



A First Look at June's TEU Numbers

Note: Continuing our recent practice of downplaying the significance of year-over-year comparisons with the dismal container trade numbers rung up in last year's second quarter, this "First Look" contrasts this June's container tallies with the numbers from the more normal, pre-pandemic June of 2019.

The first major port to report June numbers was Long Beach. Inbound loads, while up handily over a year earlier and 7.7% over June 2019, were down sharply from May. The port handled 87,635 fewer inbound loads and 18,398 fewer outbound loads than in the previous month, owing at least in part to the temporary closure of Yantian and congestion at other Chinese ports. June's total TEU traffic at the San Pedro Bay port was off by 182,919 TEUs from May. Even odder, Long Beach was a busier port in June 2018 than it was this June, with inbound and outbound loads as well as total TEU traffic all lower this June than they were three Junes ago.

Over at the adjacent Port of Los Angeles, inbound loads in June (467,763 TEUs) were down 12.7% from the record-high 535,714 inbound loads the port had handled a month earlier. June's import traffic was, however, up 18.0% over the 396,307 laden TEUs loads the port received in June 2019. On the other hand, LA was not exactly an export powerhouse in June, with just 96,067 export loads. That turns out to have been the fewest export loads the port sent out to sea in any month since September of 2005.

Collectively, the two big Southern California ports pushed past the 10 million total TEU mark in June, 23.8% more than the two ports handled through the first half of 2019. Import loads were higher by 27.6% but outbound loads were down by 13.8%.

Up at the Port of Oakland, June inbound loads (90,060 TEUs) were up by 2.7% from the previous month and by 17.5% from June 2019, while outbound loads were down by 5.9%. Overall, Oakland handled 9.2% more total TEUs this June (222,483) than it had two years earlier (203,731).

Further up the U.S. West Coast (USWC), the Northwest Seaport Alliance Ports of Tacoma and Seattle handled 133,904 loaded import TEUs this June, 9.2% more than in June 2019. Export loads, however, were down 19.5% over the same span. The total of all container traffic through the two ports was down 2.9% from June 2019.

Overall container traffic at the Port of Vancouver plunged by 21.6% in June from the month before owing largely to an interruption in normal rail service to the Port of Vancouver caused by wildfires in British Columbia. Still, the 151,144 inbound loaded TEUs the port received in June represented a 17.5% bounce over June 2019. Outbound loads, however, were down 13.7% from two years earlier. The other British Columbia port we track, Prince Rupert, posted some particularly disturbing figures for June. Not only was it the only major Pacific Coast port



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A First Look at June's TEU Numbers

Continued

to handle fewer loaded inbound containers in June than it had during the two previous Junes, but it also did so with elan. Inbound loads were down year-over-year by 42.0% and from June 2019 by 51.5%. Export loads were off by similar margins, down 46.1% from last June and by 39.5% from June 2019.

Back East, Boston's Conley Terminal had a poor June. Inbound loads (9,014 TEUs) were off by 35.0% from two years earlier, while its 5,833 outbound loads were down by 20.8%. Heading down the Atlantic Seaboard, Charleston posted a 22.8% jump in inbound loads over June 2019 along with a simultaneous 3.8% gain in outbound loads.

Savannah saw a 27.8% bump over June 2019 in import loads (215,729 TEUs), while export loads advanced by 4.6%. Over at the Port of Virginia, import loads (138,737 TEUs) were up 23.1% from June 2019, while export loads (78,853 TEUs) rose by 9.6%.

On the Gulf Coast, Houston handled 139,488 inbound loaded TEUs this June, a 32.6% jump from the same month two years earlier. However, its outbound loads (84,614 TEUs) were down by 20.5% from June 2019. Total container traffic at the big Texas port in June (292,627 TEUs) was up 16.4% from June 2019.

Not one of the ports that have so far reported their June TEU tallies recorded more inbound loads in June than in May.

Regionally, the Big Five U.S. West Coast ports handled 1,053,828 inbound loaded TEUs this June, down 12.6% from May but up 13.1% from June 2019. Outbound loads this June totaled 341,136 TEUs, down 10.8% from June 2019.

Documenting the May 2021 TEU Numbers

Please note: The TEU tallies cited 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 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.

Because of the pandemic's effect in skewing year-over-year comparisons of container trade, we will again be offering two sets of comparative statistics. We begin with Exhibit 1 which compares the import numbers for this May with the same month in the two preceding years.

Exhibit 1 displays the complete inbound loaded container traffic numbers for May as reported by the sixteen mainland U.S. and two British Columbian ports we track. Inbound loads for all eighteen ports totaled 2,646,027 TEUs, up 25.8% from May 2019.

The brunt of the surge fell on the five major USWC ports, which collectively saw a 31.6% bump in inbound loads since May 2019.

Exports, as **Exhibit 2** illustrates, generally continued their downward spiral. Collectively, the U.S. and British Columbia ports we track shipped 3.4% fewer outbound loads this May than in May 2019. Largely due to the huge fall-off in export traffic through the Port of Los Angeles, the major USWC ports saw a combined 12.4% reduction in export loads since May 2019. Still, several ports showed export gains over the two-year interval. These included Long Beach, Virginia, Maryland, Charleston, Savannah, and Jaxport who all shipped more outbound loads this May than in the same month two years earlier.

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Exhibit 1 May 2021 - Inbound Loaded TEUs at Selected Ports

	May 2021	May 2020	% Change	May 2019	% Change	May 2021 YTD	May 2020 YTD	% Change	May 2019 YTD	% Change
Los Angeles	535,714	306,323	74.9%	427,789	25.2%	2,366,449	1,581,445	49.6%	1,863,960	27.0%
Long Beach	444,736	312,590	42.3%	290,568	53.1%	1,958,070	1,359,252	44.6%	1,482,193	32.1%
San Pedro Bay Totals	980,450	618,913	58.4%	718,357	36.5%	4,324,519	2,940,697	47.1%	3,346,153	29.2%
Oakland	92,558	73,423	26.1%	85,970	7.7%	449,581	371,897	20.9%	393,256	14.3%
NWSA	132,714	86,129	54.1%	111,730	18.8%	607,945	461,594	31.7%	569,673	6.7%
USWC Totals	1,205,722	778,465	54.9%	916,057	31.6%	5,382,045	3,774,188	42.6%	4,309,082	24.9%
Boston	8,410	10,439	-19.4%	11,436	-26.5%	45,745	58,335	-21.6%	59,324	-22.9%
NYNJ	396,417	266,004	49.0%	340,680	16.4%	1,854,409	1,444,677	28.4%	1,544,354	20.1%
Maryland	46,049	37,741	22.0%	42,984	7.1%	200,629	205,659	-1.4%	222,182	-4.2%
Virginia	144,916	87,669	65.3%	119,592	21.2%	653,987	493,551	32.5%	561,012	16.6%
South Carolina	107,050	77,072	38.9%	88,009	21.6%	503,348	410,833	22.5%	434,333	15.9%
Georgia	235,687	154,730	52.3%	185,265	27.2%	1,143,883	827,212	38.3%	906,563	26.2%
Jaxport	33,940	23,661	43.4%	30,022	13.1%	143,898	122,577	11.2%	143,341	0.4%
Port Everglades	30,443	19,410	56.8%	25,619	18.8%	147,511	126,636	16.5%	141,525	4.2%
Miami	44,645	29,658	50.5%	37,943	17.7%	232,381	165,269	40.6%	180,875	28.5%
USEC Totals	1,047,557	706,384	48.3%	881,550	18.8%	4,925,791	3,854,749	27.8%	4,193,509	17.5%
New Orleans	11,552	13,725	-15.8%	12,994	-11.1%	52,971	59,256	-10.6%	56,944	-7.0%
Houston	132,853	99,509	33.5%	107,126	24.0%	609,958	482,815	26.3%	499,628	22.1%
USGC Totals	144,405	113,234	27.5%	117,653	22.7%	662,929	542,071	22.3%	543,578	22.0%
Vancouver	191,637	132,473	44.7%	130,769	46.5%	840,310	650,339	29.2%	706,273	19.0%
Prince Rupert	56,706	36,439	55.6%	57,578	-1.5%	222,062	223,889	-0.8%	241,625	-8.1%
BC Totals	248,343	168,912	47.0%	188,347	31.9%	1,062,372	874,228	21.5%	947,898	12.1%
US/BC Totals	2,646,027	1,766,995	49.7%	2,103,607	25.8%	12,033,137	9,045,236	33.0%	9,994,067	20.4%
US Total	2,397,684	1,598,083	50.0%	1,915,260	25.2%	10,970,765	8,171,008	34.3%	9,046,169	21.3%
USWC/BC	1,454,065	947,377	53.5%	1,104,404	31.7%	6,444,417	4,648,416	38.6%	5,256,980	122.6%

