



FLORIDA: MADE FOR TRADE

Florida Trade and Logistics Study 2.0



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ABOUT THE FLORIDA CHAMBER FOUNDATION

Founded in 1968, the Florida Chamber Foundation is a business-led research organization, working in partnership with business leaders and public officials to secure Florida's future.

The Foundation focuses on actionable and creative solutions to challenges facing Florida. More than a decade ago, the Foundation set a clear vision for Florida and developed a framework to help move Florida forward. That vision set three simple goals: to achieve prosperity and high-paying jobs, to support vibrant communities, and to advance global competitiveness. The shared platform to accomplish this vision is known simply as the "Six Pillars of Florida's Future Economy™."

The Six Pillars identifies the critical factors determining Florida's future economy and provides a platform for local, regional, and statewide collaboration. Their power lies in their simplicity and their ability to direct common and consistent conversations. The Six Pillars has informed the Foundation's own strategic efforts, has helped regional organizations plan for a better future, and formed the backbone of Florida's statewide economic development plan. These ongoing efforts require a commitment to measuring status and progress toward stated goals. To this end, the Foundation built a dynamic online tool – the Florida Scorecard™ – to track key metrics within each of the Six Pillars. The Foundation's current objective is to develop a dynamic, consensus strategic plan for Florida in 2030.

*To learn more about the Foundation and Cornerstone 2030, visit the web site at www.FLFoundation.org.
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Research support provided by Cambridge Systematics, Inc.

TABLE OF CONTENTS

ABOUT THIS STUDY ii

EXECUTIVE SUMMARY 1

CHANGING GLOBAL MARKETPLACE..... 6

FUTURE OPPORTUNITIES 15

Opportunity: Move More Trade Through Florida’s Sea and Air Gateways 17

Opportunity: Make More Goods For Export In Florida 27

Opportunity: Multiply the Impacts of Trade in Florida 33

FUTURE STRATEGIES 38

Talent Supply and Education 40

Innovation and Economic Development..... 42

Infrastructure and Growth Leadership 46

Business Climate and Competitiveness 48

Civic and Governance Systems 50

Quality of Life and Quality Places 52

CONCLUSION 53

ABOUT THIS STUDY

In 2010, the Florida Chamber Foundation, in partnership with the Florida Department of Transportation (FDOT), released the *Florida Trade and Logistics Study*, a first-of-its-kind look at trade flows and related logistics activity in Florida. The study called upon the Governor, Legislature, and public and private leaders to take immediate actions to address the opportunity provided by the widening of the Panama Canal.

During the subsequent three years, the Governor, Legislature, public agencies, and private entities have undertaken many of the study's recommendations. Three years later, the Foundation, again in partnership with FDOT, has reconvened public, private, and civic partners to examine the progress toward the state's global vision and to identify opportunities and strategies to guide Florida during the next few years. The objectives of this follow-on study were to:

- Identify specific opportunities for Florida to become a global trade hub;
- Develop an implementation plan to accomplish this vision; and
- Continue to build consensus among public and private partners in support of this vision and its implementation.

This study builds on the 2010 research, with greater emphasis on growing Florida-origin exports and expanding those value-added services that can support Florida's trading businesses or trading partners. The study also builds on the 2010 recommendations, with greater emphasis on workforce, economic development, and business climate strategies.

A committee representing all freight transportation modes, major shippers and receivers, economic development organizations, state agencies, and landowners provided overall direction for the study. The Foundation commissioned Cambridge Systematics, Inc., to conduct the research. The research team:

- Updated information on Florida's trade flow and economic trends;
- Reviewed recent research and current plans by a wide range of partners;
- Conducted interviews and surveyed more than 35 stakeholders, including beneficial cargo owners, freight carriers, logistics service providers, marine terminal operators, seaports, airports, economic developers, landowners, and public agencies to document trends, identify issues and opportunities, and develop and assess strategies;
- Reviewed best practices from regions in the United States and worldwide that have developed a global hub role; and
- Compiled stakeholder input from a variety of briefings and input sessions.

Based on this input, the study review committee developed recommended goals and strategies for Florida's future global business development activities.

EXECUTIVE SUMMARY

Three years ago Florida's public and private leaders identified a once-in-a-generation opportunity to transform the state's economy by becoming a global hub for trade, logistics, and export-oriented manufacturing activities.

Since the publication of the *Florida Trade and Logistics Study* in 2010, the state has invested in strategic transportation projects, created its first-ever statewide freight mobility and trade plan, and initiated innovative programs for employer-driven training and company-specific export development. Initial results suggest these actions, along with a stronger global economy, are increasing trade and creating new jobs.

Global trade played a key role leading Florida's economy out of the recession. Florida created nearly 23,000 new jobs in trade and logistics from 2010 to 2012, and more than 9,000 new jobs in manufacturing.¹ The value of goods exported by Florida companies increased nearly \$11 billion to a record \$66 billion.²

As global trade and economic activity shift over the coming decades, international commerce can be an even more important driver of Florida's future. The global economy is expected to double in size over the next 20 years, with more than one billion new consumers by 2020.³ The continued shift in U.S. growth to the Southeast, rapid growth in Latin American and Caribbean markets, the widening of the Panama Canal, and the "near sourcing" of global supply chains back to the Western Hemisphere all suggest that Florida could be at the crossroads of vital north/south and east/west trade lanes in some of the world's most heavily traveled waters and airspace.

In addition to its location, Florida offers an abundance of resources in the global market place, including one of the United States' largest consumer and visitor market, extensive transportation infrastructure, and longstanding business and cultural ties

to Latin American and Caribbean nations. The state's agricultural products and natural resources are sold worldwide, and the state's manufacturing sector, while small, is globally oriented. About 60,000 Florida businesses export at least one product, accounting for one in five exporters nationally.⁴

However, Florida faces unique logistics challenges. With a large consumer market and relatively small manufacturing sector, Florida historically has been a net importer of freight, sending many trucks and trains back out of the state empty or partially loaded. Florida's distance from

Florida's Global Assets

- Strategic location at crossroads of north./south and east/west trade lanes
- \$132 billion in two-way trade to 225 trading partners
- \$66 billion in Florida-origin goods exports
- \$31 billion in Florida services exports
- 60,000 exporting businesses, about one in five nationally
- Leading U.S. state for trade with Latin America and the Caribbean
- 19 million residents
- 90 million visitors each year, including 10 million from overseas
- 240,000 jobs at foreign-owned companies
- 15 deepwater seaports
- 19 commercial service airports, including the nation's top hub for international air cargo
- 2 spaceports with nine active launch facilities
- 3,475 miles of shipping, intra-coastal, and inland water routes
- 2,786 miles of rail
- 12,076 center line mile of state highways
- 512,000 jobs in transportation, trade, and logistics paying 30 percent more than the statewide average

major U.S. markets traditionally has meant that seaports in other states—particularly in the Southeast and on the West Coast – supply imports to Florida businesses and consumers.

At the same time, Florida’s competition is gaining ground. Florida’s share of U.S. exports to Latin America and the Caribbean fell four percentage points over the past decade, and Florida accounts for just one percent of U.S. exports to Asia.⁵ Emerging transshipment hubs across the Caribbean are offering new alternatives to Florida for handling global trade flows. To be competitive in the future, Florida must maintain its historic leadership as Gateway to the Americas and gain share in trade with emerging markets.

Florida has three opportunities to maintain and expand its role as a global hub:

- **Move more trade through Florida’s sea and air gateways**, with an emphasis on moving more imports directly to Florida and better balancing inbound and outbound trade flows;
- **Make, grow, and refine more products for export from Florida**, by expanding exports of Florida-origin manufactured goods, agricultural products, and other natural resources; and
- **Multiply the impacts of global trade in Florida**, by providing value-added services to trading businesses in Florida and trading partners around the world and by expanding Florida’s role as a global hub for visitors, investment, and talent.

Successfully positioning as a global hub will allow Florida to transform its economy – preserving historic strengths in agriculture, tourism, and population growth, while building global leadership in transportation, distribution, and logistics; export-oriented manufacturing; and trade-related business services.

FLORIDA’S GOALS

Florida’s public and private leaders must intensify their efforts to make Florida excel as a global hub, accomplishing the following goals over the next three to five years:

Position Florida as one of the nation’s leading states for global trade and investment, competing along with states such as California, Texas, and New York as a one of the key players in the global marketplace.

Grow Florida jobs in trade, transportation, logistics, export-oriented manufacturing, and related value-added services, with a target of creating at least 150,000 new jobs in these industries over the next five years.

Expand Florida’s market share on critical global trade lanes, including efforts to restore and expand Florida’s leadership in trade between the United States and Latin America and the Caribbean, and to position Florida as the Southeast United States’ leading gateway for trade with Asia, Africa, and the Middle East.

Supply more imports through Florida’s sea and air gateways, to reduce costs and capture more of the supply chain in Florida.

Double the value of Florida-made exports during the next five years by supporting manufacturing, agriculture, and other export sectors and encouraging more businesses to enter or expand their role in the global market.

Expand trade-related value-added services in Florida, including finance, law, engineering, and other service activities that support global trade, as well as professional, health, educational, and hospitality services that have global customer bases.

FLORIDA'S CRITICAL STRATEGIES

These goals can be accomplished through coordinated statewide action on workforce, transportation, economic development, business climate, and other initiatives. Critical priorities include:

1. **Continue the strong leadership role of the Governor and the historic alignment of Florida's public and private leaders and organizations that have been critical to recent successes in the global market.** A key element to achieving Florida's global vision is continued coordination among Enterprise Florida, Workforce Florida, the Department of Economic Opportunity, and the Department of Transportation (FDOT).
2. **Continue the recent strategic emphasis on trade and logistics, including its identification as a statewide targeted industry and the higher priority for trade-related investments by FDOT and other agencies.**
3. **Integrate, expand, and provide sustained funding for programs with proven impact or positive initial results.** Examples include Enterprise Florida's trade missions and export promotion activities, Workforce Florida's Quick Response Training programs, and FDOT's Strategic Intermodal System and modal investment programs.
4. **Make strategic investments to ensure Florida is "best in class" in all aspects of global trade and investment.** Key initiatives include: positioning Florida as the leading location for trade and logistics education and training in the Americas; providing marketing assistance and infrastructure investments to expand the number of direct global connections to Florida; and implementing a comprehensive program to expand, retain, and attract Florida-based manufacturing.
5. **Ensure an ongoing, strategic presence for Florida at the national level where Florida can shape federal decisions on trade agreements, trade regulations, customs and other trade-related business processes, and transportation policies and investments.** An early priority should be working with the federal government to address delays in customs, immigration, and inspection processes at seaports and airports.
6. **Enhance regional partnerships across Florida to target export market opportunities and advance economic development, workforce, transportation, and land use decisions that maximize the global opportunities for each region of the state.**
7. **Develop a Florida Trade & Logistics Institute to continue research, education, and collaboration in support of Florida's global vision, including support for implementing the recommendations of this report.**



Image: PortMiami – Chuck Kramer.

FLORIDA: MADE FOR TRADE

Florida's prime location and abundant resources have attracted traders and travelers for generations. Florida is positioned like a giant pier at the crossroads of some of the world's most heavily traveled ocean trade lanes. Each of the state's seaports functions as berths on this pier, receiving vessels from across the world. Florida's flat terrain and temperate climate also provide a natural launch pad for non-stop air service to destinations around the globe and space launch capabilities to the stars. Extensive rail and road connections link Florida's residents, visitors, and businesses to major markets across the continent. Florida is made for trade and trade built Florida.

In 1840, shortly before statehood, Florida was home to 54,000 residents, 25 miles of railway, two major seaports, and total trade estimated at \$2.7 million, or \$55.5 million in 2012 dollars.⁶

By turn of the century, the state's seaports were major gateways, exporting products by clipper and welcoming visitors by steamship. Railways snaked across the state, opening new tourist destinations and commerce centers.

In 1914, Tampa Bay witnessed the first scheduled passenger air flight in the nation. And ten years later the first direct ocean passenger service between New York and Miami was inaugurated.

By 1926, a decade after the Panama Canal opened, Florida foreign trade reached \$139.5 million.⁷

In 1935, Miami International Airport became the nation's busiest international port of entry.⁸ In 1939, the Florida East Coast Railroad launched the all-coach Champion service between New York and Florida.

Florida began six decades of economic expansion and uninterrupted population growth following World War II. Florida's total trade value reached \$247.9 million by 1950 and then tripled to \$734.1 million in 1960.⁹

As the economy grew, Florida invested heavily in all modes of transportation, opening the Florida's Turnpike and the Interstate Highway System, relocating the Port of Miami and expanding other seaports, converting military airfields to commercial use, and creating the nation's gateway to space at Cape Canaveral.

With free trade agreements and increased manufacturing capacity, global trade boomed. By 1970, Florida's foreign trade surpassed \$1 billion.¹⁰ With merchandise trade estimated at \$162 billion in 2012, historical trade gateways continue to enable growth and prosperity.

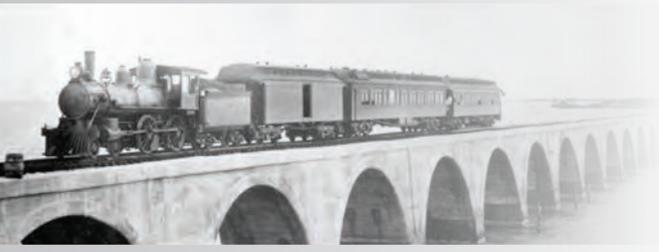


Image: State Archives of Florida.

FLORIDA TRADE TODAY

The global economy supports a growing number of jobs throughout Florida and is a critical driver of Florida's economy. Hundreds of thousands of jobs in Florida are linked to international trade and travel. These jobs include cargo handlers, commercial truck drivers and other transport operators, growers and ranchers, manufacturing tradespeople, scientists, professionals in international finance and law, and hospitality and travel workers.

While the precise jobs impact of global trade is difficult to track through all segments of the economy, the statewide total may exceed one million jobs in three major categories:

- **Transportation, logistics, and distribution companies.** Around 512,000 Floridians are employed in air, sea, truck, and rail transportation; warehousing and distribution; and wholesale trade. Enterprise Florida, Inc. has identified distribution and logistics within this total as a statewide targeted industry, accounting for 92,000 jobs today. These jobs support both domestic and international freight flows, with global trade increasingly the driver of growth.
- **Exporters.** An estimated 18 percent of employment in Florida's manufacturing sector is directly tied to export activity – about 46,700 workers.¹⁶ About 30 percent of all agricultural jobs are linked to exports – another 25,400 jobs.¹⁷ Other export-intensive industries such as mining, ranching, and forestry support additional jobs. Jobs in these industries could increase significantly as more producers participate in export markets.
- **Service providers.** Legal, financial, consulting, and technical service firms also export their services, and travel and tourism services are Florida's largest service exports. Based on national estimates, Florida service export businesses directly support approximately 180,000 jobs.¹⁸ Many Florida businesses also provide supporting business services to exporters and transport and logistics businesses. These value-added activities are estimated to account for about 225,000 jobs.¹⁹

Each of these job categories are linked to the opportunities introduced within this study. The more that Florida moves, makes, and multiplies, the more jobs Florida can create.

Florida Facts

Florida is home to **one in five** of the nation's exporters.

More than **95 percent** of exporters are small to medium sized businesses that together produce **two thirds** of Florida's total export value.¹¹

Export-oriented companies typically grow **15 percent faster**, pay **15 percent higher wages**, and are **12 percent more profitable** than firms operating solely in the U.S. market.¹²

Florida companies now export more than **\$66 billion** to more than **225 trading partners** around the world.¹³

Florida's seaports and airports move nearly **\$162 billion** of merchandise trade to and from global markets.¹⁴

The workers in Florida's transportation, trade, and logistics industries who make all this possible **earn 30 percent higher wages** than the state average.¹⁵



GLOBAL TRENDS

CHANGING GLOBAL MARKETPLACE

Global trade and economic activity will evolve over the next few decades, creating new opportunities and challenges for Florida. The global economy will grow steadily, new centers of commerce and trade lanes will develop, and logistics will transform through ever accelerating cycles of innovation.

GROWING GLOBAL DEMAND

The world's population will increase to 8.4 billion by 2030.²⁰ The strongest growth will occur in Africa, Southeast Asia, and Latin America. For the first time in history the majority of the world's population will live in urban areas. One billion new consumers will enter the middle class by 2020, with two thirds living in emerging markets.²¹

The global economy is expected to double in size over the next 20 years, with China becoming the world's largest economy. By 2030, 80 percent of the world's purchasing power, 90 percent of economic growth, and 95 percent of consumers will live outside of U.S. borders.²²

The United States will continue to experience strong population and economic growth compared to other major industrialized nations. The U.S. population will grow from

312 million today to 362 million by 2030, with more than half of that growth occurring in the arc of southern states from Texas to Virginia.²³

Global trade in goods will total \$35 trillion and trade in services will reach \$6 trillion by 2020.²⁴ Global demand for housing, infrastructure, and consumer goods will spur trade in electronics, machinery, manufactured goods, food, energy, and raw materials.

By 2030 global air passenger traffic could double, global air cargo tonnage could triple, and global marine container volumes could triple.²⁵ The capacity of freight transportation systems and the global logistics network will expand significantly to meet these demands.

CHANGING TRADE PATTERNS

The world's major trading routes will shift and become increasingly complex as consumer demand grows in emerging markets and global production shifts to lower-cost countries.

The expansion of the Panama Canal, which is expected to be completed by 2015, will reshape trade flows worldwide. Widening the Panama Canal will remove a major trade bottleneck between Asia and the Atlantic Coast of the United States – one of the busiest and most lucrative trade routes worldwide. The project will double the overall capacity of the Panama Canal and enable the Canal to handle significantly larger container ships. The Canal's current dimensions allow passage of container ships with capacity of up to 4,400 twenty-foot equivalent units (TEU), known as Panamax vessels. Upon completion, the Canal will accommodate much larger, or post-Panamax, vessels carrying up to 12,600 TEU, which require 50 feet of draft in fresh water (equivalent to 48 feet in salt water). These post-Panamax vessels are anticipated to carry up to two thirds of total global container ship capacity by 2030. However, the Panama Canal will not be able to accommodate the even larger mega container vessels now entering service, which will carry up to 18,000 TEU.

The impacts of the Panama Canal expansion are likely to include the following:

