

## ISSUE BRIEF

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### Increased Freight Movement Calls Attention to Inadequate National Transportation Infrastructure

**Economic Vitality Depends on Seamless Movement of Goods**

*By Karen Imas, CSG/ERC Communications Manager*

The movement of freight impacts daily life from consumer goods sold on store shelves to congestion on highways to the national employment rate. Yet, as a transportation issue without passenger concerns, freight often lacks high priority status in the public decision-making process. Two recent national studies show that the financing and management of the freight infrastructure in the nation is at a critical juncture. Roads, airports, rail systems and ports in the United States are operating at a demanding capacity which has various economic and social implications. Moreover, as the nation increasingly shifts to an import economy, managing the pressures on the nation's transportation infrastructure will be crucial to sustaining America's competitiveness and economic well-being.

The Issue Briefs are published by CSG/ERC to provide information on issues of concern to the member jurisdictions of the ERC.

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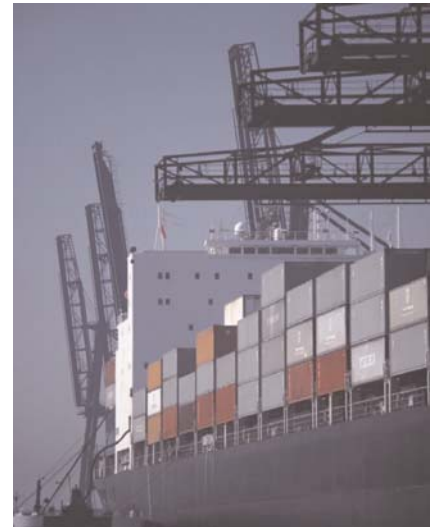
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A recently published Brookings Institute report, *Principles for a U.S. Public Freight Agenda in a Global Economy*, co-authored by Martin Robins and Anne Strauss-Weider, explains that the amount of goods moving through the country is on the rise. Public sector agencies managing aspects of transportation infrastructure, at the state and federal level, have catching up to do as demands for services steadily grow.

According to the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS), on a typical day in 2002, about 53 million tons of goods valued at about \$36 billion moved on the nation's multimodal transportation network. That's 19 billion tons of freight, valued at \$13 trillion over the course of the year. One out of ten freight shipments is related to international trade according to the BTS study, *Freight in America*.

"Rather than the Balkanized approach of the past, a systems-based and multimodal agenda for the nation's freight needs, involving regional coordination, public-private partnership, and federal funding recognition of the same is necessary to maintain America's competitiveness," wrote Robins, director of Rutgers University's Transportation Policy Institute.

The data and recommendations in recent reports are important for policymaking in ERC jurisdictions which rely on virtually every method of shipping - truck, train, ship and plane. State and federal legislators are now in a position to revise their own budget estimates upward during appropriations season in order to claim a greater share of federal funding to make transportation improvements.



Freight transportation infrastructure is a significant component of the nation's wealth and productive capacity. System improvements may have a significant impact on consumers and economic development. *The Journal of Commerce* estimates that American households have saved an average of \$1,000 annually since 1980 because of reductions in freight logistics costs. Freight transportation also stimulates demand for goods and services and employs millions of people.

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“Highways, ports, rail yards, airports and border crossings have profound significance for bottom line costs for distribution; and they have national strategic significance for the Nation’s continued leadership as the world’s largest global trader,” said Jeffrey Shane, Under Secretary for Policy at the U.S. Department of Transportation (DOT) in a speech to the U.S. Chamber of Commerce.

The movement of a single item can be complicated. Freight rarely travels through a single mode but rather a combination of railroad, truck, boat, and other modes. While certain aspects of these modes and the related equipment are privately owned, freight also travels through roads and airports that are publicly owned. The relationship between public and private entities is an important one.

### What are the Stresses Affecting Today’s Freight System?

- Interconnectivity between different modes is lacking.
- Market growth is currently far outpacing infrastructure development showing the capacity limitations of the transportation infrastructure.
- Congested roads adversely impact quality of life and can negatively affect inventory management for businesses.

### Federal Freight Policy Still in Formative Stages

Key roles for government include regional coordination, encouraging public-private

partnerships, and recognition of the importance of federal funding. Public awareness of freight issues is also essential because the issue is tied to job growth, the environment and security.

