

**Statement of Michael A. Leone**  
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**Before The National Ocean Policy Commission**

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Good afternoon. I am Mike Leone, Maritime Director of the Massachusetts Port Authority, with responsibility for the development and promotion of the Port of Boston. It is my pleasure to welcome you to the oldest seaport in the United States. It is quite appropriate for the Commission to hear the testimony of the various users and beneficiaries of the marine transportation system that has served New England since the birth of our great nation.

I realize that you have heard testimony from many port directors detailing the importance of our nation's ports as gateways to the global marketplace. Our marine transportation system is a key national asset that allows our ports to handle over 95% of the volume of cargo moving in and out of the country. U.S. businesses must have an efficient and reliable transportation system to remain competitive in the global marketplace. The nation's system of ports provides the trade community with a range of choices that allows them to minimize transportation costs and thus deliver goods to the customer more efficiently and reliably and allows for U.S. businesses to compete more effectively in international markets. World trade accounts for almost 30% of U.S. gross domestic product and this percentage continues to grow; by 2020, U.S. foreign trade by water is expected to double over its 1996 levels.

As you hold your regional hearings, you will meet in a variety of ports. Many serve as load centers where large container ships drop off significant volumes of freight that serve an expansive hinterland that is connected by truck, rail and barge. The Port of New York/New Jersey is the primary load center in the Northeast region. Other ports may be classified as "feeder ports", which receive freight by barge or smaller vessels from these load center ports. Others serve niche specialized markets. My testimony today reflects a different type of port, the regional port.

The Port of Boston is the only full service port in New England. It handles over 1 million tons of containerized cargo per year with weekly direct service to and from Europe and Asia by a consortia of the largest steamship lines in the world and weekly feeder services from Halifax and New York. Boston also hosts a rapidly growing cruise business, with over 1/4 million passengers passing through the Port last year, and a state of the art automobile import and processing terminal. In addition, the Port handles over 12 million tons per year of petroleum products, including LNG, aviation fuel, gasoline, diesel fuel, heating oil and kerosene, as well as other bulk products including road salt, gypsum,

aggregate, cement and scrap metal. All told, the Port of Boston is responsible for the employment of 9,000 workers and generates an annual economic impact of 8 billion dollars. The cargo handled in the Port generally reflects economic activity within the New England region, since very little of our freight moves inter-modally beyond the six state region.

The Port is a vital economic engine for all of New England. Having direct all water service between the region's major trading partners, Europe and Asia, provides New England businesses with reliable, inexpensive transportation and allows them to remain competitive in the international marketplace. New England companies can now benefit from reduced inventories and rely on "just in time" delivery. By having direct all water service through the Port of Boston, major New England employers such as Reebok, Gillette, Staples and Christmas Tree Shops can successfully compete with other companies around the world.

Without direct access to the Port of Boston, these companies would face much higher transportation costs due to the rehandling of their freight by barge, rail or truck from a hub or load center port. Reducing the cost of transportation to key trading areas makes their products more competitively priced. These companies are some of the largest employers in New England and are critical to the economic health of the region. It is essential that they receive the benefits of reliable transportation to their international markets from the Port of Boston so they are not forced to relocate to areas near a load center port. Having a viable regional port also creates opportunities for further employment through expansion of distribution centers and local trucking.

Without a viable regional port, the communities around the load centers would face much greater cargo throughputs, resulting in increased air pollution, highway truck traffic, and highway and bridge maintenance. These negative effects would also be felt all along the key transportation corridors leading out of the largest port cities to the markets currently served by the regional port. So, the existence of viable regional ports provides significant benefits to the quality of life of those within the region as well as to those living in larger port cities and along the major transportation corridors connecting the two.

The regional port is a vital component of the marine transportation system and must be adequately supported by providing the federal funding to dredge our channels and ensure the safety and security of our maritime borders. I agree with the findings of the National Academy of Sciences in its 1976 report which found that port capacity must be supplied in order to provide adequate service to the shipping public as well as to anticipate possible national emergencies when even the largest ports may be crowded. The report concluded that centralization of planning for U.S. ports is neither desirable nor practicable. Additionally, the creation of competition among various ports benefits the shipping public and consumer by providing a broader range of services at competitive rates. In fact, ocean transportation costs have declined between 52 and 72 percent since 1978.

The investment needs of a regional port will not be as great as a load center port because the largest deep draft vessels will likely call only at the load centers. However, the steamship industry is not necessarily building only 7,000 TEU vessels. About 70% of all new vessel starts will be small enough to transit the Panama Canal. These vessels can and will call a variety of regional ports in order to expeditiously deliver its cargo. Recently, Owen Wu, Chairman of Evergreen Lines stated that “the focus of shipping is changing from larger ships to smaller, faster ships resulting in a reduction in transit times ... and reducing inventory costs for importers”.

The Port of Boston has recently experienced an increase in the number of container ship calls. The Mediterranean Shipping Company has added a second weekly call and COSCO, K-Line, Yang Ming and Hanjin lines have started a weekly call from Asia as part of a pendulum service linking Boston with Asia and Europe.

It is clear that Boston, as New England’s regional port, is vital to the economic health of the region. It must be maintained and improved to adequately serve the growing marine transportation needs of local and regional businesses and to meet the marine transportation needs of ocean carriers.

Massport has invested over \$100 million in its facilities in the past 10 years to ensure the efficient movement of freight and passengers and has committed to an ongoing, aggressive capital investment plan to ensure that the Port of Boston is prepared to handle the region’s future freight and passenger transportation needs. The federal government must fund its share of the marine transportation system to maintain the economic well being of the region. It is essential that the importance of the marine transportation system be raised with improved coordination among federal agencies and by providing timely authorization and adequate funding to meet the needs of regional ports as well as the load centers. Massport is currently working with the Corps of Engineers to study the feasibility of increasing the depth of the main ship channel into the Port of Boston to 45 feet MLW. We are hopeful that this project moves expeditiously through the federal process.

The rapid expansion of global commerce and the national economic benefits it provides demands that the federal government provide leadership in policy, management, and financing of needed waterway infrastructure improvements. However, this leadership must be exerted in partnership with the users and stakeholders at the local level. Future funding decisions must recognize that it is an essential federal role to ensure interstate and foreign commerce be maintained and enhanced to keep pace with worldwide marine transportation infrastructure development.

I want to thank you for giving me the opportunity to testify today and express my views on the importance of the marine transportation system to our regional economy. As we have all learned to co-exist on land, we must find ways to balance our need for reliable, cost-effective ocean transportation with the needs of our environment.