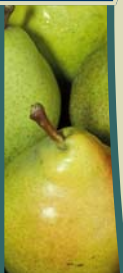




# Agricultural Refrigerated Truck Quarterly

4th Quarter, 2011  
October—December

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## Market Insight

### New Hours of Service Rules Finalized

The Department of Transportation’s Federal Motor Carrier Safety Administration (FMCSA) issued the much-awaited final Hours of Service (HOS) rule on December 22, 2011. Secretary LaHood stated that the “final rule employs the latest research in driver fatigue to make sure truck drivers can get the rest they need to operate safely when on the road.”

The most [significant changes to the HOS rule](#) are the limitations on the minimum 34-hour rest period for drivers who wish to restart their work week. The period must include at least two periods where the driver is off-duty between 1:00 a.m. and 5:00 a.m. based on the home terminal time, and may only be used once every 168 hours.

According to FMCSA, alternating 14 hours on-duty and 10 hours off, a driver would reach the 70 hours maximum weekly on-duty time in less than 5 full days. After a 34-hour break, the driver could then begin this same cycle again, totaling 70 hours on-duty every 6 calendar days, for an average of almost 82 hours per calendar week. Limiting restarts to one every 168 hours prevents this excessive buildup of on-duty hours, while still allowing drivers to use the restart provision to their advantage and avoiding the complexity of special provisions for more frequent restarts.

Although the final rule retains the current 11-hour daily driving limit, drivers may drive only if 8 hours or less have passed since the end of the driver’s last off-duty period of at least 30 minutes. Commercial truck drivers and companies must comply with the new restart and rest break provisions by July 1, 2013.

Effective February 27, 2012, on-duty time does not include any time resting in a parked commercial motor vehicle (CMV). In a moving property-carrying CMV with two drivers, on-duty time does not

include up to 2 hours in the passenger seat by the resting driver immediately before or after the driver spends 8 consecutive hours in the sleeper-berth. Driving (or allowing a driver to drive) 3 or more hours beyond the driving time limit may be considered an egregious violation and subject to the maximum civil penalties.

According to FMCSA, the new HOS rule will “prevent fatigue-related truck crashes and save lives,” based on research and input from the series of listening sessions conducted around the country. These sessions included participation from all major industry components and also provided a live webcast option for those unable to join the meetings in person. FMCSA Administrator Ferro stated that, “With robust input from all areas of the trucking community, coupled with the latest scientific research, we carefully crafted a rule acknowledging that when truckers are rested, alert and focused on safety, it makes our roadways safer.”

The Owner-Operator Independent Drivers Association and American Trucking Associations (ATA) as well as many associations representing shippers believe the new HOS rule will decrease productivity and increase costs for drivers, trucking companies, shippers, and ultimately consumers. The American Trucking Association (ATA) reported in its response to the new HOS rule that requiring two rest periods between 1:00 a.m. and 5:00 a.m. puts trucks on the roads during peak rush hour periods, creating more opportunities for truck-related crashes. “The largest percentage of truck-involved crashes occur between 6 a.m. and noon,” according to the ATA. Within the 18-month delay between the announcement and the July 2013 compliance date, the ATA is considering legal options, as are safety advocates who want the daily driving time limit reduced from 11 hours to 10 hours or less, and would like the minimum 34-hour restart provision eliminated.

([April.Taylor@ams.usda.gov](mailto:April.Taylor@ams.usda.gov) and [Brian.McGregor@ams.usda.gov](mailto:Brian.McGregor@ams.usda.gov))

# Quarterly Overview

## Fruit and Vegetable Shipments

Reported U.S. truck shipments of fresh produce during the fourth quarter were 6.6 million tons, 11 percent lower than the previous quarter and 7 percent lower than the same quarter last year.

California accounted for 23 percent of the total reported shipments of fresh fruits and vegetables during the fourth quarter 2011. Shipments from California totaled more than 1.5 million tons (mt), followed by the Pacific Northwest (PNW) with 1.3 mt (20 percent) and Mexico with 1.1 mt (17 percent).

The following top 5 commodities<sup>1</sup> accounted for 50 percent of the reported truck movements during the fourth quarter 2011:

- ▶ Potatoes (13 %)
- ▶ Lettuce (12 %)
- ▶ Apples (9 %)
- ▶ Tomatoes (9 %)
- ▶ Onions (7 %)

## Truck Rates

The fourth quarter 2011 average truck rate for U.S. produce shipments was \$2.29 per mile, 13 percent lower than the previous quarter, but 8 percent higher than last year. The average monthly rate reached a quarterly peak in October at \$2.40 per mile.

During fourth quarter 2011, the highest average reported rates per mile ranged between \$2.77 and \$4.39 for potato shipments from the Great Lakes region. Rates for lemons through the Texas/Mexico crossing points were the lowest.

Mexico truck rates for crossings through Arizona averaged \$2.20 per mile, 1 percent higher than last quarter and 8 percent higher than the same quarter last year. Border crossings through Texas averaged \$2.08 per mile, up 5 percent from the previous quarter and 23 percent higher than the same quarter last year.

## Diesel Fuel

During the fourth quarter 2011, the U.S. diesel fuel price averaged \$3.86 per gallon—0.1 percent lower than last quarter but 22 percent higher than the same quarter last year.

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<sup>1</sup> The top five commodities are based on movements originating in the following regions: Arizona, California, Florida, the Great Lakes, Mexico, the Pacific Northwest, and Texas, all of which represents 80 percent of the fourth quarter reported shipments.

## Regulatory News and Updates

### **Produce Transportation Best Practices Released**

On January 17, the [North American Produce Transportation Working Group](#) released recommendations created and agreed to by multiple facets of the produce industry supply chain to ensure the ongoing vitality of the carrier sector, in particular the availability of drivers who are paid by the mile but often delayed during loading and unloading. *Produce Transportation Best Practices* includes general best practices; checklists for shippers, carriers, receivers, and transportation providers; definitions; and good temperature guidelines.

### **White House Office of Management and Budget Reviewing Proposed Produce Safety Regulation**

On December 9, 2011, OMB received a draft notice of proposed rulemaking regarding produce safety regulation for a 90-day review. [The Food Safety Modernization Act](#) requires the Secretary of Health and Human Services to establish and publish science-based minimum standards for the safe production and harvesting of those types of fruits and vegetables, including specific mixes or categories of fruits and vegetables, that are raw agricultural commodities for which the Secretary has determined that such standards minimize the risk of serious adverse health consequences or death. The Food and Drug Administration is proposing to promulgate regulations setting enforceable standards for fresh produce safety at the farm and packing house. The purpose of the proposed rule is to reduce the risk of illness associated with contaminated fresh produce.

### **Study With Respect to Truck Sizes and Weights Proposed**

During the mark-up of [H.R. 7, American Energy and Infrastructure Jobs Act of 2012](#) on February 2, the House Transportation and Infrastructure Committee removed a provision in section 1404 that would have allowed longer combination vehicles to operate on additional routes in the States where they are currently permitted. Also removed was a provision to allow States to permit a gross vehicle weight of 97,000 pounds on the Interstate system if the vehicle is equipped with at least 6 axles, compared to the current 80,000 pound limit.

Instead, [under a new section 1405](#), the Secretary of Transportation will be directed to conduct an extensive study on the effects of increased truck sizes and weights on safety, pavements, bridges, cost responsibility and recovery; the ability of regions to meet repair and reconstruction needs; diversion of freight between modes; and all Federal rules and regulations. A report to Congress on the study will be due not later than 3 years after the date the bill is signed into law.

The 97,000-pound weight limit is supported by a large number of food, agricultural, and forestry product shippers, receivers, and trade associations. An increase in truck size and weight is opposed by the Owner-Operator Independent Drivers Association, International Brotherhood of Teamsters, Association of American Railroads, Commercial Vehicle Safety Alliance, and other highway safety advocates.

As presently amended, section 1404 of H.R. 7 would allow up to 3 States to allow, by special permit, the operation of vehicles with a gross weight up to 126,000 pounds on not more than 3 segments, which may be contiguous, of up to 25 miles each. It would require all States to allow 53 feet on a semi-trailer in a truck tractor-semitrailer combination and 33 feet on a semitrailer or trailer operating in a truck tractor-semitrailer-trailer combination.

Effective November 18, 2011, under [Section 125 of the Consolidated and Further Continuing Appropriations Act, 2012](#), trucks in Maine and Vermont that are allowed to weigh up to 100,000 pounds on their State high-

ways are now allowed to use the Interstate Highways in those States through December 31, 2031. Forty-eight States routinely permit heavier axle weights and higher gross vehicle weights for trucks on some of their non-Interstate Highways. Thirty-eight States have grandfather rights or statutory exemptions that allow such trucks to operate on their portions of the Interstate.

#### **New Language Proposed on the Transportation of Agricultural Commodities and Farm Supplies**

Section 6505 of [H.R. 7, American Energy and Infrastructure Jobs Act of 2012](#) would amend current law and provide that regulations regarding maximum driving and on-duty time for drivers used by motor carriers shall not apply during a planting and harvest period, as determined by each State, to:

(A) drivers transporting agricultural commodities in the State from the source of the agricultural commodities to a location within a 150 air-mile radius from the source;

(B) drivers transporting farm supplies for agricultural purposes in the State from a wholesale or retail distribution point of the farm supplies to a farm or other location where the farm supplies are intended to be used, within a 150 air-mile radius from the distribution point; or

(C) drivers transporting farm supplies for agricultural purposes in the State from a wholesale distribution point of the farm supplies to a retail distribution point of the farm supplies within a 150 air-mile radius of the wholesale distribution point.

Current law provides a 100 air-mile radius exemption from the source of the agricultural commodities or the distribution point for the farm supplies. The Department of Transportation's (DOT) Federal Motor Carrier Safety Administration (FMCSA) interprets the distribution point for the farm supplies as retail distribution points only. In response to concerns, FMCSA granted a [two-year, limited exemption from the federal hours-of-service regulations for the distribution of anhydrous ammonia in agricultural operations](#) on October 6, 2010.

The limited exemption covers anhydrous ammonia shipments from any distribution point to a local farm retailer or the ultimate consumer and from a local farm retailer to the ultimate consumer, as long as the transportation takes place within a 100 air-mile radius of the retail or wholesale distribution point. This exemption will remain in effect until October 9, 2012, unless revoked earlier by FMCSA.

