



Admiral James M. Loy

Louisiana Port Forum

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Amenities:

[Acknowledge: Senator Breaux; Senator Landrieu; Mr. Clyde Hart (if he remains for your presentation); Mr. Ted Falgout; Mr. Kevin Cunningham (Governor's Office); Mr. John Basilica (Louisiana DOT & Development); Mr. Curtis Patterson (Louisiana DOT & Development).]

Secretary Slater asked me to extend his deep regret that an obligation elsewhere on the hill kept him from being with you today. However, I am glad to be here with you to discuss the Department of Transportation's efforts to help define the Marine Transportation System for the next century.

The phrase "Marine Transportation System" has come to be used to capture the whole range of issues associated with the urgent business of preparing our waterways, ports and their inter-modal connections for the demands they will face over the next few decades. MTS covers a lot of territory and a lot of recent federal activity.

Quick Review of MTS Activities:

Last spring, the Coast Guard and the Maritime Administration hosted seven two-day regional listening sessions to hear the views of a wide section of industry, environmental groups, academics, labor, recreational boaters, fisherman, and others concerned with the future of marine transportation.

One of those sessions was in New Orleans. Mr. [Ted] Falgout [Executive Director, Greater Lafourche Port Commission] participated in that session, and the Ports of New Orleans and Greater Baton Rouge were also well represented.

The comments voiced at the listening sessions became the agenda of our National Conference on the Marine Transportation System, which Secretary of Transportation Rodney Slater hosted last November.

This conference was attended by 144 senior leaders in government and the private sector. After working in plenary session to develop coordinating mechanisms and a national

MTS vision, the participants worked in smaller groups on five key issue areas: competitiveness, environment, infrastructure, safety, and security.

Also, the Coast Guard Authorization Act of 1998 included a section on the Marine Transportation System, which in itself is a sign of growing recognition of the urgency with which we must address our port issues. That section requires us to establish a task force with the Maritime Administration and other federal agencies to study the adequacy of the marine transportation system and submit a report to Congress by July first that develops strategies, recommendations, and a plan for action. That task force had its first meeting last Friday, and you will doubtless hear of their other activities over the next few months.

Definition of MTS and Explanation of Its Importance:

Given the level of activity by the Coast Guard, the Maritime Administration, and the Department of Transportation, it is fair for you to be curious as to what we are up to. That is the subject of my talk.

Many of the ports and waterways in the United States have aging infrastructure and are no longer up to world class standards. Last month, I spoke with a gathering of ship owners and heard several stories of concern to their companies. World maritime trade is expected to double or triple in the next twenty years, but our ports are not ready to accommodate that growth. If present trends are left unchecked—increased demand from all categories of users and no systemic approach to coordinating infrastructure investments—we will fast approach a state in which our ports and waterways will be hindrances to the safety, efficiency, and environmental protection that they should be fostering.

All of us in this room understand these issues, but I would like to frame them in a larger context so we can get a clearer understanding of the importance of improving our Marine Transportation System.

Let's consider for a moment the effect that one component of the National Transportation System had on the Cold War. We won the Cold War because we had the political will to outspend the Soviet Union. However, if we are honest with ourselves, we must acknowledge that this political will obtained its potency from the strength of our private sector economy. On more than one level, the Cold War was really a clash of economic systems.

Many of you know that the American system of Interstate Highways was first authorized as a defense transportation measure. And if you look at a map of the system, you can quickly see that almost every significant defense installation in the country has ready access to an Interstate Highway. Despite this being so now, there was considerable skepticism in the sixties as to the connection between highways in the heartland and national security.

Thus, it is with conscious irony that I speculate on the role that the Interstate Highway System played in America's triumph in the Cold War. Could our economy have produced

the growth that sustained our military build-up if we had been sputtering along without the safe and efficient surface transportation made possible by the Interstate Highway System? I'm not at all sure.

