

Testimony of Christopher J. Connor
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U.S. House Committee on Homeland Security
Subcommittee on Border Security, Facilitation, and Operations
Assessing the State of America's Seaports
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Good afternoon, Chairwoman Barragan, Ranking Member Higgins, and members of the Subcommittee.

My name is Chris Connor, and I am the President and CEO of the American Association of Port Authorities (AAPA). I would like to thank the Subcommittee on Border Security, Facilitation, and Operations for your recognition of the critical role seaports play in our national security and the challenges they face, particularly as they dealt with the unprecedented demands of a global pandemic. I appreciate the opportunity to discuss our maritime transportation systems security challenges and needs. I also appreciate the Subcommittee's commitment to holding this hearing and I think it demonstrates the critical role seaports play in our economy and national security.

AAPA is the unified voice of the seaport industry in the Americas, and my testimony is given on behalf of state and local public agencies located along the Atlantic, Pacific, and Gulf coasts, the Great Lakes, and in Alaska, Hawaii, Puerto Rico, Guam, and the U.S. Virgin Islands. For more than a century, AAPA membership has empowered port authorities to serve global customers and create economic and social value for their communities. Today, AAPA represents ports in our nation's Capital on urgent and pressing issues facing our industry, promotes the common interests of the port community, and provides critical industry leadership on security, trade, transportation, infrastructure, environmental, and other issues related to port development and operations.

AAPA's members remain committed to the continued safe and efficient flow of freight and goods to markets across the nation and across the globe. As the title of this hearing suggests, I am here today to give an update on the state of America's seaports, including the impacts that the COVID-19 pandemic has had on seaport security and what our industry needs to continue to facilitate the secure movement of vital goods into and out of this country.

Seaports are Hubs of Cargo and Passenger Activity

Ports are hubs of commerce. As such, a wide range of activities converge on the port. Ships arrive and depart, cargo is loaded and offloaded, passengers embark and disembark, trains and trucks move goods around the port and to and from destinations outside. All these elements must work together, or our supply chain will falter, putting millions of jobs and trillions of

dollars of economic activity at risk. Because of this, ports are natural targets for those who wish to disrupt our way of life.

Over the past two years, as people shifted their spending from travel and dining out to ecommerce, the importance of a well-functioning supply chain was made even more evident. Between an explosion in Lebanon, a ship stuck in the Suez Canal, and cargo congestion here at home, the maritime transportation system has been in the news frequently and the world has seen the consequences of a breakdown in that system. The global pandemic not only highlighted the importance of our supply chain, but it also exposed the vulnerabilities and exacerbated existing problems. I am proud to say, however, that throughout the pandemic America's seaports never closed and today they are moving more cargo than ever before. As we grapple with new, fast-spreading variants, we must continue to prioritize critical infrastructure – like ports – to make sure that issues like testing shortages don't impact our ability to move goods.

As waterborne trade continues to grow, ports are eager to make the necessary upgrades to their facilities to alleviate some of our current challenges and make investments in the future. While traditional infrastructure is dominating the headlines, the importance of improving security at our maritime gateways must also be a focus of this Congress.

It is important to note that while ports have a vested interest in secure cargo and passenger movement, it is the duty of the Federal Government to fund and staff customs inspection facilities. The brave men and women of our law enforcement agencies are vital partners in port security. We are grateful to them for their commitment throughout the challenges of this pandemic and we continue to advocate that they have the resources they need to carry out their missions.

Screening Staff Shortages

Even before the pandemic, shortages of Customs and Border (CBP) officers and agriculture specialists was a chronic problem at seaports of entry. CBP's own Workplace Staffing Model shows a deficit of 1,700 officers. This deficit can have a significant impact on processing times, adding an additional bottleneck to already overloaded ports, and limiting our ability to keep up with long term growth in trade and travel.

As with everything else, the pandemic added another layer of complexity to cargo screening. Social distancing rules meant that only a limited number of officers could work in each processing facility at one time while quarantine protocols restricted swaths of officers from working if they had been exposed to the virus. CBP was also not immune from the pandemic's deadly effects and, tragically, over 30 CBP officers lost their lives.

To help alleviate some of the screening congestion, officers were reassigned from cruise and airport screenings but with the resumption of cruising and foreign travel, coupled with increased levels of trade, we are concerned about processing capacity. With our major gateway

ports full, shippers have looked to smaller ports as a “relief valve” of sorts. These ports have reported difficulties getting officer coverage when they need it most.

