

Before The
Federal Maritime Commission

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Docket No. 11-19 – Notice of Inquiry

US Containerized Cargo Flows – Response to the NOI

My purpose in responding to the Commission's Notice of Inquiry is to endorse the remarks and recommendation that Dr. Geraldine Knatz, executive director of the Port of Los Angeles, made in a recent *American Shipper* interview. Dr. Knatz urged the Commission to focus its inquiry on *domestic* impediments to US port competitiveness. She was quoted as saying:

"I think what the Canadians have done is a best practice that we [the US] can learn from. The way they came together and really unified the national and provincial governments to support port development is a best practice."

If the Commission ultimately decides to make a recommendation to Congress, I respectfully suggest that it could be most helpful by stressing the importance of a systematic and comprehensive national freight movement policy and appropriate funding for high priority highway, bridge and rail improvements.

Dr. Knatz noted that West Coast ports like POLA require a systematic approach to planning and greater federal investment. Her port has joined a host of other port and transportation interests (including the Ports of Tacoma and Seattle) to establish the Coalition for America's Gateways and Trade Corridors to press for expanded US freight transport capabilities. I would encourage the Commission to seek advice from the Coalition about the sorts of domestic impediments the FMC could encourage Congress to address.

In remarks at the Canadian Maritime Conference in September, Chairman Lidinsky identified problems with port and inter-modal infrastructure as one of the five elements he believed the Commission's inquiry would address. In terms similar to Dr. Knatz's, he noted *"the urgent need for the United States to upgrade its infrastructure."*

A focus on America's freight-related infrastructure problems is especially important because the other elements are unlikely to offer a practical path to enhanced US port competitiveness.

The first element, what Chairman Lidinsky called the basic legal questions concerning FMC jurisdiction with respect to US-bound cargo discharged at non-US ports, appears not to have been addressed in the November 3rd NOI questions.

The second element, the Harbor Maintenance Tax, was the key concern emphasized in the congressional letters requesting a Commission inquiry. There is, of course, much to be critical of in the design, implementation and impact of the Harbor Maintenance Tax. The American Association of Port Authorities, among other interested parties, has been struggling with the HMT and its associated Trust Fund for years. There seems little that an FMC inquiry could contribute to what is a complex, national budgetary issue.

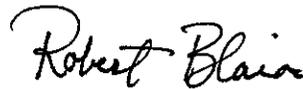
The third element, container inspections, is being handled by the Obama Administration under its US-Canada *Beyond the Border* action plan. Subtitled "A Shared Vision for Perimeter Security and Economic Competitiveness," *Beyond the Border* involves the development of "the next generation of integrated cross-border law enforcement" as well as creative and effective trade facilitation and enhanced risk management practices.

The fourth element mentioned was possible rail cost disparities. Trying to assess and compare the operational costs and pricing policies of US and Canadian rail operations, in an environment where accurate, relevant data is scarce, appears a particularly unpromising path.

That is why a focus on improving port and inter-modal infrastructure is so important. It is the one element on which American exporters and importers, international ocean carriers, US port authorities, marine terminal operators, ocean transportation intermediaries, Congress, and the Obama Administration are likely to agree. It is the element that offers the greatest promise of producing both badly needed American jobs and long-term national economic benefits.

I respectfully suggest that the Commission's "cargo diversion" inquiry would do well to avoid unproductive forays into national tax and budgetary policy, container

inspection procedures, and the comparative economics of rail systems. The inquiry could most profitably address the topic that US port authorities, American shippers and the Administration recognize as critical to port competitiveness, trade growth, and local and regional development – including job creation. As Chairman Lidinsky observed toward the close of his Montreal speech: “...[P]erhaps the most fundamental problem is that too many U.S. ports, railways, highways, and bridges are slowly decaying due to lack of investment and strategic long-term planning.” Exactly.

A handwritten signature in cursive script that reads "Robert Blair".

Robert Blair,
Rockville, MD

Disclaimer: These comments are solely my own views. They do not represent the position of my employer.