

Stemming the Tide on Port Congestion

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Port of Los Angeles

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National Retail Federation

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NCBFAA Transportation
Committee Vice Chair /
Mohawk Global Logistics

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Ocean Supply Chain Outlook

Eugene D. Seroka

Executive Director, Port of Los Angeles

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May 3, 2022

What Brought Us Here

2018-2019 U.S.-China Trade Tensions

Tariffs & Retaliatory Tariffs

**Manufacturer Migration to
Southeast Asia = Cargo Routing
Through Suez**

**Tariff Wars Exacerbate
Trade Deficit Imbalances**

**Importers Pull Inventories
Forward to Beat Scheduled
Tariff Increases**

Record-Setting 2018 Volume

2020-2022 COVID-19 Disruptions

Distressed Supply Chain

**Economies Shutter
China Manufacturing Halts**

Workforce Shortages

**E-Commerce
Import Boom**

**Container Shortages
& Price Hikes**

Record-Setting 2021 Volume

Exports Down 37 out of 41 months



What We Are Doing

- Implement truck turn time, dual transaction and liner incentives to improve cargo flow
- Expand use of info-sharing to improve supply chain visibility
- Work with FMC on truck gate management and D&D pilot
- Design freight data architecture & standards with MARAD
- Better use of existing capacity



Accelerate Cargo L.A.

GOAL: Expand cargo throughput capacity vis “push” system test with participating cargo stakeholders

- 24/7 operations
- Initial Beneficial Cargo Owners (BCOs): FedEx, Home Depot, Samsung, Target, UPS, Walmart
- BCOs and their drayage providers will expedite the pick-up of their containers during off-peak hours
- Cargo owners will look at how to expand their warehousing operations during these extended hours to receive, unload and expedite the return of containers and chassis
- Shipping lines will match empty returns



Container Dwell Fee Deterrent

GOAL: Have Cargo Owners Pick Up Their Import Containers Sooner to Free Up Terminal Space

- Targets containers dwelling on terminals for an extended period
 - *Containers dwelling 9 days or more for drayage pick-up*
 - *Containers dwelling 9 days or more for rail transport*
- \$100 dollars per container on day 9, and \$100 more each additional day
- Strong cargo owner response has postponed fee implementation



