Industry should move soon on roadability

Next week in Long Beach, the Intermodal Association of North America will be holding its fifth Intermodal Operations and Maintenance Seminar. It will be the first time the event has been held on the West Coast.

This seminar, hosted by IANA's supplier division, features shorter and smaller meetings than IANA's general sessions, and has already proven itself effective in addressing operational issues.

One issue to be discussed is equipment roadability — a subject of debate since the dawn of intermodal, and one that has never been resolved to the satisfaction of all parties. The issue centers on who is responsible for the condition and safety of equipment moving over public roads.

Recently, the federal government and several states have taken initiative in formulating policies about this subject. At the request of the Intermodal Conference of the American Trucking Association, the Federal Highway Administration (FHWA) has issued an advance notice for proposed rule making.

ATA's position is that truckers should not be held liable for defective equipment, and several states are at various stages of legislative initiatives in this area.

IANA, too, has been trying to address this question. Unfortunately, its membership reflects the diversity of opinions on this subject. Generally the issue is seen differently, depending on whether you are the owner, operator or the controlling party. And naturally these parties are not equal in influence.

The rapid growth of containerization from international trade and domestic traffic has caused some confusion in the discussion, as there are actually two pieces of equipment involved — the trailer and the chassis.

In most cases it is the chassis that determines roadability. The very nature of the intermodal industry implies equipment passing through multiple entities. To avoid high transaction costs, parties today have tried to simplify the process in a fashion that some would maintain causes them to avoid their responsibilities.

This debate rages, for example, over equipment arriving and departing terminals. In some cases (for example, gate departure), terminals rely on truckers to point out damage. Truckers submit that terminals will not acknowledge damage and that diligent drivers are penalized with excessive delays that have an impact on their profitability — and impede timely delivery of their customers' goods.

The problem is compounded by a basic lack of trust over billed repairs. Many invoice recipients feel outraged, saying they are being billed unfairly for repairs. Some charge that the invoiced repairs are altogether fraudulent; the allegations in the Newport Systems class-action lawsuit in New Jersey are the most recent example.

While the horror stories have become the standard, most evidence is only anecdotal. The business risk is illustrated by the $50 million settlement obtained by singer Gloria Estefan after an intermodal trucker hauling a container and chassis collided with her tour bus.

The intermodal association, recognizing that a lack of private-sector initiative would only invite government action, has assumed leadership for the industry.

Last year the Pilot Intermodal Equipment Maintenance and Best Practices Program went into effect, providing for three processes:

First, trailer and domestic chassis tires would be sized when any maintenance is performed. Additionally, "quick service capabilities" would be initiated at designated terminals so that minor repair requirements could be performed without affecting congestion or slowing traffic flow.

Finally, industry training standards and test criteria would be developed for personnel performing the FHWA inspection.

In order to address the related data issues, IANA has developed a means of tracking a controlled group of equipment, and of performing comprehensive inspections on that equipment every 90 days. This will provide the hard baseline data previously missing for proper comparison.

The lack of streamlining participation in the IANA pilot has posed a problem.

Domestic containers and chassis function as a closed system, and are treated like trailers. They are either under the control of railroads or of a very select group of shippers.

ISO containers and chassis operate under a constantly shifting mix of lessors, lessees and operators. To date, marine equipment has remained outside the scope of industry roadability initiatives.

With respect to marine equipment, Southern California probably represents the area of greatest difficulty. Previous union organization attempts by the local drayage community have failed, but the discontent and problems of this group still persist.

It's to be hoped that the international shipping community will participate in this seminar and by doing so, make progress towards a meaningful solution. At the very least, major steamship lines should take part in formulating industry initiatives.

They should realize that failure to do so will only encourage government intervention. When the industry failed to address overweight containers, the federal government did indeed step in.

State initiatives only complicate the roadability issue. In the absence of an industry solution, the federal government may also feel compelled to get in the middle of this issue to preclude a state-by-state patchwork of regulation.

The industry can resolve its own problems in a fair and comprehensive manner, and now is the time to do it.

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