

# Key Issues Impacting Ports

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Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

Seaports  
Deliver  
Prosperity

American Association of Port Authorities  
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# American Association of Port Authorities

*Representing Seaports of the  
Western Hemisphere for 100 years!*

- Anniversary year
- **AAPA was established in 1912**
- Since that time AAPA has been providing a space for collaboration and exchange of best practices
- Fostering collaboration among members and allied groups. We do this through:
  - Education and Training, PPM
  - Networking and one on one interaction
  - Legislative and Policy support
  - Outreach



# This Year AAPA Celebrates its Centennial!

We have come a long way from our humble beginnings but have not strayed from our original mission to connect seaports of the Western Hemisphere for the purpose of:

- sharing ideas and best practices;
- providing a space for collaboration and networking; and
- together tackling the common challenges that create obstacles for the efficient movement of cargo through our ports.



## *Committed to Keeping Seaports Navigable/Secure/Sustainable*

- For centuries seaports have been an economic lifeline connecting us to the rest of the world
- Seaports help build and grow international trade; strengthening local and international economies
- Seaports provide high paying jobs and increase standard of living



## Creating Awareness: We Have a Great Story to Tell

- Today, as we confront a host of international challenges – a tenuous economy (both in Europe and at home) more trading opportunities, the panama canal expansion, population growth, trade growth – there is a clear and critical role for our ports.
- **It is critical that we communicate the value of our industry.**
- Ports are dynamic, vibrant centers of trade and commerce
- While we face competing interests the message is clear: **Seaports Deliver Prosperity.** It is hard to argue with an industry that is a proven economic driver.

# The Role of Seaports

- Ports in the Western Hemisphere are investing billions of dollars every year to modernize and expand their infrastructure.
- Seaports, however are partnerships. Public sector/government investment is critical to maintaining/updating connecting infrastructure but these investments lag.
- Modern, navigable seaports are vital to international commerce, economic prosperity and must be a priority, even in these times of fiscal restraint and other challenges.
- Investing in transportation infrastructure pays dividends in the long term.



# What's on the Horizon...

- Ports in Western Hemisphere pushing ahead with capital expansion programs
- Expansion creates jobs and new business opportunities
- New demand for goods in China and other countries
- New trade agreements with Colombia, Panama, and South Korea

