and preventing those shipments from entering the United States; (c) enhancing homeland and border security while facilitating growth and economic development within the international trade community; and (d) utilizing available technologies to leverage resources and to conduct examinations of all high-risk containers (another objective cited by CBP officials, although not included in the CSI strategic plan, is to raise the level of bilateral cooperation and international awareness regarding the need to secure global trade); and
- various descriptions of how general goals and objectives are to be achieved.

However, CBP has not yet incorporated the other three key elements into its strategic plan. For example, the CSI strategic plan does not include a description of how performance goals and measures are related to program objectives. At the time the strategic plan was developed, CBP lacked performance goals and measures. We discuss performance measures in more detail in the next section.

In addition, the CSI strategic plan does not identify external factors beyond the control of CBP that could affect the achievement of program objectives. Such external factors could include economic, demographic, social, technological, or environmental factors. Two external factors that could be addressed in the CSI strategic plan are the extent to which host governments can provide additional information to contribute to the targeting process and the various operational limitations that prevent all high-risk containers from being inspected overseas.

¹⁶GAO, *Results-Oriented Government: GPRAs Have Established a Solid Foundation for Achieving Greater Results*, GAO-04-38 (Washington, D.C.: March 10, 2004).

In addition, the CSI strategic plan does not include a description of program evaluations. Although evaluations are not described in the CSI strategic plan, CBP conducts periodic evaluations of CSI ports in order to determine areas in which implementation of CSI can be improved and to determine whether CSI should continue to operate at that port. However, these evaluations do not employ a systematic methodology or identify the basis on which program success is determined. GPRA defines a program evaluation as an objective and formal assessment of the implementation, results, impact, or effects of a program or policy. Program evaluations are used to ensure the validity and reasonableness of program goals and strategies, as well as identify factors likely to affect program performance. Specifically, CBP has not identified and planned which CSI elements will be assessed at each port; rather, assessment topics are generated ad hoc. In addition, assessment topics differ over time, preventing CBP from determining the extent to which CSI teams addressed issues raised in previous evaluations. For example, in its July 2003 evaluation of one CSI port, CBP's Office of International Affairs identified the following problems: (1) lack of information available to the intelligence research specialist, (2) the need to make better information available to CSI team members, and (3) the lack of follow-through on shipments through CSI ports that were referred for domestic exam. However, none of these issues was discussed in the Office of International Affairs' next evaluation of this port in December 2003. Similarly, the assessment topics for CSI port evaluations also differ across ports, making it difficult to make comparisons across ports.

In February 2005, CBP officials told us that CBP is revising the CSI strategic plan to address the elements we raise in this report. While it appears that the bureau's initial efforts in this area meet the intent of our prior recommendation to develop a strategic plan for CSI, we cannot determine the effectiveness of further revisions to the plan without first reviewing and evaluating them. We will continue to monitor CBP's efforts in this area.

CBP Has Developed Outcome-Oriented Performance Measures for Some Program Objectives

In July 2003, we recommended that CBP expand efforts already initiated to develop performance measures for CSI that include outcome-oriented indicators. Until recently, CBP based the performance of CSI on program outputs such as (1) the number and percentage of bills of lading reviewed, further researched, referred for inspection, and actually inspected, and (2) the number of countries and ports participating in CSI.

As of January 2005, CBP had developed 11 performance indicators for CSI, 2 of which it identified as outcome-oriented: (1) the number of foreign mitigated examinations and (2) the percentage of worldwide U.S.-destined containers processed through CSI ports.¹⁷ As indicated in table 2, both outcome indicators are used to assess CBP's progress in meeting its objective of increasing information sharing and collaboration among CBP officials and host country personnel.

¹⁷In addition to the outcome measures listed in table 4, CBP also developed what the bureau calls information measures to gauge CBP's progress in increasing information sharing and collaboration among CSI and host country personnel. See appendix II for a description of these and other CSI performance measures.

Table 2: CSI Outcome-Oriented Performance Measures

Measure	Scope	FY 2004 baseline	Cumulative FY 2005 target	Long-term program goal
Number of foreign mitigated examinations, by category	The measure will be the number of examinations waived for a variety of reasons.	2,416 (cumulative)	Increase over baseline; track by categories	Increase information sharing and collaboration among CSI and host country personnel so that the number of foreign mitigated container exams is increased and legitimate trade is facilitated through the port
Percentage of worldwide U.S.-destined containers processed through CSI ports	This measure will utilize the annual volume of U.S.-destined containers processed through all CSI ports prior to lading and divide it by the annual worldwide number of U.S.-destined containers.	48%	68%	Increase information sharing and collaboration among CSI and host country personnel in order to prevent terrorist weapons from entering the country

Source: CBP.

