

Port of Houston Challenges and Issues

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Introduction (Connection with UHSBDC)

- During the past eight years, the Port of Houston Authority has worked with the UHSBDC center to offer small businesses workshops, consulting and research to encourage growth and employee training for small businesses.
- In April, PHA participated in a highly successful import/export workshop. The UHSBDC provided one of the premier instructors – a small business owner and former Exporter of the Year - for this program, as well as a manual that attendees took away.
- We have used UHSBDC's up-to-date facilities for Port University and have always received good reviews from our small businesses and a warm welcome from the staff.
- Over 11 years, 364 million dollars (or 42 percent) has been awarded to eligible small businesses through PHA's Small Business Development Program.
- More than 1,060 registered small businesses working with our program.
- Since 2002, Small Business has conducted nearly 100 forums, reaching out to more than 5,000 firms.

National Export Initiative

- In 2010 State of the Union Address, President Barack Obama unveiled the National Export Initiative in concert with his announcement of an ambitious goal of doubling U.S. exports within five years.
- Long before that challenge was put before America, Texas ports, particularly the Port of Houston, had strong export programs.
- Texas has led the nation in exports each year for the past 11 years, with more than \$265 billion in goods reaching consumers worldwide.
- Houston is home to the state's largest port and last year's No. 1 exporting port in the nation.
- Trends expected to continue as shale plays in the oil & gas industry will have spinoff effect on plastics and resin production, increasing plastic resin containerized exports. Resins are No. 1 export commodity through Port Authority container terminals.

Port Authority & Global Trade

- Port of Houston Authority is a key player in the global trade arena.
- Three primary trade lanes connect U.S. with the rest of the world – Transpacific (bilateral trade lanes connecting West Coast with Asia); Transatlantic (connecting the densely populated East Coast with Europe, the Middle East and Africa) and the north-south

Transamerica lanes that transit the Gulf of Mexico, connecting the U.S. with Central and South America.

- Because of its central location, huge consumer base and its housing of the world's second largest petrochemical complex, Houston captures most of the cargo using those north-south trade lanes.
- Houston dominates container cargo segment, holding nearly 70% of market share along U.S. Gulf Coast. Houston is attractive to shippers because of relatively low labor costs, favorable business climate and its position as a leading exporter contributes to larger profits per inbound-outbound containers. (Note: That's because most containers handled by East Coast and West Coast ports are full coming inbound and shipped empty on the outbound side.)
- The average income from a container leaving Shanghai going to the West Coast generates 10 times more than an outbound container returning to Shanghai. In Houston, that ratio is closer to 4-to-1.
- The Port of Houston Authority's heavy-cargo handling capabilities have helped it attain the position of the nation's No. 1 port in break bulk cargo.
- The key to further growth is our port's continued development of diverse cargo services.

Panama Canal

- Completion of \$5.25 billion expansion project expected in 2015. Project involves construction of third set of locks designed to handle world's largest vessels.
- No one knows what effect this expansion will have on the amount of cargo coming through Houston, but the outlook is promising because:
 - Asia is the fastest growing segment of Houston's trade.
 - Although the third set of locks not yet completed, Panamanian officials already studying the feasibility of constructing a fourth set.
 - Houston's continued population/consumer growth makes it a natural port of call. Expansive population base is good for the country because Gross Domestic Product is based on consumption.
- Challenge: Convincing owners to build warehouses in Houston to create capacity in the supply chain -- then selling shippers on Houston as the smart choice to call.