



**Thomas A. Allegretti**  
President & CEO

801 North Quincy Street  
Suite 200  
Arlington, VA 22203

tallegretti@americanwaterways.com  
703.841.9300

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The Honorable Maria Cantwell  
Ranking Member, Committee on Commerce, Science, and Transportation  
United States Senate  
512 Dirksen Senate Office Building  
Washington, DC, 20510

Dear Ranking Member Cantwell:

Thank you for the opportunity to provide insights from the tugboat, towboat, and barge industry during the Senate Committee on Commerce, Science, and Transportation's hearing on "The State of the American Maritime Industry." Included below are answers for the hearing record in response to questions from the committee.

WRITTEN QUESTIONS SUBMITTED BY  
THE HON. MARIA CANTWELL TO THOMAS ALLEGRETTI

***Federal Freight Funding.*** *Ports, waterways and other freight infrastructure are a critical part of our transportation network, but frequently get overlooked when it comes to federal funding. With more than 40 percent of jobs in Washington state connected to international trade, we know the importance of being able to get product to the market.*

*The FAST Act included new freight programs to help move freight more efficiently. However, during the first year of the INFRA grants program I authored, the Department of Transportation received applications requesting \$9.8 billion, more than 12 times the amount of funding provided. This shows that we need to do more to improve our freight infrastructure.*

***Question 1.*** *Why is federal funding for freight infrastructure investment important to growing the United States maritime economy?*

Properly funding maritime infrastructure is important because it is an investment in jobs and economic opportunity for the broader economy. The U.S. Coast Guard's Maritime Commerce Strategic Outlook notes that the U.S. marine transportation system supports \$4.6 trillion of economic activity each year and accounts for the employment of 23 million Americans. Because such a high percentage of goods move through ports and via waterways, the growth outlook of the maritime economy and the full U.S. economy are inextricably linked; to grow one, you must grow the other.

**Question 2.** *How is the supply chain affected when portions of our freight network don't work?*

Inefficiencies in the freight transportation network result in increased costs and delays to shippers and consumers. When inadequate waterways infrastructure causes delays or closures at locks, customers will look to other modes of transit to move their goods. Waterways Council, Inc., estimates that our waterways network produces a savings of more than \$20.00 a ton for domestic cargoes transported by waterway. That cost savings translates to over \$12 billion in annual transportation cost savings that would instead be borne by American businesses and consumers if their goods had to instead move by road or rail.

One increasing problem affecting the freight network is development pressure from states, localities and citizens that oppose ports and working waterfronts. In Seattle, the Northwest Seaport Alliance is undertaking a \$300 million modernization of Terminal 5. This project has taken several years, and numerous regulatory and permitting steps, to reach its current stage of soliciting construction bids. Fortunately, local government is supportive of this project and its economic and environmental benefits to the entire region.

But, that kind of support for ports and industrial waterfronts is not universal. The nation's ports are the critical gateway for interstate and foreign commerce, either as the final step in the process of exporting goods from as far away as the interior heartland of landlocked states or the first step in importing products from abroad.

Despite that pivotal role in interstate and international commerce, waterfront development decisions are controlled by local governments. A single vote to deny a permit for port infrastructure development by a city council can impact transportation chains that span the country and the globe. Moreover, if that decision is challenged, courts are hesitant to consider the far-reaching effects on interstate and international commerce and the cumulative effects of these decisions on the country's entire transportation network. To systemically support the development of port infrastructure and maintain supply chain effectiveness, the federal government must consider how to more equitably balance local opinions on waterfront development against the transportation needs of the entire country.

**Question 3.** *What else should the committee consider to improve freight infrastructure?*

Beyond the Committee's consideration of the important matter of the level of federal funding, consideration should also be given to consistency in the authorizations and appropriations processes. That consistency is critical to improving freight infrastructure. Several waterways maintenance and modernization projects have lagged for years because of inconsistent Congressional action. When those projects lag, vessel operators are forced to delay or alter their long-term business investment plans, which can negatively impact their ability to provide efficient and reliable transportation to their customers.

