Analysis of Global Opportunities and Challenges for Florida Seaports

January 2015

Executive Summary

Florida today is uniquely positioned to capture significant economic benefits from expanded international trade.

The state's robust system of ports and transportation infrastructure provides a ready pathway to secure new jobs, tax revenue and vibrant economic growth. Florida's global trade community already is fulfilling its commitment with significant investments in expansion and with diligent management and optimization of infrastructure.

This analysis identifies targeted opportunities for Florida to capture these benefits and expand its position in global trade.

The Opportunities

1. Capture cargo now moving through non-Florida ports by the adoption of an aggressive marketing program and by development of the necessary infrastructure for growth and connectivity.

2. Attract import distribution centers and export-oriented manufacturing facilities to Florida by developing comprehensive strategies that make Florida a logistics gateway to the Southeast.

3. Work with policymakers and officials at all levels to streamline regulatory processes and ensure Florida's competitiveness in serving markets.

Serving Florida's consumers and businesses represents 3.5 Million TEUs.

There is a significant and immediate opportunity to capture cargo destined for Florida consumers that currently comes into Florida from non-Florida ports—about 3.5 million twenty-foot equivalent units (TEUs) of containerized goods alone. This opportunity to capture and redirect cargo through a Florida seaport is a result of many different situations and emanates from many sources.

The Challenges

- Florida's share of the U.S. container market has fallen from 8.3 percent in 2000 to 7 percent in 2013.
- More than half the state's imports from, for example, Northern Europe, moved into the U.S. through non-Florida ports. In 2013, 309,000 TEUs of imports arrived through ports outside the state.

- 252,000 TEUs moved into Florida from the nearby and massive distribution hubs in Georgia.
- 285,000 TEUs moved into Florida from distribution centers (DCs) in Texas and Louisiana – where large-scale DCs are located for individual companies like Walmart and Home Depot and commodity clusters such as furniture and coffee.
- 57,000 TEUs moved from Mexico into Florida by rail and truck.
- Another 371,000 TEUs moved into Florida via intermodal rail from a variety of other areas, including West Coast ports direct-to-Florida and Midwest intermodal transfers into Florida.
- With the right logistics mix, the amount of import containerized cargo available to Florida ports is 1.3 million TEUs.
- The entire TEU potential is 3.3 million because for every import container, there are about 1.5 empty and export container movements generated.
- Another 306,702 TEUs originate in Florida but are exported through out-of-state ports.
- The total potential import and export market for Florida origin/destined goods available as additional cargo to Florida ports is approximately 3.5 million TEUs. Florida ports currently are capturing about one of every two available TEUs.

Doubling ports business could mean doubling the economic impact from what is already one of the state's top job-generating and lifestyle-enhancing industries.

Complex market parameters can inform investment and marketing strategies based on the size of carriers and existing trade routes.

While Central American and Caribbean import trades mostly use Florida ports, Asian imports are more unpredictable, with 154,000 TEUS moving out of Southeast Asia into Florida in 2013 via non-Florida ports. Most of that volume is actually railed across country from the West Coast. Similarly, South American and North European imports are under-served, with, for example, 12.8 percent of imports from South America moving through just the Port of New York/New Jersey (due substantially to the level of steamship service). Florida ports can aim to bring home as many as 52,000 TEUs of imports from South America alone.

Overall 70 percent of export containers originating in Florida move through Florida ports—leaving 300,000 TEUs that don't. Some of these container movements certainly can be targeted as "low-hanging fruit."

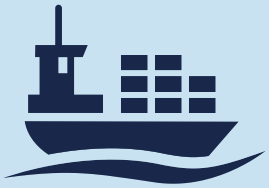
Houston, New York, Savannah and Charleston are the key ports used by Florida exporters to South America. Florida export trade lanes to Northern Europe, the Mediterranean, Southeast Asia, Middle East, Africa, Far East and other countries in Southern Asia all reflect a lack of vessel service from Florida ports.

With respect to containers imported into Florida, about 58.4 percent move through Florida ports. Less than 50 percent of the containerized imports into Florida from Asia and Northern Europe use Florida ports. The key non-Florida ports used by Florida importers of Asian cargo are Los Angeles, Long Beach and Savannah. For the European trade, the key non-Florida ports used to serve the Florida import market include Charleston and New York.

Almost 500,000 jobs are related to exports and imports through Florida ports, and more can be created.

The top opportunity to gain Florida import cargo and re-route it through Florida ports is on Asian trade lanes, and the best opportunity to increase export cargo and re-route it through Florida ports is on the South American trade lane.

Florida has a logistics cost advantage to capture cargo currently moving through non-Florida ports.



The value of container trade through Florida ports is more than $46 billion, and significant growth is available.

Florida ports have a logistics cost advantage for beneficial cargo owners (BCOs) and carriers handling cargo exported out of Florida, and for cargo headed into Florida. Florida also has a cost advantage for some discretionary cargo headed to locations in the Southeast. Increasing this discretionary market will allow additional economies of scale for carriers to help reinforce their presence at Florida's seaports.

Currently, Florida BCOs and DCs are concentrated in three areas: Orlando-I-4 Corridor, Jacksonville, and South Florida. The greatest population growth is in Northeast Florida and Central Florida. Central Florida is therefore, a key market to serve for all Florida ports.

All of the advantages that Florida ports have in place to retrieve cargo that originates in or is destined for Florida also set the stage for Florida to attract cargo originating in or destined for regions to the north.

As a consumer state, Florida has 500,000 more trucks leaving empty and searching for cargo going northbound each year. The imbalance of equipment that requires repositioning leads to an ability to negotiate more favorable backhaul truck rates.

The existing freight distribution system in Florida can be expanded to service a global import and export market.

Just one new distribution center can support 1,200 jobs and $6 million in tax revenue.

Florida is now the third largest state by population, and its favorable geography positions it to be the global distribution site for one of the largest growing areas in the U.S.—the Southeast. The demand for inbound consumer goods will continue to grow in this region and by extension, require the growth of import DCs to handle this volume. The ability for Florida ports to be the first inbound and last outbound port-of-call for import and export shipments will be the key to attracting these facilities to Florida. DCs touch almost every product manufactured or consumed in Florida.

The initiatives being taken by other states in the Southeast to attract these centers and facilities are very competitive. Many states are offering land, tax incentives, expedited permitting, and grants to encourage the selection of their site locations. The resulting challenges for Florida in attracting these facilities are numerous:

The Challenges:

- Each million-square-foot DC supports about 1,200 jobs and $6.1 million in state and local tax revenues.
- DCs and import BCOs *need* deep ports that serve as a global carrier's first inbound port-of-call, expediting arrivals.
- Export-oriented manufacturing facilities *need* ports that serve as a carrier's last outbound call on a particular coast, maximizing production windows and effectively increasing export production capacity.
- Florida and neighboring states export many heavy commodities, such as forest products. Carriers facing vessel draft issues or subsequent port calls along a seaboard may have to limit heavy cargo taken on in Florida. Additional depth and last outbound call services eliminate this issue.
- South Carolina, Georgia, Virginia and other competing states are offering incentives to manufacturers and DCs to locate in their states, using tax breaks, credits, grants, regulatory and sales tax exemptions and training assistance.

Fundamental and evolutionary changes are occurring within the global trade arena and must be considered by state and federal regulators to ensure that Florida remains competitive as the gateway for international trade.

In many ways, Florida ports feel an out-sized impact from federal regulations due to the state's proximity to so many other countries whose competing hubs enjoy a more permissive regulatory environment.

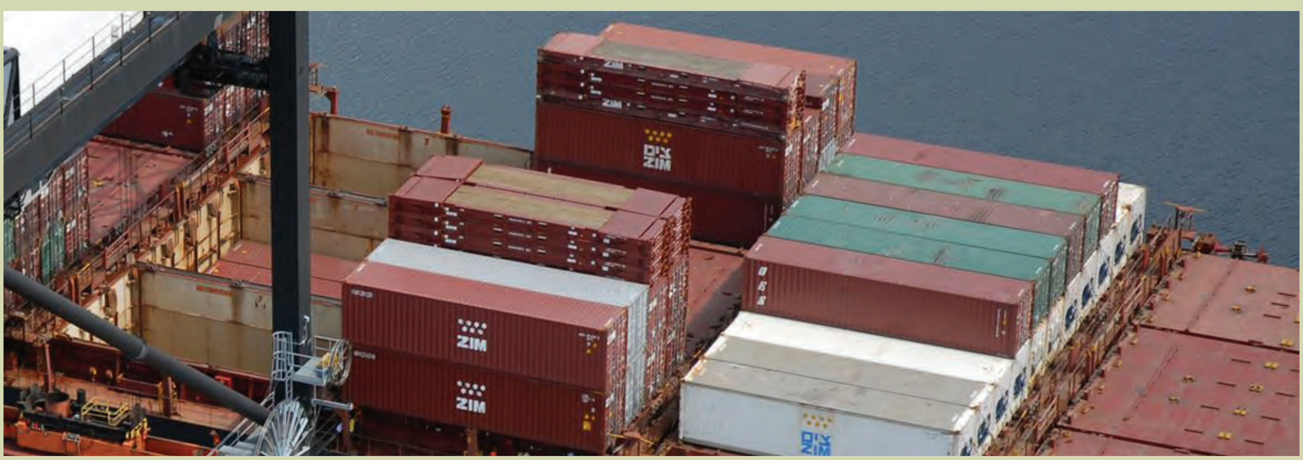
Pilot programs, like the recently successful cold-treatment program for perishable imports, provide a pathway to testing and refining rules and processes. Existing regulatory programs are being refined with more prospects for expanding the management of supply chain security; easing the burdens of enforcement for trusted traders; streamlining security processes and the export/import process for American businesses; and applying risk management principles. This analysis identifies and advocates Florida's active involvement in such programs.

Florida has many clear-cut logistics cost advantages that can be marketed and utilized.

In addition, this analysis advocates a careful look at both regulatory and operational issues arising from the growth of transshipment activities in the Caribbean Basin, including deficits in infrastructure requirements. Florida ports continue to seek ways to shift negative impacts on trade to competitive advantages to develop trade.

The Challenges:

- Out-of-date or unnecessary regulations can have the unintended impact of hindering the flow of legitimate trade into and out of Florida.
- Transshipment activity has almost completely disappeared from Florida ports because of outdated security requirements; lack of adequate channel depth for larger vessels; growth of competitive transshipment facilities in the Caribbean and Central America; and because of various federal regulations such as the unnecessary enforcement of U.S. regulations on transshipped goods never intended for distribution in the U.S.
- Innovative federal pilot programs allow Florida to show its competency in securing its own agriculture commodities and using stricter, more advanced protocol measures in the perishable import market. The federal Cold Treatment Pilot Program for Perishables at specific south Florida ports was successful, and an expansion of products and countries of origin is needed.



The Strategies:

- Continue to invest in port infrastructure and channel upgrades that will provide Florida with the ability to be the first inbound and last outbound port-of-call for import and export shipments.
- Create an aggressive marketing campaign to attract to Florida those BCOs and carriers that are importing and exporting cargo through non-Florida ports.
- Provide necessary state or local incentives to entice import distribution centers and export-oriented manufacturing companies to locate in Florida.
- Remove or modify any undue regulatory burdens on Florida's freight system resulting in increased efficiency in moving trade through Florida seaports.

Continue the financial commitment by Governor Scott, the Florida Legislature, the Department of Transportation and Florida's seaports in on-port infrastructure and channel depth upgrades.

The efforts by Florida ports and the state of Florida to invest millions of dollars in port capacity and efficiency around the state have not gone unnoticed by the global maritime industry. Florida has improved its position as the global pier for the U.S. and is one of the leading states for the import and export of goods. However, in this era of global competition for jobs and tax revenues, Florida's ports must continue to build a competitive logistics infrastructure. Important projects related to on-port infrastructure and channel depth upgrades still need approval and funding.

Market the cost advantages of using Florida ports to major ocean carriers, beneficial cargo owners and logistics companies now using non-Florida ports.

A concerted effort is needed to expand Florida's position in world trade.

The degree of commitment to using Florida ports varies. This study identifies potential marketing targets by location, by shipper and by carrier, providing the basis for aggressive marketing. Florida has invested significantly in its freight mobility infrastructure, and now is the time to ensure that the world understands that Florida has the capacity and efficiencies to move any product into and out of the Southeastern U.S. and beyond.

