

Marine

Among all the modes, water transportation is the least expensive and the slowest. The U.S. inland waterway system consists of the Mississippi River system running from Minneapolis-St. Paul, Minnesota to New Orleans, Louisiana; the Ohio River system which runs from Paducah, Kentucky to Pittsburgh, Pennsylvania; and, the Tennessee River system which flows into the Ohio River near its confluence with the Mississippi. Principal products moving on U.S. inland waterways have typically included coal, grain, ores and minerals.

Waterway rates vary by distance, commodity and type of service. An average barge rate for a 1,500-mile movement is approximately \$7.50 (U.S.) per ton, \$5.50 (U.S.) per ton for a 1,000-mile movement. A 1,000-mile movement by water carrier is likely to take 15 days or more.

To date, Canadian companies have been using the U.S. inland waterway system to ship bulk primary resources such as potash and grain. Such shipments involve rail transport from Central Canadian points to rail/barge transshipment points at Minneapolis and Cincinnati for movement beyond by water, or laker transport on the Great Lakes to Chicago for transloading into barges and shipment down the Mississippi via the Illinois Waterway.

While these historical types of bulk movements are of no interest to this report's audience, it should be noted that as of summer 1984, a new company (Leaseway Barge: Cleveland, Ohio, Tel: (216) 464-3300 Ext. 4336) is offering container-on-barge service between Chicago and New Orleans. With rates up to 30 per cent lower than rail rates, and rising shipper interest, this truly unique intermodal option will likely spread to the rest of the inland waterway system. This very recent development is an example of new transportation innovations frequently emerging in the deregulated American transportation environment. Shippers with 20,000 and 40,000 lb. container volumes should watch for future marine developments.

B. USING MIDDLEMEN

Freight Forwarders

Freight forwarders act as intermediaries between shippers and carriers, arranging both domestic and international transportation. Forwarders' services range from the simple booking of transportation space to organizing and coordinating the movement of goods from door-to-door on behalf of their clients. The freight forwarder knowledgeable in all transportation modes can advise the selection of mode best suited to your needs (speed, rates, etc. . .). For this reason, companies wishing to export to a new market for the first time could use a forwarder until they become familiar enough with the new market to handle matters themselves.

Forwarders derive much of their income from carriers (in particular, airlines) and charge shippers nominal fees for ancillary services. You can therefore tap into a freight forwarder's knowledge of transportation to markets which are unfamiliar to you for a dollar cost similar to what you would pay if you arranged the door-to-door export movement yourself, but at a much reduced personal time cost on your part.

The freight forwarder can act as an agent by arranging for the reservation of cargo space, the execution of handling and packaging requirements, and the loading/unloading of the goods for further transportation to/from central points as well as passage and transit operations. The freight forwarder will present and prepare the necessary shipping documents and arrange for appropriate insurance coverage (if requested), all without necessarily handling the goods himself. In addition, some freight forwarders will act as indirect carriers by pooling or consolidating small shipments into carload, truckload, or container load lots, transporting them (using all types of carriers and sometimes including their own trucks) and delivering them to the ultimate consignee at a single rate for the through door-to-door movement. This rate is generally lower than the rate a small shipper could obtain if he dealt with the carrier directly. Air and surface forwarders also buy cargo space in large lots at wholesale prices from carriers and sell it at retail prices in small lots to shippers. The service and rates associated with consolidated shipments can be excellent if the forwarder controls large volumes in traffic lanes where his services are strong.

Rates are charged in accordance with tariffs that apply to the commodities being shipped depending on which mode the shipper and forwarder decide is most appropriate. For example, if speedy service is required, the relatively expensive air mode will be used; if cost is much more important than speed, a pool-car or piggyback consolidation may be selected. Therefore, while a shipper can avail himself of advantages through forwarders' bargaining power within a particular mode, *the magnitude of rate relationships among the modes will still apply. Furthermore, forwarders' speed of service and delivery reliability are directly dependent on the type of mode/carrier they select on your behalf.*

It is also noted that independent U.S. truckers (owner-operators) often contact freight forwarders to seek backhauls to the Southern U.S. Some of these independents have contractual lease arrangements with forwarders in Ontario and Quebec. These types of arrangements can enhance the attractiveness of rates that forwarders can offer to shippers of all sizes. However, not all forwarders can offer a full variety of arrangements so it is best to obtain firm rate quotes from several of them.