

## Two If By Sea

*The port complex of Los Angeles is America's umbilical cord to world trade. And it's still an open bull's-eye.*

BY JAMES VERINI

**L**AST OCTOBER, OSAMA BIN LADEN RELEASED HIS first videotaped message in nearly three years. It was lengthier than anything he'd sent out for a while because he got wrapped up in business talk. "So we are continuing this policy in bleeding America to the point of bankruptcy," he said, quoting the British Royal Institute of International Affairs to point out that in the September 11 attacks, "Every dollar of al-Qaeda defeated a million dollars by the permission of Allah, besides the loss of a huge number of jobs." He went on to ridicule America's deficits.

If you were an al-Qaeda cell member egged on by this, you would likely fantasize about the port complex of Los Angeles. It is, arguably, the single most attractive target for economic terrorism in the country. By volume, the two ports that comprise it—the Port of Los Angeles and the Port of Long Beach—are the third-busiest port in the world. A 20-minute drive south of downtown L.A., it is America's umbilical cord to world trade. An attack there would cripple the national economy instantly and send shockwaves the globe over. Even a sloppily planned incident would cost billions. And yet, more than three years after 9-11, after hundreds of millions of dollars spent on risk assessments and plans, the L.A. port is still, essentially, an open bull's-eye.

There are any number of effective ways to set upon it. You could smuggle in explosives, or even a radiological device, via a shipping container (they go for as little as \$3,000 to rent) or a bulk cargo boat, and detonate those with a cell phone; after all, only about 3 percent of containers are screened. You could sink or cripple a ship in the queue and clog the trade lanes. You could get your own boat (the explosives used in the 1998 African

embassy bombings were delivered by an al-Qaeda ship) and try to ram it right into the port. You would get shot at, probably, but with the Coast Guard's radar bubble extending only 25 miles from the coast, and nothing like NORAD existing for the ocean, time would be on your side. (Last year, an alarm went up when three South Korean battle cruisers got within minutes of the port before being identified.) Or, with a gate pass and a driver's license, you could park an 18-wheeler loaded with a fertilizer bomb next

to a hazardous-materials container on a dock or one of the many open stretches of oil pipeline.

The green eyeshades at the Royal Institute would be impressed. The economic effects of such an attack could be spectacular and catastrophic. About 95 percent of all imports that come into the United States come by sea, and of those between 40 percent and 50 percent come through the L.A. port. Nearly half of the oil used in California, the world's fifth-largest economy, comes through the port. Eighteen thousand containers are unloaded there every day—6.5 million per year. Following a substantial attack, gas stations across southern California would likely run dry, and public transport would grind to a

halt. There would be a rush on consumer goods, which would soon run out. For lack of fuel and parts, industry across much of the American West would slow to a trickle, if not cease entirely. Within weeks, corporations would be restating earnings on a massive scale, and the stock market would get loopy. Global shipping would go into gridlock.

In November, a Department of Homeland Security-sponsored think tank at the University of Southern California estimated that a "high-end" attack would cost the national economy about \$35 billion. (By way of comparison, California's budget



**Land Ho!** About 18,000 containers are unloaded at the ports of Los Angeles and Long Beach every day.

last year was about \$99 billion.) A 2002 simulation put on by the Coast Guard and Customs and Border Protection placed the cost of a total American shipping shutdown at \$58 billion. But both of these may be low, considering that estimates for the dockworker strike that shut down the L.A. port in late 2002 were \$1 billion per day. The Brookings Institution has estimated that a weapon of mass destruction shipped by container would result in \$1 trillion taken out of the global economy.

The Bush administration has addressed these concerns, but inadequately. The Maritime Transportation Security Act, which President Bush signed in 2002 and which went into effect in July 2004, provided for a number of measures to secure the nation's ports and extended the reach of many of the not-always-cordial agencies in the Homeland Security Department into international shipping. It also put in charge the Coast Guard, previously the redheaded stepchild of the armed forces, which has concluded that the whole shebang, nationwide, will require an initial outlay of close to \$1 billion and \$535 million in annual recurring costs. But since 2002 the federal government has put up only about \$718 million (that would cover about four days of fighting in Iraq), only \$47 million of which was requested by the White House, which didn't ask for port-security funds until this year. The rest has been supplied by Congress. Aviation, by contrast, takes up 90 percent of the Transportation Security Administration's \$53 billion budget this year.

