

**The Great Lakes Freight Gateway:
\$11 Billion in New Economic Activity and 150,000 New Jobs**

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Reprinted from the November 2011 *Legal News* Expert Witness column

“Following the light of the sun, we left the Old World.... By prevailing over all obstacles and distractions, one may unfailingly arrive at his chosen goal or destination.”

--Christopher Columbus, *Journal* (1492)

The Great Lakes Global Freight Gateway (GLGFG) project (<http://glfg.org/>), a U.S./Canadian initiative, seeks to develop an inland port and global-freight trade route from Southeast Michigan/Southwest Ontario through Halifax, Nova Scotia, by rail. From there, the route would go to the rest of the world. The establishment of this line would reduce shipping time to and from the American Midwest from two to eleven days, depending on its starting point, thus lowering costs. In addition, this route reduces costs because of the economies of scale that are created by the largest of the ocean-going container ships that can access the Port of Halifax.

The GLGFG project has emerged as a major initiative to restore economic vitality to the Great Lakes region, to the State of Michigan, and to Metropolitan Detroit. The GLGFG team has projected that the establishment of this route will bring jobs to the Detroit area. In addition, attorneys will benefit from the opening of the GLGFG: legal expertise will be needed in the areas of labor, business, construction, international rights, and others.

I (Dr. Sase) am a Special Economic Advisor to the project group, which takes its membership from public and private organizations in the United States and Canada. The group has grown in number from a handful to more than four dozen. The principal founder of the GLGFG project, Dr. Michael H. Belzer is also a Transportation Economist at Wayne State University. He has granted permission for Gerard J. Senick and me to write this article. Therefore, we would like to share a vision of hope for Michigan and Metropolitan Detroit with our readers.

Build It and They Will Come. Don't Build It and They Will Go Elsewhere.

From the Pre-Columbian Age through the heyday of the automobile, history regards Detroit and its environs as the ideal North American location for freight transshipment. (Transshipment is the shipment of goods or containers to an intermediate destination and then to another destination.) Many traders and manufacturers bestow this laurel upon the region of Southeast Michigan because it offers a central location of narrow international crossings to carriers on water, land and in the air that allows them to reach the global marketplace. Modern developments enhance the quality of this inland site, which sits along a global-trade route. The region provides available land along many railroad right-of-ways as well as access to the Interstate and Interprovincial highway systems. These systems provide truck carriers with availability from all directions. We in Southeast Michigan/Southwest Ontario have the location, location, location; what we need are jobs. Therefore, the economic redevelopment in this region must move forward—now! Roger Lane, a founding member of the GLGFG team and a former executive of DTE, says, “We are seeing a rare opportunity here in Southeast Michigan. If we do not take advantage of this

situation now, we may not have another chance to put the region back in the center of the global economy for many years.” If Michigan does not act immediately to initiate the GLGFG project, secondary sites within the Midwest will!

The Big Picture

From a view of 1,500 miles, we see the GLGFG as the means to develop an expansive, coordinated, multimodal (rail, truck, sea, and air) trade route between the heart of North America and Europe, Africa, the Middle East, and Southeast Asia. Such a development will move the region toward the center of the global-trade network and will spur revitalization of the economy on and around the Great Lakes. These events will transpire because the GLGFG links the deep-water port of Halifax, Nova Scotia, to the transshipment-distribution hub in Southeast Michigan by Canadian rail. The rail-line runs along the banks of the St. Lawrence Seaway (see *Halifax to the Great Lakes*, <http://youtu.be/27kZoH6A1Go>).

A group of fifty professionals from business, government, and academia on both sides of the border has taken the GLGFG from a humble concept to its current status as the focal point of the Great Lakes Gateway, a Michigan not-for-profit corporation (GLG). With a consortium of planning and management teams, the GLG reflects expertise in business, economics, finance, law, industrial relations, regional planning, real estate and commercial development, communications, labor, and government.

As its core function, the GLG serves as a management forum that espouses the stated mission of bringing together freight transporters and cargo owners through the coordination and utilization of existing and future freight facilities and components. Through its actions, the Michigan-based GLG continues to develop cooperation with Canadian entities that include the government-sponsored, not-for-profit Halifax Port Authority, which oversees the deep-water port and cargo-loading and -unloading facilities at Halifax and privately owned CN Railway (formerly known as the Canadian National Railway), with its rail lines, depots, and existing facilities in Southeast Michigan. In addition, the GLGFG plan outlines the benefits offered by the current freight corridor, which extends from Michigan to the Halifax port in order to reach the markets in Europe, the Middle East, and beyond. Furthermore, the GLG sees the development of an additional rail-freight corridor between Detroit and Montreal as well as a freight corridor to the Far East from British Columbia ports.

