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IBTTA Transportation Finance Summit
December 3-5 2006

IBTTA
International Bridge, Tunnel and Turnpike Association

National Retail Federation
The Voice of Retail Worldwide

THE SURFACE TRANSPORTATION SYSTEM AND GOODS MOVEMENT: RETAIL INDUSTRY VIEWS

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Retailers are a Huge Segment of the Shipping Community

Six of the Seven Largest Shippers are Retailers
(by 1,000 Twenty-Foot Equivalent Units in 2005)

1. Walmart (696)
2. Target (371)
3. Home Depot (335)
4. Sears (240)
5. Dole (170)
6. Lowe's (163)
7. Costco (160)

Source: Journal of Commerce

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Retailers Have Complex, Just-In-Time Supply Chains

- Asia is key region and China a key country in supplying consumer products for retailers
- Southern California ports are a key entry point for retail supply chains
- Retailers seek to move goods rapidly and efficiently through the supply chain from port of entry to store using the entire intermodal system.
- Most West Coast imports move inland, half by truck

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Challenges: U.S. Population Outlook 2030

- 66 million more consumers
- One-third of growth will be on East Coast
- Even more rapid growth in Sun Belt

Year	US	East Coast	Sun Belt
2006	300	100	80
2030	366	133	100

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Challenges: Current Trends Project Doubling of Intermodal Freight in next 20 Years

Intermodal Growth

Year	Total Volume (000,000)	% Container
1987	1.0	45%
1990	1.5	45%
1993	2.0	45%
1996	2.5	45%
1999	3.0	45%
2002	4.0	65%
2005	6.0	85%

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Challenges: Public Policy Issues

- Traditional (public) sources of infrastructure funding cannot handle the demand for new investments
- Improving freight infrastructure capacity through:
 - New Investment in projects where capacity is actually needed (ports, rail, highways)
 - Business Practice Changes
 - Greater private-sector involvement in investment decisions
- Achieving Consensus on a National Goods Movement Policy.

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Current Trucking Situation

- **Long Haul:**
 - Capacity up, demand down, rates soft
 - Continued concern about congestion, maximizing efficiency, infrastructure investment through gas tax
- **Short Haul:**
 - Efficiency concerns in marine terminals - work rules, grounding containers delay trucker turn times, chassis management, driver shortages, impact on rail service
 - Political backlash to environmental and congestion problems

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Retailers Do Not Own Trucks

- Walmart is the only retailer with a large truck fleet
- For most retailers surface transportation (truck and rail) are included in contracts with their ocean carriers or 3PLs

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Longer Term Congestion Solutions

- Grants, incentives for trucker investment in more efficient, cleaner equipment
- Identification of and investment in "last mile" port connector projects
- Truck-only lane projects
- Increase limitations on truck length and/or weight
- Increase container size (45', 48', 53')
- Improved interface between intermodal rail and trucking

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Retail View on Truck Tolls

- Retailers care primarily about in-time delivery of their goods into their stores
- Retailers would support tolls if funds used to improve service
- In some places, government is an obstacle to implementing tolls

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Initial Action Items

<ul style="list-style-type: none"> • <u>Public Sector</u> <ol style="list-style-type: none"> 1. Make intermodal a national priority 2. Preserve the existing freight infrastructure 3. Measure capacity and productivity 4. Encourage private sector investment 5. Support regional freight solutions 	<ul style="list-style-type: none"> • <u>Private Sector</u> <ol style="list-style-type: none"> 6. Even freight flow across the system 7. Support harbor trucking improvement 8. Improve chassis management 9. Manage free-time better 10. Ensure sufficient personnel
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