

TRANSPORTATION REPORT

From: Terry Whiteside

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DON'T BLAME SHIPPERS FOR PORT CONGESTION

Editor's Note: This is very well written editorial by Peter Friedman of the Ag Transportation Coalition. Peter's points can be aligned with many facets and modes of the grain transportation industry, rail, intermodal, container, etc. *Reprinted with Permission from Peter Friedmann, Executive Director, AgTC*

There is much discussion about the causes of the current port congestion crisis. Yet even when we think we've heard all the reasons that this situation exists, the JOC's article "[Port congestion: 'You get what you pay for'](#)" reports on something completely out of left field: a statement by a marine terminal operator that the current port congestion is the shippers' fault.

His argument, apparently, is that the big ships are the problem, and the reason they are getting bigger is.....hope you are sitting.... if shippers would pay more for freight, carriers would be still using smaller (less efficient) ships. Unbelievable!

Carriers are understandably and appropriately going for bigger ships because they, like every industry, must continuously seek ways to deliver service more cost-effectively, and these days, an important component is

reducing fuel consumption – every mode of transport is doing that. So is he saying that if shippers would pay more, the carriers would not have bought the bigger, more fuel efficient ships? If freight rates went up, would the carriers return to the smaller ships?

That would be like saying, if the carriers paid the terminals more, they would eliminate electronic readers for tracking containers, or go back to the previous generation of (less efficient) container cranes?

There are many pieces to the current port congestion. Clearly the huge ships and the resulting “container dumps” are a big piece; so is the conversion from the traditional (in the U.S.) carrier ownership/operations of chassis; so are the trucking hours of service and unworkable safety-rating rules; so are limitations on truck weight limits and the lack of “heavyweight corridors” to some of our largest ports; so are terminal operators imposing a dysfunctional and inequitable PierPass or unrealistic detention/demurrage penalties; so are the avalanche of burdensome federal mandates for import and export documentation, inspections; so are uninformed legislative proposals to physically scan every container; so is port labor when it is “working to rule”; so are federal, state and local governments imposing decades-long delays in permitting the construction of new more efficient terminals.

But to blame it on shippers for not paying high enough freight rates to allow carriers to operate smaller less efficient ships, is, out of left field; actually, out of the left field bleachers.

More troubling is the possibility that this sort of thinking (blaming shippers for acting like businesses – controlling costs so they can survive in brutally competitive domestic and foreign marketplaces) could be prevalent among marine terminal operators. Because the solution to the congestion crisis is not going to be for the terminal operators to blame the customer (be it the ocean carrier or the shipper) for not paying more.

The solution is to continuously work to provide better, innovative, more efficient service/product at less cost -- just like importers, exporters, ocean

carriers, freight forwarders, customs brokers, truckers must do every day. Otherwise, the congestion crisis is going to be with us for a long time.

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