

Exploring North American Alternatives to the Ports of Long Beach-Los Angeles

Globalization can no longer be ignored or for that matter avoided.

The advent of one of the largest economies in the world, China, breaking into the marketplace in the last decade helped trigger the globalization of the world economy.



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China was immediately followed by India, another major economy which is now fueling this economic phenomenon.

Economists and other such experts foresee Russia as the next global newcomer and competitor. Though many may see globalization as a threat, it means opportunity for different land and sea port authorities.

Ports in North America not only create significant logistics activity for different cities, regions and countries, but infuse billions of dollars to two of the strongest economies in the world – Texas and California.



Tugboats haul an offshore jack-up oil rig eastward in the Brownsville Ship Channel toward the Gulf of Mexico. Oil rigs are one of many types of deep-sea going vessels trafficking the Port of Brownsville on a daily basis.

The heavyweights are the Ports of Los Angeles-Long Beach and Houston. However, the landscape can change if U.S.-bound traffic from the Pacific would utilize an affordable niche route from the Port of Lazaro Cardenas on the West Mexico Coast and to the Port of Brownsville in South Texas. Cargo could be trucked or railed from Western Mexico to the

Texas Gulf Coast.

It's a sea-land-sea route to the East Coast with an 8- to 26-percent cost savings for cargo, according to Texas A&M University's Industrial Distribution Program which recently completed a study for its Texas-Mexico Trade Consortium.

Globalization of U.S. firms has been driven by outsourcing their manufacturing to Asia, which

in turn economists believe it will continue to see growth opportunities in shipping products across the Pacific Ocean. That's where the Western Mexican ports and the South Texas port bridge the gap between the Pacific Ocean the Northeast.

The Port of Brownsville serves as an intermediate stocking location where a

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$$\text{ROI} = \frac{\text{Revenue} - \text{Expenses}}{\text{Assets}}$$

COST COMPARISON ON TRANSPORTATION MODES

Brownsville, Texas to States along the East Coast

States along East Coast of U.S.	Total Cost (\$)		Total Lead time (days)		Cost Savings using Sea + Land Route
	By Truck	By Barge + Truck	By Truck	By Barge + Truck	
Florida	942.97	697.40	1.86	4.37	26.04%
North Carolina	1195.80	1033.29	2.37	5.09	13.59%
South Carolina	1041.81	905.76	2.08	4.84	13.06%
Virginia	1294.08	1148.09	2.58	5.30	11.28%
New York	1532.70	1414.39	3.04	5.84	7.72%
Pennsylvania	1399.05	1319.71	2.78	5.67	5.67%
Georgia	884.01	879.90	1.76	4.75	0.47%
Ohio	1226.25	1329.14	2.35	5.63	-8.39%
Wisconsin	1193.58	1554.32	2.34	6.10	-30.22%

Distance calculation : www.truckmiles.com
Truck load cost price index: www.flatbedsource.com



single way transport offsets nearly 400,000 truck miles. Each barge has the capacity for 450 TEUs, the equivalent of 225 truck loads, which in turn helps avoid the traffic explosion at other Texas-Mexico crossings and saves 40,000 gallons of fuel per round trip.

The route is helping save the environment by reducing emission levels and also earning the coveted Carbon credits.

The route will naturally see more traffic as inbound capacity is increased at the Port of Lazaro Cardenas, Mexico, which includes expansion of rail and highways to Texas.

In the Brownsville area, already

more than \$120 million in federal stimulus funding has been awarded, the majority of which is for infrastructure projects such as the extension of the I-69 corridor to the Port of Brownsville.

The 80th Texas Legislature also made the Port its top priority as it helped permanently extend the Overweight Corridor Program, which permits overweight freight to be transported from the international bridge in Brownsville by truck safely and cost efficiently to and from the Port of Brownsville and Mexico.

Infrastructure is the blueprint for a port's competitive advantage which leads to economic success.

The Port of Brownsville's impact, like many other ports, resonates beyond the South Texas and North Mexico regions. As we see countries continue on the path of globalization, we can only expect to see opportunity for increased foreign waterborne traffic and ultimately, business.

It's no surprise to us in Brownsville, we already rank third in the United States in 2007 for handling foreign waterborne in-transits, ahead of Long Beach, Los Angeles and Houston.

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