

SECURING AIR CARGO: INDUSTRY PERSPECTIVES

HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION AND PROTECTIVE SECURITY

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

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SECURING AIR CARGO: INDUSTRY PERSPECTIVES

Tuesday, July 25, 2017

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION AND
PROTECTIVE SECURITY,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:02 p.m., in room HVC-210, Capitol Visitor Center, Hon. John Katko (Chairman of the subcommittee) presiding.

Present: Representatives Katko, Watson Coleman, and Estes.

Also present: Representatives Higgins, Fitzpatrick, Keating, and Thompson.

Mr. KATKO. The Committee on Homeland Security Subcommittee on Transportation and Protective Security will come to order.

The subcommittee is meeting today to examine the current challenges to air cargo security, and assess Homeland Security policies and industry perspectives in order to better to protect air cargo. I now recognize myself for an opening statement.

Terrorists are relentless in their efforts to target aviation. No matter how much we improve our security posture, they are always willing to adjust and pursue new ways to hurt us. As a recent laptop threat illustrates terrorists capability and persistence to target aviation is still very real today.

Despite the creation of TSA and DHS and the major improvements to passenger screening and security after 9/11, our enemies have continued to find new avenues for attack. However, we as a Nation have always faced these challenges head-on and dedicated ourselves to harnessing innovation and collaboration in order to mitigate the threat.

Our efforts to enhance cargo security demonstrate this dedication and resilience. In October 2010, two explosive devices concealed in cargo passages were discovered on separate flights originating in Yemen and bound for the United States.

These explosives, disguised as printer cartridges, were only found after being transported on both passenger and cargo flights thanks to a tip from Saudi Arabian intelligence. We know all too well what the threat to passenger aircraft can do and has done to affect air travel in our global economy.

The 9/11 attacks led to major overhauls of our transportation and aviation security sectors. Initially the attacks were made less inclined to—made people less inclined to travel and feel less con-

fident in the Government's ability to stay ahead of the numerous threats facing this country.

The potential impact is nearly identical for cargo security. Terrorists do not discriminate between a passenger plane and a cargo plane. They just want the image of a Western plane being brought out of the skies. Their desired impact is still the same; that it will change your way of life, instill fear in the American people, and leave us questioning our existing security infrastructure.

While bringing down a cargo plane may not lead to the same number of casualties as a passenger plane, they can have a broader impact on our open and free society, leading to more regulations, slower supply chain operations, and major economic damage.

Air cargo is crucial to the global economic engine—35 percent of the total world trade value is carried by air—35 percent. Over the next 20 years it is predicted that world air cargo traffic will grow 4.2 percent per year.

Air cargo will remain a huge part of the modern globalized economy, which is why it is absolutely paramount that we do all we can to protect it. In order to continue our efforts to protect and secure air cargo, the Government and industry must work together and maintain a constant dialog.

While cooperation is essential through all aviation security, it is especially important for cargo where every security decision made has a direct impact on the economy. We need the manufacturers, shippers, freight forwarders, and everyone else involved in the supply chain to engage with Congress and Homeland Security to explain how security decisions are impacting their businesses and what else can be done to address potential vulnerabilities.

I commend Homeland Security for working with industry and seeking input as it aims to stay one step ahead of the threats we face on a daily basis. While we in Congress often blame the bureaucracy of the executive agencies, Homeland Security has made a concerted effort to think creatively in the cargo security space.

The certified cargo screening program and the use of K-9s and technologies for domestic screening as well as the Air Cargo Advanced Screening pilot program and the National Cargo Security program for international screening, are evidence of those innovative ways TSA is approaching air cargo security.

However, there is always more that can be done, and many questions that need to be answered. Is TSA adapting fast enough to the evolving security threats and economic issues involved in air cargo? Are there new technologies that could improve both security and supply chain speed?

Why are third-party K-9 teams not authorized for screening cargo, especially where certain technologies are incapable? This is where Congress can assist.

As you are all aware, this committee addressed many of these issues in our bipartisan Homeland Security Authorization bill that overwhelmingly passed the House last week. It is the first reauthorization of Homeland Security ever.

The authorization bill mandates permanent implementation of the Air Cargo Advanced Screening program, which will ensure that customs and TSA have access to important security data and en-

hanced screening, excuse me, enhanced ability, excuse me, to protect against threats to air cargo.

The bill also direct TSA to issue standards for certifying third-party K-9s for use in the air cargo sector. This will expand the number of K-9s available for cargo screening and enhance security in an operationally efficient manner.

We appreciate the input from all of our witnesses today as we seek to improve the security of the homeland, especially the air cargo sector. We believe these improvements in the Homeland Security Authorization bill will have positive impacts on both the security and efficiency of the air cargo sector.

But we know there are many more that can be addressed. We ask all of our witnesses today to continue to do what you have always done, and that is give us your honest feedback and perspective on the challenges we face with air cargo and what else can be done to improve both security and industry options.

I think I speak for myself and Mrs. Watson Coleman and other Members of this committee that we always welcome your input. It is only—we are here together to make this country a safer place and that make our transportation system safer.

We must maintain an open dialog and continue to support a strong collaboration between industry and Government in order to successfully mitigate this very real threat. I thank all of you for being here today and for your continued support and engagement with this committee.

[The statement of Chairman Katko follows:]

STATEMENT OF CHAIRMAN JOHN KATKO

JULY 25, 2017

Terrorists are relentless in their efforts to target aviation. No matter how much we improve our security posture, they are always willing to adjust and pursue new ways to hurt us, and as the recent laptop threat illustrates, terrorists' capability and persistence to target aviation is still very real today.

Despite the creation of TSA and DHS—and the major improvements to passenger screening and security after 9/11—our enemies have continued to find new avenues for attack. However, we as a Nation have always faced these challenges head-on, and dedicated ourselves to harnessing innovation and collaboration in order to mitigate the threat. Our efforts to enhance cargo security demonstrate this dedication and resilience.

In October 2010, two explosive devices concealed in cargo packages were discovered on separate flights originating in Yemen and bound for the United States. These explosives—disguised as printer cartridges—were only found after being transported on both passenger and cargo flights, thanks to a tip from Saudi Arabian intelligence.

We know all too well what the threat to passenger aircraft can do, and has done, to affect air travel and our global economy. The 9/11 attacks led to major overhauls of our transportation and aviation security sectors. Initially, the attacks made people less inclined to travel and feel less confident in the Government's ability to stay ahead of the numerous threats facing the country.

The potential impact is nearly identical for cargo security. Terrorists do not discriminate between a passenger plane and a cargo plane. They just want the image of a Western plane being brought down. And their desired impact is still the same—that it will change our way of life, instill fear in the American people, and leave us questioning our existing security infrastructure. While bringing down a cargo plane may not lead to the same number of casualties as a passenger plane, it can have a broader impact on our open and free society—leading to more regulations, slower supply chain operations, and major economic damage.

Air cargo is crucial to the global economy. Thirty-five percent of the total world trade value is carried by air. And over the next 20 years, it's predicted that world air cargo traffic will grow 4.2 percent per year. Air cargo will remain a huge part

of the modern, globalized economy, which is why it is absolutely paramount that we do all we can to protect it.

In order to continue our efforts to protect and secure air cargo, the Government and industry must work together and maintain a constant dialogue. While cooperation is essential for all aviation security, it is especially important for cargo, where every security decision made has a direct impact on the economy. We need the manufacturers, shippers, freight forwarders, and everyone else involved in the supply chain to engage with Congress and DHS to explain how security decisions are impacting their businesses and what else can be done to address potential vulnerabilities.

I commend DHS for working with industry and seeking input as it aims to stay one step ahead of the threats we face on a daily basis. While we in Congress often blame the bureaucracy of the executive agencies, DHS has made a concerted effort to think creatively in the cargo security space. The Certified Cargo Screening Program and the use of canines and technologies for domestic screening, as well as the Air Cargo Advance Screening pilot program and the National Cargo Security Program for international screening, are evidence of the innovative ways TSA is approaching air cargo security.

However, there is always more that can be done and many questions that need to be answered. Is TSA adapting fast enough to the evolving security threats and economic issues involved in air cargo? Are there new technologies that could improve both security and supply chain speed? Why are third-party canine teams not authorized for screening cargo, especially where certain technologies are incapable?

This is where Congress can assist. As you are all aware, this committee addressed many of these issues in our bipartisan DHS Authorization bill that overwhelmingly passed the House last week. The Authorization bill mandates permanent implementation of the Air Cargo Advance Screening program, which will ensure that CBP and TSA have access to important security data and enhanced ability to protect against threats to air cargo. The bill also directs TSA to issue standards for certifying third-party canines for use in the air cargo sector. This will expand the number of canines available for cargo screening and enhance security in an operationally efficient manner. We appreciate the input from all of our witnesses today as we seek to improve the security of the homeland, especially the air cargo sector.

We believe these improvements in the DHS Authorization bill will have positive impacts on both the security and efficiency of the air cargo sector. But we know there may be more that can be addressed. We ask all of our witnesses today to continue to do what you have always done—give us your honest feedback and perspective on the challenges we still face with air cargo and what else can be done to improve both security and industry operations. We must maintain an open dialogue and continue to support a strong collaboration between industry and Government, in order to successfully mitigate this very real threat.

I thank all of you for being here today and for your continued support and engagement with this committee.

Mr. KATKO. Now, I am pleased to recognize the Ranking Member of this subcommittee, the gentlelady from New Jersey, my friend, Mrs. Watson Coleman for her opening statement.

Mrs. WATSON COLEMAN. Thank you, Chairman Katko. Thank you for holding today's hearing, and I would also like to thank our witnesses for joining us today and sharing their expertise. Today's topic, air cargo security, is not one that usually receives a lot of headlines and attention, yet it is critical to our economy.

In fact, according to the International Air Transport Association, air cargo accounts for approximately 35 percent of the value of all products that are traded world-wide.

An attack on our cargo industry could have devastating effects on commerce. Since many cargo department shipments are made and are placed in the belly of passenger planes, such an attack could also result in significant loss of life.

Unfortunately, the lack of headlines surrounding air cargo has not kept it hidden from our adversaries. As Chairman Katko has stated, in 2010, terrorists attempted to hide bombs inside printer cartridges that were shipped out of Yemen. Only a last-minute in-

telligence tip from a foreign partner prevented these explosives from flying on an aircraft bound for the United States.

While no similar attempts against cargo have been reported since 2010, terrorists continue to seek new ways to attack our transportation systems. Given the threat, TSA must consistently partner with industry stakeholders to enhance air cargo security.

Next week will mark the 10th anniversary of one of the most significant Homeland Security laws ever enacted, the Implementing Recommendations of the 9/11 Commission Act of 2007.

Our leader on this panel, Ranking Member Thompson, was the author of this measure, that, among other things, required 100 percent screening of cargo on domestic and international in-bound passenger flights within 3 years.

Complying with this mandate was a massive undertaking for TSA and industry, and we should all be very proud that together they were able to achieve compliance for domestic passenger flights in 2010 and international inbound passenger flights in 2012.

The 10-year anniversary of the passage of the Implementing 9/11 Commission Act is a great time to reflect on how far we have come and to be grateful that no attacks against our air cargo system have been carried out.

However, we cannot rest on our laurels. We must constantly improve our security to keep up with the evolving threat. We must continue to prioritize the security of our transportation systems and invest in security measures that really make a difference, like those that help secure our cargo rather than wasting billions on a border wall that will not improve security.

Additionally, we cannot allow the attention we rightfully pay to passenger security to come at the expense of focusing on air cargo security. Just as the threat landscape constantly evolves, so too does the nature of commerce.

The emergence of e-commerce sites like Amazon and eBay has caused a seismic shift in not only how Americans buy goods, but also their expectations about how quickly they will receive them. This, of course, has huge implications for the air cargo sector.

I will be interested in hearing from our witnesses on how these changes are affecting air cargo security, as well as what changes industry, TSA, and Congress should consider to improve security.

I do believe it is important that we hear from all of our stakeholders.

With that Mr. Chairman, I would like to ask unanimous consent to submit testimony for the record from the Airline Pilots Association.

[The information follows:]

STATEMENT OF THE AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

JULY 25, 2017

The Air Line Pilots Association, International (ALPA), represents more than 57,000 professional airline pilots flying for 33 airlines in the United States and Canada. ALPA is the world's largest pilot union and the world's largest non-Governmental aviation safety organization. We are the recognized voice of the airline piloting profession in North America, with a history of safety and security advocacy spanning more than 85 years. As the sole U.S. member of the International Federation of Airline Pilots Associations (IFALPA), ALPA has the unique ability to provide

active airline pilot expertise to aviation safety and security issues world-wide, and to incorporate an international dimension to safety and security advocacy.

OVERVIEW

We applaud the subcommittee's demonstrated interest in cargo security by holding this hearing. ALPA was at the forefront of today's adoption of risk-based security because airline pilots have a vested interest in ensuring the safety and security of their flights to the maximum, practical extent. Airline pilots feel a strong moral and professional obligation to safeguard the millions of passengers and tons of freight carried on their aircraft each year. Our members are concerned that another successful, large-scale terrorist attack against aviation could severely damage the North American and/or world's economies and greatly harm, or even destroy, their profession and livelihood.

In the world of cargo operations, however, the level of concern is especially acute. Since September 11, 2001, and the establishment of the Department of Homeland Security and its sister organization, the Transportation Security Administration, there have been significant improvements made to address security threats to passenger airline operations. From the reinforcement of cockpit doors, advances in screening technologies, to the expansion of the Federal Air Marshal Service and other layers of security, passenger airline security measures have been aggressively deployed to address emerging threats. Unfortunately, the same cannot be said regarding all-cargo operations which in many ways continue most of the same security measures that were in place on September 11. This situation exists despite evidence that, according to intelligence sources, terrorists continue to show the desire to utilize cargo aircraft as a weapon against the United States, and our allies.

On October 28, 2010, British police were called to the East Midlands airport at 3:28 a.m. to check out a suspicious package that was shipped aboard a UPS airplane. The parcel contained a printer with an ink cartridge and protruding wires, and a circuit board partly covered in a white powder; it was ultimately determined that the parcel contained explosives. After further investigation, a plot originating in Yemen was uncovered that included similar explosives loaded onto a total of four cargo aircraft, which were to be used in a coordinated attack.