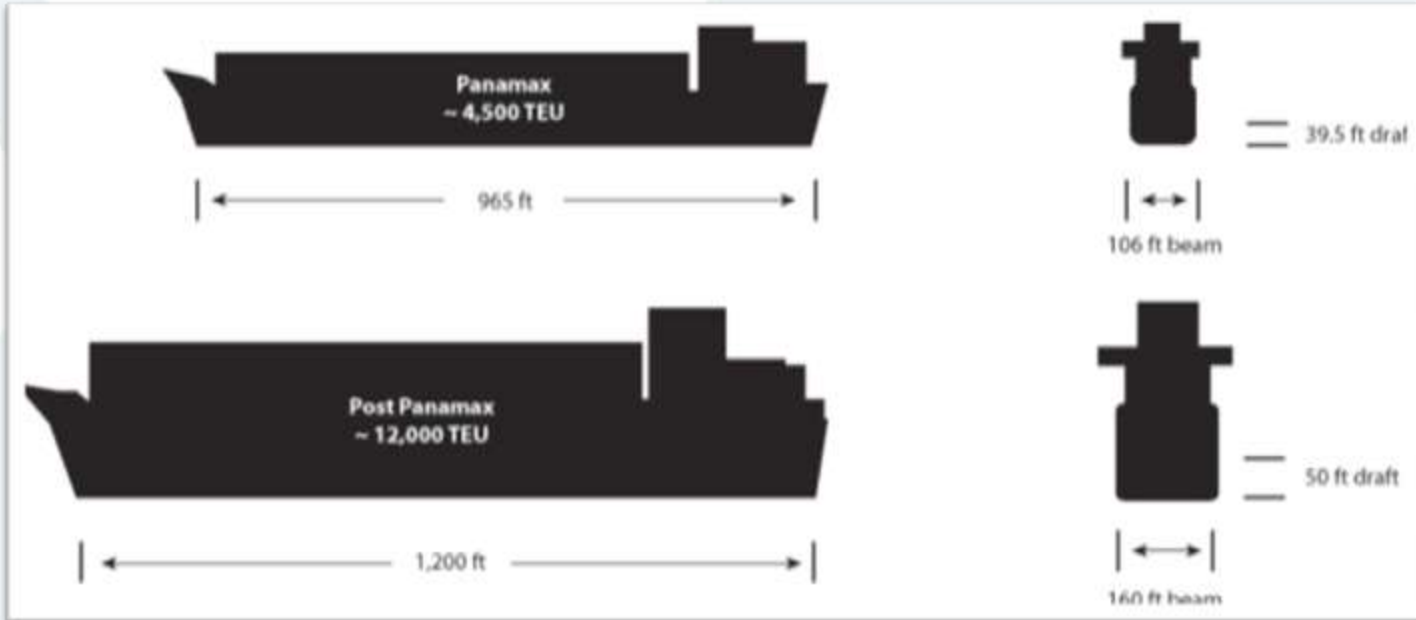


## What's on the Horizon Continued...

- Surge in demand for coal, grain, other commodities
- Panama making significant investments in the Canal Expansion
- Canada investing in infrastructure through the Gateways Initiatives
- Brazil is emerging as a strong economy, weakness of dollar has increased demand for imports. The country is expected to invest \$12.44 billion in its public and private ports through 2020
- **We are seeing huge investments in Mexico's ports system to handle the growing demand for trade**



# Ports in the Western Hemisphere Must Prepare for Larger Vessels



- With ships getting increasingly larger, ports of the Western Hemisphere faced with assessing if they have adequate channel capacity
- Some ports are ready/ many are not. For some, investments are required for deepening the channels to remain competitive.

# Impact of the Canal on the Western Hemisphere

*The expansion of the Panama Canal will double the capacity of the existing canal in 2014. Panamax ships are currently able to transport 4,000 TEU's through the canal. Post Panamax ships that will be able to use the expanded canal will be able to transport up to 12,400 TEU's.*

- Besides affecting trade in the US, the expansion will have a significant impact on North and Northeastern ports of Brazil as minerals and agricultural goods may be exported less expensively in larger Post Panamax ships through the Panama Canal.
- Furthermore, transshipment business in the Caribbean will most likely be affected as well.

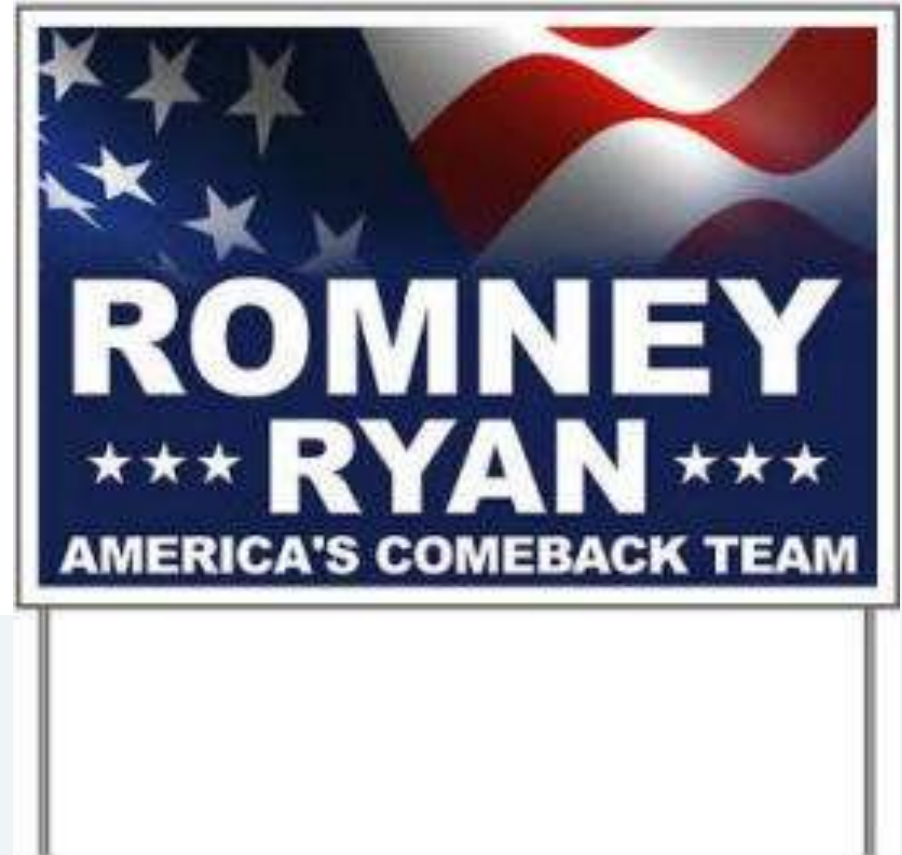
# In the United States an Increase in Exports

*“We will double our exports over the next five years, an increase that will support two million jobs in America.”*

*— President Barack Obama*

- Every \$1 billion in exports creates 15,000 jobs
- AAPA and the Department of Commerce signed a Memorandum of Intent titled “Partnership with America’s Seaports to Further the National Export Initiative”
- While we have definitely seen an increase in exports, we would like to see more emphasis on the infrastructure to sustain this growth.

