



September 2020

A First Glimpse at the Containers of August

Note: Because West Coast ports are usually much quicker in releasing their monthly TEU tallies than their rival ports elsewhere in the country, these “First Glimpse” numbers are necessarily incomplete and may give a misleading indication of the latest trends.

Even the most sophisticated maritime trade forecasters, no doubt traumatized by having had a global pandemic make a complete hash of their data points this spring, have been understandably tentative about placing their bets on third-quarter trends. For example, in its outlook published on August 10, the National Retail Federation’s Global Port Tracker (GPT) expected August’s inbound loaded container numbers to be 2.8% higher than July’s but still 7.3% lower than they were in August of last year. However, by the time of its September 9 update, the GPT forecast for August swung around to a gain of 7.3% over July and a 6.0% increase over last August.

What a difference thirty days can make when forecasting months ahead.

So what are the early reporting ports telling us about August?

The nation’s largest maritime gateway, the neighboring Ports of Los Angeles and Long Beach in Southern California’s San Pedro Bay, was extraordinarily busy. For Long Beach, it was its busiest August ever. For Los Angeles, it was its busiest month ever. Import loads of 364,792 TEUs at Long Beach and 516,286 TEUs at Los Angeles made for a remarkable combined total of 881,078 TEUs filled with imported merchandise. That represented a year-over-year gain of 15.9% from August 2019 but also a 5.8% increase from July of this year.

At the Port of Oakland, inbound loads in August were up 9.0% from last year but down ever so slightly (-0.2%) from this July. August, however, was not Oakland’s busiest month ever, or even its busiest August. That occurred in 2018. Further north, the Northwest Seaport Alliance Ports of Seattle and Tacoma recorded a 4.4% increase in import loads over July but a 3.9% drop from August 2019.

Altogether, the five major USWC ports reported a 4.8% bump in inbound loads over July and an even larger 8.5% year-over-year gain.

On the East Coast, Savannah posted a 4.8% increase in inbound loads from last year but also a strong 22.6% jump over July. No doubt in a gesture of empathy with the flailing Red Sox, the Port of Boston’s inbound loaded traffic nosedived by 27.7% from last August and even stumbled 17.0% from July.

Along the Gulf Coast, Houston reported a 5.8% gain in inbound loads over August 2019 and a 14.0% increase over this July.

In British Columbia, Prince Rupert saw a 4.7% year-over-year decline in inbound loads but a relatively slender 5.3% increase over the preceding month of July. By contrast, Vancouver recorded a sharp 14.8% year-over-year jump in inbound loads as well as a 3.9% gain over July. Together, the two Canadian ports posted an 8.2% bump in inbound loads from last August.

On the export side of the ledger, loaded outbound TEUs from the Port of Long Beach were up 1.0% year-over-year but down 10.2% at the Port of Los Angeles, leaving the two San Pedro Bay ports with an overall 5.0% drop in outbound loads from last August. Up the coast, Oakland recorded a slender 1.4% gain in outbound loads from last year. Export loads at the NWSA plunged by 24.6%. Combined, the big five USWC ports saw a 7.7% drop in outbound loads.

Back East, export loads from Savannah were off by 3.0% from last year.

On the Gulf Coast, Houston was down 9.9% year-over year. (Hurricane Laura interrupted port operations at Houston in late August, with the U.S. Coast Guard setting Port Condition Zulu on August 26.)

Up in British Columbia, Prince Rupert posted a 9.8% bump in outbound loads, while Vancouver saw a 16.0% fall-off from last August. Collectively, exports from the two ports were down 12.4% year-over-year.



Parsing the July 2020 TEU Numbers

Please note: The numbers here are not derived from forecasting algorithms or the partial information available from U.S. Customs and Border Protection but instead represent the actual TEU counts as reported by the major North American seaports we survey each month. The U.S. mainland ports we monitor collectively handle over 90% of the container movements at continental U.S. ports.

July 2020 Import Traffic

Most everyone understands that 2020 has been a highly unusual year, and so everyone appreciates that year-over-year comparisons with maritime trade volumes in 2019 might be less than flattering. The forecasting game turned instead to gauging how fast we were recovering from the sheer awfulness of March through May, when inbound loads through U.S. mainland ports plummeted by 13.0% from the same months in 2019.

In its August 10 forecast, the Global Port Tracker (GPT) estimated that import loads in July would be down 10.2% year-over-year. Once it had the TEU tallies from the ports it monitors fully in hand, the GPT released an update on September 9 reporting that container import traffic had actually been down a more modest 2.3% year-over-year, but up a stunning 19.3% percent from June.

For those who simply cannot pass up any opportunity to denigrate the competitiveness of America's West Coast ports, the July numbers were not altogether comforting. Sure, inbound loads through the Port of Los Angeles were down 4.3% (-20,409 TEUs) from a year earlier, but the neighboring Port of Long Beach more than picked up the slack with a 20.3% (+63,457 TEUs) burst in inbound loads. That left the two San Pedro Bay facilities with a combined 5.5% (+43,048 TEUs) bump over the previous July. Meanwhile, the Port of Oakland posted a 6.4% (+5,822 TEUs) increase. Alas, the chronically troubled Northwest Seaport Alliance Ports of Seattle and Tacoma took another hit, with import traffic falling 15.9% (-19,557 TEUs) from July 2019. Still, the five major U.S. West Coast ports recorded a handy 2.9% (+29,313 TEUs) increase over the same month a year earlier.

By contrast, import traffic through U.S. East Coast and Gulf Coast ports was uniformly down in July. Not one of the eleven USEC and USGC ports we monitor posted

positive import numbers. The Port of Virginia fared worst with a year-over-year fall-off of 15.6% (-19,568 TEUs), while Savannah sustained a 6.0% (-11,793 TEUs) drop followed closely by Charleston with a 12.1% (-11,177 TEUs) deficit. The Port of New York/New Jersey was down 3.2% (-10,893 TEUs). Altogether, the nine USEC ports we monitor, handled 7.6% (-68,765 TEUs) fewer inbound loads than they had in July 2019.

