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THE SOURCE

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Cover Story: Changing Supply Chains due to West Coast Congestion

The Changes Being Forced on the US Supply Chains

Yeti tests Port Houston in bid to avoid congestion

By Matt Leonard, Supply Chain Dive, 3/12/21

Dive Brief:

Yeti has been able to "secure ample capacity" for its ocean shipping needs as some in the industry struggle with accessing containers, but the brand did say it is testing the use of Port Houston to avoid congestion, CFO Paul Carbone said during the Bank of America 2021 Consumer & Retail Technology Conference on Tuesday.

"We're seeing some elongated times coming through the port," Carbone said. Multiple ports have reported congestion issues in recent months — including Los Angeles, Long Beach and New York/New Jersey — but Carbone didn't specify where they're seeing difficulties.

Switching to Houston will bring imports close to Yeti's Dallas-Fort Worth distribution center, but it has not yet had any imports land at the gateway, he said. Along with the port change, Yeti has also increased its use of cross-docking for its imports to help cut down on lead times and is exploring faster shipping lanes out of Southeast Asia.

Dive Insight:

Ports are clogged. Lead times are getting longer. Retailers are struggling with inventory levels as a result. And shippers are looking for alternatives. This is the supply chain in 2021. Foot Locker recently reported a 23.6% drop in inventory as a result of delays the brand is experiencing at port facilities. And Yeti said it is having similar difficulties, reporting its inventory declined to $140.1 million in the most recent quarter, a 25% YoY drop.

"Inventory remained challenged across our channels due to COVID-related supply disruption," Yeti CEO Matt Reintjes said on the company's earnings call Thursday. Getting inventory up will be a year-long effort for Yeti, but the brand expects levels to be up to about $200 million by the end of the year, a 40% YoY increase that would place it about in line with its 2018 levels, Carbone said during the conference.

Roger Guenther, the executive director of Port Houston, said that the gateway has seen increased interest from shippers over the last few months, noting that the port set records for import cargo volume in late 2020.

Port Houston's import levels from Asia have grown steadily in recent years, Guenther said.

"Go back more than a decade ago, we had no ships coming from Asia through the canal into Houston," Guenther said. "And now it's close to half of our import business is from Asia coming through the canal."

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-OUTSOURCE-
THE FREIGHT MANAGEMENT COMPANY

Yeti tests Port Houston in bid to avoid congestion

Front Page article continued

These services continue to grow. In December THE Alliance announced a new Transpacific route that calls on Port Houston through the Panama Canal. Other ports are growing services from Asia as well and citing congestion as one of the reasons for the new routes. The Northwest Seaport Alliance announced a new service from CMA CGM last month, a move which would alleviate "congestion in Southern California ports," according to a statement from Fred Felleman, president of the Port of Seattle Commission and co-chair of the Northwest Seaport Alliance.

Yeti isn't the only large retailer that sees promise in Houston. The port was Walmart's largest import gateway in the year up to Jan 30, 2020. Guenther said the proximity to populations centers beyond Houston like San Antonio and Dallas make it an attractive supply chain node. "I think there's tremendous expanding opportunities to serve a much bigger market through middle America — both on the import and export side — through Houston," Guenther said.

Infrastructure has played an important role in Port Houston's growth, most notably in the form of the Panama Canal expansion project. But Port Houston also has plans to build up its own capacity in coming years with the hope that demand for its services will continue to increase. "We have now received the authorization and the appropriation ... to widen and deepen [the Houston Ship Channel] to allow for bigger vessels, not only container vessels, but energy tankers and all that to come into Houston," Guenther said.