Inspiring confidence in Florida's supply-chain logistics also will help grow a robust manufacturing industry in Florida. A main challenge for Florida's current and potential importers, manufacturers and producers is to reliably and profitably meet global demand.

If improved routings can help manufacturers firm up lead times, production runs and labor schedules thus eradicating disruptions, Florida seaports will become true supply chain partners. Ports can serve as supply chain leaders by reducing impediments to predictability and by enhancing efficiencies for the movement of goods.

Review existing state and local policies to understand what types of incentives may be necessary to attract manufacturing and global import distribution centers to Florida.

In today's competitive maritime logistics field, private sector businesses are looking for a location where local governmental stakeholders are invested partners in the success of the business. State and local incentives can provide that last bit of encouragement to ensure that jobs and revenues associated with this growing industry locate in Florida. Florida must review its state and local policies to understand what types of incentives may be necessary to attract manufacturing and global import DCs to this state. Other states have enacted specific incentive programs, and Florida can use these examples to determine whether changes should be made to Florida law.

Alleviate unnecessary regulatory burdens on the movement of goods into and out of Florida.

Regulators at all levels are working to improve the competitive position of U.S. exports and imports, with advances being made in managing security issues, the flow of trade, the safety of food and medical products and other regulatory functions.

Conclusion

In an increasingly interconnected world, global trade—with its inherent economic and social benefits—will flourish and grow. Florida is uniquely positioned to actively participate in that growth. The state's diverse culture, favorable geography and dynamic economy have positioned Florida to be one of the nation's premier logistics gateways and a leader in world trade.

There is much to build upon. Florida's existing ports and transportation infrastructure are established and well-managed. The ports system enjoys the support of the business community and local government stakeholders, due to a history of economic success.

Now, with an aggressive and broadly supported effort, the state can, as this analysis details, seek and secure the many benefits of expanded trade—more jobs, increased tax revenues, economic growth and better lives for all Floridians.

Port Everglades
Photo: Florida Ports Council

Introduction

International trade is a cornerstone of Florida's dynamic economy and today is valued at more than $160 billion. Waterborne international trade moving through Florida's seaports accounts for more than half of the state's total international trade by value.

From trade flows jobs, tax revenues and consumer benefits. In addition, there are clear opportunities for Florida to expand these benefits through a series of specific actions. The Florida Ports Council on behalf of the Florida Seaport Transportation and Economic Development (FSTED) Council engaged Martin Associates to clarify and quantify opportunities for growth in trade. The following analysis is intended to assist businesses, policymakers, stakeholders and Florida's ports themselves in setting goals and taking actions to garner the benefits of expanded trade.

The findings of this analysis can be distilled into three key opportunities:

Capture cargo now moving through non-Florida ports.

Attract import distribution centers and export-oriented manufacturing facilities.

Streamline regulatory processes at all levels and ensure Florida's competitiveness in serving markets.

Acting on these opportunities will further enhance the already dramatic impact of trade on state jobs. In 2013, maritime cargo activities at Florida ports influenced more than 550,000 direct, indirect, induced and related jobs, which were based on $80 billion of cargo moving via Florida seaports. Of that total, almost 38,000 jobs were directly generated by activities at marine cargo terminals. On average, these direct jobs pay almost $45,000 annually.

In addition to the direct jobs, another 36,000 jobs (induced jobs) were supported by local purchases directly generated by port activity at the cargo terminals, and an additional 22,000 indirect jobs were supported by $2 billion of purchases by firms providing direct cargo handling and vessel services at the Florida public ports.

Introduction

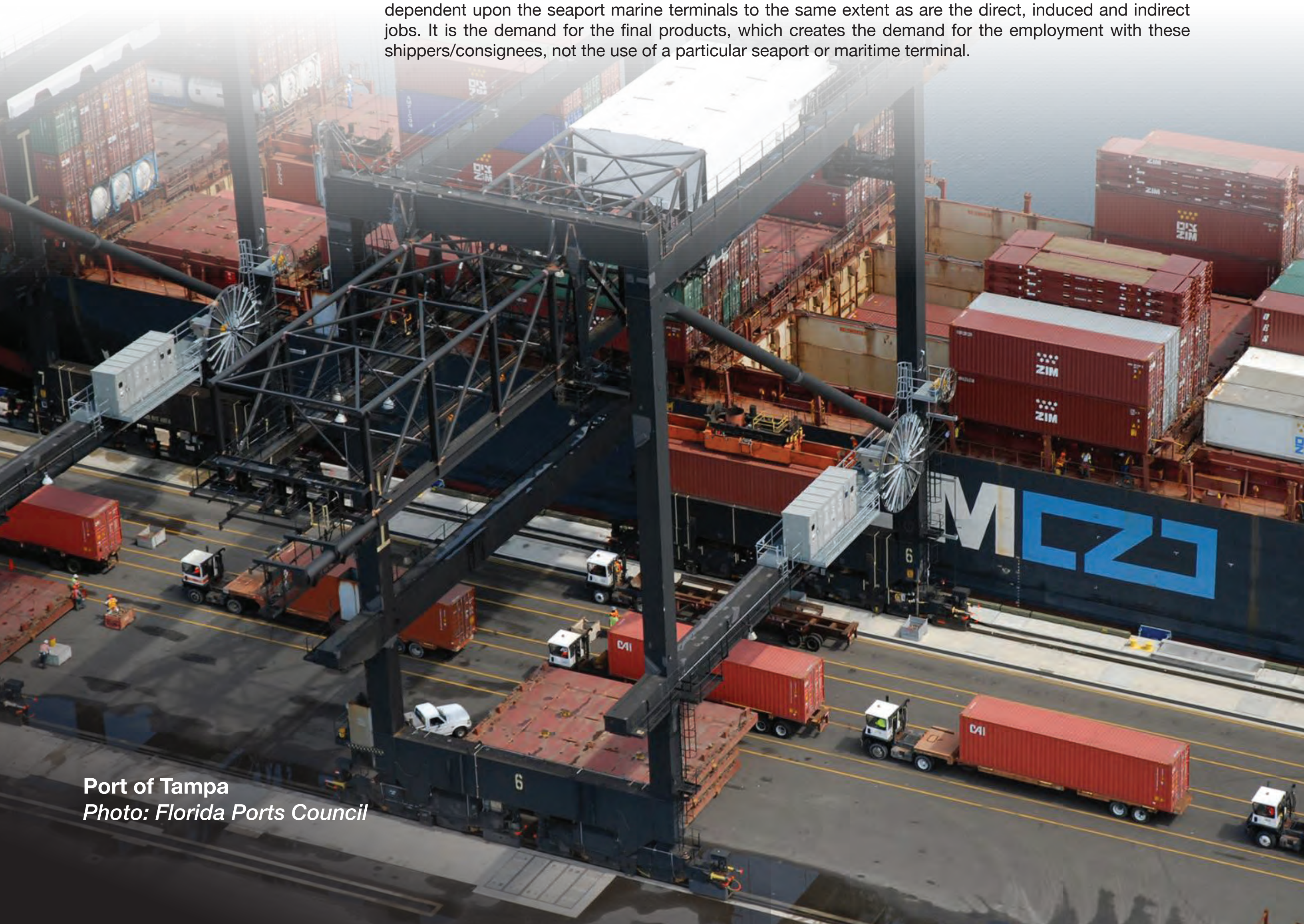
More than 455,000 jobs were related to cargo exported and imported using marine terminals located at Florida seaports. These jobs are with related shippers/consignees using the public marine cargo terminals and are mostly concentrated with jobs in the movement of containerized cargo through public port terminals.[1] (Note: these job numbers do not include cruise-related jobs in 2013.)

Cargo and cruise activity together contribute $96.6 billion of output to the state's economy, or about 13 percent of Florida's GDP. More than $2.2 billion of state and local tax revenues were related to marine cargo activities through Florida ports, of which $620 million was generated by cargo activity annually.

Virtually every Floridian enjoys tangible benefits from vibrant and growing international trade. For the state's 19 million residents, trade enables a broad range of choices available from the grocery store to the shopping mall. Businesses, especially small manufacturers, are taking advantage of growing export opportunities for their products. The shipment of bulk commodities in and out of the state helps hold down prices for energy and other basic services.

The analysis that follows offers a guide for securing and expanding these many benefits. The plan for the future is to implement actions that will seize these opportunities.

[1]Importers and exporters can and do use other ports to ship and receive cargo. Related jobs are not dependent upon the seaport marine terminals to the same extent as are the direct, induced and indirect jobs. It is the demand for the final products, which creates the demand for the employment with these shippers/consignees, not the use of a particular seaport or maritime terminal.



Port of Tampa
Photo: Florida Ports Council

I. Cargo Opportunities

Capture cargo now moving through non-Florida ports by the adoption of an aggressive marketing program and by development of the necessary infrastructure for growth and connectivity.

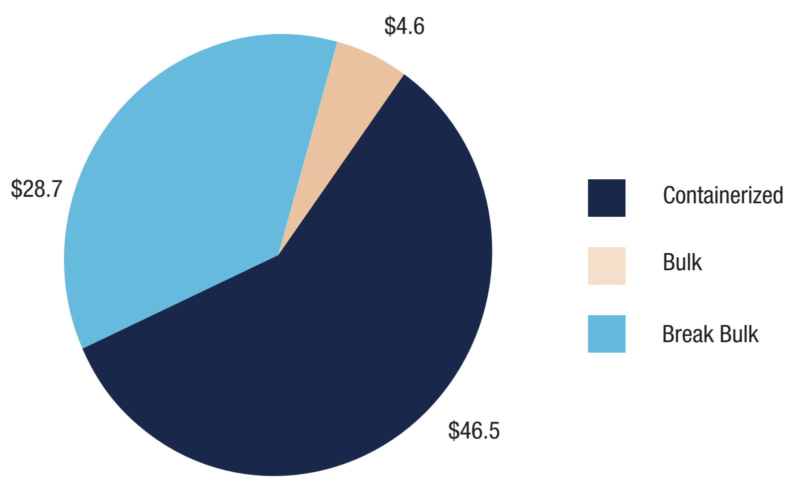
Benefits of this work will add to a solid and growing base of trade. Today, nearly 60 percent of international trade handled at Florida ports consists of containerized cargo. Break bulk cargoes account for about 36 percent of the value of international maritime trade moving via Florida ports and bulk cargoes, both liquid and dry bulk cargoes, account for about six percent of the total value of trade.

The main focus of this report is on a global strategy for container development at Florida's seaports. However, this is not to underestimate the importance of the bulk and break bulk cargoes, as the majority of Florida's ports are engaged in the handling of break bulk cargoes such as forest products, automobiles, steel; and bulk cargoes such as petroleum products, chemicals, fertilizer, coal and energy products, and minerals. In addition to cargo operations, some Florida ports also are engaged in servicing the off-shore oil operations located in the Gulf of Mexico.

Strategies for these markets are more commodity specific, and as a result, the development of strategies for the bulk and break bulk markets are more localized in nature, reflecting industrial activities within the region. These cargos also are more dynamic, often driven by economic considerations, supply of resources, changes in handling techniques, and structural shifts in economic, political and environmental policies.

Examples of such industry-specific changes include the contraction of Florida's phosphate industry; the impact of the recession on the construction industry and the related impact on building-related imports; shifts in fuel sources from coal to LNG at Florida's utilities; increased demand for clean energy product exports from the U.S.; the increased containerization of cargoes previously moving in break bulk form; and the increased auto production by foreign auto manufacturers in the U.S.

Value of International Trade Moving via Florida Ports
International Trade (Billions)



Source: U.S. Bureau of the Census, USA Trade On-Line

Of the $79.8 billion of international trade handled at Florida seaports, $42.2 billion is export cargo, while the balance is import cargo.

Cargo Opportunities

Break bulk and bulk cargoes account for more than half the total value of exports handled through Florida ports, providing "balance-of-trade" offsets for growth in containerized cargo. These exports represent a major contribution to the state's economy. Florida and its ports should and will continue to focus on expanding trade (import and export) in bulk and break bulk cargoes. The focus of this current analysis is on the identification of significant near-term opportunities in containerized cargo.

