



A bold voice for transportation workers

**WRITTEN STATEMENT OF
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**BEFORE THE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
ON
SHORT SEA SHIPPING: REBUILDING AMERICA'S MARITIME INDUSTRY**

June 19, 2019

On behalf of the Transportation Trades Department of the AFL-CIO and our affiliated unions, I want to first thank Chairman Maloney and Ranking Member Gibbs for inviting me to testify before you today.¹ We deeply appreciate the Subcommittee's interest in taking a fresh look at ways to promote the domestic maritime industry.

It is time to have serious conversations in this country about our national freight network and the ever-increasing demand put on it. In 2015, across all modes of transportation, the U.S. moved 18.1 billion tons of goods worth about \$19.2 trillion. By 2045, the Department of Transportation estimates that we will move 25 billion tons of freight annually. Our existing network is strained as is, and the costs associated with delays and congestion associated with adding even more freight are substantial. It is imperative that we consider how our transportation network can develop and adapt to the needs of our economy. We cannot let economic growth, good jobs and prosperity pass us by because we lack the capability and capacity to take advantage.

Since the nation's beginnings, waterborne freight transportation has been an integral component of how we move goods domestically. As we continue to address our needs, maritime shipping must be a linchpin of any national freight strategy. The maritime industry and the workers we represent look forward to continuing to rise to the challenge.

¹ Attached is a complete list of TTD's 33 affiliate unions.

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For this reason, we are pleased the Subcommittee is focused on unlocking the benefits of short sea shipping. A fully developed short sea shipping sector would provide shippers an additional and viable option as they determine how to best direct cargo to its final destination. In most instances, goods arrive at large hub ports like L.A./Long Beach and New York/New Jersey aboard massive Panamax and Post-Panamax vessels and are then transferred to surface transportation shipping options. A short sea shipping model would allow these goods travel down the coasts or through inland waterways to their ultimate destinations or to less congested smaller ports and harbors.

As Congress, the GAO and the Maritime Administration have noted on many occasions, the potential benefits of this model are significant. As cargo volumes at major ports continue to rise, congestion at these facilities presents an increasingly difficult and costly problem. A recent Wall Street Journal story described a trucking company who, due to bottlenecks at the Port of Virginia, can move half as much goods per day as it could last year. We've also heard from our members of two, four, and even ten hour turn times at crowded ports. Moving cargo along the coast or inland waterways to smaller facilities can significantly reduce congestion at larger ports, decreasing the amount of time cargo spends sitting on the dock or in warehouses, and cutting delays for existing freight services.

Short sea shipping is also green shipping. When transporting substantial volumes, utilizing these vessels is highly fuel efficient per cargo ton-mile, and can result in substantially reduced emissions. The environmental benefits of short sea shipping also go well beyond the fuel efficiency of any particular vessel. Delays at ports and on the surface freight network more broadly can result in unnecessary truck idling and wasted fuel. The utilization of short sea shipping can have a multiplier effect, functioning as a green option individually while simultaneously increasing efficiency in other freight modes.

It also makes sense from a commercial perspective. There are innumerable uses of a short sea shipping network, but moving certain cargoes such as heavy, oversized, lower-value, and non-time-sensitive goods can be extremely cost effective. These cargoes can present challenges when shipped over surface modes, but are easily moved on short sea container vessels or barges. Hazardous materials shippers could also take advantage of the network when surface permitting requirements prove too costly.

Today's hearing asks the bigger question of how to best rebuild our maritime industry. We are here because we think short sea shipping is part of that puzzle. The U.S. maritime sector has long suffered due to unfair competition with unscrupulous foreign-flagged shippers. These companies evade responsibility by registering in countries with no labor or environmental protections, pay their mariners poorly, and are known to simply abandon injured or sick mariners in foreign ports with no way back home. We have watched as huge swaths of the industry have abandoned the U.S. to operate under foreign flags. However, as most short sea shipping would take place between U.S. destinations on vessels that are U.S. flagged by law, it would guarantee thousands of good paying mariner jobs in this country, an excellent step in the right direction.

These jobs cannot come quickly enough. Due to partnerships like the Maritime Security Program, many domestic U.S. mariners wear two hats. They work aboard commercial vessels in the course

of their normal duties, but they can be called upon to provide sea-lift capacity to the U.S. military in times of war or humanitarian crisis. This additional capacity is of critical importance to national defense, and is something the country simply cannot do without.

As Admiral Buzby highlighted earlier this year, we are 1,800 civilian mariners short of the Department of Defense's needs. As we like to say in the maritime industry, cargo is king. If there is cargo, we will train the mariners and build the vessels needed to carry it. By increasing the availability of cargo moved through a strong short sea shipping network, we have the opportunity to create thousands of good seafaring jobs and address pressing national security needs with a single stroke. For these reasons alone, we should take every action to promote short sea services.

