

Testimony of Mario Cordero
Chairman, Board of Directors
American Association of Port Authorities
House Transportation & Infrastructure Committee
Subcommittee on Coast Guard & Marine Transportation
State of the U.S. Maritime Industry: Impacts of the COVID-19 Pandemic
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Good morning Chairman Carbajal, Ranking Member Gibbs, and members of the Subcommittee.

My name is Mario Cordero, and I am the Executive Director of the Port of Long Beach. However, today I am testifying before you as the Chairman of the Board of the American Association of Port Authorities (AAPA). I would like to thank the Coast Guard and Maritime Transportation Subcommittee and the Transportation and Infrastructure Committee for working to ensure that our nation's maritime transportation system remains functional during the ongoing pandemic. Your recognition of the important role played by our ports and by our partners throughout the maritime supply chain has been critical, as has your work to establish the new Maritime Transportation System Emergency Relief Program. I appreciate the opportunity to be here today to discuss the impact of the ongoing COVID-19 pandemic on our nation's port authorities.

Before I continue, I would also like to congratulate a fellow Californian on being named Chairman of this distinguished subcommittee in the 117th Congress. Chairman Carbajal, thank you for your service to the state's network of ports and harbors. I would also like to commend and congratulate the Committee on passage of the Water Resources Development Act of 2020, which included a provision to unlock the Harbor Maintenance fund. This historic, landmark legislation has been at the forefront of AAPA's advocacy efforts to improve America's economy, infrastructure and competitiveness, and we are thankful for the Committee's tireless work to see this legislation enacted.

AAPA is the unified voice of the seaport industry in the Americas, and my testimony is given on behalf of state and local public agencies located along the Atlantic, Pacific, and Gulf coasts, the Great Lakes, and in Alaska, Hawaii, Puerto Rico, Guam, and the U.S. Virgin Islands. For more than a century, AAPA membership has empowered port authorities to serve global customers and create economic and social value for their communities. Today, AAPA represents ports in our nation's Capital on urgent and pressing issues facing our industry, promotes the common interests of the port community, and provides critical industry leadership on security, trade, transportation, infrastructure, environmental and other issues related to port development and operations.

AAPA's members remain committed to the continued flow of freight and goods to markets across the nation and across the globe. I am here today to discuss the economic and operational impacts the COVID-19 pandemic has had on our ports, and to discuss what opportunities the future holds for our industry. It is critical that we take steps to continue to

combat this virus to ensure that disruptions to our maritime transportation system are minimized.

But more importantly, as we continue to weather the impacts of the pandemic we risk losing valuable members of our community. I would like to recognize and honor the frontline workers, both in the maritime industry and otherwise, who have died from COVID-19. We've lost many good people.

Seaports are Vital to the United States Economy

Port authorities are governmental entities that own facilities at one or more ports. While the role of port authorities in port operations vary, most ports can be categorized as Operating Ports or Landlord Ports. Operating Ports own and construct port facilities, own cargo handling equipment, and hire labor to move cargo through port premises. At these operating ports, stevedores hire dockworkers to move cargo between ships and the dock. Landlord Ports, on the other hand, own the land and wharves of a port and lease these premises to our partners in the Marine Terminal Operator industry.

Our nation's seaports deliver vital goods to consumers, facilitate the export of American made goods, create jobs, and support local and national economic growth. Ports also play a crucial role in our national defense – a point acknowledged through the designation of 17 of our nation's ports as "strategic seaports" by the Department of Defense.

According to Martin Associates¹, an internationally recognized economic and transportation consulting firm, prior to the outbreak of the COVID-19 pandemic the total economic value generated in terms of revenue to businesses, personal income and economic output at U.S. coastal ports accounts for \$5.4 trillion, roughly 26 percent of GDP. This research also showed over 30.8 million Americans are employed in jobs generated as a result of port activity. Ports also generate significant tax revenue, with \$47.1 billion of direct, induced and indirect federal, state and local tax revenue created through the economic activity taking place at ports across the nation.

How Has the COVID-19 Pandemic Impacted Ports?

