

## **State of the Ports - February 13, 2013**

**(Excerpt)**

**At PortMiami, we are moving—moving Full Speed Ahead!**

**In 2012, many of our capital projects and business development efforts reached important milestones. We saw the largest expansion ever of our cruise business in a single season as we welcomed an impressive parade of new cruise brands and new ships. More than \$2 billion in infrastructure investments—one of the most ambitious capital programs in our Port's history—are now well underway.**

**PortMiami is a powerful economic engine in South Florida, and its economic impact continues to grow. New figures, updated just last month, show that the Port contributes \$27 billion annually to the local and state economies—up 50% from five years ago. PortMiami supports 207,000 jobs, both directly and indirectly. That's 25,000 more jobs than just five years ago.**

**And this is great news...coming off what has been a spectacular year for our port.**

**2012 was the year when Harriet—the giant boring machine digging the Port Tunnel—completed the first of what will be twin chambers under Government Cut. We are now well past the halfway point on this project—a project not only benefiting our Port, but also downtown Miami. In little more than a year, pedestrians and automobiles will no longer compete with the 18-wheelers for**

**space on our downtown streets. Soon...vehicles will be able to travel from the Interstate to our Port without crossing a SINGLE traffic signal.**

**I am pleased to report this project—being built in partnership with the Florida Department of Transportation, Miami–Dade County, the City of Miami and our private sector partners, the Miami Access Tunnel and Bouygues Civil Works- is on time and on budget.**

**More than 400 South Floridians have been put to work, directly, building the tunnel. And, if you consider the hundreds of local vendors, contractors and subcontractors involved-- many of them small businesses--the tunnel construction will have supported an estimated 6,000 jobs before the project is completed.**

**Hats off to Miami Access Tunnel for keeping this project on track.**

**In 2012, with our Florida East Coast Railway Partners, we began putting down new tracks for the return of on-dock rail. On-dock rail, a critical component of our growth strategy, is returning in a big way! Many thanks to our FEC partners.**

**And speaking of partners: I want to thank all of you who helped move our Deep Dredge forward. The U.S. Army Corps of Engineers will soon sign a construction contract to begin the deepening of the Port's channel...ensuring that PortMiami**

**will be the ONLY port south of Norfolk, Virginia at -50 feet when the expanded Panama Canal opens in 2015.**

**We are grateful to Governor Rick Scott and Florida Legislature's financial support for this all-important project.**

**We are counting down to the opening of the wider and deeper Panama Canal—and, I am proud to tell you today that PortMiami will be ready to welcome the new super-sized container cargo vessels ...only two years from now.**

**2012 was a year of progress...real progress!**

**Looking ahead—and I LIKE to look ahead—I can tell you that we are well positioned to continue our successes. 2012 was a great year for new cruise business, and this year we will continue to grow the fleet.**

**MSC Cruises, the upscale Italian line, will bring its newest ship the MSC Divina to PortMiami this fall—and from what I have heard... it's quite a diva with none other than Sophia Loren starring as the ship's Godmother.**

**MSC Cruises joins other recent arrivals—the luxury brand Regent Seven Seas which began sailing with us last November and Disney Cruise Line—which makes for great family fun. Three new cruise lines in just twelve months!**

When it comes to “new build” cruise vessels—those sleek, modern and innovative ships coming out of the European shipyards-- we have cornered the U.S. market.

Only four new builds debuted in the U.S. last year and three are homeporting with us:

The *Carnival Breeze*...the largest ship in the Carnival fleet,

The *Oceania Riviera*...the newest addition to our growing roster of luxury ships and...

The *Celebrity Reflection*...the fifth in Celebrity’s popular Solstice class.

And, of course, the *MSC Divina* will join this impressive group in just eight months from now!

But, there’s more on the horizon!

In February 2014, we will welcome the *Norwegian Getaway*, Norwegian Cruise Lines’ newest ship now under construction in Germany.

Cruising out of Miami is only getting better with more choices for every taste—from family fun to sophisticated, luxury travel.

A big thank you to our cruise partners—many of whom are here today!

You know, Bill Talbert, and the Greater Miami Convention and Visitor’s Bureau, really gets it right with their tag line: “It’s So Miami.”

**Cruising is SO Miami...we are proud to be known around the globe as the “Cruise Capital of the World”...in fact, so much so that last year we put a trademark on it!**

Let's turn to the cargo side of the business and our quest to increase cargo trade and make PortMiami one of the world's leading cargo container ports.

In 2012, we saw a modest increase in our container traffic putting us just under the one million mark for TEUS. The numbers show a double-digit recovery from 2009 which was the worst of the recession. Traffic is up a little more than 13% over the four years.

With our key capital projects soon coming into play...we are looking forward to robust growth as we move into the second half of decade.

Our goal is to double our cargo numbers before the end of the decade. As I have said previously...yes, it's ambitious, but I believe it is attainable. New business development strategies now in place will move the needle on cargo traffic!

Like so much of Florida's history, it has a lot to do with geography.

