PMSA
West Coast Trade Report
April 2024

Partial March TEU Numbers

PMSA routinely monitors the monthly TEU tallies published by 23 North American ports, twenty in the United States and three in Canada. We discontinued a previous effort to include Mexico's two major Pacific Coast ports due to data inconsistency issues.

Well before any major port has posted container tallies for March, two of our favorite oracles, the National Retail Federation's Global Port Tracker (NRF/GPT) and Descartes Systems Group have published their forecasts for the month. In an April 9 press release, NRF/GPT expected 1.8 million TEUs would arrive at the thirteen U.S. ports it routinely surveys. That would amount to an 11.0% y/y gain. Meanwhile, Descartes Systems Group's latest Global Shipping Report foresees a 15.7% y/y jump in March with 2,145,341 inbound TEUs at all U.S. ports.

We now turn to the TEU numbers the ports themselves are posting for March.

Inbound loads in March at the **Port of Long Beach** (302,521) were up 8.4% from a year earlier and up 22.5% from March 2019. Outbound loads at the port (105,099) fell 21.3% from the same month last year and were down 20.0% from March 2019. Counting empty TEUs, total first quarter container traffic through the port (2,002,820) exceeded the volume seen in the same quarter of pre-pandemic 2019 by 10.9%.

Next door at the **Port of Los Angeles**, inbound loads (379,542) were up 18.6% from a year earlier and represented an impressive 22.7% increase over March 2019. Outbound loads (144,718) jumped by 47.3% y/y but remained 8.9% below March 2019. Total container traffic through the nation's busiest container port in this year's first quarter (2,380,503) was 7.8% higher than the volume recorded in the same period five years earlier.

In the San Francisco Bay Area, the **Port of Oakland** saw major year-over-year gains that helped close its gap with the overall volume of container traffic the port handled before the COVID pandemic hit in early 2020. March inbound loads (83,483) were up 38.4% from a year earlier and 11.7% over March 2019. Outbound loads (75,352) finished up 14.8% year-over-year but remained 14.6% below March 2019. Total container traffic at the port in this year's first quarter (566,053) was 7.5% shy of the total handled in the same quarter five years earlier.

The **Northwest Seaport Alliance Ports of Tacoma and Seattle** posted impressive year-over-year gains in March but remained far short of the volume of container business the two Washington State ports had handled pre-pandemically. Inbound loads (92,787) were up 17.1% from a year

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Partial Tallies
Continued

earlier but were still 20.7% shy of the volume handled in March 2019. Similarly, outbound loads (59,842) were up 15.6% y/y but came up 31.1% short of the mark set five years earlier. Total container traffic in this year's first quarter (699,382) was down 25.0% from the same period in 2019.

North of the border, the **Port of Vancouver** posted strong numbers in March. Inbound loads (158,500) were up 37.4% y/y and up 21.5% from March 2019. Outbound loads (77,839) represented a gain of 20.0% year-over-year but remained down 24.8% from March 2019. Total container traffic YTD through the British Columbia gateway (861,517) was up 2.2% from the first quarter of 2019.

March may have been a long-awaited turnaround month for the **Port of Prince Rupert**. Inbound loads (41,133) were up 34.6% from a year earlier. Outbound loads, though, slipped by 1.1%. Total container traffic through the port in this year's first quarter (191,448) remained 22.9% below the same period in 2019.

Back East, the P**ort Authority of New York/New Jersey** seldom makes its monthly tallies available in time for this newsletter.

Elsewhere along the Atlantic Coast, the **Port of Virginia** handled 134,944 inbound loads in March, up 28.1% year-over-year and 26.1% more than in March 2019. Outbound loads (101,170) were up just 0.7% from a year earlier but 13.3% higher than in March 2019. Total container traffic year-to-date through the mid-Atlantic port (850,294) was up 20.0% from the first quarter of 2019.

