

MEETING MINUTES FOR THE
LOUISIANA BOARD OF INTERNATIONAL COMMERCE
HELD AT
CAPITOL PARK WELCOME CENTER
702 RIVER ROAD NORTH
BATON ROUGE, LOUISIANA 70802
ON THE 17TH DAY OF JULY, 2013
COMMENCING AT 10:11 A.M.

REPORTED BY: ELICIA H. WOODWORTH, CCR

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Appearances:
Pam Breaux
Chet Chiasson
John Jay, Jr.
Marion Fox
Richard Guillot
Philippe Gustin
David Kearney on behalf of Dominik Knoll
Gary LaGrange
Sheri LeBas
Felicia Manuel
Stephen Moret
Richard Ranson
Randy Robb
Gregory Rusovich
Carrie Castille on behalf of Mike Strain
Thomas "Brad" Terral
John Voorhorst

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MR. RUSOVICH:

Call to order, please.

Thank you all very much. Before we go through the rollcall and approval of the minutes, I just want to welcome everybody. Thank you for coming. Just to make a comment or two at the beginning of the meeting before we get going, we have a busy schedule today, busy itinerary. I think it's particularly satisfying to see around the state the type of energy and momentum that the state now is gaining on its momentum on International Trade and Commerce. And we'll focus, I think, now, on global trade. You know, we've been in the global trade community for 30 years or so, 25 or 30 years. I don't think I've ever seen this type of coming together and this type of focus and energy around global trade, and that's beyond what we're seeing right now. So it's very satisfying to be a part of that and very satisfying to see that type of -- that now the state is putting forward and spearheading that very much by this Board. So I, of course, thank Senator Appel and the efforts put forth there and many efforts in getting this off the ground, and all of you for participating and I think leading in a very great initiative and being at the right time at the right place. So I think there's a lot we can accomplish via roundtable, and I thank you

1 all for coming.

2 We've had some busy times since the last
3 board meeting. We want to assure you we've done a
4 couple of things. We've got AT Kearney and BCG on board
5 to help us with this initiative and a committee was
6 formed to designate that and we did a lot of due
7 diligence, a lot of hearing of a lot of different
8 aspects, and the proposals ended up with AT Kearney and
9 BCG, which we're delighted with. And they're going to
10 help us with an initiative of putting forth a master
11 plan on reshoring FDI and bulk and break bulk cargo. So
12 we're looking forward to that, and I think that's going
13 to be very actionable as we go forward. We're looking
14 very forward to working with them and making sure we
15 have an actionable plan as that initiative starts
16 getting put forward amongst those in the active planning
17 of reshoring the FDI and, of course, the bulk and break
18 bulk cargo from the ports.

19 There's also -- we're very pleased to
20 see recently -- and I think this demonstrates the type
21 of momentum that we have, the passage of the Tax Cargo
22 Credits and the passage of the Infrastructure Tax
23 Credits, all, again, focused on global trade, which
24 shows, again, the state is really coalesced around a
25 real focused and narrative plan around all of the global

1 trade side. So that was very good news on the passage
2 of those cargo tax credits and infrastructure credits so
3 they can bring more cargo into Louisiana and also more
4 jobs.

5 Finally, we set up into -- you may have
6 noticed this. We sent out asking everyone for your
7 comments on committees and working groups, so we now
8 have everyone, I think, assigned to a key working group,
9 and if you have any comments on those, let us know. If
10 not, we certainly want those working groups to start
11 formulating and talking about the specific areas that
12 set them around. Of course, the Executive Committee and
13 the Project Committee will focus on major infrastructure
14 projects and will also act as an advisory group to the
15 Board. And, of course, the Board will be making the
16 decisions or rendering whatever decisions come from the
17 different working groups, but those working groups are
18 really critical in terms of qualifying and analyzing the
19 import/export work that we've got and the FDI
20 trade-related manufacturing subgroup that we have. So
21 those are really important, and I think as those working
22 groups start formulating and reporting back to the Board
23 about the growth trade-relating manufacturing,
24 imports/exports and, you know, analyzing major projects,
25 and we can really make good progress. And, that, of

1 course, all aligns back with AT Kearney and BCG Group.

2 So, with that, perhaps, Veronica, could
3 we do a rollcall?

4 MS. MACK:

5 Yes

6 Kevin Blondiau.

7 (No response.)

8 MS. MACK:

9 Pam Breaux.

10 MS. BREAUX:

11 Here.

12 MS. MACK:

13 Mr. Joe Chaisson.

14 (No response.)

15 MS. MACK:

16 Chet Chiasson.

17 MR. CHIASSON:

18 Here.

19 MS. MACK:

20 John Jay, Jr.

21 MR. JAY:

22 Here. I'm here on this side, but the
23 name tag over there, I'm absent.

24 MS. MACK:

25 Dan Fiebus.

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(No response.)
MS. MACK:
Marion Fox.
MS. FOX:
Here.
MS. MACK:
Richard Guillot.
MR. GUILLOT:
Here.
MS. MACK:
Philippe Gustin.
MR. GUSTIN:
Here.
MS. MACK:
John Hardman.
MR. HARDMAN:
Here.
MS. MACK:
Dominik Knoll.
MR. KEARNEY:
I'm here on his behalf, David Kearney.
MS. MACK:
Thank you.
Gary LaGrange.
MR. LAGRANGE:

1 Here.
2 MS. MACK:
3 Sheri LeBas.
4 MS. LEBAS:
5 Here.
6 MS. MACK:
7 Felicia Manual.
8 MS. MANUEL:
9 Here.
10 MS. MACK:
11 Stephen Moret.
12 MR. MORET:
13 Here.
14 MS. MACK:
15 Richard Ranson.
16 MR. RANSON:
17 Here.
18 MS. MACK:
19 Randy Robb.
20 MR. ROBB:
21 Here.
22 MS. MACK:
23 Gregory Rusovich.
24 MR. RUSOVICH:
25 Here.

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MS. MACK:
Walter Sanchez.
(No response.)
MS. MACK:
Don Sanders.
(No response.)
MS. MACK:
Robert Scafidil.
(No response.)
MS. MACK:
Dr. Mike Strain.
DR. CASTILLE:
Dr. Carrie Castille for Dr. Mike Strain.
MS. MACK:
Thank you.
Thomas Terral.
MR. TERRAL:
Brad Terral. Here.
MS. MACK:
Thank you.
Scott Martinez.
MR. MARTINEZ:
Here.
MS. MACK:
Anthony Bodin.

1 MR. BODIN:

2 Here.

3 MS. MACK:

4 Bill Fousch.

5 (No response.)

6 MS. MACK:

7 Iftikhar Ahmad.

8 (No response.)

9 MS. MACK:

10 That concludes the rollcall.

11 MR. RUSOVICH:

12 Thank you very much, Veronica.

13 John, you made some initial comments.

14 I'll turn it over to you for your thoughts and comments
15 before we get the approval of minutes.

16 MR. VOORHORST:

17 Thank you very much, Greg.

18 Let me start by thanking all of you for
19 coming back. It's grateful to know that you weren't
20 discouraged in April and decided to come back and join
21 us again. I was very excited to have you. I've got a
22 number of people I'd like to recognize. First and
23 foremost, Greg Rusovich, who's generously interrupted
24 his vacation to be here. He was out of Louisiana for
25 the month of July, and we're very, very grateful that he

1 made the effort to be here with us.

2 Also, I'd like to introduce or recognize
3 briefly, again, my staff. I can't say enough about the
4 teams that we're assembling here to carry out the
5 mission of the Board. As I recognize you, will you just
6 wave or stand, I'd appreciate it? Veronica Mack,
7 Anthony Bodin. And Bill Fousch was absent in April due
8 to selling seafood in Belgium on behalf of Louisiana
9 companies. He's currently in Central America selling
10 other products out of Louisiana, so Bill sends his
11 regards to the Board. I'd also like to recognize
12 Matthew Day. He's with us as an exchange student from
13 LSU.

14 We have one representative for an absent
15 board member. I would like to welcome David Kearney,
16 the Chair of the World Trade Center New Orleans.
17 Provided by the World Trade Center is our lunch sponsor
18 today, so if we could all give David a hand for lunch.

19 MR. KEARNEY:

20 I hope it shows up.

21 MR. VOORHORST:

22 A couple of other recognitions, a
23 Selection Committee was formed to select the consultants
24 that you'll be hearing from later during this Board
25 meeting, and I won't recognize this individuals by name,

1 but it's comprised principally of a number of LED
2 representatives and a couple of folks from outside. I
3 would like to recognize Scott Martinez, who came down
4 from his base in Shreveport to participate in the
5 selection committees. So thank you very much for that,
6 Scott.

7 MR. MARTINEZ:

8 You're welcome.

9 MR. VOORHORST:

10 Welcome, also, to all of our guests, and
11 particularly to Senator Appel, who is taking time from
12 his very, very busy schedule to be with us and watch a
13 little bit about the development of the divisions we so
14 importantly saw for the state work around commerce and
15 trade. Thank you for being here.

