

The Subcommittee on Coast Guard and Maritime Transportation

Hearing

Hearing on the Future Needs of the U.S. Marine Transportation System

May 13, 1999

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PURPOSE OF HEARING

On May 13, 1999, in Room 2167 Rayburn House Office Building, the Subcommittee on Coast Guard and Maritime Transportation will conduct an oversight hearing on the current and future needs of the U.S. marine transportation system. Many Federal agencies are currently working together to gather information and develop a strategy that ensures that U.S. waterways and ports, along with their intermodal connections, meet the transportation needs of the

country in the 21st Century.

BACKGROUND

The U.S. marine transportation system encompasses a network of navigable waterways, ports, and the network of railroads, roadways, and pipelines that connect the waterborne portions of the system to the rest of the Nation. The principal components of the U.S. marine transportation system are: waterways, including the navigable waters of the United States and associated infrastructure (for example, locks, aids to navigation); ports, those marine transportation facilities where vessels dock or anchor for loading or unloading cargo and passengers; and intermodal connections, linkages at the land-water boundary that allow the transfer of cargo and passengers between transportation modes. Intermodal connections include pipelines, road and rail access routes, intermodal cargo handling equipment and terminals, and communication technology.

The marine transportation system links the United States to overseas markets and is vital to our national security interests. The U.S. is the world's largest trading nation, accounting for over one billion metric tons of commerce, or nearly 20 percent of the world's ocean borne trade. Excluding Mexico and Canada, over 95 percent of U.S. foreign trade tonnage is shipped by sea, and 14 percent of U.S. inter-city freight is transported by water.

Forecasts show that U.S. foreign oceanborne trade is expected to more than double by the year 2020. In addition to this increase in the water transportation of cargo, commuter ferries, recreational boating and other recreational uses of the waterways are expected to increase, placing even greater demands on the marine transportation system. To respond to these increased needs, the capacity of the U.S. marine transportation system must greatly increase over the next twenty years. Beyond increased physical capacity, technological developments in shipbuilding, navigation information, communications, sensors, and cargo handling will also help to improve the efficiency and safety of the marine transportation system.

The growing size of container ships will also stress our aging marine infrastructure. Channel depths are inadequate in many of our nations ports to receive large container ships, many of our berthing facilities cannot handle ships carrying 6000 twenty-foot equivalent unit containers, and the intermodal linkages

at our busiest ports will be stressed with this large increase in cargo.

Many Federal agencies, state and local governments, port authorities, and the private sector share responsibility for the marine transportation system. The economic, safety, and environmental implications of aging infrastructure, shallow channels, and congested intermodal connections will become more critical, and could become a threat to our economic prosperity, as marine traffic volume increases.

Increasing the efficient use of our waterways has additional economic and environmental benefits. The marine transportation system can relieve congestion in other transportation modes. Water transportation is more fuel efficient than other transportation modes and reduces carbon emissions by one-third or more. Transporting bulk goods by water also results in a 35 percent reduction in transportation costs when compared to other modes of transportation.

MARINE TRANSPORTATION SYSTEM NATIONAL TASK FORCE

Recognizing the critical importance of the maritime transportation challenge facing our nation, the Coast Guard Authorization Act of 1998, Public Law 105-383, authorized the establishment of a Federal Task Force to assess the adequacy of our maritime transportation system. The Task Force is charged with examining our ports, waterways, harbor approach channels, and their intermodal connections from the perspectives of safety, security, efficiency, and environmental sensitivity.

After a series of seven regional listening sessions to gather the public's concerns and ideas about the future of water transportation, the Secretary of Transportation hosted a national conference in November, 1998. The aim of the conference was to address identified marine transportation problems, develop solutions, and explore potential strategies to implement these solutions.

The most common concern for the future of the Marine Transportation System identified at the conference was a lack of coordination among Federal agencies, regional organizations and local stakeholders in the planning, investment, and operation of the marine transportation system. Numerous other concerns included aging infrastructure, loss of global competitiveness with foreign ports, draft limitations due to insufficient dredging, small margins of safety as ships become

larger and faster, port and cargo security problems, possible implementation of new user fees, and insufficient environmental protection of our waterways.

Under the Marine Transportation System Task Force's charter, the Secretary of Transportation established a Task Force including public and private sector representatives to assess the adequacy of the nation's marine transportation system, including U.S. ports, waterways, harbor approach channels, and their intermodal connections, and ensure that it is operated in a safe and efficient manner. The Commandant of the U.S. Coast Guard, and the Maritime Administrator of the U.S. Maritime Administration will serve as the co-chairs of the Task Force.

The Task Force is directed to submit a report to Congress which examines critical marine transportation issues, and develops strategies, recommendations, and plans of action to advance national interests, including global economic competitiveness and national security in the marine transportation area. The Task Force must consult with senior public and private sector officials, including the users of the system, such as commercial carriers, shippers, labor, recreational boaters, fishermen, and environmental organizations. Finally, the Task Force is directed to evaluate the capability to dispose of dredged materials that will be produced to accommodate projected increases in dredging as well as the future of the navigational aid system including the use of virtual aids to navigation on electronic charts.

On March 12, the Secretary of Transportation hosted a meeting of the Marine Transportation System National Task Force in Washington, D.C. Approximately 70 senior government and private sector leaders met in an effort to continue the discussions begun last November and to begin preparing the report to Congress, due July 1, 1999. The next Task Force meeting is scheduled for May 21, 1999.

CURRENT U.S. MARINE TRANSPORTATION SYSTEM AND THE DOMESTIC MERCHANT MARINE

The U.S. marine transportation system includes 3,500 bulk oil transfer facilities, 10,000 marinas, 18,000 bridges, a network of locks and dams, and 97,000 aids to navigation. There are 355 ports in the United States that handle cargoes at approximately 4,000 marine terminals. Ports and marine terminals are the intermodal points where cargo is transferred from one mode of transportation to another. Large container ports of the future will have to accommodate the larger vessels coming into service and must upgrade their cargo-handling equipment and

operational procedures to increase the speed and volume of cargo. Larger and faster ships coupled with advanced port container-handling equipment will enable terminal operators to move more cargo and increase labor productivity. Unless the necessary port infrastructure improvements are completed in a timely and cost-effective manner, distorted incentives may develop which adversely affect our Nation's efficient commerce.

Some transportation experts predict that to fully exploit the cost efficiencies of the new large ships, carriers will have to limit vessel calls to major loading centers or so-called hub ports. These future hub ports would become the preferred distribution point on high-volume trade routes fed by a network of coastal relay operations which would move cargo to smaller coastal ports.

Currently, there are approximately 44,000 vessels operating in the domestic trade of the United States, including on the Great Lakes, the inland waterways, and in the coastwise, intercoastal, and domestic offshore trades. (These vessels are required to be built in the U.S., owned by U.S. citizens, and crewed by U.S. citizens.) The U.S. domestic fleet consists of approximately 31,000 barges, 6,000 towboats/tugboats, 3,600 passenger vessels, and 1,000 offshore supply vessels. Towboats, tugs and barges complete nearly one million voyages annually, serving more than 200 inland and coastal ports. Commodities transported by barge include gasoline, steel, chemicals, coal, lumber and manufactured goods.

The U.S. domestic passenger fleet consists of one deep-sea passenger vessel which operates in the Hawaii trade, three traditional steamboats operating on the Mississippi and Ohio Rivers, 12 overnight passenger vessels operating throughout the U.S., eight vessels of the Alaska Marine Highway System which provide passenger and auto ferry service between Alaska ports, 50 self-propelled riverboat gaming operations, 15 US.-flag gaming vessels, and approximately 3,675 day passenger vessels of all types, including excursion vessels, private commuter ferries, and publicly operated ferry vessels.

Offshore supply vessels regularly carry goods, supplies, or equipment in support of exploration or production of offshore mineral or energy resources on the outer continental shelf of the U.S.

