

Joint Transportation Committee Washington State Legislature September 11, 2013

Commissioner Bill Bryant, Port of Seattle
Commissioner Dick Marzano, Port of Tacoma
Commissioner Troy McClelland, Port of Everett

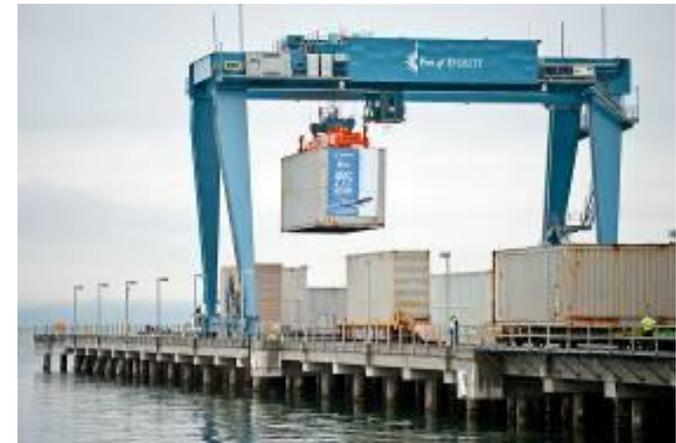


Why ports matter:

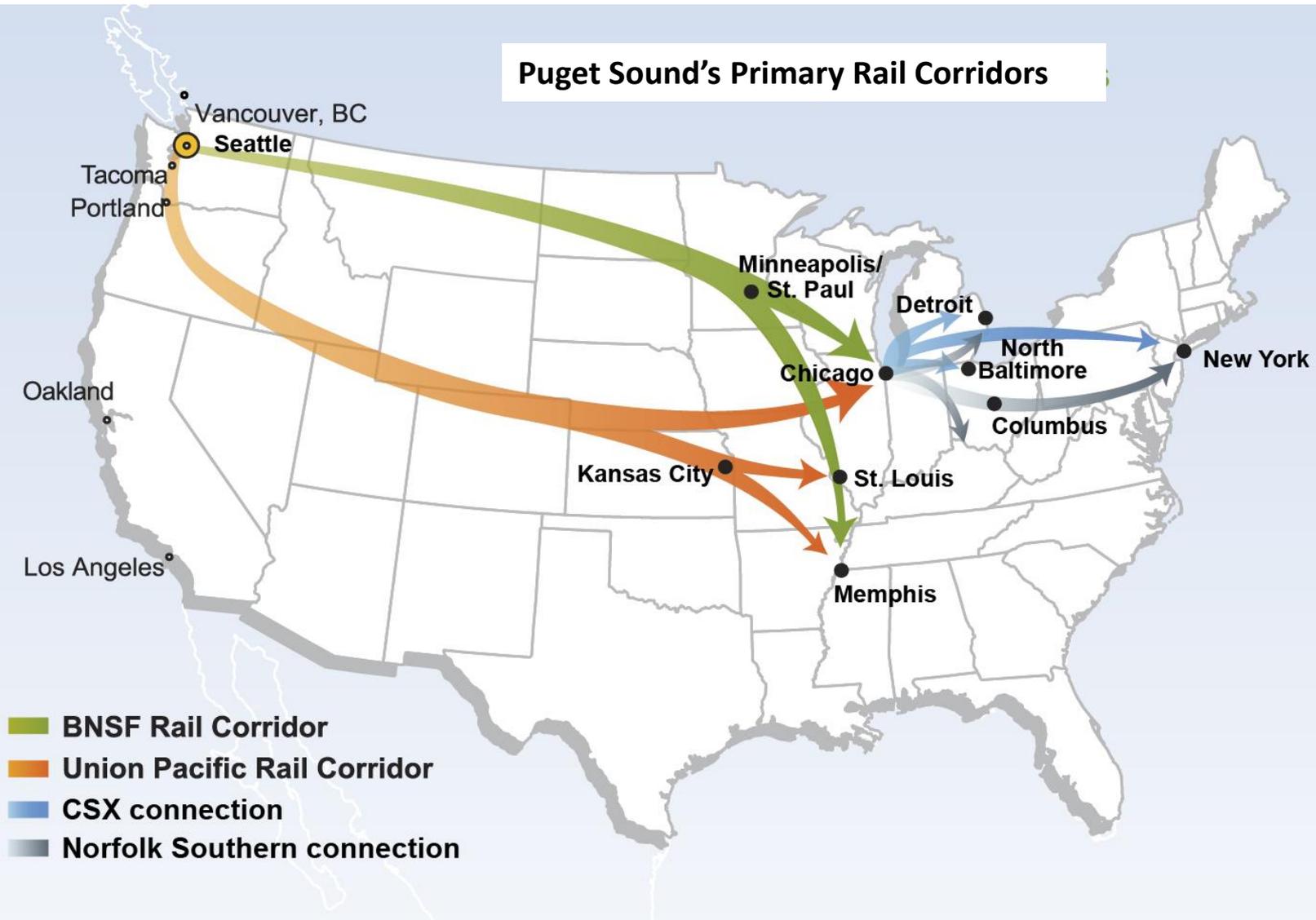
Economic Impact to the Region



	Jobs	Personal Income
Direct	43,816	\$3.0 Billion
Induced/Re-spend	45,486	\$5.1 Billion
Indirect	14,102	\$3.3 Million
Total	103,404	\$15.4 Billion



Mainline Rail Connections



What makes us competitive?

Transload Facilities for Cargo



4th largest distribution center network in the United States; 2nd largest on the West Coast

