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Transport by Inland Container

by Professor Hellmuth St. Seidenfus, Münster

There is probably no feature of the traffic system which reflects the trend towards integrated use of the means of transport according to the requirements of the consignor of freight and thus suiting demand as clearly as does the development of new chains of transport by containerisation of a part of the freight conveyance. This development however raises considerable technical, economic-organisational and legal problems; for the concentration and specialisation which can today be seen to result from transport integration will not lead to lasting rationalisation of the chains of transport unless the horizontal and vertical co-operation between transport operators can be intensified and thus made more effective on the technological level, in management and in the allocation of transport carriers.

The Role of Railways

It is no longer seriously questioned that the container, as a transcontainer, has established itself as a means of rationalising chains of transport in a sector of intercontinental traffic. Its wider use will depend on success in organising a relatively even flow of containers and avoiding carrying empty transcontainers, in creating appropriate facilities for handling containers in the peripheral world trade ports and in adapting transport conditions inland to transcontainer requirements so as to ease their smooth movement to and from seaports. This last-mentioned criterion applies likewise to the inland container but views are quite divided as to the opportunities for the development of the latter.

Little can as yet be said at present about the role which the European railways will play in future in handling this traffic. Leaving the Scandinavian traffic and that between continental Europe and Great Britain aside, it may indeed be asked whether any substantial rationalisation effects can be achieved in the railway sector by containerisation at all. It is quite uncertain how far Great Britain, the only country in Europe to have initiated an internal (freight-liner) container traffic system, can be regarded as showing the way, at least insofar as such internal container traffic must satisfy economic yardsticks. The International Union of Railways' forecast of 26–36 mn tons of

container freight in 1975 cannot lessen these doubts, for it can be shown that because of the high cost of feeder services rail carriage of containers is economic only over distances in excess of about 500 km. Assuming that charges are fixed with due regard to economic principles, the railways are unlikely to prove superior to the roads over shorter distances except in the case of complete trainloads for one destination.

Co-ordinated Vehicle and Container Operation

The competitive strength of road transport is determined essentially by its ability to organise a system ensuring high-capacity use of vehicles suited to the carriage of containers. This requires a co-ordinated operation of vehicles and containers beyond the capacity of small enterprises. For this reason the big road transport undertakings, most of which have their own collecting and delivering facilities, are likely to be the pioneers in the intra-continental container traffic. Small firms have no chance of holding their own in this field if they cannot develop suitable forms of co-operation.

The carriage of containers on inland waterways is, in comparison, of marginal significance only. The Rhine alone is likely to offer some opportunities in the longer run, and that only in the section between the Dutch seaports and the Ruhr region. The inland container offers to industrial and commercial freight consignors basically the same advantages through rationalisation as accrue from the transcontainer — lower transport costs, economies in packing and speed-up of conveyance. To what extent these benefits are utilised and new markets opened to goods producers by rationalisation of the chains of transport depends on the growth of demand for semi-manufactures and finished products suited to conveyance by container. On the other hand, it must be borne in mind that a fairly substantial proportion of all freight today lends itself already to conveyance by inland container. The pace of progress in this modern transport sector is probably slowed down by economic (and organisational) restraints rather than by technical ones.

The substitution of the container for traditional modes of carriage cannot make headway if the

transport user is not offered certain freight advantages, apart from economies in packing. Without co-operation between the operators which together form a transport chain it will however hardly be possible to adjust the aggregated loading point-to-destination charges quickly to altered market conditions. The change-over of the German Federal Railway from classification by value to combined volume-weight rating for containers must certainly be assessed as a big step forward; but as far as the transport user's interest is concerned, it is not big enough.

Industrial and commercial freight consignors will rarely be in a position to provide containers of their own. Without container pools the technical advance inherent in containerisation is therefore likely to remain largely unexploited. It is certainly not possible at present to organise a competitively neutral container pool because the container is still a competitive weapon in the hands of shipping and railway companies, as the development by the German Federal Railway of its own type of inland container exemplifies. Having regard to the importance of cutting down on unladen running, absence of such pooling imposes a handicap on the wider use of containers which must not be underrated.

An examination of the position of the container as it applies to inland transport operators will lead to the conclusion that more intensive forms of co-operation must be found than have been put into practice hitherto. A transport chain is made up of complementary economic activities. There should be an optimum of mutual adjustment between them without impairing their individual utility. Container companies, joint forwarding and similar forms of co-operation seem to be suitable expedients for bringing about the necessary adjustments. Not only would it have the positive effect of improving economic performance by the organisation of optimal chains of transport, but without adjustments between the transport undertakings through concerted action it will scarcely be possible to do proper justice to the requirements of freight consignors.

