



## Parsing the March 2018 Loaded TEU Numbers

**Preliminary TEU counts for April look very much mixed.** The early-reporting San Pedro Bay ports eked out a mild 2.0% (+13,236) year-over-year increase in inbound loaded TEUs that saw the Port of Los Angeles stumble with 2.9% (-10,933) fewer inbound TEUs, while the Port of Long Beach saved the month with an 8.4% gain (+24,169 TEUs). For the LA port, it was the second straight subpar month for

imports. The Port of Oakland meanwhile posted a less than inspiring gain of 378 TEUs over last April. On the export side, things were much better at the Southern California mega-ports, which collectively processed 11.9% (+32,581) more outbound TEUs than in April 2017. But Oakland shipped 781 fewer TEUs than a year earlier. Further up the Pacific Coast, the Northwest Seaport Alliance Port of

<b>Exhibit 1 March 2018 - Inbound Loaded TEUs at Selected Ports</b>						
	Mar 2018	Mar 2017	% Change	Mar 2018 YTD	Mar 2017 YTD	% Change
Los Angeles	264,460	373,549	-29.2%	1,070,382	1,087,947	-1.6%
Long Beach	267,824	249,534	7.3%	934,726	798,283	17.1%
<b>San Pedro Bay Totals</b>	<b>532,284</b>	<b>623,083</b>	<b>-14.6%</b>	<b>2,005,108</b>	<b>1,886,230</b>	<b>6.3%</b>
Oakland	66,302	67,597	-1.9%	215,104	212,144	1.4%
NWSA	104,526	120,018	-12.9%	315,586	350,952	-10.1%
<b>USWC Totals</b>	<b>703,112</b>	<b>810,698</b>	<b>-13.3%</b>	<b>2,535,798</b>	<b>2,449,326</b>	<b>3.5%</b>
Boston	11,526	7,849	46.8%	34,537	29,277	18.0%
NYNJ	288,462	249,788	15.5%	872,103	773,388	12.8%
Maryland	42,298	33,043	28.0%	125,678	106,998	17.5%
Virginia	113,123	99,665	13.5%	317,641	297,888	6.6%
South Carolina	88,483	81,137	9.1%	237,049	238,090	-0.4%
Georgia	159,699	137,392	16.2%	488,347	440,129	11.0%
Jaxport	27,477	23,183	18.5%	78,248	72,031	8.6%
Port Everglades	31,496	36,601	-13.9%	93,789	99,057	-5.3%
Miami	38,295	31,757	20.6%	102,866	98,802	4.1%
<b>USEC Totals</b>	<b>800,859</b>	<b>700,415</b>	<b>14.3%</b>	<b>2,350,258</b>	<b>2,155,660</b>	<b>9.0%</b>
New Orleans	11,171	9,077	23.1%	28,770	26,498	8.6%
Houston	94,185	85,214	10.5%	268,427	243,192	10.4%
<b>USGC Totals</b>	<b>105,356</b>	<b>94,291</b>	<b>11.7%</b>	<b>297,197</b>	<b>269,690</b>	<b>10.2%</b>
Vancouver	140,640	121,139	16.1%	415,461	377,037	10.2%
Prince Rupert	38,654	34,535	11.9%	127,557	105,312	21.1%
<b>British Columbia Totals</b>	<b>179,294</b>	<b>155,674</b>	<b>15.2%</b>	<b>543,018</b>	<b>482,349</b>	<b>12.6%</b>
Philadelphia*	24,613	22,513	9.3%	71,942	67,489	6.6%
Wilmington DE*	17,242	19,532	-11.7%	49,116	51,120	-3.9%

\*Does not distinguish loaded from empty containers.

Source Individual Ports



## Parsing the March 2018 Numbers Continued

Tacoma and Seattle reported an 8.8% (-9,754 TEUs) fall-off in inbound traffic in April, but a slender 1.7% (+1,351 TEUs) increase in outbound loads. So, collectively, the five major USWC container ports saw inbound container trade edge up just 0.5% (+3,860 TEUs) over last April, while their exports improved by 7.7% (+33,151 TEUs).

**March's Inbound loaded container traffic.** The Port of Long Beach was the lone outlier in March, the only major U.S. West Coast to post a year-over-year gain in inbound container trade, specifically a 7.3% (+18,290 TEUs) increase. At the neighboring Port of Los Angeles, the inbound trade numbers were nothing short of dreadful,

down 29.2% (-109,089 TEUs) from a year earlier. That brought the total San Pedro Bay totals to -14.6% (-90,799 TEUs) on the inbound side. Up the coast, import loads at the Port of Oakland dipped by 1.9% (-1,595 TEUs). Rounding out a decidedly poor showing by USWC ports, the Northwest Seaport Alliance reported a 12.9% (-15,492 TEUs) fall-off in inbound traffic. Summing up the U.S. West Coast numbers, 107,586 fewer TEUs (-13.3%) entered USWC ports this March than last. Invariably, the ports with negative numbers blamed the timing of the Asian New Year, a claim whose credence was much diminished by the buoyant March numbers reported not only by Long Beach but by the two British Columbia rivals. Up at the Port of

