

October 21, 2009

The Honorable Kay Bailey Hutchison
SR-284 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Christopher Bond
SR-274 Russell Senate Office Building
United States Senate
Washington, DC 20510

Dear Senator Hutchison and Senator Bond:

I am writing on behalf of the American Trucking Associations (ATA) to express concern with the impact of cap and trade legislation on our industry as a means of addressing greenhouse gas emissions. While ATA strongly supports efforts to reduce greenhouse gas emissions and make this country more energy independent, the proposed cap and trade system simply will increase the cost of the diesel fuel that the trucking industry depends upon, while failing to reduce carbon emissions from this vital economic sector.

The trucking industry is the driving force behind the nation's economy. Eighty percent of the nation's freight bill is transported by truck. Trucks depend upon diesel fuel to haul nearly every consumer good – food, clothing, medicine, appliances – at some point in the supply chain. As the trucking industry's costs increase, the price of all of these essential products also must rise.

Over the past two years, ATA has proposed several initiatives that would have a measurable and immediate impact on reducing greenhouse gas emissions. For example, ATA supports enacting a nationwide 65 mph speed limit and providing incentives to facilitate the use of anti-idling equipment to reduce carbon emissions from our industry. Reducing speed limits to 65 mph would save 2.8 billion gallons of diesel fuel, 8.7 billion gallons of gasoline and reduce CO₂ emissions by more than 115 million tons over 10 years. Minimizing truck idling has the potential to reduce CO₂ emissions by an additional 61.1 million tons.

The reason that the proposed cap and trade legislation will not reduce carbon emissions in the trucking industry is rooted in one simple fact – trucking is not a discretionary consumer of fuel. Proponents of an economy-wide cap and trade system believe that by increasing the price of fuel, fuel users will either purchase more fuel efficient vehicles or convert to alternative-fueled vehicles. These options are not currently available to the trucking industry in any meaningful manner. The trucking industry consumes

approximately 39 billion gallons of diesel fuel to deliver virtually all of the nation's consumer goods. This will continue to be the case for the foreseeable future, even if the price of diesel fuel is dramatically increased by cap and trade, as the over-the-road trucks do not currently have any realistic alternatives to the diesel engine. For this reason, simply increasing the price of diesel fuel will not result in any significant carbon reductions from the trucking industry.

While carbon emissions from the trucking industry would continue under a cap and trade system, the ensuing diesel fuel price increase will take its toll on the industry. Cap and trade will not only increase the price of diesel fuel, it also will increase the volatility of diesel prices, as a fluctuating carbon price is added to an already volatile fuel price, making it very difficult for companies to accurately predict their future expenses as they sign freight delivery contracts. With the downturn in the economy and soft demand for freight transportation services, trucking companies are struggling to survive. Any substantial fuel cost increase imposed directly or indirectly on the industry will negatively impact the delivery of vital consumer goods throughout the nation and hurt the economic wellbeing of working families and small businesses.

Accordingly, after careful review of the proposed cap and trade provisions, we do not believe that this method of controlling carbon emissions from the trucking industry is a viable solution. We hope that as climate change legislation moves forward we can work together on solutions that secure meaningful carbon reductions from the trucking industry, while safeguarding the financial well being of the industry that delivers America.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy P. Lynch". The signature is fluid and cursive, with a large initial "T" and "L".

Timothy P. Lynch
Senior Vice President