

Published on JOC.com (https://www.joc.com)

Home > Ocean carriers step up NY-NJ empty sweeps under threat of new fee

Michael Angell, Associate Editor | Sep 16, 2022 4:32PM EDT



A "container imbalance fee" at the Port of New York and New Jersey has yet to be implemented after ocean carriers raised concerns about the tariff's original language. Photo credit: Shutterstock.com. Ocean carriers are ramping up efforts to sweep thousands of empty containers lingering in and around the Port of New York and New Jersey by deploying extra ships, port rotation changes, and cross-chartering space from one another. The moves come ahead of the implementation of a tariff that aims to penalize carriers for letting empty containers dwell too long across the region.

In a Wednesday filing with the Federal Maritime Commission, the Port Authority of New York and New Jersey (PANYNJ) said its planned "container imbalance fee" has resulted in ocean carriers sweeping up some 3,500 empty containers from the port in the two months from July through August.

The fee was originally due to go into effect Sept. 1, but has been delayed due to possible modifications to the tariff's language, a PANYNJ spokesperson said. A new

implementation date has not been made public.

In response to a public comment period about the fee, some ocean carriers acknowledged they already do not regularly meet the empty evacuation thresholds to avoid paying the penalty. Others warned of the fee's unintended consequences, such as shifting imports away from NY-NJ or having additional empties trucked in from other ports.

As originally drafted, the \$100-per-container fee will be applied if ocean carriers don't remove at least 10 percent more containers than they dropped off during a quarter. For example, if a carrier discharges 100,000 containers in a particular quarter, they must take 110,000 from the port. Failure to do so would result in a \$100-per-container fee for every box short of 110,000 left at the port, excluding intermodal freight that leaves the port.

The fee, which the port began to publicly float in June, aims to chip away at the 200,000 empty containers that the PANYNJ has estimated are lingering in the region, with many of those in trucker and warehouse yards.

"Empty containers continue to be a major challenge as the PONYNJ experiences record volumes," the port said in the filing, which was in response to the FMC's request for industry comment on whether to enact an emergency order calling for greater data sharing to combat port congestion. "The announcement of the new container imbalance fee has ... encouraged ocean carriers to evacuate empties more quickly from NY/NJ. Ocean carriers calling on the PONYNJ have cited evacuating over 6,000 TEU between July-August 2022."

Many of those empties have left on sweepers calling the port, with 11 ships over the course of June and July alone, according to data from PANYNJ. More sweeps have occurred in September, according to three sources who are familiar with the carriers' plans but asked not to be identified due to ongoing business relationships with them.

Mediterranean Shipping Co., the largest carrier in the port, plans to send in three empty sweepers during September that will take up to 6,000 empty containers. CMA CGM lifted approximately 3,500 empty containers with a sweeper that called the port last week, according to trucking sources who handle their containers.

A Hapag-Lloyd representative told JOC.com the carrier plans to lift as many as 7,000 empties from NY-NJ this week through next week, while an empty sweeper scheduled for early October will remove about another 1,000 containers.

Revised port rotations, ad hoc calls helping

In addition to extra vessels, new port rotations and ad hoc calls from other vessel services aim to take out more empties, PANYNJ said in its filing. Hapag-Lloyd plans ad hoc calls to NY-NJ on a service from Europe that calls Canada's port of St. John. It will also reverse the port rotation on a service from India, making NY-NJ the last port call after the ship has discharged cargo at other East Coast ports. Sliding schedules on another Hapag-Lloyd Asia-US East Coast service will also allow those ships to carry more empties.

Carriers are also leaning on each other to handle the empties. A source who asked not to be identified said Yang Ming and Orient Overseas Container Line (OOCL) are also chartering space for their empties from smaller independent carriers serving the port.

"Ships are becoming available now," a marine terminal source said. "More opportunities for empty sweepers."

Contact Michael Angell at <u>michael.angell@ihsmarkit.com</u> and follow him on Twitter: <u>@michael_angell</u>.

Port News > US Ports > Port of New York and New Jersey

<u>Maritime News</u> > <u>Container Lines</u> > <u>CMA CGM</u> <u>Maritime News</u> > <u>Container Lines</u> > <u>Hapag-Lloyd</u>

Maritime News > Container Lines > Mediterranean Shipping Co.

Source URL: https://www.joc.com/port-news/us-ports/port-new-york-and-new-jersey/ocean-carriers-step-ny-nj-empty-sweeps-under-threat-new-fee 20220916.html?

utm_source=Eloqua&utm_medium=email&utm_campaign=CL_JOC%20Daily%209/19/22%20NONSUBSCRIBER_PC015255_e-production_E-145105_KB_0919_0617