

# THE SOURCE

## Trump Infrastructure Plan Will Limit Regulations, DOT Exec Says

by Eleanor Lamb | Staff Reporter Transport Topics January 10, 2018

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Infrastructure Plan to Limit Regulations (still to be announced as of 1/15/18)

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President Donald Trump’s infrastructure plan will include a concerted effort to limit the regulatory checkpoints projects must pass through, according to a leading U.S. Department of Transportation official. James Ray, special adviser to Transportation Secretary Elaine Chao on infrastructure matters, said one of the White House’s goals is to reduce the amount of regulations that can sometimes stymie initiatives. He said the administration wants to solve the “two for one problem,” which refers to when two new regulations are set up after one is eliminated. Ray delivered the keynote address at the Transportation Research Board’s annual meeting luncheon Jan. 10. Ray said that typical highway projects can involve as many as 10 federal agencies, but will oftentimes not identify a single point of contact to serve as a liaison. He cited one bridge project that involved consultation with 55 agencies and required nearly as many permits.

“There are things we can do ourselves. I think the thesis here is we can accomplish regulatory goals and do so in way not overly burdensome to the American economy,” Ray said. “We can do more with less. I think that we can find ways to deliver on the regulatory agenda and do it cheaper and better.” Tennessee Department of Transportation Commissioner John Schroer said that meetings with Trump have indicated that the president’s goal is to reduce the amount of time to get a project permitted. “If we can cut that time down, it’ll save taxpayers a huge amount of money,” said Schroer, who also serves as the president of the American Association of State Highway and Transportation Officials.

Schroer’s meeting with Trump marks one of a string of sessions the president has hosted with state transportation leaders. According to Ray, the White House tasked DOT with scheduling meetings with state DOT directors in an effort to assess transportation issues “from soup to nuts.” Ray said White House officials also have met with other agencies at the federal level that have a say in developing transportation projects, such as the U.S. Fish and Wildlife Service, as well as the Departments of Energy and Veterans Affairs. “I don’t know of any circumstance where the president has wanted a meeting dedicated to state DOT secretaries and the problems they encounter,” Ray said. “The interaction that took place between the president and them was nothing short of remarkable. There was a kinship that was developed between them.”

Trump has yet to unveil his infrastructure plan. While the minutiae of the \$1 trillion, 10-year infrastructure plan remain murky, the White House has explained that \$200 billion would come from existing federal accounts, while the remaining \$800 billion will come from private-sector investments.

Ray said infrastructure is the topic of frequent and focused discussion at the White House, citing Trump’s history as a builder as one reason for the administration’s emphasis on the issue. “I can’t remember a time when infrastructure has occupied such a front-row seat on policy dialogue,” Ray said. “I think that’s in no small part due to our president.”

## A New Year's Message From Paul Kalita, President, Outsource

**2018** - *As we enter into this New Year please accept my thanks for your loyal support in the past year and I extend the best wishes from the entire Outsource team for a safe, healthy and prosperous 2018*

Paul Kalita - President

**The U.S. Supreme Court may take a big role in the direction of online commerce.** The court will consider whether states can broadly require online retailers to collect sales taxes even if they lack a physical presence in the state. The WSJ's Brent Kendall and Richard Rubin write the justices will hear an appeal by the state of South Dakota, which **[has been seeking to overturn a high-court precedent built from rulings involving mail-order businesses](https://www.wsj.com/articles/south-dakota-appeals-supreme-court-ruling-on-sales-tax-collection)** that limits states' sales tax collections. It's a challenge to a system of tax and economic regulation that hasn't kept up with the online explosion that has put far-flung retailers and virtual businesses in competition with local store owners. Many retailers say the playing field is heavily tilted against them, with online companies undercutting prices and effectively gaining a subsidy by offering tax-free sales. Many states also are being hurt as revenues from sales taxes erode. <https://www.wsj.com/articles/supreme-court-to-consider-internet-sales-tax-collection-1515788446?mod=djemlogistics> (click link to read full story)

