

Suggested Remarks

Introduction

- Good afternoon. My name is Roger Guenther. I am the Executive Director of Port Houston.
- However, I am speaking today in my role as President of the Texas Ports Association.

Telling the Texas Ports' Story

- I believe that Texas Ports have a great story to tell. ... and we, as ports, need to continue to do a better job of telling our story.
- If you were to stop an average Texan on the street and asked them what makes our state great, you'll certainly get a lot of answers – you know how humble we Texans are. I imagine that among those responses, many people would talk about our strong state economy, the opportunities to work, the strength of the energy industry. And those are all true.
- I suspect you'd not get many people touting Texas ports. Not too many Texans see their state as a maritime state, but it is. In 2015, Texas ranked second in the nation for waterborne cargo tonnage, representing 22 percent of the total U.S. freight volume.

Texas Ports – Strength in Diversity

- I'll have more to say about the economic impact of ports in a minute. First, I want to talk about some of our other inherent strengths.
- I want to talk about what makes us different.
- When it gets down to it, Texas ports don't really compete directly with each other. As each port has grown up in the marketplace over the decades, we each have thrived by developing our own diverse niches.
- I would go as far as to say that the diversity of our Texas ports are complimentary of one another. Terminals at our various ports may support different aspects of the energy industry. Some ports handle raw materials, others contain manufacturing facilities.

- Growing jobs and a growing population go hand-in-hand, which generate demand for imported goods as well as recreation opportunities, such as cruises or fishing.

Texas Ports – Strength in Similarities – NEW ECONOMIC IMPACT NUMBERS

- While our diversity is a strength, we have much in common.
- We are critical to the national and state economy.
- Three of the top-ten ports in the nation, ranked on total tonnage, are in Texas.
- This year, the Texas Ports Association asked a prominent economist in our industry – Dr. John Martin – to update the economic impact of our state’s ports to both Texas and the nation.
- We just received his report, so this is the first time we’re announcing these numbers.
- Through his research and interview with marine terminal operators, service providers, railroads, port tenants, and other stakeholders at each of these ports, Dr. Martin has determined that Texas ports:

2019 National Economic Impact

- Sustain **5.4 Million U.S. Jobs**
- Generate **\$1.3 Trillion in National Economic Value**
- Provide **\$79 Billion in Federal, State, and Local Tax Revenue**

2019 Texas Economic Impact

- Sustain **1.7 Million Texas jobs**
- Generate **\$450 Billion in Economic Value**
- Provide **\$8 Billion in State and Local Tax Revenue**

Energy Driving Commerce Through Texas Ports

- And Energy exports continue to drive commerce through Texas Ports.
- Our state is the leading U.S. producer of both crude oil and natural gas. In recent years, Texas has accounted for nearly 40% of the nation's crude oil production and 24% of its marketed natural gas production.
- Dozens of petroleum refineries in Texas account for about 1/3 of the nation's refining capacity.

- The Permian-Basin will continue to drive record-breaking oil production for decades, according to the U.S. Energy Information Administration. The EIA indicates U.S. oil output, which averaged 10.93 million b/d in 2018, is expected to climb to nearly 15 million b/d by 2027.
- And with no increase in demand in our country, ALL of these new hydrocarbons being pumped out of the ground WILL go out..... they will be exported And they will go out over water through Texas ports.

Population Growth

- Texas has led the nation in increases to its population for every year since 2006
- Half of Texas population growth comes from people moving to the state, which has been the trend since 2010.
- This reflects both the opportunity and growth of the Texas economy, plus it translates to a growth of imports of consumer goods.

Ship Size Increasing

- It is also no secret that the shipping industry is maximize efficiencies by using larger and larger vessels.
- This growth puts a strain on infrastructure.
- We've seen it in the tremendous investment that Panama put into expanding their canal.

