OUTSOURCE

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THE SOURCE

Inside this issue
Cover Story:
States raising Fuel TAX? Infrastructure needs!!

Ohio Joins States Hitting Drivers Where It Hurts: Raising Taxes on Gas

Transportation officials say a $1 billion infrastructure spending was masked for more than a decade by borrowing

By Kris Maher, WSJ, March 19, 2019

Ohio Gov. Mike DeWine is pushing for an 18-cent-per-gallon increase in the state's gas tax after he said he discovered a $1 billion infrastructure spending hole that transportation officials say was masked for more than a decade by borrowing. The proposal is running into objections from some state lawmakers and sparking debate over how much the state should spend on new transportation projects and how much of that should be borne by taxpayers. Governors in more than half a dozen states are considering boosting gas taxes. They follow more than two dozen states that have done so since 2013, as rising construction costs and greater fuel efficiency erode revenue generated from the taxes.

Ohio's current 28-cent-per-gallon tax is lower than every surrounding state but Kentucky, where the rate is 26 cents a gallon. In Ohio, the Republican-led House passed its own proposal last week to raise the state gas tax by 10.7 cents a gallon over a period of time. Gov. DeWine called the House proposal, which would generate $320 million in the first year, compared with $1.2 billion under his plan, "grossly inadequate." "We do characterize it as a funding crisis," said Jack Marchbanks, director of the Ohio Department of Transportation, which sees at least a billion dollars in currently unfunded needs for maintenance, new roads and safety improvements and a heavy debt burden among other needs. The tax was last raised by the state in 2003, and last year it brought in $1.93 billion.

Transportation department officials say a structural funding gap wasn't readily apparent because of increased borrowing approved or issued under three prior administrations, both Democrat and Republican. The department now has $3.9 billion in debt and paying it off has become costly. This year, the state is expected to pay $390 million in related debt servicing. Gov. DeWine, a Republican, has said it wouldn't be responsible to borrow more. Transportation officials say the department is approaching its debt limit mandated by the state constitution. "Using more one-time money or taking on more debt to keep our roads and bridges in good repair would be bad public policy for our state," Mr. Marchbanks said. Ohio Senate President Larry Obhof, a Republican, said he agrees that the state shouldn't pass along transportation costs to future generations. Senate lawmakers are evaluating the state's transportation needs before issuing their own gas-tax proposal ahead of a transportation budget deadline at the end of March, he said. "The state Senate is pretty conservative. In general, since I've been here, we have been trying to focus on lowering the tax burden on Ohioans," Mr. Obhof said.

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Ohio Joins States Hitting Drivers Where It Hurts: Raising Taxes on Gas

(Front page article continued)

The transportation department has a list of priorities that includes $500 million for maintenance, $250 million for major new construction and $250 million for major safety projects. The state is the 34th largest by area but is a key logistics hub with the fourth-largest interstate highway system. A three-mile stretch of I-71 through downtown Columbus has 1,000 crashes annually on average, according to the department. The highway was designed in the 1960s for a volume of 80,000 vehicles daily, compared with its current volume of 145,000 a day. Not getting the full gas tax requested by the governor would limit the state's ability to fix such problem areas or make improvements by rebuilding and widening highways, Mr. Marchbanks said. "It will turn us from a Department of Transportation to a Department of Maintenance."

FREIGHT VOLUMES ARE IN DECLINE……..IN SOME AREAS all TRADE related

As seen through the *"Number Of The Day"* section from the Wall Street Journal's daily Logistics Report

Number of the Day

3.6%

Annual decline in Asia Pacific air freight demand in January, according to the International Air Transport Association.

Number of the Day

32.9%

Year-over-year decline in value of U.S. exports to China in the fourth quarter, according to the Commerce Department.

Number of the Day

19.6%

Year-over-year decline in container exports from California's Port of Long Beach in February.

Number of the Day

0.2%

Year-over-year decline in the American Trucking Associations truck-tonnage index in February.

