

A large blue semi-truck is shown from a side-front perspective, moving along a highway. The truck has a white grille and a large fuel tank. The number '4081' is visible on the side of the cab. The background is a clear blue sky.

Trucking & Congestion: A Complex Issue

A photograph of a multi-lane highway with a significant traffic jam. The cars are packed closely together. In the background, a city skyline with several tall buildings is visible under a hazy sky.

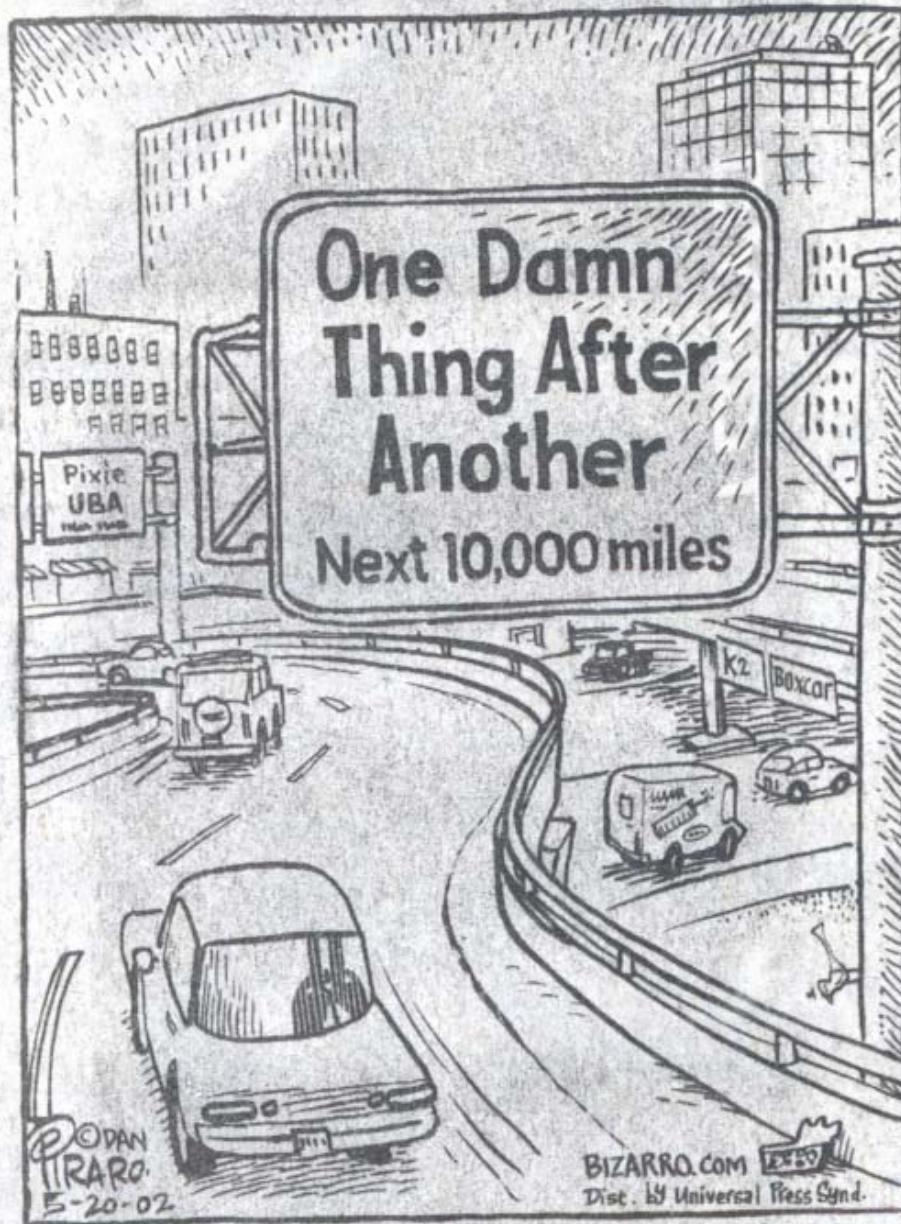
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American Transportation Research Institute

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ATRI...

