

Preview **THE RETREAT** & receive a



Trucking industry cruises into Dallas for annual event

By TERRY BOX

Automotive Writer

tbox@dallasnews.com

Published: 22 August 2012 07:40 PM

Hundreds of long-haul truckers in chrome-splashed big rigs will rumble into Dallas in high gear on Thursday.

Despite a stumbling, still-wheezing national economy, freight shipments are up, demand for drivers may be higher than ever and business is returning to pre-recession levels.

But as the Great American Trucking Show opens for a three-day run that's expected to attract 50,000 participants, many will be talking about some of the more troublesome issues behind the glow.

"Things are looking up," said John Esparza, president of the Texas Motor Transportation Association in Austin, one of the main groups involved in the show at the Dallas Convention Center. "If you are a trucking company and you have capacity, you are in demand."

"But there are lots of pressure points," he noted.



The main issue — and one that will likely continue to push up shipping rates and the cost of consumer goods — is a persistent shortage of drivers.

Although the average truck driver earns more than \$50,000 a year, the industry grapples with hundreds of thousands of unfilled jobs.

"This will be the worst driver shortage we've seen, probably ever," Esparza said. "It's expected to grow to 250,000 in the next few years."

The trucking industry employs about 3.5 million drivers, according to truckinfo.net.

But during the recession, when shipments plummeted and diesel-fuel prices shot up, many left the grind of trucking.

Moreover, lots of aging baby boomer drivers are retiring or considering it at a time when few 20- and 30-something millennials show much interest in trucking.

Rules of road changing

Nearly 63 percent of truck drivers nationwide are between the ages of 45 and 64, compared with about 48 percent of workers in other industries, according to a study by the American Transportation Research Institute.

"The key is recruiting and hiring new-generation drivers, and they are hard to recruit," said broker Zach Womack, who owns SSW Freight LLC of Dallas. "Frankly, who wants to sit in a truck for 14 hours a day and be away from their families for days at a time?"

Driver shortages have been a problem for years, but they are starting to reshape the industry, said Bill Kozek, general manager of the Peterbilt Motor Co. in Denton, which manufactures large heavy-duty trucks.

Some trucking companies have become more regional in reach, limiting the distance drivers must travel with loads so they can be home that night.

"It has changed in some ways how companies do business," Kozek said. "But it makes the job more attractive to prospects. If you're out on the road, you want to be home that night if you can."

With fewer drivers available, companies must sometimes pay premiums just to get their products shipped — including paying drivers from distant cities an extra fee to pick up a load when local drivers aren't available.

"When I got started [10 years ago], we paid trucks about \$2,600 a load to haul produce between California and Texas," Womack said. "Now that same truck and route are \$5,000."

Compounding the shortage are new federal safety regulations that limit the number of hours drivers can spend on the road and increase the entry requirements for new drivers.

"They are raising the bar for trucking, and that's not a bad thing," said Esparza of the Texas Motor Transportation Association. "But it puts additional pressure on

the industry. We have 5,000 seats in the state of Texas alone that we could fill tomorrow if we had the drivers.”

Many trucking companies are reaching out to returning veterans in an attempt to recruit younger drivers, he said.

In addition, a “driver recruitment pavilion” manned by various trucking companies will be set up at the show.

‘Skyrocketing’ costs

Much of the event will be devoted to educational seminars, the “Custom Rigs Pride and Polish” truck show and exhibits from companies serving the industry.

Meanwhile, participants in a separate Commercial Vehicle Outlook Conference at the Omni Hotel will discuss equipment, fuel costs and industry trends.

This is the 14th consecutive year that the Great American Trucking Show has been held in Dallas.

“Outside of California, Texas has more [commercial-duty] Class 8 truck registrations than any other state,” said Alan K. Sims, executive director of Randall Riley Business Media and Information, which produces the show.

Bob Costello, chief economist at the American Trucking Associations, thinks market forces will ultimately resolve the driver shortage.

“If you’re a company that manufactures widgets and you have trouble getting shipping, you will say, ‘OK, what will it cost me to ship my stuff and pass that on to the buyer?’” Costello said.

He thinks the more immediate problem is the “skyrocketing” cost of new trucks.

Truck manufacturers in the U.S. sell about 200,000 Class 8 vehicles annually — the tractors that pull trailers — and business has been fairly good, said Brent Gruber, director of global automotive at J.D. Power and Associates, which includes commercial vehicles.

“People and companies have put off purchases for the last few years,” Gruber said. “And you get into a situation where your truck is pushing hard and just wears out.”

But the cost of new trucks has risen at least \$6,000 because of new technology needed to meet increasing federal standards for fuel economy and emissions — just like in the auto industry.

Gruber thinks the new, higher-tech trucks will return the additional cost through greater fuel economy and other efficiencies.

Costello says independents and small companies are struggling with the price increases. The cost of a new Class 8 truck has surged from an average of about \$90,000 in 2006 to \$125,000 now, he said.

In some cases, small companies will trade two old trucks for a new one, he said, further aggravating shipping capacity.

“If this economy were consistently growing at 3 percent a year as some had predicted, we would not have enough trucks today to haul all the freight,” Costello said.