



# INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

PROMOTING REGIONAL AWARENESS FOR IMPROVING FREIGHT TRANSPORTATION

VOL 5 • ISSUE 2 • MARCH 2013

## NEWS UPDATE

Since the recent announcement of the National Freight Planning network, ITTS has been working on integrating the various databases to examine the potential importance of corridors to the ITTS member states. Some of these findings will be discussed at the ITTS regional meeting in Louisville.

ITTS has been represented at several conferences lately. My speech at the 2013 Louisiana Transportation Conference focused on the need for State DOTs to strongly consider multistate collaboration when considering long-term state freight plans. I also spoke at the Delta Regional Authority's Delta Leadership Institute in Natchez, Mississippi, on transportation and economic development. Finally, I discussed the Panama Canal during a breakfast meeting at the New Orleans Board of Trade. As with all my speeches, they are posted on the ITTS website.

Finally, work continues on the ITTS/Mid America Freight, hosted by the Kentucky Transportation Cabinet, Conference. It is shaping up to be a great meeting, with a variety of topics and sessions. I look forward to seeing you in Louisville.

## INSIDE THIS ISSUE

Lambert's Lagniappe .....	2
What is... Force majeure .....	2
Trade Profile – U.S. Exports .....	4
Regional Calendar .....	4

VISIT THE ITTS BLOG AT  
<http://www.ittsresearch.org/blog/>

## State Exports Updated

To assist member states with freight/economic related materials, various datasets and charts are available for download for each state in the respective state summary pages. The 2012 Trade Statistics are now available. ITTS has updated the state summaries to include the latest trade figures. (<http://www.ittsresearch.org/Latts2-State-Summaries.html>.)

### Exports by State Shipment of Origin

These charts show the growth of exporting from a state based on the location of the export shipment's origin. It is possible that an inland state may be underrepresented, as some cargos are actually shipped to gateway areas before heading overseas. These charts, based on dollar amounts, include total trends, including exports by air and water, as well as major markets and commodities.

### Trade through ITTS State Gateways

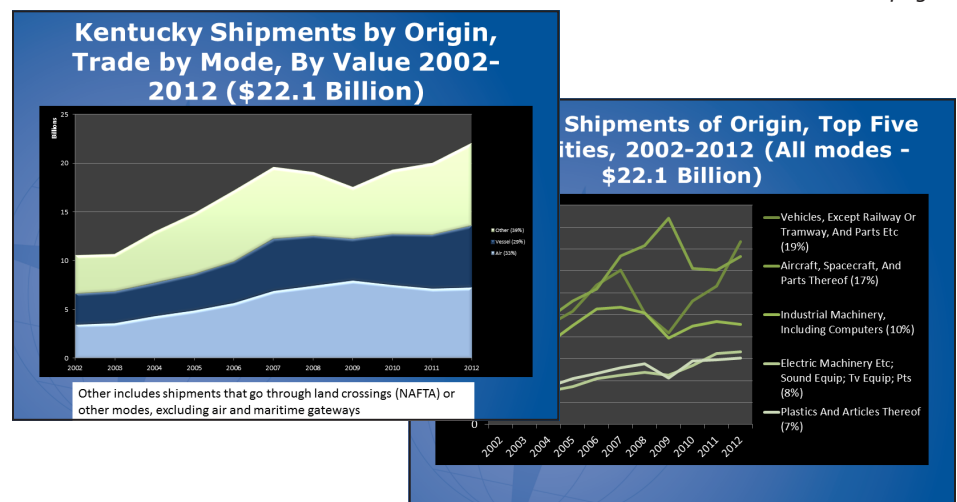
These charts include the value of total air and water traffic; including charts for the top markets, commodities, and origin of shipments (for export traffic). All flows contain information for 2004-2012, as well as some summary slides. (Due to the limited direct "gateway trade" in Arkansas and West Virginia, these figures were not prepared).

In addition to these charts, I have also prepared an export visual. To access the data set, simply visit [ittsresearch.org/blog](http://ittsresearch.org/blog). I am in the process of loading more information into the database and will make announcements when completed.

Why prepare these statistics and make them available? We are engaged in a new round of discussions concerning the future of transportation in the United States. The importance of regional and national networks in freight transportation is clear, as the majority of the nation's freight shipments will cross at least one state/international boundary.

