

November Tallies: Partial Numbers Under the Tree

Note: Because we're getting this month's newsletter out before Santa hits the streets, we aren't able to wait for all major ports to publish their November container tallies. But here's what the majority of the big ports are telling us about their November TEU traffic.

Most obviously, San Pedro Bay has lately become a much quieter place.

The 259,442 inbound loaded TEUs that arrived at the **Port of Long Beach** this November were the fewest the port had handled in any November dating back to 2011. Even amidst the notorious work slowdown of 2014-2015, Long Beach processed more inbound loads (293,984) in November 2014. Compared to last November, inbound loads at the Southern California port were down by 28.4%. Compared with November 2020, inbound loads this November were off by 32.2% or 123,235 TEUs. Outbound loads, though, were up 13.8% to 124,988 TEUs. Remarkably, outbound empties (186,546 TEUs) were down 28.8% y/y. Counting loads and empties, the port handled 588,742 TEUs in November, the lowest monthly total since April 2020. YTD, Long Beach has handled a total of 8,589,554 TEUs, down 0.5% from last year's first eleven months.

Across the street, the 307,080 inbound loaded TEUs that arrived at the **Port of Los Angeles** in November were the fewest the port had handled in any November dating

back to 2012. Even during the 2014-2015 work slowdown, America's Port® processed more inbound loads (333,153 TEUs) in November 2014. Outbound loads (90,116 TEUs), while up by 8.9% y/y, were down 31.2% from November 2020. As was the case at Long Beach, the number of outbound empties in November (242,148 TEUs) were down, in LA's case, by 25.6% y/y. The 639,344 total TEUs the port handled in November represented a 21.2% fall-off from a year earlier, when the port handled 172,116 more TEUs. So far this year, total container traffic through the Port of LA has reached 9,182,287 TEUs, down 7.2% from last year at the same point.

Considering the two **San Pedro Bay ports** as a single maritime facility, they easily remain the nation's top gateway for container trade, even if the Port of New York/ New Jersey has handled larger volumes since August. (The big East Coast port has yet to release its November TEU figures.) Collectively, they have handled 17,771,841 TEUs so far this year, down 4.0% from the 18,521,074 TEUs they had handled through November of last year. Inbound loads YTD (8,740,836 TEUs) are down 6.5% or 610,360 TEUs from the 9,351,196 inbound loads handled through November of last year. Outbound loads (2,389,666 TEUs) are down 2.0% or 47,607 TEUs from the 2,437,273 outbound loaded TEUs shipped through November of last year.

The **Port of Oakland** saw the least abrupt year-over-year



792,548

The Port of New York New Jersey handled 792,548 containers during the month of October. That's 114,119 more than POLA and 134,120 more than POLB handled.



November Tallies Continued

declines in container traffic of all the major USWC ports. Inbound loads in November (68,646 TEUs) were down by 17.4% from a year earlier, while outbound loads (63,283 TEUs) were off by 12.3%. Year-to-date, the Northern California port's inbound loads (925,254 TEUs) have been down 5.3% from last year, while outbound loads (702,495 TEUs) have been off by 11.8%. Total traffic throughout the port YTD (2,174,098 TEUs) is down just 4.6% from last year.

Container flows through the **Northwest Seaport Alliance Ports of Tacoma and Seattle** also ebbed substantially in November. Import loads (86,708 TEUs) were down 31.1% from a year earlier, while export loads (48,931 TEUs) were off by 17.5%. Total international traffic through the two Washington State gateways so far this year (2,462,556 TEUs) were down by 11.8% from last year. Counting domestic shipments involving Alaska and Hawaii, total container moves YTD have amounted to 3,152,217 TEUs, a 9.5% falloff from 2021.

Back East, November was the slowest month at the **Port of Virginia** has had since January. The 123,179 inbound loads the port handled represented a 13.0% fall-off from a year earlier. Outbound loads, however, were up 10.7% to 92,988 TEUs. Total container traffic (loads and empties) through the port amounted to 318,452 TEUs, down 1.7% year-over-year. YTD, the port has handled 3,429,265 TEUs, a 7.3% bump over last year at this time.

At the **Port of Charleston**, inbound loads (99,380 TEUs) in November were down by 21.8% year-over-year. For all of this year to date, inbound loads have been up 8.8% from the first eleven months of 2021. Outbound loads (56,283 TEUs) were off by 16.8% from last November. On a YTD basis, outbound loads are down by 20.5%. Counting all container moves so far this year (2,572,963 TEUs), the total volume was up 2.7% over last year.

The **Port of Savannah** reports having handled 219,089 inbound loads in November, a 7.6% year-over-year fall-off. Outbound loads (108,577 TEUs) were up 5.9% over the same period a year ago. YTD, the Georgia port has handled a total of 5,451,372 loads and empties, 5.9% more than in the same period in 2021.

The **Port of Houston** posted a 7.9% bump in inbound loads in November to 164,619 TEUs, while recording a robust 25.2% jump in outbound loads to 118,187 TEUs. Total container traffic through the first eleven months of the year at the Texas port amounted to 3,682,974 TEUs, a 16.9% increase from last year.

November figures from the **Port of Vancouver** show some deceptively strong gains over November 2021. Inbound loads (139,767 TEUs) were up 11.8%, while outbound loads (66,167 TEUs) jumped by 18.8%. Comparisons with the volumes of trade the port handled in November 2020 are less flattering, however. Inbound loads that November were 16.2% higher than this November, while outbound loads were 24.0% higher. This year's YTD traffic of loaded and empty containers at the British Columbia port totaled to 3,350,281 TEUs, off 2.2% from this point last year.

Further north, the **Port of Prince Rupert** continued to play catch-up with its more robust past. Although inbound loads in November (37,030 TEUs) were up 7.6% from a year earlier, they were down 27.8% from November 2020. Similarly, outbound loads (9,263 TEUs) this November were up 10.6% year-over-year but were down 28.5% from November 2020. Total container traffic through the Canadian port for the year to date (948,874 TEUs) edged up 0.4% from last year but was down by 8.0% from the first eleven months of 2020.

While we don't indulge in predicting container volumes, we should observe that, in its most recent forecast, the Global Port Tracker projects that November will see the arrival of 1.85 million TEUs at the thirteen U.S. ports it surveys. That would be down 12.3% year-over-year. That would also be the lowest level of inbound container traffic since those same ports handled 1.87 million TEUs in February 2021. Given what we're seeing so far, that expected 12.3% y/y drop in inbound loads is apt to be optimistic.



