



Florida's Seaports and the Panama Canal Expansion

By Thornton J. Williams, Williams McMillian P.A.

Florida's seaports represent an important component of the state's economic infrastructure. Recent economic analyses and planning documents prepared for the Florida Ports Council indicate that in 2009, the maritime cargo activities at Florida seaports were responsible for generating more than 550,000 direct and indirect jobs and \$66 billion in total economic value. Further, in 2009, the maritime cargo activities at Florida seaports contributed \$1.7 billion in state and local tax revenues. Further, the return on investment (ROI) for seaport projects is an estimated \$6.90 to \$1.

As Governor Rick Scott looks at ways to increase jobs in Florida, he recently announced plans to fully fund a \$77 million shortfall for the Port of Miami port dredging project to dredge its channel to 50 feet to allow larger ships (mega-ships) to enter the port, which could lead to as many as 30,000 new jobs for the region. By expanding Florida's seaport infrastructure, Florida now has the opportunity to be a first port of call for ships coming through the Panama Canal.

Because in recent decades ships have soared in size, the Panama Canal, which first opened in 1914, must now be expanded to handle ships that will carry twice the amount of containers as in the past. Panama is investing more than \$4 billion to add a wider and deeper third lane to the canal to handle those mega-ships. The Panama Canal expansion is slated for completion in 2014 and will be a game-changer for world trade; especially for coastal areas such as Florida that can dredge their ports deep enough to hold the megaships and then, efficiently transport their freight by land to other U.S. regions.

Beginning in 2014, these large "post-panamax freighters," also known as "post-Panama Canal expansion" freighters, will pass through the canal and deliver freight direct to the eastern seaboard of the United States. This expansion presents an enormous opportunity for the state of Florida to emerge as a major import and export state as well a national distribution center. Moreover, the canal expansion comes at an ideal time for Florida as South Florida set a new record for trade in 2010, topping \$95 billion in goods shipped in and out to international ports.

Likewise, the expansion of the Panama Canal in 2014 will bring a new wave of cargo business to South Florida, of which Florida's 14 seaports (soon to be 15 with the addition of the Port of Citrus County) will indirectly benefit. While few seaports are closer to dredging to 50 feet than the Port of Miami, the canal expansion will also create opportunities for carriers that operate smaller ships and for the ports that serve them. Thus the economic outlook for Florida is that its deepwater seaports may see an upswing from the Panama Canal expansion.

Undoubtedly, seaports are critical to the economic growth of international trade and are vital to strengthening the local and national economy. With the Panama Canal positioned to handle these mega-ships in 2014, the economic potential is limitless for South Florida to become the epicenter for U.S. international trade. With this monumental undertaking, Florida's 14 public deepwater seaports must now look to capacity expansion that will help Florida compete more effectively in the global marketplace, accelerate economic growth, and create additional jobs for the citizens of Florida. ■

About the Author:



Thornton J. Williams is the Managing Partner at Williams McMillian P.A. He may be reached at: 850-224-3999 or by email: twilliams@twalaw.com.