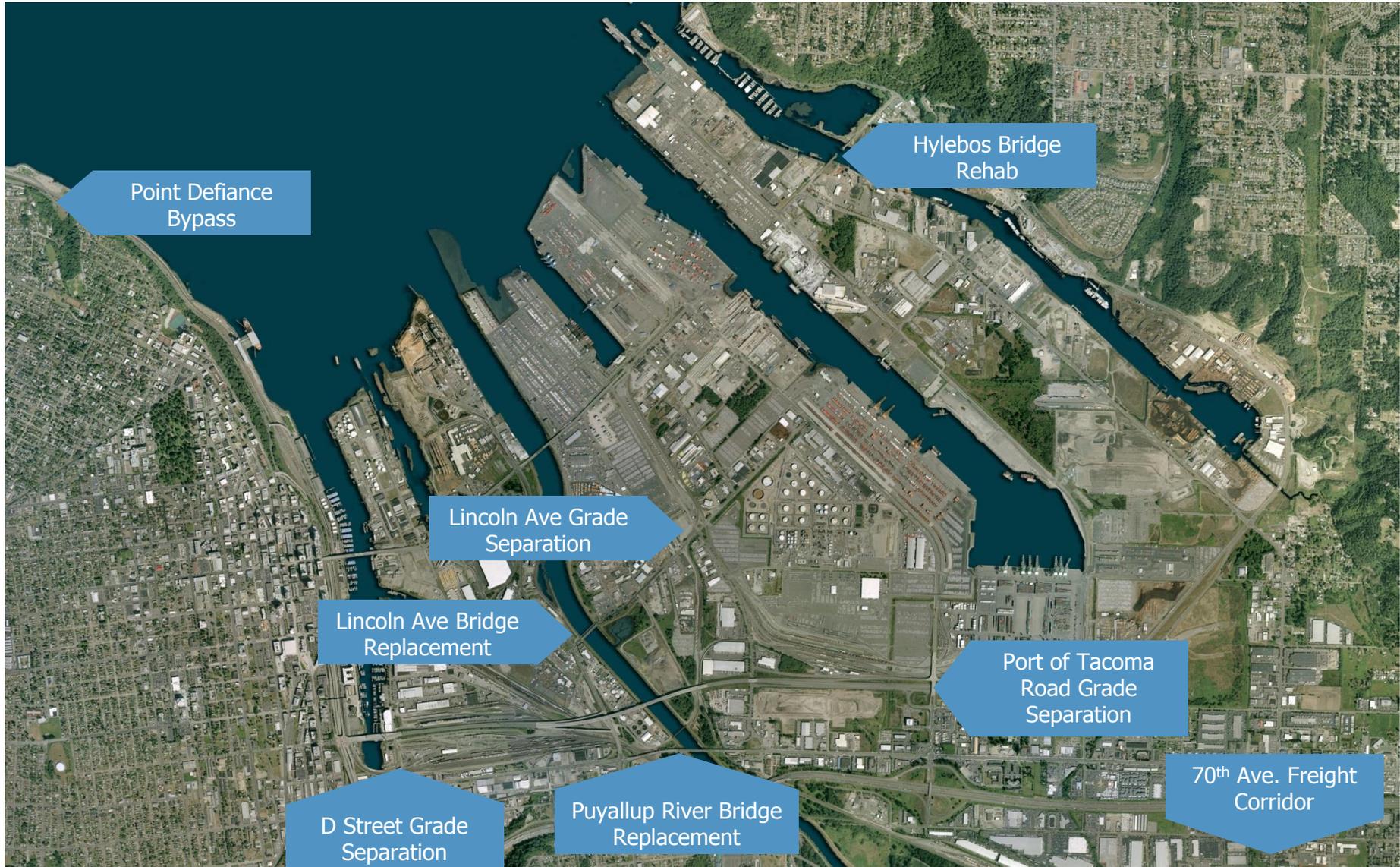
240+ million sf within 35 miles of Tacoma, Seattle, and Everett

Fast truck turns

What makes us competitive?



Investments in Regional Transportation



What Makes Us Competitive?



Investments in Regional Transportation



What makes us competitive?

Pacific NW Agriculture Exports

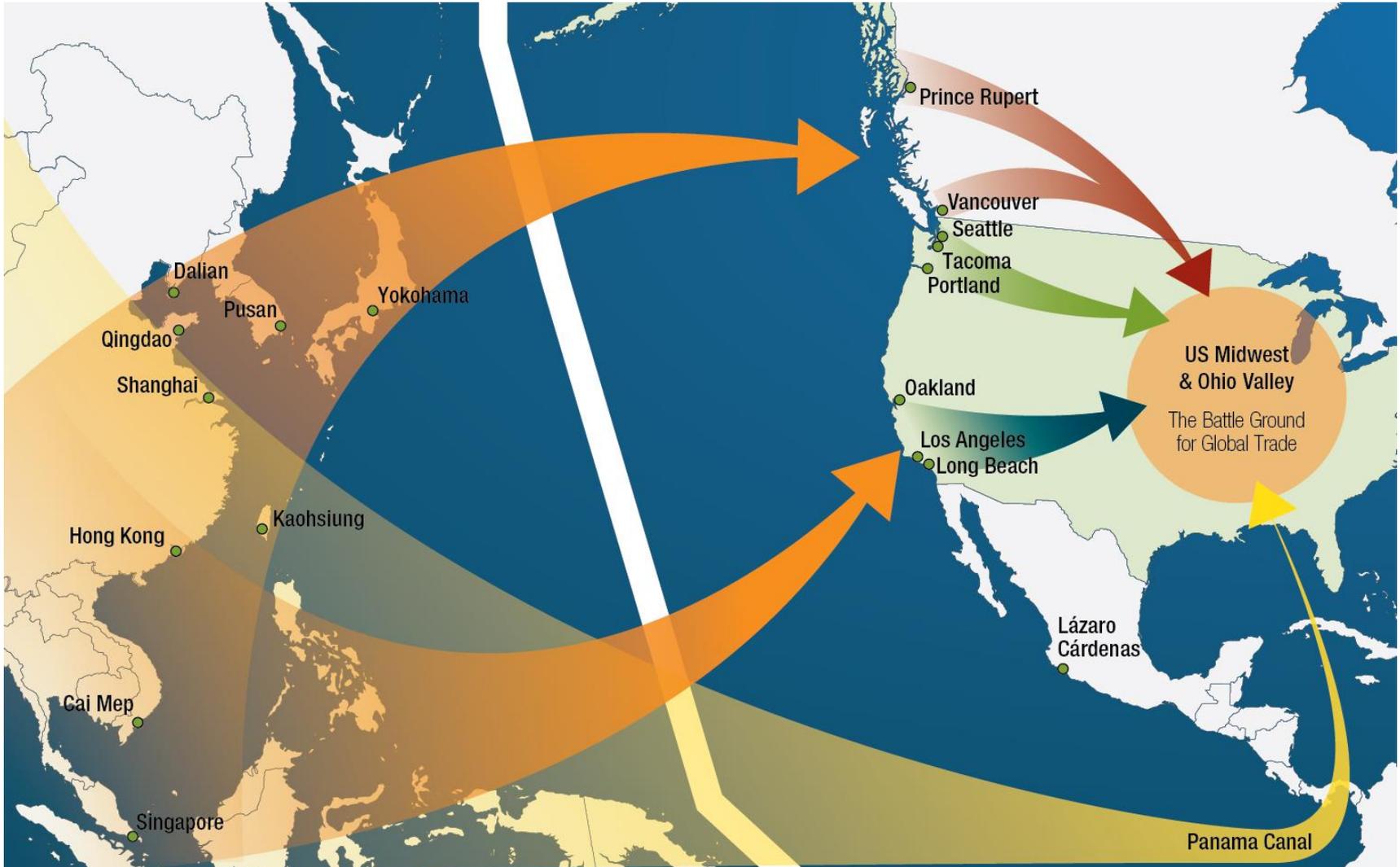


Top 5 Agriculture Export Destinations

1. Japan
2. Canada
3. China
4. Taiwan
5. Philippines

Competitive challenges:

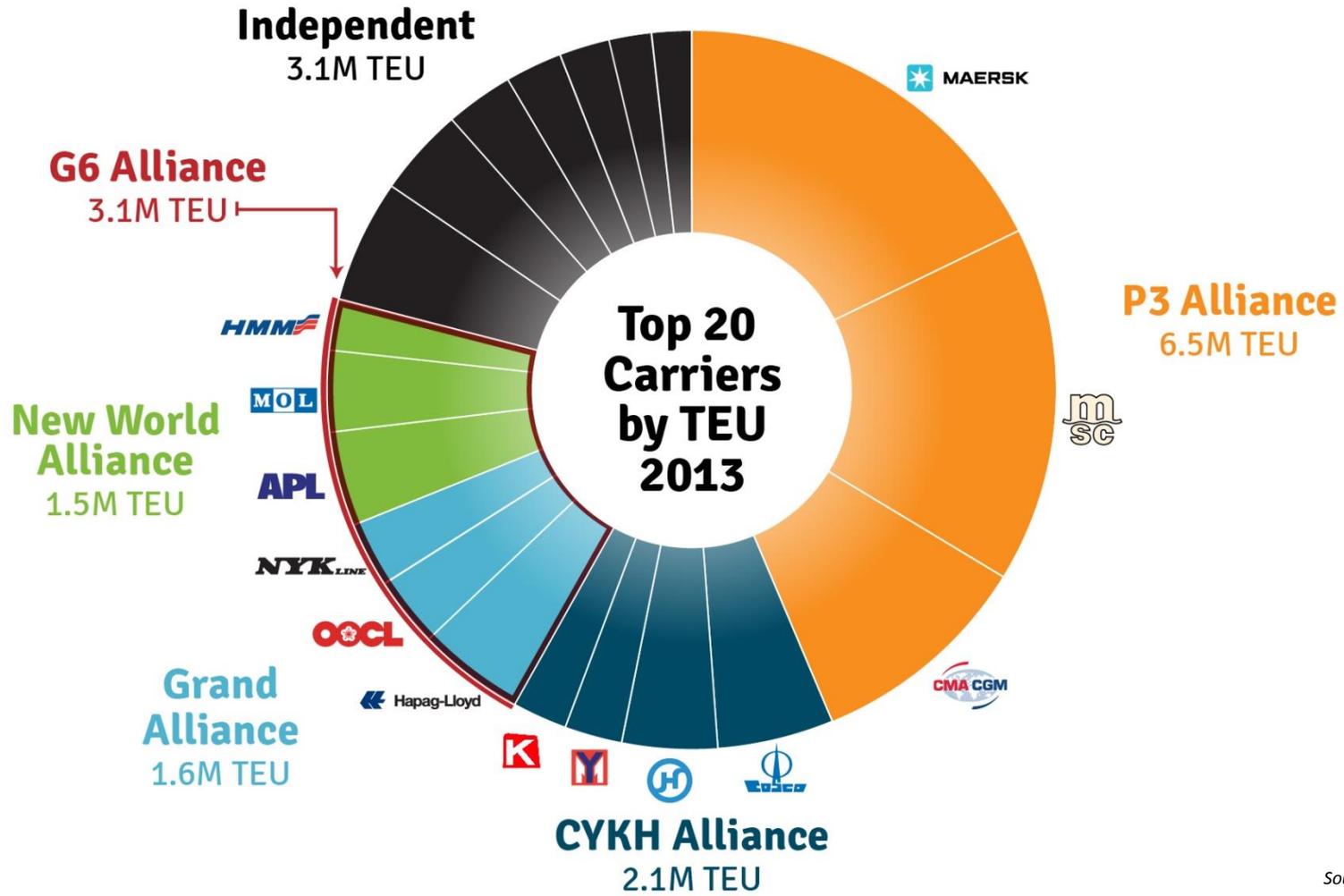
Battle Ground for Washington's Jobs



Competitive challenges: Increasing Ship Sizes



Industry Consolidation



Source: Alphaliner

Competing Incentives



State Tax Incentives		
Georgia	Virginia	South Carolina
Job Tax Credit up to \$3500 per job	Barge & Rail Usage Tax Credit \$25/TEU	Port Usage Tax Credit up to \$8M
Investment Tax Credit for Manufacturing	International Trade Facility Tax Credit \$3000 for every employee or 2% of an capital investment that increases port volume	W&D tax credit up to \$1M
Inventory Tax Exemption When Shipped out of State	Virginia Manufacturer's Port Volume Tax Credit \$50/TEU	Investment tax credit for manufacturing 2.5%
Investment Tax Credit for Manufacturing		
Port Tax Credit gives bonus on top of Jobs & Investment credits of \$1250/job and 5% of investment		

Infrastructure Investment at Competitor Ports



Roberts Bank Corridor Initiative Grade Separation Projects, BC

Fairview Terminal, Prince Rupert, BC

What makes us competitive?



Investments in Regional Transportation

Port of Seattle Investments

EMW:	\$18.8m
SR519:	12.5m
Spokane St:	5.0m
Duwamish ITS:	500k
Other FAST:	3.5m
South Park Bridge:	5.0m
AWVRP:	300m
Port Total:	\$345.3m

Regional Partner Investments*

Non-Viaduct Related:	\$788m
Viaduct-related:	\$4.3b
Total:	\$4.9b

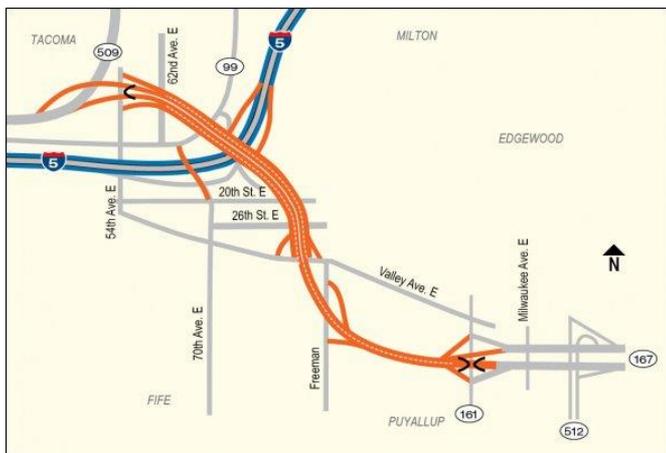
*Includes federal, state, King County, City of Seattle, and BNSF and other private entities.