For the Record: The Complete October TEU Numbers

October was pretty much a dreadful month for container import traffic through Pacific Coast ports. Despite positive numbers at the **Ports of Oakland, San Diego, and Hueneme**, inbound loads were down year-over-year by 22.7% for all USWC ports and by 15.0% at the **Ports of Vancouver and Prince Rupert** in British Columbia. Traffic in outbound loads again offered the thinnest of gruel.

It should come as no surprise that October saw the **Port of New York/New Jersey (PNYNJ)** retain its status as the nation's busiest container hub in October. For the third consecutive month, the East Coast gateway topped the **Port of Los Angeles** in inbound loads, outbound loads, outbound empties, and total TEUs handled.

The news was not all bad for the San Pedro Bay ports. The **Port of Long Beach** held national bragging rights for the number of outbound loads in October. The San Pedro Bay port shipped 119,761 laden TEUs, more than Houston (118,781 TEUs), Savannah (116,297 TEUs), PNYNJ (112,325 TEUs), Los Angeles (89,722 TEUs), and Norfolk (89,574 TEUs).

Having been tested by an unprecedented surge in imports for much of the pandemic, the Port of LA saw much less container traffic than it had in the pre-pandemic October of 2019. The 336,307 inbound loaded TEUs handled by the Port of LA this October was down 14.4% from the 392,769 inbound loaded TEUs the port had handled three years earlier. Its traffic in outbound loads (89,722 TEUs) in October was down 36.1% from the 140,332 outbound loaded TEUs it had handled in October 2019. Total container traffic through the port this October (678,429

TEUs) was off by 11.9% from the 770,189 TEUs it had handled in October 2019.

The comparisons with October 2019 were much the same at the Port of Long Beach. Inbound loads were 12.8% lower this October, while outbound loads were off by 9.0%. Total container traffic through Long Beach this October (658,428 TEUs) was only 4.4% lower than October 2019's total, owing in part to a higher volume of outbound empties.

Exhibit 1 displays the inbound loaded TEU traffic statistics for October 2022 as reported by the nineteen North American ports that have provided us with detailed container trade statistics. The numbers from the seventeen U.S. ports we monitor are roughly consistent with the Global Port Tracker's finding that the thirteen U.S. ports it monitors collectively handled 2 million TEUs in October. GPT says that was down 9.3% from October 2021, while our numbers reveal an 8.8% decline. (We survey all of the ports GPT tracks but add Boston, New Orleans, San Diego, and Hueneme to our tally.)

Another box counter, Descartes Datamyne offers a more depressing view. According to a report in the *Wall Street Journal*, this trade intelligence arm of supply-chain software provider Descartes Systems Group Inc. claimed in its latest trade report that overall U.S. container imports fell 13% in October from the same month a year ago.

Exhibit 2 displays the outbound loaded TEU numbers for October. Once again, the figures are not indicative of a nation with a thriving maritime export trade, at least in the types of commodities usually transported overseas in containers.

We Make Cargo Move



The Port
OF HUENEME



Exhibit 1

October 2022 - Inbound Loaded TEUs at Selected Ports

	Oct 2022	Oct 2021	% Change	Oct 2020	% Change	Oct 2022 YTD	Oct 2021 YTD	% Change	Oct 2020 YTD	% Change
Los Angeles	336,307	467,287	-28.0%	506,613	-33.6%	4,316,609	4,724,591	-8.6%	3,901,357	10.6%
Long Beach	293,924	385,000	-23.7%	402,408	-27.0%	3,857,705	3,860,765	-0.1%	3,209,592	20.2%
San Pedro Bay Total	630,231	852,287	-26.1%	909,021	-30.7%	8,174,314	8,585,356	-4.8%	7,110,949	15.0%
Oakland	79,459	74,438	6.7%	86,753	-8.4%	856,608	893,464	-4.1%	827,713	3.5%
NWSA	95,637	123,328	-22.5%	114,569	-16.5%	1,086,739	1,241,488	-12.5%	1,014,200	7.2%
Hueneme	11,940	10,176	17.3%	4,829	147.3%	115,565	81,940	41.0%	39,411	293.2%
San Diego	7,210	6,493	11.0%	5,054	42.7%	66,392	60,963	8.9%	56,147	18.2%
USWC Total	824,477	1,066,722	-22.7%	1,120,226	-26.4%	10,299,618	10,863,211	-5.2%	9,048,420	13.8%
Boston	11,559	6,083	90.0%	11,653	-0.8%	69,653	80,983	-14.0%	114,523	-39.2%
NYNJ	382,453	398,535	-4.0%	403,103	-5.1%	4,151,182	3,812,566	8.9%	3,179,449	30.6%
Virginia	144,043	148,212	-2.8%	131,770	9.3%	1,480,008	1,380,322	7.2%	1,068,544	38.5%
South Carolina	121,305	107,773	12.6%	96,563	25.6%	1,179,774	1,049,113	12.5%	846,065	39.4%
Georgia	263,828	259,314	1.7%	233,215	13.1%	2,436,384	2,325,901	4.8%	1,847,392	31.9%
Jaxport	29,228	20,869	40.1%	31,229	-6.6%	267,041	262,889	1.6%	262,702	1.7%
Port Everglades	31,189	29,940	4.2%	26,882	16.0%	328,114	298,798	9.8%	244,846	34.0%
Miami	45,785	44,613	2.6%	46,378	-1.3%	440,651	459,234	-4.0%	350,423	25.7%
USEC Total	1,029,390	1,015,339	1.4%	980,793	5.0%	10,352,807	9,669,806	7.1%	7,913,944	30.8%
New Orleans	11,415	11,455	-0.3%	11,495	-0.7%	100,303	107,022	-6.3%	115,173	-12.9%
Houston	181,292	151,395	19.7%	135,175	34.1%	1,615,912	1,333,216	21.2%	1,045,454	54.6%
USGC	192,707	162,850	18.3%	146,670	31.4%	1,716,215	1,440,238	19.2%	1,160,627	47.9%
Vancouver	149,174	171,215	-12.9%	193,219	-22.8%	1,597,202	1,638,626	-2.5%	1,467,682	8.8%
Prince Rupert	45,592	57,891	-21.2%	67,607	-32.6%	455,874	454,925	0.2%	533,163	-14.5%
British Columbia Total	194,766	229,106	-15.0%	260,826	-25.3%	2,053,076	2,093,551	-1.9%	2,000,845	2.6%
US/BC Total	2,241,340	2,474,017	-9.4%	2,508,515	-10.7%	24,421,716	24,066,806	1.5%	20,123,836	21.4%
US Total	2,046,574	2,244,911	-8.8%	2,247,689	-8.9%	22,368,640	21,973,255	1.8%	18,122,991	23.4%
USWC/BC Total	1,019,243	1,295,828	-21.3%	1,381,052	-26.2%	12,352,694	12,956,762	-4.7%	11,049,265	11.8%

