

Agriculture Transportation Coalition

"The principal voice of agriculture in U.S. transportation policy"

PierPass2.0

Fortunately PierPass in LA and Long Beach never migrated up the coast. It is fraught with problems, discriminates against exporters, and maybe a hidden revenue generator for the marine terminals, rather than the labor cost recovery fee that terminal operators say it is. (In its history, PierPass has never revealed the actual day gate fee collections, and has never revealed exactly how the money is spent.) But PierPass2.0 is slated to begin on November 19, 2018. In the short term, it's better for exporters, but longer term, it is unlikely to solve the increasing congestion and delay at Ports of LA and Long Beach. Fortunately, NWSeaport Alliance is watching it carefully, and knows the shipper disgust with PierPass, both 1.0 and 2.0/

PierPass was established 15 years ago to create an incentive to shift trucking of containers in and out of the gates from daytime, to nighttime, to reduce congestion. A new fee assessed on daytime gate entries, from which night gate transits would be exempt. It was successful. Shippers who could afford to have truckers take containers in and out of gates at night, did so. These were (and are) typically the big box importers with 24/7 distribution centers in close proximity to the ports. Open at night anyway, so getting truckers to haul at night was not disruptive to normal operations.

However, others are not able to shift to night gates. Exporters of agriculture and forest products are not as flexible -- stuck with the day gates and PierPass day gate fee. In recent years congestion has returned, and even surpassed prior congestion and delay at the SoCal ports. Trucks are backed up, and bunched right at the end of day gates (now \$170/container per day gate move), waiting to go in at the night gates (at \$0).

So the terminal operators filed an Agreement at the FMC for a new system, called PierPass 2.0. It would charge the same fee for both day and night gates (good for exporters, bad for big box importers) and avoid the bunching by instituting an appointment system. (never mind that the existing appointment systems in place in many of the SoCal terminals simply don't work).

The hue and cry from importers has been directed at the FMC. Can the FMC stop the new PierPass2.0? Under the Shipping Act, an agreement filed by carriers or terminal operators does not need to be approved by the FMC. They have to file it with the FMC, and the FMC can ask for more info, which it did, which delays things, but ultimately, if the FMC wants to prevent it from going into effect, the FMC has to go to Federal Court to seek an injunction. The FMC is reluctant to do so. How reluctant? Since 1984 and thousands of carrier and terminal agreements filed, the FMC has sought an injunction only once – and embarrassed, losing badly. In other words, there is not real likelihood that the FMC can or will prevent 2.0 or any joint agreement from going into effect. (An impotent ocean shipping regulatory agency is one reason some are thinking we need a Shipping Act 2.0.)