Trucking Issue

PHOTOCOPY
PRESERVATION

THE WHITE HOUSE

WASHINGTON

November 10, 1993

MEMORANDUM FOR CAROL RASCO, BOB RUBIN

FROM: ELGIE HOLSTEIN AND MIKE SCHMIDT

SUBJECT: TOMORROW'S TRUCKING STRIKE

This memorandum gives an update on the status of the independent trucking shutdown, scheduled to begin tomorrow morning at 6:00 a.m., and the Administration's response.

Status of the Trucking Shutdown

As of 5:00 p.m. this afternoon, there is still no definitive answer as to the size or duration of the upcoming strike. No identifiable organization of truck drivers or companies is supporting a strike, but word of it has spread widely at truck stops and over CB radios. Whether or not this support will translate into active driver participation in a strike still remains to be seen.

According to a number of people who have dealt with trucking strikes in the past, the first day or two will be crucial in determining the direction the shutdown will take. If drivers perceive that the strike is making an impact in the media, or that it has a chance at forcing quick concessions from federal and state governments, drivers will be emboldened to escalate their actions. Most drivers and trucking companies will be very sensitive to any reports of violence: if they are fearful, they will stay off the road. On the other hand, if the first few days of the strike pass uneventfully, it is probable that striking drivers will quietly return to work.

The Administration's Response

Over the past week, we have been working closely with DOT, Energy, EPA, and the ICC to monitor the situation. Within the White House, we have kept the offices of Cabinet and Political Affairs apprised of our progress on this issue, and on Tuesday sent a summary of the issue to Dee Dee Myers, along with a set of talking points on the shutdown.

The Department of Transportation has set up a crisis center that will open at 6:00 a.m. tomorrow morning and operate around the clock to monitor the strike. We will be in constant communication with this center, and they will be sending us formal situation reports every few hours as necessary. The highest priority is to

avoid violence.

The most important thing the White House can do in the first few days of the shutdown is to keep a low profile. Any response from the Administration during the early period of the shutdown should be low-key, in the spirit of the talking points we have attached.

Future Action

We will continue to monitor the strike as it unfolds. If the situation worsens over the next few days, we will work with the relevant agencies and White House offices to reevaluate the Administration's response. Given the unorganized nature of the shutdown and the continued drop in the price of low-sulfur diesel fuel, (which was the precipitating issue,) it is our hope that the shutdown will be short-lived.

cc: Christine Varney
Joan Baggett

TALKING POINTS ON THE TRUCKING STRIKE

- Some independent truckers, upset about the steep rise in low-sulfur diesel fuel prices in some parts of the midwest and west, have shut down and refuse to operate. No identifiable organization of truck drivers or companies is supporting this strike. The Administration will continue to monitor the shutdown as it unfolds, and will work with state and local law enforcement to prevent violence.

- The Federal Government has already taken a number of steps to ease the burden of this temporary fuel price spike on the trucking industry. EPA, the Interstate Commerce Commission, and the California Air Resources Board have all granted various forms of short-term regulatory relief, which have helped the situation. Most important, additional supplies of low-sulfur fuel are now finding their way to the markets where shortages occurred. As a result, prices are falling.

- The DPC and the NEC are coordinating interagency monitoring of fuel prices and supplies by DOT, DOE, the ICC and EPA out of concern for the health of the trucking industry as a whole. We will continue to monitor fuel prices for a period of time -- even after supplies return to normal -- to ensure that prices fall back to reasonable levels. There is no reason why prices should not keep falling, and it is expected that the differential between the prices of low- and high-sulfur fuel should fall to the range of 2-3 cents by the end of the year.

November 5, 1993

MEMORANDUM FOR CAROL RASCO AND BOB RUBIN

FROM: MIKE SCHMIDT AND ELGIE HOLSTEIN

SUBJECT: NOVEMBER 11th TRUCKERS STRIKE, DIESEL FUEL PRICES AND SUPPLIES

Background

On October 1, 1993, the new federal transportation fuel tax of 4.3 cents per gallon went into effect. On the same date, a new Clean Air Act regulation mandating the use of low-sulfur diesel fuel for transportation uses also became effective, which the refiners predicted would add an additional 2-3 cents per gallon to the cost of the fuel. Finally, that same day, a new California air quality regulation became effective requiring reduced "aromatics" (an evaporative component) in diesel fuel. It also mandated the use of low-sulfur fuel for off-road fuel users as well.

Prices in California and in the upper midwest soared. Flood-related pipeline and barge shutdowns, together with delays in refiner re-tooling in California, caused supply shortages that drove prices of low-sulfur fuel up by between 15 and 30 cents per gallon. Low-sulfur prices in unaffected areas, including the entire east coast, have risen the predicted 2-3 cents per gallon above high-sulfur fuel prices.

Truck drivers in affected areas -- already angry about the fuel tax, reduced deductibility for meals, drug testing, and tougher state and federal safety enforcement -- began distributing at truck stops leaflets calling for a one-week strike beginning November 11th.

No identifiable organization of truck drivers or companies is supporting a strike. The impetus for some kind of action seems to be informal but widespread. National truck-related organizations, worried about the possibility of violence, a strike, or disruption of highway traffic on November 11th, are considering asking the Justice Department for an investigation of "price-gouging."

EPA, the Interstate Commerce Commission, and the California Air Resources Board have all granted various forms of short-term

regulatory relief, which have helped the situation. Most important, additional supplies of low-sulfur fuel are now finding their way to the markets where shortages occurred. As a result, prices are falling, but in many areas are still 10-15 cents above high-sulfur prices.

TELECONFERENCE ON LOW-SULFUR DIESEL FUEL PRICES AND SUPPLIES

White House

Michael Schmidt
Domestic Policy Council
(202) 456-2165 (phone)
(202) 456-7028 (fax)

Elgie Holstein
National Economic Council
(202) 456-2800 (phone)

Interstate Commerce Commission

Dan King
ICC Task Force on Energy
(202) 927-7597 (phone)
(202) 927-5158 (fax)

Nancy Beiter
Office of Public Assistance
(202) 927-7597 (phone)
(202) 927-5158 (fax)

Rudy St. Louis
Office of Public Assistance
(202) 927-7597 (phone)
(202) 927-5158 (fax)

Environmental Protection Agency

Mary T. Smith
Office of Mobile Sources, Office of Air and Radiation
(202) 233-9000 (phone)
(202) 233-9556 (fax)

Department of Energy

Len Coburn
(202) 586-5667 (phone)
(202) 586-4341 (fax)

Department of Transportation

(703) 768-8108 (H)

Lloyd Milburn
RSPA/OET
(202) 366-5270 (phone)
(202) 366-3768 (fax)

John Lopez

~~Lopez~~ PURCO (Deputy)

Ed Bonekemper
RSPA/DCC
(202) 366-4400 (phone)
(202) 366-4071 (fax)

Dick Torbik
FWHA
(202) 366-0233 (phone)
(202) 366-3713 (fax)

Paul B. Larsen
OST/C-10
(202) 366-9161 (phone)

Sherrie Anderson
OST/S-60
(202) 366-6825 (phone)
(202) 366-7261 (fax)

CDR Tim Beltz
S-1
(202) 366-5742 (phone)
(202) 366-7952 (fax)

Doug McKelvey and Stan Hamelton
FHWA-OMC
(202) 366-1861 (phone)
(202) 366-7298 (fax)

Keith Prouty
OST/P-30
(202) 366-4386 (phone)
(202) 366-3671 (fax) - 410 997-9548 (H)

Bob Tarleton
FRA
366-0401 (phone)
366-7492 (fax)

OFFICE OF DOMESTIC POLICY

THE WHITE HOUSE

FROM THE OFFICE OF: **CAROL H. RASCO**
ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY

NOV 19 1993

TO: Mike Schmidt

DRAFT RESPONSE FOR CHR BY:

PLEASE REPLY (COPY TO CHR):

PLEASE ADVISE BY:

LET'S DISCUSS:

FOR YOUR INFORMATION: ✓

REPLY USING FORM CODE:

FILE:

RETURN ORIGINAL TO CHR:

SCHEDULE:

REMARKS: She's a friend of mine from years ago.

11/19

Carol:

I thought you might be interested in testimony API presented to the Commerce Committee yesterday on diesel fuel.

If you need additional information or have any questions, please call me at 682-8450.

Hope to see you at ACIR meeting!

American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

For your information

Mary Ellen Joyce

Federal Relations Department

American Petroleum Institute
1220 L Street Northwest
Washington, D.C. 20005
(202) 682-8450
Fax: (202) 682-8294

Mary Ellen Joyce
Federal Relations Department

STATEMENT OF

THE AMERICAN PETROLEUM INSTITUTE

TO THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION
UNITED STATES SENATE

HEARING ON DIESEL FUEL

NOVEMBER 18, 1993

The American Petroleum Institute (API) is pleased to respond to your request for a statement on the implementation of the new EPA requirements for low-sulfur diesel fuel. API represents more than 300 member companies involved in all aspects of the petroleum industry, including exploration and production, refining and marketing.

Our statement today will include some background on the low-sulfur diesel requirements, information about how fuel is distributed, a discussion of the regional supply problems that occurred in October, and a report on the materials incompatibility problems that appeared to arise after the introduction of the new fuel.

In 1990, the U.S. Environmental Protection Agency (EPA) issued regulations under the Clean Air Act that mandated use of a new lower sulfur fuel for diesel-powered highway vehicles. The regulations were designed to reduce emissions of particulates and other pollutants from diesel trucks and buses. The new fuel may not exceed 500 parts per million sulfur, a reduction in sulfur content of about 80 percent on average. In addition, the fuel must meet a cetane index of 40 or have an aromatics content of less than 35 percent.

Every state except Alaska is required to meet the new requirements. Because of a waiver from EPA, Alaska does not have to meet the requirements until 1996. California has its own more stringent requirements.

The new regulations mean that nearly 10 percent of total U.S. refinery product output must be low-sulfur diesel to accommodate demand. This is about 46 percent of all distillate fuel production. Distillate fuel includes diesel fuel for vehicle engines, home-heating oil and commercial fuel oils. Distillate fuel used in off-road engines, in home heating, and as

commercial fuel oil, which does not meet the requirements for highway fuel, must be dyed blue.

Producing the new fuel presented tremendous technical and financial challenges to refiners and to distributors. And the response to these challenges substantially altered the petroleum product marketplace.

Petroleum refiners spent about $3 billion to upgrade refineries to produce the new low-sulfur fuel. Much of this investment went to build hydrotreating units to remove the sulfur from the fuel. In the hydrotreating process, the high sulfur distillate is heated to very high temperatures under very high pressure and combined with hydrogen and a catalyst to separate the sulfur, which becomes a byproduct of the refining process.

Some refiners chose not to manufacture the new fuel. Other refiners elected to specialize in the production of the new low-sulfur fuel--and did not continue to manufacture the high-sulfur variety. Still others added the new fuel to their product mix.

Distribution of the fuel required adjustments by a huge and complex industry transportation and marketing network. From the refinery level, fuels are shipped by some 92,000 miles of pipeline or by barge to about 1,700 terminal locations around the country. From there, companies distribute fuel to service stations or sell them to distributors, who truck product to their own bulk storage facilities for delivery to the more than 160,000 service stations and truck stops around the country.

Distributors[1] throughout the system who wanted to carry both the new and old non-

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[1]Like other fuels, low-sulfur diesel was sent through company pipelines to terminals for distribution by independent business owners called jobbers, through lessee dealers and through company-operated stations. Some 43 percent of all gasoline and a comparable amount of diesel fuel is distributed by jobbers.

complying diesels had to have tank capacity to store the fuels separately. In some instances, distributors decided to carry only low-sulfur fuel and began to turn over their tankage, letting inventories decline until the fuel in tanks could meet low-sulfur specifications.

The fact that there was no phase-in period for the new fuel produced special difficulty in getting supplies to market. On October 1, 1993, all highway trucks, buses and diesel vehicles had to be fueled with the new product. Until then, of course, customers of highway diesel fuel wanted to purchase the older, less expensive, high-sulfur diesel fuel. We believe that some distributors may have delayed purchasing the higher-priced low-sulfur fuel until close to the implementation date to accommodate their customers.

The petroleum industry's hard work manufacturing and distributing adequate supplies of the new fuel is reflected by figures on fuel production and inventories. Nationally, API statistics show that production of low-sulfur diesel steadily rose in the several months before the October 1 deadline and that inventories reached about 43 percent of total distillates by the beginning of the month. And, in the Midwest--where the major supply problems developed--API statistics show that as of October 1 inventories of the new low-sulfur diesel reached about 550 million gallons or about 48 percent of all distillates. In addition, by the first week of October, nearly 50 percent of the distillates produced within the Midwest were low-sulfur diesel. This helps confirm that by October the industry was producing and storing enough of the new fuel to satisfy predicted demand--which, again, was estimated at about 46 percent of all distillate fuels produced.

Unfortunately, in the Midwest, major problems were encountered in the distribution system. Summer flooding prevented distribution in the region of all of the fuel that would

normally be shipped and prepositioned for subsequent use. Then, in early October, over 430 feet of the largest petroleum product pipeline in the Midwest were uncovered during the two floods. The pipeline company shut down this part of the pipeline, which was located in the Missouri River flood plain, to anchor it and prevent a possible rupture. The flooding also affected river barges, which oil companies substantially rely upon to transport petroleum products.

Under ordinary circumstances, the distribution system can accommodate an unanticipated shutdown, but this disruption occurred when industry was facing all of the complications of producing and distributing vast quantities of a new fuel. The pipeline remained out of service for almost 10 days, and it took another four days before the company was able to bring low-sulfur diesel through the pipeline to the Upper Midwest. The disruption sparked spot shortages in the Midwest, and some terminal locations reported that they had no supply of low-sulfur diesel.

EPA was aware of the impact that the shutdown and other factors might have on the supply of low-sulfur diesel. So, on October 8, 1993, after shortages had developed, EPA's Office of Mobile Sources issued a letter saying that the agency would use its enforcement discretion until October 22 if non-complying fuel was found on road. This discretion was contingent on a supplier producing written documentation showing that it had, without success, made bona fide attempts to purchase low-sulfur fuel.

At the same time, refiners serving the Midwest increased production of low-sulfur diesel to 55 percent of all refinery distillate output. Nationally, output of low-sulfur diesel also increased, providing an average of over 1.8 million barrels per day for the month of October, well above the 1.4 million to 1.6 million barrels per day that were estimated to be needed.

Naturally, shortages affected prices, resulting in increases above and beyond what might have been anticipated owing to higher production costs for the new fuel and a new 4.3 cents per gallon federal excise tax. For example--according to surveys by the Household Goods Carriers Bureau--from early September to mid-October, highway diesel fuel prices in the Midwest increased by between 20 and 25 cents, significantly more than the national average. But these increases also stimulated additional production and building of inventories, and--once the pipeline opened and barge transportation resumed normal volumes--both wholesale and retail prices began to decline. The market worked.

In short, some difficulties were experienced during the complicated and massive switchover to a new fuel. However, these problems were mainly regional or local, were largely attributable to the Midwest floods, and were met with a quick response by the petroleum industry.

Low-sulfur diesel in California

In California, implementing the low-sulfur diesel fuel requirements was also accompanied by supply shortages, but for different reasons.

On October 1, 1993, the same day that the federal requirements took effect, California placed a stringent 10-percent limit on aromatics in its low-sulfur diesel--which had been required for use in highway and off-road vehicles since 1985 in Southern California--and required the use of this fuel throughout the state. Small refiners were able to request a waiver to meet a higher 20-percent aromatics limit.

This new fuel was much more costly to produce than the federal low-sulfur diesel. Refiners who agreed to produce it had to file with the California Air Resources Board (CARB).

And those who had committed to producing the fuel within a year, but could not meet the specifications by the deadline, were assessed a 6-cents per gallon penalty. Several companies chose not to make such a commitment and went out of the highway diesel fuel business. Other manufacturers committed to make the new fuel but could not maintain production volume because of the difficult new standard.

In light of the problems faced by refiners in manufacturing the new diesel, California lifted some of its restrictions. It announced that refiners would be allowed to supply non-complying diesel fuel for 45 days for off-road vehicles, and customers could use this fuel in off-road vehicles for 120 days. However, restrictions were not eased for highway vehicles, and supplies of the new highway diesel fuel were not adequate, causing prices for the fuel to rise.

Seal failures

Shortly after the introduction of low-sulfur diesel nationwide, there were isolated reports of leaking elastomeric seals in truck fuel systems. API is extremely concerned about these reports and is working with EMA and others to determine the scope of the problem. Initial reports suggest that the problem is encountered in some older, high mileage engines. Additional meetings involving API, EMA, EPA, CARB and the American Trucking Associations are scheduled later this month to solve the problem.

Date: 11/17/93 Time: 03:26

Trucker Stoppage Makes Dent in Commerce Flow

By Rip Watson, The Journal of Commerce
Knight-Ridder/Tribune Business News

Nov. 17--A work stoppage by independent truckers continues to disrupt the flow of commerce in Southern California and some South Atlantic ports, but business appeared to be returning to a semblance of normality in other parts of the country.

Truckers, intermodal marketers, port officials and railroads reported a sharp drop in business levels in Los Angeles/Long Beach, but the effect of the work stoppage that began last Thursday appeared to be uneven.

Several sources reported that many loads still could be moved, but with multiple delays due to a shortage of drivers.

"We're having real trouble moving our freight," said Bob Jensen, vice president of Hub Group, echoing a comment made by many other intermodal marketing firms.

Southern Pacific Lines' officials said business was actually up somewhat Tuesday at the Intermodal Container Transfer Facility in Los Angeles, but Union Pacific Railroad said truck traffic through its terminal gate in Los Angeles was 10 percent of normal volumes.

Santa Fe Railway officials also reported a sharp drop in gate activity at Los Angeles, with five trains being held due to terminal congestion.

Some local truckers in Southern California were reporting that 75 percent of their drivers were not reporting for work. Officials at Interstate Consolidation Services said 90 percent of their drivers were on the road, with many moving convoy style to and from port locations.

"It's still pretty slow," said Don Wylie, director of marketing for the Port of Long Beach, which reported a 90 percent drop in truck traffic over the weekend. "We continue to hear it'll be over by 5 p.m. tomorrow (Wednesday). I hope that's the case."

In Washington, D.C., Tuesday, 88 truckers from nearby Maryland, Virginia and Pennsylvania attempted to enter the Capitol, but police diverted them to the RFK Stadium parking lot, according to the American Trucking Associations.

Drivers, who said they are from the group Truckers United for Fair and Equal Rights, took the subway to Capitol Hill with a list of demands, seeking higher speed limits, better treatment at roadside inspections, and elimination of any bans on citizens band radios and radar detectors.

Steamship lines are continuing to channel any cargo they can to on-dock rail facilities, and they are extending gate hours.

In the South Atlantic, pickets were reported to be demonstrating outside the Port of Savannah. Tom Moore, public affairs director for the Georgia Ports Authority, acknowledged there had been a significant decline in volume but said freight was still being moved.

Shipments also were reported to be slowed at the Port of Charleston, but officials there could not quantify how much business had declined.

At West Coast ports north of Los Angeles/Long Beach, traffic was reported to be returning to regular levels.

All ports reported that longshoremen, who had abandoned work briefly last week due to safety concerns, were back on the job.

While rumors of violence were widespread, there were few confirmed reports. Officials at Southern Pacific Lines acknowledged that Los Angeles police had to be called in to break up a demonstration at the Intermodal Container Transfer Facility Monday.

Problems at the port also presented difficulty for rail operations, whose equipment cycles were being disrupted. Some carriers were responding, including APL Stacktrain Services, which had two trainloads of empty railcars moved to the West Coast.

Allen R. Wastler in San Francisco and Dane Hamilton in New York contributed to this report. END!A5?JC-TRUCKERS

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THE NATION'S NEWSPAPER

USA TODAY

NO. 1 IN THE USA . . . FIRST IN DAILY READERS

WEDNESDAY, NOVEMBER 17, 1993

Truckers' strike: Goods piling up at ports

By Paul Hoversten
USA TODAY

The effects of a wildcat truckers' strike were beginning to show Tuesday as undelivered freight piled up at ports across the nation.

"This is a wake-up call to the country," says Todd Spencer of the Owner-Operator Indepen- t Drivers Association.

The shutdown by independent truckers — it began last Thursday and ends this Thursday — protests working conditions, the North American trade agreement and recent increases in diesel fuel rates.

Tuesday, a convoy of 104 trucks drove to Washington, D.C., part of the protest.

Though the total effect of the indepen t truckers' strike is impossible to measure, tell-tale signs are emerging:

▶ At California Produce Wholesalers in Los Angeles, truck traffic is off about a third, creating shortages in cucumbers and onions from Oregon and Idaho.

"We're trying to hold our own," says manager Peter Pap- "I we have a definite word that it's over, we're on pins and needles here."

▶ Business also is off at some of the USA's biggest ports — Houston, San Pedro and Long Beach, Calif., — as well as docks serving Jacksonville, Fla., and Charleston, S.C., say shipping and trucking officials.

Though everything from to furniture is piling up, perishable foods are causing the c ern.

"Supermarkets rely on truck service," says Jeff Leong of the Port of Los Angeles.

Since the strike began, there have been scattered reports of violence — enough to keep some truckers off the road.

"It's not worth it to me to drive," says Joy Cogburn, a trucker f Neptune Fla., who parked her rig in Syr- a N.Y., Thursday.

Date: 11/16/93 Time: 15:47

Short-Haul Port Truckers around Long Beach, Calif., Unify Protests

By Art Wong and Ralph De La Cruz, Press-Telegram, Long Beach, Calif.
Knight-Ridder/Tribune Business News

TERMINAL ISLAND, Calif.--Nov. 16--Five days after the beginning of a shutdown by short-haul port truckers began, the disjointed work stoppage has begun to coalesce.

Monday began with a showdown with Long Beach police in the morning and ended with the spoken support of Teamsters Local 692 at sundown.

More than 1,000 independent truckers, in their largest rally thus far, gathered in a Terminal Island parking lot to hear four Teamster officials.

"You showed by parking your trucks that you're not going to take it anymore," shouted Gerry Dunn, president of Local 692, as a police helicopter circled overhead.

The teamsters officials set up a meeting with truckers for later that night. Dunn said the teamsters might be able to provide organizational help for the striking owner/operators.

Otherwise, Day 5 in the truckers strike was more of the same: - About 100 picketers gathered at the Hanjin Shipping Co. Ltd. terminal in west Long Beach. After a truck windshield was smashed, a dozen police officers donned riot gear, prompting the picketers to disperse peacefully.

- Cargo continued to stack up at the ports of Long Beach and Los Angeles. Dockworkers loaded and unloaded ships. But few truckers were delivering or picking up shipments.

- The strike extended to Southland railyards, where truck traffic also was light.

- Elsewhere, results have been mixed in a nationwide truckers' protest over high diesel fuel prices, the North American Free Trade Agreement and low rates.

Todd Spencer, vice president of the Owner-Operators Independent Drivers Association, said several hundred thousand drivers across the country were striking. But John Doyle, a spokesman for the trucking companies' American Trucking Association, said the strike has had a minimal impact nationally because independent drivers make up only 200,000 of the nation's 5 million drivers.

The two San Pedro Bay ports have been among the areas most heavily affected. Southland waterfront truckers complain of low rates for hauling and say they are kept waiting for an average of three to four hours at shipping terminals and forced by trucking companies to haul illegal, overweight loads.

The ports are particularly vulnerable because they rely on independent truckers to shuttle cargo between the waterfront and inland, transcontinental railyards. Nearly half of the shipments through the two ports are such cargo.

"The traffic at our gates is down by about 50 percent," said Mike Furtney, a spokesman for Southern Pacific Transportation Co., which operates one of the area's busiest railyards, the Intermodal Container Transfer Facility in west Long Beach.

Use of dockside trains has increased, bypassing inland yards and the need for truckers, said Don Wylie, the Port of Long Beach's director of trade and maritime services. END!A$3?LB-TRUCK-STRIKE

KBviaNewsEDGE

Date: 11/16/93 Time: 19:16

Striking Wildcat Truckers Clog Ports of Los Angeles, Long Beach

By Elliot Blair Smith, The Orange County Register, Calif.
Knight-Ridder/Tribune Business News

Nov. 17--Wildcat truckers, striking to protest higher fuel taxes and the prospect of Mexican drivers taking some of their jobs, are clogging the nation's major arteries of commerce, including the ports of Los Angeles and Long Beach.

But the independent truckers strike came too late to interrupt most holiday-season consumer supplies, and many shippers appear to be improvising with rail routes.

Meanwhile, scattered violence - including shots and rocks fired at truckers ignoring the strike - was reported in Ohio, Pennsylvania and Virginia. No serious injuries were reported.

Members of the International Longshoremen's and Warehousemen's Union in Southern California went home last week after threats of violence and aggressive protests prompted a labor arbitrator to declare a threat to health and safety. Once police and security patrols were increased, longshoremen returned to work, labor and management officials said.

As scattered pickets remained Monday at the twin ports of Los Angeles and Long Beach, the world's largest, Port of Long Beach spokeswoman Yvonne Avila said a strong police presence was on display to limit potential violence.

Ocean-side rail links enabled many Southern California shippers to load cargo bound for the Midwest and Gulf Coast immediately onto waiting railcars. But truck cargo transhipped from local points was interrupted, Avila said.

"Ships are still calling on the port. Cargo is being unloaded. But we have very few trucks coming in to pick up the cargo," Avila said.

"At our (Los Angeles Intermodal Container Transfer Facility) we are down by about 50 percent," said Mike Furtney, a spokesman for Southern Pacific in San Francisco.

"We're at about 50 percent, with some of our fright going into the piers and some not," said Lee Quigley, owner of Modesto-based Valley Intermodal Co.
END!C6?OC-WILDCAT-STRIKES

KBviaNewsEDGE

THE WHITE HOUSE

WASHINGTON

November 16, 1993

MEMORANDUM FOR DEE DEE MYERS

FROM: ELGIE HOLSTEIN (NEC)

SUBJECT: NAFTA AND TRUCKING

As you may know, 30-50 independent truck drivers are arriving in Washington this morning to express their displeasure to Congress about NAFTA and, to some extent, about high fuel prices.

Attached, for your information, is the American Trucking Association's position "fully and vigorously" supporting NAFTA.

NAFTA is in fact good for the American trucking industry. It immediately gives US truckers parity with their Mexican counterparts by permitting US trucks to do business in border areas of Mexico. Mexican truckers already have that right in border areas of the U.S. Over time, NAFTA phases out the geographic limitations on trucking in both countries. Finally, NAFTA will ensure the availability in Mexico of low-sulfur diesel fuel, which is now required in US trucks.

Regarding fuel prices, there was a price "spike" in October, following the implementation on October 1, 1993 of a new Clean Air Act requirement that trucks use only low-sulfur diesel fuel. The low-sulfur fuel requirement coincided with the introduction of the new 4.3 cents-per-gallon federal fuel tax. Flood-related delivery problems and refinery technical problems caused short-term diesel fuel supply shortages. Instead of rising by 3-5 cents as expected, prices shot up by as much as 40 cents per gallon in some areas of the Midwest, Southwest, and California. Those prices have been falling steadily since the last week of October and should return to normal levels.

11/16/93

NAFTA IS GOOD FOR THE UNITED STATES TRUCKING INDUSTRY

- Trucking is vital to America's economy in terms of both employment and commerce.
- The trucking industry employs one out of every twelve private sector workers in the United States.
- The largest trucking organization, the 7.8 million-member American Trucking Associations, last week endorsed NAFTA citing the "economic advantages and new jobs that NAFTA will bring" to the trucking industry.
- Even before NAFTA, trucks carry about 80 percent of freight shipments between the U.S. and Mexico and about 60 percent of freight shipments between the U.S. and Canada.
- When NAFTA removes current trade barriers, as well as barriers to international trucking operations, trade and traffic will increase -- creating more economic opportunity for the U.S. trucking industry and its drivers.
- Mexico's trucking market is now closed to the United States. NAFTA will open that market by phasing out Mexico's restrictions, eliminating the competitive advantage of the Mexican trucking industry.

Pres. Correspondence

-2276

Marie Kirk

(2806 Fax)

AMERICAN TRUCKING ASSOCIATIONS, INC.

THOMAS J. DONOHUE
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

2200 MILL ROAD
ALEXANDRIA, VIRGINIA 22314-4677
(703) 838-1800

November 8, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing you on behalf of the 7.8 million Americans who earn their living delivering goods by truck to homes, schools and businesses.

Times are tough for the trucking industry, and we need your help.

In some areas of the country, prices of diesel fuel shot up by as much as 40 cents per gallon last month. Supplies ran very low. Thousands of trucks experienced unexpected fuel pump problems that cost from $200 to $600 to fix, plus the cost of not being able to deliver the freight.

The problems began on October 1, when truck owners were hit with a double blow: the federal fuel tax rose by 4.3 cents per gallon and trucks had to start using previously unavailable low-sulfur diesel fuel to comply with a provision of the Clean Air Act. The trucking industry had supported the change to low-sulfur diesel as a responsible action for improving the environment, at a cost that was universally expected to be only a few cents per gallon. Instead, we got badly hurt--on price, supply and equipment problems.

