# STRATEGY SHEET

1NC

CP Amend Shipping Act (net benefits are politics, spending tradeoff, and wto case turns under the hegemony advantage)

DA Jackson-Vanik

DA Water tradeoff

T Underlying Structures

Case defense

# CASE ARGUMENTS

## AT Trade advantage

#### Ports already have dredged enough to accommodate PanaMax ships.

Leach 10

(Peter, <http://www.joc.com/maritime/locked-growth>, “Locked In for Growth” Feb. 1, twm)

Since the Panama Canal Authority announced plans in 2006 for a third set of locks that can handle ships twice as big as the current locks, the industry has been girding for the potential shift of trans-Pacific shipments to the U.S. East Coast. East Coast ports have spent billions of dollars to dredge channels deep enough to accommodate the big new ships capable of handling up to 12,500 TEUs that will transit the canal when the new locks open, expected in 2014. Ports and private terminal operators are rushing to expand capacity.

#### Opening of Panama Canal to bigger ships won’t cause a huge increase in trade – current land based trade will stay that way.

**Leach 10** (Peter, <http://www.joc.com/maritime/locked-growth>, “Locked In for Growth” Feb. 1, twm)

But importers of goods from Asia probably will wait before switching to all-water services to see if the bigger ships can offer large enough advantages over the mini-landbridge route from West Coast ports to the Midwest.¶ It’s far too soon to tell how the pricing of the bigger-volume all-water services to the East Coast will shake out, but some observers say a lot of the switch to all-water service already has happened and that future shifts will be small.¶ “The expansion of the canal will be a bump, not a sea change,” said Asaf Ashar, research professor at the National Ports and Waterways Institute at the University of New Orleans. “We won’t see much of a change — maybe a percent or two — because most of the big retailers are already going all-water.”¶ That may not be such bad news for East Coast ports. If the volume of all-water service to the East Coast grows more slowly than originally projected, it may prove a blessing in disguise for many East Coast ports that haven’t been able to move ahead with dredging or construction projects as quickly as they had hoped.¶ Right now, only Norfolk, Va., Charleston, S.C., and Halifax, Nova Scotia, have the 50-foot-plus channel depth to accommodate the 12,500-TEU ships that will be able to transit the new locks. Baltimore has signed a deal with Ports America, which will take over operation of the Seagirt Container Terminal and dredge its depth to 50 feet by 2014. New York-New Jersey is dredging its channel to 50 feet, but the low air draft of the Bayonne Bridge will curtail access to the big terminals in New Jersey and Staten Island until the bridge can be raised or razed.¶ But even the economies of scale of bigger ships may not be enough to convince container ship companies to take them to the East Coast because demand may be insufficient.

#### Panama Canal expansion won’t increase use of shipping via ocean.

Leach 10

(Peter, <http://www.joc.com/maritime/locked-growth>, “Locked In for Growth” Feb. 1, twm)

Ashar believes cost savings carriers offer over intermodal rail will not be large enough to enable all-water service to capture a much bigger market share. That’s because the Panama Canal Authority already is taking its share of the savings through higher tolls, which it will probably increase further in years to come.¶ “Our friends in the canal grabbed most of the savings by increasing tolls from $40 to $72 per TEU,” Ashar said. “So they took maybe 40 percent of the savings already.”¶ He said importers now pay a premium of about $75 a day per container to save seven or eight days in transit by bringing containers in through West Coast ports and shipping them by intermodal rail to the Midwest. When larger ships can transit the canal, importers will only realize total additional savings of around $50 per TEU over a mini-landbridge by using all-water services. That may not be a big enough savings to spur more of a shift.¶ “The change in the voyage costs is not much compared to the total voyage costs,” Ashar said. “It’s a nice change, but it’s a minor change, which means it has a minor impact.”

#### Aff doesn’t solve – congestion, labor issues and railcar shortage.

Leach 10

(Peter, <http://www.joc.com/maritime/locked-growth>, “Locked In for Growth” Feb. 1, twm)

“When cargo starts popping again like it did in 2006 and 2007, you’re still going to have the same issues at West Coast ports,” said Roy Schleicher, senior director of trade development and global marketing at the Jacksonville Port Authority. “You’re still going to have congestion, you’re still going to have ships anchored and you still may have labor issues, and you’re still going to have the lack of railcars and things like that.”

#### East Coast ports have already dredged and created intermodal facilities.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

Additionally, East Coast ports are uniquely concerned with port-related capacity and infrastructure issues. n21 Historically, the largest ships transporting containerized cargo have been unable to pass through the Panama Canal in calling on East Coast ports. n22 This is about to change. The Panama Canal is currently being expanded to accommodate ships carrying up to 12,000 TEUs. n23 The anticipated completion of the Panama Canal Expansion Project in 2014 has forced ports on the eastern seaboard to dredge channels deeper to accommodate [\*1528] the larger ships n24 and expand intermodal facilities n25 to transport containerized cargo quicker and more efficiently. n26

## AT Agriculture advantage

### US Soybean exports increasing now

#### **US soybean exports are increasing rapidly and are projected to increase by 95% by 2026 – your internal link is terrible – Brazil is actually importing soybeans from the U.S.**

Szakonyi 7/2 2012 (Mark, Associate Editor for the Journal of Commerce Online, Report: US Soybean Exports to Help Drive Trade Up 95 Percent, Gale Reference Center, jmb)

U.S. exports of soybeans, coal and petroleum will drive the nation’s trade to expand 95 percent by 2026, as global trade jumps 98 percent in the same period, according to a HSBC report.¶ American exports over the next five years to Peru will grow 8.7 percent, and Turkey and Brazil will increase their own imports from the U.S. by more than 8 percent each. Exports to Vietnam will grow by 7 percent by 2016, and Columbia, Russia and Singapore are expected to increase their demand for U.S. imports between 5 percent to 7 percent in the same period.¶ Within the same period, U.S. export growth to China will expand by 7 percent, while imports from the Asian manufacturing powerhouse will grow 4 percent. A more than 11 percent jump of U.S. exports of soybeans to China, along with increased imports of computers, audio visual and telecom equipment, will boost overall trade between the two countries. U.S. trade to India is slated to rise by 7.6 percent, with imports and exports seeing about an equal rate of growth.¶ Soya bean is already the 11th largest U.S. export sector , is also forecast to see significant growth of just under 10 percent, with China the main destination. Reflecting the strength of commodities globally, exports of coal and petroleum are both expected to grow by more than 9 percent; the report stated.¶ U.S. exports to Mexico will grow about 4 percent and imports will expand nearly 3 percent by 2016. U.S.-Canada trade in the next five years will be virtually flat, with U.S exports growing 1.7 percent and imports ticking up 0.7 percent.¶ Canada and Mexico will remain the two main export partners and number two and three for imports in the period to 2016, reflecting the importance of geographical proximity to U.S. traders; according to the report, which places China as the third-largest U.S. trade partner.¶ Brazil is expected to have the fiercest appetitive for imports over the next five year, with growth of 7.7 percent expected. Chinese imports will likely growth 5.1 percent in the same period, as the government pushes domestic consumption, and exports are slated to grow 4.7 percent.¶ Brazilian imports of cars will rise by more than 13 percent by 2016, and car shipments to China will likely grow by nearly 12 percent in the same period. China and Germany are expected to knock the U.S. out of its place as top global importer by 2026.¶ U.S.-based importers and exporters appear to be optimistic of trade volume in the next six months, according to the HSBC Trade Confidence Index. Fifty-nine percent of respondents expect trade volume to rise, up 10 percent from the last study in October 2011. The respondents also appear more confident in the global economy, with 44 percent expecting a strengthened climate by the end of year, up from 29 percent who shared a similar view in the second half of 2011.¶ Traditional export-driven economies in 'emerging' markets are becoming more consumer-driven and importing more from high-end developed nation producers like the United States to fulfill demand; said Steve Bottomley, senior executive vice president, head of commercial banking, HSBC, North America. & U.S. businesses should not ignore this important shift, and growth driver, but instead position themselves to become beneficiaries of this opportunity that is expected to help fuel global trade for many years to come.

#### Soybean exports high – US dominates the market.

Shore 7/5

(Sandy, AP Business Writer, 7-5-12, <http://www.google.com/hostednews/ap/article/ALeqM5hyJ_VmwRGFNpG33qqgaXgOqJjFvw?docId=9b1b8db85333489cb05141aca9a90380>, “Soybeans prices hit highest level in 4 years” WL)

Soybean prices are at the highest level in four years after an extended spell of hot, dry weather caused crops to droop.¶ Soybeans for November delivery rose 51.75 cents, or 3.5 percent, Thursday to finish at $15.265 per bushel, the highest price since the summer of 2008. Corn futures jumped 5 percent and wheat finished up 4.8 percent.¶ Global soybean supplies are low after weather damaged crops this year in South America. China and other countries have turned to the U.S. for supplies of the protein-rich beans. U.S. farmers hoping to take advantage of the increased export demand planted about 76.1 million acres of soybeans this year, the third biggest crop on record, according to the U.S. Agriculture Department.¶ But growing conditions steadily deteriorated in the U.S. after a heat wave settled in over much of the country. About 45 percent of the crop was in good to excellent condition as of Sunday, compared with 53 percent the previous week, the agency reported.

#### Soybean exports expected to grow this year – US dominates.

Business Monitor ’12

(6-23-2012, Business Monitor, <http://www.lexisnexis.com.proxy1.cl.msu.edu/hottopics/lnacademic/>, AP)

We have revised up our US soybean production forecast for 2012/13, largely because of expectations for slightly better yields year-on-year. US exports will be insufficient to meet high demand from China after droughts slashed soy crops in Brazil and Argentina. We believe the global soybean market will be the poorest supplied grain market in 2012/13 and expect prices to average at USc1,250/bushel in 2012.? In the 2011/12 season, ending in August 2012, we expect production to decrease by 8.4% year-on-year (y-o-y) and to come in around 83mn tonnes. Bad weather, particularly in southern US states, led to a downgrade in yields. Moreover, high corn prices during the 2011/12 planting season (between February and April 2011) prompted many farmers to plant corn instead.? Concentrated In The Middle? US - Map Of Soybean Growing Areas? Source: BMI, USDA? Looking at 2012/13, we have revised up our US soybean production forecast, largely because of expectations for slightly better yields. We now expect output to rebound and to grow by 4.8% and to reach 87.0mn tonnes (compared to our previous forecast of 85.0mn tonnes). Soybean planting, which last from February to April, has proceeded at one of the fastest rates ever according to the USDA. As of the end of June, 97% of the 2012 U.S. soybean crop had been sown, well ahead of the five-year average of 85%. Harvested area should reach 29.5mn hectares, in line with the ten-year average. Due to expected higher yields, at 2.9tonne/ha, production is set to be one of the largest on record. Staying Supported For Now? Front-Month CBOT Soybean, USc/bushel (Weekly Chart)? Source: Bloomberg, BMI? Risks To Outlook? Risks to our production forecasts are weighted to the downside, mainly due to unfavourably dry weather. The lack of moisture is hampering late soybean planting as well as double-crop soybean planting, sowed as a second crop just after the winter wheat harvest which lasts from June to August. Moreover, dry weather conditions is weighting on the crop condition. As of the end of June, soybean in good conditions only accounted for 45% of the total planted area, well below the five-year average of 53% according to the USDA.? Global Implications? As the US accounts for roughly 33% of total soybean production and 40% of total soybean exports, any decrease in exports could potentially alter global dynamics. Because of exceptional demand for US soybean from China in the last months, US stocks have been drown down and ending stocks for 2011/12 are expected at 4.8mn tonnes, well below the ten-year average of 6.8mn tonnes. Although exports are expected to increase by 11.2% to 40.4mn tonnes, exports will be insufficient to accommodate strong Chinese demand. Indeed, Brazil and Argentina, two other main exporters, are unlikely to ease the global market, as droughts from La Niña created supply tightness.?