- Research Arm of the ATA Federation
- 501(c)3 NFP
- Government & Industry Sponsors
- Research Categories:
 - Safety & Human Factors
 - Technology & Training
 - Environmental Factors
 - Transportation Security
 - Economic Analyses

BIZARRO / Dan Piraro



Freight Industry Snapshot..

- 6 Class 1 railroads; 550 Total
 - 1.2M freight cars
 - 200K employees
 - 170K miles of track
- 51 Deep Water Ports; 148 Total
 - 8000 ships
 - 12K miles of commercial waterways
- 12M – 20M Containers
 - Truck-Rail now fastest growing
- 75% air cargo moved by non-U.S. carriers
 - Fastest-growing sector over time
 - Expedited: Truck vs. airplane?
- 640,000 Trucking Companies
 - 10.1M employees; 3.2M truck drivers
 - 2.8 million large trucks; 20M commercial trucks
 - 4.9M trailers

Key Realities

- Trucking
 - Heavily Regulated
 - HOS
 - Equipment
 - Routing
 - Insurance
 - Highly Competitive
 - 640K Carriers with U.S. DOT; 100K in last 3 years
 - Safety Issues Complex
 - 68% of Tonnage; 86% of Revenue
 - 7% of vehicles; 15.5% of VMTs

Top Industry Issues: 2005 vs 2006

Top Industry Issues – 2005

1. Fuel Costs
2. Driver Shortage
3. Insurance Costs
4. Hours-of-Service
5. Tolls/Highway Funding
6. Tort Reform/Legal Issues
7. Overlapping/Burdensome Regulations
8. **Congestion**
9. Environmental Issues
10. Truck Security

Top Industry Issues – 2006

1. Driver Shortage
2. Fuel Issues
3. Driver Retention
4. Hours-of-Service
5. **Congestion**
6. Government Regulations
7. Highway Infrastructure
8. Tort Reform
9. Tolls/Highway Funding
10. Environmental Issues

