History of the U.S. Trucking Industry (1935 – 2008)

Date	Event
Late 1800's	The Federal Government began regulating transportation companies to prevent railroads from charging unfair freight rates. Regulation also helped to protect transportation companies from unfair competition.
1935	Congress passed the Motor Carrier Act. This gave the Interstate Commerce Commission (ICC) authority to regulate the motor carriers and drivers involved in interstate commerce by granting operating permits, approving trucking routes, and setting tariff rates. The ICC set uniform tariff rates for hauling freight. Since the rates were uniform for all trucking companies, there was little or no competition due to pricing.
Mid 1900's	Containerization became a popular method of transporting freight, to reduce shipping costs, reduce handling of the freight, and cut losses due to damage or theft. Containerization consists of packing freight into big metal boxes called containers. The containers can then be transferred between container ships, truck trailers, and railroad flatcars. Trucking is often used in combination with the railroad in a method called "piggybacking." This occurs when the trailer chassis (with the loaded, sealed container attached) is separated from the tractor and loaded directly onto a railroad flatcar. When the trailer arrives at its destination by railroad, the container is reconnected to another tractor for transport to its final destination.
1967	Department of Transportation (DOT) is created. Through the Office of Motor Carriers and the National Highway Traffic Safety Administration, DOT oversees a wide range of requirements such as braking standards, driver licensing standards, maximum work hours, and the overall safety fitness of interstate carriers.
1980	The Motor Carrier Act of 1980 partly deregulated the trucking industry. In the decade after deregulation, the competition in trucking was fierce. There were not only hundreds of new companies, but also the formerly gentlemanly manner in which the big players dealt with each other became a battle to the death. Ten years after trucking was deregulated, one third of the 100 largest trucking companies were out of business, casualties of the fierce competition. It became increasingly difficult for the trucking companies to operate with union drivers. Their compensation is usually 35 percent more than non-union drivers. To reduce operating costs, new corporations were formed to operate with non-union drivers or independent contractors.
1982	The Surface Transportation Act of 1982 set uniform size and weights limits for the trucking industry nationwide. Under this law, trucks that use interstate highways may not weigh in excess of 80,000 lbs.

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1994	Carrier Reform Act Reduced the time for customers to file an OVERCHARGE CLAIM from 3 years to 2 years effective 12-3-93 to 8-26-94. Reduced to 6 months after 8-26-94.
1994	North American Free Trade Agreement (NAFTA) passed and resulted in explosive trade with Mexico. Since 1994, Mexico's northern states have created 2,554 manufacturing plants that provide U.S. companies with assembly goods. Most of the production is done for just-in-time deliveries, so trucks are constantly crossing the border to either deliver parts or pick up finished merchandise. But as of 2004 Mexican trucks are still not allowed to travel freely throughout the entire U.S.
1994 & 1995	Deregulation essentially was completed with the enactment of additional legislation. Because of these Federal changes which pre-empted the states from regulating the intrastate activities of interstate carriers, many states have either deregulated or significantly eased the economic controls placed over the truckers operating solely within their borders.
1995	Interstate Commerce Commission (ICC) is abolished. In sun setting the ICC, Congress further eased economic controls. The Surface Transportation Board is the Federal entity now administering the remaining regulatory functions. The STB is an independent unit within the Department of Transportation.
1998	National average diesel fuel price per gallon in 1998 was $1.0440.
1999	Motor Carrier Safety Improvement Act of 1999 outlawed the practice of Mexican trucking companies leasing their vehicles and drivers to carriers in the U.S. The Mexican companies leased their vehicles to U.S. companies so they could operate legally throughout the U.S. The act also established the Federal Motor Carrier Safety Administration, whose stated purpose is to reduce the number and severity of large-truck involved crashes through more commercial motor vehicle (CMV) and driver inspections and carrier compliance reviews, stronger enforcement, expedited completion of rules, sound research, and effective commercial driver's license (CDL) testing, record keeping, and sanctions. National average diesel fuel price per gallon in 1999 was $1.1210.
1999-2000	**Used Truck Price Crisis** From the fall of 1999 thru the spring of 2000 the entire trucking industry faced a "virtual crisis" of falling used truck prices that threatened to undermine the economic viability of the nation's fleets, truck manufacturers and truck finance companies. After several years of strong new-truck sales, capped by the record-breaking pace of the past two years, a wave of good, low-mileage tractors flooded the market and depressed prices to the lowest level seen in years. The falling value of their huge investments in equipment