16 With that, I'd like to introduce my
17 boss, Stephen Moret, who will lead us into the next
18 section, which is the introduction of the consultants
19 that will be working with the Board and the LED staff on
20 the master planning process.

21 MR. RUSOVICH:

22 Thank you very much, John. I'm just
23 going to do the minutes real quick. So the next -- just
24 to get this part through, the minutes books were dually
25 distributed. We wanted to ensure everyone looked them

1 over, and I'll accept any motions for approval of the
2 minutes.

3 MR. LAGRANGE:

4 So moved.

5 MR. RUSOVICH:

6 Moved.

7 Second?

8 MS. FOX:

9 Second.

10 MR. RUSOVICH:

11 Thank you very much.

12 Movement and a second. Any discussion
13 surrounding the minutes that were distributed from the
14 last meeting?

15 (No response.)

16 MR. RUSOVICH:

17 No discussion?

18 (No response.)

19 MR. RUSOVICH:

20 All in favor of the approval of the
21 minutes, say "aye".

22 (Several members respond "aye".)

23 MR. RUSOVICH:

24 Any opposed?

25 (No response.)

1 MR. RUSOVICH:

2 Okay. Minutes approved. Great.

3 Secretary Moret.

4 SECRETARY MORET:

5 Thank you all very much for making time
6 to be here today. The Board of International Commerce
7 is going to do a lot of great work over the years ahead,
8 but essentially the most important, I think, single job
9 of the Board is to develop and adopt the State's master
10 plan for International Commerce. And that means that
11 this Board and in this particular year will be, in fact,
12 the most consequential time probably in the critical
13 history of the Board because it will be referenced back
14 to the first ever master plan International Commerce has
15 amended and brought before the legislature. So this is
16 going to be a very, very important piece of work.

17 As you may recall, we talked before
18 about the need to get some expert assistance, and we'll
19 do this in a first-class way. It's taking us a bit of
20 time to get all of the resources together to do it, but
21 I'm very pleased that we now are at that point, and I
22 want to really thank you folks that served on the
23 Selection Committee to help select these firms.

24 You're going to be hearing today from
25 two firms. We have a number of folks or several firms

1 that are represented ultimately, but two different firms
2 that are three components of the work. First of all,
3 the master plan itself, the master plan for
4 International Commerce, which, by legislative mandate,
5 has quite a number of specific things that it has to
6 accomplish for the state. Secondly, we'll have a
7 presentation that is a separate piece of work and will
8 be integrated into that. On our bulk cargo strategy,
9 you may recall two or three years ago, we did container
10 strategy, and now we're looking into a bulk cargo
11 opportunity. Both of those will be lead by AT Kearney,
12 and so they'll be our first presenter today. And then
13 third, the reshoring strategy, which will also be
14 incorporated into our master plan, Boston Consulting
15 Group, BCG, has been selected for that work, and they
16 will be presenting.

17 This is going to be an intense level of
18 effort over the next few months. Those of you -- well,
19 I guess all of you serving on subcommittees, I strongly
20 encourage you to be as engaged as you possibly can.
21 Ultimately, the Board will vote on the whole package.
22 And we would like to get to a point where we've got a
23 strong consensus from those to make a very high level of
24 input from everyone on the Board taking into account
25 your expertise.

1 One footnote I wanted to share, there
2 have been, as Senator Appel mentioned many times, many
3 studies done in this state over the years. This plan
4 will really be an ultimate adverse -- and one of things
5 that these firms are going to be doing is to
6 essentially, I guess, recap, if you will, anything
7 they've taken away from all of the past efforts. So
8 when we have a master plan, which will encompass all
9 three of the components I mentioned at the beginning, it
10 will be the most up-to-date, most comprehensive, very
11 specific blueprint, if you will, about where we go from
12 here, taking into account all of the past efforts as
13 well.

14 In addition to the fact that it's going
15 to be a very important effort, I'm optimistic about the
16 process that's been established and the firms that are
17 involved, but you can also get the consensus effort at
18 the end, and we really have a mandate when we go back to
19 legislation or to prioritize particular investments and
20 so forth, it will have the entire International Commerce
21 Board fully supportive of that. So that's certainly the
22 aspiration at this time. I'm quite optimistic that we
23 will be able to get there. I do want to note, we're
24 pleased that we were able to get most of the funding for
25 those three projects from Federal sources, and we're

1 also making significant contributions. We've been able
2 to scope this in a way that I believe we are going to
3 have a first-class product. I'm delighted about what
4 we're getting started with today.

5 With that, we're going to turn it over
6 to a few folks. We've got some very senior folks from
7 AT Kearney with us today. They're going to talk about
8 the master plan process as well as the bulk cargo
9 strategy piece. After that, BCG will present on the
10 reshoring. What we would like to do, in the interest of
11 time, we are going to have breakout sessions later, so
12 we want to hold the questions until each of the firms
13 have presented. We'll have a few minutes for general
14 questions, but most of the discussion we anticipate
15 happening in those breakout groups later with the
16 subcommittees. So I hope that makes sense.

17 Any questions before we let AT Kearney
18 get started?

19 (No response.)

20 Okay. I'll turn it over. Paul.

21 MR. LAUDICINA:

22 Thank you very much, Stephen. Thank
23 you, Mr. Chairman, Senator Appel, ladies and gentlemen
24 of the Board. My name is Paul Laudicina. I'm the
25 Chairman Emeritus at AT Kearney and the Chairman of our

1 Global Business Policy Council, and on behalf of my
2 colleges from AT Kearney and certainly our friends from
3 BCG, we're delighted to have this opportunity to be of
4 service to the State of Louisiana.

5 I'm going to confine my comments this
6 morning before we go into the breakout to some of the
7 high-level sort of observations on why this is the right
8 time for the State of Louisiana to be undertaking this
9 initiative, and then during the breakout sessions, we'll
10 dive into more of the issues of what we're going to do
11 and how we're going to do it. So what I wanted to do
12 was just say a brief word about AT Kearney.

13 You-all selected us, so you know who we
14 are. We've been working here for the last five years.
15 We've had the good fortune to interact with many of you,
16 but basically, as you'll see on this next slide -- and I
17 don't know who has the clicker here. How do we advance
18 the technology?

19 So what we're -- what I'd like to talk
20 about a little bit is, first of all, what we bring to
21 you is the experience that comes from certainly over the
22 last 25 years of doing substantial work across the whole
23 expanse of economic development strategies, from the
24 work we did some 20 years ago pre-NAFTA for the
25 Government of Mexico to help target investment

1 attraction into Mexico, to the more recent work we did
2 with the economic strategy for the Government of Korea,
3 and everything in between from New York City to the Bay
4 Area of California, focused intense focus on how you
5 promote investment as well as trade and export and we
6 bring that expertise to the table. Key functional and
7 domain expertise that we, AT Kearney, and certainly our
8 colleagues at BCG have. AT Kearney has been around, as
9 many of you know, 87 years. We have 57 offices in 39
10 countries around the world across all functional and
11 industry domain expertise, and we bring that knowledge
12 to the table to help you in the efficient and effective
13 targeting of FDI, certainly cargo and trade, that we are
14 going to be talking about. And then finally, as I said
15 at the outset, we've had the opportunity to work with
16 you over the last five years and become accustomed to
17 what the needs and interests and special qualifications
18 of the State of Louisiana are, and we bring that to this
19 exercise.

20 Now, a couple of observations on why we
21 think this is the right time for the State of Louisiana
22 to be undertaking this initiative. AT Kearney has over
23 the last 15 years been conducting what we call the
24 Foreign Direct Investment Confidence Index. This is a
25 survey of Global 1000 CEO attitudes and intensions with

1 respect to foreign direct investment. For the first
2 time, when we released these results two weeks ago when
3 we had our global CEO retreat with 50 CEOs around the
4 world meeting in Marrakech, Morocco, focused on "Where
5 is the strategic direction for business headed?" For
6 the first time since 2001, the United States has resumed
7 the number one place in the minds of perspective
8 investors as the destination for foreign direct
9 investment. In 2001, China overtook the U.S., and the
10 U.S. has now resumed the number one position. This is
11 important because we believe this is the right time for
12 the State of Louisiana to be trying to capture share of
13 mind and certainly share of wallet of the investments
14 around the world as they reconsider and reassess the
15 U.S. as a destination.

16 It's important to note, however, that as
17 part of these overall observations that the predominant
18 flows of foreign direct investment are coming largely
19 from the industrialized world. They continue to be,
20 even though we obviously know that the big emerging
21 markets have emerged. You'll see here that the big
22 emerging markets, Mexico, Brazil and China, only
23 comprise five percent of total sources of foreign direct
24 investment. So the prize -- you know, as they used to
25 ask Willie Sutton, the infamous bank robber, why he

1 robbed banks, and his answer was "That's because that's
2 where the money is." Well, the money with foreign
3 direct investments is obviously largely in the
4 industrialized world, and that's what we'll be focussing
5 on in this effort.