Source Individual Ports



Exhibit 2 May 2021 - Outbound Loaded TEUs at Selected Ports

	May 2021	May 2020	% Change	May 2019	% Change	May 2021 YTD	May 2020 YTD	% Change	May 2019 YTD	% Change
Los Angeles	109,886	104,382	5.3%	167,357	-34.3%	567,768	638,524	-10.1%	769,362	-13.0%
Long Beach	135,345	134,556	0.6%	120,577	12.2%	634,794	616,682	2.9%	598,392	6.1%
San Pedro Bay Totals	245,231	238,938	2.6%	287,934	-14.8%	1,202,562	1,255,206	-4.2%	1,367,754	-12.1%
Oakland	74,726	69,720	7.2%	78,070	-4.3%	387,858	391,878	-1.0%	388,751	-0.2%
NWSA	62,527	59,595	4.9%	70,541	-11.4%	308,348	340,908	-9.6%	377,171	-19.2%
USWC Totals	382,484	368,253	3.9%	436,545	-12.4%	1,898,768	1,987,992	-4.5%	2,133,676	-11.0%
Boston	5,994	4,086	46.7%	6,853	-12.5%	31,984	28,685	11.5%	32,833	-2.6%
NYNJ	134,458	95,462	40.8%	132,315	1.6%	586,264	561,843	4.3%	618,855	-5.3%
Maryland	24,651	12,955	90.3%	19,134	28.8%	107,370	90,338	18.9%	95,166	12.8%
Virginia	99,717	72,160	38.2%	88,065	13.2%	462,335	394,241	17.3%	417,315	10.8%
South Carolina	73,281	58,972	24.3%	71,399	2.6%	361,039	331,400	8.9%	348,234	3.7%
Georgia	137,812	122,271	12.7%	126,895	8.6%	625,711	627,810	-0.3%	641,337	-2.4%
Jaxport	50,311	38,528	30.6%	42,180	19.3%	240,896	190,611	26.4%	209,855	15.8%
Port Everglades	33,655	20,643	63.0%	35,805	-6.0%	159,901	142,075	12.5%	175,566	-8.9%
Miami	30,790	26,545	16.0%	35,357	-12.9%	146,962	152,579	-3.7%	174,502	-15.8%
USEC Totals	590,669	451,622	30.8%	554,619	6.5%	2,722,462	2,519,582	8.1%	2,448,862	11.2%
New Orleans	26,279	24,176	8.7%	27,757	-5.3%	116,552	122,826	-5.1%	123,259	-5.4%
Houston	95,439	100,538	-5.1%	116,693	-18.2%	473,484	536,954	-11.8%	516,063	-8.3%
USGC Totals	121,718	124,714	-2.4%	141,238	-13.8%	590,036	659,780	-10.6%	611,565	-3.5%
Vancouver	94,002	96,902	-3.0%	95,220	-1.3%	425,675	444,686	-4.3%	480,353	-11.4%
Prince Rupert	16,313	16,282	0.2%	19,458	-8.0%	72,710	83,443	-19.9%	86,393	-15.8%
BC Totals	110,315	113,184	-2.5%	114,678	-3.8%	498,385	528,129	-5.6%	566,746	-12.1%
US/Canada Total	1,205,186	1,057,773	13.7%	1,247,080	-3.4%	5,709,651	5,695,483	0.2%	5,760,849	-0.9%
US Total	1,094,871	944,589	15.7%	1,132,402	-3.3%	5,211,266	5,167,354	0.8%	5,194,103	0.3%
USWC/BC	492,799	481,437	2.4%	551,223	-10.6%	2,397,153	2,516,121	-4.7%	2,700,422	-11.2%

Source Individual Ports



Documenting the May 2021 TEU Numbers Continued

Exhibit 3 provides the May year-to-date total container traffic figures for the U.S., Canadian, and Mexican ports we monitor. Several major ports were less busy through the first five months of this year than they were during the same months in pre-pandemic 2019. These included Vancouver, Manzanillo, Virginia, Charleston, and Maryland.

Weights and Values

Yes, we realize that the maritime industry likes its statistics served up, so to speak, in TEUs. But here, though, we provide two alternative measures – 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 that are normally published with a five-week time-lag.

Exhibit 4: USWC Ports and the Worldwide Container Trade.

Exhibit 4 shows how the three major USWC gateways have been faring with respect to their respective shares of containerized imports discharged at mainland U.S. seaports in May. However, we again wish to remind readers that the major USWC port complexes do not entirely monopolize the movement of containers through ports in the states of California, Oregon, and Washington. San Diego and Port Hueneme are both important conduits for refrigerated containers laden with fresh fruit imports from Central and South America. And Portland (the one in Oregon) is re-establishing itself as a container port, with the number of total TEUs handled in May (4,259 TEUs) up from zero just two years ago.

Together, the sundry ports along the U.S. West Coast handled 37.7% of all containerized tonnage that moved

Exhibit 3

May 2021 Total TEUs (Loaded and Empty) Handled at Selected Ports

	May 2021	May 2020	% Change	May 2019	% Change
Los Angeles	4,551,445	3,070,413	48.2%	3,773,862	20.6%
Long Beach	4,029,532	2,830,855	42.3%	3,008,468	33.9%
NYNJ	3,645,672	2,854,319	27.7%	3,041,814	19.9%
Georgia	2,293,732	1,753,115	30.8%	1,890,322	21.3%
Vancouver	1,660,977	1,289,308	28.8%	1,890,322	-12.1%
NWSA	1,515,894	1,277,227	18.7%	1,409,784	7.5%
Virginia	1,400,355	1,063,446	31.7%	1,242,957	12.7%
Manzanillo	1,371,151	1,195,646	14.7%	1,572,029	-12.8%
Houston	1,315,166	1,216,877	8.1%	1,215,124	8.2%
South Carolina	1,103,335	939,722	17.4%	1,209,921	-8.8%
Oakland	1,079,298	969,177	11.4%	1,007,011	7.2%
Montreal	679,452	698,966	-2.8%	716,681	-5.2%
JaxPort	595,141	488,348	21.9%	559,387	6.4%
Lazaro Cardenas	544,477	449,343	21.2%	553,154	-1.6%
Miami	529,003	423,794	24.8%	473,834	11.6%
Port Everglades	439,629	405,080	8.5%	443,339	-0.8%
Prince Rupert	434,565	398,510	9.0%	454,406	-4.4%
Maryland	429,720	419,802	2.4%	453,248	-5.2%
Philadelphia	284,183	255,143	11.4%	246,370	15.3%
New Orleans	227,870	253,900	-10.3%	265,361	-14.1%
Boston	92,697	113,618	-18.4%	120,460	-23.0%
US/Canada Total	26,307,666	20,721,620	27.0%	23,422,671	12.3%
US Mainland Only	23,532,672	18,334,836	28.3%	20,361,262	15.6%

