PMSA

West Coast Trade Report

March 2018

Parsing the January 2018 Loaded TEU Numbers

Latest Figures. The Ports of Long Beach and Los Angeles impressed viewers with a combined 32.2% year-over-year jump in inbound loaded TEUs in February. That amounted to handling 176,603 more inbound loaded TEUs than they had a year earlier. Further north along the Golden State's unsnowbound coastline, the Port of Oakland reported a 14.9% increase in inbound loaded trade (+9,560 TEUs). Outbound loaded shipments from the three California ports also improved to 4.2% (+14,662 TEUs) over February 2017. ***The only other U.S. major port reporting its February trade numbers is Houston, where loaded inbound traffic increased by 15.5% (+11,410 TEUs), but exports declined by 3.3% (-2,947 TEUs).***

January's inbound loaded container traffic. The first month of 2018 produced what has become the usually divergent results for U.S. West Coast (USWC) ports. At the Port of Los Angeles, inbound loaded container traffic was up 1.8% (+7,409 TEUs) from the same month in 2017, while the neighboring Port of Long Beach reported an 8.6% (+25,666 TEUs) increase. So, collectively, the two San Pedro Bay ports posted a 4.6% (+33,075 TEUs) gain over the previous

Exhibit 1 January 2018 - Inbound Loaded TEUs at Selected Ports

	Jan 2018	Jan 2017	% Change	Jan 2018 YTD	Jan 2017 YTD	% Change
Los Angeles	422,832	415,423	1.8%	422,832	415,426	1.8%
Long Beach	324,656	298,990	8.6%	324,656	298,990	8.6%
Oakland	75,136	80,441	-6.6%	75,136	80,441	-6.6%
NWSA	96,683	128,930	-25.0%	96,683	128,930	-25.0%
Boston	n/a	n/a	n/a	n/a	n/a	n/a
NYNJ	309,003	260,725	18.5%	309,003	260,725	18.5%
Philadelphia*	23,719	24,649	-3.8%	23,719	24,649	-3.8%
Maryland	43,185	40,302	7.2%	43,185	40,302	7.2%
Virginia	104,150	101,302	2.8%	104,150	101,302	2.8%
South Carolina	78,169	83,098	-5.9%	78,169	83,098	-5.9%
Georgia	169,758	154,363	10.0%	169,758	154,363	10.0%
Jaxport	25,727	25,010	2.9%	25,727	25,010	2.9%
Port Everglades	30,978	30,982	0.0%	30,978	30,982	0.0%
Miami	34,439	34,684	-0.7%	34,439	34,684	-0.7%
New Orleans	8,689	10,185	-14.7%	8,689	10,185	-14.7%
Houston	89,443	84,589	5.7%	89,443	84,589	5.7%
Vancouver	138,977	129,139	7.6%	138,977	129,139	7.6%
Prince Rupert	46,371	40,989	13.1%	46,371	40,989	13.1%
Manzanillo*	73,900	71,416	3.5%	73,900	71,416	3.5%
Lazaro Cardenas	37,995	34,284	10.8%	37,995	34,284	10.8%

Source Individual Ports

*Does not distinguish loaded from empty containers.

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Parsing the January 2018 Numbers Continued

January. The Port of Oakland went the other way, with 6.6% (-5,305 TEUs) year-over-year drop in January. But that was considerably better than the Northwest Seaport Alliance year-over-year fall-off (-25.0% or -32,247 TEUs). Taken together, the Big 5 USWC container ports recorded a 0.5% (-4,477 TEUs) decline in loaded import containers over January 2017.

The USWC experience contrasted sharply with the ten Atlantic Coast ports we monitor, which reported a more robust 8.9% (+64,943 TEUs) growth in their inbound trades that was buoyed by a remarkable 18.5% (+48,278 TEUs) jump at the Port of New York/New Jersey. The two Gulf Coast ports we track fared less well, with a 3.5% (+3,358 TEUs) bump over January 2017.

Much is being made of the dividends maritime gateways in the Southeast have begun to earn from their investments in dredging and port infrastructure. On the West Coast, the dividends are regarded as diversions. Contrary to the impulses of some media pundits, the January loaded import traffic at the Ports of Charleston, Savannah, Jacksonville, Everglades, and Miami rose at a less than impressive 3.3% (+10,934 TEUs). Only the unusually high 18.8% leap in inbound loaded shipments through the Ports of New York/New Jersey hoisted the East Coast to the levels of growth to which they have lately become accustomed.

In coming months, we will watch closely to see how much of PNYNJ year-over-year leap in January can be attributed to the raising of the Bayonne Bridge that has allowed 14,000 TEU vessels to call at New Jersey docks. And, of course, we will be interested in seeing how much this infrastructure development will drive cargo to PNYNJ that might have gone to other Atlantic Coast ports.

