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My name is Mary Olson, and I am the Vice President of the Port of Portland Commission. Thank you for this opportunity to discuss the role of the Portland/Vancouver region as a U.S. gateway for global trade. Although far from the largest gateway on the West Coast, this region serves as a relatively fluid connection between overseas markets and those of the Pacific Northwest, the Mountain states, and the Midwest.

The Port of Portland is one of only five large consolidated port authorities in the United States. By “consolidated”, I mean a port authority that owns and operates both marine and aviation facilities. In the case of the Port of Portland, it owns and operates four marine terminals; four airports, including Portland International Airport; and seven industrial parks comprising about 10,000 acres. The international trade that moves through the Port of Portland is as diverse as our facilities.

In terms of maritime trade, the Port of Portland, the Port of Vancouver, and other Columbia River ports are generally more oriented toward exports than imports. In particular, more wheat is exported through the Portland Harbor than through any other gateway in the United States. In fact, Columbia River ports constitute the third largest export gateway for wheat and other grains in the world. A large

volume of bulk minerals and forest products is also exported through the Columbia River. Completing the region's export portfolio is container cargo, consisting mostly of agricultural and paper products. The Port of Portland operates the only deep-draft container terminal on the Columbia River and exports more containers than we import, which is rare among deep-draft container ports.

Regarding marine imports, the Ports of Portland and Vancouver are the fourth largest gateway for imported automobiles in the United States. We handled more than 400,000 imported autos in 2005. Other import cargo includes steel, gypsum, container cargo, and large machinery such as power generators and wind turbines.

As I mentioned, the Port of Portland also owns and operates Portland International Airport. Many of you may have traveled through the airport to come to this meeting, and I hope that you saw why we are so proud of this beautiful and customer-friendly facility. In addition to non-stop passenger service to Canada and Mexico, Portland is one of only 12 U.S. cities with non-stop service to both Europe and Asia. This international service, together with all-cargo services, allows the Portland/Vancouver region to function as a global gateway for air cargo exports. In fact, in comparative terms, Portland International Airport is a larger cargo airport than a passenger airport—in 2005, it was the 35th largest passenger airport but the 26th largest cargo airport.

High-tech components, apparel, seafood, and fresh fruit are exported on all-cargo freighters and in the “bellies” of passenger aircraft to European and Asian markets. One of the more interesting air cargo products is Nike air “bags”, which are the small “bags” found in the soles of many Nike shoes. These “bags” are manufactured here in Oregon, and then about 3,300 metric tons of them are exported each year on Air China Cargo freighters to assembly plants in Asia.

All of this marine and aviation cargo travels to and from Port facilities by one of three modes of transportation: barge, truck, or rail. As they do on the Mississippi and other river systems, barges transport bulk commodities, such as wheat and petroleum products, throughout the Pacific Northwest. However, in what is an unusual system, barges also carry containers from shallow-water ports on the upper Columbia and Snake Rivers to the Port of Portland for export onboard ocean-going ships. This container-on-barge system, which has been in operation for more than 30 years, is one of the few successful “short sea shipping” operations in the United States.

Other than this barge connection, the Port’s marine and aviation facilities are similar to those elsewhere in the United States for their heavy reliance on trucking and rail. To paraphrase a well-made point, the Port’s facilities are only as efficient as the road, rail, and waterway connections that serve them. In that regard, the Portland/Vancouver region certainly has surface transportation

challenges that hamper the flow of freight. Others on this panel will discuss the region's single most serious transportation impediment—the I-5 bridge across the Columbia River. However, in comparison to other West Coast gateways, the Portland/Vancouver gateway offers a fluid connection between overseas markets and interior U.S. markets—two mainline railroads with river-grade access into the interior, two north-south and east-west interstate highways, and a navigable waterway as far east as Lewiston, Idaho.

Nonetheless, this gateway and others in the United States will come under increasing strain as national freight volumes double over the next 20 years. The Portland-Vancouver region is already a larger freight center than its population size would indicate. If I could use a boxing analogy, we're fighting above our weight class. For example, one in five jobs in Oregon is linked to international trade, and 120,000 jobs or 10 percent of the jobs in the Portland/Vancouver region is involved in trade and transportation. Therefore, this region has a significant stake in maintaining and improving the flow of freight to local, regional, national, and international markets.

To enhance the capacity and efficiency of this gateway, the Port of Portland and its transportation partners are struggling to make the necessary improvements to the local and regional surface transportation network. In light of the increasing demands on our infrastructure and the declining value of the federal contribution, the Port and its partners are maximizing the use of non-federal resources,

including Port revenue, state and local taxes and fees, the bonding of lottery proceeds, and public-private partnerships. We will certainly continue to aggressively develop these sources, but I have to state clearly that the federal government must retain the predominant role in setting national policy and funding transportation improvements. Regardless of how creative local jurisdictions and private parties are, they cannot provide a majority of the necessary funding.

I would like to conclude with three recommendations for your consideration as you develop your report:

- First, the Executive Branch should focus more sharply on freight mobility. It must recognize in its policymaking, programming, and funding that American businesses and farmers competing in the global marketplace rely heavily on the U.S. transportation system. I refer to the Executive Branch, and not just to the Department of Transportation, because the U.S. Army Corps of Engineers can make a vital contribution to freight mobility through its management of the country's navigable waterways.
- Second, the Department of Transportation should improve its own focus on freight mobility by better coordinating the freight roles of the modal administrations. Although the Department's "stovepipe" structure may be unavoidable, stronger coordinating measures should be put in place to reflect the flexible and multi-modal movement of freight.

- Third, funding mechanisms should be available for large, complex projects that generate significant benefits for the national transportation system. A new I-5 bridge across the Columbia River is an example of such a “transforming” project.

I hope these comments are helpful, and thank you again for this opportunity to discuss the Portland/Vancouver global gateway.