



NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

News Release

For release on Tuesday, Sept. 29, 1992.
May be broadcast Tuesday A.M. and may
appear in Tuesday A.M. and P.M. papers

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NORTH CAROLINA NOT ALONE IN SEEKING AIR CARGO COMPLEX

North Carolina could face stiff competition from other states if it pursues plans for an air-cargo complex near Kinston, the N.C. Center for Public Policy Research says in a study released today.

State officials have touted the so-called Global TransPark as the first of its kind. But the Center, in a study published in the September issue of its quarterly magazine, North Carolina Insight, found that at least four existing airports in the United States contain substantial elements of the proposed complex and that a number of other states are considering comparable facilities.

"What's going on in other states has important implications for the Global TransPark project because many authorities believe the Eastern United States could support only one such complex," says Tom Mather, associate editor of Insight.

"We identified eight existing or proposed air-cargo facilities that are comparable to the North Carolina project, and six of those sites are east of the Mississippi River. That means the Global TransPark could face some stiff competition for business -- unless North Carolina beats other states to the punch."

The Center's multi-state study is part of a package of articles on the air-cargo proposal. The package includes pro and con discussions of the Global TransPark project as well as an overview on the subject. The pro argument was written by Gov. James G. Martin, who chairs the state Air Cargo Airport Authority that is overseeing the project. The con view was written by Michael L. Walden, an economist at N.C. State University.

Global TransPark would include an all-cargo airport integrated with an industrial park geared toward international trade. The General Assembly has appropriated more than \$9 million toward studying and marketing the complex, which would be located at Kinston Regional Jetport in Lenoir County. Preliminary studies estimate that building the complex at an existing airport would cost more than \$150 million. The airport and cargo complex would cover an estimated 4,700 acres with an additional 28,000 acres zoned for industrial development.

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But North Carolina is not alone in pursuing air-cargo business. The Center identified four existing airports that contain facilities comparable to the proposed Global TransPark or that have such facilities under construction. Those airports are located in Fort Worth, Texas; Huntsville, Alabama; Memphis, Tennessee; and Denver, Colorado.

The Center also found that similar projects are being considered in Jacksonville, Florida; Long Island, New York; Portsmouth, New Hampshire; and Central City, Kentucky. Nevertheless, Gov. Martin says the Global TransPark, if completed as planned, would be one-of-a-kind. "Although elements of the proposal have been implemented elsewhere, no facility in the world incorporates all of the features proposed for the North Carolina complex," he says.

The Arguments For The Air-Cargo Complex

Gov. Martin compares the Global TransPark project to Research Triangle Park. Like RTP, he says, the air-cargo complex would be a joint public-private venture that could create thousands of jobs and pump billions of dollars into the state's economy. But North Carolina must move quickly, he says, if it hopes to forestall competitors by being the first to build an air-cargo/industrial park.

"A Global TransPark will be built somewhere," Martin says. "The question is: Will it be in North Carolina, or will it be in another state? Right now, North Carolina enjoys what strategists call the 'first-mover's advantage.' The state must maintain that edge if it is to enjoy the full benefits of such a facility. Alternatively, North Carolina could sacrifice jobs, revenue, and economic growth to another state with greater foresight if state leaders lack the energy and commitment to carry out this project."

Gov. Martin predicts that by the year 2000, the complex would:

- * Generate 123,000 tons of air cargo -- roughly half the amount now handled by the state's three largest commercial airports.
- * Create 28,000 jobs at the complex -- almost as many as the number of people who now work in Research Triangle Park.
- * Contribute to the formation of 59,200 jobs statewide -- about the same number of people who live in the city of Asheville.
- * Produce \$3.8 billion in total economic impact -- nearly half the amount of the state's 1991-92 General Fund budget.

Building the air-cargo facility also could create jobs and stimulate economic growth in eastern North Carolina, one of the poorer regions in the state, Martin says. And it could give North Carolina a strong stake in the growing international marketplace.

"While building such a facility certainly could be expensive, that cost would be an investment in our state's future," he says. "North Carolina cannot hope to expand significantly its existing foothold in world trade unless it establishes the transportation system that would foster that growth."

The Arguments Against The Air Cargo Complex

Professor Walden, however, calls the Global TransPark a risky venture in which to invest taxpayers' hard-earned cash. Proponents' rosy economic forecasts are speculative at best, he says, and are based on some shaky assumptions and questionable methodologies.

