

Freight Trends Affecting Oregon

Oregon Transportation Plan
Update

Key Points

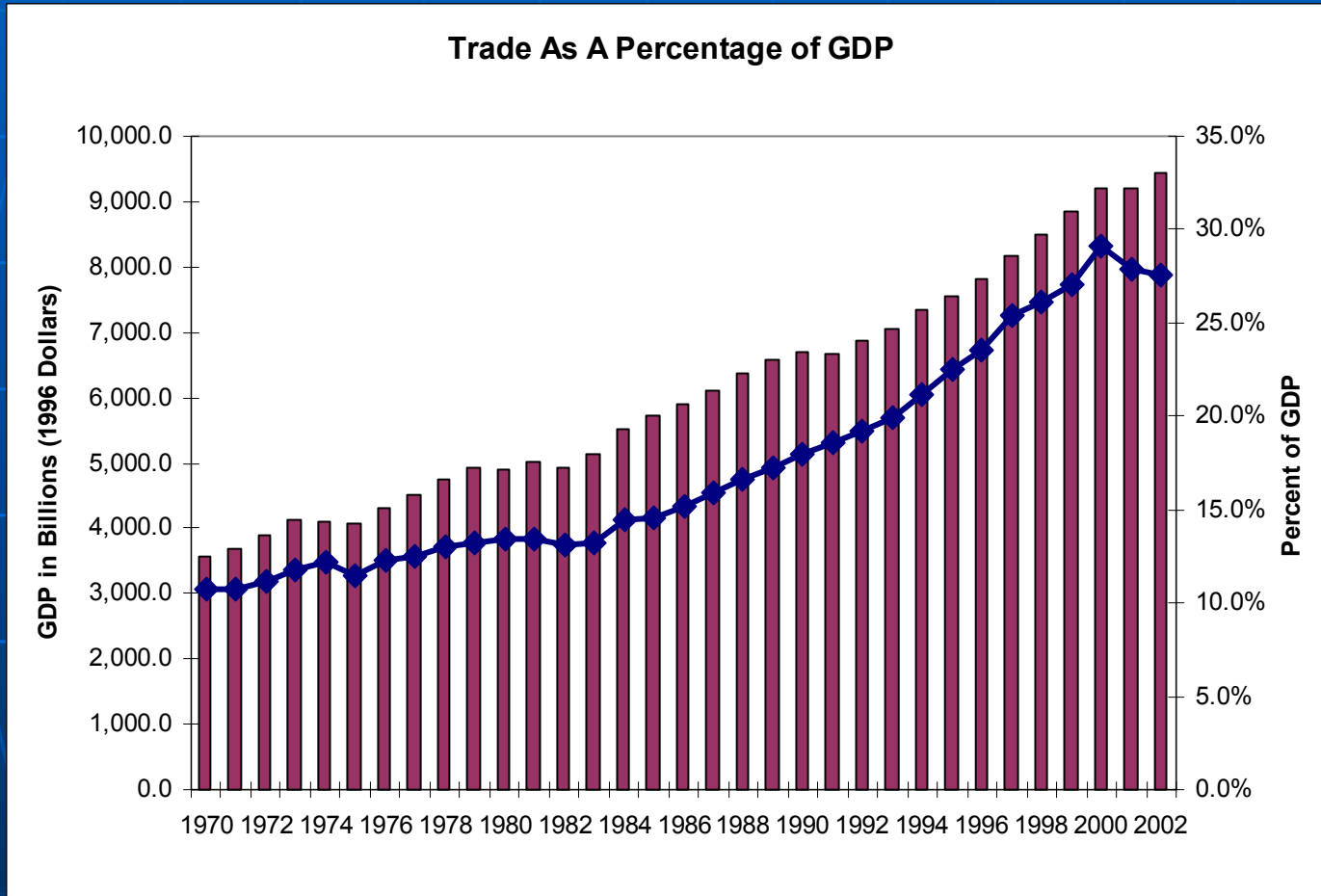
- Efficient freight mobility is a competitive requirement of the national and global economy
- It is increasingly important with the new business model and growing freight volumes
- Is an advantage we may lose without a strategic focus on industries' logistics needs and investment in freight transportation (all modes)