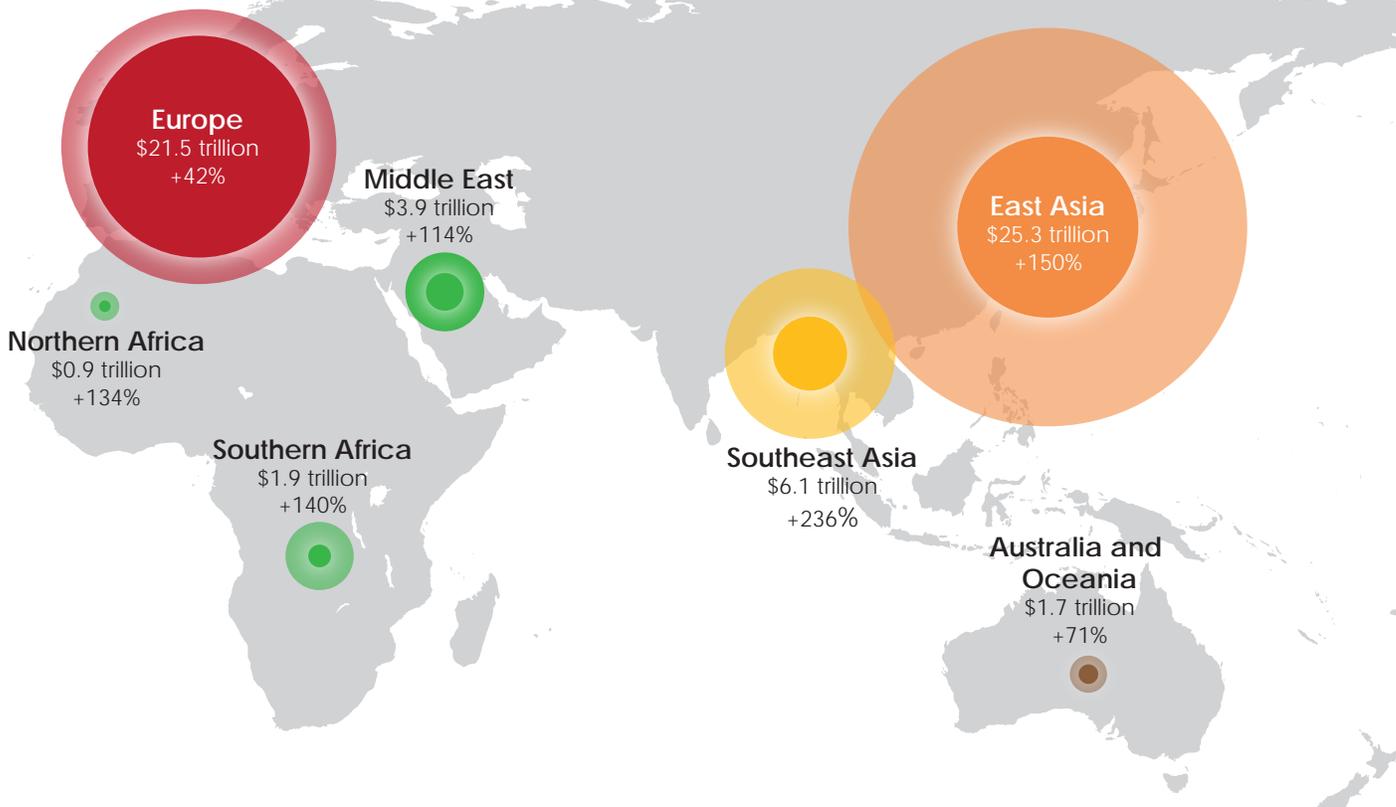
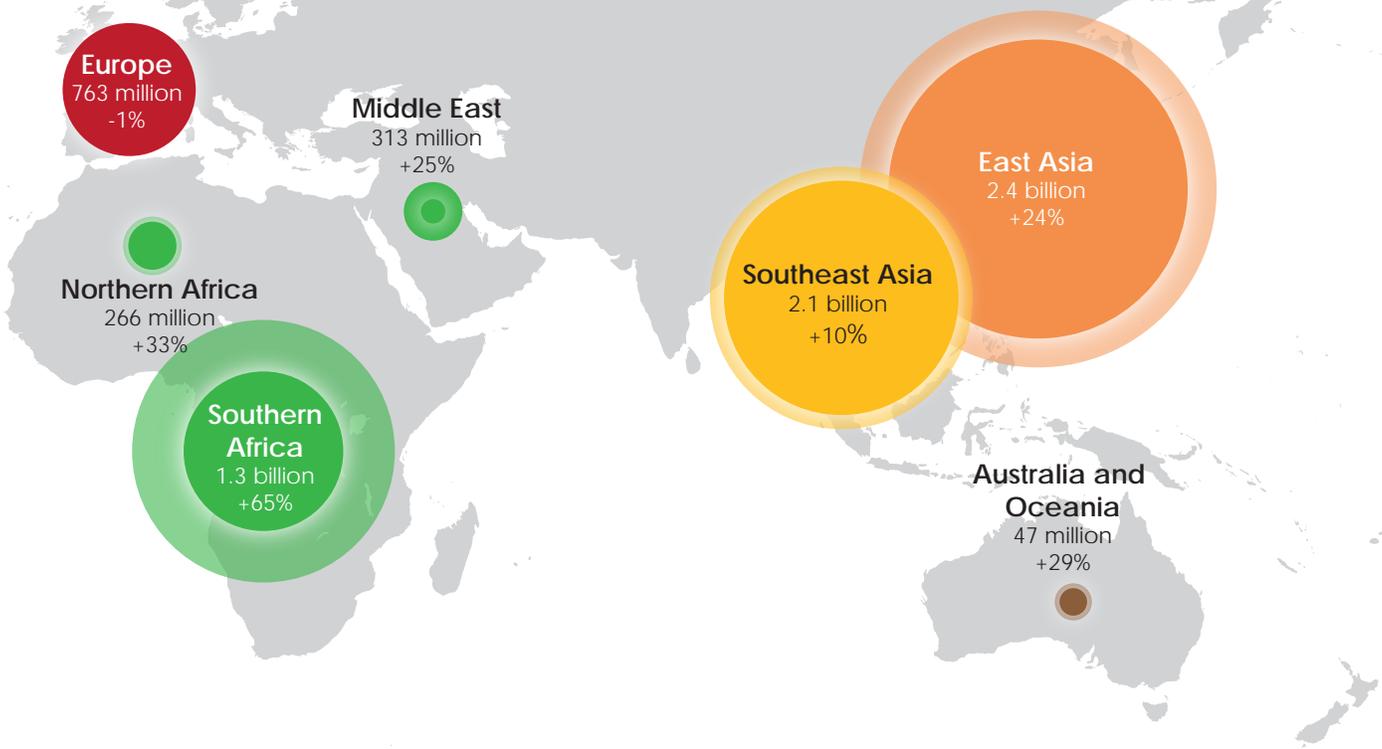
- **More direct all water trade from Asia to East Coast U.S. markets.** Much of the current trade from Asia enters the United States through West Coast ports and moves via rail or truck “landbridge” across the country. Improved access through the Panama Canal will make an all-water route to the Atlantic and Gulf Coasts more competitive, generally taking a few more days but at a potentially lower cost than the landbridge option. The precise impact will depend on the shipping rates offered by ocean carriers and railroads on both coasts, the Canal fees, and the ability of marine terminals on the Atlantic and Gulf Coast to accommodate larger vessels. Major West Coast ports in the United States, Canada, and Mexico have invested heavily to preserve their share of Asian trade or to secure additional traffic. Ocean carriers are likely to focus on a small number of seaports in the Eastern United States to berth larger vessels. These seaports must have channels dredged to at least 50 feet and offer larger berths, bigger cranes, and more efficient infrastructure and intermodal connections. By 2015, only New York, Norfolk, Baltimore, and Miami along the Eastern seaboard will be ready for post-Panamax vessels.²⁶ Ocean carriers will shift

smaller vessels to other trade lanes and smaller seaports. As a result all of Florida's seaports will have the opportunity to share in expanding global trade flows.

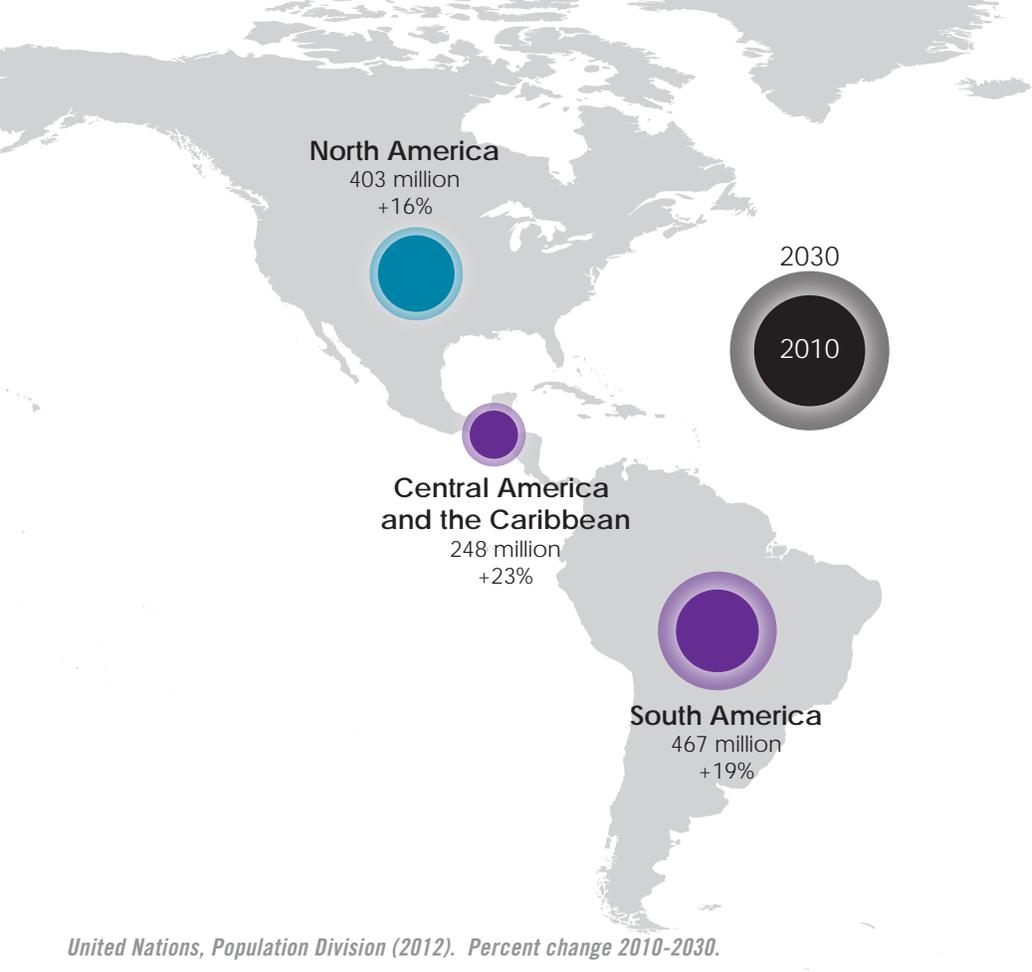
- **Investment in Caribbean seaports focused on transshipment operations.** To be cost-effective, the larger container vessels transiting the Panama Canal must make fewer stops and spend less time in port. This need creates opportunities for seaports in Panama, the Bahamas, Jamaica, and other locations that operate almost exclusively by transferring loads from large mother vessels to smaller feeder vessels bound for seaports in the United States or South America. Many U.S. ports are unable to fill this role because of limitations on channel depth and container yard space. The Merchant Marine Act of 1920 (Jones Act) also limits the ability of U.S. seaports to act as transshipment hubs by requiring any vessels carrying cargo between U.S. seaports to be American built, owned, registered, and crewed.

Global production shifts could increase east-west trade through the Suez Canal. Global manufacturing capacity has begun to shift from China to the Indian subcontinent and Africa, as China's middle class expands and its labor cost advantages lessen. Goods produced in markets to the west of Singapore typically ship to the United States more quickly through the Suez Canal to Atlantic Coast seaports. Maersk's new Triple-E Class mega container ships, which exceed the dimensions of the Panama Canal, will use the Suez Canal exclusively. However, the Suez Canal is congested and geopolitical instability and piracy raise concerns about this route for many shippers.

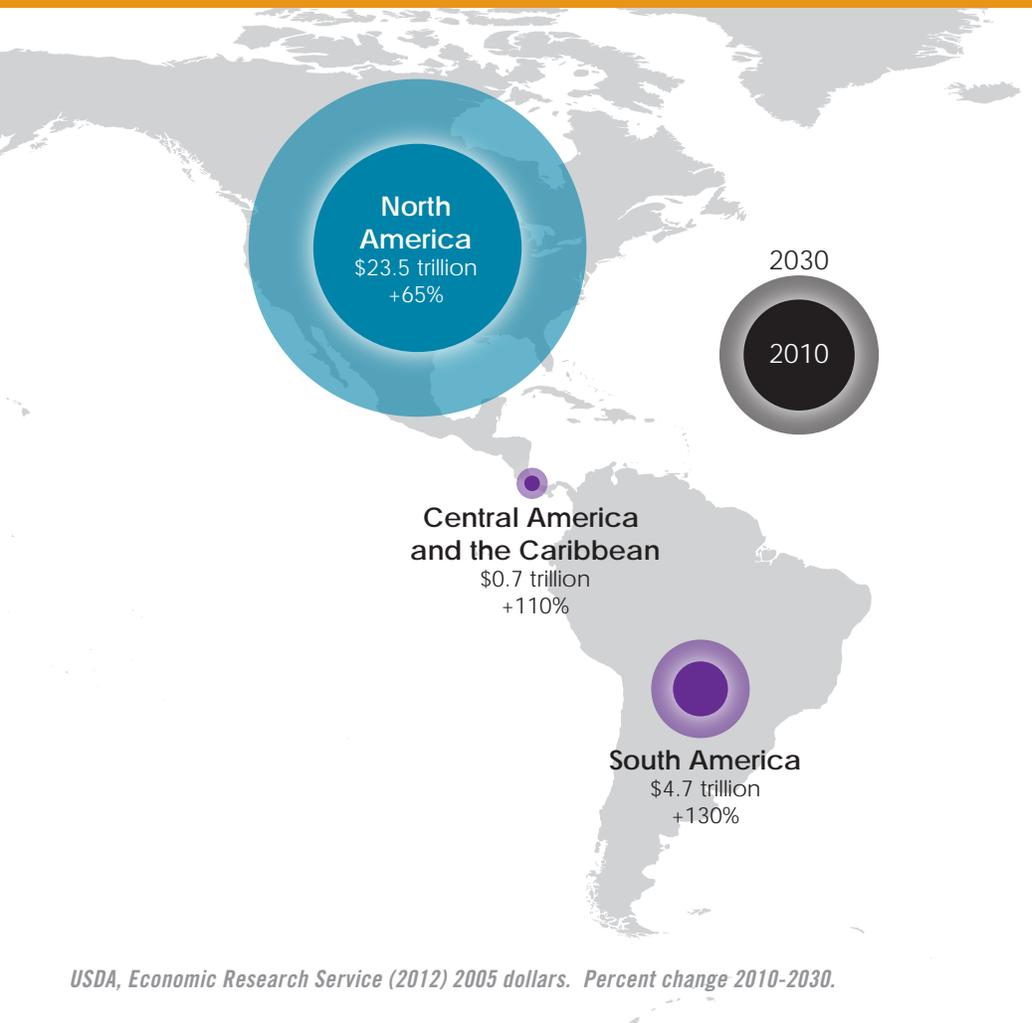
Global air cargo is expected to double over the next 20 years with the fastest growth in emerging markets such as Latin America and Africa.²⁷ Air cargo accounts for a small but high-value share of global trade. Goods that are time-sensitive (e.g., apparel and footwear for back-to-school launches), high in value (e.g., cellphones and computers), light in weight (e.g., semiconductors and microprocessors), or perishable (e.g., fresh cut flowers or pharmaceuticals) generally travel by air. In response to rising fuel prices, the air cargo industry will face continued pressure to drive down costs by focusing on a smaller number of hubs in industrialized nations and increasing air cargo carried in the holds of passenger aircraft.

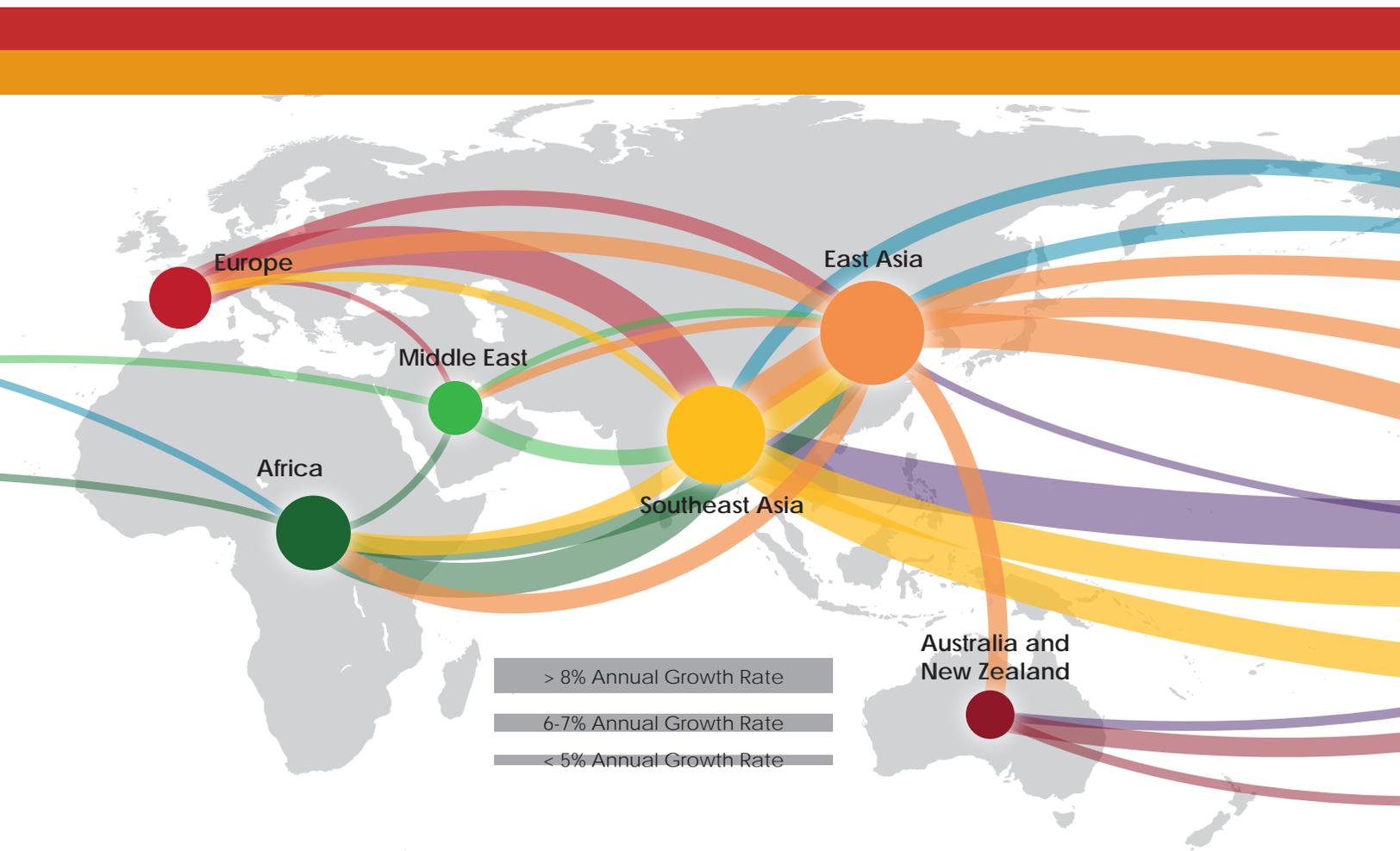
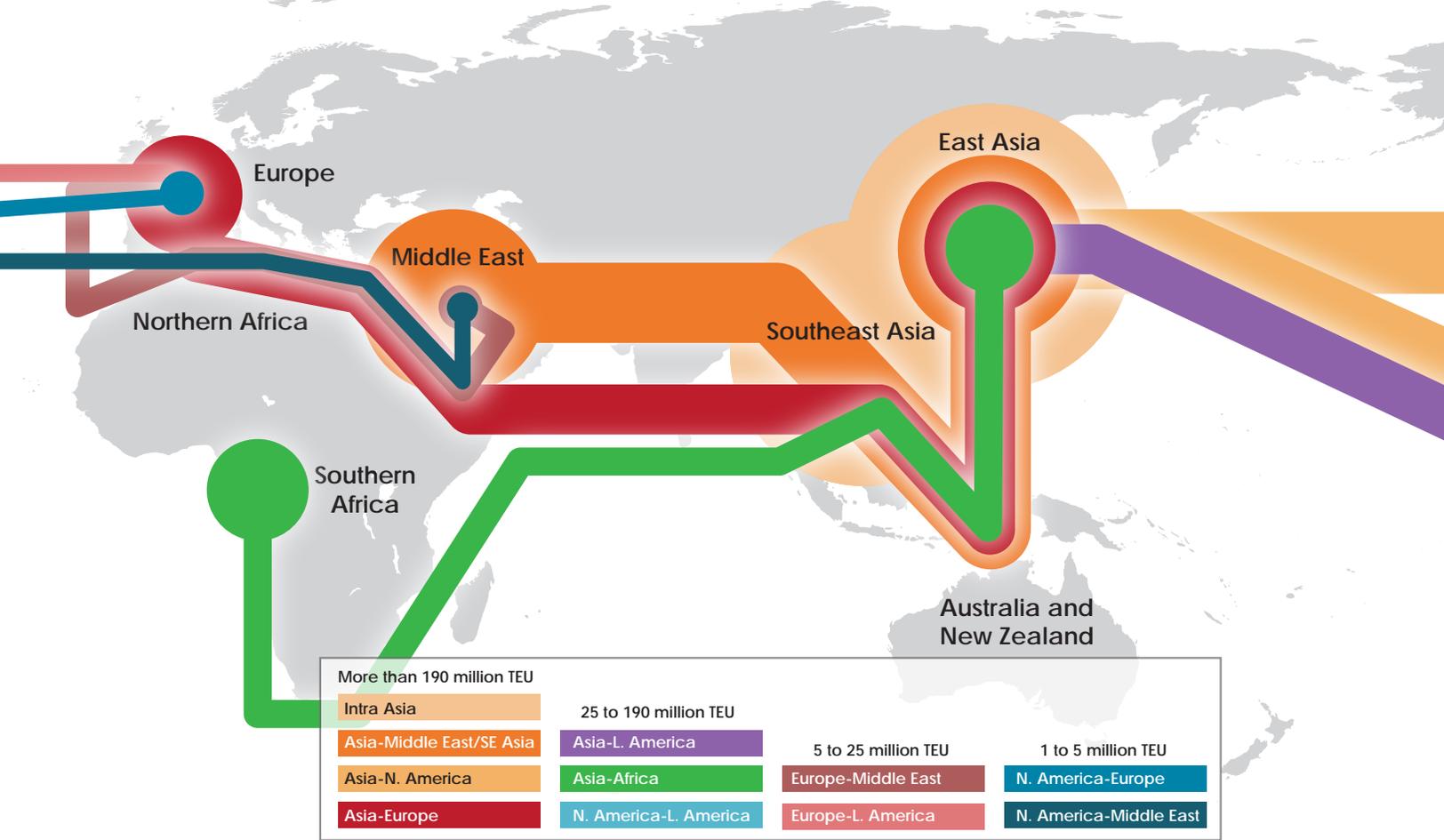