6 Secondly, it's an important opportunity
7 for Louisiana right now because if you look at the flows
8 of foreign direct investment locally over the course of
9 the last 15-20 years, the fact of the matter is, foreign
10 direct investment is just now beginning to recover from
11 this meteoric decline at the beginning of the recession.
12 We were about \$2-trillion in 2007, 2008. We sunk down
13 to 1.2-billion, bounced up to 1.4-billion. And you can
14 see that foreign direct investment still hasn't
15 recovered to pre-recession levels, but, nonetheless, it
16 has and it is recovering, and our Foreign Direct
17 Confidence Index results suggests that over the next
18 three years, most large foreign investors say that
19 they're going to be back up to pre-recession levels in
20 foreign direct investments. So there's going to be new
21 money on the table that Louisiana is going to have to
22 compete for.

23 Now, you-all have been punching above
24 your weight. This is a great story that you have here
25 in Louisiana. When you look at how Louisiana is

1 effectively competing vis-a-vis other states in the
2 region or even across the whole U.S., the fact of the
3 matter is, either on a per capita basis or on a GDP
4 basis, Louisiana is performing and has performed very
5 well. It's not in aggregate, obviously attracting as
6 much of the investment as some of the bigger states as
7 California, but per capita, against cumulative GDP,
8 Louisiana is performing extremely well.

9 Similarly, when we talk about
10 opportunity, we look at trade and export opportunities,
11 the fact of the matter is, we're now up above
12 pre-recession levels in terms of total trade flows at
13 \$16-plus-trillion. And here again, the important part
14 of the right side of this graph is that the size of the
15 prize, the big money is developed-to-developed world
16 trade flows. You see developing-to-developing world is
17 increasing by 10 percent, but still, the
18 developed-to-developed world trade flows are double that
19 of developing-to-developing countries. So when we talk
20 about export promotion and promoting Louisiana business
21 opportunities in other parts of the world, we're going
22 to be looking principally at where we think the
23 important plays are with respect to trade and export
24 promotion.

25 So now what I want to do is turn it over

1 to my colleague, John Hubach, so he can spend a little
2 bit more time talking about some of the key questions
3 that we're going to address in this exercise.

4 John.

5 MR. HUBACH:

6 Thank you, Paul.

7 As Paul said, in the breakout sessions,
8 we are going to get into more detail on the objective
9 scope and approach that we will take for each of the
10 three work streams that we're going to review here this
11 morning. But just to give you a real quick high-level
12 overview for the master plan piece, to begin with, here
13 are the questions that our efforts will answer over the
14 next 14 weeks for the master plan: We're going to be
15 looking at, you know, what is your state's competitive
16 position relative to other states, you know, where are
17 you winning, why are you winning, what are the
18 attributes that we have in the State of the Louisiana
19 that will give us advantages as we target where we want
20 to market and try to capture FDI and more trade.

21 We're looking at the global and regional
22 trends impacting FDI, so it's great to look backwards,
23 but it's more important that we understand looking
24 forward to what are some of the issues that are going to
25 maybe change some of the patterns in FDI and trade.

1 Paul mentioned some of the developing countries have
2 increased, that we've seen the U.S. become number one,
3 so we'll need to look at who are the senders of the FDI,
4 who are the receivers, in a sense that who we need to
5 compete with to recapture that FDI, so we want to
6 understand those trends. And we'll also look at the
7 impact of trade agreements. You know, the EU-North
8 American trade agreements that are under discussion, the
9 NAFTA, the Pacific Alliance and others that are becoming
10 more and more prominent and what impact are they going
11 to have on FDI and what opportunities will they present
12 for the State.

13 So we'll look at really what are your
14 strengths, how do we align our marketing efforts with
15 your strengths, that's kind of what -- we have limited
16 resources. We can't be everything to everyone as a
17 state, so it's going to be important that we understand
18 where we have advantages and how we leverage our
19 resources and investment efforts to take advantage of
20 those strengths and get the biggest return on your
21 investment and resources.

22 In the end, we're going to look at what
23 we need do as a state to improve our competitiveness and
24 track that with the trade and FDI. We will begin to
25 identify very specific projects, what projects does the

1 state need to pursue and then how do those projects get
2 incorporated into a comprehensive master plan. And that
3 master plan that Stephen said will incorporate not only
4 FDI and trade, but it will also relate to reshoring and
5 bulk import and export flows, so we have all three of
6 those elements coming together into a comprehensive
7 plan.

8 And then the last thing we'll do as part
9 of this is a governance mechanism around that master
10 plan. We know that you as a Board have a responsibility
11 and desire to update that plan on an annual basis,
12 report progress, track progress against that plan, and
13 they'll be a mechanism as you go to make adjustments to
14 the plan as appropriate. So those are the kinds of
15 questions that we will answer as part of this effort.

16 I mentioned on this, the first of the
17 three major work streams is a 14-week effort. As you
18 look at it, the first three activities, the way to look
19 at that as being conducted in parallel, are kind of
20 building the baseline and understanding where Louisiana
21 has been winning and why, understanding what's in your
22 pipeline today, understanding how you stack up against
23 competing states, and in some cases, competing
24 countries, because as Paul said, you know, it's not just
25 South Carolina that you're going to be competing

1 against, but it's always places like Mexico that you'll
2 be competing against. So we need to broaden our
3 apertures and make sure that we understand, you know,
4 how you stack up against the potential receivers of FDI
5 trade in this example.

6 After the first five, six weeks, we'll
7 have a good understanding of your strengths, your
8 pipeline, and, again, start forming ideas of the
9 projects that you need to begin to pursue to improve
10 your competitiveness, where you should focus as a state
11 to capture more than your fair share. So that will
12 start to come together as we define your strategic
13 approach for the master plan. And then in that fourth
14 step is where we begin to get input from our colleagues
15 at BCG on reshoring and then bulk effort that we'll talk
16 about in minute and this FDI trade effort. They'll all
17 come together and we'll put that together in a
18 comprehensive plan. And the last step is to build that
19 governance mechanism that we talked about. So it's a
20 14-week effort. As Stephen said, it's a pretty
21 aggressive, intense 14 weeks, but we're looking forward
22 to it, and we have plans to make a presentation on that.

23 So with that, Stephen, do we want to
24 take some general questions here or should we just --

25 SECRETARY MORET:

1 Let's try and wait until the end.

2 MR. HUBACH:

3 So we'll just move into the bulk. I may
4 need some help getting to the bulk.

5 MR. LAUDICINA:

6 Again, let's talk quickly about the bulk
7 cargo strategy. This is looking at the import and
8 export flows. So the first thing we said, much like
9 trade and FDI, it's going to be important that we focus
10 appropriately. There are places where you have a strong
11 position, there are strengths that we to need leverage,
12 so, you know, understanding the trade flows as they
13 exist today. So if you look at the map of the globe up
14 here of the world, the good news is, like on FDI, some
15 respects, you're punching above your weight. When you
16 talk about bulk and break bulk, you have a very strong
17 share position in the two major trade lanes around the
18 globe, Asia-North America, South America and North
19 America trade lanes. You also have a nice position in
20 these other trade lanes, but in those two in particular,
21 very well-positioned, very strong share of trade, if you
22 will, and as we think about, you know, the master plan,
23 it's all about how do I capture more share, not only in
24 these two trade lanes, but in the other lanes as well,
25 as long as they align with your strengths. And, of

1 course, one of the other ones that we believe is
2 emerging is the Africa and North America trade lane.
3 Small volume today relative to some of the other trade
4 lanes, but one that we see growing, one that you should
5 naturally see to have some advantages relative to other
6 places. And so that's one we'll be exploring
7 particularly to see how we maintain and increase a
8 stronger share position in that trade lane.

9 The other thing is, you know, as we
10 said, you have a strong position today. Number one,
11 exports; number two, our imports. You know, it's
12 accepting from Texas when it comes to bulk and break
13 bulk, you are a major, major player when it comes to
14 share of traffic in this area. A very different story
15 from the container story, if you remember, where you are
16 not a major player. It's quite the opposite when it
17 comes to bulk and break bulk, and that's the advantage
18 that we can leverage and continue to grow going forward.

19 We recognize that when you talk about
20 imports and bulk and break bulk traffic, it's really a
21 network of ports in the state. You know, it's 30-plus
22 ports that account and comprise of a network of ports,
23 and we also recognize that the seven major ones that
24 represent the bulk of the trade, but we also need to
25 consider beyond those seven and how the other ones fit

1 in the picture and how we more cohesively fit them into
2 the master plan. And it's interesting when you look at
3 your combined network of ports on a global basis, you
4 actually -- I don't know if you think of yourselves this
5 way, but you're among the top 10 global ports in the
6 world if you look at your significant player when it
7 comes to the break bulk story.

