

AAPA Commissioners Seminar

U.S. Legislative/Regulatory Update

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American Association of Port Authorities
Montreal, Quebec
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Advocating For America's Ports

AAPA is central voice in Washington, D.C. for U.S. member ports. Key legislative/regulatory issues are:

- *Port security (cargo and facilities)*
- *Navigation dredging (channels & harbors)*
- *Intermodal access (highway and rail)*
- *Environment (air and water emissions)*

Seaports Are Vital Commercial Gateways



U.S. ports support nearly 5 million jobs that provide \$44 billion in annual worker earnings.

Over 99% of overseas freight moves through U.S. seaports a year, representing 1.5 billion tons foreign, plus 1 billion tons domestic cargo.

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Seaports Are Also Vital “People” Gateways



*Over 8 million
cruise passengers
and 113 million
ferry passengers
used U.S. ports
in 2005.*

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Ports Crucial For National Defense



- 19 U.S. ports designated militarily “strategic”
- Ports instrumental in supporting overseas conflicts

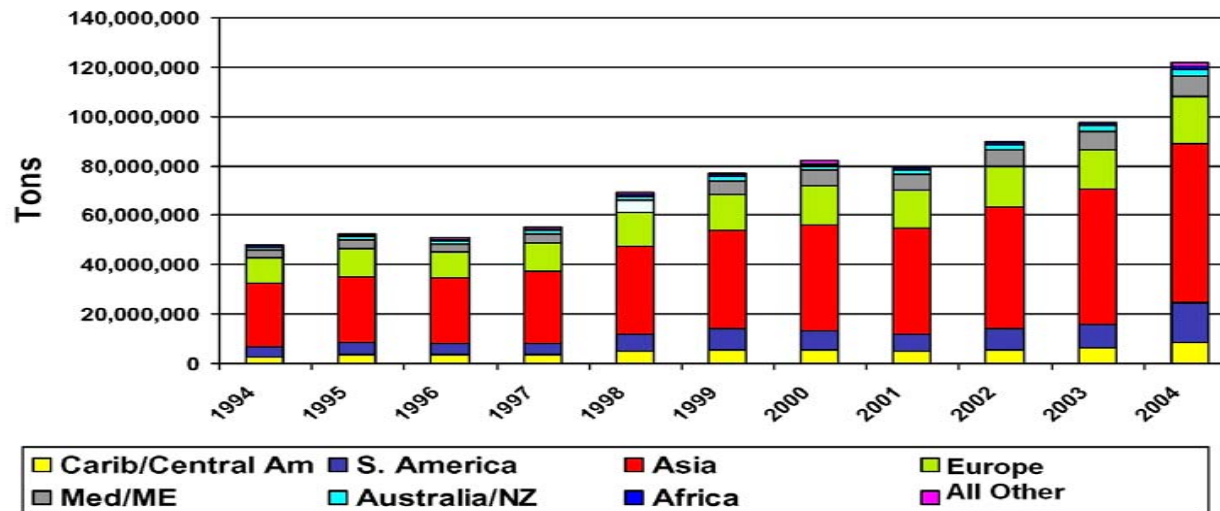
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Billions Needed For Port Development

- Seaports nationwide expanding to meet increased trade demand.
- New cranes, landside equipment, terminal areas & operating systems needed to accommodate bigger ships & cargo volumes.
- Port security must be a shared local/state/federal responsibility to aid ports in accommodating trade volumes.

