



**Testimony**

**Of**

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**for the**

**Subcommittee on Trade**

**of the**

**Committee on Ways and Means**

**hearing on**

**“Trade Infrastructure for Global Competitiveness”**

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Chairman Blumenauer, Ranking Member Buchanan, members of this subcommittee, my name is Roxanne Brown. I am honored to serve as International Vice President at Large for the United Steelworkers (USW). Thank you for the opportunity to testify today. Our International President Tom Conway sends his regards.

## **Introduction**

As the largest manufacturing union in North America, the USW knows the importance of the infrastructure necessary to facilitate export trade. Our union approaches export facilitation as not just an organization that would benefit from providing the materials to build better ports, and the roads, bridges and rails necessary to get products to those ports, but as workers manufacturing goods for export. As just one example, International Paper with over 8,000 USW represented workers, exports 28 percent of the company's U.S. made products.<sup>1</sup> Ensuring these goods and countless other USW made products are efficiently delivered must be a priority of Congress.

While roughly 70 percent of U.S. economic growth comes from domestic consumer spending, how we capitalize on the global marketplace will be a growing factor for workers in the future. The United States exported \$2.5 trillion in goods and services in 2018. That generated 14 percent of U.S. total economic output as measured by gross domestic product.<sup>2</sup> We are already one of the most productive workforces in the world, but enabling that productivity to compete globally requires not just fair-trade rules that ensure global labor standards rise to domestic standards, but also the infrastructure necessary to facilitate export trade. The last thing American workers should have that impedes their ability to compete globally is our country's infrastructure inefficiencies.

## **Infrastructure Needs**

It is important to consider how our goods are currently exported to better understand the infrastructure needed to facilitate trade. Water is the major mode for U.S. foreign trade. Approximately 69 percent, 1.4 billion freight tons valued at 1.5 trillion dollars, of U.S. foreign trade moved by water in 2016. Air freight, although at only 0.4 percent of total trade by weight, was the second largest mode for value of goods moved internationally at slightly over one trillion dollars. By value, the water share was 40 percent, with air and truck accounting for 28 and 19 percent respectively. Together, rail and pipeline accounted for about 6 percent of the total.<sup>3</sup>

Our union members' products are intertwined with these exports and the related infrastructure to move those goods. USW represented employers manufacture materials which supply every one of these modes of export transportation and the vehicles used to ship goods. From USW represented Goodyear tire workers in Danville, Virginia who build aviation tires—which is just one component in the annual \$139 billion aviation export market—to steelworkers

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<sup>1</sup> [http://www.internationalpaper.com/docs/default-source/english/company/about-ip/government-relations/international-paper-usmca-handout.pdf?sfvrsn=8bd5b833\\_0](http://www.internationalpaper.com/docs/default-source/english/company/about-ip/government-relations/international-paper-usmca-handout.pdf?sfvrsn=8bd5b833_0)

<sup>2</sup> <https://www.thebalance.com/u-s-exports-top-categories-challenges-opportunities-3306282>

<sup>3</sup> [https://www.bts.dot.gov/sites/bts.dot.gov/files/docs/FFF\\_2017.pdf](https://www.bts.dot.gov/sites/bts.dot.gov/files/docs/FFF_2017.pdf)

supplying the 220 million pounds of all-American steel for the Tappan Zee Bridge in New York, our members are key partners in building the infrastructure to export goods.

American manufacturing should be the first priority in an effort to improve export infrastructure facilitation. Our union, and U.S. workers everywhere, want to supply and build our trade infrastructure. Domestic preferences in iron, steel, and manufactured goods, otherwise known as Buy America, have long been established, are consistent with our international obligations, and provide a critical slice of business for American manufacturers. The USW supports the full application of these preferences where they exist, and the expansion of them into all current and potential future infrastructure programs. Utilizing domestic manufacturers for infrastructure procurement shows a commitment to American workers, and to the planet, and to our environment because U.S. manufacturers are among the cleanest in the world. As we consider ways to improve trade facilitation, ensuring that domestic manufacturers are first to supply our own infrastructure needs provides a natural “near-sourcing” benefit priming American manufacturers to be prepared to then export.

