

Summary of Conference Proceedings

Bill Morrison



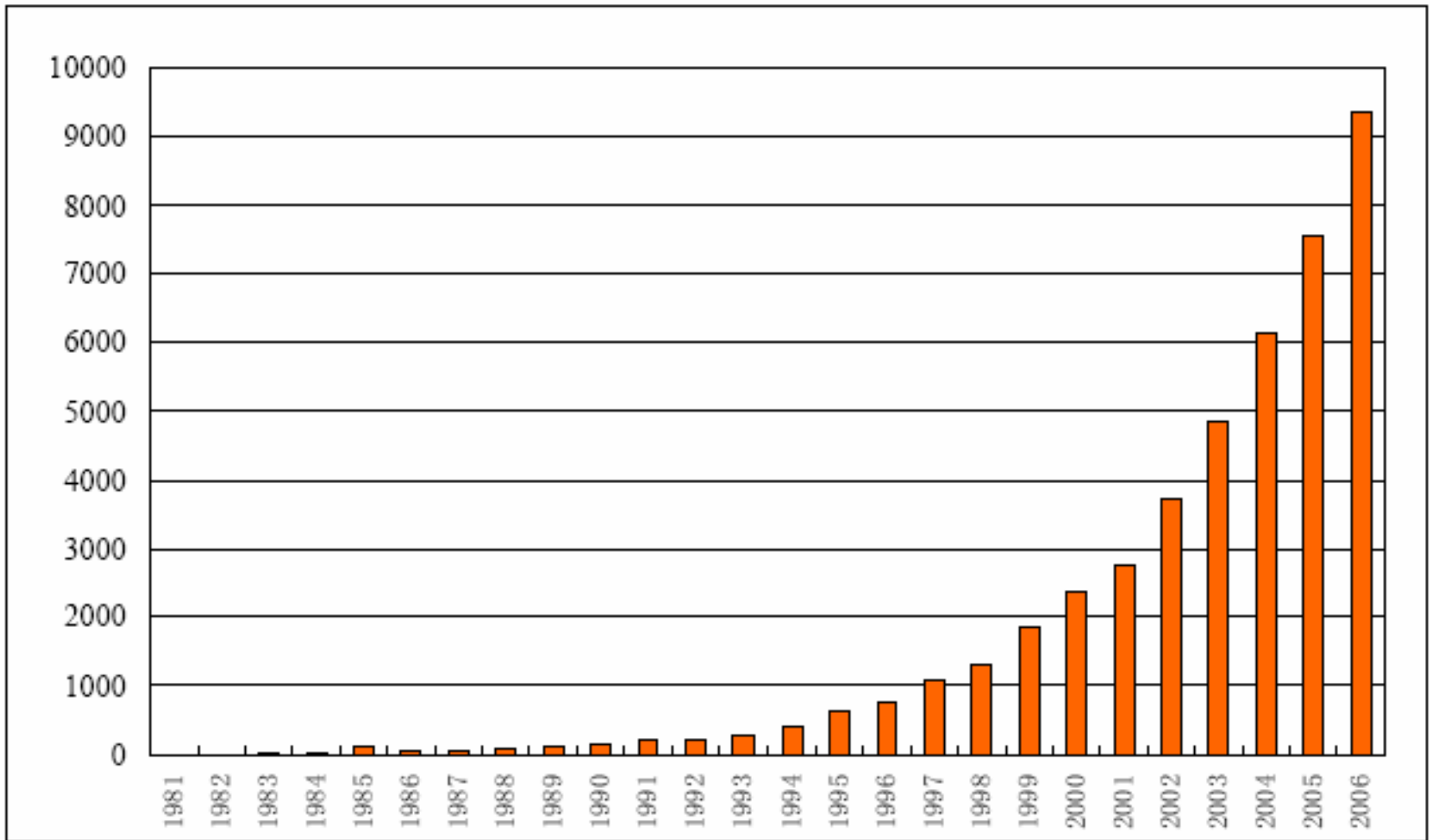
Wilfrid Laurier
University

Vancouver
May2-4 2007

Messages given...and messages received

- Messages I received
 - Common themes, issues,
 - Areas of consensus?
- What it made me think about
- Discussion is created by the space between messages sent and messages received:
 - Professional focus
 - Educational background
 - Different ways of framing and interpreting the message

Why a conference like this?