That pretty much was also the story at the two Gulf Coast ports we feature, whose combined inbound loads dipped by 8.0% (-9,827 TEUs) from last July.

Diversions of containerized import traffic away from the NWSA ports to the Port of Vancouver and Prince Rupert in British Columbia likely moderated what would probably have been a deeper fall-off in inbound loads through British Columbia. Down just 1.6% (-3,670 TEUs) from July 2019.

For the month of July, the major USWC ports saw their share of containerized imports into mainland U.S. ports jump to 52.0% from 49.3% last year. Still, on a YTD basis, the USWC share remains below last year at this point, 47.9% from 48.2%.

July 2020 Export Traffic

The Ports of Long Beach and Los Angeles resumed their teeter-tottering in July, with outbound loads at Los Angeles plummeting by 21.7% (-34,986 TEUs) while Long Beach saw a 24.1% (+26,948 TEUs) jump from last July. Together, outbound loads at the two Southern California ports were off by 2.9% (-8,038 TEUs).

Outbound loads in July were also down at Oakland (-6.4% or -4,887 TEUs) and at the two NWSA ports (-23.4% or -17,281 TEUs).

That left outbound loads in July through the Big Five USWC ports 7.1% (-30,206 TEUs) shy of last July's total.

The export trade numbers were slightly worse along the Atlantic Seaboard, where export counts were uniformly down, often by double digits, except at JaxPort and Boston. Outbound loads from PNYNJ slid by 14.7% (-30,392 TEUs) from a year earlier, while Charleston shipped 20.1% fewer loaded TEUs. Outbound loads were



Parsing the July 2020 TEU Numbers *Continued*

also down: by 15.3% at Virginia; by 4.5% at Savannah; by 15.7% at Miami; and by 24.6% at Port Everglades. Coastwise, outbound loads at the nine USEC ports we follow were down 9.5% (-98,902 TEUs).

The two Gulf Coast ports we monitor saw outbound loads decline by 7.4 (-9,522 TEUs). Houston was down 5.7%, while New Orleans reported a 14.2% fall-off.

Up in British Columbia, Prince Rupert's 2.2% gain in outbound loads was more than offset by a 4.5% drop at Vancouver.

Altogether, outbound loads from the sixteen U.S. mainland and two British Columbia ports reporting July TEU figures were off by 8.4% (-142,376 TEUs) from last July.

The Big Five USWC ports saw their share of outbound loads sailing from the U.S. mainland ports in July rise to 27.1% from 26.6% a year earlier.

However, the USWC share of outbound loads through the seven major U.S. and Canadian Pacific Coast ports did slip to 79.2% from 79.8% last July.

Weights and Values

Even though the TEU is the shipping industry's preferred unit of measurement, we offer two alternative metrics – the declared weight and value of the goods contained in those TEUs – in hopes of further illuminating recent trends in the container trade along the USWC. While these numbers often contain little good news for USWC port officials, for the month of July things were different.

Exhibit 1	July 2020 - Inbound Loaded TEUs at Selected Ports					
	July 2020	July 2019	% Change	July 2020 YTD	July 2019 YTD	% Change
Los Angeles	456,029	476,438	-4.3%	2,406,662	2,736,705	-12.1%
Long Beach	376,807	313,350	20.3%	2,036,774	2,127,160	-4.2%
San Pedro Bay Totals	832,836	789,788	5.5%	4,443,436	4,863,865	-8.6%
Oakland	96,420	90,598	6.4%	550,784	564,743	-2.5%
NWSA	103,389	122,946	-15.9%	669,197	815,263	-17.9%
USWC Totals	1,032,645	1,003,332	2.9%	5,663,417	6,243,871	-9.3%
Boston	12,242	12,714	-3.7%	79,500	85,912	-7.5%
NYNJ	326,079	336,972	-3.2%	2,034,810	2,183,034	-6.8%
Maryland	46,476	48,807	-4.8%	289,128	309,828	-6.7%
Virginia	105,692	125,260	-15.6%	694,745	798,936	-13.0%
South Carolina	81,530	92,707	-12.1%	562,138	613,115	-8.3%
Georgia	185,548	197,341	-6.0%	1,174,122	1,272,703	-7.7%
Jaxport	28,867	32,505	-11.2%	175,999	209,307	-15.9%
Port Everglades	22,108	25,801	-14.3%	168,620	189,789	-11.2%
Miami	33,029	38,229	-13.6%	227,906	253,330	-10.0%
USEC Totals	841,571	910,336	-7.6%	5,406,968	5,915,954	-8.6%
New Orleans	11,211	12,315	-9.0%	81,173	80,932	0.3%
Houston	102,339	111,062	-7.9%	672,057	715,849	-6.1%
USGC Totals	113,550	123,377	-8.0%	753,230	796,781	-5.5%
Vancouver	160,875	162,908	-1.2%	951,179	1,006,676	-5.5%
Prince Rupert	64,640	66,277	-2.5%	336,890	365,655	-7.9%
BC Totals	225,515	229,185	-1.6%	1,288,069	1,372,331	-4.1%
US/BC Totals	2,213,281	2,266,230	-2.3%	13,111,684	14,328,937	-8.5%
US Total	1,987,766	2,037,045	-2.4%	11,823,615	12,956,606	-8.7%
USWC/BC	1,258,160	1,232,517	2.1%	6,951,486	7,616,202	-8.7%

