



December 21, 2011

Karen V. Gregory,
Secretary Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, D.C. 20573-0001

Re: U.S. Containerized Cargo Flows – Response to NOI

Dear Ms. Gregory:

The Washington Public Ports Association has concerns with the current application of the assessment of a Harbor Maintenance Tax (HMT) on seaports in Puget Sound. Such an assessment could drive business away from Puget Sound seaports to Canada and cost thousands of jobs.

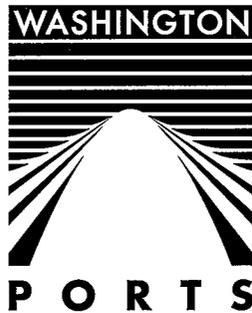
An HMT creates a Canadian trade advantage. The Washington State Legislature's Joint Transportation Committee conducted a study in 2009 which highlighted the effects of an assessment similar to the HMT on the competitiveness of Puget Sound ports. The freight investment study on the implementation of a \$50 container fee for a freight congestion relief account found that Puget Sound port volumes are highly elastic. Even fees at the low end of an analyzed range would render other ports more economically attractive. A fee of \$60 per FEU or \$30 per TEU would mean a 30% drop in total Puget Sound port volumes and would nearly eliminate transload volumes. These findings can be extrapolated to conclude that a Federal HMT would have similar effects on cargo at Puget Sound ports.

An assessment such as the HMT at Puget Sound ports would increase costs relative to Canadian ports. Most relevant as related to Canadian competition is the HMT's "land border loophole." While the tax is assessed on ocean-going international imports that land at U.S. ports, it is not assessed on importers who route cargo through non-U.S. ports (such as Canada and Mexico) that then move their cargo into U.S. markets by land. This disparity encourages international importers to divert cargo to non-U.S. ports such as British Columbia to avoid the HMT in Puget Sound, costing revenue and jobs for our state.

While not directly related to assessments, Canadian infrastructure investment and the resulting decrease in freight congestion will also put greater pressure on costs and decrease the competitiveness of Puget Sound's seaports.

Washington Public Ports Association

A Trade Association Representing the 75 Public Port Districts of Washington State



This loss of competition will cost thousands of jobs in Washington State. A 2005 economic impact study of the Port of Tacoma found that more than 43,000 jobs in Pierce County and more than 113,000 jobs in Washington State are related just to the Port of Tacoma's activities alone. In 2008, activities at the Port of Seattle supported 36,000 direct jobs and 200,000 total jobs state-wide.

The implementation of an HMT could be harmful to Puget Sound's seaports and our state's economy by driving business to Canada, which could result in thousands of lost jobs. The Washington Public Ports Association would support imposing the equivalent of the Harbor Maintenance Tax on international cargo passing from Canada by land across the U.S. border to close the "land border loophole" and erase an artificial Canadian trade advantage.

Sincerely,

A handwritten signature in black ink that reads "Eric Johnson". The signature is fluid and cursive, with the first name "Eric" and last name "Johnson" clearly distinguishable.

Eric Johnson
Executive Director

Washington Public Ports Association

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