



United States Mission to the OSCE

Keynote Address

as delivered by Deputy Secretary James Loy
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Thank you, Chairman. It is a pleasure to be with you all for this second ASRC. Mr. Passy, Ambassador Munro, member delegates and ladies and gentlemen.

I would be remiss if I began with anything other than some recognition for OSCE action. This has become perhaps the ideal regional forum to cascade security initiatives to the membership. I use as an example simply last year's keynote speaker Ambassador Cofer Black's discussion here, which the OSCE grew to a commitment by member States very quickly towards common handling of travel documents by December of this year and onward to machine-readable passports by December of 2005. More on that in a moment, but I think it is enormously important for all of us who are struggling with these issues around the world recognize regional excellence when we see it and those who are committed to press on with action and not just rhetoric.

As we gather today, I believe we face another critical historical moment – another test for, if you will, the ideals of freedom and liberty and democracy. This moment is defined by a far more menacing frontier than many people have given it credit for – this notion of terroristic warfare...with the potential these days because of the common world we live in for far more horrifying consequences. International terrorism has become if you will “the new totalitarian threat.”-- That totalitarian threat of the twenty-first century. Many of us were far too complacent as the transnational terrorist evolved and replaced old enemies during the last decade of the last century, and we all woke up to the horror of that on 9/11 and now must design a campaign if you will against this twenty-first century challenge.

Unlike the past, we now face an enemy with no flag, no borders, no president, nothing seemingly but deeply held hatred and a desire to see our countries – and our citizens – harmed. And unlike the past, we must confront them in new and different ways – with improved, truly global, cooperation.

Terrorists, after all, can now turn airplanes into missiles, fight with an “army” of fewer than a couple dozen men, and operate an entire mission with a budget of less than a half a million dollars. They have repeatedly shown that they are adaptable, patient, and opportunistic. They have demonstrated time and again that fear, catastrophic destruction and mass murder are their objectives. That is a combination of capability and intent that we must stand against as friends and allies who have freedom and liberty as their common bond.

Terrorism anywhere, weighs heavily on the hearts of freedom-loving people everywhere. Whether in America, or in Bali, in Jakarta, in Baghdad, in Istanbul, in Madrid, or in Moscow, the world is shocked and saddened by every incident. But we are, with each such atrocity, steeled again in our resolve to protect our citizens and secure our countries. Those of us in positions of responsibility have spoken and unspoken obligations. We must remember the sacrifices of our parents and grandparents who stepped up boldly to the enemies of freedom in 1914 or 1939 and we must meet our responsibilities with boldness and dispatch if we are to leave our children and grandchildren with a world anchored by freedom and respect.

If we are going to achieve those goals, again I say we must work together. And we have. In the United States, we have signed “smart border” agreements with our neighbors in Canada and Mexico to help facilitate travel and trade, but keep terrorists from exploiting our borders. In cooperation and coordination with our allies, we have placed U.S. inspectors in ports around the world to help target and screen the nearly 20,000 containers of cargo that arrive at our shores every day. And those are reciprocal arrangements. And we share information with our allies in unprecedented ways; and when credible intelligence justifies, as it did when we discovered that terrorists could be targeting specific flights over the past holiday season, we coordinate actions based on that information. We don't just check inbound passengers for potential terrorist threats, but outbound travelers as well. This helps make our world, all of our countries, safer.

In ways large and small...on air, land, and sea...at home and abroad – we are taking the necessary steps to secure the world for freedom and freedom-loving people. And we are doing it together. But there always seems to be much more to do. Future efforts will require the continued integration of both people and technology – integration that makes us smarter, more sophisticated, and more secure.

This integration means sharing information – whether it is actionable intelligence or just general threats – and using it to take actions that will improve security and protect our citizens.

This integration means identifying vulnerabilities in the interconnected global economy, and taking the necessary steps to mitigate those vulnerabilities.

This integration means developing together the next generation of high technology, to combat this generation’s weapons of high consequence.

This integration means training security personnel, and providing them the most advanced tools to do their work.

This integration means sharing best practices with each other and combining our best efforts.

It means increased vigilance in countries, cities, and towns around the world.

And it means commitment, coordination, and cooperation.

