



# NEWS RELEASE

For Immediate Release –

## **FREIGHT RATE INCREASE OF 4.9% IS RECOMMENDED**

Fort Erie, ON, February 2010 – The continuing economic recession is taking its toll on the trucking industry. Declining volumes and fierce competition has forced industry earnings well below acceptable levels. The industry is not generating sufficient income to re-invest in their businesses. Re-investment is essential for truckers to continue to provide service and to meet their customers needs. The industry needs to have the ability to attract the capital required for re-investment.

The Tariff Advisory Committee (TAC) of the Freight Carriers Association (FCA) meets periodically to monitor economic conditions and the profitability of the general freight trucking industry. TAC reviews major issues affecting the industry's profitability and its ability to maintain and improve service. The Committee recently reviewed the state of the industry and is recommending that carriers raise their freight rates by 4.9% effective March 29, 2010.

Despite the industry's cost cutting measures during this recession, labour and non-labour costs continue to rise. Especially hard hit are equipment costs which will rise dramatically due to the new U.S. EPA standards for the 2010 tractor engines increasing the cost of equipment as well as the cost of maintenance. Equipment upgrades will be necessary as the industry needs to replace its aging fleet.

**Fuel cost changes (excluded)** – it is important to note that fuel cost changes were excluded when analyzing cost changes. Experience has shown that the most efficient method of handling fuel cost changes is through the use of fuel surcharges that fluctuate with the price changes. For this reason, the impact of fuel costs has been excluded from this rate increase recommendation.

FCA represents freight carriers operating throughout Canada in matters related to economics, pricing, finances, costing, as well as motor carrier statistics. FCA, and its predecessor, have served the trucking industry for over 75 years. The TAC is composed of carrier executives elected by its members to monitor the industry's financial condition and performance and to make recommendations to the industry.

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