PMSA

West Coast Trade Report

May 2023

Partial Container Tallies for April 2023

As a reminder to our readers, we only cite the container volumes reported by the ports we survey. Unless otherwise indicated, the container numbers appearing in this report represent TEUs.

In a May 8 news release, the National Retail Federation's Global Port Tracker (GPT) projected that April would see 1.73 million inbound loads enter the thirteen U.S. ports it surveys. That, the GPT calculates, would represent a 23.4% fall-off from a year earlier. It would also represent a 1.1% decline from the 1.75 million inbound loads GPT counted in pre-pandemic April 2019.

As for what the ports themselves are saying, the individual stories are highly mixed. Substantial year-over-year declines were common. The most noticeable differences were in the comparisons with April 2019.

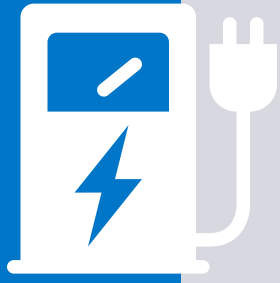
Starting with the **Port of Los Angeles**, inbound loads in April (343,689) were down 24.7% from a year earlier and down 4.7% from pre-pandemic April 2019. Outbound loads (88,202) were down 11.7% year-over-year. Remarkably, April's tally of outbound loads was down 43.3% from April 2019, as the port has focused more on recycling empty containers. Total traffic of both loaded and empty containers so far this year (2,525,204) represents a 29.3% dip from the same period last year but also a 14.3% decline in the total volume of containers handled in the first four months of 2019.

The **Port of Long Beach** reported handling 313,444 inbound loads in April, a 21.8% fall-off from a year earlier but just a 1.4% dip from the 317,883 inbound loads the port handled in April of pre-pandemic 2019. Outbound loads (122,663) were up 0.6% year-over-year but down 0.9% from April 2019. YTD, total traffic through the Southern California port amounted to 2,377,375 loads and empties, down 27.5% from the same period last year and down 2.4% from the same months in 2019.

At the **Port of Oakland**, inbound loads in April (70,140) were down 16.8% year-over-year and down 13.1% from April 2019. Actually, April saw the Northern California port handle the fewest inbound loads in any April since 2013. Outbound loads (63,193) were off by 3.9% from a year earlier and down 20.3% from April 2019. April's outbound loads were the fewest in any April since 2003. Total container traffic YTD (677,814) was down 14.3% from a year earlier and down 18.2% from April 2019.

Import loads this April at the **Northwest Seaport Alliance Ports of Tacoma and Seattle** (85,339) fell by 14.1% from a year earlier and were down 24.2% from April 2019. Outbound loads (47,121) rose by 1.1% from the previous April but were down 42.0% from the 81,305 outbound loads the ports handled in April 2019. Total container traffic YTD, including domestic shipments involving Hawaii and Alaska, were down 21.9% from the same period last year and by 27.4% from the first four months of pre-plague 2019.

NUMBER OF THE MONTH



157,000

Truck Chargers Needed by 2030

(Electric Vehicle Charging Infrastructure Assessment – AB 2121; California Energy Commission; Presentation at South Coast Air Quality Management District May 2023 Board Retreat)

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April Tallies Continued

Since 2019, the two San Pedro Bay ports have extended their dominance of containerized import traffic through the five major U.S. West Coast ports. In the first four months of 2019, the Ports of LA and Long Beach held a 77.4% share. In the same months this year, their share has grown to 80.5%.

Across the border in British Columbia, the **Port of Vancouver** sustained a 21.6% year-over-year drop in inbound loads in April. Those 140,744 inbound loads were also down 3.0% from April 2019. Outbound loads from Canada's chief Pacific Coast gateway (74,924) were up 20.6% from a year earlier while also being down 23.1% from April 2019. Total container traffic YTD (988,937) was 15.0% below the same period a year ago and down 12.8% from the first four months of 2019.

In the Pacific far north, the **Port of Prince Rupert** continues to perform poorly relative to its own history. Inbound loads in April (28,103) were down 47.6% from a year earlier and down 45.6% from April 2019. Outbound loads (9,984) were off by 20.2% year-over-year and down 51.2% from April 2019. Total container traffic at the British Columbia port YTD (239,082) was down 31.9% from a year earlier and off by 30.9% from the first four months of 2019.

Back East, the **Port of Savannah** handled 195,679 inbound loads in April, down 20.8% from the same month a year earlier but up 11.4% from pre-pandemic April 2019. Outbound loads at the Georgia port (118,277) were down 5.6% year-over-year as well as down 8.8% from April 2019. Total container traffic (loads and empties) year-to-date through April (1,593,073) were down 15.2% from the same period in 2022 but up 5.0% from the first four months of 2019.

Inbound loads at the **Port of Charleston** in April (101,024) fell by 28.2% from a year earlier but were 15.2% above the volume seen in April 2019. Outbound loads (62,062) were meanwhile 11.7% higher than in April 2022 but down 15.3% from April 2019. Total container traffic YTD (823,842) was down 16.4% from the same months last year but up 2.7% from the first four months of 2019.

The nation's sixth busiest container port, the **Port of Virginia**, reported 118,964 inbound loads in April, down 16.6% from a year earlier and also down 0.3% from April 2019. Outbound loads (91,471) were off by 8.2% year-over-year but up 7.1% from April 2019. Total container traffic year-to-date (1,050,575) was off by 12.2% from the same period last year but up 10.1% from the first four months of 2019.

Container traffic on the Gulf Coast also slowed down in April. Inbound loads at **Port Houston** (140,720) were down 13.7% from a year earlier but still up a remarkable 39.8% from April 2019. Outbound loads (110,318) were down 4.0% year-over-year but up 3.4% from April 2019. Total container traffic YTD at the Texas port (1,241,910) was only up 0.3% from last year but up 31.2% from 2019.

For the Record: Complete March 2023 TEU Numbers

Exhibits 1-3 provide the details on inbound and outbound loads as well as total container traffic (loads plus empties) through the North American ports this newsletter surveys.

The National Retail Federation's Global Port Tracker reported on May 8 that the thirteen U.S. ports it monitors handled 1.62 million in bound loads in March. That represents a gain of just 0.6% over the 1.61 million inbound loads the Global Port Tracker that those same ports handled in March of 2019. Their numbers largely jibe with those for the sixteen U.S. ports we survey. Those ports report 1,700,279 Inbound loads in March, a 0.4% (+6,554) bump over March 2019.

