



INLAND PORTS

Relief from trucking challenges

November 2, 2018



What was named the greatest challenge for shippers in 2018? At this year's 2018 South Carolina International Trade Conference (SCITC) all the shipper session participants agreed that trucking would be their #1 pain point.

An ongoing driver shortage; new regulations that limit a driver's time on the road, such as ELDs (electronic logging devices); as well as spikes in demand due to larger and larger vessels have resulted in an increase in trucking costs and the inability to get trucking services when they're needed.

Inland ports have emerged as an important option to counteract the impact of these challenges. Cargo bound for an inland port moves quickly off the marine terminal, onto short haul rail then to the inland port. Such intermodal rail services reduce dependency on the unknown of driver availability, improve operational efficiency via a consistent and forecastable delivery schedule, while at the same time reducing cost.

Inland Ports are set-up to be a hub for freight moving to facilities, such as production plants and distribution centers (DC), which are regionally located near the inland port. By using short haul rail, the long truck trip from the marine terminal is eliminated and once the container reaches the inland port, it's only a short dray to the shippers' facility. In addition, shippers achieve operational flexibility at their facilities since the inland port is open for business 24/7.



“By moving cargo closer to its final destination by rail, inland ports increase a truckers' ability to handle a greater number of short haul local drays within the workday rather than a single day-long move to and from our marine terminals,”

**- JIM NEWSOME,
President & CEO
South Carolina Ports Authority**

OPTIMIZING RESOURCES

When an inland port is located near a high population area, it serves as a centralized hub to reduce delivery costs for those shippers that are distributing product to customers, such as retailers, in a particular region. It also enhances their market reach.

In South Carolina, Inland Port Greer extends the reach of the Port of Charleston 212 miles inland. It offers access to 100 million consumers within 500 miles in the Eastern U.S. so overnight distribution is easily accomplished.

Short haul rail allows shippers to avoid the long, costly truck miles to and from the marine terminal and reduce the unproductive drayage hours when truckers are waiting to pick-up their load. Moreover, when a company is located in close proximity to an inland port, they're able to order a container the day they need it, and quickly return them without incurring accessorial charges, such as chassis and detention costs.

Improving the utilization of truck capacity at the receiving facility can be achieved with 24/7 operations at the inland port. By strategically using evening hours a company can get a jump on the next day's activities. For example, throughout the night truckers pick-up containers at the inland port and drop-off containers at the receiving facility, so that when the morning shift arrives all truck docks are ready to work.

GOOD FOR THE ENVIRONMENT & COMMUNITY

When you reduce truck miles you reduce emissions which is a good thing for our environment. Rail has a lower carbon footprint than trucking so its role in routing freight from the marine terminal is a more sustainable transport solution.

At times, truckers must wait for their container load at the terminal causing an increase in emissions due to this idling on site. The use of rail eliminates this event providing a greener, healthier routing option.

Another important benefit of short haul rail is that it reduces truck traffic and congestion on local roads in and around the port and terminal improving air quality and the impact on the community. An important improvement to foster good community relations for shippers and port participants.

"The Adidas Group has realized a more consistent flow of containers, flexibility with last minute priorities, and efficiencies in both cost and visibility. We have created a more eco-friendly supply chain in the process."

**- PAUL BARTALINI,
Director of US Transportation Ocean/Air
Adidas Group**

HIMATSIINGKA CASE STUDY

Himatsingka, a home textile manufacturer, discovered the inherent value of Inland Port Greer in upstate South Carolina. A reliable import supply chain is critical to Himatsingka's commitment to efficiency and customer satisfaction. The following case study outlines how the manufacturer reduced truck miles and truck capacity challenges using Inland Port Greer, while saving \$150 per container.

BACKGROUND

Founded in 1985, Himatsingka manufactures and distributes Home Textile products in Asia, Europe, and North and South America. Himatsingka America represents major brands such as Calvin Klein Home, Tommy Hilfiger, Copperfit and Barbara Barry, while also catering to major retailers' private label programs.

With manufacturing facilities in both India and China, the company is keenly focused on supply chain and logistics practices that are both efficient and reliable to ensure customers receive shipments as expected. A well-running supply chain and distribution network is the backbone of Himatsingka's operations and customer service.