CBP also allowed ports to enter into reimbursable services agreements to pay for officer overtime. This was intended to be a temporary fix but is becoming the norm at more and more ports around the country. Last year one medium sized port in California paid over \$1 million for overtime out of a budget of roughly \$20 million. These overtime expenses represent a significant portion of our ports’ already tight budgets and limit their ability to make long-term capital investments. This also puts a strain on CBP officers. As you can imagine, consistently working 12-to-16-hour shifts leads to fatigue and increases in human error which leave our ports of entry more exposed to bad actors.

We ask Congress to fully staff CBP to ensure an effective workforce and efficient cargo movement.

Screening Facilities Upgrades

CBP also faces funding shortages for their facilities at ports of entry. To close that gap in recent years, CBP has turned to ports to pay for major upgrades and new facilities. This represents an attempt to shift the burden of financing their inspection mission from the Federal Government onto ports. This is both unsustainable and outside the authority of CBP.

One of this government’s original functions was to collect customs duties on imported goods. For hundreds of years, the Federal Government paid for the facilities and resources required to carry out that function. In the last few years, however, local CBP offices have come to ports with demands for upgrades. These demands are often coupled with threats to slow down cargo processing or disallow the opening of new terminals.

Our association’s initial research into the legal basis for these demands shows no statutory authority that allows CBP to require non-Federal entities to contribute to their inspection mission. In fact, over the years, legislative changes – including amendments to the Immigration and Naturalization Act – have restricted the ability of CBP to push off the burden of maintaining its minimum operational requirements. Other authorities cited by CBP merely entitle them to the use of a room – literally a floor – to conduct inspections. Over the ensuing years this has been expanded to include office space, IT, recreation areas and gyms, parking, gun lockers, kitchens, and more. These demands are excessive and well beyond the original intention of the free space agreements.

The financial burden of these requirements would also wreak havoc on port budgets. Seaports are public entities with limited resources. Particularly at a time when we desperately need infrastructure upgrades to ensure our country’s long-term competitiveness, adding these expenses would hamper ports’ ability to make outlays for their future.

Ports feel that they have little recourse to remedy this problem without jeopardizing their operations. Our members have worked in good faith with their local CBP offices as well as CBP headquarters to address concerns, but CBP is unwilling or unable to make concessions.

As mentioned, ports work in partnership with CBP, and our members rely on the courageous efforts of CBP officers to keep our gateways safe. But ports are unable to bear the burden of their demands. Congress must act to provide CBP with the resources they need to effectively carry out their important mission.

Maritime Cybersecurity

Another vulnerability compounded during the pandemic has been maritime cybersecurity. Cyber-attacks against maritime targets in the U.S. has increased a staggering 400% over the past year. As port staff shifted to working from their home networks, and cargo backups and a stalled cruise industry meant that ship systems remained on port networks for much longer than usual, opportunities grew. At the same time, our country relied even more heavily on the maritime supply and crippling strikes laid bare the efficacy of attacking critical infrastructure, providing even greater incentives to bad actors.

The pandemic revealed what was already a growing problem. The 4 largest shipping companies in the world have been hit by ransomware in the last 4 years. Through the proliferation of the Industrial Internet of Things, more and more ship and port systems are connected to each other or the internet. A critical attack on any of these systems could have devastating economic consequences or even lead to the loss of life. The maritime transportation system needs resources to harden their IT systems to prevent attacks and to respond appropriately when an attack does occur.

The Port Security Grant Program (PSGP) is the main method by which ports and related groups can make large scale security upgrades. PSGP was created shortly after 9/11 as Congress realized that ports – as critical infrastructure – were vulnerable to threats. In the ensuing years, PSGP funding has dwindled to a fourth of its highest appropriated amount and much of that funding does not go to public port authorities, as originally intended. While the nature of threats has changed since 2001 the magnitude of those threats has not. We ask Congress to return PSGP to its highest level and ensure that ports are the main recipient of PSGP awards.

Conclusion

I appreciate the opportunity to give you an update on our country's ports and their security needs going forward. While the past two years have presented unprecedented challenges to the supply chain, we should all be proud that U.S. ports have remained open and safe. The pandemic has shown us where we have problems and where we can make improvements. As we continue to recover, ports are looking forward to continuing their roles as gateways to commerce and the first lines of defense against potential threats.

Investments in our law enforcement agencies and our security infrastructure will allow us to keep the country safe while expanding global trade and protect our ports against new and evolving hazards.

Once again, I thank the members of the Subcommittee for this opportunity to share our industry's thoughts and concerns. I hope you will consider the information presented here and that you will call on me if I can be of any assistance to the Subcommittee.

Respectfully Submitted,

Christopher J. Connor