The **Port of Charleston** handled 107,237 inbound loads in March, up 17.0% from a year earlier and also up 15.5% from March 2019. Outbound loads at the South Carolina port (60,319) were up just 0.9% y/y but fell short of March 2019's volume by 22.4%. YTD, total container traffic (627,297) exceeded the level achieved in the first quarter of 2019 by 4.9%.

The **Port of Savannah** reports that 211,033 inbound loads were handled in March, a 23.9% jump over a year earlier and a 13.2% gain over the pre-pandemic March of 2019. Outbound loads (127,997) were up 8.4% year-over-year but down 17.5% from March 2019. Total loads and empties at the Georgia port in the year's first quarter (1,315,706) were up 11.2% from the same quarter last year and up 14.2% from 2019.

Along the Gulf of Mexico, **Port Houston** handled 164,634 inbound loads in March, a 22.9% y/y jump, and an increase of 50.2% over the number of inbound loads the Texas port handled in March 2019. Outbound loads (34,221) were up 12.0% from a year earlier and 13.5% above March 2019. Total container traffic in the first quarter (1,069,917) represented a 54.1% increase over the same period in 2019.

FOR THE RECORD

Complete February 2024 TEU Tallies

The National Retail Federation/Global Port Tracker (NRF/GPT) announced in an April 9 press release that "Import Cargo To Hit 2 Million Containers For First Time Since Last Fall", predicting that this milestone would be reached in May, when 2.04 million inbound loads are expected.

In fact, though, America's seaports have already exceeded two million inbound loads this year. As **Exhibit 1** shows, inbound loads at U.S. ports totaled 2,066,296 in February, just short of January's 2,084,583 inbound loads, as we reported in last month's edition

To be sure, the NRF/GPT confines its attention to the nation's 13 busiest container ports. This newsletter, by contrast, tracks 20 ports around the country. But even then, we do not capture container traffic through ports that do not share their TEU figures. (The Port of Mobile in Alabama, the Port of Wilmington in North Carolina, and the Port of Wilmington in Delaware come to mind.)

In short, America's ports handle many more inbound containers laden with consumer goods, capital equipment, and industrial supplies than might be counted in press releases that get recycled by a copy-hungry media.

As Exhibit 1 shows, the 20 U.S. ports we monitor collectively reported handling over two million inbound loads in February, a 25.3% y/y increase but

Exhibit 1 February 2024 Inbound Loaded TEUs at Selected Ports

	Feb 2024	Feb 2023	Feb 2019	Change from 2022	Change from 2019
Los Angeles	408,764	249,407	348,316	63.9%	17.4%
Long Beach	329,850	254,970	302,865	29.4%	8.9%
San Pedro Bay Total	**738,614**	**504,377**	**651,181**	**46.4%**	**13.4%**
Oakland	76,734	58,073	69,977	32.1%	9.7%
NWSA	81,823	83,104	99,669	-1.5%	-17.9%
Hueneme	9,214	11,214	5,812	-17.8%	58.5%
San Diego	6,050	6,056	6,036	-0.1%	0.2%
USWC Total	**912,435**	**662,824**	**832,675**	**37.7%**	**9.6%**
Boston	10,658	7,475	11,728	42.6%	-9.1%
NYNJ	332,241	288,314	295,523	15.2%	12.4%
Philadelphia	30,724	27,420	19,855	12.0%	54.7%
Maryland	45,641	39,893	42,287	14.4%	7.9%
Virginia	130,965	108,808	105,357	20.4%	24.3%
South Carolina	104,118	93,780	77,667	11.0%	34.1%
Georgia	218,997	184,189	149,685	18.9%	46.3%
Jaxport	31,499	21,005	25,702	50.0%	22.6%
Port Everglades	28,414	27,609	27,361	2.9%	3.8%
Miami	44,523	36,196	32,125	23.0%	38.6%
USEC Total	**977,780**	**834,689**	**787,290**	**17.1%**	**24.2%**
New Orleans	9,232	9,452	7,393	-2.3%	24.9%
Houston	166,849	141,946	86,953	17.5%	91.9%
USGC	**176,081**	**151,398**	**94,346**	**16.3%**	**86.6%**
Vancouver	153,005	124,831	129,494	22.6%	18.2%
Prince Rupert	30,324	23,244	34,758	30.5%	-12.8%
British Columbia Total	**183,329**	**148,075**	**164,252**	**23.8%**	**11.6%**
U.S. Totals	**2,066,296**	**1,648,911**	**1,714,311**	**25.3%**	**20.5%**

