



Cross Border Regional Truck Transportation Conference

Gene Griffin

Upper Great Plains Transportation Institute

North Dakota State University

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Thesis

- Improving truck productivity is critical to sustaining the U.S. economy and will help keep it from eroding in the future. It is not, in itself a sufficient condition, but it is absolutely a necessary condition.
- Countries are working hard to emulate the efficiency of the U.S. logistical system



Four Topics

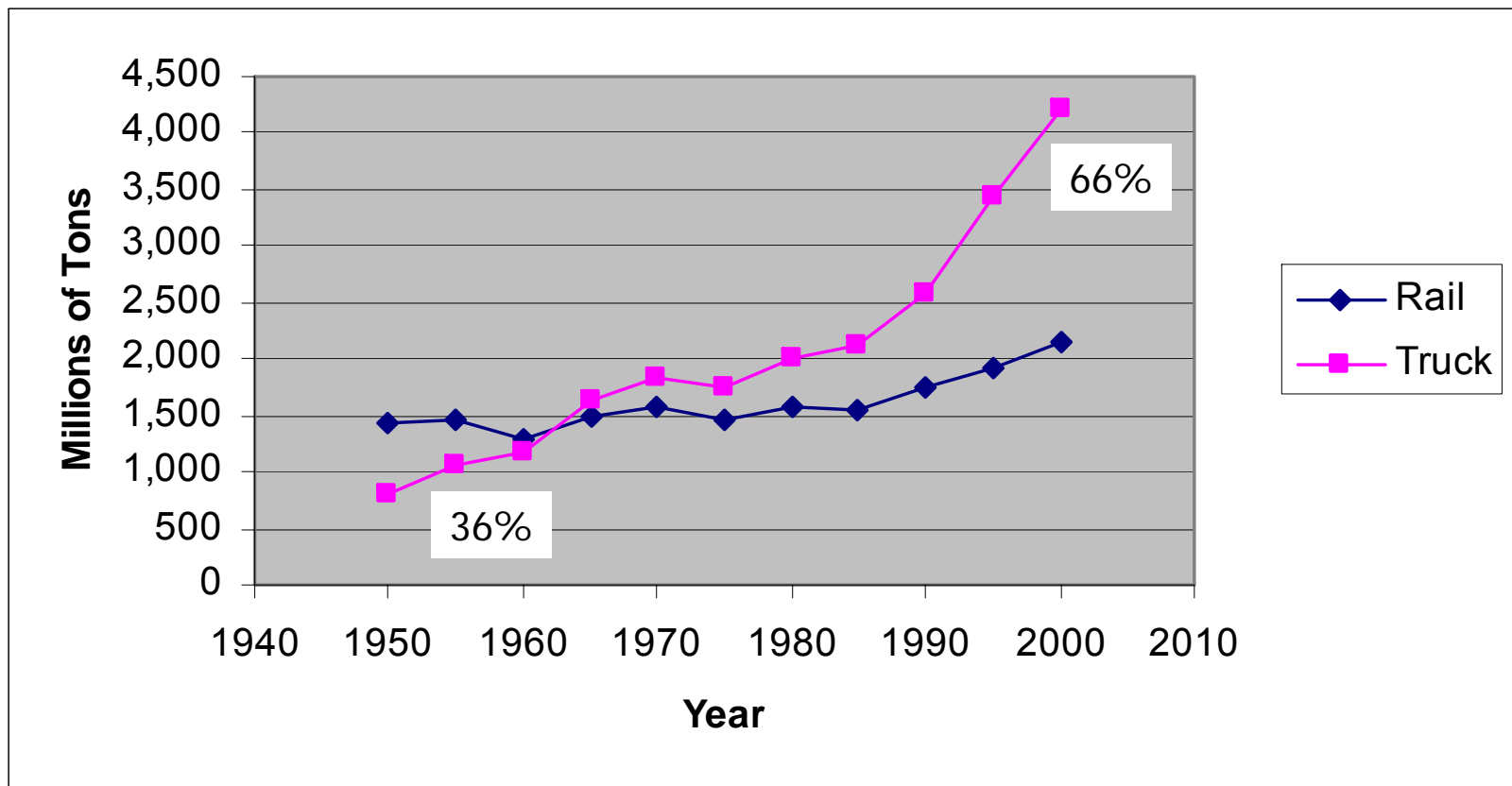
- Changing domestic economy
- Globalization is spreading faster
- Congestion is getting worse
- Fossil fuel consumption is increasing



