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Hanjin Shipping collapse leaves up to 15,000 cargo containers piled up

Twin ports: Thousands of bankrupt shipper's cargo containers have nowhere to go Slowdown: Experts fear there could soon be a shortage of trailers many sit on, which could cause major disruptions

By Rachel Uranga, Long Beach Press Telegram

Friday, September 30, 2016



As many as 15,000 steel cargo boxes leased or owned by the [failed Hanjin Shipping Co.](#) have nowhere to go.

Since the company collapsed at the end of August, the orphaned containers have piled up in and around the ports of Long Beach and Los Angeles — and no one's quite sure what to do with them. They can't stay here; the real estate is too scarce, especially ahead of the busy holiday season.

“Some people were hinting to take (the boxes) out in the desert and abandon them,” said Dan Monnier, who sits on the board of the Los Angeles Customs Brokers & Freight Forwarders Association, which arranges transportation for retailers. “It sounds cute, but remember, (the containers) still belong to the bankrupt company Hanjin.”

Lawyers for Hanjin could not be reached for comment.

Hanjin, the seventh-largest shipping company in the world, failed to secure funding from the Korea Development Bank [on Aug. 30](#), then abruptly ended services, leaving ships and crews stranded and billions of dollars worth of cargo in limbo. As the courts slowly unwind the finances of the company and work to get creditors paid, the company's assets and leased property — including the steel containers — are scattered around the world.

Container company Seaco Global Ltd., based in London, leased about 50,000 containers to Hanjin that it cannot account for, said Neil B. Klein, an Irvine-based attorney representing the company. Right now, he is looking for the location of those boxes.

At the local ports, there may finally be a solution in store for the blue containers with Hanjin painted in white. On Friday, Alex Chernin, a spokesman for logistics company Total Transportation Services Inc., confirmed the company is hammering out a plan to open up a 100-acre facility in Ontario where the containers can be stored. The specific location has not been disclosed, and details are still being ironed out, Chernin said.

Asked if the opening of a yard was good news, Klein replied, “We would like to think so. I want to know if our boxes are there, so we can collect our boxes,” he said.

These 40-foot long industrial orphans are a linchpin to global trade, moving millions of dollars worth of goods from the ports to retailers across the country. Freight handlers, retailers and others said local yards have filled up over the past several weeks, and the ports won't accept Hanjin-owned containers (to make matters more complicated, some of the containers are leased, and some of those are being accepted).

Another pressing issue is a shortage of the trailers that the containers sit on. Many of the containers that are being turned away by the ports are going to storage yards near the ports, but many yards don't have the equipment needed to remove the containers from the chassis.

That means chassis — a critical and somewhat scarce piece of equipment — are being held hostage, Monnier said.

Industry experts worried that if a solution was not found soon, there could be a shortage of these chassis — a situation that caused major [disruptions in 2015 when a breakdown in labor contract talks](#) provoked slowdowns and major congestion.

But the Hanjin failure caused a shortage in chassis because so many were taken out of the system at one time.

“There is light coming through the tunnel, but this is not a wide-open solution,” Monnier said. He warned, there are still many questions, including how the chassis will be moved to the port, where truck drivers usually pick them up.

Local port officials, however, welcomed Friday's development.

“This depot will put containers into a safe, secure location, which frees up chassis for use in the San Pedro Bay port complex during our busiest season,” said Gene Seroka, CEO of the Port of Los Angeles. “It's an example of supply-chain partners stepping up to improve logistics in Los Angeles.

A day earlier, Mario Cordero, the head of the Federal Maritime Commission, which regulates the maritime industry, issued a statement urging players across the supply chain to “find ways to cooperate and collaborate.”

Cargo containers: The invention that created globalization

Cargo container boxes made it possible for Americans to have cheap imports from around the world. If you have an iPhone, flat screen television or even Nike shoes, chances are it came in a box shipped from Asia or elsewhere around the world.

Blame the phenomenon on Malcom McLean, an American businessman who first used the containers to ship goods from the East Coast in the 1950s, dramatically cutting the cost of transportation and pioneering a revolution, now more drably known as containerization.

- About 90 percent of all trade is now done by sea.
- The box can be attached to stacked on ships, unloaded and placed on trailers for trucks or trains
- Most all containers used in the U.S. are 40-feet long and 8 feet-wide and high. The industry measures the

steel boxes in 20-foot equivalent units, known as TEUs.

- There are now 24 million TEUs around the world.
- About 22,000 pairs of shoes or half a million pounds of chicken feet can fit in one 40-foot box.
- 12 to 15 years is the average life of a container box, but they can last up to 20 years.
- The average cost of a 20-foot box is \$1,500.
- China is now the largest manufacturer of these boxes.
- The corrugated boxes are most often made of Corten steel. Because of their sturdy material, recycled boxes are now used to make homes and offices.

Source: World Shipping Council, Drewry Research, Marc Levinson, Bennett Consulting

URL: <http://www.presstelegram.com/business/20160930/hanjin-shipping-collapse-leaves-up-to-15000-cargo-containers-piled-up>

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