

Parsing the Latest Container Trade Numbers

A First Glance at September's TEU Counts

The San Pedro Bay Ports of Los Angeles and Long Beach saw inbound loaded container traffic edge up by 2.2% (+16,615 TEUs) in September over the same month a year earlier. At the Port of Oakland, inbound loads increased by 3.8% (+2,988). Further up the coast, the Northwest Seaport Alliance Ports of Seattle and Tacoma posted a 29.3% (+34,176 TEUs) surge in loaded imported containers. Thus, the five major USWC ports recorded a 5.7% (+53,779 TEUs) year-over-year increase in exports in September.

Outbound-wise, the San Pedro Bay ports posted a 1.9% (+9,557 TEUs) year-over-year gain in loaded containers, while Oakland exceeded last September's numbers by 3.8% (+2,988 TEUs). Meanwhile, the NWSA ports saw a 7.6% (+6,269 TEUs) jump in loaded export traffic. As a result, the USWC loaded export trade this September was up by 2.9% (+18,814 TEUs) over last September.

Parsing the August 2018 Loaded TEU Numbers

We now turn to a detailed look at August's loaded container traffic. The numbers here are not estimates but rather the actual TEU counts provided by individual ports we survey. Please note that this section does **not** consider empty containers.

Exhibit 1	August 2018 - Inbound Loaded TEUs at Selected Ports					
	Aug 2018	Aug 2017	% Change	Aug 2018 YTD	Aug 2017 YTD	% Change
Los Angeles	420,573	432,479	-2.8%	3,078,778	3,094,851	-0.5%
Long Beach	343,029	355,715	-3.6%	2,683,017	2,492,947	7.6%
San Pedro Bay Totals	763,602	788,194	-3.1%	5,761,795	5,587,798	3.1%
Oakland	85,166	77,984	9.2%	629,612	612,649	2.8%
NWSA	115,317	119,750	-3.7%	911,771	922,558	-1.2%
USWC Totals	964,085	985,928	-2.2%	7,303,178	7,123,005	2.5%
Boston	13,853	12,325	12.4%	96,233	85,420	12.7%
NYNJ	333,567	320,848	4.0%	2,413,228	2,243,551	7.6%
Maryland	44,141	43,359	1.8%	342,006	313,884	9.0%
Virginia	117,042	113,188	3.4%	866,969	825,005	5.1%
South Carolina	90,569	78,083	16.0%	664,133	638,405	4.0%
Georgia	182,883	164,496	11.2%	1,356,241	1,228,277	10.4%
Jaxport	28,519	26,765	6.6%	208,034	194,920	6.7%
Port Everglades	31,408	27,798	13.0%	246,547	242,565	1.6%
Miami	38,355	37,107	3.4%	276,332	264,335	4.5%
USEC Totals	880,337	823,969	6.8%	6,469,723	6,036,362	7.2%
New Orleans	11,057	12,729	-13.1%	83,332	75,450	10.4%
Houston	105,937	76,889	37.8%	766,140	681,511	12.4%
USGC Totals	116,994	89,618	30.5%	849,472	756,961	12.2%
Vancouver	135,398	145,523	-7.0%	1,132,891	1,102,630	2.7%
Prince Rupert	38,355	49,947	-23.3%	138,211	103,974	32.9%
British Columbia Totals	173,753	195,470	-11.1%	1,271,102	1,206,604	5.3%
US/BC Totals	2,135,169	2,094,985	1.9%	15,893,475	15,122,932	5.1%