Supply Chain Strategies

By Jennifer Smith, WSJ, March 10, 2021

Overhauling inventory management is coming into fashion in the apparel industry. The owner of Calvin Klein and Tommy Hilfiger has been resetting the way it handles the flow of goods during the pandemic, the WSJ Logistics Report's Jennifer Smith writes, after finding itself with merchandise in all the wrong places as lockdowns rolled out last year. PVH's revamp was in the works before the pandemic but it accelerated its efforts as the retailer and other companies with inventory stuck in closed stores scrambled to meet new demand while online orders surged and consumer tastes flipped toward casual clothing. One big change was to erase the barriers between in-store stock, warehouses and e-commerce inventory, a software-enabled shift that improved visibility across PVH's entire portfolio. The company is figuring the approach will stick beyond the pandemic, reasoning that flexibility will never go out of style.

https://www.wsj.com/articles/pvh-fashions-new-supply-chain-strategy-in-pandemic-hit-apparel-market-11615392552?mod=djemlogistics_h

Ahold CFO Aims to Make Online Sales a Larger Part of Its Revenues

By Nina Trentmann, WSJ, March 9, 2021

The owner of Peapod, Stop & Shop and Food Lion is following its customers as it steps up its attention to online grocery shopping. Ahold Delhaize finance chief Natalie Knight says the Netherlands-based owner of the U.S. grocery chains doubled investments in omnichannel last year and expects to reach a similar level in 2021. The WSJ's Nina Trentmann reports that Ahold's online revenue also more than doubled last year, reaching $2.37 billion, although that still accounts for only 4.3% of its overall U.S. sales. Ahold is one of many supermarket operators that have been scrambling to adjust to the pandemic-era surge in e-commerce, and the company is lining up its operations in the belief that online grocery shopping will remain popular after the pandemic. Ahold bought FreshDirect in January, in a sign that customer-facing logistics capabilities are becoming as important to grocers as back-end supply chains. To read full article please follow this link [Ahold CFO Aims to Make Online Sales a Larger Part of Its Revenues - WSJ]

LTL carriers bullish on demand, pricing dynamics for 2021

January 6, 2021 · By John D. Schulz, Supply Chain 24/7

Top less-than-truckload (LTL) executives and analysts are predicting a bullish year for the $46 billion sector in 2021. Despite disruptions from the coronavirus and resulting changes in demand levels from their customers, leading LTL companies are extracting rate increases in the mid-to-high single digits, according to carriers and analysts. "This is a positive freight environment," Chuck Hammel, president of Pitt Ohio, the nation's 18th-largest LTL carrier, told LM. "LTL companies are all raising rates." Likewise, Darren Hawkins, CEO of Yellow Transportation, called LTL pricing "strong," and said carriers were taking full advantage to recapitalize their fleets. In Yellow's case, it is helped by a $700 million influx of cash as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Satish Jindel, principal of SJ Consulting, which closely tracks the LTL sector, told LM, "It's a wonderful time to be in the LTL sector."

There are several reasons. One is pricing power. Unlike the splintered truckload sector where the leading carrier, Knight-Swift, barely controls 1 percent of the TL market, there is concentration atop the LTL marketplace. The top 25 LTL carriers account for nearly 90 percent of the marketplace. In fact, Yellow controls 10% all by itself—through long-haul carrier Yellow Freight and its three regional subsidiaries, New Penn, Holland, and Reddaway. The bigger question for LTL executives is will it last? In past boom cycles, one or two large LTL carriers would exhibit poor pricing discipline. In 2008, during the post-Great Recession downturn, a few large carriers sensed Yellow was on the brink of bankruptcy and initiated a pricing war with Yellow. Now, with Yellow on firmer financial footing thanks to the $700 million influx of cash, no one is holding their breath any longer. Yellow is using some of that $700 million to replace some of its older trucks. "They're only going to be replacing trucks, not adding to their fleet," Jindel explained. "They have such an outdated fleet. They have been driving around with older trucks than anyone. Why would they expand. Do they need to expand?"

The answers are no and no. Expansion in truckload can be justified because the carrier only needs a driver and a truck. Carriers need three things to expand in LTL – drivers, trucks, and terminals. "The latter are not easy to come by," Jindel said, noting that environmental and zoning regulations often make terminal expansion and purchase a costly proposition. Such conditions effectively mean there is a cap on capacity in the LTL sector. "Pricing will be good to very good," Jindel predicted for 2021. "I expect a mid to high single digit rate increase."

