

**WRITTEN TESTIMONY OF
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**BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES**

**FIELD HEARING ON
“Port Safety, Security, and Infrastructure Investment”**

APRIL 5, 2024

Good morning, Chairman Webster, Ranking Member Carbajal, and members of the Subcommittee.

My name is Ed McCarthy, and I serve as Chief Operations Officer of the Georgia Ports Authority (GPA). Thank you for the invitation to join you for today’s field hearing and site visits.

Chairman Graves recently visited us in Savannah and we would like to thank him for his recent visit to the Port and his and the committee’s continued support.

I appreciate the opportunity to discuss the steps that United States ports and marine terminal operators are taking to address port safety and security, as well as federal infrastructure investment opportunities that exist to support such endeavors while enhancing the efficiency of the U.S. maritime supply chain.

Georgia Ports Authority employs 1700 employees directly and approximately 3000 longshore labor employees.

Investment-wise, Georgia Ports Authority has invested \$3.27 billion since 2012 building new port and inland infrastructure.

This amount has been mainly self-financed from Georgia Ports revenues – and has not cost Georgian taxpayers. (aside from Federal grants).

We're also planning on spending an additional \$4.5 billion the next ten years to build more port infrastructure – which will again be primarily financed by ourselves.

We operate two major ports:

The Port of Savannah – which is one of the fastest growing container ports in the nation. We currently rank third in volumes behind LA/LGB and NY/NJ.

The Port of Brunswick – which is the fastest growing Roll-On/Roll-off port for cars and High and Heavy machinery like excavators and tractors and is ranked 2nd nationally behind Baltimore.

We are investing \$262 million in new improvements to expand capacity in Brunswick.

We expect this year to become the largest automobile port in the nation in both cargo volume and actual physical space.

Ports are economic engines, creating jobs and keeping American business competitive in world markets.

Every country in the world wants access to a competitive port system.

According to a study recently completed by the University of Georgia, in 2023, Georgia's ports and inland terminals supported more than 609,000 jobs throughout the state annually, contributing \$40 billion in income, \$171 billion in revenue and \$5.3 billion in state and local taxes to Georgia's economy.

As part of GPA's community engagement efforts, \$6 million will be donated to communities located near the Port of Savannah to support a multi-year, local workforce housing initiative.

CNBC ranked Georgia #1 in the U.S. for infrastructure in America's Top States for Business in 2023.

I am also here today on behalf of the National Association of Waterfront Employers (NAWE), of which the GPA is a proud member.

NAWE is a non-profit trade association whose member companies are public operating port authorities, privately-owned stevedores, marine terminal operators (MTOs), and other U.S. waterfront employers.

NAWE's member organizations and companies engage in business at all major U.S. ports on the Atlantic and Pacific Coasts, the Gulf of Mexico, the Great Lakes, and Puerto Rico.

In that manner, NAWA, as the voice of operating ports and MTOs in Washington, DC, ensures that there are open lines of communication between Congress, regulatory agencies, and the gateways to our Nation's international commerce.

Importance of Ports and Marine Terminal Operators

The Subcommittee's attendance in the field today further evidences the fact that ports and MTOs are a foundational element of the American economy.

Operating ports and MTOs employ and ensure the safety of hundreds of thousands of American waterfront workers, fund the purchase of cargo handling equipment and security infrastructure at U.S. ports, and connect the U.S. economy to the world.

We serve the nation's agriculture, retail and manufacturing sectors – both large businesses and small rely on American ports to deliver their goods.

Operating ports and MTOs transition cargo between various modes of transportation (ships, trucks, and rail cars), while managing the orderly, safe, and secure collection and distribution of cargo between countless transportation stakeholders.

This dynamic environment – with the constant movement of containerized, bulk, rolling, and project cargo, intermodal equipment, and cargo handling machinery – creates endless safety risks to the waterfront workforce and stakeholders entering marine terminals that must be accounted for, and materially mitigated, by ports and MTOs.

In addition, as the critical connection point of the U.S international trade and projection of economic power, security risks are an ever-present reality of

port and MTO operations that require constant diligence, oversight, and investment to identify and mitigate.

The latest Bureau of Transportation Statistics reports that in 2021 approximately 47.7 million twenty-foot equivalent units (TEUs) were handled by U.S ports and MTOs, representing 41 percent of U.S.-international trade value in 2021—almost \$1.9 trillion.

As the critical connection of the leading transportation mode for U.S.-international trade in goods, efficient port and MTO operations are foundational to the success of the U.S. economy.

In addition, U.S. ports and MTOs directly support the deployment and sustainment of the American military, serving as the baseline point for the projection of U.S. power throughout international areas of operation.

Correspondingly, U.S. ports and MTOs can become critical physical and cyber security targets for actors looking to negatively impact U.S. trade and military operations.

