



Trucking Productivity: Importance to the Economy

WASHTO 2004 Annual Meeting

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Discuss Two Major Points

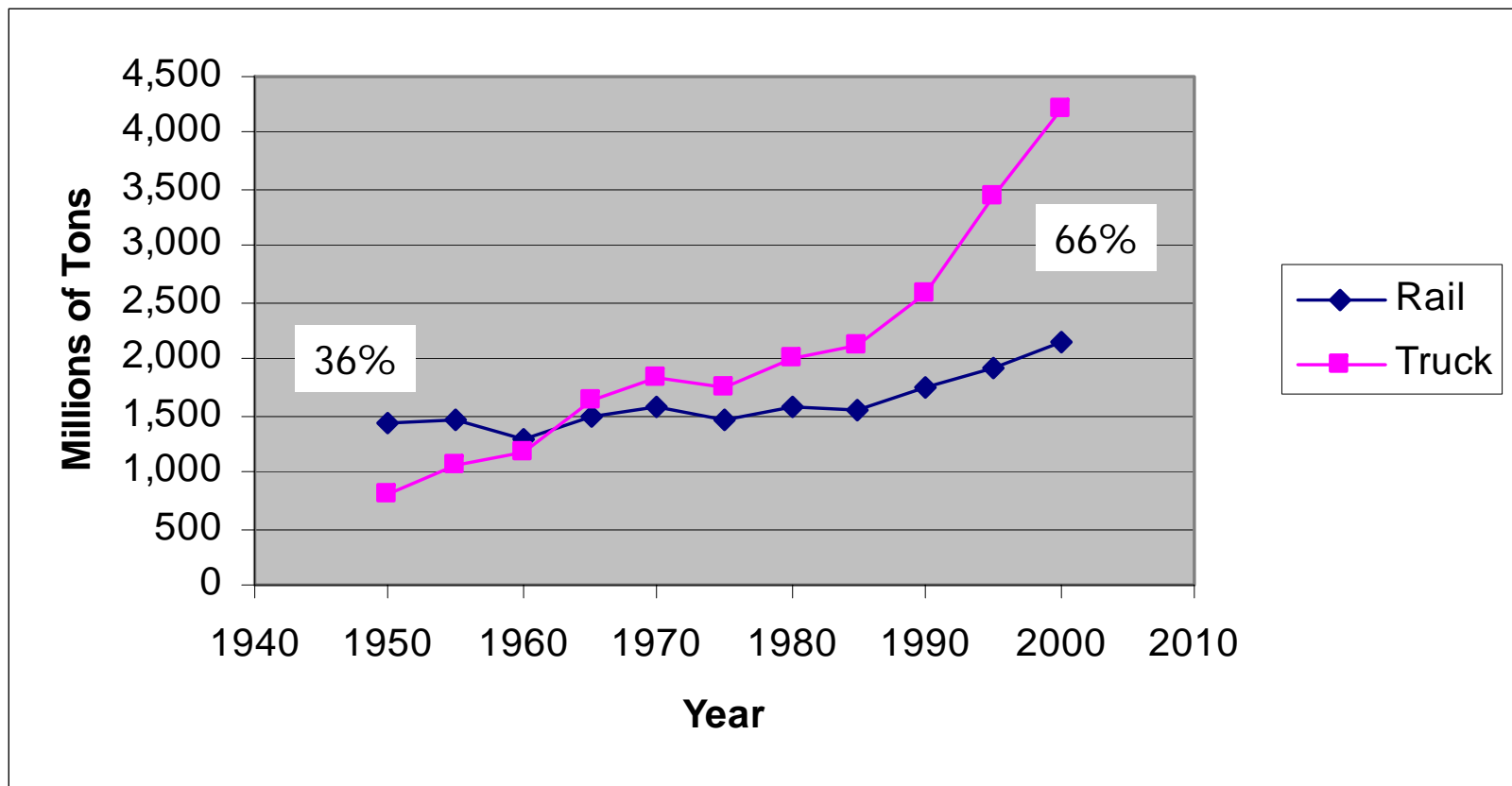
- How trucking industry has evolved and become increasingly important to the economy
- Rational for improving productivity
 - Where we are isn't good enough