The Homeland Security Department higher-ups I talked to expressed assurance that the L.A. port is much safer now than it was three years ago, and that everything that can be done is being done. But many facts, and many people, controvert this. Speaking to maritime-security experts outside the administration, including senators, former and current Commerce Com-

***Where regulation is concerned, the ocean is a 17th-century place. Tracking down the real owner or country of origin of most ships is an uphill battle.***

mittee staffers, dockworkers, and scholars, one gets a picture that is downright bleak. The port is only slightly less porous and vulnerable than it was on 9-11, they say, and the Bush administration has no plan for stemming the economic hemorrhaging that would result after an attack.

"I am surprised there hasn't been another attack, and I would have thought it would have been maritime," said Carl Bentzel, a former maritime-security director for South Carolina Senator Fritz Hollings. Bentzel wrote much of the legislation that became the Maritime Transportation Security Act under Hollings, who retired this year and was replaced as ranking Democrat on the Commerce Committee by Senator Daniel Inouye of Hawaii, who is about to introduce legislation that would focus attention on the matter. "It's just so easy. You can get a ship from anywhere in the world into our ports," Bentzel called the federal measures taken so far "baby steps." "There is no contingency response

plan, no plan of attack as to what we'd do if the ports shut down," said a congressional aide. "Given a well-planned scenario, Bush would have to shut down commerce completely."

But even supposing copious resources and cordial interagency cooperation, the L.A. port may be an example of how government could never work fast or well enough to thwart a willful terrorist. Where regulation is concerned, the ocean is a 17th-century place. Tracking down the real owner or country of origin, or even the route, of most ships is an uphill battle. Dummy companies abound. Cargo manifests are the commercial equivalent of Etch A Sketches. Surveilling the U.S. coastlines, much less the oceans, and keeping track of even a fraction of the 15,000,000 containers that move around the world each day are massive problems.

These threats are not mere speculation. Lloyd's of London estimates that al-Qaeda owns or has interests in at least a dozen ships. And in November 2003, the group's chief of naval operations, Abdulrahim Mohammed Abda Al-Nasheri (aka The Prince of the Sea)—who was responsible for planning the 2000 attack on the *USS Cole*—was arrested: He'd just dispatched a cell to Morocco to carry out foiled attacks on American and British naval ships in the Strait of Gibraltar.

**M**ADE UP OF TWO COMPETING BUSINESS ENTITIES BELONGING to two different cities, the L.A. port is a collision of contentious international trade relationships and rules. Ships coming from Rotterdam, Yokohama, Shanghai, Genoa, and dozens of other ports arrive by the hour. Companies from six continents operate in the port, and a dozen committees and 30 government agencies—including the Homeland Security Department, the Los Angeles Fire Department, the FBI, and the Long Beach K-9 unit—guard the port in some fashion.

In late November, I took a ride around the port on a 40-foot cutter with the Coast Guard, the new sheriff in town. As I stood next to a mounted M-60 machine gun, we sped through the 3,240-acre port, through a labyrinth of canals and islets, past 80 berths brimming with giant cranes, and by

massive container ships, their decks stacked six stories high with 20-ton cargo containers. They nominally came from Monrovia, Panama, Liberia, and Honduras, none of which, in all likelihood, had ever seen these particular boats; those countries are just common "flags of convenience." We passed oil refineries (there are four in the port complex), two of the port's five recreational marinas full of sailboats and motorboats, rail yards, scrap-metal dumps, piles of giant canisters of hazardous material, and a giant cruise-ship dock. We passed under three bridges and went by any number of tankers, barges, tugboats, and yachts. For an organization like al-Qaeda, enamored of using existing infrastructure to swell damage, it seemed a deck stacked with face cards.

"Now that's what I'd hit if I wanted to do something," said one of the officers. He was pointing to a liquefied petroleum gas pipeline. The gas is highly explosive, so much so that it isn't stored in tanks on the dock like oil but pumped directly from

special tankers to storage tanks inland. In 2002, terrorists rammed a mostly empty liquefied petroleum gas tanker into a French tanker off Yemen, blowing a 10-yard-wide hole in the ship and killing a crewmember. "You could take out a few blocks with that stuff," the officer said.

