



INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

PROMOTING REGIONAL AWARENESS FOR IMPROVING FREIGHT TRANSPORTATION

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NEWS UPDATE

🌐 May turned out to be a whirlwind of meetings and speeches. ITTS participated in Informa's Roundtable session in New Orleans, where I spoke about the globalization the Southeast and its implication for transportation. ITTS spoke at TRB's "Toward Better Freight Transportation Data: A Research Road Map" on performance measures, and the AASHTO Spring Meeting on the ITTS Conference that was held in January (we are working on the next conference with North Carolina). (The presentations can be viewed at ittsresearch.org)

🌐 ITTS finished the month by participating in an informal roundtable hosted by U.S. Rep. John L. Mica (R-FL) to discuss promoting exports and the nation's maritime transportation infrastructure. I also attended The Coalition for America's Gateways and Trade Corridors annual meeting.

🌐 ITTS also contributed an article entitled "The Economic Role of Inland Water Transport" for the Proceedings of the Institute of Civil Engineers, Special Issue on Waterborne Transport, which was published in conjunction with the PIANC Annual General Meeting.

The Deepwater Horizon

Since the blowout of the Deepwater Horizon in April 20 and the subsequent sinking of the rig itself, the broken well pipes have spewed tens of thousands of barrels a day into the Gulf of Mexico, becoming the worse environmental catastrophe in the U.S. The associated economic and environmental degradation will be hard to assess in the short term, but to date, fisheries and tourism have borne the brunt of the economic losses. The Center for Natural Resource Economics and Policy at Louisiana State University prepared a short report on the economic valuation of regional fisheries without estimating the losses from the spill. (<http://www.cnrep.lsu.edu>) But other regional economic losses could occur, such as the changing regulatory frameworks regarding off-shore production, which may lead to additional job losses in the region.

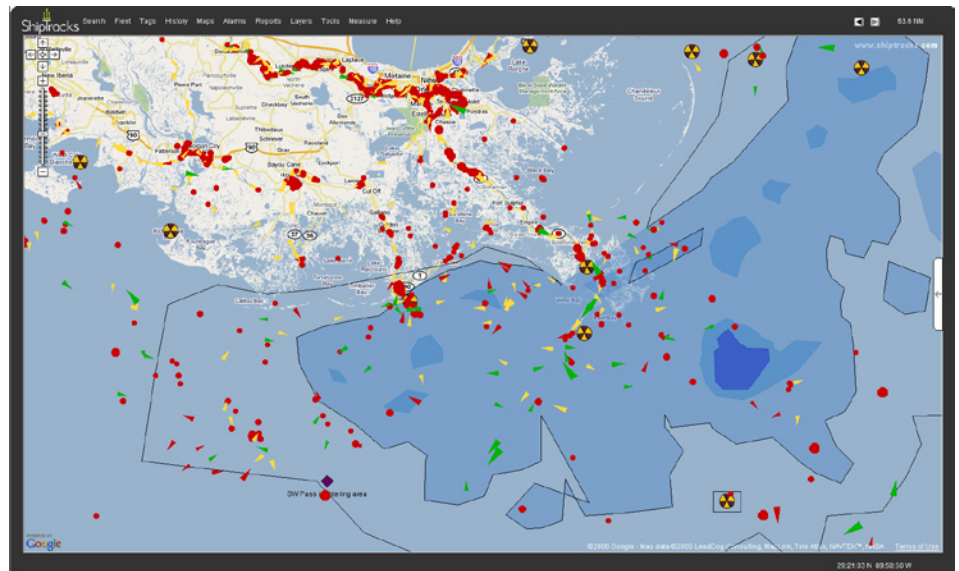
However, the oil spill has not severely influenced commercial navigation. As the Horizon blowout occurred 50 miles offshore, the oil is spreading throughout the entire Gulf Coast, which complicates cleaning and containment efforts. The following graphic, provided by the New Orleans Board of Trade, uses ship tracking information to show the locations of ships moving in the area near the oil spill. (Each red, yellow or green dot represents a vessel.) The heavy blue area in the ocean represents the site near the well, where the heavier oil concentrations exist. The shaded areas represent where NOAA projects the oil to be located, with the thin line indicating the outer edge of their projection.