“From an economic development perspective, an important issue for freight is what we can do in our transportation investments to improve access and connectivity. And this means taking a look at how our transportation investments affect linkages and accessibility to resources and markets,” said Glen Weisbrod, President of Economic Development Research Group and Chair of the Transportation Research Board (TRB) Committee on Transportation and Economic Development.

Federal transportation legislation passed last year, SAFETEA-LU, gave weight to connectivity among modes or “intermodalism.” SAFETEA-LU will fund the National Cooperative Freight Transportation Research Program - a new program to be conducted through the National Academy of Sciences. An advisory committee will recommend a national research agenda, including estimates of the public benefits derived from freight transportation and the uses of technology to improve freight transportation. SAFETEA-LU also identifies high priority corridors.

According to the Brookings report, much more needs to be done. Robins explains that SAFETEA-LU is lacking the concepts and funding for a comprehensive national

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*Jeffrey Shane, Under Secretary for Policy at the U.S. Department of Transportation*

freight policy. Brookings’ study suggests that the federal government should consider giving highest priority to those freight projects that emerge from regional multi-agency coalitions and public/private partnerships. Coalitions with well-articulated goals and projects, with broad based support, have surfaced some of the most meaningful and creative solutions to freight system issues.

Currently, the TRB, working with Under Secretary Shane, is crafting strategies on logistics and connections between shores and inland points, according to Robins.

At a U.S. Chamber of Commerce presentation last year, Shane said, “The Highway Trust Fund was a powerful mechanism for financing much of the transportation system that we enjoy today as far as highways and transit are concerned. But today we have new issues and some particularly acute ones relating to the need to finance expanded infrastructure at freight gateways - at our ports and border crossing points. Very clearly, the Highway Trust fund needs re-tooling. It is no longer sufficient to address today’s challenges.”

Canada, Mexico, and a number of countries throughout Europe, Asia, and Latin America are currently restructuring their port and freight operations and policies. Several Mexican ports are poised to accommodate a portion of U.S. west coast import traffic, and a major port expansion is underway in Vancouver, Canada.

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Top 10 U.S. Freight Gateways, Ranked by Value of Shipments: 2004 (Current \$, billions)					
Rank & Port Name	Mode	Total U.S. trade	Exports	Imports	Exports as % of total
1 JFK International Airport, NY	Air	125.3	52.7	72.6	42.0
2 Los Angeles, CA	Water	121.4	16.4	105.1	13.5
3 Long Beach, CA	Water	121.3	18.6	102.8	15.3
4 Detroit, MI	Land	113.8	58.2	55.6	51.1
5 Port of NY and NJ	Water	113.5	23.1	90.4	20.4
6 Laredo, TX	Land	89.5	38.4	51.1	42.9
7 LA International Airport, CA	Air	68.7	33.9	34.8	49.3
8 Buffalo-Niagara Falls, NY	Land	68.3	31.7	36.6	46.5
9 Houston, TX	Water	66.4	29.2	37.2	44.0
10 Port Huron, MI	Land	65.9	23.6	42.3	35.8

## Policy Recommendations

■ **Increasing Investment:** Connector roads, crucial to freight transport, are often overlooked in the transportation funding debate. In fact, “freight doesn’t vote” has become a catch phrase to explain that without passenger concerns; freight often gets overlooked in the public decision-making process.

■ **Multi-Modal Approach:** Many state DOT’s remain modally divided and would benefit from a multi-modal structure, funding and project development.

■ **Increased coordination and cooperation among public agencies to advance the freight agenda.** According to the Brookings report, successful multi-agency collaborations on the state level include the Alameda Corridor, a 20 mile integrated rail connection between the ports of LA and Long Beach and the national rail freight network.

