UPDATE: LA/LGB Port Congestion

January 9, 2019

Dear Partner,

The Los Angeles-Long Beach terminal congestion got worse this week due to labor shortages over the New Year holiday. According to JOC, Bill Mongelluzzo, Senior Editor / Jan 04, 2019 10:10AM EST.

The terminal congestion problem was compounded by the Christmas and New Year holidays, which are no-work days under the waterfront contract. Additionally, Christmas Eve and New Year’s Eve were half-days. Also, veteran longshoremen usually take vacation days around the holidays, resulting in a shortage of labor and a greater dispatch of part-time workers, that have less experience than the veteran longshoremen.

Other contributing factors have been the concerns over the Trump administration’s tariffs on imports from China and counter-tariffs. Importers tried to beat the proposed 10% - 25% tariffs with a surge of early spring merchandise shipments.

Lastly, empty containers are an additional cause of delays and congestion. When terminals are at full capacity (80% utilization), they store overflow containers in areas that are not designated for storage. This often results in terminals refusing to accept the return of empty containers that truckers would normally drop off before picking up a loaded import container. When the truckers are not able to drop off the empties and perform dual transactions (empty container out and loaded import container in), an artificial shortage of drivers is created because productivity is cut in half. Also, when truckers can’t get appointments to pick up import loads, and the containers sit on the terminals beyond the free-time allotted, they are hit with fees known as demurrage and detention charges.

These developments are resulting in an artificial shortage of chassis in Southern California because the chassis are either stuck at motor carriers’ facilities with empty containers, or they’ve been sitting idle at importers’ warehouses with loaded import containers the warehouses cannot handle because they’re filled to capacity.

Please be advised that the combination of the various factors outlined above have severely impacted the operations at the LA and LGB terminals, causing heavy congestion, delays and additional fees.