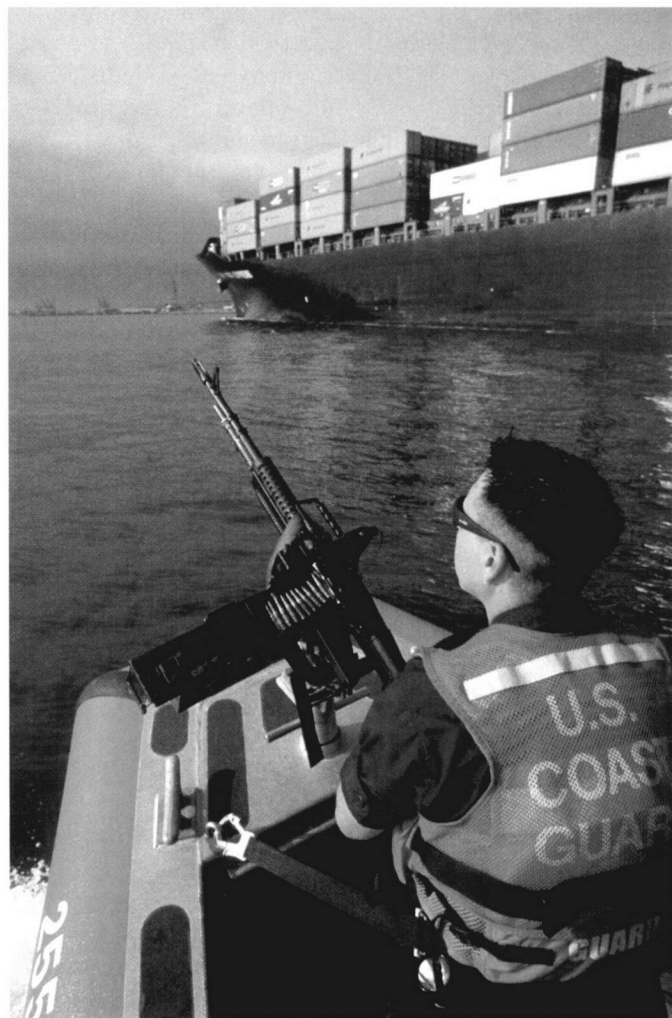
Directly alongside the port, sprawling up a hill, we could see San Pedro, a quiet city of two-story family houses and a small downtown where most of the 15,000 dockworkers who come to the port every day live. Flanking the port to the south is the larger, tonier Long Beach, a city of 430,000 with palm-tree-lined avenues of office buildings and a thriving waterfront.

After the cutter tour, I visited John Heinrich in his large, airy office overlooking downtown Long Beach. Heinrich is the chief federal official at the port, overseeing it and Los Angeles International Airport for Customs and Border Protection (formerly the Customs Bureau, which was folded into the Homeland Security Department, as was the Coast Guard, in 2003). An imposing, heavy-featured man, he has a staff of 16,000. Like many security wonks these days, he talks not about individual devices but about "layers"—a layered approach of software and fences, tracking systems and patrols, the accumulation of which security planners hope will thwart an attack.

"After 9-11, security consumed us," he told me. "I can remember the late nights, the weekends. We were obsessed." Heinrich was one of the people charged with developing a years-long game plan for improving maritime security. He said there were four goals in mind. First, push the borders out, identify threats overseas, in their ports of origin or on a ship. Second, develop a system of advance information. Third, improve technology—implement scanners; get software that can help identify problematic ports, ships, and companies; and introduce an identification-card system for the dockworkers. And finally, Heinrich said, layers. The hope is that when the terrorist does his homework, or tries to carry out his plan, the layers will discourage him.

As a Homeland Security Department pooh-bah, Heinrich was unfailingly crisp and optimistic, listing the myriad nifty-sounding programs that the Maritime Transportation Security Act has helped set up. "We still have a long way to go," he admitted, but insisted that he's witnessed 15 years worth of change in three years. "We're running a marathon at a sprinter's pace." (For Heinrich, the race is almost over; he was scheduled to retire in March.)

The man on the ground—and in the water—making sure this all works is Coast Guard Captain Peter Neffenger. Neffenger is a slight man, exceedingly friendly with a bit of a nervous air. He seems more like a computer enthusiast than sailor. A 20-year veteran of the Coast Guard, he took the helm in L.A. early last year. It's a daunting position: Not only does he have to keep an eye on 320 miles of coastline and 64,000 square miles of ocean, he is also the area maritime-security director, which means that he is responsible for developing plans to secure the port and for negotiating between every committee, community group, terminal operator, shipping company, oil concern, importer, and exporter. He also has to deal with one of the biggest and proudest unions in the country, the International Longshoremen and



**Top Gun:** The Coast Guard, once a stepchild, now leads port-security efforts.

Warehouse Union (ILWU), and with some of the biggest companies in the world, like Wal-Mart. Then there are the government agencies: Customs, the FBI, the CIA, the Transportation Security Administration, the Department of Defense, the Office for Domestic Preparedness, and the Defense Threat Reduction Agency, to name but a few. And that's to say nothing of the congressional aides and city councilors.