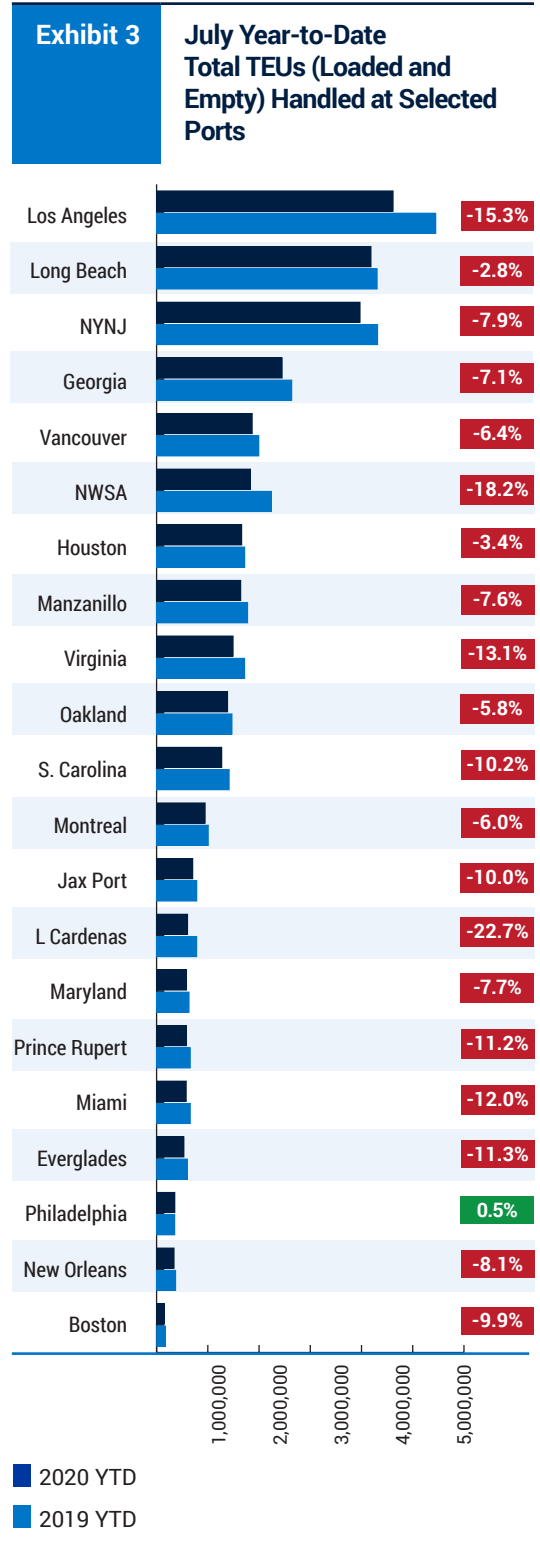
Source Individual Ports



Parsing the July 2020 TEU Numbers Continued

	July 2020 - Outbound Loaded TEUs at Selected Ports			July Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports		
	July 2020	July 2019	% Change	July 2020 YTD	July 2019 YTD	% Change
Los Angeles	126,354	161,340	-21.7%	874,463	1,070,020	-18.3%
Long Beach	138,602	111,654	24.1%	872,823	843,879	3.4%
San Pedro Bay Totals	264,956	272,994	-2.9%	1,747,286	1,913,899	-8.7%
Oakland	71,527	76,414	-6.4%	533,953	540,065	-1.1%
NWSA	56,547	73,828	-23.4%	467,887	527,557	-11.3%
USWC Totals	393,030	423,236	-7.1%	2,749,126	2,981,521	-7.8%
Boston	8,692	6,418	35.4%	42,491	46,617	-8.9%
NYNJ	175,859	206,251	-14.7%	762,352	859,533	-11.3%
Maryland	17,528	19,175	-8.6%	124,032	134,468	-7.8%
Virginia	68,594	80,955	-15.3%	534,426	574,805	-7.0%
South Carolina	57,628	72,126	-20.1%	446,963	486,854	-8.2%
Georgia	112,464	117,790	-4.5%	857,698	878,422	-2.4%
Jaxport	48,254	41,165	17.2%	282,547	289,444	-2.4%
Port Everglades	25,867	34,328	-24.6%	190,449	244,599	-22.1%
Miami	28,930	34,304	-15.7%	207,186	241,207	-14.1%
USEC Totals	936,846	1,035,748	-9.5%	3,448,144	3,755,949	-8.2%
New Orleans	21,460	25,021	-14.2%	166,247	174,178	-4.6%
Houston	98,509	104,470	-5.7%	733,098	726,962	0.8%
USGC Totals	119,969	129,491	-7.4%	899,345	901,140	-0.2%
Vancouver	87,432	91,521	-4.5%	616,088	673,589	-8.5%
Prince Rupert	15,740	15,397	2.2%	116,296	117,044	-0.6%
British Columbia Totals	103,172	106,918	-3.5%	732,384	790,633	-7.4%
US/Canada Total	1,553,017	1,695,393	-8.4%	7,828,999	8,429,243	-7.1%
US Total	1,449,845	1,588,475	-8.7%	7,096,615	7,638,610	-7.1%
USWC/BC	496,202	530,154	-6.4%	3,481,510	3,772,154	-7.7%

Source: Individual Ports



Source: Individual Ports



Parsing the July 2020 TEU Numbers Continued

Exhibit 4 USWC Ports Shares of Worldwide U.S. Mainland, July 2020

	July 2020	June 2020	July 2019
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	30.3%	29.4%	28.0%
Oakland	4.4%	4.5%	4.1%
NWSA	4.8%	4.8%	5.2%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	37.3%	37.9%	35.5%
Oakland	4.0%	4.1%	3.6%
NWSA	6.3%	5.8%	6.8%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	21.8%	20.0%	20.4%
Oakland	6.3%	6.1%	5.8%
NWSA	6.9%	7.2%	7.6%
Shares of U.S. Mainland Containerized Export Value			
LA/LB	21.9%	21.7%	19.9%
Oakland	7.4%	6.8%	6.0%
NWSA	4.2%	4.3%	4.3%

Source: U.S. Commerce Department.

