

# Coalition for America's Gateways and Trade Corridors

## The Facts on Freight Investment

We are a growing nation of consumers and, thanks to a rebounding economy, Americans are experiencing increased purchasing power. Our manufacturing sector is exporting goods to the world's consumers at rapid pace and our ability to move these goods in a safe and efficient manner is tied directly to our global economic competitiveness. According to the Bureau of Transportation Statistics, "productivity growth in freight transportation has long been a driving force for the growth of U.S. overall productivity and contributed directly to the growth of the U.S. GDP." Representing 85 percent of our national economy, our country's five major economic sectors – manufacturing, retail, agriculture, natural resources and transportation providers – are reliant on efficient freight movement to be successful in both the national and world marketplace. Despite all this, we have ignored the need to invest in our national multimodal freight transportation system.

### **COST OF INACTION**

- **Wasted time and money.** Highway congestion in 498 metropolitan areas caused urban Americans to travel 5.5 billion hours more & purchase an extra 2.9 billion gallons of fuel, resulting in a total congestion cost of \$121 billion between wasted time and fuel in 2011.<sup>1</sup>
- **Jeopardized job growth.** Congestion slows job growth when it gets to be worse than about 35 to 37 hours of delay per commuter per year – that's only four-and-a-half minutes per one-way trip, per commuter, relative to free-flowing traffic.<sup>2</sup> In 2005, the average road delay was 38 hours/year for rush hour travelers.<sup>3</sup>
- **Increased manufacturing costs.** Congestion costs shippers by tying up inventory in transit, threatening both travel time reliability and efficiency. While some are forced to keep higher inventories to combat this issue, shippers with perishable and time-sensitive goods – such as daily newspapers – face staggering discount rates for depreciated-value goods.<sup>4</sup>
- **Diminished global economic competitiveness.** A Canadian exporter typically moves their goods 766 kilometers, versus a substantially shorter distance for U.S. exporters of only 484 kilometers. While the difference in total cost is about 10 percent (\$1,249 per container in the US versus \$1,123 in Canada), much more significant is the length of travel time: U.S. producers need more than 2 extra days to cover nearly half the distance.<sup>5</sup>
- **Rising logistics expenditures.** Business logistics costs continue to rise, expenses inevitable passed on to consumers. These costs were \$1.33 trillion in 2012, a \$43 billion uptick from the prior year. As a percent of GDP, logistics costs constitute 8.5 percent.<sup>6</sup>

*Metropolitan Transportation Commission*  
*Mississippi State Department of Transportation*  
*National Corn Growers Association*  
*National Railroad Construction and Maintenance Association*  
*Ohio Kentucky Indiana Regional Councils of Government*  
*Orange County Transportation Authority*  
*Oregon Department of Transportation*  
*Parsons*  
*Parsons Brinckerhoff*  
*Port of Long Beach*  
*Port of Los Angeles*  
*Port Miami*  
*Port of Oakland*  
*Port of Pittsburgh*  
*Port of Portland, OR*  
*Port of San Diego*  
*Port of Seattle*  
*Port of Stockton*  
*Port of Tacoma*  
*Port of Tampa*  
*Port of Vancouver USA*  
*Puget Sound Regional Council*  
*RAILCET*  
*Riverside (Calif.) County Transportation Commission*  
*San Bernardino Associated Governments*  
*SANDAG - San Diego Association of Governments*  
*Southern California Association of Governments*  
*Tennessee Department of Transportation*  
*Virginia Port Authority*  
*Washington State Department of Transportation*  
*West Coast Corridor Coalition*  
*Will County Center for Economic Development*

*ACS Transportation Solutions*  
*AECOM*  
*Alameda Corridor-East Construction Authority*  
*American Standard Companies*  
*Cascadia Center*  
*CenterPoint Properties Trust*  
*Chicago Metropolitan Agency for Planning*  
*City of Chicago*  
*City of Industry, A Municipality*  
*Delaware Valley Regional Planning Commission*  
*Economic Development Coalition of Southwest Indiana*  
*FAST Corridor Partnership (Seattle-Tacoma-Everett)*  
*Florida Department of Transportation*  
*Florida East Coast Railway*  
*Florida Ports Council*  
*Freight Mobility Strategic Investment Board (Washington State)*  
*Gateway Cities Council of Governments*  
*HELP, Inc.*  
*HERZOG*  
*Intermodal Association of North America*  
*Jacobs Engineering*  
*Kern Council of Governments*  
*Kootenai Metropolitan Planning Organization*  
*Los Angeles County Metropolitan Transportation Authority*  
*Los Angeles Economic Development Corporation*  
*Majestic Realty Co.*  
*Maricopa Association of Governments*  
*Maryland Department of Transportation*  
*Maryland Port Administration*  
*Memphis Chamber of Commerce*  
*Metropolis Strategies*