For all the discussion the past three years about diversions away from West Coast ports, it is worth observing that, at least in March, the seven U.S. West Coast ports we track handled 1.2% (+9,345) more inbound loads than they had in the last March before the plague. By contrast, the nine Atlantic Coast ports we survey saw inbound loads fall off by 2.7% (-21,914) from March 2019. The big gainer, though, was the Gulf Coast (+22.2%, +19,123), powered by a steep run-up in inbound traffic through Port Houston.

Exhibit 1 March 2023 - Inbound Loaded TEUs at Selected Ports

	Mar 2023	Mar 2022	Mar 2021	Mar 2020	Mar 2019	2023/2019 % Change
Los Angeles	319,962	495,196	490,115	220,255	297,187	**7.7%**
Long Beach	279,148	427,280	408,172	234,570	247,039	**13.0%**
San Pedro Bay Totals	**599,110**	**922,476**	**898,287**	**454,825**	**544,226**	**10.1%**
Oakland	60,311	94,271	97,536	67,035	74,714	**-19.3%**
NWSA	79,264	126,211	142,931	84,035	117,007	**-32.3%**
Hueneme	11,862	12,086	9,060	4,005	5,703	**108.0%**
San Diego	7,520	6,072	6,448	7,584	7,072	**6.3%**
USWC Totals	**758,067**	**1,161,116**	**1,154,262**	**617,484**	**748,722**	**1.2%**
Boston	8,118	4,867	11,338	11,326	11,856	**-31.5%**
NYNJ	286,142	442,976	393,159	271,511	282,981	**1.1%**
Maryland	39,983	43,005	38,938	40,522	43,700	**-8.5%**
Virginia	105,315	148,932	130,066	99,129	107,040	**-1.6%**
S. Carolina	91,694	132,203	113,867	76,019	92,875	**-1.3%**
Georgia	170,295	211,297	249,395	147,034	186,369	**-8.6%**
Jaxport	25,972	27,337	29,754	22,629	30,202	**-14.0%**
P. Everglades	29,424	36,285	32,387	29,960	28,507	**3.2%**
Miami	43,363	47,838	47,320	33,887	38,690	**12.1%**
USEC Totals	**800,306**	**1,094,740**	**1,046,224**	**732,017**	**822,220**	**-2.7%**
New Orleans	7,994	8,018	10,469	13,696	13,179	**-39.3%**
Houston	133,912	152,553	134,259	88,302	109,604	**22.2%**
USGC Totals	**141,906**	**160,571**	**144,728**	**101,998**	**122,783**	**15.6%**
Vancouver	115,375	164,624	169,141	111,341	130,472	**-11.6%**
Prince Rupert	30,556	47,044	49,135	29,820	43,122	**-29.1%**
British Columbia Totals	**145,931**	**211,668**	**218,276**	**141,161**	**173,594**	**-15.9%**

Source Individual Ports

March 2023 TEU Numbers Continued

Exhibit 2 March 2023 - Outbound Loaded TEUs at Selected Ports

	Mar 2023	Mar 2022	Mar 2021	Mar 2020	Mar 2019	2023/2019 % Change
Los Angeles	98,276	111,781	122,899	121,146	158,924	-38.2%
Long Beach	133,512	114,185	139,710	145,442	131,436	1.6%
San Pedro Bay Totals	**231,788**	**225,966**	**262,609**	**266,588**	**290,360**	**-20.2%**
Oakland	65,635	69,878	94,169	83,782	88,202	-25.6%
NWSA	51,759	54,740	72,875	79,395	86,856	-40.4%
Hueneme	2,444	4,278	1,246	1,001	1,425	71.5%
San Diego	630	962	496	256	311	102.6%
USWC Totals	**352,256**	**355,824**	**431,395**	**431,022**	**467,154**	**-24.6%**
Boston	6,002	2,373	8,505	6,513	6,645	-9.7%
NYNJ	117,924	119,248	126,699	136,780	130,038	-9.3%
Maryland	21,678	21,294	21,736	21,450	20,589	5.3%
Virginia	100,472	95,803	94,846	90,761	89,282	12.5%
S. Carolina	59,771	69,017	79,077	73,077	77,704	-23.1%
Georgia	118,101	109,372	135,283	136,774	155,083	-23.8%
Jaxport	50,304	49,430	52,434	40,167	45,740	10.0%
Port Everglades	36,336	35,408	32,158	33,217	37,351	-2.7%
Miami	24,954	30,182	32,080	31,703	38,947	-35.9%
USEC Totals	**535,542**	**532,127**	**582,818**	**570,442**	**601,379**	**-10.9%**
New Orleans	19,283	18,358	22,551	27,944	26,364	-26.9%
Houston	119,824	108,541	106,745	114,972	118,295	1.3%
USGC Totals	**139,107**	**126,899**	**129,296**	**142,916**	**144,659**	**-3.8%**
Vancouver	64,851	63,604	90,784	92,768	103,472	-37.3%
Prince Rupert	14,848	12,763	17,648	15,520	17,832	-16.7%
British Columbia Totals	**79,699**	**76,367**	**108,432**	**108,288**	**121,304**	**-34.3%**

