

**Commissioner Mario Cordero**  
**Federal Maritime Commission**  
**Remarks at FIATA World Congress**  
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Thank you for your kind introduction. It is an honor to be here speaking to such a broad international organization as FIATA. As the only FMC Commissioner currently from the West Coast, it is a special pleasure to travel back to the great State of California and address the 2012 FIATA World Congress. Before I begin, please note that my comments here today are my own personal views and do not necessarily reflect the views of the Federal Maritime Commission.

The Commission is responsible for regulating ocean borne transportation in the foreign commerce of the United States. The FMC takes an active role in cultivating a regulatory system that protects competition, commerce, and U.S. exporters and importers while minimizing government intervention and regulatory costs. Presently, the FMC's primary focus is on supporting U.S. exports and economic growth, reducing regulatory burdens, and monitoring foreign shipping practices.

Our mission is to foster a fair, efficient, and reliable international ocean transportation system and protect the public from unfair and deceptive practices. The Commission reviews all ocean transportation intermediary (OTI) applications (non-vessel-operating common carriers and ocean freight forwarders) and issues licenses to qualified applicants. Part of this licensing process requires that OTIs maintain sufficient financial responsibility to protect the shipping public from financial loss.

The Commission has reviewed areas to reduce regulatory burdens on the industry. We have been in the process of reviewing procedural rules, updating licensing and bonding requirements, and continue day to day enforcement of the Shipping Act. For example, I am sure all of you are familiar with the negotiated rate arrangement exemption, as of April 2011, licensed non-vessel-operating common carriers (NVOCCs) can take advantage of an exemption from the tariff rate publication requirements of the Shipping Act so long as they meet certain conditions. Not only through licensing, but through enforcement, the Commission is charged with protecting the shipping public against economic harm by investigating rates, charges, classifications, and practices of common carriers, marine terminal operators, and ocean transportation intermediaries operating in the foreign commerce of the U.S., and acting to stop unjust or unlawful practices.

The Commission actively fosters industry compliance with the Shipping Act and other statutes and regulations within the Commission's authority and promotes voluntary compliance through outreach and education to the shipping public and regulated industry. There are instances where the Commission has pursued enforcement actions and investigations into violations, seeking civil penalties for activities that include market-distorting, fraudulent and anticompetitive practices. Some of these regulatory actions included unlicensed OTI activity, unlawful use or access to service contracts of another shipper, or other consumer abuses, including failure of carriers or intermediaries to carry out transportation obligations, resulting in cargo delays and financial losses for shippers. Moreover, the Commission monitors international activities that may have potentially restrictive foreign practices.

In this area, I want to make sure the Commission continues to hear feedback from the OTI community on areas to improve regulation of the U.S. international ocean transportation system for

the benefit of U.S. exporters, importers, and the U.S. consumer. If you have not done so, please take a look at the FMC website, which shares valuable information for all stakeholders in the maritime industry. I referenced the Commission's efforts on outreach and education, it is my opinion that it is imperative for the FMC not only to reach out to stakeholders, but in addition, comment as a stakeholder in the many significant issues which impact the maritime community. One issue is that of maritime infrastructure, both in the domestic and international community. I will comment further on this question later in my presentation.

In today's global economy, we have increasingly seen the value of an integrated approach to transportation and how it affects the balance of international trade. The industry does not evaluate one area alone when looking at international trade, but collectively, the entire equation of ports, rail, trucking, NVOCCs and OFFs. On this note, in my opinion, trade begins at the ports. As you are aware, 90% of international trade is transported by commercial shipping. Importance of trade is recognized at all levels. Congress recently acted to create a National Freight Policy Council with the goal of formulating a comprehensive national freight policy. Secretary of Transportation LaHood listed three challenges that must be addressed:

1. development of a national strategic vision on freight;
2. expansion of public-private sector partnerships; and
3. the acceleration and increased efficiency of freight infrastructure project construction and completion.

On the first point of a national strategic vision, I would encourage all of you to make your voices heard on this critical policy. Your views are valuable and your contributions would be beneficial to the ongoing dialogue. Second, the expansion of public-private partnership is paramount for the continued modernization of infrastructure. In this era of tight budgets and reduced spending, it is more important than ever to remember that we are all working towards the same goal: increased trade and economic growth. Trade is a critical facet of any nation's economy; it is the lifeblood of our maritime industry. It is also a meaningful way to advance the partnership between the private and public sectors. The third and final point addresses speed, efficiency, and the relevant commentary of sustainability. We have already seen the investment necessary to maintain competitiveness in today's global economy. One of the biggest factors driving this need is the sheer volume of cargo. Over 16,800 vessels were accommodated at United States ports in 2010, and trade volume is expected to double by 2020. As industry members, you are aware of the need for efficiency in cargo transportation.

As key stakeholders who stand to directly benefit from increased efficiency and cargo capacity, you must advocate for your interests. The principle is straightforward: the more efficient and reliable a country's transportation system, the more competitive it will be. Productive port facilities, in conjunction with streamlined and efficient intermodal facilities, such as rail and road systems, can expand trade opportunities.

In today's globalized economy, nations must efficiently use their resources and human capital to be fully competitive. Trade logistics is a paramount discussion in furthering international trade and the required efficient transportation, along with a relevant 21<sup>st</sup> century infrastructure. I am sure you will agree that there are significant challenges on this front in the maritime and logistics industry.

A primary requirement for effective trade is investment in infrastructure. As some of you may be aware, prior to my appointment to the FMC, I served as a Commissioner on the Port of Long Beach Harbor Commission for eight years. Long Beach is the second largest container port in the United States, and with its immediate neighbor, Port of Los Angeles, the largest port complex in the Western Hemisphere. In my opinion, investment in logistics begins at the ports.

