PMSA

West Coast Trade Report

October 2021

First Glimpse at the Ports' September's TEU Numbers

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 more agile in compiling and releasing their monthly TEU counts than are ports elsewhere in the country, these "First Glimpses" may give a misleading indication of the latest trends. Readers are reminded that the TEU tallies cited in this newsletter are not derived from forecasting algorithms or from 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.*

According to a report in the venerable and esteemed *Journal of Commerce*, U.S. containerized imports from Asia totaled almost 1.6 million TEU in September, "meaning every month this year has seen imports average almost 20 percent higher than the historical monthly average of about 1.3 million TEU." America's ports, of course, handle boxloads of imports from places other than Asia. In its latest forecast, the National Retail Federation's Global Port Tracker believes that September would see loaded import traffic reach 2.25 million TEUs. If both numbers are accurate, then Asia would account for roughly 70% of all laden containers arriving at U.S. ports. As it turns out, that percentage is roughly consistent with U.S. Census Bureau's data on the declared weight of containerized imports from Asia through the first nine months of 2021.

The national media's recent discovery that seaports matter in America's economic well-being has brought an onslaught of misperceptions about containerized trade. Generally fed little in the way of context, a casual reader of the august *New York Times* or a viewer watching a network news broadcast about congested supply chains might expect to see the nation's ports recording exceedingly high year-over-year rates of import growth. Yet, because container import volumes in September 2020 were particularly robust, year-over-year comparisons with this September are likely to seem moderate, especially for the Pacific Coast ports which bore the brunt of the import surge last fall. As for containerized exports, a subject of profound interest to traders in agricultural commodities and their congressional allies, trade continued to shrivel in September, especially in comparison to pre-pandemic levels.

Honors for being the first U.S. port to post its September tallies go to the **Port of Boston**, which was among those seeing negative growth in both directions of trade. Import loads at the New England gateway were down by 62.4% from last September and by 57.3% from September 2019. Export loads similarly plunged by 59.1% from a year earlier and by 52.2% from two years ago. Overall container traffic (loads + empties) declined by 24.4% from last year and by 32.1% from September 2019.

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First Glimpse at the Ports' September's TEU Numbers Continued

Also among the early reporters, the **Port of Virginia** continued to show impressive growth numbers in September, with import loads up 25.7% year-over-year and up 32.8% over September 2019. Virginia was among the minority of U.S. ports that showed gains in their outbound trades. Export loads from the port grew by 6.8% over last September and by 12.8% over the September before that. Overall container traffic (loads + empties) rose 19.4% over a year earlier and by 26.8% over September 2019.

Savannah recorded a 9.8% year-over-year gain in import loads in September, with inbound loads also up 27.1% from September 2019. Export loads edged up from last year by 3.5% but were only 0.9% above the volume in September 2019. Total YTD container traffic through the Georgia port totaled 4,148,117 TEUs, 25.5% ahead of last September and 20.3% over the previous September.

Down on the Gulf Coast, **Houston** saw its inbound loads grow by 11.4% over last September and by 27.4% over the same month in 2019. However, Houston's traffic in outbound loads shriveled by 24.5% from a year earlier and by 31.8% from two Septembers ago. Total container movements through the Texas port amounted to 281,500 TEUs, 10.7% more than a year earlier and 11.9% above the port's 2019 volume.

Up in British Columbia, the **Port of Prince Rupert** struggled in September with import loads down 23.4% year-over-year and down 27.4% from September 2019. Export loads were likewise off by 12.3% from last September and by a slightly slimmer 10.2% from two years earlier. Total container traffic at the Canadian port dropped 23.0% from a year ago and by 25.5% from 2019.

Vancouver's September numbers were stronger, at least on the import side. Inbound loads totaled 164,750 TEUs, a 5.9% year-over-year gain and an increase of 5.4% from September 2019. Export loads, though, were down 24.2% from a year earlier and by 24.9% from September 2019. Owing to a major increase in export empties, total container traffic through Vancouver so far this year totaled 2,858,235 TEUs, up 15.7% from 2020 and up 10.1% from the same point in 2019.

The **Port of Long Beach** reported its September container counts were down from a year ago. For the month, the port handled 748,472 total TEUs. In announcing its latest box counts, Long Beach trumpeted the month as its second busiest September ever. However, as luck would have it, the port's busiest September ever was last September, when the port handled 795,580 total TEUs. As a result, inbound loads at the San Pedro Bay port were down 8.7% from a year earlier but up 4.3% from pre-pandemic September 2019. Outbound loads were off by 1.6% year-over-year and down 10.1% from September 2019. Total TEUs handled at the port were down 5.9% from last September but up 5.9% from the September before that.

Next door, the **Port of Los Angeles** posted some numbers for September that are bound to lead to some head scratching among those new to the port congestion crisis. How, they may ask, can the nation's busiest port have handled 3,736 *fewer* inbound loaded TEUs than it had a year earlier? That's because, like its neighbor in San Pedro Bay, it was ground zero for the import surge that started engulfing U.S. ports a year earlier. A better guide to the port's performance is that inbound loads this September were 16.3% higher than in the last arguably normal September in 2019. On the other hand, exports of cargo-bearing boxes continued to deteriorate at the port, with outbound loads down 41.9% from a year ago and by 42.1% from September 2019, when 55,055 more loaded TEUs left the port than during this September. Empty outbound container traffic was up by 29.7% year-over-year and by 45.3% over September 2019. YTD, total TEU traffic at the Port of LA amounted to 8,176,917 TEUs, up 26.5% over this point last year and by 15.3% over two Septembers ago.

In Northern California, the **Port of Oakland's** September container trade contracted sharply. Inbound loads, which declined by 16.4% from the preceding month, were down by 12.9% year-over-year and by 3.7% from September 2019. Exports also declined by 13.3% off August and by 17.8% year-over-year and by 13.7% from two Septembers ago. The total number of containers that passed through Oakland in September (182,935 TEUs) was the port's smallest monthly volume since February 2020.

The numbers from the Northwest Seaport Alliance Ports of **Seattle** and **Tacoma** showed a meager 0.2% year-over-year gain in import loads, which also represented a 6.6% decline from September 2019. Outbound loads, meanwhile, were similarly down 14.6% from a year earlier and 30.4% from two years earlier. Total international

First Glimpse at the Ports' September's TEU Numbers Continued

container traffic through the two ports in the year to date (2,236,446 TEUs) was down 7.6% from the first nine months of last year and down by 5.0% from the same period in 2019.

Finally, California's **Port of Hueneme** is seeing such growth from the shift to containerizing fruit imports from Central and South America that its container traffic now exceeds that of the Port of Boston. September saw 19,850 total TEUs pass through Port of Hueneme as opposed to Boston's 9,895 TEUs of total container traffic.

