



A First Glimpse at January's TEU Counts

Note: *The ports we survey take anywhere from a few days to a few weeks to report their container trade statistics. Because West Coast ports are generally 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.*

Several ports have already announced their January container tallies. First to do so was the Port of Long Beach, which reported that inbound loaded TEUs in the year's first month totaled 364,255. While that represented a 17.5% (+54,294 TEUs) jump over the first month of 2020, it marked a 10.3% fall-off from the 406,072 inbound loads the port handled in December. January was Long Beach's least busy month for inbound loads since last June.

Next door at the Port of Los Angeles, inbound loads totaled 437,609 TEUs, up 5.5% from a year earlier but down 5.0% from December. As was the case at Long Beach, January yielded the smallest number of inbound loads at the port in any month since June.

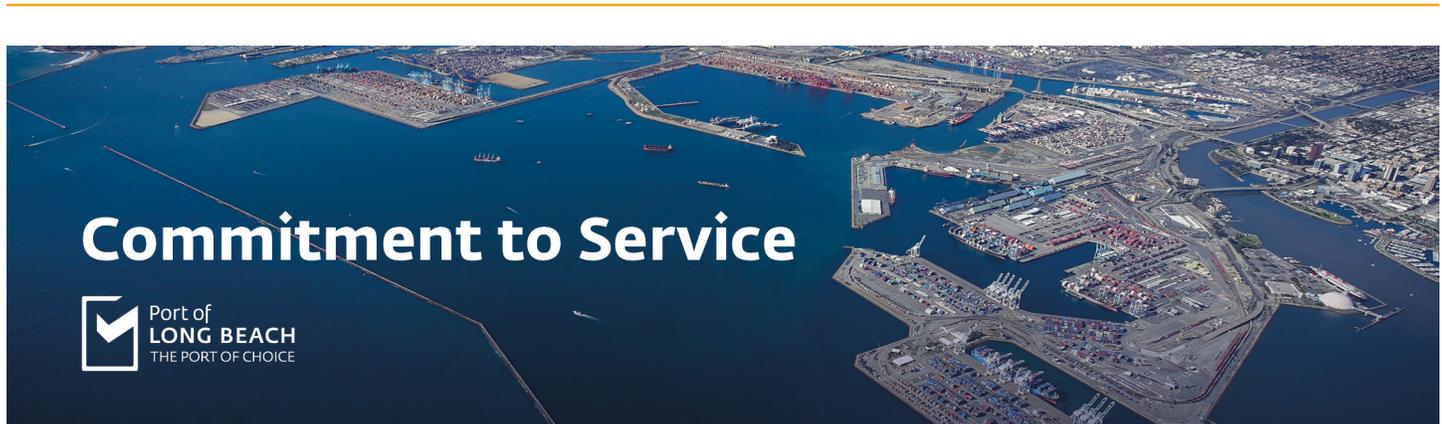
Up the coast, the Port of Oakland continued to be impaired by the congestion at San Pedro Bay. Inbound loads in January were down 11.9% from a year earlier and by 14.2% from December. On a brighter note, Oakland received its first first-call visit in years by a major carrier

servicing the transpacific trade on February 12 when CMA CGM's *Africa Four* sailed under the Golden Gate Bridge and berthed at the Oakland International Container Terminal. The 745-foot long ship has a listed container capacity of 3,650 TEUs, making it one of the smaller container vessels regularly plying the transpacific trade. The new weekly service will link Oakland with the Chinese ports of Shanghai, Yantian, and Kaohsiung. After calling at Oakland, the service will swing by Seattle before heading back to China.

Further up the coast, the Northwest Seaport Alliance (NSA) Ports of Tacoma and Seattle started the year with a 10.9% year-over-year increase in import loads to 114,083 TEUs. January's imports were also down 6.8% from December. Looking ahead, Wan Hai Lines has announced a new first-call at Seattle for its independent AA5 service. The service will start in mid-March about the same time that ZIM will initiate a new expedited transpacific service at Tacoma.

Altogether, the five major U.S. West Coast container ports saw an 8.5% (+77,911 TEUs) increase in inbound loads from January 2020. This January's volume was also down 8.0% (-86,276 TEUs) from December.

The two ports in British Columbia we track both recorded year-over-year gains in January. Inbound loads at Prince





A First Glimpse at January's TEU Counts [Continued](#)

Rupert edged up 2.2% (+1,095 TEUs), while Vancouver posted a 12.2% (+17,577 TEUs) increase over January 2020. Together, the two saw a 9.7% (+18,672 TEUs) year-over-year increase. However, January inbound loads were down 6.7% from December.

Back East, Savannah (+23.2%), Virginia (+20.1%), and Charleston (+5.3%) reported year-over-year gains in the year's first month. Comparing January with December shows inbound loads were up at Virginia (+5.9%), Savannah (+3.6%), and Charleston (+2.0%).

Export numbers along the USWC in January were down by 9.7% (-38,927 TEUs) from a year earlier. Long Beach did post a 7.0% year-over-year gain in outbound loads, but that was more than offset by a 19.5% plunge at Los Angeles, leaving the San Pedro Bay ports 8.3% (-21,249 TEUs) shy of the previous January's export load tally.

Oakland saw an 11.3% fall-off (-8,785 TEUs), while export shipments from the two NWSA ports tumbled by 13.4% (-8,893 TEUs).

