



October 2023 – Yes, We Have Not So Many Numbers

First, an apology. As our regular readers know, we have a strict policy of citing only the container statistics reported by the U.S. and Canadian ports we survey. Because of the need to accelerate our publication schedule so we can get you our November newsletter before Thanksgiving Day, we have a bit less information than usual to share about container traffic in October. Moreover, our normally complete TEU tallies for September feature noticeable gaps because the Ports of Baltimore and Miami haven't gotten around to sharing their statistics for that month.

We do observe that the National Retail Federation's Global Port Tracker (NRF/GPT) is expecting the arrival of 1.92 million inbound loads in October, which would be down 4.2% year over year. On the other hand, it would represent a 2.1% gain over the 1.88 million inbound loads the NRF/GPT counted in October 2019.

But here are the container numbers (expressed in TEUs) from the individual ports that have announced their October traffic statistics before our deadline.

In Southern California, the **Port of Long Beach** handled 363,300 inbound loads in October, up 23.6% from a year earlier and 5.0% more than in pre-pandemic October 2019. However, outbound loads (90,073) decreased by 24.8% from last October and were 26.9% below October 2019. Total container traffic (loads and empties) through the port over

the first ten months of this year amounted to 6,577,815, down 17.8% from this point last year but up 5.0% from 2019.

Next door, the 372,455 inbound loads that passed through the **Port of Los Angeles** in October represented a 10.7% gain from a year earlier but remained 5.2% below the volume of inbound loads the port handled in October 2019. Outbound loads (121,277) jumped by 35.2% from October 2022 but were 13.6% below the volume of October 2019. Total container traffic YTD (7,123,900) was down 16.6% from last year and down 9.4% from this point in 2019.

While inbound loads through the two San Pedro Bay ports in October rose 16.7% over a year ago, they were down slightly (-1.6%) from October 2019. Outbound loads, meanwhile, saw a slender 0.9% year-over-year gain but were still down 19.8% from October 2019.

Elsewhere in California, the 73,281 inbound loads that moved through the **Port of Oakland** were the fewest the San Francisco Bay Area port had handled in any previous October since 2016. The 68,974 outbound loads shipped from the port in October were up 3.9% from a year ago but down 21.1% from the volume the port handled in October 2019. Total container traffic so far this year (1,723,319) was down 13.4% year-over-year and 18.3% below the first ten months of 2019. In fact, the East Bay port has handled 12.2% fewer TEUs so far this year than it had over the same



Speed and Service

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





October Tallies *Continued*

period ten years ago in 2013.

In the Pacific Northwest, the **Northwest Seaport Alliance Ports of Tacoma and Seattle** handled 100,502 import loads in October, up 5.1% from a year earlier but 8.2% below October 2019. Export loads (54,886) jumped 31.6% but remained 30.8% below the level of October 2019. Total container traffic YTD (2,480,459) was up 0.9% from last year but remained 23.0% below the volume the Washington State ports handled through October of 2019.

Up in British Columbia, the **Port of Vancouver** took in 139,127 inbound loads in October. While that was down 6.7% from a year earlier, it was 2.5% over the number of inbound loads the port handled in October 2019. Outbound loads (66,389) were up 4.5% year-over-year but down 24.0% from October 2019. Total traffic YTD through the Canadian Pacific Coast port (2,569,021) was off by 16.4% from last year and down 10.5% from 2019.

Further north, the **Port of Prince Rupert** endured yet another torpid month. Inbound loads in October (24,168) were down by no less than 47.0% from a year earlier and by 58.1% from October 2019. Outbound loads did see a meager year-over-year increase of 0.6% but were still 30.1% below the volume of outbound loads the British Columbia port saw in October 2019. Total container traffic through the port YTD amounted to 841,497, 32.5% down from last year and 40.7% below the volume reported in the first ten months of 2019.

Back along the Atlantic seaboard, the **Port of Charleston** received 121,155 inbound loads in October. That represented a 0.1% slip from a year earlier but a remarkable 27.1% gain over October 2019. Outbound loads (60,519) were off by 3.9% from last October and down by 13.5% from October 2019. Total container traffic YTD at the South Carolina maritime gateway (2,071,273) was down 12.1% from a year ago and up only 0.4% from the first ten months of 2019.

Down along the Gulf Coast, **Port Houston** handled 174,929 inbound loads in October, down 3.5% from a year earlier but notably up 58.2% over October 2019. Outbound loads (126,011) were up 6.1% year-over-year as well as up 15.2% from October 2019. Total YTD container traffic through the Texas port (3,201,958) was down 4.0% from 2022 but 28.6% ahead of the first ten months of 2019.

For the Record: Semi-Complete September 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. All of the container numbers are in TEUs.

In Southern California, the **Port of Long Beach** had its busiest September ever, moving a total of 829,429 loaded and empty containers. Inbound loads (408,926) were up 19.3% over last September and, more remarkably, up 15.2% over the number of inbound loads the port handled in pre-pandemic September 2019. Year-to-date traffic of loads and empties through the San Pedro Bay port through September (5,822,666) was 4.5% ahead of the first three-quarters of 2019.

The neighboring **Port of Los Angeles** handled a total of 748,440 containers in September. Of those, 392,608 were inbound loads, up 14.3% year-over-year but 2.4% behind the volume of September 2019. Outbound loads (120,635) jumped 55.3% from a year earlier but remained 7.7% below September 2019. Total YTD container traffic through the port (6,398,126) was down 18.9% from the previous year and 8.9% below September 2019's volume.

The **Port of Oakland** reported 74,428 inbound loads this September, the fewest in any September since 2016. Outbound loads (59,757) were up 9.1% year-over-year but still down 17.1% from September 2019. Total container traffic YTD through the Northern California gateway (1,544,692) was at the lowest level at the three quarters mark since 2009, when the nation was struggling to recover from the Great Recession.

September saw a rare surge in international trade at the Northwest Seaport Alliance **Ports of Tacoma and Seattle**. Import loads (134,642) jumped 31.8% from a year earlier. That left the ports 2.4% ahead of their September 2019 tally of import loads. Export loads, meanwhile, leapt 33.6% year-over-year. But that still left the ports down 24.3% from their export of export loads for September 2019. YTD, total container traffic (2,203,757) was down 16.3% last year and off 24.3% from 2019.

North of the border in British Columbia, the **Port of Vancouver** handled 139,343 inbound loads in September,

September 2023 TEU Numbers *Continued*

down 16.5% year-over-year and down 10.8% from September 2019. Outbound loads (64,192) were up 7.5% from last year but still down 28.9% from the same month in 2019. Total container traffic YTD (2,292,634) was off by 17.1% from last year and by 11.7% from the first three quarters of 2019.