At the recent Council for New American Security Conference, Homeland Security Secretary John Kelly stated, "The threat has not diminished. In fact, I am concerned that we are seeing renewed interest on the part of terrorist groups to go after the aviation sector—from bombing aircraft to attacking airports on the ground."

The threat continues to be real, ever-evolving, and is not focused solely on passenger carriers.

NEEDED CARGO SECURITY IMPROVEMENTS

All-cargo airlines fly the same types of aircraft, take off from the same airports, use the same airspace, and fly over the same cities as passenger aircraft. From both safety and security standpoints, therefore, there is every reason to hold cargo operations to the same standards as passenger operations.

The air-cargo supply chain is a complex, multi-faceted mechanism. It begins when a shipper tenders goods for transport, and it potentially involves numerous intermediary organizations such as Indirect Air Carriers (IACs), freight forwarders, and other industry personnel who accommodate the movement of goods. Ultimately, a shipment is received by air carrier personnel, loaded on an airliner, and delivered to its intended destination. An effective air-cargo protective system must focus on the components of the entire supply chain, and anticipate opportunities for, and provide reasonable measures to prevent or interrupt, the perpetration of malicious acts. Such a system must certify the integrity of the goods that are offered and the reliability of the shipper, verify the trustworthiness and proper training of all personnel who maintain access to shipments, and ensure a reliable, secure operating environment as tendered goods move through the system. Significant progress has been made in better securing the portion of the air-cargo supply chain that is facilitated by passenger airline operations, but there is considerably more work to do in the all-cargo domain. Following are several areas in which we see on-going threats and our recommendations for addressing them.

Fortified Cockpit Doors.—After September 11, 2001, the Federal Government required existing and future passenger airliners, but not all-cargo airliners, to be equipped with reinforced flight deck doors. Notwithstanding this fact, some cargo airlines have voluntarily installed hardened flight deck doors on their aircraft. Today, however, a significant number of all-cargo airliners are still operated without the benefits of hardened flight deck doors, leaving them without a means of adequately separating the flight crew from personnel riding aft of the bulkhead and po-

tential cargo-hold stowaways. In fact, new wide-body cargo airplanes are being built and delivered to all-cargo operators without the protections afforded by the reinforced door. The potential for a significant lapse in security due to these conditions is magnified by the fact that all-cargo airliners frequently carry third-party, non-crew personnel (known as “supernumeraries”), such as couriers and animal handlers. This situation is exacerbated by the fact that all-cargo airliners and their cargo are not afforded the same security protections as their passenger-carrying counterparts while on the ground.

The lack of a mandate for reinforced flight deck doors on cargo aircraft is hard to justify when the Government has stated that it considers the hostile takeover of an all-cargo aircraft to be a critical risk. Events in the post-9/11 era have proven that stowaways represent a very real and significant threat to all-cargo airliners. To deter those persons with malicious intent and impede their ability to attack all-cargo flight crewmembers, gain access to aircraft controls, or otherwise execute a hostile takeover of an all-cargo airliner, physical barriers must be designed and installed to separate the all-cargo airliner’s flight deck from accessible passenger and cargo areas. All-cargo flight decks must be clearly delineated and physically protected in the same fashion as the flight decks of passenger airliners, including the provision of reinforced flight deck doors and enhanced flight deck access procedures for crew members.

All-Cargo Aircraft Security on the Ground.—The lack of protection of all-cargo aircraft at airports is one of the most significant differences between passenger and all-cargo security practices. Employees at passenger airlines and around passenger terminals must go through an extensive security process as well as security screening in many instances to be granted authority to enter security identification display areas (SIDA) unescorted. Flight ramps and gates for passenger operations all fall within the SIDA. In contrast, ramp areas used by cargo aircraft may not be required to be included in an airport operator’s SIDA, and if not, they are more easily accessible. In some cases, they are protected solely by a locked door or a chain-link fence, neither of which may be monitored. SIDA protections should be mandated for air operations areas of all airports that support FAR Part 121 aircraft operations.

Criminal History Records Checks (CHRCs).—All-cargo operations face security threats that are not always immediately apparent. For example, all-cargo aircraft often carry live animals, and animal handlers accompany them on the flight. In many circumstances, these handlers carry tranquilizing drugs for use on the animals during flight. Most of the animal handlers are not airline employees, and many are foreign nationals, which limits the ability to conduct a criminal history records check on these individuals. This creates a significant risk to the cargo flight and crew when they are not protected from these potential threats by an intrusion-resistant cockpit door. We believe that any individual traveling on an all-cargo flight should be subject to the same level of security vetting and screening as flight crew members. Fingerprint-based Criminal History Records Checks (CHRCs) should be conducted on all employees and agents of aircraft operators, foreign air carriers, and indirect air carriers (IACs) in the United States, who have unescorted access to FAR Part 121 all-cargo aircraft and to cargo intended to be shipped on them.

All-Cargo Common Strategy.—Anti-hijacking procedures referred to as the “common strategy” were created in the early 1970’s by the FBI, the FAA, airlines, and ALPA, and revised after 9/11. They are intended to address all types of security threats encountered during passenger and all-cargo operations, and are based on the premise that there will be aircraft equipped with intrusion-resistant cockpit doors, properly trained people, and procedures for handling direct security incidents and threats. This approach is sound and provides for needed layers of security, if all three measures are available. Unfortunately, for cargo aircraft not equipped with these intrusion-resistant cockpit doors, the tactics, techniques, and, therefore, procedures designed to provide crews with sufficient time to react to threats to the cockpit are meaningless. In addition, all-cargo flight crews are not required to be trained in the common strategy to the same degree as passenger crews, which defeats the purpose of the common strategy, which is intended to be used by all crews during line operations. If the crew is not properly trained and required to utilize the strategy, there is no way it can be implemented effectively. ALPA believes an all-cargo common strategy and training curriculum should be mandated for all-cargo operations.

FOIA Protection for Security Reports.—While voluntary safety reporting programs, including the Aviation Safety Action Program (ASAP), have proven to be a significant benefit to the safety of our industry, we do not yet have similar programs in place for front-line employees to confidentially report security-related events and incidents. Airline pilots and other front-line aviation employees are well-suited to serve as the “eyes and ears” of the industry. They know their workplace very well,

they will recognize something that is out of place or suspicious because of their intimate knowledge of the aviation domain, and they want to help make aviation more secure. Developing and implementing a security-focused enhancement to ASAP would provide TSA and FAA with near real-time data that could be used to identify security risks to our aviation system and enhancements to mitigate those risks.

One of the impediments to developing and implementing confidential reporting programs for security is the lack of protections from Freedom of Information Act (FOIA) disclosure by TSA of voluntarily submitted information. For FAA safety ASAP reports, the confidential data submitted is exempted from FOIA disclosure per legislation in the Federal Aviation Reauthorization Act of 1996 (Pub. L. 104–264). That exemption should be extended to TSA for confidential security-reporting programs.

RECOMMENDATIONS

- Congress should ensure one level of safety and security for all-cargo and passenger airline operations.
- The FAA should mandate the installation of intrusion-resistant flight deck doors on Part 121 all-cargo aircraft manufactured after a specified date.
- FAR Part 121 cargo operations should be required to be conducted within a SIDA.
- Congress should require TSA to implement all-cargo common strategy training and procedures.
- All animal handlers, escorts, or couriers traveling on all-cargo aircraft should be subject to the same screening and security procedures as flight deck crew members, including a criminal history records check, or be restricted to operations on aircraft equipped with intrusion-resistant doors.
- Congress should expand the FOIA exemption already in force for ASAP reports submitted to the FAA per the Federal Aviation Reauthorization Act of 1996 (Pub. L. 104–264) to security-related reports submitted to the TSA.
- TSA, in collaboration with the FAA and industry partners, should expand the use of the ASAP reporting process—along with its enforcement protections for the reporting employee—to specifically include security-related information from front-line employees.

SUMMARY

ALPA appreciates the opportunity to provide this statement to the subcommittee. The TSA has a difficult, thankless job in keeping transportation secure, and support from Congress to bring all-cargo airline security measures up to par with their passenger airline counterparts is clearly needed. We stand ready to assist.

Mr. KATKO. Without objection, so ordered.

Mrs. WATSON COLEMAN. Thank you. Again I thank the witnesses for being here, and I yield back the balance of my time.

[The statement of Ranking Member Watson Coleman follows:]

STATEMENT OF RANKING MEMBER BONNIE WATSON COLEMAN

JULY 25, 2017

Today's topic, air cargo security, is not one that usually receives a lot of headlines and attention, yet it is critical to our economy. In fact, according to the International Air Transport Association, air cargo accounts for approximately 35% of the value of all products traded world-wide.

An attack on our cargo industry could have devastating effects on commerce, and since many cargo shipments are placed in the "belly" of passenger planes, such an attack could also result in significant loss of life.

Unfortunately, the lack of headlines surrounding air cargo has not kept it hidden from our adversaries. In 2010, terrorists attempted to hide bombs inside printer cartridges shipped out of Yemen. Only a last-minute intelligence tip from a foreign partner prevented the explosives from flying on aircraft bound for the United States. While no similar attempts against cargo have been reported since 2010, terrorists continue to seek new ways to attack our transportation systems.

Given the threat, TSA must consistently partner with industry stakeholders to enhance air cargo security. Next week will mark the tenth anniversary of one of the most significant homeland security laws ever enacted—"The Implementing Recommendations of the 9/11 Commission Act of 2007".

Our leader on this panel, Ranking Member Thompson, was the author of this measure that, among other things, required 100% screening of cargo on domestic and international inbound passenger flights within 3 years. Complying with this mandate was a massive undertaking for TSA and industry, and we should all be proud that, together, they were able to achieve compliance for domestic passenger flights in 2010, and international inbound passenger flights in 2012.

The 10-year anniversary of the passage of the Implementing 9/11 Commission Act is a great time to reflect on how far we have come and be grateful that no attacks against our air cargo system have been carried out.

However, we cannot rest on our laurels. We must constantly improve our security to keep up with the evolving threat. We must continue to prioritize the security of our transportation systems and invest in security measures that really make a difference, like those that help secure our cargo, rather than wasting billions on a border wall that will not improve security.

Additionally, we cannot allow the attention we rightfully pay to passenger security to come at the expense of focusing on air cargo security. And just as the threat landscape constantly evolves, so too does the nature of commerce.

The emergence of “e-commerce” sites like Amazon and eBay has caused a seismic shift in not only how Americans buy goods but also their expectations about how quickly they will receive them. This, of course, has huge implications for the air cargo sector.

I will be interested to hear from our witnesses how these changes are affecting air cargo security, as well as what changes industry, TSA, and Congress should consider to improve security.

Mr. KATKO. Thank you, Mrs. Watson Coleman. Other Members of the subcommittee are reminded that opening statements may be submitted for the record.

We are pleased to have a distinguished panel here to testify before us today on this very important topic.

Let me remind the witnesses that their entire written statements will appear in the record so there is no need to—if it is a very long statement maybe you can abbreviate it a little bit, but hopefully within 5 minutes to 10 minutes is fine.

Our first witness is Mr. Stephen Alterman. Mr. Alterman began his career in aviation in 1968 as a trial attorney at Bureau of Enforcement for United States Civil Aeronautics Board and was subsequently promoted to chief of the legal division. Mr. Alterman joined the Cargo Airline Association in 1975 and currently serves as its president.

In addition, Mr. Alterman is the chairman of the TSA Aviation Security Advisory Committee, a member of the FAA management advisory council and a member of the Department of Transportation National Freight Advisory Committee.

The Chair now recognizes Mr. Alterman for his opening statement.

STATEMENT OF STEPHEN A. ALTERMAN, PRESIDENT, CARGO AIRLINE ASSOCIATION

Mr. ALTERMAN. Thank you, Chairman Katko, Ranking Member Watson Coleman, Members of the subcommittee. I was going to introduce myself, but I don't think I have to. Thank you Mr. Katko.

Mr. KATKO. You are very well-known by us anyway so that is all right.

Mr. ALTERMAN. That is what I was afraid of, Mr. Katko. The all-cargo carriers and the customers in airports they serve are a unique portion of the aviation marketplace.

Customers around the world depend on our services to transport high-value, time-sensitive products such as medical devices and re-

lated components of the medical supply chain, computers and other electronics, automobile parts.

In calendar 2016, the all-cargo segment of the industry operated 89 percent of the domestic revenue ton-miles and 70.8 percent of the international RTMs. In operating these services, the safety and security of our cargo, our facilities, aircraft, employees, and the public are of utmost importance.

It is simply bad policy and bad business not to take these issues seriously. In the area of security we strongly believe that the best security is achieved when Government and industry work together to identify vulnerabilities and to design and implement mitigation strategies.

Over the past few years, TSA has moved in this direction, and we look forward to working with the agency as the outcome-based model of regulation matures.

At this point I want to thank this committee and the committee staff, who sometimes go unnoticed, for H.R. 2825. I actually wrote my testimony before the bill was enacted by the full House and so I am not going to go into much detail on some of the provisions there.

However I would like to thank them specifically on behalf of our members for several measures in the bill. We thank you for the third-party K-9 provisions of the bill, and we enthusiastically support the language of it.

We also support a 5-year term for the administrator of the TSA. When Admiral Pecoske is sworn in as the next administrator of the TSA it will be the sixth administrator or acting administrator that I have worked with as chair of ASAC in the past 3 years.

That does not lead to much stability within the agency, and I really strongly thank you for putting a 5-year term in and hope that the Senate does the exact same thing.

In addition, and I know Mr. Mullen will talk about this in more detail, the provisions on the Air Cargo Advanced Screening project were definitely appreciated.

My written testimony goes into some detail, but it basically mirrors the language of the provisions in H.R. 2825, so thank you very much.

The third-party K-9 program is only one of many initiatives that have been studied by ASAC over the past several years.

Another thanks and shout-out to the committee is that ASAC is now a permanent committee and you fixed the one glitch in the regulation by providing that the 2-year terms can be extended if no new committee is actually formed at the end of the 2-year terms. We really appreciate that.

