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## **Memphis Marketplace Stakeholder Meeting**

**August 11, 2021**

**Provided by:**



On August 11, ACSA, in conjunction with the Memphis Chamber of Commerce and the Federal Maritime Commission (FMC) held a meeting of stakeholders focusing on supply chain challenges and proposed solutions in the Greater Memphis Marketplace. FMC Commissioner Rebecca Dye was joined by FMC Chairman Daniel Maffei, Surface Transportation Board (STB) Chairman Martin Oberman, STB Board Member Patrick Fuchs, and other distinguished speakers.

### **FMC Commissioner Rebecca Dye – Introduction of Team and Overview of Initial Work**

- Our innovation teams work on the most difficult supply chain challenges that need a fresh, new approach. I am proud to have worked with the Memphis Innovation Team for the past three years. Change and innovation is more important than ever before in our industry. If the problems are not fixed, American international competitiveness will suffer.

### **Description of Problem and Testimonials**

- Railroads – Hasan Ryder, General Director for Intl. Intermodal, Union Pacific Railroad
  - As we transfer import containers into Memphis, we are dependent on having a sufficient chassis supply; however, we often experience chassis deficits, leading to container stacking and other issues, which is inefficient for us our and our customers.
- Importers
  - Jeff Ross, First Mile Director for North American Transportation, Nike
    - The railroads are trying to increase productivity and fluidity, but the chassis shortage has impacted a broad group of stakeholders. We can only use carrier-designated chassis pools, meaning we cannot use available chasses in other pools, if available.
  - Chelsea Cravens, Global Import Manager, AutoZone
    - There has been an increase in storage payments in Memphis due to chassis availability. Chassis access is beyond our control, and it is the biggest issue we face when a container arrives at a Memphis railyard. We are experiencing

issues in gaining additional capacity because there is a dwindling driver pool due to market conditions. Chassis hoarding by importers and truckers is also impacting the Memphis area. The goal is to eliminate the container rules so that shippers have a choice.

- Rich Roche, VP, Mohawk Global
  - Total outlay for demurrage, detention, and storage has increased significantly over the past several years, caused by a variety of factors. Many containers coming through Memphis are facing much higher costs.
- Exporters – Michael Symonanis, Director of North American Logistics/Global Container Logistics Group, Allenberg Cotton Co.
  - Chasses are important to agriculture exporters like us because of the Midsouth’s cotton flow and competitiveness. What happens in this region impacts the entire cotton supply chain. Chassis interoperability has been a focus since 2018, and it remains relevant in today’s challenging conditions, which have been exacerbated by high volumes. International, intermodal chassis are contributed openly and available to all participants. Memphis is partially interoperable today, but international, intermodal chassis should be contributed openly and available to all shipper/participants.
- Other – Donna Lemm, Chief Commercial Officer, IMC Companies
  - We do not have transparency into how many chassis are deployed in the Memphis market, but the average daily availability is around 140. Ocean carriers designate from three chassis pools that a shipper must use. There is an issue of supply, but it is also an issue of accountability when there are not enough chassis to serve the market. There needs to be a single interoperable gray pool because it will offer improved inventory, safe, reliable assets, interoperability, choice, and accountability

**Neely Mallory, President/CEO, Mallory Alexander Intl. Logistics – Deeper Dive into the Problem and High-Level Solution – Interoperable Pool**

- The interoperability problem has been going on prior to 2018, but it has compounded this year. Chassis pools in Memphis are not interoperable, and there is no single manager for having chassis in the right place at the right time. Moreover, there is no penalty to the ocean carrier or chassis provider if the equipment is not available. Chassis provisioning is not the ocean carrier’s responsibility, but it must ensure the shipper has fair access.
- The current chassis provision model imposes many risks, with many Memphis importers being charged fees that are beyond their control and that exceed the value of cargo in the container. We have proposed solutions to improve chassis availability in the Memphis area for the past three years, but an agreed upon solution among the multiple stakeholders cannot be found. The existing intermodal equipment must be supplemented with more chassis and interoperability among the chassis pools.

### **Buddy Allen, President/CEO, ACSA – Delivery Mechanism – Legislative Directive**

- The FMC and STB have been working in a collaborative manner on these issues. The Memphis Innovation Team has determined that the current chassis provisioning model is too restrictive and does not allow for new equipment to enter the system nor a sufficient ability to use existing equipment. Also, there has been little commercial progress except for a few relaxations by some Memphis railroads.
- Congress is noticing these issues and beginning to act. We encourage lawmakers to introduce a legislative pilot that will implement the recommendations of the Memphis Innovation Team, e.g., a single interoperable gray chassis pool.

### **Comments**

- Chairman Maffei
  - We have seen more imports in the first six months of 2021 than full, prior year. The duration and magnitude of the cargo spike have magnified issues in the supply chain. New physical infrastructure may not be as extensive as we want, so we cannot expect it to rescue us entirely. We must innovate and find new ways to move cargo.
- Chairman Oberman
  - To formulate effective policy to address these issues, there needs to be more transparency in the supply chain. These problems appear to be unique to the Memphis marketplace, and it sounds like the ocean carriers are limiting the provider and type of chassis a shipper can use.
  - I have written letters to all the railroads about the ongoing disruptions within the international, intermodal supply chain and the handling of containers. I have now received responses from [Canadian National](#), [Norfolk Southern](#), [Union Pacific](#), [Canadian Pacific](#), [BNSF](#), [Kansas City Southern](#), and [CSX](#).<sup>1</sup>
- STB Board Member Fuchs
  - Inefficiencies raise costs, increase transit times, and ultimately harm the end-user/consumer. The best solution will come from all entities in the supply chain. As we move forward, I hope to learn more about the benefits and drawbacks of potential solutions.

### **Closing Remarks – FMC Commissioner Dye**

- No one supply chain actor can fix the problems the industry is facing, which is why the problems endure. We must work together to solve these issues, not simply collaborate. The Memphis Innovation Team has decided to act to fix the issues its market faces.

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<sup>1</sup> See “August 2021” and “July 2021” sections here for more information: <https://prod.stb.gov/news-communications/non-docketed-public-correspondence/>.