<b>Exhibit 2</b>		<b>March 2018 - Outbound Loaded TEUs at Selected Ports</b>				
	<b>Mar 2018</b>	<b>Mar 2017</b>	<b>% Change</b>	<b>Mar 2018 YTD</b>	<b>Mar 2017 YTD</b>	<b>% Change</b>
Los Angeles	163,707	191,707	-14.6%	471,333	509,550	-7.5%
Long Beach	142,419	120,435	18.3%	393,838	358,480	9.9%
<b>San Pedro Bay Totals</b>	<b>306,126</b>	<b>312,142</b>	<b>-1.9%</b>	<b>865,171</b>	<b>868,030</b>	<b>-0.3%</b>
Oakland	81,995	82,401	-0.5%	230,743	228,310	1.1%
NWSA	92,105	99,603	-7.5%	235,764	247,917	-4.9%
<b>USWC Totals</b>	<b>480,226</b>	<b>494,146</b>	<b>-2.8%</b>	<b>1,331,678</b>	<b>1,344,257</b>	<b>-0.9%</b>
Boston	6,464	6,062	6.6%	20,606	21,339	-3.4%
NYNJ	132,105	115,104	14.8%	361,700	331,700	9.0%
Maryland	20,998	18,930	10.9%	58,872	58,808	0.1%
Virginia	98,648	92,384	6.8%	257,046	267,978	-4.1%
South Carolina	73,637	70,347	4.7%	202,446	203,511	-0.5%
Georgia	132,822	119,652	11.0%	361,055	356,132	1.4%
Jaxport	43,714	37,797	15.7%	123,778	98,932	25.1%
Port Everglades	41,874	38,344	9.2%	112,261	105,565	6.3%
Miami	34,888	31,757	9.9%	97,697	96,897	0.8%
<b>USEC Totals</b>	<b>585,150</b>	<b>530,377</b>	<b>10.3%</b>	<b>1,595,461</b>	<b>1,540,862</b>	<b>3.5%</b>
New Orleans	26,740	25,002	7.0%	67,910	69,317	-2.0%
Houston	96,631	94,226	2.6%	253,383	271,182	-6.6%
<b>USGC Totals</b>	<b>123,371</b>	<b>119,228</b>	<b>3.5%</b>	<b>321,293</b>	<b>340,499</b>	<b>-5.6%</b>
Vancouver	100,646	101,682	-1.0%	257,540	281,173	-8.4%
Prince Rupert	18,685	13,018	43.5%	47,430	37,003	28.2%
<b>British Columbia Totals</b>	<b>119,331</b>	<b>114,700</b>	<b>4.0%</b>	<b>304,970</b>	<b>318,176</b>	<b>-4.2%</b>
Philadelphia*	22,766	21,663	5.1%	66,947	69,171	-3.2%
Wilmington DE*	4,602	6,300	-27.0%	15,924	19,902	-20.0%