***National Maritime Strategy.*** *The maritime industry is critically important to our economy, but it also plays a vital role during times of national crisis, including military conflicts and national emergencies.*

*However, the industry faces challenges with fewer ships, mariners and cargoes that impact its ability to support our defense needs.*

*Congress has called on the Department of Transportation to complete a national maritime strategy to address these challenges, and last year the Government Accountability Office report found that the strategy needs to be completed expeditiously.*

***Question 4.*** *Can you speak to the importance of a national maritime strategy and why these challenges must be addressed in the near-term?*

America is a maritime nation and therefore needs a national maritime strategy to assure sufficient vessels and mariners to project and deploy military force and diplomatic assistance globally. The absence of a viable U.S.-flag fleet to move critical military and humanitarian cargoes would leave America vulnerable and reliant on foreign vessels and crews to conduct military strategy and foreign policy around the globe.

***Domestic Maritime Industry.*** *The Jones Act is crucial to supporting a strong domestic maritime industry.*

***Question 5.*** *How would a long-term waiver of the Jones Act for the shipment of liquefied natural gas (LNG) to Puerto Rico affect the domestic maritime industry?*

Puerto Rico is just beginning to invest in transitioning to a natural gas-powered economy. Granting a waiver now, in addition to not meeting the statutory requirements for issuing a waiver, would not be justified and would stifle any complementary investments the domestic maritime industry will make as a market for LNG shipping develops.

Like pipelines, liquefaction facilities and other components of the natural gas transportation network, LNG vessels are built to serve the contractual needs of a customer. Those contractual agreements provide stability for financing and determining the size and capacity requirements for the construction of the vessels. If a market for LNG develops in Puerto Rico and developers on the island commit to long-term supply contracts for domestically-produced LNG, then a market will likewise develop for the domestic transportation of LNG to the island, and Jones Act carriers will vigorously compete to provide that service via Jones Act-compliant LNG vessels.

LNG vessels are some of the most sophisticated and expensive vessels in the world. Discussions of granting a waiver of the Jones Act to transport domestic LNG have already chilled the certainty needed to make a capital-intensive investment in vessel assets that can operate safely for over 30 years. Moreover, granting that waiver would ensure that LNG vessels are never built in American shipyards, never operated by American companies and never crewed by American mariners.

WRITTEN QUESTIONS SUBMITTED BY  
THE HON. RICHARD BLUMENTHAL TO THOMAS ALLEGRETTI

*The impact an oil spill could have on America's maritime industry. Last year, former Interior Secretary Zinke announced that the Trump Administration would open up 90 percent of outer continental shelf waters to oil and natural gas drilling and extraction.*

*In 2010, our nation witnessed Deepwater Horizon, the greatest oil spill disaster in U.S. history, in horror as it ravaged the Gulf coast. To this day, even with restoration efforts, the Gulf is struggling to heal from the damage and we continue to see the long-term consequences ranging from effects on human health, the environment, and the economy.*

*The Trump administration's decision to open up offshore drilling leases, including in the North Atlantic region, raises serious environmental disaster and economic concerns for coastal states. We are currently awaiting the release of the administration's updated five-year plan, but we expect the proposal to massively expand offshore oil and gas drilling.*

**Question 1.** *How would an oil spill off the coast of New England affect our local maritime economy?*

Serious oil spills damage the marine environment. The maritime industry knows this and constantly works to lower and mitigate the risks posed in the transportation of petroleum products, so that an oil spill off the coast of New England, or anywhere else for that matter, is prevented.

Congressional enactment of the Oil Pollution Act of 1990 (OPA 90) brought about many changes that spurred both more environmentally protective vessels and improved pollution prevention vessel operations. For example, OPA 90 compelled a phase-out of single-hull tankers and tank barges in favor of double-hull vessels. Importantly, Congress understood that retiring single-hulled vessels and replacing them with new double-hulled vessels was a multi-billion-dollar undertaking that needed to be carried out in a phased process over time. Instead of requiring that all single-hull vessels be immediately retired, and therefore causing a major economic disruption to shipping, OPA 90 required that new tankers and tank barges be double-hulled and provided for the orderly phaseout of existing single-hulled vessels over a 25-year period based on vessel age and size.

