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CIMC, which was the largest supplier of chassis to the US, has been largely eliminated from the finished chassis market, only importing subcomponents such as frames into the US because of crippling duties. Photo credit: Ari Ashe.

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US chassis manufacturers believe it will take until the third quarter of 2022 before every chassis order placed in 2021 will be fulfilled, which will keep the US container shipping system in a fragile state through the first half, absent a significant slowdown in imports.



Chassis are circulating more slowly than usual as importers take longer to unload containers and trucking companies struggle to return empty boxes. When terminals do not accept empty containers, the chassis underneath are also stuck in limbo.

Ports, railroads, and trucking companies are desperate to inject chassis to address the supply shortage, but several of the same issues disrupting the supply chain are also hurting chassis production.

Chassis manufacturers in the US, for example, have generally been unable to hire enough workers to operate production lines.

"We have to get a little bit more aggressive with wages, and we've also done some creative things with referral bonuses," Kent Musick, president of Bridgman, Michigan-based chassis manufacturer Pratt Industries, told JOC.com. "As a strategic move, we moved to weekly payroll, instead of biweekly, to entice more people to come on board with us. We're looking at every avenue we can to be the employer of choice in our area."

Stoughton Trailers, headquartered in Stoughton, Wisconsin, has looked to tap the workforce in Puerto Rico to fill jobs building truck trailers and chassis. It has also worked with the US government to use an employment-based immigration program called EB-3.

Chassis manufacturers are also running into delays in acquiring subcomponents such as air tanks, axles, and suspension systems, which has caused the production cycle to take longer than anticipated. Several of the subcomponents in chassis are also necessary to construct truck trailers, which are also in high demand in the US.

"It's the most challenging supply chain environment that I've ever participated in over 25 years in the industry," Robert Wahlin, president of Stoughton Trailers, told JOC.com. "Everybody is struggling with that same thing. Our suppliers are trying to ramp up. They're training new people; they're recruiting and dealing with turnover."

Nevertheless, US manufacturers are making progress in building up their production capacity.

Stoughton will have the capacity to produce 15,000 chassis annually by the first quarter of 2022 and 25,000 units by the third quarter. Pratt has production capacity for 4,000 chassis annually, and if the company has enough demand and labor, the number could rise to 6,000 units in 2022, Musick said.

The Coalition of American Chassis Manufacturers told the Biden administration in October that US chassis manufacturers have hired hundreds of new workers and invested millions of dollars to increase production and capacity by more than 400 percent in 2021 with additional planned expansions.

To rescind, or not to rescind?

Until 2021, China Intermodal Marine Containers (CIMC) was the single largest supplier of chassis to the US market. But CIMC was largely knocked out of the finished chassis market after Trump administration tariffs and Biden administration duties increased the total cost of importing chassis made in China by more than 200 percent.

Port directors in Charleston, Long Beach, Los Angeles, New York and New Jersey, Oakland, and the Northwest Seaport Alliance of Seattle and Tacoma have called on the Biden administration to permit

CIMC to re-enter the US market until chassis supply eases.

“We should not limit the supply of chassis until we catch up on the demand for new chassis and modernize the fleet, since many chassis are 15 years old or more,” Jim Newsome, CEO of the South Carolina Ports Authority, told JOC.com. “We also should give the US chassis manufacturers more financial incentives, to help them add more capacity through grants or tax credits.”

The coalition rebuffed this call, however, urging the Biden administration to keep the additional import duties in place.

“The systemic problems at the ports result from lack of available dock space to accommodate a surge of container ships carrying Chinese goods, lack of available warehousing space, and a shortage of workers to unload cargo ships,” the coalition wrote in an October letter to President Joe Biden. “Let us be clear, the way to solve these problems is not on the backs of American manufacturers and their workers. Tragically, removing the tariffs will only cause more American workers to lose their jobs without fixing the root cause of the supply chain problems.”

Even if the Biden administration were to rescind the tariffs and duties on Chinese-made chassis, there would still be the problem of getting the finished equipment into the US.

In the past, CIMC chassis were most often imported through the Port of Los Angeles and Long Beach, unless the customer was based on the East Coast, such as the Port of Virginia, according to PIERS, a sister product of JOC.com within IHS Markit. If CIMC resumed manufacturing chassis in China for export to the US, those units would be delayed by the backlog of container ships waiting outside the busiest US port complex, an issue already hampering delivery of chassis produced in Vietnam and Taiwan.

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