

“It's Like Deja-vu, All Over Again” (Yogi Berra)

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When the recession hit, the knives came out and carriers began cutting their prices and each other in an effort to grab market share. Well the knives have been put away but the future may not look very pretty for the customer who the carriers had been fighting over.

With the 2% to 3% of expected GDP growth, we have seen prices firm for LTL and see price pressure in other areas such as TL and, to a greater extent, in flatbed.

There are additional issues on the horizon including increased demand, legislation and demographics that will have an impact on carrier operating costs and will result in still higher freight charges in the not so distant future.

The deadline for the Hours of Service Rules that effect trucking companies is growing near. This will impact the number of hours a driver spends behind the wheel as well as associated carrier costs. A coalition group is trying to limit driving to 40 hours a week from 11 hours a day. This battle over Hours of Service has been ongoing since 1995 and is likely to come to a head this August. The proposed new Hours of Service legislation would reduce driving time by 27% and would have an impact on the length of a daily haul. Trucking groups argue that the proposed legislation would increase the number of trucks on the road and make driving less safe. One point is clear – if passed, costs will increase.

This comes on the heels of what may be the worst driver shortage ever. Prior to the recession you may recall that the driver shortage had been so bad that drivers were being ‘imported’ to the US. When the recession hit drivers, looked elsewhere for work and many of them will not be returning to their long hours behind the wheel. This loss of drivers will be further heightened by the new ["Comprehensive Safety Analysis,"](#) or CSA 2010.

CSA 2010 initiative, measures the safety of carriers and drivers using seven criteria. The program is slated to take effect November 30. It will mark the first time that the federal government has measured driver safety directly. This new government program is

designed to remove the worst company and driver violators from the road, and is expected to also reduce the available pool of drivers.

While carriers say the initiative is well-intentioned, they believe the point-based ranking system will have the effect of penalizing otherwise safe and qualified drivers. They also say it will force many carriers who will face higher insurance premiums, to keep supposedly higher-risk drivers behind the wheel, or they will have to terminate thousands of drivers whose point rankings are too high to be deemed safe operators under the program. It is projected by some that the CSA 2010 could result in a reduction of drivers by 5% or more.

A third factor is the graying of the drivers behind the wheel. Some estimate one out of every six drivers is now 55 or older and will be leaving this job market over the next few years.

Budget season will begin shortly. Many shippers should brace themselves for increased costs from their carriers in 2011. Those who followed our previous advice of collaborating with the carrier to drive down costs and did not jump for the lowest discounted price offered, will be in the best position to minimize these potential cost impacts on their business in 2011.