Source Individual Ports

March 2023 TEU Numbers Continued

Exhibit 3 March 2023 - YTD Total TEUs

	Mar 2023	Mar 2022	Mar 2021	Mar 2020	Mar 2019	2023/2019 % Change
Los Angeles	1,837,094	2,682,033	2,592,430	1,799,749	2,208,734	-16.8%
NYNJ	1,791,032	2,386,415	2,136,180	1,756,978	1,792,845	-0.1%
Long Beach	1,721,325	2,460,659	2,376,128	1,682,920	1,806,723	-4.7%
Georgia	1,184,387	1,381,816	1,348,476	1,077,865	1,152,447	2.8%
Houston	934,031	903,383	751,199	773,087	694,167	34.6%
Virginia	794,162	872,919	799,009	654,365	708,297	12.1%
Vancouver	707,767	835,841	932,963	734,855	843,039	-16.0%
NWSA	679,820	901,234	896,725	788,881	932,289	-27.1%
South Carolina	609,741	721,269	647,382	593,865	597,933	2.0%
Oakland	503,332	602,053	631,055	581,664	612,150	-17.8%
Montreal	361,694	411,471	413,249	417,378	409,310	-11.6%
JaxPort	310,349	314,075	348,264	306,662	338,358	-8.3%
Miami	281,855	309,343	317,051	276,982	291,368	-3.3%
Port Everglades	271,309	277,639	261,637	269,059	264,356	2.6%
Maryland	265,182	246,523	250,273	252,239	266,138	-0.4%
Prince Rupert	187,543	250,395	271,564	237,989	248,251	-24.5%
Philadelphia	184,127	186,218	169,630	159,604	140,485	31.1%
Halifax	127,334	126,465	n/a	n/a	n/a	n/a
New Orleans	112,417	102,199	131,122	159,235	150,169	-25.1%
Hueneme	70,069	69,557	52,234	48,828	33,428	109.6%
Boston	52,316	55,262	57,249	70,550	71,883	-27.2%
San Diego	38,727	40,167	39,030	38,938	36,385	6.4%
Portland, Oregon	32,573	36,000	19,766	8,761	20	∞

Source Individual Ports

March 2023 TEU Numbers Continued

Weights and Values

Here we offer an alternative to the customary TEU metric for gauging containerized trade. The percentages in **Exhibits 4 and 5** represent U.S. West Coast shares of the box trade through mainland U.S. ports. They are derived from data compiled by the U.S. Commerce Department from documentation submitted by the importers/exporters of record. Both exhibits provide ongoing evidence of the shrinking role West Coast ports have played in handling the nation's containerized trade, especially with respect to shipments arriving from East Asia.

Prior to the onset of the COVID-19 pandemic in early 2020, the USWC share of the volume of all containerized import tonnage arriving at mainland U.S. ports was normally higher than this March's 33.5% share. In March 2019, for example, America's Pacific Coast ports accounted for 34.3% of containerized import tonnage. The year before that the USWC share was 34.6%. Over the past twelve months, the decline has been especially abrupt, most notably at the San Pedro Bay ports, whose combined share of the import trade fell to 24.2% this March from 28.6% a year earlier. Still, March did see an uptick from February as the two Southern California ports reported their highest share of containerized import tonnage since last August.

Exhibit 4 Major USWC Ports Shares of U.S. Mainland Ports Worldwide Container Trade, March 2023

	Mar 2023	Feb 2023	Mar 2022
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	**33.5%**	**31.3%**	**38.1%**
LA/LB	24.2%	21.7%	28.6%
Oakland	3.3%	3.5%	3.1%
NWSA	3.8%	3.8%	4.3%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	**38.1%**	**37.3%**	**43.1%**
LA/LB	29.5%	28.1%	33.6%
Oakland	2.6%	2.8%	3.0%
NWSA	4.7%	5.1%	5.2%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	**32.0%**	**31.5%**	**34.8%**
LA/LB	20.1%	19.2%	19.7%
Oakland	5.5%	5.5%	6.5%
NWSA	5.7%	5.9%	5.7%
Shares of U.S. Mainland Conatainerized Export Value			
USWC	**27.0%**	**25.8%**	**28.1%**
LA/LB	17.6%	16.2%	16.8%
Oakland	5.6%	5.6%	6.7%
NWSA	3.1%	3.2%	3.4%

Source: U.S. Commerce Department.

Exhibit 5 Major USWC Ports Shares of U.S. Mainland Ports Containerized Trade with East Asia, March 2023

	Mar 2023	Feb 2023	Mar 2022
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	**53.9%**	**49.8%**	**58.2%**
LA/LB	42.0%	36.8%	46.3%
Oakland	4.4%	4.6%	3.6%
NWSA	6.3%	6.4%	7.0%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	**60.2%**	**57.4%**	**61.9%**
LA/LB	48.1%	44.3%	49.2%
Oakland	3.3%	3.6%	3.6%
NWSA	7.5%	8.1%	7.8%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	**52.8%**	**51.8%**	**57.1%**
LA/LB	33.9%	32.6%	35.5%
Oakland	8.0%	7.8%	9.4%
NWSA	9.9%	10.2%	10.4%
Shares of U.S. Mainland Conatainerized Export Value			
USWC	**55.7%**	**53.8%**	**54.2%**
LA/LB	36.9%	34.0%	34.9%
Oakland	10.5%	10.7%	10.9%
NWSA	7.0%	7.6%	7.4%

Source: U.S. Commerce Department.

March 2023 TEU Numbers Continued

In pre-pandemic March 2019, the USWC share of containerized import tonnage from East Asia stood at 53.6%, with the two San Pedro Bay ports accounting for a 39.5% share. Oakland (4.8%) and the NWSA (8.2%) also handled a larger portion of the trade than they did this March. Looking back a bit further, March 2018 saw the USWC ports handle 53.0% of the import trade from East Asia, while Los Angeles and Long Beach combined for a 40.6% slice of the trade. Despite the massive number of import containers USWC ports have handled during the pandemic, market share has continued to erode…until this March. Of course, one month does not a trend make, but we would be remiss in not pointing out that the San Pedro Bay ports' share of containerized imports from East Asia jumped to 42.0% in March, their highest share since last July's 43.5% share.

The story is the same in dollar value terms. The USWC share of the value of containerized imports from East Asia in March was 60.2%, up from 57.4% in February and the highest monthly share since last July. Similarly, the 48.1% share held by the Ports of Los Angeles and Long Beach in March was their highest share since last July.

The Top Three U.S. Container Ports

Exhibit 6 reveals the number of inbound loads through the nation's three busiest container ports since January 2019. Not surprisingly, the numbers have been trending lower since last spring. Please note the one-month lag in data from the Port of New York/New Jersey.

On the other side of the trade ledger, **Exhibit 7** reveals how the overall volume of outbound loads leaving the three major U.S. gateways has been waning since before the start of the pandemic, largely due to the fall-off in volumes through the Port of Los Angeles.

