

TABLE OF EXPERTS

South Florida holds growing role in global trade



(Left to right) Brian Hagan, Ashley Mendoza, Emir Pineda, Eric Santa Maria, Daniel Pische, Leonard Freeman, Eric Olafson, Frank Stanzione, Melanie Dickinson.

MODERATOR

BRIAN HAGAN, Florida Market President, First American Bank

PANELISTS

LEONARD FREEMAN, VP, Allianz Trade Americas

ASHLEY MENDOZA, Director of Sales, Interport Logistics

ERIC OLAFSON, Director, Global Trade, Port of Miami

EMIR PINEDA, Director Marketing and Air Service Development with Miami-Dade Aviation Department, Board Member of World Trade Center Miami

ERIC SANTA MARIA, Partner, Garcia Santa Maria De Armas Trujillo

FRANK STANZIONE, CEO, American Foods LLC

DANIEL PISCHE, National Director of Trade Finance, SBA Office of International Trade

Miami once was known as the gateway to the Americas. More recently, South Florida has grown an outsized role beyond the hemisphere to become a critical global trade hub. From sea and airports, to the foreign trade zones, to the importers, exporters and logistics facilities that rely on them, the region's trade infrastructure and providers are connecting South Florida to the world.

In this recent panel discussion, professionals from across the import / export sector discussed the factors and forces driving its success and continued growth. They focused on the impact of tariffs, import/export and foreign trade zones; the role of logistics solutions taking shape throughout the region; developments at Miami International Airport and PortMiami; even the insurance needs that ensure the sector is protected for tomorrow.

"Miami is capitalizing on our location, as well as unique opportunities and partnerships that position it to serve a changing marketplace," said Brian Hagan, Florida Market President with First

American Bank. "We are poised to turn South Florida into the western hemisphere's logistics destination of choice."

PORT INFRASTRUCTURE IMPROVEMENTS

To see what's happening, look at infrastructure improvements at the ports and the growth of logistics facilities around the county.

"Miami International Airport saw \$74 billion in trade in 2023 and the 2.27 million tons of cargo that moved through the airport was near the three million ton capacity for the facilities and infrastructure in place," said Emir Pineda, director marketing and Air Service Development with Miami-Dade Aviation Department and a board member of World Trade Center Miami. "Already, the airport is 5% above those levels".

MIA dominates the U.S. market for flowers, fresh fruits and vegetables, seafood, and other perishables, Pineda mentioned. Some 91% of all U.S.-bound flowers come through MIA, with 65% of U.S.-bound

Businesses in Latin America... are "very relationship driven. They want to shake your hand."

FRANK STANZIONE

CEO of American Foods LLC

perishables flying in here. Colombia accounts for 341,000 tons of that.

"We dominate this area of trade in the U.S.," Pineda said.

Also critical are high value products, such as technology, computers, cell phones, aerospace, even automotive parts and cosmetics, much of which comes through MIA on their way to the Caribbean and the rest of the U.S. Gold comes into Miami, where it's made into jewelry, watches and other collectables. It then is exported back to countries throughout the region, for sale in local markets or duty free shops serving the cruise and travel sector.

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PortMiami is enjoying near record-setting traffic. The port could handle one million TEUs, or 20-foot equivalent units. “Half the products consumed in the Caribbean are shipped through Miami.”

ERIC OLAFSON

PortMiami director of global trade

Eric Olafson, PortMiami’s director of global trade, spoke about near record-setting traffic. The port could handle one million TEUs, or 20-foot equivalent units, the general unit of cargo capacity. Half of its import business is with Latin America and the Caribbean. The port’s business with those nations with free trade agreements, such as Honduras, Dominican Republic, Colombia, El Salvador and Panama, make it a critical partner throughout the region.

“Half the products consumed in the Caribbean are shipped through Miami,” he said.

ECOMMERCE DRIVES OPPORTUNITIES

The growth of ecommerce, and the rise in trade with Asia, has driven opportunities for the county’s and region’s shipping infrastructure. Foreign trade zone warehouses are putting the region on the map. Miami’s are the fastest growing in the nation. Other markets, like Savannah, Georgia, benefitted from expanses of cheap land. Demand for overnight delivery has led to partnerships with Amazon and Interport Logistics to serve those needs.

“The region’s strong Amazon infrastructure has customers buying products in the U.S., then consolidating in containers for shipping throughout the hemisphere,” said Ashley Mendoza, Interport’s director of sales. “We’re becoming the major ecommerce hub of Latin America.”

Logistics providers are partnering with port facilities to create new opportunities. To boost capacity, for example, landlocked Miami International Airport will construct a four-story, 1.4 million-square-foot, automated cargo facility that will increase the airport’s total cargo capacity by at least 50% or potentially up to two million tons annually. It’s scheduled for completion in 2029.

As sister departments under Miami-Dade County, MIA also leased land to PortMiami to build a new facility.

