

Bottleneck between Ports and Railroads on the U.S. West Coast

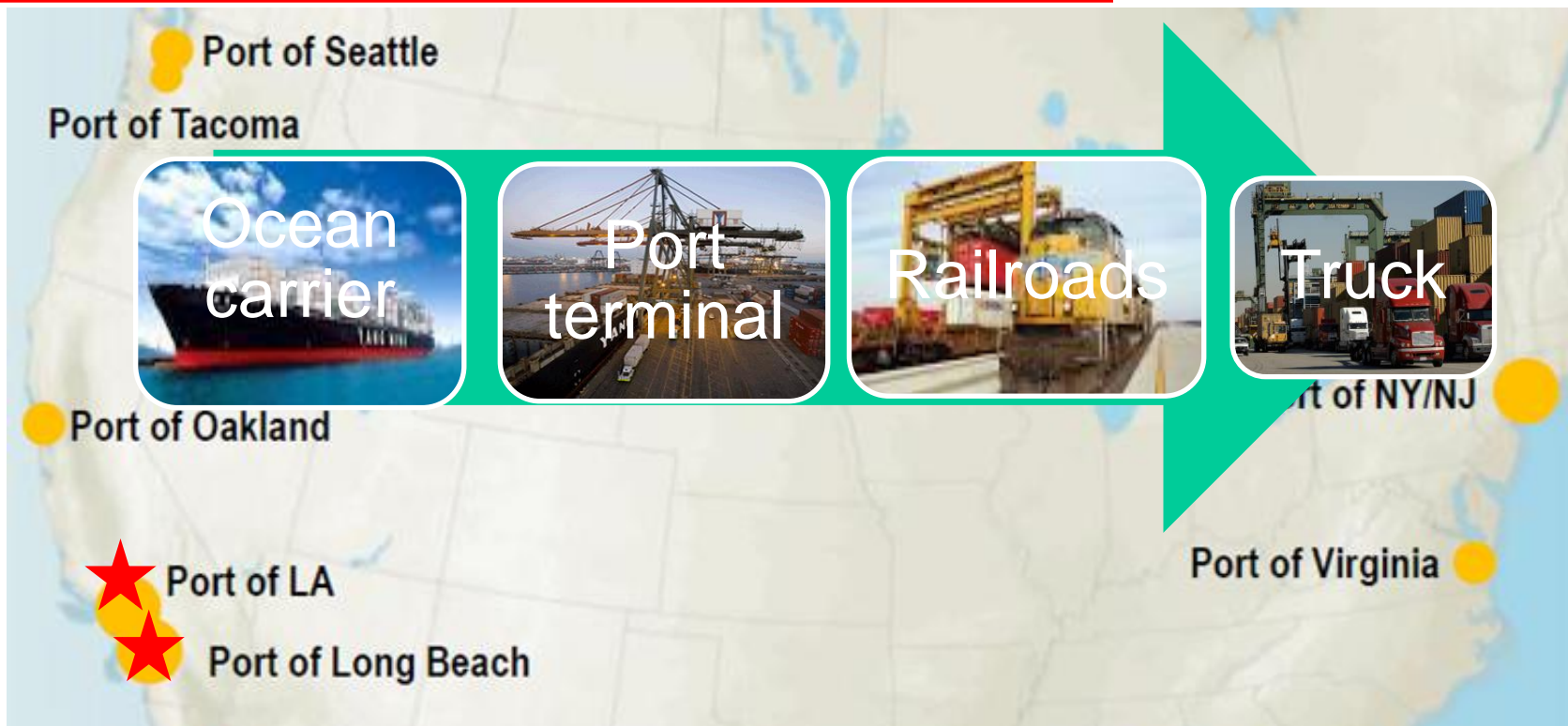


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Outline

- Intermodal Transport & U.S. West Coast Gate ports
- USWC IPI Bottleneck
- Solutions to Existing Difficulties
- WBCT v.s.2014-2015 ILWU Disruption
- Conclusion- What we can do?
- Question and answer

Intermodal Transport & U.S. West Coast Gate ports



Most of TP trade intermodal cargo are through LA-LB Gate ports.