Detailing the August 2021 TEU Numbers

First, some housekeeping notes. We have been obliged to suspend our efforts to include TEU data from the Ports of Manzanillo and Lazaro Cardenas because of timeliness and transparency issues.

Due to the COVID-19 pandemic's ongoing impact on global trade, we will continue to offer Exhibits 1-3 with columns comparing the container numbers for the latest month for which complete statistics are available with the same month in the two preceding calendar years. We also compare the numbers on a YTD basis.

According to a National Retail Federation (NRF) October 7, 2021, press release, U.S. ports covered by Global Port Tracker handled 2.27 million Twenty-Foot Equivalent Units in August, the latest month for which final numbers are available. That was up 3.5 percent from July and up 7.8 percent from a year earlier and tied March as the second-busiest month since NRF began tracking imports in 2002. May remains the busiest month on record at 2.33 million TEU.

As our **Exhibit 1** shows, inbound loads at the mainland U.S. ports we track totaled 2,344,942 TEUs, up 8.0% from a year earlier. But then we include four ports the Global Port Tracker doesn't: Boston, Maryland, New Orleans, and Port of Hueneme. Still, our tally of loaded imports for the ports the Global Port Tracker does track finds import loads in August totaling 2,268,445 TEUs, 3.3% lower than the Global Port Tracker total. Our tally also shows import loads were up 7.8% over a year earlier.

Looking at the individual ports we monitor, inbound loads in August at the two San Pedro Bay ports rose by 1.4% (+12,020 TEUs) from a year earlier (when imports initially began surging) and by 17.5% (+132,705 TEUs) from August 2019. What's worth noting is that, through the first eight months of this year, the two ports handled 1,270,524 more inbound loaded TEUs than they had in the comparable period in 2019, before anyone had ever heard of COVID-19.

Imports, meanwhile, edged higher at the Port of Oakland, where the number of inbound loads increased by 1.6% (+1,588 TEUs) from August 2020 and by 10.8% (+9,525 TEUs) from August 2019.

Altogether, the three major California ports saw their loaded inbound TEU numbers increase by 1.4% (+13,608 TEUs) over last August. That was also 16.8% (+142,239 TEUs) more than they had handled in that more typical August two years ago.

Further up the coast, the import trade through the Northwest Seaport Alliance Ports of Seattle and Tacoma in August showed a year-over-year gain of 3.3% (+3,557 TEUs). Nevertheless, that volume was down 0.7% (-820 TEUs) from August 2019.

Even further north, though, August's import numbers were not uniformly positive in British Columbia. The Port of Vancouver did record an impressive 8.2% (+13,770 TEUs) year-over-year increase in inbound, but a 35.5% (-24,140 TEUs) contraction at Prince Rupert brought the overall British Columbia import numbers into negative territory, collectively down 4.4% (-10,370 TEUs) from a year earlier. Still, August's import volume at the two BC ports was up 3.5% (+7,517 TEUs) from August 2019.

Year-over-year gains in import loads along the East Coast were strongly positive apart from Boston and JaxPort. The biggest percentage gains were recorded at Miami

Exhibit 1 August 2021 - Inbound Loaded TEUs at Selected Ports

	Aug 2021	Aug 2020	% Change	Aug 2019	% Change	Aug 2021 YTD	Aug 2020 YTD	% Change	Aug 2019 YTD	% Change
Los Angeles	485,672	516,286	-5.9%	437,613	11.0%	3,789,246	2,922,949	29.6%	3,174,318	19.4%
Long Beach	407,426	364,792	11.7%	322,780	26.2%	3,105,536	2,401,565	29.3%	2,449,940	26.8%
San Pedro Bay Totals	**893,098**	**881,078**	**1.4%**	**760,393**	**17.5%**	**6,894,782**	**5,324,514**	**29.5%**	5,624,258	**22.6%**
Oakland	97,850	96,262	1.6%	88,325	10.8%	737,237	647,046	13.9%	653,074	12.9%
NWSA	111,447	107,890	3.3%	112,267	-0.7%	978,928	777,087	26.0%	927,531	5.5%
Port of Hueneme	8,084	2,778	191.0%	4,831	67.3%	61,554	31,385	96.1%	41,685	47.7%
USWC Totals	**1,110,479**	**1,088,008**	**2.1%**	**965,816**	**15.0%**	**8,672,501**	**6,780,032**	**27.9%**	**7,246,548**	**19.7%**
Boston	8,423	10,162	-17.1%	14,047	-40.0%	69,940	89,662	-22.0%	99,959	-30.0%
NYNJ	399,716	366,887	8.9%	342,541	16.7%	3,034,841	2,401,697	26.4%	2,525,575	20.1%
Maryland	47,807	44,303	7.9%	44,878	6.5%	343,381	333,369	3.0%	354,705	-3.2%
Virginia	144,226	120,914	19.3%	121,542	18.7%	1,079,913	815,659	32.4%	920,478	17.3%
South Carolina	114,671	96,965	18.3%	103,221	11.1%	843,129	659,103	27.9%	716,337	17.7%
Georgia	241,713	227,537	6.2%	217,017	11.4%	1,833,312	1,401,660	30.8%	1,489,720	23.1%
Jaxport	24,487	27,738	-11.7%	30,484	-19.7%	217,004	203,737	6.5%	239,791	-9.5%
Port Everglades	32,470	25,150	29.1%	24,407	33.0%	295,361	241,722	22.2%	214,196	37.9%
Miami	48,976	36,847	32.9%	37,787	29.6%	372,435	264,754	40.7%	291,117	27.9%
USEC Totals	**1,062,489**	**956,503**	**11.1%**	**935,924**	**13.5%**	**8,089,316**	**6,411,363**	**26.0%**	**6,851,878**	**18.1%**
New Orleans	12,183	10,239	19.0%	11,908	2.3%	86,651	91,113	-4.9%	92,840	-6.7%
Houston	159,791	116,714	36.9%	110,318	44.8%	1,046,434	788,771	32.7%	826,167	26.7%
USGC Totals	**171,974**	**126,953**	**35.5%**	**122,226**	**40.7%**	**1,133,085**	**879,884**	**28.8%**	**919,007**	**23.3%**
Vancouver	180,865	167,095	8.2%	145,819	24.0%	1,302,661	1,118,274	16.5%	1,152,495	13.0%
Prince Rupert	43,924	68,064	-35.5%	71,453	-38.5%	351,753	404,954	-13.1%	437,109	-19.5%
BC Totals	**224,789**	**235,159**	**-4.4%**	**217,272**	**3.5%**	**1,654,414**	**1,523,228**	**8.6%**	**1,589,604**	**4.1%**
US/BC Totals	2,569,731	2,406,623	6.8%	2,241,238	14.7%	19,549,316	15,594,507	25.4%	16,607,037	17.7%
US Total	2,344,942	2,171,464	8.0%	2,023,966	15.9%	17,894,902	14,071,279	27.2%	15,017,433	19.2%
USWC/BC	1,335,268	1,323,167	0.9%	1,183,088	12.9%	10,326,915	8,303,260	24.4%	8,836,152	16.9%