**Trucking companies are coping with a question they haven't faced in years:** How much will it cost them to handle all the freight demand coming their way? U.S. truckers are seeing the strongest push for shipping capacity in years and raising rates at a fast pace, but WSJ Logistics Report's Brian Baskin and Jennifer Smith write **[that it's an open question whether the companies or their drivers will reap the wind-fall](https://www.wsj.com/articles/trucking-companies-race-to-add-capacity-drivers-as-market-heats-up-1516453200?mod=djemlogistics)**. Shippers already are paying premium rates. DAT Solutions say spot-market pricing has been growing at a double-digit pace, and contract prices are on a steep upward curve as customers try to lock in trucks in a strong economy. That should translate into bigger profits as trucking companies report fourth-quarter results over the coming weeks. Trucking company-costs are also surging, however, as companies look to bring in drivers and step up their orders for big rigs to handle the loads. With the U.S. labor market tight, hiring drivers has never been more expensive, but freight volumes show it's also more urgent than ever. (STORY LINK <https://www.wsj.com/articles/trucking-companies-race-to-add-capacity-drivers-as-market-heats-up-1516453200?mod=djemlogistics> )

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# TRIVIA QUESTIONS

- 1) **How many different Valentine's Day cards does Hallmark have?**  
A. 1,040      B. 2,370      C. 1,330      D. 890
- 2) **Which year did Martin Luther King give his famous speech on the steps of the Lincoln Memorial?**  
A. 1963      B. 1970      C. 1964      D. 1967
- 3) **Originally titled Peter and Wendy, who authored the 1911 novel "Peter Pan"?**  
A. C.S. Lewis      B. J.M. Barrie      C. A.A. Milne      D. E.B. White
- 4) **Where is the thickest skin found on the human body?**  
A. The Back      B. The Palm      C. Foot Sole      D. The Head
- 5) **What did Canadian inventor Joseph Armand Bombardier invent in 1936?**  
A. Electric Car      B. Solar Battery      C. Ski Lift      D. Snowmobile
- 6) **Who is credited with inventing the aqualung in 1943?**  
A. Nikola Tesla      B. Jacques Cousteau      C. William Sturgeon      D. Nicolas Cugnot

## Answers Later In The Newsletter

### FUEL REPORT

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

	1/8/18	1/15/17	1/22/17	Change from	
				week ago	year ago
U.S. National Average	\$2.996	\$3.028	\$3.025	↓ - 0.003	↑ 0.399

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From the American Trucking Association (ATA)

The trucking industry is the lifeblood of the U.S. economy. Over 70% of all the freight tonnage moved in the U.S. goes on trucks. Without the industry and our truck drivers, the economy would come to a standstill. To move 10.5 billion tons of freight annually requires over 3.4 million heavy-duty Class 8 trucks and over 3.5 million truck drivers. It also takes over 38 billion gallons of diesel fuel to move all of that freight. Simply – without trucks, America stops.

### Fuel Consumption:

- 54.3 billion gallons of fuel consumed by those trucks used for business purposes in 2015
- 38.8 billion gallons of diesel fuel
- 15.5 billion gallons of gasoline
- The trucking industry spent \$105.2 billion buying diesel fuel in 2015 and is on pace to spend \$89.7 billion in 2016

**Diesel fuel is often the second highest expense for motor carriers after labor and can be as much as 20% of total operating costs.**



## US container shipping's conundrum - the chassis

By Bill Mongelluzzo, Senior Editor | 12/29/17

NEWARK -- Intermodal equipment providers (IEPs) are improving their ability to use predictive analytics to provide sufficient chassis for importers and exporters, but equipment dislocations are still widespread because IEPs can't predict when chassis will be returned from warehouses to marine terminals. Supply chain logisticians are not quite where they want to be in the use of predictive analytics. . . . Further, it's not for a lack of data on supply and demand that chassis dislocations occur at marine terminals across the country. "We have the supply-demand forecast. We have historical data. We have the start date and the location," said Bill Shea, CEO of DCLI. The problem, he said, "is we don't know when the chassis will be returned to the terminal."