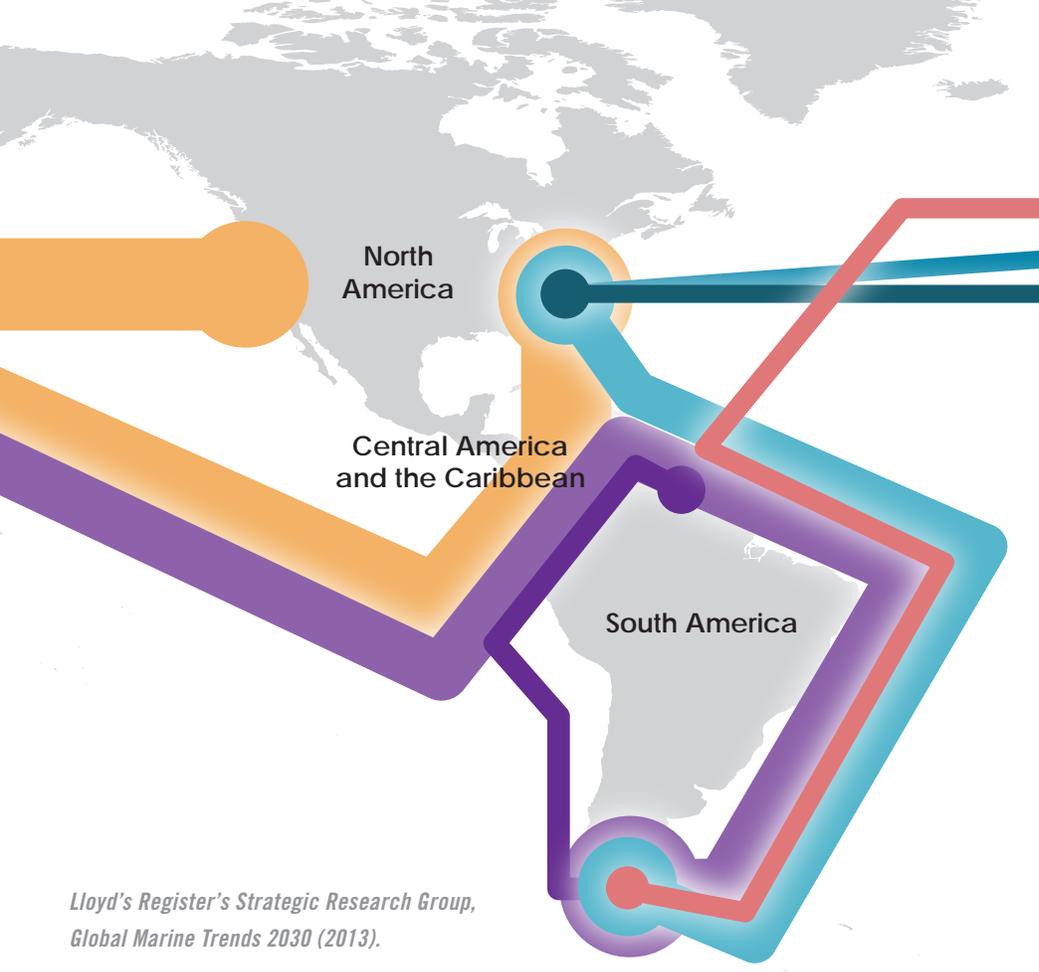
Growing Urbanization: Population by Region in 2010 and 2030



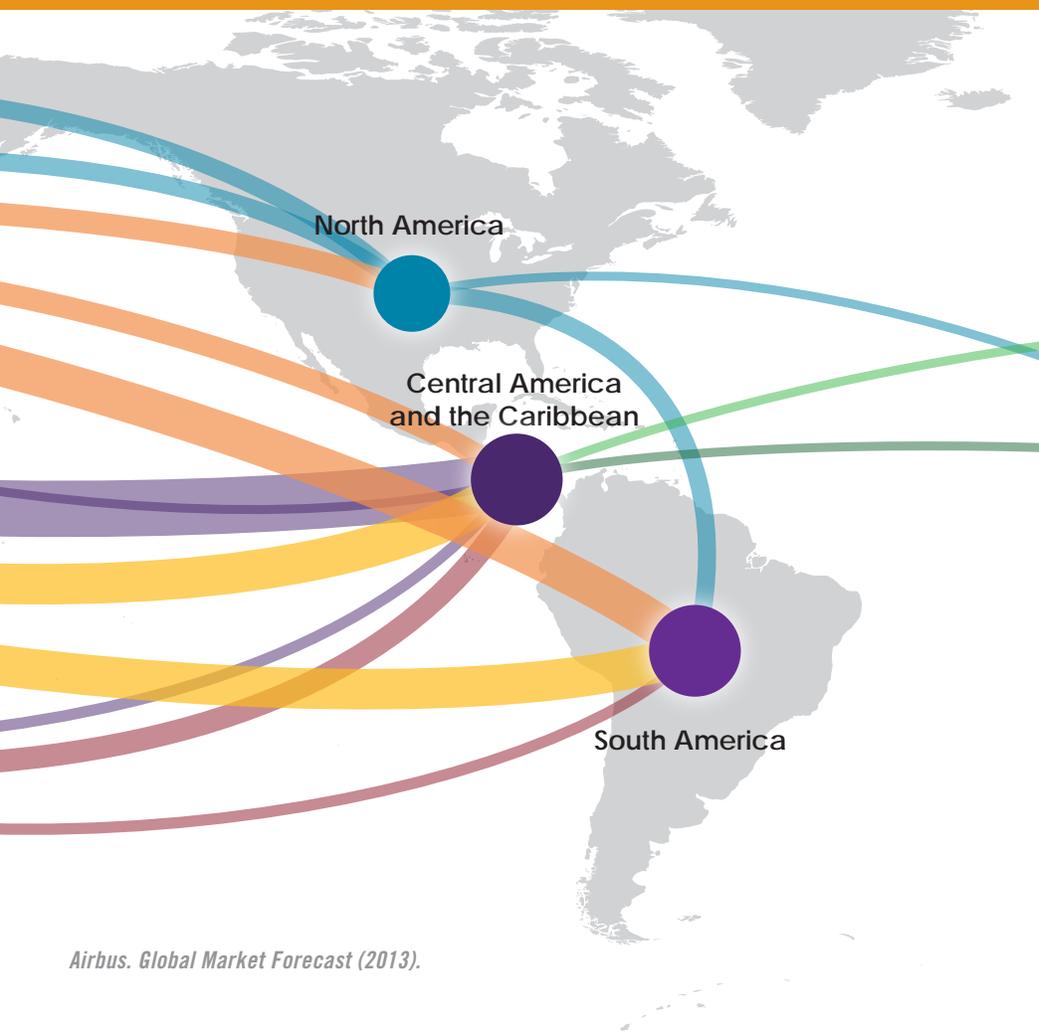
Increasing Globalization: Gross Domestic Product by Region in 2010 and 2030







Growing Containerization: Container Trade Volumes in 2030



Expanding Mobilization: Air Freight Flows in 2030

CHANGING LOGISTICS PRACTICES

As trade volumes grow and trade lanes shift, global supply chains will become more complex and require greater speed, efficiency, reliability, and flexibility.

“20 years from now, the pieces necessary to move goods will still be planes, ships, trains, and trucks. Not as exotic, perhaps. But it will be with a new level of near-molecular precision.”

- Craig Simon – President and CEO,
FedEx SupplyChain

FedEx, Inc. “FedEx Blog: The Future of the Supply Chain.” August 2013.

U.S. logistics costs are less than many other major trading nations, including China and India, and overall costs have halved since 1980. The costs of transportation, inventory, and logistics management are now the equivalent of 8.5 percent of U.S. gross domestic product, or \$1.3 trillion in 2012.²⁸ Most of the decline reflects a reduction in inventory costs through adoption of lean manufacturing and just-in-time delivery systems. Truck, rail, and air transportation costs decreased during the past few decades due to the impacts of deregulation, larger vehicles, and new technologies; however, these costs are ticking upward today due to increasing fuel prices, worker shortages, congestion, and aging infrastructure. Ocean carrier rates have decreased or remained flat over the past decade, making water transportation more economical relative to the other modes.

Manufacturers, beneficial cargo owners, and transportation providers are pursuing ever increasing efficiencies – **making logistics itself a critical element of global competitiveness:**

- To lower transport costs and shorten time to market manufacturers are locating final assembly and value-added production facilities closer to major consumer markets and developing local supply chains in the countries where they operate. U.S. companies are considering strategies such as “near-sourcing” – shifting production facilities and supply chains back to Central America and the Caribbean – and “re-shoring” – shifting production and supply chains back to the United States. Major American manufacturers such as Apple, General Electric, Ford, Wal-Mart, Whirlpool, Lenovo, and Caterpillar recently announced plans to reinvest in U.S. operations. As many as one third of U.S. manufacturers surveyed are “actively considering” bringing operations back to the United States.²⁹

- Big-box retailers and other major cargo owners are rationalizing supply chains, trade routes, and the location of distribution facilities. Some are developing mega-centers as hubs of vast fulfillment operations and others are developing networks of smaller rapid replenishment centers located within major consumer markets. Many major cargo owners are implementing a “four corner” distribution center strategy to access the U.S. market, with separate supply chains, ports of entry, and distribution centers for the Northeast, Southeast, Southwest, and Northwest regions. Cargo owners also are pursuing greater redundancy to guard against disruptions due to labor disputes, terrorism, or extreme weather events.
- Technology is being applied to every step in the supply chain and we may see a period of hyper-innovation in the coming decades. Shippers can already track packages in real-time across the globe and re-route shipments half a world away. Increased automation, real-time routing, and data analytics could optimize logistics decisions further. Technologies that are just down the line, such as nanomaterials and 3-D printing, could reenergize American industries and enable manufacturing to occur almost anywhere.
- Container ships, air freighters, trucks, and railcars continue to evolve in size, speed, and fuel efficiency. Breakthroughs that are still decades away, such as self-guided transport vehicles or automated freight shuttles could disrupt current logistics patterns. Increasingly, the future of freight transport may be bounded not by vehicle size, but by infrastructure capacity. As one example, only a dozen marine terminals around the world will be able to accommodate the 18,000 TEU mega container vessels now entering service.
- Rising energy prices and shifting consumer and business demand in higher-income nations will increase the importance of sustainable logistics practices. Emerging energy sources in the United States, including compressed and liquefied natural gas and solar, could fuel huge improvements in efficiency and air quality.

General Electric's Evolution series rail locomotives operate on 5 percent less fuel and reduce emissions by 4 percent compared to older diesel models.

– General Electric, Inc. "GE's Evolution® Series Locomotive - GE Transportation." 2009.

Freightliner's Cascadia semi-truck runs on compressed or liquefied natural gas and reduces emissions by 20 percent compared to diesel engines.

– Daimler Trucks North America LLC, Freightliner. "Natural Gas FAQ." Accessed online. 2013.

Boeing's new 747-400 freighter carries 15 more tons of cargo and uses 15 percent less fuel than its predecessor.

– The Boeing Company, "747 Family Background." Accessed online. 2013.

The Maersk Triple E class line of container ships are expected to reduce fuel costs by 30 percent and emissions by 50 percent per container when in service.

A.P. Møller – Mærsk, Press Release "Maersk Line wins Clean Excellence Award." September 2012.

CHANGING POLICY ENVIRONMENT

Free and preferential trade agreements have helped facilitate the historic expansion in world trade. More than 300 free trade agreements (FTA) have been negotiated globally since 1950. FTAs reduce customs duties and break down non-tariff barriers, creating stable investment and trading environments for participants. The United States currently has FTAs in place with 17 nations or regions. In 2010, nearly half of all U.S. exports were destined for FTA partners and these exports grew twice as fast than other markets.³⁰

Regional trading blocs have emerged to further reduce barriers and better integrate markets. The North America Free Trade Agreement (NAFTA) remains the world's largest trading bloc by value. Negotiations are underway to create

the Trans-Atlantic Trade and Investment Partnership and the Trans-Pacific Partnership, which will increase trade between the United States and European Union and Asian trading partners. As trade agreements evolve, the world likely will move toward either a universal free trade system or a series of competing regional trade blocs. In either case, the United States could be a focal point for Western Hemisphere, trans-Atlantic, and trans-Pacific trade.

The complex international regulatory framework has not kept pace with the growth in world trade or the speed of innovation. In the near future, there will be pressure to further harmonize trade regulations, streamline cargo clearance and inspection processes, and ensure cargo and system security without impeding the flow of commerce.



The U.S.-Panama Trade Promotion Agreement took effect in 2012. Prior to this agreement, U.S. industrial goods faced average tariffs of 7 percent in Panama, with some as high as 81 percent. U.S. agricultural goods faced average tariffs of 15 percent, with some tariffs as high as 260 percent. The agreement will drop tariffs to zero on some industrial goods and agricultural products. This helps U.S. exporters compete on a more level playing field.³¹

IMPLICATIONS FOR FLORIDA

Florida is in a unique position to benefit from these global trends:

- **Growing demand for consumer goods in Florida** – With 19 million residents and more than 90 million visitors each year, Florida is one of the largest consumer markets in the Western Hemisphere. As a major import destination, Florida will be a focal point for changing east-west and north-south trade lanes.
- **Expanding demand for Florida goods and services** – Florida’s globally oriented manufacturers can supply growing demand for high-tech and consumer goods worldwide. And Florida’s financial, legal, tourism, and health service industries can benefit from rising global incomes.
- **Diversifying Florida export destinations** – Markets for Florida-made and Florida-distributed goods will expand as emerging economies in Africa, Latin America, and the Middle East grow.

Florida has the potential to become an even greater global hub for trade, investment, and visitors – driving opportunity in the Southeastern United States and potentially a wide swath of the Western Hemisphere.

GROWING UNCERTAINTIES

As the world seems to turn at an ever-faster pace, the range of risks and magnitude of complexities only grow. Forecasts of nearly straight-line growth in trade as far as the eye can see have yielded to more uncertainty about what the future actually holds. Just over the next few decades, several major risks have the potential to reshape—for better or for worse—global trade patterns. Just imagine if...

- The global economy stalls under the weight of sovereign debt and reoccurring financial crises.
- Trade liberalization gives way to protectionism as nations turn inward and the global regulatory system breaks down.
- Volatility in the value of U.S. currency result in a shift away from the U.S. dollar as the world’s most stable trading unit.
- Dramatic spikes in energy prices cause manufacturers and retailers to pull back extended global supply chains.
- Piracy and geopolitical instability impact trade flows through the Suez Canal or South China Sea.
- Changing patterns in the Arctic Ocean creates polar shipping routes between Asia and the United States during some parts of the year.

Flexibility and resiliency will become increasingly critical keys to success for regions competing in this uncertain future.

FUTURE OPPORTUNITIES

Shifting trade patterns and changing trade partners will shape Florida's global competitiveness in the coming decades. Pivoting from a strong foundation as a gateway to the Americas, Florida is well positioned to expand its role in the global economy. There are three clear opportunities Florida can pursue.

MOVE MORE TRADE THROUGH FLORIDA'S SEA AND AIR GATEWAYS.

MAKE, GROW, AND REFINE MORE PRODUCTS FOR EXPORT FROM FLORIDA.

MULTIPLY THE IMPACTS OF GLOBAL TRADE IN FLORIDA.

By continuing recent momentum and moving forward on these opportunities Florida can strengthen its competitive position and move more, make more, and multiply the benefits of these activities across all sectors of its economy.



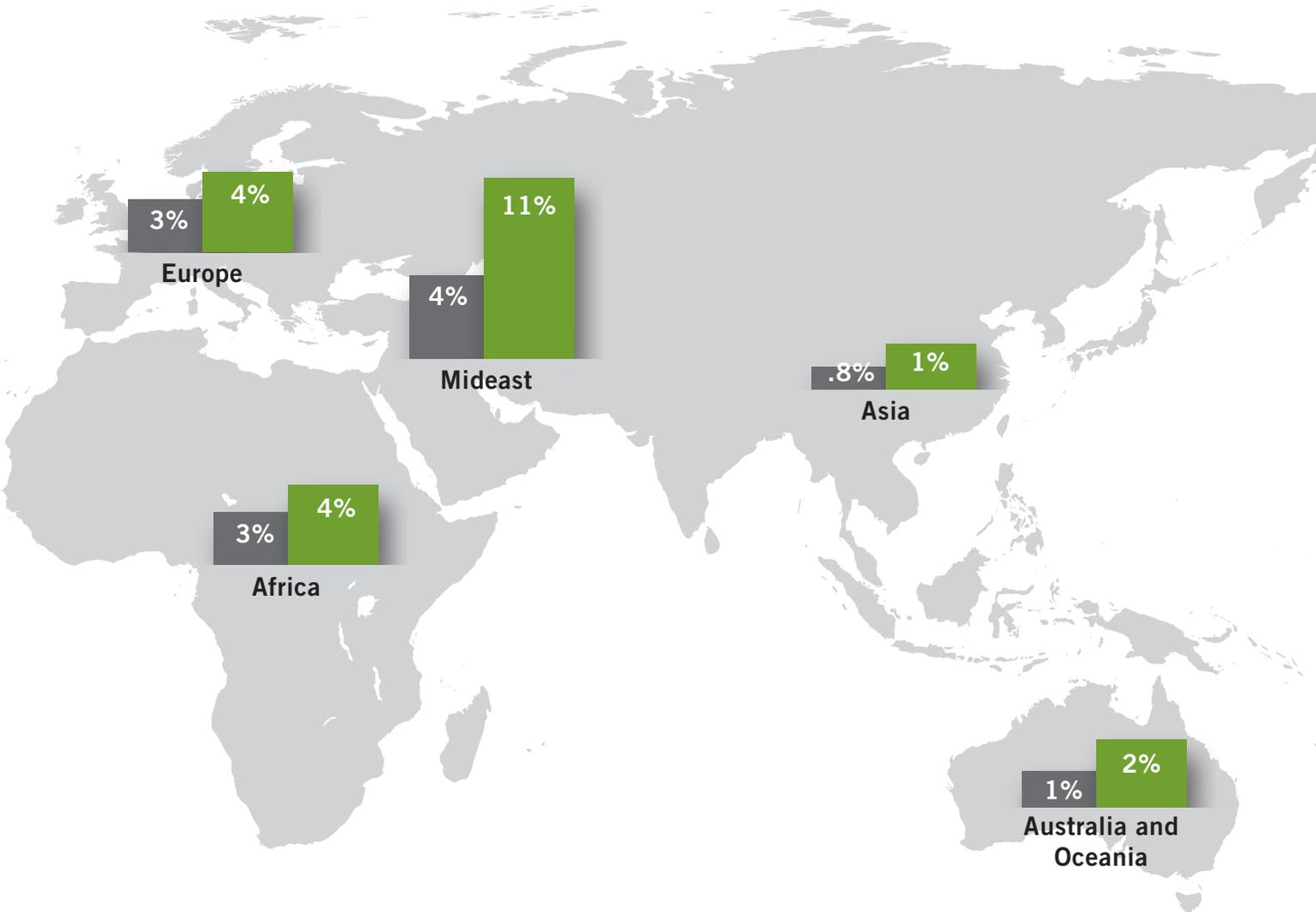
Port Everglades

Image: U.S. Army Corps of Engineers, Jacksonville District.



Image: JAXPORT.

MOVE MORE TRADE



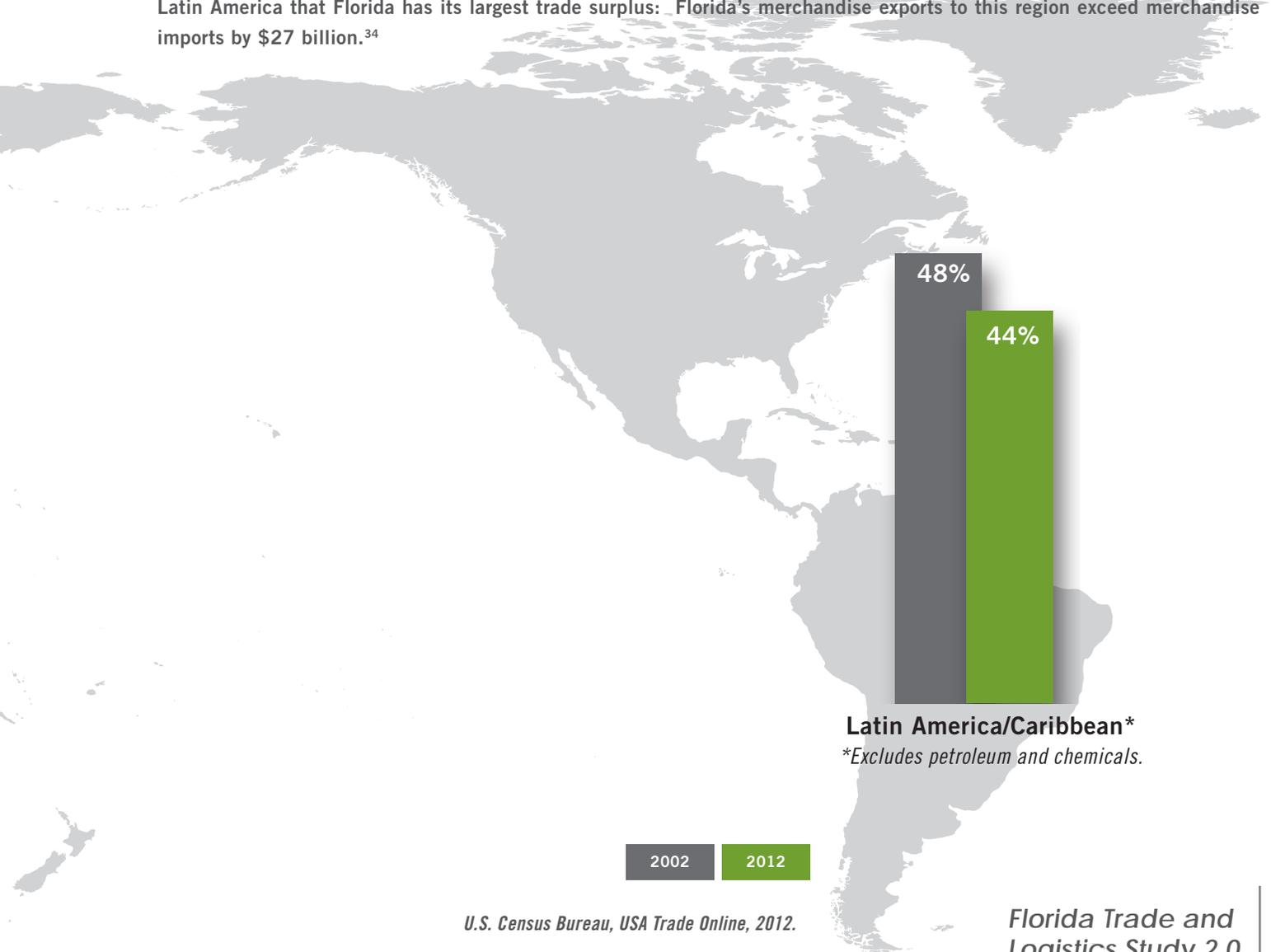
OPPORTUNITY: MOVE MORE TRADE THROUGH FLORIDA'S SEA AND AIR GATEWAYS

Florida's freight system moves 770 million tons of freight annually, including international imports and exports, domestic movements to and from other states, and internal shipments within Florida.³² Florida is a strong leader in some trade lanes, but lags in others. Gateways in other states supply a significant amount of the imports consumed in Florida. With the widening of the Panama Canal and shifting global trade lanes, Florida has an opportunity to maximize the flow of goods through its own seaports and airports.