Since the beginning of the COVID-19 pandemic, AAPA has remained in regular contact with members to monitor the impact of the pandemic, to communicate regarding the need for federal relief and recovery, and to give our members the opportunity to share best practices with one another as they manage this ever changing and ongoing crisis. On this latter point I would like to highlight how impressive the collaboration within the industry has been; typically

¹ 2018 National Economic Impact of the U.S. Coastal Port System. (2019, March). http://aapa.files.cms-plus.com/Martin%20study_executive%20summary%202018%20US%20coastal%20port%20impacts%20final.docx

the fiercest of competitors – ports have set aside market share aims in favor of keeping port workers safe and healthy, and getting goods to the frontline of the COVID-19 pandemic, as well as to consumers like you and me. As the former chair of the Federal Maritime Commission, I have been truly impressed with how ports across the country and the world have worked together to ensure safety of workers and minimize supply chain disruptions.

However, like nearly all aspects of life, our ports have endured significant impacts over the past year.

The COVID-19 pandemic caused 2020 to be one of the most erratic and volatile years in terms of container volumes. Early in the year, China's efforts to stem the pandemic led to the shuttering of factories which led to cancelled sailings. Coupled with a drop in consumer spending here in the United States as shutdowns were implemented to stop the spread of the COVID-19 virus, we experienced significant drops in volumes across the industry throughout the first half of 2020. By November commercial cargo volumes had declined across the industry – with total waterborne trade volume down 5.5% compared to the prior year, while the value of trade dropped by 12.7% totaling \$200 billion.²

In the spring, the U.S. economy seemed headed for an historic collapse. Millions of people lost their jobs. At the Port of Long Beach, following a slowdown in spring 2020 our container volumes began to rebound in May with record volumes by July. The year concluded with a December that turned out to be our busiest month ever. The year 2020 was like a crescendo in nature. We started soft, in a sea of uncertainty and we finished strong, topping 8.1 million TEUs.³ It was our best year ever.

These surges in cargo have led to challenges – from container shortages for the United States export market, to issues of chassis availability. But despite these challenges and others, goods and cargo have continued to move through our ports.

For the Port of Long Beach -- in crisis, we build. We were determined to build toward recovery and continue our stated mission -- to be an international gateway for the reliable, efficient and sustainable movement of goods for the benefit of our local and global economies.

To be clear, each port has been impacted differently. For every port like the Port of Long Beach that experienced surges in cargo over the course of the year there is a port that saw cargo declines with little recovery. One thing is clear – no port been spared the impact of the COVID-19 pandemic. While there were encouraging signs at the end of the year for some of those ailing, the outlook for the coming year remains uncertain.

² U.S. Census Bureau, FT920 - U.S. Merchandise Trade: Selected Highlights (2020, January).

³ Polb.com. Retrieved January, 2021, from <https://polb.com/business/port-statistics/#latest-statistics>

Cargo and goods have continued to flow during this unprecedented moment in history in large part thanks to the work of frontline port employees and dockworkers. This has been a testament to the dedication of our maritime workforce. Like frontline workers nationwide though, port workers have not been spared from impacts of the pandemic.

Ports, working with marine terminal operators and others operating within port footprints, have put in place protocols to maintain the health, safety, and well-being of our employees and all involved in the movement of goods and cargo throughout our facilities. AAPA has worked with our members to establish recommended COVID-19 protocols and best practices for the port industry.

These recommendations include protocols for when a port employee or third-party worker at a port receives a positive COVID-19 test, including following all CDC and local health department guidance regarding contact tracing, notifying local health agencies, isolating and disinfecting equipment, vehicles, or workspaces typically used by the COVID-19 positive employee, notifying workers who may have been in contact with the positive employee, and isolating and disinfecting workspaces, equipment, and vehicles where an employee may have passed. Critically, confidentiality also must be respected.

AAPA has also recommended options and best practices for cleaning and sanitizing port property. These recommendations begin by advising adherence to CDC guidelines on “Cleaning and Disinfection for Community Facilities.” We also recommend that workstations be disinfected following shifts, that high touch surfaces be disinfected, that bathrooms be disinfected with aerosol spray following each use, that ample hand sanitizer be provided to port workers, and that nightly deep cleaning of staff buildings and facilities be undertaken.

Finally, AAPA has shared recommendations to limit port employee exposure to COVID-19. These recommendations stress the importance of social distancing, the supply and use of personal protective equipment, modifying schedules and shifts to limit contact, and the use of virtual meeting platforms where possible.