8 Again, thinking about focus not being
9 all things or all people, you know, it's interesting
10 when you look at where you are today, four commodities,
11 you know, there's a broad category, make up almost 90
12 percent of your import traffic, and six commodities make
13 up over 80 percent of your export traffic. Now, our
14 intent is not to limit ourselves to these four and these
15 six commodities, but at the same time, we need to make
16 sure that we understand going forward what are some of
17 the trends that might impact these commodities either
18 favorably or unfavorably. So, for example, crude oil,
19 as we gain more energy independence, crude imports could
20 go down significantly, but conversely, you know, LNG
21 might be a nice offset as that import/export traffic
22 continues to grow. So what we'll do as part of this is
23 understand how these major commodities are impacted
24 looking forward with the various trends and also be on
25 the lookout for other commodities that aren't on this

1 list today that potentially could emerge as a result of
2 forces going on off of the coast.

3 So with that as a context, you know, if
4 you kind of think back, you can think about some of the
5 historical trends that inform what we need to consider
6 going forward. You know, if we go back a couple of
7 decades, you know, the scarcity of resources that lead
8 to our dependence on crude and thus the high import
9 flows, manufacturing strategies that embrace off
10 shoring, you know, that moved a lot of traffic offshore
11 and created export flows, particularly the Asia-North
12 America lane, as both exports and imports of consumer
13 goods back to the U.S. with the container traffic.

14 International agreements promote the free trade. NAFTA,
15 you know, being the predominant one with North America
16 trade flows up in the North and South, and the growth of
17 industrialization of emerging market. So those are all
18 trends that, you know, if we were doing the study 20
19 years ago would have been on the horizon and the kind of
20 things we would have wanted to have some oversight and
21 participation of planning for. What are those trends
22 moving forward today? Not to give you a comprehensive
23 list, but ones that we know are certainly in our
24 realized stream and are probably on a lot of yours, you
25 know, the widening of the Panama Canal, it's gotten a

1 lot of press and what impact that would have not only on
2 container traffic in Gulf ports strongly, but on bulk
3 and break bulk and altering ship routing patterns and
4 making the Gulf ports a more attractive port of call.
5 We'll be looking at, as we regain energy and
6 independence, as I mentioned, what's the impact of that
7 on crude, but also LNG as an offset as an export.
8 Reshoring is obviously one of the specific items we're
9 looking at, so how will that impact positive flows,
10 trade flows, import/export volumes through the ports.
11 And then lastly, you know, the US-EU trade negotiations,
12 which are ongoing, but even the Pacific Alliance, which
13 is -- emerging given the opportunity, particularly the
14 one that North America-South America trade is where
15 you'll have an advantage. Again, not a comprehensive
16 list, but these are mainly the issues you'll be looking
17 at, but we'll be incorporating them into the master
18 plan.

19 So, again, we'll get into details in the
20 breakout session with the subcommittees, but just for
21 the high-level questions we'll answer as part of this
22 effort, you know, what's working for Louisiana, why are
23 we winning and where, so what are the strengths that we
24 can build on, what market trends will influence your
25 volumes positively or negatively across those 10 major

1 commodity groups that I showed you. Again, are there
2 others that if we're standing here five years from now
3 that will be on the map today. How do we compare to our
4 competitive ports? One of the things we did in the
5 study that Barry will represent well, as we look at how
6 does the Port of Louisiana compare in its infrastructure
7 with competing ports in the Gulf as well as others
8 ports, other major container ports, we think there's a
9 similar need to do that from a break bulk perspective,
10 how do you compare with, you know, Houston and Mobile
11 and other ports that you are competing with to recapture
12 those trade flows. And then looking at that, given what
13 we know about the gaps in your advantages or
14 disadvantages for those ports, how does that translate
15 into projects that you need to undertake to close some
16 of those gaps so that you, in fact, become a more
17 competitive, more attractive port of call for import and
18 export traffic. We'll then take that information and it
19 will feed into our master plan activity, and then those
20 projects will be then reconciled with projects coming
21 from reshoring projects coming from the FDI trade and
22 into a comprehensive master plan.

23 So with that, this work will be
24 completed over a six-week period. We'll get into this
25 in more detail again, but a lot of the work is analyzing

1 current and future trade flows, looking at trends that
2 are going to impact those trade flows, determining where
3 the growth opportunities are for the State of Louisiana,
4 then what does that mean in terms of the strategies and
5 approaches to capturing those growth opportunities and
6 then putting that into a very actionable plan that feeds
7 into the master plan to begin the pursuit of growth.

8 And one of the things we'll do as we go
9 through this is, also, we anticipate meetings,
10 communications with the Board as well as the
11 subcommittees throughout the process in all three of
12 these things to keep you abreast as we go. And someone
13 said we don't like to wait until the very end to get
14 answers. We like to kind of share our thinking with you
15 all along, but frankly, one of the roles that you'll
16 play, I believe, as a Board in providing input and
17 things is the benefit of your years of experience with
18 the state to, you know, in the end, shape a better
19 master plan that's workable for the state.

20 So with that, I'll turn it over to my
21 colleagues at BCG.

22 MR. ZENSER:

23 Good morning everyone. Thank you again
24 on behalf of BCG for the opportunity to be here with all
25 of you today and certainly for the opportunity to work

1 all of your support over these coming eight weeks. I
2 want to just build on the discussion around the overall
3 master plan and bulk cargo strategy that AT Kearny has
4 already talked about and little a bit about the
5 reshoring strategy. Before I do that, just by way of
6 introduction of the BCG team, there's a number of us in
7 the room today. I just want to put some pictures with
8 the names that you'll see and you'll get to know over
9 the coming eight weeks. On behalf of Harold Sirkin on
10 this project who couldn't be here today, my name is Mike
11 Zenser. I'm a partner with BCG in our Chicago office,
12 and along with Henry, we'll walk you through what we
13 expect to try to accomplish here over the coming eight
14 weeks and talk about reshoring strategy.

15 It began with a bit of a seminal
16 observation about two and a half years ago where we had
17 a very simple insight that the increases in trades with
18 China coupled with the ongoing increases in the U.S.
19 were starting to narrow the gap in a real good advantage
20 that caused many organizations over the last couple of
21 decades to move to China. And then as we started to
22 explore that, in fact -- and we'll talk a little more
23 about that through the course of the next few minutes --
24 we were able to see a set of trends as they played out
25 over the next couple of years, offer an incredible and

1 exiting opportunity for the United States. This is to
2 reshore manufacturing back to the U.S., to create more
3 jobs and to increase the opportunities for the broader
4 U.S. from a manufacturing standpoint, and certainly when
5 you couple that with the added service jobs and all of
6 the ancillary jobs that go along with that creates a
7 tremendous opportunity. We've taken that analysis and
8 we've extended it beyond just looking at simple
9 reshoring, and as we talk about the opportunities in the
10 trade lanes, the major trade lanes that we just spoke
11 about in terms of bulk cargo, we certainly feel the U.S.
12 doesn't have an advantage just in reshoring, but also an
13 advantage in increasing exports. So there's a
14 tremendous opportunity for us to capitalize on that, and
15 then given the position and the assets the State of
16 Louisiana has, we think there's actually quite an
17 opportunity to essentially gain more than your fair
18 share of those opportunities. So that's what we want to
19 try to help with over the next eight weeks to figure out
20 exactly where those opportunities are, what assets and
21 what strengths you have, what we're good at, and where
22 we may not be so good, to look at some others states and
23 understand what some other states are doing in order to
24 try to capitalize on the same and effect a creative
25 strategy that allows us to focus on the right

1 industries, the right assets, the right types of
2 manufacturing, to be able to build an advantage here in
3 Louisiana.

4 Let me just take a brief moment to
5 introduce BCG. I imagine many of you are already
6 familiar with us. BCG is a strategy consulting firm.
7 We've been around -- in fact, we're celebrating our
8 50-year anniversary this year. We specialize really
9 across all industry sectors and across all aspects of
10 the value chain. Interestingly, strategy has been our
11 heritage. It's an area that we've grown up in, but
12 operations has been growing, and it's actually been a
13 bigger part of our business today, even than strategy.
14 So we combine the strategic aspects with the operational
15 aspects until we get start to get some relief in sight
16 related to things like reshoring. We also have a very
17 robust public sector practice, and certainly through
18 things like global health, through education, we spend a
19 lot of time working with entities all over the world,
20 but the bulk of our work actually comes from economic
21 develop. So we've had a lot of experience working with
22 organizations like the State of Louisiana where we've
23 helped in similar types of efforts to help build and
24 grow the economic opportunities within those areas.

25 Let me turn it over to Henry just to

1 talk a little bit about what we are going to do, and
2 then I'll come back and spend a couple more minutes just
3 talking about main America work that we're doing and the
4 genesis for the reshoring opportunities.