During the crisis, the Coast Guard has worked to support navigation along the Mississippi River and the Gulf Intracoastal Waterway. The Coast Guard has positioned cleaning stations to clean vessels that are sailing through Southwest Pass. While some of the oil has spread to the main fairways, vessels that are moving through the area are currently reporting little if any oil actually sticking to the hull. Most of the

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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.*

Growing up around horses (my father is a veterinarian) I admire the athleticism of a well trained horse and the excitement of the track. (Yes, I know I am slightly too big to be a jockey!) At the start of the race, all the horses are seeking the same goal: to cross the finish line first. But horse racing is not about how you start. It is about how you finish. Some horses start slow but catch up at the end. Others may start strong, only to fade. Others just run the race before them, with little change in pace.

As spectators, we don't really know who will win the race until it is over. Once I took my daughters to Churchill Downs. The youngest picked only the horses with the prettiest colors, while my other daughter just randomly picked her horses. In both cases, they did not do very well, as they did not look at their horses' past performance. As the day progressed, I taught

them how to read the Racing Form, and obviously their picks improved.

In reflecting on the TRB meeting regarding performance measures, it struck me how much data we have that can be applied to performance measures. Just like my daughters, we have a glut of information on reliability, traffic and congestion that is becoming more accessible. However, performance measures are so complicated, that if the data overwhelms us, I wonder if we will ever come up with something that people will actually use. And like my daughters, it will take some time for these measures to be vetted, approved, and applied.

At the end of the day, my daughters enjoyed themselves and picked a few winners. I hope we can say the same thing in ten years regarding performance measures and transportation in the United States. ■

What is... Bunker Fuels?

Traditionally, bunker fuels referred to any fuels that were carried in a vessel (normally in the bunker areas to avoid "wasting" valuable cargo space). Today, various oils and lubricants are needed on a vessel, but



the main fuel used in large commercial shipping is a heavy fuel oil. This heavier oil, known as bunker C or #6 oil, is a byproduct of the petroleum refining process. It is a very heavy, normally black substance, with a higher boiling point than other fuels, such as gasoline. Bunker fuels thus represent a relatively cheap fuel source, when compared to gasoline.

Due to the large energy demands of a modern ship, (which can burn hundreds of barrels a day), fuel costs represent a large portion of a vessel's variable costs (up to 40% in some cases). Generally, bunkers are delivered to vessels by barge when a vessel is docked or at anchorage. Given the nature of shipping, bunker fuels are a globally traded commodity, with vessels planning their bunker purchases based on schedules and cargo movements. (Because of the excessive capacity in shipping, most ships are running at slower speeds than just a few years ago. This both reduces effective market supply but also lowers vessel operating costs.)

There are some downsides to using bunker fuels, although they are well suited for vessel operations because vessels operate at a relatively constant speed when compared to other transportation modes. Heavier bunker fuels require preheating before burning, can lead to sludge settlements in the tanks, and burn fairly dirty, with large sooty emissions. The move to reduce vessel emissions in Southern California led to the ports imposing "cold ironing" restrictions, which requires the vessel to run off of shore based power when at dock. Recently, the US and Canada received permission by the International Maritime Organization (IMO) to create an Emission Control area (ECA), which would allow both countries to set higher emission standards for ocean going vessels operating 200 miles from their coasts beginning in 2015. ■