CURRENT CONDITIONS

FLORIDA LEADS LATIN AMERICAN TRADE, BUT COMPETITION IS GROWING

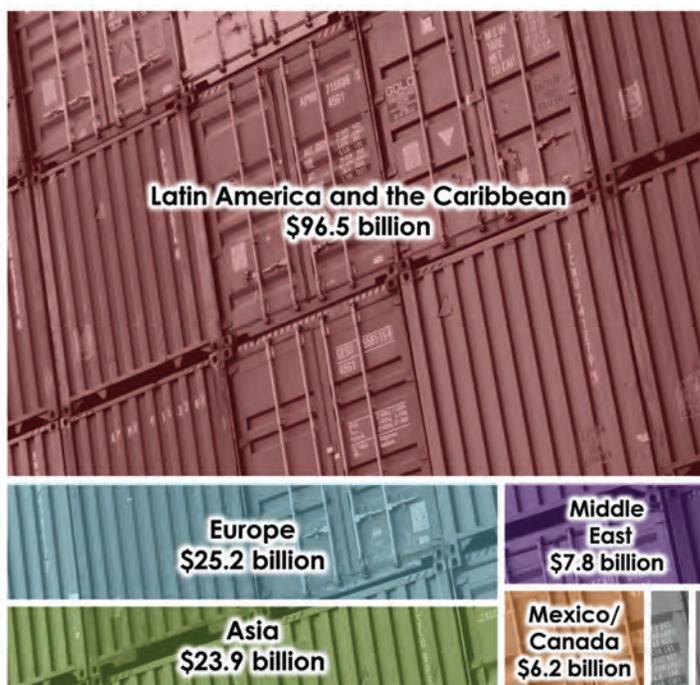
Sixty percent of Florida's total exports and imports flow to and from Latin America and the Caribbean. Florida serves as a gateway to Latin America for the rest of the United States: an estimated \$13 billion in imports from Latin America and the Caribbean enter the United States through Florida gateways and are destined for other areas of the country.³³ And it is with Latin America that Florida has its largest trade surplus: Florida's merchandise exports to this region exceed merchandise imports by \$27 billion.³⁴



Total Florida Merchandise Trade (Imports + Exports) = \$162 Billion

These strengths reflect Florida's proximity to Latin America and the Caribbean, as well as historic business and cultural ties. However, Florida lost ground over the last decade. Between 2002 and 2012, Florida's share of all U.S. imports from Latin America and the Caribbean declined from 24 percent to 20 percent. Florida's share of all U.S. exports to the region also fell from 48 percent to 44 percent (excluding petrochemical exports).³⁵

This decline in export share means that \$7 billion dollars in trade is no longer flowing through Florida gateways. Florida faces strong competition from Charleston, Savannah, Baltimore, Mobile, and Houston in the export of key manufactured goods such as industrial machinery, electronics, and transportation equipment. Florida's loss in market share to these regions appears to be the result of multiple factors, including proximity to manufacturers and consumer markets, aggressive investments in seaport and intermodal infrastructure by other states, incentives for use of the ports in other states, and opportunities to reduce overall supply chain costs by avoiding empty backhauls over long distances.



Not pictured Africa \$1.7 billion and Australia \$760 million.

“Texas is ideally situated as the gateway to Latin America.”

– Texas Governor Rick Perry

Source: State of Texas, Office of the Governor. Prepared remarks for the Midland Hispanic Chamber of Commerce, October 2004.

FLORIDA IS AN UNDISPUTED LEADER IN INTERNATIONAL AIR CARGO

The value of international air cargo handled through Florida airports tripled over the past decade and now accounts for nearly half of Florida's total trade value. Florida's airports directly serve 94 different international destinations with either dedicated all-cargo aircraft or wide-body passenger aircraft that can carry freight in their bellies.³⁶ More than 2.5 million tons of air cargo arrive and depart Florida's airports annually – enough to fill 60 Boeing 747 freighters per day.³⁷

Florida airports handled 77 percent of all U.S. international air cargo exports by value to Latin America and the Caribbean in 2012. Florida runs a large air trade surplus with the region, with \$30 billion of merchandise exports flown out of Florida airports and \$17 billion in imports arriving.³⁸



Image: Miami-Dade Aviation Department.

Miami International Airport (MIA) ranks first in the nation in the value of international freight and second for international passengers.³⁹ The airport handles a significant majority of the fresh flowers, fruit, vegetables, and other perishable products flown into the United States, and also is a hub for high-tech goods. MIA's success in air cargo reflects its large number of non-stop passenger and freighter flights to Latin America, the Caribbean, and Europe. MIA also is the only airport in Florida with scheduled international cargo freighters to and from Asia. Also critical is the surrounding cluster of businesses that support air trade and Miami's historic business ties with Latin America.

MIA currently has no close competitors for air cargo trade with Latin America and the Caribbean. The value of air cargo exports flown out of Miami to the region in 2012 was \$29.9 billion. The next highest value airport was John F. Kennedy International in New York City with \$1.6 billion in air exports.⁴⁰ However, during the last decade, air cargo hubs in Houston, Newark, Memphis, Charlotte, and Austin experienced significant growth in Latin American air exports. While lagging MIA in size today, airports in Orlando, Fort Lauderdale, Tampa, and Jacksonville have expanded air cargo activity during the past decade.⁴¹

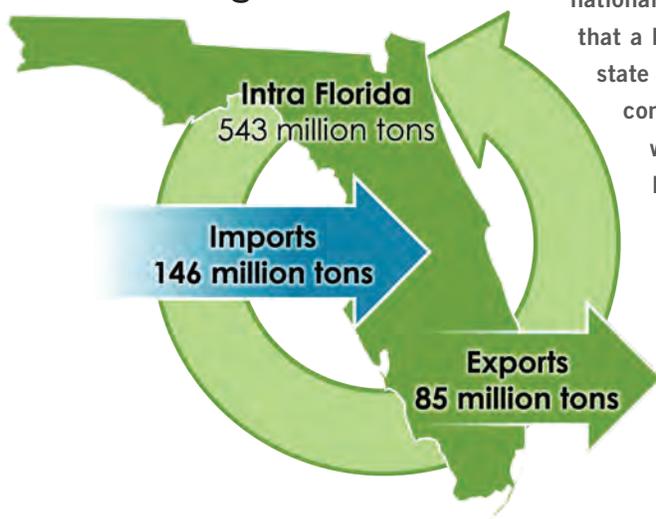
FLORIDA COMPETES IN EMERGING MARKETS, BUT LAGS IN ASIAN MARKETS

During the last decade, Florida expanded its share of U.S. merchandise exports most rapidly in the Middle East and Africa. Many Florida businesses are already doing business in Africa, including exporting software to Namibia, mining equipment to Zambia, and solar panels to Ethiopia. U.S. imports from Africa and the Middle East doubled in value between 2002 and 2012, but imports to Florida grew at less than half that rate. Florida competes with other U.S. East Coast ports for a slice of this growing trade.

Florida accounts for a relatively small share of U.S. trade with Asia – about 1 percent of total U.S. merchandise exports. West Coast U.S. ports historically have led trade along these routes, although new opportunities for Florida may be emerging with the Panama Canal widening and the shift in global production toward South Asian economies closer to the Suez Canal.

FLORIDA'S INBOUND-OUTBOUND FREIGHT FLOWS ARE IMBALANCED

Florida Freight Flows



Federal Highway Administration, Freight Analysis Framework.

The total tonnage of goods moving into Florida from both U.S. and international sources is nearly twice the tonnage leaving the state—suggesting that a large number of ships, containers, rail cars, and trucks leave the state empty or less than fully loaded.⁴² This reflects Florida's large consumer market and relatively small manufacturing sector, as well as Florida's distance from other major U.S. consumer markets and production centers. With the exception of air cargo, Florida historically has been at the end of the line in the United States – a place where carriers bring consumer goods to their final destination, often returning home with empty or partially loaded equipment. This tends to increase transportation costs, because carriers need to pass along the cost of the empty backhaul. However, in international markets the reverse generally is true: merchandise exports through Florida gateways are greater than merchandise imports for all major world regions, except Asia.

“An awful lot of freight comes into Florida but there is very little product really heading out. Without return freight, it makes it difficult to get trucks into Florida.”

– Freight Carrier Interview, Spring 2013

FLORIDA RELIES HEAVILY ON OTHER STATES FOR IMPORTS

A major reason for this trade imbalance is that Florida directly imports through its own seaports and airports far less than the amount of imports actually consumed in the state. A significant share of the imports consumed in Florida enter the United States through other East Coast seaports such as Savannah, Charleston, and New York/New Jersey and are transferred by truck or rail into the state. For Asian imports, a significant share of trade volumes enter through West Coast ports such as Los Angeles and Long Beach.⁴³ As a result, the state loses out on much of the economic activity associated with that cargo.

The tonnage of containerized imports arriving directly into Florida equated to 70 percent of the tonnage of all containerized imports ultimately destined for Florida in 2012.⁴⁴ Some of these imports ultimately are destined for other states, so in reality Florida may directly supply less than 70 percent of its imports. This illustrates the opportunity for Florida to more effectively serve its own import needs and move to the front of the line.

MARKET OPPORTUNITIES

Florida should work aggressively to position its seaports and airports to more fully serve the Florida market and to gain market share in the fastest-growing and most profitable trade lanes. Maximizing these opportunities will create jobs, lower costs for Florida businesses, and help reduce the imbalance between inbound and outbound freight.

SERVE FLORIDA MARKETS MORE EFFECTIVELY

Florida should continue efforts to attract a higher percentage of imports consumed in Florida through Florida seaports. Recent efforts to close this import gap have included investing in capacity improvements to prepare Florida seaports to handle the larger ships and larger trade volumes anticipated following the Panama Canal expansion; attempting to facilitate customs clearance and government inspections to make it easier for particular goods such as perishable foods to enter through Florida gateways; and working with individual companies to encourage them to make greater use of Florida seaports. There are good examples of how these initiatives have impacted individual companies, but data are not yet available to measure their full impact.

The Walt Disney Company announced plans to bring a significant portion of its merchandise through the Port of Jacksonville, rather than Savannah. Disney's move will save money, reduce emissions, and bring 2,500 containers per year directly through a Florida gateway.⁴⁵

Florida Import Flows



U.S. Census Bureau, USA Trade Online, 2012.

Ultimately, ocean carriers and beneficial cargo owners select seaports based on multiple factors including the efficiency of the port, transportation access, costs and fees, the number of first vessel calls, and the availability of warehouse space and labor. Florida is starting at a competitive disadvantage, particularly for Asian trade, because of the number of first vessel calls and international distribution centers located near Savannah—but with the Panama Canal widening, the time is here to begin to close this gap.

BECOME AN IMPORT GATEWAY TO THE SOUTHEAST UNITED STATES

Florida could play an expanded role in moving imported goods to major markets in the Southeast and Midwest United States. Because of the imbalance in domestic flows to Florida, there is significant capacity today to move additional goods back out of Florida – creating a “mini-landbridge” from Florida to Southeastern or Midwestern states similar to the role Southern California plays.

Florida also could serve as the point of entry to a large swath of the Southeast and Midwest for cargo from Latin America, the Caribbean, and Africa, as well as Asian trade that directly enters Florida or is transshipped in the Caribbean after traversing the Panama Canal. Although the Jones Act continues to restrict the ability of U.S. seaports to serve as transshipment hubs, Florida-based intermodal facilities could be used to transload, consolidate, process, and package these goods before they are shipped out of state via truck or rail. The Latin American and Caribbean opportunity is particularly strong because of Florida’s longstanding business and cultural ties with this region.

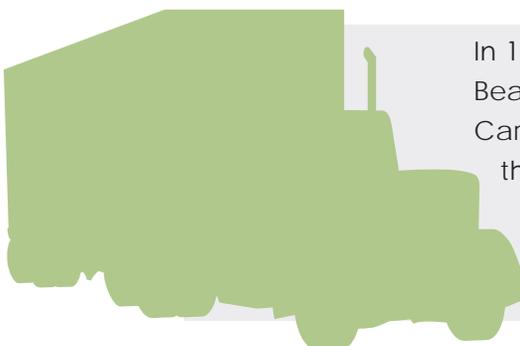
Florida could serve as a launching pad for Latin American retailers or manufacturers seeking to sell in the U.S. market. Florida also could be a port of entry for intermediate goods imported by U.S. manufacturers who are shifting sourcing to Latin America and the Caribbean.

STRENGTHEN FLORIDA'S ROLE AS A U.S. EXPORT GATEWAY TO THE AMERICAS

Florida should work aggressively to expand merchandise exports to Latin America and the Caribbean – the market where Florida has lost the most ground recently. Merchandise trade between the United States and Latin America and the Caribbean is forecast to grow 9 percent per year through 2020.⁴⁶ Strengths in production of high-tech, medical, and aerospace products; globally oriented financial, legal, and real estate service firms; and established trading relationships make Florida an ideal launching point for U.S. companies seeking to supply this market. These “Florida-distributed exports” could be a significant source of future growth.



In 1914 Robert Beall, Sr. opened his first dry goods store in Bradenton. Today, Beall’s Inc. operates 76 Florida locations and 471 stores from California to North Carolina. Distribution is centralized in Bradenton and products travel across the country by truck. Because Florida consumes more goods than it produces, Beall’s obtains competitive pricing for distribution to other states from trucking companies who otherwise would bring empty backhauls from the state.⁴⁷



BETTER MATCH INBOUND AND OUTBOUND LOADS

Matching of inbound and outbound loads to reduce the number of empty containers or vehicles is driven by the market but easier to accomplish as overall trade flows expand. The state can play a role in facilitating load matching by supporting web-based portals to exchange information about logistics opportunities, as well as by encouraging market-driven investments in intermodal logistics centers (ILC) and other major freight processing centers. An ILC

provides for the transfer of freight between vehicles or vessels and also provides value-added logistics services such as consolidation/deconsolidation, warehousing, assembly, customization, finishing, packaging, cold storage, or fumigation. The Governor and Legislature in 2012 created the ILC Infrastructure Support Program under the Florida Department of Transportation to provide state seed funding for ILC's meeting defined criteria.

CHALLENGES

LIMITED GLOBAL CONNECTIONS

International visitors arrive in Florida via non-stop flights from over 90 destinations in Canada, Latin America, the Caribbean, and Europe. These non-stop flights not only support Florida's large tourism economy, but also facilitate trade relationships and business partnerships. Of Florida's 50 largest trading partners, non-stop flight connections are lacking to 15 nations – primarily in the Middle East, Asia, and Africa.⁴⁸ As much as 50 percent of international air cargo is carried in the cargo holds of passenger aircraft.⁴⁹ Expanding non-stop passenger or all-cargo flights to established and emerging trading partners from multiple Florida metropolitan areas would help expand visitor, trade, and investment activity.

Florida's seaports serve over 30 ocean carriers, including the world's top shipping lines.⁵⁰ However, compared to Savannah or New York, Florida has relatively few first ports of call for major east-west ocean service. Being a first port of call for a major ocean carrier provides time savings and incentivizes cargo owners to use Florida seaports.

NEED FOR GREATER FREIGHT SYSTEM CAPACITY AND CONNECTIVITY

Florida must continue to expand and improve the state's freight transportation system to accommodate future increases in trade and to compete with other states for additional cargo.

- **Seaport capacity.** Florida has 15 deep water seaports, of which 10 currently handle containerized traffic. When its deep dredge is complete in 2014, PortMiami will be the first Florida seaport able to handle post-Panamax container ships. Port Everglades and JAXPORT have been working with the U.S. Army Corps of Engineers to study the feasibility of dredging channels to 50 and 47 feet, respectively. The current federal process for dredging studies tends to be long and arduous; as one example, the Corps of Engineers has been studying the proposed Port Everglades dredging for more than 17 years. Many of Florida's seaports are purchasing new cranes and equipment, modernizing berths, and expanding or creating intermodal transfer facilities to accommodate larger ships as well as the anticipated growth in global trade. These needs will grow as trade expands, so the state must maintain the ability to invest in critical seaport infrastructure projects that help accomplish statewide goals.



Miami International Airport
Global Air Connections

Image: Brookings Institute, 2013.

- **Airport capacity.** Florida has 19 commercial service airports, of which eight provide international service. While many airports in Florida, including general aviation, provide cargo service to a certain degree, there are 15 commercial service airports in Florida that have scheduled air cargo service. MIA accounts for about 80 percent of all air cargo tonnage in Florida. Florida’s airports, partnering with the state and the federal government, are investing in major projects to expand capacity, including runway construction at Fort Lauderdale/Hollywood International Airport, airside additions and terminal renovations at Tampa International Airport, runway rehabilitation at Orlando International Airport, and air cargo facilities at MIA. Florida’s airports will face continued growth in demand for moving both people and freight over the next 50 years. Key investment needs may include runway capacity, terminal capacity, cargo handling ramps and hangers, and ground access. Also critical will be implementation of the Federal Aviation Administration’s NextGen initiative to transform the National Airspace System from a ground-based system of air traffic control to a satellite-based system of air traffic management.
- **Seaport and airport connectivity.** Florida’s seaports require efficient and reliable access via both truck and rail to receive and distribute goods; air cargo tends to move primarily via truck to and from airports. Many of Florida’s seaports and airports are located in congested urban areas and historically have required the use of local streets to access the Interstate Highway System or other limited-access highways. Many seaports historically have lacked direct rail access. During the past decade, Florida has made great progress at completing these “last mile” connections through investments in Florida’s Strategic Intermodal System, which have helped fund a new tunnel between PortMiami and Interstate 395; restored on-dock rail service to PortMiami; a new direct connection between the Port of Tampa and Interstate 4; and improved connectivity to the Tampa, Orlando, and Palm Beach International airports, among other projects. More improvements are needed to ensure efficient, reliable access for trucking and rail, as appropriate, to all of Florida’s major seaports and airports.
- **Distribution networks and trade corridors.** Efficient and reliable highway and rail corridors are needed to connect consumer and business markets in Florida and other states. Within Florida’s urban regions, trucking is the primary mode used to deliver goods, often relying on local roads that also carry heavy flows of commuters and may not have been designed to accommodate large trucks. For long-distance movements, trucks typically operate on the Interstate Highway System, Florida’s Turnpike, and other major corridors such as U.S. 27. With anticipated growth in Florida’s population and economy, many of these corridors – including segments in rural areas – are expected to experience congestion during peak periods over the next few decades. Freight rail provides an alternative in most but not all parts of the state. Florida’s major highway and rail corridors must accommodate growth in both freight and passenger traffic over the next 50 years by adding capacity and deploying new technologies and other innovations.

DISTRIBUTION CENTER CAPACITY

Florida industrial markets are experiencing low vacancy rates, rising lease rates, new projects coming online, and the need for more warehouse and distribution space. Florida has a current inventory of over 1 billion square feet of industrial warehouse, flex space, and light manufacturing. Competitors such as Georgia, South Carolina, and Tennessee are close behind in inventory. Average rental costs for space in Florida are closer to high-cost California

“Florida has the potential to be the Los Angeles/Long Beach of the Southeast United States. However, lack of infrastructure means Savannah and Charleston are becoming more important.”

– Freight Stakeholder Interview, Spring 2013.

than those of other Southeastern states.⁵¹ Relative to the size of its population, Florida also has less available warehousing space than the national average, with just 54 square feet per capita compared to 67 square feet for the nation.⁵² Florida will need to add significant new capacity and upgrade older facilities to meet future demand, help bring rental costs more in line with other states, and compete for customers.

WORKFORCE SHORTAGES AND SPECIALIZED TRAINING NEEDS

Trade and transportation industries are facing worker shortages – a problem that is expected to grow as more workers retire in the coming decades. The American Trucking Association projects that immediate shortages of 25,000 truck drivers nationally could increase to 240,000 by 2020.⁵³ CSX, Inc. estimates that 80 percent of its current workforce will retire by 2020.⁵⁴ Trade and logistics industries nationally are expected to need a million workers by 2030 to replace retirees and fill new positions.⁵⁵

The skills needed in trade, transportation, and logistics industries are fast outpacing the general education many of today’s workers receive. Those trade and logistics-related occupations expected to add the most jobs nationally by 2020 include freight, stock, and material movers; truck drivers; stock clerks and order fillers; and other freight related jobs.⁵⁶ Key shortage areas may include long distance and short haul truck drivers; railroad workers; and freight, stock, and material movers. These jobs increasingly require advanced training, most often in a vocational or certificate programs. Occupations requiring post-secondary education, such as supply chain managers and logisticians, are expected to grow 26 percent by 2020, faster than the average for all jobs.⁵⁷

IMPORT AND EXPORT PROCESSING BOTTLENECKS

The “soft infrastructure” of trade includes the staff and facilities of a wide range of government agencies and private companies such as customs brokers and freight forwarders that play a critical role in facilitating imports and exports. U.S. Bureau of Customs and Border Protection (CBP) staffing levels for field operations at ports of entry have not grown significantly over



Florida Freight Mobility and Trade Plan.



the last decade, even as trade volumes and security responsibilities have expanded.⁵⁸

More recently, the sequester and reduced funding of federal government programs have reduced staff at Florida's airports and seaports. All of Florida's major ports of entry have felt the impacts of these reductions and every minute of delay costs business and erodes Florida's global competitiveness. While some of the funding lost to the sequester was restored, uncertainty about future federal funding levels remains.

Inspection and testing performed by the CBP and U.S. Food and Drug Administration are critical stages in the processing of perishable imports such as fresh fruits, vegetables, flowers, meat, and fish. Refrigerated warehousing around major ports of entry as well as adequate laboratory and testing facilities within the state are needed for Florida to continue to capture a share of the valuable perishables trade that currently moves through seaports in other states. A pilot program starting in 2013 will enable PortMiami and Port Everglades to handle imports of grapes and blueberries from Peru and Uruguay.

