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## **New study affirms MI is a key player in logistics industry**

*Highlights existing strengths in air transport, importance of trade with Canada and need for investment in infrastructure*

**DETROIT, Mich., September 12, 2012** — According to a study commissioned by Business Leaders for Michigan (BLM), Michigan can grow its position as a logistics gateway by accelerating efforts to support and maintain its logistics base, increasing investments in infrastructure that support global product movement and identifying niche industry sectors to build upon.

“This study helped identify strategic priorities that would enhance Michigan’s ability to compete as a logistics center. It reaffirms that Michigan has numerous opportunities to grow its economy by exploiting its position as a global gateway and by investing in infrastructure that will improve product movement - especially with Canada, our number one trade partner, but also Europe and Asia,” said Doug Rothwell, President and CEO, Business Leaders for Michigan. “Michigan’s proximity to Canada provides an advantage over Midwest competitors. By increasing the capacity and reliability of transport in southeast Michigan, particularly by further developing the airport and building a new international border crossing, we can help protect this existing industry base.”

Rothwell commented on the need to be competitive by improving key infrastructure for connections to important global markets and within the Midwest region, “Michigan is still an important manufacturing/supply chain player that is likely to sustain a substantial logistics business because of its manufacturing base. But there is an opportunity to grow our logistics industry by developing a business strategy that builds on its strength in air transport and identifies niche industries we can build upon.”

“Michigan can build on its strength as a passenger and air cargo hub to create an international business service hub” said Rothwell. “The Detroit Metro Airport hub, is considered to be an important global connection for the state’s economy, with the Grand Rapids and Lansing airports functioning as additional connections.”

See the attached for an Executive Summary of the study. It was compiled by Global Logistics Development Partners, Global Innovation Partners and Greyhill Advisors and included reviewing Michigan’s logistics system and interviewing industry stakeholders, local policy makers, shippers, and the logistics industry. The entire study can be found at <http://www.businessleadersformichigan.com/research-reports/>

### **About Business Leaders for Michigan:**

Business Leaders for Michigan ([www.BusinessLeadersforMichigan.com](http://www.BusinessLeadersforMichigan.com)) is a private, non-profit executive leadership organization dedicated to making Michigan a “Top Ten” state for job, personal income and economic growth. The organization is composed exclusively of the chairpersons, chief executives or most senior executives of Michigan’s largest companies and universities, which provide over 320,000 jobs in Michigan, generate over \$1 Trillion in annual revenue and serve over 135,000 students. The organization’s work is defined by the Michigan Turnaround Plan, a holistic, fact-based strategy to get Michigan’s economy back on track. Visit [www.michiganturnaroundplan.com](http://www.michiganturnaroundplan.com) for more information.



## **Michigan Competitive Logistics and Benchmarking - Business Leaders for Michigan Project Overview/Summary of Recommendations**

**Project Objective** - To identify strategic priorities to enhance Michigan's ability to compete as a logistics center

### **Key Takeaways**

#### **1. Support Existing Business**

- a. Michigan must accelerate efforts to support and retain its existing industry base
  - i. First priority: Focus on stabilizing and preserving the existing base

#### **2. Promote Business Growth**

- a. Create customized business strategy to grow sweet spot niche segments

#### **3. Identify and deliver world-class infrastructure**

- a. Increase competitiveness and improve key infrastructure for connections
  - To important global markets
  - Within the Midwest region

### **Macro-trends**

1. Globalization of markets is driving regionalization of supply chains requiring sourcing from global locations proximate to foreign markets
  - a. Places pressure on existing industry players and their MI production
  - b. Current supply chains in the automotive sector may be poised to shrink
2. SE Michigan to Canada trade is expected to grow substantially across a range of industries; proximity to Canada is advantage for Michigan over Midwest competitors
3. Generally, southern migration of domestic manufacturing and population reduces competitiveness in Midwest/Upper Midwest locations; improving Michigan's logistics infrastructure can mitigate
4. Chicago, Indianapolis and Columbus have advantages in rail and truck transport; limits Michigan opportunities to capture market share; Michigan has potential advantage in air transport

