In summary, the 1977 Tariff:

1. Provided lower rates than the usual rail/barge combinations an individual company could negotiate on its own.

2. The low rates provided effective competition between large and small elevators, rail and truck, and between rail and barge carriers; and,

3. It was a big step in Iowa toward inter-modal transportation movements.

Rail/Water Coordination Achieved by the CSX/ACBL Merger

by
William F. Huneke
Association of American Railroads

CSX - ACBL Merger Update

The last hurdle that CSX could face in its purchase of American Commercial Barge Lines (ACBL) is possible Supreme Court review. The CSX-ACBL merger was approved by the Interstate Commerce Commission (ICC) in July 1984. After the Sixth Circuit Court of Appeals issued a 2-1 decision upholding the ICC ruling in January 1986, barge interests asked the Supreme Court in June 1986 to review the appeals court decision. There is no decision yet on whether the Supreme Court will review.

Merger Approved

On July 24, 1984, the ICC voted to permit CSX to proceed with its purchase of ACBL. Discussion focused on how to interpret the Panama Canal Act of 1912. The commission said it was able to permit the merger because the Panama Canal Act does not flatly prohibit common ownership of railroads and barges. The final ICC vote was decided on whether the merger would reduce competition among barge operators. Reese H. Taylor, then ICC Chairman, believed it would not. The final decision required annual ICC review of the impact of the merger for five years because a number of commissioners expressed concern about the barge industry's competitive future. The ICC completed the first annual review in June 1986. Judge Paul S. Cross, presiding over the oversight hearing, determined that shippers were satisfied with the merger.

Appeal Denied

In January 1986, the Sixth Circuit Court of Appeals in Cincinnati, Ohio, upheld the ICC decision by a 2-1 vote. The Water Transport Association (WTA) filed the appeal in late 1984 arguing that the ICC decision permitting the CSX-ACBL merger would violate the intent of the Panama Canal Act of 1912. Writing for the majority,

Circuit Judge Cornelia G. Kennedy found that the ICC's approval of the acquisition did not violate the act. Kennedy pointed out that 1940 legislation reenacting the earlier law had relaxed original strict controls on rail-barge mergers, and given ICC greater latitude in authorizing such mergers.

Supreme Court Petitioned

The WTA and other barge interests petitioned the Supreme Court in June 1986 asking the high court to review the appeals court decision. The petitioners argued that the Panama Canal Act had been misinterpreted. They claimed that the appeals court misconstrued the Act by finding that the ICC was not required to consider the effect of the acquisition on rail-barge competition and that the commission could limit the scope of its analysis to competition among barge lines.

While observers wait for Supreme Court reaction to WTA's request, CSX has taken its plans to become a one-stop carrier one step further with the acquisition of Sea-Land Corporation.

CSX/Sea-Land

In mid-July, 1986, CSX formally applied for ICC approval of the acquisition of Sea-Land Corporation. Sea-Land is one of the world's largest containership lines, with a fleet of 57 vessels. The ICC will first have to decide how to review the application, because such a rail-steamship merger is without precedent. There are two possible paths that ICC review could follow. The first, favored by CSX, would be for the commission to consider the application under the Panama Canal Act. The second and more lengthy process, favored by American President Company, an opponent of a CSX-Sea-Land merger, would be for the commission to review the application using the same criteria that it uses in reviewing railroad mergers. American President Company argues that Sea-Land's Little Ferry rail terminal operation is large enough to qualify Sea-Land as a major railroad for ICC merger proceedings. The first process could take as little as a year, the second as long as 31 months.

Double-Stack Container Trains Link the Nation's Ports

by
Harold J. Cerveny
Trailer Train Company

The Association of American Railroads (AAR) estimates that a double-stack train can save up to 50 percent in crew costs over a standard trailer-on-flatcar (TOFC) train. In addition, double-stack trains can save up to 35 percent on fuel costs and locomotive costs and up to 28 percent on rail right-of-way maintenance costs. The AAR estimates that most imported containers are for local delivery within 200 to 300 miles of the port of entry. Railroads handle 80 percent or more of the imported containers that have a destination over 300 to 400 miles from the port.

Several issues of concern to Trailer Train in the future development of double-stack service are:

- What are the real cost savings in double-stack service over TOFC service?

- Can expenditures needed for terminal facilities and increased bridge clearances be justified?

- Does all-water vessel service threaten double-stack andbridge service?