Exhibit 2 **January 2018 - Outbound Loaded TEUs at Selected Ports**

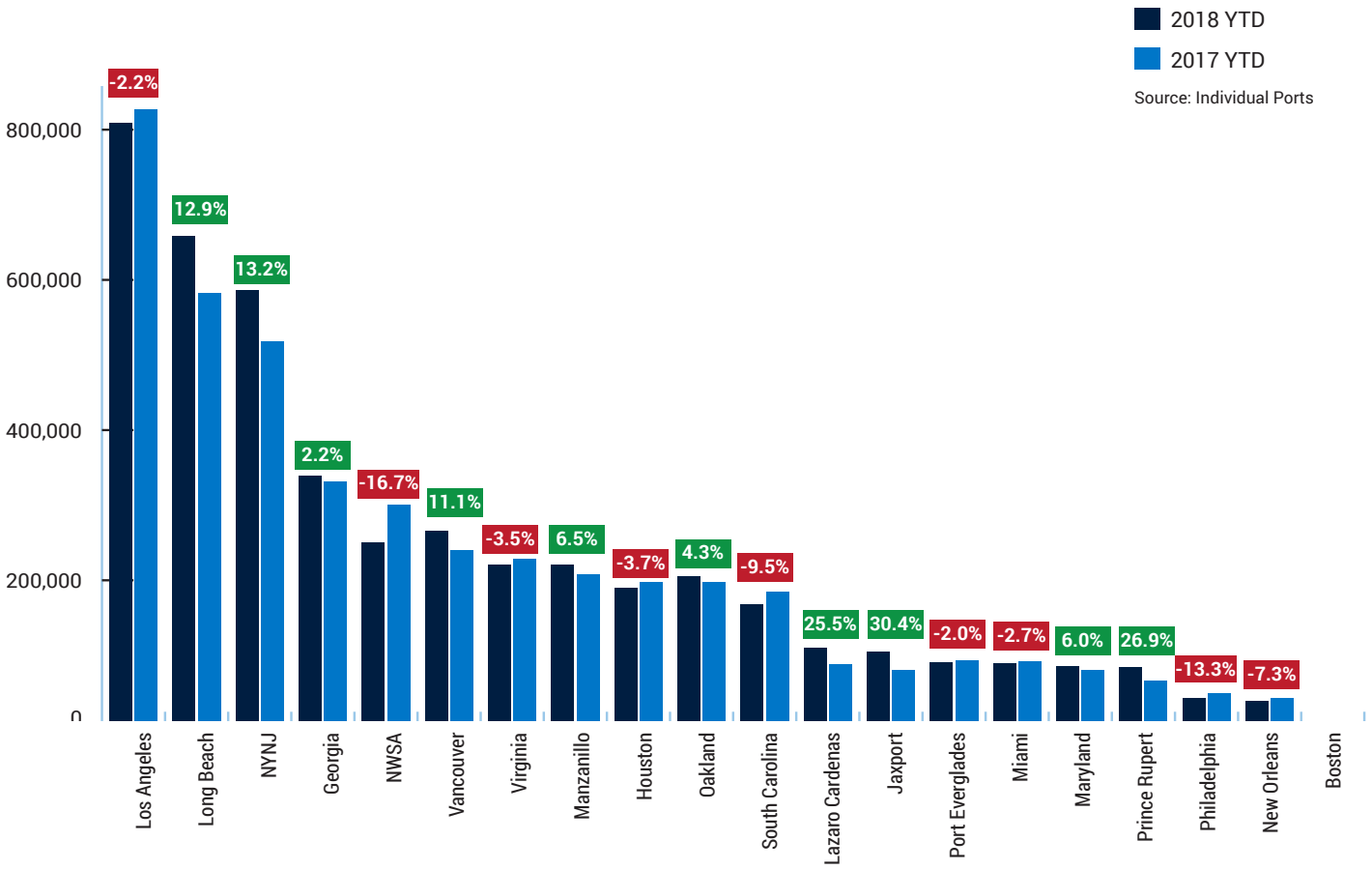
	Jan 2018	Jan 2017	% Change	Jan 2018 YTD	Jan 2017 YTD	% Change
Los Angeles	150,035	162,420	-7.6%	150,035	162,420	-7.6%
Long Beach	120,503	118,234	1.9%	120,503	118,234	1.9%
Oakland	74,883	73,328	2.1%	74,883	73,328	2.1%
NWSA	62,260	76,377	-18.5%	62,260	76,377	-18.5%
Boston	n/a	n/a	n/a	n/a	n/a	n/a
NYNJ	112,893	110,958	1.7%	112,893	110,958	1.7%
Philadelphia*	22,432	25,503	-12.0%	22,432	25,503	-12.0%
Maryland	18,663	17,362	7.5%	18,663	17,362	7.5%
Virginia	104,150	101,302	2.8%	104,150	101,302	2.8%
South Carolina	59,746	66,868	-10.7%	59,746	66,868	-10.7%
Georgia	107,499	117,390	-8.4%	107,499	117,390	-8.4%
Jaxport	41,258	30,000	37.5%	41,258	30,000	37.5%
Port Everglades	34,402	32,445	6.0%	34,402	32,445	6.0%
Miami	32,493	31,696	2.5%	32,493	31,696	2.5%
New Orleans	20,231	22,068	-8.3%	20,231	22,068	-8.3%
Houston	71,146	88,403	-19.5%	71,146	88,403	-19.5%
Vancouver	76,129	85,464	-10.9%	76,129	85,464	-10.9%
Prince Rupert	14,483	11,294	28.2%	14,483	11,294	28.2%
Manzanillo*	85,424	68,775	24.2%	85,424	68,775	24.2%
Lazaro Cardenas	6,353	5,507	15.4%	6,353	5,507	15.4%

Source Individual Ports

*Does not distinguish loaded from empty containers.

