LEVERAGING FLORIDA PORTS TO EXPAND TWO-WAY TRADE WITH ASIA

An examination of the advantages that Florida’s seaports and airports present for shippers that are importing from and exporting to Asia.
With one of the world's most extensive multimodal transportation systems—featuring 20 commercial airports, 15 deepwater seaports, and extensive highway and freight rail networks—the state's geography is convenient to global markets and serves as the perfect conduit for shippers that are trading with Asia.

In this white paper, we explore the geographic advantages, recent infrastructure improvements, and other benefits that Florida's seaports and airports offer for companies that conduct two-way trade with Asia.

A Strong Force in the South
According to the Journal of Commerce, Florida's 15 seaports generated $117.6 billion in economic activity, $40 billion in personal income, and $4.3 billion in tax revenue in 2016. Some of that activity involved U.S.-Asia trade which, through October 2017, found U.S. companies sending $397 billion in exported goods and receiving $873 billion in imports to and from Asia.

In 2016, China and Japan alone traded $771 billion in goods with the U.S. "East Coast ports have been steadily gaining market share of Asian imports since a bout of labor unrest on the West Coast in 2002."

—Journal of Commerce
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To best position itself as a prime conduit for two-way trade with Asia, Florida has been investing in its seaport and airport infrastructures. For example, a $1 billion investment in Florida ports was allocated to projects like new cranes at Port Tampa Bay; an intermodal yard at JAXPORT; and terminal expansions and dredging at PortMiami and Port Everglades to handle the larger ships passing through the Panama Canal.

Florida’s Seaport Advantage

A leading global trade hub, Florida is not only a major producer of state-origin products like oranges, grapefruit, sugar, tomatoes, and cucumbers, but is also a key importer. In 2016, goods worth nearly $143 billion flowed through its airports and seaports, while the total value of Florida-origin products reached over $52 billion in 2016, according to Enterprise Florida.

Much of those products flowed through Florida’s seaports, which are benefitting from recent developments like the Panama Canal expansion and site-specific infrastructure improvements that range from channel dredging to an investment in larger cranes (for loading and offloading containers) to berths meant to accommodate the new Panamax ships.

“The expanded Panama Canal presents potential for U.S.-Asia shippers in that it offers a much more cost-effective and time-efficient way to take the all-or mostly-water route into a Florida port via the canal.”

—Doug Wheeler, president and CEO of the Florida Ports Council (FPC)

Also working in Florida’s favor is a new generation of commercial aircraft that can bridge the gap between the state’s airports and their Asian destinations in a very cost-effective manner. Airports in Miami and Orlando have both been aggressively pursuing such flights, says Mencia, with the expectation that Miami will be the first to move into that arena in the near future.

“We’re already seeing more cargo flights come to Florida from Taiwan, Korea, China, and Japan,” Mencia says. “In 2018, at least one passenger flight will come online; and when you put all of these factors together, our state’s ability to pursue business in Asia will be greatly enhanced.”

PortMiami, for example, is now dredged to 50+ feet, Wheeler says, while Port Everglades (Fort Lauderdale) and JAXPORT (Jacksonville) are both in the process of being dredged to accommodate larger ships. “We’re making sure that we have the waterside infrastructure at our ports, while also making strategic investments on the landside aspect of our ports,” says Wheeler. The landside improvements include larger-gauge rails, cranes that can lift heavier cargo loads, and other features.
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“We also have a solid transportation and logistics infrastructure in place. And a business-friendly atmosphere that fosters growth and development.”
— Roy Schleicher, EVP and chief commercial officer for the Jacksonville Port Authority

“Under our current governor, and with the help of state and local partnerships,” says Wheeler, “we’ve made close to a couple of billion dollars in investments in seaports around the state.”

Roy Schleicher, EVP and chief commercial officer for the Jacksonville Port Authority, says JAXPORT has been actively participating in Asian trade since 2009 and has grown to over 400,000 TEUs (20-foot equivalent units) per year since that time. He adds that all of the major world alliances call at JAXPORT, including the 2M alliance between Maersk Line and Mediterranean Shipping. The port continues to modernize its berths, says Schleicher, and in 2017 installed three 22-foot-wide Neo-Panamax cranes.