Changing Economy

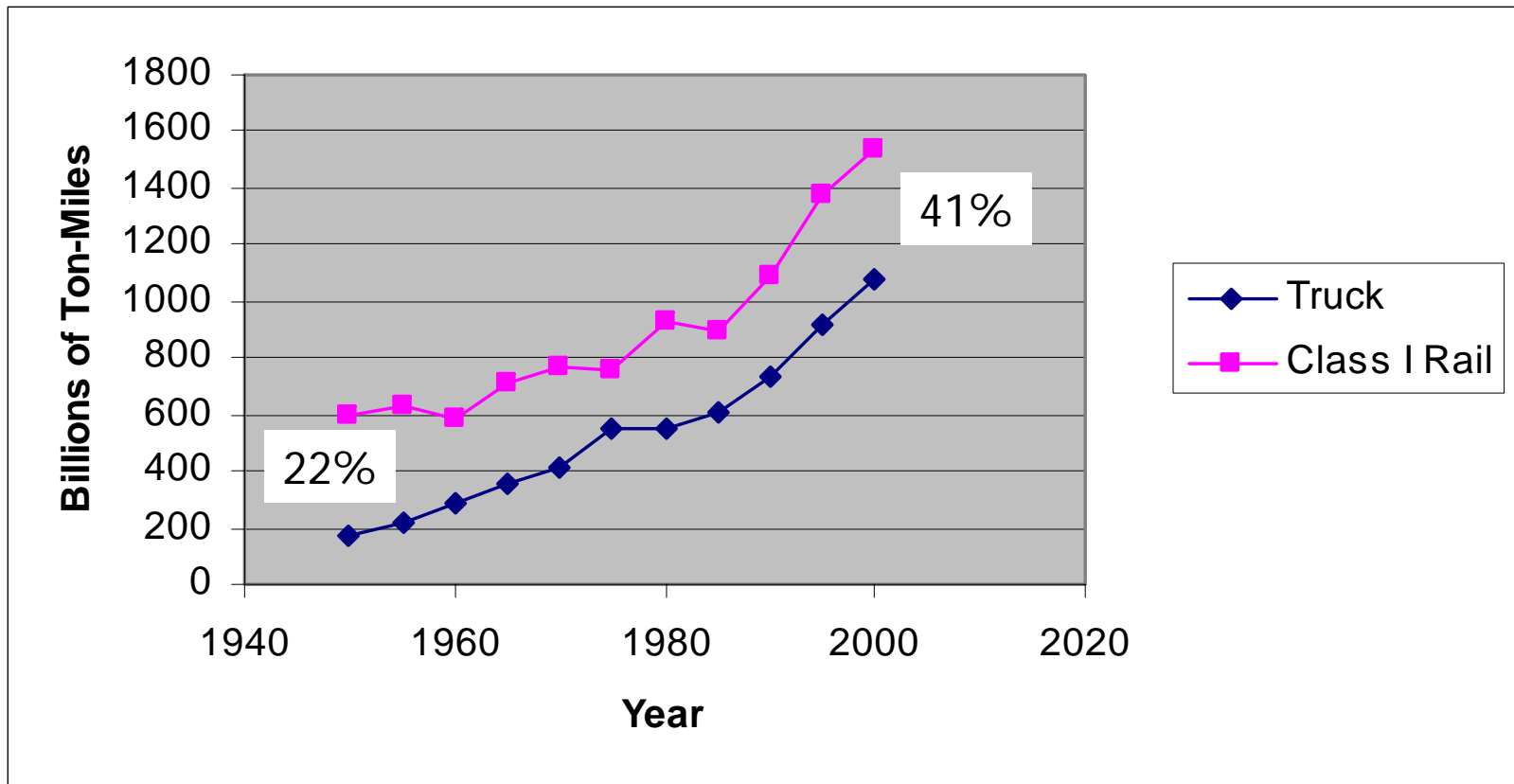
- Natural resources/agriculture – 1800's
- Durable goods – early 1900's
- Consumer goods – 40's, 50's, & 60's
- Service economy – 70's, 80's, & 90's
- Knowledge based – 21st Century