If you want more information on trade and transportation statistics, here are two sources: The Bureau of Transportation Statistics just updated its *Pocket Guide*

*Continued on page 3*





## Institute for Trade and Transportation Studies

**Bruce Lambert**  
Executive Director

10 Veterans Boulevard  
New Orleans, LA 70124  
Phone: 540-483-8536  
[bruce@ittsresearch.org](mailto:bruce@ittsresearch.org)

The Institute for Trade and Transportation Studies provides research data and expert opinions to its members concerning the effects of commercial freight movements on domestic and international activities, with reference to infrastructure and transportation needs, and safety implications.

The ITTS members include the:

Arkansas State Highway and Transportation Department

Florida Department of Transportation

Georgia Department of Transportation

Kentucky Transportation Cabinet

Louisiana Department of Transportation and Development

Mississippi Department of Transportation

Virginia Department of Transportation

West Virginia Department of Transportation

Please share this newsletter with your friends and coworkers.

**The ITTS Newsletter is a free publication.**  
**To subscribe, please visit**  
[www.ittsresearch.org](http://www.ittsresearch.org)

## ▶ LAMBERT'S LAGNIAPPE

*la-gniappe* |lan'yap|:  
something given as a bonus or extra gift.

Recently, I gave a speech where I mentioned Scuffy the Tugboat. For those not familiar with the story, Scuffy is a toy tugboat who travels from a little stream to the mouth of a large river. In reflecting upon this story, I realized that, when talking about transportation planning and policy, we tend to focus on two areas: the broad stroke of the system (what I call the "Big F" of freight) or the local, smaller shipments (what I call the "little f"). Oftentimes, it is the "Big F" that gets the attention, such as the growth in international trade or a trade lane between two markets, ports and/or border crossings. We tend to overlook the "little f," which includes the local bakery, grocery store, and small manufacturing plant, all of whom receive and generate freight shipments.

These small firms are important to the nation. For example, there are over 5.7 million firms in the United States, of which 5.1 million firms have fewer than twenty employees. For the ITTS region, there are almost 1 million firms, of which roughly 88% are firms with less than 20 employees. At the same time, there are roughly 293,000 firms engaged in exporting, of which roughly 97.8% were small- to medium-sized companies.

The complexity arises when we tend to think about national policy in the terms of the "Big F," but then consider our own

regional needs as a mix of both "Big F" and "little f" elements. But clearly, we do not necessarily think about the system as being beyond our respective state borders. According to the Freight Analysis Framework, trading among the SASHTO states is the region's largest freight flow, followed by intrastate trade within the member states. Regionally, freight movements internal to the region accounted for 60% of the tonnage moved in 2010. The other movements consisted of international trade or shipments with other domestic U.S. markets.

The need to look at the regional importance of these corridors becomes important, both in supporting the primary freight network as outlined by MAP-21, but also to improving our own regional economies. So, it is important to the region to see itself as a series of corridors (or "My River" as Scuffy would say).

At the end of the story, Scuffy was scared as he headed out to the ocean, only to be rescued by the "Man with the Polka Dot Tie". In some ways, the economic clouds and waves continue to swirl around, but instead of being frightened, we should see this as an opportunity to understand our interrelationships, largely carried on these rivers of commerce, which support both "Big" and "little" freight traffic. ■

## What is ... Force majeure

"Force Majeure" is a French term for a superior or irresistible power and is used in regard to an event that is a result of elements of nature as opposed to one caused by human behavior.

General Maritime Law references the responsibilities of a vessel owner to provide care and custody of the cargo. Force majeure is referenced as a cause of loss or damage to cargo that includes acts of God, among others. Some admiralty cases point to the conclusion that, to qualify as an act of God, an occurrence must be brought about wholly without human intervention, negligent or not. The Carriage of Goods by Sea Act mandates that vessel owners and operators "shall properly and carefully load, handle, stow, carry, keep, care for, and discharge the goods carried." This law accepts an act of God as an event that releases the vessel owner or operator from responsibility for loss or damage to the cargo.

Transportation of merchandise by water in the U.S. is largely performed under contract, and based on the recent low water conditions, it is important to discuss what recourse a shipper owner may have if navigation ceases. Oftentimes, a towboat owner will include a force majeure clause in the contract in anticipation of potential disruptions, such as hurricanes and floods, which cause temporary closure of the waterways. In recent flood

*Continued*

circumstances, there were cases in which grain transported by barge spoiled due to the inability of the towing company to move the barges safely.