Despite these precautions, port workers are still being impacted. In California, cases of COVID-19 among International Longshore and Warehouse Union (ILWU) members are captured by a dockworker self-service portal established by the Pacific Maritime Association (PMA) where members of ILWU can report that they have tested positive and qualify for emergency paid sick leave. While we do not have direct access to this portal or the information provided to the portal, since March of last year across California, cases self-reported into the portal is 1,497 cases. Of that, according to the portal data, 939 cases tested positive for COVID-19. It is important to note that, to the extent members may choose not to get tested or choose not to report a positive test, the positivity rate does not reflect the positivity rate of the total population of longshore workers.⁴

⁴ Information shared by the Pacific Maritime Association and International Longshore and Warehouse Union

Even with current protocols in place for cleaning and social distancing, infection rates appear to be increasing at a time when Ports are experiencing high-levels of cargo volumes, including imports of essential goods and personal protective equipment. With positivity rates exceeding that in the general population and with an escalating number of workers testing positive, if additional action is not taken to ensure more testing and vaccination of port workers, we risk jeopardizing the fluidity of the movement of cargo.

While acting as hubs of commerce, ports are also a beacon of tourism in many communities. According to the Cruise Lines International Association, the cruise industry generates more than \$53 billion USD in economic activity in the United States and supports 421,000 American jobs.⁵ However, since the onset of the pandemic passenger movements have virtually ceased and remain nearly nonexistent. Operations are not expected to resume for months. Ports across the country have continually worked alongside cruise line partners to safely and responsibly accommodate vessels that were impacted by the virus while navigating severe economic impacts to their communities.

AAPA appreciates the Center for Disease Control's (CDC) leadership as it has worked to protect the American public from the spread of COVID-19, and we were grateful for the opportunity to provide comments to Docket No. CDC-2020-0087 regarding cruise ship planning, infrastructure, and resumption of passenger operations. This issue is of vital importance to our cruise port members as the CDC considers future public health guidance and preventative measures relating to travel on cruise ships.

AAPA has endorsed recent legislation introduced by Senators Rick Scott (R-FL) and Marco Rubio (R-FL), the Set Sail Safely Act, to establish a federal Maritime Task Force and private sector advisory committee aimed at facilitating the safe resumption of cruise. AAPA's member seaports stand ready to work in partnership and collaboration with vessel operators to safely resume cruising in the United States, and look forward to continuing dialogue with the CDC, this Subcommittee, and others in Congress on how best to accomplish this goal.

Key Recommendations

Fund the Maritime Transportation System Emergency Relief Program to Help Ports Mitigate COVID-19 Impacts and Protect Workers

As the Committee considers additional actions to respond to the ongoing pandemic, AAPA believes it is critical that the Maritime Transportation System Emergency Relief Program be funded. Originally introduced and supported by Chairman Peter DeFazio and former Coast

⁵ Contribution of the International Cruise Industry to the U.S Economy in 2018. (2019, November). <https://cruising.org/-/media/research-updates/research/contribution-of-the-international-cruise-industry-to-the-us-economy-2018.pdf>

Guard and Maritime Transportation Subcommittee Chairman Sean Patrick Maloney, this new program was created in the National Defense Authorization Act of 2020 (P.L. 116-283). It authorizes the Maritime Administration to solicit applications for aid from those across the maritime industry, both inland and coastal, entities both public and private, and provide grants to those most in need due to emergencies or disasters. This includes aid to help mitigate the impacts of the ongoing COVID-19 pandemic, ensure the health and safety of port workers, and provide the relief necessary to those in the maritime industry ailing as a result of the pandemic.

It is essential that the U.S. maritime industry maintain a state of readiness and sustain our critical responsibility in the supply chains that provide food, medical equipment, and other essential goods for the citizens of this country. By funding this new program and giving the Maritime Administration the resources necessary to provide grants to manage expenses incurred due to the ongoing pandemic, Congress will help ensure that maritime operations continue at the high level that Americans have come to depend on.

Prioritize Vaccination and Provide More Testing for Port Workers and other Transportation System Workers

It is also critical that COVID-19 vaccines flow predictably, be made available to port workers, and that these workers be categorized for Phase 1 allocations. In late December 2020, the CDC's Advisory Committee on Immunization Practices (ACIP) made its recommendation on allocation of vaccinations to essential workers, categorizing them in Phase 1. However, some confusion has resulted from a distinction made in the CDC's vaccine allocation guidance between what are termed "frontline essential workers," categorized under "Phase 1b," and "other essential workers," categorized under "Phase 1c." This distinction is not made by the Department of Homeland Security's (DHS) Cybersecurity and Infrastructure Security Agency (CISA) in its Guidance on the Essential Critical Infrastructure Workforce, and clarification is necessary.