Another priority for improving export infrastructure is resilience in the face of climate change and increasing severe weather events. Our union has long believed that policies to mitigate climate change must also create good jobs, often through public investment. Our nation needs massive public investment in rebuilding our crumbling and overburdened roads, bridges, rail lines, ports, and more. In the process, Congress must ensure that adaptation, resilience, and pre-disaster mitigation are included from the beginning. These investments must also prioritize domestic sourcing through the application and enforcement of Buy America. This will allow us to harden our infrastructure, minimize as much as possible the impact of the climate crisis, and create good family sustaining jobs for American workers.

With the recent Moving Forward Framework put forth by the Chairs of three U.S. House Committees, our Union is hopeful that Congress will reassert a much-needed federal role in infrastructure investment. The \$760 billion investment plan, if enacted, could spur 10 million jobs, including manufacturing jobs through Buy America provisions, while reducing greenhouse gases and improving economic activity.<sup>4</sup>

## **Ports and Shipping**

The United States has more than 926 coastal, Great Lakes, and inland harbors.<sup>5</sup> The American Association of Port Authorities has projected that the ten-year needs of the seaport industry, including the Great Lakes, is \$66 billion over the next 10 years. That includes \$33.8 billion for waterside projects and \$32.03 billion in landside projects.<sup>6</sup> These seaports provide a vital link for our total exports and how we invest in ports of all sizes could create dramatic impacts for workers in manufacturing. The need to expand, update, and improve our nation’s air cargo facilities is also a priority with billions of dollars in capital needed.

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<sup>4</sup> <https://transportation.house.gov/imo/media/doc/2020%20Moving%20Forward%20Factsheet.pdf>

<sup>5</sup> <https://www.infrastructurereportcard.org/wp-content/uploads/2017/01/Ports-Final.pdf>

<sup>6</sup> <https://www.finance.senate.gov/imo/media/doc/18JUL2018NagleSTMNT.pdf>

Our union is concerned about the port infrastructure and supply chain needed to build a twenty-first century export-oriented country. While the domestic steel industry has seen significant investment and recapitalization in recent years, a key issue we hear from management is the need to increase demand. Exports, in theory, could help provide some demand, but it can also come from how we build our country's infrastructure. Congress should be outraged and concerned that ports across the country are sourcing the next generation of cranes, not from the U.S., but China. Super Post-Panamax cranes built in China are being shipped and installed in Philadelphia, Tacoma, Port Everglades, New Orleans, and other locations across the country.<sup>7</sup> These cranes, many built by Shanghai Zhenhua Heavy Industries Co.— which is a state-owned firm (SOE) in China— that also infamously provided initially substandard bridge materials to the California Bay Bridge. The inadequacies of their products cost California taxpayers hundreds of millions more than originally planned. The union encourages that Congress take a closer look at crane procurement at ports across the country and consider legislation that would foster a domestic competitor to a Chinese SOE.

Our member employers have highlighted port and lock infrastructure upgrades as an item that could not only help them get goods to market, but also significantly reduce costs. USW employer Liberty Steel has invested tens of millions of dollars improving the Georgetown, South Carolina Electric Arc Furnace facility, which produces steel wire. Unfortunately, the inner harbor port for the steel mill has not been sufficient to meet the company's needs as 2008 was the last time that dredging took place. The break bulk port needs significant upgrades and the company has worked with Coastal Carolina University to identify an engineering alternative to constant dredging. Our Union has encouraged Congress to address this port in Water Resources Development Legislation (WRDA) and hopes that the Ways and Means Trade subcommittee will also encourage port development.

Locks in the U.S., a vital inland waterway, are in serious need of upgrades as well. Between 2000 and 2015, the average delay per lockage more than doubled from 64 minutes to 143 minutes.<sup>8</sup> How our government responds to these smaller ports and locks could dramatically improve short range shipping and reduce costs for our employers.

Aside from being the cheapest mode, seaborne shipping is also the most carbon-efficient method of shipping: large merchant ships will emit about 0.4 ounces of carbon dioxide to transport 2 tons of cargo 1 mile. That's roughly half as much as a train, one-fifth as much as a truck, and nearly a fiftieth of what an airplane would emit to accomplish the same task.<sup>9</sup> Combined with new global marine fuel sulfur rules to be implemented from a 2016 International Maritime Organization (IMO) agreement, the shipping industry looks to reduce its carbon intensity 40 percent by 2030.<sup>10</sup> USW refinery workers stand to benefit by supplying low sulfur fuels for international shipping

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<sup>7</sup> <http://www.philaport.com/super-post-panamax-cranes-make-spring-arrival-at-philaport/>