Source Individual Ports

Exhibit 2 August 2021 - Outbound Loaded TEUs at Selected Ports

	Aug 2021	Aug 2020	% Change	Aug 2019	% Change	Aug 2021 YTD	Aug 2020 YTD	% Change	Aug 2019 YTD	% Change
Los Angeles	101,292	131,429	-22.9%	146,284	-30.8%	856,567	1,005,893	-14.8%	1,216,304	-29.6%
Long Beach	119,485	126,177	-1.7%	124,975	-4.4%	981,176	998,998	-1.8%	968,854	1.3%
San Pedro Bay Totals	**220,777**	**257,606**	-14.3%	**271,259**	-18.6%	**1,837,743**	**2,004,891**	-8.3%	**2,185,158**	-15.9%
Oakland	71,753	76,144	-5.8%	75,080	-4.4%	598,955	610,097	-1.8%	615,145	-2.6%
NWSA	51,487	54,918	-6.2%	74,852	-31.2%	465,597	522,805	-10.0%	602,410	-22.7%
Port of Hueneme	2,966	694	327.4%	1,207	145.7%	15,908	7,843	102.8%	10,417	52.7%
USWC Totals	**346,983**	**389,362**	-10.9%	**422,398**	-17.9%	**2,918,203**	**3,145,636**	-7.2%	**3,413,130**	-14.5%
Boston	5,944	7,033	-15.5%	8,220	-27.7%	49,181	49,524	-0.7%	54,837	-10.3%
NYNJ	103,886	103,067	0.8%	127,237	-18.4%	914,296	865,419	5.6%	986,770	-7.3%
Maryland	21,466	18,638	15.2%	19,924	7.7%	169,326	142,668	18.7%	154,392	9.7%
Virginia	85,256	75,325	13.2%	80,655	5.7%	707,512	609,751	16.0%	655,460	7.9%
South Carolina	65,207	66,825	-2.4%	73,927	-11.8%	560,890	513,788	9.2%	560,783	0.1%
Georgia	114,070	115,565	-1.3%	125,558	-9.1%	973,118	973,363	-0.03%	1,003,980	-3.1%
Jaxport	49,240	44,119	11.6%	42,934	14.7%	392,353	326,666	20.1%	332,378	18.0%
Port Everglades	32,242	25,150	28.2%	24,407	32.1%	241,722	193,129	25.2%	214,196	1.9%
Miami	29,525	32,812	-10.0%	32,980	-10.5%	233,318	240,000	-2.8%	274,187	-14.9%
USEC Totals	**506,836**	**488,534**	3.7%	**535,842**	-5.4%	**4,241,716**	**3,914,308**	8.4%	**4,236,983**	0.1%
New Orleans	20,273	22,192	-8.6%	26,022	-22.1%	176,822	187,366	-5.6%	200,200	-11.7%
Houston	85,660	98,552	-13.1%	109,388	-21.7%	719,215	831,650	-13.5%	836,350	-14.0%
USGC Totals	**105,933**	**120,744**	-12.3%	**135,410**	-21.8%	**896,037**	**1,019,016**	-12.1%	**1,036,550**	-13.6%
Vancouver	77,438	77,353	0.1%	92,120	-15.9%	636,658	693,441	-8.2%	765,709	-16.9%
Prince Rupert	12,838	16,626	-22.8%	15,144	-15.2%	106,914	132,921	-19.6%	132,189	-19.1%
BC Totals	**90,276**	**93,979**	-3.9%	**107,264**	-15.8%	**743,572**	**826,362**	-10.0%	**897,898**	-17.2%
US/Canada Total	1,050,028	1,092,619	-3.9%	1,200,914	-12.6%	8,799,528	8,905,322	-1.2%	9,584,561	-8.2%
US Total	959,752	998,640	-3.9%	1,093,650	-12.2%	8,055,956	8,078,960	-0.3%	8,686,663	-7.3%
USWC/BC	437,259	483,341	-9.5%	529,662	-17.4%	3,661,775	3,971,998	-7.8%	4,311,028	-15.1%

Source Individual Ports

Detailing the August 2021 TEU Numbers Continued

(32.9%) and Port Everglades (29.1%), although the biggest numerical increase along the East Coast (+32,829 TEUs) was reported by PNYNJ. By comparison, the largest numerical bump year-over-year in inbound loads was recorded by Long Beach (+42,634 TEUs). Overall, the nine USEC ports we track handled 105,986 more inbound loaded TEUs than in August of last year, an increase of 11.1%. The same nine ports likewise saw a 13.5% (+126,565 TEUs) gain in inbound loads over August 2019.

YTD, the USWC ports we track have taken in 8,672,501 loaded import TEUs through August, 583,185 TEUs more than the 8,089,316 inbound loads handled by the USEC ports we monitor.

As for the containerized export trade, **Exhibit 2** testifies that traffic up and down the Pacific Coast has been not what you'd call robust. Only Port of Hueneme and Vancouver (barely) bucked the dismal trend. Outbound loads from the two San Pedro Bay ports were down 14.3% (-36,829 TEUs) from a year earlier and down 18.6% (-50,582 TEUs) from two Augusts ago. Outbound loads at Oakland (-4,391 TEUs), the NWSA ports (-3,431 TEUs), and Prince Rupert (-3,788 TEUs) all declined from a year earlier. Vancouver exported just 85 more loaded TEUs than it had a year ago. Through the first eight months of this year, USWC ports sent 494,927 fewer loaded TEUs abroad than they had two years earlier.

On the USEC, loaded export container traffic in August was up 3.7% (+18,302 TEUs) over last August but down by 5.4% (+29,006 TEUs) from August 2019. YTD, USEC ports handled 1,323,513 more export loads than did USWC ports.

