INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

PROMOTING REGIONAL AWARENESS FOR IMPROVING FREIGHT TRANSPORTATION

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NEWS UPDATE

- ITTS participated in several meetings over the past few weeks, including speaking at the AASHTO Spring Meeting on regionalization and discussing what is "freight planning" at the FHWA Freight Planning Meeting in Morgantown, West Virginia. While in West Virginia, I meet with various groups (WVDOT, the Corps of Engineers Inland Center of Expertise, and the Rahall Institute) to discuss research activities. Other meetings attended were the Critical Commodities Conference, with its usually high caliber of private sector speakers, and the Mid America Freight Conference, with which ITTS has been developing some working relationships regarding freight research.

- Spoke at the Global Applachia meeting in Memphis on connecting interior markets to export markets and visited Arkansas State Highway and Transportation Department to talk about freight movement and transportation studies. All presentations are posted on the ITTS website.

- I developed wordclouds regarding transportation for each state, which are available on each state summary page. These were designed for report covers, but I found them an interesting handout for meetings or as a poster in a breakroom.

INSIDE THIS ISSUE

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How Much Do We Spend on Logistics?

Last week, the Council of Supply Chain Management released its 23rd Annual "State of Logistics Report." The report stated that logistics spending in the U.S. was roughly $1.28 trillion in 2011 (8.5% of the nation's Gross Domestic Product). No one would disagree that transportation remains a critical component in the U.S. economy (the U.S. is the largest freight consumer in the world), but what is the level of funding necessary to sustain freight and economic positions and who is responsible for making the investment in transportation critical to meeting future challenges? Given the concerns over the future of the Federal Highway Trust fund (and other transportation trust funds) the discussion regarding future funding tends to focus on but one level of expenditures. This becomes somewhat ironic, as spending by the private sector and by local and state governments becomes ignored in discussions concerning the need for transportation investment.

For example, the newly released American Association of Port Authorities Port Investment Survey indicated that ports are expected to invest $18 billion while the private sector is slated to invest almost $28 billion. Most of that investment was expected in the South Atlantic and Gulf ports, largely in anticipation of the Panama Canal expansion. Most public ports, operating as landlords, generate capital outside of direct government appropriations, relying upon revenue streams generated from terminal operations and leases.

The Association of American Railroads reported that railroads spent $20 billion on rail infrastructure in 2011, with an additional $23 billion planning to be spent in 2012. Other companies are also investing in transportation assets, as evidenced by FedEx now operating Boeing 777s for international flights, the continued deployment of larger vessels ordered several years ago, and trucking firms updating their fleets.

Unlike the private sector, the public sector continues to invest in transportation, but not at the same share as in the past. Most state and local governments have been spending less on transportation as a share of total state expenditures. Using data from the Annual Survey of Local Government Finance based on the Census of Governments, total spending on transportation rose from $18 billion in 1992, to $28 billion in 2000,

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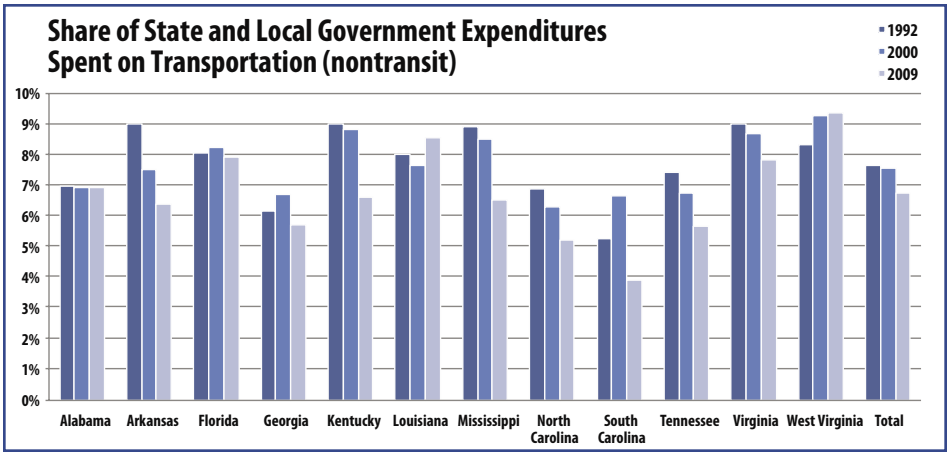

