Thoughts on Transportation in the Southeast

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The World is Changing...

- Economic Downturn – New Long Term
- Operational concerns (traffic, congestion, maintenance)
- “Green” Pressures
- Reducing Risks (disasters, terrorism)
- Funding options
- Global Competition – Trade
My goal...

- Suggest that corridors are key to the region’s success
- Globalization remains a regional driver
- We are unprepared...
U.S. has many corridors

- Highways
- Railroads
- Waterways
- Airports (passenger and freight)
- Pipelines

Common Characteristic –

- Serve Regional, National, International markets
- Robust, but fragile system
Major Freight Corridors

Note: Highway & Rail is additional highway mileage with daily truck payload equivalents based on annual average daily truck traffic plus average daily intermodal service on parallel railroads. Average daily intermodal service is the annual tonnage moved by container-on-flatcar and trailer-on-flatcar service divided by 365 days per year and 16 tons per average truck payload.

Who benefits from transportation improvements?

- Carriers
- Ports
- Governments and other local industries
- Shippers
- Economic Development Agencies

Who does not benefit?
Corridors

- At a crossroads on national transportation policy
- Can not expect different results with same tools
- Hierarchical systems will be critical
- Transparency and accountability are critical
- Equity Challenges
- Multimodal corridors systems approach
Globalization

- Foreign Direct Investment
- Exports from Region
- Forecasted Trade Activity from Non Texas Gulf Coast ports
Alabama
- 73,600 Alabama workers.
- 13.8 percent of total manufacturing employment
- 4.4 percent of the state's total private-industry employment

Kentucky
- 91,000 total jobs.
- 18.4 percent of total manufacturing employment.
- 5.8 percent of the state's total private-industry employment

Mississippi
- 25,700 workers
- 6.6 percent of total manufacturing employment
- 2.7 percent of the state's total private-industry employment

Tennessee
- 140,300 total jobs
- 17.8 percent of total manufacturing
- 5.7 percent of the state's total private-industry employment
U.S. Exporters by State, 2008
(WISERTRADE)
Tenn-Tom State Origin of Export Shipments (WISERTRADE)
Forecasts of Southeastern US Gateways (Non Texas) (IHS Global Insight)
Forecasts of Gulf Coast (Non Texas) Containerized Tonnage (Million Mtons) (IHS Global Insight)
Additional Trends in the Global Economy

- Timing of Economic recovery uneven
- Future of Globalization is being questioned:
  - Return to “near sourcing” based on fuel prices
  - Free Trade Discussions
  - The Panama Canal Expansion and Global Supply Chains
- Operations and the New Normal
  - Equipment issues when market returns to “normal”
  - Dredging and regional infrastructure concerns
  - Intermodalism from the West Coast
Joe Hollingsworth, Jr.

1. The South becomes even more competitive in the world economy
2. South shifts from manufacturing to service sector which improves manufacturing
3. Migration continues as the South becomes “land of opportunity”
4. South develops knowledge based economy
5. South leads way in education reform
6. Contiguous counties around major metropolitan areas will be the action in the south
7. South becomes practically the only location for automotive plants
Are We Prepared?

Without Planning This Would Have Been a Mess
Identified Needs Related to Changing Demand

Exhibit A-6
20 YEAR NEEDS ESTIMATES

TOTAL 20-YR NEEDS ESTIMATE
$92 Billion

- Latin America
- Other

20-YR HIGHWAY NEEDS ESTIMATE
$67 Billion

- Latin America
- Other

20-YR PORT NEEDS ESTIMATE
$22 Billion

- Latin America
- Other

20-YR AIR CARGO NEEDS ESTIMATE
$3.3 Billion

- Latin America
- Other
What kind of transportation system do we want? Now? Or In 30 years?

Public Sector – Safe, Secure, Environmental Responsible, Efficient/Reliable

Private Sector - Customers want the same, but need to understand how investments will be spent
What Are Some Steps to Make This A Reality?

- Data and models
- Funding and/or institutional flexibility
- Prioritize Needs and scale
- Willing to Share (brotherly love)
- Communicate wants to internalize debate
- Transform this from “Your Dad’s Aging Infrastructure” to “Your Grandchild’s Future”
Some concerns

- Relinking Transportation to industrial development
- Transportation impacts - externalities
- Ports and hinterland relationships
- Perception of value of capital stock returns
- “Others Have It” syndrome
- The Broken Triangle
- Understanding Scale
- Energy flows and equipment availability
Partnerships are more critical...

- Must have interest
- Must have right tools (data, funding, volunteers)
- Can communicate expected outcomes
- Must be willing to commit for the entire project
- Should be non-traditional
In Sum...

- Are Corridors Important?
- Is the South in the Global Marketplace?
- Does it need to look at Regional Solutions?
- Is the time to act now?