

CHAIRMAN MCCAUL OPENING REMARKS
AS PREPARED FOR DELIVERY
Subcommittee on Oversight, Investigations & Management
House Committee on Homeland Security
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EMBARGOED UNTIL DELIVERY

Osama bin Laden's "war of a thousand cuts" on the US economy has always been a key facet of his strategy. His personal files, found in his lair at Abbottabad, Pakistan, revealed a brazen idea to blow up oil tankers. By doing so he hoped to damage, not only the United States, but the world's economy. The picture of an oil tanker ablaze would indeed add fuel to our financial crisis.

Al Qaeda and its affiliates have a history of attacking ships:

- In January 2000 there was an attack on the USS Sullivan;
- In October 2000, a small boat with explosives blew a hole in the side of the USS Cole, killing 17 of our sailors;
- In October 2002 a French oil tanker was set ablaze, killing and injuring several crewmembers;
- In 2005 there was an attack against the USS Ashland and Kearsarge; and
- In July 2010 there was a terrorist attack on a Japanese oil tanker.

Furthermore a new poll of Arab attitudes revealed the people of the Middle East dislike America. They no longer see America as a strong nation. The bottom line is we are no longer feared by terrorists and nation's overseas because they see us as weak. Consequently Al Qaeda and other terrorists will continue to try and attack us-whether it be by a thousand cuts to our economy or another 9/11 type of attack.

The Government Accountability Office (GAO) in its report on terrorist attacks targeting energy tankers states the supply chain faces three types of threats:

- Suicide attacks with explosive-laden boats, similar to the one used against the USS Cole in the Gulf of Aden;
- Standoff attacks with weapons launched from a distance, such as rocket propelled grenades; and
- An armed assault, as used by pirates off the coast of Africa.

Not only would a successful attack result in loss of lives and have a detrimental effect on the economy, it would also be a psychological blow and may have environmental

consequences.

The Port of Houston is the energy capitol of the United States, and a target-rich environment. The Port stretches from Galveston Bay, past Texas City, across the Gulf Intercoastal Waterway, past Bayport and the San Jacinto Monument, and deep into the City of Houston. The Port includes the Houston Ship Channel; a 52 mile highway for shipping.

It has a wide range of businesses and is not just one of the physically largest ports in America, but also a leader in the movement of cargo.

- Houston brings in more imports than any other US harbor (88.2 million tons valued at \$60.1 billion in 2010).
- Houston has the second highest level of exports (73.2 million tons valued at \$70.8 billion in 2010), and the second highest level of total maritime tonnage (220 million tons in 2010) in the United States.
- More than 7,800 vessels arrive and 150,000 barge movements are registered annually.
- Most importantly roughly 25% of the oil imports for America flow through the Port of Houston. Each day 25-30 oil and chemical tankers move along the Houston ship channel. And 31% of America's crude oil refining capacity is in this harbor. If catastrophe struck the Port, there is little spare capacity to import and refine crude oil elsewhere in the country.

A 2007 study by the Houston Port Authority estimated that the Port directly leads to \$285 billion in national economic activity, 1.5 million jobs and \$16.2 billion in nationwide tax revenues. The US Coast Guard estimates that if the Houston Ship Channel was closed, it would have a direct negative impact on the economy of approximately \$406 million per day.

Americans are now paying nearly \$4.00 for a gallon of gas. Even an attack causing little damage could raise prices at the pump by a dollar or more. The Port of Houston is integral to America's economy. We must ensure there are no gaps in our security at this Port, and ensure that terrorists do not wound our economy or harm our citizens by successfully carrying out an attack in Houston.

The US Coast Guard, Texas State and County officials and industry stakeholders

associated with the Port of Houston have done a great deal to protect the Port and its shipping from a terrorist attack. The US Coast Guard and local police have access to a real-time satellite tracking system that pinpoints the exact size and location of every ship in and around Houston. The Coast Guard has heavily armed vessels patrolling the channel, and along with Harris County Sherriff boats, stand ready to respond. Equally important, Texas established the Houston Ship Channel Security District, a unique industry-government partnership to assist protecting the facilities surrounding the ship channel.

The GAO has made several recommendations to mitigate terrorist attacks at ports. It recommends:

- All participants should plan for meeting the growing security workload as liquefied natural gas shipments increase;
- Ports should plan for dealing with the economic consequences of an attack;
- Terrorism and oil spill response plans at the national and local level should be integrated; and
- Performance metrics should be developed for an emergency response.

All agencies generally agreed with the GAO recommendations.

I would be remiss if we did not consider one other major point. Once the Panama Canal's deepening project is complete in 2014, the Canal will be able to accommodate vessels with drafts up to 50 feet. Houston cannot accommodate such large ships because it is only dredged to 45 feet. Larger ships will not be able to enter the Houston Channel. Additionally, it is notable that if a ship were sunk in the middle of the channel, it would effectively cut off commercial traffic in the port until the ship could be refloated and moved. The cost of a shutdown would damage the US economy.

Today we examine whether the GAO recommendations have been instituted, what needs to be done to enlarge the Houston Ship Channel and whether we need to do more to prevent Al Qaeda and its affiliates from again wounding our economy as they did on 9/11.

I thank the witnesses for being here and I especially want to thank the Ranking Member of the Subcommittee, the gentleman from Massachusetts, Mr. Keating, for being with us today and recognize him for five minutes for the purpose of making an opening statement.

[END PREPARED REMARKS]