Frank Stanzione, CEO of American Foods LLC, discussed how those perishables also play a role in the region’s growing importance. As manufacturers build more plants and retailers build more stores, logistics providers in the middle are building the facilities to connect the two, especially as the U.S. increasingly feeds the hemisphere.

“If logistics doesn’t get better, products will not get to the shelves,” Stanzione said.

The IC-DISC Federal Export Tax Incentive for producers and distributors of U.S.-made products used abroad can deliver a significant reduction in the effective tax rate on export sales.

ERIC SANTA MARIA

a partner with Garcia Santa Maria De Armas Trujillo CPAs and Tax Advisors

DIVERSITY CREATES GLOBAL PLAYER

“Miami’s diversity also makes it a strong hemispheric and global player,” added Stanzione, whose family’s company opened in the 1940s in Venezuela and was later acquired by DHL. His latest venture, American Foods, today serves - and is served by - South Florida’s and the region’s various expert skill sets. Miami’s convenient access to the major business centers across the Americas helps build connections and nurture relationships. The city’s diverse population from across the hemisphere “knows their way around Latin America,” Hagan said.

That helps with businesses that are “very relationship driven. They want to shake your hand,” Stanzione said. “You need to have a different perspective as you go country by country.”

As companies perform import and export, and face capital expenditure needs, working capital is critical. EX-IM Bank provides various programs to help support these needs and so does the U.S. Small Business Administration (SBA). The SBA has played a role in helping ensure the working capital is in place to help companies, especially early-

stage companies, manage new opportunities and manage their sales cycles. The SBA’s programs provide \$34 billion in loans to support exporters annually, as described by Daniel Pische, the National Director of Trade Finance at the SBA Office of International Trade. This figure does not include the new Working Capital Pilot program, which “will be a game changer for exporters”, according to Hagan.

This dynamic and growing sector requires that companies have partnerships in place beyond logistics companies and services.

“Allianz Trade today represents 40% of the credit insurance market worldwide,” said Leonard Freeman, VP with Allianz Trade Americas. The company is working to grow its U.S. market penetration from about 5%, compared to 80% of European companies carrying credit insurance, he said. By being able to extend customer credit, companies can grow their business and share.

To Hagan, “It keeps coming back to relationships.”

Relationships, and logistical planning, work hand in hand for growing companies, according to Mendoza. Whether for high- or low-cost commodities, a logistics plan that incorporates use of foreign trade zones (FTZ), can help expedite shipping, improve interconnectedness, and ultimately curtail costs, she said. The growing use of “remote” foreign trade zones throughout the county provides flexibility for a changing global market. Establishing a FTZ isn’t difficult, and often offers greater flexibility than a bonded warehouse.

“There’s so many interesting ways to bring your unfinished cargo into an FTZ,” Mendoza said. “Companies often make or break it with logistics.”

INCENTIVES CAN REDUCE TAXES

Capitalizing on tax incentives can be facilitated by enlisting an advisor versed in import/export accounting, record keeping and tax regimes, as brought up by Eric Santa Maria, a partner with Garcia Santa Maria De Armas Trujillo CPAs and Tax Advisors. For the uninitiated, the applications can be complex and nuanced. The IC-DISC Federal Export Tax Incentive is for producers and distributors of U.S.-made products used abroad and can deliver a “significant reduction” in the effective tax rate on export sales.

“Tax benefits that will expire in 2025 will make such incentives even more attractive,”

Demand for overnight delivery has led to partnerships...to serve those needs. “We’re becoming the major ecommerce hub of Latin America.”

ASHLEY MENDOZA,

Interport director of sales

Santa Maria said.

Capitalizing on available incentives and planning, incorporating taxes, logistics, manufacturing, and wages, for example, can improve processes and lower costs, Stanzione said. If a region doesn’t maximize its infrastructure, it could lose out to competitive markets.

Innovations across the county and industry include Allianz’s investment in ecommerce to automate credit decisions and expedited insurance solutions, public private partnerships, pursuit of net zero emissions at PortMiami by 2030, and the creation of an “inland port,” which facilitates intermodal transfer of goods across rail, truck, and waterway. Together, these solutions will boost effective use of available property and position the county for future growth.

Several new routes promise to streamline shipping to and from Latin America, Miami and the U.S. In October, a new water route will link ports from across Brazil, Latin America, the Caribbean and the U.S. Additionally, a new “express” service with Mexico is putting on freighters thousands of containers that formerly would go into the U.S. by truck, Olafson said. Working with partners, such as GrupoMexico, which owns many of the rail lines and on-dock rail facilities, the service is more efficient, environmentally sustainable and done at a fraction of the cost of traditional trucking, he said.

“You can put 8,000 containers on a ship,” he said. “Imagine 8,000 trucks trying to cross the border at one time.”

These new services and routes promise to reduce delivery times of products from Asia and the Americas by weeks versus traditional solutions.

“People want to make Miami first,” Olafson said. “It’s a huge opportunity for Miami. We’re going to be the new Hong Kong.”