Gulf of Mexico Strategic Issues

• Gulf of Mexico border region is critical to:
  • North American “homeland” security
    – 7/12 busiest US ports, critical infrastructure, inherent natural disaster risks
  • Energy security
    – Almost 60% of US energy imports enter via the Gulf “energy backbone”
  • Economic security
    – 6th largest economy in the world
    – NAFTA trade is $350 billion and counting...
  • Workforce security
    – Rebuilding, immigration, jobs are key Legislative priorities
  • Food security
    – Imported food supply, public health issues
  • Environmental security
    – Energy, fisheries, agriculture, tourism & trade, coastal ecosystems
Regional Trade Tonnage Flows, 2003
Among Gulf of Mexico Trade Regions*

* First approximation estimate, subject to revision.
Port & Border Security: 9/11 Was Key Driver

- Changes in emphasis
  - Pre-9/11 - Illegal immigration and drugs
  - Post-9/11 - Reduce vulnerability to terrorist attacks

- Significant impacts on
  - Major Gulf seaports (above 4,749,679 tons/year)
    - 16 key FL, AL, MS, LA, TX ports
    - 4 key Mexican ports
  - Land Border Crossings in Texas
    - 23 vehicle crossings - 4 major highway crossings
    - 6 rail crossings, one of which is major

Numbers are taken from the figures in the Executive Summary of the Initial Findings Report of October 12, 2005.
Gulf of Mexico Region
Transportation Infrastructure
Ports
Container Volumes (TEUs), Year 2003/4

[Map showing various regions and TEUs categories: 0 - 26,302, 26,303 - 67,784, 67,785 - 256,417, 256,418 - 692,422, 692,423 - 1,521,206]

- West-Central Texas
- North Texas
- Northern Mississippi
- Northern Alabama
- Northwest Gulf
- Northeast Gulf
- Central Florida
- South Florida
- West Gulf
- Central Mexico
- Yucatan
- South Gulf

Waterways & Major Rivers
Trade Blocs

[Scale: 0 125 250 500 Miles]
Regulatory Policy
Security and Reliability

Key trends
- Post 9/11 emphasis on security;
- More frequent cargo inspections and increasing reliance on pre-clearance of known shippers and
- Closer scrutiny of chains of custody
- Multiple programs and many partners; concerns about impact on freight mobility

Example programs
- Operation Safe Commerce
- Free and Secure Trade (FAST)
- Florida Ports Uniform Identification Card
- C-TPAT, CSI ...

Issue
- How to create a trade zone in the Gulf region that accommodates safe, secure, flexible, reliable, and cost-effective movement of people and goods
Gulf Region Security Focus

- **Maritime Security**
  - Gulf of Mexico port cargo and freight operations
  - Cruise ships
  - Inter-Coastal Waterway

  Cargo security affects virtually every working port including those on inter-coastal waterways. Cruise ship security issues cluster in fewer ports.

- **Border Security**
  - Bi-national cargo by truck
  - Bi-national cargo by rail
  - Frequent traveler crossings

  Cargo security related to trucking receives more attention than rail, reflecting both the disparity in cargo volumes and views that security risks are greater for trucking.
## Overview of National/International Maritime Security Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Sponsor</th>
<th>Date</th>
<th>Affects</th>
<th>Significance</th>
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</thead>
<tbody>
<tr>
<td>ISPS Code¹</td>
<td>IMO</td>
<td>2004</td>
<td>Ocean carriers and ports</td>
<td>Ship &amp; port facility security plans</td>
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<td>MTSA²</td>
<td>USCG</td>
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<td>CSI³</td>
<td>CBP</td>
<td>2003</td>
<td>Shipments via major foreign ports</td>
<td>Pre-screening of shipments at origin port</td>
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<td>C-TPAT⁴</td>
<td>CBP</td>
<td>2002</td>
<td>Importers and carriers</td>
<td>Supply chain security programs</td>
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<tr>
<td>IAPSC⁵</td>
<td>OAS</td>
<td>2004</td>
<td>Ports</td>
<td>Additional security layer</td>
</tr>
</tbody>
</table>

1. International Ship and Port Facility Security Code
3. Container Security Initiative
4. Customs-Trade Partnership Against Terrorism
5. Inter-American Port Security Cooperation
### Overview of State & Local Security Programs

