INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

PROMOTING REGIONAL AWARENESS FOR IMPROVING FREIGHT TRANSPORTATION

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NEWS UPDATE

Well, June came and went in a blur due to a heavy speaking engagement schedule.

In early June, I attended a two day workshop on *Climate Change and Freight Transportation Infrastructure – When and How to Adapt* at Vanderbilt University (June 2-3). After the meeting, I remain uncertain on how the transportation industry will respond to climate change. The hard infrastructure, with increased intelligent sensory equipment, will help responders during times of crisis. Coastal areas with rising sea level will probably see abandoned roadways or elevated levee and flood reduction systems. Firms are also investing heavily in green technologies, which reduce their carbon footprint, while also reducing costs. In my mind, hearing the Mayor discuss his response to the 2010 Nashville floods demonstrated the need for communities to rally around during times of crisis. I think that is the real summary from the meeting: local communities need to be aggressive in adoption strategies and not look for vague, national directions.

On June 7th, I spoke at the Western Dredging Meeting in

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Intermodalism and Job Creation

Lately, the role of intermodalism and economic development is an emerging topic for site developers. Studies often cite possible job creation, business realignment, reduced highway congestion or other benefits. Recent trade press articles stress that transportation access may be more important for new site development projects than the traditional access to workers and other economic incentives.

If intermodal traffic will be important to growth, it would be interesting to compare certain transportation hubs to the recent economic downturn. Chad Miller, with the University of Southern Mississippi, Department of Economic & Workforce Development, sent me the following chart. Due to the drop in freight shipments over the past few years, it would be expected that most facilities would see declining employment, but most did not see losses below the region's average. Some areas actually added jobs, such as in the Columbus area, related to investment in the Rickenbacker area or in Dallas with the Alliance Global Logistics Hub.

The development of intermodal corridors and terminals appears to be a successful strategy, especially when tied to railroad access. Clearly, the railroads recognize the importance of improving rail infrastructure, with plans to spend an estimated $12 billion in capital programs in 2011.

However, when considering the benefits of new intermodal projects, some caution should be exercised. The potential for overbuilding terminals (mostly driven from political, and not market, realities) remains a potential threat to local projects. The push for regional intermodal terminal projects should recognize the potential job creation benefits, but it should be balanced against regional transportation and business needs.

2007-2009 Employment Changes at Selected Intermodal Centers

	2007 Intermodal Employment [1]	2009 Intermodal Employment	2007-2009 Intermodal Employment Change	2007-2009 Total All Employment Change
Major Centers				
Long Beach, CA	124,070	107,430	-13%	-14%
Chicago, IL	139,320	118,030	-15%	-22%
Memphis, TN	49,480	43,570	-12%	-11%
Dallas, TX	60,310	70,290	17%	-7%
Secondary Centers				
Huntsville, AL	5,090	5,020	-1%	-15%
Kansas City, MO/KS	33,190	31,110	-6%	-12%
Omaha, NE	24,620	22,760	-8%	-13%
Columbus, OH	34,650	35,310	2%	-5%
El Paso, TX	11,370	10,120	-11%	-16%

Source: U.S. Bureau of Labor Statistics 2010

[1] Intermodal employment includes: Managers of Transportation 53-1031; Truck Drivers, Heavy and Tractor-Trailer 53-3032; and Freight Material Handlers 53-7062.

Institute for Trade and Transportation Studies

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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 Alabama Department of Transportation, the Arkansas State Highway and Transportation Department, the Florida Department of Transportation, the Georgia Department of Transportation, the Kentucky Transportation Cabinet, the Louisiana Department of Transportation and Development, the Mississippi Department of Transportation, the North Carolina Department of Transportation, the South Carolina Department of Transportation, the Tennessee Department of Transportation, the Virginia Department of Transportation, and the West Virginia Department of Transportation.

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▸LAMBERT'S LAGNIAPPE

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

What do you tell a child about the future, especially during the summer?