Transportation Management
Multi-modal Service
Carrier Management
Auditing Services
Supply Chain Coordination

Supply Chain Management
Supply Chain Engineering;
Collaboration;
Leadership
Strategic Management
Consulting

Profit Improvement Plan
Leverage Opportunity Analysis
Baseline Measurement
Profit Improvement Measurement

Quotable

"The tariffs are doing their job."

— Raoul Leering of ING Bank, on the slowdown in China trade.

Quotable

"The union believes the pool of available money needs to expand if we are to conclude these talks on time."

— Ernie Soehl of the Teamsters National Freight Industry Negotiating Committee.

TRIVIA QUESTIONS

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1) What is the longest road in the USA?
A. I-40 **B.** US Route 6 **C.** I-90 **D.** US Route 20

2) There are 5 highways of 3,000 or more miles. Which road is # 5 totaling 3,011 miles?
A. I-90 **B.** I-40 **C.** US Route 50 **D.** US Route 30

3) Which road would be 8th longest in the USA IF IT WERE still considered a highway?
A. Route 24 **B.** Route 66 **C.** Route 123 **D.** "The 5"

4) Which is the STRAIGHTEST road in the US?
A. Route 46 in ND **B.** Colorado 17 **C.** Highway 412 in OK **D.** I-10w, Phoenix AZ

5) How many states does I-95 pass through in its 1,917 mile length?
A. 15 **B.** 18 **C.** 14 **D.** 16

6) How many north to south highways run from the US northern to southern borders?
A. 6 **B.** 12 **C.** 8 **D.** 4

Answers Later In The Newsletter

FUEL REPORT

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

	3/4/19	3/11/19	3/18/19	Change from week ago	Change from year ago
U.S. National Average	$3.076	$3.079	$3.070	↓-0.009	↑-0.098

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Second Wave of U.S. Shale Revolution Is Coming, Says IEA

By Christopher Alessi WSJ March 11, 2019

The U.S. is set to become a net petroleum exporter in two years, according to the International Energy Agency

LONDON—The U.S. is on track to become a net petroleum exporter by 2021 and will soon after surpass Russia and rival Saudi Arabia, currently the world's largest oil exporter, the International Energy Agency said Monday. The U.S. is expected to double its gross crude oil exports to 4.2 million barrels a day by 2024, while total exports of crude and refined products should reach 9 million barrels a day, the IEA said in its annual five-year oil outlook report. U.S. crude production, driven by relentless growth in shale oil, is expected to account for 70% of the total increase in global production capacity over the next five years, the agency added. The report also said the U.S. should account for 75% of the expansion in liquefied natural gas trade.

"The second wave of the U.S. shale revolution is coming," said IEA Executive Director Fatih Birol. "This will shake up international oil and gas trade flows, with profound implications for the geopolitics of energy." The use of hydraulic fracturing in the U.S. to drill for oil in shale rock, a process known as fracking, has dramatically reshaped the global oil industry over the past decade. It has allowed the U.S. to rival traditional producers like Russia and Saudi Arabia—the de facto head of the Organization of the Petroleum Exporting Countries—for market share. Shale was largely behind the glut of American oil that flooded the market more than four years ago, leading oil prices to fall to $30 a barrel from more than a $100 a barrel in late 2014.

U.S. shale production in 2018 grew faster than it did during the boom years of 2011 to 2014, the IEA said last year. The U.S. last year surpassed Russia and Saudi Arabia to become the world's largest producer of crude oil, with output currently hovering around 12 million barrels a day. U.S. crude production is expected to rise to 13.7 million barrels a day by the end of its five-year forecast period, the IEA said Monday. "Annual gains will boost the U.S. to levels never seen in any country, in excess of maximum capacity in both Russia and Saudi Arabia," the report noted.

