

# U. S. Department of Transportation

# news:



Office of Public Affairs  
Washington, D.C. 20590

Contact: Linda Gosden  
Dick Schoenfeld  
Phone : (202) 426-4570

Remarks prepared for U.S. Secretary of Transportation Drew Lewis  
**To The American Association of Port Authorities**  
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It is a pleasure for me to appear before representatives of port interests from throughout the Western Hemisphere.

For more than three centuries the ports of this Hemisphere have been centers of population, trade and economic growth. Together, they serve the largest and richest market on the face of the globe. The nations you represent generated more than 112 billion dollars in international trade in the past year and an estimated 90 percent of the tonnage was waterborne.

Western Hemispheric cooperation in the port industry has been outstanding and we look forward to continuing that spirit of good will which has reaped impressive dividends for all of us.

Trends in Washington promise an optimistic future for U.S. ports. But it will take the work of everybody in government and the industry if we are to take advantage of the potential for growth. The Reagan Administration understands the problems of the ports as well as the potential. We are committed to working with you in every way we can. We want to find realistic solutions to port problems so that this nation, and its trading partners can pursue the tremendous opportunities in foreign commerce, transnational manufacturing and other trends of the future.

Let's look at three questions this morning:

How do the massive changes taking place in Washington today affect the ports generally and specifically? Are those changes enough to turn the U.S. economy and the maritime industry around? Are they enough to solve the problems of U.S. ports?

The U.S. economy had been on a dangerous course for several years before President Reagan took office. The President inherited the greatest economic mess since the Great Depression and in a little more than nine months he has shifted the entire direction of this country away from excessive spending and an overgrown government.

Because of the bold and decisive steps already taken, the future is brighter than it has been in many years. President Reagan's leadership has given us the greatest reduction in Federal spending in our history. His vision has put us on the path that leads to a nation at work, to fiscal sanity, to lower taxes and less inflation. His courage has given us the strength to hold to a firm, steady course because at last this country is on the road to recovery and a return to greatness.

The economic recovery program which started October 1, the removal of numerous unnecessary regulations that were stifling the private sector's productivity, the determination to reduce the deficit to help bring down interest rates, the commitment to a balanced budget by 1984 -- all pave the way for the recovery of the maritime industry and that will mean a healthier port industry.

While your industry has several positive accomplishments, we recognize that big issues lie ahead and that our ultimate success depends upon a commitment to work together.

We regard the U.S. port industry as a national asset. The industry has shown resilience, confidence and a remarkable ability to adapt to change. Change in the technologies of cargo handling and in containerization in the 1960s and 70s brought about increases in productivity even in the face of powerful inflation. This is an outstanding tribute to the strength of your industry.

Furthermore, U.S. public ports will have invested approximately \$5.5 billion to improve landside facilities during the decade ending in 1983, which expresses the confidence that state and local governments have in their ports. No less an expression of confidence is the millions of dollars being poured into facilities by private marine terminal operators.

We are also aware of the problems -- how to expand facilities to handle the enormous volume of exports of coal, grain and other bulk commodities, how to cope with strangulation by conflicting, burdensome and often unnecessary government regulations, how to finance improvements such as port dredging.

We must find new, creative solutions to these problems. The status quo hasn't worked. More of the same will not work. Congress has not authorized a single deep draft navigation channel of any size during the last five years, for example. More than 20 such projects now await approval. Under the current system port dredging projects may take as long as 20 years from the time they are proposed until they are actually completed.

With the record of your industry's remarkable adaptability and the resolve of the Reagan Administration, we can and will find a better way.

One approach of the Reagan Administration is to shift both the decision and the cost responsibility of port dredging to the ports themselves. The ports could then finance their dredging costs through user fees or taxes. That principle of user fees must be applied across the board to each mode of freight transportation and it must be applied fairly and equitably among ports. We are very aware that any user fee system should avoid any unnecessary dislocation for the ports affected. We will not tolerate a user fee system that discriminates. On this you have my word.

Let me say that while we need a user fee approach to the waterside costs of port development, we do not want to introduce a cost recovery system that is unfair to any particular port or port range. We are open to your suggestions and advice in reaching a sound approach to this problem. We are willing to look at other approaches and have welcomed some of the thoughtful alternatives that have been introduced in the Congress. We are sure that with your goodwill and with close communication we will work out a satisfactory answer to this very difficult challenge.