Opportunities not Exhausted

Technical-organisational co-operation by the transport operators is indispensable for full utilisation of the opportunities for technical rationalisation offered by the container traffic. It comprises above all

- ☐ joint planning in the procurement of containers,
- ☐ co-ordinated deployment of the jointly-controlled containers,

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PROBLEME DER EINFÜHRUNG DES CONTAINERVERKEHRS

(Problems of Introducing Container Traffic)

by Klaus Beplat

The container revolutionises the traditional forwarding business. The focal point of the present study is the analysis of problems arising in the enterprises from the introduction of container traffic. The highly specialised supply of container capacities, which are being developed or are already operating, will under all circumstances try to attract that demand which is necessary for their utilisation. It is therefore justified to compare the significance of containerisation for a certain sector of the transport business with the structural changes which industrialisation involved.

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- ☐ joint supervision of the execution of operational tasks, and
- ☐ joint financing.

It cannot be said that these opportunities are being made use of today. It appears rather that isolated chains of transport are coming into being, with the container-operating shipping and railway companies in the lead, which shows once more that technical developments are exercising an (under economic aspects) inappropriate influence on the combination of production factors insofar as what is technically the optimum degree of efficiency of the individual enterprise is not the optimum from the point of view of the economy as a whole. There is no consultation on the general use of certain new transport receptacles, trans-loading appliances, etc., between these transport chains. Application of new management and control processes in the framework of integrated EDP-controlled systems becomes impossible. Taking an overall view, the integrated traffic system involving the use of containers cannot develop its full efficacy.

Avoidable Wastage

The issue will ultimately be how to offer freight consignors an optimum of choice between the technical facilities made available by the rationalisation of the chains of transport. This brings us back to the question how economic interests and technical possibilities can be aligned. The appropriate instrument is vertical co-operation. Having regard to the interrelation of manufacturing unit, loading unit and transport unit, harmonisation of standard package sizes, on the one hand, and pallet and container units, on the other, by arrangements between transport users and operators becomes indispensable. The standards used by industrial producers in their own enterprises conflict with the economic unit standards for the means of transport. At present the necessary interchangeability of the wherewithals of integrated transport (pallets, containers) is not even assured by general compliance with ISO standards by freight consignors. Interchangeability however is an indispensable prerequisite for cutting down on unladen running (especially of containers), irrespective of whether it is attempted as part of the transport policy of an enterprise, a group of enterprises or a (competitively neutral) container company. There are as yet no unification or standardisation conventions aimed at developing "ideal" pallet and container types.

Statutory Law and Information Gaps

Important prerequisites for the speedy utilisation of the opportunities for rationalisation offered by

the container traffic are that the relevant laws should be aligned, tax, customs and insurance regulations be adjusted and, besides, the effects of transport policies be brought into harmony. The recent conflict between the Netherlands and the Federal Republic of Germany about the admissibility of rate reductions, which are in the nature of a discount, made by the German Federal Railway for the conveyance of containers to German seaports makes it clear that the container traffic can no longer be regarded as a purely national matter in EEC countries.

Although it cannot be denied that large transport undertakings (shipping and railway companies) and transport stations (seaports) are making efforts to quantify the prospective trend of the container traffic in advance by means of sophisticated market investigations, the information thus obtained cannot be described as the best possible basis for decisions on the extensive investments to be carried out. It is being ascertained in isolation for the field of action in question and therefore as a rule does not take information available to other undertakings into account.

Organisational Tasks

If this information gap is not eliminated, freight consignors will not always be able to make a sufficiently differentiating and, at the same time, realistic assessment of the container traffic. It is for the transport operators (and forwarding agents) in particular to set the right signals by making clear what technical solutions are possible and what costs are involved in their implementation.

It will be a long road to the completion of the "trilogy" of manufacturing unit—loading unit—transport unit and the establishment of container traffic on lines resembling a conveyor belt. The necessary processes of horizontal and vertical adjustment between the potential links in the transport chains which begin and end with the transport users have not by any means been carried out as comprehensively as required to take in all technically and economically "containerisable" goods.

It is demonstrated once more that new techniques call for new complementary forms of organisation, including new legal provisions, if they are to help in improving production conditions. It can no longer be doubted that rationalisation of the transport chain with the aid of the container is capable of giving an impetus to productivity and growth in intercontinental as well as inland traffic. There is all the more reason to hope that it will be possible for this development to proceed unhampered by organisational and institutional bottlenecks.