#### U.S. soybean export high now

URBANA , 6/28

(6/28/12“Soybean Fundamentals Strong”, <http://www.cantondailyledger.com/news/x57812039/Soybean-fundamentals-strong>, kaw)

¶ According to University of Illinois agricultural economist Darrel Good, U.S. soybean market fundamentals have been strong for an extended period of time. “The strong fundamental factors have included record large exports in 2009-10 and 2010-11 as Chinese demand expanded, a reduction in U.S. soybean acreage in 2011, a relatively low U.S. average yield in 2011, intentions to reduce U.S. acreage again in 2012, and a very small soybean harvest in South America this year,” Good said. “These strong market fundamentals continue in the form of a rapid pace of consumption and concerns about the size of the 2012 U.S. crop.”¶ Good reported that soybean prices began moving higher in July 2010, starting from about $9.50. July 2012 soybean futures reached a high of about $14.70 in late August 2011, declined to a low near $11.25 in mid-December 2011, and reached a high of $15.12 in early May 2012. Prices have been very choppy the past two months, but the July futures contract is now trading within about.30 cents of the early May high. November 2012 futures prices have been lower than July futures but have followed a similar pattern and are now trading at a contract high near $14.30.¶ “The pace of the domestic soybean crush started slowly this year,” Good said. “The National Oilseed Processors Association reported that its members crushed 7.7 percent fewer soybeans in the first quarter of the 2011-12 marketing year than in the same quarter the previous year. Crush during the second quarter, however, was 2.3 percent larger and crush during the third quarter was 7.2 percent larger than in the respective quarters last year. Crush during the first three quarters of the year was 0.3 percent larger than the crush last year. For the year, the USDA projects the crush to be 0.7 percent larger than during the 2010-11 marketing year.¶ “It now appears that the crush may exceed that projection for several reasons. First, crush was relatively small in the fourth quarter of the 2010-11 marketing year. Second, the pace of domestic soybean meal consumption has been expanding. Third, the small South American crop may support U.S. soybean meal exports above the current projection. The crush may be about 10 million bushels larger than the current projection of 1.66 billion bushels,” Good said.¶ At the beginning of the marketing year, the USDA projected U.S. exports at 1.415 billion bushels, said Good. The projection was reduced as the year progressed and was at 1.275 billion bushels by January 2012. “The forecast, however, increased beginning in April and now stands at 1.335 billion bushels,” he said. “Total export sales already exceed that projection, which is common, and exports will need to average about 13 million bushels per week during the last 10 weeks of the year to reach the projection. The current pace of exports is a little slower than the needed pace, but exports are still likely to reach the projected level. While the pace of exports has slowed in a typical seasonal pattern, sales for export during the 2012-13 marketing year are record large, underscoring the strength in Chinese demand. The USDA will update the projections of consumption and ending stocks for both marketing years on July 11. The estimate of June 1 stocks, to be released on June 29, will provide some confirmation about the pace of consumption and likely year-ending stocks,” Good said.¶ With prospects for relatively small year-ending soybean stocks, the focus is quickly turning to the prospective size of the 2012 U.S. crop. An estimate of planted and harvested acreage will be available with the USDA’s June 29 Acreage report.¶ “With the soybean price rally that occurred this spring, it would not be surprising if acreage exceeded intentions reported in March,” Good said. “While acreage estimates will influence production prospects, the major focus will be on yield prospects.”¶ In the June WASDE report, the USDA projected a U.S. average yield of 43.9 bushels and 2012-13 marketing year-ending stocks at what is generally considered to be a minimum level of 140 million bushels. Good said that the trend yield for 2012 is 43.4 bushels, 1.9 bushels above the 2011 average yield.¶ “Continuation of stressful weather in the central and eastern growing areas along with declining crop condition ratings suggest that the 2012 yield could be below trend again in 2012,” Good said. “A shortfall in production would require that consumption during the year ahead be reduced from the current USDA projection of 3.255 billion bushels. The recent price rally is in recognition of the rationing that may be required.¶ “Unless weather and crop conditions improve soon, which does not appear likely, additional price strength is expected,” Good said. “Talk of the 2008 futures price peak near $16.60 has surfaced. While prices at that level are not yet justified, they are within the range that we have projected for the ‘new era’ of prices that began in 2007.”

#### Soybean Exports higher than expectations

FWN Financial News 7-6

(NQA, “DJ U.S. SOY: Beans Stumble; Traders Book Profits After Recent Surge”, )

Investors may have a tough time buying soybeans, with cooler temperatures on the way and the influence of outside macro markets damping some buyer's confidence, a CBOT floor trader said.¶ Otherwise, investors are considering demand, paying close attention to how domestic and foreign end users react to soaring prices. Large export sales were not a big surprise, and should not affect the temporary reprieve from the rallying prices, said Rich Nelson, director of research at brokerage and advisory firm Allendale Inc. in McHenry, Ill.¶ Weekly soybean export sales totaled 1,763,400 metric tons, including 298,700 metric tons for the current marketing year and 1,464,700 metric tons for the year starting Sept. 1, according to the U.S. Department of Agriculture. The sales were above trader expectations that ranged from 450,000 metric tons to 700,000 metric tons.¶ The USDA also announced the sale of 120,000 metric tons of soybeans by private exporters to China during the 2011/2012 marketing year, which ends Aug. 31.

#### Soybean exports increasing now

Villari,writer for States News Service, June 11

(Gena, 6-11-12, States News Service, “GOVERNOR MCDONNELL ANNOUNCES CHINESE BUSINESS TO PURCHASE UP TO 550,000 METRIC TONS OF 2012 CROP SOYBEANS FROM PERDUE AGRIBUSINESS”, gale, ks)

RICHMOND, VA -- The following information was released by the office of the governor of Virginia:¶ Governor Bob McDonnell today announced the expansion of a major soybean export agreement between Perdue Agribusiness, which owns and operates a major deep water export facility in Chesapeake, and the Dandong Port Group and Dandong Pasite Grain and Oilseed Co. of Dandong, China.¶ Under terms of the expanded export agreement, Dandong will purchase from Perdue up to 10 Panamex vessels of soybeans from the 2012 crop, which will be ready for export in October. Each Panamex vessel holds approximately 55,000 metric tons, or about 2 million bushels, of soybeans. On Friday, the Chicago Board of Trade per bushel price for soybeans was $14.86. Dandong purchased five vessels filled with 2011 crop soybeans from Perdue as a result of the original business agreement signed in September 2011 in Richmond. The first shipment from the 2011 crop was worth approximately $25 million.¶ Speaking about the agreement, Governor McDonnell said, "Today's announcement is more great news for Virginia agriculture, especially our soybean producers. Growing exports are key to growing our economy. In the last few months alone we've announced a record export level reached in 2011 and new trading deals with countries around the world, some of which were initiated during international marketing and trade missions. I applaud the leadership of Perdue and Dandong for building on their existing relationship to increase exports from Virginia. Their work and cooperation means more economic opportunities for our producers, shippers, and so many others between our farms and world-class ports."¶ The deals, which were finalized and signed in New York City last month during a ceremony attended by senior leadership of Perdue and Dandong as well as the senior government official of the Liaoning Province where Dandong is located, were witnessed officially by U.S. Representative Robert Hurt (VA-5th) and Virginia Secretary of Agriculture and Forestry Todd Haymore on behalf of Governor McDonnell. Chief of Staff Martin Kent and Secretary Commerce and Trade Jim Cheng also attended the ceremony.¶ In addition to the new exports, Perdue and Dandong also agreed to terms on an agronomic cooperation agreement that will assist Dandong's efforts to improve the quality of animal feed stock. The agreement is for use in Dandong's soybean crushing and soy meal production facilities. It primarily calls for Perdue to assist Dandong with its efforts to improve the quality of animal feed stock developed, in part, from soybeans sourced from Perdue.¶ "We are very pleased with the results from the first year of our business relationship with Dandong and are excited about continuing to build on it in through product sales as well as expertise sharing in the coming year," said Jim Perdue, Chairman of Perdue. "We are grateful to Governor McDonnell and his team, and to the Commonwealth of Virginia, for introducing us and facilitating the original agreement, and for their support as we grow this mutually beneficial relationship."¶ "I am pleased to expand our already solid business relationship with Perdue Agribusiness," said Mr. Wenliang Wang, Chairman of the Dandong Port Group and Dandong Pasite Grain and Oilseed Co. "Perdue has been a valuable partner in our expanding soybean import growth and we look forward to continue working with the company in the coming years. Governor McDonnell introduced our company to Perdue last year and his on-going efforts to facilitate greater opportunities for agribusiness cooperation as well as this agreement was crucial to its success. I appreciate the Governor's continued commitment to agriculture."¶ "I was honored to assist Governor McDonnell and his team in reaching an expanded export agreement between Perdue Agribusiness and the Dandong Port Group," said Rep. Hurt, who represents Virginia's 5th Congressional District. "Our family farms and small businesses are the lifeblood of our economy in Virginia's 5th District, sustaining many rural communities and creating the jobs that we need in this stalled economy. This expanded export agreement is great news for the 5th District and the Commonwealth and I was proud to be a part of ensuring that our Central and Southside Virginia agribusinesses continue to have opportunities to grow and expand their reach, both in Virginia and internationally."¶ After taking office, Governor McDonnell fully integrated the promotion of agriculture and forestry products into his overall economic development agenda and implemented a strategic initiative to help Virginia's producers, agribusinesses, and shippers increase exports into the global marketplace. Since 2010, the Governor has worked with a number of the Commonwealth's agribusinesses to help secure approximately $200 million in new agricultural exports, including soybeans and wine shipments to China, beef cattle to Canada, dairy cattle to Russia, and wine, seafood, and specialty foods to the European Union.¶ The Governor also has worked with the General Assembly to secure new international marketing funds for the Virginia Department of Agriculture and Consumer Services (VDACS) to hire trade representatives in China and India, two of the world's fastest growing economies. New appropriations sought by the Governor in the recently completed state budget will allow VDACS international marketing staff to pursue new export opportunities in other fast growing regions, such as Europe, Northern Africa, and Latin America.¶ Agricultural exports from Virginia reached an all-time high of $2.35 billion in 2011. Virginia's top customers include a diversified portfolio of developed and emerging countries, including Morocco, China, Canada, Switzerland, Egypt, and Cuba.¶ Agricultural exports are an increasingly important part of the nation's and Virginia's economy. A United States Department of Agriculture study concluded that for every $1.00 in agricultural exports from a state, $1.40 is generated in-state from related services, such as production, processing, shipping, storing, and financing.¶ Agriculture and forestry are Virginia's largest industries, with a combine economic impact of $79 billion annually: $55 billion from agriculture and $24 billion from forestry. The industries also provide approximately 500,000 jobs in the Commonwealth according to the Weldon Cooper Center for Public Service at the University of Virginia.

#### US Soybean Demand high--- Increase in Exports.

Johnson, News Writer for FWN Financial News, June 14

(Andrew, 6-14-12, “DJ U.S. SOY: Beans Climb on Strong Demand, Crop Uncertainties”, rs)

CHICAGO--U.S. soybean futures are higher Thursday, fueled by solid demand and lingering worries about U.S. crop potential. ¶ At 9:49 a.m. EDT, CBOT July soybeans are up 4 cents at $14.12 1/4 a bushel. ¶ The soybean market is rebounding from weaker overnight price action, as signs of stronger-than-expected domestic and export demand rekindle investor's bullish enthusiasm. ¶ Traders remain mindful of tightening global soybean inventories, with increased demands placed on U.S. soybean supplies adding value to prices. ¶ Larger than expected weekly export sales and usage for the monthly crush heighten fears of U.S. supplies dwindling to precariously low levels through August of 2013, said Rich Nelson, director of research at advisory firm Allendale Inc. in McHenry, Ill. ¶ The U.S. Department of Agriculture, in a weekly export sales report, said U.S. sold 1,005,100 metric tons of soybeans in the week ended June 7, including 425,100 metric tons for the current marketing year ending Aug. 31. The sales were well above trader's expectations that ranged from 450,000 to 750,000 metric tons. ¶

#### US soybean exports increasing now- Containers

Feedstufs 12 ("Containerized soybeans add value." Feedstuffs 25 June 2012: 5. General Reference Center GOLD. Web. 19 July 2012. MPH)

EMPTY containers, sitting on docks along the Eastern Seaboard, could present a profitable opportunity for U.S. soybean farmers and exports, according to a recent checkoff-funded study.¶ An analysis conducted by the United Soybean Board's (USB) Global Opportunities program considered the potential for shipping containerized soybeans to Europe via containers that would otherwise cross the Atlantic empty.¶ Among the conclusions, the report found that ocean freight cost is the most important factor in determining the profitability of containerizing soybeans bound for Europe. Freight from the East Coast would need to cost less than $1,000 per 40-ft. container carrying 950 bu. of soybeans or 25.5 metric tons of soybean meal to be competitive with Argentine meal delivered in bulk cargo ships.

#### US Soybean trade with China will double our soybean exports

The Virginian Pilot. 6-12

"Hampton Roads, state and nation." Virginian Pilot 12 June 2012: A7. Infotrac Newsstand. Web. 19 July 2012.

Trade deal expands China soybean exports**¶** The expansion of a trade deal could double soybean exports to China through a Chesapeake port terminal to up to 550,000 metric tons this year, Gov. Bob McDonnell announced Monday. The expanded deal between Perdue Agribusiness and China-based Dandong Port Group and one of its affiliates is potentially worth more than $300 million, at the current price for soybeans.¶ Under terms of the original deal, signed in the fall, Dandong agreed to buy about 275,000 metric tons of soybeans from the 2011 crop. Last year, China was the largest customer for U.S. soybeans, with purchases exceeding $10.4 billion.¶ Perdue has a deep-water export facility on the Southern Branch of the Elizabeth River, in South Norfolk.

#### US soy bean exports high now

Dow Jones 6/14 (NQA, 6-14-12, “US Soy: Beans Climb on Strong Demand, Crop Uncertainties”, <http://go.galegroup.com.proxy2.cl.msu.edu/ps/i.do?id=GALE%7CA293062415&v=2.1&u=msu_main&it=r&p=STND&sw=w>, Gale, lcl)

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#### Soybeans up!