Import Containers by Dwell Time

All Port of Los Angeles Terminals

May 2, 2022

6:58 AM

Total Imported Containers

70,583

0-4 Day Import Containers

38,676 54.8%

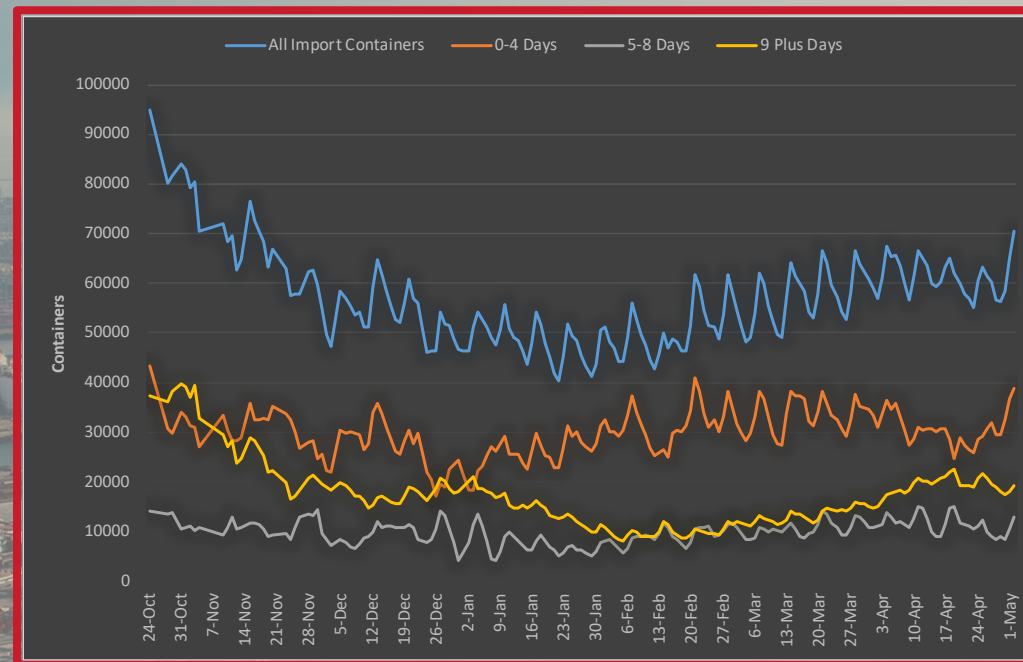
5-8 Day Import Containers

12,778 18.1%

9+ Day Import Containers

19,129 27.1%

Source: Port Optimizer Control Tower



Since Oct. 24

Total

-26%

0-4 Day

-11%

5-8 Day

-10%

9+ Day

-49%



THE PORT
OF LOS ANGELES

Empty Containers

All Port of Los Angeles Terminals

