What Drove the States to Conduct the LATTs Study?

- Latin American Seen as Growing Market
- Did not feel region understood trade growth on region’s infrastructure

**TOTAL 20-YR NEEDS ESTIMATE**
- Latin America: $92 Billion
- Other: $67 Billion

**20-YR PORT NEEDS ESTIMATE**
- Latin America: $22 Billion
- Other: $3.3 Billion

**20-YR HIGHWAY NEEDS ESTIMATE**
- Latin America: $92 Billion
- Other: $67 Billion

**20-YR AIR CARGO NEEDS ESTIMATE**
- Latin America: $22 Billion
- Other: $3.3 Billion
Themes

• Transportation’s Role in Economic Growth
• Globalization in the Southeast
• Improving Regional Freight Movements

• Perspective – Public Sector Focus
Transportation’s role in economic growth
How will we live?

See any trucks, railcars, barges or planes? People need goods!
Freight Transportation – Changing Perceptions?
Redundancy and System Awareness

- Locks and Dam Closures
- Bridge Collapses
- Flooding in Tennessee
- Oil Spill in New Orleans
- Hurricanes, Snow, etc.
What does the Global Supply Chain Mean to the U.S.?

• U.S. logistics costs - $1.4 trillion in 2007
• 10.1% of US GDP
• Projected to be 1/3 of National GDP by 2020 (up from ¼ in early 2000’s)
Firms See Transportation as Critical

KPMG

• 90% stated - transportation directly influences their business.

• 77% stated - infrastructure:
  – Becomes more important over the next five years
  – But system will remain inadequate without new investment
Regional – Corridor Access

- Mobile
- Savannah
- Memphis
- Hampton Roads
- Heartland Corridor
- Crescent Corridor
- Gateway Program
- Logistic Park-Intermodal Facilities
Globalization of the southeast
Defining the Changing Southern Economy

The Southeast Economy

Transportation

Globalization
How is the Southeast in the Global Economy?

- Imports
- Foreign Direct Investment
- Exporters
- Gateways
Imports

- The world feels closer
- The Chinese T-Shirt syndrome
- Assume all flows are one way
Total FDI Jobs in Southeast, 2007 (thousands)

- Alabama
- Arkansas
- Florida
- Georgia
- Kentucky
- Louisiana
- Mississippi
- North Carolina
- South Carolina
- Tennessee
- Virginia
- West Virginia

[Bar chart showing the distribution of FDI jobs in Southeastern states, with categories for Manufacturing and Other.]

Legend:
- Blue: Manufacturing
- Red: Other
Manufacturing Exporters Share of Total Manufacturing for Southeastern States (2007)
Mercedes Benz Supply Chains for Alabama
State Comparison of Exports by Business Size, 2007

- West Virginia
- Virginia
- Tennessee
- South Carolina
- North Carolina
- Mississippi
- Louisiana
- Kentucky
- Georgia
- Florida
- Arkansas
- Alabama

[Bar chart showing state comparison of exports by business size, 2007.]

- Small to Medium Size Firms
- Others
Exports by State of Origin, 2008

Legend
- Greater than $35,000,000,000 (10)
- $20,000,000,000 to $35,000,000,000 (7)
- $7,500,000,000 to $20,000,000,000 (14)
- $3,500,000,000 to $7,500,000,000 (11)
- Less than $3,500,000,000 (9)
Total Trade Through Southeastern U.S. Gateways

![Graph showing total trade through Southeastern U.S. gateways from 1998 to 2009. The graph displays the trend of imports and exports over the years, with imports generally increasing and exports showing a decrease in 2008.](image-url)
Improving Regional Freight Movements
Forecast of Freight in U.S. (Tons)
Total Trade Growth Through Southeastern Ports

![Graph showing trade growth through Southeastern ports.](image)
The Future is Uncertain Globally...

- Changing U.S. policy
- Changing Import Sourcing
- Foreign Direct Investment trends
- Expansion of Transshipment hubs in region
- Free Trade negotiations
- Cuba
- Panama Canal Expansion
- Promoting US exports
- Transparency and Security
- Climate Change
And Domestically.

- Automotive Industry in Southeast
- Biofuels
- Alternative Energy Corridors
- Emergence of National Logistics Hubs
- Changing Urban and Rural demographics
- Carbon footprint and Sustainability
- Promoting Small Businesses
Are We Planning Wisely?

• Improving transportation different from past
  ➢ Traffic growing on aging facilities
    (but money for projects is not)
  ➢ Need to consider all modes for cargos
  ➢ System’s use not fully understood or appreciated
  ➢ Emerging pressures outside of traditional planning process exist
Can the Southeast be Competitive Globally?

• Promote Businesses to engage in trade
  – Support businesses in global trade
  – Each $1 billion in new exports generates roughly 6,000 jobs

• Ensure Connectivity
  – Ports, gateways, multimodal systems
  – FHWA estimates that $1 billion in highway investment supports 10,870 jobs
Can We Be Proactive With Corridors?

• Develop strategic intermodal corridors with connectors
• Capacity expansion
• Resolve conflicts at multimodal intersections
• Authorized corridors should be built
• Recognize multimodal corridor tradeoffs exist
Can Waterways/Railroads Be Part of Solution?

- Balance with existing international/coastal flows
- Emissions and Environmental accountability
- Determine ways to encourage private sector investment in equipment, services
- Work with states/cities for truck congestion
- Federal and State Multiagency planning, data, analysis
State Spending on Transportation and All Spending

Graph showing the increase in state spending on transportation and all spending from 1992 to 2009. The red line represents transportation spending, which shows a steady increase over the years, while the blue line representing total spending remains relatively flat.
Final Thoughts?

- Previous investment connects us to world
- Future growth depends upon connectivity
- Inactivity may:
  - Increase congestion and unreliability
  - Add costs to the region’s businesses
- Goods movement = jobs
Thank you

Bruce Lambert
Executive Director
Institute for Trade and Transportation Studies
540-455-9882
bruce@itssresearch.org

Visit ittsresearch.org for more information on ITTS