Source Individual Ports

February 2024 TEU Numbers
Continued

a slightly smaller 20.5% (+79,760) gain over the second month of pre-pandemic 2019. U.S. West Coast ports alone recorded 912,435 inbound loads in February, a 37.7% bump over the preceding February and a 9.6% gain over February 2019. U.S. East Coast ports meanwhile handled 977,780 inbound loads, up 17.1% y/y and 24.2% ahead of the February tally five years earlier. U.S. Gulf Coast ports posted a 16.3% y/y increase in February but an even more impressive 86.6% (+81,735) jump since the second month of 2019.

Nationally, as **Exhibit 2** displays, outbound loads in February were up 10.2% over the previous February and improved by 4.5% from February 2019. Only the Gulf Coast ports posted a gain (59.4%) in outbound loads since 2019.

Exhibit 3 adds up the loads and empties that moved through all surveyed ports through the first two months of the year and compares those totals against the totals recorded in the same months last year and in pre-COVID 2019. Overall, the U.S. ports we monitor handled 8,756,995 TEUs in January and February, a 13.3% increase from a year ago and a 9.8% gain over the first two months of 2019.

Moving on to the February tallies supplied by the major ports themselves. As usual, we start our port-by-port accounting in Southern California, where the nation's two busiest container ports started the year on an exceptionally positive note.

Exhibit 2 **February 2024 Outbound Loaded TEUs at Selected Ports**

	Feb 2024	Feb 2023	Feb 2019	Change from 2023	Change from 2019
Los Angeles	132,755	82,404	142,555	61.1%	-6.9%
Long Beach	87,474	110,919	105,287	21.1%	-16.9%
San Pedro Bay Totals	**220,229**	**193,323**	**247,842**	**13.9%**	**-11.1%**
Oakland	69,242	55,741	67,837	24.2%	2.1%
NWSA	50,150	45,716	65,610	9.7%	-23.6%
Hueneme	1,982	1,720	1,174	15.2%	68.8%
San Diego	478	740	164	-35.4%	191.5%
USWC Totals	**342,081**	**297,240**	**382,627**	**15.1%**	**-10.6%**
Boston	5,686	4,386	5,723	29.6%	-0.6%
NYNJ	101,636	98,692	113,358	3.0%	-10.3%
Philadelphia	5,876	6,121	5,467	-4.0%	7.5%
Maryland	19,554	20,126	18,556	-2.8%	5.4%
Virginia	99,969	96,399	76,642	3.7%	30.4%
South Carolina	59,639	61,448	62,086	-2.9%	-3.9%
Georgia	121,933	110,772	105,260	10.1%	15.8%
Jaxport	40,751	40,896	38,837	-0.4%	4.9%
Port Everglades	33,015	32,565	32,664	1.4%	1.1%
Miami	22,962	22,362	30,627	2.7%	-25.0%
USEC Totals	**511,021**	**493,767**	**489,220**	**3.5%**	**4.5%**
New Orleans	21,934	18,999	18,718	15.4%	17.2%
Houston	145,766	116,265	86,460	25.4%	68.6%
USGC Totals	**167,700**	**135,264**	**105,178**	**24.0%**	**59.4%**
Vancouver	72,838	66,482	92,869	9.6%	-21.6%
Prince Rupert	9,322	8,406	11,677	10.9%	-20.2%
British Columbia Totals	**82,160**	**74,888**	**104,546**	**9.7%**	**-21.4%**
U.S. Totals	**1,020,802**	**926,271**	**977,025**	**10.2%**	**4.5%**

Source Individual Ports

February 2024 TEU Numbers

Continued

At the **Port of Long Beach**, February inbound loads (329,850) were up 29.4% from a year earlier, while outbound loads (87,474) declined by 21.1%. Measured against the same month in pre-pandemic 2019, inbound loads were down 8.9%, while outbound loads were lower by 16.9%. Year to date, total box trade movement through the Southern California gateway amounted to 1,348,738 TEUs, up 17.3% from the same months in 2019.