[https://www.joc.com/trucking-logistics/us-container-shippings-conundrum-chassis\\_20171229.html](https://www.joc.com/trucking-logistics/us-container-shippings-conundrum-chassis_20171229.html) (copy & paste link to read full article)



## US imports forecast to rocket in February Joseph Bonney, Senior Editor | 1/8/18

Growth in imports at the busiest US container ports for retail goods is expected to tick up slightly this month before rocketing in February and then easing in March and April, the National Retail Federation (NRF) and Hackett Associates said in their monthly Global Port Tracker report. . . .

December volumes at the ports of Los Angeles-Long Beach, Oakland, Seattle-Tacoma, New York-New Jersey, Virginia, Charleston, Savannah, Miami, Port Everglades, and Houston handled an estimated 1.6 million TEU in December, a 2.6 percent increase from a year earlier, the report said. That pushed the 2017 total for the ports to 20.1 million TEU, compared with 18.8 million TEU in 2016, and representing a 7 percent increase that more than doubled 2016's 3.1 percent increase over 2015. . . .

Total US imports, including ports not followed by the report, were up 5 percent year over year to 22.7 million TEU, according to PIERS, a sister product of JOC.com that tracks imports and exports at all US ports. [https://www.joc.com/maritime-news/international-freight-shipping/imports-busiest-us-retail-ports-seen-rising-after-strong-2017\\_20180108.html](https://www.joc.com/maritime-news/international-freight-shipping/imports-busiest-us-retail-ports-seen-rising-after-strong-2017_20180108.html) (copy & paste link to read full article)

## Shipping Firms Strengthen Fight against Cyber Crime from World Maritime News

During the last year, the majority of shipping companies has been exposed to cyber-attacks and has intensified the fight against cyber-crime, according to a survey in Danish Shipping's CEO Panel. The survey shows that cyber-crime has become more important on the shipping companies' agenda. Out of the 26 senior executives who took part in the survey, 42 percent indicated that they are "very worried or extremely worried that their company will be attacked or that their data will be lost in the coming 12 months."

Danish Shipping said that the concern is based on a concrete threat as around 69 percent of the companies have been subject to cyber-crime over the last year, according to the responses to the panel.

"Cyber threats must certainly be taken very seriously," Maria Skipper Schwenn, Executive Director in Danish Shipping, said, adding that it is positive that 69 percent of the companies have increased their IT security budgets the past year. Skipper Schwenn informed that the cyber threat is not expected to diminish in future, adding that the attacks experienced by the shipping companies are attacks that any company is at risk of being exposed to.

"Therefore, it is not the ships and the safety of the crew that is of the greatest concern but attacks on land-based systems and the consequences of these," Skipper Schwenn said. "Consequently, we encourage all our members to take the threat seriously and we will work closely with the authorities to ensure that our members are better equipped to fight the threat. Therefore, it is also good to see that shipping companies prioritise larger budgets for IT security," she concluded.

**De-Consolidation** for imports

In the port areas!!

**Consolidation** for exports

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**The Rumor That Sent XPO Logistics Stock Soaring 15.9% in December** by Neha Chamaria, The Motley Fool 1/9/18

**What happened** Shares of freight and logistics giant XPO Logistics (NYSE: XPO) were performing well for the better part of 2017, but December was a stunner, with the stock jumping 15.9% to extend its full-year returns to a staggering 112%. Comparatively, FedEx (NYSE: FDX) gained 7.8%, while United Parcel Service (NYSE: UPS) saw its stock lose 1.9% during the month. December was, indeed, an eventful month for XPO. While stellar holiday-season demand fueled investor optimism, there was also the rumor of a potential takeover, followed by a huge rating upgrade by Citigroup later in the month, which sent the stock soaring.

**So what** On Dec. 21, XPO announced that its e-commerce volumes jumped 24% during the Black Friday to Cyber Monday sales season. The company had even hired 6,000 temporary workers to meet the rush. The news bolstered investor hopes that XPO is on its way to another strong quarter, having recently delivered a solid third-quarter report that was better than those of peers FedEx and UPS. Coincidentally, the very next day, Recode published an article reporting that Home Depot was interested in acquiring XPO Logistics, apparently to strengthen its e-commerce operations and ward off Amazon.com from eyeing XPO. Not surprisingly, XPO shares shot through the roof. Adding fuel to the fire, Citigroup bumped up its price target for XPO stock on Dec. 26 by a whopping 50% to \$110 in anticipation of a takeover.

