

TRANSPORTATION—Are We There Yet?

Your “Everyday Low Prices” Require
“Just-In-Time” Freight Delivery

transportation

freight



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If Walmart is to maintain its “Everyday Low Prices,” the goods it imports from abroad and buys from domestic suppliers here at home must be able to get there on time, everyday, at low cost.

If Tysons Foods and Harley Davidson are to keep the prices they charge for their exports to China low enough to stay competitive, the American freight system they depend on must be low-cost, efficient and reliable.

But that system is not keeping up with the demands it is expected to meet. The nation is entering the early stages of a freight transportation capacity crisis. Highways, railroads, ports, waterways, and airports all require investment well beyond current levels to fix freight bottlenecks, improve intermodal connections, eliminate unsafe highway-rail crossings, and fund freight corridor improvements. The prices we pay everyday and millions of American jobs depend on those projects being funded and built.

The United States still has the most fully developed, efficient, and productive transportation system in the world, but it is showing signs of age, over-use, obsolescence, and

fragmentation. The question is will the United States increase its investment to the levels necessary to keep its freight system competitive?

AASHTO believes that we must invest in a “national freight system” that ensures that all sectors of the economy, all regions of the country, all states, origins, destinations, all areas—urban and rural—have access and connectivity to national and international markets.

Action Agenda for Freight

AASHTO recommends a six part action agenda to address the country’s freight needs.

1. JOINTLY DEFINE THE NATIONAL FREIGHT TRANSPORTATION SYSTEM AND ITS NEEDS

Productive investments in freight transportation that benefit the nation require a clear understanding of the demand for freight transportation, the structure and performance of domestic and international supply chains and distribution networks, and the economic and policy environments that shape them. Better information and a more comprehensive understanding of the freight system enables federal, state, and local officials to better assess the benefits, costs, and risks of policies, regulations, and projects.

U.S. DOT, the states, freight shippers, freight carriers and other stakeholders should jointly define the National Freight Transportation System and its needs. Future demands should be assessed and associated infrastructure requirements described.

2. CONGRESS SHOULD FUND MULTI-STATE FREIGHT CORRIDOR PLANNING ORGANIZATIONS

Freight trips often involve several states and multiple modes of transportation: ports, rail lines, and highways. To move efficiently, freight movement—regional, national, and global—must cross many jurisdictions along multi-state corridors. Congress should authorize funding to support state-driven, multistate, multimodal corridor planning and investment organizations. The I-95 Corridor Coalition, which includes the states from Maine to Florida along the East Coast, is an example of the type of organization envisioned.

3. STATE FREIGHT TRANSPORTATION PROGRAM

Congress should authorize a state-administered freight transportation program as a new core element of the federal highway program. \$3 billion per year should be apportioned to the states with the funding provided through growth in Highway Trust Fund (HTF) revenues. The types of improvements to be funded through this program would include fixing freight bottlenecks and improving access to ports, airports, and distribution centers. This program would provide a focus for state freight transportation investments and a means for linking state freight systems to the national freight system.

4. NATIONAL FREIGHT CORRIDORS INVESTMENT FUND

AASHTO recommends that a National Freight Corridors Investment Fund be created to complement the state freight program. The proposed funding level is \$42 billion over six years which should be provided from resources outside the Highway Trust Fund (HTF). Of this, \$3.5 billion annually should be apportioned to the states, and an additional \$3.5 billion should be distributed by the Secretary of Transportation, based on a systematic assessment of national needs.

Eligibilities include such freight system multimodal investments as the following:

- Fix bottlenecks;
- Improve access, including but not limited to intermodal access, to ports and distribution centers;
- Improve freight transportation to or from international and national gateways (ports, airport, and border crossings);
- Improve routes that provide for interregional, interstate, or international freight movement, including but not limited to trade corridors; and,
- Where appropriate, develop truck-only lanes or invest in freight rail.

5. NEW SOURCES OF REVENUE

From resources outside the Highway Trust Fund (HTF), Congress should authorize new sources of revenue for investment in freight transportation infrastructure. While existing authorizations that support financing for freight transportation projects should be preserved and expanded, financing for the National Freight Corridors Investment Fund should be drawn from newly authorized sources related to freight transportation. Possibilities include customs revenues, container fees, and bill of lading fees. This new revenue is not intended to supplant other federal agencies' investment in freight-related infrastructure.

Most investment in freight transportation—including, for example, port terminals, rail mainline improvements, and truck terminals is made by private companies. Government should encourage maximum private investment, and public investment should be undertaken only where justified by public benefits. Decisions regarding revenue sources drawn directly or indirectly from the freight industry must be made with concern for impacts on modes of transportation, types of freight, industries, and geographic locations.

6. OTHER RECOMMENDATIONS

Congress should reauthorize existing freight programs including the following: Freight Planning Capacity Building Program; the National Cooperative Freight Transportation Research Program; the Coordinated Border Infrastructure Program; Private Activity Bonds for Intermodal Facilities; Capital Grants for Rail Line Relocation Projects; Rail Rehabilitation and Improvement Financing (RRIF); and Rail-Highway Crossings.

Congress should also authorize: a highway-rail sealed corridor program; a freight rail investment tax credit program where public benefit has been defined; and a National Rail Policy.

Institutional Reform

A new vision for freight transportation cannot be realized without governmental and institutional change. Such change must address the following: the lack of national leadership and a weak federal role; a

fragmented Congressional committee structure; stovepipes within U.S. DOT's modal structure; a lack of staff with freight expertise within U.S. DOT; a business-government disconnect; the need for multi-state collaboration; the disconnect between costs occurring locally and benefits accruing regionally and nationally; and local fragmentation and parochialism.

While the United States is stymied for lack of a coherent national strategy, our major competitors are investing aggressively. America must meet the challenge.