However, the way in which one of these indicators is measured needs refinement. The measure for the number of foreign mitigated examinations is the number of shipments referred to host governments that were not, for a variety of reasons, inspected overseas. Specifically, according to CBP, an increase in the number of examinations waived or denied suggests an increase in the number of unnecessary examinations that were prevented. However, the number of examinations waived or denied by host nations are not appropriate measures for the prevention of unnecessary exams. A shipment is inspected unnecessarily if, when provided with additional information on the shipment, the CSI team and the host nation would have agreed that the shipment was not high-risk and, therefore, the inspection should not have taken place. However, if an inspection is waived because of operational limitations, the implication may not be that the CSI team thinks the inspection is unnecessary. To the contrary, the CSI team and host government may agree that the shipment should be inspected. Similarly, a host nation denial of an inspection does not imply that the CSI team believes the inspection is unnecessary. Conversely, when a referral for inspection is categorized as denied, by definition, the CSI team believes the shipment should be inspected, but the host government refuses to conduct the inspection. In response to our review, CBP officials acknowledged that its inclusion of waivers because of operational limitations or denials of inspections in this measure was inappropriate.

CBP noted that each of the performance measures for assessing information sharing and collaboration with host nations will be pilot-tested at numerous CSI ports to assess their feasibility, utility, relevancy, and the likelihood that they will produce information that is actionable. According to CBP, the measures may be revised based on the evaluation of the pilot to improve their effectiveness in assessing program performance and outcomes.

According to Office of Management and Budget (OMB) and CBP officials, developing outcome-oriented performance measures that measure the effectiveness of programs that aim to deter or prevent specific behaviors is challenging. For example, one of CSI's objectives is to deter terrorists' use of oceangoing cargo containers. However, according to host government officials at one port we visited and CBP officials, it is difficult to develop a meaningful measure for the extent to which implementation of CSI has discouraged terrorists from using oceangoing cargo containers to smuggle WMD into the United States. In January 2005, CBP developed a performance indicator to measure CSI's progress in preventing terrorists' use of oceangoing cargo containers that measures the amount of terrorist contraband, illegal drugs, and other illegal activity found during CSI inspections. However, this indicator may not be a meaningful measure of deterrence of terrorist activity, since the inclusion of narcotics is not relevant to the program's objectives, and according to CBP, no terrorist weapons or weapons material have been detected prior to or during the implementation of CSI.

According to OMB, when agencies face difficulty in developing outcome-based performance measures, they are encouraged to develop proxy measures. Proxy measures are used to assess the effectiveness of program functions, such as the targeting and inspection processes of CSI, rather than directly assess the effectiveness of the program. For example, CBP could develop a proxy measure associated with targeting and inspection, such as the percentage of containers randomly inspected domestically that was not characterized by CBP officials as high-risk that actually contained WMD. CBP could also use random inspections to measure if containers from CSI ports that were not identified as high-risk actually contained WMD and, therefore, should have initially been identified as high-risk. According to terrorism experts and representatives of the international trade community, random inspections could be an effective practice to supplement and test CBP's targeting and inspection processes.

Terrorism experts and shipping industry representatives also suggest that staging covert, simulated terrorist events could test the effectiveness of

both the targeting and inspection processes of CSI. Simulated events could include smuggling fake WMD into the United States using an oceangoing cargo container. Such events could help determine whether the targeting procedures led to the identification of the container as high-risk and whether any subsequent inspection activities actually detected the fake WMD. CBP could, therefore, develop proxy measures associated with this activity for CSI, such as the percentage of staged containers that were identified as high-risk and the percentage of staged containers for which the fake WMD was detected during the inspection process. In response to our prior work on container security, CBP officials agreed with our recommendation that containers be subject to such tests.

