

# The Business Case for Environmental Improvement at Ports

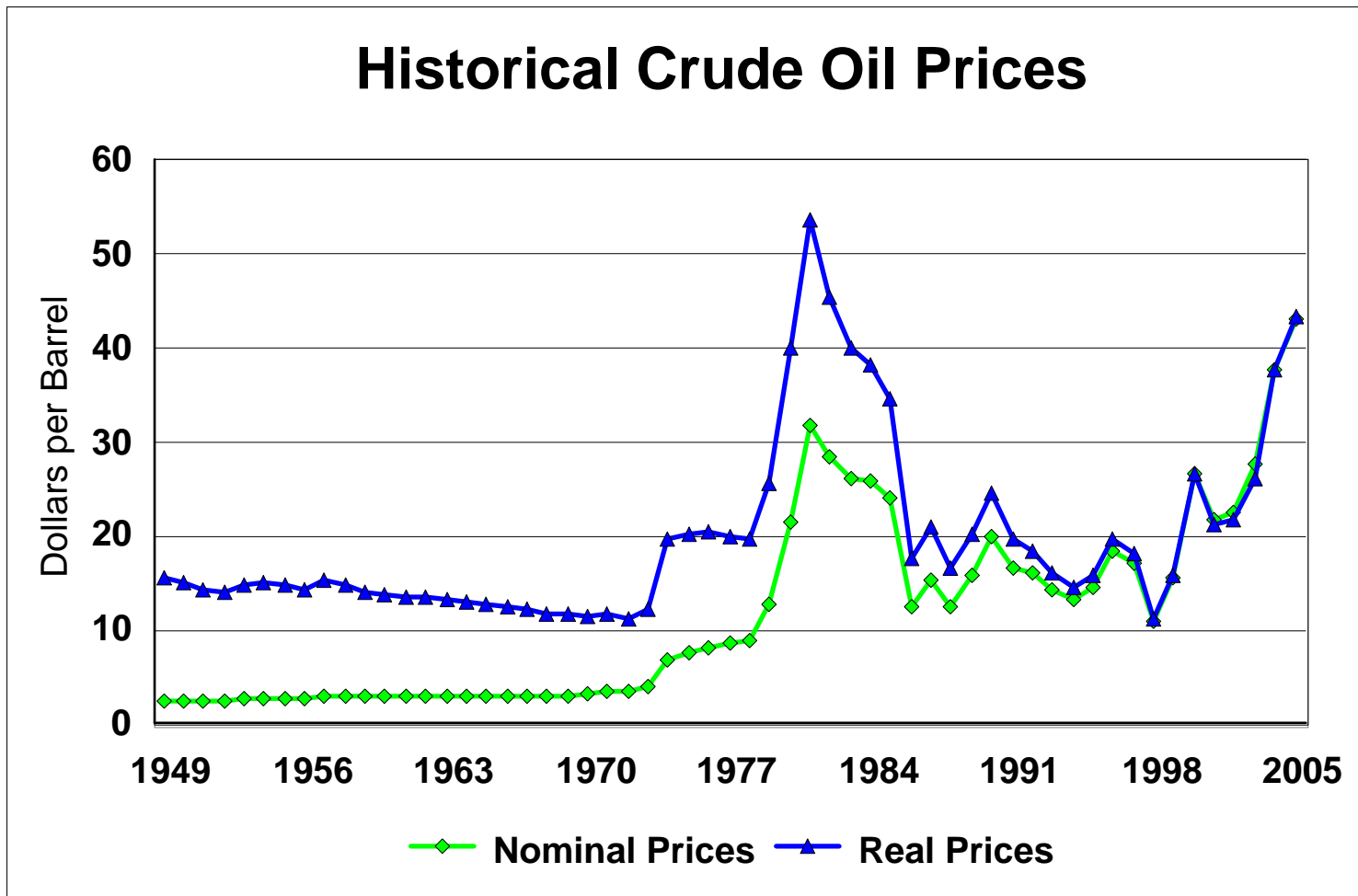


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# Presentation Overview

- Why Should Ports Care About the Environment
  - Rising Fuel Prices
  - Expansion Plans
  - Federal and Local Regulations
  - Public Image
- Environmental Management Systems for Ports
- Corporate Interest in Environmental Performance
- EPA Voluntary Initiatives
  - SmartWay Transport Partnership
  - Clean Ports USA

# Why Should Ports Care About the Environment – Rising Fuel Prices



# Why Should Ports Care About the Environment – Expansion Plans

- Current problems include:
  - Traffic congestion
  - Limited space for container storage
  - Community concerns about port environmental performance.
- Expected growth in international trade will result in the desire for many ports to expand.
- Many environmental challenges are posed by expansion plans – these will need to be addressed to gain approval for expansion.