#### **Exemption Relating to Transportation of Grapes During Harvest Periods**

Section 6506 of [H.R. 7, American Energy and Infrastructure Jobs Act of 2012](#) would amend current law and provide that regulations regarding maximum driving and on-duty time for drivers used by motor carriers shall not apply to drivers transporting grapes in a State if the transportation is during a harvest period determined by the State and is limited to an area within a 175 air-mile radius from the location where the grapes are picked or distributed.

[Section 4146 of prior transportation law](#) provided a 4-year exemption for the transportation of grapes west of Interstate 81 in the State of New York if such transportation was during a harvesting period, as determined by the State, and limited to a 150-air mile radius from where the grapes are picked or distributed. This provision was allowed to expire at the end of 2009.

#### **House Bill Would Strengthen Exemptions for Certain Farm Vehicles and Drivers**

Section 6601 of [H.R. 7, American Energy and Infrastructure Jobs Act of 2012](#) would clarify that Commercial

Driver's License, drug testing, medical certificates, and hours-of-service requirements do not apply to certain farm vehicles and their drivers. These vehicles are defined in the bill as traveling in the State in which the vehicle is registered or another State, operated by a farm owner or operator, a ranch owner or operator, or an employee or family member, and transporting to or from a farm or ranch, agricultural commodities, livestock, machinery, or supplies.

The vehicles are further defined as not used in the operations of a for-hire motor carrier; equipped with a special license plate or other designation to allow for identification of the vehicle as a farm vehicle; and having a gross vehicle weight rating or gross vehicle weight, whichever is greater, that is 26,001 pounds or less, or greater than 26,001 pounds and traveling within 150 air miles of the farm or ranch with respect to which the vehicle is being operated.

Farm vehicles that are operated pursuant to a crop-share farm lease agreement, owned by a tenant with respect to that agreement, and transporting the landlord's portion of the crops under that agreement are included in the exemptions.

On August 10, 2011 the FMCSA announced it has no intention to propose new regulations governing the transport of agricultural products. The decision stemmed from a May 31 request for regulatory guidance it had published in the Federal Register regarding farm truck issues on interstate vs. intrastate commerce, commercial driver's license, and implements of husbandry (see: [Regulatory Guidance: Applicability of the Federal Motor Carrier Safety Regulations to Operators of Certain Farm Vehicles and Off-Road Agricultural Equipment](#)). In making the decision, the agency released [new regulatory guidance designed to make sure States clearly understand the common-sense exemptions](#) that allow farmers, their employees, and their families to accomplish their day-to-day work and transport their products to market.

Thirty-two States define a commercial motor vehicle as 26,001 pounds or more, compared with the Federal definition of 10,001 pounds or more. At the lower weight threshold, a ½-ton farm pickup truck with a loaded trailer, crossing a State line, is subject to the same interstate regulations as a year-round long-haul commercial tractor-trailer weighing up to 80,000 pounds. Current law affects farmers located near the borders of adjoining States, where the closest market for their products or source of their farm supplies is over the State line.

# Feature Article

## Railcar and Piggyback Shipments from California and the Pacific Northwest Increased in 2011

From 2010 to 2011, reported railcar shipments of fresh fruit and vegetables from California increased by 8 percent, to 756.4 million pounds, as seen in table 1 below. They accounted for 35 percent of U.S. railcar shipments of fresh fruit and vegetables in 2011. While California railcar shipments of iceberg lettuce, potatoes, onions, and grapes increased, shipments of celery, cantaloupe, and broccoli decreased.

California trailer-on-flatcar and container-on-flatcar (piggyback) shipments increased by 5 percent to 776 million pounds, and accounted for 76.5 percent of reported U.S. piggyback shipments of fresh fruit and vegetables in 2011. Increases in piggyback shipments of potatoes, romaine lettuce, and iceberg lettuce were the greatest.

Railcar shipments of fresh fruit and vegetables from Arizona decreased 6 percent to 25.4 million pounds, as seen in table 2 below, accounting for 1 percent of U.S. railcar shipments of fresh fruit and vegetables in 2011. Railcar shipments of broccoli decreased and shipments of cantaloupe and potatoes increased.

Arizona piggyback shipments increased by 1 percent to 115 million pounds, accounting for 11 percent of U.S. piggyback shipments of fresh fruit and vegetables in 2011. Piggyback shipments of romaine lettuce increased and shipments of cantaloupes decreased.

**Table 1: California Railcar and Piggyback Shipments, 2010 and 2011 (100,000 pounds)**

Location	2010		2011		% change 2010 to 2011	
	Railcar	Piggyback	Railcar	Piggyback	Railcar	Piggyback
Major Commodities						
Oranges	2,635	1,301	2,844	1,277	8%	-2%
Iceberg Lettuce	77	1,169	216	1,354	181%	16%
Carrots	857	530	956	525	12%	-1%
Celery	540	1,049	392	982	-27%	-6%
Potatoes	849	71	1,239	127	46%	79%
Onions	275	502	381	555	39%	11%
Romaine Lettuce	-	687	-	815	-	19%
Grapes	434	167	640	118	47%	-29%
Cantaloupes	604	317	270	304	-55%	-4%
Lemons	52	344	56	430	8%	25%
Broccoli	319	332	150	318	-53%	-4%
Bell Peppers	15	195	11	221	-27%	13%
Honeydews	139	112	114	88	-18%	-21%
Tomatoes	61	158	17	153	-72%	-3%
Other*	171	491	278	494	63%	1%
<b>Total</b>	<b>7,028</b>	<b>7,425</b>	<b>7,564</b>	<b>7,761</b>	<b>8%</b>	<b>5%</b>

\*including apples, apricots, artichokes, avocados, cauliflower, grapefruit, other lettuce, nectarines, peaches, pears, plums, pomegranates, sweet potatoes, seedless watermelon, white juice grapes  
 Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

**Table 2: Arizona Railcar and Piggyback Shipments, 2010 and 2011 (100,000 pounds)**

Location	2010		2011		% change 2010 to 2011	
	Railcar	Piggyback	Railcar	Piggyback	Railcar	Piggyback
Major Commodities						
Iceberg Lettuce	-	490	3	469	--	(0)
Romaine Lettuce	-	324	-	364	--	0
Potatoes	105	3	140	15	0	4
Cantaloupes	36	92	60	74	1	(0)
Broccoli	98	55	37	58	(1)	0
Other*	30	170	14	171	(1)	0
<b>Grand Total</b>	<b>269</b>	<b>1134</b>	<b>254</b>	<b>1151</b>	<b>-6%</b>	<b>1%</b>

\*including cauliflower, celery, grapefruit, honeydews, lemons, other lettuce, onions, seedless watermelon  
 Source: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

Railcar shipments of fresh fruit and vegetables from the Pacific Northwest (Washington, Idaho, and Oregon) increased 9 percent to 1.3 billion pounds, as seen in table 3 below. They accounted for 60 percent of U.S. railcar shipments of fresh fruit and vegetables in 2011. Railcar shipments of apples, potatoes, and pears increased in Washington and Oregon. Railcar shipments of onions increased in all three States, led by a 38 percent increase in Idaho.



Pacific Northwest piggyback shipments increased 16 percent to 118 million pounds, accounting for 11.7 percent of U.S. shipments in 2011. Apples from Washington and Oregon and potatoes from Idaho led the increase.

California was the largest U.S. origin of fresh fruit and vegetables railcar shipments, followed by Idaho, Washington, and Oregon. California also was the largest U.S. origin of fresh fruit and vegetables piggyback shipments, followed by Arizona and Washington.

Market outlook, seasonality, supply, demand, prices, weather, irrigation water supply, fuel costs, freight rates, and buyer and shipper preferences affect the availability of trucks and the number of railcar and piggyback shipments.

**Table 3: Pacific Northwest Railcar and Piggyback Shipments, 2010 and 2011 (100,000 pounds)**

Location	2010		2011		% change 2010 to 2011	
Major Commodities	Railcar	Piggyback	Railcar	Piggyback	Railcar	Piggyback
<b>Washington</b>						
Apples	1,709	418	1,958	609	15%	46%
Onions	1,321	227	1,497	244	13%	7%
Potatoes*	507	137	631	122	24%	-11%
Pears	175	1	291	2	66%	100%
Cherries	6	-	12	-	100%	--
<b>Subtotal</b>	<b>3,718</b>	<b>783</b>	<b>4,389</b>	<b>977</b>	<b>18%</b>	<b>25%</b>
<b>Idaho</b>						
Potatoes	6,457	74	6,318	92	-2%	24%
Onions	787	-	1,087	-	38%	--
Apples	-	-	1	-	-	-
<b>Subtotal</b>	<b>7,244</b>	<b>74</b>	<b>7,406</b>	<b>92</b>	<b>2%</b>	<b>24%</b>
<b>Oregon</b>						
Onions	818	40	1,054	-	29%	-100%
Potatoes	120	3	142	3	18%	0%
Apples	31	53	62	71	100%	34%
Pears	7	65	10	41	43%	-37%
<b>Subtotal</b>	<b>976</b>	<b>161</b>	<b>1,268</b>	<b>115</b>	<b>30%</b>	<b>-29%</b>
<b>Grand Total</b>	<b>11,938</b>	<b>1,018</b>	<b>13,062</b>	<b>1,184</b>	<b>9%</b>	<b>16%</b>

