

Forcing a Sea Change in Priorities

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By JOHN McLAURIN

Now that the new year has begun, the clock is ticking with respect to whether California will be able to maintain its relevancy as an international trade gateway.

In 2014, an expanded Panama Canal will become operational, allowing cargo owners more options and gateways to bypass California ports. While construction of the modified canal moves forward in a timely fashion, California remains mired in both a fiscal and political crisis, unable to provide either the funding or the leadership for the state's growing infrastructure needs – including maintaining the California ports' position as the most important entry points for the nation.

Time is short and the competition is growing fierce. In contrast to California's malaise, new gateways are being expanded or established in various North America ports outside of California, and they are offering low-cost and hassle-free business environments. Governments in Canada and Mexico, and elsewhere in the United States, recognize that the goods movement industry creates jobs, and they are supporting and encouraging port investment because of it.

While there was an early recognition of California's precarious trade position, as noted several years ago in the Goods Movement Action Plan developed by the state's Business, Transportation and Housing Agency, the fate of that report, like so many others, is gathering dust on a bureaucrat's bookshelf. Trade routes are long-term investments based on the availability of efficiency and certainty of cost. For California to be competitive in the future, the state must embrace the industry and work with the trade community to achieve common goals.

Political influence

Unfortunately for California, we are in an era where politics, as much as the marketplace, is influencing cargo patterns. Port policies, whether created by port staff or imposed by the local mayor or city council, are creating disincentives for cargo interests, and are doing little to attract job-creating businesses to the ports.

In Los Angeles, the mayor's promise of green growth is only partially fulfilled – air emissions from the goods movement industry continue their steady and sharp decline but cargo volumes continue to plummet, a function not only of a depressed economy but also of policies such as an "employee mandate" requirement for port truckers – a political patronage system masquerading as environmental policy.

Whether it is arrogance, or a misunderstanding of the marketplace, the basis for policymaking by many state and local officials is that international trade has nowhere to go except through California. That view of world is not only wrong, it will have serious consequences for all Californians, especially those who work in the goods movement industry. What is actually occurring is that politics is penalizing innovation, limiting resources, stifling progress, and restricting investment. It brings growth and much needed job opportunities to a screeching halt.

California needs investment in the goods movement infrastructure, but state and local policies send an entirely different message. Over the next 12 months, the last year of Gov. Arnold Schwarzenegger's administration, a number of infrastructure projects critical to California's goods movement industry are scheduled to move forward. But if those projects are delayed, it will confirm that California is unable and incapable of dealing with future trade needs.

State policy and port governance must regain its focus on creating jobs. The Schwarzenegger administration must put the prestige of the Governor's Office behind public-private partnerships. To build projects and achieve environmental goals, the environmental review processes needs to focus on mitigation as opposed to delay.

For all those hundreds of thousands of people in the trade and logistics industries, time is of the essence as decisions about investments, trade routes and employees are at stake. Is this industry – are any of California's industries — worth fighting for?

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