# Why Should Ports Care About the Environment – Federal and Local Regulations

- Clean Air Act Requirements
  - National Ambient Air Quality Standards (NAAQS)
  - General Conformity
- National Environmental Policy Act (NEPA)
- National Pollutant Discharge Elimination System (NPDES)
- Etc.
- One large shipping line recently pleaded guilty to 24 felony counts for illegal discharge of waste oil and paid a \$25 million fine

# Why Should Ports Care About the Environment – Public Image

- Expansion plans
  - Need to build trust among local community – essential to success in expanding operations.
  - Environmental justice concerns.
  - Properly orchestrated expansion can fuel local economic development.
- Shippers and shipping lines realize that port performance and image impacts their image. Shippers in particular will want to be associated with environmentally-conscious ports.

# A Thought About Public Perception

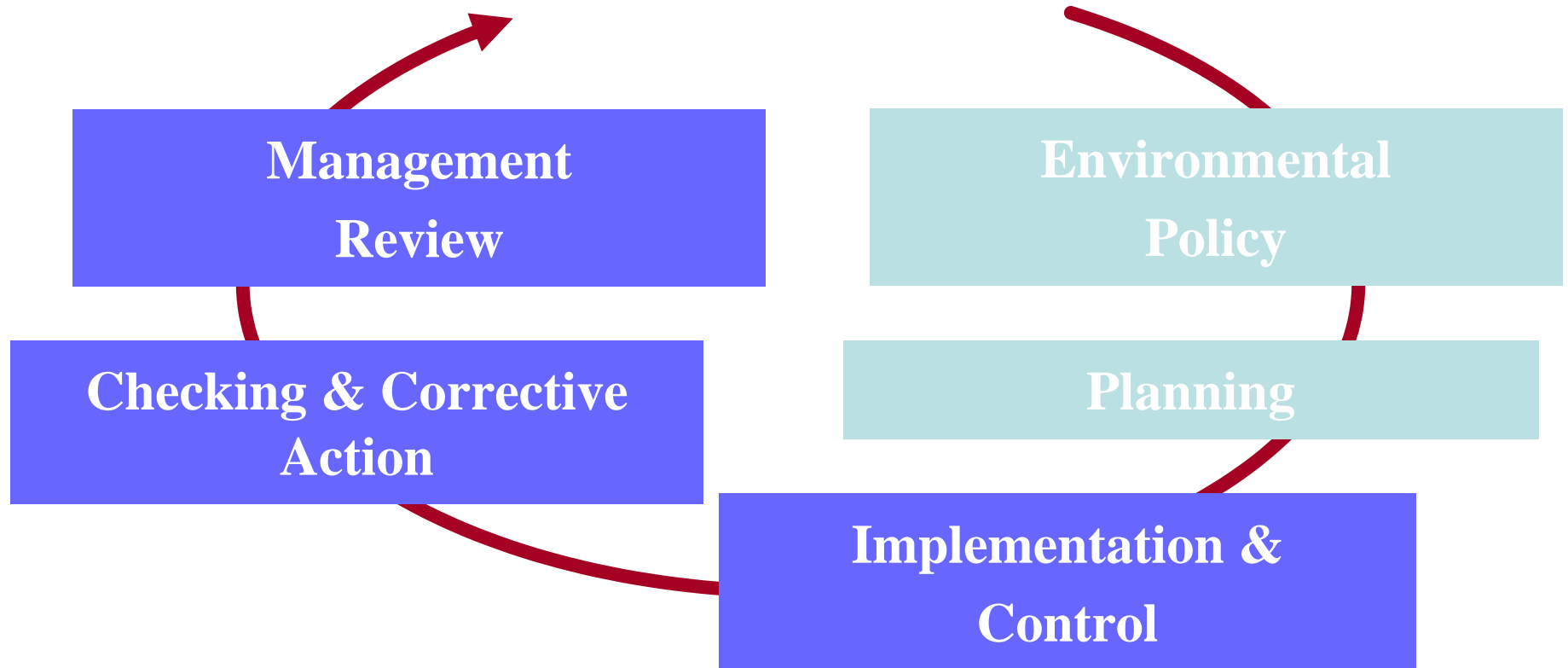
- It doesn't necessarily matter if what the public believes (their perception) about your port is right or wrong.
- View public perception as correct, and work to address concerns through proactive measures and involvement, not through defensive actions.

# Environmental Management Systems (EMS)

- An EMS is a formal system for managing the environmental footprint of an operation, and can easily be applied to ports. An EMS:
  - Helps organizations to incorporate environmental considerations into day-to-day operations and decision-making.
  - Provides a structured framework designed to achieve continual environmental improvement

# EMS “Plan-Do-Check-Act”

## Continual Improvement



# EMS – What's In It For You?

- Improve community relations and public image.
- Increased cost savings.
- Improved environmental compliance and performance.
- Improved internal communication.
- Reduced risk and improved security.
- Port Authorities can be an advocate for EMS among Terminal Operators
- Enhanced value, competitiveness, and profits.