**“Si Quaeris Peninsulam Amoenam Circumspice”
 (“If You Seek a Pleasant Peninsula, Look about You.”) – Motto of the State of Michigan**

The Great Lakes Global Freight Gateway is a work in progress that focuses on the enhancement of the Southeast Michigan international-inland port. Given the existing facilities, the plan emphasizes that the GLG can launch operations today in order to double the flow of cargo rapidly between Michigan and Nova Scotia. Toward this objective, the GLG has implemented a multi-phase plan of action that should reach full operation by winter of 2013. Dr. Belzer says, “The beauty of this plan is that so much of the infrastructure is already in place. The project

doesn't need a study. It doesn't need massive planning. It doesn't need much in the way of legislative or governmental approval. The elements of the project only need to be coordinated, linked, and then managed smoothly. It's ready to implement and execute."

When fully operational, the GLG has projected that this public/private economic initiative will generate \$11 billion of new economic activity while adding 150,000 sustainable jobs. These jobs will center in the employment sectors of freight transportation, warehousing, and logistics. In addition, the initiative will produce positive-spillover effects to many other industries as the GLGFG project complements and helps to revitalize--not replace--existing manufacturing industries throughout the Great Lakes region. The GLG informs us that the GLGFG is a strategic plan that reduces international-shipping time while lowering freight-transshipment costs. It provides a sustainable and earth-friendly system for producers, shippers, and the public at large.

On 11 October 2011, the GLG held its roll-out event at the Westin Detroit Metropolitan Airport Hotel. More than thirty major governmental entities and private firms participated in this presentation. The group of attendees included representatives from government agencies in Nova Scotia and the Great Lakes region as well as from the automotive industry and its suppliers, express shippers, freight integrators, and manufacturers of various intermediate and final goods. Since the event, GLG teams have met with potential shippers and other stakeholders to develop their joint strategies as well as individual value propositions. The present objective is to provide assurance of swifter global-freight transport as well as lower total shipping costs in the movement of their goods. In addition to these efforts, parallel meetings in Michigan continue with local and state officials and other interested parties.

The GLG has projected that its first phase--marketing the value of the inland port to its users--will generate positive returns by the end of 2012. By that time, container-freight volume is expected to increase by measurable amounts throughout the region. Within the following year, the GLG predicts that container traffic on the CN Railway will double from 45,000 to 90,000 container lifts (lifting a cargo container unit from one mode of transportation and placing it on another). Shipping costs per container will decrease due to the increased economies of scale and greater regulatory coordination between the two sovereign governments. The GLG anticipates that cargo owners and their agents will enter into agreements, ones that will shift more freight to the Halifax-Great Lakes route by October 2013.

Once cargo volume has reached 100,000 containers, the expected mark for Detroit operations, the CN Railway will have neared its maximum local capacity. As a result, the increasing flow of containers will bolster demand to expand the present facilities and to develop a few more transshipment sites in and around the city. Forecasts suggest that investment demand for funds to finance the construction of a number of new logistics parks (high-tech routing warehouses and yards) and investment in intermodal-distribution centers may reach as much as \$2 billion, depending on the size and functionality of the sites.

The GLG has set a target volume of 400,000 containers, measured as twenty-foot equivalent units (TEUs). As freight volumes increase to 200,000 containers on board the CN, along with another 200,000 by way of the other railroads, the heightened capacity requirements will lead to additional, extensive investment. Dr. Belzer asserts that "just reaching 100,000 units will create

substantial economic activity and employment. As we increase mass, we decrease cost and improve service, thus creating a Virtuous Cycle of Economic Development (a complex system of economic events that reinforces itself through a feedback loop).”