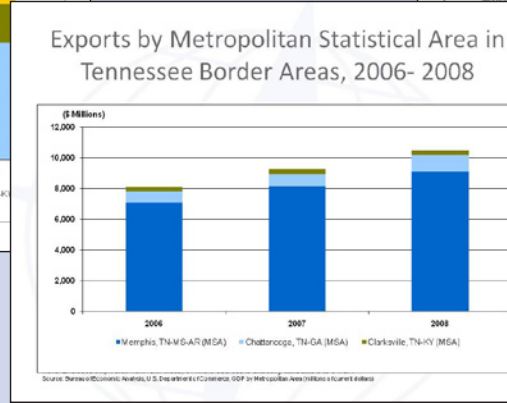
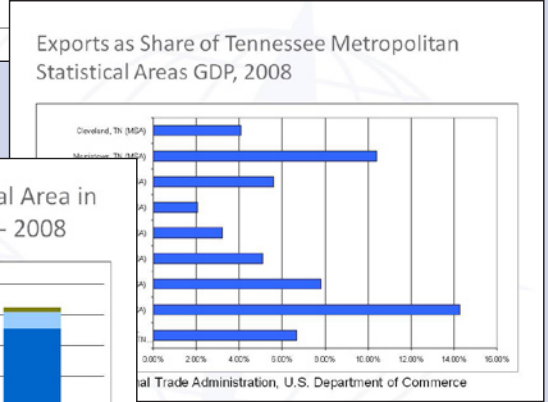
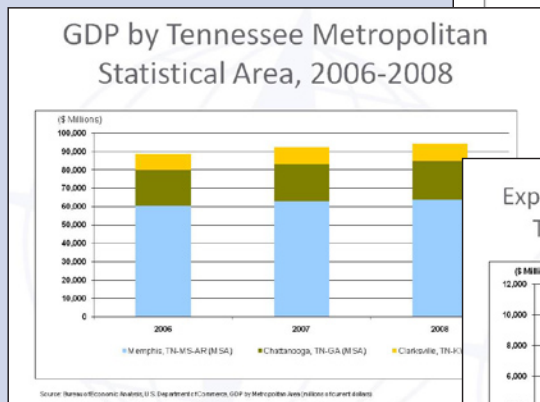
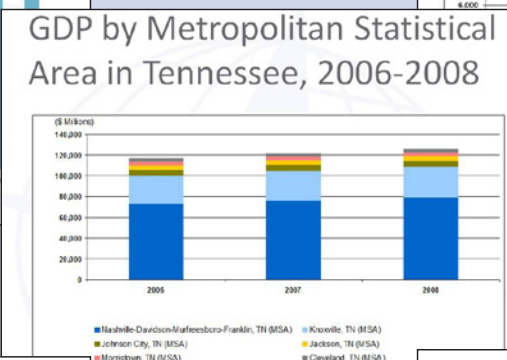
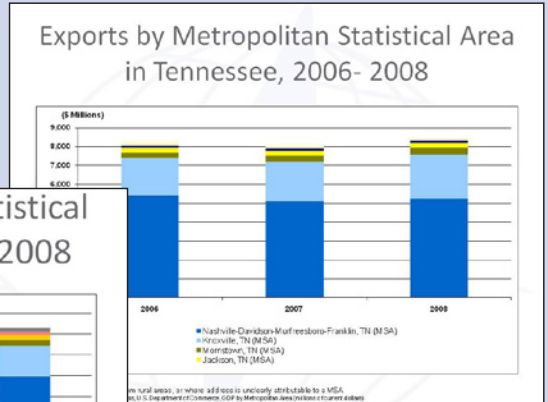
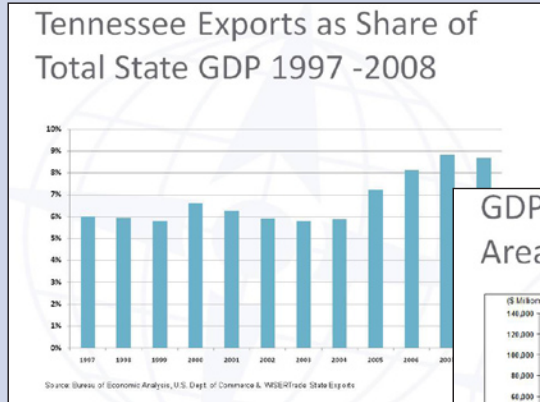
Graphics Related to International State Trade

Using information provided by the International Trade Administration and related information, ITTS has developed more graphics related to international trade for each State. Using Tennessee as an example, the following slides are now posted for each state:

- Exports as a Share of State GDP
- GDP per Metropolitan Statistical Areas
- Exports by Metropolitan Statistical Area
- Exports as a Share of Metropolitan Statistical Areas GDP

As several states have MSA's that cross state boundaries, those figures are included in separate charts. Also, for some MSA's, some of the information was repressed due to confidentially information.

You can download these slides at <http://www.ittsresearch.org/Latts2-State-Summaries.html>.



The Deepwater Horizon

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vessels that have been cleaned are vessels directly working in the main spill area, although one commercial vessel was cleaned after anchoring in a contaminated area. As the flow of the crude moves throughout out the Gulf, cleaning stations have been set up in Mississippi and Alabama. Overall, it is expected that the resultant

cost to commercial navigation will be negligible although the effect on other sectors will be felt for years to come.

