

NATIONAL MARINE CONTAINER TRANSPORTATION SYSTEM

A CALL TO ACTION

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In addition, an appointment system will only be viable if it is developed with consistency on a port-wide basis and truckers have the ability to book appointments at any terminal facility operating in any given port complex. In the past, terminal operators have viewed appointment systems as a competitive issue, with the result that there is no single portal for trucker appointments at any U.S. port (although in 2001 the Port of Authority New York/New Jersey attempted to develop an Internet portal that could have been expanded into a port-wide appointment system). The Port abandoned the project because of lack of terminal support.

The Waterfront Coalition calls on marine terminal operators to once again explore the use of federal anti-trust immunity to cooperate in developing port-wide appointment systems. We believe such systems ought to be one of the industry's highest information technology priorities.

However, the Waterfront Coalition opposes legislation that would force individual terminal operators to offer appointment systems. Such government regulation of terminal facilities is counter-productive since it does not address the creation of port-wide systems, and it does not recognize that it will require a certain amount of cooperation between terminal operators to make viable appointment systems a reality.

Spread out Vessel Sailings and Arrivals in the Trans-Pacific Trade to make maximum use of terminal capacity. Because of manufacturing practices in Asia, there is a clear bias toward east-bound weekend sailings, which means that vessels are more likely to arrive at the West Coast of the United States on Thursdays and Fridays and Saturdays. Because of this bunching, the port complex has traditionally been strained during peak periods, and under-used during slow periods.

The advent of mega-ships carrying 8,000 TEU may have obscured this basic pattern to some degree--because it takes more days to unload a large ship--but the fact remains that there is still a bias toward weekend sailings and late week arrivals.

Changing business practices to spread out arrivals in such a way as to make better use of existing terminal, rail and truck capacity should be an issue that shippers and carriers begin to explore. New vessel sailing schedules would require shippers to make changes in their production schedules, but the results could be significant in faster transit times.

Develop "Best Practices" for Measuring Capacity and Productivity at the Nation's Ports and Terminals: To our knowledge, the marine terminal industry and the nation's port authorities have not developed any kind of common metrics that provide a true assessment of current capacity. Without this measure, the government and industry are in effect "flying blind" in terms of knowing how much additional volume of imports and exports can be managed before the Marine Container Transportation System becomes so overloaded that it collapses. TRB Studies and Information Services have recommended that the Secretary of Transportation seek a mandate from Congress for the United States Department of Commerce (USDOT) to take the lead in measuring, monitoring, and assessing options to strengthen the contribution of the Marine Transportation System to key national interests. Certainly

having an accurate picture of marine terminal capacity would be a key metric for USDOT.

Shippers would benefit from having a viable barometer in understanding the true capacity of the terminals they are using or considering. Of course, terminal capacity needs to be reported in terms of the size of vessels that can utilize that capacity.

A private study conducted by JWD Group and Moffatt and Nichol has suggested that effective terminal capacity across the United States will be exceeded in 2016 based on a 6 percent compounded annual growth in imports and marine terminals operating at 6,500 TEU/acre. Today, the average terminal operating capacity is 4,800 TEU, which suggests that marine terminal operators have work to do to increase their capacity above the existing average to at least 7,500 TEU/acre. But without any industry standards in place, it is hard to judge whether this study is accurate.

The Waterfront Coalition does not believe that it is appropriate for shippers to "dictate" best practices, information technologies, or operational efficiencies for terminal operators, any more than it is appropriate for government to do so.

However, it is appropriate for the industry associations representing ports and, more important, terminals, to develop standard industry metrics, benchmark studies with respect to business practices and technology, and best practices across the industry. Trade associations regularly engage in this kind of activity without compromising competition.

For these reasons, we call upon the trade associations representing ports and marine terminal operators to:

1. Define and compile an accurate assessment of the throughput capacity of the nation's ports in the absence of a USDOT mandate from Congress to do so,
2. Develop standardized set of terminal productivity metrics,
3. Conduct benchmark studies of the productivity, business practices, and technology used in foreign and U.S. ports, and
4. Develop a set of marine terminal operation "best practices and industry standards," based on benchmarks that are designed to boost the industry average capacity.