



The multimodal transportation network known as NASCO runs through **the heart of trade in the United States, Canada, and Mexico**. Find out what makes this corridor unique and why companies are banding together to support it.

NASCO

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North America's
SuperCorridor Coalition

MEXICO 1/2 MILE

SPANNING 2,480 MILES THROUGH CANADA, THE CENTRAL U.S. AND DEEP INTO MEXICO, the NASCO trade corridor is a multimodal transportation network that connects 71 million people and supports \$1 trillion in total commerce between the three nations.

North America's SuperCorridor Coalition (NASCO) is a tri-national, non-profit organization founded in 1994. Its goal: to maximize the efficient and secure movement of goods along existing highway

and rail infrastructures.

NASCO members include departments of transportation from various states along the north-south trade corridor; business development groups; inland

port authorities; and other public and private sector entities related to trade and transportation.

From Winnipeg, Manitoba, and The Ambassador Bridge in Detroit/Windsor, south through 11 U.S. states to the border crossing of Laredo, Texas, and on to the Mexican ports of Lazaro Cardenas and Manzanillo, NASCO's international scope reflects the diversity of the corridor and the regions it serves.

The NASCO corridor consists of Interstate Highways 35, 29, and 94, as well as the key east-west connectors to those highways. It also includes the rail, airports, inland ports, and deepwater ports that facilitate North American trade flow.

The backbone of the NASCO corridor is Interstate 35, which stretches from Laredo, Texas, to Duluth, Minn.

With U.S. manufacturers and retailers increasingly relying on Asian suppliers, the pace of international seaborne trade is exceeding the ability of major California ports such as Long Beach and Los Angeles to accommodate the flow of goods into the United States. As a result, NASCO has included the Mexico Pacific Coast ports in its initiatives.

At present, Los Angeles-Long Beach facilities handle 40 percent of all cargo shipped into the United States, and about



KANSAS CITY HERE I COME: Kansas City's proximity to north-south and east-west rail lines complements NASCO's I-35 route, making it efficient to transport cargo from Mexican ports straight through to the city.



NAFTA TRADE GETS A JUMP START: Kansas City Southern is well-positioned to help automotive shippers boost efficiency on the NASCO transportation corridor. KCS offers service to automobile manufacturers in Mexico, and to the growing automobile parts industry in the U.S. Southeast.

80 percent of U.S. imports from Asia. Long lines of trucks waiting to haul cargo have created logistical troubles at the ports. Last year, in an attempt to reduce congestion at peak hours, port officials began unloading ships 24 hours a day while offering financial incentives to carriers willing to move cargo during evening and weekend hours.

Nevertheless, problems remain. The ongoing frequency of cargo logjams, traffic congestion, and unloading delays at West Coast ports have positioned Lazaro Cardenas and other Mexican ports as attractive alternatives for businesses seeking shorter distribution times and lower costs.

While Mexico's deepwater ports are an integral aspect of the NASCO transporta-

tion corridor, there is no plan to compete with ports in the United States.

"California ports dominate now and will continue to do so," says Tiffany Melvin, executive director of NASCO. "NASCO has no control over the flow of trade from Asia to the United States or Mexico. But with projections for increased trade, particularly from Asia, it's clear that California ports are running out of capacity.

"We are being proactive and preparing our corridor to handle increased trade and transportation, whether it is moving to or from the east, west, north, or south. Ultimately, we're trying to create job opportunities and enhance the quality of life for workers, residents, and consumers," she says.

INTEGRATED, SECURE TRANSPORT SYSTEM

Highways and deepwater ports are vital components of the NASCO initiative, but the organization's focus includes other aspects of trade and transportation.

"NASCO plays a major role in developing and promoting an integrated and secure transportation system that involves all transportation modes – trucking, rail, air, inland ports, and ocean shipping," says Melvin. "Our aim is to boost economic activity while supporting needed infrastructure improvements, technological and security innovations, and environmental initiatives along the NASCO trade and transportation corridor."

As a facilitator, NASCO works to bring together local, state, and federal agencies and the private sector to promote improvements and maintenance along highway and rail infrastructures. To date, NASCO's lobbying efforts have helped secure more than \$500 million in transportation project funding.

Citing NASCO's accomplishments, Melvin points to the formation of the North American Inland Port Network (NAIPN), which is working to develop an integrated, efficient, and secure network of inland ports specializing in the movement of containerized cargo in North America.

NASCO members are key participants in the North American Facilitation of Transportation, Trade, Reduced Congestion & Security (NAFTRACS), an innovative program that is testing the use of interac-

tive systems for tagging and tracking goods along the corridor. And, in partnership with the Environmental Protection Agency, NASCO is helping find ways to improve air quality and reduce air pollution emissions through the use of new technology, promotion of alternative fuel, and economic incentives.

