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Bill Mongelluzzo, Senior Editor | Sep 03, 2021 11:05AM EDT



Port and terminal interests in LA-LB are confident they can handle explosive peak-season volumes if importers retrieve their containers faster. Photo credit: Shutterstock.com.

The Los Angeles-Long Beach port complex is in the throes of a peak-season cargo surge that could lift its volume this year to a record 20 million TEU, and port officials say their terminal operators will handle the load despite vessel bunching, excessive container dwell times, and increasing trucker turn times.

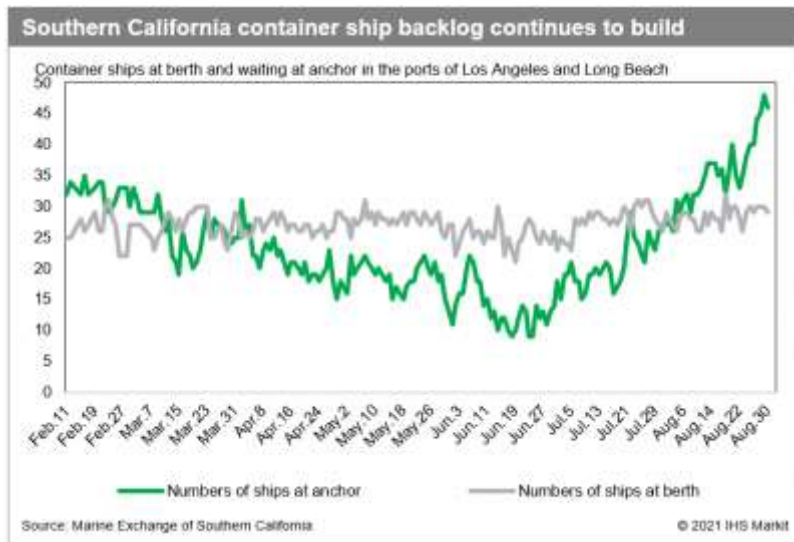
Port managers are counting on expansion of the Long Beach Container Terminal (LBCT), which adds 1 million TEU of annual capacity, an 18-acre addition to the Pier S “surge” yard in Long Beach for container storage, and extended gate hours to handle projected record volumes during the next four months. They believe those improvements will keep the terminals fluid despite unprecedented operational challenges.

"LA-Long Beach is on track for 20 million TEU in calendar year 2021. The fact that we're handling that much cargo proves we are relatively fluid," Noel Hacegaba, deputy executive director and COO at the Port of Long Beach, told JOC.com.

The 20 million TEU for laden and empty containers would be an increase of 15.4 percent from the 17.3 million TEU handled in 2020. The previous record of 17.5 million TEU was set in 2018, according to port statistics. By comparison, the Port of New York and New Jersey, which is the second-largest US gateway, handled 7.6 million TEU in 2020, according to the port authority. This year, New York-New Jersey projects the total laden and empty container volume will total 8.1 million TEU.

The projected growth in cargo volume through the end of the year prompted Port of Los Angeles Executive Director Gene Seroka to encourage beneficial cargo owners (BCOs) to quickly retrieve their inbound containers that are congesting marine terminals and delaying vessel unloading to the point where the number of ships at anchor awaiting berthing space soared to a record 46 last week.

"We've got to get BCOs to pick up their cargo," Seroka told JOC.com. That message was also delivered Wednesday to Federal Maritime Commissioner Carl Bentzel at his meeting in Long Beach with port officials, terminal operators, truckers, BCOs, longshoremen, and other stakeholders, which was called to explore measures to increase cargo velocity, Seroka said.



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Terminal operators at the ports of Los Angeles and Long Beach told the FMC commissioner they were already at capacity. "The terminals said they are operating at 105 to 107 percent of capacity, but the ships keep coming in," Seroka said.

Also, the average trucker turn time in August increased to 86 minutes from 78 minutes in July, according to the truck mobility numbers published Thursday by the Harbor Trucking Association. That was the highest since 88-minute average turn times in February.

In the first seven months of 2021, the ports handled a combined total of 11.9 million laden and empty TEU, according to the ports' respective websites. That is 34.7 percent higher than the January through July period last year.

The rest of the year promises to be unusually busy. The August to October peak-season volumes are still to be recorded, and November and December imports are also expected to be robust as retailers pivot from importing holiday goods to shipping spring merchandise. Hacegaba said retailers and home

improvement stores will ship spring goods early this year before factories in Asia shut down on Feb. 1 for the Lunar New Year holidays. As that scenario plays out, handling 20 million TEU in calendar year 2021 should be within reach, he said.

