



September 16, 2020

CHASSIS SHORTAGE IN LOS ANGELES AND LONG BEACH PORTS IS REACHING CRITICAL LEVELS

There is immediate impact at the ports of Los Angeles and Long Beach where a chassis shortage is worsening each week. With significant volumes arriving since July, congestion is mounting at the terminals and a domino effect of issues has been contributing to a very volatile situation. Here are some highlights being reported within the community:

- Backlog up to 10 days for a container to get recovered out of many terminals. This is causing increased demurrage for importers as labor shortages have impacted timely vessel unloading.
- The average recovery time of a full container from many terminals is approximately 5 hours, leaving little time to make the actual delivery in the same day. This is creating a necessity for yard pulls to the drayage carrier facility and delayed delivery.
- Appointment restrictions on empty container returns is creating further backlog and delays, which has impacted timely returns, forced detention charges, and further delay the use of the chassis on new loads.
- Thousands of containers and chassis remain idle at warehouses and distribution centers, waiting to be unloaded. With the surge in volume, replenishment in inventories, and preparation for holiday sales, this has been one of the larger factors of the chassis shortage.
- The Pool of Pools (created in 2015) is the combination of DCLI, Flexi-Van, and TRAC Intermodal inventory, which services 11 major marine terminals and 4 rail facilities within the Los Angeles and Long Beach port facilities. Current figures representing the past few days display an average of 22,500 chassis that are operational (“On Terminal Inventory” for chassis equipment servicing 20’ and 40/45’ containers), with approximately 4600 chassis out of service and requiring maintenance. The local market is struggling with this capacity and there is wide belief that there are not enough chassis to service the continued surge of containers and will experience major constraints in the coming weeks.
- The majority of drayage companies have begun to implement congestions surcharges and peak season increases to cope with the demand.
- Those drayage carriers with their own chassis equipment have limited supply and/or are strict in the usage with advance planning required. This comes after chassis leasing companies do not have any further equipment to offer.

We must continue to advise that there is still a great deal of uncertainty in the coming weeks and challenges to endure, some that are unforeseen at this time. We do highly recommend that you prepare for continued disruptions, volatility in costs, likely congestion, and increased delays. Please do your best to plan in advance and communicate with all parties involved in your transactions. Do not hesitate to contact us should you have questions or need further guidance.

OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) * Long Beach, CA (562-435-2327) * Schaumburg, IL (630-860-0782)
 Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen • Taiwan • Vietnam, Cambodia, Indonesia, India

DOMESTIC CARGO OPERATIONS

Kearny, NJ (201) 772-560

3PL LOCATIONS

Fontana, CA * Ontario CA * Joliet, IL * Kearny, NJ (Central Ops)