

United States House Committee on Transportation and Infrastructure

The Panel on 21<sup>st</sup> Century Freight Transportation

“How Logistics Facilitate an Efficient Freight Transportation System”

Testimony of Richard H. Fisher

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June 26, 2013

Chairman Duncan, Ranking Member Nadler and members of the committee,

Thank you for inviting me to testify before the committee today. I also would like to thank Chairman Shuster and Ranking Member Rahall for setting up the Panel on 21<sup>st</sup> Century Freight Transportation to take a holistic view of the freight transportation system.

My name is Richard Fisher and I am the President of Falcon GlobalEdge and the Chairman of the Airforwarders Association (AfA). Falcon GlobalEdge is headquartered in Boston and employs 21 people and operates both domestically and internationally. Today I am testifying on behalf of the Airforwarders Association.

The Airforwarders Association represents 360 member companies employing tens of thousands of employees and dedicated contractors. AfA members range from small businesses employing fewer than 20 people to large companies employing well over 1,000 with business models varying from domestic to worldwide international operations. Additionally, a few of our members operate their own aircraft. In short – we are the travel agents for freight shipments. We move cargo throughout the supply chain in the most time and cost efficient manner whether it is carried on aircraft, truck, rail or ship. As we are multimodal, we see things from a holistic view and are concerned with the entire transportation supply chain.

#### Logistics and the U.S. Government

The global economic downturn continues to erode forwarder margins in the face of increasing costs and these expenses only escalate as the regulatory web expands. The logistics of moving a shipment between the United States to or from an international destination can be extremely complex and involves a number of U.S. governmental agencies enforcing many regulations beginning with the numerous complex screening protocols required by the Transportation Security Administration and followed by the transmittal of shipping details to Customs and Border Protection (CBP). For example, in the case of a shipment between Paris to Washington, DC, the successful and timely delivery of a Falcon GlobalEdge's customer's product is dependent on a myriad of U.S. government services and faces a web of regulations. It is critical that the Federal Aviation Administration and Customs and Border Protection are both adequately staffed to manage flights and clear shipments quickly and efficiently. When going to or from the airport, the shipment moves by truck and enters the purview of the Department of Transportation and the independent trucker falls under the regulatory purview of the Federal Motor Carrier Safety Administration. One international shipment

arriving in the United States could possibly meet 13 U.S. regulatory agencies at our border and anyone of these departments can derail the timeliness of the shipment arriving at its destination. Sun Tzu once said, "The line between disorder and order lies in logistics..." This rings true in both war and in the delivery of shipments

### Aviation and Air Cargo

With respect to staffing of the air traffic controllers, I would like to thank the committee for resolving the FAA furlough situation and keeping the 149 air traffic control towers open and hope that a long-term solution can be identified for adequate staffing.

Aviation is an extremely key sector for many of our member's businesses. According to the International Air Transport Association, air cargo transports over \$6.4 trillion worth of goods on an annual basis. This is approximately 35% of world trade by value.

Much of our airfreight is transported on passenger carriers. As an aside, the Administration's proposal to impose billions of dollars in new and higher aviation taxes should be flatly rejected. It is in our nation's economic interest and in the interest of our industry to have a healthy and robust aviation sector and increasing taxes on airlines runs contrary to this goal.

Our industry's logistics are certainly complicated by new regulatory burdens, potential shortages of key government workers and increased taxes. Conversely, the government can assist our industry by continuing to support the modernization of our antiquated air traffic control system. To meet future demand, improve the safety of flight operations and increase productivity, the nation must deploy new technology. The deployment of this technology – NextGen – is extremely complex and costly. However, the benefits of NextGen have demonstrated that the technology and procedures can save minutes of flight time, increase the safety of flight operations, and reduce emissions. I urge this Committee to maintain its strong support for NextGen deployment by maintaining vigilant oversight.

### The Impact of High Fuel Costs on Aviation and Trucking

AfA members and their customers see the impact of high fuel prices every day by paying higher freight rates or dealing with the extreme cost of filling up their truck and car gas tanks at the pump. Still, we also realize that air cargo shipments require sturdy roads and bridges to get to and from the airport and current funding sources are insufficient to maintain this vital infrastructure. For example, one in nine bridges in the United States remain structurally deficient. Obviously this money needs to come from somewhere and there are many proposed solutions ranging from increasing the federal gas tax, a vehicle miles traveled tax or from more transfers from the general fund. Before embracing a higher tax that inevitably will result in higher consumer costs for just about everything they buy, we need

assurance that existing taxes are being invested as intended and not diverted for other purposes. In other words, the extra money collected must find its way to the potholes.

### Hours of Service

In addition to identifying a funding mechanism for our deteriorating roads and bridges, we are greatly concerned about the new hours of service requirements for truckers that will take effect next week. As most of our members rely on independent trucks to deliver freight throughout the United States, this new regulation is estimated to require an addition of 40,000 truckers to maintain current service and the number of truckers is already too low today.

In conclusion – I urge members of the Transportation and Infrastructure to remain vigilant on the promulgation of additional regulations and its impact on the freight industry. Thank you for this opportunity and I will be happy to answer any questions that you may have.