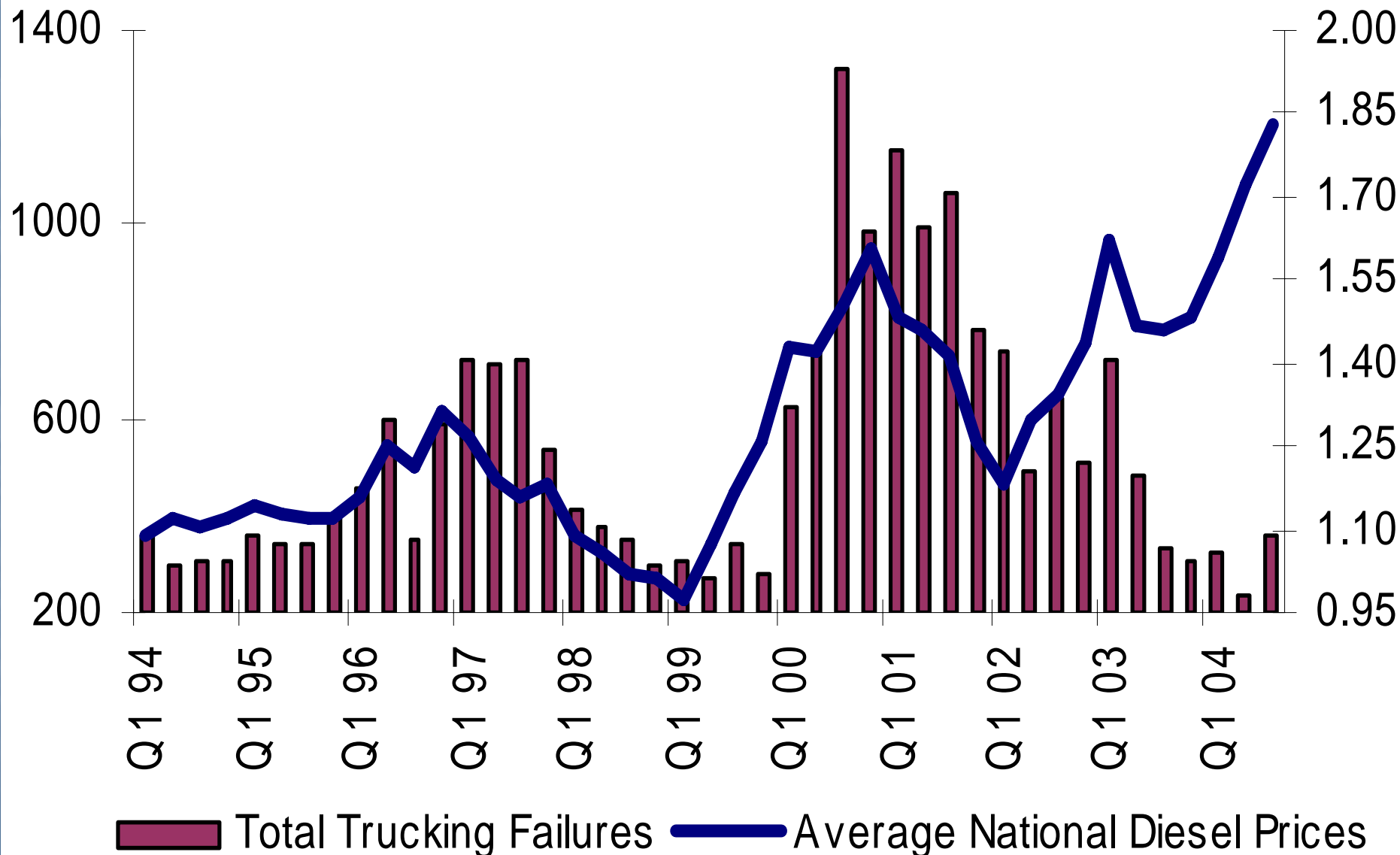
Strategic Issues

- Insurance Costs
 - Post-9/11: 20% - 50% increases for “good” carriers
- New Regulations: HOS; HM Endorsements, etc.
- Fuel Cost Volatility
 - Jan. '02 - \$1.16/Gallon
 - Oct. '04 - \$2.20/Gallon
 - May '06 - \$2.89/Gallon
 - March '07 - \$2.79/Gallon

Strategic Issues

- Operating Margins
 - Average: 3.6%; 1.8% - 5.6%
- Shipper Contracts Dictate Operations/Costs
- Is Six Sigma/TQM Backfiring?
 - Supply Chain Elasticity/Flexibility/Dynamism is Disappearing
- Fuel Cost Volatility
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Higher Diesel Prices Lead To More Trucking Failures



Congestion Issues

- Driving trucks to alternative routes
 - Safety
 - Pavement Damage
- Congestion Pricing: Driving trucks to other times??
 - Regressive & Inflationary since economy can't handle it
- Impacts economic growth
- No new capacity: 70% growth in tonnage vs 3%-4% in infrastructure capacity
- Congestion is a calculated business cost... 50% of the time (non-recurring)
- Relatively level Playing Field within regions/MSAs



U.S. Department of Transportation
 Federal Highway Administration
 Office of Freight Management and Operations
 Operations Core Business Unit

DETROIT

International Truck Flows for
 Border Crossings
 (1998)

Border Crossing to State Flows (Tons)

- 1 to 250,000
- 250,001 to 500,000
- 500,001 to 1,000,000
- More than 1,000,000

Network Flows (Tons)