Further north, the **Port of Prince Rupert** continued to post disappointing results. September inbound loads (30,028) were down 37.4% year-over-year, 53.1% below the level of September 2019, and the lowest number in any September since 2014. Outbound loads (11,561) were admittedly up 1.8% from a year ago but were still down 13.5% from September 2019. Total container traffic YTD (544,074) was down 31.2% from last year's first nine months and 39.3% lower than in the same period in 2019.

On the East Coast, the **Port of New York/New Jersey** handled a total of 660,553 containers in September, down 21.6% from a year earlier. Inbound loads (339,033) were off by 19.9% from September 2022 but up 7.3% over September 2019. Outbound loads (100,379) trailed the previous September by 2.8% and September 2019 by 13.6%. Total container traffic YTD (5,789,116) was down 21.4% from last year but up 3.0% from the first three-quarters of 2019.

Exhibit 1**September 2023 - Inbound Loaded TEUs at Selected Ports**

	Sep 2023	Sep 2022	Sep 2021	Sep 2020	Sep 2019
Los Angeles	392,608	343,462	468,959	471,795	402,320
Long Beach	408,926	342,671	370,230	405,618	354,919
San Pedro Bay Totals	801,534	686,133	839,189	877,413	757,239
Oakland	74,428	77,803	82,120	93,914	84,906
NWSA	134,642	102,148	125,917	111,543	131,451
Hueneme	9,420	10,871	10,210	3,197	3,117
San Diego	5,928	5,862	6,493	5,054	6,902
USWC Totals	1,025,952	882,817	1,063,929	1,091,121	983,615
Boston	9,317	7,262	4,960	13,208	11,608
NYNJ	339,033	423,424	379,190	374,649	315,866
Maryland	NOT AVAILABLE	42,993	41,993	46,057	45,026
Virginia	130,073	143,416	152,197	121,115	114,643
S. Carolina	97,331	113,654	98,208	90,399	90,111
Georgia	199,893	210,367	233,275	212,517	183,466
Jaxport	28,376	26,394	25,017	27,736	27,309
P. Everglades	25,692	28,536	27,136	24,835	35,594
Miami	NOT AVAILABLE	41,682	42,186	39,291	35,085
USEC Totals		1,037,728	1,004,162	949,807	858,708
New Orleans	9,130	10,358	8,790	12,565	11,225
Houston	156,161	177,979	135,387	121,508	106,270
USGC Totals	165,291	188,337	144,177	134,073	117,495
Vancouver	139,343	166,819	164,750	156,189	156,289
Prince Rupert	30,028	47,725	46,430	60,601	63,970
British Columbia Totals	169,371	214,544	211,180	216,790	220,259

Source Individual Ports



September 2023 TEU Numbers *Continued*

Exhibit 2	September 2023 - Outbound Loaded TEUs at Selected Ports				
	Sep 2023	Sep 2022	Sep 2021	Sep 2020	Sep 2019
Los Angeles	120,635	77,680	75,714	130,397	130,769
Long Beach	101,248	112,940	110,787	112,556	123,215
San Pedro Bay Totals	221,883	190,620	186,501	242,953	253,984
Oakland	59,757	54,756	62,203	75,674	72,058
NWSA	61,867	46,315	58,636	66,939	82,148
Hueneme	1,716	3,368	4,376	799	779
San Diego	500	922	791	230	706
USWC Totals	345,723	295,981	312,507	386,595	409,675
Boston	4,916	3,059	3,292	8,053	6,892
NYNJ	100,379	103,263	99,893	114,690	116,231
Maryland	NA	19,296	19,227	17,214	20,320
Virginia	81,515	84,466	80,697	75,526	71,561
S. Carolina	56,296	50,093	61,705	60,245	61,494
Georgia	111,530	100,236	108,900	105,229	107,972
Jaxport	45,044	38,494	46,113	46,324	37,470
Port Everglades	32,210	33,595	31,102	27,685	35,404
Miami	NA	23,518	27,146	23,010	33,964
USEC Totals		456,020	478,075	477,976	491,308
New Orleans	18,496	19,020	14,934	21,959	25,049
Houston	124,739	102,744	69,765	92,415	102,309
USGC Totals	143,235	121,764	84,699	114,374	127,358
Vancouver	64,192	59,724	67,798	89,442	90,304
Prince Rupert	11,561	9,896	12,009	13,687	13,370
British Columbia Totals	75,753	69,620	79,807	103,129	103,674

Source Individual Ports

Exhibit 3		September 2023 - YTD Total TEUs				
	Sep 2023	Sep 2022	Sep 2021	Sep 2020	Sep 2019	
Los Angeles	6,398,126	7,864,513	8,176,916	6,463,735	7,019,777	
Long Beach	5,822,666	7,342,384	7,094,850	5,707,306	5,573,897	
NYNJ	5,789,116	7,365,036	6,659,082	5,382,422	5,620,381	
Georgia	3,639,216	4,433,685	4,148,117	3,305,832	3,446,998	
Houston	2,835,750	2,961,929	2,507,000	2,165,581	2,232,036	
Virginia	2,436,860	2,824,871	2,588,064	1,998,931	2,219,103	
Vancouver	2,292,634	2,766,140	2,858,235	2,471,116	2,596,151	
NWSA	2,203,757	2,633,054	2,841,699	2,419,744	2,909,607	
South Carolina	1,836,267	2,103,012	2,019,663	1,677,128	1,846,017	
Oakland	1,544,692	1,787,487	1,916,499	1,839,191	1,904,257	
Montreal	1,137,638	1,315,711	1,286,831	1,159,196	1,172,244	
JaxPort	968,321	978,639	1,053,944	941,922	1,001,024	
Miami	NA	900,636	947,062	763,609	845,801	
Port Everglades	751,740	829,870	788,339	683,591	771,541	
Maryland	NA	792,390	779,323	764,213	818,707	
Philadel- phia	553,508	580,246	555,161	483,378	461,631	
Prince Rupert	544,074	790,559	774,586	814,546	896,459	
New Orleans	360,344	325,729	378,660	429,509	480,493	
Hueneme	184,679	200,150	160,221	127,144	90,596	
Boston	174,472	111,986	152,436	201,636	224,487	
San Diego	116,410	119,742	118,756	112,111	107,576	
Portland, Oregon	92,128	120,092	71,315	36,533	26	



September 2023 TEU Numbers *Continued*

The **Port of Virginia** recorded 130,073 inbound loads in September, down 9.3% from a year earlier but up 13.5% from the pre-pandemic September of 2019. Outbound loads amounted to 81,515, down 3.0% from September 2022 but up 13.9% over September 2019. On a YTD basis, 2,436,860 loads and empties passed through the Atlantic Coast port during this year's first three quarters. That was down 13.7% year-over-year but represented a gain of 9.8% over the same period in 2019.

