



**HEARING STATEMENT
PACIFIC MERCHANT SHIPPING ASSOCIATION
TO THE
Senate Transportation Sub-Committee on California Ports & Goods Movement
Informational Hearing
Presented by Mike Jacob, vice president
March 16, 2010**

“We are pleased to participate in today’s hearing, and thank the Chairman and Committee staff for hosting a session on the economic and competitive challenges facing the California maritime industry.

“PMSA member-companies contribute billions of dollars to California’s economy each year, and we have a strong interest in keeping cargo coming to our West Coast ports. We encourage the State to quickly invest in its trade infrastructure and focus on reducing the costs of the operating burdens that are unique to California and its ports in order to create new opportunities in 2010 and beyond.

“Container growth is necessary if we are to recapture the jobs and revenues we have lost the past four years. While a growing economy can help us finance environmental and infrastructure initiatives, only a true partnership with the state to finance port, rail and highway projects, bridge replacement, shorepower improvements and other investments will deliver many of these critical projects.

“Here is the world we are operating in today:

1. California’s ports have lost significant trade volumes to competitor ports in the Pacific Northwest, Gulf and Atlantic regions since 2006, our previous trade volume peak year. California port volumes, jobs and revenues contracted in 2007, 2008 and 2009, due first to loss of market share and then second to the onslaught of the recession.
2. Since 2006, the State of California has imposed \$5 billion worth of unique environmental regulatory costs on the containerized supply chain that do not exist on operations anywhere else in the world.
3. In 2006, California’s voters authorized \$1 billion in bond funds to be spent on Port air quality improvements – however, only \$250 million was ever programmed, in 2008. The balance of \$750 million should be used to invest in Port-specific air quality improvement projects – including cold-ironing infrastructure.
4. The maritime industry accepts its responsibility to reduce air emissions and is working in earnest to reduce environmental impacts to the maximum extent possible at the earliest possible date.

However, this is a global issue that requires global and national solutions, instead of regional and local “fixes.”

5. The state Legislature today is showing leadership by introducing measures aimed at improving California’s trade competitiveness. AJR 24 (Lowenthal - dealing with international standards for vessel air emissions), AB 2687 (Bradford – incentivizing port related infrastructure) and SB 1175 (Price- examining California trade promotion) are all measures aimed at promoting trade growth, trade infrastructure and leveling the playing field with regard to environmental compliance costs.

”We all are committed to seeing California come through this difficult economic time with better jobs and a cleaner environment. We look forward to working with you to achieve that goal.

Pacific Merchant Shipping Association