5 MR. CAFFREY:

6 Thanks, Mike.

7 So really what we're working on is
8 trying to respond to the questions you've asked, how do
9 we put together the optimal reshoring strategy for the
10 state should be. So we're really looking to understand
11 what are the trends going on and what we might reference
12 regarding manufacturing jobs coming back to the United
13 States. We're trying to understand what are the best
14 practices that we can learn from other states, other
15 regions, other countries, in terms of how we are going
16 to structure the types of deals and incentives and how
17 do you attract more of your fair share of these types of
18 opportunities. We want to really understand what are
19 the strengths, what are the opportunities and what are
20 the potential gaps and how we might go about closing
21 those gaps for the state so that we can start to capture
22 on these remanufacturing trends coming back. So that's
23 going to be the main part of what we're going to do over
24 the next eight weeks. We want to put this together into
25 a comprehensive strategy that says these are the types

1 of things that Louisiana should focus on, this is the
2 way in which they should go about trying to capture
3 this, this is the timeframe that we think it's going to
4 take, these are our maritime opportunities, these are
5 investments that you'll want to consider making, these
6 are the medium and longer-term opportunities, and really
7 lay out that strategic roadmap.

8 We're going to work very closely with
9 our friends at AT Kearney to make sure that this
10 dovetails into the overall master plan, but that it also
11 then helps support port strategy that they're coming out
12 with as part of this. And so really our deliverable in
13 a nutshell is going to be this formal strategy that
14 we'll bring to you for your consideration, feedback and
15 approval so that the State can then adopt and move
16 forward and take advantage of those reshoring trends.

17 We're going to do this in essentially
18 three phases over the next eight weeks. We are going to
19 start by understanding what the baseline is, where is
20 Louisiana strong, where do we have assets that we can
21 leverage, where are the real opportunities for the
22 State. We're going to also link in with the work that
23 we've already done on Native America, what are the
24 manufacturing industries and sectors that are coming
25 back, what are the economic drivers that make those

1 attractive to return to U.S., how might Louisiana best
2 position for those. And we are going to try to
3 understand what are other regions and states doing. We
4 want to take that and feed that into the second phase,
5 which is really about what are our options and how do we
6 want to think about this and how do we want to structure
7 our strategy. And as part that, we'll say that there's
8 eight things that we can go off and do. We think these
9 four things that are the highest priority, biggest bang
10 for the efforts for the State. Let's really dive into
11 those, and here are alternatives for the other three you
12 might want to consider. That will bring us to about the
13 midpoint, at which point we envision coming back to this
14 Board and presenting to you, this is what we're
15 learning, this is the direction that you're headed. And
16 then based on your feedback, we will then go and
17 actually start modifying what is the strategy and build
18 out a business case as it were for why this State should
19 consider doing these things, what types of investment
20 and actions are required, the timing and the benefits
21 and what you can expect to see out of this in time.

22 We are going to work very closely with
23 the teams that the Chairman has set up, which is made up
24 of representatives of LED and other organizations on a
25 weekly, day-to-day basis, and then we'll come back to

1 you with input and guidance.

2 MR. ZENSER:

3 Our primary focus is going to be for the
4 State of Louisiana, but we will look at things from a
5 regional perspective, but because this is a state-wide
6 effort, we really want to put the best interest of the
7 state first and foremost ahead of eventually optimizing
8 for one region or another.

9 And just to give a little bit of flavor,
10 we believe we're in a good position to make a fast start
11 from the work that we've done and what we've termed as
12 "Made in America" are the manufacturing renaissance.
13 We've done a number of different pieces of work already
14 that we can leverage as a starter for this effort.
15 We've looked at other regions and at the economics are
16 within other regions. We've looked within industries to
17 understand what the economics are, to understand where
18 the most natural tipping points are likely to occur,
19 early versus later. We've looked at the labor within
20 different MSAs across the country to understand by type
21 of skill where MSAs or where specific locations are as a
22 disadvantage have a gap relative to having a surplus in
23 specific labor and specific areas. So we'll be able to
24 leverage that information to get a very fast start here
25 looking at the State of Louisiana and understanding what

1 capabilities we may need to build in order to satisfy
2 some of those likely industry trends that we're seeing
3 in terms of industries that are mostly in your terms in
4 terms of reshoring. We'll also build on some of the
5 work that we've done looking at exports as well. You
6 know, as we interface with bulk cargo strategy, we want
7 to make sure that we're leveraging the information that
8 we have to be able to take advantage of that across the
9 broader master plan as well. So with the interactions
10 we'll have with AT Kearney, we can leverage that
11 information as well.

12 And just to give a flavor, one of the
13 things that has been on the top of mind of many as we've
14 looked at this trend has really been about what
15 industries are most likely to occur, what industries are
16 most likely to reshore sooner versus later. We've spent
17 a lot of time looking at the industries to understand
18 for those with essentially modest labor costs, modest
19 logistic costs, the percentage on overall cost, of where
20 their history has been most likely to be tipping. For
21 those that are very high labor costs, low logistics
22 costs, your apparel or footwear, these are industries
23 where we don't see coming back to mass in the near term.
24 For those in your heavy commodity areas, your woods,
25 your paper, your minerals, your petroleum and oil

1 products, many of those haven't left the U.S., and
2 certainly there are opportunities there, but a lot of it
3 is already -- of what U.S consumes is already produced
4 in the U.S. What we're looking at is really this area
5 in the middle. It's your plastics and rubber. It's
6 your fabricated metals, your transportation equipment,
7 your appliances, some of these industries are the ones
8 that we see at least today as the most likely to be
9 those that are top of the line for reshoring. As we
10 start to see the trends play out, these are the
11 industries we're starting to see the slow trickle of
12 companies who are starting to think about these trends
13 coming to a reality. And we'll certainly dive deeper
14 into this as we go through the course of the next eight
15 weeks, but our goal will be to make sure we're
16 leveraging and getting a fast start pace on the work
17 that we've already done so we can bring that to bear for
18 Louisiana and use that as a stepping stone to the other
19 insights that we're making.

20 And then lastly, as Henry mentioned --
21 and I won't drain this by any means -- our goal at BCG
22 is to lock arms. We want to collaborate. We want to
23 work with all of you. This isn't something, you know,
24 as you mentioned, you know, we're not going to, you
25 know, make it a murder mystery. We really want to step

1 back and be able to collaborate and work together to be
2 able to leverage this. We don't profess to know nearly
3 as much as those of you in the room about the State of
4 Louisiana and the assets and all of these advantages
5 that you have, and so we want to make sure we're
6 leveraging all of your knowledge, insights, experience
7 in any way that you can help us as we go through the
8 course of the next eight weeks. And we've got the
9 National -- set up through the Steering Committee.
10 We'll talk about the subcommittee interactions that we
11 want to have, but I would ask you to certainly, you
12 know, offer up any insights, any thoughts, any
13 questions, et cetera, that you have because we want to
14 take all of that in to make sure that we get the most
15 robust outcome in the next eight weeks that we can.

16 And with that, I will pause, and is now
17 a good time for questions?

18 SECRETARY MORET:

19 Yes. Thank you both.

20 We have just about 10 minutes before we
21 shift to the subcommittee meetings, the breakouts for
22 each group and opportunities to talk in greater detail,
23 so we have a few minutes for questions that I think will
24 be best focused to high-level so we can get into more
25 details in the subcommittee sessions.

1 With that, any questions for AT Kearney
2 or BCG?

3 MR. TERRAL:

4 I have a question. A lot of those
5 projects that we are going to be looking at are going to
6 be centered around the strength of imports and exports,
7 cargo and manufacturing. It will be nice when we're
8 evaluation the projects and deciding where to put our
9 resources to help these projects get off the ground if
10 there could be a study made on the broadness or the
11 distance that it will impact Louisiana. So, you know,
12 we've got competition for sure for all of the jobs in
13 South Louisiana, but it would be nice to know how far
14 north we may see some additional good come out of a
15 particular project. So I don't know how you put that in
16 your model when you're evaluating a project, but it
17 might be something to consider. Do you have some
18 thoughts on that?

19 MR. ZENSER:

20 So the way we like to pick it up is we'd
21 like to say what are the strengths and capabilities of
22 different regions of the State, and as we look at it,
23 there are certain sectors that may be more applicable to
24 the northern part versus down along the ports. So we
25 want to make sure we look at that and we understand that

1 and put together a comprehensive plan that's not just
2 focused on the New Orleans area or the southern part of
3 the State, but really is best for the state overall.

4 UNKNOWN:

5 Let me respond, too, to that.

6 When we did -- and I think that's a good
7 question. When we did the container study, I think some
8 of you will remember we actually put together what we
9 call a heat map. A lot of what we're looking at is
10 what's the reach of the port in terms of where is it
11 economically competitive against other ports, and it
12 varies by trade lane. So we anticipate doing something
13 similar with break bulk, but if you kind of picture the
14 U.S. as a map and think of the states and think of them
15 as kind of red, yellow, green. Red is outside of our
16 reach economically. We're just not going to be
17 competitive with, you know, Long Beach, LA or New York
18 if we're shipping to Pennsylvania, but there's an area
19 of yellow, if you will, where we're within economic
20 competitiveness, plus or minus five percent. And
21 there's a geographic area where we're green, and that's
22 where we definitely have an economic advantage. That
23 heat map frankly changes depending on what lane you're
24 talking about, whether is Asia North America, whether
25 it's South America or North America. But good question.