Source Individual Ports



Exhibit 2

October 2022 - Outbound Loaded TEUs at Selected Ports

	Oct 2022	Oct 2021	% Change	Oct 2020	% Change	Oct 2022 YTD	Oct 2021 YTD	% Change	Oct 2020 YTD	% Change
Los Angeles	89,722	98,251	-8.7%	143,936	-37.7%	1,000,451	1,030,533	-2.9%	1,280,226	-21.9%
Long Beach	119,761	122,214	-2.0%	114,679	4.4%	1,174,112	1,214,178	-3.3%	1,226,235	-4.3%
San Pedro Bay Totals	209,483	220,465	-5.0%	258,615	-19.0%	2,174,563	2,244,711	-3.1%	2,506,461	-13.2%
Oakland	66,408	63,338	4.8%	86,942	-23.6%	639,212	724,496	-11.8%	772,803	-17.3%
NWSA	41,693	58,102	-28.2%	64,282	-35.1%	459,188	591,405	-22.4%	654,025	-29.8%
Hueneme	3,316	4,134	-19.8%	1,207	174.7%	32,830	24,444	34.3%	9,849	233.3%
San Diego	900	791	13.8%	272	230.9%	9,724	5,186	87.5%	2,682	262.6%
USWC Totals	321,800	346,830	-7.2%	411,318	-21.8%	3,315,517	3,590,242	-7.7%	3,945,820	-16.0%
Boston	4,414	4,011	10.0%	8,047	-45.1%	29,994	56,484	-46.9%	65,624	-54.3%
NYNJ	112,325	120,250	-6.6%	118,281	-5.0%	1,086,093	1,134,439	-4.3%	1,098,390	-1.1%
Virginia	89,574	88,710	1.0%	83,705	7.0%	892,320	876,919	1.8%	768,982	16.0%
South Carolina	62,965	67,595	-6.8%	69,093	-8.9%	545,855	690,191	-20.9%	643,126	-15.1%
Georgia	116,297	112,907	3.0%	117,148	-0.7%	1,132,549	1,194,926	-5.2%	1,195,740	-5.3%
Jaxport	50,458	48,543	3.9%	50,594	-0.3%	455,810	487,009	-6.6%	423,584	7.6%
Port Everglades	31,189	37,646	-17.2%	33,368	-6.5%	343,596	324,786	5.8%	279,208	23.1%
Miami	21,800	27,385	-20.4%	27,573	-20.9%	256,505	287,849	-10.9%	290,583	-11.7%
USEC Totals	489,022	507,047	-3.6%	507,809	-3.7%	4,742,722	5,052,603	-6.1%	4,765,237	-0.5%
New Orleans	21,880	18,474	18.4%	23,662	-7.5%	193,905	210,229	-7.8%	232,987	-16.8%
Houston	118,781	94,933	25.1%	97,185	22.2%	1,042,677	883,913	18.0%	1,021,250	102.1%
USGC Totals	140,661	113,407	24.0%	120,847	16.4%	1,236,582	1,094,142	13.0%	1,254,237	-1.4%
Vancouver	63,516	69,185	-8.2%	89,933	-29.4%	583,440	773,643	-24.6%	872,816	-33.2%
Prince Rupert	9,672	16,565	-41.6%	15,322	-36.9%	114,994	135,488	-15.1%	161,931	-29.0%
British Columbia Totals	73,188	85,750	-14.6%	105,255	-30.5%	698,434	909,131	-23.2%	1,034,747	-22.5%
US/BC Total	1,024,671	1,053,034	-2.7%	1,145,229	-10.5%	9,993,255	10,646,118	-6.1%	11,000,041	-9.2%
US Total	951,483	967,284	-1.6%	1,039,974	-8.5%	9,294,821	9,736,987	-4.5%	9,965,294	-6.7%
USWC/BC Total	394,988	432,580	-8.7%	516,573	-23.5%	4,013,951	4,499,373	-10.8%	4,980,567	-19.4%

