

Infrastructure Investment: Vital for America's Trade Future

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

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Prosperity

American Association of Port Authorities
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American Association of Port Authorities

Representing Seaports of the Western Hemisphere for 100 years!

- **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



What is the Big Picture?

- *Trade Growth*
- *Shifting Trade Patterns*
- *Infrastructure Investment*
- *Updates on U.S. Policy Developments*
- *Need for Increased Partnership and Collaboration*
- *Creating Awareness for Seaports*

What's on the Horizon?

★ *Population and Trade Growth...*

- Population to increase to 8 billion by 2024 - growing at a rate of 1.14% per year
- India's population expected to surpass China by 2030 driving demand and trade growth
- Trade projected to more than double by 2020 especially containers
- America's trade volume expected to quadruple after 2030
- Growth in exports in the U.S.

What's on the Horizon?

★ *Shifting Trade Patterns*

- New mega-alliances among carriers
- Global carriers to take delivery of 154 vessels with capacity of 10,000 – 18,600 TEUs between 2014-2017
- Panama canal expansion
- Trans-Pacific Partnership Agreement
- Demand for energy shifting. Increase in production of energy in the U.S.

Ports Must Prepare for Larger Vessels



- With ships getting increasingly larger, ports of the Western Hemisphere are faced with assessing if they have adequate channel capacity and large enough marine terminals
- For some ports, investments are required for deepening channels to remain competitive
- Some ports forming cooperative agreements to remain competitive

What's on the Horizon?

★ *Investment*

- Canada investing in infrastructure through the Gateways Initiatives
- We are seeing huge investments in Mexico's ports system to handle the growing demand for trade
- Latin America in early stages of a growth economy
- Shortfall in infrastructure investment in the U.S.

Investment is Critical Now More Than Ever

- Ports and their private sector partners are investing more than \$46 billion in infrastructure improvements
- Government entities are not upholding their end of the bargain (for example in U.S. there is a \$46 billion funding gap)
- There is a funding shortage and budget constraints around the globe. Public funding is declining
- Governments/private sector are getting creative about financing options. We can't depend on the same models we have used in the past.
- Investment in infrastructure pays dividends in the long term and is a worthy investment
- Partnerships among seaports, governments, investors, terminal operators will be more important in the future

INFRASTRUCTURE VITAL FOR AMERICA'S TRADE FUTURE: LANDSIDE AND WATERSIDE CONNECTIONS CRITICAL



Can we meet challenges without investment?

Infrastructure investment is a critical component of successful transportation systems!

- 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, and all of the other challenges that lie ahead

A Few Developments

WRRDA – Signed into law June 10

- *US 21st century port infrastructure - channels that match the global shipping trends;*
- *Fully maintained navigation channels - possible w/Congress implementing the HMT funding schedules;*
- *Streamline navigation channel project study and delivery processes;*
- *Greater flexibility to advance funds, do preliminary studies;*
- *Sustainable dredging that uses dredged material as a resource; ...*
- *All this to ensure efficient and cost effective freight movement for a vibrant economy in a global marketplace*

WRRDA Funding Highlights

- *New approach – Baseline and Above Baseline*
- *Baseline: Traditional Corps approach*
 - Baseline is FY12 HMT funding, \$898 million
- *Above Baseline:*
 - 90/10 split for High & Moderate versus Emerging
 - 10% for Expanded Uses at HMT Donor Ports
 - 10% for Great Lakes harbors
 - 5% for Underserved Harbors
- *Separate authorization for Donor and Energy Transfer ports*

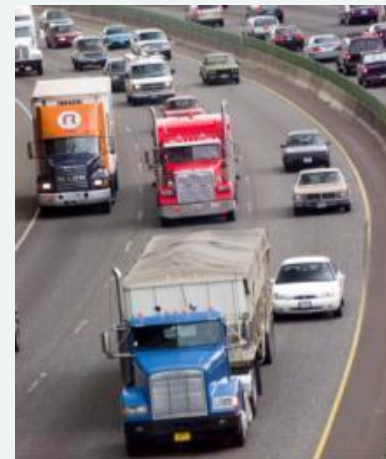
... What's Next?

- *WRRDA implementation guidance w/Corps*
 - Navigation webinar and written comments on Sep 24
- *Hit the HMT target!*
 - Administration - (walk the talk) budget for HMT and new starts
 - Congress appropriate the funds
- *Engage in surface transportation reauthorization*
- *Communicate importance of freight movement and infrastructure investment to Nation's economic growth and jobs.*



The State of Freight

Two freight advisory committees were set up to study the nation's freight challenges after the passage of MAP-21, Industry also weighs in with recommendations



- *House T&I Committee*
- *National Freight Advisory Committee (NFAC)*
- *The Freight Stakeholders Coalition*