Composition of Value of Trade via Florida Ports by Cargo Type

Cargo Type	Imports Billions	Exports Billions	Total Billions
Container	$25.7	$20.8	$46.5
Break Bulk	$10.5	$18.2	$28.7
Bulk	$1.4	$3.2	$4.6
Total	**$37.6**	**$42.2**	**$79.8**

Source: U.S. Bureau of the Census, USA Trade On-Line

Deeper channels are needed at U.S. ports as vessel size increases.

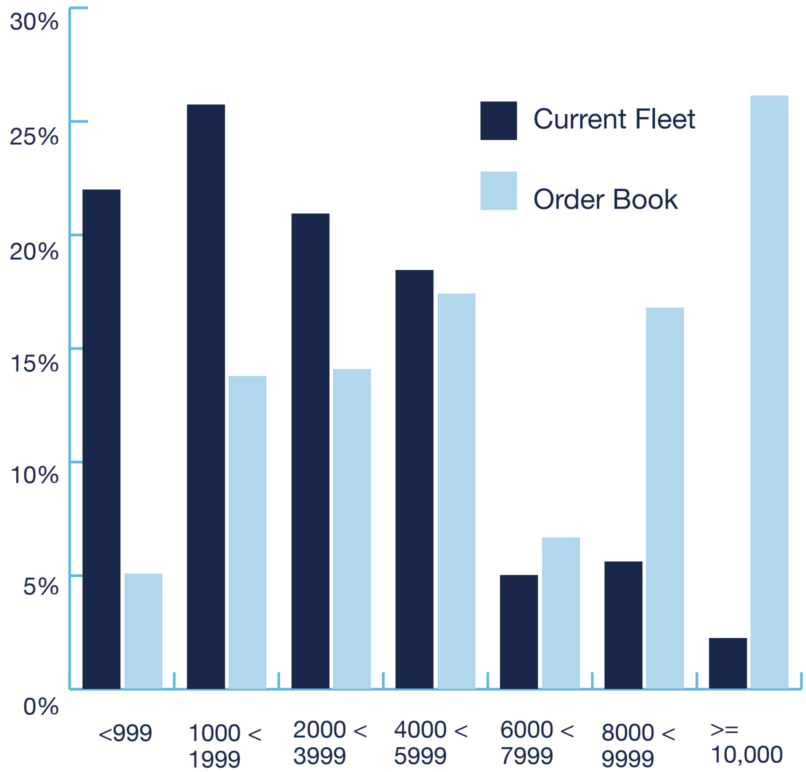
- 43% of container vessels on order are in excess of 8,000 TEUs.
- 80% of dry bulk vessels contracted since 1994 are in excess of 80,000 DWT.
- 75% of liquid bulk vessels contracted since 1994 are over 200,000 DWT.

Growing the state's share of the container cargo market continues to be a priority. To do this, a process to identify markets and develop strategies must be pursued and implemented. This process includes the identification of the participation of Florida ports in the container trade by trade lane and direction of trade, as well as the identification of the potential container market in Florida that could be handled by Florida ports but is now served by non-Florida ports, as well as new markets that Florida ports could serve.

Data shows that, over time, Florida ports have underperformed in the container market compared to other U.S. ports; there is clearly a need to reverse that trend. Since 2000, containerized cargo at Florida seaports has grown from about 2.5 million twenty-foot equivalent units (TEUs) to about 3.2 million TEUs in 2013, or about 1.6 percent annually. In contrast, the total U.S. container trade has grown from 30.4 million TEUs to 44.6 million TEUs, a nearly three percent annual growth, about double the growth rate of containerized cargo handled at Florida's seaports. As a result of a slower growth in containerized cargo at ports in the state of Florida, the share of the U.S. container market handled by the Florida ports has fallen over time from 8.3 percent in 2000 to seven percent in 2013.

The Panama Canal expansion is projected to be completed in late 2015 or early 2016 and will allow for the transit of much larger container and non-container vessels. However, this economically motivated global move to larger vessels, which tend to have a lower per-unit operating cost than smaller vessels, is only one part of the picture. Almost half of container vessels now on order are in excess of 8,000 TEUs, and this growth in vessel size is a key consideration for ports everywhere, including Florida. Deeper and wider channels will be required to handle the larger fleet. These larger vessels require a channel depth of 47 feet to 50 feet under a full load. Today, only about 7 percent of the existing fleet requires such depth, but the drive to expand the Canal heralds the rapid changes coming.

Size Distribution of Current World Container Fleet and Order Book, as of 2012



Source: Institute of Shipping Economic and Logistics, Shipping Statistics and Market Review, 2012

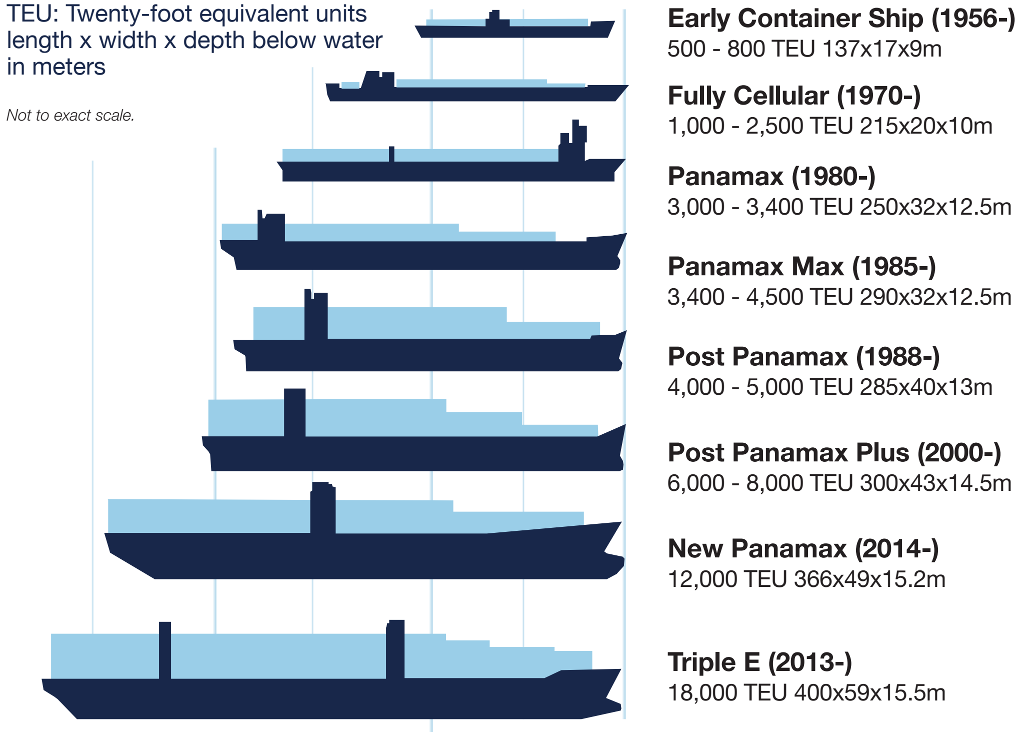
In addition to containerized cargo, the majority of the world's liquid and dry bulk vessels moving petroleum, coal, ores and grain also are too large to transit the Panama Canal under the current dimensions. Typically, bulk vessels in excess of 80,000 Deadweight Tonnage (DWT) are too large to transit the Panama Canal. A review of the World Merchant Fleet indicates that since 1994, 80 percent of the dry bulk vessels constructed are in excess of 80,000 DWT, and not able to transit the Panama Canal under its current dimensions. Ninety-five percent of the liquid bulk tankers constructed since 1994 are too large to transit the Panama Canal under the current dimensions.

This increase in vessel size and capacity presents a serious constraint at many U.S. Atlantic and Gulf Coast ports. The majority of these ports which will be competing for the new services consisting of larger container and bulk vessels, do not have channel depths in the necessary 47 to 50 ft. range. Based on these evolutionary changes, careful attention should be paid to this increasing fleet size that will require long-range infrastructure improvements for Florida to stay competitive.

Cargo Opportunities

The Triple E class container ships are the size of a floating Empire State Building and can hold 18,000 TEUs — enough to deliver 111 million pairs of sneakers and shoe one-third of the United States! These massive sizes extend to new bulk cargo vessels as well.

Evolution of Container Ships



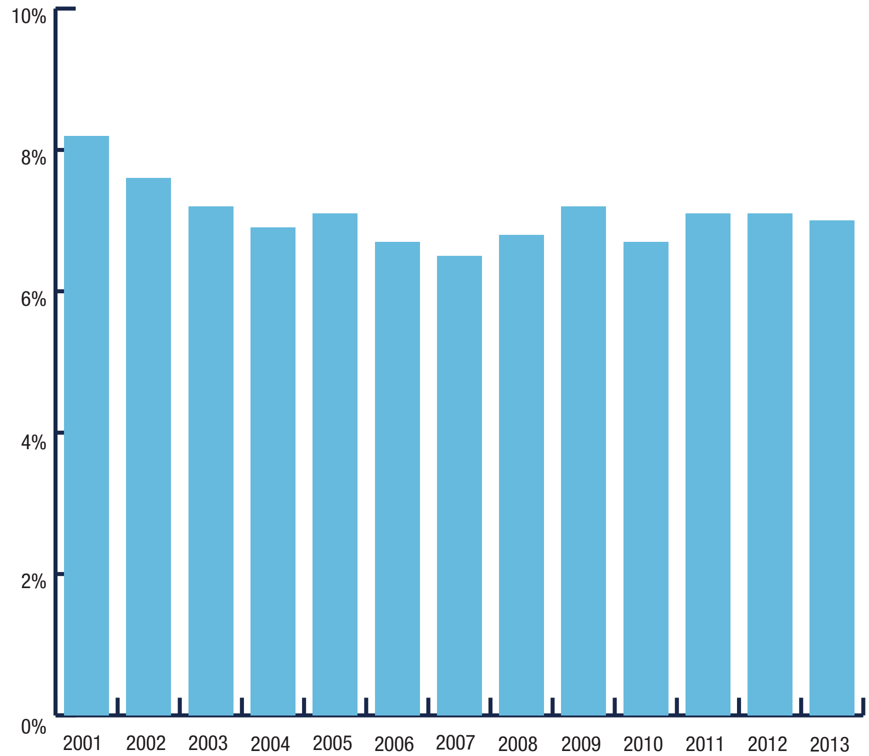
Adapted with Permission from the Geography of Transport Systems, Jean-Paul Rodrigue

Port Everglades, JAXPORT and PortMiami handle about 62 percent of the containerized cargo moving via the Florida ports, and the volume of containerized cargo in terms of TEUs is nearly equally distributed across these three ports.

In terms of historical performance, containerized cargo at Port Everglades and JAXPORT has grown at an average annual rate of 2.5 percent and 2.1 percent respectively, while containerized cargo at PortMiami has shown little growth over the 2000 level.

For these ports to continue to grow the container business in a global economy, sufficient infrastructure including channel depth, will be required. Miami is currently deepening its harbor to 50 ft., while JAXPORT has received approval from the U.S. Army Corps of Engineers to deepen the St. Johns River to 47 ft. Port Everglades is in the final stages of approval to deepen the channel to 48 ft.

Florida Ports Share of Total U.S. Container Market



Source: American Association of Port Authorities. The TEUs include empty and full containers on all trade lanes including Puerto Rico and the U.S. Virgin Islands

A review of trade data quickly shows the size of the opportunity to attract container imports now moving into Florida through non-Florida ports. More than half of such imports arriving in Florida from Northern Europe move into the country through non-Florida ports, and only about half the imports from the state's largest trading partner, Southeast Asia, enter through Florida ports. In 2013, a staggering 308,667 imported TEUs arrived through ports outside the state.

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More than half such imports arriving in Florida from Northern Europe move into the country through non-Florida ports, and only about half the imports from the state's largest trading partner, Southeast Asia, enter through Florida ports. In 2013, a staggering **308,667** imported TEUs arrived through ports outside the state.

Today, Port Everglades, JAXPORT and PortMiami handle about two-thirds of the containerized cargo moving through Florida ports, almost three million TEUs.

Cargo Opportunities

With a concerted effort, Florida can begin to correct this situation and grow container activity through the state's ports. Several key steps include:

- Identifying what share of the Florida importers and exporters use Florida ports, versus other ports, to import and export cargo;
- Growing the cargo moving via Florida ports by increasing manufacturing in the state and through the development of import distribution centers that will use Florida ports;
- Developing Florida ports as gateway ports to serve importer and exporters located in other states; and
- Demonstrating a competitive logistics advantage to importers, exporters and ocean carriers.

