



Agricultural Refrigerated Truck Quarterly

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Market Insight

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Cross-border Mexican Truck Update

On March 3, President Obama and President Calderón of Mexico announced that Mexico and the United States had found a clear path to resolving the cross-border long-haul trucking dispute. Mexico will terminate all current retaliatory tariffs on U.S. agricultural and industrial products, which have an estimated trade value of \$2.4 billion.

On January 6, 2011, Transportation Secretary Ray LaHood shared with Congress and the government of Mexico an [initial concept document](#) for a long haul cross-border Mexican trucking program that emphasized safety while satisfying the United States' international obligations.

On April 8, the Federal Motor Carrier Safety Administration (FMCSA) announced a new [proposal for the initiation of a United States-Mexico cross-border long-haul trucking pilot program](#) to test the ability of Mexico-based motor carriers to operate safely in the United States beyond the commercial zones along the border. This is a new program, different from the cross-border trucking demonstration program that was terminated in March 2009. Supporting documents and public comments may be viewed in the [document folder FMCSA-2011-0097](#).

The pilot program is part of FMCSA's implementation of the North American Free Trade Agreement (NAFTA) cross-border long-haul trucking provisions. This pilot program will allow Mexico-domiciled motor carriers to operate throughout the United States for up to 3 years. U.S.-domiciled motor carriers will be granted reciprocal rights to operate in Mexico for the same period.

Participating Mexican carriers and drivers will be required to comply with all applicable U.S. laws and regulations, including those concerned with motor carrier safety, customs, immigration, vehicle registration and taxation, and fuel taxation. The safety of the participating carriers will be tracked closely by FMCSA with input from a Federal Advisory Committee.

According to the White House's [Fact Sheet: Enhancing U.S.-Mexico Cooperation](#), once final agreement is reached, Mexico will suspend its retaliatory tariffs in stages, beginning with reducing tariffs by 50 percent at the signing of an agreement; it will suspend the remaining 50 percent when the first Mexican carrier is granted operating authority under the program. Resolution of the cross-border trucking dispute would result in increased U.S. exports to Mexico, and the regaining and potential

increase in market share for those products that have been adversely affected by the tariffs.

Background

The dispute began in 1982 and was supposed to be resolved under NAFTA in the early 1990's, but it escalated in March 2009 when the U.S. terminated its Mexico Cross-Border Trucking Demonstration Program. In retaliation, Mexico imposed new, renewed, and revised tariffs on agricultural and industrial products.

The terminated demonstration program allowed 27 Mexican carriers with 104 trucks to operate beyond the U.S. commercial zones along the border between the United States and Mexico. Unaffected by the dispute are about 860 Mexican carriers with over 1,700 trucks operating beyond the commercial zones between specific U.S.-Mexico points under separate permanent authority granted between 1982 and 1994. Also unaffected are 8,030 Mexican carriers with 30,480 trucks and 27,544 drivers which operate within the commercial zones.

Mexico is the United States' second largest agricultural trading partner and the second largest foreign supplier of crude oil and products to the U.S. market. In calendar year 2010, U.S. agricultural exports to Mexico were \$14.6 billion and imports were \$13.6 billion. U.S. fresh fruit and vegetable exports to Mexico were \$539 million and imports were nearly \$6 billion.

On August 18, 2010, Mexico published a revised list of 99 agricultural and industrial products subject to retaliatory tariffs, stating that it "has yet to receive a formal proposal for the resolution of this dispute and an unequivocal signal that the U.S. government is working to eliminate the barriers that Mexican long-haul carriers face to access the U.S. market." The previous list was issued March 18, 2009, soon after the United States terminated the U.S.-Mexico Cross-Border Trucking Demonstration Program.

Out of the 99 products subject to retaliatory tariffs, 54 are agricultural products with an estimated annual trade value of \$1.7 billion.

Recently added tariffs

Of the 54 agricultural products on the 2010 revised list, 19 were newly added and had an estimated 2009 annual trade value of over \$839 million. They include fresh and frozen hams (5% tariff); pork skin pellets (20%); fresh, processed, and specialty cheeses (20–25%); processed sweet corn (15%); pistachios, oranges, grapefruit, and apples (20%); processed oats (10%); and chewing gum, chocolate, and tomato ketchup (20%).

The biggest potential impact has been on hams (nearly \$437 million in 2009 trade value), apples (\$191 million), and cheeses (\$126 million). The U.S. Meat Export Federation has been working hard in Mexico to maintain market share despite the new tariffs on hams and pork skin pellets.

Mexico is the top export market for U.S. apples. According to the Economic Research Service (ERS), Mexico accounted for over one-third of total fresh-apple export volume in the United States over the past 5 years. The Northwest Horticultural Council estimates apple revenues will decrease by \$44 million as a result of the increased tariff. Mexico has historically accounted for a small share of U.S. orange exports, amounting to less than 2 percent in calendar year 2009 and about 2 percent through July 2010. U.S. grapefruit exports to Mexico also account for a relatively small share (1–2 percent) of total U.S. grapefruit exports.

Renewed and revised tariffs

The 35 agricultural commodities remaining on the list had an estimated annual trade value of nearly \$860 million in 2008. They included Christmas trees (20% tariff); onions and lettuce (10%); almonds, dates, grapes, pears, apricots, cherries, strawberries, processed nuts, and dried fruits (20%); pasta (10%); frozen potatoes (5%); canned peas, peanuts, juices, soy

sauce, condiments, and seasonings (20%); soups and broths (10%); juice concentrates and prepared foods with more than 10 percent milk solids (15%); mineral water, wine, and beer (20%); sunflower and rapeseed oilcake (15%); and pet food (10%). The 20 percent tariff on peanut butter was eliminated.

The largest trade impacts were on soups and broths (\$178 million trade value in 2008), condiments and seasonings (\$102 million), nuts (\$95 million), frozen potatoes (\$78 million), pears (\$71 million), grapes (\$62 million), and strawberries (\$30 million). According to the California Strawberry Commission, exports of strawberries to Mexico were off by 57 percent in 2009 due to the tariff.

The 20-percent tariff on frozen potatoes, which contributed to a 41 percent decrease in U.S. exports and an increase in Canada's market share, was revised to 5 percent.

The 45 percent tariff on grapes was revised to 20 percent. U.S. grape exports to Mexico declined from 110 million pounds in 2008/09 to 32.6 million pounds in the 2009/10, the lowest volume since 1996/97, according to ERS. The lower volume represented a 5 percent share of U.S. grape exports compared to 13 percent over the previous 10 years.

The tariff on pears and a larger Mexican pear crop in 2009 lowered U.S. exports by 13 percent in 2009/10. Mexico is the top export market for U.S. pears, accounting for over one-third of total volume.

Brian.McGregor@ams.usda.gov

Quarterly Overview

Fruit and Vegetable Shipments

U.S. truck shipments of fresh produce were 6.6 million tons, 7 percent lower than the previous quarter and 1 percent lower than the same quarter last year.

Mexico accounted for 31 percent of the total reported shipments of fresh fruits and vegetables during the 1st quarter 2011. Shipments from Mexico totaled nearly 2.1 million tons (mt) followed by the Pacific Northwest (PNW) with 1.2 mt (19 percent) and Florida with .735 mt (11 percent).

The following top five commodities accounted for 52 percent of the reported truck movements during the 1st quarter 2011:

- ▶ Lettuce (13%)
- ▶ Tomatoes (11%)
- ▶ Potatoes (11%)
- ▶ Apples (8%)
- ▶ Onions (8%)

Truck Rates

The 1st quarter 2011 average truck rate for U.S. produce shipments was \$1.93 per mile, 9 percent lower than the previous quarter but 8 percent higher than last year. The average monthly rate reached a quarterly peak in January at \$2.02 per mile.

During the 1st quarter 2011, the highest average reported rate per mile ranged between \$2.41 and \$4.19 for shipments from the Great Lakes region. Rates from Florida were the lowest at \$1.89 per mile.

Mexico truck rates for crossings through Arizona averaged \$1.88 per mile, 7.4 percent lower than last quarter and 4.6 percent lower than the same quarter last year. Border crossings through Texas averaged \$1.97 per mile, up 16.6 percent from last quarter and 16 percent from the same quarter last year.

Diesel Fuel

During the 1st quarter 2011, the U.S. diesel fuel price averaged \$3.61 per gallon—14 percent higher than last quarter and 26 percent higher than the same quarter last year.

¹The top 5 commodities are based on movements originating in the following regions: Arizona, California, Florida, the Great Lakes, Mexico, the Pacific Northwest, and Texas which represent 86 percent of the 1st quarter reported shipments.