The **Port of Charleston** reported 97,331 inbound in September, down 14.4% from a year earlier but nonetheless up 8.0% from September 2019. Conversely,

outbound loads (56,296) were up 12.4% from last September but down 8.5% from September 2019. Total container traffic YTD through the South Carolina port (1,836,267) was down by 12.7% from the first three quarters of 2022 but virtually on a par with the 1,846,017 containers the port handled over the same period in 2019.

Georgia's **Port of Savannah** saw 199,893 inbound loads in September, down 5.0% from a year earlier but up 9.0% from September 2019. Outbound loads (111,530) rose 11.3% over the previous year and 3.3% over September 2019. Total container traffic YTD (3,638,216) was off by 17.9% from last year but up 5.6% over the first nine months of 2019.

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

	Sep 2023	Sep 2022	Sep 2019	Sep 2013
Shares of U.S. Mainland Ports Containerized Import Tonnage				
USWC	36.8%	32.1%	38.5%	45.4%
LA/LB	26.7%	22.5%	28.0%	33.1%
Oakland	3.2%	3.4%	4.0%	4.5%
NWSA	4.8%	3.9%	5.3%	6.2%
Shares of U.S. Mainland Ports Containerized Import Value				
USWC	43.5%	38.4%	47.0%	54.8%
LA/LB	33.4%	29.7%	35.5%	42.2%
Oakland	3.0%	2.8%	3.9%	3.8%
NWSA	6.0%	4.4%	7.0%	8.1%
Shares of U.S. Mainland Containerized Export Tonnage				
USWC	32.0%	31.7%	36.0%	40.8%
LA/LB	19.0%	19.3%	20.1%	23.1%
Oakland	5.3%	5.7%	6.2%	6.6%
NWSA	6.9%	5.7%	8.3%	9.6%
Shares of U.S. Mainland Containerized Export Value				
USWC	27.5%	25.7%	32.4%	36.2%
LA/LB	17.0%	16.3%	21.1%	24.4%
Oakland	5.1%	5.6%	6.1%	5.8%
NWSA	4.8%	3.2%	4.6%	5.3%

Source: U.S. Commerce Department.

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

	Sep 2023	Sep 2022	Sep 2019	Sep 2013
Shares of U.S. Mainland Ports Containerized Import Tonnage				
USWC	54.4%	50.8%	56.6%	67.0%
LA/LB	42.4%	38.6%	43.8%	51.0%
Oakland	3.7%	3.6%	4.6%	4.6%
NWSA	7.4%	6.5%	7.7%	9.6%
Shares of U.S. Mainland Ports Containerized Import Value				
USWC	62.2%	56.3%	65.4%	74.8%
LA/LB	48.6%	44.9%	50.6%	57.2%
Oakland	3.6%	3.3%	4.3%	4.2%
NWSA	8.7%	6.6%	9.9%	11.4%
Shares of U.S. Mainland Containerized Export Tonnage				
USWC	53.1%	56.1%	58.5%	66.2%
LA/LB	31.9%	35.2%	34.7%	39.2%
Oakland	7.9%	8.9%	9.5%	9.6%
NWSA	12.0%	10.9%	14.2%	15.7%
Shares of U.S. Mainland Containerized Export Value				
USWC	55.7%	54.6%	63.3%	69.7%
LA/LB	34.0%	35.6%	42.9%	48.7%
Oakland	9.5%	10.5%	10.5%	9.7%
NWSA	11.3%	7.8%	9.3%	10.6%

Source: U.S. Commerce Department.



September 2023 TEU Numbers *Continued*

Over on the Gulf Coast, **Port Houston** handled 156,161 inbound loads in September, down 12.3% from a year earlier but up 46.9% from September 2019. Outbound loads at the Texas port (124,739) were up 1.4% over last September as well as up 21.9% from September 2019. Total container traffic YTD (2,835,750) was down 4.3% from the same period last year but up 27.0% from the first three quarters of 2019.

The **Port of Everett** in Washington State has experienced a sharp (-50.7%) drop in container traffic over the past twelve months. YTD, the port has handled 8,276 inbound containers, down 53.3% from the 17,713 boxes the port handled through the point last year. Outbound shipments (1,085) were off by 14.8% from the 1,274 containers the port processed through the first three-quarters of 2022. Still, the port has been busier this year than it was in 2019, when its YTD total was 3,251.

We are also seeing a tailing off of container traffic at Oregon's **Port of Portland**. The Columbia River gateway had been showing a strong recovery from a labor dispute that effectively put it out of the container business. From 2015 through 2019, the port managed just 25,538 TEUs. Business started to pick up again in 2020, with 58,066 TEUs followed by 105,989 in 2021 and 171,481 in 2022. However, through the first three quarters of 2023, the box count has been down by 23.3%.

In the Top Port competition through the first three quarters of 2023, **Exhibit 3** attests to news you likely won't see in the East Coast focused media. Specifically, the Port of Los Angeles was the nation's busiest container port through

the first nine months of this year, with 6,398,126 loads and empties, easily topping the neighboring Port of Long Beach (5,822,666) and third-place Port of New York/New Jersey (5,789,116).

Container Contents Weights and Values

The figures in **Exhibits 4 and 5** represent the USWC shares of the nation's box trade at mainland U.S. ports. We have tweaked the exhibits to provide a broader historical context by showing how the numbers this September compared with the same month last year as well as in pre-pandemic September 2019 and a decade earlier in September 2013.

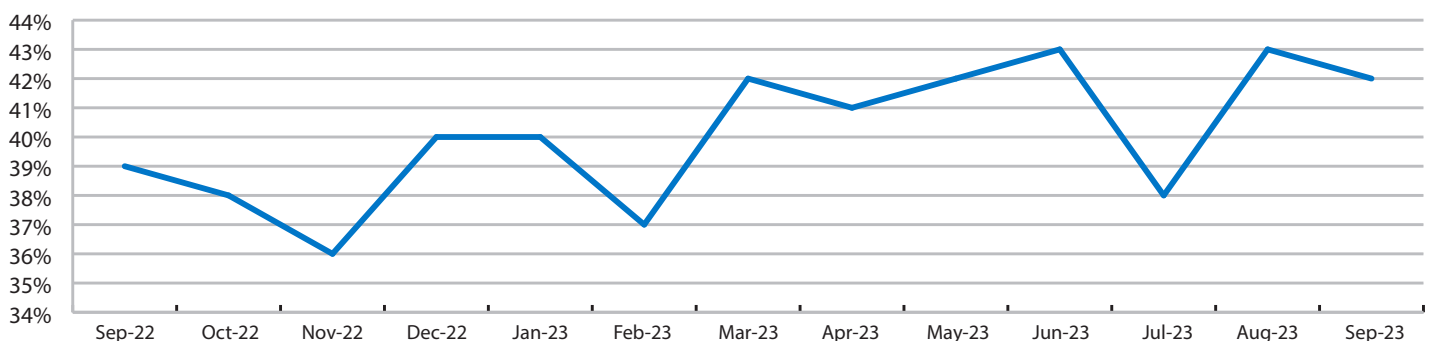
The most evident revelation in these exhibits is that USWC shares of the nation's containerized maritime trade in September are higher than they were a year earlier. Still, they remain well below their shares in the pre-plague September of 2019. Moreover, both exhibits attest to the fact that USWC shares had been in decline for years preceding the Great Disruption brought on by worldwide spread of the COVID-19 virus in early 2020.

