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Bill Mongelluzzo, Senior Editor | Nov 19, 2020 5:58PM EST



Vessels are arriving up to a week late in Oakland because they are delayed at their previous calls in Los Angeles-Long Beach. Photo credit: Shutterstock.com.

Agricultural exporters in California say their ability to serve overseas customers is being threatened due to equipment shortages and delayed vessel sailings as carriers adjust their services to favor the more lucrative import trade.

Oakland, the preferred export gateway for growers in California's Central Valley because it is the last port outbound on Asia-Pacific Southwest services, is feeling the brunt of the supply chain disruptions. Exporters of almonds and walnuts are especially concerned as the holidays approach.

"This is our peak time," said Pat Anderson, president of Anderson & Sons Shelling. "One-third of my exports move in October, November, and December."

The problems faced by agricultural exporters begin with vessel delays in Los Angeles and Long Beach. The Southern California ports have experienced severe congestion problems since summer when they were flooded with imports from Asia as the US economy reopened from the first wave of COVID-19 lockdowns.

“The biggest problem is that the ships are late leaving Southern California,” said Ed DeNike, president of SSA Containers. SSA operates terminals in Long Beach, Oakland, and Seattle. Vessels could be a week late arriving in Oakland because they are delayed in Southern California due to congestion and labor shortages, he said. Once the vessel reaches Oakland, SSA is able to turn the ship in the normal amount of time, he said.

The Port of Oakland is addressing the logistics issues with carriers, terminal operators, truckers, and shippers through the port’s efficiency task force, but vessel schedule disruptions continue due to the US import/export trade imbalance, said Ron Brown, maritime marketing and commodities representative at the port.

“With the recent surge of import cargo along the West Coast to make up for earlier blank sailings, our agriculture exporters are seeing changes in sailing schedules, and in some cases canceled bookings as carriers are repositioning containers to return to Asia,” he said.

Brown urged carriers to consider the impacts of a policy of foregoing export loads in order to return the empty containers to Asia on an important sector of the US economy. “We highly encourage our ocean carriers to work with US agriculture exporters to meet their holiday schedules, as many of them highly depend on the holiday season to sustain their businesses,” Brown said.

A carrier official who did not want to be identified said the shipping line is keenly aware of the problems faced by agricultural exporters, and said the points they make have merit, but added, “There are no containers to be had.”

Landside, vessel issues

Agricultural exporters who spoke with JOC.com said their problems include delays in vessels reaching Oakland, and mounting container shortages as carriers prefer to ship the containers back to Asia empty to be filled with much higher-paying import cargoes. Also a problem: supply chain disruptions at their warehouses and at the storage yards of their truckers when carriers refuse to accept export bookings, or cancel them outright.

“Twenty percent of all of my loads are getting rolled,” said Darren Rigg, sales manager at Minturn Nut Company, an almond exporter. When his containers are rolled to a subsequent voyage, it is no longer the ship that is departing Oakland the next week, but increasingly two to three weeks out, he said.

Elena Asher, assistant director-export logistics at Dairy Farmers of America, a shipper of dried milk and refrigerated cheese, said she has approached carrier representatives about the increase in missed sailings and the lack of both dry and reefer containers.

“They have their talking notes, but I don’t want apologies. I want execution,” Asher said.

The ripple effect on the inland supply chain is growing worse, said Peter Schneider, vice president of the trucking company TGS Logistics. Schneider said he has had to double his container storage space in Oakland because carriers are either turning down receipt of export loads altogether, or they are changing the day when they will accept the export loads, because vessels are arriving late.

“If the ERD [earliest return date of the loaded container to the marine terminal] is delayed a week, and the customer can’t store the container and we can’t store it, it’s a big problem,” he said. Truckers’ normal cadence is being disrupted because drivers are being turned away at the terminal gates, and they have to pull the container back to the storage yard, resulting in a wasted move, Schneider said.

“The redelivery is absolutely a nightmare for the trucker,” Asher added. She said the redelivery of export loads is also costly for the shipper because the trucker has to be paid for the wasted move.

Kari Slate, logistics manager at Minturn Nut Company, said that if a carrier cancels bookings, the exporter has to scramble to find another shipping line that has space for the load. “We’ve been reaching out to NVOs [non-vessel-operating common carriers] for help in getting space,” she said.

Riggs added that the contracts Minturn and other exporters have with overseas buyers contain firm delivery deadlines. When the deadline can’t be kept, “it potentially gives buyers grounds to wiggle out of contracts,” he said.

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