Elsewhere, Savannah's outbound loads were down 7.0% (-8,595 TEUs), while Charleston's exports dipped by 0.8% (-568 TEUs). Boston was off by 3.9% (-273 TEUs). On the other hand, Virginia reported a 6.8% (+5,360 TEUs) gain over January 2020. Most astonishing was the 70.7% (+6,884 TEUs) year-over-year leap in outbound loads reported by Prince Rupert. Combined with a more modest 1.3% (+1,038 TEUs) increase at Vancouver, the two British Columbia ports we track recorded a strong 9.0% (+7,922 TEUs) gain from a year earlier.

Parsing the December 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.*

December 2020 Import Traffic

Avid readers of the venerable and esteemed Journal of Commerce may recall a December 10 article reporting on a forecast from the Global Port Tracker (GPT) estimating that, when all the boxes for the year's last month were finally counted up, December inbound loads would be 11.0% higher than a year earlier. Well, now that December box tallies have been completed, the GPT concedes their numbers show a year-over-year jump of 22.3%. (Sharp-eyed readers may note that our Exhibit A shows a 21.7% gain in inbound loads via U.S. ports, even though we

monitor container traffic at three more U.S. ports than the thirteen the GPT tracks. Go figure.)

Inbound loads through the five major U.S. West Coast ports saw a 22.2% (+195,780 TEUs) year-over-year jump in December. Altogether, the five maritime gateways handled 1,079,626 inbound loaded TEUs, up 3.5% from the 1,042,693 inbound loads the same ports had handled a month earlier in November. The Port of Los Angeles recorded a 23.4% year-over-year leap (+87,354 TEUs), while the neighboring Port of Long Beach posted a 25.6% (+82,841 TEUs) gain. Together, the two San Pedro Bay ports handled 24.4% (+170,195 TEUs) more inbound loads than they had a year earlier. Up in the San Francisco Bay Area, the Port of Oakland reported a 11.0% (+8,939 TEUs) increase from December 2019, as shipping traffic that had backed up at the Southern California ports finally made their way north. Meanwhile, the Northwest Seaport Alliance ports (Seattle and Tacoma) saw inbound loads rise by 15.7% (+16,646 TEUs) over the same month a



Parsing the December 2020 TEU Numbers Continued

year earlier. That was the second consecutive strong month for import loads at the NWSA ports after a 23.3% year-over-year bump in November.

Across the border in British Columbia, Vancouver posted another strong month with inbound loads up 19.1% (+26,906 TEUs). That came after November's 31.1% jump and October's 41.9% surge. Altogether in the fourth quarter of 2020, inbound loads at Vancouver were up 30.6%. However, December was a different story at Prince Rupert which saw inbound loads decline by 4.3% (-2,655 TEUs).

Along the Gulf Coast, the Port of Houston and the Port of New Orleans both enjoyed year-over-year gains in inbound loads. Houston's inbound traffic was up 26.4% (+26,497 TEUs), while New Orleans saw a much smaller 3.7% increase (+446 TEUs).

On the East Coast, December inbound loads at the nine Atlantic Coast ports we track jumped by 20.9% (+165,089 TEUs) from a year earlier, with the Port of Savannah seeing the briskest year-over-year growth at 30.5% (+52,532 TEUs). Not far behind in percentage terms was the Port of New York/New Jersey with a 24.0% (+69,361 TEUs) gain. Three other East Coast ports posted double-digit increases from a year earlier. Virginia was up 18.8% (+19,507 TEUs), while Charleston posted a 14.4% (+11,789 TEUs) and Jaxport (13.8% or +3,393 TEUs) also improved. Maryland was up 8.7% (+3,601 TEUs), slightly better than the 8.6% (+3,421 TEUs) increase recorded by Miami.

Exhibit 1	December 2020 - Inbound Loaded TEUs at Selected Ports					
	Dec 2020	Dec 2019	% Change	Dec 2020 YTD	Dec 2019 YTD	% Change
Los Angeles	460,865	373,511	23.4%	4,827,040	4,714,266	2.4%
Long Beach	406,072	323,231	25.6%	3,998,340	3,758,438	6.4%
San Pedro Bay Totals	866,937	696,742	24.4%	8,825,380	8,472,704	4.2%
Oakland	90,220	81,281	11.0%	995,976	975,210	2.1%
NWSA	122,469	105,823	15.7%	1,253,818	1,369,251	-8.4%
USWC Totals	1,079,626	883,846	22.2%	11,075,174	10,817,165	2.4%
Boston	12,114	11,409	6.2%	137,098	149,605	-8.4%
NYNJ	358,325	288,964	24.0%	3,920,686	3,770,971	4.0%
Maryland	45,041	41,440	8.7%	523,332	524,287	-0.2%
Virginia	123,218	103,711	18.8%	1,316,976	1,366,381	-3.6%
South Carolina	93,568	81,779	14.4%	1,033,001	1,066,314	-3.1%
Georgia	224,656	172,124	30.5%	2,306,631	2,218,654	4.0%
Jaxport	27,906	24,513	13.8%	317,636	349,896	-9.2%
Port Everglades	27,913	27,133	2.9%	299,038	317,187	-5.7%
Miami	43,066	39,645	8.6%	439,305	445,238	-1.3%
USEC Totals*	955,807	790,718	20.9%	10,293,703	10,208,533	0.8%
New Orleans	12,362	11,916	3.7%	138,450	137,386	0.8%
Houston	126,771	100,274	26.4%	1,294,700	1,244,790	4.0%
USGC Totals	139,133	112,190	21.4%	1,433,150	1,382,176	2.6%
Vancouver	167,466	140,560	19.1%	1,797,582	1,709,398	5.2%
Prince Rupert	59,141	61,796	-4.3%	643,575	678,699	-5.2%
BC Totals	226,607	202,356	12.0%	2,441,157	2,388,097	2.2%
US/BC Totals	2,401,173	1,989,110	20.7%	25,243,184	24,795,971	1.8%
US Total	2,174,566	1,786,754	21.7%	22,802,027	22,407,874	1.8%
USWC/BC	1,306,233	1,086,202	9.8%	13,516,331	13,205,262	-4.1%

