Study says post-9/11 security measures taking toll on South Florida economy

By Steven Pershing

South Florida is paying a high price for security two years after the 9/11 terrorist attacks, forcing companies to reassess how and whether to continue doing business in South Florida, according to a recent study.

The economic impact of increased Homeland Security measures and the USA Patriot Act has been overwhelming negative, according to a study conducted by the Florida International University College of Business Administration and the Greater Miami Chamber of Commerce.

"There is a risk that key South Florida industries could be seriously undermined by mandates that drive up business costs, disrupt global supply chains and deter foreigners from vacationing or conducting business here while ultimately doing little to increase national security," said FIU professor David Weinrich, author of the study.

Preliminary results released Monday of a study of 130 companies that deal with trade, international banking, retail, hospitality, healthcare and real estate found international commerce has been one of the industries hit hardest by increased security measures.

The final results of the study will be released later this month and a white paper will be sent to Gov. Jeb Bush, the US Department of Homeland Security and the Florida congressional delegation suggesting security policies be more economically feasible and business friendly.

According to survey responses by the Port of Miami Terminal Operating Company, cargo-intensive Customs inspections have increased from 75 per month before 9/11 to 1,201 in June, increasing wait times at the Port of Miami.

Ports also have added fees to help cover costs for extra docking time, loading and security.

Officials with Tropical Shipping said it will cost companies $11.2 million to comply with a recent law requiring them to prepare required detailed cargo descriptions 24 hours before setting sail for the 150,000 containers they ship annual to Port of Palm Beach. They estimate security fees will cost an additional $2.3 million a year.

Several companies shipping into Port of Miami have reported damaged goods and lost business because of delays, making them consider taking their business outside the US.

"Some European and Asian importers that have traditionally used Miami as a transshipment hub for goods destined for the Caribbean and Latin America are considering rerouting their cargo through the Bahamas, Panama, the Dominican Republic and Jamaica to avoid the added costs, hassles and delays associated with the new security mandates," said Mr. Weinrich.

One-third to one-fourth of business at Miami International Airport, Port of Miami and Port Everglades is comprised of trans-shippers, who use Miami as a staging point on their way to other countries.

"Over the past two years, we have spent tens of thousands of dollars on security-related personnel and equipment," said Fred Crowley, president of Crowley Maritime Corp. in the survey. "Additional user fees at this point would be a heavy burden for the industry's slim operating margins."

Banks have been hit with costs for additional staff and attorney fees and have lost business because of Patriot Act regulations, according to the study.

One international bank in Miami reported a loss of $20 million of deposits in the past two years, which attributed to customers who took their business offshore.

Law firm Sutcliffe and Bowen reported that most of its 100 banks and financial-services clients have sought legal advice for $200 to more than $300 an hour.

A proposed law that would shorten visas for workers staying in the US from six months to 30 days would have severe ramifications on the real estate and retail industries, the study found.

Up to $2 billion a year is generated by foreign-based real estate purchases in South Florida, and the average foreign visitor spends $230 a day on retail, the study found.

Miami-based Star Supply officials responded that they saw sales drop 50% at a recent local footwear expo and attributed the slowdown to new visa regulations that prevented Latin American buyers from attending.

"We are accustomed to having buyers come to us in Miami, But with the new travel policies, we will have to go to our customers and look for new markets outside the Americas," a representative told Star Supply in the survey. "It's not only bad for us, it's bad for the local economy."