

Import surge boosting rail container dwells at some LA-LB marine terminals



BNSF and Union Pacific say they are repositioning sufficient railcars in Los Angeles-Long Beach so terminals can handle a spike in intermodal traffic. Photo credit: Flystock / Shutterstock.com.

Bill Mongelluzzo, Senior Editor | May 6, 2024, 1:20 PM EDT

Rail container backlogs are mounting at some marine terminals at the ports of Los Angeles and Long Beach amid a surge in imports from Asia that is driving a sharp increase in eastbound intermodal train movements and exacerbating a chronic deficit of railcars returning westbound.

Yusen Terminals in Los Angeles is already holding twice its normal inventory of rail containers and is draying some of the boxes to a near-dock storage yard to prevent the backlog from interfering with cargo handling operations.

“The eastbound dwell has built up to the point that we have to use near-dock storage space — at an extra expense to us,” said Alan McCorkle, Yusen’s president and CEO.

Some terminal operators at the largest US port complex say while the railroads are providing sufficient rail cars to handle current eastbound intermodal traffic to the US interior, terminals are bumping up against their storage capacity and fear the facilities could become congested quickly if imports strengthen further in May and June.

“We’re getting sufficient railcars, but we’re right on the bubble,” said a terminal operator in Los Angeles who did not want to be identified.

The *Journal of Commerce* spoke to six terminal operators that operate eight of the 12 container terminals in the Los Angeles-Long Beach port complex.

Long Beach Container Terminal (LBCT) experienced a “blip” last week but was able to accommodate the increase in inland point intermodal (IPI) cargo moving eastbound because its eastbound/westbound volumes have been in balance, said Anthony Otto, LBCT’s president. For IPI shipments to be handled efficiently by terminals, “the program has to be balanced,” Otto said.

UP, BNSF stay prepared to handle rising volumes

Union Pacific (UP) and BNSF railroads say they are not experiencing higher dwell times and that they will increase railcar supplies in Southern California in anticipation of the peak shipping season in the eastbound trans-Pacific that begins in August.

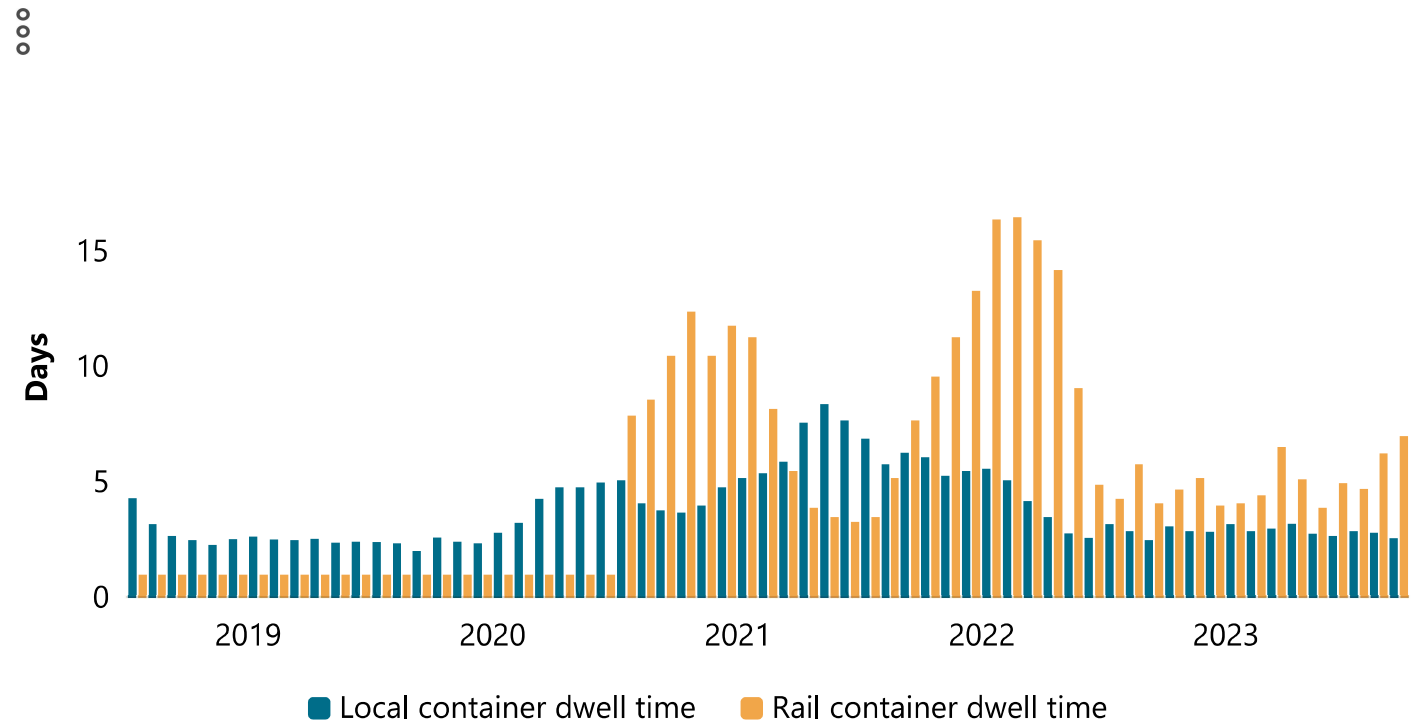
“We have successfully supported record first quarter volumes at the ports of Los Angeles and Long Beach and look forward to continuing to do so,” a BNSF spokesperson said.