CSI lacks performance goals and measures for its objective of enhancing homeland and border security while facilitating growth and economic development within the international trade community. Regarding the enhancement of homeland and border security, there are no performance goals for CSI. According to host government officials at CSI ports we visited and shipping industry representatives with whom we met, CSI has resulted in increased international awareness of supply chain security. Officials from the World Customs Organization predicted that as more countries partner with CBP through CSI, there will be increased consistency in the way in which the supply chain and ports are secured worldwide. One WCO official also stated that CBP's efforts through initiatives such as CSI provide guidance for developing countries on how to improve their supply chain security efforts. While these testimonials help identify some benefits of CSI, CBP does not have performance indicators and goals to actually measure the extent to which the program has resulted in enhanced homeland and border security.

Regarding facilitating economic growth, there are also no performance measures for CSI. According to host government officials with whom we met at one CSI port, they are willing to participate in CSI as long as the program does not disrupt the flow of trade. An example of such a disruption would be the delayed departure of a vessel because of a CSI inspection or the instruction not to load a container on a departing vessel because of a CSI inspection. Discussions with CBP and host government officials and representatives of the shipping industry indicate that CBP has been successful in not disrupting the flow of trade through CSI. However, CBP has not developed associated performance goals and measures to demonstrate its reported success in achieving this objective. In commenting on a draft of this report, DHS noted that CBP is continuing to refine existing performance measures and develop new performance measures for its program goals. For example, CBP was developing a cost

efficiency measure to measure the cost of work at a port and to contribute to staffing decisions. CBP believes that its continued revisions to the CSI strategic plan have also allowed CSI staff to refine performance measures and the bureau's data collection methodology.

Conclusions

CBP has made progress in its implementation of CSI, but the program could be further improved by taking steps to help ensure its effectiveness in preventing WMD from entering the United States via cargo containers. First, CBP's inability to staff all CSI ports to the level suggested by its staffing model and the model's assumption that all staff should be located at the CSI ports have limited the program's ability to target potentially high-risk shipments at some foreign seaports before they depart for the United States. This problem may be exacerbated as CBP continues to expand CSI to additional overseas seaports. Second, without minimum technical requirements for the nonintrusive inspection equipment used as part of CSI, CBP has limited assurance that the equipment in use can successfully detect all WMD. While we recognize that establishing such requirements may be a difficult issue to address, it is important that CBP establish them because the CSI inspection may be the only inspection of some containers before they enter the interior of the United States. Third, CBP has developed a strategic plan for the CSI program and indicated that it will refine the plan to include key elements described in GPRA. Although we are not making a recommendation related to its strategic plan, given the importance of having an effective strategic plan for the program, we will continue to monitor the bureau's progress in refining the plan. Finally, while CSI has apparently resulted in some benefits, such as cooperation with foreign governments and enhanced international awareness of container security, CBP has not developed outcome-based performance measures or proxy measures for all of its program objectives. Without outcome-based performance measures on which to base program evaluations, CBP will have difficulties assessing the effectiveness of CSI as a homeland security program.

Recommendations for Executive Action

To help ensure that the objectives of CSI are achieved, we recommend that the Secretary of the Department of Homeland Security direct the Commissioner of U.S. Customs and Border Protection take the following three actions:

- revise the CSI staffing model to consider (1) what functions need to be performed at CSI ports and what functions can be performed in the United States, (2) the optimum levels of staff needed at CSI ports to maximize the benefits of targeting and inspection activities in

conjunction with host nation customs officials, and (3) the cost of locating targeters overseas at CSI ports instead of in the United States;

- establish minimum technical requirements for the capabilities of nonintrusive inspection equipment at CSI ports, to include imaging and radiation detection devices, that help ensure that all equipment used can detect WMD, while considering the need not to endorse certain companies and sovereignty issues with participating countries;
- develop performance measures that include outcome-based measures and performance targets (or proxies as appropriate) to track the program's progress in meeting all of its objectives.

Agency Comments and Our Evaluation

We provided a draft of this report to the Secretary of DHS and the Department of State for comment. We received comments from the DHS Acting Director, Departmental Liaison, that are reprinted in appendix III. DHS generally agreed with our recommendations and outlined actions CBP either had taken or was planning to take to implement them. The Department of State had no comments.

CBP agreed with our recommendation on CSI's staffing model and said that modifications to the model would allow for program objectives to be achieved in a cost-effective manner. Specifically, CBP said that it would evaluate the minimum level of staff needed at CSI ports to maintain an ongoing dialogue with host nation officials, as well as assess the staffing levels needed domestically to support CSI activities. If properly implemented, these actions should address the intent of this recommendation.