1 That's exactly the kind of perspective we need to put
2 together for the bulk trade, bulk stuff and piggyback
3 off the work we did for the container stuff.

4 SECRETARY MORET:

5 While you're thinking of other
6 questions, I realize I forgot to mention one thing that
7 I meant to note in the introduction, and that is that,
8 you know, beyond the mission to add more jobs as a
9 result of this effort, we kind of had three distinct big
10 goals. One is to continue the trend of the dramatic
11 increase of direct investment in our state. Second is
12 cultivate more trade-related remanufacturing
13 opportunities, and third is to continue to grow import
14 and export activity. That was probably inclusive in the
15 presentation, but I just wanted to talk about that.

16 Any other questions? I know one I had,
17 John. Part of the master plan is going to be obviously
18 looking at projects ranging in those. We talked briefly
19 about how you guys eventually would collect that
20 information. Can y'all give anymore thoughts on the
21 best way, for example, to provide that information?

22 MR. HUBACH:

23 Steve, that's a good question, and
24 obviously, you know, for example, if you think about 32
25 ports in six weeks, it's just physically not possible to

1 review 32 ports in six weeks. And this again, in terms
2 of our efforts, we've got to be smart about how we work
3 and where we focus. So in that example, as we thought
4 about it, we will visit certainly the major ports, the
5 six or seven that we had on the list, and I think it's
6 important that we spend time with the port teams to
7 understand, you know, what efforts they have currently
8 ongoing, what their backlog of project ideas are. For
9 the other ports, it's also going to be important that we
10 don't ignore them and incorporate some of that thinking,
11 so there will be efforts along those lines to solicit
12 input maybe in the form of, "Hey, here's the information
13 we would like to know about your port." I know we've
14 gone on websites to get some information on some of the
15 ports, but the type of information varies from port to
16 port. So it's going to be important that we solicit
17 probably some kind of survey mechanism and then follow
18 up with phone calls to make sure that we understand what
19 some of the other ports are thinking about in terms of
20 their investment programs, where they're focusing their
21 current base of business, what are their strengths and
22 weaknesses relative to others ports. So it's going to
23 be a combination of face-to-face firsthand at some major
24 ports, but then soliciting input from the inland ports
25 just to get the benefit of their thinking from the

1 process.

2 MR. RUSOVICH:

3 I have a question, too, I think from
4 both firms, actually, because I think it connects. So
5 on the FDI reshoring aspect, many of the projects that
6 would coming in would have an export bi-product
7 component of it, whether it's resin, whether it's
8 plastic, they can be major products that are coming in
9 from that FDI reshoring. There's that major expert
10 component, and some are even saying there are not enough
11 ships in the Gulf to handle that type of bulk cargo
12 coming in, container bulk, break bulk. So what are you
13 doing to ensure that the FDI reshoring component
14 engages -- when you're looking at FDI reshoring, it's
15 also engaging in that export component that's connected
16 so that it's directly connected to reshoring the FDI and
17 stuff?

18 MR. HUBACH:

19 Do you guys want to take that?

20 MR. LAUDICINA:

21 Well, I think the reality is we need to
22 be working pretty closely together over the next period
23 of time. From a reshoring perspective, what I would
24 like to be doing is looking in assets, let's take the
25 assets in the State of Louisiana. Let's understand

1 where we're strong, where there may be some
2 opportunities and couple that with where we see the
3 trends are to identify what we think the biggest
4 opportunities are and then bounce that against what
5 constraints we may see so that we're able to essentially
6 prioritize based on what those constraints are. It's
7 going to require us, though, between the bulk cargo
8 strategy and the reshoring strategy to be pretty close
9 on what we see those opportunities could be.

10 MR. HUBACH:

11 I think one of the other issues, too,
12 and the conversations we've had with Greg about it, the
13 focus, as we've talked here, has been primarily bulk and
14 break bulk, but we also recognize that there's still
15 some issues around container that we can't ignore and
16 there may be opportunities particularly with kind of FDI
17 bi-products, if you will, to address the structures
18 that's out there; right? And that could be when we
19 looked three or four years ago when we looked at
20 container, there's less of a shortage and the
21 environment has perhaps changed and we need to be aware
22 that that's an opportunity out there. So one of things
23 we need to anticipate doing is going back and revisiting
24 some of the container assumptions and then piggyback on
25 top of that, you know, what's happening with, you know,

1 the reshoring and the bi-product of that reshoring and
2 see what the implications of that are on container
3 traffic. You know, so the world has changed a lot in 40
4 years and we've had certain conclusions about container
5 that I think is legit if we go back and not just back to
6 transport, but going back and revisiting some of those
7 assumptions and see if some of these conclusions have
8 changed as a result of that.

9 MR. ZENSER:

10 Let me just add a word, Greg, to that,
11 and that is, doing the best practice as a prior direct
12 investments, certainly going way back to the industrial
13 development authority in Ireland. It's always looking
14 at FDI, not just for the direct impact for the foreign
15 investment that comes in and the job it generates, but
16 also the ripple effect that comes from what the backward
17 linkages and import substitutions and so forth, so
18 that's part of the targeting in looking at the yield
19 that you can get from a particular foreign direct
20 investment opportunity that allows us to qualify leads
21 and then start targeting one priority that should be for
22 the State. Absolutely essential.

23 MR. RUSOVICH:

24 And would that same aspect link to the
25 break bulk impact strategy when you look at value added

1 manufacturing opportunities, so if you're bringing in
2 rubber, what is the aspect to be able to add value to
3 rubber imports? Are you also looking at value-added
4 manufacturing component as part of the break bulk
5 strategy, or could it be encompassed within the same
6 opportunity? If we're bringing in rubber, why aren't we
7 manufacturing items that connect the bulk?

8 MR. HUBACH:

9 I guess I'd have to think about that
10 one. I mean, clearly there will be opportunities like
11 that, and I'm just kind of thinking back to where we're
12 looking at the content plans with the LED team. One of
13 the things we certainly looked at was, you know, the
14 incremental volume to the import of rubber and steel as
15 a consequence of putting that plan in Louisiana and the
16 economic advantages that we have over, I think, other
17 states like South or North Carolina. But I guess I'd
18 have to think about, you know, in addition to just trade
19 flow volume, other value added activities and how to --

20 MR. RUSOVICH:

21 Well, just as you're doing your models,
22 if you could be mindful of that.

23 MR. HUBACH:

24 Sure. Good point.

25 Gary.

1 MR. LAGRANGE:

2 Yes. To Greg's point here, the exports
3 are booming and the price of natural gas and effectively
4 over the next five to 10 years, we see a lot of good
5 things happening particularly at the 90 or chemical
6 plants between New Orleans and Baton Rouge. The
7 carriers' concern and what the carriers relayed to us as
8 recently as yesterday or the day before, the MSC emerged
9 and others are, "What do you have on the import side?"
10 "We've got to replace the containers. We've got to
11 replace --" you talked to it a minute ago, where do you
12 find, how do you locate, is this master plan going to
13 target any certain areas, for example, Turkish steel
14 import has all of a sudden came out of the ground a
15 couple of months ago, and we're working with them real
16 well now. How do you locate these individuals and these
17 companies to determine that's a good, viable import to
18 bring, you know, cargo back into Louisiana, even though
19 the ultimate location is in Alberta, Canada, by
20 partnering with the Canadian National, you've got a
21 perfect conduit heading up in that region. Is the study
22 going to alimnt to that point, to that detail about
23 locating or pinpointing possible markets for new
24 imports?

25 MR. HUBACH:

1 I think this is where we've got to kind
2 of be a bit realistic in terms of what we can accomplish
3 in, you know, a 14-week period or, in this case, of a
4 six-week period. I think pinpointing a, you know,
5 here's a Turkish steel importer -- I think if we uncover
6 something like that, it's going to be working with you
7 guys, because you are aware of it. You can help me
8 think through, but quite honestly, I think it's unlikely
9 that we're going to get that granular during those six
10 weeks. I think we are going to look -- let me kind of
11 back up a little bit. I think we're going to understand
12 steel trade flows, what's the source of those flows and
13 recapturing a share of those flows today and where
14 they're going. And can we reposition Louisiana to
15 capture some of that share, take it away from somebody,
16 or maybe even just take advantage of the organic growth
17 that might occur, but there will be -- you know, we're
18 going to be practical within this timeframe just to see
19 how far we can take that analysis so that we understand
20 it and to evaluate it. We've got to get focused on the
21 right areas, and then there will be more work to be done
22 by you or others to kind of flush some of these things
23 out a little; right? I just don't want to --

24 MR. LAUDICINA:

25 But I do think, Gary, as John said in

1 his presentation and certainly as our colleagues from
2 BCG said, we'll both be using our existing IEC to look
3 out over the horizon and to identify key trends which we
4 think are important that will represent future
5 opportunities, as well as risks for the state that are
6 worth further investigation. I think what John was just
7 saying that within the course of 14 weeks, we're not
8 going to plumb the depths of all of those, but we're
9 certainly going to put down the -

10 MR. RUSOVICH:

11 Just give us a few leads.

12 MR. HUBACH:

13 One big one would be fine; right?

14 MR. RUSOVICH:

15 Yeah.

16 MR. HUBACH:

17 All right.

18 MR. RUSOVICH:

19 Great. Thank you very much,
20 Mr. Secretary. Thank you all very much for that
21 presentation. I think it's very helpful and could be a
22 really good definition around the initiative and the
23 plan.

