

US marine terminals take varied approach to Hanjin fallout

JOC Staff | Sep 01, 2016 5:02PM EDT



US terminal operators have floated a number of possible ways to overcome the challenges caused by Hanjin Shipping's bankruptcy.

The stark reality that Hanjin can't be counted on to pay any of the container handling expenses normally billed to a carrier has led to a variety of approaches and ideas at U.S. terminals on how to manage a huge flow of equipment suddenly idled by the [collapse of the Korean ocean carrier](#).

Terminal operators and truckers on the West Coast are dividing Hanjin's containers into three categories, with a different strategy for each type of container:

Ed DeNike, chief operating officer at SSA Marine, which runs Oakland International Container Terminal where Hanjin ships call directly, said OICT is allowing the vessels to dock as soon as they arrive. He noted that many of the ships have containers that belong to four or five different ocean carriers, and those containers are being handled as they normally would.

For Hanjin's import loads, OICT will discharge the containers from the vessels, but if Hanjin can not pay for the delivery charge to the trucker, OICT will only deliver the containers to the importers if they pay the delivery charges.

As for Hanjin's export containers, OICT is telling exporters that in order to have their cargo handled at the terminal, they should make arrangements with another shipping line to transload the export cargo into that carrier's containers, and have those export containers trucked to OICT. In other words, the exporter is paying for the transloading work, and the other shipping line is paying OICT for loading the export load onto the vessel.

The big problem, which will trickle down through the supply chain, will be experienced with the hundreds of Hanjin containers that have been emptied at beneficial cargo owner warehouses and are [now sitting empty on chassis](#) at those warehouses. If that conditions continues on for even a short time, hundreds of chassis will effectively be removed from service and [chassis shortages will develop](#).

SSA is suggesting that the Port of Oakland designate a near-dock storage site in the harbor area where the empty Hanjin containers can be drayed. Longshoremen, most likely, will be at the site with the equipment needed to remove the empties from the chassis. The truckers can then dray the bare chassis back to the pool so the equipment will remain in circulation, thus hopefully prevent a chassis shortage from developing.

DeNike said Oakland has vacant properties in the harbor area that could accommodate the returned Hanjin containers. The big challenge is to [find a way to pay for everything](#). Someone has to pay for rental of the near-dock site. Someone must

also pay for the labor and equipment usage to lift the empty containers from the chassis. Someone also has to pay for storing the chassis at these sites. That someone is unlikely to be Hanjin.

In Long Beach, SSA Marine handles some Hanjin ships that call at Pacific Container Terminal as part of the CKYHE Alliance. DeNike said SSA in Long Beach, as it does in Oakland, will work the ships. It will follow the same procedures for import loads and export loads at PCT in Long Beach as it does at OICT in Oakland.

Long Beach, and neighboring Los Angeles, said they also have available near-dock properties that could conceivably be used to handle the returned empty Hanjin containers. The same scenario would be used: Truckers would dray the empties to the near-dock yards, longshoremen would remove the empty containers from the chassis and place them in the yards for storage. The truckers would remove the bare chassis and return them to the chassis pools, keeping equipment in circulation.

Weston LaBar, executive director of the Harbor Trucking Association, said the Southern California transportation community is working to address the Hanjin issues. He agrees with DeNike that the main challenge will be with the empty Hanjin containers, and the associated issues that will arise involving demurrage and per-diem charges for the late return of empty containers and chassis. "There's still a lot to figure out," LaBar said. "There's not a whole lot of information available right now, but we will work with the ports on possible solutions," he said.

According to the Marine Exchange of Southern California, four Hanjin vessels were in the harbor complex on Thursday. The Constanza was drifting 40 miles north of the ports, the Greece was drifting 40 miles south of the ports, the Montevideo was at anchor in Long Beach and the Boston was approaching the port complex from the north.

Unconfirmed reports Thursday indicated there were about 4,500 to 5,000 Hanjin containers and chassis at warehouses and other various locations outside of the ports. The transportation community describes that equipment as being "on the street."

