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CII SEMINAR ON AMERICAN EXPORTS URGES SHIPPERS TO UTILIZE GOVERNMENT RESOURCES; HEARS REMARKS FROM RAIL AND OCEAN CARRIERS, SHIPPERS, MAJOR PORTS AND OTHER INDUSTRY LEADERS

CHICAGO (June 26, 2012)—Michael Masserman, recently appointed Executive Director for Export Policy, Promotion, and Strategy at the U.S. Department of Commerce, urged American exporters to use the expertise, resources and facilities offered by the U. S. Commercial Service to promote their goods abroad.

Speaking at the Containerization and Intermodal Institute conference here, Mr. Masserman noted that every \$1 (dollar) spent on the commercial service results in \$235 in U.S. Exports. “More than 96 percent of the world’s consumers live outside of the United States,” he said. “The goal of doubling exports is daunting, but some sectors—such as automobiles—are showing terrific growth.”

Mr. Masserman is in charge of facilitating the President’s National Export Initiative (NEI), an initiative that President Obama laid out in his 2010 State of the Union to double exports by the end of 2014. He also oversees the Trade Promotion Coordinating Committee, which is made up of the relevant trade agencies within the U.S. Government. In addition to helping drive a “whole of government” approach to the NEI, Masserman coordinates closely with private-sector companies, trade associations, chambers of commerce, and institutions such as Brookings, on global trade/export policies.

The CII half-day conference, “Doubling U.S. Exports—a Reality Check,” drew more than 100 attendees and heard remarks from ten experts including representatives of government, rail and ocean carriers, ports, third-party logistics executives and shippers. Mr. Masserman, who was the keynote speaker, said: “Shippers and potential exporters do not make enough use of what we offer. But our Export Assistance Centers in 100 U.S. locations work with overseas colleagues to get whatever information is needed and embassies and consulates in 74 countries abroad make contact with local government representatives and business.”

Supporting him was Jeff Graber, Senior International Trade Specialist, U.S. Commercial Service, Chicago, who spelled out how his agency can help U. S. companies. “We can help with far-reaching information—such as market potential and challenges, guidance on cultural issues and protocol, find sales channels and business partners, identify and assist with legal and regulatory hurdles and settle disputes.” He also noted that market potential and challenges as well as trade shows and missions are on the service’s expertise list. “We urge you to use us,” he said. “There is a wealth of assistance waiting to help you grow your business.”

Christopher Lytle, Executive Director of the Port of Long Beach, noted that his port is the second busiest in the United States, “But for about 15 years now, half of what export to Asia is empty boxes,” he noted. “Exports have grown, just not as fast as imports. In fact, they have doubled since the mid-1990s – but that has taken nearly 17 years. In that same time, imports have increased four-fold.”

Mr. Lytle noted that he believes we can double exports. But what can we do to accelerate the growth of exports? “All of our empty containers are a constant reminder that we have a big opportunity.” He concluded: “Exports are going to growth, particularly exports to Asia. China is a major target for us; they already have so much of our money selling their products to us. Free Trade Agreements will boost exports. Lowering trade barriers is going to make a big difference.”

He said the top-growing U.S. exports are likely to be grains, fruit and meat. “These exports are already well regarded and in demand in Asia, and they will be in even more demand as Asian economies grow. So can we double exports? I say definitely.”

James Newsome, President and CEO of the South Carolina State Ports Authority, noted that there are limitations for export growth. These include container supply, transload capacity, carrier pricing on low-value commodities, harbor depth and dredging needs, inland weight issues, rail and truck capacity and alternative sourcing. “Emerging markets will continue as a growth engine,” said Mr. Newsome. “However, the U.S. focus on exports is appropriate but this focus must be on products that provide differentiation. Logistical challenges will be more significant,” he said, “which is why creative solutions are required.”

Gregory Tuthill, Senior Vice President of Sales and Marketing for NYK Line, noted that “export market conditions continue to be characterized as brisk with high potential for future growth but at more modest increases with the following attributes, “The transpacific export market growth will continue to ease based on slower economic growth.” He added that food products will be more resilient to some of the global economic challenges, there are signs of demand easing with slower growth forecasted for China, Brazil and Europe and the European crisis is linked to all markets and will have some impact on U.S. exports based on slower or negative GDP growth.

Also from the ocean carrier side, Edward Zaninelli, Vice President of the Transpacific Westbound Trade for OOCL, noted that infrastructure improvements need to continue, including East Coast ports being upgraded for 8,000-TEU containerships and placing a major transloader in the Los Angeles/ Long Beach basin on the West Coast. Also, a near dock rail terminal is needed for the BNSF rail also in LA/ Long Beach. “Rates have to cover costs, construction at the ports needs to be faster and everything should be on the table as transparency is required,” he added.

Terry L. Bunch, Director, Logistics and Customer service for Rayonier, Inc., a global supplier of performance fibers, timber, real estate and wood products, also urged less ocean freight rate volatility. As an active exporter, Mr. Bunch echoed the call for an adequate, efficient infrastructure and an adequate supply of high quality equipment. “We also need to succeed a globally competitive economic regulatory environment,” he added.

Norfolk Southern’s Ed Elkins, Director International Marketing, for the railway spoke from an intermodal perspective and said that rail has new capacity, new corridors that are either operational or nearly complete, new terminals opening in 2012, new service lanes available across the network and an expanded service portfolio. Prepared for a growing export market, Mr. Elkins said that his company has expanded, highly reliable service coverage from all major East Coast ports as well as efficient and flexible intermodal operations across the network.

Taking a respected consultant’s view, Paul Bingham of CDM Smith feels the goal is a “stretch.” “To increase U.S. exports in five years from \$1.6 trillion in 2009 to \$3.2 trillion by the end of 2014 is ambitious now as we are coming out of recession. A strong export rebound was up 16.7% in 2010 and up almost 15% in 2011 to \$2.1 trillion, ahead of schedule to meet the goal,” he said. “However 2012 U.S. export growth could slow to 5%, recovering perhaps to near 8% growth in 2013-2014, leaving the goal unmet. The U.S. would have to see exports grow at an average rate of 14.4% for each of these last three years to meet the goal.”

Kenneth Sine, director of trade for ocean services for 3PL C.H. Robinson Worldwide, Inc., with great passion called on the industry to come together to address the export challenge “because we love what we do and want to take our experience and know how to help the U.S. economy.”

CII Board of Directors members Michael DiVirgilio, Senior Vice President, Development, at Ceres Terminals in North America, and Ashley Craig, an attorney with Venable in Washington, DC, served as moderators for the event. CII scholarships of \$2,500 each were presented by board member Anne Kappel, Vice President of the World Shipping Council, to Yue Geng, a Ph.D. student at Northwestern University Transportation Center and to Ted Gregory, a railroad engineer who studies at the University of Denver Intermodal Transportation Institute. Ms. Kappel noted that successful CII programs help support the CII scholarship mission.

The Containerization & Intermodal Institute (CII), founded in 1960, is a nonprofit dedicated to promoting and supporting the business of international trade industry awareness, preserves the history of intermodalism, and engages scholarly interest in the field by organizing educational conferences and seminars, serving as an information resource, providing networking opportunities, offering career guidance, arranging internships and facilitating scholarships. The organization also presents the Connie Award, an esteemed honor in the industry. For more information, visit www.containerization.org

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