



March 18, 2020

Honorable Mitch McConnell
Majority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

Honorable Charles Schumer
Minority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader McConnell & Minority Leader Schumer,

The American Association of Port Authorities ("AAPA") is the unified and collective voice of the seaport industry. Our 78 members are among the largest seaports in the United States ("U.S."). We want to use that voice to strongly thank you for your leadership in these trying times as we weather the health and economic effects of the coronavirus pandemic.

We understand that Congress is undertaking further actions to stimulate our nation's economy and to help those most affected weather the economic hardships resulting from this pandemic. In addition to ensuring our nation is capable of responding effectively to this emergency, we urge you to include our nation's seaports in any economic stimulus packages considered by the Congress. Public port authorities in the U.S. provide the space and related infrastructure to facilitate seaborne trade and tourism and are critical to ensuring the continued economic strength of our nation.

Seaports are the gateways to America – 99 percent of American overseas trade volume passes through these ports, which also support over one-quarter of U.S. gross domestic product. This economic activity supports 31 million American jobs and serves as an engine for growth and opportunity. However, as a result of this pandemic our nation's ports have been significantly impacted. Early estimates indicate a 20% annualized reduction in cargo activity at our nation's ports, leading to a loss of \$1 billion in revenue. This diminished economic activity will not only affect our nation's seaports, but also those whose goods flow through these facilities and the workers that facilitate this trade.

Ports also handle the precious cargo that are the 13 million international cruise-goers who bring significant tourism dollars into communities across America. The cruise industry in the United States had a total economic impact of more than \$52.7 billion in 2018. That year, passengers and crew spent a record \$23.96 billion on goods and services, while cruise activities generated 421,711 domestic jobs, resulting in more than \$23.15 billion in wages and salaries. As a result of this economic downturn, port receipts from cruise operations are expected to be impacted by roughly \$130 million over two months of suspended operations.

AAPA offers the following recommendations as a way of supporting the U.S. port industry as it weathers the significant downturn in economic activity resulting from the coronavirus pandemic:

- 1) Provide a supplemental appropriation of \$1 billion to the highly effective, impactful, and targeted account of the U.S. Department of Transportation's Port and Intermodal Improvement Program ("PIIP") (previously called the Port Investment Development Program, "PIDP").

The first round of these grants was announced by the U.S. Department of Transportation ("USDOT") to great fanfare and effect. These grants advance technology-supported safety and design efficiency improvements at ports, help improve port resiliency to withstand weather-related crises, promote efficient energy trade, as well as trade in manufacturing, agriculture, and other forms of exports; all while leveraging private and local investments for shovel-ready projects using American steel and other materials and employing American building trade workers.

While 15 projects were selected as grant recipients during this first round of funding, our understanding is that a total of 54 qualified projects were submitted to the Secretary of Transportation, totaling \$1.26 billion. Providing additional funding opportunities for these qualified projects will spur

investments in our nation's ports and help build the infrastructure necessary to continue to allow the U.S. to project economic strength abroad.

- 2) Provide \$1 billion in targeted, direct assistance to ports impacted by this epidemic. The USDOT's PIIP provides an existing framework under which this assistance could be provided, and we propose temporarily modifying this program to allow for the provision of direct assistance to those ports most affected by a reduction in business activity including tourism ports.
- 3) Consider supply chain and freight movement workforce 'essential' and exempt from any travel restrictions put in place resulting from the coronavirus emergency. The movement of cargo by truck and train through ports and onward toward its destination is essential to ensuring that Americans and our economy can withstand the containment measures – and the surge in demand for certain foods – associated with social distancing and the pandemic.
- 4) Provide supplemental appropriations totaling \$4.5 billion for the Army Corps of Engineers Civil Works Navigation mission. We recommend that this funding consist of \$2.5 billion for Federal navigation channel improvement projects, to include new starts, and \$2 billion for Federal navigation channel maintenance projects. This work can be immediately implemented, would provide long term freight movement benefits and would be accomplished using American equipment and labor.
- 5) Repeal the trade-choking '301' China tariffs in order to increase domestic consumer spending power and to help American manufacturing. Americans are paying the exorbitantly high taxes that these tariffs impose on household goods and inputs. These taxes make consumables more expensive in the U.S. and, contrary to good intentions, make 'upstream' inputs so expensive as to decrease their use in American-made goods *that would otherwise be reexported*. On top of the direct pain the taxes impose on Americans, they have caused allies and competitors alike to impose retaliatory tariffs on heartland American businesses.

America's seaports will continue to enthusiastically follow the U.S. Government's lead in weathering these events, and the ports stand ready to help however possible. We appreciate your understanding of how this crisis impacts our industry, and we thank you again for your leadership and continued support.

Please do not hesitate to contact me if you have questions.

Sincerely,



Christopher J. Connor
President & CEO

Cc:

Honorable Richard Shelby, Chairman, Senate Appropriations Committee
Honorable Patrick Leahy, Vice Chairman, Senate Appropriations Committee
Honorable John Thune, Majority Whip, U.S. Senate
Honorable Dick Durbin, Minority Whip, U.S. Senate
Honorable Patty Murray, Assistant Minority Leader, U.S. Senate
Honorable John Barrasso, Chairman, Senate Committee on Environment and Public Works
Honorable Thomas R. Carper, Ranking Member, Senate Committee on Environment and Public Works
Honorable Roger Wicker, Chairman, Senate Committee on Commerce, Science, and Transportation
Honorable Maria Cantwell, Ranking Member, Senate Committee on Commerce, Science, and Transportation