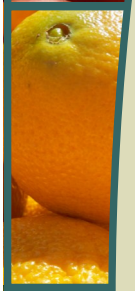

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Market Insight

Mexico Lowers Retaliatory Tariffs on Many U.S. Agricultural Exports Following FMCSA's Pilot Program Announcement

On June 29, the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) announced it was establishing a *Pilot Program on the Long-Haul Trucking Provisions of the North American Free Trade Agreement (NAFTA).* The pilot program allows reciprocal rights for Mexican and U.S. long-haul trucking carriers to engage in cross-border operations for up to three years. The final agreement between the United States and Mexico was signed on July 6, moving Mexico to reduce retaliatory tariffs on U.S. products by 50 percent. The remaining 50 percent will be suspended after the first Mexican carrier is authorized to operate under this pilot program.

This article explores the impact of tariffs on U.S. exports, as well as the estimated number of U.S. trucks used to export loads of high-valued products to Mexico. Initially, the retaliatory tariffs caused a large drop in U.S. exports of many agricultural commodities to Mexico. However, the subsequent reductions in tariffs are expected to have a positive impact on U.S. trucking carriers because U.S. exports of the affected commodities will likely increase as the tariffs drop.

BACKGROUND

In March 2009, Mexico placed its first set of retaliatory tariffs on 90 U.S. industrial and agricultural export products in response to the United States' elimination of the first cross-border trucking pilot program. The products covered under the tariff had an estimated trade value of $2.4 billion. Some of the products subject to the tariffs were Christmas trees, onions, pears, apricots, cherries, strawberries, grapes, lettuce, frozen potatoes, peas, almonds, fruit and vegetable juices, wine, and prepared soups. In August 2010, the list of products was renewed and revised to include 99 products, 54 of which were agricultural products that had an estimated trade value of $1.7 billion. Also in August 2010, the tariffs for some of the products already covered under the first list, such as grapes and frozen potatoes, were lowered, but most of the tariffs stayed the same. New products that were added included fresh and frozen ham, pistachios, apples, oranges, grapefruit, chocolate, chewing gum, and cheeses.

TARIFF IMPACT ON EXPORTS

According to Agriculture Secretary Tom Vilsack, "This dispute has cost U.S. businesses more than $2 billion. For U.S. farm exports to Mexico, exports of affected commodities were reduced by 27 percent." The tariffs imposed in 2009 decreased U.S. exports to Mexico for most of the products listed. In fact, exports of many commodities such as grapes, strawberries, and frozen potatoes decreased by as much as 80 percent in some quarters and had an overall downward trend quarter-to-quarter following the tariff. Exports of other commodities such as pears, condiments, seasonings, processed nuts, and soups also showed some decreases in volume after the tariffs were imposed.

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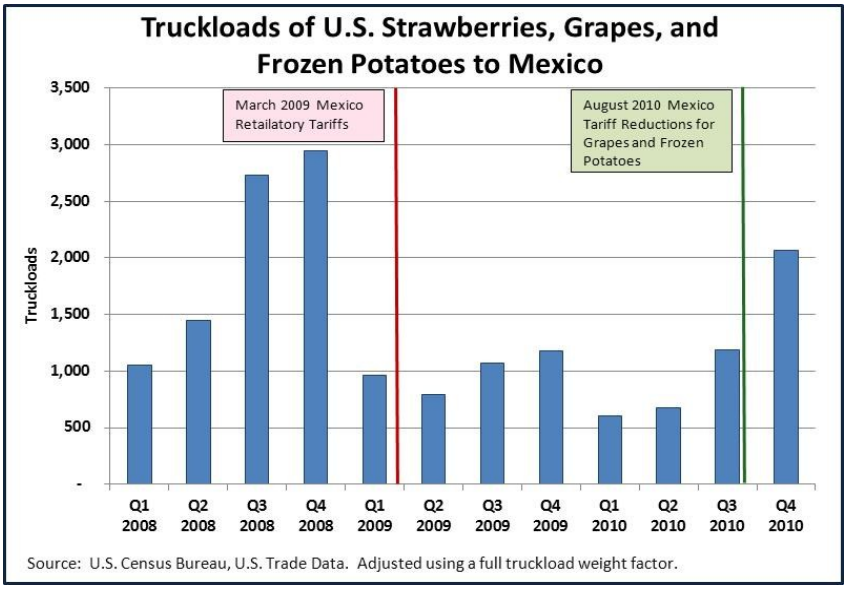
[1]FMCSA requires participating Mexican carriers to comply with all applicable U.S. laws and regulations, speak English sufficiently, fill out a 28 page application, complete safety and compliance certifications, and many other stipulations that can be found in the FMCSA's Federal Register Notice.
[2]USDA Press Release July 6, 2011
[3]U.S. Census Bureau, Foreign Trade Statistics.

The impact of the August 2010 tariffs was not as dramatic for most of the newly added products. For example, apples were expected to be one of the products most affected by the tariff since Mexico accounts for one third of the total U.S. apple exports. However, apple exports only decreased 2 to 3 percent since the tariff was announced. Although the percentage decrease is small, the reduction still accounts for a $2 million decrease in the value exported. As of April, pistachio exports decreased in value by $12.8 million since August 2010, and show volume decreases of around 40 percent from previous quarters. The value of fresh ham exports decreased by $5.3 million since August 2010, and the quantity exported decreased by as much as 17 percent from 2009 in the third quarter of 2010. Other products such as grapefruit, oranges, and cheeses seem unaffected and have shown increases in quantity exported and values since the retaliatory tariffs began.

IMPACT ON U.S. TRUCKLOADS

The decrease in exports has directly affected the number of U.S. truckloads of the commodities hauled. While the exact amount is unknown, it can be estimated using full truckload weight factors used by the Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch. In 2009 using the full-truckload-factor assumption, there was an estimated drop of 4,167 truckloads in the total number of truckloads shipped to Mexico for grapes, strawberries, and frozen potatoes from the previous year. After the tariffs were reduced from 45 to 20 percent on grapes and from 20 to 5 percent on frozen potatoes, there were an estimated 893 more truckloads hauled in fourth quarter of 2010 compared to the fourth quarter of 2009 (see Figure). For the additional products covered in the August 2010 tariffs, there was an estimated decrease of 695 total truckloads for apples, fresh hams, and pistachios from 2010 through April 2011. Other products that were covered under the 2010 tariffs, however, remain unaffected and show estimated increases in the number of truckloads exported.



PROGRAM OUTLOOK

Although some businesses and labor leaders are worried that this program will cause the loss of American jobs to Mexican truckers, FMCSA Administrator Anne Ferro stated that the number of Mexican carriers participating in the new pilot program is likely to be small, the same as the previous pilot program—about 29 carriers with 100 vehicles. In addition, Mexican carriers cannot haul U.S. domestic shipments between two U.S. cities and must return to Mexico with U.S. products or return empty. It is uneconomical for truckers to operate long distances without backhaul cargo, so this program will limit the number of Mexican truckers willing to operate beyond the commercial zone. An often overlooked point in the debate is the fact that robust trade between our two countries results in additional trucking jobs. *Christie.McKinney@ams.usda.gov*

Quarterly Overview

Fruit and Vegetable Shipments

Reported U.S. truck shipments of fresh produce during the second quarter were 8.8 million tons, 34 percent higher than the previous quarter and only 0.1 percent lower than the same quarter last year.

California accounted for 24 percent of the total reported shipments of fresh fruits and vegetables during the 2nd quarter 2011. Shipments from California totaled nearly 2.1 million tons (mt), followed by Mexico with 2.0 mt (23 percent) and Florida with 1.2 mt (13 percent).

The following top 5 commodities[1] accounted for 52 percent of the reported truck movements during the 2nd quarter 2011:

- Watermelons (14 %)
- Potatoes (10 %)
- Tomatoes (8 %)
- Lettuce (8 %)
- Onions (6 %)

Truck Rates

The 2nd quarter 2011 average truck rate for U.S. produce shipments was $2.54 per mile, 32 percent higher than the previous quarter, and 12 percent higher than last year. The average monthly rate reached a quarterly peak in June at $2.83 per mile.

During 2nd quarter 2011, the highest average reported rates per mile ranged between $2.92 and $4.43 for shipments from the Great Lakes region. Rates from Florida were the lowest.

