

Testimony of Mario Cordero  
Executive Director, Port of Long Beach and  
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House Committee on Ways and Means  
Subcommittee on Trade  
*Advancing U.S. Economic Competitiveness, Equity, and Sustainability  
Through Infrastructure Investments*  
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Good morning Chairman Blumenauer, Ranking Member Buchanan, and members of the Subcommittee.

My name is Mario Cordero, and I am the Executive Director of the Port of Long Beach (Port) and the Chairman of the Board of the American Association of Port Authorities (AAPA), the unified voice of the seaport industry in the Americas. I would like to thank the Subcommittee on Trade and the Ways and Means Committee for holding this hearing and soliciting input from key stakeholders regarding sustainable and equitable infrastructure investments that will ensure our country's economic competitiveness. I am speaking to you today both on behalf of the AAPA as well as in my role as Executive Director of the Port of Long Beach.

The Port of Long Beach is the premier U.S. gateway for trans-Pacific trade and a trailblazer in innovative goods movement, safety, environmental stewardship and sustainability. As the second-busiest container seaport in the United States, the Port handles trade valued at \$180 billion annually and supports 2.6 million jobs across the nation, more than 575,000 in Southern California, and more than 50,000 jobs – or 1 in 5 – in Long Beach. The Port of Long Beach is one of the few U.S. ports that can welcome today's largest vessels, serving 175 shipping lines with connections to 217 seaports around the world. Goods moving through the Port of Long Beach originate in or are destined for every congressional district in the United States. In 2019, the Port handled more than 7.6 million container units, achieving the second-best year in its history. And, together with the Port of Los Angeles, the San Pedro Bay Ports Complex moves more than 40% of our Nation's waterborne goods.

The Port of Long Beach is on track for a greener future, creating the world's most modern, efficient and sustainable seaport. As part of an industry-leading \$4 billion capital improvement program this decade, the Port is building some of the most modern, efficient and sustainable marine facilities in the world to accommodate bigger ships, while generating thousands of new jobs. The Port has made great strides in reducing harmful air emissions from port-related operations, improving water quality in the harbor, protecting marine wildlife and implementing environmentally sustainable practices throughout the Port.

Originally adopted in 2006, the Clean Air Action Plan (CAAP or Plan) was updated in 2010 and again in 2017. The Plan has resulted in reductions of 88% diesel particulate matter, 97% sulfur oxides, 58% nitrogen oxides, and 19% greenhouse gas emissions. Programs, such as the Diesel Emissions Reduction Act (DERA) have been instrumental in implementation of our forward-

thinking environmental initiatives. To date, the Port has received eight DERA grants totaling \$16.1 million. These funds helped to retrofit, repower, or replace 233 pieces of cargo-handling equipment and harbor craft. The CAAP, which is a joint project with the Port of Los Angeles, includes investments in clean truck and equipment purchases, shore power and air monitoring. The Port is also investing in renewable energy and terminal improvements with the goal of transitioning terminal cargo-handling equipment to zero emissions by 2030 and on-road drayage trucks by 2035. Implementation of the CAAP will cost more than \$14 billion.

The Port is undertaking energy initiatives that will provide reliability, resiliency, and economic competitiveness to the Port of Long Beach, the San Pedro Bay Ports complex and its marine terminal tenants. Renewable energy technologies, other self-generation systems, controls, and energy storage will allow the Port to isolate operations from the local energy grid during times of emergency or outage. The entire Port community will benefit from the Port's reduced demand for grid power, a lowered carbon footprint, and improved air quality as the equipment we use changes from diesel- to electricity-powered.

The Port is committed to reducing congestion and air emissions that are harmful to our neighbors and the region. We see on-dock rail capabilities as providing a critical environmental benefit by enabling more containers to be loaded directly onto rail and thereby reducing the number of trucks required to serve the Port, furthering the efficient movement of cargo.

Another opportunity to lower carbon emissions, improve air quality at near-port communities and reduce congestion on highways is to increase use of marine highways – the least polluting and safest means of cargo transportation. Ports are actively exploring expanded use of the Maritime Administration's Marine Highways Program to accomplish freight distribution. The process involves imported cargo being transferred to barges and transported to a second location for unloading. Freight unloaded from the ship to the dock and then transferred to a barge has the Harbor Maintenance Tax, HMT, collected twice – once as imported cargo and a second time as domestic cargo. AAPA seeks to have the HMT collected just once, which I understand will require a change to the tax code. This is a very minor amount of HMT revenue, less than 1%, but the tax is an additional cost and serves as an impediment to Marine Highway use.

The Port is also exploring ways to transition to 24-7 operations to reduce truck congestion and move goods quicker through the complex. With Southern California highways already congested, implementing policies that enable greater access for trucks outside of the normal workday will reduce emissions from idling and enable truck drivers to get to their destination quicker. Efficiency is not only good for the environment but it reduces costs along the supply chain.

### Keeping pace internationally

China is constantly prioritizing their ports. China imposes a unique state control over their supply chains and thereby 'side door subsidizes' their ports, coupling big port revenues with artificially cheap capital from their state banks.

The American Association of Port Authorities is working on a cutting edge research paper showing how China and other competitors of the U.S. are focusing on- and capitalizing their ports to cut into U.S. market share, vie for trading supremacy, and even project military strength. The U.S. can maintain its maritime supremacy with trade infrastructure investments.