Transpacific BCOs 'sitting on their hands' as spot rates tumble

By Mike Wackett 3/11/19 (www.theloadstar.com)

There was another significant fall in transpacific container spot rates, as recorded on Friday by the Shanghai Containerized Freight Index (SCFI), just as the new contract season negotiations kicked off. The US west coast component of the SCFI fell 7.6% to $1,431 per 40ft, while spot rates for US east coast ports fell 6.1% to $2,479 per 40ft. Since November, spot rates on the transpacific tradelane have fallen by 48% for the US west coast and by 35% for US east coast ports, when carriers' revenue was boosted by strong demand from the front-loading of cargo ahead of US tariff hikes on Chinese imports.

Many BCOs sat down with their carriers at last week's JOC TPM conference in Long Beach to begin preliminary talks on volumes and rates, but there was a sense that the shipping lines were struggling to convince their customers they should pay more. Indeed, one large BCO told The Loadstar he intended to "sit on his hands" and see how the next few weeks played out. "They are all keen to see me here and have some lunch; I wonder why," he said.

Unsurprisingly, with weak demand exacerbated by the front-loading, ocean carriers are scrambling to blank sailings on the route to halt the spot rate slide. For example, according to Alphaliner data, the members of the Ocean Alliance, CMA CGM (including APL), COSCO (including OOCL) and Evergreen, will cancel 10 transpacific headhaul sailings this month and next, removing 74,180 teu of capacity from the US west coast and 35,620 teu of slots for the US east coast. The consultant said the blanked sailings represented around 15% of the capacity the alliance was scheduled to offer over the four-week period of the cancellations. It is understood that both the 2M and THE alliances will shortly announce their transpacific blanking programs to mitigate the soft outlook.

Commenting on the January Container Trade Statistics (CTS) data for January during a TPM presentation last week, Lars Jensen, CEO and partner at SeaIntelligence Consulting, said the CTS number for US import growth at 3.7% "was not a very impressive figure", given the earlier fall of Chinese New Year this year, compared with 2018. He said: "A reasonable reading of this would be it shows the effect of the pre-tariff front-loading in Q4 18, which will inevitably act as a dampener on growth in Q1 and possibly even Q2 of 2019." Meanwhile, Asia-Europe carriers are also fighting to arrest decline in their spot rate market, which now accounts for over 50% of the containers moved on the route.

The SCFI recorded a further 5.3% drop in spot rates from Asia to North Europe to $754 per teu, and a 4.2% fall in rates to Mediterranean ports to $776 per teu. CTS data shows an impressive 8.6% year-on-year growth for European imports in January, which is supported by performance data released by Ocean Network Express (ONE) showing a 99% utilisation level on its Asia Europe headhaul services in the same month. Given the strong data, it is unclear exactly what is driving rates down on the tradelane – other than carriers starting to panic due to disappointing forward bookings. One carrier explained to The Loadstar, on the side lines of the TPM conference, that its visibility on bookings was roughly four weeks and that contracts on the Asia-Europe route were now shorter in duration, with many agreed for three months or less. This he said was why keeping spot rates stable was as important as signing new contracts.

Maersk enhances its fleet with 13 feeder container vessels

3/15/19 from Container News (www.container-news.com)

Maersk Line has committed to charter thirteen (13) 2,200 TEU feeder vessels. According to a statement, the feeder newbuildings are owned and fully financed by third party vessel leasing companies.

"*Our fleet currently has around 250 vessels in the segment below 3,000 TEU capacity – including more than 20 owned vessels aged around 20 years," Maersk says. According to the Maersk's statement, the feeders are designed and optimised for operational profiles, for which optimal vessels are not available in the market. Upon delivery, they will operate in Sealand's Intra Asia-network and replace older, less efficient vessels in our chartered fleet, as well as owned vessels reaching end of lifetime in the next years.*

Eight of the vessels will be built in China and five will be built in Japan. More specifically, five will be built at the Jiangnan Yard, China, five at the Imabari Yard, Japan and three at the Zhoushan Changhong Yard, China.