To begin these steps, it is necessary to understand the competitive environment in terms of ports used by current importers and exporters located in Florida and the ocean carriers using other ports to serve the Florida markets. Next, it is necessary to identify the competitive logistics environment offered by the Florida ports to serve the in-state importers and exporters, and to further identify potential gateway markets that the ports can serve.

The Journal of Commerce PIERS database provides a starting point to identify the current importers and exporters located in the state of Florida, current ports used, and ocean carriers used. While this database has limitations in terms of identifying the ultimate origin/destination of the exporter or importer by city and state, it provides a guide to the competitive position of Florida ports to serve the in-state importers and exporters.

A key indicator of the current success of Florida ports in serving the in-state importers and exporters is the share of the imports and exports that are moved through Florida ports, by key trade lane. The PIERS data provides information on loaded containers expressed in terms of loaded TEUs imported into the state for importers with a Florida location.[2] Southeast Asia is the largest trading partner with Florida importers and exporters, followed by Central America, South America and the Caribbean. Florida ports handle the majority of the imports from the Central American and Caribbean markets destined for Florida importers. However, only 47 percent of the imports from Southeast Asia, Florida's largest import trading partner, move through Florida ports.

[2]It is important to emphasize that the locations provided for the shippers/consignees may represent a headquarters location, and not an actual origin or destination of the freight. The port of loading or unloading and the steamship line have a much higher degree of accuracy.

Cargo Opportunities

- **About 30 percent of the imports from Southeast Asia move directly from the Ports of Los Angeles and Long Beach into Florida, while 7.7 percent moves directly from the Port of Savannah.**
- **The majority of the Southeast Asian imports moving through the Florida ports for consumption in Florida are handled at PortMiami and JAXPORT.**
- **This suggests that Florida ports could increase their share of Southeast Asian imports by competing with the intermodal rail cargo moving from the Ports of Los Angeles and Long Beach directly into Florida, as well as with the Port of Savannah.**
- **Based on the PIERS data, about 153,520 TEUs currently move from Southeast Asia into Florida via non-Florida ports. This does not include associated exports or empty containers that would accompany the imported containers.**

Other import trade lanes that appear to be underserved by Florida ports are the South American and Northern European trade lanes. The data suggest that 12.8 percent of the imports from South America destined for Florida move through the Port of New York/New Jersey, while another 4.2 percent move through the Port of Houston, reflecting the strong trading relationship between Brazil and the Port of Houston as well as the level of steamship service into New York.[2] With respect to the Northern European import trade lane serving importers located in Florida, about 53 percent of the imports from Northern Europe and consumed in Florida are received via non-Florida ports. This reflects the fact that about 36 percent of the imports into Florida from Northern Europe move via the Ports of Savannah, Charleston and New York. Nearly 12 percent of the Northern European imports into Florida move via Savannah and a similar share moves via the Port of Charleston.

This most likely represents the level and diversification of ocean carrier service into Charleston and Savannah and an under-serving of this trade lane at Florida ports.

In 2013, 308,667 TEUs of imports moved directly into Florida via non-Florida ports. As mentioned above, the majority of this opportunity exists on the Southeast Asia trade lane, which represents a potential market capture of 153,520 annual TEUs, followed by 52,302 TEUs imported into Florida from South America via other ports.

Not only can Florida ports increase containerized imports, but this analysis identifies an export potential of more than 300,000 container units originating in Florida but being exported through other ports. Overall, about 70 percent of the export containers originating in Florida use Florida ports.

Being Puerto Rico is the largest Caribbean consumption market and JAXPORT is the leading port serving the Caribbean market, it is not surprising that it has the largest share of the export market to the Caribbean. The second largest export market for containers originating in Florida is the South American trade lane, in which the Florida ports only serve 58.5 percent of the market.

Houston, New York, Savannah and Charleston are the key ports used for Florida exporters to South America.[2] The relatively high share of exports from Florida handled at New York and Houston reflect the level of South American services at both of these non-Florida ports.

Since 2003, the growth in international containerized imports through Florida ports from Southeast Asia has nearly tripled, making Southeast Asia Florida's largest containerized import market, overcoming Central America and South America during the past 10 years.

The ability to capture the 3.3 to 3.6 million potential TEU market is dependent upon direct and aggressive marketing to both beneficial cargo owners (BCOs) as well as the ocean carrier serving these BCOs.

This analysis identifies opportunities for Florida's importers and exporters, focusing on high-value markets to target.

Cargo Opportunities

The Florida export trade lanes to Northern Europe, the Mediterranean, Southeast Asia, Middle East Africa, Far East and other southern Asia locations reflect the lack of vessel service at the Florida ports for these trade lanes.

In summary, it is estimated that 306,722 export TEUs originating in Florida currently use other ports, and the greatest opportunity appears on the South American trade, but also the ability to increase share on the Central American and Caribbean trades.[2]

These exports are in addition to the TEUs identified with the import potential in that these exports already occur in the state, but are trucked to other ports for export and are occurring on trade lanes other than the Southeast Asia trade lane. Combining the annual TEUs of export cargo from Florida now moving through non-Florida ports with the total potential container market associated with the import potential for the Florida ports, the total potential market is estimated to range between 3.3 and 3.6 million TEUs. The lower potential reflects the exclusion of the 306,722 TEUs to the extent that these exports might move on some of the new services that would occur with the capture of the import potential.

The Journal of Commerce PIERS database was used to identify importers and exporters located in the state of Florida that are using non-Florida ports for import and export activity. The identification of these importers will provide Florida ports with potential markets to target.

The top 10 leading importers handle about 20 percent of all imported containerized trade into Florida. The next leading importers control about five percent of the imports consumed in the state, while the balance of the imports, 75 percent, is controlled by numerous small importers. Because of this concentration of control of imports by the top 10 importers, the key marketing focus is to identify those importers that are using other non-Florida ports to serve the Florida markets.

The exhibit below identifies the ports used to serve the Florida markets for each of the top 10 importers. The degree of usage of Florida ports to import containers into Florida varies by the Beneficial Cargo Owner (BCO)[3], from a low usage to a 100 percent usage. Of the five largest importers into Florida, the degree of usage of Florida ports to serve the Florida market ranges from a high of 70 percent usage to a minimal usage by two of the five top importers.

[3]A beneficial cargo owner (BCO) is an importer that takes control of their cargo at the point of entry and does not use a third party source for distribution.

Top 10 Florida Importers and Their Usage of Florida Ports

Florida Importer	TEUs	Share of Florida Imports
Rooms To Go	42,936	5.8%
SOL Group Marketing	23,135	3.1%
Sunbeam Products Inc	17,572	2.4%
Suzano Pulp & Paper America Inc	10,722	1.4%
Turbana	8,296	1.1%
Perez Trading Company, Inc	7,898	1.1%
Bounty Fresh LLC	7,416	1.0%
City Furniture	7,038	0.9%
Del Monte Fresh Produce	6,539	0.9%
Dole Fresh Fruit	5,514	0.7%
Other	605,809	81.5%
Total	**742,876**	**100.0%**

Source: PIERS

Florida must continue to develop a competitive transportation system to attract this growth in global commerce.

The top 10 exporters from Florida control about 14 percent of the containerized exports, while the balance is controlled by numerous smaller exporters. It is important to emphasize that the majority of these exporters are involved in exports to the Caribbean and Central and South America.[2]

Top 10 Florida Exporters and Their Usage of Florida Ports

Florida Exporter	TEUs	Share of Florida Exports
Aqua Gulf Transport	29,621	2.9%
Pricesmart Inc	24,614	2.5%
Econocaribe	19,741	2.0%
Perez Trading Company Inc	19,077	1.9%
Senator International Ocean	13,417	1.3%
Eagle Logistics Systems	8,703	0.9%
Caribbean Shipping Services	7,254	0.7%
Kuehne + Nagel	6,761	0.7%
Red Oak Logistics	5,642	0.6%
Del Monte Fresh Produce	5,565	0.6%
Other	863,732	86.0%
Total	**1,004,128**	**100.0%**

Source: PIERS

Florida ports are well-positioned to compete for container business now moving through Savannah, Charleston and Mobile.

Cargo Opportunities

Opportunities also have been identified with key ocean carriers.

As part of an aggressive overall marketing strategy, Florida ports and their stakeholders should target major carriers who are currently underserving the Florida market. A short list of these carriers represents a clear opportunity to grow the state's container trade. Already, the top seven carriers moving into Florida control almost half the imports into the state. Mediterranean Shipping (MSC), for example, moves only 41 percent of its containers destined for Florida through Florida ports. Maersk and CMA/CGM ship some 60 percent of Florida-destined containers through Florida ports. In contrast, Mitsui OSK Lines (MOL) moves most of the containers destined for Florida through Florida ports, due to its JAXPORT terminal location.

The other top carriers serve the Caribbean and the Central and South American markets and move the majority of imports through Florida ports. Other carriers handling about half the imports into Florida move only 28 percent of the imports destined for Florida through its ports.

This scenario suggests that Florida ports should develop a targeted marketing program to attract low utilization carriers, emphasizing the cost benefits of using Florida ports to serve the Florida market.

Reflecting trade with the Caribbean and Central America, export trade from Florida is dominated by carriers serving the Caribbean and Central America. These regional carriers move the majority of Florida originating exports through Florida ports. However, the global carriers such as MSC and Maersk appear to move most of their Florida-originating exports from non-Florida ports.

The Southeast Asia trade lane is currently the largest trade lane with respect to imports into Florida and exhibits the greatest potential to capture cargo now moving via non-Florida ports. Maersk, Mitsui OSK Line (MOL), CMA-CGM, China Shipping Container Line and Evergreen handle a dominant share of imported containers consumed in Florida from Southeast Asia. Of these carriers, Maersk and MOL are the two leading carriers and use Florida ports more than 70 percent of the time to serve Florida imports. In contrast CMA-CGM serves the Southeast Asia Florida import market about 58 percent of the time via the Florida ports, but uses the Port of Long Beach to move 22 percent of the Southeast Asia imported containers destined for Florida. Similarly, both China Shipping and Evergreen use Florida ports less than 50 percent of the time to serve the Southeast Asia container import market.

Carriers such as NYK, MSC, Maersk, Hanjin, Evergreen, Hapag-Lloyd, OOCL, and American President Lines handle a relatively small amount of containerized cargo through Florida ports compared to the volumes handled at Charleston and Savannah, and become direct targets of marketing efforts for Florida ports.

Given these findings, the ability to attract cargo through Florida ports is dependent upon convincing both the BCO and the ocean carriers that the use of Florida ports to serve Florida businesses will provide a logistic cost advantage over the current use of non-Florida ports. Therefore, strategies must be focused on both the BCOs and the ocean carriers in order to capture the cargo now moving to and from Florida via non-Florida ports.