<sup>8</sup> [https://www.bts.dot.gov/sites/bts.dot.gov/files/docs/FFF\\_2017.pdf](https://www.bts.dot.gov/sites/bts.dot.gov/files/docs/FFF_2017.pdf)

<sup>9</sup> <https://www.greenbiz.com/article/future-freight-more-shipping-less-emissions>

<sup>10</sup> [https://www.shell.com/business-customers/marine/imo-2020/\\_jcr\\_content/par/relatedtopics.stream/1569544176637/7ab6883caa274810e14c68ca34ff602871ac85e0/imo-2020-brochure-single-page.pdf](https://www.shell.com/business-customers/marine/imo-2020/_jcr_content/par/relatedtopics.stream/1569544176637/7ab6883caa274810e14c68ca34ff602871ac85e0/imo-2020-brochure-single-page.pdf)

fleets. Congress should encourage timely IMO implementation as we strive to lower greenhouse gas emissions.

A final note on seaborne shipping is the lack of investment in our domestic flagged merchant marine fleet. This lack of prioritization has led to a dramatic collapse in domestic flagged vessels, the number of U.S. merchant marine seaman, and the infrastructure necessary to build merchant ships in the United States. Asian shipyards are massively subsidized, which has overwhelmed the global market. In twelve years, the U.S. went from being the biggest commercial shipbuilder in the world to no longer producing vessels for international trade.<sup>11</sup> In turn, the number of U.S. flagged vessels sailing in the international trade has crashed from 183 ships in 1992 to 82 as of December 2017.<sup>12</sup> The impacts on U.S. manufacturers up and down the supply chain who would have produced the steel, parts, and materials for merchant marine ships has been devastating, as has the impact on our capacity for sea-lift in potential time of crisis or challenge.

To more thoroughly highlight this collapse in shipbuilding capacity it is important to consider how much ink has been spilled about exporting liquefied natural gas (LNG) from the shale revolution. However, less reported is that there is not a single American made ship that could transport LNG. The U.S. is entirely reliant on foreign-made vessels to transport LNG exports. That is why the USW has been supportive of H.R. 3829, the Energizing American Shipbuilding Act of 2019. This bipartisan, bicameral legislation would support the domestic shipbuilding industrial base. The legislation would require that vessels built in the U.S. transport 15 percent of total seaborne LNG exports by 2041 and 10 percent of total seaborne crude oil exports by 2033. If enacted, the bill is expected to spur the construction of dozens of ships, supporting thousands of good-paying jobs in American shipyards, as well as domestic vessel component manufacturing and maritime industries.<sup>13</sup> If we are going to share our energy resources with the world, our workers need to share in the benefits by providing the materials needed for transport of these vital commodities.

## Highways

The United States has more than 4.1 million miles of public highways plus almost 615,000 bridges. These roads and bridges form the backbone of the U.S. transportation network.<sup>14</sup> Road infrastructure increased 5.2 percent while traffic volume increased 14 percent from 2,747 billion to 3,131 billion vehicle-miles traveled, over the 2000 to 2015 period.<sup>15</sup> Trucking NAFTA zone freight in 2018 totaled \$772.2 billion, an increase of more than 7 percent from the previous year. Nearly 63 percent of cross-border freight was carried by trucks.<sup>16</sup> Overburdened, congested, and

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<sup>11</sup> <https://www.forbes.com/sites/lorenthompson/2019/06/05/philly-shipyards-struggle-signals-jones-act-isnt-enough-to-secure-u-s-sealift/#33060ea64b30>

<sup>12</sup> <https://www.transportation.gov/testimony/state-us-flag-maritime-industry>

<sup>13</sup> <https://americanmanufacturing.org/blog/entry/new-bill-aims-to-revive-americas-nearly-nonexistent-shipbuilding-industry>

<sup>14</sup> <https://www.artba.org/government-affairs/policy-statements/highways-policy/>

<sup>15</sup> [https://www.bts.dot.gov/sites/bts.dot.gov/files/docs/FFF\\_2017.pdf](https://www.bts.dot.gov/sites/bts.dot.gov/files/docs/FFF_2017.pdf)

<sup>16</sup> <https://landline.media/nafta-truck-freight-in-2018-up-more-than-7-percent-from-2017/>

deficient highways waste fuel, time, and add to pollution, which could be reduced with long-term planning and significant infrastructure investment.