Over 40 federal agency offices have some role in import and export approval, processing, licensing, or data collection at some stage in the trade process.⁵⁹ The number of entities involved, typically using different systems and differing requirements, introduces incredible complexity and delays for businesses. CBP is advancing efforts to streamline the import process and synchronize data systems and there has been some progress to harmonize federal and state regulations, although there remains room for improvement.

“The length of time and cost it takes to get a driver specifically approved to enter the port just to pick up freight is very inefficient.”

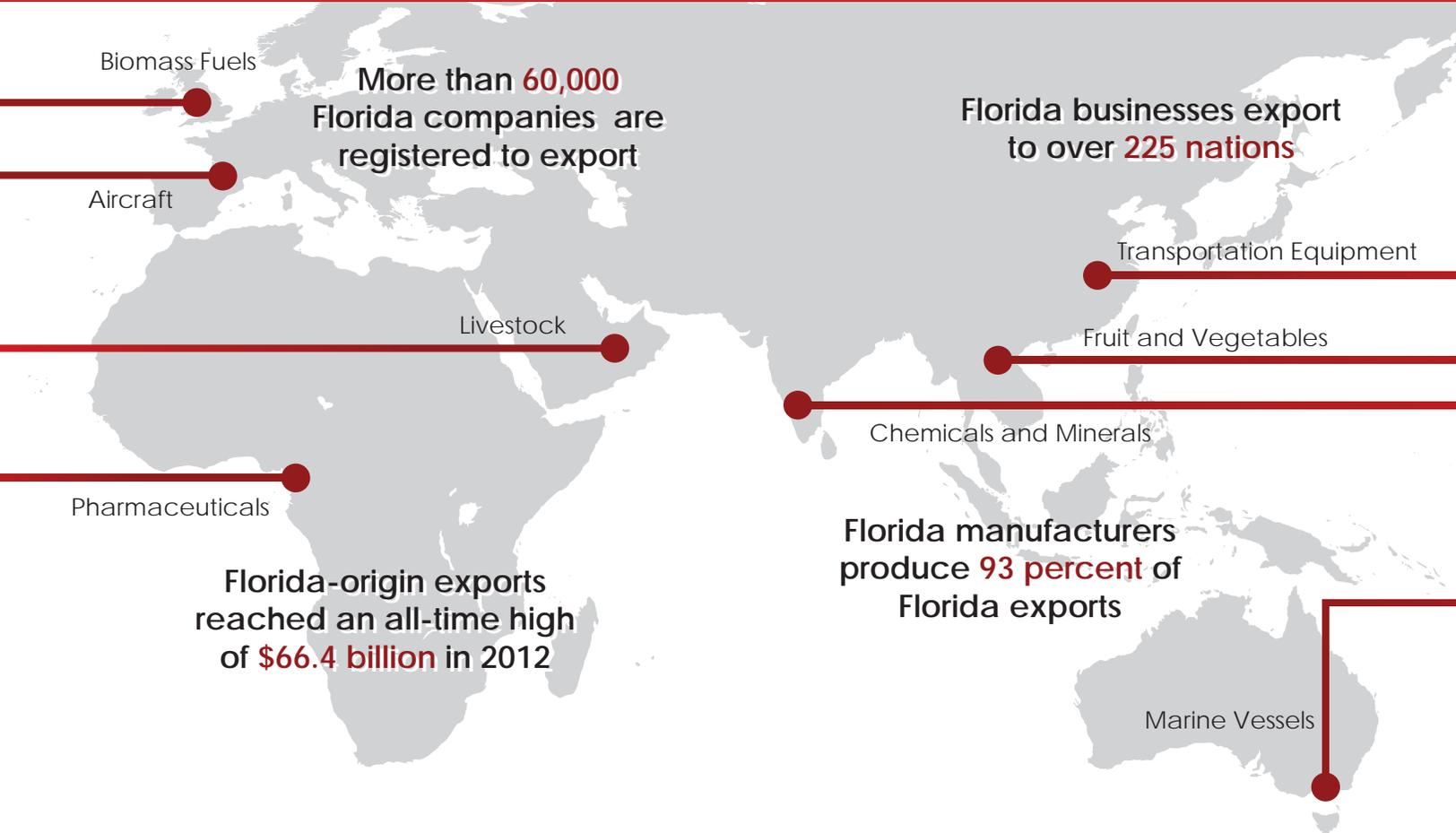
– Freight Stakeholder Interview, Spring 2013.



SPACE X PRODUCTION FACILITY.

IMAGE: STEVE JURVESTON.

MAKE MORE GOODS FOR EXPORT



OPPORTUNITY: MAKE MORE GOODS FOR EXPORT IN FLORIDA

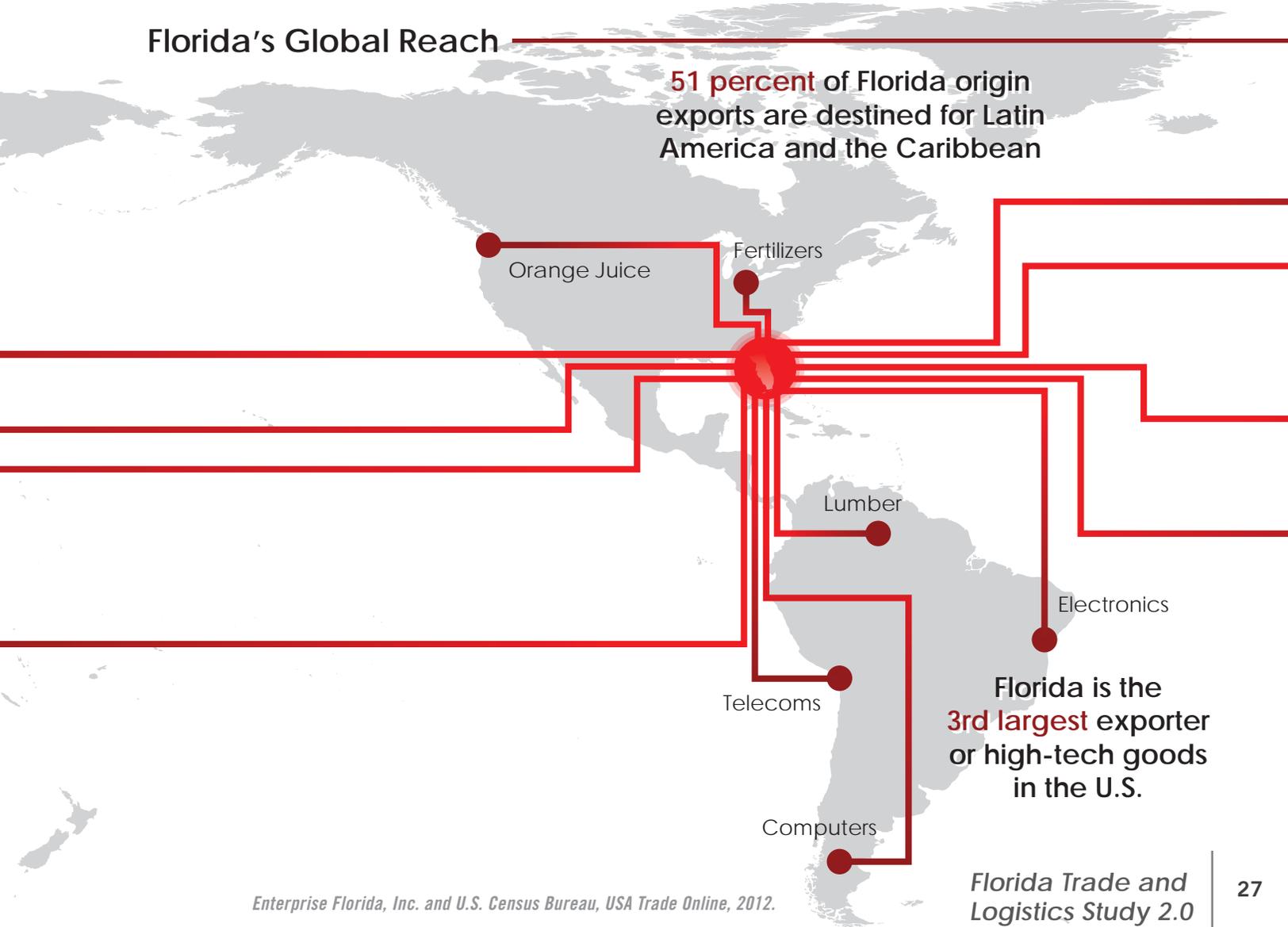
One of Florida's greatest opportunities is to encourage more Florida producers and manufacturers to enter the export market or diversify into new markets. Florida produces a wide range of exports, from high-tech aerospace components to marine navigation systems, from miniature surgical instruments to immense solar panel arrays, and from fresh orange juice to treated lumber. With global demand for consumer and industrial goods forecast to lead trade growth, Florida's manufacturers, farmers, ranchers, and miners are well positioned to expand their global reach.

CURRENT CONDITIONS

EXPORT BUSINESSES ARE AN ECONOMIC DRIVER

The number of Florida exporters grew from about 40,000 in 2005 to more than 60,000 in 2011 – five times faster than the number of businesses in the state over the same period.⁶⁰ The value of Florida-origin exports as a share of state gross domestic product rose from 5 percent to nearly 9 percent during the same period.⁶¹ Florida's export-oriented manufacturers directly employed 46,700 Floridians in 2011.⁶² In addition, more than 25,000 Florida jobs are supported both on and off the farm in food processing, storage, and transportation of agricultural exports.⁶³

Florida's Global Reach



Enterprise Florida, Inc. and U.S. Census Bureau, USA Trade Online, 2012.

MANUFACTURING LEADS EXPORT GROWTH

Florida's historic trade roots are in its natural resources, with citrus and agricultural goods, phosphates and other minerals, turpentine, and timber among the earliest Florida products sold worldwide. Today, manufactured goods account for 93 percent of Florida-made exports, compared to 87 percent for the United States overall.⁶⁴ Florida-origin exports doubled in value between 2002 and 2010, with nearly half of this growth driven by technology-oriented

industries such as aerospace components, transportation equipment, industrial machinery, and electronics.

Other manufacturing industries, such as forestry and paper products, furniture, printing and publishing, and food and beverages, have maintained their share of U.S. exports. Florida's mining, textile, and agricultural exports have lost market share over the last decade as competitors emerged in the Caribbean and Brazil.

FREE TRADE BOOSTS FLORIDA EXPORTS

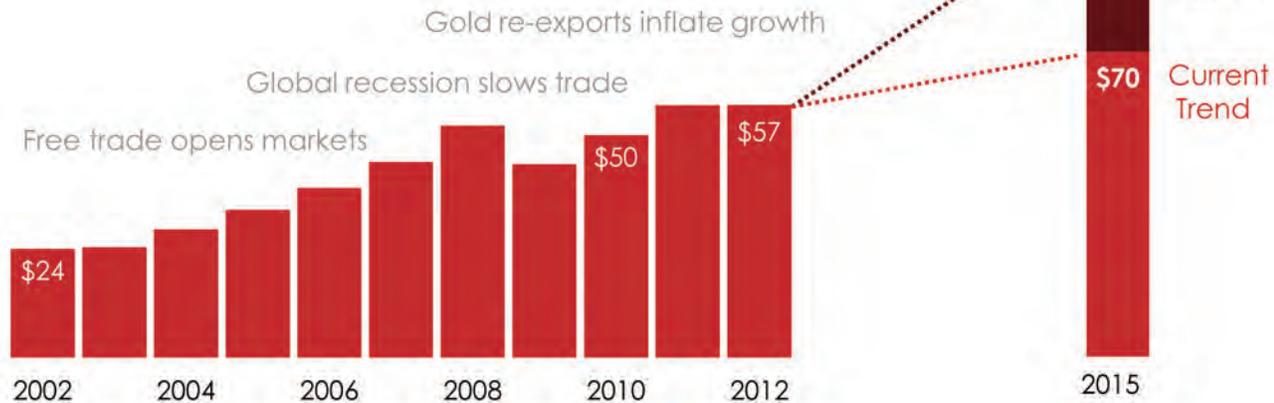
Free trade agreements with Chile and the Central American–Dominican Republic (CAFTA-DR) region, as well as trade promotion agreements with Peru, Panama, and Columbia, lifted trade barriers and provided a tremendous boost to

Florida exports during the past decade. The growth rate of Florida-origin exports to CAFTA-DR nations more than doubled after the agreement went into effect in 2006.

MARKET OPPORTUNITIES

The Florida Chamber of Commerce and Enterprise Florida set a goal of doubling the value of Florida-origin exports between 2010 and 2015. Florida exports surged 17 percent in 2011 as the state emerged from the recession, but increased just two percent during 2012. Excluding the value of re-exports of gold and other precious metals, Florida-origin exports grew by less than one percent in 2012. It now appears that Florida will not reach its ambitious target by 2015, unless the global recovery accelerates or new opportunities arise.

Doubling Florida Exports?



Value of Florida-origin exports 2002-2012 (excluding re-exports of precious metals).
Growth trend projection based on 2010-2012 compound annual growth.
Export goal based on 2010 export value.

U.S. Census Bureau, USA Trade Online, 2012.

But clear opportunities exist for Florida to close the gap and double exports over the next five years.

INCREASE FLORIDA'S EXPORTS OF HIGH-VALUE, HIGH-DEMAND GOODS

Emerging market demand for machinery, transportation equipment, and other manufactured goods is anticipated to account for the majority of U.S. export growth through 2020, placing Florida industries in a strong position.⁶⁵

Florida currently exports more than it produces, particularly to markets in Latin America and the Caribbean. An

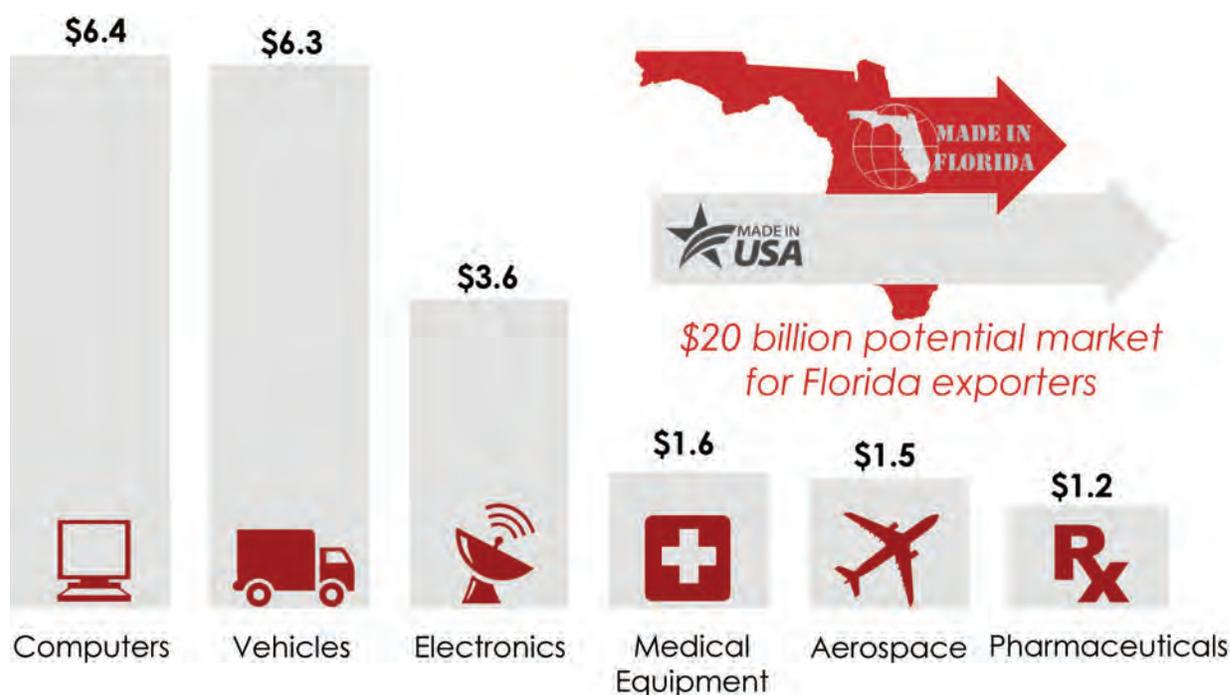
estimated \$20 billion in computers, motor vehicles, electronics, and other high-tech goods are produced in other states and shipped through Florida seaports and airports to Latin America and the Caribbean.⁶⁶ Many of these goods could be produced in Florida or distributed by Florida firms for sale to the same markets, but with lower transportation costs.

EXPAND THE NUMBER AND INTENSITY OF FLORIDA EXPORT BUSINESSES

Florida has the second highest number of exporters in the United States, but fewer than 10 percent of all Florida businesses export. Outreach and education may help close this gap. In a telephone survey of manufacturers and select professional service providers, the Tampa Bay Partnership found that 75 percent of non-exporters “do not know what to do to export.”⁶⁷ Those firms that do export often sell to just

one country or just market a single product overseas. Florida manufacturers already export over 40 percent of their products – twice the national average, but still below the level of other export-oriented nations.⁶⁸ Every product produced in Florida has a market overseas. Many businesses are not aware of the market opportunities overseas or cannot readily navigate the complexities of the export system.

Top Manufactured Goods Exported Via Florida Gateways in Excess of the Value of Florida-Origin Exports



U.S. Census Bureau, USA Trade Online, 2012.

DIVERSIFY FLORIDA'S EXPORT MARKETS AND PORTFOLIO

More than half of all Florida-origin exports are bound for Latin America and the Caribbean, largely reflecting the business networks or personal connections between Floridians and these historic markets. Florida-origin exports as a share of all U.S. exports saw the greatest growth in markets in the Middle East and Africa. Some of Florida's fastest-growing export businesses report success in selling to emerging markets, including transportation equipment exports to Africa and cattle and pharmaceutical products to the Middle East. There are opportunities to sell more Florida goods to established and emerging markets outside of Latin America and the Caribbean.



Image: JAXPORT.



Through the Tampa Bay Metropolitan Export Exchange, Tampa Bay is undergoing a strategic export planning effort in partnership with the Brookings Institution. The partnership will assess regional export activity and prepare an export strategy and implementation plan to help the region expand export opportunities, increase the number of exporters, and create high-quality jobs.

BOOST AGRICULTURAL AND NATURAL RESOURCE EXPORTS

Florida's strong agricultural base can continue to evolve to meet growing demand for live animals, food crops, processed food, plant-based medicines, and renewable energies around the world. Florida agricultural, livestock, fishing, forestry, and mining exports totaled \$1.3 billion in 2012. The food, beverage, wood, paper, textiles, minerals, and petroleum products produced from those resources resulted in another \$13 billion in manufactured exports.⁶⁹ A key opportunity is to add more value to agricultural products in the state – for example, producing packaged food for export to grocery stores in India or refining plant and animal extracts for use in production by other industries.



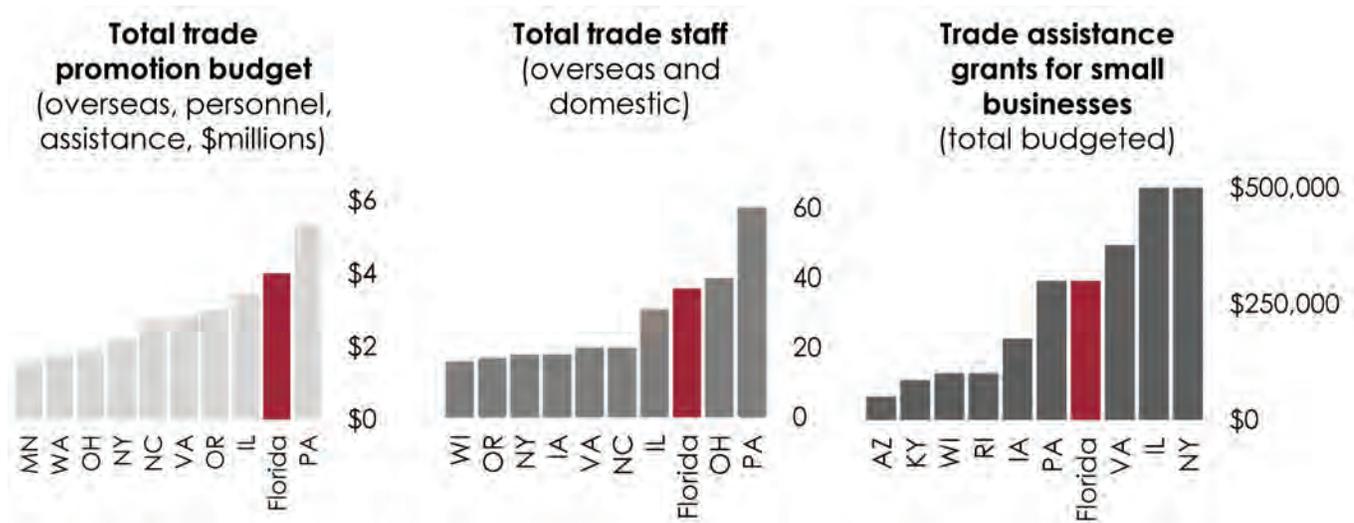
Florida cattle offloading in Oman, Strickland Ranch.

NEED FOR MORE TRADE ASSISTANCE

Florida invests considerably in trade promotion activities aimed at easing the export process and encouraging exporters, more than many other states.⁷¹ However, those resources are spread across the U.S. Commercial Service's six export assistance centers, Enterprise Florida's seven trade offices, and the state's entire network of Small Business Development Centers, in addition to the multitude of federal assistance agencies, programs, and

resource centers. More and more states are eyeing exports as a basis for competition in the new economy and Florida must ensure that technical support resources are available to Florida exporters and logistics and transportation providers. These public programs also can leverage private resources such as the large number of freight forwarders and customs brokers in the state.

Top 10 Trade Supporting States



National Export Strategy, 2012.