### **Michigan's Competitive Position**

- Michigan is still an important manufacturing/supply chain player that is likely to sustain a substantial logistics business because of its manufacturing base
- Michigan's location does not necessary position it well for rail and truck transport, and Michigan's rail and truck transport is not at a competitive advantage compared to other Midwest competitors. But Michigan has an opportunity to capture market share in air transport
- SE Michigan is Michigan's most competitive hubbing opportunity
  - Size of base and direct access to Canada and Ohio Valley markets
- Michigan's top priority must be to defend its current business against southern competitors and in doing so position itself to grow niche supply chains that can be supported by logistics-enabled assets and strategy

## **Recommended Actions**

Michigan's opportunities to increase its manufacturing/logistics business are to:

- streamline logistics connections to Europe, east coast market and logistics centers (and deep sea ports) and Asian markets (via air)
- create additional infrastructure connectivity with largest trading partner (Canada)

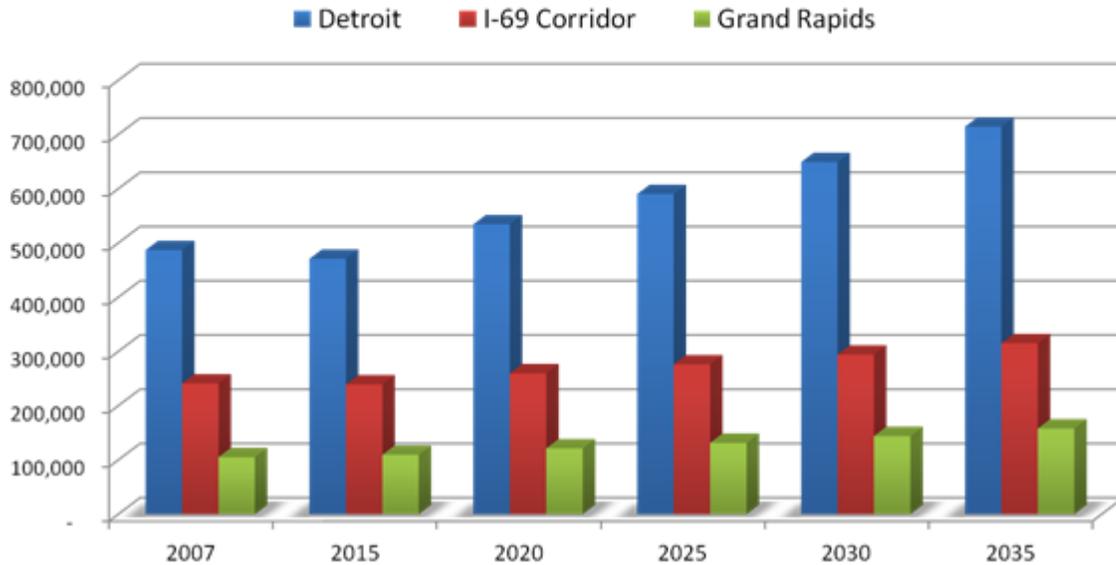
- 1. Make focused public and private investments in infrastructure that strengthen Michigan's competitiveness relative to Midwest competitors and that increase capacity to serve Canada, Europe and Asia**
  - a. New Canada highway bridge
  - b. Streamline Detroit intermodal freight transfer assets and interline connections
  - c. Develop modern DTW air cargo assets
  - d. Review business case for new Canada rail tunnelKey – position for private risk capital alongside public investments
- 2. Identify niche business expansion (supply chain) opportunities through sub-sector competitive positioning analysis and develop business development strategies based on findings**
  - a. Develop a targeted business marketing strategy to capture market share in niche markets where SE Michigan has competitive advantages –potentially at/around new infrastructure projects
- 3. Focus the Aerotropolis to be a balanced strategy, as a multi-use development program with transport of people and cargo as a core business proposition**

## Detroit – Canada: Trade Relationship

Michigan's proximity to Canada offers superior access, with potential to capture an even larger share of the cross-border relationship.



### Cargo Movement Forecasts Through 2035 Total Freight in Thousands of Kilotons



### Cargo Movement Forecasts Through 2035 Total Freight in Million USD