Source Individual Ports



Parsing the December 2020 TEU Numbers Continued

However, although no East Coast port saw a year-over-year contraction in inbound loads in the year's final month, the East Coast's December total (955,807 TEUs) was down 3.7% from the 992,810 TEUs the same nine ports had handled a month earlier.

December 2020 Outbound Traffic

Containerized export traffic has been dismal pretty much all year, with outbound loads down 7.1% (-927,451 TEUs) from 2019 levels. So December was not entirely exceptional. Among the U.S. ports we monitor, outbound loads in the final month of the year were down 2.2% (-22,376 TEUs). Still, there were notable exceptions, the most notable of which was the +6,979 TEUs increase (+5.6%) at Long Beach and the 6,791 TEUs jump (+17.9%) at Jaxport. Percentage-wise, Jaxport's increase over December 2019 was exceeded by Boston's 27.3% bump and by Maryland's 24.7% surge, although the actual increases in box numbers were smaller. Conversely, smaller percentage gains yielded impressive increased inbox numbers at Charleston (+5,336 TEUs) and Virginia (+4,385 TEUs).

Among the other U.S. we track, December's traffic in outbound loads deteriorated at the Northwest Seaport Alliance (-12,019 TEUs), Los Angeles (-9,964 TEUs), Houston (-9,494 TEUs), Miami (-8,013 TEUs), PNYNJ (-6,877 TEUs), and Savannah (-5,528 TEUs).

The two British Columbia ports recorded a combined 2.6% increase in outbound loads in December.

Exhibit 2	December 2020 - Outbound Loaded TEUs at Selected Ports					
	Dec 2020	Dec 2019	% Change	Dec 2020 YTD	Dec 2019 YTD	% Change
Los Angeles	120,265	130,229	-7.7%	1,531,406	1,860,452	-17.7%
Long Beach	132,374	125,395	5.6%	1,475,888	1,472,802	0.2%
San Pedro Bay Totals	252,639	255,624	-1.2%	3,007,294	3,333,254	-9.8%
Oakland	75,330	74,643	0.9%	927,799	931,019	-0.3%
NWSA	63,849	75,868	-15.8%	790,620	913,332	-13.4%
USWC Totals	391,818	406,135	-3.5%	4,725,713	5,177,605	-8.7%
Boston	7,211	5,664	27.3%	79,133	81,520	-2.9%
NYNJ	103,891	110,768	-6.2%	1,321,043	1,460,447	-9.5%
Maryland	22,269	17,857	24.7%	226,623	232,957	-2.7%
Virginia	82,670	78,285	5.6%	940,684	966,102	-2.6%
South Carolina	67,239	61,903	8.6%	774,811	816,963	-5.2%
Georgia	105,796	111,324	-5.0%	1,414,891	1,470,372	-3.8%
Jaxport	44,804	38,013	17.9%	512,203	497,149	3.0%
Port Everglades	32,889	31,995	2.8%	343,572	427,422	-19.6%
Miami	27,021	35,034	-22.9%	343,267	416,466	-17.6%
USEC Totals*	493,790	490,843	0.6%	5,956,227	6,369,398	-6.5%
New Orleans	22,792	24,304	-6.2%	278,560	299,511	-7.0%
Houston	100,227	109,721	-8.7%	1,224,232	1,265,669	-3.3%
USGC Totals	123,019	134,025	-8.2%	1,502,792	1,565,180	-4.0%
Vancouver	88,192	86,892	1.5%	1,043,069	1,121,973	-7.0%
Prince Rupert	18,762	17,344	8.2%	193,640	192,068	0.8%
British Columbia Totals	106,954	104,236	2.6%	1,236,709	1,314,041	-5.9%
US/Canada Total	1,115,581	1,135,239	-1.7%	13,421,441	14,426,224	-7.0%
US Total	1,008,627	1,031,003	-2.2%	12,184,732	13,112,183	-7.1%
USWC/BC	498,772	510,371	-5.7%	5,962,422	6,491,646	-7.0%

Source Individual Ports



Parsing the December 2020 TEU Numbers Continued

Weights and Values

We appreciate that the TEU is the maritime shipping industry's preferred metric. Here, though, we offer two alternative gauges – the declared weight and value of the goods housed in those TEUs. The percentages in the following exhibits are derived from data compiled by the U.S. Commerce Department and are published with a time-lag of usually five weeks.