Regulatory News and Updates

Agricultural Refrigerated Truck Quarterly 1st Quarter, 2011

Commercial Driver's License Testing and Commercial Learner's Permit Standards Final Rule

On May 9, the Federal Motor Carrier Safety Administration (FMCSA) published in the *Federal Register* a [final rule](#) which amends the commercial driver's license (CDL) knowledge and skills testing standards and establishes new minimum Federal standards for States to issue the commercial learner's permit (CLP). Although the final rule is effective July 8, 2011, States have until July 8, 2014, to be in compliance. The rule requires that a CLP holder meet virtually the same requirements and disqualification penalties as those for a CDL holder. Many agricultural operations are exempt from the current CDL regulations. This rule does not affect any of these current agricultural exemptions.

Applicability of the Federal Motor Carrier Safety Regulations to Operators of Certain Farm Vehicles and Off-Road Agricultural Equipment

On May 23, 2011, the FMCSA [requested public comment](#) on:

Previously published regulatory guidance on the distinction between interstate and intrastate commerce in deciding whether operations of commercial motor vehicles within the boundaries of a single State are subject to the Federal Motor Carrier Safety Regulations (FMCSRs).

The factors the States are using in deciding whether farm vehicle drivers transporting agricultural commodities, farm supplies, and equipment as part of a crop share agreement are subject to the commercial driver's license regulations.

Proposed guidance to determine whether off-road farm equipment or implements of husbandry operated on public roads for limited distances are considered commercial motor vehicles. The guidance would be used to help ensure uniform application of the safety regulations by enforcement personnel, motor carriers, and commercial motor vehicle drivers.

Supporting documents and comments may be viewed at: <http://www.regulations.gov>, under docket number FMCSA-2011-0146.

FMCSA Places Additional Research Studies in Hours-of-Service Proposed Rulemaking Official Docket

On May 6, 2011, the FMCSA placed four additional research studies in the official rulemaking docket [FMCSA-2004-19608](#) for the Hours-of-Service (HOS) Notice of Proposed Rulemaking (NPRM) for comment by June 8. The four studies are:

[*The Impact of Driving, Non-Driving Work, and Rest Breaks on Driving Performance in Commercial Motor Vehicle Operations*](#)

[*Hours of Service and Driver Fatigue-Driver Characteristics Research*](#)

[*Analysis of the Relationship Between Operator Cumulative Driving Hours and Involvement in Preventable Collisions*](#)

[*Potential Causes Of Driver Fatigue: A Study On Transit Bus Operators In Florida.*](#)

FMCSA reopened the HOS NPRM comment period to allow for public review and discussion of these studies. Because FMCSA

is committed to receiving and analyzing all public comments on the studies before it completes its work on the final rule, the agency will extend the final rule publication date.

FMCSA Publishes 2009 Large Truck Overview

In May 2011, the FMCSA identified the following trends in its [2009 Large Truck Overview](#):

Fatal Crashes. From 2000 to 2009, the number of large trucks involved in fatal crashes dropped from 4,995 to 3,215—down by 36 percent. The number of large trucks in fatal crashes per 100 million vehicle miles traveled by large trucks declined in these years from 1.91 to 1.12, down 41 percent. The corresponding rate for passenger vehicles fell from 1.96 to 1.38, down 30 percent.

Injury Crashes. From 2000 to 2009, the number of large trucks involved in injury crashes per 100 million vehicle miles traveled by large trucks declined by 52 percent, while the rate for passenger vehicles dropped by 33 percent. In 2009, large trucks accounted for 10 percent of all vehicle miles traveled and 4 percent of all registered vehicles in the United States.

Vehicles. In motor vehicle crashes, large trucks represented 7 percent of vehicles in fatal crashes, 2 percent of vehicles in injury crashes, and 3 percent of vehicles in property-damage-only crashes. Large truck tractors pulling semi-trailers accounted for 61 percent of the large trucks involved in fatal crashes and 47 percent of the large trucks involved in nonfatal crashes.

Feature Article

Short Distance Refrigerated Truck Rates in Los Angeles and Atlanta

The primary focus of the information and analysis in the Agricultural Refrigerated Trucking Quarterly (AgRTQ) is long distance refrigerated truck movements of fruit and vegetables. Consumers are increasingly interested in purchasing fresh fruit and vegetables grown closer to where they live. Better knowledge and understanding of transportation costs for short-distance moves can help consumers and producers in their economic decision-making process. This article presents data and analysis of truck rates and truck availability for short-distance movements of fruit and vegetables in two sample markets: Los Angeles, CA, and Atlanta, GA. These cities were chosen because of their geographic polarity on opposite coasts of the United States.¹ Short-distance movements in these two cases include origins that lie within 650 miles of the destination city.² A consistent pattern of truck costs emerges, revealing:

- The logical relationship that total truckload costs for shippers increase as distance to market increases.
- Per-mile costs decrease with market distance.
- Truck rates are affected by other factors, such as truck availability.

The relationship between distance and truck rates illustrates that agricultural shippers view truck rates on a per-unit-shipped basis, because they seek to minimize shipping costs. Carriers, however, face fixed and variable costs as part of their trucking business and tend to base the rates they charge on a per-mile basis. One of the goals of providing the historical data and analysis in this article is to create a common reference that both shippers and truckers can use to better understand where each other is coming from as rates are negotiated.

Benchmark Costs

The data for short-distance truck rates in this article are based on established trade routes—origin-destination pairs for which AMS has established reporting.³ Analysis of the available truck rates shows that a similar pattern emerges for these two diverse markets. These data may serve as benchmarks for other short-distance hauls of fruit and vegetables. Table 1 shows that for distances under 300 miles, the per-mile rate in both cities can be as low as \$2.57 in the Georgia-to-Atlanta route (191 miles to Atlanta) during the first quarter 2010 to as high as \$6.49 per mile in the Kern District-to-LA route (125 miles) during the first quarter of 2011. For shipping distances 300–622 miles, per-mile rates fall within the lower range of \$1.81–\$3.02 in both cities.

Table 1: Refrigerated Truck Rates for Short-distance Routes, \$/mile

	Origins	Miles	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
To Los Angeles	Kern District	125	5.97	5.95	5.97	5.63	6.49
	Santa Maria	158	4.92	4.66	4.73	4.76	4.83
	Arizona/California; Salinas	303		2.76	2.64	2.87	
	Imperial Valley-W. Arizona	409	2.08				
	Nogales, AZ	501	2.05	2.03	1.85	1.90	1.81
To Atlanta	Vidalia District	176		5.48	5.41		
	Georgia	191	2.57	3.79	4.14	4.55	5.12
	South Georgia	206		3.15	3.15		
	South Carolina	222		4.51	4.21		
	West District Florida	324				2.21	
	Mississippi	368	2.45	2.51	2.72	2.79	2.90
	North Carolina	383			2.52		
	Florida	428	2.28	2.46			2.80
	Central Florida	438	2.80	3.02		2.05	
	Central and South FL	501	1.93	2.64		2.01	2.15
	South Florida	566					2.10
	Eastern North Carolina	622	2.41	2.41	2.41	2.15	1.93
	Diesel \$/Gal			2.85	3.03	2.94	3.16

Blanks = no data

Key:
Surplus
Slight Surplus
Adequate
Slight Shortage
Shortage

Truck availability plays a crucial role in determining rates. Data in table 1 show that a shortage of trucks during the second quarter of 2010 corresponded with rates generally higher than in other quarters. This is also seen in

¹ AMS Fruit and Vegetable Programs Market News Branch reports data on truck availability and rates for fruit and vegetable movements in established trade lanes for ten cities: Atlanta, Baltimore, Boston, Chicago, Dallas, Los Angeles, Miami, New York City, Philadelphia, and Seattle.

² The upper limit of 650 miles was chosen from the AMS data because it provides a rich regional dataset covering a variety of trade routes and commodities.

³ Rates represent spot market sales paid by shippers or receivers per load for the most usual loads in 48-53 foot refrigerated trailers.

figures 1 and 3, where shippers generally paid more per mile in the second quarter than in others. When demand exceeds supply, truckers are able to exercise some market power by increasing rates for movements of any distance.

Truck availability is also influenced to some degree by diesel prices. Fuel costs can exceed 50 percent of a trucker's operating expenses, according to the Owner-Operator Independent Drivers Association. As the cost of fuel increases in a highly competitive environment, some truckers will cease operations if they cannot afford higher fuel costs and do not have the leverage to pass them on to shippers in the form of a fuel surcharge. Consequently, truck availability decreases and rates rise.

