



moffatt & nichol

Understanding & Strengthening Connections

AAPA Maritime Economic Development
Workshop

June 2012

Overview

- Dominant hub ports create niche opportunities
- Markets can find numerous connections to serve niche opportunities
 - Markets should drive infrastructure
 - Infrastructure rarely drives markets
- Understand your niche markets—hard market analysis required
 - Find opportunities to strengthen connectivity to those niche markets—often scalable
- ***Ability to decide and execute niche market strategy the key—decisive organizations win!***

Example: Gulf of Mexico Auto Imports

- Significant auto manufacturing in Mexico
- Now mostly imported by Mexican rail (KCSM) and then interchanged to US rail network
 - Capacity and security challenges on Mexican rail
- Short sea service, Veracruz to US Gulf may be an alternative
- May require investment in facilities to serve the auto business
- And opportunity for exports from auto manufacturing cluster in SE US



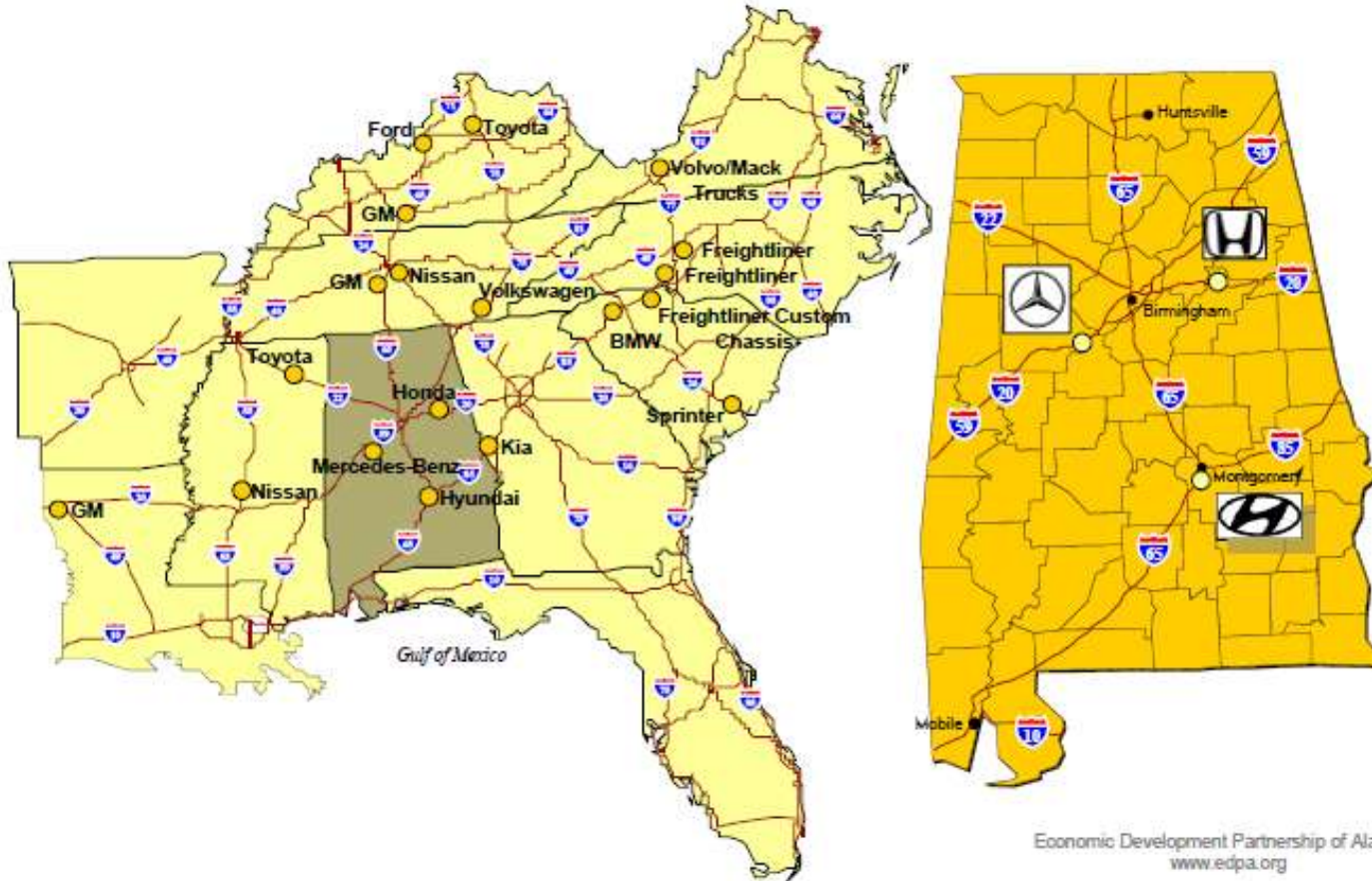
Automotive Industry Location

SE

Highly developed automotive clusters.