Intercity Tonnage by Mode

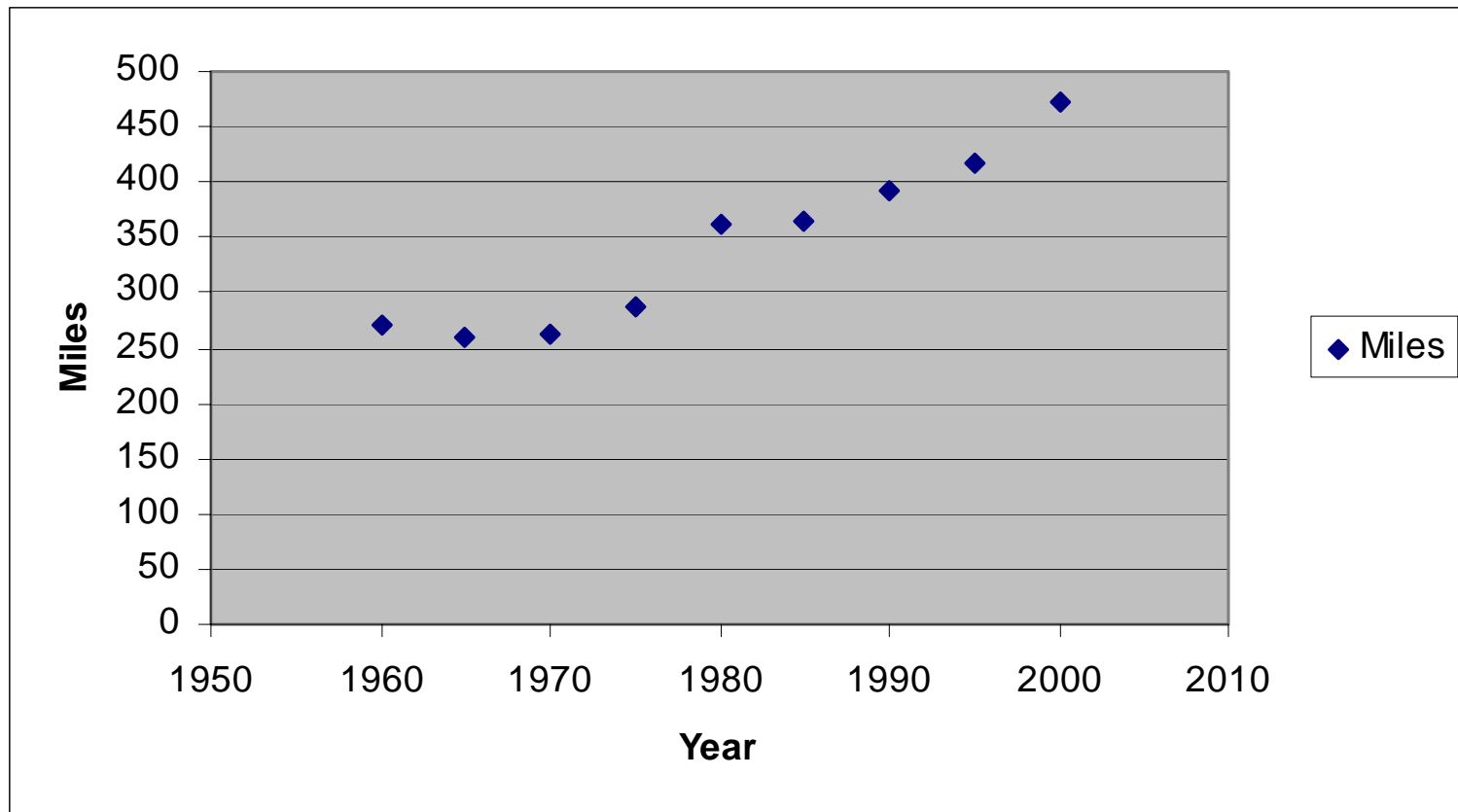


Source: ENO Transportation Foundation

U.S. Ton-Miles of Freight

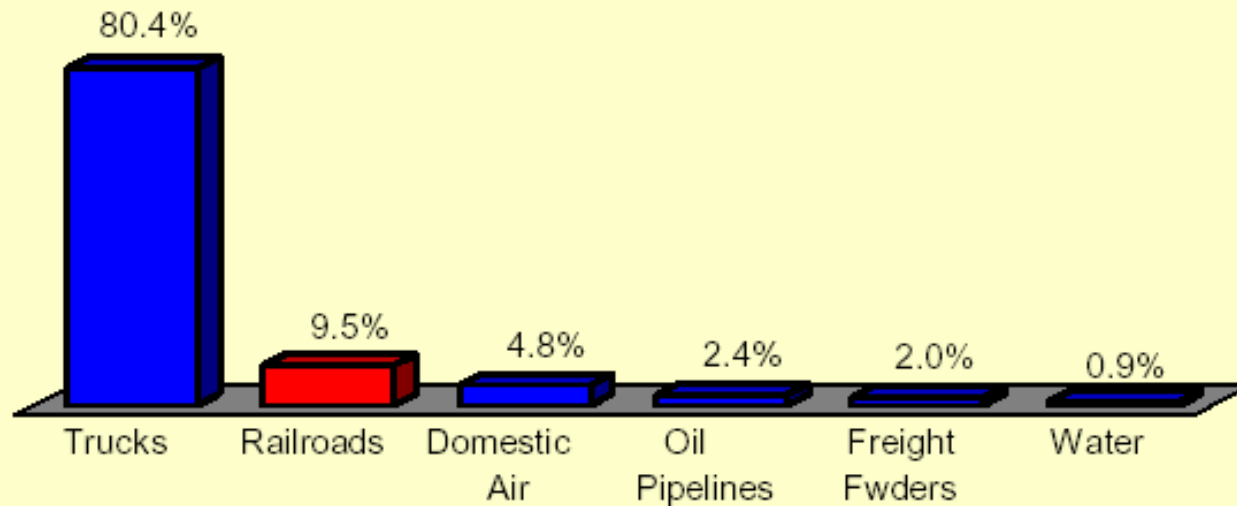


Average Truck Length of Haul



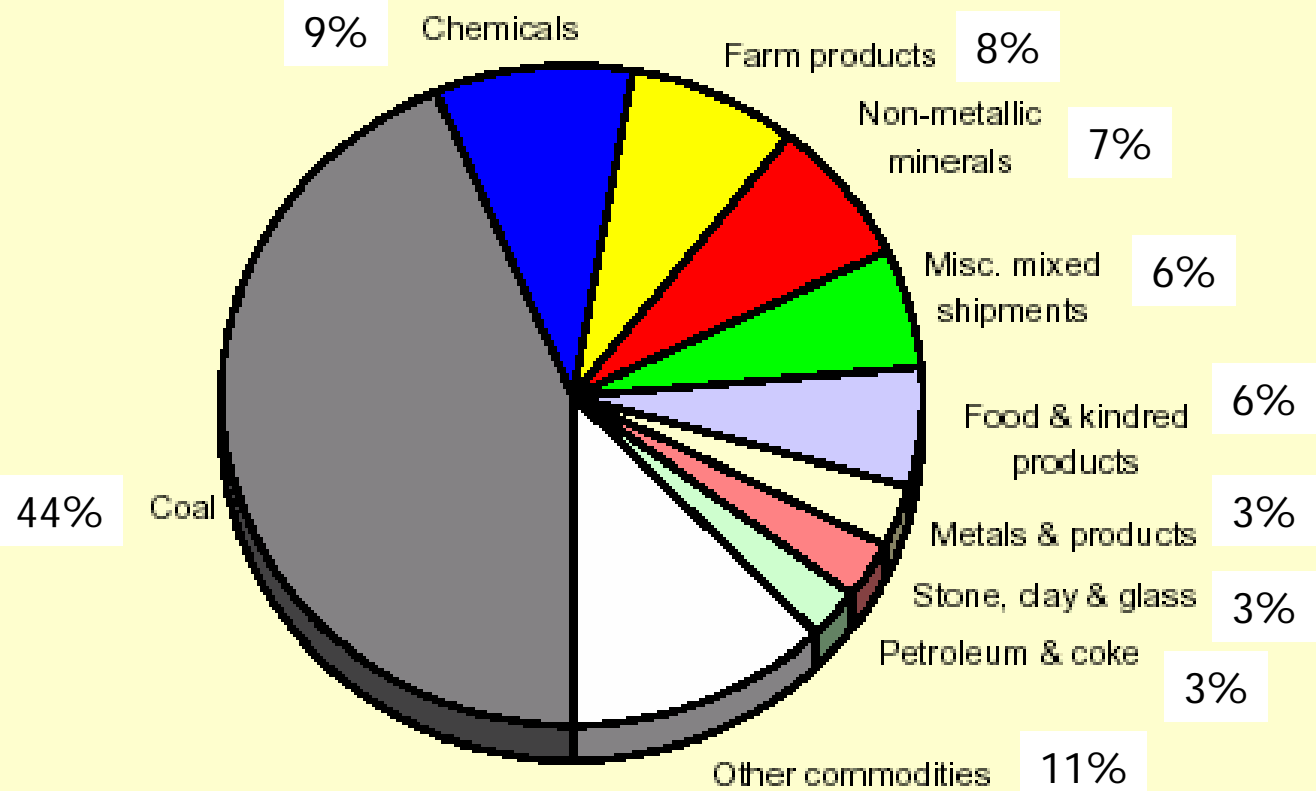
Freight Revenue by Mode

U.S. Domestic Intercity Freight Revenue - 2001



Source: Association of American railroads

2003 Class I Rail Tons



Source: Association of American railroads



What Rail Doesn't Carry

- Rail - Long Distance Bulk Commodities
- Trucks move everything else
 - Durable goods
 - Consumer goods
 - Inputs to the service economy
 - Inputs for the knowledge based economy
- Economy couldn't have evolved without the freight mobility trucking provides



Reason to Improve Productivity

- International competitiveness
- Domestic competition
- Congestion
- Economic growth
- Rail network



Global Competition

- The importance of commercial transportation is exemplified by studies conducted at Texas A&M University showing that the efficiencies generated by our bulk grain transportation and logistical system is what makes the U.S. competitive in international grain markets.
