



# West Coast Trade Report

May 2017

Photos courtesy of the Port of Grays Harbor



## Parsing the March and 2017 Year-to-Date Numbers

**April preliminaries:** The three big California ports, whose wont is to post container trade statistics faster than other ports, showed a 10.9% year-over-year bump in inbound loaded TEUs in April. Loaded outbound containers were up 4.6%.

In March, the five major U.S. West Coast (USWC) ports collectively handled 163,740 more inbound loaded TEUs than they did in the same month a year earlier for a year-over-year gain of 25.3%. North of the border, Vancouver and Prince Rupert posted a 24.2% gain, while south of the border Lazaro Cardenas reported a 7.1% bump (with Manzanillo yet to report).

As Exhibit 1 attests, Atlantic Coast ports also recorded respectable growth in imports in March except for a 1.6% dip at the Port of New York-New Jersey. Along the Gulf Coast, the Port of Houston saw a sharp increase in imports of construction materials and organic chemicals in March that masked a decline in inbound shipments of industrial equipment.

**Continued**

### Exhibit 1 March 2017 - Inbound Loaded TEUs at Selected Ports

	Mar 2017	Mar 2016	% Change	Mar 2017 YTD	Mar 2016 YTD	% Change
Los Angeles	373,549	287,231	<b>30.1%</b>	1,087,947	1,027,184	<b>5.9%</b>
Long Beach	249,534	207,635	<b>20.2%</b>	798,383	781,996	<b>2.1%</b>
Oakland	67,517	56,691	<b>19.1%</b>	212,068	204,950	<b>3.5%</b>
NWSA	120,018	95,321	<b>25.9%</b>	351,607	311,012	<b>13.1%</b>
NYNJ	249,788	253,956	<b>-1.6%</b>	773,388	759,334	<b>1.9%</b>
Maryland	33,043	31,386	<b>5.3%</b>	106,998	100,292	<b>6.7%</b>
Virginia	99,665	91,059	<b>9.5%</b>	297,888	275,128	<b>8.3%</b>
South Carolina	81,137	74,288	<b>9.2%</b>	238,090	210,060	<b>13.3%</b>
Georgia	137,392	128,378	<b>7.0%</b>	440,129	398,556	<b>10.4%</b>
Port Everglades	36,601	31,300	<b>16.9%</b>	99,057	89,152	<b>11.1%</b>
Houston	85,214	62,628	<b>36.1%</b>	243,192	192,219	<b>26.5%</b>
Jaxport	23,183	19,515	<b>18.8%</b>	72,031	59,593	<b>20.9%</b>
Vancouver	121,139	99,087	<b>22.3%</b>	377,036	352,385	<b>7.0%</b>
Prince Rupert	34,535	26,258	<b>31.5%</b>	105,312	102,013	<b>3.2%</b>
Manzanillo	n/a	n/a	<b>n/a</b>	n/a	n/a	<b>n/a</b>
Lazaro Cardenas	30,480	28,456	<b>7.1%</b>	101,907	100,112	<b>1.8%</b>

Source Individual Ports



## Parsing the March and 2017 Year-to-Date Numbers Continued

Data compiled by the Pacific Maritime Association show a 28.3% year-over-year jump in inbound loaded TEUs at the five major West Coast ports and an 8.8% rise in loaded export TEUs.

USWC numbers on the export side of the ledger were also up handily in March. Together, the five ports shipped 494,229 loaded TEUs, 7.9% more than last March's total of 458,072.

Looking now at how the USWC ports fared in vying for a share containerized trade at mainland U.S. ports, U.S. Commerce Department data show that USWC ports saw their share of the **declared weight** of inbound containers rise to 38.1% in March, up from 34.4% in March of last year. The USWC ports also saw their share of the **declared value** of containerized imports increase to 46.7% in March, up from 46.3% the month before and from 43.3% a year ago March.

Through the year's first quarter, TEUs discharged at USWC ports were up 5.4% over the same quarter last year, while the number of export TEUs were up 8.1%. The total number of TEUs handled at the five ports in the first quarter – both loaded and empties – rose to 5,297,428,

6.6% greater than in the same period a year ago.

By declared weight, containerized exports from USWC ports in March were up 23.1% over last March. The top two commodities were again wood pulp (up 48.2% from March 2016) and oil seeds (+48.2%). Cereals (+46.1%) and cotton (+124.6%) also showed impressive year-over-year gains.