When I was younger, the summer held the promise of playing outside, fireworks (when you could actually buy the "good ones" and commit general mayhem!), and competing in the local rodeo every Friday night. When I got to High School, my summer days were spent working at my father's veterinary clinic. Taking the summer of 1981, the future was simply a cycle of work and play, while long term planning was simply talking about the next weekend!

Clearly, I have changed quite a bit over those thirty years. Over the past few weeks, I reflected upon these changes with several high school friends. We always relive the past, gossip about others, but eventually, we discuss our children: giving the customary update on their activities, dreams and aspirations. Every parent wishes the best for the children, especially as we look at their faces and see only the future. We also wish the same for our friends' children.

There is a gap between wishing and action, especially as we discuss the "FUTURE" (which is mandatory that every male does once he approaches fifty). When discussing the bigger societal future: climate change, transportation, economic futures, energy and resources, etc., we talk about its occurrences as a vague, hazy unknown. For me, I have been struggling with this question of context. Using the year 2040 as a reference point means my grandchildren will have probably graduated from college. (Everyone tells me grandkids are your reward for not killing your own children but I am in no hurry to find out!)

I am certain that in 2040, my daughters will have similar discussions with their friends, comparing their childhood memories and dreams. They will probably reflect on those carefree days of their childhood summer, when the world was full of wonder and activity. But in that discussion, hopefully my daughters and their friends will agree that the big "WE" did the right things for them and my grandchildren. ■

What is . . . a Dry or Inland Port

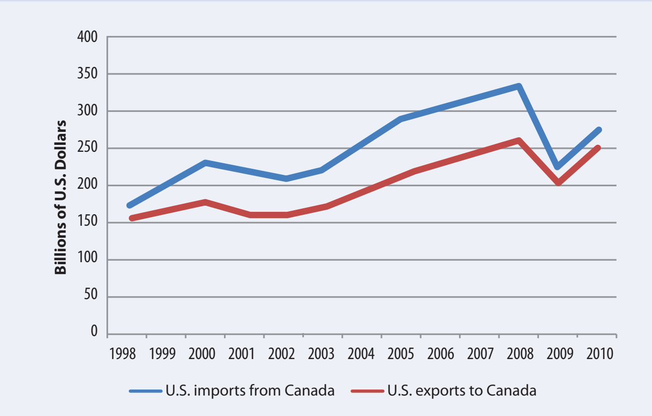
There is much discussion over the connections between ports and their hinterlands. There are three main reasons to operate a dryport: to develop port traffic; to provide new opportunities for regional shippers; and to alleviate intercity highway congestion along a corridor (although dryports may not actually alleviate local congestion around the facility). However, the term Dryport or Inland port is fairly confusing, as it can be applied to many different types of facilities.

Given the recent policy focus on further supporting U.S. exports, the role of linking inland hinterlands to ports becomes even more important to support economic activity. A dryport may have the following characteristics: maybe a multijurisdictional corridor (crossing over national, state, or regional political boundaries) but the actual project is normally tied to a specific location; it is multimodal (while there may be one mode that captures the largest market share, other cargo options exist as well); it may be part of a larger corridor or trade lane; and it serves containerizable cargos. To support existing inland hinterland connections, there are many things that have to be considered, from both an operational side and a planning perspective. Oftentimes, there is joint marketing along a dryport corridor, as well as other related promotional activities. The list of characteristics of various dryports indicates that the term itself can vary from the large gateway terminals in the Chicago area to small rail ramps scattered across the U.S.