We are aware of media reports proclaiming that shippers are flocking back to West Coast ports now that a new longshore labor contract has been ratified. One of the advantages of publishing a monthly newsletter is that we are not under pressure to breathlessly announce "Breaking News!" every day. **Exhibits 6 and 7** offer a more detailed month-by-month view of the past year of USWC shares of inbound containerized tonnage from East Asia. Neither exhibit supports firm conclusions about the direction of trade through USWC ports.

Exhibit 6

San Pedro Bay Ports' Share of Inbound Containerized Tonnage from East Asia

Source: U.S. Commerce Department





September 2023 TEU Numbers *Continued*

Exhibit 7

Oakland and NWSA Ports' Shares of Inbound Containerized Tonnage from East Asia

Source: U.S. Commerce Department

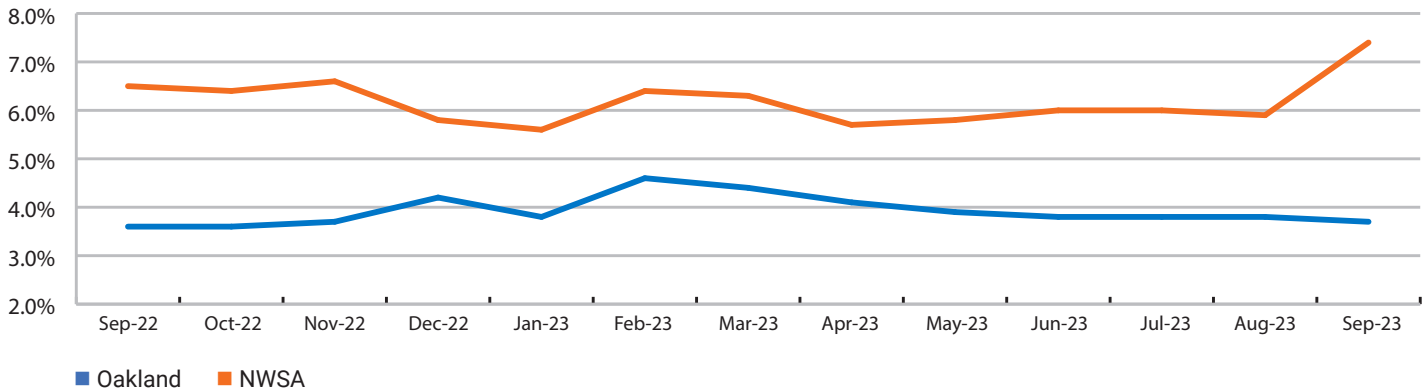
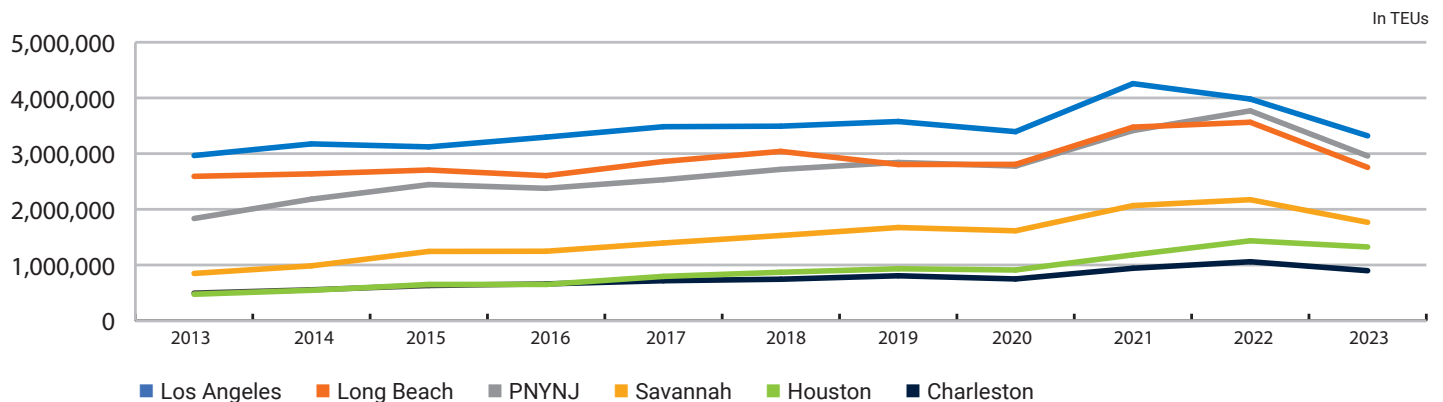


Exhibit 8

First Three Quarters of Inbound Loads at Top 5 U.S. Ports

Sources: Individual Ports



Comparing the First Three-Quarters of Inbound Loads at Top 5 U.S. Ports

Now that we've got the September TEU counts for most of the ports we monitor, we thought it might be interesting to produce a chart (**Exhibit 6**) showing how traffic in inbound loaded containers has progressed over the past ten years. Comparing the first three-quarters of 2023 with the volumes of a decade earlier, the data indicate that inbound loads have increased from as low as 6.2% at the Port of Long Beach and 11.9% at the Port of Los Angeles to as high as 179.1% at Port Houston. Other leading ports recorded far higher growth rates than their Southern California peers. Inbound loads at the Port of New York/

New Jersey grew by 61.2% between 2013 and 2023. The Port of Charleston saw its inbound loads jump by 81.3%, while the Port of Savannah roughly doubled its volume of inbound loads with a 108.1% bump.

So you think your port does heavy-lifting?

Here is a photo of a stone sarcophagus next to the archeological museum in Ierapetra, a city of Crete's south shore that is



Unfinished sarcophagus from Imperial Rome



September 2023 TEU Numbers *Continued*

now primarily known as the center of the greenhouse agriculture that supplies restaurants in Crete and on the Grecian mainland with a year-round supply of the tomatoes, green peppers, cucumbers, and onions that, along with olives and feta cheese that constitute the obligatory six ingredients of the class Greek salad.