Source Individual Ports

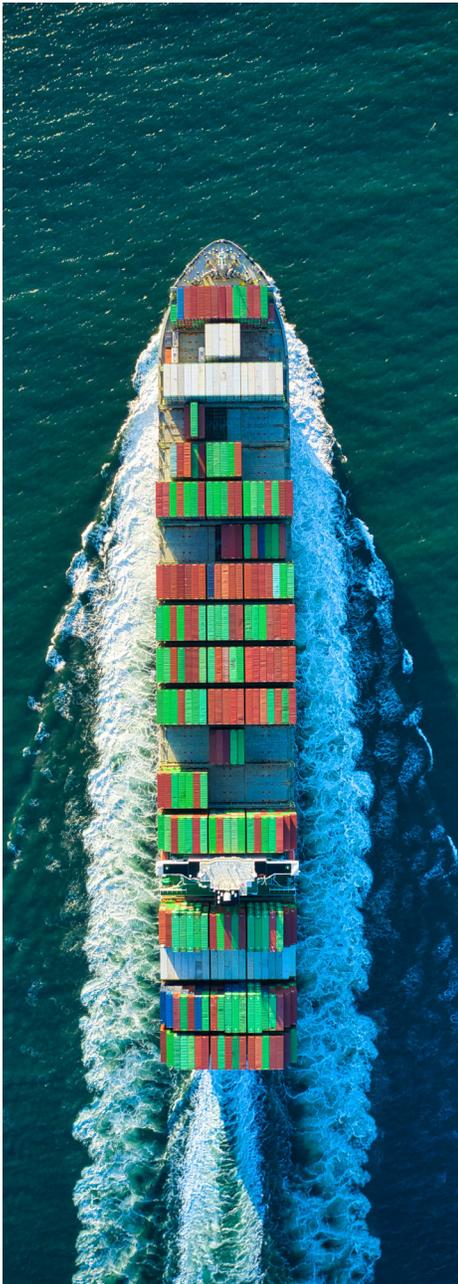


Exhibit 3

October 2022 YTD Total TEUs

	Oct 2022 YTD	Oct 2021 YTD	% Change	Oct 2020 YTD	% Change
Los Angeles	8,542,944	9,079,560	-5.9%	7,444,464	14.8%
NYNJ	8,157,584	7,455,786	9.4%	6,137,859	32.9%
Long Beach	8,000,811	7,884,566	1.5%	6,513,909	22.8%
Georgia	4,986,489	4,652,464	7.2%	3,769,927	32.3%
Vancouver	3,074,680	3,183,752	-3.4%	2,830,500	8.6%
Houston	3,333,924	2,835,486	17.6%	2,461,791	35.4%
Virginia	3,143,322	2,906,546	8.1%	2,273,146	38.3%
NWSA	2,905,183	3,156,500	-8.0%	2,716,632	6.9%
South Carolina	2,359,890	2,254,534	4.7%	1,893,324	24.6%
Oakland	1,989,492	2,089,475	-4.8%	2,055,228	-3.2%
Montreal	1,464,582	1,430,210	2.4%	1,315,830	11.3%
JaxPort	1,099,921	1,160,832	-5.2%	1,068,615	2.9%
Miami	986,516	1,046,806	-5.8%	870,698	13.3%
Port Everglades	921,165	882,897	4.3%	768,103	19.9%
Prince Rupert	876,487	883,575	-0.8%	935,533	93.7%
Philadelphia	648,986	620,477	4.6%	537,698	20.7%
Mobile	467,222	414,059	12.9%	340,288	37.3%
New Orleans	367,663	416,706	-11.8%	476,507	-22.8%
Hueneme	221,803	180,168	23.1%	140,340	58.0%
San Diego	135,209	133,765	1.1%	122,351	10.5%
Portland, Oregon	140,975	83,627	68.6%	43,557	223.7%
Boston	135,471	164,282	-17.5%	224,002	-39.5%

Source Individual Ports



Moving Day and Night

24/7 operation is critical to the future of the supply chain.



Port of **LONG BEACH**
THE PORT OF CHOICE



October 2022 TEU Numbers *Continued*

Exhibit 3 shows the total (full + empty) YTD container traffic over the first ten months of 2022 at the twenty-three North American ports that provide with comparable monthly container statistics.

Weights and Values

Here we offer an alternative to the customary TEU metric for gauging containerized trade. The percentages in **Exhibits 4 and 5** are derived from data compiled by the U.S. Commerce Department from documentation

submitted by the importers/exporters of record. Both exhibits testify to the much-diminished role of USWC ports in serving the nation's containerized trade, both worldwide and with East Asia.

Are we getting back to pre-pandemic levels of container trade?

Hardly, as far as the U.S. West Coast ports are concerned. The nation's busiest container port complex, the Ports of LA and Long Beach, handled 630,231 inbound loads

Exhibit 4 Major USWC Ports Shares of U.S. Mainland Ports Worldwide Container Trade, October 2022

	Oct 2022	Sep 2022	Oct 2021
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	31.2%	32.1%	36.8%
LA/LB	22.5%	22.6%	27.4%
Oakland	3.0%	3.4%	2.8%
NWSA	3.9%	3.8%	4.6%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	36.7%	38.4%	43.2%
LA/LB	28.4%	29.7%	33.4%
Oakland	2.7%	2.8%	2.3%
NWSA	4.5%	4.4%	6.3%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	32.1%	31.3%	34.3%
LA/LB	18.6%	18.9%	18.8%
Oakland	6.0%	5.7%	6.5%
NWSA	6.3%	5.8%	7.1%
Shares of U.S. Mainland Containerized Export Value			
USWC	27.1%	25.7%	28.0%
LA/LB	17.1%	16.2%	16.6%
Oakland	5.8%	5.6%	6.3%
NWSA	3.4%	3.2%	4.2%

Source: U.S. Commerce Department.

Exhibit 5 Major USWC Ports Shares of U.S. Mainland Ports Containerized Trade with East Asia, October 2022

	Oct 2022	Sep 2022	Oct 2021
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	49.9%	50.8%	55.9%
LA/LB	38.4%	38.6%	44.5%
Oakland	3.6%	3.6%	3.0%
NWSA	6.4%	6.4%	7.2%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	54.9%	56.3%	62.2%
LA/LB	43.5%	44.9%	49.3%
Oakland	3.3%	3.3%	2.5%
NWSA	6.8%	6.6%	9.2%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	54.7%	55.5%	57.1%
LA/LB	32.6%	34.5%	33.9%
Oakland	9.1%	8.9%	9.0%
NWSA	11.4%	11.0%	12.6%
Shares of U.S. Mainland Containerized Export Value			
USWC	55.0%	54.5%	57.6%
LA/LB	35.7%	35.5%	36.3%
Oakland	10.5%	10.5%	10.6%
NWSA	7.5%	7.8%	9.6%

Source: U.S. Commerce Department.



October 2022 TEU Numbers *Continued*

this October, down 13.6% from 729,831 inbound loads in the same month in 2019. The ports' 209,483 outbound loads were meanwhile off by 23.0%. Total container traffic this October (1,336,857 TEUs), buoyed by an increase in outbound empties, was 8.3% below the level of three years earlier.

But the two Southern California ports were much less busy in October 2019 than they had been a year earlier. Using October 2018 as the benchmark, inbound loads this October through the San Pedro Bay ports were down 25.8% from the 849,908 handled four years earlier. Outbound loads were similarly off by 28.7% from the 293,661 that left the ports in October 2018. Total container moves were lower by 19.4% from the 1,657,962 that month in 2018.

The situation has been no better at the Northwest Seaport Alliance. The 95,637 import loads handled by the Ports of Tacoma and Seattle this October were the fewest in any October since 2013, while the 41,693 export loads were the fewest in any October since the ports began operating jointly. Compared to October 2019, import loads were down 12.6%, while export loads plummeted by 47.4%. Compared with October 2018, import loads were down 28.9%, while export loads were off by 43.7%.

At the other major U.S. West Coast ports, the fall-offs have been less extreme. Oakland's 79,459 inbound loads this October were actually higher by 1.1% than the 78,583 the Northern California port handled three years earlier and just 3.8% down from October 2018's 82,586 inbound loads. The port's outbound loads this October were 24.0% lower than in October 2019 and 9.0% off of October 2018.

Elsewhere around the country, inbound loads this October have surged since pre-pandemic times. Houston is up 63.9% over October 2019 and 66.9% over October 2018. Savannah's inbound loads were up 32.3% over October 2019 and 28.2% over October 2018. Charleston's 121,305 inbound loads this October were up 27.3% over the same month in 2019 and up 30.5% from the October before that.

