

BRIEF

Cargo surge leads to congestion at Southern California ports

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Dive Brief:

- An import surge across the country — led by a rush to bring in product before Chinese New Year and a scheduled tariff increase on March 2 — is leading to congestion at the ports of Los Angeles and Long Beach, according to a customer advisory sent by American Global Logistics (AGL).
- As a result, ports are facing chassis shortages, constrained trucker availability, long dwell times for ships at berth and difficulties in scheduling labor to manage all of these. "It just is like a domino effect," AGL CEO Jon Slangerup told Supply Chain Dive. "In logistics, we suffer from this a lot."
- The ports are planning to use the slowdown of cargo during Chinese New Year to "work down imports on terminals," according to statements emailed to Supply Chain Dive.

Dive Insight:

When imports surge, port congestion is typically caused by a lack of resources available to handle volume shifts.

"Terminals are having different levels of volume spikes. And so the ability to move container loaders around the different terminals is one problem, combined with the fact at the same time the empties that are waiting to be returned back to market in Asia are also backlogged," said Slangerup.

Empty containers, meanwhile, are all attached to chassis, which means one less piece of equipment is available to move freight

through ports. And the labor required to move equipment around causes another resource allocation issue.

It's the domino effect Slangerup refers to, and one that requires all actors — from marine terminal operators (MTOs) to the International Longshore and Warehouse Union (ILWU) — to collaborate to fix.

"MTOs, ILWU, shipping lines, truckers and other stakeholders are working hard to manage resources," Port of Long Beach Executive Director Mario Cordero said in a statement. "The Port is working closely with all of our partners to move containers through the harbor and we thank everyone for their patience."

Resource allocation is always a challenge before Chinese New Year, but this year it was aggravated by the rush of imports coming into ports before tariffs on billions of dollars worth of Chinese goods rise to 25% on March 2. The ports will need the full week of slowdowns caused by a week of holiday celebrations in China to recover efficiency.

In a statement, the Port of Los Angeles said it will use that time to "aggressively pursue empty containers and chassis returns along with liner company box repositioning back to Asia. These actions will prepare us for the short-term cargo arrivals prior to the March 1 deadline set on the tariff negotiations."


Though increased volumes have affected all ports, not all are suffering from congestion at the scale of the Southern California ports.


"We're not hearing about congestion in Oakland," Mike Zampa, communications director at the Port of Oakland, told Supply Chain Dive in an email. "There have been a few extra night gates and a couple of Saturday gates in the past month to handle the cargo surge, but turn times at terminals are normal."


Slangerup explained the Port of Los Angeles and Port of Long Beach face the dual burden of being the top gateway for Chinese imports and handling large volumes of empty containers.

But he said the problems in Los Angeles and Long Beach are not as bad as "the perfect storm" that hit in 2014 and 2015, when the ports were gridlocked. "Nothing is gridlocked there. Just there [are] delays getting containers out of the terminals."

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