\*including 100,000 pounds of seed potatoes

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

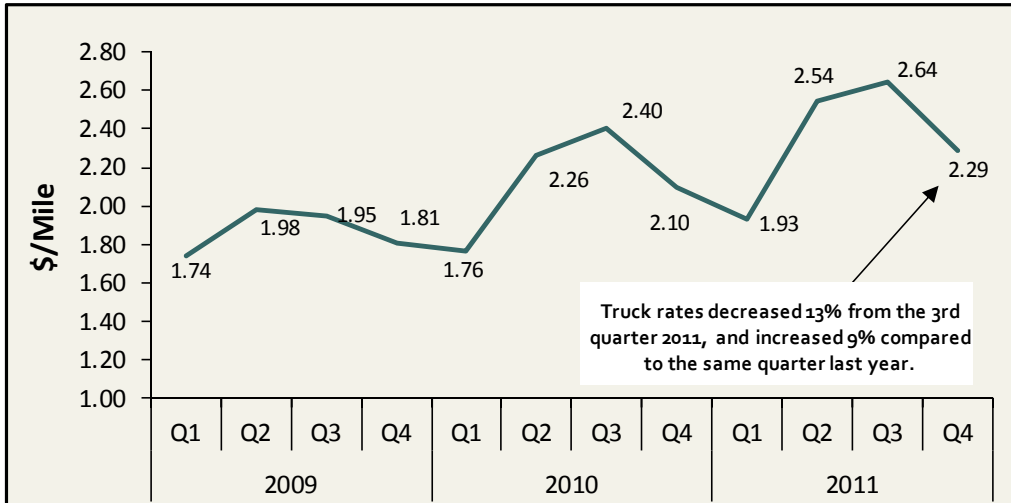
Shippers and receivers looking for trucks compete with other seasonal freight such as Christmas trees, other growing areas, and imported commodities when arranging transportation. From mid-May through mid-June 2011, most growing regions in California experienced shortages of trucks. Except for Yakima Valley and Wenatchee District, Washington, most Pacific Northwest growing regions faced shortages of trucks from mid- to-late April, and from mid-September through December 2011. [Brian.McGregor@ams.usda.gov](mailto:Brian.McGregor@ams.usda.gov)



# National Summary

## U.S. Truck Rates

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



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

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

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	*Annual
2011	1.93	2.54	2.63	2.29	2.35
2010	1.76	2.26	2.4	2.1	2.13
2009	1.74	1.98	1.95	1.81	1.87
2008	1.85	2.36	2.67	2.14	2.26
2007	1.70	2.11	2.08	2.00	1.97
2006	1.79	1.84	2.14	1.84	1.90
2005	1.56	1.88	2.10	2.08	1.91

\*Annual: Weighted average rate for all 4 quarters.

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

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

Origin	4th Qtr 2011			3rd Qtr 2011		
	Oct	Nov	Dec	Jul	Aug	Sep
Arizona	n/a	2.57	2.44	3.16	n/a	n/a
California	2.63	2.51	2.40	2.85	2.87	2.80
Great Lakes	3.39	3.44	3.44	3.28	3.22	3.27
Mexico - Arizona	n/a	2.21	2.18	1.83	1.73	1.66
Mexico - Texas	1.83	2.17	n/a	2.08	1.83	1.80
PNW	2.01	2.01	2.01	1.96	1.90	1.93
Texas	2.08	2.50	2.38	2.40	2.14	2.11
Florida	1.70	1.97	2.16	2.35	n/a	n/a

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

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

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

## Truck Rates for Selected Routes and Commodities

Table 3: Origin-Destination Truck Rates for Selected Routes and Commodities, 4th Quarter 2011 (\$/Mile)

Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Lettuce	2.65	2.92	2.22	2.59	2.62		2.67	1.72
California	Broccoli	2.43	2.55	2.11	2.36	2.33	2.23	2.38	3.51
	Carrots	2.36	2.49	2.15	2.32	2.29	2.25	2.32	3.74
	Grapes	2.42	2.61		2.38	2.33	2.28	2.35	3.70
	Kiwifruit	2.38	2.43		2.32	2.24	2.21	2.32	3.52
	Lettuce	2.38	2.54	2.18	2.35	2.34	2.23	2.33	3.80
	Melons	2.30	2.55		2.33	2.35	2.29	2.26	3.79
	Peaches	2.46	2.68		2.54	2.56	2.48	2.49	4.26
	Pears	2.59	3.03	2.71	2.50	2.44	2.21	2.54	3.25
	Plums	2.36	2.66		2.42	2.51	2.36	2.31	4.19
Strawberries	2.33	2.48	2.14	2.30	2.29		2.27	3.57	
Florida	Mixed Vegetables	2.34	2.61	1.75	1.94	1.80		1.86	
	Tomatoes	2.22	2.10	1.68	1.78	1.65		1.80	
Great Lakes	Apples		2.93	3.45			2.61		
	Blueberries		2.59	2.93		3.19			
	Onions		2.50	2.94					
	Potatoes	4.39	3.01	3.52	3.75	4.02	2.77	3.59	
Mexico - AZ	Cucumbers	2.11	2.37	1.74	2.27		2.44	2.21	
	Melons	2.20	2.34	1.78	2.23		2.42	2.32	
Mexico - TX	Limes	2.04	2.07	1.59	2.36	2.11	2.08	2.21	
	Citrus	2.14	2.13	1.77	2.26	2.26	2.08	2.25	
Pacific Northwest	Apples	2.40	2.50	2.35	2.11	2.08	1.98	2.14	3.70
	Onions	2.22	1.86	1.88	2.06	1.96	1.93	1.89	
	Potatoes	2.31	1.99	2.03	2.01	2.03	2.01	2.00	
Texas	Oranges	2.24	2.30	2.19	2.58	2.75		2.85	
	Watermelon	2.07	2.02	1.68		2.08	2.37		

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

Note: Blueberry shipments typically end during quarter 3; however, additional shipments trailed into Quarter 4, 2011.

## Truck Rates for Selected Routes and Commodities

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

Origin	Commodity	Destination							
		New York	Atlanta	Chicago	Boston	Baltimore	Miami	Philadelphia	Seattle
Arizona	Lettuce	6,542	5,392	4,020	7,000	6,158		6,392	2,842
California	Broccoli	6,800	5,611	4,210	7,117	6,367	6,956	6,633	2,642
	Carrots	6,612	5,485	4,300	7,004	6,250	7,025	6,462	2,810
	Grapes	6,783	5,750		7,183	6,383	7,117	6,550	2,783
	Kiwifruit	6,662	5,350		6,988	6,125	6,912	6,475	2,650
	Lettuce	6,671	5,592	4,360	7,087	6,392	6,955	6,513	2,859
	Melons	6,450	5,600		7,033	6,417	7,150	6,317	2,850
	Peaches	6,900	5,900		7,675	7,000	7,725	6,950	3,200
	Pears	7,243	6,657	5,414	7,543	6,671	6,900	7,100	2,443
	Plums	6,600	5,850		7,300	6,850	7,350	6,450	3,150
Strawberries	6,527	5,450	4,277	6,931	6,262		6,327	2,685	
Florida	Mixed Vegetables	2,575	1,042	2,098	2,930	1,992		2,241	
	Tomatoes	2,440	840	2,010	2,700	1,818		2,170	
Great Lakes	Apples		2,550	1,000			3,900		
	Blubberies		2,250	850		2,300			
	Onions		2,177	854					
	Potatoes	3,512	2,617	1,022	3,622	2,902	4,135	2,795	
Mexico - AZ	Cucumbers	5,400	4,250	3,500	6,000		5,550	5,200	
	Melons	5,619	4,194	3,569	5,906		5,512	5,481	
Mexico - TX	Limes	4,061	2,383	2,356	5,188	3,781	3,217	4,183	
	Citrus	4,262	2,450	2,612	4,962	4,038	3,212	4,250	
Pacific Northwest	Apples	6,238	5,996	4,231	6,446	5,777	6,646	6,038	923
	Onions	5,778	4,453	3,384	6,285	5,443	6,489	5,354	
	Potatoes	6,007	4,769	3,659	6,148	5,638	6,744	5,654	
Texas	Oranges	3,900	2,225	2,540	5,075	4,300		4,733	
	Watermelon	3,600	1,950	1,950		3,250	3,200		

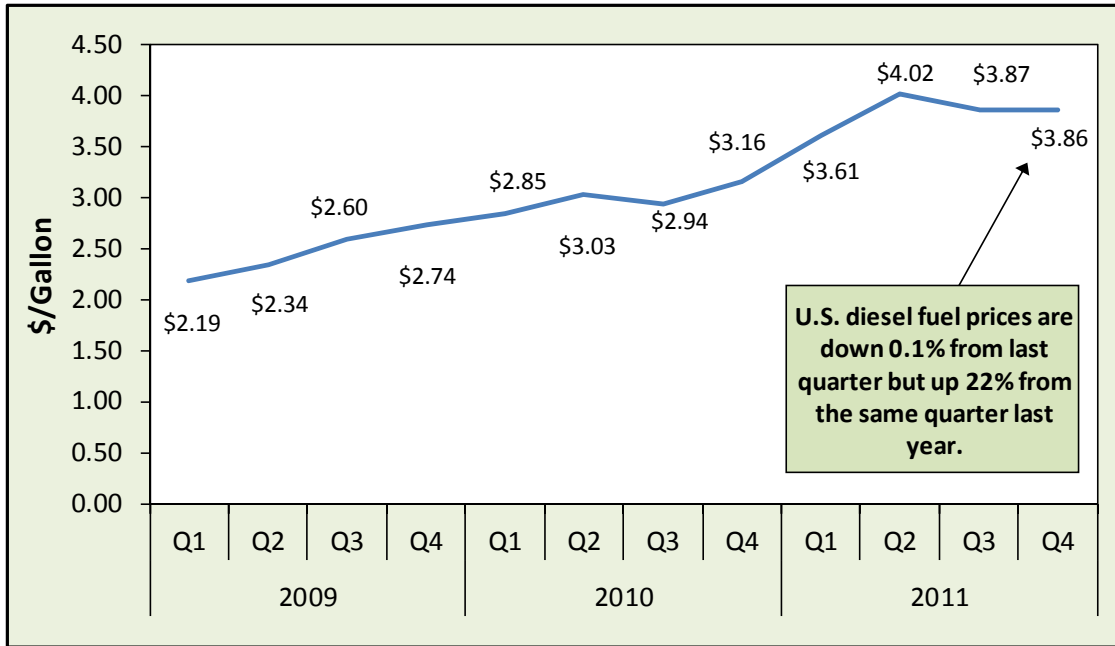
Source: AMS, Fruit and Vegetable Market News Branch, Fruit and Vegetable Truck Rate Reports

Note: Blueberry shipments typically end during quarter 3; however, additional shipments trailed into Quarter 4, 2011.