China was by far the biggest destination of USWC containerized shipments with a 34.6% share. Exports to China in March were up 31.7% over March 2016. Exports also rose substantially to South Korea (+27.7%), Indonesia (+27.5%), and Vietnam (23.4%).

Containerized export tonnage was up 23.1% year-over-year in March, led by a 48.2% increase in wood pulp shipments. Double-digit growth in exports of oil seeds, edible fruits and nuts, cereals, and cotton helped propel the outbound trade from USWC ports in March. Imports were led by a 32.6% increase in household furnishings, suggesting that importers expect that improved wage and employment numbers will encourage a higher rate of household formation, especially among millennials.

**Exhibit 2** March 2017 - Outbound Loaded TEUs at Selected Ports

	Mar 2017	Mar 2016	% Change	Mar 2017 YTD	Mar 2016 YTD	% Change
Los Angeles	191,772	159,363	20.3%	509,550	432,093	17.9%
Long Beach	120,435	127,010	-5.2%	358,479	356,959	0.4%
Oakland	82,419	80,487	2.4%	228,356	221,214	3.2%
NWSA	99,603	91,212	9.2%	247,186	233,102	6.0%
NYNJ	115,104	118,489	-2.9%	331,700	330,799	0.3%
Maryland	18,930	19,297	-1.9%	58,808	57,639	2.0%
Virginia	92,384	89,455	3.3%	267,977	247,880	8.1%
South Carolina	70,347	62,398	12.7%	203,510	178,649	13.9%
Georgia	119,652	112,259	6.6%	356,132	318,729	11.7%
Port Everglades	38,344	33,779	13.5%	105,565	97,366	8.4%
Houston	94,226	86,832	8.5%	271,182	230,477	17.7%
Jaxport	37,797	35,554	6.3%	98,932	94,863	4.3%
Vancouver	101,682	98,297	3.4%	281,173	266,764	5.4%
Prince Rupert	13,018	14,139	-7.9%	37,003	40,752	-9.2%
Manzanillo	n/a	n/a	n/a	n/a	n/a	n/a
Lazaro Cardenas	26,476	24,658	7.4%	85,583	80,548	6.3%