Source Individual Ports



Documenting the May 2021 TEU Numbers

Continued

Exhibit 4 Major USWC Ports Shares of U.S. Mainland Ports Worldwide Container Trade, May 2021

	May 2021	Apr 2021	May 2020
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	28.0%	28.0%	27.0%
Oakland	3.9%	4.0%	4.3%
NWSA	4.4%	4.9%	5.3%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	34.5%	33.7%	35.0%
Oakland	3.3%	3.5%	3.9%
NWSA	5.7%	6.3%	6.3%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	19.8%	19.0%	20.8%
Oakland	6.2%	7.6%	6.9%
NWSA	6.5%	6.9%	8.3%
Shares of U.S. Mainland Containerized Export Value			
LA/LB	18.3%	17.7%	22.4%
Oakland	6.3%	7.2%	7.2%
NWSA	3.7%	3.9%	4.5%

Source: U.S. Commerce Department.

Exhibit 5 Major USWC Ports Shares of U.S. Mainland Ports Containerized Trade with East Asia, May 2021

	May 2021	Apr 2021	May 2020
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	47.9%	46.0%	42.1%
Oakland	4.4%	5.1%	4.6%
NWSA	7.1%	7.8%	7.6%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	52.5%	50.9%	50.1%
Oakland	3.9%	4.7%	4.4%
NWSA	8.5%	9.4%	8.7%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	33.2%	31.6%	32.1%
Oakland	8.5%	10.4%	9.6%
NWSA	10.6%	11.5%	12.8%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	37.7%	35.8%	40.6%
Oakland	11.2%	12.5%	11.9%
NWSA	7.7%	8.2%	8.6%

Source: U.S. Commerce Department.

through U.S. mainland ports in May. That share was smaller than in May of last year (38.1%) and in May of 2019 (38.6%). By themselves, the Big Five USWC gateways handled 36.2% of all containerized import tonnage through U.S. mainland ports in May, down from a 36.6% share a year earlier and from 37.2% in May 2019.

Meanwhile, all USWC ports handled 29.0% of all containerized exports from mainland ports in May, down from 29.6% last May and from 34.6% in May 2019. The smaller USWC ports handled 2.5% of the value of containerized exports through all USWC ports in May, up from 1.3% a year earlier, and from 1.6% in May 2019.

Export tonnage, all USWC ports handled 33.7% in May, up from 34.7% in April, and 37.3% in May 2019. Smaller

USWC ports share of export tonnage through USWC ports was 3.7% in May, up from 0.5% in May 2019.

Altogether, USWC ports – big and small – handled 37.7% of all containerized import tonnage through American mainland ports in May. That was up down from 38.1% a year earlier, which was down from 38.6% in May 2019.

As much as we dwell on containerized trade, it is perhaps worth noting that the USWC tonnage share of all merchandise (excluding Mineral Fuel) imported through U.S. mainland ports in May was 30.7%, up from just 27.2% in June 2019. Similarly, the USWC share of the **value** of those non-Mineral Fuel imports in May was 42.4%, down a half-notch from 42.9% two years earlier in more normal times.



Documenting the May 2021 TEU Numbers Continued

Exhibit 5: USWC Ports and the East Asia Trade.

Exhibit 5 displays the shares of U.S. container trade involving the Far East handled by the major USWC ports. Collectively, these five ports handled 59.4% of all containerized import tonnage that entered U.S. mainland ports in May. That was up sharply from last May, when the same five ports received 55.0% of all containerized import tonnage and from the 57.4% share in the pre-pandemic month of May 2019. Adding in the containerized import tonnage handled by the smaller ports of California, Oregon, and Washington, the USWC share amounted to 60.2%. While the Big Five clearly dominate USWC containerized trade with the Far East, their shares are slipping ever so slightly. May 2021 data show the Big Five handling 98.6% of all import tonnage from the Far East that entered USWC ports and 97.6% of all export tonnage involving the Far East from USWC ports. Those shares were down, though, from the 98.8% of import tonnage and 99.0% of exports they had handled in the last relatively normal May in 2019.

On the export side of the ledger, all USWC ports great and small handled 53.7% of all containerized export tonnage bound for the Far East from America's mainland ports. That was down from 55.0% a year earlier and from a 58.1% share in May of 2019.

Who's #1?

The Port of Los Angeles was the nation's busiest container port in May 2021, having handled 1,012,048 total TEUs (loads and empties) that month. The neighboring Port of Long Beach ran a competitive second with 907,216 total TEUs, its highest monthly total ever. Together, the San Pedro Bay complex managed to move 1,919,264 TEUs, a staggering 58.6% leap over last May's just plain pandemic-suppressed 1,209,870 TEUs but also up 36.9% from the 1,402,285 total TEUs they had handled in May 2019. In third came the Port of New York/New Jersey (PNYNJ) with 796,693 TEUs. Fourth place went to Savannah with 478,621 total TEUs. The Northwest Seaport Alliance Ports of Tacoma and Seattle ranked fifth among the U.S. ports we track with a total of 333,026 TEUs in May. (For our friends elsewhere in North America, Vancouver handled 385,292 TEUs in May, while 264,871 TEUs crossed the docks at Manzanillo.)

Not surprisingly, the Port of Los Angeles was also the nation's busiest port year-to-date, with 4,551,445 total TEUs through May. Second was Long Beach with 4,029,532 TEUs, while PNYNJ placed third with 3,645,672 TEUs. Savannah handled 2,293,732 total TEUs through May of this year, while the NWSA ports processed 1,515,894 TEUs.

For sticklers who don't believe empty boxes should count, Los Angeles remained in the lead with 645,600 loaded TEUs in the month of May. In second place with 580,081 loads was the Port of Long Beach, easily ahead of PNYNJ's 530,875 loaded TEUs. Savannah and Houston were well behind with 373,499 and 228,292 laden TEUs, respectively. (NWSA presents a statistical puzzle, being that it's the only major maritime gateway that distinguishes its international trade from its domestic services. NWSA reports handling 195,241 laden import and export TEUs in May but also 65,720 TEUs in traffic with Hawaii and Alaska. The problem is that NWSA doesn't tell us how many of those boxes were full.)

In the category of inbound loads discharged in May, Los Angeles (535,714 TEUs) exceeded Long Beach (444,736 TEUs) and PNYNJ (396,417 TEUs). Inbound loads at Savannah meanwhile totaled 235,687 TEUs. Houston, with 132,853 inbound loads in May, nosed out the NWSA ports (132,714 laden import TEUs).

Export loads are a different story, one in which the first will, if not be the least, will certainly plunge in the standings. The most provocative news is not that Savannah (137,812 TEUs) again bested East Coast rival PNYNJ (134,458 TEUs), but that the Georgia port also swamped the Port of Los Angeles (109,886 TEUs), while also edging past Long Beach (135,345 TEUs). That leaves LA, otherwise the nation's busiest container port, as its 4th largest container export gateway. Virginia, with 99,717 laden outbound TEUs in May, came fifth.

For the year's first five months, Long Beach shipped the most outbound loads (634,794 TEUs). Savannah was the runner-up with 625,711 TEUs, ahead of third place PNYNJ (586,264 TEUs). Los Angeles (567,768 TEUs) again ran fourth ahead of fifth place Houston (473,484 TEUs). Honorable mention goes to the Port of Virginia, which shipped 462,335 laden TEUs through May.



