



# THE PORT OF LOS ANGELES

## HANDLING A MEGA-SHIP



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On December 26, 2015, the Port of Los Angeles was honoured to be the first North American port to welcome the 18,000 TEU CMA CGM Benjamin Franklin on its maiden voyage. If any US gateway is poised to handle a vessel with a capacity much larger than that of the average containership calling today at a major US port, it is the Port of Los Angeles. At the same time, this milestone was a trial run. It provided an excellent opportunity to meet the challenge of servicing an 18,000 TEU capacity vessel well before these ships are put into service in the trans-Pacific trade.

### MODEL PLANNING

The arrival of the CMA CGM Benjamin Franklin was impressive, even for a port accustomed to working 13,000 to 14,000 TEU vessels. Equally impressive was the behind-the-scenes resources deployed to get the job done. This is no small point because physical infrastructure alone is not enough to meet the demands of handling a container vessel this size. Planning and collaboration are essential, and they made this trial run a success.

The legwork began about six weeks before the vessel arrived. In a series of conference calls, CMA CGM, APM Terminals (APMT) and the port discussed the details of working the ship, from loading the cargo at its ports of origin to the onward movement of containers discharged in Los Angeles. In particular, we looked at stowage and sequence loading in the ports of Shanghai, Ningbo and Busan, the number of cranes and gangs per shift, destination blocks, and on-board container stacking heights for clearance beneath the cranes. With APMT preparing to raise its cranes this year to accommodate deck stacks 10 containers high, the CMA CGM Benjamin Franklin arrived with seven tiers of on-deck containers.

The parties also agreed to furnish the entire stowage plan when the CMA CGM Benjamin Franklin left Asia – 13 days in advance of her arrival in LA. Typically this information is transmitted about 24 to 48 hours before vessel arrival, which is the usual case for 10,000-14,000 TEU ships calling at the Port of Los Angeles.

Planning with the International

Longshore and Warehouse Union (ILWU) was crucial, especially given the timing of the ship's call. The CMA CGM Benjamin Franklin arrived the day after Christmas, a period when many of the most experienced crane operators, dockworkers, marine clerks, and other facility personnel are off for the Christmas holiday. Preparations ensured the operation was fully staffed with ample labour for every shift during the four-day call.

The arrival and successful handling of this vessel was also an important moment for the ILWU workforce. They demonstrated the skills and expertise they bring to the docks all year long, working ships of all sizes.

Likewise, communicating with beneficial cargo owners, trucking companies, our short-line rail operator, Class I railroad partners, customs house brokers and freight forwarders was essential. This included daily assessments of labour and the equipment needed to work a vessel while it remained in port, allowing all of us to optimise every facet of discharging, staging and moving inbound cargo, as well



as loading export containers. Working closely with the US Coast Guard and US Customs and Border Protection to meet inspection and boarding requirements was another key to our success.

#### **THE FRAMEWORK FOR COOPERATION**

Our ongoing Supply Chain Optimization (SCO) initiative, launched more than six months before the CMA CGM Benjamin Franklin was even delivered, established the framework for this unprecedented level of coordination and data sharing. The catalyst for creating the SCO initiative was the congestion US West Coast ports experienced in late 2014 and early 2015 stemming from the formation of ever-larger shipping alliances, bigger ships delivering more cargo in a single call, a dislocated chassis supply, and protracted labour contract negotiations.

This perfect storm gave a new urgency to finding better ways for everyone in our supply chain to collaborate on a permanent basis. A higher level of cooperation was only possible with approval from the Federal Maritime Commission (FMC), which the ports of Los Angeles and Long Beach obtained a year ago. We immediately began substantive talks with our supply chain partners on everything but price and terms.

By the time the decision was made to make Los Angeles the first US port of call for the CMA CGM Benjamin Franklin, our working groups of stakeholders representing every link in the supply chain – shipping lines, terminal operators,

cargo owners, labour, railroads, trucking interests, chassis providers, customs brokers and freight forwarders – had been meeting regularly about the major variables in our supply chain cycle: purchase order and manufacturing timing, pre-loading consolidation, stowage and sequencing at the port of origin, discharge operations at destination, trucking, and rail transport. The mechanisms that allowed us to address these variables and ensure swift, effective handling of the CMA CGM Benjamin Franklin's cargo were in place.

#### **PORT INFRASTRUCTURE**

Clearly, this milestone would never have been possible without the decades of planning and harbour development by the port and its business partners making it technically feasible for an 18,000 TEU vessel to call in Los Angeles. The CMA CGM Benjamin Franklin berthed at APMT's Pier 400, a 393-acre marine container terminal with assets that include 14 Super post-Panamax cranes and an on-dock rail yard with nearly 70,000 feet of loading and storage track.

The facility itself not only reflects extensive planning and capital outlay, it is symbolic of more than 30 years of strategic investment in channel deepening and landside infrastructure development at the Port of Los Angeles. In the case of Pier 400, APMT plans to raise its cranes this year to a height of 304 feet and extend each crane boom by 10 feet to reach 23 rows across an ultra-large container vessel loaded to capacity. This project is just

one of many facility improvements our terminal operators are making, with the port's share alone expected to exceed US\$2.6 billion over the next decade.