Globalization



- Markets around the globe - products are moving longer distances with more frequency
- Freight mobility pressure at ports and transportation centers

U.S. Trade Increasing



 GDP value

Source: U.S. Department of Commerce and U.S. Bureau of Economic Analysis, 2003

Distribution & Logistics: The New Business Model

The new business model relies on the use of the transportation system, information technology, and distribution facilities to assemble and move raw materials and products cost effectively to regional, national and international markets

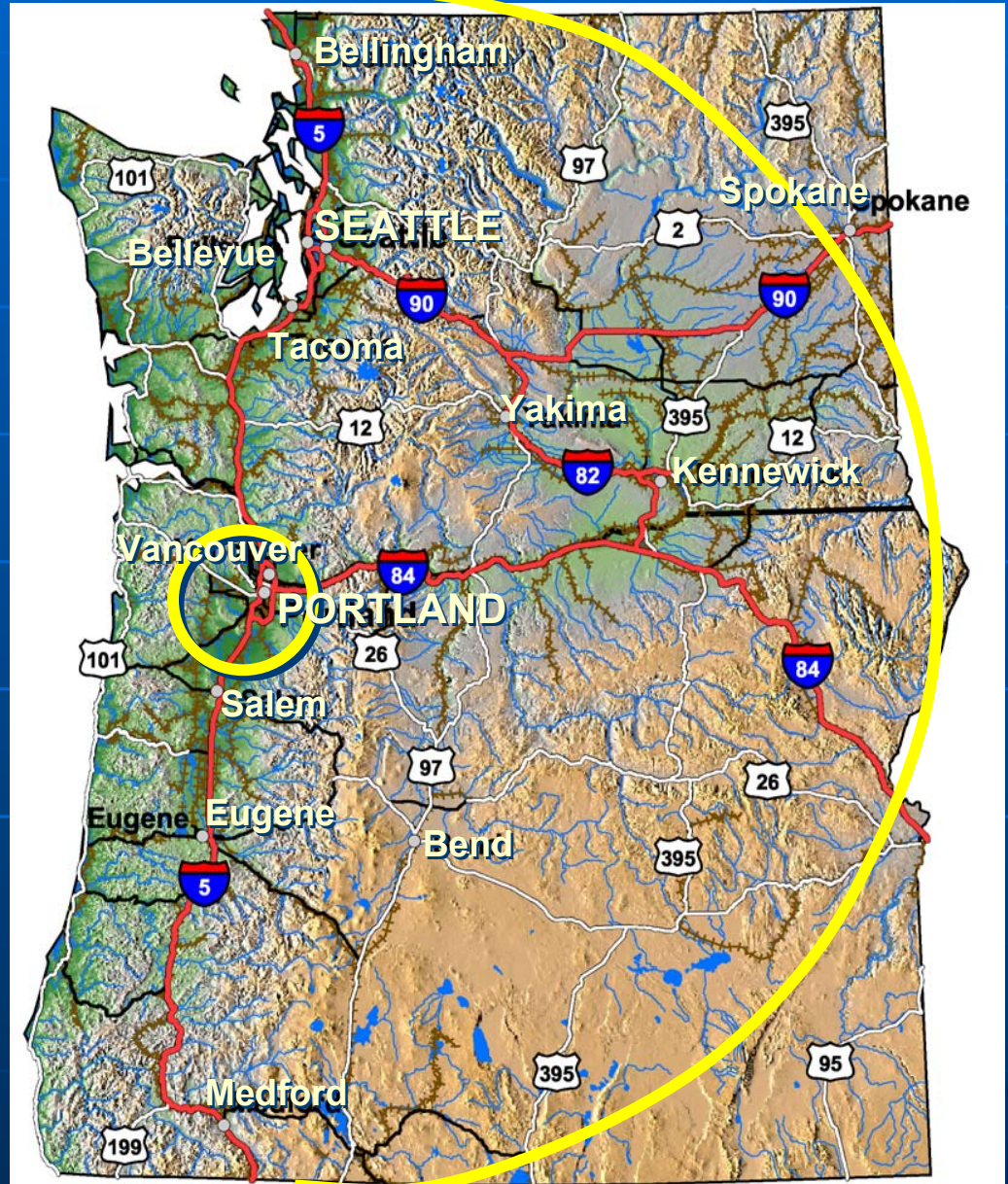
- Why ?
 - Increased competition for global markets
 - Increasing offshore production and movement of parts and goods
 - Business cost savings already realized through production efficiency
 - Supply chain management offers opportunity for additional cost savings

