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Infrastructure

Port Group Warns Obama's Proposed Budget Cuts Would Hamper Trade

by [Jim Watts](#)

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DALLAS -- President Obama's proposed fiscal 2017 budget would hamper international trade by cutting funding for seaport navigation systems that are needed to accommodate new, larger cargo ships, the American Association of Port Authorities warned.

The President's proposal would cut federal funding for the maintenance of deep-draft harbors to \$951 million in 2017, down 22% from the \$1.22 billion allocated in fiscal 2016, AAPA president Kurt Nagle said after the budget was released.

The navigation maintenance and improvement projects are "desperately needed" to allow ports to handle the larger, sea-going vessels that can take advantage of an expanded Panama Canal, he said. "International trade now accounts for fully 30% of the U.S. economy," Nagle said. "To compete in global markets, America needs an efficient and modern 21st century freight transportation system."

Nagle praised the \$2 billion per year dedicated to freight projects in the new Fixing America's Surface Transportation (FAST) Act passed by Congress last year as well as Obama's proposed increase for the Transportation Investments Generating Economic Recovery (TIGER) grant program to \$1.25 billion in fiscal 2017 from \$500 million in fiscal 2016.

But he added that improvements to the surface transportation system would be futile without port upgrades as well.

"All would be for naught if the budget's proposed cuts to waterside infrastructure programs were adopted," he said. "If we can't get the goods efficiently and competitively into and out of our country through seaports and waterside navigation channels, American manufacturers won't be able to receive the materials and/or components they need and they, as well as U.S. farmers, won't be able to competitively export their products globally."

Investment needs in U.S. ports and inland waterways total \$30 billion through 2020, but only \$14 billion of projects are planned, said Norma Jean Mattei, a professor of engineering at the University of New Orleans and president-elect of the American Society of Civil Engineers.

Costs attributable to delays on inland waterway are expected to be nearly \$49 billion by 2020, up from \$33 billion in 2010, she said Wednesday.

"The nation will either need to pay for much needed investments in the nation's ports and harbors now, or will pay more in lost labor, lost exports, and lost gross domestic product down the road," Mattei told members of the Senate Environment and Public Works Committee during a hearing on a new Water Resources Development Act.

Committee chairman Sen. James Inhofe, R-Okla., said passage of a two-year water infrastructure act in 2016 is a top priority for him and for Sen. Barbara Boxer, D-Calif., the senior Democrat on the panel who is not seeking re-election this year.

The 2016 measure should build upon the five-year Water Resources Reform and Development Act passed in 2014, Inhofe said.

"This committee can't single-handedly direct more funds to our water resources, but we can create policies that foster more cooperation between those that maintain the infrastructure and those that depend on the infrastructure," he said. "We created some of these policies in WRRDA 2014, but we need to do more."

The next water infrastructure bill must address additional investments in aging drinking water delivery and treatment systems to avoid more situations like the lead-pipe problem in Flint, Mich., Boxer said.

"The next bill should enable communities to identify the infrastructure that poses a threat to public health," she said. "We can use existing programs, such as the State Revolving Fund and the Water Infrastructure Finance and Innovation Act -- which we created in the 2014 WRDA bill -- to target investment where it is needed most."

The FAST Act removed a prohibition on the use of tax-exempt bonds to help finance WIFIA projects.



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