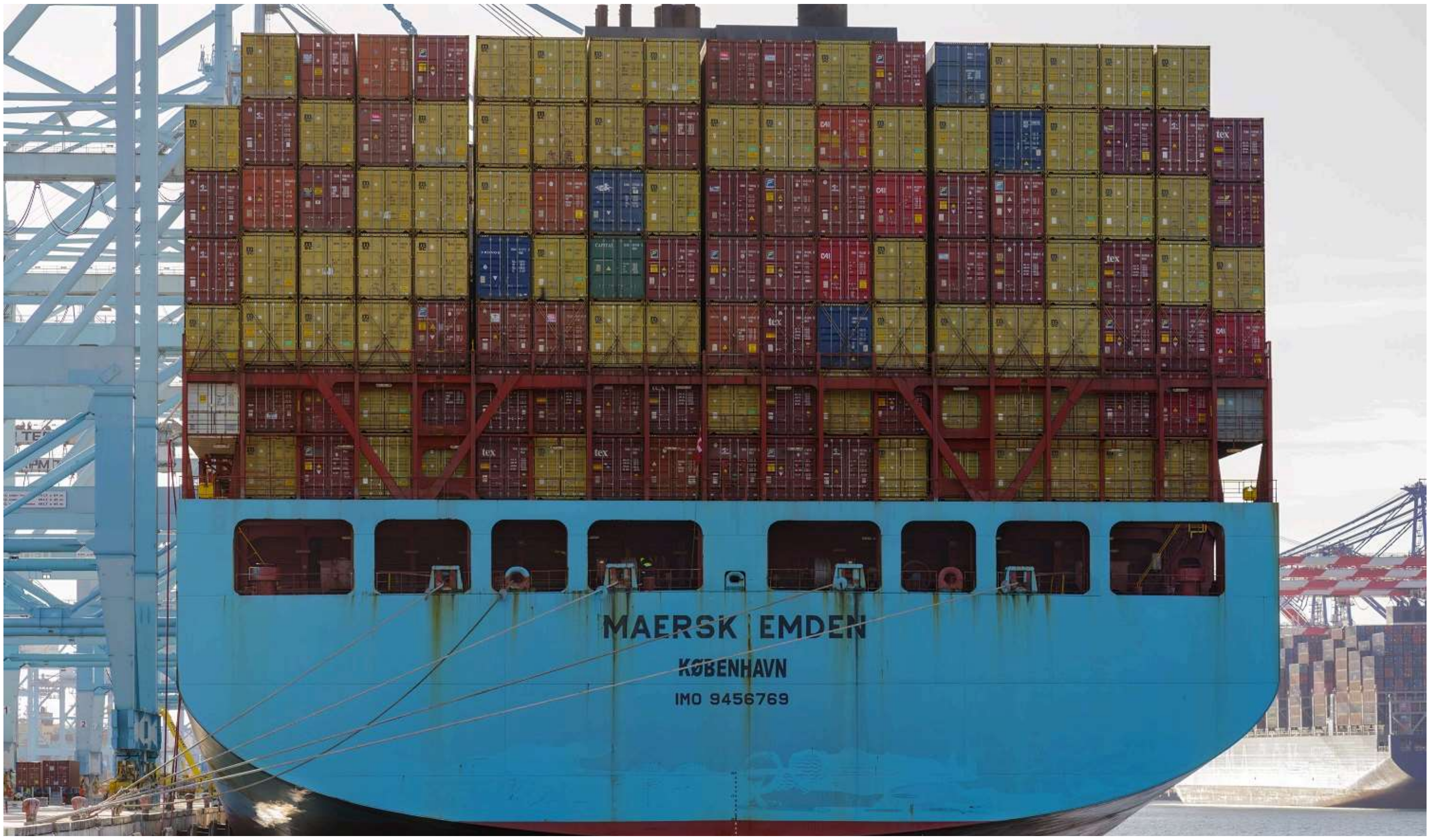
S&P Journal of Commerce

Carriers to deploy ‘extra-loaders’ to Los Angeles-Long Beach amid import surge



The resilience of consumer demand in the US is the main driver of import growth in the eastbound trans-Pacific, according to Maersk CEO Vincent Clerc. Photo credit: Angel DiBilio / Shutterstock.com.

Bill Mongelluzzo, Senior Editor | Aug 29, 2024, 5:17 PM EDT

Ocean carriers in the eastbound trans-Pacific are scheduled to deploy 28 “extra-loader” vessels to the ports of Los Angeles and Long Beach over the next two months in response to heavy import volumes expected to land at the US’ busiest gateway during peak shipping season.