Documenting the May 2021 TEU Numbers Continued

The Scrap Paper Trade

Officials concerned about America's merchandise trade deficit might start worrying about our declining surplus in the trade in scrap paper (formally Waste & Scrap Paper or Harmonized System Code 4707). Sure, we are such a prodigious producer of scrap paper that we hardly need anyone else's. Through the first five months of this year, the U.S. imported 419 metric tons of scrap paper, while exporting 5.67 *million* metric tons. But, while our trade surplus in scrap paper has been truly stupendous since even before the first ticker-tape parades, the surplus has been steadily diminishing in recent years. Not hugely, mind you, but by enough perhaps to cause those suffering from TMTOTH (too much time on their hands) to start reaching for the Pepto-Bismol.

Why is this worth mentioning? One reason is that the geography of the trade has been shifting ever since China decided to be much more perspicacious about the quality of scrap it was taking off our hands.

There had been a time when China imported nearly three-quarters of the scrap paper the United States exported. That was in 2016, when Beijing's share of the trade stood at 74.1%. Even that, though, was not the peak year in tonnage terms. In 2017, Chinese imports of U.S. scrap paper totaled 10,242,829 metric tons. Then China's purchases began to tail off precipitously. By pre-pandemic 2019, U.S. exports of scrap paper to China had dropped

by half before sliding further as the pandemic spread. Through the first five months of this year, shipments to China were just 4.8% of what they were in the same months in 2017, the peak year of our scrap paper trade with China.

Not surprisingly, scrap paper shipments through USWC ports declined sharply. Comparing the first five months of this year with the same period in 2017, scrap paper export tonnage through the San Pedro Bay Ports of Los Angeles and Long Beach was off by 23.5% while exports through the Northwest Seaport Alliance Ports of Tacoma and Seattle dropped by 52.1%. Only Oakland eluded the deep fall-off with a decline of just 0.3%. Meanwhile, the Port of New York/New Jersey saw its scrap paper exports rise by 16.4%, due largely to India's emergence as the foremost importer of America's scrap paper.

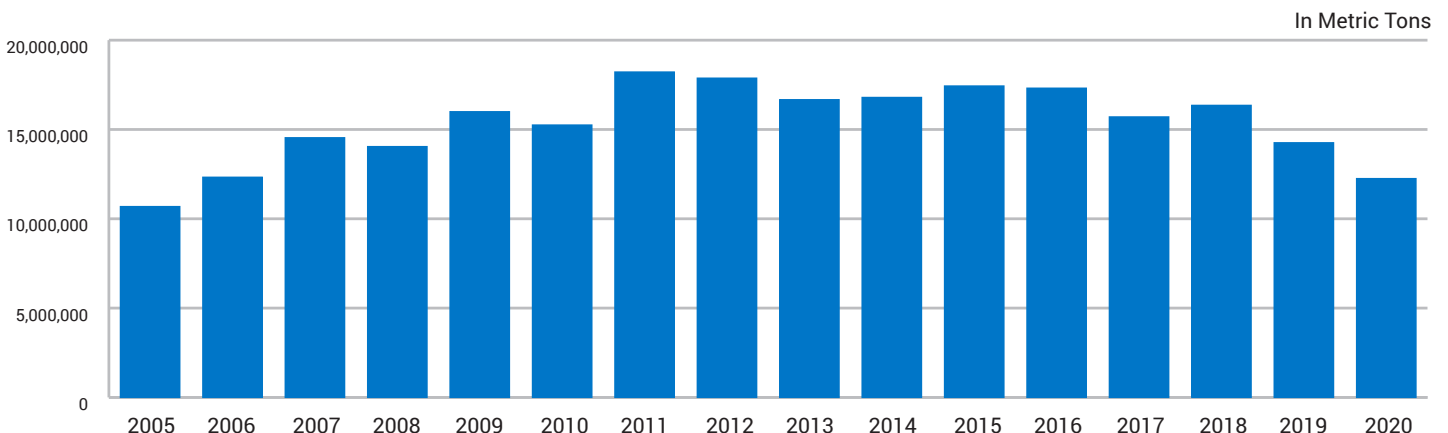
One other interesting point to note. As **Exhibit 7** shows, containerization has only lately come to monopolize the seaborne export trade in waste and scrap paper. As recently as 2015, the majority of scrap paper tonnage shipped overseas traveled in bulk. Last year, containers moved 99.3% of the trade.

The Cost of Energy

One of us here is old enough to remember a gas war on LA's Olympic Boulevard in the summer of 1971 when a gallon of gas could be had for 19.9 cents. Imagine that: filling the tank in a VW bug, handing over two buses,

Exhibit 6 U.S. Trade Surplus in Waste & Scrap Paper: 2005-2020

Source: U.S. Commerce Department

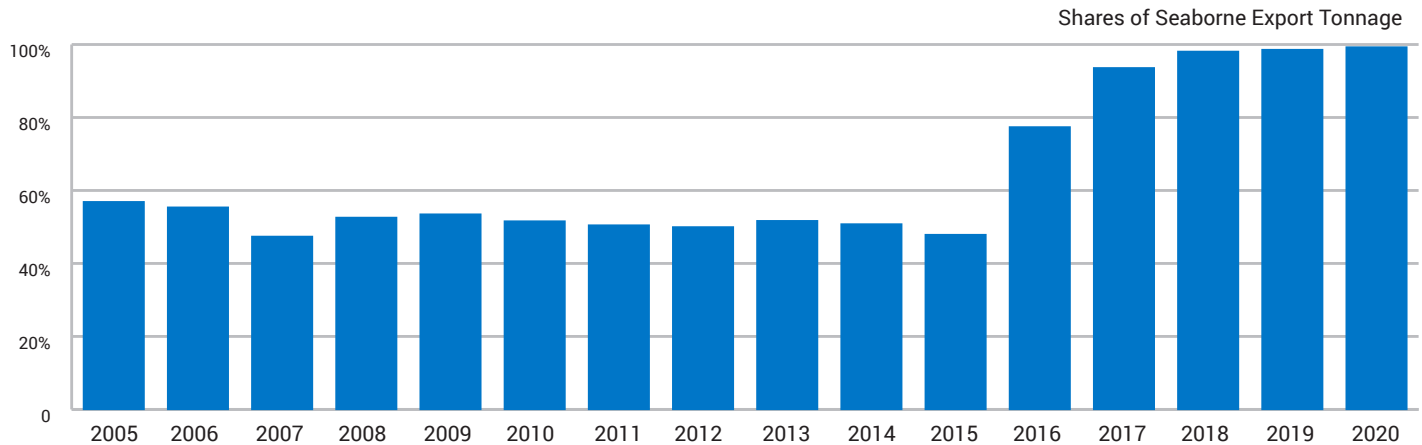


Documenting the May 2021 TEU Numbers Continued

Exhibit 7

The Rapid Containerization of U.S. Scrap Paper Exports

Source: U.S. Commerce Department



and getting a dime back in change. That was then. Even adjusting for inflation, today's gallon costs a lot more than \$1.33, especially if you're driving a vehicle in California, where a gallon this June cost \$1.26 **above** the national average.

According to GasBuddy, California drivers paid an average of \$4.26. That's the most expensive gasoline in the country. Effective July 1, 2021, the state motor fuel tax increased \$0.006 per gallon, keeping California's fuel taxes the highest among the states. In addition, sales and use tax is applied against the full per gallon cost—the cost of fuel plus the cost of the taxes—cleverly charging a tax on a tax on top of other taxes and fees. Within the state, gasoline prices ranged from a low of \$4.12 a gallon in Bakersfield to a high of \$4.47 in San Francisco.

