

*Before the*

**SUBCOMMITTEE ON TRANSPORTATION SECURITY AND  
INFRASTRUCTURE PROTECTION  
OF THE  
COMMITTEE ON HOMELAND SECURITY  
UNITED STATES HOUSE OF REPRESENTATIVES**

*Statement of*

**STEPHEN RUSSELL, CHAIRMAN AND CEO  
CELADON GROUP, INC.  
INDIANAPOLIS, IN**

*Representing*

**AMERICAN TRUCKING ASSOCIATIONS, INC.**

*On*

***Keeping the Border Secure:  
Examining Potential Threats Posed by Cross-border Trucking***

June 19, 2007



**AMERICAN  
TRUCKING  
ASSOCIATIONS**

***Driving Trucking's Success***

**2200 Mill Road  
Alexandria, VA 22314  
703-838-1700**

## Introduction

Madame Chair and members of the Subcommittee, my name is Steve Russell, and I am Chairman and CEO of Celadon Group, Inc., headquartered in Indianapolis, Indiana. Celadon is a truckload carrier with approximately 2,900 power units, 8,000 trailers and 4000 employees. Celadon is one of the top truckload carriers in North America serving a variety of customers providing time-sensitive cargo shipments through trailer door-to-door transport in and between any of the NAFTA countries. We have built Celadon on industry leadership in Safety, Technology, Service and Security.

Celadon is a certified and validated member of the Customs – Trade Partnership Against Terrorism (“C-TPAT”) program, and we were the first motor carrier approved for participation in the Automated Commercial Environment’s electronic manifest system. Both of these programs, as described further below, play an important role in improving the security of international commerce at our land borders. In the domestic arena, Celadon, including 100 percent of its professional drivers, participates in the Highway Watch® program, a joint ATA and U.S. Department of Homeland Security (“DHS”) initiative with the goals of increasing the overall security of our highways and roads. Because Celadon transports hazardous materials, we are also compliant with U.S. Department of Transportation (“DOT”) requirements under HM-232 for developing security plans and training to transport such commodities.

In addition, Celadon is an ISO 9001 certified company and plays an integral role in our customers’ supply chain management process as we service a variety of high-intensity production lines, distribution channels, and customer direct traffic. In addition, we were awarded back-to-back 1st Place finishes by the Truckload Carriers Association for its 2005 and 2004 National Fleet Safety Award among carriers hauling over 100 million miles per year.

Today I am also here on behalf of the American Trucking Associations, Inc. (“ATA”), a federation of motor carriers, state trucking associations, and national trucking conferences created to promote and protect the interests of the trucking industry. ATA’s membership includes more than 2,000 trucking companies and industry suppliers of equipment and services. Directly and through its affiliated organizations, ATA encompasses over 37,000 companies and every type and class of motor carrier operation.

I commend the Subcommittee on Transportation Security and Infrastructure Protection of the U.S. House of Representatives for holding this hearing to gather information regarding border security. The trucking industry supports efforts to address and eliminate to the greatest extent possible any threats posed by terrorists to our nation’s security, including developing strong cross-border security programs.

These comments focus on three primary areas in relation to border security:

- Ongoing security programs involving trucking operations across our borders with Canada and Mexico to ensure supply chain security;
- Implementing automated systems to improve the gathering and analysis of data for targeting and release of cargo, people, and equipment entering the U.S.; and,

- Strengthening the relationships among the three North American governments to develop joint border infrastructure and improve information sharing mechanisms.

## **Background**

Trucking is a critical component of the United States' economic strength, with 9 billion tons of freight transported by inter-city and local trucks, representing 68% of the total domestic tonnage shipped. The trucking industry generates revenues of \$610 billion annually, equaling almost 5% of our Gross Domestic Product, and a figure that represents nearly 87% of all revenues generated by our nation's freight transportation industry.<sup>1</sup> Our nation's transportation infrastructure, in particular the highway system, provides the opportunity for the trucking industry to play such a large and important role in the U.S. economy. The protection and improvement of our country's existing infrastructure will help ensure a strong and vibrant economy both now and in the future.