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The Institute for Trade and Transportation Studies provides research data and expert opinions to its Members concerning the effects of commercial freight movements on domestic and international activities, with reference to infrastructure and transportation 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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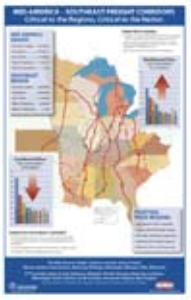
▶LAMBERT'S LAGNIAPPE

la•gniappe |lan'yap| : something given as a bonus or extra gift.

What does regionalization mean? At the AASHTO Spring Meeting, I participated in a discussion about regionalization and freight planning. I passed out posters on North - South trade between the states in the Southeast and Mid-American. Working with the Mid-America Freight Coalition, we prepared a poster that highlights the importance of the corridors that link the two regions. Together, the regions produce roughly 50% of all U.S. manufacturing (including the majority of the U.S. automotive industry), 48% of U.S. agriculture, and 40% of all U.S. exports. According to the Freight Analysis Framework, over $1.1 trillion dollars in commerce flows between and through the two regions. Clearly, the region depends upon transportation networks to service these flows.



When it comes to freight movements, supply chains often cross state and international boundaries, as only one-third of the truck traffic in the Southeastern U.S. consists of wholly intrastate movements. The automotive industry is of significant importance to the Southeast, as highlighted by the new Volkswagen plant in Chattanooga or the KIA plant in Georgia, and these final assembly plants rely upon global supply chains that depend upon interstate mobility. The same could be said for any major industry, as it is the roadways, railways, waterways, and runways which bind our economy. (NCFRP14- A Guidebook for Understanding Urban Goods Movements has some great materials on supply chains designed for general audiences.) Having used the map as a starting point during several recent meetings, I find that focusing on the corridors in a broad context made people think differently about their own systems.

Earlier this year, I installed an invisible fence for my two dogs. (And yes, I could see the fence when I installed it!) In some ways, we treat transportation investment and operations as if the world is simply one invisible fence after another, where we can look out but cannot respond to the world around us. While marketing literature is filled with concentric circles, it is really the networks that underpin the U.S. freight system. In some ways, the new development axiom has become "location, location, logistics," and when you look at broad multistate regions, the interstates serve as the backbone of the economic corridors. The problem remains that the public sector generally can only respond where "invisible fences" do not exist, and over time, the potential to ignore the larger "world" may actually lead to a lack of appreciation for the connectivity that sustains America's economy. ■

What is . . . STEM Jobs

While not necessarily a transportation activity, workforce issues have focused on STEM (Science, Technology, Engineering and Mathematics) jobs to create innovative economic development opportunities. These jobs are seen as critical to the U.S. economy (roughly 7.6 million STEM workers or almost 6 percent of the workforce), as the growth in STEM jobs have outpaced other sectors over the past few years. STEM jobs tend to require some college or specialized training, but the educational investment appears critical, as STEM workers tend to earn 26% more than their non-STEM peers. For example, STEM jobs are considered critical to supporting modern manufacturing activities, as workers need to be able to handle complex machinery during production runs. (One-third of the college educated manufacturing workers hold STEM jobs.) For example, at the TDL meeting in South Carolina, several firms discussed their dependence upon the availably of a reliable STEM workforce.

While firms have relocated production back to North America, some are also investing in the United States because of access to advanced research, intellectual property protection, and a highly educated workforce. Innovation and competitiveness are becoming critical issues in regional discussions of economic opportunities. Innovation centers often involve a

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State Spending on Transportation

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finally to $44 billion in 2009. Transportation spending in this category includes highways, waterways and ports, airports, and parking lots. Transit is not included as its definition category changed over the survey period.

