



# INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

PROMOTING REGIONAL AWARENESS FOR IMPROVING FREIGHT TRANSPORTATION

VOL 5 • ISSUE 4 • JUNE 2013

## NEWS UPDATE

Over the past few months, ITTS staff made visits to the departments of transportation in both Arkansas and Virginia. While in Little Rock, I spoke at the Arkansas Transportation Research Conference on the topic of considering freight in the planning process, attended the Arkansas Planning Conference, and visited West Memphis.

I also attended the Transportation Research Board Conference "Adapting Freight Models and Traditional Freight Data Programs for Performance Measurement Workshop". The dialogue was engaging, especially hearing how others are attacking similar problems regarding freight modeling.

ITTS assisted AASHTO in organizing two webinars on the Water Resource Development Act. These sessions seemed to be well received, and ITTS is working with AASHTO on another round of webinars.



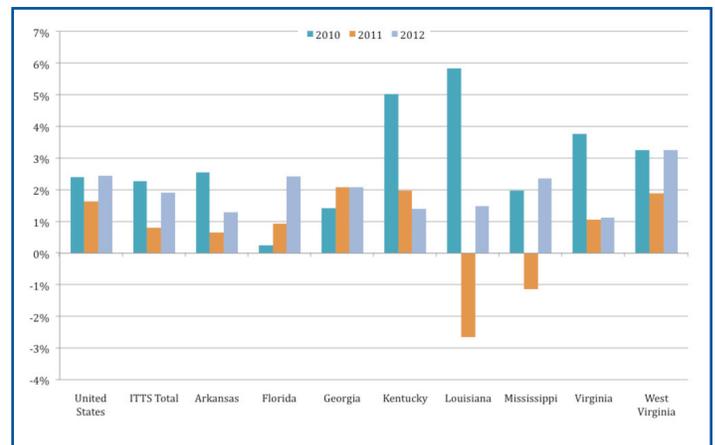
## INSIDE THIS ISSUE

Lambert's Lagniappe .....	2
What is... Dwell Time .....	2
Trade Profile – Levant .....	4
Regional Calendar .....	4

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

## Manufacturing and the Importance to ITTS Member States' GDP

The recent Council of Supply Chain Management Professionals Annual State of Logistics report suggested that U.S. transportation levels may be in the "new normal": a condition that reflects the economy growing in fits and spurts, as modest growth remains the norm. For the ITTS member states, the Bureau of Economic Statistics reported the preliminary state gross domestic production (GDP) numbers for 2012, and the same unevenness is evident across the ITTS states. These figures represent real gross domestic product, in chained 2005 values- basically matching today's prices to a 2005 level to measure "real" economic changes, and not nominal value changes. Most states enjoyed economic growth in 2012, although the region (with the exception of West Virginia) has not grown as fast as the nation in general over the past few years.



While total economic growth is important, what is important to planners is how does that influence into transportation demand. For example, most ITTS member states have seen total manufacturing of durable and non-durable goods increase from 2009 levels.

*continued on page 3*

## ITTS Summer Meeting July 30, 2013

The ITTS member states will meet July 30 (Tuesday) before the Federal Highway Administration-American Association of State Highway Officials Freight Partnership V meeting, July 31 – August 2. Please contact Bruce Lambert for travel reimbursement details. You do not need to register for the ITTS conference, but you are encouraged to attend the FHWA-AASHTO meeting. For more information concerning online registration and hotel bookings, please visit <http://freight.transportation.org/Pages/AASHTO-FHWA-Freight-Partnership-V.aspx>, and please use the groupcode (freight2013) to get the conference room rate.

The goal of the ITTS meeting is twofold: The various state representatives will discuss their freight planning efforts and collaborate on updating the regional network originally developed under the Latin American Trade and Transportation Study (LATTs). The LATTs network will be shared with the member states prior to the meeting for their review. The ITTS meeting is restricted to ITTS member states. ■



## 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.*

With the conclusion of Memorial Day, summer finds people turning vacation dreams into realities. A recent AAA summer travel survey suggests that roughly two thirds of all American adults will plan a leisure trip this summer. More people are expected to travel this summer than last year, although total traffic should remain below the 2007 levels.

For most people, vacation travel involves highways. According to the 2001 National Household Survey, passenger vehicles accounted for 91% of all vacation travel, and the average trip was 284 miles. Ten percent of all vacation trips were over 500 miles. During the summer, many drivers are not travelling their familiar routes, but they still expect a safe and efficient highway system. While most will expect congestion and delays from either work zones or accidents, many cannot imagine driving on vacation without the modern interstate system.

The realities of summer driving may remind drivers of the continual need to reexamine transportation infrastructure needs. No one would argue that traffic levels influence all users, whether they are commuters, vacationers, or even commercial vehicles. In many ways, people do not fully understand

the relationship of the condition of highways to their taxes. A recent AAA survey found that 62 percent of all U.S. drivers want the federal government to invest more money on roadways, but 81 percent want to see improvement in roads and bridges. Does this suggest that 20 percent assume that the improvement will occur without changing funding levels? In the future, the question of operating and funding highways may shift from equity to efficiency, as the limited growth in budgets could force states and local communities to become more conservative when considering new projects, to prioritize investments in existing roadways, and even to become more aggressive in securing funding through state or local initiatives in addition to federal programs.