CY2014 LA loaded inbound: 4.3Million TEUs *(source:POLA website)*

CY2014 LB loaded inbound: 3.5Million TEUs *(source:POLB website)*

USWC IPI Bottleneck

Terminal Congestion

- Vessel/ cargo influx into port on peak day overwhelmed terminal operation.
- ILWU Labor disruption of work stoppage or slow down deteriorate yard & gate gridlocked.

On- dock operation complexity

- East/ West bound railcar imbalance for on- dock operation.
- Minimum volume required for on-dock movement.

Truck Cost increase

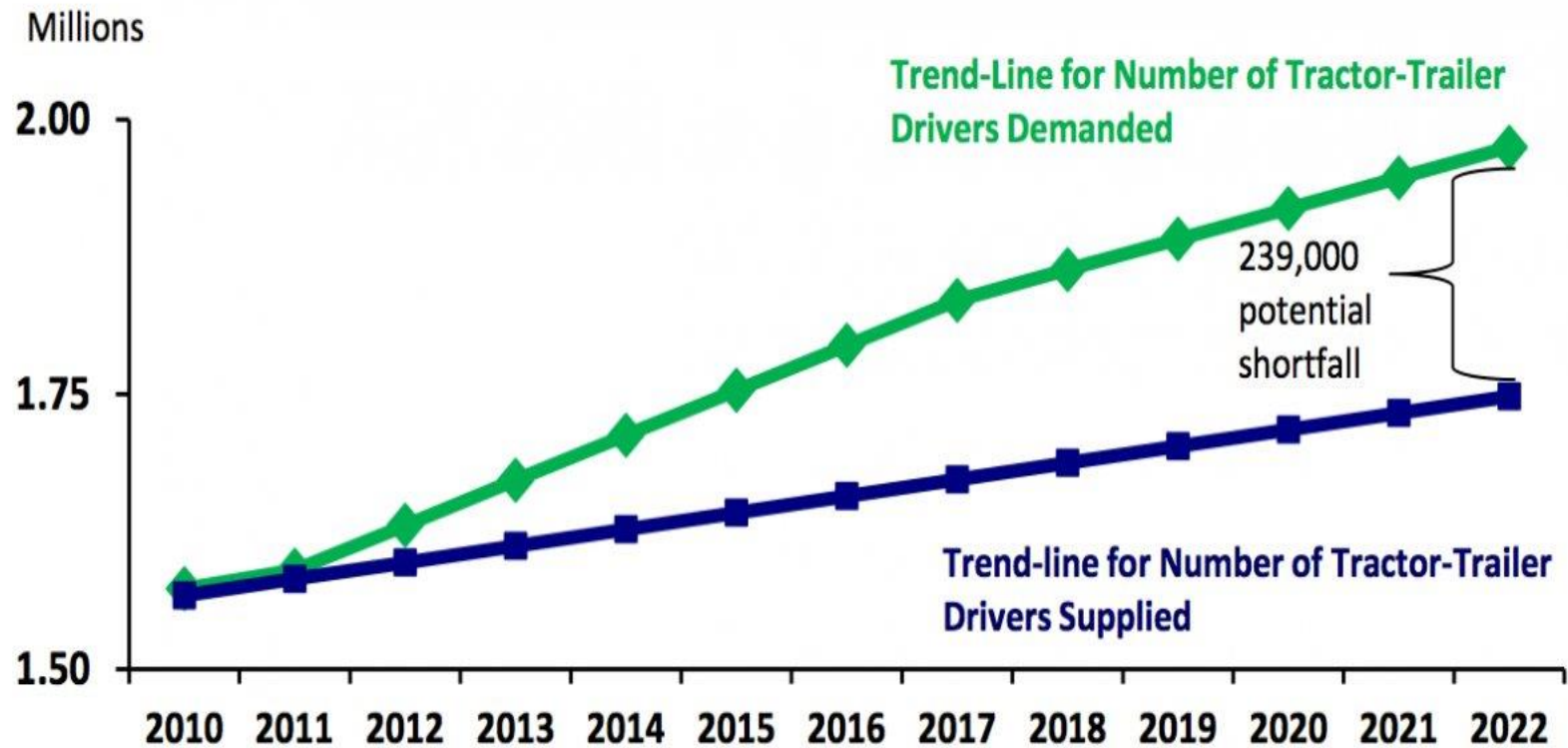
- Trucking Capacity shortage with higher driver's wage.
- Chassis resources limited and dislocation.

