



August 18, 2020

Executive Directors Gene Seroka & Mario Cordero
Members of the Harbor Commissions
Ports of Los Angeles & Long Beach

RE: Port Competitiveness: Fixing Chassis Crisis, Empty>Returns and Dual-Transactions

On behalf of the undersigned coalition of associations representing beneficial cargo owners (BCO), shippers, and their transportation partners, we'd like to address the major issues currently impacting the operations of the San Pedro Bay port complex and hurting the port's competitiveness. Recently, due to market conditions, there has been an increase in freight moving through America's West Coast ports. However, shippers continue to struggle with massive inefficiencies resulting in an increased cost of doing business when using the Ports of Los Angeles and Long Beach.

The issues plaguing shippers and truckers are discussed every year, however have not been solved and every time there is a surge of cargo, the gateway struggles to perform. Since their inception, appointment systems have been a major contributing factor to the inefficiencies. Not because of what they can do, but rather due to technological limitations and, at times, suspect administrative practices that has used the appointment system to meter the gates to control costs or focus solely on turn-times. Currently, the complex is seeing a massive chassis shortage, trucker shortage, and terminal congestion. Appointment system limitations have made it increasingly more difficult to pick up and drop off containers during the allotted free-time or conduct dual transactions resulting in increased drayage costs and mounting unreasonable detention and demurrage costs for shippers using the San Pedro Bay port complex.

The port authorities have a unique opportunity to show BCO's and shippers that they are not only open for business, but that they actually want to attract freight back to the West Coast ports. We are asking the ports to explore the powers afforded to them to utilize their tariff to incentivize/require information sharing by the ocean carriers with the shippers and truckers to give them the capability of advanced planning, and the promotion of dual-transactions at marine terminals.

On May 18, 2020, the Federal Maritime Commission released their interpretive rule on detention and demurrage and Commissioner Rebecca Dye released recommendations for ocean carriers to follow to alleviate the issues experienced in the San Pedro Bay:





1. Truckers should be directed to return empty containers to the terminal here they were picked up, allowing them to make dual moves and reduce the number of chassis required.

2. Notice of terminal gate closures should be given no less than three days, and preferably seven days, before gate closing. At no time should a closure occur mid-shift.

3. Notice of blank sailings should be given not only to beneficial cargo owners (BCOs), but also posted prominently on a carrier's website, at least seven days in advance. Notice of bypassed ports should be posted at least 72 hours in advance.

4. Carriers and terminals should immediately seek to collaborate regarding Export Cargo Receiving Timelines with the goal of better coordinating their interaction.

5. That the Commission consider an Advisory Board consisting of ports, carriers, and MTOs in the interest of fostering and promoting greater collaboration across those three industry sectors.

Unfortunately, there has been little to no adoption of these recommendations by the ocean carriers.

The gateway's major issues were further outlined in a [commentary](#) in the Journal of Commerce, written by Weston LaBar, CEO of the Harbor Trucking Association. There, he outlined that by adopting 48-hours advanced notification on empty receiving locations and increasing the percentage of dual-transactions at the port's marine terminals, the gateway could simultaneously improve chassis availability, reduce truck congestion at the gate, better meet sustainability goals, and reduce costs to shippers.

If the Ports of Los Angeles and Long Beach want to attract customers back to the gateway, it is time to step in, work with stakeholders, and develop a strategy that will accomplish the efficiency goals of the gateway. Our ask is to develop and implement strategies that will accomplish the following:

- At least 48-hours of advanced notification of empty receiving locations by the ocean carriers published and displayed in a centralized location that will be easy for the trucker and BCO to find.
- Establish a minimum threshold for dual-transactions of at least 50% at each marine terminal and facilitate a strategy to incentivize this benchmark.



- Work to achieve a minimum number of appointment opportunities during the allotted free-time of laden and empty containers;
 - Prior to the adoption of appointment systems, the industry was afforded up to 7 shifts to retrieve an import or return an empty immediately as directed by the SSL within the minimum established free time. Now, during that same timespan, truckers typically have as little as 1-2 opportunities and in extreme episodes of congestion, the ability to pick up or drop off may not exist prior to the expiration of free time.
- Work towards strategies and best practices that reduce costs to shippers, increase gate productivity, and reduce the carbon footprint of the maritime community through operational efficiencies and not onerous and expensive mandates.
- We encourage the ports to use their authority to incentivize stakeholders to comply with the FMC's interpretive rule and recommendations for the gateway, and if need be, hold stakeholders accountable for creating inefficiencies in the port complex.
- Work collaboratively to develop policies as a gateway, and not two separate port authorities with vast input from the port industry stakeholders.
- We are ready and willing to work with the port authorities and broader stakeholder community to achieve collaborative success on these matters and reestablish the San Pedro Bay port complex as the gateway of choice for the BCO community. We hope the ports and broader stakeholder community are willing to do the same.

Sincerely,

Harbor Trucking Association
 California Trucking Association
 ATA Intermodal Motor Carriers Conference
 Agriculture Transportation Coalition
 National Retail Federation
 Gemini Shippers Group
 Agricultural & Food Transporters Conference
 American Apparel & Footwear Association
 American Cotton Shippers Association
 Auto Care Association
 California League of Food Producers
 California Retailers Association
 CAWA
 Coalition of New England Companies for Trade
 Columbia River Customs Brokers & Forwarders Association
 Customs Brokers & International Freight Forwarders Association of Washington State
 Customs Brokers and Forwarders of Northern California



Dairy Farmers of America
 Footware Distributers and Retailers of America
 Home Furnishings Association
 International Housewares Shippers Association, Inc.
 Leather and Hide Council of America
 Los Angeles Customs Brokers & Freight Forwarders Association
 Meat Import Council of America
 National Hay Association
 National Onion Association
 NCBFAA Shippers Association, Inc.
 North American Meat Institute
 Pacific Coast Council of Customs Brokers and Freight Forwarders Assns. Inc.
 Pacific Northwest Asia Shippers Association
 Retail Industry Leaders Association
 San Diego Customs Brokers Association
 Specialty Soya & Grains Alliance
 The Fashion Accessories Shippers Association
 The Fashion Jewelry and Accessories Trade Association
 Toy Shippers Association, Inc.
 Travel Goods Association
 U.S. Forage Export Council
 United Fresh Produce Association
 United States Fashion Industry Association
 USSA Global
 Wine and Spirits Shippers Association Inc.