

TO: The Federal Maritime Commission

FROM: The Port Authority of New York & New Jersey

RE: Docket No. 22-19, Request for Information

September 14, 2022

(1) Whether congestion of the carriage of goods has created an emergency situation of a magnitude such that there exists a substantial, adverse effect on the competitiveness and reliability of the international ocean transportation supply system. If so, please explain why and provide examples or data to support your view. If not, please explain why and provide examples or data to support your view;

No, current supply chain congestion has not created an emergency situation at the Port of NY & NJ (PONYNJ) as the gateway has been handling record cargo volumes throughout 2022. In July 2022, the Port moved 776,167 TEUs, a 17.1% increase compared to pre-Pandemic July 2019 levels, marking a two-year streak of consecutive monthly record high activity. May 2022 and June 2022 remain the first- and second-busiest months of cargo activity ever at the Port, respectively.

The Port Authority of New York and New Jersey (the Port Authority) has been meeting on a weekly basis, since the end of February 2022, with the container terminal operators under the auspices of a Federal Maritime Commission Discussion Agreement. The group discusses capacity and fluidity improvements for the gateway, initiatives to improve the trucker experience and enhanced communications to all port customers and stakeholders. A key initiative of this group has been working to update the Port's weekly Supply Chain Dashboard with new data metrics requested by port users. Overall, this group has worked to deliver ongoing initiatives that have maintained fluidity and efficiency at the PONYNJ:

- The container terminal operators have maintained more consistent extended gate hours throughout 2022 and continue to communicate the availability of these operating hours to Port stakeholders. Extended gate hours include both weekday evening hours and Saturday gate hours. Terminal operators have also worked more specifically with shippers/BCOs to coordinate free import peel-off-piles.
- The Port Authority has provided updates to the Port's trucker experience resources. An anonymous Feedback Form will be released shortly allowing truck drivers to provide comments and suggestions directly to the Port Authority. Drivers will be able to access this form through a QR Code which will be displayed throughout the Port including at terminal gates and the Truck Service Center. A condensed Trucker Resource Placard for drivers will further disseminate customer service contacts, Port Authority Police and Port Authority Operations contacts, as well as information on restroom locations and key processes and procedures.
- Outreach continues to the warehousing and distribution industry across New York & New Jersey. The Port Authority is developing a Warehouse Directory to better serve Port customers in need of available storage space and added services across the region.

Enhancing the relationship with this sector of the supply chain will help better serve the logistics and distribution industry by providing more visibility into Port operations and equipment availability.

The Council on Port Performance (CPP) and Port Users Group (PUG) have also continued to foster communication and collaboration in New York/New Jersey throughout COVID-19 and amidst elevated cargo volumes today. Outreach continues with the warehousing/distribution centers, trucking community, and beneficial cargo owners to evaluate capacity constraints and connect businesses able to accommodate additional customers.

Empty containers continue to be a major challenge as the PONYNJ experiences record volumes. The announcement of the new Container Imbalance Fee has fostered continued dialogue with the Ocean Carriers Equipment Management Association (OCEMA) and encouraged ocean carriers to evacuate empties more quickly from NY/NJ. Ocean carriers calling on the PONYNJ have cited evacuating over 6,000 TEUs between July-August 2022. Nearly twenty empty sweeper vessels called on the Port during May-July 2022 and carriers continue to coordinate additional, larger empty sweeper vessels, changes in port rotations, and adding a second call to the PONYNJ in the coming weeks.

Additionally, the PONYNJ continues to monitor any signs of easing conditions including, shippers' shifts in inventory purchasing, consumer purchasing and demand, and manufacturing indicators.

(2) Whether an emergency order pursuant to Section 18 of OSRA 2022 would alleviate or improve such an emergency situation – and if so, why, and if not, why not; and

In working with various marine terminal operators and ocean carriers to promote data visibility and sharing, the Port Authority is aware that not all entities or systems are capable of sharing the data that a potential emergency order would mandate within a short, effective amount of time. This challenge would add to ongoing operational challenges and pull workforce away from handling elevated cargo volumes to stand-up technology and data collection needs.

The Port Authority suggests instead that the Federal Maritime Commission explore longer term, sustainable measures to ensure that all entities along the supply chain can collect, analyze, and share data effectively. Solutions such as national data standards and reporting guidelines, research into emerging predictive analytics tools, and continued dialogue with advisory groups representing each link in the international supply chain system is needed to promote visibility amongst industry stakeholders.

