CONTAINER CAST #27: KEEPING UP WITH THE NEIGHBORS

Mat: This is ContainerCast from the Center for International Trade and Transportation at California State University, Long Beach. I’m Mat Kaplan and I’ll be talking once again with Tom O’Brien. Tom is the Director of Research for the CITT and the Associate Director for Metrans, Cal State Long Beach Programs. That’s the Metrans Transportation Center, in a partnership with the University of Southern California. Tom, welcome as always, great to have you on ContainerCast.

Tom: Good to be here Mat.

Mat: We’re going to talk this time about another column that you did for the Long Beach Business Journal. This one appeared last March 15th. We’re a little while getting to this one, but you called it Keeping up with the Neighbors. And I guess it was all based on a conference you did, which I’ll have you tell us about. One of the things you put right at the end of this, which I’ll paraphrase someone, I don’t know who, but the paraphrase is, “keep your friends close and your competitors closer” and it seems like this conference allowed people to do just that.

Tom: Right, this was a conference that brought together people with a unique interest in Pacific Coast of North America gateway issues and port issues. So that meant people who operate ports in Canada, the US, and Mexico, people who move goods through those ports, people who oversee operations and trade agreements on the governmental side, and people like me who study it as a researcher. And the quote you mentioned there I ended the article with because while the purpose of the conference was to figure out what was similar about what we do, and what benefit there is from learning from each other, whether it’s environmental policy or infrastructure development, or any of that sort of thing. A lot of what we ended up discussing is how what we do is still very different and how we compete for the same business and how some of us are in a better position to get that business than others. So it set the groundwork for a lot of future discussion, but it also reminded us that we have different structures competitively for a reason.

Mat: You had some really prominent folks attend this from facilities all up and down the west coast. Who were some of those?

Tom: Well, our showcase event over lunch was a discussion about the development of port environmental policy, including the environmental directors of the ports of LA, Long Beach, Vancouver, and the director of the port of Ensenada. That was fascinating because of one of the starting points of this conference, which I did with colleagues in Baja California, Mexico and at Simon Fraser University in British Columbia, was that there was this developing West coast port profile and that a lot of what was happening in places like Vancouver and Ensenada was having to do with the leadership of the ports of LA and Long Beach. And so having those gentlemen discuss the development of port policy from an environmental perspective and the role that Long Beach took in policy adoption in an entirely different country was fascinating. And what we discovered was in fact, yes, the look of a clean truck program and a clean air action plan may look very
similar in other places, simply because the expectation with communities in those places is that, well if LA/Long Beach can do it why can’t we make it happen here?

Mat: So we did sort of complete the template.

Tom: We did complete the template. And it’s being adopted in other ports around the country but the pressure was greatest along the West coast because so many of the players were the same. You had developments in infrastructure in cold ironing and so it made more sense to make those similar investments to spread out the costs of doing so in other ports along the west coast.

Mat: You called cold ironing which apparently came out in this, that it’s a game changer. An obviously very great concept, but I didn’t know it was that big of a deal.

Tom: It was a game changer because it was so expensive. It came about as a result of the settlement and the lawsuit brought by the National Resources Defense Council against the port of Los Angeles and China Shipping when the China Shipping terminal was built. But because the ports and the ocean carriers were required to retrofit their infrastructure, it meant that to spread out the costs, amortize the costs, it made a lot of sense to look at other places where the ships could plug in to shore side power. And so it was other places along the west coast that was just sort of a natural first step. And again in terms of new infrastructure development in other parts of the west coast, the fact that LA/Long Beach was required to look at cold ironing as a part of any new environmental impact report meant that it was being asked by communities up and down, not only the ports that I’ve mentioned but Oakland, Seattle, Tacoma, it’s been on the table. In Vancouver, it’s being used for cruise ships. So it was a technology that once was proven and mandated through the lease negotiation process and through the courts, became an expectation for a lot of places.

Mat: You’ve already kind of alluded to this, or hinted at the formation of alliances is probably too strong a term, but these cross border/ cross international border regions that are developing, you talk about San Diego, Tijuana, Ensenada as well. And then one called by a term that I hadn’t even heard before but it’s great, Cascadia.

Tom: Cascadia, yeah the Pacific Northwest that is sort of nebulous enough that it doesn’t bias either Canada or the US. It’s just sort of this cross border region that’s defined by a common geography. That’s very much why policy has been developed in the Pacific Northwest in a way that addresses both countries’ needs. You don’t have water flow that stops at the border; as a result, you’ve got a binational ballast water policy that’s been adopted. You know we move so many goods across the border. A lot of it not only intercompany but intracompany across the US/Canadian border that an efficient and effective border makes sense. So you’ve had a lot of cooperation in Cascadia on the use of technology to make sure that trucks aren’t delayed as they move across the border. So there’s a real incentive to do things in a way that don’t duplicate efforts in Canada and in the US. It’s been more problematic on the US/Mexico side but Cascadia has given us a model.
Mat: So really the creation of this somewhat more level playing field is to everyone’s advantage.

Tom: Yeah I mean NAFTA has helped it right? I mean we’ve got a trade agreement in place that hopefully levels the playing field. Many would argue that in some cases it doesn’t, but the fact is NAFTA has reduced costs and created a freer flow of goods across the three countries and it’s facilitated cross border trucking, for example, in the US/Canadian context that hasn’t been realized in the US/Mexican context yet. There’s been a lot of opposition on the environmental side, on the labor side. It’s been a mini trade war between the two countries getting a pilot program really off the ground in US/Mexico but the fact that US/Canada has it in place means that it is possible and if all three countries can get a program in place, it will likely mean freer, more efficient flow of goods. Right now you’ve got a lot of inefficiencies in the US/Mexican border because you have to unload goods from one truck to another.