THE NEXT GENERATION

NASCO is developing a tri-national educational consortium to bring together the institutions that play a vital role in training the next generation of transportation innovators. NASCO organizers are optimistic that consortium participants can provide solutions to the ever-changing needs and requirements the trade corridor continues to face.

Melvin credits NASCO members for

their willingness to tackle complex transportation issues.

"We are taking on large international trade challenges that are not easy to solve," she says. "We are taking the lead on a vision for improving our national economies – individually and as North America – and strengthening our positions in the global marketplace.

"If we can create a corridor that is more efficient, secure, and accountable to the supply chain, then our cities, states, and provinces along the corridor will benefit," she adds.

There is an ancillary benefit to the development of NASCO's corridor. "What we accomplish can be used as a model for other trade corridor coalitions," Melvin explains. "While similar coalitions exist, NASCO is unique in that we've brought



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 Proyecto Distrito Multimodal Villa XXI



together knowledgeable people who represent the private and public sectors in three countries. Our mission of advocating the importance of trade corridors has remained the same since our inception 12 years ago.

"And now, in recent years, the federal governments are looking into multi-state initiatives as one solution to transportation problems," she adds.

LIFEBLOOD OF THE ECONOMY

The United States' overburdened transportation infrastructure desperately needs to be upgraded and augmented, Melvin cautions.

"We are facing a crisis in this country that the general population is not aware of," she says. "People outside the trade and transportation industries don't always understand the importance of transportation, but it is truly the lifeblood of every country's economy."

If people were to take a moment and look around their homes, says Melvin, they would realize that everything there was transported on a ship, train, truck, or plane. "And it's likely that more than half of those items came from China or another foreign country," she notes. "That's how important transportation is in our everyday lives."

Even though congestion problems and bottlenecks are part of the U.S. transportation system, they have been manageable to date. "But if we don't take definite measures, we will see increased traffic congestion and a subsequent rise in the cost of goods," Melvin warns. "In the long run, our economy will suffer and we will lose our global competitiveness as a nation and as a continent.

"Whether someone is an isolationist, or believes in free trade and partnering with our neighbors to the north and south, we cannot deny that we are players in a global market," she says. "As such, we need to be prepared with efficient and secure transportation systems. That is what NASCO is doing."

NASCO's goals are ambitious, but reachable, says Terry Bailey, director of business



MEXICO: MAKING THE CONNECTION

The long lines of trucks backed up daily at the border port of Laredo, Texas, tell a good news/bad news story: Trade flow between the United States and Mexico is growing robustly, but so is congestion.

Located at the southern tip of Interstate 35, Laredo is one of North America's busiest border crossings – and a logistical headache for freight carriers, who often have to wait for hours for customs officials to clear their cargo. The prolonged delays can be blamed, in large part, on outmoded and cumbersome clearance procedures. In a typical scenario, U.S. long-haul truckers drop their cargo in Laredo, where it is inspected by Mexican customs agents, who also collect duties, process paperwork, and arrange for Mexican trucks to transport the load across the border.

The border congestion can be relieved if customs processing and other logistics-related functions are performed in Monterrey, Mexico – about 150 miles south of Laredo – says real estate developer Arturo Garza Barragan.

Barragan, president and CEO of Monterrey-based Promotora Inmobiliaria Villa XXI, is proposing the development of a multimodal inland port that would connect by rail and truck with deepwater ports on Mexico's Pacific and Gulf coasts.

"The NASCO corridor is encouraging trade between Canada, Mexico, and the United States, but now we have a growing bottleneck in Laredo," he says. "We can solve that problem by clearing imports and exports in Monterrey. This idea is in the planning stages, but Monterrey's geographic location makes it a natural hub for cross-border transportation between Mexico and the United States. Trucks coming from the south and the east – about 6,000 to 7,000 trucks per day – pass through Monterrey already."

Noting that Monterrey can serve as a virtual border for inspection of both imports and exports, Barragan says, "If we can break customs clearance in Monterrey, we will have more options for sending cargo to the United States."

Mexican exports, as well as Asian cargo arriving at the country's Pacific Coast ports, can be transported to Monterrey, he says. There it can be inspected and sorted, then trucked north to the United States and Canada, or shuttled to the Port of Altamira on Mexico's Gulf Coast. From Altamira, the cargo can be loaded on ships bound for Philadelphia and other U.S. East Coast cities.

