



PORT OF OAKLAND

**TESTIMONY OF OMAR R. BENJAMIN
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**BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
WATER RESOURCES AND ENVIRONMENT SUBCOMMITTEE
HEARING: “*THE ECONOMIC IMPORTANCE OF SEAPORTS: IS THE UNITED STATES
PREPARED FOR 21ST CENTURY TRADE REALITIES?*”**

OCTOBER 26, 2011

Thank you, Chairman Gibbs, Ranking Member Bishop, and Committee Members for holding this hearing today to focus attention on the critical role that seaports play in our nation’s economy and how we support and enhance international trade opportunities. America’s ports are working every day to prepare for the future and grow our economy and I appreciate the opportunity to share our perspective with you.

I am Omar Benjamin, Executive Director of the Port of Oakland. I also serve as President of the California Association of Port Authorities, which is comprised of the state’s eleven publicly-owned, commercial ports and is dedicated to maintaining a vigorous and vital port industry in California, and was recently appointed to serve on the Secretary of Transportation’s Port Advisory Committee, as part of the Marine Transportation System National Advisory Council. The Council is charged with making recommendations on removing impediments that hinder the effective use and expansion of the nation’s waterways, ports, and intermodal connections, and developing guidelines for a national freight policy from a marine transportation perspective.

The Port of Oakland covers 20 miles of waterfront on the eastern shore of San Francisco Bay, with nearly 1,300 acres devoted to maritime activities and another 2,600 acres devoted to aviation. Our Port is the third busiest container port on the U.S. West Coast, and the fifth busiest in the nation, with nearly 2,000 vessel calls per year. We are also one of the leading export gateways for American products, especially for agricultural goods from throughout the nation, and particularly California’s San Joaquin Valley. Over \$7.1 billion in U.S. agricultural products for export are shipped through the Port of Oakland annually, helping to maintain a nearly 50/50 ratio of import and export activity and positioning us to support national efforts to increase exports and put Americans back to work.

America’s ports do not just create jobs within their local regions, but instead distribute their economic impact throughout the entire nation. Over 70,000 jobs in the Northern California Megaregion and more than 800,000 jobs across the country are impacted by the Port of

Oakland's activities. For example, in Chairman Gibbs' home state of Ohio, \$385 million worth of goods are imported and exported through the Port of Oakland, helping to generate over 3,500 local jobs in Ohio. In Ranking Member Bishop's home state of New York, Oakland's activities sustain over 25,000 jobs and \$2.7 billion worth of cargo. Businesses throughout the United States have the ability to get their goods to the international market efficiently and competitively. Through the activities of our customers and tenants we create local, state and national tax revenues. If we do not maintain the infrastructure at our ports to stay competitive and maximize our efficiency, the consequences will be felt across the country by the tens of thousands of American businesses whose success is directly tied to international trade.

The Port of Oakland, along with our counterparts in the Pacific Northwest and the Pacific Southwest, is facing unprecedented competition from our neighbors in Canada and Mexico. Both countries are developing comprehensive national freight shipping programs, supported by all levels of government and coordinated with private rail companies and shipping firms. These national freight programs are specifically designed and tailored to divert the trade that goes through U.S. West Coast Ports. Both Canada and Mexico have invested heavily in major port modernization and expansion projects that have fundamentally challenged our U.S. Pacific Coast trade network. Canada, especially, offers direct rail connections to the Midwest through the Port of Prince Rupert. The U.S. stands to lose tax revenue and jobs if these trends continue. The Port of Oakland, along with its sister ports in Los Angeles, Long Beach, Seattle, Tacoma and Portland has formed the U.S. West Coast Collaboration to elevate the importance of the U.S. West Coast ports' competitiveness and address national policy concerns. We have also partnered with our Class I railroads (the Union Pacific Railroad and BNSF Railway), as well as labor and terminal operators (ILWU and the Pacific Maritime Association) to preserve the job creation and the economic benefits of our operations.

We all recognize that improvements in rail, road, airport infrastructure, and deep-water access are all crucial to an effective transportation system that delivers jobs, economic growth, and long-term benefits for the region, state and nation. Yet what the federal government is lacking is a coordinated national goods movement strategy that can address these multiples modes of transportation in a clear, consistent, and coordinated manner. There must be a seamless connection between all modes of transportation to ensure a reliable and cost-effective supply chain. In addition, this coordinated federal strategy can help to prioritize spending and maintain the significant federal investments that have already been made in what are essentially national assets.

In the absence of such a federal strategy, and in addition to an enhanced level of cooperation among our U.S. West Coast network of ports, Oakland is building on its long and successful track record in developing Public-Private Partnerships to maximize landside and waterside improvements and connections. We have formed a strategic partnership with China port operator China Merchants Holdings International Company Limited (CMHI) to promote and extend supply chain services for U.S. exporters throughout China. The form and scale of this partnership is a first for the U.S. port industry. With China serving as a significant and rapidly growing market for our nation's food and

agriculture products, this initiative will make it easier, safer and faster to export U.S. commodities.