The trucking industry also plays a critical link in the economic interdependency among the United States, Canada and Mexico, moving almost 70 percent of the value of freight between the United States and Canada, and about 83 percent of the value of U.S.-Mexico freight<sup>2</sup>. The increasing trade volumes that have been generated among the three North American Free Trade Agreement ("NAFTA") partners have demonstrated the success of the largest trading block in the world. Not only have companies such as retailers and manufacturers throughout North America been able to diversify, expand and improve their ability to grow their businesses, but this agreement has provided access to new markets to goods and services produced in the U.S. The trucking industry is proud of its primary role in delivering these growing trade volumes. According to U.S. government data, in 2006 7 million trucks entered the U.S. from Canada, while 4.2 million entered from Mexico, resulting in more than 14 million truck crossings a year on the northern border, and more than 8 million crossings on the U.S. southern border.<sup>3</sup>

In the wake of the September 11 attacks, the U.S. trucking industry has worked diligently to support our nation's goals of keeping our country and our economy moving forward. As part of our efforts, these comments will focus on initiatives the trucking industry is participating in to improve the security of both domestic and international cargo. More importantly, the trucking industry has been at the forefront of efforts to establish partnerships with federal, state and local governments to improve the sharing of information between the private sector and public sector entities, and among the various industry sectors within the private sector.

The trucking industry supports programs that help motor carriers increase the security and safety of their operations, especially if such programs can be implemented in an effective and efficient manner and provide real security. ATA believes that the end goals of security and efficiency are not mutually exclusive. Therefore, ATA has been working to ensure that programs designed to augment our national security do not hinder our ability to provide transportation services to our customers which support our nation's economic security and growth.

---

<sup>1</sup> American Trucking Associations; American Trucking Trends; (2006)

<sup>2</sup> Bureau of Transportation Statistics, U.S. Department of Transportation (2006)

<sup>3</sup> Ibid.

The trucking industry has been proactive in ensuring our national security and in protecting our nation's way of life through its security programs, including the Highway Watch® program and through our efforts in the Highway Information Sharing and Analysis Center ("ISAC"). These two programs emerged from the effort to improve communication and improve the sharing of information, both at an intra-industry level and between industry and government agencies.

Our industry has taken a number of steps to reduce the possibility of our equipment being used for terrorism purposes. We also recognize, as we know you do, that no level of defense can achieve perfect safety and security in stopping a terrorist attack. However, we strongly believe that by increasing awareness among company personnel, by implementing simple cost-effective security measures, and developing a security culture within our operations, trucking companies can reduce the odds of being targeted by terrorists.

In the Final Report of the National Commission on Terrorist Attacks Upon the United States, otherwise known as the "9/11 Commission Report", the authors stated the following recommendation in Chapter 12:

*The U.S. border security system should be integrated into a larger network of screening points that includes our transportation system and access to vital facilities, such as nuclear reactors. The President should direct the Department of Homeland Security to lead the effort to design a comprehensive screening system, addressing common problems and setting common standards with systemwide goals in mind. Extending those standards among other governments could dramatically strengthen America and the world's collective ability to intercept individuals who pose catastrophic threats.*

ATA fully agrees with the intent of this recommendation and several efforts have been undertaken to elevate the coordination of human resources, infrastructure, and technology in improving clearance systems and processes at our land borders. For the purpose of this hearing, following is a description of the implementation of cross-border security programs, the development of automated systems to clear cargo, crews and vehicles, and the establishment of a single border agency with a uniform set of guidelines, procedures, and chain of command. Again, these programs are not foolproof, but they have certainly allowed the trade community and government agencies to increase security and reduce the threat from potential terrorists threats.

### **Cross-Border Security Programs**

It is important to note that for motor carriers that participate in cross-border operations with Canada and/or Mexico high-security is not something that began on 9/11. Years before the terrorist attacks on our Nation, ATA and the trucking industry had been actively involved in security programs which established risk-criteria to allow low-risk legitimate cargo, crews and vehicles to expedite their clearance for entry into the U.S. Allowing for the rapid processing of known low-risk cargo, carriers and personnel, frees law enforcement personnel at our air, sea and land Ports of Entry ("POE") to focus their efforts and resources on higher risk shipments and carriers.

For instance, in 1998 the then U.S. Customs Service (“USCS”) – now part of the U.S. Bureau of Customs and Border Protection (“CBP”) within DHS – in a joint effort with the trucking industry, implemented the Land Border Carrier Initiative Program (“LBCIP”) for U.S. bound cargo entering from Mexico by truck. Trucking companies and their drivers were certified by USCS (via audits and background checks) to participate in the program. In return for participating in the LBCIP, motor carriers gained expedited clearance of their cargo.