How policy makers can help: Infrastructure Investments



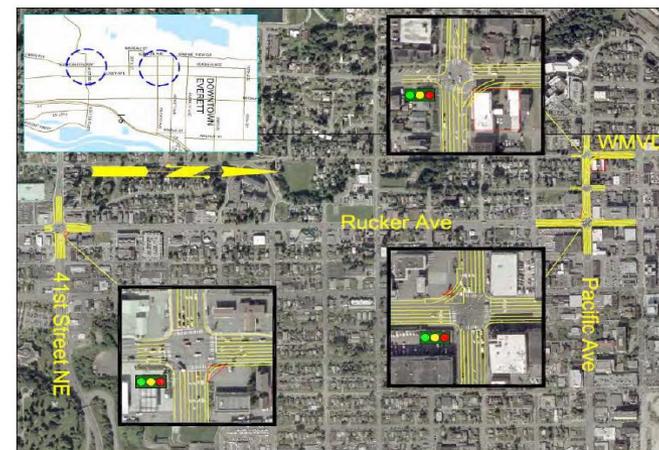
SR-167 Completion



SR-509 Completion



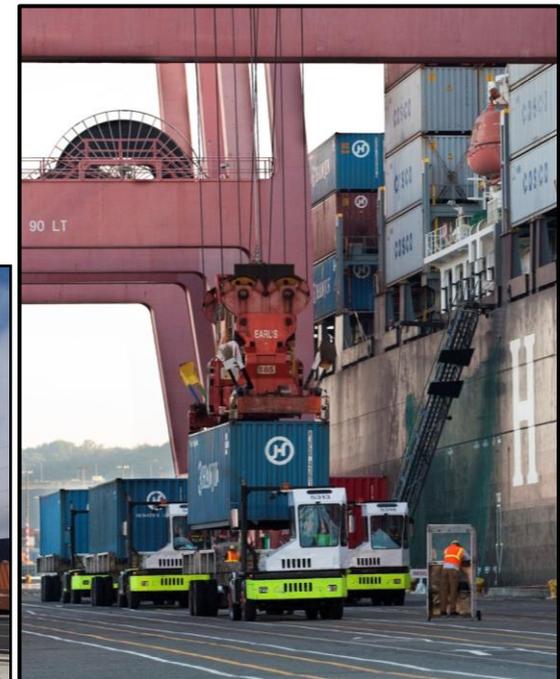
Everett's 41st St. Corridor



How policy makers can help:

Policies to Ensure Competitiveness

- Competitive tax policy
- Reasonable regulatory environment
- Compatible land uses
- Strategic investment





Workable SODO

Safety First, Safety Now

**Joint Transportation Committee
Washington State Legislature
September 11, 2013**

Moving Forward

- **WSDOT Freight Plan**
- **MAP-21**
- **City & Port Freight Project**
- **Century 21 Agenda**

The Asset

- Deepwater Harbor
- Rail
- Proximity
- Growth in Exports & Freight Volumes



Pacific Woodtech – Burlington, WA



Maritime Hub



**“It’s a great place
for us to be”**

- Alaska Fishing Boats,
Tugs & Barges
- Coast Guard & Navy
- Marine Cargo
- Ferry Fleet



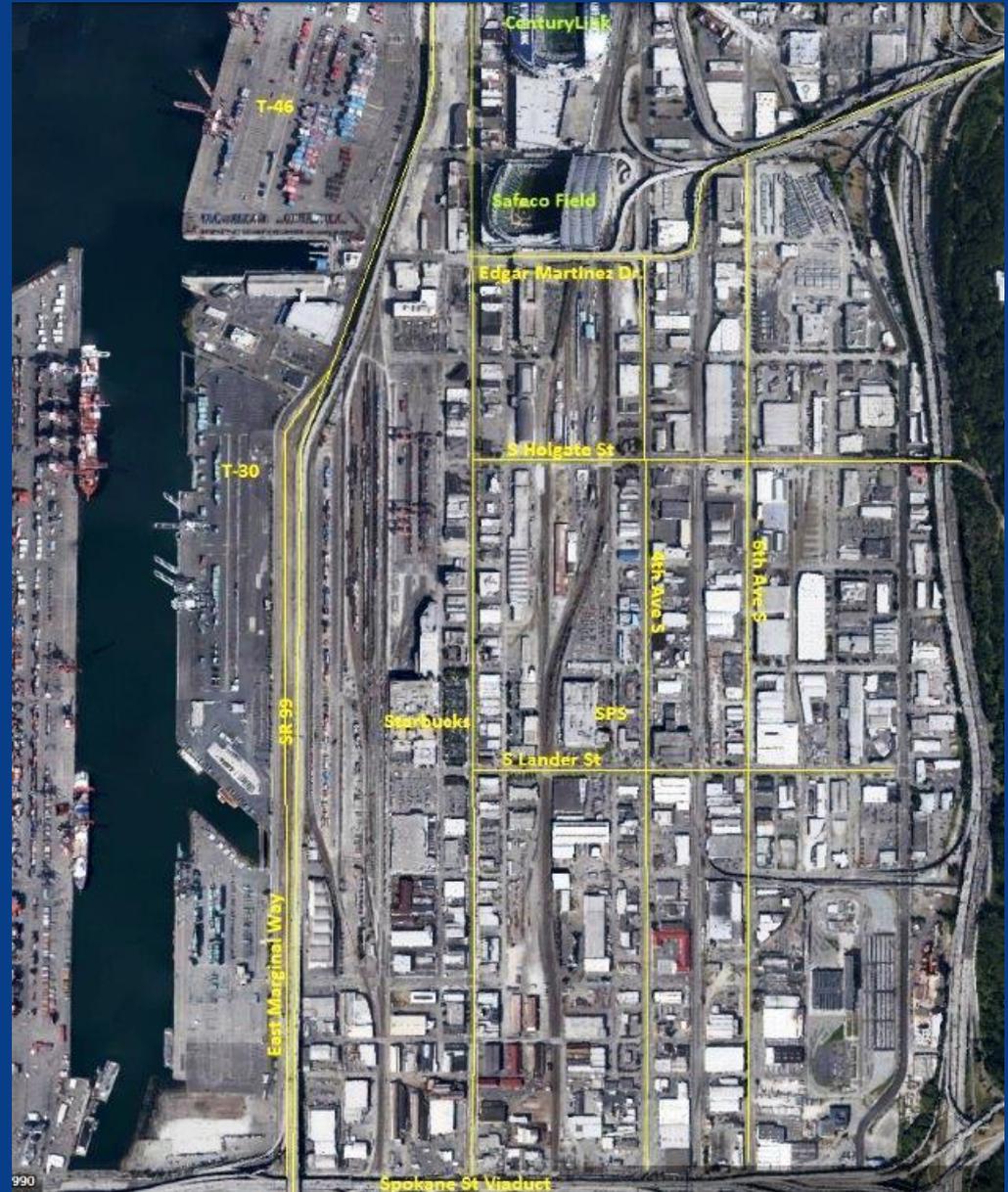
Beck Electric Supply

Marine cargo jobs by hometowns:

- **14% in Seattle**
- **38% in rest of King County**
- **22% in Pierce or Snohomish Counties**
- **21% in state outside King, Pierce or Snohomish Counties**
- **2% outside the state**