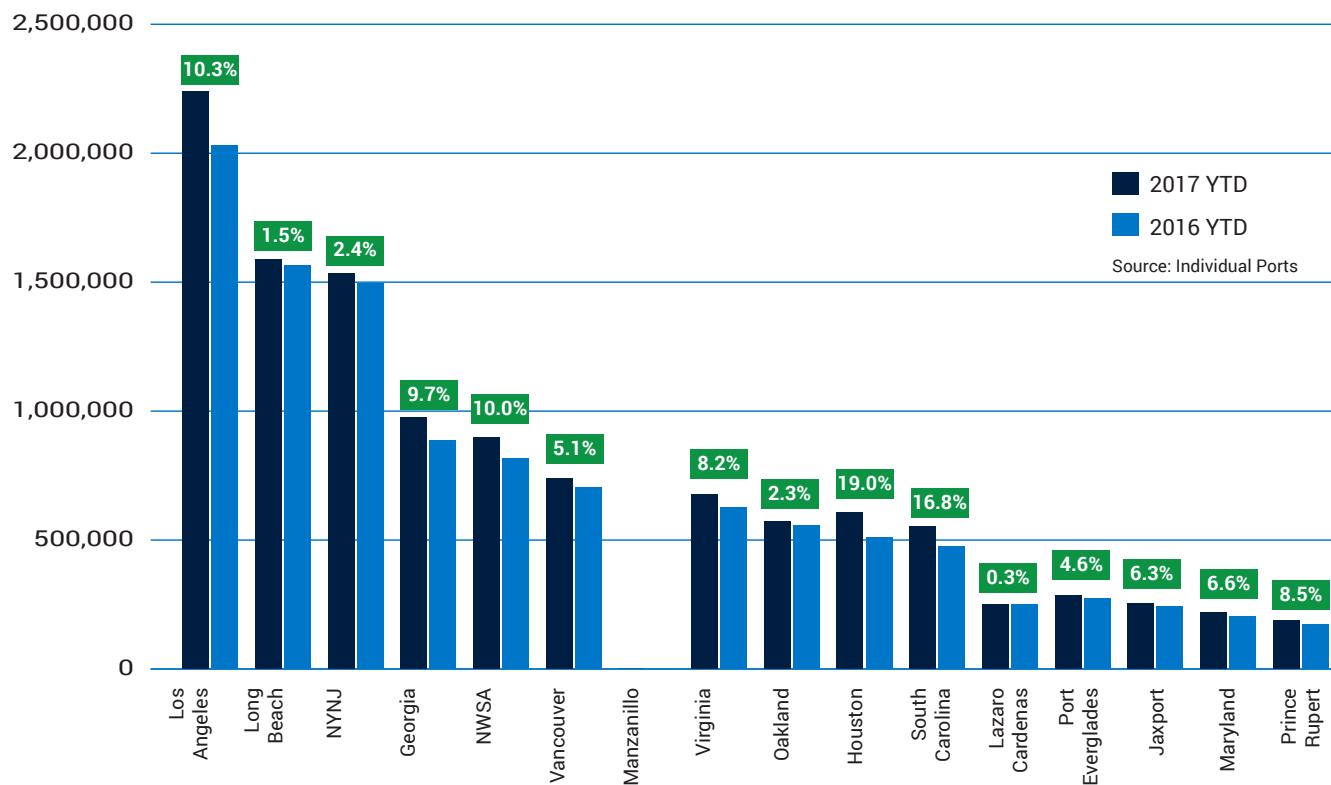
Source Individual Ports



## Parsing the March and 2017 Year-to-Date Numbers Continued

Exhibit 3

March Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports





## Jock O'Connell's Commentary: Regulatory Oversight

Maritime officials along the West Coast and especially in California are currently up in arms about a surprise and possibly illegal move on March 23 by the state's Air Resources Board to accelerate the timetable for meeting new emissions standards that would require terminal operators, truckers, and railroads to operate zero or near-zero emission vehicles.

The obvious problem is that CARB has no clue how the businesses that make the state's ports function would meet the price of compliance – estimated in the tens of billions of dollars.

One big reason CARB thinks it can get away with such bureaucratic insolence is that there is no real push-back within the Brown administration or even the Legislature. In a different administration, one might hope the Governor's Office of Business and Economic Development would step up to champion the interests of, well, business and economic development. But this is Jerry Brown's governorship, and GO-Biz (as some refer to it) is no match for CARB or any other state regulator.

CARB itself is a church of like-minded souls dedicated to the goal of steadily cleaner air. It is probably safe to say that no one aspires to a job at CARB who does not subscribe fervently to this goal. It's even more probable that no one gets hired at CARB who harbors the slightest doubt about the wisdom of pursuing tighter and tighter air quality standards at any cost. You know, people who might dare ask their colleagues whether new standards might not be economically feasible.

This notion that human resource management practices at an organization like CARB might make it impossible for that organization to recognize real world constraints, like the desire of businesses to remain in business, is not new. As Bill Dombrowski, president of the California Retailers Association recently commented in a newspaper op-ed: "the adoption of a new environmental policy should not be a one-sided conversation that occurs in a vacuum."

Yet that's been standard operating procedure at the state capital.

Consider the following example of one-sided analysis by the California Department of Resources Recycling and Recovery (CalRecycle). This agency publishes an annual report detailing California's exports of waste material. The most recent report, covering 2015, was issued last November. It's an interesting piece of work, not only for its wealth of detail but also for the mindset it reveals.

California, it states, generated an estimated 76 million tons of waste material in 2015. Of that, about 40 million tons were disposed, and about 36 million tons were source reduced, recycled, or composted.

About 16.4 million tons of recyclables valued at \$5.4 billion were shipped out of California's ports in 2015. (Not all the material exported from California's ports was necessarily generated in California.) Recyclables made up about 26% of all California's seaborne export tonnage in 2015 and about 6% of the value of seaborne exports that year.

California ports accounted for 44% of the country's seaborne recyclable exports by weight and 38% of their value.

All of this is very interesting to waste exporters and people in the ocean shipping business.