Strong Distribution System



Market-reach

(Portland region serves as distribution point for the greater Northwest)



Distribution Industry: Major Employment Sector

Exceeds Seattle, LA, SF and NYC in % of Workforce Employed in Transportation/Distribution

Metropolitan Area	Transportation cluster's share of total employment	Location quotient
Miami	14.59%	1.744
Atlanta	13.35%	1.596
Portland	11.17%	1.335
Seattle	10.90%	1.303
Houston	10.71%	1.280
Cincinnati	10.63%	1.271
Kansas City	10.44%	1.247
Los Angeles	10.36%	1.238
Denver	10.11%	1.209
New Orleans	9.86%	1.178
Savannah	8.63%	1.032
San Francisco	8.47%	1.012
Detroit	8.42%	1.006
USA	8.37%	1.000
Pittsburgh	8.34%	0.997
New York City	8.01%	0.957
Baltimore	7.82%	0.934
Tampa	7.18%	0.859
San Jose	6.89%	0.824
Charleston	6.84%	0.817
Sacramento	5.46%	0.653

Based on 2000 data. Sources: State Employment Departments

Domestic Distribution Gateway



International Distribution Gateway

(\$19 billion of trade in 2002)

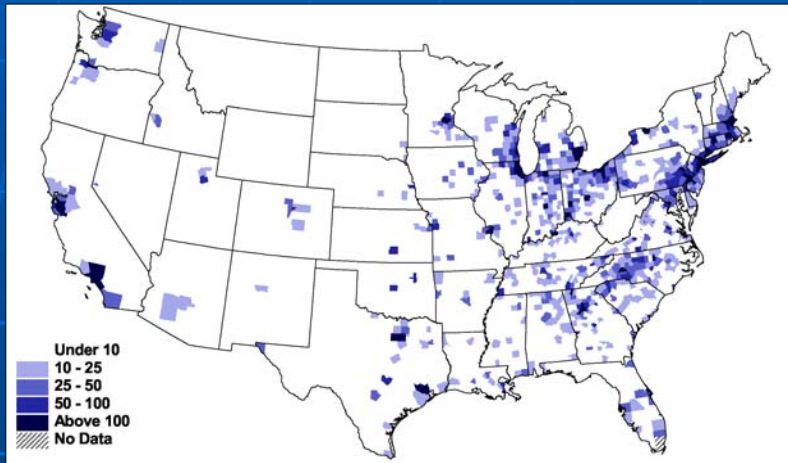


Source U.S. Department of Commerce, Columbia-Snake River Customs District, 2003

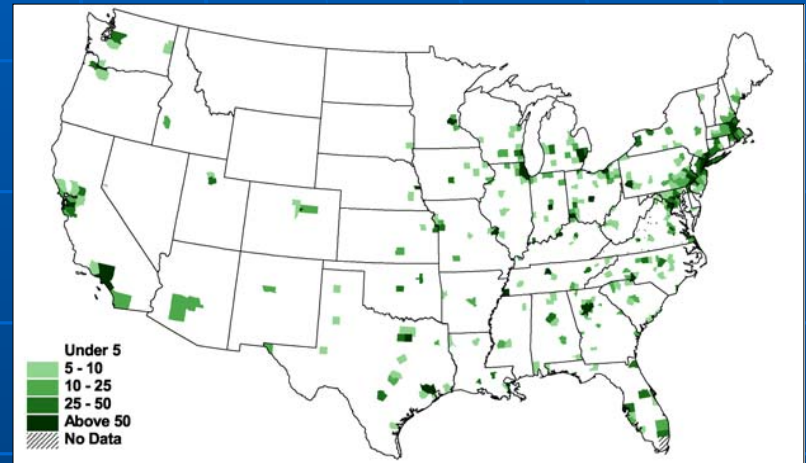
How Do We Stack-up?

