

Goods Movement and the Environment: Confrontation or Cooperation?

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Southern California is faced with competing objectives which are in apparent conflict. Business, the economic sector, wants expansion of the goods movement sector, both to meet economic projections and to be able to respond to a growing population. Simultaneously, environmental objectives are not being met. Public health-based air quality standards have not been achieved. Failure to achieve standards exposes the region to federal and state sanctions.

Congress, even under the control of one party in both houses, is reluctant to make major changes in the Clean Air Act, even if regulators try to bend the law to meet the objectives of specific interests.

Environmental advocacy groups will continue to take issue with those who would propose to tamper with the fundamentals of the Clean Air Act. They will try to make sure that a political price is paid by those who would seek to undermine achievement of the Act's healthy air objectives.

Conversely, polluting industries, through their organizations and elected officials with whom they have some influence, will continue to try to change the law from command and control to something that achieves less pollution control at reduced cost.

The American public is overwhelmingly supportive of the Clean Air Act and its regulatory objectives. Most Americans do not believe that Congress or the Administration would even try to roll back enforcement of that law.

Most Americans see the nation's environmental laws as victories for the American public over organized special economic interests and, while they may not understand the politics of the environment, a measurable percentage of voters would vote against an incumbent politician who voted to tamper with those laws. This is likely the reason most of the major proposals to change the Clean Air Act's command and control regulatory provisions are disguised in terms like "market based emission reductions," "emission credits" and "pollution trading." Each of these is thought to be a more palatable way to characterize proposed relaxation of the legal structure of the Clean Air Act.

This does not mean the Clean Air Act is perfect. The tools it makes available to the air quality control regions like the South Coast Air Quality Management District, which have legal responsibility for achieving health standards, are often limited. Even with sustained political willpower, the Clean Air Act's objectives can be frustrated by provisions of the Act itself. It is in this regard that there are significant opportunities for

cooperation between the goods movement industries and the environmental community. That cooperation can manifest itself at both the state and federal level.

In what may have been an unwise deference to the commerce clause, Congress limited the authority of states and localities to regulate certain “interstate” emission sources. The three most prominent for the purpose of this discussion are emissions from aircraft, locomotives and ships. In the case of vessels, administration after administration, Democrat and Republican, have deferred to that industry and accepted International Maritime Consultative Organization standards for vessel emissions rather than imposing any significant emission reduction requirements. In fact, no significant effort has been made by the United States to improve either fuel quality or emission performance of ships. Thus, to a degree, goods movement advocates are hoisted on their own petard. There is real need to expand port capacity, but this objective is fundamentally limited by the air pollution increases associated with vessels, locomotives, trucks and related sources of diesel pollution. (This paper will not address aircraft emissions.)

The issue is enormous for diesel engines. The Federal Government has taken significant steps towards reducing the major emissions from new heavy-duty on- and off-road engines. Because these federal standards for emissions from new diesel engines are more likely to benefit the economy of 2030 than the environment of 2010, there needs to be more timely and supplementary alternatives. That answer lies with getting antiquated trucks, off-road equipment and locomotives off the roads and rails to the extent they cannot be modernized with retrofit pollution control technology. In this regard, the Governor has proposed \$1 billion to retrofit existing diesel emission sources in addition to the \$750 million already committed over the next five years under the Carl Moyer program.

The Federal Government has not preempted the authority to set standards for used heavy-duty trucks and off-road engines. Legislative authority rests with state and local government. The Federal Government has taken the essential step of requiring low sulfur diesel fuel to be available by late in this decade. This will facilitate the adoption of retrofit standards by assuring that emission control technology on existing heavy-duty engines is not poisoned by dirty fuel. But two steps are necessary if the people of the Los Angeles basin specifically and the goods movement sector generally are to achieve the associated air quality benefit. First, enforceable retrofit emission rules must be adopted. Second, where necessary, economic assistance needs to be provided to facilitate its use.

Ports are in a unique position to facilitate diesel retrofit because they could guarantee an available supply of acceptably clean fuel and they could also mandate that owners of diesel engines that operate in and out of the ports meet retrofit and fuel rules.

Some will argue that the technology doesn't exist. Others will argue that even if it does exist it's too expensive. And then there are those who will argue that a sufficient supply of affordable fuel simply isn't available. These arguments have been made and refuted for decades.

When Ed Muskie wrote the 1970 Clean Air Act, he was told by the auto industry that the technology to control auto emissions didn't exist. He was told that leaded fuel would destroy any potential technology. He was told that if technology did exist, it would be too expensive. And he was told that getting the lead out of gasoline would cause fuel prices to skyrocket.

Congress unanimously ignored these threats. Affordable technology was invented. And affordable fuel was made available. And since then, as a result largely of the leadership of the State of California, huge additional automobile emission reductions have been achieved. So the issue for the goods movement industry will be will versus won't power.

The California Air Resources Board estimates that the ports and international goods movement emissions currently represent less than 30 percent of the state inventory. However, by the year 2025 port and goods movement contribution to particulate matter emissions will exceed 55 percent of statewide emissions and as much as 20 percent of oxides of nitrogen emissions. There is no way to achieve the reductions required to achieve health-based standards for these pollutants by controlling only other emission sources such as refineries, power plants or dry cleaners. The port and the goods movement industry must make a significant contribution to emissions reductions, not just to assure planned growth but to protect the health of the people of Southern California.