We have tried to work through the appropriate agencies of government and have had limited success:

- After hearing from the American Trucking Associations (ATA) about supply shortages of low-sulfur diesel, the Environmental Protection Agency allowed sale and use of regular #2 fuel in cases of hardship until October 22. However, that waiver has not been extended.

- After turning down ATA's first petition, the Interstate Commerce Commission cut the waiting period for fuel-related tariff increases from one week to one day on October 29, effective until December 13.

- ATA's state affiliates have received varying degrees of relief from state public utility commissions.

But none of these steps has brought prices down to where they should be, and none provides any protection against likely price spikes in the next cold wave or when new IRS fuel-dyeing rules take effect January 1. To make matters more difficult in January, the business meal deduction will drop from 80% to 50% of actual cost, further adding to the expenses of over-the-road drivers and carriers.

Because prices have remained unacceptably and inexplicably high in so many areas, we have now written to Attorney General Reno to ask that the Justice Department investigate whether any illegal activity explains the persistent problems.

We will continue to work with these agencies, as well as the Departments of Energy and Transportation and the Congressional committees that have expressed concern.

But, Mr. President, we need <u>your</u> involvement. Truckers kept this country going during the flood this summer, after the hurricane last year, and every time people have needed help. Now we need help. We request that you appoint a senior member of the White House staff to work with the appropriate agencies, and us, to resolve these problems.

Trucks deliver the goods--78% of the dollars spent on freight are for truck transportation. We are willing to pay our share for cleaner air and deficit reduction. But we cannot afford sustained, unexpected cost increases.

Thank you, Mr. President. I look forward to working with you and your Administration.

Sincerely,

Tom

Thomas J. Donohue
President & Chief Executive Officer
American Trucking Associations

/cd

AMERICAN TRUCKING ASSOCIATIONS, INC.

THOMAS J. DONOHUE
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

2200 MILL ROAD
ALEXANDRIA, VIRGINIA 22314-4677
(703) 838-1800

November 8, 1993

BY HAND

The Honorable Janet Reno
Attorney General
U.S. Department of Justice
10th Street and Constitution Avenue, N.W.
Washington, DC 20530

Dear Attorney General Reno:

The American Trucking Associations, the national trade association of the trucking industry, respectfully requests that the Justice Department launch an immediate investigation into the enormous, sudden, and sustained increases in diesel motor fuel prices in certain sections of the country.

The crisis in fuel prices was triggered by two federal actions. First, the Omnibus Budget Reconciliation Act of 1993 boosted the federal tax on motor fuel by 4.3 cents a gallon, effective October 1, 1993. Second, effective that same day, the Environmental Protection Agency required all motor carriers nationwide to shift to low-sulfur diesel fuel.

The expectation was that together these two actions would add from 7 to 11 cents a gallon to the retail price of diesel motor fuel on October 1. The startling reality is that prices have shot up, *on average*, by over 20 cents a gallon in every region of the country west of the Ohio and Mississippi Rivers -- an increase of almost one fifth since early September (*see* Household Goods Carriers' Bureau, *Comparative Fuel Report* (Sept. 10, 1993 and Nov. 1, 1993) (enclosed)). Individual carriers have reported increases of up to 40 cents a gallon.

The trucking industry's over 200,000 motor carriers employ 7.8 million people -- one out of every 12 private-sector workers. The tens of thousands of small businesses that make up the trucking industry -- many of them one- or two-truck operators -- ordinarily constitute a major job-generating engine for the whole economy. But these mostly family enterprises often operate on the financial edge, with razor-thin profit margins. The very survival of many of them has been severely threatened by the

precipitous rise in fuel prices. And with the approach of winter, the petroleum industry's shift to producing home heating oil is likely to squeeze motor fuel supplies -- and raise prices -- all the more.

In an effort to ease the impact on these small truckers, ATA earlier obtained limited relief from EPA and the Interstate Commerce Commission. At our request, EPA twice briefly postponed enforcement of the low-sulfur mandate, thus allowing continued purchases, where essential, of the preexisting grade of diesel fuel. But this short window was closed last month.

In addition, at the end of October, the ICC finally granted ATA's early request that motor *common* carriers be permitted, on one day's notice, to increase their tariff rates to take rising fuel prices into account. The ICC, however, declined to take a further step ATA had requested to assist motor *contract* carriers in reopening their shipper contracts to allow for fuel-related increases in rates.

These actions on the part of the ICC and EPA, while welcome, are clearly not enough. The critical problem of abnormally high fuel prices persists in much of the country, and it is creating a financial emergency for many small trucking companies.

A *temporary* spike in fuel prices might have been understandable. But a sustained jump of this magnitude raises the possibility of a concerted withholding of supply, price fixing, market manipulation, or other unlawful activities at one or more levels of the petroleum refining or distribution chain.

We respectfully request that you institute immediately an expedited investigation into the causes of and solutions to this crisis in motor fuel prices and freight transportation -- before the crisis drives a lot of truckers out of business and puts a serious damper on one of the few job-creating industries around.

Sincerely,

Thomas J. Donohue

Enclosures

cc: The Honorable Hazel R. O'Leary
Secretary of Energy

The Honorable Federico F. Peña
Secretary of Transportation

TRUCKING INDUSTRY ACTIONS:
FACT SHEET

PROBLEMS:

- On October 1, the 4.3-cents-a-gallon federal motor fuels tax took effect. And the same budget bill that raised the fuel tax also cut the tax deduction for business meals from 80% to 50% -- a tough blow to truck drivers, many of whom spend more than 200 days a year on the road;

- Also on October 1, truckers were required to begin using clean diesel fuel, and were prepared for higher fuel costs of about 5 to 7 cents a gallon. What happened after Oct. 1, after the fuel tax and clean diesel requirements took effect, were spot fuel shortages and skyrocketing prices -- with prices jumping as much as 40 cents a gallon.

ACTIONS THE TRUCKING INDUSTRY HAS TAKEN SO FAR:

- We asked the Environmental Protection Agency to allow us to use, for a short time, the old higher-sulfur diesel which <u>was</u> available, when low-sulfur clean diesel fuel was <u>not</u>, and we got two weeks of relief.

- We asked the Interstate Commerce Commission to allow us to pass along fuel cost increases. The ICC agreed, but gave truckers authority to do so only until mid-December. The companies that want their goods delivered also need to help us absorb these costs.

- We are asking the Justice Department to investigate the runaway fuel prices. We believe the sustained jump in prices suggests the possibility of price fixing or market manipulation, and we want the government to get to the bottom of it.

- We've asked the Department of Transportation to address the legitimate concerns of the nation's truck drivers, and to do what it can to make their jobs more productive and fulfilling.

- We are now asking President Clinton to help the trucking industry by designating one of his senior advisers to coordinate the administration's efforts to respond to these problems.

U.S. Acts to Ban Radar Detectors in Big Trucks

By MARTIN TOLCHIN
Special to The New York Times

WASHINGTON, Nov. 11 — The Transportation Department has recommended to the White House final regulations that would prohibit radar detectors in 2.5 million big commercial trucks that roar along the nation's roads.

The ban, which would apply to all trucks weighing more than 18,000 pounds, requires only the approval of the White House Office of Management and Budget before taking effect. That approval is expected, and the ban could be in effect by the end of the year.

The regulation is aimed at curbing safety threats posed by the drivers of big rigs who routinely break highway speed limits but evade the efforts of state troopers through the use of radar detectors mounted in their cabs.

The new regulations, sent to the White House last month without public notice, would not apply to cars. One reason is substantive: automobiles are considered far less dangerous than huge speeding tractor-trailers. But another is clearly political: nearly everyone who votes drives a car, at least from time to time, and many drive it faster than the law allows.

Only the District of Columbia and New York, Illinois and Virginia currently prohibit the use of radar detectors, in cars as well as trucks.

The Federal ban is a response to a 1991 Congressional directive that required the Transportation Department to propose such rules by January 1992. The department did issue a proposal then. But the Bush White House opposed the approach, on the ground that enforcement of speed limits was a state concern, not a Federal one. So, after a period of public comment that ended in May 1992, nothing was done to make the rules final.

The ban is opposed by small, independent owner-operators of trucks, many of whom try to compete against big trucking companies through quicker delivery of goods, a goal that frequently means speeding.

'Unacceptable,' Senator Says

It is supported by a coalition of eight insurance, police, automobile, safety and big trucking groups, as well as Federal officials who contend that radar detectors serve only one purpose: to break traffic laws.

"It's unacceptable to have devices designed to thwart the law," said Senator Frank R. Lautenberg, the New Jersey Democrat who heads the Senate Appropriations Subcommittee on Transportation and who was a chief sponsor of the 1991 directive. "I want to get rid of these things."

Congress's mandate sprang from a petition in 1990 by the eight members of the anti-detector coalition: the American Automobile Association, the American Trucking Association, the International Association of Chiefs of Police, the National Safety Council, Public Citizen, the Insurance Institute for Highway Safety, Advocates for Highway and Auto Safety, and the National Association of Governors' Highway Safety Representatives.

That petition, filed with the Federal Highway Administration, contended that radar detectors led to speeding, that tractor-trailer drivers used detectors more frequently than drivers of any other vehicles and that truck drivers with radar detectors were far more likely to speed than were truck drivers without them.

But conclusive evidence tying the use of radar detectors to any increased risk of road accidents is scarce and, the Federal Highway Administration acknowledges, may not exist at all.

In a 1988 study, the National Highway Traffic Safety Administration found that radar detectors "can have a negative impact on speed enforcement." But the agency warned against "definitive conclusions about the larger issue of the relationship between detectors and traffic safety."

This week a House subcommittee approved a measure that would require the Transportation Department to fill in the gaps. The measure would authorize a study aimed at determining whether there was a correlation between detector use and accidents, whether radar technology could be used to enhance safety and whether this technology could be applied to a new generation of "smart cars" now on Detroit's drawing boards.

U.S. Department of Transportation
Research and Special Programs Administration

400 Seventh Street, S.W.
Washington, D.C. 20590

November 12, 1993
12:00 noon

Updates are in bold.

Situation Report #2
Nationwide Independent Truckers' Shutdown

GENERAL:

- **The shutdown of independent owner-operators began yesterday and is scheduled to run through November 17, 1993. It is not having any significant impact on traffic volumes and there is no support from any trucking organizations or unions. However, there are a few scattered acts of violence reported throughout the country.**

DOT ACTIONS:

- The Federal Highway Administrator, Rodney Slater, was appointed by the Secretary as Crisis Coordinator. Support will be provided by the Research and Special Programs Administration, Office of Emergency Transportation.

- A background paper on the shutdown was prepared by of the office of the Assistant Secretary for Policy and International Affairs and submitted by Secretary Peña to the White House.

- The 10 Regional Emergency Transportation Coordinators and the Department's field structure are continuing to monitor the situation closely and will report any related information.

- The DOT General Counsel has advised that DOT has no legal authority to intervene in the shutdown. The event is primarily a State and local police matter, although the FBI could become involved if interstate commerce is affected by violence. The traditional Federal authority to end labor disputes doesn't apply, because this is not a strike by organized labor.

TRANSPORTATION IMPACT:

- **Reports from the various Regions indicate that there is little evidence of an independent truckers' shutdown. Surveys of**

truck stops and weigh stations indicate that truck traffic volume is normal. Rail and air operations that depend on truck transportation are normal and intermodal terminal operations are functioning properly.

- MARAD reports that the Ports of New York, New Jersey, Los Angeles, and Long Beach are experiencing some delays in truck travel related to the slowdown. These California ports have reported isolated incidents of rock throwing. The ports of Jacksonville, Savannah, and Charleston are experiencing some slowdowns as picket lines are honored.

- There were other scattered reports of random and isolated acts of violence in the Northeast and Midwest. These reports, however, cannot be substantiated either through official regional channels or by the Office of Intelligence and Security.

- There was a report of a related violent incident in the Northern Virginia area; however, the Virginia State Police Division 7 Office in Fairfax County cannot verify any occurrence of violence and stated the report was inaccurate.

- There were other scattered reports of random and isolated acts of violence in the Northeast and Midwest. These reports, however, cannot be substantiated either through official regional channels or by the Office of Intelligence and Security.

- An arrest has been made by Tennessee State Police for an alleged shooting at a truck near Knoxville, TN on I-40. Investigation is underway to determine if the incident is related to the shutdown.

Source: All Regional Emergency Transportation Representatives, Federal Highway Administration/Office of Motor Carriers, CNN, and Virginia State Police.

Contact: Lloyd E. Milburn
366-5270

Prepared by: Michael D. Hartley
366-4548

#

Date: 11/12/93 Time: 09:56

Violence reported in truckers' strike

UPI (Nov. 12) - A nationwide strike by independent truck drivers entered its second day Friday with nearly a dozen incidents of violence reported in Ohio, including six involving shots being fired at vehicles.

One minor injury was reported as the result of gunfire.

The non-unionized truckers are protesting rising fuel prices and falling profit margins, as well as several other issues.

Two semi-trailer drivers reported being fired upon in northwestern Ohio. Lee Porter of Cleveland said five bullets struck his truck Thursday along Interstate-75, near Defiance. And Paul Tenda of Akron was driving his truck on U.S. 30 near Van Wert when a rifle shot shattered his windshield.

''I was kicked back, toolin' on down the road, when there was a really loud crack and then I got splattered with glass,'' Porter told the (Cleveland) Plain Dealer. ''One bullet hit four inches from my head. ''

One bullet was stopped by a cluster of cables, but several pieces of glass had to be removed from Porter's eyes.

''If it hadn't been for those cables, I'd be dead now,'' Porter said. ''The bullet was headed for my chest. They were shooting to kill, no question about that.''

The non-unionized drivers are upset over the Oct. 1 federal tax increase on diesel fuel, which raised the price by 4.3 cents a gallon. On the same day, truckers were required to start buying a new, low- sulfur diesel fuel that added another dime a gallon to their fuel costs.

Independent truckers haul about 95 percent of the nation's fresh produce and the majority of consumer goods.

A spokesman for the Teamsters said that union's members would not support the strike because of contracts with major trucking companies.

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A spokesman for the Teamsters said that union's members would not support the strike because of contracts with major trucking companies.

Date: 11/12/93 Time: 09:51

Violence is reported in truckers' strike

UPI (Nov. 12) - A nationwide strike by independent truckers has flared into violence in Ohio, with six reports of shots being fired at vehicles and several other incidents involving tires being slashed or rocks and bricks being thrown at trucks. At least one injury was reported.

Date: 11/11/93 Time: 23:32

Scattered Violence In Independent Truckers' Protest

(Undated) -- A wildcat shutdown called by independent truckers produced scattered reports of violence Thursday. But it had little effect on the flow of goods.

Three trucks were fired on in different parts of Ohio. And police say a rock was thrown from an overpass at a truck in eastern Ohio.

In southwestern Pennsylvania, police say a truck's tires were flattened and another's windshield was cracked. But it is not known if the incidents were strike-related.

Some haulers parked their rigs rather than risk violence. Others said they couldn't afford to stay off the road.

The strike was called to protest higher diesel fuel prices.

Diesel prices have climbed as much as 40 cents a gallon in some parts of the country. The price was driven up by new fuel taxes and a requirement for more expensive, cleaner-burning fuel.

(SOUND 9:32 pes)
APNP-11-11-93 2332EST

Date: 11/11/93 Time: 10:43

No major incidents seen so far amid planned US truckers' strike

Knight-Ridder

Kansas City--Nov 11--A nationwide truckers' strike called for in the US today has not resulted in any significant incidents of violence or blocked traffic so far, observers said this morning.

However, officials continued to monitor the situation, saying problems still could develop later in the day.

Calls for a nationwide US truckers' strike Nov 11-17 primarily were sparked by the rising cost of diesel fuel. Fuel costs have risen as much as 50 cents per gallon in parts of the US after a 4.3c fuel tax went into effect Oct 1.

Rebecca Bodor, membership coordinator of the American Trucking Association, said her group had not heard of any problems with violence or blocked traffic so far this morning.

"There have been a lot of rumors of violence, but everything we have checked out has turned out to be nothing," Bodor said. However, she added that problems still could develop later in the day, and said the association would continue to monitor the situation.

Bodor said that because of independent truckers' lack of organized leadership, the association was not expecting a nationwide strike. However, the group was concerned about the potential for pockets of activity and violence in localized areas.

"There are enough angry truckers out there for us to be worried," she said.

Todd Spencer, vice president of the Owner Operators Independent Drivers Association of America, said the independent drivers his group has been in contact with planned simply to stop their trucks. But Spencer could not confirm whether the drivers had ceased to operate this morning.

Harold Nease, spokesman for the Ohio Highway Patrol, said the patrol had not heard of any problems in that state so far. Nease was in contact with the Pennsylvania patrol, which also had not reported any problems overnight.

Russell Miller, spokesman for the Indiana Highway Patrol, said that state also had not documented any traffic problems related to the calls for a strike.

Miller said an unusually large number of trucks was congregated at interstate ramps Wednesday morning, but no traffic was blocked and it could not be confirmed whether the congregation was related to the strike. End

(By Candice Bowman, Knight-Ridder Financial News)

Date: 11/11/93 Time: 11:47

Independent Truckers Threaten Protests

Independent truckers threatened protests over diesel fuel price increases today, but there was little sign of problems this morning. Still, some haulers chose the driveway over the highway rather than risk violence.

``We've pulled all our trucks off the highway,'' said Randy Buck of Buck Cargo Co. in San Diego.

Leaflets circulating for weeks at truck stops across the country warned of a widespread shutdown of truck traffic.

There were no confirmed reports of any far-reaching shutdowns or serious violence by midmorning. Many industry officials said they expected only sporadic demonstrations and little effect on the flow of goods.

Bud Spaulding of Albuquerque, N.M., a spokesman for United Drivers of America, one of several groups that advocated a shutdown, said thousands of truckers had parked their rigs today and there was scattered minor violence against parked trucks. There was no confirmation of either claim.

In southwestern Pennsylvania, a truck's tires were flattened and another's windshield was cracked along Interstate 70 early today, police said, but it wasn't know if the incidents were strike-related.

Wildcat demonstrations in the past have occasionally resulted in highway shootings or altercations at truck stops, and some independent trucking operators said they wouldn't be sending their drivers out today.

``We're worried about them, concerned that they're going to make it,'' said April Baer, who dispatches 15 independent truckers from her Eugene, Ore., office. `There'll be those crazies out there that will try and stop them.''

Some 4.5 million truck drivers move everything from lettuce to furniture cross-country. Half a million drivers are believed to be independent owner-operators.

Diesel prices rose as much as 40 cents a gallon in some parts of the country recently because of new fuel taxes and a requirement for more expensive, cleaner-burning fuel.

The protest threat is the product of loosely formed groups of truckers with such names as Truckers Across America and Quest for Freedom. Word spread largely through anonymous fliers, talk over CB radio and toll-free hot lines.

Bob Hanson, owner of Hanson Trucking in Phoenix, worried about violence not from truckers, ``but these weirdos out there who might throw a concrete block off an overpass into your windshield.''

But he said his six trucks will be operating because he has deadlines to meet and his customers gave him a raise to cover the fuel-cost increase.

APNP-11-11-93 1146EST

THE WHITE HOUSE

WASHINGTON

November 11, 1993

MEMORANDUM FOR CAROL RASCO AND BOB RUBIN

FROM: ELGIE HOLSTEIN AND MIKE SCHMIDT

SUBJECT: STATUS OF TODAY'S TRUCKING STRIKE

We have attached a copy of DOT's latest situation report on the independent trucking strike scheduled to begin today. So far, the news is good. There have been no confirmed reports of any incidents of violence taking place today, and several key states report that trucking volume seems to be normal with no traffic blockages or shutdowns occurring. Additionally, with a few exceptions the press does not seem to have picked up on this story.

Given the mild nature of this strike so far, coupled with the continued drop in low-sulfur diesel fuel prices, the odds are that we have avoided a major incident. Tomorrow will tell whether this prediction is true. In any case, we will continue to monitor the situation closely, watching to make sure that fuel prices continue to drop as expected.

cc: Christine Varney
Joan Baggett
Dee Dee Myers

U.S. Department of Transportation
Research and Special Programs Administration

400 Seventh Street, S.W.
Washington, D.C. 20590

November 11, 1993
12:00 noon

Situation Report #1
Nationwide Independent Truckers' Shutdown

GENERAL:

- The shutdown of independent owner-operators scheduled to begin today and run through November 17, 1993 is not having any significant impact on traffic volumes. CNN reported the "strike" began this morning at 6:00 a.m. and that there is no support from any trucking organizations or the unions.

- Although there have been scattered reports of minor violence, such as rock throwing, all reports are second hand and none have been confirmed by police authorities.

BACKGROUND:

- No major carriers are supporting the shutdown according to the American Trucking Associations (ATA). The principal owner-operator organizations urged their members to be cautious, citing the economic loss to individual truckers if they stop work. They are also warning against violence, which will tarnish the positive image of the industry. The Teamsters Union does not support the shutdown, because its members have contracts.

- The Department of Energy reports that diesel fuel prices have declined as much as $0.15 per gallon over the last few days.

DOT ACTIONS:

- The Federal Highway Administrator, Rodney Slater, was appointed by the Secretary as Crisis Coordinator. Support will be provided by the Research and Special Programs Administration, Office of Emergency Transportation.

- A background paper on the shutdown was prepared by of the office of the Assistant Secretary for Policy and International Affairs and submitted by Secretary Peña to the White House.

- The 10 Regional Emergency Transportation Coordinators and the Department's field structure are continuing to monitor the situation closely and will report any related information.

- The DOT General Counsel has advised that DOT has no legal authority to intervene in the shutdown. The event is primarily a State and local police matter, although the FBI could become involved if interstate commerce is affected by violence. The traditional Federal authority to end labor disputes doesn't apply, because this is not a strike by organized labor.

TRANSPORTATION IMPACT:

Trucks: Region 1 reports that fewer than 15% of the independent truckers stayed off the job this morning in the Boston area. This is not affecting over the road or intermodal terminal operations.

Region 7 reports that a morning survey of truck weight stations and truck stops and contacts with State police offices throughout the region show that truck traffic appears to be normal for a holiday.

Region 9 reports that some wholesale produce buyers which normally buy late in the week have already bought supplies for the week. Other trucking firms have advised that they will operate in daylight hours only if violence occurs. Two Canadian produce buyers who use their own trucks will not buy any produce in California until the shutdown is resolved.

Rail: The Santa Fe Railway in California reports that a few truck owner/ operators failed to show-up at intermodal terminals last night to move containers. Operations were not affected.

Source: All Regional Emergency Transportation Representatives
Federal Highway Administration/Office of Motor Carriers
CNN

Contact: John W. Porco
366-5270

Prepared by: Barbara L. Barajas
366-4539

#

Date: 11/11/93 Time: 10:43

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"There have been a lot of rumors of violence, but everything we have checked out has turned out to be nothing," Bodor said. However, she added that problems still could develop later in the day, and said the association would continue to monitor the situation.

Bodor said that because of independent truckers' lack of organized leadership, the association was not expecting a nationwide strike. However, the group was concerned about the potential for pockets of activity and violence in localized areas.

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Miller said an unusually large number of trucks was congregated at interstate ramps Wednesday morning, but no traffic was blocked and it could not be confirmed whether the congregation was related to the strike. End

(By Candice Bowman, Knight-Ridder Financial News)

THE WHITE HOUSE

WASHINGTON

November 10, 1993

MEMORANDUM FOR CAROL RASCO, BOB RUBIN

FROM: ELGIE HOLSTEIN AND MIKE SCHMIDT

SUBJECT: TOMORROW'S TRUCKING STRIKE

This memorandum gives an update on the status of the independent trucking shutdown, scheduled to begin tomorrow morning at 6:00 a.m., and the Administration's response.

Status of the Trucking Shutdown

As of 5:00 p.m. this afternoon, there is still no definitive answer as to the size or duration of the upcoming strike. No identifiable organization of truck drivers or companies is supporting a strike, but word of it has spread widely at truck stops and over CB radios. Whether or not this support will translate into active driver participation in a strike still remains to be seen.

According to a number of people who have dealt with trucking strikes in the past, the first day or two will be crucial in determining the direction the shutdown will take. If drivers perceive that the strike is making an impact in the media, or that it has a chance at forcing quick concessions from federal and state governments, drivers will be emboldened to escalate their actions. Most drivers and trucking companies will be very sensitive to any reports of violence: if they are fearful, they will stay off the road. On the other hand, if the first few days of the strike pass uneventfully, it is probable that striking drivers will quietly return to work.

The Administration's Response

Over the past week, we have been working closely with DOT, Energy, EPA, and the ICC to monitor the situation. Within the White House, we have kept the offices of Cabinet and Political Affairs apprised of our progress on this issue, and on Tuesday sent a summary of the issue to Dee Dee Myers, along with a set of talking points on the shutdown.

The Department of Transportation has set up a crisis center that will open at 6:00 a.m. tomorrow morning and operate around the clock to monitor the strike. We will be in constant communication with this center, and they will be sending us formal situation reports every few hours as necessary. The highest priority is to

avoid violence.

The most important thing the White House can do in the first few days of the shutdown is to keep a low profile. Any response from the Administration during the early period of the shutdown should be low-key, in the spirit of the talking points we have attached.

Future Action

We will continue to monitor the strike as it unfolds. If the situation worsens over the next few days, we will work with the relevant agencies and White House offices to reevaluate the Administration's response. Given the unorganized nature of the shutdown and the continued drop in the price of low-sulfur diesel fuel, (which was the precipitating issue,) it is our hope that the shutdown will be short-lived.

cc: Christine Varney
Joan Baggett

TALKING POINTS ON THE TRUCKING STRIKE

- Some independent truckers, upset about the steep rise in low-sulfur diesel fuel prices in some parts of the midwest and west, have shut down and refuse to operate. No identifiable organization of truck drivers or companies is supporting this strike. The Administration will continue to monitor the shutdown as it unfolds, and will work with state and local law enforcement to prevent violence.

- The Federal Government has already taken a number of steps to ease the burden of this temporary fuel price spike on the trucking industry. EPA, the Interstate Commerce Commission, and the California Air Resources Board have all granted various forms of short-term regulatory relief, which have helped the situation. Most important, additional supplies of low-sulfur fuel are now finding their way to the markets where shortages occurred. As a result, prices are falling.

- The DPC and the NEC are coordinating interagency monitoring of fuel prices and supplies by DOT, DOE, the ICC and EPA out of concern for the health of the trucking industry as a whole. We will continue to monitor fuel prices for a period of time -- even after supplies return to normal -- to ensure that prices fall back to reasonable levels. There is no reason why prices should not keep falling, and it is expected that the differential between the prices of low- and high-sulfur fuel should fall to the range of 2-3 cents by the end of the year.

U.S. Department of Transportation
Research and Special Programs Administration

400 Seventh Street, S.W.
Washington, D.C. 20590

November 11, 1993
12:00 noon

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DOT ACTIONS:

- The Federal Highway Administrator, Rodney Slater, was appointed by the Secretary as Crisis Coordinator. Support will be provided by the Research and Special Programs Administration, Office of Emergency Transportation.

- A background paper on the shutdown was prepared by of the office of the Assistant Secretary for Policy and International Affairs and submitted by Secretary Peña to the White House.

- The 10 Regional Emergency Transportation Coordinators and the Department's field structure are continuing to monitor the situation closely and will report any related information.

- The DOT General Counsel has advised that DOT has no legal authority to intervene in the shutdown. The event is primarily a State and local police matter, although the FBI could become involved if interstate commerce is affected by violence. The traditional Federal authority to end labor disputes doesn't apply, because this is not a strike by organized labor.

TRANSPORTATION IMPACT:

Trucks: Region 1 reports that fewer than 15% of the independent truckers stayed off the job this morning in the Boston area. This is not affecting over the road or intermodal terminal operations.

Region 7 reports that a morning survey of truck weight stations and truck stops and contacts with State police offices throughout the region show that truck traffic appears to be normal for a holiday.

Region 9 reports that some wholesale produce buyers which normally buy late in the week have already bought supplies for the week. Other trucking firms have advised that they will operate in daylight hours only if violence occurs. Two Canadian produce buyers who use their own trucks will not buy any produce in California until the shutdown is resolved.

Rail: The Santa Fe Railway in California reports that a few truck owner/ operators failed to show-up at intermodal terminals last night to move containers. Operations were not affected.

Source: All Regional Emergency Transportation Representatives
Federal Highway Administration/Office of Motor Carriers
CNN

Contact: John W. Porco
366-5270

Prepared by: Barbara L. Barajas
366-4539

#

Date: 11/12/93 Time: 09:56

Violence reported in truckers' strike

UPI (Nov. 12) - A nationwide strike by independent truck drivers entered its second day Friday with nearly a dozen incidents of violence reported in Ohio, including six involving shots being fired at vehicles.

One minor injury was reported as the result of gunfire.

The non-unionized truckers are protesting rising fuel prices and falling profit margins, as well as several other issues.

Two semi-trailer drivers reported being fired upon in northwestern Ohio. Lee Porter of Cleveland said five bullets struck his truck Thursday along Interstate-75, near Defiance. And Paul Tenda of Akron was driving his truck on U.S. 30 near Van Wert when a rifle shot shattered his windshield.