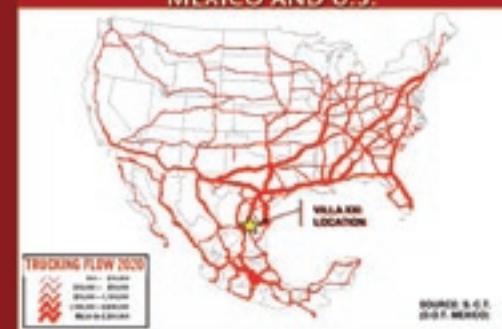
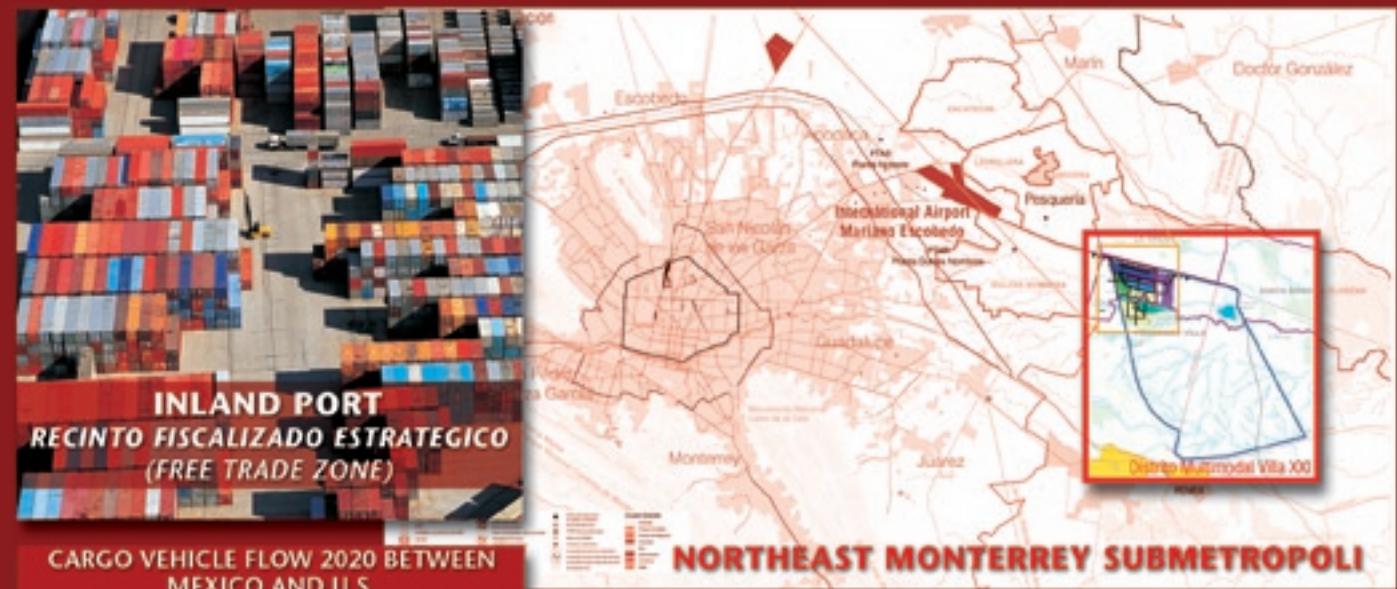
Barragan says NASCO can be an important force in promoting an inland port in Monterrey. "NASCO can help to lobby the U.S., Mexican, and Canadian governments for legislation that will make it easier to co-exist in the transportation corridor," he explains. "This will be a complementary process. Mexico will increase trade with the United States and Canada. If we help Mexico's economy grow, it will help all of our economies grow."

development for the Pottawattamie County Growth Alliance, which serves the Council Bluffs, Iowa, area. The success of the NASCO corridor, he says, is contingent on

having all its stakeholders and participants focused on the common goal of opening new markets for products and/or services. "Part of NASCO's challenge will be educat-

DISTRITO MULTIMODAL VILLA XXI

Villa XXI is a 4,000 hectare (9,880 acres) multimodal logistical district located in Pesqueria, Nuevo Leon that soon should be master planned as the first of several phases. The site location is approximately six miles from the Monterrey International Airport and has two miles of rail frontage on major lines running to the U.S. border, Mexico City and the Port of Altamira, State of Tamaulipas. Major highways also criss-cross the area and allow for rapid access to all points in North America. Monterrey is the industrial capital of Mexico and serves as ground zero for the NAFTA regional economy. The multimodal district will efficiently link highway and rail systems with sea and air transport along with advanced telecommunications and support services to provide the business environment for successful 21st century manufacturing, distribution, and supply chain management.



