

GLOBAL TRADE TRENDS: CHALLENGES AND OPPORTUNITIES FOR FLORIDA'S PORTS

PROBLEM STATEMENT

The Southern Hemisphere, i.e., the Caribbean and Central and South America, is a growth engine for increasing Florida's trade. It also is a growth engine for competitor states and nations who seek to undo Florida's competitive edge. Understanding the current demands on trade movement and the logistics of moving trade to its destinations is essential to Florida's economy. Understanding these trends is critical for allowing Florida to take advantage of market opportunities in trade between the U.S. and its global trading partners.

OBJECTIVES

The objective of this research project was to evaluate current trends in the movements of global trade, especially waterborne shipments, to identify how these trends affect Florida's competitive position in national and international markets, with specific attention on Florida's economic future and position as the "Gateway to the Americas." This research is intended to help Florida refine and delineate its competitive trade issues with respect to seaports.

The research concept was to review existing studies (by FDOT, Florida Ports Council, and others), collect new data (from databases and interviews), and summarize key findings relating to trade and logistics trends, competitiveness for seaport trade activity, logistics and technology issues, shifts in global trading partners, and other factors. The research team will use the research as the basis for high-level statewide policy recommendations for seaport initiatives.

FINDINGS AND CONCLUSIONS

This study has examined a wide-range of global trade trends, in terms of the challenges and opportunities presented for Florida's ports. Key findings can be summarized as follows:

- Global trade opportunities have created different market niches for different Florida ports. Each port is providing a different range of transportation services, for a different mix of trading partners and commodities.
- Global trade opportunities have made Florida's ports among the nation's most successful and competitive. Over the past 20 years, they have been among the national and regional leaders in container, auto, and other trades. Despite recent softening in their growth rates compared to other container and auto ports, Florida's ports continue to offer competitive strengths, particularly for waterborne cargo with a Florida origin or destination.

- Global trade through Florida seaports has generated significant benefits for Florida's economy and transportation system. On the economic side, trade generates direct, indirect, and induced benefits. On the transportation side, Florida's ports reduce the need for Florida shippers and receivers to utilize (1) out-of-state ports for international trade and (2) truck or rail transport for domestic trade.
- Global trade is forecast to grow substantially, increasing demand through Florida's ports, but the nature of that trade is likely to shift. Containers are the fastest growing segment of the global trade market, and continued trade expansion through Florida's ports is anticipated. However, trade trends favor an increasing role for Asian trade, and Florida's historic strength with respect to traditional trading partners – the Caribbean, Central and South America – is an open question. Noncontainer trades are likely to experience slower growth.
- Global trade is being driven by a combination of political, economic, technological and environmental trends and forces.
 - International factors – planned widening of the Panama Canal; growth in China markets; potential growth in Mexico markets; potential opening of Cuba markets; impact of DR-CAFTA and other trade agreements.
 - Business factors – impacts of the global logistics model pioneered by Wal-Mart and others; shipper requirements from international transportation services; carrier strategies to meet shipper needs via larger ships, hub and spoke/transshipment strategies, landside intermodal transportation service integration, port diversification, short sea shipping, private financing, and terminal efficiency improvements; railroad service strategies; and trucking industry pressures.

In response, Florida must choose how to approach market service and port competitiveness; waterside improvements; landside improvements; terminal improvements; landside access; land development and land use compatibility; environmental effects; port security; risk and change; and ports funding.

BENEFITS

Current FDOT planning efforts impacting seaports – including the SIS, the Florida Rail Plan, the Florida Seaport Economic Impacts Report, and Florida's Seaports: Conditions, Competitiveness, and Statewide Policies – should utilize these findings as appropriate. Findings should be shared and discussed with Florida's ports and the Florida Ports Council to ensure that the appropriate issues have been identified and addressed. Upcoming FDOT planning efforts impacting seaports, including the South Florida Inland Port Study and the Florida Seaport Strategic Planning Framework, should utilize these findings as appropriate.

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