Industry Group Forms Chassis Pool; Drayage Carrier Buys 1,520 Units

By Rip Watson, Senior Reporter

This story appears in the Oct. 15 print edition of Transport Topics.

The gradual shift of intermodal equipment control from ocean carriers to truckers advanced last week as an industry group formally created a chassis cooperative and drayage carrier, IMC Companies, purchased 1,520 units for use in an existing pool.

American Trucking Associations’ Intermodal Motor Carriers Conference formed the North American Chassis Pool Cooperative, or NACPC, for drayage truckers who want to buy chassis, Executive Director Curtis Whalen said.

Earlier this month, IMC became the first trucker to participate in the Consolidated Chassis Management pool, after buying the chassis from water carrier Orient Overseas Container Line.

The moves were the latest step in a transition that began three years ago after passage of a federal law making owners of chassis responsible for maintaining them in safe, roadworthy condition.

Maersk Inc., the largest ocean carrier, responded by carving out a chassis rental unit, and since then, 15 more of the largest ocean carriers have announced changes in their chassis strategy, forcing truckers to buy or rent chassis that used to be supplied free by the lines.

“This is an historic event for our company and industry in developing an industry solution to transition ownership of chassis from ocean carriers to other entities,” said Mark George, president of IMC Companies, Memphis, Tenn.

The new federal rules began to take effect in 2009, shifting responsibility for equipment condition from truckers to ocean carriers while chassis are on the road.

“This is a big first step,” Phil Wojcik, president of the CCM pool, told Transport Topics. “It is opening the door and taking a step toward a whole chassis paradigm with motor carriers taking more control as lines exit chassis provision.”

IMC’s chassis were added to CCM’s Mid-South pool that includes Memphis and Nashville, Tenn.

Terms of the chassis purchase agreement weren’t announced.

CCM operates six pools and manages approximately 125,000 chassis. It’s owned by the Ocean Carrier Equipment Management Association, whose members have contributed chassis to the pool.

IMC operates five drayage carriers, in a total of nearly 40 locations from coast to coast. All of the chassis that IMC owns are roadworthy, and the fleet is younger on average than the CCM Pool, George said.

“I believe this is the most efficient and forward-thinking strategy for our industry — facilitating ocean carriers that choose to disengage their ownership, while ensuring that our mutual cargo-owner customers continue to have access to a reliable chassis fleet,” he added.

George told TT that IMC is having discussions with OOCL about transferring ownership of chassis in other pools.

“There is a lot of interest from many different stakeholders on where the industry is heading,” Wojcik said, adding he’s had discussions with other, unidentified motor carriers about joining CCM’s pool. “The strength of the CCM Pool is that it is one solution that encompasses many different business approaches.”
Those approaches include ocean carriers’ past and planned equipment contributions to CCM’s pool as well as the potential addition of equipment from the IMC’s new chassis cooperative.

Curtis Whalen, executive director of the drayage carriers’ group, told TT that “we are working on the regulatory issues [relating to the cooperative] that have to be addressed in one form or another.”

Those issues include how to structure the group, so that it’s approved when the U.S. Justice Department reviews the proposal, Whalen said.

He said it’s also possible that the Surface Transportation Board will have to review the plan. U.S. freight railroads operate a railcar equipment pool through a company known as TTX, whose operation is overseen by the STB.

CCM is operating with the approval of the Federal Maritime Commission.

Whalen also said that moves such as IMC’s purchase of chassis for use in a pool could be a short-term answer while members of his group map out plans that could lead to equipment ownership by the cooperative or individual motor carriers.

IMC has been working on a chassis transition plan since early this year. Asked how soon the cooperative could become operative, Whalen didn’t give a specific date.

“Time is somewhat of the essence,” he said. “Ocean carriers are getting out gradually. Some want to do that as soon as tomorrow. Some are a bit longer term.”