The other portion of the legislation that we really appreciate is the exemption from the Federal Advisory Committee Act. For the first time after that legislation we were able to meet in secret, not trying to hide things from the public, but rather so we can discuss sensitive security issues without the public being there. That has played a very big part in our deliberations and enables us to do some really interesting things.

The ASAC membership is diverse, with representatives from virtually every segment of the aviation community, as well as users

and victims groups. The committee is supported by an array of subcommittees and ad hoc working groups.

I just want to mention that our Air Cargo Subcommittee of ASAC has been one of the most active subcommittees on the committee and it has put forth many initiatives in the air cargo sphere.

In addition, again as a result of legislation, ASAC's relatively new Security Technology subcommittee has now been charged with exploring potential innovative technologies capable of performing improved screening of air cargo. They are just beginning on that project, but we are looking forward to their work.

I think, again going back to the 5-year term for the administrator, it simply does not lead to stability in the agency, and we really need that stability if we need to move forward on these issues. Thank you very much, and I would be obviously glad to answer any questions.

[The prepared statement of Mr. Alterman follows:]

PREPARED STATEMENT OF STEPHEN A. ALTERMAN

JULY 25, 2017

Chairman Katko, Ranking Member Coleman, and Members of the subcommittee: Good morning. My name is Steve Alterman and I am the president of the Cargo Airline Association, the Nation-wide organization representing the interests of the all-cargo segment of the aviation community.¹ I also have the honor of currently serving as the chairman of the Aviation Security Advisory Committee (ASAC), the Federal committee established by Congress to advise the TSA administrator on issues relating to all areas of aviation security. Thank you for inviting me to testify today.

The all-cargo carriers, and the customers and airports they serve, are a unique portion of the aviation marketplace. Our member carriers employ upwards of 1 million workers world-wide, account for over 10% of the U.S. gross domestic product and approximately 4% of the world's gross product. Annual revenues of our members top \$100 billion. Customers depend on our services to transport high-value, time-sensitive, products such as medical devices and related components of the medical supply chain, computers and other electronics, and automobile parts. In calendar 2016, all-cargo carriers operated 89.0% of domestic revenue ton miles (RTMs) and 70.8 percent of international RTMs.²

In operating these services, the safety and security of our cargo, our facilities and aircraft, and our employees and the public are of utmost importance. It is simply bad policy, and bad business, not to take these issues seriously. In the area of security, we strongly believe that the best security is achieved when Government and industry work together to identify vulnerabilities and to design and implement mitigation strategies. Over the past few years, TSA has also moved in this direction and we look forward to working with the agency as the outcome-based model of regulation matures.

Having said that, it is important to understand that perhaps the most important element of providing effective security for the air cargo supply chain is the timely sharing of intelligence information both among Government agencies and between the Government and industry stakeholders. Without this intelligence, it is difficult to design the most effective counter-measures for identified threats. While progress has also been made in this area, much more needs to be done and members of our industry are in the forefront of this effort.

In terms of current specific challenges, probably the most pressing current need for the all-cargo carriers as business and cargo screening requirements expand is an ability to use third-party canines as a primary means of screening. The technology to screen freight in a manner consistent with the operational needs of the industry simply does not today exist. However, the "low-tech" use of canines can fill

¹ Association members include direct air carriers ABX Air, Atlas Air, Federal Express Corporation, Kalitta Air and United Parcel Service Co., as well as Associate Members Amazon, DHL Express, Memphis Airport, Louisville Airport, Ft. Wayne Airport, Columbus (OH) Airport, Spokane Airport, and the Alaska Airport System.

² *FAA Aerospace Forecast, 2017-2037*, March 2017.

this gap. Since there are not enough canines owned by the TSA to accomplish this objective, we continue to urge TSA to establish a program whereby TSA would establish standards that would be used by third-party vendors and certify other third-parties to ensure that the vendors are, in fact, correctly applying the standards established. TSA would also audit the process to ensure compliance with all applicable requirements. The vendors could then provide the dogs to stakeholders wishing to use them (at the carriers' expense). TSA has taken the first steps in this direction, but the bureaucracy often moves slowly and our needs are becoming more urgent. We therefore thank this committee for including a third-party canine mandate in the DHS Authorization bill (H.R. 2825) that overwhelmingly passed the House last week. We now look forward to similar action in the Senate. The establishment of this program would also be consistent with the recommendations of the ASAC that has, on several occasions, urged TSA to move forward with the program.

The third-party canine program is only one of many initiatives studied by ASAC over the past several years. By way of history, while ASAC has existed for many years, it was finally established as a permanent advisory committee by Congress several years ago with the passage of the Aviation Security Stakeholder Participation Act of 2014. At that time, Congress also exempted ASAC from the provisions of the Federal Advisory Committee Act (FACA), an exemption that has allowed committee Members to discuss the details of security issues without the fear of public disclosure of sensitive information. ASAC membership is diverse with representatives from virtually every sector of the aviation community, as well as user and accident victims' groups, and the committee is supported by an array of subcommittees and *ad hoc* working groups that study specific issues that are either self-generated, requested by TSA, or sometimes required by Congress. One of the most active subcommittees is our Air Cargo Subcommittee that has a history of recommending important initiatives in the air cargo sphere. In addition, ASAC's relatively new Security Technology Subcommittee has been charged with exploring potential innovative technologies capable of performing improved screening of air cargo.

Finally, I would like to offer one suggestion for Congressional action in this session. In my opinion, one of the major impediments to positive change within TSA is instability at the top of the organization. In the last 3 years, there have been two administrators and three acting administrators. When the new administrator is confirmed, he will be the sixth head of the agency in the last 3 years.

To provide stability, and to allow the administrator the time to implement changes that may be necessary, the TSA administrator should be given a fixed 5-year term similar to that currently held by the administrator of the Federal Aviation Administration. Such an action would go a long way to providing the stability needed to accomplish the very important objectives of the agency. Again, we thank this committee for its action to make this goal a reality.

Thank you very much. I would be happy to answer any questions.

Mr. KATKO. Thank you Mr. Alterman. Just to respond briefly, I totally agree with you. The yeoman's work that staff on both sides did. The minority staff did a terrific job and so did the majority staff, and together they came up with, I think, a truly groundbreaking bill to reauthorize Homeland Security and its subsidiary agencies.

I think it is critically important to the function of all of these places, all of these agencies going forward that they had this reauthorization. I think that the 5-year term for the administrator was probably one of the best provisions 'cause I thought of it.

[Laughter.]

Mr. KATKO. I am just kidding, I did think of it, but it is an important provision just like many others. And I think making ASAC a permanent part of our on-going processes here is really important.

As you know, for the last 3 years ASAC has grown in prominence and importance, and we routinely rely on your input. We hope you continue to provide us that good leadership from the ASAC, because it has been very good. So thank you with that.

Now, we appreciate your testimony Mr. Alterman.

I would like to introduce our second witness, Mr. Brandon Fried. Mr. Fried has more than 38 years of experience in the air freight forwarding industry and was appointed as the executive director of the Air Forwarders Association in 2005.

He also serves as a member of the TSA Aviation Security Advisory Committee, the U.S. Department of Commerce committee on supply chain competitiveness, and the Custom and Border Protection Commercial Operations advisory committee. I defy you to fit all that on one business card.

I now recognize Mr. Fried for his opening statement.

**STATEMENT OF BRANDON FRIED, EXECUTIVE DIRECTOR,
AIRFORWARDERS ASSOCIATION**

Mr. FRIED. Chairman Katko, Ranking Member Watson Coleman, and Members of the subcommittee, thank you for this opportunity to present the views of the Airforwarders Association on air cargo security. The Airforwarders Association represents 250 air freight forwarders and supporting companies, employing tens of thousands of employees and dedicated contractors.

Our members range from small businesses employing fewer than 20 people to large firms employing well over a thousand. Business models vary from domestic-only operations to world-wide operations. Additionally, a few of our members operate their own aircraft. In short, we are the travel agents for cargo.

We move cargo throughout the United States and the world in the most time and cost efficient manner, be it on aircraft, truck, rail, or ship.

Security is at the forefront of our business. We work closely with TSA since its inception, and we have committed several million dollars over the past 16 years to ensure that our role in the security supply chain is secure.

For example, our members have invested millions of dollars in security screening equipment, secure systems and facilities, employee background checks, maintaining compliance with the known shipper management system and the indirect air carrier management system, along with annual security training to secure our portion of the global supply chain.

In short, we play an integral role to ensure the safety and security of shipments traveling on both domestic and international airlines. We take this role seriously. We know that terrorists remain interested in airplanes and therefore are looking for any possible vulnerabilities in the system.

Throughout the past 16 years we have rolled up our sleeves to meet the requirements of the Aviation Transportation Security Act, the 100 percent screening requirement for all shipments on passenger planes, and finally the initiatives following the 2010 Yemen incident, as referred to earlier. We know what is at stake, and we will do our part.

So today I would like to focus on three key points. First, the consistent interpretation of regulations being essential. Our members operate facilities throughout the United States and therefore many inspectors inspect our facilities.

Like any business investigated by the U.S. Government, we rely on the consistent interpretation of regulations from facility to facil-

ity. We understand that people are people and 100 percent consistency is not always attainable.

That is why we urge the new perspective TSA administrator, when confirmed, to move the inspectors at TSA under the policy division within the agency. Interpretation of policy and implementation of policy should be joined at the hip.

At the end of the day, security deteriorates when operators do not have a clear understanding of regulations due to inconsistent policy interpretations. So a standardized form of training is critical. Properly-trained employees are the backbone of security, and our community has relied on the TSA to provide training materials to assist the indirect air carriers with the training requirements in the regulations.

But recently we have learned that the agency will no longer provide this training curriculum. The absence of this standardized educational tool will likely lead to stakeholder confusion and misinterpretation of vital security elements inherent in the program.

The known shipper program needs to be updated. Now, the known shipper program traces its origin back to the Aviation and Transportation Security Act, and in 2001 e-commerce was a nascent industry. Per the Census Department, e-commerce had almost \$500 billion in U.S. retail sales over the past year.

Now, we are not advocating for the elimination of the known shipper program, but we firmly believe that the known shipper program needs to be reframed to reflect today's e-commerce reality. So I would like to also comment on just a couple of additional security items.

The attempted printer cartridge bombings of all-cargo flights from Yemen in 2010 taught us that while 100 percent physical screening of cargo is essential, such inspection does not mean that our skies are 100 percent secure. We are therefore supportive of the governments' air cargo advanced screening, ACAS initiative, in which vital information from the bill of lading is analyzed for threat assessment.

A few of our members have been participating in the on-going voluntary ACAS pilot program. Our only comment is that forwarders should not be the only ones required to submit data, and this cache should be accessible through a readily available Government portal.

Finally, we have long been supportive of additional tools to the security toolbox. Private, third-party-provided K-9s for air cargo screening is a relatively inexpensive tool that we have long advocated for, and we are encouraged by the recent developments signaling that third-party K-9s for air cargo screening will finally become a reality.

However, Congress must assure that TSA receives the necessary oversight funding to manage the program and hold the agency accountable for its implementation. I would like to thank you for the opportunity to share the Airforwards Association view today.

[The prepared statement of Mr. Fried follows:]

PREPARED STATEMENT OF BRANDON FRIED

JULY 25, 2017

Chairman Katko, Ranking Member Watson Coleman, and Members of the subcommittee, thank you for this opportunity to present the views of the Airforwardsers Association (AfA) on air cargo security.

The Airforwardsers Association (AfA) represents 250 airfreight forwarders and supporting companies employing tens of thousands of employees and dedicated contractors. Our members range from small businesses employing fewer than 20 people to large firms employing well over 1,000 and business models vary from domestic only operations to world-wide operations. Additionally, a few of our members operate their own aircraft. In short—[we are the travel agents for cargo]. We move cargo throughout the United States and the world in the most time- and cost-efficient manner be it on aircraft, truck, rail, or ship.

SECURITY IS AT THE FOREFRONT OF OUR BUSINESS

We have worked closely with TSA since its inception, and we have committed several million dollars over the past 16 years to ensure that our role in the security chain is secure. For example, our members have invested millions of dollars in security screening equipment; secure systems and facilities, employee background checks, maintaining compliance with the Known Shipper Management System and the Indirect Air Carrier Management System along with annual security training to secure our portion of the global supply chain. In short, we play an integral role to ensure the safety and security of shipments traveling on both domestic and international airlines. We take this role seriously. We know that terrorists remain interested in airplanes and therefore are looking for any possible vulnerabilities in the system. Throughout the past 16 years, we have rolled up our sleeves to meet the requirements of Aviation Transportation Security Act, the 100 percent screening requirement for all shipments on passenger planes and finally the initiatives following the 2010 Yemen incident. We know what is at stake and we will do our part.

Today I would like to focus on three key points.

CONSISTENT INTERPRETATION OF REGULATIONS IS ESSENTIAL

Our members operate facilities throughout the United States, and therefore many inspectors inspect the facilities. Like any business investigated by the United States Government, we rely on the consistent interpretation of regulations from facility to facility. We understand that people are people and 100 percent consistency is not attainable. That is why we urge the new prospective administrator when confirmed to move the inspectors under the policy division at TSA. Interpretation of policy and implementation of policy should be joined at the hip. At the end of the day, security deteriorates when operators do not have a clear understanding of regulations due to inconsistent policy interpretations.

STANDARDIZED FORM OF TRAINING IS CRITICAL

Properly-trained employees are the backbone of security. Our community has relied on the TSA to provide training materials to assist Indirect Air Carriers with the training requirements in the regulations but recently we have learned that the agency will no longer provide this training curriculum. The absence of this standardized educational tool will likely lead to stakeholder confusion and misinterpretation of vital security elements inherent in the program.

KNOWN SHIPPER PROGRAM NEEDS TO BE UPDATED

The Known Shipper program traces its origin to the Aviation Transportation Security Act. In 2001, e-commerce was a nascent industry. Per the Census Department—e-commerce had almost \$500 billion of U.S. retail sales over the past year. We are not advocating for the elimination of Known Shipper, but we firmly believe that the Known Shipper program needs to be reframed to reflect today's e-commerce reality.

I would also like to comment on a couple additional security items.

