**Congestion worsens as peak season hits peak**

Despite expensive extraordinary measures taken by terminal operators in an attempt to bring relief to the heavy congestion experienced all summer at the Long Beach-Los Angeles port complex, cargo buildup is worsening at the terminals as we approach the final stretch of the end of the year heavier volumes.

The congestion at the container yards is mainly due to lack of chassis equipment and this means that the large vessels cannot be offloaded at normal speed because there is nowhere to put additional containers. This has become a severe issue this year, now that independent chassis operators, not the steamship lines are responsible for providing this vital equipment. And it appears that respite will not be forthcoming any time this year.

Other North American gateway port complexes such as New York-New Jersey and Vancouver in Canada have also been dealing with congestion problems this year as a result of other constraints such as the reduction in the truck driver population and rail car or truck equipment shortages.

All cargo interests want to see a drastic improvement to the situation but the major contributing factor today is the fact that some chassis equipment is sitting idle taking up terminal space, while in other areas of the port there is a severe chassis shortage. The severe imbalance and dislocation of equipment in Southern California began when shipping lines stopped providing chassis to its customers earlier this year as they had already done elsewhere in the country a few years back. The difference is that the ports of Los Angeles and Long Beach, together handle about 40 percent of U.S. imports from Asia so this larger volume makes the issue more severe than elsewhere in the country.

**Other root causes for congestion**

Additional contributing factors to the severe congestion include intermodal rail service delays, the arrival of larger vessels, long truck turn times and container terminals reaching maximum capacity.

As the U.S. economy has been undergoing a strong recovery this year, container volumes at the largest port complex in the U.S. are exceeding pre-recession peak years. While this is welcome news, this adds to the congestion at a time where increasing volumes cannot be processed in a timely fashion.

One problem affects another and it becomes a vicious circle leading to the worst port congestion in years.

**Solutions: chassis equipment tracking, reporting and sharing**

Despite being neighbors, the two ports are not allowed to discuss potential solutions unless granted permission by the Federal Maritime Commission. Until that happens, each port is working toward finding individual solutions.

The Long Beach Port’s Chassis Operations Group recently announced that they envision that a third-party contractor will set in motion an unbiased process to determine the most efficient chassis supply model for the San Pedro Bay port complex.

Regular meetings are being held regularly between Chassis Operations Group stakeholders: ocean carriers, terminal operators, beneficial cargo owners, trucking companies, railroads and the International Longshore and Warehouse Union as well as chassis leasing operators.

The group’s short-term goal is to have all parties share information on chassis positioning in the hopes of alleviating this mounting problem that is leading to waits of 5-10 days before containers are ready for pickup. In addition, two of the three major chassis-leasing companies in the harbor, DCLI and TRAC Intermodal, have announced this month that they will be adding 3,000 chassis to their Southern California fleets over the coming weeks in response to a request by the Port of Long Beach.

A mid-term solution is being developed whereby chassis operators are looking to share assets before the end of the year so truckers and cargo interests have ready access to equipment.

A more permanent and long term goal will be to implement neutral chassis pools throughout the port complex to reduce equipment positioning imbalance which is at the heart of what some have dubbed as **chassis chaos**.

Updates on these efforts, including minutes of past meetings, on-going discussion topics and other resources can be accessed on their online page at: [http://www.polb.com/economics/chassis.asp](http://www.polb.com/economics/chassis.asp)

*We will continue to closely monitor the situation and keep you, our valuable customers, informed.*

*Please contact your local KWE branch if you have further inquiries.*

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