Monday, May 02, 2022

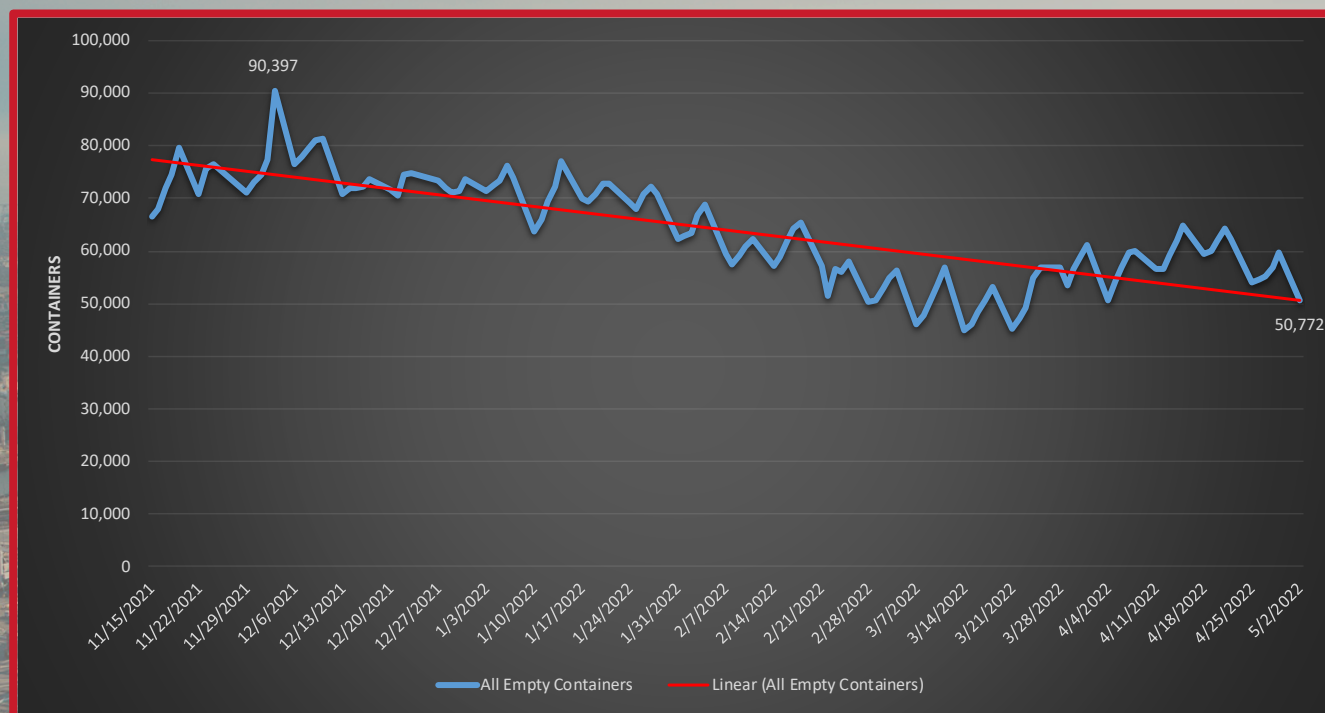
Total Empty Containers

50,772

Change Since Nov. 15

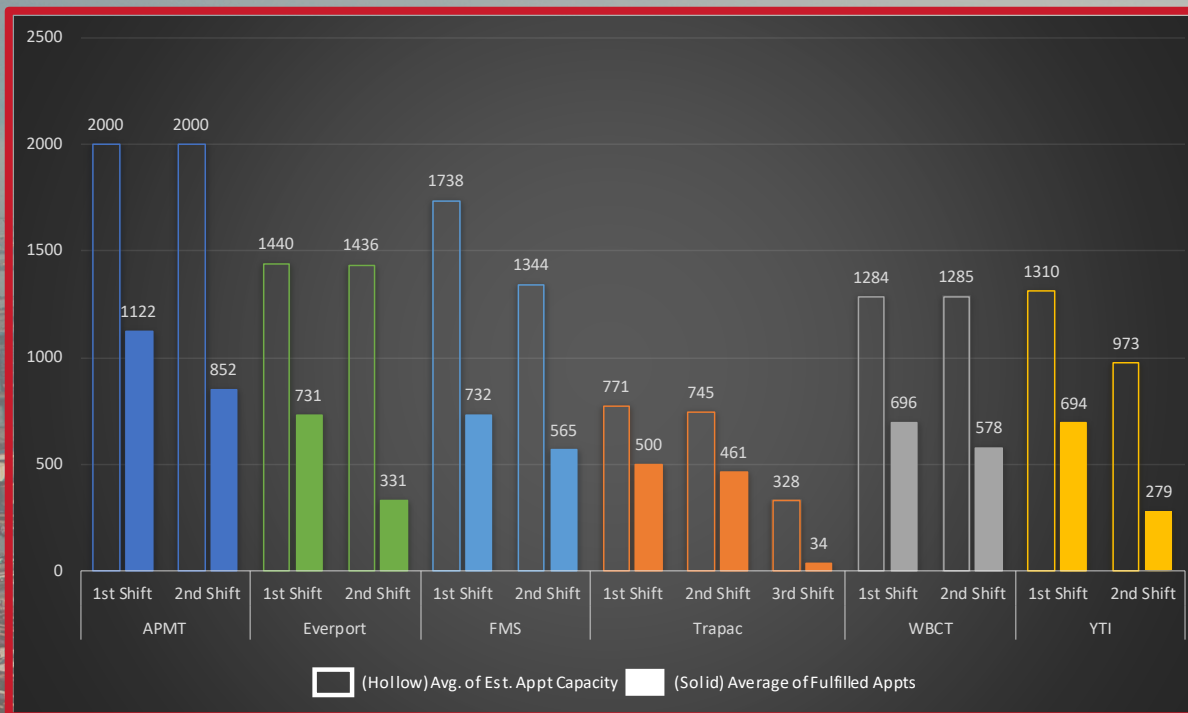
-24%

Source: Port of Los Angeles



Fulfilled Truck Gates by Terminal

As of May 1, 2022



Average Appt. Success Rate

All Terminals

47%

APMT

50%

TraPac

63%

ETS

39%

WBCT

50%

FMS

42%

YTI

44%

Note: Port of Los Angeles; averages calculated since October 9, 2021, based on available data.

