

THE SOURCE

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SPECIAL POINTS OF INTEREST:

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SHIPPING CAPACITY—2014 UPDATE

It was one year ago this issue that we first cited, in an article in *THE SOURCE*, the industry's concerns about the expected trucking capacity crunch. The marketplace crisis did not happen in 2013—at least not to the extent predicted—but industry analysts and major shippers alike are warning against complacency. Truckload capacity is, in fact, slowly tightening. Between two back-to-back quarters of economic growth at a rate greater than 3% and the hours of service rules putting the squeeze on truck driver availability, the truck market is more challenging than one year ago, and is likely to become more so if demand increases as anticipated.

At the SMC3 JumpStart Conference in January, Joshua J. Dolan, senior director of transportation at the national retail sporting goods heavyweight, Dick's Sporting Goods, said "There are a lot of shippers who have been lulled into a false sense of security. Shippers who don't expect capacity to really tighten until 2017 are being too optimistic." He went on to say that Dick's has "strengthened our relationships (with our carriers) and we've diversified. We've made significant shifts into intermodal."

Fluctuation of the GDP growth rates from quarter to quarter throughout 2013 has made demand on trucking capacity intermittent. But if the economy and freight demand grow more steadily in 2014, shippers will feel the pinch sooner rather than later. "What is needed is consistency," said Bob Costello, chief economist at the American Trucking Associations (ATA) recently. "When we get to a period of much tighter capacity, it will be brought on by consistent demand. A few quarters with GDP growth in the high 2% range.....maybe 2.8 or 2.9%, but it would have to be consistent." According to Costello, gains in the economy may mean that shippers will eventually hit a capacity barrier. "Ultimately, there's been a lack of growth in capacity. Truckload fleets today are still operating 6.2% fewer tractors than they did in December, 2007."

Five years into the economic recovery, available capacity at the biggest truckload carriers—publicly owned carriers with more than \$10 billion in combined revenue—is running 18% below its 2006 peak, according to the Journal of Commerce's Truckload Capacity Index. There has been a slight rise in index during the second half of 2013, after falling steadily over the course of the recession and recovery, reaching a low in the 2012 fourth quarter. But some truck freight brokers are seeing a contraction of capacity, and many third party logistics operators and brokers are watching their margins shrink. Big carriers simply aren't adding capacity commensurate with demand. Diversification into intermodal may become a more and more attractive alternative in the future.



SOURCE: *Journal of Commerce*, 1/31/14, "Shipper Warns Against Truck Capacity Complacency"

FMCSA TAKES AIM AT DRIVER DETENTION

In a keynote speech at the 93rd annual meeting of the Transportation Research Board, Federal Motor Carrier Safety Administrator Anne S. Ferro warned that driver detention is a safety issue, and that if shippers/consignees and the trucking industry are unwilling to take steps to address this issue, she is prepared to introduce regulatory measures that will.

“Drivers have among the toughest jobs in our nation. They operate under very difficult conditions, they operate under extreme stress and they operate, frankly, in some cases, with extreme disrespect when it comes to detention time and poor compensation given the job and the skills and knowledge they have to have.” Detention, she says, “is an area of not just inefficiency in the supply chain but inefficiency that is placed on the back of truckers and for which they are not compensated.”

According to a 2009 Dept. of Transportation study, it is estimated that driver detention costs the trucking industry as much as \$4 billion a year in lost productivity. Truck drivers measure that lost productivity in hours spent waiting for trailers to be loaded or unloaded, the lost miles they could have driven hauling freight while waiting, and the money they are not earning while waiting. Detention affects per-mile pay and hours-of-service availability, and has been cited as a major

factor in the growing shortage of qualified drivers.

The FMCSA has been studying how detention affects drivers for some time; a 2001 study found a correlation between long delays in loading and unloading and crashes. Now that the hours-of-service regulations have gone into effect and the supplemental notice of proposed rule-making on electronic logging devices is in the works, regulation relative to driver detention is likely the next bulls-eye on the FMCSA’s safety target.

Detention penalties charged by carriers have remained static over the last two years, ranging from \$25 to \$90 per hour, with most shippers accepting up to \$60 per hour. The industry standard for acceptable detention is two hours, although some rules tariffs allow up to four hours.

The issue of driver detention was spoken of at the SMC3 JumpStart 2014 conference, during which trucking companies and shippers were urged to be proactive in establishing and observing standards and penalties for driver detention in their contracts, lest additional FMCSA oversight does it for them.

SOURCE: Inside FMCSA website; Journal of Commerce—1/29/14; The Trucking Network—1/18/14.

TOY STORY



The Toy Industry Association is advising members to make contingency plans for their 2014 Summer and Fall shipments in the event of a possible work stoppage at the West Coast ports if contract negotiations fail to produce an agreement by the current contract expiration date of July 1.

Contract talks between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA), which are expected to begin in May, are likely to become contentious over an estimated \$150 million in excise taxes owed under the Affordable Care Act for the health plans of ILWU workers. If an agreement is not negotiated by the July 1 deadline, a shutdown or strike could occur on the West Coast, which handles an estimated 45% of all U.S. imports. A shutdown would cost the U.S. economy an estimated \$1 billion per day.