The surges we have seen in recent months in COVID-19 cases have escalated the exposure to the virus of essential workers – including those at ports. The safe, efficient movement of cargo underpins a strong and resilient economy, and the administration of vaccines to port workers and other essential transportation infrastructure workers adds an effective measure towards mitigating the spread of the virus throughout port facilities, and provides an effective measure in ensuring that we have the capability and capacity to continue to move cargo through our facilities. While education, facial coverings, other protective equipment, social distancing where practicable, and extensive cleaning and hygiene regimes are effective, vaccines provide a critical tool in continuing to ensure our workforce remains capable.

Many ports have sought to apply to have their unused space to provide their individual states a point of distribution to be used by the state for a vaccine site. As the Congress considers additional funding for vaccine distribution, ensuring that ports and other hubs of transportation activity are prioritized as vaccination sites would be a helpful tactic to get port workers and other transportation workers vaccinated more quickly and can help supply each state with a

facilities with the capacity to adequately administer the vaccine at scale. To date, no port has been successful in becoming a point of distribution, though as vaccination efforts continue and as federal aid for these facilities expand our members will continue to look at ways to ensure the health and safety of port workers.

While vaccination is critical to ensuring the safety of our workforce, COVID-19 testing is a critical tool in this effort. Rapid, frequent testing is the best way to know who among port workers have active COVID-19 infections. Additional federal resources to allow for frequent testing of port workers will give ports and our partners in labor the insights necessary to protect our critical frontline workers.

Invest in our Nation's Trade Infrastructure to Power the Economic Recovery

President Biden recently spoke of the need to take a two-step approach to respond to the pandemic – an approach of rescue and recovery. The first two recommendations here focused on rescue – ensuring our ports have the resources necessary to address this crisis and remain able to fulfill their critical role in our national supply chains and ensuring that our critical workforce is vaccinated and able to keep our economy moving – but it is important to address the next phase of recovery.

Ports exist to facilitate an integrated, end-to-end supply chain. We optimize goods movement. We build and invest. We serve as an engine for economic prosperity in our communities and provide access to markets across the globe for communities nationwide.

Ports serve as the beginning point for our nation's multimodal freight system. For the decade spanning 2018-2028, AAPA identified \$20 billion in multimodal and rail access needs at ports.⁶ Federal investment in these multimodal projects can leverage billions of dollars in additional port investment. As populations shift, as cargo volumes grow, and as we continue to embrace e-commerce and direct to consumer shopping, these investments will be critical to ensuring the United States has a 21st century multimodal freight network to compete globally and deliver locally.

I noted earlier in my remarks at the Port of Long Beach – in crisis, we build. I hope this Subcommittee and the full Transportation and Infrastructure Committee will take steps necessary to invest in our ports and in our nation's trade infrastructure. As we recover from the impacts of this pandemic, we have an opportunity to transform our infrastructure.

President Biden put it best: we can create “millions of good-paying jobs that put Americans to work rebuilding our roads, our bridges, our ports to make them more climate resilient, to make

⁶ The State of Freight III - Rail Access + Port Multimodal Funding Needs Report. (2018, May 16). <https://aapa.files.cms-plus.com/PDFs/State%20of%20Freight%20III.pdf>

them faster, cheaper, cleaner, to transport American-made goods across our country and around the world. That's how we compete.”

Reevaluate Harmful Trade Practices

I will also note, that prior to the outbreak of the COVID-19 pandemic, trade and tariff policies put in place under the previous Administration were in the process of being implemented. These tariffs were beginning to negatively affect trans-Pacific trade. Fortunately, as the first impacts of the COVID-19 pandemic were beginning to be felt, the Trump Administration provided a measure of relief to American consumers from these tariffs.

I hope that the Biden Administration will take the opportunity to reassess this country's trade and tariff policies. By doing so, we can assist our businesses in conducting the international business that is so vital to our economy.

Conclusion

Over the past year, since the beginning of the COVID-19 pandemic, ports and port workers have tirelessly worked to continue to move cargo, to ensure that food, medical equipment, and other essential goods are available for the citizens of this country. While we have faced challenges, we are proud of the fact that ports have remained open.

Once again, I appreciate the opportunity to share with the Subcommittee the impacts of the ongoing pandemic on the port industry, and I hope you will consider the steps outlined here that Congress could take to help ports and the maritime industry maintain a state of readiness and sustain our critical responsibility in the supply chains nationwide.

Thank you,

Mario Cordero