At the two Gulf Coast ports we track, export loads were down 12.3% (-14,811

Exhibit 3 **August 2021 Total TEUs (Loaded and Empty) Handled at Selected Ports**

	Aug 2021	Aug 2020	% Change	Aug 2019	% Change
Los Angeles	7,273,053	5,580,110	30.3%	6,311,874	15.2%
Long Beach	6,346,377	4,911,726	29.2%	4,971,407	27.2%
San Pedro Bay Ports	**13,619,430**	**10,491,836**	**29.8%**	**11,283,281**	**20.7%**
NYNJ	5,934,664	4,661,453	27.3%	4,995,420	18.8%
Georgia	3,676,054	2,893,694	27.0%	3,076,998	19.5%
Vancouver	2,546,380	2,168,379	17.4%	2,292,316	11.1%
NWSA	2,472,838	2,111,059	17.1%	2,562,329	-3.5%
Virginia	2,281,848	1,742,492	31.0%	1,977,687	15.4%
Houston	2,225,500	1,911,176	16.4%	1,980,512	12.4%
South Carolina	1,814,602	1,482,027	22.4%	1,651,069	9.9%
Oakland	1,733,230	1,612,668	7.5%	1,697,715	2.1%
Montreal	1,150,189	1,016,762	13.1%	1,173,616	-2.0%
JaxPort	946,471	823,111	15.0%	904,612	4.6%
Miami	848,502	673,001	26.1%	753,736	12.6%
Port Everglades	707,795	609,316	16.2%	690,233	2.5%
Maryland	697,007	672,633	3.6%	722,977	-3.6%
Prince Rupert	689,806	704,468	-2.1%	782,659	-11.9%
Philadelphia	486,597	424,141	14.7%	410,477	18.5%
New Orleans	350,475	384,394	-8.8%	426,225	-17.8%
Boston	142,541	175,846	-18.9%	201,483	-29.3%
Port of Hueneme	140,316	115,942	21.0%	83,918	67.2%
Port of San Diego	106,727	101,729	4.9%	93,348	14.3%
Portland, Oregon	56,415	32,766	72.2%	26	
US/Canada Total	42,627,387	34,808,893	22.5%	37,760,637	12.9%
US Mainland Only	38,347,739	31,021,013	23.6%	33,605,394	14.1%

Source Individual Ports

Detailing the August 2021 TEU Numbers Continued

TEUs) from last August and down by 21.8% (-29,477 TEUs) from the August before that.

Exhibit 3 shows that the mainland U.S. ports we monitor handled 38,347,739 total TEUs (loaded + empty) this year through August. That was up 23.6% (+7,326,726 TEUs) over the same period last year and up 14.1% (+4,742,345 TEUs) from the first eight months of 2019.

For What It's Worth

Through the first eight months of 2021, the declared value of containerized imports entering U.S. mainland ports totaled $604.87 billion. Nominally, this was up 26.5% from the same period last year and up 13.5% from the $535.01 billion in containerized imports reported in the first eight month of 2019. The two San Pedro Bay ports together handled imports valued at $204.38 billion, up 23.3% from $165.69 billion the year before and up 10.3% from the $185.31 billion they had handled in the same period in pre-pandemic 2019.

Perhaps surprisingly given the fall-off in outbound loaded TEUs from pre-pandemic levels, the declared value of containerized exports remained almost unchanged in nominal terms. This year's $185.23 billion in containerized imports through August barely exceeded the $185.18 billion reported in the same eight months of 2019. This year's export trade was, however, up 12.4% in value from last year's $164.79 billion.

Weights and Values

Following along with different ways of gauging containerized trade, we offer here two alternative measures – the declared weight and value of the goods loaded into 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 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 August. We again remind readers that, although it may appear that the five major USWC maritime gateways monopolize the movement of containers through ports in the states of California, Oregon, and Washington, that's not really the case. In recent years, smaller ports have boosted the major ports' combined share of containerized import tonnage through mainland U.S. ports by 1.5-2.0%. In August, the total USWC share of containerized import tonnage through mainland ports was 37.0%, 1.7% higher than the 35.3% share jointly held by the USWC Big Five.

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

	Aug 2021	Jul 2021	Aug 2020
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	26.6%	27.2%	29.6%
Oakland	4.1%	4.0%	4.1%
NWSA	4.6%	4.8%	4.5%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	33.4%	33.0%	36.8%
Oakland	3.0%	3.1%	3.9%
NWSA	6.0%	5.8%	5.8%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	19.6%	18.1%	22.6%
Oakland	6.8%	6.8%	6.6%
NWSA	6.0%	5.8%	7.0%
Shares of U.S. Mainland Conatainerized Export Value			
LA/LB	17.4%	17.3%	21.7%
Oakland	6.9%	7.2%	6.9%
NWSA	4.0%	4.0%	4.2%

Source: U.S. Commerce Department.

Port of Hueneme is an important port-of-entry for refrigerated containers laden with fresh fruit imports from Central and South America. And Portland (the riverport in Oregon, not the seaport in Maine) is gradually re-building its international container trade, with the number of total TEUs handled in August (7,364 TEUs) up from just six two years ago.

Detailing the August 2021 TEU Numbers Continued

Exhibit 5 displays the shares of U.S. container trade involving the Far East handled by the five major USWC ports. Collectively, these five ports handled 57.7% of all containerized import tonnage that entered U.S. mainland ports from the Far East in August. That was down from last August, when the same five ports received 59.6% of all containerized import tonnage, but it was up from the 57.0% share in the pre-pandemic month of August 2019. Adding in the containerized import tonnage handled by the smaller ports of California, Oregon, and Washington, the overall USWC share in August 2021 was boosted to 58.6%. On the export side, the role of the smaller USWC ports has been edging up. This August, they added 1.6% to the Big Five's 52.2% share of containerized export tonnage headed from U.S. mainland ports to markets in the Far East. Two Augusts ago, the smaller ports added just 0.1% to the Big Five share.

The tonnage coming out of the smaller ports of California, Oregon and Washington boosted the overall USWC share to 53.8%. However, that was down from 56.4% a year earlier and from 58.5% in August 2019.

Who's #1?

Once again, there was no doubt that the nation's busiest port in August was the Port of Los Angeles with a total of 954,377 empty and loaded TEUs crossing its docks that month. The neighboring Port of Long Beach was the next busiest port with 807,704 total TEUs. Together, the San Pedro Bay gateway managed to move 1,762,081 TEUs in August. In third came the Port of New York/New Jersey (PNYNJ) with 780,782 total TEUs. Fourth place went to Savannah with 485,595 total TEUs. The Northwest Seaport Alliance Ports of Tacoma and Seattle ranked fifth among the U.S. ports we track with a total of 305,071 total TEUs in August.

Not surprisingly, the Port of Los Angeles was also the nation's busiest port year-to-date, with 7,273,053 total TEUs through August. Second was Long Beach with 6,346,377 TEUs, while PNYNJ placed third with 5,934,664 TEUs. Fourth-place Savannah handled 3,676,054 total TEUs through the first eight months of this year, while the NWSA ports processed 2,472,838 total TEUs. (North of the border, Vancouver reported handling 2,546,380 TEUs through August.)

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

	Aug 2021	Jul 2021	Aug 2020
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	44.9%	46.3%	45.8%
Oakland	3.9%	3.9%	4.3%
NWSA	7.4%	7.5%	6.4%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	49.7%	51.2%	52.3%
Oakland	3.3%	3.4%	4.4%
NWSA	8.9%	8.8%	8.0%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	33.8%	31.4%	36.0%
Oakland	10.1%	9.8%	8.9%
NWSA	11.1%	11.0%	10.5%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	35.5%	34.9%	41.2%
Oakland	12.8%	12.8%	12.0%
NWSA	8.6%	8.2%	8.1%

Source: U.S. Commerce Department.