**Now what** XPO's sale is nothing but a rumor for now, and prudent investors know better than to bet on speculations. The good news is that whether XPO is acquired or not, it remains one of my top freight and logistics stocks for the long haul, thanks to its lead over FedEx and UPS in the high-potential last-mile delivery space. XPO shares should, of course, cool down if the takeover rumors turn out to be false, but smart investors should consider any drop in the stock an opportunity.

**QUOTABLE**

You're probably going to get a lot of freight...but at the same time hiring drivers is going to be really hard.

Ravi Shanker, an analyst with Morgan Stanley.

**LTL rates seen zooming in excess of 5 % this year, veteran truckers say**

Less-than-truckload (LTL) shippers are facing what top trucking executives are calling a "new era" in LTL pricing because of a combination of pent-up demand, surging e-commerce deliveries and a tightening capacity due to increased government regulations and a shortage of qualified drivers.

**Answers to Trivia**

FOR IMMEDIATE RELEASE

January 5, 2018

**ATA Offers Support for Proposed Association Health Plan Rule**

Change in Regulation Would Improve Access to Affordable Health Care

Arlington, Virginia – Today, the American Trucking Associations said it welcomed a proposal by the U.S. Department of Labor making it easier for small businesses and self-employed individuals to purchase high-quality, lower cost health insurance through expanded association health plans. "Today's proposal is a step in the right direction for improving access to affordable, quality health care for all Americans," said ATA President and CEO Chris Spear. "We were pleased in October when President Trump signed an executive order allowing self-employed individuals to pool together to purchase health insurance plans sponsored by larger associations and groups, and we are happy to see his Administration take the next step in advancing this plan today."

The trucking industry is primarily comprised of small-businesses— with more than 90% of registered motor carriers operating fewer than six trucks – making it uniquely positioned to benefit from the establishment of association health plans. ATA, a 50-state federation of associations representing the trucking industry, has been a strong supporter of the Trump administration's health care reform efforts. "President Trump and Secretary Acosta should be commended for their leadership in increasing access to affordable health insurance for thousands of Americans through this action," said ATA Chairman Dave Manning, president of TCW Inc., Nashville, Tennessee. "By allowing self-employed individuals and small businesses to pool their resources and offer affordable insurance options, this administration is making good on its promise to improve our health care system."



## **Autonomous Trucks to Haul Cargo in Arizona**

Transport Topics 1/18/2018

An autonomous-driving technology firm plans this year to begin commercial-hauling operations in Arizona using Class 8 trucks that will require nearly no driver control of the vehicle. Beijing- and San Diego-based tuSimple has a supplier committed to the project, which will run trucks the 120 miles from Tucson to Phoenix, Partner and Vice President of Product Chuck Price told Transport Topics. He declined to identify the supplier.

“We are testing at our Tucson facility in the first half of the year. By September, we will move to [operating for] a commercial shipper of cargo to generate revenues,” Price said.

The tuSimple systems will be installed in Peterbilt trucks that will run at autonomous Level 4 of High Automation, defined as a vehicle system capable of conducting all driving without human control except in special circumstance, such as a traffic jam. Price said a driver will be behind the wheel for the Arizona runs. TuSimple conducted successful tests last summer of its Level 4 systems in China and on a 200-mile run from San Diego to Yuma, Ariz. TuSimple does not build trucks but provides the “stack” of autonomous technology that includes Nvidia graphics processing units (GPUs) and its Drive PX computer system, along with multiple radar and camera sensors.

A series of commercial runs using Level 4 systems would be a big step for autonomous technology in Class 8 trucks. The tuSimple system trucks are capable of running themselves as they travel from on-highway to off-highway and in depot parking lots, Price said. In 2016, Uber’s self-driving truck subsidiary, Otto, conducted with Anheuser-Busch a driverless 120-mile beer delivery in Colorado. Last October, autonomous technology firm Embark teamed with Ryder to haul Frigidaire products between Texas and California. Both ran driverless on highways but switched to human control for merges and off-highway driving. TuSimple, formed in 2015 in China by Mo Chen and Xiaodi Hou, has raised \$83 million from Chinese investors and Nvidia, according to CrunchBase.