Recent extreme drought has already had an impact upon domestic shipping, as certain waterways have been threatened with closure due to lack of available water depth and some barges have been light loaded (e.g., draft of 9' as opposed to their design draft of 12'). At a rate of almost 200 tons per foot of draft, the effect is that more towboats and barges must be used to move the intended amount of cargo.

Towboat owners take their responsibility to deliver cargo very seriously. Should the extreme drought of 2012-13 actually close the Mississippi River south of St. Louis, the towboat owners can invoke their legal right to claim force majeure. That action would result in the shipper making arrangements to transport the cargo to its destination by rail or truck at increased cost. However, many towboat owners consider the commercial imperative of keeping their customers satisfied as part of a long-term partnering relationship. Those towboat owners meet the challenge of force majeure by adopting available alternate surface mode adjustments at their own expense to meet their customers' needs.

*Submitted by James Murphy, US Maritime Administration, Gateway Office Director, Eastern Gulf/Lower Mississippi System* ■

## Georgia Rail Plan...

For most states, a statewide rail plan serves as a critical way to coordinate investment between freight rail operations and passenger rail services. The elements of the State Rail Plan, as established by the Passenger Rail Investment and Improvement Act (PRIIA), encourage states to be more "comprehensive" in considering transportation in a more integrated, multimodal framework.

"Moving Ahead for Progress in the 21st Century" (MAP-21) makes clear that the integration of railroad planning, not only between public and private rail operators but also in the context of larger statewide and regional freight planning efforts, will be more important. For example, the MidAmerica Rail Operations Study highlighted the importance of looking at railroads beyond simple state boundaries.

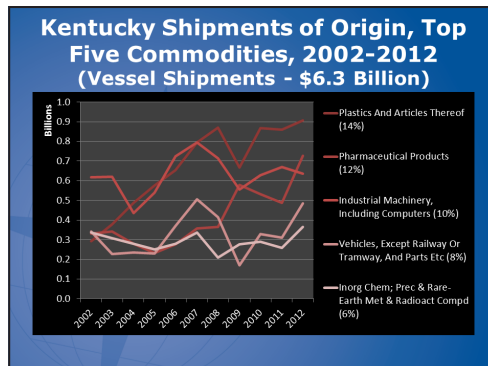
Given the growing importance of rail and general freight planning, the state of Georgia is in the process of updating its rail plan. (See the previous plan at [dot.ga.gov/travelinggeorgia/rail/Pages/StateRailPlan.aspx](http://dot.ga.gov/travelinggeorgia/rail/Pages/StateRailPlan.aspx)). Their new RFP has been released [ssl.doas.state.ga.us/PRSapp/PublicBidNotice?bid\\_op=1348401RFQ-484-040113](http://doas.state.ga.us/PRSapp/PublicBidNotice?bid_op=1348401RFQ-484-040113) ■

## State Exports updated

Continued from cover

to Transportation. Although the Pocket Guide is small enough to fit in your pocket, it contains a wealth of information divided into five sections: "Safety"; "The Transportation System and Equipment"; "System Use and Livable Communities"; "Economic Competitiveness"; and "Environmental Sustainability." An electronic version of the guide is available at [bts.gov](http://bts.gov), and includes all of the tables and figures as they appear in the printed version for viewing or download. There is also an updated "Freight Facts" ([ops.fhwa.dot.gov/freight](http://ops.fhwa.dot.gov/freight)), prepared by

the Federal Highway Administration, another useful reference document. ■



## Trade Profile ... U.S. Exports

Continued

Florida exports increased due to increased shipments of natural pearls and stones to Switzerland and increased trade with Venezuela, as well as from a general increase in shipments of civilian aircraft and parts.

Georgia, because of strong increases in Industrial machinery, (primarily turbojets and compression equipment) and vehicles, including parts, saw net exports increase by 3%, which offset a decline in aircraft shipments, mostly to Canada.

Louisiana's top trading partners, China and Mexico, experienced strong gains, due in part to shipments of grains and chemicals and energy. Soybeans exports were exceptionally strong, although the current drought and water conditions may influence 2013 levels.

Kentucky benefited from strong exports of autos and auto parts, which alone accounted for roughly half of the growth

in exports in 2012. While vehicles and parts were shipped to Canada and Mexico, Kentucky also experienced strong growth in automotive shipments to Japan and Italy.

