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"I'm Just A Bill..."



■ Trade and Transportation

By Thomas O'Brien

Los Angeles has once again been the center of a media storm over the past few weeks, but for probably all the wrong reasons. The Michael Jackson story pushed the budget debate in Sacramento off the front page, although late-night sessions in the Assembly and the possibility of the State issuing IOUs does make for great drama.

Whatever the outcome, no one is likely to be entirely satisfied. Tough spending choices are ahead. For the goods movement industry, this will mean delays in key infrastructure investments needed to keep the region competitive in a globalized trade arena.

Another deadline is also looming, and this, too, has implications for California and the nation as a whole. On September 30 the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expires. This surface-transportation bill has directed federal transportation spending for the past four years. A new bill will attempt to balance the needs of the various transportation interests across the country, including freight. That will be more difficult these days, given the state of the economy. Even in 2005, when SAFETEA-LU was adopted and times were good (or at least better), the bill was two-years late. But James Oberstar, D-Minnesota, chairman of the House Transportation and Infrastructure Committee, vows that the bill won't be delayed. Don't count on it.

Law makers already have a lot to consider for the new bill. The president wants high-speed rail to be a priority. A possible reorganization of the Department of Transportation may also be on the table. How will freight compete? Goods movement has enjoyed a higher profile in the last few transportation bills, but may still take a backseat to other interests. This is due in part to the way both international trade and the federal government operate.

Goods movement is largely the realm of the private sector, and the industry does not always welcome either the participation or the scrutiny of the public sector. Public investment in infrastructure is appreciated, but not if it means increased oversight and regulation. For transportation-related interests, a surface-transportation bill that emphasizes trade could be a mixed blessing. Money, if it comes, could very well have strings attached, and it can be difficult figuring out just whose strings they are.

In the U.S., trade and transportation policymaking is undertaken by a number of different federal agencies in various Cabinet-level departments. The formulation of national transportation policy, like the surface-transportation bill, is the responsibility of the U.S. Department of Transportation (DOT). DOT also negotiates international transportation agreements.

DOT carries out its work through a number of different modal-based agencies. These agencies, like the industry segments they cover, are not always in sync with each other, particularly when it comes to spending priorities. The Federal Aviation Administration oversees the safety of civil aviation. The Federal Highway Administration coordinates highway transportation programs in cooperation with states and other partners. Railroads are the jurisdiction of the Federal Railroad Administration.

There's also the Federal Motor Carrier Safety Administration, which enforces safety regulations for commercial motor vehicle drivers and develops standards for commercial motor

vehicle equipment; the Surface Transportation Board, which is responsible for the economic regulation of interstate surface transportation, primarily railroads, within the United States; and lest we forget, the Pipeline and Hazardous Materials Safety Administration, which oversees the safety of all daily shipments of hazardous materials in the United States and that portion of the nation's energy that is transported by pipelines.

The U.S. Maritime Administration (MARAD) is also part of DOT and supports the U.S. commercial maritime industry. MARAD makes classified recommendations on how best to ensure the security of maritime container transportation. However, federal oversight for ports and port operations is provided by the Federal Maritime Commission (FMC). The FMC is an independent regulatory agency that administers the Shipping Act of 1984 and the Ocean Shipping Reform Act of 1998. The FMC oversees agreements between ports and terminal operators, like those that allowed for the development of the Clean Truck Program at the Ports of Los Angeles and Long Beach.

Two other federal agencies with jurisdictional authority over trade and transportation-related matters are the Federal Trade Commission (FTC) and the International Trade Administration (ITA). The FTC is the only federal agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The ITA is a division of the U.S. Department of Commerce. Its mission is to strengthen the competitiveness of U.S. industry by promoting trade and investment and ensuring compliance with trade laws and agreements. Other agencies, like the U.S. Environmental Protection Agency, have less direct influence over trade and transportation-related issues but nevertheless affect the ability of stakeholders to perform.

That's just the beginning. There's also the Department of Homeland Security and a number of other agencies that could influence the debate, which means that the shape of the transportation bill may not be clear for a while. So sit back and enjoy the political theatre, but hold off on trying to cash those IOUs.