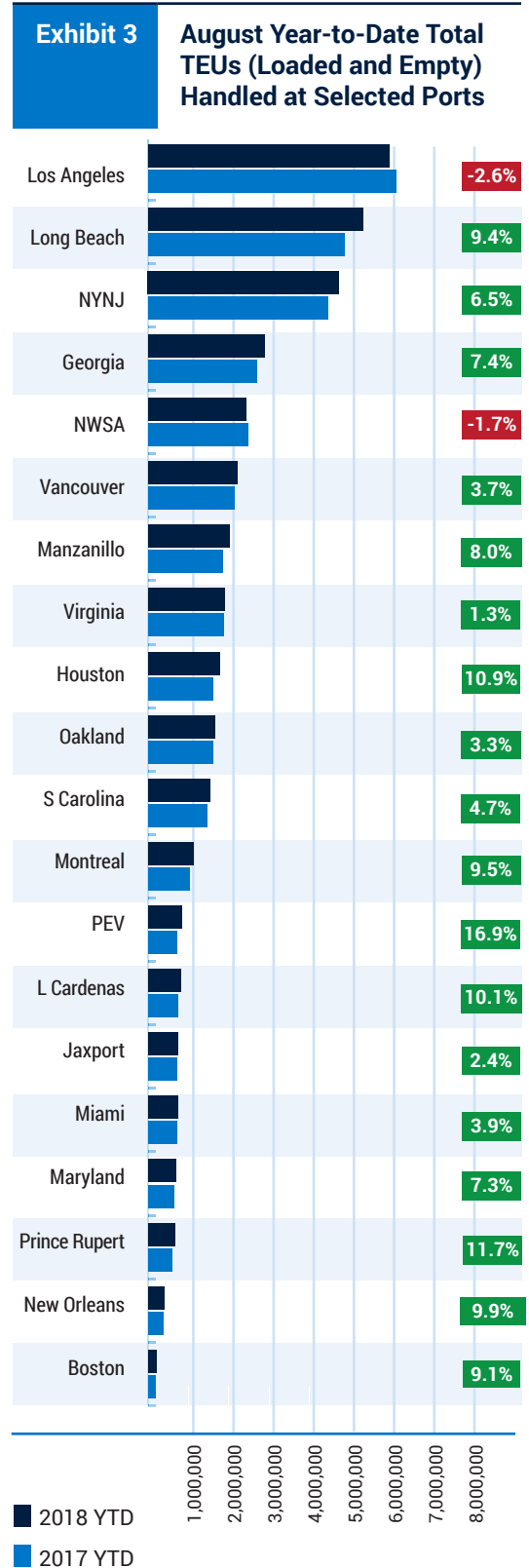
Source Individual Ports



Parsing the August 2018 Numbers Continued

Exhibit 2 August 2018 - Outbound Loaded TEUs at Selected Ports						
	Aug 2018	Aug 2017	% Change	Aug 2018 YTD	Aug 2017 YTD	% Change
Los Angeles	162,466	159,197	2.1%	1,282,738	1,296,492	-1.1%
Long Beach	119,546	117,290	1.9%	1,052,510	955,218	10.2%
San Pedro Bay Totals	282,012	276,487	2.0%	2,335,248	2,251,710	3.7%
Oakland	74,173	77,055	-3.7%	596,185	613,004	-2.7%
NWSA	74,158	80,394	-7.8%	621,966	631,870	-1.6%
USWC Totals	430,343	433,936	-0.8%	3,553,399	3,496,584	1.6%
Boston	13,853	12,325	12.4%	96,233	85,420	12.7%
NYNJ	125,115	125,312	-0.2%	997,945	930,527	7.2%
Maryland	18,715	19,692	-5.0%	156,169	160,711	-2.8%
Virginia	83,512	75,430	10.7%	675,415	672,092	0.5%
South Carolina	66,739	64,959	2.7%	561,438	534,234	5.1%
Georgia	121,582	109,243	11.3%	1,003,935	916,152	9.6%
Jaxport	38,354	38,696	-0.9%	302,207	288,713	4.7%
Port Everglades	44,117	35,787	23.3%	324,149	269,047	20.5%
Miami	37,214	37,553	-0.9%	269,184	260,918	3.2%
USEC Totals	549,201	518,997	5.8%	4,386,675	4,117,814	6.5%
New Orleans	26,013	25,166	3.4%	195,785	187,464	4.4%
Houston	89,345	58,931	51.6%	719,868	652,990	10.2%
USGC Totals	115,358	84,097	37.2%	915,653	840,454	8.9%
Vancouver	87,210	85,380	2.1%	1,132,891	1,102,630	2.7%
Prince Rupert	14,257	14,252	0.0%	138,211	103,974	32.9%
British Columbia Totals	101,467	99,632	1.8%	1,271,102	1,206,604	5.3%
US/BC Totals	1,196,369	1,136,662	5.3%	10,126,829	9,661,456	4.8%