Parsing the January 2018 Numbers Continued

Exhibit 3 **January Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports**



On the export loaded TEU side, the numbers continued to run contrary to a basic tenet of economic theory, namely that U.S. exports should increase when the dollar is weaker and overseas economies are expanding. Yet, in January, outbound loaded container traffic at the two San Pedro Bay ports was down 3.6% (-10,116 TEUs) from the same month a year earlier. Oakland fared somewhat better with a 2.1% (+1,555 TEUs) gain, but the Seattle/Tacoma alliance sustained an 18.5% hemorrhage (-14,177 TEUs). Altogether, the five major USWC container ports handled 22,678 fewer loaded export TEUs (-5.3%) than in January 2017.

USWC ports can perhaps derive some solace from the fact that East Coast ports didn't do much better. Collectively, the ten ports we survey grew their export trades by just 0.6% (+3,083 TEUs). As for the Gulf Coast Ports of New Orleans and Houston, January was a month to forget. Between the two, loaded exports were down 17.3% (-19,094 TEUs) from a year earlier.

Looking at U.S. Commerce Department value and weight trade statistics. Here we examine the U.S. Census Bureau's Foreign Trade Division data on the declared weight and value of containerized shipments arriving at U.S. ports in January. USWC ports recorded a 5.0% year-over-year rise in containerized import tonnage in January, while all other mainland ports managed a 2.7% increase. As a result, the USWC share of mainland U.S. containerized

Parsing the January 2018 Numbers Continued

import tonnage rose to 41.0%, up from 39.6% in December and from 40.1% in January 2017. At the San Pedro Bay Ports of Los Angeles and Long Beach, containerized import tonnage in January increased by 10.9% over the same month in 2017. However, the two ports' combined share of U.S. mainland containerized import tonnage in January was 31.4%, up from 29.6% the previous month and up from a 29.1% share in January 2017.

By declared value of containerized imports at U.S. mainland ports, USWC ports held a 49.1% share in January, a decided improvement over their 47.9% share in December but slightly down from the 49.2% share they held in January of 2017. At the Ports of Los Angeles and Long Beach, the combined share of the declared value of mainland U.S. containerized imports in January was 39.1%, up from 37.2% in December and from 37.9% a year earlier.

By declared weight of containerized exports, USWC ports' share of shipments from mainland ports in January fell to 32.9%, a share lower than in any month in many years – including the months of the West Coast dock slowdown in late 2014 and early 2015. January's 32.9% share was also below the 35.1% share in December and down significantly from the 37.4% share the USWC ports commanded in January 2017. The San Pedro Bay ports saw their collective share of containerized export tonnage slip to 19.7% in January, down from 21.3% in December and from 21.8% in January a year earlier.

By declared value, USWC ports held a 32.3% share of containerized shipments from mainland ports in January, down from 33.5% in December and from 34.3% a year earlier. The Los Angeles/Long Beach port complex saw its share of the value of containerized exports from mainland ports trend lower to 21.3%, off from 22.0% in December and down further from their 23.2% share in January 2017.

The Transpacific Trade. Now looking only at U.S. containerized trade with the economies of East Asia, USWC ports' share of the declared weight of the contents of containerized imports arriving at mainland ports from East Asia edged back up to 58.0% in January from 57.5% in December but was still below its 59.4% share in January 2017. The Ports of Long Beach and Los Angeles saw their combined share of containerized import tonnage from East Asia nudge up to 46.3% in January from 45.2% in December and from 45.1% in January 2017.
In dollar-value terms, USWC ports likewise saw their share of containerized imports from East Asia trade increase to 67.1% in January, up from 66.9% in December but down from 67.3% in January 2017. The Ports of Los Angeles and Long Beach together held a 54.1% share of containerized imports by dollar-value, an improvement over their 52.9% share a month earlier and from their 52.6% share in January 2017.

In tonnage terms, the USWC share of the mainland containerized exports to East Asia slipped to 53.3% from 54.7% the month before and from 55.9% in January 2017. Containerized export tonnage to East Asia from the San Pedro Bay ports dropped to 33.6% from 35.0% in December and from 35.5% in January 2017.

On a value basis, the USWC share of containerized exports to East Asia in January edged down to 62.0% from 62.5% in December and from 64.3% in the first month of 2017. The San Pedro Bay ports also saw their share of the dollar value of containerized exports remain steady at 43.4% where it stood in December but down from 45.2% in January 2017.

