Inland Ports: Improving Access to Domestic and Global Opportunity

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Its really simple...

What is the Market

What Should We Do

How Do We Connect
Goin' on the corner and havin' some fun,
Takin' my Rocket on a long, hot run.
GDP Growth Rate Differences Affect Pace of Trade Growth and Freight Corridor Demand

Source: IHS Global Insight
Exports Growing Importance to West Virginia

(Exports Compared to Gross State Product, 1997-2008, Percent)

Source: ITTS, U.S. Bureau of Economic Analysis & WISER Trade State Exports
Tennessee Shipments of Origin, top Destinations 2010 (All modes - $25.9 Billion)

- Canada (28%)
- Mexico (12%)
- China (7%)
- Japan (5%)
- Germany (3%)
- Netherlands (3%)
- United Kingdom (3%)
- Australia (3%)
- Singapore (2%)
- Korea, Republic Of (2%)
- Other (32%)
Tennessee Shipments of Origin, top Gateways, 2010 (All modes - $25.9 Billion)

- Detroit, Michigan (15%)
- Savannah, Ga. (11%)
- Laredo, Texas (9%)
- Charleston, S.C. (9%)
- New Orleans, La. (7%)
- Los Angeles, Calif. (5%)
- Atlanta, Ga. (5%)
- Port Huron, Michigan (4%)
- Miami Int. Airport, Fla. (3%)
- Jacksonville, Fla. (3%)
- Other (29%)
Kentucky Shipments of Origin, Top Five Gateways, 2000-2010
(Vessel Shipments - $5.2 Billion)
State Comparison of Exports by Business Size, 2007

- West Virginia
- Virginia
- Tennessee
- South Carolina
- North Carolina
- Mississippi
- Kentucky
- Georgia
- Alabama

- Small to Medium Size Firms
- Others
Data and Analysis needs

- Costs
- Who are Shippers/Carriers
- Service Options
- Current bottlenecks (operations, access, ... )
I am already (fully, partially) engaged in international trade
Trade corridors already exist to multiple destinations
Intermodal opportunities may provide additional service options
Do I focus on helping existing businesses or new businesses
Things want to go somewhere…
It's really simple...

What is the Market

How Do We Connect

What Should We Do
Love Me Tender
Love Me True
All My Dreams Fulfilled…
Let’s Start with Ports...
Port Development Issues

- Most are landlord ports
- Most are operated by State, County or Local Governments
- Economic Development “Catalysts”
- Civic Pride and Competition
- Very capital intensive, but may not be profitable
- Authorization may exist in defined boundaries
Giving a direction to port development

(a) Inside-Out

(b) Outside-In
U.S. Public Port Projected Capital Expenditures by Expenditure Category for 2007-2011

- General Cargo: 14%
- Specialized General Cargo: 30%
- Dry Bulk: 1%
- Liquid Bulk: 3%
- On-Terminal: 7%
- Off-Terminal: 3%
- Dredging: 10%
- Security: 3%
- Other: 23%
- Passenger: 6%
We are moving inland...
Changing Hinterlands?

- Faster Transit
- Economies of Scale

Anything else?
- Bulk
- Exports
- Container availability
Southeast Intermodal Situation

- Do we have cargo container balance at the ports?
- What about new corridors and rail traffic?
- Transloading and reverse landbridge?
- Domestic traffic still important?
- Can we put traffic on congested mainlines?
- Do we develop existing sites or new terminals?
- Can we develop densities to attract cargo shifts?
Drayage Issues and Network Overlaps

- Who pays for the drayage for containers?
- What about chassis pools?
- What about equipment availability?

Source: IHS Global Insight TRANSEARCH
Radius to 80% of total dray volume, red radii are top volume
And what should we build?
Trends in Economic Development

- Business Park Concept
- Clusters versus Growth Poles
- Site Selection Criteria
- Operational considerations
- Integrated Logistic Centers
- Energy?
- Incrementalism
- Density
No One Industry Along A Corridor
Data and Analysis needs

- Maritime-traffic forecasts
- Who are Shippers/Carriers
- Vessel characteristics
- Service needs
- Terminal locations and market penetration
How Do We Connect … Summary

• Ports are geographically constrained
• Hinterlands competition remains in a state of flux
• Networks are developed incrementally
• How do you identify shippers who may wish to switch to inland ports
• Everyone should feel “tender” to be successful
It's really simple…

What is the Market

What Should We Do

How Do We Connect
Well, it's one for the money...
Two for the show...
Three to get ready...
Now go, cat, go!
“What is the Message”
What will you build/operate?

- What is your market? Expand or Cannibalize
- What type of facility/services are needed?
- Develop densities and services
  - Service Requirements (cargo or regulatory)
  - Drayage and equipment issues
  - Domestic and international
  - Shippers bear costs?
Who is Responsible for What?

Private Sector

- Terminal Operations
  - Cargo Density
  - Business Clusters
    - Transportation services
      - Intermediaries
        - Workforce Development
        - Business Climate
        - Incentives

Public Sector

- Transportation
- Utilities
- Workforce Development
- Business Climate
- Incentives
Balancing Objectives…

- Time
- Cost
- Performance
Any lessons we can learn?
US Inland Ports

- Different types of terminals
- Railroads support development along networks
- Public Private funding becoming more important
- Heartland - Institutional frameworks not in place
- Front Royal – took time to develop
- Tying services to logistics centers
Falköping, Sweden: Inside-Out load centre

- In Sweden, municipalities can build infrastructure speculatively.
- Difficulties consolidating market demand across political boundaries.
- Aim was to become integrated with port of Gothenburg, which did not happen.
- No container traffic currently (but timber traffic growing).
- Illustrates the risks of public sector development.
- Policy and planning must be aligned with market demand and operational requirements.
Port centric logistics in the UK

- Changing paradigm in the UK.
- Could be more efficient than centralizing inventory
- Small-medium ports can use spare land, thus gaining an advantage over larger ports whose main goal is throughput
- Ports have moved from central to intermediate and now back to central
- Location splitting healed through structural transformation?
- Port-based vs inland-based. Different to issues facing large Northern Range ports. What effects will this trend have on onward distribution? Rail, road, feeder size?
Data and Analysis needs

- Project Costs
- Alternative scenarios
- Traffic modeling
- Jobs, economic benefits
- Project approval materials
- Partners/Coalition of Willing
- Multimodal planning frameworks
What Shall We Do… Summary

- Recognize distinct roles exist
- Develop multimodal strategies
- Balance needs with expectations
- Remember – don’t step on anyone’s suede shoes!
1950s Memphis transformed Music…

…Will Logistics Transform the Region?
Thank you

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Really, it's not that simple...

What is the Market

How Do We Connect

What Should We Do
Audience Participation time!!!
Thoughts?

- Market Data
- Modeling gaps
- Intermodal tradeoffs
- Site Selection
- Operational adjustments
- Timelines
- Failures?
- Success Stories?
- Commination Challenges?
- What is a corridor?
- How do projects fit into Corridors?
- What lessons can be shared?
- New corridors are emerging – how do we support their development?