Virginia saw its traffic in inbound loads grow by 16.0% over October 2019 and by 12.8% over October 2018. The Port of New York/New Jersey handled 12.6% more inbound loads this October than it did in both October 2019 and 2018.

Here are the plusses and minuses of inbound loaded TEUs between this October and October 2018 at the nation's largest ports: Houston (+72,639); Savannah (+57,992); PNYNJ (+42,851); Charleston (+28,358); Virginia (+16,366); Oakland (-3,127); NWSA (-38,834); Long Beach (-70,160); and Los Angeles (-149,517).

Traffic in outbound loads has been much more mixed in recent years. Still, USWC ports fare poorly in contrast to their rivals on the East and Gulf Coasts. Here are the differences between this October and October 2018 with respect to outbound loaded TEUs: Savannah (+57,992); Charleston (+28,358); Houston (+22,895); Virginia (-4,498); Oakland (-6,546); PNYNJ (-18,457); NWSA (-32,393); Long Beach (-119,837); and Los Angeles (-131,635).

Not All Pacific Rim Countries Are the Same

Suppose you were a modestly sized Pacific Rim economy. Surely, you would conduct most, if not all of your maritime trade with the United States through America's West Coast ports. Wouldn't you?

Not if you are Chile, Peru, and Ecuador, countries on South America's west coast and largely separated by the Andes from the rest of the continent. Of the 9,558,338 metric tons of containerized oceanborne trade between these three nations and the U.S. last year, only 15.0% passed through one of the USWC's five major seaports. Actually, that's been a pretty consistent share over the past couple of decades, with 17.3% in 2018 being the peak.

Americans are notorious for being geographically illiterate. Even among those who can quickly distinguish Austria from Switzerland on an outline of Europe, there is a tendency to underestimate north-south distances. Watching the sun set over the same ocean does not equal proximity. Peering over the equator into the southern hemisphere appears to be no easier than pondering the concept of infinity. In the case of sailing distance between the West Coast of South America and the U.S., the fact is that Chile's Valparaiso is actually about 170 nautical miles closer to the Port of New York/New Jersey than it is to the Port of Long Beach.

The bulk of that trade between the U.S. and the three Andean nations is largely routed through Panama, either aboard ships transiting the canal or as transshipments



October 2022 TEU Numbers *Continued*

across the isthmus. Last year, the Port of Houston handled 14.3% of the two-way trade, almost as much as all five of the large USWC ports. The Port of New York-New Jersey's share last year was 11.0%, a bit larger than Philadelphia's 10.1% share and Savannah's 8.2% slice of the trade. Among the large USWC container ports, Oakland's handled 4.5% of America's container trade tonnage with the three South American economies, a share slightly eclipsed by the Port of San Diego, which handled 4.6% of the trade last year.

California Nut Export Portals

A few days ago, we saw another interview with a representative of California's almond growers who reported that, in light of logistical issues involving shipping lines and the Port of Oakland, steps were being taken to send almonds to foreign markets through other ports, including "Houston, Norfolk, and New York".

Needless to say given our data-driven predilections, we checked the latest federal export statistics and found that, as of October, almonds were indeed being exported through the aforementioned ports.

The agriculture industry likes to talk in terms of crop years, which begins on August 1 for almonds. So we added up how many tons of almonds were exported between August 1 and October 31 and calculated the shares that were shipped through the abovementioned ports. We then compared the resulting export shares with the same period in 2019, before the plague hit and maritime shipping went haywire, much to the chagrin of agricultural exporters. Here's what we found.

Oakland's share of almond export tonnage declined from 81.2% to 77.5%, while Norfolk's went from zero to 1.6%. Houston's share rose from 0.6% to 1.5%, but exports through the Port of New York/New Jersey remained below a tenth of one percent in both years. The largest gain at Oakland's export came closer to home. The share of almond exports going through the Ports of Los Angeles and Long Beach increased from 16.7% pre-pandemic to 18.7% so far in the latest crop year.

While we're on the subject, the latest numbers from the California Almond Board (CAB) indicate that exports in November were down 8.5% from a year earlier. Before anyone starts using that number to bellyache about logistical snafus at California's ports, let's deconstruct the CAB figures. First, you may have heard somewhere that China has lately convulsed itself over its handling of the COVID epidemic. So we should not be especially surprised that CAB reports that almond shipments to the People's Republic sustained a sharp 52.9% year-over-year decline in November. You may also have read that Europe has been facing its own tribulations, much of it attributable to the conflict in Ukraine. Energy costs have soared as have the prices of most other commodities, especially food. Generally, people who have to lay out more cash to stay warm or buy meat and potatoes have less to spend on non-essential goodies. That would pretty much explain why November saw a 20.6% drop in almond exports to Europe, a market the California almond industry is now presumably aiming to supply through East and Gulf Coast ports.

Oh, and did we mention that domestic shipments of almonds fell 5.2% in November?

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Jock O'Connell's Commentary:

Holiday Musings on the History of Maritime Trade

I'm writing this month's commentary in a coffeehouse in Genoa, a city with rather a lot of maritime history. The explorers Christopher Columbus and Giovanni Caboto (better known to us as John Cabot), were both born here around 1450. The current iteration of the Lanterna di Genova, the port's iconic lighthouse, was built about ninety years later, replacing one that had been there for five centuries. Columbus's uncle had been one of its keepers. Today, according to Lloyd's List, Genoa is, after the fast-growing transshipment terminal at Gioia Tauro down in Calabria, Italy's second busiest container port. In that sense and at least for the time being, it's Italy's Port of Los Angeles. Its annual container volume is about equivalent to that of the Port of Oakland.

Although containerization is now popularly associated with the innovations of the American trucking executive Malcom McLean in 1956, it's had plenty of antecedents. During the early 20th century, railroads in Europe and the United States experimented with the use of containers to facilitate shipments of freight and mail. In 1932, the Pennsylvania Railroad even established a container terminal at its railyard in Enola, a town on the Susquehanna River opposite the state capital at Harrisburg. Following the Second World War, the U.S. Army developed what it called a Transporter, a rigid, corrugated steel container with a 9,000-pound carrying capacity to ship officers' household goods to their

increasing number of new assignments worldwide.

But the use of containers in shipping by sea goes back much, much further.

About 450 miles south of Genoa is Lipari, one of the volcanic Aeolian islands off Sicily's northern shore. Among Lipari's attractions is an archeological museum showcasing a remarkable collection of ancient amphorae harvested from shipwrecks in the nearby waters. These ceramic vessels testify to a rich heritage of the Mediterranean's early version of containerized trade in olive oils and wine, although I suspect a display of recovered TEUs in some future museum would be much less visually appealing than the magnificent display housed in Lipari's museum.