Villa XXI's integrated multimodal infrastructure is designed to promote speed and agility along the entire supply chain of tenants and users. Villa XXI will feature a recinto fiscalizado estratégico (foreign trade zone) and express customs clearance procedures to speed international sourcing and exporting processes. It will also have state-of-the-art intermodal and electronic data interchange (EDI) technologies that will substantially accelerate materials handling and transfers among warehouses, factories, aircraft, trucks, rail cars, and ships, thereby providing rapid global access and other significant competitive advantages to industries located throughout northern Mexico. Working together with Mexican ports, airports, and rail systems, Villa XXI holds the potential to catapult Mexico into a leadership position in just-in-time manufacturing and global distribution.

The importance of Villa XXI for the broader NAFTA region can be summarized as follows:

Villa XXI will be situated in one of the most important industrial regions of North America. The project is favorably located at strategic access points to major rail and trucking routes between the United States and Mexico. As a result, Villa XXI will increase Mexico's international competitiveness and help make the country an even more attractive destination for foreign direct investment.

A strong demand for the kinds of transportation, freight consolidation and distribution services that Villa XXI will offer now exists in Mexico; therefore, the project will help bring the country's multimodal infrastructure up-to-date and in line with current global market demands.

Villa XXI will help promote the decentralization of the Monterrey Metro Area while advancing the sustainable use of the region's scarce water resources.

Villa XXI will help alleviate congestion and improve public safety in the Monterrey Metro Area by promoting the development of outlying cities through the deviation of rail and truck traffic from its high density, congested core.

Villa XXI provides an inclusive socioeconomic development model for Mexico in which the traditionally marginalized ejidatarios (communal farmers) will participate as developers of their lands.

Project status: Villa XXI property owners association has just concluded the preliminary business plan under the consent of Mexican authorities and technical support of Kenan Business Institute of U.N.C., Monterrey Technological University ITESM, Urban Land Institute, among other local institutions. Master planning will begin soon alongside to the land development featuring a special assessment and special district financing. Evidently, great investment opportunities should emerge during the master planning stage.

For further information, call us:

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ing people on the need to work together to open new markets and cooperate with business owners in other countries," Bailey notes.

NAFTRACS ON TRACK

NASCO is spearheading several high-tech initiatives geared to improve the safety, efficiency, and security of cross-border trade. One such project is NAFTRACS, a three-phase pilot program that focuses on business processes and information as freight is transported from buyers to sellers.

Along with facilitating quicker deliveries, the tracking and monitoring process provides added protection against cargo theft and contraband smuggling, while reducing the freight network's vulnerability to terrorism.

NAFTRACS is a collaborative effort between businesses and government

agencies that uses intelligent transportation systems (ITS) to track and monitor freight shipments moving through the I-35/29/80/94 trade corridor. The project incorporates a number of technologies, including global positioning satellite, cellular telephone, and radio frequency identification.

The NAFTRACS tests are expected to demonstrate improvements in freight mobility, velocity, and efficiency while reducing congestion and trade costs. Participants in the pilot project include trucking companies, third-party logistics providers, railroad operators and emergency responders, as well as government agencies.

"Using NAFTRACS data, we will prove the importance of tracking containers and accountability in the supply chain,"

explains Melvin.

The use of technology to track freight shipments offers a spectrum of benefits, she notes, including improved product safety (by reducing theft, loss, pilferage, and tampering), improved inventory management, a more efficient customs clearance process, quicker transit and delivery times, greater customer satisfaction, improved supply chain visibility, and a database environment that can be shared on an authorized and secure basis.

THE RISE OF INLAND PORTS

In recent years, ports of entry along the U.S. East and West coasts have faced the challenges of surging cargo volume and growing traffic congestion. Due to their lack of available space for expansion and overburdened rail lines, it's expected that