Exhibit 6

Inbound Loads at Ports of LA, Long Beach, and PNYNJ

Source: Individual Ports

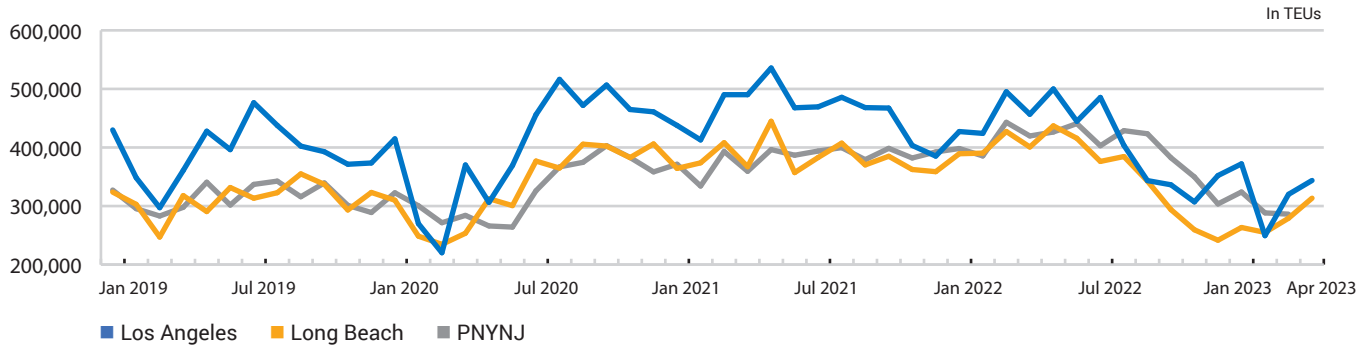
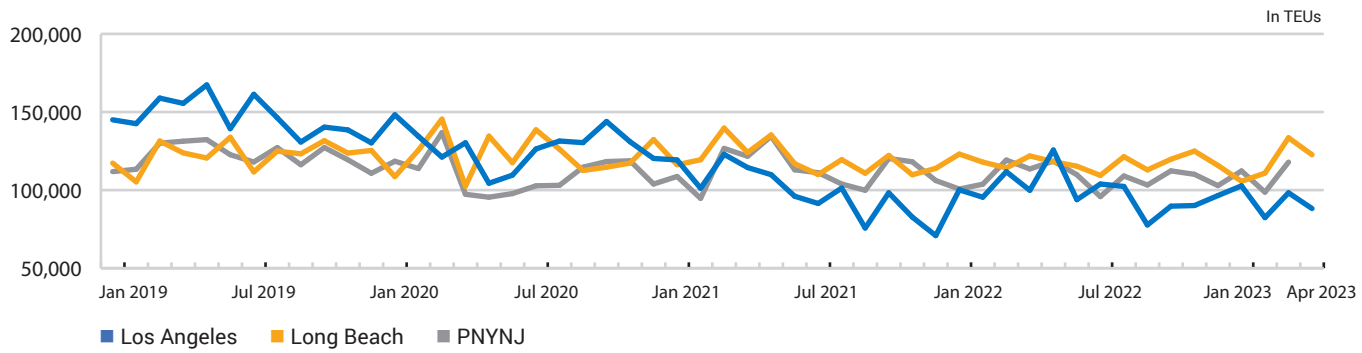


Exhibit 7

Outbound Loads at Ports of LA, Long Beach, and PNYNJ

Source: Individual Ports



March 2023 TEU Numbers Continued

Container Traffic in the Pacific Northwest

While head-to-head comparisons between the Northwest Seaport Alliance Ports of Tacoma and Seattle and the Port of Vancouver across the border in British Columbia can be misleading, they can also be illuminating. Both gateways promote their proximity to East Asia over the major ports in California. That presumed advantage is apt to recede, however, as more of North America's transpacific trade shifts from Northeast Asia to Southeast Asia and eventually the nations that abut the Indian Ocean. For the time being, though, Vancouver has been seeing its edge in import traffic widen, as **Exhibit 8** shows.

Taking a closer look at the past decade of container traffic through Vancouver, **Exhibit 9** reveals an unmistakable parallel with the big USWC ports: Inbound loads have been gradually rising while outbound loads have been sliding.

Exhibit 10 offers a parallel view of container traffic at the Northwest Seaport Alliance ports.

Ever since the Ports of Tacoma and Seattle began operating in concert as the Northwest Seaport

