

2009 likely the toughest ever for the trucking industry

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It's official. Sort of.

The [American Trucking Associations'](#) notes that in 2009 "the motor carrier industry has potentially endured the most severe drop in volumes ever."

Lane Kidd, director of the [Arkansas Trucking Association](#), agrees. He said most Arkansas-based trucking companies still operating were "significantly" damaged in 2009. He said they employ fewer people, have lower balance sheets and have incurred a lot of debt.

"There are a few exceptions, like (Fort Smith-based) Arkansas Best, which still has money in the bank." Kidd said during a Tuesday (Jan. 18) interview.

Kidd has watched the trucking sector for 18 years, and 2009 was "easily" the worst in that time, with carriers suffering through a "slow, grinding squeeze on cash flow."

The Arkansas association recently began calling about 250 small trucking operations in the state — typically firms with fewer than five trucks — as part of a membership drive. Of the about 170 calls made so far, 41% were no longer in business.

"Either the phone lines were disconnected or they tell us they've just shut it down," Kidd explained, adding that the Arkansas experience is probably no more or less severe than what is happening around the country.

The decline in national freight volume has been tough on two important employers in the Fort Smith area. Van Buren-based USA Truck Inc. announced Oct. 22 a net loss of \$1.6 million in the third quarter, compared to a gain of \$2.4 million in the 2008 quarter. Total revenue for the quarter was \$96.171 million, down 34.1% from the same period in 2008.

Arkansas Best Corp. — the parent company of ABF Freight System — announced Oct. 21 a third quarter 2009 net loss of \$5.6 million, compared to net income of \$15.4 million in the third quarter of 2008. The Fort Smith-based transportation holding company has lost \$50.17 million in the past four quarters. The company is scheduled to release full year 2009 financials Jan. 28.

The trucking sector is important to the Arkansas economy. Arkansas and Nebraska are tops in the country in terms of percentage of total state employment being in the trucking sector, according to the ATA trends report. In Arkansas, 3.7% of all people employed in the private sector worked for a trucking company, with 3.6% for Nebraska. California and Texas have the most people working in the trucking industry in terms of total numbers.

The good news is that Kidd reports an increase in anecdotal evidence suggesting improvements.

"There is the belief that 2010 couldn't be any worse than 2009, so that breeds optimism," Kidd said. He added that recent conversations find most trucking execs reporting an increase in freight volumes compared to the similar period of 2009.

Also, a November report from the American Trucking Associations' indicates improving trends. The American Trucking Associations' seasonally adjusted (SA) For-Hire Truck Tonnage Index increased 2.7% in November, following a 0.2% contraction in October. The latest gain boosted the index from 103.6 (2000 = 100) in October to 106.4, its highest level in a year, according to the ATA report.

The challenge for economists and trucking industry execs is to determine if the gains are a result of more freight demand or fewer trucks to haul the freight. Which is to ask: Is the pie getting larger, or is it that fewer people share an unchanging pie?

Despite the freight downturn that began in late 2006, the trucking sector remains a large part of the national economy. According to 2008 data (the most recent available), the trucking sector generated \$660.3 billion in revenue, which represented about 83% of the nation's freight bill, according to ATA.

"As a result, the trucking industry hauled 68.8 percent of all the tons of freight transported in the United States in 2008 (2009 data will be available in the first quarter of next year, but there is no reason to believe modal shares changed significantly), equating to 10.2 billion tons,"

noted the trucking trends report.

The 10.2 billion tons of freight was hauled using more than 29 million trucks.

Following are other facts from the ATA trends report.

- In 2008, trucks hauled nearly 54% of the goods (in terms of value) between the U.S. and Canada, and more than 63% between the U.S. and Mexico.
- Before the motor carrier industry was initially deregulated by the Motor Carrier Act of 1980, there were fewer than 20,000 interstate motor carriers in the U.S. By November 2009, there were more than 227,000 for-hire motor carriers on file with the U.S. Department of Transportation (DOT), with an additional 282,000 private fleets.
- ATA reported that motor carriers spent over \$114 billion on diesel fuel in 2007. In 2008, ATA estimates that the industry's diesel fuel bill surged to \$146.2 billion, which was an all-time high.
- According to the U.S. Department of Labor, the number of active truck drivers in the U.S. decreased to 3.388 million in 2008. This was a decline of 72,000, or 2.1% from 2007. From 2001 to 2008, for-hire and private fleets added a total of 232,000 drivers.
- The government reported that the number of female drivers decreased by 17,368 in 2008 to 166,012. The percentage of minority drivers rose from 32.7% in 2007 to 33.6% in 2008, as the number of Asian and African American drivers entering the driver pool increased 4.9% and 1.5%, respectively. Meanwhile, the number of Hispanic or Latino drivers contracted 0.4%.

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