

Southern California supply chain fluid despite surging import volumes



Terminal operators in Los Angeles and Long Beach are benefiting from fluidity at warehouses, access to near-dock surge yards and greater chassis availability. Photo credit: Wirestock Creators / Shutterstock.com.

Bill Mongelluzzo, Senior Editor | Sep 19, 2024, 3:31 PM EDT

Industry stakeholders are pointing to minimal supply chain disruption at the ports of Los Angeles and Long Beach this peak season despite record import volumes, thanks to warehouses throughout Southern California being able to keep churning freight through their facilities.

During the height of COVID-related supply chain chaos in 2021–22, warehouses were unable to gear up for import surges and became a major bottleneck in the regional supply chain. That triggered chassis shortages, congested marine terminals and vessel bunching outside the ports.

But a steady flow of imports this spring and summer has helped warehouse operators to maintain staffing and equipment at peak performance levels, said Scott Weiss, vice president of technical sales-warehouse and distribution services for North America at A.P. Moller Maersk.

“There used to be much more seasonality to imports. Now it’s more spread out,” Weiss told the *Journal of Commerce*. “Warehouses like when it’s spread out.”

“The reason why we are fluid [today] is because the warehouses are keeping up,” Sal Ferrigno, vice president of SSA Marine, which operates three container terminals in Long Beach, told the *Journal of Commerce*.

Unlike during the pandemic when warehouses could not find enough workers, those facilities appear to be fully staffed today, Ferrigno said.

The Los Angeles-Long Beach port complex, which accounts for almost 50% of US imports from Asia, handled an all-time high of 849,806 TEUs of Asian imports in August, up 23.7% year over year and about 16% higher than both August 2021 and 2022, according to PIERs, a *Journal of Commerce* sister product within S&P Global.

Near-dock surge yards a safety valve

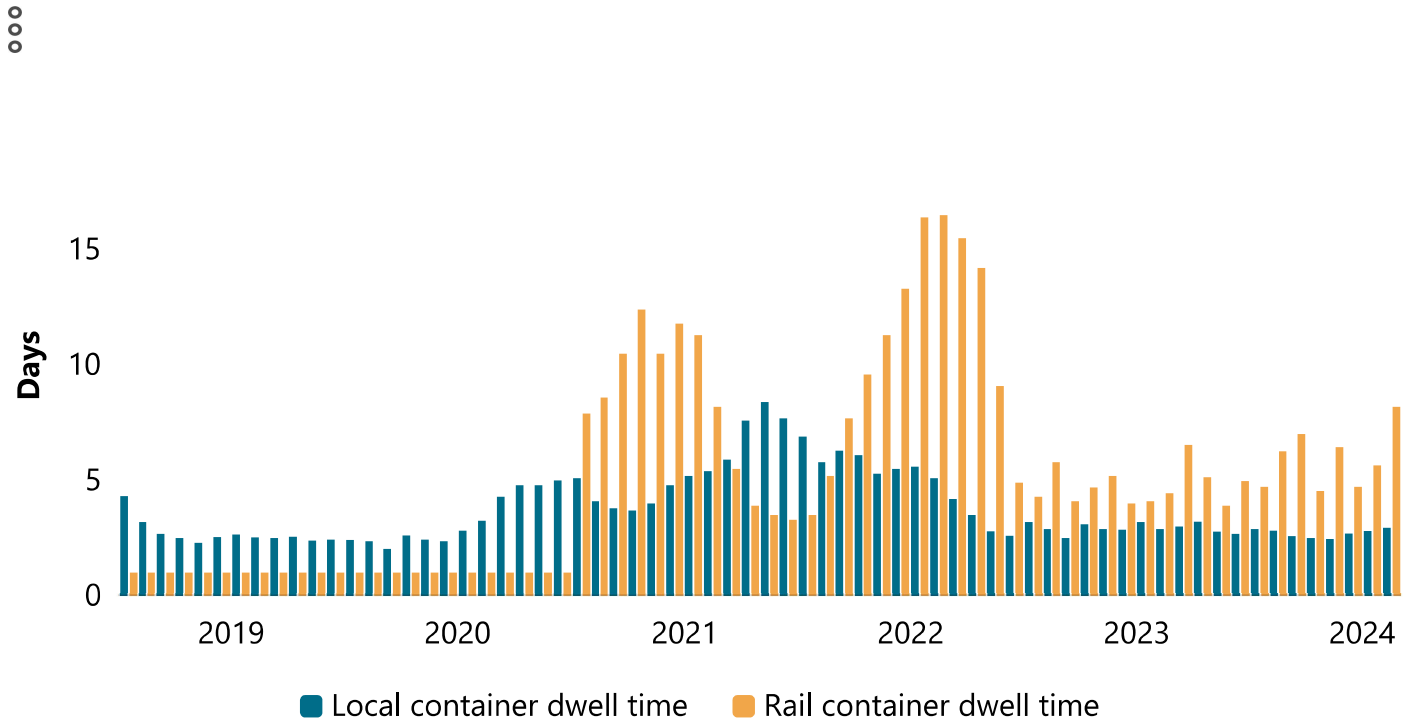
Marine terminal operators say there are several additional developments since the pandemic that are fostering improved supply chain fluidity, notably the access to more near-dock “surge” yards that provide temporary storage for inbound containers until they are needed at the warehouses or put on trains headed eastbound. This frees up space at the terminals to handle a continuous discharge of import containers and prevents a backlog of ships in the harbor.

