



INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

PROMOTING REGIONAL AWARENESS FOR IMPROVING FREIGHT TRANSPORTATION

VOL 3 • ISSUE 5 • AUGUST 2011

NEWS UPDATE



ITTS held an organizational meeting in Baton Rouge in July to begin development of a 5 year Strategic plan that begins on July, 2012. The group discussed regional needs, including data sharing, strategic planning, and peer exchanges. The Port of Baton Rouge graciously hosted a port tour for the group.

ITTS also participated in the AASHTO/FHWA Freight Partnership IV Meeting in Kansas City. The meeting was a great chance to discuss the development of broad freight corridors in the U.S., as well as some of the planning and policy needs necessary to operate and/or improve these corridors.

Finally, ITTS participated in the TRB Summer Meeting in Boston, including making a presentation on the challenges in connecting inland terminals to coastal ports.

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Southern exports grow over first half of 2011

Given the challenge to increase exports, during the first six months of 2011, firms in the Southeast (based on origin of shipment) enjoyed strong export growth as value of total exports increased 21% on a year-to-date basis. (Over the same period, total U.S. exports only increased by 17%.) (All figures are in U.S. dollars and were accessed on Wisertrade.)

The strong export recovery really began in 2008, although it peaked in March 2011 before slowly declining throughout the spring. A large portion of this decline was trade with China, which peaked in March, before export shipments of soybeans, for which China is the largest importer, declined dramatically.) Despite the decrease, exports to China were still up by 41% on a year-to-date basis. Despite the recent drop in exports to China, trade to Mexico, Germany, Brazil, and the Netherlands continues to expand.

Regionally, the top export sectors (ranked by value) were coal, motor vehicles, oilseeds and grain, and aerospace products. Of these markets, only aerospace was largely flat, while coal exports jumped by 82%, oilseeds by 42%, and motor vehicles by 31%.

On a state basis, most states experienced strong exports on a year-to-date basis. Florida, the region's largest exporter, saw total exports grow by only 17%.

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Total Export Growth from the Southeastern States, Year-to-Date Comparison, in Millions of U.S. Dollars

	June 2010	June 2011	% change, 2010-2011
TOTAL	128,039	155,380	21.35
Alabama	7,266	8,693	19.64
Arkansas	2,461	2,756	11.97
Florida	26,475	30,987	17.04
Georgia	13,668	16,893	23.59
Kentucky	9,670	9,962	3.02
Louisiana	18,330	27,090	47.79
Mississippi	3,861	4,956	28.35
North Carolina	12,391	13,330	7.58
South Carolina	10,039	12,564	25.14
Tennessee	12,243	14,695	20.03
Virginia	8,546	9,019	5.54
West Virginia	3,089	4,436	43.60



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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.

As I was mowing my grass last weekend, I was thinking about home maintenance. I often joke about just paving the front yard and painting it green, but I don't think my wife would find it attractive, and grazing sheep are definitely out of the question. So, here I am yet again, mowing the yard. While I could outsource my lawn maintenance (especially when it's roaring hot outside) I choose not to for many reasons. This means that I must find the time to do the required yard work. When I bought the house, I knew I would be responsible for the yard; for basically, any asset you own, owns you.

Like any homeowner, the public sector is responsible for the maintenance of highways, waterways, or airports. It is often easier to find money to do something new (such as buy a house), but it is in maintenance issues where the challenge exists, as you have to balance your budget and your time.

When we consider transportation investment, we often focus on the positives—the access to new markets, mobility, and economic development—and hope that the transportation system

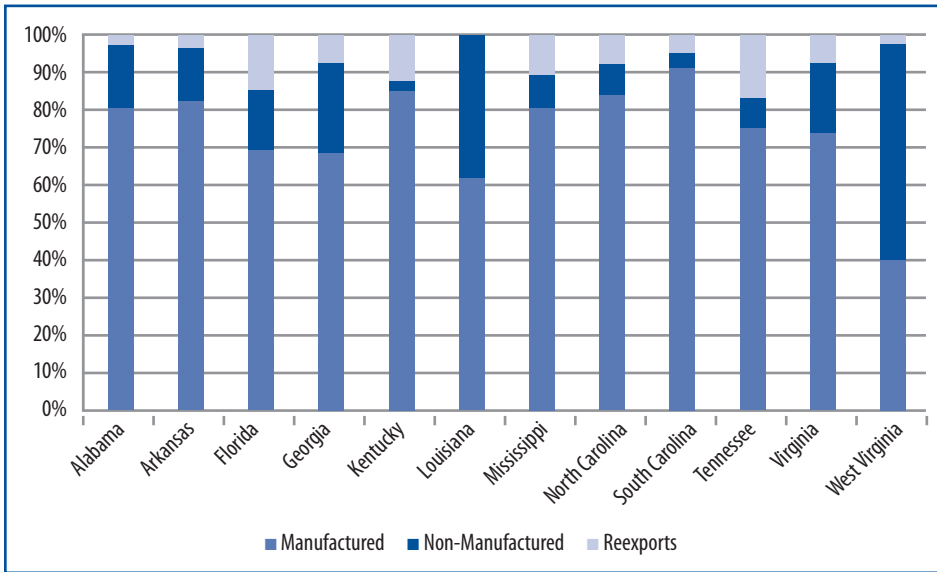
that we operate today will provide those opportunities tomorrow. In a recent TREDIS run I conducted on the Commonwealth of Kentucky, a one-time permanent reduction in total transportation costs of 0.5% would lead to an average annual net gain of 500 new jobs added over the next thirty years. Such numbers sound good until you realize that it assumes these jobs will likely depend upon some transportation network.

