



NEW CAROLINA
SOUTH CAROLINA'S COUNCIL ON COMPETITIVENESS

TRANSPORTATION, DISTRIBUTION AND LOGISTICS:
A PLAN TO IGNITE THE CLUSTER



Executive Summary: A Plan to Recover Our Economic Momentum

The term "infrastructure" is well understood to refer to the basic, underlying foundation of our built environment: roads and bridges, water and wastewater, power, communication, etc. The most important component of our economic infrastructure is the Transportation, Distribution and Logistics (TDL) cluster which forms the very foundation of South Carolina's economy. Virtually every industry relies on TDL, directly or indirectly. Among the state's most prominent stakeholders and important assets are:

- The SC State Ports Authority
- The SC Trucking Industry & the SC Highway System
- CSX & Norfolk Southern Rail Companies
- South Carolina's Airports
- Distribution Centers around the state
- Utilities like Santee Cooper, Duke Power, SCANA, Progress and the rural SC Coops
- Telecommunications companies
- Commercial Realtors, Developers and Construction companies
- SC Departments of Commerce and Transportation

As a matter of economic impact, the TDL cluster can point to the port sector contained within to get a feel for how extensive the cluster actually is. In a study conducted by Wilbur Smith Associates for the SC State Ports Authority and published in 2008, the economic impact of the ports alone on the state's economy was projected at \$45 billion annually out of a total state economy of approximately \$150 billion (or about 30%). The port economy was reportedly responsible for over 260,000 direct and indirect jobs as well, about 13.5% of all the nearly 2 million jobs in SC's economy. And these port calculations fail to include the growing distribution center industry and SC manufacturers — to name two large sectors — that don't utilize the state ports when considering TDL economic impact beyond simply the impact of the ports.

It's easy to appreciate the economic impact of TDL as a powerful job/wealth creator in SC. It's hard to imagine a cluster more fundamental to the financial good health of South Carolina and businesses within our state.

In the last three years a disturbing trend has finally caught the attention of the state's business community and economic leadership. The total volume at The Port of Charleston, for years fourth in the country, has slipped from fourth to ninth on that list. At the same time, The Port of Savannah, a neighboring competitor to Charleston in the global world of container shipping, has risen from ninth to fourth in the US. Savannah's good fortune has sprung largely from the State of Georgia's commitment to attracting and facilitating the construction of distribution centers near its major port, reflecting and exploiting the changing nature of imports at our US ports.

All is not lost, however, as a great deal of economic activity is set to take place in the five-year timeline extending to 2014. In that year alone three major positive events should converge:

- completion of the new State Ports Authority terminal in North Charleston
- modernization of the Panama and Suez Canals, releasing tons of new cargo bound for ports on the Eastern US
- the opening of Jafza, the international jewel in the crown of Orangeburg, SC's "Global Logistics Triangle", ground zero in SC's incipient distribution center economy

In order to take advantage of these opportunities which are just around the corner, New Carolina has outlined five major goals, strategies, and tactics for the cluster:

- Establish and quantify the importance of the TDL cluster
- Inventory the differentiating assets of South Carolina's TDL cluster and catalogue the liabilities as well
- Raise awareness of the TDL cluster among important constituencies
- Organize to advocate for TDL
- Market the Cluster

To help accomplish these goals, New Carolina plans to journey around the state with the TDL cluster to a wide variety of selected business gatherings, teaching about and advocating for the TDL industry. Through these sessions and one-on-one meetings, New Carolina plans to build the cluster, adding both quantity (a large number of companies — big and small — that are affected by TDL) and quality (top executives of powerful SC firms and influential legislators who can help in Columbia.) After a second round of investment by this enhanced group of stakeholders, New Carolina plans to stand up an organization which will represent and market for the TDL cluster going forward. The organization will champion all aspects of TDL: from assisting with sales opportunities to advocating for infrastructure upgrades; from facilitating attracting new distribution centers to marshalling the forces of our educational institutions in the areas of supply chain management and workforce development.

The opportunity is upon us. The Transportation, Distribution and Logistics cluster, with unified support from diverse sectors around the state, will enhance its status as the primary engine that powers South Carolina's economy and at last significantly lift our per capita income.



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