

Agriculture Transportation Coalition

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PRESS RELEASE:

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AgTC: Why Generate More Congestion, Traffic, Emissions, Cost? Ocean Carriers Penalize Street Turns

Exporters, importers, truckers and others in the containerized ocean supply chain, are appalled that ocean carriers have announced they will impose fees ranging from \$40 to \$75 on "street turns", effective February 4.

What is a "street turn"?

A 'street turn' is when a trucker and a container are fully utilized in both directions, both out of the marine terminal, and back (as opposed to having the container empty in one direction). One truck does a 'round trip', avoiding having two trucks, two trips to accomplish the same thing.

Street turns:

- reduce trucks in port areas and on highways
- reduce congestion,
- reduce fuel used,
- reduce emissions
- reduce demand for containers and chassis, which are often on short supply,
- reduce costs for exporters, importers, ocean carriers (and thus consumers, and keep US exports and competitive - the AgTC's objective.)

Exporters, importers, environmental interests, truckers want to know: Why would ocean carriers now act to penalize such efficiencies? See their views below.

Links to official notices:

<https://agtrans.org/wp-content/uploads/2019/01/5872944.pdf>

<https://agtrans.org/wp-content/uploads/2019/01/5864928.pdf>

AgTC Position: The fees imposed on street turns must be one of the least constructive, poorly considered steps conceivable: It injures all, including the carriers themselves, by adding to congestion and delay which already makes marine terminals at some of our largest ports, the greatest challenge to the US export/import supply chain. Penalizing street turns threatens one of the only measures available to shippers, carriers, terminals, truckers to address the unending congestion.

Carriers would be well served by better understanding what happens once the container is off the ship. As expressed at the AgTC's Annual Meeting, street turns are supported by major importers and many exporters such as the AgTC members, as a means to reduce trucking costs, the number of truck moves, and congestion which is choking the terminals.

All parties should be concerned about the detrimental impact on the environment, particularly in and around the vicinity of port complexes. At a time when ports are mandating green trucks and reduced emissions, this street turn fee is already increasing the number of trucks and emissions.

Collaboration is Essential: Ocean carriers would do well to understand the consequences of this and other initiatives, before imposing them. The Agriculture Transportation Coalition has offered to meet with these and other carriers to help them understand how the street turn penalty will impede cargo flow and increase costs, emissions, etc.

We have offered to assemble a committee of some of the most well-informed, experienced shipper members of the AgTC, including exporters, importers, and truckers to meet constructively with the carriers on this initiative. We are reaching out to port authorities, marine terminal operators, environmental organizations and government agencies to participate in this effort to prevent further deterioration of the ag export supply chain, which is already so challenged by the ongoing trade disputes with China and other countries, and tariffs imposed on our US ag and forest products exports.

AgTC members share their insight:

AgTC member #1:

I think it is absolutely insane that anyone would want to undermine efficiency. Many terminals are currently not even receiving empties, so by street turning we are actually doing the Ocean Carriers good and helping them keep the cargo moving.

We do have a few carriers that make it very difficult to street turns containers, so we actually charge a premium to handle their imports and we give discounts to importers that will utilize the carriers that do make it easy for us to street turns. In the end, the ocean carriers that don't want street turns will lose import business over this assuming other truckers will charge accordingly.

AgTC Member #2:

It is of great concern to us that the ocean carriers are moving in a direction to disincentivize street turns. This move is contrary to the many efficiencies we have worked so hard to gain over the past few years. It will increase congestion at both the marine terminals and on the roadways as it adds trucks to the roads, the terminal queues, the terminals themselves.

It is a HUGE mistake by the ocean carriers and will increase costs and congestion.

AgTC member #3:

Many of us have discussed this last week when we found out and we cannot agree more. The extra key strokes that the steamship lines have to do are the same they do for many other things...everything is a manual process and they are just looking at another way to generate some revenue. This is absolutely wrong

Another angle on this is "green". By street turning containers, we are reducing empty miles (and cost) and our carbon foot print.

AgTC member #4:

We did see this and it's appalling! It's still not clear if the Motor Carrier will be responsible to pay the Street turn Fee or if it will be added to the booking fees for the customer to pay. We know the SSL's often tend to bill the Motor

Carriers, so time will tell.

Obviously this is a disincentive to street turn the carriers who have announced this fee: Hyundai, Zim or SM lines. Most of our street turn equipment is used for cotton or scrap. We do street turn LA/LB CY BOL's for inland exports. This could impact us if more SSL's join in.

Zim \$40

Hyundai \$50

SM Lines \$75

Many dray trucking rates for cargo out of Central Cal, for ag and scrap exporters are based on street turning a percent of equipment vs harbor pull.

You would think with as congested as the terminals are and inefficient they are with all these appointment systems, they would relish the street turns and efficiencies a street turn offers. It reduces terminal congestion, saves the SS Line a gate expense, increases driver productivity, not to mention it's better for the environment to reuse boxes vs empty units passing, in opposite directions on the highways. (Isn't CA all about clean air and the environment?)

This is just another revenue scheme / stream for the SS Lines. When the terminals are not accepting or restricting empty returns, it will increase Per Diem when we can't in-gate empties. As you know, Per Diem is very difficult to dispute and get cancelled without tons of documentation. It's a battle we continue to fight everyday with every Per Diem invoice.

AgTC Member #5:

Peter - we have very few options to combat congestion in cities like Portland, Tacoma and Seattle as well as the terminals themselves. We track turn times through GPS within the terminals, we try different start times in the morning for trucks/drivers, and we strategize different days in specific terminals - all to minimize cost, congestion, emissions, fuel, etc... We have few options - one of them is street turns. Street turns are an incredible idea, but very hard to implement. In order to utilize, one must match up freetime, container size, exporter/importer using same shipline, etc... When we *can* utilize street turns, we save both exporter/importer money, we use less fuel, we produce less emissions, we reduce congestion in the terminal, and ironically we *ultimately reduce the cost on the shipline for "touching" the container less times*. Think about that - we can do something one time for the cost of two

times! There is no reason for shiplines to charge the customer when they are *saving* money by our work in trying to utilize street turns.

SAVE THE DATE:

AgTC Annual Meeting, June 12-14, 2019 Tacoma!

[Click here to see the Schedule and Register](#)

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