''I was kicked back, toolin' on down the road, when there was a really loud crack and then I got splattered with glass,'' Porter told the (Cleveland) Plain Dealer. ''One bullet hit four inches from my head. ''

One bullet was stopped by a cluster of cables, but several pieces of glass had to be removed from Porter's eyes.

''If it hadn't been for those cables, I'd be dead now,'' Porter said. ''The bullet was headed for my chest. They were shooting to kill, no question about that.''

The non-unionized drivers are upset over the Oct. 1 federal tax increase on diesel fuel, which raised the price by 4.3 cents a gallon. On the same day, truckers were required to start buying a new, low- sulfur diesel fuel that added another dime a gallon to their fuel costs.

Independent truckers haul about 95 percent of the nation's fresh produce and the majority of consumer goods.

A spokesman for the Teamsters said that union's members would not support the strike because of contracts with major trucking companies.

Date: 11/11/93 Time: 10:43

No major incidents seen so far amid planned US truckers' strike

Knight-Ridder

Kansas City--Nov 11--A nationwide truckers' strike called for in the US today has not resulted in any significant incidents of violence or blocked traffic so far, observers said this morning.

However, officials continued to monitor the situation, saying problems still could develop later in the day.

Calls for a nationwide US truckers' strike Nov 11-17 primarily were sparked by the rising cost of diesel fuel. Fuel costs have risen as much as 50 cents per gallon in parts of the US after a 4.3c fuel tax went into effect Oct 1.

Rebecca Bodor, membership coordinator of the American Trucking Association, said her group had not heard of any problems with violence or blocked traffic so far this morning.

"There have been a lot of rumors of violence, but everything we have checked out has turned out to be nothing," Bodor said. However, she added that problems still could develop later in the day, and said the association would continue to monitor the situation.

Bodor said that because of independent truckers' lack of organized leadership, the association was not expecting a nationwide strike. However, the group was concerned about the potential for pockets of activity and violence in localized areas.

"There are enough angry truckers out there for us to be worried," she said.

Todd Spencer, vice president of the Owner Operators Independent Drivers Association of America, said the independent drivers his group has been in contact with planned simply to stop their trucks. But Spencer could not confirm whether the drivers had ceased to operate this morning.

Harold Nease, spokesman for the Ohio Highway Patrol, said the patrol had not heard of any problems in that state so far. Nease was in contact with the Pennsylvania patrol, which also had not reported any problems overnight.

Russell Miller, spokesman for the Indiana Highway Patrol, said that state also had not documented any traffic problems related to the calls for a strike.

Miller said an unusually large number of trucks was congregated at interstate ramps Wednesday morning, but no traffic was blocked and it could not be confirmed whether the congregation was related to the strike. End

(By Candice Bowman, Knight-Ridder Financial News)

Date: 11/10/93 Time: 15:26

Call for Strike Worries Independent Truckers in Houston

By Jane Baird, Houston Chronicle
Knight-Ridder/Tribune Business News

Nov. 10--Truck drivers in Houston on Tuesday were readying themselves for a possible nationwide strike by independent truckers scheduled to start tonight at midnight.

A group of truck drivers around the country who own and operate their own trucks is attempting to organize a strike Nov. 11 through Nov. 17. Word has spread through leaflets posted at truck stops and between truckers over citizens band radio.

The strike is being called to protest the rise in diesel fuel prices caused by a 4.3 cent per gallon increase in fuel taxes and a government mandate for cleaner-burning diesel. In Texas, the increase amounts to 10 cents to 12 cents per gallon, but diesel costs have increased by as much as 40 cents in California and other states.

Other complaints cited by truckers include reductions in per diem expenses that independent drivers can deduct on their income taxes and bans on radar detectors and CB radios in many states.

Several area drivers and their relatives said they were attempting to assess how effective the strike would be and the potential for violence.

One company-employed driver, who gave his named only as Joe, said he was trying to decide whether to drive a load to New Orleans today, because "I am worried about my health out there." Similar strikes over the years had led to "nuts shooting at trucks on the highway," he said.

Timothy Johnston, an independent driver, left Houston for Ontario, Canada, Tuesday and planned to stay there and wait out the strike if it turns ugly, his wife said. "Just about every trucker he's talked to says he is going home, because they are afraid of violence."

Another independent driver, who supports the strike and asked to be indentified only by his first name, William, had taken a load to Gulfport,

Miss., and told the broker he needed a return load in time to get back to Houston before the strike started or he was going to drive his truck back empty, his wife said. "Diesel is so high and freight is so cheap" that he is struggling to stay in business, she said.

Trucking companies and shippers say they expect the strike to have littl effect in Texas.

"None of the members of our association expect any violence in Texas," said Hampton Rogers, vice president of the Texas Motor Transportation Association, representing Texas trucking companies.

What's more, "any effect in Texas will be minimal," Rogers said. "Times are tough for independent drivers, and it is a very difficult decision for somebody to shut down his truck, because then there is no money coming in." Such strikes have been called before, and the response has been "lukewarm at best," he said.

The independent drivers "have legitimate concerns," Rogers said, but no

trucking company associations are endorsing the strike.

"Ground support appears very weak. There is nothing concrete to cause shippers to change their transportation plans," said Clyde Colbert, transportation manager for Igloo.

The Interstate Commerce Commission has given the trucking companies authority to increase their rates to include the fuel surcharge with only one day's notice, said Steve Broussard, with shipping consultants Paul Broussard & Associates in Houston. The strike "is going to be a nonevent," he predicted.

The J.B. Hunt trucking firm does not support the strike, despite many rumors that it is, a spokeswoman said. The big truck company has asked its customers for a rate increase that would pay for the fuel cost increase, she said.

"We are getting a mixed picture whether the strike is building or dissipating, " said Hunt Safety Manager Herb Jordan. So far, the company expects its drivers to be on the road Thursday and will wait to see if there is violence to decide what to do, he said.

Because Thursday is Veteran's Day, longshoremen at the Port of Houston will be paid overtime wages to work, and the volume of cargo moving out will be reduced.

On Friday, about half to three-fourths of the 800 to 1,000 independent drivers who work out of Port will probably stay away in sympathy with the strike, said Mack Hobdy, of United Container Haulers, which organized a work stoppage at the Port two years ago.

The drivers group has scheduled a meeting Saturday morning during which its members will vote on whether to continue striking, Hobdy said.

The main focus of United Container Haulers, however, is not a strike, but legal efforts to have the courts declare its members to be employees of the trucking companies rather than independent contractors, he said.

As for the fuel increase, some companies have asked for rate increases, but it is still unclear whether they will be successful in obtaining those increases or whether they will pass them on to the drivers, who buy the fuel, he said. END!I$3?HO-TRUCK-STRIKE

KBviaNewsEDGE

Date: 11/10/93 Time: 03:25

Food Deliveries on Front Burner as Truck Strike, Holiday Approach

By Gregory S. Johnson, The Journal of Commerce
Knight-Ridder/Tribune Business News

Nov. 10--Food shippers and receivers, already fearful of a truck strike later this week, are now looking over their other shoulders as supermarkets and wholesalers rush Thanksgiving deliveries, further straining equipment supply.

"This trucking strike will knock the stuffing out of Thanksgiving," said Joel Fierman, president of Fierman Product Exchange Inc., a produce wholesaler in the huge Hunts Point Fresh Produce Cooperative in the Bronx, N.Y. "We're extremely worried."

For the past three weeks, using fliers, recorded telephone messages and faxes, the nation's 300,000 independent truck drivers have urged a complete shutdown of the trucking industry to highlight their worsening economic plight.

Owner-operators comprise 15 percent of America's 2.6 million truckers, but haul one-third of the country's freight, mostly food, steel and consumer goods.

The owner-operators are angry over high diesel fuel prices, threatened competition from Mexican truckers under the North American Free Trade Agreement and what they believe is undue attention from state police.

As the specter of a strike has led shippers to rush freight before Thursday's scheduled start of the shutdown, motor carrier officials voiced concern over driver safety if violence erupts.

"We don't want our trucks in uncompromising situations," said Joel Ailes, operations manager for Mike Conrotto Trucking Inc. in Gilroy, Calif. "You don't want to pull into a truck stop where there are 50 guys who have been drinking all day."

"We're leaving it up to our drivers," said Cliff Orner, safety operator for Prism Trucking Inc., a Dover, Del., heavy hauler. "They have to work. But if this strike becomes violent, they are going to park."

Land O'Lakes Inc., a Arden Hill, Minn., dairy products supplier, said its commercial carriers plan to operate normally. "But if there's any violence, we'll pull our trucks off the road," said Roger DeSmith, the company's transportation specialist.

Meanwhile, shippers, trucking executives and brokers analyzed the latest developments, reports, driver opinions and rumors circulating across the country Tuesday.

"Some drivers told me they're upset about the president planning to use the National Guard to drive their trucks. Now, how are you going to take somebody's else's $90,000 rig?" asked C.W. (Bill) Rydstrom, traffic manager at Henningsen Foods Inc., an Omaha, Neb., egg producer.

John Doyle, spokesman for the American Trucking Associations in Washington, said that National Guard rumor is just that - a rumor.

During the last national truck strike in 1979, at least two deaths were attributed to the protests. At the time, some state governors proposed using the National Guard.

"Some drivers have called here and expressed fear that their vehicles would be commandeered," said Todd Spencer, executive vice president of the Owner Operator Independent Drivers Association. The Grain Valley, Mo., group believes drivers will strike, but is not endorsing a shutdown.

Many shippers said they hoped the strike would lose its biggest impetus - high diesel fuel prices - as pump prices continue to drop.

On Monday, the Interstate Commerce Commission nationwide diesel price survey fell 1.3 cents, to $1.24.1 per gallon. "That's the lowest level since early October," the ATA's Doyle said.

"The truckers we talked to are not going to honor it. All the major big haulers are not honoring it," said James Storey, president of Quaker City Produce Co. in Philadelphia.

"You just have to hope it starts and ends soon," added Marc Rubin, president of Rubin Bros., a Bronx, N.Y., food receiver. END!A5?JC-STRIKE-THREAT

KBviaNewsEDGE

US Department of Transportation
Research and Special Programs Administration

400 Seventh Street S.W.
Washington D.C. 20590

Office of Emergency Transportation

DATAFAX NUMBERS: (202) 366-3768 or 3769
CONFIRMATION NUMBER: (202) 366-5270

Date: 11/10

Lead and 2 Pages

To: Mike Schmidt

From: John Porco
DOT/Office of Emergency Transportation

MESSAGE:

The attached flier is being passed out in the Port of L.A. (English translation also provided).

TRUCKER SHUTDOWN

Nationwide
November 11-17

Port truckers to meet on Friday, November 12

Los Angeles
Truck stop
Calle B y la Figueroa
8:00 de la manana

Houston
Truck stop
Barbour's cut
8:00 am

Los troqueros en los puertos de Los Angeles se juntaran para mostrar desgusto con el precio de combustible y la situacion del trabajo. Posiblemente habra un convoy por el puerto y luego por el centro. No se recomienda que trabajen ese dia. Esta huelga sera mas grande que la de 1974 y possiblemente sera mas sagrienta. Mejor perder un dia de trabajo y no el camion ni la vida.

Este es el momento de re-organizar la UNION en Los Angeles. Se les pide a los ex-miembros de la WRTU y la TUTA que se junten esa dia enfrente de todo el mundo y que empiezen trabajar juntos. Hay que formar un grupo unificado y luego hacer la union con los companeros de Houston. Hay que formar la union de Costa a Costa.

Nosotros sabemos que ganamos el pleito de la corte de desempleo. Insistemos que el gobierno escucha, que el pueblo esta en lucha! Se les pide a cada uno de uds que

Truckers in Houston will be shutting down on friday to show disgust over diesel prices and the low quality of the product. There might be a convoy around the loop so bring your truck or your car. This shut-down promises to be bigger than the 1974 shutdown and might even be more dangerous! It is not recommended that anybody attempt to work that day. We all have to get together and decide what we want to do.

It's time for the truckers to re-organize in the Houston area. Put aside all past negative experiences and get it together. Truckers in Los Angeles will be having a similar event to show solidarity with the Houston truckers.

We got the momentum. Local trucking companies are scared in that local drivers are realizing that they are employees. If any of you get fired for participating let us know so that we can assist you in filing for unemployment benefits and SS-8 forms on those companies. S...

Los Angeles Truck Stop
Bst + Figueroa
8 AM 11/12/93

To the truck drivers in the Port of Los Angeles:
we will band together to discuss diesel fuel prices and working conditions. There is a possibility of a convoy around the port and then downtown L.A. We recomend that you do not work that day. This strike will be bigger than the one in 1974 and there may be bloodshed.

It is better to lose a day of work than your truck or your life.

This is the time to reorganize the UNION in L.A. We want all the ex members of the WRTU and the TUTA to get together that day in front of the world and start to work together. We have to form a unified front like our brothers in Houston. We must form a union from Coast to Coast.

We know we won the fight in the unemploy court. We insist that the government listens.

We ask everyone to show up in your trucks or cars.

THE WHITE HOUSE

WASHINGTON

PHOTOCOPY
PRESERVATION

November 8, 1993

MEMORANDUM FOR CAROL RASCO AND BOB RUBIN

FROM: MIKE SCHMIDT AND ELGIE HOLSTEIN

SUBJECT: NOVEMBER 11th TRUCKERS STRIKE, DIESEL FUEL PRICES AND SUPPLIES

Summary of the Problem

Today, the American Trucking Association sent letters to the President and to Attorney General Reno regarding the high prices being charged for low-sulfur diesel fuel in some areas of the Midwest and California. The letter to the President asks that he get involved and that he appoint "a senior member of the White House staff to work with the appropriate agencies, and us, to resolve these problems."

The letter to the Attorney General requests an investigation of "the possibility of a concerted withholding of supply, price fixing, market manipulation, or other unlawful activities at one or more levels of the petroleum refining or distribution chain."

The letters were prompted by sudden and steep increases in the price of low-sulfur diesel fuel, primarily in parts of the midwest, southwest, and California. The increases occurred during October and coincided with a new EPA regulation mandating low-sulfur fuel use for transportation use, and a new California regulation requiring low-sulfur fuel for both off- and on-road diesel uses.

The fuel price "spike" has given rise to some threats from individual truck owner-operators of a national truck stoppage, scheduled for this Thursday, November 11th. There is one rumor about Ross Perot being drafted to the cause, possibly meeting with shutdown organizers tomorrow afternoon.

Background

On October 1, 1993, the new federal transportation fuel tax of 4.3 cents per gallon went into effect. On the same date, a new Clean Air Act regulation mandating the use of low-sulfur diesel fuel for transportation uses also became effective, which the refiners predicted would add an additional 2-3 cents per gallon to the cost of the fuel. Finally, that same day, a new

California air quality regulation became effective requiring reduced "aromatics" (an evaporative component) in diesel fuel. It also mandated the use of low-sulfur fuel for off-road fuel users as well.

Prices in California and in the upper midwest soared. Flood-related pipeline and barge shutdowns, together with delays in refiner re-tooling in California, caused supply shortages that drove prices of low-sulfur fuel up by between 15 and 30 cents per gallon. Low-sulfur prices in unaffected areas, including the entire east coast, have risen the predicted 2-3 cents per gallon above high-sulfur fuel prices.

Truck drivers in affected areas -- already angry about the fuel tax increase, reduced deductibility for meals, concerns about the impacts of NAFTA, and tougher state and federal safety enforcement -- began distributing at truck stops leaflets calling for a one-week strike beginning November 11th.

No identifiable organization of truck drivers or companies is supporting a strike. The impetus for some kind of action seems to be informal but widespread. National truck-related organizations, worried about the possibility of violence, a strike, or disruption of highway traffic on November 11th, are hopeful that the Administration will signal a commitment to look into the truckers' concerns.

EPA, the Interstate Commerce Commission, and the California Air Resources Board have all granted various forms of short-term regulatory relief, which have helped the situation. Most important, additional supplies of low-sulfur fuel are now finding their way to the markets where shortages occurred. As a result, prices are falling, but in many areas they are still 10-15 cents above high-sulfur prices.

Action

By conference call, we have assembled an informal interagency group representing DOT, DOE, ICC, and EPA. Our goal has been to monitor fuel pricing and supply information to determine whether the situation is, in fact, improving. We also have been asking for reports about a strike -- there is little if any hard information. We will be convening the group as often as necessary to keep abreast of events.

We also have been in regular contact with trucking industry representatives -- the American Trucking Association and the National Association of Truck Stop Operators.

We have suggested to DOE that it establish a dialogue with the petroleum industry about this situation. We have emphasized the need for the industry to play the lead role in disseminating accurate information about the prospects for improved supplies and lower prices in the affected areas.

Conclusions

Our first priority is to ascertain as well as we can whether there is going to be a strike or other protest, and, if so, how extensive. At this point, our judgement is that without some kind of major organizational support, any actions will be isolated, uncoordinated, and short-lived. Even limited actions can be disruptive, however, if they are carried out on crowded highways or intersections. Accordingly, the White House media affairs folks will need some guidance about how to respond to any questions about this matter. If it begins to appear that there will be large-scale, disruptive protests, we will bring that to your attention immediately.

Second, while it may be helpful for the White House to agree to monitor developments, we do not think the EOP needs to be seen to be taking over this issue from DOT and the other federal officials already working on it. As noted above, however, we have encouraged DOT to convene meetings with trucking industry representatives, and suggested that DOE initiate meetings with the petroleum industry.

Finally, we do believe that it is important to monitor fuel prices for a period of time, even after supplies return to normal. We know of no reason why prices should not keep falling, but if the low/high-sulfur price differential does not fall to the range of 2-3 cents by the end of the year, the economic impact on the industry could be substantial.

1-A WSJ 11/8/93

THE WALL STREET JOURNAL, Page A8A, November 8, 1993

Truckers' Group Plans to Protest Fuel-Price Rise

Angry Independent Drivers Organize a Shutdown For Later This Week

By DANIEL MACHALABA
Staff Reporter of THE WALL STREET JOURNAL

Some independent truckers, angry at fuel-price increases, threaten to disrupt the U.S. freight transport system with a shutdown later this week.

For the past few weeks owner-operators have been circulating flyers at truck stops around the country urging drivers to park their rigs for a week beginning Nov. 11. But major truck companies say they will keep operating and could even pick up additional freight business if the independent truckers stay off the highways. Nevertheless, some of the big truck companies are alerting their drivers to the threatened shutdown and urging them to avoid confrontations with striking truckers.

The independent truckers are protesting higher diesel-fuel prices since October 1, when the federal government boosted fuel taxes by 4.3 cents a gallon and mandated use of cleaner-burning, low sulfur diesel fuel. By some estimates, these moves were expected to raise diesel-fuel prices about 10 cents a gallon, but the price at the pump soared as much as 40 cents in some parts of the country. The independent truckers also are fuming about a wide range of issues from mounting government safety regulation of their equipment and performance to the North American Free Trade Agreement.

"I think there will be a truck shutdown," said Todd Spencer, executive vice president of the Owner-Operators Independent Drivers Association of America in Missouri. "It could be pretty widespread," he said. "There is a lot of support among drivers for taking a few days off." Mr. Spencer says his group, which represents about 20,000 independents, is monitoring driver sentiment but isn't formally supporting the proposed shutdown.

Instead, the proposed shutdown has been spawned by newly-formed, loosely organized groups with names such as Truckers Across America and Quest for Freedom. Advocates have spread word of a trucker shutdown through CB radio chatter, facsimile messages, 800-numbers, calls to the media and bulletins posted at truck stops.

Freight shippers are generally skeptical of widespread disruption by independent truckers, which represent about 15% of the nation's more than two million long-haul truck drivers and play a particularly important role in the transport of meat, fresh produce, household goods, steel and machinery. Many of the independent truckers are financially strapped meeting truck payments and can't stop operating for long.

"I assume shippers are making contingency plans just in case, but I think in all likelihood a nationwide truck shutdown isn't going to happen," said Robert Voltmann, director of policy development of the National Industrial Transportation League, which represents about 1,500 shippers.

"There's a possibility there will be at most some spot stoppages, but I don't think it will have a major effect," Mr. Voltmann said.

But some independent truckers already are parking their trucks to protest higher fuel prices and increased government regulation. "I'll stay out 30 days if that will help," said Burl Staley, a Millers Creek, N.C., owner-operator, who hauls baked chicken and produce. He notes that independent truckers don't have the clout of the big truck companies to readily pass on higher costs to their customers in the form of higher rates.

The American Trucking Associations, which represents trucking companies, vigorously oppposes the proposed shutdown. In a message to drivers last Friday, the ATA cited a recent easing of the fuel-price increases while warning that a driver shutdown could jeopardize trucking safety, service and public image. What's more, the organization says it is at odds with independent truckers opposing such safety initiatives as increased government inspections of rigs, drug and alcohol testing of drivers and proposed government bans on radar detectors in commercial vehicles.

"If the guys fighting for these reductions in our safety efforts go on strike and stay off the road, that's fine," said John Dovle, a spokesman for the American Trucking Associations. "Safer drivers will carry the freight."

PHOTOCOPY PRESERVATION

ntled truckers 'shutting down' for a day

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peat of the sometimes violent strikes of the '70s. But few dispute the possibility of trouble.

"If they start shooting, I'm gonna park," trucker Brent Rich of Little Rock says. "Everybody's mad. That's all you hear on the road."

How widespread a strike might be is uncertain.

The American Trucking Associations — representing most big trucking firms — opposes the strike and is urging its members not to participate.

The Teamsters Union, which represents about 100,000 drivers, is against the strike, too. Even the Owner-Operators Independent Drivers Association, representing 20,000 independent truckers, won't endorse a strike. But it does acknowledge a growing sympathy among members.

"Roughly eight of 10 truckers we've heard from plan to take off Nov. 11," association spokesman Todd Spencer says.

Organizers say much of their support is coming from independent drivers like Rayborn who pass the word over the CB radio or distribute fliers and posters at truck stops.

"Everybody's madder than all get out over the cost of fuel," says George Smith, a 32-year veteran from Council Bluffs, Iowa, who is trying to organize another strike later this year.

"I've got a lot of followers behind me," says organizer Bud Spaulding, an Albuquerque driver.

Drivers have a long list of grievances, including disparity in fines for safety violations.

To illustrate the point, Rich pulls a ticket out of his wallet to show a record-keeping infraction that cost $22 in Pennsylvania. He says a similar violation cost $500 in California.

Larry Stern of the Commercial Vehicle Safety Alliance says the government-industry coalition has recommended uniform fines to alleviate this problem. But until states adopt those recommendations, Stern says truckers "more than likely" have justifiable complaints.

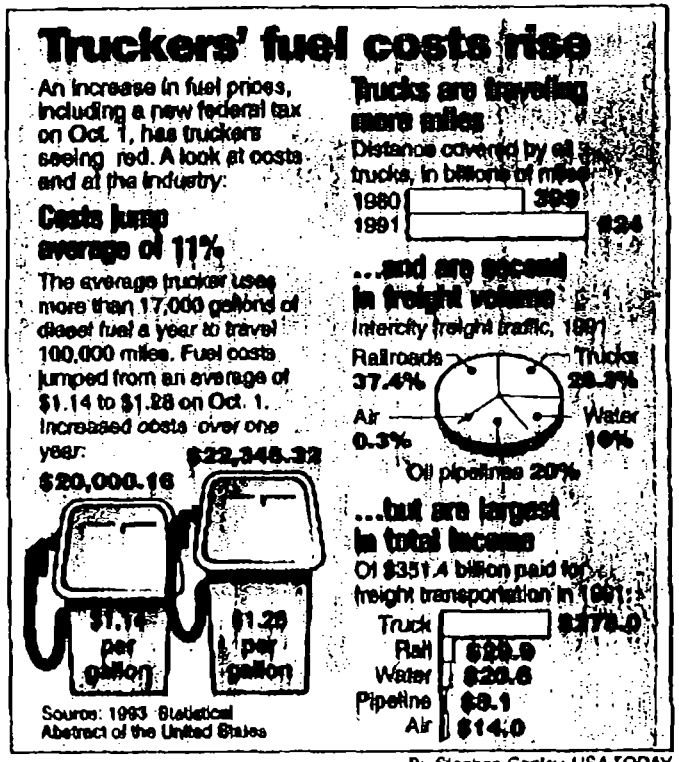
Drivers also are upset over states that allow cars to go 65 mph yet require trucks to maintain 55 mph.

"Having cars and trucks going different speeds is more dangerous," trucker John Serrano of Dallas says.

Some drivers plan to keep moving Thursday — mostly because they work for companies unsympathetic to the strike.

At a truck stop along I-95 in Jessup, Md., Claude Williams of Benson, N.C., pondered a strike, then answered with a question. "What will it help?"

Adds Randy Hogg of Fort Wayne, Ind.: "If the bills are going to be paid I've got to keep the wheels rolling."



By Stephen Conley, USA TODAY

TO : ALL AMERICANS

NATIONWIDE TRUCK SHUT DOWN

NOVEMBER 11TH THROUGH 17TH, 1993

PURPOSE OF SHUT DOWN

#1. THE PURPOSE FOR ORGANIZING THE NOVEMBER 11TH - 17TH SHUT DWN IS TO PROTEST THE RECENT CHANGES IN GOVERNMENT REGULATIONS THAT WILL EFFECT THE TRUCKING INDUSTRY NOW AND IN THE FUTURE.

#2. THE RECENT PRICE INCREASE IN DIESEL FUEL, WHICH INCREASED AS MUCH AS 20% OVERNIGHT IN SOME AREAS. THIS INCREASE WAS TRIGGERED BY A 4.3 CENT A GALLON TAX HIKE TO HELP REDUCE OUR FEDERAL DEFICIT, PLUS THE LOW SULFUR REQUIREMENTS EFFECTIVE OCTOBER 1ST, 1993. THIS MUST ULTIMATELY BE PASSED ON TO EVERYONE IN HIGHER FREIGHT RATES, WHICH MEANS HIGHER PRICES ON GOODS AND SERVICES.

#3. THERE IS THE IMPENDING "N.A.F.T.A." AGREEMENT WHICH WILL ALLOW COMPETITION FROM OUTSIDE THE UNITED STATES ONTO OUR HIGHWAYS WHO MAY NOT HAVE PROPERLY TRAINED PERSONNEL OR SAFELY MAINTAINED VECHICLES WITH LOW WAGE DRIVERS OF WHOM CARRY NO WORKMAN COMP. INSURANCE COMPETING FOR FREIGHT WITH AMERICAN CARRIERS THAT HAVE BEEN BURDENED WITH LARGE INSURANCE COSTS.

#4. IS THE REDUCTION FROM 80% TO 60% PER DEM ALLOWANCE FOR DRIVERS EXPENSES IN ORDER TO CUT DEDUCTIONS ON FEDERAL INCOME TAXES. THIS IS APROXIMATELY .02 CENTS PER MILE LOSS IN DRIVER WAGES. ALONG WITH THIS COMES THE CONTINUING BURDEN OF "OUTDATED LOGBOOK REGULATIONS" AND "UNFAIR RECORD KEEPING".

AS AMERICANS WE FEEL THAT WE SHOULD PAY OUR FAIR SHARE OF TAXES TO SUPPORT THE AMERICAN SYSTEM. HOWEVER, IT SEEMS THAT WE ARE BEING ASKED TO BEAR THE BURDEN IN A ONE, TWO, THREE PUNCH AIMED ONLY AT REFUELING INFLATION AND EVENTUALLY LEADING TO ANOTHER PROLONGED RECESSION RATHER THAN A PATH OF GROWTH AND PROSPERITY.

PLEASE HELP CHANGE YOUR FUTURE AND MAKE THE DIFFERENCE BY SUPPORTING THIS PROTEST AND SENDING A CLEAR MESSAGE TO THE GOVERNMENT IN WASHINGTON, D.C. AND YOUR STATE CAPITAL, THAT AS AMERICANS WE CAN NO LONGER SHOULDER THE ENTIRE BURDEN WITH INCREASED TAXES AND NEW REGULATIONS.

DRIVERS SHOULD GO HOME BY NOVEMBER 10TH IF THEY CAN. IF THEY CAN NOT GET HOME BY MIDNIGHT NOVEMBER 10TH THEY SHOULD SHUT DOWN AT THE NEAREST TRUCK STOP AND JOIN OTHER TRUCKERS IN TRYING TO "TALK" ALL TRUCKERS INTO SUPPORTING THE PROTEST AND SHUTTING DOWN UNTIL MIDNIGHT NOVEMBER 17TH.

IF THE TRUCKING INDUSTRY AND DRIVERS DO NOT TAKE THIS OPPORTUNITY TO SEND A MESSAGE TO ALL OF OUR ELECTED OFFICIALS THE PROBLEMS WILL ONLY GROW TO BE MUCH GREATER THAN WE NOW HAVE.

SHUTDOWN
Nov - 11 - 17 - 93

SHUTDOWN
Nov - 11 - 17 - 93

NATIONAL

TRUCKERS SHUTDOWN

Lets Get The Word Out NOW!

We Need
ALL TRUCKERS
Support!
All For One And One For All!

