



November 17, 2016

Patricia Hu
Associate Administrator and Director
Bureau of Transportation Statistics
US Department of Transportation
1200 New Jersey Ave, SE
Room: E34-314
Washington, DC 20590

RE: NRF Position on Port Performance Freight Statistics Working Group Recommendations

Dear Director Hu:

Thank you for the opportunity to serve on the Port Performance Freight Statistics Working Group. Unfortunately, I am unable to attend the final meeting of the Working Group scheduled for November 18. Attached you will find my formal views on the Draft Recommendations document that will be subject of discussions tomorrow.

For well over a decade, the National Retail Federation and other stakeholders have highlighted the need for metrics to evaluate port throughput and capacity because of continuing problems that have led to congestion at our nation's ports. This congestion has resulted in negative impacts which continue to impact all stakeholders, including beneficial cargo owners. We believed the passage of the FAST Act and the creation of the Port Performance Freight Statistics Program would be a first step in developing metrics that could help identify and eventually resolve congestion problems impacting our nation's ports and thereby negatively affecting our nation's global competitiveness.

We hoped the Working Group would be bold and try to identify key metrics that needed national attention, such as truck turn times, and work toward developing a national methodology for measuring this key factor affecting port performance. While we agree that each port is different, it is critical that common definitions are created to develop metrics that can be relied upon nationally. We continue to believe that BTS and the Working Group are in a unique position to help the industry help itself. While there are many efforts at both the local and federal level to address port related issues, the establishment of common national definitions and metrics will surely help the industry to measure, identify and work towards addressing issues that affect international commerce.

While I have included my formal votes on the Working Group recommendations, I wanted to raise some specific concerns about items 4A and 5B of the document that cannot be conveyed with a simple yes or no vote. While I voted yes on each item, we believe there need to be some edits to the current language to better reflect the conversation that has been had.

Metrics should not be limited to those issues that are “within a port’s control.”

Congress enacted the port performance metrics program in response to catastrophic breakdowns at the nation's ports, which had a measurable negative impact on US GDP. There is no question that factors outside of port control – such as the availability of chassis – contributed to these breakdowns. Congress, when enacting the BTS port metrics program, well understood this dynamic and nowhere in the provisions legislative history does it say that the metrics program should be limited only to those issues that a port controls. Indeed, such a limitation would fly in the face of the daily problems facing our ports.

Moreover, I am uncomfortable with the draft document’s presumption that ports are unable to influence or control the behavior of terminal operators, motor carriers, or vessel operators. This flies in the face of recent history. Landlord ports have used their leases as a mechanism for imposing critical business practice changes on vessel operators, truckers, and terminals. In Los Angeles and Long Beach, for example, the ports used their power to impose a clean truck regime, cold ironing, and slow steaming – all to effect improvements in air quality. While air quality may be of a higher public good than improved productivity, the fact remains that ports have an interest in improving productivity and controlling the behavior of leaseholders and customers in order to improve performance and reduce congestion.

To avoid needlessly limiting the metrics program, we suggest a redrafting of item 4Aiii as follows:

4A. iii. **In the first annual report, include metrics limited to those that assess performance issues that are within a port’s control, including terminal lease provisions. For subsequent reports, conduct additional analysis to include issues beyond a port’s control examine whether other issues should be address (e.g., vessel on-time performance, chassis availability)– that clearly have an impact on port throughput and capacity.**

NRF believes the language in item 5B should be more proactive.

The inability of some US ports to manage truck traffic has become a national problem. There is no question that truck turn-times and wait-times are a contributing factor to the dysfunction of some US ports. And yet, the language in item 5B is so careful that it suggests there may never be a place for truck turn-time metrics in the BTS port performance metrics program because such metrics may not be of “national utility.”

NRF disagrees. BTS is in a unique position to help define the parameters of a national truck-turn metric, thereby allowing individual ports, terminals, and trucking associations to measure turn time in a nationally agreed-upon method. The utility of a single agreed-upon method of determining truck turn time would be of enormous national utility, even though annual average turn times may not be a metric that provides much information.

There seems to be a fear among ports that a national turn time number would be misleading or would lead shippers to go “port shopping.” This is just not true. It’s important to understand that many shippers are “locked in” to the use of specific US ports because of sunk investments in their distribution network, their foreign sourcing decisions, and other factors. A shipper with a national

distribution hub in the Southeast US is unlikely to ever choose Seattle as a port of entry because of the domestic rail service available in that port. By the same token, Shippers who have made major warehouse investments in the Inland Empire of Southern California are not going to suddenly decide to move their warehouses to some other location based on truck turn-times. However, shippers can use turn time metrics to make business practice changes that will ultimately improve port performance.

NRF believes it is in the ports' interest to work to develop a national definition of truck turn time within the construct of the BTS metric program. Many ports already understand the utility of turn time metrics and using the BTS to arrive at a single metric methodology would be of value.

To this end, NRF suggests the following edit to item 5B of the document:

5B BTS should conduct further analysis to assess the national utility of additional performance-related metrics and potential approaches for developing nationally consistent datasets that are useful for assessing port performance. Examples of these metrics ~~could~~ include, **but are not limited to:**

- i. Truck-turn times
- ii. Road/rail connectivity
- iii. Rail and Truck throughput
- iv. Vessel Dwell time

By way of background, NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and Internet retailers from the United States and more than 45 countries. Retail is the nation's largest private sector employer, supporting one in four U.S. jobs – 42 million working Americans. Contributing \$2.6 trillion to annual GDP, retail is a daily barometer for the nation's economy. NRF's [This is Retail](#) campaign highlights the industry's opportunities for life-long careers, how retailers strengthen communities, and the critical role that retail plays in driving innovation.

In closing, I wish to thank BTS and the other members of the working group for the effort they have put in to developing these recommendations. The process has been fair and open, and NRF appreciates this opportunity to provide our views. We strongly support the language contained in items 5C and 5D. We strongly believe that convening or establishing a permanent working group would be extremely valuable for future action.

Sincerely,



Jonathan Gold
Vice President, Supply Chain and Customs Policy