

So Now What?



■ Trade and Transportation

By Thomas O'Brien

The elections are over, and the Monday morning quarterbacking has begun. The big story at the national level is the transfer of control of the House of Representatives to the Republicans. The number of State Houses now in Republican control has also gotten attention because the results have implications for Congressional redistricting.

For the local trade and transportation community results at the national, state and local level are all of interest because of what they could mean for goods movement and how trade-related infrastructure is funded. Many suspect the new Speaker of the House, John Boehner, will give more authority to committee chairs to direct policy. If that is the case, then a tremendous amount of power over federal transportation funding, including the next transportation authorization bill, rests with the ranking Republican member of the House Committee on Transportation and Infrastructure, Florida's John Mica.

The debate over future funding priorities, including improvements to our nation's infrastructure, will occur without the Committee's former chair. James Oberstar, the high-profile Minnesota Democrat,

lost his seat on November 2, another casualty of the Republican tidal wave.

One thing to watch will be transportation stimulus funding. In 2009 and again this year, the U.S. Department of Transportation awarded discretionary grants known as TIGER Grants (for Transportation Investment Generating Economic Recovery) to a number of projects across the country. Goods movement projects fared well, particularly in this most recent cycle. The fate of a third cycle could now be in question given Republican concerns over stimulus spending.

Locally, the chief questions surround the impacts of the city of Long Beach's Measure D. Voters here approved a shift in the way that port-generated revenues are transferred to the city. It is uncertain whether there will be any legal challenges to the approved changes to the Long Beach City Charter. The port operates subject to California's 1911 Tidelands Trust Act, and the California State Lands Commission will likely have more to say about how the measure balances city benefits and the interest of the residents of the State of California.

Some of the election news was what didn't happen. The defeat of Prop 23, which would have tied the implementation of California's Air Pollution Control Law (AB 32) to a drop in unemployment, reinforces the perception of industry that the state is creating an unfavorable climate for business development. However, the goods movement industry will probably take some solace in the fact that Prop 26, which passed and which requires a supermajority to pass new fees and taxes, may

make future statewide cargo fees more difficult to approve.

But nothing about the election results eliminates the need to find the funding to improve infrastructure and pay for the cost of the environmental measures that help control the negative impacts of trade. These problems seem to remain no matter which party maintains control of the House. An apparent lack of interest in goods movement on the part of the national government in particular means that in recent years local actors from industry, government and the community have taken on a larger share of the responsibility in identifying the problems and paying for the solutions.

Will a new Congress help this time around? The U.S. Chamber of Commerce argues that a lack of attention to infrastructure investment throughout the nation has resulted in one-third of the country's major roads being in poor or mediocre condition. They also report a gap of \$50 billion in capital, operations and maintenance funding to maintain our transportation system through 2017 and estimate that a decaying surface transportation system costs the U.S. economy \$78 billion in lost time and fuel. One of the Chamber's priorities is to get the federal government to focus on national transportation interests. The alternative is a continued erosion in confidence in the ability of the United States to compete as a leader in global trade.

Security is another concern. The outcome of the elections almost overshadowed another event that will dramatically impact trade both here and abroad. The attempt by Yemeni-based terrorists to use cargo planes to deliver explosives will likely increase calls to scan 100% of all cargo on both planes and ships.

Cargo looks for the path of least resistance - geographically and from a security, congestion and regulatory perspective. New regimes in Washington and Sacramento may mean new partners for the trade community and new opportunities to raise both funds and the profile of the industry. At a minimum, however, industry will likely hope that U.S. and California policies don't create more resistance.