

Transportation Trends



Standard Trucking and Transportation Statistics

- **Revenue:**
 - ❑ \$544.4 billion in gross freight revenues (primary shipments only) from trucking, representing 81.9% of the nation's freight bill in 2009.
- **Tonnage:**
 - ❑ 8.8 billion tons of freight (primary shipments only) transported by trucks in 2009, representing 68.0% of total domestic tonnage shipped.
- **Taxes:**
 - ❑ \$34.3 billion paid by commercial trucks in federal and state highway-user taxes in 2008.
 - ❑ Commercial trucks make up 10.8% of all registered vehicles, and paid \$14.8 billion in federal highway-user taxes and \$19.5 billion in state highway-user taxes, in 2008.
 - ❑ 24.4¢ in federal fuel tax paid for each gallon of diesel fuel as of January 1, 2010.
 - ❑ 18.4¢ in federal fuel tax paid for each gallon of gasoline as of January 1, 2010.
 - ❑ 22.4¢ paid on average in state fuel tax for each gallon of diesel fuel as of July 1, 2010.



Standard Trucking and Transportation Statistics

- **Mileage:**
 - ❑ 408.3 billion miles logged by all trucks used for business purposes (excluding government and farm) in 2008.
 - ❑ 30.6% of all miles traveled by trucks.
 - ❑ 13.7% of all motor vehicle miles traveled.
 - ❑ 142.9 billion miles logged by all Class 6 - 8 trucks used for business purposes (excluding government and farm) in 2008.
 - ❑ 108.6 billion miles
- **Fuel Consumption:**
 - ❑ 48.2 billion gallons of fuel consumed by those trucks used for business purposes in 2010.
 - ❑ 33.9 billion gallons of diesel fuel.
 - ❑ 14.3 billion gallons of gasoline.



Standard Trucking and Transportation Statistics

- **Number of Trucks:**
 - ❑ 26.8 million trucks registered and used for business purposes (excluding government and farm) in 2008, representing 24.3% of all trucks registered.
 - ❑ 2.4 million Class 8 trucks used for business purposes (excluding government and farm) in 2008.
 - ❑ 5.6 million commercial trailers registered in 2008.
- **Number of Companies:**
 - ❑ According to the U.S. Department of Transportation, as of December 2010, the number of for-hire carriers on file with the Federal Motor Carrier Safety Administration totaled 378,293, private carriers totaled 620,784 and other* interstate motor carriers totaled 154,719.
 - ❑ Other* interstate motor carriers are those that did not specify their segment or checked multiple segments. All other categories were excluded.
 - ❑ 90.1% operate 6 or fewer trucks.
 - ❑ 97.1% operate fewer than 20 trucks.



Standard Trucking and Transportation Statistics

- **International Trucking:**
 - ❑ Trucks transported 57.6% of the value of trade between the U.S. and Canada in 2009.
 - ❑ Trucks transported 67.8% of the value of trade between the U.S. and Mexico in 2009.
 - ❑ In 2008, the value of truck-transported trade contracted 13.2% to \$207.2 billion with Mexico; truck-transported trade with Canada fell 29.2% to \$247.6 billion in 2009.
- **Employment:**
 - ❑ 6.8 million people employed throughout the economy in jobs that relate to trucking activity in 2009, excluding self-employed.
 - ❑ 3.2 million truck drivers employed in 2009.



Overall Growth

- The total tonnage from primary freight shipments in the United States will increase from an estimated 13.0 billion tons in 2009 to 16.3 billion tons in 2021, an increase of 25% over the next 12 years.
- The total revenue derived from primary freight shipments in the United States will increase from an estimated \$664.7 billion in 2009 to \$1,123.3 billion in 2021, an increase of 69%.
- General freight tonnage will increase at an average annual rate of 4.6% during 2010-2015 and 2.2% per year thereafter. Bulk freight tonnage will grow 1.6% per year from 2010 to 2015 and 0.8% per year thereafter.
- General freight tonnage will comprise 39.9% of all primary shipments by weight by 2021, up from 34.6% in 2009.
- Bulk freight tonnage will account for 60.1% of all primary shipments by weight by 2021, down from 65.4% in 2009.



