

GLOBAL VISION:

Charlotte is the East Coast's Most Integrated Global Trade Hub

This year, Charlotte Douglas International Airport (CLT) will transform from the second largest hub of the new American Airlines—the world's largest airline, into the most integrated global trade hub on the East Coast of North America.

It will encompass the most comprehensive transportation facility as air, trucking, and rail (with shuttles to the ports of Norfolk, Charleston and Savannah) will all have presence within the airport. It will become the most reliable because freight can be transferred to any mode without entering a city street. It will be the most cost-efficient because goods transfers take place without having to leave the airport area. This facility will elevate the Charlotte region from a local distribution role to a global competitor.

Important to the strategy is the massive project to widen the Panama Canal that will be completed in 2015. Ships laden with cargo nearly triple that of the current ships that can pass through the canal will be able to transverse from the Pacific to the Atlantic, transforming oceanshipping patterns. While the effects of the opening of the Canal on the East Coast ports of North America are still uncertain, what is certain is that the opportunity for expansion of direct trade between the East Coast and Asia will be greatly increased.

The plan for the CLT multi-modal hub began years ago; resulting from the recognition of rapidly increasing global freight flows after 1990 as the former Communist bloc countries became integrated into the world economy. By 2000, what had begun as accelerating growth turned into an avalanche of trade that altered the global economic landscape.

The Chunnel connecting England by a land connection to Europe for the first time in history, the Oresund Bridge between Denmark and Sweden connecting Scandinavia by surface transportation, and the widening of the Panama Canal are all projects of historic dimensions.



FROM A LOCAL DISTRIBUTION MARKET, COMPANIES FROM EACH OF THE OTHER FIVE MAJOR TRADING BLOCS WILL NOW FLOW THROUGH THE CHARLOTTE REGION, PROVIDING THE AREA WITH AN UNPRECEDENTED OPPORTUNITY TO INCREASE ITS VISIBILITY ACROSS THE WORLD AND ATTRACT INDUSTRY FROM AREAS THAT WERE NOT TRADITIONALLY PRESENT IN THE REGION.

Within this context, the previous CLT Airport Aviation Director, Jerry Orr, initiated the process of exploring the possibilities of expanding airfreight volumes at CLT. Over 20 years ago, he recognized that change was coming; while passenger volumes were rapidly increasing, airfreight volumes remained pallid. The desired increase in airfreight volumes would represent an expansion of airport revenues, strengthening the airport's financial profile and increasing its competitiveness.

The assessment of Charlotte's role in the air-freight market of the East Coast airports revealed that the Charlotte region fulfilled a marginal role as a trade and transportation hub between the major

trading regions of the Eastern United States, New York, Atlanta, and Miami. Unless Charlotte was to evolve as a more important trading center, airfreight would not increase significantly at CLT.

Developing the plan for the airport involved pulling together the major transportation, communications, and finance companies serving and located within the region. The plan was not academically-based, as was the struggling Global Transpark, but an industry-based plan that involved developing industry relationships that were vital to implementing the plan and operating the facility.

This strategic development plan called for the creation of the Charlotte Air Cargo

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Center, construction of a third parallel runway, and the relocation and development of an intermodal/bulk transfer rail facility. Geographic location would be crucial to the success of the global intermodal hub; the airport is located at the intersection of the Norfolk Southern mainline and interstate system and is bounded by I-85 to the north and I-77 on the east. Norfolk Southern's rail line lies directly to the north of airport property.

A land envelope would be created by acquiring sufficient land directly adjacent to the airport. This would restructure the urban grid to create an "economic edge city" to strengthen the airport, the community and uptown, while creating new transportation opportunities through the relocation of rail lines and yards.

While a great deal of press and public attention has been given to the growth of trade on the Pacific Coast, especially in Los Angeles, it is predominantly goods arriving from Asia. Along the East Coast, trade is more balanced between Europe and Asia, with a significant portion from Latin America and to a lesser, but growing extent, Africa, the Middle East, and the Indian subcontinent.

From a local distribution market, companies from each of the other five major trading blocs will now flow through the Charlotte region, providing the area with

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an unprecedented opportunity to increase its visibility across the world and attract industry from areas that were not traditionally present in the region.

With its infrastructure in place, the Charlotte region has developed an unparalleled infrastructure that can provide it new global opportunities. CLT has just begun the next steps in fulfilling its desired goal of becoming a global leader in the logistics world. The future for new businesses, research and development, and manufacturing/industrial parks has yet to be realized.

For more than 15 years, CLT has been systematically assembling the necessary development components that were specified in the airport's Strategic Development Plan. A new third parallel runway opened on February 11, 2011. Ground was broken for the new intermodal rail yard on May 2, 2012. In December 2013, Norfolk Southern moved its operations from its rail yard near uptown Charlotte to its new Charlotte Regional

Intermodal Facility at CLT, 19 months after construction began.

The intermodal facility represents a \$92 million investment in the region. Funding for the facility included \$15.7 million in federal funds and some financial support from the State of North Carolina with Norfolk Southern funding the remainder of the project.

A total land envelope of approximately 4,000 acres on property and bordering CLT and the intermodal rail yard has been assembled and airport staff is working with the appropriate entities to ensure proper zoning, roadway and utility infrastructure and environmental compliances are in place so that compatible economic development may be pursued.

CLT is in the federal approval process to have local boundaries for the nearest Foreign Trade Zone (FTZ) adjusted. This will allow companies utilizing the intermodal facility and adjacent areas a competitive advantage of a tax relief business zone. Strengthening and enhancing CLT's logistics infrastructure with the addition of a FTZ is another vital component that will allow Charlotte to continue emerging as a major East Coast economic center.

CLT will further invest in this effort by adding an economic development manager to create and promote additional cohesive and innovative strategic initiatives. The Charlotte Regional Intermodal Facility at CLT is expected to serve as a catalyst for entrepreneurial growth and innovation, while presenting the opportunity to strengthen existing business sectors and growing new sectors.

Michael Gallis, a leading transportation and logistics expert, is principal of Michael Gallis & Associates and a consultant to Charlotte Douglas International Airport (CLT) and its new intermodal facility. For more information about CLT's economic development efforts, including the intermodal facility, contact Haley Gentry, assistant to the aviation director, at hhgentry@cltairport.com. Article reprinted with permission of Translucent Publishing, originally appearing in the Winter 2014 issue of Transportation & Infrastructure.