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Comments for Closing Session of AAPA Conference on the Panama Canal and Changing Trade Patterns
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This has been an enormously productive session, with great input on all the issues that stem from the planned opening of the expanded Panama Canal in 2014.

Before commenting on what we've heard, a few thoughts about the Canal project. Because of my travel problems, I missed Administrator Aleman's presentation yesterday, but saw a similar presentation by Rodolfo Sabonge at TRB earlier this month. This presentation really brings home the reality and magnitude of this enterprise. I had the privilege of serving the ACP as a consultant during the formative stages of the project, as well as having served in the Carter Administration when the Canal Treaty passed without a vote to spare, and it is really exciting to see how far Panama and the project have come. Without question, the opening of the expanded canal will be a game-changing event—a fundamental reordering of world geography.

As we think about what we in the US freight community have to do to get prepared, I think there are lessons to be learned from Panama's achievement, and let me suggest a few:

- First, they “get it” in terms of the importance of capital investment in infrastructure—putting \$5 billion on the line for the project really reflects their assessment that the country's future depends on having infrastructure relevant to the times, not simply getting by with what's worked for a century, but looking at what's needed for the next century
- Second, they have done what's needed to run the operation as a business. Since the full handover at the end of 1999, that has been the ACP mantra—measure the quality of service, manage in a way to improve service, and price the service in a way that reflects the value that it adds in the commercial world. I'm sure they will continue to operate and price in that way.
- Third, I think the project managers have show extraordinary capability in moving ahead. While expansion has been on the agenda in one way or another since before World War II, the serious planning didn't begin until 8 or 10 years ago, and here we are with dirt flying. The promised opening date of 2014 is within reach. Can anyone with even a small project in the US match that record? And it's not correct to say that Panama doesn't have our constraints. As a project being financed on the world market, they are meeting environmental and other standards every bit as rigorous as ours.

So let's tip our hat to the ACP and see what we can do to match their record as we put in the infrastructure to respond to their challenge. The secret to their success was, at its most fundamental, a matter of national leadership. Two Panamanian presidents, notably the current incumbent President

Torrijos, have the made this project a top national priority because it is critical to the nation's future. Isn't that what we need to do in response?

And it is important that we do respond. As we have heard, the world shipping community, even at a time of real pain in the world economy, is making the investment for ships to best take advantage of the Canal's capacity. World trading patterns will be changing, and a response by US interests is critical. Those who respond first and best will be the winners in this new race, and others risk lagging far behind.

Now, what is it we have learned over the last two days? It is clear that the issues are complex. There are multi-variables at work. Each of them relates, and the solutions are not yet clear. It's like dumping several jigsaw puzzles on the table for simultaneous solution—without having the boxes to follow. There are maritime issues, port issues, inland issues, the issue of the economy. But the constant factor is that the Canal is moving ahead. At the same time, there are some wild card factors—what decisions will be made about transshipping? What is the future of the polar routes as Arctic ice cover recedes?

Complicating the issues is the fact that the players move at differential speeds. Private interests making major investments want to move quickly on ships, logistics arrangements, railroad connections and the like. The public sector, constrained by various factors, move at a different speed on channels and other infrastructure. We need to get these gears meshing.

In such a complex world, the winners will be those who have the greatest comprehension of the whole picture, see how their interests fit in and who can influence the decisions of all the other parties toward optimal solutions.

If there's any bright spot in our current economic woes, it is that recovery will hopefully give us all more time to create these winning strategies and coalitions.

I hope that government is ready to play a constructive role in putting together all the pieces. That's what Canada is doing in their support of their Pacific and Atlantic gateways. This is the time for true public-private partnership in which the benefits for all are maximized and shared. I hope we've all learned a little in the last two days as to what those partnerships need to be.