New services, extra-loaders descend on LA-LB

While all major gateways are experiencing varying degrees of terminal congestion this year, the ports of Los Angeles and Long Beach have borne the brunt of the cargo surge. Retailers continue to concentrate 50 percent of their imports from Asia through Los Angeles-Long Beach, according to PIERS, a JOC.com sister product within IHS Markit, and carriers are launching new services and deploying dozens of extra-loader vessels each month.

Los Angeles handled 11 extra-loaders in August and 11 more are scheduled so far for September, a port spokesperson said. Long Beach handled 13 extra-loaders in August, with five announced so far for September, Hacegaba said.

New entrants into the trans-Pacific — China United Line, BAL Container Line, Jin Jiang Shipping, and Transfar Shipping — started services this summer to Los Angeles-Long Beach. The carriers have struggled to find permanent homes for these services, with many of the 12 container terminals at capacity, so they are looking to the Pier S surge yard for temporary storage of containers until they can be delivered to warehouses and railyards, said Sepehr Matinfar, director of sales and business development at Pacific Terminal Services Co. (PTSC).

Matinfar said PTSC has received approval from the port to develop another 18 acres at Pier S for temporary storage of containers. Pier S currently has slots for almost 6,000 containers, and when striping and fencing of the additional acreage is completed within the next two weeks, Pier S will be able to handle another 1,500 wheeled containers and 4,000 grounded containers, he said.

The additional capacity will be needed for some time to come as the carriers that are deploying new services told PTSC they will be operating these strings “for the long term,” Matinfar said. “These guys will take up a good chunk of our facility,” he said.

The LBCT expansion project has increased its container storage and on-dock rail capacity, and by the end of November a third berth to handle vessels up to 24,000-TEU capacity will be fully operational, said Anthony Otto, LBCT president. LBCT’s main customer, Cosco Shipping/OOCL, will soon enter the 19,272 TEU *Cosco Aquarius* into its weekly service from Asia, he said.

Terminal operators are adjusting their hours as cargo volumes continue to build, said John Cushing, president and CEO of PierPass Inc., which represents terminal operators in Los Angeles-Long Beach in the ports’ extended-gates program. The terminals run five weekday day gates, four weekday night shifts, and a weekend day gate. Those shifts are run consistently. Some terminals are extending their hours with early flex gates on the day or evening shifts, Cushing said.

Otto added that terminals such as LBCT are operating for longer hours to handle the spike in cargo with full cooperation of the International Longshore and Warehouse Union (ILWU) locals. “That’s a tribute to the ILWU as they continue to work through the pandemic,” he said.

Otto also credited BNSF Railway and Union Pacific Railroad for deploying additional assets to Southern California to help relieve a backlog of intermodal containers that were contributing to congestion. Three months ago, LBCT had a backlog of 8,000 rail containers on dock, but that number is now below 1,000, Otto said.

Container dwell now the big problem

Los Angeles and Long Beach port managers said that although expansion projects and extended gates have helped the terminals to move record container volumes, cargo forecasts from the Signal platform in Los Angeles and the Wave in Long Beach indicate the coming weeks will be brutal. "There are 21 (container) ships on their way to San Pedro Bay in the next three days," Seroka said.

Port and terminal interests said retailers and manufacturers must accelerate the removal of inbound containers, and drayage companies should make better use of appointment slots that are available to them. Cushing said 30 percent of the daytime appointment slots and 40 percent of the second-shift slots go unused.

"The terminal gates are open consistently. We can handle this volume, but the cargo is not moving fast enough," Cushing said.

Trucking interests say there are several reasons why appointment slots are not fully utilized. In some cases, truckers are delayed at the terminals or receiving warehouses, and those delays often prevent them from keeping their next appointment. Most vexing, though, are the restrictions that terminals frequently place on appointments, such as requiring truckers who drop off empty containers to have appointments to pick up inbound loads.

"We're moving the cargo, but we're still working under these restrictions on empty returns. You also have chassis shortages in the system," said Matt Schrapp, CEO of the Harbor Trucking Association. Indeed, according to the Pool of Pools [website](#) managed by the intermodal equipment providers in Southern California, the average "street dwell" of containers sitting on chassis, mostly at the warehouses, is up to 8.5 days from the preferred four days or less.

Receiving warehouses throughout the country are full, and they are struggling with labor shortages even though they have been increasing wages in bidding wars with other employers, said Scott Weiss, vice president of business development at Whiplash, which operates warehouses on the West Coast, East Coast, and at interior hubs.

"Labor is such a problem, more so than space. All of these warehouses are full and they all need labor, not just in Southern California," Weiss said.

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