Year-over-year jumps were even more stupendous next door at the **Port of Los Angeles**, where inbound loads in February (408,764) were up 63.9% over a year earlier. Outbound loads (132,755) were meanwhile up 61.1% y/y. Total container traffic YTD (1,637,086) was up 34.9% over the first two months of last year. Measured against the pre-pandemic February of 2019, inbound loads this February were up 17.4%, while outbound loads were down 6.9%. Total container moves through the port YTD were up 5.1% from this point in 2019.

In Northern California, the **Port of Oakland** posted a set of strong y/y gains. Inbound loads (76,734) were up 32.1% from a year earlier, while outbound loads (69,242) were up 24.2%. Measured against February 2019, inbound loads this February were up 9.7%, while outbound loads were up 2.1%. Total container traffic through the East Bay port YTD (363,238) remained down by 8.8%.

Exhibit 3 February 2024 YTD Total TEUs

	Feb 2024	Feb 2023	Feb 2019	Change from 2023	Change from 2019
Los Angeles	1,637,086	1,213,860	1,557,757	34.9%	5.1%
Long Beach	1,348,738	1,117,447	1,149,437	20.7%	17.3%
NYNJ	1,299,801	1,216,607	1,207,747	6.8%	7.6%
Georgia	879,709	816,507	772,368	7.7%	13.9%
Houston	708,926	633,442	413,446	11.9%	71.5%
Virginia	558,594	545,346	468,262	2.4%	19.3%
Vancouver	553,347	481,423	573,358	14.9%	-3.5%
NWSA	437,887	438,842	595,461	-0.2%	-26.5%
South Carolina	410,887	416,646	383,820	-1.4%	7.1%
Oakland	363,238	333,065	398,178	9.1%	-8.8%
Montreal	223,324	238,420	258,774	-6.3%	-13.7%
JaxPort	216,977	195,375	220,934	11.1%	-1.8%
Maryland	182,914	184,607	170,176	0.9%	7.5%
Miami	186,976	181,878	187,852	2.8%	-0.5%
Port Everglades	181,353	175,997	171,992	3.0%	5.4%
Philadelphia	130,051	122,367	94,155	6.3%	38.1%
Prince Rupert	116,952	124,142	161,848	-5.8%	-27.7%
New Orleans	88,630	75,883	89,593	16.8%	-1.1%
Hueneme	42,496	45,923	21,670	-7.5%	96.1%
Boston	42,475	35,904	47,833	18.3%	-11.2%
San Diego	23,868	26,481	22,114	-9.9%	7.9%
Portland, Oregon	16,389	24,288	20	-32.5%	∞
U.S. Ports Total	**8,756,995**	**7,800,465**	**7,972,815**	**13.3%**	**9.8%**

Source Individual Ports

February 2024 TEU Numbers
Continued

At the **Northwest Seaport Alliance Ports of Tacoma and Seattle**, inbound loads in February (81,823) were off 1.5% from a year earlier and down 17.9% from February 2019. Outbound loads (50,150) were up 9.6% y/y but still 17.9% below the mark set in the same month five years earlier. Total container moves YTD through the Washington State gateways (437,887) were down 26.5% from the first two months of 2019.

Up in British Columbia, the **Port of Vancouver** handled 153,005 inbound loads in February, a gain of 22.6% from a year earlier and, more importantly, 18.2% more inbound loads than it had seen in February 2019. However, outbound loads (72,838) in February, while up 9.6% y/y, remained 21.6% below the 92,869 loads that had sailed from the port five years earlier. Total container moves YTD (553,347) were 3.5% lower than the volume of loads and empties handled to this point in 2019.

