

STATEMENT OF JOE ACCARDO, JR.  
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ON BEHALF OF THE PORTS ASSOCIATION OF LOUISIANA

SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

“LEGISLATIVE HEARING ON THE MARINE VESSEL EMISSIONS REDUCTION  
ACT OF 2007, S. 1499”

FEBRUARY 14, 2008

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Madam Chairwoman and Members of the Committee, I am Joe Accardo, Jr., Executive Director of the Ports Association of Louisiana (PAL).

In behalf of our members, I would like to express our appreciation for the opportunity to appear before your committee today to speak about this important issue of Marine Vessel Emissions Reduction, and we commend the committee for bringing attention to this subject.

The Ports Association of Louisiana is a non-profit trade association consisting of 6 deep water ports, 14 inland river ports, and 10 coastal oil/gas service ports. The Association was formed to promote and advance Louisiana ports, maritime support industry and services.

Louisiana is a national leader in the maritime industry, and its expansive waterway system and multiple public and private docks and terminals accounts for 20% of the nation’s total waterborne commerce, or approximately 485 million tons of cargo a year. The vast majority of this activity, 83%, occurs at the deep water ports along the Lower Mississippi River in the Ports of New Orleans, South Louisiana, Baton Rouge, St. Bernard

and Plaquemine and in the Port of Lake Charles on the Calcasieu Ship Channel. More than 200 million tons of this cargo are foreign trade, transported on more than 6500 ships annually and include 20% of the nation's import and export of petroleum and petroleum related products, 53% of the nation's export of grains, and one of the Nation's three Liquid Natural Gas terminals.

The maritime industry is extremely important to the economy of Louisiana. Recent studies by Dr. Timothy Ryan of the University of New Orleans found that the ports and maritime industry have a \$33 billion impact on the state's economy, or approximately 23% of the gross state product, and that industry directly and indirectly supports 270,000 jobs.

Madam Chairwoman, the facts discussed above demonstrate that the ports and maritime industry and the people of our state have an important economic stake in how this legislation will affect the vessels which call at the deep water ports of our state. While maritime trade yields tremendous economic benefits for the port community, as well as for the local, state and federal governments, it can impact air quality in and around the community which surrounds our ports and affects the public health and environment of our citizens. We support efforts to remove emissions and improve air quality, but we suggest that the greatest detriment to the health of our citizens would be to take actions which may unnecessarily cause the loss of jobs in the maritime industry. Therefore, we suggest that the Congress proceed cautiously.

Because of incomplete data, it is uncertain at this time as to the extent that emissions from ships impact the air quality in the communities in and around many of our ports. However, in Louisiana, the five parishes in and around the Port of Greater Baton Rouge do not meet the National Ambient Air Quality Standards for Ozone (NAAQS). The American Associations of Port Authorities (AAPA) survey shows that 30 ports in the U. S. are now located in non-attainment areas. If the ozone standard is further reduced by EPA as is proposed, it appears that 28 parishes in southeast Louisiana will be classified as "out of attainment", which will include the remaining 4 deep water ports along the entire

250 miles of the lower Mississippi River. If this should occur, it would become increasingly more difficult to secure permits for new or expanded port and maritime operations as well as other manufacturing or transportation related operations. For many of the foregoing reasons, PAL recognizes that some definitive actions must be taken in the near future as discussed below...

The members of the Ports Association of Louisiana recognized that in many areas of the United States deteriorating air quality is of great concern, and particularly on the West Coast where the emissions from vessels and port operations may contribute to the lower air quality. We support the (AAPA) position that ports voluntarily reduce air emissions by retrofitting cargo-handling equipment, using cleaner fuels, and making operational changes to reduce truck idling and improve efficiency. However, federal support is needed for these voluntary port efforts.

If S.1499 is enacted into law as now proposed, significantly increased air quality requirements would be imposed on the vessels utilizing American ports while our neighbors in Canada and Mexico most likely will not have adopted similarly restrictive requirements. In the alternative, we suggest that Congress should support efforts by the United States to address the problems of emissions from oceangoing vessels in consort with the international trading community.