John Sapp
Scott Levy

East Coast Office:
Truckers Across America (TAA)
P.O. Box 19864
Atlanta, GA 30325
Fax: (404) 352-8811

Bud, Nancy or
David Spaulding

West Coast Office:
Quest For Freedom (QFF)
5410 Tioga NW
Albuquerque, NM 87120

Any donations welcome for advertisment.

SHUTDOWN
Nov - 11 - 17 - 93

SHUTDOWN
Nov - 11 - 17 - 93

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

November 10, 1993

NOTE FOR THE PRESIDENT

FROM: Federico Peña FP

I thought you should be aware that a nationwide trucking shutdown may go into effect this week. The attached paper was prepared by my staff concerning possible shutdown issues. We are prepared to act if the situation becomes serious.

Attachment

MEMORANDUM FOR THE WHITE HOUSE

POSSIBLE OWNER-OPERATOR TRUCKER SHUTDOWN

ISSUES. By leaflet and word of mouth, calls are circulating on a random basis for a nationwide shutdown by owner-operator truckers, beginning on November 11 and running through November 17. It is difficult to project with any accuracy how widespread the shutdown may become. The instigators appear to be individual truckers; most of the owner-operator associations have refrained from supporting such action. The owner-operator workforce is estimated at roughly 300,000.

Chief among the issues prompting a possible shutdown are:

- A precipitate increase in diesel fuel prices since October 1, coupled with spot shortages as the mandatory use of low sulphur fuel went into effect.

- Inadequate compensation. Owner-operators claim that they are taking home less net income now than 10 years ago.

- Lumping (owner-operators being required to unload their cargo themselves or to pay for unloading their vehicles).

- Extreme enforcement of regulations, including vehicle inspection, log books, and random drug and alcohol testing.

- Inconsistent speed limits (65 for cars, 55 for trucks).

- Inadequate training before beginners can acquire a Commercial Drivers License.

- Likelihood that NAFTA will encourage Mexican truckers to undercut U.S. owner-operators on traffic within the U.S..

PROPOSED ACTIONS BY THE ADMINISTRATION.

DOT is prepared, under the leadership of Federal Highway Administrator Rodney Slater, to coordinate the following actions within the Executive Branch, should the shutdown become serious enough to warrant an Administration response:

- The Interstate Commerce Commission has already issued on October 29 a new tariff which will, on one day's application, permit recovery of most of the fuel price increase, on condition that the increase in yield be passed through directly to the purchaser of the fuel (in most cases, the owner-operator).

- Propose that DOJ undertake an investigation of possible price gouging on diesel fuel, as urged by Sen. Exxon and others.

- Request that DOE probe for present or potential shortages in diesel supplies.

- Coordinate with the National Governors Conference on responses which may be necessary to emergency situations, at the same time assuring that State regulations are being enforced consistently.

- Through the International Association of Police Chiefs, provide coordination on any incidents of violence or of intentional traffic tie-ups.

- Publicize the Administration's forthright position that NAFTA will in no way increase the pirating of U.S. markets by Mexican truckers.

ADDRESS: kprouty/docs/wh-trkshdn

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▶ 1

To MIKE SCHMIDT	From LLOYD MILBURN
Dept./Agency DOMESTIC POL. COUN.	Phone # 202-366-5270
Fax # 456-7028	Fax # 202-366-3768

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

WHITE HOUSE CONFERENCE CALL RE:
POSSIBLE INDEPENDENT TRUCKERS SHUTDOWN

November 3, 1993

DOT Participants

Name	Office	Telephone No.	
Lloyd Milburn	RSPA/OET	Office:	(202) 366-5270
		Fax:	(202) 366-3768
Ed Bonekemper	RSPA/DCC	Office:	(202) 366-4400
		Fax:	(202) 366-4071
Dick Torbik	FWHA	Office:	(202) 366-0233
		Fax:	(202) 366-3713
Paul B. Larsen	OST/C-10	Office:	(202) 366-9161
Sherrie Anderson	OST/S-60	Office:	(202) 366-6825
		Fax:	(202) 366-7261
CDR Tim Beltz	S-1	Office:	(202) 366-5742
		Fax:	(202) 366-7952
Doug McKelvey/ Stan Hamelton	FHWA-OMC	Office:	(202) 366-1861
		Fax:	(202) 366-7298
Keith Prouty	OST/P-30	Office:	(202) 366-4386
		Fax:	(202) 366-3671
Bob Tarleton	FRA	Office:	(202) 366-0401
		Fax:	(202) 366-7492

MEMORANDUM

TO: Mike Schmidt

FROM: Dan King, Interstate Commerce Commission

DATE: November 3, 1993

Participating in today's telephone conference on fuel prices from the ICC's Office of Public Assistance were:

Dan King, Acting Director
Head, ICC Task Force on Energy,

Nancy Beiter, Staff Attorney,

Rudy St. Louis, Staff Attorney

Phone No: 202 927-7597

Conference Phone No. : 202 927-6111

FAX No.: 202 927-5158

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
AIR AND RADIATION

MEMORANDUM

SUBJECT: Telephone Number and Title

FROM: Mary T. Smith

TO: Mike Schmidt

Mary T. Smith, Director
Field Opertions and Support Division
Office Of Mobile Sources
Office of Air and Radiation
U.S. Environmental Protection Agency
(202) 233-9000
(202) 233-9556 Fax

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▶ 1

To Mike Schmidt	From Mary T. Smith
Dept./Agency White House	Phone # 233-9000
Fax # 456-7028	Fax # 233-9556

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

Printed on Recycled Paper

Trucking Conf Call 11-10-93

~~ICC - on-a-off Telecon~~

T -

ICC

Telecon

int. chief of Police, FHA, truckers

- Shutdown incidence reports - 5 incidents
  24 hrs a day

CNN interview on subject

- Northern CA - Truck-stops nearly empty
- Heavy load of one-day Tariff Filings this

Ind. owners drivers assn

DOT

(202) 366-5270

Crisis Center - 6:00 am

FAA Emerg - (202) - 863-5100

- FHA involved
- Formal situation Report - noon Tomorrow

- Violence - strikes -

- Justice - FBI involved.
- Linked to Int. assn of Chiefs of Police
- Monitoring news, wire services
- Marshal Siegal - owner of Assn - CNN interview this AFT.
  - contacted by large # of News questions
- News Report today - Mutaya (News Report WTMS noon.

~~PGE~~

- Prices continue to ↓, differential ↓

4494

395-6661

Gov Wilson Advisory Council on Supply of Fuel may advise CARB Fuel Standards -- that serious

[redacted]

- Elgie

DOE → Nat Energy Info #

- DOT

John Pwco - DOT -
To call @ 10:00
Tomorrow Morn.

The White House
Washington

FAX COVER SHEET

OFFICE OF DOMESTIC POLICY

Old Executive Office Building
Washington, DC 20500
FAX: (202) 456-7028

TO: White House operators

FAX No. 456-1644

FROM: Mike Schmidt PHONE: 456-2777

DATE: Nov 10 1993

NUMBER OF PAGES (Including cover sheet) 2

COMMENTS:

Request for Conference Call
Today at 3:00.

INFORMATION FOR TELECONFERENCE FOR
WEDNESDAY, NOVEMBER 10
AT 3:00 PM

ORIGINATOR:	Michael Schmidt Domestic Policy Council Rm 220 OEOB 456-2165
PARTY #1:	Michael Schmidt (see above) (202) 456-2165
PARTY #2:	Elgie Holstein (202) 456-6631
PARTY #3:	Dan King and Nancy Beiter (202) 927-6111
PARTY #4:	Lloyd Milburn (202) 366-5270
PARTY #5:	Mary Smith (202) 233-9000
PARTY #6:	Len Coburn (202) 586-5667

Thank you for your help. Please contact me with any questions.

INFORMATION FOR TELECONFERENCE FOR MONDAY, NOVEMBER 8 AT 3:00 PM

ORIGINATOR:	Michael Schmidt Domestic Policy Council Rm 220 OEOB 456-2165
PARTY #1:	Michael Schmidt (see above) (202) 456-2165
PARTY #2:	Elgie Holstein -2800 (202) 456-6631
PARTY #3:	Dan King and Nancy Beiter (202) 927-6111
PARTY #4:	Lloyd Milburn (202) 366-5270
PARTY #5:	Mary Smith (202) 233-9000
PARTY #6:	Len Coburn (202) 586-5667 586-4341

Thank you for your help. Please contact me with any questions.

Trucking Telecon II - 11-8-93

DOT - FHAdmin (Slater) & Pena have discussed
- Sec directed FHA to take lead for DOT - meet with WH

Mr. Slater met with heads of ~~DOT~~ some key players

- 4 owner operator assn.
- recc that govt maintain low profile at this time

- Decided that any higher-level mtgs at this point would be counter-productive
- DOT simply monitoring at this time

- DOT security - intelligence division watching ~~very~~ closely - will coordinate with appropriate law enforcement

- Contact office in Lloyd Milburns ofc for strike coordination

- Included setting up 24 hr coordination

- new Flyer calls for "nationwide shutdown"
  - "no violence"

list complaints, including against DOT

- 6:00 am start

ICC

- Interesting that they chose a holiday (Nov 11 - Veteran's Day) instead of beginning of week
- articles in USA Today, in Wall St Journal
  - press picking up on this

DOT sec ofc

- Reports from field seem to indicate we must take more serious - could be wide spread
- issues under protest go beyond fuel spike
- Heard from sources that Ross Perot was planning on meeting with a few organizers of strike tomorrow afternoon
  - impact on NAFTA debate?
    not sure

LCC NAFTA issue
- Mexican Carriers could drive their Trucks into US without adhering to low-sulfer fuel regs.

EPA
True -- If some one fuels in another country, our laws ~~&~~ probably dont ~~apply~~ apply.
no jurisdiction

- So ~~person could~~ mexan trucker could fuel up in Mexico on high-sulfur fuel - cheaper - make a run into US -- price advantage
- would US Trucker have to purchase low-sulfer fuel in Mexico

DOE
- Info thru End of Oct/Early Nov:
  - Run up on prices in Midwest + California by Middle of month.
  - high differential bet. High + low sulfer fuel price
- Still seeing large differential, but prices are dropping

- With re opening of Explorer pipeline in Midwest, prices ↓ (Explorer biggest pipeline in midwest)
- Places bordering CA see price run-up with CA Truckers / fueling up out of state
- Price run-down trend continue

East-Coast - 3¢ Differential, good supply

Expected 7¢ differential (CPA + tax)

CA diff down to 8¢ at this point (expected 4-6¢)
- CA tighten aromatic standards
- harder to make fuel

- ATA letters to Janet Reno (cc Pena), Pres:
  - Can take high-road - don't mentioned
    - focus on price spike, not strike

"in context"
"Continuing concern about revival of economy"

- ATA not supporting strike

EPA
O-ring issue mtg Nov 27

Oil guys
Engine guys
E&P
Truckers
} Exchange Technical information

DOE
Past experience w price spikes & subsequent investigations always shows no collusion - waste of resources

"w/ watching, monitoring supplies, etc" - not involve AG

DOE
has crisis operation centers - 800 numbers - to let suppliers call in and get neutral information on prices --
would this be useful to activate

ICC
- Does informal survey of Truck stops ave prices / etc

DOE it Quietly DOE - give it to Trucking Industry, etc.

DOT
202 366-5270 - call with any info on Trucking shutdown on Thursday

DOT
- Owner-operator Meetings: - don't see it as very organized event
- fragmented situation
- something may occur, probably on ~~MAY~~ NOV 11

EPA - lots of members long writing in - want action on issue of price

---

ICC
- owner operator telecon wed

- Pres

Carol H. Rasco - Call List - Updated: 11-4-93

CALLER	MESSAGE	FOLLOW-UP	DISPOSITION
Russ James (or Debi) (713)359-7833 home	do you know about the pending nationwide truck strike on Nov. 11? See attached fax		

NOVEMBER 04, 1993

CAROL HAMPTON RASCO
DOMESTIC POLICY ADVISOR
1600 PENNSYLVANIA AVE.
WASHINGTON, DC 20001

CAROL,

TO FOLLOW ARE A FEW FAXES THAT RUSS AND I HAVE RECIEVED FROM VARIOUS SOURCES ACROSS THE UNITED STATES. WE THOUGHT THAT PERHAPS YOU WILL BE ABLE TO DELEGATE THIS INFORMATION TO THE APPROPRIATE PARTIES IN WASHINGTON. ALONG WITH THESE FAXES, HE HAS ASKED ME TO SEND A LIST OF PROBLEMS AS WE SEE THEM. AS YOU MAY HAVE HEARD THE (NON-UNION) TRUCKERS ARE PROPOSING A NATIONWIDE SHUT DOWN STARTING NOV.11 TH AND ENDING NOV. 17TH. BELOW IS A LIST RUSS AND I HAVE PUT TOGETHER.

1. FUEL COST: AS YOU KNOW DIESEL FUEL PRICES JUST INCREASED APPROX. 20 CENTS PER GALLON WHILE GASOLINE PRICES HAVE ONLY INCREASED 4 CENT PER GALLON. TRUCKS LIFE BLOOD IS FUEL. TRUCKS ONLY AVERAGE 4-6 MILES PER GALLON AND AT AN INCREASE OF 20 CENTS A GALLON ITS HARD TO MAKE A LIVING LET ALONE A DESCENT LIVING.

2. RATES: THE LARGER TRUCK LINES ARE CUTTING THE RATES. THERE ARE TRUCKERS FORCED TO RUN AT 80 CENTS PER MILE OUT OF CALIFORNIA. RATES NEED TO BE REGULATED BY THE ICC.

3. SPLIT SPEED LIMITS: THE STATES NEED TO ELIMINATE THE SPLIT SPEED LIMITS. THERE HAVE BEEN NUMEROUS STUDIES THAT SHOW SPLIT SPEED LIMITS DO NOT HAVE AN IMPACT ON LESS ACCIDENTS. BUT THE STUDIES DO SHOW INCREASES IN REAR-END AND SIDE SWIPE ACCIDENTS. (SOURCE: AMERICAN AUTOMOBILE ASSOCIATION (AAA). AAA IS ENDORSING A BILL TO ELIMINATE THE SPLIT SPEED LIMITS.

4. RADAR DETECTORS: NEW YORK, ILLINOIS AND VIRGINIA OUTLAWED RADAR DETECTORS IN COMMERCIAL VEHICLES ONLY. THIS SEEMS TO BE PREJUDICE AGAINST DRIVERS. MOST DRIVERS DO NOT USE THESE DETECTORS TO BREAK THE LAW. THERE ARE MANY INSTANCES WHEN AN OFFICER OR STATE TROOPER WILL LEAVE HIS RADAR UNIT ON TO WARN DRIVERS TO SLOW DOWN DUE TO ACCIDENTS AND HAZARDOUS ROAD CONDITIONS.

5. LANE RESTRICTIONS: CERTAIN STATES WILL ONLY ALLOW TRUCKS TO OPERATE IN THE FAR RIGHT HAND LANE, AGAIN ANOTHER PREJUDICE AGAINST TRUCKERS. TRUCK LANE RESTRICTIONS ARE CREATING TRAFFIC FLOW PROBLEMS ESPECIALLY AT "ON RAMPS." TRUCKS IN THE "SLOW LANES" ARE FORCED TO CONSTANTLY SPEED UP AND SLOW DOWN CREATING POLUTION PROBLEMS. IN ADDITION, IF TRUCK WERE ALLOWED TO USE ALL LANES THE HIGHWAYS THERE WOULD BE EVEN WEAR THOUGHTOUT OUR NATIONS HIGHWAYS, SAVING TAXPAYERS MILLIONS OF DOLLARS IN THE LONG RUN.

6. RANDOM ROADSIDE DRUG TESTING: DRIVERS ARE STOPPED WITHOUT PROBABLE CAUSE. THE 4 STATES INVOLVED (UTAH, NJ, MINN. & NEB.) CLAIM IT IS TO SEE IF TRUCKER DRIVERS ARE ABUSING VARIOUS SUBSTANCES (ALCOHOL & DRUGS).THEY HAVE FOUND TRUCKERS TO BE ONE OCCUPATION THAT HAS A VERY LOW RATE OF DRUG AND ALCOHOL ABUSE. THIS PRACTICE NEEDS TO BE STOPPED, AS ALL ICC CARRIES HAVE DRUG TESTING AND POLICIES IN FORCE. WHAT THE GOVENMENT NEEDS TO DO IS QUITE WASTING MONEY TAX PAYERS ON THIS PROGRAM.

7. DUI PENALTIES: THE PENALTIES FOR COMMERCIAL DRIVERS IS QUITE STIFF. TRUCKERS FEEL THE PENALTIES THEY FACE SHOULD BE THE SAME FOR THOSE DRIVING AUTOMOBILES. THE LEGAL LIMIT FOR TRUCK DRIVERS IN .04 %, WHILE DRIVERS OF AUTOMABILES ARE ALLOWED UP TO .10% . WE NEED TO KEEP DRIVERS UNDER THE INFLUINCE OFF ALL THE ROADS.

8. CAB AND BERTH SEARCHES WITHOUT PROBABLE CAUSE: THERE ARE STATES ILLEGALLY SEARCHING THE CAB AND BERTHS OF TRUCK WITHOUT PROBABLE CAUSE. RECENTLY THE STATE OF TENNESSE IS UNDER FEDERAL INVESTIGATION FOR THIS PRACTICE. DRIVERS ARE SUBJECT TO HARRASMENT AND ARREST IF THEY DO NOT ALLOW ILLEGAL SEARCHES. THIS PRACTICE SEEMS TO BE UNCONSTITUTIONAL.

PRESIDENT CLINTON HAS RECENTLY STATED THAT "IF YOU WORK HARD AND PLAY BY THE RULES" (AND IN OUR OPINION WE ARE) THINGS WILL ONLY GET BETTER. BUT WE ARE PENALIZED AGAIN & AGAIN BY LAWS THAT ARE OUTDATED AND DISCRIMENATORY AND QUITE FRANKLY DO NOT PROMOTE ECONOMIC RECOVERIES THAT THE USA SO DESPERATELY NEEDS.

WHAT WE BELIEVE WOULD BE A SOLUTION TO ELIMINATING SOME OF THESE PROBLEMS WOULD BE A COMMITTEE CONSISTING OF "OWNER OPERATERS" AND SOME KEY PEOPLE IN GOVENMENT. THE ATA (AMERICAN TRUCKERS ASSOCIATION) STATE THEY ARE FOR THE TRUCKERS, BUT THEY ARE ACTUALY REPRESENTING UNION TRUCKERS. THE OWNER OPERATORS ARE LEFT OUT IN THE COLD TO FEND FOR THEMSELVES. THEY NEED A VOICE IN WASHINGTON.

THE PUBLIC'S IMPRESSION OF TRUCKERS HAS BEEN NEGATIVE FOR YEARS. AMERICA'S YOUTH IS NO LONGER STATING "WHEN I GROW UP I WANT TO BE A TRUCK DRIVER". THIS ATTITUDE IS UNFAIR AND NEEDS TO CHANGE. WHEN THE TRUCKERS SHUT DOWN AND "JOHN Q. PUBLIC" DOES NOT RECIEVE MERCHANDISE THEY DEPEND UPON FOR THE "EASY LIFE", PERHAPS THEY WILL LOOK AT TRUCKERS A LITTLE DIFFERENTLY. PERHAPS THE CUSTOMERS, STATES AND FEDERAL GOVERNMENT WILL MAKE LIFE EASIER FOR THE TRUCKERS JUST LIKE THEY HAVE DONE FOR ALL IN THE USA.

CAROL, WE WOULD APPRECIATE ANY HELP OR GUIDANCE YOU COULD PROVIDE, AS WE ARE GOING TO GET INVOLVED IN OUR GOVERNMENT AND PERHAPS CHANGE SOME POLICIES THAT WILL MAKE LIFE EASIER FOR US ALL.

THANKYOU

Russ & Debi

RUSSELL HAMPTON JAMES
DEBI JAMES
KINGWOOD, TEXAS USA

WAKE-UP

NOTICE ALL TRUCKERS

The time has come to do something to recover from a badly depressed industry. The secret to getting it done, is pulling together and making it work. Columbus took a chance, so why not me. Someone has to, or we are all going to go broke. Remember together we stand, divided we fall. It is really simple if we follow these steps.

Step 1: We need 3 truckers from every state, or a total of 150 men or women to volunteer to represent their state. All 50 states if possible. We need people that care about the future and has good ideas.

Step 2: Arrange a meeting for those 150 people to meet. I can notify them by mail after I get enough names.

Step 3: At this meeting, we need to discuss problems and set some priorities. Also, give the organization a name, open an account at a bank so every trucker can send a check or money order to this account number, for deposit only. $10.00 or more would start us out. Your cancelled check or money order receipt would be your proof. Companies could pool.

Step 4: After your money has been deposited, we could then advertise for a staff of lawyers, accountants, auditors, etc., to start a national headquarters and pay them to work out all these problems for us with the different states, peacefully.

Step 5: Impose a $5.00 transport fee on every bill of lading to support the whole deal, so not to depend on donations, and wind up like the national debt.

Step 6: Put a stop to lumper fees, low rates, higher taxes, 55 MPH speed in some states, high dollar fines, log books...and you know the rest that's not fair and doesn't make sense.

These few simple steps could make a difference in a short while, and the sky would be the limit as to what else we might come up with. Maybe our own health plan...who knows, retirement is possible, also improvement of driver's pay.
WHAT YOU NEED TO DO RIGHT NOW - Fax this to your boss, tell them "this is what we want", and have them make a few hundred copies to take to your local truck stop. PLEASE help all you can to make sure every one gets a copy. This will depend on you if you want help or not. It may be our last chance, because no one has tried to do anything. Ask the truck stop in your town to help distribute these nation wide. These are just my ideas how to make it work, they are subject to change, because then we can change things to fit our needs and do everything we can to make American highways a safe place to be.

If you are a representative, it could work in to a full time job with pay. The closer we are on top of everything, and hold regular meetings, the better it will work. Someone to call and voice your opinion and to keep you posted with modern communications. Also, stay on top of the staff and problems. This is all I know that could help. What do you have to lose? Ten minutes of your time could make a difference in the rest of your life.

First 3 from every state "if possible", make your own reservations on a first come, first serve basis from your state. So don't wait - understand - we may have to meet at a truck stop because we don't have a White House "yet". Meeting will be in Albuquerque, NM in case you have to fly. I can try for free accommodations for meeting place.

Contact: Loyd Milligan
P.O. Box 1210
Grants, NM 87020

Residence: Milan, NM
Owner-Operator since 1957

Home Saturday's only 505-285-5149 9-5 pm or leave message.

If you are interested in representing your state, please fill in the information below and mail it to me as soon as possible. Be serious about what you're doing, because anything may happen and we need your help.

THE FULL INTENT OF THIS LETTER IS TO ORGANIZE THE TRUCKERS ON THE ROAD AND KEEP AND GAIN BACK THE RESPECT WE ONCE HAD AND MAKE MONEY AT THE SAME TIME AND IMPROVE SAFETY FOR ALL.

Cut off and return as soon as possible!

NAME_____ ADDRESS_____ PHONE_____
(Print)

Date_____ _____

Company_____ _____ YRS EXP._____

(Print)

NOV-04-'93 THU 18:28 ID:TRANSAIR HOUSTON UP TEL NO:713/443-7320 #930 P06

Owner-Operator Independent Drivers Association

National Headquarters: I-70 at Grain Valley Exit • OOIDA Building
Mailing Address: 311 R.D. Mize Road, Grain Valley, MO 64029 • (816) 229-5791

Dear Professional Trucker:

We are receiving many calls from truckers expressing their thoughts and views on a potential shutdown being called for on flyers at truckstops. The dates are Nov. 11-17. The flyer doesn't list any specific complaints or demands, but we understand there are others that do mention specifics.

Could a shutdown be effective? Do the majority of truckers intend to participate? Please give us your opinion.

Obviously, if enough truckers participate it could get the attention of the media, federal agencies and our lawmakers. That wouldn't take a tremendous amount of participation to draw attention.

If an effective shutdown did take place, no doubt politicians would receive a real jolt. But this is easier said than done. Most big trucking companies will not willingly participate — and for a relatively small percentage of truckers to succeed at this level would likely mean staying down for more than just a week. This is a very big sacrifice for those that participate. So what can be gained from a shutdown?

There are many potential benefits that can be discussed, but only a few that are possible to turn into reality in a short time. Our political and regulatory systems aren't designed to respond fast — and they usually can't.

Relief from high fuel costs through surcharges, etc. are possible through the Interstate Commerce Commission. The Association has petitioned ICC to enact emergency measures to allow truckers to recover increased costs for fuel. ICC turned down a similar petition in September, but much has changed since then. Fuel prices have risen nearly twice as high as anyone anticipated and in some states, by up to 30 cents per gallon. Unfortunately, as this letter is being written, fuel prices are still climbing.

They will come back down, but no one is saying how soon that will start to happen.

The Association has been in almost daily contact with ICC and DOT — the two agencies most directly connected to trucking — since late September when convoys and similar protests started. These agencies have been made well aware of the situation now confronting truckers. They know what the problems are.

The legal structure of OOIDA does not allow us to call for (or advocate) shutdowns or strikes. However, our sole responsibility is to represent the interests of truckers — and that means we represent their views, concerns, and complaints whether they are trucking, fishing or just staying home.

Please take a minute and tell us what you plan to do on Nov. 11.

1. I plan to be:
a. ☐ Trucking
b. ☐ Sitting at home

2. If you plan to be at home, how many days will you be willing to stay there before going back to work? _____

3. In your opinion, what would be the most important issues that should be addressed in this demonstration. Please list them in order of importance to you.

_____ _____

_____ _____

_____ _____

_____ _____

NAME _____

ADDRESS _____

CITY/ST/ZIP _____

NOV-04-'93 THU 18:29 ID:TRANSAIR HOUSTON UP TEL NO:713/443-7320 #930 P07

DATE: November 2, 1993
TO: Elgie
FROM: Mike Schmidt
RE: Trucking Shutdown

I got a call this morning from Ann Bormolini, DOT Chief of Staff, reporting on the latest information that DOT has on the Trucking Shutdown issue. To summarize:

- It seems that two of the three major problem areas that the independent truckers are complaining about have subsided -- the low sulfur fuel supply is in good shape and the price escalation of early October has stabilized. The third area is the lowering of per-diem allowance for truckers from 80% to 50%.

- As far as DOT knows, no major carrier is supporting the shutdown. The three principal owner-operators are publicly disavowing the shutdown, while saying that they will not punish workers who participate in a shutdown. The reality is, no operator can afford a shutdown.

- The shutdown effort is not well organized -- it is relying on flyers placed on trucker's windshields -- and has no charismatic leader. The identified leader of the effort, a Mr. Sapp, plans to come to Washington to lobby sympathetic Members of Congress rather than participate in any dramatic shutdown event.

The ICC has set up a twelve member task force to monitor the situation as it develops. The ICC contact person on this issue is Nancy Beiter, and her number is 927-~~5797~~. 7177 I thought I would touch base with her this afternoon. Also, DOT has designated an agency contact person for this issue -- John Eicher (FHA) at 366-~~0850~~. 5370

Ann told me that DOT is taking no official position on this issue at this time, except to say that they are aware of and monitoring the situation, given the fact that most of the complaints that the truckers have are issues that are out of DOT's domain. She only asked that we contact her when we have finalized an "official" position on the issue. It sounds to me like John Eicher is the one at DOT we should keep in touch with on this issue -- would you like me to set up a conference call with him ?

The White House
Washington

FAX COVER SHEET

OFFICE OF DOMESTIC POLICY

Old Executive Office Building
Washington, DC 20500
FAX: (202) 456-7028

TO: White House Operators

FAX No. 456-1644

FROM: Mike Schmidt PHONE: 456-7277

DATE: November 8, 1993

NUMBER OF PAGES (Including cover sheet) 2

COMMENTS:

- For Telecon. at 3:00 today.

Trucking Shutdown Telecon 11-3-93

Dan King

ICC Fuel TF

- Advertising - Fax Press Releases on TF
- Carriers one-day waivers on ~~other~~ fuel Increases
- owner-operators putting word out
  - Truck Stops

- EPA Low Sulfur Diesel Reqs - Finalized 3 yrs ago

Supply Issue Key

- Tight Supply Situation Function of:
  - Refineries waiting until last minute
  - " Trying to estimate demand - way UFE - under
  - Flood in Mid west stopped barge traffic
  - Break in Pipeline in Mid-Oct - shut down

= as supply situation getting tight, people hoarded
= individual/refinery start-up problems

Price Differentials due to ~~price increases~~ tight supply

Cost of EPA Reqs 2.3 cents
Price of Tax 4.3 cents

<u>Oct 8 letter from EPA</u>

Allowed people in special case to use high sulfur fuel
- 2 week discretion

- Late Oct - decided not to extend - supply situation OK
22 Oct - sent letter on situation

in call from Oil Price Info Service
- Midwest - price diff = 8 cents
Gulf Coast 5.3 cents
NY area 4 cents

ICC - In California, state standards for low sulfur fuel are ↑ than fed standards
- part of supply problem

- California applies low sulfer requirement to off highway vehicles - contributed to supply problem in CA
- CA exempted off highway thru Nov.