The attempted printer cartridge bombings of all-cargo flights from Yemen in 2010 taught us that while 100 percent physical screening of cargo is essential, such inspection does not mean our skies are 100 percent secure. We are therefore supportive of the Government's Air Cargo Advanced Screening (ACAS) initiative in which vital information from the Bill of Lading analyzed for threat assessment. A few our members have participated in the on-going Voluntary ACAS pilot. Our only

comment is that forwarders should not be the only ones required to submit data and this task should be accessible through a readily-available Government portal.

Finally, we have long been supportive of adding additional tools to the security toolbox. Private, third-party-provided canines for air cargo screening is a relatively inexpensive tool that we have long advocated for, and we are encouraged by the recent developments signaling that third-party canines for air cargo screening will finally become a reality. However, Congress must assure that TSA receives the necessary oversight funding to manage the program and hold the agency accountable for its swift implementation.

Thank you for this opportunity to share the Airforwarders view.

Mr. KATKO. Thank you, Mr. Fried. We appreciate you being here as well and taking the time out of your busy schedule.

Our third witness is Michael Mullen, executive director of the Express Association of America. Prior to joining the EAA, Mr. Mullen was the assistant commissioner for International Affairs and Trade Relations at U.S. Customs and Border Protection where he served from 2004–2009.

Earlier, he was a senior associate at Booz Allen Hamilton and a director of nonprofit organizations focusing on trade issues in the Asia-Pacific region. Mr. Mullen concluded a 20-year career as a Navy officer, for which we are grateful, with an assignment as an assistant naval attache at the U.S. embassy in Tokyo.

Sir, thank you for your service again, and I now recognize you for your opening statement.

**STATEMENT OF MICHAEL C. MULLEN, EXECUTIVE DIRECTOR,
EXPRESS ASSOCIATION OF AMERICA**

Mr. MULLEN. Chairman Katko, and Ranking Member Watson Coleman, and Members of the subcommittee, I want to focus my testimony today on a critically important development in air cargo security in the past decade, the Air Cargo Advanced Screening or ACAS pilot program.

ACAS was born out of the terrorist attack on air cargo supply chains in late 2010, as both the Chairman and the Ranking Member mentioned. It was started by the three members of the Express Association of America, DHL, FedEx, and UPS.

ACAS now has 20 members, including passenger airlines, heavy cargo airlines, and freight forwarders. These companies voluntarily provide a subset of manifest information to Customs and Border Protection and TSA as early as possible in the supply chain.

CBP assesses this data to identify high-risk shipments for threats to aviation—80 percent of the air cargo entering the United States today is covered by ACAS members.

The Government has analyzed ACAS data on over 440 million shipments in the last 6.5 years. Any shipments considered higher-risk are subjective to screening in accordance with TSA regulations. To date, no threats to aviation have been detected.

TSA, CBP, and DHS have been discussing a draft ACAS regulation over the past few years, but have yet to issue a proposed rule. The ACAS pilot was extended last week until July 2018.

We believe some important lessons have been learned from the pilot that we would like to see incorporated into the regulation. Several of these were addressed in the Homeland Security reauthorization, to which I also want to add my appreciation. That was an excellent piece of legislation from our viewpoint.

So these lessons include, first, when industry and Government truly work together as partners, the results are dramatic. ACAS has been called the best public-private partnership in history. Both sides work together to develop a solution that was operationally feasible for industry, while satisfying Government's security requirements. The process has become known as co-creation.

Second, the 7 ACAS data elements are sufficient for risk targeting. Government agencies should seek to minimize required data elements to those they truly need to perform their mission.

Third, the data provided for ACAS is raw data, and we have learned that small errors do not substantially affect the value of the information for targeting purposes.

Fourth, ACAS targeting and risk assessment are done from a centralized location. This approach is far better than allowing individual ports to conduct their own targeting, which can lead to a lack of consistency.

Fifth, ACAS members can complete the necessary actions in response to a request for screening at an operationally optimum point in the supply chain. That has great value in reducing the commercial impacts in terms of additional costs or delays.

Sixth, because ACAS data is provided early in the supply chain and the Government accepts that it is raw data, no penalties are applied in ACAS for data timeliness or accuracy. While industry accepts that an ACAS regulation may include penalties, they should only apply in cases of gross negligence or fraud.

ACAS has proven Government can place a high level of trust in its industry partners. Government should not now start handing out parking tickets for minor data discrepancies.

Seventh, Government intelligence regarding a specific shipment must be shared with the private sector so screeners know what they are looking for.

Eighth, air cargo operators are highly motivated to ensure their systems are not targeted by a terrorist weapon and have made major investments in creating a secure aviation network which is based on multiple layers of Government regulations and their own corporate security measures. ACAS is just one more layer in that process.

Finally, international harmonization is critical for ensuring effective aviation security. The U.S. Government should seek alignment with international organizations in other countries to develop common standards and procedures for providing advance shipment data so that the private sector is not presented with dozens of different requirements.

Thank you for the opportunity to testify today, and I look forward to your questions.

[The prepared statement of Mr. Mullen follows:]

PREPARED STATEMENT OF MICHAEL C. MULLEN

JULY 25, 2017

This testimony is provided by the Express Association of America (EAA) on behalf of EAA members DHL, FedEx Express, and UPS, the three largest express delivery service providers in the world, providing fast and reliable service to the United States and more than 200 other countries and territories. These three companies have estimated annual revenues in excess of \$200 billion, employ more than 1.1 mil-

lion people, utilize more than 1,700 aircraft, and deliver more than 30 million packages each day.

EAA will focus its testimony on the contribution of the Air Cargo Advance Screening (ACAS) project to air cargo security. In October 2010, the all-cargo aircraft industry and larger supply chain was a target of a terrorist attack out of Yemen. The ACAS pilot was created as a response to this incident and has demonstrated that a close partnership with industry across Government agency jurisdictions in development and execution of new security measures can improve the safety and security of global networks while minimizing negative operational and economic impacts. First developed with express carriers in late 2010, ACAS has expanded to include passenger air carriers, all-cargo carriers, and freight forwarders, and now includes 20 fully operational members, covering 80 percent of the air cargo shipments entering the United States. The ACAS project has been highly successful and has screened over 440 million shipments without detecting any imminent threats to aviation. Several key lessons have been learned during the pilot, and any rule-making effort to formalize ACAS through regulation should consider these lessons, as follows:

INDUSTRY AND GOVERNMENT WORKING TOGETHER AS PARTNERS

Seeking industry input before proposed rulemakings are drafted allows for broader operational impacts to be considered in order to improve effectiveness. This further minimizes the defensive posture or even anxiety as the private sector faces a Government “mandate.” The absence of penalties during the ACAS pilot phase further reduced “threshold anxiety” as a barrier to participation. Additionally, the coordination between TSA and CBP enabled industry to accept that the U.S. Government had a unified approach and industry would not be subjected to differing rules and requirements.

Going Forward

Penalties should only be imposed in cases of gross negligence or willful circumvention of the rules, and not for the timeliness or accuracy of information (for reasons outlined immediately below). Similar to the move from transaction-based to account-based management of trade parties found in other customs’ spheres, the overall compliance level of the ACAS transmitter should be a key factor in the penalty scheme that is developed. This would be consistent with the spirit of trusted partnership that has been the core of the success of the ACAS effort.

Further, CBP and TSA must both be included in ACAS discussions with industry in order to ensure the unity of effort across the U.S. Government and avoid duplicative and even contradictory approaches.

7+1 DATA IS EFFECTIVE TO TARGET RISK

Separation of shipment and transport data was a necessary precondition to providing information earlier in the supply chain. The information on the shipment transmitted for ACAS (seven data elements plus the bill number—called “7+1 data”) is available much earlier than other data required for customs clearance, and “Risk-Based Targeting” against this 7+1 data set has proven effective with risk assessment sufficient to identify a shipment of interest. Mandating additional transport data such as master airway bill routings or flight numbers, full automated manifest system information, harmonized tariff system (HTS) numbers or any other commercial data as part of the advanced security filing not only fails to significantly improve targeting, but would also challenge the operational feasibility to provide data in a timely manner. Further, the pilot has shown:

1. Data provided for ACAS can be “raw data” where typographical or other clerical errors do not substantially affect the targeting capabilities.
2. The 7+1 data set is sufficient to determine whether or not a shipment is a potential threat to aviation security. Upon analysis of the 7+1 data set, if a particular shipment is of concern, then additional data can be requested on a shipment-specific basis or additional screening can be required. This screening can be conducted early in the supply chain due to the submission time line for ACAS data. In the majority of cases, shipments already have been screened as a result of standard security program and other requirements, and the results of that screening can satisfy the ACAS referral.
3. The centralized approach to targeting, risk assessment, selection, and referrals for additional screening can be successfully run through joint CBP/TSA teams coordinating all aspects of this process from a single location. This coordination and information sharing between the agencies could be strengthened.

4. ACAS pilot participants can manage the requests for data and physical screening successfully from a central, corporate inspection system, without requiring requests to be filed with field office locations, thereby improving timeliness, consistency, and accuracy of response.

5. The private-sector parties can complete the necessary actions in the event of a referral at an operationally optimum point in the supply chain, thereby reducing the commercial impacts in terms of cost and delays. If the Government has a question about the ACAS data or the data is incomplete, the shipment keeps moving while the additional data is being provided and/or the question is being answered.

6. Any expansion of the ACAS data set beyond the 7+1 elements would be inconsistent with the WTO SAFE Framework on air cargo security.

Going Forward

Future initiatives looking at advanced cargo data should:

- Recognize that raw, 7+1 shipment data can effectively target risk without requiring data elements needed for other customs functions.
- Specify the last point of departure of the flight that delivers the shipment to the United States as the deadline for submission of the data. Choosing any other deadline for data submission will add unnecessary complexity and is likely to affect operational feasibility, as shipment routing is often not known at origin.
- Accept that shipment-specific data is sufficiently accurate to determine any potential threat by the shipment, and shipper-based approaches associated with a shipper's volume are often not feasible in the advanced data context due to the timeliness of information and the need of the carriers to segregate shipments based on the shipper before building the pallets or other unit load devices (ULD). Further, shipper-based determinations are often redundant, and the shipment has already been singled out for screening prior to the shipper-based determination.
- Express carriers have a centralized database for tracking the results of shipment screening, that includes screening caused by ACAS referrals, which could be made available to TSA for auditing purposes. Based on this information, TSA could provide exemptions to standard security program screening requirements for some ACAS participants.

ACAS ANALYSIS IS LIMITED TO SECURITY

While it is tempting to use advanced data for other purposes, the success of ACAS has been in part driven by the common goal to prevent a bomb from entering the network. This singular focus of utilizing air cargo advanced data for security risk assessment remains the top priority among private- and public-sector participants. Regulatory risk assessment to interdict IPR violations, illegal drugs or other controlled substance trafficking, or other trade functions can and should be the focus of CBP officers upon arrival in the United States. Any attempt to expand the ACAS scope to achieve the simultaneous completion of both security and regulatory risk assessments pre-departure would undermine achieving the primary goal of protecting the supply chain against terrorist attacks.

Going Forward

This singular focus on security must be maintained for ACAS.

FLEXIBILITY IS CRITICAL FOR EFFECTIVENESS

Three distinct types of flexibility needed:

1. IT Systems Can and Should Be Flexible

- ACAS has demonstrated that data can be transmitted via multiple types of IT systems and in various formats. This flexibility in the interface reduces the barrier to participation and avoids unnecessary costs and time delays associated with updating a company's IT system. Furthermore, the flexibility reduces the risk of competitive disadvantages arising from existing differences in the functionality and capacity of corporate IT systems.
- Where a "dual filing" approach is taken with a separate ACAS filer and carrier, a rapid confirmation for the carrier of ACAS submission and the shipment's security status is important. The timeliness of verification across systems is most difficult with time-definite shipments, yet this is also the most essential.
- The differing business models of express/integrated and non-express/conventional will require that the IT system provide different functionality for these, in particular with regard to security status messaging.

Going Forward

The final IT filing system developed for ACAS must remain flexible. It should continue to accommodate multiple data submission formats and provide for the return messaging options required by some business models of the entities utilizing the system.

2. Screening Methods and Locations Need to Adapt to Country and Operational Limitations

- The screening is being conducted outside U.S. borders, often well before the U.S. jurisdiction to control and mandate screening. This provides a screening and security level far greater than the United States could mandate and helps ensure the security of cargo movements throughout the entire supply chain, not just from the last point of departure. However, this also understands that there may be challenges to screening with a particular method at every point globally.
- The screening method available at a particular country early in the supply chain may not offer AT X-ray, and the shipment should be allowed to be physically screened by other appropriate methods as approved at that location or allowed to move to the next point at which the cargo could be screened.
- When there is a U.S. Government-recognized National Cargo Screening Program (NCSP) of another government's cargo security program, the NCSP recognized screening methods can be effectively applied to mitigate risk. The NCSP methods were—by definition—already accepted by TSA as offering a level of security commensurate with the United States, and local screeners cannot be trained to apply differing screening standards whether it is getting a U.S.-ACAS-based screening referral or a locally-based screening referral.

Going Forward

The United States should continue to allow cargo selected for ACAS referral screening to be screened at the most operationally feasible location and allow the local screening standards to be applied for a screening referral when the cargo is in an NCSP recognized country. These National Cargo Security Program recognitions have become a critical facilitator of seamless cargo movement through major transit hubs.

3. Operational Requirements Need To Be Flexible Based On Different Business Models

- The air cargo industry is not one-size-fits-all; the regulations and programs should not be either. Challenges and opportunities differ between business models, and the system can be flexible regarding who transmits the data and when. While the jointly-held overriding goal is to intercept a high-risk shipment as early as possible, data can be transmitted by multiple partners, depending on who may be in possession of the shipment data. No specific time limit is necessary, as long as data can be transmitted in raw form as soon as available. Further, Government targeters have the ability to prioritize shipment reviews based on the urgency/timeliness of the shipment itself, thereby helping to address concerns for last-minute shipments in the just-in-time supply chain.