The OSCE framework was designed to make such integration possible in this region of the world – 55 countries developing and implementing common counter-terrorism measures. I would like

to commend your work in several areas. The decision to have all member states complete the Financial Action Task Force self assessment will literally pay dividends in the fight against terrorism. Already, we are seeing and disrupting terrorist organizations by freezing their assets around the world. By complying with the FATF's Eight Special Recommendations on Terrorist Financing, we will be able to better detect, track, and deter suspicious financial flows – and as a result, limit the opportunities for terrorists to use legitimate financial systems for illegal and harmful activities. I understand that the OSCE will soon adopt a decision to expedite implementation of the Eighth Special Recommendation, which is designed to ensure that non-profit organizations and charities cannot be abused for the financing of terrorism. Thorough implementation of this recommendation will help close an enormous loophole and address one of the most pressing problems we face with respect to terrorist financing. And I congratulate the OSCE on this step, and the Russian Federation for initiating it.

The same can be said for the enhancements that OSCE members have made to travel document security, as I mentioned a moment ago. Last year, Ambassador Black outlined a challenge to this group – agree to upgrade our systems to Machine Readable Passports by 2005. I am so pleased – and impressed by the political courage displayed in rising to this challenge, and then going beyond. Not only did you agree to convert to machine readable passports, but you decided to implement ICAO's common security procedures for the handling and issuance of travel documents by December 2004. We must continue pressing until everyone has reached the important goals we laid out for travel document security. And pressing is the active word. It is about the urgency of getting this kind of work done.

In this case, our work to further strengthen security at our borders – to prevent a terrorist from ever being in a position to harm any one of our citizens – will set the standard, literally, for many years to come.

And lastly, I am very glad to see the OSCE broadening the MANPADS initiative begun in the G-8 and the Wassenaar Arrangement. I commend the OSCE for following up its commitment by adopting Wassenaar Arrangement's tighter export controls on MANPADS in a decision taken just last month.

Step by step, we are dismantling the terrorists' ability to organize, to plan, to prepare, and to attack.

An area of great concern – to many countries throughout the world and especially to the OSCE – is border management and security. It is also an area in which our work together has made great progress, and continues to show great promise. We can – and must – achieve the “smart borders” that will speed the flow of legitimate trade and travel – but will continue to keep the terrorists out.

The United States shares lengthy – and friendly – borders with two countries...across which more than 500 million people, 130 million motor vehicles, 2.5 million rail cars pass every year. We patrol 95,000 miles of shoreline and waters, and more than 360 ports that see 8,000 foreign

flag vessels and 9 million containers of cargo, and nearly 200 million passengers every year as well. Not to mention more than 500 airports that handle more than 30,000 flights and almost 2 million passengers every single day. In short, our borders are active places – where the engines of world commerce churn and the cameras of world tourists click away.

While America's size presents a tremendous challenge, the work that takes place on our borders is, in many ways, paralleled by activities throughout Europe and elsewhere. We want a diverse and dynamic economy as much as we want to ensure the security of our citizens. In fact, it is almost impossible to have one without the other. These realities come together at our borders, so I welcome the OSCE emphasis on enhancing border security.

You have done a great deal of work to bring new capabilities and consistency to the border operations throughout member states, especially with the training of border guards, customs officials and the Balkan Border Conference and your planned border management and security conference coming up in September. I know everyone will benefit from these efforts, and those of the new Border Issues Coordination Officers.

This is all part of creating an overall OSCE “concept” for border management and security – as laid out in the “Strategy to Address Security and Stability in the 21st Century” to which we all agreed last year. I look forward to the adoption of this action-oriented Concept at the Ministerial meetings this December.

I would like to propose today two ways that we can use our collective strength to integrate people and technology more completely at our borders in the future...to improve the free flow of trade and travelers – and enhance security.

First, we can build upon the successful deployment of highly trained and professional border security agents and customs and immigration officials by embracing the next step when it comes to travel document security – incorporating interoperable biometric indicators on passports and visas.

I think we all agree that biometrics can be a useful security tool...allowing us to accurately identify and cross check travelers – and potential terrorists – before they enter our countries.

We must, however, develop a set of international standards for capturing, analyzing, storing, and protecting biometric data in order to ensure maximum interoperability between systems...and maximum privacy to our citizens. We don't expect OSCE to be in the standard-setting business, but we expect them to be part of the implementation set when those standards are established, and to participate in those international fora that establish those standards. Biometric information must be accurate and reliable, so that both travelers and security personnel at borders and airports, and other ports of entry can trust – and act on – the information they have.