- States surrounding CA supply shortage because fill up there before entering CA

- Problem with o-rings on older engines (cummings engines)
  - shrinkage causing fuel to leak out
  - no one understands why this is happening
  - o-rings being replaced

ATA think problem is dissapating now

- Price increases
  - Price Gouging may be going on
  - hard to seperate supply problem from gouging

- Supply problems in outlying areas -- areas last on distribution lines (NP, SD)
  ⇒ Prices ↑

- Difference between Refinery Price & Retail Prices?

ICC Special Tariff Relief granted yesterday -- one-day notice - thru Dec 15
- If crisis has not abated, will renew

EPA - Short Term Problem
- industry people feel it will dissipate by Dec (in next 3 weeks)

ICC - Short Term - but 12-15¢ retail embedded price ↑ will remain

DOT - Loose TF set up

---

oil industry thought 3 cents increase back in Sept
- they do not typically over-estimate

Frustration Goes well beyond fuel Price
Fuel ↑ just ignited situation

- a) Seriousness of strike threat must be ascertained
  - ATA has seen no organized effort, but has seen unprecedented effort on behalf of individuals leading effort
  - Jim Johnson, OIOA, although drivers don't want shutdown, they will support effort
  - Must be some org spreading word issues for drivers
- drug enforcement
- enforcement of state & fed regs
- fuel ↑
- ↑ competitiveness ⇒ drivers income ↓
- WH - high level task force recommended
- 80-1. - 50-1. Per-Diem
- NAFTA

- ATA pressing hard for WH to take on this issue - high visibility pledge
- Difficult to tell how effective action will be on Nov 11-17

- DOT - Jim Johnson said avg getting 600 calls per day on issue - 80% supporting shutdown

- Owner operator assn also pressing for DOT TF

- Don't underestimate ability of few people to shut down transportation system - few well-placed trucks can do lots of damage

- Refiners must explain/educate why supply has ↓

- Motives of refiners are in question -- many must be gouging

- Economics of owner-operators shows income ↓ due to recession, tax ↑

- ICC will know more

Jim Peterson - DOE person EIA 586-6401

DOT - Is replacement of O-rings & recalibration of fuel pumps a permanent fix?
- think so - don't yet know

(P) - If we end up with 8-11 cent ↑ after supply problem over, we may have long-term problem here

- Gelling problem -- must change filters every 2,000 miles instead of 12,000 miles

Down time Problem here

(Fuel Pump tro) $200-600 per rig

- Not simply supply & Price Problem

- Cold weather problem => Refiners will begin to produce high-sulfer fuel for home-heating oil - will slack off from producing low-sulfer fuel - more supply problems

Nat Motor Vehicle Advisor Committee

- California Governor is very concerned
- few individuals can cause major problems

Sen Exxon request to DOJ to investigate price gouging - true?

- lots of letters from Senators on Price increases to WH?

letters from Senators - sit on industry on this one

- Meet w/ heads of truck assn. informally
  - not at WH, not a TF
  - Mike & Elgie attend
- If 8-11 cents permanent hike is reality, we have
- DOT Cmt. with owner-operators before strikes
- Lloyd 366-5270

INFORMATION FOR TELECONFERENCE FOR WEDNESDAY, NOVEMBER 3 AT 2:00 PM

ORIGINATOR: Michael Schmidt
Domestic Policy Council
Rm 220 OEOB
456-2165

PARTY #1: Michael Schmidt (see above)
(202) 456-2165

PARTY #2: Elgie Holstein
(202) 456-6631

PARTY #3: Nancy Beiter
(202) 927-6111

PARTY #4: Lloyd Milburn
(202) 366-5270

Thank you for your help. Please contact me with any questions.

Sherrie
Tim Belz
Dick Trubik FHA
Paul Washin
Ed Bonecom
→ can counsel
Mary Smith
EPA
233-9000
Dan King
FCC

N
Mary Smith

666

opn 2

1644

originator

The White House
Washington

FAX COVER SHEET

OFFICE OF DOMESTIC POLICY

Old Executive Office Building
Washington, DC 20500
FAX: (202) 456-7028

TO: White House Operator #2

FAX No. 456-1674

FROM: Michael Schmidt PHONE: 456-2165

DATE: November 3 1993

NUMBER OF PAGES (Including cover sheet) 2

COMMENTS:

— for Conference Call at 2pm this afternoon

1-A WSJ 11/8/93

THE WALL STREET JOURNAL, Page [illegible], November 8, 1993

Truckers' Group Plans to Protest Fuel-Price Rise

Angry Independent Drivers Organize a Shutdown For Later This Week

By DANIEL MACHALABA
Staff Reporter of THE WALL STREET JOURNAL

Some independent truckers, angry at fuel-price increases, threaten to disrupt the U.S. freight transport system with a shutdown later this week.

For the past few weeks owner-operators have been circulating flyers at truck stops around the country urging drivers to park their rigs for a week beginning Nov. 11. But major truck companies say they will keep operating and could even pick up additional freight business if the independent truckers stay off the highways. Nevertheless, some of the big truck companies are alerting their drivers to the threatened shutdown and urging them to avoid confrontations with striking truckers.

The independent truckers are protesting higher diesel-fuel prices since October 1, when the federal government boosted fuel taxes by 4.3 cents a gallon and mandated use of cleaner-burning, low sulfur diesel fuel. By some estimates, these moves were expected to raise diesel-fuel prices about 10 cents a gallon, but the price at the pump soared as much as 40 cents in some parts of the country. The independent truckers also are fuming about a wide range of issues from mounting government safety regulation of their equipment and performance to the North American Free Trade Agreement.

"I think there will be a truck shutdown," said Todd Spencer, executive vice president of the Owner-Operators Independent Drivers Association of America in Missouri. "It could be pretty widespread," he said. "There is a lot of support among drivers for taking a few days off." Mr. Spencer says his group, which represents about 20,000 independents, is monitoring driver sentiment but isn't formally supporting the proposed shutdown.

Instead, the proposed shutdown has been spawned by newly-formed, loosely organized groups with names such as Truckers Across America and Quest for Freedom. Advocates have spread word of a trucker shutdown through CB radio chatter, facsimile messages, 800-numbers, calls to the media and bulletins posted at truck stops.

Freight shippers are generally skeptical of widespread disruption by independent truckers, which represent about 15% of the nation's more than two million long-haul truck drivers and play a particularly important role in the transport of meat, fresh produce, household goods, steel and machinery. Many of the independent truckers are financially strapped meeting truck payments and can't stop operating for long.

"I assume shippers are making contingency plans just in case, but I think in all likelihood a nationwide truck shutdown isn't going to happen," said Robert Voltmann, director of policy development of the National Industrial Transportation League, which represents about 1,500 shippers.

"There's a possibility there will be at most some spot stoppages, but I don't think it will have a major effect," Mr. Voltmann said.

But some independent truckers already are parking their trucks to protest higher fuel prices and increased government regulation. "I'll stay out 30 days if that will help," said Burl Staley, a Millers Creek, N.C., owner-operator, who hauls baked chicken and produce. He notes that independent truckers don't have the clout of the big truck companies to readily pass on higher costs to their customers in the form of higher rates.

The American Trucking Associations, which represents trucking companies, vigorously oppposes the proposed shutdown. In a message to drivers last Friday, the ATA cited a recent easing of the fuel-price increases while warning that a driver shutdown could jeopardize trucking safety, service and public image. What's more, the organization says it is at odds with independent truckers opposing such safety initiatives as increased government inspections of rigs, drug and alcohol testing of drivers and proposed government bans on radar detectors in commercial vehicles.

"If the guys fighting for these reductions in our safety efforts go on strike and stay off the road, that's fine," said John Doyle, a spokesman for the American Trucking Associations. "Safer drivers will carry the freight."

ntled truckers 'shutting down' for a day

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peat of the sometimes violent strikes of the '70s. But few dispute the possibility of trouble.

"If they start shooting, I'm gonna park," trucker Brent Rich of Little Rock says. "Everybody's mad. That's all you hear on the road."

How widespread a strike might be is uncertain.

The American Trucking Associations — representing most big trucking firms — opposes the strike and is urging its members not to participate.

The Teamsters Union, which represents about 100,000 drivers, is against the strike, too. Even the Owner-Operators Independent Drivers Association, representing 20,000 independent truckers, won't endorse a strike. But it does acknowledge a growing sympathy among members.

"Roughly eight of 10 truckers we've heard from plan to take off Nov. 11," association spokesman Todd Spencer says.

Organizers say much of their support is coming from independent drivers like Rayborn who pass the word over the CB radio or distribute fliers and posters at truck stops.

"Everybody's madder than all get out over the cost of fuel," says George Smith, a 32-year veteran from Council Bluffs, Iowa, who is trying to organize another strike later this year.

"I've got a lot of followers behind me," says organizer Bud Spaulding, an Albuquerque driver.

Drivers have a long list of grievances, including disparity in fines for safety violations.

To illustrate the point, Rich pulls a ticket out of his wallet to show a record-keeping infraction that cost $22 in Pennsylvania. He says a similar violation cost $500 in California.

Larry Stern of the Commercial Vehicle Safety Alliance says the government-industry coalition has recommended uniform fines to alleviate this problem. But until states adopt those recommendations, Stern says truckers "more than likely" have justifiable complaints.

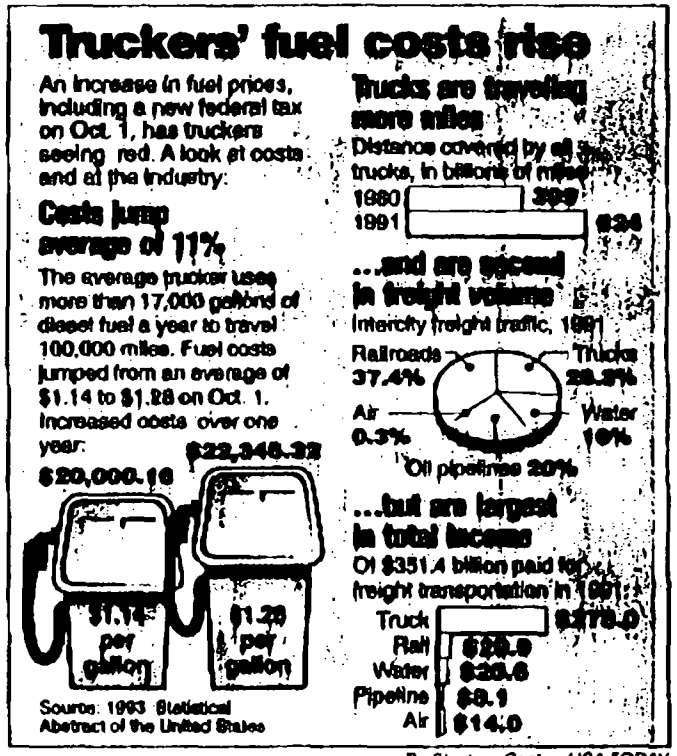
Drivers also are upset over states that allow cars to go 65 mph yet require trucks to maintain 55 mph.

"Having cars and trucks going different speeds is more dangerous," trucker John Serrano of Dallas says.

Some drivers plan to keep moving Thursday — mostly because they work for companies unsympathetic to the strike.

At a truck stop along I-95 in Jessup, Md., Claude Williams of Benson, N.C., pondered a strike, then answered with a question. "What will it help?"

Adds Randy Hogg of Fort Wayne, Ind.: "If the bills are going to be paid I've got to keep the wheels rolling."



By Stephen Conley, USA TODAY

TO : ALL AMERICANS

NATIONWIDE TRUCK SHUT DOWN

NOVEMBER 11TH THROUGH 17TH, 1993

PURPOSE OF SHUT DOWN

#1. THE PURPOSE FOR ORGANIZING THE NOVEMBER 11TH - 17TH SHUT DOWN IS TO PROTEST THE RECENT CHANGES IN GOVERNMENT REGULATIONS THAT WILL EFFECT THE TRUCKING INDUSTRY NOW AND IN THE FUTURE.

#2. THE RECENT PRICE INCREASE IN DIESEL FUEL, WHICH INCREASED AS MUCH AS 20% OVERNIGHT IN SOME AREAS. THIS INCREASE WAS TRIGGERED BY A 4.3 CENT A GALLON TAX HIKE TO HELP REDUCE OUR FEDERAL DEFICIT, PLUS THE LOW SULFUR REQUIREMENTS EFFECTIVE OCTOBER 1ST, 1993. THIS MUST ULTIMATELY BE PASSED ON TO EVERYONE IN HIGHER FREIGHT RATES, WHICH MEANS HIGHER PRICES ON GOODS AND SERVICES.

#3. THERE IS THE IMPENDING "N.A.F.T.A." AGREEMENT WHICH WILL ALLOW COMPETITION FROM OUTSIDE THE UNITED STATES ONTO OUR HIGHWAYS WHO MAY NOT HAVE PROPERLY TRAINED PERSONNEL OR SAFELY MAINTAINED VECHICLES WITH LOW WAGE DRIVERS OF WHOM CARRY NO WORKMAN COMP. INSURANCE COMPETING FOR FREIGHT WITH AMERICAN CARRIERS THAT HAVE BEEN BURDENED WITH LARGE INSURANCE COSTS.

#4. IS THE REDUCTION FROM 80% TO 60% PER DEM ALLOWANCE FOR DRIVERS EXPENSES IN ORDER TO CUT DEDUCTIONS ON FEDERAL INCOME TAXES. THIS IS APROXIMATELY .02 CENTS PER MILE LOSS IN DRIVER WAGES. ALONG WITH THIS COMES THE CONTINUING BURDEN OF "OUTDATED LOGBOOK REGULATIONS" AND "UNFAIR RECORD KEEPING".

AS AMERICANS WE FEEL THAT WE SHOULD PAY OUR FAIR SHARE OF TAXES TO SUPPORT THE AMERICAN SYSTEM. HOWEVER, IT SEEMS THAT WE ARE BEING ASKED TO BEAR THE BURDEN IN A ONE, TWO, THREE PUNCH AIMED ONLY AT REFUELING INFLATION AND EVENTUALLY LEADING TO ANOTHER PROLONGED RECESSION RATHER THAN A PATH OF GROWTH AND PROSPERITY.

PLEASE HELP CHANGE YOUR FUTURE AND MAKE THE DIFFERENCE BY SUPPORTING THIS PROTEST AND SENDING A CLEAR MESSAGE TO THE GOVERNMENT IN WASHINGTON, D.C. AND YOUR STATE CAPITAL, THAT AS AMERICANS WE CAN NO LONGER SHOULDER THE ENTIRE BURDEN WITH INCREASED TAXES AND NEW REGULATIONS.

DRIVERS SHOULD GO HOME BY NOVEMBER 10TH IF THEY CAN. IF THEY CAN NOT GET HOME BY MIDNIGHT NOVEMBER 10TH THEY SHOULD SHUT DOWN AT THE NEAREST TRUCK STOP AND JOIN OTHER TRUCKERS IN TRYING TO "TALK" ALL TRUCKERS INTO SUPPORTING THE PROTEST AND SHUTTING DOWN UNTIL MIDNIGHT NOVEMBER 17TH.

IF THE TRUCKING INDUSTRY AND DRIVERS DO NOT TAKE THIS OPPORTUNITY TO SEND A MESSAGE TO ALL OF OUR ELECTED OFFICIALS THE PROBLEMS WILL ONLY GROW TO BE MUCH GREATER THAN WE NOW HAVE.

SHUTDOWN
Nov - 11 - 17 - 93

SHUTDOWN
Nov - 11 - 17 - 93

NATIONAL TRUCKERS SHUTDOWN

Lets Get The Word Out NOW!

We Need ALL TRUCKERS Support!

All For One And One For All!

John Sapp
Scott Levy

East Coast Office:
Truckers Across America (TAA)
P.O. Box 19864
Atlanta, GA 30325
Fax: (404) 352-8811

Bud, Nancy or
David Spaulding

West Coast Office:
Quest For Freedom (QFF)
5410 Tioga NW
Albuquerque, NM 87120

Any donations welcome for advertisment.

SHUTDOWN
Nov - 11 - 17 - 93

SHUTDOWN
Nov - 11 - 17 - 93

Journal of Commerce
10-21-93

11-03-93 01:15PM FROM DOT/OST S-1 TO 94567028 P004

Owner-Operators to Stage a Rally in Protest of Soaring Fuel Prices

By DANE HAMILTON
Journal of Commerce Staff

Independent truckers are planning a 500-truck demonstration outside CNN-TV's Atlanta headquarters Sunday to call attention to skyrocketing diesel fuel prices and other complaints.

The motor carriers want the network to publicize their complaints prior to the planned national independent trucker shutdown Nov. 11-17.

Truckers are fuming about diesel fuel prices, which have soared 40 cents or more a gallon in some areas of the country.

But the demonstration also is slated to call attention to split speed limits, police harassment, hours of service limitations and other small trucker complaints, said John Sapp, an independent trucker and organizer with the owner-operators' group Truckers Across America.

"Everybody's upset. We've got oil companies screwing us left and right. If we don't handle these problems, there is just going to be a quagmire," Mr. Sapp said.

> Many truckers 'want to block every major road leading to D.C.,' similar to action by angry French truckers last year around Paris.
>
> — Albert Melton, Organizer, Truckers of America

Oil companies say the added charges are due to refining costs and shortages of low-sulfur diesel fuel — another federal requirement — but truckers believe profiteering by refiners, distributors and truck stops is a major factor.

Truckers Across America is one of several loosely knit small truckers' groups calling for a shutdown by the nation's estimated 350,000 owner-operators on Nov. 11-17.

"It's building and it's going to come to a head. Everyone says we can't get together, but we can," said Albert Melton, an independent owner-operator from Beaumont, Texas, and organizer for another pressure group, Truckers of America.

Mr. Melton said many truckers "want to block every major road leading to D.C.," similar to action by angry French truckers last year around Paris. Truck company managers said they are sympathetic, but expressed doubt it would happen.

"I think they have a legitimate gripe, but I don't think it's going to happen," said a manager at Truckers Express Inc. of Missoula, Mont.

"Fuel prices are out of control, but I think they need to go about it a different way," added Ron Hinrichs, a claims manager for Monfort Trucking Co., Greeley, Colo.

He said he participated in truck drivers' protests in 1973 after the Arab oil embargo, "but it didn't do any good. All it did was attract a lot of police."

Organizers this week picked up a key endorsement from the 20,000-member Owner-Operator Independent Drivers' Association, a trucker trade group.

"Our position is to support the membership," said Todd Spencer, the association's executive director. "If they tell us (to support the strike), we will."

The owner-operators' association, the American Trucking Associations and some lawmakers have asked the Interstate Commerce Commission to authorize a truck freight rate surcharge to cover soaring diesel costs, a move the ICC turned down a month ago.

"This is outrageous," said Sen. Larry Pressler, R-S.D. "The price of crude oil is relatively stable, but the diesel fuel prices have skyrocketed."

"They are starting to revolt, and I don't blame them" said Paul Bergant, senior vice president of marketing for J.B. Hunt Transport Services Inc., a Lowell, Ark., truckload carrier.

Mr. Bergant said shippers and truck companies that employ owner-operators are ignoring these independent contractors' requests to share the fuel cost burden.

"They're saying, 'let's ignore it,' and the owner-operator gets pinched," he said. "I feel for them."

Stephanie Nall in Washington contributed to this report.

Owner-Operator Independent Drivers Assn., Inc.

National Headquarters: I-70 at Grain Valley Exit • OOIDA Building
Mailing Address: 311 R.D. Mize Road, Grain Valley, MO 64029 • (816) 229-5791

12 Pages

TO: STAN HAMILTON
FAX: (202) 366-7298

FROM: TODD SPENCER/OOIDA
FAX: (816) 229-0518

OCTOBER 21, 1993

Dane Hamilton
Journal of Commerce
2 World Trade Ctr 27th Flr
New York, NY 10048-0298

Dear Dane,

Just finished reading your story "Owner-Operators to Stage a Rally in Protest of Soaring Fuel Prices" in the Journal of Commerce of 10/21/93.

Regarding your comments attributed to us, it appears you have misinterpreted our position.

Owner-Operator Independent Drivers Association does not "endorse" the actions of Mr. John Sapp or individuals that may be affiliated with the group Truckers Across America, nor do we endorse the shutdown they are proposing.

As I mentioned, we are currently surveying members to identify their plans and concerns about current events in trucking. At present a majority of truckers are expressing support for a shutdown.

Our responsibility will be to convey the concerns of truckers to the appropriate entities that can hopefully provide appropriate remedies.

I hope you will find the above information helpful in any future articles that may be in the works.

Sincerely,

Todd Spencer
Executive Vice President

Independent Truckers & Drivers Association

1109 PLOVER DRIVE BALTIMORE, MARYLAND 21227

October 25, 1993

Mr. Stan Hamilton
Office of Motor Carriers
Federal Highway Administration
400 Seventh Street, SW
Washington, DC 20590

Dear Mr. Hamilton,

The members of the Independent Truckers and Drivers Association are concerned that the actions of some truckers will bring about a truck shutdown in November. While most ITDA members are experiencing frustrations over rising fuel costs and other problems that face the trucking industry, they do not believe that "shutdowns" are the way to solve them. ITDA's position is--as always--to work "within the system" to correct inequities.

Our members are independent small business operators who can choose to operate, or not operate, their businesses at any time. But many members say that, while they will want to continue operating their trucking businesses, they would be reluctant to do so because of possible injury or property damage when other truckers are conducting a work stoppage.

ITDA members have also told me they believe it is unfair to withhold their services to the people who depend on them. We can not blame the public for rising fuel taxes, illegal lumping, disagreements with regulatory issues and so on.

ITDA was active earlier this year in efforts to keep the trucking industry from being included in a fuel tax increase. We also are working with the ATA Foundation's study on loading and unloading practices, hoping to find solutions to a problem that adversely affects many independent truckers. And ITDA is active in a number of activities to improve highway safety.

As we continue to work to improve the situation for independent truckers, we believe there are some steps the Federal government can take to alleviate some of the problems we face. The following are our suggestions:

- An agency of the government needs to immediately investigate the apparent fuel price gouging that is going on. (ITDA is gathering documentation of the problem to submit to the Interstate Commerce Commission.)

- The ICC needs to enact a fuel surcharge or fuel adjustment procedure that will help independent truckers and others who are responsible for buying fuel to transport goods.

- There must be strict enforcement of the Federal law that prohibits forcing someone to hire a lumper.

- The Congress needs to conduct an immediate investigation into loading/unloading practices, and if warranted, introduce and pass legislation quickly to remedy the current situation. (In addition to the burden on truckers, illegal lumping keeps millions of tax dollars from the general revenues and trust funds).

- FHWA needs to initiate even stronger efforts to achieve uniformity in the way the states administer the Motor Carrier Safety Assistance Program. (MCSAP has, unfortunately, become a revenue-raising program for the states and local jurisdictions. Safety seems secondary.)

- The DOT needs to put the threatened ban on radar detectors to rest. (Banning radar detectors is not going to save lives. But holding the threat over truckers' heads is annoying and demeaning.)

We would hope that the Federal government would not "cave in" to the demands of people who want to block highways or stop the shipment of food and goods in this country. But we do hope that the Federal government will consider truckers' legitimate concerns. As you are surely aware, independent truckers are extremely vulnerable in issues that affect transportation. Independent truckers are also an extremely important part of the surface transportation system.

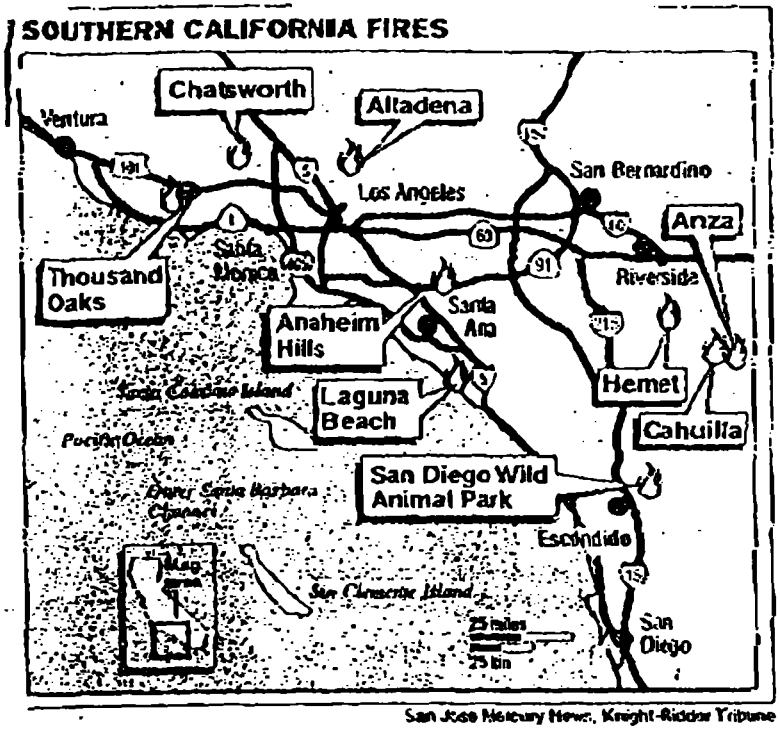
If the Federal government holds meetings with truckers regarding the problems facing the industry, ITDA would expect to be part of those discussions.

Thank you for considering our comments,

Sincerely,

Rita Bontz

Rita Bontz
President, Independent Truckers
and Drivers Association



San Jose Mercury News, Knight-Ridder Tribune

Paradise torched: City gutted by arson blaze

Republic Wire Services

LAGUNA BEACH, Calif. — Monstrous firestorms blasted up and down Laguna Beach's canyons on the wings of devil's winds Wednesday, turning dozens of million-dollar homes to smoldering rubble.

The fire terrified tens of thousands of residents who attempted to flee the coastal city only to find themselves on gridlocked roadways.

Wood-shake roofs, dense vegetation and steady winds that make this exclusive artists' enclave such a beautiful place to live helped transform it into an ugly inferno.

The picturesque houses and eucalyptus trees helped fuel a wall of flame that by late Wednesday had consumed more than 120 homes, many valued at more than $1 million, and forced the evacuation of the town's 24,500 residents.

The fire was so intense that even a police command post was engulfed, said Capt. Bill Cavanaugh of the Laguna Beach Police Department.

Apparently set by an arsonist inspired by a smaller wind-fueled brush fire intentionally set the night before near Anaheim, the blaze was carried for miles by fierce, furnace-like Santa Ana winds.

It began in a little patch of brush around noon just north of Laguna Beach,

— See ARTISTS', page A 10

• 150 acres, both sides of U.S.-Mexican border. Contained.

VENTURA COUNTY:
Green Meadow fire
• 20,000 acres. Out of control.
• 18 homes, several outbuildings burned.

Santa Susana Knolls fire
• 1,500 acres. Contained.
• One building destroyed.

Stockle Park fire
• 2,500 acres. Out of control.

☐ *Northern California:*

SONOMA COUNTY:
Healdsburg fire
• 800 acres. Out of control.

Long hauls, short fuses: Truckers plan strike

Independents to park rigs over costs, red tape

By Phyllis Gillespie
The Arizona Republic

Independent truckers are through wringing their hands over escalating costs and thicker red tape.

Truck drivers say they are near the [illegible] where they can no longer make a living in America. Many plan to strike next month to let consumers know what this country would be like without them.

"Just remember this: If you got it, a truck brought it," Rene Beauregard said to emphasize the country's dependency on the trucking industry.

To prove his point, Beauregard, of Pocatello, Idaho, plans to be one of thousands of independent truck drivers who will strike nationwide Nov. 11-17 to protest a string of government policies and laws that have affected their industry.

About 15 percent of all truckers are independent owner-operators, who haul about 30 percent of the trucked freight in the United States, said Todd Spencer, executive vice president of the Owner-Operators Independent Drivers Association, based in Grain Valley, Mo. The majority of their loads are food, especially fresh produce, he said.

— See LONG HAULS, page A 17

Rene Beauregard

Cary Stokes

Long hauls, short fuses: Truckers to strike nation

— LONG HAULS, *from page A1*

Paul Bennewitz, executive director of the Retail Grocers Association of Arizona, said that a weeklong independent-truckers strike might cause some bare spots in produce aisles for a couple of days but that consumers would not notice any other shortages.

Although the independent-truckers association does not endorse the unofficial strike, it does sympathize, Spencer said.

Jim Benson of Phoenix, an international vice president of the International Brotherhood of Teamsters, said his organization also supports the principles of the strike but said Teamsters cannot join the strike because they have contracts with employers.

One of the major issues is the North American Free Trade Agreement, which is pending in Congress. NAFTA would allow Mexican and Canadian truckers to drive in the United States without paying the same taxes or following the same safety rules, Spencer and Benson said. U.S. truckers would be further priced out of the market, even in their own country, they said.

"The truckers who started this strike don't want to cripple the country," Spencer said. "They just want to get the attention of the policy-makers in Washington, D.C."

Truckers list several reasons for the strike:

- Lower highway-speed limits for trucks.
- Stringent inspections and high fines by the U.S. Department of Transportation.
- Higher state road taxes.
- Low-sulfur diesel fuel that clogs engines.
- Random drug tests at state lines.

