

# Chassis End User “Box Rules” Exacerbate Inefficiencies in the Supply Chain

## ***THE PROBLEM***

Motor carriers who transport international marine containers require chassis to initiate and complete a container move. For this reason, chassis are a critical component in the global supply chain, yet they are the most susceptible to availability disruption from external pressures.

Chassis availability can be impacted by many factors including manufacturing and or production constraints due to raw material procurement, labor availability, component delivery delays, international tariffs and, finally, operational restrictions and their subsequent commercial repercussions.

Operational restrictions on chassis usage are restrictions are known as “Box Rules” in the end user/motor carrier and shipper community. They are imposed by the container owner, who are referred to as Equipment Providers (EPs).

EPs are providing the container “equipment” for their own use or for use by their shipper customers to transport goods over sea and/or land. Many EPs are also vessel operating ocean carriers.

While EPs own the container, they do not typically own the chassis it moves on, nevertheless they exercise controlling interest through end user restrictions (Box Rules) over chassis usage via commercial agreements with their shipper customers.

The operational restrictions, while comparatively the easiest to control, are sometimes the biggest impediment to efficient movement of goods.

A White House Fact Sheet “Lowering Prices and Leveling the Playing Field in Ocean Shipping” speaks to the end user definition of Box Rules and their impact on supply chain fluidity:

The Fact Sheet refers to *“‘box rules’ that require truckers to use only certain trailers to haul their containers – thus forcing truckers to wait for the ‘right’ kind of trailer to become available.”* While the White House describes chassis as “trailers” in the Fact Sheet, the description is attributed to chassis.

These end-user “Box Rules” are in effect commercial rules imposed on motor carriers by EPs for chassis usage. These rules apply even when the EP is not designating the truck move.

## ***BOX RULES AND END USERS***

EPs frequently impose Box Rules in shipping arrangements known as “Merchant Haulage” where the shipper is securing the truck move separately from the ocean or rail move. They also impose these rules on “Carrier Haulage” where the truck move is included in the shipping agreement. In Carrier Haulage, the EP either directly designates a motor carrier for the truck move on behalf of the shipper or engages a shipper nominated trucker for the truck move per shipper direction.

Note that the term “box rules” has different interpretations in the intermodal industry. In this paper, we are referring to “box rules” to mean operational restrictions on the physical sourcing/use of chassis by EPs, and not the billing construct used by certain interoperable chassis pools, such as the LA/LB Pool of Pools, to facilitate assignment of usage and billing responsibility among the contributors of assets to those pools.

In both Merchant Haulage and Carrier Haulage arrangements, when EPs include chassis as part of the commercial agreement for container movement, the motor carrier who is contracted to move the container is instructed to use the particular chassis designated by the EP, either from a dedicated pool that the EP controls themselves or from an interoperable pool where an EP identifies a specific chassis provider as eligible for use in the move.

This EP imposed arrangement under both Carrier and Merchant Haulage effectively restricts the availability of chassis to only the designated sources, and typically only for that designated or other eligible move.

Box Rules are especially problematic in Merchant Haulage and certain Carrier Haulage arrangements when the EP does not designate the truck move but restricts chassis usage all the same. Motor carriers will scramble to find the correct chassis to service the shipper customer and may very well be unable to secure the right kind of chassis in a timely fashion.

When EP designated chassis are unavailable for container pick-up, motor carriers will sometimes seek to utilize an alternative chassis to maintain fluidity within the supply chain. By doing so however, the motor carrier is simultaneously risking any type of reimbursement for that chassis usage from the shipper or EP.

Furthermore, it is not uncommon for interoperable chassis pools to be shut out of a drop location by the location operator because of congestion or space constraints. When attempting to secure a valid return location, the motor carrier may have to move the chassis to a new destination or be forced to retain the chassis until that motor carrier is able to re-use the chassis or return it to a specific location.

Currently, motor carriers are not reimbursed for the revenue loss due to space allocation, lost time and fuel burned when repositioning or storing chassis. In all cases, neither the EP nor the chassis provider will accept financial responsibility for compensating the motor carrier for these costs.

These operational costs are in addition to the chassis use charges that continue to mount until that chassis is terminated at an acceptable location or re-used in another eligible move. Additionally, there are severe monetary penalties for truckers who pick up a chassis from one terminal and mistakenly return it to another or use the chassis for a non-designated or eligible box move.

#### **End-User Box Rules Have Caused:**

- Increase in split chassis moves or dislocation – This is when a trucker goes to one place for the chassis and another to pick up the box or when a trucker must terminate a box in one location and then return the chassis to a different location. This process that can add 45-90 minutes to the trip.
- Increased idle/wait time – Truck drivers oftentimes wait for the right chassis contracted for that EP's container to come available. This limits terminal fluidity and eats up valuable hours of service time for the driver, subsequently decreasing overall driver productivity. All these factors contribute to congestion and backups.
- Increased costs for motor carriers – Truckers must frequently reposition chassis without additional compensation from EPs, despite the fact that the EPs themselves have imposed the restrictive use requirements contributing to the additional truck moves and trips.

More fuel burned and precious time wasted waiting for a chassis along with repositioning and storing chassis equals more costs to motor carriers, which eventually means more cost to consumers, and more hurdles to bring product to market for American businesses.

