

# The Connection



**Special points of interest:**

- Canada/US Trade
- Congress Stalemate
- I-81 Corridor Coalition
- Rest Area Closures
- Greening Transportation Corridors
- NAFTA Trade

## Canada/U.S. Trade

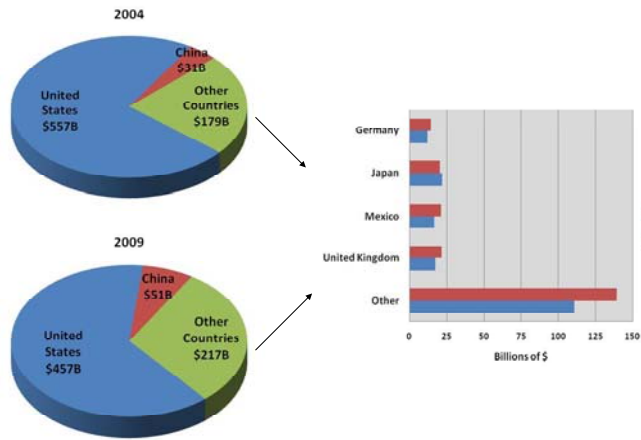
When we look at traffic along Interstate 81, the common opinion is that truck traffic is increasing constantly, particularly as a percentage of total traffic. While that is definitely the case along sections of I-81, truck traffic from Canada entering the US has certainly declined over the past five years. This decline is reflected in Canada's trade statistics with their major trading partners as illustrated in the graph shown on

this page. Not only has Canada's trade with the US dropped by \$110B, over the last 5 years, but truck traffic compared with other modes has also shown significant declines. In fact, although trade by truck skyrocketed from 1991 to 2000, it has now fallen by some 30% since the peak and has been in a huge downward spiral since 2008, as can be

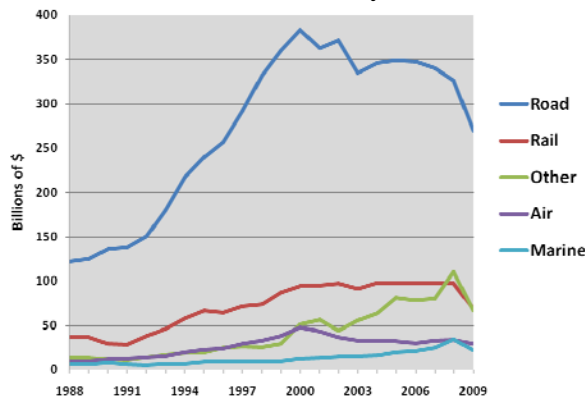
seen on the second graph. As we examine the needs for infrastructure improvements on our highways, bridges and border crossings, we must remember that the likelihood of a return to commercial traffic levels of the

mid to late 1990's is unlikely any time soon. The changing trade patterns of our global economy has a large effect on mode and the downsizing of the North American auto industry has a great effect on cross-border commercial traffic. Economic growth will be slow over the next several years. It is important for decision-makers to make any future infrastructure decisions with these facts (as well as many others) in mind.

**Canada's Trade With The World: 2004/2009 Comparison**



**Trends in Canada/US Trade by Mode: 1988-2009**



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## Trucking Industry Bills Stalled in Congress



Several bills introduced in Congress that would affect the trucking industry remain in limbo as the current “lame-duck” Congress races to finish its business by year-end, experts said. The bills include measures relaxing truck weight limits on some highways, providing subsidies for natural gas-powered trucks, reinstating a tax break for biofuels and requiring use of electronic onboard recorders.

Two measures however, the highway reauthorization funding plan and a continuing resolution for appropriations, will expire soon and will require the Congress to act before the holiday break. Current highway funding authority expires Dec. 31, and the current resolution funding the federal government’s operations, including the Department of Transportation, expires Dec. 3.

