

Joseph Miniace speech to Seattle/Tacoma Transportation Clubs

**April 12, 2001**  
**Luncheon – Key note speaker**  
**Seattle/Tacoma Transportation Clubs**

Good afternoon everyone and thank you to Gordon Neumiller for inviting me here today to speak to you. This year I am pleased to be eating Halibut. Gordon assured me that corned beef and cabbage is only a St. Patrick's Day phenomena.

Today I would like to discuss with you the very critical time that we are all facing on the West Coast Waterfront. I will be talking about three issues – port space and infrastructure, public awareness, and potential solutions.

John Vickerman of Transystems says U.S. ports are behind Asian and European ports in terms of "Throughput per acre". His statistics show that Asian ports move 8,834 TEUs per acre per year. West Coast ports account for 3,567. Gradually, ports throughout the world have adopted new technologies and new work processes to increase their capacity and their throughput because they had real constraints on land.

We now have the same problem they faced. Simply stated, we are running out of space at our ports. We are not maximizing port potential. Without addressing this problem we stand to lose our competitive edge. In the next two decades/ port regions that are more willing to make improvements to increase their productivity and decrease their negative impact on surrounding communities are the ones that will win.

Let's look at our situation. Projections show growth more than tripling and possibly even quadrupling through our ports by the year 2020. (For example, Vickerman's studies show the following in terms of the Ports of LA and Long Beach: currently, both ports combined have 1,880 acres. With current growth numbers (and not projected), those ports will require over 5,000 new acres for container operations by 2010 and in 2020 an additional 9,400 new acres will be required. As many of you know, those ports do not have much, if any, available land remaining to handle this growth.)

For example, Hong Kong with the limited amount of land that they have moves more container cargo than other port in the world. According to John Vickerman, Hong Kong alone is equal to the top seven U.S. container ports. Automated processes such as container stacking equipment, container tracking, and advanced gate systems have enabled Hong Kong and other Asian ports to maximize their capabilities. We need to learn from their success.

In Seattle and Tacoma there is space remaining but it is safe to say that that space is limited. There are two options here: We can MAXIMIZE our existing space and infrastructure by incorporating new technologies and work processes; or two, we can become more expensive and less efficient which will provide opportunities for our competitors to take our business – the second is not an option.

Trucks going to and coming from ports seem to fill up the roads at rush hour. Many ports along the West Coast are facing public outcry against the resulting congestion and its effects. Communities want to see less of their land allocated for port use and more of it for neighborhood benefit – parks, schools, and retail for example. We must get the public to realize how important ports and intermodal operations are to them. If we can show them, the public, that we will use current land wisely and productively, they will back us. We must maximize our operations to get their support. And this is FAIR TRADE. So we have two major issues:

1. Port Infrastructure and space
2. Public Understanding

There are further examples of lack of understanding in the public. There appears to be very little concern of the public towards how the commercial fishing fleet gets its cargo to the stores. When you consider the marine transport of oil, the concern is not in how the oil got to the U.S. but that we get it. That we have gas.

Most Americans go to the store everyday and pay absolutely no attention to how the items they are purchasing got to the shelves. What they do pay attention to is when those items they need are not there. Still they usually don't question why they not there, but rather, they think, "Next time I'll go to the store and they'll have them, or, I need to go to another store."

What happens when no stores have the item they need because of a breakdown in the Marine Transportation System ? Then we will all hear about it and most probably we will be accused of poor planning and of inadequately warning the public. Then we get headlines, BAD HEADLINES. All this could happen if we do not properly reach out to the public and let them know that we want to do all we can to prevent a crisis that would become personal to them.

One of our problems in the Maritime industry is the very low profile nature of our business. Our product is essentially a guarantee that consumers can consume. We are much like suppliers of electricity. All the work is behind the scenes. We deliver products. The expectations that the electricity suppliers, the utility companies and the maritime industry must live up to are the dependable and affordable delivery of the product. The public is very unforgiving when we fail. Just like PG&E.

But the public will support what they understand is vital to their needs. There are examples of how different it can be when the public is aware of problems. They can put enough pressure on the stakeholders who control the situation to demand change. For example, remember Y2K? While everyone was ready for the worst, the public put unyielding pressure on government and business to insure our viability in the days that followed New Years' 2000.