So, even with declines in shipment volumes from COVID-related closures, carriers have adapted their networks to achieve maximum efficiencies. "Those closures are not as strict this year," Jindel said. "Shipment counts should stay fairly robust. That should mean good performance for carriers." That would be a continuation from last year. Some publicly held carriers enjoyed boom years in 2020, according to their stock prices. Saia's stock was up 90% last year. Similarly, Old Dominion Freight Line was up 55% and ArcBest, parent of ABF Freight System, rose 45%. FedEx, UPS, U.S. Postal Service, Amazon Logistics and regional carriers such as LaserShip, LSO and OnTrac collectively set an industry record of delivering over 3 billion parcels during the past peak season. For parcels scheduled for delivery between Dec. 20 and 26, according to ShipMatrix, FedEx was at 96.5%, UPS at 97.6% and USPS at 94.7%. While this performance was better than prior weeks, handling such huge spikes in volume with temporary methods (that includes deliveries made on Christmas Day) still resulted in over 2 million parcels not delivered by Christmas.

Such volume spikes have had a tangential benefit to the LTL carriers, Jindel said. But he said the bigger factor helping LTL carriers was shipments from Amazon's 155 fulfillment centers. "The more centers they have, less quantity they need on hand in inventory and that converts into more LTL shipments," Jindel said. "The LTLs are getting significant impact and opportunity to participate in the retail sector evolution—or revolution," Jindel said. "The LTLs used to ignore retail. They got rid of that old way of thinking. Retail is going to be a bigger sector of LTL. Those who don't pay attention will fight over smaller pieces of the LTL market. You can't operate in the retail sector with the same attitude as industrial freight." Retail shipments can be different. Often they are lighter and cube out before weighing out in 80,000-pound trucks. So LTL must raise rates to handle that. Most deliveries are not made to docks, but inside to retail stores. That's another adjustment for carriers. "Customers aren't going to change, you have to change," Jindel advised carriers.

Jindel said the only way the current pricing environment could lose momentum would be if "some large LTL carrier loses its mind and lowers price to gain more freight to lose more money. I can't see any of LTL carriers being that unwise." How long will this environment last? "I don't see any end in sight," Pitt Ohio's Hammel said.

TRIVIA QUESTIONS

1) **The first day of Spring is known as _________?**
   A. Northern Solstice **B.** Vernal Equinox **C.** Estival Equinox **D.** Vernal Solstice

2) **Which doesn't belong, the 1st spring flowers do not include ______ ?**
   A. Allium **B.** Tulips **C.** Dandelions **D.** Iris'

3) **In spring why do birds sing more?**
   A. Greater food sources **B.** Warmer days **C.** more light **D.** Attract mates

4) **The "Spring Tide" happens when?**
   A. Late March **B.** Once per week in April **C.** Daily in May **D.** Twice per lunar month

5) **First day of spring in Poland people gather to _________?**
   A. Have a feast **B.** Throw a dance **C.** Burn an effigy **D.** Go to Church

6) **In spring Honey Bees are __________?**
   A. Docile & Friendly **B.** Aggressive & mean **C.** Sting harder **D.** Make the most honey

Answers Later In The Newsletter

FUEL REPORT

U.S. On-Highway Diesel Fuel Prices* (dollars per gallon) http://www.eia.gov/petroleum/gasdiesel/

	03/01/21	03/08/21	03/15/21	Change from week ago	Change from year ago
U.S. National Average	$3.072	$3.143	$3.191	↑0.048	↑0.458

.LG to Invest $4.5 Billion to Expand Battery Capacity in U.S.