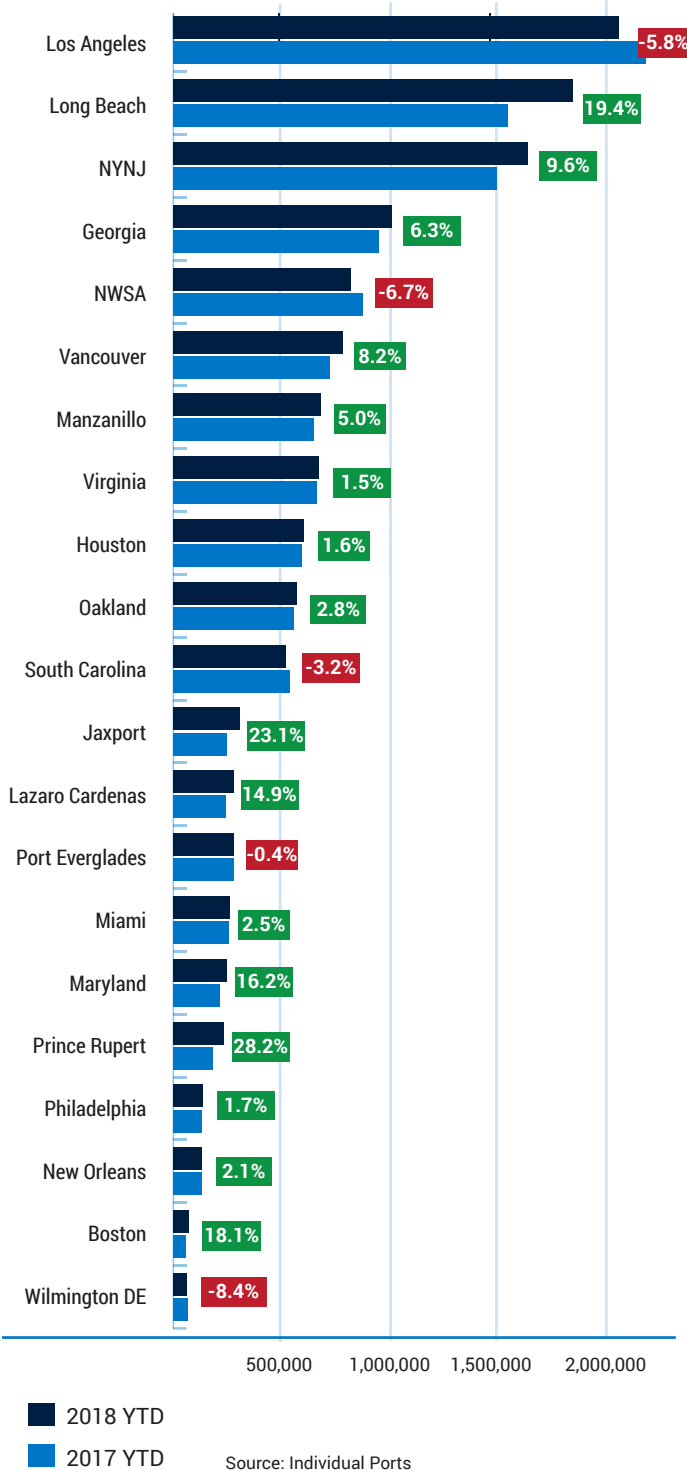
\*Does not distinguish loaded from empty containers.

Source Individual Ports



## Parsing the March 2018 Numbers Continued

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



Prince Rupert, inbound loaded trade was 11.9% (+4,119 TEUs) higher than a year earlier, while at Vancouver imports were up 16.1% (+19,501 TEUs).

Meanwhile, back East, late winter snow storms did not prevent the nine ports which provide us with data that distinguish loaded from empty container traffic from collectively registering a 14.3% (+100,444 TEUs) jump in inbound traffic. The two Gulf Coast ports we monitor reported a combined 11.7% (+11,065 TEUs) growth in inbound traffic.

Owing to the weak West Coast numbers, the 16 U.S. ports we closely monitor saw inbound loaded traffic edge up by a mere 0.2% (+3,923 TEUs) over March of last year, to 1,609,327 TEUs from 1,605,404 TEUs.

Comparing first quarter results, USWC ports posted a 3.5% (+86,472 TEUs) increase in inbound loaded traffic. By contrast, the nine U.S. East Coast ports recorded a 9.0% gain (+194,598 TEUs), while our Gulf Coast ports saw a 10.2% (25,507 TEUs) improvement over the first quarter of last year. All told, the 16 mainland U.S. ports we track registered a 6.3% (308,577 TEUs) gain over the first three months of 2017, to 5,183,253 TEUs from 4,874,676 TEUs.

**March's Outbound loaded container traffic.** Long Beach outbound moves jumped 18.3% (+21,984 TEUs) in March. Next door at the Port of LA, however, outbound trade was down 14.6% (-28,065 TEUs). That left the San Pedro Bay gateways with a combined outbound trade that was down 1.9% (-6,016 TEUs) from March 2017. Further north, the Port of Oakland saw 406 fewer TEUs (-0.5%) sail in March than a year earlier. The NWSA reported a 7.5% drop in outbound TEUs (-7,498). Pacific coastwide, U.S. outbound traffic was down 2.8% (-13,920 TEUs). British Columbia ports fared somewhat better with a 4.0% (+4,631) more outbound TEUs than last March.

Our nine East Coast ports meanwhile posted a 10.3% (+54,773 TEUs) increase in outbound traffic over last March, while our two Gulf Coast maritime gateways scored a 3.5% (+4,143) year-over-year gain. For the month, our 16 U.S. ports handled 1,188,747 TEUs or 3.9% (+44,996 TEUs) more outbound traffic than they had in March 2017.



## Parsing the March 2018 Numbers Continued

For the year's first three months, USWC ports moved 12,579 fewer outbound TEUs (-0.9%) than in the same period a year earlier. The gains at our East Coast ports were much greater, though. Together, our nine ports handled 3.5% (+54,599 TEUs) more outbound traffic, while our Gulf Coast duo suffered a 5.6% fall-off (-19,206 TEUs). Altogether, our 16 U.S. mainland ports saw an exceedingly modest 0.7% increase (+22,814 TEUs) in their outbound box trade.

The USWC share of inbound container trade via our sixteen ports during the year's first quarter was 48.9%, while the USWC share of outbound loaded TEUs was 41.0%. In terms of two-way trade, the USWC share was 45.9%, meaning that more of the nation's container trade moved through East and Gulf Coast ports than through the five big Pacific Coast ports during the year's first quarter.

