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local business

FOREIGN FIRMS CAN - AND DO - OPERATE OUR PORTS SAFELY

Firms hailing from Singapore and Taiwan operate terminals at West Coast ports such as Seattle and Tacoma, Wash.; Oakland, Calif., and Los Angeles. Locally, the Ceres Marine Terminal is owned by a Japanese firm, and Maersk's Danish origins are well known.

There are three major factors to consider when we examine foreign operation of our ports: safety, efficiency and profitability. With respect to safety, those who operate the ports are not primarily responsible for their security. Port operations and security are separate functions. Local authorities and the Department of Homeland Security – not foreign firms – are responsible for port safety and security.

MOST AMERICANS think nothing of filling the tanks of their cars with gasoline emanating from Saudi Arabia, the acknowledged source of numerous terrorists who have attacked the United States. Nor do most Americans shrink from purchasing a television set produced in the People's Republic of China.

But the idea that a "foreign" country should operate our ports is opposed by a resounding majority of Americans. This view, however, is one that should be re-examined, for foreign operation of our ports has surprisingly little to do with their security, yet often improves their efficiency and profitability.

Might we wish to restrict the list of foreign countries that we will allow to operate our ports? Probably. There are obvious differences between Great Britain and Cuba. A federal Committee on Foreign Investments with representatives from the FBI, Pentagon, Treasury, Commerce and Homeland Security exists that makes such distinctions on our behalf. We should trust them.

Are foreign-owned port operators more efficient than American firms? As much as we might like to think otherwise, the answer is they often are. We should not find it surprising that some foreign-owned firms are more efficient than we are at managing and operating our ports. We cannot be the best at everything.

In Hampton Roads, Jerry A. Bridges, the new executive director of the Virginia Port Authority, has raised the possibility of foreign ownership when he suggested that outsourcing of the operation of our ports is a discussable proposition.

Let's be straightforward: Numerous U.S. ports already are run by foreign firms. Approximately 80 percent of the terminals at the Port of Los Angeles are operated by foreigners; six of the seven companies that operate terminals in the Port of New York and New Jersey are foreign-owned.

Finally, can foreign operation lead to higher profits for our ports? Yes, if the price is right. The state of Indiana sold the operating rights for its Indiana Tollway for 75 years to an Australian-Spanish firm for \$3.85 billion.

I agree with Jerry Bridges. It would take the right company and the right price, but the successful operation of the Port of New York and New Jersey by private companies – in this case, foreign-owned – tells us it is time for the commonwealth of Virginia to give serious consideration to similar options.