He notes that state government has a history of inflating estimates of job creations. For example, a 1984 study by the N.C. Center for Public Policy Research found that only 61 percent of the new jobs announced by the state during the 1978-84 period actually came to exist. A second study by N.C. State University found less than half the announced jobs had materialized.

"Global TransPark may be a great idea -- some day," says Walden, a professor of agricultural and resource economics. "But right now, promoters can economically justify it only by guessing how many firms would locate there.

"The fact that private firms and entrepreneurs have shown little interest in the facility is a market signal that the concept is too risky and speculative. Given that uncertainty, the state should not commit millions of dollars in public funds to this project."

The facility also could draw business away from the state's existing commercial airports, which have plenty of capacity for more cargo business, he says. That explains why some of the project's most vocal critics are administrators at some existing commercial airports.

"I am not opposed to the concept; I am opposed to the state doing it," says Jerry Orr, aviation director for Charlotte/Douglas International Airport. "That's because I don't think the state should be involved in building airports to compete with its cities.

"It seems to me that the state getting involved is putting the state in the position of having to choose between her children, as to which one she will favor. And I don't think the state ought to do that."

Other critics charge that project proponents underestimate potential problems caused by excessive noise, loss of wetlands, and other environmental factors. "Energy is the big question," says Robert J. Wasson, transportation issues chair for the state chapter of the Sierra Club. "The airport would be primarily for all-cargo aircraft, and it takes a heck of a lot of energy to fly cargo around.

"What happens if we get this thing started and another energy crisis comes along? If energy prices went way up, you could see this thing close down virtually overnight."

Despite such concerns, Walden doesn't say the state should abandon the air-cargo proposal. "The state should encourage private entrepreneurs, venture capitalists, and investment bankers to pursue the concept if they deem it economically feasible," he says. "But the decision-making and funding should be left where it belongs -- in private hands."

North Carolina: Crossroads for World Trade?

Aside from the debate over public involvement, the Center's study found that the Global TransPark proposal has attracted nationwide interest. Several trade publications have portrayed North Carolina as leading the way toward developing an all-cargo airport complex.

Global TransPark is the brainchild of John D. Kasarda, Kenan Professor of Business Administration at the University of North Carolina. Kasarda calls such air-cargo/industrial park complexes the next step in the evolution of economic trade. And he says Kinston would make an ideal location for the project.

"This complex will make North Carolina the crossroads of global air commerce," says Kasarda, who directs the Kenan Institute for Private Enterprise at UNC-CH.

Kasarda calls global air-cargo/industrial parks the logical next step in the evolution of trade. So far, he says, the United States has gone through four "waves" of economic growth -- all tied to transportation advances. The first wave was linked to seaports; the second, to rivers and canals; the third, to railroad lines; and the fourth, to highways.

The "fifth wave," Kasarda says, is the integration of three components -- aviation, global trade, and "just-in-time" production. With just-in-time production, manufacturers minimize inventories while relying on rapid communication and transportation to supply them with just enough materials to their orders. Time is the critical factor in the new economy, Kasarda says, and speed will separate global winners from losers.

The N.C. Center for Public Policy Research is an independent, nonpartisan, nonprofit corporation created to study public policy issues facing North Carolina and to evaluate state government programs. The Center receives general operating support from the Z. Smith Reynolds and Mary Babcock Reynolds foundations, 120 corporate contributors, and about 750 individual and organizational members.

In addition to publishing North Carolina Insight magazine, the Center has conducted studies on access to health care, ways to increase voter participation, and disparities in funding among rich and poor school districts in North Carolina. It also publishes a citizen's guide to the legislature and rankings of the most influential lobbyists.

Copies of the Insight issue that examines North Carolina's proposed air-cargo/industrial park complex can be obtained from the Center for \$6.36, plus \$1.50 for postage and handling. To order, call (919) 832-2839, or write to the N.C. Center, P.O. Box 430, Raleigh, NC 27602.

For more information, call Tom Mather at (919) 832-2839.