Truck Rate Analysis

From the figures below, a clear pattern emerges across both cities. As shipping distance increases, shippers pay less per mile (figures 1 and 3) but more per truckload (figures 2 and 4).¹ Even with rate fluctuations that vary from quarter to quarter, this relationship holds true. A closer look at shipper and trucker incentives can help illuminate how truck rates are reflective of decreasing costs per mile and increasing costs per truckload.

Figure 1: Refrigerated Truck Rates for Short-distance Routes to LOS ANGELES, \$/mile

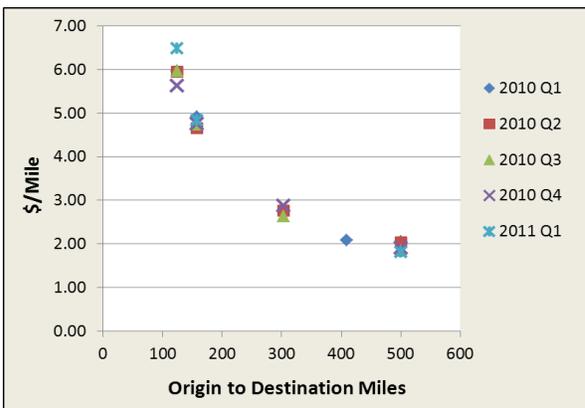


Figure 2: Refrigerated Truck Rates for Short-distance Routes to LOS ANGELES, \$/truckload

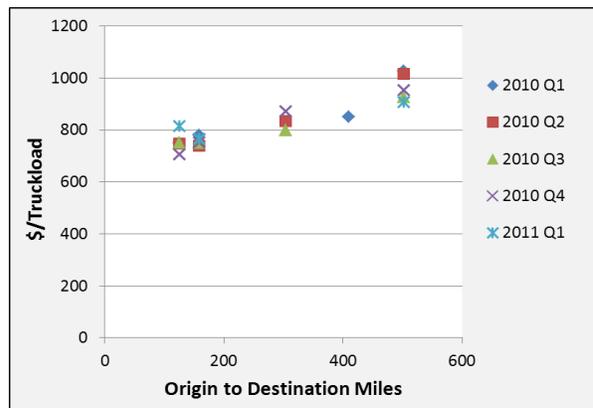


Figure 3: Refrigerated Truck Rates for Short-distance Routes to ATLANTA, \$/mile

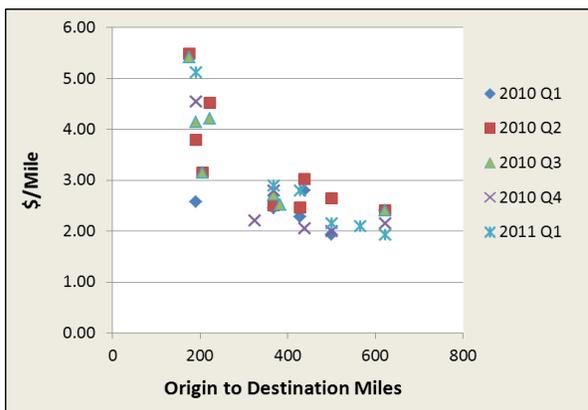
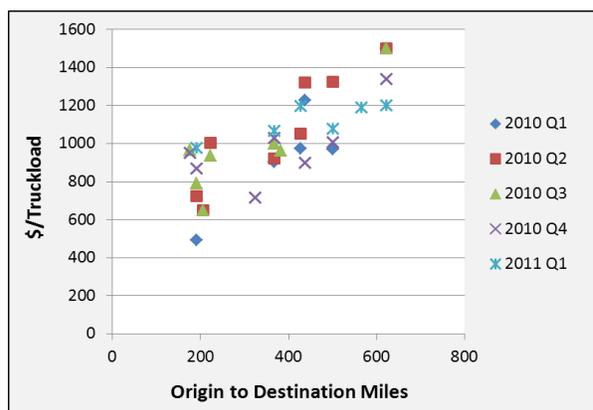


Figure 4: Refrigerated Truck Rates for Short-distance Routes to ATLANTA, \$/truckload



¹ Although the data for Atlanta show a higher degree of variance, this can be explained partially by the greater number of shipping points within a 650-mile radius. The data available for Los Angeles includes origins of refrigerated goods from only five markets within the 650-mile radius, whereas data for Atlanta includes 12 origins.

Researchers note that shippers and truckers may have different perceptions of cost for the same movement of goods.¹ Whereas shippers are concerned with the cost per truckload (figures 2 and 4), truckers may be concerned with the cost per mile (figures 1 and 3). In the highly competitive world of trucking, trucking companies must take into account all costs. The opportunity cost of loading and unloading goods can be relatively high for truckers, most of whom are paid per mile.² More time spent loading means less time on the road and less revenue. Time spent loading and unloading constitutes the greatest increase in a trucker's cost for movements over short distances.³ Thus, the shortest trips are impacted the most by loading and unloading costs. Additionally, there are other costs for shipments, such as contractual, operational, and fixed costs, that do not vary with the distance traveled. In order to be profitable, truck rates for a shipment of any distance must recover these costs, making shorter movements cost more per mile than longer movements (figures 1 and 3).

Shipping goods longer distances is one method for truckers to achieve lower costs per mile than shipping shorter distances. Truckers face fixed and variable costs. Fixed costs include the purchase of tractors and trailers, depreciation, licenses, permits, taxes, and insurance. These costs are incurred whether the truck is operated for service or parked in a driveway. Variable costs include tires, fuel, maintenance and repair, and labor. Unlike fixed costs, variable costs are proportional to the amount of usage, such as the number of truckloads delivered and miles driven. However, fixed costs decrease on a per-unit basis as the level of output increases.

Economies of utilization is the concept whereby increasing the usage of the fixed assets leads to lower average costs. Truckers are encouraged to make high use of their equipment through backhauls of other cargo or shipping longer distances in order to mitigate their fixed costs. Longer movements offer higher profit per mile due to lower average costs. In order to make shorter movements equally profitable, truckers seek to recover fixed costs regardless of the mileage driven. Therefore, quoted rates reflect the fixed costs of operating in addition to the variable costs associated with additional mileage, making profit per mile the same for short and long distances and causing the costs per truckload to increase with distance for the shipper (figures 2 and 4).

In conclusion, clear patterns detailing truck rate characteristics emerge from Los Angeles and Atlanta. Per-mile truck rates are in the same ranges for both cities, with higher rates for shipping distances less than 300 miles than for shipping distances between 300 and 650 miles. Truckers seek to recover fixed and variable costs with every shipment but may stop operations when competition does not allow for rate increases to cover variable costs. The shipper is likely to consider the cheaper truckload rate for shorter distances without considering the trucker's higher costs per mile built into that rate. Truckers, on the other hand, are definitely aware of their costs per mile and will quote rates accordingly for all distances if they wish to remain in business over the long-term.

Marina.Denicoff@ams.usda.gov; Adam.Sparqer@ams.usda.gov; April.Taylor@ams.usda.gov

¹ Berwick, M. and M. Farooq. 2003. Trucking cost model for transportation managers. Upper Great Plains Transportation Institute, North Dakota State University. Fargo, ND.

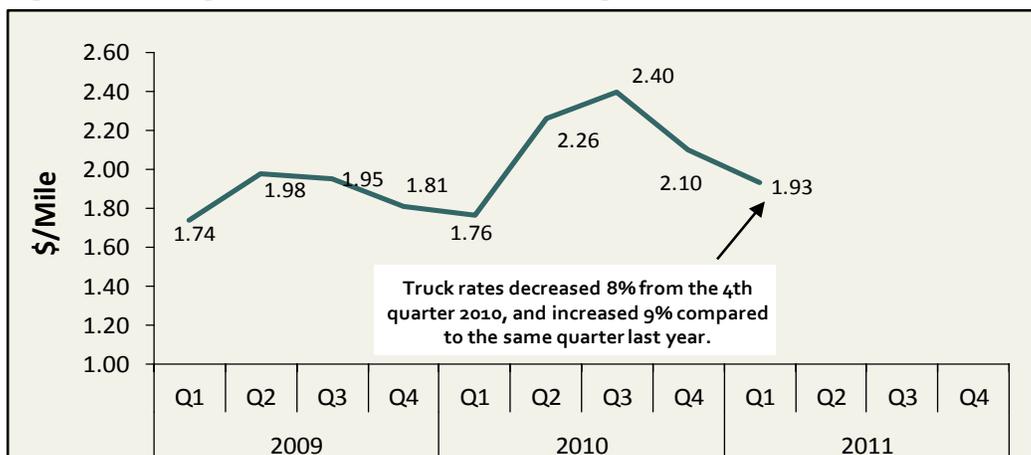
² [USDA and USDOT. 2010. Study of Rural Transportation Issues.](#)

³ Ibid.