## U.S. Diesel Fuel Prices

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

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



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

Table 5: 4th Quarter 2011 Average Diesel Fuel Prices (All Types - \$/Gallon)

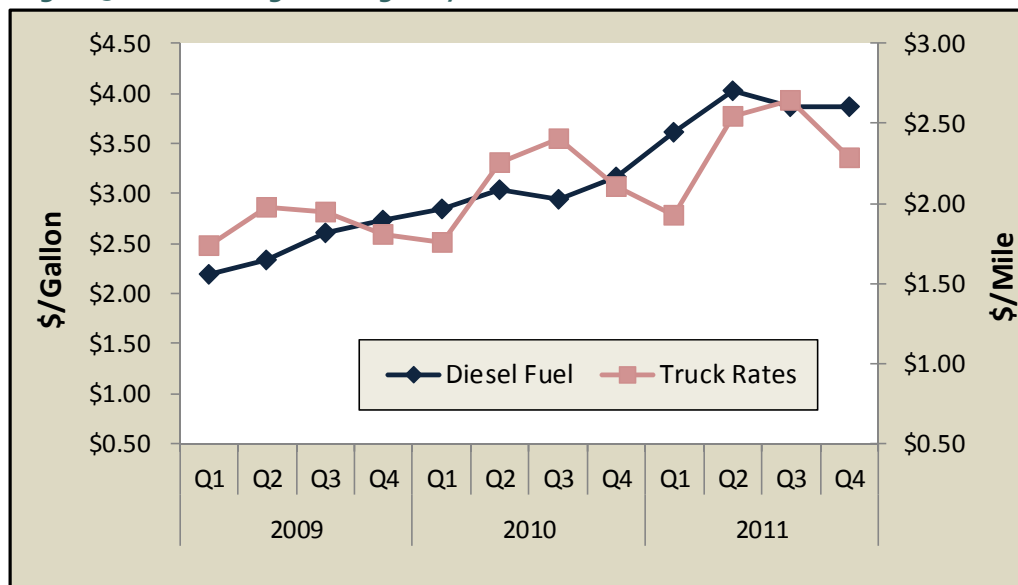
Location	Price	Change From	
		Last Quarter	Same Qtr Last Year
East Coast	3.87	-0.02	0.71
New England	3.98	-0.03	0.74
Central Atlantic	3.98	-0.02	0.70
Lower Atlantic	3.80	-0.04	0.70
Midwest	3.82	-0.02	0.69
Gulf Coast	3.77	-0.05	0.69
Rocky Mountain	3.96	0.10	0.74
West Coast	4.05	0.09	0.75
California	4.12	0.07	0.80
U.S.	3.86	-0.01	0.70

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

## Relationship Between Diesel Fuel & Truck Rates

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

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



Sources:  
 Diesel Fuel: Energy Information Administration/U.S. Department of Energy  
 Truck Rate: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

**Table 6: Average Diesel Fuel Prices and Truck Rates**

		Diesel Fuel (\$/gallon)	Truck Rates (\$/mile)	% Change From:			
				Last Qtr		Same Qtr Last Year	
				Diesel	Truck	Diesel	Truck
2009	Q1	2.19	1.74	-25%	-19%	-38%	-6%
	Q2	2.34	1.98	7%	14%	-44%	-16%
	Q3	2.60	1.95	11%	-2%	-40%	-27%
	Q4	2.74	1.81	5%	-7%	-6%	-15%
2010	Q1	2.85	1.76	4%	-3%	30%	1%
	Q2	3.03	2.26	6%	28%	29%	14%
	Q3	2.94	2.40	-3%	6%	13%	23%
	Q4	3.16	2.11	7%	-12%	15%	17%
2011	Q1	3.61	1.93	14%	-9%	27%	10%
	Q2	4.02	2.54	11%	32%	33%	12%
	Q3	3.87	2.64	-4%	4%	32%	10%
	Q4	3.86	2.29	0%	-13%	22%	9%

Sources:  
 Diesel Fuel: Energy Information Administration/U.S. Department of Energy  
 Truck Rates: Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch

#### **4th Quarter 2011 Comparison Analysis**

Diesel fuel prices averaged \$3.86 per gallon this quarter, 0.1 percent lower than last quarter but 22 percent higher than the same quarter last year. Average truck rates were \$2.29 per mile, 13 percent lower than the previous quarter but 8 percent higher than the same quarter last year.

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

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

# Quarterly Truck Availability

Table 7: U.S. Fresh Fruit and Vegetable Truck Availability, 4th Quarter 2011

Region	Commodity	Truck Availability												
		Surplus - 1		Slight Surplus - 2		Adequate - 3		Slight Shortage - 4		Shortage - 5				
		Week Ending												
		10/4	10/11	10/18	10/25	11/1	11/8	11/15	11/22	11/29	12/6	12/13	12/20	12/27
<b>CALIFORNIA, CENTRAL AND WESTERN</b>														
<b>ARIZONA</b>														
Kern District, CA	Carrots, Grapes	3	3	3	3	3	3	4	3	3	3	3	3	3
Sacramento & San Joaquin Valley, CA	Pears	3	3	3	3	3	3	3						
San Joaquin Valley, CA	Peaches, Apples	2	3											
	Plums	2	3	2										
	Melons, Peppers	2	3	2	2	2	3							
	Pears, Grapes	2	3	2	2	2	3	4	3	2				
	Pomegranates			2	2	2	3	4	3	2				
	Iceberg Lettuce				2	2	3	4	3					
	Persimmons						3	4	3	2				
	Kiwi								3	2	2	2	1	2
Salinas-Watsonville, CA	Broccoli, Cauliflower	3	3	3	3	3	3	4	3	3				
	Mixed Vegetables									3				
	Leaf Lettuce, Raspberries	3	3	3	3	3	3	4	3					
	Strawberries, Iceberg Lettuce	3	3	3	3	3	3							
South District, CA	Strawberries, Peppers, Citrus	2	3	2	2	2	3	4	3	3	2	2	2	3
	Raspberries							4	3	3	2	2	2	3
Santa Maria, CA	Broc, Caul, Mix Veg, Strawber	3	3	3	3	3	3	4	3	3	3	3	3	3
	Iceberg Lettuce	3	3	3	3	3	3	4						
Imperial, Palo Verde, Coachella Valleys, CA and Central and Western AZ	Melons								3	3	3			
	Lettuce, Mixed Vegetables								3	3	3	3	3	3
<b>PACIFIC NORTHWEST (WA, ID, OR)</b>														
Columbia Basin, WA	Onions, Potatoes	5	5	5	5	4	4	5	5	3*	4	4	4	4
Yakima Valley & Wenatchee District, WA	Apples, Pears	3	3	3	3	2	3	3	3	3	3	3	3	3
Northwestern WA	Potatoes	3*	5	5	5	5	5	5	5	4	4	5	5	5
Idaho and Malheur County, OR	Onions	5	5	5	5	5	4	5	5	4	5	4	4	4
Upper Valley, Twin Falls-Burley District, ID	Potatoes	4	5	5	5	5	4	5	5	4	4	4	4	4
<b>FLORIDA</b>														
Central and South FL	Mixed Vegetables, Tomatoes				2	2	2	3	4	3	3	3	4**	3
West District, FL	Tomatoes				2	2	2	3	4					
<b>GREAT LAKES (MI &amp; WI)</b>														
Central Wisconsin	Potatoes	3*	3*	3*	4	4	4	5	5	3*	3*	3	3*	3*
Michigan	Blueberries	3												
	Apples	4	4	4	4	4	4	3	3	3	3	3	3	3
	Onions	3	3	3	3	3	3	5	5	5	3	3	3	3
<b>MEXICO BORDER CROSSINGS</b>														
Through Texas	Mixed Fruit and Vegetables	1	2	1	2	3	3	5	4	4	3	3	3	5
	Lemons, Limes	1	2	1	2	3	3	5	4	4				
	Roma Tomatoes						3	5	4	4				
	Carrots, Broccoli						3	5	4	4	3	3	3	5
	Citrus, Tomatoes, Cucumbers										3	3	3	5
Through Nogales, AZ	Cucumbers, Squash					3								
	Melons					3	3	4	3	3	3	3	3	3
	Mixed Vegetables						3	4	3	3	3	3	3	3
<b>TEXAS, OKLAHOMA</b>														
Lower Rio Grande Valley, TX	Oranges, Grapefruit				2	3	3	5	4	4	3	3	3	5
	Greens, Herbs							5	4	4	3	3	3	5
	Beets, Cabbage									4	3	3	3	5
	Parsley												3	5
Texas and Oklahoma	Watermelons	1	1											

\* barely adequate

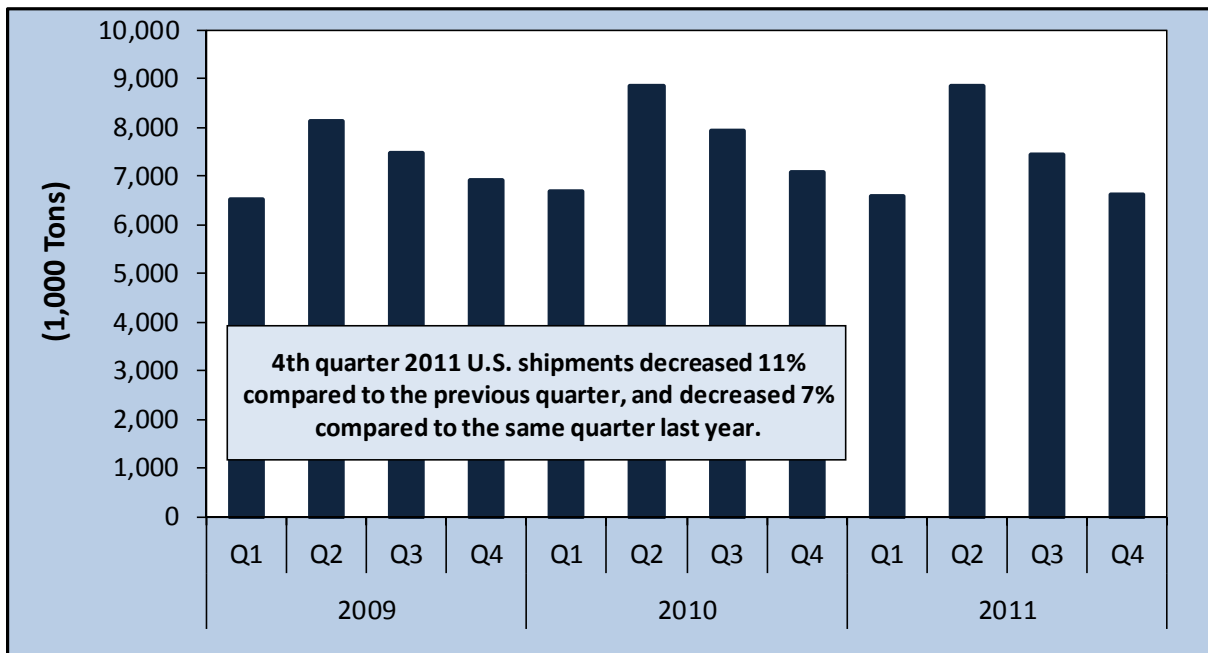
\*\*shortage to New York

Source: weekly Fruit and Vegetable Truck Rate Report, Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Division