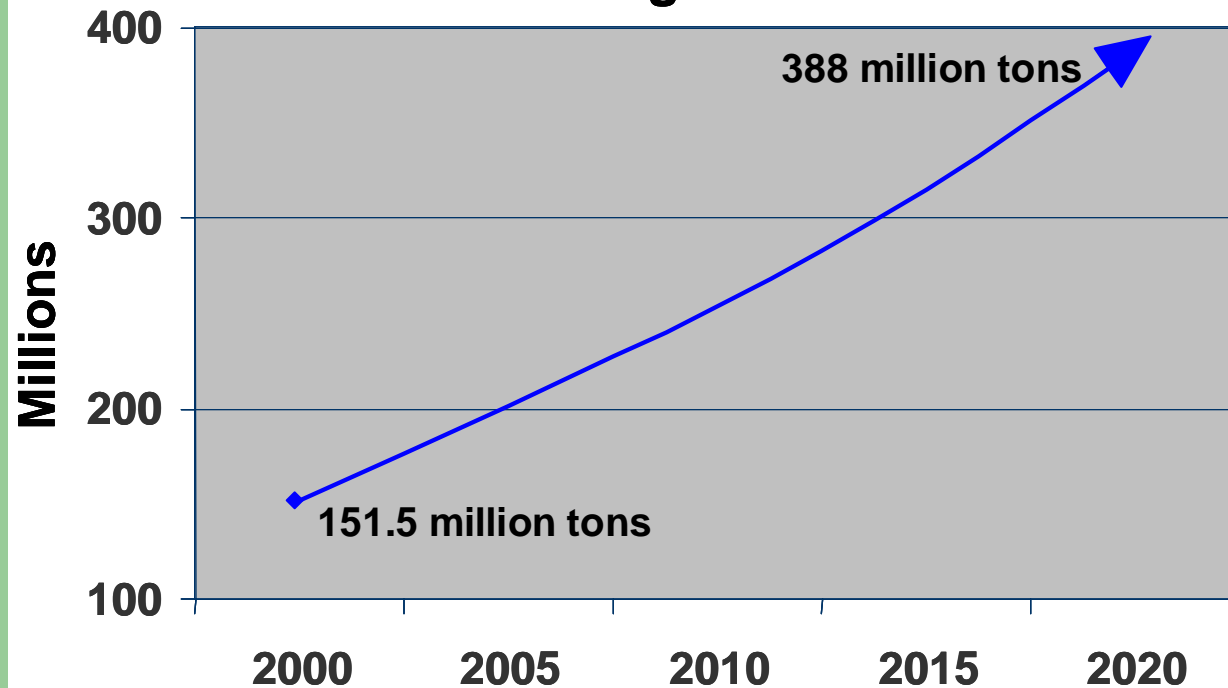
Imports Are Driving Trade Growth

**Containerized Import Cargo Has Grown
at an Average Annual Rate of 9.8% --
Driven by Asian Imports**



Container Volumes To Double By 2020

US Total Containerized Tonnage Forecast



Source:



GLOBAL INSIGHT

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More Federal Security Funding Needed



Ports throughout the U.S. are concerned about the high costs of securing their facilities.

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Dubai: The Shout Heard 'Round The World

DP World contro-
versy brought
attention to ports

Helped to speed-up
TWIC roll-out

Pushed security bills

Raised CFIUS reform legislation



Dubai and CFIUS Reform

- Legislation being considered to reform CFIUS review process
- Would require investigations of transactions involving foreign government acquisitions in U.S.
- More than half of AAPA member port facilities operated by international companies



Deputy DHS Sec. Michael Jackson

Dubai and TWIC Implementation



- TWIC proposed rules published May 22
- When finalized, will create standardized ID procedure to access secure areas
- Ports concerned about biometrics technology shortfalls & high cost of initial implementation
- AAPA working to secure more PSG funding

Dubai & Seaport Security Legislation



- In 2002, U.S. Coast Guard estimated ports would need \$5.4 billion through 2012 to comply with MTSA

- AAPA's \$400 million/yr. request for PSG program funding reflected in new House and Senate legislation

