

# World Trade Week, Emphasis on World



## ■ Trade and Transportation

*By Thomas O'Brien*

Next week will see the start of World Trade Week activities for 2008. When it comes to trade, there is so much to focus on here at the local level (the Ports' Clean Truck Program, the Trapac expansion, the proposed Southern California Intermodal Gateway), that it is easy to forget that much of what happens here is driven by events somewhere else along the global supply chain. World Trade Week is a good reminder that trade occurs in a complex regulatory environment involving not only local, regional and state officials but national and international players as well.

There is no doubt that the impacts of trade-related activity are felt most profoundly by local communities. That is why the San Pedro Bay Ports' Clean Air Action Plan took shape here and not anywhere else in the US. The scale and scope of port operations in Southern California demanded a response unique to our situation. The involvement of an organization like the South Coast Air Quality Management District in implementing the plan further emphasizes how regional an approach it is.

But we can't forget that ports actually operate as trustees of the state tidelands under the 1911 California Tidelands Trust Act. This law requires that port revenues be used in a way that serves maritime purposes and benefits all of the State's residents. Enforcement rests with the State Lands Commission. As a result, local efforts still require significant cooperation at the state level, particularly when it comes to funding. It was the State Legislature that set in motion the 2006 bond initiative that is being counted on to help fund many of improvements needed to make goods movement cleaner and more efficient. It is another State agency, the California Transportation Commission, which decides how the bond money gets spent. The State is also involved in setting fuel standards; other solutions to help fund infrastructure development and environmental mitigation, like container fees, are also coming from Sacramento.

The problem of course is that many of the same efforts are occurring in other State capitals. The often conflicting policies at the state level mean

that there is constant pressure on Washington to provide national direction. Over time, national trade policy has become much more permissive. The debate over hot button issues like the US-Colombia Free Trade Agreement belies the fact that we are far removed from the more protectionist stance taken by the US Congress in the early part of the 20th century. These days, the national debate centers on how you balance trade with the need to protect jobs and the environment. The trend however is toward more trade agreements, not fewer. In addition to Colombia, the US has been pursuing a number of bilateral agreements with nations as diverse as Peru, Panama, Korea and Thailand. The outcome of the debate in Washington will determine what we see moving through our local ports.

And then there are the actions taken outside our national borders. The European Union seeks to position itself as a competitor to the US for trade originating in Asia. The EU has pursued a Common Transport Policy since the late 1950s; and although still dealing with the legacy of multiple labor agreements and national standards for transport networks, European political integration is forcing better integration of transport services throughout the Continent. This should give Washington pause as it struggles to upgrade our own trans-continental network of roads, railways, bridges and waterways which is in great need of attention.

As if that weren't enough institutional complexity, there are the great debates taking place over the structure of worldwide trade within organizations like the World Trade Organization. Since the General Agreement on Tariffs and Trade was signed in 1947 and transformed itself into the WTO in the early 1990's, trading nations have engaged in a never ending struggle over market access and trade barriers. In recent years, the WTO has increasingly become the target of free trade opponents who question the benefits of free trade if it means loss of locally based manufacturing and control over environmental standards.

Which brings us back full circle to our own (not so) little corner of the world of global trade. As people gather for World Trade Week to celebrate the contribution of the industry to this nation's and the world's economic well-being, local issues will be on everyone's mind. How will the Federal Maritime Commission deal with ports' proposals for clean trucks? Will container fee legislation get through the Governor's office this time around? Will either become a model for trade gateways in other parts of the country? As much as we respond to trends outside our region, we also are in a position to set those trends. It's nice to know we have a little control after all.