

**Message from the Chairman of the
Florida Seaport Transportation and Economic Development Council**

Preparing Now for the Economic Opportunities on the Horizon

The global economic crisis has profoundly impacted Florida as our state confronts the challenges of its most significant economic downturn since the Great Depression. From late 2008 until early 2010, Florida has been particularly hard hit by the extraordinary decline in residential housing and other construction. Yet, amidst this otherwise gloomy period, Florida's network of seaports has continued to bolster the regions each serves throughout the state.

Networked around the state, Florida's seaports positively affect every region and every resident, delivering the gasoline for our vehicles, the jet fuel for our airports, the building materials for our construction industry, and the diverse consumer goods carried in the millions of containers that move across our docks.

Florida's seaports and the international trade they facilitate are integral to the foundation of our state's economy. In 2008, trade accounted for nearly 20 percent of Florida's gross state product and international business was responsible for nearly 1 out of every 6 jobs in the state. During the economic downturn, the international trade sector, which relies heavily on our state's seaports, has been a relatively bright spot, as Florida has outperformed other major exporting states, in particular in our role as the gateway to Latin America.

Whether moving over a hundred million tons of cargo annually or millions of cruise passengers, Florida's seaports accommodate a vast array of commercial activity. Some ports have massive shipyard activities; others have been catalysts to the transformation of their cities' downtown waterfronts and their recreational opportunities.

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Florida's statewide maritime industry has, to the extent of its capacity, made strategic investments to prepare for the increased business that will accompany economic recovery. Even during this economic downturn, major new commercial initiatives have been announced throughout the maritime industry within our state; our seaports, assisted by matching funds from our strong 20-year state-seaport partnership, have continued to invest heavy amounts of public port authority and private capital into new marine infrastructure. In short, Florida's seaports have remained one of the few promising drivers of the state's economy since late 2008. Nevertheless, we face daunting challenges, as our seaports compete with ports in nearby states which receive tens of millions of dollars in state funding annually for massive capital initiatives.

Our seaports' competitive position, already impacted by the enormous state investment at ports in neighboring states, will be further eroded if strategic investment is not made to ensure our infrastructure

compares favorably with that at other ports in the Southeast. To convey the urgency of maintaining our competitiveness and preparing for future opportunities, Florida's seaports have prepared a "2010 Economic Action Plan for Florida: A Blueprint to Leverage Florida's Strategic State-Seaport Partnership." Never has that partnership been more important, nor the stakes higher. According to the Florida Department of Transportation, every \$1.00 invested in seaports yields \$6.90 to the state's economy. Can we afford to lose that economic benefit?

Why is it so important for Florida and its seaports to be preparing for the future? Here are a few highlights of the opportunities on the horizon:

- *The expansion of the Panama Canal, scheduled for completion in 2014. The expansion of the Panama Canal will alter existing trade patterns and drive more Asian business that has historically moved through the U.S. West Coast through the Panama Canal and into ports along the U.S. Gulf and East Coast. The ability of much larger ships to transit the expanded Panama Canal will open up many new trade opportunities for our ports as a result of Florida's proximity to the Canal, including the opportunity to receive cargo that is transshipped via major Caribbean mega ports.*
- *No state in the nation is better positioned to facilitate trade between our nation and the other countries in the Western Hemisphere than Florida. Economies in Brazil, Colombia, and Mexico are particularly promising and Florida seaports are ideally situated to accommodate the growth in the projected trade with these dynamic regional partners.*
- *The anticipated rebound in building and construction. The economic recovery will produce a rebound in building and construction in the years ahead. Much of the material that will be required to accommodate renewed construction will need to move through our channels and harbors. Florida's seaports will be central to the state's economic recovery.*
- *Florida depends on its seaports in a way that other states do not. Nearly all of the state's energy needs are met by seaports that serve as the conduit for millions of tons of petroleum products annually. Most of the gasoline and aviation jet fuel products that are so vital to the functioning of Florida's economy move through our seaports via regularly scheduled barge and ship deliveries. Whereas other states are reliant on pipelines to meet their energy needs, Florida primarily depends on the seaports' very efficient and flexible system of vessel delivery to meet its needs. As Florida's economy rebounds and we return to positive population growth, and as our tourism industry expands over time, the role of Florida's seaports to meet our state's energy needs will be even greater in the future.*
- *Florida's continued dominance of the cruise industry. Even as overall tourism in Florida has declined recently, the cruise business in our ports has remained strong. Several of the industry's newest ships just started homeport operations from Florida seaports and major announcements have been made regarding further expansions of our state's cruise business.*

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Every day at the port that I serve (the Port of Tampa), I see the profound impact of our seaport on the daily lives of the people in our region. Just as Tampa is West Central Florida's largest economic engine, other ports around Florida are serving as the principal drivers of their regions' economies. The average annual wage of seaport-related jobs is \$54,400¹ and the impact of Florida's port complexes extends far

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beyond their gates. Moreover, stakeholders at Florida's seaports are on the cutting edge of new business ventures throughout the state. As an example, a company in Tampa has begun initial shipments of fly ash to a major hydroelectric dam project in Panama. Approximately 170,000 tons of this product will be shipped to Panama to support this project. Fly ash, a by-product of coal-power generation and an eco-friendly additive to cement, would otherwise go to a domestic landfill if not being used to support this power-generation project. Innovative projects such as this one are being undertaken at ports throughout our state.

Finally, given our seaports' proven record as economic drivers, I urge the state to do all it can to remove any unnecessary regulatory issues that are inhibiting economic developments at our seaports. Streamlined environmental permitting, comprehensive plan regulations, and other strategies would help eliminate roadblocks for businesses seeking to locate or expand in Florida. Another area where Florida's ports need regulatory relief is in the area of state-mandated security requirements that exceed the federal requirements governing the rest of the nation. Florida's ports have been at the forefront of security improvements relative to the rest of the nation, but they need relief from the heavy burden of some elements of Florida's outdated law which require costly, duplicative, and inefficient measures that are threatening the competitive viability of our seaport system.

Florida's network of seaports is one of the state's greatest economic assets. A continuing strong, strategic, state-seaport partnership investing in this asset will enable our diverse seaports to maximize their vast economic contributions to communities in every region of our state.

Richard Wainio,
Chairman, FSTED Council, and Port Director / CEO, Tampa Port Authority

¹ U.S. Department of Labor, Bureau of Labor Statistics, National Industry-Specific Occupational Employment and Wage Estimates, May 2008, NAICS 483000 - Water Transportation.