Unfortunately but predictably, there's no word on the fates of those who crewed the wrecks from which these treasures have been recovered.

Further to the south, off Sicily's southern coast, lies Malta. Valletta, its capital, is just a half-hour flight from Sicily's Catania airport. St. Paul was shipwrecked here on his way to Rome. Valletta features a strategic harbor, control of which has been fiercely contested for millennia by nearly everyone who dared sail the Mediterranean from the Phoenicians to the Romans to the Arabs to Napoleon, and ultimately to the British, from whom Malta finally gained its independence in 1964. Valetta, understandably, is a city of imposing but now obsolete fortresses...and several fine restaurants.

Among those who found Malta of vital importance in the late 18th century were traders from a newly founded nation in North America. It's perhaps a bit hard to grasp how relatively fast international trade took off following the voyages of discovery of the Genovese explorers, but American merchant shipping was plying the Mediterranean from the time of independence.

There was a problem, though. Their ships were being seized and their crews held for ransom by what were essentially state-sponsored pirates sailing from the Barbary coast of North Africa. And there was no one to protect them.



Container Trade in the Second Century BCE



Commentary Continued

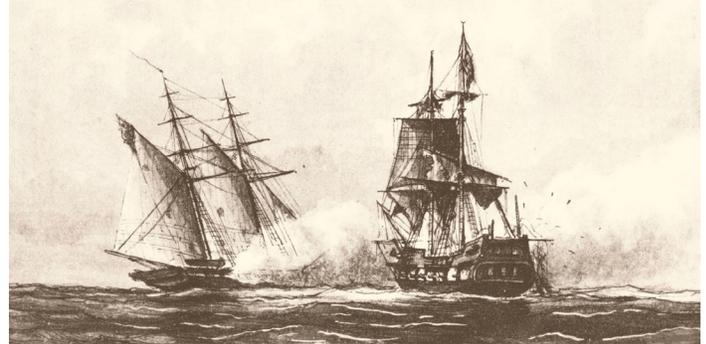
Following the 1783 Treaty of Paris, which ended the revolution and saw the United States recognized as an independent nation, the fledgling naval force the colonists had assembled to fight the Royal Navy was disbanded. Neither the British nor the French (who were annoyed that the United States had stopped repaying French loans incurred during the revolution) had much reason to come to the aid of American shipping. So, in 1794, Congress authorized the building of six large frigates, the foundation of the United States Navy.

Rather than continue to pay the bounties demanded by the Barbary states, American warships were soon dispatched to the Mediterranean, including a squadron under the command of Commodore Edward Preble, to take the fight “to the shores of Tripoli”. The ships sent to safeguard America’s foreign trade included the *USS Enterprise* and the *USS Constitution*.

The latter (“Old Ironsides”) is still a commissioned member of the fleet, although its operations are limited to an annual turnaround cruise in Boston harbor. The *Enterprise*, the third of eight navy ships and one space shuttle so named, was built in 1799 and remained afloat until 1823, when it ran aground and sank in the Caribbean. But in one notable encounter off Malta’s Dwerja Bay on August 1, 1801, *Enterprise* engaged and captured a much larger Tripolitan war ship in one of America’s first naval victories against a foreign power.

While far less renown than the *Constitution*, the *Enterprise* would re-enter history during the War of 1812, when it successfully took on a British brig just off Maine’s Portland Head Light on September 5, 1813. There were two notable aspects of the battle. Both captains were killed in the encounter and are buried in graves next to each other in Portland’s Eastern Cemetery, not far from the grave of Commodore Preble, who had died six years earlier. The other point of interest is that the sounds of the clash were recorded by an aspiring local poet named Henry Wadsworth Longfellow.

*I remember the sea-fight far away,
How it thundered o’er the tide!
And the dead captains as they lay,
In their graves, o’erlooking the tranquil bay,
Where they in battle died.*



The USS Enterprise Defeating a Tripolitan Corsair, 1801

Longfellow, though now largely forgotten to contemporary Americans, was a big deal in his time and for many years after, both here and abroad. Paul Revere largely owes his lasting fame to a Longfellow poem about a certain midnight ride. One evening while I was a graduate student in London, I was sitting in the Poets’ Corner of Westminster Abbey listening to a choral recital when I was startled to notice Longfellow’s bust on display among such greats of English literature as Chaucer, Shakespeare, Keats, Shelley, Dickens, Jane Austen, and the Bronte sisters. *Sic transit*.

His recording of a sea battle was not Longfellow’s only link to maritime lore. Portland, for whom that port city on the Columbia River was named in 1845 on the basis of a coin toss, prospered as a seaport during the 19th century in part because it served as Montreal’s winter port. In those days, the St. Lawrence River froze up, denying shipping a water route to Canada’s largest city. So a railway connection was established linking the two cities by 1853, with Canada’s Grand Trunk Railway purchasing land for a new terminal and grain elevator on Portland’s waterfront from none other than Henry Wadsworth Longfellow, poet and real estate mogul.

Today, tens of billions of dollars in U.S. trade still crosses the Mediterranean, albeit on vessels owned by European and Asian shipping lines. But the United States Navy remains on station there, as it has for more than two centuries. The U.S. Sixth Fleet is headquartered down in Naples and has been continuously engaged in naval operations throughout the Mediterranean since its formal establishment in 1950.



Commentary Continued

There are no U.S. Navy ships in Genoa at the moment. But they are not far away. One day last fall, I was enjoying a morning coffee in Marathi, a fishing village on Crete's Souda Bay, when I glanced up to see the ominous black shape of one of our nuclear-powered attack submarines glide by on its way to a nearby NATO naval base. And, if you were with me on Corfu early last month, you might have caught sight of the George H.W. Bush steaming north to a port call at Split on the Croatian coast. Reportedly, the less than ostensible reason for the formidable carrier's visit was to impress upon an increasingly obstreperous leadership in Belgrade that the United States was fully capable of again inflicting great harm on any Serbian forces attempting to seize neighboring land.

Still, it's Christmas time, and very large numbers of American seafarers, both civilian and military, are on lonely duty throughout the Mediterranean and around the globe. So, to them and to all of you back home, best wishes for a merry and peaceful holiday season.