FWN Financial News, your insights on finance, 7/10

(7-10-12, “U.S. SOY: Drifting Lower; Traders Book Profits Before USDA Reports”, TVB)

CHICAGO--U.S. soybean futures are trading lower, stabilizing after closing at a new all-time high Monday.¶ Investors are reducing risk and taking some profits off the table after the recent rally in futures.¶ Soybean futures had rallied $2.80 a bushel or 20% in the past three weeks.¶ Chicago Board of Trade July soybeans are 11 1/4 cents, or 0.7%, lower at $16.53 3/4 a bushel. The new-crop CBOT November contract is trading down 9 1/4 cents, or 0.6%, at $15.38 1/2 a bushel.¶ "The day prior to the monthly supply/demand report from U.S. Department of Agriculture is bringing a round of profit taking with it," Brian Hoops, president of brokerage and advisory firm Midwest Market Solutions, wrote in a morning market note.¶ Investors are typically cautious about holding bets when going into USDA reports known for causing big price swings.¶

#### Soybean production is set to be largest on record

Business Monitor Online, 6/29

(Business Monitor Online, 6-29-12, http://www.lexisnexis.com.proxy2.cl.msu.edu/hottopics/lnacademic/

“Global Soybean Outlook: US Focus”, LexisNexis, jn)

Looking at 2012/13, we have revised up our US soybean production forecast, largely because of expectations for slightly better yields. We now expect output to rebound and to grow by 4.8% and to reach 87.0mn tonnes (compared to our previous forecast of 85.0mn tonnes). Soybean planting, which last from February to April, has proceeded at one of the fastest rates ever according to the USDA. As of the end of June, 97% of the 2012 U.S. soybean crop had been sown, well ahead of the five-year average of 85%. Harvested area should reach 29.5mn hectares, in line with the ten-year average. Due to expected higher yields, at 2.9tonne/ha, production is set to be one of the largest on record.

## AT Economy advantage

### US economy improving

#### Economy Improving Now – Multiple Warrants- Gas Prices and Private Sector

Lowrey 7/12

(Annie, New York Times Reporter, 7-12-12 http://www.nytimes.com/2012/07/13/business/economy/in-latest-data-economists-see-signs-of-pickup.html “In Latest Data on Economy, Experts See Signs of Pickup” WL)

Despite the recent run of disappointing economic data, a broad range of experts and forecasters expect the economy to improve slightly in coming months, thanks to lower oil prices and new signs of life from sectors like automobiles and housing.¶ Economists at many of the most-watched forecasting organizations, both public and private, expect growth to pick up through the summer and into the fall, although only to a pace broadly considered sluggish, if not dismal.¶ This week, Macroeconomic Advisers, an economic consultancy often cited by policy makers, estimated the annual rate of growth in the second quarter at just 1.2 percent — well below the pace needed to reduce the unemployment rate. But the firm also projected growth to accelerate to around 2.4 percent in the third quarter.¶ “The pace of economic growth is picking up, but not to a rate that is very robust,” said Joel Prakken, the chairman of Macroeconomic Advisers. “It certainly is no great shakes.”¶ Forecasters, including those at the Federal Reserve, have been overly optimistic at several points during the slump of the last few years, of course. But the recent fall in oil prices and the stabilization of the housing market do give some gravitas to the current predictions.¶ On Thursday, the Labor Department reported that new claims for jobless benefits dropped to their lowest level in four years, at 350,000 a week. Analysts said they were unsure how much of the decline stemmed from an actual improvement, as opposed to temporary factors in the auto industry.¶ The pace of economic growth will have huge implications for a country still trying to emerge from the worst downturn in 70 years amid a presidential campaign that will most likely turn on the economy.¶ United States growth began to surge in late 2011 and early 2012, before slowing significantly in the spring. Some of the recent headwinds — like a re-escalation of the euro zone crisis, households that are paying down their debt, and a falloff in growth in big emerging markets, like China and Brazil — remain.¶ With tax increases and across-the-board government budget cuts looming at the end of the year — unless Congress acts to change the law — some economic experts are wary.¶ “The soft patch could easily extend through year-end or almost a full year,” Steven Ricchiuto, the chief economist at Mizuho Securities USA, wrote in a note to clients on Thursday. “Companies are unlikely to hire, invest in new plants and equipment or build inventory. This pullback could very well last through year-end as the chances of any movement on the fiscal front are unlikely until after the election.”¶ The weaker-than-expected spring data has raised speculation that the Federal Reserve might announce a new round of bond buying this summer to spur growth. Some Fed officials want further action because they are not confident the economy will pick up soon.¶ But other headwinds have started to slack, leading some economists to believe that jobs and growth numbers will track up modestly.¶ Perhaps most significant is the falling price of oil. Gas prices rose steadily from January through March on concerns over a confrontation with Iran as the United States and its allies cut the producer out of the petroleum market. But tensions have faded and gas prices have fallen to $3.38 a gallon today from above $3.90 a gallon in April, which has left more money in American consumers’ wallets and businesses’ ledgers. Every penny that the price of gas falls leaves about a billion dollars in American pockets over the course of a year, economists estimate.¶ The lower gas prices “will take a few months to show up” in consumer spending and confidence numbers, said Mr. Prakken of Macroeconomic Advisers. But it should lead to higher sales for businesses and greater optimism among households.¶ James Bullard, the president of the Federal Reserve Bank of St. Louis, said that he saw “modestly improving economic growth during the second half of 2012, along with a slow and intermittent decline in unemployment,” when he spoke in London this week.¶ Economists pointed to surging new car sales as a good economic indicator: a sign that households are confident enough to make a major purchase and that they are accessing the credit markets. It is also a boon for auto businesses — the auto industry reported a 22 percent jump in sales in June, with some carmakers reporting that revenue increased as much as 60 percent year-on-year.¶ “The surge in car sales is disproportionately important,” said Ian Shepherdson, an economist and forecaster at High Frequency Economics. “It means that you’re willing and able to take out a loan — and that’s quite a good sign.”¶ Moreover, there are accumulating signs that housing has turned around, perhaps auguring a rise in residential investment, an upturn in construction jobs and growing sales.¶ “I do think that the economy is stronger than the recent data would suggest,” said Mark M. Zandi, the chief economist of Moody’s Analytics. “We’ve had the numbers say underlying job growth is at 80,000 jobs a month, where we could see 150,000 jobs a month. Or G.D.P. at 2 percent, where it’s really at 2.5 percent. That will become evident later in the year.”¶ Some economists pointed to private forecasts showing a stronger June than the one depicted in government reports. A Bureau of Labor Statistics survey showed that employers added just 80,000 new positions that month — not enough to bring the unemployment rate down from its elevated rate of 8.2 percent.¶ But a closely watched monthly survey showed that private sector employers added a strong 176,000 jobs in June.¶ “Everybody has argued that A.D.P. got it wrong,” said Mr. Shepherdson, of the survey. “But it’s a big survey, and a good survey. Maybe the Bureau of Labor Statistics got it wrong.”¶ Mr. Prakken said the initial unemployment claims “suggest that the labor market has not fallen out of bed.” He added, “There’s been a pause in hiring, a momentary pause in hiring.”

**Economy growing now.**  
Targeted News Service 12

(6-22-12, MAPI Quarterly U.S. Industrial Outlook: Modest Improvement in Manufacturing Forecast in 2012, Slower Growth for GDP/PQ. bcd)

"We forecast that GDP growth will increase at annual rates of 2.1 percent over the next five quarters," Meckstroth said. "These growth rates are categorized as a relatively modest pace and well below what would be considered normal for an expansion following a severe recession. Consumers are deleveraging and are reducing debt and therefore can only increase spending commensurate with employment and wage growth."¶ The report offers economic forecasts for 24 of the 27 industries. MAPI anticipates that 18 of these will show gains in 2012, 3 will remain flat, and 3 will decline. The engine, turbine, and power transmission equipment sector will grow by 32 percent and housing starts will see a 22 percent increase. Broad-based advances should occur in 2013 with growth likely in 23 of 24 industries, led by housing starts at 35 percent. Public works construction is the lone industry expected to decline in 2013, by 2 percent.¶ MAPI forecasts that industrial production will increase 5.2 percent in 2012, up from 4 percent in the March report, and 3.3 percent in 2013, down from 3.5 percent in the previous forecast. Manufacturing production should outperform GDP growth, which MAPI estimates will be 2.2 percent in both 2012 and 2013.¶ According to the report, non-high-tech manufacturing production (which accounts for 90 percent of the total) is anticipated to increase 5.5 percent in 2012 and 3.2 percent in 2013. High-tech industrial production (computers and electronic products) is projected to expand by 5.3 percent in 2012 and show 7.7 percent growth in 2013.¶ Eighteen of the 27 industries MAPI monitors had inflation-adjusted new orders or production above the level of one year ago (the same as reported in MAPI's March 2012 report), eight declined, and one was flat. Engine, turbine, and power transmission equipment grew by 36 percent in the three months ending April 2012 compared to the same period one year earlier, while housing starts improved by 28 percent in the same time frame.¶ The largest drop came in domestic electronic computers, which declined by 12 percent.¶ Meckstroth reported that 8 industries are in the accelerating growth (recovery) phase of the business cycle; 10 are in the decelerating growth (expansion) phase; 7 are in the accelerating decline (either early recession or mid-recession) phase; and 2 are in the decelerating decline (late recession or very mild recession) phase of the cycle.

#### American economy on the rise

Dion Global Solutions 7-18

(7-18-12, “American factories still resilient amid deepening global slump”, Gale, ns)

America is not going down so easily even as a growing global economic gloom knocks on the doors of the world's largest economy. A rebound in industrial output certainly shows the resilience of the US economy to the deepening global economic slump.¶ Output at mines, factories and utilities or overall industrial output rose 0.4 per cent in June 2012 from the previous month, the Federal Reserve reported on Tuesday.¶ In May 2012, industrial output fell 0.2 per cent from the previous month.¶ Manufacturing, which accounts for 75 per cent of total industrial output, rose an impressive 0.7 per cent last month, a sign that American factories are still running and churning goods despite a worsening world economy.¶ The latest data raises hope that manufacturing, the pillar of the US economy, is holding up despite a gloomy global outlook that is curbing overseas demand. The latest data also tempers fears over a deepening slowdown in the US economy.¶

#### **US economy slowly recovering now**

Economist 12

("Points of light; America's economy." The Economist [US] 14 July 2012: 22(US). General Reference Center GOLD. Web. 19 July 2012.MPH)

Consumers are now engaged in a long, hard process of shedding debt and learning to live within their means. This is essential, but it has a price: an uncommonly feeble recovery. In the three years since the recession ended, GDP has grown by an average of 2.4%. This year it may not reach even that. On July 6th the government reported that jobs figures, excluding jobs on farms, rose by just 80,000 (less than 0.1%) in June, the third straight month of meagre growth, and unemployment remained at 8.2%. Emerging markets are slowing, Europe remains in crisis, and at home businesses worry that political deadlock will force dramatic tax increases and cuts in federal spending at the end of the year.¶ Although America's overall growth may indeed by unimpressive, its components show some intriguing shifts. Consumer spending and housing contributed just 65% of growth. Exports contributed 43%, one of the strongest showings in any recent economic recovery (see chart 1 on previous page). Other components, such as business investment, imports and government spending, added to or subtracted from growth, roughly offsetting each other.

#### US economy improving now – auto industry.

Global Insight ‘12

(Global Insight, “North American Economy Gets Boost from Record Production at Japanese Automakers”, 7/19/12, lexis, ps)

Production is booming as inventory is being rebuilt and demand being met, all of which is putting people back to work. The United States' economy may still be improving at a very slow pace, but much of that improvement is being driven at the local level by record levels of auto manufacturing, particularly by Japanese automakers, reports Bloomberg News. Coming off a very difficult year, in which the Japanese automakers saw production hampered severely by the impact of the March 2011 earthquake and tsunami in northern Japan, nearly all of the companies producing vehicles in North America have seen production not only return to pre 3/11 levels, but even surpass it. Toyota is on track to produce a record number of vehicles in the region this year, with production up 66% in the first half of the year to 944,570 units, a 374,429-unit increase from the year-ago period. Honda's gain is even greater, up 75% year-on-year (y/y) to lead the industry, producing a record 894,196 vehicles in North America.

This is affecting the US economy as well, as the favourable exchange rates versus both the yen and the euro have provided a major boost to North American manufacturing. European automakers are also taking advantage of it by using US production as an export base, with both Mercedes-Benz and BMW building expensive SUVs in the US, and exporting them abroad to growth markets like China, Brazil, and Russia. Japanese automakers are exporting to South Korea, taking advantage of a new free trade agreement. While these levels are not likely to say, tilt the balance of the trade deficit between the US and China, they are the start of a trend that could see the region used increasingly for such exports during the rest of the decade. This means more jobs for the region, and hopefully a kick-start to what is still a fairly tepid economic recovery.