Mexico truck rates for crossings through Arizona averaged $2.52 per mile, 34 percent higher than last quarter and 12 percent higher than the same quarter last year. Border crossings through Texas averaged $2.20 per mile, up 12 percent from last quarter and 9 percent from the same quarter last year.

Diesel Fuel

During the 2nd quarter 2011, the U.S. diesel fuel price averaged $4.02 per gallon—11 percent higher than last quarter and 33 percent higher than the same quarter last year.

[1] The top five commodities are based on movements originating in the following regions: Arizona, California, Florida, the Great Lakes, Mexico, the Pacific Northwest, and Texas, which represent 82 percent of the 2nd quarter reported shipments.

Regulatory News and Updates

U.S. DOT Reinforces Commitment to No New Regulations for America's Agricultural Community
On August 10, the U.S. Department of Transportation's (DOT) Federal Motor Carrier Safety Administration (FMCSA) announced it has no intention to propose new regulations governing the transport of agricultural products. The decision stemmed from a request for regulatory guidance it had published in the Federal Register regarding farm truck issues on interstate vs. intrastate commerce, commercial driver's license, and implements of husbandry (see: *Regulatory Guidance: Applicability of the Federal Motor Carrier Safety Regulations to Operators of Certain Farm Vehicles and Off-Road Agricultural Equipment).* In making the decision, the agency also released guidance designed to make sure States clearly understand the common-sense exemptions that allow farmers, their employees, and their families to accomplish their day-to-day work and transport their products to market. After hearing from concerned farmers earlier this year, FMCSA initiated this review to make sure States don't go overboard in enforcing regulations on agricultural operators, and to ensure consistent access to exemptions for farmers. No regulations will be proposed for any new safety requirements or changes to the rules governing the transport of agricultural products, farm machinery, or farm supplies to or from a farm. On August 1, USDA's Agricultural Marketing Service (AMS) provided comments to FMCSA on the matter. On July 22, FMCSA Administrator Anne S. Ferro published an online opinion editorial in response to feedback on how existing commercial truck safety regulations impact the agricultural community.

Agriculture, Rural Regions, and Surface Transportation Infrastructure Investment
In late July, the American Society of Civil Engineers (ASCE) published *Failure to Act, The Economic impact of Current Investment Trends in Surface Transportation Infrastructure*, which projects an agriculture, forestry, and fisheries export loss of $1.3 billion of 2010 dollars in 2020 and $2.7 billion in 2040, and disparate impacts on rural regions from deficient interstates and shortfalls for transit systems. "In 2010, it was estimated that deficiencies in America's surface transportation systems cost households and businesses nearly $130 billion. This included $97 billion in vehicle operating costs, $32 billion in travel time delays, $1.2 billion in safety costs and $590 million in environmental costs."

Traffic Fatalities in 2010 Drop to Lowest Level in Recorded History
On April 1, U.S. Transportation Secretary Ray LaHood announced that the number and rate of traffic fatalities in 2010 fell to the lowest levels since 1949, despite a significant increase in the number of miles Americans drove during the year. According to the National Highway Traffic Safety Administration's (NHTSA) *Early Estimate of Motor Vehicle Traffic Fatalities in 2010*, the number of traffic fatalities fell three percent between 2009 and 2010, from 33,808 to 32,788. Since 2005, fatalities have dropped 25 percent, from a total of 43,510 fatalities in 2005. The same estimates also project that the fatality rate will be the lowest recorded since 1949, with 1.09 fatalities per 100 million vehicle miles traveled, down from the 1.13 fatality rate for 2009. The decrease in fatalities for 2010 occurred despite an estimated increase of nearly 21 billion miles in national vehicle miles traveled.

October 2009 Settlement of Port of Long Beach and American Trucking Associations Dispute Reopened
On July 18, U.S. District Court Judge Christina Snyder ruled the Port of Long Beach violated the California Environmental Quality Act by allowing both owner-operator and employee truck drivers to participate in the clean truck program, without an environmental review, in order to settle the employee driver dispute with the American Trucking Associations. On August 1, the Port of Long Beach published a study that showed the port cut diesel pollution more than 70 percent from 2005 to 2010 through the use of clean trucks, new ship fuels, and emission reductions from locomotives, forklifts, tugboats, and other

port equipment. On January 1, 2012, all trucks that do not meet the 2007 federal clean truck emission standard will be banned from port terminals.

Detention of Truck Drivers by Shippers and Receivers at Issue

In January, the Government Accountability Office published *More Could Be Done to Determine Impact of Excessive Loading and Unloading Wait Times on Hours of Service Violations*. In February, H.R. 756 was introduced to direct the Secretary of Transportation to prescribe standards for the maximum number of hours that an operator of a commercial motor vehicle may be reasonably detained by a shipper or receiver, and for other purposes. At the March 29 hearing on *Improving and Reforming the Nation's Surface Transportation Programs*, Kristopher Kane, professional truck driver and member of the Owner-Operator Independent Drivers Association, testified in favor of resolving the issue by holding shippers and receivers accountable. In May, the American Trucking Associations' board of directors voted to oppose federal regulation of detention time. On July 29, the National Shippers Strategic Transportation Council and the Health and Personal Care Logistics Conference, Inc. filed joint comments on the FMCSA-2011-0098 Draft Strategic Plan, stating that they do not believe regulation of shippers, receivers, and intermediaries is either necessary or desirable.

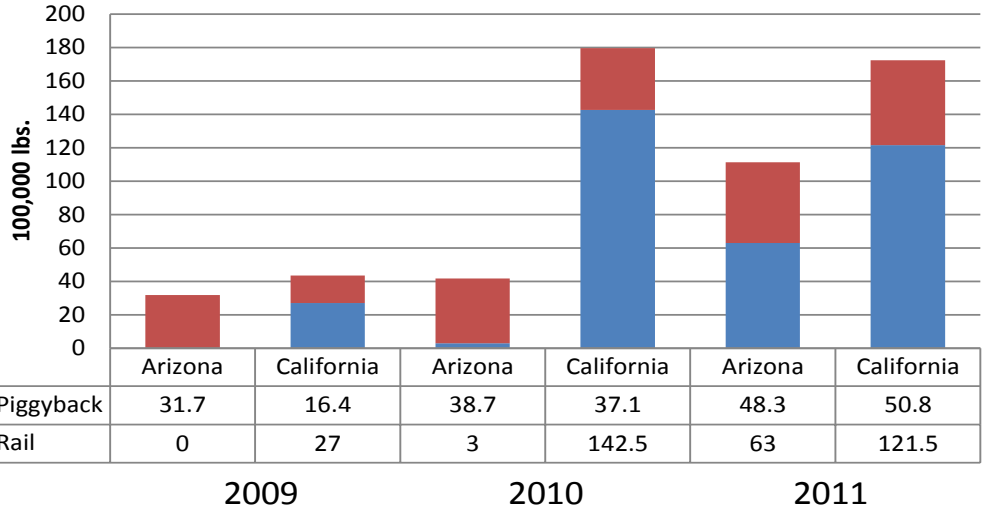
Feature Article

Rail Competes With Trucks

With diesel prices topping $4 per gallon and decreased availability of trucking options, many shippers are looking for alternatives to refrigerated trucks to ship their commodities. In the case of melons, the $4 per gallon price tag has made the cost of shipping via truck higher than the cost of melons themselves. For these and many other shippers, rail has become a viable option.

Shippers in Arizona increased their rail (boxcar) and trailer-on-flatcar (piggyback) shipments of melons by 63 percent in the second quarter of 2011 from the second quarter of 2010 (figure 1), a year after California melon shippers increased rail and piggyback shipments by 76 percent between the second quarter of 2010 and the second quarter of 2009.

Figure 1: 2nd Quarter Melon Shipments



	Arizona	California	Arizona	California	Arizona	California
Piggyback	31.7	16.4	38.7	37.1	48.3	50.8
Rail	0	27	3	142.5	63	121.5

Source: AMS, Fruit and Vegetable Division, Market News Branch

In response to growing demand, Schenectady, NY, -based Railex[1] added a third weekly East Coast-bound refrigerated train between its Delano, CA, and New York facilities. The third weekly train began service on June 15 this year, three years after the first California-to-New York route was launched. In addition to fruits and vegetables, cheese and wine have also become regular passengers on the refrigerated express train with guaranteed delivery in five days. Railex hopes to add two more weekly trains along the route at some point as business expands. In addition, Railex is planning to open a California-to-Southeast route in the first quarter of 2012.

