



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 12, 2006
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4954 - Port Security Improvement Act of 2006

(Rep. Lungren (R) California and 80 cosponsors)

The Administration supports Senate passage of the substitute amendment to H.R. 4954 under consideration on the Senate floor and shares Congress's commitment to further enhancing the Nation's port security. The Administration is committed to establishing a comprehensive program to secure the global supply chain by working with other responsible countries and the private sector to ensure the smooth flow of commerce into and out of the United States. The Administration is concerned about the bill's resource implications as well as its exclusion of certain provisions and looks forward to working with Congress to address these concerns before the completion of final action on this important legislation.

This Administration has dedicated nearly \$10 billion to port security initiatives since 2004, including \$700 million in grants to enhance the physical infrastructure of the Nation's seaports and over \$1 billion in the development and deployment of current and next generation radiation detection equipment. The Administration stands behind grant programs that fund port security initiatives but believes that provisions of this legislation could inhibit the Federal government's ability to target resources most effectively to the sectors of the Nation's infrastructure that face the highest risk. Additionally, the Administration would oppose provisions: (1) that may be added to the bill to establish stand-alone grant programs for other modes of transportation; or (2) that create any preparedness grant programs outside the Department of Homeland Security's authority.

The Administration appreciates the codification of the existing Container Security Initiative (CSI) that is currently conducting overseas screening of 80 percent of all containers bound for the United States, and the Customs-Trade Partnership Against Terrorism (C-TPAT) that has executed agreements with over 6,000 global shippers and manufacturers responsible for 45 percent of the cargo that reaches the United States. However, the Administration is concerned that the eligibility requirements contained in the bill would expand the C-TPAT program beyond its primary and useful intent. The Administration therefore strongly recommends that eligibility for the C-TPAT be limited to those entities that trade with the United States or do business relating to cross-border movement of cargo into the United States.

The Administration applauds the approach that the Senate has taken with the Integrated Scanning System Pilot that authorizes the Department of Homeland Security (DHS) to seek greater information about containers bound for the United States. The Administration is greatly concerned with attempts to extend the pilot project to such an extent that, given the current level of technology, they would have the potential to cripple the economy by severely disrupting the flow of commerce.

The Administration applauds the Senate for its efforts to improve the Automated Targeting System (ATS). In support of such improvements, the Administration encourages Congress to strengthen the authorizing language to mandate the submission of entry data if such data is found to be of benefit to the risk analysis conducted by ATS.

The Administration is disappointed that authorization of the Domestic Nuclear Detection Office (DNDO) is not included in the bill. The Administration urges Congress to adopt the Administration's proposal to authorize the DNDO, which would codify its purpose and activities and ensure the continued integration of resources and expertise across the Federal government into a coherent program to combat nuclear and radiological terrorism.

The Administration applauds efforts to establish interagency operations centers and inspect over 3,000 port facilities in the United States each year, but is concerned about the resource implications of statutory language that would mandate the establishment of new operations centers for high priority ports with existing resources and double the number of annual inspections made at these facilities. The Administration recommends a risk-based allocation of resources for facility inspections that would require a secondary inspection at ports where concerns are identified. The Administration also stands ready to work with Congress to develop a realistic plan to implement additional interagency operations centers, and urges Congress to reconsider this section of the bill.

The Administration supports the development of protocols and plans regarding the post-incident resumption of trade but is concerned with the separation of vessel prioritization from cargo prioritization. The Administration recommends that post-incident vessel prioritization be left to the Coast Guard Captain of the Port and not be legislated.

Finally, the Administration is concerned that a provision in the bill requiring DHS and the United States Trade Representative to consult with appropriate international organizations would impinge on the President's authority to conduct foreign affairs. The Administration stands ready to work with Congress on a provision that would reflect Congressional interest in attaining the negotiating objectives set out in this provision, but not raise constitutional concerns.

The Administration looks forward to working with Congress to address these and other concerns in order to strengthen and improve this important legislation.

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