

Port congestion

The backlog of vessels at anchor in Southern California's port complex of Long Beach-Los Angeles is slowly dissipating. On Monday, March 23rd, 2015, twenty-two vessels were at anchor, which is about 50 percent less than the average number of vessels during the height of the congestion crisis. However, this is still more than many expected after a month has passed since the agreement of the tentative contract between the dockworkers' union (ILWU) and management (PMA) which brought an end of the terminal slowdowns. In what has almost been a routine in the last few weeks, the number of vessels waiting to berth has been reducing during the week, only to see the weekend bring an additional influx of vessels to replace the vessels that were cleared on weekdays. While the tentative contract agreement has addressed the port slowdowns and has resulted in ships being worked on faster, the backlog is partly due to liners bringing more and more mega vessels in the trans-Pacific trade that are now running on a regular weekly schedule.



The larger vessels are increasing the numbers of containers being offloaded per call. Terminals are facing additional pressure to increase productivity in order to keep up with these changes. Over the past year, many container vessels have increased to 19,000-TEUs from 13,000-TEUs, while there has only been a reported increase of 20 percent for terminal productivity. This is in part due to the terminals' inability to add more cranes to address increasing vessel capacities. Vessels are gaining capacities by getting wider and are able to hold more containers stacked up, instead of increasing ship length. If the ports return to normal by the end of May, as anticipated, the need to improve velocity of loading and offloading containers will be greater.

Chassis availability improving

In order to address the dislocation and availability of chassis, an issue which has been viewed by analysts as one of the main hurdles working against the terminals return to the normal productivity levels prior to the port congestion, three chassis leasing companies in Southern California have combined their equipment to create the gray chassis pool. The pool accounts for about 85 percent of the approximately 100,000 chassis in the area. The first three weeks of partnership have seen improvement in equipment availability. This improvement has led many observers to believe it will take less than the 3 months originally predicted for the terminals to recover from the congestion that has built up during the contract negotiations.

U.S. West Coast ports overall expect further improvement in the coming weeks, during which time the ILWU and PMA tentative agreement will go through the ratification process. The ILWU membership will vote in secret ballot in April, if the union caucus recommends approval of the tentative contract. There is some dissension within the radical ranks of the ILWU but observers believe the agreement will be ratified.

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

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