

**Testimony of Mario Cordero**  
**Executive Director, Port of Long Beach and**  
**Chairman, Board of Directors,**  
**American Association of Port Authorities**  
**Committee on Transportation and Infrastructure titled**  
**“Industry and Labor Perspectives: A Further Look at North American**  
**Supply Chain Challenges.”**

**The hearing will take place on Wednesday, November 17, 2021**

Good morning Chairman DeFazio, Ranking Member Graves, and members of the Committee.

My name is Mario Cordero, and I am the Executive Director of the Port of Long Beach (Port) and the Chairman of the Board of the American Association of Port Authorities (AAPA), the unified voice of the seaport industry in the Americas. I would like to thank the Committee on Transportation and Infrastructure for holding this hearing and soliciting input from stakeholders in the supply chain regarding the challenges we face and the critical investments needed.

I am speaking to you today on behalf of AAPA and in my role as Executive Director of the Port of Long Beach, but also as a stakeholder in the White House Supply Chain Disruption Task Force. Before I begin, I would first like to acknowledge the work of this Committee in crafting and passing the bipartisan Infrastructure Investment & Jobs Act. By infusing an unprecedented \$17 billion to improve infrastructure at coastal ports, inland ports, waterways, and land ports of entry along the border, we can take real action to make our supply chain resilient.

AAPA represents more than 130 public port authorities in the U.S., Canada, the Caribbean and Latin America. For more than a century, AAPA membership has empowered port authorities and their maritime industry partners to serve global customers and create economic and social value for their communities.

The Port of Long Beach is the premier U.S. gateway for trans-Pacific trade and a trailblazer in innovative goods movement, safety, environmental stewardship and sustainability. As the second-busiest container seaport in the United States, the Port of Long Beach handles trade valued at more than \$200 billion annually and supports 2.6 million jobs across the nation. The Port of Long Beach is one of the few U.S. ports that can welcome today's largest vessels, serving 175 shipping lines with connections to 217 seaports around the world. Together with the Port of Los Angeles, the San Pedro Bay Ports Complex moves more than 40% of our nation's waterborne goods, making this the nation's largest and most strategic Port complex.

In recognition of this Committee's role in authorizing U.S. Army Corps of Engineers projects, I would like to note that the Port recently received a signed Chief's Report for our deep draft navigation study. I look forward to working with the Committee in seeing this project authorized for construction in the forthcoming Water Resources Development Act of 2022.

Goods moving through the Port of Long Beach originate in or are destined for every congressional district in the United States. In 2020, the Port handled more than 8.1 million container units, achieving the best year in its history. This year, we project to surpass that record and move nearly 9 million container units.

The Port has been at the forefront of seeking a framework for extending hours of operation in the supply chain, with the goal of 24-7, a framework I first referenced back in January 2018, in recognition of the cargo forecast at that time. Transitioning to 24-7 operations will not only help address supply chain backlogs, but will also reduce truck congestion and move goods quicker through the complex. With Southern California highways already congested, implementing policies that enable greater access for trucks outside of the normal workday will reduce emissions from

idling and enable truck drivers to get to their destination quicker. Efficiency is not only good for the environment, but reduces costs throughout the supply chain.

As I speak with you today, we have approximately 70 container ships off the southern California coast, waiting to get into a berth at Long Beach or at our neighbor, Los Angeles. The record was reached in late October with 80 container ships at anchor or in drift areas. For those who live and work in Long Beach, this recent phenomenon is a stunning change of scenery. The normal number for container ships at anchor in the ports complex is zero.

Thanks to our supply chain essential workforce, the Port of Long Beach has not shut down for a single day during the pandemic. Our International Longshore & Warehouse Union (ILWU) partners have kept the cargo moving, as have the marine terminal operators, truck drivers, rail workers, ship crews, tugboat crews, and the entire supply chain workforce. Supply chain workers are to be commended for their tireless work to keep America moving.

While ships anchored off the coast of Long Beach and Los Angeles have garnered attention, U.S. ports are not the only ones facing record congestion. As of October 22nd, there were 180 container vessels anchored and waiting to dock off the coast of China. Following a major typhoon in July, there were 361 vessels in China anchored and waiting to dock.<sup>1</sup>

Shipping is a global industry. Backlogs overseas delay shipments in the United States. The onset of the pandemic caused major disruption in shipping and manufacturing from which the global economy is still in a recovery mode.

