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A Second Look at Container Security: Lessons from Hong Kong

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Note: James Jay Carafano, Ph.D., visited Hong Kong and examined its port operations in January 2008.

In 2006, Congress mandated the Secured Freight Initiative to test the efficacy of inspecting 100 percent of shipping containers coming from overseas for terrorist threats. The current system, set by the Container Security Initiative, scans only “high-risk” containers. In 2007, Congress proceeded to mandate 100 percent inspection even before the tests had started. Hong Kong currently has a pilot 100 percent inspection lane, and it shows why the policy makes little sense from a security or economic standpoint. Congress should study the issue more closely and revisit the mandate in 2009.

Lessons from Hong Kong. The pilot study being conducted in Hong Kong is limited to one terminal. A public-private partnership—made up of the terminal operator, Hong Kong Customs, and U.S. Customs and Border Protection agents—is giving it the old college try, attempting to conduct 100 percent screening as effectively and efficiently as possible.

U.S. traffic from Hong Kong peaks at about 6,000 containers a day and accounts for about one in every five containers that leaves the port. A look at the pilot program gives a rough approximation at what it would require to screen every container entering the U.S. from Hong Kong.

The configuration of the terminals means that operators would have to spend more time weeding out the containers that are bound for the United States. It is logical to predict that Hong Kong Cus-

toms would have to add upwards of 500 agents. The terminal operators would have to buy and maintain two sets of equipment—one for the containers coming by truck, and one for containers coming by barge. Furthermore, Hong Kong terminals operate 24 hours a day all year round, stopping only for killer typhoons. The terminal cannot afford to stop loading if the scanners break down, so back-up sets of equipment would also be necessary. Every terminal would also need its own control center and monitoring personnel.

The substantial cost of this new infrastructure would be transferred directly to port operations and eventually to consumers. In the end, Americans would pay a lot more for goods and services and would gain little in terms of security. The current system of scanning “high-risk” containers has proven to be perfectly effective and costs much less.

Also, shippers may respond to the new mandate by shifting their operations to less expensive ports in China—ports that do not share Hong Kong’s reputation for safety and security. As a result, the inspections might actually make Americans less safe by driving business to third-world ports that are easier for terrorists to penetrate.

This paper, in its entirety, can be found at:
www.heritage.org/Research/HomelandSecurity/wm1788.cfm

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What Congress Should Do. Congress should establish an independent, bipartisan commission to study the results of the Secure Freight Initiative and the mandate for 100 percent screening of shipping containers and air cargo. The commission should assess the likely threats and look into alternatives for securing global supply chains. The commission should report its findings after the 2008 presidential elections. Congress could then return to the issue in early 2009 with the politics of the election behind it.

Based on the results of the commission's recommendations, Congress should then modify the 100 percent mandate so that U.S. policy bolsters security and prosperity equally well.

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