It is easy to ignore the fact that a mature system requires more maintenance; just like any house still needs the grass cut and beds weeded. On second thought, I should pattern my yard maintenance on the public sector example. I will not spend any time on yard work not directly involved in planting new plants while ignoring existing plants (highway construction or maintenance) and spending no more than, say 30 minutes or so a week on total yard work (that seems to be how the nation incrementally funds the Corps' major rehabilitation or dredging projects). I am sure that my wife and neighbors will understand that I have better things to do than yard work, especially once football season kicks off. ■

What is ... the Food for Peace Act (FPA)?

The Food for Peace Act, or Public Law 480, is the top funding mechanism for sending humanitarian U.S. food shipments overseas. The law, first signed by President Eisenhower, was enacted to provide a permanent expansion of markets for U.S. agricultural products. President Kennedy renamed the law "Food for Peace," and it has remained one of the principal means of humanitarian food assistance by the U.S., while continuing to support domestic agricultural policy). Commercial sales to foreign governments are largely handled through concessions by the U.S. Department of Agriculture, while U.S. AID handles humanitarian and disaster relief shipments.

Regarding transportation, these cargos are subject to Cargo Preference laws, which require the cargo largely to move on U.S.-constructed, -operated, and -crewed vessels. Cargo Preference laws are critical to maintaining a U.S. maritime fleet, especially given the demise of U.S. vessels in commercial world trades over the past thirty years. MARAD administers the Cargo Preference program, which is deemed critical to maintaining U.S. tonnage in case of national emergencies. Ironically, the FPA not only supports markets for U.S. agricultural exports, it also provides critical food aid while maintaining U.S. maritime fleets. ■



Percentage of Manufactured, Non-Manufactured, Reexport Industries in Southeastern States, 1st Half of 2011.

Southern exports grow over first half of 2011

Continued from cover

Other states, i.e., Louisiana and West Virginia, experienced strong growth because of increasing global demand for bulk commodities.

Given the focus on manufactured exports, for the southeastern states, 75% of the value of exports shipped were manufactured commodities (based on NAICS Codes), while 17% were commodities, and 9% were reexports (imports that reexported from the region). For all of the U.S., by comparison, the shares are 74% manufactured, 12% commodities, and 12% reexports. Kentucky and South Carolina, with strong auto industry sectors, have a high share of manufactured exports. This is in comparison to Louisiana, with its heavy reliance upon bulk commodities shipped through its ports, and West Virginia, which exports coal to India and Brazil.

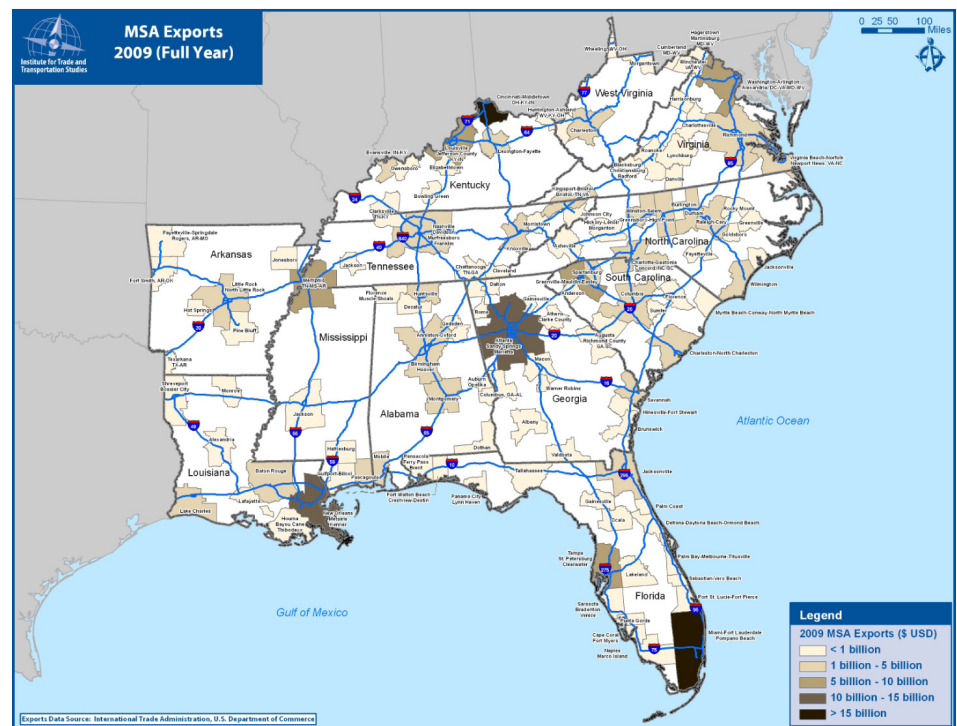
While exports increased during the first half of the year, several transportation sectors have experienced weak performance over the past few months. Global forecasts of factory orders appear to be stagnating, as the normally strong import season has not appeared. Firms are also beginning to discuss changing supply lines, due to concerns about rising