One thing about vacations: plenty of things can go wrong. Everyone has a story about getting lost, accidents, encountering heavy traffic, etc., but still we soldier on. We believe the net benefit of any vacation outweighs the negatives, so we pack the family and head out. However, as we struggle with the future of U.S. infrastructure and a national transportation plan, one can hear the backseat chorus chanting, "Are we there yet?" ■

## What is ... Dwell Time

The old saying "Time is Money" clearly applies to transportation. (Anyone remember Tom Hanks' rant as a FedEx employee in *Castaway*?) Normally, transportation services do two things: they either move or stop. Most people see the speed of transportation as relevant, but stopping can also add time to the total transportation schedule. Carriers refer to this stoppage at a terminal or facility as "dwell time." In many ways, dwell time represents a cost to both shippers and carriers: for shippers, because it adds time, with its potential variability and costs; and carriers, or terminal operators, who see terminal capacity, congestion, and inefficiencies as potential expenses.

Given the importance of movement, terminal management strategies are designed to reduce the time a cargo stays at a terminal, port, etc. Dwell time is one measure used to gauge the efficiency of moving a container or some other cargo through a facility, and dwell time begins when a cargo moves through the gate and stops when it leaves.

Given the nature of transportation operations, dwell time depends upon the mode or terminal being evaluated. For example, dwell time at a port is normally measured in days, as cargo can sit in a terminal to either await a ship or be released by customs before entering the U.S. In this regard, most ports offer "free time," as the cargo is not accessed any fees if it is subject to reasonable delays related to customs clearance. For railroads, dwell time is related more to operational issues, basically, how long it takes to get the cargo off the train and either out of the yard or onto another train.

North American railroads publish performance measures for system use ([www.railroadpm.org/](http://www.railroadpm.org/)).

## Manufacturing and the Importance to ITTS Member States' GDP

Continued from page 1

(Durable goods refer to products that are expected to last longer than three years, such as automobiles, refrigerators, etc., while non-durable goods are expected to last less than three years or to be immediately consumed.)

This economic performance growth is consistent with the discussions of manufacturing returning to the U.S., or “reshoring.” Such trends are mirrored by the growth of manufactured exports from the ITTS region. Total manufacturing exports (Harmonized Schedule 84-94) from ITTS states exceeded \$90 billion dollars in 2012, a record year. In sum, manufacturing remains an important part of the ITTS member states’ economies, as evidenced by its growing economic importance to the region. For most ITTS member states, led by Kentucky, durable manufacturing was the largest contributor to economic growth between 2011 and 2012. (West Virginia remained a notable exception, as mining industries were the major economic growth engine in 2012).

The State of Logistics report indicates, and most economists believe, that the U.S. economy will continue this ambling recovery, although some sectors are enjoying significant growth. The questions are: Will manufacturing sustain the Southern economy in the next few years, and will that sector influence regional transportation demands? ■

% Change Real GDP By State by Manufacturing Sector, 2009-2012		
	Durable goods	Nondurable goods
Arkansas	27%	5%
Florida	0%	11%
Georgia	39%	3%
Kentucky	70%	4%
Louisiana	15%	15%
Mississippi	23%	-17%
Virginia	18%	18%
West Virginia	21%	-19%

**Table 1. Real GDP by State, 2009-2012**

	Millions, in chained (2005) dollars				% Change		
	2009	2010	2011	2012	2010	2011	2012*
United States	12,592,668	12,897,088	13,108,318	13,430,576	2.4%	1.6%	2.5%
ITTS Total	1,916,581	1,960,534	1,976,283	2,014,108	2.3%	0.8%	1.9%
Arkansas	89,776	92,075	92,684	93,892	2.6%	0.7%	1.3%
Florida	648,642	650,291	656,346	672,287	0.3%	0.9%	2.4%
Georgia	353,817	358,843	366,342	374,000	1.4%	2.1%	2.1%
Kentucky	135,180	141,977	144,779	146,829	5.0%	2.0%	1.4%
Louisiana	189,853	200,944	195,640	198,548	5.8%	-2.6%	1.5%
Mississippi	83,702	85,363	84,402	86,396	2.0%	-1.1%	2.4%
Virginia	363,730	377,466	381,493	385,772	3.8%	1.1%	1.1%
West Virginia	51,881	53,575	54,597	56,384	3.3%	1.9%	3.3%

## What is ... Dwell Time

Continued

This website uses the “Terminal Dwell” to indicate the average time a car resides at a specific terminal, based on “a customer release, received interchange, or train arrival event and ends with a customer placement (actual or constructive), delivered or offered in interchange, or train departure event.” For example, the average dwell time for the Burlington Northern Santa Fe (BNSF) railroad was 25.0 hours for the entire railroad, while the average Terminal Dwell time for the BNSF Memphis terminal was only 17.9 hours. Such system variations are not uncommon because of differences in yard configuration, cargo mix, and other operational constraints.