Worldwide Destinations and Origins. Weight-wise, China is by far the leading destination of USWC containerized exports with a 29.7% share. However, containerized exports to China in January fell precipitously (-19.6%) from a year earlier, when its share of USWC exports was 36.0%. Export tonnage to Japan rose by 3.7% from the same month a year earlier, while shipments to South Korea slipped by 0.4%. Exports to Vietnam continued to surge in January, with containerized tonnage up 74.1% over January 2017.

China continued to overwhelmingly dominate containerized import tonnage entering USWC ports with a 57.3% share in January, down slightly from 57.7% a year earlier. From January 2017, containerized imports from the PRC increased by 4.4%. Vietnam accounted for the next largest share of containerized import tonnage into USWC ports in January with a 4.6% share. Import tonnage from Vietnam rose by 6.5% in January. Japan increased its share of USWC imports by 7.2%, while imports from Taiwan (+6.9%) and South Korea (+13.0%) both increased.

Parsing the January 2018 Numbers Continued

NWSA Woes. The Northwest Seaport Alliance Ports of Tacoma and Seattle continued to underperform in January. Statistics compiled by the Pacific Maritime Association continue to reveal widely divergent experiences at the two ports. At Seattle, PMA figures show a 23.5% (+9,599 TEUs) jump in inbound loaded containers over January 2017 and a much smaller 5.5% (+1,698 TEUs) increase in outbound trade. But down at Tacoma, inbound traffic plummeted by 35.4% (-31,950 TEUs), while outbound trade was off by 18.1% (-12,010 TEUs).

U.S. foreign trade statistics reveal a similar dichotomy in terms of the declared weight of foreign shipments moving through the two ports. Seattle's containerized imports were up 24.2% over January 2017, while its containerized export tonnage rose 17.3%. Tacoma, meanwhile, handled 17.3% less import tonnage than it had a year earlier and 6.7% less export tonnage. Container traffic at Tacoma began a pattern of year-over-year declines in both imports and exports last May.

East Coast Ports See Steady Increase in Market Share

By tonnage, U.S. East Coast (USEC) ports saw a year-over-year increase of 7.6% in containerized imported goods from East Asia in January, with New York/New Jersey posting the most dramatic gain (+16.4%), and Jaxport (+11.1%) also recording a double-digit rise. Elsewhere, though, import tonnage declined at Charleston (-9.9%), Miami (-14.5%) and Philadelphia (-9.5%).

By comparison, containerized import tonnage from East Asia through USWC ports increased by 5.4% between January 2017 and January 2018, while imports through Gulf Coast ports from East Asia jumped by 22.7%. Exports were a different story. Containerized export tonnage from USEC ports fell by 17.3%, led by precipitous declines at Savannah (-19.4%), Norfolk (-11.1%) and Charleston (-8.3%).

USEC export tonnage in January totaled 1,735,133 million metric tons, while import tonnage stood at 2,995,497 metric tons. USWC export tonnage amounted to 3,010,549 metric tons, while import tonnage weighed in at 4,946,907 MT. Gulf Coast ports handled 551,846 MT in containerized imports in January as against 885,635 MT in exports. From ports of origin worldwide, Gulf Cost containerized import tonnage in January was 12.6% higher (+171,628 metric tons) than a year earlier. At East Coast ports, containerized import tonnage actually shrank by 0.5% (-33,793 metric tons) from a year earlier. USWC containerized import tonnage by contrast grew by 5.0% or +282,280 metric tons.

Our Scrap No Longer Wanted in China

China's restrictions, first announced last summer, on certain types of recyclables has definitely taken a toll on the number of containers moving from USWC ports to the People's Republic. January shipments of HS 470790 scrap paper were down 97.9% or 114,172 metric tons from the same month a year earlier. Just a year earlier, this often contaminated species of waste paper accounted for 8.7% of USWC containerized export tonnage to China. This January, HS 470790 accounted for just 0.2% of USWC containerized exports to China.

Compared to export levels in January 2017, overall USWC shipments of this most befouled type of scrap paper fell by 67.9% (-98,401 metric tons), largely because of that precipitous 97.9% (-114,172 metric tons) drop in shipments to China. To a limited extent, the effective loss of the China market to U.S. exporters was offset by dramatic surges in shipments to Indonesia (up 12,606 metric tons or +326.9%); India (up 6,731 metric tons or +723.3%); Vietnam (up 5,897 metric tons or +360.4%); and Taiwan (up 3,277 metric tons or +581.5%).

The Consequences of Curling?

We'd like to think it was the Canadian obsession with the Olympic ice sports that caused the Port of Vancouver to delay posting its December 2018 container trade statistics until March 1. Anyway, for the record, the British Columbia port recorded a 9.7% increase in inbound loaded containers in December (+11,650 TEUs) over the last month of 2017 and a parallel 4.4% (+4,175 TEUs) gain in loaded exports. For the year, Vancouver's imports were up 11.4% (+171,857 TEUs), while its exports barely increased (+948 TEUs). We hope port officials release their February numbers before the Stanley Cup playoffs begin on April 11. ■

Jock O'Connell's Commentary:

Pick a Number

You know the feeling. You're reading your morning paper or peering at your computer screen and up pops a number that looks just plain wrong. Almost invariably, your eyes crinkle and, depending on your mood, age, or whether you've had your second cup of coffee, your reaction might range from a variation on "gosh, that doesn't look right" to an even more explosive expletive.

