

STATEMENT

OF

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ASSOCIATE DEPUTY SECRETARY AND
DIRECTOR, OFFICE OF INTERMODALISM

ON

BEHALF OF THE

U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE

SUBCOMMITTEE ON MERCHANT MARINE
COMMITTEE ON MERCHANT MARINE AND
FISHERIES

U.S. HOUSE OF REPRESENTATIVES

DREDGING AND PORT COMPETITIVENESS

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**STATEMENT OF MICHAEL P. HUERTA
ASSOCIATE DEPUTY SECRETARY
AND DIRECTOR, OFFICE OF INTERMODALISM**

Good morning, Mr. Chairman and Members of the Subcommittee. My name is Michael Huerta. I am the Associate Deputy Secretary of the Department of Transportation, and Director of its Office of Intermodalism. I would like to thank the Subcommittee for the invitation to testify today, and for recognizing the important role ports and transportation in general play in maintaining and improving the United States ability to compete in global commerce.

Addressing this, and other important maritime problems, requires that our Department and Congress work in partnership to assure that laws and regulations promote commercial and environmental interests in the most effective manner possible as we face the major issues affecting our Nation's maritime community.

Mr. Chairman, the Department deeply appreciates the strong support you and the other subcommittee members have given to assuring the competitiveness of the U.S. merchant fleet. We look forward to our continued cooperation in obtaining prompt House consideration of the maritime reform measure. Together, we can enhance the ability of this transport mode to participate most effectively in stimulating our economy and heightening the effectiveness of our national transportation system.

As former Director of the Port of San Francisco, I am keenly aware of the critical need for ports to maintain their key waterside links through the dredging of access channels and berthing areas. With the substantial investment this Nation has made in landside access, it makes little sense to ignore the waterside connections that dredging maintains or makes possible. I also am aware that although dredging is controversial, it is possible to create constructive dialogues which lead to positive solutions enhancing port competitiveness while respecting the environment.

Ports play a crucial role in our economy. About 95 percent of all U.S. exports and imports pass through our seaports. In other words, ports provide the first and last connections to our national transportation system as raw materials, consumer goods and other essential products flow into and from our factories and stores, as well as those of other countries.

Our Nation has developed the world's most efficient network of linkages -- truck, rail, and water -- connecting ports to our manufacturing and distribution centers. In order to continue the effective movement of commercial goods, all aspects of this vast chain must be equally up to the task.

Because a chain is only as strong as its weakest link, we must assure that our landside infrastructure is matched by sufficient waterside improvements and investments. Adequate access to channels and berthing areas are critical in accommodating the deep-draft ocean-going vessels that unite the world's economies.

Time is another important component of this network. As more and more U.S. manufacturers adopt increasingly sophisticated logistics and inventory systems, the key ingredient is to eliminate waste, both in production times and production materials. Many factories operate with as little as 15 minutes of stock on hand so that the plant is being served by a constant stream of transport vehicles.

Compressed production schedules affect not only landside transport vehicles. One maritime liner carrier conducts 35-day Pacific round trips with only 19 hours of slack time. When a maritime carrier already operating on tight time frames has to interface with a 15-minute window, there is no room for port inefficiencies. Twenty years ago, a ship could wait for a tide and a truck could deliver goods tomorrow. Today, such delays shut down assembly lines.

The Administration is aware of the need to assure effective waterside access to our ports. In a recent letter, President Clinton called on Federal departments and agencies "to redouble their efforts to resolve the navigational and environmental concerns that have long stymied dredging, and urge the State, local, port, environmental and other interested groups to continue their joint efforts to find solutions to these problems."

I am pleased to report that we at the Department, with the participation of the other agencies in the Administration, have heeded this call. Next month, the Interagency Working Group on the Dredging Process will report on this important issue, identifying ways to improve existing dredging processes both nationally and locally.

The Working Group effort recognizes our national interest in maintaining the integrity of the entire transportation and distribution system. It seeks to increase certainty and predictability to the process of dredging and dredged material disposal, consistent with the goal of environmental protection.

Thank you for the opportunity to present the Department's views on an issue, which is critical to our Nation's ability to compete effectively in today's global economy, and to assure that adequate attention is focused on all segments of our national transportation system. I would be happy to answer any questions you may have.