INTERNATIONAL MARITIME TRADE

The U.S. has increasingly enjoyed the benefits of growing international trade as trade barriers throughout the world are eliminated. In 1996, approximately \$590 billion of goods were carried on the ocean and passed through our ports.

Today there are approximately 262 U.S.-flag vessels operating in the foreign trade (import/export) trade of the United States. This segment of the U.S.-flag fleet includes 117 container vessels, 12 dry bulk cargo vessels, and 133 liquid bulk tankers (oil tankers, liquid natural gas, and liquid petroleum gas carriers). Approximately 7500 foreign-flag vessels over 500 gross tons arrived in U.S. ports during 1996, including about 1470 oil tankers, 5775 cargo vessels, 126 passenger vessels, and 115 fishing vessels.

WATERWAYS MANAGEMENT

Section 81 of title 14, United States Code, authorizes the Coast Guard to define the need for and to provide aids to navigation and facilities required for safe and efficient navigation. The Coast Guard is authorized to establish, maintain, and operate electronic aids to navigation systems that are required to serve the needs of the armed forces of the United States, the maritime commerce of the United States, and the air commerce of the United States.

A Vessel Traffic Service (VTS) is a waterways traffic management tool. It provides a complete and accurate image of waterways operations to shoreside and shipboard personnel, and reduces the risks of marine accidents and their inherent dangers to life, property, and the environment. There are currently several different types of VTS systems in operation ranging from those fully built and operated by the Coast Guard to others built and operated with Coast Guard design and operations advice. In its most common form, a VTS system is a command and control center that monitors a port's activities using radar, surveillance cameras, Global Positioning Satellites (GPS), and communication technologies to assist mariners. Currently, the Coast Guard operates VTS programs in seven ports, spending approximately \$18 million annually for operations.

The Coast Guard's VTS 2000 initiative would have created a standardized national VTS protocol that could have been used to create standardized VTS systems in unserved U.S. ports. Due to concerns about the high cost of the VTS 2000 initiative and industry dissatisfaction with the protocol that was developed,

the Coast Guard was directed by Congress to develop a new waterways management program, supported by local communities and the maritime industry. Members of a national group of maritime representatives recently delivered a position paper to the Coast Guard that supports the widespread implementation of automated information systems that employ the differential global positioning systems and transponder technology. A group of maritime representatives from the New Orleans area have agreed on baseline recommendations to be considered if a VTS system is to be implemented in the Lower Mississippi River waterway system.

Recent technology has made it possible to greatly improve navigational accuracy through global positioning information available from satellites. This technology, called the Differential Global Positioning System, allows mariners, pilots, surveyors, and others to use satellite positioning to determine their position on earth, with very precise accuracy. Global positioning information comes from a network of 24 Department of Defense satellites. Marine vessels, aircraft, vehicles, cartographers, and surveyors can determine their position on earth by using equipment that receives and interprets signals from these satellites.

An Electronic Chart Display and Information System (ECDIS) is an internationally recognized navigational system that is equivalent to a paper nautical chart. ECDIS standards are set by three internationally recognized organizations, the International Maritime Organization (IMO), the International Hydrographic Organization (IHO), and the International Electrotechnical Commissions. An ECDIS must have route planning and route monitoring functions, a continuous display of accurate and up-to-date chart and position information, the ability to perform and execute timely navigational routines currently provided by paper charts, an adequate back-up system, capability for automated chart updating, and a voyage recording function. In addition, a fully compliant ECDIS must have officially produced IMO/IHO complaint charts.

The National Oceanic and Atmospheric Administration's (NOAA) Office of Coast Survey is responsible for producing and maintaining a set of over 1,000 nautical charts. These charts encompass the coastal waters of the U.S. and its territories. Cartographers in the Marine Chart Division compile information from sources such as the U.S. Army Corps of Engineers and the U.S. Coast Guard. This information is applied to charts before new editions are printed. The Hydrographic Survey Division receives and prioritizes about 50 requests for new surveys each year. New surveys are conducted by NOAA's three hydrographic survey ships,

two shore-based field parties, and private contractors using state-of-the-art sonar and positioning equipment.

NOAA is working with the Coast Guard and the international maritime community to develop a marine navigation system which will electronically integrate accurate chart data, Global Positioning system data, and real-time environmental information into ECDIS. NOAA will produce Electronic Navigational Charts for use with ECDIS for the top forty commercial ports, the Mississippi River System, and portions of the Great Lakes in the coming months. The development of ECDIS will be a great aid to the mariner. ECDIS will include a number of required alarm functions to warn the vessel's crew of impending danger. ECDIS also creates the need for re-surveying areas with modern hydrographic equipment. The integration of DGPS and ECDIS provides the mariner with the ability to navigate to an accuracy greater than was available to the surveyor who collected the chart data.

One study by the Woods Hole Oceanographic Institute estimates that an effective electronic charting system alone could do as much to reduce risks of oil and chemical spills as requiring tankers to have double hulls.

WITNESSES

PANEL I

Admiral James Loy

Commandant
United States Coast Guard

Hon. Clyde J. Hart, Jr.

Administrator
Maritime Administration
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Deputy Under Secretary
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PANEL II

Joseph Cox

President
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Edward M. Emmett

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(INTERTANKO)

George J. Ryan

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General Counsel
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U. S. DEPARTMENT OF TRANSPORTATION
STATEMENT OF
ADMIRAL JAMES M. LOY,
COMMANDANT, UNITED STATES COAST GUARD
AND
CLYDE J. HART, JR.,
MARITIME ADMINISTRATOR
ON
THE FUTURE NEEDS OF THE U.S. MARINE TRANSPORTATION SYSTEM
BEFORE THE
SUBCOMMITTEE ON COAST GUARD AND MARITIME
TRANSPORTATION
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES
MAY 13, 1999

I. INTRODUCTION

Good morning, Mr. Chairman and members of the Subcommittee, we are Admiral James M. Loy, Commandant of the United States Coast Guard, and Clyde J. Hart, Jr., the Maritime Administrator. This is the second time that representatives of the

Coast Guard and the Maritime Administration (MARAD) have had the opportunity to testify before you on the future needs of our nation's Marine Transportation System (MTS). As you know, Secretary of Transportation Rodney E. Slater has made the nation's MTS a matter of high priority and we truly appreciate your interest in this important topic, and welcome the invitation to keep you apprised of our work in this area.

The U.S. MTS, consisting of our waterways, ports, and their intermodal connections, as well as the vessels moving people and cargo, is a critical component of our national transportation system. Our marine infrastructure and commercial carriers support our domestic trade and markets, our global outreach into overseas markets, and our engagement in world affairs, including protection of U.S. national security interests. The inevitable growth of world population, the ever-increasing globalization of the world economy, and intensified global competition in the maritime industry lead to the inescapable conclusion that the volume of international maritime trade will jump sharply in the next twenty years. Some estimates place the increase between 200 and 300 percent of current levels. In many cases it is not the breadth, but the pace of change, that challenges us. Changing complexity in MTS operating environment poses increased risk to safe vessel transits and protection of the marine environment. High-speed ferry vessels traveling at over 40 knots; mega-ships carrying 6,000 or more twenty-foot equivalent unit containers; passenger ships designed to carry 5,000 people; and information systems technology employed in ships and supporting precision navigation, improved communications, hydrographic, and cargo systems come readily to mind. These challenges will continue to require both public and private sector efforts to ensure the public safety and protect our maritime environment.

We thank you for your interest and continued support of this interdepartmental effort that includes the combined efforts of over a dozen Federal agencies and hundreds of private sector organizations' leaders to examine the challenging needs of the MTS in the 21st century. You have followed the early efforts of this initiative starting with the seven MTS Regional Listening Sessions that the Coast Guard and MARAD hosted last spring. These 2-day events provided many interesting ideas for us to consider, including five issue areas: safety, security, environment, infrastructure, and competitiveness. Two overriding concerns cited time and again at the listening sessions, and at numerous related marine conferences, were the lack of a shared national vision for the MTS and the lack of leadership and coordination among government agencies.