**Weights and values.** The adjacent **Exhibit 4** employs U.S. Commerce Department's data on the declared weight and value of containerized shipments arriving and departing at U.S. mainland ports in March to determine the trade shares held by USWC ports.

**Exhibits 5 and 6** provide a breakdown by major USWC port region: Los Angeles/Long Beach, Oakland, and the Northwest Seaport Alliance Ports of Seattle and Tacoma. Exhibit 5 looks at USWC ports' shares of worldwide U.S. mainland container trade, while Exhibit 6 spotlights U.S.-East Asian container trade.

A look at the first quarter numbers offers little solace to USWC ports in their competition for the all-important Asian import trade. In this year's first quarter, the USWC share of that trade (by tonnage) stood at 56.7%, down from 58.8% a year earlier. By value, the USWC share of containerized shipments arriving at mainland U.S. ports likewise dropped to 66.3% from 67.7% in last year's first quarter.

**Worldwide Destinations and Origins.** Tonnage-wise, China is by far the leading destination of USWC containerized exports with a 27.7% share in March, significantly below its 34.6% share last March. In next place was Japan (13.1%/12.1%); South Korea (10.5%/12.9%), Taiwan (10.2%/7.7%), and Vietnam (5.7%/3.9%).

China continued to overwhelmingly dominate containerized import tonnage entering USWC ports with a 48.4% share in

### Exhibit 4 USWC shares of Mainland U.S. Containerized Imports and Exports by weight and by value

	Mar 2018	Feb 2018	Mar 2017
<b>USWC Share of Mainland U.S. Containerized Imports</b>			
By Weight	34.3%	39.9%	39.0%
By Value	42.4%	49.0%	47.2%
<b>USWC Share of Mainland U.S. Containerized Exports</b>			
By Weight	37.2%	35.3%	39.5%
By Value	33.7%	33.2%	34.1%
<b>USWC Share of Mainland U.S. Containerized Imports from East Asia</b>			
By Weight	52.7%	58.8%	60.4%
By Value	62.8%	68.5%	70.0%
<b>USWC Share of Mainland U.S. Containerized Exports to East Asia</b>			
By Weight	58.8%	56.2%	61.5%
By Value	64.9%	64.9%	66.3%

Source: U.S. Commerce Department.

March, down from 48.7% a year earlier. Trailing far behind in second place was Japan (6.19%/6.6%); South Korea (5.3%/4.7%); Thailand (4.3%/4.1%); Taiwan (4.2%/4.5%); and Vietnam (4.2%/3.8%).

**NWSA Woes.** March was not a good month at the Northwest Seaport Alliance, with inbound TEUs down 12.9% from a year earlier, while outbound loaded TEUs were lower by 7.5%. However, Seattle continues to carry Tacoma in this marriage. Statistics compiled by the Pacific Maritime Association reveal widely divergent experiences at the two ports. At Seattle, PMA figures show a 19.6% (+9,014 TEUs) jump in inbound containers over March 2017 and a 30.6% (+15,245 TEUs) increase in outbound trade. But at Tacoma, inbound traffic was down 22.0% (-19,050 TEUs) from a year earlier, while inbound trade was off 15.1% (-14,354 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



## Parsing the March 2018 Numbers Continued

were up 13.7% over March 2017, while its containerized export tonnage rose 15.6%. Tacoma, meanwhile, handled 25.9% less import tonnage than it had a year earlier but 4.2% more export tonnage. Container traffic at Tacoma began a pattern of year-over-year declines in both imports and exports last May following a shuffling of shipping alliances.

### The Collapsing China Waste and Scrap Trade.

Containerized export tonnage from USWC port to China in March was down 12.1% year-over-year, despite robust growth in agricultural exports (including, ironically, a 49.6% jump in soybean shipments). China has become a more discriminating importer of other countries' waste and scrap, however. Since last March, USWC containerized export tonnage has plummeted in the following categories:

- "Waste, Scrap, Incl Unsorted, Paper, Paperboard" (HS 470790): -98.3%
- "Waste, Parings and Scrap of Plastic" (HS 392590): -92.3%
- "Waste, Parings and Scrap of Ethylene Polymers" (HS 391510): - 86.9%
- "Brewing or Distilling Dregs and Waste" (HS 230330): -80.6%
- "Ferrous Waste and Scrap" (HS 720449): -65.4%
- "Copper Waste and Scrap" (HS 740400): - 47.9%
- "Aluminum Waste and Scrap" (HS 760200): -6.8%

Collectively, the drop in containerized exports from USWC ports to China in these commodities between March 2017 and March 2018 totaled 210,589 metric tons. ■

