

Panama Canal Expansion Background

Completion of the \$5.25 billion Panama Canal expansion is now expected in early 2015. The Panama Canal expansion is anticipated to influence global shipping patterns. These changes may impact Texas deep water ports, as well as landside intermodal, rail, roadway, and other infrastructure needs.

Texas ports are an important economic engine for the state. Texas ports rank second nationally in waterborne commerce, handling approximately 500 million tons of foreign and domestic cargo annually. Texas ports account for approximately 19 percent of U.S. port tonnage and four ports – Houston, Corpus Christi, Beaumont, and Texas City – are in the top 10 ports in the country. Agricultural products, petrochemicals, and other commodities are exported through Texas ports, while all types of consumer goods and electronic products, automobiles, and other commodities are imported through the ports and distributed throughout the state and region. These ports act as gateways serving global supply chains and comprise three distinct elements: deep water channels, which limit vessel size; terminals, which need to service vessel and their cargos differently; and landside modal access to import and export corridors. The Texas ports create nearly 1 million jobs and generate over \$48 billion in personal income. The maritime industry provides over \$135 billion in economic value to the state.

The exact change in trade and shipping patterns resulting from the Panama Canal expansion are not known. Global trade patterns are based on many factors, and it is not possible to predict the exact changes that will occur. However, it is possible to examine the most probable scenarios. It is also possible to identify approaches to maximize the benefits to Texas ports, including imports and exports, and to address landside needs, and thus increase benefits to the state as a whole.

The Panama Canal Stakeholder Working Group will recommend short, mid, and long-term TxDOT transportation improvements that will better position the state of Texas to take advantage of the Panama Canal expansion and enhance Texas' role in global trade. Information from previous studies, current activities, and invited speakers will assist the working group in this effort.