The issues and concerns derived from the seven regional listening sessions provided the framework for the November 17 - 19, 1998 National Conference on the MTS hosted by the Secretary of Transportation. We greatly appreciated the participation by Subcommittee staff members who joined in and worked with 144 public and private sector leaders at the National Conference. They tackled the issues and challenges both in work groups and plenary sessions, and developed a national vision, identified potential coordinating mechanisms, and recommended goals and actions to begin moving toward that vision for the MTS in the 21st century. We are evaluating these proposed goals and actions, but have not yet embraced them as Administration goals. They will be considered closely as the Administration develops its future budget and legislative proposals.

II. 2020 VISION

During the two and one-half day National MTS Conference, participants agreed upon a vision seeking to make the U.S. MTS, by the year 2020, "the world's most technologically advanced, safe, secure, efficient, effective, accessible, globally competitive, dynamic and environmentally responsible system for moving goods and people". The conferees set forth several guiding principles for developing strategies and action plans to achieve the MTS 2020 vision: (1) system integration with other domestic and international transportation systems, (2) clear and strong Federal leadership, (3) partnering between the public and private sector, (4) consideration and balancing of diverse interests, (5) aggressive technological development, and (6) the people to make it all happen.

Coordination and Leadership

We view coordination, leadership, and cooperation as essential to the success of the MTS. With effective MTS coordination, the nation's mobility, safety, economic health, natural environment, and security can all be enhanced. We need to improve coordination and information sharing among Federal, regional, and local agencies, as well as private sector owners and operators.

We support the call for Federal leadership and coordination. To meet this goal we will reinvigorate the Federal Interagency Waterways Management Committee, to

identify, evaluate, develop, and promote the implementation of Federal policies and programs to ensure effective management of the MTS. While there is a need for national policy and standards, many local problems can best be solved at the local level. Thus, local/regional committees are optimum forums to address many MTS issues and recommend improvements. Establishment of new, and expansion of existing, port harbor safety committee functions is the proposed mechanism for MTS coordination and implementation at the local level to address safety, competitiveness, infrastructure, security, and environment.

Safety

The MTS is a complex, dynamic system with a variety of users. The safety of all system users is of critical importance. We have several safety issues underway to address growth in commercial and recreational use, as well as the challenges of faster and larger vessels operating in a more congested waterway. Our efforts are focused on: (1) widespread use of safety management systems in design and operations; (2) accurate, reliable, and real-time information management systems that are tailored to user needs, such as the Coast Guard's new Automatic Information System (AIS)-based Ports and Waterways Safety Systems (PAWSS); (3) improved management and coordination to promote safe vessel movements and facility siting; (4) improved management of operations and communications in congested areas; and (5) prevention of maritime accidents associated with human factors.

The contribution of human factors to marine accidents is of specific concern. The Coast Guard, MARAD, and industry have and will continue to be engaged in improving mariner training and skills. Through Coast Guard, MARAD, and industry efforts, mariners are now routinely trained on realistic bridge simulation scenarios, with an emphasis on bridge resource management and bridge team management. We intend to continue promoting these training approaches to further reduce the effects of the human factor on marine accidents.

In addition, several other initiatives have been undertaken to "raise the safety bar." The continued worldwide implementation of the Global Maritime Distress and Safety System (GMDSS) will significantly enhance maritime communications and maritime safety. We can, for example, for the first time broadcast urgent marine information broadcasts, including weather warnings, and ensure that every GMDSS ship in our areas of responsibility immediately gets the information we

broadcast. GMDSS is made up of redundant systems, so if one device becomes inoperable, another can be used to send a distress alert or communicate distress information. Finally, the system is designed to include location and identification information in every distress alert. Some segments of GMDSS pay very big dividends: in 1997 alone, over 540 lives were saved through the use of Emergency Position Indicating Radio Beacons (EPIRBs).

The Coast Guard is also modernizing its National Distress and Response System (NDRS). This modernization will improve Federal, state, and local command and control communications within port areas during emergency situations. Another significant technology advance of the NDRS is the digital selective calling and direction-finding capability, which will provide the Coast Guard new tools to achieve its mission of saving lives.

Competitiveness

Domestic waterborne trade and international trade are equally important to the United States. The domestic and international water transport systems each move about one billion tons of cargo per year at substantial cost savings to the consumer over other alternatives. The inland waterway system is far reaching, providing one of the most efficient domestic-to-international cargo flow networks in the world. Domestic trade is especially important to the U.S. merchant marine as the entire billion-ton domestic cargo load is moved solely aboard U.S.-flag vessels. This in and of itself generates 124,000 direct jobs on vessels and in related industries, \$10 billion in annual freight revenue, and \$300 million in annual Federal taxes.

In addition to substantial domestic trade, the U.S. MTS is our main gateway to the global marketplace. Its efficiency and effectiveness directly affects our economic competitiveness. As such, maintenance and improvement of the MTS are essential to maintain and improve U.S. competitiveness. To achieve these improvements, we plan a continuing effort to: (1) review Federal laws and regulations to identify gaps and eliminate conflicts across government agencies; (2) foster institutions for MTS research, recruitment, and education; and (3) maximize partnerships in areas such as planning information and research.

The Coast Guard and MARAD continue to work with industry and other agencies, such as the National Oceanic and Atmospheric Administration (NOAA) and the United States Army Corps of Engineers, to develop Intelligent Transportation

Systems (ITS) for MTS. Using ITS technologies, efforts are underway to make transportation more efficient, safe, and secure. MARAD's sponsorship of the Cargo Handling Cooperative Program (CHCP), a collaborative effort between government and industry, has helped to develop the use of new technologies. One example of a port application is the development of new computer systems that aid in cargo inventorying and tracking. These systems improve cargo operations efficiency, combat pilferage and theft, and improve safety regarding hazardous material stowage and handling. The Coast Guard, MARAD, and other members of the task force are committed to continue this and other efforts in support of port development to meet the challenges associated with increased domestic and international trade.

Infrastructure

Physical facilities, equipment, and the information-handling infrastructure serve as key interfaces to vessels in MTS and will be important as trade volume increases and vessels become larger and more technologically complex. Additionally, better use of existing MTS capacity could be achieved through improved vessel traffic control, utilizing tools such as AIS and the Differential Global Positioning System (DGPS). A key consideration to ensure efficiency on our waterways includes suitable channel depths and designs as well as efficient lock and dams. Intermodal connections and landside access to ports by rail and highway are also important.

The Coast Guard's new JUNIPER class buoy tenders are capable of conducting a variety of missions. Not only are these new vessels able to maintain aids to navigation, but they are also able to engage in marine environment, search and rescue, icebreaking, enforcement of laws and treaties, and national security missions. The Coast Guard's Ports and Waterways Safety Systems and the expansion of AIS for improved vessel traffic management and navigation safety in port and pilotage waters are solid MTS infrastructure investments.

Security

A shortfall in seaport security standards would provide an opportunity for easy access to port property, cargo, and ships, and increases vulnerability to illegal activity, smuggling, terrorism, or sabotage. Our maritime borders must be secure to protect U.S. citizens from the rising global tide of illegal drugs, arms, migrants,

and other contraband. Although often overlooked, the MTS provides critical logistics and military mobilization infrastructure supporting the security and defense of the United States. We must maintain the ability to rapidly mobilize, deploy, and support U.S. forces in their response to national security threats. These issues of port related crime and security are being addressed by a separate interagency commission that has been specifically chartered by the President for that purpose. We are full participants in that process.

Environment

The waterways and adjacent shoreline that comprise the MTS are a natural habitat for numerous species and a national environmental treasure. We believe it is critical that any improvements envisioned for the MTS account for the impact that they will have on this valuable ecosystem. We must continue efforts that focus on process improvements such as considering environmental impacts and requirements at the beginning of planning processes or activities in the MTS, and ensure that all necessary players are on board before significant progress is made. Actions currently underway include: (1) efforts to address hull paint toxicity issues, (2) better management of sediment from dredging, (3) providing accurate and reliable navigation data, (4) controlling invasive species, (5) addressing the environmental impacts of recreational boating, and (6) addressing cargo handling pollution sources.