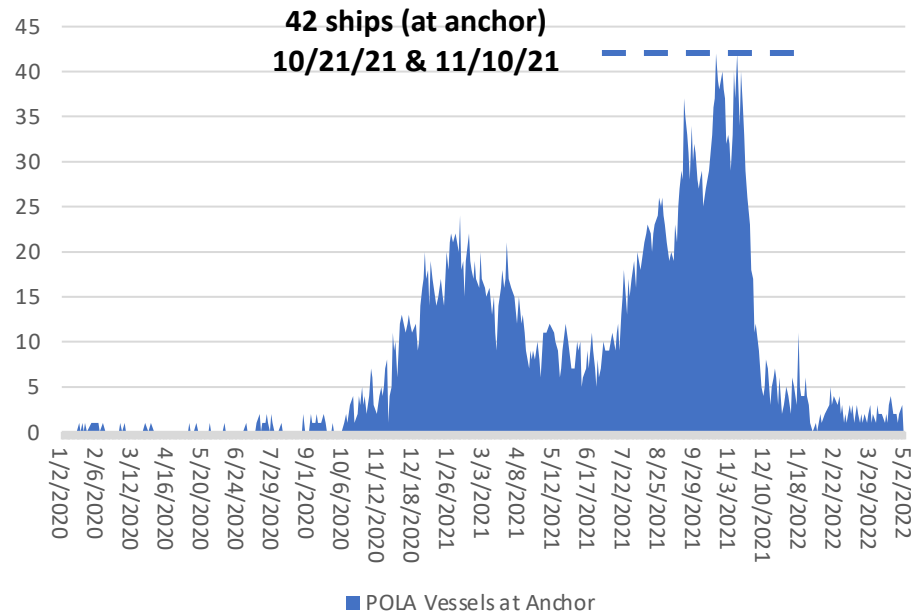


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Focus: Reducing Vessel Backlog

Los Angeles-bound Container Ships at Anchorage
January 2020 through April 2022



MONDAY: 1 Vessel Inbound (to Long Beach) w/in 40 Nautical Miles
MONDAY: 39 Total Vessels In Transit Toward San Pedro Bay

World's Highest Level of Container Exchanges
(Container Discharges and Loads Per Ship)



- **ABOVE: MSC Isabella (23,000+ container units); 34,359 container exchanges in June 2020 (world record)**
- **ILWU Labor Shifts up 19% in 2021, 8% over 4-year average**

Where We Are Going

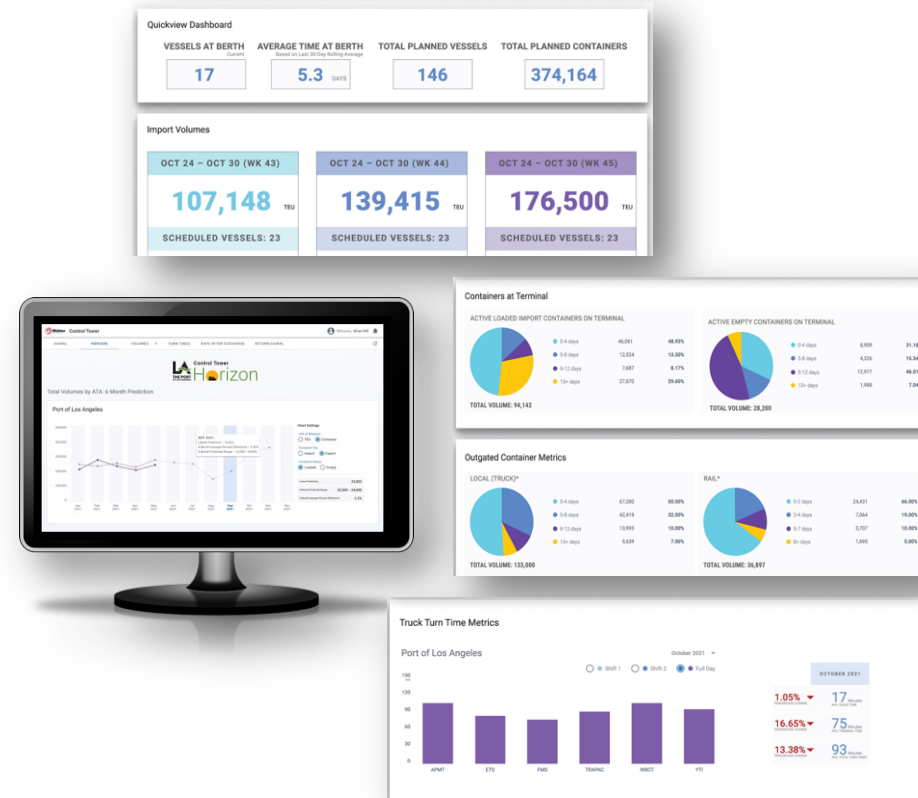
- Industry stakeholder dialogue – Use convening power of federal government
- Develop national export policy – Get American farmers and manufacturers back in the game
- Develop workforce training centers – Create a pipeline of skilled labor
- Invest in infrastructure and enhance system resiliency – Especially on the West Coast
- Improve supply chain digitalization – We are 30 years behind other nations



