



**CFCFA Feb, 2011 Chongqing Meeting**

***Role of Good Government Policy &  
Efficient Capital Market in Logistics  
Development***

***Case of Joliet Integrated Logistics Park Near Chicago***

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# **Logistics Development Requires Investment in:**

## **Hard Infrastructure**

- Rail, road, inland waterway and air networks
- Ports (sea, river, air)
- Multimodal hubs
- Logistics centers, freight terminals, warehouses
- Equipments

## **Soft Infrastructure**

- Information network
- Knowledge and skills, especially management capability
- Standards and conventions
- Government policies, logistics strategy, laws and regulations
- Institutional framework

# Characteristics of Logistics Infrastructure Investment

- Large capital outlay
- Long payback period
- High risk, moderate returns
- Highly influenced by government actions
  - Trade flows
  - Transport network development
  - Land use entitlement
  - Incentives
  - Special status (Free Trade Zone, Customs Centralized Examination Station)

# Favorable Climate for Logistics Investment

- Strong protection of property rights
- Free flow of capital and information
- Stable, consistent, business friendly government policy
- Unimpeded transport and trade
- Attractive, risk adjusted returns
  - Strong, growing demand
  - Limited supply
  - Upward pricing trend
  - Incentives
  - Attractive financing
  - Favorable cost structure

# CenterPoint Integrated Logistics Park



- Located 40 miles southwest of Chicago. Near two interstate highways, adjacent to BNSF & UP mainlines
- Site of former US Army Joliet Arsenal released by Dept. of Defense after collapse of Soviet Union
- Area suffered 15+% unemployment after closure of Joliet Arsenal



# Reasons for Showcasing CenterPoint Integrated Logistics Park

- Support low cost, energy efficient multimodal transport
- Relieves highway congestion, especially in urban area
- Alleviates Chicago rail interchange congestion
- Imaginative government action and PPP converted heavily polluted brownfield site into logistics hub.
- Minimal government expenditure (\$35 million grant for water & sewer, \$125 million for access road infrastructure) attract over \$4 billion private investment
- Demonstrates impressive results can be achieved when stakeholders work together

# Background Information

- Trend towards rail for long distance linehaul and truck for short distance distribution
- Rail traffic increasingly concentrated on high bandwidth corridors
- Rapid intermodal traffic growth propelled by container traffic (both international & domestic)
- Existing intermodal terminals are old and inefficient
- Mega intermodal terminals serving large areas are more efficient
- Chicago - the US rail interchange center, is plagued by heavy congestion (rail & highway)
- Logistics centers moving to cheaper, less congested suburban locations adjacent to rail & highway networks