**Exhibit 5** USWC Port Regions' Shares of U.S. Mainland Container Trade, March 2018

	Mar 2018	Feb 2018	Mar 2017
<b>Shares of U.S. Mainland Ports Containerized Import Tonnage</b>			
LA/LB	24.6%	29.9%	28.7%
Oakland	3.8%	3.6%	3.9%
NWSA	4.9%	5.3%	5.5%
<b>Shares of U.S. Mainland Ports Containerized Import Value</b>			
LA/LB	32.3%	38.1%	35.9%
Oakland	3.2%	3.3%	3.5%
NWSA	6.70%	7.40%	7.30%
<b>Shares of U.S. Mainland Containerized Export Tonnage</b>			
LA/LB	23.1%	21.2%	23.1%
Oakland	5.4%	5.5%	6.6%
NWSA	8.2%	7.6%	8.6%
<b>Shares of U.S. Mainland Containerized Export Value</b>			
LA/LB	23.2%	22.1%	23.0%
Oakland	6.0%	6.3%	5.9%
NWSA	4.3%	4.5%	4.9%

Source: U.S. Commerce Department.

**Exhibit 6** USWC Port Regions' Shares of U.S. Mainland-East Asia Container Trade, March 2018

	Mar 2018	Feb 2018	Mar 2017
<b>Shares of U.S. Mainland Ports' East Asian Container Import Tonnage</b>			
LA/LB	40.5%	46.6%	46.6%
Oakland	4.3%	4.1%	4.5%
NWSA	7.6%	8.0%	8.9%
<b>Shares of U.S. Mainland Ports' East Asian Container Import Value</b>			
LA/LB	48.9%	54.3%	54.5%
Oakland	3.7%	3.7%	4.2%
NWSA	10.0%	10.3%	10.8%
<b>Shares of U.S. Mainland Ports' East Asian Container Export Tonnage</b>			
LA/LB	37.9%	36.0%	38.1%
Oakland	7.6%	7.9%	9.6%
NWSA	13.1%	12.3%	13.7%
<b>Shares of U.S. Mainland Ports' East Asian Container Export Value</b>			
LA/LB	46.5%	45.3%	46.0%
Oakland	9.9%	10.4%	10.7%
NWSA	8.4%	9.1%	9.2%

Source: U.S. Commerce Department.



## Jock O'Connell's Commentary: How Many Cubits in a TEU?

Here's a good reason for ordering a round of drinks for friends and colleagues in the maritime industry. 2018 marks the fortieth anniversary of the year when the Twenty-Foot Equivalent Unit or TEU became an official metric for the U.S. container trade. Beginning in January 1978, the custodians of the nation's statistics on oceanborne trade began counting the loaded and empty TEUs handled at America's ports. Up to that point, maritime trade had been measured chiefly in tonnage and volume.

We all know the story of how Malcolm McLean inaugurated container shipping in August 1956. But carrying metal boxes on the decks of ships normally built to handle break-bulk shipments left a lot of room for variability in the sizes and shapes of those boxes. McLean's first containers were reportedly 11 feet long.

Credit goes to Joseph Bonney at the *Journal of Commerce* who, some months back, reminded us of the role the late John Griffith played in introducing international service involving ships refitted to hold containers below deck. That development came in March 1966, and it obviously compelled a higher level of standardization in container dimensions if the boxes were to fit into the cells designed for stacking containers below deck.

According to box historian Marc Levinson, the first carrier with fully containerized ships, Pan-Atlantic, used 35-foot containers because that was the maximum length then allowed on highways in New Jersey, where Pan-Atlantic was based. But there was much disagreement among all hands. For example, Matson argued for a 24-foot box, which it believed would best handle its particular mixes of cargo. After much haggling, containers with lengths of 10, 20, 30, and 40 feet were declared "standard" by the U.S. Federal Maritime Board (the predecessor of MARAD) in April 1961. 8"x 8.5" was similarly established as standards for height and width. A 45-foot container subsequently came to be considered standard. After years of adjustments and experience, 40-foot boxes today account for around 90% of waterborne containers, according to the Bureau of Transportation Statistics.

Yet it would be another twelve years after containers began to be stacked in cells before a new metric – the TEU was formally embraced by the Maritime Administration to keep tabs on the numbers of containers entering or departing U.S. seaports. As of January 1, 1978, Form MA-578A was revised to eliminate two statistical categories (number of containers and cargo cubic feet) while creating two new categories – loaded TEUs and empty TEUs. Even then, the agency continued for several years to give priority to tonnage (expressed in long tons) in its container cargo reports.

The impetus for this accounting change largely came from the rapid growth of America's containerized trade. Between 1972 and 1978, the number of containers moving through U.S. ports nearly tripled, from 1,090,500 TEUs to 3,038,900 TEUs.