 - Stephen Fuller, Department of Agricultural Economics, Texas A&M University, Transportation's Role in Competing in Global Agricultural Markets, Proceedings, Agriculture and Transportation Linkages, Upper Great Plains Transportation Institute, North Dakota State University, Fargo, ND, May 2002.
- Another example is cited in the November 30th issue of the Economist regarding corn movements in Mexico. "..... Poor Transport makes a crucial difference: it costs about three times as much to deliver corn by rail from Sinaloa to Mexico City as it does to ship it there from New Orleans via Veracruz."
 - Mexico's Farmers - Floundering in a tariff-free landscape, Economist, November 30, 2002, p. 32.



Wall Street Journal – 6/09/04

- Declining Steel Industry
 - But there's a glint of hope in the eyes of executives from places like Brazil, Russia and South Korea. Some have easier access to big deposits of iron ore and coal, the main ingredients in steel. Outside the U.S., **labor and transportation are cheaper**. And everyone is benefiting from strong demand in China.
- So the world's steel industry today has an unusual shape as companies from second-rank economic powers bestride the globe while many of those in the U.S., Europe and Japan struggle to survive.



Domestic Competition

- Comparative Advantage
 - Distribution costs not considered in standard economic models
- High transport costs reduce comparative advantage
- Mobility inhibits local monopolies and encourages competition



Congestion Index & Costs

	1982	1986	1990	1995	1997	Millions
Albuquerque, NM	0.48	0.56	0.68	0.72	0.75	285
Austin, TX	0.78	0.86	0.89	0.94	1.03	430
Boulder, CO	0.64	0.71	0.71	0.74	0.80	10
Dallas, TX	0.77	0.97	0.99	0.98	1.00	1,715
Denver, CO	0.77	0.84	0.91	1.03	1.08	1,050
Eugene, OR	0.54	0.54	0.63	0.78	0.84	20
Houston, TX	1.09	1.12	1.00	0.98	1.07	2,210
Kansas City, MO	0.56	0.62	0.66	0.72	0.76	485
Las Vegas, NV	0.67	0.79	0.95	1.09	1.07	505
Las Angeles, CA	1.39	1.46	1.56	1.50	1.51	12,405
Portland, OR	0.79	0.98	1.02	1.15	1.22	930
Sacramento, CA	0.71	0.86	1.06	1.12	1.14	595
Seattle, WA	1.05	1.22	1.21	1.20	1.26	1,805
Spokane, WA	0.64	0.72	0.76	0.76	0.81	50
Tacoma, WA	0.77	0.91	1.06	1.10	1.15	1,310
Tucson, AZ	0.79	0.73	0.89	0.94	1.00	225
						24,030