Challenges

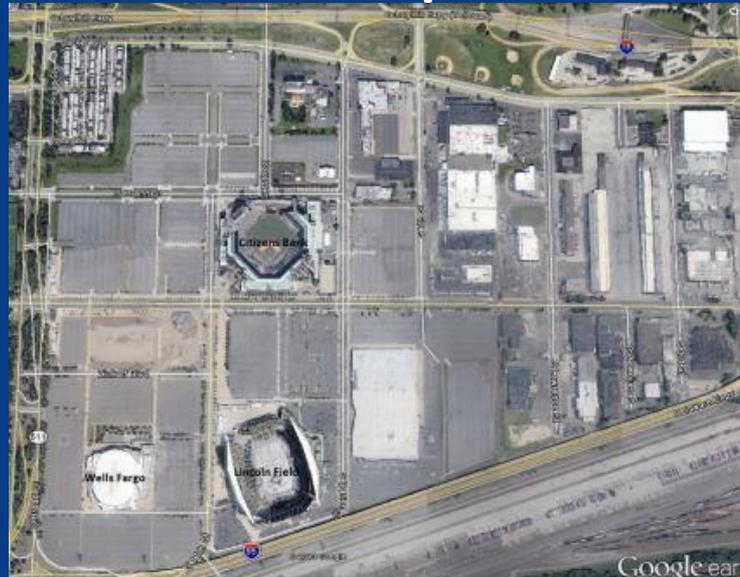
- Removal of Viaduct
- Third Sports Facility
- Office Growth
- Perceptions



SODO



Philadelphia



Safety Concerns

Vehicle Mix

Sight Lines

Congestion

Parking



Perspectives















Roads Ahead

- **WSDOT Freight Plan**
- **MAP-21**
- **City & Port Freight Project**
- **Century 21 Agenda**



Workable SODO

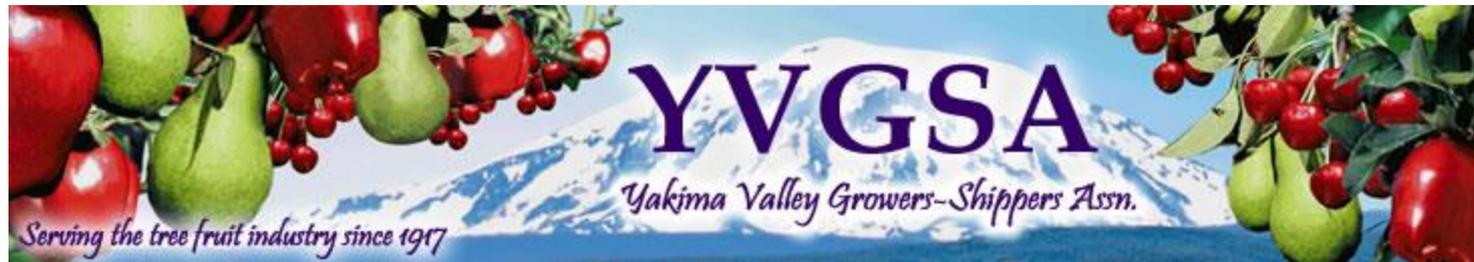
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Export Market Access and Washington's Fruit Producers

Jon DeVaney

Yakima Valley Growers-Shippers Association



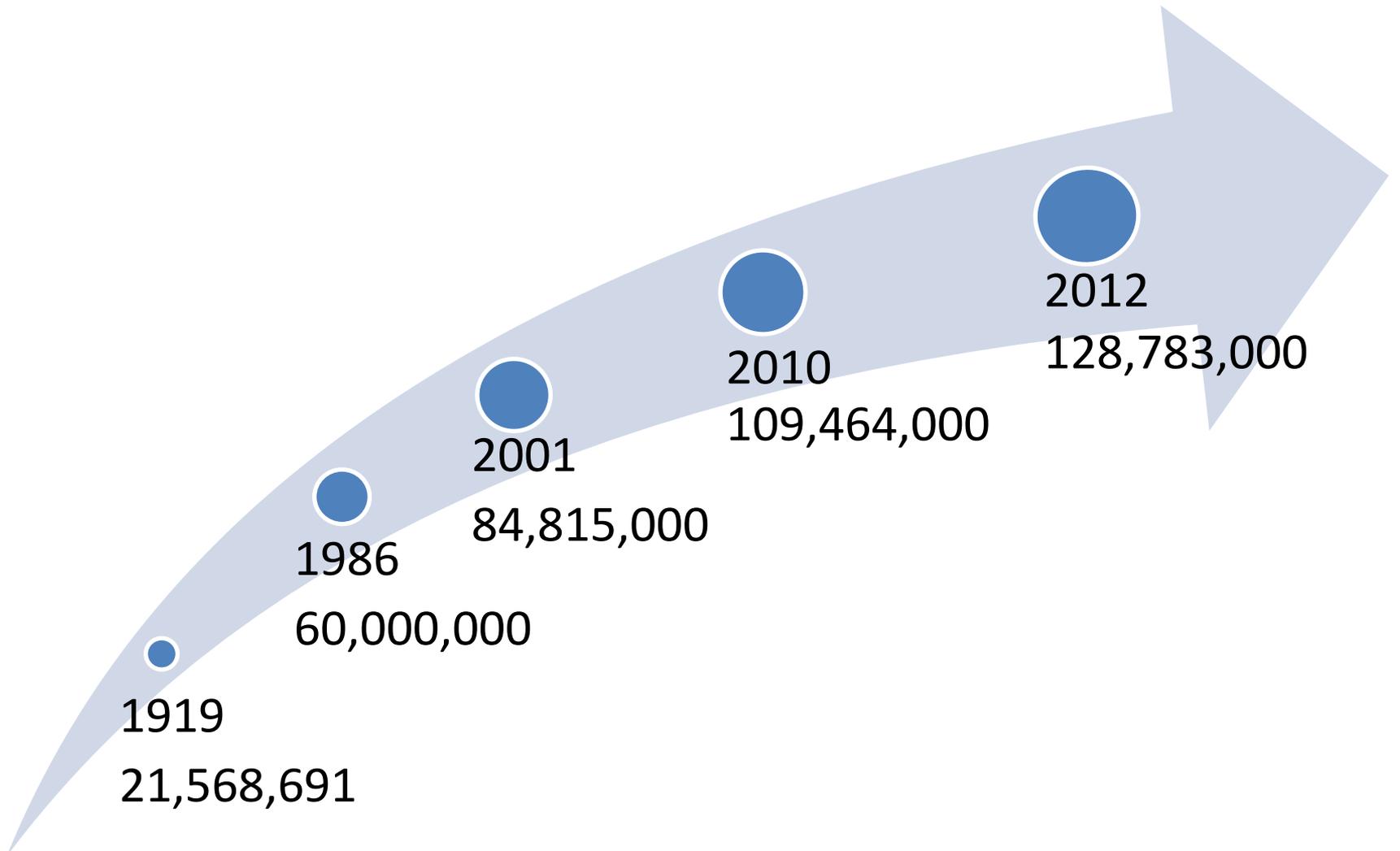
Agriculture in Washington

- \$9.4 billion in production in 2011
- \$2.65 billion in WA Ag exports in 2010
- 2011 top crops:
 - Apples \$1.83 billion (20% of state's ag value)
 - Milk \$1.28 billion
 - Wheat \$1.14 billion
 - Potatoes \$771 million
 - Hay \$714 million

The Big Apple

- Apples represented 20% of the value of Washington's agricultural production in 2011.
- When all tree fruit are included (apples, pears, cherries, peaches, apricots) this rises to 28%.
- The 2012 apple crop was 18% larger than in 2011, and with higher average prices, so this understates the current value.

