

# Inland Connections



## ■ Trade and Transportation

By *Thomas O'Brien*

**T**he success of our ports depends upon a complex network of relationships between partners up and down the supply chain. That list of partners includes ocean carriers, truckers, rail companies and others who handle the cargo on its way from origin to destination. Since the early 2000s, there has been a renewed interest by some stakeholders in developing inland ports as a means of improving the competitiveness and efficiency of our trade hubs, including the ports.

An inland port is a site located away from a traditional seaport, airport or border crossing that contributes to the efficient flow of goods through both intermodal transportation services and value added cargo handling and processing. These services are integrated with the major trade hub and help provide access to the inland market for both inbound and outbound traffic. Many inland ports act as distribution centers, depots for containers and chassis, warehouses and locations for other general logistics services. Inland ports may also play a key role in the transfer of full or empty containers to railcars or add value to the supply chain as a free-trade zone.

Some inland port facilities are located outside of urban areas to be near manufacturing and distribution centers; others are located adjacent to large urban areas to take advantage of pre-existing networks of suppliers and customers. In almost all cases, they are located where there is available land at relatively affordable prices for warehousing, distribution and transloading; reliable and competitive rail service; good access to a highway network; and available labor.

Successful inland ports help major seaports accommodate the growth in container volumes while reducing costs related to truck travel time. For planners and elected officials at the local level, inland ports are sometimes viewed as an opportunity to move cargo processing and distribution away from congested areas. The closure of military bases in the 1990s and projections of dramatic growth in containerization in the early 2000s prompted freight carriers and public agencies to

explore strategies to take advantage of newly available land while at the same time reducing port congestion by adding new cost-effective inland ports to their supply chains. At about the same time, public agencies were seeking transportation strategies to lower truck emissions by reducing vehicle miles travelled.

Major inland ports serve trade hubs as diverse as Houston, Chicago, Kansas City, St. Louis, Atlanta, Memphis, Columbus and Charlotte. Newer inland ports have been created in Greer, South Carolina, Front Royal, Virginia, and Alliance, Texas. Closer to home, a 2008 study of the potential for rail shuttle service to a new inland port in the Inland Empire concluded that, while the project was technically feasible and would produce a small reduction in vehicle miles traveled, it was not justified for a variety of institutional and economic issues and could not compete with more pressing freight-related investment options.

That's because an inland port needs to be located where local officials support its development and are willing to offer strong incentives to participants. Local residents need to be convinced that there are minimal potential conflicts with other land uses and that congestion and other environmental impacts can be mitigated. And of course, service providers want to see that the costs savings in logistics operations significantly offset the cost of moving those operations further from the coastal ports.

The primary planning goal in developing a new inland port is to ensure there is a strong and sustainable economic benefit from the capital investment in which the total logistics costs – including capital, fuel, labor, transit time – are lower, and flexibility and reliability are significantly higher than expanding in the vicinity of the coastal port area would be. Inland port strategies that do not take this into consideration are not likely to be successful. Another planning concern is the uncertainty of future growth in trade volumes. Investment in new capacity simply to relieve current congestion may be risky if that volume is not sustained or shifts to other locations. Success depends upon a clear demonstration of potential costs and benefits to everyone involved.

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