

C-01-82**New York in the New World Economy****Strategic Issues and Options: The Potential Impact of Logistics and Global Trading on New York State and its Geographic Neighbors****OBJECTIVES**

The objectives of this research are to:

- (1) Understand the strategic transportation issues facing New York State, and by necessity its geographic neighbors, as the nature of logistics / global trading is expected to evolve. Based on that understanding, identify likely partners in both government and industry.
- (2) Identify transportation corridors which are critical to the region's economy or can be used to seize opportunities to strengthen the region's economy.
- (3) Discuss each identified corridor in terms of its relative priority to other recommendations and possible opportunities to fund the recommendation beyond current budgets, as was successfully done elsewhere (e.g., public-private or NYS-Canada partnerships).
- (4) Looking at all the identified corridors, make recommendations in prioritized order of major improvements that would best position New York State in the new world economy. These recommendations are to be general in nature, not project specific. An example is an additional bridge over the Hudson in the downstate area.
- (5) For each identified corridor, include a discussion on the risk of failure to make these improvements.

In developing any of these recommendations, opportunities for all areas of the state should be included.

RESEARCH PROBLEM STATEMENT

Two closely related and fundamental changes are underway with regard to global trade and the shipment of goods. The first is the concept of globalization and a borderless marketplace. It has become a reality and is growing. Accelerated by the break up of the Soviet Union, new trading blocs have emerged, expanding the role of China and India as both emerging markets and growing competitors. Trade across the oceans has increased, as has the size of ocean going container ships. Ports and their connections to markets through rail and highway (truck) connections will be of increasing importance in the next 25 years.

The second change is the recognition of logistics as an important element of the process by which goods are brought to customers. Managing the supply chain is critical to reducing costs and satisfying customers. Overnight delivery of goods is common and the role of air freight has grown. Technology has been and will continue to be a key enabler of this change.

Cities, states and even countries must work collaboratively if they are to optimize the flow of

goods and positively support their economy and citizens. New York State is well positioned geographically, being on the macro trade route between China and Europe, part of the multi-state New York Metropolitan Region and part of the northeastern United States and Canada. It is also fortunate to have a sound economy. New York State provides many consumer goods and services. New York State is also a huge market for the U.S. and the rest of the world. Yet the demand for faster and more reliable shipping poses a challenge to the State of New York which can only be met by working closely with its neighbors.

The Port of New York / New Jersey is strong, but access and egress needs to be strengthened to remain competitive. The Port of Halifax, a day closer for container ships traveling to and from Europe, is growing in importance. The North Atlantic Free Trade Agreement is creating a trade corridor from Halifax through Detroit, then south to Mexico. Manufacturing plants are naturally attracted to this corridor, just as the Erie Canal once attracted commerce through New York State. The economies of those not on this trade corridor could suffer. In addition, traffic congestion along major existing travel routes threatens to impede the economic promise of the New England States and the neighboring Canadian Provinces.

New York State and its neighbors must act collaboratively to serve their mutual interests. Globalization and the demands of supply chain management will drive investment decision, without regard to political boundaries. The economy of the State of New York, New England and the entire northeast will be affected by how well the issues are understood and how well New York State and its neighbors can work collaboratively.

PROPOSED RESEARCH TASKS

Task descriptions are intended to provide a framework for conducting the research. NYSDOT is seeking the insights of proposers on how best to achieve the research objectives. Proposers are expected to describe research plans that can realistically be accomplished within the constraints of available funds and contract time. Proposals must present the proposers' current thinking in sufficient detail to demonstrate their understanding of the problem and the soundness of their approach.

Task 1. Develop and support potential scenarios for the next 25 years based upon a review of recent and ongoing transportation studies, forecasted travel trends, and economic forecasts. These scenarios should be based on "local" information and global trends.

Task 2. Divide New York State into communities of economic interest and describe the essence of each community geographically, economically and socially. Communities of economic interest may extend across state boundaries. This discussion should include the community's transportation infrastructure, its assets, its competitors and the challenges it faces.

Task 3. For the State of New York and for each community of economic interest, assess the freight and logistics issues facing that community (air and ground). Identify the greatest economic risks and any opportunities which should be seized through transportation improvements. In developing this list, connections and partnering both within the state and beyond, now and in the future, should be considered. Discuss relative priority and likely opportunities for innovative financing. (Note: any estimated project costs, if required for this

analysis, will be provided by NYSDOT)

Task 4. Using the information developed in the first three tasks, identify critical corridors (both within and beyond but impacting NYS) for each community and, for each, likely partners (both government and industry) in the changing freight/logistics environment. In this discussion identify the special challenges and/or opportunities facing this corridor.

Task 5. Develop a prioritized list of recommended major improvements along these corridors that, if built, would best help New York State meet the existing and future needs of the new world economy. Each recommendation should discuss why it was selected, how it would benefit the region(s) it crosses as well as the State overall and whether the recommendation addresses a current unmet need or a future opportunity. The list should include at least one recommendation for every region. No cost estimates need be provided, but, if needed, NYSDOT will provide them. The recommendations should be general in description, focusing on the type of improvement and not suggest an exact location (unless critical).

Task 6. For each of the corridors provide a discussion of the risk of not making the recommended improvements. This discussion should provide some sense of the importance of these improvements and the likely result of no action along the corridor.

Task 7. Evaluate and discuss the role of freight railroads along these corridors. Identify steps New York State should take to ensure a viable freight rail system that would best support the regional economy and explain why.

Task 8. Evaluate and discuss the role of air freight to each region's economy. Identify steps New York State should take to ensure that air freight support is integrated into the future of New York State.

RESEARCH PRODUCTS

A single report broken down by these eight tasks or individual task reports. If the researcher prepares eight individual task reports, they will need to prepare an additional summary report tying the individual task reports together.

URGENCY / EXPECTED BENEFITS

The information will be considered for use as a strategic guide for future transportation related efforts to support freight, logistics and economic development by New York State and shared with its partners as part of ongoing transportation initiatives.

FUNDING

\$250,000 has been budgeted for this effort

RESEARCH METHOD

The selected consultant should be aware of existing information sources and be able to apply them to produce the required report. It is not envisioned that any significant effort will be required to obtain information needed in this report. NYSDOT will assist in obtaining existing information, if and when requested, but this should be on an exception basis or data/information

readily available in the Department.

PROJECT MANAGER

A small team of Department executives headed by a Project Manager will provide guidance and assistance.