Further north, the **Port of Prince Rupert** handled 30,324 inbound loads in February, up 30.5% from a year earlier but still down 12.8% from February 2019. Outbound loads (9,322) were up 10.9% y/y but remained 20.2% below February 2019. Total container traffic YTD (116,952) was down 27.7% from 2019.

Back on the Atlantic seaboard, 332,241 inbound loads were discharged at the **Port of New York/ New Jersey** in February. That was 15.2% higher than a year earlier and 12.4% more than the 295,523 inbound loads the port handled in February 2019. (February's traffic in inbound loads also exceeded by 5.4% the estimate ventured by John McCown's March 20 Report on the Top 10 U.S. Ports.) Outbound loads at the bi-state gateway amounted to 101,636, up 3.0% y/y but still down 10.3% from February 2019. Total container traffic in the first two months of the year (1,299,801) was up 7.6% from the same period in 2019.

Moving south, the **Port of Virginia** received 130,965 inbound loads in the year's second month, a 20.4% gain from a year earlier and 46.3% more inbound loads than the port handled back in February 2019. Outbound loads (99,969) were up 3.7% y/y and 30.4% more than in February 2019. Total container traffic so far this calendar year (558,594) was up 19.3% from 2019.

At the **Port of Charleston**, February's volume of inbound loads (104,118) was up 11.0% y/y and exceeded the number of inbound loads the port had handled in February 2019 by 34.1%. Outbound loads (59,639) were down 2.0% y/y and down 3.9% from February 2019. Total YTD container trade through the South Carolina port (410,887) was up 7.1% from the same months in 2019.

Down at the **Port of Savannah**, inbound loads in February (218,997) were up 18.9% from a year earlier and up 46.3% from the same month in pre-pandemic 2019. Outbound loads (121,933) were up 10.1% y/y and up 15.8% over February 2019. Total container traffic in this year's first two months totaled 879,709 loads and empties, up 7.7% from the same point last year and 13.9% ahead of the volume of January-February 2019.

At **Port Houston**, everything in February was up by double digits. Inbound loads (166,849) were up 17.5% y/y and 91.9% higher than the 86,953 inbound loads the Texas port handled in February 2019. Meanwhile, outbound loads (145,766) increased by 25.4% from a year earlier and were 68.6% more than February 2019's 86,460 inbound loads. Total container traffic so far this year (708,926) was 11.9% ahead of last year and up 71.5% from 2019.

Finally, February was not a kind month at Oregon's **Port of Portland**, with inbound container traffic at the Columbia River port down 44.0% from a year earlier, while outbound traffic was off by 23.3%. We note with some sadness that, on the heels of a commentary in last month's edition of this newsletter that raised doubts about its viability as a container port, the Port announced on April 15 that it will shut down container operations at Terminal 6 by October.

Container Contents Weights and Values

Exhibit 4 and **Exhibit 5** display the U.S. West Coast ports' shares of the nation's containerized trade through the mainland U.S. ports against which USWC port compete for discretionary cargos. The data are derived from import/export documents shippers file with U.S. Customs and Border Protection. For a broader perspective, we compare the most recent month for which data are available with the same month in the preceding year, in pre-pandemic 2019, and a decade earlier in 2014. For those who are inclined to add up the numbers, the USWC totals in these two exhibits

February 2024 TEU Numbers
Continued

include international container traffic moving through smaller West Coast ports like San Diego, Hueneme, and Everett in addition to the container figures from the USWC Big Five ports.

Exhibit 4 shows a substantial boost in the USWC share of all containerized import tonnage flowing into mainland U.S. ports. Year-over-year gains were especially impressive at the California ports, but the percentage of the nation's containerized import tonnage flowing through the Northwest Seaport Alliance ports in Washington State fell from February 2023. Still, the latest USWC shares remain well below the historical benchmarks.