When you look at container growth over the last decade, East Coast ports have grown more rapidly than those on the West Coast. This trend—now a trickle—will accelerate in the future....and our Port will be a player!

Approximately 65% of all U.S. waterborne containerized trade is what we call *Transpacific*— that is, the vast and seemingly endless flow of goods from Asia to the U.S.

**While a lot of these goods are destined for large population centers in the East...  
the West Coast ports pretty much own the market!**

**But, the metrics are changing AND to our advantage!**

**In just a little more than two years, a wider and deeper Panama Canal will give  
shipping companies options for less expensive all-water routes to East Coast  
Ports.**

**If you ask a big box company—a Target or a Walmart—what is important when it  
comes to moving goods... they will tell you...time and price!**

**The opening of an expanded Panama Canal is about new efficiencies and cost-  
savings –giving shippers new options to shift to all-water routes to reach East  
Coast markets.**

**What we have today...is a tale of two coasts. And, the West Coast is clearly  
concerned.**

**Here's a campaign recently launched in California...AT THE CANAL. If you have  
any doubts that the West Coast is going all out to protect their market  
share...Google BEAT THE CANAL and read about what West Coast business  
leaders consider a serious threat to their market dominance.**

**In Miami, however, we take a different view. We are rolling out the red carpet to welcome the Canal. We call our campaign COUNTDOWN CANAL 2015.**

**We are counting down to 2015—and are ahead of the curve with more than \$2 billion in capital improvements well underway. It's all about economic growth...not only in South Florida but throughout the state. More trade equals more jobs.**

**My friends, the clock is ticking. We will be ready to seize opportunities for increased Asian trade--as the first port of call for both in-bound and out-bound containers.**

**It's all about what logistics folks call connectivity. Thanks to our investments, PortMiami is well connected:**

- **A deeper channel**
- **A new tunnel**
- **Four new Super Post-Panamax cranes now under construction and scheduled for delivery this summer**
- **And, coming soon, new rail service.**

**And, let me say a few more words about the new PortMiami-FEC rail link. No modern port can be successful without on- dock rail. “Do we need both a tunnel and rail?” Folks, we do: If we want to grow.**



**While the tunnel connects our port facilities directly to the Interstate and the State of Florida...the rail connects us to the Southeastern U.S. and beyond. We need both!**

**The new FEC-Port partnership will allow shippers to reach more than 70% percent of the U.S. population from Miami within one to four days. Let me repeat this hugely important fact—more than 70% of the entire U.S. population in four days or less. Full Speed Ahead—this is the win!**

**Let me also say a few words about our North-South cargo flow—PortMiami has long been known as the “Cargo Gateway to the Americas.” More than half our trade is with South and Central America...and in recent years we have benefited from the strength of economies in countries such as Colombia, Peru, Chile and Brazil.**

**Export activity in Latin America is growing faster than any other trade lane in the world. We intend to capitalize on our historic ties to this part of the world.**

**PortMiami has a new sales team—a group of dynamic, bilingual go-getters who have recently joined our staff. Their mission?**

**To aggressively sell our Port and sell South Florida to the world as a growing center of trade and commerce. We now have a full-time representative in Peru...and I expect to have someone on the ground soon in Brazil...and Asia.**

As I conclude, I would like to return to one of my previous addresses.

Several years ago, in one of my first State of the Ports presentations, I said,

***“Everything we do at PortMiami begins with our goal to be even more than we are today.”***

That was in 2008 and looking back...I am thrilled with how much has been accomplished!

Add PortMiami Foreign Trade Zone 281 to the list. Last summer, the U.S. Department of Commerce licensed *FTZ 281* as a new mega- Foreign Trade Zone that encompasses most of Miami-Dade County, including the airport and adjacent warehouse district. Our Foreign Trade Zone—a national model--allows companies to defer payment of tariffs on imported goods.

Foreign Trade Zones are powerful incubators for new business development...and I am pleased to report that we are moving FULL SPEED AHEAD with seven applications underway from local companies seeking the FTZ designation, some sites are already up and running.

2013—we are off to what will be another very good year. Our commitment to moving our port forward is steadfast... we are wide open for business and will NOT be deterred!



**While much of our success is reflected in “bricks and mortar” and the successful conclusion of our large infrastructure projects, we must always keep in mind these improvements are only PART of the story.**

**Future growth...real success... only happens through people working together.  
Being in sync with the marketplace.**

**And, having a single vision...I can assure you at PortMiami we have that vision.**

**Now...I would like to take just a minute before we leave to pay tribute to my colleague and my good friend, Jose Abreu –who is retiring at the end of March.**

**Jose, you will be greatly missed! This has been our 7<sup>th</sup> State of the Ports address together...and each year I am impressed with where you have taken our airport.**

**Under your leadership, Miami International has transformed...from what once seemed to be one big construction site ...to the modern and efficient airport it is today. Let’s all stand up and give a round applause to our esteemed Aviation Director.**

**Thank you everyone for being here.**