[1] Mention of companies, commercial products, or services does not imply recommendation or endorsement by the U.S. Department of Agriculture over others not mentioned.

Competitive rail rates have also doubled eastbound traffic between Quincy, WA, and Chicago for the Cold Train Intermodal (piggyback double-stack container-on-flatcar) service in the first half of 2011. In addition, it has been running full loads back from Chicago for the past several months. Cold Train Intermodal has been in business since April 2010, running five days a week between Quincy and Chicago with fresh and frozen produce. Although faster than regular refrigerated rail boxcar service, Cold Train still takes about a day longer than trucks.

The major commodities being shipped by rail and piggyback appear in table 1.[1]

Table 1: Second Quarter Rail and Piggyback Shipments (Short Tons)

Location	2009		2010		2011	
Major Commodities	**Rail**	**Piggyback**	**Rail**	**Piggyback**	**Rail**	**Piggyback**
Arizona						
Broccoli	0	0	0	4.5	0	0
Carrots	0	2.5	0	0	0	0
Citrus	0	0	0	0	0	2.5
Melons	0	158.5	15	193.5	315	241.5
Lettuce	0	128.5	0	199	0	237.5
Onions	0	264	11	189.5	5.5	253
Potatoes	600	23	528	16.5	75	696
California						
Broccoli	482.5	698	900	664.5	414	541.5
Carrots	2639	615.5	1097	753.5	980.5	807.5
Celery	533.5	1476	776	1664	568	1416.5
Citrus	1971	2363.5	4803	2602	4736.5	3135.5
Melons	135	82	712.5	185.5	607.5	254
Lettuce	8.5	3692.5	110.5	3674.5	418.5	4287.5
Onions	463	679.5	501.5	876.5	695	815.5
Potatoes	3181	230.5	2857	216	3418.5	340.5
Florida						
Celery	0	0	0	9.5	0	0
Citrus	0	0	0	7.5	0	28.5
Idaho						
Onions	34.5	0	46	0	92	0
Potatoes	6973	188	8533.5	65.5	7832.5	83
Oregon						
Apples	0	54.5	0	51	0	103
Onions	69.5	43.5	109.5	77.5	144.5	0
Pears	0	40	0	69.5	0	21
Potatoes	98	5	127	0	126.5	0
Washington						

[1] Railcar and piggyback shipments are reported by rail carriers that issue the initial line-haul revenue waybills. USDA AMS Fruit and Vegetable Programs, Market News Branch, reports the shipments in units of 10,000 pounds. Cooperation of the railroads is gratefully acknowledged.

Apples	1677	275.5	1705	493.5	2137.5	791.5
Onions	507.5	14	901	62	1088	55.5
Pears	835	2.5	142	0	435.5	0
Potatoes	523.5	102.5	339.5	85.5	387	33

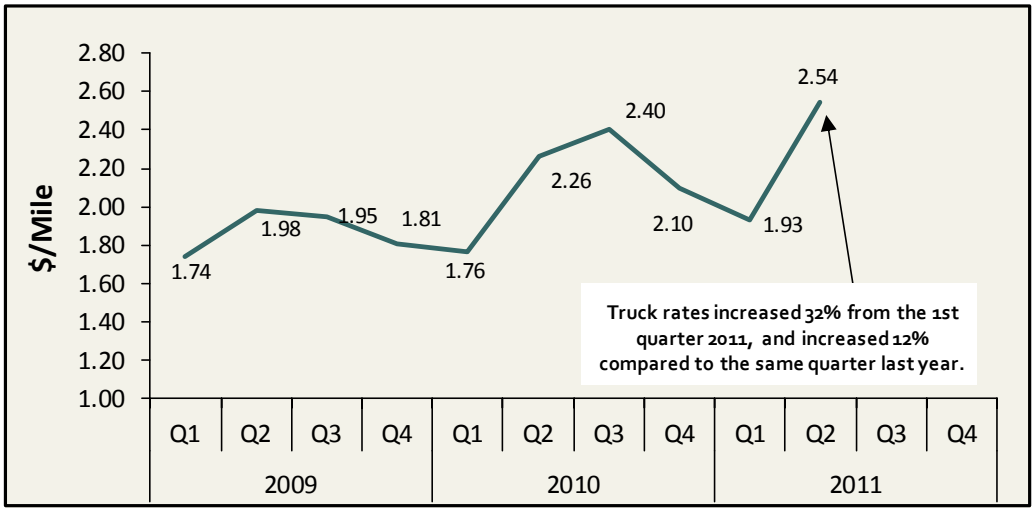
Source: AMS, Fruit and Vegetable Programs, Market News Branch

Although varying by commodity and region, some producers are likely to continue using trucks despite higher fuel costs. Where rail is not a feasible option, trucks continue to satisfy retailer demand by taking advantage of faster door-to-door delivery of perishable goods. However, with expanding service and competitive rates, refrigerated railcar is likely to increase in importance for shippers throughout the country for an expanding variety of commodities. *Adam.Sparger@ams.usda.gov*

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	2.54			2.24
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)

	2nd Qtr 2011			1st Qtr 2011		
Origin	Apr	May	Jun	Jan	Feb	Mar
Arizona	2.16	2.28	3.26	2.27	2.08	2.06
California	2.41	2.68	3.00	2.14	1.97	1.99
Great Lakes	3.56	3.57	3.56	3.14	3.30	3.38
Mexico - Arizona	2.00	2.37	2.79	2.09	1.81	1.77
Mexico - Texas	2.14	2.22	2.21	1.95	1.92	2.00
PNW	1.84	1.89	1.91	1.90	1.81	1.81
Texas	2.51	2.61	2.58	2.27	2.23	2.33
Florida	2.53	2.80	2.68	1.89	1.94	2.03

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, 2nd Quarter 2011 ($/Mile)

Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Lettuce	2.15	2.28	1.94	2.07	2.04	2.11	2.09	1.91
	Melons	3.37	3.72		3.22	3.39		3.37	
	Mixed Vegetables	2.29	2.52	1.99	2.32	2.36	2.37	2.27	1.88
	Onions	2.37	2.36	2.29	2.28	2.22		2.17	
California	Apricots	2.95			2.80	2.99		2.92	4.11
	Asparagus	2.49			2.35	2.43		2.43	
	Broccoli	1.96	2.03	1.75	1.87	1.84	1.70	1.85	3.32
	Carrots	2.64	2.75	3.02	2.55	2.57	2.18	2.57	4.24
	Lettuce	2.64	2.74	2.71	2.56	2.57	2.16	2.56	4.06
	Melons	2.97	3.12		2.88	2.92		2.90	
	Mixed Vegetables	2.02	2.11	1.80	2.07	2.03	1.79	1.95	4.12
	Onions	2.03	1.98	2.01	1.96	1.90	1.84	1.87	
	Other Citrus	3.00	3.09	3.04	2.89	2.98		2.92	4.12
	Potatoes	2.73	2.84	2.85	2.68	2.67	2.34	2.67	
	Strawberries	2.42	2.51	2.52	2.29	2.38		2.33	3.79
Great Lakes	Potatoes	4.43	2.92	3.62	3.51	4.02	2.64	3.82	
Mexico - AZ	Mixed Vegetables	2.54	2.51	2.02	2.59	2.93	2.40	2.67	
Mexico - TX	Limes	2.37	2.16	2.02	2.33	2.35	2.02	2.36	
	Other Citrus	2.27	2.18	1.95	2.22	2.17	2.00	2.29	
Pacific Northwest	Apples	2.33	2.40	2.24	2.05	2.10	1.87	2.08	0.31
	Onions	1.95	1.73	1.73	1.75	1.74	1.62	1.74	
	Potatoes	2.05	1.90	1.88	1.81	1.83	1.73	1.81	
Florida	Blueberries	2.64	3.88	1.96					
	Melons	3.40	3.47	2.59	2.72	2.71		2.77	
	Mixed Vegetables	3.38	3.54	2.60	2.70	2.70		2.78	
	Potatoes	2.64	4.00				0.28		
	Tomatoes	3.48	2.25	2.19	2.84	2.96	0.70	2.85	
Texas	Cabbage	2.65	2.66	2.57	2.57	2.64	2.32	2.67	
	Oranges	2.60	2.48	2.45	2.48	2.49	2.29	2.55	
	Watermelon	2.71	2.58	2.55	2.60	2.69	2.31	2.69	