Exhibit 4: USWC Ports and the Worldwide Container Trade. As usual, this exhibit features some interesting and possibly counter-intuitive data on containerized imports (regardless of point of origin) entering mainland U.S. ports. The two San Pedro Bay ports saw their combined percentage of containerized import tonnage in December rise to 29.4% from 28.7% in November while also remaining well above the 26.9% share they held in December 2019. (If only they had been able to unload more of the boxes on ships lying at anchorage awaiting their turn at the docks.) Those numbers were imperfectly reflected in the two ports' combined share of the value of the nation's containerized import trade, with a 34.9% share in December off a couple of points from 35.1% in November but still ahead of their 33.8% share a year earlier. Meanwhile, the Port of Oakland's December share of import tonnage edged up to 3.8% from 3.4% in November but was down from 4.3% in the same month in 2019. Oakland's share of import value also rose to 3.5% from 3.2% in November but remained lower than the 3.8% share the port held the year before. Further north, the two NWSA ports saw their combined share of import tonnage in December match their 4.7% November share but fall from 4.9% the previous December. In value terms, the NWSA ports' import share slipped to 6.0% from 6.3% in November and from 6.5% in December 2019.

On the export side, the Southern California ports gained market share in December over November in terms of tonnage but not value. Oakland and the NWSA ports saw their shares of exports slip from the previous month in both value and tonnage terms. On a year-over-year basis, the San Pedro Bay ports were up in tonnage but not in value share. Oakland saw gains in both measures, while the NWSA ports' shares of export tonnage and value declined from a year earlier.

Exhibit 5: USWC Ports and the East Asia Trade. Not surprisingly, the Ports of Los Angeles and Long Beach saw their combined share of the nation's containerized import tonnage from East Asia increase to 46.5% in December from 45.1% in November and from 43.0% in December 2019. Those numbers were paralleled in value terms as the two ports' combined share of East Asian imports in December rose to 52.1% from 51.0% in November and 49.8% in December 2019. Elsewhere along the coast, Oakland's 4.2% share

Exhibit 3

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

	Dec 2020	Dec 2019	% Change
Los Angeles	9,213,396	9,337,632	-1.3%
Long Beach	8,113,315	7,632,032	6.3%
NYNJ	7,585,819	7,471,131	1.5%
Georgia	4,682,255	4,599,172	1.8%
Vancouver	3,467,521	3,398,860	2.0%
NWSA	3,320,379	3,775,303	-12.0%
Houston	2,989,347	2,990,175	-0.03%
Manzanillo	2,909,632	3,069,183	-5.2%
Virginia	2,813,415	2,937,962	-4.2%
Oakland	2,461,281	2,500,461	-1.6%
South Carolina	2,309,995	2,436,185	-5.2%
Montreal	1,554,439	1,745,244	-10.9%
JaxPort	1,292,289	1,336,263	-3.3%
Prince Rupert	1,141,390	1,210,776	-5.7%
Miami	1,070,616	1,148,935	-6.8%
Lazaro Cardenas	1,063,675	1,318,732	-19.3%
Maryland	1,051,870	1,073,750	-2.0%
Port Everglades	933,431	1,033,460	-9.7%
Philadelphia	640,709	598,274	7.1%
New Orleans	572,221	648,538	-11.8%
Boston	268,418	300,762	-10.8%
US/Canada Total	55,482,106	60,562,830	-8.4%
US Mainland Only	49,318,756	54,207,950	-9.0%

Source Individual Ports



Parsing the December 2020 TEU Numbers *Continued*

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

	Dec 2020	Nov 2020	Dec 2019
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	29.4%	28.7%	26.9%
Oakland	3.8%	3.4%	4.3%
NWSA	4.7%	4.7%	4.9%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	34.9%	35.1%	33.8%
Oakland	3.5%	3.2%	3.8%
NWSA	6.0%	6.3%	6.5%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	22.4%	21.6%	20.6%
Oakland	6.7%	6.9%	6.2%
NWSA	7.4%	7.8%	7.7%
Shares of U.S. Mainland Containerized Export Value			
LA/LB	19.5%	20.9%	21.0%
Oakland	7.7%	8.4%	7.5%
NWSA	4.3%	4.6%	4.5%

Source: U.S. Commerce Department.

of containerized import tonnage from East Asia was up from 3.7% from a month earlier and was down from a 4.8% share a year earlier. Oakland's 4.2% value share was also up from November's 3.8% share but down from its 4.6% share the previous December. Further north, the two NWSA ports' 6.7% share of containerized import tonnage from East Asia in December was on par with November but below the prior December's 7.2% share. And the NWSA ports' collective share of the value of containerized imports from East Asia edged lower to 8.6% from November's 9.0% and the 9.5% share the two Washington State ports enjoyed a year earlier.

USWC shares of containerized exports to East Asia in December were up and down. Los Angeles/Long Beach's

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

	Dec 2020	Nov 2020	Dec 2019
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	46.5%	45.1%	43.0%
Oakland	4.2%	3.7%	4.8%
NWSA	6.7%	6.7%	7.2%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	52.1%	51.0%	49.8%
Oakland	4.2%	3.8%	4.6%
NWSA	8.6%	9.0%	9.5%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	35.7%	33.7%	36.6%
Oakland	8.2%	8.2%	9.1%
NWSA	11.0%	11.5%	13.4%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	37.1%	38.2%	41.3%
Oakland	12.2%	13.7%	11.2%
NWSA	7.9%	8.3%	8.7%

Source: U.S. Commerce Department.

market share in tonnage terms rose to 35.7% from 33.7% in November but was still off from their 36.6% share in December 2019. Value-wise, the San Pedro Bay ports' December share slipped from both a month and a year earlier. Oakland sustained a year-over-year decline in its share of containerized export tonnage to East Asia but saw its value share simultaneously grow. The NWSA ports' December tonnage and value shares were down both from November and from the year before.