The company seeks to build out 50 trucks equipped with its autonomous systems, with an annual goal of hauling commercial freight at Level 4 for 3 million miles, Price said. It plans to outfit 25 Peterbilt Model 579 trucks in the United States and 25 Shaanxi Automobile Group trucks in China with its systems. The firm also will offer an extensive maintenance program. Its business model calls for users to pay a base charge and a recurring subscription fee. In return, the users get the tuSimple technology and staff training, in addition to system and software updates as the program evolves, Price said. The firm also will find and fix a vehicle if a problem occurs that takes it out of commission.

“Let’s say the vehicle is disabled — due to weather, a blowout, a system failure — we can detect this and move it remotely or rescue it for the fleet customer,” he said. “We work to ensure [the system] works in all conditions. You can’t leave \$1 million in product sitting on the side of the road.”

TuSimple takes a different approach from some of its autonomous technology competitors. It opted for radar technology over the widely used lidar systems as radar can sense objects up to 300 meters away and respond, while lidar claims about 150 meters. That extra distance is important for trucks where short stopping distance is essential, Price said. Radar works better in rough weather and it’s cheaper, he noted. And tuSimple deliberately chose to headquarter in San Diego, away from Silicon Valley, where many new technology companies settle. “Our plan is to be the first commercial [Class 8] operator. It’s not our goal to just do demos and get acquired,” Price said. “We build technology that really works. We want to be out of Silicon Valley where there is pressure to get bought.”

## **U.S. Regulators Eye Policy for Autonomous Trucks, Buses**

By Ryan Beene January 10, 2018

U.S. Transportation Secretary Elaine Chao speaks from the Consumer Electronics Show in Las Vegas. Federal regulators are taking the first step toward creating a policy guiding the development of autonomous transportation beyond self-driving cars to include trucks, buses and other ground-based modes. The U.S. Transportation Department will soon publish four requests for public comment on how to cast aside roadblocks for transportation advancements in vehicles, trains, buses, commercial trucking and transit systems, Transportation Secretary Elaine Chao said Wednesday.

“Right now there are too many outdated transportation rules, terms and concepts that no longer apply to an automated world,” Chao said during a speech at CES, the annual technology show sponsored by the Consumer Technology Association in Las Vegas. “This request for input will help the government identify which regulations, parts of regulations or terminology need to be updated to allow for innovation to move forward.”

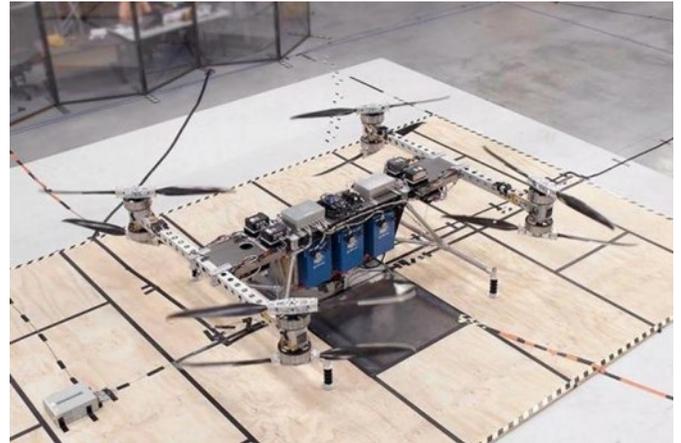
The National Highway Traffic Safety Administration has asked for comment on “unnecessary regulatory barriers” for self-driving vehicles and how their safety should be tested and certified. The Federal Transit Administration is looking for feedback on two fronts related to automated buses and the Federal Highway Administration will seek public input on how driverless transportation modes should be accommodated on U.S. highways. The comments will be used to develop the third iteration of the department’s Federal Automated Vehicle Policy, which Chao said would be released this summer. The current version, released in September, relates only to autonomous automobiles, not buses, trains or other forms of surface transportation.

