



## Trucker Reality

By OOFI • Feb 08, 2023

Smart Brevity® count: 3 mins...786 words

Welcome back. Today will talk about:

- Lithium-ion batteries, which sparked more than 200 fires in New York City last year alone, killing 6 people and injuring nearly 150. And e-bike battery sparked a fire at a daycare center in Queens that injured nearly 20 children;
- And that freight rates are ultimately your responsibility.

## I didn't know it was a race!



Obviously not the tortoise and the hare

**First:** I am not opposed to alternative fuel choices and I want to breath clean air. To politicians, government agencies, automobile makers and even heavy truck manufacturers it is a race.

- They think the U.S. must go full speed ahead in adopting electric battery vehicles to beat the Chinese and other countries. It is often referred to as a race to adoption.

**I think the race is fixed:**

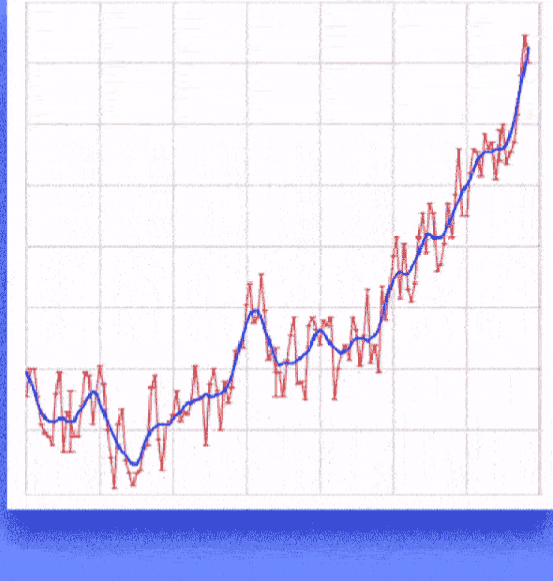
- China produces 80% of the market for lithium-ion batteries
- 6 of the largest EV battery producers are based in China
- It is an expensive and complex operation turning lithium ore into lithium carbonate or lithium hydroxide needed for batteries
- It will take decades and an estimated \$175 billion for the U.S. to catch China
- China controls two-thirds of the world's lithium processing capacity
- Lithium prices have risen tremendously in the last 2 years and in a recent presentation lithium mining company Albemarle wants them to remain high
- China also controls 70% of the mining of Cobalt another critical component of lithium-ion batteries

**The more we race,** the richer China gets and the more dependent the U.S. becomes.

**The bottom line:** Can we be more like the children's tale of the tortoise and the hare?

- Lets be slower, more methodical and less dependent by looking at other alternatives.
- According to recent research from the Climate and Community Project and the University of California, Davis: "Broad investment in mass transit and reduced reliance on cars could reduce the additional lithium required to transition to electric vehicles by 90% ." What happened to the idea of hybrid trucks so that when a major ice storm crosses the Southern U.S. leaving 37,000 without power they could still have a source of power to operate.
- Zero emissions like zero traffic fatalities is a great goal as long as it doesn't get in the way of more practical and realistic actions.
- "Common sense is not so common" Voltaire.

## What is OOIDA doing about Rates



Rates seem to be all over the place these last few years

OOIDA is often asked what it's doing about the declining rates being offered to move freight.

**This is more often asked** when rates for moving freight are in a decline.

- Most of us know that rates are cyclical and run in 5 year increments, though the pandemic has changed that.
- Prior to the Motor Carrier Act of 1980, rates (tariffs) were published by the few carriers that were allowed to operate in interstate commerce.
- Those few carriers had a monopoly on the freight and if someone came along and wanted to haul freight an established carrier merely protested that carriers application as an infringement on their operating authority.

**Why it matters:** With the passage of the Motor Carrier Act of 1980, the U.S. trucking industry began operating in what is known as a free market economy. Published tariffs are no longer the norm and every person has the right to charge whatever they think the market will bear for their services. Referred to as deregulation it opened up a world for new motor carriers.

**Economist** that look at the U.S. economy will point out all the unusual happenings in the last 5 years such as:

- The pandemic
- Russian invasion of the Ukraine
- Chinese tariffs
- Supply chain problems

**The bottom line:** Each played a significant role in the economy with freight rates fluctuating at below normal 5 year averages to historically high rates. Those of us that have been in trucking for many years recognize those rates would come down, and use the high times to build a stronger base and business with new shippers and less dependency on brokers.

**There are legal reasons that OOIDA** does not call on its members to strike or initiate a slow down. According to their authority to operate, they cannot legally do so without government repercussions that could shut them down.

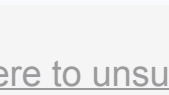
**I doubt** that few independent owner-operators really want to return to the government dictating rates.

- The truth is you determine what your rates are; that is a free market economy.
- It is your business and you do not want government dictating your business. OOIDA will fight for your rights against regulations and unfair practices by brokers and unscrupulous carriers, but suggesting that the government should set your rates is something that should be your business.
- However, the main reason remains, if you don't want the government in your business don't invite them in.

### Feedback

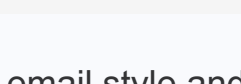
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