Infrastructure Investment: Vital for America’s Trade Future

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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).

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...

$3.1 TRILLION
Cost to the U.S. Economy by 2020 without investment in infrastructure.

3.5 MILLION
New jobs added to the U.S. economy if infrastructure investment is made by 2020.

$2.3 TRILLION
2013 U.S. merchandise imports
- 51% By Ship
- 22% By Air
- 27% Other (Rail, Truck, etc)

Without investment in infrastructure the U.S. faces $473 BILLION in lost export revenue.

$1 TRILLION
Increase in business revenue if infrastructure investment is made by 2020.

Ports expect to invest $46 BILLION in infrastructure over the next 5 years...
What are you doing?
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.
AAPA-PORTS.ORG
seaportsdeliverprosperity.org