## U.S. Shipments

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



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

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

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2011	6,591	8,844	7,442	6,611	29,488
2010	6,690	8,849	7,947	7,079	30,565
2009	6,505	8,139	7,464	6,897	29,005
2008	6,669	10,462	7,173	6,368	30,672
2007	6,704	8,683	7,324	6,640	29,351
2006	6,542	8,595	7,140	6,733	29,010
2005	6,610	8,405	7,351	6,618	28,984

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

## Shipments by Selected Commodities

Table 9: Top 10 Commodity Shipments for 4th Quarter 2011 (1,000 Tons)

Commodity	4th Quarter 2011	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
				Previous Qtr	Same Qtr Last Year
Potatoes	676	665	674	2%	0%
Lettuce	656	547	702	20%	-7%
Apples	503	276	486	82%	3%
Tomatoes	472	410	589	15%	-20%
Onions	361	304	333	19%	8%
Grapes	332	357	343	-7%	-3%
Peppers	258	231	241	11%	7%
Celery	200	149	211	34%	-5%
Pears	159	85	145	87%	10%
Cucumbers	149	101	164	47%	-9%

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

# Regional Markets

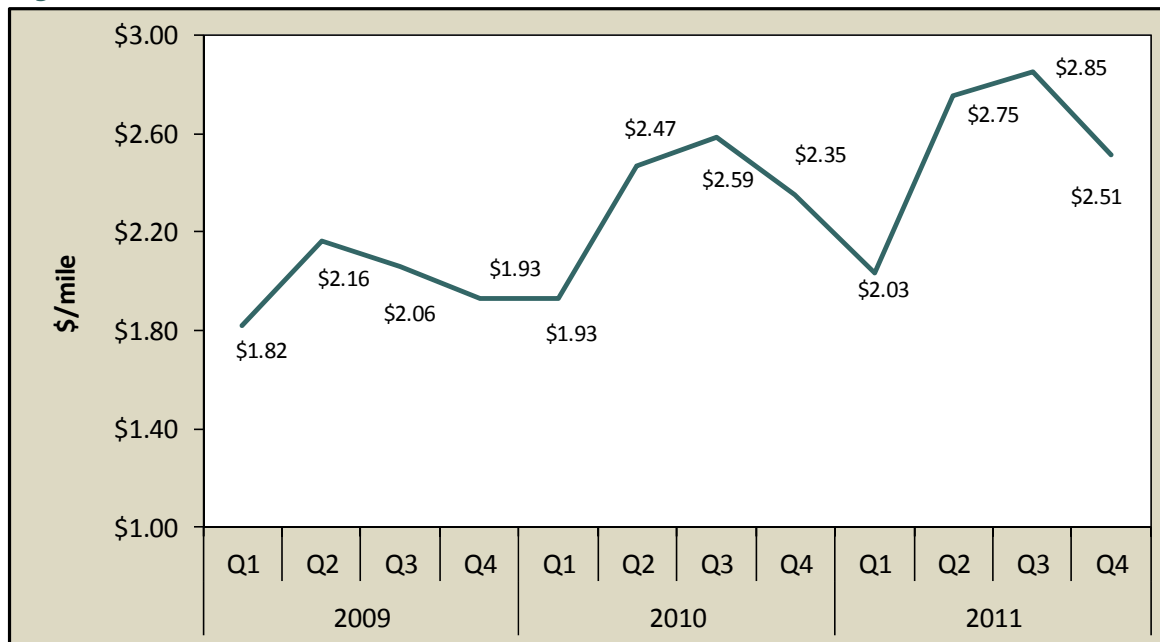
## California

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

Commodity	4th Quarter 2011	Share of California Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Lettuce	337	22%	538	315	-37%	7%
Grapes	332	22%	352	342	-6%	-3%
Celery	192	12%	132	197	45%	-3%
Carrots	77	5%	84	110	-8%	-30%
Tomatoes	74	5%	193	97	-61%	-23%
<b>Top 5 Total</b>	<b>1,013</b>	<b>66%</b>	<b>1,299</b>	<b>1,061</b>	<b>-22%</b>	<b>-5%</b>
<b>California Total</b>	<b>1,538</b>	<b>100%</b>	<b>3,237</b>	<b>1,619</b>	<b>-52%</b>	<b>-5%</b>

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

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



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

Figure 6: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	October	November	December
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
<b>Regional Average</b>	<b>\$4.12</b>	<b>\$2.51</b>	<b>2.75</b>	<b>3.08</b>	<b>2.81</b>
<b>Kern District, CA</b>			3.00	3.20	3.00
<b>Sacramento &amp; San Joaquin Valley, CA</b>			3.00	3.00	
<b>San Joaquin Valley, CA</b>			2.25	2.82	1.75
<b>Salinas-Watsonville, CA</b>			3.00	3.17	
<b>South District, CA</b>			2.25	3.13	3.32
<b>Santa Maria, CA</b>			3.00	3.25	3.00
<b>Imperial, Palo Verde, Coachella Valleys, CA; Central, West AZ</b>				3.00	3.00

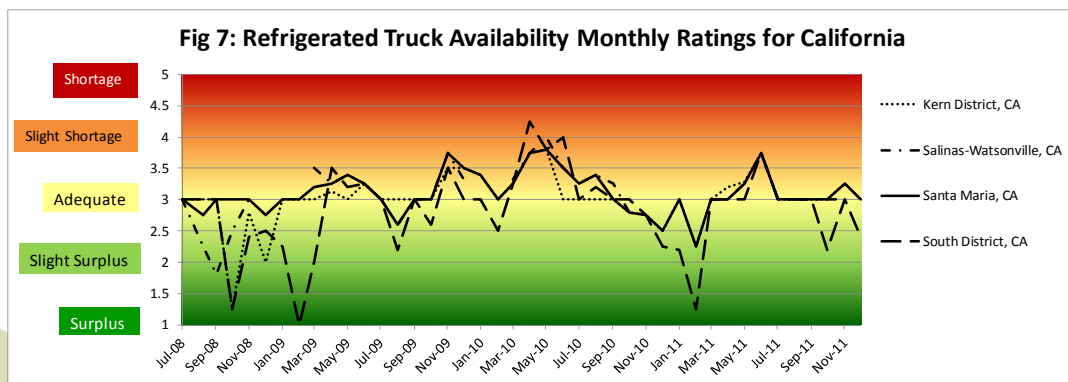
n/a: availability data not reported

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

**Volume:** The Quarter 4 volume of reported fruit and vegetable truck shipments from California decreased 5 percent from the same quarter last year. Most commodities shipped during the fourth quarter experienced decreases year-over-year, with the exception of lettuce, which increased by 7 percent. According to articles published in *The Packer*, mild weather conditions in California this season favored strong lettuce production with few delays. Carrot and tomato shipments by truck experienced the largest decreases from Quarter 4, 2010. According to USDA’s National Agricultural Statistics Service, *Vegetables, 2011 Summary*, although the area planted and harvested increased, yield per acre of carrots in California decreased 14 percent or 2.5 tons per acre, and production decreased 4 percent or 35,000 tons. Shipments of carrots by railcar and piggyback trailers from central California increased by 63 percent, or 8,550 tons, compared to the same quarter last year. Shipments of tomatoes by railcar and piggyback, however, decreased by 64 percent or 2,450 tons. Although area planted and harvested for tomatoes decreased by 1,000 acres, yield per acre increased by 2.25 tons and production increased by 63,250 tons. California tomato production faces strong competition from Florida, as well as imports from Mexico during this time of year.

**Rates:** The quarterly average truck rate was \$2.51 per mile, 12 percent lower than last quarter but 7 percent higher than the same quarter last year. The average rate per mile during this same period last year was \$2.35.

**Truck Overview:** Diesel fuel prices averaged \$4.12 per gallon, 2 percent higher than last quarter, and a 24 percent increase from the same period last year. Overall truck availability during the fourth quarter ranged from adequate to a slight surplus for most commodities shipped. The only exception was the week of November 15, when commodities trucked from California experienced a slight shortage, perhaps due to increased demand for produce at Thanksgiving.



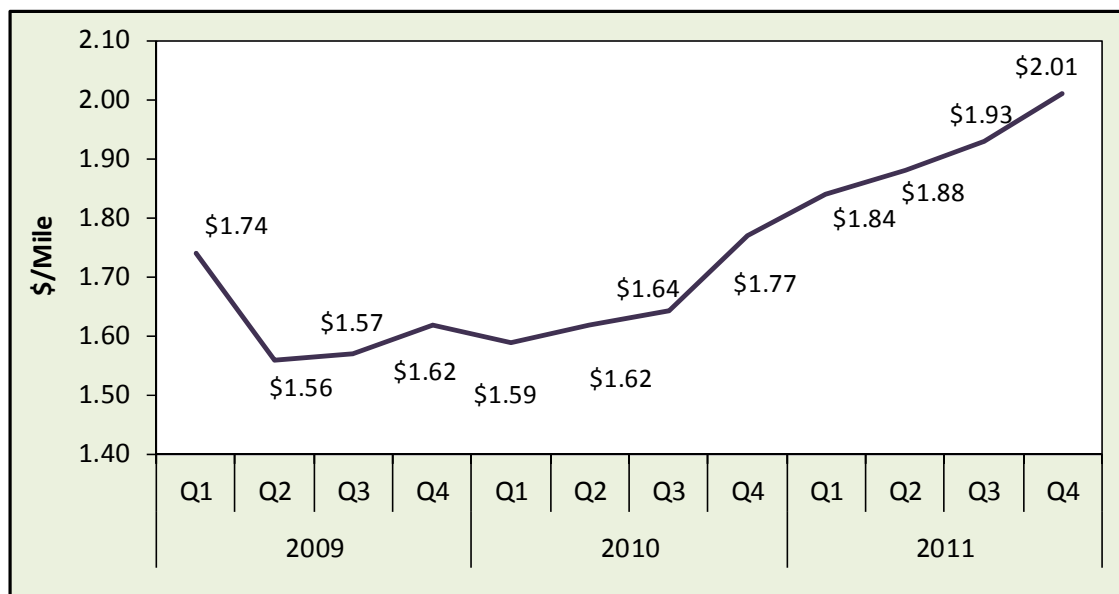
## Pacific Northwest (PNW)