WA Apple Production: Spot the Trend



2012-13 Washington Apple Markets

Country or Region	Volume
Mexico	13,665,209
Canada	6,357,014
Taiwan	3,233,192
India	2,711,030
UAE (Dubai)	2,241,412
Hong Kong/China	2,079,646
Indonesia	1,476,638
Thailand	947,551
Saudi Arabia	854,969
Vietnam	697,336
Europe	604,855



2011 World Apple Production

Production in Metric Tons:

1. China	35,987,221
2. U.S.	4,272,840
3. India	2,891,000
4. Turkey	2,860,080
5. Poland	2,493,080
6. Italy	2,411,200
7. France	1,858,880

- China produces about half the world's apples.
- China Produced 8 times as many apples as the U.S.
- In 2012-13, China and Hong Kong imported over two million boxes of Washington apples.

Productivity Drives Growth

WA Apple Acreage:

1993: 172,000 acres

2011: 167,489 acres

A 2.6 percent decrease



Apple Production in the same period:

1993: 83,088,000 boxes

2012: 128,783,000 boxes

A 55% increase

Risk and Capital

- A WSU study released in July 2010 estimated the cost per acre of establishing a Gala orchard at \$32,281 for the first four years (before full production) and \$11,923 per acre thereafter.
- A grower must commit to and carry these costs for four years without knowing what market conditions will be when the orchard becomes fully productive.

The Cost of Export Market Disruptions

- China, a growing market for Washington apples, is currently closed due to an ongoing trade dispute.
- A 2012 study found that shifting 5,000 car lots* (12.5%) from export to the domestic market would result in \$55 million in lost income to growers and over 900 jobs lost in Washington.

*car lot: 1,000 40-lb boxes of product

Changing with Consumer Tastes

Apple Varieties in 1999:

51%	Red Delicious
17%	Golden Delicious
10%	Fuji
8%	Gala
8%	Granny Smith
6%	Other Varieties

2011 Apple Varieties:

31%	Red Delicious
22%	Gala
13%	Fuji
12%	Granny Smith
9%	Golden Delicious
13%	Other Varieties



Summary

- Exports are driving industry growth.
- Transportation capacity for cargo serves growth markets.
- Many growth markets in Asia and Latin America are price-sensitive and subject to tariffs.
- Moving Washington state exports to other ports further congests road networks.

Questions?





The Importance of International Trade to Washington State

Washington State Legislature Joint
Transportation Committee
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About WCIT

The Washington Council on International Trade (WCIT) is the only organization in Washington dedicated exclusively to advocating for public policies that increase our state's international competitiveness.

On behalf of its members – manufacturers, retailers, service providers, farmers & ranchers, non-profit organizations and individuals – WCIT advocates for strong, pro-trade policies and investments that benefit Washington's small, medium and large employers and that create jobs for Washington residents.



What is Trade?

All International Business is International Trade

- Aerospace
- Manufacturing
- Agriculture
- Retail
- Software
- Professional Services
- Global Health
- Int'l Tourism
- Int'l Education

40% of All Jobs in WA Tied to Trade



**An International Competitiveness Strategy
for Washington State**

A Project of the Washington Council on International Trade
& the Trade Development Alliance of Greater Seattle

Why Exports Matter

- \$75.6 billion in goods exports in 2012
- \$7.6 billion of pass-through exports from other states
- \$23 billion in services exports
- 325,000 direct jobs supported by exports
- 95% of consumers are outside the U.S
- 90% of exporting companies are SMEs



- WA ports handle 7% of U.S exports & WA is the 5th largest commodity exporting state (behind Texas, California, Florida and New York)

Why Imports Matter

- \$47.6 billion in goods imports in 2012
- 145,000 direct jobs supported by imports
- Increased supply chain competitiveness for Washington's retailers and manufacturers
- Increased capacity for exports



- Imports improve the quality of life of WA residents

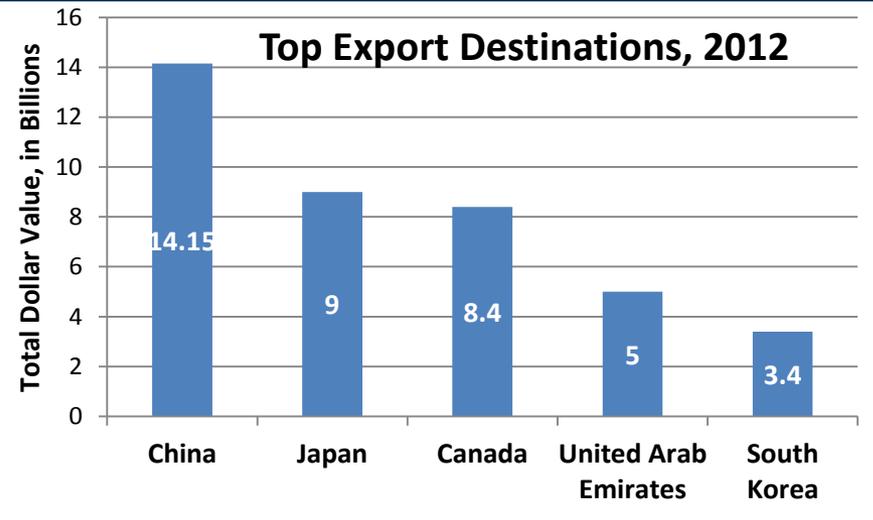
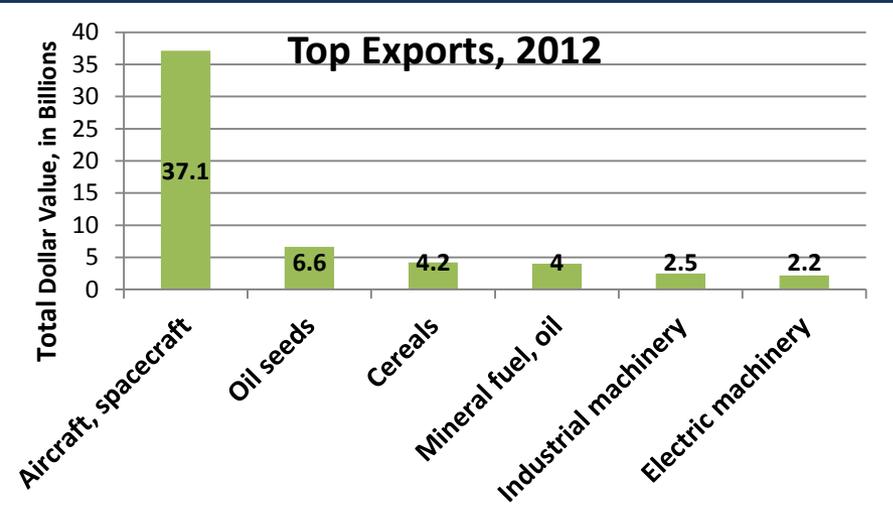
What Are Our Goods Exports & Where Are They Going?