Diesel's average price in California was \$4.21 a gallon, almost precisely a third higher than the national average. Only in Hawaii does diesel cost more than in California. As with gasoline, the Golden State's state diesel fuel tax increased by \$0.004 per gallon on July 1.

And then there is the cost of electricity to power a home (or EV recharging station) or a business. According to the U.S. Energy Information Administration, California's average Industrial Price for the 12 months through April 2021 was 14.78 cents/kWh, 128.4% higher than the U.S. average of 6.47 cents/kWh for all states other than California. California's industrial prices were the fourth

highest in the nation. Among the contiguous states, only Rhode Island was higher.

During the same period, California's higher electricity prices translated into Commercial & Industrial ratepayers paying \$12.2 billion more than ratepayers elsewhere in the U.S. using the same amount of energy. Compared to the lowest rate states, Commercial & Industrial ratepayers paid \$15.6 billion more.

California's Drought is Now Official

How do we know? Has Governor Newsom declared a water emergency? No, it's official because the *New York Times* and *The Wall Street Journal* have both featured articles on how the drought is challenging agriculture in the Golden State. In a June 28 article, the *Times* told readers the story of how farmers in the Central Valley were selling their water rights instead of using their water allocations to, you know, actually grow crops. "In America's fruit and nut basket, water is now the most precious crop of all." On July 6, the *WSJ* reported on how almond growers were ripping out thousands of trees to conserve irrigation water. The attention of New York-based journalists with climate conditions and forest fires in the West now vies for column space with their customary summertime obsession with allegedly timely travel articles about Maine.

On a related front, intense heat plus a wildfire in Oregon that threatened a key transmission line prompted



Documenting the May 2021 TEU Numbers Continued

California Governor Newsom to issue another emergency proclamation in mid-July. In what no doubt has set teeth to grinding in its executive suites, the state Air Resources Board was ordered to stand down in its vigilant enforcement of sundry clean-air regulations, specifically those regarding the “use of stationary and portable generators or auxiliary ship engines to reduce the strain on the energy infrastructure and increase energy capacity during the Extreme Heat Event.”

Considering the lack of alacrity with which California has been girding its electric power grid to meet the ever-increasing demand for the juice needed to run everything from household gadgets to shore power installations at seaports, one does have to wonder how some government agencies expect businesses like the aforementioned seaports and their goods movement partners to abide by clean-air regulations that oblige a transition to electrically powered equipment.

At a time when a prolonged drought threatens the state's hydroelectric generation capacity and as nuclear continues to be phased out, the chances are only increasing that Governor Newsom (or his successor) will

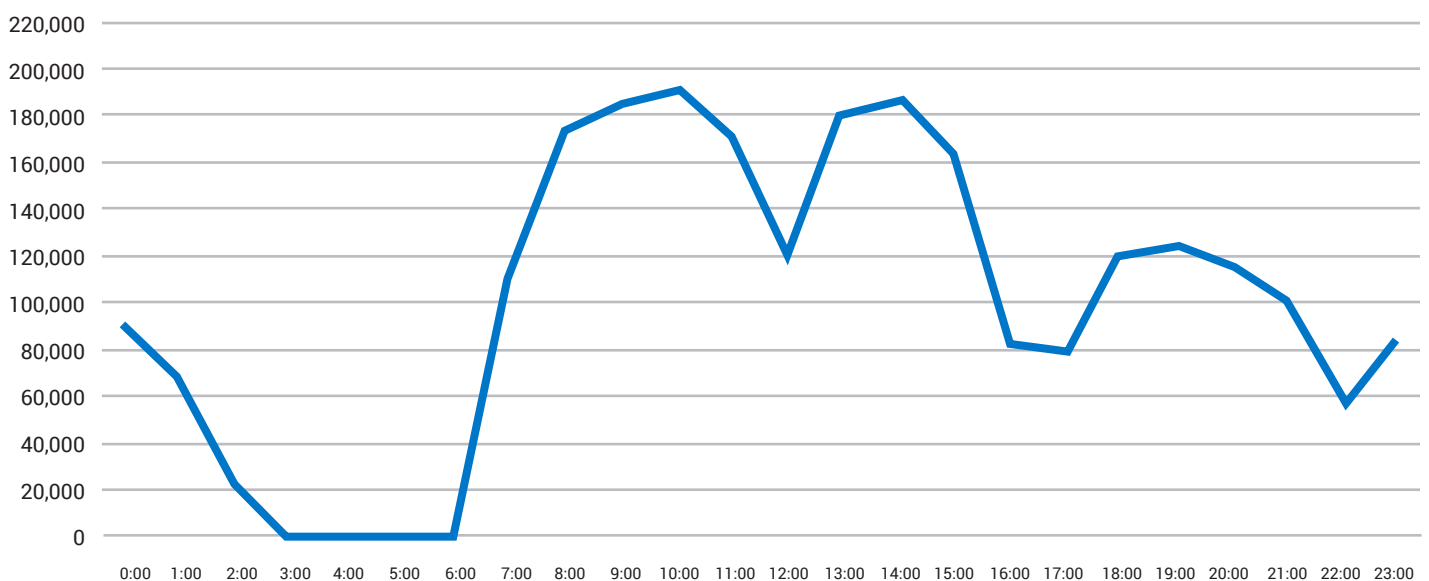
be issuing more of these emergency declarations.

Paging George Westinghouse. Paging Nicolai Tesla. Paging anyone who appreciates that you can't keep adding demand to the grid without also bolstering the supply of kilowatts, especially when they are most needed.

One more note before we finish. Each month we receive an email from an eminent box-counter who serves up timely numbers on TEU volumes at the country's principal seaports. Generally, his figures jibe with what the ports themselves report. Except, that is, for the Port of New York/ New Jersey (PNYNJ). As everyone knows, PNYNJ seldom posts its monthly tallies in a New York Minute. So, we've noticed some significant variances between the number of TEUs our correspondent expects that PNYNJ will handle and the number that PNYNJ ultimately fesses up to. In May, for example, inbound loads as finally reported by PNYNJ turned out to be 13,497 TEUs more than our correspondent's estimate, while outbound loads were underestimated by 24,868 TEUs. Patience, as we are occasionally reminded, is sometimes more than its own reward.

Truck Gate Activity Per Hour at Container Terminals

Ports of Los Angeles and Long Beach
2nd Quarter 2021





Jock O'Connell's Commentary: Nuts to Houston?

Rumors seem to go a long way down at the general store.

"My cousin Wilbur says that he heard a guy up in Oakdale got so fed up with congestion at Oakland he sent a couple of containers of almonds out through Houston last week," reported Farmer Edgar.

"Why, I heard that someone down Visalia way just did the same thing," chimed in Rancher Dolores.

"Yup, word is it's gotten so bad at Oakland that everyone's shipping almonds through Houston nowadays," confidently added Grower Merle.

Not surprisingly, chit-chat like that might easily and quickly get around. Even reporters might catch wind of it, especially if they work at a publication that covers agriculture. So it was my phone buzzed the other day: "I hear Houston's the place to send your almonds these days?"

Nuts, I replied in my best imitation of General McAuliffe. (If you've never heard of Anthony McAuliffe's one-word reply to a German offer of surrender at Bastogne during the Battle of the Bulge in December 1944, you probably know as much about the United States Army as Tucker Carlson.)

So, what's the story (or non-story) here?

Once upon a time, a fair amount of America's almond crop

(almost all of which is grown in California's Central Valley) was shipped to markets in Europe and the Middle East via the Port of Houston. **Exhibit A** shows the history of that trade since 2005.

