

Supply Chain Bottlenecks at U.S. Ports

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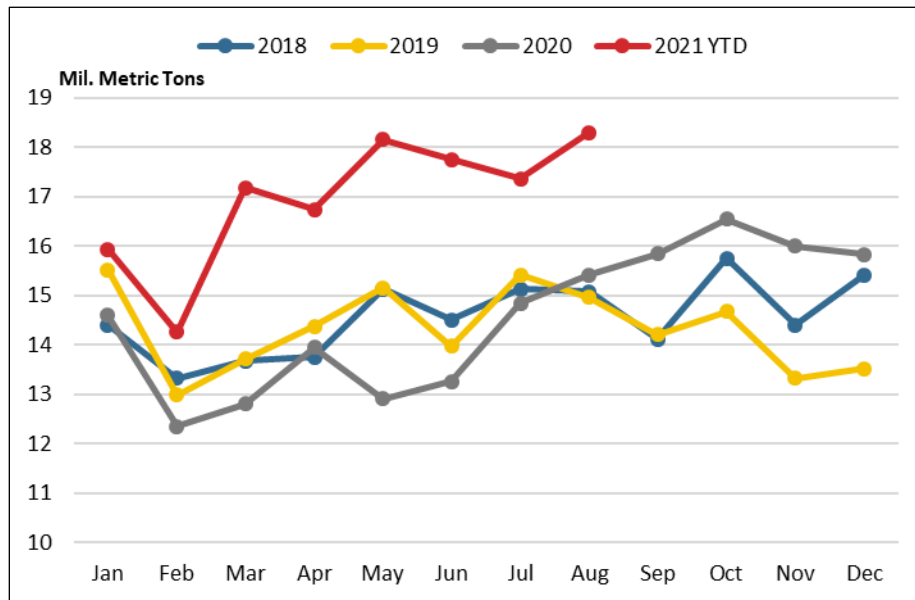
The Coronavirus Disease 2019 (COVID-19) pandemic has underscored the potential vulnerabilities of [global supply chains](#), which divide production processes (e.g., raw materials sourcing, parts assembly, distribution) into discrete stages located in multiple countries to achieve efficient production. Companies rely on a complex, global network of transportation services, [primarily container shipping](#), to move intermediate goods between multiple countries for processing before they are shipped globally as final goods. The pandemic has disrupted regular trade flows when various Asian countries issued COVID-19 lockdowns at factories and ports and reopening at different times, [congesting seaports globally](#) when goods eventually leave Asia.

In fall 2020, goods began backing up at U.S. seaports as the pandemic shifted U.S. consumers' buying habits from the service sector to the goods sector. From March through July 2021, retail sales (excluding automobiles and gasoline) were [20% higher](#) than for the same period in 2019. Many retail goods are wholly or partially manufactured in Asia, leading to a surge in containerized cargo (**Figure 1**). Dozens of ships are now at anchor waiting to dock at the Ports of Los Angeles and Long Beach. Usually there are few or none. The back-up has caused shortages for retailers and factories. The delay in availability of empty containers after unloading their imported goods has led to lost sales for U.S. exporters.

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Figure I. Containerized Imports at U.S. Seaports

Source: CRS, U.S. Census.

Notes: Figures exclude imports from Canada and Mexico.

U.S. Customs Processes

Once goods arrive at seaports, they must be cleared by customs officials before they can be moved to inland destinations. U.S. Customs and Border Protection (CBP) is responsible for enforcing U.S. trade laws and facilitating legitimate trade, including consumer protection and duty collection, at ports of entry.

U.S. port operators have raised concerns over CBP's ability to process the large volume of incoming cargo, citing shortage of field officers as a cause of delays in cargo inspection. Congress has been interested in CBP's staffing challenges. Other stakeholders have commented on long-standing inefficiencies in the customs process, including the use of paper-based trade documentation. Recommendations by stakeholders include

- accepting [electronic signatures and electronic bills of lading](#) (shipment contracts, eBOLs) and eBOLs storage in a digital system to improve visibility of the supply chain;
- increasing [data collection and improving information sharing](#) between CBP and partner government agencies to improve trade facilitation; and
- streamlining [border traffic and expanding the use of nonintrusive image technology](#) to improve efficiencies in processing and clearing goods.

CBP has taken steps begun to mitigate pandemic disruptions to global supply chains, including

- [reallocating field officers](#) from passenger to cargo operations to increase trade-enforcement activities;
- forming the [COVID-19 Cargo Resolution Team](#) to expedite clearance of personal protective equipment across U.S. ports of entry, while collaborating with partner agencies to ensure enforcement of trade laws and regulation; and

- implementing a since-expired 90-day postponement ([85 Federal Register 22349](#)) of certain duties, taxes, and fees for importers “experiencing a significant financial hardship” due to COVID-19.

Port Inefficiencies

Port operations can encumber the onward movement of goods to inland destinations. While the private sector largely controls these operations, Congress could engage with the Biden Administration to exert pressure where disagreements among port stakeholders affect operations. Several federal studies have analyzed port inefficiencies in detail prior to the current traffic surge. The problems identified are [long-standing](#) and have caused less severe back-ups in the past.

The Federal Maritime Commission (FMC), the federal agency with jurisdiction over the nation’s waterborne foreign commerce, published a [2015 study](#) that analyzed delays related to port truck gates, their operating hours, and the obstacles truckers face in picking up and dropping off containers. While some ports encourage nighttime activity to reduce truck congestion, the report noted that wage rates for dock workers are higher late at night, discouraging off-peak activity. Truckers considered it more important for port gates to remain open during lunch hour and earlier in the morning rather than staying open all night, according to the report. In 2016, the Government Accountability Office (GAO) issued a report specific to congestion at [West Coast ports](#) that largely corroborated the FMC report.

Port truckers also seek easier interchange of container and chassis equipment amongst their different owners. Chassis are the wheeled support frames used to move containers over the road. The 2015 FMC study noted that poor chassis management was a source of delay for truckers. In March 2021, GAO issued a report specific to the [chassis problem](#), supporting the FMC’s recommendation for greater use of chassis pool arrangements and more timely attention to chassis repair.

Similar to the customs cargo visibility recommendation, the FMC issued a 2017 report recommending a [port information portal](#) to better inform shippers the real-time status of each container shipment. Such information could reduce unproductive truck trips and improve the accuracy of daily fees for containers. These fees are a point of contention between carriers and shippers that proposed legislation (H.R. 4996) addresses.

A truck [driver shortage](#) is said to be contributing to current supply chain woes; claims of driver shortage predate the pandemic. The Bureau of Labor Statistics has [analyzed](#) previous claims. Unpaid wait time can reduce the attractiveness of the profession. Port truckers are often paid by the trip, so the long wait they typically experience outside port gates reduces their earnings. Truckers often face long waits to deliver loads at inland warehouses, where personnel are not ready to unload their trucks. This largely unpaid “detention time” counts toward the maximum hours they can drive each day, reducing drivers’ income. A 2018 study by the Department of Transportation (DOT) Inspector General found that the Department’s [data collection effort](#) with respect to detention time was inadequate for considering policy changes.

On September 16, 2021, DOT issued a notice ([86 Federal Register 51719](#)) seeking input from carriers and shippers on how to alleviate “bottlenecks and supply constraints in the transportation sector.” [Comments have been filed](#) (docket # DOT-OST-2021-0106) that reiterate the problems identified above.

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