Changing Economy

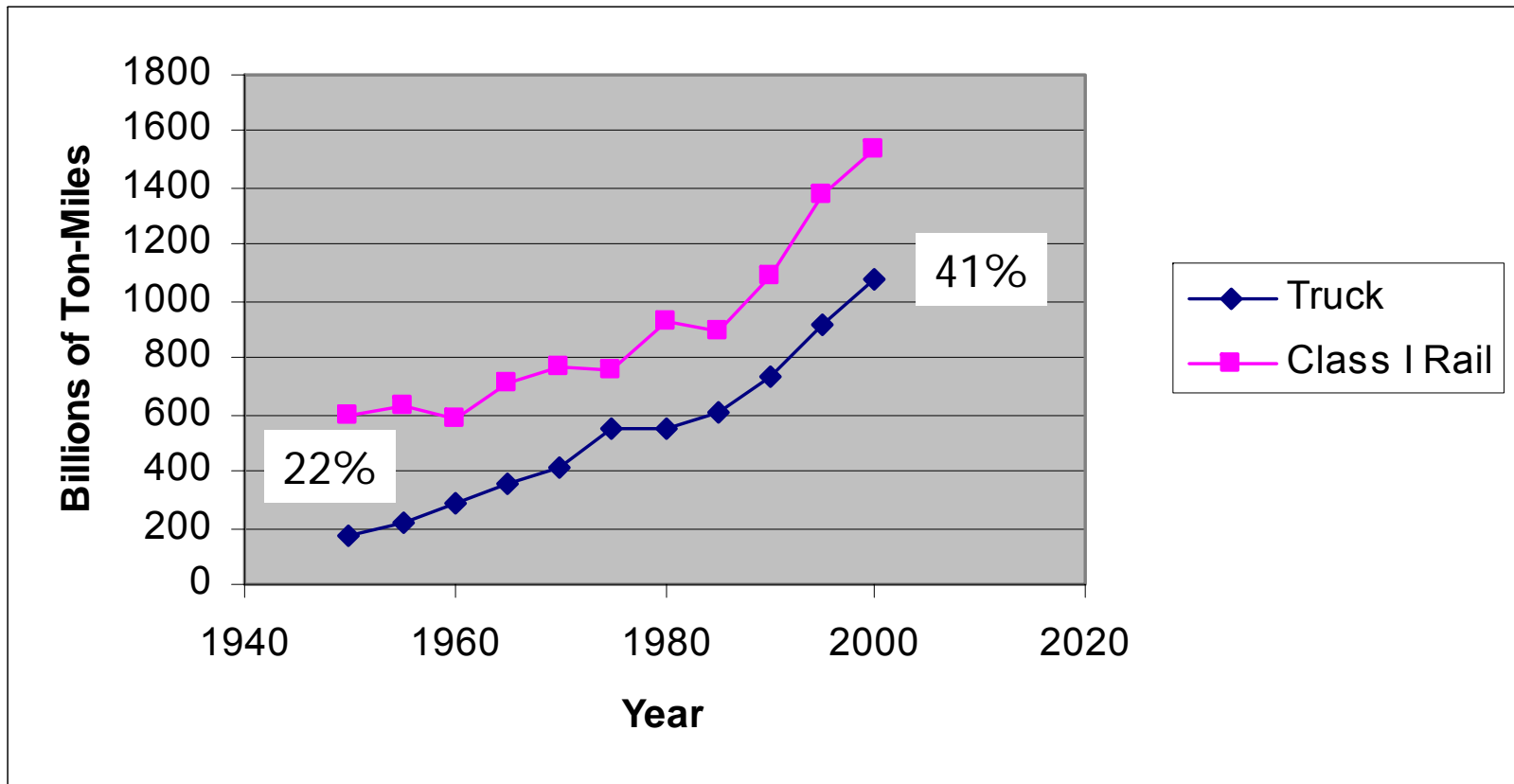
- Natural resources/agriculture – 1800's
- Durable goods – early 1900's
- Consumer goods – 40's, 50's, & 60's
- Service economy – 70's, 80's, & 90's
- Knowledge based – 21st Century