HEALTH OF FLORIDA'S MANUFACTURING SECTOR

Manufacturing employment is slowly returning to pre-recession levels in Florida. Manufacturers offer some of the state's strongest export opportunities, but face continued competitive challenges:

- **Workforce.** A number of national and Florida-based surveys found that the majority of U.S. manufacturers face workforce shortages and skills gap – and many expect these conditions to worsen in the future. More than 70 percent of Sarasota-Manatee manufacturers report a gap between the skills of workers available in the region and the skills needed in today's advanced manufacturing facilities.⁷² Nationally and in Florida there are too few manufacturing educational programs and too few students pursuing manufacturing careers.
- **Investment.** Florida manufacturers invest less in productive capital on a per capita basis than almost every other state. Florida was 49th out of 50 states (trailing only Hawaii) in per-capita capital expenditures

on manufacturing in 2011.⁷³ The Governor and Legislature enacted a three-year sales tax exemption for manufacturers purchasing machinery and equipment in 2013. The measure will help manufacturers to make productive investments in new technology and to expand production capacity.

- **Site location.** For manufacturers in Florida and those looking to relocate in the state, the current state and local regulatory process for plant construction or expansion can be daunting. The time required to obtain permits, delays, and unpredictability in processing times, and costs can reduce Florida's competitive advantage. The Governor and Legislature enacted the Manufacturing Competitiveness Act of 2013 to streamline local permitting processes through master planning agreements. This will enable manufacturers to invest in new capacity and may facilitate development of industrial areas near intermodal logistics centers or major trade gateways.



MIA Peter J. Dolaro World Gateway.

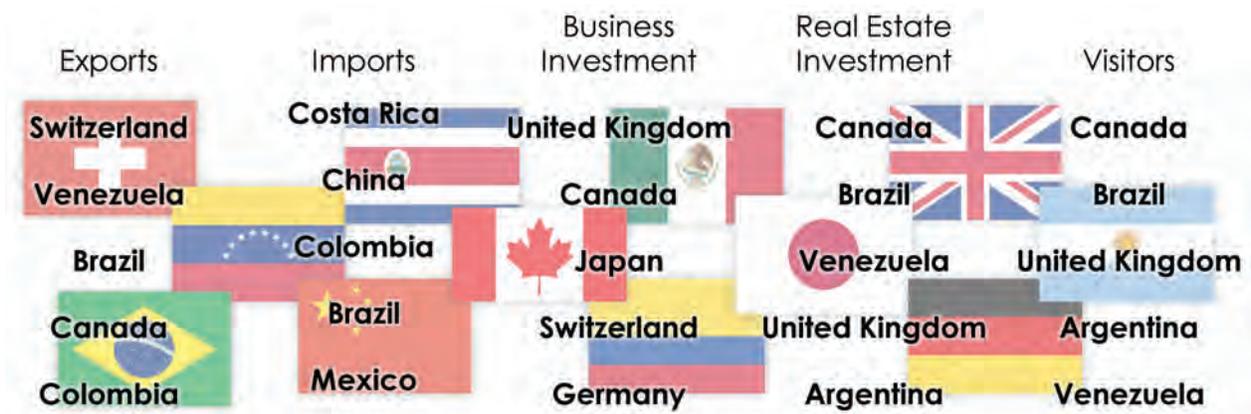
Image: Miami-Dade Aviation Department.

MULTIPLY THE IMPACTS OF TRADE

OPPORTUNITY: MULTIPLY THE IMPACTS OF TRADE IN FLORIDA

By providing value-added services to companies engaged in trade, by providing services to customers abroad, and by growing the state's role as a global hub for visitors, investment, and talent, Florida can multiply the impacts of trade in the state.

Florida's Top Trade, Investment, and Travel Partners



U.S. Census Bureau; Bureau of Economic Analysis; Florida Realtors; VISIT Florida.

CURRENT CONDITIONS

FLORIDA TRADE GENERATES DEMAND FOR ADDITIONAL SERVICES

Global trade supports jobs in industries throughout Florida's economy. International relationships facilitate business opportunities and flows of foreign investment. Trade gateways also bring visitors and welcome immigrants to Florida. International commerce drives innovation and entrepreneurship.

Trade supports jobs directly associated with transportation and logistics businesses and with exporting firms. If Florida is successful in advancing the first two opportunities identified in this study, then increased activity in these industries will support additional jobs throughout the economy – particularly in the wide array of professional, financial, legal, and management services needed to conduct business in today's world.

The multiplier effects of trade means that the more Florida grows the trade and logistics industry and export-oriented industries, the more jobs are supported throughout the economy. National estimates suggest every one billion dollars in goods exports supports 5,360 jobs across all industries. As Florida exports \$66 billion in goods each year, this activity could support more than 350,000 jobs in Florida or in other states.⁷⁴ Agriculture and manufacturing of aerospace, industrial machinery, and navigation and electronic instruments – all Florida strengths – support more jobs on average than other exports.

National data also suggest that every 10 jobs in export-oriented manufacturing support 20 additional jobs throughout Florida's economy, including 12 jobs in transportation, retail, and warehousing and eight jobs in business services.⁷⁵

Every 10 Jobs
...in Florida export-oriented
manufacturing supports:



30 Jobs
...total supported by Florida export manufacturing

U.S. Census Bureau, Exports from Manufacturing Establishments, 2011.

FLORIDA FIRMS EXPORT SERVICES ABROAD

Florida's services exports were estimated at more than \$31 billion in 2011 – about 5 percent of total U.S. trade in services.⁷⁶ These include foreign sales of legal, financial, and business, and health services, as well as international tourism, Florida's largest export of services. Many of Florida's top law firms operate in foreign markets such as Latin America, Europe, Asia, and the Middle East. The Florida International Banking Association facilitates capital and investment flows, particularly to and from Latin America, and has over 70 member financial institutions representing some of the world's largest financial institutions. Florida's hospitals and medical clinics serve patients throughout the hemisphere. All of these are considered to be exports.

FLORIDA IS A GLOBAL TRAVEL DESTINATION

Florida welcomes 10.2 million overseas visitors each year – 20 percent of the U.S. international visitor market.⁷⁷ Overseas visitors account for about one in every nine visitors to Florida, but they tend to stay longer and spend more than U.S. visitors. They also may return as investors in real estate or business ventures. The impact of all tourism (domestic and international) in Florida was estimated to generate \$71.8 billion in taxable sales and directly support over a million jobs in 2012.⁷⁸

FLORIDA IS A GLOBAL INVESTMENT DESTINATION

Florida was the top state for foreign investment in real estate in 2012, accounting for a quarter of all U.S. transactions and providing an infusion of \$10.7 billion to local real estate markets.⁷⁹ Many international businesses also invest directly in Florida. Enterprise Florida is aware of over 8,000 multinational companies operating in the state. Foreign direct investment by multinational companies in Florida employed over 238,600 Floridians in 2011.⁸⁰

Foreign companies announced 69 investments in new facilities in Florida in 2011 – the fourth highest number among U.S. states.⁸¹ Backing up this investment are formal and informal ties between Florida and foreign governments and institutions. Florida hosts consulate offices for 80 nations and 68 bi-national chambers of commerce.⁸²

FLORIDA IS AN IMMIGRATION GATEWAY

Over three million immigrants call Florida home. In 2010, more than 30 percent of all businesses in the state were owned by immigrants.⁸³ Many of Florida's successful businesses and largest exporters were started by immigrants. The five largest Hispanic businesses in the United States are located in Florida and nearly half of the top 40 Hispanic exporters are based in Florida.⁸⁴ Minority-owned firms are twice as likely to export products than to other businesses.⁸⁵

FLORIDA RESIDENTS AND BUSINESSES ARE GLOBALLY INTEGRATED

Global connections go both ways and Florida's residents and businesses increasingly are looking abroad for opportunities:

- Florida was the departure point of choice for more than 3.6 million U.S. citizens traveling abroad in 2011.⁸⁶ Florida's top ranked airports offer many direct international connections, and its cruise ports create opportunities for visits to other nations.
- Nearly 8,500 Florida university and college students studied abroad in 2012, creating a new generation of global relationships.⁸⁷
- More than 1,000 Florida companies were estimated to be operating abroad in 2011, either through foreign affiliates or multinational operations.⁸⁸
- Florida cities have signed 107 sister city agreements around the world.⁸⁹

MARKET OPPORTUNITIES

EXPAND AS A HUB OF COMMERCE AND CULTURE IN THE AMERICAS

As trade intensifies between the United States and the Americas, Florida should remain the dominant gateway for U.S. commerce and investment relationships with the region. More than 1,000 multinational corporations with Latin American and Caribbean operations are based in Florida.⁹⁰ Texas and other states also are vying for the Latin American market so Florida must compete on a new level. Maintaining a high level of immigration and visitor ties with other nations in the Americas will support this hub role.

FACILITATE GROWTH IN THE EXPORT OF SERVICES

Florida can encourage growth in professional and business service exports by advocating for the Trade in Services Agreement, a proposed multilateral agreement among 48 nations to improve and expand services trade, and taking steps to protect the intellectual property of Florida firms. Florida also should continue to provide export assistance to help services firms tap into export markets. Particular attention should go to market niches that leverage Florida's unique strengths, such as medical tourism, which is the treatment of international patients at Florida's hospitals and medical clinics. The state also can continue marketing to attract foreign travelers, expand direct sea and non-stop air connections to new markets, and advocate for streamlining visa requirements for visitors traveling from major trading partners such as Brazil or Columbia.

DEVELOP AS A GLOBAL HUB FOR LOGISTICS AND TRADE TALENT

Many top rated supply chain and logistics educational institutions are in close proximity to major trade hubs such as Rotterdam, London, Michigan, Pennsylvania, New Jersey, Atlanta, and Memphis. Other states are fast developing education niches in supply chain management and transportation. For example, Georgia schools issue more than half of all truck driving certificates in the Southeast United States each year and Atlanta is home to CSX Inc.'s Railroad Education and Development Institute.⁹¹

With a growing workforce and global role, Florida also could be a center for education and training in trade and logistics. Many of Florida's universities and colleges have begun offering degrees in logistics and supply chain management. Workforce Florida is providing grant resources and high school career academies are encouraging students to pursue careers within the industry. Building on Florida's strength as global flight training and aerospace education destination, the state can develop programs to feed demand for global talent in marine, trucking, integrated logistics, and other industries. These students in turn can join Florida's workforce or return home and become a future trading partner for Florida.



CHALLENGES

OPPORTUNITY NOT WELL UNDERSTOOD

The complex interactions and interrelationships of the global economy are not well documented and the impacts on Florida are not well understood. Compared with merchandise trade and goods exports, there are no state level published data on services exports, even though this sector has the potential to grow quickly. As a result, Florida may not know the greatest opportunities to expand the value-added benefits of global trade in the state. Additional research is needed to document and track over time the value of services to trading businesses and trading partners.

EVOLVING GLOBAL BUSINESS IMAGE

Outside South Florida, the state's international business climate and image are still emerging. Orlando, Jacksonville, and Tampa Bay all have a growing international presence – driven by industry clusters, immigrant populations, and trade gateways. Many other areas, such as Sarasota, Fort Myers, Pensacola, Lakeland, or Gainesville, have an international reputation for arts and culture, tourism, or

education. Supporting international connections in these areas throughout the state will continue to build Florida's global standing. The active involvement of the Governor and agency heads, along with Enterprise Florida and business leaders, in trade missions during the past few years has helped to strengthen Florida's global business image.

COMPETITION AT HOME AND ABROAD

Texas now calls itself the Gateway to the Americas and Georgia continues to promote its logistics industry. These two competitors and others in the Southeast have chipped away at Florida's market share of Latin American trade and are positioning to become global leaders. Florida must maintain and expand its regional leadership. Companies and countries looking to expand in Latin American markets also are increasingly looking to Panama or other Caribbean transshipment hubs as a base for manufacturing and distribution, which could create more competition for Florida.

Top Global Logistics Hubs

Singapore

- 1st – worldwide in the Logistics Performance Index
- 2nd – busiest container and tonnage seaport
- 4th – most popular tourist destination
- 6th – highest GDP per capita worldwide
- 11th – busiest air cargo hub
- 18th – busiest air passenger destination

8th

29th

Singapore Florida
\$775.3b \$149.2b
 Total Merchandise Trade
 (Billions of U.S. Dollars, 2011)

Netherlands

- 4th – busiest tonnage seaport
- 5th – worldwide in the Logistics Performance Index
- 7th – greatest number of corporate headquarters
- 10th – busiest container seaport
- 15th – busiest air passenger destination
- 17th – busiest air cargo hub

10th

42nd

Florida Rotterdam
3.1 11.8
 Total TEUs Transported
 (Millions, 2011)



Image: FDOT, SeeFloridaGo.com.

FUTURE STRATEGIES

During the three years following the release of the *Florida Trade and Logistics Study* in 2010, Florida's public and private leaders have placed tremendous resources and energy around the vision of becoming a global hub for trade, logistics, and export-oriented manufacturing.⁹² Early efforts have focused on preparing Florida's seaports to be ready for the opportunities created by the Panama Canal expansion, making other strategic investments in the state's intermodal freight system, and establishing global trade and logistics as a statewide targeted industry.

Early results suggest this emphasis is working. Florida created nearly 23,000 new jobs in trade, transportation and logistics between 2010 and 2012, and more than 9,000 new jobs in manufacturing.

The value of all merchandise trade passing through Florida seaports and airports increased \$36 billion to a record \$162 billion, and the value of goods exported by Florida companies increased nearly \$11 billion to a record \$66 billion.

Accomplishing Florida's vision for becoming a global hub requires an integrated approach. This report proposes a comprehensive set of global trade and business development goals and strategies to Florida's public, private, and civic leaders.



Image: JAXPORT.

GOALS

Florida's public and private leaders should focus on accomplishing the following strategic goals over the next three to five years:

Position Florida as one of the nation's leading states for global trade and investment.

Florida should develop and maintain the global leadership, market access, and competitive position to be considered along with California, Texas, New York, and other leading states as one of the key players in the global marketplace.

Grow Florida jobs in trade, transportation, logistics, export-oriented manufacturing, and related value-added services.

Florida businesses have created 23,000 jobs in trade, transportation, and logistics and 9,000 jobs in manufacturing in the past two years, in addition to many additional related jobs in services. If Florida is successful at accelerating key global trade opportunities, the state should be able to create at least 150,000 new jobs in these industries over the next five years.

Expand Florida's market share on critical global trade lanes.

Florida's share of U.S. merchandise trade with Latin America and the Caribbean declined four percentage points during the past decade. Florida should work aggressively to restore and expand its leadership as the gateway to the Americas for U.S. exports, imports, investment, and visitors. Florida also should position to be the Southeast United States' leading gateway for trade with Asia, Africa, and the Middle East.

Supply more imports through Florida's sea and air gateways.

To reduce costs and improve economic opportunity, a continuing priority should be to bring a growing share of the imports consumed by Florida businesses and consumers to the state through Florida seaports and airports.

Double the value of Florida-made exports during the next five years.

Florida should continue to work to double exports over the next five years by supporting manufacturing, agriculture, and other export sectors and encouraging more businesses to enter or expand their role in the global market.

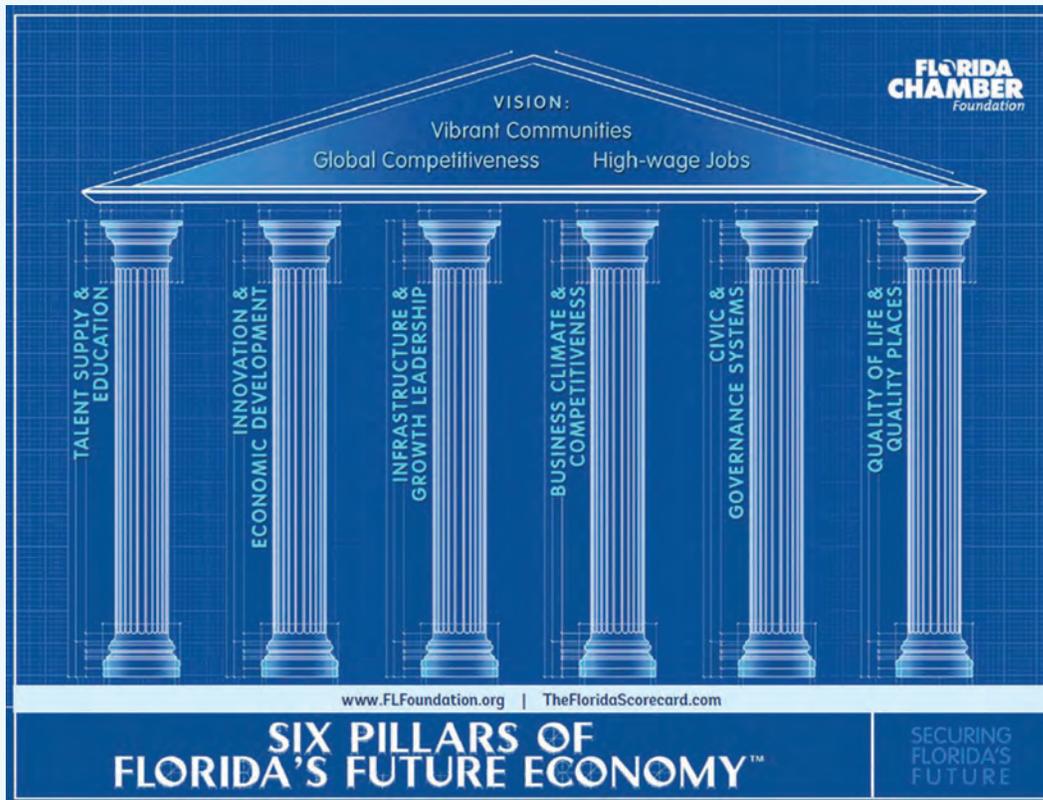
Expand trade-related value-added services in Florida.

Finally, Florida should encourage further growth of finance, law, engineering, and other service activities that support global trade, as well as professional, health, educational, and hospitality services that have global customer bases. These all are areas in which Florida has global recognition today and is poised for further growth.

STRATEGIES

To accomplish these goals, coordinated statewide leadership is needed in multiple areas including workforce, transportation, economic development, and business climate.

The Florida Chamber Foundation has defined the Six Pillars of Florida's Future Economy™ to serve as a visioning platform for moving Florida forward. The Six Pillars have been adopted by the Florida Department of Economic Opportunity as the basis for the *Florida Strategic Plan for Economic Development*, as well as by numerous local governments, business groups, and economic development organizations across Florida. The strategies recommended in this study are organized by the Six Pillars to facilitate integration with the state's broader economic blueprint.



TALENT SUPPLY AND EDUCATION

Florida’s success as a global hub requires a skilled workforce that can support each aspect of Florida’s global vision. Trade and logistics businesses require a workforce with both strong backs and strong minds—not to mention a global outlook. Manufacturing businesses require a similar mix of skills with increasing emphasis on innovation. Service businesses serving global customers and Florida’s trading companies require a workforce with global fluency, flexibility, and customer focus. These opportunities have become an important focus of Florida’s education and workforce systems during the past few years:

- 12 high schools now operate career academies to engage high school students in careers in trade and logistics;
- A growing number of Florida colleges and universities are offering programs in logistics and supply chain management, including Florida Atlantic University, Florida International University, University of Florida, University of North Florida, University of South Florida, University of West Florida, Florida Gateway College, Florida State College at Jacksonville, and Polk State College;
- The “Made in Florida” outreach campaign to encourage high school students to explore careers in manufacturing is an initiative of the Florida Advanced Technological Education Center, a National Science Foundation Regional Center of Excellence; and
- Workforce Florida initiated two rounds of Quick Response Training grants for companies in trade, logistics, and manufacturing – one tied to seaport and air cargo opportunities, and the other for consortia of small businesses.

Florida’s education and workforce institutions can create a trade and logistics talent pipeline that is best in class in the Western Hemisphere. Key strategies include:

POSITION FLORIDA AS THE LEADING LOCATION FOR TRADE AND LOGISTICS-RELATED EDUCATION AND TRAINING FOR THE AMERICAS

A globally oriented talent development program would meet Florida's business needs and provide services to students from around the hemisphere. Global talent also could build professional relationships that can be the basis for future trade and investment decisions. Key initiatives could include:

- Continue Florida's nationally recognized programs in aviation and aerospace education, flight training, and simulation;
- Create a Florida Maritime Academy or a comparable program to train students for careers in the merchant marine, the military, or the transportation industry;
- Achieve "national recognition" for at least one center of excellence in international trade and logistics among Florida's public colleges and universities; and
- Build partnerships and joint programs with educational institutions in key global trading partners.



Columbia High School created a Global Logistics Academy to provide students with hands-on experience. With support from local businesses and Florida Gateway College, the program now enrolls 134 students and includes a warehouse and forklift on site. Participating students may receive college credit and certification in global logistics.

Image: Columbia High School.

BUILD A "TALENT SUPPLY CHAIN" FOR TRADE, LOGISTICS, AND MANUFACTURING WORKERS

Workforce Florida is leading a statewide initiative to develop a "talent supply chain" that links programs from middle school to post-graduate degree studies to create strong career pathways and meet current and future business needs in Florida's targeted industries. For trade and logistics, key aspects of this talent supply chain could include:

- Continue career academies, internships, and other innovative programs to help middle and high school students gain interest in careers in trade, logistics, and manufacturing;
- Strengthen certificate and degree programs for trade, logistics, manufacturing, and related value-added services in Florida's high school and post-secondary institutions;
- Identify occupations facing potential shortages of workers such as truck drivers and give priority to programs in these areas;
- Assist talented trade and logistics graduates from Florida's colleges and universities in securing jobs with Florida employers; and
- Develop career pathways for Florida's returning veterans, many of whom already possess valuable skills in logistics.

