

Southern California's Notorious Container Ship Backup Ends

Slump in imports, cargo diversions to other ports help shrink queue of dozens of vessels

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The backup of container ships off Southern California's coast that was at the heart of U.S. supply chain congestion during the Covid-19 pandemic has effectively disappeared.

The queue of ships waiting to unload at the ports of Los Angeles and Long Beach fell from a peak of 109 ships in January to four vessels this week, according to the Marine Exchange of Southern California. Shipping specialists say fewer ships than normal are heading to the main U.S. gateway complex for imports from Asia in coming days and that cargo volumes that had long swamped the ports now are receding.

Bottlenecks continue to delay cargo at other major U.S. seaports and at inland freight hubs, but the end of the backup at the big ports in California signals broader supply-chain tangles that have been troubling retailers and manufacturers are unwinding.

"Clearly it is good given how much these supply-chain constraints were drivers of inflation last year," said Sameera Fazili, a deputy director of the National Economic Council who leads the White House Task Force on supply-chain disruptions.

But the biggest gain likely has come from fewer boxes reaching the busiest U.S. seaport complex for container imports. U.S. import volumes are declining, according to trade data analysts, and a growing share of the shipments are heading to ports on the East and Gulf coasts as importers ship away from the Southern California backup.

The ports of Los Angeles and Long Beach together handled 686,133 loaded import containers in September, down 18% from a year earlier and the lowest level since June 2020, according to port figures. August imports fell 12% from last year, a steep drop during the traditional peak shipping season.

Ports including Savannah, Ga., Houston and New York and New Jersey have coped with backups triggered by the diverted cargo. But in recent months, big-box retailers have canceled many orders after a rush of orders earlier in the year and shifting consumer buying patterns left the merchants overstocked.

Descartes Datamyne, a data analysis group owned by supply-chain software company Descartes Systems Group Inc., says container imports to the U.S. in September declined by 11% from a year earlier and by 12.4% from August.

The Southern California backup began on Oct. 15, 2020, when the Marine Exchange reported five ships were queuing to unload at the Los Angeles-Long Beach complex, an unusual number compared with the one or two ships that sometimes have to wait. The queue swelled to dozens of ships, and shipping containers spilled out from the overfilled ports as Americans stuck at home under Covid-19 restrictions ordered massive volumes of household goods, office equipment and electronics that spurred a 20% surge in imports in 2021.

Port of Los Angeles Executive Director Gene Seroka said that at one point he surveyed the scene by helicopter from the port complex to Ontario, Calif., nearly 60 miles from the coast. "You could see containers piled up everywhere. It was amazing," he said.

Backups also hit other U.S. ports, and seaports in Europe and Asia, as delays cascaded across shipping and tied up vessels as companies sought space to move their goods. By January 2022, only 31% of container ships arrived at ports on time, down from about 70% before the pandemic, according to Sea-Intelligence.

The backups delayed deliveries of furniture, appliances and household goods to consumers and drove up ocean shipping rates to record prices, which helped push inflation in the U.S. toward a four-decade high.

By September 2021, the average cost for shipping a container from Asia to the U.S. West Coast exceeded \$20,000, a sixfold increase from a year earlier, according to the Freightos Baltic Index. Last week, the average cost to ship a container from Asia to the U.S. West Coast had declined 84% from a year earlier to \$2,720.