Going Forward

The Government must continue to recognize the different components and business models in the larger air cargo industry and avoid putting burdens on all segments that are not appropriate for individual segments. This includes ensuring that the screening referral goes to the party who filed the ACAS data—even if that party is a forwarder and not a carrier—in order to ensure the timely interception of a suspect shipment.

INFORMATION SHARING REMAINS KEY

The private sector is providing shipment-level data to the Government. At the same time, any Government-held intelligence of concern regarding a specific shipment must be shared with the private-sector ACAS participants when appropriate. When a screening referral has been issued, CBP/TSA have been able to provide specific intelligence as to why that shipment is targeted and what screeners should look for on that specific shipment if there is a specific threat. Although there has been some hesitation to provide broader intelligence sharing with the private sector, use of other Government bodies, such as the Office of the Director of National Intelligence (ODNI), could be utilized more effectively to include both domestic and international parties involved in the ACAS system.

Going Forward

Information sharing should include:

- ACAS participants should be provided with specific concerns for that shipment, thereby improving their detection capability on a targeted shipment.
- For a shipment that rises to the level of a DNL, the carrier in possession of the shipment must be given all information to quickly identify and isolate both that shipment and others in the network that may be similar.
- Other ACAS participants must also be made privy to the full information—for them to identify and isolate similar high-risk shipments.
- Finally, a secure means to provide broader threat information to the appropriately-selected security staff within the ACAS carrier is needed. It would improve internal risk targeting prior to a shipment ever entering the network. This type of “bridge line” conference call can and should be tested with industry more effectively.

THE AIR CARGO NETWORK IS HIGHLY SECURE

Air cargo operators are highly motivated to ensure their systems are not targeted by a terrorist weapon and have made major investments in creating a secure aviation network based on multiple layers both from Government regulations and additional corporate security measures. Of the hundreds of millions of shipments screened through ACAS over a period of nearly 7 years, less than one-half of 1 percent has required additional measures to verify the contents, and no terrorist threats have been detected. This indicates that existing measures are working effectively to deter attempts to exploit the network for terrorist purposes.

Going Forward

Before any new regulations are proposed to improve the security of what is already a very secure air cargo system, Government agencies should conduct a cost/benefit appraisal, consider the operational impacts and weigh those against the marginal increase in security. This is the backbone of “Risk-Based Security.”

INTERNATIONAL HARMONIZATION IS CRITICAL FOR LONG-TERM EFFECTIVENESS

Most of the industry partners involved in the ACAS pilot are operating on a global scale. There are several initiatives similar to ACAS being discussed in multiple countries. It is vital that the U.S. Government seek early alignment with international organizations and other partners/countries to develop internationally recognized standards, procedures, and processes for advanced shipment data provision to minimize the level of variability of systems and requirements and avoid duplication of data submission and security risk assessment where possible.

Going Forward

It is vital to develop a common global solution that recognizes and supports the different air cargo business models and to achieve mutual recognition of security programs and risk assessment results. The global solution should harmonize data requirements and eliminate duplication by ensuring shipment data is only submitted to one country for a single security risk assessment that is accepted by partners with whom that country has a mutual recognition agreement. This will allow international trade partners to share information globally and quickly, both reducing unnecessary cost and complexity while improving Governments’ risk assessment capabilities.

Mr. KATKO. Thank you Mr. Mullen. There are several things I will be following up with you on during my questioning, and we appreciate you for being here as well.

I always admire anyone who has served in the military. I just swore my son in as a second lieutenant, so he is embarking on his career now, and he will be going to Fort Benning, Georgia next month to start the infantry officer training stuff. He could have been a pilot, but he decided he wanted to do infantry instead. So there goes listening to your old man, I guess, right?

Mr. MULLEN. Right.

Mr. KATKO. So our fourth witness is Mr. Bart Elias, specialist in aviation policy at the Congressional Research Service. Mr. Elias re-

ceived his Ph.D. from Georgia Tech in 1994 and spent the next 5 years at the Air Force Research Laboratory.

In 1999, he became an aviation human performance investigator at the National Transportation Safety Board, where he worked on several major accident investigations, including the crash of John F. Kennedy, Jr.'s private plane.

In addition to his work with CRS, Mr. Elias has also served on the Transportation Research Board's Committee on Aviation Security and Emergency Management, chairing its subcommittee on aviation safety.

I now recognize Mr. Elias for his opening statement.

STATEMENT OF BART ELIAS, SPECIALIST IN AVIATION POLICY, RESOURCES, SCIENCE, AND INDUSTRY DIVISION, CONGRESSIONAL RESEARCH SERVICE, LIBRARY OF CONGRESS

Mr. ELIAS. Chairman Katko, Ranking Member Thompson, Ranking Member Watson Coleman, and Members of the subcommittee, thank you for the opportunity to testify today on the topic of air cargo security.

The air cargo industry serves business and consumer demand for the transport of the high-value and time-critical goods. Forecasts project continued growth at air cargo over the next two decades, spurred by expanding global economy and the growth of e-commerce. My remarks today will focus on four key aspects of air cargo security: Insider threats, risk-based targeting of shipments, physical screening, and in-flight protection from explosives.

Insiders, individuals with access to and detailed knowledge of the air cargo system, pose a vexing threat. Adding to the challenge is the fact that the air cargo system and air cargo is often stored and prepared for shipment at off-airport facilities that arrives in airports in bulk.

Complex supply chains involve large numbers of individuals who handle and transport cargo, as well as individuals responsible for routing and tracking shipments. Historically, these supply chains have been infiltrated by organized crime and there is some concern that terrorist networks could likewise infiltrate airports, distribution centers, and ground transportation and operations.

Efforts to address insider threats have focused on worker vetting. Recent statutory changes allow for more detailed records checks of certain cargo workers, but systematic reviews of the process and available options to improve vetting techniques may be beneficial.

Vetting of shippers and shipments is another key element of the multi-layered approach to air cargo security. The known shipper program serves as the primary means for vetting shipments. Only consignments received from known shippers can fly aboard passenger airplanes.

In addition, Customs and Border Protection utilizes its automated targeting system to evaluate inbound international cargo. Building on this, CBP and TSA continues to pilot test the Air Cargo Advanced Screening or ACAS system.

Under this system, freight forwarders and airlines voluntarily submit key data elements of cargo manifests for pre-departure vetting. While the ultimate objective is to develop uniform regulations for advanced cargo screening, progress has been relatively slow, de-

spite favorable views of the concept and active industry participation.

Last year, the Aviation Security Advisory Committee expressed concern that after more than 5 years of testing, the system had still not been fully developed. In its view, TSA had not devoted adequate staffing and resources to the project.

In 2007, the 9/11 Act mandated 100 percent screening of air cargo placed on passenger flights. Mandatory screening is primarily accomplished under the voluntary certified cargo screening program. This program has been widely viewed by industry as a successful example of a voluntary initiative that addresses statutory requirements while providing flexibility to address industry-specific challenges.

However, projected future growth in air cargo may pose a challenge, especially if facilities do not appropriately plan for it. If cargo shipments spike, some facilities may have difficulty acquiring additional screening equipment promptly.

Industry growth could create opportunities to upgrade screening technologies and streamline processes, but it also introduces investment risks if cargo activity later falls off.

Another option under consideration is the possible use of TSA-approved third-party explosives-detection K-9 teams to screen air cargo. While many in industry support the idea, TSA put the concept on hold after a 2011 pilot project failed to demonstrate reliable results.

TSA is currently re-evaluating available options, and it is premature to say whether private K-9 teams could help address air cargo screening needs effectively.

Finally, the 9/11 Commission recommended deployment of at least one hardened cargo container on every passenger aircraft. This concept was widely regarded as being too costly and too complex to implement, but new technologies may make it practical.

For example, light-weight bomb-resistant bags have been successfully tested in the United Kingdom. This may address the weight concerns associated with designs tested and certified in the United States over a decade ago.

In summary, while a comprehensive framework for air cargo security exists in the United States, several elements of this framework, including the Air Cargo Advanced Screening System remain incomplete.

This concludes my prepared statement, and I look forward to your questions.

[The prepared statement of Mr. Elias follows:]

PREPARED STATEMENT OF BART ELIAS

JULY 25, 2017

Chairman Katko, Ranking Member Watson Coleman, and Members of the subcommittee, thank you for the opportunity to testify today on the topic of air cargo security on behalf of the Congressional Research Service (CRS). In accordance with our enabling statutes, CRS does not advocate policy or take a position on legislation.

The air cargo industry serves business and consumer demand for the domestic and international transport of high-value and time-critical goods. The air cargo industry has experienced somewhat of a slump over the past decade, but recent data show that it has largely recovered. The Federal Aviation Administration (FAA) and others anticipate it will experience growth over the next two decades spurred by an

expanding global economy and the growth of e-commerce.¹ Data from the first quarter of 2017 show that, by weight, domestic and U.S.-international air cargo shipments are up almost 8 percent from last year, and international shipments between the United States and both the Asia-Pacific region and Latin America are each up over 10 percent.² Renewed growth in the air cargo industry will likely pose security challenges, but could also present opportunities for implementing more effective air cargo security measures.

Existing multi-layered approaches to air cargo security incorporate access controls, surveillance and physical security measures, physical screening of cargo shipments, supply chain security measures (such as tamper-evident and tamper-resistant packaging), shipper vetting, and air cargo worker vetting.

My remarks will focus on four areas: Insider threats; risk-based targeting of shipments; physical screening; and in-flight protection from explosives.

INSIDER THREATS

Insiders, individuals with access to detailed knowledge of the air cargo system, pose a vexing threat to aviation security. Adding to the challenge is the fact that air cargo is often stored and prepared for shipment at off-airport facilities and arrives at airports in bulk. This complex supply chain involves large numbers of individuals who handle and transport cargo prior to its loading, as well as individuals responsible for the routing and tracking of shipments. Historically, in the United States, these air cargo supply chains have been infiltrated by organized criminal elements conducting systematic theft and smuggling operations. There is concern among some that terrorist networks could similarly infiltrate airports, distribution centers, and ground transport operations to gather information about possible weaknesses and exploit vulnerabilities in the air cargo supply chain.

Regulations promulgated in 2006 mandate access restrictions to cargo aircraft and cargo operations areas and are designed to deter individuals from introducing weapons, explosives, and other threats into the system, but 100 percent physical screening of air cargo workers has been widely regarded as too costly, complex, and inflexible to meet the demands of air cargo and airport operations. Consequently, efforts to address insider threats have focused on worker vetting. This includes all regulated air cargo workers employed by airports, airlines, and freight forwarders, as well as employees of manufacturers, warehouses, distribution centers, and so on, that voluntarily participate in the Transportation Security Administration's (TSA's) Certified Cargo Screening Program.

Enhancing vetting capabilities through more detailed lookbacks and periodic reviews of cargo workers' potential ties to criminal activity and terrorism could potentially enhance threat detection. Recent statutory changes allow for more detailed records checks of certain cargo workers,³ but systematic reviews of the process and available options to improve vetting techniques might be beneficial.

RISK-BASED VETTING OF SHIPMENTS

In addition to vetting air cargo workers, vetting of shippers and shipments serves as another key element in the multi-layered approach to air cargo security. The known shipper program, first developed in the mid-1990's and refined in 2006, continues to serve as the primary means for vetting shipments: Only consignments received from known shippers can fly aboard passenger airplanes. In addition, Customs and Border Protection (CBP) utilizes its Automated Targeting System to evaluate in-bound international cargo and select cargo for inspection. Building on this, CBP and TSA continue to pilot test the Air Cargo Advance Screening (ACAS) system, under which freight forwarders and airlines voluntarily submit key data elements of cargo manifests for pre-departure vetting. Based on results of the pilot program, CBP and TSA are seeking to identify the appropriate data elements to require and to determine how much advance notice they need in order to identify shipments that require closer scrutiny.

The ACAS pilot program began in 2010. In July 2016, CBP extended it for an additional year.⁴ While the ultimate objective is to develop uniform regulations for ad-

¹ Federal Aviation Administration, *FAA Aerospace Forecast: Fiscal Years 2017–2037*, https://www.faa.gov/data_research/aviation/aerospace_forecasts/media/FY2017-37_FAA_Aerospace_Forecast.pdf; Boeing Company, *World Air Cargo Forecast 2016–2017*, <http://www.boeing.com/commercial/market/cargo-forecast>.

² U.S. Department of Transportation, Bureau of Transportation Statistics, Air Cargo Summary Data, <https://www.transtats.bts.gov/freight.asp?pn=0&display=data2>.

³ See the FAA Extension, Safety, and Security Act of 2016, Pub. L. 114–190.

⁴ U.S. Customs and Border Protection, "Extension of the Air Cargo Advance Screening (ACAS) Pilot Program," *81 Federal Register* 47812–47813, July 22, 2016.

vance cargo screening, progress has been relatively slow, despite favorable views of the concept and active industry participation. Last year, the Aviation Security Advisory Committee, a group of industry advisers to TSA, expressed concern that, after more than 5 years of pilot testing, the system had still not been fully developed. In the committee's view, TSA had not devoted adequate staffing and resources to the project.⁵

CARGO SCREENING

The Implementing Recommendations of the 9/11 Commission Act of 2007 (Pub. L. 110-53) mandated 100 percent screening of air cargo placed on passenger flights. In contrast to its functional role in airline passenger and baggage screening, TSA serves primarily in a regulatory capacity with respect to air cargo screening. Mandatory screening is primarily accomplished by airlines and freight forwarders, as well as manufacturers, shippers, and cargo consolidators that are certified by TSA under the voluntary Certified Cargo Screening Program. TSA approves and oversees participants in this program and conducts security threat assessments of workers who handle air cargo shipments at certified facilities. The program has been widely viewed by industry as a successful example of a voluntary initiative that addresses the statutory requirements while providing adequate flexibility to address industry-specific challenges. However, projected future growth in air cargo may pose a challenge to this layer of security in particular, especially if facilities do not appropriately plan for it. If cargo shipments spike, some of these privately-owned facilities may have difficulty acquiring additional screening equipment to meet increased demand in the near term. Industry growth could create opportunities to upgrade screening technologies and streamline processes, but it also introduces investment risks if cargo activity later falls off.