National Summary

U.S. Truck Rates

Figure 1: Average Truck Rates for Selected Long Haul Routes (\$/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 1: Average U.S. Truck Rates for Selected Long-Haul Routes (\$/Mile)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	*Annual
2011	1.93				1.93
2010	1.76	2.26	2.4	2.1	2.13
2009	1.74	1.98	1.95	1.81	1.87
2008	1.85	2.36	2.67	2.14	2.26
2007	1.70	2.11	2.08	2.00	1.97
2006	1.79	1.84	2.14	1.84	1.90
2005	1.56	1.88	2.10	2.08	1.91

*Annual: Weighted average rate for all 4 quarters.

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 2: Quarterly Rates for Key Origins by Month (\$/Mile)

Origin	1st Qtr 2011			4th Qtr 2010		
	Jan	Feb	Mar	Oct	Nov	Dec
Arizona	2.27	2.08	2.06	2.57	2.57	2.35
California	2.14	1.97	1.99	2.49	2.37	2.19
Great Lakes	3.14	3.30	3.38	2.88	2.90	3.19
Mexico - Arizona	2.09	1.81	1.77	2.05	2.05	2.02
Mexico - Texas	1.95	1.92	2.00	1.58	1.65	1.81
PNW	1.90	1.81	1.81	1.71	1.75	1.84
Texas	2.27	2.23	2.33			
Florida	1.89	1.94	2.03	n/a	1.57	1.88

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Note: "n/a" indicates rates not available.

Note: The rates for 8 long-haul fruit and vegetable truck corridors are included in the national rate, weighted by commodity and origin volume.

Truck Rates for Selected Routes and Commodities

Table 3: Origin-Destination Truck Rates for Selected Routes and Commodities. 1st Quarter 2011 (\$/Mile)

Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Lettuce	2.16	2.32	2.05	2.07	2.09	2.22	2.12	1.82
California	Broccoli	1.93	2.03		1.88	1.83	1.71	1.85	3.21
	Carrots	1.92	1.99		1.88	1.82	1.72	1.85	3.31
	Kiwifruit	2.02	2.09	1.98	2.09	2.06	1.87	2.01	
	Lettuce	1.90	1.95	1.86	1.86	1.79	1.68	1.82	3.99
	Strawberries	1.89	1.98	1.73	1.84	1.84		1.83	3.14
Great Lakes	Apples		2.53	3.10					
	Onions		2.59	1.90			2.34		
	Potatoes	4.19	2.77	3.35	3.26	3.87	2.47	3.56	
Mexico - AZ	Mixed Vegetables	1.94		1.56	1.99		1.93	2.01	
Mexico - TX	Citrus	2.12	1.88	1.63	2.08	2.05	1.95	2.06	
Pacific Northwest	Apples	2.28	2.38	2.00	1.95	2.00	1.86	1.96	0.28
	Onions	2.04	1.81	1.80	1.79	1.83	1.74	1.81	
	Potatoes	2.07	1.86	1.83	1.83	1.80	1.71	1.77	
Florida	Mixed Vegetables	2.29	2.70	1.66	1.85	1.73		1.83	
	Potatoes	2.45	3.00				0.23		
	Tomatoes								

Source: AMS, Fruit and Vegetable Market News Branch, Fruit and Vegetable Truck Rate Reports

Truck Rates for Selected Routes and Commodities

Table 4: Origin-Destination Truck Rates for Selected Routes and Commodities, 1st Quarter 2011 (\$/Truck)

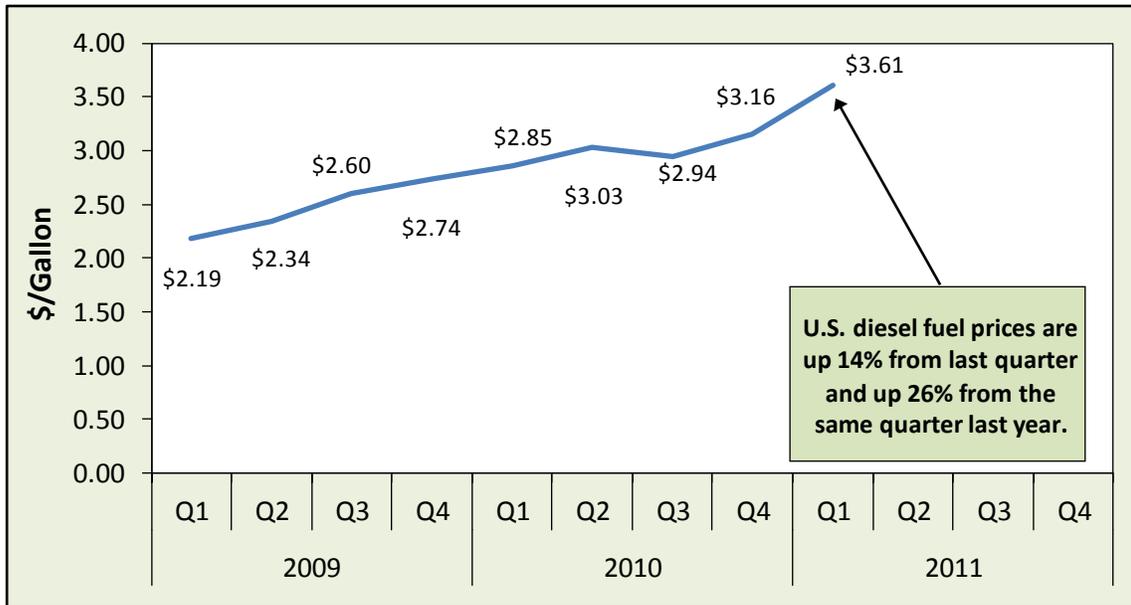
Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Lettuce	5,331	4,288	3,711	5,596	4,919	5,258	5,088	3,000
California	Broccoli	5,407	4,457		5,687	5,000	5,338	5,170	2,412
	Carrots	5,365	4,381		5,673	4,988	5,362	5,162	2,492
	Grapes								
	Kiwifruit	5,650	4,600	3,950	6,300	5,625	5,850	5,600	
	Lettuce	5,313	4,287	3,711	5,597	4,907	5,258	5,080	3,000
	Strawberries	5,292	4,346	3,452	5,558	5,019		5,092	2,362
Great Lakes	Apples		2,200	900					
	Onions		2,250	550			3,500		
	Potatoes	3,353	2,406	972	3,142	2,791	3,697	2,766	
Mexico - AZ	Mixed Vegetables	4,950		3,123	5,277		4,396	4,731	
Mexico - TX	Citrus	4,219	2,165	2,404	4,562	3,665	3,020	3,888	
Pacific Northwest	Apples	5,938	5,715	3,600	5,954	5,546	6,250	5,554	700
	Onions	5,296	4,348	3,245	5,484	5,067	5,855	5,133	
	Potatoes	5,394	4,469	3,298	5,590	4,995	5,762	5,009	
Florida	Melons	2,775	1,190	2,155	2,992	2,100		2,385	
	Mixed Vegetables	2,519	1,079	1,996	2,792	1,908		2,198	
	Potatoes	2,700	1,200				575		
Texas	Oranges	4,219	2,165	2,408	4,565	3,665	3,020	3,888	

Source: AMS, Fruit and Vegetable Market News Branch, Fruit and Vegetable Truck Rate Reports

U.S. Diesel Fuel Prices

The diesel fuel price provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for fruit and vegetable movements.