Understanding the increasingly integrated cross border trade is important for a multitude of reasons. The USW supported the newly negotiated USMCA agreement after Democrat improvements to labor enforcement and changes to improve steel usage in the Auto Rule of Origin, but to maximize this potential we should ensure that we are investing in our strategic highways within the U.S. The National Highway System is the largest highway network in the world, but the lack of funding has created a massive backlog in maintenance, repairs, and improvements. Overall, there is an \$836 billion backlog of highway and bridge capital needs.

When the Federal Highway Administration (FHWA) estimated that for each dollar spent on surface road improvement would return \$5.20 from reduced emissions, improved safety, and decreased delays, the Administration and Congress should have seized on the data and pushed forward thoughtful investment to achieve that economic return.

Congress must also take action to drive investment in low carbon freight transportation and to invest in the research, development, and deployment of new technologies. There are numerous federal programs that Congress could utilize to provide direct funding and incentives to sharply cut carbon and criteria pollution from commercial vehicles and associated infrastructure such the Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE) Vehicle Technologies Office (VTO) program; the Department of Transportation's (DOT) Congestion Mitigation and Air Quality (CMAQ) program; DOT's Advanced Transportation and Congestion Management Technologies Deployment program; and others. These types of investments would provide emissions reductions and air quality and environmental benefits to local communities while spurring job creation.

### **Federal Workforce Infrastructure**

We also have to be focused on how our federal systems are upgraded and staffed. Investing in our federal workforce and related human infrastructure should be a key priority in ensuring government is not in the way of moving fairly traded commerce. Roughly two years ago, Customs and Border Protection (CBP) replaced the computer operating system running X-Ray machines used to inspect trucks at a South Texas land port from MS-DOS to Windows.<sup>17</sup> To provide a bit of perspective MS-DOS was last updated in 1994, the year NAFTA went into effect. Investing and ensuring prioritization of trade facilitation and enforcement at Customs and Border Protection is effective government. The agency has highlighted that for every dollar invested in CBP trade personnel, there is an \$87 return to the US economy.<sup>18</sup>

Within this discussion of enhancing CBP, our union also knows that sometimes the best offense is a good defense. Preventing unfairly traded goods from entering the country must be a significant priority at CBP. Domestic manufacturers should not have to compete against illegally dumped or subsidized products. Yet, the union is concerned about how CBP prioritizes trade

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<sup>17</sup> <https://www.finance.senate.gov/imo/media/doc/18JUL2018SaenzSTMNT.pdf>

<sup>18</sup> <https://www.finance.senate.gov/imo/media/doc/18JUL2018McAleenanSTMNT.pdf>

enforcement. Since at least 2010, the vast majority of assessed anti-dumping and countervailing duties (AD/CVDs) over the amount of the cash deposit have not been collected. Overall, the GAO is reporting that between FY2001-2018, CBP collected \$1.6 billion in assessed AD/CVDs above the cash deposited at entry, but has open and uncollected bills for AD/CVDs over that timeframe of \$4.5 billion. These uncollected duties represent goods directly competing against domestic employers and their workers who are following international trade, but are being undercut because of a lack of Federal enforcement. USW is extremely concerned that the staff time and support of the Cut to Length Steel (CTL) Plate trade enforcement case are being undermined by uncollected duties. With the steep increase in liquidations in FY16 and FY17, over 95% of the \$12.3 million in antidumping duties liquidated on CTL Plate from China has gone uncollected.

Congressional oversight could aid in ensuring CBP is prioritizing trade enforcement. The USW is concerned that under Section 115 of the Trade Facilitation and Trade Enforcement Act (TFTEA), CBP was instructed to implement a risk-based bonding program no later than 180 days after the bill was enacted. Now, four years after TFTEA's enactment, CBP has finally decided that it will begin a rulemaking process starting with an advance notice of proposed rulemaking to be issued sometime in the future. These sorts of delays are allowing for unfairly traded goods to enter the country. When employers and workers often spend millions of dollars to prove injury from dumped and subsidized goods, they want to ensure our government follows through and prevents future injury.

## **Conclusion**

The United Steelworkers already manufacture goods that touch every continent in the world. Every delay from inadequate infrastructure undermines worker productivity and allows for our global competitors to reap the benefit. We strongly encourage Congress to increase the country's role in the transportation infrastructure necessary to get our ships and goods across the globe.