STRENGTHEN AND EXPAND DEMAND-DRIVEN TRAINING AND PROFESSIONAL DEVELOPMENT PROGRAMS TO MEET EMPLOYER NEEDS

During the past few years Workforce Florida has conducted supply/demand analysis and employer satisfaction research to better understand workforce needs in trade, logistics, and other targeted industries, and convened industry cluster task forces to identify strategic workforce and industry development needs. These activities should help specify the workforce skills of greatest demand to businesses. Workforce Florida and the regional workforce boards, working in partnership with

the education system, should continue to provide targeted training opportunities for businesses and workers in trade, logistics, advanced manufacturing, and related services, building on the existing Quick Response Training program and other statewide initiatives.

ENCOURAGE FLORIDA'S RESIDENTS TO THINK GLOBALLY

Finally, Florida's K-20 education system can help students from kindergarten through graduate programs to become aware of the global marketplace and its opportunities and challenges for Florida. Coursework in world history and cultures, economics, and current events, as well as foreign study programs, can help students prepare to be engaged as globally fluent workers and informed citizens. A key emphasis should be on improving foreign language and global business skills throughout Florida's K-20 system.

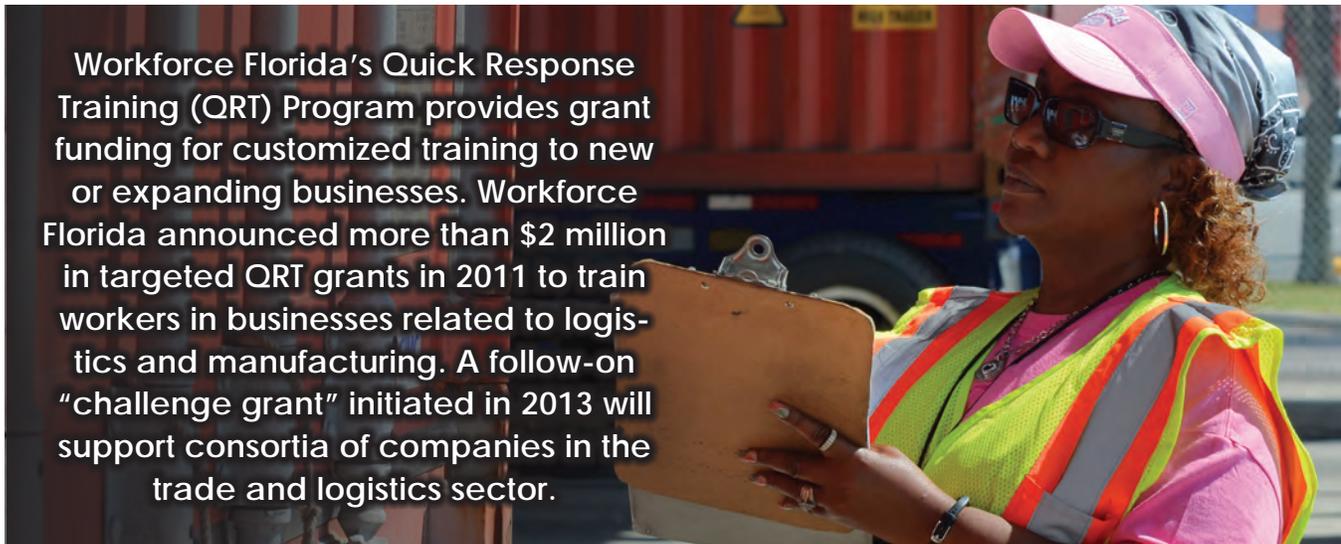


Image: JAXPORT.

Workforce Florida's Quick Response Training (QRT) Program provides grant funding for customized training to new or expanding businesses. Workforce Florida announced more than \$2 million in targeted QRT grants in 2011 to train workers in businesses related to logistics and manufacturing. A follow-on "challenge grant" initiated in 2013 will support consortia of companies in the trade and logistics sector.

INNOVATION AND ECONOMIC DEVELOPMENT

During the past few years, trade and logistics has been elevated to a strategic priority of the state's leadership and economic development organizations. Notable activities have included:

- Participation by the Governor, legislators, agency heads, and business leaders in nine trade and business development missions, visiting nations such as Panama, Canada, Brazil, Israel, Spain, Colombia, and Chile;
- Identification of global trade and logistics as a statewide targeted industry and a focal point for Enterprise Florida and Workforce Florida;
- Implementation of targeted incentives to promote growth in the state's space, aerospace, and defense industries;
- Increased funding for Enterprise Florida trade programs including foreign trade offices and export promotion activities; and
- Creation of the Florida Department of Economic Opportunity (DEO) and the development of the *Florida Strategic Plan for Economic Development* under DEO's leadership, with input from almost 3,000 partners, stakeholders, business representatives, and members of the public. The plan identified a cross-cutting strategy to position Florida as a global hub for trade, visitors, talent, innovation, and investment, along with supporting tactics to accomplish this and other strategies.

Florida should ensure sustained leadership for its international trade opportunities, while also implementing targeted strategies to support the opportunities identified in this study. Key strategies include:

SUPPORT CONTINUED STATE LEADERSHIP IN RECRUITING, RETAINING, AND ENCOURAGING EXPANSION OF TRADE, LOGISTICS, MANUFACTURING, AND RELATED VALUE-ADDED SERVICES IN FLORIDA

A key driver of the state's progress in global markets over the past few years has been the active leadership provided by the Governor, Legislature, Cabinet officials, and agency heads. This high-level commitment of state leadership should continue for the long term. In particular, the role of Florida's governor should continue to include the function of serving as Florida's chief economic development officer and trade ambassador. In addition, the state's leadership should continue to view economic development as more than job creation – recognizing that new trade partnerships, new export markets, and new cargo and passenger service all are economic development.

ENCOURAGE CONTINUED DEVELOPMENT AND CONGRESSIONAL APPROVAL OF FREE AND PREFERENTIAL TRADE AGREEMENTS BETWEEN THE UNITED STATES AND MAJOR TRADING PARTNERS

An initial priority should be the re-enactment of *Trade Promotion Authority*, or fast-track negotiating authority, which provides the President of the United States with the authority to negotiate international agreements that the Congress can approve or disapprove but cannot amend or filibuster. Another key priority is re-authorization of the *U.S. Generalized System of Preferences*, which provides preferential duty-free entry for up to 5,000 products when imported from one of 127 designated beneficiary countries and territories. Progress should continue on several other strategic agreements that are on the negotiating table, including:

- The *Trans-Pacific Partnership*, a proposed free trade agreement under negotiation by Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam;
- The *Transatlantic Trade and Investment Partnership*, a proposed free trade agreement between the United States and the European Union; and
- The *Trade in Services Agreement*, a proposed multi-lateral agreement among 48 nations to improve and expand services trade.

Careful review of these proposed agreements is needed to ensure that their net impact to Florida is positive, and to address emerging issues related to intellectual property and data privacy.

DEVELOP AND IMPLEMENT A “FLORIDA FIRST” INITIATIVE TO ENCOURAGE MORE DIRECT GLOBAL CONNECTIONS TO FLORIDA’S AIRPORTS AND SEAPORTS

Florida should work to increase the number of direct global connections for goods and people, including first ports of call by containerized ocean carriers and non-stop international air flights. Ultimately the market will determine whether such non-stop flights or first call cargo service are viable. Enterprise Florida can assist by conducting market studies to identify untapped opportunities and by marketing to prospective ocean and air carriers and building on existing efforts by VISIT FLORIDA to attract new non-stop international air service to Florida. The Florida Department of Transportation can partner with seaports and airports to develop the infrastructure that can support these services. In addition, the Executive Office of the Governor can make these services a focal point of trade missions and other business development activities, and explore use of the Quick Action Closing Fund or other tools to assist with startup costs to get viable services in place.

FOCUS ON MARKETING AND BUSINESS DEVELOPMENT ACTIVITIES TO EXPAND CARGO THROUGH FLORIDA’S SEAPORT AND AIRPORTS

The state should collaborate with seaports and airports to identify companies both within and outside of Florida that currently trade or potentially could trade with key trading partners. The state should work with these companies to promote Florida locations for shipping, distribution, manufacturing, or value-added services. Cargo development should be a key emphasis of trade missions and other business development activities. The state should expand ongoing outreach to shipping lines, air freight companies, beneficial cargo owners, customs brokers and freight forwarders, and others involved in making decisions about where cargo flows. The state also should explore conducting cargo development missions to Middle America – visiting with Midwestern farmers, manufacturers, wholesalers, and retailers that could export to Latin America or the Caribbean and encouraging them to use Florida gateways

and support services to ship their products. Finally, the state can sponsor research to help seaports, airports, and intermodal logistics centers target growing markets and trading partners.

DEVELOP AND IMPLEMENT A COMPREHENSIVE INITIATIVE TO EXPAND, RETAIN, AND ATTRACT FLORIDA-BASED MANUFACTURING

This initiative should emphasize opportunities for Florida to manufacture high-tech and consumer goods currently in demand in key export markets. It should explore opportunities for U.S. companies to re-shore operations to Florida, as well as for foreign-owned manufacturers serving the Latin American market to locate in Florida. Building on recent work by Enterprise Florida and Workforce Florida, the state should identify the manufacturing industries with the greatest potential to grow in Florida, the barriers to their growth, and the steps the state can take to create an environment where these companies thrive. The state's manufacturing strategy should reflect global best practices for developing successful industry clusters, and build collaborative partnerships to create global market opportunities for these clusters.

EXPAND AND PROVIDE SUSTAINED SUPPORT FOR ENTERPRISE FLORIDA'S EXPORT PROMOTION AND TRADE ASSISTANCE PROGRAMS

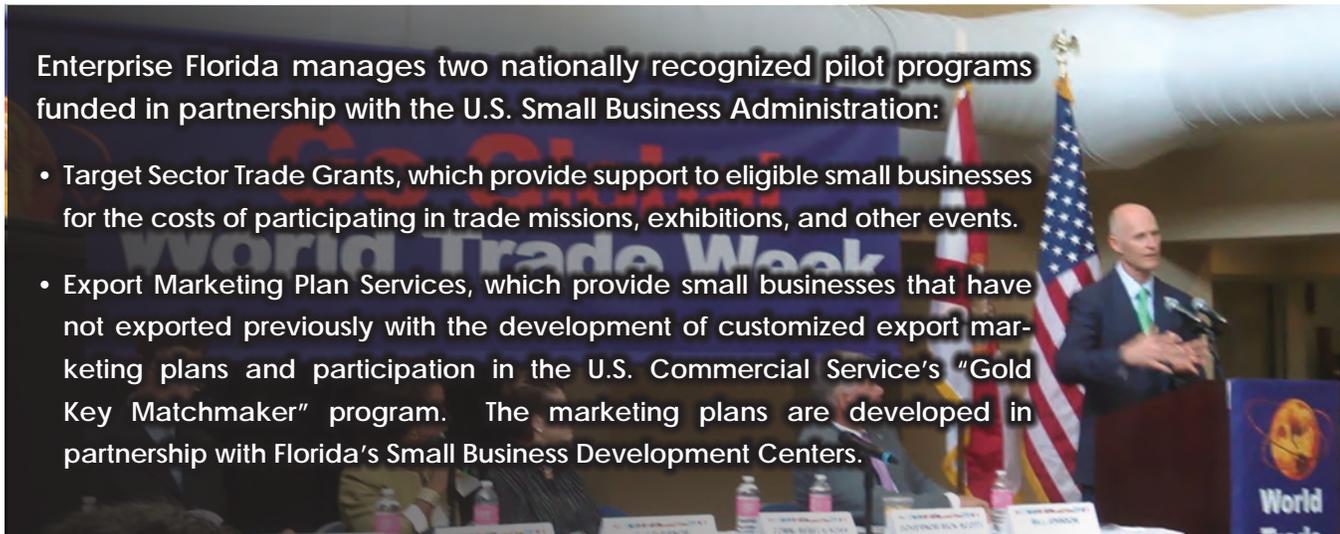
Enterprise Florida offers unique resources to help Florida businesses sell to global markets for the first time or diversify their export activity. Staffing and financial support for these programs as well as Enterprise Florida's network of 15 international offices should expand over time, in line with the overall growth targeted in Florida-origin exports.

ATTRACT GREATER FOREIGN DIRECT INVESTMENT TO FLORIDA, PARTICULARLY IN MANUFACTURING AND STATEWIDE TARGET INDUSTRY CLUSTERS

Enterprise Florida should continue investment attraction activities and explicitly tie these to export and cargo development strategies. Ideally, every foreign company that locates in Florida should use Florida gateways to move visitors and cargo, and should develop products that can be exported to other nations.

Enterprise Florida manages two nationally recognized pilot programs funded in partnership with the U.S. Small Business Administration:

- Target Sector Trade Grants, which provide support to eligible small businesses for the costs of participating in trade missions, exhibitions, and other events.
- Export Marketing Plan Services, which provide small businesses that have not exported previously with the development of customized export marketing plans and participation in the U.S. Commercial Service's "Gold Key Matchmaker" program. The marketing plans are developed in partnership with Florida's Small Business Development Centers.



World Trade Week 2011, Miami Free Trade Zone.
Image: Edward Redlich.

CONDUCT A COMPETITIVE ASSESSMENT OF EXISTING FLORIDA-BASED VALUE-ADDED SERVICES THAT SUPPORT EXTERNAL MARKETS OR TRADE-RELATED ACTIVITY IN FLORIDA

Industries such as international law and finance, marketing, engineering, consulting, and related business services all benefit from expanded international trade. These industries also can export their services to foreign customers. The state should conduct research to document the size and composition of these industries and to identify the actions needed to retain and expand these industries in Florida.

CONSIDER CREATING AN INLAND FLORIDA LOGISTICS AND MANUFACTURING CORRIDOR PARTNERSHIP

Multiple plans and proposals have emerged to develop distribution and manufacturing facilities in inland Florida, with many clustering around a corridor roughly formed by U.S. 27 from Miami to Central Florida, and then I 75 to the Georgia state line. This corridor over time could connect:

- Multiple intermodal logistics centers around Lake Okeechobee, which are in various stages of planning and development today;

- Inland airports with available land for growth, including Airglades in Hendry County and the Sebring Regional Airport in Highlands County;
- The large cluster of freight and distribution businesses in Polk County, including CSX's intermodal terminal in Winter Haven; and
- Multiple planned or proposed intermodal logistics centers or distribution centers along I 75 in Sumter, Marion, and Columbia counties.

The tributaries that feed this corridor connect to all parts of the Florida peninsula including the seaports, airports, and freight hubs in Southeast Florida, Southwest Florida, Tampa Bay, Central Florida, and Northeast Florida. Regional and local partners should explore the benefits of developing a major north-south logistics and manufacturing corridor in this general area through proactive transportation investments, targeted site development, compatible land use strategies, and focused economic development programs. Florida's High-tech Corridor Council provides a model for a targeted economic development initiative across an extended geographic region.

INFRASTRUCTURE AND GROWTH LEADERSHIP

During the past few years, the state has made a historic shift in its transportation investments and programs to give greater emphasis to freight, trade, and logistics. Key initiatives have included:

- Creation of the Office of Freight, Logistics and Passenger Operations within the Florida Department of Transportation (FDOT);
- Development of the state’s first-ever *Florida Freight Mobility and Trade Plan*;
- Creation of the Strategic Port Investment Initiative to provide at least \$35 million annually from the State Transportation Trust Fund to fund strategic seaport investments; and
- Creation of the Intermodal Logistics Center Infrastructure Support Program to provide at least \$5 million annually to assist local governments or private entities in creating intermodal logistics centers.

The state has invested hundreds of millions of dollars in airport, spaceport, seaport, rail, and highway projects to facilitate the flow of trade. Investments in freight-related infrastructure projects, particular involving seaports, have increased significantly in the past few years.

Even with the recent surge, Florida’s investment in trade gateways and corridors is a fraction of the investments made by key competitors, including nearby Caribbean and Central American nations. This is a national issue: all levels of government in the United States cumulatively invest

the equivalent of 2 percent of gross domestic product in infrastructure, down from over 5 percent during the 1960s and lower than China (9 percent) or the European Union (5 percent).⁹³ As trade expands, infrastructure ages, and fiscal pressures remain, investment gaps will grow—a problem compounded by the declining value of the motor fuel tax, Florida’s principal source of transportation revenue.

The state’s transportation partners – FDOT, metropolitan planning organizations, local governments, seaport and airport authorities, Space Florida, private railroads, and others – should build on this progress and implement the following strategies to ensure Florida’s transportation infrastructure supports the state’s global vision:

CONTINUE TO SUPPORT GREATER EMPHASIS ON TRADE AND LOGISTICS IN SETTING PRIORITIES FOR STATE TRANSPORTATION INVESTMENTS

With the completion of the investment element of the *Florida Freight Mobility and Trade Plan* in 2014 and the updates to the *Florida Transportation Plan* and *Strategic Intermodal System Strategic Plan* in 2015, FDOT and its partners can institutionalize these recent policy changes and set direction for programs and projects to be implemented over the next five years and beyond.

Office of Freight, Logistics and Passenger Operations

FDOT established the Office of Freight Logistics and Passenger Operations in 2011 to direct the state’s strategic infrastructure investments in coordination with regional freight representatives.

By aligning and connecting infrastructure systems across the state through the Strategic Intermodal System and the Florida Freight Mobility and Trade Plan, Florida considers the entire state’s freight interests. FDOT also established a Freight, Trade, and Logistics Academy to build FDOT staff expertise in these areas and to institutionalize these issues in FDOT’s planning process, and a CEO-level Freight Leadership Forum to engage private sector leaders in shaping the state’s freight policies and programs.

CONTINUE THE EMPHASIS ON STRATEGIC INVESTMENTS IN FLORIDA'S FREIGHT TRANSPORTATION SYSTEM

Florida should refine and extend nationally recognized initiatives, including:

- Continue to provide state funding to advance strategic seaport investments, including channel deepening, on-port improvements, and improved connectivity to rail and highway systems to make Florida's seaports more competitive for global trade flows.
- Promote strategic uses of the state's coastal and inland waterways to move cargo.
- Create a Strategic Airport Investment Initiative, modeled after the seaport initiative, through which FDOT could provide funding for airport projects that accomplish statewide goals. A key priority should be to maintain Miami International Airport's leading position in international air cargo and passengers, while also expanding international passenger and cargo service at other airports in the state.
- Support ongoing efforts led by Space Florida to develop a commercial spaceport at Cape Canaveral and to assess the feasibility of commercial spaceports at other locations in Florida.
- Continue to target state investments through the Strategic Intermodal System, including investments to alleviate bottlenecks on the highway and rail systems, to improve the efficiency and reliability of major freight corridors, and to improve "last mile" connections to seaports, airports, and other freight terminals.
- Continue efforts to expedite state planning, project development, and permitting processes for major transportation infrastructure projects, and support efforts to streamline Federal processes.

INVEST IN RESEARCH, DEVELOPMENT, AND TECHNOLOGY TO IMPROVE THE GLOBAL COMPETITIVENESS OF FLORIDA'S TRANSPORTATION AND TRADE GATEWAYS AND CORRIDORS

Florida should encourage use of emerging technologies to improve the safety, security, efficiency, and reliability of its transportation hubs and corridors. Examples include:

- Advanced traveler information systems to share information about the location of freight vehicles and help seaport, airports, and other terminals prepare in advance for the arrival of containers and other shipments;
- Deployment of natural gas and other alternative fuel infrastructure at seaports and intermodal logistics centers, and along major trade corridors; and
- Testing of advanced vehicles that can communicate with roadside sensors or other vehicles to avoid crashes and congestion, building on recent state legislation relating to autonomous vehicles.

CONTINUE FLORIDA'S FUTURE CORRIDORS INITIATIVE TO PLAN FOR ENHANCED OR NEW LONG-DISTANCE TRADE CORRIDORS

FDOT is evaluating major upgrades to existing facilities or creation of new facilities that would support Florida's economic growth over the next 50 year and provide additional options for moving trade between Florida's regions. Initial studies are exploring future connectivity needs between Tampa Bay, Central Florida, and the Space Coast and the potential for a more direct connection between Tampa Bay and Jacksonville. Future studies will explore long term connectivity needs across Florida's Heartland and between Northwest Florida and other states and regions.

MAINTAIN COMMITMENT TO SUSTAINED PUBLIC AND PRIVATE INVESTMENT IN FLORIDA'S TRANSPORTATION AND TRADE GATEWAYS AND CORRIDORS

Florida must maintain its commitment to invest in strategic transportation priorities, including efforts to:

- Protect the State Transportation Fund and prevent diversions from this fund for non-transportation purposes;
- Continue to implement legislative, regulatory, and policy changes to reflect best practices in the use of private/public partnerships for investing in transportation infrastructure; and
- Promote development of, or revisions to, Federal laws, policies, and programs that recognize Florida's role as gateway to the Americas and the role of airports and seaports as international borders. An immediate issue is the reauthorization of the Water Resources Development Act and the need to ensure that the full amount of funds collected by the Federal government from the Harbor Maintenance Tax is used to maintain Federal navigation channels. Also critical is the need to improve the efficiency of the U.S. Army Corps of Engineers' review of dredging projects. Over the

next few years, Florida should be at the table as the Congress reauthorizes the Federal highway, transit, rail, motor carrier, and air transportation programs.

ENCOURAGE STRATEGIC AND COMPATIBLE USES OF THE LAND AROUND SEAPORTS, AIRPORTS, SPACEPORTS, INTERMODAL LOGISTICS CENTERS, AND OTHER FREIGHT HUBS

The land closest to major freight hubs often is a priority location for distribution, manufacturing, and value-added services – but it also may be an attractive site for commercial and residential development, particularly along waterfronts. State and local plans, regulations, and certification programs should encourage the strategic and compatible use of these lands for economic development purposes and avoid encroachment of incompatible uses. Local governments that host major airports, seaports, and intermodal logistics centers should work with neighboring jurisdictions to develop expanded long-term master plans that consider how best to develop and enhance the trade hub, surrounding lands, and the regional transportation network. Local governments also might consider streamlining the site approval process for manufacturing and other freight related facilities, similar to recent changes in state law.