By: Gabrielle Coppola and Heesu Lee | Bloomberg News | Mar 11 2021

South Korea's LG Chem Ltd. plans to invest $4.5 billion in the U.S. by 2025 and hire 10,000 workers to expand battery capacity. LG Energy Solution developed the plan over the last year to meet growing demand for electric vehicles in the U.S., the company said by email Thursday. It's also eyeing President Joe Biden's climate agenda, which aims to increase consumer incentives for EVs and electrify the U.S. government's fleet. "The goals of the U.S. president and automakers will be a propelling factor in the growth of the country's electric vehicle and energy storage systems markets," Jong Hyun Kim, chief executive officer of LG Energy Solution, said in the statement. LG and General Motors Co. confirmed last week that they are looking at sites to build a plant that would be similar in size to the $2.3 billion facility under construction in Lordstown, Ohio, and have talked to public officials in Tennessee. GM plans to make a decision in the first half of this year. The $4.5 billion investment will allow LG to add 70 gigawatt hours of production capacity in the U.S. through 2025, it said. The company will pick two locations for plants that will manufacture pouch cells and cylindrical batteries for EVs, as well as energy storage systems, and LG's total capacity in America will rise to 75 gigawatt hours after the expansion, it said.

The International Trade Commission last month imposed a 10-year ban on SK Innovation Co., a rival of LG, for exporting batteries to the U.S. as punishment for its destruction of emails and other documents in a trade-secret case with LG. The ban, which would force SK to close its plant in Georgia, goes into effect in mid-April unless SK can persuade the White House to overturn it. SK and LG have been in talks to come to a settlement over the case, but SK said a proposal from LG was "outrageously excessive" considering it's asking for compensation that's equivalent to decades of operating profit. SK had previously planned a long-term investment of as much as $5 billion in the U.S.

Maersk Is Said to Weigh Sale of $1 Billion Cold Container Unit

By Vinicy Chan, Christian Wienberg, and Aaron Kirchfeld, Bloomberg News, March 10, 2021

A.P. Moller-Maersk A/S is considering a sale of its refrigerated container business as demand for the cold storage units surges during the Covid-19 pandemic, according to people familiar with the matter. The Danish shipping giant is working with an adviser on the proposed divestment of Maersk Container Industry, which could be valued at as much as $1 billion, the people said, asking not to be identified as the information is private. Maersk could reach out to suitors as soon as this month and the asset may draw interest from other shipping companies, as well as private equity firms, the people said.

Deliberations are at an early stage, and Maersk could decide to keep the business, according to the people. A representative for Maersk said MCI was delivering strong results and contributing to the growth of the company, declining to comment further. Founded in 1991, MCI manufactures refrigerated containers and refrigeration machines for the intermodal freight industry. The chilled containers are used in the transportation of fruit, vegetables and other foodstuffs. The unit has seen high demand for its containers during the coronavirus crisis, with lockdowns clogging global trade routes and upending flows of refrigerated storage. MCI reported earnings before interest, taxes, depreciation and amortization of $77 million in 2020, compared with $29 million the previous year, according to Maersk's annual report.

As shippers avoid congestion, Asia-US West Coast rates fall, East Coast prices rise

By: AJOT | Mar 17 2021

Key insights:

1. A shift from the congested West Coast to the East Coast may be impacting freight rates: Asia-US West Coast ocean rates have fallen 13% from their February peak, while Asia-US East Coast rates have fallen only 5% from their high, and are still 16% higher than at the end of 2020.

Strong demand on the transatlantic has pushed ocean rates up 20% since the end of January, and an indication of UK-US air cargo demand shows an increase of 30% on searches along this lane since the start of the year, a level maintained since the beginning of February and likely to be helped along by the recent suspension of tariffs.

China-US rates:

China-US West Coast prices (FBX01 Daily) fell 5% to **$4,292/FEU**. This rate is 224% higher than the same time last year.

China-US East Coast prices (FBX03 Daily) increased 6% to **$5,716/FEU**, and are 125% higher than rates for this week last year.

Analysis

Port congestion and delays are still a problem at the port of LA/Long Beach, and all indications are that there won't be any meaningful decrease in ocean freight demand in the near future: Though February Asia-US import volumes were down 18% from January, they were still at about the peak pre-Lunar New Year level of January 2020, and March volumes are expected to be up month on month. But there are reports of it getting easier for shippers to secure capacity out of Asia to the US. Some of this easing may be due to importers shifting orders from LA/LB to other ports, just as carriers are adding new Asia-US East Coast services too.