Counting loaded boxes only, Los Angeles remained in the lead with 586,964 loaded TEUs in the month of August. Neighboring Long Beach came next with 526,911 loaded TEUs in August, followed by the Port of New York/New Jersey with 503,062 loaded TEUs. Savannah ran well behind with 355,783 loaded TEUs followed by Houston with 245,451 total loads.

In the category of inbound loads discharged in August, Los Angeles (485,672 TEUs) topped Long Beach (407,426 TEUs) and PNYNJ (399,716). Inbound loads at Savannah

Detailing the August 2021 TEU Numbers Continued

meanwhile totaled 241,713 TEUs, while fifth place Houston handled 159,791 inbound loaded TEUs in August.

Once again, export loads were a different story. The Port of Long Beach led all mainland U.S. ports with 119,485 loaded export TEUs, followed by Savannah with 114,070 TEUs. PNYNJ came next with 103,886 TEUs, topping Los Angeles (101,292 TEUs). Houston claimed fifth place with 85,660 export loads, just nosing out Virginia (85,256 TEUs).

Two-Year Trends

We all know that the past two years have occasioned much tumult in the container shipping industry. In the first quarter of last year and trailing into the summer, container flows through North American ports contracted sharply as governments moved to stem the spread of the Covid-19 virus. Then, last fall, import traffic picked up dramatically, while exports continued to lag. The reasons for the divergent paths have been and will continue to be debated, especially now that the White House has intervened in the affairs of the nation's major seaports.

For the sake of providing historical context, here we present a series of five graphs demonstrating the past two years of container traffic in

Exhibit 6 **Laden Container Traffic at San Pedro Bay: September 2019-September 2021**
Sources: Ports of Los Angeles and Long Beach

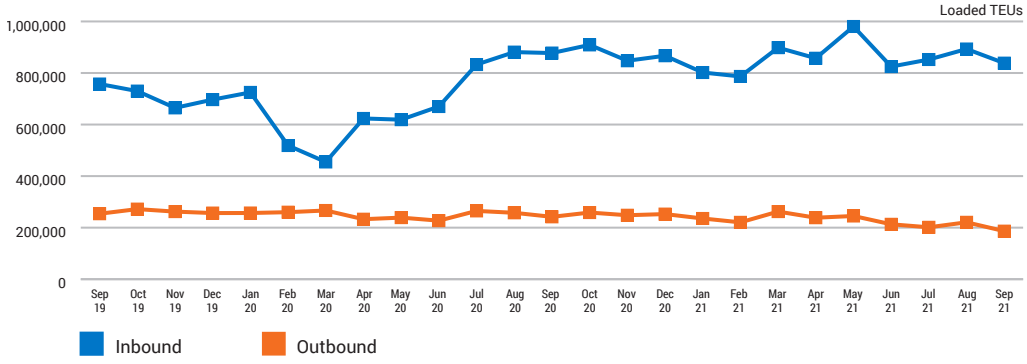


Exhibit 7 **Laden Container Traffic at Oakland: September 2019-September 2021**
Source: Port of Oakland

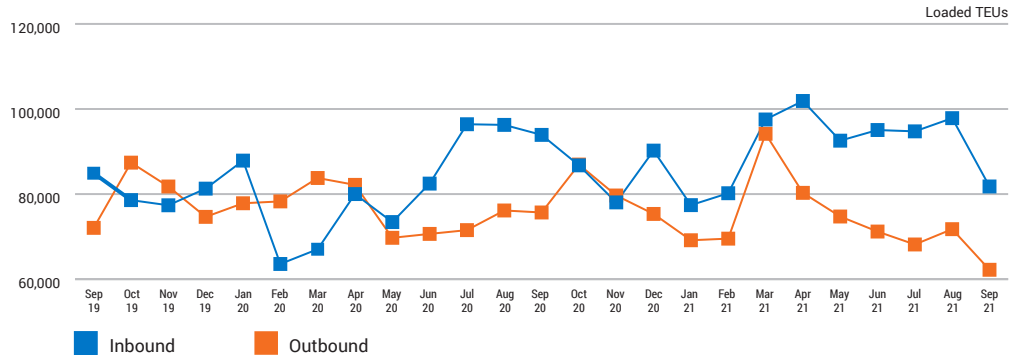
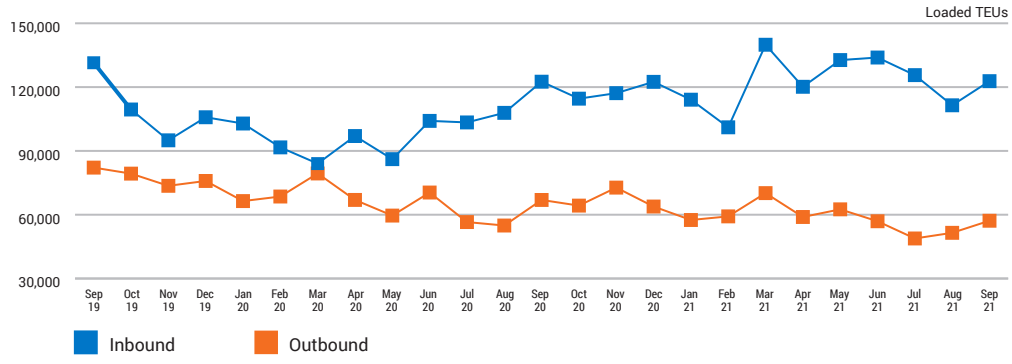


Exhibit 8 **Laden Container Traffic at NWSA: September 2019-September 2021**
Source: Northwest Seaport Alliance



Detailing the August 2021 TEU Numbers Continued

loaded TEUs at the three major USWC ports (the San Pedro Bay Ports of Los Angeles and Long Beach, the Port of Oakland, and the Northwest Seaport Alliance Ports of Seattle and Tacoma), and two of their main East Coast competitors: the Port of Savannah and the Port of New York/New Jersey. Please note that the graphs for all but PNYNJ cover the period from September 2019 through this September. Because PNYNJ does not report its monthly TEU tallies in a timelier manner, the period covered in Exhibit 10 runs from August 2019 through August 2021.