New York City, once known as the center of textile manufacturing, is home to Himatsingka's North American headquarters. Their main U.S. East Coast distribution center (DC) is located in Spartanburg, South Carolina.

BUSINESS CHALLENGE

The company was challenged with devising a more favorable, well-timed and less costly logistics and distribution strategy for their imports into the U.S. At the time, Himatsingka was using the Port of Charleston and other adjacent ports of entry for import goods.



HIMATSIINGKA CASE STUDY

(Continued)

SOLUTION

Building strong, responsive business relationships is central to the SC Ports Supply Chain Authority Team. To assist Himatsingka, the Supply Chain Authority worked collaboratively with the Director of Supply Chain Operations at Himatsingka in Spartanburg, and their ocean freight buyers in India, to review inbound container shipping services and develop an intermodal solution that would add value and expedite freight moves.

The intermodal solution? Short haul rail from the Port of Charleston to Inland Port Greer to take advantage of SC Ports' well-planned infrastructure, communication and reliability. Himatsingka's import shipments move quickly from the marine terminal to Inland Port Greer, which is a short distance from their DC in Spartanburg.

"The value of using Inland Port Greer for our intermodal needs is a savings of approximately \$150 per container."

- SHIVAKUMAR BASAVANAHALLY
Director of Supply Chain Operations
Himatsingka, Spartanburg SC

The close proximity of Inland Port Greer and Himatsingka's DC significantly reduces truck miles and related challenges of truck capacity. Additionally, since containers move quickly from Charleston to Inland Port Greer, the chance of detention and demurrage charges are reduced.

Inland Port Greer's 24 hours a day, 7 days a week operation also provides flexibility and ease of access for drayage, which reduces unproductive hours. South Carolina Ports' ongoing container tracking also offers clear visibility to containers, providing Himatsingka with timely access to imports so they quickly move from DC to market.

"We're pleased to have a close working relationship with Himatsingka. Every week, we alert them when their cargo has arrived at Inland Port Greer and is ready for delivery to their DC. This helps maintain supply chain velocity, which aids in effectively moving Himatsingka products to their customers."

- LIZ GILLMAN
Sales and Operations Manager
SC Ports, Inland Port Greer

Once the short haul rail solution via Inland Port Greer proved its value, Himatsingka selected the Port of Charleston as its only port of entry on the U.S. East Coast.



Micah Mallace, Director of Strategic Projects for South Carolina Ports Authority, commented “Inland ports address one major challenge facing the transportation industry currently, the truck driver shortage. In addition to lowering facilities costs, improving transportation efficiency and avoiding labor shortages, the port is showing for the first time ever that short haul rail works.”

ABOUT THE SOUTH CAROLINA PORTS SUPPLY CHAIN AUTHORITY

The SC Ports Supply Chain Authority is comprised of a team of experts working across Port functions - operations and terminals, commercial and economic development, IT - to provide a customer-centric process focused on understanding the unique logistics challenges of global shippers and providing solutions tailored to their needs.

The Supply Chain Authority also works with partner organizations and agencies in the state and region that customers may find difficult to access on their own.

“We provide more than seamless operations - we share insight, market information and alternative possibilities that can improve an international supply chain. The Supply Chain Authority goes beyond what the Port can do for our customers to make the overall process of doing business easier.”

- BARBARA MELVIN,
Senior VP Operations & Terminals
SC Ports

“Whether a company is considering South Carolina for a new or expanding operation, or just seeking incremental improvement of its logistical challenges, our team is a valuable resource.”

- PAUL MCCLINTOCK,
Senior VP Sales & Marketing
SC Ports

South Carolina Ports Authority, established by the state's General Assembly in 1942, owns and operates public port facilities in Charleston, Dillon, Georgetown and Greer. SCPA is soon to be home to the deepest harbor on the U.S. East Coast at 52 feet, and the Port is an industry leader in delivering speed-to-market, seamless processes and flexibility to ensure reliable operations, big ship handling, efficient market reach and environmental responsibility. For more information on SCPA, please visit www.scspace.com.

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