Another option under consideration is the certification and deployment of TSA-approved third-party explosives detection canine teams to screen air cargo. While many in industry support the idea, TSA had put the concept on hold after results from a 2011 pilot project failed to demonstrate reliable conformity to TSA performance standards among canine teams provided by outside contractors.⁶ TSA is currently re-evaluating available options to take advantage of third-party canine teams, and it is premature to say whether this approach may provide a viable means to address cargo screening needs.

IN-FLIGHT MEASURES

The majority of security experts believe that the most meaningful air cargo security measures involve identifying threats through risk-based measures and physical screening before explosives or incendiary devices can be placed on an aircraft.⁷ However, it may also be possible to limit the damage from a device that might go undetected and be loaded into a cargo hold. The 9/11 Commission recommended the deployment of at least one hardened cargo container on every passenger aircraft,⁸ but doing so was widely regarded as being too costly and too complex to implement.

Alternative approaches for explosive containment may be further evaluated. For example, lighter-weight bomb-resistant bags that can absorb the energy of an explosion have been successfully tested in the United Kingdom.⁹ This technology may address the weight concerns associated with the hardened unit loading device designs that were tested and certified in the United States over a decade ago.

⁵ Aviation Security Advisory Committee, Meeting Minutes, February 29, 2016, https://www.tsa.gov/sites/default/files/asac_meeting_minutes_29feb2016-508.pdf

⁶ Transportation Security Administration, *Canine Teams Effectiveness for Securing Transportation Systems*, Statement by Melanie Harvey and Annmarie Lontz before the House Committee on Homeland Security, Transportation Security Subcommittee, June 24, 2014, <https://www.tsa.gov/news/testimony/2014/06/24/canine-teams-effectiveness-securing-transportation-systems>.

⁷ See, for example, U.S. Government Accountability Office, *Aviation Security: Actions Needed to Address Challenges and Potential Vulnerabilities Related to Securing In-bound Air Cargo*, GAO-12-632, June 11, 2012, <http://www.gao.gov/products/GAO-12-632>; International Air Transport Association, *Recommended Practice 1630: Air Cargo Security*, <http://www.iata.org/whatwedo/cargo/security/documents/csc-recommended-practice1630.pdf>.

⁸ National Commission on Terrorist Attacks Upon the United States, *The 9/11 Commission Report*, p. 393, <https://9-11commission.gov/report/>.

⁹ David Shukman, "Aircraft 'Bomb Bag' Limits On-Board Explosion Impact," *BBC News*, July 24, 2015, <http://www.bbc.com/news/science-environment-33650713>.

CONCLUSION

In summary, while a comprehensive framework for air cargo security exists in the United States, several elements of this framework, including the Air Cargo Advance Screening system, remain incomplete. In addition, there are potential opportunities to improve the vetting of air cargo employees, refine risk-based approaches to identify and appropriately screen high-risk cargo, and improve the likelihood that an aircraft can survive an explosion or in-flight fire.

Mr. KATKO. Thank you, Mr. Elias, I appreciate your testimony. I am particularly interested in following up with you either during the hearing today or at some point afterwards about the problem I see with new technologies from the time the idea is born until the time they get them on the front lines to help out.

I think there is still applied mentality in the bottleneck that is within Homeland Security's real problem and perhaps you could shed some light on that for us, if we have time today. But I do appreciate your testimony.

I want to recognize the Ranking Member Mr. Thompson, who is here with us today. In a moment he will be asking questions as well.

I now recognize myself for 5 minutes of questions.

Mr. Mullen, I think I will begin with you. You mentioned something that I am always interested in and that is the public-private partnerships. I think that increases dramatically the efficiencies of Government by basically providing user tools and getting the heck out of the way and just providing appropriate oversight.

I want to talk to you about the Air Cargo Advanced Screening pilot program. I stress the word pilot because, it has been a pilot program for way too long.

I would like to hear your opinions on, you know, by taking away that and just making it part of our overall apparatus that we requested in the authorization bill that came out of the House, what that will do to benefit, if anything, with the program?

Mr. MULLEN. Thank you, Mr. Chairman. Well, ACAS was unique in the way it was created because what the Yemen bomb plot indicated was that our existing regulation, which was the Trade Act of 2002 that required manifest information to be submitted 4 hours before the arrival of the aircraft, was not adequate.

That would have been way too late if those bombs hadn't been discovered the way they were when they were still over in Europe and the Middle East. So essentially CBP and TSA presented that problem to industry and said we need this information earlier or we need a subset of the data on each shipment earlier than we are getting it now. But they allowed industry to devise the most effective approach to providing that information earlier.

The thing was, the flexibility the Government adopted was also very important. Many different members have joined ACAS, and the Government has been able to adopt a flexible I.T. approach with each company where they can adapt their ability to receive the data to the capability of the industry to submit it.

So I think the measures that are outlined in the Homeland Security reauthorization are enormously important. But what is going to be required to make it work is that willingness to, you know, treat each other as co-equals, as trusted partners going forward, and Government's ability to adapt, which is essentially an industry solution to a security problem.

Mr. KATKO. Well, thank you, Mr. Mullen and I couldn't agree more. I trust that going forward if we are successful in getting this authorization passed out of the Senate and signed into law and that this becomes a permanent entity, that you will continue to interact with us to keep us abreast of issues that we need to address, if any going forward.

Mr. Fried, I appreciate your testimony as well, and, you know, just talk about the National cargo security program in general, but in particular the known shipper program and the indirect air carrier program. Are there any improvements that can be made to those programs that we should be aware of or that we need to address, which we haven't?

Mr. FRIED. As I stated in my testimony, I believe that the known shipper program has to be streamlined to reflect today's economic and electronic realities. E-commerce didn't exist a number of years ago.

So we want to be able to get as many shippers as possible onto these planes, because you have got to remember that all cargo is now screened on the piece level, physically screened. But at the same time if the known shipper management system can't quickly accommodate these transactions, that is where we have some issues.

So we need to get a group together, maybe a joint task force from TSA and stakeholders, in coming up with ways to streamline the management system so that we can get more of these shippers on planes.

Mr. KATKO. All right, thank you very much.

Mr. Elias, briefly, as I only have a minute left, we do have a little time, I have been vitally concerned since I have been in Congress about the stop-gap, if you will, the bottleneck, I should say, of getting technology from idea to implementation—it has just been a mess at Homeland Security.

I see so many vendors out there and so many people with great ideas. Either it is the RFP process, which is like Lucy holding the football and pulling it away from Charlie Brown at the last second, they keep changing the RFPs down the road. They are not—the willingness not to think outside the box as much as they should.

So could you comment on some of that and what you think we could do moving forward to help expedite that process in the cargo security arena?

Mr. ELIAS. In terms of expediting the process, that may be difficult in the context of Federal acquisition law. But I will comment in general on the air cargo industry in that the CCSP in particular is a system where there is a list that TSA provides of approved screening equipment that the industry then purchases for screening the cargo.

That may offer an opportunity for some flexibilities in terms of the ability for TSA to more quickly identify approved screening equipment, as opposed to going through the full Federal acquisition process.

Mr. KATKO. Thank you, Mr. Elias.

Then my time is up, but I will just note, Mr. Alterman, I haven't forgotten about you. My time is up, but I do want to thank you again for all you have contributed over the years to the industry.

I hope you remain a robust member of the ASAC for a long time because your input has been very valuable and the input I have received back from the ACAS committee as a whole since I have been Chairman of this subcommittee has been extraordinarily helpful.

So bottom line, just keep it up, OK?

Mr. ALTERMAN. Thank you.

Mr. KATKO. All right. You are welcome.

The Chair now recognizes the Ranking Member of the Homeland Security Committee as a whole, Mr. Thompson, for his questions.

Mr. THOMPSON. Thank you very much, Mr. Chairman, and I would like to submit my written testimony for the record.

Mr. KATKO. Without objection, so ordered.

[The statement of Mr. Thompson follows:]

STATEMENT OF RANKING MEMBER BENNIE G. THOMPSON

JULY 25, 2017

DHS Secretary John Kelly has described the threat to aviation as “sophisticated” and “very real.” I concur with Secretary Kelly’s assessment of the aviation threat. That said, the demands of the ever-evolving threat environment demand that TSA not only give significant attention to passenger screening but also be vigilant about other aviation security threats—such as those related to air cargo.

The threat to air cargo came into full view in 2010 when al-Qaeda in the Arabian Peninsula (AQAP) designed a plot in which explosives hidden within printer cartridges were to be detonated on U.S.-bound aircraft. If successful, this plot would have killed innocent people and caused catastrophic economic disruption.

As AQAP explained in its on-line magazine, *Inspire*, “It is such a good bargain . . . to spread fear amongst the enemy and keep him on his toes in exchange of a few months of work and a few thousand bucks.”

Well before the 2010 AQAP air cargo plot, Congress recognized the need to bolster air cargo security. Next week will mark the tenth anniversary of the enactment of the Implementing Recommendations of the 9/11 Commission Act of 2007, legislation I authored that then-President George W. Bush signed into law. A key provision of this comprehensive homeland security law was a mandate that all cargo on domestic and international in-bound passenger planes be screened.

TSA and the stakeholder community deserve a lot of credit for coming together to develop an approach to implementation that, since 2012, has kept air passengers secure from the threat of a cargo-based explosion. While I have been pleased with all that was done to achieve the mandate, more must be done.

It is my hope that today’s hearing will be a part of an on-going conversation that will help us identify opportunities where TSA can work better with cargo stakeholders to further enhance security and operations.

Mr. THOMPSON. You know, I think this is a watershed moment for air cargo screening in this country. When we first talked about it, people said it can’t be done. You know, I refused to believe it then, and I think now we have done a very good job at not only keeping security uppermost, but we have also been able to keep commerce moving in the process.

So, I think Congress was right to mandate the 100 percent. It just took us a little while to get there but, nonetheless we are there.

So I guess the question that I have, and then I will start with Mr. Elias is, what transformation have you seen from the beginning to now that is you think important for this committee to understand? What is the take-away going forward for us to continue this effort?

Mr. ELIAS. Well, I think some of the transformation that you describe really does reflect your view of the notion that it was impossible or improbable to accomplish 100 percent screening. Before it

was enacted, I know talking to folks in industry, that there was real concern that how were we going to accomplish this?

There was a transformation to a view where now we have been faced with this mandate what do we need to do to work together to meet the requirements and at the same time meet the industry-specific needs to keep cargo moving through the system.

You know, that was a process that took a few years. You know, domestically it probably took on the order of 3 years to accomplish and closer to 5 years to work with our international partners to accomplish that.

But, you know, moving forward, as you said it has been a bit of a transformation in terms of the view of how the screening could work effectively in the comprehensive multi-layered approach to air cargo security.

Mr. THOMPSON. Thank you. I guess to other members of the panel, you have kind-of seen that metamorphosis of where we are now. Can you give us, Mr. Alterman, and going forward, your opinion?

Mr. ALTERMAN. Yes. Thank you very much for the question. One of the things that I have noticed, and I agree with Mr. Elias, but one of the things that Yemen taught us was that the key element in air cargo security, indeed on all security, is good intelligence. That plot would not have been resolved without the Saudis giving us good intelligence.

One of the things that has happened over the last few years is that the ability to share intelligence information both among the Government agencies and between Government agencies and the industry, has become crucially important, perhaps more important than anything else that we can do from a regulatory standpoint.

So what we discovered as a result of Yemen and the years following is there are a whole number of organizations in the U.S. Government with intelligence oversight. They don't always talk to each other.

To be perfectly honest, TSA cannot tell us what they don't know. So we have to make sure that the intra-Government relationships on intelligence sharing get to the people who can share it with the industry.

The second part of that is that TSA must be able and willing to share that information with key people and the members of their stakeholder community. Because it doesn't do any good for TSA to have that intelligence information if it is not transmitted to the people who can actually act on that in the industry.

Again, that goes back to some of the first things that Chairman Katko said, and that is that security works best when industry and Government work together to identify the issues and then design the mitigation strategies for that.

It is crucially important in the intelligence area. We need the Government to get the information to the TSA. The TSA must not only say here is the information, they must work with the stakeholders to say what is the result of this information, and how can we mitigate it?

Don't just put on, you know, here is the information and here is what you shall do. Again, it goes back to a cooperative agreement.

But I think what I have discovered in going back to your question, was the advancement of intelligence information and the recognition that intelligence is so crucial, really needs to come to the forefront.

Mr. THOMPSON. Thank you. My time is up. At some point I would love to hear that response from the other two panelists.

Mr. KATKO. We have some leeway, Mr. Thompson, so please go ahead.

Mr. THOMPSON. OK.

Mr. Fried, if you would like to take a chance?

Mr. FRIED. Thank you, Mr. Thompson. You know, the certified cargo screening program is a shining example of success born out of both Government and private partnerships working together because we knew that failure was not an option.

So we had to make this 100 percent screening mandate work. For the past 7 years or so we have been screening using this risk-based multi-layered approach, and it has worked. So we have physical screening and it is throughout the United States on, as you said, flights leaving and coming and everywhere.

But I think within TSA, I agree with what Mr. Alterman just said about the need for information sharing. But I also think it is incumbent upon TSA to provide swifter policy interpretation within our industry, so that we are not left guessing on the stakeholder side as to how to interpret policies that are coming out of the agency. That is particularly concerning to us, because obviously safety is at stake.

Mr. THOMPSON. Thank you.

Mr. Mullen.

Mr. MULLEN. Congressman, I would just note that the results of the Yemen incident really served to highlight the enormously robust security programs that members of the air cargo industry had in place for decades. It ranges from employee vetting and training, through screening of shipments from high-risk countries, to a whole range of measures that those companies use to protect their own assets and their brand.

The measures like ACASS add an additional layer to those, but it has been effective because there was already a very solid foundation—100 percent screening was feasible because a lot of these companies were already screening all the shipments coming from certain high-threat countries.

So that is the key going forward, is the Government and industry continue to work together that way while recognizing the very good foundation that we have in place already.

Mr. THOMPSON. Thank you.

I appreciate the Chair's indulgence. Thank you.

Mr. KATKO. Certainly, Mr. Thompson.

The Chair welcomes to the committee the gentleman from Kansas, Mr. Estes, and recognizes him for his 5 minutes of questioning.