Portland region is 1 Of 4 freight centers on the West coast

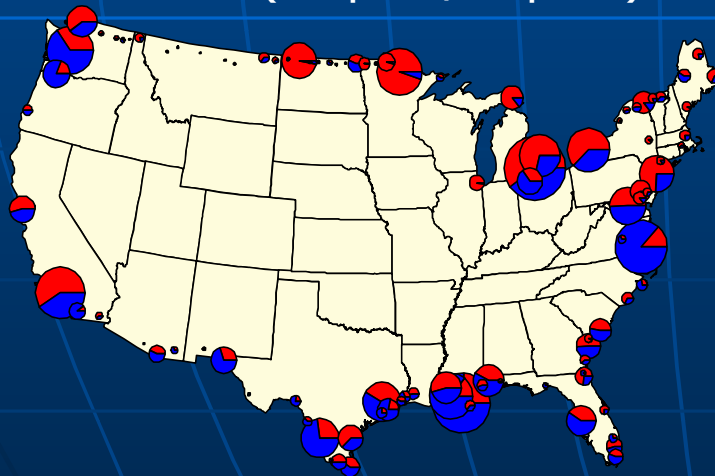
Manufacturing



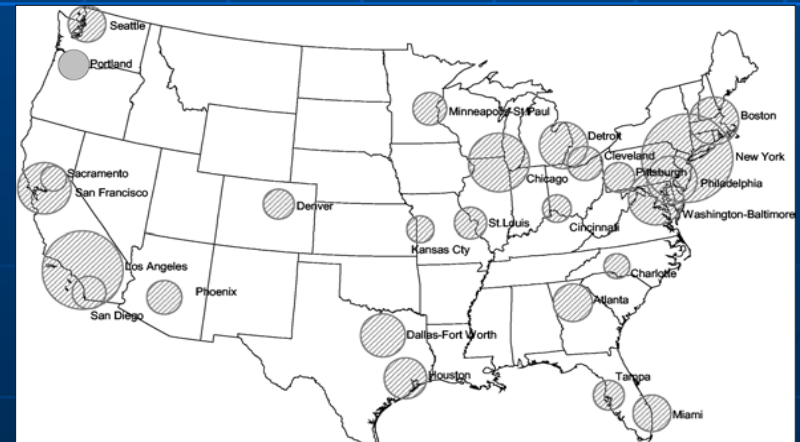
Distribution



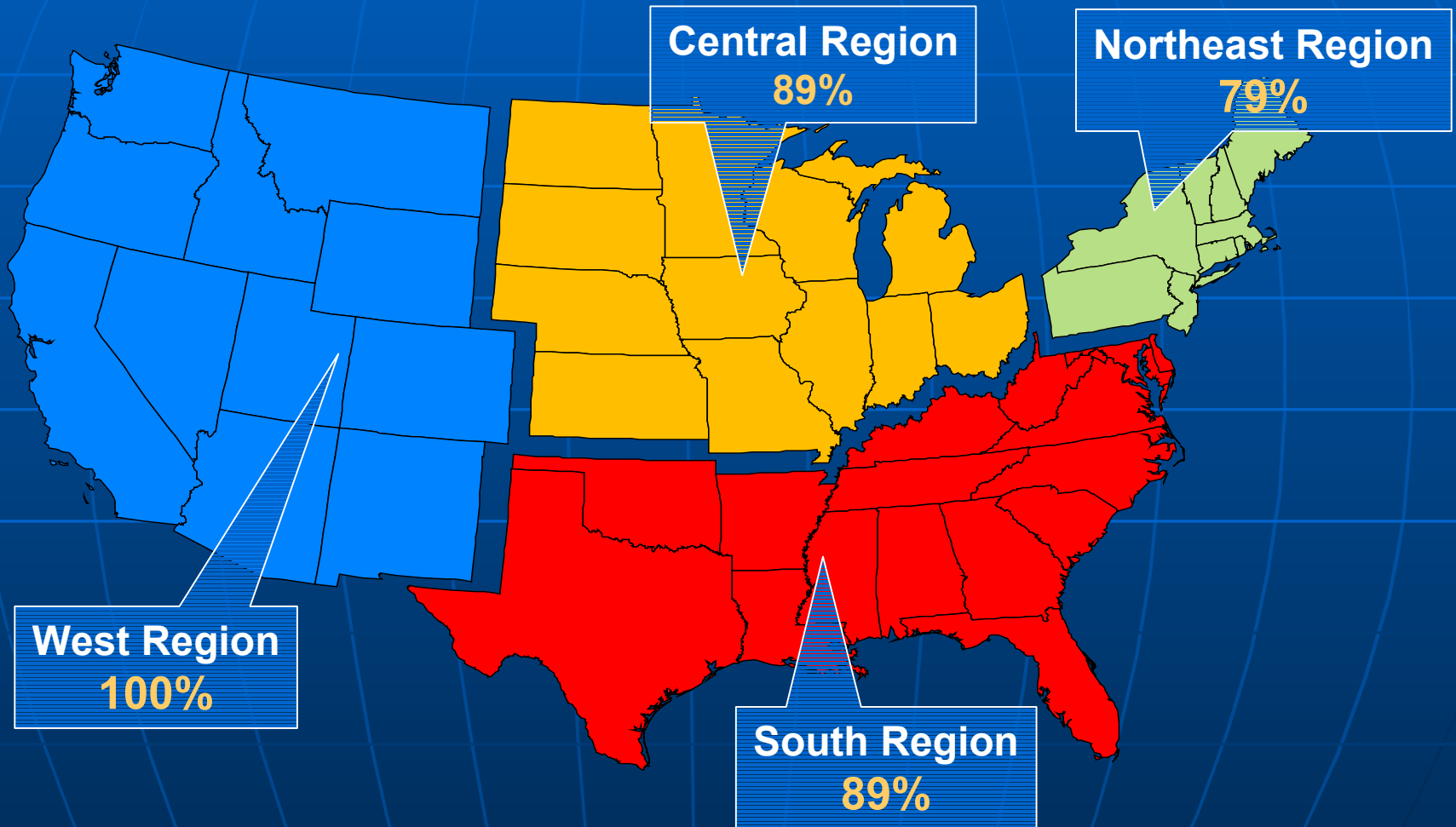
Trade (Import/Export)



