

# Inland Truck Shortage in North America



February 2018



# Inland Truck Shortage in North America Continues

Industry is experiencing severe truck shortages in certain locations in North America

Challenges that have a dramatic industry-wide effect on truck availability

- Governmental regulations, including “Electronic Log Devices” (ELDs) in the United States
- Extreme winter conditions in the past weeks
- Ramp and terminal congestions
- Fewer entrants into the job market
- Increasing cost of operations
- High service demand (hazardous, refrigeration, other special cargo)
- Limited free times at US and Canadian rail ramps

Potential effects for our customers

- Increasing delivery delays on door-to-door deliveries
- Import shipments have to wait at port / rail ramp
- Continuing upward pressure on drayage rates
- Increasing demurrage, detention, storage, and dry run charges



# ELD – What is it?

## Deep Dive: Electronic Logging Devices (ELDs)

### WHAT?

- The ELD regulation mandates the electronic logging of USA truck driving hours, replacing all paper logs.
- The ELD regulation does not actually change a trucker's maximum Hours of Service.
- Truckers are permitted a maximum of 11 hours driving within a consecutive 14-hour window directly following a period of 10 hours off duty.\*

### WHEN?

- From December 18, 2017, USA Truck Drivers are mandated to track their hours of service using an ELD (Electronic Log Device).
- From April 1, 2018, law enforcement agencies will put drivers out of service for non-compliance.

### RESULTS OF STRICT ENFORCEMENT

- Service Failures
- Unexpected layovers (due to length of haul, leading to extra cost)
- Unused hours (due to length of haul, leading to loss of productivity)
- Sensitivity to adverse weather
- Drivers leaving industry

\*Specific exemption from ELD participation is available for purely 'local' drivers operating within a 100-mile radius. Polling of Hapag house carriers does not indicate widespread intention to use this loophole.



“The ELD mandate is expected to have a far reaching effect on US businesses and domestic and international supply chains, starting with a potential spike in port drayage costs.”

– *The Journal of Commerce*



# Effects on Hapag-Lloyd and our Customers

## Hapag-Lloyd is committed to maintain its role as a leading door-to-door ocean carrier

- Present situation of trucker shortage is affecting our ability to perform as per our expectations
- Hapag-Lloyd will not assess the Change of Destination and/or Diversion fees when customers change from Carriers Haulage to Merchant Haulage with agreement of both parties

## Inland Truck Shortage Heat Map\*

Selected areas only, full map available at your local Hapag-Lloyd contact



# Reducing Delays for Carrier Haulage Transportation

## What should you be doing to reduce delays

- Forwarding original Bill of Lading
- Payment of any collect charges
- Forwarding delivery instructions to Hapag-Lloyd
- Take advantage of clearing customs at the port of discharge vs riling in-bond
- Accepting cargo upon arrival at destination rail ramp
- Establish 24/7 flexible receiving times
- Understand the impact of government regulations to your delivery expectations

## What is Hapag-Lloyd doing to assist you

- Offering short haul rail in many parts of the US as option to trucking
- Allowing customers to change from door to ramp or port without charging a COD charge as long as both parties agree
- “Pre-pull” possibilities in some locations
- We continue to accept door moves
  - In cases in which carrier haulage is delayed we will need to charge storage charges as per our tariff to the account of the cargo

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