Exhibit 4: USWC Ports and the Worldwide Container Trade. Exhibit 4 features some unusual numbers on containerized imports (regardless of point of origin) entering mainland U.S. ports. The two San Pedro Bay ports actually saw their combined percentage of containerized import tonnage grow to 30.3% from 28.0% a year earlier. The two also enjoyed a sizable bump to 37.3% from 35.5% in their joint share of the declared value of U.S. containerized imports. Meanwhile, the Port of Oakland's share of import tonnage rose to 4.4 from 4.1% a year ago, with its share of import value also edging up to 4.0% from 3.6%. Further north, the two NWSA ports saw their combined share of import tonnage decline to 4.8% from 5.2% and, in value terms, to 6.3% from 6.8%.

On the export side, the Southern California ports gained

Exhibit 5 USWC Ports Shares of U.S. Mainland Trade With East Asia, July 2020

	July 2020	June 2020	July 2019
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	47.3%	46.3%	44.5%
Oakland	4.6%	4.9%	4.4%
NWSA	6.8%	6.5%	7.5%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	54.0%	54.6%	52.3%
Oakland	4.7%	4.7%	4.1%
NWSA	8.7%	7.8%	9.8%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	34.8%	29.7%	35.7%
Oakland	8.5%	7.8%	9.1%
NWSA	10.0%	10.4%	12.9%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	42.3%	39.1%	40.9%
Oakland	12.0%	10.8%	10.9%
NWSA	7.6%	7.6%	9.0%

Source: U.S. Commerce Department.

market share in both tonnage and value terms. Oakland fared even better with significant year-over-year gains in both export value and export tonnage. Not so positive were the numbers for the NWSA ports, who saw their combined share of U.S. containerized export tonnage slide while their share of export value edged down.

Exhibit 5: USWC Ports and the East Asia Trade. The numbers on containerized imports arriving at U.S. mainland ports from East Asia in July brought at least a momentary reversal of the downward trends USWC ports had been enduring for years. The Ports of Los Angeles and Long Beach saw their combined share of containerized import tonnage from East Asia swell to 47.3% in July from 44.5% a year earlier. At the same time, their collective share of containerized import value rose



Parsing the July TEU Numbers Continued

to 54.0% from 52.3%. Elsewhere along the coast, Oakland improved on both measures, but the NWSA ports suffered declines in both import value and tonnage shares.

Exports were a different story, though. On the outbound side, the San Pedro Bay ports' share of containerized export tonnage to East Asia dipped to 34.8% from 35.7% a year earlier. However, their combined share of the value of those containerized imports rose to 42.3% from 40.9%. Oakland likewise experienced a sizable decline in its share of export tonnage but grew its value share. Meanwhile, the two NWSA ports sustained declines in their share of U.S. containerized export tonnage and value.

Market Share Update

We offer three exhibits here documenting the market share shifts in containerized imports since 2003, the earliest year for which comparable tonnage data are available.

Exhibit 6 shows the changes in market share among the three coasts for all containerized imports (by tonnage) at U.S. mainland ports.

In 2003, the USWC share stood at 43.5%, with USEC ports with a slightly higher 44.6% share followed by USGC ports with their 12.7% share of all containerized import tonnage entering U.S. mainland ports. By last year, the USWC share had tumbled to 37.9%, far behind the 50.8% USEC share. The USGC share meanwhile had dipped to 11.8%. Through July of this year, the USWC share had ebbed lower to 37.5%, while the USEC share remained unchanged at 50.8%. The USGC share meanwhile edged higher to 12.2%.

Exhibit 7 covers the same period but looks exclusively at containerized import tonnage from East Asia, the critical eastbound transpacific trade. At the outset, the USWC

Exhibit 6 Comparative Coastal Shares of Containerized Import Tonnage from All Nations: 2003-2020 (July YTD)

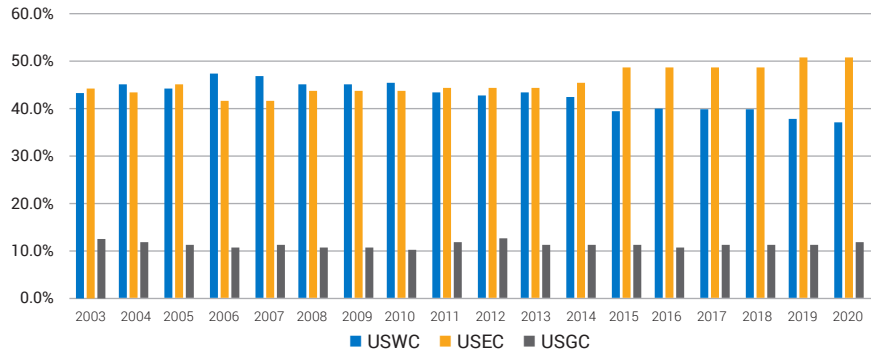


Exhibit 7 Comparative Coastal Shares of Containerized Import Tonnage from East Asia: 2003-2020 (July YTD)

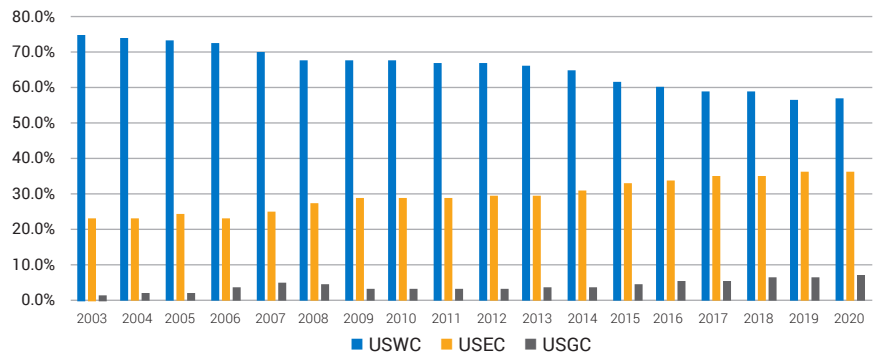
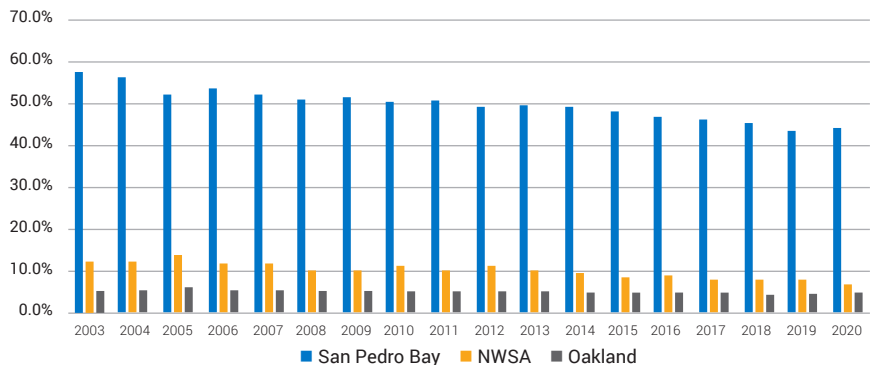