The added capacity — 14 extra loaders at each port — comes amid an anticipated boost in discretionary cargo diverted from ports along the US East and Gulf coasts as shippers protect themselves from potential longshore labor disruption in those regions.

Ports on the US West Coast may also see an uptick in freight diverted from Vancouver considering the rail labor issues north of the border are not fully settled.

“If people are worried about ILA [International Longshoremen’s Association] action, and have the ability to do so, they’ve moved things over to the West Coast,” a freight forwarder told the *Journal of Commerce*. “By and large though, shippers moved peak [freight] early.”

While those developments are helping to drive more import volumes to the ports of Los Angeles and Long Beach, the main force behind the cargo surge is the strength of the US economy, especially consumer demand, according to Maersk CEO Vincent Clerc.

“I have been impressed by the resilience of demand,” Clerc said during an interview Tuesday at the naming ceremony for the dual-fuel container ship *Alette Maersk* in Los Angeles. “I expect continued resilient demand through the end of the year.”

The threat of a strike by the ILA at East and Gulf coast ports when the union’s coastwide contract expires on Sept. 30 will have only “a little bit” to do with the import volumes expected to move through Southern California in the coming months, said Gene Seroka, executive director of the Port of Los Angeles.

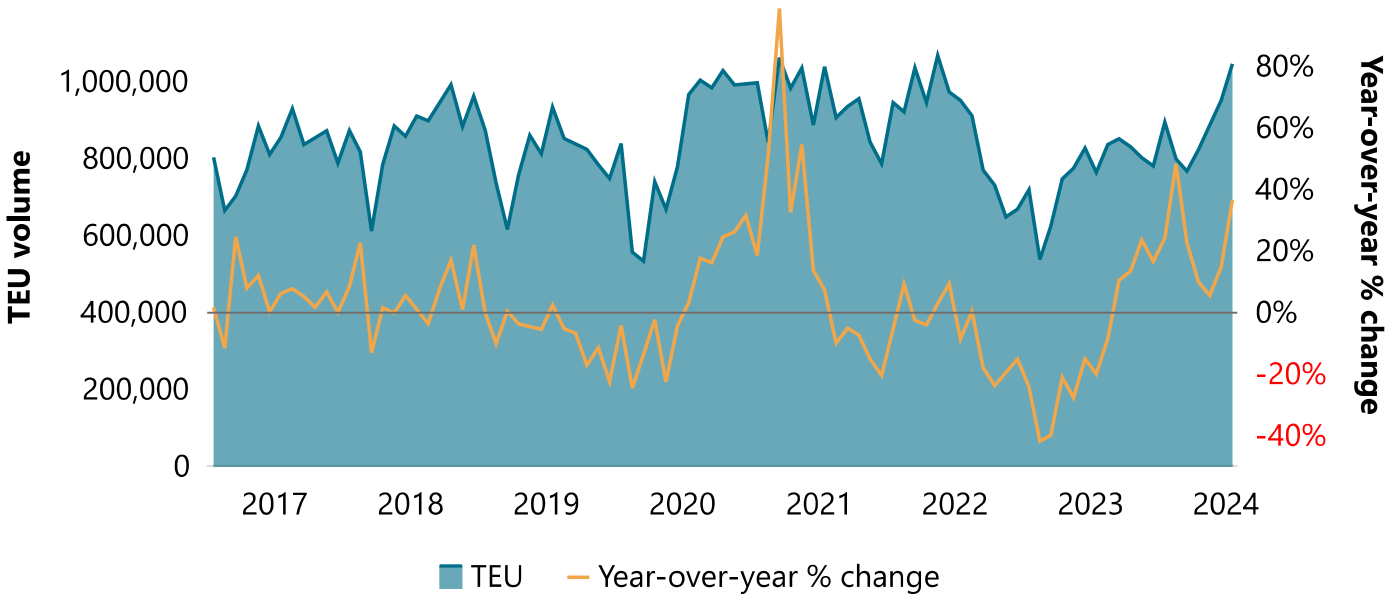
“It’s the strength of the US economy” that is by far the main driver of import growth, Seroka said at the Maersk event.