Federal Freight Proposals in 2014

- *GROW AMERICA Act – includes \$10 billion dedicated freight program, that provides formulas and discretionary funding*
- *Senate Environment & Public Works Committee - Committee's proposed freight provisions and formula funding for the National Freight Program (NFP) Section 1116. includes \$2.4 billion for Projects of National and Regional Significance (PNRS)*
- *Rep. Janice Hahn (D-CA) - National Freight Network Trust Fund Act of 2014 (H.R. 5101), creates a freight trust fund from 5% of annual customs, \$1.9 billion annually*



AAPA Freight Priorities

✓ *Need for Federal and State Planning*

- Designation of Gateways and Corridors
- Identification of Connectors on Primary Freight Network
- Expertise in Maritime Planning should be a part of every state DOT
- Short Sea Shipping or America's Marine Highways

✓ *Dedicated Freight Funding*

- Port authorities should be eligible to apply directly for funding
- Funding for Connectors, Intermodal projects and 'First and Last Mile' projects
- Funding for Projects of National & Regional Significance (PNRS)

✓ *TIFIA and Strong Financing Options*

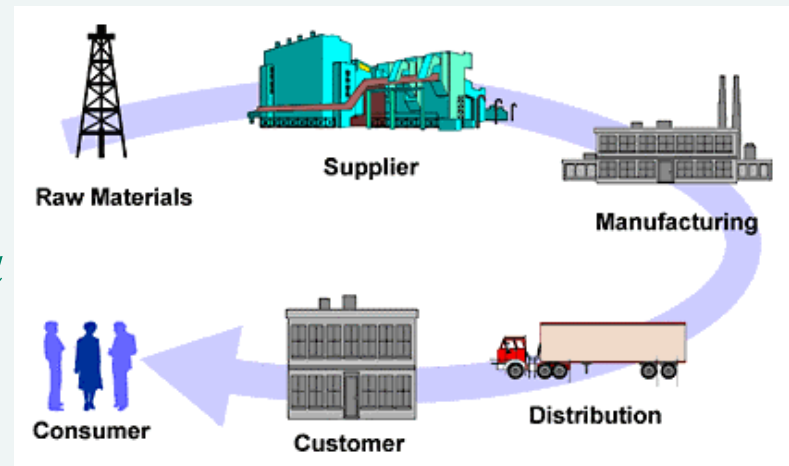
What will success look like?

- *Full use of HMT revenues to fully maintain navigation channels*
- *A robust navigation studies and construction program*
- *Dedicated freight transportation programs and funding that allow America to continue its competitive advantage throughout the 21st century.*

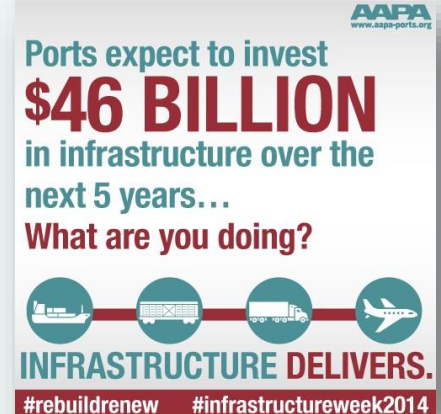
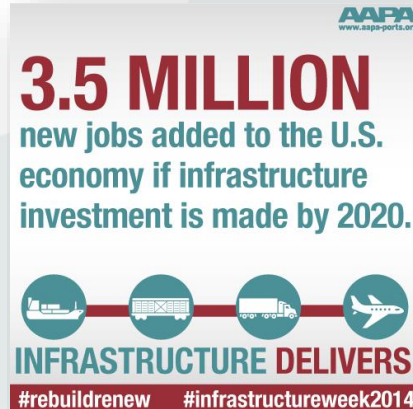
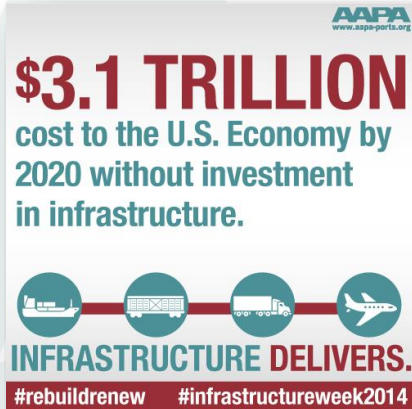


Partnering and Collaboration

- *It is critical that we build relationships with everyone along the supply chain*
- *Find the areas where we share common interests and collaborate*
- *Organizations like AAPA provide a space for collaboration and sharing of best practices*
- *With all of the changes affecting our industry, we cannot afford not to cooperate when possible*



Infrastructure Week 2014 – Partnership and Collaboration at its best...



How can we do a better job garnering support for *Infrastructure Investment*?

- Today, as we confront a host of international challenges, there is a clear and critical role for our ports
- **It is critical that we communicate the value of seaports and their related infrastructure and that seaports are partnerships.**
- 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.

Our Message:

***Investments in seaports
are an essential,
effective utilization of
limited resources, paying
dividends through
increased trade and
commerce, long-term
job creation, economic
vitality, and sizable tax
revenues.***



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