As such, U.S. ports and MTOs must be ever-vigilant regarding such security threats, constantly identifying potential risks and developing best practices and procedures – while making the accordant infrastructure investments – to mitigate such risks.

Working with our Government partners, including this Subcommittee, the U.S. Coast Guard, and Customs and Border Protection, is a key aspect of success in ensuring the security of the U.S. port environment.

In addition, to meet the just-in-time delivery focus of the modern supply chain, U.S. ports and MTOs must leverage new technologies and advanced infrastructure to ensure that the skilled waterfront workforce can meet stakeholder needs in a safe operating environment that seeks to mitigate the risk of injury.

Quite simply, there are no days off at U.S. ports, as evidenced by the fact that ports and MTOs maintained continuous operation during the entirety of the

COVID-19 pandemic, working tirelessly to meet unprecedented consumer demand and mitigate the associated supply chain congestion effects.

Accordingly, developing new safety procedures and investing in cleaner and safer cargo handling equipment is critical to ensuring the efficient operation of the maritime supply chain to meet consumer demand.

Port Security in a Unique Environment

Security of the maritime supply chain and the safety of the waterfront workforce are of paramount importance to ports and MTOs.

To address ever-present security risks, and in accordance with the Maritime Transportation Security Act of 2002, GPA developed a robust and dynamic Facility Security Plan (FSP), which has been approved by the U.S. Coast Guard under applicable regulations at 33 CFR Part 105.

The FSP addresses, among numerous other areas, screenings for dangerous devices and substances, restrictive access control measures, proactive patrols, monitoring of the facilities and surrounding areas for suspicious activity, training, information sharing and multilevel collaboration.

GPA is also a certified partner of the Customs Trade Partnership Against Terrorism (CTPAT), a voluntary program led by U.S. Customs and Border Protection (CBP) focused on improving security from point of origination and throughout the global supply chain to point of distribution.

In accordance with CTPAT, GPA has entered into an agreement that outlines GPA's commitments to protect the supply chain, identify security gaps, and implement specific security measures and best practices.

GPA's Port Police force numbers approximately 180 sworn officers and 40 additional security personnel and are leaders in their field of practice.

Many of our Police have joined from local police departments which means they bring local awareness of nearby towns and have strong working relationships with Law Enforcement at Federal, State and Local levels.

Port Police are physically present and visible every time a ship enters the port. They observe the docking procedure and then also check gangway access and manning to ensure secure procedures and staffing is in place.

Port Police also work closely with CBP and USCG to ensure every vessel entering the port has passed a security and safety check with both agencies.

Port Police are also working in tandem with State of Georgia Officials to prevent Human Trafficking as part of a multi-level approach to this issue.

Let's talk about Ship-to-Shore cranes at ports

Georgia Ports uses ship-to-shore cranes (STS) constructed by a Finland-based company called Konecranes.

Finland is a recent and critical NATO partner to the United States.

- These cranes use technology made in the U.S., Japan and Taiwan.
- We're the only port in the U.S. that use these cranes.
- These cranes are more expensive than other crane brands on the market, but their higher quality delivers very high uptime usage which justifies their total cost of ownership over the lifetime of the cranes.

Turning to cybersecurity – this topic remains a primary concern of all U.S. ports and MTOs.

Given the importance of the maritime supply chain to the overall U.S. economy, the risk of cyber-attacks upon U.S. ports and MTOs cannot be overstated.

However, to address such risks, GPA has developed a sophisticated cybersecurity plan:

Cybersecurity is the number one priority and is a multi-level approach to thwart this issue, working closely with the USCG Security Cyberterrorism unit and the FBI.

We use best practices for industry hygiene which means we keep all systems up-to-date.

We immediately install fixes and patches as driven by our IT software and hardware vendors – along with ethical testing of our employees to train and retrain them on phishing and other cyber tactics.

We keep a constant dialogue with our IT vendors on the current cyber threats.

GPA and NAWA are currently reviewing the Notice of Proposed Rulemaking on Cybersecurity in the Marine Transportation System published by the U.S. Coast Guard on February 22, 2024.

Our primary concern is that any cybersecurity standards developed by the U.S. Coast Guard must be specific to U.S. ports and MTOs to address the unique threats and operating environment of our industry.

Generic cybersecurity recommendations, even when developed in coordination with the U.S. Government’s leading cybersecurity experts, can add unnecessary cost without appropriately mitigating cybersecurity threats faced by ports and MTOs on a daily basis.

We look forward to working with both the U.S. Coast Guard and this Subcommittee to ensure that any ultimate regulations governing port and MTO cybersecurity measures will be consistent with industry threats and operational realities, and to identify and develop opportunities for federal support to implement any necessary infrastructure, network, training, and workforce enhancements.