Throughput of Container In Mainland of China

Morrison: Gateways and Corridors

Canada taking a 'system-wide' perspective on our transportation network



Morrison: Gateways and Corridors

Messages I think I heard...

- Importance of analytical (theory) models in providing a conceptual structure for thinking about a very complex subject.
 - The sources of friction in a transport network are many with complex interdependencies
 - Analytically, frictional costs at a node in a transportation network are likely to be similar whether representing transportation costs (a gateway) or other frictional costs (border effects)
- Results of gateway and corridor development will depend on how supply chain participants compete (market structure)
 - There is a lot of strategic interaction going on
 - There is a potential for significant rent dissipation in gateway/corridor competition (PD games)
 - If you build it they *might* come

- Expanding capacity of gateways and corridors may not have large social benefits without some form of congestion pricing.
- Importance of including all relevant social costs
 - Security costs are part of the social costs of network design and expansion
 - Congestion pricing has to be part of the equation if only because of environmental impacts
 - Need for international coordination here
- Urban geography will provide an uneven distribution of social costs across ports
- Regional impacts of developing gateways and corridors are uncertain, uneven.

What I think I heard

- Need for transparency/accountability in governance of gateways and hubs (seaports, airports).
- Importance of measuring port performance
 - Different measures provide different pictures of performance
 - TFP, DEA, Bayesian DEA...
- Importance of measuring total logistic costs
 - Delivered prices are what business decisions
 - Delivered prices are subject to variability

What I think I heard

- The US maritime strategy is a decentralized strategy
- “A slow boat to maybe”
 - Regulatory friction slows the implementation of changes
- Its about value-added not volume
 - logistics adds value
 - Logistics per se do not require large asset investments

- Technology is driving the value-added components of logistics in the network (links, reducing frictions along the chain)
- Reliability adds value
 - replacing duration as a key component of the supply-chain value proposition

What I think I heard

- There is no clear-cut solution to governance and regulation related to infrastructure investment in and operation of Gs and Cs
 - 3Ps are subject to the transaction costs that accompany large asset-specific investments
 - Privatization can result in either over or under-provision of investment, depending on the accompanying regulation (cost-based, price-cap)
- There is gaming in the process of choosing projects
 - 'Measured benefit inflation' in the benefit-cost calculation
- There is no coherent governance of ports in Canada
 - But we appear to need flexibility in policy and governance

What I think I heard

- Its not just about China
- Small investments in corridors can cause big effects
- There are significant frictional costs on links (corridors) within Canada (inter-provincial) and between Canada and the US.
- New definition:
 - **Door**: *an inland jurisdictional boundary point on a corridor that is not a port or hub*
- The next conference:
“**Canada’s Gateways, Corridors, Hubs and Doors**”

What I think I heard

- We need improved ability to share information and forecast demand and supply conditions
 - Transportation data creation and availability
 - The US has a competitive advantage here!

Some thoughts

- Implications of a system-wide approach
 - The 'system' is not constrained by jurisdictional borders