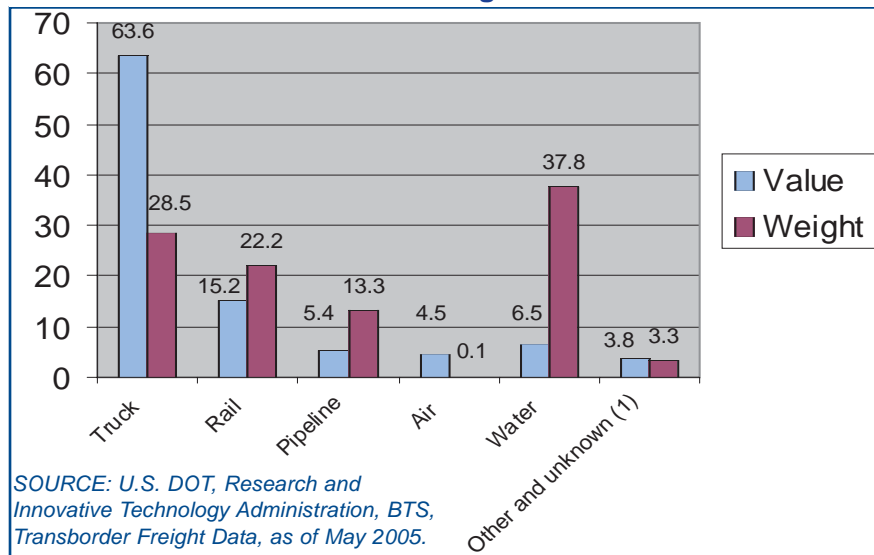
■ **Public-private partnerships:** Public sector freight initiatives need significant involvement from the ultimate users of the system - the private sector freight providers. For example, public authorities manage port complexes, and the individual marine terminals are operated by private sector organizations.

The Brookings report highlights the Chicago Regional Environmental and Transportation Efficiency Project, a recent example of a successful public-private coalition. Chicago is one of the nation’s leading hubs for goods movement, with the freight railroads providing crucial facilities and links in the overall metropolitan rail network in the Chicago area, rather than investing in only their own infrastructure.

In 1998, U.S. freight carriers moved more than 15 billion tons of goods worth more than \$9 trillion. Foreign trade more than doubled between 1981 and 2002, and now accounts for one-third of GDP, and is expected to double again by the end of the next decade. By 2020, the volume of freight moved by our transportation network will increase to 25 billion tons, worth about \$30 trillion.

Mortimer Downey III “Long-Term Transport Planning Needed,” *Traffic World*, August 29, 2005

## Modal Shares of U.S. Trade with Canada and Mexico by Value and Weight: 2004



### In the Region:

Jurisdictions in the ERC have some of the most dense and complex concentrations of goods movement facilities and activities in the country. According to the Brookings report, Northern New Jersey contains the leading port complex on the East Coast, the Port of New York and New Jersey (PANYNJ), which handled nearly 4.5 million twenty-foot equivalent containers in 2004. The Port is also a leading gateway for automobiles and petroleum products.

Nearly 687 million square feet of warehousing and distribution space is located along the New Jersey Turnpike and other interstate highways, one of the nation’s largest concentrations of industrial development. These facilities serve Greater Metropolitan New York, the largest and wealthiest consumer market in the U.S., as well as points in New England and other mid-Atlantic states.

The NY-NJ port complex has employed modernization programs including a dredging initiative as a long-term solution to address the navigational needs of the new deep-draft container ships and crafting long-term investment strategies. However, the port complex lags behind the advancements made in public-private partnerships by other U.S. ports including Seattle, Chicago and LA-Long Beach.

The challenges for the NY-NJ ports are building consensus on a bi-state level to address problems. A growing number of states have put together initiatives such as the I-95 Corridor Coalition to examine regional freight movement needs. ■

### Short-Sea Shipping Critical to U.S.-Canada Trade Infrastructure

Brian Lee Crowley, Executive Director of the Atlantic Institute for Market Studies in Nova Scotia, discussed the importance of modernizing short sea shipping at the CSG/ERC 2005 Annual Meeting in Connecticut. He suggested that the north-eastern U.S. and eastern Canada could be defined as one economic region called “Atlantica” which would help create a more seamless movement of goods. He added that marine terminals and docks, as well as connectors to other modes, must be modernized to accomplish this goal.

“It is insufficient to drop goods on a dock - they need to go on a train, truck or via short-sea shipping. New York and Halifax have drawbacks in this respect.” said Crowley. “Atlantica could become a reality if short-sea shipping is developed in the region.”

The amount of cargo moving in maritime containers is forecasted to grow nearly three-fold by 2020, rising from 57 million twenty foot containers worldwide in 2000 to 163 million in 2020.

Crowley added that the international north-east is being virtually ignored as a high priority corridor at the federal level. Only a few members of Congress, including Senators Olympia Snowe (ME), Charles Schumer (NY), and Hillary Clinton (NY), are prioritizing the issue. ■

*Brian Crowley’s Presentation: A Tale of Two Cities: How to Put the International Northeast at the Centre of the New Global Trading Patterns*