24 We are now going to have breakout
25 sessions. Anthony, maybe you could give some ideas in

1 terms of which rooms the various breakout sessions --
2 because I know that the plan is for each one of our
3 subcommittees to basically breakout and then meet with
4 the consulting team that's focused on the subject area
5 of that subcommittee so that the subcommittees can
6 really work hand-in-hand with the controlling team that
7 will be working on that aspect. So maybe you can give
8 some direction on where the different committees will
9 go.

10 MR. BODIN:

11 For your reference, we've included the
12 list of all members of subcommittees to give you a
13 little reminder. So going down the list, the Executive
14 as well as the Project Committee will stay in this room.
15 The Export/Import Committee will meet with the AT
16 Kearney team across the hall outside the doors over
17 here, and then the FDI and Trade-Relating Manufacturing
18 subcommittee will meet in the large, glass room with the
19 BCG team.

20 MR. RUSOVICH:

21 So we're clear, everybody? Any
22 questions on which committee you're on?

23 MR. TERRAL:

24 Greg, I'm not listed on one because I
25 missed the first meeting, but can I be on the

1 Export/Import subcommittee?

2 MR. RUSOVICH:

3 Anthony, make sure we officially add him
4 on it.

5 (A recess was taken.)

6 MR. RUSOVICH:

7 If we could reconvene. Thank you all
8 very much. I think that was a very good taking to all
9 of the sessions. It demonstrated a really good teamwork
10 approach. So I think our teams with AT and BCG I think
11 will certainly keep their dialog going and reaching out
12 and getting their dialog and input and really working as
13 a team with each one of our subcommittees on getting
14 good direction and good feedback, so thank you for that
15 time spent. I think it's just a start of, I think, good
16 things to happen.

17 We are running way late on time, so
18 we'll be brief. We've only got a few more minutes to
19 go, so hang in there. We do want to ask Paul Sawyer to
20 give us a brief update on the legislative session, which
21 I thought was very positive.

22 Paul, where are you?

23 MR. SAWYER:

24 Right here.

25 MR. RUSOVICH:

1 I'm sorry.

2 MR. SAWYER:

3 Thank you. I understand the group is
4 running a little bit behind, so I'll be brief. And
5 really the most important discussion is the amendments
6 that occurred to the Ports of Louisiana Tax Credit
7 programs. As many of you are aware, Act 474 was enacted
8 in 2009. It created two programs, an Investor Program
9 and a Cargo Import/Export Program. The Investor Credit
10 Program is for project development at the ports. Not
11 import jurisdictions, but at the actual physical
12 location of the port. The legislation was a 100-percent
13 tax credit on qualified capital expenditures. The
14 credit would be taken at five percent a year, so
15 basically it's a five-percent credit over 20 years. The
16 credit applies towards corporate franchise personal
17 income taxes, and so any personal, private sector
18 investment that occurs at the port would benefit from
19 this credit. And, of course, there was a threshold of
20 \$5-million. There would be no project that could be
21 eligible for the credit if it was under \$5-million cap
22 ex. Eligibility would be restricted to warehousing,
23 storage, port harbor, marine cargo, so it was a
24 well-intentioned eligibility criteria, but we found that
25 it was pretty restrictive in terms of its application.

1 Unlike some other credits in the LED incentive
2 portfolio, these credits are not transferrable and not
3 refundable, so they're strictly a discount, a credit
4 against Louisiana tax liabilities, and if there's any
5 balance left over in any given year, if the tax payer of
6 the applicant does not consume that five percent in a
7 given year, whatever that balance is carries forward up
8 to 10 years. And so there was a requirement in the
9 investor credit and as well as the cargo credit, which
10 I'll get to in a second, that was, you know, followed by
11 insufficient revenue tests. In other words, the law
12 said that we had -- the state had to identify the amount
13 of money in the State Treasury to offset the cost of the
14 credit. So, you know, basically in a period of
15 declining state revenue, it was almost impossible to
16 satisfy something like that to say, "Here is the
17 \$10-million that's going to offset this \$10-million
18 credit," and so it put a wrinkle in our ability to
19 implement the program, but it was not prohibitive. So
20 we are able to write rules for the program and
21 theoretically implement the program, although, up until
22 now, we've not received any applications. No
23 applications for the Investor Credit has made it through
24 or have been received and made it through the process.

25 So the changes that occurred in the

1 recent legislative session resulted in Act 431, changes
2 that occurred to both credits -- and I'll get to the
3 cargo credit in just a minute. As mentioned, these are
4 two pretty distinct credits, but they coexist within the
5 same body of law, and so they've become sort of siamese
6 twins, except that they really have no -- they're very
7 distinct. So the regulatory process involved with
8 rulemaking and implementing these programs is somewhat
9 complicated. So I'll save the cargo credit for in a
10 minute.

11 So I mentioned earlier that sufficient
12 revenue was a test that was very hard to allow the
13 program to work efficiently. The legislature amended
14 that sufficient revenue test to allow LED to grant a
15 credit that's basically tied to return investment. So
16 the project has resulted in significant positive
17 economic benefit to the state, and this is consistent
18 with how we implement virtually all incentives at LED.
19 We measure the impact of the project to the state, the
20 jobs it creates, the impact for the State Treasury, and
21 we're able to come up with a number or a solution
22 package that allows us to make an offer to a company to
23 perform their activity in the state. So in this
24 instance, the value of the credit is tied to -- is going
25 to be tied to the return on investment, the ROI, and so

1 the \$10-million capital expenditure is probably not
2 going to result in a \$10-million credit. And I don't
3 think this comes as any surprise to anybody because
4 that's what we expressed pre-amendments, and I think
5 that's what's inherent in the nature of the amendments
6 that occurred in the legislature, that we will provide
7 up to the economic benefit of the project. So a
8 \$10-million project with 100 jobs is probably -- I'm
9 speaking theoretically -- is probably going to have a
10 bigger tax credit, a bigger benefit or rather a bigger
11 impact than a \$10-million project with five jobs. It's
12 still taking that five percent a year, so it's
13 essentially a 20-year credit, and it also has that
14 10-year carryover period. It continues to apply towards
15 that private sector investor corporate franchise
16 personal income taxes. The threshold was lowered from
17 5-million to 1.5-million, so the purpose for that, a lot
18 of the inland ports -- and even the larger deepwater
19 ports -- didn't have a steady pipeline of
20 \$5-plus-million projects waiting in the wings, and this
21 applies mainly primarily to the inland ports where their
22 projects are going to be small, but because of that
23 threshold, they were essentially eliminated from
24 participation of the program. So the purpose of
25 lowering the threshold is mainly to allow the smaller

1 ports, the inland ports, to participate, and, of course,
2 this applies to all ports' eligibility.

3 The original is preserved, but the
4 legislature expanded eligibility to building and repair
5 support activities, ship building and support activities
6 for oil and gas. We believe that this eligibility
7 expansion is going to result in immediate applications
8 for the credit. At this point, it's still really hard
9 to discern the volume or anticipate the volume of
10 applications that we'll get for the credit, and keeping
11 in mind, since 2009, we haven't received really any
12 applications, but we do believe that as a result of
13 these amendments, we will start to see more. It remains
14 non-transferrable, nonrefundable, and then, of course,
15 as I suggested, we do have one application under
16 consideration right now.

17 With respect to the Import/Export
18 Credit, as the name implies, this is designed to
19 increase cargo handling, cargo activity at the ports,
20 but then also it's designed to incentivize manufacturing
21 and warehousing distribution in Louisiana. The Cargo
22 Credit -- it's called the Import/Export Credit, but I'll
23 call it Cargo Credit for shortening -- originally was \$5
24 per ton credit applied to container and break bulk cargo
25 that was either originated from a Louisiana

1 manufacturer, distributor or warehouse that passed
2 through a Louisiana public port and was destined for an
3 international location, and vice versa, international
4 destination through a public port to a Louisiana
5 manufacturer, distributor or warehouse. The Cargo
6 Credit, like the Investor Credit, is likewise not
7 transferrable, nonrefundable. It does apply to
8 corporate franchise and individual income taxes, but it
9 also has that sufficient revenue -- it did have that
10 sufficient revenue requirement. The difficulty with
11 sufficient revenue cargo fees is that it was presented
12 as an all-or-nothing proposition, so unlike the investor
13 credit where we would try to give as much tax credit
14 availability to a project based on that sufficient
15 revenue requirement, with the Cargo Credit, we had to
16 identify \$5 of offset to accommodate the value of that
17 credit. If we could not -- if we could identify 3, 4,
18 4.50, 4.74, we still couldn't offer the credit. It was
19 \$5 or more, or you cannot offer the credit. So
20 subsequently, we have been unable to promulgate rules on
21 that program, and it's not been without effort. The
22 Port of New Orleans can attest to that. And I'll
23 mention as I lead into the next discussion on the Cargo
24 Credit that the Port of New Orleans has been very
25 helpful, very diligent in trying to explore ways to

1 effectively implement the program.