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

Commodity	4th Quarter 2011	Share of PNW Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Potatoes	483	37%	451	466	7%	4%
Apples	418	32%	226	419	85%	0%
Onions	260	20%	142	249	83%	5%
Pears	141	11%	25	135	466%	5%
Blueberries	1	0%	38	1	-	49%
<b>Top 5 Total</b>	<b>1,304</b>	<b>100%</b>	<b>882</b>	<b>1,270</b>	<b>48%</b>	<b>3%</b>
<b>PNW Total</b>	<b>1,306</b>	<b>100%</b>	<b>1,015</b>	<b>1,272</b>	<b>29%</b>	<b>3%</b>

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

Figure 8: PNW Truck Rates (\$/Mile)



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

Figure 9: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	October	November	December
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
<b>Regional Average</b>	<b>\$4.05</b>	<b>\$2.01</b>	<b>4.55</b>	<b>4.26</b>	<b>4.00</b>
<b>Columbia Basin, WA</b>			5.00	4.50	4.00
<b>Yakima Valley &amp; Wenatchee District, WA</b>			3.00	2.80	3.00
<b>Northwestern WA</b>			5.00	4.80	4.75
<b>Idaho &amp; Malheur County, OR</b>			5.00	4.60	4.25
<b>Upper Valley, Twin Falls-Burley District, ID</b>			4.75	4.60	4.00

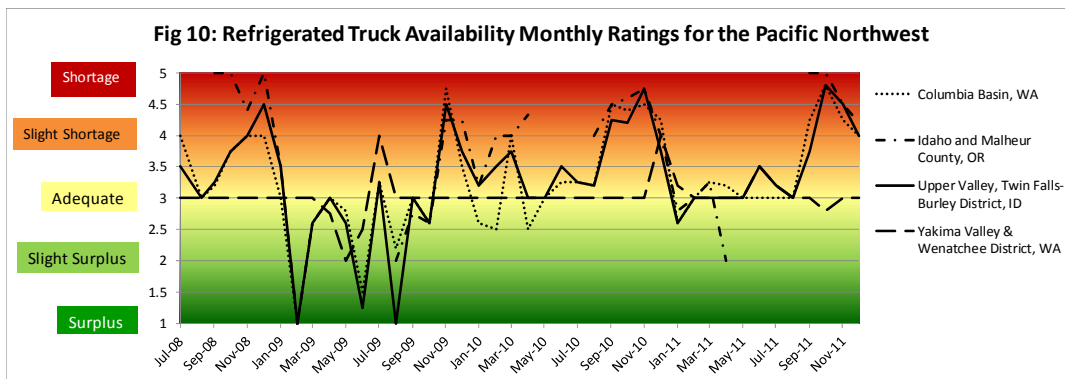
n/a: availability data not reported

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

**Volume:** The top five commodities moved by truck from the Pacific Northwest (PNW) increased 3 percent from the same quarter last year, commensurate with the increase in total commodities, and reported potato shipments increased 4 percent. According to ERS' *Vegetable and Melon Outlook*, Washington has replaced Florida as the second largest exporter of fresh and processed vegetables, behind California, with Idaho trailing in third place. Potato production is the primary driver behind both Washington's and Idaho's exports. Favorable harvest conditions and a larger crop in the PNW contributed to a 2 percent increase in shipments of Idaho's tablestock potatoes over last year. However, the rush of packers trying to get their product to market during peak harvest time resulted in widespread truck shortages throughout the potato producing regions. In contrast, many shippers in the PNW increased the amount of potatoes shipped by rail. AMS's *Market News* reports that fourth quarter shipments of potatoes by rail and piggyback increased 6 percent over the fourth quarter of 2010, compared to a 4 percent increase by truck. Overall fruit and vegetable shipments by rail or piggyback from the PNW were up 8 percent from the fourth quarter of 2010.

**Rates:** The average rate per mile in the PNW was \$2.01, an increase of 4 percent from last quarter and a 14 percent increase from the same quarter last year.

**Truck Overview:** Diesel fuel prices averaged \$3.96 per gallon, 6 percent lower than last quarter and 28 percent higher than the same quarter last year. Shippers in the PNW experienced more shortages in truck availability than did their counterparts in other regions of the country during the fourth quarter of 2011. Only apples and pears shipped from the Yakima Valley and Wenatchee District of Washington had adequate availability throughout the quarter. Other areas of Washington, Idaho, and Oregon had shortages during October and November with only a slight improvement in availability in December.



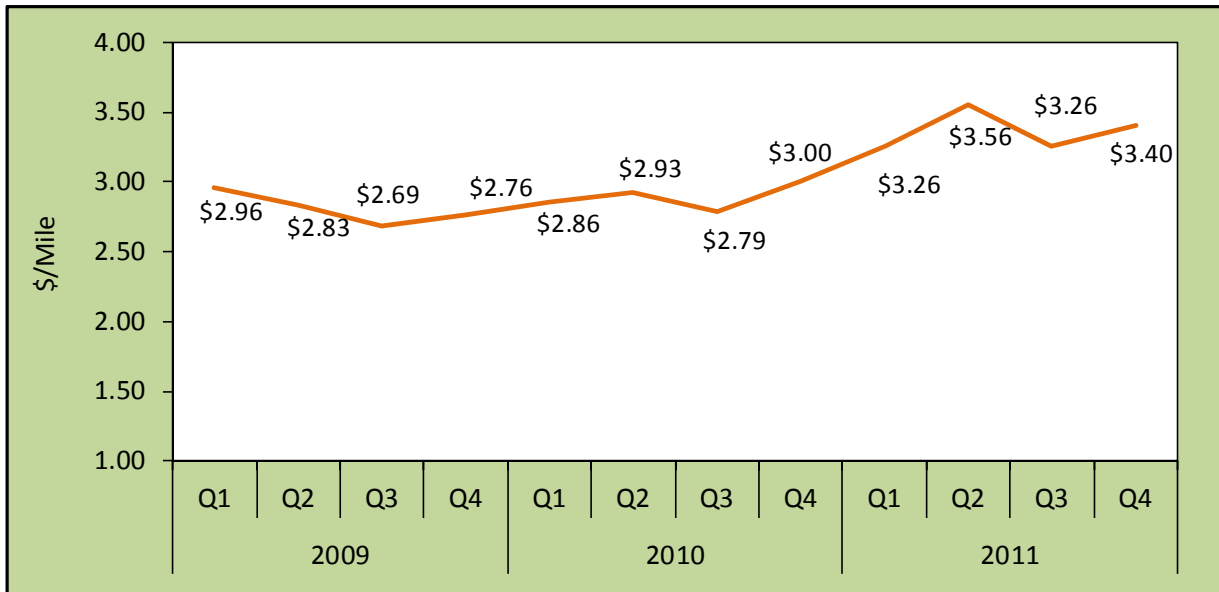
## Great Lakes

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

Commodity	4th Quarter 2011	Share of Great Lakes Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Potatoes	135	54%	71	160	90%	-16%
Apples	71	29%	15	46	-	55%
Onions	19	8%	5	20	-	-6%
Cabbage	8	3%	24	11	-	-
Cranberries	6	2%	-	6	-	-2%
<b>Top 5 Total</b>	<b>239</b>	<b>96%</b>	<b>115</b>	<b>243</b>	<b>108%</b>	<b>-2%</b>
<b>Great Lakes Total</b>	<b>248</b>	<b>100%</b>	<b>281</b>	<b>251</b>	<b>-12%</b>	<b>-1%</b>

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

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



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



Figure 12: Truck Overview

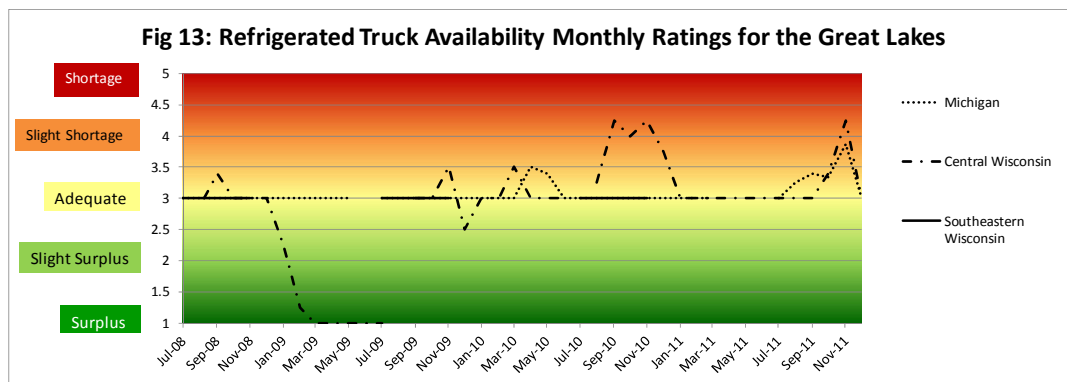
Region/Reporting District	Diesel Fuel	Truck Rate	October	November	December
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
<b>Regional Average</b>	<b>\$3.82</b>	<b>\$3.40</b>	<b>3.37</b>	<b>4.06</b>	<b>3.00</b>
<b>Central Wisconsin</b>			3.40	4.25	3.00
<b>Michigan</b>			3.33	3.88	3.00

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

**Volume:** Reported fruit and vegetable shipments from the Great Lakes Region during the fourth quarter decreased 1 percent compared to the same quarter last year. Some commodities, such as potatoes (-16 percent) and cabbage (-29 percent), saw sharp decreases from last year, but reported shipments of apples (55 percent) increased significantly. Despite the decrease from last year, potatoes remained the top commodity shipped, followed by apples. According to the Economic Research Service’s latest *Vegetable and Melon Outlook*, overall potato production in the United States was up in 2011 mostly due to increased production in the western States. However, potato yields across the northern States were at or below last year’s levels, with an average 6 percent decline. Cool, wet weather delayed planting in North Dakota, Minnesota, and Wisconsin. Conversely, apple shipments in the northern States were strong in response to a smaller crop in Washington State and significant price gains for fresh-market products.

