

**United States House Committee on Transportation and Infrastructure**  
**Subcommittee on Highways and Transit**

**“Improving the Nation’s Highway Freight Network”**

**Testimony of Henry J. Maier**

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Chairman Petri, Ranking Member Norton, and members of the subcommittee.

Thank you for giving FedEx the opportunity to testify today.

We commend this subcommittee for recognizing the critical importance of our nation’s transportation infrastructure and the essential role that the safe, clean and efficient movement of goods plays in ensuring our nation’s economic vitality, security and quality of life. This is a topic of utmost importance to millions of FedEx customers and stakeholders – and one that absolutely, positively affects our country’s ability to compete in a fast-evolving global marketplace.

FedEx Operations

Before I discuss FedEx’s perspective on ways to improve the nation’s highway freight network, allow me to briefly describe how FedEx operates.

I am President and CEO of FedEx Ground, one of four primary FedEx operating companies, along with FedEx Express, FedEx Freight, and FedEx Services. Together, our companies employ 300,000 team members who provide a broad portfolio of transportation, e-commerce and business services that generate revenues of \$45 billion a year.

More than 40 years ago, FedEx Express pioneered express overnight delivery and since then we have continued to explore new intermodal offerings through our portfolio of transportation companies. Collectively, our service offerings span the globe, connecting U.S. businesses and consumers to each other and to all major global marketplaces. Here in the United States, our independent transportation networks enable us to provide safe, reliable and efficient services to customers at the right time, at the right speed, and at the right price.

Our FedEx Express global air-ground system deploys a fleet of more than 640 aircraft and 47,000 surface vehicles to offer overnight shipping within the U.S. as well as linking the American economy to more than 90 percent of the world's GDP. FedEx Express carries 12 million pounds of freight each day and serves over 375 airports in more than 220 countries and territories. FedEx Express also provides air transportation services to the U.S. Postal Service, making us their largest single service supplier.

Our two surface transportation companies, FedEx Ground and FedEx Freight, are international operators that deploy a collective fleet of more than 53,000 surface vehicles to offer small parcel and less-than-truckload shipping (LTL) options to customers across the country. We use both road and rail to speed more than six million parcels and shipments a day from business-to-business and business-to-consumer.

Our FedEx Trade Network business provides freight forwarding services around the world, combining air, ground and ocean shipping options tailored to meet the varying needs of our customers.

FedEx is proud to be a part of a global multimodal transportation logistics system that provides millions of jobs to Americans, enriches consumer choice, and creates new markets for U.S. businesses. We also understand that highways are the bedrock of this system as the vast majority of freight is – and will continue to be – transported by trucks.

### The FedEx Perspective

While a number of issues threaten the safe, reliable and efficient movement of freight on our nation's highways, two in particular pose the most egregious consequences for both businesses and the motoring public: traffic congestion and infrastructure deterioration.

Traffic congestion is not only a frustrating and inconvenient time drain, it is also inordinately expensive. A 2012 report from Texas A&M's Texas Transportation Institute indicates that congestion in 498 U.S. cities extracted a \$121 billion toll on the U.S. economy in 2011. This represents a 500% increase over 1982 levels. More than 20% of those costs were absorbed by the trucking industry and passed along to customers and consumers, according to the report. <sup>1</sup>

In 2011, the American Trucking Associations (ATA) reported that 67% of all U.S. domestic freight tonnage moved by truck. ATA's research also indicated that the volume of freight moving by truck is expected to more than double by 2035. <sup>2</sup> If we think gridlock is bad today, imagine twice as many trucks on the highways, not to mention more passenger vehicles.

The deterioration of our nation's highways and bridges is fast reaching crisis proportions. According to the Federal Highway Administration (FHWA), <sup>3</sup> more than 100,000 bridges across our nation require improvements or replacement. As a business whose customers rely on us for fast and reliable service, we can attest that impassable roads and bridges lead to increased costs, service delays and untold equipment damage.

Solutions to these widely recognized problems vary. To address the growing traffic congestion issue, the current Highway Bill – also called MAP-21 – calls for the identification of a 27,000 mile Primary Freight Network comprising highways viewed as essential to the delivery of goods. This is despite the fact that the FHWA asserts that more than 41,000 miles of highways would be necessary to achieve the desired state.

While FedEx agrees in principle with the Primary Freight Network concept, we have concerns based on its limited scope. We are aligned with the American Trucking Associations in calling for greater emphasis to be placed on critical freight corridors and intermodal highway connectors.

Alarming, investment in any solution may be at risk this year if Congress does not pass a well-funded Highway Bill – and since the current bill expires in September, time is of the essence.

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<sup>1</sup> Texas Transportation Institute at Texas A&M University, *2012 Urban Mobility Report*.

<sup>2</sup> American Trucking Associations, *American Trucking Trends 2013*.

<sup>3</sup> Federal Highway Administration, *National Bridge Inventory, Dec. 31, 2012*.

