Testimony of Cary Davis
President & CEO, American Association of Port Authorities (AAPA)
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Examining the PRC's Strategic Port Investments in the Western Hemisphere and the Implications for Homeland Security, Part I.
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Chairman Gimenez, Ranking Member McIver, and distinguished members of the Subcommittee, thank you for the opportunity to testify today on critical issues for United States ports and our national security.

Before I start, I would like to thank the Committee for their bipartisan efforts to counter the flood of fentanyl, a substance that took the life of a dear friend of mine, Sam Spitz.

As the President & CEO of the American Association of Port Authorities (AAPA), the unified voice of the U.S. port industry for the last 113 years, I am honored to testify here. This is a special moment, since my former boss, former Congressman Dan Donovan, a man who I deeply admire, Chaired another Homeland Security Subcommittee.

According to a recently released economic contributions report from former CBO economists, our ports are responsible for $2.89 trillion in economic activity and 21.8 million American jobs, or more than one out of every eight jobs in our nation's workforce.

Further, America's ports make trade possible, and they depend upon the support of the Federal Government and Congressional Committees like this one. I would like to emphasize today that China is investing in global port infrastructure because it recognizes the profound economic and geopolitical advantages that critical trade gateways provide.

The port industry believes that the best counter to growing Chinese influence, especially at ports in our hemisphere, is strong leadership by the United States through strategic port infrastructure investment. Investing in port infrastructure enhances economic growth and national security. The U.S. Committee on the Marine Transportation System (CMTS) found that maritime infrastructure investment holds the potential to produce returns of two to three dollars for every one dollar spent. If we want to counter Chinese influence at ports and secure a safe and prosperous economic future, we must provide a strong, attractive alternative through robust American investment.

We must strive to keep our port infrastructure modern and globally competitive. The funding enacted through the Bipartisan Infrastructure Law was historic, designating $450 million annually from FY 2022-2026 for the Port Infrastructure Development Program (PIDP). This is significantly higher than previous annual funding levels for the grant program. However, total federal spending on water transportation remains around $4.5 billion, while state and local governments contribute around $6 billion annually to support the sector.

In recent years, AAPA ports also identified $32.03 billion for landside infrastructure needs, which has continued to rise. Another example of this disparity in funding is the list of applicants and grantees for PIDP, a discretionary grant program administered by U.S. Department of Transportation

Maritime Administration that awards grants on a competitive basis to projects that improve safety, efficiency, and reliability of the movement of goods surrounding ports. This list shows that from 2019-2024, our ports requested over $12 billion in funding from the program, with only about $500 million allocated per year, meaning for every dollar awarded, ports requested $4.50. That's an oversubscription rate of more than 4 to 1. Unfortunately, even at the height of federal port funding, the U.S. lags in comparison to China which (based on publicly available information) spends well over double the U.S in port investment. AAPA is currently researching this disparity and expects to share more in the coming months.

We also need to increase direct investments such as the Port Security Grant Program (PSGP). The PSGP is authorized by this Committee; however, it has unfortunately not been fully appropriated to its authorized level of $400 million in well over a decade. This program is how we turn security concerns into actionable investments in resiliency. Yet, ports typically receive less than half of the Program, with the balance going to municipal police departments.

Another potential avenue for investment in American ports is through policies to manufacture and procure cargo handling equipment (CHE). Currently, China has an outsized market share of the world's port CHE because their government heavily subsidizes the industry, allowing them to sell equipment at a much lower rate than competitors. If Congress wishes to reverse this trend, we recommend implementing policies such as a qualified tax credit for U.S.-made CHE, which AAPA supports in collaboration with manufacturers. We recently brought American ports, terminal operators, equipment manufacturers, government officials, and other key stakeholders to the table to discuss how to make American-made CHE a reality. Our organization will continue leading this timely discussion when we host another meeting this spring and encourage members of this Committee to join.

While it would take years to stand up a domestic manufacturing base for the largest port equipment, in the near-term, Congress can incentivize friend-shoring with trusted allies to ensure that U.S. ports have access to secure, reliable, and modern equipment, while reducing reliance on single-source manufacturing. To incentivize procurement from our allies, we can easily streamline the waiver process for Build America, Buy American (BABA) provisions, ensuring that port infrastructure projects can proceed efficiently. Last year, Members of this Subcommittee published a report in conjunction with the Joint China – Select committee which recommended these BABA waivers and incentives for domestic manufacturing.

Another major hindrance to the growth, resilience, and modernization of ports are tariffs. Tariffs are a tax on American consumers that increase costs for businesses and individuals alike. They also reduce the efficiencies and wealth gained from trade and lower overall economic growth. America is a superpower because of free trade.

For ports specifically, tariffs lower cargo volume and throughput, which directly impacts a port's ability to raise capital for modernization, expansion, and employment, while also hampering their competitiveness in the global marketplace. Additionally, a reduction in port activity threatens thousands of American jobs tied to maritime commerce, further straining local and regional economies. A forward-thinking trade policy that minimizes unnecessary tariffs will ensure the continued vitality of U.S. ports and support economic prosperity across multiple industries.

While AAPA only advocates on behalf of U.S. port authorities, we believe that expanding our nation's investment in ports of allied countries is also critical to revitalize America's strategic maritime posture. Through programs such as the Sister Port Initiative at the Department of State, we can strengthen economic ties with Latin America and other regions, ensuring that American businesses benefit from efficient and cooperative trade. AAPA has collaborated with the State Department to set up two sister port partnerships in the past year to help foreign ports learn best practices from their American counterparts, and we look forward to continuing to participate in this program. We also continue to work closely with Latin American port authorities to promote shared economic growth and security, reinforcing U.S. influence in the hemisphere.

Chinese investment in U.S. ports is already closely controlled through robust regulatory frameworks, ensuring that any foreign investment in critical infrastructure does not pose national security threats. The Committee on Foreign Investment in the United States (CFIUS) is the primary mechanism for reviewing and mitigating any risks associated with foreign ownership or investment. CFIUS closely examines each individual investment to evaluate if it aligns with U.S. national security interests, which is a more precise approach than any blanket bans. Our current laws provide stringent oversight and protective measures to prevent exploitation or undue foreign influence.

Finally, the Coast Guard – one of many agencies overseeing and regulating ports – recently released several relevant regulations enhancing cybersecurity at ports. These include physical access safeguards on CHE sourced from China (MARSEC 105.5), restrictions on the operating systems they can run (Logink, which no U.S. ports use), and updated cybersecurity requirements (Cybersecurity in the Marine Transportation System). Additionally, ports are subjected to duplicative cyber incident reporting requirements, reporting to both the Coast Guard and CISA (CIRCIA).

While maintaining the highest standard of security, it is important to recognize that discussions about Chinese investment in U.S. port terminals are properly contextualized. We are talking about minority stakes in a handful of individually leased terminals, not entire ports. A single port often consists of multiple terminals, each with separate operations and oversight.

Chairman Gimenez, Ranking Member McIver, and Members of the Subcommittee, thank you for your time and attention on our nation's ports and maritime industry. America's ports are vital to our national security, economic stability, and global trade. By making wise investments and leveraging our existing regulatory safeguards, we can, together, continue to ensure that our nation's ports remain competitive, keep America safe and secure, and realize a more prosperous and growing future for our nation and her people.

I look forward to your questions and working with this Committee to advance policies that support America's ports. Thank you.

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