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New Jersey Department of Environmental Protection  
Protecting Against Climate Threats (PACT)  
[njairrulesmobile@dep.nj.gov](mailto:njairrulesmobile@dep.nj.gov)

**Post Stakeholders' Meeting Comments  
of  
The New York Shipping Association, Inc.  
on  
Reducing CO2 Emissions:  
Cargo Handling Equipment (CHE) and Oceangoing Vessels and Harbor Craft**

The New York Shipping Association, Inc. (NYSA) is an association of ocean common carriers, marine terminal operators, and stevedore companies operating in the Port of New York and New Jersey. On behalf of its members, NYSA negotiates and administers the labor contracts with the International Longshoremen's Association, AFL-CIO ("ILA") that cover the terms and conditions of employment for longshore and other related craft workers. In addition, NYSA has long been active in important issues that impact port commerce and the port environment. When the NYSA was created, most of the port commerce resided on the New York side of the harbor hence the name "New York" Shipping Association. Now 65 years later, nearly 90% of the port commerce occurs on the New Jersey side of the port. In these 65 years as an organization, NYSA, through close collaboration with other maritime and marine-related organizations has been an advocate for the interests of the Port and the State of New Jersey. These comments are submitted in addition to the remarks that I delivered at the stakeholders' meeting held on September 16, 2020.

**NYSA's Members Deliver Prosperity to the State, Region, and Nation**

NYSA has recently released its new economic impact study that reveals that in 2019 the port industry accounted for nearly \$12 billion in federal, state, and local tax revenue (local and state close to \$4.4 billion and federal tax revenues of nearly \$7.6 billion), supported over 239,100 direct and 506,350 total jobs in the region, and was responsible for more than \$99.5 billion in business activity and \$36.1 billion in personal income for the 31-county region.<sup>1</sup> For the State of

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<sup>1</sup> See Anne Strauss-Wieder, A 21<sup>st</sup> Century Supply Chain Critical to the Region and Nation/The 2020 Report on the Economic Value of the New York-New Jersey Port Industry, July 2020 at i. This report is available at:

[http://nysanet.org/wp-content/uploads/2020\\_NYSA\\_Economic\\_Impact\\_Study.pdf](http://nysanet.org/wp-content/uploads/2020_NYSA_Economic_Impact_Study.pdf).

New Jersey alone the port generated nearly 205,000 direct and 428,300 total jobs; more than \$29.3 billion in personal income; nearly \$80.4 billion in business activity; and nearly \$9.8 in federal, state, and local tax revenues, with state tax revenues of close to \$3.5 billion and federal tax revenues of nearly \$6.3 billion.<sup>2</sup>

Supported by nearly \$2.9 billion in recent infrastructure investment — including the raising of the Bayonne Bridge — the Port of New York and New Jersey (the “Port”) has become the second largest container port in the United States.

NYSA’s members are proud to support this economic engine which has consistently delivered prosperity to this state and region. Even during this pandemic, NYSA’s members and their ILA workers have continued without break to handle the cargo needed by consumers in this region, including critical personal protection equipment.

### **NYSA and its Members Are Involved in Environmental Initiatives**

NYSA is also at the forefront of environmental issues impacting the Port. It has been a participant in the Clean Air Strategy Group facilitated by the Port Authority of New York and New Jersey (Port Authority) from its onset as well as in other environmental initiatives. That is not to say, that the industry cannot be better. Improvement should always be considered and that is why we are pleased to participate with the Department in seeking creative solutions to ensure environmentally sustainable port operations in New Jersey.

However, NYSA and its members are concerned with an approach in New Jersey that seeks to adopt the California (CARB) requirements for ocean going vessels and CHE. The Port is not geographically or operationally like the Ports of Los Angeles and Long Beach and should not be regulated as if it was. Climate conditions and the CHE utilized are very different. While we can learn from the California model, such a model should not be an absolute blueprint for action in New Jersey.

### **NYSA’s Ocean Carrier Members**

NYSA believes it is important to note that its ocean carrier members operate vessels in international commerce in ports all over the world. We caution the department in promulgating regulations that will discourage vessels from calling at the Port because of inconsistent requirements. Since the Port competes for cargo with other ports throughout the nation, the State of New Jersey should not place unreasonable or unviable restrictions on these vessels without careful consideration of alternatives. This is particularly true because the transportation of goods by water is the most environmentally friendly means of cargo transport and these vessels are subject to international standards. Therefore, care must be taken in assessing the viability of mitigation measures.

NYSA supports the comments submitted to the NJDEP regarding the potential regulation of ocean-going vessels calling the Port by the World Shipping Council as if they were fully stated herein.

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<sup>2</sup> See *id.* at 5.

