

6) consolidating LTL and LCL lots into full load shipments.

The main advantage of dealing with shippers' agents for intermodal services is that it can be faster and cheaper than negotiating with a railway. Deregulation of TOFC traffic in the U.S. means that these large volume intermediaries have been able to negotiate excellent contract rates with American railroads. Further, as important rail users, shippers' agents keep themselves fully informed on ever-changing U.S. railway rates and service offerings, thereby eliminating a lot of complex "homework" for shippers trying to muddle through options in the deregulated U.S. rail environment.

The shippers' agent negotiates volume rates for trailers he expects to ship which enables him to quote a firm price to the shipper at the outset. Discounts which shippers' agents can negotiate range from 10 to 30 per cent on trailer rates normally quoted by intermodal carriers. In this fashion, the agent can still make a profit while providing rates that are better than shippers can obtain themselves. Rates quoted are FAK without commodity distinctions. Each shippers' agent has strengths and therefore better rates and services in certain traffic lanes.

Several shippers' agents offering service between British Columbia/Alberta and the Western Mainland United States are listed on pages 56 and 57. A shippers' agent providing service between Western Canada and Alaska is listed on page 64. More information on these intermediaries is available from sources provided on page 70.

#### Shippers' Associations/Co-ops

Another type of intermediary, shippers' associations or co-ops are non-profit organizations which consolidate freight for their members to take advantage of volume and multiple-trailerload or multiple-carload rates. As non-profit organizations they are not subject to ICC regulation and can offer substantial benefits to shippers. Discounts of 10 to 15 per cent below the normal rates of the various modes are offered to members who pay a yearly fee. However, the shipper and receivers must be located close to the consolidation/distribution points served by the association.

Once a shipper becomes a member of the association he may be required to spend time on the board of directors. Also, there is the disadvantage to the shipper of paying, through membership fees, for services that he may not use (such as LTL consolidation). Also, if the association goes out of business, members of that association may be liable for the co-op's debts even if the shipper has paid the co-op for all services rendered to him.

Some shippers' associations have established terminals at selected points of origin and destination. Once small shipments have been received at the terminal point of origin, they are consolidated into carloads and transported to the destination terminal point.

The member is charged the carload or truckload rate (as opposed to LTL rates) on his shipments plus the cost of handling. At the end of the year, the profit or loss is shared by the members in proportion to the volume of shipments transported through the association.

Shippers' associations also enter into contracts with railways which results in a