

January, 2018

RE: U.S. Trucking market challenges

Dear Valued Customer,

U.S. trucking industry is facing significant challenges that affect overall intermodal service cost and regular lead times, as the demand for U.S. truck power continues to exceed market availability. The purpose of this letter is to bring you up to date with our current market situation, for a better understanding and planning.

Some of the factors affecting the industry are:

***Increased Government regulations** (including ELDs “Electronic Log Devices”). By December 18/2017, truckers are required to use electronic logging devices (ELD) to monitor limits on driving hours. Despite the looming deadline, as many as 1 million of the nation’s 3.5 million truckers have yet to prepare for the new rule, adversely impacting options for driver and carrier capacity.

***Drivers shortage.** “Trucking industry cannot find new drivers to operate the desired capacity expansion”. This has been an ongoing issue, according to the American Trucking Association (ATA), while the driver shortfall is approaching 50,000 positions for this year; it’s on trend to grow to more than 174,000 by 2026. To ease this situation, trucking companies have raised their salaries and benefits to make it more attractive; but these rising costs of hiring drivers and keeping them are impacting final trucking rates.

***Chassis Scarcity.** There is not enough chassis offer to cover current market needs and expansion, and it impacts negatively container flow. Truckers are forced to pick up and drop off containers and chassis at different locations, given the incremental time and cost involved.

***Increased cost.** Damage and drain caused by hurricanes Harvey, Irma and Maria have also impacted demand and added to the upward pricing trend.

Limited offer creates congestion at terminals and rail yards, increases probability of demurrage, detention, storage fees and dry run charges for the account of the cargo and exert upward pressure on drayage rates.

Please do not hesitate to reach out to your local DB Schenker office if you need further information,

Best Regards,

DB Schenker