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Summer of Trump sends mixed signals on US infrastructure investment

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In the Summer of Trump, there have been mixed signals on funding for “all things infrastructure” in the US, among other things.

Port projects in the States rely on multiple streams of public funding and the sector scored some small victories in a just announced set of grants known as FASTLANE, with its name to be changed to INFRA- Infrastructure for Rebuilding America. The programme, dealing with motorways but also intermodal freight (hence the port

interface), is administered by the US Department of Transportation (DOT) under Elaine Chao.

In the Federal funding tranches, money for projects is actually allocated by the US Congress, after the DOT recommends funding. Several port related projects were included in the just proposed group of “small project” FASTLANE grants, a subset of the available \$850m of overall grants available during the 2017 fiscal year. The Congress then has two months to accept, or reject, the proposed recipients.

One expected recipient of nearly \$10m in funds is the port at Burns Harbor, Indiana - the home state of Vice President Mike Pence - at the lower end of Lake Michigan adjacent to Chicago. At a time that planners around the Great Lakes region look at moving traffic more efficiently, the funding would be used to support multimodal container handling, between ships/ barges, trucks and trains. A portion of the grant would go towards enhancing capabilities for handling rail cars.



Richard Cooper, Director of the Ports of Indiana, said that the FASTLANE funding would, “permit us to further

accelerate our investments to help attract new companies and new cargoes to the region." The port handles coal, a host of minor bulk commodities, and general cargo- including movements of wind energy components.

Another grant recipient, if Congress approves, would be the ports at and Ludington, Michigan and Manitowoc, Wisconsin, straddling the east and west sides of Lake Michigan. Around \$5m would be recommended for refurbishing facilities serving a cross-lake ferry. The vessel handles passenger and automobile traffic, but also handles over the road lorry (truck) traffic which seeks to circumvent congestion at Chicago.

In the bigger picture, Federal spending on ports may be cut as well known DOT program from the Obama era, the "TIGER" grants (Transportation Investment Generating Economic Recovery), is on the chopping block. An early version of the proposed 2018 Federal budget saw these grants eliminated completely, even though the promise of infrastructure spending loomed large during the Trump campaign.

The shifting infrastructure currents have negatively impacted the prices of equities that might benefit from infrastructure spending. Consider Aecom, a construction and engineering giant included in various equity funds/portfolios assembled to benefit from the hoped for Trump-bump. The stock began the year \$37.00 per share, and was quoted in mid August at \$32.00 per share. During this same time period, the bellwether Dow Jones Industrial Average had risen roughly 10% from around 19,800 to 21,800. Nevertheless, equity analysts following Aecom have been disposed more towards recommendations to buy, rather than selling.

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Barry Parker (/editor/barry-parker.html)

New York correspondent, Seatrade Maritime

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