The proliferation of greenhouses in this region of Crete was initiated by a Dutch entrepreneur named Paul Kuijpers, who settled here in 1966 and began building greenhouses, much to the amazement of local growers accustomed to their traditional farming practices. His ability to grow his revenue with multiple vegetable harvests every year soon won over even the most obstinate locals. Today, as a Google Earth satellite view of the environs surrounding Ierapetra will instantly reveal, the region has become a battle ground for terrain between olive groves and greenhouses. Alas, Kuijpers himself did not live to see the fulfillment of his legacy. He died in an automobile accident near Ierapetra in September 1971.

Yet, given the climate forecasting uncertainties growers in the western U.S. are facing, it's a wonder that more of them haven't been moved to grow more of the vegetables under a roof in the more controlled environment of greenhouses such as on Crete, in southern Spain, and in Quebec.

One reason may be intellectual arrogance. Last April, the University of California at Davis hosted a conference sponsored by the U.S. Department of Agriculture on greenhouse technology. Although one of the organizers conceded that: "Cutting-edge research for the sustainability of indoor farming is the future direction", it would seem that the future would have to await until university researchers had finished their work...or at least spent all of their grant money. UC Davis has built experimental greenhouses to study how best to raise various crops, but little progress seems to have been made in commercializing whatever lessons are being learned. By the sharpest of contrasts, much of southeastern Crete is saturated with what used to be called "hot houses".

But, despite the obvious delight this newsletter takes in grammatical asides, alternative farming methods is not the point of the photo. As the inscription next to the massive stone sarcophagus outside the Ierapetra museum reveals: "During the Roman period, a thriving trade in sarcophagi

emerged, extending even over very long distances." These sarcophagi were often transported to their destinations as raw or unfinished products which would then be tarted up with filigree to suit the demands of the decedent. Mind you, these are not the wooden coffins typically borne by a half-dozen pallbearers. Moving these basic funeral crates from factory to stone-carving artisans to gravesite involved some serious heavy-lifting.

Will Panama Soon Be Running on Dry?

Even though we had been watching with some annoyance as growing volumes of America's maritime trade with East Asia have been sluiced away through the Panama Canal to competing ports on the East and Gulf Coast, we are neither jubilant nor gleeful about the climate-related catastrophe now unfolding in Panama. Likewise, we are profoundly distressed that the other major all-water route from East Asia to the U.S. is facing what are euphemistically being termed "geopolitical headwinds" because of the prospects of an expanded conflict in the Middle East. Still, we would not be shocked if what is certainly bad news for these competing conduits of maritime trade results in more business, at least in the next few months, for the long-suffering Pacific Coast ports of Canada and the United States.

In Panama, a paucity of rainfall over the past couple of years has caused canal officials to resort to a sequence of increasingly severe restrictions on the canal's use, with limits imposed on the number of vessels being allowed through its locks and on the draft of those vessels that are permitted entry. The drought has prompted several long-term fixes, including building a new dam to collect rainwater. Moving ships through the canal's locks requires an enormous amount of water, enough, it is estimated, to meet the needs of 300,000 Panamanians.

The latest move from the Panama Canal Authority involves a reduction in the number of daily transits from 29 to 25 ships, with the prospect of eventually cutting transits to as few as 18 ships a day by February. That would come close to slashing the canal's vessel capacity by at least 40% and perhaps as much as 50%. Normally, an average of 35 vessels passed through the isthmus shortcut each day.

Containerships enjoy somewhat of an advantage in using the Panama Canal not only because of contractual



September 2023 TEU Numbers *Continued*

obligations but because the newer set of Neopanamax locks opened in 2016 use much less water than the old locks and so are relatively less affected by the latest restrictions. It's the smaller container ships and vessels carrying wet bulk and dry bulk cargos that are chiefly being penalized by the drought. U.S. exports of and liquefied gas are also at risk.

The drought is already affecting maritime trade as ocean carriers and shippers alike are busily revising routes and schedules. East Coast and Gulf Coast ports, which have seen their container volumes swell in recent years, will almost certainly experience considerably lower levels of container traffic. Under different circumstances, cargos that might have traveled from East Asia to East Coast ports might have been rerouted through the Suez Canal, even though that route involves a longer passage time. But

circumstances have changed dramatically in the last few weeks for shippers pondering the use of the Suez Canal. Increased costs of on-board security teams and elevated insurance premiums could dampen maritime trade in the months to come.

In case anyone is interested, here's a photo of what one of the Neopanamax locks looks like when empty. The photo, taken by a PMSA consultant, shows a lock under construction in November 2014, about 18 months before water was added.



It's not a pretty sight.

Jock O'Connell's Commentary: Thanksgiving, Apple Pie, and Tariffs

It's November, and what could be more appetizing at this time of year than a nice piece of freshly baked apple pie, perhaps with a slice of aged cheddar cheese melting on top? Other than Adam and Eve, it's hard to think of anyone who may dislike apples.

We're also bearing down on Thanksgiving Day, a holiday when apple confections, not to mention apple cider, play an outsized role. So, even though I'm writing this commentary in Istanbul where it may not be easy to find a proper turkey dinner for the occasion, I'm still obsessing about apple pie...and stuffing. (More on the Turkish apple connection a few paragraphs down.)

Because they have a much longer shelf-life than other fruits (see cherries), apples travel well. The U.S. Department of Agriculture estimates that one of every three apples grown in the U.S. is exported. The biggest export market is Mexico followed by Canada. As **Exhibit A** displays, our two North American trading partners have greatly increased their combined slice of the fresh apple export trade to 59.4% last year from 49.9% in 2013. China, incidentally, is not a big market for apples grown in the U.S.

chiefly because China is itself the world's largest grower and exporter of apples. Its share of U.S. apple exports has never much exceeded two percent and more normally lingered around or under one percent.

Washington State (and not the home state of the Big Apple) is America's top apple producer. After storms and spells of very hot weather in 2022 led to a shortfall in that year's crop, growers in the Northwestern state are now looking to see a reversion to normal levels of production in 2023. In an August report, the Washington State Tree Fruit Association anticipated this year's fresh apple crop would be just over 134 million 40-pound boxes. That represents a 29% increase from only 104.3 million boxes in 2022 and 5% above the six-year average yield.

What started as a single orchard in Washington State in the 1820s is now over 175,000 acres of family-run apple farms throughout the state. Even with a lower-volume yield, the 2022 apple crop still had a value of nearly \$2 billion, according to figures from the U.S. Department of Agriculture's National Agricultural Statistics Service.

Washington grows more than 60% of all commercially-



Commentary Continued

grown apples in the U.S. and accounts for by far the largest share of U.S. exports of fresh apples. In 2022, Washington State growers shipped 72.6% of the \$884,290,073 in U.S. fresh apple exports. Second place California held a 9.7% share, while New York State held a meager 1.9% share of the export trade.