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, 2nd Quarter 2011 ($/Truck)

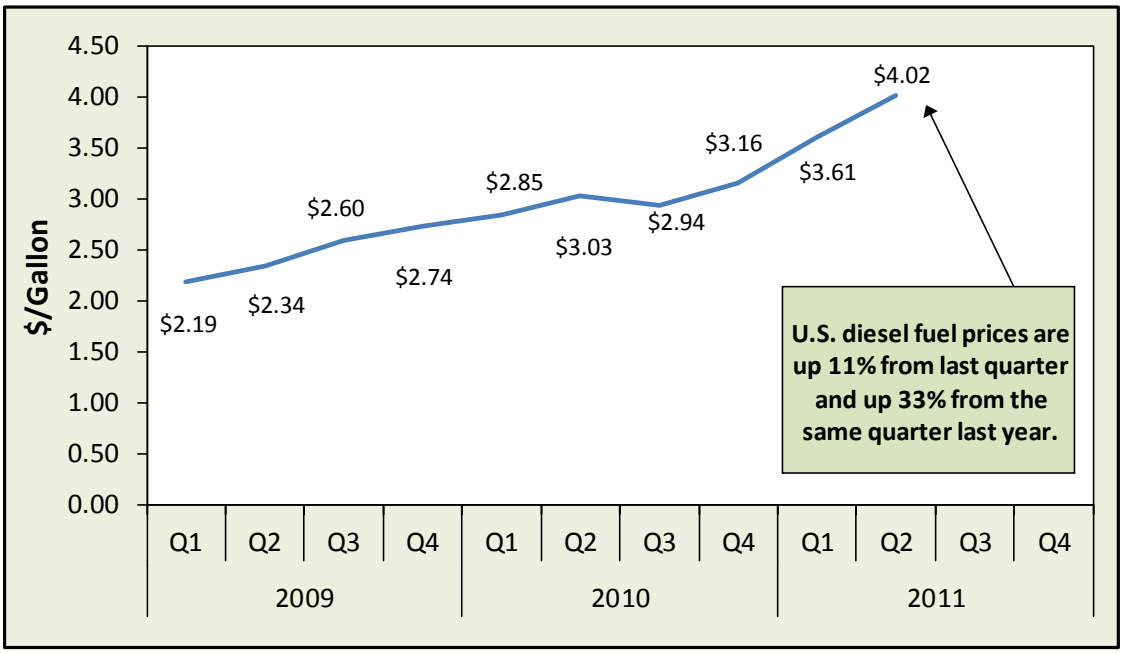
Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Lettuce	5,300	4,200	3,500	5,600	4,800	5,000	5,000	3,150
	Melons	8,320	6,870		8,700	7,970		8,090	
	Mixed Vegetables	5,650	4,650	3,600	6,250	5,550	5,600	5,450	3,100
	Onions	5,844	4,356	4,144	6,162	5,206		5,206	
California	Apricots	8,258			8,450	8,183		8,133	3,092
	Asparagus	6,960			7,095	6,635		6,770	
	Broccoli	5,475	4,475	3,500	5,650	5,025	5,300	5,175	2,500
	Carrots	7,396	6,050	6,033	7,688	7,031	6,810	7,162	3,192
	Lettuce	7,381	6,026	5,416	7,710	7,022	6,741	7,155	3,054
	Melons	8,320	6,870		8,700	7,970		8,090	
	Mixed Vegetables	5,650	4,650	3,600	6,250	5,550	5,600	5,450	3,100
	Onions	5,685	4,356	4,025	5,924	5,206	5,738	5,206	
	Other Citrus	8,400	6,800	6,080	8,720	8,140		8,140	3,100
	Potatoes	7,650	6,250	5,700	8,075	7,300	7,300	7,450	
	Strawberries	6,762	5,512	5,044	6,906	6,500		6,500	2,850
Florida	Blueberries	2,900	1,550	2,350					
	Melons	3,738	1,388	3,112	4,112	2,992		3,331	
	Mixed Vegetables	3,722	1,417	3,117	4,089	2,983		3,344	
	Potatoes	2,900	1,600				700		
	Tomatoes	3,833	900	2,633	4,300	3,267	1,750	3,433	
Great Lakes	Potatoes	3,543	2,542	1,051	3,384	2,902	3,938	2,970	
Mexico - AZ	Mixed Vegetables	6,500	4,500	4,046	6,862	6,800	5,469	6,296	
Mexico - TX	Limes	4,714	2,486	2,979	5,114	4,207	3,129	4,464	
	Other Citrus	4,517	2,504	2,875	4,867	3,892	3,096	4,317	
Pacific Northwest	Apples	6,058	5,762	4,023	6,281	5,823	6,288	5,877	773
	Onions	5,065	4,144	3,117	5,348	4,817	5,450	4,923	
	Potatoes	5,325	4,570	3,382	5,537	5,080	5,820	5,113	
Texas	Cabbage	4,614	2,571	2,986	5,050	4,121	3,143	4,436	
	Oranges	4,533	2,392	2,850	4,867	3,883	3,092	4,233	
	Watermelon	4,719	2,488	2,969	5,119	4,206	3,129	4,464	

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: 2nd Quarter 2011 Average Diesel Fuel Prices (All Types - $/Gallon)

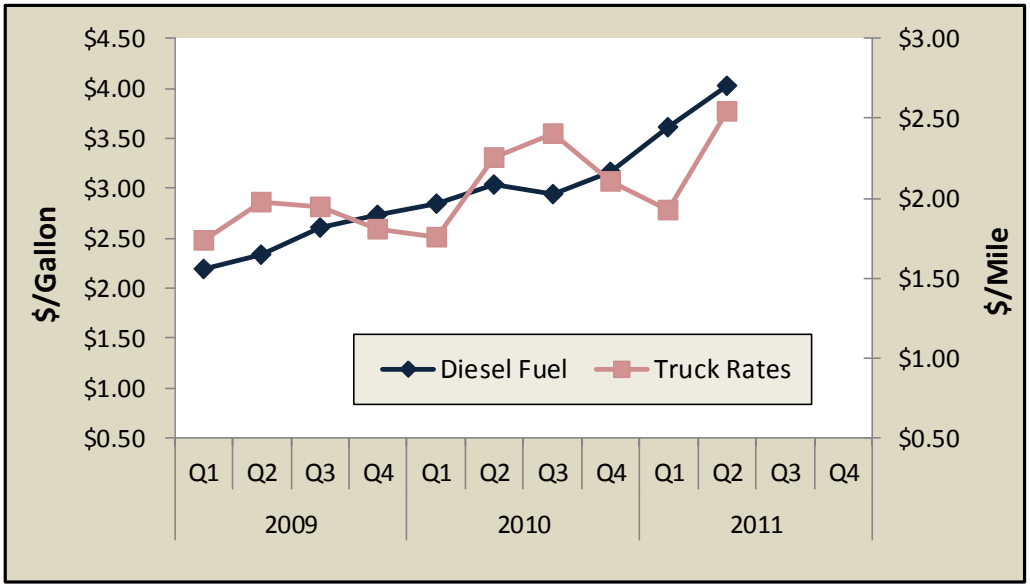
Location	Price	Change From	
		Last Quarter	Same Qtr Last Year
East Coast	4.03	0.38	0.99
New England	4.15	0.37	1.07
Central Atlantic	4.15	0.39	0.99
Lower Atlantic	3.97	0.38	0.97
Midwest	3.97	0.41	0.97
Gulf Coast	3.95	0.40	0.97
Rocky Mountain	4.06	0.47	0.99
West Coast	4.22	0.47	1.08
California	4.33	0.50	1.15
U.S.	4.02	0.41	0.99

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	4.02	2.54	11%	32%	33%	12%
	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

2nd Quarter 2011 Comparison Analysis

Diesel fuel prices averaged $4.02 per gallon this quarter, 11 percent higher than last quarter and 33 percent higher than the same quarter last year. Average truck rates were $2.54 per mile, 32 percent higher than the previous quarter and 12 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