In addressing our recommendation to establish minimum technical requirements for the capabilities of the nonintrusive inspection equipment used at CSI ports, CBP agreed to evaluate the feasibility of making such requirements for the imaging and radiation detection devices in use at CSI ports but did not commit to implement our recommendation. CBP noted that because host governments purchase the equipment for use at CSI ports, a legal issue may exist regarding CBP's ability to impose such requirements. CBP noted it would also seek comment and advice from other U.S. government agencies that would be affected by such a decision. Although CBP cannot endorse a particular brand of equipment, the bureau could still establish general technical capability requirements for any equipment used under CSI similar to other general requirements CBP has for the program, such as the country committing to establishing an

automated risk management system. Because the CSI inspection could be the only inspection of a container before it enters the interior of the United States, it is important that the nonintrusive inspection and radiation detection equipment used as part of CSI meet minimum technical requirements to provide some level of assurance of the likelihood that the equipment could detect the presence of WMD.

CBP agreed with our recommendation on developing performance measures, noting that it would continue to refine, evaluate, and implement any and all performance measures needed to track the progress in meeting all of CSI's objectives. CBP noted that this would be an ongoing activity. If properly implemented, these plans should help address the intent of this recommendation.

DHS also offered technical comments and clarifications, which we have considered and incorporated where appropriate.

If you or your staffs have any questions about this report, please contact me at (202) 512-8777 or at stanar@gao.gov. Key contributors to this report are listed in appendix IV. This report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.



Richard M. Stana
Director, Homeland Security and Justice Issues

Appendix I: Objectives, Scope, and Methodology

Objectives

We addressed the following issues regarding the U.S. Customs and Border Protection's (CBP) Container Security Initiative (CSI):

- What factors affect CBP's ability to target high-risk shipments at overseas seaports?
- Under CSI, to what extent have high-risk containers been inspected overseas prior to their arrival at U.S. destinations?
- To what extent has CBP developed strategies and related management tools for achieving the program's goals?

Scope and Methodology

To address our first issue—what factors affect CBP's ability to target shipments at overseas seaports—we first reviewed relevant GAO reports on CBP's Automated Targeting System (ATS) and CSI. We then met with CBP headquarters officials to hold discussions and review documents related to CSI's overall targeting strategy, criteria for identifying high-risk containers, efforts to evaluate the program, efforts to refine targeting, training provided to CSI targeters, and the criteria for staffing at CSI ports. We also visited the National Targeting Center, which serves as CBP's central targeting facility related to terrorism. At this facility, we met with cognizant officials and discussed ATS categorization of containers by risk level, how cargo containers' scores are transmitted to targeters at CSI ports, the training provided to the ATS targeters, the types of information and intelligence utilized by targeters, and recent and planned refinements to ATS. We also met with officials from the European Commission and the World Customs Organization (WCO) in Brussels, Belgium, and discussed how the CSI program has been implemented and its impact on container security.

Also related to this first issue, we visited four overseas CSI ports. We selected these ports on the basis of the volume of containers shipped to the United States, geographic dispersion, and time the CSI team was in operation. At these ports, we met with the CSI teams to discuss and review documents related to the overall targeting process, the types of information used in the targeting process, efforts to evaluate the targeting process, the impact other CBP initiatives may have had on the targeting process, and requests for information to host governments. We also observed operations at each of the ports, including targeters reviewing manifest information.

To address our second issue—to what extent have high-risk containers been inspected overseas prior to their arrival at U.S. destinations—we met with officials from CBP headquarters and CSI port teams to hold discussions and review documents related to the overall inspection process, types of inspections, inspection equipment used, statistics on inspections conducted at CSI ports, and levels of cooperation with host governments. At the four ports we visited, we also met with foreign government customs officials to discuss the role of the CSI teams in the inspection process, the criteria they use in deciding whether to inspect a container that was referred for inspection by the CSI team, the criteria they use in deciding the type of inspection to be conducted, the procedures they use to safeguard containers once inspected, and the types of inspection equipment they used.

To address our third issue—to what extent has CBP developed clearly formulated and documented strategies for achieving the program’s goals—we reviewed GAO reports examining management factors that were necessary components for the successful management of cabinet departments, agencies, and, by extension, individual programs. Specifically, we focused our review on two management factors—the development of performance measures and strategic planning—because of their general importance in the literature. We reviewed Office of Management and Budget (OMB) and Government Performance and Results Act of 1993 (GPRA) guidance on performance measures and goals to assess the extent CBP has incorporated them into the CSI program. We also discussed CSI strategies for achieving program goals with officials from CBP headquarters, CSI teams, and host governments. We also obtained and reviewed CBP evaluations of CSI port teams to assess the methodology used to conduct evaluations.