"The bottom line is, we can't make any money anymore, but our costs keep going up," Beauregard said, poking his finger in the air to emphasis his point. "It's got to stop."

The last straw was the Oct. 1 federal tax increase that raised the price of gasoline and diesel fuel by 4.3 cents per gallon.

"I've been driving 12 years, and I know I'm making less now than I did 12 years ago because of the fuel costs and the costs of other regulations they've dumped on us," said Beauregard, who stopped Wednesday at the Circle K truck stop at 59th Avenue and Interstate 10 in Phoenix.

Voices were raised in the truck-stop lunchroom as two dozen drivers discussed the strike. Most of the owner-operators, such as Beauregard, said they would strike, while a few of the truckers who drove for companies said they sympathized but might continue working.

Everyone agreed that past independent strikes have fizzled because drivers couldn't maintain solidarity.

"That's the problem — people like you," Beauregard said, pointing at another trucker. "We have to all walk out on November 11 if we want this to work. We can't just talk about it and wait and see if other people are going out. If we don't do something, we won't get anything."

Marvin Green of Duncan, Okla., has been rolling down the highways for 30 years and was more stoic about the pending strike.

"I've gone on strike for every one they've had: 1979, 1976, 1972," Green said. "It never has done any good, but I'll go out on this one, too.

"I can afford to shut down for a week, because my truck is paid off, but these young guys with payments of $2,500 a month and families to raise, they can't just quit for a week."

Green was sitting in the truck stop looking for a return load that would get him near his Oklahoma home. So far, he had had three offers. The best was for 87 cents a mile. Even with a paid-off truck, he couldn't afford it.

Green's leasing agent takes 20 percent off the top. He paid $100,000 for his 18-wheeler in 1989, and an engine overhaul recently cost him $10,000. A tire is $300 to $500. Insurance is $578 a month, and the truck license is $1,000 a year. His commercial driver's license costs $60. It even cost him $48 to drive into Arizona, and other states have road taxes, too.

His fuel for the 1,400-mile trip would cost about $400.

"When you come right down to it, I'm out there driving to eat hot dogs in a Circle K," Green said.

Cary Stokes, an 18-year veteran of the highways, said it's more than truckers eating hot dogs instead of steak.

"When the independents are out of business," he said, "the big companies are going to have all the business, and hamburger won't be $1.49 a pound, it'll be $20 a pound. The government doesn't care if we go broke as long as the country keeps running. But people will be sorry."

Trucking just isn't the same, said Stokes, who couldn't afford to spend $176 to fix his truck's air conditioner last summer.

"We're losing the American dream," he said. "It's just not there anymore for the common workingman."

Stan Hamilton

U.S. Department of Transportation
Federal Highway Administration

Office of the Administrator

400 Seventh St., S.W.
Washington, D.C. 20590

November 1, 1993
Refer to: HPS-30

Mr. James J. Johnston
President
Owner-Operator Independent
Drivers Association
311 R. D. Mize Road
Grain Valley, Missouri 64029

Dear Mr. Johnston:

Thank you for your October 21 letter requesting a meeting with the Federal Highway Administration to discuss various issues that have led some owner-operators to call for a trucker shutdown in November. You indicate that while your organization does not endorse that type of action you are facing increasing pressure from your membership to support the action.

The main issue of owner-operator frustration--the spike in diesel fuel cost--is not within FHWA jurisdiction. Neither are two other subjects you raise, the North American Free Trade Agreement and the recently enacted reduction in the away-from-home meal expense tax deduction.

As for the fuel increase, you are already attempting to gain some relief from the Interstate Commerce Commission. And I am informed that some members of Congress have asked the Department of Justice to investigate the diesel price situation.

The fate of NAFTA will be decided soon by Congress, which is also the only body with the power to make any alterations in the meal tax deduction.

You also mention that there is owner-operator unhappiness with "perceived heavy handed enforcement activities" funded by the Motor Carrier Safety Assistance Program and with roadside drug testing of commercial drivers.

With respect to the former, we work closely with the Commercial Vehicle Safety Alliance to make roadside safety inspections as even-handed and uniform as possible. As a member of the Alliance, you may want to raise this issue at its annual meeting in Boston in early November. Finally, the roadside drug testing was just that, a test. As directed by Congress, we conducted only a year of pilot testing in four States to evaluate the feasibility of such a program. We are now assessing the data for a report we are to make to Congress by next April.

We are well aware of and sympathize with the frustrations you cite, but they are largely outside the jurisdiction of the FHWA. Therefore, it would appear little purpose would or could be served by our meeting at this time with owner-operator representatives. Such a meeting might even lend credence to the calls for a shutdown since nothing of substance is the likely result.

I would hope you will continue to try to convince drivers that blocking highways or stopping the shipment of goods is in actuality taking it out on an innocent target--the public. And that parking rigs would be self-defeating, as well, since that would obviously cut even further into drivers' income.

I repeat my appreciation for your comments and your concern about your membership and the trucking industry as a whole, and I hope you will never hesitate to continue to communicate with us.

Sincerely yours,

Rodney E. Slater
Administrator

FHWA:HPS-30:Shamilton:rj:60665:10/26/93
FHWA Control No. 931021-044
cc: HOA1,HOA2,HOA3,HOAKG,HOASS,HOAES,HPL1,HCC1
HMT-RF, HPS-30RF
shamilton/letters/ooida

AP-Angry Truckers Bjt 10-26 0708

^AP-Angry Truckers, Bjt,690(

S.H.

^Independent Truckers Urge Nationwide Strike Over Fuel Costs(

^By H. JOSEF HEBERT=

^Associated Press Writer=

WASHINGTON (AP) — Angry independent drivers are calling for a nationwide truckers strike next month to protest rapidly rising diesel fuel prices.

Large trucking organizations and companies, as well as the Teamsters union, oppose an interruption of truck traffic, but fliers have been circulating at truck stops across the country urging drivers to park their rigs on Nov. 11.

Some truckers have opened a network of toll-free telephone numbers to coordinate the planned protest against fuel rises of up to 40 cents a gallon.

''Anybody in trucking right now has heard about this. These fliers have been showing up everywhere,'' Todd Spencer, executive director of Owner-Operators Independent Drivers, a group that represents 20,000 truck operators, said Monday.

While not directly involved in the protest effort, Spencer said his Missouri-based group was ''trying to stay on top of the situation'' to advise member drivers.

It's unclear how many of the nation's estimated 4.5 million truck drivers — including as many as 500,000 independent owner-operators — might participate. In the past, such wildcat attempts to bring truck traffic to a halt have gained only sparse and sporadic support.

Spokesmen for the American Trucking Associations, which represents major trucking companies, and the Teamsters, which represents about 100,000 long-haul drivers, said they expect few — if any — employee drivers to take part.

But some truckers organizing the protest say thousands of independent operators, who account of much of the long-haul truck traffic, are expected pull their rigs off the road for a few days.

''This is going to be a nationwide shutdown,'' asserted Mary Pearman, a former driver who has been answering one of the toll-free number established to coordinate the protest.

Mrs. Pearman, who said her brother and husband helped organize the protest as part of an organization called Truckers Across America, said the independent drivers have a range of grievances. They're especially incensed by a sudden increase in fuel prices.

''Somebody's really lining their pockets, and it sure ain't the truckers,'' she said, adding that her husband, Jim, was on a run from Michigan to Massachusetts and dropping protest fliers at each truck stop.

In a telephone interview from Beaumont, Texas, Mrs. Pearman said she has been getting hundreds of calls from drivers asking about the protest after seeing the fliers at truck stops.

Although large trucking companies said they opposed an interruption of truck traffic, they too have complained to the Interstate Commerce Commission about the sudden jump in diesel prices.

The increases supposedly reflect the new 4.3 cent-a-gallon increase in the federal fuel tax and the additional cost of producing a cleaner-burning, low-sulphur diesel required by environmental laws that took effect this month.

Adding to the price spiral have been shortages in the supply of the new low-sulfur fuel and distribution problems, including an interruption of flows through a major pipeline because of the Midwest flooding, the American Petroleum Institute said. The oil industry group said refiners have had to spend $3 billion to retool refineries to produce the cleaner-burning diesel.

''Carriers are getting hit with fuel price increases as steep as 40 cents a gallon in some states, and prices in many areas are going up daily,'' said Thomas J. Donohue, president of the American Trucking Associations, which represents 30,000 motor carriers.

The highest increases took place in early October in California and the Southwest, with 20-cent-a-gallon jumps in much of the Midwest.

According to the Interstate Commerce Commission, the average price of diesel increased from $1.14 a gallon on Sept. 28 to nearly $1.28 a gallon on Oct. 18, with much steeper increases in parts of the West.

In Iowa, the statewide average cost of diesel rose from $1.13 a

The highest increases took place in early October in California and the Southwest, with 20-cent-a-gallon jumps in much of the Midwest.

According to the Interstate Commerce Commission, the average price of diesel increased from $1.14 a gallon on Sept. 28 to nearly $1.28 a gallon on Oct. 18, with much steeper increases in parts of the West.

In Iowa, the statewide average cost of diesel rose from $1.13 a gallon in mid-September to $1.40 last week, prompting Iowa Gov. Terry Branstad to promise an investigation into whether the price

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Nov - 11 - 17 - 93

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(correct wrong-Fonts!!)

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Ofc Emergency Transport.

~~Nancy Beiter~~ - ICC

Doug McElvey →

John Eicher - DOT - 366-5370

~~Scott~~ Hamilton ~~Stan~~ Dave Longo

Nancy Beiter - ICC - 927-7597

- OIDA
Todd Spencer
- polling their members

(2) - 6111
- 5158 fax

Dan King

- Lloyd Millburn DOT
366-5270
- 3768 fax
Dir Ofc. Emerg Transport

Doug McElvey - DOT Ofc Emergency Trans

Stan ~~Hamilton~~ Hamilton

366-7298 fax

4:20

- Teamsters Not support
- ICC one day

U.S. Department of Transportation
Office of the Secretary of Transportation

Chief of Staff

400 Seventh St., S.W.
Washington, D.C. 20590

FAX TRANSMISSION COVER

Date: 11 / 2 / 93

TO: Mike Schmidt

FAX: 456-7028

FROM: *Ann Bormolini*
Office: (202) 366-1103
FAX: (202) 366-3956

Number of pages transmitted, including this page: 4

MESSAGE:

"FYI"

Situation Report - Trucker Shutdown Threat

From: Stan Hamilton
Office of Motor Carriers

October 29, 1993

Assessment

Some independent contractors (owner-operators) may park their rigs for a day or so, but at this time, it does not appear there will be any major shutdown nor any "march on Washington." The dates are November 11-17.

While the call for a shutdown offers a lightning rod for owner-operators to vent their frustrations and anger about a number of things, the fact is that two of the three problem areas the shutdown "leaders" targeted have already abated. One, the newly required low-sulfur fuel, now seems to be in adequate supply although there are still some reports that the fuel is damaging parts of the fuel injection system. Two, the October 1 price escalations reflecting both the more expensive new fuel and the excise tax increase seem to have stabilized and in some cases are falling, and on October 29 the ICC granted an industry petition to allow carriers to file independently set fuel tariff increases on one day's notice instead of the normal five, effective through December 13. The third item cited was the reduction in the tax deduction for meals away from home on business, part of the recently enacted tax legislation.

No carriers, to our knowledge, are supporting the shutdown, although some are reported to have told their drivers not to operate during the period if they do not want to. Many did the same thing during previous owner-operator shutdowns, which in some cases led to violence.

The three principal owner-operator associations are publicly disavowing any hint of endorsement, but one of them has said it is getting many calls favoring the shutdown so the association may have to bend to the will of the majority. ("Principal" here, even by their own admission, does not mean they represent more than just a few of the estimated 300,000 or so owner-operators.)

Furthermore, considering the well publicized reports of the generally poor economic situation of most owner-operators, shutting down even for a few days would be a hardship for many of them.

Finally, owner-operators are truly independent and not overly prone to organization. In the present situation, the shutdown proponents are relying basically on fliers placed in truck stops and word of mouth, i.e., the CB. There is no charismatic leader or organizer like the flamboyant Mike Parkhurst in the 70s and early 80s to go on TV to dramatize the situation and rally the troops.

Publicity

The less the better. Three alarmist articles have been carried in the Journal of Commerce, which thankfully has a small circulation and probably is not seen by many truckers (the latest, October 28, was headlined "Threat of Trucking Strike Gains Momentum," but the article did not really substantiate that). Unfortunately, the AP filed a lengthy piece August 26 that got picked up by an undetermined number of newspapers because of the lead: "Angry independent drivers are calling for a nationwide truckers' strike next month to protest rapidly rising diesel fuel prices." Worse, we have had reports that it was also picked up by some radio and TV outlets, plus National Public Radio and Rush Limbaugh.

To date, we are unaware of any press comments having been made by anyone in DOT. Should we be asked, it is recommended we say merely that we are aware of the shutdown fliers but have no indication there will be much response.

There also would seem to be little or no purpose in meeting with any of the "leaders." Not only are none of the major issues within DOT jurisdiction, the fact of a meeting could be perceived as appearing to be negotiating. Any formal statement could add to the credibility of the "leaders."

Miscellaneous

The November 11-17 dates were chosen, Mr. John Sapp the organizer told me, because they also want to come to Washington to protest adoption of NAFTA. Other grievances bruited about are "unreasonable" hours-of-service regulations, harassment by State personnel at roadside inspections ("money-raisers, not safety oriented"), truck-auto speed differentials on some highways, and forced usage of lumpers. (Mr. Sapp is under contract to Polar Express of Springdale, Arkansas, a $17 million refrigerated carrier. He does not advocate blockades and the like that would alienate the public. Instead, he intends to come to Washington with other owner-operators to meet with their congressmen and various agencies.)

The ICC has set up a 12-person task force to monitor the situation, primarily diesel price. Dan King, acting director of the Office of Public Assistance, heads the task force, which is also considering petitions by ATA and OOIDA to reconsider its denial a few weeks ago of their request for a mandatory surcharge

to recover the fuel cost increase. The contact in his office for the task force is Nancy Beiter (927-7597).

Radar Detector Ban. Issuance of the rule now or while this situation remains potentially volatile would probably provoke protests on a large scale and could well stimulate action by drivers who had not heretofore planned to take part in the shutdown. The detector ban will be the most unpopular action among truckers--not just owner-operators--in years.

Attachments

- Truck stop shutdown flier
- Associated Press dispatch
- Journal of Commerce article
- OOIDA response to article
- Letter from ITDA
- Arizona newspaper article

Conf Call - -

- Background of Key
- Waivers + key gaps
- Reg situation?

Nancy Sutley

EPA
- Admin Ofc
260-4700

2:00 - conf call

straight info on prices & supplier

DOE
Len Cobum
Oil & Gas Ofc.
586-5667

DOT ICC - overview of situation

WH Operator

FAX #s

this wk - what will happen - Big enough to make Breaking News?

6631

Elyse Holstein

Jack Riggs DOE

Truck ATA Stopp Indust

By Thursday - Response ready

Refiners - API

Conf Call 10:15 ?

Ann Bormolini

3666
1107

Dingell - CAA Amendments waiver Expired

- Highways

Rose

1st numb
Conf
ext conf Cnc

Department of Energy

Washington, DC 20585

OFFICE OF PUBLIC AFFAIRS, PA-1

Facimile Machine Number
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202/586-4940

Eberlener

DATE: 1 Nov. 1993

TO: Mike Smith

Fax Number

Verification Number

FROM: Phyllis Anderson & Mike Gaulden

re: diesel fuel prices, as requested.

*This transmittal consists of 10 page(s) excluding this cover sheet.

EIA 11/1/93

Regional Low-Sulfur Diesel Outlook Continues to Improve

As with the previous EPA-mandated introductions of lower-RVP and oxygenated gasoline, the prospect of conversion to low-sulfur diesel fuel brought predictions of major supply and/or price impacts during the buildup to its October 1 start date. However, as the date approached, and API and EIA began reporting data for low-sulfur diesel, concerns lessened somewhat with the appearance of rapidly building supplies. Unfortunately, regional problems emerged within the first week of October, particularly in the Midwest (PADD II) and on the West Coast (PADD V), and to a lesser extent in the Rocky Mountains (PADD 4). Marketers and consumers in both areas have experienced tight supplies and abnormally high prices, although these conditions peaked in mid-October and have steadily improved since.

At the national level (as of October 22), total No. 2 distillate primary stocks are within the 3-year average range, and low-sulfur diesel makes up 40% of the total, down from a high of 43% September 24. With on-highway diesel demand estimated at 46% of total distillate demand (less in the winter, due to the seasonality of heating oil consumption), overall stocks appear adequate. Likewise, refinery production of low-sulfur diesel is currently 54% of the total, and imports, though variable, averaged 43% low-sulfur in the past 4 weeks. While October demand figures by sulfur level are not yet available, API reported that low sulfur demand comprised 36% in September as marketers began to draw product to change over inventories before the deadline.

Regionally, however, significant problems arose in early October. In the Midwest, localized outages of low-sulfur diesel have occurred, and price differentials between high- and low-sulfur product of 10 to 15 cents per gallon have been seen. Group 3 (Tulsa) spot market prices for low-sulfur rose 20 cents in three weeks, before declining even faster. The problem appears to be largely attributable to logistical bottlenecks slowing the changeover of inventories, including the widespread summer flooding, which slowed demand in the region, and more recent localized flooding, which caused the precautionary shutdown of a section of the Explorer Pipeline, the main source of product from the Gulf Coast, for over a week. Partially because of these problems, overall distillate stocks in the region have been low all summer, and are currently about 9% below their 5-year seasonal average. Low-sulfur stocks and production are near their expected market share, at 48% and 51%, respectively, of total distillate. The situation began to improve as soon as the Explorer Pipeline resumed shipments, and shortages are now said to be very localized.

The difficulties on the West Coast stem from a different, more complex set of circumstances. PADD V distillate inventories are also low, at 9% below the 5-year average, though low-sulfur makes up 55% of the total. The attractiveness of higher prices in Far East markets has drawn high levels of exports from the region for much of 1993, but the stock drawdown occurred mostly in September, as low-sulfur product was moved from primary to secondary stocks. The California Air Resources Board (CARB) set even more restrictive diesel fuel specifications than EPA, particularly with respect to aromatics. The cost of upgrading to produce this fuel has restricted production, and caused some refiners to opt not to produce it at all. Additionally, a number of refineries experienced problems during the critical month of September. However, certain waivers and an emergency increase in the allowance for small refiners has increased production levels, with low-sulfur now 67% of distillate output, and ongoing supply may prove

to be adequate once the initial shortfall is relieved. In the interim, however, tight supplies and increased costs to refiners pushed prices up as much as 30 cents per gallon in the first half of October, prompting interstate truckers to avoiding fueling in California if at all possible. Since then, prices are reported to have retreated somewhat, but remain above those in neighboring states.

While the regional problems were most critical around the second week of October, and have already eased significantly, consumer backlash is still gathering momentum. The most vocal critics of the supply problems and resulting price spikes, and arguably the most affected by them, are members of the trucking industry, particularly independent owner-operators. Already stung by the October 1 Federal excise tax increase, along with a number of non-energy-related issues, several independent truckers' associations have called for a nationwide trucker shutdown November 11-17. Adding to the woes of the trucking industry, reports have surfaced nationwide of diesel engine fuel pump problems seemingly associated with the low-sulfur fuel. Reportedly, lower lubricity of the new fuel, possibly related to either its lower sulfur content or the refining process needed to meet the specifications, may cause shrinkage and failure of O-ring seals.

In response to the various problems encountered to date, the Environmental Protection Agency (EPA) sent a letter to marketers and major consumers of diesel fuel on October 8 granting "enforcement discretion" in cases of extreme difficulty in obtaining supplies, extending through October 22. A followup letter on October 22 announced that this relief would not be extended, given significant improvement in the intervening two weeks. CARB, in response to sharp criticism at the State level, has taken a number of actions. Small California refiners (three in all), which had been granted an extra year to meet the new specifications, have been allowed to increase their production of non-complying diesel fuel by 15,000 barrels per day (BPD). Additionally, on October 19, CARB issued an emergency order temporarily allowing off highway use of high-sulfur diesel, freeing up an estimated 40,000 BPD of the restricted low-sulfur fuel for on highway use, and enabling agricultural users to get through the harvest season.

John Cook, 586-5214
10/29/93

Midwest Low-sulfur Diesel Fuel Summary - as of 10/29/93:

- Supply:

  - Stocks - total distillate inventories are currently 10% below average, and are 48% low-sulfur. Have been steady at about 48% low-sulfur since 9/17, while overall stocks were low, but have been recovering.

  - Refinery Production - currently 51% low-sulfur. Hit 40% low-sulfur 8/20, 48% 10/1. The story that PADD 2 refiners aren't making enough low-sulfur simply isn't true.

  - Overall Supply - local refiners produced 82% of local distillate needs in 1992. Current local low-sulfur production = 47% of average October distillate demand.

  - In short, while production levels do not appear to have contributed much to the Midwest supply shortfall, low inventories throughout the region combined with distribution bottlenecks (principally the early October shutdown of the Explorer pipeline) to generate temporary local outages and price spikes.

Price ⇒ demand at moment

- Prices:

  - Spot - Tulsa low-sulfur rose 20 cents from 9/24 (64.6) to 10/15 (84.5), then fell back by 10/21 (66.0). Chicago rose less (16 cents), but only fell back by 6 cents, leaving it 10 cents higher than a month ago. Low/high-sulfur differential peaked at 26 cents in Tulsa and 19 cents in Chicago, are now 7 and 17 cents, respectively.

  - Terminal - Chicago low-sulfur rose 16 cents from 9/24 to 10/15, fell back 2 cents to 10/22 (last data available).

  - Retail - (limited data available) Chicago up 13 cents from 9/24 ($1.24) to 10/22 ($1.37). Retail/terminal differential is up 11 cents between these two dates; 4.3 cents of which is due to the tax increase. The remainder appears due largely to lag in price changes, as overall rise in prices at both levels was about the same, only the timing was different.

  - Thus, retail price hikes in the Chicago area generally appear in line with rising wholesale costs, which are just beginning to subside. Retail markets may soften in the coming weeks, as the wholesale market appears to have stabilized. Depending on the degree to which higher retail prices reflected the pass-through of wholesale costs, retail prices may soften as these costs are fully recouped.

West Coast Low-sulfur Diesel Fuel Summary - as of 10/29/93:

- Supply:

  - Stocks - total distillate inventories are currently 10% below average, and are 55% low-sulfur. Have been 55-60% low-sulfur since 8/27, but were hit very hard last week in September, have been recovering since.

  - Refinery Production - currently 67% low-sulfur. Hit 62% 9/3, fell to 44% with refinery problems in mid-September, was back to 57% by 10/1, has averaged in high 60%'s since.

  - Overall Supply - local refiners produced 118% of local needs in 1992 (the remainder was exported). Current local low-sulfur production - 82% of average October distillate demand.

  - In general, tight diesel fuel supplies in the region occurred despite early stock building, primarily due to refinery problems in early September, along with extremely concentrated product liftings in the last week of September, as marketers tried to put their own inventories in place. The reduced fungibility caused by the more restrictive CARB product specifications, as well as the requirement for off-road use, contributed significantly to the problems.

- Prices:

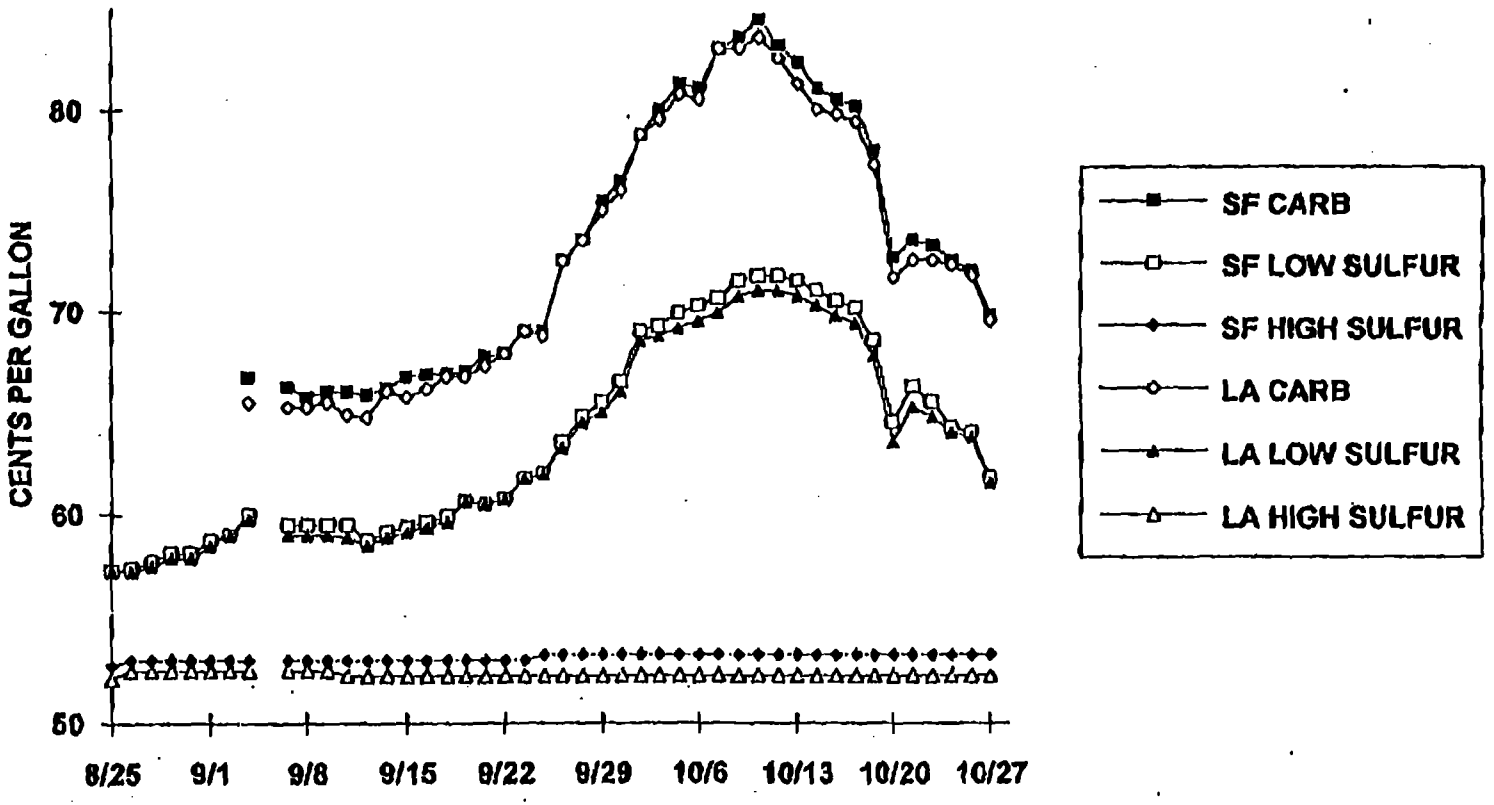
  - Spot - both EPA and CARB low-sulfur prices peaked on 10/11. CARB rose 15 cents from 9/24 to 10/11, then fell back 14 cents by 10/27. EPA low-sulfur rose and fell 10 cents over the same period. Los Angeles and San Francisco markets were virtually identical throughout. The CARB/EPA low-sulfur differential widened from 7 to 13 cents, then returned to 8. (High-sulfur spot prices in the region are flat; apparently not widely traded.)

  - Terminal - Los Angeles and San Francisco CARB rose 14 cents from 9/24 to 10/15, fell back 3 and 4 cents, respectively, by 10/22 (last data available).

  - Retail - (limited data available) Los Angeles up 14 cents from 9/24 ($1.33) to 10/22 ($1.47). Retail/terminal differential is only up by 4 cents between these two dates, totally attributable to the 4.3 cent tax increase.

  - Overall, price increases at the retail level appear reflective of rising wholesale costs. Due to typical lags after sharp price movements, although spot prices quickly receded, terminal and retail prices took longer to climb, and will similarly fall more gradually.

