

After the Automotive Industry Action Group publishes its guidelines, it hopes to begin a container-tracking RFID pilot with an automotive supplier.

By Beth Bacheldor

Oct. 30, 2006—In the spring of 2007, the [Automotive Industry Action Group](#) (AIAG) expects to release guidelines on how RFID tags and other technologies can track returnable or reusable containers used to move automotive parts up and down the supply chain. Once the study is complete, says Morris Brown, the AIAG's program manager of materials management, the auto industry group hopes to begin an RFID pilot with an automotive supplier.

Automakers spend on average of \$673 million annually on metal, wood and plastic totes, racks, pallets and other containers. Since August 2005, the AIAG has been exploring how RFID can help lower those costs, which have escalated because returnable containers get misplaced or stolen.



Morris Brown, AIAG

"Returnable containers are pretty much a standing line item in companies' budgets," says Brown. Typically, the only identifying markers on such containers are the names of the companies, which include automakers, suppliers and distributors. "Shrinkage is a big problem. They do tend to disappear. It's not surprising to see pumpkins or other goods for sale that are stacked on returnable totes or pallets that say, for example, 'Property of Ford,'" Brown says.

RFID, he says, would provide the industry a better way to track returnable containers as they move among companies and are cleaned, repaired, replaced and disposed of. "There are a lot of events regarding returnable containers that companies would like to keep track of," Brown says.

The AIAG has been working with more than a dozen companies, including [DaimlerChrysler](#), [Ford](#), [General Motors](#) (GM), RFID hardware provider [Intellex](#), RFID systems integrator [Lowry](#), systems integrator [Schaefer Systems](#) and auto parts supplier [Visteon](#), to craft new guidelines that will detail RFID and other tracking technologies, including bar-code labels, that can be used to track the containers (see [Carmakers Study RFID's ROI for Racks](#)).

The guidelines will outline the business cases for tracking returnable containers, and feature sections on the different types of returnable containers. These containers vary from expensive metal racks used to transport larger, custom automotive parts, to wheel packs that fit on pallets, and down to smaller plastic totes. The guidelines will also discuss data formats and the use of electronic messaging to share RFID and other identification data up and down the supply chain.

In addition, Brown says, the AIAG is working with [EPCglobal](#), [ISO](#), [Odette](#) and [JAMA](#) (AIAG's sister organizations in Europe and Japan, respectively) and [the Japan Auto Parts Industries Association](#)

(JAPIA), as it studies RFID's use on returnable containers and crafts the guidelines.

The AIAG has actively been involved in other RFID initiatives (see [Tag Proposal Addresses Industry Needs](#), and is not the only industry group studying RFID's use on returnable containers. This past summer, for instance, the [Reusable Pallet and Container Coalition](#) (RPCC) began lab tests to examine the durability of EPC Gen 2 RFID tags used in conjunction with reusable containers made of wood, steel, plastic or other materials (see [Reusable Pallet and Container Coalition Studies RFID](#)).