

## *Gulf Shipper*

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### Opinion



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#### **That sorry DHS performance**

In some respects the bureaucracy that pervades the Department of Homeland Security resembles the waning days of the Roman Empire. The Empire officially fell in 476 A.D. with the invasion of the Visigoths, Ostrogoths, Vandals and Germanic tribes, mouthing the slogan "Ich bin ein Burger Rom" (I am a Roman Citizen). The bureaucracy that supported the bloated empire merrily continued for several centuries, unaware of the changes around it.

Although Customs & Border Protection indicated they would be flexible with Gulf Coast brokers because of business disruptions stemming from Hurricane Katrina, they only went so far in this promise.

To their credit, a 90-day moratorium that began Aug. 29th held in suspension all late filings and presentations of payments on entry summaries. But the agency failed the Gulf forwarding community when CBP personnel displaced from ports impacted by Katrina were not shifted to other ports to assist fellow agents who were overwhelmed by cargo dumped in their back yards.

Additionally, Gulf Coast brokers were turned down when they attempted to secure temporary operating permits through other ports. This created even more pressure on the system. Some brokers, not having relationships with adjoining Gulf ports, simply could not continue to operate and at least one in the New Orleans service port ceased operations. I suppose BCP's rationale was that the granting of temporary operating permits in other districts might be disadvantageous to brokers in those districts as their businesses were now open to additional competition.

BCP could have at the minimum issued a one-year temporary permit. This would have allowed necessary rebuilding of affected ports in the Gulf and reestablishment of traditional trade patterns.

Even with the 90-day moratorium on penalties, many cases are just now rising to the surface and CBP is issuing penalty notices that require brokers to go through the tedious process of demonstrating to CBP that, for example, a particular vessel discharged in Houston and cargoes were cleared with duties paid in that port, despite a pre-clearance in New Orleans (pre-clearance on Friday, August 26<sup>th</sup>, with anticipated arrival Monday, August 29<sup>th</sup>, the day of Katrina's landfall in the New Orleans area.).

A little investigation on CBP's end would have obviated the necessity to generate more paper.

But blame can be evenly spread around. Carriers who diverted cargoes to other ports have simply not been sympathetic, assessing huge amounts of demurrage as cargoes were not cleared in a timely manner.

This was due to the dislocations of brokers and the necessity to reproduce documents and obtain waivers on presentation of original bills of lading, as New Orleans was a closed, inundated city and Gulfport (for the most part,) was wiped off the map.

Further aggravating the matter, FEMA offered attractive contracts to truckers for hauling debris; thus, the power to move cleared containers was severely compromised as truckers from throughout the southeastern U.S. preferred the better-paying FEMA offer. One broker in New Orleans alone had to put up more than \$400,000 in demurrage on behalf of his clients to allow cargo to be released. Now clients are refusing to pay, forcing brokers to take legal action against their clients. My personal opinion is that demurrage is nothing but 'found money.'

I successfully negotiated with a sympathetic carrier to reduce demurrage from \$3,445 to his actual cost of \$289.

That tells me there is a lot of fluff. The rationale for rail carriers according only 48 hours free time at ramps on inbound containers is to encourage fluidity through the system and to effect a change in consignee behavior.

Rail carriers are faced with larger vessels discharging at Los Angeles/Long Beach. The mini-landbridge 'pipeline' to the rest of the country cannot be presently enlarged because of limitations posed by the rail route across the El Cajon Pass.

Attempts to negotiate with rail carriers that embargoed traffic into Gulf Coast ramps have proven nugatory, since no amount of demurrage assessed would have moved these containers any faster.

But the bureaucracy moves on, as evidenced by a pithy response from one rail carrier's intermodal storage division: "Storage is charged to ensure hub fulidty." [sic]