Such a increase in transportation expenditures at the state and local government levels suggests that states are committed to improving highways and transportation, but the share of spending on transportation based on total direct expenditures tells a different story. For most states, transportation spending as a share of total state and local spending declined between 1992 and 2010. (Total direct expenditure spending by state and local agencies in 1992 was $232 Billion. By 2000, that figure had increased to $376 billion and to $653 billion by 2009.) Both Louisiana and West Virginia were able to spend more on transportation, while a few states were able to maintain their relative share spent on transportation. Though there are a number of reasons for the decline (limited growth in trust fund inflows, entitlement programs, changing program goals), had the southeastern region been able to maintain total spending levels in 2009 at the 1992 share, the region would have benefited from an additional $5.7 billion in transportation expenditures, larger than the transportation expenditures within Virginia for 2009. Clearly, declining shares of spending on transportation will affect future spending, since tomorrow's potential benefits have eroded because of lower funding shares today.

While reports come out stating the importance of transportation, we often forget that it is not a single system, but a mix of federal, state, and local agencies, combined with thousands of private sector firms and shippers. As we normally do not include both public and private participation in transportation when measuring the full costs and benefits of transportation in the economy. The AAPA survey captures these needs across the public and private sectors, but for only a portion of the system. The full investment needs, across a wide variety of systems, would probably eclipse the $1.28 trillion of the CSCMP report, but getting incremental increases in the public sector would be a way forward. ■

State	Direct expenditure by function (thousands)		Highways Expenditures		Air transportation (airports) Expenditures		Parking facilities Expenditures		Sea and inland port facilities Expenditures		Total Transportation Expenditures	
	1992	2009	1992	2009	1992	2009	1992	2009	1992	2009	1992	2009
Alabama	15,089,762	39,799,205	922,854	2,229,684	66,600	239,459	15,938	22,457	44,869	264,435	1,050,261	2,756,035
Arkansas	7,323,140	20,584,519	631,503	1,207,316	26,246	95,950	706	2,255	850	5,103	659,305	1,310,624
Florida	54,286,841	159,584,224	3,372,942	9,663,824	701,102	2,179,736	67,463	167,583	213,951	594,641	4,355,458	12,605,784
Georgia	26,081,099	76,487,433	1,380,162	3,244,982	149,400	873,802	11,828	8,548	53,909	217,960	1,595,299	4,345,292
Kentucky	13,565,464	36,039,897	1,062,341	2,144,565	146,146	168,325	3,271	44,424	4,218	19,175	1,215,976	2,376,489
Louisiana	17,608,937	46,439,765	1,208,508	3,493,525	80,715	196,068	4,871	4,866	109,654	267,479	1,403,748	3,961,938
Mississippi	8,428,131	25,917,107	718,729	1,542,327	18,289	94,505	275	2,208	12,172	44,701	749,465	1,683,741
North Carolina	25,374,105	76,250,934	1,583,224	3,257,154	118,076	599,537	14,496	46,069	21,924	49,618	1,737,720	3,952,378
South Carolina	14,230,332	41,635,680	628,403	1,339,884	53,018	108,546	5,741	31,380	54,931	140,764	742,093	1,620,574
Tennessee	19,744,783	51,372,755	1,318,586	2,554,874	142,971	327,340	1,370	3,368	1,882	2,532	1,464,809	2,888,114
Virginia	23,527,592	64,898,495	1,758,983	3,408,210	296,290	1,356,012	31,800	68,764	30,692	244,272	2,117,765	5,077,258
West Virginia	6,822,213	14,417,357	545,758	1,281,645	13,769	59,316	6,722	7,646	0	342	566,249	1,348,949
Total	**232,082,399**	**653,427,371**	**15,131,993**	**35,367,990**	**1,812,622**	**6,298,596**	**164,481**	**409,568**	**549,052**	**1,851,022**	**17,658,148**	**43,927,176**

What is … STEM Jobs

Continued

regional cluster, based on public-private partnerships or other job creating opportunities. For example, many large companies partner with universities or other research groups to both conduct research and provide training for future workers.