West Coast Spot No. 2 Distillate Prices



Energy Information Administration
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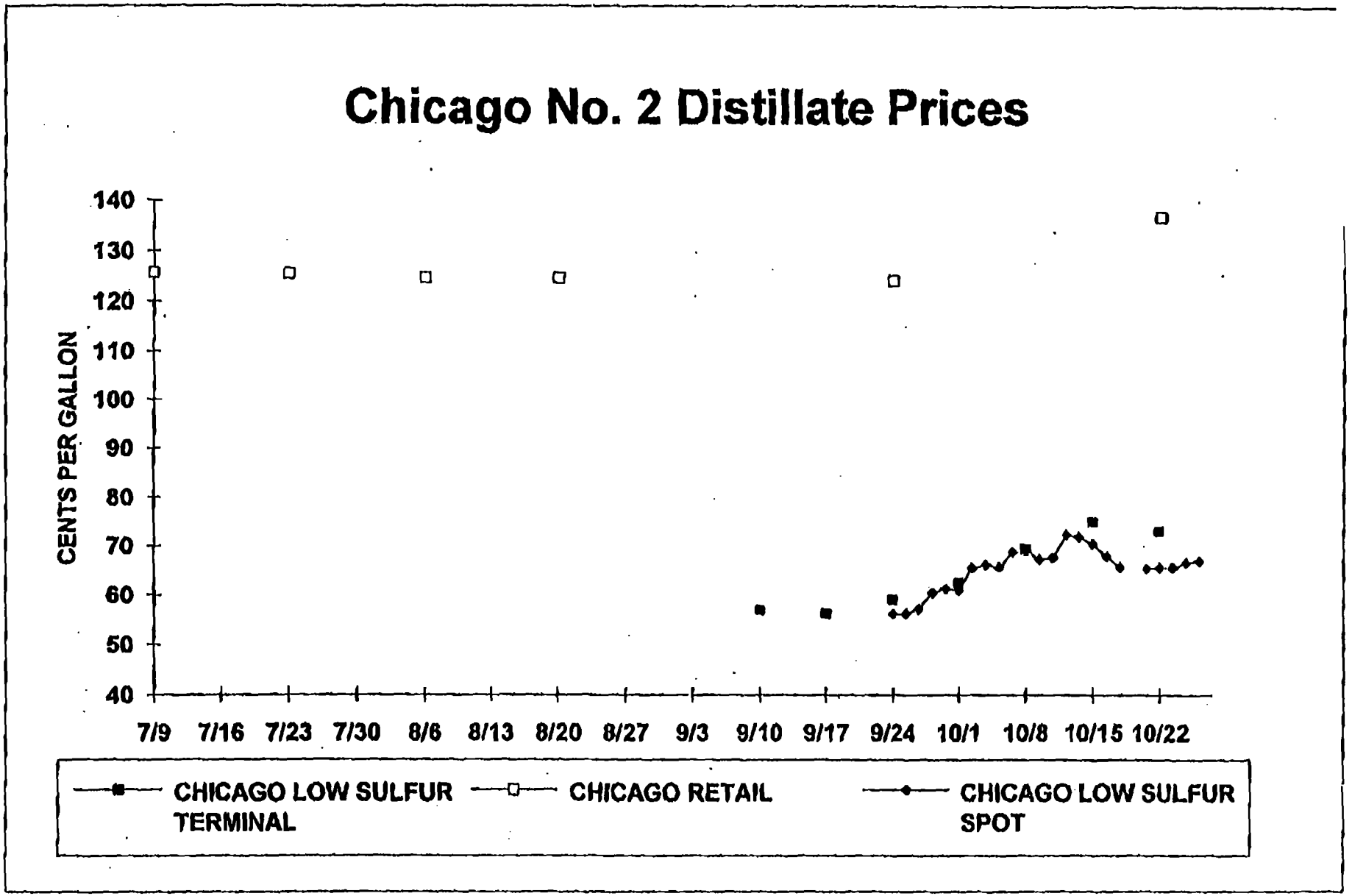

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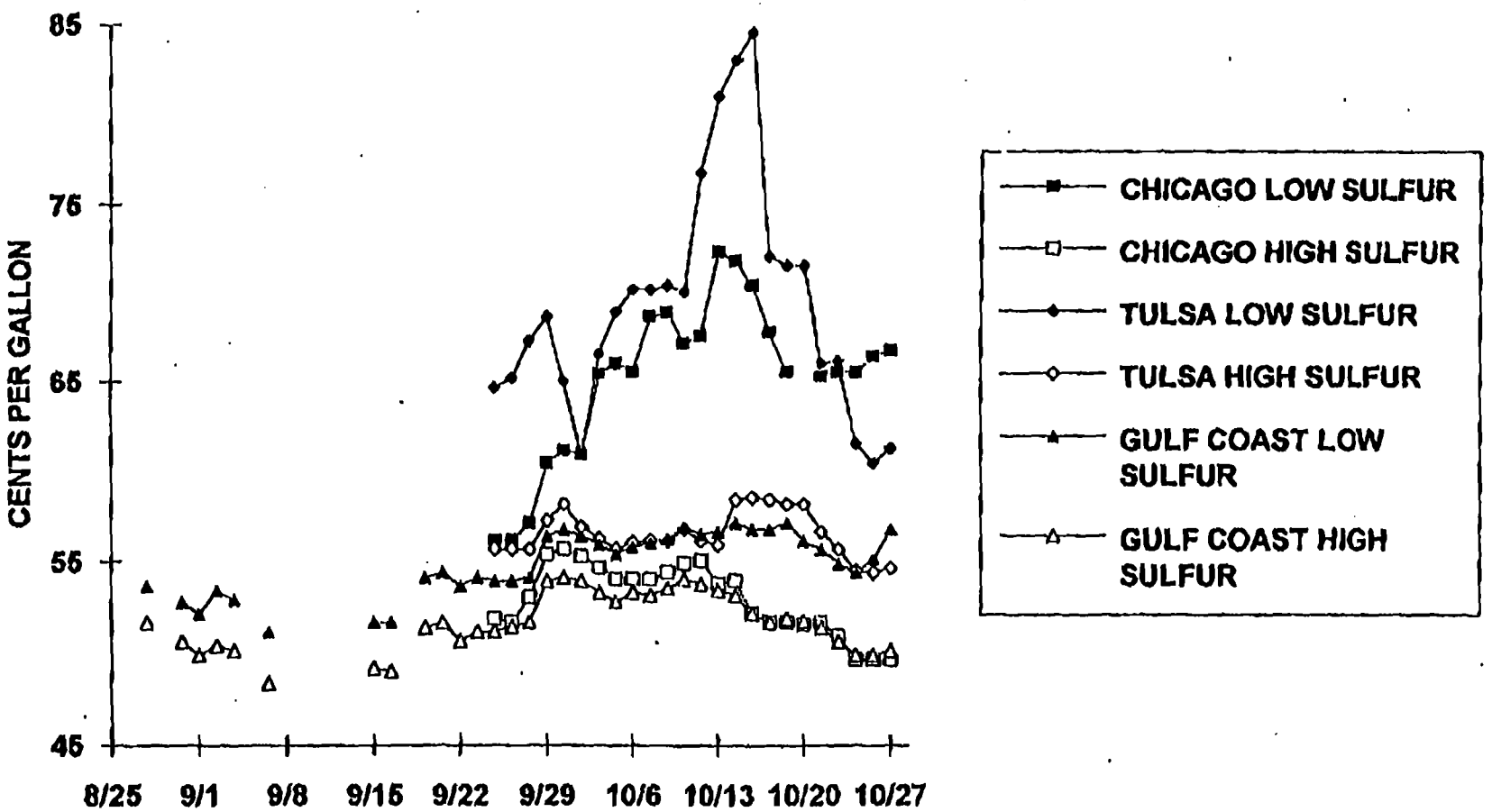
Midwest Spot No. 2 Distillate Prices



Energy Information Administration
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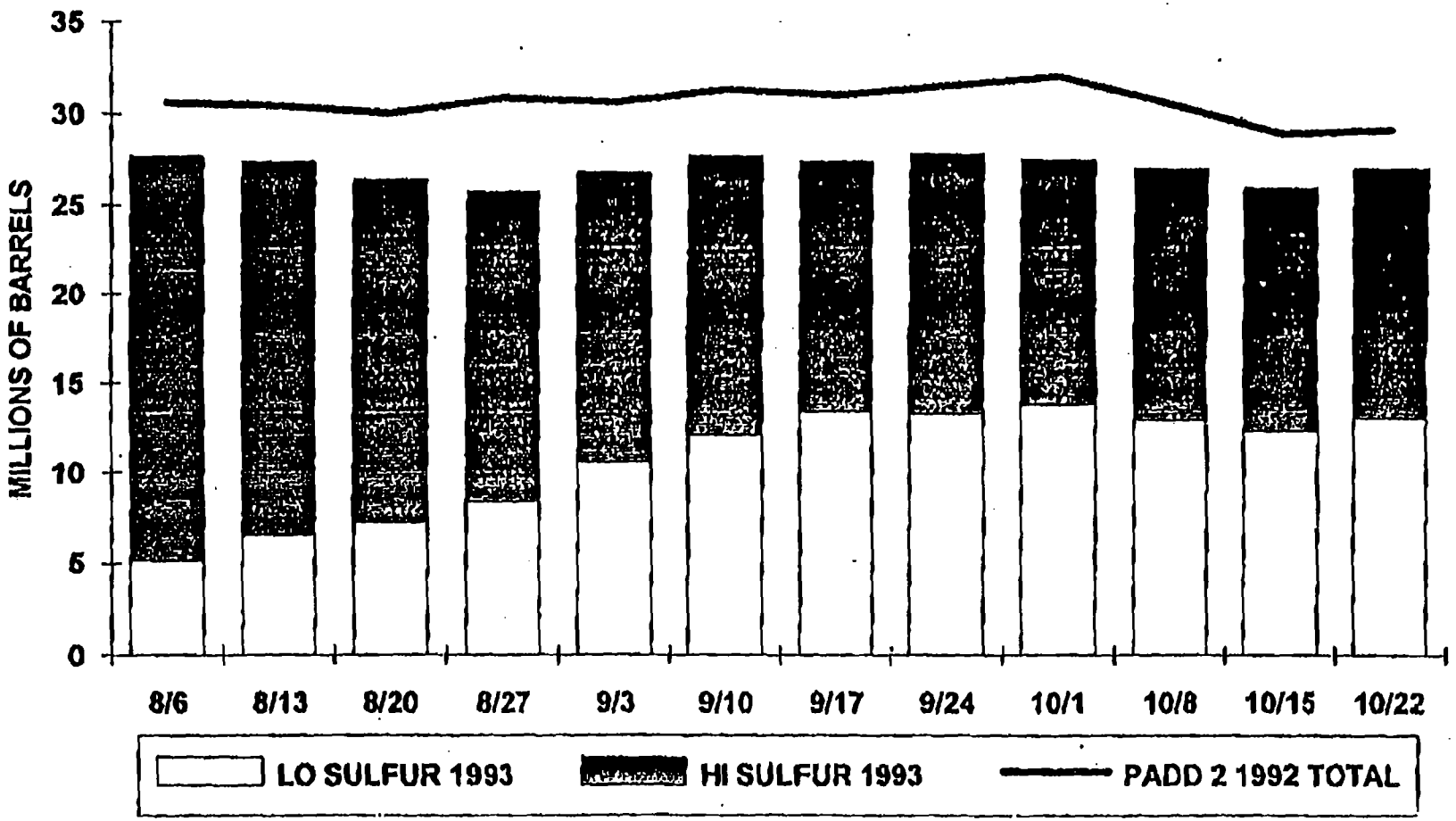
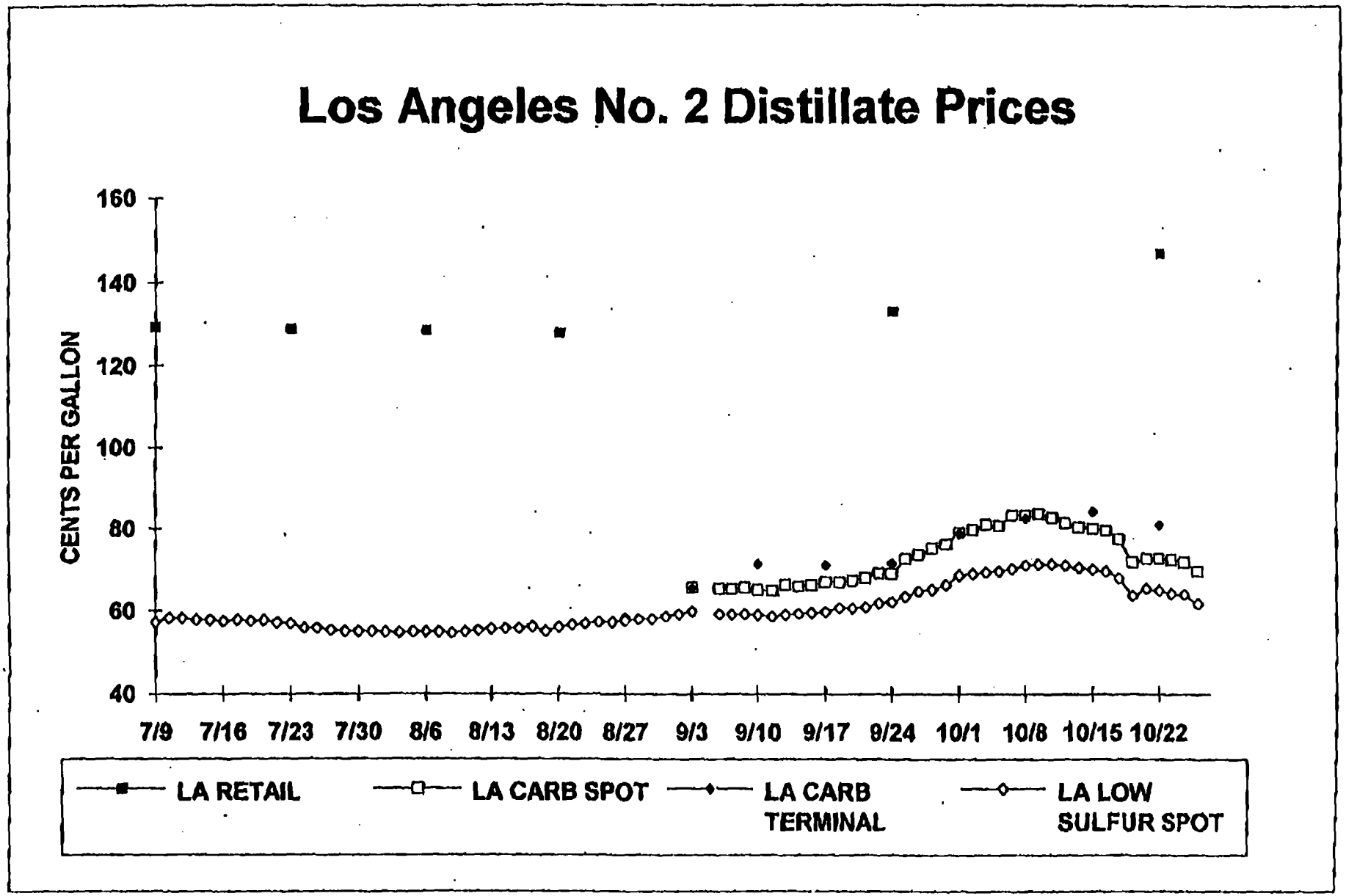
DISTILLATE STOCKS IN PADD 2



Energy Information Administration
Petroleum Marketing Division


Los Angeles No. 2 Distillate Prices
CENTS PER GALLON
160
140
120
100
80
60
40
7/9
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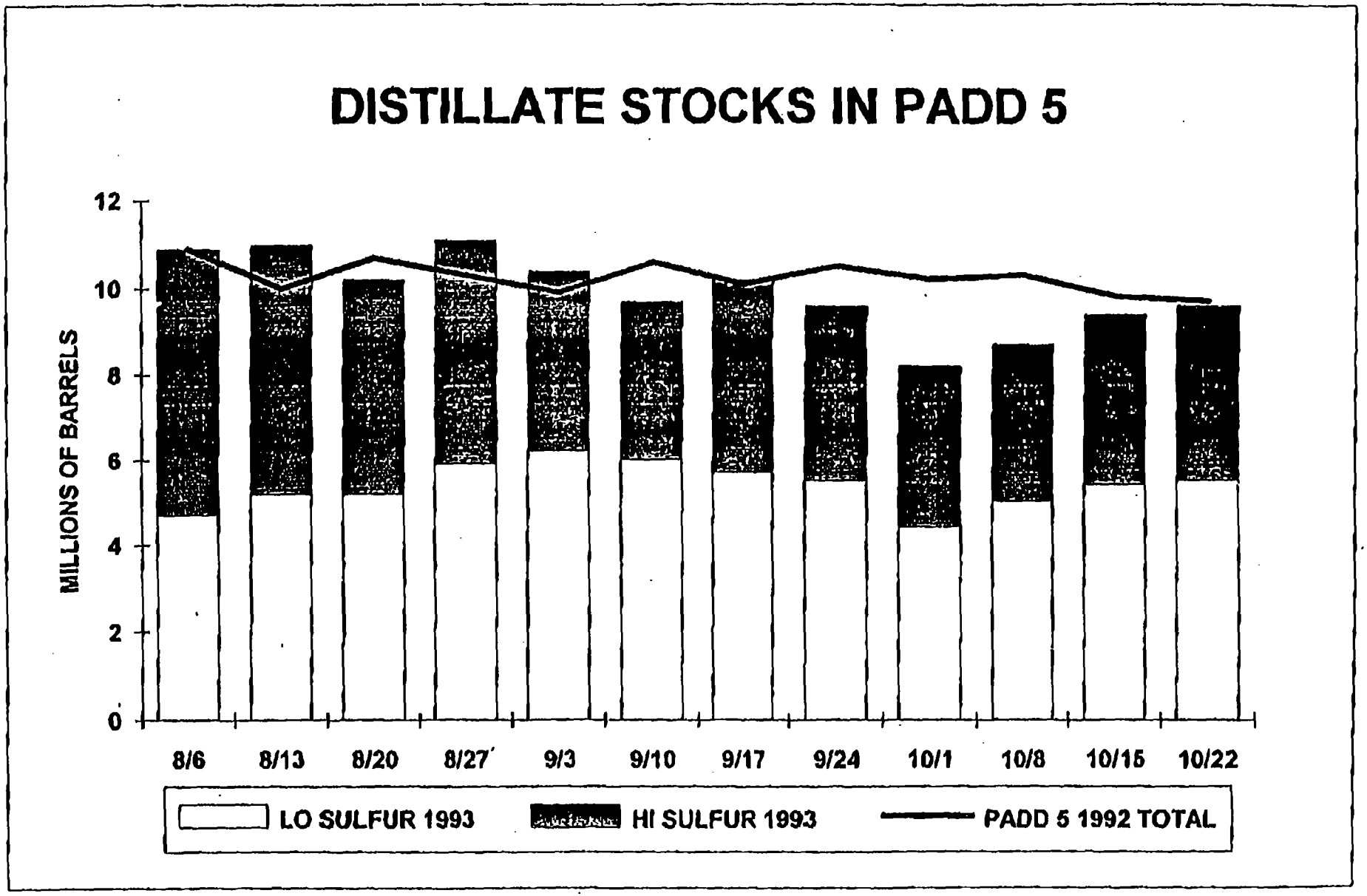
LA RETAIL
LA CARB SPOT
LA CARB TERMINAL
LA LOW SULFUR SPOT



Energy Information Administration
Petroleum Marketing Division

(Ann Brandin - cos)

- Independent Truckers are threatening to strike -- possible shutdown

- Truckers are not well organized, so any action is questionable

- Complaints: ① Gas tax
  ② NAFTA

- Mtg tomorrow at DOT, to discuss the issues come up with recommendation for Sec. Pena

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

27-Oct-1993 09:31am

TO: Frances E. Walden

FROM: Carol H. Rasco
Economic and Domestic Policy

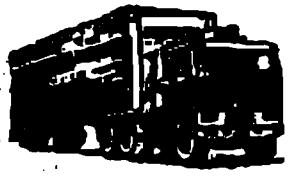
SUBJECT: Message for Mike Schmidt

Cookie: Thanks for delivering this message!

Mike: I'm trying to get off to Maine at noon...would you follow up on the following:

A third cousin of mine named Russ James who is a truck driver called the office last night and left a message for me that there will be a trucking shutdown on Nov. 11...said he didn't know if teamsters will shutdown or not. Anyway, that was the message..would you check this out with transportation and see what the deal is if you don't already know something? I'll be back late Thursday, can be reached by phone if needed. Thanks.

Andy Hahn
2276



B&D TRANSPORT

P.O. BOX 648 • BENTON, ARKANSAS 72015 • (501) 778-1938

Red dot to Mike Schmi (pls. call Rasco on Fri.)

202-456-2878

DATE: 10-28-93

TO: CAROL ROSCOE
DOMESTIC POLICY ADVISER

FROM: WILLIAM P. DALTON PRES.

NUMBER OF PAGES INCLUDING COVER SHEET: 4

OPERATOR:

TIME SENT:

PLEASE CHECK THIS TRANSMISSION AFTER EACH PAGE. IF YOU DID NOT RECEIVE CLEARLY, OR IF YOU HAVE ANY PROBLEMS WITH THE TRANSMISSION, PLEASE CALL US BACK IMMEDIATELY AT 1-800-241-2238.

THANK YOU,

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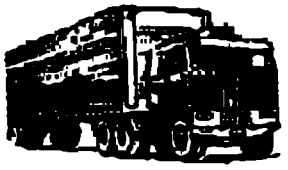

B&D TRANSPORT

P.O. BOX 648 • BENTON, ARKANSAS 72015 • (501) 778-1938

October 28,1993

Ms. Carol Roscoe
Domestic Policy Adviser
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20001

Dear Ms. Roscoe:

This letter is in reference to B & D Transport's desire to express our views and concerns about the current diesel fuel price spike, due to the 4.3 federal excise tax and the low sulfur fuel refining cost.

Let me say, as a company engaged in nationwide refrigerated interstate transportation, we have a difficult task trying to be competitive and profitable. We live and breathe in a supply and demand economy, with all kinds of peaks and valleys created by a varied array of different elements, such as, driver availability, weather, escalating equipment cost, compliance requirements from several government and state agencies like DOT, EPA, OSHA, etc... and now we are dealing with extremely high fuel cost created by an evident government mandate on diesel fuel tax and further fuel refinement cost to improve engine emissions for the betterment of our environment.

The two evident reasons for the fuel spike is not necessarily a problem. We are seriously interested in a lower federal deficit that the 4.3 cents per gallon tax is suppose to help solve. We are also interested in preserving our world for ourselves, our children, their children, etc... the low sulfur fuel will help insure. However, the puzzling part of this scenario is, how can we create change in rules and regulations and not have a plan of how to react to the burdens created by the change to help the victims of its result.

The low sulfur refinement is the major culprit; whether its oil companies gouging or if supply levels of the new fuel were too low to handle the demand by the October 1, mandate, who knows. It depends on who you ask as to what the problem might be, but one thing is for sure FUEL PRICES ARE TOO HIGH, and our industry needs assistance from the powers that be in Washington. Whether the ICC imposes a mandatory fuel surcharge or whatever wonderful plan Washington might create would be greatly appreciated by a struggling element of our great American economy.

It appears we are also faced with a possible unorganized TRUCK STRIKE as a result of this fuel situation, see attached, of which I have personally witnessed as a disinterested party of approximately 3 in the 17 years of my involvement in trucking. It has been my experience that nothing is ever accomplished and people get hurt. The only so-called "Winners" are those who continue to operate, at the risk of hurt or potentially deceased drivers and or damaged equipment and upset customers. This particular strike could possibly show a new flavor of violence, with the addition of the new age gangs, because in past strikes most of the violence has been created by non-trucking elements.

Without being too lengthy; and trusting this is satisfactory and hoping there are others in our industry displaying the same sentiments to you that I have and hoping together we can help each other to solve this unfortunate situation we are faced with, we remain.

Yours truly,

William P. Dalton

William P. Dalton, President

B & D Transport, Inc.

WPD:ESH

cc: Senator Dale Bumpers
Senator David Pryor
Governor Jim Guy Tucker

TO : ALL AMERICANS
NATIONWIDE TRUCK SHUT DOWN
NOVEMBER 11TH THROUGH 17TH,1993

PURPOSE OF SHUT DOWN

#1.THE PURPOSE FOR ORGANIZING THE NOVEMBER11TH TO 17TH SHUTDOWN IS TO PROTEST THE RECENT CHANGES IN GOVERNMENT REGULATIONS THAT WILL EFFECT THE TRUCKING INDUSTRY NOW AND IN THE FUTURE.

#2. THE RECENT PRICE INCREASE IN DIESEL FUEL, WHICH INCREASED AS MUCH AS 20% OVERNIGHT IN SOME AREAS. THIS INCREASE WAS TRIGGERED BY A 4.3 CENT A GALLON TAX HIKE TO HELP REDUCE OUR FEDERAL DEFICIT, PLUS THE LOW SULFUR REQUIREMENTS EFFECTIVE OCTOBER 1ST,1993. THIS MUST ULTIMATELY BE PASSED ON TO EVERYONE IN HIGHER FREIGHT RATES , WHICH MEANS HIGHER PRICES ON GOODS AND SERVICES.

#3. THERE IS THE IMPENDING "N.A.F.T.A." AGREEMENT WHICH WILL ALLOW COMPETITION FROM OUTSIDE THE UNITED STATES ONTO OUR HIGHWAYS WHO MAY NOT HAVE PROPERLY TRAINED PERSONNEL OR SAFELY MAINTAINED VECHICLES WITH LOW WAGE DRIVERS OF WHOM CARRY NO WORKMAN COMP. INSURANCE COMPETING FOR FREIGHT WITH AMERICAN CARRIERS THAT HAVE BEEN BURDENED WITH LARGE INSURANCE COSTS.

#4. IS THE REDUCTION FROM 80% TO 50% PER DEM ALLOWANCE FOR DRIVERS EXPENSES IN ORDER TO CUT DEDUCTIONS ON FEDERAL INCOME TAXES. THIS IS APROXIMATELY .02 CENTS PER MILE LOSS IN DRIVER WAGES. ALONG WITH THIS COMES THE CONTINUING BURDEN OF "OUTDATED LOGBOOK REGULATIONS" AND "UNFAIR RECORD KEEPING".

#5. THE UNFAIR AND ILLEGAL PRACTICE BY RECEIVERS TO COERCE OR ATTEMPT TO COERCE A DRIVER TO LOAD OR UNLOAD OR TO FORCE HIM TO PAY SOMEONE ELSE , SEE MOTOR CARRIER ACT OF 1980 SECTION#49-USC 11109,11902. IT'S AGAINST THE LAW BUT WHO'S ENFORCING IT?

AS AMERICANS WE FEEL THAT WE SHOULD PAY OUR FAIR SHARE OF TAXES TO SUPPORT THE AMERICAN SYSTEM. HOWEVER, IT SEEMS THAT WE ARE BEING ASKED TO BEAR THE BURDEN IN A ONE, TWO, THREE PUNCH AIMED ONLY AT REFUELING INFLATION AND EVENTUALLY LEADING TO ANOTHER PROLONGED RECESSION RATHER THAN A PATH OF GROWTH AND PROSPERITY.

PLEASE HELP CHANGE YOUR FUTURE AND MAKE THE DIFFERENCE BY SUPPORTING THIS PROTEST AND SENDING A CLEAR MESSAGE TO THE GOVERNMENT IN WASHINGTON, D.C. AND YOUR STATE CAPITAL, THAT AS AMERICANS WE CAN NO LONGER SHOULDER THE ENTIRE BURDEN WITH INCREASED TAXES AND NEW REGULATIONS.

DRIVERS SHOULD GO HOME BY NOVEMBER 10TH IF THEY CAN. IF THEY CAN NOT GET HOME BY MIDNIGHT NOVEMBER 10TH THEY SHOULD SHUT DOWN AT THE NEAREST TRUCK STOP AND JOIN OTHER TRUCKERS IN TRYING TO "TALK" ALL TRUCKERS INTO SUPPORTING THE PROTEST AND SHUTTING DOWN UNTIL MIDNIGHT NOVEMBER 17TH.

IF THE TRUCKING INDUSTRY AND DRIVERS DO NOT TAKE THIS OPPORTUNITY TO SEND A MESSAGE TO " ALL OF OUR ELECTED OFFICIALS THE PROBLEMS WILL ONLY GROW TO BE MUCH GREATER THAN WE NOW HAVE .

OFFICE OF DOMESTIC POLICY

THE WHITE HOUSE

NOV REC'D

FROM THE OFFICE OF: **CAROL H. RASCO**
ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY

TO: Schmidt

DRAFT RESPONSE FOR CHR BY:

PLEASE REPLY (COPY TO CHR):

PLEASE ADVISE BY:

LET'S DISCUSS: ✓

FOR YOUR INFORMATION:

REPLY USING FORM CODE:

FILE:

RETURN ORIGINAL TO CHR:

SCHEDULE:

REMARKS:

B & D TRANSPORT

P.O. BOX 648 • BENTON, ARKANSAS 72015 • (501) 778-1936

October 28,1993

Ms. Carol Roscoe
Domestic Policy Adviser
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20001

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SENATE PANEL ASKED TO INVESTIGATE RECENT SPIKE IN DIESEL FUEL PRICES

One day after a week-long truck strike ended, a Senate panel was asked Nov. 18 to investigate recent spikes in diesel fuel prices and to consider action to prevent such increases from occurring again.

The strike, which involved independent truck owner-operators, ran from Nov. 11 to Nov. 17, posing a threat to freight movement and raising the possibility of food shortages in some markets. Small business truckers said the price hikes--which are said to have exceeded 20 cents per gallon of diesel fuel in some states--were devastating to their earnings this year.

Although fuel prices recently began to fall back, truckers still urged the Surface Transportation Subcommittee to investigate the increases, which occurred between August and October. Prices in some states remain far above last summer's levels, Chairman J. James Exon (D-Neb) was told.