In the past few years, the trucking industry and other members of the international trade community, have worked with CBP in developing the C-TPAT program, and its North American focused security program known as Free and Secure Trade (“FAST”). The overall goal of C-TPAT is to ensure the security of the entire international supply chain: from overseas manufacturing operations, to air, sea and land transportation providers, to entities such as importers, brokers, and forwarders involved in the processing of cargo entering our country. Motor carriers participating in this program agree to meet a set of Minimum Highway Security Criteria in their operations (see Appendix I). In order to participate in FAST, motor carriers must become C-TPAT certified and their commercial drivers must complete an application and undergo a background check through various databases. Once such steps have been taken and verified, motor carriers benefit by receiving expedited clearance of the cargo – as long as the cargo belongs to a C-TPAT importer – their equipment, and driver, in addition to getting access to a dedicated FAST-lane for use only by FAST participants.

Though the development of FAST-lanes has been slow due to infrastructure and capacity limitations at POEs, motor carriers have been signing up for C-TPAT and getting drivers registered under the FAST program. As the C-TPAT continues to grow, trucking companies have been promoting membership in C-TPAT to their customers, relating to clients the benefits of joining C-TPAT in expediting the movement of their goods. In turn, many shippers have also been requesting that their motor carriers participate in C-TPAT if they want to continue to provide cross-border transportation services for the customer.

As part of the security partnership established between the U.S. and Canada, both countries established similar security supply chain programs, with Canada implementing its Partners in Protection (“PIP”) program, which is equivalent to CBP’s C-TPAT. The northern border FAST program is a jointly designed strategy between the U.S. and Canada, functioning as a single security program for both C-TPAT and PIP approved motor carriers. In addition, CBP and Aduanas de México (Mexico’s Customs agency) also began the joint implementation of the FAST/Express program in 2003 on the southern border, operating now at six POEs.

Such joint industry-government efforts have allowed the trade community and law enforcement agencies to share information and improve security for the transportation of international cargo across our mutual land borders. These joint efforts will continue to work well into the future to help eradicate the flow of illegal and/or dangerous cargo or aliens into the United States in commercial conveyances and increase the security of our transportation operations in international trade. The Committee should encourage the continued development of programs, such as FAST/C-TPAT.

### **Automated Clearance Programs**

The trucking industry is also closely involved in the development of information systems and technologies to facilitate enforcement activities while at the same time expediting the

movement of cargo across our borders. The Automated Commercial Environment (“ACE”) is a system that has been under development by CBP for over a decade, and is now being fully deployed along our land border POEs. ATA and many of its members worked on the design and development of the ACE Multi-Modal-Manifest data requirements necessary for the transmission of data by all transportation modes through an electronic manifest, or e-manifest. The development of ACE is an important tool to improve the efficiency for capturing trade data, clearing cargo entering the US, and provides CBP an improved system for targeting, risk analysis, and release of cargo.

CBP is also developing the International Trade Data System (“ITDS”) as an integral part of ACE. The ITDS concept is simple: Traders and carriers submit commercially based, standard electronic data records through a single federal gateway for the import or export of goods. As a single information gateway, ITDS distributes these records to the interested federal trade agencies, such as CBP, the Food and Drug Administration (“FDA”), DOT and others, for their selectivity and risk assessment. In standardizing the process, ITDS reduces the confusion and complexity of international trade, and speeds the processing of goods, equipment and crews across our borders. ITDS also benefits the government by providing more current and accurate information for revenue, public health, statistical analyses, safety and security activities, as well as significantly reducing data processing development and maintenance costs.

The development and implementation of the ACE/ITDS is an essential component in accelerating the flow of commerce while also improving the ability of CBP to analyze and target data entries.

### **One Face at the Border**

ATA also recognizes and commends the efforts by CBP and DHS in establishing the “One Face at the Border” program to create an interdisciplinary force of officers working at our POEs. Prior to establishing this effort, officers representing various agencies operating at the POEs had separate reporting mechanisms, chains of commands, regulations to enforce and differing pay-scales. Furthermore, each border agency managed and utilized its own databases and information systems to perform their relevant clearance activities for goods and people entering the US. Of even greater concern was the fact that at various times during the day these systems, which generally lacked interoperability, were prone to be “down” for extended periods of time, greatly limiting the ability of inspectors to access essential information in performing their duties. The trucking industry strongly supports the “One Face at the Border” initiative, and believes that this effort has greatly improved land border security and trade facilitation.