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	left about two-thirds of the trucking companies in North America practically bankrupt under accounting rules. Bankruptcy filings were rampant. This issue was even more important than skyrocketing fuel prices and the ongoing driver shortage.
2000	April, 2000 the Internet-telecom-IPO bubble burst. The high-tech implosion sent Wall Street into a bear market and the economy flirting with recession. The year of 2000 was at times tumultuous for the trucking industry. Sky-rocketing fuel prices, protests and blockades by independent operators, battles over US taxes, plummeting new truck sales, and questions over the direction of the Canadian economy all played a role in casting uncertainty over the market. Even through all of these problems the market managed to continue to produce more freight and more activity for truckers. By the summer of 2000 companies began to worry about replacing their fleets of aging vehicles. But the midrange engines, mandated to be sold by October 2002, were for the most part untested. The industry did not trust them, they were expected to cost more initially and miles per gallon was expected to suffer. Companies went on a binge, buying up low mileage used trucks and tractors in an attempt to avoid buying new trucks with the 2002 engines. Companies lengthen their equipment trade cycles to avoid the 2002 engines until they are proven. Used truck prices began to climb out of the cellar. National average cost per gallon of diesel fuel in 2000 is $1.3191
2001	The U.S. economy entered a recession in March 2001, after an unprecedented 10 years of growth. Following the devastating September 11th terrorist attacks on America, the Dow is sharply lower, the economy is sinking fast, layoffs are surging, and defense spending is up. Demand for heavy trucks softened. This combined with rising trucking company bankruptcies again glutted the market with used trucks. There are usually 30,000 used, class 8 trucks on the market. In November to December 2001 there are reported to be as many as 100,000. An over-abundance of used trucks, together with a softening of the economy and rising diesel fuel prices choked off demand for new trucks. These factors, in turn, created falling profit margins. Toward the end of 2001, the trucking business is showing signs of better health after a painful two-year slump that put hundreds of thousands of drivers out of work. But it is consolidation, not a surge in demand that is behind the rebound. Analysts and executives are hesitant to draw overly optimistic conclusions about a broader economic recovery. Still, carriers that survived are hauling more freight, getting better rates and reporting higher profits. National average cost per gallon of diesel fuel in 2001is $1.42.
2002	The collapse of the largest carrier ever to declare bankruptcy was announced on Labor Day. It cost the Teamsters more than 15,000 jobs. It

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	will take several years to sell off the companies' terminals and vehicles. There are 330,000, or 13 percent, fewer trucks today than there were two years ago. Large companies have been able to gain market share and even raise rates despite sluggish growth. Truckers that rely more on the retail sector have fared better than those dependent on the manufacturing sector. Companies have been able to squeeze profits out of less revenue by using better technology to keep costs down. Better logistics software has enabled companies to more efficiently coordinate the movement of trucks around the country. National average diesel fuel price per gallon in 2002 is $1.32.
2003	Early in 2003, the U.S. economy was still stagnating after a "false alarm" recovery that proved to be an illusion. The war in Iraq and continued worries about corporate scandals and accounting, are keeping the economy in a funk. Fuel prices were beginning to rise in early spring, even as insurance costs were escalating, taking another chunk out of trucking's bottom line. The trucking industry paid an estimated $465 million more for its motor fuel than in the corresponding week of 2002. According to the Department of Energy, the average price of a gallon of diesel in the nation rose to a new record of $1.51, while the gasoline average high was $1.55, but below the record of $1.713 set in May of 2001. Of the 11,500 carriers who went out of business between 2001 and 2003, 5,000 trucking firms went out of business in 2003 alone. As the difficult economic times pushed a number of fleets out of business, trucking capacity declined. Then, as the economy began to stir, fleets were able to raise rates as shippers scrambled to find carriers to move their goods. Mergers and acquisitions were the primary moving force behind changes in the trucking industry during 2003. Analysts predict more mergers ahead, especially among small- and medium-size fleets as they strive to compete with the ever-larger big fleets. Growing demand from shippers for a wide array of related transportation services is also likely to fuel mergers and acquisitions in coming years. The new top 100 rankings showed more positive financial results during 2003, as the national economic recovery was beginning. Overall, revenue for the top 100 carriers rose 7% during 2003, compared with 2002. While 2003 was a better year for most carriers, two sectors lagged well behind the overall industry: tank-truck carriers and vehicle haulers. Many fleets sliced their operating ratios during the year. Operating ratios (OR), which show a company's expenses as a percentage of its revenue, are a prime indicator of profitability, with an OR of 100 representing a break-even operation. An OR of 85 was the best in the industry. Final engine Pre-Buy surge! Mercedes didn't have to comply with EPA

