

ISSUE BRIEF

Transportation costs expected to increase due to CCSB reclassification of product categories, carriers applying greater scrutiny to shipment classifications

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What change(s) are being proposed?

The transportation industry has undergone tremendous change in the past few years. New regulations have reduced the number of hours qualified drivers can operate and tightened driver qualifications – which reduced the number of qualified drivers. In addition, the struggling economy has impacted fleet owners who are not reinvesting in their vehicles; as a result, the number of trucks in use is shrinking. These combined changes have created an industry-wide capacity crunch.

The transportation industry is responding to its reduced capacity in two ways, both of which are increasing costs, especially to LTL – or less than truckload – shippers like many NAFEM members:

1. Stepped up auditing and reclassification of current shipments, usually at higher rates, and
2. Reclassification of many commodity categories, resulting in higher rates for future shipments.

What organization is considering implementing the change(s)?

The National Motor Freight Transportation Association's (NMFTA) Commodity Classification Standards Board (CCSB) identifies 18 freight classes, ranging from class 50 (the least expensive) to class 500 (the most expensive). These classifications are based on an item's density, stowability, handling and liability. Because many of CCSB's classifications are decades old, the organization is undergoing a systemic evaluation of all classifications. As a result, in the past few years the CCSB has amended or proposed to amend the classifications for numerous foodservice equipment products. Most often, these amendments increase the class, and therefore the cost of shipping.

How will this proposed change impact my business and the foodservice equipment industry?

The CCSB's reevaluation of freight classes resulted in higher shipping fees for a number of foodservice equipment items. For example, freight costs for refrigerators and freezers increased 30 to 50 percent in 2014. Because the transportation industry has more demand than supply, we expect CCSB to continue to amend shipping classifications for foodservice equipment – and many other categories – for the foreseeable future. For more information, read the latest [CCSB Docket](#).

What is NAFEM doing to address this issue?

NAFEM is closely watching this issue and advocating on its members' behalf with the CCSB, as well as addressing the issue with allied associations and the Small Business Association Office of Advocacy. NAFEM will continue to update its members as this work progresses.

What should my company do to address this issue?

- Given the transportation industry's increased emphasis on auditing, members should carefully review and label shipments with proper, complete descriptions.
- Because current regulations state that any shipment can be reclassified as a density item (and costlier to ship) where freight on a pallet does not occupy at least 65 percent of the surface area of the pallet, members should make sure they comply with this requirement.
- We may ask member companies to join NAFEM in opposing future recommended changes; being ready to share details about the impact on your company will be important.
- NAFEM will continue to keep members updated on this issue. Also, visit the Advocacy section of www.NAFEM.org to learn more.

Questions?

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