



TUESDAY | July 17, 2007

THE BUSINESS PERSPECTIVE:

# Marine Import Infrastructure Must Be Bolstered



## Coming up at the Chamber

[View all upcoming events on our Web calendar.](#)

### THU | July 19 International Trade & Investment Committee Meeting

Featuring the state's Business, Transportation & Housing Undersecretary Garrett Ashley [more info](#)

### THU | July 19 Land Use, Construction & Housing Committee Meeting

Education & Workforce Development Committee Meeting [more info](#)

### FRI | July 20 Accenture Pancakes & Politics Modernization of LAX

### TUE | July 24 Referral Network Grow Your Business

### TUE | July 24 Cash For College Scholarship Awards Reception

### WED | July 25 Transportation & Goods Movement Committee Meeting

### WED | July 25 Joint Energy, Water & Environment Committee and Land Use, Construction & Housing Committee Meeting Green Building

### THU | July 26 Small Business Council Meeting

### THU | July 26 L.A.'s Largest Mixer IX

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In a recent issue of *The Business Perspective* I addressed the [pressing need to improve our state's transportation fuel infrastructure](#) to keep pace with growing demand. Given the fuel demand forecast released by the California Energy Commission (CEC) last week, it is clear that these improvements must also take into account Southern California's existing marine infrastructure, which will be the gateway for a growing amount of imported fuels in the near future. Failing to improve this infrastructure will have a tremendous impact on the economy and quality of life in Los Angeles and throughout the state.

According to the CEC's draft report, on-road gasoline use in California is expected to increase steadily through 2010. At the same time, domestic crude oil production from California is decreasing by 2 to 3 percent per year and Alaska's North Slope will continue to decline to virtually nothing in the next five years.

Even with maximum investments in fuel economy and alternative energy sources, the CEC forecast shows that Southern California's current and future demand for transportation fuels will require a significant increase in imported foreign crude oil. Since there are no crude oil pipelines linking California with oil production operations in other states, all of this crude oil must be imported through marine terminals.

The true magnitude of our infrastructure problem is clear. The CEC forecast and testimony from industry representatives indicated that our existing marine infrastructure in Southern California is not equipped to handle the projected increases and has limited capacity to expand.

If our existing infrastructure cannot be modernized to handle an increase in waterborne crude oil imports, new facilities will be needed. But only one new marine import facility – The Pier 400 project in the Port of Los Angeles – is currently under consideration.

The CEC reported that one large crude oil import facility of the size proposed for Pier 400 must be built in Southern California before 2015 to ensure an adequate supply of oil for the local refineries. If the upper-end of CEC's fuel demand projection is accurate, an additional large import facility will be needed by 2025.

In order to provide the fuel needed to power the cars, trucks, buses, airplanes and taxis in our vibrant economy and to meet the personal transportation needs of our families, this region's marine import infrastructure must be bolstered to accommodate increased imports of foreign crude oil. But this is not an issue that can be addressed quickly once problems become acute.

Given the economic, environmental and political issues that come into play on these types of projects, it is important that we work hand in hand with the CEC and our ports to plan for and solve this significant and important challenge. It will be critical for our region that we have a clean, safe, modern, world class marine infrastructure suitable for a world class economy and the citizens who call Southern California home.

And that's *The Business Perspective*.

Gary L. Toebben  
President & CEO  
Los Angeles Area Chamber of Commerce

*The Business Perspective is a weekly opinion piece by Gary Toebben, President & CEO of the Los Angeles Area Chamber of Commerce, produced with the input of Senior Policy Advisor Rusty Hammer.*

by Gary Toebben, President & CEO, Los Angeles Area Chamber of Commerce

## L.A. Business THIS WEEK

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