Figure 2: U.S. Average On-Highway Diesel Fuel Prices



Source: Energy Information Administration/U.S. Department of Energy

Table 5: 1st Quarter 2011 Average Diesel Fuel Prices (All Types - \$/Gallon)

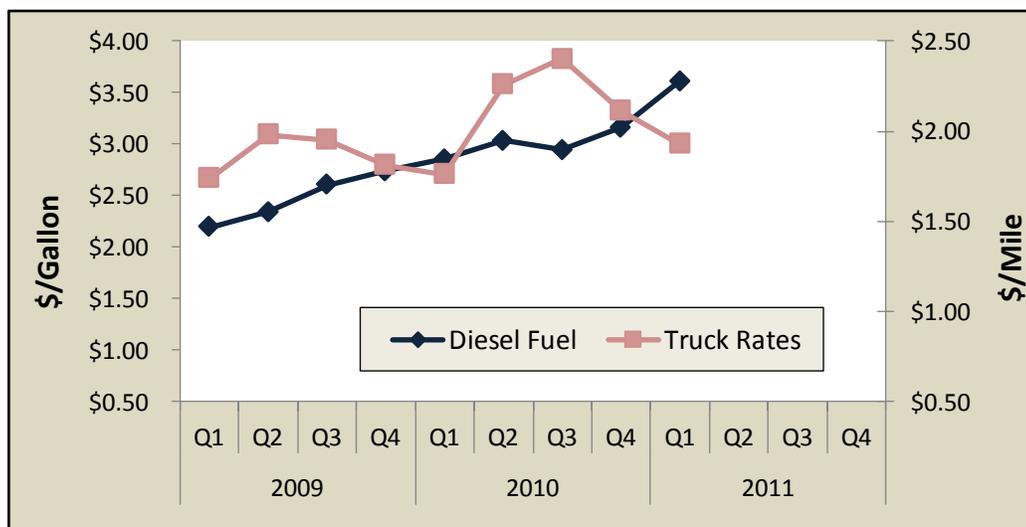
Location	Price	Change From	
		Last Quarter	Same Qtr Last Year
East Coast	3.65	0.50	0.75
New England	3.78	0.55	0.76
Central Atlantic	3.76	0.50	0.76
Lower Atlantic	3.59	0.50	0.75
Midwest	3.56	0.44	0.75
Gulf Coast	3.55	0.49	0.74
Rocky Mountain	3.59	0.39	0.75
West Coast	3.75	0.46	0.81
California	3.83	0.52	0.83
U.S.	3.61	0.45	0.75

Source: Energy Information Administration/U.S. Department of Energy

Relationship Between Diesel Fuel & Truck Rates

The diesel fuel price provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for fruit and vegetable movements.

Figure 3: U.S. Average On-Highway Diesel Fuel Prices and Truck Rates



Sources:

Diesel Fuel: Energy Information Administration/U.S. Department of Energy

Truck Rate: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 6: Average Diesel Fuel Prices and Truck Rates

		Diesel Fuel (\$/gallon)	Truck Rates (\$/mile)	% Change From:			
				Last Qtr		Same Qtr Last Year	
				Diesel	Truck	Diesel	Truck
2009	Q1	2.19	1.74	-25%	-19%	-38%	-6%
	Q2	2.34	1.98	7%	14%	-44%	-16%
	Q3	2.60	1.95	11%	-2%	-40%	-27%
	Q4	2.74	1.81	5%	-7%	-6%	-15%
2010	Q1	2.85	1.76	4%	-3%	30%	1%
	Q2	3.03	2.26	6%	28%	29%	14%
	Q3	2.94	2.40	-3%	6%	13%	23%
	Q4	3.16	2.11	7%	-12%	15%	17%
2011	Q1	3.61	1.93	14%	-9%	27%	10%
	Q2						
	Q3						
	Q4						

Sources:

Diesel Fuel: Energy Information Administration/U.S. Department of Energy

Truck Rates: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

4th Quarter 2010 Comparison Analysis

Diesel fuel prices averaged \$3.14 per gallon this quarter, 7 percent higher than last quarter and 15 percent higher than the same quarter last year. Average truck rates were \$2.10 per mile, 12 percent lower than the previous quarter but 16.5 percent higher than the same quarter last year.

The effect of a change in diesel fuel prices is compounded for produce haulers because the fuel is needed to run the refrigeration unit as well as the truck.

In many cases, trucking companies and owner-operator independent drivers are not able to pass on the full increase in fuel cost to shippers due to existing contracts, competition, and the need for backhaul cargo to cover at least some of the costs of operation. In addition, some shippers offer enough business to a company that the fuel surcharge is waived. In these cases, the total surcharge collected may not be reported or fully reimbursed to those paying for the fuel.

Quarterly Truck Availability

Table 7: U.S. Fresh Fruit and Vegetable Truck Availability, 4th Quarter 2010

Region	Commodity	Truck Availability													
		Surplus - 1		Slight Surplus - 2			Adequate - 3				Slight Shortage - 4			Shortage - 5	
		Week Ending													
		1/4	1/11	1/18	1/25	2/1	2/8	2/15	2/22	3/1	3/8	3/15	3/22	3/29	
CALIFORNIA, CENTRAL AND WESTERN ARIZONA															
Central and Southern San Joaquin Valley, CA	Kiwi	3	3												
Central San Joaquin Valley, CA	Romaine and Leaf Lettuce												3	3	
	Iceberg Lettuce													3	
Kern District, CA	Carrots	4	3	3	3	2	3	2	2	2	3	3	3	3	
Salinas-Watsonville, CA	Broccoli, Cauliflower												3	3	
South District, CA	Avocados												3	3	
	Citrus, Strawberries, Raspberries	3	3	3	1	1	2	1	1	1	3	3	3	3	
	Broccoli	4	3	3	3	2	3	2	2	2	3	3	3	3	
Santa Maria, CA	Mixed Vegetables	4	3	3	3										
	Cauliflower					2	3	2	2	2	3	3	3	3	
Imperial, Palo Verde, Coachella Valleys, CA; Central, West AZ	Lettuce, Mixed Vegetables	4	3	3	3	2	3	2	2	2	3	3	3	3	
PACIFIC NORTHWEST (WA, ID, OR)															
Columbia Basin, WA	Potatoes, Onions	3	3	3	2	2	3	3	3	3	3	4	3	3	
Yakima Valley & Wenatchee District, WA	Apples, Pears	4	3	3	3	3	3	3	3	3	3	3	3	3	
Northwestern WA	Potatoes	3*	3*	3	3	3	3	3	3	3	3	3	3	3	
Upper Valley, Twin Falls-Burley District, ID	Potatoes	3	3	3	2	3	3	3	3	3	3	3	3	3	
Idaho and Malheur County, OR	Onions	4	3	3	2	2	3	5**	3	3	3	4	3	3	
GREAT LAKES (MI & WI)															
Michigan	Apples	3	3	3	3	3	3	3	3	3	3	3	3		
	Onions	3	3	3	3										
Central Wisconsin	Potatoes	3	3	3	3	3	3	3	3	3	3	3	3	3	
FLORIDA															
Central and South Florida	Mixed Vegetables, Tomatoes	1	2	2	2	2	5	3	4	4	4	4	4	5	
South Florida	Melons	1	2	2	2	2	5	3	4	4	4	4	4	5	
Florida	Potatoes										3	3	3	3	
MEXICO BORDER CROSSINGS															
Through Texas	Citrus, Mixed Fruit & Vegetables	5	5	4	3	3	3	3	3	3	3	5	4	3	
	Tomatoes, Watermelon	5	5	4	3	3	3	3	3	3	3	5	4	3	
	Mangoes							3	3	3	3	5	4	3	
Through Nogales, AZ	Tomatoes, Melons, Mixed Veg	5	4	2	1	1	3	1	1	1	1	2	2	2	
	Mangoes							1	1	1	1	2	2	2	
TEXAS															
Lower Rio Grande Valley, TX	Oranges, Grapefruit, Greens	5	5	4	3	3	3	3	3	3	5	5	5	3	
	Herbs, Cabbage, Beets, Parsley	5	5	4	3	3	3	3	3	3	5	5	5	3	

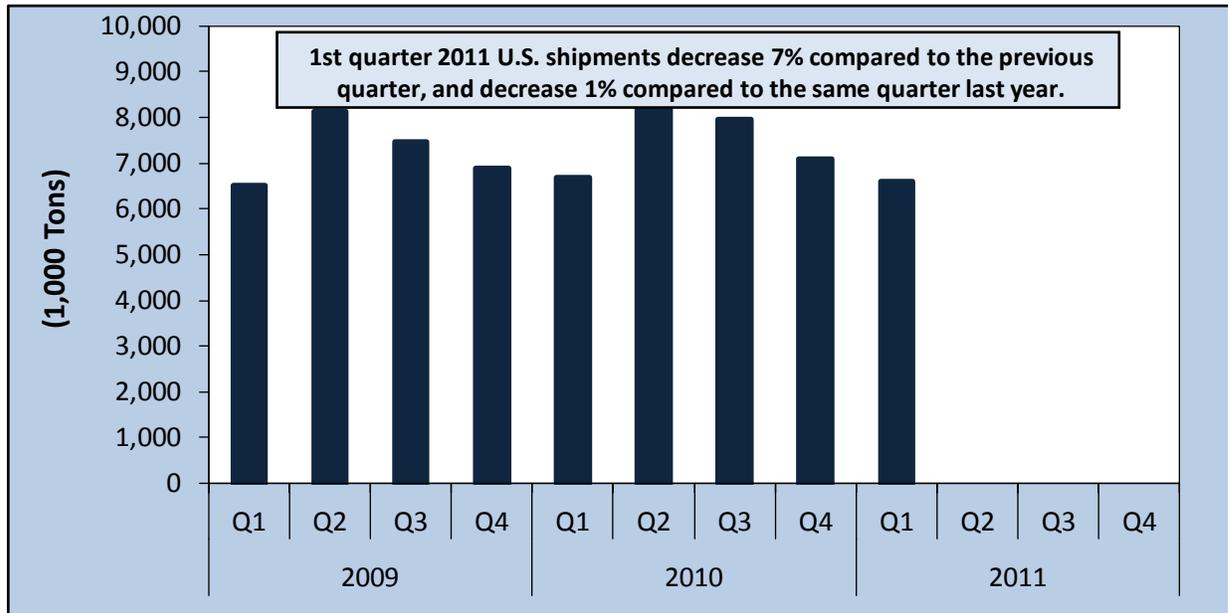
Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch, *Fruit and Vegetable Truck Rate Report*