As an example of the importance of investing in port infrastructure, let me reference the present infrastructure expansion in the Port of Los Angeles (POLA) and the Port of Long Beach (POLB). As the number one and number two ports, respectively, on the continent, Los Angeles and Long Beach are continuing to invest in infrastructure construction – including new berths and rail yards. Specifically, Long Beach is moving forward with a state of the art terminal, the Middle Harbor Project, an investment of \$1.2 billion. In this decade, the port will invest approximately \$4.5 billion. Los Angeles is expanding two terminals, TraPac and Eagle Marine Services. The investment at the POLA this past year averages \$1 million dollars a day. Clearly, both ports are moving forward with 21<sup>st</sup> century infrastructure and doing so in an environmental sustainable fashion and implementing a model of corporate social responsibility.

The anticipated completion of the Panama Canal in 2014 has prompted investment in our seaports not only at the POLA and POLB, but in ports throughout the United States. The American Association of Port Authorities (AAPA) notes that U.S. ports will invest approximately \$46 billion over the next five years to upgrade their facilities. Clearly, investment in the logistic chain requires an increase in capacity and efficiency to stay competitive in today's global market. Despite the investments referenced at the U.S. ports, challenges remain with the overall infrastructure in the United States. Regardless of location and size of a port, all ports recognize the need for continued infrastructure development to stay competitive.

The World Economic Forum released a report (Global Competitiveness Report) last year ranking the quality of overall infrastructure of 142 countries, the United States ranked at number 24. As to port infrastructure, the U.S. ranked number 23 and air transport at number 31. I am sure that many of you here from the international community have similar challenges in your respective countries. Recently, President Obama signed the new transportation bill passed by Congress. The bill calls for the Department of Transportation to implement a National Freight Policy which many believe to be imperative in placing forth not only a vision, but a plan of action for a 21<sup>st</sup> century infrastructure and the required investment. The principle is straightforward: the more efficient and reliable a country's ports and domestic transport systems, the more competitive you will be in the global trade community. More productive port facilities and better connectivity by way of intermodal development is the challenge for every port.

Today, the members of the logistics industry are key stakeholders in international trade. Accordingly, your interest should mobilize you to be strong advocates for a 21<sup>st</sup> century infrastructure. Furthering partnerships between the public and private sectors are essential in the discussion of infrastructure investment policy. I challenge all of you to engage at all levels.

Attaining a standard of sustainability, along with mitigating environmental impacts is one of the great challenges facing any development plan. The physical infrastructure is the base, but operational excellence is only truly possible when all stakeholders are involved. I urge you to continue to build on the progress already made in the maritime industry on the concept of sustainability, and improve the environment, to include application of renewable energy and further the use of alternative fuel. In our role as regulator of marine terminal operators and ocean common

carriers, the FMC has seen environmental issues become increasingly central to the agreements and shipping practices we monitor and regulate. We have implemented sustainable practices ourselves, furthering President Obama's goal of creating green jobs and seeking a more sustainable approach to maritime issues.

It was only a few years ago, that there was a debate on whether the maritime/port industry should implement environmental and sustainable practices. I suggest today, the question is no longer one of implementation, but rather the extent of application of these practices. Last year, the FMC Chairman presented his Earth Day Award for innovation and environmental leadership to Maersk. Maersk is one of the largest ocean carriers, and former CEO Eivind Kolding identified three areas to address based on customer demands, one of which was best environmental performance. Mr. Kolding shared the idea that the shipping industry should be known to beat environmental expectations instead of struggling to meet them. Senior Vice President of Maersk North America, Bill Woodhour, upon accepting the FMC Chairman's Earth Day Award on behalf of Maersk, noted that their goal was to drive toward zero sulfur emissions while cutting carbon dioxide by at least 25 percent per container between 2007 and 2020, thus furthering Maersk's commitment to environmental performance.

Here in this area, in 2006, the POLB and POLA implemented the Clean Air Action Plan to reduce harmful emissions. I am proud to have been a member of the Port of Long Beach Harbor Commission at the time the plan was formulated and moved forward. Today, the actions of these two ports are seen as a model for reducing harmful emissions resulting from port operations. However, the success of the program was in large part due to the cooperation of the various stakeholders, including freight forwarding community. In addition, the ports implemented sustainability concepts to their respective construction and infrastructure development projects. The aforementioned concepts included corporate responsibility with active engagement with the local community and partnerships with civic leaders to improve the surrounding neighborhoods. The Port of Long Beach in 2005 initiated a Green Port Policy which clearly set forth a plan of action to incorporate sustainable development.

I have referenced the POLB and POLA given the location of this event this week being held here in Southern California, and you are in fact a few miles from the largest port complex in the United States. These ports have shown to the nation, if not the world, that you can go green and move forward with a business model for economic growth and simultaneously mitigate environmental impacts. Previously, there were skeptics that such a model could succeed. Today, given the success of the model, I suggest the standard for today has moved forward for development of zero emission technology with the goal of not just to mitigate harmful emissions but to eliminate harmful emissions.

As I close my discussion today, I want to leave you with this piece of information - it is estimated that 95% of trade produced or consumed by our nation comes by way of our ports, and 90% of global trade is transported by commercial shipping. The American Association of Port Authorities estimates that maritime related trade creates \$2 trillion in commerce annually. Thus, it is imperative the shipping and maritime community be at the forefront on advocacy of infrastructure investment. I am very appreciative of the opportunity to address you here and I thank you for your collaboration for a sustainable maritime community.