“A stoppage at the West Coast ports would be highly detrimental to the U.S. toy industry, especially as companies begin to line up their shipments for the crucial fourth quarter,” said Carter Keithley, President and CEO of the Toy Industry Association (TIA). “We hope that all parties involved in the negotiations come to a quick resolution.”

In the meantime, to mitigate damages such as those experienced by the toy industry in 2012 when some West Coast ports closed for 8 days, TIA members are being encouraged to develop contingency plans for shipments scheduled to arrive through the ports in question. Disruptions may be at least partially avoided by conducting a thorough review of supply chains and options to divert cargo through alternate ports in Mexico or the East/Gulf Coast ports in the U.S.

SOURCE: Toy Industry Association website, press room



BLINK

Are you are reading this on your PC, laptop, tablet, or smartphone? If you are, then chances are good that you may be at risk for Computer Vision Syndrome, a group of eye and vision-related problems that result from prolonged computer use. The most common symptoms associated with CVS are eyestrain or eye fatigue, burning and itchy eyes, headaches, blurred vision, and dry eyes. These symptoms may be caused by poor lighting, glare on the computer screen, improper viewing distances and/or positioning, poor seating posture, uncorrected vision problems, or a combination of any of these factors. According to the American Optometric Association, people who spend two or more continuous hours at a computer on a daily basis are at greatest risk for developing CVS.

So, what can you do, short of backpedaling about 40 years to a pre-computer world? For most people, symptom treatment involving some simple, easy to incorporate changes is sufficient. However, it is worth noting that dry and irritated eyes can be associated with disorders of the cornea (the transparent layer at the front of the eye), so if you are using lubricating eye drops several times a day and your eyes still feel dry and irritated, you should see your doctor. Here are some steps you can take to help reduce your risk of eye strain or CVS:

Use proper lighting. Position the computer screen to avoid glare from excessively bright light, such as sunlight from a window or harsh interior lighting. Don't forget about glare from walls and finished surfaces, particularly white or light-colored. Consider installing an anti-glare screen on your monitor. Lowering the ambient lighting, if possible, can also help.

Adjust your computer display settings. It is suggested that the brightness of the display should approximate the same level as your surrounding workstation. As for text, black (or dark-colored) text on a white (or light-colored) background is the best color scheme. Text that is 3 times the smallest size you can read from your normal viewing position is best.

Position your computer screen properly. Sit about 20-28 inches away from the monitor and position it such that your eyes are looking slightly downward at it—about 4-5 inches below eye level. Adjust your chair height so your feet can rest flat on the floor, which will improve your posture and help to avoid neck and back strain.



Reference materials. The best place for reference materials is above the level of the keyboard and below the level of the monitor. A document holder can be a useful tool.

Clean your screen. Dust and fingerprints can reduce clarity and contribute to eye strain.

Take several alternative task or rest breaks. Take time to perform some tasks that do not require your eyes to focus on something up close. Make phone calls or photocopies. Consult with co-workers. Get up and move around.

Exercise your eyes. Adopt the 20-20-20 rule: Look away from your computer every 20 minutes and look 20 feet away for 20 seconds. This exercise relaxes the focusing muscle inside the eye and helps to alleviate fatigue. Another exercise is to look far away at an object for 10-15 seconds, then at something up close for 10-15 seconds, then back to the distant object. Do this 10 times. This reduces the risk of your eyes' focusing ability to "lock up" after prolonged computer work.

Blink. Blinking moistens the surface of the eyes, preventing dryness and irritation. Study after study has shown that people blink less frequently when working at a computer—as much as 1/3 to 1/2 less often as they normally would—and that many blinks during computer work are only partial lid closures. Tears coating the eye also evaporate more rapidly during long non-blinking phases, and often the air in office environments is dry, which further increases the risk of dry eye. Lubricating drops can help, but making a conscious effort to remember to blink is important. Try this: Every 20 minutes or so, stop and blink 10 times by closing your eyes slowly, as you would when falling asleep.

Eat your way to healthy eyes. Foods that help circulation, such as citrus fruits, dark leafy greens, and whole grains, are not only good for your heart, but also for your eyes. Foods rich in zinc, like beans, peas, peanuts, oysters, lean red meat, and poultry, can help your eyes resist light damage. Also good are foods rich in beta-carotene (yellow or orange fruits and vegetables), foods that contain lutein and zeaxanthin (leafy greens and colorful produce), and foods rich in Omega-3 acids, like several varieties of fish, leafy greens, seeds, nuts, whole grains, and oils. So, a varied and colorful plate truly is a feast for the eyes!

SOURCE: American Optometric Association—www.aoa.org

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TRIVIA

1. In which country is Mount Everest?
2. "Call me Ishmael" are the opening words of which work of literature?
3. What color is zero on a roulette wheel?
4. What does a Hippologist study?

[Click here for answers to Trivia questions.](#)

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