"The above decision of Maersk is a result of the ongoing optimisation and renewal of its feeder fleet portfolio," according to the largest shipping company.

Port of Virginia Accelerates Massive Expansion

Port Technology March 11, 2019

The Port of Virginia has completed the first stage of its US$375 million expansion after the Norfolk International Terminals' (NIT) 12 new container stacks 24 rail-mounted gantry (RMG) cranes were put into action. According to a statement, the project, which is meant to turn Virginia into the main container shipping port on the US east coast, commenced in January 2018 and is due to be completed by June 2020. The port's overall expansion will cost $700 million, the centerpiece of which will be the construction of 30 semi-automated container stacks at the South NIT, which will be served by 60 new RMGs. Once finished, it will increase the NIT's annual throughput capacity by approximately 46% to 1.25 million TEUs.

John F. Reinhart, CEO and executive director of the Virginia Ports Authority, said: "A little more than a year ago an area the size of 30 football fields was cleared and today we're processing thousands of containers through that same space. "We are forty-percent of the way through construction and are seeing good flow at the gates and are maintaining a strong, customer-focused effort during construction." PTI reported in February 2019 that Virginia's expansion was well under way when the Virginia International Gateway (VIG), another terminal at the port completed the first of three-container stack-yard installations.

"This milestone comes on the heels of our announcement in February that we have completed the stack-yard work at Virginia International Gateway," Reinhart continued. "That project brought 13 new container stacks into service and gives us the capability to process 1.2 million lifts a year at VIG. The $700 million investment being made in The Port of Virginia puts it in the best position to become the US East Coast's premier port and a major hub for ultra-large container vessels."

ODFL keeps on trucking despite 'seasonal challenges'

William B. Cassidy, Senior Editor JOC 03/05/ 2019

LONG BEACH, California — Softness in truckload pricing in the first quarter hasn't crossed the median into less-than-truckload (LTL) lanes, according to Old Dominion Freight Line (ODFL). The second-largest US LTL carrier said Tuesday its shipment volume increased 2.1 percent year over year in February, while revenue per day rose 7.5 percent thanks to an increase in yield. So far this quarter, ODFL's LTL revenue per hundredweight has grown 9.6 percent compared with the same period last year. LTL tons per day decreased 1.5 percent due to a 3.6 percent decrease in LTL weight per shipment. That's certainly a different environment than a year ago, when LTL tons per day jumped 17.9 percent and shipments rose 13 percent from 2017 levels. Last year, ODFL increased revenue 20.4 percent ($685 million) to just over $4 billion, boosting net income 30.6 percent to $606 million. That made North Carolina-based ODFL the fastest-growing US LTL trucker last year and the second-largest by revenue, trailing only market leader FedEx Freight, according to data from SJ Consulting Group.

The beginning of 2019 included a few seasonal challenges, with lower-than-expected volumes, Greg C. Gantt, president and CEO of ODFL, said in a statement. "Customer demand continues to be favorable, however, and the domestic economy continues to show strength," Gantt said. US economic growth is expected to slow from 2.9 percent in 2018 to 2.4 percent this year. "The US economy has some solid foundations," IHS Markit chief economist Nariman Behravesh said Monday at the 2019 TPM Conf. in Long Beach. "The most solid is US consumer spending. The drivers of consumer spending like wage growth, employment growth, low inflation, they're all helping the consumer," Behravesh said. US GDP expanded more rapidly than most economists expected in the fourth quarter, rising 2.6 percent, according to the initial estimate released Feb. 28 by the US Bureau of Economic Analysis. Most economists expected US GDP to rise between 1.8 and 2.2 percent.