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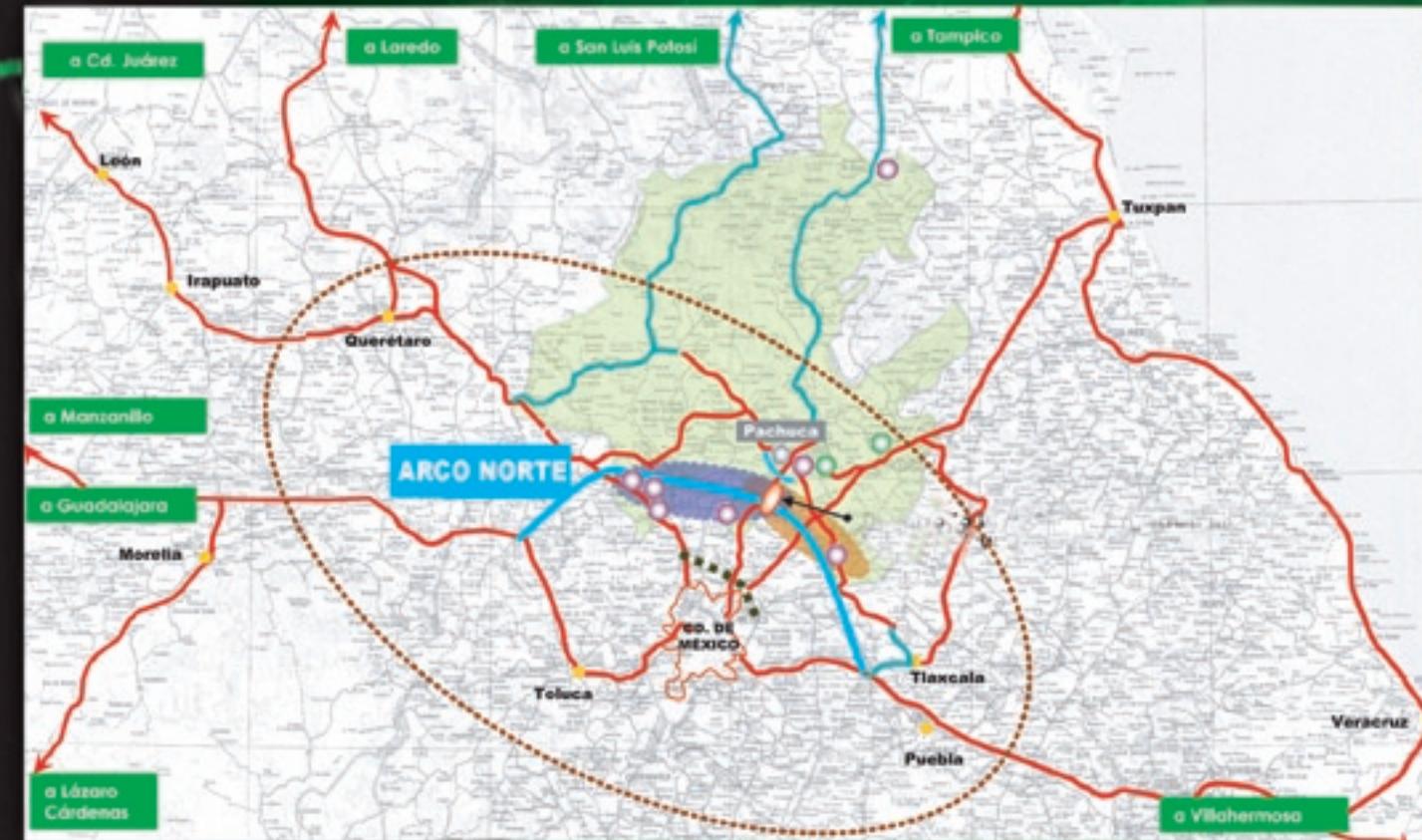


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coastal ports will continue to struggle with cargo processing. Projected imports from Asia alone will grow by more than 320 percent over the next 15 years, according to economic forecasting company Global Insight Inc.

Seeking alternatives to overworked harbors, the transportation industry has increasingly looked to inland ports to handle cargo container inspection, sorting, and distribution. In a typical scenario, maritime cargo is unloaded from ships and transported by express rail to an inland port, which may be located nearby or hundreds of miles away.

Because of their capacity to quickly clear cargo, inland ports are a vital link in NASCO's trade and transportation system. NASCO's North American Inland Port Network is an innovative approach to

leveraging and coordinating the continent's inland port facilities.

KANSAS CITY SMARTPORT: A MODEL FOR INLAND PORTS

Strategically, the most effective inland ports are multimodal hubs located along, or in close proximity to, a major trade corridor with access to rail lines, airports, interstate highways, and even waterways.

With its river-based location in the heartland of the United States, Kansas City has long been a popular site for warehousing, manufacturing, and distribution businesses.

"The NASCO corridor will drive an even larger increase in warehousing and distribution operations here," says Tim Basler, manager of sales and leasing for Hunt Midwest, a Kansas City-based real

estate development firm. "In Kansas City, we're already seeing the construction of larger distribution facilities. Not long ago, 150,000- to 200,000-square-foot buildings were a big deal; now 750,000-square-foot facilities are becoming more prevalent.

"We're banking on NASCO as a boon for Kansas City and the entire Midwest," Basler says. "It will increase the volume of freight coming through the area. Kansas City offers plenty of leasable space for warehousing and distribution, and can handle the transportation capacity."

Kansas City's proximity to north-south and east-west rail lines will complement the I-35 NASCO route. "It will make it easy to bring cargo from Mexican ports straight through to Kansas City," Basler explains. "That will increase shipping efficiency and reduce transport costs."