Exhibit 8

Containerized Import Traffic at NWSA and Port of Vancouver

Source: Northwestern Seaport Alliance, Port of Vancouver

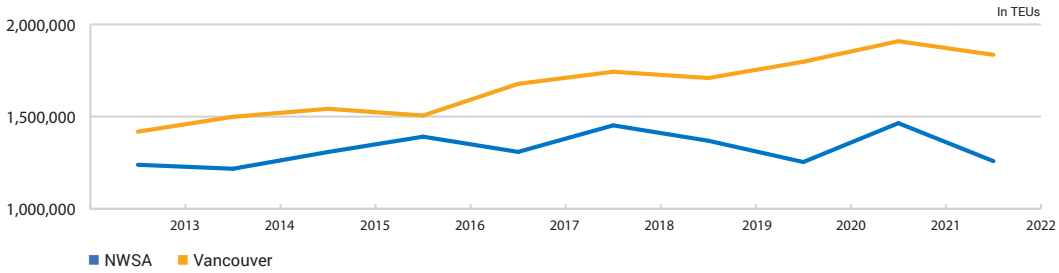


Exhibit 9

Container Traffic at Port of Vancouver

Source: Port of Vancouver

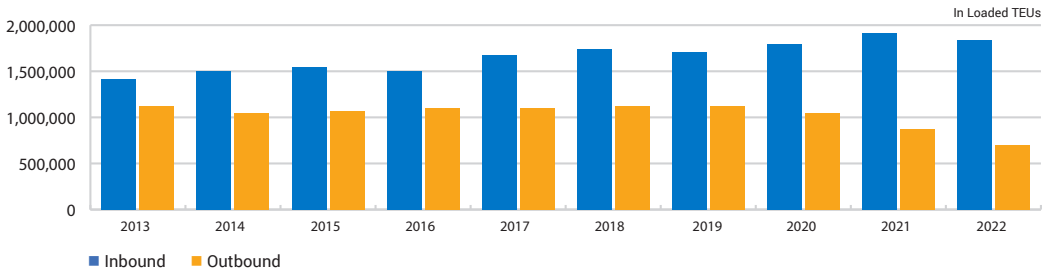


Exhibit 10

Container Traffic at Northwest Seaport Alliance

Source: Northwest Seaport Alliance, Ports of Tacoma and Seattle

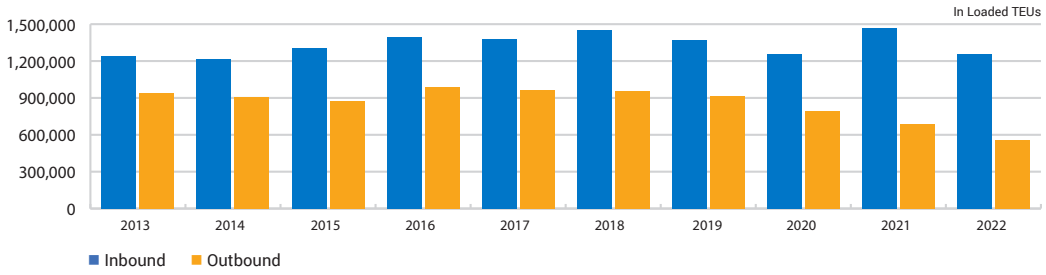
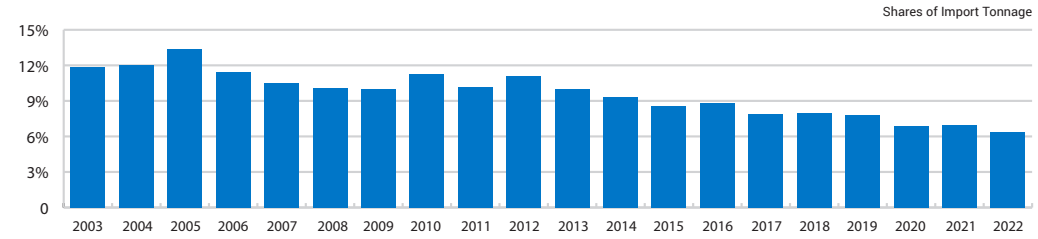


Exhibit 11

NWSA Share of U.S. Containerized Imports from East Asia

Source: U.S. Commerce Department



March 2023 TEU Numbers Continued

Alliance in August 2015, the two Washington State ports have seen a decline in their joint share of all containerized trade passing through mainland U.S. ports. In 2010, Tacoma and Seattle together had a 7.1% share of all containerized tonnage passing through U.S. mainland ports. Last year, that share was 3.9%. Actual tonnage in 2022 was down 7.0% from 2010.

In terms of the NWSA ports' share of containerized imports from East Asia, the top year was 2005, when the Ports of Seattle and Tacoma jointly accounted for 13.4% of that trade. See **Exhibit 11**.

Recyclable Exports

We have talked about this before, but here are some confirming numbers from CalRecycle, the California agency charged with mitigating the problem of waste. In its latest report (December 19, 2022), the agency reported that 12.2 million short tons of recyclable materials were exported from California ports to international markets in 2021. Compared to 2020, tonnage was down 9.8%, a fall-off of 1.2 million short tons. Over the preceding decade, exports of recyclables plummeted by 45.6% from the 22.4 million short tons reported in 2011. The biggest reason for the drop was that exports to China plunged from 13,288,131 short tons in 2011 to just 610,325 short tons in 2021. See **Exhibit 12**.

Recyclable materials exported from California ports in 2021 had a vessel value of about $5.890 billion. The CalRecycle report states that recyclable materials accounted for "22 percent of the 55.8 million tons of all material exported from California".

Agricultural Exports

The outlook for agricultural exports from California's farms and fields is not looking good. Blame the weather, mostly. After a prolonged drought that prompted many growers to conserve water by planting fewer crops, this past winter brought a series of torrential storms that dumped largely unprecedented precipitation on the state's fields and mountains. Judging from media reports, it appears that the term "pineapple express" has been retired in favor of "atmospheric rivers".

The rains caused severe flooding, notably in farming communities in the lower Central Valley and in Monterey County. In Tulare County, some 75,000 dairy cattle had to be relocated to higher ground. Waterlogged fields have hampered normal farming operations. Ironically, before the deluge, some of the state's almond growers were ripping out trees in order to reserve their limited water supplies. As a result, as the *Manteca/Ripon Bulletin* reported late last month, California's almond acreage declined in 2022 for the first time in 25 years.

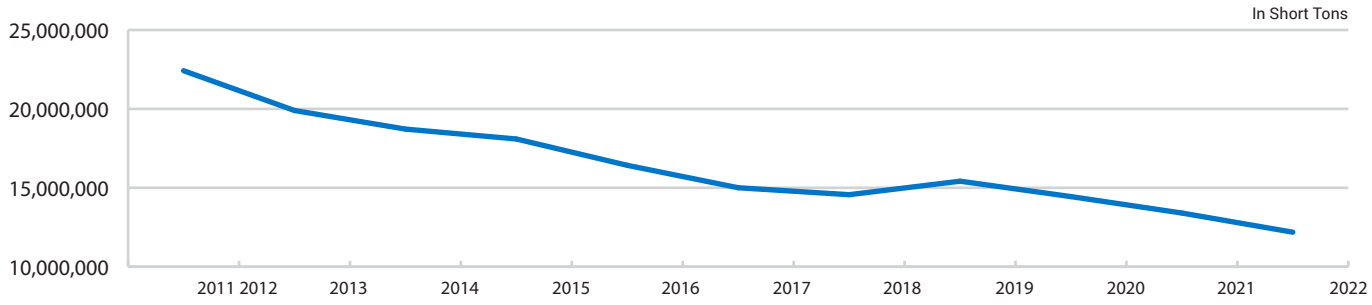
Betcha Didn't Know This

What was the principal cargo carried aboard the first U.S. ship to call at a Chinese port? A set of silver flatware from Paul Revere's shop in Boston? Coonskin hats from Kentucky? Muskets from the Springfield Amory?

No, oddly enough, the *Empress of China*, the three-masted, square-rigged sailing ship that left New York on February 22, 1784, bound for Canton, was loaded mainly with ginseng. About 30 tons of the stuff harvested from the Appalachian and Ozark regions and then, as now, thought

Exhibit 12 **Oceanborne Exports of Recyclable Materials from California**

Source: CalRecycle



March 2023 TEU Numbers
Continued

to possess therapeutic properties. The ship also carried some $30,000 in Spanish silver pesos.

Although commonly associated with Asia, ginseng (or at least its *panax quinquefolius* variety) is native to eastern North America. Native Americans had long used it as a stimulant and to treat headaches, fever, indigestion, and infertility. Alas, the wild plant has been over-harvested and now is considered endangered.