* barely adequate

**shortage in northern, eastern, and western areas; other areas adequate

U.S. Shipments

Figure 4: U.S. Refrigerated Fruit and Vegetable Shipments (1,000 Tons)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Table 8: U.S. Refrigerated Fruit and Vegetable Shipments (1,000 Tons)

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2011	6,591				6,591
2010	6,690	8,849	7,947	7,079	30,565
2009	6,505	8,139	7,464	6,897	29,005
2008	6,669	10,462	7,173	6,368	30,672
2007	6,704	8,683	7,324	6,640	29,351
2006	6,542	8,595	7,140	6,733	29,010
2005	6,610	8,405	7,351	6,618	28,984

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Shipments by Selected Commodities

Table 9: Top 10 Commodity Shipments for 1st Quarter 2011 (1,000 Tons)

Commodity	1st Quarter 2011	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
				Previous Qtr	Same Qtr Last Year
Lettuce	740	702	761	5%	-3%
Tomatoes	649	589	666	10%	-3%
Potatoes	639	674	725	-5%	-12%
Apples	461	486	471	-5%	-2%
Onions	443	333	410	33%	8%
Peppers	321	240	291	34%	10%
Celery	212	211	201	0%	5%
Strawberries	194	82	190	136%	2%
Cucumbers	167	164	200	2%	-16%
Cabbage	157	52	143	201%	10%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Regional Markets

California

Table 10: Top Five Commodities Shipped from California (1,000 tons)

Commodity	1st Quarter 2011	Share of California Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Lettuce	129	21%	315	146	-59%	-12%
Celery	118	20%	197	139	-40%	-15%
Strawberries	81	14%	110	91	-26%	-11%
Carrots	67	11%	110	76	-39%	-12%
Broccoli	46	8%	65	47	-29%	-2%
Top 5 Total	442	73%	797	499	-45%	-11%
California Total	601	100%	1,619	674	-63%	-11%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
 "-" indicates no reported shipments during the quarter.

Figure 5: California Truck Rates (\$/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 6: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	January	February	March
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
Regional Average	\$3.83	\$2.03	3.00	1.92	2.84
Central and Southern San Joaquin Valley, CA			3.00	n/a	n/a
Kern District, CA			3.25	2.25	2.80
Salinas-Watsonville, CA			n/a	n/a	3.00
South District, CA			2.50	1.25	2.75
Santa Maria, CA			3.25	2.25	2.80

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the California sub-group of the West Coast PAD District 5 was used to represent the diesel fuel price.

Volume: The volume for the top five commodities shipped from California decreased 11 percent from the same quarter last year. Of the top 5 commodities, carrots saw the only increase—7 percent above the same quarter last year. Strawberries saw the largest decrease of 26 percent followed by celery (down 15 percent) and lettuce (down 12 percent). Cooler-than-expected temperatures in California caused some damage and delays this winter for lettuce acres during the first quarter. At the same time, heavy rain (up to 10 inches) fell on the primary coastal celery growing regions around Oxnard, CA. Rainy weather again in California around mid-March slowed strawberry shipments temporarily, but volumes were expected to bounce back in early April.

Rates: The quarterly average truck rate was \$2.03 per mile, 14 percent lower than last quarter but 5 percent higher than the same quarter last year. The average rate per mile during this same period last year was \$1.93.

Truck Overview: Diesel fuel prices averaged \$3.83 per gallon, 15 percent higher than last quarter and 28 percent higher than the same period last year. On average, truck availability was mostly adequate during the 1st quarter with some slight shortages during the first week of January, then surpluses and slight surpluses in February. Slight shortages occurred during the first week of January in the Kern District, Santa Maria, and the Imperial, Palo Verde, and Coachella Valleys. The South District saw mostly surpluses from the end of January through February.

Pacific Northwest (PNW)

Table 11: Top 5 Commodities Shipped from PNW (1,000 tons)

Commodity	1st Quarter 2011	Share of PNW Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Potatoes	454	37%	466	493	-3%	-8%
Apples	428	35%	419	411	2%	4%
Onions	260	21%	249	283	4%	-8%
Pears	89	7%	135	151	-34%	-41%
Rhubarb	0.1	0%	0	0	-	-
Top 5 Total	1,231	100%	1,269	1,338	-3%	-8%
PNW Total	1,231	100%	1,272	1,337	-3%	-8%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
 Note: "-" indicates no reported shipments during the quarter.

Figure 7: PNW Truck Rates (\$/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 8: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	January	February	March
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
Regional Average	\$3.75	\$1.84	2.95	2.83	3.05
Columbia Basin, WA			2.75	2.75	3.20
Yakima Valley & Wenatchee District, WA			3.25	3.00	3.00
Northwestern WA			3.00	3.00	3.00
Upper Valley, Twin Falls-Burley District, ID			2.75	2.75	3.00
Idaho and Malheur County, OR			3.00	2.66	3.20

n/a: availability data not reported

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the West Coast PAD District 5 was used to represent the diesel fuel price for PNW.

Volume: The top five commodities moved by truck from the Pacific Northwest (PNW) decreased 8 percent from the same quarter last year. Reported potato and onion shipments decreased by 8 percent and pear shipments fell by 41 percent compared with the same quarter last year. According to ERS’s *Vegetable and Melon Outlook*, potato production in 2010 was low and has remained low so far in 2011. The sharp decline year over year in pear movements is a result of a small crop this past fall season, reducing available supplies and increasing fresh market prices.

Rates: The average rate per mile in the PNW was \$1.84, an increase of 4 percent from last quarter and a 16 percent increase from the same quarter last year.

Truck Overview: Diesel fuel prices averaged \$3.75 per gallon, 14 percent higher than last quarter and 27 percent higher than the same quarter last year. Shippers in the PNW experienced average truck availability throughout the 1st quarter with only pockets of truck shortages. Apple and pear shippers in the Yakima Valley and Wenatchee District experienced slight shortages during the first week in January, then average availability throughout the remainder of the quarter. The Idaho and Malheur County, OR, region experienced shortages during the second week in February, but average availability the rest of the quarter.

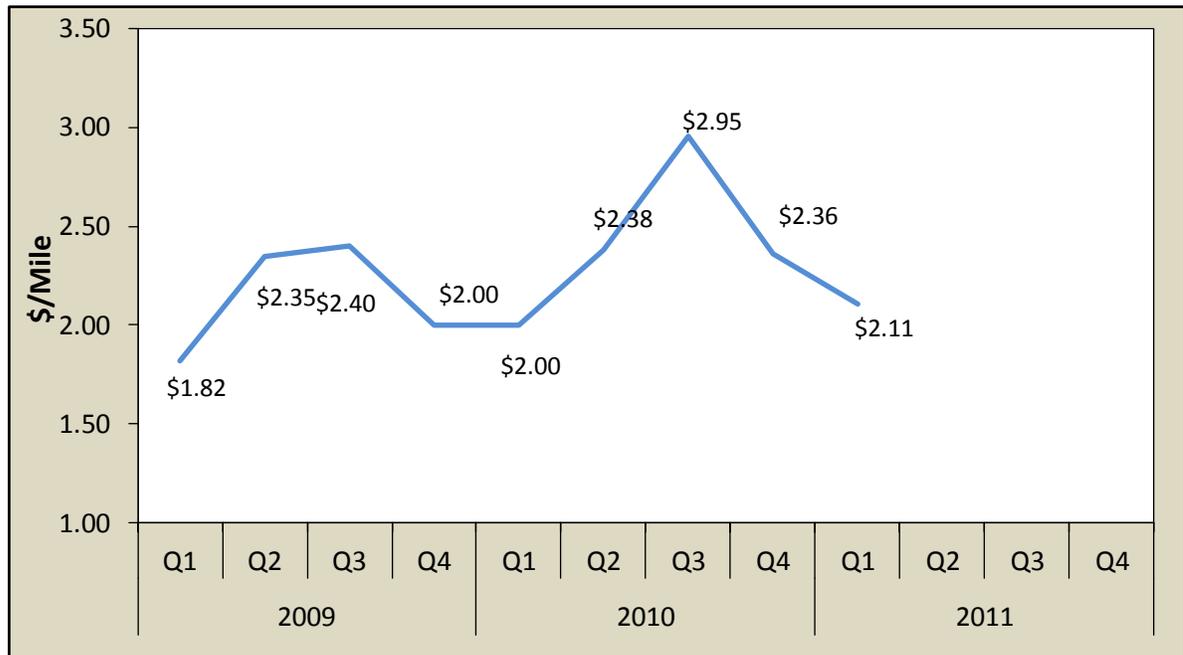
Arizona

Table 12: Top 5 Commodities Shipped from Arizona (1,000 tons)

