

California's green push to ripple through supply chains

John McLaurin, Pacific Merchant Shipping Association president | Sep 11, 2015 11:07AM EDT

If California is to see long-term success in its continued push to be a global environmental leader, the state and its regulatory agencies must also look at how to keep California positioned as a global economic leader.

At issue is California Gov. Jerry Brown's recent executive order that directs a number of diverse state agencies to "...develop an integrated action plan by July 2016 that establishes clear targets to improve freight efficiency, transition to zero-emission technologies, and increase competitiveness of California's freight system."

The governor's policy directive will impact everyone that handles or receives domestic and international freight including warehouses, distribution facilities, airports, ports, trucks, railroads, manufacturers, agriculture, retailers and final mile delivery. It is an ambitious effort to address climate change and reduce emissions that will fundamentally change the way freight is transported in California.

Issues surrounding the development of this strategy and how it is implemented will be used as the basis for future regulations and investments as California moves to phase out the use of fossil fuels. Because it is precedent setting and will have far-reaching and long-term ramifications, the strategy to accomplish these goals must be structured in such a way as to provide businesses with the opportunity to grow while emissions are reduced.

As highlighted in the governor's executive order, California's freight transportation system is "...responsible for one-third of the State's economy and jobs, with freight-dependent industries accounting for over \$700 billion in revenue and over 5 million jobs in 2013..."

Given the jobs and economic impact the freight transportation system has in California, the state cannot and should not simply develop an emissions reduction plan that is absent an equal strategy to "increase competitiveness of California's freight system." If the state moves forward without creative ideas with regard to funding or incentives, then the freight system that the governor has deemed so important to the overall economy of the state of California will be at risk.

While it will be a herculean effort to bring California's freight system to zero- or near-zero emissions, the Pacific Merchant Shipping Association is supportive of the governor's goals, is appreciative of the governor's acknowledgment of the importance of the freight industry to the state of California, and will work with the administration to see a balanced plan put in place.

The development of a zero-emissions strategy for California's freight system will require immense creativity by the private sector to overcome technological challenges in achieving zero emissions and it will also require public policy creativity in developing and implementing a strategy that will successfully transform California's freight industry. Achieving the governor's vision will not be easy but it must be done thoughtfully if the state is to continue to be a global economic leader as well as a global environmental leader.

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