Who's #1?

The Port of Los Angeles was the nation's busiest container port in 2020 with 9,213,396 TEUs of total traffic (loaded



Parsing the December 2020 TEU Numbers *Continued*

+ empty). The Port of Long Beach ran second with 8,113,315 TEUs, while the Port of New York/New Jersey (PNYNJ) placed well behind in third place with 7,585,819 TEUs. Leading the second tier of U.S. ports was Savannah with 4,682,255 total TEUs.

For sticklers who believe empty boxes shouldn't count, the rankings don't change. Los Angeles remained the big dog with 6,358,509 loaded TEUs crossing its docks in 2020. In second place with 5,474,228 total TEUs was the Port of Long Beach, edging out PNYNJ's 5,241,729 total TEUs. Savannah was well behind with 3,721,522 TEUs.

In the category of inbound loads, Los Angeles (4,827,040 TEUs) topped Long Beach (3,998,340 TEUs) which edged out PNYNJ (3,920,686 TEUs). Inbound loads at Savannah totaled 2,306,631 TEUs.

As for outbound loads last year, the big news is that Savannah (1,414,891 TEUs) bested PNYNJ (1,321,043 TEUs) while falling shy of Los Angeles (1,531,406 TEUs) and Long Beach (1,475,888 TEUs).

Summing Up San Pedro Bay's Century... So Far

From the start of the 21st century twenty years ago on January 1, 2001 through December 31, 2020, the Ports of Los Angeles and Long Beach handled a total of 288,535,161 TEUs. Of those, 159,127,210 (55.2%)

journeyed through the Port of LA, while 129,407,951 TEUs transited Long Beach.

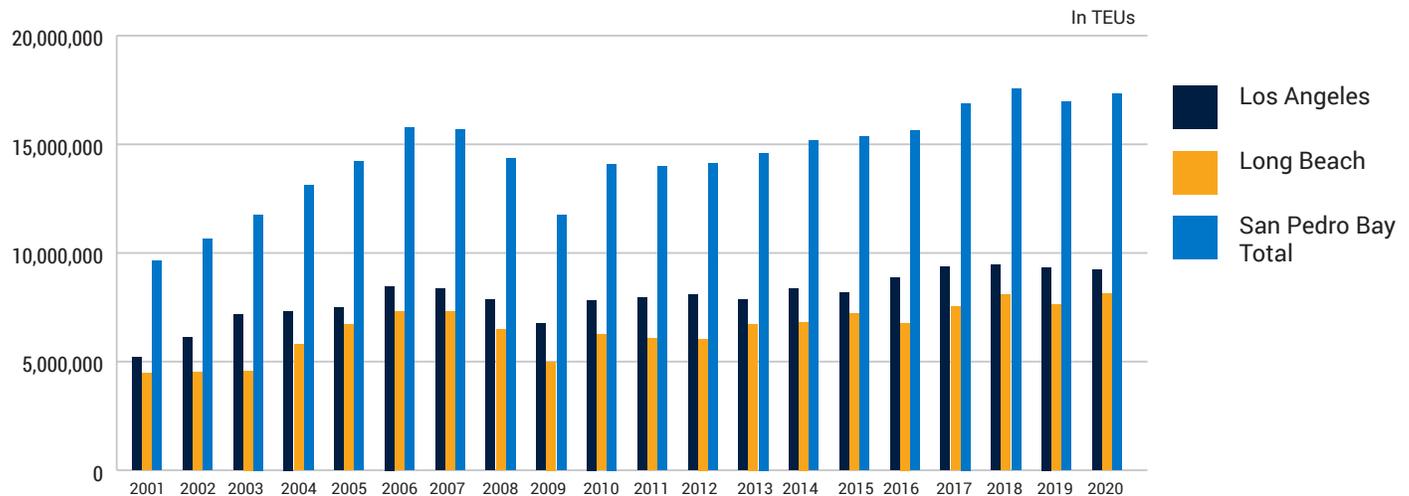
Although 2020 saw a large surge in traffic during the second half, it was not the peak year for container movements through the two ports. That came in 2018, when 17,549,772 TEUs were processed through the ports, 223,088 more TEUs than last year.

Years from now, some young trade analyst or budding maritime journalist might look just at the annual container traffic numbers at the San Pedro Bay ports and conclude that, unlike the plunge in volumes during the Great Recession, 2020 must have been a fairly humdrum year.

Soybeans

We now hear that U.S. politicians, encouraged by agricultural trade lobbyists, are loudly sputtering about how the largely foreign-owned shipping lines serving America's seaports have all but declared war on midwestern soybean growers. Export shipments, particularly those traveling in containers, are reputedly being denied passage on outbound vessels in order to expedite the return of empty TEUs to Asia. Scribes with maritime news publications accordingly pen lamentations about the plight of shippers trying to get a box of soybeans through the obstacle course at LA-Long Beach. Never mind that containers carry only about ten percent

Exhibit 6 Two Decades of TEUs at the San Pedro Bay Port
Source: Ports of Los Angeles and Long Beach





Parsing the December 2020 TEU Numbers *Continued*

of all U.S. soybean exports or that the Port of Kalama (Washington) handles twice the volume of soybeans exports (albeit not containerized) that pass out of the San Pedro Bay ports.