Port Manatee
Photo: Florida Ports Council

Port Panama City
Photo: Florida Ports Council

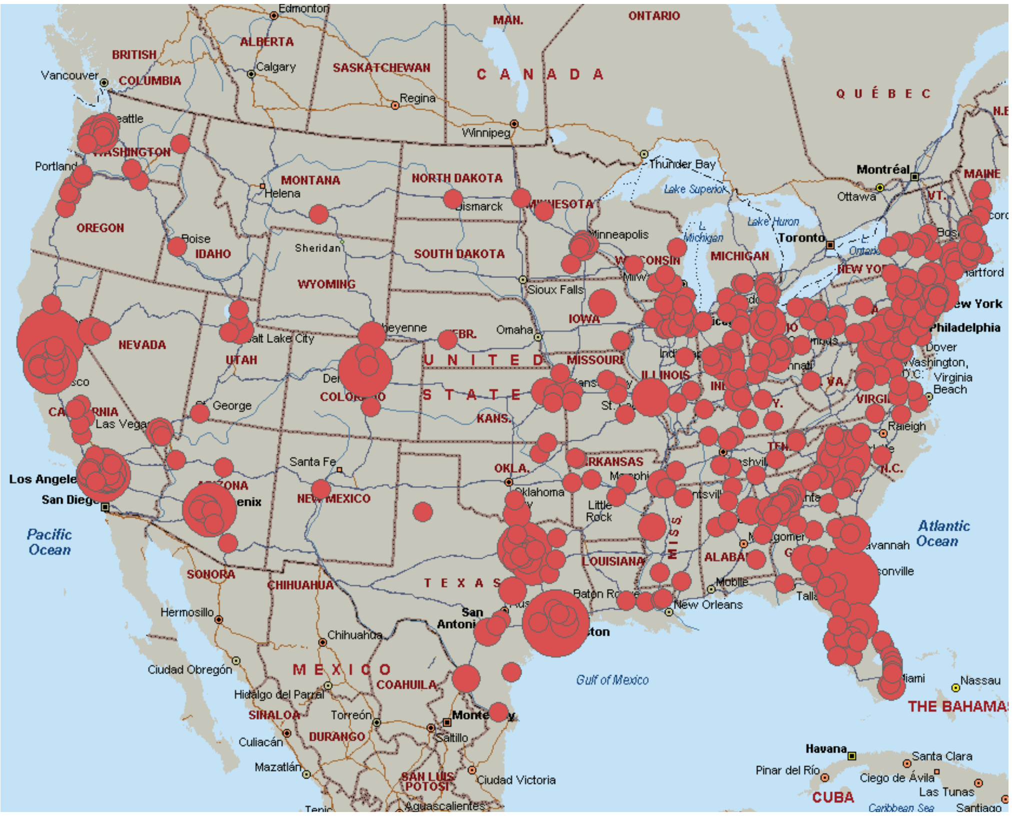
II. Freight Movement and Distribution Centers

Attract import distribution centers and export-oriented manufacturing facilities to Florida by developing comprehensive strategies that make Florida a logistics gateway to the Southeast.

In addition to the capture of cargo now moving through non-Florida ports, the analysis points out a major opportunity to capture cargo that now moves into the state from distribution centers outside Florida. Cargo now moving from centers in Georgia, Louisiana and Texas alone represent an enormous potential, more than half a million TEUs annually. Rail movements into the state represent another 370,000 container units.

A map of distribution centers for the nation's top 25 retailers is instructive. While there is a cluster of distribution centers in Florida along the I-4 corridor and in Jacksonville, these are largely regional distribution centers. The larger, more important distribution centers are in Georgia (Atlanta and Savannah) and Texas (Houston and Dallas). These larger centers tend to be import-based facilities that ultimately serve regional distribution centers, like those in Florida.

Location of Distribution Centers in the U.S.



Source: Chain Store Guide

Freight Movement and Distribution Centers

To identify the flow of distribution center cargo from the key locations of import distribution centers, IHS Transearch data was supplied to Martin Associates by the Florida Department of Transportation. The truckload data shown in the exhibit below identifies the volume of warehouse cargo moved by truck into Florida from various states.

Warehouse Cargo Trucked into Florida by State of Origin

Non-Florida State of Origin	Tons	Share	Non-Florida State of Origin	Tons	Share
GA	2,016,075	14.4%	NM	120,050	0.9%
LA	1,253,725	8.9%	KS	111,032	0.8%
TX	1,026,583	7.3%	OK	99,180	0.7%
TN	1,017,559	7.3%	MA	83,180	0.6%
MS	944,593	6.7%	WV	71,473	0.5%
OH	860,106	6.1%	CT	71,205	0.5%
AL	631,657	4.5%	NE	65,194	0.5%
NC	541,539	3.9%	RI	59,515	0.4%
PA	462,227	3.3%	CO	40,164	0.3%
SC	453,398	3.2%	AZ	39,291	0.3%
AR	431,226	3.1%	ME	28,186	0.2%
NJ	430,905	3.1%	DC	25,067	0.2%
VA	424,001	3.0%	UT	22,074	0.2%
IN	387,129	2.8%	SD	19,980	0.1%
NY	359,826	2.6%	DE	16,036	0.1%
IL	294,282	2.1%	VT	11,789	0.1%
MN	253,708	1.8%	NH	9,412	0.1%
WI	235,915	1.7%	WA	9,147	0.1%
IA	221,175	1.6%	NV	7,820	0.1%
MO	212,802	1.5%	WY	5,588	0.0%
KY	196,104	1.4%	ND	5,189	0.0%
CA	165,100	1.2%	OR	3,505	0.0%
MI	140,014	1.0%	MT	2,976	0.0%
MD	120,234	0.9%	ID	2,845	0.0%
			Total	**14,009,784**	**100.0%**

Source: IHS Transearch

Using warehoused cargo as a proxy for distribution center cargo, and further assuming that the majority of the warehouse cargo is import-related, nearly 14 percent of all truckload warehouse cargo moving into Florida originates from warehouses or distribution centers located in Georgia, followed by warehouse cargo moving from Louisiana, Texas and Tennessee.

Freight Movement and Distribution Centers

The cargo from Texas and Tennessee is most likely distribution center cargo, reflecting the large import distribution centers for Walmart and Home Depot in Houston. There also are a large number of import distribution centers in the Dallas-Fort Worth area reflecting import cargo moving intermodally from the Ports of Los Angeles and Long Beach into key retail import distribution centers for further packaging and distribution throughout the Southeastern U.S.

The key movements from Louisiana into Florida are furniture and coffee from distribution centers in Louisiana, reflecting the location of large distribution centers in New Orleans such as Folgers, Rooms-To-Go and Associated Wholesale Grocers. The cargo moving from Tennessee reflects the location of the Federal Express hub in Memphis, as well as distribution centers in Tennessee serviced by the Ports of Savannah, Charleston and Norfolk.

The cargo moving from distribution centers in Georgia represents the most immediate potential market for Florida ports representing two million tons of cargo, or about 252,009 TEUs using 8 tons per TEU.

The warehouse cargo moving from Louisiana and Texas represent another 2.3 million tons, or about 285,039 TEUs.

Intermodal Rail Moves from Key Port Regions and Distribution Centers into Florida

Origin	Units
Chicago, IL	96,560
Atlanta, GA	38,200
Los Angeles, CA	19,480
Dallas, TX	14,440
Savannah, GA	8,680
San Francisco, CA	7,320
Seattle, WA	800
TOTAL	**185,480**

Source: Surface Transportation Board, 1% Rail Waybill Sample

In addition to the warehouse/distribution center cargo moving into Florida, intermodal cargo imported via the Ports of Los Angeles, Long Beach, Seattle, Tacoma, Portland and Oakland also represent a potential import market for the Florida ports. This reflects cargo being sent to a West Coast port area distribution center or to Chicago or Dallas from the West Coast port of discharge, and then loaded into a trailer for a movement to Florida.

A small portion of the cargo also could include a direct on-dock move from the West Coast port directly into Florida, and this could be double counted in the PIERS data. However, as shown in the exhibit above, the majority of the railed Container on Flat Car (COFC) and Trailer on Flat Car (TOFC) cargo originates in the Chicago and Atlanta areas, both locations of major distribution center activity.

Freight Movement and Distribution Centers

In total, 185,480 container or trailers move into Florida by rail, and represent additional potential markets for Florida ports. This equates to about 370,960 TEUs assuming two TEUs per forty-foot trailer.[4]

Mexico represents an important potential opportunity for Florida trade. Already, imports from Mexico into Florida have grown from 300,000 tons in 2003 to 575,000 tons in 2013, with imports nearly doubling over the last 10 years.

Cargo coming from Mexico by rail and truck through Texas border crossings accounts for the majority of this volume with the balance moving into Florida by air, water or some other border crossing. Truck moves from Mexico into Florida account for nearly 80 percent of this volume.

Historically, the largest commodity markets are fruits, nuts, vegetables, sugar and prepared food products, followed by inorganic chemicals and computers. However, the historical data does not reflect the new trend of growth in automobile imports.

The auto production by plants in Mexico is projected to reach more than 4 million units in the near future and will provide a potential source of exports from Mexico into the U.S. While transit time using rail or water services is a concern to auto importers located in the U.S., the lack of truck equipment and driver shortages are likely to increase the waterborne export of autos into the U.S. Focusing on the truck and rail traffic moving into Florida from Mexico via Texas border crossings, the 456,554 tons of cargo is represented by 57,081 loaded TEUs, a portion that could potentially be moved into Florida via its seaports.

Attracting distribution centers and warehouses to the state holds large promise in adding imports that bring jobs and tax revenues.

This analysis quantifies a potential container import market, including warehouse truck moves into Florida and intermodal rail movements into the state that would have a significant economic impact.

If Florida captures just 25 percent of the potential market identified, an additional 8,600 direct, indirect and induced jobs could be generated annually in the state. Of these jobs, about 3,400 would be generated directly, representing direct salaries and wages of $170 million. A total of $58 million in new state and local tax revenues would also result.

Based on the analysis of the PIERS data, combined with the identified warehouse truck moves into Florida and the intermodal rail movements into Florida, the potential container import market is identified as nearly 1.3 million TEUs, and consists of:

- 308,667 TEUs moving into Florida directly from non-Florida ports;
- 252,009 TEUs moving into Florida from distribution centers in Georgia;
- 285,039 TEUs moving into Florida from distribution centers in Texas and Louisiana;
- 370,960 TEUs moving into Florida via intermodal rail from non-Florida port areas and key locations of distribution centers handling international cargo; and
- 57,081 TEUs moving by rail and truck into Florida from Mexico.

In addition to the loaded TEU import potential, a review of the ratio of total containers to inbound containers at Charleston and Savannah indicates that for every import container there is about 1.5 empty and export containers generated. Applying that ratio to the 1.3 million TEUs of potential inbound cargo, a total of 1.95 million of export and empty TEUs would accompany the 1.3 million import TEUs. Therefore, a total TEU potential is estimated at about 3.3 million TEUs.

[4]Depending on the mix of 53 ft. and 40 ft. trailers, the 371,000 TEUs could slightly underestimate the TEU count.

Spotlight on Empty Backhauls

For manufacturers and warehouses looking to ship northbound, there is a significant opportunity to take advantage of an excess of empty backhaul capacity.

According to the IHS Transearch data base, 14 million tons of warehouse cargo was trucked into Florida in 2011, while only 3.9 million tons of warehouse cargo was trucked northbound from Florida. This indicates the imbalance of trucked cargo coming into Florida vs. the northbound flow of cargo. Assuming 20 tons per truckload, this converts to 700,000 loaded truck moves into Florida, but only 195,000 full truckloads northbound from Florida. Therefore, a total of 500,000 empty trucks move northbound from Florida annually.

Capitalizing on these empty trucks could create significant opportunities to Florida businesses and manufacturers to increase their reach to northern consumer markets.

The imbalance of truck flows to and from the state should become an important strategy for the ports and the state to market to ocean carriers, BCOs, distribution center developers and manufacturers. With the imbalance of full inbound truckloads to empty northbound returns, carriers, manufacturers, and distribution centers should be able to secure very favorable backhaul rates for northbound distribution of imported containerized cargo and transloaded cargo, further enhancing the attractiveness of Florida ports.

Building on the imbalance of truck loads into Florida, a possible role for the ports is to provide real time information to truckers, ports, ocean carriers, and distribution centers to secure backhaul loads. Such an information system could be developed at the state level and each port within the state be given access to the system. Truckers doing business within the state could be identified by in-state truck permits, as well as by individual terminal operators and ocean carriers with which drayage contracts have been developed. Similar information could be supplied to distribution center and logistics center operators.

In addition to the positive economics, the more efficient use of over-the-road trucking offers many benefits to Floridians, including safer, clearer roads and cleaner air.

Freight Movement and Distribution Centers

Port of Ft. Pierce
Photo: Florida Ports Council

From a logistics cost advantage, using Florida ports is more competitive than using non-Florida ports to serve the identified 3.3 million TEU potential market. In order to market Florida ports to the BCOs and ocean carriers, it is critical that the logistics cost advantage of serving the Florida markets via Florida ports be established and marketed. It is equally important that Florida ports show a logistics cost advantage to serve BCOs outside of Florida, increasing the discretionary market they can serve.