Mr. ESTES. Thank you, Mr. Chairman. The previous question asked by Mr. Thompson kind-of centered around one of the questions that I wanted to start with is, you know, what are additional resources that TSA maybe particularly needs?

So I don't know if there are other things, tools, or techniques out there. Can you embellish upon that?

Maybe just open it up for all of you to start with, Mr. Alterman?

Mr. ALTERMAN. Yes, and I am not sure additional resources, although they always help, you know, probably the personnel policies and organization of TSA is probably none of my business, but it does relate to the question you asked.

That is that once upon a time at TSA, we had an Air Cargo Division that concentrated on air cargo and we had scores of people working in it. That has shifted away so we don't have that organization anymore.

More than additional resources, I think there should be concentration of recognizing the unique place that air cargo plays in the world. One of the ACAS recommendations a while back was to reconstitute the air cargo office within the Office of Security Policy and Industry Engagement.

I am not sure it needs 40 people, but I sure as heck think that what we really need within TSA is a shifting of priorities. Brandon hit on this, you know, on a more specific basis.

But I really think that we need an office of air cargo policy that brings together all the disparate people within TSA that work on air cargo so we don't wind up with different policies and different interpretations of the same policy. That reorganization type of operation would do a tremendous amount to increase air cargo security.

Mr. FRIED. Mr. Estes, I would agree with what Mr. Alterman just said. I would also tell you that, you know, air cargo is seemingly a simple business, but it is fraught with complexity.

You do need people who are focused and dedicated to the workings of air cargo. To just mix them in with this general aviation umbrella, I think, does air cargo a disservice, and I think it does air cargo security a disservice as well.

Mr. ESTES. Mr. Mullen.

Mr. MULLEN. Congressman, I would just add that I think there are some novel approaches to focusing the existing Government resources a little bit better than we are doing right now.

CBP has a personnel shortfall right now, but they have developed a program where the private sector can come to them and propose projects where the private sector provides some resources. It might be office space. It might be overtime salaries. There is a range of things that the private sector can provide, and CBP will work with them to provide their officers to focus inspection activities in a certain area at a certain time, perhaps weekends or off hours.

So I think it is programs like that where the Government can work with industry to focus the existing resources a little bit more effectively.

Mr. ESTES. Mr. Elias, did you have any thoughts as well along the same lines?

Mr. ELIAS. Just some brief thoughts really to build on that, just to leverage some of the capabilities of industry to work with TSA. As I mentioned before in response to Chairman Katko's comment, within the CCSP, there may be some opportunities to look at things like novel approaches to screening technology, those types of things, through partnership with industry.

Mr. ESTES. Thank you. My next question, maybe it is one that is already well-understood by the other committee Members, but coming from a new Member. We talked a little bit about the third-party K-9 program, and how that is being added in.

I guess I will ask you, Mr. Alterman, since you brought it up first is, what were some of the specific things that we were wanting to see accomplished with that that wasn't being done now internally?

Mr. ALTERMAN. Well, historically at TSA there has been a pushback against allowing third-party K-9s to screen cargo. TSA has a cadre of wonderful dogs, but there aren't enough of them, and they are TSA dogs. There has always been a pushback from the agency about doing a third-party K-9 program.

They have moved somewhat in the direction of allowing this, but your legislation, I think, pushed it over the edge. What they are doing now, at least on our last meeting with them, is exactly what the language of the 2825 says.

You know, the devil is always in the details. We don't know exactly what the program is going to look like when it comes out of the other end of the sausage grinder, but we have been told that it will conform to the language of the act.

We are a little concerned that things never move fast enough within Government agencies, and TSA in particular, and we are a little concerned that the details may be concerning. We had a meeting with them, and they promised to show us where they were going before they actually started implementing it.

We haven't heard back from them, but the good news was that I did speak to someone who said they were going to try to have a program in place by October 1 of this year, which is very aggressive and very good if they actually do it.

The industry continues to be in a show-me state because of the traditional reluctance to do this. But with the help of the legislation, and hopefully when the Senate gets around to doing the same thing, we think that we are on the right path there. I think that we are overcoming the reluctance.

Mr. ESTES. Thank you. It is interesting you mentioned the sausage-making process. I was informed on the floor today, that using that terminology to talk about our legislative process denigrates sausages.

So, you know, Mr. Chairman, I yield back.

Mr. KATKO. Thank you, Mr. Estes.

The Chair now recognizes the Ranking Member Mrs. Watson Coleman for 5 minutes of questions.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman. Thank you each for your information. It is very helpful to me. I have so many questions regarding this issue. I want to start with this. This is for all three of you actually.

I would like to hear from the three members of the private sector witnesses about the security of our cargo screening system. Because it appears to me that the approach TSA takes in addressing cargo security relies a lot on effective communication and coordination among industry and TSA and a limited degree of oversight.

So one could argue that, given the nature of the threat, there should be more agency oversight and compliance inspections of cargo security screening. I would appreciate it if the three of you

could briefly tell me now, or for the record, why this system we have in place is effective at preventing successful attacks via cargo, and what, if any more, should we be doing?

I also want you to know that I am very impressed, and very concerned, about the disbursement of the sort-of functions throughout TSA, if something that seems to belong in one sort-of centralized location, and would love for someone to tell me when and why that happened if you could? Thank you.

Mr. FRIED. Mrs. Watson Coleman, I can probably address the oversight issue at the TSA. I would tell you that, you know, that TSA has 500 cargo inspectors out in the field overseeing approximately 4,000 indirect air carriers and freight forwarders.

So most of or all of our members and freight forwarders throughout the United States, see the TSA personnel on a very frequent basis, both through the front door and through the back door, testing our facilities making sure they are hardened, making sure that our securities are, in fact, secure.

So there is a tremendous amount of oversight, especially in the certified cargo screening program. They are constantly coming in looking at our video tapes, looking at the screening process itself. I—

Mrs. WATSON COLEMAN. [Inaudible.]

Mr. FRIED. It could range from several times a week to a few times a month. It depends on how they see fit. And—

Mrs. WATSON COLEMAN. Some agents—are they not looking at smaller facilities or how are they deciding where to concentrate their effort if they have only got 500?

Mr. FRIED. Well, and I didn't mean to imply that there are those indirect air carriers that are not supervised or not overseen or checked. They are checked on, I assume, a random basis. I don't know exactly what the algorithm is within TSA's inspection force, but I can tell you they are frequent visitors to our facilities.

So I, you know, the oversight I think is there. But what we really need to be doing is focusing on ways to increase the amount of technology that is out there, improve—as an example, right now, I don't know if you knew this or not, but there is no technology in existence that TSA has validated and certified, that will screen many types of commodities on a pallet.

So that is one of the reasons why we have to move forward very quickly to make sure that these K-9s are, in fact, provided on a third-party basis to the stakeholders, to the forwarders, so that we can begin this screening in that fashion. We assume that there will be very aggressive TSA oversight.

Mrs. WATSON COLEMAN. What do you think is the biggest problem getting these K-9s that can be trained? I mean, I read the sort-of information and briefing on it, and it seemed like TSA just didn't find K-9s that met the grade. Why is that?

Mr. FRIED. Well, I could tell you—I can't speak to whatever happened prior to this in the pilot program for a number of years ago. But I can tell you that there is a robust industry of K-9 providers out there that are ready to train to TSA standards.

There is a pretty large number of dogs ready to go throughout wherever needed. So, you know, once again, the private sector can come in and assist the TSA.

Now what is causing the delay? I think that, you know, this is something that the TSA is reluctant to release out of its control because obviously they have had such strict oversight over these K-9s for a number of years.

But I think that over time, their confidence will build that in fact the private sector can rise to the occasion and by the way, even exceed the standards.

Mrs. WATSON COLEMAN. Let me ask you one quick question. I know that other two gentlemen didn't get a chance to respond to my question. Who mentioned the bomb bags?

Mr. FRIED. You mean the containers?

Mr. ELIAS. That was me.

Mrs. WATSON COLEMAN. Well, the word was bags. So I just wanted to know what was that, how does that work, and what is the problem with having that used here if it has been determined to be effective?

Mr. ELIAS. So that is on-going research in the United Kingdom on bomb bags. They are about an inch thick, soft-sided bags that can contain an explosion on-board an aircraft. They have done demonstrations that that has been effective on old aircraft parked in the United Kingdom.

So in my testimony I mentioned that the last time the United States has looked at the hardened cargo container technology was essentially a decade ago, building off of FAA research. The TSA followed up with that based on a legislative mandate in 2004. So, you know, this U.K. technology seems promising so it may be something worthy of reexamining.

Mrs. WATSON COLEMAN. Mr. Chairman, I just have a lot of questions that I had to do with the, sort-of, chain of custody of things that ultimately get on airplanes, and I would just love to hear, and perhaps you could send that to us, what your ideas are to ensure that that sort-of chain of custody is secure and that we can be confident that this is working the way it is supposed to be.

With that I yield back. Thank you.

Mr. KATKO. No, I think that is a particularly good point given the perceived technological advances by the bad guys, right? So it is something we should definitely be noteworthy of and I look forward to hearing your responses on that as well. You can have 10 legislative days in which to send that back. I would appreciate it.

The Chair now recognizes the gentleman from Louisiana, Mr. Higgins, for 5 minutes of questions.

Mr. HIGGINS. Thank you, Mr. Chairman.

Mr. Mullen, is cargo ever transferred from a dedicated cargo flight onto a commercial passenger flight in order to arrive at perhaps a smaller airport with no dedicated cargo terminal?

Mr. MULLEN. Yes, sir. That happens routinely.

Mr. HIGGINS. OK.

Mr. Chairman on December 21, 1988, and I thank the Ranking Member earlier for speaking on the amount of time we have been talking about this. On December 21, 1988, Pan-Am flight 103 was blown from the sky over Lockerbie, Scotland by the placement of a Semtex bomb in luggage transferred from—the flight went from Helsinki through Frankfurt to London and was en route to New

York. Two hundred and seventy people died, 259 crew and passengers and 11 on the ground where the wreckage fell.

Two weeks prior to that attack, the FAA received a detailed warning. This is what the investigation disclosed is what I am sharing today. A detailed warning describing the attack precisely as it took place. It was taken very seriously by the FAA and all the airlines were warned.

Pan-Am itself began collecting a \$5 security surcharge promising and I quote: "A program that will screen passengers, employees, airport facilities, baggage, and aircraft with unrelenting thoroughness." This was almost 30 years ago, and yet we still discuss it today.

So I would ask my question to you Mr. Elias, given your background and your area of specialty, sir. Considering the modern capability to digitally construct and shape Semtex plastic explosives, it seems to me that the detection of the chemical compound itself for plastic explosives has to be our goal.

What can Department of Homeland Security do to enhance the industry's ability to detect plastic explosives and as a 14-year cop, I am a great believer in K-9s. I think you are right, sir.

Mr. Fried you mentioned that there is a robust industry of K-9 providers. These dogs can be trained. They can be deployed rather inexpensively compared to some of the technologies out there.

But Mr. Elias, I defer to your greater wisdom here, sir, and I ask you your response?

Mr. ELIAS. So your question really gets at the use of technology and what technologies are adopted, as well as alternatives to technologies, such as K-9 teams and how they could work in concert with each other.

Mr. HIGGINS. To detect plastic explosive, yes, sir.

Mr. ELIAS. To detect explosives, yes, absolutely, plastic and other explosives. So explosive trace detection technologies certainly have the capability to look at those chemical signatures of various different explosives.

K-9s certainly can be trained to do similar tasks. So the use of both of those technologies can augment other methods, such as explosives detection systems which work on matter density and so forth, to look at explosives without looking at the chemical aspects of those explosives.

So there is a host of technologies available. We really haven't gotten to the point to really field any other technologies other than those trace technologies, although there are some technologies that have been in the laboratory for years. They just haven't been seen as feasible to really move out into the field.

The K-9 teams certainly are seen as one potential option for looking at ways to detect chemical traces in the explosives.

Mr. HIGGINS. Thank you for that answer.

Mr. Fried.

Mr. FRIED. Mr. Higgins, I am a graduate of Syracuse University and several students were on Pan-Am 103 returning from their semester abroad in Europe.

Mr. HIGGINS. I am sorry for that pain, sir.

Mr. FRIED. As were we in the Syracuse community. I would tell you that there is not a day that goes by that we don't think of Pan-Am 103.

I would also say that this is a risk-based multi-layered approach to security. There is not one magic bullet to actually detect every single threat. That is why everything has got to be working in concert—all these tools. I think that K-9s are a very viable tool that needs to be implemented as soon as possible.

But technology is constantly evolving and that is one of the reasons why TSA has got to use an aggressive approach to making sure they are considering every new piece of technology possible and making those new technologies available in the field so that they can work in concert with these K-9s when necessary.

Mr. HIGGINS. Mr. Fried, that was a thoughtful and comprehensive answer.

Mr. Chairman, I yield back.

Mr. FRIED. Thank you.

Mr. KATKO. Thank you. Mr. Fried, I must know that I am very happy to hear that you are from Syracuse University, as am I. So—

Mr. FRIED. Thank you.

Mr. KATKO [continuing]. Great minds think alike I guess, right.

Mr. FRIED. Jim Boeheim was hired in my freshman year.

Mr. KATKO. Is that right?

Mr. FRIED. Actually my sophomore year.

Mr. KATKO. You are dating yourself. I hope—

Mr. FRIED. I am dating myself.

Mr. KATKO. I hope you didn't dress as poorly as he has over the years. He has gotten better lately, but I would like to thank all of you for your testimony today.

It has been very helpful. It has been long past due for this subcommittee to pay attention to air cargo from a committee standpoint. We pay attention to it every day, but talking about it in this setting is very, very important, and I appreciate all of your testimonies. It is a very impressive panel.

I want to echo what I said earlier and that is this is not a one-time deal. We routinely rely on you all feeding information to our committee's staffs and for us to shape policy and shape laws and accordingly. So please keep up the interaction between all of us.

I applaud you on the public-private partnerships. I applaud you on doing a terrific job in carrying out Ranking Member Thompson's mandate from years ago. I mean, I think it was his legislation that started this.

And good for him, and I wish he was here for me to throw a compliment at him cause I don't do it very often.

Mrs. WATSON COLEMAN. I will let him know.