When I went to see him at Coast Guard headquarters, I asked Neffenger how far along he was toward realizing his vision of a secure port. He estimated between 30 percent and 40 percent. "We're still in the infancy of building a secure environment," he said. "Are containers the way something would come in? Logic says they are. But I don't know. We have to study the system. ... We're trying to turn a culture of compliance into a culture of active security."

**T**HE RHETORICAL CENTERPIECE OF THE BUSH ADMINISTRATION'S war on terrorism—and Heinrich and Neffenger have been good envoys of this message—has been that "the best defense is a good offense." But the open secret among maritime-security people is that, even with great systems, trying to track down individual threats moving by ship is a losing

proposition. One of the programs Heinrich touted to me was the International Port Security Program, which requires 8,000 foreign ports and 22,500 ships that want to trade with the United States to write security plans and submit to inspections. But only half of foreign ports and ships met the July 1, 2004, deadline to comply. What's more, this program, like almost all of the major security programs, relies on the "trusted agent premise"—essentially, the honor system. Foreign ports and ships can submit as many completed forms as they like. That doesn't mean they're living up to them. They risk fines and being turned away from U.S. ports, but in order for that to happen, they'd have to be inspected, and with thousands of ports and ships, and Customs bodies scarce, the chances of that happening are slim.

The same problem goes for the Container Security Initiative, which sends Customs inspectors to foreign ports, and the Customs-Trade Partnership Against Terrorism, through which shippers and merchants can submit security plans to the United States and get certified as preferred partners—both programs Heinrich praised in our discussion. "It's a nice program," Bentzel said of the former. "But the problem is you send five Customs

a defense contractor to outfit the port with multimillion-dollar radioactive scanners. But a study released in 2004 by Stanford researcher Lawrence Wein and Stephen Flynn, a Coast Guard commander turned Council on Foreign Relations gadfly, showed that even if the port could afford to dot every berth with the best scanners, the Automated Tracking System and other programs are so impotent that the chances of detecting radiological material coming in are, at best, about 25 percent. And even if something is detected here, the fact remains that it would be, already, here. Customs has been encouraging foreign ports to install scanners, and in places like Singapore and Hong Kong they've been successful. But the globe is covered with ports in poor and developing countries for whom the idea of buying multimillion-dollar scanners from the United States is about as attractive as donating water pumps to Baghdad.

There's another, more abstract effort to deter terrorism that security folks focus on: public relations. And on this, also, the United States is not doing well. According to intelligence officials, al-Qaeda has abandoned potential targets in the past, determining that they would bounce back too well after an attack. To make such recovery more likely, in August the Coast Guard conducted a terrorism exercise called Operation Determined Promise. It simulated attacks on the ports of Los Angeles, Houston, and Richmond, Virginia, and involved all of the 30 or so agencies Neffenger deals with and 18,000 players. "The command and control structure needed to improve, we found," he said. "Would we be able to respond? Yes, but not well enough."

Just how not well enough was determined recently by a University of California, Los Angeles think tank set up by former L.A. Mayor Richard Riordan. A professor and her grad students found that the first responders at the port were prone to protecting their own turf or stepping on one another's toes; that inter-agency communications were bad to nonexistent; that hospitals, public-health officials, and the people who live in San Pedro and Long Beach are woefully underprepared and underinformed; and that not nearly enough money has been devoted to the problem. In scathing testimony given before Congress in June, ILWC security chief Mike Mitre reported in stark language that his constituents, the dockworkers, were unready for even a minor incident, and that the port was only slightly less porous than it was before 9-11.

The more foreboding question is the one of economic resilience. Analysts worry not so much about the attack as about the ripple effects: The absence of parts, oil, and raw materials could force businesses and factories to close, and millions of dollars of perishables would go bad; stock values would start plummeting; and ships would be sent away or stranded altogether because, in the event of an attack, the assumption would be that other ports would be attacked, too, and thus must be closed. The longer the closure, the worse the ripples. "After 9-11, the ports closed, but the Coast Guard had to let boats in to keep businesses running," says Bentzel. "It would be the great

agents to China—where they have no jurisdiction, they can't carry a gun, they have no authority—and they have to ask their counterparts over there to use their equipment. How much are they going to find? ... [I]f this is your law-enforcement plan, you're in trouble."