I experienced such an episode on February 16 as I squinted at a figure cited in separate articles in *The Wall Street Journal* and *Logistics Management* that were based on the same report by an outfit in London named Panjiva, Inc., which has since been acquired by S&P Global, a bigger fish in the market intelligence business.

The number was 7.7%, and it was, by Panjiva's reckoning, the margin by which shipments to U.S. ports in January exceeded those in January 2017.

No doubt cobbling from a corporate press release, the *Logistics Management* piece bore the headline: "Panjiva points to strong import growth to start 2018." The sub-head pretty much laid out the story: "January shipments, at 1,006,861, were up 7.7% annually compared to 934,447 in January 2017."

Similarly cobbling, the *WSJ* article began: "U.S.-bound ocean shipments increased nearly 7.7% across all of the nation's seaports in January, according to Panjiva."

Wow, what an impressive start to the new year! And that – with the exclamation point at least figuratively included – was decidedly the impression left by both articles, even though, the WSJ article went on to sound a mildly discordant note: "California's ports…didn't see import volume grow in line with Panjiva's national estimates in January."

Indeed, California's three big ports, which had days earlier announced their January container statistics, had collectively posted a respectable but, by Panjiva's expectations, relatively modest 3.5% year-over-year increase in inbound loaded TEUs.

Still, Panjiva's report seemed to provide sufficient cause for the nation's ports and shippers to break out the champagne to celebrate at least a momentary high-point. For the *WSJ* article also noted Panjiva's advisory that January's "momentum will likely slow in February and March".

My "that can't be right" reaction to Pangiva's 7.7% growth figure was partially prompted by an exceedingly conservative January container trade estimate I had seen a month earlier from Global Port Tracker, a co-production of the National Retail Federation and Hackett Associates.

As reported in the January 8 edition of the *Journal of Commerce*: "The *Global Port Tracker* forecast January volume through the ports will be 1.68 million TEU, up 0.2 percent year over year."

So, there you have it. January's containerized import trade grew by either +7.7% or +0.2 %.

Not exactly the finest moment in the annals of box-counting.

Now you're probably guessing the discrepancy might be due to a difference in metrics. After all, the *Global Port Tracker* counts TEUs, as does virtually everyone else in the maritime industry. By contrast, Panjiva measures trade in "shipments", and here's where things can get terribly confusing for those of us struggling to understand whether inbound container trade was up a lot or not much at all in the first month of the year.

Let's begin with a very basic question about the Panjiva estimate. Like, what's a shipment? According to Panjiva's Christopher Rogers: "The units are raw shipment count. We find on average that for containerized traffic there is around 2 - 2.2 TEUs per shipment (which makes sense given most shipments relate to one 40-foot container for marine traffic)."

Now remember that *Logistics Management* article that reported Panjiva's claim that U.S.-bound shipments in January totaled 1,006,861? Given Mr. Rogers' explanation, what Panjiva calls "shipments" is looking a lot like FEUs.

Bear with me here while I do some basic arithmetic. Assuming we are talking about loaded containers and if

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Jock O'Connell's Commentary Continued

indeed there are roughly 2-2.2 TEUs per shipment, then, by Panjiva's lights, U.S. ports should have seen somewhere between 2,013,722 TEUs and 2,215,094 TEUs in inbound loaded traffic in January. Or between 1,006,861 and 1,107,547 FEUs.

That's rather more than the *Global Port Tracker* forecast of 1.68 million TEUs for the same month, but then *Global Port Tracker* does not attempt to track cargos through every port. (The U.S. ports it does cover are: Los Angeles/Long Beach, Oakland, Northwest Seaport Alliance, New York/New Jersey, Virginia, Charleston, Savannah, Miami, Port Everglades, and Houston. It also monitors trade through the Canadian ports of Vancouver, Prince Rupert, and Montreal.)

So, in the end, how many loaded inbound TEUs did America's chief maritime gateways report handling in January and how many more TEUs did they handle this January than last?

The January numbers provided by the eleven U.S. maritime gateways monitored by the *Global Port Tracker* show an inbound loaded TEU count of 1,735,247, which represents a 3.7% gain over January 2017.

PMSA compiles container statistics from 17 mainland U.S. ports, fifteen of which post monthly inbound/outbound container trade statistics that helpfully distinguish loaded from empty containers. Those 15 include the 11 container ports covered by *Global Port Tracker* plus the Ports of Boston, Baltimore, Jacksonville, and New Orleans.)

Combining the data supplied by these fifteen ports, we calculate that January saw a 3.6% year-over-year increase in inbound loaded TEUs -- 1,812,848 TEUs this January over 1,749,024 in January 2017.

These increases reported by the nation's largest container ports are reasonably consistent with the U.S. Commerce Department's finding that total containerized import tonnage entering American ports in January was 14.73 million metric tons, 3.1% higher than the 14.28 million metric tons that had arrived a year earlier.