Intercity Tonnage by Mode



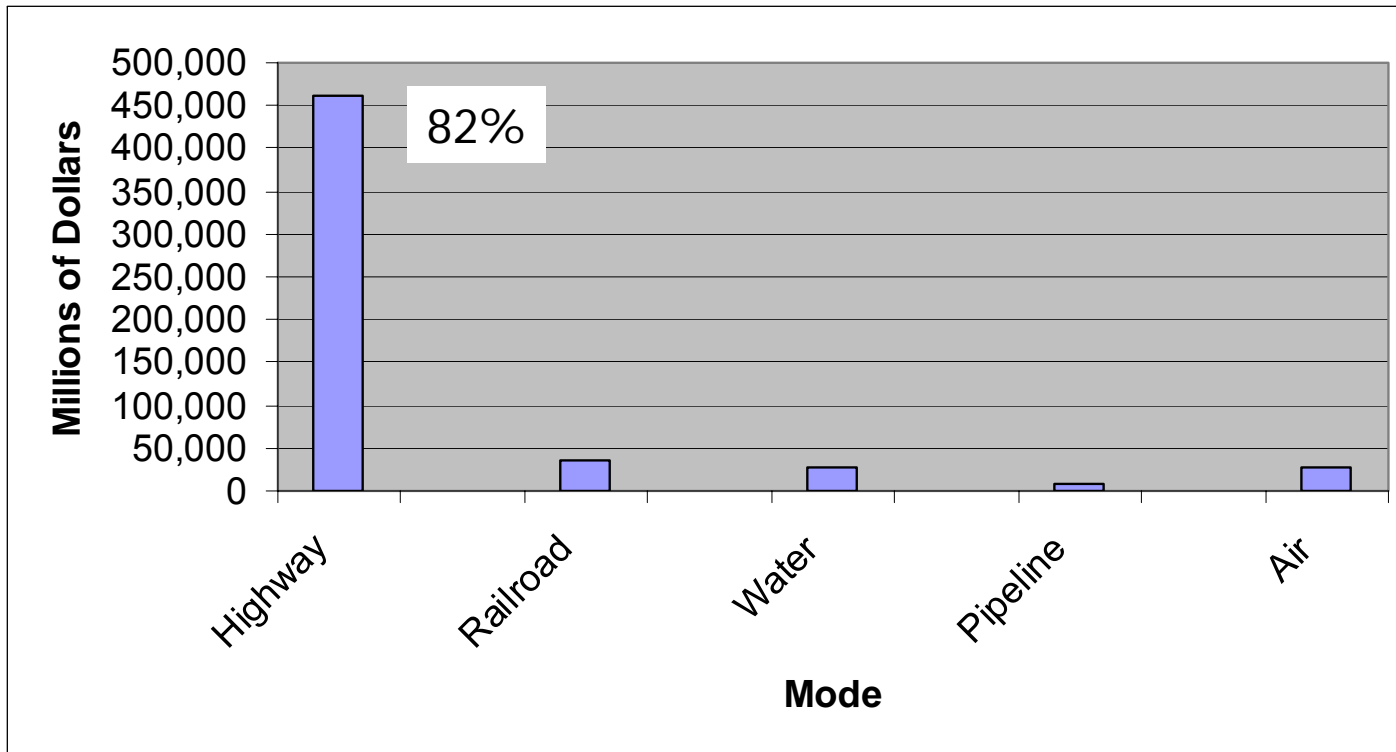
Source: Transportation in America, ENO Transportation Foundation