Source Individual Ports



Source: Individual Ports



Parsing the August 2018 Numbers Continued

On the inbound side, the Port of Long Beach saw a 3.6% (-12,686 TEUs) decline in trade from August of last year. Things were nearly as bad next door at the Port of Los Angeles, where the inbound volume fell by 2.8% (-11,906 TEUs). That left the two San Pedro Bay ports with a combined drop of 3.1% (-24,592 TEUs) from a year earlier. By contrast, the Port of Oakland recorded a sharp 9.2% increase (+7,182 TEUs). It would be the only major Pacific Coast port to do so. Up at the Northwest Seaport Alliance (NWSA) Ports of Seattle and Tacoma, import traffic dropped by 3.7% (-4,433 TEUs). Summing up a less than joyful month of August along the U.S. West Coast, the region's five principal container ports handled 21,843 TEUs fewer inbound loaded boxes than they had a year ago, a decline of 2.2%.

The negatives spilled over into British Columbia, where both Vancouver (-7.0% or -10,125 TEUs) and Prince Rupert (-23.3% or -11,592 TEUs) saw substantial drops in imports from last August.

Comparisons with ports along the East and Gulf Coasts tend to be vitiated by weather, a phenomenon strange to West Coast seaports, especially those in California. Houston saw a very sizable year-over-year bump in container traffic in August, much of which can be attributed to the absence this year of a devastating hurricane, Harvey, which dramatically slowed business at the port near the end of last August. (Similarly, Hurricane Florence's mid-September visit to the Carolinas is apt to be reflected in the September TEU counts for Charleston and Savannah.)

All told, the U.S. mainland ports which reported inbound loaded traffic data to us handled 1,975,859 TEUs, a 3.3% (+61,901 TEUs) increase over August of last year.

The USWC share of inbound loaded container trade through our sampling of major U.S. mainland ports in August was 49.2%, down from 51.9% in August of last year.

On the outbound loaded container side of the ledger, trade was generally positive, if tepid along U.S. West Coast. The two big Southern California ports both posted modest year-over-year gains. At Long Beach, loaded outbound moves rose by 1.9% (+2,256 TEUs). Over at the Port of LA,

Exhibit 4 USWC Port Regions' Shares of U.S. Mainland Container Trade, August 2018

	Aug 2018	Jul 2018	Aug 2017
Shares of U.S. Mainland Ports Containerized Import Tonnage from East Asia			
LA/LB	44.6%	45.3%	47.3%
Oakland	4.3%	4.4%	4.2%
NWSA	7.7%	8.2%	7.6%
Shares of U.S. Mainland Ports Containerized Import Value from East Asia			
LA/LB	53.1%	53.3%	55.5%
Oakland	3.9%	4.0%	3.8%
NWSA	9.1%	9.5%	9.9%
Shares of U.S. Mainland Containerized Export Tonnage to East Asia			
LA/LB	38.4%	37.5%	35.3%
Oakland	8.6%	8.8%	8.6%
NWSA	14.1%	13.7%	14.5%
Shares of U.S. Mainland Containerized Export Value to East Asia			
LA/LB	45.3%	45.2%	45.7%
Oakland	10.1%	10.6%	10.8%
NWSA	9.4%	9.2%	10.7%

Source: U.S. Commerce Department.

outbound trade increased 2.1% (+3,269 TEUs), leaving the San Pedro Bay gateway with a combined outbound trade that was up 2.0% (+5,525 TEUs) from August 2017. At the Port of Oakland, outbound trade declined by 3.7% (-2,882 TEUs), while the NWSA ports saw a 7.8% fallback (-6,236 TEUs) in 6.0% increase in loaded export boxes. Collectively, outbound traffic at the five major USWC ports slipped by 0.8% (-3,593 TEUs) from August of last year.

Outbound trades north of the border were also less than impressive. While Vancouver did report a 2.1% (+1,830 TEUs) gain in exports, Prince Rupert saw its export business grow by just 5 TEUs from a year earlier.



Parsing the August 2018 Numbers [Continued](#)

For the month, the mainland U.S. ports we survey (which together account for all but around five percent of the nation's maritime container trade) handled 1,094,902 loaded outbound TEUs or 5.6% (+57,872 TEUs) more than they had in August 2017. The USWC share of those outbound shipments was 39.3%, down from 41.8% a year earlier.

Northwest Seaport Alliance. Statistics compiled by the Pacific Maritime Association show that August imports at the Port of Seattle were down -0.8% (-465 TEUs) from last August, while outbound traffic fell by 12.8% (-5,001 TEUs). At the Port of Tacoma, import containers slipped by 0.6%

(-442 TEUs), while outbound shipments were off by 3.1% (-2,053 TEUs).