2 So the amendments to that occurred to
3 this recent legislative session, still try to credit to
4 container break bulk cargo, but instead of that
5 sufficient revenue requirement, it likewise has the
6 significant positive economic benefit to the state. So
7 that means that we can apply a sliding scale, if you
8 will, or we can assign different values. So it's no
9 longer an all-or-nothing proposition. We can offer less
10 than the \$5 per ton credit.

11 The new amendments apply to the new
12 cargo, so that -- whereas before, the credit applied to
13 all cargo, all container and break bulk cargo that
14 passes through state are eligible, cargo that passes
15 through the state would qualify. Now it's new cargo, so
16 we anticipate that this will result in Louisiana cargo
17 that currently ships through Alabama and Texas ports
18 will hopefully start shipping through Louisiana ports.
19 It still applies to Louisiana manufacturers, warehousing
20 and distribution, and it remains non-transferrable and
21 nonrefundable.

22 What I did not mention on either one of
23 those credits is that there is a new requirement for
24 both credits. There's a cap for both programs. The
25 investor credit is capped at \$6.25-million a year total.

1 So we cannot give more than six -- we cannot allocate
2 more than \$6.25-million in credit per year, and then
3 also there's an individual cap of 2.5-million, so among
4 that overall credit availability, nobody can receive
5 more than 2.5-million. The same is true with the
6 Import/Export Credit. There is a global cap of
7 6.25-million, so no one individual applicant can receive
8 more than the 2.5-million.

9 Rulemaking is underway. We believe
10 we'll have to make some tweaks with the investor credit.
11 Nothing that's going to prevent or inhibit our ability
12 to execute the program. On the Cargo Credit, just
13 frankly, even though we have greater latitude to award
14 the credit, it's still tied to ROI, so we still have to
15 determine the methodology to value the credit. And we
16 are exploring a variety of options. We believe that we
17 will at minimum establish a baseline, and then perhaps
18 establish buckets of commodities, but also in the
19 meantime, I will be reaching out to many of you, the
20 stakeholder groups, to get additional input and
21 guidance.

22 And with that, if there are any
23 questions, I'd be glad to defer them to John.

24 MR. KEARNEY:

25 Paul, quick question, if we had someone

1 that might be interested in the Cargo Tax Credit, who do
2 I direct them to for an application?

3 MR. SAWYER:

4 To me.

5 MR. KEARNEY:

6 To you?

7 MR. SAWYER:

8 Now, to be clear, we do not currently
9 have an application.

10 MR. KEARNEY:

11 So that's the problem?

12 MR. SAWYER:

13 Let me also elaborate, since we're in
14 the rulemaking process, but, also, let me state that
15 legislator established a baseline so that all new growth
16 and cargo is established in 2013, but the legislature
17 also says that we cannot allocate any credits until
18 2014. So we can begin the rulemaking and we can have
19 conversations with interested applicants, but we cannot
20 offer any credits until next year.

21 MR. KEARNEY:

22 Got you.

23 MR. CHIASSON:

24 Paul, you might want to mention that the
25 port authorities that this project has been deemed

1 having the proper indemnity with that company that is
2 planning to have that application, so the port
3 authorities have to be on board for the project for LED
4 to accept it.

5 MR. SAWYER:

6 Thanks, Chet. That's a great point.

7 We actually cannot even entertain the
8 tax credit applications unless they come with a
9 cooperative agreement with the port. So it's a
10 protective measure to ensure that the port knows what's
11 going on and that that port is complacent with the
12 application.

13 MR. RUSOVICH:

14 Any questions for Paul?

15 (No response.)

16 MR. RUSOVICH:

17 Paul, thank you very much. This has
18 been something that has been a real priority of the
19 Trade Committee and the Maritime Committee for some time
20 now, and it's really gratifying in seeing the progress
21 we're making and succeeded in making changes with the
22 legislation session in getting these tweaks done. And I
23 think now the entire global trade community really is
24 yearning to get this to come to fruition. So I would
25 implore that anything that you can do in your capability

1 and your authority with the Secretary and all of this to
2 try to bring this to fruition and get us past the goal
3 line, because I think it's something that also ties back
4 into the our team here that we've brought on to help
5 with AT Kearney and BCG and it's something that can be
6 an uplift on future products and companies. So it's
7 just ideal to bringing an entire strategy together and
8 adding these tax credits just further drives that
9 impulse and that momentum for really having the global
10 trade momentum. It's something that the master plan
11 initiative can call for and something they could build
12 off of and demonstrate additional cargo and additional
13 jobs from. So thank you very much for that, and thank
14 you for the support and thank the Secretary for his
15 support in having gotten this done finally. And I think
16 that now hopefully we can get past the goal line and get
17 done so that to David's question, we can start getting
18 positive responses to shippers and start getting in the
19 pipeline for the imports for support.

20 MR. SAWYER:

21 Thank you. And if I can just say, as I
22 mentioned, I am planning to reach out to the stakeholder
23 community, but please don't wait for me to contact you.
24 If you feel like there's something to discuss now, my
25 contact information is up there. I'm pretty easy to

1 find, and I'd love to begin these discussions as soon as
2 possible.

3 MR. RUSOVICH:

4 Thank you, Paul.

5 Okay. We just had two quick
6 administrative items. I had one. I think that John had
7 another. On my end, I just want to say for the
8 Executive Committee, what we'll do prior to the next
9 meeting, is we'll have an Executive Committee meeting
10 probably that same day to help with travel, and before
11 that next meeting, we'll likely have an Executive
12 Committee meeting, which, of course, will be critical to
13 this entire strategy and this entire effort. So we'll
14 advise on the Executive Committee side.

15 John, you had something?

16 MR. VOORHORST:

17 I actually have two very brief items.
18 Events, one of which will certainly occur before the
19 next meeting of this Board, and the other is yet to be
20 scheduled. The first is Secretary Moret has graciously
21 consented to share this week of his life with the
22 International Group of LED on a trip to Asia. We've
23 reached a point with respect to the work we're doing
24 with a broad range from Asia-based investors and
25 reshoring prospects that we're going to spend time in

1 Japan, South Korea and Taiwan the first week of
2 September. More detail on that is forthcoming, but
3 that's a -- of calls, and there's some really very, very
4 promising prospects for additional major investments
5 here in the State of Louisiana. So we're very grateful
6 to the Secretary for committing his time. A week of
7 Stephen's time is hard to get.

8 The second is, we don't have a date
9 established for this, but one of the unseen dimensions
10 of our work at LED International is what we do with our
11 Diplomatic Consular Corps day in and day out. We get
12 regular requests from, for example, in the Southeast
13 region for meetings with either the Secretary -- many of
14 them are hopeful in seeing the Governor. We have
15 elected to organize a reception, a consular corps
16 reception to be hosted by Governor Jindal. A date to be
17 determined. This is designed really in one fell swoop
18 in a very efficient and effective manner. We hope to
19 receive all of these individuals, give them a briefing
20 on what's happening within the State of Louisiana, take
21 photos of them with the Governor so they can report back
22 to their respective embassies. These are not the people
23 that control capital investment decisions, but they are
24 major influences of private sector and their respective
25 private sector constituents. So we're very grateful,

1 again, that the Governor's office has consented to do
2 this. Every one of the people on the Board of
3 International Commerce will be invited to the event.
4 We're hopeful that you can all attend. The date again
5 is to be established. I just wanted you to be aware of
6 it.

7 MR. RUSOVICH:

8 Great.

9 MR. VOORHORST:

10 And one more thanks for the World Trade
11 Center of New Orleans for the lunch we're about to
12 enjoy.

13 MR. RUSOVICH:

14 Thank you, again, Greg, for that.

15 Public comments? Any public comments,
16 questions or public comments?

17 MR. RUSOVICH:

18 Okay. Call for adjournment, motion for
19 adjournment?

20 UNKNOWN:

21 So moved.

22 MR. RUSOVICH:

23 Okay. We're adjourned.

24 Thank you so much.

25 (Meeting concludes at 12:31 p.m.)

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REPORTER'S CERTIFICATE:

I, ELICIA H. WOODWORTH, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this board meeting for Louisiana Board of International Commerce, do hereby certify that this proces verbal was reported by me in the stenotype reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding;

That the transcript has been prepared in compliance with transcript format required by statute or by rules of the board, that I have acted in compliance with the prohibition on contractual relationships, as defined by Louisiana Code of Civil Procedure Article 1434 and in rules and advisory opinions of the board;

That I am not related to counsel or to the parties herein, nor am I otherwise interested in the outcome of this matter.

Dated this 2nd day of August, 2013.

ELICIA H. WOODWORTH, CCR
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