Mat: A lot of these things like NAFTA have to happen. I mean they’re international treaties. They have to happen among congresses, parliaments, at very very high levels and I guess there was some discussion that local interest sometimes can’t wait for the very slow moving activity that usually takes places at the national level.

Tom: Right this was an issue, or a point that was made by a representative made by the California Air Resources Board who was saying that our air quality issues in the state of California were so acute and it really was imperative that the state moved forward in addressing the issues, that we couldn’t wait for international treaties to adopt standards for vessel speeds as they approached the shoreline, or emission control areas for diesel emissions. So ARB moved forward, as did the ports. The ports adopted in Southern California their own voluntary speed reduction program all to address local environmental concerns. Now a lot of the international treaties have moved forward, again albeit slowly, but using a lot of the same language and with a look that’s based upon what’s already been tried and true in a place like southern California. But you make a good point, I mean, NAFTA, which was three countries, was difficult enough. Multi country trade agreements are becoming increasingly difficult to adopt, which is why you are seeing a proliferation of a lot of bilateral trade agreements between two individual countries and why even within the NAFTA framework we have a lot that’s happening between just the US/Mexico or between the US and Canada.

Mat: So these efforts to foster even greater cooperation continue but clearly we still are competitors with other ports, other regions. And the differences between us extend even as far as some of the terms that are used, which we take for granted.

Tom: Yeah one of the really interesting things that came out of the conference, it was apparent that when a Canadian talks about a gateway, it means something decidedly different than maybe what a Mexican port official or a Mexican government official or a US official means. In the Canadian context, gateway is tied to the name of a national infrastructure development strategy that’s designed to improve access through Canadian gateways at ports and at border crossings across the country. For us in the US, we think of it from a geographical perspective, that it’s a gateway to goods, but it doesn’t have the same connotation from a policy perspective as it does in Canada. And in the Mexican
context, when we talked about gateways, the volume of goods moving through a port like Ensenada really doesn’t warrant, in a lot of cases, the term gateway. What they’re really interested in is what happens at the border crossings, Calexico and Mexicali, Tijuana and San Diego, because those are the gateways that matter. That’s where the volume is of moving goods and people and trade.

Mat: I’ve got to ask you about one more term, which I think may have came up in a previous Container Cast discussion we had in relationship to Europe. It’s not a term you hear very much in the US, hinterlands.

Tom: Hinterlands. Although you know what, we’re hearing it more. And because trade is discussed in a global context, and because they use the term so often in Europe, and in Canada, you’re starting to hear it more often. It’s sort of the area of influence, the sphere of influence. In the US context we talk more about inland areas that are adjacent and related to port complexes, but very often again in the European and the Canadian context, the hinterland has a distinct, a specific definition that’s tied to how projects are funded, a specific kilometer, that sort of thing. For us, at least in Southern California, I think hinterland is a really complex term and fraught with difficulties depending on who you’re talking to. Riverside county, San Bernardino county would argue they’re part of the hinterland, the sphere of influence for the port of LA and Long Beach that they see the impacts of all those trains moving through and as a result, that’s why they’ve taken up the positions that they have on some port-related developments, where the ports might argue it’s a port project, it has nothing to do with the inland empire. Or you know Carson, Carson’s a hinterland right? Because of the amount of infrastructure and DCs and warehouses that are there. So it’s one of those things that we can’t even agree amongst ourselves, let alone try to figure out what it means in US/Canadian bilateral relations.

Mat: Call me a stick in the mud but I think it’s going to be a while before I can adjust to the idea of Carson as being in the hinterlands.

Tom: I know.

Mat: Tom, obviously a fascinating discussion at this conference, apparently, not quite over. There will be a presentation at yet another conference coming up.

Tom: Yeah I should say that this effort was funded in part by the Canadian national government, which is interested in having these issues explored by US researchers as well. And so one of the things that came out of our discussion was a list of topics that will move us forward as an academic community, looking at opportunities for shared research, multidisciplinary, interdisciplinary research, data gathering across the three countries, and our next big opportunity to share what we’ve learned is at the National Urban Freight Conference, which Metrans is sponsoring and we will be hosting in Long Beach October 12th through 14th.

Mat: Okay and we will probably be talking about that conference much more in ContainerCast and elsewhere here on the CITT website if that’s where you’re catching this program right now. This has some history right? This is not the first of these NUF conferences.
Tom: No this will be our fourth National Urban Freight Conference. We’re really really pleased because it’s become a destination conference for people who have a very specific interest in freight and metropolitan areas. People put it on their calendars which we are happy to say. We do it every two years. This year we’ve already have more than 100 abstracts on a host of papers submitted to us from the largest international contingent we’ve ever had, more countries in Europe than we’ve ever had, more papers that address Pacific rim issues, a lot more Canadian papers. So we’ve actually thought maybe we need to start calling it the International Urban Freight Conference because I think we’ve hit upon a topic that is not limited to the US.

Mat: So another opportunity to look for those areas of commonality and also keep an eye on your competitors. Thanks very much Tom.

Tom: Thanks Mat.

You’ve just heard ContainerCast. Our guest has been Dr. Thomas O’Brien. We’d love to hear from you. Write to us at citt@ccpe.csulb.edu. ContainerCast is produced by the Center for International Trade and Transportation, a division of the College of Continuing and Professional Education at California State University, Long Beach and in partnership with the Metrans Transportation Center. The Center for International Trade and Transportation offers an outstanding selection of events, programs and courses including the Global Logistics Specialist Program. Visit us online at www.CCPE.csulb.edu/citt or call 562-985-2872. That’s 562-985-2872.