The Case for an Industry Cluster at the Port of Long Beach

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Port of Long Beach

- 2nd busiest U.S. port
- 6.1 million containers
- $20 billion in national, sales, personal income and corporate income taxes
$155 billion a year in trade

- Imports include clothing, shoes, toys, furniture and computers
- Exports include raw materials
316,000 regional and 1.5 million national jobs

1 in 8 jobs in Long Beach
Vast Distribution Network
Distribution Centers

- Southern California has more warehousing space than any other seaport area in the country
- 1.7 billion sq ft of distribution and manufacturing centers
Regional Rail Yard Network

- Off-dock Yards
- Near-dock
- On-dock

Port of LONG BEACH
An industry cluster is a geographical concentration of interconnected businesses, suppliers and associated institutions in a particular field that share specialized infrastructure, labor markets and services for competitive advantages and gains.
Industrial clusters have been around for a very long time, serving as a catalyst for economic growth. Think Detroit in the heyday of the auto industry or Pittsburg when steelmaking was king.
Current Industry Clusters

- Movie Industry (Hollywood)
- Silicon Valley (Santa Clara Valley)
- Diamond Center (Antwerp, Belgium)
- Surgical Instruments (Tuttlingen, Germany)
- Nanotechnology (Albany, New York)
- Shipbuilding (Finland)
- Finance (Wall Street, New York City)
Why Clusters are Important

• Clusters help increase higher levels of productivity and innovation.
• Tool for economic development, workforce development, community development and education.
• Industries in strong clusters register higher employment growth, higher wage growth and increased number of patents.
• Often, new industries emerge where there is a strong cluster.
• Increases cooperation and linkages between private industry, non-profits and the government sector.
Advantages of Clusters

- Concentration of competent people and innovative ideas.
- Easier access to specialized suppliers.
- Focal point for advanced research and development.
- Better access to venture capital and investors.
- Lower transaction costs.
Industry Clusters as Economic Development

“The enduring competitive advantages in a global economy lies increasingly in local things – knowledge, relationships, motivation – that distant rivals cannot match.” -- Michael Porter

“This role of location has been long overlooked, despite striking evidence that innovation and competitive success in so many fields are geographically concentrated.” -- Michael Porter
Federal Funding Opportunities

- Strong Cities, Strong Communities (SC2)
  - Six Cities (Detroit; New Orleans; Cleveland; Memphis; Chester, PA; and Fresno) received $1 million grants to develop industrial clusters

- Jobs and Innovation Accelerator Challenge

- Department of Labor awarded $37 million to 20 regional industrial clusters
The Port, its function and territory ... constitute a considerable advantage for the city
Notable Port Clusters

- Singapore
- Hamburg
- Montreal
- New York
- London
## Top Maritime Port Cluster Centers*

<table>
<thead>
<tr>
<th>Port</th>
<th>Total Firms</th>
<th>Port</th>
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</thead>
<tbody>
<tr>
<td>1. London</td>
<td>406</td>
<td>9. Houston</td>
<td>96</td>
</tr>
<tr>
<td>2. Singapore</td>
<td>214</td>
<td>10. Panama City</td>
<td>95</td>
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<td>4. Piraeus, Greece</td>
<td>161</td>
<td>12. Shanghai</td>
<td>94</td>
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<td>5. Hong Kong</td>
<td>150</td>
<td>13. Mumbai, India</td>
<td>74</td>
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<tr>
<td>6. Rotterdam</td>
<td>131</td>
<td>14. Madrid</td>
<td>70</td>
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<tr>
<td>8. Dubai</td>
<td>97</td>
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American ports as a whole lag far behind other international ports in creating and attracting industry-related companies. Only two American ports make the list. Notice the Port of Long Beach or Port of Los Angeles are not in the top 15.

*The Competitiveness of Global Port Cities.* (OECD Regional Development Working Papers)
The Port Economic Engine

• $150 billion in trade annually
• $4.5 billion capital program
• 300,000 regional jobs
• 40% of nation’s imports
Economic Engine

- Truckers
- Shippers
- Carriers
- Terminal operators
- Engineers
- Construction firms
- Freight forwarders
- Law firms....
Maritime Industry Related Businesses

- Equipment suppliers
- Ship agents
- Banking and finance
- Legal services
- Insurance
- Information services
- Environmental
- Logistics
- Construction
Maritime Industry Related Businesses

- Real estate rental and leasing
- Educational institutions
- Security
- Engineering
- Warehousing
- Truck and rail transportation
Goal

Develop a framework for a port industry cluster in Long Beach and San Pedro Bay that can be used as a model.
Next Steps

• Continue researching successful Maritime Clusters in Europe and Asia in order to identify best practices.

• Open discussions with Port of Los Angeles regarding the creation of a San Pedro Bay Maritime Industry Cluster.

• Meet with U.S. Representatives Alan Lowenthal and Janice Hahn to explore funding opportunities in Washington, DC.

• Identify opportunities for collaboration with local partners.
Prospective Partners

- City of Long Beach, County of Los Angeles, State of California, Federal Government
- Chambers of Commerce
- Labor
- Academic institutions
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