Port and MTO Investments in Safer Cargo Handling Equipment

With a workforce exceeding 1,700 employees and numerous partners contributing to operations within GPA terminals, safety remains paramount in our daily activities.

Annually, we facilitate the movement of over 5 million TEUs and 600,000 vehicles through GPA terminals, underscoring the critical importance of maintaining a safe work environment.

To further enhance the safety culture, the GPA has introduced the Safety NONSTOP program.

This comprehensive initiative ensures that safety awareness remains a constant focus for all employees and partners, around the clock, seven days a week.

Through Safety NONSTOP, we prioritize proactive measures like training, hazard reporting, and observations to safeguard the well-being of everyone involved in our operations, reinforcing our commitment to a culture of safety excellence.

Last fiscal year, we achieved significant improvements in our safety performance, being 37% below the recordable rate and 60% below the lost time rate compared to the most recent BLS Industry Average (2022).

This positive trend continues into this fiscal year, with a continued decrease in injuries.

This success is attributed to the unwavering safety commitment across all levels of our organization.

Now let me touch on the future of biofuels...

One key aspect of creating a safer, healthier, and a cleaner working environment for the waterfront workforce is transitioning from diesel-driven cargo handling equipment to lower emission alternatives.

The Inflation Reduction Act (IRA) appropriates \$3 billion for maritime decarbonization to help ports and MTOs switch to zero- or near-zero emissions equipment to decarbonize port operations and improve air quality in port communities.

NAWE are extremely grateful to Congress for its leadership in passing the IRA and supporting investment in next-generation cargo handling equipment.

However, although U.S. ports and MTOs want cleaner, safer, and healthier ports, the IRA's timelines for getting new equipment are challenging for several reasons, including:

1. The much higher cost of electric equipment;
2. Lost value in replacing existing equipment before the end of its useful life;
3. The need for expensive electric or alternative fuel infrastructure; and
4. The availability of U.S.-manufactured zero- or near-zero emissions cargo handling equipment.

NAWE and its members continue to investigate the anticipated costs and timelines of switching from existing cargo handling equipment to zero- or near-zero emissions equipment.

However, given the above-listed challenges, we anticipate that the aggregate costs to bring U.S. ports into compliance with the IRA's decarbonization goals will be in the tens (and possibly hundreds) of billions of dollars and will far exceed the IRA's timelines, even if U.S. manufacturing of next-generation cargo handling equipment can be rapidly expanded.

Given these challenges, GPA and NAWA will continue to engage with Congress to find flexibility in the IRA and other port investment opportunities – such as the Port Infrastructure Development Program and private investment supported by the Capital Construction Fund as proposed by H.R. 4993 – to account for the realistic costs, timelines, and U.S. equipment availability to achieve port decarbonization.

While the IRA is outside this Subcommittee's jurisdiction, we appreciate the members' support for our efforts, including with regard to programs within the Subcommittee's jurisdiction.

I encourage your support for a study to deepen the Savannah harbor in the upcoming WRDA as requested by the entire GA delegation.

While that legislation does not go through this subcommittee, it is the larger T&I committee that puts it together.

- Georgia Ports is seeking authorization for a Savannah Harbor Improvement Project study in the 2024 Water Resources Development Act (WRDA).

- The study would define the optimal depth and width of the Savannah Harbor in a potential future improvement program, balancing cost-benefits for the nation and environmental impact.
- With greater channel depth, the Port of Savannah will reduce shipping costs and delays while maximizing access for the global fleet of container ships.
- Widening the river would allow more opportunities for two-way vessel traffic, improving safety and preventing delays for American commerce. Faster vessel service will enable the Port of Savannah to handle more ships each year.
- Savannah Harbor improvements will benefit the nation, not just Georgia, and keep pace with the global shipping industry's future ships.
- Enhancing the channel would not only allow larger, more cost-effective and sustainable vessels to call on Savannah. Addressing impediments to larger ships at the Port of Savannah will allow carriers to deploy 18,000- to 24,000-TEU vessels to the entire U.S. East Coast.
- Each ship could take on more cargo and transit the channel more quickly, getting U.S. exports to global markets with greater efficiency, lower cost and lower emissions.
- Modernizing the shipping channel will expedite the flow of cargo for mega-ships transiting the Savannah River. American exporters will have greater opportunity to move goods overseas, because ships will be able to take on more cargo.

In closing, let me thank you all for the important work you do for our country.

- Thank you for inviting me to join you for this field hearing to share first-hand updates and concerns on the critical safety and security issues that impact our industry.
- I am truly grateful for your support of U.S. ports and marine terminal operators in ensuring a secure maritime supply chain and safe working environment for our waterfront workforce.

- And now, I welcome any questions you may have.