# 2012 Election: We Actively Monitor Positions/Communicate our Priorities



## **Our Message:**

***Federal investments in seaports are an essential, effective utilization of limited resources, paying dividends through increased trade and commerce, long-term job creation, secure borders, military support and environmental stewardship.***



### **SECURITY**

Secure seaports keep people, goods, equipment and infrastructure safe



### **IMPORTS**

In 2011, imported industrial supplies & materials increased by 21 percent, excluding crude oil

## **SEAPORTS**



### **EXPORTS**

U.S. exports supported an estimated 9.2 million jobs in 2010



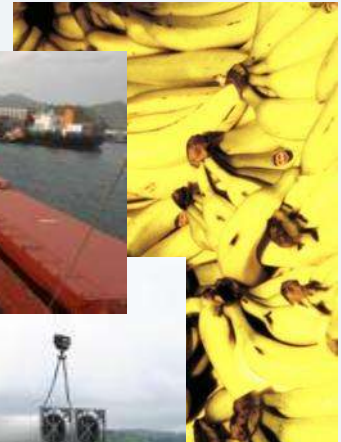
### **ENVIRONMENT**

Seaports help protect habitat and reduce air emissions to ensure the health of coastal communities and ecosystems



# Seaport Activity can be a Key Economic Driver in the if Investments are Made

- Cargo moving through ports generates 13 million jobs
- Over one quarter of U.S. Gross Domestic Product accounted for by international trade
- 99% of overseas trade goes through America's seaports
- Port activity generates over \$200 billion in federal, state and local tax revenues
- According to the ASCE: Failure to Act report, if investments are not made in **infrastructure** the losses will profoundly impact the economy, output, and the ability to create and sustain new jobs





# Challenges in the U.S. to Meeting Trade Demands

**Existing transportation programs do not adequately address goods movement!**

- AAPA policy focuses heavily on improving port infrastructure and connections through greater investment in:
  - ✓ Federal navigation channels and marine highways
  - ✓ Port, road and rail infrastructure
- Without these investments we cannot accommodate trade growth, population growth, increasing vessel size, etc.

# Landside Access

- Landside connections to seaports, including connector roads, rail, and highway corridors, must not hinder the efficient flow of goods through the supply chain.
- The most recent authorization of surface transportation programs, known as MAP-21, establishes a framework for moving forward with a National Freight Policy and supporting programs, but more must be done.

# Waterside Access

## *Federal navigation channels not being maintained at authorized dimensions*

- More than 90 percent of the nation's busiest seaports require regular maintenance dredging to move the 99.4 percent of America's overseas cargo.
- Without routine dredging, ships are limited from entering certain waterways or cannot sail with full cargo loads, which ultimately increases costs to consumers.
- The federal government does not fully utilize the Harbor Maintenance Tax (HMT) for its intended purpose and critical dredging needs have been neglected.
- Only about half of user fees are being spent resulting in increased costs for waterborne transportation, higher prices to consumers and reduced competitiveness of U.S. exports in the global marketplace.
- Congress should guarantee full use of the HMT, which would help resolve the earmark issue.

# Port Security

- Low funding levels for the Port Security Grant program
- Bundling of state and local grant programs
- Radiation Portal Monitors at ports
  - ✓ Federal government can't stop spending on RPMs as it attempts to increase exports, facilitate trade



# Diesel Emissions Reduction Act

- Diesel Emissions Reduction Act funds grants to reduce air emissions from older diesel engines in targeted sectors and public fleets.
- Ports/marine received approximately 20% of the \$156 million in nationally competitive grant funds from the American Recovery and Reinvestment Act.
- DERA was reauthorized in late 2010 at \$100 million/year for 5 years. Final FY 12 amount was \$30 million.
- President's FY 13 request is \$15 million, but would transition the program away from grants and move to rebates and revolving loans
- The House would provide \$30 million for DERA in FY 2013

# What Can We Do?

*We must emphasize the value of seaports...*

- Need for big picture messages and more global understanding of seaports as vital part of the economy
- AAPA's "Seaports Deliver Prosperity" hemispheric campaign lends credibility, cachet to individual port efforts





# We must educate....

- A better public understanding of seaports = more support = more infrastructure investment, trade and local collaboration
- Improvements to infrastructure in and connections to seaports are an essential/effective utilization of limited resources
- Landside and waterside access must be a higher priority as it pays dividends in terms of jobs, economic growth, international competitiveness and tax revenues