### **U.S. VISIT Program**

ATA has closely followed the development of the United States Visitor and Immigrant Status Indicator Technology (“USVISIT”) program due to the potential for additional delays at POEs and possibly additional processing requirements for some drivers. ATA has been in close communication with the USVISIT development office. ATA recognizes that the implementation of this challenging program is mandated by various statutes, including sections of the Data Management Improvement Act (“DMIA”), the USA PATRIOT Act, and the Enhanced Border Security and Visa Entry Reform Act of 2002. Although USVISIT is not yet fully operating at land border POEs, ATA understands that DHS continues to work towards expanding its requirements for entry and exit controls.

The following bullets describe the essential areas that we believe are necessary for DHS to focus on as it moves forward in implementing USVISIT at our land borders:

- Consider how USVISIT will interact with other border security programs, including those that ensure supply chain security, such as FAST/C-TPAT, and those that clear U.S. international trade, primarily ACE/ITDS. Foreign drivers that have been cleared to participate in the FAST/C-TPAT program should not be required to comply with entry/exit requirements of the USVISIT program due to their “low-risk” classification;
- Continue to exchange information and increase cooperation with our international trading partners, especially with Canada and Mexico. Special consideration must be given as to how we can address infrastructure and information technology needs and requirements for developing an entry/exit control process at land borders. In order to mitigate the costs of such technology and physical infrastructure development, greater consideration must be given to harmonizing and leveraging systems and resources with our NAFTA partners.

The trucking industry encourages the U.S. government, in cooperation with both Canada and Mexico, to improve and to facilitate the capture and exchange of information on goods and people crossing our land borders. A large portion of the U.S. international trade and immigration transactions generated every day occur from transactions with our two NAFTA partners. ATA recommends that the U.S. government move forward with an aggressive timeline in implementing both the *Smart Border Accord* between the U.S. and Canada, and the *22 Point Plan* between the U.S. and Mexico, as well as implementing the recommendations established under the North American Security and Prosperity Partnership.

## **Conclusion**

ATA recognizes and commends this committee for holding this hearing and we urge you to support efforts to establish security initiatives that promote both security and trade. It is essential that this be done in close cooperation with our counterparts in Canada and Mexico. ATA believes that any successful effort for preventing the entry of terrorists through our air, sea or land borders will have to rely on the cooperation of foreign governments, in essence “pushing our borders out”. From the land border perspective, this means working with Canadian and Mexican government agencies and officials in developing programs to share facilities and information systems in order to capture data prior to cargo and people arriving at our POEs.

The trucking industry considers the present security environment to be quite robust for cross-border trucking operations along both our northern and southern borders, and we believe that such programs are heading in the right direction. In summary, we make the following comments to continue to increase the security and efficiency benefits of cross-border operations:

- Continue the promotion and marketing efforts related to C-TPAT and FAST to increase participation by importers, manufacturers and carriers. Increasing the number of participants that are in compliance with these programs will improve the allocation of financial and human resources to focus on shipments and entities that require further information and/or examination.

- DHS must take a leading role among federal agencies in managing systems and processes at POEs for U.S. imports and exports, especially with agencies outside of the DHS chain of command. Though other federal agencies not within DHS have statutory mandates requiring them to implement procedures for clearing certain goods entering at U.S. ports of arrival (for example FDA's implementation of the prior import notice requirements under the Bioterrorism Act), these agencies should be required to coordinate and work closely with CBP and the ACE/ITDS system.
- We encourage this committee to work with other relevant congressional committees to analyze funding to improve border facilities and infrastructure. This is essential in ensuring a smooth flow of legitimate travelers and commerce across our borders while ensuring our national security. We encourage that such an analysis consider an appropriate level and mix of technology, equipment and personnel to maximize the capabilities of border facilities.

In the post 9/11 environment industry and government must jointly develop systems and processes that allow us to defend our national security and protect our economic security. By working together, industry and government can develop and achieve the right balance in which heightened operational security is achieved but not at the expense of our wellbeing and economic security. As the 9/11 Commission Report points out in another section of Chapter 12:

***The U.S. government cannot meet its own obligations to the American people to prevent the entry of terrorists without a major effort to collaborate with other governments. We should do more to exchange terrorist information with trusted allies, and raise U.S. and global border security standards for travel and border crossing over the medium and long term through extensive international cooperation.***

The trucking industry agrees with such a goal as a crucial stakeholder in our nation's efforts to secure our critical infrastructure and overall wellbeing from terrorist threats and activities. ATA and motor carriers throughout our nation and North America are committed to partnering with both government and other sectors of our economy to improve and ensure our country's national and economic security well into the future. Again, ATA thanks the Committee for this opportunity to present our comments and input on the issue of security in cross-border trucking operations.