Exhibit 5 focuses on the USWC shares of U.S. containerized trade involving trading partners in East Asia. Again, the numbers indicate that the Ports of Los Angeles and Long Beach are capturing a significantly larger share of the containerized import tonnage from East Asia. However, both Oakland and the NWSA Ports of Tacoma and Seattle saw their import tonnage shares decline from a year earlier.

USWC Ports and the European Trade

For more than two centuries, Europe had been America's foremost trading partner. Up until the mid-1980s, more of our maritime trade still crossed the Atlantic than the Pacific. Japan was the sole Asian nation listed in tables enumerating our major trading partners in the 1985 Economic Report of the President. The Atlantic-Pacific ratio soon changed dramatically with the explosive emergence of China as the primary hub of global manufacturing.

Even before the Panama Canal opened an expanded set of locks in 2016, East and Gulf Coast ports had been aggressive in building their trades with the Far East, a development usually depicted as coming at the expense of America's Pacific Coast ports. But the new locks, coupled with billions of federal, state,

Exhibit 4 Major USWC Ports Shares of U.S. Mainland Ports Worldwide Container Trade, February 2024

		Feb 2024	Feb 2023	Feb 2019	Feb 2015
Import Tonnage	**USWC**	**34.3%**	**31.3%**	**38.7%**	**42.3%**
	LA/LB	25.6%	21.7%	27.5%	30.9%
	Oak.	3.3%	2.5%	3.5%	4.1%
	NWSA	3.5%	3.8%	5.4%	5.6%
Import Value	**USWC**	**40.0%**	**37.3%**	**46.9%**	**52.0%**
	LA/LB	31.7%	28.1%	35.8%	40.5%
	Oak.	3.2%	2.8%	3.5%	3.6%
	NWSA	4.3%	5.1%	6.9%	7.1%
Export Tonnage	**USWC**	**31.8%**	**31.5%**	**38.5%**	**44.3%**
	LA/LB	19.2%	19.2%	22.0%	27.1%
	Oak.	5.4%	5.5%	6.7%	6.6%
	NWSA	6.2%	5.9%	8.2%	9.2%
Export Value	**USWC**	**27.2%**	**25.8%**	**32.8%**	**36.5%**
	LA/LB	17.3%	16.2%	21.6%	25.0%
	Oak.	5.9%	5.6%	6.7%	5.8%
	NWSA	3.1%	3.2%	4.1%	4.9%

Source: U.S. Commerce Department

Exhibit 5 Major USWC Ports Shares of U.S. Mainland Ports Containerized Trade with East Asia, February 2024

		Feb 2024	Feb 2023	Feb 2019	Feb 2015
Import Tonnage	**USWC**	**51.2%**	**49.8%**	**56.9%**	**64.5%**
	LA/LB	41.3%	36.8%	43.5%	48.1%
	Oak.	4.0%	4.6%	4.2%	4.9%
	NWSA	5.2%	6.4%	8.2%	9.4%
Import Value	**USWC**	**59.7%**	**57.4%**	**66.3%**	**72.9%**
	LA/LB	48.4%	44.3%	51.5%	57.6%
	Oak.	4.0%	3.6%	4.3%	4.2%
	NWSA	6.4%	8.1%	9.8%	10.1%
Export Tonnage	**USWC**	**52.7%**	**51.8%**	**59.9%**	**68.9%**
	LA/LB	32.6%	32.6%	36.7%	44.8%
	Oak.	7.7%	7.8%	9.4%	8.8%
	NWSA	10.8%	10.2%	13.6%	14.4%
Export Value	**USWC**	**55.4%**	**53.8%**	**64.2%**	**71.7%**
	LA/LB	36.3%	34.0%	44.1%	51.3%
	Oak.	10.6%	10.7%	11.5%	9.7%
	NWSA	6.7%	7.6%	8.5%	9.7%

Source: U.S. Commerce Department

February 2024 TEU Numbers
Continued

and local investments in port development, enabled East and Gulf Coast ports to better serve their collective hinterland, which is home to the majority of America's population and manufacturing base.