“We’re also working closely with our steamship lines and terminal operators to consolidate Asian business in one location and create a megaboxship port for Asian business,” says Schleicher, who points to Florida’s population base, numerous ports, and well-developed highway and rail systems as the top draws for shippers that are involved with two-way trade with Asia. “We also have a solid transportation and logistics infrastructure in place,” he adds, “and a business-friendly atmosphere that fosters growth and development.”

Jim Pyburn, division director for Port Everglades’ Business Development Division, concurs, and says “the sky’s the limit” right now for domestic companies looking to trade with Asian firms. To capture some of that trade activity, Port Everglades is widening its channels, dredging them to 50 feet deep, and installing three Neo-Panamax cranes.

In 2018, the port will start on a Southport Turning Notch Extension project, which will lengthen the existing deepwater turnaround area for cargo ships from 900 feet to 2,400 feet and allow for up to five new cargo berths. Pyburn says that these and other infrastructure improvements will support expanding trade with Asia and help shippers leverage Florida’s logistics and transportation networks.
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“Asia is such a big market,” says Pyburn, “we just can’t afford to ignore it.”

Leveraging Florida’s Airports

Right now, Florida faces a once-in-a-generation opportunity to transform its economy by becoming a global hub for trade, logistics, and export-oriented manufacturing activities. Long an important consumer market and a gateway for trade between the United States and Latin American and Caribbean nations, the state is expected to assume a larger, more commanding role as a two-way trade hub for Asia over the next decade.

We’re already the recognized hub for Latin America and the Caribbean for both passenger and cargo traffic.”
—Joe Napoli, chief of staff for Miami-Dade Aviation

“Finally, the facility recently launched an Optimization Program to widen its taxi-ways, add more parking space, and redevelop and improve many of its cargo facilities. “These are just some of the initiatives that are underway or kicking off in 2018,” Napoli adds.

Positioning Florida for Success

As he surveys the current logistics and transportation landscape in Florida, and assesses its role in two-way Asian trade, Lee Sandler, a principal with Sandler Travis Trade Advisory Services in Miami, sees good potential and room for growth.

“Logistics is the heart of all the decision-making in today’s marketplace, with ocean cargo competitiveness being one of the main factors in the equation,” says Sandler. “The state of Florida has done a great job of getting its ports prepared to accommodate larger vessels that could come to and from Asia.”

Wheeler adds that Florida’s other key strengths include a large consumer base of roughly 20 million residents, making Florida the third most populous state in the country, and a growing number of annual tourists.

“This year alone we’re going to service 120 million visitors; that’s a huge advantage to consider when you’re making your logistics decisions for Asia,” Wheeler points out. “In addition to being able to have a three-to four-day logistics reach to 60% of the U.S. population, we also have a pretty robust consumer market right here in our backyard.”

Currently, the airport has four airlines that fly direct from Miami to Asia (and back), with just one stop in Alaska for refueling. Based in Korea, Hong Kong, and Taiwan, the airlines have boosted the airport’s Asian trade by about 215% (to $5.2 billion) over the last year.

Napoli says that Miami-Dade will soon become a Foreign Trade Zone (FTZ), where foreign and domestic merchandise may be moved into zones for operations, with merchandise not being subject to U.S. duty or excise tax while staged in the zone. “This will make our airport even more attractive to shippers involved with Asian trade,” says Napoli, who adds that the airport also has also put a Cargo Optimization Redevelopment and Expansion Plan in place that will increase its capacity from 2.5 million metric tons to 4 million metric tons by 2035.

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About Enterprise Florida
Enterprise Florida, Inc. (EFI) is a public-private partnership between Florida’s business and government leaders and is the principal economic development organization for Florida. EFI’s mission is to expand and diversify the state’s economy through job creation. In pursuit of its mission, EFI works closely with a statewide network of economic development partners and is funded both by the State of Florida and by private-sector businesses.

Discover what a future in Florida means for your business at enterpriseflorida.com/2waytrade, or call:

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