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# Full Container Load (FCL) Transload Strategy

WHITE PAPER

TRANCO GLOBAL



# TRANCO'S APPROACH

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Tranco's preference is for Direct Drayage Delivery (3D) of Full Container Loads (FCLs), draying the FCL directly from the port of discharge to the consignee's door. Generally, 3D has the following advantages over a transload delivery:

- Simplification
- Reduced cost
- Reduced handling and damages
- Faster transit time
- Better on-time delivery

Despite the advantages of 3D service, transloading has become more of an option in recent months as drayage capacity has been stretched beyond capacity at many of the ports across the US. This is especially true when FCL drayage has not been scheduled well in advance of the vessel's arrival.

Many drayage carriers have scheduled all available capacity a month in advance of vessel arrival. Even when scheduled in advance, many drivers have been "falling off" loads as they are offered rates 2 and 3 times higher than previous market rates in what has become a desperate drayage situation at several major ports.



# EMPOWERING OUR CLIENTS

To help our customers better understand the current drayage market, Tranco has developed this White Paper outlining transload considerations. These outlines include considerations for transloading versus 3D.

Here are the typical steps involved with a FCL transload delivery.



The FCL is pulled from the port-of-discharge with a local drayage carrier, delivering to a transload warehouse local to the port



The FCL is stripped at the local transload warehouse. The empty FCL is returned to the port.



A dry van carrier or other domestic conveyance truck is loaded at the transload warehouse



The dry van carrier delivers to the final consignee



# 4 PRIMARY CONSIDERATIONS FOR TRANSLOADING

## No. 1

### DISTANCE FROM THE PORT

The nature of 3D requires the FCL to travel round-trip from the port to the final consignee, and back to the port. When the distance to the final consignee is 250 miles or more, transload starts to become a consideration as a more economical delivery method. With transload, the FCL is returned to the port as an inexpensive local move. The dry van delivery can usually be provided as a one-way transport. The further from the port the consignee location, the more likely transload is the better alternative.

Distance between the port and consignee is also a matter of driving hours. If the travel time requires the driver to “layover” due to federally mandated hours-of-service requirements, the layover fees are also a consideration.

With the current drayage market conditions, transload is becoming more of an option, even for drayage distances that may have seemed relatively short just a short time ago.

# No. 2

## OVERWEIGHT (OWT) AND HEAVY FCL'S

If a container is OWT, the total gross weight of the container does not meet the weight limits as required by government or commercial jurisdictions. If the weight does not meet local criteria, it MUST be transloaded. The amount of weight that constitutes OWT can vary greatly based on local jurisdictions.

One of the considerations for OWT FCL's is the distribution of weight by FCL size. For instance, 40FT FCL's are allowed more weight than 20FT FCL's where the gross mass is focused on more closely positioned chassis axels.

Heavy FCL's may not be technically OWT, however, the exceptional weight of a heavy FCL makes it unattractive for drayage carriers to handle based on the wear and tear to their equipment. In the highly competitive drayage market that we currently face, many drivers will not pull heavy FCL's as they can be highly selective in the cargo movements they wish to support.

Heavy and OWT 20FT FCL's require another piece of special equipment, a triaxle chassis. The triaxle provides a sliding axle that allows for the even distribution of the weight. There are a very limited number of triaxle chassis, so this requirement further limits capacity.



# No. 3

## DEMURRAGE AND PER DIEM AVOIDANCE

SSLs charge demurrage when FCL is left in the port past the Last Free Day (LFD). Ocean-based discharge ports typically allow 4 free days. For discharge ports located at inland railyards, the LFD can be as short as 2 days including weekends! After the LFD, the SSL begins to charge demurrage for every day the FCL remains in the port. Demurrage rates can vary greatly, from \$100/day to \$500/day based on the SSL's tariff. In most circumstances, the daily rate increases the longer past the LFD the FCL remains in port. For instance, 1-3 days of demurrage might be rated at \$250/day, with day 4-10 of demurrage assessed charges at \$350/day and all days of demurrage past 10 at \$500/day.

Drayage providers have heavily relied on "pre-pulls" as a tool to stop mounting demurrage expenses. A pre-pull gets the FCL off the port but does not provide final delivery of the FCL directly to the consignee either because the consignee is not prepared to take tender of the freight or the drayage provider does not have the capacity for furtherance on the longer FCL delivery leg. Drayage providers charge for the pre-pull, the daily chassis fee, and a daily rate for yard storage on the drayman's property local to the port.

Per Diem is very similar to demurrage. The application is based on the LFD allowed outside the port. SSLs typically allow 4 free days outside the port. During this time, the FCL is drayed to the consignee's location for unloading and returned empty to the port. Per diem charges, while expensive, are typically less expensive than demurrage.

The current market conditions and the limited drayage capacity at the ports have greatly increased the attractiveness of transloading freight. While also limited, there is much more dry van capacity than drayage capacity. Transloading freight out of an FCL and into a dry van can greatly reduce the cost of demurrage or per diem.



# No. 4

## MISCELLANEOUS

This is the catch-all for the many other transload scenarios that make up a minority of transloads. These can include freight that needs to be unitized before delivery, or freight that has arrived and the consignee is unprepared to take immediate possession, requiring an intermediate warehouse solution.

## DRAYAGE MANAGEMENT

The best way to minimize drayage costs is to provide Tranco with as much advance notice as possible when FCL will be arriving at the port. This is best communicated when the Import security filing (ISF) is filed just before sailing. Arrival Notices provided by the SSL or NVO are good for listing collect charges, but many times come too late to secure adequate drayage capacity. This is especially true in a drayage market where carriers are booked weeks in advance.



The Tranco team is committed to minimizing your costs while providing the best service solutions. We work with customers on a daily basis to engineer solutions specific to their needs.

Please reach out to your Tranco solutions specialist or contact [inland@trancoglobal.com](mailto:inland@trancoglobal.com) for more information.