Consumers shifting to discount retailers

Peak season cargo volumes will follow an explosion of Asian imports in July. Imports from Asia last month increased 32.8% in Los Angeles and 44.8% in Long Beach year over year, according to PIERS, a sister company of the *Journal of Commerce* within S&P Global. The National Retail Federation, in its Aug. 8 Global Port Tracker, said it expects a “near record” August for Asian imports moving through US ports.

West Coast imports from Asia up sharply since Q2

Total monthly TEU volume of US West Coast containerized imports from Asia, with year-over-year change



Source: S&P Global

3M 6M YTD 1Y MAX

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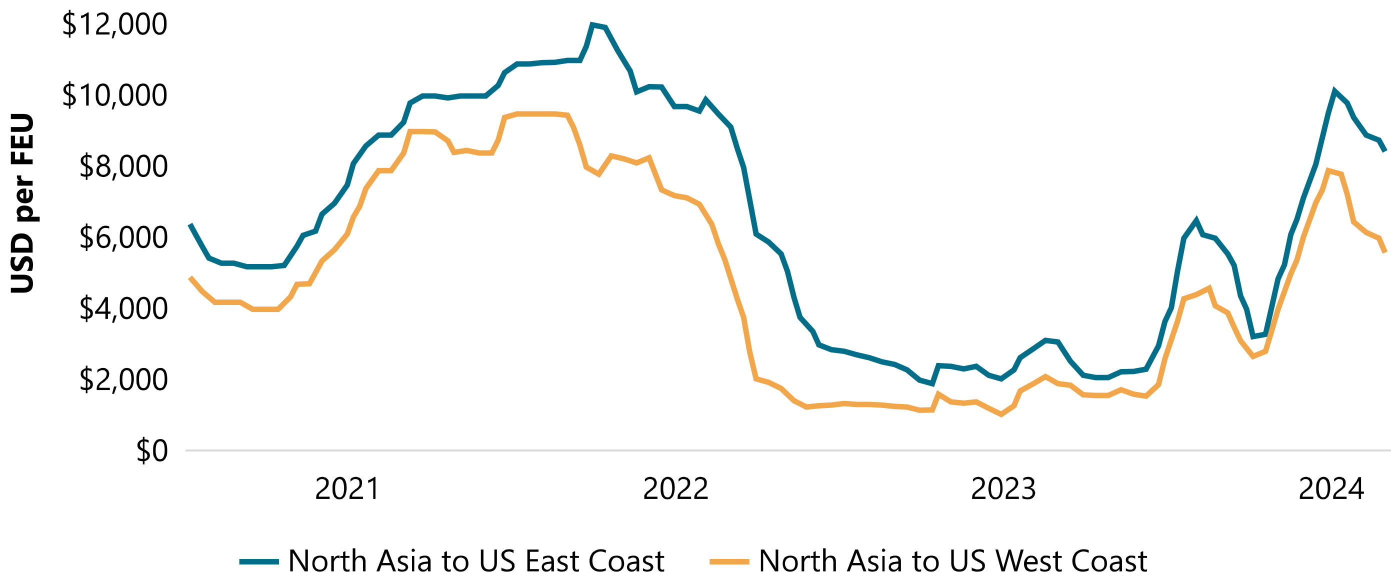
“Consumers are not in a recessionary frame of mind,” said Paul Bingham, director of transportation consulting at S&P Global Market Intelligence.

Although inflationary pressures are impacting merchandise moving to higher-end retailers, consumers are still buying by “shifting down” their spending to discount retailers, Bingham said. Also, importers of solar panels and related products from China that are subject to pending US tariffs have been frontloading their orders, including imports of electronic components moving to data centers for artificial intelligence, he said.

In recent weeks, a “roll pool” of containers has built up at key Asian load ports, and that is creating a sense of urgency among retailers to secure vessel space wherever they can, said a non-vessel-operating common carrier.

Asia-US ocean rates down from early-July peak

Container rate from North Asia to US East and West coasts in USD per FEU



Source: Platts, S&P Global

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The Southern California transportation community is already on record with concerns over the ability of terminal operators to handle the peak season volumes. Rail container dwell times at some terminals have almost doubled over the past two months, with the Port of Los Angeles website showing almost 28% of the dwells are nine days or longer.

Spot rates on the trade lane continue to come off their early-July peak, meanwhile. Platts, a sister company of the *Journal of Commerce* within S&P Global, pegged the North Asia to US West Coast rate at $5,666 per FEU as of Aug. 28, 6% lower on the week and down from the peak of $8,133 per FEU on July 5.

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Associate Editor Laura Robb contributed to this report.