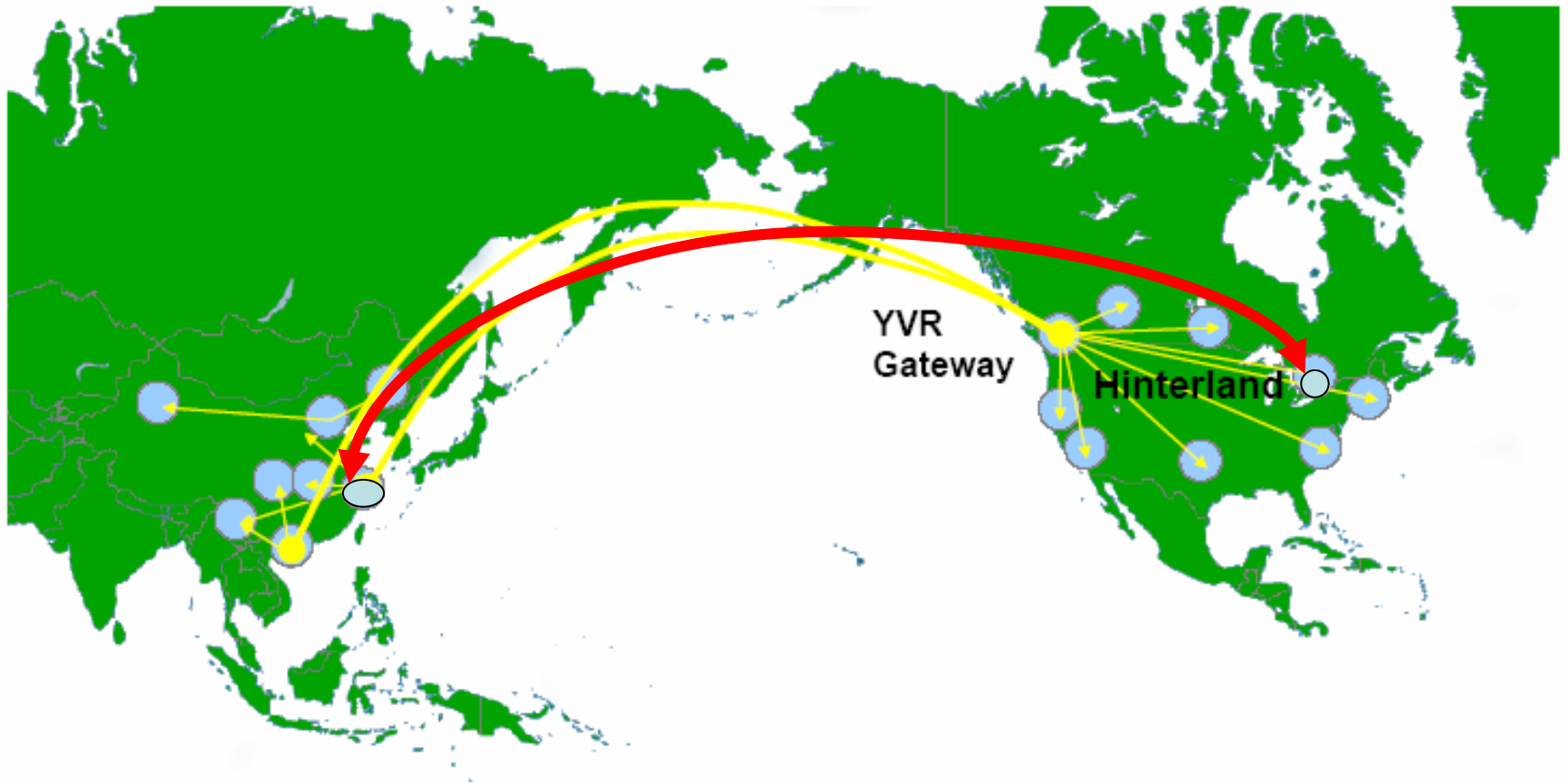
Morrison: Gateways and Corridors

– Vancouver acts as a gateway to its North America hinterland



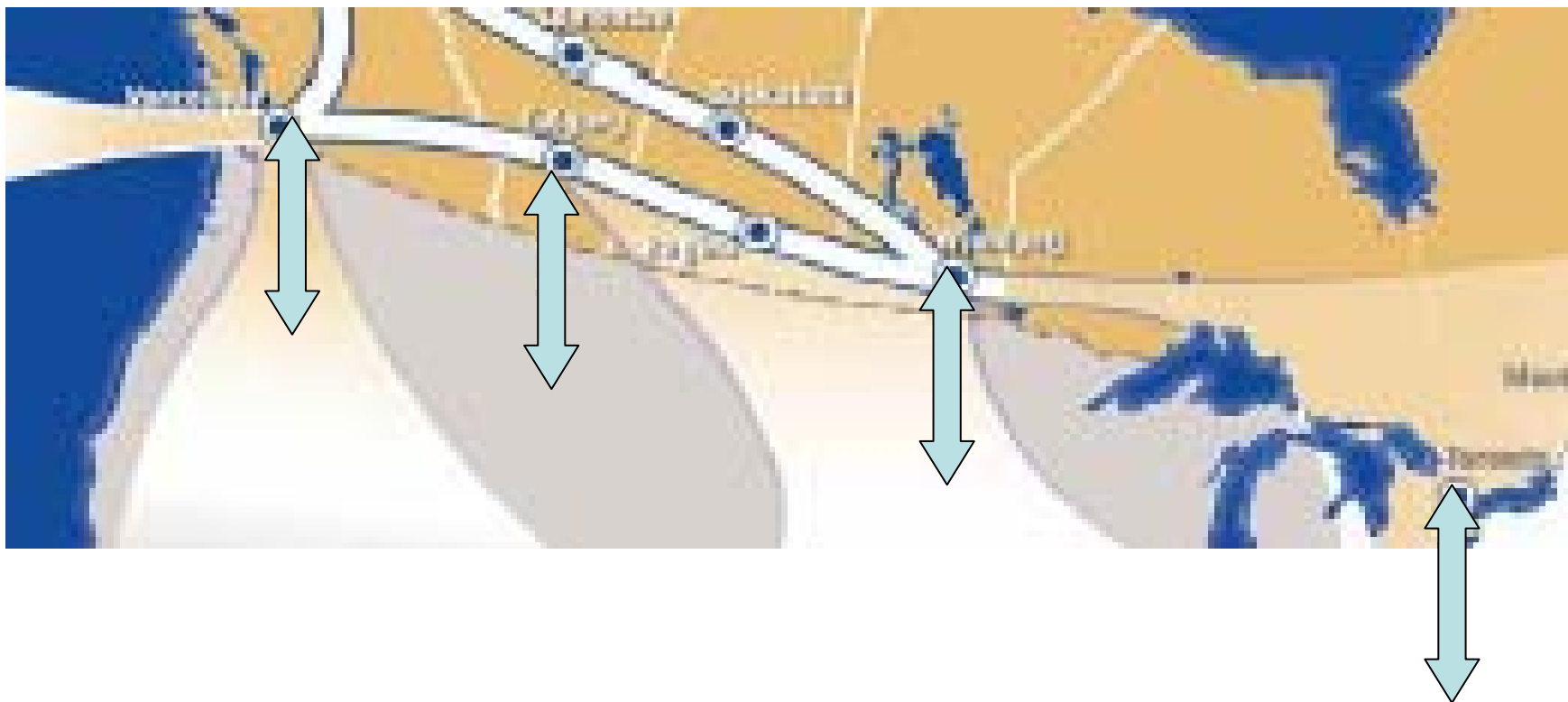
Morrison: Gateways and Corridors

Toronto Pearson is a gateway with respect to air transport



Morrison: Gateways and Corridors

Look at the North-South corridors



Morrison: Gateways and Corridors

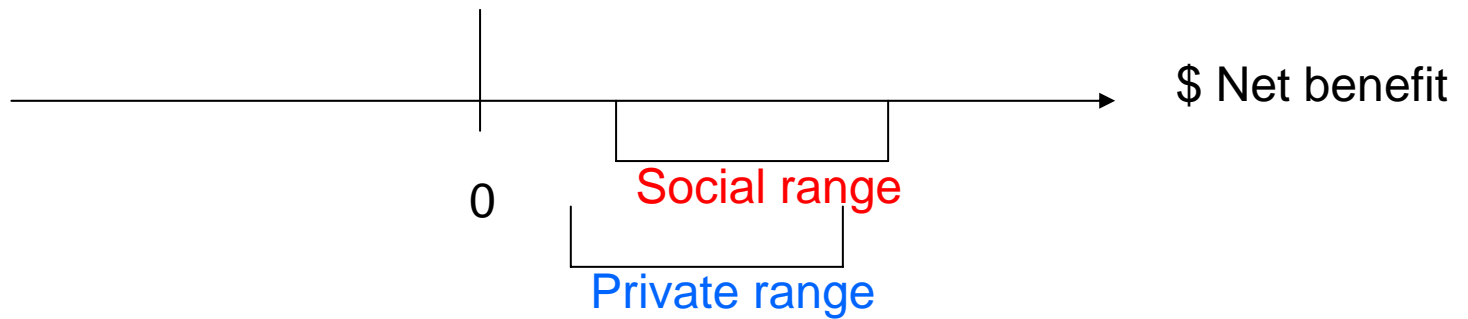
Some thoughts

- If small investments or other changes at a single corridor can make big differences in traffic flows we should make sure that Asia-Pacific and Atlantic gateway strategies (and strategic development of nodes in between) are integrated and complementary

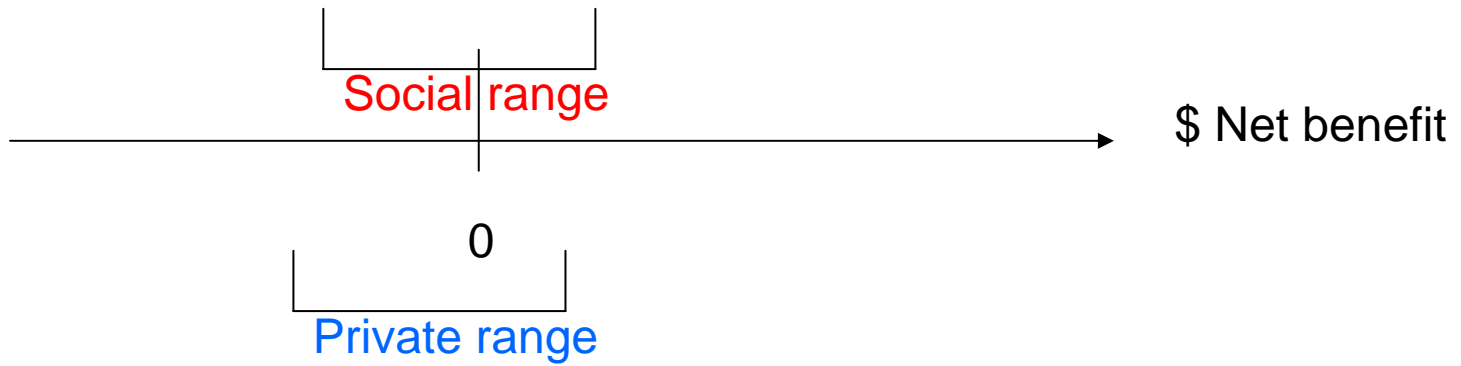
Some thoughts

- Be careful how you legislate transparency and accountability
 - The Airport act
 - The Port act?
 - The Gateway and Corridor Act?
 - The Door act?
- This is not just a Canadian problem.

Ranges of estimated values



EASIER PROBLEM



TOUGHER PROBLEM

Education

- Given the importance of technology and logistics in providing increasing efficiency and reducing frictions in the system, we should invest in Supply Chain technology and management in post-secondary education – go for the value-added.
 - Our universities have to potential to produce global leaders in the development of logistic technology, and the **management** of logistics and supply chains

Operations Management (Supply Chain Management)

The program offers a comprehensive Supply Chain Management education covering all of the pillars of the field including Transportation, Logistics and Purchasing. It is expected that graduates of this program will find career opportunities in the areas of Operations Management, Marketing and Industry. The program requires at least two years of course work.

Course Requirements for PhD in Management – Supply Chain Management:

Some thoughts

- The transportation network system as a *social franchise*
 - *Franchisor wants to maximize the value of the franchise and integrate the localized private interests of each franchisee*
 - *The government has a role in*
 - *Coordination*
 - *Infrastructure design*
 - *Flexible but incentive compatible rules*

May your corridors be uncongested
Thank you!



Morrison: Gateways and Corridors