#### U.S. business conditions good

Cohn, writer for the New York Times, 7/18

(Michael, 7/18/12, <http://www.accountingtoday.com/news/accountants-economy-acca-ima-63342-1.html>, “Accountants See U.S. Economy Improving, China Slowing”, kaw)

Despite the slowdown this year of the economic recovery, financial professionals surveyed by the Association of Chartered Certified Accountants and the Institute of Management Accountants believe that business conditions in the U.S. are improving, but they worry about conditions abroad.¶ The survey by the ACCA and IMA of 2,700 professional accountants found that growth across the world's most developed economies stalled again, and the global economy remains fragile. China’s slowing economy dominated the survey findings, although ACCA and the IMA emphasized that there are few signs of the hard landing feared by many commentators. Both confidence and investment showed signs of decline, despite increasing business opportunities.¶ “The point now is to see how far and how fast the Chinese slowdown will travel,” said ACCA senior economic analyst Manos Schizas, who edited the survey. “Our members in Africa tend to feel any fallout from Asia fairly quickly, and there could be implications for other markets that trade with China."¶ The flip side of the Chinese slowdown is a recovery for the U.S. economy, where investment is on the rise and confidence is high, the survey found, despite significant potential problems.¶

### Trade deficit decreasing

#### The US trade deficit has begun to drop noticeably

NYT 7/12 (New York Times, U.S. Trade Deficit Declined in May, July 12 2012, jmb)

WASHINGTON (AP) -- The United States trade deficit narrowed in May from April, helped by cheaper oil that reduced imports and an increase in exports to Europe and China.¶ But economists cautioned that the global economy had weakened since then. And they noted that the decline in the deficit did not change their growth forecasts for the second quarter.¶ The Commerce Department said on Wednesday that the trade deficit fell 3.8 percent to $48.7 billion in May, down from $50.6 billion in April.¶ Exports rose 0.2 percent to $183.1 billion. The increase reflected stronger sales of telecommunications equipment and heavy machinery. Exports to the 27-nation European Union rose 2.6 percent in May from April. Imports dropped 0.7 percent to $231.8 billion. The amount the United States spent on imported oil fell to the lowest level in 15 months.¶ A narrower trade gap means the United States is spending less on foreign products, while taking in more from sales of American goods.¶ ''It is always nice to see the trade deficit narrow, but I am not sure this will continue,'' said Joel L. Naroff, chief economist for Naroff Economic Advisors. ''The sharp decline in oil prices has faded, and the economies in Europe and Asia have weakened further.''¶ A separate Commerce Department report showed that American wholesale companies added modestly to their stockpiles in May. But sales at the wholesale level dropped by the largest amount in three years. That could prompt companies to restock more slowly in the coming months, which could weigh on growth this year.¶ Wholesale stockpiles rose 0.3 percent in May after a 0.5 percent increase in April, which was reduced from an initial report of a 1.1 percent gain. But sales at the wholesale level fell 0.8 percent in May, the biggest decline since March 2009.¶ American manufacturing has weakened this year, hurt by Europe's financial crisis and slower growth in China. Sluggish job growth and meager pay increases have made American consumers more cautious about spending. Consumer spending drives roughly 70 percent of economic activity.¶ Paul Ashworth, chief United States economist at Capital Economics, said he did not expect growth to increase from the first quarter's tepid 1.9 percent annual pace. He forecast annual growth of 1.5 percent to 2 percent in the second quarter.¶ Growth in American exports will slow further ''given the sharp slowdown in economic growth in Europe and Asia,'' Mr. Ashworth said. He predicted that trade would be a drag on growth in the second half of this year ''and probably through 2013 as well.''

#### US Trade deficit is dropping linearly

Action Economics Alert 7/11

( 7/11/12, "The U.S. Trade Deficit Narrowed," Action Economics Alert, lexus, znf)

The U.S. trade deficit narrowed to $48.7 bln in June, thanks to an expected petroleum import drop, after a decline to $50.6 (was $50.1) bln in April from $52.6 bln in March. We expect a further trade deficit drop to the $45 bln area in June, as the $3.2 bln May petroleum import decline is followed by a larger $4 bln June drop, versus the $0.4 (was $0.5) bln April decline. We still assume a 1.6% Q2 GDP growth clip that undershoots the 1.9% Q1 pace thanks partly to a $14 bln Q2 net export subtraction that follows $3.8 bln Q1 add to growth. We expect real export growth of 4% in Q2, following a 4.2% Q1 rate. We expect Q2 import growth of 6%, following a 2.7% Q1 rate. We expect a Q2 drop in the current account deficit to $129 bln that half-reverses the Q1 pop to $137.3 bln from a $118.7 bln in Q4, versus a peak-gap of $214.4 bln in Q3 of 2006. We peg the 2012 current account gap at $504 bln, versus prior gaps of $466 bln in 2011, $471 bln in 2010, and a record $801 bln back in 2006.

#### US trade deficit decreasing now

Gupta, writer for 123jump.com, july 11

(Arthi, 7-11-12, <http://www.123jump.com/market-update/U.S.-Trade-Deficit-Narrows,-Stocks-Lower-Ahead-of-Minutes/49356/1>, “U.S. Trade Deficit Narrows, Stocks Lower Ahead of Minutes,” ks)

¶ 11:00 AM New York – U.S. indexes traded sideways after trade deficit contracted and wholesale inventories increased in May. Unit Corp agreed to acquire certain oil and natural gas properties from Noble Energy for $617 million.¶ ¶ U.S. indexes traded sideways and trade deficit declined and Spain proposed additional austerity measures to meet bailout conditions and Germany sold debt today at record low yields.¶ ¶ Investors are also awaiting the release of Fed minutes of the latest meeting later in the day. The euro traded near 2-year low against the dollar.¶ ¶ Spain''s Prime Minister Mariano Rajoy unveiled tax increases and spending cuts to reduce the budget deficit by €65 billion over two years.¶ ¶ Rajoy said at a speech to lawmakers, “We have very little room to choose” and added “I pledged to cut taxes and now I am raising them. But, the circumstances have changed and I have to adapt to them.”¶ ¶ Some of the austerity measures include raising the value-added tax to 21% from 18%, reducing jobless claim benefits by 10% after six months, and imposing salary cuts for government employees and foregoing of Christmas bonus.¶ ¶ Separately, Greek Finance Minister Yiannis Stournaras said the government requires another €3 billion to cover its short-term funding requirements.¶ ¶ A report from the International Labor Organization stated that unemployment in the euro-zone could reach almost 22 million over the next four years, up from 17.4 million.¶ ¶ Asian markets closed mixed tracking weak U.S. earnings and European economic worries. Investors look ahead to the two day policy meeting of the Bank of Japan beginning today for some economic cues.¶ ¶ U.S. Trade Deficit Narrows¶ ¶ The U.S. trade deficit narrowed in May, according to data released by the U.S. Commerce Department today.¶ ¶ In the month of May exports edged up $183.1 billion and imports declined to $231.8 billion in May resulting in a goods and services deficit of $48.7 billion, down from the revised $50.6 billion deficit in April.¶ ¶ Exports in May were $0.4 billion more than April exports of $182.7 billion and May imports were $1.6 billion less than April imports of $233.3 billion.¶ ¶ The goods and services deficit increased $1 billion from a year ago month.¶ ¶ U.S. Wholesale Inventories Rise¶ ¶ U.S. wholesale inventories at a seasonally adjusted level were $484.1 billion in May, a 0.3% increase from April levels, according to data released by the U.S. Commerce Department today.¶ ¶ On an annual basis, U.S. wholesale inventories rose 6.4% from May 2011 levels.¶ ¶ Unit Corp. to Acquire Certain Assets from Noble Energy¶ ¶ Unit Corp., the energy company said its wholly owned subsidiary, Unit Petroleum Company agreed to acquire certain oil and natural gas properties in western Oklahoma and the Texas Panhandle from Noble Energy, Inc. for $617.1 million in cash.¶ ¶ Unit Corp expects the acquisition to be immediately accretive to cash flow and earnings beginning in 2013.

#### United States trade deficit is decreasing now

TNS 7-12

"Travel Exports Grow Twice as Fast as Overall Exports Through May 2012." Targeted News Service [TNS] 12 July 2012. Infotrac Newsstand. Web. 19 July 2012.

WASHINGTON, July 11 -- The U.S. Travel Association issued the following news release:¶ David Huether, senior vice president of economics and research at the U.S. Travel Association, provides analysis on today's Commerce Department announcement on international trade:¶ "The Commerce Department reported today that after falling slightly in April, U.S. exports edged up in May, decreasing the trade deficit to $48.7 billion. Travel exports also rebounded in May, increasing by $60 million. This growth was three times more than the $20 million increase in overall goods exports and accounted for 17 percent of the increase in total exports.**¶** "The growth in travel exports continues to assist in narrowing the nation's international trade deficit. Through the first five months of the year, travel exports increased 12 percent from the same period in 2011, double the six percent increase of overall exports.

#### Trade gap shrinking now

The Telegraph ’12

(The Telegraph, 7-11-2012, <http://www.lexisnexis.com.proxy1.cl.msu.edu/hottopics/lnacademic/>, AP)

The gap shrank 3.8pc to $49bn (£31bn), the US Commerce Department said. Cheaper oil from abroad also helped reduce the trade deficit.? American companies slammed the brakes on hiring in the second quarter, a warning sign the recovery from the 2007-2009 recession is faltering.? Many economists think economic growth slowed in the second quarter, with companies holding back due to fears of Europe's debt crisis as well as US government plans for severe belt tightening in 2013.? Exports have been a key support for the economy since the recession.? "At least as of May the situation in Europe wasn't leading to some kind of collapse in trade," said David Resler, an economist at Nomura Securities in New York.? Exports climbed 0.2pc, rising across categories from capital goods and industrial supplies to consumer goods. Imports fell 0.7pc.? Still, Europe's problems and signs of cooling growth in China suggest demand from abroad might weaken.? "While the positive momentum in export activity provides some encouragement on the tone of overall global economic activity, it is unlikely to be sustained in the coming months," said Millan Mullraine, an economic strategist at TD Securities in New York.? Earlier this month, a private survey showed activity at US factories declining in June, with new orders falling, including those for exports.

### US Unemployment decreasing

#### US unemployment decreasing

Independent Television News Limited 7-18

(NQA, 7-18-12, “Jobless total falls for fourth month”, Gale, ns)

Unemployment has fallen for the fourth month in a row, according to new figures released on Wednesday.¶ The statistics also show more jobs are being created, especially for people over the age of 65.¶ The jobless total fell by 65,000 to 2.58 million in the three months to May, the lowest for almost a year, while the number of people in employment increased by 181,000 to just under 30 million, the highest for almost four years.¶

#### Statistics and trends forecast optimistic job rates

Norris, chief financial correspondent of The New York Times and The International Herald Tribune, 7/15

(Floyd, 5-29-12, “Jobless rate in U.S. isn't all bad news”, TVB)

"The latest report held some very good news, which was widely overlooked," said Ed Yardeni, of Yardeni Research, an economist and longtime Wall Street strategist. "This could very well lead to surprising strength in retail sales in June and July."¶ He pointed to a Labor Department index of total hours worked, which rose to the highest level since 2008, and to an index of total private sector payrolls. As can be seen in the accompanying charts, that index, after being basically flat for three months, accelerated.¶ As a result, he said, "consumer spending should soon show renewed vigor." The fact that those with jobs are working longer hours may eventually lead to an uptick in hiring, but few expect rapid improvement. The minutes of the June meeting of the Federal Open Market Committee, released in the past week, said most members of that policy-making panel of the Federal Reserve had reduced their expectations of employment growth.¶ A slow decline in the unemployment rate, now at 8.2 percent, would be unimpressive when compared with past recoveries, a point Republicans are sure to make often as President Barack Obama seeks re-election.¶ But if the U.S. economy were to be graded on a curve - measured against the performance of other countries - that performance might seem very impressive.¶ The Organization for Economic Cooperation and Development, whose members include all of the large industrialized countries, issued its annual employment outlook report during the past week, forecasting rising unemployment in many countries.¶ An accompanying chart shows the forecasts for unemployment rates in all 34 countries that belong to the organization. The figures for each year are the average of the monthly numbers, so the forecast of 8.1 percent in 2012 for the United States implies that the rate will fall below 8 percent by late 2012. The average for 2013 is predicted to be 7.6 percent, 1.3 percentage points below the 2011 rate.

#### U.S. jobless claim fallen to lowest level in four years.

Bond, reporter and FT.com editor, 7/12

(Shannon, 7-12-12, FT.com, “US trade gap narrows as oil prices fall”, ProQuest)

US jobless claims fell to 350,000 last week, the lowest level in more than four years, in an unexpected sign of improvement in the labour market.¶ The drop of 26,000 from the previous week surprised economists who had predicted a slighter decline to 372,000.¶ However, the labour department noted that some of the decrease may be due to fewer temporary lay-offs in the auto industry. Ford and Chrysler announced earlier this year that they would keep factories running in July to meet strong demand. That may have led fewer auto workers to file for unemployment benefits, suggesting that the apparent strength may not reflect a deeper improvement in employment.¶ John Ryding and Conrad DeQuadros at RDQ Economics said: "The claims data in early July are far less useful than normal in judging the underlying state of the labour market. It will take two or three weeks for this distortion to the claims data to unwind, which means this report will be of little use in forming early opinions on the July employment data."¶ The four-week moving average of claims, which smooths out volatility, fell 9,750 to 376,500.¶ The pace of hiring at US companies has slowed in recent months amid uncertainty over the global economy and the strength of the US recovery. Employers added just 80,000 jobs in June, continuing a run of weak employment figures in the second quarter after a pickup in job creation at the beginning of the year.¶ Continuing claims fell 14,000 to 3.3m in the week ending June 30, while the number of people who have expended traditional benefits and are now receiving emergency assistance fell to 2.6m in the week ending June 23.

#### US Unemployment Rate Dropping

Benzinga 7/11

( 7/11/12 "Initial Jobless Claims Fall to March 2008 Lows," Benzinga, lexis, znf)

In its weekly report, the U.S. Department of Labor said for the week ending July 7 that the advance figure for seasonally adjusted initial claims was 350,000. This reading was better than the consensus estimate of 372,000, and decreased 26,000 from the previous week's revised figure of 376,000.ｶ Initial jobless claims data measure the number of individuals filing for jobless benefits for the first time during the previous week. A lower-than-expected reading is typically a positive signal about the U.S. job market, as more people remain employed.ｶ When emerging unemployment is low and less than expected, it indicates a relatively healthy or recovering economy.ｶ Thursday, the initial jobless claims' four-week moving average was 376,500, decreasing 9,750 from the previous week's revised average of 386,250.

