



Bradley Tells Shipper Group 2+2 Must Equal Four When it Comes to Fuel Surcharges, Rates

Speaking at the 50th annual conference of the Pharmaceutical and Personal Care Logistics Association, David Bradley, CEO of the Canadian Trucking Alliance told the shipper group that with the price of diesel fuel hitting record highs and displacing labour as most carriers' top operating cost, "however you cut it, whatever fuel surcharge formula you use, carriers need to generate enough revenue to survive."

"The combination of the base rate, fuel surcharge, accessorial and other charges must add up to an amount that provides for an adequate return on investment. Two plus two must equal four at the end of the day."

Bradley said that the trucking industry understands that it is a "bizarre" situation where upwards of 40%-50% of current revenues are the result of fuel surcharges. However, he cautioned, "putting that genie back in the bottle is extremely difficult."

"Changing fuel surcharges in isolation of rates is not tenable for carriers. You want a new formula, fine. But you have to look at all the fuel used to pick-up and deliver your load. You want lower fuel surcharges, fine. But then rates have to go up."

"Whatever formula you come up with," he said, "carriers want you to stick to it."

Bradley urged the shippers to take a longer term view and lock in capacity now. "Many markets are soft right now, there is excess capacity and changing balance. But the capacity situation will resolve itself and when it does things could tighten quickly."

Carriers are prepared to work with shippers. "We need each other," he said.

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About CTA -- The Canadian Trucking Alliance is a federation of provincial trucking associations. We represent a broad cross-section of the trucking industry—some 4,500 carriers, owner-operators and industry suppliers. With our head office in Ottawa and provincial association offices in Langley, Calgary, Regina, Winnipeg, Toronto, Montreal and Moncton, CTA represents the industry's viewpoint on national and international policy, regulatory and legislative issues that affect trucking.
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