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The evolving role of rural river ports as strategic economic development actors

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ABSTRACT

The mission of seaports and river ports have evolved, over time, reflecting greater consideration of economic development. This changing role has been examined through analyzing port authorities in metropolitan regions as they diversify into urban development, but research on the changing role of rural river ports is nascent. Based on a project funded by the Mississippi Department of Transportation, this article explores the sixteen public ports in the rural U.S. State of Mississippi to shed light on how rural port authorities can operationally better support economic development efforts. These public agencies, which have traditionally focused on moving non-containerized cargo, are now diversifying into economic development. To be successful at improving rural livelihoods, rural ports need to work closely with the economic development community, but in different ways than urban ports. Their governance, financing, marketing, planning, and collaborative efforts need to adapt to be successful.

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1. Ports and economic development

Ports can be a key asset for economic development efforts. Ports help a region create jobs, increase the tax base, and improve quality of life through facilitating the attraction, retention, and development of businesses. Traditionally, river port organizations played a passive role in recruiting and retaining industry, but due to external forces, these ports are becoming active partners in the economic development process. However, how river ports can more effectively support economic development efforts is not well understood.

River ports are typically examined from a transportation perspective because they have not been strategic actors in economic development. Instead, this research examines ports through a lens of asset-based economic development, which is a "bottom-up approach to economic development that builds on existing local resources to strengthen local and regional economies" (Reed, 2012, p.1). This is the International Economic Development Council (IEDC) professionals' perspective which emphasizes business recruitment, retention, and development. In the case of Mississippi, this economic development strategy is state directed policy. The economic development strategy of using local assets to attract and retain industry is the embedded context of US river ports governance (Debrie Lavaud-Letilleul et al., 2013). Some port scholars (cf. Rubin, 2011) consider this a neoliberal market driven public/private development approach, but in rural America this is the dominant paradigm. Thus with increased global competition for industrial investments, river ports are beginning to be viewed as valuable local assets for job creation efforts by economic development professionals.

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Waterway systems around the world provide a safe, reliable, and cost effective means of transportation that can be leveraged to improve rural livelihoods and household welfare. These systems of rivers and canals connect rural areas to global markets. Examples include the 92 ports along the Yangtze River System in Asia and the 42 ports along the Rio de la Plata River System in South America (World Port Source, 2016). These inland ports play an important role in rural industrial and agricultural development. However as Slack and Comtois (2016) note, non-container moving inland river ports, despite their large stable trade activity, remain under-researched.

The United States has approximately 360 publicly and privately-owned commercial river and seaports (American Association of Port Authorities, 2016). The U.S. inland waterway system includes over 200 ports and 12,000 miles of navigable waterways in five main systems—the Mississippi River, the Ohio River Basin, the Gulf Intercoastal Waterway, Great Lakes waterway, and the Pacific Coast systems (American Society of Civil Engineers, 2013). This diverse system is often considered to be somewhat of a silent system, despite moving 12–15% of the ton-miles of US freight (Miller et al., 2012). It helps reduce freight costs by an estimated $12.5 billion annually and is directly responsible for over 250,000 jobs (Grossardt et al., 2014). The river ports on the inland waterway system provide necessary connections for moving principally heavy bulky commodities (e.g., coal, petroleum, and chemicals) for the agriculture, mining, and manufacturing sectors (Clark et al., 2005). These ports are not just nationally significant but are also crucial for the economic survival of many rural communities.

It is important to note most US river ports do not meet the definition of an inland port (cf. Rodrigue et al., 2010). They handle little, if any, container traffic and are generally not satellites of seaports. This reality means the concept of regionalization discussed later has weak applicability. The cargo typically is driven by the industry in the port vicinity (see Table 1). For example, inbound fertilizer for the agriculture industry and outbound food products. This is particularly the case for Mississippi ports where the majority of the 55 million annual tons supports industries in the state (Cambridge, 2015). As noted by Wiegmans et al. (2015), the concept of inland ports and inland waterway ports often differs in the US and European contexts so the term river ports will be utilized instead of the commonly used term inland port.

Ports represent key links in supply chains that are essential for today's local, national and global economy. They allow commodities to be transferred between modes (i.e., between land transportation such as truck or rail and waterborne transportation). Waterborne transportation has numerous competitive advantages including requiring significantly less fuel than rail or truck (Sudar, 2005). The benefits realized from reduced fuel usage, less pollution, and economy of scale make water transportation the most economical of the major modes where services exist and are competitive given logistics costs and operational constructs. In areas where maritime freight transportation is available, rail and truck transportation costs are reduced (Government Accountability Office, 2011).

All types of ports are important for economic competitiveness. To be successful ports must strategically couple local assets to global and national network demands (Jacobs and Lagendijk, 2014). Unlike the classical inland port located on a transportation corridor, most US river ports have a greater need to help create local freight flows by working to attract and maintain a local shipper network. However, all port have had to evolve due to globalization, changing market pressures (e.g., Staggers Act making rail more competitive via inland transportation), and technological change (e.g., containerization). While public ports have always operated with some economic development framework tied to cargo operations, ports are now attempting to become diversified business operations of which cargo operations are a significant, but not the only, focus area.

For example, ports in metropolitan areas have had to balance the demand for revitalized cargo handling capabilities with competing demands from residential, commercial, tourist, and recreational users for waterfront real estate. Traditional seaport waterfronts such as Baltimore's Inner Harbor and San Francisco's wharf district have been transformed into tourist attractions and gentrified communities (Miller, 2011). Metropolitan river ports too, such as Detroit and Pittsburgh, have converted some of their waterfronts from maritime cargo-handling (Mann, 1988). These urban ports have been well-studied domestically and internationally (cf. Hall and Jacob, 2012; Hesse, 2013), but rural ports have received much less attention. Like urban ports, global

Table 1
State of Mississippi river port governance, economic impact, and industries served.

River port	Governance	Job impact	Shippers
Yellow Creek Port	Port authority	1683	Steel industry cluster
Port Itawamba	Port commission	932	Furniture & automotive cluster
Port of Amory	City owned	181	Nearby steel and chemical manufacturing
City of Aberdeen Port	City owned	11	Petroleum distribution facility
Raymond D. Lucas Memorial Port	County owned	2321	Agriculture, quarries, and other local industries
Lowndes County Port	Port authority	3396	Industries in the region and port industrial tenants
Port of Rosedale	Port commission	1919	Agricultural inputs and outputs
Port of Greenville	Port commission	Not reported	Area industries e.g., scrap steel
Port of Vicksburg	Port commission	10,973	Agriculture and oil and gas distribution
Port of Claiborne County	Port commission	Not reported	Nuclear reactor plant
Port of Natchez-Adams County	Port commission	Not reported	Regional oil and gas production
Yazoo County Port	Port commission	Not reported	Fertilizer plant
Port Bienville	Port commission	1968	Industrial park tenants

Source: Neal-Schaffer Inc. and W.R. Coles and Associates (2014) and Cambridge Systematics, Inc. (2015)
Note: Job impact is direct, indirect, and induced employment calculated using the REMI econometric model.

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