As you will hear today, there are many reasons for the backlog in our nation's supply chain. The

<sup>1</sup> <https://www.hellenicshippingnews.com/2021-port-congestion-report/>

surge in demand for consumer goods has created bottlenecks at multiple points. Just as some of our coastal ports are congested, so too are rail intermodal terminals in America's heartland. To alleviate supply chain congestion, we need to address shortages at each stage in the supply chain, which is why I am pleased to be speaking alongside representatives from the truck and rail industries today.<sup>2</sup>

During a recent briefing and tour of the Port with Congressman Darrell Issa (R-CA) and Congressman Lou Correa (D-CA), Congressman Issa framed the dilemma we are in quite simply as a "200-car pileup." You can focus all you want on the end of the pileup, but to get to the true cause or causes of it, you need to look closely at the first vehicles at the front of the crash and the conditions in which they were driving.

My focus today will be to share with you some of the challenges we are facing in our nation's supply chain pileup, what the Port of Long Beach is doing in the short-term to resolve congestion and in the long-term to prevent it from happening again, and to discuss ways the U.S. government could help us solve this crisis to make the U.S. supply chain stronger and more competitive.

Essentially, we need transformational change.

### Short-Term Solutions

The Port of Long Beach has six container terminals which can handle 140 - 150,000 twenty-foot equivalent units (TEUs). Despite our ability to handle this level of cargo, current cargo demands are causing our terminals to run out of space. Currently, ships waiting to dock at the Port of Long Beach are carrying approximately 530,000 container units. Compounding the challenge is that terminals are being utilized for temporary container storage, something that no port terminal is

<sup>2</sup> <https://www.freightwaves.com/news/us-class-i-railroads-to-feds-dont-blame-us>

designed to handle. Together with the Port of Los Angeles, we are working to create more capacity at our terminals and move cargo as quickly as possible by implementing new measures to encourage the timely movement of containers.

First, the ports of Long Beach and Los Angeles have begun implementing a surcharge for containers left too long on the terminals. In the case of containers scheduled to move by truck, ocean carriers will be charged for every container dwelling nine days or more. For containers moving by rail, ocean carriers will be charged if the container has dwelled for six days or more.

Second, beginning on November first, the ports intend to charge ocean liner companies with cargo in those two categories \$100 per container, increasing in \$100 increments per container per day.

And third, with the backing of the Biden Administration, we are working with our marine terminal operators to expand their hours of operation. When I met with President Biden in the White House in October, I learned that he too held a vision for a 24-7 supply chain. I was very encouraged to hear his support for this bold concept.

A few weeks before my meeting with President Biden, the Total Terminals International (TTI) terminal in the Port of Long Beach agreed to a pilot project to explore a framework for 24-7 operations. We have been working with other supply chain partners to encourage them to use the new hours at the TTI terminal.

Truckers and cargo owners are slowly warming to the expanded hours; however, there is still ample opportunity for more deliveries during the late shift from 3 a.m. to 7 a.m. and labor is available and on call.

U.S. Transportation Secretary Buttigieg and U.S. Envoy John Porcari have been instrumental in bringing large retail companies to the table to move and unload containers during these extended hours.

Other terminals are “flexing gates.” This means they are opening earlier and staying open later. Some are adding Friday night and weekend gates.

The collaboration and commitments made by the Biden-Harris Administration, ports, terminal operators, labor, retailers, warehouses and cities are moving the needle in the right direction. We all come to the table with drive, determination, expertise and commitment to solving this crisis. The White House Supply Chain Disruption Task Force will report our trials, errors, and successes on a biweekly basis. This transparent process brings greater awareness to policy makers and the public about the importance, complexity and fragility of this vital component of our nation’s economy.

Meanwhile, the Port’s Short Term Overflow Resource – known as STOR – has been successful. This 64-acre facility in the Port is working to provide container transfer and temporary storage during this cargo surge. Today, it has fourteen thousand containers at the site. We are in the process of securing an additional 5 acres to provide more temporary relief.

We also appreciate the California Governor’s Office of Business and Economic Development (GoBiz), under the leadership of Dee Dee Myers, actively working with port terminals and trucking companies to identify public and private land that can be used for temporary storage during this surge.

The Ports of Long Beach and Los Angeles are not the only American ports addressing backlogs. The Georgia Ports Authority recently announced it would convert five existing inland facilities into container yards to ease congestion. By getting containers off the dock and into these new facilities,

space will clear up to unload further container ships more efficiently. This project is possible thanks to cooperation with the White House and Department of Transportation, who announced that ports would be able to repurpose unspent grant funds from past projects to address supply chain congestion. The Georgia Ports Authority will spend \$8 million from past grants for this project, and it is my hope that other ports will be able to take advantage of this opportunity as well.

Port of Long Beach terminals are also ramping up on-dock rail operations, a priority component to further cargo velocity and diminish congestion in our transportation highways. We grew from about 20 percent of cargo moving by rail on Port property earlier in the year, to about 27 percent in the summer.