LTL carriers such as ODFL also receive a boost from the US industrial economy, which Behravesh said is healthy, especially in comparison with manufacturing in Europe and China. The Industrial Production Index produced by the Federal Reserve Bank of St. Louis hit an all-time high of 110.1 points in December before slipping to 109.4 points in January. That's still 6 points higher than the index's reading a year ago, though, and 7.9 points above its most recent low point of 101.5 in March 2016, the nadir of what's called an "industrial downturn." The Institute of Supply Management (ISM) Purchasing Managers' Index (PMI), which tracks manufacturing growth, rose 2.3 percentage points to 56.6 in January, and ISM cited "strong demand and output." "Shippers certainly don't think there's going to be a downtick," Steve Hartsell, vice president of field sales for ODFL, said in a recent interview. "I have spoken to a lot of customers, and they seem to be excited." That optimism contributes to what ODFL sees as a "favorable LTL pricing environment" that supports increases in LTL revenue per hundredweight or yield.

Quotable

"There's a real shortage of labor."

— Hamid Moghadam, chief executive of industrial real-estate giant Prologis Inc.

Answers to Trivia

Quote "When we receive the product that we ordered, we see better sales,"
- Steve Bratspies, Chief Merchandising Officer for Walmart discussing their new supplier rating system for on-time and order fulfillment performance and new requirements

FOR IMMEDIATE RELEASE **March 6, 2019**

Trucking Calls on Congress to Draft Sustainable, User-Funded Infrastructure Plan

ATA's Spear Outlines Need for Real Investment to House Ways and Means Committee

Arlington, Virginia — Today, American Trucking Associations President and CEO Chris Spear told the House Ways and Means Committee that the nation's infrastructure needs demand real funding solutions from the federal government, not reliance on gimmickry. "We are no longer facing a future highway maintenance crisis – we're living it – and every day we fail to invest, we're putting more lives at risk. In nearly 53 percent of the highway fatalities, the condition of the roadway contributed," he said. "Time wasted sitting in traffic – rather than at work or with our families – has skyrocketed. Motorists now pay an average of $1,600 due to repairs and congestion each year. Trucking now loses $74.5 billion sitting in gridlock. These are regressive realities and the escalating costs of doing nothing – and they are reflected in the prices we all pay. These costs are measurable and should serve as offsets for new spending on our nation's infrastructure."

ATA has proposed a 20-cent-per-gallon fee on motor fuels – collected at the wholesale rack – as a way of raising real funding for investment in infrastructure. This fee, called the Build America Fund, would be phased in over four years at a nickel per year and generate $340 billion over the next decade for road and bridge repair and replacement. "Federal inaction has prompted cash-strapped states to adopt regressive revenue schemes that hurt commuters, communities and divert funds to non-infrastructure priorities," Spear said in his testimony, citing variable tolls on Interstate 66 in Virginia. "This is the essence of regressive and our future if you choose to devolve your Constitutional authority to the states," he said. "In contrast, if motorists paid the average toll – the cost of a 10-mile trip over an eight-day period on I-66 would equal their cost for an entire year under ATA's Build America Fund for all roads and bridges in the United States. The Build America Fund is the most conservative proposal – costing less than a cent on the dollar to administer versus up to 35 cents on the dollar for tolling schemes," Spear said.

2019 UPS and FedEx Rate Changes: A Side-by-Side Comparison (of Accessorials)

(The below is a portion of an article published in Parcel Magazine by Rebecca Lannon, updated on 3/22/19) https://parcelindustry.com/article-5273-2019-UPS-and-FedEx-Rate-Changes-A-Side-by-Side-Comparison.html (click the link to read the full article.)

The 2019 FedEx and UPS rate increases have taken effect, and while anyone who has been in the industry for a while knows that rate increases happen on a regular basis, you still might be wondering what the current increases mean for your specific bottom line. Here is a side-by-side comparison of Accessorial Charges to help the comparison.

This year, we see many of the same surcharges increasing as in recent years. FedEx doubled the Print Return Label Fee and UPS increased the Third-Party Billing Fee by 80%! Take a closer look at Additional Handling, Large Package Surcharge, and Over Maximum Limits. Both carriers increased these accessorials during the 2018 General Rate Increase, again between June and September, and all three once again in 2019. Additional Handling Weight has increased over 91% in 12 months!