Vehicle Assembly Plants in the Southeastern States



Economic Development Partnership of Alabama
www.edpa.org

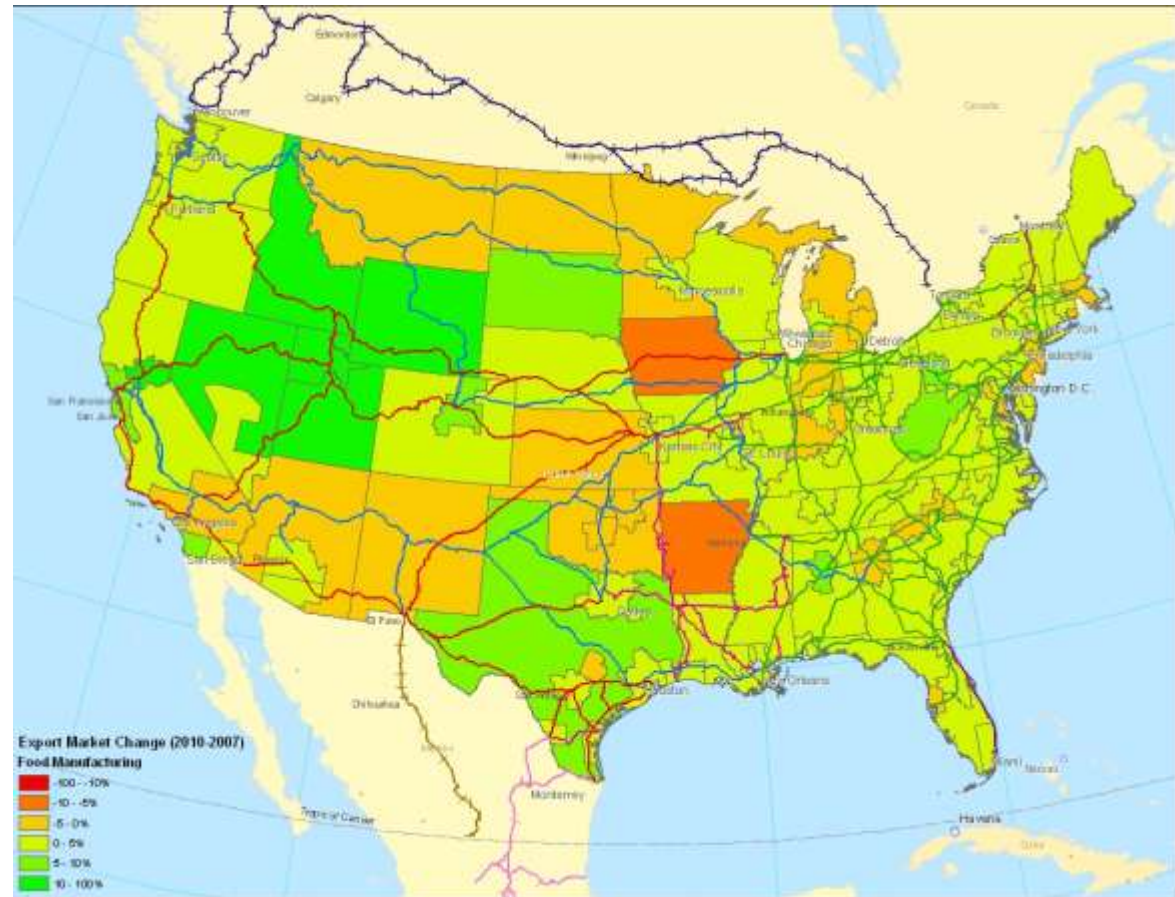
Example: Analysis of Northeastern Bulk Exports



- The ports have a competitive cost advantage within their respective immediate markets
- This is confirmed in the trade data which suggests that the majority of bulk shipments through regional ports are destined to/originate locally
- Does not preclude coastal barge shipments
- Highly detailed, commodity-level analysis required
- Infrastructure or service improvements scalable—connections can be strengthened over time