In sum, the term dryport can easily be expanded to cover any terminal tied to a specific port region. Simply classifying a dryport as a basic intermodal freight facility that has a dedicated terminus at a coastal port, with rail services being the primary mode linking the dryport to the coastal port may be the most general, but probably the most appropriate definition. Despite the range in scale and operations, in all cases, dryports seek to attract and service regional shippers, and handling cargo serves as the ultimate criteria for any project's success. ■

▶ TRADE PROFILE . . . Canada

The U.S. and Canada conduct the world's largest bilateral trade market, and both economies are highly integrated, with over 300,000 people crossing the border every day. Total trade between the U.S. and Canada in 2010 amounted to $525 billion, which amounted to almost 17% of total U.S. trade. (All figures are in US Dollars.) Canadian imports into the U.S. amounted to $276 billion, a 23 % increase in trade from the depressed levels of 2009. U.S. exports to Canada also recovered during 2010, as total trade rose to almost $250 billion dollars.



Trade with the Southeast

For most of the 12 ITTS Member States, Canada ranks among the top trading partners. Using the Origin of Export and Import of Final Destination datasets by U.S. Census Bureau, the relative flows and rank of trade between the ITTS member States and Canada amounted to over $72 billion in 2010.

The largest regional export to Canada was autos and auto parts, which accounted for 20% of all exports from the ITTS region (mostly from Kentucky and Tennessee). The other leading exports to Canada include industrial machinery, plastics and medical/surgical equipment. (The discussion on the importance of manufacturing in the Southeast is borne out by the figures reported here.)

Several of the top imports from Canada into the Southeast reflect our dependence upon Canada's abundant natural resources, led by imported aluminum, oil and petroleum products, and natural gas. As expected, there are large shipments of auto parts from Canadian plants, but also other machinery, such as turbine motors, and medicines.

The majority of regional trade with Canada passes through several gateways (exports to Canada are only reported here). The top four Customs ports for regional exports to Canada were Detroit (31%), Buffalo (22%, Port Huron (12%), and Champlain-Rouses (6%). This echoes the importance of addressing some of the border crossing issues (driver security, bridge capacity, etc.) are just as important to the Region as improving the bottlenecks along the corridors that connect Southern firms to Canada.

The New Orleans Customs District was the top gateway in the Southeast, but only handled 2% of the region's exports to Canada. Most of the cargo was air freighted electrical and industrial machinery.

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News Update

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Nashville. During the session, we were challenged to think about "if you were King for the day", how would you change the dredging industry. I stressed that simply telling people that navigation is important beyond the port area itself is critical. For example, I used Tennessee as the example, where 37% of the state's exports will leave the country through a port. Understanding these gateway flows are critical when discussing the role of dredging to the national economy.

- On June 13-14th, I attended the Southern Growth Policy Board's annual meeting, *Our History, Our Future: Manufacturing in the South*. The conference's focus on manufacturing represents a critical part of the future of the Southeast economy, and the mix of governors, economic development and site developers, provided a good overview of the pressures facing local communities. I spoke on a panel about infrastructure needs in the Southeast, and how infrastructure will shape the region's economic long-term competitiveness.

- My final presentation in June was on ports and gateways for the American Association of Port Authorities' Conference on *Communicating the Importance of Infrastructure Investment*. I challenged the audience concerning how we do not communicate the value of gateways very well, as we tend to focus on gateways without necessarily highlighting the region's economic geography.

- During that same time, I visited with several ITTS member states (South Carolina, Tennessee, and Virginia). In all cases, the DOT's mentioned the importance of better understanding freight movements, but challenges regarding planning, budgets and staffing complicate any "freight" projects or analysis.

- All my presentations are available on the ITTS website, but without my "soothing" voice, sometimes the PowerPoint slides may seem a little cryptic.

- Regarding the State Summaries, North Carolina was the most visited webpage for the updated State summaries since the last newsletter!

- ITTS will host a strategy meeting for the ITTS member states on July 21-22. If you are a Southeastern State DOT or FHWA employee, please contact me if you want more information.

