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Industry Headlines

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Fuel Prices

The current FCA survey average price of diesel fuel 76.5 cents/litre (without HST & GST, based on Ontario & Quebec fuel prices) is the lowest average price since October 2009. The price is 22% below the price a year ago. The average total cost increase for LTL traffic has dropped from 13.4% to 8.5% and for TL traffic has dropped from 31.6% to 19.9% as compared to last year at this time.

The change in average total cost increases for U.S. – Canada (based on the FCA fuel survey and the U.S. DOE price data) has been even more dramatic. The total average cost increase for LTL traffic has dropped from 13.6% to 7.4% and for TL traffic has dropped from 32.0% to 17.5%. The larger drop is due to the stronger U.S dollar.

The fuel surcharge programs that trucking companies implement are equitably adjusted to reflect the volatile changes in the price of diesel fuel. Diesel fuel expenses are too high a portion of total costs and too volatile to handle in any other manner.

Fuel Price per Litre October 2009 to present



* Based on the FCA/NATC Fuel Price Survey of Ontario & Québec prices, excludes GST/HST. Copyright: Freight Carriers Association of Canada, 2016

Amazon Rolls Out Branded Semi-trucks

U.S. trucking companies are confident that they will continue to see growth in their business with Amazon in spite of Amazon taking steps to move some of their own freight. Amazon is rolling out thousands of branded semi-trucks as part of recent moves to have more control over shipping.

Expanding of the National Cargo Theft Reporting Program

The Insurance Bureau of Canada (IBC) and the Canadian Trucking Alliance (CTA) are expanding the cargo theft reporting program across Canada. Insurers can report cargo theft on-line to a national database. The information will be placed on a report that is provided to law enforcement including Canadian and American border agencies. This follows a successful pilot program conducted by IBC and the Canadian Trucking Alliance.

Cargo theft often involves a sophisticated network of criminals and is estimated to cost the industry \$5 billion a year. Cargo theft is growing and often goes unreported fearing damaged reputation and impact on customer confidence. Additional IBC initiatives to combat cargo theft, fraud and hijacking can be found on their website at www.ibc.ca.

Transforce to Buy Back About 10% of Outstanding Shares

Don't expect any major acquisitions from TransForce during the first half of 2016. Alain Bédard, chairman and CEO of Canada's largest trucking firm, says buying back TransForce shares is the best deal going. Alain Bédard addressed analysts and business press on a recent earnings call, he said TransForce will buy back and eliminate about 10% of its outstanding shares, which are currently trading at about 6x EBITDA.

"We're not buying something that's unknown," Bédard said. "If you are doing a truckload deal, there's always a risk". Bédard also indicated that later in 2016, TransForce could make a move to bolster its US truckload segment.

TransForce recently sold off its waste management business, providing much of the cash for this buy back.

New York Court Ruling— NY State Highway-Use Registration and Decal Fees

The court ruled as unconstitutional the highway-way use and decal fees that were being assessed to all trucks operating in New York. The fees when combined with the pay per mile fuel tax resulted in out of state truckers paying higher taxes. The decision was the result of a class action lawsuit filed in 2013. The New York State Department of Taxation and Finance website, tax.ny.gov includes the following update.

A recent Supreme Court Order has enjoined New York State from accepting HUT registration fees from out-of-state carriers. While we are reviewing this Order, OSCAR HUT capabilities will be affected.

Functions that have been recently restored

- *Obtain HUT certificates*
- *Obtain 72hr credentials (HUT certificate)*
- *Revise HUT and/or AFC certificate(s)*
- *Cancel HUT and/or AFC certificate(s)*

Functions that remain disabled

- *Request duplicate HUT Certificate(s)*
- *Replace HUT decal(s)*

How to obtain HUT credentials

- Vehicles with a license plate jurisdiction of NY may apply through OSCAR.

Vehicles with a license plate jurisdiction other than NY You must apply using paper [Form TMT-1, Application for Highway Use Tax \(HUT\) and Automotive Fuel Carrier \(AFC\) Certificates of Registration \(C of R\) and Decals](#), or a permit service company.

OTA is working with the NYSTMTA to iron out glitches due to the ruling.

U.S. Hours of Service

U.S. truck driver hours-of-service rules suspended by Congress won't be put back in place before consultation with trucking "stakeholders," a Federal Motor Carrier Safety Administration official recently stated.

Larry Minor, associate administrator for policy at the FMCSA provided this insight at SMC3 JumpStart in Atlanta. The FMCSA report on the impact of 34 hour restart provisions was due September 2015 but is still under review.

TECHNOLOGY:

Rating System Update

Effective April 4, 2016 FCA & NATC are updating our benchmark rating products to reflect increased costs, market conditions and changes to postal codes. To update your individual carrier tariffs to reflect rate increases and/or postal code changes, please contact Dave Sirgey.

GOVERNMENT STATS & NEWS:

North American Transborder Freight Data—November 2015

The value of goods moving between the U.S. and Canada/Mexico via truck:

		Value in Millions U.S. \$		
		Nov. 2014	Nov. 2015	Change
U.S.	Canada	\$ 28,902	\$ 27,229	-6%
U.S.	Mexico	\$ 29,665	\$ 31,121	5%

Source: Bureau of Transportation Statistics

Transport Canada—Electronic Travel Logs

Electronic travel logs will be mandatory in 2017, coinciding with the changing laws in the U.S. The new regulations will cover interprovincial and U.S. Canada cross border traffic. This announcement by Transport Canada follows years of study.

CTA president David Bradley stated “Our industry shares its workplace with the public more than any other mode of transportation, yet the enforcement community is relying upon an archaic outdated way of monitoring and enforcing what is arguably the most important safety rule”. It’s estimated that half of the Canadian trucking has already or is in the process of installing the electronic devices.

FCA / NATC:

About Us

For over 60 years, the Freight Carriers Association and the North American Transportation Council have been recognized for their expertise on matters related to Canadian Domestic and U.S.-Canada for-hire trucking.

The Freight Carriers Association of Canada (FCA) represents motor carriers engaged in for-hire trucking in the Canadian domestic market. The North American Transportation Council (NATC) represents Canadian and U.S. based motor carriers engaged in for-hire trucking in the North American transborder market.

Two organizations develop, publish and maintain rate structures and software for use by motor carriers and their customers and provide quality information in a timely fashion to assist our members and other parties involved with the motor carrier industry.

FCA/NATC publishes a weekly Fuel Calculation Bulletin. The bulletin is available on a subscription basis to all interested parties and provides information on diesel fuel cost changes and their impact on total costs.

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