

LA program catapults port trucking into the green economic revolution

BY CHUCK MACK AND TOM POLITEO

You know the winds of change are blowing when the buzz on Wall Street and the presidential campaign trail is the "green economy" revolution. Today, many companies are feverishly searching for ways that investing in green technologies can produce financial returns and make good business sense. The use of alternative energy such as solar and wind is exploding. Wal-Mart is the most prominent example of retailers switching to energy-efficient light bulbs that pay for themselves within months.

But only innovation accompanied by true vision will shape the new markets of the future, make such investments profitable over the long term and reduce emissions that contribute to deadly air and global warming.

It is not without some sense of green-washed irony that most of these energy-saving technologies are transported from their polluting manufacturing site overseas to their U.S. destination on old fossil-fuel economy vehicles. From the massive container ships to the trucks that haul at the ports, much of the goods movement industry is just catching wind of the next economic transformation on the horizon. That's why it was a breath of fresh air for Southern Californians in particular when the Port of Los Angeles unanimously approved a Clean Trucks Program to establish conditions under which trucking firms can profitably participate in the green economy that is critical for global trade's long-term sustainability.

Regardless of one's opinion about the final aspects of L.A.'s program, few can dispute the fact that this industry cannot grow — let alone profitably operate — without clean and quiet technology vehicles and equipment. While many stakeholders have focused on the employee driver

issue as the main difference between the Long Beach truck plan passed in February and the Los Angeles plan passed in March, what really distinguishes the two programs are the financing structures that will make the purchase of low-emissions diesel and alternative fuel trucks sustainable and economically advantageous over the current dirty diesel fleet.

The impressive work done for Los Angeles by economists at the Boston Consulting Group demonstrate how Long Beach's rush to haphazardly patch together fees and exemptions in the absence of real financial analysis actually maintains the broken economics that favor a fossil-fuel mindset over the alternate green energy future. The result will be delays in the replacement of and investment in a new fleet of trucks as well as a drag on future technological innovation.

Conversely, L.A. port officials under the leadership of Mayor Antonio Villaraigosa put together a more sophisticated program intended to make the coming transition for port trucking profitable. The plan also offers powerful incentives for alt fuel trucks that will drive down the current cost of clean technology vehicles and jump start a new market.

We encourage those in the industry who have railed against the L.A. program's requirement that trucking companies maintain a dedicated fleet and employ their work force to take a deep, clean breath and embrace the opportunities in the new economy. We all know that the financial burdens of green investment cannot be placed on the weakest actors in the market; the stakes are just too high, and we cannot afford to fail.

The L.A. Clean Trucks Program will make it possible for innovative firms to capitalize and become a strong and stable industry equipped to handle projected global trade increases. One recent economic

study commissioned by the Hewlett Foundation was given surprisingly little fanfare, given that Drs. John Haveman and Chris Thornburg quantified the efficiency gains the L.A. model makes possible. In fact, the analysis showed that efficiency gains trucking companies can achieve under it would be nearly 400 percent higher than what will be possible under the Long Beach plan, largely through improved turn times that will make equipment, workers and terminal space more productive, and better use of capital equipment over multiple shifts.

That the L.A. Clean Trucks Program will truly revolutionize port economics and remove barriers to more streamlined, green operations should be good news for an industry that has failed for nearly three decades since deregulation to create a viable, self-policing port drayage market.

We applaud the Port of Los Angeles for paving the way for every American port to internalize the cost of pollution, ease taxpayer burden and improve the quality of port jobs, using market forces to secure long-term solutions for business, community and labor alike. These kinds of sound 21st century policy models are critical for our ports to be vital, growing, green engines of our new economy. ☺

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