Perhaps the most remarkable thing about container trade at the time was how balanced it was. Of the 3,038,900 TEUs that moved through U.S. ports in 1978, 1,506,900 TEUs were imported and 1,532,000 were exported. A mere 197,800 empties were also handled, 60% of which were outbound. Also, very much unlike today, over a quarter (28.8%) of the containerized traffic moved on U.S. flag carriers.

The tonnage to TEU ratio across all U.S. maritime trades was then 9.94 long tons (2,240 pounds) per TEU. On Trade Route 29, the transpacific route between the U.S. West Coast and the Far East, the ratio was smaller, 7.38 long tons per TEU.

Still, maritime trade statisticians remained focused more on tonnage than TEU counts. The Maritime Administration report for 1978 observed, for example, that "Trade Route No. 29 (U.S. Pacific/Far East) remained the leading trade route for containerized cargo transportation with 9.6 million long tons moved." Almost as an afterthought, the report also noted that 1,032,000 TEUs or 34.0% of the all TEUs transported via U.S. ports in 1978 moved on the TR-29 Route. Not surprisingly, California ports accounted for 28.7% of the nation's TEU trade, while

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## Jock O'Connell's Commentary *Continued*

ports in Oregon and Washington handled another 11.5% of the nation's TEU traffic.

However, New York was still the nation's leading container port, with 744,000 loaded TEUs and 36,000 empties in 1978. Next was the Port of Los Angeles with 378,000 loaded TEUs and 18,000 empties. Seattle was third with 276,000 loaded TEUs and 23,000 empties. Oakland was fifth in TEUs handled with 211,000 loaded TEUs and 15,000 empties. The Port of Long Beach ranked seventh (after Baltimore and Norfolk) with 161,000 loaded TEUs and 8,000 empties. The Port of San Francisco came next with 120,000 loaded and 8,000 unloaded TEUs. Further down the list of the nation's top container ports in 1978 were Portland (43,000 loaded and 2,000 empty TEUs) and Tacoma (25,000 loaded and 4,000 empty TEUs.)

By far the leading trading partner in U.S. oceanborne containerized trade that year was Japan, which alone accounted for a 27.3% share of U.S. container movements. Netherlands followed with a 10.0% share. West Germany held an 8.7% share, followed by Hong Kong (6.2%) and the United Kingdom and Taiwan (both with 6.0% shares). Even with the announcement in 1978 that the U.S. would formally recognize the People's Republic of China as of January 1, 1979, containerized trade directly with Chinese ports went unmeasured.

By 1983, when MARAD discontinued its annual, detailed reports on U.S. container trade, containerized trade had begun to shift even more decidedly toward the Pacific. The top five U.S. partners were Japan (22.8%), Taiwan (13.0%), Netherlands (10.0%), Hong Kong (7.3%), and West Germany (6.5%). Down in 26th place with a 0.6% share of the U.S. container trade – and wedged in between Venezuela and the United Arab Emirates) – was the People's Republic of China.

New York remained the nation's top container port in 1983 with 795,000 TEUs. But the next four biggest ports were

all of the West Coast: Los Angeles, Oakland, Seattle, and Long Beach. The subsequent rapid growth of U.S. trade with the emerging economies of East Asia – the Four Tigers of Singapore, South Korea, Hong Kong and Taiwan – and ultimately China swung the U.S. container trade even more decisively West.

Last year, Los Angeles led all ports by handling 9,343,193 total TEUs, with neighboring Long Beach moving another 7,544,507 TEUs. The Port of New York/New Jersey ran third with 6,710,817 TEUs.

Today, China is the dominant source and destination of U.S. containerized trade, last year accounting for 25.5% of containerized exports and 35.9% of containerized imports. And, while East and Gulf Coast ports have been steadily increasing their shares of America's container trade since the June 2016 opening of the expanded Panama Canal, the great maritime complex in San Pedro Bay is by far the nation's largest gateway for goods transported by sea in metal boxes.

Finally, among historians and biblical scholars, there is absolutely no consensus about how many cubits equal twenty feet. Traditionally, the length of a cubit was thought to be the distance from the elbow to the fingertips. But whose? Mine, LeBron James' or that Noah guy? Estimates in the relevant literature vary from roughly 13 inches to 21 inches. So, the length of a TEU could range from roughly 11.5 cubits to 18.5. In Genesis, the Ark's divinely-ordained specs were three hundred cubits long, fifty cubits wide, and thirty cubits in height (or height, if you went to a Catholic grammar school). PMSA will award no prizes for determining how many TEUs could be accommodated on Noah's decidedly non-cellular Ark. ■

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

### Interested in membership in PMSA?

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## When Worlds Collide: Homelessness, Taxes and the Port of Seattle

By Jordan Royer  
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It's no secret that the City of Seattle is going through rapid change, brought about through booming homegrown businesses, population growth, homelessness and drug addiction, and a political culture that has gone from an understated, moderate, consensus-based endless meetings process to an in-your-face, confrontational extreme where you are either a Socialist, or you are a Right-Winger.