The term STEM defines a broad spectrum of professional positions, one not tied to standardized industries or job classifications. The irony is that transportation jobs are not classified as STEM jobs. With transportation's increasingly complex information data exchanges, need for engineering skills, and innovative warehouse and operational technologies, this spectrum of jobs should not be overlooked. After all, the Panamanian government already includes STEM jobs in their employment calculations. Concerns over securing the future of manufacturing in the U.S., and STEM-related jobs in general, will remain important in workforce development issues. Hopefully, we can include transportation employment in those discussions, especially as STEM jobs are forecast to increase by 17% between 2008 to 2018, double the rate of non-STEM occupations. ■

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 26-28, 2012
Diagnosing the Marine Transportation System: Measuring Performance and Targeting Improvement
Washington, D.C.

July 8-11, 2012
2012 TRB Joint Summer Meeting
Irvine, California

July 9-12, 2012
AASHTO Subcommittee on Highway Transport
Milwaukee, Wisconsin

July 11, 2012
Measuring the Transportation System from a Supply Chain Perspective
Irvine, California

August 6, 2012
Southeast Diesel Collaborative "Freight Growth and Livable Communities"
Atlanta, GA

August 15-17, 2012
Gulf Intracoastal Canal Association 107th Annual Convention
New Orleans, LA

August 24- 28, 2012
2012 SASHTO Annual Meeting
Charleston, South Carolina

August 28-30, 2012
Tennessee-Tombigbee Waterway Development Opportunities Conference
Point Clear, Alabama

September 11-14, 2012
AMPO Annual Conference
Saratoga Springs, NY

September 12-14, 2012
13th National Conference on Transportation Planning for Small and Medium-Sized Communities
Big Sky, Montana

September 16-19, 2012
AASHTO Standing Committee on RailTransportation
Portland, Maine

September 19-21, 2012
National Waterways Conference Annual Meeting
Tunica, MS

TRADE PROFILE … Agriculture

Southeastern U.S. agricultural exports (based on NAICS Codes and origin of movement) amounted to $44 billion in 2011, a 15% increase over 2010 levels. For the Southeast, the largest agricultural commodities are oilseeds and grain ($18.5 billion), grains and milling products ($5.4 billion), and meat products ($4.9 billion). The largest markets for agricultural exports from the Southeast are China ($7.8 billion), Japan ($4.6 billion), and Canada ($3.0 billion).

The table shows the top agricultural volume, commodities and markets exported from southeastern states. Using the NAICS codes makes separating agricultural products and nonagricultural products in the same classification system difficult; therefore, these numbers represent broad groupings, including foods. Also, as agricultural commodities are traded and moved, the origin of movement statistics will tend to understate exports from interior markets while overstating exports from coastal states. However, together, they do provide a snapshot of regional agricultural exports.

If you are interested in learning more about agricultural exports, you may want to contact the Southern United States Trade Association, which assists firms interested in promoting agricultural exports, and the USDA Foreign Agricultural Service. ■

	2011 (Billions $)	Change % from 2010	Top Commodities	Top Markets
Alabama	1,119	-3.93	Meats, Oilseeds, Fibers	China, Honduras, Hong Kong
Arkansas	1,483	15.26	Meats, Other Ag. Products, Grains	Canada, Mexico, China
Florida	3,973	5.07	Meats, Fruits, Vegetables	Canada, Netherlands, Bahamas
Georgia	3,574	18.56	Meats, Other Ag. Products, Grains	Canada, Hong Kong, China
Kentucky	837	24.58	Beverages, Animals, Meats	Canada, Australia, Japan
Louisiana	21,964	18.76	Oilseeds, Grains, Beverages	China, Japan, Mexico
Mississippi	1,032	-10.86	Other Ag. Products, Meats, Oilseeds	China, Turkey, Mexico
North Carolina	3,931	12.13	Fibers, Other Ag Products, Meats	Honduras, Japan, China
South Carolina	1,007	9.19	Fibers, Grains, Meats	Honduras, Canada, Dominican Republic
Tennessee	2,918	29.54	Other Ag. Products, Beverages, Grains	China, Mexico, Canada
Virginia	2,380	58.93	Oilseeds, Grains, Meats	Morocco, China, Canada
West Virginia	43	16.88	Timber, Meat, Poultry	China, Canada, Philippines
SE Total	44,260	8.04	Oilseeds, Grains, Meats	China, Japan, Canada