In addition to complying with the requirements of OPA 90, the maritime industry has actively worked to implement additional measures to prevent oil spills. AWO's Responsible Carrier Program (RCP) requires vessel operators to implement a safety management system that seeks to achieve zero harm to human life, property and the environment. In a 2012 report to Congress, the Coast Guard noted that "[a]nother downward shift in spill volume occurred about 1997, which corresponds to the implementation of voluntary industry standards, known as the 'Responsible Carrier Program'..." Further, since "most of the U.S. tank barge population belongs to member companies of AWO" that must comply with the RCP, "spill volumes reach new record low values" that represent "approximately one gallon spilled for every 71.4 million gallons transported...a remarkable improvement given that the amount of oil transported by barge has been relatively constant, at approximately 69 billion gallons per year."

**Multimodal investment to benefit ports.** Freight – with an emphasis on goods that move through our ports – took a big step forward after passage of the FAST Act. Specifically, the bill provided a total of \$11 billion in dedicated freight funding over five years. However, of that, only \$1.13 billion is multimodal eligible. In 2018, the American Association of Port Authorities identified more than \$20 billion in multimodal funding needs for public port authorities alone over the next decade.

**Question 2.** Do you consider ports to be a critical part of our multimodal freight network?

Yes. All ports, whether inland or coastal, are gateways for transporting the domestic commerce of the United States, for bringing imports into the country and moving exports out of the country. A strong and successful multimodal system relies on developing the most efficient means of getting goods to and from those gateways.

**Question 3.** Could investing in multimodal facilities at our ports reduce highway congestion, increase supply chain efficiency, and save money through reduced delays?

Yes. As highways become more congested, states, counties, and cities have begun looking to intermodal transportation and opportunities to utilize waterways for alternative transportation options. This diversification shows the greatest promise when a locality identifies a congested highway, or a new transportation need, in tandem with identifying a maritime waterway that can be utilized to relieve that congestion or provide a needed new service to consumers. Federal freight policy should be responsive to the individualized needs and conditions of localities, and we encourage Congress to use the authorizations and appropriations process to be responsive to this type of ground-up approach to support localities in building and expanding intermodal links.

**Question 4.** Do you support increasing the amount of multimodal eligible funding in a reauthorization of the FAST Act?

Yes. A single dry cargo barge can hold the equivalent cargo of 70 tractor trailers. Increased funding for multimodal projects that shift cargo and freight from the congested roadways to marine highways can reduce congestion and the cost of roadways construction and maintenance, all while also reducing emissions and increasing environmental sustainability.

**The Coast Guard's polar icebreaker fleet.** The Coast Guard has stated that it needs at least three heavy icebreakers and three medium icebreakers to ensure continued access to the polar regions. Updating our fleet is essential to maintaining a national presence, the safety and security of the maritime transportation system, as well as coordinating national search and rescue efforts in colder regions.

Congress recently passed the Consolidated Appropriations Act of 2019, which provided \$655 million for construction of the first Coast Guard Polar Security Cutter. In addition, the bill provided \$20 million for some long lead-time materials toward a second ship. However, this falls well short of the funding needed to satisfy the Coast Guard's commitment to acquiring six polar icebreakers and more funding is undoubtedly needed to accomplish this goal.

**Question 5.** *I imagine you recognize the importance of the Coast Guard's ability to provide this vital icebreaking services to protect our Nation's security and economic prosperity. Would you agree that it is critical to continue this vital acquisition?*

Yes.

**Question 6.** *What are the potential consequences of failing to fully fund the Coast Guard's icebreaker acquisition?*

America is a maritime nation, with an extensive coastline, much of which needs an icebreaking capability to assure navigation and commerce. Moreover, without this icebreaking capability, the U.S. cannot secure its territorial integrity and control over its resources in the Arctic. If the U.S. Congress chooses not to invest in building an adequate icebreaker fleet, it is essentially choosing to outsource icebreaking responsibilities to other countries, countries whose interests may not align with ours.

Thank you again for the opportunity to provide testimony and for your interest in the American maritime industry. If you have any further questions or need additional information, please do not hesitate to contact me.

Sincerely,

  
Thomas A. Allegretti  
President & CEO