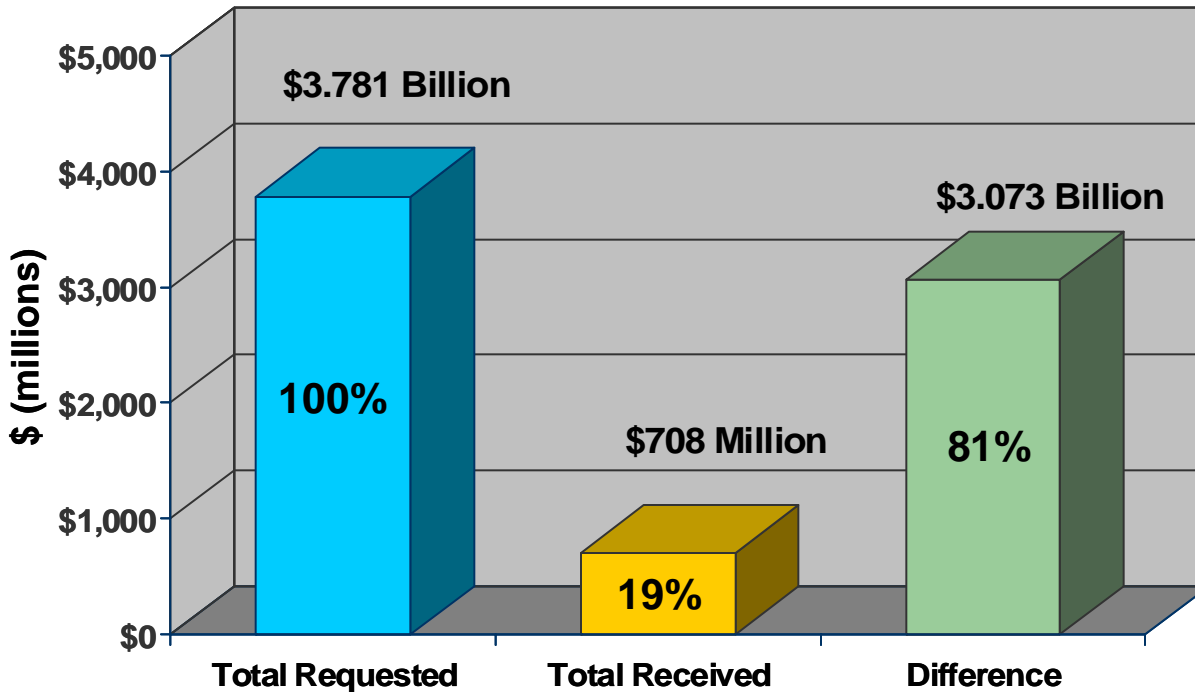
AAPA Supports GreenLane & SAFE Port Act Legislation

Common characteristics in both bills include:

- \$400 million/yr. for Port Security Grant program
- Protocols for trade resumption if incident occurs
- Increase in Customs and Coast Guard funding for personnel, equipment and training
- Establishment of Maritime Command Centers
- Higher standards for non-intrusive container screening

The Port Security Grant Program Is Still Underfunded

Port Security Grant Funding
Rounds 1-5 (FY 2002 - 2005)



Additional PSG Program Issues

- Ports Security Grant program eligibility still in question
- Ports opposed to any new federal security fees
- Some ports have initiated security fees to offset costs not covered in the PSG program

Other Port Legislative Priorities

- Waterside access to ports
- Landside access to ports
- Environmental protection

