

MINNESOTA
CHAMBER *of*
COMMERCE

December 15, 2011

Karen V. Gregory
Federal Maritime Commission
800 North Capitol Street NW
Washington DC 20573-0001

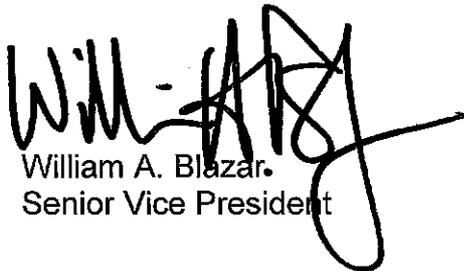
Via email: Secretary@fmc.gov

Re: Docket No. 11-19: Notice of Inquiry; U.S. Inland Containerized Cargo
Moving Through Canadian and Mexican Seaports

To Whom It May Concern:

On behalf of the Minnesota Chamber of Commerce, I respectfully submit these comments regarding the Federal Maritime Commission's Notice of Inquiry; U.S. Inland Containerized Cargo Moving Through Canadian and Mexican Seaports (Docket No. 11-19).

Thank you for giving the Minnesota Chamber of Commerce's views serious consideration.


William A. Blazar
Senior Vice President

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Minnesota Chamber of Commerce Comments
Docket No. 11-19

The Minnesota Chamber of Commerce is the state's premier business advocacy organization, representing over 2,400 businesses of all types and sizes. The chamber's membership includes many companies that rely on cross-border supply chains, make cross-border investments, and use Canadian ports and railroads to supply our state and region.

The economies of Minnesota and Canada are deeply connected. By one estimate, more than 157,000 Minnesota jobs depend upon trade with Canada. Canada is by far the largest consumer of Minnesota exports: for 2011, the value of Minnesota exports to Canada is approaching \$6 billion. Furthermore, Minnesota companies rely on Canada's ports and infrastructure to get products to U.S. markets. Five of the top ten markets for Minnesota's exports are China, Japan, Singapore, South Korea, and Taiwan.

Canadian ports are not benefiting from any unfair trade practices. Rather, they are being properly managed by companies that successfully plan for and finance improvements to their ports and related transportation infrastructure. In contrast, according to the American Association of Port Authorities (AAPA), U.S. federal channels now average less than 35% of their authorized and required channel dimensions. Up to half of the revenue collected by the Harbor Maintenance Tax (HMT) goes unspent for port improvement each year in spite of the clear need for dredging at U.S. ports.

The management of the HMT funds is, perhaps, the real problem. The Congress has not appropriated the full amount of funds collected through the HMT tax for years. Instead, they accumulate in the HMT Trust Fund and end up as part of the federal government's general fund. Approximately \$5.6 billion in current HMT funds could be going to port improvement.

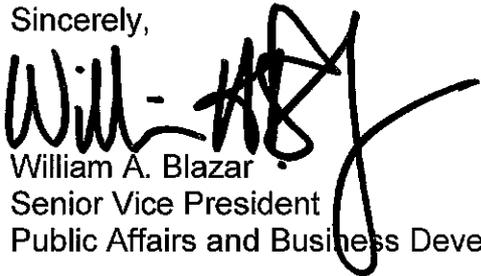
There are several solutions to this problem. The Congress should commit to appropriating the funds needed for harbor maintenance promptly, or its action should no longer be required for the funds already being collected to be used as intended. Alternately, the HMT could be abolished and the current balance used to pay for needed maintenance; companies could then collaborate privately to pay future costs.

One policy that will *not* solve the problem is a levy or tax on inbound goods that arrive in North America through a Canadian port. Such an action would be not only unnecessary, but also highly detrimental to the interests of businesses and consumers in Minnesota and across the U.S. It would not fix the underlying problem facing American ports, and it could negatively impact a trade relationship on which Minnesota's economy, companies, workers and customers depend.

U.S. - Canada trade and transport have a significant influence on Minnesota's economy. Numerous linkages exist between companies and workforces on both sides of the border. With regards to this inquiry, we respectfully request that the Federal Maritime Commission examine Congressional management of the HMT Trust Fund as a possible key contributor to the competitive challenges facing West Coast ports.

Thank you in advance for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Will - AB", with a large, stylized flourish extending to the right.

William A. Blazar
Senior Vice President
Public Affairs and Business Development