



**Before the
United States House of Representatives
Committee on Natural Resources**

**Oral Statement of William P. Graves
on behalf of the
American Trucking Associations Inc.**

*Harnessing American Resources to Create Jobs and Address Rising Gasoline
Prices: Impacts on Businesses and Families*

**March 31, 2011
(As prepared for delivery)**

Chairman Hastings, Congressman Markey and Members of the
Committee:

Thank you for the opportunity to testify this morning.

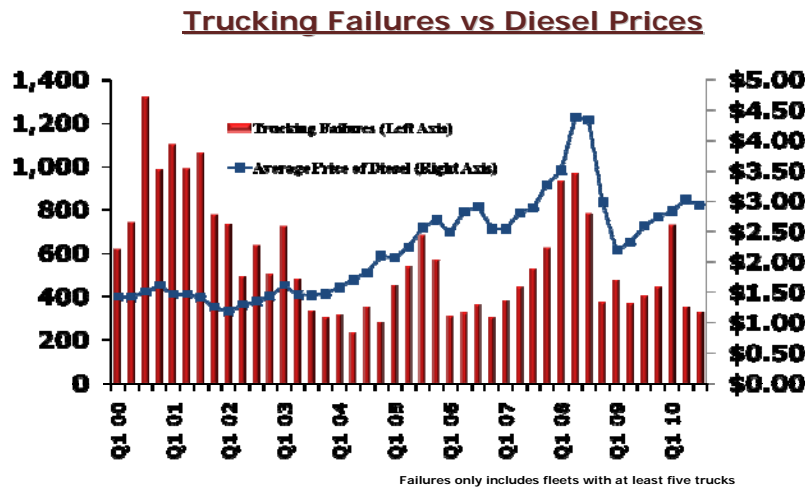
The trucking industry is essential to freight transportation and the nation's economy. We deliver virtually all of the consumer goods in the United States, and employ nearly 7 million Americans in trucking-related jobs. We are an extremely competitive industry comprised largely of small businesses.

The hearing title focuses on gasoline, but I will direct my remarks to the price of diesel fuel, the lifeblood of trucking. This year, trucking will consume over 35 billion gallons of diesel and is on pace to spend \$135.8 billion. That's about \$35 billion more than we spent in 2010. Each penny increase in the price of diesel costs the trucking industry an additional \$356 million a year.

High fuel prices impact trucking companies both directly and indirectly. Many companies have difficulty recovering the full cost of rapid diesel price increases; however, eventually these higher costs are passed on to consumers. In addition, as consumers are forced to spend more money on energy and their everyday essentials, they have less money to spend on consumer goods.

This translates to a reduction in the demand for freight transportation services and reduces trucking company revenues.

The impact high fuel prices have on the trucking industry is depicted on this chart, which shows the close correlation between diesel price increases and trucking company bankruptcies.



Sources: Avondale Partners & Energy Information Administration

The bottom line here is that as a result of this dramatic increase in the price of diesel, we expect an increasing number of trucking companies to fail.

There is no single solution to high oil prices. We are not going to be able to either simply conserve *or* drill our way out of this crisis. We must do both.

My written testimony advances several recommendations to incentivize conservation. Demand reduction is a very important part of a comprehensive energy strategy. These policy initiatives include: a national maximum 65mph speed limit, allowing safe and more productive trucks, investing in highway infrastructure to reduce congestion, and supporting research for new fuel efficient

truck technologies. Recognizing committee jurisdiction, I will focus the remainder of my remarks on supply.

The dramatic increase in the price of oil is fed by the perception that over the next few years there will be a shortage of oil. For this reason, in addition to investing in alternative fuels and reducing the demand for petroleum, Congress and the administration should embrace measures to increase our domestic production of crude oil.

1. We produce 30% of our oil from the Gulf of Mexico. Congress should urge the Interior Department to issue both shallow and deepwater drilling permits in the Gulf.
2. Congress should direct the Administration to include the Atlantic and eastern Gulf in the environmental impact study for the upcoming leasing program.
3. We must begin developing oil shale resources in Colorado, Utah and Wyoming.
4. We should invest in coal-to-liquid and gas-to-liquid technologies to take advantage of our vast domestic coal and natural gas resources.
5. We also need to promote the use of natural gas. But LNG trucks cost almost twice as much, so a financial incentive such as a tax credit may be needed to encourage the purchase of these vehicles. In addition, we would encourage Congress to incentivize the construction of standardized LNG refueling stations, and provide a weight variance from the federal gross vehicle weight limits for trucks to accommodate the increase in weight associated with LNG technology.

ATA appreciates this opportunity and I would be pleased to answer any questions you may have.