Last year, the U.S. exported 259,750 kilograms of ginseng by sea, almost all of which went to China, Hong Kong, and Taiwan. Another 113,399 kilos were shipped abroad by air. Just over 70% of those airborne shipments went to Hong Kong and Taiwan. Not surprisingly, the suspension of scheduled passenger air service between the U.S. and China during the pandemic caused air-freighted ginseng exports to China to collapse from 54,597 kg in 2019 to 7,246 kg last year. Nearly all U.S. ginseng exports originate in Wisconsin.

There is a moral somewhere here. The first American shipment to China was an agricultural commodity. 239 years later, our top maritime export to China is also an agricultural commodity, oil seeds.

So much for the impact of more than two centuries of industrialization on America's seaborne export trade.

Jock O'Connell's Commentary:
The Fickle Promise of Offshore Wind Energy

It seems it's periodically necessary to remind California's legions of visionaries that this is a state where even the most modest public works proposal is guaranteed to draw more litigants than the Oakland A's draw fans.

My sermon this month is prompted by all the excitement being generated (pun unintended) by the plans to install wind farms in two areas off the Golden State's coast, far enough out so the sight of them would hopefully not offend the sensibilities of those with beachfront property.

At the moment, ports along the California coast are vying to become the onshore base for those enormous offshore wind turbines that are expected to help power the state's all-electric future.

The Port of Humboldt in Northern California is pitching itself as the support facility for the offshore wind farm designed for Humboldt Bay, one of two offshore leases the federal government auctioned off this past December.

The other lease, off Morro Bay in Central California, has drawn an ambitious proposal from the Port of Long Beach, which earlier this month unveiled plans for a massive floating facility where wind turbines would be manufactured and serviced. The $4.7 billion Pier Wind facility, as it's being dubbed, would cover 400 acres.

Perhaps now that the Port of Oakland's Howard Terminal is apparently no longer on the chopping block, the East Bay port may formulate its own bid.

Commentary Continued

Unlike offshore wind turbines anchored to the seabed, the geology of the deep waters off the West Coast will necessitate floating structures that would tower higher than Monsieur Eiffel's edifice in Paris.

These soaring turbines would be held in place by teams of specially trained dolphins tugging on silken ropes. The electricity being generated would be beamed up to an array of geosynchronous satellites that would, in turn, redirect the power to panels placed on the roofs of every private residence, public building, and commercial structure statewide.

Okay, maybe not. But as is the case with many of the green energy proposals being floated these days, the aspirations of politicians and bureaucrats seem invariably to run well ahead of the hard labor of the engineers responsible for punching through technological barriers. In few instances is the prayerful conviction that the appropriate technologies will ripen at just the right moment more evident than with respect to delivering all this new offshore energy to end-users.

As a February 2023 U.S. Department of Energy report makes clear, energy harvested from offshore turbines will have to come ashore and be integrated into the state's already stressed landside power distribution grid. The report reviewed 30 studies of electricity generation and transmission on the West Coast. It concluded that the existing onshore transmission grid, especially in Northern California, "is insufficient to integrate offshore wind from current BOEM [Bureau of Ocean Energy Management] lease and call areas".

Is this shortfall in connective capacity being aggressively addressed? Perhaps it is. But it is certainly not encouraging that California Energy Commission Chair David Hochschild failed to say a single word about the lamentably deficient grid during his fifteen-minute keynote address to the Pacific Offshore Wind Summit in Sacramento on May 9.

Which gets us back to the most fundamental obstacle to achieving the state's zero-emission goals. As it turns out, the most daunting barriers are not technological at all. Rather, to paraphrase James Carville's famously succinct 1992 advice to then presidential candidate Bill Clinton: It's the politics, stupid.

If the notion of bouncing electricity off of satellites seems whimsical, I would submit that the alternative – the necessarily massive and hugely expensive upgrade and expansion of the state's existing power distribution grid – is equally fraught with fancy.

Why? Because even the most ardent supporters of green power initiatives are profoundly uncomfortable with high-capacity transmission lines strutting across the landscape. Property owners in the path of power lines will predictably have issues as will those passionate about the fate of various species of wildlife, endangered or not. Using a metaphor that itself begs for extinction, a recent CNBC report observed that "building transmission lines in the U.S. is like herding cats".

Still, time and civic aspirations march on, often with ludicrously ambitious timetables.

An April 17 article in the *American Journal of Transportation* quoted the Director of Development at the Humboldt Bay Harbor District as expecting the port to conclude its permitting process in 2024 and to begin construction of wind turbine facilities in 2027.

That may put the port in the position of being all dressed up with nowhere to go. Consider the timetables being identified by a key government agency for satisfying all of the relevant federal, state, tribal, county, municipal, and neighborhood authorities. A May 2023 California Energy Commission report scoping out the various regulatory hurdles estimated "it could take between 6 and 10 years for a project developer to obtain all the needed federal approvals, 4 to 6 years to obtain the state approvals, and 2 to 3 years to obtain local approvals before construction could begin". And that's to build structures that would be miles out to sea and conveniently out-of-sight.

Presumably, the paper chase would be pursued concurrently.

If the Energy Commission's schedule seems excessively long, consider the state's high-speed rail project.

Commentary Continued

It's now been four decades since then President Ronald Reagan proudly told the Japanese Diet in November 1983 that California, impressed by "your highly successful bullet train" would be building a high-speed rail link of its own between Los Angeles and San Francisco. Today, it's still chugging its way through the Central Valley, a veritable piñata of political folly.

(Still, there may be an upside to the otherwise deplorable delays. By the long-off day the train finally pulls into San Francisco, people might actually want to again visit the City by the Bay.)

So, while ports understandably wish to capitalize on the largesse now being made available by federal and state electrification policies and programs, there is the danger that large components of the state's electric power infrastructure may wind up sitting idle as the expanded transmission lines – the core of the system -- awaits completion.

Carts and horses, you know.

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

BITS & BITES

$600 Million

Cost to build Cunard's latest state of the art cruise ship: The Queen Anne.

(Source: "AMEM Communication: Cruise Ships on Order 2016-2027)

$502 Million

Cost to the City and Port of Long Beach, as well as former operators of the Queen Mary, have spent or need to spend to keep the Queen Mary safe and operational.

For only **$100 million more**, Long Beach could build its own state of the art cruise ship and actually make money off of it.

