

Taking Stock of the Past, Looking Forward to the Future



■ Trade and Transportation

By Thomas O'Brien

On June 24, the Port of Long Beach celebrated its 100th anniversary. The Port of Los Angeles did the same in 2007. These are remarkable milestones for two world-class institutions whose growth parallels that of the region itself. Their long history is a reminder that both the rapid growth and economic challenges of the past decade are only part of a much longer progression. Anniversaries, particularly those of the centennial variety, offer a good opportunity to take stock of the past and look forward to the future.

Recently, the Center for International Trade and Transportation (CITT) at California State University, Long Beach (CSULB) hosted a three-part webinar series that allowed the goods movement industry in general to survey the recent past and look at what lies ahead. The series, called *Cargo and Jobs: Still Ours to Lose?* began with a look at how shippers (and their agents) choose ports, focusing on what decision-makers value. The second webinar considered the competitiveness of Southern California and recent industry efforts to promote the advantages of the region as a trade

gateway. The last of the series attempted to identify the challenges ahead.

Beginning the discussion with shippers and agents makes sense. The goods movement industry and the communities along trade corridors are attempting to make predictions about the impact of events like the expansion of the Panama Canal on trade flows. Understanding the factors that influence the choices of shippers and their representatives makes predicting a little easier.

The expectation is that more options will be available after 2014 with an expanded canal. Joey Carnes, Chair and CEO of MIQ Logistics, a third party logistics provider, argued that the Panama route may be most effective in helping alleviate congestion on the West Coast. However, he also made the point that shippers are looking at options involving different ports independent of the Canal. According to Carnes, shippers care about where cargo originates, where it is destined and how fast it can get there for the lowest price. The reliability of services along the way matters as does the reliability of the infrastructure on which the freight moves. Because one size does not fit all, diversified port strategies will likely be the norm.

Carnes made the point that his clients like Los Angeles and Long Beach. It's hard to replicate what we have here in the way of infrastructure and services to support trade; but he cautioned against complacency. Other port regions that are more trade sensitive than we are will make deliberate decisions to remain competitive by minimizing

those fees and regulatory actions that increase the cost of doing business.

Many in the industry here have gotten the message and are making concerted efforts to communicate the benefits of moving goods through this region. This was the subject of comments made by Fran Inman, senior vice president of Majestic Realty, during the second of the three webinars. Inman provided some valuable perspective from an industry segment that is not often visible to outsiders. Warehousing and distribution centers, and facilities that allow for the transloading, repackaging and even reassembly of cargo, play a critical role in moving freight. Inman said that, as a landlord, she did not always speak the language of logistics. Now she is a leading proponent for not only the warehouse and DC sector, but for partners along the entire supply chain. According to Inman, a decade's worth of challenges has brought the industry together, despite often conflicting priorities, and laid the ground work for coalitions that have contributed to the success of major efforts like the passage of Proposition 1B in 2006. Prop 1B was a bond initiative that has helped to fund major infrastructure projects that support trade corridors in California.

These coalitions have made it easier for the industry to come together to respond to other challenges and, when necessary, reinvent itself. This happened with the development of the Clean Air Action Plan by the Ports of Los Angeles and Long Beach. More recently, in the wake of the recession, industry partners have worked together to communicate the benefits of the west coast in general, and this region in particular, as a trade gateway.

Echoing Joey Carnes, Inman reminded the webinar audience that freight, like water, moves freely. DC and warehouse operators could lose a deal over a penny a square foot. And while the region has more than a billion square feet of space to attract customers, the development of a shared vision for the goods movement industry requires constant renegotiation between stakeholders.

Partnership was a theme revisited by Dick Steinke, executive director of the Port of Long Beach, and John McLaurin, president of the Pacific Merchant Shipping Association, during the third and final

webinar. In looking at the challenges ahead, Steinke and McLaurin argued that the industry as a whole will have to learn to handle cargo differently in order to remain competitive with ports in other parts of the country and around the world. Steinke reflected on the fact that, as a region, we should be looking at not only the Panama Canal but the Suez Canal when it comes to shifting trade lanes. McLaurin added that he was concerned about a lack of institutional memory in Sacramento that makes sustaining effective coalitions problematic. Term limits mean that few in government are allowed to develop an expertise in freight and goods movement; as a result the industry is constantly forced to look for new partners to work with in creating policy that supports the growth of the industry and responds to the concerns of communities affected by freight movements.

All of the participants agreed that the message remains speed, cost, reliability and infrastructure; and staying on message has helped the industry, including the ports, thrive for so many years. But the audience is ever changing, so success in the future will mean reinforcing it on a regular basis.