#### Unemployment benefits dropped early July

The Times 7-13

"Economics." Times [London, England] 13 July 2012: 34. Infotrac Newsstand. Web. 19 July 2012

Mortgages: British home lending bounced back in May, jumping by a third compared with the prior month, according to the Council of Mortgage Lenders. Some 48,300 loans for home purchase were advanced during the month, worth [pounds sterling]7.2 billion.¶ United States: Unemployment benefit claims dropped by 26,000 last week to 350,000, the lowest level since March 2008, in a sign of fresh life for the labour market.

#### Unemployment Trends Good – More important than weekly numbers

Ricker 6/20

(Robert, Minnesota Daily News, 6-20-12, <http://www.mndaily.com/2012/06/20/president-obama-reversing-unemployment-trends-unique-amongst-world-leaders>, “President Obama reversing unemployment trends, unique amongst world leaders” WL)

The Republican Party wants us to believe that the unemployment rate of 8.2 percent reflects negatively on President Barack Obama’s economic policies. My question is: compared to what?¶ The euro area’s current unemployment is 11 percent, with major countries like Spain sitting at 24 percent unemployment. Larger trading partners, such as France and India, are home to unemployment rates well above 9 percent, with smaller countries such as Greece, Italy and Egypt at double digit unemployment.¶ In 2009 our unemployment during the current recession reached 9.9 percent. At that time the United Kingdom was at 8.1 percent. Today our unemployment has gone down to 8.2 percent, and the U.K. has stayed relatively stable at 8.2 percent, whereas the rest of the euro area has only gotten worse.¶ If Obama is doing a poor job, then what are we comparing him to? Obama was at least able to reverse the trend in unemployment during the worst worldwide recession in our nation’s history — something that Europe has failed to do thus far.

Employment Rates Increasing in Multiple different Fields

U.S. Labor of Bureau of Labor Statistics, 7/6/12

**(**BLS, http://www.tradingeconomics.com/united-states/unemployment-rate, “U.S. economy adds 80K jobs in June, Unemployment at 8.2%”. bcd)

Nonfarm payroll employment continued to edge up in June (+80,000), and the unemployment rate was unchanged at 8.2 percent, the U.S. Bureau of Labor Statistics reported today., and employment in other major industries changed little over the month. ¶ ¶ ¶ The number of unemployed persons Professional and business services added jobs (12.7 million) was essentially unchanged in June, and the unemployment rate held at 8.2 percent.¶ ¶ Among the major worker groups, the unemployment rate for blacks (14.4 percent) edged up over the month, while the rates for adult men (7.8 percent), adult women (7.4 percent), teenagers (23.7 percent), whites (7.4 percent), and Hispanics (11.0 percent) showed little or no change. The jobless rate for Asians was 6.3 percent in June (not seasonally adjusted), little changed from a year earlier.¶ ¶ In June, the number of long-term unemployed (those jobless for 27 weeks and over) was essentially unchanged at 5.4 million. These individuals accounted for 41.9 percent of the unemployed. ¶ ¶ Total nonfarm payroll employment continued to edge up in June (+80,000). ¶ ¶ Professional and business services added 47,000 jobs in June, with temporary help services accounting for 25,000 of the increase. Employment also rose in management and technical consulting services (+9,000) and in computer systems design and related services (+7,000). Employment in professional and business services has grown by 1.5 million since its most recent low point.¶ ¶ Employment in manufacturing continued to edge up in June (+11,000).Employment continued to trend up in health care (+13,000) and wholesale trade (+9,000) in June.¶ ¶ Employment in other major industries, including mining and logging, construction, retail trade, transportation and warehousing, financial activities, leisure and hospitality, and government, showed little or no change.¶ ¶ The change in total nonfarm payroll employment for April was revised from +77,000 to +68,000, and the change for May was revised from +69,000 to +77,000.

#### US jobless claims down

The Bond Buyer 12

("Jobless Claims Fall 26,000 to 350,000 in Week Ended July 5." The Bond Buyer 13 July 2012. General Reference Center GOLD. Web. 19 July 2012, MPH)

WASHINGTON - Initial claims for U.S. state unemployment benefits plunged by 26,000 to 350,000 in the July 7 holiday week, the lowest level since 348,000 in the March 8, 2008 week, as the impact of auto retooling shutdowns was smaller than seasonal adjustment factors has expected, the Labor Department reported Thursday.¶ The median estimate of economists surveyed by MNI was for 370,000, a drop of 4,000 from the initially reported 374,000 level in the June 30 week. That week's claims level was revised up slightly to 376,000.¶ A Labor Department analyst said that first week of July is typically marked by a surge in manufacturing retooling shutdowns, particularly in the auto production industry. In addition, the beginning of a new quarter as well as the Independence Day holiday typically complicate the claims data in the first week of July. No states were estimated in the current week, the analyst said.¶

#### Unemployment rate decreasing

Shell 12

(Adam, USA Today journalist, Feb 6 “Job gains fueling stock gains; Investors hope hiring continues,” <http://www.lexisnexis.com.proxy2.cl.msu.edu/hottopics/lnacademic/> L/N lj)

"It's the job market, stupid!" is fast becoming the new refrain on Wall Street, which is enjoying its biggest early-year stock market surge since 1987 amid a sharp drop in the unemployment rate.¶ The stubbornly high jobless rate, which has been a nagging headwind for stocks, is morphing into a tailwind, as the percentage of people without jobs fell in January for the fifth month in a row. The government said Friday that 243,000 jobs were created last month, more than 100,000 above what economists expected.¶ More important, the U.S. unemployment rate fell from 8.5% to 8.3%, its lowest in three years.¶ Historically, the Standard & Poor's 500 index has posted its best gains in periods when the unemployment rate has been above 6% but down from its level three months earlier, says Ned Davis Research. Since 1948 stocks have been up nearly 17% a year, on average, when the jobless rate has been "dropping from such high levels," says NDR investment strategist Tim Hayes.¶

#### Unemployment slows down

Asian News International, July 6,

(Asian News, 7-6-12, “Obama gets good economic news with unemployment rate marking slow down Source: Asian News International”, gale, rs)

Washington, July 6 ( ANI ): The unemployment rate in the United States has marked a slow down, which is the first positive economic news for President Barack Obama in more than a month, economists have said. ¶ According to New York Daily News, the US Labor Department has reported that there were 374,000 first-time unemployment claims last week, the lowest weekly total since May 19. ¶ Plus, following encouraging fiscal news from Europe, Obama was able to breathe a sigh of relief when the Labor Department released the nation's first positive economic news in weeks. ¶ The 374,000 initial claims for unemployment aid last week have gone down from 380,000 the week before, according to the federal government. ¶ The week's total is the lowest since May 19. It's a sign that layoffs are slowing down and that a wave of hiring could be on the horizon, according to economists. ¶ The number of people who apply for benefits generally provides a measure of the pace of layoffs, and when it falls below 375,000, the unemployment rate usually drops.

#### Joblessness Claims Fall

Benzinga, 6/12

(7-12-12, “Initial Jobless Claims Fall to March 2008 Lows”, Benzinga, LexisNexis, jn)

In its weekly report, the U.S. Department of Labor said for the week ending July 7 that the advance figure for seasonally adjusted initial claims was 350,000. This reading was better than the consensus estimate of 372,000, and decreased 26,000 from the previous week's revised figure of 376,000.¶ Initial jobless claims data measure the number of individuals filing for jobless benefits for the first time during the previous week. A lower-than-expected reading is typically a positive signal about the U.S. job market, as more people remain employed.¶ When emerging unemployment is low and less than expected, it indicates a relatively healthy or recovering economy.¶ Thursday, the initial jobless claims' four-week moving average was 376,500, decreasing 9,750 from the previous week's revised average of 386,250.¶ Continuing jobless claims measure the number of unemployed individuals who continue to be eligible for unemployment benefits.¶ The U.S. Department of Labor said the advance number for seasonally adjusted insured unemployment, during the week ending June 30, was 3,304,000. This number was worse than the consensus estimate of 3,300,000, and decreased 14,000 from the preceding week's revised level of 3,318,000.¶ The four-week moving average for continuing jobless claims increased 1,250 on Thursday. The average moved to 3,308,500 from the preceding week's revised average of 3,307,250.¶ U.S. equity futures were slightly higher immediately after the 8:30 a.m. ET release.¶

### Global economy improving

#### **Global Economy improving**

The Main Wire 12 (July 18, Market News International, “Goldman's Blankfein: World Economy Growing, BRICS Thriving” <http://www.lexisnexis.com.proxy2.cl.msu.edu/hottopics/lnacademic/>, lj)

The global economy is continuing to recover in the wake of the 2008 financial crisis and emerging markets are becoming even more viable in the global marketplace, Goldman Sachs CEO Lloyd Blankfein said Wednesday.¶ Blankfein discussed his view regarding the future of the global economy at a conversation hosted by the Economic Club of Washington.¶ "This is going to be the century of BRICS," he said. "The genie is out of the bottle and it's just going to keep on growing."¶ "Those countries that have much more of their wealth and growth predicated on commodities will have a better time while the world is growing and not as good of a time when the world isn't," he warned.¶ BRICS is the grouping acronym that refers to the leading emerging market economies of Brazil, Russia, India, China, and possibly, South Africa.¶ Blankfein said the U.S. would do well to invest in BRICS because it is "easier to forecast ten years forward than ten months."¶ Blankfein also discussed the European sovereign debt and banking crises and the future of the euro.¶ He said, "I'm worried and I think it will survive. There are not insignificant possibilities that there could be an unraveling, but I don't doubt the intensity of government and business leaders. They want to preserve the eurozone."¶ Blankfein cited flawed governance and structure of the eurozone as reasons for the downfall of the euro. "It's a form of federalism with very incomplete mechanisms for achieving the results that are sought," he said.¶ Speaking on the slow U.S. recovery, Blankfein said "the sentiment is very bad, but for real reasons."¶ "But there is a cycle and a rhythm to things. I'm optimistic because statistically, things do work out," he added.¶ And as the November presidential election approaches, the Goldman chief noted the U.S. political climate will affect fiscal policy.¶ "If you want to manage the country, you'd better not leave a 49% minority ... trying to undermine you and biding its time so it can reverse your majority," Blankfein said.

## AT Hegemony advantage

#### WTO working now - 98% of world trade is covered by the WTO and disputes are rare.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

There is much to suggest that this good faith presumption is well founded. The trillions of dollars of world trade that takes place every day, 98% of which is covered by the WTO Agreement, has led to only a handful of disputes since 1995. n107 Many of those have been resolved at the consultations stage between members, never giving rise to an actual dispute. n108 Thus, most of the time most members act in accordance with most of their WTO obligations. And in instances where at least one side has perceived that a member's action was inconsistent with its obligations, the disputing parties were able to come to a negotiated settlement. These accommodations and negotiated agreements are possible because states find some benefit in complying with their [\*417] obligations (or not breaching them in the first instance) that has little to do with a dispute settlement mechanism.

#### CSI proves that US port security measures embed racist assumptions, undermine multilateralism, free trade and decrease the ability to effectively fight terrorism.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

Membership in CSI comes with tangible benefits, the most significant of which is the ability to move through Customs with little delay. Given these benefits, exporters are more likely to source from countries with CSI-certified ports. In fact, that appears to be a deliberate design of the program; Customs admits that "in the event of a terrorist attack, the CSI ports would have a competitive advantage. They would be rewarded for their foresight." n34¶ CSI's "hidden revolution" has impacted the world, but the effect of the measure is perhaps more deeply felt at the margins. Given CSI's staggered implementation schedule, along with the conditionalities imposed on membership, most developing countries become eligible to participate years after the program has been implemented in developed countries' ports. Moreover, even if they are eligible, many of the poorer developing countries do not have the resources and technical know-how to implement CSI's requirements (indeed, at least one developed country is finding implementation beyond its capacity). n35 The developing country perspective is virtually [\*395] ignored in the balance the United States has struck between protecting its borders and ensuring the efficacy of the maritime trade supply chain. For developing countries, exclusion from CSI creates a formidable non-tariff barrier to trade, further entrenchment of existing trading patterns that favor the rich, and greater marginalization of preference programs like the African Growth and Opportunity Act, all of which are likely to have severe consequences for their development agendas.¶ Beyond the impact on developing countries, CSI also poses a significant dilemma for the trading system. Terrorism is the single greatest threat facing the multilateral system in the twenty-first century, yet CSI's unilateral approach bypasses the multilateral system altogether. By opting for a "go it alone" strategy -- working with just a few like-minded states -- rather than seeking to build a broad-based coalition of countries to address the problem, the United States is effectively undermining multilateralism. n36 If the multilateral system is ineffective in dealing with the greatest challenge today, then its ultimate demise is inevitable. Given that the multilateral trading system has effectively advanced U.S. interests in a number of areas, undermining the system by choosing a unilateral approach ultimately jeopardizes U.S. interests.¶ In the face of terrorist threats, the idea that the United States would take measures to protect its ports and the maritime trade supply chain is not surprising, particularly given the importance of the system and the enormity of the crisis a successful attack would precipitate. The critical question, therefore, is not should the United States take action, but rather how should the United States implement such action so as to maximize protection of domestic security interests while minimizing potential economic harm to both the United States and its trading partners.¶ This article analyzes CSI and argues that the program's discriminatory and unilateral approach will ultimately prove detrimental to developing countries, U.S. security interests, and the multilateral trading system as a whole. Part II evaluates CSI within the context of U.S. international obligations, arguing that CSI violates the non-discrimination [\*396] requirement of GATT Article I, and it is not justified by the national security exception of GATT Article XXI because it fails to consider the impact on development. Part III concludes with a prescription for a more development-friendly measure that balances the need for domestic security with the development objectives of the trading system's most vulnerable members.