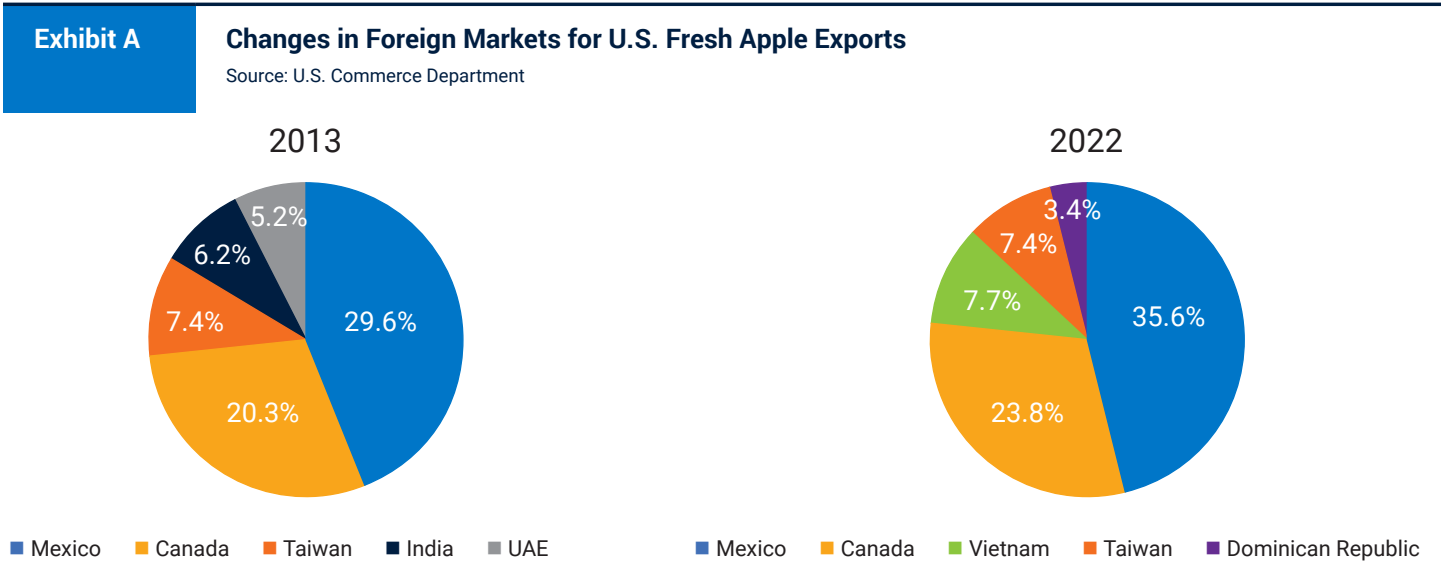
In this century, higher disposable incomes in several developing markets have led to a growing demand for fresh produce, including apples from the USA. Today, Vietnam and the Dominican Republic have joined Mexico and Canada among the leading export markets for fresh American apples.

Although most of the apple export trade moves overland to

Mexico and Canada, a significant volume is also shipped overseas in maritime containers. However, it has not lately been a burgeoning trade, as **Exhibit B** attests.

Not surprisingly, as **Exhibit C** shows, the Northwest Seaport Alliance Ports of Tacoma and Seattle handle the preponderance of the nation’s seaborne fresh apple export trade.

A plague, bad weather, and currency fluctuations have affected U.S. apple exports, but tariffs have also played a major role in the decline in exports in recent years. Indeed, as a non-essential food product, apples became a popular target for retaliatory duties imposed by U.S. trading partners in response to the tariffs imposed under





Commentary Continued

Exhibit C

Port Shares of U.S. Fresh Apple Seaborne Exports

Source: U.S. Commerce Department

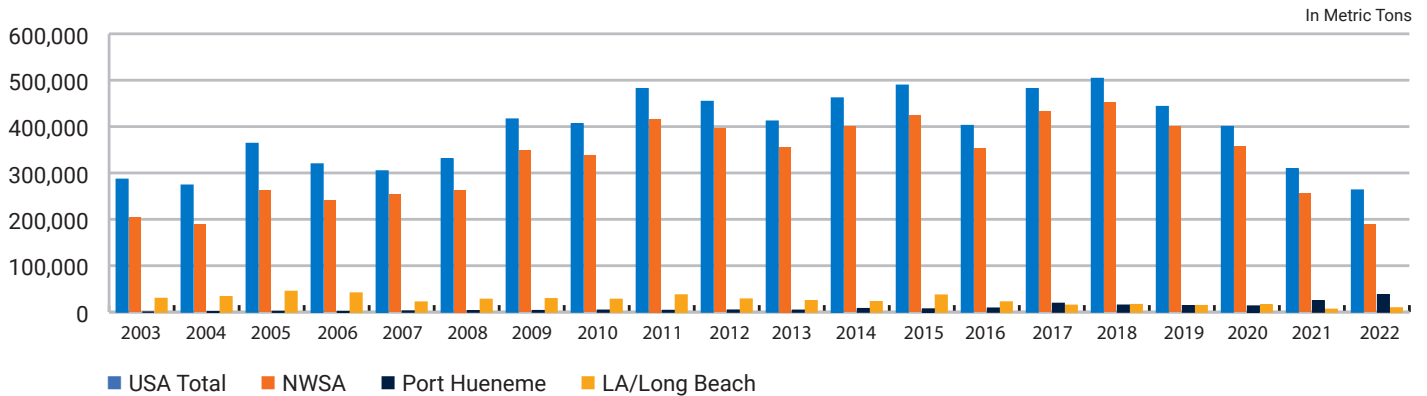
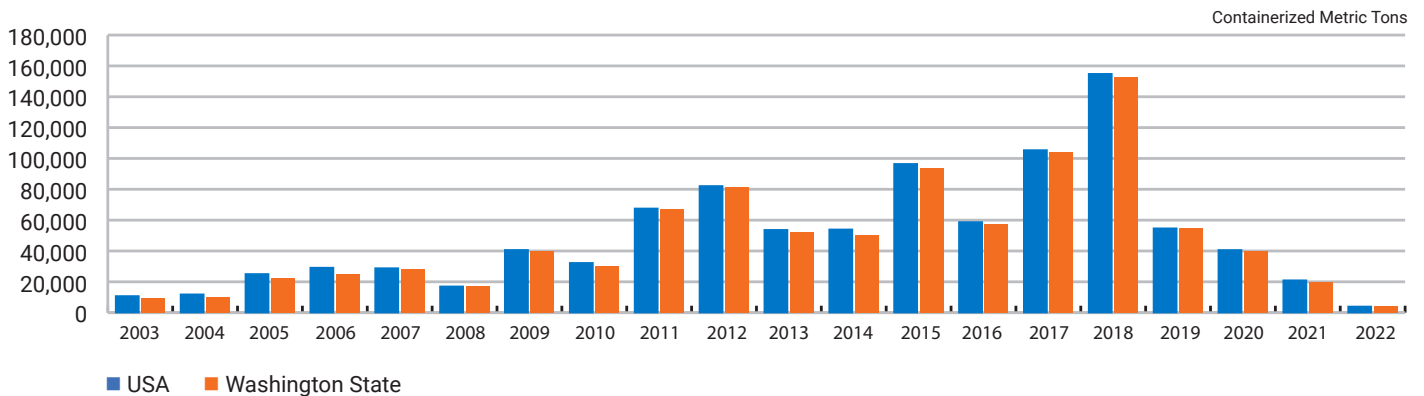


Exhibit D

U.S. and Washington State Apple Exports to India

Source: U.S. Commerce Department



the Trump administration. One of the clearest examples of how these tariffs affected U.S. apple exports involved India.

