

No Summer Doldrums on Goods Movement Front



■ Trade and Transportation

By Thomas O'Brien

You can usually count on things to quiet down a little during the summer. It seems that there are fewer people on the freeways, fewer e-mails in the inbox, and more time to enjoy family and friends and everything else that makes a Southern California summer the envy of the rest of the country.

But on the goods movement front, it's been an unusually busy summer; and the fall is shaping up to be busy as well. From court cases to major policy initiatives in Washington to new technology, there's enough news to follow that has nothing to do with debt ceilings but that matters just as much to a trade gateway like ours.

Earlier this month, a judge ruled that the Port of Long Beach must complete an environmental study to determine the impacts of its 2009 agreement with the American Trucking Association (ATA). That agreement replaced a ban on older trucks with a motor carrier registration process and, in the process, settled a lawsuit filed by the ATA against both the Ports of Long Beach and Los Angeles. The Port of Los Angeles was not part of the settlement.

In her ruling, Judge Christina Snyder stated that the agreement did not comply with the mandates of the California Environmental Quality Act (CEQA). The initial study will determine if a broader environmental impact report (EIR) is required. We should know the timeframe for the initial study by early August. If a full EIR is required, it could take years to work its way through the review process and, as is usually the case with EIRs, the courts. In the meantime, it will likely be business as usual for truckers. Significant portions of the two ports' clean truck program are moving forward even while the various parties are battling it out in court. As of July 1, a loophole in the Clean Trucks Program was closed when class 7 trucks (smaller vehicles sometimes used to move light loads and empty containers) with 2003 engine models or older were prohibited from entering the port. The continuing legal issues surrounding the Clean Trucks Program have almost overshadowed the fact that on January 1, 2012 the Ports of L.A. and Long Beach will only be serviced by vehicles meeting 2007 federal emission standards. That is an impressive accomplishment for a plan adopted late in 2006.

There was also some movement this summer on a cross-border trucking agreement between the U.S. and Mexico. On July 6, the two countries agreed on a new three-year pilot program to allow Mexican truckers access to the U.S. for products moving across the border. This pilot program replaces an earlier Bush administration project that died in the wake of opposition from Congress, some labor unions and consumer safety and environmental advocates. When the program gets underway in August, it will also mean the end to punitive tariffs

that the Mexican government imposed on certain U.S. products when the earlier pilot failed.

While the initial impact may be limited (only approximately 100 trucks took part in the first pilot project due in part to the increased operating costs for Mexican truckers), a successful pilot could pave the way for a much more efficient border crossing. In the absence of a trucking agreement, goods are loaded and unloaded at the border, resulting in delays for an industry that often acts on a Just-in-Time basis.

But stay tuned. The Owner-Operator Independent Drivers Association (OOIDA), which is concerned about the potential loss of jobs for U.S.-based truckers, has already asked the U.S. Court of Appeals to throw out the agreement, and the success of the program depends upon funding from Washington. We know how that's going these days. If the cross border trucking program stalls, there is always the planned winter release of the long awaited environmental impact report on improvements to the 710 freeway between the San Pedro Bay ports and the 60 freeway. This follows the 2005 completion of a Major Corridor Study for the freeway. The draft EIR was originally due in 2010, and while the 2011-12 version may have some interesting things to say about the potential for tolling on the 710 and freight capacity, on-the-ground improvements are still years away. By then, there will be other events making things interesting for the industry. The year 2014, in particular, will be noteworthy. That's when the first phase of the Panama Canal expansion is scheduled to open. That's also the year that PSA International, a Singapore-based company, hopes to complete the development of a 1-million TEU capacity container terminal at Mariel Bay, Cuba. And at about the same time, Maersk should be taking delivery of the first of its new 18,000 TEU vessels. The new ships have been dubbed the Triple E class for economy of scale, energy efficiency and environmental design. New canal capacity, port capacity and vessel capacity in the Americas will make for interesting times.

So will new regulations requiring ships in California to plug into shoreside power (also called cold ironing), which come on line in 2014. The technology, a legacy of a lawsuit filed by the Natural Resources Defense Council against the

Port of Los Angeles and China Shipping, has more recently been brought to the Port of Oakland in anticipation of the rule change.

You can count on the courts to keep things interesting, as this summer has already proven. But that's not surprising. Even a good vacation - from lounge chairs to hot dog buns - depends upon the movement of goods. So enjoy it, but keep reading the news because, otherwise, you might just miss something.