LAEDC

Economic Vitality, Trade & Jobs

OnTrac Corridor Trade Impact Study - Overview

The Orange North-American Trade Rail Access Corridor (OnTrac) is a vital component of the Southern California trade transportation network, which handled international trade valued at more than $200 billion in 2000. This floodtide of international trade moves between our overseas trade partners, particularly China and the other Pacific Rim countries, and every state in the lower 48 via the OnTrac Corridor, the Alameda Corridor, the Alameda Corridor East and the Ports of Long Beach and Los Angeles.

OnTrac, a grade-separation and railroad-lowering project along the Burlington Northern Santa Fe (BNSF) line, is part of the Alameda Corridor East. The Alameda Corridor connects the Ports of Long Beach and Los Angeles to the rail yards just east of downtown L.A. The Alameda Corridor East consists of the Union Pacific and BNSF mainlines between the downtown rail yards and the Colton Crossing in San Bernardino County. This eastbound corridor carries about *three times* the cargo of the Alameda Corridor, because the intermodal rail yards add containers trucked from the ports and containers loaded with locally produced goods. In all, the Alameda Corridor East carries about 19 percent of the United States waterborne international trade plus considerable domestic trade.

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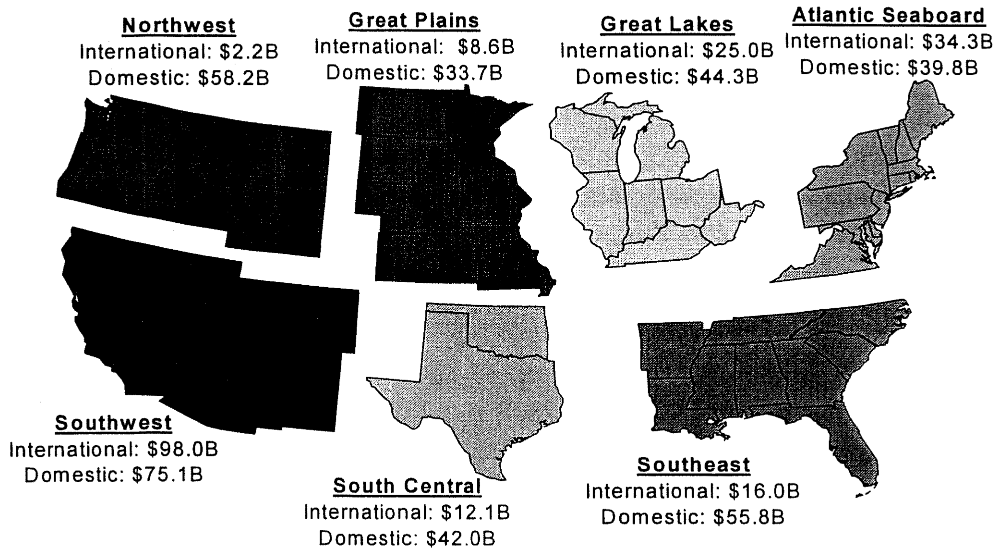
The *OnTrac Corridor Trade Impact Study* was prepared by BST Associates in collaboration with the LAEDC to help members of Congress better understand why such rail corridors are important. This case study determined the value of products flowing in and out of every state in the country in 2000 via the Ports of Los Angeles and Long Beach, the Alameda Corridor and the OnTrac Corridor. The study examined trade-related economic activity tied to the ports for all 435 U.S. Congressional Districts. (The trade figures are from 2000, but the analysis reflects 2002 redistricting following the decennial census.) For each district, the study ranked industry groups by dollar value of imports and exports, and identified the top ten importers and top ten exporters. Also at the district level, the study summarized the dockside value of imports and exports moving via the OnTrac Corridor and the rest of the Alameda Corridor East. The district level data were aggregated and summarized for each state. Also at the state level, the study determined the number of trade-dependent jobs, and the total state and local taxes generated by the trade-related activity.

Separately, the study also looked at the trade disruption impact of the labor dispute at West Coast Ports in October of 2002. With trade growing rapidly, capacity shortfalls threaten a similar impact in terms of jobs, income and taxes forgone. If trade growth is limited by inadequate infrastructure investment, then the economic activity tied to that trade will be disrupted or not created at all. The labor dispute is a reminder of the need to invest in trade transportation infrastructure.

Investing national funds in efficient transportation networks in California is actually in *other* states' interest for several reasons. It will ensure that the goods produced in other states continue to reach their California customers in a timely way; it may reduce warehousing cost through efficient logistics strategies like "just-in-time" delivery; and it will speed goods to and from overseas to destinations throughout the United States.

The *OnTrac Corridor Trade Impact Study* highlights the impact for the entire country of efficient goods movement in Southern California: almost $200 billion in international trade; more than 2 million jobs; and more than $16 billion in state and local taxes. The map below summarizes the two-way trade by regions of the United States.

Year 2000 Two-Way Surface Trade
Between California and Regions of the United States
(International via Alameda Corridor East &
Domestic via all Trade Corridors)



*Southwest international total includes CA's overseas trade; the domestic total excludes CA's $535 billion trade with itself.

The Northwest states received and sent international trade via the Alameda Corridor East in 2000 valued at $2.2 billion dollars. For the Great Plains states the comparable figure was $8.6 billion, and for the Great Lakes states, it was $25.0 billion. The Atlantic Seaboard saw $34.3 billion in international trade move through the San Pedro Bay Ports, while $16.0 billion moved to and from the Southeast. Texas and Oklahoma relied on the Southern California ports for $12.1 billion in international trade. The figure for the Southwest states was $98.0 billion.

For context, the map also shows the estimated value of domestic trade between California and the other regions. Unlike the international trade numbers (which reflect just trade moving via the Ports of Los Angeles and Long Beach), the domestic numbers cover the entire state of California. Note that the Southwest was the only region where the international trade was larger than the domestic. This anomaly reflects the inclusion of California's international trade, but the absence of its domestic trade (with itself) worth $535 billion in 2000 from the $75.1 billion domestic regional total.