India had been a sizable market for Washington State apples. In 2013, it had absorbed 6.3% of U.S. exports of fresh apples. That share grew to 15.5% in 2018. But then, in March 2018, the Trump administration imposed higher tariffs on Indian steel and aluminum shipments to the U.S. The Indian government countered with heightened duties of as high as 70% on some two dozen U.S. products, including apples. After those retaliatory tariffs went into effect, Washington State apple exports to India plunged, as Exhibit D demonstrates.

President Trump contended the tariffs were required to protect U.S. national security, which he claimed had been degraded by a steady decline of the domestic steel and aluminum industries. Trade economists generally disagreed, arguing that the tariffs would not substantially benefit domestic steel and aluminum producers but would instead raise costs on businesses that bought steel and aluminum. That, more notably, included the automobile industry, which vigorously opposed the new tariffs. In the event, the practice of targeting American farm exports by U.S. trading partners led to a \$14.5 billion Market Facilitation Program that helped bail out agricultural exporters for foreign markets lost as a result of the Trump administration's tariffs.



Commentary Continued

India, it should be emphasized, is no minor player in the global economy. It features the world's third highest gross domestic product, and United Nations estimates show that India's population edged past China's this April. The most recent figures reveal that India now has a population of 1.428 billion as opposed to China's 1.425 billion. More importantly, India's population is forecast to continue growing, albeit at a much slower pace than in recent decades, while China has been in population decline for several years as a result of the now abandoned one-child policy promoted in the 1980s. By 2050, India's population should reach 1.668 billion, while China is expected to have 1.317 billion people. Worse, by century's end, China's population is forecast at 771 million, half the size of India's anticipated 1.533 billion.

During the G-20 conference in Washington, D.C. this June, Indian Prime Minister Modi announced that his country's tariff increase on apples would be withdrawn effective September 5. It was a welcomed move in the Pacific Northwest but not a painless move on India's part. Because the tariff reduction would take effect just as apple harvests in Kashmir were due to begin, Modi's gesture was intensely resisted by India's domestic growers. (Kashmir produces more than 70% of India's apples and is, in effect, India's Washington State.)

Regaining the U.S. share of India's market could prove difficult. In the past four years, Turkey has emerged as India's leading supplier of fresh apples, with 84% share of total apple imports, followed by Italy, Chile, and Iran. Although Washington State's marketing agents are sounding optimistic about resuming large-scale shipments to India, that market's apple import supply chains have been restructured to accommodate new suppliers. Business connections have withered. Domestic production has also been ramped up, expanding the political leverage of India's fruit growing industry.

Perhaps most challenging to their effort to regain market share is that Washington State growers will need to persuade Indian exporters that they will be reliable, long-

term suppliers of premium quality fruit. A November 5 article in *The New York Times* reporting that "President Biden is trailing Donald J. Trump in five of the six most important battleground states one year before the 2024 election" cannot have escaped the attention of India's economic policymakers and agricultural interests.

That kind of news should not instill confidence on the part of India's fresh produce importers. After all, it was Trump's "America First" brand of economic nationalism that prompted the tariff disputes in 2018 that effectively dealt Washington State apple growers out of India's market.

But, in business as in politics, you often get what you pay for (or vote for). Washington State's principal apple-growing regions are east of the Cascades, where the state's more conservative voters reside and where support for the former president remains strong. Trump won both Yakama, the state's largest apple growing county, and Spokane County in the 2020 election.

But let me end on a cheerier note. Yes, Virginia, there indeed was a Johnny Appleseed, although the popular stories about him are almost all wrong. His name was John Chapman, and was a horticulturist and nurseryman born in Massachusetts two years before the Declaration of Independence. He died at age 70 in Fort Wayne, Indiana. In the intervening years, he did not wander the American landscape randomly tossing apple seeds here and there. Instead, he nurtured trees raised in nurseries that would then be sold, usually at a profit in which Chapman shared. Although not a stranger to unwise investments, the image of John Appleseed as a poor wanderer was not true. But in the end, he never made it as far west as Washington State.

So best wishes to all for a happy, healthy Thanksgiving. I'll let you know next month if I manage to find a proper turkey dinner in Istanbul.

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

NUMBER OF
THE MONTH

The amount of money collected by the ports of LA/LB for their clean truck program?

Probably between \$70-90 million.



Big Changes for Seattle after November Election

By Jordan Royer, Vice President, Pacific Merchant Shipping Association

Last week, Seattle voters elected a bunch of new faces to the Seattle City Council, a body that was criticized by many for being ineffective and driven by Far-Left ideology. In polling leading up to the election two things became obvious: 1. People did not like the City Council. 2. They wanted something done about crime, disorder, and homelessness. They also told pollsters that they wanted more police and were concerned with the mass exodus from the Seattle Police Department and long response times (if a response ever came at all).

So, in that context, the results of the election were not all that surprising: in open seats, moderates carried the day. For the three incumbents up for re-election, one survived a scare, another denounced his own call to defund the police by 50 percent and survived, while another lost after flip-flopping on a vote to make public drug use illegal.

The bottom line is that six out of nine councilmembers will be new in January. And the ringleader for the last decade of dysfunction – Socialist Kshama Sawant – will be gone, making it far easier for common sense policy solutions to take root. At the very least, the Council Chambers will be far more welcoming to diverse viewpoints.

But the challenges Seattle faces are huge. Like Portland and San Francisco, conservatives nationally have made Seattle the poster child for all that is wrong with progressive-left governance. And while the new Council will still be made up of liberal Democrats, there is a sense that the voters were finally heard and the City needs moderation and a new approach.

Some of the biggest challenges will be restoring downtown to a place where businesses thrive and people feel safe, making investments in roads and bridges, and working with the legislature and other cities to tackle the drug addiction crisis and lack of affordable housing. The new Council needs to follow the Mayor's lead and continue to support a diverse economy with the help of the Port of Seattle and the University of Washington. Making sure high-paying blue-collar jobs in the maritime industrial economy are supported is just as important as supporting the tech sector and others.

The hope is that collegiality will return to City Hall, doors will be open, and ideas will be shared. With new faces and a new year there is hope. And right now, that will have to do.