Were these exports beneficial? Recyclers probably think so. For them, it's money in the bank. Ocean carriers think waste exports are great because of the tens of thousands of loaded back-haul containers the scrap trade generates. And what of the benefits of diverting thousands of tons of scrap from the state's municipal landfills? Or having to haul tons of refuse to disposal facilities out of state, as Sacramento County does?

No. The sole lament heard in the CalRecycle report is about greenhouse gas emissions from the transport of recyclables on ocean-going vessels, said to be about 2.4 million metric tons of CO<sub>2</sub> equivalent (MTCO<sub>2</sub>e) that were created "because this recyclable material was sent overseas."

**Continued**



## Commentary Continued

Remarkably, the report concludes that these “are emissions that could have been avoided if materials had remained in California.”

But at what cost? The folks at CalRecycle offer no estimates. Exporting trash overseas is said to be bad because it generates what turns out to be an exceedingly modest – indeed, almost negligible – contribution to the state’s air emission problems. The regulator’s report provides no discussion of how and at what cost the waste we produce would be absorbed locally. But how should they know?

As they themselves admit: “We don’t have as good a handle on truck and rail information due to lack of tonnage data.”<sup>1</sup>

According to the Los Angeles County Department of Public Works, the county “exported” 42.4% of its solid waste to landfills in Riverside, Orange, Kern, San Bernardino, and Ventura Counties in 2015. That amounted to 4,127,261 tons of waste trucked to sites as distant as Imperial County. Moreover, LA County assumes these “exports” will average 15,000 tons per day through 2030.

LA County recently activated a new “waste-by-rail” landfill site over 225 miles away in Imperial County. Here’s the county’s description of how that site will operate: “At materials recovery or transfer facilities [in LA County], waste will be loaded into sealed containers. The containers will then be trucked to an intermodal rail yard to be placed onto rail cars. The loaded train will haul the containers about 200 miles to the intermodal rail yard at the Mesquite Regional Landfill. The containers will then be loaded onto trucks, transported to the working area of the landfill and unloaded. Empty containers will then be loaded onto the train for the return trip.”

Presumably, this is more environmentally acceptable than sending waste materials to the Port of Los Angeles for shipment overseas.

The fact is that we Americans are world champions when it comes to generating waste. But waste is also a commodity. There is obviously demand for our trash abroad. China’s burgeoning e-commerce sector has a need for waste paper for packaging.

But CalRecycle evidently thinks we should keep our waste at home rather than sharing our waste with others... and making a few bucks in the process. Given state government’s generally antagonistic posture toward most manufacturing operations, CalRecycle needs to ask itself what industries in the state would reuse our scrap and waste as efficiently and economically as our overseas trading partners do.

Perhaps being under the impression they had much to do with it, California officials seldom miss an opportunity to boast about the state’s status as the world’s sixth largest economy. And yet when it comes to supporting the business of transporting the products of that economy to markets around the world, they wax between indifference and hostility.

1. <http://www.calrecycle.ca.gov/Agendas/85/20162016/1728/Presentation%202015%20Final%20California%20Recyclable%20Exports%20from%20Sea%20Borne%20Ports%209-20-2016.pdf> p. 14



## Analysis of Northwest Port Commission Races

By Jordan Royer  
Vice President, PMSA

It's not just temperature that differentiates Washington State Ports from those in California. The Golden State's port commissions are appointed by the mayors of the cities in which they are located. Their colder counterparts in the Pacific Northwest must be elected by voters in the counties in which they reside. This poses some interesting challenges for the customers of the ports and the public at large.

For the Ports of Tacoma and Seattle, out of a total of 10 commissioners in both ports, four seats are up for re-election, and two seats are open and up for grabs.

### Ports of Tacoma and Seattle – A Tale of Two Cities

In Tacoma, there is an open seat vacated by longtime Commissioner Connie Bacon. There are three candidates vying for the seat: John McCarthy, James Jensen, and Eric Holdeman. Two other commissioners are up for re-election, Dick Marzano and Don Meyer. Neither of the incumbents has a challenger as of this writing.

There is an unusual development in Tacoma's open seat, however. For the first time in many years, a candidate is self-funding a campaign to the tune of \$120,000. That candidate is James Jensen. He and his family are active in political circles in Pierce County.