The Seattle City Council's latest proposal to levy a "head tax" on the city's largest employers has brought all of these dynamics to a "head." The original proposal, to charge any business grossing \$20 million or more approximately \$500 per employee per year, was later watered down to \$275 per head after the Mayor threatened a veto. The city estimates the latest proposal passed 9-0 by the council will bring in \$47 million annually to help fund the City's efforts to address homelessness. The tax would hit approximately 585 businesses in Seattle, including the two marine terminal operators at the Port of Seattle. The new tax takes effect January 1, 2019 and will sunset in 5 years.

Supporters of the tax have labeled it the Amazon Tax and have taken to trying to make Jeff Bezos the villain. Following the introduction of the ordinance, Amazon announced it was suspending construction work on two buildings until after the vote.

The debate over the head tax and homelessness has created anger on all sides. It has split the labor community with the Building Trades and ILWU firmly against, and the SEIU and government public sector unions supporting. Social service providers are squaring off against neighborhood activists who feel the Progressive city council is enabling crime and drug addiction in their communities because of a failure to enforce the law, as well as acknowledge the fact that mental health and drug addiction is driving the crisis as well as the reputation of Seattle as "Freeattle" where anything goes.

One of the most bewildering aspects of the head tax debate has been the silence from the Port of Seattle. Their tenants and their tenants' employees, the longshore work-

ers, were actively opposing the poorly thought-out legislation. They understood that it would further erode the port's competitiveness and cost jobs. Apparently, potential loss of market share and customer complaints didn't move the commission to act.

Seattle spends more to reduce homelessness per capita than any other city. In 2016, city voters passed a \$290 million housing levy, double the previous 7-year levy. Last year, Seattle spent \$54 million to deal with homelessness. This year, the tally will be close to \$70 million. There are approximately 4,000 people living on the streets in Seattle. A recent outside study funded by the city found that revenues are not the problem but, rather, the lack of accountability for how the money is spent.