#### WTO helping smaller countries key to free trade.

Canuto 7-18

(Otaviano, Vice President of Poverty Reduction for the World Bank, 7-18-12, [[http://www.huffingtonpost.com/otaviano-canuto/facilitating-trade-facili\_b\_1682642.html-http://www.huffingtonpost.com/otaviano-canuto/facilitating-trade-facili\_b\_1682642.html]], "Facilitating Trade, Facilitating Development" WL)

In 2001, trade representatives from around the world first arrived in Doha, the capital of tiny Qatar, for the latest round of World Trade Organization (WTO) negotiations. The goal was ambitious: work to reduce trade barriers, while ensuring that developing countries secure their fair share of global trade growth. After several years of negotiations, however, the Doha Round began to stall, with countries not being able to agree on a variety of measures, particularly on issues related to market access and the extent of new liberalization commitments.¶ At the same time, the macroeconomic effects of the financial crisis began to set in, making matters worse as global trade volumes experienced the largest decline since World War II. Today, more than a decade into the Doha Round and four years into the Great Recession, WTO members are still struggling to resist protectionist sentiments at home, while at the same time trying to make good on their commitment to link trade liberalization with good development outcomes.¶ Against this background, leaders of the major multilateral development banks argued in a recent op-ed that, "The WTO~’s best defense of open trade is a good offense." In particular, they argued that a new WTO Trade Facilitation Agreement would be a good way to increase global growth, and simultaneously bolster developing countries~’ capacity to trade.¶ The idea of trade facilitation is simple: help developing countries implement measures to reduce the cost of trading across borders by improving infrastructure, institutions, services, policies, procedures, and market-oriented regulatory systems. And the results are huge: it is estimated that for every dollar of assistance provided to support trade facilitation reform in developing countries — especially on measures to improve border management systems and procedures — there is a return of up to %2470 in economic benefits.¶ Given these returns, the World Bank and its development partners have continued to support a variety of trade facilitation projects in developing countries. In Lao PDR, for instance, the Bank has worked with the government and development partners to establish a Trade Information Portal (see the video here), and has also led a multi-donor-financed program to develop a National Trade Facilitation Strategy and establish a National Trade Facilitation Secretariat. Work is now even under way to help the government create a National Single Window, with the aim of simplifying and automating the customs process. Another great example of the Bank~’s trade facilitation at work is the East Africa Trade and Transport Facilitation Project, which has drastically reduced border crossing times between Uganda and Kenya — from three days to just three hours.¶ The success of these projects demonstrates that even with modest resources and limited capacity, the trade facilitation agenda can proceed when countries have a strong commitment to the cause and access to sound advice. This is precisely why WTO members should press forward on a new Trade Facilitation Agreement, as developing countries want a credible commitment to support implementation costs such as technical assistance and capacity building. The dividends of trade facilitation can be shared by all, so securing such an agreement should be the focus of all.¶

Security measures violate the WTO – that approach turns their economy, trade, hegemony and terrorism advantages.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

Terrorism was not invented on September 11, 2001. But when the Towers came tumbling down, it signaled the arrival of a new form of terrorism and a shift in globalization. n230 The "new terrorism" is one that is highly mobile, technologically advanced, unfettered by state control, and profoundly lethal. In turn, the new terrorism revealed a need to re-conceptualize the link between globalization and security. Before September 11, discussions of that link tended to focus on the breakdown of domestic control that occurred when [\*447] protestors took to the streets during international meetings to demonstrate against the ever-encroaching tide of globalization. n231 But September 11 demonstrated that security and globalization are interrelated. n232 Terrorists fly a plane into the World Trade Center, and along with the damage to lives and property come border closings, which threaten whole industries because in a just-in-time world, American enterprises cannot prosper without inputs from businesses around the world. This interrelationship of security, commerce and globalization has moved the lowly shipping container to the frontline in the War on Terror.¶ In an effort to protect the advances made possible by globalization, shipping containers -- which facilitate the interconnection of countries -- must be protected. Given the challenges terrorism poses to the system, U.S. action is not surprising; indeed, action is necessary. The WTO Agreement is not an impediment to taking such action, but it does impose certain obligations. One of those obligations is the need to balance security considerations with development objectives. The United States cannot ensure its security at the expense of further impoverishing economically vulnerable countries. Such a course of action, in the end, would only make the terrorists' objectives that much easier to attain.¶ Before September 11, the debate in trade and development circles centered on proponents of "free trade" versus those who advocated "fair trade." But in the current security environment, secure trade adds another dimension to the debate. A stable and prosperous trading system will only be achieved when all three elements -- free, fair and secure -- are incorporated within an expanded trade regime.

#### Plan’s security measures will undermine free trade and development programs

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

In recent years, U.S. development policy has experienced a renaissance of sorts. In 2000, President Clinton signed into law the African Growth and Opportunity Act ("AGOA"), which provides duty-free and quota-free access to exports from sub-Saharan Africa. n183 AGOA was the first significant innovation in U.S.-African trade relations in decades. In addition, the United States has tripled its development assistance to Africa and has embarked on negotiations with the Southern African Customs Union, which, if successful, would result in sub-Saharan Africa's first free trade area with the United States. n184 Beyond the African continent, U.S. innovations include the Millennium Challenge Account, and a promised doubling of development assistance by 2010. n185 But development assistance and market access are insufficient inducements to counteract the competitive advantage of countries with CSI ports. Business will not be [\*438] lured to Africa or other locations in the developing world as long as U.S. security measures continue to pose an expensive and unpredictable non-tariff barrier to trade. n186 Without addressing that barrier, U.S. development initiatives are destined to fail -- wasting both economic and political resources.

#### The affirmative is locked into a unilateral state-centric approach to terrorism that is destined to fail and will undermine free trade.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

Terrorism recognizes no state boundaries. Indeed, the new face of terrorism is one in which non-state actors play a leading role. n165 While organizations like Al-Qaeda may have found sanctuary in Taliban-controlled Afghanistan or pre-September 11 Pakistan, the hallmarks of these entities are [\*433] their ability to work across national lines and their lack of formal ties or strict allegiance to any state. After the bombings of the U.S. embassies in Kenya and Tanzania in 1999, Secretary of State Madeline Albright acknowledged the rise of this new breed of terrorism: "What is new is the emergence of terrorist coalitions that do not answer fully to any government, that operate across national borders and have access to advanced technology." n166 The problem is that U.S. response to the new terrorism has been "reactive and anachronistic." n167 Adopting measures better suited to state-centric threats, the United States attempts to "cast twenty-first-century terrorism into familiar strategic terms." n168¶ CSI and programs like it are premised on the notion that exports from certain states pose greater security risk than exports from others. CSI rewards participant states -- mainly developed countries -- for their "foresight," n169 and Customs focuses its resources on the presumptively more high-risk containers arriving from non-participating -- mostly developing -- countries. Because the new breed of terrorists are not themselves bounded by state lines, at least two additional risks arise from U.S. action. One possibility is that terrorists manage to infiltrate containers from CSI countries. Successfully infiltrating a CSI-container virtually assures success of the overall mission (detonating a nuclear device on U.S. shores, for example) given the presumption that those containers are "clean" and likely would not face further inspection in the United States. Breaching security structures and "hijacking" a CSI container is not a far-fetched scenario; while CSI creates new security protocols, the system is largely self-regulated, leading one expert to dub it a "trust but don't verify" program. n170 There have already been a number of [\*434] security breaches. One of the most significant was Customs' failure to inspect a number of containers that arrived in the United States from a CSI port after those containers were determined to be high-risk, but the host-government refused permission to inspect them in-country. n171 Moreover, employing the most state-of-the-art inspection technology on land does not insulate CSI countries from terrorists intersecting their containers at sea. n172 Some terrorist organizations have an intimate knowledge of the maritime transportation industry, not simply as interlopers but as fleet owners -- Sri Lanka's Tamil Tigers own a substantial fleet, as does Al-Qaeda. n173 Using their knowledge to access containers in transit is particularly feasible because so-called tamper-resistant technology -- that would alert Customs to any interference with the container in transit -- is at a nascent stage of development. n174 Alternatively, containers from non-CSI countries may become more attractive to terrorists seeking entry into the trade supply chain. Even if CSI allows Customs to deploy more of its resources to containers from non-CSI countries, there are insufficient resources available to inspect all such containers. The possibility of terrorists using such containers to stage an attack against the United States is certainly foreseeable. Whether in Kenya, Tanzania or Yemen, terrorists have long exploited the more lax security systems of [\*435] developing countries to launch attacks against U.S. targets. n175 Ignoring the central role developing countries play in the War on Terror leaves them vulnerable to proxy attacks where they suffer the harm but the United States is the ultimate target. n176 In so doing, the United States effectively undermines its own security.¶ A more reasonable approach to the new terrorism is to assist developing countries in raising their security standards. Ultimately, the new security protocols and advanced technologies CSI fosters are beneficial to the trading system. If developing countries do not begin to adopt these "best practices," they will be left even further behind. Recognizing that possibility, developing countries indeed have -- on their own initiative -- taken on the challenge of upgrading their security infrastructures. n177 What remains is for the United States and other developed countries to recognize that assisting them, rather than excluding them, is the only practical response to the new terrorism. n178 To do otherwise would allow gaping holes in the global security infrastructure that would only be exploited by terrorists.¶ Thus, CSI's present framework of engaging first with developed countries, and only later incorporating developing countries into its security web, poses significant dangers to U.S. security. By alienating developing countries, the United States also risks undermining a multilateral trading system that has served American interests well. The timing is particularly inauspicious considering the trading community is [\*436] currently in the midst of a new round of trade negotiations, the Doha Development Round, n179 which is meant to "redress the existing imbalances in multilateral trade relations." n180 In return, developed countries are expecting developing countries to take on even more commitments to liberalize trade and implement WTO disciplines in areas like intellectual property. n181 But the reality for developing countries is that the market access and other benefits they may achieve in the round will prove meaningless if the new security architecture excludes them from participation. In short, U.S. security measures potentially pose the greatest non-tariff barrier to trade for developing countries. The gains from the round will not be enough of an offset, calling into question the (already suspect) commitment of developed countries to redress imbalances inherent in the current trade order. Developing countries may ultimately conclude it is not in their interest to take on additional commitments or, in a less overtly confrontational response, they may adopt a "go-slow" approach to their current and future implementation obligations. n182 [\*437] Thus, the U.S. security framework jeopardizes relations with developing countries, and it may call into question the new commitments they are expected to adopt under the Doha negotiating round. Security measures like CSI not only impede U.S. efforts to expand the rules-based trade regime into other sectors, but have the added effect of diluting or negating U.S. development initiatives.

#### CSI proves that security programs will inevitably violate trade rules

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

In principle, CSI began as no more than a voluntary program by which Customs, through a series of bilateral agreements, obtains authorization from some of the United States' top trading partners to deploy personnel abroad in order to prevent a catastrophe at home. n28 But in practice, CSI is a "hidden revolution" n29 that has radically altered the way international maritime trade is conducted, and it has transformed the world trade system. The effect of CSI has been to favor some trading partners over others, creating clear winners and losers. Opting to implement the program in three [\*393] stages, n30 Customs initially excluded from CSI membership all but the top twenty "megaports" -- those ports that send the largest volume of container traffic to the United States. n31 In Phase II of the project, ports of political or strategic significance are permitted membership in CSI provided they meet certain criteria. n32 Only in Phase III will ports that require [\*394] technical assistance and capacity building -- those ports in developing countries -- be considered for CSI membership. n33

#### The US has embedded unilateralism in its approach to the war on terrorism.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

II.A Unilateral Approach to a Multilateral Problem: CSI and the World Trade Organization¶ It is by now cliche to assert that September 11, 2001 has changed the face of U.S. society. Confronted with the single greatest terrorist n37 catastrophe ever to hit American soil, the United States responded in ways that have had enduring effects both at home and abroad. Domestically, legislation like the USA Patriot Act n38 reversed long-cherished notions of the law's role in regulating government's interaction with the accused. A body of law that once championed the rights of criminal defendants has now given way to notions of "enemy combatants" and indefinite detentions without charge or access to legal counsel. n39 And internationally, the United States' [\*397] posture shifted from one focused on building strong international institutions to combat common problems to one championing pre-emptive war and shying away from institution-building for fear that those same institutions would be turned against American interests. n40 In short, in the aftermath of September 11, the U.S. worldview swung from multilateral cooperation to a go-it-alone strategy or at best a bilateral approach -- a "coalition of the willing" -- working with only a handful of like-minded states.¶ No aspect of U.S. foreign policy escaped this new approach. Even in the international trade arena, where multilateralism has brought decisive benefits to the American [\*398] economy, the United States has acted unilaterally to combat the scourge of terrorism. n41 CSI is illustrative of that general trend. The following section explores whether CSI conforms to U.S. obligations under the World Trade Organization. It first examines CSI in the context of Article I of the General Agreement on Tariffs and Trade ("GATT"). Maintaining that CSI likely violates Article I, the section goes on to determine whether the national security exception of GATT Article XXI provides a viable excuse for the derogation.