Top two goods exports

- Transportation Equipment
- Agricultural Goods

Top four goods export destinations

- China
- Japan
- Canada
- United Arab Emirates



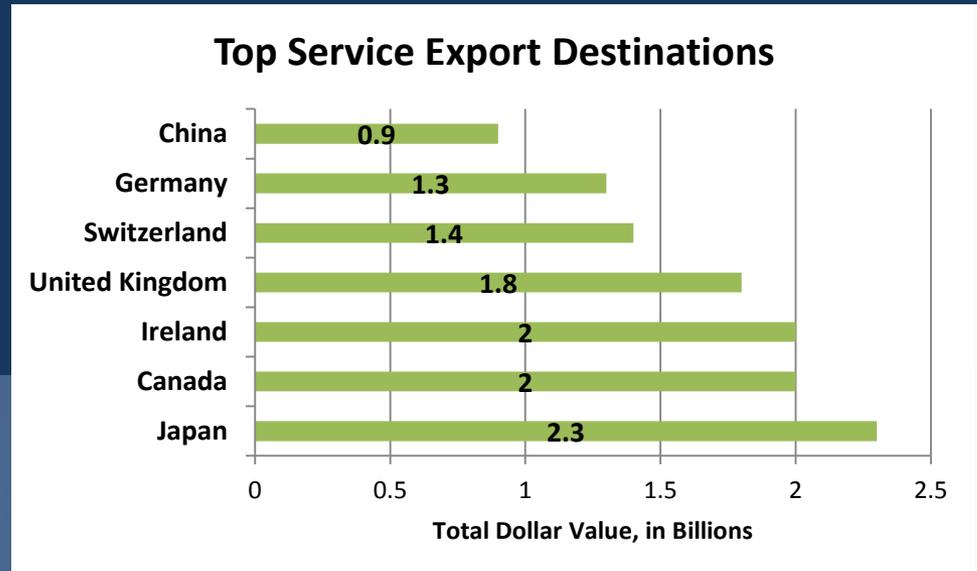
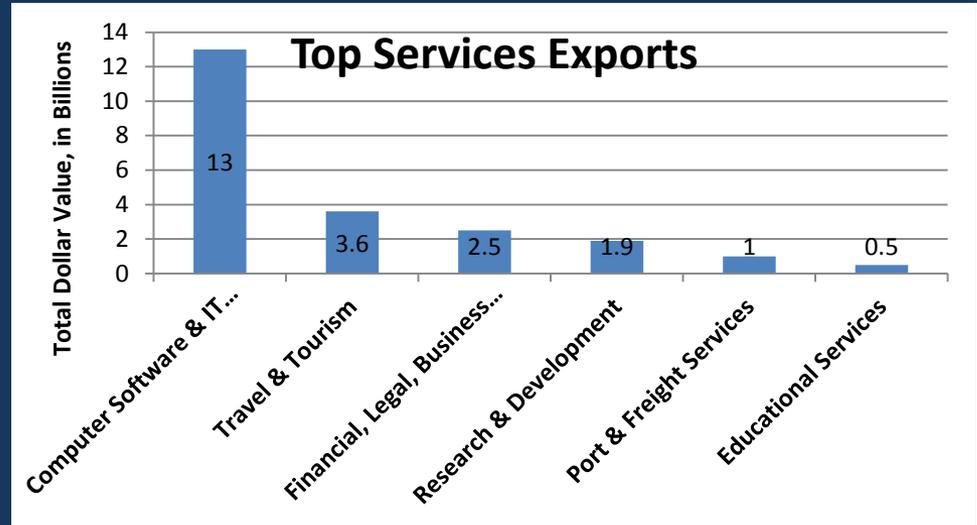
What Are Our Services Exports & Where Are They Going?

Top services exports

- Software & IT Services
- Tourism
- Professional Services

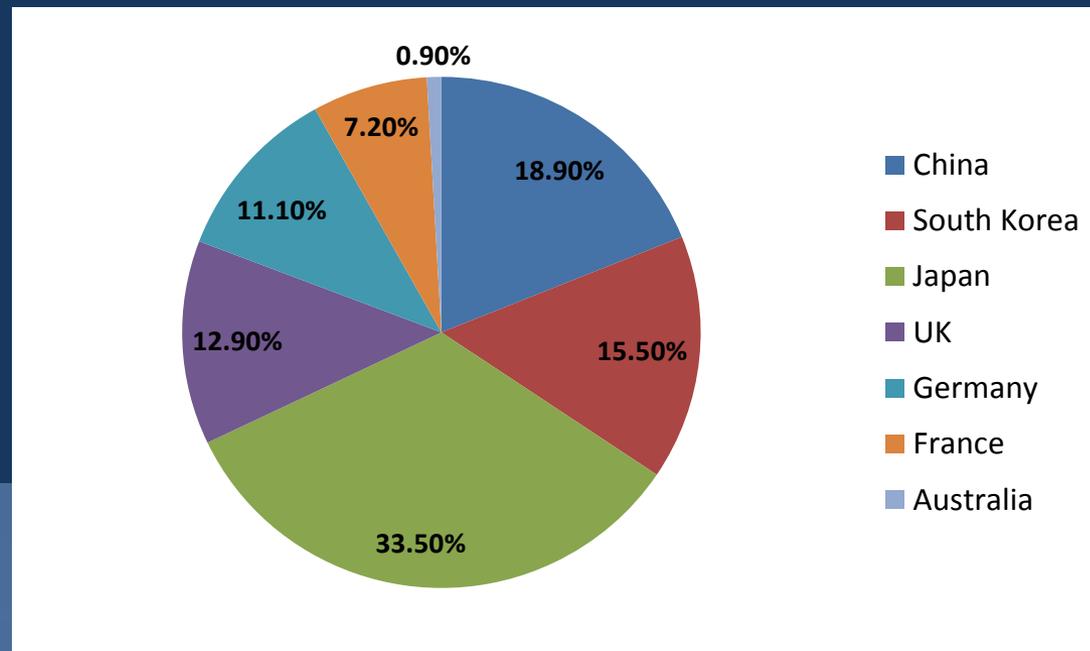
Top services export destinations

- Japan
- Canada
- Ireland & UK
- Switzerland
- Germany



International Tourism in Washington

- Half a million international tourists travel to WA annually
- In 2010, WA posted a 32% increase in overseas visitor volumes over 2009, the largest increase in the country, compared to an 11% national average
- International tourism accounted for \$3.6 billion of WA service exports in 2010