Now along comes December's foreign trade statistics from the U.S. Commerce Department. How much of an impact are those denials having? Well, here are the official numbers: December exports of soybeans were up from a year earlier by 90.6%, to 10.27 million metric tons from 5.39 million metric tons in December 2019.

Containerized exports of soybeans, which represented 7.6% of the total soybean export trade in December, were up 59.9% to 788,668 metric tons from 493,205 metric tons from a year earlier. The Ports of Los Angeles and Long Beach play a substantial role in the trade in containerized soybean exports. Their share of the business in December was 338,587 metric tons or 42.9% of all containerized soybean exports nationally. In a container-constrained environment, one can only marvel at the resourcefulness of shippers who were able to grow their containerized soybean exports through the San Pedro Bay ports by 37.3% from a year earlier.

Nuts Ain't Peanuts

Last year, exports of American tree nuts equaled \$8.48 billion, over 92% of which went by sea. Nearly all of those shipments exited through a California seaport. That's not particularly surprising since California farmers

produce just about all of the nation's commercially grown almonds, pistachios, and walnuts.

What about peanuts, you ask? Well, peanuts are not considered to be nuts but rather legumes. And peanut exports, which are not surprisingly shipped largely out of Savannah and other East and Gulf Coast ports, are small potatoes when compared with shipments of tree nuts. In 2020, exports of peanuts amounted to 409,145 metric tons as opposed to the 1,993,326 metric tons of tree nuts.

The Port of Oakland is the Big Nut port, usually accounting for around 70% of all U.S. tree nut export tonnage. The two San Pedro Bay ports in Southern California, which no doubt covet a larger share of the nut export trade, have lately handled about 25% of the export tonnage. The Northwest Seaport Alliance ports and Port Hueneme handled much smaller shares of the nut export trade.

The Two Portlands

2020 figures from Oregon's Port of Portland show the Columbia River gateway handled 58,066 TEUs last year, a sizable increase over the 26 TEUs the port handled a year earlier. Meanwhile, America's other Port of Portland (the one overlooking Maine's Casco Bay) moved a total of 28,718 TEUs across its docks. The Oregon riverport regularly handled more than 200,000 TEUs annually earlier in this century. Maine's Portland is fairly new to the container trade.



Photo courtesy of the Port of Hueneme



Jock O'Connell's Commentary: How to Make More Noise Than Sense

"Exporters face 'terrible' situation" screamed the February 3 headline in the esteemed transportation industry publication, *FreightWaves*. "Exports are dropping like a rock," one freight-forwarder is quoted as saying. "The ratio of U.S. imports to exports is increasing to a level we've never seen before - it's now more than 3 to 1."

Before going any further, let's stipulate that the ratio of inbound container traffic to outbound traffic at U.S. ports has lately been much higher than normal. However, let's also acknowledge that the chief reason for the heightened imbalance is that immensely destabilizing surge in containerized imports that has been congesting U.S. seaports and stressing the nation's supply chains. During the last quarter of 2020, loaded import containers nationally were up 20.8% from a year earlier. Exports of loaded containers, meanwhile, were down 3.9%. A drop, certainly, but hardly at the rate of a falling rock.

What has lots of people fulminating, though, is the sharp rise in the number of empty outbound containers sailing from U.S. ports. Rather than being devoid of content, it's widely argued, many of these empties should properly, if not patriotically be conveying hundreds of millions of dollars in American goods to overseas markets. Instead, reports abound of freshly emptied import containers being quickly corralled and returned to Asia, where they will again be stuffed with even more goods U.S. businesses and consumers have been willing to import at premium delivery prices.

To some observers, this rapid recycling is being done not merely to meet cooped-up Americans' apparently insatiable thirst for imported merchandise but to fatten the earnings of shipping lines, which charge higher rates for containerized imports than exports. Not surprisingly, tales of export shipments being denied or delayed by ocean carriers have gone viral, a term a lot of media influencers seem fond of using even in the midst of a deadly pandemic.

But scuttlebutt is one thing; hard data are another. So, when CNBC, the New York-based cable news provider, weighed in on January 26 with an incendiary claim that ocean carriers at the Ports of New York/New Jersey, Los Angeles, and Long Beach had rejected (CNBC's word)

an estimated 177,938 TEUs last October and November, alarms rang in the corridors of power.

More specifically, as CNBC alleged, "carriers rejected U.S. agricultural export containers worth hundreds of millions of dollars during October and November, instead sending empty containers back to China to be filled with more profitable Chinese exports."

Over the next few days, the CNBC numbers were cited—without equivocation—in most every publication faintly associated with maritime trade as well as by overly credulous editorialists eager to expound on any supposed manifestation of economic injustice. Understandably, the numbers also became invaluable grist for an already voluble agricultural export lobby.

The CNBC analysis, particularly its finding that the vast majority of those 177,838 spurned TEUs were rebuffed by ocean carriers serving the two big Southern California ports, caught the attention of folks at the state capital in Sacramento. Within short order, a letter co-signed by several prominent state economic development and agricultural officials was dispatched to the Federal Maritime Commission requesting the FMC's intercession. More on this letter later.