Channels Need to be Deepened and Widened

- Waterways must be improved in order to meet the demand.
- The growth of the energy industry in Texas and the U.S. requires continued efficient waterways.
- Without the necessary infrastructure, new investments could go elsewhere.
- Currently, there are five Congressionally authorized channel improvement projects in Texas – Corpus Christi, Freeport, Sabine-Neches Waterway, Brownsville, and Cedar Bayou. As most of you will know, the Corps is working to finalize its feasibility report for the Houston Ship Channel improvement project.
- There are already insufficient resources to support this demand for projects.
- I suspect that all of us struggle with a federal benefit-cost calculation that does not take into consideration the relevant benefits to the nation.

- Similarly, an increased recognition of the value of safety improvements to waterways would be beneficial for the nation.

Maintenance Dredging

- From a federal policy perspective, there are areas where we are gaining momentum.
- There is growing support nation-wide to fully commit Harbor Maintenance Tax Revenues to their intended purpose of maintaining the nation's waterways.
- More funding in the system will increase our waterways' reliability.
- Important among this is to ensure adequate placement areas as well as innovation to ensure the dredging system can withstand annual needs as well as emergency situations.

Galveston District – Most Important to the Nation

- The theme of the day is “spot on”
- All of us rely on federal waterways.
- Without our channels, there would be no ports.
- The partner all of us have related to our waterways is the Galveston District.
- For annual dredging as well as infrastructure improvements.
- Looking only at the magnitude of activity of federal navigation assets for which the Galveston District is responsible..... ,
- Coupled with the the flood mitigation and environmental missions in our state
- Along with the economic impact I have mentioned.....
- The Galveston District IS THE most important district in the United States.
- And we must all support their mission.

Industry's Story is Good for the Corps

- TPA members are public port authorities and navigation districts.
- All of us work directly with private entities with facilities either on our property or along our waterways.

- We are asking those businesses to either continue their engagement on Corps issues as well as increase it.
- Industry’s story is good for the Corps.
- The reason for that is simple – federal waterways serve their businesses.
- Just like ports, they need the Corps to provide the infrastructure needed to sustain and grow their businesses.
- And, the Corps needs them.
 - Part of this is to help tell the story of the importance of Texas waterways to the nation’s economy, energy security, and exports.
 - More critically, private resources are coming into the mix of financing federal waterway improvement projects.

Communication and Partnership

- Considering this dynamic of increased private participation, the growth of the economy, national energy security, and how much of it relies on federal waterways, it is essential that we develop more and better relationships.
- Top-down communication from the federal government will not be sufficient. Partnership and dialogue will be the tools to maximize our efforts and bring projects to completion.
- Similarly, the Corps needs to hear from industry, their infrastructure needs, and how their businesses impact the national economy.
- I thought Colonel Vail said it well during our recent meeting when he talked about wanting a candid and transparent relationship, or a “Mature Partnership”, with unity of purpose that creates value.

Houston Ship Channel

- As any good Executive Director for their own port would do, I’m going to take a moment of personal privilege to talk about the Houston Ship Channel.
- Let me quickly say that I recognize that all Texas Ports are important. For our mutual benefit, Port Houston supports them all.
- But It is critical that we get OUR current and pending project across the finish line. This is the NUMBER ONE priority for the Port of Houston.
- A large percentage of the overall economic impact of Texas Ports belongs to the activity along the Houston Ship Channel.
- Getting the Houston Ship Channel improved quickly benefits the other ports in our state.
- As just one example..... I am constantly reminded by our Energy Industry partners that if we are UNABLE to move the hydrocarbon GASES out of the

Houston Ship Channel, then our port and other ports in Texas will not be able to export crude. This is not coming from me, it is coming from them.

- Our improvement project will be \$1 Billion.
- That's a Billion dollar project feeding an 800 Billion dollar a year machine.
- Lets' make this the model project for the country.
- Those that are in this room can make it happen as quickly and efficiently as possible.

Close

- So I am back on Texas Ports and will close by saying....
- Last year at this conference, I challenged us all by saying we need to be the district that says "YES"
- I think our partnership must continue to mature through communication
- The district has a ton of work on its plate
- Let our channel sponsors and our industry be the resource for "leveraging these opportunities" and "driving the critical assets that deliver Energy Dominance of the Texas coast "
- I hope everyone in this room says YES to that