

June 1, 2020

The Honorable Roger Wicker
Chairman
Committee on Commerce, Science, and Technology
United States Senate
555 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Wicker,

We appreciate the work being undertaken by the Senate and by the Senate Committee on Commerce, Science, and Transportation regarding the impacts of COVID-19, and further appreciate the opportunity to share our thoughts on how this crisis has impacted ports and the maritime industry.

The American Association of Port Authorities (AAPA) is the unified voice of the seaport industry in the Americas, representing 78 public port authorities in the United States. Our nation's seaports deliver vital goods to consumers, facilitate the export of American-made products, create jobs, and support local and national economic growth. In fact, the total economic value generated by cargo activities at U.S. coastal ports accounts [for \\$5.4 trillion](#) -- roughly 26 percent of U.S. GDP.

Since the beginning of the COVID-19 pandemic, AAPA has remained in regular contact with our members to monitor the impact of the pandemic and to give our member ports the opportunity to share best practices with one another. In response to your questions on insights and experiences from our nation's ports, we offer the following responses.

1. What impacts have your members seen from COVID-19 on our transportation networks and supply chains, and how have they responded to these impacts?

AAPA membership comprises ports large, medium, and small, and there is a saying in the industry that "if you've seen one port, you've seen one port." Accordingly, each of our members has been affected in myriad different ways by COVID-19.

However, we have seen containerized cargo decline by 18 percent in March over the same period in 2019. These declines are not limited to any particular geographic region, and container cargo volumes have declined across each and every region represented by our Association. Ports have seen a significant uptick in blank sailings, or cancelled vessel calls, which can result in significant revenue losses.

While data is still incoming for April and May, initial indications show declines of 20 percent to 25 percent in those months over the prior year.

As automobiles have worked their way through the global supply chain, following the shuttering of auto production facilities in the Americas, Europe, and Asia, we have seen major

reductions in roll-on/roll-off cargoes. One West Coast port has experienced a 90 percent reduction in roll-on/roll-off cargoes, with only one or two ship calls expected this month compared to a typical average of four ship calls per week.

Bulk cargo movements have declined 15 percent to 25 percent over the same period in 2019 at two of the largest bulk-handling cargo ports in the United States. Bulk cargo movements, which include agricultural products and energy commodities such as oil and coal, as well as chemicals, are down 27 percent compared to 2019 at one Gulf Coast port.

Tourism at our nation's ports has completely evaporated. This has resulted in massive P&L impacts at ports heavily invested in this business. Indications are that at certain South Atlantic seaports, overall business is down between 50 percent and 80 percent.

And small ports around the country have been especially hard hit. At these ports, there are often only one or two types of cargo being handled. If demand drops, port operations can nearly cease.

Despite these significant declines in business, ports have continued operations, kept their doors open, and continued to facilitate the movement of goods and cargo with the help of critical supply chain workers.

Even as operations continue, and in part as a result of the financial challenges facing some ports due to COVID-19, we are beginning to see furloughs and layoffs in the maritime industry and supply chain, including at some ports.

2. What are your expectations for how freight networks or the supply chain may continue to be impacted in the near term? What impacts do you anticipate in the long term?

While projections vary, our members do not anticipate the resumption of pre-COVID-19 cargo volumes until FY21. Unless and until U.S. consumer demand increases, cargo volumes are expected to remain at levels lower than they were pre-COVID-19.

While ports work to ensure the safe and reliable delivery of goods moving through their terminals, ports have indicated that it may be necessary to forgo project planning and critical investments in port infrastructure should cargo volumes remain at current levels and should the economic recovery from the pandemic progress slowly.

3. How have critical infrastructure employees been affected during the COVID-19 crisis while performing their duties, and what steps have your members taken to protect them?

As national gateways for commerce and travel, seaports do not have the option to close. They do not even have the option to voluntarily slow down throughput because of the back-up it would cause in supply chains, sometimes for critical goods like food, medicine, and medical devices. Therefore, seaports have worked closely to equip and protect their employees as well as others who work on the port footprints, such as dockworkers, pilots, police, government regulators, dray truckers, and other mariners.

To protect their employees and partners, ports have taken measures that include setting up priority screening and testing with local health providers; setting up health screening at port

ingresses; providing medical- and non-medical grade protection through new supply chains locally and internationally; staggering port police shifts to increase the number of active-duty but at-home police to have a reserve of officers in case of outbreak; and codifying extensive protocols for ship-shore interactions and crew changes in a way to minimize social contact while efficiently processing cargo and, in extreme cases, evacuating cruise ships.

4. The U.S. Department of Transportation has a number of authorities that can be utilized to respond to extraordinary and unanticipated events. How has the use of these authorities affected your members during the COVID-19 crisis, and are additional authorities needed to provide additional support to the transportation sector in unforeseen circumstances?

To our knowledge, MARAD has not invoked extraordinary authorities, although the Administration has established regular, helpful information-sharing calls. Neither, too, have any of our other main federal stakeholders invoked emergency authorities, such as CBP and U.S. Coast Guard. Indeed, the U.S. Coast Guard already had strong requirements in place well before the pandemic regarding sick mariner reporting, and the seaports follow these regulations to the letter. We have, however, seen that the Coast Guard now relies heavily on the local CDC's determinations on vessel disembarkment and the like. The seaports would benefit from more Washington-led guidance as opposed to local office holders making these determinations.

One difficulty that the public port community has faced is with the allocation of aid to ports in need. While some ports are state, city, or county departments and thus eligible for aid under previously passed COVID-19 response legislation, port authorities have to date been unable to access any substantial relief provided by Congress. Airports were provided relief, transit agencies were provided relief, and establishing a vehicle to provide relief to our nation's ports is critical to ensuring that these entities are able to maintain a state of readiness, and that they are able to continue to function as engines of economic activity.

Accordingly, AAPA requests that Congress allocate \$1.5 billion in economic relief to our nation's public seaports. This request is not about recovering lost revenue; but rather about ensuring that ports are able to make bond and other debt instrument payments, keep pace with the accelerating costs of protecting workers and keeping the workplace sanitized, and ultimately ensuring that America's commercial seaports and port workers maintain a state of readiness for the eventual economic recovery.

Thank you for consideration of AAPA's responses to this inquiry. America's seaports stand ready to help the Committee however possible as it considers how to best respond to the COVID-19 pandemic.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Connor", with a stylized flourish at the end.

Christopher J. Connor
President and CEO