Exhibit 8 Comparative Coastal Shares of Containerized Import Tonnage from East Asia: 2003-2020 (July YTD)

Source: U.S. Commerce Department





Parsing the July TEU Numbers *Continued*

enjoyed a dominant 75.1% share of the trade, far eclipsing the USEC share of 23.6% and the USGC's meager 1.6% slice of the trade. By last year, the USWC share had shrunk to 56.4%, while the USEC share had grown to 36.5% and that of the USGC ports to 7.1%. Through July of this year, the shares have not appreciably changed.

Exhibit 8 considers how the three principal USWC maritime gateways have fared in their respective shares of the inbound container trade from East Asia.

As the lines indicate, only the Port of Oakland has maintained a steady share of the trade, averaging 4.7% throughout the period from 2003 to 2020. The San Pedro Bay ports have seen their combined share decline from 57.4% in 2003 to 43.4% last year but back up to 44.0% through the first seven months of this year. The NWSA share, 11.9% in 2003, peaked at 13.4% two years later and then has suffered a nearly steady decline to 7.8% last year and 7.2% through July of this year.

Who's #1?

Because the Port of New York/New Jersey does not exactly post its monthly TEU counts in a New York Minute, July is currently the most recent month for which comparable statistics are available for ranking the nation's three busiest ports. So, for the record, ***the Port of Los Angeles was the nation's busiest container port in July*** with total traffic (loaded + empty) amounting to 856,389 TEUs. The Port of Long Beach ran second with 753,081 TEUs, while PNYNJ placed far behind in third place with 607,463 TEUs.

For the finicky few who think empty boxes should not count, there is no change in the rank order. Los Angeles handled 582,382 loaded TEUs as opposed to 515,409 laden TEUs at Long Beach. Trailing well behind in third was PNYNJ with just 428,819 laden TEUs.

The YTD totals (loads + empties) for the first seven months of the year showed Los Angeles in the lead with 4,618,277 TEUs. Long Beach with 4,186,116 TEUs bested PNYNJ's total of 3,973,088 TEUs. Strictly in terms of loads, LA handled 3,281,127 laden TEUs through July, with Long Beach (2,909,597 TEUs) beating PNYNJ (2,797,162 TEUs).

So what about Savannah? The aspiring Georgia port has been making a lot of noise lately with claims of shipping prowess that seem to stretch the numbers

more than a wee bit. Take, for example, an August 24 press release from the Georgia Port Authority (GPA) bearing the headline "Savannah takes top spot for U.S. container shipping." As the release contends: "The Port of Savannah exported more loaded containers than any other port in the country from January through May, achieving a 12.2 percent market share. Garden City Terminal handled a total of 593,195 TEUs of loaded exports during the first five months of the calendar year."

Really? PMSA begs to differ.

The GPA release provides a list of what it alleges are the loaded outbound TEU counts at the nation's ten largest seaports in the period from January through May. GPA attributes the numbers to PIERS, the for-profit box counting outfit whose container traffic numbers often fail to jibe with what the nation's ports themselves report.

Exhibit 9 displays the disparities between the PIERS tallies cited in the Georgians' press release and the container statistics posted by each of the ten largest U.S. ports, including the Georgia Port Authority itself. The rank order is according to the GPA. Please note that, while the GPA says PIERS concludes that Savannah shipped 593,195 laden TEUs through the first five months of

Exhibit 9 Disparate Export TEU Tallies: GPA/PIERS vs. Ports

Port	PIERS Number	Port Number	% Variance	TEU +/- Variance
Savannah	593,195	627,810	94.5%	34,615
Los Angeles	557,399	638,524	87.3%	81,125
PNYNJ	530,504	561,843	94.4%	31,339
Houston	521,500	536,954	97.1%	15,454
Long Beach	517,207	616,683	83.9%	99,476
Norfolk	354,052	394,241	89.8%	40,189
Oakland	336,943	391,788	86.0%	54,845
Charleston	317,890	331,400	95.9%	13,510
NWSA	341,154	340,908	100.1%	(246)
Top Ten Totals	4,069,844	4,440,151	91.7%	(370,307)



Parsing the July TEU Numbers Continued

this year, the GPA’s own website lays claim to having handled 627,810 loaded outbound TEUs. (Right hand, meet left hand.)

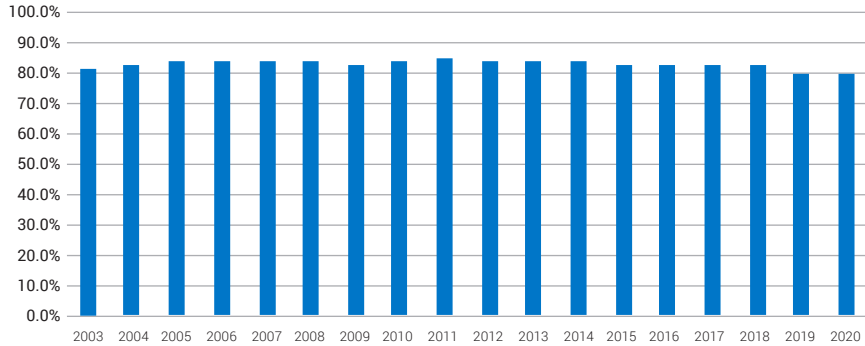
There are obvious and, at times, very considerable differences between the PIERS numbers cited by the Georgia Port Authority and the outbound loaded TEU counts claimed by the respective ports. In weighing the merits of these contrasting columns of numbers, we are inclined to side with the figures compiled by the ports, if only because their tallies come from terminal operators who derive revenue from each and every box they handle and because they appreciate their statistics may ultimately be audited by representatives of Beneficial Cargo Owners or by the Internal Revenue Service.

