



Excerpts from a Presentation made at Wayne State University  
April 24, 2009, by **Richard E. Blouse Jr.**

**TRANSLINKED**  
*driving global connectivity*

---

## Excerpts from a Presentation made at Wayne State University April 24, 2009, by Richard E. Blouse Jr.

---

**G**ood morning, it is good to be here with all of you. I want to thank Wayne State University for hosting today's discussion on an issue the Detroit Regional Chamber is very much invested in – transforming our region into a major center of international commerce.

Now you may be asking yourself - what is TranslinkeD? This is what I am here to discuss with you today.

TranslinkeD is the chamber's vision to leverage the Detroit region's assets into a global logistics hub for moving people, goods and ideas around the world. It is part of our economic development strategy to put southeast Michigan back on a path to prosperity. If we do this right, TranslinkeD has the potential to grow hundreds of thousands of new jobs and billions in investment for the Detroit region.

The chamber, as an organization representing over twenty thousand businesses from across the Detroit region, has an interesting perspective because so many of our members are plugged into the global economy. They understand the importance of open trade and the economic benefit that comes from nations freely exchanging goods and services. We hear from our members all the time about how best to tap into increasing global trade.

Enhancing our global links will help us strengthen our economic base. Our region needs an infrastructure system that supports a positive transformation.

Building a system for future investment and a more diversified economy are two very important imperatives for our region.

The chamber's economic development team leads business missions into

every corner of the world to seek out opportunities for jobs and investment for the Detroit region. We regularly travel to Europe, Asia, the Middle East, Africa and South America to make global connections for our local economy. We have worked for fifteen years to develop these relationships.

A robust trading infrastructure is absolutely crucial to help support these relationships and connections to create jobs and attract investment for our region. And, this is why we are leading the TranslinkeD initiative.

### REGIONAL ECONOMIC OPPORTUNITY

Regional economies grow by being globally connected and unified.

When talking about this vision for becoming a global logistics hub, we are referring to a larger region than just Detroit. This larger region includes Windsor, Port Huron, Flint, Ann Arbor and Toledo. Detroit is at the heart of this larger region and therefore is the most critical component of creating a global logistics hub. Our region is what ties this concept of a global logistics hub together.

To visualize it, you can see not only the ideal geographic position, but also see the transportation assets within each component that are more valuable in the greater regional context.

Detroit is ideally suited to capitalize on the way global commerce is conducted in today's fast-paced world. We have the transportation

infrastructure - the roads, railways, water routes, international border crossings and airports - to become a large center of international commerce.

And just as importantly, we have the intellectual capacity and human capital to be a hub of global trade. Our workforce is well equipped to move goods around the globe effectively and efficiently. We have been doing it for generations as the automotive capital of the world.

Is there an opportunity to capitalize on global trade? Absolutely! Prior to the recession, global volumes were increasing year over year.

There is a direct correlation between the amount of TEU's – twenty-foot equivalent unit - a measurement used in intermodal transportation - a region can process and its GDP. The more TEU's that move through a region, the greater the economic impact on that region. Trade volumes directly affect a



local economy. It's this simple - the more trade, the better the economy.

Projections for the logistics industry estimate a three-fold increase from three trillion annually to fourteen trillion by 2020. Global insight predicts a 250 percent increase in North American truck traffic because of the increases in trade and the logistics industry.

A logical question that arises from all of this talk about tapping into the benefits of global trade is – what about the economic recession? It's a good question and one that is worth spending a little bit of time discussing.

Global trade has certainly slowed in recent months because of the world-wide recession - but this is cyclical in nature and trade will rebound. So, we should not be discouraged from implementing a plan to turn the Detroit region into a logistics hub.

According to World Trade Organization, the collapse in global demand has caused a roughly nine percent contraction in exports worldwide. This began in late 2008 and has continued into 2009. It explains the approximate ten percent decline in cargo throughput most ports have experienced over the last year.

The WTO is predicting global trade will continue to weaken for the next few quarters. However, it will resume its normal annual upward trajectory - which was approximately at a six percent growth rate in 2007- once the global economic crisis subsides.

Whether this growth in global trade will occur at the end of 2009 or sometime in 2010 is entirely dependent upon when the economic recovery finally takes hold. But, all the historical data and economic forecasting indicate global trade will eventually be on the rise again.

