October 25, 2011

TESTIMONY OF JOHN JAMIAN
Executive Director
Detroit/Wayne County Port Authority

Dear Chairmen Kowall, Casperson and Members of the Joint Committee.

Greetings: my name is former Representative John Jamian and it is, indeed, a great honor to present our Port Authority to this committee.

I also come before you as the former United States Department of Transportation Maritime Administration's Deputy and Acting Administrator.

The Port of Detroit has a fascinating history that began with Antoine de la Monthe Cadillac who was a famous explorer, appointed by the King of France, to discover and claim new territory for the country of France.

Explorer Cadillac founded Detroit in 1701 when he planted the flag of France at the foot of what is now Griswold Street. Detroit's geographical location, between the upper and lower Great Lakes, provided a natural and reliable access, via water route, to several forest, animal furs and mining materials.

In 1749, concerted efforts were begun to strengthen and develop Detroit as the economic and political center of the region. It's ironic that even back then, incentives such as grants of land and equipment were offered to attract more settlers to the region.

The French moved on as the British came in, only to find themselves ultimately replaced by the new Americans. The City of Detroit continued to prosper for the next 200 plus years because of its founding as a Port City.

I could tell you fascinating stories about how we recently found French and British canons resting peacefully at the bottom of the Detroit River for all of these centuries but that is really not what I am here to talk about today.

I am here to tell you about how the Port of Detroit (Detroit/Wayne County Port Authority) plays a pivotal role in our State of Michigan's economic impact. One would conclude that, since it is the Port of Detroit, the economic impact is only local; however, I would disagree with that - as our port is the State of Michigan's only true deep-water international port. Therefore, we process international cargo for manufacturing facilities and construction industries all over our State.

The current Port Authority was founded under the Port Authority Act PA 639 of 1978. In fact, Henry Ford 11 served as our first Chairman. We are known as a Special-Purpose Authority who can:

Own real and personal property
Enter into contracts
Bonding Capacity
Obtain federal, state and foundation grants

Additionally, the Detroit/Wayne County Port Authority serves the following project areas:

Port Security
Green Port Projects
Port Development
Alternative Energy Projects
The EPA Brownfield Program
Tourism
The Greater Detroit Foreign Trade Zone
NOAA Great Lakes Restoration

(I can provide additional information,
if requested)

From steel coils, slabs and aluminum ingots to key aggregate commodities such as cement, asphalt and steel rebar for highway projects, our port truly is an economic engine for our State.

I am quite confident that the members of this committee have always understood the important role that Great Lakes shipping plays in our economy. Every time you turn the light switch on, it is most likely because a giant Great Lakes ship delivered yet another cargo of western low-sulphur coal to an Edison power plant. In fact, many key automotive components are forged from steel or iron ore that arrived at our port.

I am here today to also discuss a brand new economic impact study that was produced by a public-private partnership between U. S. and Canadian Ports and the maritime industry.

The study reported that cargo shipping in the Great Lakes and St. Lawrence River system supports 227,000 jobs and pumps billions of dollars into the U. S. and Canadian economy. As for Michigan, the study found that in 2010, the Great Lakes shipping industry:

Supported 26, 800 direct Michigan jobs;

61,300 tons of commercial cargo was
handled at Michigan ports;

Maritime shipping activities generated $3.8 billion in revenue to Michigan businesses;

These businesses made $637 million in purchases for goods and services;

Shipping activities resulted in $1.8 billion in personal income to Michigan residents;

Maritime activities generated $520 million in federal, state and local taxes.

We are blessed as a State because we are a peninsular surrounded by water. We have approximately 43 commercial ports in Michigan – more than any other Great Lakes State. These Ports, including the Port of Detroit, facilitate the transportation of major commodities such as iron ore for the region's steel industry; limestone for road construction; salt for winter road maintenance; coal for power generation; steel products for the region's auto industry.

The study continues to report that shipping over water saves about $3.6 billion a year in comparison to surface transportation costs. Not to mention the amount of lives which are saved from truck-related fatalities; or the tremendous reduction in Nox/Sox emissions to our environment.

The report ultimately bears out what we have long since known – that the Great Lakes and St. Lawrence Seaway is crucial to both our Michigan and U. S. economy. In fact, the United States Transportation Secretary, Ray LaHood, said "water shipping is the single most fuel–efficient and cost–effective way to transport goods from one place to another."

Our challenge in the State of Michigan is to not only help fortify the Port of Detroit as an economic driver of our State; but to, also, enable many of our industries - from manufacturing to farming - to import and export from our Ports. As I stated, this is the most effective and efficient form of transportation available. Let us not forget that here in America's heartland; we have access (via waterway) to the rest of the world.

Unfortunately, while our State had good intentions with the ballast water legislation, it also put our State's economy at a serious disadvantage with our neighboring states. Our current ballast water law does not allow Michigan businesses and agricultural industry to export from our State Ports. Our State's agricultural industry typically uses the Port of Toledo to ship its grain, corn and sugar beets. So, Toledo wins at our expense!

Please understand, I am not here today to recommend eliminating our current ballast water law. (In fact, I would only recommend one more treatment system to be recognized and that is deep sea, salt water, ballast flushing.)

My mission, today, is to explain the great potential that our State has in becoming a true transportation center. We do not become a true transportation center by doing the advocacy work for a foreign port project that our manufacturing and distribution based business does not embrace at this point.

I would prefer that this Committee concentrate on ways to help our Port and port constituents to better work both on and off the waterfront; expand our ability to fund projects thru general revenue bonds where the Port of Detroit could generate its own income from fees and revenues generated for re-investment back into the waterfront. This could ultimately reduce the need for State funding, while providing a great value-add for our business and agricultural sectors.

Our uniqueness, like all other national Ports, is that the Port Authority itself does not provide credit enhancement on its projects. Rather, we require good cash flow on projects, a letter of credit and guaranteed payment.

In conclusion, I would like to extend an invitation to this Committee to tour our Port.

And, I would also like the opportunity to come back before you, with ideas on a proposed legislative change that would help both our State and Port with new revenue generating programs.

Thank you.