Exhibit 9 **Laden Container Traffic at Savannah: September 2019-September 2021**
Source: Georgia Ports Authority

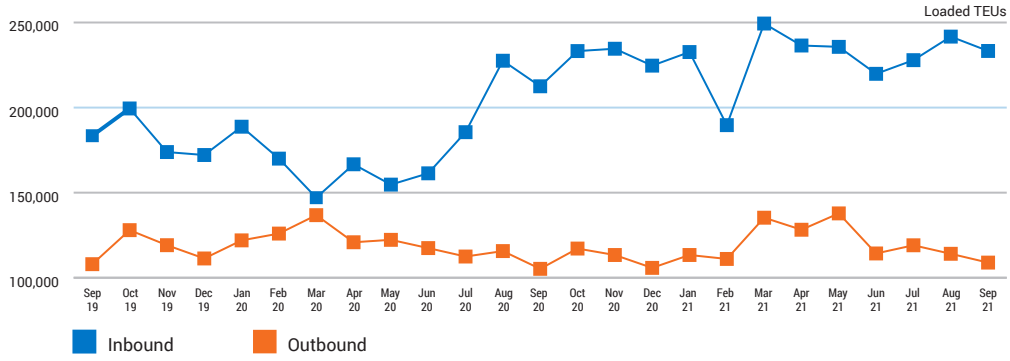
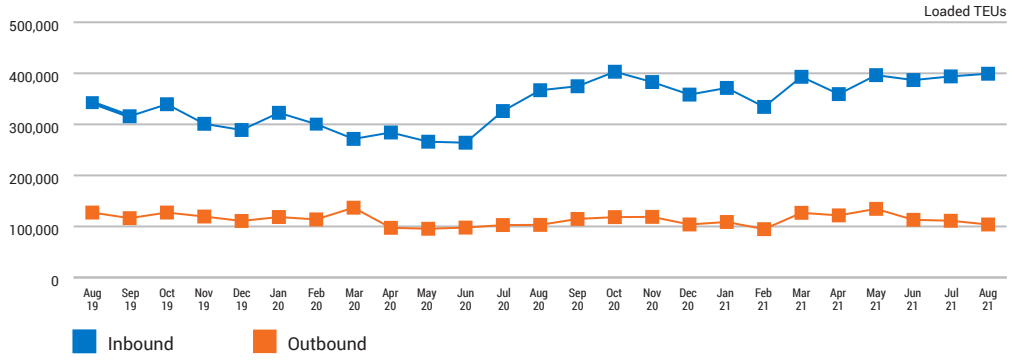


Exhibit 10 **Laden Container Traffic at PNYNJ: August 2019-August 2021**
Source: Port of New York/New Jersey



Interested in membership in PMSA?
Contact Laura Germany for details at: lgermany@pmsaship.com or 510-987-5000.

Jock O'Connell's Commentary:

The Problem of Wanting It All Now

We are now more than a year into the logistical equivalent of seeing six or seven gallons of water being poured into five-gallon buckets. Global supply chains are clogged. Ports here and abroad are congested. Warehouses are stuffed to the ceiling. Clearly, the existing goods movement infrastructure has been no more able to cope with the demands that have lately been placed on it than all those five-gallon buckets.

What to do?

There is no consensus, except to reject the swamped-bayou strategy of just hanging on until the waters recede. The Port of Long Beach is opting for longer gate hours in hopes of easing its congestion. The Port of Los Angeles is banking on enhanced information-sharing to make its container flows more efficient.

But most of the Big Thinkers, once they have gotten through the initial run-in-circles, scream-and-shout phase of analysis, appear to favor investing in bigger buckets. And why not? We finally have a President who is serious about infrastructure and a Congress that's willing to pony up some funds, albeit in sums pathetically inadequate to the task.

To be sure, even the Buy-Bigger-Buckets crowd probably understands that the wave of imports flooding America's ports since the onset of the pandemic last year will eventually subside and will likely do so well before more hardware can be deployed to alleviate the stress that might soon be much less stressful. The goal of most analysis is to get ahead of events, to prepare for the next flood, and most importantly to spend the new federal money before it's taken off the table.

So order books are being compiled, and plans are being drafted for bolstering the nation's goods movement infrastructure, especially in and around its ports. Billions will be spent, much of it wastefully if history is any guide.

But wait. What if this isn't an infrastructure problem? What if, instead, it's the result of a psychological defect that has been inflicted on the consumer market?

Back in mid-20th century America, my dear, departed mother would regularly peruse the thin, black-and-white pages of the famed mail-order catalog published by the Sears, Roebuck Company of Chicago, Illinois. It was as close as Americans of that era got to online shopping. From time to time, mother would spy something she liked and that she couldn't obtain from a local department or hardware store in Portland, Maine. So she would draft a letter she would address alternately to Mr. Sears or Mr. Roebuck (doing business was a personal matter to mother; no faceless corporations for her). Since this was also before widespread use of personal checking accounts, she would further be obliged to trudge downtown to the Casco Bank & Trust to obtain a cashier's check to cover the purchase price and the shipping charge. (No Amazon Prime then.) Finally, she'd entrust her order to the then highly regarded U.S. Post Office, which would take a few days to convey her order to either Mr. Sears or Mr. Roebuck in far-off Chicago. Then she would wait, with more patience than she normally had for her son.

Back then in the halcyon years celebrated by conservatives and septuagenarians, Dwight Eisenhower was in the White House and a package containing my mother's order would normally show up in four to six weeks' time. Its arrival was always a special occasion, and we prayed that she would not be entirely disappointed if the color was not quite what she had imagined or that the size was too small or large. But the point here is to remind us that she and millions of other American consumers considered several weeks to be an entirely reasonable period to wait for an order to arrive all the way from Chicago, Illinois.

Today, we have lost all patience. We simply can't wait. We want that package to arrive tomorrow, if not later today. How did this happen? How did we become so impulsive about our consumption? What would mother think? (Okay, let's not go there.)

The fault, obviously, lies with a man named Jeff Bezos. Long before the pandemic prompted homebound

Commentary Continued

consumers to entertain themselves by ordering stuff they didn't really need, Mr. Bezos taught Americans that they could have their orders delivered to their front steps with alacrity bordering on celerity. He, more than the New Math or any other cultural phenomenon of the early 21st century, changed us, a nation otherwise accustomed to heroic commutes to and from work, into foot-stomping children on a sugar high.

And it was not just Americans that Mr. Bezos and his followers (like the Walton clan) have transformed. This September, for a change of scenary, I rented an apartment in Vienna, a gracious city in which I had spent an undergraduate year at a time much closer to the Vienna of "The Third Man" than to today. To my dismay, I discovered I could not escape Amazon. The only question was whether my order would be shipped to me by Mr. Bezos' minions in Bavaria, Czechia, or Slovakia. *Danke für Ihren Einkauf, Herr O'Connell*.

Now what has this to do with the crisis at the ports?

