

LINER TRAIN AND MARKETING SYSTEM
IMPLEMENTED BY
AMERICAN PRESIDENT LINES

By

Michael D. Morris
American President Intermodal

This presentation provides an overview of recent innovations undertaken by American President Company (APC), the parent company of American President Lines (APL) and American President Intermodal (API), in the development of a full distribution service. This effort was undertaken primarily to reduce the costs of shipping containers from the West Coast, and has led to the introduction of double-stack container train service.

The photograph shows a number of loaded double-stack cars which are capable of handling containers of all lengths including 20, 40, 45, and 48 feet. The rail network on which APL runs its double-stack trains crosses the U.S. and Canada. APL is presently running 16 stack-trains per week with a capacity of 350,000 FEU's (Forty-foot equivalent units) in 595 double-stack cars.

The growth of double-stack operations by steamship companies such as APL was the result of a decision not to run ships in around-the-world service or to run the ships through the Panama Canal to the East Coast. To get containers from the Far East to the U.S. Midwest and East Coast, it was necessary to develop intermodal services in cooperation with the railroads. About 60% of APL's container business is not destined for the West Coast; it goes to the interior or East Coast.

One problem that arose early in the service was the heavy imbalance of loaded eastbound containers to the U.S. and empty westbound containers from the U.S. This has now resulted in a decision by steamship companies to get into the business of handling domestic containers to create loaded back hauls, and fortunately, California is a big consumer of domestic products. APL is projecting that domestic stack-train business will soon exceed the foreign stack-train business.

Economic and operational savings that have been generated from the use of the double-stack trains versus the use of conventional container-on-flatcar trains are as follows:

- 55% reduction in equipment tare weight per FEU
- 15%-20% reduction in fuel consumption
- 50% labor reduction in train crew cost per FEU
- 33% reduction in railcar and locomotive capital costs for an equivalent carrying capacity
- 20%-30% reduction in railcar maintenance due to longer wheel life and fewer replacements of wheels and brake shoes
- Improved lateral stability in the ride and less vertical vibration.