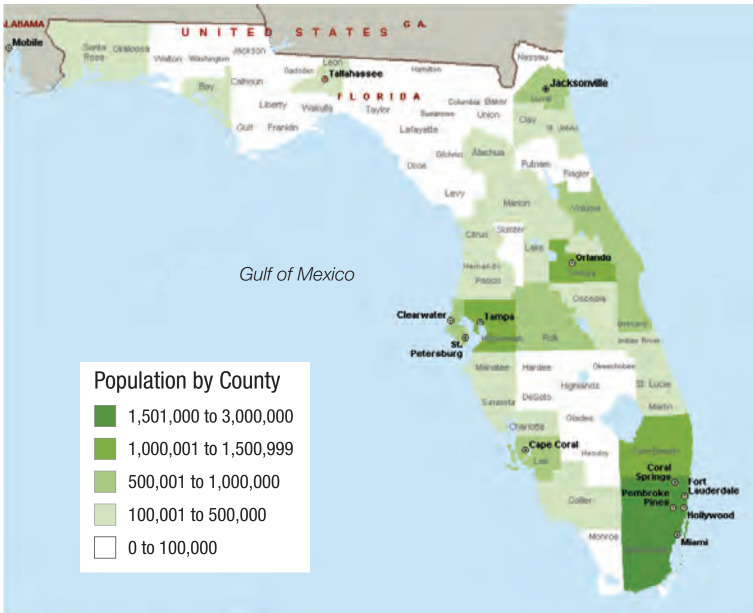
What follows is an analysis of several sets of logistics costs. The first focuses on the competitive position of Florida ports to compete with Savannah and the West Coast to serve the Orlando market, which has the largest concentration of distribution centers and population growth. The map below shows the location of distribution centers in the Southeastern U.S. and further shows the concentration of distribution centers in the Orlando I-4 Corridor, Jacksonville and South Florida areas.

Location of Distribution Centers in the Southeastern U.S.

Source: Martin Associates, Chain Store Guide

In addition to the concentration of distribution centers in the Central, Northeast and South Florida areas, the population in Florida is similarly concentrated in these areas, as depicted below.

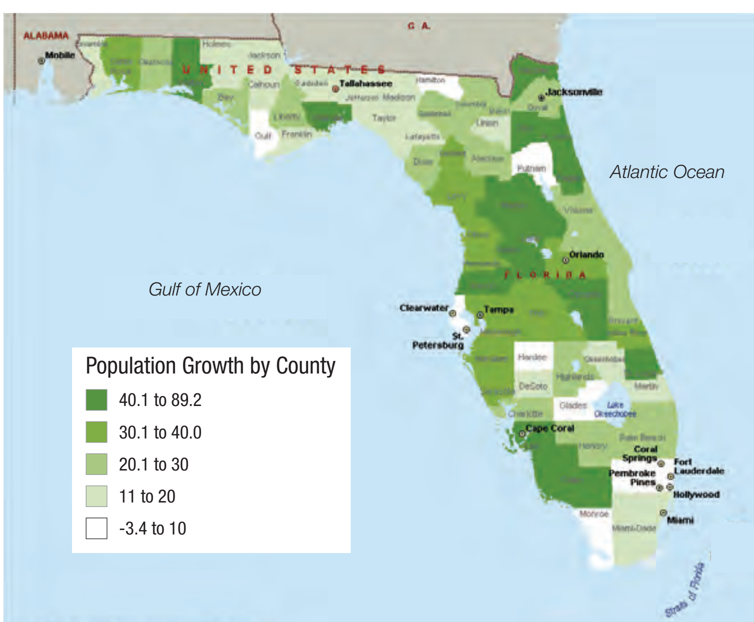
Distribution of Population by Florida County



Source: U.S. Bureau of the Census, 2010

The exhibit below shows the projected growth in population by Florida county, as developed by the U.S. Bureau of the Census. As shown in this exhibit, the greatest growth in population is located in the Central Florida and Northeastern Florida counties.

Percentage Change in Population by Florida County, 2010-2030



Freight Movement and Distribution Centers

Given the current location of the distribution centers with the confluence of projected growth for population in the I-4 Corridor, the Central Florida market becomes a key market to serve for all of Florida's ports. In order to identify the competitive advantage of using Florida ports to serve the Florida market, a detailed logistics cost analysis was developed.

The data shows lower costs through Florida's port ranges.

The Florida port ranges all provide a lower total logistics cost to serve the Orlando market on each trade lane analyzed. This shows that from a logistics cost advantage, use of Florida ports is more competitive than using non-Florida ports to serve the 3.3 million TEU potential market. These results provide the basis for a marketing program directed at BCOs now using non-Florida ports and to ocean carriers always looking for ways to control and reduce costs.

The key trade routes used for the development of the logistics cost analysis are Hong Kong, East Coast South America, West Coast South America, and Central America. The East Coast of South America is represented by Santos, Brazil; the Central American trade lane is represented by Veracruz, Mexico. The total logistics costs, which include vessel voyage costs, port and terminal charges, trucking and rail costs, and inventory carrying costs, are developed by trade lane for Northeast Florida ports, Central Florida ports, South Florida ports and Florida Gulf ports. Competing ports for the Asian trade lane are Savannah and Los Angeles; and for the East Coast South America and Central American trade lanes, the competing ports are Savannah and Mobile.[5]

The table below details the total logistics cost analysis to serve the Orlando markets by Florida port range on the Southeast Asia trade lane. Three Florida port ranges offer a lower logistics cost to serve the Orlando market than is the case for the Ports of Savannah or Los Angeles.

Logistics Cost Analysis to Serve the I-4 Corridor Market on the Southeast Asia Trade Lane

Hong Kong to : Orlando	Voyage	Terminal	Inland	Total	Days	Inventory Carrying Cost	Total Cost/ Move
Los Angeles	$1,990	$406	$3,660	$6,057	28.5	$1,423	$7,479
South Florida	$3,932	$235	$705	$4,872	30.0	$1,499	$6,371
Central Florida	$3,974	$216	$175	$4,365	30.3	$1,517	$5,881
Northeast Florida	$3,993	$216	$446	$4,655	30.6	$1,530	$6,185
Savannah	$4,005	$216	$660	$4,881	30.8	$1,539	$6,419

Represents Truck Moves from South Florida to Orlando

The logistics cost analysis also indicates that the Florida market can be served more cost effectively via a North, South or Gulf Coast Florida port and associated import

[5]For the Southeast Asia trade lane, three Florida port ranges were included in the analysis to reflect the ability of the ports in these ranges to accommodate direct all-water services from Asia regardless of vessel size. For the other trade lanes where channel depth is not a constraint, the Florida Gulf Coast range is included.

distribution center rather than via truck from the Port of Savannah or intermodally from the West Coast ports to distribution centers in Atlanta and then relayed into the North Florida consumption markets.

All three Florida port ranges can be used to serve the Florida market more cost effectively than via the West Coast ports or via Savannah. However, differences in vessel size, rotations, use of transshipment hubs in the Caribbean and in Panama could change the relative cost rankings of serving the Florida market. The cost effectiveness of Florida ports to serve other Asian trade lanes will differ.[6]

With respect to the East Coast South American trade lane, the Florida port ranges provide a logistics cost advantage compared to Savannah and Mobile to serve the Orlando market, as shown in the table below.

Logistics Cost Analysis to Serve the I-4 Corridor Market on the East Coast of South America Trade Lane

Santos to: Orlando	Voyage	Terminal	Inland	Total	Days	Inventory Carrying Cost	Total Cost/ Move
South Florida	$2,557	$235	$548	$3,360	12.3	$614	$3,974
Savannah	$2,671	$216	$660	$3,546	12.7	$635	$4,181
Gulf Florida	$2,728	$216	$266	$3,210	12.9	$647	$3,857
Central Florida	$2,635	$216	$175	$3,026	12.5	$627	$3,652
Northeast Florida	$2,726	$216	$446	$3,389	12.3	$615	$4,003
Mobile	$2,859	$193	$1,168	$4,220	13.5	$676	$4,895

Represents Truck Moves from South Florida to Orlando

With respect to the Mexican trade lane, the table below demonstrates that the Florida port ranges also provide the lowest total logistics cost to serve the Orlando market.

Logistics Cost Analysis to Serve the I-4 Corridor Market on the Mexican/Central American Trade Lane

Veracruz to: Orlando	Voyage	Terminal	Inland	Total	Days	Inventory Carrying Cost	Total Cost/ Move
South Florida	$578	$235	$548	$1,360	3.5	$177	$1,537
Savannah	$786	$216	$660	$1,661	4.4	$222	$1,883
Gulf Florida	$494	$216	$266	$977	3.2	$158	$1,135
Central Florida	$658	$216	$175	$1,049	3.9	$194	$1,243
Northeast Florida	$716	$216	$446	$1,378	4.2	$210	$1,588
Mobile	$456	$193	$1,168	$1,817	3.0	$150	$1,967

Represents Truck Moves from South Florida to Orlando

[6]Costs vary daily; the analysis is representative of relative values.

In addition to marketing favorable logistics costs, other states have recognized the effectiveness of using incentives to attract manufacturing and distribution centers, as shown by a recent survey of Southeastern states, summarized here:

South Carolina:

In 2012, Belk Inc. invested $4.5 million in an existing Disney facility and created 124 jobs for a new e-commerce distribution center. The incentives included a 20-year fee-in-lieu of taxes agreement reducing the property tax rate from 10.5 percent to 6 percent. Also, Belk received special revenue source credit tax incentives and was designated as a multi-county industrial park for a total 860,000 square feet and a total of 314 total employees. Belk subsequently has expanded the facility twice since 2013, with an additional $47 million investment.

Starflo Corp., a division of William Powell Valve Company, consolidated a distribution and manufacturing facility into a new $1 million, 25,000 square foot facility and added 12 employees in 2014. The company received a $50,000 Rural Infrastructure Fund Grant and FTZ status.

Harbor Freight Tools is currently investing $75 million to expand its existing distribution center, creating 200 additional jobs. The company received a $1 million Rural Infrastructure Grant, job development credits, and a $1.46 million Community Development Block Grant.

Georgia:

Engineered Floors plans to invest $450 million in two new plants over five years, hiring 2,400 employees. The incentives include $120 million in tax breaks, exemptions and credits, including training assistance, grants and sales tax exemptions on energy use and construction materials.

Caterpillar invested $200 million in a new 800,000 square foot manufacturing facility for bulldozers and mini hydraulic excavators. Caterpillar has hired 300 employees and guaranteed an additional 1,100 employees. State and local incentives totaled $75 million.

Virginia:

McKesson, a medical device distributor, invested $36.9 million in 2013 in a new distribution center and will employ 205 employees. The incentives include a $150,000 Governor's Opportunity Fund Grant, which will provide funding and services to support recruitment, training, and retraining.

In today's competitive maritime logistics industry, private sector businesses are looking for a location where local governmental stakeholders are willing partners in the success of the business. State and local incentives can provide that last bit of encouragement for business to ensure that jobs and revenues associated with this growing industry sector locate in Florida. Florida must review its state and local policies to understand what types of incentives may be necessary to entice manufacturing and global import distribution centers to choose Florida. The examples above utilized by Florida's competitors are just some of the incentive models that Florida could examine to determine whether changes should be made to Florida Law.

Port of Fernandina
Photo: Florida Ports Council

Port Canaveral
Photo: Florida Ports Council

Spotlight on Distribution and Manufacturing

In addition to marketing efforts for BCOs and carriers, Florida should market its advantages to distribution centers and manufacturers.

Along with the ability to create jobs through the attraction of import distribution centers, Florida should market to export-oriented manufacturing facilities, leveraging the deep draft channels of Florida's ports to handle not only the first inbound port calls, but to market to ocean carriers for a last outbound port call. With the 47 ft. and greater channel depth, the ability of ports such as PortMiami, JAXPORT and Port Everglades to fully load the larger container ships that will be deployed in the near future also will provide the ports with the ability to serve as a last outbound port-of-call on a vessel rotation prior to leaving the U.S. for a return to Asia.

This provides the ports with the ability to compete for heavy weight exports originating in Florida, Georgia, South Carolina, Alabama and North Carolina that now move via Savannah and Charleston. The heavy weight exports include such commodities as forest products, clay and perishables. With the combination of direct rail access and a channel of 47 ft. and greater, Florida ports will be able to directly compete for such exports.

An additional benefit of a last outbound port of call becomes an important tool in attracting manufacturing and distribution centers into the state. For example, if Savannah is the last outbound port-of-call, then a manufacturer located in Florida would need to allow an extra 2-3 days to move the export cargo from the plant location to the Port of Savannah.