Port Optimizer™ Data Portal



- Port-wide container dwell metrics
- Truck turn time averages
- Advanced cargo information based on actual vessel manifest data
- Truck/Rail gate metrics
- Enhanced 3-Week look ahead data
- Expanded inbound vessel information



Outlook for 2022

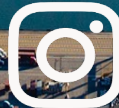
- Continued Data-Focused Collaboration
 - *Freight Logistics Optimization Works (FLOW)*
 - *FMC's Maritime Transportation Data Initiative (MTDI)*
 - *Supply Chain Optimization and Resilience (SCORE) Coalition*
- Lower cargo growth
- Opportunity for Concerted Focus on National Exports
- Quarter-by-Quarter Outlook
- Uncertainties
- Upside



THANK YOU

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Stemming the Tide on Port Congestion

Jonathan Gold

National Retail Federation

About NRF

- World's largest retail trade association
- Represent discount and department stores, specialty stores, Main Street merchants, chain restaurants and Internet retailers
- Nation's largest private sector employer - supports one in four U.S. jobs - 52 million Americans
- Contributing \$3.9 trillion to annual GDP



Supply Chain Challenges

Business Equipment Logistics

Dan Ronan | Associate News Editor

March 9, 2021 12:30 PM, EST

Port Officials, Retailers See Congestion Lasting for Months

Retailers pay more to fly everything from bikes to hot tubs from China as U.S. port backup delays deliveries

PUBLISHED FRI, MAR 5 2021 8:18 AM EST | UPDATED MON, MAR 8 2021 5:41 PM EST



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Why the global supply chain mess is getting so much worse



By Chris Isidore, CNN Business

Updated 10:26 AM ET, Wed March 30, 2022

The prospect of lockdowns in Beijing fuels more concerns about supply chain disruptions.

SMALL BUSINESS

Snarled Supply Chain Trips Up Small Businesses

Facing shortages of products from steel tubing to storage drums, business owners look for ways to limit the damage; \$8,000 to fly in T-shirts

American Shipper Container Maritime News

Will Long Beach's sunny spring be followed by stormy summer?

Port celebrates busiest March and best 1st quarter, but congestion woes could return

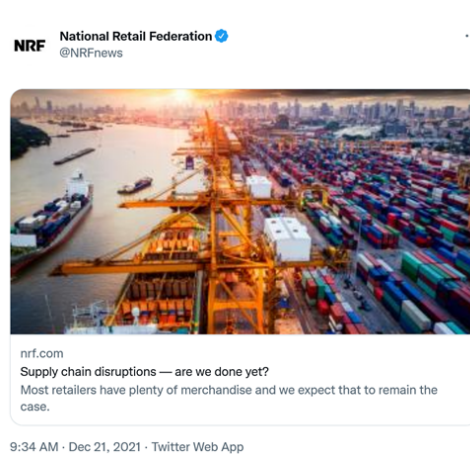


Kim Link Wills · Friday, April 15, 2022

2 minutes read



Supply Chain Challenges



SUPPLY CHAIN Supply chain disruptions hit Main Street

Small retailers worry about stocking shelves and serving customers



Meghan Keisel Cruz
Director, Grassroots
September 27, 2021

As concerns about the COVID-19 pandemic ease, small businesses are seeing customers return to their stores, eager to shop. But the pandemic has placed significant strains on global supply chains, making it more difficult for retailers to source products in an efficient, timely and affordable manner.

