
CHAPTER 1: INTRODUCTION

This study assesses the opportunities and challenges posed by trade liberalization to regional producers and exporters of goods and services within the Appalachian region. The study provides the industry and geographical detail for analyzing the export potential of regional industries. The study also evaluates the transportation infrastructure needs for expanded trade operations and shipments.

In carrying out these analyses, the study focused on the specification of appropriate industry categories and geographies within the Appalachian region. We then pulled together literature and data sources relevant to that level of industry and combined it with a trade and transportation analysis framework. The initial set of manufacturing industry sectors considered include: lumber and wood products, household furnishings, and arts and crafts; industrial machinery; automobiles and auto parts; electronic components; medical instruments and supplies; plastics products; textiles, apparel and knitting mills; environmental products and services coal and mining equipment. The only service industry considered is the educational services industry.

The final report is organized and written with the aim of providing policy makers and local economic development practitioners with information on potential opportunities and challenges for the global competitiveness of key industry clusters.

Section two identifies key manufacturing and service industry clusters within the Appalachian region. Based on findings from prior ARC studies, discussions with representatives of the Export Trade Advisory Council (ETAC) and the analysis of production and trade data, we narrowed the number of industry clusters to evaluate in detail to six key manufacturing industry clusters. These include the following: the auto parts industry, the electronic components industry, the wooden household furniture industry, the upholstered household furniture industry, and the food processing machinery and packaging machinery industries.

For the services industry, we focused on the educational services industry by highlighting Best Practices in International Student Programs within Higher Education Institutions in Appalachia. The analysis details the marketing efforts of eight different types of higher educational institutions within Appalachia to attract students from other countries. It also summarizes some of the approaches that have been implemented by other institutions.

Section three identifies and evaluates potential markets in terms of growth, accessibility, and market prices. The identification of these markets were obtained primarily through interviews with business and economic experts familiar with the respective industry sectors.

Section four consists of a transportation and logistics analysis. In this section we analyze the transportation trade flows between production centers and markets. For each geographic sub-region we noted the primary markets served and the transportation means used to deliver the products. This includes identifying the points of export (and associated export volume) used for each commodity, as well as a breakdown of the inland transportation nodes used to deliver products from production centers to U.S. export points. For comparison purposes, we also tabulate each port's share of U.S. exports to a given market.

In the fifth and final section, we summarize and present the key findings of the study.