Plenty. To be able to satisfy his customers' expectations of speedy delivery, Mr. Bezos has been obliged to pepper the landscape with various warehouses, distribution facilities, and what he calls fulfillment centers, many of them large enough to house every single homeless person in America. After all, you simply can't do next-day, let alone same-day delivery if you're dispatching shipments the old-fashioned way from a handful of storehouses scattered around the country. You've got to be in the next town.

So Mr. Bezos (and those retailers who copied him) went on a colossal building spree. His e-tail giant alone reportedly opened over 100 new fulfillment centers, sortation centers, regional air hubs, and delivery stations across the U.S. just while I was away in September.

The port congestion issue arose, I submit, because Amazon and its rivals had made near-instantaneous home delivery a highly desirable alternative to the old in-person shopping model that was effectively being shut down during the first several months of the pandemic.

This resulted in a huge upswing in demand for imported goods, but not so much from consumers themselves as from the rapidly growing number of fulfillment centers and delivery points Amazon and others were building. The imperative of keeping its own far-flung shelves adequately stocked with merchandise broke the nation's import supply chains, not the orders placed by actual consumers. In effect, Amazon and its competitors have not been fulfilling consumer demand so much as they are filling their fulfillment centers. No wonder that ports are clogged and inland supply chains are now overwhelmed.

Despite the exaggerated load this has placed on the goods movement infrastructure, Amazon, Walmart, and other retailers continue to promote next-day or second-day delivery for most consumer items. That requires maintaining extensive inventories in more locations than would otherwise be needed. And, so long as they build more and more storage facilities, they will be obliged to import vast quantities of merchandise.

In summary, it's not consumers' orders that are congesting the system; it's those merchandizers who insist on fostering expectations of immediate delivery.

So what's the answer to supply chain congestion? Instead of addressing today's crisis as an infrastructure deficiency, suppose President Biden addressed the nation and, in a suitably avuncular manner, told us all to slow down, take a deep breath, and count on getting that bedsheet or yoga mat we ordered next week rather than tomorrow.

Perhaps Mr. Bezos himself could help ease the logistical strain by offering financial incentives for deferred deliveries. Instead of charging extra for same-day delivery, Amazon could offer a 5% discount on merchandise slated for delivery in a week or 10% on orders that would be fulfilled the week after that.

Imagine how much Amazon could consolidate its fulfillment centers. Imagine how much less it would have to import if it moderated its ASAP delivery policy.

Imagine how much my patient mother would have saved.

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

The Goods Won't Move By Themselves

By Mike Jacob, PMSA Vice President & General Counsel

PMSA is proud to endorse the efforts of the industry, ports, and labor to respond to the current cargo congestion crisis as announced by President Biden this week (see Statement by John McLaurin, republished below in this edition of the *West Coast Trade Report*), and we encourage more creative approaches to be piloted and evaluated until the congestion is eased. However everyone in the intermodal supply chain knows that these short-term and one-time efforts are no solution for long-term capacity constraints and congestion on the US West Coast. One thing that would help: actual federal focus, investment, and coordinated support for freight and the industrial transportation network which supports Pacific trade.

It is absolutely no surprise that the White House's announcement of business and labor efforts emphasized that the only real and effective short-term solutions to this congestion problem lie in the marketplace itself. That's why the most important, pertinent, and prescient statement made by President Biden in his remarks this week may have very well been his admonition that the voluntary opening by marine terminals of longer gate hours at the ports in Southern California only has the "potential" to reduce congestion and supply chain snarls "because all of these goods won't move by themselves."

He is absolutely right, but perhaps more importantly it needed to be said. For every cog in the supply chain wheel, the business model is one that works best when it is recognized the least. When operating smoothly, the just-in-time international intermodal supply chain has been a modern marvel at producing efficient transportation across the globe at ever lower and lower per unit costs and lower and lower per unit emissions. This has given consumers – the ultimate driver of cargo volumes - worldwide the luxury of never needing to think about the health or infrastructure that undergirds the freight and industrial transportation systems that satisfy the demands of the 21st century global economy.

In fact, it is truly a compliment to all of us in the supply chain that we have pulled off the most improbable of feats: being both ubiquitous to the world economy and invisible to the world's consumers at the same time.

Unfortunately, COVID has exposed us, and laid bare the impacts of an unprecedented global demand surge that the industry and its port and labor partners could never have imagined, envisioned, planned, or anticipated. One of the silver linings may be that the health and performance of the intermodal supply chain will no longer just be a theoretical and unseen concern, as political leaders can no longer take our supply chain's ubiquity, capital and labor, or capacity to absorb regulatory and infrastructure constraints for granted. Where once the intermodal supply chain was viewed as an insatiable well by many policymakers, now constraints and limits exist and the global consumer is demanding that they be addressed.

In that context, it is important for our federal leaders to step up and begin to invest in the infrastructure and policies necessary to truly facilitate future growth, ensure smooth operations of international cargo flows, and assist the supply chain to absorb the costs of future environmental improvements. Specifically, since our West Coast ports continue to be the overwhelming gateway for our goods, maybe our nation should start investing in its infrastructure to match its patterns of consumer demand.

First of all, the overall national public funding and policy attention that is paid to facilitating the elimination of congestion, expansion of infrastructure, and reduction of negative freight and industrial transportation externalities has been historically and remains embarrassingly low. The paucity of actual, significant federal freight policy essentially left all of the funding of our freight infrastructure to the private sector to fund in conjunction with state and local government partners. The lack of federal focus was so acute that in 2010 the California Legislature adopted a resolution to ask Congress to adopt a national freight policy and to increase federal investments in freight infrastructure, congestion relief, and air quality.

Obviously, the lack of a national freight policy hurt West Coast trade. Self-help states like California and Washington were left to bear locally the costs of both facilitating infrastructure investments and reducing negative impacts related to congestion and air quality without the benefit of full federal partnership in trade-supporting investment.

In response to calls like these there has been an increase in focus on trade and freight infrastructure and

The Goods Continued

investment at the national level, but in many respects these new funding streams have actually compounded the lack of focus on how to ensure the success of West Coast ports. As pointed out recently by the Port of Los Angeles, since 2010 federal investment in Pacific Coast ports has equaled approximately $1.2 billion, while federal investment in Gulf and Atlantic Coast ports have totaled $10.8 billion. After accounting for Great Lakes port spending, over 90% of federal investment has gone to ports not on the West Coast. This is obviously incongruent with the actual cargo volumes being supported by Pacific ports of over 40% of our national container flows.

This is not harmless; rather the federal government's freight investment policies actually undermine our supply chain productivity. Because Pacific ports are essentially funding all of their own overhead, their ability to continue making self-help investments in infrastructure and environmental improvements is sabotaged when the federal government makes capacity enhancing infrastructure at other seaports which are competing with the West Coast for discretionary import cargoes from Asia. It is no coincidence that the West Coast ports' loss of discretionary cargo market share to East and Gulf Coast competitors continued during the past decade when federal investments have skewed heavily towards East and Gulf Coast ports which were expanding their capacity and ability to take this traffic from the Pacific trades.

