Checking our own back yard

We are part of a global economy which is being propelled by information technology, electronic commerce and logistics. Yet the benefits of these advances do not accrue if the underlying asset-based, transportation companies fail to properly provide services.

During the past year, transportation companies spent substantial time and effort addressing performance. Many experts in the field felt the foremost example of poor performance were those encountered by United Airlines this past summer. Flying through the same harsh weather as every other airline, United, the nation’s largest airline, faced additional burdens of labor trouble, information technology shortcomings and mismanagement. Others claim that the problems created by the United disruption were more complex than first believed. United almost resembles a Class I railroad as it seeks a major merger partner (US Airways) and runs a publicity campaign based on ancient excellence.

Although deregulation is now an accepted part of the landscape, government is more involved than it has been in years past. Reviewing the legal and political maneuvering surrounding the Florida presidential vote-counting, the proposed merger of Burlington Northern Santa Fe and Canadian National won on an extensive round of review between the Surface Transportation Board and federal courts. At issue was the STB’s intention to impose a moratorium and to develop new rules for the final round of transcontinental railroad mergers.

The STB’s new rules, issued in October, have not helped to mend the divisions between carriers and shippers. This discussion will continue into 2001. The old joke that the only thing two roads could agree on is how to gang up on a third proved more fact than fiction as the “four amigos” (Canadian Pacific, CSX, Norfolk Southern and Union Pacific) gang ed up to fight BNSF and CN — a noteworthy historical footnote to the many who believe that two North American rail systems are inevitable.

Safety issues also remained in the forefront. The Federal Aviation Administration fined Alaska Airlines for maintenance practices and considered making their safety records public. While intermodal equipment roadability resolutely defied resolution, it was the proposed revisions to the federal hours-of-service regulations for truckers that proved the most contentious issue.

The newly created Federal Motor Carrier Safety Administration attempted to modify 65-year-old hours-of-service rules. In spite of the good intentions of this project, the industry’s responded negatively. One nominee for team player of 2000 should be Clyde J. Hart Jr., the U.S. maritime administrator who went to FMCSA as acting deputy administrator, apparently at the behest of Transportation Secretary Rodney Slater. Defending the Jones Act may have been tough but proposing new hours-of-service regulations was tougher.

And then there was labor. The conflict between the Teamsters and Overtine continued as serious charges escalated. The contest seems to have become a proxy struggle pitting influential factions of labor (e.g., the AFL-CIO) against management (e.g., the U.S. Chamber of Commerce.) Teamsters President James Hoffa is expected to win reelection next year. More significantly, he is hinting at developing partnerships with unionized less-than-truckload companies.

On the West Coast, James Spinosa, who led the previous year’s contract negotiations, defeated incumbent president Brian McWilliams to head the ILWU. Technology questions remain unresolved and labor peace is a fragile flower maintained at a high cost to employers. Last month, the Pacific Maritime Association announced a significant restructuring of its board to actually reflect the composition of the industry. The combination of employers recognizing business challenges and employees following a traditional leader, rather than a progressive one, may be lethal. Several major port projects were undertaken on the West Coast. Two new mega-terminals in southern California will be built while others are expanded. Yet, if technology is not improved (with labor’s cooperation), surely we will see gridlock.

Worries also circulate about capacity. Facing ever increasing international trade, ports have trouble mounting the political, financial and environmental hurdles along the road to expansion. At the same time, it is difficult to predict the vessels which we can expect in the future. Two interesting developments this past year were Airbus Industries’ announcement of orders necessary to start building the A3XX and the continuing saga of FastShip. Both technologies pose significant benefits and challenges to landside infrastructure. In the future, the flexibility of an infrastructure may be as important as its outright capacity.

Our country boasts the greatest freight transportation system in the world. Yet, it still requires constant attention and offers lots of opportunity for improvement. We suspect these issues will provide topics of conversation and debate for years to come.

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