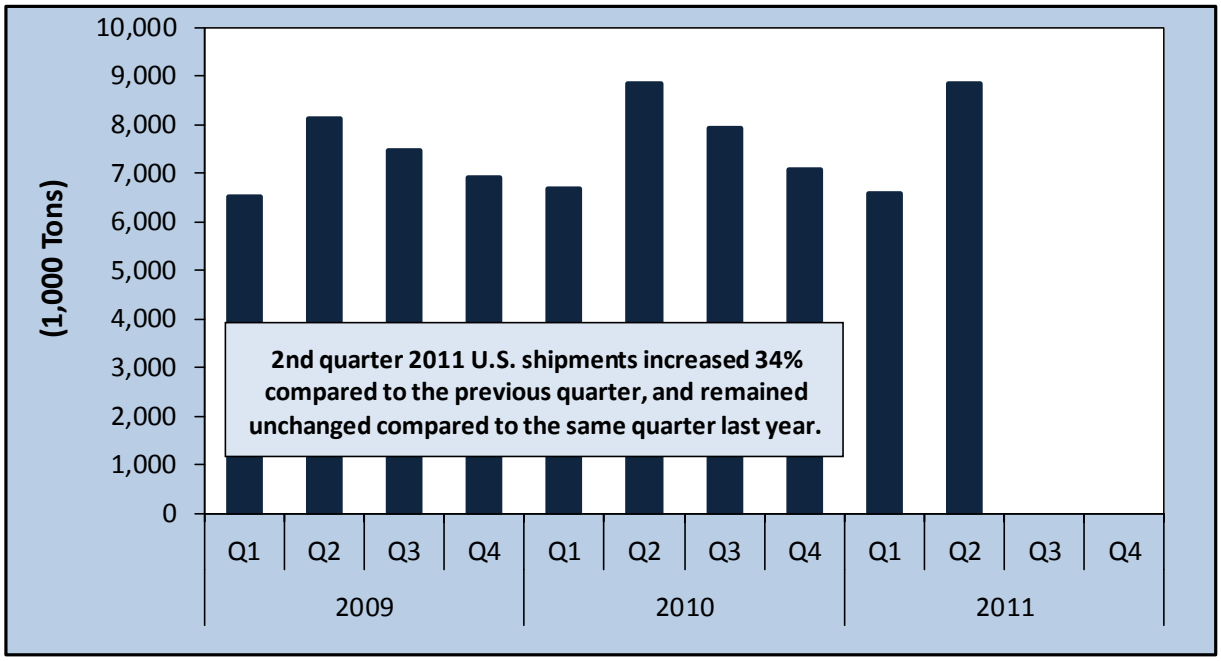
Table 7: U.S. Fresh Fruit and Vegetable Truck Availability, 2nd Quarter 2011

Region	Commodity	Truck Availability												
		Surplus - 1		Slight Surplus - 2		Adequate - 3				Slight Shortage - 4		Shortage - 5		
		Week Ending												
		4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24	5/31	6/7	6/14	6/21	6/28
CALIFORNIA, CENTRAL AND WESTERN ARIZONA														
Central San Joaquin Valley, CA	Romaine and Leaf Lettuce	3	3	4										
	Iceberg Lettuce	3	3	4	3									
Kern District, CA	Carrots	3	3	4	3	3	3	2	2	4	5	4	3	3
	Potatoes							3	3	4	5	4	3	3
San Joaquin Valley, CA	Apricots, Peaches								4	4	4	5	3	3
	Plums											5	3	3
	Nectarines									4	4	5	3	3
	Onions											3	4	5
Salinas-Watsonville, CA	Broccoli, Cauliflower	3	3	4	3	3	3	2	2	4	5	4	3	3
	Mixed Vegetables	3	3	4	3	3								
	Strawberries			4	3	3	3	2	2	4	5	4	3	3
	Leaf Lettuce, Raspberries						3	2	2	4	5	4	3	3
	Iceberg Lettuce		3	4	3	3	3	2	2	4	5	4	3	3
South District, CA	Avocados, Citrus	3	4	4	3	4	3	2	3	4	5	4	3	3
	Strawberries	3	4	4	3	4	3	2	3					
	Raspberries	3	4	4	3	4								
Imperial Valley, CA	Onions					5	5	5	5	5				
Santa Maria, CA	Broccoli, Cauliflower, Mix Veg	3	3	4	3	3	3	2	4	4	5	4	3	3
	Iceberg Lettuce		3	4	3	3	3	2	4	4	5	4	3	3
Imperial, Palo Verde, Coachella Valleys, CA; Central, West AZ	Mixed Vegetables	3	3											
	Lettuce	3												
	Melons									4	5	4	3	3
Stockton Delta District, CA	Asparagus	3	4	4	3	3	3	2	4	4	4			
PACIFIC NORTHWEST (WA, ID, OR)														
Columbia Basin, WA	Potatoes	1	2	5	5	3	3	3	3	3	2	2	3	5
	Onions	1	2	5	5	3	3	3	3	3	2			
Yakima Valley & Wenatchee District, WA	Apples, Pears	3	3	3	3	3	3	3	3	3	3	4	4	3
Northwestern WA	Potatoes	3	3											
Upper Valley, Twin Falls-Burley District, ID	Potatoes	2	2	5	5	3	3	3	3	3	3*	3	3	5
Idaho and Malheur County, OR	Onions	1	1	4										
GREAT LAKES (MI & WI)														
Central Wisconsin	Potatoes	3	3	3	3	3	3	3	3	3	3	3	3	3
FLORIDA														
Central and South Florida	Mixed Vegetables, Tomatoes	5	5	5	5	5	5	4	4	3				
	Melons					5	5	4	4	3				
Central Florida	Melons										3			
Central and North Florida	Blueberries	5	5	5	4	4	4	3						
	Melons											3	3	3
South Florida	Melons	5	5	5	5									
Florida	Potatoes	5	5	5	5	5	5	5	5	5	5			
MEXICO BORDER CROSSINGS														
Through Texas	Citrus, Tomatoes	4	5	5	5	4	5							
	Mixed Fruits and Vegetables	4	5	5	5	4	5	5	5	5	4	4	4	3
	Watermelons	4	5	5	5	4								
	Onions	4	5	5	5									
	Mangoes	4	5	5	5	4	5	5	5	5	4	4	4	3
	Limes							5	5	5	4	4	4	3
Through Nogales, AZ	Tomatoes, Mixed Vegetables	3	3	5	4	4	4	5	5	5	5	5	3	2
	Mangoes, Melons	3	3	5	4	4	4	5	5	5	5	5	3	2
	Grapes							5	5	5	5	5	3	2
TEXAS, NEW MEXICO														
Lower Rio Grande Valley, TX	Oranges, Grapefruit	4	5	5										
	Cabbage	4	5	5	5	4	5	5	5	5	4			
	Beets	4	5	5	5	4	5	5						
	Onions	4	5	5	5	4	5							
	Greens	4	5											
	Watermelons					4	5							
	Herbs, Parsley	4												
South Texas	Watermelons							5	5	5	4	4		
Southern New Mexico	Onions											5		
Texas	Watermelons											4	4	3

Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch, *Fruit and Vegetable Truck Rate Report*
* shortage to northeast destination; all other areas 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	8,844			15,435
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 2nd Quarter 2011 (1,000 Tons)

Commodity	2nd Quarter 2011	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
				Previous Qtr	Same Qtr Last Year
Watermelon	1,010	740	942	36%	7%
Potatoes	723	649	789	11%	-8%
Tomatoes	609	639	608	-5%	0%
Lettuce	585	461	574	27%	2%
Onions	463	443	463	4%	0%
Cantaloupe	369	321	303	15%	22%
Strawberries	366	212	360	73%	2%
Apples	359	194	350	85%	3%
Corn	310	167	339	85%	-9%
Peppers	251	157	237	60%	6%

