Competitiveness of Trucking and the UGP for Food and Other Stuff
Bottom Line of talk

1. Trucking is the dominant mode for freight in North America.

2. Its dominance is growing, even in bulk commodities, such as grains. (Marathon, Van Wechel, & Vachal)

3. UGP is and must continue to increase its reliance on trucking.
4. Relative to most other regions, UGP is poorly situated for trucking
   higher transport costs & lower net gains
   reduced growth

5. It behooves the region to work to reduce this disadvantage.
Why listen to someone from Florida?

In terms of Net Returns to Farm Operators, in the U.S. top 10…

You have:       #3. Nebraska
                 #4. Iowa           #9. Minnesota

We have:        #6. Georgia
                 #7. North Carolina   #8. Florida
And it’s not just OJ, Ferns, and Tomatoes in Florida. Florida’s cattle herd is slightly larger than North Dakota’s.
And, like you
We are the end of the line
Trucking vs. the Other Modes

AIR --- exorbitant

BARGE/Ship --- limited

RAIL --- the competition

And the other threat….

Do it elsewhere

Ex. U.S. domestic produce movements

0.2%

0.3%
Full Transport Cost  FTC

\[ FTC = \text{PRICE (freight rate)} + \]
\[ \text{C-Reliability} + \]
\[ \text{C-Speed} + \]
\[ \text{C-Flexibility} \]
And the winners are…

Reliability

Speed

Flexibility

Price

Especially for longer distances
Coal  Wood     Clothes   Cheese  Computers  Tomatoes  Cherries  Pharmaceuticals  
Wheat  Paper  Apples  Corn Flakes  Meat  Diamonds  People

Value &/or Perishability

Lower     Higher

Reliability
Speed
Flexibility
Price
Impact of Distance: Percent Rail of Produce Movements, 1987

- Pac. NW
- CA & AZ
- FL
Impact of Value & Perishability: Percent Rail of Produce Movements: CA & AZ, 1987

- Highest
- 2nd
- 3rd
- 4th
- 5th
- Lowest

Percent rail

DAYLOSS
Problems for trucking and your region

Relative to most regions, you tend to have:

• Lower valued, more durable freight
• Longer distances to external markets and between internal O & D points
• In terms of volumes, small demand for imports, relative to exports.
Two ways to look at this.

1. Bully for truckers
2. UGP trucking can only compete if it can balance loads.

Based on Abe, Easton, and Helmstetter
Does not include Alberta, MT, and WY
This brings us to the religious portion of the talk.

Being reliable, fast, having a Website and good phone manners, keeping engines tuned, tire pressures right, etc. are dandy … but

Key to trucking being competitive is…

Equipment utilization:

Miles per unit time and, particularly,
Percent full
% Empty by length of previous haul

Previous haul distance

Tanker
Flatbed
Dry Van
Refrigerated

Source: Paxson
Bottom line of religious portion

For trucking to be competitive, High Equipment utilization is:

• Very important for us in the East
• Absolutely vital for you.
You are going to enjoy this part of the talk
(791) 553-6218  Jane
RULES MATTER

% Empty by length of previous haul

- Exempt
- Private
- Irregular Route
- Regular Route

Source: Paxson
FLORIDA  Heaven on Earth for carriers with outshipments.
RULES MATTER: % Produce/Ornamentals Haulers Entering Florida Empty

% Empty

Year

82/83 83/84 84/85 85/86 86/87 87/88 88/89 89/90 '01/02
This Conference is about improving existing rules

Noble Tinkering

You will do good

The good will be limited
The proposal

UGP offers to be an experiment for what virtually all of us believes will be the case in 20-to-50 years from now.

(As it is across the EU)

&

Reaps advantages for your trucking and economies
Cabotage

Point-to-point transport within one country.

Effectively prohibited.

“U.S. Customs regulations allow for Canadian-based vehicles to transport domestic shipments (point-to-point in the U.S.) when the shipment is incidental to .... an international movement. … Because the INS regulation prohibits this type of move, in effect, the U.S. Customs regulation is moot at the present time.”

Highway Star Magazine  May 2005
Open Prairies
Potential Variants

GOOD

• All U.S. & Canadian carriers allowed to do domestic carriage within UGP.

   Or… only those based in UGP

BETTER with this addition

• All U.S. & Canadian carriers allowed to do domestic carriage with O or D in UGP.

   Or… only those based in UGP
Potential Beneficiaries

• UGP economies
  – Both national economies
• UGP trucking
  – Both national trucking industries
• The environment and infrastructures
Potential (human) problems

• Territoriality/fear of change

• Concern that some may gain more than others.
If you want this, is it Politically Feasible?

• Reasonable case for needing relief
• Reversible…maybe with Sunset
• The charm (and power) of the small.

UGP is:

16% of Canada
4% of the U.S.
5% of both
Finally, I will now follow Will Roger’s advice

Never miss a good chance to shut up.

Thank you