**Rates:** The average rate per mile in the Great Lakes region was \$3.40, up 4 percent from last quarter and 13 percent from the same quarter last year.

**Truck Overview:** Diesel fuel prices averaged \$3.82 per gallon, 1 percent lower than the previous quarter but 22 percent higher than the same quarter last year. Shippers experienced truck availability challenges during October and November. Truck availability was mostly adequate for Central Wisconsin potato shipments and Michigan onion shipments during October, but Michigan shipments of apples experienced slight shortages. November brought availability shortages for onion shipments from Michigan and potato shipments from Central Wisconsin. December availability was reported to be adequate for the region.



## Mexico

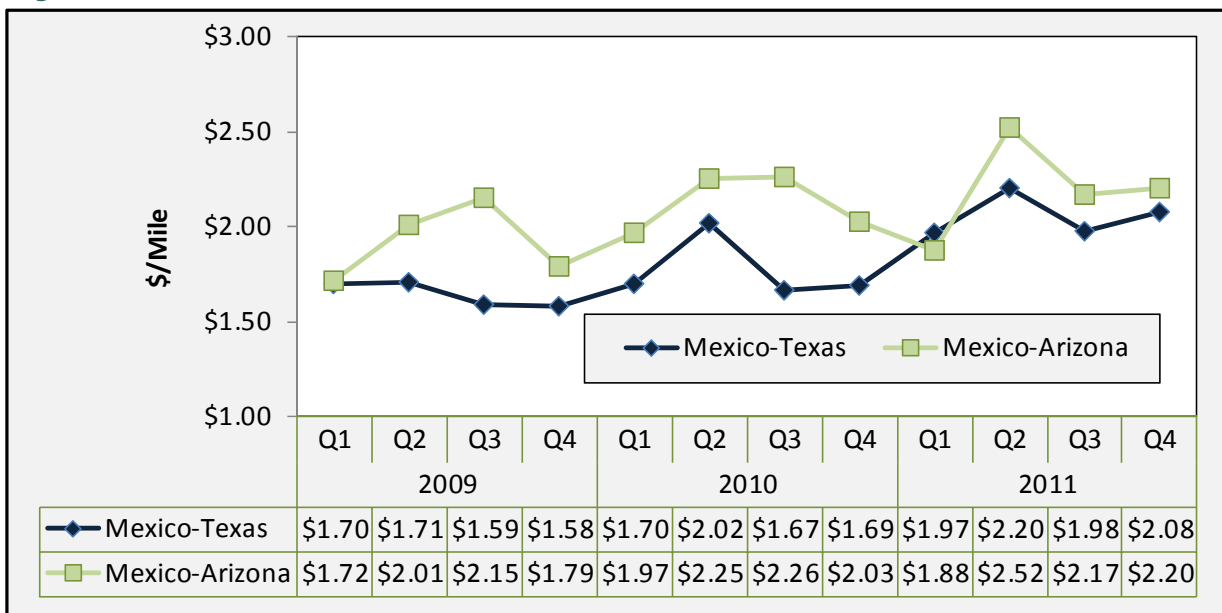
Table 13: Top 5 Commodities Shipped from Mexico (1,000 tons)

Commodity	4th Quarter 2011	Share of Mexico Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Tomatoes	202	18%	201	216	0%	-7%
Peppers	150	14%	109	169	38%	-11%
Squash	115	11%	99	99	16%	16%
Cucumbers	111	10%	49	151	127%	-26%
Watermelon	74	7%	15	87	393%	-15%
<b>Top 5 Total</b>	<b>652</b>	<b>60%</b>	<b>473</b>	<b>722</b>	<b>38%</b>	<b>-10%</b>
<b>Mexico Total</b>	<b>1,091</b>	<b>100%</b>	<b>954</b>	<b>1,386</b>	<b>14%</b>	<b>-21%</b>

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

Note: "-" indicates no reported shipments during the quarter.

Figure 14: Mexico Truck Rates (\$/Mile)



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

Figure 15: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	October	November	December
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
<b>Regional Crossing Average</b>			<b>1.50</b>	<b>3.54</b>	<b>3.25</b>
<b>Through Texas</b>	\$3.77	\$2.08	1.50	3.89	3.50
<b>Through Nogales, AZ</b>	\$4.05	\$2.20		3.20	3.00

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

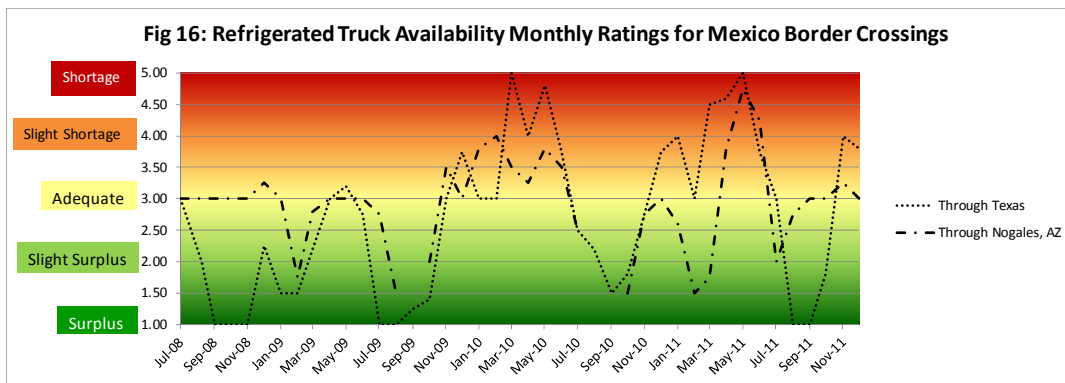
For the purpose of this report the Gulf Coast PAD District 3 was used to represent the diesel fuel price through Texas.

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

**Volume:** The total volume of fruits and vegetables shipped from Mexico was down 21 percent from the fourth quarter of 2010 despite a 14 percent increase from the third quarter of 2011. Once again, peppers ranked second in terms of volume as they did in the fourth quarter of 2010. *The Packer* reports that peppers grown in the northern hemisphere reach peak sales between June and November each year; hot and specialty peppers are gaining in popularity with consumers. The Economic Research Service’s latest *Vegetables and Melons Outlook* reports that between January and October of 2011 imports of fresh vegetables accounted for 24 percent of U.S. consumption; Mexico is the leading exporter (76 percent by volume of imports). The top imported vegetables by volume from all countries were tomatoes, cucumbers, sweet peppers, onions, and chili peppers.

**Rates:** Truck rates for border crossings through Texas averaged \$2.08 per mile, 5 percent higher than last quarter and 23 percent higher than the same quarter last year. Rates for border crossings through Arizona averaged \$2.20 per mile, 1 percent higher than last quarter and 8 percent higher than the same quarter last year.

**Truck Overview:** Diesel fuel prices for border crossings through Texas averaged \$3.77 per gallon, 5 percent less than the previous quarter. Diesel fuel prices for border crossings through Arizona averaged \$4.05 per gallon, 4 percent less than last quarter. There was surplus truck availability at the Mexican border crossing through Texas during October for mixed fruit and vegetables and limes. In November, truck availability was adequate through both border crossings at Texas and Arizona during the first two weeks, but turned to a shortage during the rest of the month as additional commodities were shipped, including tomatoes, broccoli, carrots, citrus, squash, and melons. Truck availability returned to adequate during December except for a shortage during the final week. In contrast, the only shortage during the fourth quarter of 2010 came during the last two weeks of December.



# Arizona

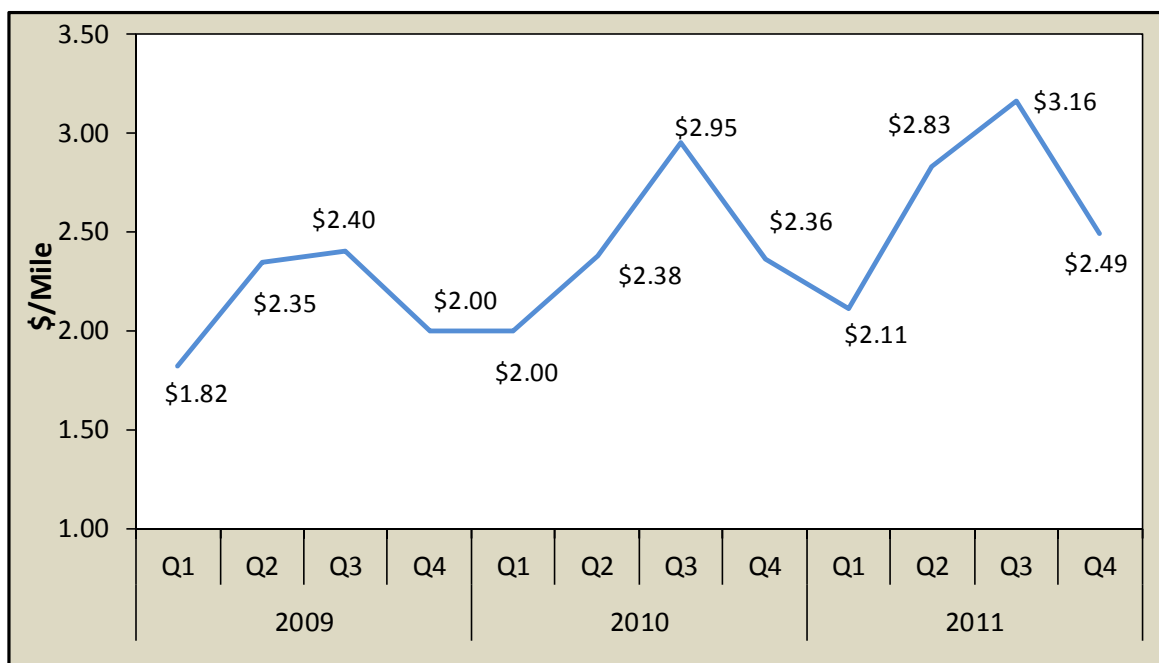
Table 14: Top 5 Commodities Shipped from Arizona (1,000 tons)

Commodity	4th Quarter 2011	Share of Arizona Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Lettuce	304	71%	-	347	-	-12%
Cantaloupe	67	16%	26	80	-	-16%
Broccoli	15	4%	-	19	-	-19%
Honeydew	12	3%	3	12	-	3%
Cauliflower	10	2%	-	-	-	-
<b>Top 5 Total</b>	<b>409</b>	<b>95%</b>	<b>29</b>	<b>458</b>	<b>1309%</b>	<b>-10.8%</b>
<b>Arizona Total</b>	<b>428</b>	<b>100%</b>	<b>29</b>	<b>500</b>	<b>1376%</b>	<b>-14%</b>

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

Note: "-" indicates no reported shipments during the quarter.