In the 2020 census, 55.5% of Americans resided in the Northeast and South, while 23.7% lived in the West. But whatever business Western states conduct with Europe by sea continues to flow mainly through East and Gulf Coast ports.

Exhibit 6 depicts the USWC share of U.S. containerized import tonnage from Europe over the past two decades.

During the period shown in this exhibit, the population of the West grew by 24.4%, according to the U.S. Census Bureau. Meanwhile, as **Exhibit 7** indicates, containerized import tonnage from Europe through USWC ports edged up by just 7.0%.

Exhibit 8 compares the coastal shares of containerized import tonnage from East Asia over the past twenty years. It tells a familiar story.

Exhibit 9 provides a contrasting view showing the relatively negligible role of USWC ports in handling containerized imports from Europe.

Putting the Baltimore Tragedy in Context

We would be remiss if we did not comment on the March 26 vessel allision with the Francis Scott Key Bridge and the shocking, fatal consequences that effectively closed the Port of Baltimore. We might be even more remiss if we did not comment on the

Exhibit 6 USWC Shares of U.S. Containerized Imports from Europe

Source: U.S. Commerce Department

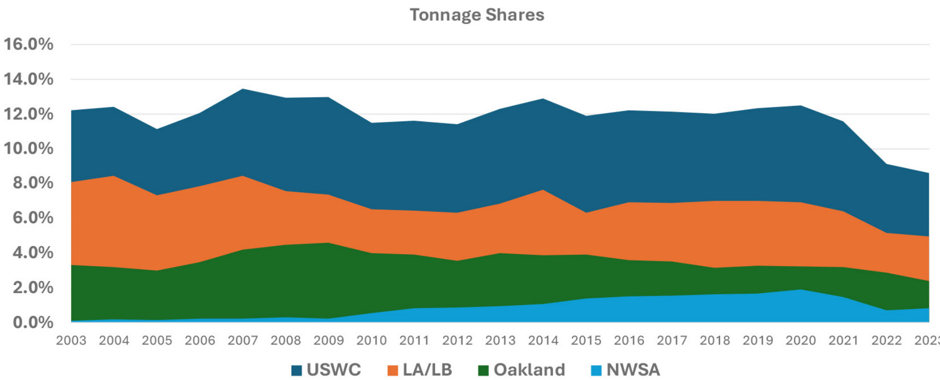


Exhibit 7 USWC Containerized Imports from Europe

Source: U.S. Commerce Department

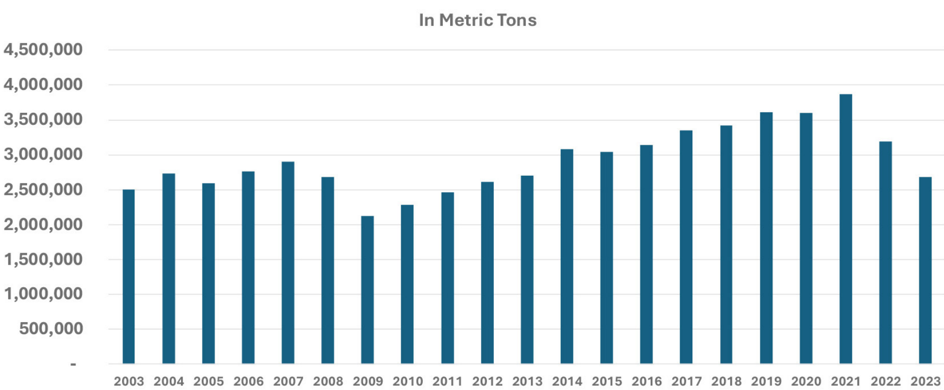
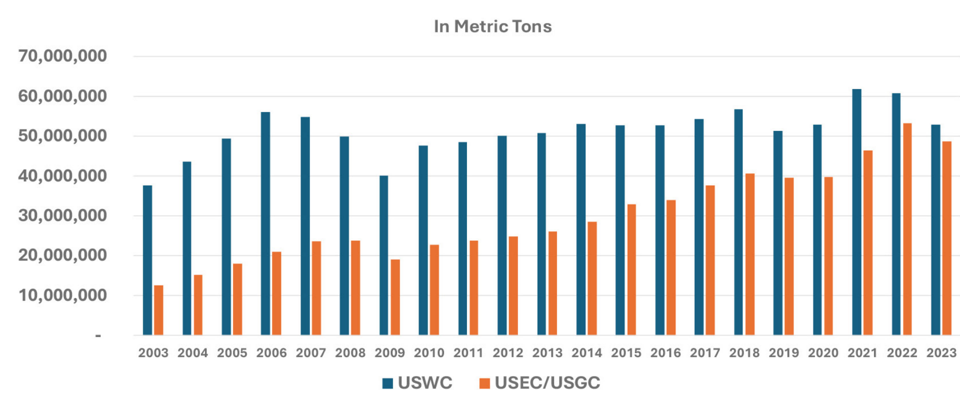