Owner-operators, who deliver 90 percent of the perishable agricultural commodities in the United States, saw diesel prices in California jump from $1.20 in August to $1.53 in October, and other states experienced similarly large prices increases, according to Cornhusker Motor Lines President Edward Trout. He said price hikes in western states ranged from 28 to 34 cents a gallon during the period.

In contrast, Trout and other witnesses said, the recent 4.3 cents increase in the federal motor fuels tax appears to have had almost no impact on non-diesel fuel. Exon said retail fuel prices barely increased since the tax increase went into effect last month.

Exon said he has asked the Justice Department to investigate whether there is any evidence that price collusion and gouging caused the increases. Meanwhile, American Trucking Associations President Thomas Donohue said his organization also had contacted the White House about the price increases and said he believes the administration is examining the issue.

Low-Sulfur Diesel Fuels Regs Discussed

Trout and other witnesses told the panel that the fuel price increases could be attributed in part to the tax increase and new Environmental Protection Agency regulations requiring low-sulfur diesel fuels. Both went into effect Oct. 1.

John Stitzell, general manager of marketing for Amoco Oil Co., said the manufacturing and distribution cost of bringing low-sulfur diesel fuel to market increased by several cents per gallon of fuel. Coupled with the 4.3-cents-per-gallon tax increase, the diesel fuel market was due for a major change last month, he said.

But witnesses said expected price increases were only about 10 cents per gallon. Instead, when they amounted to between 20 cents and 30 cents per gallon, many operators faced a loss of any profit and even operated at a loss, they said.

Trout said the 20 to 30 cents per gallon increase translated into an additional four to six cents per mile increase in operating costs. ''This means that a single driver who traveled 10,500 miles in October would have incurred between $420 and $630 in additional fuel costs,'' he said. ''While this may not sound like a lot of money, an owner-operator driver typically generates a profit margin of around two cents a mile. These fuel increases not only eliminated his profit, but it meant that he was now operating his truck at a loss.''

Even during regular years, owner-operators earn only about $16,000 after taxes and expenses, according to K. Michael O'Connell, an attorney who testified on behalf of the Owner-Operator Independent Drivers' Association. The recent fuel increases, he said, became ''the straw that broke the camel's back and raised frustration levels to at or near the boiling point.''

But none of the witnesses offered evidence that price-fixing had contributed to the large price increases. For his part, Exon said he has not yet heard from the Justice Department on the issue. Meanwhile, prices have started to drift down in many states.

Stitzell offered some other reasons for the sharp price hikes, including customers' delay in purchasing the higher-cost, low sulfur product until just a few days before the Oct. 1 implementation date. The buying pattern, he said, caused a huge demand spike that overextended the industry distribution system's ability to deliver. Recent flooding in the Midwest caused pipeline shutdowns and a compressed harvest season that also drove up market prices, he said.

Examination of Trucking Regulation Urged

But the events leading up to the recent shutdown appear to have set the stage for a broader examination of trucking issues, including the regulatory burden on the industry. Sen. Kay Bailey Hutchinson (R-Texas), the subcommittee's new ranking minority member, asked Donohue to develop a list of regulatory issues that the panel might examine.

Donohue said diesel markets will be subjected to more strains as new tax compliance rules mandating dyeing of non-taxable fuel and earlier collection of fuel tax take effect Jan. 1. ''The likelihood of temporary or regional price and supply problems will be magnified further,'' he said.

Among other things, Donohue urged that the federal government immediately issue regulations and publicity about upcoming changes in diesel fuel tax collection and dyeing and work with the EPA to coordinate dyeing and minimize user problems.

Date: 11/22/93 Time: 03:34

Fears of Long Strike Mount as Teamsters Back Independents in Calif.

By Terry Brennan, Traffic World
Knight-Ridder/Tribune Business News

NEW YORK--Nov. 22--Fears were growing last week that the highly volatile independent truckers strike might be extended into the weekend and beyond as owner-operators picked up some potentially vital Teamster support in California.

The scattered violence, angry picketing and slowdown of cargo movement appeared to be most disruptive in southern California but the shortage of truckers and equipment and the backup of cargoes hit virtually all major U.S. West Coast ports.

The independent truckers staged the wildcat strike Nov. 11 because of their apparent dissatisfaction over new federal fuel taxes, sagging rates,

and the widespread fear that Mexican truckers could take some of their work under the North American Free Trade Agreement.

Port and carrier officials were waiting anxiously to see if the truckers would prolong the walkout as it moved into a critical stage at midweek.At least two Teamsters locals in California said they were offering the independent truckers whatever legal assistance, general counseling and organizing experience they could legally provide to the currently unstructured group.

The owner-operators appeared to be seeking recognition as permanent trucking employees of specific companies, Teamster officials said, so they could win the legal right to seek union representation.

Teamsters officials in Long Beach expected the walkout to continue past its initial cut-off date of Nov. 17 for "at least the 2,000 or so owner- operators in the southern California area," said Paul Jones, secretary- treasurer of Teamsters Local 692.

"I understood they had elected nationwide to stay out from Nov. 11 through (Nov.) 17, but I'm hearing now (at mid-week) that they're going to stay out in this harbor until their demands are met," Jones said.

"They haven't really clarified what those demands are," Jones acknowledged, "and the whole thing's so unbelievable because they're so unorganized and don't seem to have any leadership."

Local 692 would be willing to discuss the possibility of organizing the owner-operators as Teamster truckers, Jones said, because "many of them seem to work 40 hours a week and 52 weeks a year for the same company and have the right to representation."

Teamsters Local 70 in Oakland "is providing (independent truckers) with whatever assistance we can with both the port here and with local shippers, short of walking out in sympathy," said Local president Chuck Mack.

"They initially said they would go back to work Nov. 18 when we met with them, but I'm not really sure at this time what they're going to do or whether the strike will continue.

They are kind of an amorphous group without much structure and that's basically why the whole situation is so fluid and volatile and seems to change

from day to day," Mack said. "We sympathize with the owner-operators as a union, however, because our members realize that their problems are the same problems that Teamster drivers face day-in and day-out."

Terminals in Los Angeles and Long Beach were "prioritizing their loads, and a lot of the local non-perishable goods were being sidetracked and stored and the 'hot loads' were moving out as quickly as possible," said Marko Milosevich, business agent for Local 13 of the International Longshoremen's & Warehousemen's Union in Los Angeles.

"I'm sure it's already costing the ports some money, but that could turn into big money if the Teamsters sympathize with them" and embolden the independents to prolong the walkout, he said.

Los Angeles and Long Beach were completely shut down on the first day of the strike but all local cargo for the southern California market appeared to be moving at a slowed pace by mid-week, Milosevich said.

There are about 3,100 ILWU members in southern California, he noted, and "between 1,500 to 1,800 are working" at any given night at the two ports.

"We shut down the first terminals (at the two ports) for the safety of our men at 2 p.m. Thursday and by 5 p.m. both ports were completely shut and stayed that way until eight the next morning," Milosevich explained.

"Some isolated terminals are sending home one or two dockworkers each day when there aren't enough trucks but those workers are on guaranteed weekly pay because they're steady employees at specific terminals.

About 200 independent truckers "would hit each terminal and then move on" during the first few days of the walkout, Milosevich said, and there were isolated incidents of violence, and rock throwing. A labor arbitrator agreed with the ILWU when he declared the situation a threat to the dockworkers' health and safety and allowed them to legally walk off their jobs the first day of the strike.

Although Sea-Land Service Inc. had security guards riding shotgun on some truck convoys moving out of Long Beach last week, Sea-Land spokesman Dan Ramsey said the carrier only took the measure "as a security precaution" and its truckers had not experienced any violence as of mid-week.

Sea-Land was also facing "a little backlog and equipment shortage and we're grounding containers because we don't have the chassis to put them on," Ramsey said.

American President Lines' "containers have been stacking up particularly at Los Angeles and Oakland and we've been keeping those gates open later as those truckers (that were working) come back," said APL spokesman Gil Roeder.

"We don't have our usual number of truckers to handle containers both off the ships and off the trains or even to deliver or pick up containers from customers.

"Traffic at the Los Angeles Intermodal Container Transfer Facility operated by the Southern Pacific Railroad started to rebound by mid-week after volume had dropped between 30 and 50 percent of normal activity for the first four days of the strike, said SP spokesman Mike Furtney.

The ICFT is about three miles from the ports of Los Angeles and Long Beach "so that cargo doesn't move if truckers decide not to dray it," he said.

Tacoma was squeezed by a double dose of the truckers strike and the back- up

in rail movements stemming from the fatal head-on collision on a Seattle-Portland rail line of trains moving in opposite directions on the same track.

Both the strike and the collision occurred on Nov. 11 and the port had trouble moving cargo by rail because part of a 150-mile stretch of track was blocked for more than two days.

"We had pickets and there was a slowdown in traffic at the gates and at our intermodal facilities, but there was always truck traffic moving and they worked continually on the docks," said Chris Phillips, a port spokesman.

"Our biggest problem was the rail back-up, because we move most of our rail cargo on weekends and that track was blocked for one full day on the weekend."
END!A3?TW-TEAMSTERS

KBviaNewsEDGE

Date: 11/29/93 Time: 18:51

California Truck Stops Still Ailing Despite Falling Diesel Prices

By Bill Mongelluzzo, The Journal of Commerce
Knight-Ridder/Tribune Business News

LOS ANGELES--Nov. 30--The price of diesel fuel in California has dropped noticeably, but mechanical failures attributed to the new low-aromatic fuel that must be sold here have skyrocketed.

Truck stop operators are suffering as well because drivers are filling up in neighboring states with the lower-cost, higher aromatic diesel that is sold everywhere but California.

In a particularly poignant example of how the diesel fuel crisis is affecting the nation's largest trucking market, one truck stop operator in Northern California watches each day as distributors buy non-conforming diesel in Chico, Calif., ship it to Oregon, and sell it to truckers before they enter California.

In another spin-off of the diesel fuel crisis, the price of jet fuel in California is returning to normal after jumping about 15 percent in October. Diesel and aviation fuel are closely related in the refining process.

The California Trucking Association (CTA) reported this past week that the number of mechanical failures due to the use of low-aromatic fuel, which has less lubricity than normal diesel, has reached 4,300.

Jay Van Rein, a CTA spokesman in Sacramento, said repairs range from a minimum of $250 for an "O" ring to $600 for a fuel injector to as much as $2,500 if further complications arise such as the fuel pump going bad.

The California Air Resources Board (CARB) responds t$at the cause of the "O" ring failures has not been determined.

Jerry Martin, a CARB spokesman, said the agency has tested more than 1,700 trucks using the new diesel and found only a 2 percent rate of "seepage, leakage or sweating," which he said is a lower rate of failure than is occurring on the East Coast.

"We have our 27 best mechanics investigating it," he added. CARB has taken so much heat from enforcing the "California-only" regulations that Gov. Pete Wilson last week transferred CARB Chairwoman Jananne Sharpless to the state Energy Commission and replaced her with a chairwoman who is expected to be more sympathetic to the industry.

Truck stop operators have been hit especially hard by the California-only low-aromatic fuel requirements as truckers, with large fuel tanks, can fill up in neighboring states, take care of business and still leave the state without refueling.

"It's had a dramatic effect on our business," said Russ Straits, general manager of the MidCal 76 Auto Truck Plaza in Santa Nella, about 285 miles

north of Los Angeles. Fuel sales there dropped 37 percent in October,

and Straits said even though the pump price this week was down to about $1.30 a gallon from the peak of $1.56 earlier in the month, business remains slow.

Straits said California is losing millions of dollars of tax revenue. He noted that sales at one truck stop are down 500,000 gallons a day.

"There are 150 truck stops in California. When you figure 8 cents sales tax and 17 cents road tax per gallon, look at how much tax revenue is being lost. We've got to get off this kick of California shooting itself in the foot whenever we want to clean things up," he said.

Dennis Riley, owner-operator of the Union 76 Auto Plaza in Redding, said the new low-aromatic regulations aren't even having the environmental effect they're supposed to as interstate truckers buy their fuel elsewhere. He relayed the story of how higher aromatic fuel refined in California is shipped to Oregon and sold to truckers before they enter the state.

The result of such action, Riley added, is that California truck stops continue to suffer.

"Ninety percent of my business is interstate truckers," he said. "CARB (low-aromatic) diesel fuel has come down 30 cents, but who wants it?"
END!A$5?JC-TRUCK-STOPS

KBviaNewsEDGE

Date: 12/01/93 Time: 03:06

The Journal of Commerce Editorial: The Truckers' Strike

The Journal of Commerce
Knight-Ridder/Tribune Business News

Dec. 1--INDEPENDENT TRUCKERS struck the country last month, frustrated and angry over rising fuel prices. But while the effects of the weeklong job action varied from place to place, the message was the same: However badly larger companies are suffering in the slow economy, those near the bottom of the food chain - independent truckers - are hurting even more.

Unlike company-employed drivers, independent truckers own and operate their rigs. Many lease themselves to other transportation firms. Typically,

they beef up the trucking fleets of long-haul freight companies, help with surges in regional trucking demand and supply critical drayage functions at the nation's ports, moving containers between ships and rail ramps. Little wonder, then, that the independent truckers' strike had its greatest impact at the ports of Los Angeles and Long Beach, where independent operators carry an estimated 80 percent of the local drayage traffic.

Since becoming an owner-operator is relatively easy - all that's needed is the down payment for a truck and a commercial driver's license - competition can be fierce. That works to the advantage of those who use owner-operators - shipping lines, port terminal operators, railroads, transportation brokers and larger trucking companies. As a result, most independent truckers, especially those who work the Southern California ports, have little leverage on rates. If one independent trucker won't move the load at a certain price, another most likely will. So rates, particularly drayage rates, tend to be very low. Independent operators try to compensate by improving productivity, but with so much traffic congestion and red tape in the port areas, that's often difficult.

The situation has become so bad that some independent operators are thinking of joining a labor union. That's a startling development, since true owner-operators are essentially small businessmen with a fiercely independent streak. They rarely join labor organizations. Nonetheless, a large group of independent truckers in the Los Angeles/Long Beach area is mulling representation by the International Brotherhood of Teamsters.

Economics, of course, provides a simple solution to the independent truck rate problem. If rates are too low, owner-operators will either leave the business or go bankrupt. As the supply of independent truckers declines, rates will edge back up. Inherent in that process, however, is some uncertainty and the chance of disrupted service. That's what some transportation companies and shippers faced - uncomfortably - during the independent truckers' strike last month.

Those who use owner-operators, of course, face their own cost presures: The more they pay independent truckers to move their goods, the higher consumer prices will be. Ultimately, the cost and delivery pressures applied at all levels make transportation service more efficient than it otherwise would be. That's one of the chief benefits of transportation deregulation.

But as the larger truck lines, railroads and ocean carriers know too well, reliable service comes at a price. Most transport companies are forever preaching that to their own shipper customers. Yet many of these same freight haulers forget that lesson when it's time to hire owner-operators.

Ultimately, supply and demand will determine how much independent truckers are paid. That's the way it should be. But a reliable network of owner-operators, especially those who move containers near the nation's ports, should be worth something. It makes good sense for transportation companies to consider that now rather than face the consequences of strikes and service disruptions later. END!A5?JC-EDIT-TRUCKERS

KBviaNewsEDGE

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Unlike company-employed drivers, independent truckers own and operate their rigs. Many lease themselves to other transportation firms. Typically, they beef up the trucking fleets of long-haul freight companies, help with surges in regional trucking demand and supply critical drayage functions at the nation's ports, moving containers between ships and rail ramps. Little wonder, then, that the independent truckers' strike had its greatest impact at the ports of Los Angeles and Long Beach, where independent operators carry an estimated 80% of the local drayage traffic.

Since becoming an owner-operator is relatively easy — all that's needed is the down payment for a truck and a commercial driver's license — competition can be fierce. That works to the advantage of those who use owner-operators — shipping lines, port terminal operators, railroads, transportation brokers and larger trucking companies. As a result, most independent truckers, especially those who work the Southern California ports, have little leverage on rates. If one independent trucker won't move the load at a certain price, another most likely will. So rates, particularly drayage rates, tend to be very low. Independent operators try to compensate by improving productivity, but with so much traffic congestion and red tape in the port areas, that's often difficult.

The situation has become so bad that some independent operators are thinking of joining a labor union. That's a startling development, since true owner-operators are essentially small businessmen with a fiercely independent streak. They rarely join labor organizations. Nonetheless, a large group of independent truckers in the Los Angeles/Long Beach area is mulling representation by the International Brotherhood of Teamsters.

Economics, of course, provides a simple solution to the independent truck rate problem. If rates are too low, owner-operators will either leave the business or go bankrupt. As the supply of independent truckers declines, rates will edge back up. Inherent in that process, however, is some uncertainty and the chance of disrupted service. That's what some transportation companies and shippers faced — uncomfortably — during the independent truckers' strike last month.

Those who use owner-operators, of course, face their own cost presures: The more they pay independent truckers to move their goods, the higher consumer prices will be. Ultimately, the cost and delivery pressures applied at all levels make transportation service more efficient than it otherwise would be. That's one of the chief benefits of transportation deregulation.

But as the larger truck lines, railroads and ocean carriers know too well, reliable service comes at a price. Most transport companies are forever preaching that to their own shipper customers. Yet many of these same freight haulers forget that lesson when it's time to hire owner-operators.

Ultimately, supply and demand will determine how much independent truckers are paid. That's the way it should be. But a reliable network of owner-operators, especially those who move containers near the nation's ports, should be worth something. It makes good sense for transportation companies to consider that now rather than face the consequences of strikes and service disruptions later.

Studying Transportation

THE TRANSPORTATION Research Board, which provides a scientific and technical forum for discussing transportation issues, will hold its annual meeting in Washington in early January. As always, the thousands of presentations crammed into the five-day meeting will cover plenty of ful ground, including studies of airline economics, tra

Why is this happening? First, many Baby Boomers have more disposable income because their children are leaving home. Also, they are keenly aware that retirement is just ahead, and they are increasing their savings and investment accordingly. Just look at mutual fund growth, where the average investor is 45 years of age and a Baby Boomer.

Last year, mutual fund sales totaled $352 billion, a 54% jump from the previous year. That Baby Boomers view mutual funds as the most promising long-term investments helps to explain the record flow of savings into the stock and bond markets since the beginning of the 1990s. Today, the mutual fund industry is a $1.9 trillion business.

Americans' growing propensity to invest is

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Much Ado A

By MARK MAGNIER

TOKYO — It's a sight even this newspaper, with its avid interest in floating objects, would have found amazing. In late November, 70 reporters from all major Japanese news media pushed, shoved and clambered over each other to record the arrival of a small, dirty freighter in Yokohama harbor. The next day a Japanese cabinet minister met with more reporters.

A slow news day? A newfound respect for old technology? Not quite. The attraction wasn't so much the 6,588-ton Tanjung Pinang as the burlap bags it was holding. Faced with its worst harvest since World War II, Japan was importing "emergency" Thai rice, its first foreign rice in nine years. Everyone wanted to record the historic moment.

As the GATT world trade talks move into the last few frenzied days of negotiations leading up to the Dec. 15 Uruguay Round deadline, something akin to a classical drama is being played out on the Japanese domestic stage, with rice as the central character.

For the past several months, the Japanese have watched with avid interest as their burlap-draped rice queen moved across center stage toward her appointed destiny — with a pace as slow and tortured to the untrained eye as a Noh opera.

The expected outcome and final tragic suicide scene will of course coincide with the permanent entrance of foreign rice. Under the Uruguay Round trade pact, for example, Japan would have to end its rice import ban.

Japan is a conservative country. Whenever possible, it avoids or micro-manages major change. Rice imports are a major change. To pre-

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Fighting Inflatio

By H. ERICH HEINEMANN

Despite President Clinton's easier-than-expected victory in the fight over the North American Free Trade Agreement, threats remain to unfettered movement of goods and services across borders.

The next trade crisis could come within the next two weeks. Just in case you had forgotten, mid-December is the deadline for the Uruguay Round of trade talks under the General Agreement on Tariffs and Trade.

A Uruguay Round trade deal has little chance of passing the U.S. Congress except under procedures requiring members to vote for or against a proposed agreement as a whole. The so-called fast-track negotiating authority now in force accomplishes this goal by barring amendments if and when the legislation gets to Capitol Hill.

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Fuel Cost Surge Troubles Nation's Truckers

By Steve Painter, The Wichita Eagle, Kan.
Knight-Ridder/Tribune Business New

Nov. 29--At the offices of the M. Bruenger & Co. trucking company on North Broadway, a handwritten sign advises drivers: "Do not fuel in California. Fill up in Az. or New Mexico. Fuel is too expensive in California."

But California is only the worst-case. As anybody at any level of the trucking business knows, diesel prices went through the roof in October, a month that will not be remembered favorably in the already volatile and intensely competitive trucking industry.

Like their counterparts across the country, Wichita-area trucking companies found themselves dealing with a sudden surge in operating costs and, in most cases, no way to recover those costs in the immediate future. The situation prompted a loosely organized group of independent truckers to call for a weeklong trucking shutdown beginning Thursday.

Although sympathy for the cause is widespread among Wichita trucking companies of all sizes, few give the shutdown much chance of success and none said they would participate. They see little chance for relief from Congress or the Clinton administration and are focusing instead on how to get their costs and revenues back in balance.

"The independent guys, they can do whatever they want. We can't do that. If we've got freight to haul, we're gonna haul," said Darrell Heinlein, vice president of operations for TNT Dugan, a less-than-truckload carrier and one of the largest trucking operations in Wichita.

"It hasn't worked in the past, and it won't work," said Tommy Taylor of Taylor Trucking, a four-rig outfit. "You can't get everybody to shut down. I don't know what they can prove by shutting down. I don't plan on it, unless somebody comes up with a good plan, something that will work."

Truckers were hit with a double dose of fuel misery beginning Oct. 1 that escalated prices far beyond what was anticipated.

One was the 4.3-cents-a-gallon tax increase, a part of the Clinton economic plan approved by Congress earlier this year. The second was the required switch to "blue fuel," the low-sulfur diesel required by the Clean Air Act. It's colored blue so that it can be differentiated from the old, dirtier diesel.

Neither blow should have been a surprise to anyone in the industry, but the impact was. Most industry estimates of the cost of the cleaner diesel were in the 4- to 10-cents-a-gallon range.

Instead, prices jumped 15 to 60 cents a gallon, depending on geographic location. Western states saw the biggest jumps, with reports of diesel selling for $1.90 to $2 a gallon in California.

In south central Kansas, diesel that was selling for $1.10 a gallon jumped to $1.45 in spots before receding to the $1.25 neighborhood more recently.

The increase was hard to swallow for companies operating on slim profit margins to begin with, in a location that, according to some operators, is not a good place to be in the trucking business in the first place.

"We move a lot of freight west, so that really hurts us," said Alissa Unruh, manager of the Wichita branch of Oxford Transportation, a Kansas City company.

"With these two things that have happened, our costs to operate have gone up 10 to 15 percent," she said. "Most truck companies probably don't even have that kind of margin."

Butch Bruenger, president of M. Bruenger & Co., said the higher prices cost his company an additional $20,000 before October was history. His company operates 110 trucks and 185 trailers, most of them refrigerated units and about half of them owner-operator rigs leased exclusively to Bruenger.

So why the big surge when the fuel industry knew for three years that the deadline was coming?

Unruh said she thinks that even the fuel companies don't know what the costs are with the new diesel - or what they should be charging to recoup them. The costs for retrofitting refineries to produce low-sulfur diesel have been estimated at $3 billion by some industry publications.

Others in the trucking business are less kind than Unruh. "Just price gouging, " said Heinlein at TNT Dugan, which had budgeted for an 8-cent fuel-price increase in October.

And at Bruenger, Lonnie Collins, general manager, said the industry has seen the same scenario at other times when events raise the prospect of higher fuel prices.

"We're not entirely unaccustomed to this," he said. "The price jumps every time OPEC meets. They use it as an excuse to jack up the price."

Last week the president of the American Trucking Associations said he would ask the Justice Department to investigate the price surge.

Many carriers say they have tried, with limited success, to pass on costs to shippers. Trucking companies give various estimates on how much trucking rates should rise to cover the diesel price, ranging from 1 cent to 1.5 cents a mile for every nickel-a-gallon increase in diesel.

J.R. Harper at Harper's Inc. asked for 5 cents a mile more from his shippers. He got 2 cents.

Unruh says that the issue of passing on fuel costs is a "very sensitive subject" but that some of Oxford's shippers have agreed to pay more. "We've all been hoping that it's temporary," she said.

Heinlein said most trucking companies, reluctant to lose their competitive position, are holding back on rate increases.

"I don't know of any truckline that's passed on any of the fuel increases yet, " he said. "Whoever starts it will have to pay the price for awhile."

Even before the fuel price increases, surviving in the trucking business was no smooth ride. The industry has been in turmoil since deregulation in 1980, and 1991 brought a record number of trucking bankruptcies.

Within the first year of deregulation, Bruenger & Co. pulled 150 of its 250 trucks off the road.

"We brought them in and sold them, just parked them. In fact, we about went under at that time," Bruenger said. Trucking rates fell dramatically,

and the company had to get its costs in line, he said.

Now Bruenger does substantial business hauling beef to the West Coast from Kansas' big packing plants and returning with loads of California produce for Midwest grocery distributors. But that business has changed, too, as packers moved away from the Wichita area to western Kansas.

Doing business in Kansas is not easy, Bruenger said. "This is not a truck-friendly state," he said, refering to a state fuel tax that's higher than in Missouri and Oklahoma but the same as Colorado's and lower than Nebraska's.

The thing that really burns him, however, is the $2,500 in taxes it costs him to tag a new truck in Kansas. Bruenger said his company could save $50,000 a year on truck tags if it were based in Oklahoma rather than Kansas.

A drawback peculiar to Wichita is the concentration of aircraft manufacturing plants, which makes it more difficult for trucks to get hauls both ways. A key to success in the trucking business is traveling as few "deadhead," or unloaded, miles as possible.

"In this area, what ships in on a truck flies out as an airplane," said Bob Carriker, owner of Agricultural Carriers Inc.

That's true for the general aviation manufacturers - Beech, Cessna and Learjet - who do final assembly in Wichita. At Boeing, chunks of partly assembled jets move out by rail for final assembly in Seattle.

But others say Wichita, because of its central location in the country, is a good place for truckers.

"No one ever expected this office to do the volume it does," said Unruh, who six years ago opened the Wichita branch of Oxford Transportation, which was founded by her mother, Marsha Myers, in 1982.

"There's a lot of freight shipping in and out of this town that people don't realize," Unruh said.

In particular, she said, Wichita has a good base of small manufacturers that the big trucking companies don't serve, leaving a good share of busines for small and medium-sized firms.

"The big guys can't handle it all," she said. END!A$5?WI-TRUCKERS

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Earthquake Rocks Los Angeles-Area Truck Shipments

By Bill Mongelluzzo, The Journal of Commerce
Knight-Ridder/Tribune Business News

LOS ANGELES--Jan. 19--Truck movements in the Los Angeles basin are being delayed as much as 12 hours as drivers detour around the area devastated by Southern California's worst earthquake in more than 20 years, and some motor carriers are adding surcharges to compensate for the delays.

Most of the carriers that are adding charges said they will limit them to the amount necessary to cover the additional mileage driven on a particular route.

"We must look at the additional miles, but we'll do whatever is fair," said Jerry Stanners, president and chief executive of Freymiller Trucking in Bakersfield, Calif. "It's not the customer's fault either" that the trips are taking longer, he added.

One motor carrier that serves the San Joaquin Valley said his company is adding a $150 surcharge or giving shippers the option of routing their export cargo to the San Francisco Bay Area. Exports originating south of Fresno also incur an added cost, however, because of the longer haul to the ports of Oakland and San Francisco.

The very nature of the sprawling Los Angeles basin and its infrastructure has produced a widely varying impact on freight movements in the area, largely sparing East-West traffic.

The busy north-south routes between Los Angeles, the fertile San Joaquin Valley and the San Francisco Bay area are chaotic following the collapse of a portion of Interstate 5.

The only viable route for motor carriers moving produce from the valley to Los Angeles/Long Beach for export is to head east to the San Bernardino/Ontario area before backtracking westward to the ports.

"We're coming in through Ontario," said Rod Gust, president of Rod Gust Transportation in Fresno. "It's taking as much as 12 hours extra," he added. The delay is caused in part by the lengthy detour and in part by traffic congestion as truckers vie with motorists for scarce freeway space.

Gust said he is not raising his rates. "We can't charge our customers for something Mother Nature did," he said.

The main east-west intermodal routes were mostly untouched by the earthquake because they are located at least 25 miles south of the stricken area.

According to PIERS, the Port Import-Export Reporting Service of The Journal of Commerce, Los Angeles/Long Beach, by far the nation's largest container complex, handles the equivalent of 3 million 20-foot containers a year. About half are involved in intermodal movements to and from eastern destinations.

Freight moving into the San Fernando Valley north of Los Angeles, where the earthquake leveled buildings and warehouses, ruptured gas and water lines and cut off most major arteries, has ground almost to a halt.

"At this point, we're not taking any loads into there, and there are virtually no outbound loads," said Tim Blaser, a spokesman at Schneider National in Green Bay, Wisc. He added that the San Fernando Valley accounts for a