This impact is underscored by the attached graphic, prepared by the California Air Resources Board and available on their web site, which compares the ports and goods movement emissions in 2001 to the anticipated emissions in 2020.

The chart underscores that reductions of emissions from used heavy-duty engines is only a temporary solution. Most of these old engines will, over time, be replaced by new trucks that meet the new California and federal standards and burn clean fuel. At that point, as is indicated in the attached chart, vessels, harbor craft and ships, will be the dominant contributor to excess statewide diesel-related air pollution emissions. Failure to aggressively address both diesel fuel quality and emission performance of harbor craft and ship engines will mean that healthy air cannot be achieved in Southern California. It will mean that port and goods movement capacity cannot be expanded. It will mean that economic growth will be restricted.

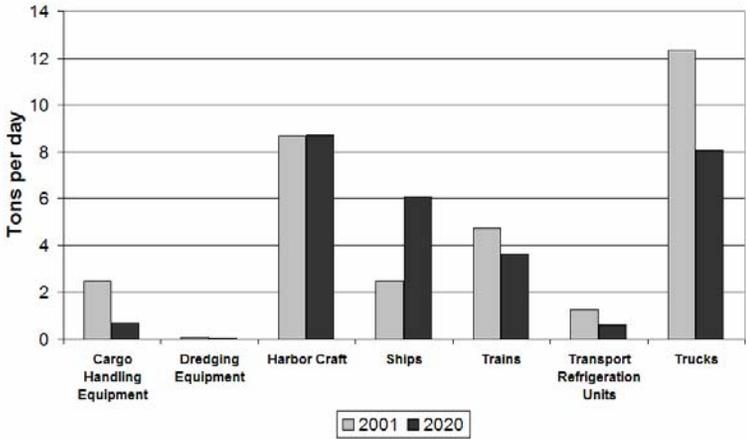
Advocates of increased goods movement capacity could face extensive opposition, including litigation, from environmental advocacy groups. By the same token, this potential confrontation provides an opportunity for significant cooperation.

The Southern California Leadership Council has a rare and unique opportunity to join hands with the environmental community to demand that commitments be made to achieve healthy air for the people of this basin. SCLC has the leadership within your ranks to achieve that goal. You have the political power to achieve that goal. And I assure you that there are willing allies in the environmental community who would prefer to work with you than have to fight the needed expansion of California's ports on goods movement capacity.

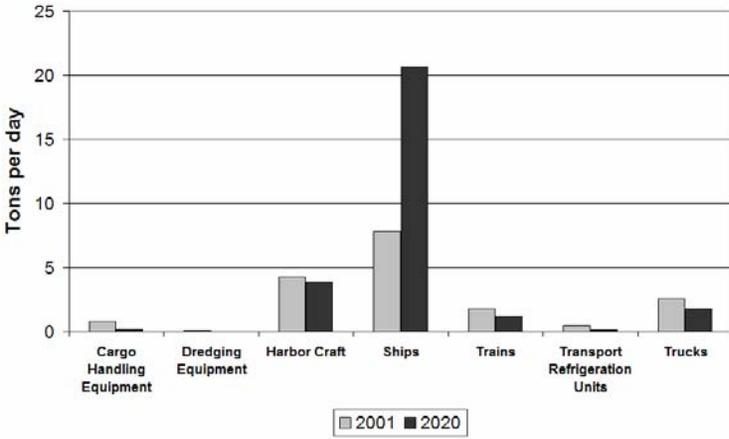
Attachment A

Statewide Ports and International Goods Movement Emissions: 2001 v. 2020

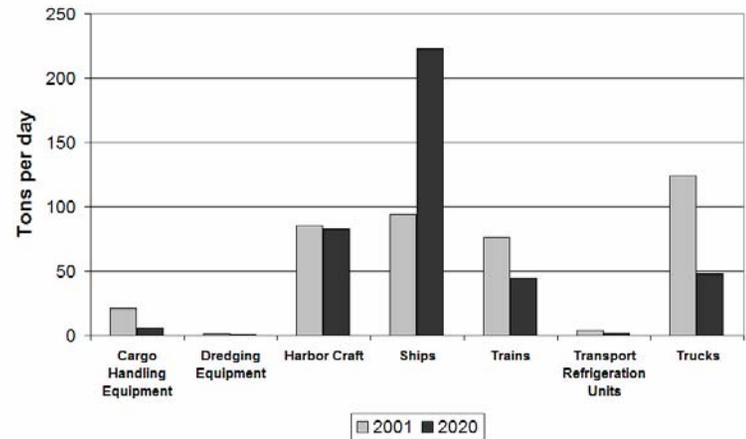
ROG Emissions by Source Type: 2001 vs. 2020



Diesel PM Emissions by Source Type: 2001 vs. 2020



NOx Emissions by Source Type: 2001 vs. 2020



SOx Emissions by Source Type: 2001 vs. 2020