As the ports PMSA monitors handle more than 90% of the nation's maritime box trade, it certainly does not appear that America's ports (even including our Canadian cousins) saw anything close to a 7.7% January over January jump in inbound loaded TEUs from a year earlier. Nor, obviously, did they squeak by with a 0.2% gain.

Looming Trade Wars and USWC Ports?

President Trump's decision to impose tariffs on imported steel and aluminum has definitely set the cat amongst the pigeons, as some of our older British friends remain fond of saying. The latest move was foreshadowed by the recent rehabilitation of hardline trade nationalist Peter Navarro in the president's inner circle. Now, with the resignation of Gary Cohn, head of the National Economic Council, Commerce Secretary Wilbur Ross and Navarro seem to be ascendant. Still, the president's aggressive trade agenda is being resisted within his own party and by a wide range of important industries, especially those which utilize steel and aluminum in their products. Even the hitherto sycophantic House Speaker Paul Ryan and other Republicans in Congress have now begun pushing back against Trump on the issue of tariffs.

The near-term outlook for California's ports had already been roiled by President Trump's decision in January to impose tariffs on imports of solar panels and washing machines. How America's trading partners would react has lately become a consuming topic of discussion and worry among economists and shippers alike.

Impossible as it has become to fathom the president's shifting moods, economist are increasingly out of our element in trying to forecast USWC trade flows. The good news, if there is any, is that countries disposed to retaliate have historically targeted U.S. exports from states or congressional districts that are politically sensitive to the incumbent administration.

In the current instance, the European Union has threatened to impose restrictions on such iconic items as Kentucky bourbon, Harley-Davidson motorcycles, and blue jeans. All three products have one thing in common; they are produced in regions represented in Congress by Republicans. Republicans Mitch McConnell and Rand

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Jock O'Connell's Commentary Continued

Paul represent Kentucky in the U.S. Senate. Harley-Davidson is headquartered in Republican Paul Ryan's Wisconsin, while its manufacturing facilities are located in the Wisconsin congressional districts represented by Republicans Jim Sensenbrenner and Sean Duffy along with the Pennsylvania district represented by GOP Congressman Scott Perry. And, despite Levi Strauss' long association with California, nearly all American-made blue jeans are now manufactured in Mississippi (Republican Senators Thad Cochran and Roger Wicker), Tennessee (GOP Senators Bob Corker and Lamar Alexander), and Texas (Republican Senators John Cornyn and Ted Cruz). While more than 99% of Levi's jeans are made outside the United States, the San Francisco-based company does have a single collection of "Made in the USA" 501 jeans, sourced from a small denim mill in North Carolina (GOP Senators Richard Burr and Thom Tillis).

For its part, China has singled out U.S. soybeans as a likely target of retaliation. The states that would be hurt most by such a move would be Illinois, Iowa, Minnesota, Nebraska, Indiana, Missouri, Ohio, North Dakota, South Dakota, and Arkansas. All but two cast their electoral votes for Trump in the 2016 presidential election. The U.S. Department of Agriculture does not even acknowledge soybean production along the West Coast in its latest survey of soybean plantings by state.

How would an anticipated curb on Chinese imports of American soybeans affect USWC ports? U.S. soybean shipments to China in January were already down 31% from a year earlier. U.S. trade statistics indicate that USWC ports handled 658,668 metric tons or 20.5% of U.S. soybean exports to China in January. However, the data were likely skewed by upstream flooding along the Mississippi River and its major tributaries that hampered barge shipments to Gulf Coast ports. According to the U.S. Department of Agriculture, Gulf ports handle nearly 60% of U.S. soybean exports. The flooding issue persisted into February. ■

Jock's comments are his own and do not necessarily represent the views of PMSA.