For Mississippi, Panama was the state's chief export market, overstepping Canada, largely because of increased oil shipments. The state also benefited from increased shipments of Industrial machinery and cotton.

Virginia, despite strong gains in industrial machinery and vehicle exports, saw total export volumes remain fairly flat, largely due to declining shipments of electronic machinery and other products.

West Virginia benefited from a strong increase in coal exports to China but also in trade with Canada (its largest trading partner) and its top three markets (the Netherlands, Japan, and India). ■

## ▶ ITTS CALENDAR

This list highlights upcoming conferences related to transportation that may be of interest to the ITTS member region. For any corrections or suggestions, please contact Bruce Lambert at [bruce@ittsresearch.org](mailto:bruce@ittsresearch.org).

### 🌐 ITTS speaking engagements

**March 11-13**

**National Waterways Conference  
Legislative Summit**  
Washington, DC

🌐 **March 11-14, 2013**

**2013 Joint MAFC/ITTS Annual Meeting**  
Louisville, Kentucky

**March 19-21, 2013**

**Inland Rivers, Ports and Terminals (IRPT) Conference**  
New Orleans, LA

**March 19-20, 2013**

**Georgia Logistics Summit, Center of Innovation for Logistics**  
Atlanta, GA

**March 21-23, 2013**

**Transportation Research Forum**  
Annapolis, MD

**April 9-10, 2013**

**Coalition for America's Gateways & Trade Corridors Annual Meeting**  
Washington, DC

**April 15-18, 2013**

**Joint Rail Conference-Next Generation Railroads, Next Generation Railroaders**

Hosted by Center for Transportation Research, Knoxville, TN

**April 24-25, 2013**

**2013 Intermodal Transportation Conference hosted by World Trade Center Mississippi**  
Gulfport, MS

## SAVE THE DATE!



INSTITUTE FOR TRADE AND  
TRANSPORTATION STUDIES

## 2013 JOINT MAFC/ITTS ANNUAL MEETING

LOUISVILLE, KENTUCKY ■ MARCH 11-14, 2013



HOSTED BY THE  
KENTUCKY TRANSPORTATION CABINET

[MIDAMERICAFREIGHT.ORG/EVENTS/2013AM](http://MIDAMERICAFREIGHT.ORG/EVENTS/2013AM)

🌐 **April 30-May 1, 2013**

**Transportation Research Board:  
Adapting Freight Models and  
Traditional Freight Data Programs  
for Performance Measurement**  
Washington, DC

**May 3, 2013**

**AASHTO SCITEE  
AASHTO Spring Meeting**  
Providence, RI

## ▶ TRADE PROFILE ...U.S. Exports

Total U.S. exports increased to \$1.5 trillion dollars, a 4.5% gain from last year. As with national statistics, exports originating from ITTS member states also increased, as the region recorded a net increase of 8.3%. Total exports originating from the member states increased from \$218 billion in 2011 to \$236 billion in 2012.

Nationally, Florida and Louisiana ranked as the sixth and seventh largest exporting states, respectively, ranked by value. While not with same amount of tonnage, Arkansas and West Virginia were among the top five states (nationally) regarding export growth in 2012. Overall, ITTS members account for 15% of the nation's exports, based on shipment of origin.

### Trading Partners

For most states, trade with our NAFTA partners continued to increase. Canada remained the largest trading partner for most ITTS members, as exports increased to \$28.7 billion dollars, a 7% jump. Most of this growth resulted from increased shipments of vehicles and industrial machinery from Kentucky and Georgia.

The amount of exports to Mexico also rose, as total exports

increased to \$16 billion dollars, a 12% hike. Most of this came from a general increase in machinery, grains and oil seeds, and metals—particularly iron, steel, and aluminum—with Louisiana and Georgia leading as the largest exporters to Mexico.

Of the top five export destinations for the member states, China was the second largest market, with a net gain of 26% between 2011 and 2012. Due to the large export tonnage of grains, roughly 47% of the region's exports to China were from Louisiana; however, all states, with the exception of Florida, saw double digit gains in shipments to China. West Virginia experienced a doubling of trade with China, largely due to increased exports of coal.

### State Summaries

Arkansas' large increase in export traffic was due to increased shipments

of aircraft parts and machinery, mostly to Canada, Mexico, and China, but the region also experienced strong growth in exports to France and Brazil.

While net exports declined to Brazil and Canada, overall

*Continued on page 3*