Ningbo Express being worked at the Port of Genoa, December 9, 2022

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




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Reflections

By John McLaurin, President, Pacific Merchant Shipping Association

The international trade industry faced monumental challenges over the past two years yet delivered record amounts of cargo. As we look ahead in 2023, California's supply chain is in for a different set of serious challenges in which California public policy will be creating operational uncertainty at California ports. Let me outline some of my concerns:

Regulation and Electrification of California Ports

Truck and Bus Regulation

Come January 1, 2023, all trucks that are older than model year 2010 will no longer be allowed to operate in the state. These trucks move approximately 20-30% of the containerized cargo at the ports of Long Beach, Los Angeles and Oakland. This rule will bring a potential capacity crunch at the ports. The only saving grace with regard to the reduction of truck capacity is the recent decline in cargo volumes and potential recession which may mitigate the impact of CARB's rule.

Advanced Clean Fleets

CARB has proposed a rule that only zero-emission trucks be permitted to be added to the State Drayage Truck Registry starting January 1, 2024. Eventually, all existing trucks would need to be replaced with zero-emission trucks by 2035. The California Energy Commission estimates that the state needs to install approximately 400 public facing heavy duty truck charging stations on a weekly basis between now and 2035. For port drayage trucks operating in Southern California, it is estimated that we need to install 380 charging stations on a monthly basis until 2035. One company that is testing the use of battery electric trucks has informed us that it took 18 months to permit and install two charging units at a cost of \$75,000 each. Increasing the capacity of a substation to handle additional power demand is estimated to take five years.

Clean Truck Fees

The ports of Los Angeles and Long Beach in April 2022 implemented a \$10 per TEU fee. The intent is to use this fee to provide funding for drivers to purchase low emission/zero emission trucks. Not to be outdone, the South Coast Air Quality Management District is discussing introducing legislation that would impose a tax on cargo

that use California ports to fund clean air measures. It is expected that this would be a statewide tax.

Indirect Source Rules

The South Coast Air Quality Management District has adopted an "indirect source rule" (ISR) for warehouses and distribution centers. Additional ISRs are proposed for ports and railyards. The purpose is to hold these facilities responsible for the emissions from trucks, ships and locomotives that utilize their facilities – even if the facility itself is zero-emission. The warehouse ISR is currently the subject of litigation. Under the warehouse ISR, the mitigation fees for warehouse operators are estimated to be \$1 billion annually. This will create conflict between port stakeholders and dramatically increase costs to use California's supply chain – without improving productivity or velocity.

Marine Terminals

CARB is expected to move forward with rules in the coming years which would require full electrification of marine terminals. The goal of the ports of Los Angeles and Long Beach Clean Air Action Plan is to electrify the ports by 2030.

Container ships are already required to utilize shoreside electrical power when at a berth. CARB has expanded the rule to include bulk ships and tankers. It should be pointed out that California asked vessel operators and marine terminals to unplug ships from using shoreside electrical power earlier this year multiple times in order to keep the lights on in people's homes. This has become an annual exercise. The main question is whether California has enough reliable grid power to meet the needs of an all-electric supply chain, especially when coupled with other state policies requiring greater use of electricity in our daily lives. At this point, we don't have any assurances that the power will be there.

Laws of Physics and Conflicting State Policy on Automation.

While the state invests in automated equipment for their own operations such as automated toll booths at bridges and roads and kiosks to register new automobile and driver license renewals, the state budget prohibits the use of state funds that would assist automation



Reflections Continued

at the ports. This policy is contrary to that articulated repeatedly by Biden Administration officials who earlier this year were urging the supply chain to move away from our "grandfather's infrastructure." Automation at marine terminals has been approved in three successive West Coast collective bargaining agreements with labor. Workers were given generous lifetime benefits for those displaced by automation. We can't violate the laws of physics. The ability to utilize zero emission automated equipment is essential for terminal space that can only grow vertically to handle additional cargo volumes. It is one of the few ways to move away from our "grandfather's infrastructure," meet environmental goals and allow California port gateways to remain competitive. California's ports have no more room to grow – except up. If we are to meet the needs of California consumers and importers and exporters, support hundreds of thousands of jobs and function as a competitive gateway, innovation along the waterfront should be encouraged – not stifled.

Like Scrooge in "A Christmas Carol," asking the Ghost of Christmas Yet To Come: "Are these the shadows of the things that Will be, or are they shadows of things that May be, only?" I'll offer a few suggestions to attempt to change our current course.

First, do no harm. Government should adopt policy goals that are not just aspirational, but also practical. If truck power is problematic and a cause of congestion, don't adopt rules that will further limit truck capacity. Ironically, when you divert cargo from West Coast ports, in part due to public policy reasons, you increase worldwide greenhouse gas emissions – undermining some of the public policy goals behind many of the regulations. In addition, if you are making zero-emission mandates on

the supply chain, make sure there is both reliable grid power and ample public charging units – otherwise you will fail miserably in trying to achieve your goals and will have negatively impacted tens of thousands of California businesses.

Second, government should utilize available funds to upgrade infrastructure for ports and transportation systems. This is a long-term solution, but funds are available, and awareness of the supply chain has never been higher among our elected officials. We need to seize the moment. West Coast ports deserve the generous financial support that has been provided to ports on the Gulf and East coasts. And we need a holistic planning process similar to that utilized by competing ports in Canada.

Finally, both government and industry need to seriously evaluate the possibility of transforming the supply chain from a pull system to a push system. Today, from an import standpoint, cargo sits until a cargo owner pulls that cargo from a marine terminal. A system that increases cargo velocity and increases system capacity would limit the amount of time cargo would be allowed to stay at a marine terminal and push cargo from the terminal to its final destination or to an off-dock facility as it arrives. This would provide additional space for exports, empties and increasing volume of imports.

There is an opportunity in 2023 to make substantial, long-lasting changes in the supply chain system that will benefit the port communities, the transportation network, and the exporters and importers of goods. The question is, can we push aside political agendas and aspirations for the common good?