So while we are seeing marketplace responses to congestion worldwide to short term congestion and capacity constraints, the responses from the federal government should not only be focused on how to help create capacity in our freight transportation system, but how to improve and expand federal investment in our freight transportation system strategically, fairly, and effectively. If the goal is to actually improve throughput and the reliability, resiliency, and durability of the existing system, then that should result in an abandonment of the current approach to trade where 90% of federal funds are effectively spent everywhere except where they would be most useful. It is, without a doubt, time for us to invest our tax money where we as consumers collectively demand it – at the containerized seaports on the West Coast.

And if we don't, the goods won't move by themselves.

October 13, 2021 Statement

By John McLaurin, President, Pacific Merchant Shipping Association

The Pacific Merchant Shipping Association (PMSA), whose members are ocean carriers and marine terminals, are encouraged by the actions of the Biden Administration to relieve congestion in the supply chain. This federal leadership has the potential to expedite needed shipments of goods throughout the United States.

To be clear, all parts of the supply chain are struggling under a surge in cargo. Marine terminal gates are open, and most are providing extended hours but are not being utilized. The problem is that trucks are not using the extended hours due to a shortage of drivers, warehouses are full and also suffer from a lack of personnel, chassis that carry containers are not be being returned causing equipment shortages. It is a system of systems all dependent upon each other.

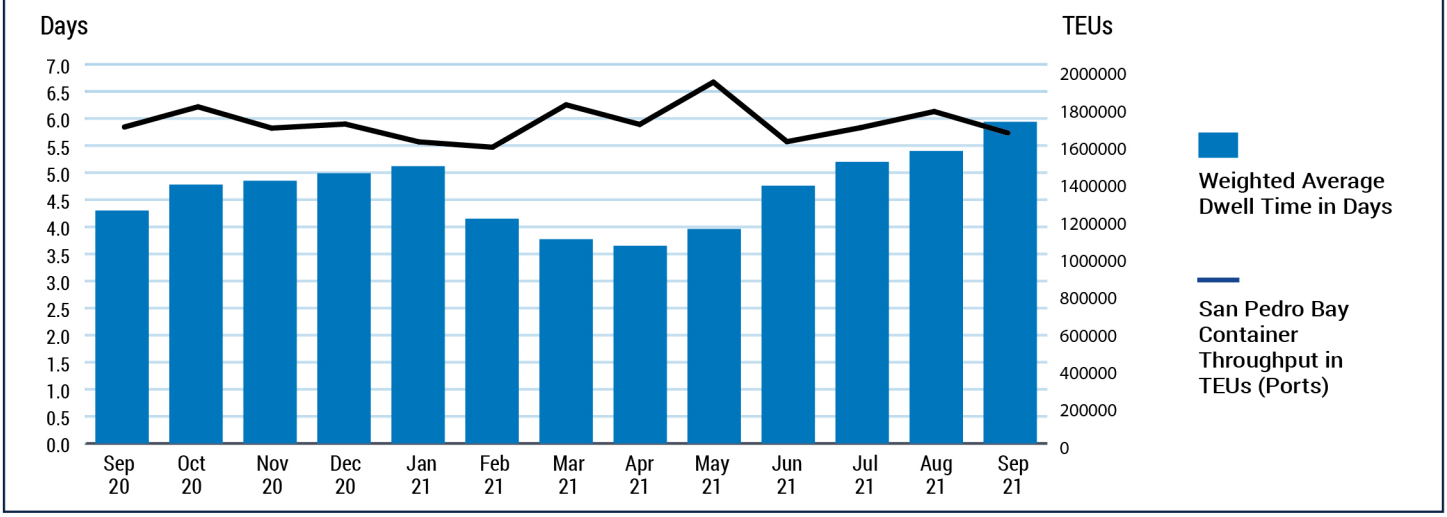
We applaud President Biden and his Administration for encouraging system-wide solutions that will allow the International Longshore and Warehouse Union (ILWU) workers to continue their dedicated service. While many professions were working remotely, the ILWU and marine terminal staff continued to load and unload ships and process containers. Southern California ports have processed more containers in 2021 than at any point in their history.

Accomplishing that goal was not easy. PMSA members have taken several actions to address the congestion that resulted from the pandemic and the disruptions throughout the global manufacturing and goods movement supply chain. Ocean carriers have secured more vessels to meet the growing demand for goods from United States businesses and consumers, terminals and ocean carriers have obtained land outside of port areas to store containers. Despite all of the challenges due to COVID-19, ocean carriers have transported a record amount of goods to California ports. To date, the Ports of Los Angeles and Long Beach have processed 30% more TEU's in 2021 than in 2020

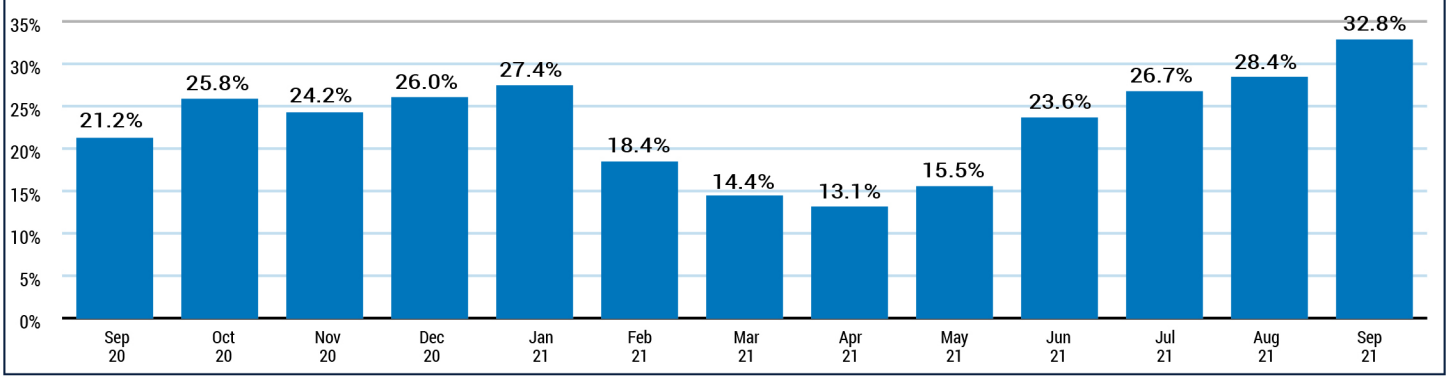
We look forward to working with the Biden Administration to keep the supply chain moving.

Import Dwell Time Is Up For September; Rail Dwell Time Is Down

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



Dwell Time in Days % > 5 Days



Rail Dwell Time in Days