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

Regional Markets

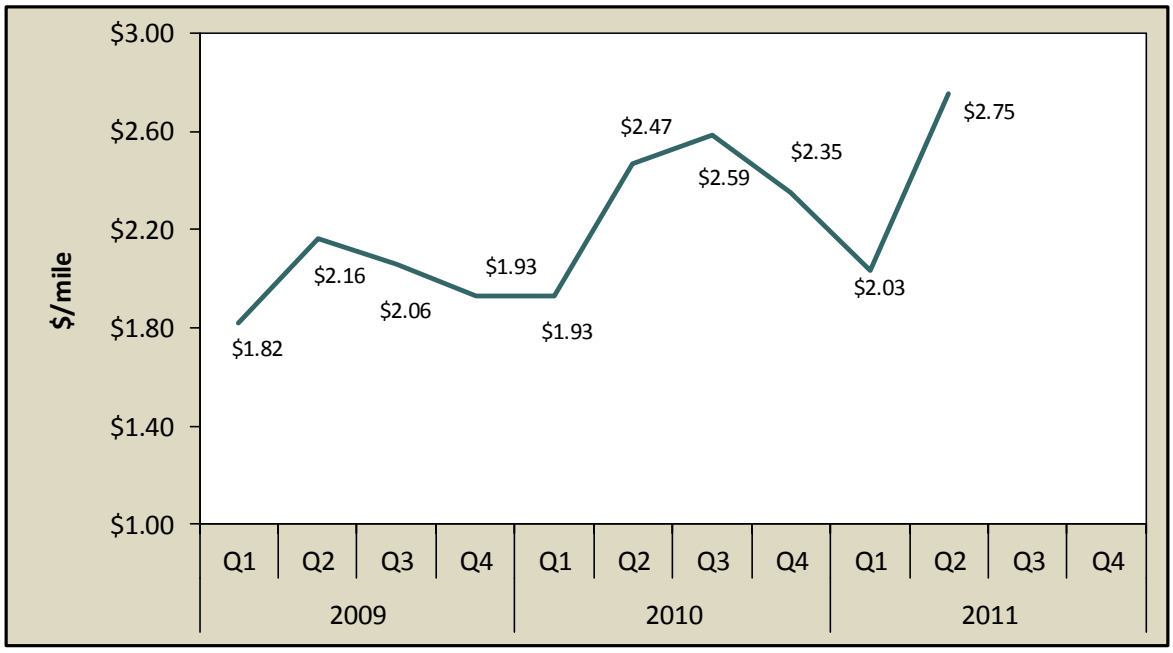
California

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

Commodity	2nd Quarter 2011	Share of California Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Lettuce	523	25%	129	498	305%	5%
Strawberries	346	16%	67	344	416%	1%
Celery	156	7%	118	162	32%	-4%
Cantaloupe	98	5%	-	72	-	36%
Corn	95	4%	-	96	-	-1%
Top 5 Total	**1,218**	**58%**	**314**	**1,172**	**288%**	**4%**
California Total	**2,117**	**100%**	**601**	**2,152**	**252%**	**-2%**

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	April	May	June
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$4.33**	**$2.75**	**3.34**	**3.32**	**3.76**
Central San Joaquin Valley, CA			3.29	n/a	n/a
Kern District, CA			3.25	3.07	3.75
San Joaquin Valley, CA			n/a	4.00	3.79
Salinas-Watsonville, CA			3.33	2.83	3.75
South District, CA			3.50	3.40	3.75
Imperial Valley, CA			n/a	5.00	n/a
Santa Maria, CA			3.29	3.20	3.75
Imperial, Palo Verde, Coachella Valleys, CA; Central, West AZ			3.00	4.00	3.75
Stockton Delta District, CA			3.50	3.20	4.00

n/a: availability data not reported

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

For the purpose of this report the 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 during the 2nd quarter increased 4 percent from the same quarter last year but the total for the quarter decreased by 2 percent. Lettuce shipments from California were up 5 percent from the weather-reduced volumes of last year. An abnormally wet and cool spring has impacted California crops of lettuce and celery. According to the Economic Research Service's latest *Vegetable and Melon Outlook*, additional problems could occur as harvest delays due to the weather may cause supply gaps into the first part of quarter 3. The strong seasonal increase in cantaloupe this year pushed California shipments up 36 percent compared with the same quarter last year. Strawberry shipments were also strong this quarter, but up only 1 percent from last year due to the weather-delayed harvest this spring.

Rates: The quarterly average truck rate was $2.75 per mile, 35 percent higher than last quarter and 11 percent higher than the same quarter last year. The average rate per mile during this same period last year was $2.47.

Truck Overview: Diesel fuel prices averaged $4.33 per gallon, 13 percent higher than last quarter and a 36 percent increase from the same period last year. On average, truck availability was mostly adequate during the 2nd quarter, with some shortages occurring during the end of May and early June. Truck availability at the beginning of the quarter was mostly adequate with the exception of the third week in April when slight shortages occurred. By the beginning of June slight shortages from the last week in May turned into shortages in most locations. The last two weeks in June were mostly adequate with the exception of onion shipments in the San Joaquin Valley.

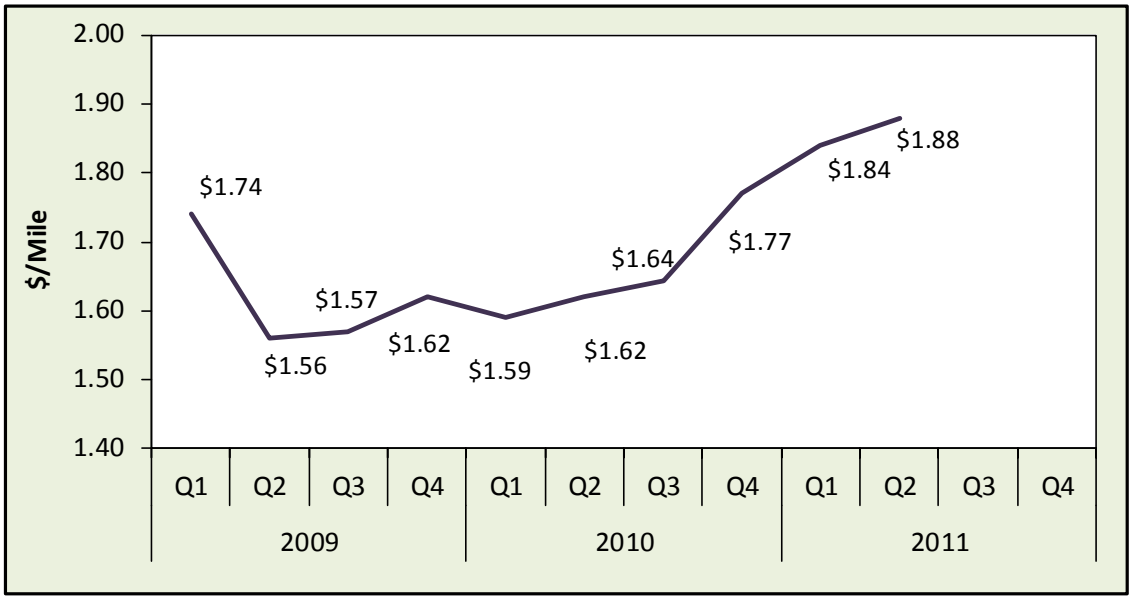
Pacific Northwest (PNW)

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

Commodity	2nd Quarter 2011	Share of PNW Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Potatoes	432	46%	454	463	-5%	-7%
Apples	355	38%	428	307	-17%	16%
Onions	86	9%	260	75	-67%	15%
Pears	50	5%	89	56	-44%	-11%
Cherries	13	1%	-	30	-	-57%
Top 5 Total	**936**	**99%**	**1,231**	**931**	-24%	**1%**
PNW Total	**944**	**100%**	**1,231**	**937**	**-23%**	**1%**

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	April	May	June
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$4.22**	**$1.88**	**2.95**	**3.00**	**3.17**
Columbia Basin, WA			3.25	3.00	2.50
Yakima Valley & Wenatchee District, WA			3.00	3.00	3.50
Northwestern WA			3.00	n/a	n/a
Upper Valley, Twin Falls-Burley District, ID			3.50	3.00	3.50
Idaho and Malheur County, OR			2.00	n/a	n/a

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) increased 1 percent from the same quarter last year. Reported potato and pear shipments decreased by 7 and 11 percent, respectively, while cherry shipments fell by 57 percent compared with the same quarter last year. According to the Economic Research Service's *Vegetable and Melon Outlook*, "Reflecting tight supplies, May shipments of fresh-market potatoes declined 9 percent from a year earlier—the first time since at least 1980 that May fresh shipments were less than 8 million hundredweight (cwt)." Fall potato production is also expected to be impacted by the cool, wet weather in the northern tier of the United States. Pear shipments have been lower this year due to overall reduced domestic production. Cherry shipments fell because of cool, wet conditions that affected production in Oregon. Apple shipments were up 16 percent during quarter 2, reflecting larger supply stocks and lower market prices. Onion shipments increased 15 percent over last year as the PNW stored supplies filled in for the deficit in spring production in southwestern States that were hit with extreme cold weather this winter and early spring.

Rates: The average rate per mile in the PNW was $1.88, an increase of 2 percent from last quarter and a 15 percent increase from the same quarter last year.