In order for this effort to be effective we must have the active participation of all national governments – and representatives from the biometrics industry – so that we can research,

develop, test, and implement common guidelines for interoperable systems that will keep all of us safer.

Such a system could include electronic passports, smart cards, or even “virtual passports” – “carried” if you will in your fingertips and retinas rather than a travel wallet. It will help eliminate illegal entry and fraud – avenues that we know terrorists might look to to exploit whenever possible. Biometrics will make our borders – and border agents – smarter and more secure.

The U.S. Department of Homeland Security has already taken some steps to begin to make this vision a reality. The US-VISIT system is already in place in 114 airports in 15 ports in our country. It uses finger scans and digital photos to verify a traveler’s identity and then check it against lists of known terrorists and criminals. Since the beginning of the year, US-VISIT has processed 5 million passengers, and apprehended or prevented 300 hardened criminals from entering our country.

I know that you have already set the stage for OSCE members to lead the way toward biometric indicators, once the ICAO standards have been written. We believe that the ICAO standards should include both facial recognition and a fingerscan. After all, databases around the world are chock full of fingerprints – there are no such widely held databases of faces. I look forward to making progress toward this important goal together and including fingerscans inside the ICAO standards process. I believe it is in the interest of OSCE members to begin as quickly as possible to issue travel documents with biometric indicators.

Overarching all of our security efforts is a desire to not just improve security, but to do it in a way that preserves liberty and civil rights and, most importantly, respects privacy. Let me underscore this point. The United States has very strict privacy laws to protect U.S. citizens. In our recent agreement with the European Union to exchange passenger information, we have agreed to extend these very same privacy protections to European citizens as well. It is simply the right thing to do. The United States is committed to protect personal privacy, protect personal freedom, and protect personal safety. These are not mutually exclusive objectives – they are the bedrock of American values.

Just as we can use advanced technology to improve security and facilitate legitimate entry into our countries, we can also do the same for cargo and this is my second point. About ninety percent of all world cargo moves in and out of international ports in containers. For the sake of security and prosperity, we must take steps to secure cargo – and, along with it, the foundation for global commerce.

In November of 2001, I lead a U.S. delegation to the International Maritime Organization with a fourteen point agenda to press on with their security agenda in the wake of 9/11. Among those fourteen points in that agenda were dealing with cargo and dealing with credentialing. Those were too hard of the immediate next year because other international organizations had to be involved. Cargo is one of those that continues to press forward without a solid international set

of standards and we must find a way to get there. I believe a good place for the OSCE to start is with a commitment to helping breed such standards, as we did with travel document security last year. Before this year ends, I hope that OSCE participating States will undertake a political commitment to cooperate closely in enhancing container security and developing those international standards.

Such cooperation through relevant institutions such as the World Customs Organization could include the development of common standards and consistent procedures that would allow countries to build upon existing protections and incorporate new advanced technologies to make shipping containers – and the ports they reach – more secure than ever before.

For instance, OSCE participating States and our trade partners from other regions could identify and establish the methods by which we transmit, check, and share documents – ensuring maximum authenticity and efficiency. This process could – and should – allow businesses to demonstrate to port officials and inspectors that ships or containers are actually carrying legitimate commercial goods.

I think we all understand that heightened security can slow the movement of cargo – and our partners in the private sector do as well. But we can make sure that the people this hurts are those who might be breaking the law, not honest businesses.

Let me give you an example from our experiences in the United States.

The Department of Homeland Security has been working to better monitor the cargo that crosses our land borders from Mexico and Canada – millions of containers, trucks, and rail cars every year. Trying to determine which, if any, of these might pose a threat is like trying to find the proverbial needle in a haystack.

Opening every single container would grind our imports to a halt, while letting them all go would be an egregious security lapse. The solution, it turns out, is to remove much of the haystack from the needle by streamlining known good cargo in “green lanes” or FAST Lanes (Free and Secure Trade) and focusing our detection resources on the smaller subset of cargo that cannot be facilitated in this manner.

In this case, we are improving commerce by reducing wait times at our borders and streaming safe cargo into the country. And we are achieving it by forging a non-traditional partnership, bringing national security information together with proprietary commercial data. And only by harmonizing the efforts of the public and private sector are we able to make our analytical products effective enough to allow this improvement to both our economy and our security.