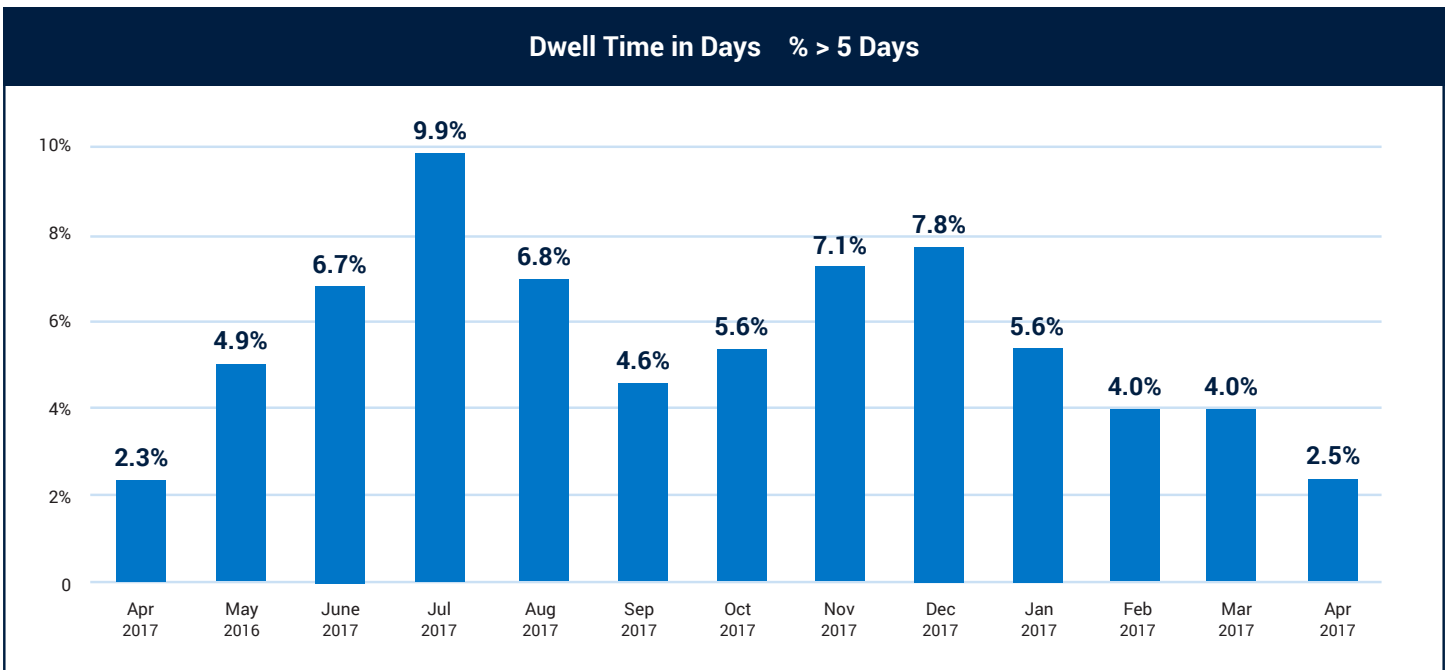
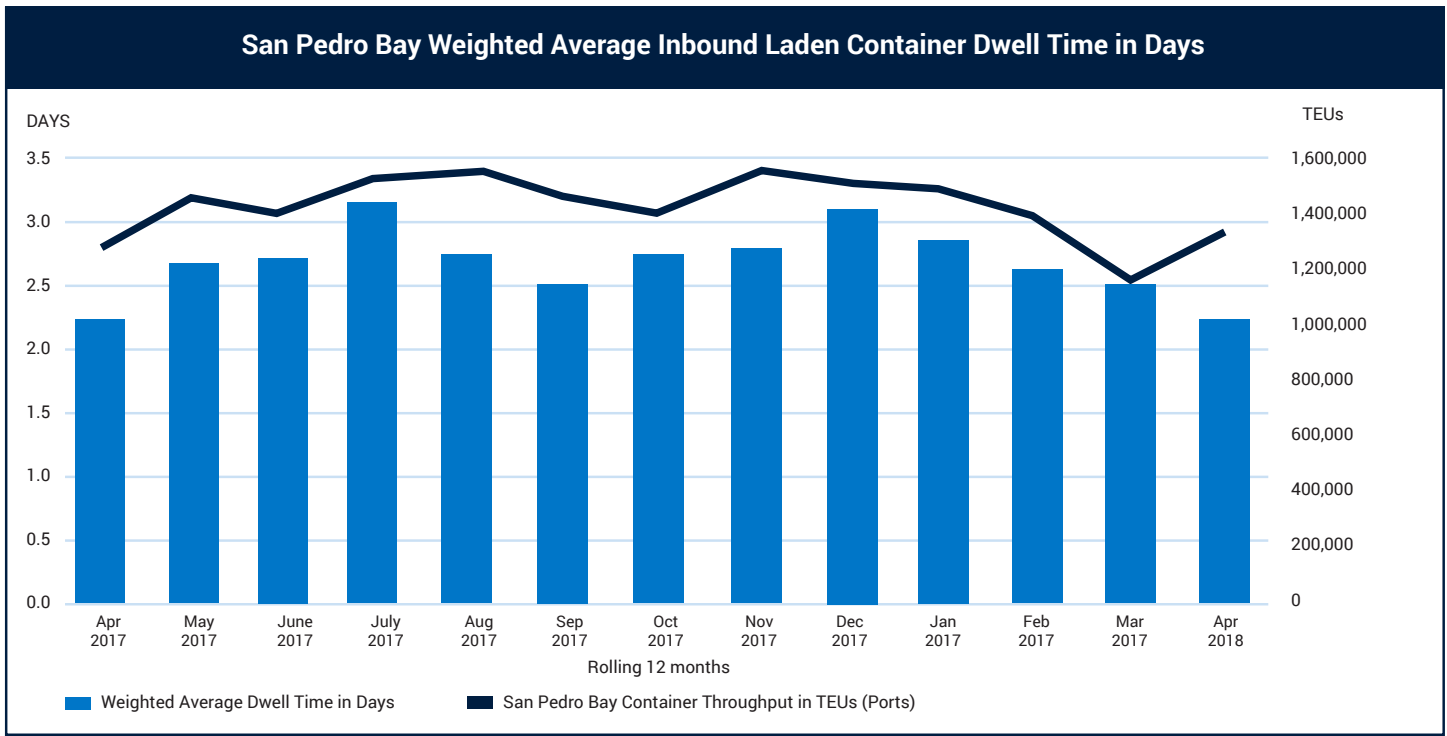
The head tax would impact the Port of Seattle's two main marine terminal operators along with others in the maritime trade community, including BNSF, tug companies, shipyards, and seafood companies like Trident. Over 150 local companies have sent letters to the Mayor and City Council opposing the head tax. Former mayors, and other officials have expressed opposition to the tax. And still, the council pushed forward. A recent poll showed widespread opposition to the tax, across all demographics. Still, the Mayor and Council felt pressured to pass something, anything.

In 2013, Seattle voters approved a measure to turn the at-large city council into districts. Seven out of nine councilmembers now represent districts. Two are still at-large. In 2019, all seven of the districts are up for re-election for the first time. If the head tax and homelessness debate has exposed deep rifts in a changing city, the campaign for 2019 will prove to be the point at which the city either goes deeper into the Far Left, anti-business brand of politics or return to a more moderate, common sense approach which has fostered home-grown companies like Boeing, Starbucks, Microsoft, Amazon, Foss Maritime, and others. Either way, the head tax vote will be seen as the kick-off of the fight for Seattle's soul. ■





### April Dwell Time Numbers Continue to Decline



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