Short sea shipping also holds promise for the American shipbuilding industry. Increases in shipping between domestic ports means increased demand for U.S.-built Jones Act-compliant ships. American shipbuilding companies do not manufacture the types of small to medium-sized container vessels that would be most valuable in coastal short sea shipping. Why? Because the domestic demand for these vessels does not currently exist—a demand that short sea shipping creates. Increased demands could also result in orders for new barges to replace many of the 28,000 aging Jones Act barges currently in service.

These orders could alleviate difficult circumstances for the shipbuilding industry, which employs over 100,000 workers across the country. Many shipyards are struggling to find the reliable orders necessary to keep the lights on, in no small part due to the impossibility of trying to compete with foreign shipyards in China and Korea that are deeply state-subsidized. The further decline of U.S. shipbuilding would be deeply damaging to the the U.S. economy and our U.S.-flagged commercial fleet.

If the shipbuilding industry is allowed to erode further, this decline will be difficult to reverse. Skilled tradesmen will move to other sectors, and expensive facilities will be permanently shuttered or repurposed. We will be faced with a scenario in which we cannot produce vessels in either the short or the long term for the first time in our history. This is unacceptable. Creating a steady demand for U.S. built vessels engaged in trade along our coasts will provide a badly needed boost to the industry.

Increased maritime traffic from short sea shipping would also create new longshore jobs. Jobs would be created at hub ports where longshoremen move goods to smaller vessels and also at the smaller ports and harbors which currently receive less traffic. These facilities would be obligated to hire more workers to handle the increase in cargo volumes that short sea shipping would bring.

The benefits of short sea shipping are clear but existing services are minimal. It is incumbent on us to bridge this divide First, all stakeholders must increase the visibility and explain the viability of short sea shipping. Shippers' familiarity with the service and understanding of its merits is a large hurdle to overcome. Companies simply will not order what they do not know is on the menu of freight options.

Additionally, MARAD must devote its resources towards both promoting short sea shipping and determining what administrative, regulatory, or statutory changes are necessary to achieve the

level of service MARAD has previously called for. We also recommend that Congress specifically examine how existing shipbuilding programs like the Federal Ship Financing Program (Title XI), Capital Construction Fund and Construction Reserve Fund could be deployed in the effort to encourage the growth of short sea shipping, and if changes to those programs or new programs entirely may be effectual.

Finally, and perhaps most importantly, Congress must take immediate action to end the Harbor Maintenance Trust Fund's "double tax". Currently, the statute imposes a tax on vessel bound imports when those goods reach their first destination. If those goods are then moved by rail or truck, this is the full extent to which shippers pay into the HMTF. However, if goods are moved onto smaller ships or barges, the tax will be imposed again on arrival at a secondary port or harbor. By applying the tax multiple times, current law arbitrarily disincentivizes short sea shipping, as shippers have no interest in being taxed twice on the same goods.

TTD has previously supported legislation that would enact this overdue fix. We look forward to supporting future legislative efforts in this regard, which will be required if any progress is to be made to make short sea shipping a reality.

We stand ready to work with this committee on policies that strengthen the U.S maritime industry, create new jobs and promote short sea shipping. Thank you for the opportunity to testify.



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TTD MEMBER UNIONS

Air Line Pilots Association (**ALPA**)
Amalgamated Transit Union (**ATU**)
American Federation of Government Employees (**AFGE**)
American Federation of State, County and Municipal Employees (**AFSCME**)
American Federation of Teachers (**AFT**)
Association of Flight Attendants-CWA (**AFA-CWA**)
American Train Dispatchers Association (**ATDA**)
Brotherhood of Railroad Signalmen (**BRS**)
Communications Workers of America (**CWA**)
International Association of Fire Fighters (**IAFF**)
International Association of Machinists and Aerospace Workers (**IAM**)
International Brotherhood of Boilermakers, Iron Ship Builders,
Blacksmiths, Forgers and Helpers (**IBB**)
International Brotherhood of Electrical Workers (**IBEW**)
International Longshoremen's Association (**ILA**)
International Organization of Masters, Mates & Pilots, ILA (**MM&P**)
International Union of Operating Engineers (**IUOE**)
Laborers' International Union of North America (**LIUNA**)
Marine Engineers' Beneficial Association (**MEBA**)
National Air Traffic Controllers Association (**NATCA**)
National Association of Letter Carriers (**NALC**)
National Conference of Firemen and Oilers, SEIU (**NCFO, SEIU**)
National Federation of Public and Private Employees (**NFOPAPE**)
Office and Professional Employees International Union (**OPEIU**)
Professional Aviation Safety Specialists (**PASS**)
Sailors' Union of the Pacific (**SUP**)
Sheet Metal, Air, Rail and Transportation Workers (**SMART**)
SMART-Transportation Division
Transportation Communications Union/ IAM (**TCU**)
Transport Workers Union of America (**TWU**)
UNITE HERE!
United Automobile, Aerospace and Agricultural Implement Workers of America (**UAW**)
United Mine Workers of America (**UMWA**)
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service
Workers International Union (**USW**)

These 33 labor organizations are members of and represented by the TTD