U.S. Ton-Miles of Freight



Source: Transportation in America, ENO Transportation Foundation

2000 Freight Revenue by Mode



Source: Transportation in America, ENO Transportation Foundation



Conclusion 1

- Trucks have become the most critical element in providing freight mobility in the U.S. economy.
- The economy as we know it would not have evolved without truck transportation and cannot be sustained without improved truck freight mobility.



Globalization

- How many in this room would have thought in 1995 that they would be economically secure if they had a degree in computer science?
- How many feel that way today?
- Bangalore, India



Globalization

- What % of the world GDP was accounted for by China and India prior to 1415?
 - 75%
- In 1947 Asia accounted for 8% of the world GDP and a majority of the world population!!!



The World is Flat – 10 Flatteners

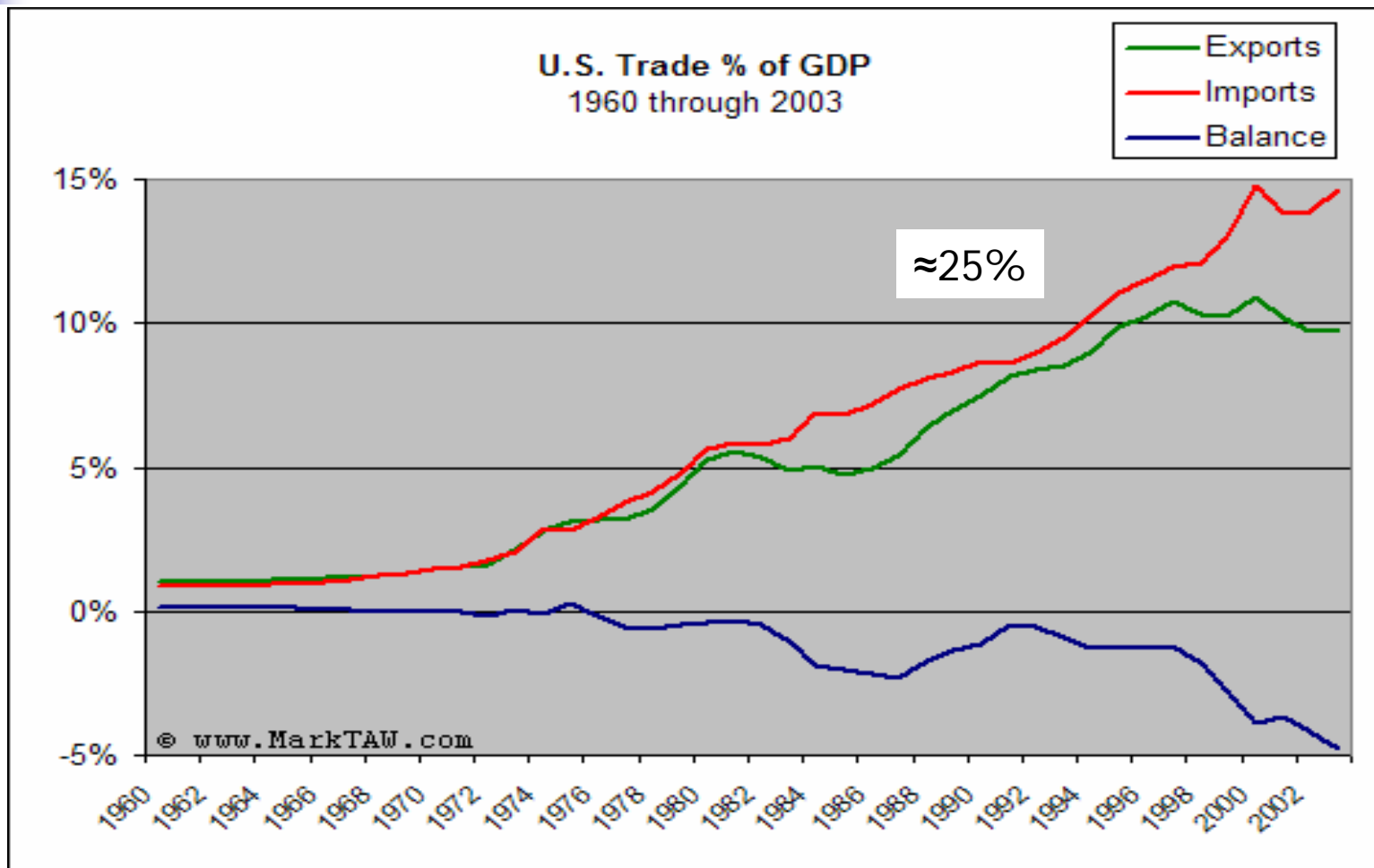
- Fall of the Berlin Wall
- Netscape IPO
- Work flow software
- Open-sourcing
- Out-sourcing
- Off-shoring
- Supply-chaining
- In-sourcing
- In-forming; Google
- Steroids
 - Digital
 - Mobile
 - Personal
 - Virtual



