

November 16, 2020

Chairman Richard Kouhri & Commissioners
Federal Maritime Commission
800 North Capitol Street, N.W
Washington, D.C. 20573

RE: REQUEST FOR SUSPENSION OF DETENTION & DEMURRAGE AT SAN PEDRO
BAY PORTS

Honorable Commissioners:

On behalf of the undersigned trade associations representing importers, exporters, and their supply-chain partners, we respectfully ask you to explore all available powers and authority to immediately suspend detention and demurrage charges, which are being unfairly and unreasonably assessed in the Ports of Los Angeles and Long Beach, as well as the Port of New York & New Jersey by ocean carriers and marine terminals. Collectively, our members have paid well over \$150 million in unreasonable detention and demurrage charges this year in these twin Southern California ports due to the massive congestion created by record setting volumes, coupled with a shortage of both skilled labor and available chassis. We believe the assessment of detention and demurrage in this situation goes against the heart of the Interpretive Rule on Demurrage and Detention which the Commission issued last year.

Despite months of effort to collaborate with various supply-chain partners, including the ocean carriers and marine terminals, the port ecosystems in Southern California and New York/New Jersey are at a virtual gridlock due to a lack of collaboration needed for advanced planning. Much of this lack of collaboration can be attributed to the foreign owned ocean carriers. Unfortunately, it is the American businesses – the US importer, US exporter, OTI US intermediaries, and domestic supply-chain – who must bear the financial brunt of these inefficiencies. These costs of this inefficiency will ultimately be passed on to the US consumers.

In Southern California, the “Pool of Pools” chassis agreement has been massively oversubscribed, leading to the biggest chassis shortage in the history of the San Pedro Bay port complex. Despite efforts by the shipping and trucking industry to promote more dual-transactions to allow chassis to be recycled during the pick-up and dropoff of containers, the ocean carriers have refused to provide advanced notification of empty receiving locations to allow truckers and marine terminals to partner on increasing dual-transactions throughout the port complex. In a letter sent to the Ports of Los Angeles and Long Beach, dated August 25, 2020, a similar coalition of 40 organizations requested ocean carriers to provide at least 48 hours advanced notice of empty receiving locations and for marine terminals to guarantee

those appointments. Thus far, no ocean carrier has been willing to provide truckers and shippers with the data necessary to mitigate the challenges in the San Pedro Bay. Subsequent one on one meetings between coalition members and ocean carriers yielded no tangible results and a refusal to help solve these issues.

Chassis shortages have also reached critical mass at the Port of NY/NJ, where dwell times have nearly tripled in recent weeks. Restrictions on empty returns imposed by ocean carrier alliances further exacerbate the problem, with containers redirected at the whim of steamship lines, resulting in additional truck trips for motor carriers as they are forced to reposition equipment to locations other than the point of origin, for no additional compensation, but rather, at their own expense of time and labor.

In addition, due to the shortage of skilled ILWU labor, ocean carriers have fallen woefully short of their obligation to evacuate empty containers from marine terminals to create more space on their docks. Meanwhile, they have continued to unload loaded import containers creating congestion at the terminals. This has resulted in restrictions by marine terminals further thwarting the ability to terminate empty containers or pickup imports during the allotted free time. Also, ocean carriers are canceling export bookings leading to further trade deficits and creating hardships for American exporters.

The trucking community servicing the San Pedro Bay ports are working diligently to maintain cargo fluidity, however through no fault of the truckers or their customers, the hurdles to do so have become insurmountable and there looks to be no consideration or reprieve from the detention and demurrage charges that shippers and truckers cannot avoid. The restrictions on empty container returns, created by empty-in appointments and ocean carriers exceeding their empty allocations on terminal, have created an increase in demurrage due to the inability to free up chassis via an empty container termination or dual transaction impeding the ability to perform single import container pickups.

In the short term, we again ask for a suspension of these unreasonable detention and demurrage charges in the Ports of Los Angeles, Long Beach, New York & New Jersey due to current conditions and the lack of adoption of the FMC interpretive rule guidelines, which would have helped mitigate these issues. We would further ask that the Commission review and disallow carriers from filing or collecting any surcharges for congestion, trucking or equipment for moving in and thru these ports until they have made a constructive action to remedy the problems.

In the long-term, we ask the FMC to use the interpretive rule on detention and demurrage as a template for rulemaking. The lack of participation by the ocean carriers is glaring, and the commercial and operational benefits they were afforded through the shipping alliances have created commercial and operational hardships for the rest of the supply-chain.

We all know that the COVID-19 pandemic has created disruption throughout the supply chain. However, as the U.S. economy and companies continue to recover, they should not have to be worried about congestion and additional costs that will further impact their businesses and recovery efforts. We must work collectively to address these systemic issues, which the FMC is well aware of through previous investigations. The FMC must take action to support the interests of U.S. companies and consumers to ensure that the carriers are not imposing unfair costs on American exporters, importers or consumers.

Respectfully,

Harbor Trucking Association
Agriculture Transportation Coalition
National Retail Federation
Gemini Shippers Association
Los Angeles Customs Brokers & Freight Forwarders Assn.

Cc:

Members of Congress
Gavin Newson, Governor of California
Andrew Cuomo, Governor of New York
Phil Murphy, Governor of New Jersey
Eric Garcetti, Mayor of Los Angeles
Robert Garcia, Mayor of Long Beach
Gene Seroka, Port of Los Angeles
Mario Cordero, Port of Long Beach