But first, since no publication I've seen has bothered to ask about the provenance of the CNBC claims, let's us take a closer look at their numbers. (Let's also forget about the Port of New York/New Jersey. That's in part because Savannah eclipsed PNYNJ as the nation's third largest exporter of loaded TEUs a couple of years ago and in part because this newsletter is fundamentally more concerned with the two Southern California ports.)

According to CNBC's investigation, the total export container "deficit" for the Ports of Long Beach and Los Angeles last October and November was 136,392 TEUs. How did CNBC come to this curiously exact estimate? Did CNBC's analysts acquire affidavits from shippers willing to testify to precisely how many of their export containers had been thwarted by greedy shipping lines? Since cargo owners seldom share business details with even their mothers, that's highly doubtful. Instead, they must have used some arcane methodology involving arithmetic.



Commentary Continued

And, indeed, that's what CNBC cops to. In the words of the January 26 report, CNBC says they calculated the number of allegedly denied TEUs "by taking the difference between the actual empty exports in 2020 vs. the 2019 share of export empties".

The first part of the formula is easy enough: The two San Pedro Bay ports tell us they collectively shipped 1,134,177 empty TEUs last October and November, up considerably from 828,772 TEUs during the same months of 2019. But the second part of the formula is, well, puzzling. To me, it looks like a numerator in search of a denominator. 2019 export empties share of what? Total TEUs, total exports? Disputed ballots? Methodological clarity evidently not apparently being the distinguishing hallmark of the CNBC analysis, we press on.

To the rescue comes a maritime industry celebrity. In that January 26 report, CNBC boasts: "These estimated TEUs are the empty exports that should have been filled in 2020," said John Martin, manager of the economic and transportation consulting firm Martin Associates, who verified CNBC's findings. "This formula shows you the increased ratio of empty export containers to total exports. This data suggests particularly the Los Angeles, Long Beach argument that empty export containers were being moved as quickly possible, leaving U.S. export cargo on the docks."

So, the path to that 136,392 TEUs figure essentially

involves finding the ratio of export empties to total exports (i.e. loads plus empties). Why, I don't quite know. As it is, the formula is nothing more than a statistical head fake. Its flaw is its implicit assumption that, unless export loads move up and down in tandem with the number of export empties, there's mischief afoot on the waterfront.

Humbug.

While it is certainly true that ocean carriers have had a powerful incentive for hustling as many empty containers as possible back to Asia, the TEU numbers cited by CNBC no more sustain their highly provocative conclusions than they prove that Col. Mustard used a candlestick to commit murder in the conservatory.

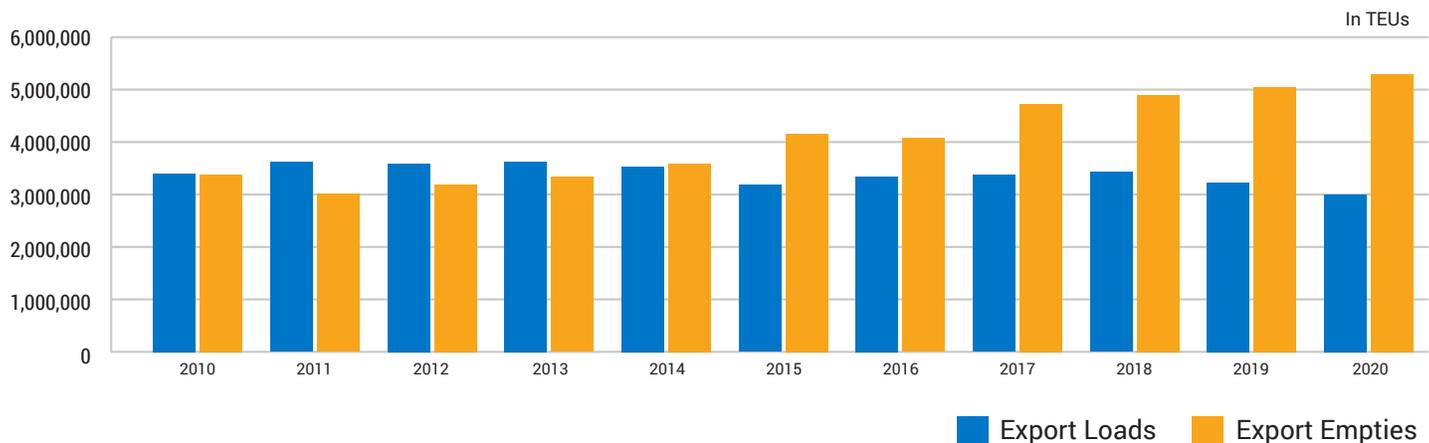
Contrary to what the CNBC analysts contend, the real world link between imports and exports is tenuous, at best. Indeed, for all the current obsession with how much the San Pedro Bay ports are being overwhelmed by imports, the two ports in recent years have been renowned for exporting considerably more empties than loaded TEUs.

As **Exhibit A** should make abundantly clear, the Ports of Los Angeles and Long Beach have not been where you might expect to see spasms of export growth, much less the tight statistical connection CNBC thinks should exist between outbound loads and empties.

Exhibit A

San Pedro Bay Ports Export Loads vs. Export Empties

Source: The Ports of Long Beach and Los Angeles





Commentary *Continued*

If anything, the imbalance between export loads and export empties in San Pedro Bay last year simply extended a trend that had begun in the middle of the past decade. What made last October and November different – indeed, what made 2020 different – was the unprecedented flood of containerized imports that began last spring as Chinese factories began to reopen after a Lunar New Year holiday extended by the outbreak of the COVID-19 virus.