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Trade as a % of U.S. GDP





Overcoming Trade Deficit

- Currently over \$600 billion, 6% of GDP
- Does manufacturing matter?
 - 23% of GDP in 80's to 12.7% today
- Export of services unlikely to fill gap
- Technology development moving off-shore



Conclusion 2

- Globalization will increase at an even faster pace than before.
- Trade will continue to grow.
- Trade deficit is unsustainable.
- U.S. must improve productivity, particularly in manufacturing, if it hopes to maintain its position in world economy.

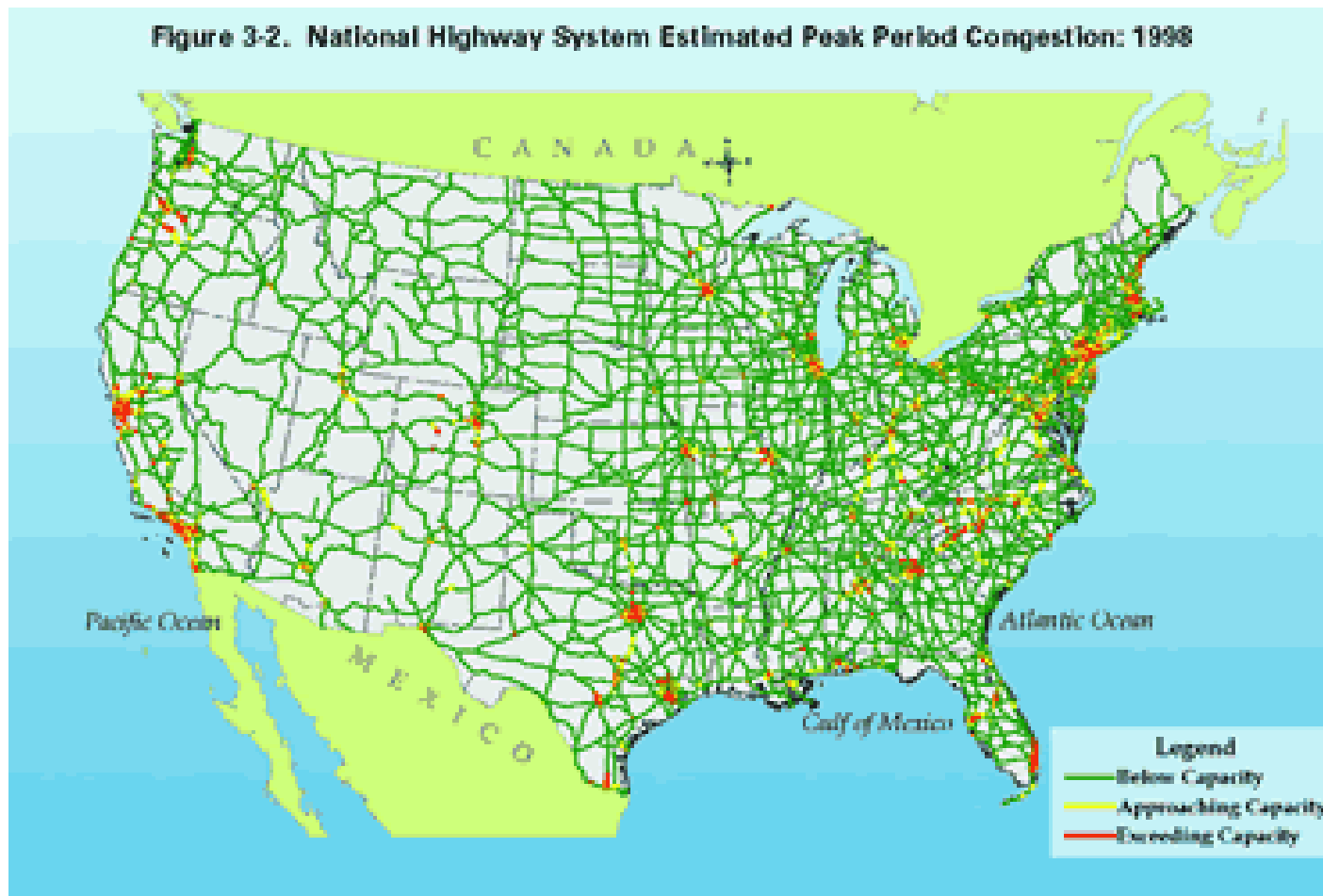


Congestion by Urban Area

Urban Area	Hours of Delay per Traveler		
	1982	1993	2003
Atlanta	14	38	67
Washington, DC	21	51	69
Dallas-Fort Worth	13	47	60
Los Angeles-Long Beach	47	113	93
Chicago	16	42	58
San Francisco-Oakland	30	62	72
Detroit	17	77	57
Miami	11	39	51
Boston	14	38	51
New York-Newark	18	34	49
Phoenix	18	42	49
Houston	39	38	63
Philadelphia	14	25	38

