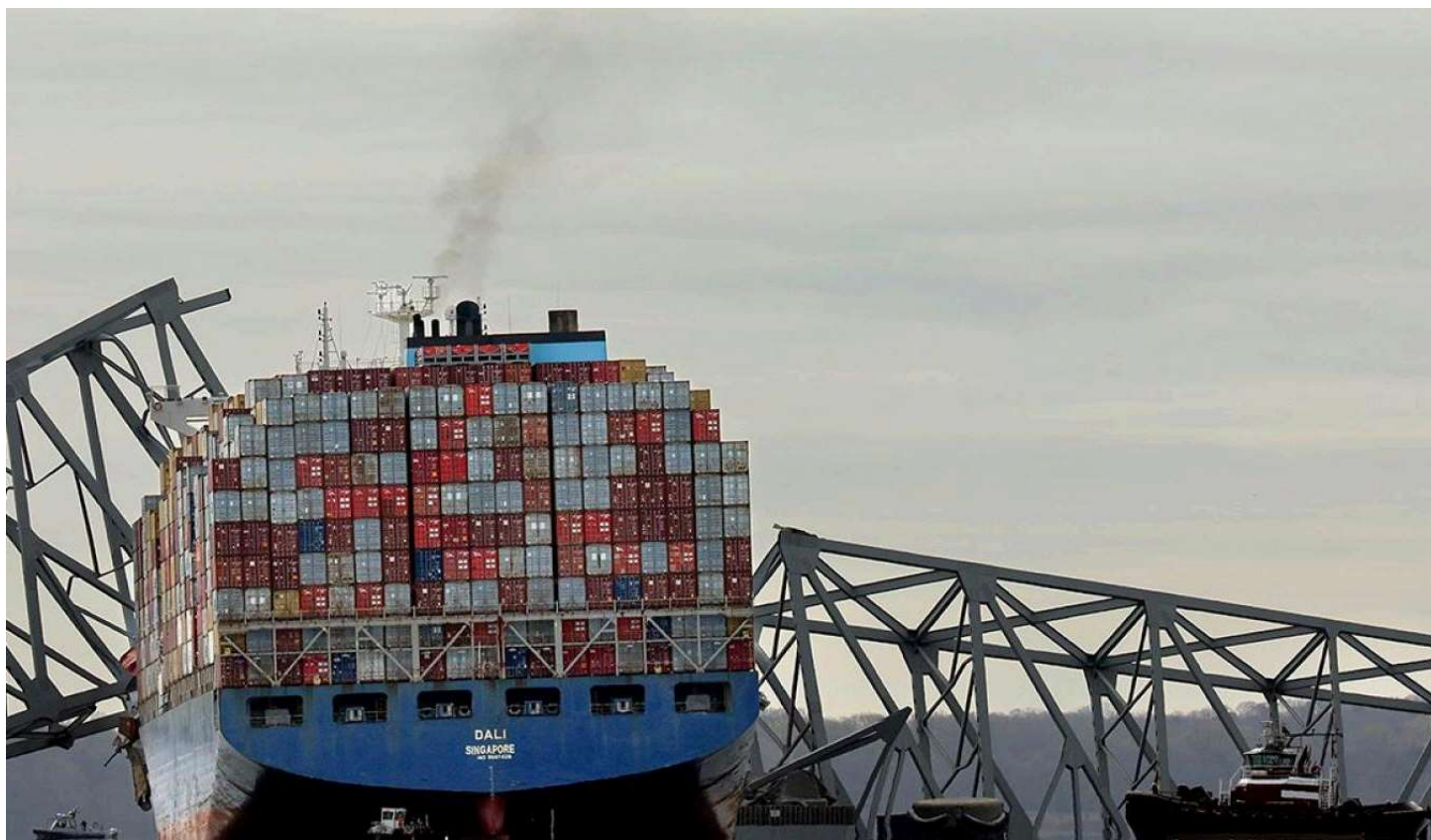


Northeast ports prepare for Baltimore-bound freight as shippers scramble



CSX and Seagirt terminal are working on ways to move import containers from other Northeast ports into Baltimore for local pickup. Photo credit: Kevin Dietsch / Getty Images.

Michael Angell, Associate Editor | Mar 27, 2024, 5:52 PM EDT

Ocean carriers are diverting ships to other ports in the Northeast US while CSX Transportation plans on rare north-south intermodal trips between those ports to handle containers that would otherwise go through the Port of Baltimore. The moves come as shippers scramble to figure out their next best options in the immediate wake of the Baltimore port's closure.

Vessel traffic in and out of the port remained suspended Wednesday as recovery efforts resumed for six missing construction workers, now presumed dead, who fell into the Patapsco River after the Maersk-chartered *Dali* crashed into the Francis Scott Key Bridge early Tuesday.

With salvage efforts for the downed bridge still to be undertaken, the Maryland Port Administration has not provided a timeline on when the port will reopen.

The length of the recovery efforts, as well as the potential impact on vessel traffic once the bridge gets rebuilt, are what's at stake for many shippers that relied on Baltimore to move their goods and are now having to figure out their next steps.

