

Officials call for action on cargo delivery crisis at ports



The Hanjin Montevideo and two other ships have been anchored off the Southern California coast for days. One, the Hanjin Greece, was allowed to dock and unload cargo Saturday. (Marcus Yam / Los Angeles Times)

By **Matt Stevens**

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Politicians gathered at the Port of Long Beach on Sunday to call for the flow of cargo to Southern California to resume, days after the bankruptcy of one of the world's largest shipping lines disrupted the global supply chain.

Officials said the collapse of South Korea's Hanjin Shipping Co., which declared bankruptcy Wednesday, threatened local union workers' jobs and merchants' access to goods at a crucial time, just before the holiday season.

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Because Hanjin, the world's seventh-largest shipping line, cannot pay ports and terminals to unload, ships filled with merchandise have sat idle for days. As of Sunday, officials said one massive container ship was still drifting 50 miles south of the Long Beach and Los Angeles ports; another ship was anchored at the Port of Long Beach, inside the breakwater; a third was anchored outside the harbor.

The stranded goods include auto parts, coffee tables, pillows, lamps, toys and pulp and paper products from the Pacific Northwest, said Brian Bourke, vice president of marketing for Seko Logistics, which helps customers arrange shipment of imports and exports.

"We have ... ships just sitting out, their goods spoiling. This is unacceptable," Rep. Alan Lowenthal (D-Long Beach) said at the news conference.

"We want to make sure that American workers and American consumers ... are not going to pay an undue cost for mistakes that were made thousands of miles away," Lowenthal said.

Rep. Janice Hahn (D-San Pedro) said Hanjin's insolvency "poses an unprecedented global crisis" and called on Secretary of Commerce Penny Sue Pritzker to step into the fray.

"Leaving these ships stranded with thousands of containers is not the answer," Hahn said. "Every day these ships remain outside our ports is another day that our local port workers and truck drivers go without work, and businesses waiting on goods are losing money."

Fallout from the company's decline could have particularly acute effects in Southern California because Hanjin owns a majority stake in Total Terminals International, which operates Long Beach's largest terminal.

From January to July, Hanjin accounted for about 4% of containerized cargo imported to the Port of Los Angeles and 12% of containerized cargo to the Port of Long Beach, according to Datamyne, which tracks import-export transactions in the Americas.

Standing in front of a concrete sign emblazoned "Hanjin Terminal," Mark Jurisic, a business agent at International Longshore and Warehouse Union, Local 13, which represents longshore workers, assessed the

situation bluntly.

"The gates have been shut. Nobody is coming to work," he said. "Today we would have had 200 to 300 employees here."

Officials at the Port of Long Beach have said its terminals are not accepting any new Hanjin imports or exports.

Meanwhile, the three stranded ships that officials have been monitoring since Tuesday "haven't moved," said Capt. J. Kip Louttit, executive director of the Marine Exchange of Southern California.

Hanjin "is bankrupt," he said, "so nobody wants to have the ships come [dock] ... because they're not sure that the ship can pay their bills."

Mario Cordero, chairman of the Federal Maritime Commission, acknowledged that Hanjin's troubles could pose "a major crisis."

But he also confirmed that Hanjin filed a Chapter 15 proceeding late Friday that will allow it to bring its case into federal Bankruptcy Court in New Jersey. A hearing could occur as soon as Tuesday, which Cordero said could hasten the process of getting the stranded ships to dock.

Hanjin and other large shipping lines have struggled with overcapacity brought on by a massive ship-building boom and sluggish demand. It's still unclear exactly how Hanjin's situation will be resolved.

In a statement Thursday, South Korea's Financial Services Commission said its chairman asked Hanjin's lead creditor, the state-owned Korea Development Bank, and competing shipping line Hyundai Merchant Marine to "exert their utmost concerted efforts to minimize problems with cargo delivery and shippers in the aftermath of Hanjin's filing for bankruptcy protection."

The commission said Hyundai will be adding more than 13 ships to routes served by Hanjin "as soon as possible," while maintaining freight rates for those routes at an "appropriate level."

The Long Beach Board of Harbor Commissioners said in a statement Sunday that members were monitoring the Hanjin situation "round the clock" to ensure that the flow of cargo is as smooth as possible.

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Times staff writers Andrew Khouri and James F. Peltz contributed to this report.

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