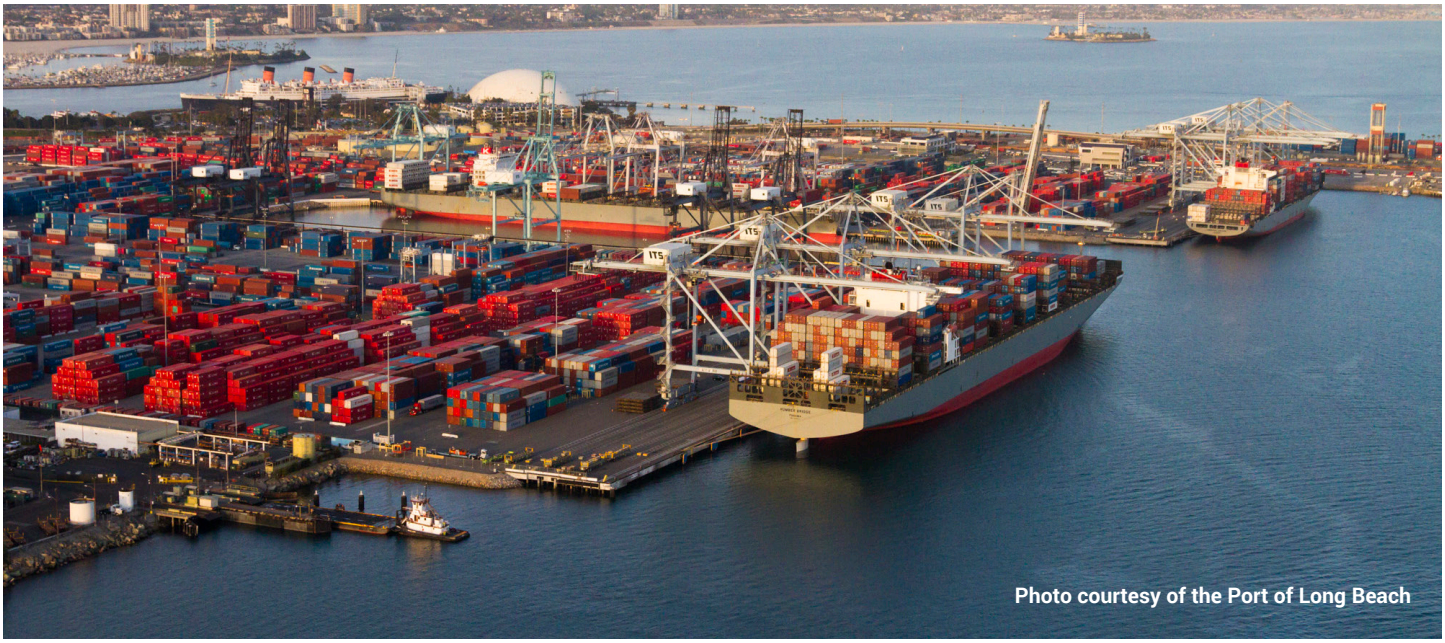


Photo courtesy of the Port of Long Beach

Just When You Thought Your Stormwater was Safe to Go Back in the Water

By John Berge
Vice President, Pacific Merchant Shipping Association

The specter of additional environmental regulations coming at the maritime industry is the reality in California. What was once a steady drip, drip, drip of new environmental requirements in California has now become a firehose gusher of proposed rulemaking that makes one wonder, "what could be next".

Greenhouse gases and toxic air emissions from the goods movement sector has long been a target for state and local regulators. Adding to the regulatory mix is a proposal from the State Water Resources Control Board (Water Board) to amend their existing Industrial General Stormwater Permit (IGP), placing new treatment requirements for stormwater runoff, as well as increased legal exposure to marine facilities, leaving terminal operators wondering what sins they committed in a previous life.

The proposal is a set of amendments to the existing IGP, a five year stormwater permit that expires on June 30, 2020. Under the Clean Water Act - National Pollutant Discharge Elimination System (NPDES), virtually all industrial facilities that discharge stormwater runoff into common waterbodies are required to operate under the parameters of an IGP. The permit requires the development of a plan, periodic sampling and analysis of discharge and reporting of discharge pollutant constituents to the state. Stormwater discharges that exceed established limits must be mitigated to the satisfaction of the Regional Water Board. That mitigation can vary from best practices to filtration, to even capture and extensive treatment of all runoff; often at great expense. The benefit to the facility, if one can call it that, is recognition that they are in compliance with their permit and operating legally in the state.

While each industry has its own set of pollutants that they generate and must mitigate, marine terminals are faced with the dilemma of having to mitigate a set of pollutants that are generated by third party business not under their control. The tens of thousands of trucks that pass through marine terminals on a daily basis generate residual copper from brake pads and zinc from tires. These metals are difficult to mitigate, and because the sources are so ubiquitous, many water bodies in the state are impaired by their presence.

As difficult as it is for terminals to meet current pollutant discharge levels, the proposed amendments set much lower levels. Additional pollutant limits based on Total Maximum Daily Load (TMDL) will be incorporated into the IGP for specific impaired water bodies. These pollutant levels are typically much lower than those already established in the IGP and would require additional mitigation measures. Terminals in Los Angeles and Long Beach will be especially impacted due to the impaired nature of the harbor waters and it is questionable whether some of the levels can be met regardless of mitigation measures. And if that is not enough, the proposed amendments add a new metric for these pollutants, the Numeric Effluent Limitation (NEL), which in addition to imposing lower pollutant limits, also poses greater legal risk to facilities. Under the Numeric Action Levels (NAL) provision in the current IGP, pollutant levels can be exceeded in a storm event, but only if the discharger adopts Water Board approved corrective mitigation measures, the facility is considered in compliance with their permit. But exceedance of NELs places the permit holder in violation of the permit, regardless of actions taken. This exposes the permit holder to fines and penalties by the Water Board, and more significantly will greatly expose them to third party lawsuits.

There are some positive aspects to the proposed amendments, including off-site compliance options through municipal treatment systems. However on the whole, the proposal sets up the potential for forcing terminals to spend tens of millions of dollars without being assured of compliance at the end of the road.