What happened to minimize Houston's share of the almond export trade was not so much that almond growers stopped shipping their product to Houston – although they did. What really induced the shift away from the Texas port was that almond exporters started shipping more of their nuts in containers. As **Exhibit B** testifies, between 2005 and last year, the portion of almond exports transported in containers doubled, to 89.2% from 44.1%.

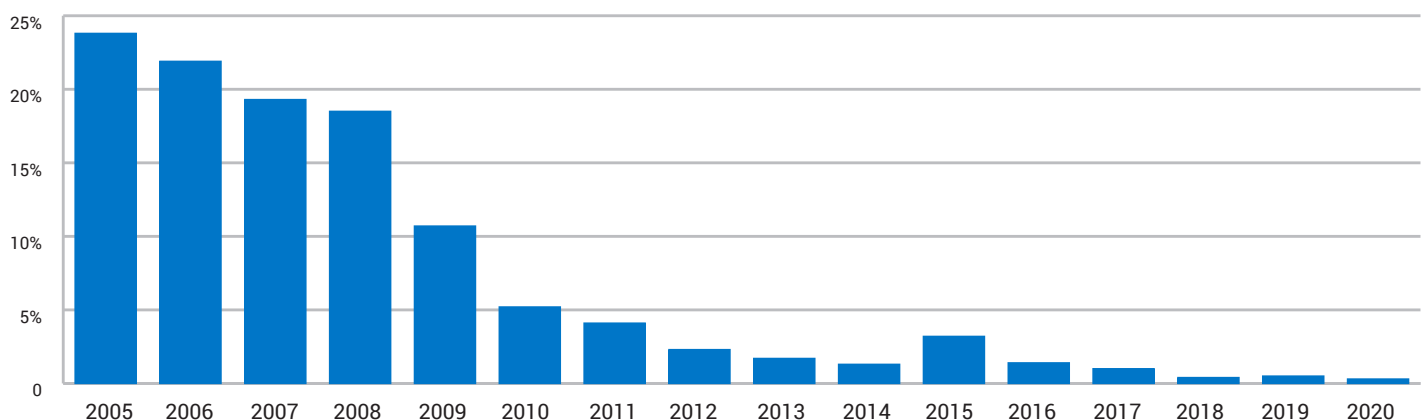
As **Exhibit C** reveals, the principal beneficiaries of the shift from bulk to boxes were California's big container terminals but most of all the Port of Oakland, the maritime gateway closest to the center of the state's (and therefore the nation's) almond production. With the transition to boxes, the Bay Area port's share of the almond export trade jumped to 82.0% in 2020 from 52.9% fifteen years earlier.

Well, so much for history. The issue of port congestion is a here-and-now concern. Are we indeed seeing an uptick in exports through Houston in the past few months? Is a jammed-up Oakland being abandoned by almond shippers?

Exhibit A

Houston's Share of Seaborne Exports of Almonds: 2005-2020

Source: U.S. Commerce Department





Commentary Continued

Exhibit B

Container Share of Seaborne Exports of Almonds: 2005-2020

Source: U.S. Commerce Department

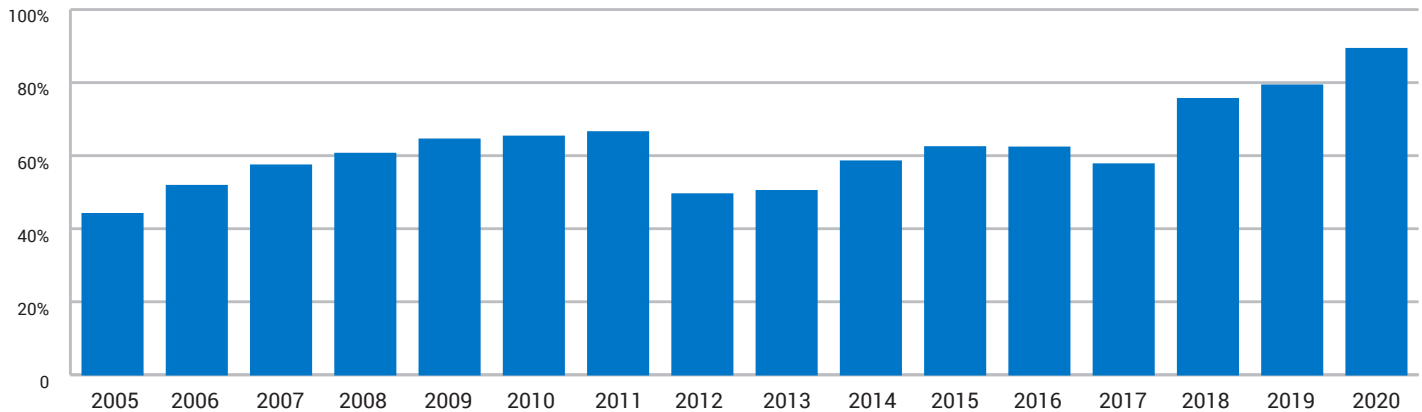
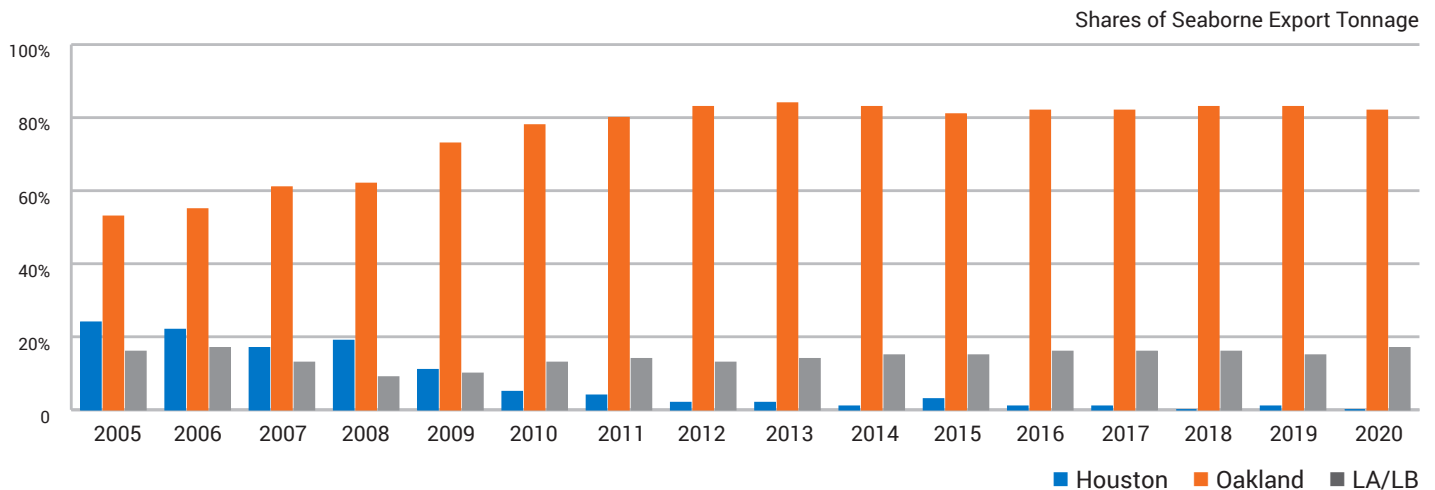


Exhibit C

Leading Ports' Shares of Seaborne Almond Exports: 2005-2020

Source: U.S. Commerce Department



The short answer is not so's you'd much notice. To be sure, there has been a small bump in almond shipments through Houston. May, for example, did see 1,044 metric tons of almonds depart from the Texas port, which boosted the Gulf Coast port's share of the almond export trade to 1.1% from 0.4% a year earlier and from 0.2% the May before then.

