Total U.S. logistics costs increased 11.4% in 2018 and reached $1.6 trillion. How big is $1.6 trillion? It's 8% of the United States' total GDP.

LOGISTICS COSTS ARE RISING

Truck driver shortage and limited capacity
- Nearly 71% of all the freight tonnage moved in the United States goes on trucks.
- A driver shortage is expected to reach 239,000 by 2022.

Direct-to-consumer commerce is rising
- More than 57% of consumer brand manufacturers are embracing DTC, manufacturing and shipping their own products.

The continued e-commerce boom is shifting volume to package delivery channels
- Consumers spent $517.36 billion online with U.S. merchants in 2018, up 15% from 2017.
- The Amazon effect: In 2018, Amazon fulfillment and shipping expenses amounted to $34 billion and $27.7 billion, up from just over $1 billion each in 2007.

Trade tensions and tariffs
- Trade tensions can add costs due to longer delivery lead times, with:
  1. Longer vehicle wait times at border crossings
  2. Changes in customs documentation
  3. Trade flow migrating to markets with lower tariffs
- The cost impact: In December 2018, freight prices for containers going from China to the United States were more than 100% higher than December 2017.

Evolving regulations
- Acceptable sulfur emissions levels from ocean liners is set to decrease to 0.5% on Jan. 1, 2020.
- Electronic logging device regulations have added cost pressures due to stricter limitations on available driving and duty times, pushing up carrier costs.

Sources:
4. Ally Commerce.
5. Internet Retailer, U.S. Commerce Department.
6. Amazon.
7. Freightos.
8. International Maritime Organization Regulations.