Future Trends



Key Commodities and Products

- Bulk commodities account for 62.2% of tonnage moved by all modes
- General commodities account for 37.8% of tonnage moved by all modes
- Bulk commodities dominate rail carload, water and pipeline transport
- General commodities account for the lion's share of rail intermodal, air cargo, and LTL truck traffic



Key Drivers for Freight Transportation

- Manufacturing
- Construction
- Agriculture
- Mining
- Imports
- Manufactured goods account for 45%-50% of total primary freight tonnage, with domestic manufactured goods making up about three-quarters of that volume.
- The health or lack thereof of the construction industry has a major impact on truck, rail and waterborne commerce.
- Looking ahead, production is slated to decline 2.6% in 2010 and then increase 2.2% per year through 2015. Longer-term, production rises by 1.0% annually through 2021



Manufacturing

- Manufacturing contracted 13.5% in 2009
- Growth is pegged at 3.7% over the next 5 years
- High Tech Manufacturing (computers, communication, equipment and semiconductors) rapid growth but account for less than 1% of overall primary freight flows
- Traditional Manufacturing remains the driving force behind the performance of truck, rail, water and air cargo traffic
- Traditional Manufacturing remains about 11% below its pre-recession peak
- Growth is expected to be around 3% for the next 5 years



Construction

- Construction has a major impact on truck, rail, and waterborne commerce
- Housing starts peaked at 2.073 million units in 2005 and then tumbled 73% to 553,000 units in 2009
- Housing starts are expected to exceed 1.7 million units by 2016
- Non-residential is slated to expand 6.1% per year for the next 5 years.
- Public construction spending will decline 1.3% per year for the next 5 years



Agriculture/Mining

- Production of major crops increases by over 10% in 2012 and 1.1% per year from 2013-2017
- Rail and water transport depend heavily on coal, metallic ores, and stone and earth minerals
- Trucks play a limited role in the movement of coal and metallic ores
- Coal could see as much as a 12.5% decline after 2017



Imports

- Non-oil merchandise imports is forecasted to hang around an increase of 4% annually
- Oil imports look to decline 1.1% over the next 5 years



What Factors Will Impact Transportation Mode of the Future?

Factors

- Normal market conditions- service, reliability, pricing, competitor missteps
- Industry investment in equipment, infrastructure, technology
- Government investments
- Government regulations
- Shifts in population
- Shifts in oil and gas production
- Panama Canal expansion 25% diversion of freight west to east

Panama Canal Expansion



Who Moves The Freight?

- 1990-2006 trucking total tonnage went from 63.5% to 69%
- 2011 trucking total tonnage fell to 67%
- 2023 trucking total tonnage projected to be 69.6%
- Rail-Coal is king 44.5% of all carloads in 2011
- Rail Intermodal 6.2% increase per year (2012-2017) 5.4% increase per year (2018-2023)
- Air Cargo 4.1% increase per year (2012-2023)
- Waterborne 1% increase per year (2012-2023)
- Pipeline .4% increase per year (2012-2023)
- Total U.S. tonnage increase of 21% over the next 12 years
- Mode on mode gains will be limited



National Highway System 2035



Congestion

- Located primarily in urban setting
- No two highway systems are identical
- Congestion mainly during peak AM/PM
- There are some points that have continuous congestion
- Major choke points and bottlenecks
- 14 Major Bottlenecks in the top 50.
- Chicago #1-4 in the top 50.
- Louisville #19



Trucking Trends

- Trucks will continue to dominate the transportation of general commodities
- Anticipate truckload carriers will boost their use of railroads
- For Hire Carrier tonnage will increase annually by 3.3%
- LTL average annual growth expected to be around 3.5% for the next 5 years.
- Private carrier volume is slated to expand 2.8% per year for the next 5 years.



Rail Freight Trends

- Overall rail share of total tonnage is pegged at 15.2% (carload plus intermodal)
- Rail carload traffic is set to grow 1.5% the next 5 years.
- Rail intermodal is forecasted to expand 6.2% per year for the next 5 years.



Rail Intermodal

- Rail intermodal tonnage is forecast to expand 6.5% per year on average from 2010 to 2015.
- Longer term, growth is pegged at 5.2% per year through 2021.
- Rail intermodal revenue rises from an estimated \$9.4 billion in 2009 to \$15.6 billion in 2015 and \$23.6 billion by 2021.
- This translates into average annual growth of 11.1% during 2010-2015 and 8.6% per year on average through 2021.