The table below highlights the 2019 changes to some of the more common surcharges. This year, as in years past, there are quite a few surcharges increasing, with great variability in increase percentages. As has been the recent trend, the largest increases continue to be reserved for those surcharges related to greater package size, weight and dimensions.

Surcharge	UPS	FedEx	UPS v. FDX
Additional Handling, Weight (Over 70 lbs)	$23.00	$20.00	13%
Third Party Billing Fee	4.50%	2.50%	44%
Over Maximum Limits/Unauthorized Limits	$850.00	$675.00	21%
Large Package Surcharge, Residential	$115.00	$90.00	22%
Additional Handling, Length, Width (dimension)	$14.25	$13.50	5%
Additional Handling, Packaging	$14.25	$12.00	16%
Large Package Surcharge, Commercial/Oversize	$95.00	$90.00	5%
Hazardous Materials, Air, accessible goods	$53.00	$98.00	85%
Residential Surcharge, Ground	$3.95	$4.40	11%
Residential Surcharge, Air	$4.55	$4.40	3%
Delivery Area Surcharge, Residential Ground Extended	$4.85	$4.65	4%
Delivery Area Surcharge, Residential Air Extended	$4.85	$4.65	4%
Delivery Area Surcharge, Residential Ground	$3.80	$3.65	4%
Ground Weekly Pick Up (>$75/week)	$13.50	$14.50	7%
Ground Weekly Pick Up (<$75/week)	$27.00	$29.00	7%
Delivery Area Surcharge, Commercial Ground	$2.80	$2.70	4%
Delivery Area Surcharge, Commercial Ground Extended	$2.80	$2.70	4%
COD	$14.50	$14.50	0%
Delivery Area Surcharge, Residential Air	$4.35	$4.20	3%
Delivery Area Surcharge, Commercial Air	$2.95	$2.85	3%
Delivery Area Surcharge, Commercial Air Extended	$2.95	$2.85	3%
Hazardous Materials, Ground	$35.00	$35.00	0%
Dry Ice	$5.55	$5.55	0%
Hazardous Materials, Air, inaccessible goods	$49.00	$49.00	0%
Delivery Confirmation Signature Required	$5.00	$5.00	0%
Delivery Confirmation Signature Required Adult	$6.05	$6.05	0%
Address Correction	$16.40	$16.00	2%

CONECT 22nd Annual Trade & Transportation Conference

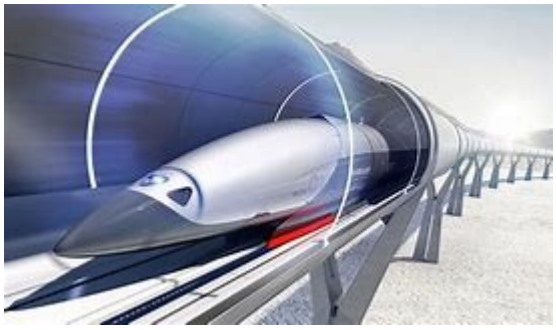
Gurney's Newport Resort & Marina, Newport, RI April 9-11, 2019

4/9/19 (begins at 2PM) - 3 CONCURRENT SESSIONS each hour 2:00PM – 3:00PM and 3:10PM – 4:10PM
Peter Friedmann, FBB Federal Relations, CONECT Counsel, Off the Record Session; CBP's 2019 focus Enforcement & Revenue collection

4/10/19 - Topics Current & Future Free Trade Agreements / Sourcing Shifts; Ocean, Road and Rail Transport, Gridlocked ports, volume exceeds truck capacity, Importers struggle with all; Luncheon Keynote Speaker - Erin Ennis, Sr. VP, US China Business Council; Vessel Fires & Cargo Insurance; Customs Regulatory Update

4/11/19 (ends at 2PM) – E-Commerce Technology. Speakers include Wayfair LLC and LL Bean;
Peak Season (shipping) cause & effect of Tariffs and domestic congestion – from 3 perspectives…Port, Shipper & Trucker;
Keynote Luncheon Speaker, Steve Lamar EVP American Apparel and Footwear Assn.

