



TRANSPORTATION MODES, THE ENVIRONMENT, AND SHIPPER CHOICES

BACKGROUND

Partly as a result of transportation deregulation, and partly as a result of new thinking about transportation and logistics accompanying the growth of supply chain management, freight transportation is increasingly seen as a system that includes trucking companies, railroads, air carriers, water and ocean carriers, shippers and receivers, warehouses and distribution centers, brokers, forwarders and 3PLs, information technology providers and systems designed to maximize efficiency, and the infrastructure of highways: rail lines, terminals, seaports, airports and connectors that underlie modern transportation.

When the system works well, we all benefit, through the safe, dependable and efficient movement of goods and people. When the system works less well, these goals are compromised. The transportation system represents some 10 percent of U.S. GDP, and depends on government as well as private sector investment and funding. The transportation system also affects the environment.

For many years, environmental concerns relating to transportation were fragmented like the transportation system itself. EPA might consider emissions by truck engines, rail locomotives or jet aircraft, but did not address the system as a whole. More recently, the SmartWay program has sought to identify and promote use of “cleaner” operators among the transportation modes, so that truck shippers seeking to improve their sustainability performance, including many NASSTRAC members, can consider environmental aspects in choosing among trucking companies.

NEW CONCERNS

Today, there is increasing talk among government officials about getting “gas-guzzling trucks” off the highways, and using more rail, rail intermodal and water carriage to move freight, in place of trucks.

Each mode has advantages. However, there are good reasons why over 70 percent of freight in the U.S. moves by truck. Simply stated, lean, just-in-time supply chains depend on the service quality available from motor carriers, which serve far more locations than rail, air or water carriers, and provide a combination of reasonable rates and on-time deliveries that no other mode can match.

Businesses receiving 95 percent or better on-time deliveries have been able to reduce inventories, close warehouses and distribution centers, and share resulting supply chain cost reductions with consumers. Shifting significant volumes of truck freight to rail or intermodal would result in increased transit times and less dependable deliveries. Shipments that could formerly be counted on to arrive when needed, give or take an hour, might take anywhere from a day to several days longer to arrive. For many shippers, the result would be increased uncertainty, increased inventories with associated carrying and storage costs, and reduced efficiency.

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NASSTRAC POSITION

NASSTRAC supports reduced emissions, reduced reliance on imported oil, minimizing congestion and other environmental goals. However, decision-makers in Washington and elsewhere are mistaken if they think motor, rail, water and air carriers are interchangeable, and that restructuring the nation's transportation system to serve non-transportation goals can be accomplished without increased costs, decreased efficiency or economic disruption.

NASSTRAC will continue to educate decision makers about the benefits and requirements of supply chain best practices. NASSTRAC will also continue to defend the right of shippers and other logistics professionals to choose for themselves the mode and service that best suit their freight transportation needs. To the extent those choices lead to increased use of rail or water carriers, NASSTRAC supports them, as long as the choices are voluntary.



NASSTRAC Inc. (the National Shipper's Strategic Transportation Council) provides education, advocacy, connections and solutions to transportation, logistics and supply chain management professionals who manage freight across all modes.

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