

**TESTIMONY OF PETER PEYTON, PRESIDENT**  
**ILWU MARINE CLERKS ASSOCIATION Local 63**  
**INTERNATIONAL LONGSHORE AND WAREHOUSE UNION**  
**BEFORE THE**  
**HOUSE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT**  
**HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE**  
**OCTOBER 26, 2011**

**The Economic Importance of Seaports: Is the United States Prepared for 21st Century Trade Realities?**

Mr. Chairman, thank you for inviting me to testify on behalf of our International President, Robert McEllrath, and the 65,000 members of the International Longshore and Warehouse Union, (ILWU). Based in San Francisco, our union represents longshore workers in California, Oregon, Washington, Alaska, and Hawaii, as well as warehouse, maritime, agriculture and hotel and resort workers.

International trade accounts for 30 percent of the national GDP. International trade through our seaports supports 13 million jobs, many of them good paying union jobs with decent benefits. These are the jobs and the standard of living workers in our country deserve.

Even when dollars are set aside for freight mobility projects, those projects are stalled in red tape. One example of this is Southern California, where there are currently numerous funded freight mobility projects still not under way. 100,000 high paying construction jobs that could translate into more money for local and state funds lay dormant.

The ILWU's priority is the maintenance of good jobs and the creation of good paying jobs with benefits. There is a direct correlation between making the necessary investments in our transportation system and job creation. Infrastructure investments are critical to the long term economic health of our country.

Unfortunately, we are falling behind. The United States seaports are losing cargo to Canada and, to a lesser extent, Mexico. If this trend continues, it will have seriously detrimental effects

on American jobs not only at seaports, but throughout the transportation chain including trucking, rail and warehouse/distribution jobs for American workers. Currently, the Federal Maritime Commission is conducting a study to look at whether shippers are choosing Canadian ports to avoid paying the Harbor Maintenance Tax in the United States.

More importantly, Canada is making the necessary investments in rail and road infrastructure to move cargo more efficiently from the Ports of Vancouver and Prince Rupert Island to the American Midwest. On September 22, 2011, the *Bureau of National Affairs* reported the Government of British Columbia plans to invest \$3 billion in port related infrastructure. The Government immediately committed \$50 million to the Port of Vancouver's Deltaport to improve rail connections as part of the planned \$200 million Deltaport Terminal, Road, and Rail Infrastructure Project designed to increase container capacity in southern British Columbia. The Prince Rupert Port Authority in British Columbia says 2010 was the best its ever had for cargo volumes. The port handled nearly 16.5 million tons of cargo last year, up 35% over 2009.

The ILWU represents Canadian longshore workers and we want our Canadian brothers and sisters to do well. However, it is time for the United States to look at making the kind of investments necessary in transportation projects to maintain and create high wage jobs of the future for American workers. Investing in our nation's seaports is a vital component to jumpstarting the economy and putting Americans back to work. During a time when our nation's unemployment rate is barely under 10%, we need to find ways to create sustainable good paying jobs.

At a recent infrastructure meeting with U.S. Trade Ambassador Ron Kirk, the Ambassador noted the importance of small businesses competing worldwide for an export market. It was clear to all participants at the meeting that without infrastructure, improving America's ability to compete with other nations for goods-to-market export would be nearly impossible.

Research shows the impact of investing in our nation's seaports has a significant effect on jobs nationwide. In 2006, seaport and seaport-related business generated approximately 8.4 million American jobs. Employment opportunities included not only the direct handling of imports and exports, but also retailers, freight works, ship pilots, marine construction workers, wholesalers, manufacturers, and distributors, to name a few. To note a more specific example, the San Pedro Bay Ports provide a considerable amount of jobs as just a small part of the US seaports community. According to 2008 data, 3.4 million jobs were linked to trade among the San Pedro Bay Ports nationwide. In addition, job growth related to trade at the ports of LA and Long Beach grew more than 2.84% since 2005.

The ILWU strongly suggests the Committee give strong consideration to passing H.R. 1122, The Freight Focus Act, introduced by Congresswoman Laura Richardson (D-CA).

The bill would establish an office of Freight Planning in the Department of Transportation that would be responsible for freight planning and creating a merit based competitive grant program. The bill provides for public and private sector involvement in the process and prioritizes major goods movement corridors and projects to alleviate choke points.

