Freight Transportation: National Issues & Opportunities

Dan Murray
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ATRI

- 501(c)(3) charitable research organization
- Governed by 15 member Board of Directors
- RAC:
  - Freight Carriers
  - Federal/State Government
  - Labor
  - Suppliers/vendors
  - Academia
Board of Directors
Key Realities

- Rail
- Water/Maritime
- Air Cargo
Key Realities

- Trucking
  - 6%-7% of GDP
  - Deregulated?
    - HOS/Equipment/Routing/Insurance
  - Highly Competitive
    - 640K Carriers with U.S. DOT; 100K in last 3 years
  - 68% of Tonnage; 86% of Revenue
  - 7% of vehicles; 15.5% of VMTs
- New Regulations: HOS; HM Endorsements, etc.
Strategic Issues

- **Fuel Cost Volatility**
  - Jan. ’02 - $1.16/Gallon
  - Oct. ’04 - $2.20/Gallon
  - Sept. ’05 - $3.02/Gallon
  - May ’06 - $2.89/Gallon
  - March ’07 - $2.79/Gallon
  - Sept ’07 - $2.87/Gallon
  - Oct. ’07 - $3.30/Gallon
  - Nov. ’07 - $3.40/Gallon

- **Operating Margins**
  - Q1 2007 Average: 3.6%; 1.8% - 5.6%

- **Shipper Contracts Dictate Operations/Costs**

- **Is Six Sigma/TQM Backfiring?**
  - Supply Chain Elasticity/Flexibility/Dynamism is Disappearing
Freight Transportation Planning... 

- Multiple Agencies Involved
  - Federal Highway Administration
  - State DOTs
  - MPOs / RDCs
  - Municipalities

Not to mention: FMCSA, CBP, USDA, TSA, IRS, PHMSA, etc.
Freight Transportation Planning Products

- UPWP
- Policy Plans
- City Comp Plans
- TIPs
- STIPS
- Long-Range Plans

Shortest window: Approx. 2 years...
Juxtaposed with Freight Industry...

- 6 – 24 Months Planning
- Slim Margins: 3.6%
- High Data Sensitivity
- Unreasonable Shipper Contract Expectations (e.g. 95% - 98% on-time delivery)

Longest window: Approx. 2 years...
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

2007: Drum Roll Please...
Top Industry Issues - 2007

1. Hours-of-Service
2. Driver Shortage
3. Fuel Issues
4. Congestion
5. Government Regulation
6. Tolls/Highway Funding
7. Tort Reform
8. Truck Driver Training
9. Environmental Issues
10. On-Board Truck Technology
The Cost of Congestion

- Idled trucks cost industry $7.8 billion/243 million hours in 2004
- In 2006 industry spent $97B on diesel fuel
  - 2nd highest operating expense
  - As much as 25% of total operating costs
- No “congestion credit” in HOS
Top Research Priorities

Measuring the Impact of Shipper Requirements/Productivity Initiatives on Safety Outcomes

- Shipper demands can drive carrier safety decision making—often causing carriers to short-change safety to remain competitive
- Research will examine and explore “cost of productivity”

Measuring the Safety Impacts of Congestion

- Increase understanding of types/severity of crashes involving large trucks occurring in congested conditions
- Develop countermeasures to mitigate congestion-related safety consequences
American Transportation Research Institute

www.atri-online.org

Dan Murray
dmurray@trucking.org