

25% more containers out of LA/Long Beach ports possible: ITS Logistics

Numerous factors could shift export trends

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The Port of LA is likely to see an increase in volume. (Photo: Jim Allen/FreightWaves)

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U.S. consumers are not as eager right now to open their wallets to purchase a lot, but that does not mean anticipated lower volumes cannot create any logistical hiccups. They still can.

Shippers are taking advantage of the longer transit around the Cape of Good Hope and the wait at the Panama Canal due to water restrictions. They don't need the products, and they are more than happy to have their containers on the water and not racking up warehouse bills.

But while this present strategy is good, the attractiveness of longer transit times may start to wane for a variety of reasons.

The first is contract season. Paying more for a less productive route for a year may not make fiscal sense when you are heading into peak season.

The second is fears over [a possible East Coast labor strike](#). Who wants to be locked in for a year with that threat looming? The labor contract between United States Maritime Alliance (USMX), representing employers at 36 ports on the East and Gulf coasts, and the International Longshoremen's Association (ILA) union, which represents around 70,000 dockworkers, expires Sept. 30.

If the ILA does strike, it will be the first major labor disruption on the East Coast since 1977. [That strike lasted almost two months.](#) The threat of a West Coast ILWU strike resulted in a hemorrhage of trade moving to the East Coast. How much East Coast trade we will see revert to the West Coast is ongoing.

It's these concerns that will be on the minds of shippers when they sit across the table from ocean carriers as they haggle over their respective contracts. Logistics managers tell American Shipper they will be curious to see how ocean carriers justify the expense of an East Coast transit.

Preparing ahead of contract season takes time and boots on the ground. There is always a plan for the plan. As a result of Red Sea logistics planning, ITS Logistics is warning clients to get their container transportation plans in place now. Paul Brashier, vice president of drayage and intermodal at ITS Logistics, tells American Shipper he has been on the ground surveying Los Angeles and clients are asking for more onboard capacity on the West Coast.

"They are looking for additional capacity for ground storage and cross-docking," said Brashier. "I am anticipating at least 25% more out of the ports of Los Angeles and Long Beach."

Clients concerned about East Coast labor and Red Sea diversions are driving this demand.

"As we go into contract season, customers that are planning on the Non-Vessel-Operating Common Carrier (NVO) and carrier side are looking for additional space to store containers," said Brashier.

While peak season will come on its traditional schedule, the fact Brashier is seeing more containers scheduled to come into the West Coast has him beefing up the land infrastructure to make the movement of those containers out of the port to its next destination go as smoothly as possible.

Brashier is not alone in his assessment of how his team is planning to serve and execute clients' logistical strategy. Other logistics managers have told American Shipper of similar plans.

This year with less container volumes, it is imperative for logistics companies to stand out with their service and their technology. As we see freight companies that claim they are disrupting the industry when it is just smoke and mirrors, the proof of a logistical disruptor or dependable logistics operator is the company's execution and ability to harness the power of the technology they have. Clients want certainty.

Next week during contract signing, logistics managers will be placing their bets on being as nimble as possible and getting the best rate in a time of war and environmental crisis. After all, providing as much certainty as possible in the logistical supply chain separates the winners from the losers. Logistics companies thrive by providing that certainty.