Example: West Coast Share of Food Product Exports

- West Coast share of Nevada, Utah, Colorado and Idaho meat product exports is significant
- Good opportunities exist for increased market share in key meat producing states of Nebraska, Iowa and Kansas
- Export flows are consistent with rail & road system—**with sufficient empties**



Example: Strengthening Appalachian Connectivity

- Leverage Appalachian Highway System investment with intermodal Corridors of Commerce
- Connectivity through inland ports, inland waterways, class 1 and shortline railroads, and coastal seaports
- Multistate planning, advocacy funding and private partnerships
- Appalachian Regional Commission endorsed

NETWORK APPALACHIA

Intermodal Corridors of Commerce (Existing and in Development)

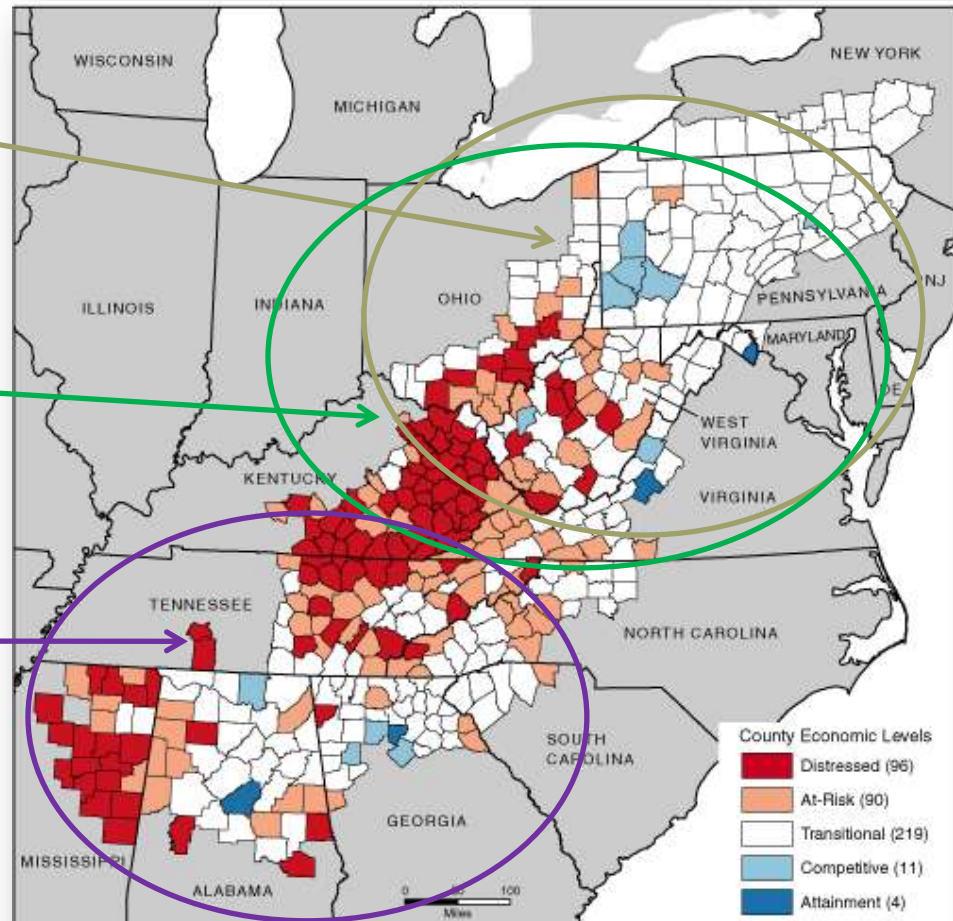


Appalachian Export Potential

■ Agriculture

■ Energy

■ Manufacturing



Created by the Appalachian Regional Commission, March 2011

Data Sources:

Unemployment data: U.S. Bureau of Labor Statistics, LAUS, 2007–2009

Income data: U.S. Bureau of Economic Analysis, REIS, 2008

Poverty data: U.S. Census Bureau, American Community Survey, 2005–2009

Effective October 1, 2011
through September 30, 2012

Conclusion

- Dominant hub ports create niche opportunities—many with export opportunities
- Markets can find numerous connections to serve niche opportunities
 - Markets should drive infrastructure
 - Infrastructure rarely drives markets
- Understand your niche markets—hard market analysis required
 - Find opportunities to strengthen connectivity to those niche markets—often scalable
- ***Ability to decide and execute niche market strategy the key—decisive organizations win!***