Fast track: State studying viability of hyperloop travel



By Bob Kalinowski / Published: March 18, 2019

Imagine boarding an ultrahigh-speed train-like pod in Northeast Pennsylvania and traveling in an underground hyperloop tunnel to Philadelphia and Pittsburgh in minutes instead of hours. The state last week commissioned a feasibility study to see if it's possible and to determine how to make it happen. Supporters say a cross-state hyperloop — which would reach speeds near 700 mph — could transport people and cargo between Philadelphia and Pittsburgh within 30 minutes, revolutionizing travel and the shipment of goods while alleviating congestion on Pennsylvania interstate highways.

The study, proposed by state Rep. Aaron Kaufer, R-120, of Kingston, also seeks to examine the possibility of adding a stop in Harrisburg along with a northeast extension of the hyperloop between Harrisburg and somewhere in the Wilkes-Barre/Scranton area. "This isn't future technology. These are being built right now," Kaufer said. "This will be here in our lifetime." Kaufer proposed the feasibility study in September in a House resolution that passed with bipartisan support, 171 to 16.

The resolution directed the Pennsylvania Turnpike Commission and the Pennsylvania Department of Transportation to start the study process. Last week, the turnpike commission awarded a $2 million feasibility study contract to Aecom Technical Services Inc., the company which built billionaire tech entrepreneur Elon Musk's mile-long hyperloop test track back in 2016. "This will position us as a state to be ready for the next big thing in transportation technology," Kaufer said.

The hyperloop between Philadelphia and Pittsburgh is seen as key because of existing hyperloop plans being considered on the east and west of the state. One hyperloop seeks to connect Philadelphia with New York City, Washington, D.C. and Baltimore. The other seeks to connect Pittsburgh with Columbus and Cleveland in Ohio and Chicago. Turnpike officials are interested in the project because the turnpike, which runs between Philadelphia and Pittsburgh, already has "large stretches of land that could be used for something like this," Kaufer said. Kaufer acknowledges he's heard from critics and doubters of the proposal. "Some people were saying, 'You watch too much Star Wars or Star Trek,' but the reality is the technology is here now," Kaufer said.

The electric-powered hyperloop operates by magnetic levitation, hurtling hovering pods through a network of pressure-reduced tubes at super-fast speeds without the use of wheels. The emerging transportation technology has likely put the final dagger in plans to build a high-speed rail line between Scranton and New York City, Kaufer said. "Forever in our area, we've always heard about the train between Scranton and New York City. I heard about that talk all my life and we're not one iota closer," Kaufer said. The idea likely is now "outdated," he said.

Kaufer envisions a public-private partnership to help build and run hyperloop systems. Companies that rely on fast travel to deliver goods, such as Amazon, FedEx, UPS and Walmart could be potential partners, he said. The area would get a big boost from being part of the project, Kaufer said. "I wanted to make sure Scranton and Wilkes-Barre were on the map to be part of this," Kaufer said.

Hyperloop firm unveils first images of its new test track in Toulouse

Hyperloop Transportation Technologies (HTT) revealed images of its new full-scale test track in Toulouse, France, where it will start a series of tests for its hyperloop passenger pod in April. HTT is completing construction on the 320-meter test track before starting tests with its full-scale passenger pod, called Quintero 1, it unveiled last October. The track's construction will be finalized in the "coming weeks" with the installation of a proprietary vacuum pump system, HTT told CNBC.

HTT is one of a handful of firms working to develop hyperloop transport, which would use magnets to levitate and propel pods through large pressurized tubes at speeds of more than 700 miles per hour. The idea was envisioned by Tesla CEO Elon Musk in a white paper in 2013. Unlike rival Virgin Hyperloop One, HTT has yet to complete a successful test run.