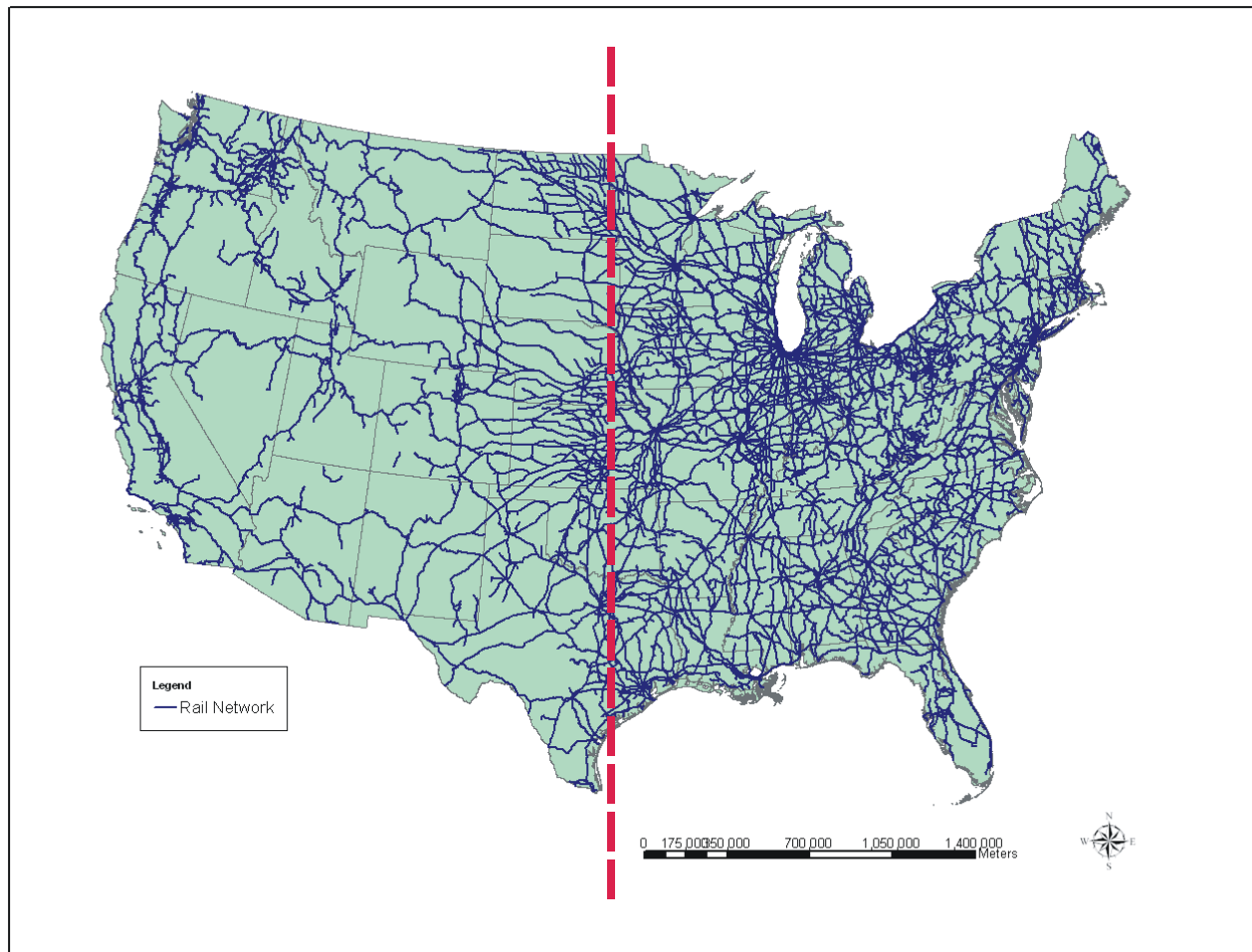
Economic Growth

**Exhibit 24: BTS's U.S. Domestic Freight Ton-Mileage Growth Forecasts by Mode
(2000 to 2025)**

Mode	Ton-Miles in Billions (2000)	Ton-Miles in Billions (2025)	Percent Change (2000 to 2025)	Compound Annual Growth Rate (CAGR)
Intercity Truck	1,130.1	2,121.8	87.7%	2.55%
Rail	1,416.4	1,484.8	4.8%	0.18%
Air	15.9	33.9	113.2%	3.08%

Source: Unpublished NCHRP Report

US Rail Network





Slides on UGPTI Web Site

- <http://www.ugpti.org>