Port of LA/LB



US Truck Driver Supply & Demand

- Gap between driver's supply & demand is getting bigger



Source: projected shortfall from the ATA

2014 US Trucking Industry Snapshot

By the numbers of 2014

- **1.74 million** — Number of truck drivers in the U.S.
- **\$41,930** — Average driver salary nationwide
- **40,000+** — Drivers currently needed
- **96 percent** — Average turnover rate in long-haul trucking fleets
- **9.96 billion** — Freight tonnage moved by truck last year
- **70 percent** — Average amount of American freight moved by truck
- **37 billion** — Gallons of diesel fuel consumed each year by freight trucks

Source: American Truck Association

Solutions to Existing Difficulties

Weekday Operation

- Vessel arrives USWC and operate in the middle of week to avoid yard congestion in peak days.

LA/LB Terminal Cooperation

- Long Beach and Los Angeles were given permission by the Federal Maritime Commission earlier 2015 to cooperate on a variety of issues:
 - 1.) Improving land use: Developing the infrastructure for an automated terminal.
 - 2.) Process improvement: Using labor more effectively, speeding up truck gates and improving rail efficiency.
 - 3.) Technology: Develop an “Uber-like” program for dispatching drayage trucks

Terminal Automation

- To speed up operating and increase productivity with no labor shift or slowdown issue.

Solutions to Existing Difficulties

Increase On-dock Opportunity

- Ocean Carrier using unify stowage code to consolidate IPI shipment volume density for on-dock move movement.

Truck Appointment system

- In 2016, 10 of the 13 container terminals at LA/ LB ports plan to implement appointment system for import cargo pickup to reduce waiting time and heavy traffic in Terminal

Secure Trucker Capacity

- To offer higher rate and pay surcharges to move off- dock IPI.

2014-2015 ILWU Disruption

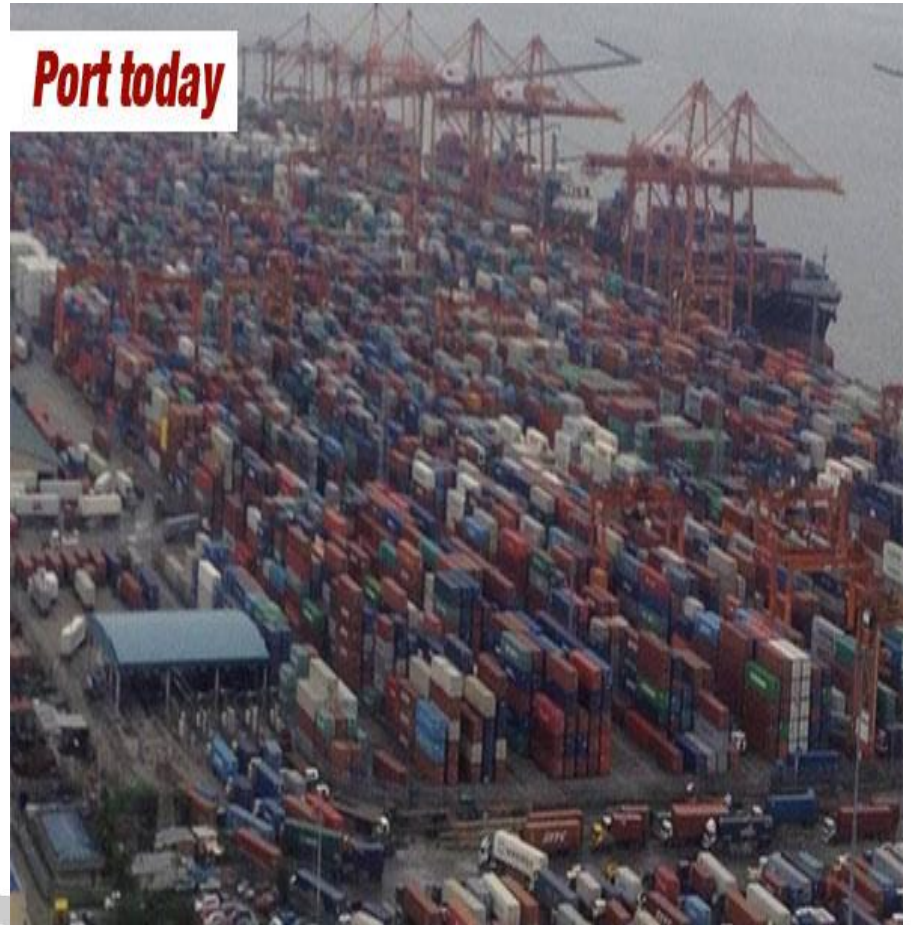
Timeline	EVENTS
May 2014	PMA & ILWU Contract talks begin
Jul 2014	Contract expires / no agreement to extend
Oct 2014	ILWU engaged slowdown strategy and paralyzed vessel operations from PNW ports during Halloween holidays. Containers began backing up at entire West Coast ports.
Nov 2014	Vessel Productivity seriously reduced to 1/3 of original level.
Dec 2014	PMA requested FMCS (Federal Mediation & Conciliation Service) to mediate the contract dispute, but ILWU technically postponed the process and prolonged slowdown period.
Jan 2015	PMA & ILWU join Federal Mediation. Obama sent Labor Secretary Thomas Perez to assist the negotiation.
Feb 2015	President Obama sent Commerce Secretary Penny Pritzgert to join the mediation when negotiation continued dragging.
Feb 20, 2015	President Obama warned both sides that if a settlement was not reached by Feb. 20, they would be asked to move the negotiations to Washington. The tentative agreement was announced that night.
May 22, 2015	ILWU locals continued to dispute tentative agreement after Feb 20 th . Finally ratified new five-year contract on May 22. but labor shortage continues.