A Politburo for a New Era

By Thomas Jelenić, Vice President, Pacific Merchant Shipping Association

With the California Air Resources Board's (CARB) decision to adopt the Advanced Clean Fleets (ACF) Rule, California is moving effortlessly into the carbon-free era of goods movement. For the uninitiated, ACF will radically remake the California trucking industry, but as I've discussed before[1], the impact to port drayage will be immediate and intense. Listening to commentary from California policy makers, it is clear that there are challenges that may arise over the next 10 years or more, but according to policy makers the State will rise to meet those problems. In any case, those are problems for another day. What is clear in order for the ACF rule to be successful, milestones (if you can call continuous progress a collection of milestones) need to be made every month, starting today, through rule initiation on January 1, 2024, and continuing forward with implementation. However, there is no discussion of what the State needs to meet targets. So, can one safely assume that everything is proceeding as expected and the focus is rightly on the long-term horizon?

A Politburo for a New Era Continued

I am not optimistic. California continues to ignore short-term planning in favor of large ambitious goals, which have two main features: "being audacious" and progress being unmeasurable in the near term. Here are three examples of why I am so concerned:

Project 800 was announced by CARB with much fanfare in December 2020. The goal was "to support the deployment of zero-emission trucks serving California ports by setting a goal of 800 zero-emission (ZE) drayage truck orders in 2021". The program was such a big deal when launched, there was a 7-½ hour webinar with guest appearances by several legislators and state-wide elected officials. A website was set up to track progress of the program. Two and half years later there are currently 86 ZE trucks serving the ports of Los Angeles and Long Beach[2] according to the Port of Los Angeles' April Gate Move Analysis (latest available as of this writing) and the tracking website has disappeared. While the program was tracked, it was showing over 700 orders for zero-emissions trucks, and then, along with the website, all references to the program vanished. That has left so many unanswered questions. Where are the other 700+ trucks? Has State money been spent on those 700+ orders and, if so, to what result? It is not even clear that the 86 ZE trucks in the Drayage Truck Registry, which completed 0.8% of truck moves, were even part of Project 800. No one that I have asked, including CARB staff, seems to know anything about the program. You would be forgiven for thinking that results of such a broad program would be communicated to the public and used to inform rule development.

A second concern is the basis on which the ACF rule was adopted. According to numbers obtained from CARB's EMFAC database[3], CARB projects that over 1,750 ZE trucks will be deployed *next year*. By 2025, that number is supposed to grow to almost 4,500 trucks to be deployed in California. Yet, with a nearly three-year lead time and program specifically designed to deploy ZE drayage trucks, the 100-unit mark is barely being scratched. That, of course, goes hand in hand with the non-existent infrastructure that is needed to support ZE trucks. It has become clear that both public and private infrastructure to support that number of trucks will take years to decades for the utilities to deliver, yet ACF is premised on thousands of trucks in the near term.

The final concern to raise is the incredible mismatch between what the ACF rule will impose and the likely resources that will be available, primarily through its accompanying rule, Advanced Clean Trucks. The ports of Los Angeles and Long Beach did an excellent job describing the discontinuity in the new adopted rules in a formal letter to CARB.[4] As that letter points out, Advanced Clean Trucks will only require approximately 230 trucks to be manufactured for California in 2024. But analysis of the Drayage Truck Registry data indicates that up to 3,500 trucks may be needed in the first year of ACF (which also represents a significant mismatch from CARB's number of nearly 1,750 trucks for the entire State!). Given that ACF creates a capped legacy fleet that can only be supplemented with ZE trucks and average drayage fleet turnover of 15%, the only thing that may save California from a trucking capacity crisis is a recession. Should we thank God that cargo volumes are down 30%?

As California officials talk about this regulatory milestone, the focus is on meeting the needs ten years from now. The success of the program in the near-term is a given. Yet, the trucks necessary to meet goals a mere six months from now do not exist. The infrastructure to support the trucks does not exist. The energy to power the infrastructure is not available. The disconnect between what Advanced Clean Fleets envisions and the reality on the ground has become so strong that port staff raise serious concerns while some port executives praise the effort. Listening to California officials talk about future hurdles and how we will collectively rise to meet the challenge is reminiscent of the apparatchiks of the Soviet Union talk about the success of the next five-year agriculture plan while people stood in line for bread. California seems to have mastered delivering plans without delivering results, a politburo for a new era.

1. https://www.pmsaship.com/wp-content/uploads/2022/07/West-Coast-Trade-Report-July-2022.pdf
2. https://kentico.portoflosangeles.org/getmedia/452bad8c-4e16-490f-bab6-155b061866bb/POLA-Monthly-Gate-Move-Analysis
3. PMSA search performed on May 23,2023 at https://arb.ca.gov/emfac/emissions-inventory/be38e54de18db215deeb9b40434024786b02c69e
4. https://www.arb.ca.gov/lists/com-attach/93-acf2022-BmAFagdoVWdXPQIW.pdf

In Memoriam – Rick Cameron

By Thomas Jelenić, Vice President, Pacific Merchant Shipping Association

When I joined the Port of Long Beach as an intern in 1997, Rick Cameron was my senior. He had taken on the role of Environmental Specialist Assistant, having been the intern before me. As befitting a person of his rank in a building that was deficient in so many areas (it was generally believed that the emergency stairs would be the first part of the building to fail in a major earthquake), Rick took the spot (you couldn't call it a cubicle) next to the kitchenette. His chair sat in the hallway, his desk was essentially a shelf, and he could reach the Planning Division's sink or coffee without getting up from his seat. As terrible as that may sound (and it was), Rick could enjoy the fact that he no longer occupied the intern spot which was so narrow you could not stand from your seat and the only light was a small desk lamp clamped to a cubicle wall (that was now my privilege).