A UP spokesperson said the railroad has been repositioning additional well cars to the West Coast to support demand. “Our network is operating well,” the spokesperson said.

Rail container dwell times on the Los Angeles-Long Beach terminals have increased steadily this year, from 4.2 days in January to 6.26 days in February and 7.02 days in March, according to the Pacific Merchant Shipping Association (PMSA).

LA-LB rail container dwells rise steadily through Q1

Average number of days local-delivery containers and rail containers spend at Los Angeles-Long Beach port complex



Source: Pacific Merchant Shipping Association

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1M 6M 1Y 2Y YTD MAX

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PMSA will release its data on April's rail container dwell times later this month. Numbers posted by the ports, meanwhile, show a wide variation in dwell times at individual terminals. Generally, they reveal that the number of containers with nine-day-plus dwells was relatively low during the first three weeks of April, then accelerated in the final week of the month.

The higher dwells come as imports from Asia landing at Los Angeles-Long Beach increased 29.7% in the first quarter year over year to 1.96 million TEUs, according to PIERs, a *Journal of Commerce* sister company within S&P Global.

Cargo surges lead to rail car shortages

Larry Gross, president and founder of Gross Transportation Consulting, [said in an April 3 column](#) for the *Journal of Commerce* that rail car deficits in Los Angeles-Long Beach

often occur during cargo surges. A similar development occurred last August and September when import volumes spiked.

Citing data from the Intermodal Association of North America (IANA), Gross said about 190 more double-stack well cars with loaded eastbound containers moved out of the Pacific Southwest each day in January than came back to the region with loaded or empty containers. During the previous cargo spike last August–September, the daily deficit of intermodal well cars was even higher, at 430.

