

Shippers feel need for speed

• In a perfect world, importers and exporters say, ports would assure shipments arrive swiftly to their destination.

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PALOS VERDES, Calif. — In today's just-in-time shipping environment, importers and exporters are demanding that port authorities play a more assertive role in facilitating swift movement of their shipments.

Increasingly, shippers say they want a total package of services from ports, including everything from frequent calls by ocean carriers, to modern terminals and on-dock railyards, to efficient highway and rail infrastructure.

Their wish list also includes extensive truck and rail service, professional treatment by Customs, and a productive labor force.

When one or more of these elements break down, shippers' loyalty to a port begins to ebb, and they look for alternative gateways.

"We don't want any bottlenecks," Peter Haas, contract administrator at Northrop Corp., told a transportation seminar last week sponsored by the Southern California Roundtable of the Council of Logistics Management.

Northrop each year ships 15,000 metric tons of high-tech,

aerospace and defense cargoes through Los Angeles-Long Beach. When shipping high-value cargoes, even a small glitch can stop a shipment dead in its tracks, leading to costly breakdowns in companies' logistics systems.

Breakdown causes

Breakdowns can occur in any number of ways, shippers say. A Customs inspector who is unfamiliar with the product and arbitrarily pulls a shipment aside for an exam, a delay in moving cargo because a train is blocking access to the terminal or work slowdowns by disgruntled longshoremen are disastrous for shippers of high-value cargo.

Shippers expect close cooperation among ocean and inland carriers, government regulatory agencies, port authorities and labor unions to keep traffic flowing smoothly. "We need this to protect the crown jewel of U.S. industry — high-tech," Mr. Haas said.

'Paradigm shift' needed

Bringing these disparate parties together is not easy, but it should be the priority of port managers, said Dana Vincent, director of transportation for MacFrugals Corp., which runs the Pick and Save retail stores. All too often, he said, port authorities hide behind the cover of their landlord status when in fact they should be leading the

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effort to bring all elements of the supply chain together.

"A paradigm shift in port management is needed or we will have gridlock. Productive port management is the key," Mr. Vincent said.

Los Angeles-Long Beach, the nation's busiest port complex, is a textbook example of ports that have been forced to step outside of their traditional role as providers of marine terminals to become facilitators of trade.

The Southern California port complex continues to grow at a rapid pace. Los Angeles and Long Beach together handled 5.7 million 20-foot container units (TEUs) last year. That volume is expected to double in the next 20 years.

Construction craze

Fearing gridlock would result from the crush of traffic, ports embarked upon a building frenzy unprecedented in U.S. port history.

Building marine terminals and harbor infrastructure is the traditional response of ports to cargo growth, and the transportation community applauds the ports for their efforts.

Marine terminals take years to design and construct, and have a life expectancy of 15 years or more, so ports must "roll the dice" and attempt to predict their tenants' long-term needs, said Ott Reichl, district manager at Hapag-Lloyd

(America) Inc. "The ports have done a very good job," she said.

In the decade of the 1990s, each port is scheduled to spend \$2 billion for new and expanded terminals, on-dock railyards, new bridges, grade separations and deeper harbors. Having exhausted most available property, they are spending millions of dollars to construct new land in the harbor.

But the ports also had to look beyond their traditional turf on the waterfront because bottlenecks were developing in the infrastructure leading to and from the harbor.

In the mid-1990s, they provided the push needed to get the Intermodal Container Transfer Facility off the ground.

Sphere of influence

That facility now handles 660,000 container moves a year. More recently, they provided the seed money and coordinated the efforts of local governments to launch construction of the Alameda Corridor.

Extending port influence inland is necessary because building efficient marine terminals and on-dock railyards simply moves the transportation bottlenecks further from the waterfront.

Ports are also being forced to enter the formerly forbidden arena of labor relations. Los Angeles-Long Beach truck drivers, angry over long lines at marine terminals, have engaged in sporadic work stoppages and demonstrations, creating yet another bottleneck in the harbor.

The ports helped coordinate the efforts of terminal operators, trucking companies and customs brokers to improve trucker turnaround times at marine terminals, said John Cushing, marketing manager at the Port of Los Angeles.

They accomplished this by publishing hours of operation for the 13 terminals in the harbor complex, setting up a fax-alert system to warn truckers of unexpected problems and, more recently, developing an intranet system that will allow terminals, truckers and brokers to communicate online.

The one area where ports still fear to tread, but have started to speak openly about, is relations with longshoremen. Work slowdowns last summer by the International Longshore and Warehouse Union brought this concern into the open. Some ILWU members were upset over the terms of their new contract.

"The cost of labor productivity could be the straw that breaks the camel's back," said Hal Hilliard, marketing manager at the Port of Long Beach. "If we continue to go up on our labor costs as drastically as we have, it will be economically beneficial to develop ports in Mexico."

The bottom line for U.S. ports is to get more productive use of their facilities 24 hours a day, seven days a week, said Mr. Vincent of MacFrugals.

Pointing to ports such as Hong Kong and Singapore that get 90% utilization of their berths, Mr. Vincent said, "This is a far cry from what marine terminals in the United States get."