The Marine Transportation System National Advisory Council Outreach Committee (MTSNAC), which I am proud to be the Chairman, has written a White Paper titled "*Economic Growth and the Marine Transportation System*". We are using this White Paper to educate public officials, public forums, the media and other interested parties. This paper provides these people an understanding of the importance of the marine transport system.

We also are relying on groups such as the Seattle and Tacoma Transportation Clubs to remind their public officials and media how every important the issues are that this West Coast Port range faces and what it means economically at regional and national levels.

At the recent American Association of Port Authorities meeting, the U.S. Secretary of Transportation, Norman Mineta said the following: “As our economy grows, the MTS [Marine Transportation System] must be upgraded and improved in ways that will meet the increased demands of trade, cargo and passenger movement.” He also went on to say, “While you, the leaders of our port communities, already know what the MTS is and how it contributes to our economy and our quality of life, many Americans don’t understand the vital role you play. It’s important that we work together to educate them in the coming years.”

The Secretary used the following impressive statistics: “Currently, more than 2 billion tons of domestic and foreign commerce are handled at U.S. ports and waterways each year. That works out to more than 7 tons per American a year.” He also stated that “. . . port users generate at least 13 million jobs a year and contribute \$743 billion annually to our nation’s Gross Domestic Product. You also contribute some \$200 billion in federal, state and local tax revenue.” Another interesting statistic is that “Ninety-five percent of our Nation’s international trade moves by water.”

We face a challenge of public relations with the consumers. We need to show them why these ports are crucial. But we are also obligated to protect their interests, protect the environment, and, ensure the seamless delivery of products.

The PMA is looking to implement technology and work process changes with the ILWU and we have not approached this situation lightly. We have spent a considerable amount of time and money to study viable alternatives.

1. Instituting an appointment system with truckers and terminals.
2. Integrating the systems with full use of EDI (Electronic Data Interface).
3. Developing a steady labor team. – something just done at the Port of Houston
4. Automating the dispatch process.
5. Create more flexibility in off-peak start times for the workforce.

We know we aren’t the only ones looking at ways to maximize existing terminals. Dick Steinke, the newly elected President of the AAPA, recently presented some ideas for solving congestion and addressing growth projections. He suggested utilizing companies such as eModal to improve communication, and he agreed with the concept of an Appointment System. He also suggested a port-wide ID system for truckers which would facilitate paperless transactions, speed up gate operations and increase port security.

We are sensitive to the Union and what the kind of changes the PMA is proposing means to them. Therefore I have offered large number of job security measures for them in exchange for agreeing to our technology proposal. We have offered the following:

- The guarantee of all currently registered workers the opportunity to work.
- Provided for training to ILWU clerks, foremen and longshore workers to successfully utilize the technology as it is introduced to the industry.
- A mutually (between the employers and the ILWU) developed 401K program in addition to what currently exists to share in the economic benefit that is derived from the full

implementation of technology.

- Reviewed and adjusted skill rates as necessary for jobs which require increased skills due to the introduction of new technology.
- An agreement to develop additional retirement benefits should it be necessary to offer early retirement to registered workers.
- A commitment to the preservation of ILWU jurisdiction within the current scope of the Agreement where such jurisdiction does not prevent the implementation of new technology and work process.

Now, I want to ask all of you, how many of you have that much built-in job security with your job? I believe that we have offered a very generous package in a spirit which I like to characterize as that of the M & M Agreement of 1960. Computerization is to the industry today what containerization was the industry in 1960.

Where do we go from here? I have strongly advocated over the last couple of months that we need to start negotiations with the ILWU now or as soon as possible. The Union has turned down my request to start negotiations. This is particularly troubling since in the last set of contract negotiations in 1999 the Union stated its concern that the formal contract negotiation period is not enough time to address the issues of technology implementation and job security. I agreed with them. However, we can not wait till the next 2 month contract negotiation period to hear the same answer. We must begin as soon as possible. We have problems that we must address and stalling on this proposal stands to hurt the whole industry as well as the regional and national economies which are reliant upon these ports to move goods through the country.