#### WTO requires that domestic regulations not discriminate among trading partners.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

The core obligation of Article I can be summed up in the idea that "membership has its privileges"; by virtue of its membership in the WTO, a country is entitled to receive the same treatment -- or at least treatment "no less favorable" -- for its imports as that received by other WTO members. n50 The prototypical example of the operation of most favored nation ("MFN") treatment involves tariffs. Imagine this scenario: The United States, France and South Africa, all of whom are WTO members, are engaged in a series of protracted (and undoubtedly heated) negotiations over the tariff duty rate to be [\*401] imposed on imports of bottled water into the United States. After much heated discussion, South Africa and the United States manage to come to an agreement that would lower the tariff from 10% to 5%. Negotiations between the French and the Americans break down. MFN treatment nonetheless requires the immediate and unconditional extension of the 5% duty rate to French bottled water imports. Moreover, even WTO members who chose not to participate in the negotiations at all -- for example, Italy -- would be entitled to the same benefits. n51¶ The MFN obligation is not restricted to customs duties or charges. It also includes the obligation to refrain from discriminating among WTO members with respect to any advantage, including domestic regulations, such as CSI. n52 To successfully establish a violation of MFN, three elements must be satisfied: First, there must be an "advantage" of the type covered by Article I; second, that advantage must not be accorded to the "like product" of all WTO Members; and third, that advantage must not be granted to members "immediately and unconditionally." n53

#### CSI proves that port security measures violate the WTO

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

The trade-distorting impact of CSI is most pronounced with respect to developing countries. In order to remain competitive in the current business climate, exporters in non-CSI-certified countries may be forced to ship their goods to countries that have CSI ports for the onward voyage to the United States. n158 This will undoubtedly increase non-CSI members' transportation costs. Transportation costs are a crucial determinant of a country's ability to participate in the global economy, n159 and for developing countries even a small increase in the price of moving goods between destinations and across international borders serves as a formidable trade barrier. n160 Transit costs in developing country markets already are routinely two to four times higher than in rich countries. n161 Adding on the additional costs of transporting goods to CSI-certified ports for transit to the United States further increases the price of those goods. Of even greater concern is the possibility that, in the long run, importers and exporters may adapt their trading patterns to avoid these additional costs by sourcing products from countries with CSI-certified ports.¶ Thus, CSI violates U.S. obligations under GATT Article I. Moreover, CSI cannot be justified under GATT Article XXI because it lacks a development dimension. The following section goes beyond the legal debate to explore some of the practical reasons why CSI and future U.S. security measures should incorporate a development dimension. [\*432]

#### Incorporating a development dimension into port security is key to solving terrorism.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

III. Envisioning a New Post-September 11 Security Architecture¶ A. Beyond the Legal Debate: Why Future Security Measures Should Incorporate a Development Dimension¶ The global war on terrorism is like watching water running downhill. Water always goes to the place of least resistance.¶ -- Admiral Walter F. Doran, U.S. Pacific Fleet Commander n162¶ Globalization has created a world in which social and economic ties are so intertwined that no country acting alone can ensure either its own prosperity or its own security. Particularly in the maritime transportation sector -- where a ship may be owned by a company in one country, crewed by the nationals of a second country, and carry the cargo of a third to a port of a fourth n163 -- multilateral cooperation is necessary to effectively address the threat of terrorism. But multilateralism calls for more than cooperation amongst a group of like-minded and similarly-situated countries. As Mikhail Gorbachev recently noted, "you cannot ensure your security without ensuring global security." n164 Incorporating a development dimension into CSI is necessary not merely because a proper reading of the WTO Agreement would seem to call for such a dimension, but also because failing to do so jeopardizes our own security. This section goes beyond the legal arguments developed above to explore some of the practical reasons why a development dimension in CSI, as well as in future security measures, is crucial.

#### WTO doesn’t violate coercion K

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

Implicit in the self-judging/non-self-judging debate is the assumption that without recourse to a coercive dispute settlement mechanism, a country against whom an Article XXI measure has been imposed has no hope of influencing the way in which the country taking such action chooses to impose it. In short, both proponents and opponents subscribe to the maxim of ubi jus ibi remedium -- there is no right without a remedy. n102¶ International legal scholarship is rich in theoretical and empirical analyses of state compliance with international obligations and norms in the absence of enforcement mechanisms. What emerges is an understanding that states uphold their obligations for reasons other than mere coercion. n103 Enforcement in international law is always a challenge given the continuing preeminence of sovereignty. But even in the absence of enforcement, international law imposes on states a duty to carry out their treaty obligations in good faith n104 -- [\*416] indeed, states must refrain from acts that would defeat the object and purpose of the treaty even before it is ratified. n105 Thus, under the WTO's "single undertaking," n106 members are bound by all WTO rules not because there is some coercive force compelling compliance but because they undertook those obligations in good faith.

#### Even slight delays in delivery of good have huge impacts.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

The seemingly obvious solution to the security risk posed by shipping containers is to increase the number of inspections. Why not inspect 100% of the containers arriving in the United States? If Customs was to adopt such a policy, the supply chain n16 would grind to a halt, trailing global economic catastrophe in its wake. n17 In a "just-in-time" world -- where businesses purchase and accept delivery of products as needed rather than buying them in advance and incurring expensive warehousing and other storage costs -- the slightest delay in the delivery of goods leads to significant economic loss. n18 In 2002, a [\*390] ten-day strike by West Coast area dock workers was estimated to cost the U.S. economy as much as $ 1 billion a day, n19 ultimately leading the President to invoke federal authority to order strikers back to work. n20 And a mere two-day delay in shipments after the September 11 attacks nearly crippled the U.S. automobile industry. n21

## AT Solvency

#### Customs efforts cost a lot and don’t accomplish much.

Florestal, Law Professor, 7

(Marjorie, “Terror on the High Seas: THE TRADE AND DEVELOPMENT IMPLICATIONS OF U.S. NATIONAL SECURITY MEASURES”, Assistant Professor of Law at the University of the Pacific, 72 Brooklyn L. Rev. 385, twm)

Moreover, merely increasing the number of inspections would not lead to greater security. Without sufficient information to target specific containers, Customs would be searching for the proverbial needle-in-the-haystack -- at great economic cost.

## Counterplan – Amend Shipping Act

#### CP Text

The United States federal government should amend the Shipping Act to provide port authorities with the express power to impose fees for the construction, operation, and maintenance of qualifying port-related infrastructure and development initiatives.

#### CP solves new port construction, security measures and environmental protection

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

Containerized cargo is here to stay, but what is less certain is how the United States will fund new infrastructure and development to accommodate its proliferation within the shipping industry. n27 In recent years, members of Congress have proposed legislation to fund infrastructure and development at U.S. seaports. n28 Three of these proposals create a fund based on a tax or fee assessed on the value of goods entering or leaving the United States. n29 A separate proposal concerns the creation of an infrastructure bank that, with an initial government contribution of $ 10 billion, would "leverage private-public partnerships and maximize private funding" to fund infrastructure and development projects. n30 Two of these proposals died in committee during the 111th Congress, n31 and the other two have been reintroduced in the 112th Congress after failing to be enacted in previous legislative sessions. n32¶ [\*1529] The hands of local port authorities, however, are tied by constitutional and statutory constraints, rather than a lack of consensus. n33 Port authorities generate revenues through the management of port facilities. n34 The ability of port authorities to assess taxes on shippers "for the privilege of entering, or trading, or lying in a port or harbor" n35 is precluded by the United States Supreme Court's interpretation of the Constitution's Tonnage Clause. n36 The Court has, however, recognized a State's ability to assess a charge on shippers for actual use of port facilities that is fairly apportioned to "opportunities, benefits, or protection conferred or afforded by the taxing [authority]." n37 Congress placed additional constraints on state regulatory authority with the passage of the Shipping Act. n38 The Shipping Act provides that port authorities cannot "fail to establish, observe, and enforce just and reasonable regulations and practices relating to or connected with receiving, handling, storing, or delivering property [at ports]" n39 or impose "any undue or unreasonable prejudice or disadvantage with respect to any person." n40 Courts and the Federal Maritime Commission ("FMC") have interpreted this as requiring any fee imposed on a shipper, trucker, marine terminal operator, n41 or beneficial [\*1530] cargo owner n42 (collectively "Port Users") to generate actual benefits to the user on a reasonably equivalent basis. n43 The problem with this fee structure is that it limits the ability of port authorities to assess a fee for the construction and development of large-scale, port-related infrastructure and development projects n44 - the benefits of which would accrue to both those paying and not paying the fee, or the costs of which would be incurred by those not enjoying the benefit.¶ As this Note will discuss, the largest port authorities have proposed or implemented such a fee. n45 These fees are to be assessed on cargo entering or leaving the port and allocated to meet new and existing infrastructure and development needs. n46 The fees are also viewed as necessary revenue generating mechanisms to meet new security mandates adopted by Congress in the wake of September 11, 2001 n47 and [\*1531] environmental initiatives designed to reduce the environmental impacts of port operations. n48 Shipping lines, however, have challenged the validity of port authority fees assessed for port-related freight rail and roadway improvement projects before the FMC. n49 Whether these fees can or will withstand scrutiny under the Tonnage Clause or Shipping Act has yet to be determined.¶ Given the lack of consensus and certainty in how funding should best be generated to meet critical infrastructure and development needs, this Note proposes an amendment to the Shipping Act to provide port authorities with the express power to impose fees for the construction, operation, and maintenance of qualifying port-related infrastructure and development initiatives. n50 The amendment would effectively spread the costs specific to qualifying initiatives over the useful life of the project. The U.S. Department of Transportation would first be required to approve any project qualifying for funding under the amendment.

#### CP solves jobs, increases tax revenues and ensures global competitiveness.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

Significant debate has arisen over how to address the need for new infrastructure and development at U.S. seaports. The proposal outlined in this Note is intended to address several shortcomings in the solutions proposed by federal and state actors; however, this proposal requires that federal, state, and industry actors unify their goals and cooperatively support a statutory amendment to the Shipping Act. In this way, port authorities can work with all stakeholders to ensure that the costs associated with this monumental undertaking provide a lasting solution that generates proportionate benefits. One express purpose behind the drafting of the Shipping Act is to "promote the growth and development of U.S. exports through competitive and efficient ocean transportation and by placing greater reliance on the marketplace." The construction, maintenance, and operation of U.S. seaports by port authorities is just such a market. Allowing port authorities to control the collection and reinvestment of a per-container cargo fee would be regulated through market forces (i.e., competition between ports), while facilitating economic recovery through job creation, [\*1569] the generation of federal, state and local tax revenues, and global competitiveness in the fast-evolving trade in containerized cargo.

### AT CP will anger shipping industry

#### The amendment will placate shippers

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

[\*1532] Shippers vehemently oppose a congressional green light for port authorities to assess fees for general improvements, n51 but shippers also recognize that there is a significant problem arising out of increasingly modernized and automated shipping operations and the United States' currently outdated and outmoded port infrastructure. n52 A carefully crafted amendment to the Shipping Act can provide the shipping industry with reasonable assurances that a new fee will be accompanied by a proportionate benefit. n53

#### CP best accounts for the opinions of stakeholders.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

III. Proposed Reform¶ ¶ Port authorities have not openly considered the imposition of a cargo-based fee on Port Users since 2008. n283 Prior to March 2011, no port authority had implemented this type of fee structure to fund port-related infrastructure and development projects. n284 The FMC has followed the instruction and guidance provided by courts in analyzing whether particular fees are permissible under the Shipping Act. n285 Given that the cargo-based fees as proposed or implemented by the three largest U.S. container ports do not have the express consent of Congress, they are vulnerable to challenge under the Shipping Act and Tonnage Clause. n286 In fact, on August 5, 2011, nine shipping lines challenged PANYNJ's Cargo Facility Charge as a violation of the Shipping Act's prohibition on unreasonable and discriminatory practices. n287¶ As discussed above, federal, state, and industry actors agree that investments in infrastructure and development are critical to the future competitive position of the United States. n288 The concerns expressed by stakeholders can best be mitigated through an amendment to the Shipping Act expressly providing port authorities with the power to assess cargo-based fees on Port Users for qualifying transportation [\*1565] projects, environmental initiatives, and port security measures. n289¶ Under this amendment, fees would be assessed and collected directly by port authorities and may be assessed on any individual in the supply chain (i.e., shipper, trucker, marine terminal operator, or beneficial cargo owner) at the discretion of the port authority. n290 This amendment would allow port authorities broad power to incorporate fees into their current business model in a flexible and seamless manner.

