

Senate Transportation Task Force
Senator Roger Kahn, Chair
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Rooms 402-403, Capitol Building

Remarks by Sabrina Keeley
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- Mr. Chairman and members, thank you for the opportunity to provide comment on this very important topic.
- Business Leaders for Michigan (BLM) is an executive leadership organization comprised of the chief executives or most senior level executives of the state's largest job providers, many of whom I'm sure are familiar to you – companies like **Domino's, Dow Chemical, Ford, General Motors, Meijer, Steelcase, and Whirlpool**, just to name a few.
- We applaud the work you are doing through this task force to gather information and develop solutions to meet Michigan's current and future infrastructure needs.
- We believe the needs are critical.
- As a vital link in a global logistics supply chain that also includes access to rail, water, and air, our members rely on Michigan's system of interstate highways and bridges to get their products to customers in Michigan, across the U.S. and North America, and around the world.
- In 2011, our members generated sales of almost \$100 billion in Michigan alone. So, we understand the importance of being able to reach customers, no matter where they are located.
- As a state, it's not surprising that much of our economic strength is tied to our manufacturing heritage and the automotive industry. For more than a century, Michigan has been the undisputed center of the 20th century's most transformative industry.

- Today, our state **still** contributes over a quarter of the output of the entire U.S. automotive industry, which is more than twice as much as its nearest competitor.
- And, our leadership in manufacturing extends far beyond the automotive industry. We are also the **home of the office furniture industry, the world's largest chemical company and some of the world's largest food manufacturers.**
- However, our dominant position in these industries is threatened by some key factors that we can't ignore:
 1. Domestic manufacturing is migrating south, as are people. This is reducing the competitiveness of the Midwest and Upper Midwest regions; and
 2. The globalization of markets is driving the regionalization of supply chains, so businesses are now sourcing closer to foreign markets.
- As a result, Michigan's manufacturing industries may be vulnerable to reduced presence in the state as they source from evolving supply chains elsewhere or they expand to more distant markets.
- **So, First and foremost, we must defend our strong base of manufacturing businesses against competitors.**
- We need to make sure our existing businesses stay here and to do that, we need to invest.
- To that end, improving Michigan's logistics infrastructure, **including our roads and bridges**, can help us compete against the advantages of other Midwest locations like Chicago, Indianapolis and Columbus.
- Within these threats, however, there are also opportunities.
- Michigan's geographic location and natural assets provide unique advantages that can greatly assist our economic recovery.

- Speed in delivering goods and services is increasingly important in a global marketplace. Just-in-time delivery from point-of-production to the end-destination consumer increases the need for global logistics solutions.
- Michigan is well-positioned to be a solution to these issues.
- While Chicago has been America's traditional gateway to the Midwest, its hub airport is land-locked, its highways are congested and its water port is too remote to accommodate much additional growth.
- This is good news for Michigan.
- Michigan, whether accessed by road, rail, sea or air, has powerful advantages that make it an ideal epicenter for trade:
 - **First**, half the population of the United States and Canada lives within 500 miles of Michigan, and Southeast Michigan to Canada trade is expected to grow substantially.
 - **Second**, we have the most direct route to the largest American markets from new and expanded Canadian deep water ports.
 - **Third**, our two Detroit area airports, Detroit Metro and Willow Run, give us the fifth largest runway capacity in the U.S., and one of the shortest routes to growth markets in Asia.
- The capacity of these assets is **currently underutilized** and together they present an enormous opportunity to transform Michigan into an integrated, multi-faceted transportation freight hub.
- But getting there requires a broad commitment to building out and integrating an infrastructure network that can support a global logistics hub, **and that includes our highways and bridges.**
- If we can increase our competitiveness and improve key infrastructure for connections to important Canadian markets and within the Midwest region, our strong base of manufacturing can help us retain our status as an important

manufacturing and supply chain player and position us to sustain a substantial logistics business.

- In the last two years, the Governor and Legislative Leaders have taken steps to address Michigan's competitiveness, including reducing the state's long-term debt and creating a better business tax climate for small and medium-sized businesses.
- While work remains to further improve our position on fiscal, regulatory, and tax competitiveness, those measures alone are insufficient.
- The regions around the nation and the globe that have been most economically successful leverage their unique assets to drive economic growth. They understand that businesses look not just at costs, but also at the value provided by a region's assets relative to those costs.
- Right now, you might say we are getting out of our road and bridge infrastructure what we are putting into it.
- According to the Federal Highway Administration, state and local highway spending per capita in Michigan is 3rd lowest among all states.
- Not surprisingly, Michigan's interstate highway condition is ranked **13th worst** nationally and is **4th worst for urban congestion**, according to the 19th Annual Highway Report from the Reason Foundation.
- Business leaders are paying attention. In prominent national surveys, business executives have routinely listed **access to and condition of highways** as one of the top factors in making site location decisions.
- In the Area Development Online 2012 Top States for Doing Business Survey, Michigan was not among the top states for infrastructure and global access.
- The Top Ten states in this area were, **in order:** Tennessee, Georgia, South Carolina, Indiana and Texas (tied), Illinois, North Carolina, Ohio, Alabama, Kentucky, and California.

- **These are states with which Michigan is competing for jobs and investment.**
We need to make focused public and private investments in infrastructure that:
 - strengthen Michigan's competitiveness relative to Midwest competitors, and
 - increase capacity to serve Canada, Europe and Asia.
- If we don't take action to ensure the quality and capacity of Michigan's physical infrastructure, we will limit the state's ability to leverage our strong geographic location and leading manufacturing base to increase exports and expand foreign direct investment in a global economy.
- Finally, improving our roads and making other strategic investments in our infrastructure could leverage Michigan's unique geographic location to accelerate growth and grow jobs.
- Already, 374,000 logistics jobs are located in the state. Just the Aerotropolis alone, the aviation portion of the global logistics effort, is estimated to generate 60,000 new jobs and provide an impetus for more than \$10 billion in additional economic activity for the state.
- So, from our perspective, the need to invest in the state's infrastructure is clear and the potential economic benefits to our state are numerous.
- Thank you, again, Mr. Chairman for the opportunity to share our views about the importance of taking action to invest in our infrastructure.
- We appreciate your efforts and those of your fellow task force members as you seek solutions to this need **which is so critical to our economic prosperity.**
- I'd be happy to answer any questions you may have.