## DOCUMENTED NEEDS: MODE-BY-MODE

- SAFETEA-LU's National Surface Transportation Infrastructure Financing Commission estimated that to maintain the nation's **highways**, an additional \$131 billion must be invested each year from 2008 to 2035.<sup>7</sup> To improve the nation's highways, the annual investment between 2008 and 2035 climbs to \$165 billion each year, in 2008 dollars. Currently, federal, state, and local governments are only spending \$91 billion annually on capital investments.<sup>8</sup>
- Although **intermodal connectors** account for less than 1 percent of total NHS mileage, they handle large volumes of trucks moving goods between terminals and the NHS and between other transport modes and, when efficient, they facilitate the "highest and best" use of each transportation mode. The 517 NHS intermodal connectors have significantly poorer physical and operational characteristics, and are underfunded when compared with all NHS mileage. Last calculated in 2000, these roads were at least 50 percent less maintained than the rest of the highway system and the cost for the backlog of improvements needed was \$2.597 billion, while the cost for improving service due to expected increases in freight volumes would be \$4.291 billion. In the decade since, these needs have continued to go unaddressed.<sup>9</sup>
- U.S. DOT estimates demand for **freight rail** transportation—measured in tonnage—will increase 88 percent by 2035. To meet this demand, an investment of roughly \$148 billion is needed of which railroads anticipate the ability to pay \$135 billion, leaving a delta of \$39 billion in question.<sup>10</sup>
- Despite planned improvements by **port authorities** and their private sector partners of \$46 billion over the next few years, federal funding has dried up for navigable waterways and landside freight connections needed to get freight through port gates. Roughly \$7 billion is added to traded products each year due to shallow harbors and that number is expected to doubly by 2040.<sup>11</sup>
- The **inland waterways system** has been diminishing since the 1950s, causing an average of 52 service interruptions a day as barges halt for hours at a time. These unscheduled delays impact 90 percent of locks and dams on the U.S. inland waterway system. Costs attributed to delays reached \$33 billion in 2010 and are projected to rise to \$49 billion by 2020.<sup>12</sup>

## Bibliography

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<sup>2</sup> McMaster Institute for Transportation and Logistics,  
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<sup>3</sup> RAND Corporation,  
<http://www.rila.org/news/newsletters/RILAReportSupplyChain/august2009/Pages/USFreightSystemMustbeModernizedtoSupportEconomicGrowth.aspx>

<sup>4</sup> Envision Freight, <http://www.envisionfreight.com/value/index.html%3Fid=illustration.html>

<sup>5</sup> U.S. Chamber of Commerce,  
[https://www.uschamber.com/sites/default/files/legacy/issues/infrastructure/files/2009TPI\\_Update\\_Economics\\_White\\_Paper\\_110712.pdf](https://www.uschamber.com/sites/default/files/legacy/issues/infrastructure/files/2009TPI_Update_Economics_White_Paper_110712.pdf)

<sup>6</sup> Council of Supply Chain Management Professionals, <http://www.scdigest.com/assets/FIRSTTHOUGHTS/13-06-20.php?cid=7172>

<sup>7</sup> National Surface Transportation Infrastructure Financing Commission,  
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<sup>8</sup> American Society of Civil Engineers, <http://www.infrastructurereportcard.org/a/#p/roads/investment-and-funding>

<sup>9</sup> Federal Highway and Safety Administration, <http://www.fhwa.dot.gov/policy/2002cpr/pdf/ch25.pdf>

<sup>10</sup> Association of American Railroads, [http://www.camsys.com/pubs/AAR\\_Nat\\_%20Rail\\_Cap\\_Study.pdf](http://www.camsys.com/pubs/AAR_Nat_%20Rail_Cap_Study.pdf)

<sup>11</sup> American Society of Civil Engineers, <http://www.infrastructurereportcard.org/a/#p/ports/overview>

<sup>12</sup> American Society of Civil Engineers, <http://www.infrastructurereportcard.org/a/#p/inland-waterways/conditions-and-capacity>