



SOUTHERN CALIFORNIA PORT DELAYS

November 3, 2014

Despite several moves to improve the gridlock at Los Angeles-Long Beach, the situation is not improving and officials are saying that at least in regard to one of the core reasons - lack of chassis - the situation may not be resolved for several months.

Federal Maritime Chairman Mario Cordero, a former Long Beach port commissioner, is calling for a temporary suspension of daytime truck fees. The congestion has led to a sharp decline in intermodal movements out of the LA-Long Beach port that is being felt in Chicago.

The uneven management of trailers is causing shortages at some terminals and mile-long congestion at others. Compounding the inefficiency and delay, truckers sometimes have to make multiple trips before finally locating an available trailer. The leasing companies disagree with this assessment, and insist that the massive container ships and a shortage of truck drivers are to blame. A statement made by the National Retail Federation suggested that protracted labor negotiations were also contributing to the long delay. The ILWU declined to comment. These delays are expected to last until the middle of November and are affecting the holiday season shopping.

The terminals at both ports have been scrambling to manage the problem sending truckers to different terminals to pick up and return containers for export shipments. Delays have caused abrupt changes in cargo cut off dates and times which gives the carrier little time to alert customers causing truckers to be turned away because vessels have delayed receiving dates.

On October 10th, it was announced that two truck chassis providers, DCLI and TRAC would add 3,000 chassis to the local fleet over the next few weeks to help with the congestion problem. A few days later, the Port of Long Beach Board of Harbor Commissioners directed its staff to develop plans for buying and providing thousands of truck chassis for congestion relief during peak periods which is probably a first. Ports aren't normally in the chassis business. But the Long Beach port's new executive director, Jon Slangerup, who previously was president of FedEx Canada, believes that port needs to be more in the logistic coordination business. Meanwhile, to clear backlogged containers, the Port of Los Angeles has zeroed in on extra space to store containers outside the docs while they await pick up. Spokesman Phillip Sanfield said the Port of LA has identified a 14-acre site on Terminal Island as well as another spot there for temporary extra storage space. And many terminals have set up extra "hoot owl" shifts with temporary laborers earning overtime pay to work between 3 and 8 am, when most gates are closed.

Atlanta, Chicago, Houston, Los Angeles, Miami, Oakland, Red Bank NJ, Seattle
Phone 800 624 7447 · Website www.seashipping.com



On Thursday, October 30th, 2014, the four companies that control about 95 percent of the chassis at Los Angeles-Long Beach agreed to develop a neutral or gray chassis pool for the largest port complex in the Americas, with the phased rollout to begin on February 1, 2015. Direct ChassisLink, TRAC Intermodal, Flexi-Van and SSA Marine are committed to be willing participants in working toward developing a new model for Los Angeles-Long Beach, and to begin a phased implementation of the new model which will mean that the assets of four chassis pools will be interoperable, which means that a trucker pulling a container and chassis can pick up or deliver equipment at any of the 13 terminals in the harbor without regard to which pool services a particular shipping line or terminal. A third party will handle back office services including billing.

The 13 container terminals will be represented in development of the new model by the West Coast Marine Terminal Operators' Association. Gene Seroka, the port's executive director says that the parties believe it will be easier to move the process along through the association rather than having to work individually with all terminals.

Adding to this the problem, the ILWU and the Pacific Maritime Association which represents the marine terminals and cargo carriers that employ them are still negotiating a new 6 year contract that expired July 1st. Longshore workers remain on the job in Southern California, but there have been work slowdowns and walk-outs at the Port of Portland and the Port of Oakland. There are many issues that need to be resolved quickly for cargo to flow through the two ports in LA and Long Beach. If the issues aren't resolved soon, experts warn that the cargo will go elsewhere.

Regards,
Sea Shipping Line eNews