

**Hearing Before the U.S. House of Representatives Ways and Means Committee
Subcommittee on Trade**

Trade and Labor: Creating and Enforcing Rules to Benefit American Workers

March 26, 2019

Testimony of

Susan J. Monteverde

Vice President of Government Relations, American Association of Port Authorities

1100 Longworth House Office Building

10:00 AM

Good morning Chairman Blumenauer, Ranking Member Buchanan and Members of the Subcommittee.

Today, as your Committee looks at the impact of trade and labor, I am here to highlight the value of trade to the U.S. economy and U.S. jobs. Seaports serve as the gateway to domestic and international trade, connecting large and small U.S. businesses to the expanding global marketplace. The American Association of Port Authorities (AAPA) is the leading trade association for public ports in the Western Hemisphere, including 79 U.S. port authority members who handle the majority of U.S. overseas cargo.

Last week, during AAPA's Spring Conference in Washington, D.C., our association highlighted the release of a new port economic impact report conducted by Martin and Associates. This 2018 National Economic Impact of the U.S. Coastal Port System study showed some great news.

Since the last nationwide analysis of 2014 data, U.S. seaport contributions to the economy are up dramatically, including the number of U.S. jobs. Over this five-year period, the total number of jobs supported by cargo moving through U.S. deep-draft ports increased by one-third, from 23.1 million jobs to nearly 31 million U.S. jobs. Average salaries estimated for these jobs rose over 17 percent over the past five years, equating to an average annual income of \$62,800 compared to an average overall U.S. mean salary of \$50,620 in 2017. Additionally, personal wages and local consumption related to the port-sector increased by more than a quarter, from \$1.1 trillion to \$1.4 trillion.

The total economic value that U.S. coastal ports provided in terms of revenue to businesses, personal income and economic output by exporters and importers rose 17 percent from \$4.6

trillion to \$5.4 trillion. This accounted for nearly 26 percent of the nation’s \$20.5 trillion economy in 2018, which is the same 26 percent ratio as five years ago when the total U.S. GDP was \$17.4 trillion. This is an indicator that the value of cargo activities at U.S. ports remains a key factor in America’s economic vitality.

Federal, state and local tax revenues generated by port-sector and importer/exporter revenues rose nearly 18 percent, from \$321.1 billion to \$378.1 billion. I have included a copy of the Executive Summary of the Martin study to this testimony for the record.

Direct jobs at ports include support services to the seaport. This includes jobs with the railroads and trucking companies moving cargo to and from the marine terminals and private terminals, members of the International Longshoremen’s Association (ILA), the International Longshore and Warehouse Union (ILWU) and non-ILA and non-ILWU dockworkers, steamship agents, freight forwarders, ship chandlers, warehouse operators, bankers, lawyers, terminal operators and stevedores. All of these job types benefit from increased trade, both imports and exports.

Decreasing the cost of imports also helps export-related jobs, including manufacturing and farming, as their businesses rely on imported goods. According to the U.S. Global Value Chain Coalition, for which AAPA is a member, one in five American jobs are linked to exports and imports of goods and services, and millions of those jobs are tied to the global value chain. For example, 70 percent of the retail value of an imported garment is attributed to U.S. sources. U.S. global value chains are a vital part of the U.S. economy.

Seaports are at the frontline of the current uncertainties supporting U.S. trade policy. It is important to recognize that international trade, both exports and imports, is good for American workers and our national economy. Recently, AAPA endorsed passage of the United States, Mexico, Canada Agreement (USMCA). Trade with our neighbors in Mexico and Canada is important and disruption of this trading system should be avoided. The President’s goal in renegotiating the North American Free Trade Agreement (NAFTA) to get a better deal for American workers is laudable, as are enforcement concerns of labor. AAPA is concerned, however, that potential trade sanctions imposed on Canada, Mexico or other trading partners like China could result in significant losses of good-paying U.S. trade-related jobs, including those in the seaport industry. You can help by approving the USMCA and encouraging the President to speed up negotiations with China.

I also wanted to take a minute and highlight what ports are doing to attract and train new workers. Many ports, large and small, have begun workforce development programs. America’s ports are competing for qualified candidates to fill positions ranging from longshore workers, drayage truckers, welders and mechanics, to data analysts, security personnel and energy-efficiency specialists. Ports and their private-sector partners have also reported that between 2016-2020 they plan to invest \$155 billion in port-related infrastructure. There are numerous construction jobs associated with these projects as well.

Let me end by thanking the Committee for taking a careful look at the connection between U.S. trade policy, labor and U.S.jobs. The maritime industry is growing due to increases in

trade, both imports and exports. Our economy and our everyday life are touched by the products that flow through American ports. I also want to thank you for your leadership on infrastructure issues and ask you to ensure any infrastructure package also recognizes the importance of the maritime industry and that you adopt policies that encourage building our 21st century maritime infrastructure.