Although the current Congress won’t pass a six-year transportation funding bill, the Republican slated to take over as chairman of the House Transportation Committee, Rep. John Mica of Florida, said a long-term bill will be his priority when the new Congress goes to work in January.

Other bills caught up in this session address increases weight limits on some State highways, rebates for natural gas-powered class 8 trucks, a proposal to rein-

state the \$1 a gallon biodiesel tax credit, and a bill that would require all trucks to use electronic onboard recorders to monitor the driver’s hours of service.

The big issue for the future is how to fund the new surface transportation bill. To date, Congress has had no appetite for tax increases. This has included an increase in the federal gas tax as well as looking at any variation of variable mileage taxes or tolling of existing inter-state highways. Virtually all highway stakeholders agree that the infrastructure issues need to be addressed quickly. Even the American Trucking Associations have been pushing for an increase in the federal gas tax. But for some reason, Congress has not been prepared to act.

Two U.S. Senators are advocating a tax increase of .25, with .15 to fund highway projects and the remaining .10 to reduce federal debt. Although on the surface this seems to be a viable alternative, is it realistic or fair to impose this tax on the motoring public to reduce the financial ills of the whole country?

In my view, a .15 increase in the gas tax is the best solution. It applies to all based upon the fuel used and is inexpensive to collect as opposed to a variable mileage tax which has a considerable administrative load to collect the tax.

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## I-81 Corridor Coalition Conference

Representatives from all six states along I-81 met recently in Hagerstown MA to discuss common issues along the corridor. Speakers addressed issues including incident management, truck parking, multi-modal alternatives to reduce congestion and committee goals and objectives for 2011.

The Environment committee is developing some additional mapping services to be used on the web site. They propose to locate the position of EPA monitoring stations and non-attainment areas along the

corridor. In the future, the committee will list all rest stop areas that feature electrification.

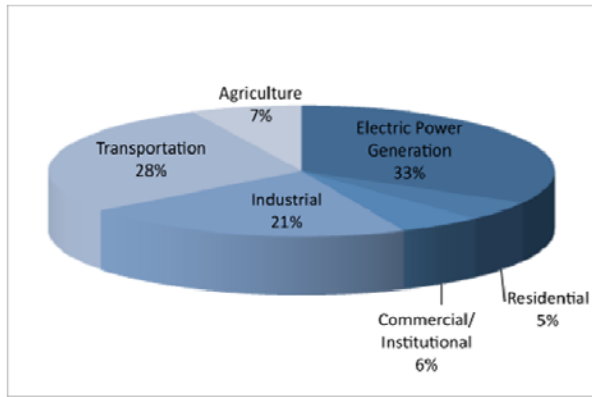
The Governance committee has been focusing on incident management and safety workshops. They have held 4 workshops to date and are in the process of developing a “Train the Trainers” model.

The Freight/Infrastructure committee is focusing on truck parking. A study has commenced to identify the number of truck parking spaces available. A group of volunteers will verify the accuracy of the data.



## Greening Freight and Transportation Corridors

Recently, the Commission for Environmental Cooperation (CEC) delivered a presentation on CO2 emissions, greenhouse gas emissions and sustainable freight transportation. The graph below illustrates the North American GHG emissions by sector. Apart from electric power generation, transportation is the largest contributor to GHG emissions. In Canada and the US, most of this mode is passenger cars or trucks, with only between 8 and 10% of the emissions from the air, train and marine mode. The CEC remains convinced that North America needs:



- A vision for sustainable freight transportation
- Better coordination of policies, programs and incentives
- An enhanced network of stakeholders, institutions and governments

In 2010, the Secretariat of the Commission for Environmental Cooperation furthered their studies into GHG emissions and energy consumption related to freight transportation, with a specific focus on

rail and trucking. At a time of major infrastructural development along NA trade corridors, there exists a good opportunity to improve sustainability at the same time. The CEC recommends action on many fronts including:

- Reduce border delays
- Integrate transportation and land use planning
- Shift to more efficient transportation modes
- Increase efficiency of transportation technologies
- Implement best practices for green supply chains
- Shift to lower carbon fuels
- Share data and performance metrics more effectively
- Use the Corridor networks to foster innovation and sharing of best practices

The last point in the action plan is one that is particularly important to The Capital Corridor. We continue to work collaboratively with a number of stakeholders to educate and to share best practices at locations along the Corridor from Ottawa Ontario to Virginia.