Chao discussed the initiatives Wednesday during separate public remarks at CES. Giving the public and industry a chance to make suggestions is part of an effort to prevent government from hampering innovation, she said. “We want to reduce the hurdles, the barriers,” she said.



### Boeing unveils UAV prototype for cargo, logistics use By James LaPorta for UPI Jan. 11, 2018

Boeing has unveiled a new unmanned electric vertical-takeoff-and-landing, or eVTOL, cargo air vehicle prototype that it plans to use to test and evolve future autonomous technology. "This flying cargo air vehicle represents another major step in our Boeing eVTOL strategy," Boeing Chief Technology Officer Greg Hyslop said in a company press release "We have an opportunity to really change air travel and transport, and we'll look back on this day as a major step in that journey."



The eVTOL cargo air vehicle, announced on Wednesday, is designed to transport a payload up to 500 pounds, and will aid in future cargo and logistic applications, the company said. The transport is powered by an environmentally-friendly electric propulsion system and has eight counter rotating blades allowing for vertical flight. In December, Boeing unveiled its MQ-25 unmanned aircraft system, which is designed for aerial refueling of U.S. Navy jets that operate from aircraft carriers. The Navy has sought an unmanned aerial system with refueling capabilities to support and extend the combat range of Boeing F/A-18 Super Hornet, Boeing EA-18G Growler, and Lockheed Martin F-35C fighters. Boeing's version of the MQ-25 can be integrated with the same catapult, launch and recovery system on a Navy carrier that launches fighter jets.

Boeing says that researchers will use the new prototype as a flying test bed in order to further future technology and applications such as the MQ-25. "Our new CAV prototype builds on Boeing's existing unmanned systems capabilities and presents new possibilities for autonomous cargo delivery, logistics and other transportation applications," said Steve Nordlund, vice president of Boeing's HorizonX program. "The safe integration of unmanned aerial systems is vital to unlocking their full potential. Boeing has an unmatched track record, regulatory know-how and systematic approach to deliver solutions that will shape the future of autonomous flight."

#### 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 market is just strong everywhere.**

John Leahy, chief operating officer at Airbus.

#### Miami takes aim at e-commerce cargo traffic Air Cargo News 1/12/18

Miami-Dade Aviation Department (MDAD) has organised a strategy meeting of more than 30 air cargo industry stakeholders to discuss how the region can capitalize on e-commerce growth. <http://www.aircargonews.net/news/airport/single-view/news/miami-takes-aim-at-e-commerce-cargo-traffic.html> (use link for full article)

### Winter storm in U.S. causes widespread freight disruption at FedEx's Memphis hub

by Lewis King 1/12/18 Air Cargo World

A cold front moving east across the American Midwest region caused extensive flight disruption at FedEx's Memphis International Airport (MEM). The airport is FedEx Express' global hub, and the "substantial flight and sort disruptions" experienced will have widespread implications on express logistics. FedEx said that, "potential delays are possible for package deliveries across the U.S., with a delivery commitment of January 12, 2018." With 250 FedEx flights scheduled for today, crews began working early this morning to keep runways clear. Airport spokesman Glen Thomas told local media that as of 6:30 a.m., "Our runways are currently open for arrivals and departures." FedEx directed shippers to check FedEx.com for updates, advising that its Express money-back guarantee was suspended for U.S. domestic packages and shipments inbound into the U.S. from international locations, with a delivery commitment of Jan. 12, 2018.

## YRC Freight to pay Teamsters \$1 million for contract breach

By William B. Cassidy, Senior Editor | 1/11/18



An unexpected diversion of freight to rails in the wake of last year's hurricanes will cost trucking company YRC Freight \$1 million, payable to its over-the-road Teamster drivers. The amount of freight diverted to rail and third-party transport operators because of terminal and service interruptions following the storms exceeded limits imposed by YRC Worldwide's contract with the Teamsters union.