But, as **Exhibit D** illustrates, Houston's share of the seaborne almond export trade still registers as a barely blip. By comparison, Oakland's share this May was 87.9%, up from 84.3% last May and from 85.2% in May 2019. If Houston gained at anyone's expense from West Coast

port congestion, the victims would be the Southern California Ports of Long Beach and Los Angeles. Their combined 10.3% share of seaborne almond exports in May declined to 14.3% and 11.0% the previous two Mays.

At the end of the day, when the sheep come home, the data show there has lately been a meager boost in the already meager volume of almond exports through the Port of Houston. Idle hearsay about the imminent demise of the Port of Oakland as a major conduit for almond exports is nonsense. Interestingly, the last time there was an appreciable surge in almond exports through Houston came during the latter stages of the labor-management



Commentary Continued

dispute that slowed the pace of container movements through West Coast ports in the fall and winter of 2014-2015. After averaging a 1.9% share of almond exports in the year leading up to the slowdown, Houston's share jumped to 6.3% in February and then to 12.4% in March and 9.0% in April, before falling back to levels that seldom journey above two percent and ultimately dwelled below one percent until this spring.

There's no compelling reason to think that the Port of Oakland will not eventually regain those lost slivers of the almond export trade, as it had in the past.

A Foreboding on Forecasting

I've been watching various cargo forecasters implying that the end of the surge in containerized imports might be in sight only to those whose models come equipped with binoculars. I have no reason to doubt these outlooks. But I do have a problem with their methodologies, which are typically weighted to emphasize (often exclusively) economic factors such as employment growth, GDP increases, the value of the dollar, household consumption, etc. Of course, the modelers will normally allude to non-economic considerations such as changes in trade policy. But those are hard to quantify and so are generally left out of the forecasting methodology.

The economists who produce forecasts generally have only their reputations at stake. Modern attention spans being what they are, the risk to one's good name is hardly

a deterrent to an off-the-mark forecast. A useful, if very seldom used synonym for the business of forecasting is haruspication, which perhaps fittingly sounds a lot like what old-time baseball players used to do with their chewing tobacco between pitches, or even onto their pitches. Of course, no one doctors the ball today, we are assured.

Anyway, those who do have an appreciable financial stake in gauging trade flows over the next several months are apt to be a good deal hedgier than professional clairvoyants. Anyone reading the press should be aware of the testy state of relations between Washington and Beijing. So, if I'm an importer who sources a lot of my merchandise from China, I'm probably guessing it might be best to fill my warehouses with merchandise well beyond the level my market research staff are telling me consumers will want to buy this coming fall and winter. I might even be willing to pay a premium price for getting those goods into my stateside inventory just in case the balloon goes up.

If there are more than a few importers thinking the same grim thoughts, certainly the import surge won't have much reason for ending anytime soon.

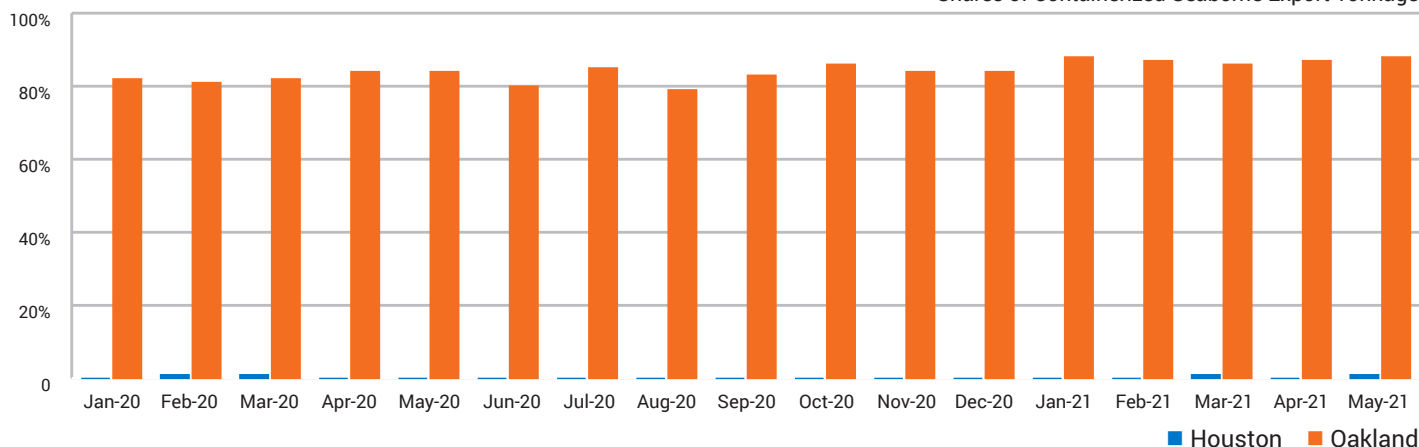
Disclaimer: The views expressed in Jock's commentaries are his own and may not reflect the positions of the Pacific Merchant Shipping Association.

Exhibit D

Houston vs. Oakland Shares of Containerized Almond Exports by Sea: January 2020-May 2021

Source: U.S. Commerce Department

Shares of Containerized Seaborne Export Tonnage





Evolving Public Policies Aimed at Maritime Require an Effective, Positive Response

By Captain Mike Moore, Vice President PMSA

As Bob Dylan said, “You don’t need a weatherman to know which way the wind blows.”

We in the maritime industry know the wind is blowing – and blowing hard. There is pressure to make the supply chain stronger and more resilient, to make vessels more efficient, clean, and quiet, and provide affordable access to Asian markets for growers and manufacturers at a low cost. All the while, any effort to build a new terminal or expand an old one is met with months and years of study, legal wrangling, and endless accusations that we are despoiling the environment. Simply waiting for these pressures to ease is not viable and inadequate to the times. We as an industry must continue to respond positively, proactively, forcefully, and yes, collaboratively.

The good news is: we are. The bad news is: it’s not enough.

Fortunately, the shipping industry and the ports have stepped up to engage these challenges in a proactive fashion. Perhaps the best example of positive, proactive leadership by industry was the coordinated push to implement a North American Emissions Control Area (ECA) and a worldwide use of cleaner fuels, both of which continue to significantly reduce emissions – by over 90% for some emissions.

Container liner services continue to increase vessel size to leverage more efficient economies of scale operations, add vessels to weekly service strings to allow for slower steaming, reduce fuel consumption and emissions, cut the number of port calls, participate in incentive programs offered by ports –all while investing in new ships and technologies. In addition, dual fuel vessels are being introduced to allow use of lower emission LNG all while other propulsion power options like hydrogen or ammonia are being fully evaluated.

The Pacific Merchant Shipping Association was one of the original partners in the Puget Sound Clean Air Forum, which resulted in air emission inventories and targeted strategies that significantly reduced emissions from all maritime sectors. Currently, PMSA is working with governments, tribes, and others to voluntarily reduce ship

noise when Southern Resident Killer Whales are foraging nearby. The Quiet Sound program also recently secured state funding from the Washington state legislature. This program is being modeled after a program already in place in Canada. And because we have shared waterways, we are collaborating with those efforts as well.

In addition to new and evolving strategies, the maritime industry in Puget Sound has a lot to be proud of. Puget Sound has the enviable record of zero oil spill incidents from a cargo or passenger vessel while transiting to or from a Puget Sound port due to a collision, grounding, explosion or fire.