## ***SOLUTIONS***

To achieve sustainable efficiency gains for chassis utilization and availability within the supply chain, any potential solution must be developed with all actors involved.

Nevertheless, additional Federal action, such as Legislation, or a Federal Maritime Commission (FMC) rulemaking will likely be needed.

The formal legislative or regulatory pathway will be the most effective approach to eliminate inefficient end user Box Rules altogether by preventing any type of chassis restrictions on motor carriers via arrangements where the EP is not designating the truck move.

Clearly and unambiguously codifying a limitation on EP end user Box Rules to only certain Carrier Haulage arrangements will ensure that chassis use restrictions are applied only when the EP is designating the motor carrier themselves, without shipper preference or direction.

This change would result in improved interoperable usage within existing pool structures and also allow motor carriers the opportunity to utilize alternative forms of capacity that exist today (i.e. motor carrier owned and/or leased chassis) as necessary under their own commercial agreements with shipper customers. A shift away from the status quo will encourage fluidity in the supply chain and allow truckers and shippers the freedom to utilize any chassis to move containers quickly and without restriction.

The less time spent repositioning or hunting for the “right” chassis due to over restrictive usage requirements, the more efficient the supply chain will operate. More efficiencies will lead to a reduction in overall transportation costs, ultimately benefitting American businesses and the consumer.

Please contact the Harbor Trucking Association for more information on this and other drayage related policy items: [info@harbortruckers.org](mailto:info@harbortruckers.org) : [www.harbortruckers.org](http://www.harbortruckers.org)

## Resources:

“What’s Caused America’s Supply Chain Crunch?,” CBS - 60 Minutes, 11/14/21,  
<https://www.youtube.com/watch?v=W7jSsyQKIfE>

Paul Berger, “A Simple Piece of Steel and Wheels is Holding Up the Global Supply Chain,” Wall Street Journal, 10/28/21, <https://www.wsj.com/articles/a-simple-piece-of-steel-and-wheels-is-holding-up-the-global-supply-chain-11635452843>

Hugh R. Moley, “JOC Chassis Explainer: Shipping Industry Seeks Solutions,” Journal of Commerce, 7/16/18, [https://www.joc.com/trucking-logistics/joc-chassis-explainer-shipping-industry-seeks-solutions\\_20180716.html](https://www.joc.com/trucking-logistics/joc-chassis-explainer-shipping-industry-seeks-solutions_20180716.html)

Bill Mongelluzzo, “Box Rules Hold Back Interoperable Chassis Pools: Truckers,” Journal of Commerce, 12/12/19, [https://www.joc.com/port-news/port-productivity/box-rules-hold-back-interoperable-chassis-pools-truckers\\_20191212.html](https://www.joc.com/port-news/port-productivity/box-rules-hold-back-interoperable-chassis-pools-truckers_20191212.html)

John Gallagher, “Drayage Truckers Ramp Up Chassis-Rate Dispute With Ocean Carriers,” Freight Waves, 5/6/20, <https://www.freightwaves.com/news/drayage-truckers-ramp-up-chassis-rate-dispute-with-ocean-carriers>

Collin Campbell, “Chassis Constraints at Port of Oakland Leave Trucks On Their Own,” Port Drive, 6/2/22, <https://www.transportdive.com/news/chassis-supply-shortage-oakland-trapac/624686/>

Matt Leonard, “Case Accusing Carriers, Chassis Pool Operators of ‘Sweetheart Deal’ Moves Forward After Judge Denies Stay,” Supply Chain Dive, 2/1/21, <https://www.supplychaindive.com/news/ata-ocean-carriers-pool-operators-limiting-chassis-choice-fmc/583937/>

American Truckers Association Press Release: “Intermodal Truckers Demand End to Exploitation by Foreign-Owned Ship Lines,” 8/20/20, <https://www.trucking.org/news-insights/imcc-sues-ocema-stop-abuse-american-truckers>

American Truckers Association File Suit Against: “The American Trucking Associations’ Intermodal Motor Carrier Conference filed suit with the Federal Maritime Commission this week, alleging foreign-owned ocean shipping lines engaged in unjust and unreasonable conduct in violation of the Shipping Act.” <https://www.trucking.org/sites/default/files/2020-08/IMCC%20Complaint.pdf>

MARITIME TRANSPORTATION RESEARCH AND EDUCATION CENTER TIER 1  
UNIVERSITY TRANSPORTATION CENTER U.S. DEPARTMENT OF TRANSPORTATION:  
Shipping Container Chassis in the U.S. December 2017 to December 2019”;  
[https://martrec.uark.edu/research/completedprojects/uno\\_chassis\\_final\\_accessible.pdf](https://martrec.uark.edu/research/completedprojects/uno_chassis_final_accessible.pdf)

Department of Transportation Federal Motor Carrier Safety Administration: Wednesday, December 17, 2008;” <https://www.govinfo.gov/content/pkg/FR-2008-12-17/pdf/E8-29254.pdf#page=35>

The White House: FACT SHEET-Lowering Prices and Leveling the Playing Field in Ocean Shipping. February 28, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/28/fact-sheet-lowering-prices-and-leveling-the-playing-field-in-ocean-shipping/>