John McCarthy is a former Tacoma commissioner and retired judge. His wife is the State Auditor, Pat McCarthy, and their son is on the Tacoma City Council. In low profile port elections name familiarity is a powerful force. (Full Disclosure: PMSA has contributed to Judge McCarthy's campaign)

In commission races that rarely raise much money and are rarely contentious, these candidates promise a competitive race. Will Mr. Jensen be able to use his financial resources to get his message out or will the well-known local Judge McCarthy carry the day? Or can Eric Holdeman's government experience in King County as Emergency Preparedness Director and port of Tacoma

security chief translate into victory after failing to reach the finish line four years ago?

The August 1st Primary will give us some idea of levels of support and most importantly, which two will make it to the November ballot.

In Seattle, what once promised to be a sleepy election cycle with an incumbent mayor cruising to victory and three incumbent port commissioners receiving little in the way of big name challengers, the water has risen, and turbulent times are ahead.

Commissioner Tom Albro has decided not to run again, leaving a wide open field for that seat. So far, six candidates have filed, with likely more to come before the May 19 filing deadline. Most are relatively unknowns with the exception of former Seattle City Councilman Peter Steinbrueck. Others include Longshoreman John Perzak, Jacob Richardson, Preeti Shridhar, Brooks Salazar, and Fernando Martinez. (Full Disclosure: PMSA has contributed to Mr. Steinbrueck.)

The incumbents, Stephanie Bowman and John Creighton, have both drawn challengers. Commissioner Creighton will face off against two challengers, former State Senator Claudia Kauffman and political newcomer, Ryan Calkins. Kauffman was the first Native American woman to be elected to the Washington State Senate and now works for the Muckleshoot Indian Tribe. Calkins previously ran the family business, a tile import company in addition to working on political campaigns.

Commissioner Bowman's challenger, Ahmed Abdi, is a Seattle Housing Authority Commissioner and Outreach Manager at Fair Work Center, where he conducts "Train the Trainer" & "Know Your Rights" workshops for community partner organizations around King County. He has worked at SEIU 775, Working Washington, Jewish Vocational Service and Crest Services. (Full Disclosure: PMSA has contributed to Ms. Bowman.)

Continued



## Analysis of Northwest Port Commission Races Continued

Because it is difficult to get any media attention on these port races, power of incumbency and name identification plays a major role.

Port of Seattle races in King County see a steep drop off in votes that go to other races. For instance, in 2015, there were 467,608 total votes cast countywide. There were two Port of Seattle Commission races that year. Both races saw a drop off in voters from the top of the ticket.

This is a consistent trend over the years – voters leave port races blank after filling out the rest of the ballots. The average voter knows little to nothing about the candidates. Financially squeezed local media doesn't cover port issues or candidates in any meaningful way,

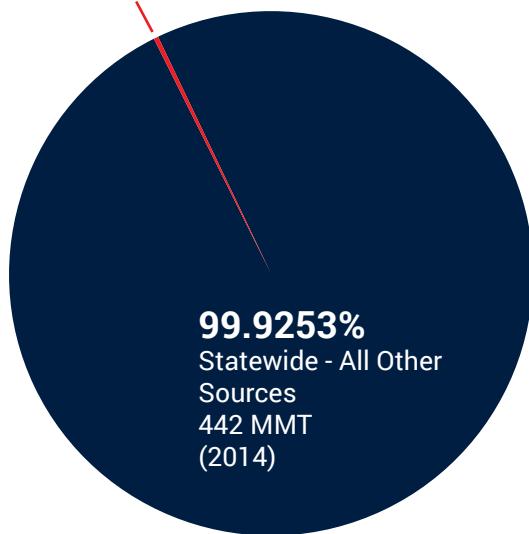
preferring to steer reporters to more high-profile races. This is why incumbency and name familiarity are so important. It also makes these races notoriously difficult to predict.

The bottom line is that these commissioners make a lot of important decisions starting with hiring CEOs and approving of infrastructure spending. And with the merger of the container facilities at Seattle and Tacoma into the NW Seaport Alliance the cultural and political differences in both places will create both challenges and opportunities for both.