“We’re definitely seeing more container dray-offs today,” said Sepehr Matinifar, vice president of logistics services at the Wonderful Company, a developer of industrial and storage space in Southern California. Major retailers such as Amazon and Walmart are heavy users of the near-dock storage yards, he said.

Mario Cordero, executive director of the Port of Long Beach, cited the port’s Pier S overflow yard that is helping to keep dwell times for containers that are trucked from the terminals below three days. According to the Pacific Merchant Shipping Association (PMSA), which tracks container dwell times, the average dwell time in the port complex in August for containers leaving by truck was 2.95 days. That’s up from 2.81 days in July but was the 10th consecutive month of sub-three-day dwells since October 2023, according to PMSA.

LA-LB rail container dwells saw big jump in August

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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When marine terminals are fluid, vessels move immediately to berth and depart on schedule after they have been worked. That prevents the backlogs that developed during COVID-19, which reached a record 109 container ships in January 2022, according to the Marine Exchange of Southern California.

The Marine Exchange reported that a record 67 container ships are scheduled to arrive in the LA-LB port complex this week.

“Vessels and cargo arriving, departing and shifting around the ports of LA and LB continue to move normally with no labor delays and ample labor,” said Kip Louttit, executive director of the Marine Exchange.

The post-COVID environment was also marked by excessive off-terminal chassis dwell times as chassis-container units sat idle in warehouse yards or on the streets waiting for space to open at the warehouses. Chassis street dwells during and immediately

after COVID spiked to more than 10 days, according to the Pool of Pools, which is managed by the three largest intermodal equipment providers (IEPs) in Southern California.

According to the Pool of Pools, the average street dwell time for 40-foot chassis as of Thursday was 5.9 days. That is below the seven-day-plus dwell times that can contribute to port congestion and reduce chassis availability in the LA-LB harbor area.

Another reason why there is no significant chassis shortage today is that a number of drayage operators serving the ports now own or lease chassis, which reduces their dependence on shared containers in the Pool of Pools and promotes a more efficient use of chassis, according to Matt Schrap, CEO of the Harbor Trucking Association.

Rail container dwell times still excessive

The only sector of the Southern California supply chain that continues to register below-par performance is intermodal rail. The average dwell time of rail containers on the Los Angeles-Long Beach marine terminals in August was 8.2 days, up from 5.66 days in July and the highest since November 2022.

“There are some rail container backlogs now,” said Alan McCorkle, president of Yusen Terminals in Los Angeles. “We’ve had to activate one of our two near-dock areas to handle the rail container backlog.”

Rail industry analyst Lawrence Gross, president and founder of Gross Transportation, said record volumes play a major role in the surge of long-dwelling rail containers at the ports. He said that according to the Association of American Railroads, last week was the busiest for North American intermodal rail since June 2021, and inland point intermodal (IPI) traffic is projected to remain strong at least through October.

“If the volumes stay this strong for that long, then I think there will unavoidably be some problems. Congestion, but not a meltdown,” said Gross, also a *Journal of Commerce* analyst.

BNSF Railway had its busiest week for IPI moves in the week before Labor Day, and new record volumes are forecast for the coming two weeks, said Jon Gabriel, BNSF’s vice president for innovation, service design and network strategy.

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