Therefore, despite the claim of publicists at the Georgia Port Authority, we are confident that the Port of Los Angeles was really the nation’s container export leader in this year’s first five months, a conclusion that would come as no shock to anyone associated with the maritime industry.

One Final Observation

Sometimes when you are focused on the latest fire that needs dousing, the big picture is often overlooked. So we thought it would be helpful to draw attention to a comment recently made to The Wall Street Journal’s Costas Paris by the Port of New York/New Jersey’s Sam Ruda: “The West Coast, which has been dominated by Asia trade, is losing market share. The East Coast is growing because we have Asia trade, European trade, the Mediterranean trade and the Caribbean trade.”

Exhibit 10 USWC Ports’ Dependence on Trade with East Asia: 2003-2020 (July YTD) Source: U.S. Commerce Department



Jock O’Connell’s Commentary:

Noch einmal Holzzellstoff, Herr Ober.

The Port of Savannah has lately been trying to pass itself off as America’s foremost gateway for containerized agricultural exports. Back in June, Georgia Governor Brian Kemp even went so far as to boast to the American Journal of Transportation: “As this country’s No. 1 port for the export of agricultural products, Savannah provides vital support for the state and nation, helping our farmers reach overseas buyers efficiently.”

I deign to quibble, sedulously.

First off, it’s flat out wrong to think that containerized shipments represent a significant share of U.S. agricultural exports. In tonnage terms, for example, the two largest categories of U.S. agricultural exports are – not surprisingly – Cereals and Oil Seeds (Harmonized System classification codes 10 and 12, respectively). Last year, oceanborne exports of these two commodities totaled 116,861 million metric tons (mmt). Of that, just 10.9% (12,721 mmt) were shipped in containers. In neither category did Savannah figure as a prominent export conduit.

Secondly, Savannah’s boast has some validity only if you believe wood products ought to be considered as agricultural commodities. Technically, I guess we should. Trees do grow from the earth, like corn, wheat, and soybeans. And, in fact, timber and forest products are statutorily considered agricultural commodities under 7 U.S. Code §1518.



Commentary Continued

Still, I don't believe Chemical Woodpulp (HS 4703), Savannah's top export commodity by weight, is likely to turn up on the tasting menu when I'm dining abroad. (Personal experience does suggest, though, it could have been the main ingredient in a brand of cigarettes popular in Moscow in the mid-1970s.)

More to my point, Woodpulp (Holzzellstoff, in German) does not turn up in export reports from the U.S. Department of Agriculture (USDA), the federal government's official bean counter when it comes to all things agricultural. Perhaps unfairly to Savannah, USDA seems to think mainly in terms of food and fiber for humans and livestock and such non-edibles as cotton and tobacco. Nothing the least bit woody, though.

None of this is to say that Savannah is not a major point of departure for overseas shipments of items widely recognizable as food. Last year, some 1,015 mmt of the 5,489 mmt of U.S. maritime exports of Meat and Edible Meat Offal (HS 02) sailed from the port, mostly (96.7%) in containers, making the Georgia port the nation's leader in overseas shipments of this particular commodity...but only on a tonnage basis.

In terms of dollar value, overall U.S. seaborne exports of Meat and Edible Meat Offal last year were valued at \$13.15 billion. Savannah's share (\$944.9 million) was just 7.2%. By contrast, the Port of Oakland held a 29.2% share, while the two San Pedro Bay ports accounted for another 28.1% of the trade. Indeed, in 2019, U.S. West Coast ports accounted for 61.9% of the value of U.S. HS 02 exports by sea. Which only goes to show that pork and beef are both more valuable than chicken parts.

If you're serious about agricultural exports, you really have to talk about Cereals (corn, wheat, rice) and Oil Seeds (soybeans and forage crops) in 2019. At least those are the commodities on which trade negotiators and politicians counting on the farm vote lavish their attention. But Savannah doesn't figure prominently as an exporter of either. Savannah's share of America's Cereal exports by sea (59,753 mmts) amounted to all of 0.3%. Its share of Oil Seed exports (55,717 mmts) was a more respectable, but still meager 4.6%.

The nation's biggest exporter in the Cereal and Oil Seed trades has long been the Port of New Orleans, chiefly by virtue of being the export terminal for farm products

barged down the Mississippi from sundry Midwestern states. Last year, New Orleans held a 29.3% share of U.S. exports of Cereals and 25.6% of Oil Seed exports. Of particular interest to West Coast readers, 26.0% of the Oil Seeds trade was funneled through ports in Washington State last year. Meanwhile, ports in Washington State (led by the Columbia River ports of Kalama, Vancouver, and Longview) and Oregon handled 35.2% of America's Cereal export trade in 2019.

So, what about Oakland? Long regarded as an indispensable partner of California's robust agricultural economy (by far the nation's biggest), the Port of Oakland last year handled \$18.15 billion in containerized exports. On a dollar value basis, the port's leading export commodities were not high-tech products from nearby Silicon Valley. (Those principally depart by air from the Bay Area's three international airports.) Nor were they Elon Musk's Teslas manufactured in nearby Fremont. (They go out of the Port of San Francisco across the Bay.) Instead, Edible Fruits and Nuts accounted for 26.2% of Oakland's exports, while Meat and Edible Meat Offal accounted for another 20.8%. Beverages (wouldn't you know) and Dairy Products (say cheese) together accounted for another 8.7% before the first non-agricultural commodity (Industrial Machinery) joined the list of Oakland's top exports by value.

