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Good Afternoon:

Thank you for allowing me to speak about this important issue of how State Transportation Agencies can enhance our exporters in the Southeastern part of United States.

I am Glenn Ferreri and I work for the US Department of Commerce in Jackson, MS. Our mission is to assist all Mississippi companies in successfully exporting their products overseas. Today, I will provide you with my thoughts on how state transportation agencies can enhance our exports around the state. In our states we have many manufactures that are not located in larger cities, but are located in rural areas. This situation demands higher freight cost due to the company's location, in the proximity of the freight main travel lanes.

Mr. Yossi Sheffi, who wrote a book called, *Logistical Clusters*, points out the need to build logistical stations that accept product, warehouse product and ship product from one location utilizing air, rail, and truck. Here in the southeastern part of the United States we can add waterways movement by utilizing a shallow draft port and deep draft ports.

Typically, freight cost can either enhance or eliminate the actual export shipment, especially for exporters in rural areas. For example, we have a company that manufactures a product in the northwestern part of the state, and the cost of shipping by road has eliminated the International deal. However, the company can ship their product by rail or waterways, which would allow their product to be competitive in the International market.

Can state transportation agencies provide Intermodal connections to our companies that are losing sales simply because we do not have an infrastructure logistical plan to assist our exporters? I believe we can. However the process will take time to build and allow State Transportation Agencies to work in unison with companies that are in rural areas.

Surely our state cannot provide specialized transportation for all exporters, but can we find a way to assist in building logistical clusters to reduce the cost of freight in geographical areas. Our state legislators crafted a program for tax credits for exporters, who ship their product utilizing any Mississippi ports. I

congratulate our body of leaders. However, the state must move one step further, by building rail to every port and provide opportunities for our companies to ship product by container or break bulk products utilizing our shallow draft and deep draft ports.

I want to make clear that this is not an attack on road transportation because it does not matter what means of transportation is used. (water cargo freight, air cargo freight or rail cargo freight) Road transportation will always be used to deliver or pick up in our intermodal program. One point that is vital is all companies that are exporters should have an option to utilize different modes of transportation which will create a positive for our states' in building a true intermodal program for all International business or trade. This is true because we move over \$52 million worth of freight through our state!

Mississippi, like other surrounding southern states, has a significant and diverse agricultural industry.

Good transportation systems are vital in moving product from the local community to international markets. Highways and roads are key in transporting commodities and value-added goods to locations to be moved by other modes of transportation such as rails, air, and ports. Just imagine if we could build logistical clusters around our rural areas or outside of large cities to accommodate our agribusinesses in shipping their products. This would allow our agribusiness to consolidate their loads, allowing our products to move to market faster and essentially cheaper than their competitors, both foreign and domestic. The condition of roads and highways play a role in how much freight costs a business and incur. Weight limits of highways and bridges which are imposed on roads and bridges that are not good and need work for safety reasons can make it difficult to transport goods often causing trucks to take alternative routes costing time and mileage.

Here are several points that I feel that we should consider in merging the resources of international trade and state transportation agencies.

- Freight cost can reduce international sales.
- Without international sales, our Mississippi companies will not grow. Typically a company that exports on a regular basis will hire additional employees within the first two years of exporting. Export jobs usually are higher paying jobs.

- Can state transportation agencies find a solution in working with our shallow draft ports and rail authority to build a system that all logistical companies can tap into? Example-if a company who wants to ship a rail car from Tupelo, MS to Mississippi Gulf Coast, the rail car would need to travel to Memphis, TN and then move to Mississippi Gulf Coast. Building an intermodal plan would alleviate this by building hubs for the transfer within our state of Mississippi. The extra cost of shipping the rail car to Memphis, TN instead of moving directly to the Mississippi Gulf Coast could diminish the international deal.
- States must commit to build an intermodal program that will enhance our ability to attract new industries.

I would like to provide some additional examples showcasing why international trade requires working closely with our state transportation agencies.

- A few years ago the Sweet Potato Association in Vardaman, Mississippi (known to be the “Sweet Potato Capital”) reached out to me regarding their members’ interest to export sweet potatoes and their concern for the competition out of North Carolina. Representatives from the Mississippi Department of Agriculture and Commerce, Mississippi Development Authority’s International Trade Office and I visited with several sweet potato growers who informed us why they were not currently exporting.
- North Carolina like Mississippi has a large crop of sweet potatoes each year.
- North Carolina is on the East Coast, thus has greater access to European and Asian markets at a faster rate than Mississippi growers.
- Usually the cost of freight decides if our growers in Mississippi will export their products simply because North Carolina is situated on the coast. Their logistics and shipping cost are increasingly cheaper than for our Mississippi growers.
- Our sweet potato growers are being priced out of the market simply due to freight. North Carolina sweet potato farmers do not have the additional miles to rail or truck the products to the port for waterway shipments, which typically adds to the final cost of the sweet potatoes.
- Can we find an answer to these issues? Can our state transportation agencies find a way to assist our growers, farmers and manufactures?

Should the state subsidize the growers, farmers and manufactures? Should the state transportation agencies build an intermodal program that allows our growers, farmers and manufactures to compete in international markets?

Another example: Several weeks ago I drove to New Orleans, Louisiana with a local freight forwarding company representative from Mississippi who believes as I do, that we should find a way to better utilize our shallow draft and deep draft water ports. Our waterways have been used for many years; however, due to the demand of the product, road transportation has allowed our products to arrive within a 24 to 48 timeline anywhere in the United States.

Speaking with a barge company who would be considered as one of the best in moving large equipment we discussed the possibility of moving containers and products down the Mississippi river and Tennessee-Tombigbee waterways. I often wondered how we start a program to assist our exporter and to utilize our ports in manner which they were intended for. The barges company representative, who we were speaking with, described the Mississippi River and Tennessee-Tombigbee Waterways as a large bus line where barge companies have openings all the time, but the issue is how do we share and promote this information to our exporters?

My thoughts are that the state transportation agencies must find a way to formulate a program where freight forward companies can receive the number of slots or spaces on barges moving south or north that can put out over a website and have the ability to schedule a pickup at different ports. The barge companies could provide vacancies to all ports and freight forwarding companies through a webpage and set the appointment for pick up. Once the barge companies post vacancies than the freight forwarding companies can commit for pick-up, this information can also be used for imports plus domestic shipments.

In closing, I believe we can build an intermodal or multimodal program that can assist our exporters in successfully exporting our Mississippi products overseas. We can no longer allow old thoughts to “cloud the water” as we need additional manufactures in our state, which in return will create higher paying jobs, which allows our workers to move into the middle class. Our state transportation agencies have the ability to build an intermodal program, to assist our exporters, economic developers and the overall health of our state.

I would like to thank my partners in Mississippi-Mississippi Department of Agriculture and Commerce, Mississippi Development Authority, Mississippi World Trade Center and The Port of Rosedale Director, all who contributed in building this speech.