The United States has signed the International Convention for the Prevention of Pollution from Ships of 1973, as modified in 1978 (MARPOL 73/78). The IMO has issued air pollution standards under MARPOL Annex VI-Regulations for the Prevention of Air Pollutions from Ships. Those regulations became effective on May 18, 2004. Today 46 countries representing 55% of world shipping tonnage have ratified Annex VI. In addition to setting standards for oxides of sulfur (SOx) and nitrogen (NOx) emissions, Annex VI contains provisions allowing for special Sulfur Emissions Control Areas (SECAs) to be established with more stringent controls on sulfur emissions, requiring ships to use fuel oil not to exceed 1.5% sulfur content. The Baltic Sea Area is designated as a SECA in the Protocol, and a proposal to establish a SECA in the North Sea has also

been adopted, with pending proposals for SECA in several other areas desiring more restrictive standards.

The United States has not yet ratified Annex VI: however the United States has in February of 2007 proposed amendments to Annex VI, which would dramatically reduce air pollution from ships by establishing a new tier of performance-based standards for marine diesel engines on all vessels and by establishing stringent emission requirements for ships that operate in coastal areas where air-quality problems are acute. Amendments proposed to Annex VI by the International Association of Independent Tanker Owners (INTERTANKO) representing 2500 ships comprising 210 million deadweight tons, proposes that IMO mandate the use of Marine Diesel Oil which would reduce sulfur content of fuel to 0.50% and in their view removing the need for SECA. Additionally, Maersk Lines recently established a policy of utilizing .20% or 2000ppm fuel on its West Coast U. S. ports voyages. The Intertanko proposal and Maersk policy demonstrates that the shipping industry which will bear the capital cost of compliance is active in seeking solutions to the emissions issues. The information we have received is that U. S. negotiations for amending Annex VI are continuing and are expected to be completed in 2008.

If Congress enacts S. 1499, the strict standards have the potential to put United States ports at a disadvantage when compared to international ports which follow the IMO Annex VI standard. The requirement in S 1499 for use of fuel with not more than 1000 parts per million (.10%) of sulfur is significantly more restrictive than required in the SECA under Annex VI. However, if the ultimate goal of Congress is to achieve the more restrictive standards proposed in S. 1499, we recommend that this be achieved through amendments to Annex VI. The alternative is for Congress to amend S. 1499 to include the provisions of Annex VI with amendments proposed by the U. S. This would result in unilateral and less acceptable action by the U. S. unless the Annex VI is amended and adopted by the United States. Reports to the maritime industry indicated that IMO has demonstrated an impressive record of monitoring air pollution emissions as well as sulfur content of marine fuel oil which has resulted in reducing the sulfur content for all vessels

in 2006 to an average of 2.59 % and it continues to make adjustments to regulatory standards to achieve further reductions. Further the IMO has demonstrated by its granting of SECA to multiple countries and regions that it will respond to the demonstrated requirements for more restrictive emission standards.

The Ports Association of Louisiana supports the AAPA policy which recommends that the United States continues to pursue the adoption of amendments to the Annex VI with the goal of ratifying Annex VI, thereby aligning the U. S standards for emissions with most of its trading partners. The Ports Association of Louisiana also supports and urges the IMO to adopt the amendments to Annex VI proposed by the United States. The Annex VI standards with the U. S. amendments, and with the provisions for SECA will allow the global shipping companies to have an achievable standard to which it can engineer vessels engines. Once the U. S. has ratified Annex VI, areas of the country which have experienced NAAQS non-attainment status, such as the areas in which the West Coast ports operate, can apply for a Sulfur Oxides Emissions Control Area (SECA) to further restrict emissions if they desire. The adoption of Annex VI with the U. S. proposed amendments levels the field and will ensure that the ports of the United States are competitive with the ports of most of its international trading partners.

Thank you for the opportunity to appear before this committee today . I would be pleased to answer any questions or submit additional information you may request.

