

Testimony of Frederick Wong, Jr.
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On Behalf of the American Association of Port Authorities

U.S. House Committee on Transportation and Infrastructure
Subcommittee on Coast Guard and Maritime Transportation

U.S. House Committee on Homeland Security
Subcommittee on Transportation and Maritime Security

Port Safety, Security, and Infrastructure Investment
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Good morning, Chairman Webster, Chairman Gimenez, Ranking Member Carbajal, Ranking Member Thanadar, and members of the Subcommittees.

My name is Frederick Wong, and I serve as the Deputy Port Director for PortMiami. Thank you for coming to Miami to address critical topics in the maritime transportation system.

Before I begin, I want to extend my condolences to the families of those lost in the collapse of the Baltimore Key Bridge last week. This tragedy highlights how fragile our supply chain is and how flexible and resilient our industry is. The nation's port industry is standing with Baltimore right now.

About Ports and AAPA

My testimony is given on behalf of the American Association of Port Authorities (AAPA) from the Atlantic, Pacific, and Gulf coasts, the Great Lakes, in Alaska, Hawaii, Puerto Rico, Guam, and the U.S. Virgin Islands. Today, in our nation's capital, AAPA represents over 80 U.S. ports on urgent and pressing issues facing our industry, promoting common interests of the port community, and providing critical industry leadership on security, trade, transportation, infrastructure, environmental, and other port development, and operational issues.

Our U.S. seaports deliver vital goods to consumers, facilitate the export of American made goods, create jobs, and support our local and national economic growth. Ports also have a crucial role in our national defense. This is evident by the designation of 18 "strategic military seaports of significance" by the Department of Defense.

According to Ernst and Young, ports moved \$5.1 trillion dollars in imports and exports in 2023, this represents roughly 20 percent of the U.S. economic activity. The port and maritime industry sustains 2.5 million jobs and has an economic impact of \$311 billion dollars to the U.S. economy.

Infrastructure Funding

Ports need robust Federal funding to build and maintain their infrastructure. To remain competitive in a global market, we need to expand capacity, purchase more efficient equipment, improve roadways and rail, and reducing emissions at every point in our operations. We simply cannot do this without Federal support.

Although ports are eligible for funding through the U.S. Department of Transportation's INFRA, RAISE, CRISI, and other grants, our signature funding source is the Port Infrastructure Development Program (PIDP), administered by the Maritime Administration (MARAD).

The Ports are concerned because the annual appropriations, authorizations, and the President's Budget Request for PIDP have all decreased. Last year, MARAD lowered the PIDP authorization from \$750 million to \$500 million. The President's Budget Request was lowered from \$230 million to \$80 million. And the appropriation for PIDP was lowered from \$212 million in FY23 to only \$50 million dollars in FY 24 for competitive grants.

Although ports mainly operate independently, they are part of a much larger system. A crisis at one port such as Baltimore, means that other ports across the country must absorb the cargo flow – as we are seeing right now up and down the East Coast. Ports are always planning for growth and for potential disruptions.

Competitive grant funding for ports is an investment in the safety, security, and resilience of the American supply chain. The Committee on the Maritime Transportation System estimates that every dollar spent on our maritime supply chain returns three dollars in economic activity. We ask Congress to fund port infrastructure projects at a level on par with other modes of transportation across the globe.

Infrastructure projects are not limited to land. Ports rely on the Army Corps of Engineers to deepen and maintain Federal navigation channels. We need to ensure the Army Corps has the resources required to deepen and widen our harbors and turning basins for safe navigation, and to conduct routine maintenance to allow commerce to flow year-round.

Permitting Reform

Federal funding is not only a must but the ability to spend those funds efficiently is critical. Unnecessary delays in project construction add significant costs to the port or local project sponsor. These additional costs compel ports to either delay or halt other projects preventing the port from growing.

The PORT Act (H.R. 7587) is currently before the Transportation and Infrastructure Committee and was introduced by members of the Committee. This bill would allow MARAD to update its list of Categorical Exclusions, allow the use of other agencies' Categorical

Exclusions, and expand access to the “Federal Permitting Improvement Steering Council”, among other policies. This bill, along with the reforms in the “Fiscal Responsibility Act”, will significantly improve project delivery at all ports.

Security Infrastructure

Ports work hand-in-hand with the Federal Government to keep our country secure. Ports-of-entry are borders too. We are partners with the U.S. Customs and Border Protection (CBP), and they need the staff and resources to process the cargo and passengers at maritime facilities and port-of-entries into the United States.

Shortages of CBP officers and agriculture specialists are a chronic problem at seaports. CBP’s Workload Staffing Model reveals a deficit of 1,750 officers and 250 agriculture specialists. This deficit significantly impacts processing times, adding an additional bottleneck to ports, and limiting our ability to keep up with long-term growth in trade and travel.

CBP also faces funding shortages for their federal inspection facilities at ports. In recent years, CBP has turned to port authorities to pay for major upgrades and new facilities. This shifts the burden of financing their inspection mission from the Federal Government onto the ports. This is unsustainable.

We thank Congresswoman Lee for introducing the CBP SPACE Act (H.R. 6409) which will allow CBP to use existing user fees to fund their federal inspection operations at seaports and set guidelines around what ports are expected to provide.

Cybersecurity

At all ports, cybersecurity is a top priority. A critical attack on any of these systems could have devastating economic consequences or even a loss of life. The Maritime Transportation System needs resources to continue to harden IT systems to prevent attacks and to respond appropriately when an attack does occur. We thank Chairman Gimenez for his leadership on maritime cybersecurity issues.

Our industry works closely with the U.S. Coast Guard to mitigate and report all cyber threats. As the Coast Guard sets Marsec Directives requiring certain cybersecurity standards for the maritime sector, AAPA members are weighing in to the Notice of Proposed Rule Making (NPRM) to ensure regulations comport with facility operations while keeping our industry protected.

Ports are cognizant about the increased use of connected equipment – including ship-to-shore gantry cranes. While our industry works on long-term solutions such as reshoring manufacturing of critical cargo handling equipment, ports and Marine Terminal Operators have taken steps to ensure the safety and security of their operations. This includes

replacing stock IT and Operating Terminal systems on cranes; working with the U.S. Coast Guard, other federal authorities, and private companies to inspect crane systems; segmenting cranes from each other and from public networks; and limiting access to crane systems, both physically and virtually. Last year, after touring PortMiami, Congressman Mike Gallagher, Chairman of the Select Committee on the Chinese Communist Party said, He felt ports were doing what they needed to do to mitigate potential risks in the short-term.

The Port Security Grant Program (PSGP) is the main method by which ports and related groups can make large scale security upgrades to their facilities. The PSGP was created shortly after 9/11 as Congress realized that ports – as critical infrastructure – were vulnerable to threats. However, in the ensuing years, PSGP funding has dwindled to a fourth of its highest appropriated amount. We ask Congress to increase PSGP funding to cover more port projects and ensure that ports are the main recipient of PSGP awards.

Conclusion

As hubs to commerce and trade, our U.S. seaports stand ready to continue to contribute to the nation's supply chain. Thank you for the opportunity of testifying on behalf of AAPA today. I look forward to answering any questions you may have.