It is also crucial that we stabilize the National Highway Trust Fund, which – if left unaddressed – is on the brink of becoming insolvent this summer. Since 1956, this fund has been the source for capital required to maintain and upgrade the Interstate Highway System, among other major arteries for freight commerce.<sup>4</sup>

Clearly, there are no easy answers. But, in our view, the first step must be to establish a strategic national plan to address infrastructure needs and to identify sources of funding, both immediate and long term.

### Efficiency and Productivity through Innovation

In other transportation modes, as service demand has increased over the years, equipment standards have been adjusted to accommodate more capacity, such as double-stacked rail containers, larger ocean vessels, and multiple variations of wide body aircraft.

It is time to make common-sense and forward-looking adjustments to modernize U.S. trucking equipment standards as well, so that they too keep pace with an evolving marketplace.

One way we can help freight move around the U.S. more efficiently is by exploring innovative solutions to maximize our existing infrastructure.

Both ground parcel and the less-than-truckload (LTL) industries rely primarily on twin trailers to haul freight. Over 30 years ago, long before the internet enabled us to buy virtually anything and have it delivered to our doorstep, Congress fixed a standard of 28 feet for twin trailers that states must allow on their highways.<sup>5</sup> Capacity expansion opportunities for these types of fleets have not been adjusted for two decades due to the federal freeze on truck size and weight under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

In concert with many others engaged in the transportation industry, FedEx strongly supports the proposal to increase the national standard for twin trailers from the existing 28 feet to 33 feet. It is important to note that this solution does not require any change to gross vehicle weight and, in fact, could reduce the burden on our nation's highways by significantly slashing the number of trips and miles required to move freight.

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<sup>4</sup> U.S. Department of Transportation, Federal Highway Administration website, [www.fhwa.dot.gov](http://www.fhwa.dot.gov)

<sup>5</sup> April 24, 2013 Hearing on Overview of the U.S. Freight Transportation System, *Statement of Derek J. Leathers, President and Chief Operating Officer, Werner Enterprises, Inc.*

Based on data supplied by FedEx and six other carriers, including ABF, Con-way, Estes, Old Dominion, UPS, and YRC Worldwide, the use of 33-foot twin trailers would provide a carrier the potential, on any given lane, to absorb up to 18% of future growth, without traveling any additional miles or worsening wear and tear on our roadways. Industry-wide, that equals up to 1.8 billion fewer miles driven, more than 300 million gallons of gasoline saved and \$2.6 billion in reduced costs annually.

Importantly, a reduction in truck trips would be environmentally friendly, saving fuel and emissions from trucking.

This is an excellent example of an innovation that can have tremendous value – including increasing cost efficiencies – but it is one that cannot be implemented without Congress modernizing our transportation policy.

#### Safer, Cleaner, Better

In addition to exploring ways to build a more efficient highway freight network, FedEx believes that equal effort should be dedicated to operating more safely and cleanly. Through the steadfast nurturing of a stronger safety culture and the deployment of advanced safety technology, we are making progress as an industry. According to the National Highway Traffic Safety Administration, despite a steady increase in highway traffic, the number of truck-related fatalities and injuries has decreased by 24% and 39%, respectively, over the past decade.<sup>6</sup>

We stand in lockstep with others in the transportation industry in urging Congress to support the development and adoption of new on-board technology, such as stability control and forward collision mitigation systems, designed to dramatically reduce truck-related accidents.

Likewise, technology solutions are being deployed to enhance the environmental sustainability of our industry. At FedEx, we continue to focus on alternative transport fuel sources such as electricity, natural gas, and biofuels. We are also exploring new technologies and materials that will enhance efficiency, including how we load trucks and improve route structures to reduce miles. FedEx is incorporating renewable and alternative energy throughout our networks through testing alternate-fuel vehicles and installing solar panels on a number of our facilities.

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<sup>6</sup> U.S. Department of Transportation's National Highway Traffic Safety Administration, *2012 Fatality Analysis Reporting System*

## Conclusion

Since our company's founding, we have enabled millions of U.S. businesses to connect with customers and suppliers around the world. In this world of globalization, powered by speed and technology, FedEx is poised to continue to help our nation compete. However, we and others in the transportation industry need an infrastructure that enables us to make the most out of all transportation options in a sustainable manner.

To address our infrastructure problems, we need a sound Highway Bill, with adequate sources of funding and one that provides opportunities for innovative ways to enhance productivity, including the use of 33-foot trailers.

We also need a Congress that is willing to support the development and adoption of new technologies that improve the safety, efficiency and sustainability of our highway freight network.

Lastly, we need to redefine the infrastructure debate in the U.S. so that everyone understands what is at stake. It is not simply about longer passenger commutes and inconvenient traffic jams, but about protecting the economy, enhancing competitiveness to create jobs, and supporting a high quality of life for all Americans today and tomorrow.