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Vessel Speed Reduction Incentive Program

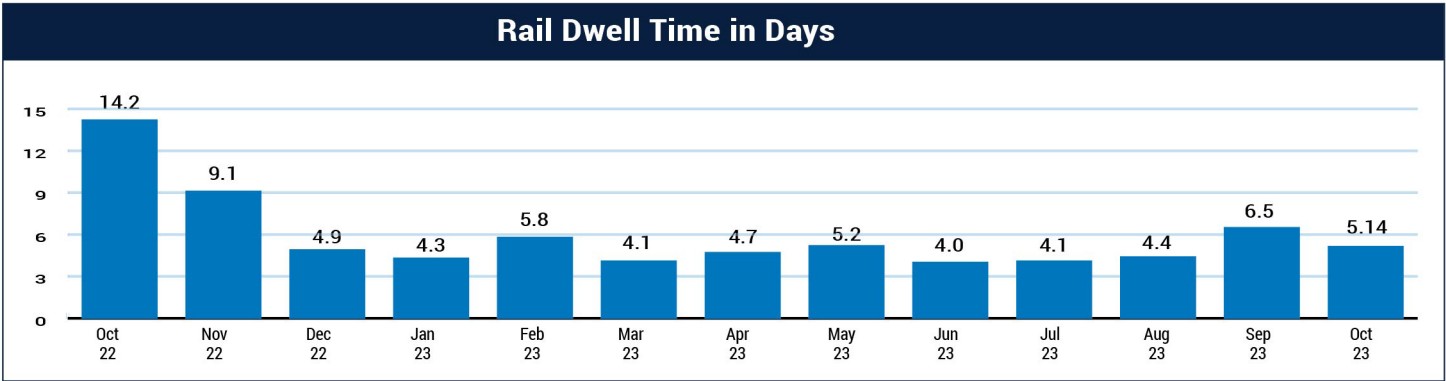
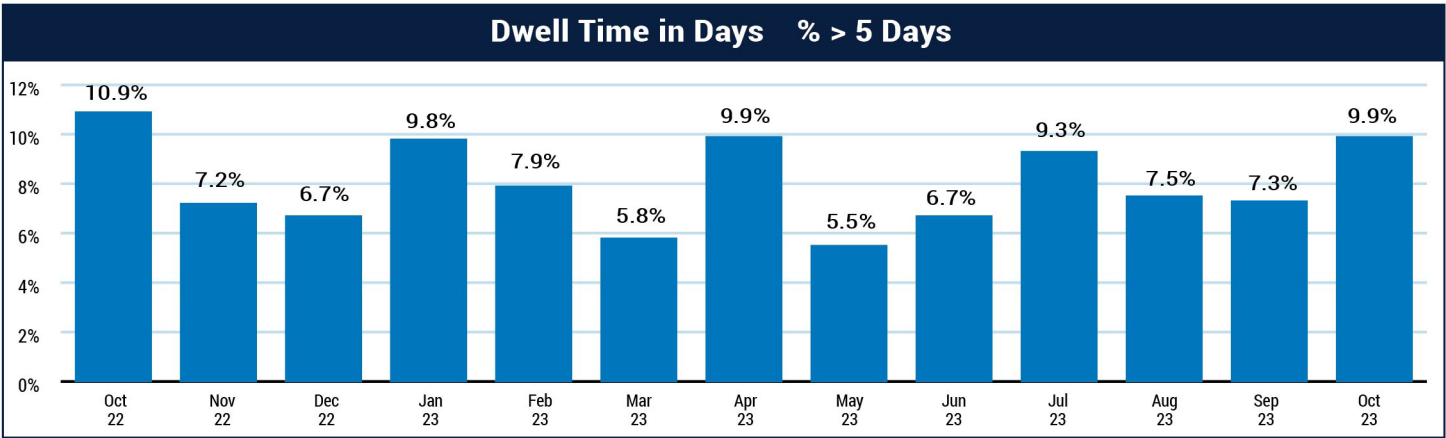
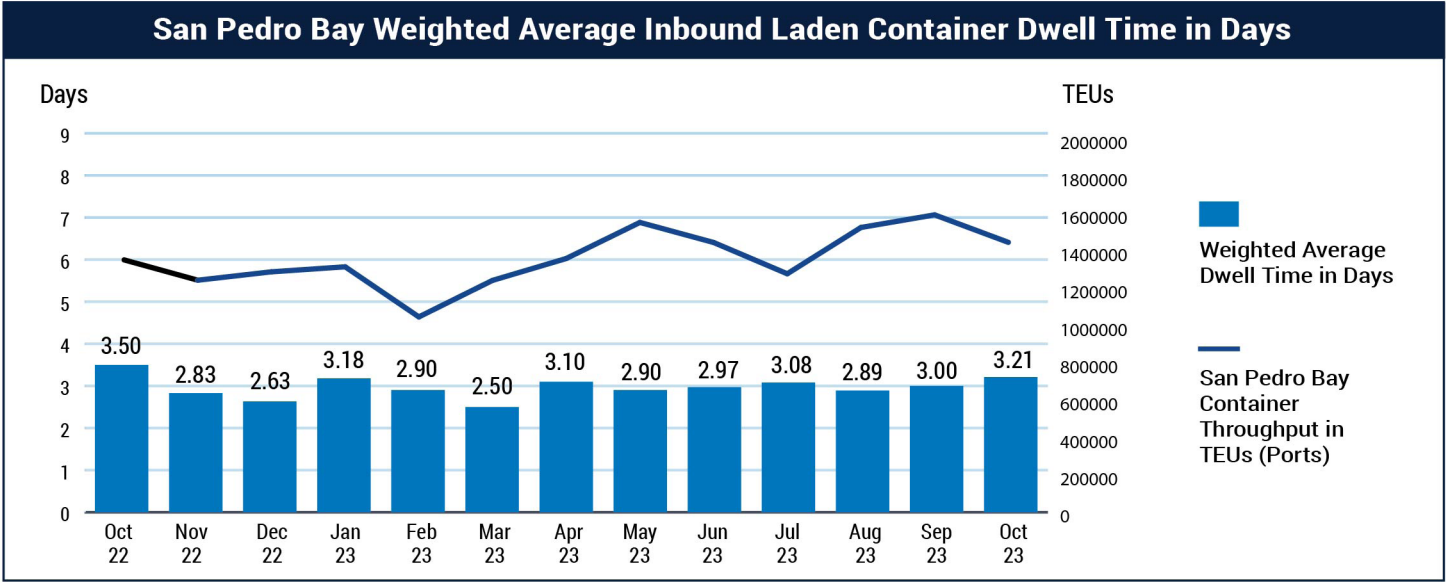
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Container Truck Dwell Time Remains Steady, Rail Dwell Time Down in October



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