Truck Overview: Diesel fuel prices averaged $4.22 per gallon, 13 percent higher than last quarter and 34 percent higher than the same quarter last year. On average, shippers in the PNW experienced mostly adequate truck availability throughout the 2nd quarter with only pockets of truck shortages. Potato and onion shippers in the Columbia Basin, WA, as well as the Upper Valley and Twin Falls-Burley District, ID, experienced shortages during the last two weeks in April and then again the last week in June. The PNW region experienced adequate availability the rest of the quarter.

Arizona

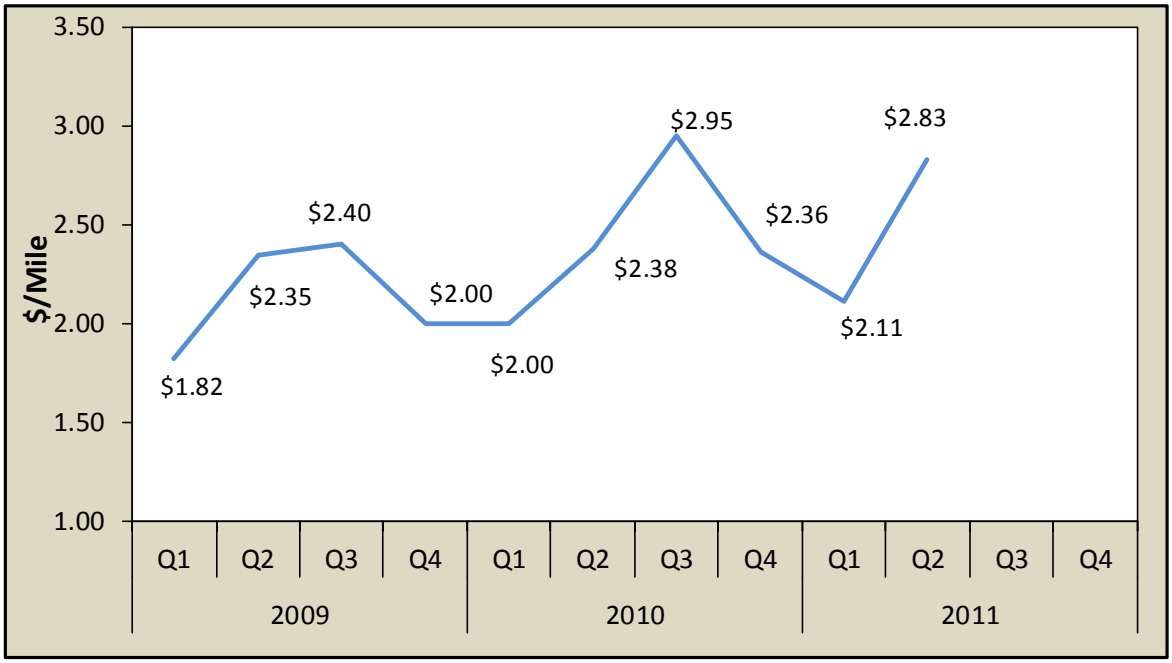
Table 12: Top 5 Commodities Shipped from Arizona (1,000 tons)

Commodity	2nd Quarter 2011	Share of Arizona Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Cantaloupe	202	40%	-	159	-	27%
Watermelon	105	21%	-	66	-	60%
Onions	51	10%	-	58	-	-12%
Corn	49	10%	-	73	-	-32%
Lettuce	36	7%	545	41	-93%	-14%
Top 5 Total	**443**	87%	**545**	**397**	-19%	11.6%
Arizona Total	**509**	**100%**	**698**	**460**	**-27%**	**11%**

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	April	May	June
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$4.22**	**$2.83**	**3.38**	**4.37**	**3.75**
Through Nogales, AZ			3.75	4.73	3.75
Imperial, Palo Verde, Coachella Valleys, CA; Central, West AZ			3.00	4.00	3.75

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: Reported shipments from Arizona during the second quarter were 11 percent higher than the same quarter last year. The top 5 commodities represented 87 percent of reported shipments during the 2nd quarter. Shipments of cantaloupe and watermelon experienced the greatest increases over last year—27 and 60 percent respectively. According to the Economic Research Service's latest *Vegetable and Melon Outlook*, "Some bunching of harvests from both domestic and import sources resulted in strong supplies of watermelon during mid-May to early June, which caused prices to plummet. May shipments of watermelon, cantaloupe, and honeydew increased seasonally, with volume exceeding year-earlier levels." Less-than-ideal weather conditions hampered onion, corn, and lettuce production during the quarter.

Rates: The truck rate per mile averaged $2.83 during the 2nd quarter, 34 percent higher than last quarter and 19 percent higher than the same period last year.

Truck Overview: Diesel fuel prices averaged $4.22 per gallon, 12.5 percent higher than last quarter and 34 percent higher than the same quarter last year. Truck availability at the beginning and the end of the quarter was adequate to a slight surplus, but the rest of the quarter brought availability challenges. Truck availability was tight from mid-April through mid-June, particularly for shipments through the Nogales, AZ, border crossing.

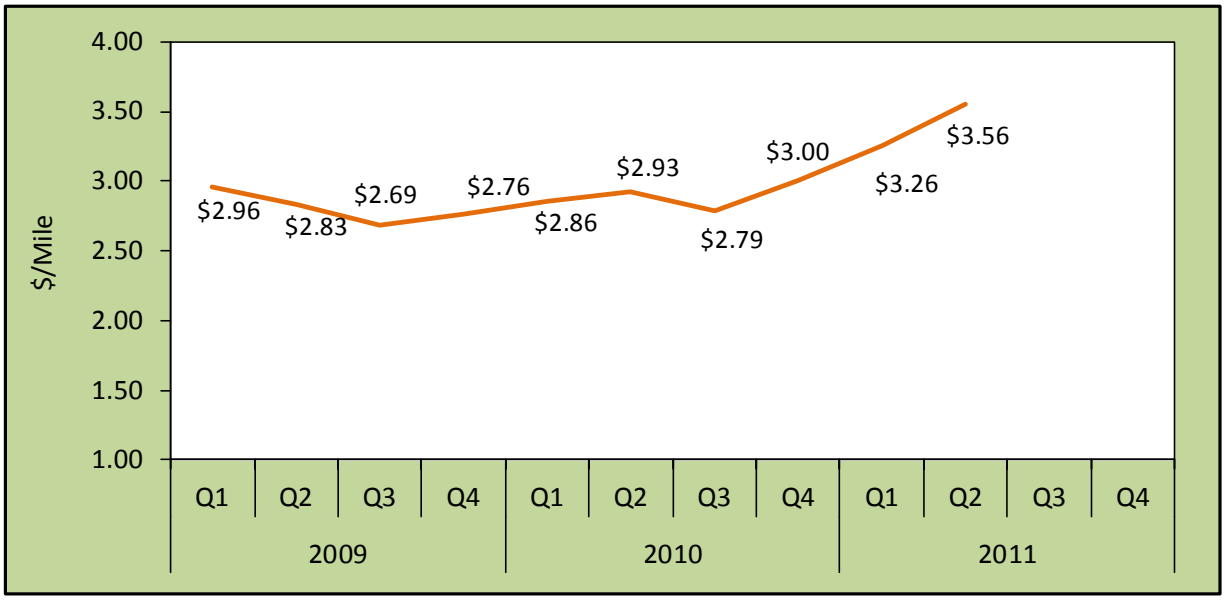
Texas

Table 13: Top 5 Commodities Shipped from Texas (1,000 tons)

Commodity	2nd Quarter 2011	Share of Mexico Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Watermelon	190	50%	-	169	-	12%
Onions	144	38%	13	134	1008%	7%
Cabbage	17	4%	57	22	-70%	-23%
Grapefruit	10	3%	58	17	-83%	-41%
Honeydew	7	2%	-	11	-	-36%
Top 5 Total	**368**	97%	**128**	**353**	188%	4%
Mexico Total	**378**	**100%**	**175**	**372**	**116%**	**2%**

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

Figure 11: Texas 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	April	May	June
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$3.95**	**$2.57**	**4.57**	**4.81**	**4.00**
Lower Rio Grande Valley, TX			4.57	4.62	4.00
South Texas			n/a	5.00	4.00
Texas			n/a	n/a	n/a

n/a: availability data not reported
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.