Key Takeaways

- Domestic economy remains the driving force behind the nation's freight pool
- The nation's freight pool could grow by close to 21% over the next 12 years
- General commodities will continue to expand at a faster pace than bulk commodities
- Competition within the freight transportation industry will only intensify in the years ahead
- Trucks will continue to dominate the overall freight transportation---70%
- Rail will continue to dominate the larger capacity, longer haul movements of freight i.e. bulk freight
- Rail intermodal will post the strongest growth rates through 2023
- Waterborne commerce will be limited by slow-growing commodities i.e. petroleum, coal and grain
- Healthy spending on infrastructure, state of the art equipment and technology is the only way to maintain the greatness of our transportation system

Future Challenges

- Transportation Funding
- Regulatory
- Workforce



Transportation Funding

- Map 21-Kicking The Can Down The Road
- Trucking Pays Its Fair Share
 - IRP, IFTA, KYU, KIT, UCR
 - KY Ranks 3rd in Highway User Fees
 - 43%-49% of Total Highway User Fees
 - 77% of Registration Fees
 - Only 14% of Miles Traveled
- Future Funding Mechanism
 - Fuel Tax
 - VMT
 - Tolling
 - Indexing
 - Registration



Top 2013 Regulatory Issues

Anticipated Proposed Rules

Department	Proposed Rule	Timeframe
DOT	Drug & Alcohol Clearinghouse	Spring
DOT	Relief from Driver-Vehicle Inspection Reports	Spring
DOT	Relief on Medical Exam Cards to State DMVs	Spring
DOT	Electronic Logging Devices & Supporting Documents	Summer
DOT	Mandatory Speed Limiters	Fall
DOT	CSA Safety Ratings	Fall
DHS	TWIC Readers	Spring

Top 2013 Regulatory Issues

Anticipated Final Rules

Department	Final Rule	Timeframe
DOT	Highway-Rail Grade Crossing Safety	Spring
DOT	Increase in Hazmat Penalties	Summer
DOT	Relief for Transportation of Ag Commodities	Fall
DOT	Stability Control Systems for New Trucks	Fall
DOT	MAP-21 Omnibus Rule – A Dozen or more issues	Fall
DOL	Persuader Rule	Summer

Top 2013 Regulatory Issues

Anticipated Guidance or Notices

Department	Influential Guidance/Notice	Timeframe
DOT	CSA Methodology Changes; Crash Accountability Process?	Summer/Fall
DOT	Sleep Apnea Guidance?	Undetermined

Regulatory-What Does It Mean?

- Small Guy Will Struggle
- Workforce Will See Attrition
- Increased Costs
- Safer Highways
- Length of Haul Will Reduce
- Potential Need For More Capacity
- Market Historically Has Adjusted



Safe and Efficient Transportation Act

97,000 Pound Trucks?

- States Will Still Control
- 44 States Already Allow Heavier Trucks
- Highway Stress
- Safety Concerns

Walmart Super-Cube Rig

- 60 foot 6inch



In Cab Communications Hot Spots

- American Transportation Research Institute
- May 2012
- Factors: Driver Error, Large Truck Design, Operating Environment
- Mid-America Freight Coalition 13,995 Total Rollovers in Participating States. 700 Fatalities & 13,295 Injuries
- In Kentucky a Rollover Results in a Fatal Accident 20% of the Time
- On Average 16 People Die Each Year in KY



Future Workforce?

- Truck Drivers Are Getting Older
- Transitioning To A Less Experienced Work Force
- Regulations Will Create Attrition
- Strong Economy Other Opportunities
- More Immigrants
- Qualified Drivers Tough To Find
- Pay Increases May Not Be Enough
- Driver Entry Age 23 or Older



Technology

- Rapidly Improving
 - In Cab Communication
 - Communication With Enforcement
 - Anti Crash/Anti Rollover
 - Real Time Communication With Home Terminal
 - Real Time Training
 - Real Time Billing



Thank Goodness Its Over

- Contact Information
 - Jamie Fiepke
 - KMTA President/CEO
 - 502-227-0848
 - jfiepke@kmta.net