- Virginia has agreed to host the 2012 Freight in the Southeast Conference. As we work out the details, I will keep everyone informed regarding the date, agenda, and other items. ■

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

⊕ ITTS speaking engagements

⊕ **July 10-13, 2011**
2011 TRB Joint Summer Meeting
Boston, Massachusetts

July 11-12, 2011
Port Maritime Economic Development Seminar
Portland, Oregon

July 20-22, 2011
American Association of Port Authorities - Port Security Seminar and Exposition
New Orleans, LA

August 2-5, 2011
AASHTO/FHWA Freight Partnership IV Meeting
Kansas City, Missouri

August 10-12, 2011
Gulf Intercoastal Canal Association 106th Annual Convention
New Orleans, LA

⊕ **August 20-24, 2011**
SASHTO Annual Meeting
Louisville, KY

August 30-September 2, 2011
Tennessee-Tombigbee Waterway Development Opportunities Conference
Point Clear, Alabama

September 11-14, 2011
AASHTO Standing Committee on Rail Transportation (SCORT) Annual Meeting
Charlotte, NC

⊕ **September 13-16, 2011**
Smart Rivers 2011 Conference
New Orleans, LA

September 19-21, 2011
2011 National Waterways Conference
Forth Worth, Texas

⊕ **September 20-22, 2011**
Annual WVDOT/MPO/FHWA Planning Conference
Beckley, West Virginia

Smart Rivers 2011 CONFERENCE
Discover the Keys to Inland Navigation's Sustainable Future Around the World

Smart Rivers 2011 Conference – Register Now!

Early Bird Deadline July 1, 2011

As a partnering Organization, I would like to encourage you to attend the Smart Rivers Conference in New Orleans.

Online registration for the Smart Rivers 2011 Conference is open and the "Early Bird Deadline" (for discounts) is fast approaching! Discover the keys to inland navigation's sustainable future around the world, September 13-16, 2011 in New Orleans, Louisiana, USA. The conference will be held at Westin Canal Place and features a full week of activities, including a technical program, workshops, technical tours, industry exhibits, young professionals program, and lots of networking.

To register, go to http://smart11.pianc.us/reg.cfm and click on "Register for the conference online."

A preliminary version of the SmartRivers Technical Program is now available on the website at http://smart11.pianc.us.

For reservations, call the Westin at 1-504-566-7006; Group name: Smart Rivers 2011 Conference.

ITTS has been very active in supporting the Smart Rivers conference. You can read some of the previous conference reports at http://www.ittsresearch.org/itts_conferences.html.

Trade Profile – Canada

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Trade and Rank of Southeastern States with Canada (2010) (in billions U.S. dollars)

	Imports	Rank of State's Trade	Exports	Rank of State's Trade
Alabama	$1.5	4	$3.2	1
Arkansas	$1.3	2	$1.4	1
Florida	$3.4	4	$3.9	3
Georgia	$3.6	4	$5.1	1
Kentucky	$4.1	2	$5.9	1
Louisiana	$1.7	10	$2.0	5
Mississippi	$0.7	6	$1.3	1
North Carolina	$3.1	3	$5.5	1
South Carolina	$2.1	3	$3.2	1
Tennessee	$5.6	1	$7.2	1
Virginia	$1.8	2	$3.0	1
West Virginia	$1.2	1	$1.5	1
Total All States	**$30.1**	3	**$43.2**	**1**

External Trade

Regarding other countries, the U.S. remains Canada's largest trading partner, accounting for 50% of the Canadian Imports in 2010. However, the U.S. share has declined from 65% of the total Canadian imports from 1988. China, which exported $43 billion (US dollars) of goods in 2010, over took Mexico as the second largest importer into Canada in 2000. The U.S. received 75% of Canada's exports, a share that has remained constant since 1988. Canada's second largest export market was Great Britain, which received over $9 billion in trade in 2010. Mexico ranked fifth with $5 billion in trade in 2010.

Unlike the U.S., the Canadian Government has been quite active signing new trade agreements with other countries and regions, including trade agreements with Panama and Columbia. Currently, the Canadian Government has 12 negations with various countries and regions to develop new free trade agreements.