Fundamentally, “data about cargo throughput and availability” may be nice to have – although arguably exists in large part today – such as through the PONYNJ’s port community system known as PortTruck Pass. **Data alone is not going to solve the “congestion” and “competitiveness and reliability of the international supply chain.”** Our Nation’s ports and terminals are where the lack of capacity and investment elsewhere in the supply chain are felt. The reality is that our ports have handled more than a 30% increase in container volume since before the Pandemic (2019). The lack of, or slow investment in additional capacity and the loss

of personnel, let alone no incremental increase in personnel elsewhere in the supply chain needed to accommodate a greater than 30% increase in activity, impacts the ability of the ports and terminals to move containers more efficiently.

The ports and terminals are easy to point fingers at but if we truly want to improve the reliability of the international supply chain, we need to improve the capacity and fluidity of the nodes and conveyances downstream from the Ports. The entire supply chain needs to be equally sized, or much closer to it, or the capacity of the entire network is limited by the node(s) that have the least capacity (please see Image 1 below). Among the many issues that need to be addressed are as follows:

- Intermodal rail (inland rail terminals, rail car supply, trackage rights, rail personnel),
- Drayage trucking (drivers, driver availability and use of all available hours, truck power, secure truck parking),
- Chassis (supply, reduced street time),
- Warehouse / distribution centers (capacity, availability and use of all available hours, personnel), and
- Domestic trucking (drivers, trailer availability, trailer street time, truck parking).

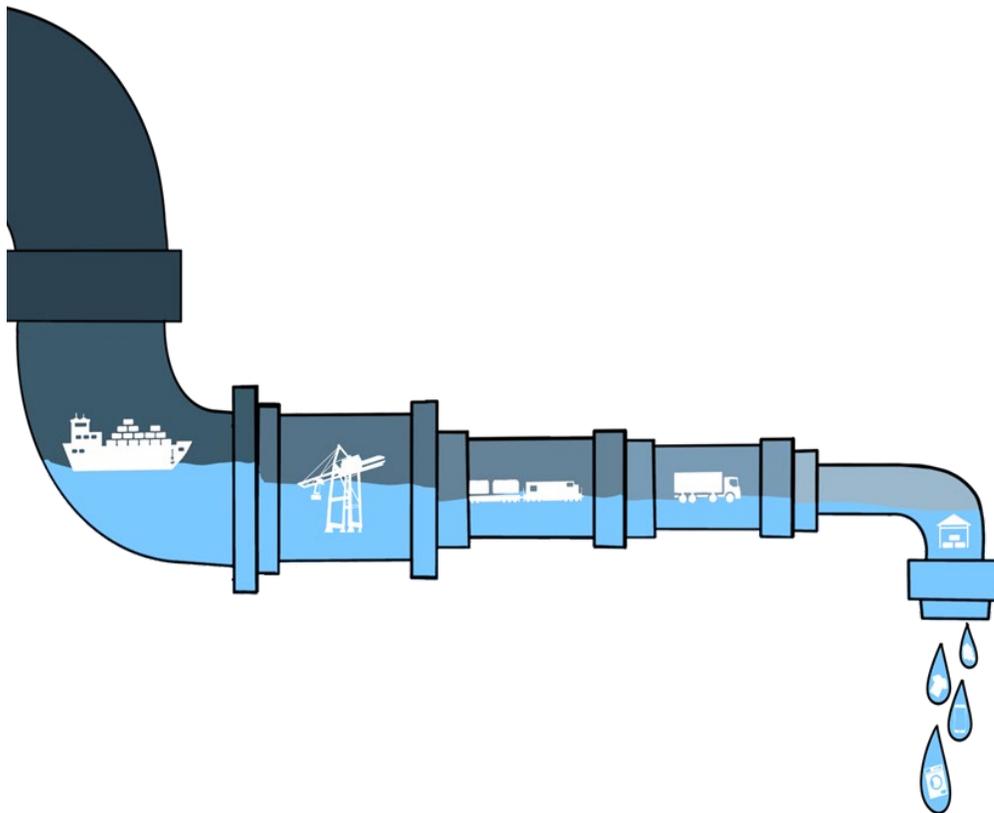


Image 1: Unequal Capacity Balance across Supply Chain Node(s)

(3) The appropriate scope (duration and geographic) of such an emergency order, if the Commission were to issue such an order and the basis for that scope.

The Port Authority of NY & NJ does not believe that an emergency order is necessary, but rather the Port looks forward to continued collaboration amongst NY/NJ stakeholders and the Federal Maritime Commission to further data visibility throughout the industry.

More importantly, we are working on initiatives from the end of the supply chain (warehouses/DCs) working our way back to the Port and our terminals to encourage the creation of additional capacity.