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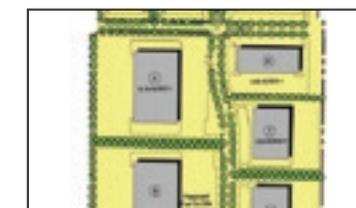
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THE LAND DOWN UNDER: Hunt Midwest's flagship property is SubTropolis, the world's largest underground business complex. SubTropolis features 4.5 million square feet of leasable space carved out of a limestone mine on the banks of the Missouri River.

Helping to spur Kansas City's growth as a leading transportation and logistics hub is SmartPort, a nonprofit organization that was created jointly in 2001 by the Greater Kansas City Chamber of Commerce, the Kansas City Area Development Council, and the Mid-America Regional Council. SmartPort works to increase international trade among Kansas City area businesses by developing, operating, and marketing the region's inland port capabilities.

As one example, the International Freight Gateway and Intermodal Center at the former Richards-Gebaur Air Force Base is a leading component of the KC SmartPort effort. Kansas City Southern Railway is developing the facility to be one of the major logistics centers in the central United States.

Along with its significant rail capacity, Kansas City boasts numerous other assets, including:

- More Foreign Trade Zone space (more than 10,000 acres) than any other U.S. city.
- Located at the intersection of three of

the nation's major interstate highways (I-35, I-70, I-29).

- The Kansas City International Airport, which moves more air cargo each year than any other facility in its six-state region.
- Located on the largest navigable inland waterway.
- The heart of a rail corridor spanning coast-to-coast across the United States, and extending from Canada to Mexico.

With SmartPort's formation and leadership, Kansas City is evolving into a prime player in the emerging NASCO trade corridor. To that end, the city has signed cooperative agreements with the Mexican port cities of Manzanillo and Lazaro Cardenas, and the Mexican state of Michoacan, aimed at facilitating the movement of goods to and from Mexico through Kansas City.

The Mexico-Kansas City corridor provides a strategic link to key Asia-Pacific markets via a ships-to-rail terminal at Lazaro Cardenas. Kansas City officials are also working closely with their counterparts in the Canadian province of Manitoba

to form trade relationships that will further solidify Kansas City's pivotal role in North American commerce.

MEXIplex FLEXES ITS MUSCLE

The partnership between Mexico and Kansas City is exemplified by KC's "MexiPlex" facility, which houses a three-state regional office of the Mexican Consulate, the city's Mexican Business Initiatives Corporation, and the Hispanic Chamber of Commerce of Greater Kansas City. Activities at the MexiPlex are directed at bolstering business relations and strengthening governmental ties between Kansas City and Mexico.

Recently, the Kansas City Council approved a \$2.5-million loan to KC SmartPort to build a customs office near Kansas City's indoor stadium, Kemper Arena. The high-tech clearinghouse, the first of its kind in the United States, would be jointly staffed by Mexican and U.S. customs agents, who would inspect Mexico-bound freight and seal it in shipping containers. The freight would then be transported directly to various Mexican cit-



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NASCO AT A GLANCE



A review of NASCO's transportation and trade statistics offers a compelling rationale for the initiative:

- Moves more than \$190 billion between Canada, the U.S., and Mexico – a 68-percent increase since 1995.
- About 2.1 million trucks travel on any portion of the corridor each year.
- Is expected to play a central role in doubling international trade by 2020.
- Includes three of North America's top 20 NAFTA land ports: Detroit, Laredo, and Pembina, N.D.
- The Port of Laredo has seen a 17-year increase of 621 percent in cross-border loaded trucks and a 363-percent increase in cross-border loaded rail cars.
- Traffic in North America has increased up to 37 percent in the past decade, yet only 1 percent in new capacity has been added.
- The 11 NASCO corridor states have identified at least \$6.3 billion in needed construction and maintenance.
- 16 percent of interstate miles are in poor condition; 21 percent of bridges are obsolete.
- 65 percent of I-35 will require upgrades and maintenance in the next 20 years.
- About \$80 billion is lost due to traffic congestion – nearly quadruple the impact of congestion in 1982.
- For every \$1 invested in the NASCO corridor, \$5.70 is returned in economic benefits.
- Every \$1 billion in highway investment generates 47,500 jobs.

ies for distribution, or to Lazaro Cardenas or other ports for shipment overseas.

In the case of inbound freight, Kansas City's strategic location, logistics infrastructure, and entrepreneurial vision will make it the dominant inland port on the NASCO corridor, experts predict.

The idea is that freighters carrying goods from Asia will unload at Lazaro Cardenas, thus bypassing crowded West Coast ports.

The shipments, which are pre-screened in Southeast Asia, will pass through multiple X-ray screenings upon their arrival in Mexico, enabling any containers with suspicious contents or incongruous documents to be removed for closer inspection.