The Northwest Seaport Alliance of Seattle and Tacoma did not have a Hanjin vessel in port on Thursday. Spokesperson Tara Mattina said Hanjin cargo is handled at the Husky Terminal in Tacoma and Hanjin's Terminal 46 in Seattle. She said the Husky facility is not accepting export loads or empty containers, but is unloading import containers. Terminal 46 is not accepting export bookings, but is handling those that come from the Midwest by rail. The Terminal 46 lease is 54 percent owned by Hanjin and 46 percent owned by Mediterranean Shipping Co.

On the East Coast, Maher Terminals, the largest terminal at the Port of New York and New Jersey, told customers that Hanjin import deliveries must be pre-paid and that Hanjin exports won't be accepted. The terminal operator added that the main Maher terminal and Columbia Container Services' yard for off-dock depot of empty containers would no longer accept Hanjin empty containers, either.

No other New York-New Jersey terminal receives Hanjin ships. Global Container Terminals said its Bayonne terminal stopped receiving them months ago. The terminal operator said its Deltaport and Vanterm facilities at the Port of Vancouver, British Columbia, will no longer receive Hanjin ships, but one is still there, waiting to be moved on.

"The Hanjin Vienna completed cargo operations Tuesday evening and is still at GCT Deltaport awaiting instructions from her owners," said Louanne Wong, spokesperson for GCT. "If she does not sail to a foreign port, she will be moved to anchorage to free up the berth."

The Georgia Ports Authority has blocked one Hanjin ship from calling at its Garden City container complex at Savannah, a Hanjin spokesperson [told Reuters](#). The GPA, however, was not available for comment.

Officials at the South Carolina Ports Authority told JOC.com that there were no scheduled Hanjin vessels en route to the Port of Charleston Thursday and therefore the authority did not anticipate any "arrest situations."

The SCPA on Thursday released a detailed protocol for handling empty, import and export Hanjin container loads. No empty Hanjin containers will be released from terminals in South Carolina until further notice.

Effective Friday, all returning empty Hanjin containers outgated in Charleston will be required to return to the North Charleston Terminal. Empty containers outgated from Charleston on an export booking, but returning empty, will require

a gate receive empty equipment interchange receipt generated by Hanjin for the north terminal. Empty returns for import loads out-gated from Inland Port Greer will be returned to Greer, the inland port.

Hanjin export loads will not be received in Charleston or Greer effective Sept. 1.

Return to shipper requests for export loads already on terminal will require approval from both Hanjin and the responsible shipper party, the SCPA said. Hanjin will have to create an out EIR for that move. Empty containers created from the cargo removal must return to the north terminal.

“We will continue to allow imports that discharged prior to Sept. 1 out the gate with no restrictions,” the port authority said Thursday.

All import loads discharged on or after Sept. 1 will be placed on hold until such time as all SCPA charges are settled. The port authority said it will collect all port and throughput charges totaling \$350 per container from the responsible shipper party with authorization required from Hanjin. According to the authority, though, this process will be further refined. Payment, however, is required prior to manual release of hold and outgate.

The port authority is working with customers to minimize the impact on business, according to Erin Dhand, spokeswoman for the SCPA.

In Virginia, port officials there said waterfront operations will not be accepting any inbound Hanjin cargo for export. The port, however, will accept empty Hanjin containers at the Pinnars Point Container Yard.

Virginia Port Authority spokesman Joe Harris told JOC.com that the port is developing plans for how to handle Hanjin cargo that is already on-terminal. Those plans will be communicated to all port customers, users and stakeholders as soon as they have been finalized, he said.

Ports America, which operates the Seagirt Marine Terminal in Baltimore, which receives one Hanjin ship a week, wasn't available for comment. The company, a large terminal operator and stevedore, has indicated in general that it will receive empty Hanjin containers being returned and deliver import containers already on terminal. The company released no information on what would happen to inbound containers currently in route.