

## 'In the Middle'

### Memphis remains heart of world trading economy

By Bill Dries

Memphis executives and business owners moving their goods around the world this year kept a close eye on international developments like the Arab spring and the Greek government's fiscal crisis.

And, of course, fuel prices.

Some ran companies with a global infrastructure. Others had small but regular shipments moving through sensitive or troubled parts of the world that happened to be along global trading routes.

The events of faraway places and their impact close to home were the best evidence yet of the city's and the region's place in a global economy. The city's intermodal facilities, river ports, truck terminals and air cargo hub make the city a player in the movement of goods as well as the production of goods.

[FedEx Corp.](#) founder [Fred Smith](#) clearly defined the force of "emerging" countries, in particular China, joining the global economy and trading with industrialized nations as "the fastest growing part of world trade."

"Everybody gets fixated on an event or one thing or another," he said in March. "While many of them are terrible and not very pleasant, the facts of the matter are that the momentum of introducing billions of people into the world trading economy is one of the biggest things that has ever happened in the history of the world."

Smith added that FedEx's Express operations "sit right in the middle of that."

FedEx and the rest of Memphis' logistics industry proved that throughout the year.

2011 saw U.S. ambassadors and consuls to three Latin American countries make their way to Memphis on a domestic tour to tout U.S. trade with the region as its economy booms.

Trade representatives from Hong Kong who also stopped in Memphis talked of redefining trade as more of an exchange among businesses as opposed to governments, even when businesses are owned or controlled by governments.

[Dunavant Enterprises Inc.](#) made the switch from cotton and commodities to logistics in 2010, with 2011 being the first full year in the new role.

"Our business will not focus just on commodities," CEO [William Dunavant](#) III told the Traffic Club of Memphis early in the year. "It will focus on anything that involves movement."



**Leaders of FedEx Corp. remained optimistic about the economy. Their optimism was rooted in the belief that countries joining the global economy would outweigh whatever effects the global recession had.** (Photo: Lance Murphey)

Dunavant Enterprises bought Sea Lane Express, a regional trucking and intermodal company based in Great Neck, N.Y., with a reach that includes East Coast seaports.

Late in 2010, the company bought majority interest in Trans Gulf Transportation in Houston. At year's end, the new Trans Gulf terminal had opened in Dallas, next to the Dallas Intermodal Terminal.

All three moves were aimed at connections to ports expected to benefit from the 2014 expansion of the Panama Canal.

Peter Hurme, publisher and senior editor of Cargo Business News, a trade publication that follows the logistics industry, questioned whether the southeastern seaboard ports that could benefit from canal expansion are ready for the larger ships carrying more goods.

"It's more a matter of is everybody else going to be as up to speed as Memphis," Hurme said.

Claude Mongeau, the CEO of [Canadian National Railway Co.](#), came to town in October to tout the railways transition into a "logistics enabler." CN bought a tentative option on 800 acres of land next to Frank C. Pidgeon Industrial Park for possible development as a logistics park.

[And Norfolk Southern Corp.](#) officials began construction in May of its \$112 million regional intermodal facility in Rossville.

"It's probably one of the last areas in the country where a significant amount of freight doesn't move by rail," Norfolk Southern CEO Wick Moorman said about the Crescent Corridor region, which connects the Gulf Coast and Northeast and includes Memphis.

Local logistics experts continued to fret about Lamar Avenue, the city's major truck freight corridor and also the city's most congested truck freight corridor.

"Just the unreliability of congestion is a factor that concerns everyone interested in economic development in this community," said Martin Lipinski, director of the University of Memphis Intermodal Freight Transportation Institute.

State transportation officials are considering a plan that would replace the Lamar intersections at Holmes and Winchester roads with interchanges with an estimated cost above \$200 million.

During 2011, [Delta Air Lines Inc.](#) included its Memphis International Airport hub among the places where it made permanent cuts in its capacity. The Memphis cuts were regional air service that amounted to 20 percent of the flights at the airport but about 8-10 percent of the passengers.

Delta stuck doggedly by the plan as fuel prices moderated from the sharp spike upward they took earlier in the year.

Meanwhile, Southwest Airlines move ahead with its acquisition of AirTran Airways, which has a presence at Memphis International. The acquisition raised speculation about whether Southwest might attempt to enter the market and provide some competition for average passenger airfares that were rated as the nation's highest by year's end.