And spot rates may be starting to reflect that shift. Asia-US West Coast prices have now fallen 13% from their February high, and are just 11% higher than their May-December plateau rate. Meanwhile, Asia-US East Coast rates increased this week. They are just 5% below their January peak, and are 16% higher than they were in December.

Demand on the transatlantic continues to be strong, with ocean rates increasing 20% since the end of January, and the lifting of US-UK tariffs likely to encourage trade on this lane.

And the same trend is taking hold in transatlantic air cargo, where forwarder search volume on WebCargo shows an increase of 30% since the start of the year, a level maintained since the beginning of February.

Truckers enjoy “close to the best ever” freight market, FTR says

Shippers drive high demand thanks to inventory restocking, stimulus bill, and vaccine rollout.

DC Velocity 3/5/21

Freight market dynamics are staying solidly in carriers’ favor despite rising fuel costs, according to an analysis of January trucking sector conditions by FTR Transportation Intelligence. The news means that shippers will continue to see tight capacity, volume caps, and high costs, as they have seen in recent months. FTR today said that its Trucking Conditions Index (TCI) rebounded in January to a +10.37 reading, roughly matching the November index reading and rebounding from a slight dip in December to +8.51. The index tracks changes in five conditions in the U.S. truck market: freight volumes, freight rates, fleet capacity, fuel price, and financing. Combined into a single score, the number represents good, optimistic conditions when positive and bad, pessimistic conditions when negative.

Rising fuel costs will likely have a more negative impact on the February TCI, but overall, Bloomington, Indiana-based FTR forecasts strong freight demand through 2021, with positive trucking conditions throughout the year, even if the current tight driver market were to loosen somewhat as the pandemic fades.

“Market conditions are close to the best ever for trucking companies, and they should remain that way at least through this year. With stimulus from Washington, extraordinarily lean inventories, and a fading pandemic, solid freight demand is practically baked in,” Avery Vise, FTR’s vice president of trucking, said in a release.

“The bigger risk to good times is that driver capacity comes back too strongly as labor participation rebounds, but with the pipeline of new drivers constricted for the past year, that risk seems low. Trucking’s weak payroll jobs numbers for January and February even as freight volume is strong suggests that the principal issue is the supply of drivers, not demand for them,” Vise said.

Number of the Day

22

Container ships waiting at anchor off the ports of Los Angeles and Long Beach on March 14, down from a recent high of35on Feb. 17 and the lowest number since 27 ships were anchored on Feb. 28,.

Quotable

“Ships can sit offshore for weeks at a time in the U.S. There doesn’t seem to be any relief.”

— Steve Greenspon, CEO of housewares manufacturer Honey-Can-Do International

Number of the Day

$1.06 trillion

Total North American transborder freight in 2020, down 13.3% from the year before, including a 10% drop in truck freight and 16.9% decline in rail trade, according to the Bureau of Transportation Statistics.

News Release **Sean McNally** **March 8, 2021**

Truckers call legislation an important precedent for other states to follow

Arlington, VA -- The trucking industry is cheering a law passed by the West Virginia legislature today, calling the legislation a significant victory in its ongoing, multi-year campaign to protect the rights of independent contractors to earn a living and stop lawsuit abuse from the plaintiffs bar. Backed by the West Virginia Trucking Association and its national counterpart, American Trucking Associations, the bill now heads to Governor Jim Justice to be signed into law. Senate Bill 272 broadly protects the owner-operator model—a critical component of trucking—by establishing a clear, bright-line test for what constitutes an independent contractor under state law. Importantly, it also specifically enables motor carriers to require safety improvements of their ICs—whether that be a device, equipment, software, training, practices, policies or procedures—without being held liable as the independent contractor’s employer. Without this carve out, plaintiffs attorneys can use a motor carrier’s requirement of safety standards among its independent contractors as evidence of control and a basis for predatory litigation. This in turn creates a disincentive for motor carriers to provide their contracted owner-operators with improved safety training or equipment.