The erroneous assumption underlying the CNBC analysis is that the surge in imported TEUs in the second half of last year, by enlarging the pool of presumably available empty containers floating around the country, should have fostered a commensurate surge in containerized exports. But why is that a valid expectation?

U.S. exports struggled all last year as exporters faced not only tariff barriers but pandemic shutdowns that staggered the economies of nearly all of our major trading partners. U.S. Commerce Department statistics show that the value of America's merchandise export trade shrunk by 12.9% last year, despite a nearly ten percent slide in the value of the dollar that would normally have benefited U.S. exporters. Surely, the 8.7% decline in U.S. airborne exports last year had nothing to do with the scarcity of marine containers. At the San Pedro Bay ports, export loads peaked in 2014, while the trade in empty export containers continued to grow without any apparent regard for how many loaded TEUs were arriving each day.

The CNBC contention that 136,392 TEUs were rejected by carriers last October and November at the Ports of Los Angeles and Long Beach is based on a serious misapprehension, namely that some iron law exists that says the number of export loads shall always move in lockstep with the number of exported empties. CNBC's formula only yields a conclusion where none is warranted. The reason the dog did not bark, my dear Watson, is that the dog was somewhere else.

Worse, the hyped-up, headline-garnering allegation that these 136,392 TEUs were actually rejected by shipping lines—known to be almost entirely foreign-owned—is an especially egregious accusation of possible violations of federal law.

To compound their folly, the CNBC investigation also puts

a price tag on the losses exporters purportedly suffered. For the 177,838 TEUs supposedly denied space on outgoing vessels at the Ports of New York/New Jersey, Los Angeles, and Long Beach last October and November, CNBC determined a loss of \$632 million. (\$485 million would have been incurred at the Southern California ports.)

Where did this number come from? It's hard to say and frankly not worth pursuing, except to note it apparently has something to do with the declared value of containerized soybean exports from the Port of Los Angeles. Soybeans are a relatively minor export trade through the port, but then containerized soybeans do seem to obsess some journalists, even though only about one-tenth of U.S. soybean export tonnage moves in containers. In short, the \$632 million number is a contrivance designed, I can only guess, to further dramatize a contention that rests on statistical evidence that can best be described as thin.

Now onto that January 28 letter.

The CNBC allegations about rebuffed shipments of agricultural exports clearly struck a nerve among California leaders. It was, however, characteristic of the peculiar myopia with which East Coast journalists view the West Coast that nowhere does CNBC acknowledge knowing that the Port of Oakland plays a much larger role in California's agricultural export trade than do the two Southern California ports. Still, it was upon farm exports that the letter from California officials to the FMC dwelled.

"We are writing to seek your assistance to address the current delays and ongoing shipping challenges in California ports which are significantly impacting the operations of businesses throughout the state. In particular, the operations of our agricultural sector which relies heavily on export markets are being heavily affected.

California is the largest agricultural exporter and producer in the nation with more than \$21 billion in agricultural exports annually, requiring and supporting an estimated 157,800 full-time jobs. These exports directly benefit the national economy by generating \$25 billion in additional economic activity. The current port situation falls within a crucial timeframe for California's agriculture sector as it is occurring during a peak shipping period for several commodities.



Commentary Continued

Within the tree nut sector alone 75 percent of California's walnuts are shipped during the last quarter and beginning of the year, as are 40 percent of our pistachios and 48 percent of our almonds. This represents approximately \$3.8 billion in exports, 17 percent of total California agricultural exports."

All very interesting; all highly inaccurate. While the co-signers certainly leave the impression that legions of California agricultural exporters were being stiffed by the ocean carriers, what do the exporters themselves tell us?

Let's start with the state's leading farm export, almonds. The California Almond Growers Association reports that December exports were down by NO, WAIT! It turns out that almond exports in December jumped by 32.1% over the same month a year earlier. In fact, almond exports during the entire fourth quarter of 2020 were up 19.2% year-over-year. That amounts to an increase of just over 100 million pounds. Given the charges being levied against shipping line, that increase is either a logistical sleight-of-hand or a genuine loaves and fishes miracle.

Okay, you demure, almonds are just one commodity, albeit a commodity that alone accounts for over 22% of the value of California's agricultural export trade. What about the state's second leading agricultural export?

That would be pistachios, according to the folks at the Agricultural Issues Center at the University of California,

Davis, who have had a contract since 1997 with the California Department and Food and Agriculture to compile the state's official farm export numbers. So how did pistachios fare in last year's final quarter? Not too shabbily, reports the Administrative Committee for Pistachios. Fourth quarter exports were up 19,292 tons or 28.8% over the same period a year earlier.

Fine, you say. But that's just two commodities, although they're two nuts that account for 30% of the state's total farm exports.

What was that other product the state official's letter said was being snubbed by shipping lines? Oh, yes, that would be walnuts. Well, walnuts (the state's fifth biggest farm export) didn't do as well as pistachios. In last year's fourth quarter, walnut exporters contrived to ship 34,815 more tons than they had a year earlier, an increase of only 17.9%, according to reports from the California Walnut Board.

So this is what all the fuss has been about: bad arithmetic.

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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Dwell Time Is Up Again for January

Starting this month, PMSA will begin presenting rail dwell time for on-dock rail for marine terminals in the ports of Los Angeles and Long Beach.