For more information on the spill, please visit the following sites: <http://www.deepwaterhorizonresponse.com> or <http://www.epa.gov/bpspill/>. ■

▶ 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

June 7–8, 2010

Southern Growth Policies Board
Lexington, Kentucky
Driving the Next 20 Years:
Creating the New Automotive
Industry in the South
<http://www.southerngrowth.com/conference/conf.html>

June 29–July 1, 2010

Transportation Research Board and Marine Board
"Transforming the Marine Transportation System: A Vision for Research and Development"
Irvine, CA
www.TRB.org/conferences/2010/MTS

🌐 **July 7–9, 2010**

International Association of Maritime Economics (IAME)
Portugal, Lisbon
<http://www.iame.info/conferences.asp>

🌐 **August 16–18, 2010**

AASHTO Standing Committee on Water
Mobile, Alabama
Contact Chris Smith at AASHTO
csmith@aaashto.org

August 24–26, 2010

Tennessee-Tombigbee Waterway Development Opportunities Conference
Marriott Grand Hotel, Point Clear, AL
www.tenntom.org

ITTS has been involved in the organization of the TRB Summer Meeting, which will be held on July 11-13, 2010 in Minneapolis, Minnesota. ITTS has been involved in assisting in organizing several sessions on Freight Corridors and bottlenecks. These sessions include:

Understanding the Contributions of Freight Corridors
Monday, July 12, 2010, 8:00 a.m.-9:45 a.m.,

Externalities and Safety Issues Associated with Barge Transportation vs. Other Modes
Monday, July 12, 2010, 4:00 p.m.-5:45 p.m., Minneapolis

Strengthening the Value of the Commodity Flow Survey - Users Show the Way
Tuesday, July 13, 2010, 8:00 a.m.-9:45 a.m.

The TRB meeting will be held at the Minneapolis Marriott City Center Hotel
30 South Seventh Street
Minneapolis MN, 55402
Reservations: 800-228-9290 (ask for the TRB rate)

For more information, please visit the TRB Conference Website at <http://www.trb.org/conferences/Public/Joint-Summer2010.aspx> or contact Bmillar@nas.edu.

▶ TRADE PROFILE ...Columbia

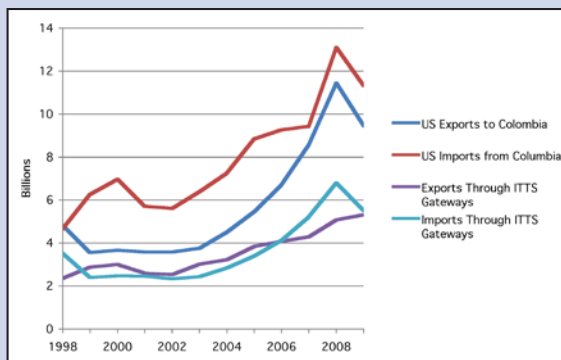
Columbia, the longest stable democracy in South America, represents a growing market. Home to 44 million people, the nation's economy has grown steadily after political and economic reforms were initiated in the 1990's, with additional reforms passed since 2002. Today, the U.S. is the largest trading partner of Columbia, providing 30% of Colombia's imports and receiving 38% of the Colombian exports.

Total trade between the U.S. and Colombia amounted to \$20 billion dollars, of which \$9.4 billion were exports and \$11.3 billion were imports. The largest US exports to Columbia were industrial machinery, fuels, and electrical machinery. The principal exports from Columbia are fuels, coffee, cut flowers and nursery plants.

Roughly half of all the US-Columbian trade passes through the ITTS member states, led by the Miami, New Orleans and Mobile gateways. (Most of the traffic passing through Miami is airfreight cargo.) In 2009, total imports from the Southeast to Columbia amounted to \$5.3 billion dollars, an almost 5 percent increase from the previous year. Exports to Columbia declined by 19%, largely from reduced machinery shipments. (Export volumes have

seen some recoveries after levels bottomed out last Spring.)

IHSGlobal Insight forces trade with Columbia will increase at an average annual growth rate of 6.9% for exports through Southeastern Gateways between 2010 and 2020. Southeastern imports from Columbia are expected to see average annual growth rates of 5% for the same period.



The US and Colombia signed a Trade Promotion Agreement (Free Trade Agreement) in November 2006. The Agreement eliminates tariffs on most exports from the US and the remaining tariffs are removed over a scheduled period. The agreement also allows US firms access to Colombia's services sector (such as telecommunications and banking). The US government in return will

lower eliminate most tariffs on imports from Columbia. The Colombian Congress approved the agreement in 2007, but it still awaits US Congressional approval before being enacted. The US Commercial Service developed some materials on US-Colombian Free Trade agreements by State (<http://www.export.gov/FTA/colombia/>). ■