BUSINESS CLIMATE AND COMPETITIVENESS

International trade involves multiple business processes and multiple touch points with Federal, state, and local regulatory agencies. During the past few years, Florida has made progress in improving key aspects of its business climate related to trade, logistics, and manufacturing, including:

- Elimination of duplicative seaport security requirements between the state and the Federal government;
- Enactment of a three-year sales tax exemption for manufacturing equipment; and
- Development of an expedited manufacturing site approval process.

Despite this progress, the combination of the Federal budget sequester and reductions, and increasing flows of both trade and travelers is continuing to place pressure on the regulatory processes that support trade and logistics activity across the state. Some of the most complex barriers are at the Federal level. Key strategies include:

IMPROVE THE EFFICIENCY AND RESPONSIVENESS OF INSPECTION, CUSTOMER SUPPORT, AND "SOFT INFRASTRUCTURE" AT FLORIDA'S SEAPORTS, AIRPORTS, AND OTHER FREIGHT HUBS

Multiple steps are involved in moving international cargo or passengers through an airport or seaport, including customs clearance, immigration, security, and a variety of inspection and tests depending on the cargo involved. Major investments in deepening seaports or expanding airports can be undermined by excessive delays in these businesses processes, or by the lack of staff or facilities with capabilities to handle particular types of cargo.



Florida’s new statewide logistics portal (www.FreightMovesFlorida.com) shares information between state agencies, businesses seeking to relocate or expand in Florida, logistics providers and users, transportation providers, and facility operators. The portal was developed through a partnership between FDOT, Enterprise Florida, Workforce Florida, and the Florida Chamber of Commerce. The portal can be expanded over time to serve as a one-stop shop for businesses seeking information on international trade, logistics, and transportation.

*President of Workforce Florida, Inc. Chris Hart IV presents Florida’s trade web portal.
Image: Greater Miami Chamber of Commerce.*

For this reason, improving the state’s “soft infrastructure” at seaport and airports—inspection, certification, processing, and customer support functions—must become a critical priority.

Some steps are being taken to facilitate trade, including working with target industries and exploring private-public funding options for additional staffing. The U.S. Customs and Border Protection (CBP) recently launched the Centers of Excellence and Expertise program to create industry-specific single points of entry and processing. PortMiami has been designated the Center of Excellence for Agriculture and Prepared Products. Miami-Dade County is one of only five recipients in the country approved for the new CBP Reimbursable Services Program, which allows public-private partnerships with Miami International Airport and PortMiami to reimburse the CBP for increased service levels. PortMiami, the Greater Miami Chamber of Commerce, and a consortia of businesses are piloting a program to import perishable foods (beginning with Peruvian and Uruguayan grapes and blueberries) through Miami. Building on these initial steps, Florida should:

- Create sufficient in-state facilities for inspection, product testing, and other required processes to enable Florida to function as an import gateway for perishables and other targeted commodities;
- Continue to advocate at the national level for adequate staffing and funding for essential immigration, inspection, and border management functions of Federal agencies and for greater flexibility in the implementation of these functions; and
- Develop and monitor performance standards for trade-related business processes.

CREATE AN “OPEN FOR TRADE” INITIATIVE TO STREAMLINE STATE AND LOCAL REGULATORY PROCESSES THAT IMPACT EXPORT/IMPORT BUSINESSES

DEO should work with businesses involved in international trade and logistics to identify additional state regulations and processes that may need to be modernized to support continued growth in global trade. DEO also should explore opportunities to assist local government in harmonize permitting and other regulatory processes at a regional scale.

COLLABORATE WITH OTHER LARGE TRADING STATES TO SUPPORT FURTHER REFORMS TO FEDERAL TRADE, TRANSPORTATION, AND IMMIGRATION REGULATIONS

Because the most significant Federal regulatory issues are longstanding and not easy to solve, Florida should partner with other large trading states to promote reforms and advance solutions. Early priorities should be to:

- Support reforms to the Federal Export Control Act, the International Traffic in Arms Regulations (ITAR), and other policies to ease restrictions on technology exports; and
- Support visa initiatives that encourage more international business and visitor travel to Florida.

ENSURE ECONOMIC DEVELOPMENT AND BUSINESS ASSISTANCE PROGRAMS AND TOOLS FOR TRADE, LOGISTICS, MANUFACTURING, AND VALUE-ADDED SERVICES WITH OTHER SOUTHEAST STATES

The state should ensure that Florida's economic development and business assistance programs related to trade, logistics, manufacturing, and related value-added services are competitive with those of peer states. Enterprise Florida and DEO should regularly monitor programs offered in other states, particularly in the Southeast United States, and identify needed changes or enhancements to Florida's programs and services.

CIVIC AND GOVERNANCE SYSTEMS

Strong leadership and clear market opportunities have helped align Florida's state agencies around the vision of Florida as a global hub during the past few years. This statewide alignment and collaboration must be sustained for the long term. And because Florida is a state of multiple regions, it is equally important to sustain regional collaboration across decision-making processes and among multiple stakeholders, including the state's 115 economic development organizations, 67 counties, 26 metropolitan planning organizations, 24 workforce boards, 11 regional planning councils, and others.⁹⁴ Finally, Florida must strengthen its presence at the Federal level on critical trade policy issues. Key strategies include:

DEVELOP A FLORIDA TRADE & LOGISTICS INSTITUTE TO CONTINUE RESEARCH, EDUCATION, AND COLLABORATION IN SUPPORT OF FLORIDA'S GLOBAL VISION

This Institute could be affiliated with the Florida Chamber Foundation or another nonprofit organization committed to Florida's long term economic future. Key responsibilities of this Institute might include:

- Help coordinate implementation of the recommendations from this study;
- Design and implement a program to inform elected officials and other public, private, and civic leaders about the importance of trade, logistics, manufacturing, and value-added services to Florida's economy;
- Release a regular "Florida Trade & Logistics Report Card" to monitor Florida's progress toward its global vision;
- Conduct ongoing research studies and support improvements to the quality and timeliness of freight, trade, and global investment data; and

- Serve as a resource, advisor, and collaborator with the Executive Office of the Governor, DEO, Enterprise Florida, Workforce Florida, FDOT, and other public and private stakeholders as they consider policies, plans, and programs related to trade and logistics.

POSITION FLORIDA FOR A LEADERSHIP ROLE AT THE FEDERAL LEVEL

Florida's Congressional delegation should position for seats on, or leadership of, key committees with responsibility for legislation related to global trade and transportation. The Congressional delegation and Florida's state leaders should engage regularly in trade missions, trade negotiations, and other national trade initiatives. Florida is the fourth most populous state and the fourth largest exporting state, but representation of Florida delegates on key Congressional committees does not fully reflect the state's size or trade importance. Florida's current U.S. Senators both sit on the Senate Committee on Commerce, Science, and Transportation and one sits on the Committee on Foreign Relations. Of Florida's 27 U.S. Representatives, just five

sit on key trade, foreign affairs, and transportation committees. The Office of the U.S. Trade Representative also convenes advisory committees on trade negotiations and trade policies. Of the hundreds of public and private citizens on these committees, just three hail from Florida.⁹⁵

SUPPORT CONTINUED STATEWIDE LEADERSHIP IN SUPPORT OF FLORIDA'S GLOBAL VISION

A key priority should be the ongoing collaboration among Florida's state agencies and public/private partnerships to coordinate state policies and investments in support of Florida's global vision – building on and institutionalizing the partnership between DEO, Enterprise Florida, Workforce Florida, and FDOT. The economic development liaisons to DEO from more than 14 state-level agencies and organizations can be one mechanism for institutionalizing this collaboration. In addition, the Legislature should consider creating an International Trade and Logistics Caucus.

ENCOURAGE CONTINUED DEVELOPMENT OF REGIONAL FREIGHT PARTNERSHIPS AND PLANS

Regional freight plans involving multiple MPOs are underway in Northeast Florida, Central Florida, Tampa Bay, and Southeast Florida. FDOT and other state agencies should encourage completion and implementation of these plans and initiation of comparable efforts in other regions. Like the statewide *Freight Mobility and Trade Plan*, these regional initiatives should produce integrated plans addressing export development and other aspects of economic development, transportation, land use, workforce, and other investments necessary to maximize the global market opportunities for each region of the state. In addition, FDOT should encourage all MPOs (individually or in groups) to create freight advisory committees with private sector stakeholders, as recommended in Federal law, to more effectively engage freight related businesses in regional and metropolitan transportation decision-making.



Port of Tampa
Image: Robert Neff.

Saddle Creek, a nationwide third-party logistics company based in Lakeland, Florida, is actively moving to transition its diesel fleet to new state-of-the-art trucks powered by CNG. Saddle Creek has opened a \$2.2 million CNG fueling facility and currently operates 110 CNG powered Freightliners on Florida's highways. The fleet has logged over 12 million CNG miles. The company is planning to add another 100 trucks by 2014. The operation is a first for Florida's for-hire truck fleets and continues to expand in Florida and the Southeast.



Image: Saddle Creek Logistics.

QUALITY OF LIFE AND QUALITY PLACES

Florida's quality of life is a key driver of its economic success in both global and domestic markets. The state's cities, beaches, parks, and attractions help draw international visitors, who can be the beginning of long-term business relationships. Global investment and talent increasingly locate in globally oriented cities with a diverse population and workforce; convenient international air service; and unique arts, cultural, and recreational resources. At the same time, much of the manufacturing and distribution activities that support global supply chains must be located in areas well designed for industrial development, with compatible land uses and excellent transportation access. Careful location of major investments and promotion of Florida's unique resources are an important foundation of Florida's global vision. Key strategies include:

LOCATE FREIGHT, MANUFACTURING, AND RELATED INVESTMENTS IN WELL PLANNED SITES

Freight related infrastructure and industrial sites should be located where they support regional and community goals. These sites also should be located where they can minimize negative impacts on communities (such as noise), the natural environment (such as air quality), and transportation systems (such as heavy truck traffic on commuter routes). This will require more efforts to bring freight considerations to the table when developing community and regional visions, comprehensive plans, and long range master plans. It also will require more collaboration across communities at a regional or corridor scale, so the impact of a freight or manufacturing site in one community can be understood and addressed further down the logistics chain.

CONTINUE TO DIVERSIFY THE ENERGY SOURCES FUELING THE STATE'S FREIGHT SYSTEM

Freight is a major consumer of energy. To help reduce emissions that impact the state's air quality and to reduce dependence on foreign oil, Florida's freight carriers and terminal operators should consider alternative energy sources. The 2013 Legislature implemented a five-year exemption from motor fuel taxes for commercial fleets that use natural gas fuels such as compressed natural gas (CNG), liquefied natural gas (LNG), and propane, as well as a rebate (capped at \$6 million statewide annually over a five-year period) to offset the cost of fleet conversions to use natural gas fuels. The state should continue to explore alternative energy sources for freight movement and identify tools to encourage freight related businesses to diversify their sources.

HELP FLORIDA'S REGIONS TO ATTRACT GLOBAL VISITORS AND TALENT

Florida's regions – both major cities and rural areas – must appeal to global visitors and talent if they are to attract global investment. This includes a compelling identity, an appealing quality of life, a culture of innovation, and global connectivity. Florida's regions should benchmark against other globally integrated regions worldwide and identify their own competitive assets and potential weaknesses.

CONCLUSION

Three years ago, the Florida Chamber Foundation and other partners issued a call to action for Florida to become a global hub for trade, logistics, and export-oriented manufacturing.

After three years of initial progress but continued competitive challenges, it is time to renew this call and to set Florida's target even higher – not to merely compete but to excel in the global market place.

Florida can do so by focusing the three strategic opportunities identified in this report:

- **Move more goods**, by maximizing trade flows through Florida's sea and air gateways;
- **Make, grow, and refine more products for export from Florida**, by expanding exports of Florida-origin manufactured goods, agricultural products, and other natural resources; and
- **Multiply the impacts of global trade in Florida**, by providing value-added services to trading businesses in Florida and trading partners around the world and by growing Florida's role as a global hub for visitors, investment, and talent.

Even more so, Florida can excel in the global market place by changing its position – moving from the end of the line and being one of many exporting states to become one of the handful of states that truly drive U.S. trade with the rest of the world. This shift would refashion Florida's global image and fundamentally transform Florida's economy, creating thousands of high paying jobs in trade, logistics, export-oriented manufacturing, and related services.

Building on the successes of the past few years, the Governor, Legislature, and other statewide leaders should implement the comprehensive goals and strategies defined in this report.

Critical Near Term Actions

- Continue the strong leadership role of the Governor and the historic alignment of Florida's public and private leaders and organizations around Florida's global vision.
- Continue the recent strategic emphasis on trade and logistics by state agencies, including its identification as a statewide targeted industry and the higher priority for trade-related investments.
- Integrate, expand, and provide sustained funding for programs with proven impact or positive initial results including Enterprise Florida's trade missions and export promotion activities; Workforce Florida's Quick Response Training programs; and FDOT's Strategic Intermodal System and related modal investment programs.
- Make strategic investments to ensure Florida is "best in class" in all aspects of global trade and investment: position Florida as the leading location for trade and logistics education and training in the Americas; provide marketing assistance and investments to expand the number of direct global connections to Florida; and implement a comprehensive program to expand, retain, and attract Florida-based manufacturing.
- Ensure an ongoing, strategic presence for Florida at the national level to help shape Federal decisions on trade agreements, regulations, business processes, and investments.
- Enhance regional partnerships to advance economic development, workforce, transportation, and land use decisions that maximize the global opportunities for each region of Florida.
- Develop a Florida Trade & Logistics Institute to continue research, education, and collaboration in support of Florida's global vision.

SUMMARY OF STRATEGIES

| | |
|---|--|
| Talent Supply and Education | <p>Position Florida as the leading location for trade and logistics-related education and training for the Americas.</p> <p>Build a “talent supply chain” for trade, logistics, and manufacturing workers.</p> <p>Strengthen and expand demand-driven training and professional development programs to meet employer needs in trade, logistics, and manufacturing industries.</p> <p>Encourage Florida’s residents to think globally.</p> |
| Innovation and Economic Development | <p>Support continued state leadership in recruiting, retaining, and encouraging expansion of trade, logistics, manufacturing, and related value-added services in Florida.</p> <p>Encourage continued development and Congressional approval of free and preferential trade agreements between the United States and major trading partners.</p> <p>Develop and implement a “Florida First” initiative to encourage more direct global connections to Florida’s airports and seaports.</p> <p>Focus on marketing and business development activities to expand cargo through Florida’s seaport and airports.</p> <p>Develop and implement a comprehensive initiative to expand, retain, and attract Florida-based manufacturing.</p> <p>Expand and provide sustained support for Enterprise Florida’s export promotion and trade assistance programs.</p> <p>Attract greater foreign direct investment to Florida, particularly in manufacturing and statewide target industry clusters.</p> <p>Conduct a competitive assessment of existing Florida-based value-added services that support external markets or trade-related activity in Florida.</p> <p>Consider creating an inland Florida logistics and manufacturing corridor partnership.</p> |
| Infrastructure and Growth Leadership | <p>Continue to support greater emphasis on trade and logistics in setting priorities for state transportation investments.</p> <p>Continue emphasis on strategic investments in Florida’s freight transportation system.</p> <p>Invest in research, development, and technology to improve the global competitiveness of Florida’s transportation and trade gateways and corridors.</p> <p>Continue Florida’s Future Corridors initiative to plan for enhanced or new long-distance trade corridors.</p> <p>Maintain commitment to sustained public and private investment in Florida’s transportation and trade gateways and corridors.</p> <p>Encourage strategic and compatible uses of the land around seaports, airports, spaceports, intermodal logistics centers, and other freight hubs.</p> |
| Business Climate and Competitiveness | <p>Improve the efficiency and responsiveness of inspection, customer support, and “soft infrastructure” at Florida’s seaports, airports, and other freight hubs.</p> <p>Create an “open for trade” initiative to streamline state and local regulatory processes that impact export/import businesses.</p> <p>Collaborate with other large trading states to support further reforms to Federal trade, transportation, and immigration regulations.</p> <p>Ensure economic development and business assistance programs and tools for trade, logistics, manufacturing, and value-added services are competitive with other Southeast states.</p> |
| Civic and Governance Systems | <p>Develop a Florida Trade & Logistics Institute to continue research, education, and collaboration in support of Florida’s global vision.</p> <p>Position Florida for a leadership role at the Federal level.</p> <p>Support continued statewide leadership in support of Florida’s global vision.</p> <p>Encourage continued development of regional freight partnerships and plans.</p> |
| Quality of Life and Quality Places | <p>Locate freight, manufacturing, and related investments in well planned sites.</p> <p>Continue to diversify the energy sources fueling the state’s freight system.</p> <p>Help Florida’s regions to attract global visitors and talent.</p> |

TECHNICAL NOTES & KEY TERMS

Beneficial cargo owner (BCO) – Refers to the importer of record, who physically takes possession of cargo at destination and does not act as a third party in the movement of such goods.

Common carrier – A company that transports goods or people for any person or company and that is responsible for goods during transport. Carriers include ocean, air, trucking, passenger, pipeline, and in the U.S. - telecommunications.

Discretionary cargo – Cargo handled by a gateway or hub in a geographic location other than the point of origin or destination of that cargo shipment.

Distribution center – A warehouse or other specialized building that serves as a processing hub for products to be re-distributed to retailers or to wholesalers or directly to consumers. A distribution center can also be called a refrigerated warehouse, a fulfillment center, a cross-dock facility, a bulk break center, and a package handling center. An international distribution specializes in services customized for international shipments and often have a greater market reach than regional distribution centers.

First port of call – The first seaport where a ship discharges cargo or receives traffic.

Florida origin exports – Products exported from Florida which were manufactured, grown, refined, or produced by companies within the state. Data on state exports is compiled based on the state where the export journey begins. In some cases, this is not necessarily the location of production, particularly for agricultural goods or non-manufacturing companies. Wholesalers, for example, frequently sell products from Florida but obtain the merchandise from unaffiliated out-of-state manufacturers. Large multi-unit companies often disperse essential business functions (production, sales, shipment, processing, etc.) among several states. Many Florida companies also produce final value-added modifications or conversions on primary products such as transportation equipment or machinery that were produced in another state.

Foreign / free trade zone – An area designated for duty-free entry of any non-prohibited goods. Merchandise may be modified, packaged, or used for manufacturing within the zone and re-exported. Duties are imposed only when the original goods pass from the zone into an area of the country subject to customs authority.

Gateway – A point through which freight commonly moves from one territory or carrier to another.

Hub – A place where cargo is exchanged between vehicles or between transport modes, as well as moves through value-added activities (logistics, manufacturing, assembly). Freight hubs include classification yards, seaports, truck terminals, warehouses, or plants

Industry cluster – A geographic concentration of interconnected businesses, customers, suppliers, and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally.

Intermodal connector – The leg of passenger and freight trips connecting nodes to corridors and different modes within the same corridor. Connectors can be highways, rail lines, transit lines, or waterways.

Intermodal logistics center (ILC) – An ILC provides for the transfer of freight between vehicles or vessels and also provides value-added logistics services such as consolidation/deconsolidation,

warehousing, assembly, customization, finishing, packaging, cold storage, or fumigation.

Intermodal terminal – A railroad facility designed for the loading and unloading of containers and trailers to and from flat cars for movement on the railroad and subsequent movement on the street or highway.

Logistics – Logistics is the part of the supply chain process which plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption to meet customer's requirements.

Merchandise exports/imports – Data on exports or imports that depart or arrive at a Florida seaport or airport is referred to as “merchandise” or “direct”. The value of exports is attributed to the port, regardless of where goods may have actually been produced or the shipment originated.

Near-sourcing/re-shoring – Terms used to describe recent business decisions to relocate production close to where end products are sold. This is the opposite of the longer term trend of outsourcing manufacturing operations to countries with lower labor costs. Relocation of production may either be in the same country as the final consumer or in nearby countries.

Panamax/Post-Panamax – Terms are used to differentiate between vessels able to meet existing Panama Canal draft and width restrictions, and those not able to meet these restrictions.

State of destination imports – Data compiled by the U.S. Census Bureau that indicates the state of final destination of imports, regardless of the state where they entered the country. State of destination may sometimes reflect an intermediary, storage or distribution point. From there, these shipments may later be distributed to another location in another state as the ultimate destination. For example, a consolidated shipment of many automobiles may be shipped by the importing company to a distribution point in one state with the intent of later shipping the automobiles to numerous states for final sale.

Strategic Intermodal System (SIS) – A Florida DOT designation indicating that the transportation system is comprised of facilities and services of statewide and interregional significance, including appropriate components of all modes.

Supply chain – A logistical management system which integrates the sequence of activities from delivery of raw materials to the manufacturer through to delivery of the finished product to the customer into measurable components. “Just in time” is a typical value-added example of supply chain management.

Statewide targeted industry – Enterprise Florida, Inc. identifies types of businesses and industries which are targeted for development in Florida; these targeted industries qualify for a defined set of incentives not available to other businesses.

Twenty-foot Equivalent unit (TEU) – A standard unit for counting containers of various lengths and for describing container ship or terminal capacity. A standard 40 foot container equals 2 TEUs.

Transshipment – The transfer of a shipment, usually to change the mode of transportation (from ship to truck), to change the size of a load (e.g. from large vessel to smaller ships), or to consolidate, package, or label shipments. This usually takes place in hubs or free trade zones.

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NOTES

Cover Images

Clockwise: Global Access Map, European Commission; Mark Wilson and Governor Rick Scott, JAXPORT; Jacksonville Marine Terminal, JAXPORT; Miami International Airport, Stuart Seeger; CSX and FEC, Tolga Erhora (brickbuid711); Container truck, FDOT; Liberty Rocket, Space Florida.



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