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Book review

North American Freight Transportation: The Road to Security and Prosperity, Mary R. Brooks. Edward Elgar Publishing (2008). 238 pp., ISBN: 978-1-84720-799-9

The book is certainly a long awaited coverage of a topic which is becoming increasingly important from an economic and strategic perspective. It goes a long way at reconciling the paucity of material concerning the North American perspective about freight distribution and the needs to address these issues beyond the conventional perspective leaning on national policies, particularly in the light that borders are shared assets. The book assesses the state of the question after 15 years since the formal implementation of NAFTA (North American Free Trade Agreement) and quite longer if the previous agreements between the United States and Canada are considered. Thus, this book is must for those dealing with freight issues on the continent, notably transborder dimensions. It goes a long way at linking trans-nationalism and freight distribution.

A major strength of the book concerns the intricate combination of approaches ranging from the multilateral aspects of the NAFTA agreement, the new security concerns in a post 9/11 setting, to logistical issues pertaining to North American freight distribution (in light of the two previous points). It is only through this sort of convergence that the material can be adequately covered. While the topic covers the North American continent, the author avoids the pitfall of dealing with countries in separate chapters and instead organizes the material by major themes in which respective national and transnational issues are presented. There is an abundance of tables and graphs providing empirical evidence to the matter being discussed and underlining the rigor of the research.

As it is to be expected with the subject at hand, the book starts with an overview of NAFTA, the events that have led to its establishment, from the beginning of the integration of the American and Canadian economies with the Auto Pact (1963), to the formalization of the US-Canada-Mexico agreement in 1994. The macro-economic and transportation impacts of the ongoing integration are introduced, leading to a series of questions to the fact that while the North American economy is highly integrated from a trade and transportation perspective, the regulatory framework remains quite disjointed, particularly in a post 9/11 setting where security considerations have added an extra layer to this framework. To paraphrase Stephen Blank, a leading scholar about North American integration, NAFTA is more than trade, it is about cooperatively making things.

A look at the North American transport network and market is essential, beginning with surface transportation, which concerns trucking and rail (Chapter 2). They are fundamentally different markets at the opposite ends of the ownership concentration spectrum. While the great majority of trucking companies are owner operated in a context of almost perfect competition, the rail sector is regionally dominated by seven major operators, an oligopoly in

the best circumstances. The author then provides an excellent overview of the critical issues pertaining to these networks, namely size and weight of truck loads, safety, which is seen as a controversy with the operation of Mexican trucks within the United States, hours of service, border infrastructure which is a paradoxical issue since these provisions were not much considered in light of the expected growth of border crossings and, finally, the general taxation and governance setting that conveys financial and regulatory burdens (or obligations) to the transport operators. The regulatory timeline in the appendix is a particularly good construct to understand the phases and regulation that have led to the current setting and agenda.

Cargo interests and surface transport suppliers are then looked at in mode details (Chapters 3 and 4), mainly from the results of a survey of stakeholders such as truck and rail companies, manufacturers, retailers and third party logistics providers. Many revealing quotes are presented and the author is thus quite successful at gauging the views of the industry, namely what impairs their operations. A common observation underlines that the implementation of NAFTA did not have much of an impact on the location of manufacturing plants, but made the cost structure more efficient and thus indirectly favored a greater focus on a North American strategy than otherwise. This makes this reviewer wonder what would be structure of North American freight distribution if NAFTA would not (or partially) have been implemented in light of the “China effect” that shaped substantially global freight distribution. As expected, border security and inspection have become a dominant concern in light of an alphabet soup of unilaterally imposed regulations (e.g. C-TPAT; Customs Trade and Partnership Against Terrorism). Yet, it was noted that in some cases additional security measures forced an improvement of existing supply chains.

Chapter 5 brings a much needed perspective about what the author calls the “Forgotten Modes” of the NAFTA agreement; maritime and air cargo. Unlike the road and rail counterparts, the North American maritime system remains highly fragmented in spite of long coastlines and inland waterways and rightfully is likely to be the world’s most dysfunctional. The issue of Short Sea Shipping is then addressed comprehensively with the recurring issue of cabotage laws (e.g. Jones Act) impairing a sustainable setting of such services since in many cases an international service would be much more profitable (of able to break even) if a domestic leg was possible. Thus, in spite of its logical potential, the prognosis remains negative. Air transportation represents obviously a completely different market in many ways more liberalized and integrated with two major rounds of open skies negotiations, 1995 and 2005, where air cargo is given more flexibility. Still, the author notes that the new agreement simply puts Canada on par with other agreements the United States has with third countries.

The crucial issue of the US – Canada border is covered in a standalone chapter (6). The intense and intricate US – Canada trade relationship came under stress in the post 9/11 setting, initially as

a shock when immediately after the attack the border became essentially closed to freight traffic and then with the realization that “security trumps trade” became the new American perspective. This is particularly a challenging issue because since NAFTA the reorientation of the North American trade and supply chain flows was done in a latitudinal fashion. Border delays and all the cost they entail are thus perceived as a significant problem and a waste of resources. The development of gateways and corridors across North America also represents a unique opportunity to address cross-border security and efficiency issues as one gateway can be the port of entry for freight bound for anywhere across the continent. It is unfortunate that the book does not also provide a similar analysis for the US – Mexico border.

An implicit message behind the book is that NAFTA is much more than an exercise in comparative advantages. The author in the conclusion elaborates about the salient challenges of infrastructure, information technologies (and sharing), security and the array of regulations whose divergence that makes a true North American freight transportation system still a pipe dream. Legis-

tics, supply chain management and the close integration of manufacturing and retailing have propelled transborder issues into a new light where undue delays and procedures jointly impair those involved. Still, “The Road to Security and Prosperity” is a complex one where economics and politics clash in light of the realities of contemporary freight distribution. The good news is that policy is catching up with the functional reality of North American and global supply chains. The bad news is that as we are entering a prolonged period of economic austerity, the appeal of protectionism is likely to make matters more complex.

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