“The trucking industry literally keeps our economy moving, employing 38,000 West Virginians across our state,” said WVTA President Traci Nelson. “With this legislation, our lawmakers have put down a marker: trial lawyers can’t keep using the civil justice system to line their own pockets at the expense of middle-class jobs, small businesses and highway safety. Other states across the nation would be wise to follow the solid example set by our legislature today.”

“This was a multi-year effort led by the West Virginia Trucking Association and shows the power of our national federation working together,” said ATA President and CEO Chris Spear. “State lawmakers across the country are now waking up to the fact that the perversion of wage and hour classification lawsuits into a profit center for trial lawyers hurts a state’s business climate, kills good-paying jobs and raises the cost of living for everyone while also inhibiting safety improvements.”

Autonomous Delivery Robots Are Now 'Pedestrians' in Pennsylvania

Look out for your future robot overlords in the crosswalk. There are now a dozen states where robots have the right to operate on public roads. The legal rights of robots have expanded, at least in Pennsylvania. There, autonomous delivery drones will be allowed to maneuver on sidewalks and paths as well as roadways and will now technically be considered "pedestrians." It's the latest change in the evolving relationship between autonomous vehicles and humans. In Pennsylvania, the legal limits for autonomous delivery robots mean a maximum top speed of 12 mph in a pedestrian area, 25 mph on a roadway, and a load limit of 550 pounds. The Pennsylvania law was sponsored by state senator Ryan Aument and went into effect in January. Aument did not respond to Car and Driver's request for comment. Counting Pennsylvania, there are now a dozen states, including Virginia, Idaho, Florida, Wisconsin and Washington, D.C., according to Axios, where it is legal for personal delivery robots to share the streets with people.

The benefits of autonomous delivery robots include a reduction in the need for large, potentially emission-heavy trucks to move in crowded cities and a reduction in the number of delivery drivers required to get the stuff people order online to them quickly. Of course, that last item is one reason groups like the Teamsters have come out against delivery robots. The National Association of City Transportation Officials has also issued a Blueprint for Autonomous Urbanism that calls for more thought about adding self-driving robots to our streets. "Automation without a comprehensive overhaul of how our streets are designed, allocated, and shared will not result in substantive safety, sustainability, or equity gains," the report said. Tech-friendly San Francisco even banned most sidewalk robots back in 2017.

This content is imported from YouTube. You may be able to find the same content in another format, or you may be able to find more information, at their web site. Link; https://www.youtube.com/watch?v=CK1szio7PyA (Editor's note; Very Cool Video)

It takes a lot of artificial intelligence to get robots to safely navigate s crowded street. The Tamura Lab at Tohoku University in Japan has collected a list of factors autonomous vehicles should consider when interacting with pedestrians. That means avoiding "smartphone zombies," or people who are walking while looking at a device instead of where they're going, as well as using something called the "social force model" to try to understand a human's intention about when they might change direction. In 2017, engineers at MIT created an autonomous robot that used socially aware navigation, to teach the AV to basically follow "the same rules as everyone else" regarding personal space and expectations about where to walk, one of the researchers said in a statement at the time. It's not going to be easy to keep these knee-high robots moving alongside human pedestrians.

Quotable

"It's out the window, the idea of projecting your sales."

— Lindsay Rae Burleson, co-owner of Houston bar and restaurant the Two Headed Dog

Answers to Trivia

Number of the Day

$121 billion

U.S. online retail spending in January and February, up 34% from the previous year, according to Adobe Analytics.

Old Dominion to Hire 800 Truck Drivers As Freight Demand Grows

March 5, 2021 • by Heavy Duty Trucking Staff

Old Dominion Freight Line announced it anticipates hiring 800 truck drivers with Class A Commercial Driver's Licenses over the next three months to accommodate business growth. The new job openings are in response to a strong economic recovery with robust freight demand and tighter capacity. By growing its workforce, Old Dominion can support increased demand to better serve customers while the country recovers from the COVID-19 pandemic.