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	engine requirements until Jan.1. 2004. Therefore, truck buyers late in 2003 bought up every available production slot of the Mercedes-Benz 4000 heavy-duty diesel engine, in what amounted to a “pre-buy” of the last major Class 8 engine that did not have to comply with the Oct. 1, 2002, tougher federal emissions rules. From what had been a little-used engine in the North American market before the 2002 rules kicked in, sales of the MBE 4000 soared to 18,000 units during 2003 up from 1,644 in 2002. By the last quarter of 2003, the economy was unmistakably on a drive, as jobless rates finally began to fall and manufacturing and retailing reported notable gains.
2004	New driver hours of service rules, which took effect January 4, 2004, effectively reduce on-duty time for drivers and increase the time a driver must take off between shifts, causing a drop in productivity for some truck drivers. Resurgent U.S. and global economies, favorable depreciation rules and a need to replace aging equipment are driving a boom in trailer sales Trucking companies are convinced that the post-October 2002 diesel engines have been reasonably durable. Companies return to their traditional 3 to 4 year trade cycles for rolling stock. Companies begin to worry over the next round of EPA mandated engines for the years 2007 & 2010. Executives from four of the largest U.S. heavy-duty trucking fleets urged the federal government to provide financial incentives to help offset anticipated higher purchase and maintenance costs for the next generation of lower-emissions diesel engines In April 2004 the price of crude oil in New York rose as fighting in Iraq continued. Crude oil prices are up 22% from a year earlier. June 2004: At midyear, a tentative business recovery that gathered steam in 2003, now appears to be pushing the limits of freight-hauling capacity and has boosted revenue and profits for most, but not all, of the carriers. In August 2004, truckload firms for months have been overbooked by 10% to 15% on any given day. But now that the freight industry has moved into its heaviest period — of mid-August to mid-November as it stocks up for Christmas and end-of-year sales, demand could outstrip available truckload capacity by as much as 25%. Diesel fuel declined 0.2 cent per gallon to $1.869. The average gasoline price reached a record $2.064 on May 24 and is up 37.2 cents so far this year. Many carriers were forced to increase driver pay during 2004, in order to recruit and retain as many drivers as possible. The demand for drivers is very high, while the supply is limited. Related to the driver shortage is driver turnover. American Trucking Assn. reported that in the third quarter of 2004, large Truck Load (TL) line haul driver turnover hit a new all-time high of 121 annualized percent. Sales of heavy-duty trucks/tractors surged 59.8% in August 2004 to their highest level in more than four years, driven largely by replacement orders

