

# Position Paper

## Greater Albuquerque Chamber of Commerce

# BOARD POSITION

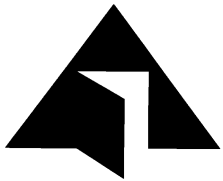
*Action: Approved*

*Date: December 10, 2009*

### POSITION

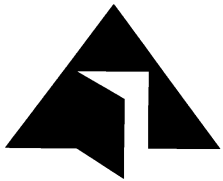
The Board of Directors of the Greater Albuquerque Chamber of Commerce supports existing federal labor laws as they apply to the package shipping industry. However, the Chamber opposes the provision in HR 915: Federal Aviation Administration Reauthorization Act of 2009 to move FedEx Express drivers to the jurisdiction of the National Labor Relations Act (NLRA) from the Railway Labor Act (RLA). The Chamber finds no compelling reason to amend current labor laws.

The Chamber believes that the current regulation as it stands promotes cost-effective and quality service. The RLA has been in place since 1926 and is intended to avoid any interruption to commerce. The fact that FedEx is regulated under the RLA helps to ensure reliable package delivery to consumers. Although UPS argues that regulating FedEx under the NLRA will help “level the playing field,” the Chamber is not convinced that is the best solution for the industry. The seemingly more competitive and flexible solution would be for UPS to be regulated under the RLA, and although UPS has had several opportunities to change the legislation to be regulated under the RLA, they have not been able to do so. Their last attempt in 1995 was blocked by the Teamsters union.



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### BACKGROUND

FedEx is comprised of four different companies – FedEx Ground, Freight, Office and Express – and the first three are regulated by the National Labor Relations Act, the same law that UPS is governed by. Only FedEx Express would be affected by the proposed change in the FAA Reauthorization Act because it would transfer those employees from the Railway Labor Act to the NLRA. FedEx Express employs 143,000, has 44,000 vehicles, generates \$22.7 billion annual revenue, and moves 3.3 million pieces per day. UPS employs 425,000 employees, has 100,000 vehicles, generates \$49.7 billion annual revenue, and moves 15.6 million pieces per day. FedEx Express moves 85% of its packages by air, while UPS moves 85% of its packages by truck. FedEx Express is the world’s largest airline and serves more than 375 airports worldwide with 654 aircraft.

The Railway Labor Act was created in 1926 “to avoid any interruption to commerce” and “to assist in the prompt settlement of disputes,” while working “to ensure the right of employees to organize.” The RLA protects the nation’s transportation network and prevents local labor conflicts from stalling interstate commerce. Under the Railway Labor Act there is always a third party at the bargaining table – the federal government. The intervention has proven to be beneficial for both employees and employers.

Since its formation in 1971, FedEx Express employees have always been governed by the Railway Labor Act, the same law that covers all other airlines, rail and express delivery systems. UPS was established in 1907, but did not begin air service until 1981. As a result, UPS employees have been regulated by the National Labor Relations Act, which is considered the general labor law. UPS publicly stated in 1994 that all its operations should probably be subject to the Railway Labor Act because the ground operations are part of the air service. But in 1995, the Teamsters union successfully blocked any attempt to change from NLRA to RLA, so UPS continues to operate under the NLRA.

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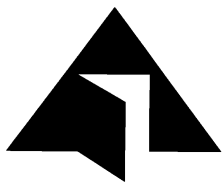
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### BACKGROUND

Virtually all drivers of commercial trucks in the United States are covered under the National Labor Relations Act except for FedEx Express. Congress considered amendment of the Railway Labor Act in 2007, but the issue was not addressed in full. It was reintroduced in February 2009. Language to place FedEx Express drivers under the NLRA is included in the House version (H.R. 915) but is not contained in the Senate version (S. 1451).

UPS wants a level playing field in the package delivery industry and believes that Congress's role is to make sure laws are applied equally and that no company has an unfair advantage. They would like equal treatment of companies under the law to promote true competition.

FedEx believes that the RLA Amendment in HR915 provision is a response to UPS's inability to compete. They believe consumers should make the choice, not Congress.



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