### AT CP solvency is too slow

#### Slow transition good – gives ports time to adapt.

**Leach 10** (Peter, <http://www.joc.com/maritime/locked-growth>, “Locked In for Growth” Feb. 1, twm)

But importers of goods from Asia probably will wait before switching to all-water services to see if the bigger ships can offer large enough advantages over the mini-landbridge route from West Coast ports to the Midwest.¶ It’s far too soon to tell how the pricing of the bigger-volume all-water services to the East Coast will shake out, but some observers say a lot of the switch to all-water service already has happened and that future shifts will be small.¶ “The expansion of the canal will be a bump, not a sea change,” said Asaf Ashar, research professor at the National Ports and Waterways Institute at the University of New Orleans. “We won’t see much of a change — maybe a percent or two — because most of the big retailers are already going all-water.”¶ That may not be such bad news for East Coast ports. If the volume of all-water service to the East Coast grows more slowly than originally projected, it may prove a blessing in disguise for many East Coast ports that haven’t been able to move ahead with dredging or construction projects as quickly as they had hoped.¶ Right now, only Norfolk, Va., Charleston, S.C., and Halifax, Nova Scotia, have the 50-foot-plus channel depth to accommodate the 12,500-TEU ships that will be able to transit the new locks. Baltimore has signed a deal with Ports America, which will take over operation of the Seagirt Container Terminal and dredge its depth to 50 feet by 2014. New York-New Jersey is dredging its channel to 50 feet, but the low air draft of the Bayonne Bridge will curtail access to the big terminals in New Jersey and Staten Island until the bridge can be raised or razed.¶ But even the economies of scale of bigger ships may not be enough to convince container ship companies to take them to the East Coast because demand may be insufficient.

#### Counterplan ensures that funding will go to improve facilities – market forces.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

As to the second concern, industry actors want assurance that new fees will provide equivalent benefits, without additional onerous administrative requirements. n133 A federal authority may be best equipped to ensure a uniform administration; however, members of Congress have in the past raised significant funds for port-related maintenance and development and subsequently failed to disburse them. n134 As one example, Congress created the Harbor Maintenance Trust Fund ("HMTF") for the purposes of generating revenues for harbor dredging projects. n135 In the last six years the HMTF has accumulated a surplus in excess of $ 5 billion. Meanwhile, many harbor deepening projects have stalled without funding. n136 Local port authorities, alternatively, compete for the business of MTOs and shippers who process and transport discretionary cargo (i.e., goods that are unloaded from ships and transported to locations more than 260 miles from the port). n137 In a market with high elasticity, such as with discretionary cargo, the business flows to the most efficient bidder. n138 [\*1545] Greater volumes of discretionary cargo result in more jobs, taxes, and growth in infrastructure - meaning that ports have an incentive to minimize charges. n139 Additionally, shippers and MTOs are stakeholders in port operations. Dialogue and responsiveness between local and industry actors would likely result in reinvestments in those areas most beneficial to users paying the fee. Both of these factors would contribute to a reduction in transaction costs and place control over the allocation of funds in the hands of those who are most invested in the region's critical revenue enhancing projects - local authorities. n140

### CP Solvency extensions

#### CP is a better option than allowing federal government to collect fees and run projects.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

This proposal might give pause to federal and industry actors. These parties would likely argue that a more uniform implementation, collection, and distribution of the fee could be achieved under the direction of the federal government. This argument, however, fails to recognize that port authorities are local actors who can best determine which projects will best generate value for users and beneficiaries of that particular port. n296 Additionally, port authorities are in direct competition for discretionary cargo, n297 which provides an incentive to develop a fee tailored to specific projects that would best grow the region and cater to the needs of the shippers and cargo owners calling at that port. n298 Port authorities and shippers alike can draw a lesson from the federal government's handling of the HMTF, which [\*1567] has accrued a surplus of more than $ 5 billion due to annual revenue collections totaling more than $ 1.4 billion and disbursements averaging less than $ 800 million during the 2004 to 2009 period. n299 A federally regulated infrastructure fund - like those proposed in the ON TIME Act, n300 The MOVEMENT Act of 2009, n301 and the National Freight Mobility Infrastructure Fund n302 - would subject disbursements to congressional approval and political posturing. n303 Providing port authorities with the power to impose and invest fees collected under the amendment would best ensure responsive and efficient investment in critical port-related infrastructure projects. n304

#### The plan doesn’t solve – the same reason HMTF funds aren’t being spent now proves why the plans implementation will be blocked by bureaucrats and the cp solves better.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

A third problem with a congressional solution is that the distribution of funds would be contingent on congressional action. The HMTF is one example of how the members of Congress can create a fund to meet an existing need and subsequently fail to allocate funds to needy projects. The HMTF is funded with tax revenues assessed on the value of imported goods, which Congress may use for the dredging and maintenance of waterways and channels. n178 "In recent years, HMTF annual expenditures have remained relatively flat while [Harbor Maintenance Tax] collections have increased due to rising import volume ... . Consequently, a large "surplus' in the HMTF has developed. Despite the surplus, the busiest U.S. harbors are not being fully maintained ... ." n179 This surplus has engendered debate over whether members of Congress are adequately responsive to the needs of ports n180 and has even prompted Senator Carl Levin to sponsor the [\*1550] Harbor Maintenance Act of 2011 to guarantee that funds collected are disbursed for necessary projects. n181¶ The short-term problem with these bills is that they must be passed and implemented. The proposed solutions are complex and produce significant bureaucratic hurdles with respect to their implementation. For example, the ON TIME Act requires establishing 300 separate collection points at different border locations before the collection of funds can begin. n182 Further, the ON TIME Act, the MOVEMENT Act of 2009, and the National Freight Mobility Infrastructure Fund provide for a broad range of road, freight rail, airport, and seaport-related projects. n183 Agreeing upon and administrating a broad range of eligible projects could create an administrative backlog and hinder timely congressional action. As discussed below, local authorities could administrate a more efficient and sustainable solution.

#### Counterplan is the most effective fund raising mechanism

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

¶ A. Congressional Proposals¶ ¶ Congressional representatives have introduced several bills designed to generate funding for investment in infrastructure at U.S. seaports. These bills rely primarily on the constitutionally delegated power to tax and spend. n143 Tax and spend measures, however, are limited by the Constitution's Export Clause, which categorically bars Congress from imposing a tax on exports. n144 Alternatively, user fees [\*1546] assessed on Port Users may capitalize on both imports and exports, thus allowing for a more effective revenue generating mechanism for reinvestment in infrastructure and development.

#### CP increases flexibility, solves fast transportation of cargo, and maximizes benefits to stakeholders.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

[\*1568] Finally, the proposed amendment would not preclude the ability of port authorities to form private-public ventures to generate funding and develop infrastructure. The amendment would provide port authorities with complete discretion as to whether the fees should be assessed at all. n306 The amendment would only provide port authorities with Congress' express authority to impose fees within reasonable parameters established by the amendment and the Constitution's Export Clause. n307 In this way, port authorities could modernize the way goods are transported through U.S. ports with the requisite flexibility and authority to maximize the benefits for all stakeholders and shareholders.

CP is the most effective way of funding large infrastructure projects.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

Two long-term problems with the bills discussed above are that the Export Clause limits the revenue generating potential of congressional tax and spend measures n176 and that the bills only partially fund qualifying projects. n177 A broader fee assessed on all cargo - not just imports - would generate revenues more quickly and best provide funding in full for capital-intensive infrastructure and development projects.

#### CP ensures quick creation and funding of projects.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

The structure of the amendment also addresses the argument that once enacted, the charge would be difficult if not impossible to repeal. Fees would only be collected for qualifying projects, which once completed would no longer qualify for additional funding. The amendment would ensure that projects are begun and funded in a timely manner by requiring port authorities to receive U.S. Department of Transportation approval on design and build plans for eligible projects before the end of the fifth year following enactment. Once the useful life of the project expires, maintenance and operation funds could then be collected directly from the users availing themselves of those facilities.

### CP Solvency – National investment bank specific

#### CP solves ports better than the National Infrastructure Bank

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

B. National Infrastructure Bank¶ ¶ President Obama resurrected the discussion of a National Infrastructure Bank during a 2010 Labor Day speech n184 and in his calls for increased infrastructure investment during the 2011 State of the Union Address. n185 On March 15, 2011, Senators John Kerry and Kay [\*1551] Bailey Hutchison introduced the Building and Upgrading Infrastructure for Long-term Development ("BUILD") Act. n186 The BUILD Act creates an American Infrastructure Financing Authority ("AIFA"), a type of infrastructure bank, to help "facilitate investment in, and long-term financing of, economically viable infrastructure projects of regional or national significance ... ." n187 An eligible project could include roads, bridges, rail, water systems, or power grids. n188 The BUILD Act provides for an initial government investment of $ 10 billion n189 that could "leverage up to $ 600 billion in private investments to repair, modernize, and expand ... [the United States'] ailing infrastructure system." n190 The AIFA's Board of Directors would be responsible for monitoring and overseeing the funding of eligible projects. n191 In meeting eligibility requirements, projects must have a minimum estimated cost of $ 100 million; however, qualifying projects in rural areas would need to demonstrate costs equal to or greater than $ 25 million. n192¶ Setting a lower cost threshold for rural areas is an improvement over a previous infrastructure bank proposal, n193 which would have allocated funds only for projects with an estimated cost equal to or greater than $ 75 million. n194 In the context of addressing the current infrastructure and development crisis specific to U.S. ports, however, [\*1552] the BUILD Act presents two potential issues: (1) establishing a functional infrastructure bank could take a significant amount of time, and (2) the scope of project eligibility is very broad. A more targeted and expedited funding mechanism could be achieved through the assessment of cargo-based fees, which would be collected and reinvested by local authorities. n195

### AT CP is Unconsitutional

#### CP is necessary to ensure port fees won’t be overturned by the courts.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

Finally, the Infrastructure Fee and Cargo Facility Charge would not likely constitute a tax under the Tonnage Clause. Both fees, at least in part, fund the repair, maintenance, and operation of existing freight rail and roadway projects. n279 Under Clyde Mallory, these fees would be justified on grounds that the use of these projects confers a measurable benefit on the payor in the form of reduced time for loading and unloading and, consequently, less fuel consumption in the ports. Even under U.S. Shoe, one could argue convincingly that the fees - approximately $ 4.95 per TEU under the Cargo Facility Charge and $ 10 per TEU under the Infrastructure Fee - are a "fair[] match [to] the ... use of port services and facilities" n280 and, therefore, are not an impermissible duty of tonnage. n281¶ The cargo-based fees proposed or implemented at the three largest U.S. ports generate revenue for reinvestment in port-related infrastructure and development projects. Both fees likely withstand challenge under the Tonnage Clause, but their sustainability is uncertain under the Shipping Act. n282 Given the need to generate new funding for infrastructure and development at U.S. seaports, Congress should expressly authorize port authorities to assess fees on Port Users for [\*1564] reinvestment in port-related improvements by amending the Shipping Act.

### CP – Coercion net benefit

#### Coercion is a net benefit – the cp charges the user.

Cook, JD Candidate, 11

(Christopher, 38 Fordham Urb. L.J. 1523, “FUNDING PORT-RELATED INFRASTRUCTURE AND DEVELOPMENT: THE CURRENT DEBATE AND PROPOSED REFORM”, lexis, twm)

Industry actors cannot argue that, regardless of how the charges are assessed, the payor would shoulder an unequal burden of the short-term costs. In contrast, the amendment would reduce the amount of the fee that is imposed by providing adequate cost spreading over the useful life of the project. Further, short-term costs could be alleviated by quick adjustments in the cost of services, ultimately passing expenses through to the ultimate beneficiary - the consumer. n305

## Topicality Arguments

### Topicality – Underlying structures – Ports specific

**A. Interpretation** - Transportation infrastructure must be the underlying structures like building a road not accessories to a road like new road signs.

Trimbath, PhD in Economics, 11

(Susanne, US Chamber.com [website of the US Chamber of Commerce], former Senior Research Economist in the Capital Market Studies at the Milken Institute, Senior Advisor on corporate community investment for the Business Civic Leadership Center of the US Chamber of Commerce, PhD in economics from NYU, 2011, “Transportation Infrastructure: paving the way,” <http://www.uschamber.com/sites/default/files/issues/infrastructure/files/2009TPI_Update_Economics_White_Paper_110712.pdf>, alp)

The strategy applied by the US Chamber of Commerce for the infrastructure performance index project presents a model for developing the way forward. A stakeholder-centric approach allows you to measure the right things, communicate to the people in a language they understand and get to ACTION faster. The process, detailed in the Technical Report last summer (US Chamber 2010), is basically this: 1. Clearly define “transportation infrastructure” as the underlying structures that support the delivery of inputs to places of production, goods and services to customers, and customers to marketplaces. The structures are: • Transit • Highways • Airports • Railways • Waterways (Ports) • Intermodal Links

**B. Violation** – port modernization isn’t topical. Building a new port would be topical but just adding to an existing port isn’t topical.

**C. Voting issue –**

Limits – we set a fair limit. Aff’s can build new roads, new railways, new airports, new ports or new intermodal links combined with the various investment mechanisms that creates more than 25 different possibilities for the affirmative. However, allowing the aff to go beyond building new underlying structures justifies the “accessory affirmative”. There are thousands of potential possibilities including adding stoplights, new road signs, toll booths, and stickers on public buses, just to name a few. That type of topic explosion makes it impossible for the negative to effectively prepare hurting education and giving the affirmative an unfair advantage.

### Topicality – Underlying Structures – 2NC Overview

Our interpretation allows the affirmative to create underlying structures for transportation which would include new roads, railways, airports, ports or intermodal links combined with the various investment mechanisms, grants, subsidies, tax credits, loans and loan guarantees, creating at least 25 different possibilities for the affirmative. There are several topical versions of their affirmative including building new offshore super ports as advocated by . Our interpretation excludes “accessory affs” that just add something to an underlying structure but aren’t an underlying structure. This would exclude the list of affirmatives we specified in the 1nc: stoplights, road signs, toll booths, bus stickers. Creating this type of limit is crucial for predictable limits which is the best internal link to both fairness and education. They clearly don’t meet our interpretation so if we win we have the best interpretation you should vote negative.