Volume: The top 5 commodities moved by truck from Texas increased 4 percent from the same quarter last year and represented 97 percent of the reported shipments during quarter 2. The seasonal increase in watermelon demand pushed these shipments to the top of the list, up 12 percent from last year, followed by onion movements which increased 7 percent compared with the same quarter last year. Lower-than-expected volume from traditional summer sources such as California and New Mexico due to the extreme freeze this past winter probably helped increase onion shipments from Texas this quarter.

Rates: The average rate per mile for shipments from Texas was $2.57, an increase of 13 percent from last quarter and an 8 percent increase from the same quarter last year.

Truck Overview: Diesel fuel prices averaged $3.95 per gallon, 11 percent higher than last quarter and 32 percent higher than the same quarter last year. Shippers in Texas experienced nearly an entire quarter of truck availability shortages. Shippers reported slight shortages to shortages until the last week in June.

Florida

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

Commodity	2nd Quarter 2011	Share of Florida Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Watermelon	310	26%	-	278	-	12%
Tomatoes	296	25%	180	219	64%	35%
Corn	156	13%	36	154	333%	1%
Potatoes	123	10%	28	92	339%	34%
Peppers	62	5%	73	47	-15%	32%
Top 5 Total	**947**	80%	**317**	**790**	199%	20%
Florida Total	**1,191**	**100%**	**735**	**1,078**	**62%**	**10%**

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

Figure 14: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	April	May	June
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Average	**$3.97**	**$1.89**	**4.94**	**4.29**	**3.67**
Central and South Florida			5.00	4.20	n/a
Central Florida			n/a	n/a	3.00
Central and North Florida			4.75	3.67	3.00
South Florida			5.00	n/a	n/a
Florida			5.00	5.00	5.00

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: Reported fruit and vegetable truck movements from Florida during the 2nd quarter were 62 percent above the previous quarter and 10 percent above the same quarter last year. Each of the top five shipments experienced increases compared with the extreme lows of a year earlier. Florida shipments of tomatoes, potatoes, and peppers experienced increases of more than 30 percent from the previous year. The Economic Research Service's latest *Vegetable and Melon Outlook* reports that tomato shipments from Florida experienced a seasonal surge in late April and early May. According to preliminary data, Florida's tomato shipments (all types) during January–May of 2011 were 65 percent greater than a year earlier, when a freeze devastated the crop. Florida tomato shipments were also compensating for reduced shipments from the Mexico crop that was severely affected by a hard freeze this past winter. Florida potato shipments are also working to compensate for winter and spring weather damage and delays affecting California shipments.

Rates: Truck rates averaged $2.67 per mile, 42 percent higher than the previous quarter and 14 percent higher than the same quarter last year.

Truck Overview: Diesel fuel prices averaged $3.97 per gallon, 11 percent higher than last quarter and 33 percent higher than the same quarter last year. Florida experienced shortages of truck availability throughout most of the 2nd quarter. Shipments from all reporting regions saw shortages through all of April and May. On average, adequate truck availability levels returned during the last 3 weeks in June.

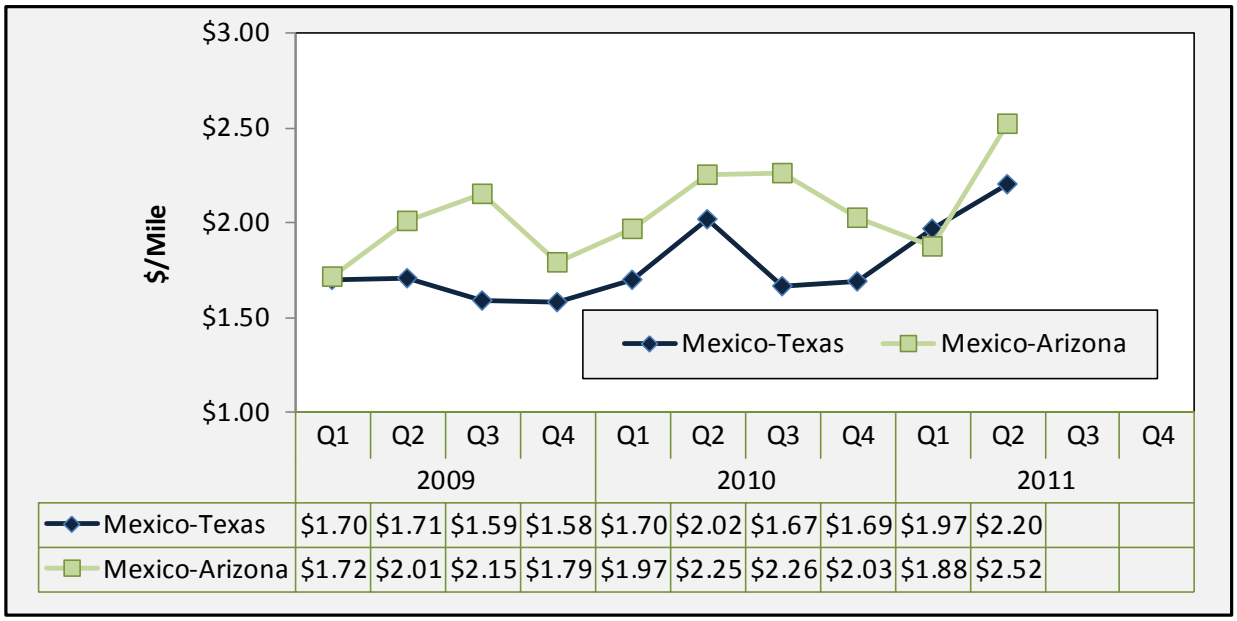
Mexico

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

Commodity	2nd Quarter 2011	Share of Mexico Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Watermelon	335	17%	126	387	166%	-13%
Tomatoes	309	15%	469	385	-34%	-20%
Cucumbers	137	7%	159	118	-14%	16%
Mangoes	137	7%	28	125	389%	10%
Peppers	136	7%	246	146	-45%	-7%
Top 5 Total	**1,054**	**52%**	**1,028**	**1,161**	**3%**	**-9%**
Mexico Total	**2,020**	**100%**	**2,059**	**2,109**	**-2%**	**-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)



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2009				2010				2011			
Mexico-Texas	$1.70	$1.71	$1.59	$1.58	$1.70	$2.02	$1.67	$1.69	$1.97	$2.20		
Mexico-Arizona	$1.72	$2.01	$2.15	$1.79	$1.97	$2.25	$2.26	$2.03	$1.88	$2.52		

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

Figure 16: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	April	May	June
			Monthly Rating		
	$/per gallon	$/per mile	1=Surplus to 5=Shortage		
Regional Crossing Average			**4.25**	**4.68**	**3.75**
Through Texas	$3.95	$2.52	4.75	4.62	3.75
Through Nogales, AZ	$4.22	$2.20	3.75	4.73	3.75

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 2nd quarter were down 4 percent compared to the same quarter last year. The top 2 commodities, watermelon and tomatoes, saw decreases from the previous year—watermelon down 13 percent and tomatoes down 20 percent. Imports of peppers from Mexico also saw a decrease of 7 percent. According to the latest Economic Research Service's *Vegetable and Melon Outlook*, so far this year, "most of the reduction in imports was the result of supply disruptions in Mexico caused by the severe February freeze. Also, this year's imports are being compared with volume that was enhanced by heavier-than-normal U.S. demand for tomatoes and peppers due to damage from the 2010 Florida freeze." These decreases were somewhat offset by increases in shipments of cucumbers (up 16 percent) and mangoes (up 10 percent); strong U.S. demand for these products continues to encourage imports.

Rates: Truck rates for border crossings through Texas averaged $2.20 per mile, 12 percent above last quarter and 9 percent higher than the same quarter last year. Rates for crossings through Arizona averaged $2.52 per mile, 34 percent higher than last quarter and 12 percent higher than the same quarter last year.

Truck Overview: Diesel fuel prices for border crossings through Texas averaged $3.95 per gallon, an 11 percent increase from the previous quarter. Diesel fuel prices for border crossings through Nogales, AZ, averaged $4.22 per mile, a 13 percent increase from the previous quarter. Truck availability averaged a slight shortage throughout the quarter. In early April and late June, movements through Arizona saw adequate and even some light surplus availability. For the rest of the quarter, however, shippers reported a shortage situation at both cross border points.

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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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
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National Agricultural Statistics Service
http://www.nass.usda.gov/