#### **MARKET REALITIES**

By every measure, the CMA CGM Benjamin Franklin's call was a success: 11,204 containers handled during 56 hours of operations, including one shift of nine cranes at 29 gross moves per hour, and 2,845 inbound rail containers discharged to form 12 double-stack trains. The vessel departed 13 hours ahead of schedule from the Port of Los Angeles.

In addition, the CMA CGM Benjamin Franklin called while the Maersk Edmonton was also berthed at APMT's Pier 400. The ILWU also successfully worked the Maersk Edmonton, briefly the largest vessel to call at a North American port (prior to the CMA CGM Benjamin Franklin's arrival). These two vessels were docked alongside each other for nearly two days.

These initial visits and subsequent calls by both vessels bode well for demonstrating our ability to service ultra-large vessels. However, all this activity raises the question of whether these ships will be deployed to more North American ports anytime soon. History tells us it is only a matter of time. With new vessel orders, the changing dynamics of shipping alliances and ongoing consolidation in the liner trade, the push for efficiencies has never been greater.

Last year, industry analyst Alphaliner reported as many as 50 new ultra-large



vessels of 13,800 to 20,000 TEU were due to be delivered by the end of 2015 for service in the Europe-Asia trade. Another 37 ultra-large vessels are expected this year, including 13 ships with 19,000 to 20,000 TEU capacities. We don't know how large these ships will get, but we do know the flow of the newest ultra-large vessels into the Asia-Europe trade lanes is already having a familiar cascading effect on the trans-Pacific trade. More 13,000 to 14,000 TEU ships now call at the San Pedro Bay ports. It is safe to expect further changes in the carrier network bringing a greater number of these ultra-large vessels to Los Angeles.

**GOING FORWARD**

The CMA CGM Benjamin Franklin gave our port and regional supply chain the opportunity to perform at our best, and we took it. The results confirm there is no time like the present to intensify this collaborative focus on optimising supply chain efficiency.

All US ports must continue to upgrade their facilities. This is a discussion of national significance. Given the magnitude of the investment needed, it is encouraging our federal government is increasing its financial support for our national freight system and dedicating funding in a way that recognises our ports and intermodal hubs are critical components of this network.

With cargo volumes projected to grow, making the highest use of our resources in Southern California will include continuing to pursue innovative solutions for improving velocity, such as greater use of integrated technology systems to provide a single line-of-site view for supply chain stakeholders, ancillary support programs

such as our "peel-off" operations, and exploring new strategies like short-haul unit trains to move containers from the docks to regional inland markets.

The proactive role the Federal Maritime Commission is playing to improve the flow of cargo nationwide is also encouraging. At the San Pedro Bay port complex, the agency is launching an initiative to help the private sector develop commercial solutions to supply chain challenges. This initiative will complement our SCO efforts.

The larger lesson here is teamwork. Every link in the chain has a role to play in making what Los Angeles was able to achieve with the CMA CGM Benjamin Franklin a routine practice, regardless of vessel size.

Staying competitive into the future demands better communication, coordination and data sharing as early as possible so our industry can continue to thrive. A better view of inbound vessels and cargo helps ensure terminals have the right level of labour, containers are stowed so they can be easily discharged in customer blocks, the trucking community knows when containers will be available for pick-up, chassis are strategically provisioned, and trains are at the ready to move cargo to the heartland.

Individually, the members of our industry excel at planning. But with the increasing complexity of mega-ships carrying containers for multiple partners from diverse points to various destinations, our fates are more intertwined than ever before. Coordination on a consistent basis must become second nature and the Port of Los Angeles stands at the ready to work with all stakeholders to optimise the supply chain.

**ABOUT THE AUTHOR**

As Executive Director of the busiest container port in North America, Gene Seroka is responsible for managing more than a US\$1 billion budget, leading a team of more than 900 employees, advancing major capital projects, growing cargo volumes, and promoting innovative, sustainable practices that improve Southern California's economy and quality of life. His duties involve interacting with a wide range of stakeholders, including port customers worldwide, supply chain partners, labour, community members, and elected and appointed officials at all levels. An industry-known leader, Seroka brings more than 27 years of experience in shipping, global logistics and executive management to the Port of Los Angeles. He is a prominent supporter of collaboration and promotes teamwork, participation and partnerships to advance solutions to commercial, port terminal, intermodal, land transportation and labour issues throughout the region.

**ABOUT THE ORGANISATION**

The Port of Los Angeles is America's Port®, the nation's #1 container port and global model for sustainability, security, and social responsibility. Known for progressive environmental achievements and state-of-the-art technology, the Port's commitment to modernization and efficiency is at its core with plans to invest \$2.6 billion in infrastructure improvements through 2021.

**ENQUIRIES**

<https://www.portoflosangeles.org/>