And having noted that the Interstate Highway System was presented to a skeptical public as a national security measure but that its national security contribution has turned out to be far greater than anybody imagined back in the sixties, I ask us to consider the current state of ports and waterways in that same context.

A central point of the Marine Transportation System initiative is that the national security and economic vitality of the United States are similarly dependent on the quality of our ports, waterways, and inter-modal connections.

This national security context clearly illustrates the need for directing the same intensity of national-level leadership and commitment to our ports and waterways that we have given to our other transportation modes.

We must create a broader awareness that there are three equal dimensions to the National Transportation System. The Transportation Equity Act for the 21st Century addressed improvements to the surface transportation infrastructure. The reauthorization of the FAA will play itself out during the present Congress to modernize the aviation infrastructure. That leaves the Marine Transportation System as the component in greatest need of national attention. We cannot allow the maritime dimension, which Secretary Slater has called our "first interstate highway"—to become the weak link in our National Transportation System.

Historically, the federal government has had great difficulty understanding the co-equality of the maritime dimension of the National Transportation System. Part of the reason is that we have systems for making surface infrastructure investments through federal grants, but those funding mechanisms don't exist for port and waterway improvements. The maritime infrastructure is every bit as important. The security implications are even more relevant when we note that 95% of all weapons, supplies, and U.S. forces headed for Desert Storm left the United States on ships. But maritime infrastructure investment isn't an issue that rises to the attention of law makers every year. It should. The MTS initiative seeks to draw that attention.

Fortunately, the connection between marine transportation and security is getting increased attention from other quarters. In addition to the noteworthy involvement by Secretary Slater, the President will soon sign an order to create the Interagency Commission on Crime and Security in U.S. Seaports. This commission will be charged with analyzing the nature and extent of all serious crime with a nexus to the maritime context, assessing the overall state of security in U.S. seaports, evaluating the coordination among government agencies, and recommending improvements to the situation. The Coast Guard and MARAD will be involved deeply in this commission, and I hope to work the commission's product right back into the MTS agenda. Spurred into being by Florida's Senator Graham, this new commission did not arise from the MTS initiative, but it tends toward the same goals and it brings high level attention to a subject of great importance to all of us.

Lessons Learned from Rotterdam:

Once we get this attention, what do we want to do with it?

We want to make our marine transportation system the finest in the world. The United States already has the best system of highways in the world. But we do not have the world's best system of ports, waterways, and inter-modal connections.

I visited the Port of Rotterdam last fall to get a first-hand understanding of why everyone points to Rotterdam as the model of what our ports ought to be—and to see how much of Rotterdam's success can be duplicated in the United States.

Some of Rotterdam's success factors cannot apply in the United States. Starting with a clean slate created by the port's devastation in World War II, Rotterdam was and remains a unique situation in which a small nation blessed with key waterway access to the European continent recognized that its economic vitality depends on making a single port the jewel of its infrastructure. Knowing that they have the choice between being the best and being irrelevant, the Dutch capitalized on the opportunity they were presented. For centuries, the Dutch have been among the world's best traders, and Rotterdam simply restates that for all of us.

However, some of their success factors can be applied here. The customer focus. The efficiency of port administration that permits agents to pay a single invoice for all port services. The smooth inter-modal connections. The foresighted planning to build the capacity to accommodate future growth in trade. The way of managing port business with a constant realization that the purpose of a port is to move people and goods efficiently. These factors can be replicated, and they ought to be visible features of our Marine Transportation System.

I am also optimistic because American ports have their own advantages that we can exploit. First, we too are blessed by geography because our ports connect the world to the strongest economy and the most productive workforce in the world. Also, while the number of ports presents a range of issues related to prioritizing public improvements, it also represents a menu of riches. No country in the world has as many ports, and no country in the world can match the total port capacity of the United States. Similarly, no other country has the number of local, state, and regional authorities applying their creativity and initiative to the task of improving our Marine Transportation System. Competition breeds excellence. Any measures we take must respect the autonomy of local and regional decision makers.

