

BEFORE THE FEDERAL MARITIME COMMISSION

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Petition No. P4-16

PETITION OF THE COALITION FOR FAIR PORT PRACTICES FOR  
RULEMAKING

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Testimony of Fred Johring  
President, Golden State Express and  
Chairman, Harbor Trucking Association

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Chairman Khouri and members of the Federal Maritime Commission, thank you for having me today. My name is Fred Johring and I am the President and Owner of Golden State Express and Chairman of the Harbor Trucking Association. Golden State Express operates roughly 30 trucks in the Ports of Los Angeles and Long Beach. The Harbor Trucking Association is a coalition of Los Angeles, Long Beach and Oakland intermodal carriers whose purpose is to advocate, educate and promote strategies with other goods movement stakeholders and policy makers that will provide a dialog for intermodal truck efficiency.

Today, I will cover several key issues in regards to extreme port congestion that resulted in the unfair assessment of detention and demurrage charges of more than \$100,000 to our company alone over the 2014 through 2015 time period, for causes that were completely out of our control. A number of these problems continue today in various contexts.

First, some facts. In 2013, before the congestion created by the West Coast labor negotiations and port slow down, the 30 trucks operated by Golden State handled more than 12,000 loads, and the average turn time for a truck in the San Pedro Bay ports was 69 minutes. In 2014, the same number of trucks handled just 8308 loads, with the average turn time being 112 minutes. And in 2015, those trucks were only able to complete 5615 transactions at an average turn time of 89

minutes. But even since then, turn times have not returned to the numbers we experienced prior to 2014, a sign that congestion at the ports is a continuing and growing problem. For example, driver productivity, which was 3 or more transactions a day in 2013 has dropped to between 1 and 1.5 even after the slowdowns of 2014 and 2015. This means that it is impossible for drivers to achieve the number of turns necessary to move the necessary volume from the terminals during the allotted free time.

This past and ongoing congestion has created large amounts of detention and demurrage charges. We have been assessed tens of thousands of dollars in detention and demurrage, over and above the costs to us of missed appointments due to congestion and the inability to complete transactions in the time necessary, for causes that were completely beyond our control. The system makes it impossible to be treated fairly: for example, free time (typically four working days) is counted whether the container is available or not, and demurrage or detention must be paid before the container can be removed and often even before an appointment can be made. The fact of the matter is that it is virtually impossible to pick up and drop off many containers in the allotted amount of free-time given before the assessment of detention and demurrage charges.

Finally, terminal operators have claimed that carrier and terminal competition makes it possible for importers and draymen to choose their carriers and terminals based on their free time, demurrage and detention rules and practices. But while draymen often suggest to importers which terminals they prefer, in reality only a very small minority of importers have the influence to require a carrier to discharge their goods at a particular location. In the large majority of cases, the steamship line contracts with the terminal based on its own criteria.

I would ask the Commission to look at these practices as unreasonable. It is our opinion that the process of assessing detention and demurrage is broken and outdated. We would urge the Commission to take measures to reform this process in a way that does not allow large foreign national companies to put small American companies out of business, as is what happened to many of my colleagues during both the slow down of 2014-15 and the Hanjin bankruptcy.

Thank you for your time and consideration.