Figure 17: Arizona Truck Rates (\$/Mile)



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

Figure 18: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	October	November	December
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
<b>Regional Average</b>	\$4.05	\$2.49	n/a	3.00	3.00
<b>Imperial, Palo Verde, Coachella Valleys, CA; and Central and Western AZ</b>			n/a	3.00	3.00

n/a: availability data not reported

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

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

**Volume:** Reported shipments from Arizona during Quarter 4 were down 14 percent from the same quarter last year. The top five commodities represented 95 percent of reported shipments during the fourth quarter. Shipments of broccoli and cantaloupe experienced the greatest decreases over last year—19 and 16 percent, respectively. According to the Economic Research Services' latest Vegetables and Melons Outlook, during the fourth quarter of 2011, the shipping-point price for U.S. cantaloupe averaged around 17 cents per pound—about one-fourth lower than a year earlier. The U.S. market is transitioning to imported melons, largely from Central America, with the early winter outlook favoring average supplies and lower prices than a year earlier.

**Rates:** The truck rate per mile averaged \$2.49 during the fourth quarter, 21 percent lower than the previous quarter but 6 percent higher than the same period last year.

**Truck Overview:** Diesel fuel prices averaged \$4.05 per gallon, 2 percent higher than last quarter and 23 percent higher than the same quarter last year. Overall truck availability for fruit and vegetable shipments from Arizona was adequate during the fourth quarter of 2011. The only exception was the week of November 15, when shippers experienced a slight shortage for movements of melons and mixed vegetables across the Nogales, AZ, border crossing.

**Note:** A *Refrigerated Truck Availability Monthly Ratings Chart* is not available for Arizona because truck availability data are included with California data in the weekly truck rate report.

## Florida

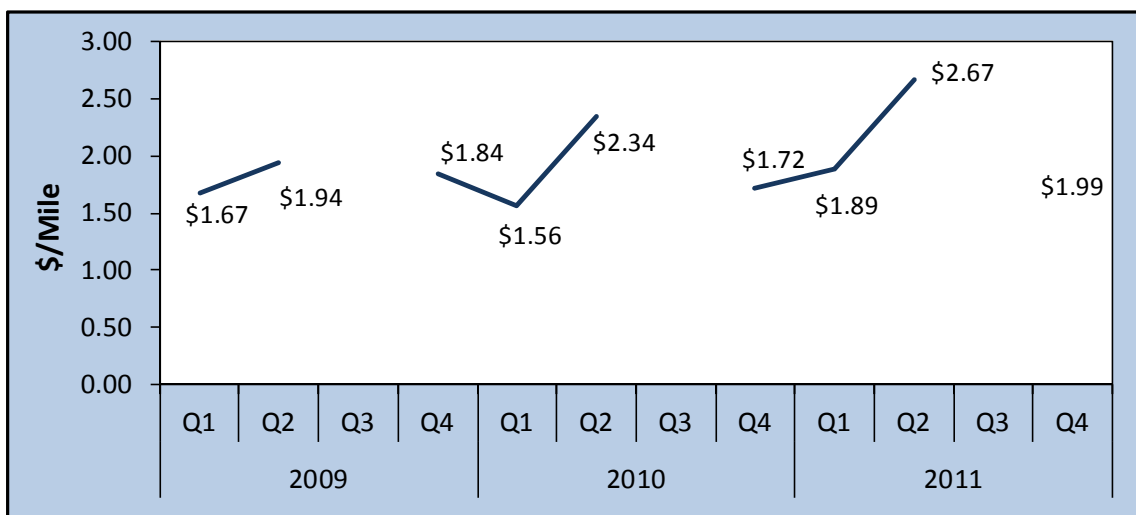
Table 15: Top 5 Commodities Shipped from Florida (1,000 tons)

Commodity	4th Quarter 2011	Share of Florida Total	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
					Previous Qtr	Same Qtr Last Year
Tomatoes	196	34%	3	275	-	-29%
Oranges	86	15%	4	80	2011%	7%
Tangerines	57	10%	4	56	1249%	1%
Grapefruit	52	9%	3	49	1462%	7%
Peppers	47	8%	0	22	-	114%
<b>Top 5 Total</b>	<b>437</b>	<b>75%</b>	<b>15</b>	<b>482</b>	<b>2835%</b>	<b>-9%</b>
<b>Florida Total</b>	<b>583</b>	<b>100%</b>	<b>40</b>	<b>566</b>	<b>1358%</b>	<b>3%</b>

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

Note: "-" indicates no reported shipments during the quarter.

Figure 19: Florida Truck Rates (\$/Mile)



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

Note: Reported rates for some quarters could not be determined.

Figure 20: Truck Overview

Region/Reporting District	Diesel Fuel	Truck Rate	October	November	December
			Monthly Rating		
	\$/per gallon	\$/per mile	1=Surplus to 5=Shortage		
<b>Regional Average</b>	<b>\$3.81</b>	<b>\$1.99</b>	<b>2.00</b>	<b>2.78</b>	<b>3.25</b>
<b>Central and South Florida</b>			2.00	2.80	3.25
<b>West District, FL</b>			2.00	2.75	

n/a: availability data not reported

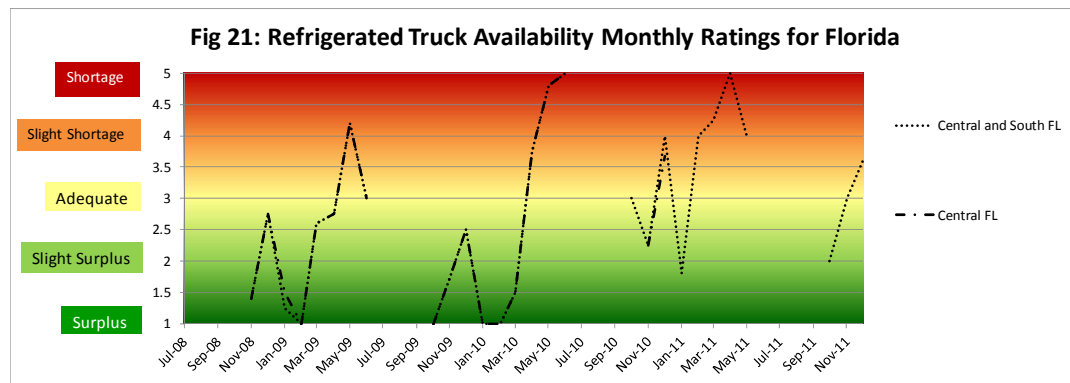
Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

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

**Volume:** Despite a 10 percent drop in volume for the top five commodities, total commodities shipped from Florida were up 3 percent from the fourth Quarter 2010. Shipments of oranges, tangerines, and grapefruit remained relatively unchanged while shipments of peppers had a large quarter-over-quarter increase, although they make up only 11 percent of the top five commodities. The major change was in tomatoes, which decreased 30 percent quarter-to-quarter. The Economic Research Service’s latest *Vegetables and Melons Outlook* reports that hot weather and heavy rains during September and October delayed the start of Florida’s tomato season. In addition, *The Packer* reports that Mexican greenhouse tomato imports have increasingly taken market share from Florida’s tomato industry over the past few years. Import data from the USDA’s Foreign Agricultural Service shows that fourth quarter U.S. imports of Mexican tomatoes have increased 9 percent annually, on average, between 2000 and 2010.

**Rates:** The quarterly average truck rate was \$1.99 per mile, 15 percent lower than last quarter and 16 percent higher than the same quarter last year. The average rate per mile during this same period last year was \$1.72.

**Truck Overview:** Diesel fuel prices averaged \$3.81 per gallon, 1 percent less than last quarter and 23 percent less than the same period last year. On average, truck availability was slightly surplus to adequate in the fourth quarter with the exception of a slight shortage for mixed vegetables and tomatoes shipped in the fourth week of November and another slight shortage during the third week of December for shipments from Central and South Florida to New York.





## Terms and References

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

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

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

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

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

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

## Contact Us

Market Insight April Taylor	<a href="mailto:April.Taylor@ams.usda.gov">April.Taylor@ams.usda.gov</a>	202.295.7374
Quarterly Overview April Taylor	<a href="mailto:April.Taylor@ams.usda.gov">April.Taylor@ams.usda.gov</a>	202.295.7374
Regulatory News/Updates Brian McGregor	<a href="mailto:Brian.McGregor@ams.usda.gov">Brian.McGregor@ams.usda.gov</a>	202.720.0035
Feature Article Brian McGregor	<a href="mailto:Brian.McGregor@ams.usda.gov">Brian.McGregor@ams.usda.gov</a>	202.720.0035
U.S. Truck Rates and Shipments Pierre Bahizi	<a href="mailto:Pierre.Bahizi@ams.usda.gov">Pierre.Bahizi@ams.usda.gov</a>	202.690.0992
U.S. Diesel Prices April Taylor	<a href="mailto:April.Taylor@ams.usda.gov">April.Taylor@ams.usda.gov</a>	202.295.7374
Truck Availability Brian McGregor	<a href="mailto:Brian.McGregor@ams.usda.gov">Brian.McGregor@ams.usda.gov</a>	202.720.0035
Florida, Mexico and PNW Adam Sparger	<a href="mailto:Adam.Sparger@ams.usda.gov">Adam.Sparger@ams.usda.gov</a>	202.205-8701
Great Lakes and Arizona April Taylor	<a href="mailto:April.Taylor@ams.usda.gov">April.Taylor@ams.usda.gov</a>	202.295.7374
California Brian McGregor	<a href="mailto:Brian.McGregor@ams.usda.gov">Brian.McGregor@ams.usda.gov</a>	202.720.0035
To subscribe, please send e-mail to: (Printed copies are available upon request.)	<a href="mailto:April.Taylor@ams.usda.gov">April.Taylor@ams.usda.gov</a>	

### Related Websites:

Fruit and Vegetable Programs

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

Fruit and Vegetable Truck Report

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

Economic Research Service Vegetable and Melons Outlook

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

Economic Research Service Fruit and Tree Nuts Outlook

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

National Agricultural Statistics Service

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