III. MTS TASK FORCE

Section 308 of Public Law 105-383, the Coast Guard Authorization Act of 1998, directed the Secretary of Transportation to establish a task force to assess the adequacy of the nation's MTS. Secretary Slater has made this task force a priority. Approximately 65 governmental and private sector entities serve on the task force. It represents a broad spectrum of interested parties, including the Federal Government, vessel operator associations, ports, labor, shippers, intermodal associations, state organizations, environmental interests, academia, naval architects, and shipbuilding associations.

Secretary Slater hosted the first MTS Task Force meeting on March 12, 1999 in Washington, DC. The Task Force is an advisory body that will build upon the efforts and outputs following the seven MTS regional listening sessions held last spring and the first National Conference on the Marine Transportation System held this past November. Efforts will take into account the capability of the MTS, including an assessment of the MTS and a forecast of growth in use by commercial and recreational users as we enter the 21st century.

Members of the Task Force have been hard at work preparing a report to Congress to be submitted by July 1, 1999. Preparation is on track and a first draft was circulated to task force members for review on May 4, 1999. The draft will be revised based upon the comments received. The report, as currently drafted, will describe the MTS; summarize the trends and pressures on the system; identify the critical issues facing the system; and provide a vision and strategic areas of action for achieving the vision.

IV. CONCLUSION

In closing, U.S. waterways, ports, and their intermodal connections, as well as the vessels moving people and cargo, are the essential elements of our Marine Transportation System. The challenge is clear. Ports must be prepared to respond to the mounting pressures of growing trade, more noncommercial waterway users, the development of new means to harvest and preserve marine resources, and increasingly aggressive efforts by criminals and adversaries intent on doing societal harm. At the Federal level, we must include eliminating the gaps, overlaps, and stovepipes among government agencies. Government and the private sector must continue to work together if we want the very best MTS possible for the future. This hearing helps to highlight the numerous maritime challenges we face to keep America competitive, safe, secure, and environmentally sound as we enter the 21st century.

Secretary Slater has provided leadership and has charged Federal agencies and national organization leaders in the Task Force effort to forge the shared national vision for MTS. We appreciate the congressional guidance and support we have received thus far for our collective interagency and private sector efforts, and we

welcome your continued participation.

Thank you for the opportunity to discuss this important issue with you today. We will be happy to answer any questions you might have.

TESTIMONY

BEFORE THE

SUBCOMMITTEE ON COAST GUARD AND MARINE
TRANSPORTATION

ON

THE NEEDS OF THE U.S. MARINE TRANSPORTATION SYSTEM

MAY 13, 1999

PRESENTED BY

JOSEPH J. COX

PRESIDENT

CHAMBER OF SHIPPING OF AMERICA

Mr. Chairman, I am Joseph J. Cox, President of the Chamber of Shipping of America. We appreciate the opportunity to testify before your subcommittee concerning the needs of the U.S. marine transportation system which includes the waterways, ports and intermodal connections.

The Chamber of Shipping of America represents 17 U.S. based companies which own, operate or charter oceangoing tankers, container ships, and other merchant vessels engaged in both the domestic and international trades. Our members also operate bulkers, ro-ro's and government ready reserve ships. The Chamber also represents other entities which maintain a commercial interest in the operation of such oceangoing vessels.

In our testimony today, we will note once again some of the points we made at the hearing last summer on Maritime Infrastructure. These are issues concerning the

U.S. port infrastructure, environmental concerns and the health and welfare of our marine transportation system. In the past year, two important steps have been taken: a national conference was held and, a specific proposal has surfaced relative to funding our maritime infrastructures.

THE U.S. PORT AND WATERWAY SYSTEM IS A NATIONAL RESOURCE

As we have noted in many fora this past year, our port and waterways system is truly a national resource. It has historically performed its role as the critical lifeline for our nation's international and domestic trade since the birth of our country. Like any other national resource, it must be cared for and cultivated to meet the growing needs of its beneficiaries which include not only the direct users, but each and every citizen. By its very definition, this cultivation must include consideration of future needs such as projected growth in waterborne commerce and characteristics and technology developments associated with its direct users - carriers, shippers, importers and exporters.

In the not so distant past, the national transportation system was composed of relatively discrete units of rail, road and water transportation sub-systems which interfaced by necessity rather than by design. Today, due to ever increasing cargo volumes and competition from other national port systems, the cornerstone of our national port and waterways system must be the recognition that intermodalism maximizes the efficiency of our system and provides the well marked pathway to future planning and development efforts. Intermodalism requires a seamless transportation system which provides smooth transition of cargo from one transportation mode to the other. It also requires the recognition that the waterborne and land based infrastructure must develop with the needs of the users in mind. These developments must include incorporation of developing technology in the areas of ship design and onboard equipment, vessel traffic systems, aids to navigation, channel maintenance and development, shore side terminal infrastructure and port access programs that efficiently link marine transportation systems to their rail and road counterparts.

In the past, our national defense needs were adequately served by the maritime infrastructure. Now, the Department of Defense relies on the seamless transportation of defense cargoes from our nation to our forces in harm's way.

Last summer, I submitted to this Subcommittee a copy of U.S. Army Corps of Engineers 1996 Waterborne Commerce Statistics Report. It is interesting and I attach it here along with a MARAD/COE Press Release on 1998 waterborne statistics. This data shows the significant growth in waterborne commerce over the last 40 years. For instance, in 1996, over 2.2 billion tons of cargo was moved on our waterways with over half that amount attributable to foreign commerce i.e. imports or exports. Over the past two decades, waterborne commerce has increased more than 20% with the bulk of this increase in foreign cargoes. The water transportation industry accounts for nearly \$45 billion in annual sales. From another perspective, based on 1993 trade data, the U.S. is the world's largest trading center, with more than \$1 trillion in trade. Almost 50% of this trade, by value, was transported over water. There is no doubt that the nation's ports and waterways system plays a critical role in international trade and our domestic economy. We are told by the statisticians that trade is growing at the rate of 6% per year. If this were to lessen to 3%, our trade in 2020 would double from its present level. If it stays at 6% our trade will triple. Clearly, we must have the infrastructure to handle this trade or it will not happen.

NAVIGATIONAL CHANNEL MAINTENANCE AND DEVELOPMENT

From the birth our nation, our waterways have provided the means to increase the standard of living of Americans. A list of the major cities of our nation when young is a testament to the importance of water access. Boston, New York, Philadelphia, Baltimore—all were important ports in colonial times and remain important now. The small sailing ships of those days called not only at the larger ports but also at smaller ports along the coast, rivers, and tributaries. That same scenario exists today with varying sizes of ships calling at various ports.

We as a nation benefited initially from the water access to our trade and we benefit now, however, something has happened to us in the interim. Our nation's ports and waterways were considered a national treasure which helped enrich the lives of all U.S. citizens. We now hear many opinions which hold that only direct users benefit from our ports and the easy access they provide to international trade. To understand this change in attitude on the part of some, we have to understand what has happened to port access.

As ships became larger and more docks were needed in ports, we became aware of a limitation in depth of many of our ports or parts of them. Dredging became a

common remedy for the limitation. There was no need for any national debate on the subject; ports needed to be deeper and channels had to be kept clear. Much of this dredging was accomplished by using public funds through the use of U.S. Army Corps of Engineers personnel , expertise and equipment. In carrying out dredging, the Corps also utilized private contractors who were funded through the Corps budget. Maintaining our waterways, which must accommodate the internationally developed fleet, was important for us commercially as a nation and national funds were used to accomplish the national objective. Our Navy was stationed around our nation in various ports and that continues today. The larger ships of our modern Navy have no trouble in going to sea and coming home.