However, if a Florida port becomes the last outbound port-of-call for a manufacturer located near a deep water port in Florida, export cargo could move to the port in one day (compared to Savannah). As a result, the use of a Florida port would essentially allow for one to two days of additional production time for an export line to meet a specific sailing schedule if that carrier called on a Florida port rather than an out-of-state port.

With this type of savings to export manufacturers, the deeper channel with a last outbound port-of-call becomes an important leverage for marketing to export industries to locate in Florida.

Every new distribution center attracted to the state will offer significant benefits. The development of a single million-square-foot distribution center is estimated to generate 1,235 direct, induced, and indirect jobs and $6.1 million in state and local taxes.

Port*Miami*
Photo: Florida Ports Council

III. Policy Reform

Work with policymakers and officials at all levels to streamline regulatory processes and ensure Florida's competitiveness in serving markets.

Enhancing Florida's competitive position in global trade begins by taking advantage of fundamental and evolutionary changes now occurring in the commercial logistics world. Florida has the opportunity to capitalize on the ripple effects of expansion of the Panama Canal, a growing trade in containerized cargo, emerging shifts in the flow of goods to and through regional distribution centers and warehouses and growing trade with Mexico (including autos). Equally fundamental are the evolutionary changes and consequent opportunities that govern trade. In particular, Florida ports can increase market opportunities and competitiveness by actively anticipating and managing regulatory impacts and capitalizing on regulatory enhancements.

This analysis has identified several specific programs and initiatives to assist in the streamlining process: some emerging and some under way. Active consideration should be given to any and all regulatory opportunities to increase the efficiency of moving trade through Florida ports.

Trusted Trader

Customs and Border Protection (CBP) seeks to expand its management of supply chain security issues to trade compliance through its Trusted Trader Program. Participants in the program would be viewed by CBP and other federal agencies on a more informed basis, allowing the agencies to shift their focus away from individual transactions, so as to provide low risk treatment to all shipments of the "trusted trader." The most recent and most expansive version of the program was published on June 16, 2014. The expanded Trusted Trader Program is intended to streamline the cargo release and enforcement processes with respect to security issues and the compliance issues under laws administered by three government agencies: the CBP, the FDA, and the Consumer Products Safety Commission. It is expected that other federal agencies important to Florida trade (e.g., Agriculture, Fish & Wildlife, National Highway Traffic Safety Administration) will be added to the program.

The CBP also is designing a separate program to ease the burden of intellectual property enforcement on "trusted traders" who might not participate in the Customs-Trade Partnership Against Terrorism (C-TPAT) and Importer Self-Assessment (ISA) programs, as described below. This could directly address the transshipment trade issue by diminishing or eliminating the exposure to today's experience in which CBP often detains—or even seizes—goods temporarily in the U.S. at ports, bonded and unbonded warehouses, and foreign trade zones for possible violation of U.S. copyright, trademark, trade-dress and patent laws despite the fact that the goods are not intended for distribution or sale in the U.S.

Streamlining the cargo releasing and enforcement process through the Trusted Trader Program is an important consideration for Florida businesses.

Single Window/International Trade Data Systems (ITDS)

The President's Executive Order released on February 19, 2014, simplifies the export/import process for America's businesses thus streamlining the flow of goods across borders. Qualified exporters and importers would be able to communicate with all regulatory agencies through a single electronic window — with a common and streamlined data set — avoiding today's multiple submissions of the same data on different forms or formats, and in separate transmissions and filings, to as many as forty federal agencies. The order is timely as it comes on the heels of the historic World Trade Organization Trade Facilitation Agreement, in whose negotiation the U.S. played an integral role. The Trade Facilitation Agreement is a binding commitment that will precipitate quicker movement, release and clearance of goods between WTO member countries.

The Executive Order mandates the completion of an International Trade Data System (ITDS), a system that streamlines the way executive departments and agencies interact with traders, by the end of 2016. ITDS will reduce paperwork for U.S. companies in global markets and help create new jobs at home and abroad for Americans.

According to a White House fact sheet, ITDS will allow businesses to electronically transmit the data required to import or export cargo through a "single window." It is anticipated this will "dramatically reduce the time and expense" associated with clearing shipments by eliminating the need for businesses to submit information to dozens of government agencies through different channels, often on paper forms. This streamlined process, in turn, should allow more efficient government decision-making along with coordinated and automated messaging about such decisions, thus increasing predictability for the private sector.

U.S. Food and Drug Administration Programs

The U.S. Food and Drug Administration started its Secure Supply Chain Pilot Program to enhance the security of imported drugs. In August 2013, the FDA published a Federal Register notice asking companies to volunteer for the two-year program. The agency has since pre-qualified 13 pharmaceutical companies to participate. These companies will receive expedited entry for the importation of up to five selected drug products into the U.S.

The purpose of the pilot is to evaluate resource savings that will allow the agency to focus imports surveillance resources on preventing the entry of high-risk drugs that are the most likely to compromise the quality and safety of the U.S. drug supply.

By creating incentives for manufacturers to adopt best practices for supply chain integrity, the quality and safety of imported drugs can be enhanced. The program also allows the FDA to focus resources on the areas with the greatest potential risk to consumers.[7]

During these next two years, the FDA will evaluate the pilot's effectiveness at enhancing imported drug compliance with FDA regulations and the security of the drug supply chain. If the agency finds the pilot to be effective, a more permanent program might be established and possibly extended to additional participating companies.

FDA's willingness to test this program on drugs may lay the foundation for similarly innovative programs to facilitate import of other FDA-regulated products. The pilot program is a dramatic departure from FDA's past practices which essentially treated all shipments as "high risk." If successful, FDA is very likely to test similar approaches for other products passing through Florida ports.

[7]FDA News Release Feb 18, 2014, FDA initiates the Secure Supply Chain Pilot Program to enhance security of imported drugs.

Customs-Trade Partnership Against Terrorism (C-TPAT)

Customs-Trade Partnership Against Terrorism or "C-TPAT" is the premier CBP program for streamlining the security process for import cargo movement. It has grown from a program uniquely available for U.S. importers to an international program embraced by many U.S. trading partners in modified forms that are linked to U.S. trade through Mutual Recognition Agreements.

There are plans well-underway to extend the U.S. program to exports in the next year, providing an opportunity for the participation of Florida ports in pilot programs placing them on the cutting edge of trade facilitation and enjoying greater efficiencies despite the increase in security enforcement activity.

Utilizing risk management principles, C-TPAT seeks to enroll compliant low-risk members of the trade community who are directly responsible for importing, transporting and coordinating commercial import cargo into the U.S., and will follow the same approach for export activity. The goal is to identify compliant trusted traders who have good supply chain security procedures and controls to reduce screening of their cargo. In turn, this enables the CBP to focus screening efforts on cargo transactions involving unknown or high-risk import traders. The CBP continues to consult with the trade community to develop the most effective approach for each sector to participate in C-TPAT.

The Impact of Regulation and Infrastructure on the Transshipment Environment

Security and other federal regulations, as well as lack of infrastructure development in terms of navigational projects at Florida ports have resulted in the loss of transshipment activities at Florida ports. Prior to 9/11, European, Mediterranean and north and southbound cargo was delivered by direct calls at Florida ports and then transshipped to the Caribbean and the Americas. However, with increased security requirements in the U.S., the growth of Asian all-water services through the Panama Canal and the Suez Canal, and the deployment of larger vessels requiring deeper water channels and berths, transshipment hubs in the Caribbean and Central America (primarily Panama), have developed. Along with the development of these transshipment hub facilities has been the growth in adjacent distribution centers that are now competing with development of import distribution centers and logistics centers in the U.S., and more specifically, Florida.

In order to enhance potential transshipment activity at the Florida ports, it is first necessary to understand the competitive environment in terms of current and developing transshipment hubs in the Pacific and then assess from a cost standpoint the potential for Florida ports to again participate in the current transshipment market.

Because of access limitations at the majority of East and Gulf Coast ports in the U.S. to accommodate the fully laden Panamax ships and the security and non-security issues described above, container transshipment hubs have developed in the Caribbean and taken business away from the Florida ports. Transshipment development has already occurred in the Bahamas, Panama, Jamaica, the Dominican Republic and Costa Rica, and additional developments are under study in Puerto Rico, Haiti and Cuba. At these transshipment ports, the larger vessels transiting the Panama Canal (after 2015) from Asia will discharge containers and then return to Asia. Smaller vessels will be deployed from the transshipment hubs to serve the U.S. Atlantic and Gulf Coast ports. In addition, these transshipment hubs will represent an opportunity to mix north and southbound cargoes headed to and from Asia and the U.S., and to develop import distribution centers to compete with those centers in the Southeastern U.S. The growth of these Caribbean transshipment hubs also will provide opportunities to develop increased feeder operations and vessel service between Caribbean hubs and

Factors Contributing to Loss of Transshipment in Florida:

- Lack of adequate water depth
- Growth of deep water transshipment hubs in the Caribbean and Central America
- Regulations at U.S. ports that do not exist in the Caribbean
- Distribution center development off-shore

Policy Reform

the U.S. East Coast and Gulf Coast ports that have not been able to secure deeper channels and longer berths.

With respect to competitive costs, Florida ports are at a disadvantage to compete for Asian cargo now using the Caribbean transshipment hub ports. Terminal charges are about $145 per container higher at Florida ports, and the transit times to serve a northbound vessel transit through the Panama Canal from Asia are longer for a direct call at a Florida port than for the Caribbean, or particularly for the Panama transshipment ports.

Thus, the transshipment environment has changed in response to a variety of developments: increased need for distribution centers for the larger containers holding goods destined for multiple markets, growth of deep water transshipment hubs in the Caribbean and Central America, offshore distribution center development, lack of adequate water draft at many ports and, of course, regulations imposed on U.S. ports that do not exist in the Caribbean.

Security-related Requirements. The volume of foreign-to-foreign cargo transiting Florida through its ports, moving immediately from one carrier to another or temporarily stored in distribution warehouses, has been substantially reduced due to the adoption of security rules in response to the attacks of 9/11.

Shippers found that the new inefficiencies and associated costs to transit through the U.S. outweighed the historic advantages of Florida in its strategic location, concentration of ocean and air routes, infrastructure and the safety and security of goods in the U.S. Florida partially alleviated the burden when it repealed unique Florida state seaport security legislation. The state legislation initially may have been an asset — allowing Florida ports to claim they were more secure than other U.S. — but when the federal government subsequently imposed its overlapping requirements, it served only to add cost, complexity, delay and confusion to Florida trade.

Non-Security-related Requirements. The volume of cargo in distribution warehouses for foreign destinations has been diminished or eliminated because of unnecessary enforcement of U.S. regulations on goods never intended for distribution in the U.S., (e.g., goods only temporarily housed in Florida's bonded warehouses and Foreign Trade Zones, moving on temporary importation bonds, entered duty free with intent to export or entered duty-paid with intent to export with benefit of reimbursement.) Today, these transiting goods are subject to federal inspection, detention, exclusion, civil penalties and liquidated damages for nonconformance with laws that should only apply to goods that move into the commerce of the U.S.: Food and Drug laws and intellectual property rights being the leading examples.

A review of the impacts of the Container Security initiative and federal regulations that apply to Foreign Trade Zone and Bonded Warehouse operation indicated that, to the extent Florida's transshipment trade was lost due to increased security requirements, there is no possibility for elimination of those requirements, but their terms and impact can be substantially reduced. It is possible to capitalize upon the new innovations and ongoing efforts to streamline those procedures, to capitalize on the fact that the burdens are now reduced and/or more routine (with similar burdens existing in other competing ports), and that Florida ports and their partners in trade are deeply committed to the most efficient new processes.

To enhance the transshipment potential activity at Florida ports, stakeholders and ports must work together to understand the regulatory and competitive environment and engage in programs that can benefit ports and their customers.

Cargo Release/Simplified Entry

The CBP formally has announced the expansion of the cargo release test under the Automated Commercial Environment to Type 01 (consumption) and Type 11 (informal) commercial entries filed in the ocean and rail modes of transportation at specified ports. CBP states this expansion will allow for automated corrections and cancellations, split shipments, partial shipments, entry on cargo that has been moved in-bond from the first U.S. port of unloading, entry for a full manifested bill quantity and entries requiring partner government agency information. This expanded test will begin shortly and will run until approximately November 1, 2015. The direct impact of the flexibility allowed by this test permits the importer/beneficial cargo owner the ability to make more fluid use of distribution centers.