Freight Centers

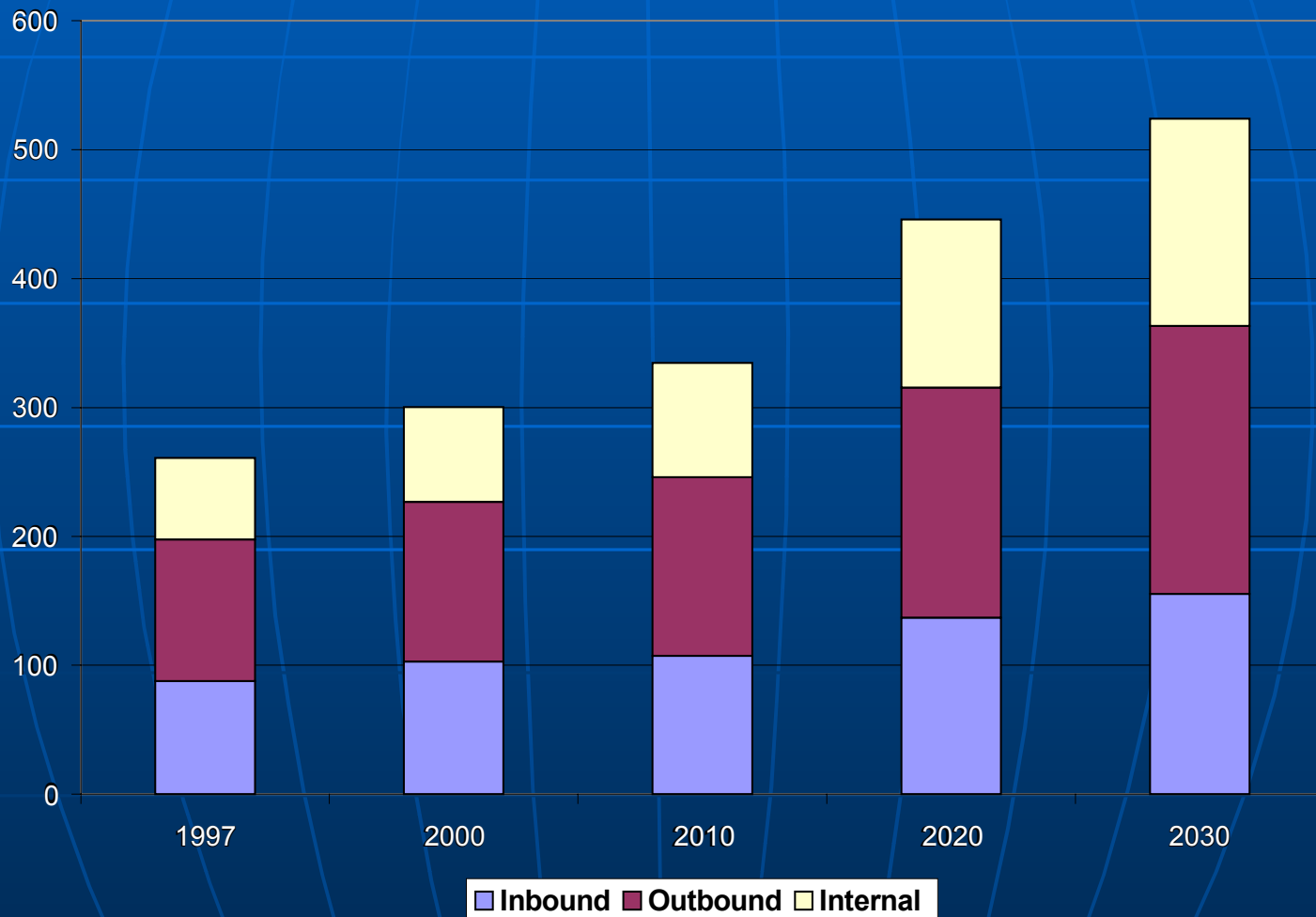


West Coast Freight Tonnage to Double by 2020



Source: FHWA Freight Analysis Framework Project
Reebie Associates 1998 data (1st Approximation)
WEFA economic data and forecasts