Current hiring plans include adding 275 line haul drivers, 260 pickup and delivery drivers, 100 team drivers, and more than 430 dock workers. With current trends, Old Dominion anticipates that it will hire a total of 800 drivers in the next three months with a combination of new employees and by training current employees in the company's truck driver training program.

All new truck driver hires will be non-union, full-time employees with average annual pay ranging from $73,000 for pick-up and delivery drivers and $99,000 for line haul drivers. In some locations, Old Dominion is offering a $5,000 sign-on bonus for qualified Class A CDL truck driver candidates.

A blueprint for smart infrastructure investment

American Trucking Assn Staff

Overview With mounting bipartisan support in Congress for an infrastructure bill this year, a national conversation is fast approaching over where the greatest opportunities exist for federal investment in our transportation and energy networks. Although the widespread deficiencies in U.S. infrastructure run deep, a strong case can be made that surface transportation—roads and bridges specifically—offer the highest, most broad-based return on investment, with measurable and equitable benefits for jobs and the economy, the motoring public, highway safety, the environment and public health. The reason is simple: Despite the multi-modal options available to commuters, travelers and shippers today, roads remain the predominant means for how we move people and things. A full 87% percent of passenger miles happen on the highway. More than 72% of our total domestic tonnage (totaling 11.8 billion tons of goods valued at $10.4 trillion) moves by truck across these highways. All other modes—air, rail, transit — often depend on road networks for either the first mile or the last, or to even function at all. But as documented by the American Society of Civil Engineers, "America's roads are often crowded, frequently in poor condition, chronically underfunded, and are becoming more dangerous." More than two out of every five miles of America's urban interstates are congested, and one out of every five miles of highway pavement is in poor condition.

The societal costs from shortfalls are equally broad-based: Quality of life: Each American loses nearly 100 hours every year to traffic congestion. From 2017 to 2019 the average time lost by American drivers has increased by two hours.

- Cost of living: Poor road conditions and congestion cost the typical motorist $1,600 in lost time, lost wages and vehicle repairs.
- The economy: Highway congestion adds nearly $75 billion to the cost of freight transportation each year—costs borne by both producers and consumers.
- Safety: Road conditions are a factor in 53% of fatal traffic crashes.
- The environment: In 2016, truck drivers sat in highway traffic for nearly 1.2 billion hours, burning 6.87 billion gallons of fuel—13% of their total fuel consumption—resulting in 67.3 million metric tons of excess CO_2 emissions into the atmosphere.
- Urban America: Freight bottlenecks are concentrated in metro areas, adversely impacting urban, minority and low-income communities.
- Rural America: The deteriorating highway network threatens the livelihood of farmers and their ability to get goods to market

With disrepair so commonplace across the country, where do we even begin? How can Congress prioritize projects and funding, equitably and to maximum effect, when they can't even agree on revenue sources and payment methods? The trucking industry offers valuable perspective and data to help policymakers answer these questions. Considering truckers log a combined 300 billion miles every year, no one experiences our highway system and knows its weaknesses like our industry does. No one sees firsthand how serious these shortfalls have become as the U.S. falls further and woefully behind China in an ever-widening infrastructure gap. And thanks to real-time truck GPS data provided by our fleets, we can pinpoint precisely where the trouble is most acutely emanating from.

Freight Bottlenecks When weighing its priorities, Congress should begin with the National Highway System, which accounts for only 5% percent of highway mileage yet carries 55% of all vehicle miles traveled. Here the 80-20 rule, or Pareto Principle, applies: 87% of total truck congestion costs nationwide is caused by only 17% of National Highway System miles. Drilling down further, the American Transportation Research Institute recently released its annual Top Truck Bottleneck Analysis, which isolates the worst 100 traffic chokepoints in the country using real-time GPS data from more than one million trucks. Continued on Page 9

A blueprint for smart infrastructure investment

Continued from Page 8

Although 2020 was a highly unusual year, with pandemic restrictions alleviating some congestion as motorists stayed home, the analysis captures where the most pressing problems continue to occur.