*“At a time of major infrastructural development along NA trade corridors, there exists a good opportunity to improve sustainability..”*

## NY State Rest Area Closures

On November 22, the NY State Motor Truck Association along with representatives from the Owner Operator Independent Drivers Association, Jason’s Law Coalition and Truckers and Citizens Unite, met with the NYS Department of Transportation to discuss concerns over a recent decision to close six rest areas across the state.

NYS DOT was directed to find savings of \$1.5 million in their rest area program by the NYS Budget. This equates to \$500,000 in savings through the remainder of this

fiscal year, and \$1 million through next fiscal year. The rest area closures are currently temporary, and would re-open in April 2012.

While NYS DOT understood the stakeholder concerns with the closures, they are unable to commit to re-opening the rest areas prior to April 2012 due to the fiscal constraints they are under. NYSM-TA will need to work with Governor-elect Andrew Cuomo and his staff to encourage the re-opening of the rest areas as soon as possible.





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## NAFTA Surface Trade Rises

Surface transportation trade among the United States, Canada and Mexico rose 19.3% in September from a year earlier, according to the US DOT. Trade among the North American Free Trade Agreement partners rose to \$68.3 billion year-over-year, DOT's Bureau of Trade Statistics said in its monthly report. Freight trade value notched up 0.5% from August but was 4.8% below the level of August 2008, DOT said.

U.S.-Canada trade improved 15.7% to \$40.2 billion and the value of truck imports to the U.S. rose 10.7%, while truck exports gained 17.4%. U.S.-Mexico trade jumped 24.8% to \$28.1 billion, with the value of truck imports 23.3% higher than a year ago. U.S. truck exports to Mexico rose 20.7%.

This marks the ninth straight month this year with surface trade numbers up compared with the prior year. It is worth noting, however, that surface trade was down 23.3% in 2009 compared with 2008.

Almost 90% of U.S. trade among NAFTA partners moves by land.

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## Notes From The Director

We have spent some time in this month's newsletter examining trade and freight corridor issues. One growing concern is the shortage of trucks and drivers as the economy begins to strengthen going into 2011. Freight capacity in 2011 will be constricted by a combination of federal legislative and regulatory policy, and recession-related private-sector curbs on investment. The new Federal Motor Carrier Safety Administration's (FMCSA) "Compliance, Safety and Accountability" (CSA) ratings program will remove many drivers from the roads because of poor safety records. In addition, long-haul drivers are getting older. It is not a career that young people today care to pursue because of the poor working conditions, extended time away from home, and poor pay relative to other careers. Carriers have cut back on equipment purchases through the recession of the last two years leaving many carriers with insufficient fleets to handle the increasing demand. The expected change in the federal hours-of-service laws for drivers

could also tighten capacity if driver hours are reduced from 11 to 10.

The only potential upside to all this is that freight rates should begin to increase in 2011. While increased freight rates do raise consumer costs, these increases are necessary for the freight community. Too many carriers have discounted rates below sustainable levels over the last two years. It is important to get the rates back to levels where equipment can be properly maintained, new energy-efficient tractors and trailers can be added to the fleets, and drivers can be compensated at higher levels—all good initiatives for the industry.

We have just finished the Thanksgiving holiday in the U.S. and are now headed into the Christmas season. As the economy begins to slowly improve, we have much for which to be thankful. I trust that all of our readers in Canada and the U.S. will have a good holiday break with their families before facing the challenges ahead in 2011.



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