Along those lines, the Port of Long Beach and the Utah Inland Port Authority are expecting to increase rail-hauled cargo. This will be done with the development of more cost-effective and innovative strategies aimed at moving goods quickly, safely and efficiently between Long Beach and Utah.

I am hopeful that 24-7 operations will help mitigate this current surge, setting a framework for how we do things differently in the future. The San Pedro Bay Complex is forecasted to move 20 million TEUs in the coming years, thus requiring transformational change in the nation's most important supply chain region.

24-7 operations cannot be implemented overnight. The Port of Long Beach has taken the first step, and we look forward to other links in the supply chain joining us.

## Mid- to Long-Term Solutions

In 1995, the Port of Long Beach developed a comprehensive master plan to identify critical infrastructure improvements needed to ensure that Port operations could handle cargo forecasts. The Port Master Plan has been amended a dozen times to incorporate specific projects. In 2019, the Port updated the full plan to reflect new laws, regulations and policies adopted over the last three decades. Because of these proactive efforts, several major infrastructure investments came online in the last year and a half and have served as tremendous assets in helping the Port to address global congestion. The first was the replacement of the Gerald Desmond Bridge in 2020. Imagine that up until then, 15% of the cargo moved by truck in the U.S. travelled across a dilapidating bridge with only two lanes and no emergency shoulders. The new bridge, named the Long Beach International Gateway, has four lanes plus shoulders, allowing little to no disruption on this important supply chain artery.

The second project, which came online in June 2021, is the completion of the electrified Long Beach Container Terminal (LBCT), which immediately added one million TEUs of capacity to the Port.

These two projects cost more than \$3 billion, but the return on investment was immediately realized. Without these investments, I assure you we would have more supply chain bottlenecks and vessels at anchorage. We also recognize that there is more work to be done and more investments to be made to modernize the flow of goods through the Port. The Port of Long Beach plans on investing more than \$1 billion in on-dock rail projects alone, which will help us move about 35% of our cargo via rail by 2030. Pier B will increase use of on-dock railyards by 157,000 TEUs annually. This project will result in the faster movement of goods and will eliminate approximately 224,000 annual truck trips, resulting in less congestion and better air quality.

While we institute short- and mid-term solutions, we need to look at the big picture and build for the future. Federal attention must not stop when the number of vessels at anchorage returns to zero. We must make U.S. ports a national priority all the time, not just in crisis. Every single American relies on seaports every day, and investing in this infrastructure will benefit American businesses and consumers in every state.

For the decade spanning 2018 through 2028, AAPA identified \$20 billion in multimodal and rail access needs at U.S. ports. The Infrastructure Investment and Jobs Act, along with the accompanying Surface Transportation Reauthorization, takes significant steps towards making up this gap. In particular, the ports industry is pleased to see the cap on multimodal projects raised for the Infrastructure for Rebuilding America (INFRA) grant program. Additionally, the set-aside of \$5 billion for multimodal projects within the supplemental funding for the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program will direct much needed funds towards the kind of projects that get cargo moving more efficiently from ships to rail and trucks. I applaud this Committee and Congress for taking these steps to increase parity between funding for port infrastructure needs and those of other modes of transportation. I look forward to working with this Committee and the Department of Transportation to ensure that port multimodal projects are funded adequately through the INFRA, RAISE, and Consolidated Rail and Infrastructure Safety Improvements (CRISI) grant programs, all of which received billions of dollars in funding through the Infrastructure Investment and Jobs Act.

Maritime ports create \$5.4 trillion in economic activity annually, representing 26% of our Nation's GDP. Ports are responsible for 30.8 million direct, induced, and indirect jobs. Ports exist to facilitate an integrated, end-to-end supply chain. We optimize goods movement. We build and invest. Ports serve as an engine for economic prosperity in our local communities and provide

access to markets across the globe for communities nationwide. But, we cannot do it alone. We need the U.S. federal government to be our partners.

I want to thank U.S. Transportation Secretary Buttigieg for working closely with California State Transportation Secretary David Kim to prioritize federal funding for projects that will help alleviate freight bottlenecks in the country's largest and most financially important port complex.

The U.S. Department of Transportation (USDOT) is going to create a playbook for states on how to use grant and loan programs to support the movement of goods. I applaud USDOT and the White House for committing to opening the competitive grant process for \$240 million through the Port Infrastructure Development Program (PIDP) within 45 days and an additional \$475 million from the Infrastructure Investment and Jobs Act within 90 days. USDOT will develop and issue revised guidance on State Freight Plans that incorporates best worldwide freight planning practices. Freight plans will include supply chain cargo flows, an inventory of commercial ports, the impacts of e-commerce on freight infrastructure, and an assessment of truck parking facilities. These more holistic plans will help the federal and state governments be more strategic in directing funding and resources to the greatest economic development needs in the supply chain.