The bill also creates a Goods Movement Trust Fund, which would be dedicated to funding such projects. The fund also contains safeguards to ensure funding generated from a specific mode is used for projects benefitting that mode. The bill funds the projects by raising the diesel tax and transferring funds from the General Fund while maintaining a structure that is flexible to incorporate other revenue streams in the future. There is growing consensus around a dedicated federal freight program to address this country's goods movement needs. A dedicated program to invest in goods movement will greatly increase chances for the United States to keep and maintain these good jobs related to trade moving through our seaports.

The federal government is carrying a significant deficit, which means every project request should not be funded. Too often do we see other projects funded that have little to do with moving cargo more efficiently or creating high wage jobs of the future. One example is the emphasis placed on a port security program. The ILWU argues that savings can be found by scrapping some port security projects and mandates that will ultimately be paid by shippers if they choose to utilize American seaports. How many new fences and cameras are really necessary? Is it an impediment to efficient trade to spend countless millions of dollars to radiate 100 percent of containers for export? Do we need to screen a sufficient number of containers that would create the same barrier? The TWIC program is a hugely expensive program that provides very minimal security benefits. TWIC readers will add another layer of expense to shippers who choose to use American ports.

We strongly urge Congress to look at eliminating spending on risky short sea shipping projects as well as cutting port security spending on ineffective and useless projects such as the TWIC program. Instead, Congress needs to use the savings from cutting these programs to make the necessary investments in road, bridge, and rail projects a top priority.

Every year, California's port customers pay more than \$400 million in fees into a federal fund with assurances the money will be available to fund the navigational maintenance and improvements necessary to keep U.S. ports competitive in a global marketplace. Unfortunately, the revenues deposited in the Harbor Maintenance Trust Fund are not being spent. Additionally, instead of investing these funds to keep our ports competitive, the Trust Fund has now built up a surplus of over \$5 billion.

Appropriations of funds by Congress from the Harbor Maintenance Trust Fund have been inadequate for the nation's harbor maintenance needs. Only half of the revenue generated is being spent on operation and maintenance. The RAMP ACT proposes to allocate this revenue for the purpose of dredging and harbor maintenance. We support legislation to spend the harbor maintenance revenues for its intended purpose.

Finally, Congress must place a high priority on intermodal connectors. One such connector that is vitally important for the efficiency of cargo movement is on-dock rail. On-dock rail serves as the connector between vessel and rail transportation just as the truck move serves as the connector between vessel and rail transportation in an off-dock rail facility. Removing the truck move provides more fluidity to the transportation system and reduces costs to shippers and ultimately consumers. Improvements to existing on-dock rail systems and the construction of new on-dock rail systems have far reaching benefits to the country.

It is the position of the ILWU that if we are going to emerge from these economic times with the intent of being competitive in a global economy, it is essential the federal government lead the way in a vision of funding state of the art infrastructure projects that will allow our freight mobility to be second to none.

PP/aj/opeiu29

## **PETER PEYTON BIO**

International Executive Board Member for the International Longshore & Warehouse Union (ILWU) and President of ILWU Local 63, Marine Clerks Association, Ports of Los Angeles and Long Beach, CA.

In his 27 years on the waterfront, as a longshoreman and marine clerk, Peter has served his union in many capacities at the International and Local level, especially in the political and legislative policy arenas. He has been the ILWU point person for transportation policy under three International Presidents. In this role, Peter frequently provides expert testimony to State and Federal officials on infrastructure, port security, transportation, and the supply chain that feeds the American market place. He has been a guest speaker at many venues, including the University of Denver's Masters program in Transportation, California State University Long Beach's Center for International Trade & Transportation (CITT), and the U.S. Department of Transportation (DOT). He served as Co-Chairman of the Education Committee for the Marine Transportation Systems National Advisory Council (MTSNAC).

Prior to working on the waterfront, Peter Peyton was named an All American water polo player at UCLA and was listed in the university's Athletics Hall of Fame. He also worked as a feature film producer with Warner Brothers and has written three screen plays and worked in other creative development positions.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

*Truth in Testimony Disclosure*

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Peter R. Peyton

(2) Other than yourself, name of entity you are representing:

International Longshore & Warehouse Union

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

NONE

Signature



Date

10/24/11