

Agriculture Transportation Coalition

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Chassis: are US exporters subsidizing the ocean carriers and "champion" importers?

Chassis availability and pricing is increasingly the most immediate crises facing exporters and importers in some inland points and at many coastal gateways.

- There are already too few chassis providers. Just a handful of chassis providers have amassed huge quantities of chassis. Leaving limited choices for the carriers, exporters and importers who need chassis.
- Historically, carriers provided chassis for 'free', or rather, as part of the freight rate. In 2010 the carriers began to divest their chassis; today are largely out of chassis ownership. However, carriers are still providing chassis for store door delivery as part of their all-in freight rate, particularly for the 'champion' importer accounts – the big-box retailers (and a small handful of largest exporter accounts).
- The carriers negotiate with the large chassis providers, preferential rates and significant 'free time', for large volumes of chassis, in order to provide 'free' chassis for Store-Door Delivery, all at highly preferential volume rates.
- As the ocean carriers have the leverage to negotiate extremely low chassis fees, it appears that the large chassis providers are looking to the exporters and smaller importer to pay the bulk of the chassis cost. Those fees are rising quickly. Five years ago the fee for chassis might be \$15 but today the ocean carrier or chassis provider is charging as high as \$25-\$35 per day.
- In some cases the ocean carrier has a particular arrangement with a specific chassis provider. For example Maersk is charging an extra fee if the exporter uses a chassis other than one provided by DCLI. Thus, in addition to paying much more than importers pay for the chassis, the exporter is given limited or no choice in selecting its chassis provider.

Bottom line: Is the US exporter subsidizing the big importers -- Are exporters being forced to pay increasing high chassis fees, while the big box importers are getting chassis for free (or a lot less!)?