Certainly, turning the global economy around is the largest obstacle we face at

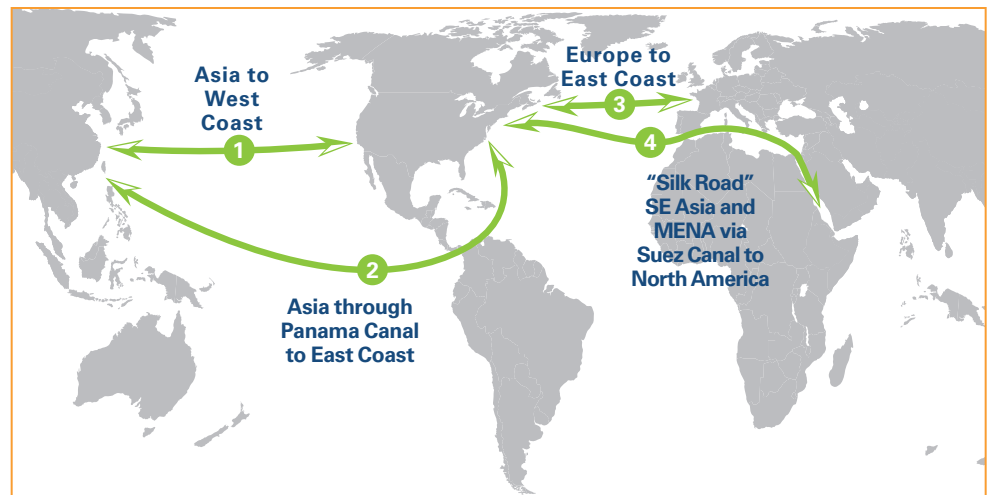
the moment. However, once we get past these formidable obstacles, we will be well on our way to having global trade resume its natural growth rate of four to eight percent annually.

So, our focus should be on the future. Whether it's 2009 or 2012 where we see recovery, our strategy needs to look at volumes and opportunities in five, ten, fifteen and twenty years from today.

The question we need to ask ourselves is where do we want to be in that same time frame and how do we take advantage of those opportunities?

the United States and the Far East, while movements between Europe and the west coast of the United States and Canada comprise the second highest volume of trade through the canal.

China has become the biggest player in trade along the North American east coast. China's volume of container trade through north Atlantic ports grew three times faster than any other region between the years 2001 to 2003. This trend is expected to continue, especially as expansion of the Panama Canal will allow more Pacific to Atlantic trade to occur.



## GLOBAL TRADE ROUTE

Let's look at Atlantic shipments. Consider how cargo travels between the Atlantic and Pacific oceans. Where you'd expect the greatest movements is from South America, Europe and northern Africa. What you might not expect is the tremendous Chinese increases. Chinese trade made the greatest year over year increases in Atlantic trade, growing significantly faster than trade from any other region of the world.

According to the Panama Canal authority, the majority of the traffic through the canal moves between the east coast of

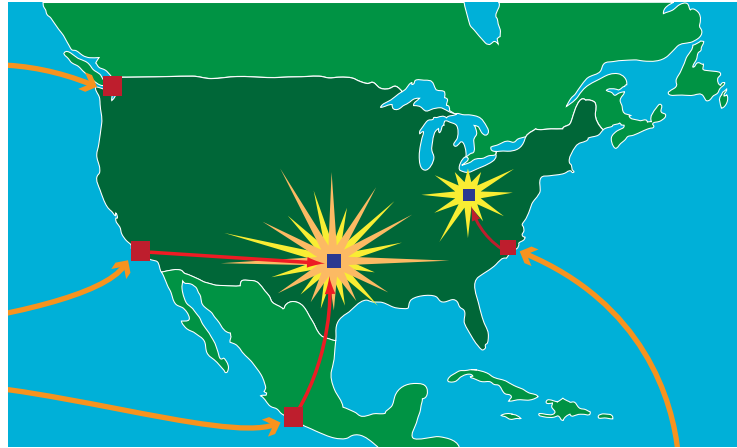
Adding to that is the expansion of the Panama Canal where Chinese shipments will be even more capable on larger ships, carrying more TEU volume and by-passing congested west coast ports.

China continues to lead the world in economic expansion with its GDP increasing about nine percent a year, despite the current economic mess most of the rest of the world finds itself in today. This growth is expected to continue well into the near future.

Increasing Atlantic shipments even more is the growth of Indian trade through the Suez Canal. The development of the new "Silk Road" includes greater imports and exports out of India into the western hemisphere.

Also, India is not far behind China in terms of population so that market will continue to grow as well.

In fact, there is continued economic growth in Asia as booming middle-class populations with increasing disposable income sprout in many nations in that part of the world. The national intelligence council has calculated the world's population will increase to over seven billion by the end of 2010. Ninety-five percent of this growth will occur in developing nations such as China and India. This presents many new markets to sell and buy goods within the world economy.



Kansas City has implemented the Smartport, which connects BNSF rail to the west coast of the U.S. and to Lazaro Cardenas Port in Mexico

Columbus, Ohio has connected with the port of Virginia via Norfolk southern rail through the Hartland Corridor.

This relationship allows shippers a direct distribution point into the Midwest and a closer connection to their end users.