Continuous improvement is alive and well with adjustments to traffic lanes, moving the entrance buoy to the Strait of Juan de Fuca further out to push vessel transits further off the coast, implementing safe routing through the Aleutian Islands on the way to or from our ports with plans to expand this into a voluntary Pacific Safety Initiative for the entire West Coast. In addition, vessel designs have moved fuel tanks from the bottom and side of vessels to protected locations within the vessel, installed ballast water treatment systems, implemented better navigation systems and operators continue to implement voluntary Standards of Care embedded in Harbor Safety Plans – the list goes on.

These successes don’t mean that we should get complacent. It does mean we should continue to educate policymakers that they should be thoughtful when proposing changes to a comprehensive system that is working. PMSA staff work with legislators, port commissioners, mayors, and city and county councilmembers to make sure that changes being proposed do not compromise safety or the environmental gains we have achieved or undermine the international, bilateral or federal regimes. And with all of this, we need to keep front and center the men and women who depend upon the family wage jobs our industry provides.

But attention in the past couple of decades has focused not only on safety but on reducing the overall



Evolving Public Policies *Continued*

environmental footprint. Instead of just preventing oil spills, think of ballast water management, air emissions reductions, and now underwater noise reductions for Southern Resident Killer Whale recovery.

Transboundary issues have also moved beyond navigation in our joint waterways. While we have longstanding treaties with Canada on free navigation and implementation of a highly effective cooperative vessel traffic system, discussions now include overall impacts of vessel and terminal operations.

Engagement by tribes, environmental groups, First Nations in Canada, elected officials and citizens on both sides of the border has resulted in the rejection of a number of proposed maritime projects in part based on concerns over increased vessel traffic. Ironically, Puget Sound port calls have decreased by 30% since the peak in the early 90's. Introduction of larger ships to provide economies of scale and shifts in port call rotation and selection has impacted those numbers.

But the toughest challenge we face is reducing our carbon footprint. This discussion started many years ago and is now front and center for industry. Some vessel owners have decided to switch to Liquefied Natural Gas (LNG) – Puget Sound has a facility coming on-line to do just that with a weekly service operator already lined up for the

switch. LNG provides across the board emissions reduction benefits including carbon reduction. Others will follow.

But of course, the recent focus is on zero carbon emissions, and some will not accept anything less even if not currently feasible. It will happen but not by precluding smart, achievable near-term steps. Doing so would preclude continuous meaningful improvements like LNG use or the use of hybrid technologies.

Most industry watchers and regulators have read about the testing of alternative fuels like hydrogen and ammonia and clearly vessel design and fueling infrastructure decisions are on the horizon but there has to be a realistic acknowledgment that this transition will take time. We don't know yet which technologies will offer the most benefit while not compromising safe operations. And to move forward, we can't let the perfect be the enemy of the good.

It is clear to all of us which way the wind is blowing. We cannot escape the challenges before us. But through ongoing engagement, education, and proactive leadership, our industry will continue to grow and provide the services and jobs that have been the core of our communities for over 100 years.



Protecting Blue Whales and Blue Skies

Vessel Speed Reduction Incentive Program

A partnership for cleaner air,
safer whales, and a quieter ocean

2021 program underway
ourair.org/air-pollution-marine-shipping

Interested in membership in PMSA?

Contact Laura Germany for details at: lgermany@pmsaship.com or 510-987-5000.

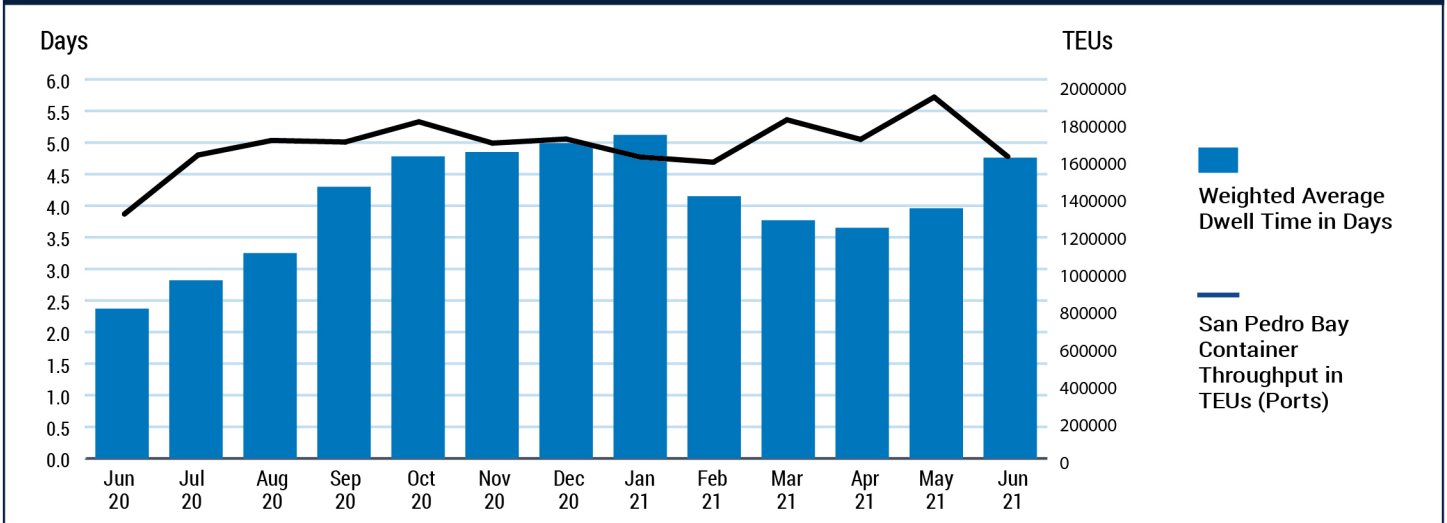
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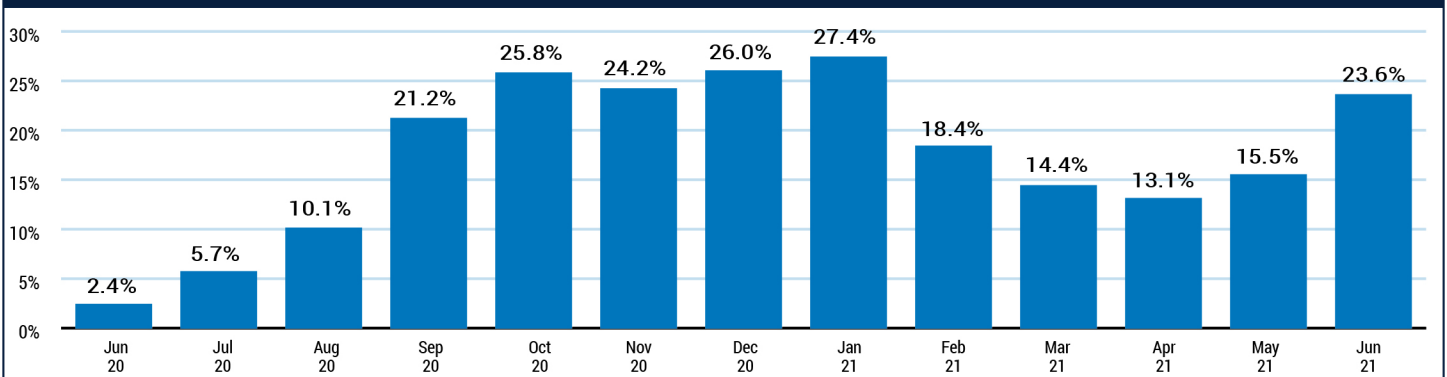


Import Dwell Time Is Up For June; Rail Dwell Time Is Up

San Pedro Bay Weighted Average Inbound Laden Container Dwell Time in Days



Dwell Time in Days % > 5 Days



Rail Dwell Time in Days