In the early 1980's, we changed. Under the very tight budgets of the time, a dialogue took place involving all stakeholders in our ports system. After years of debate, we arrived at a tax on shippers, i.e. those owning the cargo. The idea was to generate funds for operational and maintenance dredging. In the early 1990's, those paying this tax believe it was unconstitutional as applied to exports. In March of 1998, the Supreme Court agreed with the shipper community and declared the export side of the harbor maintenance tax unconstitutional. The funding of our port infrastructure is the most important maritime question facing us for the future.

A proposal for a new funding mechanism has been made public by the Administration. We believe it has severe flaws and look forward to a complete review of the subject by Congress. We cannot afford to make a mistake now in how we address this problem. Disruptions in trade, once made, may not be rectified.

Mr. Chairman, there was an initial desire to act quickly on a replacement for this tax. Yes, it must be replaced although to replace it quickly may create more problems. What more important component of our trade infrastructure is there than the access to our ports? The review of this matter must be done carefully, deliberately and must include all stakeholders.

THE MOST CRITICAL ELEMENT OF THE SYSTEM IS THE PEOPLE WITHIN IT

The most technologically advanced equipment can not replace the human element in any system. So also it is for the marine transportation system. The U.S. Coast Guard has recognized this critical fact in its implementation of its Prevention

Through People (PTP) program which recognizes the constant and balanced interaction between management, the work environment, mariners and the appropriate technology. They are to be congratulated for their initiative. The people concept is equally applicable to the shore side infrastructure of the system and requires that, regardless of who is involved, a mariner, pilot, dock worker or freight forwarder, the system's efficiency is maximized through focusing on the people as they interact with each other as well as the technology. Anything less results in the implementation of a costly technology with no net gain in productivity because the people either can not or will not utilize the system. Our maritime schools and academies recognize this and have developed courses and majors in intermodal transport. The Military Sealift Command recognizes the need for logisticians. In recent presentations, personnel from MSC have been stressing this need as a critical component of national defense.

SECRETARY OF TRANSPORTATION CONFERENCE

In November 1998, an impressive group of over 150 government and industry representatives attended a three day conference called by Secretary of Transportation Rodney Slater. The purpose of the conference was to discuss the present state of the maritime transportation system; where we need to be in the year 2020; and, most importantly, how we are going to get there.

The conference had before it the results of seven "listening" sessions which were hosted by MARAD and Coast Guard representatives in geographically diverse sections of the nation. A great deal of information was discussed and it was agreed that a Task Force would be created to assess the adequacy of the MTS and examine critical issues. We at the Chamber of Shipping have been working on a portion of the Task Force's work and it has been intense. There have been three to four meetings a week of some of the subgroups.

The first draft of the Task Force Report was circulated to participants on May 3, 1999, and comments were due May 12, 1999. The reason for the tight timetable is that the report is due to be sent to Congress in July. It would not be fair to go into any specifics of the report here although I think it appropriate to present some of the major points which will survive any wordsmithing.

The report will identify six critical issues: coordination; competitiveness;

infrastructure; environment; national security; and, safety. The infrastructure section has four components identified by the Task Force: capacity, funding, the regulatory framework and strategy development. Capacity issues include dredging, locks and dams, competing land uses and intermodal connections. There are certainly cross-issues in the report e.g. the environmental issue includes questions about dredged spoils and how to accommodate them.

Funding received a major portion of the attention of Task Force members. It should be appreciated that this area is very complex and answers are not easily found. As noted earlier in this testimony, the Administration has made a proposal public and hopefully there will be beneficial review of the various aspects of the proposal.

While the inclusion of regulatory framework may seem mundane to some, it is a critical bottom line issue to U.S. shipowners. We have come a long way working with the Coast Guard to lessen the regulatory burden on U.S. owners and operators. Still, problems arise.

Last week, a member of ours informed the Chamber about an intended policy change by the U.S. Customs Service. Since 1991, Customs has been assessing charges on spare parts and materials fitted overseas on a U.S. foreign-trading ships. This charge was the normal duty on the item as if it were imported in to the U.S. Customs is now proposing a charging mechanism which will include a 50% ad valorem charge. The effect on U.S. international trading ships will be an increase in yearly costs of an average of \$200,000 per ship. Mr. Chairman, Subcommittee members, is there any question as to why owners contemplate other flags? Cannot our interpretive administrative rulings include favorable outcomes for our ships?

U.S. MERCHANT SHIPS

In discussing the Report on the Marine Transportation System, we will note one anomaly; there is no mention of U.S.-flag ships. On the one hand, this makes some sense as the "MTS" is meant to include all the concerns which enable this nation to trade. Ships, regardless of flag, have similar commercial and operational needs and so there may be a certain legitimacy to excluding a discussion about U.S. ships.

On the other hand, it seems to be only a partial debate of our trade needs if we

exclude the ships calling at our infrastructure. If maritime trade is to be part of the "seamless" transportation system, these ships must be addressed. When Congress receives the Report, maybe we can address the void.

Mr. Chairman, members, this concludes my testimony. I will be pleased to respond to any questions.

Testimony of Thomas J. Chase
Director of Environmental Affairs
American Association of Port Authorities
Before The House Transportation And Infrastructure
Subcommittee on Coast Guard And Maritime Transportation
May 13, 1999

Introduction

Good morning. I am Thomas J. Chase, Director of Environmental Affairs at the American Association of Port Authorities (AAPA). Founded in 1912, AAPA represents virtually every major U.S. public port agency, as well as the port agencies in Canada, Latin America and the Caribbean. Our Association members are public entities mandated by law to serve public purposes - primarily the facilitation of waterborne commerce and the generation of local and regional economic growth in an environmentally sustainable manner. My testimony today reflects the views of the AAPA's United States delegation.

Mr. Chairman, AAPA commends you for convening this hearing on the needs of the Marine Transportation System (MTS). We are grateful to this Committee for its work in support of the Coast Guard and other programs that are crucial to the health and efficiency of our nation's waterways system. In addition, we appreciate your direction in last year's Coast Guard authorization bill for the Secretary of Transportation to establish a public-private Task Force to report to Congress on the needs of the MTS.

AAPA has long been involved in advocating the needs of the nation's port system to the Federal agencies and Congress, and we believe these recent efforts to enhance the dialogue on the MTS are important. AAPA members participated in the U.S. Department of Transportation's (DOT) regional waterways management outreach sessions and the National Conference held in November. Mr. Kurt Nagle, President of AAPA, represents the nation's public port industry on the MTS Task Force. We welcome these additional opportunities to present the views of the public port industry with respect to the challenges facing the MTS.

I know that this committee appreciates the vast importance of the MTS to the nation and the complex partnerships that are involved in the functioning of the MTS, issues that will be documented in the Task Force report. After briefly summarizing the challenges facing the MTS, I want to stress the following two points today which further outline the port industry's perspective on how all stakeholders can work together to meet the needs of the MTS:

- The need for improved coordination among the various Federal agencies involved in the MTS; and,
- The need for continued Congressional oversight of Federal agency programs and involvement in guiding, building and maintaining the MTS partnership.

Challenges Facing the MTS

Port industry representatives and other stakeholders described the challenges facing the MTS during DOT's Regional Listening Sessions last year. The issues most often cited included the following:

- Lack of a recognized Federal champion for the MTS to resolve conflicts among the Federal agencies and to advocate for increased funding within the Executive Branch and before the Congress;
- Declining Federal investment in the MTS at a time when domestic and international trade is growing and significantly increased state and local expenditures are unable to meet demands for new infrastructure;
- Inadequate information and technology 1) to safely manage the growing diversity and volume of commercial, fishing, recreational, passenger, and military vessels using the nation's waterways, and 2) to efficiently inspect

- and clear foreign cargo through ports of entry; and,
- Duplicative and uncertain environmental regulation of MTS projects that result in increased cost, fewer benefits, and decreased public confidence in the ability of the government to protect the environment and deliver important marine transportation and environmental improvements.

The Listening Session participants felt strongly that continued dialogue among federal and local stakeholders is essential to assure efficient management of the MTS and integration of the MTS with the nation's surface transportation.