## **NYSA's Marine Terminal Operator Members**

NYSA is proud of the significant economic investment its MTO members have made in the Port. Largely due to the cooperation of public and private stakeholders which led to the widening of Panama Canal, the raising of the Bayonne Bridge, and the investment of NYSA members, the Port Authority of New York and New Jersey anticipates future growth for the Port. See <http://www.panynj.gov/port/port-master-plan.html>. In its Master Plan for the next 30 years, the Port Authority estimates that container volumes will double or triple, automobile imports and exports will grow to between 800,000 and 1.3 million, and cruise ship passenger volume will grow by between 1.3 and 2.6 million passengers. This growth cannot be realized without the continued investment of the Port Authority and the port-related businesses including MTOs.

Currently, the battleground for the preeminence of the Port is being waged by NYSA's members in the race to attract discretionary cargo, *i.e.* cargo destined for the Nation's heartland that can enter the country at any port on the Atlantic or Gulf coast. While the Port region enjoys close proximity to one of the Nation's largest and most affluent consumer markets, it is the ability to service in-land destinations in an expeditious and cost-effective manner that will be the drivers of future growth and job creation. Entities responsible for the transportation of cargo destined for these in-land destinations are looking for reliability and cost-effective cargo handling. Such entities are quick to pull cargo from a port simply because of a perception of inefficiency or higher costs. Cargo is transitory; jobs are transitory; a marine terminal is not. However, that said the waterborne transportation of cargo is generally the most environmentally sustainable method of cargo transportation. The cargo transportation model presented by the Port with a hybrid of local market cargo and in-land transportation of cargo by rail and barge presents vast overall emissions reductions over traditional long-haul cargo trucking. NYSA's members are ready and willing to explore, test, and evaluate evolving technologies for CHE. However, until those technologies are proven and financially-supported by government, the preeminent position of the Port must be carefully considered.

The NYSA supports the comments submitted to the NJDEP regarding CHE by the Port of NY/NJ Sustainable Terminal Services Agreement as if they were fully stated herein.

### **Marine Terminal Operations in the Port is a Relatively Small Portion of the Source Pollution Attributed to the Transportation Sector**

In addition, as noted by the marine terminal operator members of NYSA, as the Department considers regulations for the port sector, the port sector is only a very small portion of the source of pollution attributed to the transportation sector. Thus, any regulations should be commensurate with the actual contribution of the port sector to the problem of CO<sub>2</sub> and short-lived climate pollutants. Moreover, we are also concerned with an approach in New Jersey that seeks to adopt the CARB requirements for ocean going vessels and cargo handling equipment. The Port of New York and New Jersey is not geographically like the Ports of Los Angeles and Long Beach and should not be regulated as if it was. While we can learn from the example of the California model of addressing air quality issues, such a model should not be the blueprint for action in New Jersey.

A related issue of concern regards the technical and logistical feasibility of any potential mandate to transition to ZE CHE. The success of any such mandate will depend heavily on how the rules are structured, how emerging technology evolves, and how stranded assets would be treated. A rule that requires all equipment in operation to be fully ZE by 2030, for example, is

unlikely to be feasible, as this will require terminal operators to get rid of substantial quantities of equipment with useful life remaining. However, if the rule is structured such that all new purchases from 2030 onward are required to be ZE, the feasibility of meeting this schedule will improve, although the schedule will still present substantial technical and infrastructure-related challenges.

MTOs, regulators, and other stakeholders need to fully understand the various emerging and rapidly evolving products before making major investments in new equipment and fueling infrastructure, and regulators need to understand the market, the relative environmental impact, and the technical and logistical challenges prior to implementing new regulations. One of the logistical challenges that is imperative to determine is whether battery electric yard tractors and other CHE in port operations can achieve diesel-equivalent shift operating time between battery charging events. It is crucial for new equipment to be on par with the current equipment. If new equipment slows operations down, it may result in loss of revenue and hurt the economic competitiveness of our port. This supports the notion that demonstrations must play an essential role in assessing the possibilities of wide deployment of ZE CHE. Demonstrations are the key to gain revenue-service operational experience in the rigorous duty cycles that typify Port CHE operations. For example, before a battery-electric product can be mass deployed, the MTOs need to gain detailed understanding about such factors as operating time between charging events, battery life, vehicle or equipment residual value, infrastructure requirements, and total cost of ownership. Gathering this information requires sufficient demonstration and testing time with multiple pre-production units in operation.

## **Conclusion**

NYSA and its members have accomplished so much to attain the status of the Port as the second largest container port in the United States. Thus, it is imperative that the NJDEP along with relevant Port stakeholder find an approach to air emissions regulation that fits this Port, its vessel operations, and marine terminal operations. In doing this, we can ensure the viability of the Port and the environment for many years to come.

We look forward to future detailed discussions where resources, technology, and infrastructure capabilities, and as well as limitations, can be reviewed in detail. Thank you for permitting NYSA to submit this information.

Sincerely,



John Nardi  
President

New York Shipping Association, Inc.

333 Thornall Street, Suite 3A • Edison, NJ 08837 • (732) 452-7800 [Tel] • (732) 452-6315 [Fax]

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