

MARKET TRENDS

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Congestion at the Ocean Ports

How Service is Impacted

Multiple factors causing the delays:

- The peak season import surge creates terminal congestion, capacity shortages by the rail carriers and the trucking sector
- Congestion as a result of feared labor disruptions
- Produce season is causing shift of container drayage by the trucking industry to the more profitable produce delivery
- Most once carriers no longer provide the chassis, forcing the trucker to pick up the chassis and wait in line for the swing of the container onto the chassis
- Railroad delays in providing rail cars and equipment creating a backlog of intermodal containers leaving on schedule
- Recent fire at the Los Angeles/Long Beach port which forced the entire port to be closed for up to 48 hours creating additional congestion
- Shortage of drivers to dray containers from terminals with no on dock rail service to the rail yard
- Increase in deployment of 10,000 TEU containerships causing additional delays as a result of terminals not being a 24/ operation



Alex Cherin, Executive Director of the HTA (Harbor Trucking Association), said that a survey taken by the association showed that 22% of all truckers have a wait of over two hours for containers.

-American Journal of Transportation

Severe Delays in Intermodal and Local Transit Time

Issues arising as a result of the congestion:

- Contention surcharges
- Increasing trucking costs
- Severe delays in intermodal transit time
- Drivers not willing to sit idle and moving to different more profitable sectors
- Higher ocean freight costs when switching type of service

Long Term Predictions

- The problem will continue as the economy gains momentum
- There will be an increase in larger vessels being utilized by ocean carriers to reduce their overall operating expenses
- Higher costs to finance the needed port improvements
- Pools of Chassis that will be shared easing the chassis shortage currently faced



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BNSF Logistics International Solutions

- Book trucking in advance to ensure service at the time of need
- Plan additional lead time in case of delays
- Transload containers into over the road trailers to expedite trucking
- Move containers on flatbed trucks to destination

A Message From Wolfram Zeppenfeld - BNSFL VP International Branch Ops

Current congestions at all major ports is impacting supply chain and forwarding operations. The problems causing the delays are not easily fixed and are a direct result of not enough investment in infrastructure and equipment in recent years. Ocean volumes usually drop at this time of the year and should help to reduce the congestion at the ports, but it will not solve the issues ahead.

Shortage of chassis will increase wait time at terminals and reduced trucker capacity will drive up trucking cost in 2014/2015. Transit time will increase as a result of ongoing congestion at the ports and terminals.

Review of cost and lead time is recommended and your BNSF Logistics Team will support you in the process.