This partnership follows on the success of an innovative 50-year agreement with PortsAmerica Group to modernize one of our largest marine terminals and ensure that it will be privately maintained for decades to come. This is a win-win for PortsAmerica Group and the Port of Oakland, as it secures a private long-term investment in the success of the Port, while allowing PortsAmerica Group to manage its terminal investments and improvements in a manner that is consistent with the market conditions and opportunities.

Our private rail partners are also making significant investments to remove bottlenecks that will expand the Port's connectivity to interior points of the U.S. For example, the Union Pacific has raised its tunnel clearances along the Donner Pass and the Central Rail Corridor, which allows for increased throughput of intermodal cargo to the Midwest, with reduced travel times. BNSF also is working with the State of California to improve the rail connection through the Tehachapi Mountains. All of these demonstrate that U.S. West Coast ports, and Port of Oakland in particular, will remain a robust part of the nation's goods movement supply chain for decades to come.

While we recognize that the expansion of the Panama Canal will have significant implications for ports and communities throughout the nation, we do not take for granted that expanded all-water service to the East Coast will achieve the anticipated demand levels that will necessitate a dramatic readjustment of federal maritime-related investment priorities. Cargo volumes post-2014 will be dependent on numerous variables, including the impact of as-yet undisclosed transit fees through the canal. Significant additional research and a better understanding of the supply-chain needs of individual shippers will be required before any conclusion can be reached that might direct the already limited federal dollars available for seaports.

For its part, the Port of Oakland is committed to investing in vital infrastructure to ensure the long-term competitiveness of our operations. For example, we are in the midst of a \$100 million capital program to invest in shore power infrastructure at our terminals. This will reduce the emissions of container vessels while they are at berth in Oakland and will protect the health of local residents. We have also partnered with the federal government and our region's sister ports through the TIGER program to create a Green Trade Corridor and establish a marine highway between the Ports of Oakland, Stockton, and West Sacramento. By creating an efficient and complementary alternative to the traditional truck drayage model, we can reduce congestion on local highways and provide more options for our shippers and customers.

As the federal government looks to trim spending and address our nation's debt, however, we cannot underestimate the importance of investing in strategic assets like seaports, which deliver jobs and tax revenue back to the federal government. In 2001, for example, construction began on the Port of Oakland's 50-foot deepening project, and now that it is complete it has given us the ability to support the latest generation of larger, more efficient container vessels. The 50-Foot Project included the widening and deepening of

the Harbor Entrance, Outer and Inner Harbor channels, and two turning basins to -50 feet, as well as local business and utility relocations.

The Port itself paid not only its cost-share for the dredging, but also the entirety of berth deepening and wharf-strengthening that was required. The Port also completed more than \$800 million in expansion projects at its own expense, consisting of building two new marine terminals, an intermodal rail terminal, realigned roadways, and a 40-acre public waterfront park. The investment of federal funds leveraged millions in Port funds and has helped us attract new tenants and convince our existing customers to invest in building and expanding their facilities in Oakland. The project created over 8,800 jobs in construction, engineering, maritime, trucking and shipping. It increased annual business revenues for the Port's customers by \$1.9 billion, and it raised local tax revenues by \$62 million per year. The dredged material itself was reused to restore hundreds of acres of wetlands along the San Francisco Bay, providing a huge environmental benefit to the region. These outcomes resulted in the 50-foot project being rated with an extraordinary 11-to-1 benefit-to-cost ratio by the U.S. Army Corps of Engineers.

Now that the deepening has occurred, however, we are engaged in yearly efforts to ensure that adequate maintenance dredging funds can be released to maintain our channels at its authorized depth. Our shippers pay Harbor Maintenance Taxes on the value of their import cargo, which is in turn credited to the Harbor Maintenance Trust Fund (HMTF). These are user-supported fees that support critical maintenance dredging at no cost to the federal government. Yet while the HMTF currently is running a significant surplus every year, with over \$5 billion having accumulated in the Trust Fund, ports around the country are not able to access these funds in a sufficient and timely manner. We strongly urge the Congress to make use of the full HMT collections so that ports can continue to stay internationally strong and competitive.

As the Congress continues to contemplate and develop important transportation priorities such as the Surface Transportation Reauthorization and the Water Resources Development legislation, I would urge you to not forget the role of the ports and related goods movement partners in delivering economic growth and prosperity. We greatly appreciate the limited investment programs that seaports have recently had access to, such as TIGER, but it's clear that more remains to be done and such efforts need to be expanded and made more robust so that seaports can participate more fully in the federal transportation funding system.

In conclusion, Chairman Gibbs, Ranking Member Bishop and Members of the Committee, we appreciate the increased focus and attention on the role of seaports in delivering economic growth. We are now working cooperatively as never before to increase cargo volumes and grow our economy, but we cannot compete and win if we do not have a partner in the federal government. It is only with your help that we can secure the needed investments in our infrastructure so we can bring back jobs, increase trade and support a full economic recovery for our nation.

Thank you.