THE ROLE OF INLAND AND SEA PORTS IN THE ECONOMY
OUTLINE

- Why is it important – Arkansas
- Start with Ports
- Inland Markets
- Terminals
- Making it work
<table>
<thead>
<tr>
<th></th>
<th>No. of Importing Firms</th>
<th>No. of Exporting Firms</th>
<th>No. of Small and Medium Sized Exporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>1,681</td>
<td>2,242</td>
<td>1,758</td>
</tr>
<tr>
<td>Florida</td>
<td>21,703</td>
<td>61,848</td>
<td>58,976</td>
</tr>
<tr>
<td>Georgia</td>
<td>10,070</td>
<td>14,869</td>
<td>13,203</td>
</tr>
<tr>
<td>Kentucky</td>
<td>3,350</td>
<td>4,569</td>
<td>3,634</td>
</tr>
<tr>
<td>Louisiana</td>
<td>3,121</td>
<td>4,000</td>
<td>3,378</td>
</tr>
<tr>
<td>Mississippi</td>
<td>1,658</td>
<td>2,031</td>
<td>1,535</td>
</tr>
<tr>
<td>Missouri</td>
<td>4,530</td>
<td>5,999</td>
<td>5,100</td>
</tr>
<tr>
<td>Virginia</td>
<td>5,792</td>
<td>7,626</td>
<td>6,542</td>
</tr>
<tr>
<td>West Virginia</td>
<td>863</td>
<td>1,119</td>
<td>861</td>
</tr>
<tr>
<td><strong>ITTS</strong></td>
<td><strong>52,768</strong></td>
<td><strong>104,303</strong></td>
<td><strong>94,987</strong></td>
</tr>
</tbody>
</table>
EXPORTS AS SHARE OF ARKANSAS METROPOLITAN STATISTICAL AREAS GDP, 2013

- Texarkana; TX-AR
- Pine Bluff; AR
- Memphis, TN, AR, MS
- Little Rock; AR
- Jonesboro; AR
- Hot Springs; AR
- Fort Smith; AR-OK
- Fayetteville; AR-MO
GROWTH IN EXPORTS BY MSA, 2005 TO 2013

Current Dollars, in Millions ($US)

- Fayetteville; AR-MO
- Fort Smith; AR-OK
- Hot Springs; AR
- Jonesboro; AR
- Little Rock; AR
- Memphis, TN, AR, MS
- Pine Bluff; AR
- Texarkana; TX-AR

2005 (Full Year) vs. 2013 (Full Year)
AS THE ECONOMY IS LOCAL...

- How do I link to ports and global markets?
- How do I attract development?
- What can WE/I do to create opportunities?
LET'S START WITH PORTS.
International Maritime Trade as Share of State GDP, 2012 (all 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
- Continual growth to remain competitive
- Authorization may exist in defined boundaries
TYPES OF SHIPMENTS THROUGH A PORT

- Local – short haul
- Transfer – arrives on one ship, out on another
- Through – moves through port, little dwell time
- Value Added – goes into port area, reshipped at later date
TRENDS IN ECONOMIC DEVELOPMENT

- Business Park Concept
- Clusters versus Growth Poles
- Site Selection Criteria
- Operational considerations
- Integrated Logistic Centers
- Energy?
- Incrementalism
- Density

**Transport, Talent and Taxation Top Factor List**

Site Selection's October survey of corporate real estate executives reveals which factors on average are most important to them when they are involved in location decision making.

1. Transportation infrastructure
2. Existing work force skills
3. State and local tax scheme
4. Utility infrastructure
5. Land/building prices and supply
6. Ease of permitting and regulatory procedures
7. Flexibility of incentives programs
8. Access to higher education resources
9. Availability of incentives
10. State economic development strategy
GIVING A DIRECTION TO PORT DEVELOPMENT

(a) Inside-Out

(b) Outside-In
ARKANSAS SHIPMENTS BY ORIGIN, TRADE BY MODE, BY VALUE 2003-2013 ($7.2 BILLION)

Other includes shipments that go through land crossings (NAFTA) or other modes, excluding air and maritime gateways.
WHAT WILL YOU BUILD/OPERATE?

- What are my markets?
- What type of facility/services are needed?
- Develop densities and services
- What are my current assets?
<table>
<thead>
<tr>
<th>Different types of terminals</th>
<th>Heartland - Institutional frameworks not in place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Private funding becoming more important</td>
<td>Front Royal – took time to develop</td>
</tr>
<tr>
<td>Tend to want to utilize existing rail networks</td>
<td>Tying services to logistics centers</td>
</tr>
<tr>
<td>Intermodal is a growing business for railroads – both domestic and international</td>
<td>Terminals must have 200,000 annual TEUs</td>
</tr>
</tbody>
</table>
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
ANY LESSONS WE CAN LEARN?
WHO IS RESPONSIBLE FOR WHAT

Private Sector
- Shippers
- Carriers

Public Sector
- Transportation
- Utilities
- Workforce Development
- Business Climate
- Incentives

National
State
Local

Who is responsible for what:
- **Shippers**
- **Carriers**
- **Transportation**
- **Utilities**
- **Workforce Development**
- **Business Climate**
- **Incentives**

**WHO IS RESPONSIBLE FOR WHAT**

- Terminal Operations
- Cargo Density
- Business Clusters
- Intermediaries
- Transportation services

**Private Sector**
- Shippers
- Carriers

**Public Sector**
- National
- State
- Local

- National
- State
- Local

**Transportation**
- National
- State
- Local

**Utilities**
- National
- State
- Local

**Workforce Development**
- National
- State
- Local

**Business Climate**
- National
- State
- Local

**Incentives**
- National
- State
- Local

**Terminal Operations**
- National
- State
- Local

**Cargo Density**
- National
- State
- Local

**Business Clusters**
- National
- State
- Local

**Intermediaries**
- National
- State
- Local

**Transportation services**
- National
- State
- Local
INFRASTRUCTURE MATTERS...
MAP-21 FREIGHT PROVISIONS

- National Freight Policy
- Establishment of a National Freight Network
- Critical Rural Freight Corridors
- National Freight Strategic Plan
- Cost Sharing Formulas
- Freight Transportation Conditions and Performance
STATE DOTS/ MPOS CAN PARTNER TO IDENTIFY STRATEGIC NEEDS

- A way to share information on system use and traffic
  - A mechanism to work with regional agencies
  - Common message – generates common actions
- An input into State planning
  - Freight Advisory Group
  - Long Term plans- STIP/TIP
- A framework for federal requests
- Must balance efficiency- equity issues
### Freight Connector Mileage by Jurisdiction

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Mileage</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>338</td>
<td>29%</td>
</tr>
<tr>
<td>Local</td>
<td>580</td>
<td>49%</td>
</tr>
<tr>
<td>State and Local</td>
<td>255</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>1173</td>
<td>100%</td>
</tr>
</tbody>
</table>
- Long term visioning
- Clear champions in both public and private sector that can demonstrate value to community
- Everyone must win – partnering is critical
- Regionalism is more important than localism
- Build off existing assets
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