The Port of Oakland's especially vital role in supporting Northern California's vast and diverse agricultural economy should come as no surprise, unless, of course, you're a clueless government official in Sacramento. Apart from the fact it is often the last West Coast stop for vessels heading back across the Pacific, its location could hardly be more ideal. The port sits at the center of what is arguably the most valuable agricultural real estate on the planet, an arc of farms, ranches, dairies, and wineries that stretch from coastal Sonoma County to the north through Napa's wine country before sprawling out into the Great Central Valley and then sweeping back to the coast through the Salinas Valley and Monterey County.

As **Exhibit A** indicates, Oakland last year accounted for 47.7% of the nation's entire export trade of containerized Edible Fruits and Nuts (HS 08). The two San Pedro Bay ports collectively held a 26.2% share, while the Northwest Seaport Alliance Ports of Tacoma and Seattle handled 19.4% of the trade.



Commentary Continued

As Exhibit A further reveals, the Big Five USWC ports shipped more than 93% of the nation's containerized exports of Fruits and Nuts last year. Of more than passing note, Oakland has steadily overtaken the San Pedro Bay ports as the country's leading export gateway for these treats in the years since the Great Recession. The reason has less to do with port efficiency but rather to the explosive increase in the production of almonds, pistachios, and walnuts in recent years, much of which has been geared to meet foreign demand and almost all of which comes from counties within 175 miles of Oakland.

According to the Agricultural Issues Center at the University of California at Davis, almond orchard acreage more than doubled from just over 510,000 acres to more than 1 million acres from 2000 through 2018. During the same period, yield per acre surged from just under 1,400 pounds to about 2,000 pounds. Just under two-thirds (65.9% last year) of the state's almond production is exported. Similarly, 64.3% of California's walnut production in the latest marketing year was exported.

California, according to the American Pistachio Growers, produces 99% of the nation's crop, with a farm gate value of \$1.6 billion to the state's economy. (Farm gate value is essentially what the farmer gets.) In 2017, before tariff wars erupted, U.C. Davis researchers found that some 78% of the state's pistachios found their way to foreign markets. Pistachios are now second only to almonds among California's leading agricultural exports, outranking dairy products, wine, and walnuts, table grapes, and rice.

Oakland's proximity to the Sacramento and San Joaquin Valleys, where the great majority of the state's nut crops are grown, has propelled the growth of its farm

Exhibit A Port Shares of Containerized U.S. Fruit & Nut Exports

Source: U.S. Commerce Department

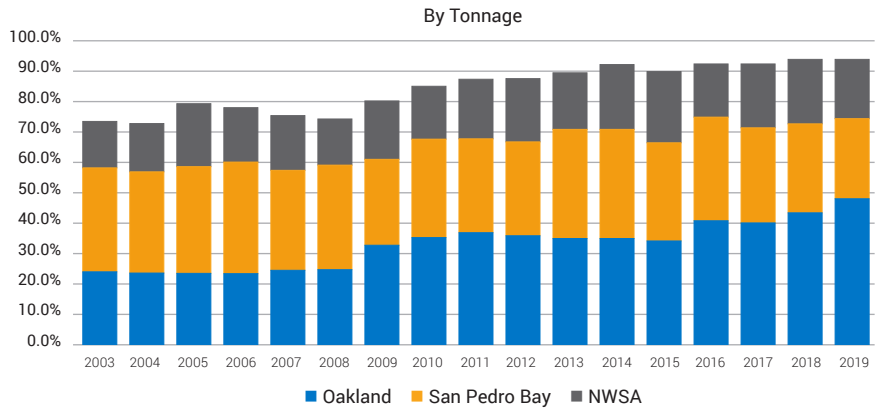


Exhibit B Oakland's Dominance of U.S. Seaborne Wine Exports

Source: U.S. Commerce Department

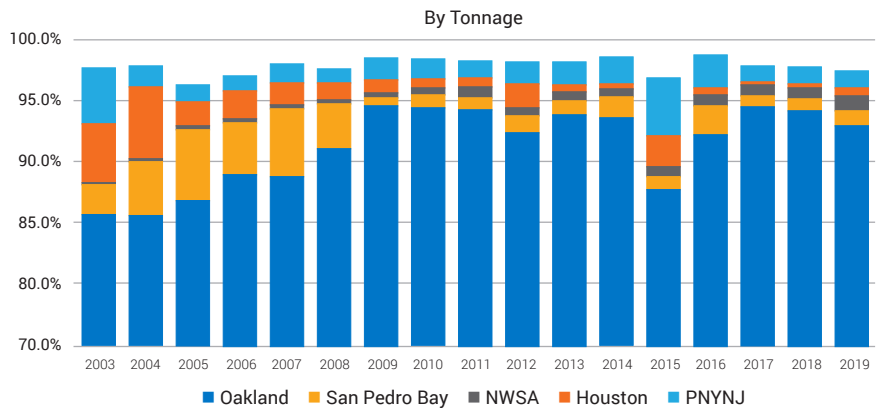
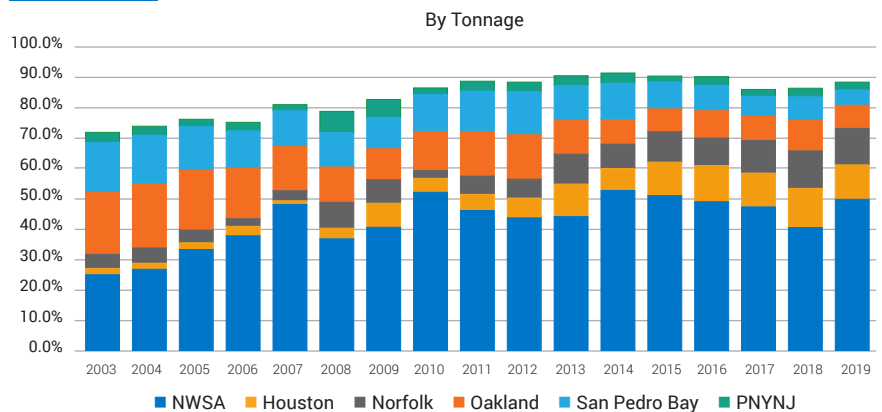


Exhibit C Port Shares of Containerized U.S. Exports of Edible Vegetables

Source: U.S. Commerce Department





Commentary Continued

export trade from a 44.5% share of all U.S. nut exports (by tonnage) in 2003 to a 68.9% share last year.