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	from fleets that held onto aging trucks during the 2001 recession and after. Truck manufacturers are operating at capacity. The Government's role in the transportation industry consists primarily of (1) providing funding for certain transportation facilities and (2) regulating certain aspects of transportation, such as safety. On September 20th, diesel price rises to $1.912, an all-time high. On September 28th, the national average diesel price rose to $2.012 per gallon, setting a record high. On October 13, 2004, the national average retail price for diesel fuel rose 3.9 cents per gallon to $2.092, the fourth straight weekly record, according to the Department of Energy. Diesel fuel national average price is $1.81 per gallon for the year 2004.
2005	Diesel fuel national average price is $2.402 per gallon for the year 2005. Government regulations and security concerns are making the industry less attractive for drivers, especially for those required to carry "hazardous material endorsements" to their Commercial Driver’s License (CDL). Heightened security concerns following 9/11 prompted the U.S. DOT to institute 49 CFR Part 172 regarding these upgraded requirements for CDLs. Fingerprinting of hazardous materials-endorsed drivers was implemented in the U.S. in 2005, and is expected to deter drivers from renewing their certification. Turnover among drivers remains very high. Less-than-truckload (LTL) driver turnover is roughly 40 percent, while turnover in long haul package truckload is running over 100 percent. Bulk liquid driver turnover is over 60 percent. The shortage of drivers across the U.S. trucking industry will be just over 100,000 in second quarter 2005. The Internal Revenue Service on April 4, 2005, published guidance excluding four truck body types from federal excise tax. Revenue Procedure 2005-19 states that the 12% excise tax on new vehicles does not apply to platform bodies 21 feet or less in length, dry freight and refrigerated truck van bodies 24 feet or less in length, dump truck bodies with load capacities of eight cubic yards or less, or refuse packer truck bodies with load capacities of 20 cubic yards or less.
2006	Diesel fuel national average price is $2.745 per gallon through September 2006. The Transportation Security Administration issued a Notice of Proposed Rulemaking (NPRM) spelling out its plan to require all commercial truck drivers delivering or retrieving goods at ports to have special ID cards. The NPRM appeared in the *Federal Register* on May 22, 2006. The Transportation Worker identification Card (TWIC) would incorporate biometric data, criminal background checks, and threat assessment procedures. Fees for the cards will range from $117 - $149, with lower fees set for drivers with hazmat endorsements or Free and Secure Trade (FAST)

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	cards. **Truck/tractor sales:** There has been heavy “pre-buying” of trucks & tractors in anticipation of the new 2007 engine and fuel standards. The 2007 truck/tractors are expected to cost more and get less miles per gallon. Through most of 2006 the industry worried that heavy-truck sales would drive right off a cliff at the beginning of 2007. The thought was that anyone who wants a new truck in the next two years will have ordered it in time to take delivery by December 31, 2006. That way, they don't have to endure the higher cost of buying, maintaining, and fueling a 2007 model with its new engine, after-treatment, and need for untested ultra-low-sulfur diesel (ULSD) fuel. But truck orders are holding up well. Most manufacturers appear to have sold out their '06 production capacity by July 2006, yet they're still booking orders for trucks that won't be built until well into '07. The credit goes to a very strong economy.
2007	National average diesel fuel price in the U.S. on 10-1-2007 is $3.048 per gallon. Beginning in January 2007, the trucking industry will be required to submit electronic cargo manifests to Customs and Border Protection for trucks entering the United States through all ports of entry in the states of Washington and Arizona, and select ports in North Dakota. The information will be submitted through the automated commercial environment, or ACE, which CBP touts as its next-generation technology to track and process truck cargo. ACE currently is deployed to 49 ports and ultimately will be at all 99 land-border ports. CBP intends to make it mandatory for the trucking industry to use ACE starting in 2007. The system will be expanded in coming years to process air, rail and sea cargo. ACE is scheduled to be fully deployed by 2011.
2008	National average diesel fuel price in the U.S. on 12-4-2008 is $2.515. 2008 average prices peaked at over $4.70 in July. Soaring diesel fuel prices amid a continued weakness in freight volume made 2008 one of the worst years ever for the U.S. trucking industry, with little relief seen in 2009. Railroad carload volumes were at record levels in 2006, near record in 2007, declined 16% 2008, and declined 20% in the first 6 months of 2009 Over 3,000 trucking companies, mainly small companies and owner-operators, went out of business Problems in financial markets impact borrowings for new equipment and infrastructure improvements