"In Toulouse, we have taken the time to design and build a truly commercially viable system," HTT CEO Dirk Ahlborn told CNBC in an email Tuesday. "As we get ready for testing, we are proud to share our most recent milestones at our R&D (research and development) center in Europe's 'Aerospace Valley' which will serve as our staging ground for our efforts worldwide." HTT said Toulouse is the test ground for its planned commercial sites in Abu Dhabi and China. So far, no hyperloop commercial tracks are up and running. HTT has only carried out so-called "feasibility studies" that aim to explore if a hyperloop system is economically viable in some countries. In January, Ahlborn told CNBC he hopes to have the commercial lines ready in "approximately three years."

Top E-Commerce Trends in 2019

by Veronica Capistran March 21, 2019 (this article is found on the web site ***Talking Logistics with Adrian Gonzalez***)

For consumers e-commerce is increasingly the preferred method for shopping. Younger shoppers already embrace it and more frequently older shoppers are as well. As e-commerce continues to grow, companies need to adjust their approaches in order to win customer loyalty. According to Nasdaq, by 2040, 95% of purchases will be facilitated through e-commerce. Winning this race depends on how quickly you can scale your offerings including customer service, delivery and the returns process. Customers continue to adopt a "get it now" mindset which must be embraced by retailers.

Top trends shaping e-commerce in 2019:

- **Improved shopping experience on mobile devices.** Consumers increasingly use their devices to shop and retailers are more likely to be successful if they have an app or website adapted with Accelerated Mobile Page (AMP) technology. Customers who don't have a positive shopping experience online are unlikely to shop again with that retailer and are likely to share their negative experience via social media.

- **Same day delivery.** Shortening the delivery window is one of the main challenges of e-commerce, customers want their products and they want them quickly. More and more customers are willing to pay higher prices if they get their products delivered on their timeline which may include a specific delivery window or white-glove service. For small or growing companies, building partnerships with logistics experts is essential for successful delivery and earning customer loyalty. There are global supply-chain companies which offer same day delivery options for companies of all sizes. These companies will take charge of driver recruitment and training, manage deliveries, and address delivery issues. Their expertise in these areas guarantees strong performance.

- **Social media.** Social media is one of the main strategies driving e-commerce. Millennials and Gen Z spend the majority of their shopping dollars on products they find on Instagram and Snapchat. For a consumer who has a bad experience it is easier to tweet about it than to wait on hold for 30 minutes trying to reach someone in a call center.

- **Better customer experience.** Communicating frequently with your customers improves their overall experience. In 2019 it is not enough to offer quality products and deliver them on time. Consumers want to associate with brands they believe in. Various means of communicating with customers include social media, chatbots, and other virtual tools. Customers want to experience personalized attention like they were physically shopping at the store without leaving their homes.

- **Augmented reality.** For companies like IKEA, utilizing virtual reality and e-commerce offers consumers the opportunity to "see" their products in different settings before they purchase. They can "place" them in their homes and decide which works best in their space. Investing in creating a digital experience that goes beyond simple product photos is crucial if you want to offer a better customer experience.

Less cash, more virtual transactions. Mobile wallets are used 2X more often by Millennials and Gen Z than Gen X or Baby Boomers. A digital wallet combined with a website or app that is optimized for e-commerce allows mobile shoppers to complete purchases faster with less scrolling, driving more sales. Virtual wallets like PayPal, besides being a secure option, allow quick transactions without a credit card or cash. Around 75% of all shoppers abandon sites that aren't mobile optimized.

E-commerce isn't limited to a website and consists of many components. The happier a consumer is with their shopping experience, the more they will recommend it and return to buy more. In order to succeed with e-commerce, it is important to consider how the market is evolving and adapt to consumers' needs using some, if not all, of the approaches above.