Would you care to see our wine list, madam? If you were to order a bottle of American wine while traveling abroad, there's a 91.7% chance it was produced in California. That's according to the folks at the UC Davis, where they know a thing or two about grape-growing, wine-making, and marketing. While most consumers probably think Napa when they think about California wines, nearly 80% of the state's wine grapes are actually grown and vented in the hot, dry expanse of the San Joaquin Valley.

So it is not entirely surprising that the Port of Oakland is the preferred port for California's wine exporters, as **Exhibit B** clearly attests. Oakland's extraordinarily high share of the trade (91.3% in 2019) reflects both its proximity to Northern California's wine-producing regions but also the rapid increase in wine production in the upper San Joaquin Valley around Lodi and in the Sierra Foothills (Nevada and Placer Counties).

In many instances, American travelers might not recognize the wineries shown on the labels of American wines sold abroad. That's because almost sixty percent of U.S. wine exports (58.0% last year) are bulk wines shipped in tanks or bladders that may hold as much as 24,000 liters. Most of these bulk wines have been exported to English bottlers for distribution throughout Europe, often under fanciful labels. (Chateau de Turlock?) How, exactly, the United Kingdom's departure from the European Union will affect this business remains to be seen.

Wines shipped in bulk are not necessarily all in the "vin de plonk" category, although on average their value per kilogram is generally three times less than wines exported in bottles. For a variety of reasons, though, bulk wine shipments are gaining in popularity among wine exporters and importers. Shipping costs are lower, as is the environmental impact, since a 24,000 liter plastic bladder contains the equivalent of 32,000 bottles of wine, meaning that tons and tons of glass bottles don't have to make the long-haul trip.

How about a side dish of wholesome vegetables from America? If you're a really finicky eater, and it's a plate of mixed grown-in-the-USA greens you want with your dinner abroad, **Exhibit C** indicates they more than likely traveled your way through USWC ports, especially the Northwest Seaport Alliance Ports of Tacoma and Seattle. Together, those two gateways accounted for 49.8% of containerized U.S. exports of Edible Vegetables (HS 07) last year. Savannah's share? Oh, that would be all of 0.2%.

What's the next big agricultural export commodity that will come through USWC ports? How about all of those forest leaves we'll be raking once the western fires subside. While it's not clear there's much of an overseas market for mulch, there are definitely lots of empty outbound containers begging to be filled.

Disclaimer: The views expressed in Jock's commentaries are his own and may not reflect the positions of the Pacific Merchant Shipping Association.

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State should partner with ports and agriculture to spur economic recovery

By John Stuhlmiller, CEO of the Washington Farm Bureau and John McLaurin, President, Pacific Merchant Shipping Association

It would be an understatement to say 2020 is a tough year. Employment in all economic sectors around the state, except for health care, has cratered. There continue to be heroic efforts to make sure people have food, shelter and the other supplies basic to life and health. Much of the heavy lifting continues to be done by the people who grow the food and those who move it to where it needs to be. The governor, Legislature and local elected officials throughout the state need to focus on making sure that these essential goods can continue to move in the most efficient and cost-effective way possible.

Besides providing the necessities of life, our state's growers provide tens of thousands of jobs and, with our ports, our best chance to recover economically. With more than 39,000 farms and ranches spread throughout the state, Washington state agriculture is found in every corner of the state and makes up 12% of the state's overall economy.

Equally important to the state and critical to the success of the state's farmers is the health of Washington's ports. Sea and river port gateways are a fundamental part of the agriculture industry's supply chain, and ability to export and compete in a global market.

According to the Washington State Department of Agriculture, the state is the third largest exporter of agricultural products in the U.S. — with more than \$6.7 billion in food and agricultural products exported through Washington ports.

Equally important, the Northwest Seaport Alliance, involving the ports of Seattle and Tacoma, supports more than 58,000 jobs throughout the state. Port-related jobs are some of the highest paid blue-collar jobs in the state. Port workers, truckers, marine-terminal operators and other supply-chain entities have managed to weather the health crisis in a safe and effective manner.

Agriculture and ports are partners, competing in an international marketplace. Their past success cannot be taken for granted. Others around the world want to attract cargo away from our ports. Farmers in other states and countries want to be the go-to supplier of apples, cherries, potatoes and hay. Due to the aggressive policies and actions of other ports, state and national governments, we have seen a drop in the NW Seaport Alliance port market share over time.

So, what can the state do to ensure that we continue to be competitive?

First, fix the failing infrastructure that prevents marine terminals from operating efficiently. The most glaring failure currently is the West Seattle Bridge. Mitigating the effects of the closure of the high bridge and prioritizing freight on the lower is essential. Obviously, the long-term solution is either repairing or rebuilding this regional economic asset.

Second, work with industry and labor to make sure the regulatory environment is effective and reasonable. Policies should take a holistic approach, requiring not just environmental benefits, but also incentivizing the private sector to adapt and grow. As an example, the partnership between the NW Seaport Alliance and their customers has yielded huge reductions in emissions in particulate matter and greenhouse-gas reductions. More is being done.

Finally, make agriculture and ports a centerpiece of economic recovery. When the virus is contained and we need to jump-start the economy, agriculture and port related businesses will be essential partners in that effort.

This OpEd was originally published in the Seattle Times.



Dwell Time Is Up for August

