

Laying the Groundwork for Effective Trade-related Partnerships



■ Trade and Transportation

By Thomas O'Brien

The path to a clean truck agreement goes through the Federal Maritime Commission in Washington DC. The FMC is an independent regulatory agency which administers the Shipping Act of 1984 and the Ocean Shipping Reform Act of 1998. The Shipping Act allows ports and terminal operators anti-trust immunity under certain conditions to enter into agreement with each other to discuss rates, conditions of service, or cooperative working arrangements. The FMC reviews and processes these agreements, ensuring that they in some way enhance efficiency, facilitate projects that reduce congestion, promote clean-up measures or fund critical freight infrastructure. They must do so while guarding against unreasonable increases in transportation costs or a decrease in service. The Ports therefore need the authorization of the FMC in order to establish a single clean truck fee schedule that can be applied in both Los Angeles and Long Beach. A similar process allowed the terminal operators at the ports to establish the PierPASS off-peak program.

The FMC process reminds us that, when it comes to solving trade-related problems, you not only need the right incentives to get people to the table. You also need the right legal structure that supports decision making and allows parties to translate negotiation into implementation.

That's easier said than done. That is one reason why a group of people with some experience in developing effective goods movement partnerships gathered in Irvine last month. They were brought there for a two-day workshop on developing successful institutional arrangements for improving freight movement. The event was part of the National Cooperative Freight Research Program (NCFRP). The NCFRP is sponsored by the US Department of Transportation and the Transportation Research Board in Washington. Its goal is to develop a national research agenda addressing freight transportation. I was invited to be part of the project panel that helped develop the research statement for this particular effort in Irvine.

The decision to include institutional arrangements in the NCFRP agenda stems from the fact that effective freight policy requires coordination and collaboration among public and private interests and across traditional lines that divide jurisdictions. Sometimes the goal is to change operations, as was the case with PierPASS. Sometimes the goal is to share the costs of infrastructure improvements.

Probably the most studied model of institutional coordination and infrastructure development is the Alameda Corridor. Developers of the 20-mile-long rail cargo expressway from the ports to downtown Los Angeles not only had to find the \$2.4 billion needed to fund the project. They also had to find an institutional framework that would allow for negotiation and decision making among eight different cities along the Corridor, the two ports, the LA County Metropolitan Transportation Authority and the Class I railroads. They settled on a unique Joint Powers Authority with a Governing Board that balanced financial commitment and community interest.

One of the reasons people study the Alameda Corridor is to understand why it has never been replicated elsewhere, or to determine if it could even be done here in 2008 given the changing economic and political landscape. So other strategies are needed. A few that seemed to capture the interest of the Irvine workshop participants involved multi-state collaboration, financing mechanisms, and opportunities to use trade-related activities for economic development.

The I-95 Corridor Coalition, for example, is a 16-state partnership stretching from Florida to Maine. It includes state Departments of Transportation, local transportation agencies, ports and law enforcement agencies among others. It is designed to provide a forum to address transportation-related issues that cross state boundaries. This is critical since traditional transportation funding is tied to jurisdictional boundaries while the movement of goods and people is not.

From Washington State comes the example of the Freight Mobility Strategic Investment Board, which helps provide matching funds for projects that contribute to freight mobility throughout the State. One of its major contributions is as an on-going forum for state and local government, along with industry representatives, to prioritize projects of statewide importance. But it is not just an advisory body. The FMSIB actually oversees a regular stream of investment in Washington's infrastructure; and balances public and private interests so that both the community and industry benefit from the Board's decisions.

There was also the example of the Kansas City SmartPort, a non-profit economic development organization designed to draw trade-related industries to the Kansas City metropolitan region and facilitate the flow of goods in the process. Public and private sector interests are involved as well as both the States of Missouri and Kansas. The willingness of two states to buy into a metropolitan wide strategy that might have unequal benefits should not go unrecognized.

But "unequal" benefits does not suggest "no" benefits. In all of these cases, something brought the parties to the table. They saw an opportunity, be it a change in the way business is done, public benefit or financial reward. Then they found a way to make the partnership work through the right type of arrangement. Southern California and Kansas City are half a continent apart, but folks in both places understand the value of that lesson.

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