### Need for Federal Investment in Port Infrastructure

America's ports need robust support from the federal government to make investments in infrastructure that will enable the efficient flow of trade while ensuring that port operations do not harm the environment and their surrounding communities. Maritime ports create \$5.4 trillion in economic activity annually, representing 26% of our Nation's GDP. Ports are responsible for 30.8 million direct, induced, and indirect jobs. Ports exist to facilitate an integrated, end-to-end supply chain. We optimize goods movement. We build and invest. Ports serve as an engine for economic prosperity in our communities and provide access to markets across the globe for communities nationwide.

For the decade spanning 2018 through 2028, AAPA identified \$20 billion in multimodal and rail access needs at U.S. ports. The Port of Long Beach in particular plans to invest more than \$1.7 billion in capital projects over the next ten years that will help improve efficiencies, reduce congestion and keep the Port competitive in the changing maritime landscape. Federal investment in multimodal projects can leverage billions of dollars in additional port investment. As populations shift, as cargo volumes grow, and as we continue to embrace e-commerce and direct to consumer shopping, these investments will be critical to ensuring the United States has a 21st century multimodal freight network to compete globally and deliver locally.

Ports across the country were pleased to see dedicated funding in President Biden America's Jobs Plan. We also appreciated the funding increases in H.R. 2, last year's House-passed infrastructure bill, and that funds can be used for rail and other infrastructure projects on port property. America's ports need repairs, improvements, and updates. Freight volumes may double by 2045, according to the Department of Transportation. Our country has an opportunity to invest \$1 in infrastructure on the front end to produce \$2 to \$3 of economic growth on the back-end, based on an analysis by the U.S. Committee on the Marine Transportation System.

To support our nation's coastal ports and maritime industry, AAPA recommends the following be included in any large-scale infrastructure investment package:

- \$20 billion for coastal port infrastructure and intermodal freight movement connectors, such as expanded on dock rail and off-port assembly of efficient unit trains; expansion and development of double stack rail - the next generation of containerized freight movement. These funds could be allocated through the Department of Transportation's existing Port Infrastructure Development Program.
- Robust funding for electrification of dockside ship connections and zero/near-zero emission port equipment. Ports are already making investments in decarbonization. Like the Port of

Long Beach, some have adopted Clean Air Action Plans to reduce emissions, with others investing in these technologies and looking to plan for the future. Implementing plans to replace cargo handling equipment, drayage trucks, and other port equipment with lower emissions technologies will require significant resources to ensure success, likely requiring an investment on the scale of \$50 billion to replace current equipment with zero or near zero emissions cargo handling equipment. This investment would result in improved environmental quality at ports and near port communities.

- \$6 billion for the U.S. Army Corp's coastal navigation program. \$3 billion for completion funding of 12 Federal navigation channel improvement projects currently underway or awaiting initial funding; and \$2 billion to repair and restore Federal navigation channels and 140 critically deficient coastal navigation structures that are essential for safe and efficient freight movement. The jetties and other coastal navigation structures work will address sea level rise and resilience.

\$500 million for port development in support of offshore wind energy, as identified by the Administration necessary to catalyze the development of offshore wind at scale. These funds are critical to strengthen docks for storage, assembly and transport of offshore wind energy components. These loads are up to 10 times the normal dock operating loads.

#### Reopening tourism and cruising, big American exports

We have all heard about- and are dealing with the surge in imports throughout the U.S. supply chain because of pandemic household consumption. However, travel and tourism count as huge American net exports and are a major competitive advantage for our country.

Travel precautions and spread containment come first and foremost. But let's reopen the tourism and cruise sector just like the government is permitting with other sectors. Our ports have kept cargo moving safely since the earliest days of the pandemic, and they have been ready to do the same with passengers.

Jobs supported by the wealthier tourist who comes to the U.S. to embark on a cruise, but before, during, and after are supporting taxis, hotels, food, entertainment, and shopping in each and every region represented by the members of this committee.

## Conclusion

Investments in rail, sustainable goods movement, energy resiliency, digital infrastructure, and demonstration projects that advance a 24/7 operations model in goods movement are critical to meeting the current needs of the supply chain and expanding U.S. exports in the global market. Our Nation's economic success depends greatly on a transportation system that operates efficiently, safely and reliably. With U.S. ports' economic activity accounting for more than a quarter of our Nation's GDP, the U.S. government needs to have greater role in protecting and expanding our market share as we get greener.

Thank you again for the opportunity to discuss the infrastructure needs of ports broadly and share the Port of Long Beach's experiences. Ports, like other parts of the economy, have struggled through the COVID-19 pandemic, incurring extra costs for personal protection equipment and balancing the need to operate with the health risks port workers faced. As we recover from the pandemic, ports can play a critical role in our economic prosperity and in ensuring a strong U.S. manufacturing capability through a reliable and robust supply chain. Ports like other types of infrastructure, however, have been neglected over the years and now is the time for the Federal government to invest in world class infrastructure.

Once again, I appreciate the opportunity to share with the Subcommittee the views of the greater port industry and my own views as the Executive Director of the Port of Long Beach regarding actions Congress can take to help ports and the maritime industry maintain a state of readiness and sustain our critical responsibility in the supply chains nationwide.

Thank you,

Mario Cordero