

## Happy New Year

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This month we will look into 2011 to determine if we believe it will actually represent a happy new year for motor carrier shippers. By initial indications it may be wise to put down the bubbly and start analyzing the impact that changes in 2011 will have on your transportation budget.

During his State of the Union speech, President Obama called out the important roles that transportation and infrastructure play in our economy, and actions that would be taken to improve that infrastructure. However, there is other legislation pending that will also have a significant impact on the transportation marketplace from another perspective – Rising Costs.

There are concerns over CSA's new regulation requiring carriers and their shippers to operate under different guidelines which will have the potential to increase costs, namely the newly proposed HOS rules that will potentially drive up costs. Additionally, there are concerns about a call for new electronic on-board recorders (EOBRs) and many other new regulations that will ultimately add to the cost of transportation. For your information, The Federal Motor Carrier Safety Administration will host a listening session Feb. 17 from 9 a.m. to 5 p.m. ET at the Crowne Plaza, Washington National Airport Hotel in Arlington, VA.

The take away is that Truckload and LTL cost will be going up in 2011 and 2012 the only question is by how much. American Trucking Associations reported truck tonnage rose 4.2% in December. They indicated that they expect truck freight tonnage to grow modestly during the first half of 2011 and accelerate in the later half of the year into 2012. This will be especially visible in the TL sector. The surplus of trucks caused prices to nose dive in 2009. Many carriers have reduced fleet size. While carriers are buying some new equipment, these new rigs are replacing tractors that have been retired. This is not new capacity. With GDP expected to grow to 3% by mid year there could be a shortage in Truckload capacity of as much as 175,000 to 200,000 units.

Along with conservative numbers calling for a 6% to 9% increase in truck freight costs, we can't forget the recent run up in fuel costs. Shippers should try to lock in longer contracts before truck capacity worsens and aggressively consider their inter-modal options for shipments of 600 miles or more.

Contact Data2Logistics and let our expert Business Intelligence team help you control the rate increases that you can not afford to take in today's economic environment. We have your data and we can show you how to better manage shipping cost. We can help by preparing more effective proposals, analysis and support of your negotiations. You have nothing to lose. If we do not identify costs savings you owe us nothing. Call Joyce Rose at 239 425 8081 and tell her you want to speak with our Business Intelligence Team.