Mr. KATKO. All right. It is on the record so he should make a record of it. But I do thank you for it, and I do thank Mrs. Watson Coleman as always and all of the Members of the committee and the staff, who did a great job on this.

Let's keep moving on this and if there is legislation that you need for us to take a look at of course it is our job to do that and please keep it coming. The last thing I can say is go orange. Thank you very much.

So Members of the committee may have some additional questions for the witnesses. We will ask you to respond to those in writing. Pursuant to committee rule VII(D), the hearing record will be held open for 10 days.

Without objection the subcommittee stands adjourned.

[Whereupon, at 3:12 p.m., the subcommittee was adjourned.]

APPENDIX

QUESTIONS FROM RANKING MEMBER BONNIE WATSON COLEMAN FOR STEPHEN A. ALTERMAN

Question 1. The Government's approach to securing air cargo relies significantly on effective communication and coordination among industry stakeholders and the TSA, and the TSA has limited resources to ensure compliance and oversight. Please provide your thoughts on the effectiveness of the current construct for air cargo security. Should TSA increase its resources for compliance and oversight? What more can be done to ensure effective communication, coordination, and oversight?

Answer. The Cargo Airline Association agrees that effective communication and coordination between industry stakeholders and TSA is essential in today's security environment. This communication and coordination is especially important in an era of diminishing resources.

This question can be broken down into two separate components—the communication and coordination piece and the oversight issue. With respect to the “current construct for air cargo security”, as we noted in oral testimony, policy affecting air cargo has largely been spread across the agency rather than being centralized in one place. This dispersion of policy responsibility has often led to conflicting interpretations of TSA policy leaving industry caught in the middle of internal agency struggles. This problem has been exacerbated by the disbanding several years ago of the Air Cargo Office within the Office of Security Policy and Industry Engagement (OSPIE). We believe that, without this office, effective air cargo policy gets lost among other competing interests. While we understand that re-creating the office with the scores of personnel previously employed is probably not viable in today's environment, we strongly believe that an Air Cargo Operations and Policy Office, dedicated to working with industry stakeholders, would go a long way toward a better understanding of the industry and a more secure air cargo supply chain.

In terms of TSA's oversight function, in our opinion the key is not more resources, but rather the continued development of a program for non-punitive information sharing that will allow TSA to develop data on potential security gaps and to work with industry on mitigation strategies. Coupled with more robust intelligence sharing both among Government agencies and between Government and industry, this cooperative effort will provide the best air cargo security.

Question 2. How does the cargo industry and TSA ensure a secure chain of custody for air cargo as it transits through the supply chain prior to loading on aircraft? What more can be done to ensure a secure chain of custody?

Answer. The security of the air cargo supply chain is governed by the various Standard Security Programs governing industry operations. The specific provisions are considered Sensitive Security Information (SSI) and cannot be divulged in a public context. Therefore, this question is more appropriately addressed to TSA who can provide the information on a confidential basis.

Having said that, it is important to note that the air cargo industry is composed of a number of diverse entities all of which play a role in securing the supply chain. Because of the diversity of operations, each entity (passenger airlines, all-cargo airlines and air freight forwarders) operates under a separate security program tailored to specific threats. Where the operations of these entities intersect, the various programs contain provisions that provide security requirements for the transfer of freight among the parties.

In terms of possible improvements, the various programs should be reviewed with a view to making them more outcome-based and tailored to specific company operational requirements. As a practical matter, “one size does not fit all” prescriptive programs across a broad spectrum of the industry are less effective than risk-based programs designed for each company in the supply chain. One way of accomplishing this objective would be for TSA to establish the outcomes necessary and having each

company develop the specific ways that they would comply—with TSA approving each company's methodology.

Question 3. The rise of e-commerce business has affected the cargo industry significantly in recent years. How has the rise of e-commerce business impacted air cargo security, and what changes should be made to current security programs to reflect these changes in the industry?

Answer. The rise of e-commerce has radically altered the buying habits of consumers around the world. On-line purchases have meant significantly more freight moving through the air cargo supply chains. While the industry has adequately adapted to this influx of traffic, there are two enhancements that can be made as we move forward. Both of these enhancements were described in some detail in oral testimony of the industry witnesses.

First, in order to deal with increasing volumes and regulatory requirements, the use of third-party canines for the primary screening of air cargo is absolutely essential. Canines have consistently proven effective in such screening in international markets and these private canines can provide an extra level of security for all supply chains. TSA is in the process of developing such a program and the recently passed H.R. 2825 also would require a viable third-party canine program. A rapid deployment of this "low-tech" screening method is extremely important.

Second, the Air Cargo Advance Screening (ACAS) program where companies submit shipment information for analysis as early as possible in the supply chain should be made fully operational as soon as possible. The program has been in a pilot stage for over 6 years and full implementation should be a Government priority. Indeed, consideration should be given to expanding ACAS, now an international program, to domestic operations.

QUESTIONS FROM RANKING MEMBER BONNIE WATSON COLEMAN FOR BRANDON FRIED

Question 1. How does the cargo industry and TSA ensure a secure chain of custody for air cargo as it transits through the supply chain before loading on aircraft? What more can be done to ensure a secure chain of custody?

Answer. Freight forwarder members of the Airforwarders Association are governed by the Indirect Air Carrier Standard Security Program when securing their cargo as it transits through the supply chain before loading on aircraft. Specific provisions of the program are considered Sensitive Security Information (SSI) and cannot be divulged in the public context.

Members of the Airforwarders Association have been ensuring the safe transit of air cargo through a complex supply chain for many years. However, more needs to be done, especially regarding our interaction with the Transportation Security Administration.

For example, as mentioned in my recent testimony, the air cargo supply chain is comprised of many complexities more fully understood by those individuals who have had extensive industry experience. For this reason, we feel that TSA should reestablish a stand-alone air cargo division within the agency, comprised of personnel who are industry-educated and capable of engaging stakeholders in the development of sound policy positions which can be quickly understood and applied.

There are over 4,000 TSA-certified Indirect Air Carriers throughout the United States utilizing the air cargo supply chain daily and abiding by the agency security program. Many participants require the uniform and consistent understanding of the provisions and requirements included within the security program itself. TSA should, therefore, develop and provide standard training modules with appropriate testing elements to assure this knowledge consistency throughout the Indirect Air Carrier community. Consistent use of TSA authored standard training and testing modules and, in many cases, hiring third parties to help manage the process, allows Indirect Air Carriers to know that any individual who has received TSA-provided training has received instruction that comports with TSA's interpretation of the Indirect Air Carrier Standard Security Program. This structure promotes air cargo security by providing uniformity of practice and procedure.

Also, TSA should expedite the implementation of private, third-party-provided canine teams allowed for use by forwarders, airlines, and other entities participating in the Certified Cargo Screening Program. While technology is useful in screening most cargo, many commodities, due to an irregular shape, size, and volume cannot be screened using conventional tools. Therefore, using trained and certified canines to perform the task is not only faster but more efficient.

Question 2. The rise of e-commerce business has affected the cargo industry significantly in recent years. How has the rise of e-commerce business impacted air cargo security and what changes should be made to current security programs to reflect these changes in the industry?

Answer. The increase of shipments ordered on-line by consumers is steadily growing each day, and the Known Shipper Program must be changed to streamline and address the new reality of these transactions. TSA should work with industry to accomplish necessary modifications in the Known Shipper requirements by naming a joint task force, comprised of industry experts and agency personnel that can reframe the program while providing the necessary knowledge about the sender required for safe transportation.

Also, we urge the Department of Homeland Security to release its Notice of Proposed Rulemaking for the Air Cargo Advance Screening Program (ACAS) as soon as possible. Often, knowing who is doing the shipping, receiving, and describing the shipment is as important as physical screening itself. ACAS focuses on import traffic to the United States where TSA's influence and oversight are less direct than with U.S. export and domestic shipments. TSA's focus is understandably and rightfully on the "last point of departure" and not the actual origin of the cargo which could be anywhere in the world. Our current air cargo supply chain is secured through a successful risk-based, multi-layered approach and ACAS provides an additional and efficient layer.

Finally, using private, third-party canines to assist in the screening of air cargo mentioned previously is essential. Canines have consistently been proven effective in providing screening in international markets and using this seemingly "low-tech" solution can provide an effective level of additional security to address the e-commerce challenge.

QUESTIONS FROM RANKING MEMBER BONNIE WATSON COLEMAN FOR MICHAEL C. MULLEN

Question 1. The Government's approach to securing air cargo relies significantly on effective communication and coordination among industry stakeholders and the TSA, and the TSA has limited resources to ensure compliance and oversight. Please provide your thoughts on the effectiveness of the current construct for air cargo security. Should TSA increase its resources for compliance and oversight? What more can be done to ensure effective communication, coordination, and oversight?

Answer. The question has two parts. The first is communication and coordination, and the second is compliance and oversight. In performing these two functions, different groups within TSA would be affected. TSA needs to increase resources devoted to coordination and communication by reestablishing the Air Cargo Policy Division that was disbanded several years ago. Without a dedicated group focusing on air cargo, the communication and coordination between industry and TSA has been greatly weakened. This has resulted in TSA implementing policies in response to security incidents without consultation with industry, causing confusion and challenges to the industry that could be easily avoided with close coordination.

TSA resources dedicated to compliance and oversight are considered adequate and need to be maintained. One EAA member had nearly 550 audits, visits, or contacts from TSA inspectors in the first 6 months of this year at its station locations. Only five of these visits resulted in a letter of investigation noting a discrepancy, which is a compliant rate above 99%. This clearly is a level of oversight sufficient to ensure a company is fully compliant with the regulations. TSA's own reviews and analysis show that the all-cargo industry is very effective in complying with TSA regulations. Outcome-focused compliance (OFC), the new process that TSA is implementing, is definitely the way to move forward for future compliance needs and will create a new level of cooperation with industry. TSA should continue to work closely with the industry to develop OFC policies that enhance security and do not impede the flow of legitimate commerce.

Question 2. How does the air cargo industry and TSA ensure a secure chain of custody for air cargo as it transits through the supply chain prior to loading on aircraft? What more can be done to ensure a secure chain of custody?

Answer. Express consignment operators (ECO) operate a "closed loop" system. The carriers are governed by multiple regulations, depending on the country of origin and the carriers' individual TSA Security Plan. When a shipment is received, there are a variety of multi-tiered controls that are utilized. These include: Accepting shipments at a customer location or an ECO facility by a direct employee or authorized representative; requiring employees and agents to be vetted through a thorough pre-employment background check, such as a Security Threat Assessment (STA) or Secure Identification Display Area (SIDA) badging process, or a vetting process approved by the Appropriate Authority in the respective country; training all employees in security measures as required by the TSA and the local government.

Additionally, after cargo is accepted, a variety of controls exist that enhance the secure chain of custody, such as: Cargo traveling in a locked and monitored vehicle

until it reaches an ECO facility; ECO facilities protected by access control systems, on-site security guards, and/or closed-circuit television; physical screening by X-ray, explosive trace detection (ETD), physical search, or other acceptable means that are approved by the local Government overseas, virtual vetting of shipments based on data; radiation screening prior to being shipped to the United States; suspicious package screening and reporting to the appropriate authorities; tracking shipments through an electronic scanning system that constantly updates the location and status of the shipment as it moves through an ECO network. ECOs adhere to all cargo acceptance, control, custody, and transfer measures outlined in the TSA Security Program, including the required ID checks of customers and continual TSA audits of ECO locations and staff to ensure compliance with the regulations.

ECOs transfer a small percentage of cargo to passenger air carriers, which is screened prior to transporting according to TSA standards for passenger carriers. This cargo is either screened at the passenger aircraft operator's facility or screened at one of the ECO Certified Cargo Screening Facilities (CCSF). CCSF locations are "on airport," so the freight is screened via X-ray or ETD and then moved in a sealed container under escort. The freight never leaves the SIDA after it is screened.

ECOs go above and beyond the requirements in the TSA Security Programs and historically have dedicated enormous resources to ensuring secure supply chains in order to protect their people, property, shipments, and brand every day. TSA and other Government security measures are additional layers on top of the major investments in security the express industry already has made. The security record of the express industry is a testament to the effectiveness of these systems.

Question 3. The rise of e-commerce business has affected the cargo industry significantly in recent years. How has the rise of e-commerce business impacted air cargo security, and what changes should be made to current security programs to reflect changes in the industry?

Answer. E-commerce is a global phenomenon that has provided new opportunities for small entrepreneurs to access a world-wide marketplace for their goods. Always a leader in innovation, the United States is benefitting from the growth of e-commerce as our entrepreneurs find new markets for their products and our consumers have access to the highest-quality goods at the best price. Micro, small, and medium enterprises have been the primary beneficiaries of the boom in e-commerce and have become the primary creators of new jobs in the U.S. economy. Moreover, numerous manufacturing processes rely on e-commerce to ensure timely supply of components and parts.

Government plays a key role in ensuring e-commerce continues to thrive by adopting facilitative policies to expedite the clearance of goods across the border, while maintaining the security and safety controls that interdict security threats and prevent illicit goods from entering U.S. commerce. An important step the U.S. Government took to achieve these goals was the passage of the Trade Facilitation and Trade Enforcement Act (TFTEA) of 2015.

E-commerce is in most respects no different from traditional commerce in terms of maintaining strict security controls and clearing the shipments as they come across our border. The data ECOs provide on every shipment to the Government indicates there is no evidence that e-commerce traders are more prone to engage in fraud, counterfeiting, smuggling, or other illicit behaviors than is the case with all trade. U.S. Customs and Border Protection has developed a robust and highly reliable targeting system, based on manifest information, to interdict such security threats and illegal activities, and it is being applied to e-commerce shipments every day, very effectively. Express consignment operators have invested millions of dollars to comply with TSA security programs and support CBP's and their own targeting efforts against the full range of potential security threats and illicit goods, and these investments are demonstrating a high level of effectiveness. A vital part of these investments has been the Air Cargo Advance Screening (ACAS) program, which I described in my oral and written testimony. This program is providing data to the Government as early as possible in the supply chain on every shipment carried by its participants. ACAS has been in a pilot stage for over 6 years and should be implemented in regulations now.