I think we can employ the same principles for international trade on a much wider scale. For example, establishing a uniform system for exchanging customs data in a regularized format would allow officials at both port of origin and port of destination to have confidence that proper security procedures had been followed. It would accelerate trade, it would improve security. Steps have already been taken in this direction by organizations with the expertise and the

resources to competently address these technical details. I strongly urge that the OSCE participating States agree to contribute actively to its development and eventual implementation.

The cargo supply chain is a complex system of movements. We have to recognize that security must start long before the container is loaded on to a ship for transport and must be present throughout the supply chain. Securing cargo from port to port is simply not enough...we must secure from point of origin to point of destination...from a factory floor in Berlin to a showroom floor in Budapest.

But process and procedures are also not enough – we need new technologies as well. A code of conduct for container security could also standardize the development of electronic seals that protect containers from tampering – and thus further secure ports and businesses from attack or misuse.

A solemn OSCE commitment to enhance international container and cargo security could provide crucial political support for “smart borders” that protect our populations while literally fueling global trade and prosperity.

In the United States we have begun work toward that vision. Our Container Security Initiative – or CSI – uses intelligence, automated information, advance detection technology, and highly trained inspectors to pre-screen high-risk containers before they reach our ports.

As I speak, there are DHS inspectors in Rotterdam, in Vancouver, in Genoa, in Hamburg and 15 other international ports of trade, working alongside our allies to target and screen the nearly 20,000 containers of cargo that come to our shores every day.

But, and I say this cautiously, CSI is not enough. It is a superb initiative born in the wake of crisis and horror and now deserves the refinement appropriate three years later. With lots of professionals in lots of countries continuously improve it. We are also strengthening our partnership with private sector owners and operators of the supply chain through the expansion of the Customs-Trade Partnership Against Terrorism, which provides business incentives to companies that voluntarily meet a set of government-approved security standards. More than 6,000 importers, carriers, and brokers, including 186 foreign manufacturers, are now enrolled in this partnership, many already certified.

These companies qualify for time- and money-saving incentives such as "FAST" lane access and reduced inspections. A leading trade publication in the United States reports that C-TPAT has "drawn some of the strongest praise business has ever heaped on a government program." They are capturing the added efficiency and savings that comes with heightened security. We must strive to deliver these kinds of results in all of our security endeavors. And as I just have commented about CSI push for continuous improvement in the concept as well as its execution.

With many private sector partners, my Department is also in the process of developing a “smart box” to help increase container security and prevent their use as vehicles to transport illicit and potentially dangerous materials. In addition to sealing standards and techniques, this partnership

is already testing and evaluating the technology and design of a Container Security Device (CSD) – a kind of electronic seal that would further guard against tampering.

We look forward to updating the OSCE and other relevant international bodies on the progress of this smart box work, so that our experiences might inform the development of generally acceptable container security standards.

Ladies and Gentlemen, these are examples of the kind of widespread success we can have when we work together toward a common goal. Imagine the powerful tools we could create if we all agree to a set of common standards, common procedures, and a common commitment to bring the future of container security technology to bear on the challenges we face today.

Lastly, I would just like to emphasize – again – my support for the entire security agenda just reached at the G8 in the United States. In addition to the biometrics that I have already mentioned, the G8 has come to agreement on several areas of common interest – including secure and facilitated travel, port and maritime security, fighting cyber-crime, protecting infrastructure, combating corruption, and enhancing state’s abilities to prevent terrorist attacks by investigating and prosecuting related crimes. We, I believe, can build on the work of the G8 and bring these protections to more countries and more citizens through the OSCE framework.

I would suggest that the OSCE, at the very least, commit to joining the 24x7 Aviation Security Network and commit to real-time data sharing of lost and stolen passports through Interpol over the course of this next year.

This organization knows a great deal about integration. Time and again, you have proven to be stronger together – fifty-five nations – than any of us could be apart. We take individual actions, but we coordinate in the development and implementation of internationally agreed to standards.

Global security is primarily about this kind of integration that you do so well– bringing nations together with international standards and the best available technology. If we continue to do this, and hold steadfastly to this sense of urgency, we will continue to provide our citizens with the kind of peace of mind and quality of life they expect and deserve.

More important, we, each of us, and all of us together, will continue to provide freedom’s home around the world.

Thank you very much.