I have been impressed by the effectiveness of the Harbor Safety Committees established by the state legislature in California. These and other locally accountable committees throughout the nation demonstrate convincingly that coordination at the local and regional level is no less important than a coherent federal process.

Role of Federal Government in MTS:

However, the overlapping areas of interest between various governmental bodies inevitably return to one stubborn question. What should the role of the federal government be?

Clearly, we do not want the federal government to be in the business of selecting some ports for investment and success or of relegating other ports to neglect and decay. The marketplace will make those decisions. It is equally clear, however, that the federal government has a legitimate interest in ensuring that all of our ports measure up to some minimum threshold of safety, efficiency, environmental protection, security, and facilitation of commerce.

For example, based on our Port Needs Study from the beginning of this decade, our VTS 2000 project has evolved into the Ports and Waterways Safety System (PAWWS) project in New Orleans. That study and other data have created a broad and stable consensus that the unique challenges of this busy river and sea port place it at the top of the list of ports needing safety improvements. There seems to be little dispute that federal investment is appropriate in New Orleans to improve safety now. Captain Ross doubtless told you about the state of our program this morning.

But how do we decide which port is next in line for the investment of federal safety dollars?

The problem is complicated by our understanding that different ports require different solutions. It is conceivable that two ports handling comparable tonnage may require completely different solutions. Based on differences in topography, cargo, traffic density, and other factors, one port may require an advanced PAWWS set-up and the other may require only a few traditional short-range aids to navigation. How do we decide between comparable ports that require different levels of investment to reach the same standard?

It would be nice if we could follow the example of the National Football League, which has figured out a way to boil down all of a quarterback's statistics into a single number, the Quarterback Efficiency Rating.

We tried to develop some kind of port efficiency or port safety rating, but the reality is that the problem simply will not allow us to delegate our leadership responsibilities to a spreadsheet. One of the messages we heard when we convened a National Dialogue Group on the VTS question was that we must get input from the users at the port level to identify the risk drivers and appropriate risk mitigation measures for each port. In short, although a rough formula will help, we really need solid dialogue and an agreed-upon process.

At a higher level too, we need a process that elevates the discourse to a level at which MTS might compete for appropriate federal dollars and that ensures coordination among all of the relevant federal agencies involved. Equally important, because transportation issues inevitably cross political borders—after all, the purpose of transportation is to cross boundaries—the process must respect the prerogatives of other levels of government and provide all interested parties with a meaningful opportunity to participate in decisions that will affect them.

Secretary Slater refers to this process as a decision making architecture for the twenty-first century.

Contriving this architecture will not be easy. We don't have all the answers yet, but we know the goal, we know some of the important characteristics we want to preserve, and we know some of the characteristics we want to create.

Conclusion:

I believe the Coast Guard has an important leadership role to play here, but we are only one interested party.

As I close, I want to assure you that the Coast Guard understands three ideas:

First, we absolutely must upgrade our port and waterway infrastructure. Our national security and economic viability depend on it. That concept extends to the security of customers and stakeholders.

Second, the federal government has a limited but important role in those improvements that includes, at a minimum, coordinating the MTS efforts by the various elements of the federal government and linking that federal coordination to regional and local realities.

Third, the Coast Guard should do its part by respecting the legitimacy of your local economic interests in all of our enforcement and regulatory activities, fulfilling the responsibilities that fall to us, and serving as an honest broker where it is helpful to do so.

As we look at the larger perspective of the nation's transportation system, we realize that almost all of it begins and ends at the water's edge and that its usefulness is keyed to the strength of your ports. It is no exaggeration to say that the vitality of shipping, ports, waterways, and inter-modal connections is at the core of America's economic future. We must tell that story better than we ever have before. I ask you to join that effort by participating in MTS every chance you get.