# EMS Players (all ISO 14001-certified)

- Shipping Lines
  - Atlantic Container Line
  - Great White Fleet, Ltd
  - Hanjin Shipping
  - Hapag-Lloyd Container Line
  - “K” Line
  - Maersk
  - NYK Line
- Ports
  - Massachusetts Port Authority
  - Port of Houston
  - Port of Portland
- Shippers
  - BOC Gases
  - DaimlerChrysler
  - Epson
  - Hitachi
  - Sharp Electronics
  - Unilever

# Corporate Interest in Environmental Performance

- Increasing pressure from the public and Wall St.
- Number of corporations publishing sustainability reports
  - 1990: 7
  - 1995: 194
  - 2001: 487
- Shareholder resolutions on Climate Change
  - 2001: 6
  - 2002: 21
  - August 2003: 28

# Corporate Interest in Environmental Performance

- Investors increasingly want corporate environmental performance information
  - “Today is a great opportunity to share environmental information with stakeholders.” NYK Line
- Good energy and environmental performance is recognized by investors as an excellent proxy for overall management quality
- Environmental “brands” can be indicators of environmental leadership
  - ISO 14001
  - Energy Star
  - SmartWay Transport
  - Best Workplaces for Commuters

# Potential Win-Win Investments

- Extended Gate Hours
- Appointment Systems
- Virtual Container Yards
- Chassis Pools
- Create additional value and improve environment
  - Reduces congestion, idling, fuel consumption, and emissions
  - Saves money, improves trucker retention, and allows for better personnel allocations



# Opportunities for Ports Target Corporation

- Highlights from presentation by Rich Gabrielson, Sr. Mgr., Import Operations. Recommendations for Ports:
  - Facilitate quick turn time for drivers.
  - Expand hours to match industry
    - 7 days a week, 2 shift operation.
  - Continue to seek legislative solutions to relieve congestion and address air quality issues.
  - Environmental pressures will provide incentive for terminal operators to move to alternative fuels.
  - Ease congestion by adopting a common chassis pool.
  - Address concerns/make changes before mandated by state/federal government.

# SmartWay Transport<sup>®</sup> Partnership - Overview

- Voluntary initiative of EPA and the freight industry to reduce fuel consumption and emissions from all types of freight operations.
- Launched in Feb. 2004 – first year focused on the trucking industry.
- Recently added all Class 1 railroads as SmartWay Partners.
- Trucking companies and railroads pledge to work to improve environmental performance.
- Shippers pledge to ship more goods with SmartWay Carrier Partners.

# SmartWay Transport® Partnership – What's In It For Partners?

- Fuel savings and reduced costs.
- Environmental improvement to be reported to interested parties (shareholders, community, others).
- Positive publicity generated by the Partnership.
- Recognition as a cleaner freight transportation provider or shipper.

# SmartWay PSA Campaign

## SHIP SMARTER



**An environmentally appealing way to transport goods that's also deliciously profitable.**

SmartWay Transport helps shippers and for-hire carriers lower greenhouse gases and other emissions, while at the same time giving the average truck a fuel savings of \$2,000 per year.

To find out more about this new partnership, call for your info kit at **1-734-214-4767** or log onto **www.epa.gov/smartway**.



A new voluntary program from the U.S. Environmental Protection Agency

## CALCULATE YOUR SAVINGS TO THE ENVIRONMENT. TO YOUR BOTTOM LINE.



**For logistics managers, SmartWay can add up to 7% in fuel savings.**

SmartWay Transport helps shippers and for-hire carriers lower greenhouse gases and other emissions, while at the same time giving the average truck a fuel savings of \$2,000 per year.

To find out more about this new partnership, call for your info kit at **1-734-214-4767** or log onto **www.epa.gov/smartway**.



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# SmartWay PSA Campaign



# SmartWay Transport<sup>®</sup> Partnership – The Partnership Today

- Nearly 160 Partners (trucking companies, shippers, and railroads).
- Partners operate well over 250,000 trucks traveling over 14 billion miles per year. Rail Partners represent over 80% of all freight rail shipments.
- Logistics companies participating – NYK Lines and Celtic International. Interest expressed by APL and Maersk.
- Several shippers (IKEA, Wal-Mart) have expressed an interest in potentially involving their marine shipping operations in SmartWay.

# Clean Ports USA – Overview

- Clean Ports USA initiative encourages Port Authorities and Terminal Operators to:
  - Retrofit and replace older diesel engines with verified technologies and address idling concerns of freight hauling in and out of port.
  - Use cleaner fuels.
  - Provide economic incentives for ports' contracts with tenants, contractors, and others.
  - Offers assistance to Port Authorities and Terminal Operators to help them overcome barriers that impede the adoption of cleaner diesel technologies and strategies.
- <http://www.epa.gov/cleandiesel>

# Clean Ports USA – Overview

- Technology Strategies
  - Refuel
  - Retrofit
  - Repair/Rebuild
  - Repower
  - Replace
- Operational Strategies
  - Idle Reduction
  - Improved Port Efficiency
  - Use of On-Shore Power
  - Considering air quality impacts of security changes
  - Contract specifications

# Conclusion

- Be proactive, not reactive.
- Reach out to the public and all stakeholders – solicit input, provide updates, etc.
- Involve all stakeholders in development of plans, and give everyone a chance to be heard.
- Consider implementing an EMS as a method of evaluating your environmental situation and improving your performance.
- Get involved in one or more of EPA's voluntary initiatives to proactively demonstrate your commitment to improving your environmental performance.

# For More Information

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