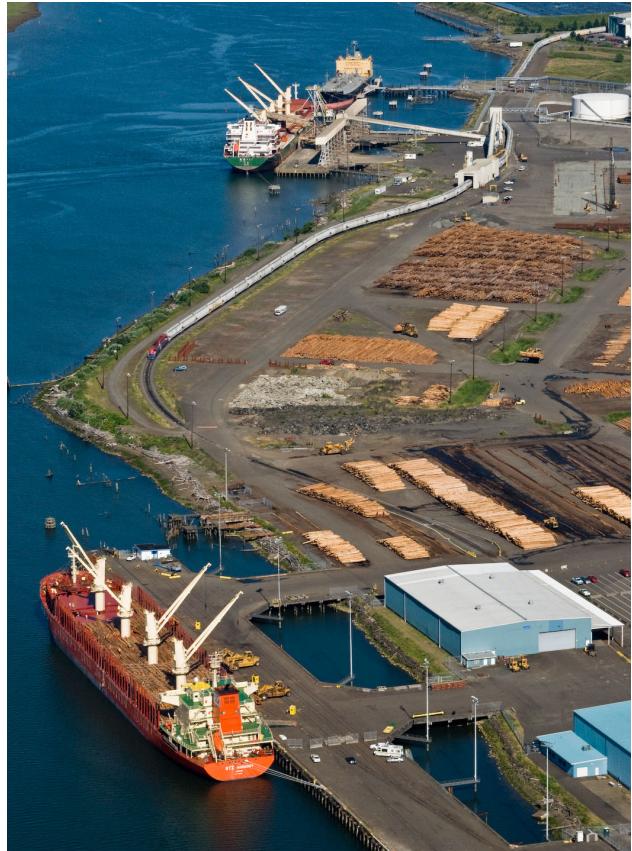
### By The Numbers: California container cargo handling equipment contributions to statewide GHG emissions

**0.0747%**

SPBP & POAK - CHE only  
0.33 MMT  
(2015)