**Table 1. Key Arguments For And Against
The Global TransPark Project**

PRO	CON
1. Global TransPark would create an estimated 28,000 jobs at the complex and 59,200 statewide by the year 2000. 2. Would generate an estimated \$3.8 billion in total economic impact statewide by the year 2000, and \$12.9 billion by the year 2010. 3. Would bring jobs and economic growth to eastern North Carolina, a region of the state that largely has missed out in previous state development ventures. 4. Like Research Triangle Park, would create a government/business partnership that would generate statewide economic impact. 5. Would accelerate North Carolina's already growing air-freight business. 6. Would give North Carolina a jump on other states in developing global markets, particularly in fast-growing Pacific Rim nations.	1. Job and economic projections are based on overly optimistic assumptions regarding plant relocations. State government has a history of inflating estimates of job creations. 2. Economic forecasts are dependent on assumptions that workers and materials would be available for just-in-time production, and that fuel would remain cheap and plentiful. 3. Large complex would require the relocation of many families, create excessive noise, and burden local highways, schools, and other facilities. 4. Private marketplace is better able to assess the wisdom of investing millions of dollars in such a speculative venture. 5. Could draw business away from existing commercial airports, which have plenty of capacity for growth. 6. North Carolina is better situated for targeting markets in Europe and North and South America; West Coast states are better able to develop Pacific Rim markets.

Table 2. Projects Comparable To Global TransPark In Other States

Global TransPark proponents say the complex would be the first of its kind — a state-of-the-art manufacturing center linked to global markets through an all-cargo airport, four-lane highways, and nearby seaports. But at least four existing airports possess substantial elements of the proposed air-cargo/industrial park complex, and others are under consideration. Following is a summary of some comparable existing and proposed facilities:

Name	Location	Status	Description
Alliance Airport	Fort Worth, Texas	Existing	This "commercial industrial cargo airport" is a joint venture between the city of Fort Worth and private investors — most notably Ross Perot Jr., son of the well-known billionaire. Airport covers 678 acres, surrounded by some 4,000 acres marketed to industrial tenants geared to just-in-time production. Linked to interstate highways and rail lines. Opened in 1989.
Huntsville International Airport	Huntsville, Alabama	Existing	Airport located on 3,500-acre site that includes a new air-cargo center and a large industrial park. Tenants include Chrysler, Boeing, and other corporations, some engaged in just-in-time production. Linked to interstate highways and rail lines. Opened 1986.
Memphis International Airport	Memphis, Tennessee	Existing	This 4,000-acre airport is the central hub for Federal Express Corp., the nation's largest air-cargo carrier. Airport dominated by passenger traffic by day, cargo at night. Federal Express hub a catalyst for development, attracting manufacturers to adjacent industrial park. Linked to interstate highways, rail lines, and shipping via the Mississippi River.
Front Range Airport	Denver, Colorado	Expansion underway	This 5,000-acre cargo airport is surrounded by a 10,000-acre industrial park. Complex opened in 1984, with an expansion scheduled for completion in 1993. Firms can lease land in industrial park or along runways. Linked closely to interstate highways, rail lines, and Denver International Airport, primarily a passenger facility.

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Name	Location	Status	Description
Jacksonville International Airport	Jacksonville, Florida	Proposed expansion	This 7,500-acre airport is linked to interstate highways, rail lines, and a seaport. Primarily a passenger facility, managers are seeking to locate an air-cargo hub and/or manufacturing plants on airport property.
Calverton Airport	Long Island, New York	Proposed conversion	Feasibility study underway considering conversion of 7,000-acre Navy base into an air cargo/industrial park complex. Linked to interstate highways, railroads, and seaports.
Pease Air Force Base	Portsmouth, New Hampshire	Proposed conversion	Study underway considering conversion of 4,300-acre military base into an air-cargo/industrial park complex. Linked to interstate highways, rail lines, and seaport.
Central - Midwest International Airport	Central City, Kentucky	Proposed	State developing master plan for proposed cargo airport/industrial park complex on a 20,000-acre site. Targeted for just-in-time manufacturers and international trade. Interstate highway links would have to be built, but rail line already runs through property.
Global TransPark	Kinston, North Carolina	Proposed	State developing master plan for proposed cargo airport/industrial park complex. To be located at existing 1,250-acre airport, with about 20,000 acres of nearby land available for development. Would be linked to interstate highways, rail lines, and seaports.

N.C. Center intern Mebane Rash conducted research for this table.