labor costs and fuel, despite overcapacity issues (i.e., lower rates) in the container liner trades.

While the world economy remains unsettled, exports will remain important to the region. The second quarter gross domestic product calculation suggested

that exports were one of the few bright spots in the U.S. economy as government consumption declined and personal consumption remains stagnant. While it may be hard to connect the importance of exports to regional economies, as most U.S. firms are not necessarily engaged in overseas markets, there are exporters located through the Southeast. (According to Department of Commerce estimates, less than 1% of all US firms are engaged in exporting.) The final map shows where net exporters (by MSA) are located in the ITTS region. [Look for them in upcoming issues of the newsletter.]

While it is easy to assume that exporters are located in major cities or by major gateway hubs, there exist firms located across the region. Transportation access to international markets includes not only dredging the Mississippi River or other regional ports, but also in providing connectors to the interstate system. This means that a strong infrastructure commitment to improve exports should consider both bulk and containerized maritime shipments, in addition to highway and rail shipments, and, finally, air cargo, in addition to shipment size. ■



Exports by Metropolitan Statistical Area in the Southeast, 2009

▶ 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

🌐 **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

October 2-5, 2011
Council of Supply Chain Management Professionals Annual Meeting
Philadelphia, PA

October 2-5, 2011
American Public Transportation Association Annual Meeting
New Orleans, LA

October 13-17, 2011
AASHTO Annual Meeting
Detroit, Michigan

October 19-21, 2011
Eighth Annual Waterways Symposium
Pittsburgh, PA

FREIGHT IN THE SOUTHEAST

Moving Our Region's Business



March 14-16, 2012 – Norfolk, VA

(Please visit http://www.ittsresearch.org/itts_conferences.html)

Save the Date



Smart Rivers 2011 CONFERENCE

Discover the Keys to Inland Navigation's Sustainable Future Around the World

Smart Rivers 2011 Conference – Register Now!

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. Discover the keys to inland navigation's sustainable future around the world, September 13-16, 2011 in New Orleans, Louisiana, USA.

To register, go to <http://smart11.pianc.us/reg.cfm>.

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 ... Italy

After World War II, Italy emerged from an agrarian economy to an industrial nation, becoming an original member of the European Union, NATO, and the Group of Eight (G-8) nations. Despite having few natural resources—they are a net importer of both energy and food—Italy remains a leading center in precision tools, automobiles, fashion, and clothing.

In 2010, the U.S. ranked as Italy's third largest export market (\$27 billion U.S.), but only its eleventh largest importer (\$14 billion U.S.). Germany, in contrast, ranks as Italy's largest trading partner, shipping \$77 billion U.S. in imports to Italy and receiving \$58 billion U.S. in exports. Italy, with its strong manufacturing and automotive base, still ranked as one of the top ten export nations in 2010.

The Southeast enjoys strong trade with Italy. Based on shipments from origin, Florida, Georgia, and Tennessee were the largest exporters to Italy, although West Virginia coal shipments have been one of the largest drivers for the first half of 2011. The largest regional gateways to handle exports from the Southeast are Savannah, Charleston, Atlanta, New Orleans, and Mobile. Together these ports handle roughly 50% of the exports originating in the Southeast.

In 2009, the region's gateways handled \$6.7 billion in imports, roughly 65% arriving by vessel and 35% arriving by air. The leading imports from Italy into the Southeast include medications, integrated circuits, spectacles, and spectacle frames. Specialized machinery and wine are the fastest growing sections, in total volume, on a year-to-date basis.

Regarding exports, the region's gateways handled roughly \$3.8 billion (U.S.) worth of goods in 2010. The top exports from the Southeast to Italy include coal, wood pulp, medications and medical instruments. The fastest growing commodities on a year-to-date basis in 2011 are coal and metal scraps. While total exports remain below import levels, on average exports have grown at a faster rate since 2002.

Like most of its southern European neighbors, Italy is facing pressures to control budget deficits and public debt, which is complicated by its large shadow economy that limits the ability of the Italian Government to collect necessary taxes. Clearly, the future of U.S.-Italian trade will be influenced by its current economic crisis, but trade levels will remain strong.