# CenterPoint Integrated Logistics Park





# 8000 ft Tracks for Long Double Stack Trains



# Cal Cartage Logistics Center Across from BNSF Intermodal Facility

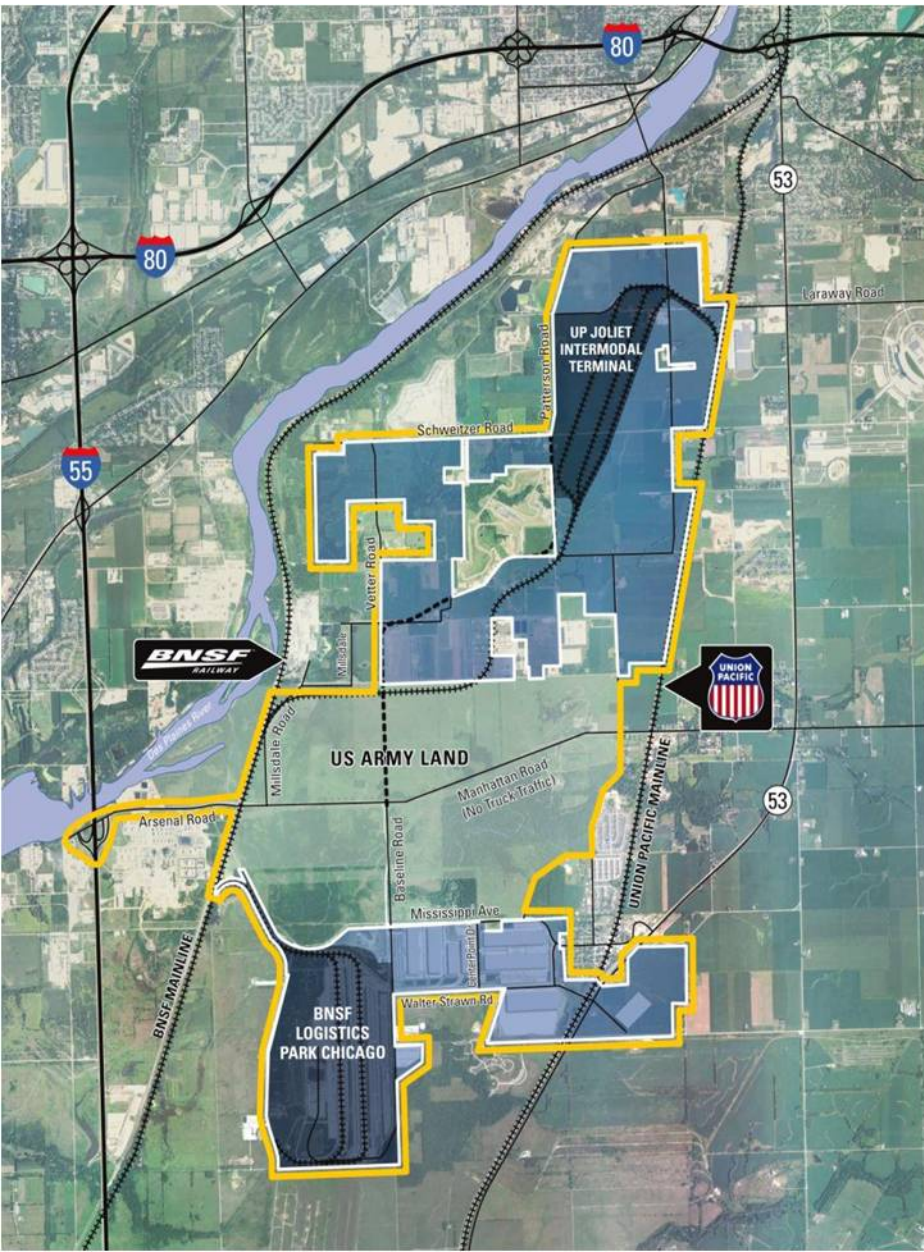


# Key Statistics

- \$1 billion+ investment by CenterPoint, plus millions more by users
- 2500 acres integrated logistics center
  - 3.4 million SF Walmart warehouse
  - Other users include DSC Logistics, Maersk, Sanyo, Georgia Pacific, Potlatch, Cypress, Bissell
- \$500 million, 770 acres BNSF intermodal/automotive facility
  - Construction started 2000, completed 2002
  - State of the Art design, six 8000 ft tracks
  - Modern intermodal hub management - automated gate, Oasis management system, GPS guided cranes
  - 1.5 million TEU handled in 2008, rank just behind Seattle & Charleston
- 1400 acres industrial park
- 100 acres equipment management area
- Increase property tax revenue by \$27 million/year and generate thousands of jobs



# CenterPoint's Success Lured UP to Form Mega Logistics Hub



- \$3 billion CenterPoint investment, with 2-4 intermodal terminals on a single campus
- 3-6 million TEUs annual capacity
- 6,000+ acres, 35 square miles
- 30 million SF of industrial facilities
- 600+ acres for container/trailer management
- BNSF/UP/CN/NS/CSX access
- Foreign Trade Zone
- Barge terminal / transloading / agriculture export hub



# Learning Points for Successful Logistics Development

- Close public private partnership involving diverse stakeholder groups
- Efficient capital market with multiple methods of financing
- Excellent connection to rail, highway and waterway networks
- Reliable, growing freight source
- Proximity to large consumer market, industrial base
- Efficient operations (streamlined process, automation, high throughput equipment)
- Ride on mega trend (globalization, multimodal growth, low carbon economy)



# Thank You!

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