

United States Senate

WASHINGTON, DC 20510

August 29, 2011

The Honorable Richard A. Lidinsky, Jr., Chairman
Federal Maritime Commission
800 North Capitol St., N.W.
Washington, D.C. 20573-0001

Dear Chairman Lidinsky:

We are writing to request that the Federal Maritime Commission analyze the impact the federal Harbor Maintenance Tax (HMT) may have on the diversion of U.S.-bound cargo from U.S. ports to those in Canada or Mexico. Shippers can avoid paying the HMT by routing cargo through non-U.S. seaports. Although the HMT has existed since 1986, it has become a more significant competitiveness issue with the development of new Canadian and Mexican seaports along the west coast, and it appears that the HMT may be a key factor causing U.S. ports to lose a growing share of imported container cargo from Asia.

A growing number of containerized U.S. imports from Asia move through the west coast Canadian container ports of Vancouver and Prince Rupert en route to the U.S. Midwest (i.e. Chicago and Memphis) through cross-border rail. Additional volumes enter U.S. markets via Mexican ports. As a result, non-U.S. ports are able to claim a substantial per-container cost advantage over U.S. seaports based on the HMT alone. The results of this unfair disparity are increased cargo diversion and lost U.S. jobs. In addition, the HMT is not collected at the land border, resulting in decreased revenue for the Harbor Maintenance Trust Fund (HMTF). As a consequence, our country's capacity to handle international trade growth is adversely affected. It is imperative that we level the playing field between international ports and domestic ports so that the U.S. can continue to compete for cargo.

Therefore, we respectfully request the Commission to conduct an analysis of the impacts and the extent to which the HMT and other factors impact container cargo diversion from U.S. west coast ports to west coast Canadian and Mexican ports, as well as offer legislative and regulatory recommendations to address this concern.

Thank you for your kind attention to this request.

Sincerely,



Senator Patty Murray



Senator Maria Cantwell