Further, CSX is looking at a project called the national gateway to build their inland and ocean port connections.



**CAPACITY SHORTFALL**

Now that we've looked at the greater hemispheric movements, let's see how trade is moving into the U.S. Seventy-five percent of ports along the east and west coasts will encounter significant capacity problems in the next few years ahead. By 2024, these ports will be well over their capacity.

In fact, ports at Oakland, Los Angeles, Long Beach, Charleston, Virginia and New Jersey will begin experiencing capacity constraints as early as 2012.

This shrinking capacity issue has brought about a solution: the inland port

**THE SOLUTION: THE INLAND PORT**

An inland port, which is ultimately what we are trying to accomplish for the Detroit region, is a physical site located away from traditional coastal borders. Inland ports may also be referred to as dry ports or intermodal hubs.

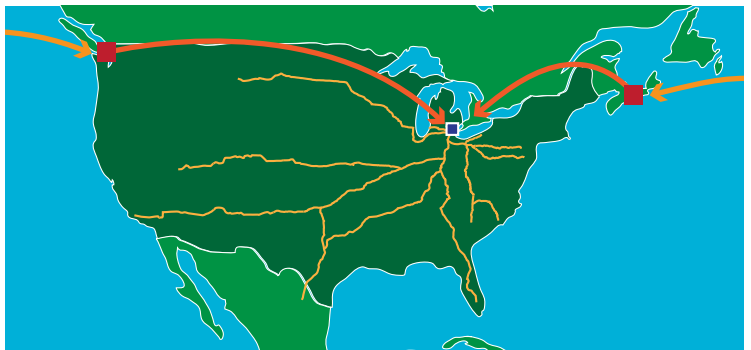
A number of regions throughout the country have implemented vast infrastructure investments, alliances with ocean ports and strategic economic development plans.

So what is our opportunity?

The real question is: *where isn't our opportunity?*

**THE DETROIT INLAND PORT**

Despite the absence of such activity in our region, Detroit already has the makings and structure of an inland port. Our region has been the inland port for the auto industry for over 100 years.



As I stated earlier, the Detroit region is uniquely situated to take advantage of growing global trade. We are geographically positioned well to plug into existing trade routes - from the "Silk Road" that moves through the middle east to the trade that moves between the Atlantic and Pacific oceans via the Panama Canal.

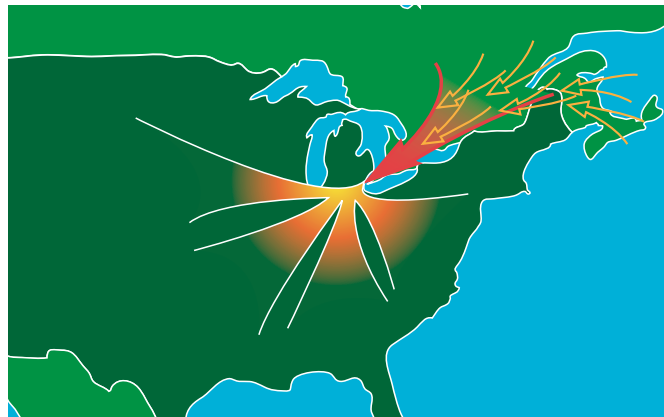
**The best connection from those trade routes to the industrial Midwest is our region.**

We are blessed with the good fortune of being located near the source of the Saint Lawrence Seaway. This river is Mother Nature's entrance way for the heartland of North America. It is no accident that Detroit has been a historically important location for more than three hundred years.

Fort Detroit, first established by the French in the early 1700s and later controlled by the British up until the war of 1812, was considered a strategic post for both facilitating trade and military dominance on the continent. The reason is simple. Detroit is a major gateway into and out of North America.

**THE NORTH AMERICAN GATEWAY**

At the base of the St. Lawrence Seaway system, our region connects directly to the Halifax and Montréal container ports by road, rail and water. Those characteristics that made Detroit so attractive for the past three centuries



are still present today. In fact, they are more important than ever considering how much trade has grown and is expected to grow in the coming decades. Not only are we integrally connected to the great lakes waterways, but to major railways and roadways that span out across the continent as well.

A lot of times, moving goods through Detroit via Canada is faster and less expensive than using other ports.

For example, the travel time from Rotterdam, which is the second busiest port in the world after Shanghai, to Halifax is five days while traveling from Rotterdam to New York would take seven days. Then there is the cost advantage. Moving goods through Canada is less expensive than anywhere on the east coast.

Using the advantage of the Saint Lawrence Seaway, Detroit is a viable alternative for moving goods from Europe to the Midwest of the U.S. This would allow ships to bypass the congested and costly ports along the east coast.