Commodity	1st Quarter 2011	Share of Arizona Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Lettuce	545	78%	347	569	57%	-4%
Broccoli	35	5%	19	29	85%	21%
Cauliflower	33	5%	11	33	199%	-0.3%
Celery	31	4%	1	26	2971%	18%
Spinach	30	4%	12	20	149%	49%
Top 5 Total	674	97%	390	677	73%	-0.4%
Arizona Total	698	100%	500	698	40%	0%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
 Note: "-" indicates no reported shipments during the quarter.

Figure 9: Arizona Truck Rates (\$/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 10: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	January	February	March
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
Regional Average	\$3.75	\$2.11	2.80	1.75	2.38
Imperial, Palo Verde, Coachella Valleys, CA; Central, Western AZ			3.00	2.25	3.00
Through Nogales, AZ			2.60	1.25	1.75

n/a: availability data not reported

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the West Coast PAD District 5 was used to represent the diesel fuel price for Arizona.

Volume: The top 5 commodities shipped from Arizona represented 97 percent of reported shipments during the 1st quarter. Reported shipments were unchanged from the same quarter last year. However, some commodities such as broccoli, celery, and spinach saw significant increases—21 percent, 18 percent and 49 percent, respectively, indicating stronger demand for these products than the previous year. Despite an early freeze in February in Arizona, movements of these fresh-market products were significantly above last year due to strong demand and to weather damage and delays in California and Mexico for broccoli and celery.

Rates: The truck rate per mile averaged \$2.11 during the 1st quarter, 11 percent lower than last quarter but 5 percent higher than the same period last year.

Truck Overview: Diesel fuel prices averaged \$3.75 per gallon, 14 percent higher than last quarter and 27 percent higher than the same quarter last year. On average, truck availability ranged from adequate to a slight surplus during the 1st quarter. The early part of January brought shortages to both the Nogales border crossing and to central and western Arizona. The rest of the quarter saw slight surpluses through the Nogales border crossing and adequate to a slight surplus in central and western Arizona.

Great Lakes

Table 13: Top 3 Commodities Shipped from Great Lakes (1,000 tons)

Commodity	1st Quarter 2011	Share of Great Lakes Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Potatoes	116	77%	160	161	-27%	-28%
Apples	29	19%	46	59	-37%	-51%
Onions	6	4%	20	26	-71%	-78%
Top 3 Total	151	100%	226	246	-33%	-39%
Great Lakes Total	151	100%	226	246	-33%	-39%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
 Note: "-" indicates no reported shipments during the quarter.

Figure 11: Great Lakes Truck Rates (\$/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 12: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	January	February	March
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
Regional Average	\$3.56	\$3.26	3.00	3.00	3.00
Michigan			3.00	3.00	3.00
Central Wisconsin			3.00	3.00	3.00

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy
For the purpose of this report the Midwest PAD District 2 was used to represent the diesel fuel price.

Volume: Shipments of the top three commodities from the Great Lakes Region decreased 39 percent from the same quarter last year. All commodities experienced significant decreases. Potatoes remained the top commodity, but dropped 27 percent from last quarter and 28 percent from the same quarter last year. Onions saw the greatest decrease: 78 percent from the same quarter last year. Domestic usage of onions has been low over the quarter, particularly onions for dehydration. The decrease in apple shipments is a result of low production this fall.

Rates: The average rate per mile in the Great Lakes region was \$3.26, up 9 percent from last quarter and 14 percent from the same quarter last year.

Truck Overview: Diesel fuel prices averaged \$3.56 per gallon, 14 percent higher than the previous quarter and 26 percent higher than the same quarter last year. Truck availability was adequate for Michigan and central Wisconsin throughout the entire quarter.

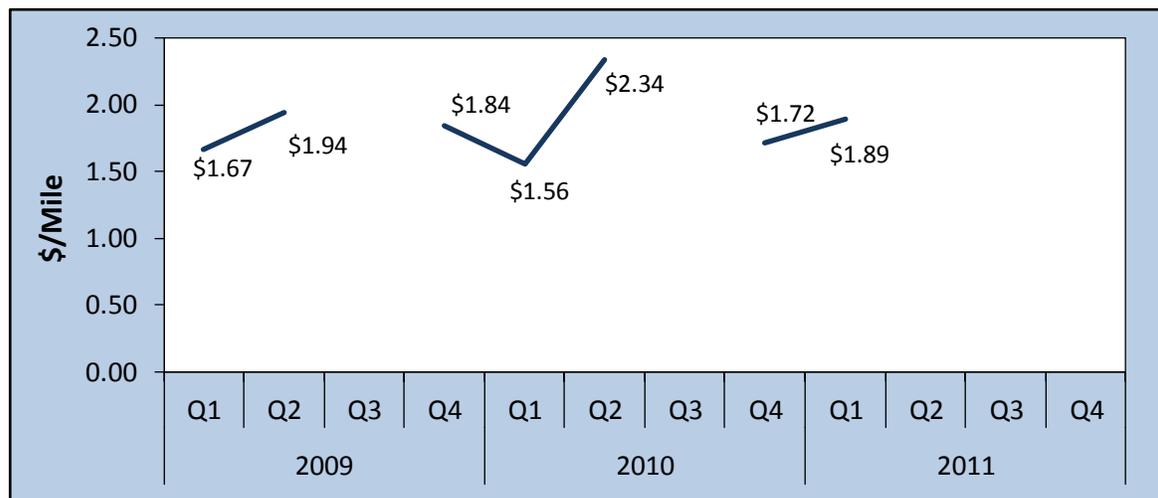
Florida

Table 14: Top 5 Commodities Shipped from Florida (1,000 tons)

Commodity	1st Quarter 2011	Share of Florida Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Tomatoes	180	49%	275	99	-35%	82%
Strawberries	80	14%	4	56	-	43%
Peppers	75	10%	22	28	241%	168%
Cabbage	63	9%	3	51	-	23%
Grapefruit	52	4%	49	57	5%	-9%
Top 5 Total	450	85%	353	291	27%	55%
Florida Total	735	100%	566	464	30%	58%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
 Note: "-" indicates no reported shipments during the quarter.

Figure 13: Florida Truck Rates (\$/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
 Note: Reported rates for some quarters could not be determined.

Figure 14: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	January	February	March
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
Regional Average	\$3.59	\$1.89	1.75	3.50	3.80
Central and South Florida			1.75	3.50	4.20
South Florida			1.75	3.50	4.20
Florida			n/a	n/a	3.00

n/a: availability data not reported

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the Lower Atlantic Area (PADD 1C) of the East Coast PAD District 1 was used to represent the diesel fuel price for Florida.

Volume: Volume for the top five commodities shipped from Florida increased 46 percent during the 1st quarter compared to the same quarter last year and 85 percent from the 4th quarter of 2010. A substantial increase in peppers shipments (168 percent) from the same quarter last year was reported for this quarter. Florida’s vegetable shipments, although generally below historical averages, have been running ahead of the extreme lows of a year earlier. Despite the December freezes, according to the Economic Research Service’s (ERS) *Vegetables and Melons Outlook*, the freezes in Florida arrived earlier, were of shorter duration, and were spread out over a month, enabling more plants to survive, resume growth, and set new blooms. A year earlier, the weather remained very cold over an extended period, defeating most countermeasures used by growers and leading to nearly total crop destruction.

Rates: Truck rates averaged \$1.89 per mile, 21 percent higher than the same quarter last year.

Truck Overview: Diesel fuel prices averaged \$3.59 per gallon, 16 percent higher than last quarter, and 24 percent higher than the same quarter last year. Florida experienced slight surpluses to adequate truck availability on average in January, but availability was tight overall in February and became even tighter in March.