The CBP has announced in the past they will provide cargo release decisions as early as 24 hours prior to lading in the vessel environment. This allows greater opportunities for staging cargo for immediate delivery upon discharge when combined with proper loading of the vessel and proper yard management at arrival.

Document Imaging System

The CBP Office of International Trade and Office of Information and Technology worked together to design and implement a system that allows participating trade partners to submit document images and associated descriptive data to CBP electronically. The submitted documents are automatically processed, securely stored by the CBP, and are made available for review and audit by authorized CBP and Participating Government Agency (PGAs) officials via a web-based application. It is expected this project will eventually facilitate the creation of a single automated gateway that will accept all documents submitted by trade partners to CBP and PGAs that may be needed during the cargo importation and release process.

The initial goal of the system is to accept images of documents currently submitted by the trade in hard-copy format to the CBP and other government agencies as part of the cargo import process. The immediate result will be to enable multiple agencies to inform the entry filer that goods are delivered, authorized, or permitted, thus allowing trucks to be cleared more quickly.

Cold Treatment Pilot Program for Perishables

Federal regulations designed to protect the nation's citrus industry have long barred certain imports into southern states because they potentially are host materials for pests that could thrive and damage the citrus industries in these warm southern climates. Ports north of the 39th parallel were the only ports that could receive products subject to the "cold treatment" requirements prescribed for these pests. This is the most recent example of how technology can open up the market for Florida ports, but also demonstrates that a strong effort is needed to have a strong commercial impact. While the "cold treatment" shipments originally were restricted to northern ports, the regulation has been amended to authorize imports into certain southern ports such as Corpus Christi, Atlanta and Gulfport. Each was permitted based upon substituting new requirements of the handling of the products to protect the domestic industry in place of the prohibition on their imports. This increasing flexibility in federal regulation lays a foundation for seeking an amendment to permit Florida to compete for "cold treatment" shipments.

A six-month pilot program was initiated in October 2013 for PortMiami and Port Everglades to import blueberries and grapes from Peru and Uruguay under strict cold treatment protocol.

Photo: Thinkstock

Policy Reform

The first step to open Florida ports to this trade has been successfully taken. A 6-month pilot program was initiated in October 2013 for PortMiami and Port Everglades to import blueberries and grapes from Peru and Uruguay under strict cold treatment protocol. Currently, federal regulations do not allow cold treated products to enter any Florida port due to risk of fruit fly outbreak.

This protocol for Florida addressed requirements at the grove, the port of exportation and port of entry during each stage of land and ocean transportation from harvest to release by Animal and Plant Health Inspection Service (APHIS) in the U.S. The protocol successfully illustrated full and complete compliance with the established requirements beginning at the point of origin through final destination, further demonstrating that Florida is able and more strongly committed to securing its agricultural commodities and implementing stricter, more advanced protocol measures required to grow this market.

With the strict and redundant mitigation measures to manage any risk associated with Florida ports, the pilot was a success and efforts are underway to expand the pilot to include additional commodities and countries. If approved, these added services will guarantee much needed jobs in all related industries, additional revenues and a fresher and more economic product for the final consumer. With changes in the industry, strict mitigation, and well-planned and coordinated efforts among industry leaders, USDA, and the Florida Department of Agriculture and Consumer Services, current regulations could be re-evaluated and potentially changed to bring cold treatment products and processing to all Florida ports. Furthermore, increased containerization of the perishables subject to the cold treatment requirements has resulted in a greater quality control of the perishables reducing the potential for infestation.

Given the aggressive efforts to reduce the regulatory impediments to specific perishables and trading countries with Florida, it is equally necessary to begin an aggressive marketing campaign to the ocean carriers now handling the restricted perishable cargoes at the Delaware River ports. These include MSC, Maersk, Hamburg Sud, Swordfish Shipping, NYKCool, and Chilean Lines. Similarly, an aggressive marketing campaign focused on the limited key importers of perishable goods now restricted from Florida must be initiated. These importers are William Kopke, JAC Vandenberg, The Oppenheimer Group, Walmart, Dayka and Hackett, Dole Fresh Fruit and Giumarra International Marketing.

Marketing efforts should include the availability of cold storage facilities on or near dock, the availability of refrigerated truck equipment for northbound moves, and the ability to serve the Florida and Southeastern U.S. markets more cost effectively on the Chile and Peru trade lanes than using non-Florida Gulf Coast ports as well as the Delaware River ports.

The above programs offer opportunities for transportation intermediaries to provide services to beneficial cargo owners, and for the expansion of services at Florida's seaports. A clear understanding of the opportunities provided by such programs will help the ports, stakeholders and partners work together to promote early adoption of enhancements and the implementation of streamlined processes, resulting in a more efficient transportation and business environment for Florida.

Port of Pensicola
Photo: Florida Ports Council

Port of Palm Beach
Photo: Florida Ports Council

Conclusion

In 2013, maritime cargo activities at Florida ports influenced more than 550,000 direct, indirect, induced and related jobs, which were based on $80 billion of cargo moving through Florida seaports. Cargo and cruise activity together contribute $96.6 billion of output to the state's economy, or about 13 percent of Florida's GDP. ***The Analysis of Global Opportunities and Challenges at Florida Seaports*** prepared for the Florida Seaport Transportation and Economic Development (FSTED) Council identifies opportunities to secure for Florida an advantage in the global marketplace and charts a course for growth in trade.

As Florida's population grows, demand will outpace capacity. Performance of the transportation system becomes critical as our global and North American competitors invest heavily, providing capacity and logistics capabilities equal to or exceeding those in Florida. Florida must continue to invest in its transportation systems to meet the distribution needs of its key industry sectors. Without these strategic investments, the state's economy will become less productive and less globally competitive.

This analysis delineates three broad areas of focus for gaining additional trade benefits, and provides both the information and direction for Florida leaders to pursue in the months ahead. The Florida Ports Council (FPC), along with stakeholders and partners, will use this analysis to craft an aggressive marketing strategy designed to generate additional trade-based jobs, tax revenues and other direct and indirect contributions to the state's economy.

Key Opportunities and Strategies for Success:

1. Capture cargo now moving through non-Florida ports by the adoption of an aggressive marketing program and by development of the necessary infrastructure for growth and connectivity.

The analysis shows that Florida ports have not fully tapped the container cargo market, with more than 300,000 TEUs imported into Florida through ports outside the state. The opportunity exists to dramatically grow container imports, and a program to identify markets and develop strategies must be initiated.

Florida is the gateway to trade. The competitive logistics advantage of Florida ports must be marketed to international ocean carriers, BCOs, and to exporters and importers in other states, emphasizing the cost benefits of using Florida ports to serve the Florida market.

The growth in the size of both container and bulk ships is a key consideration for Florida ports; infrastructure expansions, including channel widening and deepening, are essential to expanded trade.

Combining the potential import cargo containers moving into Florida from non-Florida ports, with Florida-origin exports and empty backhauls moving out of Florida using non-Florida ports, the total potential cargo market that could be captured is estimated to range between 3.3 and 3.6 million TEUs.

Conclusion

2. Attract import distribution centers and export-oriented manufacturing facilities to Florida by developing comprehensive strategies that make Florida a logistics gateway to the Southeast.

This study identifies a major opportunity to capture cargo that now moves into the state from distribution centers and warehouses outside Florida. Targets are identified by location, by shipper and by carrier, providing the basis for aggressive marketing.

If Florida captures just 25 percent of the potential market identified, an additional 8,600 direct, indirect and induced jobs would be generated, representing direct salaries and wages of $170 million. A total of $58 million in new state and local taxes would also result.

Smaller shippers and manufacturers represent an important opportunity in the export market. Florida needs an immediate plan to support the development of export markets that will provide broad internal economic growth in the state. Collaborations should be developed with Enterprise Florida and other agencies, as well as the state's business community.

This analysis provides specific examples and targets markets for both export- and import-oriented facilities with quantifiable benefits. For example, a typical import distribution center locating in the state could generate nearly 1,200 jobs and $6 million in state and local tax revenues.

An important factor in attracting new distribution and manufacturing facilities is the ability for Florida ports to be the first inbound and last outbound port-of-call for imports and export shipments. This will require a competitive investment approach to infrastructure upgrades and channel improvements at state ports.

The analysis identifies and quantifies an important opportunity for Florida to take advantage of empty backhaul in northbound trucking. Right now, more than three times as much cargo moves into the state as moves out. This empty northbound backhaul could generate a variety of benefits.

Finally, this analysis identifies state and local incentives offered by Florida's competitors in the Southeastern U.S. to attract manufacturing and global import distribution centers. State and local incentives can provide that last bit of encouragement for businesses to ensure that jobs and revenues associated with this growing industry sector locate in Florida.

3. Work with policymakers and officials at all levels to streamline regulatory processes and ensure Florida's competitiveness in serving markets.

This analysis identifies a variety of specific ways to improve Florida's competitive position in world trade, including taking advantage of fundamental and evolutionary changes now occurring in trade regulations.

Regulators at all levels are working to improve the competitive position of U.S. exports and imports, with advances being made in managing security issues, the flow of trade, the safety of food and medical products and other regulatory functions.

Pilot programs, like the recent and successful cold-treatment program for perishable imports, provide a pathway to testing and refining rules and processes. This study identifies and advocates Florida's active involvement in such programs.

The analysis also advocates a careful look at both regulatory and operational challenges arising from the growth of transshipment activities in the Caribbean Basin, including deficits in infrastructure requirements deficits.

Given the large number of regulatory challenges identified, Florida should craft and execute a program designed to evaluate the diverse needs of the maritime industry, and seek a more balanced approach between the flow of commerce and adequate regulatory measures.

Conclusion

In an increasingly interconnected world, global trade — with its inherent economic and social benefits — will flourish and grow. Florida is uniquely positioned to actively participate in that growth. The state's diverse culture, favorable geography and dynamic economy have positioned Florida to be one of the nation's premier logistics gateways and a leader in world trade.

There is much to build upon. Florida's existing ports and transportation infrastructure are established and well-managed. The ports system enjoys the support of the business community and public officials at all levels due to a history of economic success.

Now, with an aggressive and broadly supported effort, the state can, as this analysis details, seek and secure the many benefits of expanded trade — more jobs, increased tax revenue, economic growth and better lives for all Floridians.

JAXPORT
Photo: Florida Ports Council

About Us

Florida Seaport Transportation and Economic Development Program

The Florida Seaport Transportation and Economic Development (FSTED) Council is a public entity created by statute and charged with carrying out the state's economic development mission through implementation of seaport capital improvement projects at the local level. The Council was created within the Florida Department of Transportation and consists of the port directors of the 15 publicly owned seaports and a representative from the Department of Transportation and the Department of Economic Opportunity.

In 1990, the State Legislature created the FSTED Program under Chapter 311, Florida Statutes (F.S.), to finance port transportation projects on a 50-50 matching basis. The program was established in recognition of the importance of Florida's international trade to the state's economic progress and job creation and because the Legislature recognized the urgency of building the transportation capacity needed to satisfy the consumer demands of Florida's growing population.

The FSTED Program requires consistency with local plans and matching funds from each seaport; thus seaport investments are driven by a local commitment to meet the community's strategic objectives. Responsibility for project development through the FSTED Program is thus initiated at the local level, based on an understanding of market demand and local seaport opportunity and capacity. At the state level, project review is accomplished by state agency partners who are full voting members of the FSTED Council. The FSTED Program provides that program funds will be used to fund approved projects on a 50-50 matching basis with any of the public ports which are governed by a public body. The FSTED Council meets to approve projects for funding, which under the program are limited to specific types of port facilities or port transportation projects.

The Florida Ports Council

The Florida Ports Council (FPC) is a Florida nonprofit corporation and serves as a professional association for Florida's 15 public seaports. The FPC is governed by a Board of Directors comprised of the Florida port directors, with administrative staff located in Tallahassee. The FPC provides leadership, advocacy and information on seaport-related issues before the legislative and executive branches of state and federal government. Pursuant to Florida Statues, the FPC provides administrative support services on matters related to the FSTED Council and the FSTED Program. In addition, by agreement, the FPC provides similar services to the Florida Ports Financing Commission.

Prepared for:

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