Likewise, goods arriving on west coast of the U.S. from Asia that are to be distributed throughout North America could use the Halifax Detroit route via the Panama Canal. This allows shippers to sidestep the equally clogged and expensive ports along the west coast. You save time and money, two critical elements in a fast-paced international economy.

**I-75/I-94 CORRIDOR**

Which leads me to another important factor that benefits Detroit as a major logistics hub - the I-75

corridor. This is a major north-south artery in nation's highway system. In addition, all the key east-west roads are connected to i-75 in some fashion.

The I-75 corridor feeds a production pipeline, if you will, that runs along eastern quadrant of the United States. A lot of factories, plants and distribution centers rely on i-75 because of their proximity to this important roadway.

On top of cargo arriving by water and rail, we have three airports – Willow Run, Detroit Metro and Bishop International. These add an important and necessary air component to TranslinkeD.



Toledo is an important part of the equation too. It has numerous transportation assets, that when tied to ours, makes our case for a global logistics hub for this region even stronger.

In addition to our land connections, Detroit metro airport provides our region with enviable national and global access. You may have heard of aerotropolis – an effort to connect Detroit metro and willow run into a new economic development corridor. The idea behind an aerotropolis is to leverage a region's airport, or in our case airports, to attract jobs and investment from the logistics industry.

Other regions around the nation and world, such as Louisville and Frankfort are successfully using this concept to create thousands of new jobs and businesses.

Aerotropolis is a pivotal piece of TranslinkeD by supporting our vision for creating a broader global logistics hub for the entire region.

So while other regions are building capacity to attract trade, we have a natural trading advantage through our multi-modal geographic region.

You can see a heavy concentration of NAFTA-based trade centered around the base of the great lakes connecting into Mexico through Texas.

It is no accident that the international border crossings between Detroit and Windsor comprise the largest trade passage in the world in terms of the net worth of cargo. Over two hundred billion of trade moves through the region each year – much of this due to NAFTA. Three hundred million of just-in-time deliveries alone pass through the Detroit Windsor region every day. It is because of our location and connection, through water, rail and roads, to the rest of the continent.

[These multiple connections translate into hard numbers.](#)

**Detroit ranked fifth in national exports in 2008** - behind Los Angeles, Seattle and New York, but ahead of Chicago. And the trade is going out of the region is in good balance with the trade coming in – key for shipping companies to maximize their movement.

This does not only apply to trade, **Michigan moves more commodity value than any other state.**

The opportunity and efficiency offered by the region is ideal for companies in any mode of transportation and at any level of the supply chain.

So, is this it? We already have a robust trading network. Do we need to do anything?

Yes!

Other regions modeling themselves as inland ports have brought all of the pieces together.

Detroit has all the right pieces – international roads, transcontinental railroads, international airports and abundant waterways - to be a global logistics hub but we have never put them together in such a way to take full advantage of their economic impact. If we can arrange these pieces to fit together properly, we will improve and increase our capacity and connectivity to quickly move cargo around the world. Thus, we will have achieved our goal of becoming a global logistics hub and on international gateway inland port.

Improving and connecting our waterways, railroads and roads is also vital to advancing our ability to move goods effectively.

We also need to increase our warehouse capacity.

We will need this increased storage ability once trade picks back up, especially if we plan on being a center of international commerce.

Finally, we need to draw this responsibility under an authority or governance structure that can market and administer a logistics hub.

While the Detroit region has all the components for being an epicenter of international commerce, we lack a unified vision and voice from our business, community and political leadership. All too often, our region is caught up in petty, parochial politics. Such provincial histrionics will only hold our region back. We need our entire community working towards the same goal of putting all the pieces of the global logistics hub together. Our congressional legislators should have the single focus of securing as many federal resources as possible for investing in our roads, waterways, rail lines and borders.

Our state and local leaders will need to demonstrate they can work together towards a unified goal and vision.

To get where we need to go with TranslinkeD, we will need to change the actors involved. We need a broader, global approach and to include more people in the dialogue. This will require educating the general public about the needs and benefits of this plan. Only then can we bring the TranslinkeD vision to fruition.

Time is of the essence because Detroit has global competitors. If we do not do this other regions will – and the jobs and investments we hope to have here will flow to those regions that have their acts together. Kansas, Virginia, South Carolina and Georgia already have plans on the table to become centers of global trade. It is a race against the clock to be the first to cross the finish line as a leading hub of international activity.

You can see we have our work cut out for us. It is not going to be easy, but it is absolutely necessary if we want to diversify our economy, create new jobs and attract more investment for the Detroit region. We need to put ourselves on the map as a major global logistics hub. TranslinkeD is the road map to do this and to get us back on a path to prosperity.

This is the message the chamber is working on delivering to help educate the public as well as business, community and political leaders. We all need to be on the same page working towards the same goal if we hope to achieve this ambitious plan. ○