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**Peter Tirschwell** | Dec 09, 2021 10:09AM EST

According to Sea-Intelligence Maritime Analysis, blank sailings on the Asia-to-West Coast trade have increased to 13 per week since mid-September. Photo credit: Shutterstock.com.

The year 2021 hurls toward its end in a state of continuing disarray, with only a few scattered hints that normal cargo flow may be returning and many signs that problems will continue well into next year. The reason is simple: The system is only as good as its weakest link, thus progress in one segment will not automatically translate into or contribute to systemwide improvement. Real end-to-end recovery will only come, many believe, through a combination of slower growth and a period of calm that unfortunately is far from guaranteed as long as COVID-19 continues to affect manufacturing and consumption.

Case in point: The success shown by the ports of Los Angeles and Long Beach in reducing long-dwelling containers by nearly 40 percent since late October, and as a result postponing four times (thus far) the threatened container dwell fee, seems increasingly similar to a surgical strike,

mitigating a very specific issue, versus moving the needle toward broader container supply chain recovery. In other words, while there are clear signs of easing in intermodal rail and associated drayage and warehousing, the number of ships awaiting berth at LA-Long Beach continues to reach new highs, there is no apparent relief in port drayage, and freight rates remain very high year over year. Furthermore, continued strength in import volumes next year will likely prolong the day when normalcy can be said to have returned.

JOC Column

The vessel backup shows how elusive system-wide relief remains at year-end. The total ship backup, which was over 90 in early December, including vessels slow steaming across the Pacific, is triggering an escalating series of recent blank sailing announcements given how woefully off schedule vessels in the trans-Pacific are currently. According to Sea-Intelligence Maritime Analysis, an average of 7.7 sailings per week were blanked in the Asia-to-West Coast trade per week during the first nine months of 2021, but as disruption grew worse that increased to 13 per week beginning approximately in mid-September.

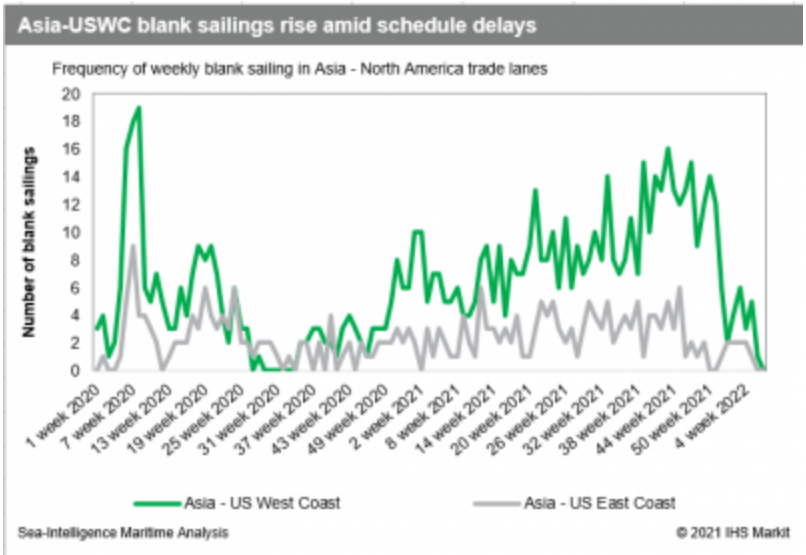
And the issues continue from there. Chassis lessors tell JOC.com that cycle times for chassis may be stabilizing, but has not declined while indicators from the Pool of Pools show the time of on-street usage to be clearly increasing since September.

“Velocity is terrible, we have been crushed by velocity, and we need to get it back,” a Port of Los Angeles representative told the CONECT conference this week in Newport, discussing multiple initiatives under way.

## Drayage may be worsening

Forwarders say drayage remains every bit the obstacle it has been for months and may even be worsening.

On drayage, “I would not say there has been any improvement of significance anywhere that we can see,” said Trond Prestroenning, chief executive, Americas region, for Hamburg-based forwarder Fr. Meyer’s Sohn. “Southern California and the PNW continues to be a problem and we’re now having more and more issues in the Southeast where we’ve seen things get extremely tight over the past month or so, becoming a mini-LA type of situation. And now the Gulf is also tightening up.”

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Added Ken Kellaway, CEO of RoadOne IntermodaLogistics, a national drayage provider, “We still are having challenges at many of the ports.”

Furthermore, there is limited downstream capacity. The distribution center vacancy rate throughout Southern California is less than 1 percent, according to Colliers, which on top of a continuing warehouse labor shortage means virtually no additional warehouse capacity to handle further volumes.

While Prestroenning said inland locations remain a challenge also, others say the situation inland is improving, particularly in intermodal and warehousing.

“We are seeing a lot of investments from the rails which is helping service improve, gradually. It is certainly not a light switch that is turned on all of the sudden and we’re back to where we were in 2019, [but] we do see things beginning to loosen up a bit,” Hub Group CEO Dave Yeager told a Dec. 3 webinar organized by TransAct, CSCMP, and Nasstrac. “Another improvement we have seen is that the warehouses are less of a bottleneck than they were before, and most importantly the dray capacity has improved. I wouldn’t say significantly, but it has gotten better as wages have in fact increased substantially. There is a fair amount of conversion of highway drivers to intermodal where they can be home every single night.”

The comments from Yeager, who runs one of the largest intermodal providers, reflect a significant easing in paralyzing intermodal disruption seen earlier this year. The two western railroads, BNSF Railway and Union Pacific Railroad, have stopped limiting the number of containers they move inland from the US West Coast after the metering strategy proved successful in decongesting their intermodal networks. Earlier in the year, UP had ceased accepting intermodal cargo off the West Coast to allow its inland rail ramps to be cleared out.

While the western US railroads and trucking companies say the supply chain is not back to normal, they say the crippling congestion seen at key intermodal hubs such as Chicago, Dallas, Kansas City, and Memphis earlier this year has eased considerably in the past three months.

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