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<tr>
<td>GSMTC(^1)</td>
<td>Gulf port authorities</td>
<td>2005</td>
<td>Ports and shippers</td>
<td>Security fee surcharge</td>
</tr>
<tr>
<td>TPMSS(^2)</td>
<td>Colima, Mexico</td>
<td>2003</td>
<td>Asia/Pacific shippers</td>
<td>Multi check points</td>
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<tr>
<td>Florida Uniform Port Driver ID</td>
<td>State of Florida</td>
<td>2001</td>
<td>Truckers</td>
<td>Reduced risk of confusion</td>
</tr>
<tr>
<td>Port of New Orleans Appointment System</td>
<td>Napoleon Avenue Terminal Managers</td>
<td>2004</td>
<td>Truckers, draymen, shippers and terminal operators</td>
<td>Reduced delays and congestion</td>
</tr>
</tbody>
</table>

1. Gulf States Marine Terminal Conference  
2. Trans-Pacific Multimodal Security
Sample Florida Port Security Costs

- **Tampa:**
  - FY01 $200K
  - FY02 $2.98M
  - FY05 $4.77M
  - Additional security measures FY01-05 $23.86M
  - Federal/state grants FY01-05 $17.68M

- **Pensacola:**
  - FY01 $110K
  - FY02 $470K
  - FY05 $950K
  - Additional security measures FY01-05 $200K
  - Federal/state grants FY01-05 $0

Source: First Southwest Company study for Florida Ports Financing Commission
November 30, 2005
Gulf of Mexico Trade Corridor: Opportunities & Inherent Disaster Risks...

“Over 60 million inhabitants of the Gulf of Mexico border region drive $6 trillion in trade while amassing $2 trillion in gross state product, positioning the Gulf as the sixth largest economy in the world.”

Gary L. Springer, President, Gulf of Mexico States Partnership, Inc., "Initial Findings Report", Gulf of Mexico Trade Corridor Transportation Study, October 12, 2005

http://www.gulfofmexicostatespartnership.com
Phase I Study - Scope and Process

- Initial Findings Report (Fall 2005)
  - The Gulf of Mexico region “from 80,000 feet”
  - www.gulfofmexicostatespartnership.com

- Trade Corridor Transportation Study Report (Summer 2006)
  - Detailed assessment of economic development, trade, transportation, communications, security, energy, environmental quality and risk
  - Strengths, weaknesses, opportunities, threats
  - Key recommendations and strategies

- Gulf Region Trade Corridor Transportation Master Plan, Security Assessment and Environmental Review (2007-2008)
  - Policies, programs, projects and costs
  - Implementation documents
Study Initial Findings

- The Gulf border region is the sixth largest economy in the world.
- The Gulf border region is vital to the North American economy.
- Long term planning and restoration of the economy and reconstruction of critical infrastructure are essential to the US and North American economy.
Study Initial Findings

- Previews a comprehensive, regional and strategic approach to:
  - Bringing the Gulf economic powerhouse back on line
  - Rethinking and rebuilding economic infrastructure taking into account inherent disaster risks in the Gulf, and
  - Ensuring that jobs and livelihoods are regained and expanded.
  - Making gains within the sixth largest economy in the world will help Mexico to become more competitive in the global economy.
  - Defining the importance of the ongoing regional collaborative work of the Gulf of Mexico States Accord (GOMSA) and the Partnership at the regional and Federal levels in both countries on matters pertaining to:
    - Trade and transportation infrastructure
    - Critical infrastructure and port security
  - Environmental stewardship
Business, advocacy & research partner to GOMSA

Initiatives

- Gulf of Mexico Trade Corridor Transportation Study
  - Commissioned the Study, the first bi-national look at the Gulf border region in Mexico and the US, with Federal, private funding.

- Gulf of Mexico Congressional Caucus Advisory Committee
  - Supports the Caucus in its mission of education, consensus-building and creation of new regional initiatives in the areas of transportation, homeland security, environment, economic development, education, and international trade in the border states of the Gulf of Mexico basin.

- Gulf of Mexico States Accord General Secretariat
  - 11 US & Mexican “border states” on the Gulf of Mexico
  - Formed by the Governors in 1995