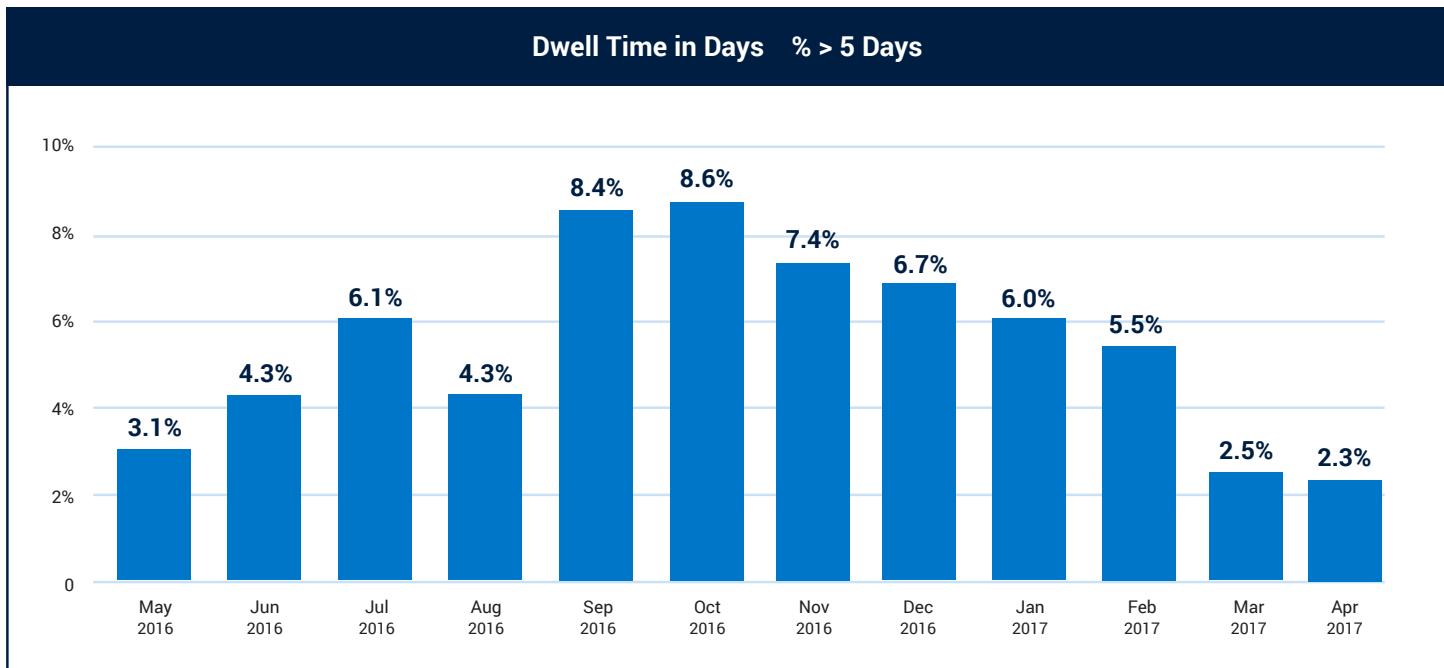
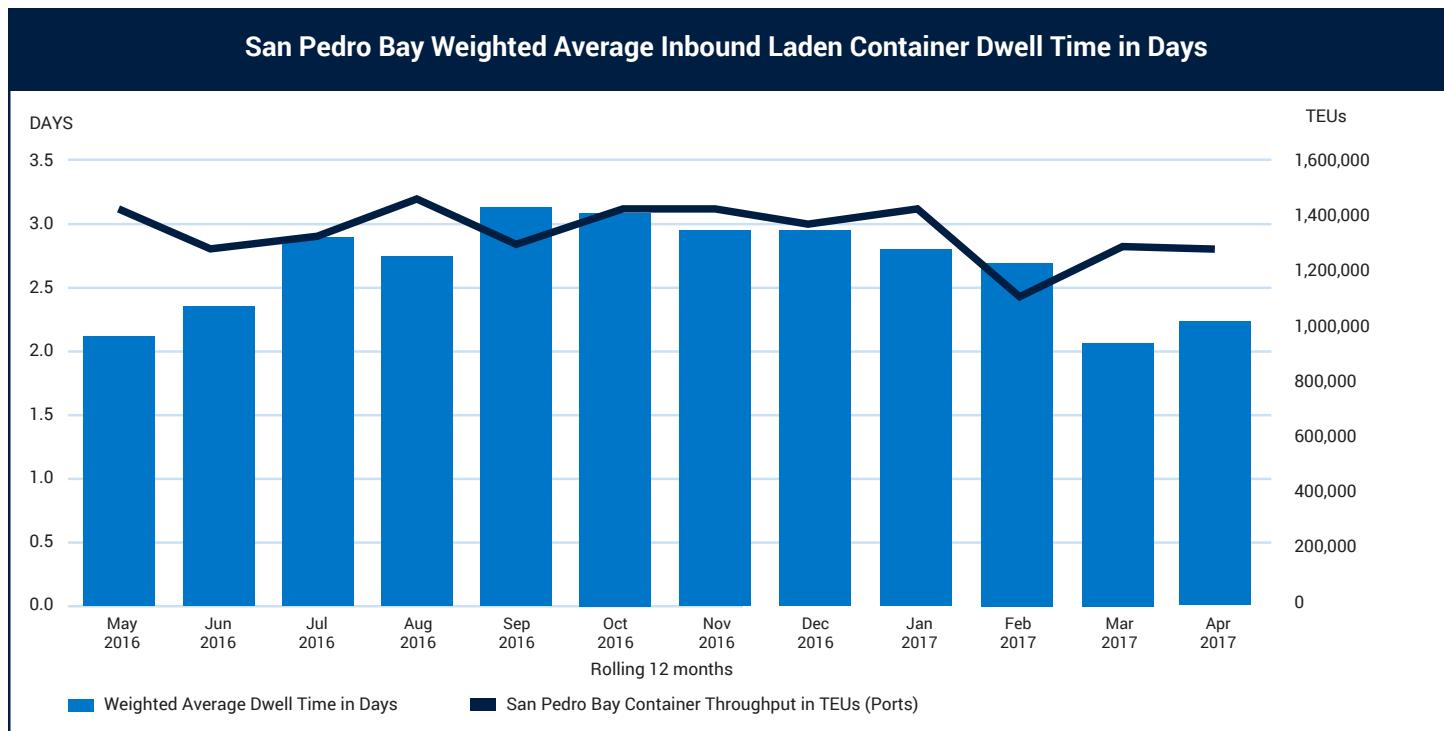
Los Angeles, Long Beach, Oakland Port Contributions to Statewide CO<sub>2</sub>e Emissions



Photos courtesy of the Port of Grays Harbor



## Container Dwell Time Increases Slightly In April



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