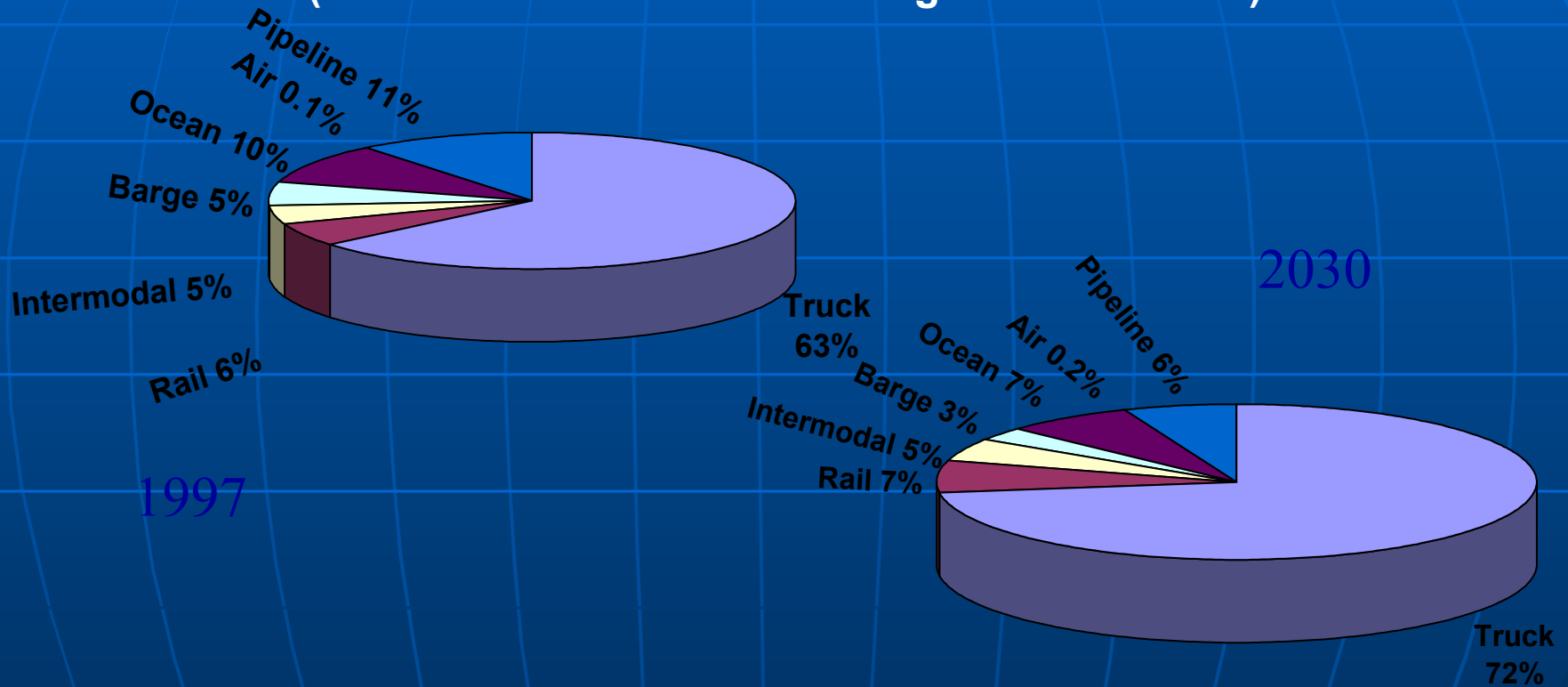
Portland-Vancouver Freight Tonnage to Double by 2030



Source: Global Insight, 2002

Modal Shares of Portland/Vancouver Region Total Tonnage

(Percent Share of Total Tonnage 1997 vs. 2030)



- Increase in all volumes for all modes
- Air, Truck and Rail increase share of total tonnage

Funding Considerations

- Market size dictates that we invest in transportation to remain competitive
- Other states have begun to seriously address investment in other modes of freight
 - Rail/Intermodal strategy
 - Port expansion
- Other ports on west coast have a substantial tax base-putting this state at a disadvantage for marine related capital needs