Container Traffic at Smaller Ports. Pacific Maritime Association data indicate that Hueneme saw a sharp year-over-year drop in container flows in August, with discharged boxes down 19.1% (1,109 TEUs) and outbound containers off 16.5% (-226 TEUs) from a year earlier. At the Port of San Diego, imports were down 20.7% (-1,280 TEUs) and exports down 20.1% (-54 TEUs). By contrast, imports at the Port of Everett jumped 226.8% (=880 TEUs), while exports declined by 6.6% (-11 TEUs).

Jock O'Connell's Commentary: Smaller Ports in an Age of Tariffs

We have heard an awful lot about how the nation's principal maritime gateways have been affected by higher tariffs in the months since President Trump decided to wage trade wars with...well, just about everyone.

This newsletter has already pointed out that nearly half of the maritime trade that passes through the Ports of Long Beach and Los Angeles involves China, Trump's main global trade foe (if we exclude Canadian Prime Minister Justin Trudeau).

Nationally, nearly every port director and harbor commissioner has challenged the use of tariffs. Officials at the American Association of Port Authorities recently observed that "The impact of expanding Section 301 tariffs on cargo and equipment moving through American ports is already proving to be significant."

Less well reported is the impact the tariffs are having on U.S. smaller ports, especially those who traffic primarily in bulk shipments of commodities such as grains and soybeans. Soybeans, famously, were targeted by Chinese authorities after the White House imposed tariffs on steel and aluminum imports. In July, China started to impose a 25% tariff on the U.S. crop, a bit more than 40% of which makes its way to China via U.S. West Coast ports.

But let's start with rail and steel.

The Port of Stockton in the San Joaquin Delta in northern California has reported job and revenue losses as the result of a slowdown in shipments of 150-meter segments of rail that the Union Pacific Railroad imports from Japan. Manufactured by the Sumitomo Corporation, the rail segments are shipped to Stockton aboard a specially designed vessel, the Pacific Spike. The segments are then welded at the Port of Stockton into 450-meter segments that UP uses in upgrading trackage along its 32,000-mile network in 23 states.

Stockton had been receiving shipments roughly every other month since December 2014. Last year, the trade amounted to 110,457 metric tons or \$89.4 million, according to federal trade statistics. So far this year, the trade has been off by around 30 percent due to tariffs the White House imposed on imported steel and aluminum.

Fortunately, UP eventually was able to obtain a tariff exemption to continue rail shipments. Still, according to Port Director Richard Aschieris, Stockton's "steel tonnages are down about 25% with a loss of about 150 longshore jobs" in one of the state's more economically challenged regions.



Commentary *Continued*

Stockton's liquid fertilizer imports from China have also fallen sharply, although that decline began prior to Trump's election. In 2015, that trade amounted to 241,429 metric tons. The following year, it declined to 197,995 metric tons before tumbling to 36,235 metric tons last year. So far this year, the trade has been negligible, not good news for farms throughout the Central and San Joaquin valleys that use that tariff-afflicted fertilizer.

Stockton isn't alone. Because they are still the principal gateways for Asian imports entering the U.S., the nation's West Coast ports – as well as the trucking lines, warehouses and distribution centers that constitute the maritime supply chain – will absorb a disproportionate share of the tariffs' impact. But larger ports, handling a more diverse array of goods, are better able to withstand the blow of higher tariffs. That is not the case for smaller ports that are primarily in the business of handling bulk shipments from the grain and soybean farms of the Midwest.

Up in the Pacific Northwest, China's retaliatory tariff on U.S. soybeans will hit ports like Kalama, Longview, and Vancouver (Washington) hard during a shipping season that normally starts in August or September, peaks in October and November, and then tails off into early the next spring.

Comparing August 2018 (the latest month for which numbers are available) with the same month last shows that U.S. soybean exports to China had fallen by 94.5% by tonnage and 94.9% by value, according to data from the U.S. Census Bureau's Foreign Trade Division. That has helped drive soybean prices down sharply. That politically sensitive development prompted the White House to engineer a program to compensate soybean growers in the upper Midwest for their losses.

But that subsidy will not benefit anyone along the supply chain from the farm gate to the eventual market.

