The Panama Canal Expansion and Southern Ports

By

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Introduction:

The more than 360 commercial sea and river ports dotted across every state remain a critical cog in the vast and complex transportation machinery encompassing our nation. Not only do these ports effectively connect the individual states, they are a crucial link between the United States and the rest of the world. In this era of increasing globalization, the decisive roles played by ports as the gateways to both domestic and international trade cannot be overemphasized.

The role of exports in spurring economic growth in every state has been a striking feature for some decades, and exports currently account for 13 percent of U.S. gross domestic product (GDP) and added nearly 1.5 percent to GDP growth in 2009. The U.S. economy has gone through five-year spurts during which exports have almost doubled, most recently from 2002 to 2007, when a depreciated dollar gave American products and services a competitive edge. President Barack Obama has made export-led growth a key plank in his overall strategy to boost economic growth in the aftermath of the Great Recession and, during the 2009 State of the Union, announced that his administration will seek to double U.S. exports over the next five years.

The president followed up on this announcement with a number of specific measures in early March 2010, including $2 billion in new export financing through the Export-Import Bank, the financial entity that helps U.S. companies finance overseas sales.

This SLC Special Series Report reviews how this renewed focus on export growth and increased international trade dovetails with the ongoing expansion of the Panama Canal. Vessels loaded with cargo traveling through the Panama Canal remain a critical component in overall U.S. trade and, consequently, the ongoing expansion of the Canal will impact, albeit disproportionately, the various U.S. ports from the West Coast to the East Coast to the Gulf Coast. Given these divergent impacts, the particular effects on the SLC ports remain of great interest to policymakers, port officials, corporate/industry executives and interested others in the region.

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