Having information on performance measures, such as dwell time, will become more critical in understanding the nature of transportation, both for the public and private sector, in considering future freight improvements. ■

## Trade Profile ... Levant

Continued from page 4

Despite the region’s recent instability, the Levant remains a dynamic market for international trade, because of both its location and the nations’ decision to attract more value-added logistics and business parks in the region. This will clearly be the case in Egypt, especially if the Egyptian government can successfully develop regional logistics centers in the Port Said area. Turkey has also worked on serving as the bridge to the Black Sea area, with similar hopes of creating new economic growth zones. Turkey has been included as a potentially new emerging “MIST” market, which includes Mexico, Indonesia, and South Korea. Regarding the European Union, only Cyprus is a member while Turkey remains a candidate state. If a U.S.-European Union Trade agreement is reached, it is expected that bilateral trade will increase, to the benefit of both U.S. and EU member states. ■

## ▶ 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

July 3-5, 2013

**International Association of Maritime Economists**  
Marseille, France

July 9-11, 2013

**AASHTO Standing Committee on Highway Transport Annual Meeting**  
Wilmington, NC

July 27-31, 2013

**The 67th Annual Meeting of Southern Legislative Conference**  
Mobile, AL

🌐 July 31 – August 2, 2013

**AASHTO/FHWA Freight Transportation Partnership V Meeting**  
Washington, DC

August 4-6, 2013

**Southern Economic Development Conference**  
Tulsa, OK

August 7-9, 2013

**Gulf Intracoastal Canal Association**  
New Orleans, Louisiana

August 11-14, 2013

**AASHTO Subcommittee on Transportation Finance Policy & Standing Committee on Planning**  
Washington, DC

August 24-28, 2013

**SASHTO Annual Meeting**  
Asheville, North Carolina

## ▶ TRADE PROFILE ... Levant

The Levant refers to the Eastern Mediterranean region, including Turkey, Cyprus, Lebanon, Syria, Jordan, Israel, Palestine, and Egypt. Given the continued political unrest from Turkey to Egypt, and the recent decision by the U.S. government and its Allies to support the Syrian rebels, the Levant seems to be the focal point of the world.

There is no way to deny the importance of the Levant to world shipping. After all, five of the world's top 100 container ports are located in the region. The Levant serves as the crossroads between Europe and Asia, with containerized cargos, as well as bulk cargos, grains, and other flows, moving between these two economies. The region also serves as a growing route for U.S.-Asia container trade in addition to the large volume of petroleum moving from the Middle East to the Americas and to Europe.

Besides its intercontinental importance, the Levant remains important as a regional crossroads, with trade services stretching out to the Indian subcontinent, sub-Saharan Africa, and the Black Sea/Caspian region.

### US Trade with Levant

In 2012, the U.S. exported over \$35 billion to the region, led by pearls and stones, electrical machinery, spacecraft, and industrial machinery. Imports from the region were almost \$33 billion, led by natural stones, pharmaceutical products, industrial machinery, and electrical machinery. (Total trade equaled \$67 billion, a decline from the \$70 billion in total trade in 2011, largely due to declining U.S. exports to the region.)

Israel was the U.S.'s largest trading partner in the region, accounting for roughly half of the region's trade. The majority of the imports arrive from Israel, but export shares are more

balanced between Israel, Turkey, and Egypt. One interesting note is that total U.S. trade with Syria declined sharply, from roughly \$625 million in 2011 to only \$38 million between 2011 and 2012, largely because of Syria's civil war.



### ITTS Trade with Levant

In 2012, companies in the ITTS area accounted for \$11 billion in trade with the region. ITTS receives more total trade with both Egypt and Turkey than with Israel, largely because of higher imports of Egyptian petroleum and exports of food products and oilseeds to Turkey.

### Future

The political unrest that continues in the aftermath of the "Arab Spring" remains an ongoing concern. While the Egyptian Government remains committed to ensuring safe passage through the Suez Canal, Port Said witnessed some carriers switching temporarily to other nearby ports because

of civil unrest earlier this year. The same has occurred in Syria, as civil unrest continues to force shippers to use neighboring ports before trucking cargo into these markets. Regionally, land border crossings are problematic, as for example, most of Palestine's economy passes through an Israeli checkpoint. Even Cyprus, which has been spared the protests, is still reeling economically from its own banking collapse.

*Continued on page 3*

**Total Trade with the Levant, in Millions of US Dollars**

	Exports From US		Exports from ITTS States	
	2011	2012	2011	2012
Total All Partner Countries	38,394	35,279	7,190	6,992
Israel	13,935	14,268	1,045	837
Turkey	14,657	12,520	2,700	3,121
Egypt	6,222	5,499	2,319	2,207
Jordan	1,448	1,766	307	536
Lebanon	1,805	1,040	628	238
Cyprus	97	167	16	52
Syria	230	19	175	1