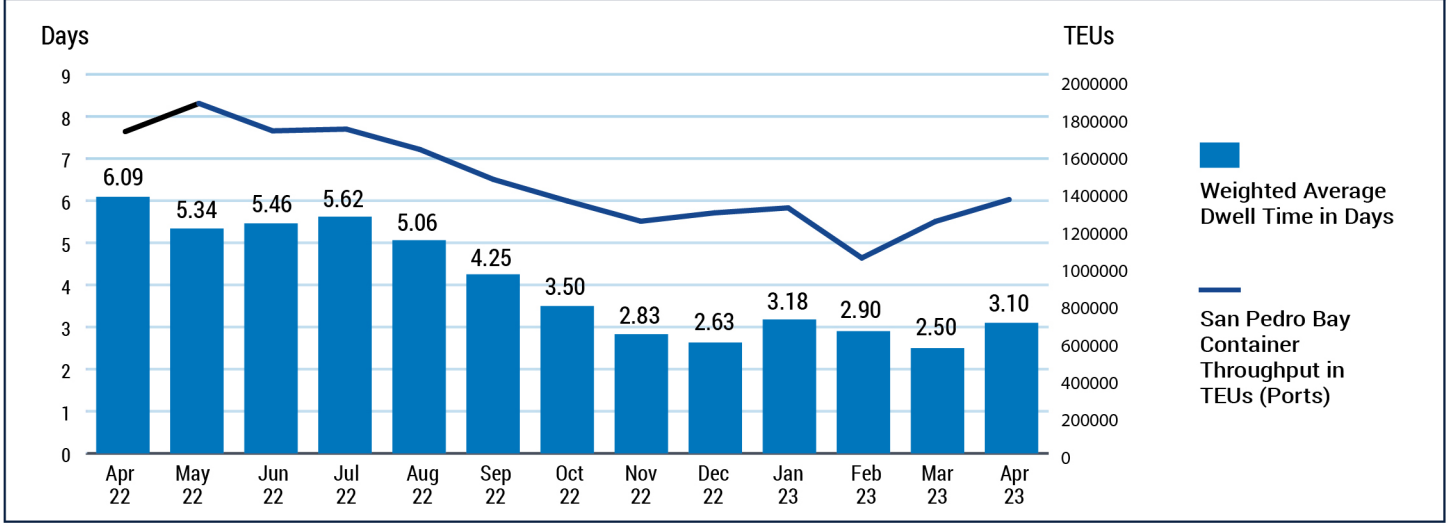
Despite my lowly place, Rick was a mentor. As someone studying engineering, many planning concepts were befuddling to me (process? just build it!). As a planner by nature, Rick understood the process and took the time to explain laws like the Tidelands Trust Act and the California Coastal Act. Laws that I would later understand as underpinning the special role that California ports have in meeting the needs of all Californians while minimizing the impact of industrial operations. It is a surprisingly tough balancing act; the California ports have been placed in trust for the people of California with local jurisdictions that have local concerns (like Long Beach) but are supposed to administer the trust consistent with the statewide concerns and principles embodied in laws like the Tidelands Trust Act and the California Coastal Act. Rick understood that balance and demonstrated his leadership in implementing it.

That leadership and his support helped make my career possible. I worked for him when he became Manager of Environmental Planning. With Heather Tomley, now one of Long Beach's Managing Directors, we were Rick's deputies when he became Director. Naturally, Rick continued to rise becoming Deputy Executive Director. When my career brought me to PMSA, Rick's support continued. My career and work have been intimately tied to Rick's. For that, I am lucky.

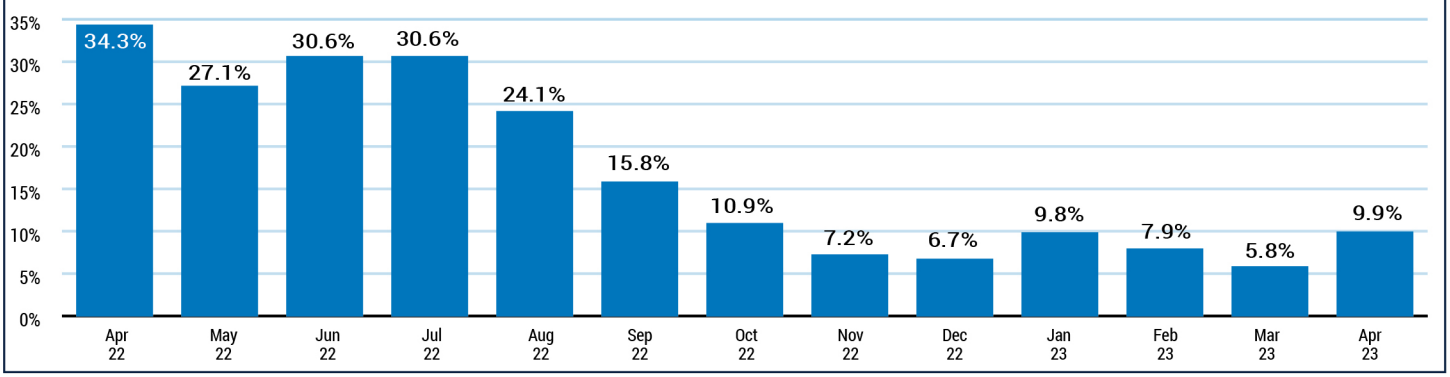
Leaders at California's ports come and go. Some of those leaders were principled and understood this fine balancing act. Many, unfortunately, served the interest of others. I am happy to say that Rick always and faithfully served the Port of Long Beach, understanding the balance between the needs of the people of California and our local community. We are poorer without him, and I will miss him.

Container Dwell Time Is Up in April

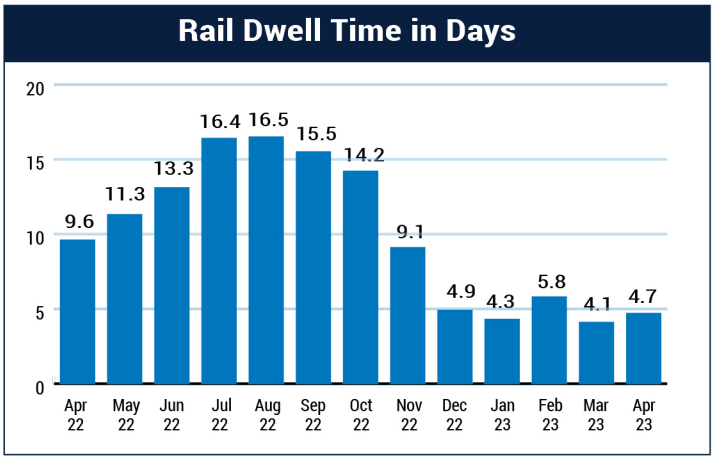
San Pedro Bay Weighted Average Inbound Laden Container Dwell Time in Days



Dwell Time in Days % > 5 Days



Rail Dwell Time in Days



Rail Dwell Time in Days % > 5 Days