#### Greening U.S. Ports While Remaining Competitive

The Port of Long Beach is on track for a greener future, creating the world's most modern, efficient and sustainable seaport. The Ports of Long Beach and Los Angeles were at the forefront of environmental stewardship with their adoption of its Clean Air Action Plan (CAAP or Plan) in 2006, which was updated in 2010 and again in 2017. The Plan yielded reductions of 88% diesel particulate matter, 97% sulfur oxides, 58% nitrogen oxides, and 19% greenhouse gas emissions.

Programs, such as the Diesel Emissions Reduction Act (DERA) have been instrumental in implementation of our forward-thinking environmental initiatives.

As part of its industry-leading \$4 billion capital improvement program, the Port is building some of the most modern, efficient, and sustainable marine facilities in the world to accommodate bigger ships, while generating thousands of new jobs. The Port has made great strides in reducing harmful air emissions from port-related operations, improving water quality in the harbor, protecting marine wildlife, and implementing environmentally sustainable practices throughout the Port.

The Port of Long Beach is investing in renewable energy and terminal improvements with the goal of transitioning terminal cargo-handling equipment to zero emissions by 2030 and on-road drayage trucks by 2035, at a cost of more than \$14 billion.

The Port is undertaking energy initiatives that will provide reliability, resiliency, and economic competitiveness to the Port of Long Beach, the San Pedro Bay Ports Complex and its marine terminal tenants. Renewable energy technologies, other self-generation systems, controls, and energy storage will allow the Port to isolate operations from the local energy grid during times of emergency or outage. The entire Port community will benefit from the Port's reduced demand for grid power, a lowered carbon footprint, and improved air quality as the equipment we use changes from diesel- to electricity-powered.

The Port is committed to reducing congestion and air emissions that are harmful to our neighbors and the region. As I previously mentioned, we see on-dock rail capabilities as providing a critical environmental benefit by enabling more containers to be loaded directly onto rail and thereby reducing the number of trucks required to serve the Port, furthering the efficient movement of cargo.

The Port will pursue federal funds for emission reduction and clean energy projects authorized in the Infrastructure Investment in Jobs Act. The Port would benefit from funding to address climate change and energy resiliency in the Build Back Better Act and urges Congress to advance that legislation. I applaud Congress for including in that legislation \$3.5 billion for a new grant program to invest in electric equipment at ports. A recent survey of AAPA members revealed a need of \$50 billion for port electrification projects the next ten years. These include purchasing electric cargo-handling equipment, shore power projects, electric grid improvements, and hydrogen fuel production. All of these investments will help ports move cargo faster while improving the health of port communities. As ports around the world shift towards electric equipment, it is critical we not fall behind. Unless we re-shore crane and cargo-handling equipment manufacturing, we will continue subsidizing machine yards in Europe and Southeast Asia. I respectfully request that this Committee continue working with the ports and manufacturing industries to re-shore the manufacture of this equipment. Federal funding for electric equipment at ports will spur a new market of American-made machinery.

To create greater efficiencies and improve air quality and the health of our planet, we need to make significant investments in the supply chain workforce.

The Port of Long Beach is committed to creating and supporting programs that advance the development of a skilled workforce in international trade, goods movement and related professions, such as advanced technology, engineering, and environmental sciences. We have forged fruitful partnerships with the Long Beach Unified School District, Long Beach City College, and California State University, Long Beach, creating a workforce pipeline to port-related industries. Additionally, the Port of Long Beach Academy of Global Logistics at Cabrillo and Jordan high

schools combines academic curriculum with industry-relevant training and information to support academic and career development.

Together with the Port of Los Angeles, and the ILWU, the Port of Long Beach is about to embark on building a \$150 million Workforce Training Campus, where port workers throughout the U.S. will be able to get hands-on training in a simulated terminal environment. Receiving substantial hours of training in a safe environment that does not disrupt port operations will result in safer operations and greater efficiencies at our ports. We also hope to test new green innovations in this space to help prepare labor to use and repair these new technologies. Investments in supply chain workforce training are vital to our success to maintain a competitive edge and protect our environment.

The Port of Long Beach and AAPA appreciate the support of this Committee, Congress, and the Administration for working with all stakeholders to create a more resilient supply chain.

The pandemic has tested every aspect of our lives in ways that we could have never imagined, but the U.S. maritime industry will continue to evolve and adapt for a more efficient and greener tomorrow.

Mr. Chairman, Ranking Member, and members of the Committee, I would be more than happy to answer any questions you may have.

Thank you,

Mario Cordero