Another approach of the Reagan Administration is fast-tracking to expedite port dredging projects. Fast-tracking has two facets.

One, the user fee will help to speed your dredging projects through the Congress because they will not be contingent on the Federal budget.

Two, we are working to expedite the procedure for obtaining permits for dredging as well as port facility projects. An interagency working group chaired by Secretary of Commerce Malcolm Baldrige is examining various roadblocks and ways to do away with them. We are also working with Vice President Bush's Interagency Regulatory Reform Committee to get regulatory relief wherever it is needed and can be justified.

Yet another approach is cooperation between the modes of transportation. Faster and easier transfer of cargo from terminal to terminal and carrier to carrier saves time and money. All transportation users are happier when they save time and money.

The Maritime Administration's Office of Port and Intermodal Development has made port development planning studies in cooperation with state departments of transportation and local ports in more than 30 states. These jointly funded efforts have helped to identify the need for continued port development and intermodal cooperation. Now, it's up to groups such as yours to help us promote closer port and intermodal relationships.

The need for better ways to finance port dredging, the need for intermodal cooperation, and the need for fast-tracking of port dredging projects have been brought to an emotional head by the crisis confronting our major coal ports. But we must look at the facts clearly illustrated in the coal port question.

The United States has been the world's leading coal exporter for more than 30 years, but our port facilities were designed to accommodate a relatively modest demand for our metallurgical coal. This market was erratic. Coal docks frequently lay idle, waiting for traffic.

This changed abruptly two years ago. A sudden upsurge in demand by European utilities for steam coal occurred in the fall of 1979. From a mere 310,000 tons in 1978, U.S. steam coal exports overseas jumped to 16 million tons in 1980. This heavy volume stretched the loading capacity of our major coal ports to their physical limits, producing a heavy backlog which cost shippers millions of dollars.

The need for rapid port development is clearly recognized by the Reagan Administration. Our coal export policy states that the United States must improve its port facilities in order to fulfill its international commitments to expand coal exports, relieve U.S. port congestion, and increase our share of the world market for steam coal.

Expediting coal port expansion -- as economically feasible and as the market demands -- is a primary objective of this Administration.

Investments already underway or planned could expand U.S. port loading facilities from approximately 143 million tons of annual capacity, currently, to as much as 575 million tons by 1985. Over 90 million tons of expansion already under way should solve the U.S. port congestion problems, but this illustrates the need to get to the core of the problem with innovative solutions to port dredging, financing and intermodal cooperation.

Finally, there are three other initiatives which should build a better working relationship with your industry:

One. In late August a policy formulation team began reviewing all maritime policies and regulations. We expect to have the Reagan Administration's maritime policy on the table in the near future.

Two. Transfer of the Maritime Administration to the Department of Transportation integrates the maritime industry into the national transportation system. Having the Maritime Administration in the same agency with the Coast Guard and the St. Lawrence Seaway eliminates the government red tape generated between agencies. It gives the maritime industry a unified voice in Washington. And we will not hesitate to place your concerns before the President of the United States.

Port interests should continue to work with the Maritime Administration's Office of Port and Intermodal Development, but the difference is that office now has new strength. It has the full support of the Administration's spokesman on maritime affairs.

Three. The positive initiative which will have the most far reaching effect is the selection of the management of the Maritime Administration.

Admiral Harold Shear is the new Maritime Administrator. A graduate of the Naval Academy, a retired four star admiral, Hal Shear has the expertise to ensure that our fourth arm of defense will get the recognition it deserves. He is spearheading the formulation of maritime policy.

Warren G. Leback is slated to become Deputy Administrator. A graduate of the U.S. Merchant Marine Academy, Mr. Leback has a lifetime of experience in the maritime industry. In addition, we are planning to add a second deputy administrator whose main functions will be to represent, and formulate policy for domestic shipping.

These positive steps, these commitments to deal with difficult problems and the Reagan Administration's maritime initiatives will form a solid foundation to strengthen this vital industry. Their success is contingent on a commitment from you.

Your challenge is twofold.

Your challenge is first to support the economic recovery program because everything hinges on economic recovery.

Your second challenge is to join us in formulating solutions that will lead to a stronger port system and maritime industry. Let me assure you that you will have my full support. As the President said in a Cabinet meeting recently:

"If not us, who."

"If not now, when."

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