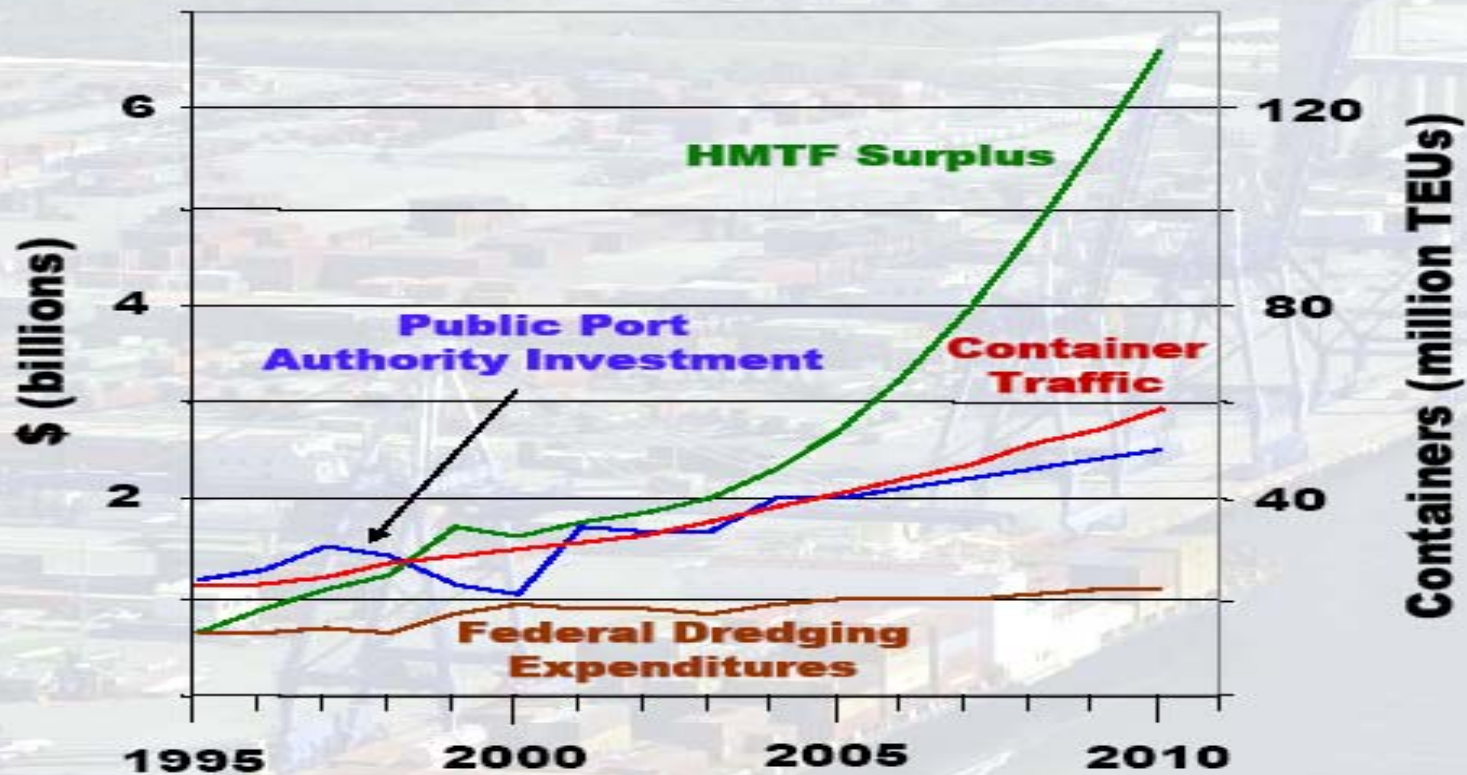
Waterside Access Another AAPA Priority



- Ports need to maintain & expand access for ships
- Lack of adequate harbor & channel depth presents economic and safety impediments

FEDERAL INVESTMENT LAGGING

Trust Fund Surplus Skyrocketing



Sources: AAPA, Budgets of the U.S., Energy and Water Development Appropriations Acts, and the Maritime Administration.

AAPA Championing 2006 WRDA

- AAPA urging Congress to pass a new Water Resources Development Act in 2006
- Last WRDA passed in 2000
- Further delay in authorizing vital navigation projects results in higher costs, reduced benefits to the nation

Freight Mobility Also An AAPA Priority



Road and rail access to/from ports is critical for goods to move efficiently.

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Congestion Reduction Initiative Annnc'd

- In May, U.S. Transportation Secretary Norman Mineta announced new federal program to reduce traffic congestion on highways, at ports & airports
- Called “National Strategy to Reduce Congestion on America’s Transportation Network”
- Initial focus is to raise revenue for projects and increase transportation system performance

AAPA Helping Guide Port Environmental Legislation & Reform



Communities expect their ports to be leaders in environmental protection investments.

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Helping Ports Reduce Air Emissions



Port of Long Beach executives promote program to reduce yard tractor exhausts

- Air quality issues getting more attention as int'l trade grows
- Bigger ships, more trucks, larger landside ops contributing causes
- AAPA encouraging federal incentives for voluntary actions

Helping Reform Ballast Water Mgmt.

- AAPA working closely with U.S. Coast Guard to promote effective ballast water treatment policies
- Also lobbying U.S. government to ratify IMO int'l ballast water management treaty
- Pushing for federal preemption of state regulations
- Encouraging Congress to fund shipboard testing

In Summary

- It takes many components, working together, to make a strong port system.
- AAPA advocating U.S. government to raise federal seaport security assistance to \$400 million/year, making all ports eligible to apply, & implementing a universal TWIC.
- AAPA working with U.S. member ports and federal lawmakers to ensure seaports continue as vital contributors to economy, security & quality of life.