

***Remarks by Larry Paulson, Executive Director of the Port of Vancouver***  
**Subcommittee on International Trade, Customs, and Global Competitiveness**

**Senate Committee on Finance**  
**Chairman Senator Ron Wyden (D-OR)**

**1:00 – 3:00 p.m.**

**Thursday, March 25, 2010**

Good afternoon Chairman Wyden and members of the Committee. Thank you for the opportunity to speak to you today. I am Larry Paulson, Executive Director of the Port of Vancouver, a port on the Columbia River in Washington State, directly across the river from Terminal 6 at the Port of Portland.

We are the third largest port in the State of Washington and are a niche port – we do not handle containers. For that reason and others, we think we bring a unique perspective to this panel and the hearing as a whole.

Rather than handle containers, we deal primarily with bulk, breakbulk, auto and project cargoes and as such, we are largely an export facility. Our top trading partners are Japan, Australia, China, Europe, South Korea and South America. This past year, of the over 4.8 million metric tons we handled, 4.1 million tons or 85% was export cargo. This included:

- ♦ 3.2 million tons of wheat (approximately 16% of the US wheat is exported through the port's United Harvest grain elevator);
- ♦ 345,000 tons of copper concentrate;
- ♦ 318,000 tons of steel scrap (a rapidly growing commodity at the port); and
- ♦ Bentonite clay, malted barley, liquid fuels and pulp cargoes also contribute to our outbound totals.

In addition, we are the west coast import facility for Subaru, handling 53,000 autos annually, and we imported 2,700 pieces of wind energy cargo in 2009.

The Port of Vancouver is 105 miles upriver from the Pacific Ocean and relies on our proximity to river, road and rail – a deep water channel, the Pacific Northwest national rail network and the interstate road system – as competitive advantages. Primary among our priorities are the Columbia River Channel Deepening project, maintenance and improvements to Columbia River dams and locks, repairs and maintenance to the jetties at the mouth of the Columbia River, the I-5 Columbia River Crossing project, and port rail improvements and access to the BNSF mainline rail system adjacent to the port. We also have significant UP freight rail activities at our port.

Unlike most of our peers, the Port of Vancouver has over 750 acres of developable land (including 200+ brownfield acres) to expand our marine and industrial operations. We are actively marketing these properties. Our current exports, and our future export growth, are

reliant on rail development and freight transportation funding – plain and simple. Without new rail access and improvements encompassed in our West Vancouver Freight Access project and those planned by our partners, BNSF and Washington Department of Transportation, our port operations will be significantly compromised and we will be unable to maximize the intermodal relationship of river, road and rail to maintain and/or attract export businesses.

The primary issues of this hearing – addressing what we need to do locally, regionally and nationally to eliminate inefficiencies and improve our competitiveness – are critical to the economic future of our nation. From our perspective, we need to do several things right now to ensure we are moving in the right direction.

1. *Implement a national strategic freight policy and plan.* – We understand these discussions are underway nationally, but currently observe disconnected guidance and strategy for making sure we properly target our limited resources to the highest national freight system needs.
2. *Priority of, and funding for freight transportation, freight rail and port freight and intermodal projects.* – Over the past year funding has been available for additional transportation projects through programs in the American Recovery and Reinvestment Act programs. Unfortunately, ports like ours who have aggressively sought funding through this program, have struggled to compete. In our efforts, we could show solid job creation both short term and long term; we could demonstrate high economic return; we remedied a system chokepoint; we had completed all environmental reviews; and we had strong partners and matching dollars – we were ready on all accounts – and, yet we have struggled to find infrastructure funding that matches our project. We aren't alone. Several applicants in our industry found their requests being leapfrogged by those with much lower qualifications, because, in part, the direct partnership between federal programs and ports is a more recent phenomenon. In fact, many federal programs have not kept pace and often greatly limit federal help to critical freight transportation, freight rail and port freight and intermodal projects.
3. *Promote federal policies and streamlined, coordinated permitting processes that recognize the role of ports.* – As previously stated, ports often “fall through the cracks” of traditional transportation and infrastructure funding streams and strategic policy guidance to agencies. Tragically, as the country is asking for economic and job growth, as well as significant export growth, the institutions ports must rely upon lack intergovernmental coordination and well defined policies to favor port and freight projects necessary to support these goals. We have experienced this first hand as we have developed our West Vancouver Freight Access project and brought on line new port properties.
4. *Strengthen trade agreements with our global partners and advance an environment supportive of global trade.* – It is important that the President and Congress continue to

negotiate and implement free trade agreements with our partners so we can continue to open foreign markets to U.S. exports. We particularly support the US-Korea Free Trade Agreement, but urge Congress to approve FTAs with Columbia and Panama, plus advise the federal government to implement them with Costa Rica, Oman and Peru. These agreements are critical steps in ensuring our export goods are going to all markets and go a long way to improving our nation's competitiveness.

In closing, the Port of Vancouver is poised to support the National Export Initiative. We are willing participants and look forward to working with our national and regional partners to strengthen and grow the national economy. We need strategic guidance, support and tools to leverage our resources to meet the expectations of this initiative.

If we work hard together – all local, regional and national partners – we can make our ports more efficient and vastly improve our competitiveness with the world.

Thank you for the opportunity to provide comment. I will welcome your questions.