Last November, the Secretary of Transportation Rodney Slater convened the National Conference on the MTS to create a shared vision and goals for the MTS in 2020. We know from previous efforts to address the challenges facing the MTS that we can only succeed when Administration, Congressional, and industry leaders work together to find comprehensive solutions. AAPA applauds Secretary Slater's leadership in raising the profile of the MTS within the Administration and in enhancing this dialogue among all MTS stakeholders.

One of the key recommendations from the conference is that there should be established a National Council on the MTS consisting of federal and non-federal public officials and the private sector. It was concluded that the key criteria for success of the Council include:

- Right players at the table (high level);
- Right subgroups to address issue at hand;
- Strong participation and accountability from all stakeholders;
- Link national and local/regional industry;
- Identify and eliminate barriers to agency cooperation;
- Bring national attention/visibility to MTS; and,
- Clearly defined responsibilities by Congressional mandate/Executive Order.

Unfortunately, the draft MTS Report to Congress does not seek a Congressional mandate to establish a Council with clearly defined responsibilities. As currently drafted, the Council would be established by, and would provide advice to, the Secretary of Transportation, who would Chair the Council. We will join others in the industry to seek changes to the Council structure to reflect the

recommendations of the National Conference.

In the remainder of my testimony I would like to offer AAPA's views on successful coordination and to suggest areas where Congress can play a constructive role in guiding a Council and setting policies for the MTS.

Coordination

The United States has the most extensive, complex and decentralized marine transportation system in the world; an appropriate asset for the world's largest trading country and sole superpower. Each component of the MTS — waterways, ports, and their intermodal connections — is a complex system within itself. However, even if the components function well individually, the maximum benefits are only achieved when they are effectively integrated.

The MTS provides the nation's shippers — importers and exporters — with a range of choices that allow them to minimize transportation costs, and, thus, deliver goods to the consumer more cheaply and compete more effectively in international markets. In addition, the many transportation options in the MTS allow shippers flexibility to make decisions about moving goods through the MTS based on the trade and market conditions. For example, problems in the fall of 1997 with rail service in the southwest U.S. caused cargo diversions. A westward shift in manufacturing patterns in Asia has resulted in more consumer goods from that region being delivered to the U.S. through east coast ports, via the Suez Canal. The diversity of transportation options also serves the country well during times of crisis when the military needs to quickly move troops and material.

Not only does the nation's MTS provide shippers a range of routing options for transporting goods, but the system provides a range of service options as well. A fundamental strength of the MTS is its ability to adapt to changes in service requirements. According to Federal Reserve Chairman Alan Greenspan, a large measure of the country's unprecedented economic growth is due to the increased productivity of the American economy. As part of this efficiency drive, manufacturing industries in the U.S. increasingly rely on multinational production; retailers similarly source and sell globally. To further reduce costs, businesses keep inventories low and rely on just-in-time delivery of raw materials, partially assembled products, and finished goods, and they expect their freight transportation services to be reliable, fast, inexpensive and safe. These needs drive

the demand for continuous improvement in the MTS for services such as automated cargo clearance, double-stack on-dock rail service, and deeper channels to handle larger ships.

Under the U.S. system of federalism, national, state and local governments share ownership, management, and operation of the MTS with private sector owners and operators. Generally, the federal government retains responsibility for ensuring the free and safe access to navigable waters of the U.S. under the Commerce Clause of the Constitution. Numerous Federal agencies carry out this responsibility. State and local governments and the private sector are responsible for the marine terminals; privately-owned facilities account for approximately two-thirds of the deep-draft terminals. Clearly, coordination among the many stakeholders in the MTS is critical to ensuring the nation's preeminence as the world's largest trading country and sole superpower.

For optimal operation of the MTS, AAPA believes that coordination must be carried out on two levels: local and national. At the local level, conditions affecting the operation of MTS components vary greatly among regions of the country. For example, hydrography, climate, and vessel usage vary greatly from waterway to waterway. Marine terminal operations, cargo type and intermodal-connection needs differ from port to port, even within the same region of the country. In addition, decisions to make investments in terminals and waterways are made at the local level based on a variety of factors including local job creation, national economic development, and international trade demands.

Locally, ports are responding to the service challenges presented by their customers and providing economic development opportunities for their communities by upgrading their existing terminals and investing in new, more flexible equipment and technology. They are installing larger cranes, building on-dock rail, and improving rail and truck grade separations. They are employing technology such as electronic data interchange at their gates and improving management practices have significantly reduced gate idling times. In 1997 alone, public ports invested \$1.5 billion; over the next five years, these ports estimate they will spend \$7.7 billion on these and other capital investments. These figures do not include the substantial investment made by private companies in the land-side components of the MTS.

While these investments provide important local and national economic benefits,

public ports are also leaders in forging partnerships on projects that serve multiple purposes in their communities. Many port projects contain features that provide for environmental conservation and enhancement, public access to coastal areas, and recreational opportunities. For example, the Port of Oakland is currently building a project to expand its container handling capability that will utilize a former military facility, create 120 acres of shallow-water habitat, restore 3200 acres of wetlands, provide 30 acres of new public parkland, and reduce vehicle emissions by 40 tons per year. In addition, the larger, more efficient ships that will be able to call at the port will result in reduced discharge of ballast water and, thus, less risk for the introduction of aquatic nuisance species. Similar multi-objective projects are the hallmark of local public port development activities.

Port authorities work in close cooperation with their customers, Federal and state agencies, and the local community in developing these projects. Federal agencies may be direct partners in developing and cost sharing the funding of projects because of the national benefits associated with the improvements. Other Federal agencies with regulatory responsibility for collecting taxes, inspecting cargo and ships, and ensuring environmental protection also must work closely with local officials in carrying out their duties. Many ports have established local harbor committees to coordinate the many investment, operational, and regulatory activities undertaken by national, state and local governments and the private sector. Each harbor can best manage its assets by developing a local coordinating mechanism that meets its unique needs, conditions and circumstances.

The cooperation and coordination among Federal agencies with a role in developing local MTS projects is a critical element in project success. In some cases, a lack of coordination and conflicting mandates of Federal agencies can frustrate and delay locally supported projects with strong local and national benefits. Additionally, agencies may not focus on MTS projects because of limited resources or differing priorities, and, consequently, may not participate early in the planning process for the project. These types of problems have been identified in numerous reviews of the transportation system. This is why, for example, Congress directed the Secretary of Transportation to work with other Federal agencies to find ways to streamline environmental reviews in the programs authorized under the Transportation Efficiency Act for the 21st Century. Similar efforts are needed for the MTS.

Another limiting factor affecting the role of Federal agencies is whether agencies

have sufficient resources to carry out their responsibilities. Besides the problem of delay caused by insufficient resources, agencies may also attempt to transfer the cost of inherently government functions to local ports. For example, an agency may require that ports pay for staff to review the environmental effects of projects or provide facilities for cargo inspectors. On a broader level, the Administration has proposed policies that seek to shift many federal responsibilities to local governments and MTS users. For the last few budgets, the Administration has sought reduced expenditures and proposed to raise or establish new taxes on MTS users for programs administered by the Army Corps of Engineers, Coast Guard, Customs Service, and the National Oceanic and Atmospheric Administration. In most cases, existing and new fees simply go to the general fund and are not returned to the programs for which they were collected.

At the national level, coordination among the federal agencies, the Congress, representatives of state and local governments, and the private sector is critical to formulating consistent national policies and ensuring that limited federal resources are allocated efficiently. In addition to ensuring the efficient implementation of existing programs, national stakeholders must continually examine these programs and policies to determine whether changes are needed to address new conditions affecting the MTS. While AAPA supports the concept of a National Council on the MTS that includes participation by the local and state government representatives and the private sector, as previously noted, we feel strongly that such a Council should have the clearly defined responsibilities of a Congressional mandate. In order to meet the goal of coordinating and refining Federal programs to meet the changing needs of the MTS, we believe the active involvement of leaders in the Administration, Congress, and private industry is a necessity.