“Get Right Down to the Real Nitty Gritty”
– Shirley Ellis, “The Nitty Gritty” (Congress Records, 1963)

Assuming that near-run objectives are met, early estimates indicate that shipping from Halifax to the Great Lakes will be faster, greener, and less expensive than movement by alternative routes. Depending on alternate port of entry and final destination, the Halifax-Great Lakes route will cut between \$250 and \$930 of total-landed cost per container. Also, loading containers for export with raw and processed agrarian goods will increase the cost advantage of using the Southeast Michigan port. In Western Michigan, the advantage will stimulate the formation of partnerships, which will be attractive to agribusinesses as well as to manufacturers. The GLG calculates that companies moving 1,000 containers in the course of a year may save as much as \$1 million by using the Halifax-Great Lakes route.

The start of the Great Lakes Global Freight Gateway matches the launch of a new generation of ocean-going container ships. The Halifax-Great Lakes path enjoys the competitive advantage stemming from the fact that most of the ports in North America lack the depth to accommodate the Super Post-Panamax ships. The new ships include twenty Triple-Es that have been ordered by the Maersk shipping line. Each of these vessels can carry from 15,000 to 18,000 ocean-going containers. Apart from the Port of Norfolk, Virginia, the year-around, ice-free port in Halifax remains the only one along the East Coast that can handle this new class of ship. In Halifax, the CN reaches its eastern terminus on the container-terminal piers.

Along with the further development of freight-handling employment, the GLGFG project facilitates the expansion of container-freight volume. Meanwhile, the GLG works with transshipment systems, government agencies in the U.S. and Canada, and freight shippers around the world. However, the GLG does not have plans of its own for local transportation initiatives. Instead, it defines its role as bringing together existing projects developed by other public and private organizations, which network as colleagues in the GLG work to create a unified one-stop-shop for the transport of freight through, to, and from the Great Lakes region.

By now, you probably are asking “What about the proposed bridges between Detroit and Windsor?” The GLG vision builds upon TranslinkeD, an earlier concept put forth by Dick Blouse, who then was the CEO and President of the Detroit Regional Chamber. In order to increase rail-freight volumes, the GLG will include present assets as well as new projects, such as further expansions at the Aerotropolis (the area in which the layout, infrastructure, and economy are centered around Detroit Metro and Willow Run airports) and bridges and tunnels crossing the strait. In underscoring this statement, the GLG will not take on the role of builder of bridges, tunnels, or other new infrastructure that are vital to the project. Roger Lane states, “That’s for others to deal with. We do not care who builds what, or whether it is a bridge or a tunnel. Our mission is to facilitate the movement of many more containers in and out of Southeast Michigan through partnership with our Canadian colleagues in Windsor and Halifax. What happens at the Detroit River is crucially important to us but, frankly, we will be generating

enough additional cargo to help defray the cost of whatever is decided. We just want to see it done in a timely manner.”

The GLG plan is a nonpartisan initiative. It has been submitted to the office of Governor Rick Snyder, and members of GLG have been in dialogue with Snyder’s team for several months. In order to implement the project fully, the public and private organizations involved need to take the analysis, forecasting, and strategic planning beyond the preliminary stages. However, the GLG needs funding to carry its initiative to the next level. The group has obtained its IRS 501(c)(3) status, which enables it to receive tax-deductible funding from a wide base of sources.

What is the benefit of the success of the GLGFG initiative for attorneys? Implementation of the plan will promote work in the legal profession. For example, issues in the areas of international law, national security, real and intellectual property, business formation and contracts, title transfer and real estate development, eminent domain, labor, construction, codes, zoning, liability, and others will need to be addressed. A rising tide lifts all boats as additional economic activity means more contracts to write and deals to negotiate.

As we associated with the GLG group continue to work on this project for the public good, we hope that all of our readers will have a safe, happy Thanksgiving. If you have any specific questions, please feel free to contact me (Dr. Sase) directly. Alternately, if you wish to receive broader information about the project, obtain written materials, or voice your own interest in the GLGFG, please contact a member of the Great Lakes Gateway public- and media-relations team: Christopher Cook, 734.604.6254, cook@metrocominternational.com; Jennifer Mefford, 248.318.7885; and Jeanne Broad, 313.885.9172.

A PDF copy of this article is posted at <http://www.saseassociates.com/legalnewscolumn.html>. We continue to post videos related to our monthly column on www.Youtube.com/SaseAssociates. Current offerings in the *Legal News Features* playlist include: 1) *Hiring Forensic Experts*, 2) *Twenty-Four Tips for Writers*, 3) *Halifax to the Great Lakes*, and 4) *PowerPoint: Choosing the Color Palette*.

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