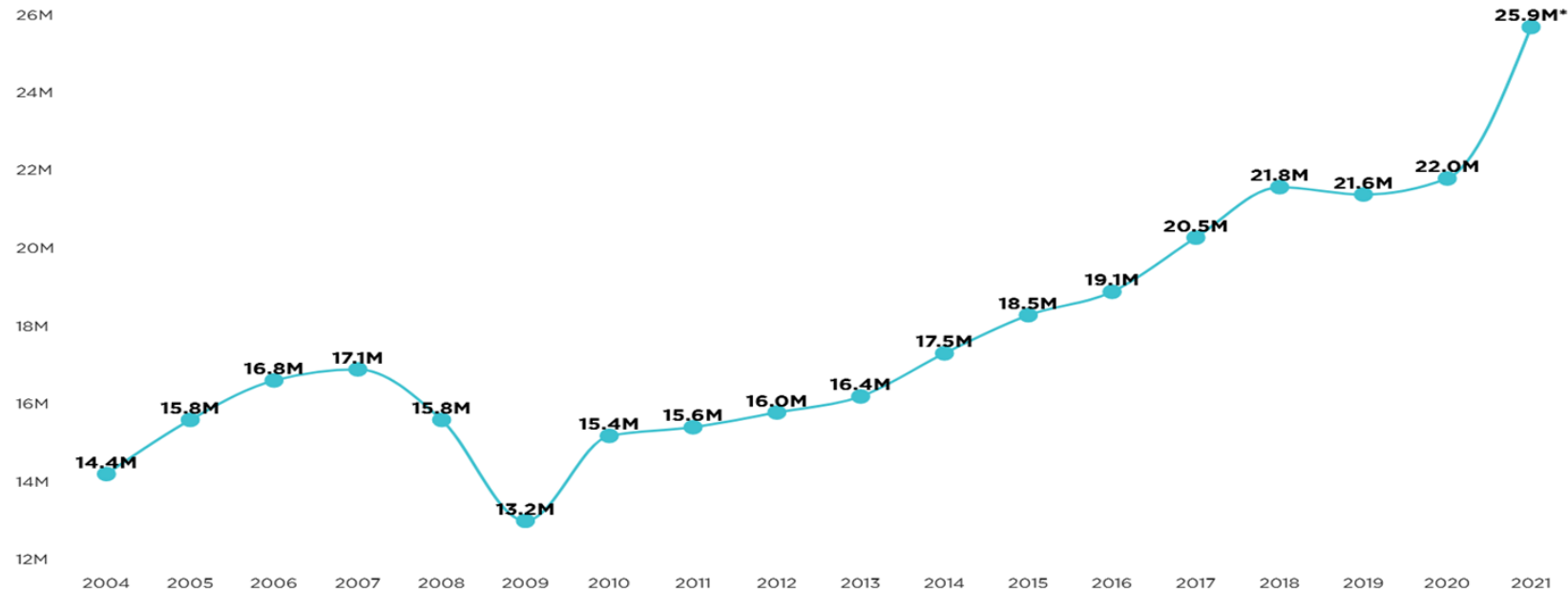
Retailers continue to plan for supply chain disruption

Potential delays caused by labor contract negotiations would impact retail supply chains



Supply Chain Challenges

Retail imports 2004-2021
(TEU-Millions)