We conducted our work from February 2004 through February 2005 in accordance with generally accepted government auditing standards.

Data Reliability

To assess the reliability of CBP’s data on the number of shipments and containers subject to targeting and inspection under CSI, we (1) obtained source data on targeting and inspection activity for two 1-week periods from CSI teams at two ports, (2) compared the source data with the data generated by CBP’s Automated Targeting System (ATS) for the same 2-week period, (3) discussed discrepancies between the source data and ATS data with CBP officials at these ports, and (4) obtained CBP headquarters’ responses to our questionnaire regarding the reliability of ATS and the data that are produced by the system. Although our initial

reliability testing indicated that there were some inconsistencies between the source data and the data generated by ATS, generally because of human input error, we were able to work with CSI team officials to resolve most of the discrepancies. In addition, the differences between the source data and ATS data were so small that the results of our analysis, at least for this 2-week period, would have remained the same regardless of which data we used. Therefore, we determined that the CSI targeting and inspection data generated by ATS are sufficiently reliable for use in supporting our findings regarding the extent to which high-risk containerized shipments are identified and inspected prior to arrival at U.S. destinations.

Appendix II: CSI Performance Measures, as of January 2005

Measure	Scope	FY 2004 baseline	Cumulative FY 2005 target	Long-term program goal
Outcome measures				
Number of foreign mitigated examinations, by category	The measure will be the number of examinations waived because of a variety of reasons.	2,416 examinations (cumulative)	Increase over baseline; track by categories	Increase information sharing and collaboration among CSI and host country personnel so that the number of foreign mitigated container exams is increased and legitimate trade is facilitated through the port
Percentage of worldwide U.S.-destined containers processed through CSI ports	This measure will utilize the annual volume of U.S.-destined containers processed through all CSI ports prior to lading and divide it by the annual worldwide number of U.S.-destined containers.	48%	68%	Increase information sharing and collaboration among CSI and host country personnel in order to prevent terrorist weapons from entering the country
Information measures				
Number of intelligence reports based on CSI foreign sources	This measure will track the number of memorandums of information received (MOIR), which are narratives of intelligence gathered from CSI foreign sources.	17 cases	Increase over baseline	Increase information sharing and collaboration among CSI and host country personnel in order to prevent terrorist weapons from entering the country
Number of operational CSI ports	This measure identifies the total number of ports where CSI has been implemented.	30 ports	45 ports	Increase information sharing and collaboration among CSI and host country personnel in order to prevent terrorist weapons from entering the country

**Appendix II: CSI Performance Measures, as of
January 2005**

Measure	Scope	FY 2004 baseline	Cumulative FY 2005 target	Long-term program goal
Number of positive findings, by category	This measure includes identifying the number and type of "positive findings" documented because of CSI participation. Positive findings occur when examinations performed on containers yield a positive result such as implements of terror, narcotics, forced labor, unvoiced or unmanifested good, restricted merchandise, hazardous materials, or other results. Note that the CSI goal is to find implements of terror; other categories are peripheral benefits.	Baseline to be established	Target to be established	Prevent terrorists, means of terrorism, illegal drugs, and other illegal activity
Number of investigative cases initiated because of CSI intelligence	This measure tracks the number of investigative cases opened either in the United States or at a foreign location because of intelligence gathered by CSI staff at foreign ports.	20 cases	10 percent increase over the baseline—22 cases	Increase information sharing and collaboration among CSI and host country personnel in order to prevent terrorist weapons from entering the country
Efficiency measure				
Average cost per CSI port to achieve operational status	The average cost per CSI port includes site assessments and certifications, telecom circuit installation, local area network (LAN) and office equipment, commercial off-the-shelf software, office furniture, radiation isotope identification devices (RIID), purchase of automobiles, initial lease and utilities costs, and initial shipping costs.	\$395,000	\$403,000	Increase information sharing and collaboration among CSI and host country personnel so that the number of foreign mitigated container exams is increased and legitimate trade is facilitated through the port