Congressional Involvement

AAPA believes that a number of challenges facing the MTS can only be resolved through Congressional action. In addition, Federal agencies must be held accountable to Congress to ensure that their programs are being implemented and coordinated effectively. We recognize that there are numerous committees in Congress that address various aspects of the MTS. Furthermore, Congress does not have the time to formulate policies for the many issues involved. However, we believe that much progress can be made if Congress provides direction to the Council about priority issues and holds the Council accountable to formulate recommendations to address these issues.

AAPA and other stakeholders will work closely with this committee and the other committees in Congress, and can assist the committees in setting an agenda for the Council. Specific priority areas may include:

- Raise the priority of the MTS by providing timely authorization and adequate funding to Federal MTS projects and programs;
- Direct the Federal agencies to streamline environmental regulations similar to efforts being undertaken on in the surface transportation programs; and,
- Direct the Federal agencies to conduct research into information management systems and technologies to ensure the safe, secure, and efficient operation of the MTS.

Conclusion

Thank you for the opportunity to testify today and highlight the views of the public port industry. In summary, we believe that the Administration and the Congress must embrace Marine Transportation System development as an integral part of our nation's economic growth and as an essential component of our military strength. The rapid expansion of global commerce and the national economic benefits it provides demands that the Federal government provide leadership in policy, management, and financing of needed waterway infrastructure improvements. However, this leadership must be exerted in partnership with the users and stakeholders at the local level. For example, the planning of specific improvements should be locally developed, yet guided by the national vision. Future funding decisions must recognize that it is an important Federal role to insure interstate and foreign commerce be maintained and enhanced to keep pace with worldwide marine transportation infrastructure development. We look forward to working with the Committee to ensure that the Federal government works in partnership with stakeholders to invest in our maritime transportation system.

BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE

SUBCOMMITTEE ON THE COAST GUARD AND MERCHANT MARINE

TESTIMONY OF

C. JONATHAN BENNER

ON BEHALF OF

THE INTERNATIONAL ASSOCIATION OF INDEPENDENT TANKER
OWNERS ("INTERTANKO")

MAY 13, 1999

WASHINGTON, D.C.

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Good morning Mr. Chairman and members of the Subcommittee. INTERTANKO very much appreciates the opportunity to appear before you today to join in this review of efforts to address the adequacy of the Marine Transportation System of

the United States. As you know from prior appearances before this Committee by representatives of INTERTANKO, our organization represents approximately 300 owners and operators of more than 2000 tankers from more than 40 maritime nations around the world, including the United States. INTERTANKO has been extremely active over the last decade in promoting safety and environmental protection measures and in addressing issues that affect our members' ability to operate their vessels in a manner that both serves the energy needs of the United States and other major oil-consuming nations of the world.

As a matter of context, INTERTANKO would like to share with the Subcommittee observations that are based on extensive tanker operations not only in the United States, but in all the major tanker ports of the world. Based on comparisons of experiences in worldwide operations, many of INTERTANKO's members feel that the condition of approaches to U.S. ports, the waterways within the ports, and the condition of berths and structures within many of the ports, while better than that which is found in some locations, is often not up to world standards. This should not be an acceptable state of affairs for the world's major maritime trading nation. INTERTANKO's position is not that American ports are necessarily unsafe. Our position is that much could be done to make our waterways safer. Moreover, those of us who are concerned about safety of navigation and environmental protection are not fully meeting our responsibilities if we address some elements of the very complex system that contributes to marine safety (for example, vessels) without addressing numerous other elements such as aids to navigation, charting and hydrography, properly maintained berths and channels, and other elements of the system. A weakness in any one of these elements can cause a serious marine casualty that will immediately frustrate all the capital investment and just plain hard work that has gone into the design of ships and the training of officers and crews.

In 1996 INTERTANKO released its U.S. Port and Terminal Safety Study. This document, a document that has previously been placed in the record of proceedings of this Subcommittee, was subtitled "a discussion paper". It was intended to stimulate discussion at all levels of industry and government on areas in which this country could do better in terms of its marine safety infrastructure. INTERTANKO likes to think that the document was useful in this regard and that the current Marine Transportation System review is in some ways an outgrowth of that document. Among the points addressed in the Study are:

1. U.S. port safety issues reflect a complicated mix of federal and local issues and must address operational requirements that have local, national, and international ramifications. Means must be developed to reconcile purely local conditions and demands with the safety benefits that flow from national uniformity.

2. Vessel Traffic Systems, Aids to Navigation, Real Time Tide and Current Systems, Charting and Hydrographic Surveys are near-term objectives that must be given significant, immediate support.

3. Successful Waterway Management includes systems of responsibility and accountability that enable persons familiar with the waterway and with the international context of shipping to speak authoritatively on such matters as water depth and operating procedures. INTERTANKO has also supported the work of local Harbor Safety Committees as fora for accumulating the best possible local knowledge for use by vessel operators and regulatory authorities such as the U.S. Coast Guard.

The November 1998 conference in Warrenton, Virginia on the Nation's marine transportation system was, in INTERTANKO's view, an extremely important step by the Executive Branch of the United States government. INTERTANKO's then Chairman, Richard du Moulin, gave one of the keynote addresses at the Conference. One of the hardest things to do in any large organization, especially a government as large as that of the United States, is to bring together the varied interests that affect a complex problem and to harness those interests to cooperate in long-term planning. The Warrenton conference showed those of us in the vessel operating industry, at least in the tanker sector, that the government of the United States had listened to our concerns, had evaluated them objectively, and had found that there were indeed issues that needed to be addressed, not simply for the parochial benefit of the industry, but for the welfare of the Nation.

The Warrenton conference was only the beginning of a process, but beginnings are often the most difficult step to take. The Secretary of Transportation has given his

time, attention, energy and enthusiasm to ensuring that there is a planning process for the future and that the process includes not only elements of his department, but those of the numerous other government agencies who must work together to find long-term solutions. When there are problems confronting the flow of American maritime commerce, those problems cut across the subject matter jurisdictions of virtually every agency and department of the United States government. More importantly, these problems can affect the day-to-day economic livelihood of every American citizen.

The report that we therefore bring to the Subcommittee from the Warrenton process and subsequent efforts to identify issues affecting the marine transportation system is this:

- (1) The Congress should be encouraged that agencies such as the Coast Guard, the Maritime Administration, NOAA, the Secretary of Transportation and his immediate staff and many others are working together to organize forward thinking to ensure that the economic and security needs of the country are well-served by the marine transportation system that will exist in the early part of the next century.
- (2) We have made an important beginning, but it is only a beginning. Much needs to be done on the very hard issues of funding and coordination within and between all levels of government. Achieving appropriate balances between legitimate developmental and environmental needs will require the constant attention and goodwill of all participants.
- (3) The "Marine Transportation System" is a very big concept. The "system", realistically defined, reaches far inland and includes links with land carriers and distribution facilities. While it is always important to think correctly and realistically about systems, we must not lose our focus on subsystems that may offer opportunities for near-term improvement. Among these more immediate goals that INTERTANKO hopes are not lost in the larger picture are improvements to aids to navigation, charting and hydrography, and vessel traffic systems.

(4) At some point all of us must come to grips with the issue of funding. The magnitude of public investment necessary to give the United States a marine transportation system that serves the needs of the Nation is substantial. Unfortunately, there remain sectors within the Administration who so inadequately appreciate the importance of this issue to the nation as a whole that they tend to think that all problems can be solved by simply burdening shipowners with taxes and/or user fees. Although many of these issues will initially be dealt with under the jurisdictions of other subcommittees and committees, our message to Members of Congress is to look closely at concepts that attempt to throw the burden of public investment on the back of the shipowner. The vessels that bear the burdens of U.S. commerce, be they container, cruise or bulk carriers, are servants of this Nation's economy. The prosperity enabled by seaborne commerce means that the true "user" of the system is each U.S. consumer. The types of investment that are being discussed when we address the big picture of the Marine Transportation System are public investments that will pay enormous dividends over the next century. Those dividends cannot be reaped if policymakers confine their thinking to finding ways to shift burdens inappropriately from the broadest "user" sectors to the narrowest.