*Forecast

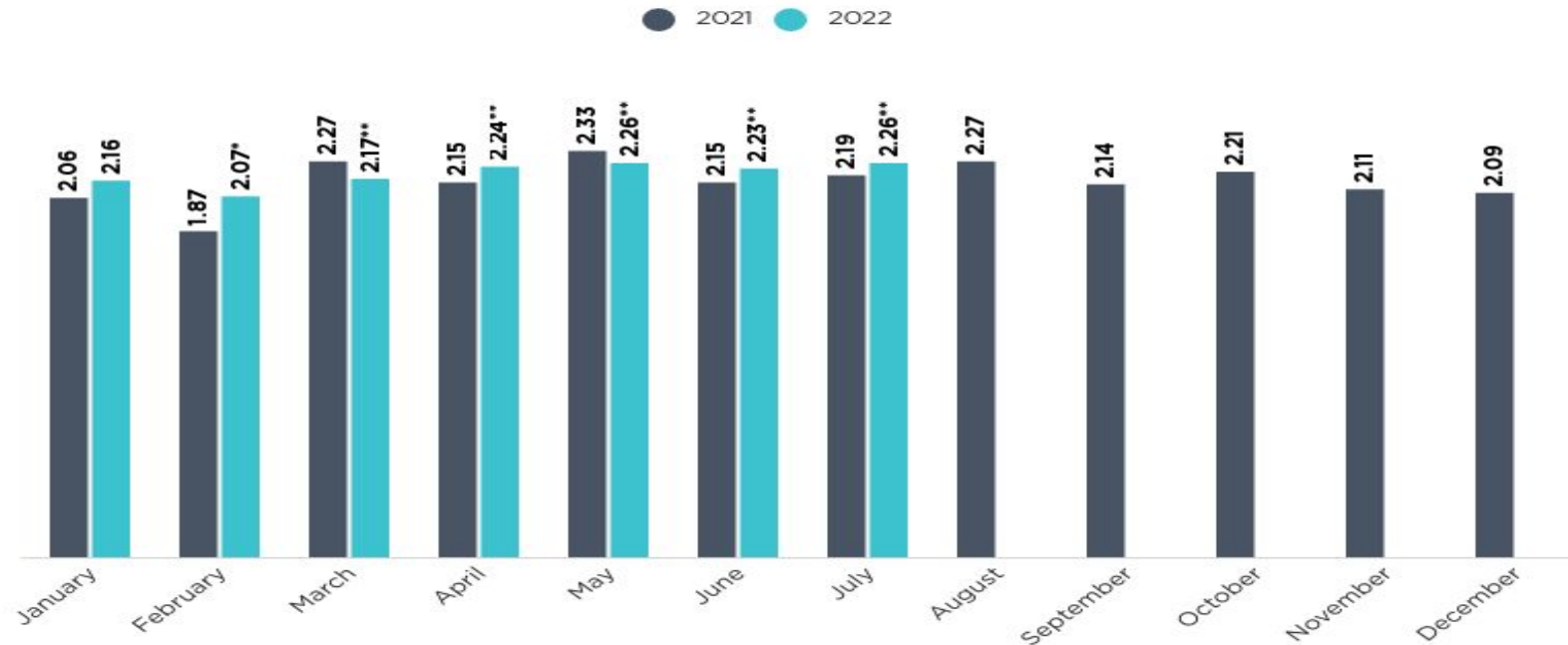
Source: NRF/Hackett Associates Global Port Tracker

NRF National
Retail
Federation



Supply Chain Challenges

Monthly retail imports 2021-2022 (TEU-Millions)



Source: NRF/Hackett Associates Global Port Tracker *Estimated **Forecast

NRF National
Retail
Federation



Supply Chain Challenges – 2021

- All respondents were impacted by supply chain disruption
- The top 3 issues:
 - US port congestion
 - Overseas container availability
 - Ocean carrier capacity
- Lead times increased
- Delays impacted nearly all product categories
- Top Mitigation steps
 - Shipped early
 - Shifted sourcing
 - Use more air freight



Supply Chain Challenges - 2022

- COVID-19 uncertainty
 - New lockdowns in China
- Continued strong consumer demand
 - Retail Sales to grow 6-8% in 2022
- Continued supply challenges (product, equipment, labor)
- Ongoing Port Congestion
- Port Labor Contract Discussions
 - Labor contract expires on July 1
 - Already planning mitigation strategies
 - Want early negotiations, no disruptions
 - Negotiations to start May 12



Supply Chain Challenges - Solutions

- Convene a high-level working group including all affected stakeholders to discuss the current issues and identify solutions
- Codify the Federal Maritime Commission's Interpretive Rule on Demurrage and Detention
- Develop a National Freight Portal
 - Freight Logistics Optimization Works (FLOW)
 - Maritime Transportation Data Initiative
 - Supply Chain Optimization and Resiliency (SCORE) Coalition
- Ensure we have a sufficiently trained workforce
- Evaluate whether or not our ports are operating in a manner that truly meet the needs of a 21st century global supply chain
- Pass the Ocean Shipping Reform Act



Thank You!

Jonathan Gold

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