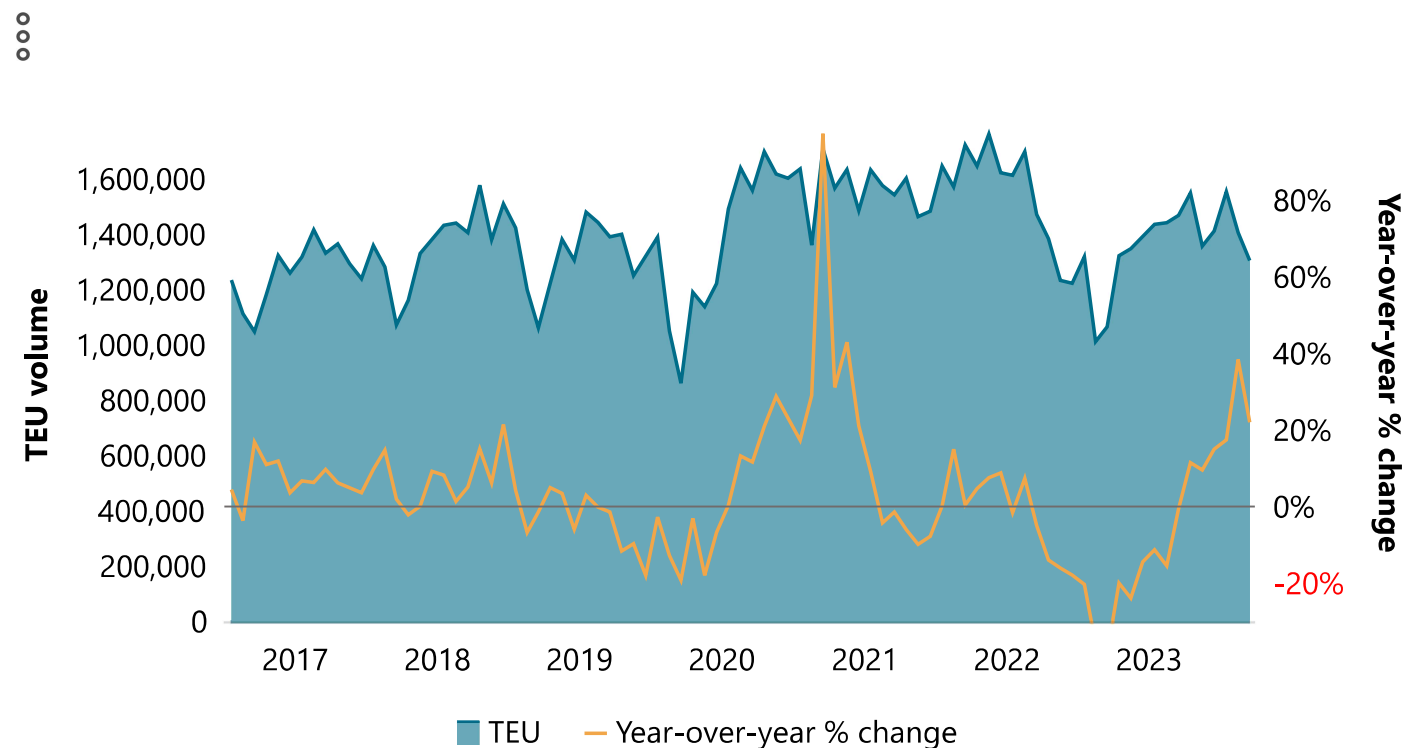
Gross told the *Journal of Commerce* that during cargo surges, ocean carriers have the choice of meeting the demand in Asia by deploying extra-loader vessels or rolling the containers to subsequent voyages.

However, Gross said when the inland point intermodal (IPI) shipments that were booked with carriers reach the West Coast, the liners simply dump the volume at the ports and tell the terminals and railroads, “deal with it.”

“They [the liners] don’t give the railroads a lot of advance notice,” he said.

US imports from Asia jump sharply in Q1 year on year

Total monthly volume of US containerized imports from Asia, with year over year change



Source: S&P Global

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3M 6M 1Y YTD MAX

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Some terminals can handle the volatility in imports and IPI bookings, to a degree, depending on their size and configuration. But other terminals can become congested quickly as rail container dwells mount to five days or longer from the desired three or four days.

When rail container dwell times spike to nine days or longer, terminals struggle because they must shift the containers around within their facilities to accommodate the thousands of import boxes being discharged from the vessels they handle each week. That's why those terminal operators in Los Angeles-Long Beach that are reaching their storage capacity are apprehensive about the projection of US retailers calling for sizable year-over-year increases in import volumes in the coming months.

The National Retail Federation, in its [April 9 Global Port Tracker \(GPT\)](#), forecast that US imports will continue to increase year over year each month at least through August, the end of its latest forecast period. The GPT forecasted that imports will increase 5.5% in May, 8.9% in June, 6.6% in July and 6.9% in August from the year-earlier period.

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