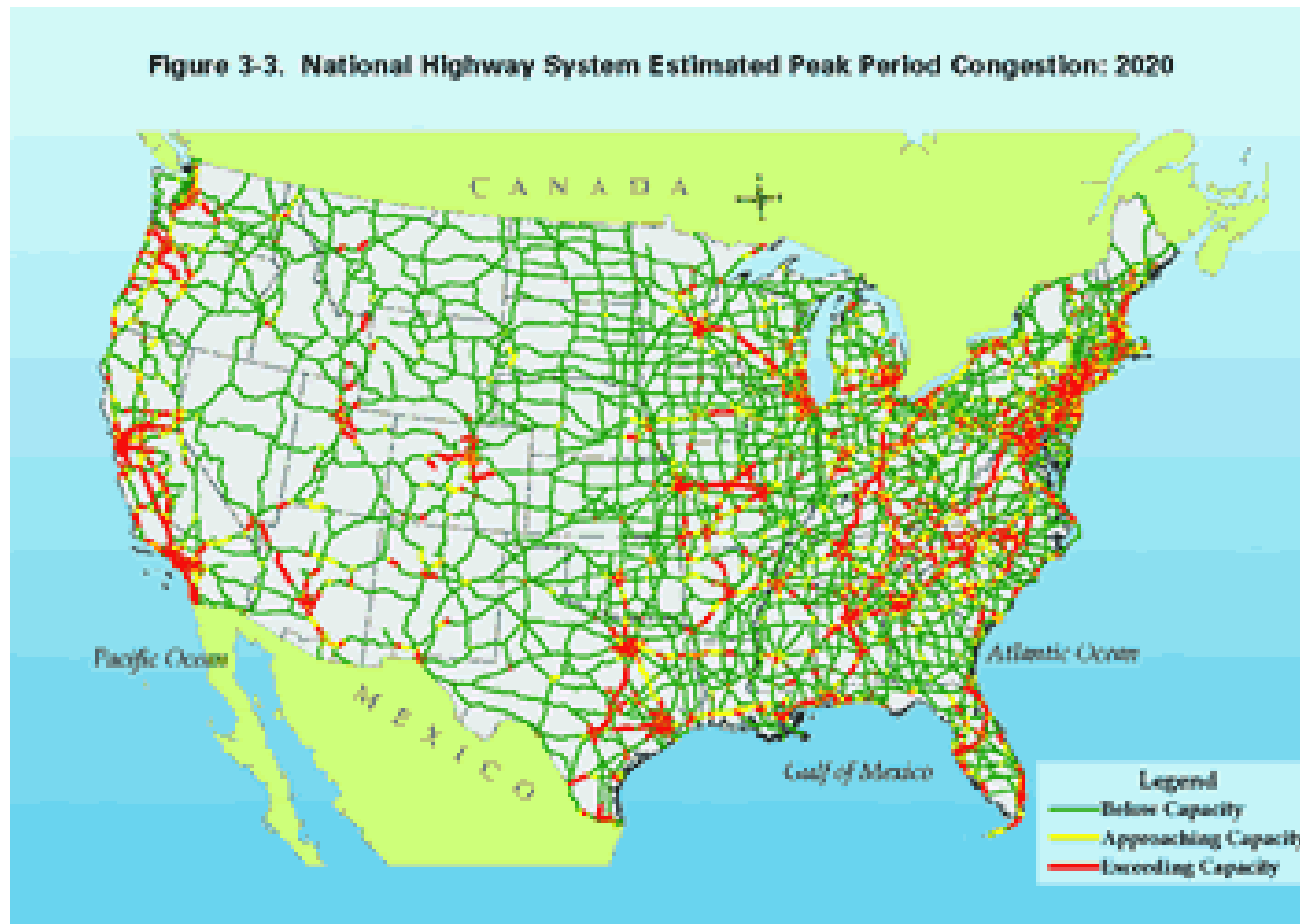
1998

Figure 3-2. National Highway System Estimated Peak Period Congestion: 1998



2020 Projections

Figure 3-3. National Highway System Estimated Peak Period Congestion: 2020





U.S. Freight 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



Conclusion 3

- Congestion is getting worse
- It will become much more costly and get much worse if projections of freight growth are realized



Fuel Consumption

	1980	1990	2000	2002
	(Million Gallons)			
Highway Total	114,960	130,755	162,555	167,730
Truck, total	19,960	24,490	35,229	36,756
Single-unit 2-axle 6-tire or more	6,923	8,357	9,563	10,305
Combination truck	13,037	16,133	25,666	26,451
Truck (percent of total)	17.4	18.7	21.7	21.9



Reason to Improve Productivity

- Improve global competitiveness
- Increase domestic competition
- Decrease congestion
- Decrease fuel consumption
- This will result in improved economic growth and deficit reduction



What Do We Need to Do???

- That's your challenge
- However, the body politic must be convinced, because whatever it is, it most likely will not effect all people evenly



Final Question

- How many of you believe that your children and grand children will have the same or better quality of life that you had???
- Increased productivity in trucking is a necessary but not sufficient condition



Final Thought

- “The reasonable man adapts himself to the world, the unreasonable one persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man.”