At the Port of Kalama, soybean exports to all destinations in 2017 totaled \$1.62 billion. That amounted to 48.1% of the port's total export trade last year. Virtually all (98.7%) of those soybean exports went to China. So, the impact

of a collapse of the soybean trade with China is likely to prove very disconcerting for those families whose livelihoods depend on the Port of Kalama.

While still substantial, the impact of the Chinese soybean tariff should be less acute at the nearby Port of Longview, where soybean exports accounted for 31.6% of all exports last year. Still, 99.8% of those soybeans were shipped to China.

At the Port of Vancouver (Washington), soybeans last year accounted for 27.7% of all exports, again with virtually all going to China.

This August, neither Vancouver nor Longview exported any soybeans. However, Kalama did ship 66,000 metric tons of soybeans to China that month – just about the only U.S. port to do so.

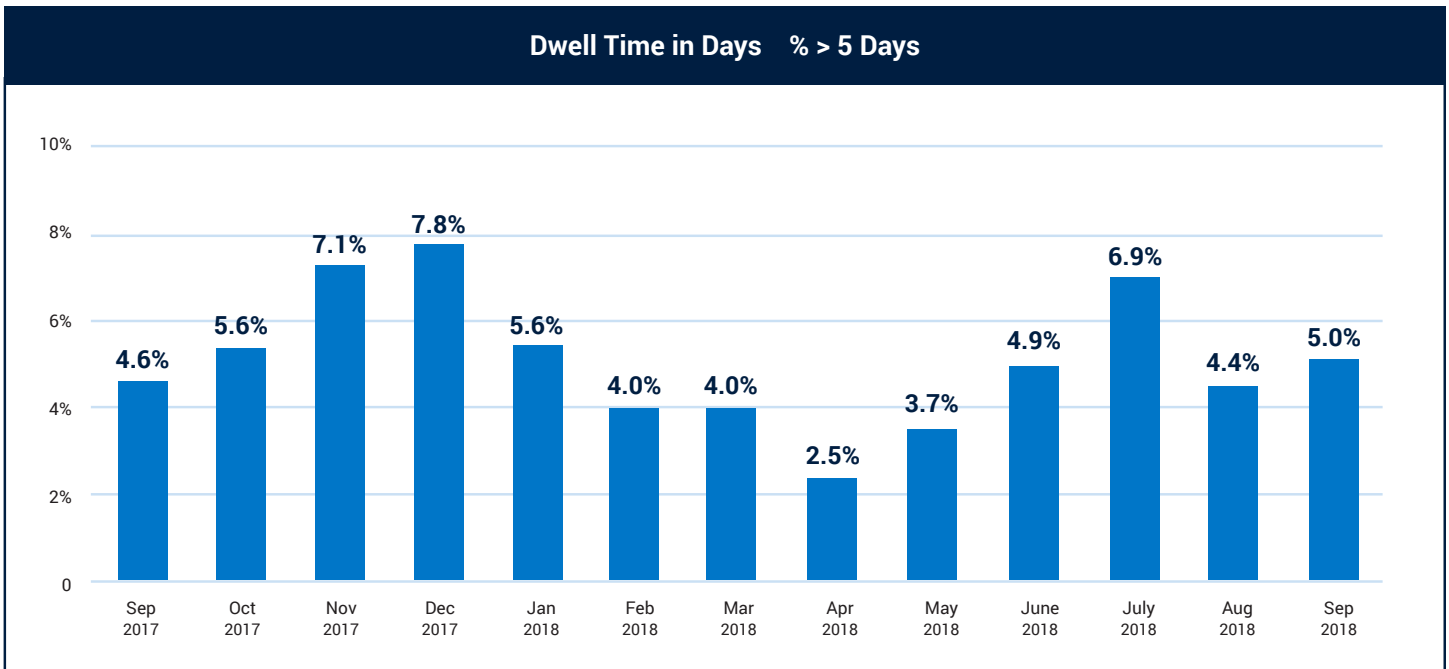
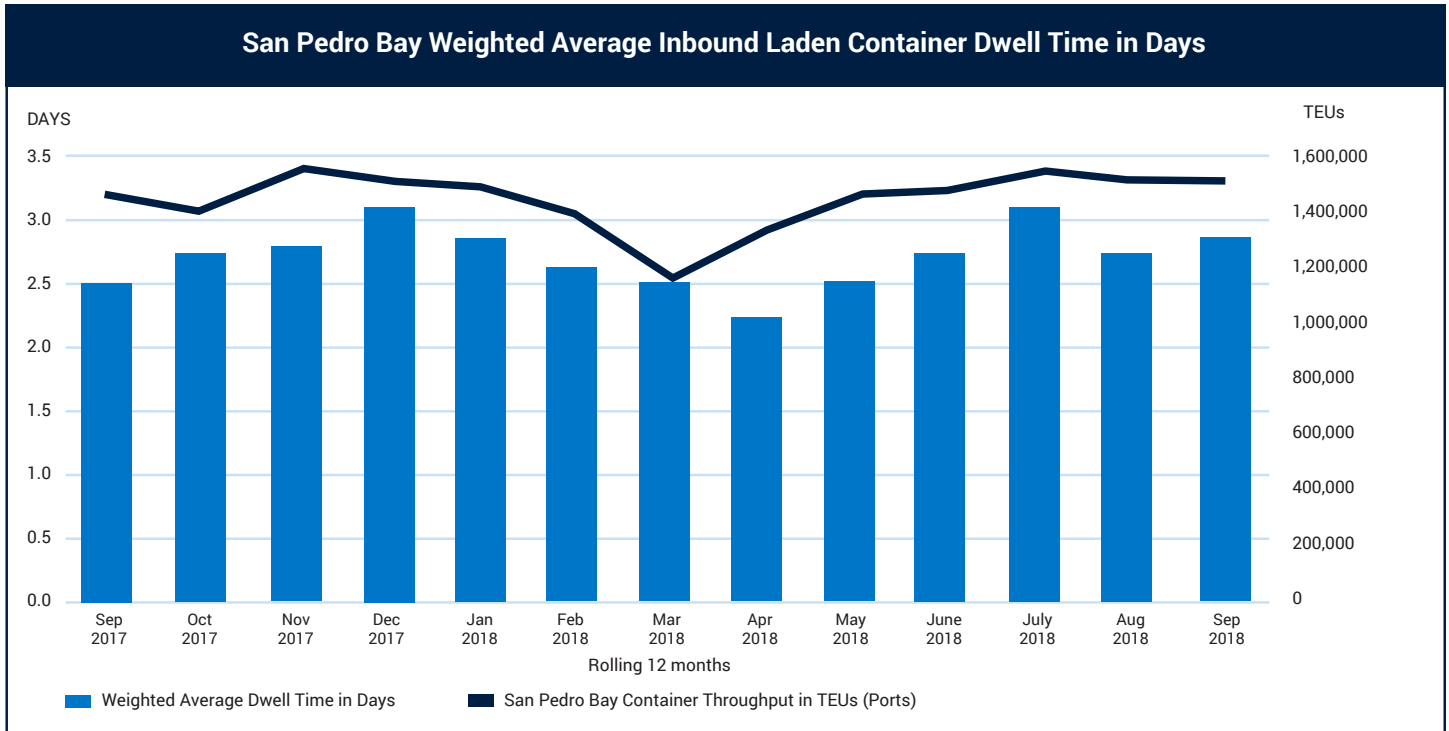
Weather adverse for harvesting soybeans in some parts of the Upper Midwest may be delaying shipments, but it remains that these three small ports are now entering the period when U.S. soybean exports to China have historically surged, with Pacific Northwest ports typically hitting their peaks in October and November. For example, at Kalama in 2017, soybean shipments to China rose from 267,698 metric tons in August to 1,116,299 metric tons in October. The prospects for that happening this year are singularly dim.

We can always hope that Chinese authorities will reduce or remove a tariff that limits their ability to feed pigs so essential to the Chinese diet. Some pundits are confident that Beijing will soon have to give way on this tariff once supplies from Brazil and other soybean producing nations run out this fall. But China has threatened to permanently reduce its dependence on American soybeans by cutting the percentage of soy meal used in pig feed. The soy ration for hogs could be slashed from the normal 20% to 12% without affecting the health of the animals. A reduction of that magnitude would equate to a saving of 27 million metric tons of soybeans per year – an amount equal to over 80% of the volume of soybeans China imported from the United States last year.

In other words, the lost business could become permanent.



September Dwell Time Numbers Are Up





State of the Port Luncheon



Featuring

Chris Lytle
Executive Director
Port of Oakland



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