"A shorter duration closure involves a temporary reroute to manage the disruption from a supply chain perspective," a maritime logistics executive told the *Journal of Commerce*. "A longer duration disruption may involve rebuilding existing supply chains."

For the time being, the temporary reroute is the option. Seagirt Terminal, the Port of Baltimore's main container terminal, had planned for the arrival of 18 container ships through April 6, according to Seagirt's vessel schedule as of Tuesday.

As of Wednesday, three Mediterranean Shipping Co. vessels that were previously bound for Baltimore – *MSC Alina*, *MSC Altamira* and *MSC Paris* – are expected to arrive at the Port of Philadelphia's Packer Avenue Terminal this week, according to Packer's vessel schedule.

PhilaPort said in a statement following Baltimore's closure that "the maritime and supply chain community will naturally work to assist the Port of Baltimore at this time."

New Jersey's Port Newark Container Terminal plans to receive seven ships that were previously Baltimore-bound through the first week of April. Those include the *MSC Kumsal*, *Maersk Makutu*, *Maersk Gironde*, *MSC Mattina* and *Nele Maersk*, along with second calls by the *Alina* and *Paris*.

The Port Authority of New York and New Jersey said in a statement Tuesday that "it is proactively working with our industry partners to respond as needed and ensure supply chain continuity along the East Coast."

The *Gironde*, *Makutu* and Maersk's *CCNI Andes* are also now scheduled to call the Port of Virginia's Norfolk International Terminal in the coming weeks after previously planning to arrive at Baltimore.

The Port of Virginia said in a statement that "it is already working with ocean carriers whose vessels were due to call Baltimore and offering our port's capability to discharge cargoes as requested."

Other carriers that call Baltimore, including CMA CGM and Evergreen Marine, are declaring force majeure on freight, leaving it indeterminate where they plan to discharge their goods. Evergreen's 14,000-TEU *Talos* remains at anchorage at Savannah and its sister ship *Triton* is anchored at Norfolk.

Baltimore's Seagirt, which handled 1.1 million TEUs last year, is planning to help move some of that freight. Ports America, Seagirt's operator, said in a statement to the *Journal of Commerce* that it is working with CSX Transportation, its on-dock rail provider, to move import containers from other ports to Seagirt. It said it is also working with Norfolk Southern on a similar plan at its off-dock rail yard, which handles domestic containers.

"CSX and Ports America are collaborating on the fast launch of intermodal service for cargo diverted to other ports to come through the intermodal container transfer facility at Seagirt as a solution for cargo owners wanting Baltimore access," the statement said. "Norfolk Southern has also reached out to discuss similar solutions for importers."

Trucking, ocean freight costs expected to increase

Jeff Leppert, vice president of Redwood Logistics, told the *Journal of Commerce* that shippers are asking about their trucking options as they face port diversions. He said it's unclear how long those diversions will last, but noted they will cause delays and higher expenses as more drayage providers and transload facilities for truckload freight are tapped.

"Shippers are asking what do we do about securing capacity," Leppert said. "We don't have a lot of excess truck capacity laying around."

Robert Burdette, vice president of Baltimore-based third-party logistics provider Shapiro, told the *Journal of Commerce* that roughly two-thirds of the ocean freight coming into Baltimore goes to warehouse and distribution centers areas around Hagerstown, Maryland, and southeastern Pennsylvania.

Depending on where the cargo gets moved to, Burdette estimates that shippers will currently have to spend between \$400 to \$1200 more in the short-term for the extra trucking costs to move their cargo from New Jersey or Norfolk to an area closer to Baltimore. But those costs will likely escalate as more truck capacity gets absorbed.

As the port remains closed, however, Baltimore-area shippers will face ocean rates 20% to 25% higher to opt for bringing cargo into NY-NJ and Norfolk, in addition to the increased trucking costs for moving goods closer to their destination, Burdette said.

He said New York-New Jersey will make more sense for some of the Pennsylvania-bound freight due to the shorter length of haul. But freight coming through Norfolk will likely require transloading to dry-van because drayage is not economic at the longer distance.

“Norfolk sounds appealing from the perspective of port capacity, but it doesn’t work that well for Baltimore,” Burdette said.

Challenges for exporters

Rachel Shames, vice president at Norfolk-based forwarder CV International, told the *Journal of Commerce* that transloading from container to truckload at the Port of Virginia is going to be the main option for shippers looking to get to the Baltimore region.

Shames said that more truckers are reaching out about work and there’s transload capacity available, but whether it’s going to be enough to handle the diversions is unclear.

“I get the sense that we can absorb some of the extra volume down here, but it’s really hard to say what the actual volumes are going to be,” she said.

Exporters, too, are facing a similar issue of repositioning their containers or waiting out the port’s reopening. CMA CGM sent a notice to shippers Tuesday indicating it will allow laden exports to remain at the port until Baltimore harbor reopens. The carrier said that exporters can use Norfolk or New York-New Jersey as an alternative, but that repositioning the containers will be at the shipper’s expense.

Burdette said it’s much more difficult for an exporter to absorb repositioning costs because of the low value of their freight. Ports America said export containers will also be addressed through the CSX and Norfolk Southern service once plans for import containers are finalized.

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