

U.S. Trends Water as Other Countries Pursue National Goods Movement Strategies



■ **TRADE AND TRANSPORTATION**
By **Thomas O'Brien**

The controversy over the San Pedro Bay Ports' Clean Truck Program is a reminder that so many of our goods movement solutions are locally driven, even if the problems are national (or even global) in scope. The decision to pursue a concession program for drayage drivers is one that will affect only the Ports of LA and Long Beach, although others are closely monitoring or, in the case of Oakland, developing their own approach.

Many people argue for national and statewide goods movement strategies, but the reality in the US is that the desires of Washington or Sacramento often come into conflict with local control. The San Pedro Bay Clean Air Action Plan was remarkable because of the level of coordination between the ports and cities of Los Angeles and Long Beach.

This isn't the case in other parts of the world, and while lessons elsewhere aren't always translatable or transferable, it's worth reminding ourselves how other nations manage their own goods movement pressures. Three interesting stories have recently emerged from three very different places: Panama, Morocco and Canada. The one common denominator is something that resembles a national consensus.

In Panama, the issue is infrastructure capacity. The Panama Canal cannot accommodate the large post-Panamax vessels that are being used to handle trade on the world's major trade lanes. Many of these ships currently offload cargo at ports on the West Coast of the United States, which is then transported by rail to the east coast.

To tackle this issue, Panamanians approved a measure to expand the Canal, adding a third lane through the construction of lock complexes at each end of the canal. This will make it easier for large vessels to ship goods directly to their final destination without offloading them at places like LA and Long Beach. The expansion will allow Panama to take advantage of still-increasing trade volumes. It will also generate jobs. The Panamanian government is banking on the expansion's ability to reduce the national poverty rate by about a third.

Like Panama, Morocco sits at a strategic location. The country is pinning its hopes on greatly expanded trade through Tangiers, situated at the crossroads of the Mediterranean and the Atlantic, and a mere 12 miles from the European continent. Trade between Morocco and the EU was valued at over \$11 billion in 2006. Morocco also signed a free trade agreement with the United States in 2006 that is expected to lead to a rise in exports to North America.

The port expansion project, known as Tanger Med, would allow Tangiers to compete with the largest port complexes in the world and handle the biggest ships. The port will have a capacity of 3.5 million TEUs by 2010, and could possibly add 5 million TEUs to that figure. Terminal expansion is part of a broader strategy to connect the port and economic activity surrounding free trade zones with the rest of the country. The Moroccan state has invested in rail and road networks to facilitate this, including a 45-km railway connecting a special development zone near the port to the national rail network.

What is perhaps most notable about the Moroccan experience is the way in which the country is embracing trade as a path toward regional and national development. The public-private special agency overseeing Tanger Med and the ports have been investing heavily in training and education, particularly for the local population. Mobile training units have been developed in conjunction with local educational and training institutions. The hope is that Tanger Med will make Morocco more competitive by attracting foreign investment and boosting Morocco's industrial base.

Closer to home, the Government of Canada is committing funds to a number of transportation projects designed to address capacity constraints that affect the efficiency of Asia-Pacific trade, particularly through British Columbia. These investments will be combined with investment at the provincial level and from the private sector to promote more efficient and seamless connections between the various modes of transportation.

Major commercial ports across the country will see major expansions and improvements. Bridges and roads linking the ports to the national and transnational highway systems will be built or upgraded. This includes expanded twinning of the Trans-Canada Highway. A high-tech traffic management system will be developed that will move containers into and out of port terminals faster and more efficiently. Advertisements in trade journals have been touting the Canadian Pacific ports as a congestion-free alternative to other ports with easy access to the US heartland, including Chicago. There is little doubt where those other congested ports are located.

Panama, Morocco and Canada are trying to use their strategic locations to not only accommodate but facilitate growth in trade. All three are also relying upon collaboration between the private sector and the national government. The US does not have the same development needs as Morocco, or the unique infrastructure pressures of Panama, but it should tell us something when other countries view goods movement as a national commitment. Close to home, we know the problems and opportunities associated with trade. California voters indicated their willingness to fund infrastructure improvements last November, but it is not clear that the entire country is ready to make a similar commitment. Unless we do, it may be hard to compete with other countries that decide it should be a national goal to either send us more business or take it away.

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