**Appendix II: CSI Performance Measures, as of
January 2005**

Measure	Scope	FY 2004 baseline	Cumulative FY 2005 target	Long-term program goal
Implementation measures				
Cumulative number of countries with signed declarations of principles	This measure records the number of declarations of principles signed with countries where CSI ports are planned.	20 countries	30 countries	Not applicable
Cumulative number of CSI ports with completed capacity assessments	These data will come from the number of completed pre-operational assessments that are on file for CSI ports	43 ports	51 ports	Not applicable
Number of CSI ports with completed infrastructures	This measure records the engineering statements of work that have been completed for candidate CSI ports	28 ports	38 ports	Not applicable
Number of CSI ports transitioned to permanent status	This measure keeps track of the number of ports where CSI operations have been transitioned from temporarily assigned staff to permanent staff	2 ports	15 ports	Not applicable

Source: CBP.

Appendix III: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

March 22, 2005

Mr. Richard M. Stana
Director, Homeland Security and Justice Issues
U.S. Government Accountability Office
Washington, DC 20548

Re: Draft Report GAO-05-187SU, CONTAINER SECURITY: A Flexible Staffing Model and Minimum Equipment Requirements Would Improve Overseas Targeting and Inspection Efforts

Dear Mr. Stana:

Thank you for the opportunity to review and comment on the subject draft report. We are providing general comments for your use in preparing the final report and have submitted technical comments under separate cover.

The Department of Homeland Security (DHS) concurs with the draft report's three recommendations. Customs and Border Protection (CBP), a component within DHS, will evaluate the minimum level of staff assigned to foreign locations and assess staffing levels within the United States, evaluate the feasibility of requiring technical requirements for non-intrusive inspection equipment at Container Security Initiative (CSI) ports, and continue to refine, evaluate and implement performance measures. Specific actions CBP proposes to undertake to implement the recommendations are as follows:

Recommendation 1: Revise the CSI staffing model to consider (1) what functions need to be performed at CSI ports and what functions can be performed in the United States, (2) the optimum levels of staff needed at CSI ports to maximize the benefits of targeting and inspection activities in conjunction with host nation customs officials, and (3) the cost of locating targeters overseas at CSI overseas at CSI ports instead of in the United States.

CBP agrees that modifications to the CSI staffing model will allow for program objectives to be met in a cost effective manner. CBP will evaluate the minimum level of staff that would need to be assigned at a foreign location in order to maintain an ongoing dialogue with the host nation officials and ensure the integrity of the CSI operations. CBP will also assess the staffing levels that will need to be maintained at a location within the United States to support/augment CSI activities.

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Recommendation 2: Establish minimum technical requirements for the capabilities of nonintrusive inspection equipment at CSI ports, to include imaging and radiation detection devices, that help ensure that all equipment used can detect WMD, while considering the need not to endorse certain companies and sovereignty issues with participating countries.

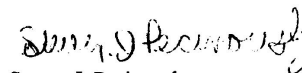
CBP agrees to evaluate the feasibility of technical requirements for nonintrusive inspection equipment (imaging and radiation detection devices) at CSI ports. Since host governments purchase the equipment for use at a location outside the United States, a legal issue may exist regarding CBP's capability to impose such requirements. CBP will also seek comments and/or advice from other U.S. government agencies that would be impacted by such a decision.

Recommendation 3: Develop performance measures that include outcome-based measures and performance targets (or proxies as appropriate) to track the program's progress in meeting all of its objectives.

CBP will continue to refine, evaluate and implement any and all performance measures needed to track the progress in meeting all of CSI's objectives. This will be an ongoing activity.

We thank you again for the opportunity to provide comments on this draft report and look forward to working with you on future homeland security issues.

Sincerely,



Steven J. Pecinovsky
Acting Director
Departmental GAO/OIG Liaison

Appendix IV: GAO Contacts and Staff Acknowledgments

GAO Contacts

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Staff Acknowledgments

In addition to those named above, Mark Abraham, Kristy N. Brown, Kathryn E. Godfrey, Stanley J. Kostyla, and Deena D. Richart made key contributions to this report.

Related GAO Products

Cargo Security: Partnership Program Grants Importers Reduced Scrutiny with Limited Assurance of Improved Security. [GAO-05-404](#) (Washington, D.C.: March 11, 2005).

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Maritime Security: Better Planning Needed to Help Ensure an Effective Port Security Assessment Program. [GAO-04-1062](#) (Washington, D.C.: September 30, 2004).

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