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Long Beach cuts free time

Terminals face hefty fines for violations

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LONG BEACH, Calif. -- The Long Beach Harbor Commission on Monday voted to reduce free time for the storage of containers and, more importantly, to impose a hefty fine on those who violate the amended tariff.

Long Beach (schedules) on July 1 will reduce the time that shippers can store their containers on the docks before a storage fee, known as demurrage, is charged. Free time on imported containers will be reduced to four days from five days at present. Free time for export containers will be reduced to six days from seven at present.

Also, free time will be calculated beginning at midnight on the day that a container is unloaded from the vessel. At present, free time does not begin until the entire vessel is unloaded. With today's large 8,000-TEU vessels taking three to four days to unload, containers that are unloaded first are allowed more free time than those unloaded on the last day.

Long Beach is not the first port to cut free time in order to reduce congestion at marine terminals. New York-New Jersey, Vancouver, Canada, and the Port of Los Angeles have approved similar measures.

However, Long Beach will go a step further by requiring that marine terminals keep a log of their storage and demurrage practices and file the information with the port, which will audit the terminals' practices.

Any terminal that flagrantly violates the port tariff will pay a fine of twice the lost revenue, plus \$100, plus the cost incurred by the port to audit the terminal.

Harbor Commissioner James Hankla said the port is not attempting to make a profit on the free time provision. Rather, the commission wants to ensure that the amended tariff achieves its main purpose, which is to move containers quickly off the docks in order to reduce congestion.

Harbor Commission President John Calhoun said the port, under the California Tidelands Trust Act, has an obligation to ensure that all shippers are treated equally. If shipping lines waive demurrage for large importers but not for smaller ones, the port is violating the state law that grants it authority over tidelands property, he said.

Port demurrage and free time practices vary widely across the country. In Southern California, the port tariffs set free time and demurrage, but the terminal operators enforce the provisions and keep any demurrage they collect.

Some shipping lines grant certain shippers extended free time as an incentive to book large volumes of cargo with them. Terminal operators who addressed the harbor commission Monday said they do not collect demurrage from those shippers, but rather they bill the shipping lines that granted the importers and exporters extended free time.

Customs brokers and trucking companies in Southern California spoke out against the proposed tariff change, but the commission approved the amendment after including some provisions designed to address the complaints of the transportation community.

The main change was to postpone the beginning of free time for containers that are put on a manifest hold by the federal government until the containers are released. For example, if Customs and Border Protection orders a container examined for security purposes, and it takes several days to stage the container and perform the exam, calculation of free time will begin when Customs completes the exam and releases the container.

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