These breakdowns in the national highway system are clogging our nation's economic arteries—and with far-reaching consequences. Localized freight bottlenecks don't just choke their surrounding metro areas. They have a very real regional impact, affecting markets and individuals thousands of miles away across many states. Let's look to the Southeast to see how. The 603-mile long freight corridor between Jackson, Mississippi, and Charlotte, North Carolina, connects six separate interstate routes, cutting across five different states and passing through several major metro areas, including Atlanta, Georgia, and Birmingham, Alabama. This key stretch of interstate sees an inordinate amount of freight throughput, especially in agriculture. More than 553 million ton-miles of meat, 400 million ton-miles of poultry and 220 million ton-miles of dairy pass through this corridor over the course of a given year on their way to processing facilities in Jackson and slaughterhouses in Georgia.

Our nation's farmers and ranchers have sounded the alarm on the threat that deteriorating infrastructure poses to their ability to make a living. In pleading its case to Congress, the American Farm Bureau has said "the degradation of surface transportation efficiency threatens our nation's preeminent economic standing in the world and endangers the livelihood of farmers, ranchers and truck drivers employed in industries that depend on a well-maintained, reliable transportation system." Traffic congestion on our national highway system adds an annual $75 billion to our economy's freight transpiration bill. These increased transportation costs are borne not only by producers and truckers, but ultimately by consumers in the form of higher prices at the store. Freight bottlenecks also exact a heavy toll on our environment. Traffic congestion caused trucks to burn an excess 6.87 billion gallons fuel—nearly 13% of their total fuel consumption. This waste results in 67.3 million metric tons of excess CO_2 emissions being released into the atmosphere. The majority of bottlenecks exist in or adjacent to metro areas, raising issues of environmental justice as urban and minority communities face the greatest exposure to these pollutants. Congress should establish a set-aside of funding for major highway bottlenecks to address the root causes of congestion across the entire system, alleviate enormous strain on our supply-chain, boost highway safety and spare our environment from unnecessary harm.

Truck Parking COVID caused a re-awakening in public consciousness to the importance truckers hold in our everyday lives. Economic shutdowns brought Americans to realize how essential trucks are to receiving the basic necessities we all take for granted—and to recognize the everyday heroism exemplified by the incredible men and women working behind the wheel. Trucking isn't easy, but navigating challenge is what truckers do. While shuttered public bathrooms and rest stops added a new layer of hardship to truckers' duties, the unpleasant fact is that they've been hampered by insufficient infrastructure long before the pandemic came to be. Perhaps no issue looms larger than the severe shortage of available truck parking. The Federal Highway Administration's Jason's Law report found that 98% of drivers reported problems finding safe truck parking. Stymied by a lack of parking for increasingly large tractor-trailers and forced by federal hours-of-service requirements to park after a certain amount of time on the road or be fined, truckers are parking along the exits to truck stops, along the sides of highways and in other places that put them and passing drivers at risk. "The hardest thing of the day is to find a parking spot," said Doug Smith, a trucker based in Bountiful, Utah. He said the pandemic has made it harder to find bathrooms and places to eat, but parking, a problem even before the pandemic, has been made worse as distribution centers where trucks drop off or pick up loads have barred truckers from parking because of COVID-19 concerns, putting even more demand on truck- and rest-stop parking. Across the U.S., there are more than 11 truck drivers for every one parking space. The average driver spends 56 minutes of available drive time every day looking for parking. That wasted time amounts to a $5,500 loss in annual compensation – or a 12% annual pay cut. If America truly wants to thank a trucker – give them a place to park.

In Closing By looking to America's trucking industry, Congress will find constructive partners and a roadmap for smart, strategic investments in national infrastructure that can benefit all Americans. Although the challenge in fixing our country's systemic infrastructure woes are daunting, targeting freight bottlenecks and adding truck parking capacity throughout the National Highway System are two prudent places to start and will yield broad benefits for our economy, the motoring public, road safety, the environment and public health.