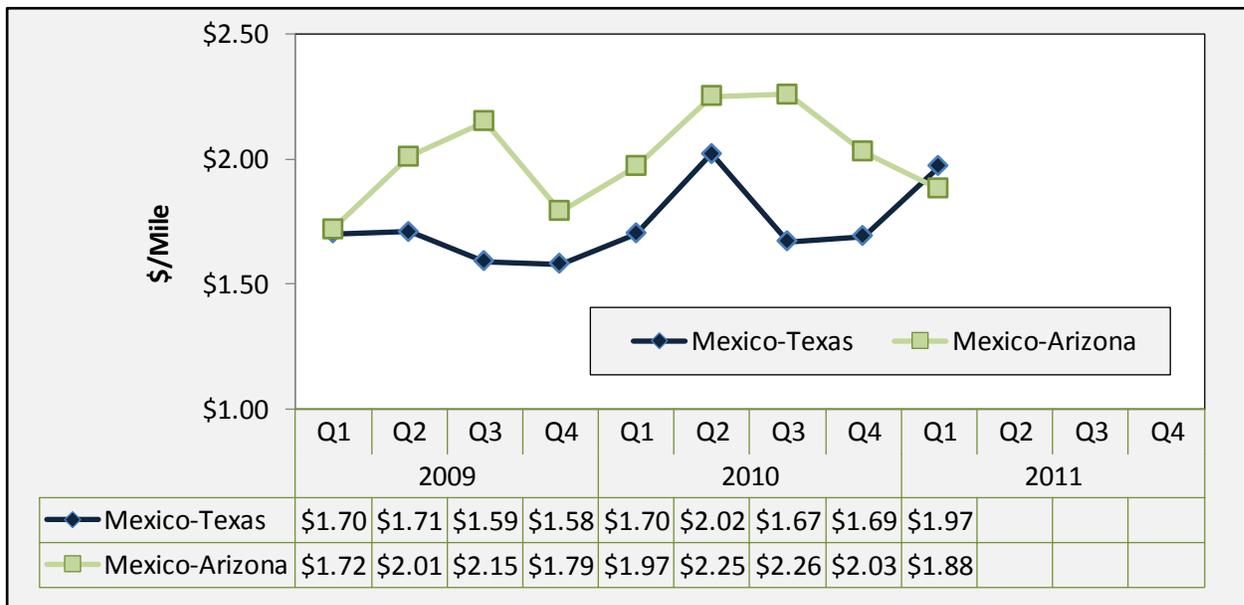
Mexico

Table 15: Top 5 Commodities Shipped from Mexico (1,000 tons)

Commodity	1st Quarter 2011	Share of Mexico Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Tomatoes	469	23%	216	567	117%	-17%
Peppers	246	12%	169	262	45%	-6%
Cucumbers	159	8%	151	200	5%	-21%
Onions	151	7%	36	87	319%	73%
Watermelon	126	6%	87	82	45%	54%
Top 5 Total	1,150	56%	659	1,198	75%	-4%
Mexico Total	2,059	100%	1,386	2,144	49%	-4%

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch
 Note: "-" indicates no reported shipments during the quarter.

Figure 15: Mexico Truck Rates (\$/Mile)



Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Figure 16: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	January	February	March
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
Regional Crossing Average			3.30	2.13	2.75
Through Texas	\$3.55	\$1.97	4.00	3.00	3.75
Through Nogales, AZ	\$3.75	\$1.88	2.60	1.25	1.75

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the Gulf Coast PAD District 3 was used to represent the diesel fuel price through Texas.

For the purpose of this report the West Coast PAD District 5 was used to represent the diesel fuel price through Arizona.

Volume: Reported fruit and vegetable shipments from Mexico during the 1st quarter were down 4 percent compared to the same quarter last year, but up 49 percent compared with the previous quarter. The top 3 commodities saw decreases from the previous year; tomatoes were down 17 percent, peppers 6 percent, and cucumbers 21 percent. These decreases were offset by significant increases in shipments of onions (up 73 percent) and watermelons (up 54 percent). Mexico experienced a heavy freeze this winter, impeding the production of fresh vegetables, especially tomatoes. According to the ERS's *Vegetable and Melon Outlook Report*, the impact of the freeze has put a temporary dent in fresh-vegetable import volume. During the first 2 months of 2011, the volume of fresh vegetable imports (excluding potatoes, mushrooms, and melons) declined 5 percent from a year earlier. Most of the reduction was in shipments from Mexico (represents about 85 percent of fresh imports), which dropped 7 percent.

Rates: Truck rates for border crossings through Texas averaged \$1.97 per mile, 17 percent above last quarter and 15 percent higher than the same quarter last year. Rates for crossings through Arizona averaged \$1.88 per mile, 7 percent lower than last quarter and 4 percent below the same quarter last year.

Truck Overview: Diesel fuel prices for border crossings through Texas averaged \$3.55 per gallon, a 16 percent increase from the previous quarter. Diesel fuel prices for border crossings through Nogales, AZ, averaged \$3.29 per gallon, 14 percent higher than the previous quarter. Truck availability ranged from adequate to a slight surplus during the quarter. Truck availability through Texas saw shortages in early January and mid-March and truck availability through Arizona saw shortages in early January, but ended the quarter with a surplus.

Terms and References

Data Sources: This information is compiled from the weekly *Fruit and Vegetable Truck Rate Reports* by USDA, Agricultural Marketing Service (AMS), Fruit and Vegetable Programs, Market News Branch. The website is: <http://marketnews.usda.gov/portal/fv>.

Regional Markets: For the regional markets, some states are grouped into producing regions. The Pacific Northwest region includes Idaho, Oregon, and Washington. The Great Lakes region includes Michigan and Wisconsin.

Shipment Volumes: Truck shipments for all commodities and origins are not available. Those obtainable are reported, but should not be interpreted as representing complete movements of a commodity. Truck shipments from all states are collected at shipping points and include both interstate and intrastate movements. They are obtained from various sources, including Federal marketing orders, administrative committees, Federal State Inspection Service, and shippers. Volume amounts are represented in 10,000 pound units, or 1,000 10-lb packages but are converted to 1,000 tons for this report. Mexican border crossings through Arizona and Texas data is obtained from the Department of Homeland Security (DHS), U.S. Customs and Border and Protection (CBP) through USDA, AMS, Market News.

Rates: This information is compiled from the weekly *Fruit and Vegetable Truck Rate Reports*. Rates quoted represent open (spot) market rates that shippers or receivers pay depending on basis of sale, per load, including truck brokers fees for shipments in truck load volume to a single destination. Extra charges for delivery to terminal markets, multipickup and multidrop shipments are not included unless otherwise stated. Rates are based on the most usual loads in 48-53 foot trailers from the origin shipping area to the destination receiving city. In areas where rates are based on package rates, per load rates were derived by multiplying the package rate by the number of packages in the most usual load in a 48-53 foot trailer. Slightly cheaper rates will be reported during Quarters 2 and 3 as about 50 percent of onion shipments from California are hauled on open flatbed trailers. During Quarter 3, less than 20 percent of onions hauled from Washington, Idaho, and Oregon are on open flatbeds. This information is compiled from the weekly *Fruit and Vegetable Truck Rate Reports* by USDA, Agricultural Marketing Service (AMS), Fruit and Vegetable Programs, Market News Branch.

Regional Rates: Rate data for 8 destination markets are used to calculate average origin regional rates.

Long-Haul Route Detail: The national rates reflect long-haul truck rates. The rates include the national rate, weighted by commodity and origin volume. For the purpose of this report long-hauls considered as distance traveled over 100 miles from point of origin to the destination.

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Market Insight April Taylor	April.Taylor@ams.usda.gov	202.295.7374
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Regulatory News/Updates Brian McGregor	Brian.McGregor@ams.usda.gov	202.720.0035
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Truck Availability Brian McGregor	Brian.McGregor@ams.usda.gov	202.720.0035
California, PNW Brian McGregor	Brian.McGregor@ams.usda.gov	202.720.0035
Arizona, Florida Pierre Bahizi	Pierre.Bahizi@ams.usda.gov	202.690.0992
Great Lakes, Mexico April Taylor	April.Taylor@ams.usda.gov	202.295.7374
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Related Websites:

Fruit and Vegetable Programs

<http://www.ams.usda.gov/fv>

Fruit and Vegetable Truck Report

<http://search.ams.usda.gov/mnsearch/MNSearchResults.aspx>

Economic Research Service Vegetable and Melons Outlook

<http://www.ers.usda.gov/publications/vgs/>

Economic Research Service Fruit and Tree Nuts Outlook

<http://www.ers.usda.gov/publications/fts/>

National Agricultural Statistics Service

<http://www.nass.usda.gov/>