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GreenPoint: U.S. truck rates complicating Mexican deal

January 30, 2018

Truck transportation out of Nogales this winter is very tight, complicating a time when shippers should be taking advantage of strong markets.

Omar Losolla, vice president of sales and marketing for GreenPoint Distributing LLC, indicated the produce markets were “very good, but we have a lot of problems with transportation. There is a lot of



product getting left at shipping point.”

Mexican production, such as this zucchini packed in Empalme, Sonora, by GreenPoint, is flourishing. The challenge for Nogales shippers, such as GreenPoint, is finding trucks to haul product to market.

Losolla said that on Jan. 4, 800 Mexican produce truckloads crossed the border into Nogales. There were 200 domestic trucks in town to haul product from Nogales.

Truck demand has raised transportation rates, “which is wreaking havoc in the East. Our customers

in the East feel they're getting gouged." Truck rates early this year reached \$10,000 per load, when truckers happily accepted \$5,000 a year ago.

According to Losolla, customers "do not want to pay" the exorbitant rates and "want to look around" for another importer with a cheaper truck. Then the problem backs into Mexico as importers decide whether to order from growers, knowing of potential problems in Nogales. "It's slowed down the whole process."

He suggested that "companies have to get used to truck rates being high. It's really, really different now."

He noted that truck prices in Mexico are normal and not a problem. It is shipping prices in the United States that are concerning.

Losolla said that some in the industry have blamed the new electronic driver-log rules for creating the truck shortage. But Losolla doesn't entirely accept that. "A lot of trucking companies got a grace period and a lot of truck drivers don't have the devices in their truck," he said. "They don't comply with the law but then charge like they do."

Losolla noted, "This really, really hurts Nogales. There is hardly any product in Florida, especially now" after early January freezes, atop losses to Hurricane Irma last fall. But there is demand. To move product like normal this year has been a challenge."

He said tomato markets "have been scorching hot. For cukes, squash and peppers, all the markets are good. But we are not moving on a timely basis. This is a new challenge in the industry like we've not seen before.

"So, we work with growers and tell them they can't send 10 or 20 truckloads a day. You have to plan ahead and be more strategic. However, you can't tell the plants to stop producing because there's a truck problem. Under normal circumstances, we could move 20 loads a day. But this all trickles back to the growers."

Losolla said product quality out of Mexico is very good. "The hot weather has been really good for us. The challenge now is transportation and we'll have to figure out how this will play out. I hope this situation eases. We have to get the product to the end consumer. Tomatoes, peppers, everything is more expensive. They have to jack up prices at the other end."

He said he believes that the federal government did not consider how new rules would affect the overall distribution chain.

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