Another problematic program is the Automated Tracking System, run out of an undisclosed command center in northern Virginia, where information on cargo is fed through all sorts of whiz-bang algorithms. The problem isn't the software models; it's the information being fed in: Analysts are still relying primarily on ship manifests, say critics, which are fudged and forged all the time. Meanwhile, the Homeland Security Department's big hope for a tracking system for American coastlines and waterways (similar to what the Federal Aviation Administration has for the skies) is the Automatic Identification System. Implementing it, though, has hit a major snag, because in 1998 the government auctioned off the maritime frequencies the system would use to a private company in a 10-year contract. The company, MarITEL, refuses to sell them back to the Coast Guard, and the program is sitting in limbo.

Of all the doomsday scenarios that Heinrich and Neffenger imagine, the one that scares them most is a nuclear device coming in aboard a ship. (In 2003, an ABC News team smuggled a suitcase of depleted uranium into the port undetected—even after it was screened.) Heinrich and Neffenger have thus hired

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political conundrum for a president to have to say, either, 'OK, we're going to have put up barriers and stop trade,' or, 'We can't do anything because we can't stop trade.' That could be political suicide. But what choice would he have?"

**O**NE GLARING GAP, ALMOST EVERYONE CAN AGREE, IS funding. In early November, I went to talk to Bill Ellis, Heinrich's second-in-command at the Port of Long Beach, who came out of retirement to fill the job (he had been chief of the Long Beach police) and was refreshingly candid. What really gets to him, he said, is the money. "This is what I'm dealing with," he said, handing me a newspaper clipping from the (Long Beach) *Press-Telegram* headlined "LAX gets \$256.4M grant." "In one day," Ellis said. "One day." Over four rounds of funding, Ellis has managed to scrounge \$20 million. The lion's share of the \$718 million so far given to ports has gone to Washington state, because the ports of Seattle and Tacoma are nominally more important to those cities than the L.A. ports are to L.A. "It's time for someone to step back and assess how money's being distributed to ports," said George Cummings, Ellis' doppelgänger at the Port of Los Angeles. Ellis estimated that it would cost \$250 million to secure just his side of the port. Indeed, the Homeland Security Department's own inspector general found that department money directed at port security has been poorly spent, or not distributed at all, according to a *New York Times* report in February.

Though L.A. Mayor James Hahn can do little to direct federal money to the port, he has been an outspoken critic of the Bush administration's unwillingness to revamp the distribution of homeland-security funds. (Hahn lives in San Pedro, and his sister, Janice Hahn, is a councilwoman there.) But not everyone agrees. One of the staunchest advocates of reducing federal funding for port security is Congressman Dana Rohrbacher, whose 46th District includes the port. "I think the federal government has given too much money to port security!" he said, speaking (as he told me) on a cell phone from the seat of an exercise bike at his gym. "It's shameful how much the ports have consumed already. What makes them think they deserve to be subsidized any more than any other business concern?" Rohrbacher has introduced a bill to pay for security with user fees, but he said he's expecting it to take four years for the public and Congress to "wake up" and see its merits.

Unwittingly, Rohrbacher may have hit on the crux of the problem: From a certain perspective, there is indeed no reason for foreign companies to invest in security. Shipping is not a high-margin business; it depends on volume for profitability, and security hampers volume. What's more, foreign exporters have a captive audience, as the United States imports twice what it exports. The Coast Guard and Washington can saber-rattle all

they want, but no one's going to tell Maersk or Hanjin—much less Toyota or Wal-Mart—that they're cut off. (Some American companies have been taking the issues seriously, lobbying foreign governments to put money and manpower into port security.) Finally, all of the companies involved are heavily insured. Like an operative considering a too-resilient target, shippers compare the chances of an attack with the cost of security, and the incentive simply isn't there.

Can the L.A. port ever be fully secured? Probably not. Can it come close? Or is the very idea of maritime security a myth? The ocean, after all, is a lawless place. The best estimate is that 120,000 registered commercial vessels—plus innumerable more phantoms—traverse the world's waterways. Even among the known knowns, as Donald Rumsfeld might put it, deceit is



**Say What?:** GOPer Dana Rohrbacher represents Long Beach—and opposes security funding.

rampant. Perusing the L.A. port complex and taking down names, you'd have a hard time tracking down the real owners of even some of the largest container ships, whose crews hail from every corner of Asia, Africa, South America, and Europe. "Countries of interest" and even known state sponsors of terrorism supply many of them. It's not uncommon for a ship to change owners, even names, multiple times over its life.

I asked Captain Neffenger one day how he felt trying to guard arguably the most attractive target for economic terrorism in the United States. After thanking me for reminding him, he said: "I think of it this way, I'm running a race, and I know the guys I'm running against want to get me. ... I can never stop running the race. Now, I hope, when the fog clears, to find that they're behind me—not in front of me. But I also hope, when the fog clears, that I find I'm running the right race." **TAP**

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