The cargo containers will then be transported by rail to Monterrey, Mexico, where they will be transferred to trailer trucks for their northbound journey. To speed

the border crossing at Laredo, Texas, eligible trucks will be given expedited entry via the Free and Secure Trade (FAST) program, which employs technology such as windshield sticker tags and driver identification cards. FAST was initially launched as a joint initiative of the Canada Border Services Agency and U.S. Customs and Border Protection (CBP) to expedite pre-approved shipments across the border.

The FAST initiative aims to increase the integrity of supply chain security by offering streamlined clearance to carriers and importers enrolled in CBP's Trade Partnership Against Terrorism (C-TPAT) program or a parallel Canadian program. Recently, a dedicated FAST lane was opened on the Laredo World Trade Bridge. Like its counterpart at the U.S.-Canada border, the use of Laredo's FAST lane is restricted to C-TPAT-certified freight companies.

Once the cargo containers reach Kansas City, they can be transferred to semi-trailers or rail cars heading east or west, or remain on the trucks all the way into Canada.

Processing freight in Kansas City, rather than at border chokepoints such as Laredo, can eliminate hours and perhaps even days of routine shipping delays, notes Rob O'Brian, president of the Joplin Area

Chamber of Commerce, Mo.

"From an outbound perspective, we'll see the same benefits," O'Brian says. "We'll have the opportunity to consolidate freight into outgoing shipments from Kansas City, where they'll clear customs and ship directly to Canada or Mexico without a holdup at the border. In Mexico, the shipments can be sent directly to the ports, then on to Asia or other destinations."

STAYING SAFE

Because inland ports are typically less congested than coastal ports, the opportunity exists to enact tighter security measures. "Because the inland ports are under less pressure, they can check every container before it's shipped," O'Brian explains.

The key advantages of inland ports are their intra-modal infrastructure and

lack of capacity constraints, according to Chris Gutierrez, president of Kansas City SmartPort. Noting that SmartPort is focused on serving the southeast and mid-west U.S. markets, Gutierrez says, "We have growing room in Kansas City, where the West Coast ports do not. NASCO offers an alternate transportation route with competitive prices, and consistent and reliable transit times, compared to delays that routinely occur at Long Beach.

"By using ports in Mexico, we can unload cargo faster and send it to Kansas City, where we have on-site customs officials," he adds.

Kansas City's inbound customs work is confined to fiscal clearance such as taxes and tariffs. "We are not doing security clearance," Gutierrez explains. "Customs officials in Asia perform that procedure before the containers are loaded on the ship."

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“One component of a growing economy is the ability of businesses to get products to customers rapidly. NASCO will help that process.”

— **AL FIGULY**, president, Greater Kansas City Foreign Trade Zone

All freight, except for FAST-eligible shipments, is also screened by customs officials when it arrives at the U.S. border, he adds.

Cost considerations and expeditious cargo handling will fuel increased usage of the Lazaro Cardenas-to-Kansas City shipping route, says David Burdick, a freight broker and third-party logistics provider based in Kansas City.

It takes the same amount of time for a ship from Singapore to reach Mexico as it does to reach Los Angeles. “But the West Coast ports are operating at about 130 percent of capacity,” Burdick says. “When the ship hits Los Angeles or Long Beach, it takes longer to unload. While the crew waits for their ship to be unloaded, they are burning gas, polluting the environment, and wasting money – all things we’re against.

“Due to the high cost of labor at West Coast ports, it’s 64 percent cheaper, on average, to use the ports in Mexico,” Burdick adds.

And there’s always the possibility of a work stoppage due to a labor dispute, he says. In 2003, a disagreement between shipping lines and dock workers led to a shutdown of all major western U.S. ports, leaving thousands of freighters unable to unload their cargo containers.

SPAWNING BUSINESS DEVELOPMENT

By developing an integrated multimodal trade and transportation network, NASCO is catalyzing valuable synergies throughout the length and breadth of its corridor.

In Ardmore, Okla., which is bisected by I-35, the NASCO corridor has ignited economic growth and a palpable vibrancy.

“This area is becoming a major shipping and distribution center,” says Wes Stucky, president of the Ardmore Development Authority, an economic development organization that owns and operates four industrial parks. “That would not be the

case if I-35 didn’t run through Ardmore.”

I-35 serves as a funnel or focal point for the nation’s transfer of goods, Stucky notes. “As that corridor enhances and grows, it can only help us,” he says. “The economic growth that has occurred in Ardmore because of its proximity to I-35 has resulted in improved quality of life, new jobs, and new opportunities.

“We’re experiencing growth that is contrary to what is happening in other rural areas across the nation,” Stucky adds. “For example, most rural communities have trouble keeping health care facilities open and attracting doctors. But we have been able to expand our local hospital and bring in doctors because we have a thriving economy.”