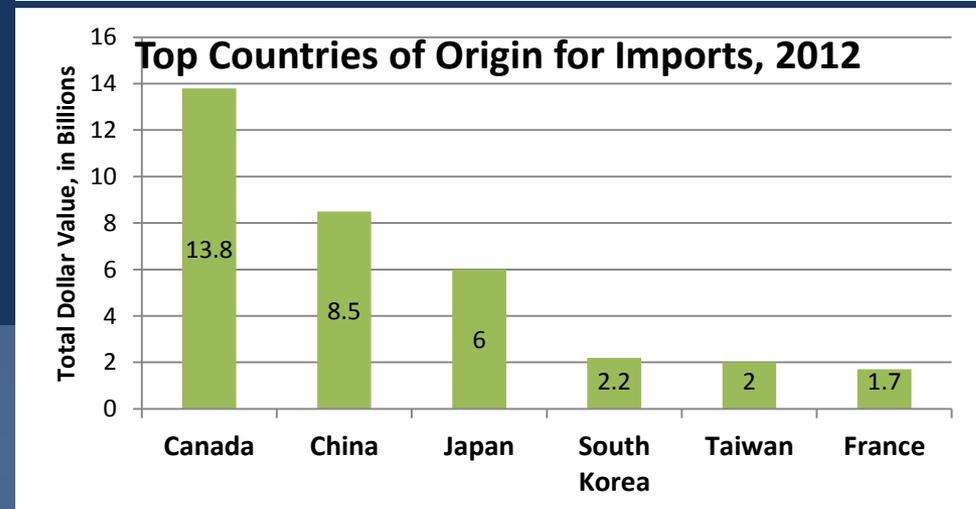
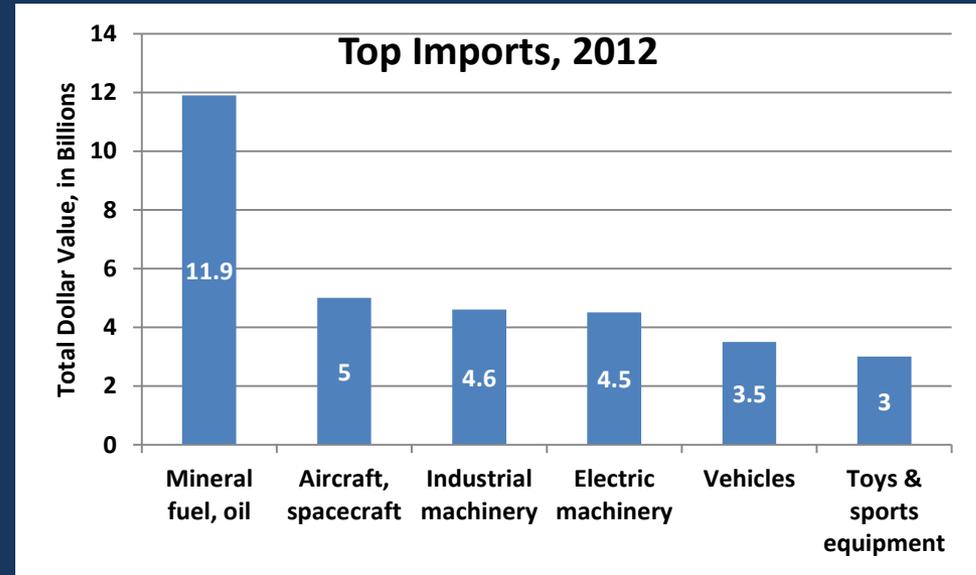
What Are Our Goods Imports & Where Are They Coming From?

Top imports

- Oil & gas
- Transportation equipment
- Industrial machinery, including computers

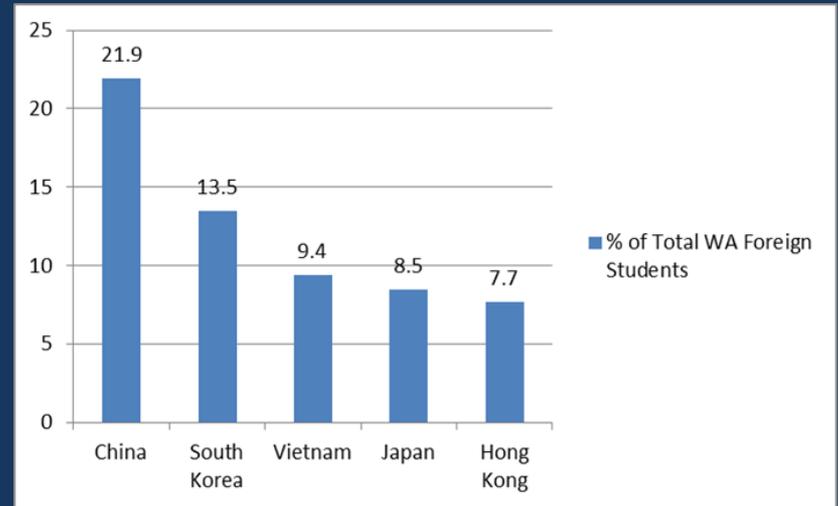
Top origins

- Canada
- China
- Japan
- South Korea



The Role of China

- China is one of the biggest sources of our imports and our top export market...unless you remove aerospace
- China is our largest source of foreign students and the fastest growing source of international visitors (48% increase from 2010)



Congressional District Snapshots

District 1 – Major exporter of **medical devices** with companies like Sonosite, Philips Ultrasound, Verathon. WA exported \$875 million of medical devices and surgical instruments in 2012.



Sonosite medical device

District 3 – Large exporter of **forestry products** with companies such as North Fork Timber Co, Conwood Products, etc. The district exported \$574 million of paper products and \$212.5 million of wood products in 2012.



Logs waiting to be loaded for export at Port of Longview

Congressional District Snapshots, Cont'd

District 4 & 5 – Major **manufacturing** exporters. In 2012 District 4 exported \$3.2 billion of manufactured goods, while District 5 exported \$2.7 billion. Companies include Wagstaff, Schweitzer Engineering, Key Technology, Nelson Irrigation.



Wagstaff Aluminum Billet Casting Systems

District 6 – Home to large **maritime and fishing industries** with companies like SAFE Boats International, Westport Shipyard, Peninsula Seafoods and Ocean Gold located there. In 2012, WA state exported over \$1 billion of seafood and \$133 million of ships and boats.



SAFE Boats Int'l boat



Questions?

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