We very much appreciate the invitation to appear here today. INTERTANKO always stands ready to assist this Committee in its endeavors affecting the merchant marine and the health of the U.S. Maritime Transportation System.

COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE

SUBCOMMITTEE ON COAST GUARD AND MARITIME
TRANSPORTATION

HEARING ON THE NEEDS OF THE U.S. MARINE
TRANSPORTATION SYSTEM: THE WATERWAYS, PORTS
AND THEIR INTERMODAL CONNECTIONS.

May 13, 1999

TESTIMONY OF PAUL G. KIRCHNER
EXECUTIVE DIRECTOR-GENERAL COUNSEL
AMERICAN PILOTS' ASSOCIATION

Introduction

I am pleased to appear before the Subcommittee today on behalf of the American Pilots' Association.

The APA is the national trade association of professional maritime pilots. Its membership is made up of 56 groups of state-licensed pilots, representing virtually all state pilots in the country, as well as the three groups of United States-registered pilots operating in the Great Lakes. APA members pilot over 98 percent of all ocean-going vessels moving in United States waters.

Comments

We appreciate this opportunity to testify at your follow-up hearing on the Needs of the Maritime Transportation System. The APA has been an active participant in the Secretary of Transportation's Marine Transportation System Initiative. Captain Jack Sparks, the President of the APA, and I attended the National MTS

Conference in Warrenton, Virginia last November. APA member pilots participated in every regional listening session preceding the Conference. We are currently serving as active members of the Secretary's MTS Task Force. At least two APA representatives are on each of the MTS working groups, and we are in the process of reviewing the first draft of the report to Congress.

The APA is impressed with the intensity of effort fueling the MTS initiative. This is clearly a major undertaking. We are hopeful that it will produce significant improvements in the efficiency and safety of this country's ports and waterways. We fully support the basic premise of the initiative: that the federal government's investments and activities in the Marine Transportation System should be guided by a comprehensive, long-range strategic plan.

When we began our involvement in the MTS project last year, we had several particular ideas or values that we wanted to see reflected in the eventual MTS vision for the year 2020. At this point in the project, we are pleased with what we have seen. I will summarize those ideas.

1. The MTS should recognize the value of, and support, local decisions on safety matters. Our experience, and the cumulative experience of the state pilots who have guided oceangoing ships through the ports and waterways of this country for the past 210 years, tells us that most of the navigation safety decisions should be made at the local level. These decisions are best made by the professional mariners, representatives of other marine and transportation industry interests, environmental watchdogs, and governmental officials who are familiar with the unique challenges and opportunities of each particular area.

The APA firmly believes that the federal government's role in the national Marine Transportation System should facilitate, and not frustrate, the navigation safety decision-making abilities of local maritime communities. In this respect, we were extremely gratified by a statement made by Coast Guard Commandant, Admiral Loy, during his address to the National MTS Conference. Admiral Loy declared, "Our challenge is to develop a national framework for local solutions." We could not agree more.

2. The MTS should support the work of local harbor safety committees. In many of our port and waterway areas, a local safety committee is a critically important vehicle for making decisions on navigation safety issues. These committees

typically are comprised of people with area-specific knowledge and experience and with a direct stake in the local area. They bring together federal, state and local governmental officials, representatives of waterway users, pilots and other professional mariners, environmentalists, and all others with an interest in navigation safety.

The value of these committees was recognized from the beginning in the MTS initiative. Our concern has been that these committees not be "hijacked" by the federal government as part of the MTS program and fundamentally changed in the process. Pilots have always welcomed the federal government's participation in, and support for, local harbor safety committees. The federal agencies involved in waterways management should understand, however, that what makes these committees so successful is that they are *local* committees. We should be very careful that efforts to harmonize or standardize harbor safety committees, or to make them instrumentalities of a national MTS bureaucracy, do not destroy them as effective vehicles for making crucial navigation safety decisions.

Happily, we have not seen any serious proposals in the development of the MTS vision of the year 2020 to replace existing harbor safety committees or to change them in any significant way. The draft report recognizes their importance and includes them in a coordinating structure for the MTS.

3. The MTS should feature greater coordination among the different federal agencies involved in waterways management. The most common complaint raised at the regional listening sessions concerned the apparent lack of coordination among the various federal entities involved in the MTS. According to the draft report, lack of coordination within all portions of the MTS can be attributed to: "absence of a national MTS plan or vision, fragmentation of government responsibilities, failure to share information, unclear responsibilities, and overlapping jurisdiction among government agencies."

These are all attributes of the federal government's current involvement in the MTS. It is also where the stakeholders see a serious problem and would strongly support measures to "defragment" government responsibilities, share information, and eliminate overlapping jurisdiction. This should be the primary focus of whatever structural reform comes out of the MTS initiative.

4. The MTS vision should call for a more active federal government role in the introduction of advanced navigation technologies. Federal leadership is not only appropriate but necessary in the development and implementation of navigation technology. Two examples of important Coast Guard activities would be the maintenance of the maritime DGPS system and the support for AIS through the adoption of international carriage requirements and standards for transponders. Full funding for these activities is vital and would be of direct benefit to our members.

We are also looking to the MTS initiative to support the work of NOAA's National Ocean Service. One example would be additional funding and direction for the development of electronic charts. Another would be a greater federal commitment to the NOS' Physical Oceanographic Real-Time System program. This service provides valuable hydrographic and meteorological data to pilots and ship personnel.

One of the clearly recognized challenges facing the marine transportation system is the significant increase in ship size. I cannot name one port in this country where depth alongside the berth, and in many instances, even the approaching shipping lanes, is not a concern. The time and money spent on maintenance dredging and deepening projects is staggering. Dredging is a major and necessary investment in our waterway infrastructure. What continues to baffle us is why, in light of the millions upon millions invested in maintaining and deepening our channels, would we not attempt to get the best return possible on our investment.

The PORTS system allows pilots and ship masters to get the most out of a waterway. By providing real-time tide and current information, ships can be more fully loaded to take maximum advantage of the available water depth. The PORTS system, which costs little relative to the expense of dredging, promotes navigation safety and protects the marine environment **and** facilitates commerce. Admiral Robert North, Assistant Commandant for Marine Safety and Environmental Protection, often talks about seeking the "best investments" for our limited resources. The PORTS program merits this recognition.

5. Traditional aids to navigation will continue to be an important component of the MTS. The APA is proud of the leading role that its members pilots have played in the introduction of advanced navigation technologies. A major portion of our efforts in the MTS initiative have been directed at ensuring that the vision

statement for the year 2020 contains strong support for an extensive, modern "information infrastructure." We should all be wary, however, of unreasonable expectations or inappropriate justifications for these advanced technologies.

Increasingly, we are hearing that the development of electronic charts, DGPS-based navigation systems, or AIS will make the "traditional" aids to navigation obsolete. We also sometimes hear the argument that funding for advanced technologies can be offset by savings in the traditional aids area. Even more alarming, our pilots are reporting that some important existing aids are not being maintained, serviced, or replaced because of a decision that pilot-carried or shipborne equipment has made them unnecessary or an "expensive luxury."

While we might concede that there may be some opportunity to streamline traditional aids, ranges, buoys, lights and daymarks will continue to be necessary and important to safe navigation on our waterways. Remember that we are striving to make our marine transportation system the best in the world. We are contemplating a doubling, if not tripling of waterborne commerce, in addition to significant increases in other waterway uses. If our approach is limited to a zero-sum game, in which each new safety feature must be matched by the elimination of an existing feature, we will fall embarrassingly short of our vision.

Conclusion

Again, we appreciate this opportunity to offer some comments on the MTS initiative and look forward to working with this Subcommittee, the Department of Transportation, NOAA, and the other government service providers, and our industry colleagues to achieve a sound national vision for the Marine Transportation System.