Located about 90 minutes from both Oklahoma City and Dallas, Ardmore is serviced by Burlington Northern Santa Fe Railway, with rail lines running through two of Ardmore’s industrial parks. Air cargo facilities and private air transportation are both available at the Ardmore Industrial Airpark.

Ardmore’s transportation network was a primary reason that China’s Nanjing Motors elected to build an MG auto plant in the community. The 300,000-square-foot facility will contribute 350 top-quality jobs.

“It will also result in the opening of an international trade center at the Ardmore airport,” Stucky says. “And, imported cargo will come directly to Ardmore through our Foreign Trade Zone for customs clearance.”

Foreign Trade Zones (FTZs) enable businesses engaged in international trade to benefit from special customs exemptions. In practice, businesses in FTZ-designated areas can warehouse, manufacture, or provide value-added processing to imported goods without being subject to certain customs procedures such as the collection of duties and fees.

FTZs are increasingly found in cities such as Kansas City that reside on major transportation routes and serve as centralized distribution hubs.

“In today’s economy, we deal with a greater number of imports, which has made FTZs more important,” says Al Figuly, president of the Greater Kansas City Foreign Trade Zone.

ZONING OUT

Kansas City’s FTZ program, one of the largest in the United States, has traditionally existed to serve the city’s many auto manufacturing plants and parts suppliers. As car-related industries have declined in recent years, however, Kansas City officials are reassigning FTZ space to other industries.

“It’s a matter of taking the assets we have and developing our economy around them,” Figuly says. “The NASCO corridor has been crucial in attracting distribution centers to Kansas City and adding to our existing FTZ space. NASCO is helping us leverage our tremendous resources such as trucking and rail capacity, and access to the I-35 corridor. We can look to the south for deepwater ports and we have direct access to the Midwest and Canada.”

By using Mexican ports to import products and materials, companies can reduce shipping expenses, which results in lower overall logistics costs and improved pricing.

“In the past, logistics was not viewed as a part of the whole supply chain,” says Figuly. “But companies are getting sharper. They know if they can get product out of the port and to the supplier quicker, the consumer ultimately benefits. One component of a growing economy is the ability of businesses to get products to customers rapidly, and NASCO will help that process.”

Caleb Asher, spokesperson for the Kansas Department of Commerce agrees. “Any time

we have an easier route or better transportation through import and export points such as the NASCO corridor, it’s good for businesses that are looking to trade,” he says.

The planned Burlington Northern Santa Fe Railway logistics hub in the Kansas City area will enhance the region’s role in international trade, Asher says. The rail-truck freight center is expected to strengthen Kansas City’s link to California ports. More than 400 freight trains pass through Kansas City each day, with many transporting Asian cargo along the railway’s Los Angeles-to-Chicago route.

Construction of the 1,000-acre rail hub will begin next year. “For Kansas, it’s all about the jobs,” says Asher. “The more we can increase our exports – whether to Canada or Mexico, or to the West Coast for shipment overseas – the more job growth

we will have. The new rail hub and the NASCO corridor will be tools that can help us continue to increase exports.”

The NASCO corridor has also cast a national spotlight on Oklahoma. “The corridor uniquely positions Oklahoma as an excellent location for both inbound and outbound freight,” notes Amy Polonchek, interim executive director, the Oklahoma Department of Commerce. “Oklahoma is centrally located between Mexico and Canada, and will continue to grow as a major trade artery.

“As more and more companies assess their supply chain needs, they will discover the advantages of an Oklahoma location. We have abundant sites, an available workforce, and a low cost of doing business,” she says.

As the chief advocate for NASCO, Tiffany Melvin occasionally has to dispel misperceptions about the organization and its

initiatives. “Because NASCO is tri-national, some people think we want to increase immigration to the United States, or have U.S. jobs go to Mexico,” she explains.

“But the fact is, we’re trying to help Mexicans in Mexico; Americans in the United States, and Canadians in Canada. We know it’s important to maintain each nation’s sovereignty.

“NASCO’s goals are to improve trade and transportation security and efficiency,” she says. “More trade will mean more jobs, and that’s good for people in all three countries.”

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Kansas Department of Commerce • www.kansascommerce.com

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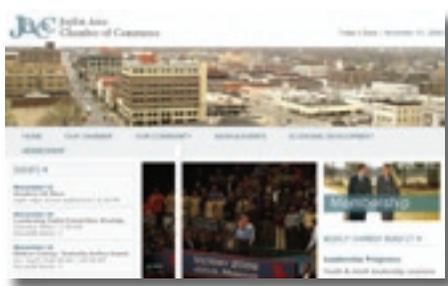


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