

# GAO Highlights

Highlights of [GAO-17-23](#), a report to congressional requesters

## Why GAO Did This Study

U.S. West Coast ports are critical to the national transportation freight network and global supply chains. Changes in global shipping and disruptions at ports can create congestion and economic hardship for shippers with resulting effects throughout supply chains. The 2015 Fixing America's Surface Transportation Act provides freight policy goals, including increasing U.S. economic competitiveness; reducing freight congestion; and improving the safety, reliability, and efficiency of the freight network. The act also established new DOT freight funding programs.

This report addresses: (1) how major U.S. West Coast ports have responded to recent changes in global shipping; (2) how selected shippers have been impacted by and responded to a recent port disruption, and (3) how DOT's efforts support port cargo movement and whether they can be improved. GAO conducted case studies of the three major port regions on the West Coast; interviewed key stakeholders—such as port authorities and state and local transportation agencies—for each region and 21 industry representatives, and evaluated DOT's freight efforts relative to criteria on using quality information to support decision-making.

## What GAO Recommends

In developing a freight data strategy, DOT should identify: what supply chain information is needed, potential sources of that information, data gaps, and how it intends to use this information to inform freight efforts. DOT concurred with the recommendation.

View [GAO-17-23](#). For more information, contact Susan Fleming at (202) 512-2834 or [flemings@gao.gov](mailto:flemings@gao.gov)

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## WEST COAST PORTS

### Better Supply Chain Information Could Improve DOT's Freight Efforts

## What GAO Found

Some infrastructure and operations at major West Coast ports are strained in the face of recent changes in global shipping, but port stakeholders are attempting to address these constraints. For example, as the shipping industry deploys larger vessels capable of delivering more cargo, some port terminals lack big enough cranes, or other infrastructure, needed to handle these vessels. All major West Coast ports have planned or completed port-related infrastructure projects and implemented operational changes. For example, in Long Beach, California, the Gerald Desmond Bridge is being heightened to enable larger vessels to pass underneath. Port stakeholders also noted that efforts to address constraints at ports can be hampered by competing priorities and limited data. For example, most state and local government officials said that having information on ports' performance and industry supply chains—the end-to-end process of producing and distributing a product or commodity from raw materials to the final customer—would be helpful to target efforts to address constraints at ports.

Selected shippers were impacted by and responded to one recent port disruption in various ways. In July 2014, the labor agreement that covers most West Coast port workers expired and was not renewed until February 2015. During this period, as widely reported, ports remained open, but vessels backed up in harbors, and loading and unloading of cargo were delayed. In response to this disruption, 13 of 21 selected industry groups representing shippers of some of the top commodities moving through West Coast ports said at least some of their members modified their supply chains by, for example, diverting shipments to ports outside the West Coast or to alternate modes of transportation. All 13 said shippers' costs increased or revenues declined. Six industry groups said some members had difficulty altering shipping plans because of commodity attributes, such as perishability or prohibitive costs.

The Department of Transportation's (DOT) freight-related activities are increasingly multi-modal and inclusive of ports, but gaps exist in the information available to DOT and state and local governments about important aspects of supply chains. For example, a 2015 DOT report notes that movements of international trade between ports and domestic origin for exports and domestic destinations for imports are not measured. This report further states that this information could help DOT to assess international trade flows within the United States and strengthen the role of freight transportation in U.S. economic competitiveness. Federal guidance and leading practices in capital planning emphasize that good information is essential to sound decision making and achieving agency objectives. A few current DOT initiatives may help address some information gaps, but they are in the early stages. DOT has also articulated the need for supply chain information in its draft *National Freight Strategic Plan*, but does not outline how DOT will obtain this information or how it will be used. Based on a 2014 GAO recommendation, DOT is in the early stages of developing a written freight data strategy to improve the availability of national data on freight trends, among other things. Broadening its freight data strategy to include supply chain information could help DOT to think more strategically about the specific supply chain information needed to support its freight efforts and advance national freight policy goals.