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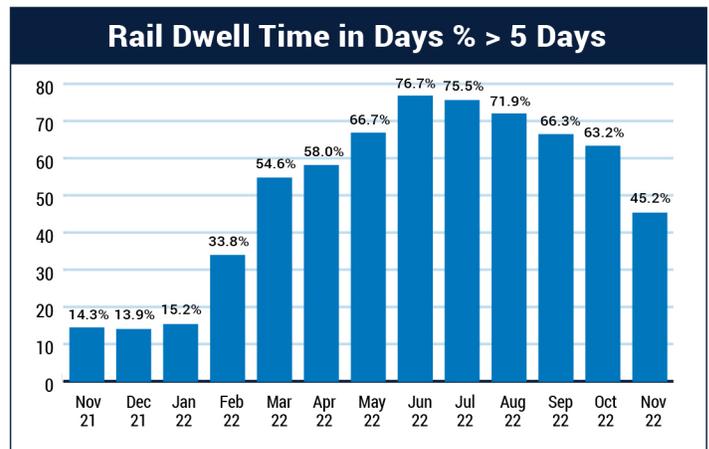
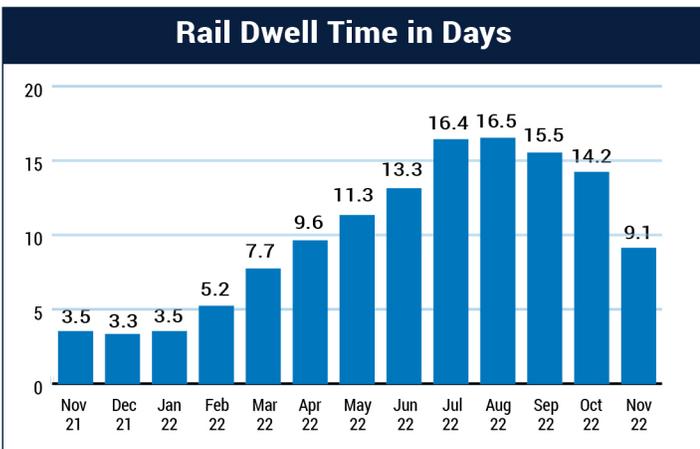
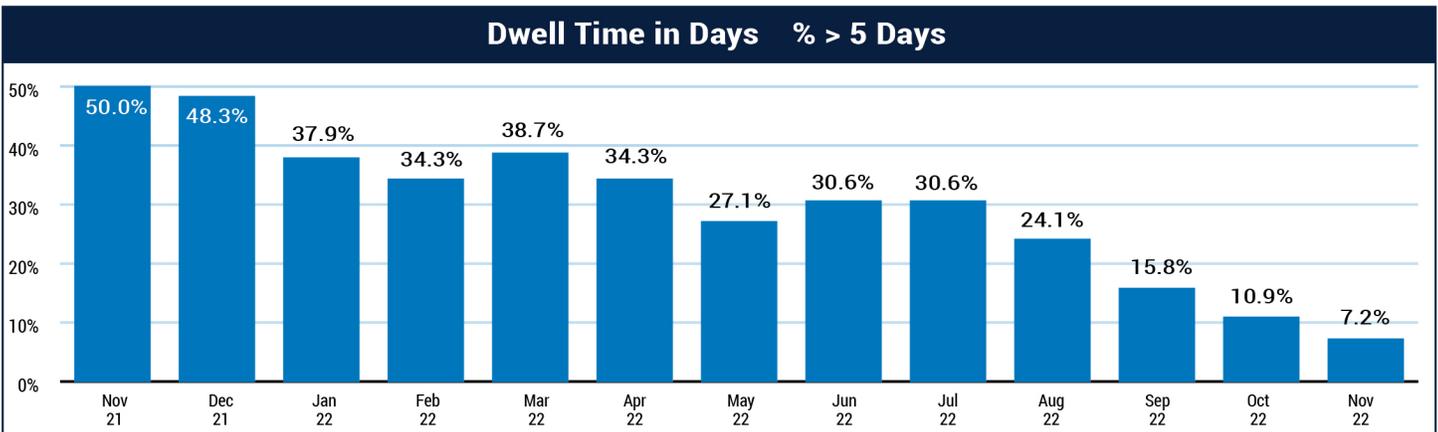
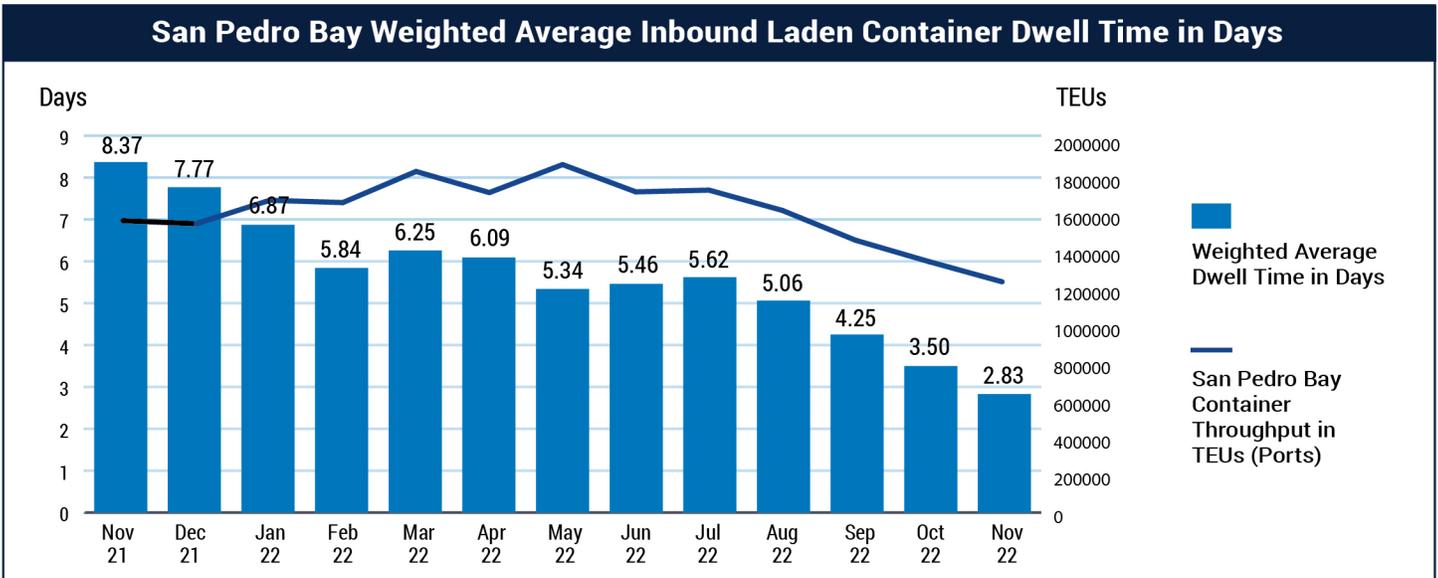
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FEATURING EXECUTIVE DIRECTOR DANNY WAN

All proceeds from the event benefit Wil's Scholarship Fund and Oakland Promise



Container Dwell Time Down in November



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