



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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March 30, 1981

The Honorable Walter B. Jones
Chairman, Committee on Merchant
Marine and Fisheries
House of Representatives

Dear Mr. Chairman:

Comments on

Your letter of February 4, 1981, asked for our views and recommendations on H.R. 19, 97th Congress, a bill "To provide a comprehensive program to improve cargo security for property being transported in interstate and foreign commerce."

H.R. 19 is identical to H.R. 655, 96th Congress, which we commented on in a letter dated April 20, 1979, to the former Chairman, the Honorable John M. Murphy. Most of our comments on H.R. 655 also apply to H.R. 19, and these comments, together with additional comments, are summarized below.

At the request of the Subcommittee on Surface Transportation, House Committee on Public Works and Transportation, we reviewed the Department of Transportation's (DOT) efforts to promote cargo security, and issued a report on March 31, 1980, entitled "Promotion of Cargo Security Receives Limited Support" (CED-80-81). We also testified at hearings on cargo security held by this Subcommittee on December 3, 1980. In our report, we indicated that DOT's ability to reduce cargo theft was hindered by limited authority and resources. However, we did not address the merits or cost-benefits of a regulatory program, and have no special information on the bill.

The bill provides new authority for reporting requirements which it seems could be met under existing authority. Under Sections 101(a) and 202(a), the Secretaries of Transportation and Treasury may require transportation firms to report cargo losses to the appropriate modal transportation regulatory agency and the Bureau of Customs. In addition, Sections 109 and 110 amend the Shipping Act of 1916 and the Interstate Commerce Act, to require water and certain motor carriers to report cargo losses to the appropriate regulatory agency. These requirements seem unnecessary since it

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appears the various regulatory agencies already have sufficient authority to require such reports and have exercised this authority in the past.

Section 202 provides that regulations issued by the Secretary of the Treasury shall become effective 6 months after publication, and also establishes procedures for withdrawing previous regulations. We suggest that similar provisions be included for regulations issued by the Secretary of Transportation under Section 101.

We also suggest that a timeframe be specified for issuing initial regulations under Sections 101 and 102, since implementation of the proposed program depends on such regulations.

In addition, the Committee should consider including a provision for individual waivers from regulations issued under Sections 102 and 202. Experience under other regulatory programs has shown that on occasion waivers for good cause may be warranted and can be granted without undermining the program.

The term "person", which is defined under Title II (Sec. 201), should also be defined under Title I.

Sections 105 and 205 require separate annual reports to the Congress on the administration of Titles I and II. We recommend this be changed to require the Secretary of Transportation to submit a consolidated annual report covering administration of the entire act, including the Interagency Council on Cargo Security under Title III.

Program evaluation by responsible agencies is a basic part of effective program administration and should be provided for in program legislation. This provision should specify the kinds of data and tests needed to measure program performance and consider alternative approaches, including such things as

- a compilation of cargo losses and trends;
- a list of regulations issued, withdrawn, or waived;

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- an evaluation of compliance with regulations, including the status of enforcement actions taken;
- an analysis and evaluation of research and development, education, and cooperation activities conducted; and
- a summary of outstanding problems and proposed solutions in administering the act.

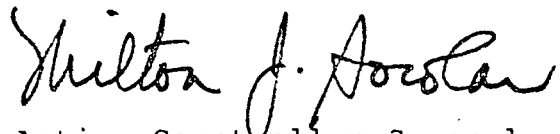
At your request, we would be available to work with the Committee in developing specific language.

We also believe that the reporting requirements for water and motor carriers under Sections 109 and 110 need to be clarified as follows:

1. Are similar reporting requirements needed for air and rail carriers?
2. Will cargo losses reported by the various transportation modes furnish uniform loss classifications (e.g., theft, lost, missing, presumed stolen, etc.) and reporting periods?
3. Under Section 109 dealing with water carriers, the term "periodic" reports should specify the reporting period intended, i.e., quarterly, annually, etc.
4. Under Sections 109 and 110 dealing with water and motor carriers, the terms "cargo damaged, lost* * *" and "freight loss and damage claims" should be clarified to ensure that theft-related losses are specifically reported.

We hope our comments will be useful in considering this bill.

Sincerely yours,



Acting Comptroller General
of the United States