

Shippers, Carriers Seek West Coast Productivity

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Conference participants focus on reasons for shifts in market share

West Coast ports, and especially Los Angeles-Long Beach, will have to significantly improve their productivity and establish a reputation for reliability if they are to avoid a further loss of market share to ports in Canada and the U.S. East Coast.

The problems at West Coast ports include poor productivity at marine terminals, unpopular container fees in Southern California and what the shipper community believes is an arrogant attitude among port executives in Los Angeles-Long Beach.

Overall, shippers believe they get more bang for their buck at ports in Canada and on the East Coast, especially in terms of longshore labor. "Organized labor on the West Coast is perceived as unreliable and unpredictable," said Jon DeCesare, chief executive of World Class Logistics Consulting in Long Beach.

DeCesare, who performed a survey of retailers and importers on the factors they consider in choosing a gateway for their merchandise, said speed to market is crucial. Any development such as a labor disruption or a bout with congestion that affects a port's reliability will result in diversion of cargo to another gateway, DeCesare told the Port Productivity conference sponsored by Cargo Business News.

Shippers, therefore, responded to the employer lockout of the International Longshore and Warehouse Union during the 2002 contract negotiations and the severe congestion in Los Angeles-Long Beach in 2004 by establishing import distribution centers at ports on the East and Gulf coasts, DeCesare said.

Marine terminal productivity is a key factor in attracting carrier as well as shipper loyalty. Bill Payne, executive vice president and chief operating officer at NYK Line North America, said that 10 years ago container moves per hour on NYK vessels were about equal in New York-New Jersey and Los Angeles-Long Beach.

Today, the vessels operated by NYK Line and its vessel-sharing partners are getting at least six more container moves per hour per crane in New York-New Jersey than in Southern California. That translates to a cost savings of \$15 per container move, \$75,000 per vessel call and \$4 million a year, Payne said.

While port authorities do not hire longshore labor or manage cargo operations, a port that wants to avoid loss of market share can no longer sit on the sidelines and say this is an issue between waterfront employers and longshoremen, Payne said. Ports must facilitate cooperation among all stakeholders in the port community to achieve greater marine terminal productivity, he said.

Port authorities should also make an effort to view their operations from the perspective of the cargo interests, DeCesare added. He cited how the ports of Los Angeles and Long Beach handled their Clean Air Action Plan and clean-truck plans as a "big mistake" because they did not actively seek input from the shipper community.

Now, a proliferation of fees and a push by the Port of Los Angeles to include mandatory employee drivers as part of the clean-truck plan are causing a diversion of cargo. "Stakeholders want to be heard, and they want to help," DeCesare said.

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