Misery loves company, and almost every industrial facility in the state is wondering how they might cope with these new requirements. So the Water Board is getting an earful from around the state. For the maritime industry, consider it just one more straw on the camel's back. ■

February Cargo Volumes Up But Container Dwell Time Continues To Drop

Container dwell time at San Pedro Bay ports improved in February 2018 despite historic volumes at the Ports of Los Angeles and Long Beach for the month of February.

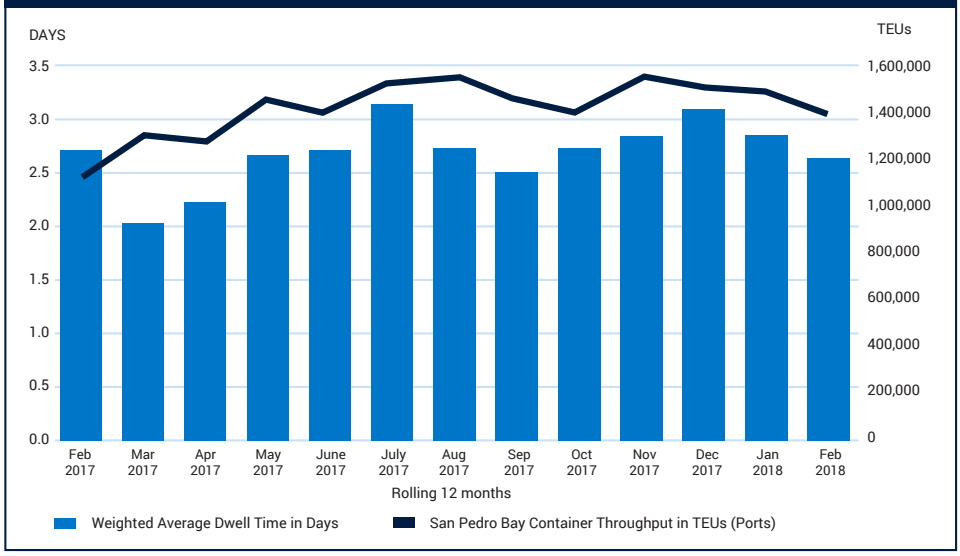
Dwell time, measured by the number of days containers are on a terminal after being off loaded from a ship, is viewed as a key benchmark of a terminal's efficiency.

February dwell times continue their seasonal downward trend increasing the capacity at the marine terminals. The San Pedro Bay ports experienced a 23% increase in cargo volumes over 2017 as cargo owners advanced their freight prior to the Asian Lunar New Year holiday.

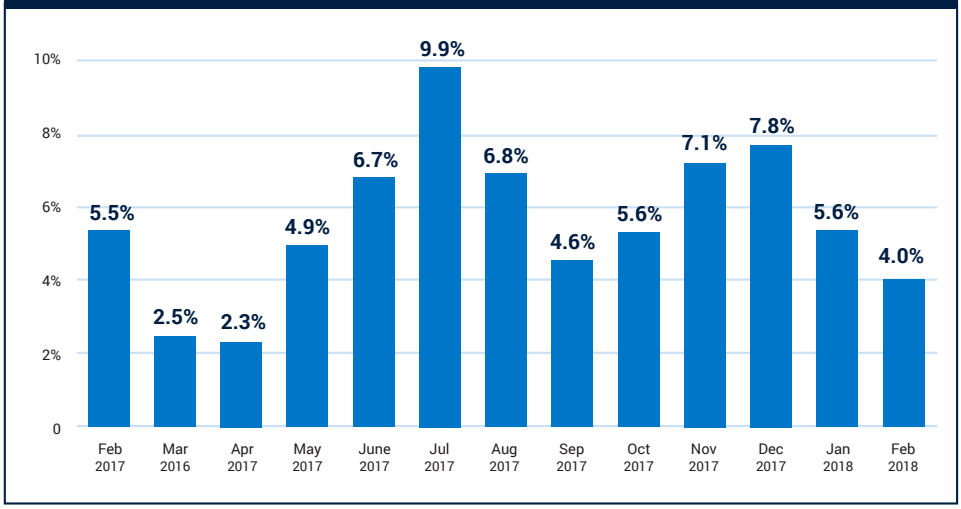
For the month of February, the average number of days a container stayed on the terminal was 2.63 days. This was lower than the 2.87 days containers stayed at terminals on average the month before, or the 3.08 average days in December. Additionally, the number of containers that exceeded five days at a terminal was 4% - a 3.8% decrease from December 2017.

Container traffic at the ports totaled over 1.3 million in February, and the lower dwell time points to the efficient practices at terminals in San Pedro. It's a challenge to keep the dwell time down while accommodating traffic growth, however dwell time in February showed improvement a trend we want to continue. ■

San Pedro Bay Weighted Average Inbound Laden Container Dwell Time in Days



Dwell Time in Days % > 5 Days



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PACIFIC MERCHANT SHIPPING ASSOCIATION

Annual Luncheon

Thursday, April 12, 2018

DoubleTree
Madeo Ballroom
San Pedro, CA

11:30 a.m. Registration
12:00 p.m. Lunch

$65 Registration
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Antonio Villaraigosa
Former Mayor, City of Los Angeles

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