- 1 to 250,000
- 250,001 to 500,000
- 500,001 to 1,000,000
- More than 1,000,000

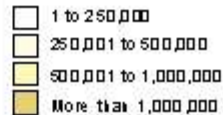


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WESTERN WASHINGTON

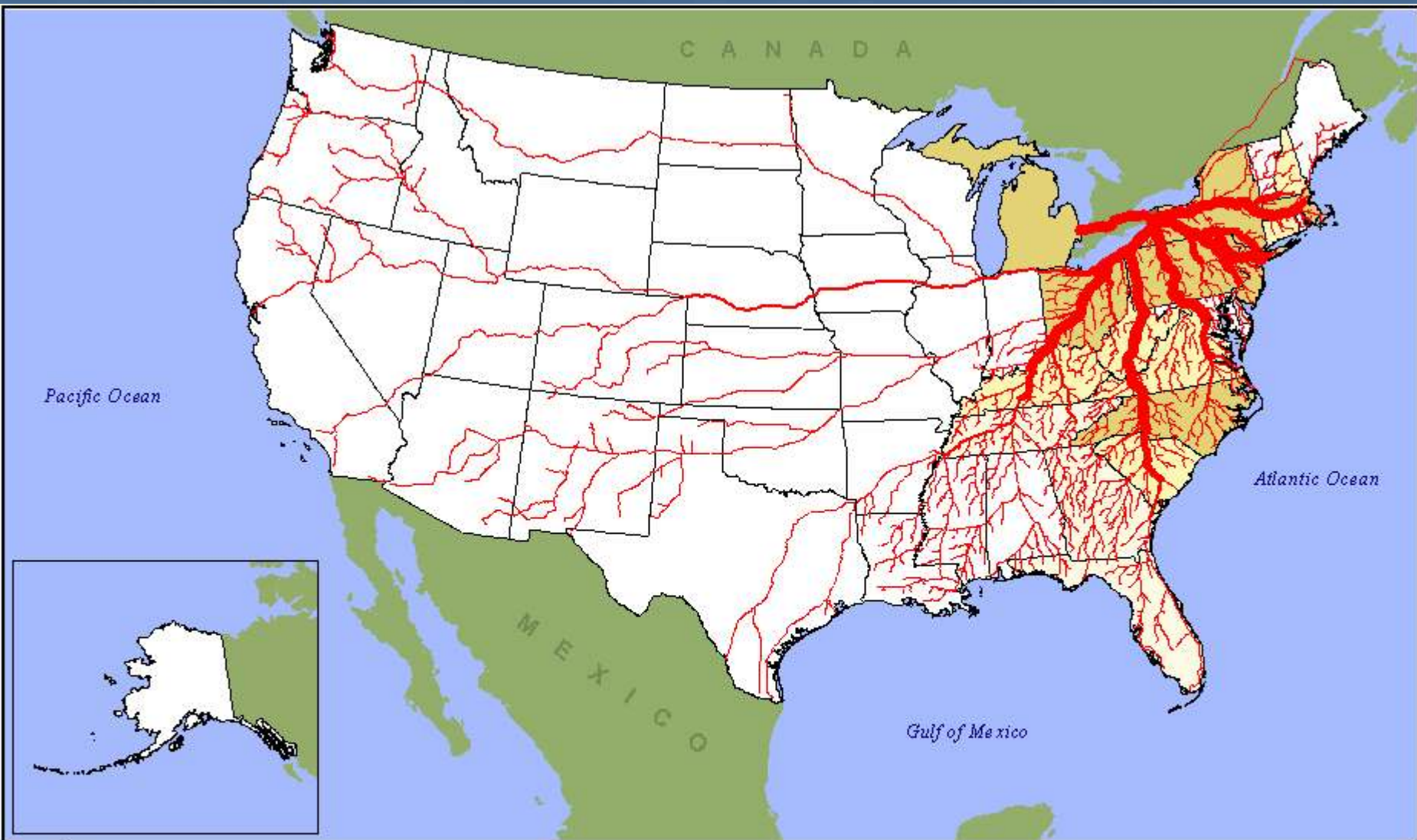
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BUFFALO

International Truck Flows for
 Border Crossings
 (1998)

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Network Flows (Tons)

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Last Word...

- Transportation economics all wrong: transportation is a social program, not consumable good
 - Transit/dependents
 - DOD
 - Emergency Vehicles
 - Disparate funding schemas
- Privatization
 - Square Peg: Objectives all wrong
 - Maximize profit; minimize business exp

Solutions?

- Maximize existing transportation revenues
 - Gas tax vs. creative financing
 - Eliminate diversions
- Maximize transportation investments
- Truck Network?

MORE INFORMATION

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