2014-2015 ILWU Disruption

Port before the slow-down...



Port today



WBCT v.s. ILWU Disruption

➤ How YM & WBCT overcome 2014-2015 ILWU slowdowns Chaos:

Streamline Yard Planning

- Everyday monitoring on IPI dwell days, ensuring priority delivery for hot cargo and first in- first out movement.

Smooth On- dock Scheduling

- Work closely with railroads to plan train window and coordinate for sufficient railcar for on-dock movement.

Keep Off-dock Traffic Fluid

- Open Sunday Gate for more off-dock delivery



Backlog in terminal resolved within 3 months after tentative agreement reached.



WBCT's Performance in cleaning backlogs period

Quick Truck turn time

- WBCT was evaluated by SCA leading trucking company (Southern Counties Express) as the **2nd best Terminal** of 13 terminals in LA/LB during USWC ILWU chaos recovery period.

Terminal	Monthly Ranking	2015 Average minutes	May		
			AVERAGE 3 Months	AVERAGE 6 months	AVERAGE 36 months
APL Terminal	5	81	75	83	63
CUT E20 Terminals	4	79	76	87	68
Evergreen - Seaside Terminal	9	96	104	116	94
ITS Terminal	10	114	141	137	91
LBCT Terminal	8	95	112	109	78
Matson Terminal	1	29	29	33	36
PCT Terminal	3	70	73	82	77
Pier 400	13	138	123	152	108
Pier A Terminal	7	88	90	99	81
Trapac Terminal	12	137	125	108	74
TTI Terminal	11	122	137	141	113
WBCT Terminal	2	66	104	114	93
YTI Terminal	6	83	98	108	99
AVERAGE		92			

Source: Southern Counties Express Average Turn times Month to Moth Report, May 2015

WBCT Future

On- going Upgrade

- Terminal upgrade with 2 more gantry cranes
- On- dock facility expansion for more intermodal capacity

Conclusion- What we can do?

Diversify Cut-Off Day

- Cut-off day at Asian ports reschedule to weekdays is helpful to ease USWC terminals pressure of yard congestion and improve intermodal operation efficiency.

Reliable Service = Decent Price

- Cost going up on both Ocean Carrier and Shipper is inevitable to maintain reliable service

Consistency, Reliability, Punctuality

- Consistency, Reliability, Punctuality is crucial to qualified Intermodal Service.

Question & Answer