

**Remarks Prepared for Delivery by**  
**U.S. Secretary of Transportation Elaine L. Chao**  
**American Association of Port Authorities**  
**Federal-State Relations Meeting**  
**Washington, D.C.**  
**April 5, 2017**

Thank you, Mark *[McAndrews]*. I am so pleased to be here with all of you, and to see many friends I've worked with in the past. And let me wish you a happy Western Hemisphere Ports Day which I know you celebrated yesterday.

As you have heard, I began my career in government as Deputy Administrator in the Maritime Administration, and as Chairman of the Federal Maritime Commission. So it's always a pleasure to get back to my roots in transportation.

You know, as I do, that modern, intermodal port infrastructure is critical to the competitiveness of our country's economy. It's especially important for U.S. exports, which this Administration would like to increase. Every year, more than 71 percent of U.S. foreign trade, measured by weight, goes through our nation's ports. In recent years, that tonnage has been worth more than \$1.5 trillion.

Ports also mean good jobs for American working families. Water transportation and support activities directly employ more than 237,600 workers in this country. This includes 77,260 seafarers who earn an average of \$64,720 annually.

In addition to cargo, marine transportation serves 106 million ferry customers, and an additional 11 million cruise ship passengers. So any way you look at it, America's ports are a critical part of our nation's infrastructure. They're a backbone of the U.S. supply chain, and the gateway to the rest of the world. They play a pivotal role in our economy. But like the rest of our country's transportation infrastructure, our ports are in need of modernization, expansion, and repair.

The challenges today are more complex than in the past, because Port Authorities encompass so many different types of infrastructure. Multimodal ports have buildings, power plants, roads, bridges, tunnels and railway connections. Some have mass transit facilities. And a few even encompass local airports as part of their jurisdiction. In addition, some ports have specialized

ship and cargo handling infrastructure. Others have harbors or connecting waterways that may need dredging to accommodate newer, bigger ships. Running a port authority is a big job. You run small—and sometimes not so small—cities!

Since ports today include every type of infrastructure, the failure to maintain world class facilities can have a significant impact on our country's competitiveness. Some estimate that substandard infrastructure could cost our economy as much as \$3.9 trillion and 2.5 million jobs by 2025.

I must congratulate you for tackling this challenge head-on. In a survey published a year ago, AAPA's U.S. members and their private sector partners announced plans to invest \$154.8 billion in port infrastructure from 2016 to 2020.

Like you, the President has made one of his top priorities the modernization of outdated infrastructure. His infrastructure package—which will be announced later this year—will include a strategic, targeted program of investment valued at \$1 trillion over 10 years. The proposal will cover more than transportation infrastructure—it will include energy, water and potentially broadband and veterans hospitals, as well.

A key issue, of course, is how to pay for infrastructure without saddling future generations with massive debt. In addition to traditional mechanisms, the President's plan hopes to unleash the potential for private investment in infrastructure by incentivizing public-private partnerships. This is one additional way to address the resource needs of transportation systems.

Investors say there is ample capital available, waiting to invest in infrastructure projects. So the problem is not money. It's the delays caused by government permitting processes that hold up projects for years, even decades, making them risky investments. That's why a critical part of the President's infrastructure plan will include common-sense regulatory, administrative, organizational, and policy changes.

That makes sense, because we can all agree that our country can no longer afford to take decades to build new projects. Economists say cutting the time to make decisions on roads, bridges, and ports from ten years to two could reduce costs by as much as \$427 billion over six years. So we need to identify the obstacles standing in the way of timelier project delivery.

As we all know, the cooperation of the U.S. Army Corps of Engineers is essential to getting many infrastructure projects built. Is there a way to speed up the consultation and approval

process with the Corps? Are there new technologies that could be deployed more widely? Are we taking advantage of recent changes in the FAST Act that allow more flexibility in environmental reviews, permitting and project delivery? Are there other permitting processes that could be accelerated?

We will seek your advice in identifying and addressing the unnecessary bottlenecks. In addition, would switching from input to outcomes-based measurement ensure greater success? And how can we elevate procurement to bring project costs in line? So if you have specific recommendations for improvement, let us hear from you!

Let me also share a new tool the Department has developed to help you plan and design improvements to your facilities. The StrongPorts initiative, developed by MARAD, includes an updated and expanded Port Planning and Investment Toolkit. I'm pleased that MARAD was able to work with the American Association of Port Authorities to develop this resource.

The Toolkit's Planning Module provides guidance on the factors needed to successfully plan a port project. It clearly defines the steps and requirements for successfully financing a project.

The Feasibility Module can help refine a project plan by examining all aspects of cost, risk, and reward. This module demonstrates how to measure and evaluate the benefits and costs of project alternatives.

The Financing Module describes different approaches for evaluating funding and financing options. It identifies ways to obtain grant funding, but also mechanisms to advance public-private partnerships. And it contains real-world examples that demonstrate best practices in port planning, feasibility analysis and financing.

Other sections can help with developing port-specific trade forecasts, or assessing a port's throughput capacity. In summary, the toolkit can help your team develop better plans more rapidly, as well as assess innovative financing options.

Let me mention just a few other Department programs available to you, including:

- "Formula funding" programs, such as FASTLANE grants for highway and road improvements,
- the Harbor Maintenance Trust Fund, for dredging and waterway maintenance, and
- the Railroad Rehabilitation & Improvement Financing (RRIF) loans for railways.

To ensure that scarce federal dollars are targeted more effectively, the Department will re-examine discretionary grant programs. The goal is to explore ways to direct resources to critical infrastructure that is both nationally significant and in urgent need of repair.

In closing, let me again emphasize the importance of port infrastructure to our country's competitiveness. As trade and exports grow, our ports must be up to the task of handling the new technology that is being deployed today. The Department stands ready to work with you to ensure that the needs of our country's ports are addressed in the upcoming infrastructure package. I look forward to forging an even stronger alliance that will help grow our economy, create new jobs, and ensure that our infrastructure is second to none.

Thank you.