"Our YRC members have an agreement that strongly protects bargaining unit work and work opportunities and the company acknowledged that it diverted more freight than what is allowed," Ernie Soehl, director of the Teamsters National Freight Division, said Thursday in a statement. "We will always seek to hold employers accountable by making sure they abide by our contracts and agreements."

Under its Teamster contract, YRC Freight's total combined intermodal rail and purchased transportation miles cannot exceed 26 percent of the carrier's total miles in any given year. A union committee that monitors the contract determined YRC Freight exceeded the maximum number of road miles that could be hauled on rail and ordered the company to pay \$1,003,930. YRC Worldwide declined to comment. Hurricanes Harvey and Irma already had taken a bite from YRC Worldwide's bottom line. The storms hit national less-than-truckload (LTL) carrier YRC Freight and regional subsidiary Holland, which operates in the Midwest and Southeast. All told, 28 terminals were temporarily closed or had limited operations in late August and early September, as Harvey flooded the Gulf Coast and Irma whipped through Florida.

As a result, YRC Worldwide in October lowered its projected operating profit for the year by \$50 million to the new range of \$100 million to \$120 million. The storms also had a "cascading effect" that delayed shipments and reduced productivity over a five-week period, James Welch, CEO of YRC Worldwide, said in October. The company also had to relocate equipment and pay employees overtime during the recovery.

The Teamsters said a review of records made it clear that a substantial amount of the diverted freight, mostly carried on rail, was the direct result of "extraordinary service and terminal interruptions" caused by the hurricanes, and that the company should not be penalized for "acts of God." However, the union still ordered the \$1 million payment to truck drivers affected by the diversion of freight. YRC Freight will contact Teamster local unions to review the list of drivers who are eligible for the payment, the union said. The Teamsters' five-year agreement with YRC Worldwide, which includes wage and benefit concessions made to help the company avoid bankruptcy during the 2009 recession, restructure, and return to profitability during the economic recovery, expires in 2019.

ABF Freight, the LTL subsidiary of Arcbest, began negotiations on a new five-year Teamster agreement next week. Its agreement with the union expires March 31 this year.

### QUOTABLE

**Tax reform, a strong economy and a truck-driver shortage all bode well for a strong 2018 from the freight railroad industry.**

Jason Kuehn of consulting firm Oliver Wyman

## US spot truck rates soar on 2018's frigid start

by William B. Cassidy, Senior Editor JOC | Jan 10, 2018

The weather was frightful the first week of 2018, and for shippers looking to move freight by truck on the US spot market, rates were too. Extreme cold that blanketed most of the northern United States, compounded by Winter Storm Grayson, which swept up the East Coast Jan. 3 to 4, lit a fire under the truckload spot market as disruption squeezed an already tight truck capacity.

After ending 2018 at a high point, the average US dry van spot rate shot up 19 cents to \$2.30 per mile in the week that ended Jan. 6, according to DAT Solutions. The load board operator's national average refrigerated spot rate soared 25 cents to \$2.71 per mile. High freight demand collided with tight capacity and Grayson to create "the perfect rate storm."

"The number of available loads increased 27 percent, in-line with expectations when a full work week follows a holiday-shortened one," DAT said in a statement. "However, the number of trucks posted to DAT load boards was up just 7.4 percent and the imbalance pushed load-to-truck ratios up" for dry vans, refrigerated trucks, and flatbed tractor-trailers.

DAT's average US flatbed spot rate, already above \$2.30 per mile, jumped 10 cents to \$2.43 per mile. Flatbed load posts surged 46 percent and truck posts increased 20 percent in the first week of January. Flatbed demand is driven by construction, and US single-family housing starts hit their highest point since 2007 in November, rising 5.3 percent to 930,000.

Businesses will be watching spot rates closely in the next few weeks to see if demand and capacity move back toward an equilibrium, or if capacity constraints, including the electronic logging mandate that took effect Dec. 18, continue to boost spot truck pricing. A tighter, pricier spot market could in turn put more pressure on motor carrier contract rate negotiations.

**CONTACT OUTSOURCE FREIGHT FOR ANY TRANSPORTATION OR LOGISTICS NEEDS**

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