Exhibit 8 Coastal Shares of Containerized Imports from East Asia

Source: U.S. Commerce Department



February 2024 TEU Numbers
Continued

commercial context of the accident, given that initial reports feared the Port of Baltimore would be closed for months and that some commentators and pundits surmised that the overall economic cost would be in the tens of billions. Others predicted a sharp upswing in shipping rates for vessels carrying containers and motor vehicles. A commentator on one national television network feared that nearby ports like New York/New Jersey, Philadelphia, and Norfolk might become congested by the sudden diversion of TEUs destined for the Maryland port.

As it turns out, the impact of this maritime mishap is likely to be very much less substantial than originally dreaded. While Baltimore is the nation's top port for handling cars, trucks, tractors, and farm machinery, the gateway seldom handles more than 100,000 total TEUs a month. That, no doubt, comes as a relief to marine insurance companies. Shipping rates did not spike, and container traffic has been successfully accommodated at other East Coast ports. The Army Corps of Engineers now expects to open a new channel to the Port by the end of May.

For the record, the following exhibits describe the Port of Baltimore's role in the nation's trade in passenger vehicles, trucks, bulldozers, tractors, and even the occasional army tank.

Exhibit 12 depicts the leading U.S. maritime gateways for imported passenger vehicles. Together, these ports account for about two-thirds of all U.S. auto imports arriving by sea. Although its 19.1% share last year

Exhibit 9 **Coastal Shares of Containerized Imports from Europe**
Source: U.S. Commerce Department

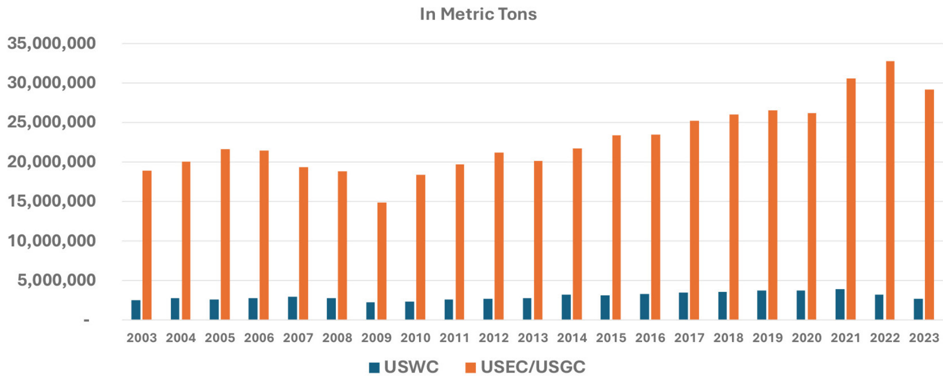


Exhibit 10 **Baltimore's Motor Vehicle Import Trade**
Source: U.S. Commerce Department

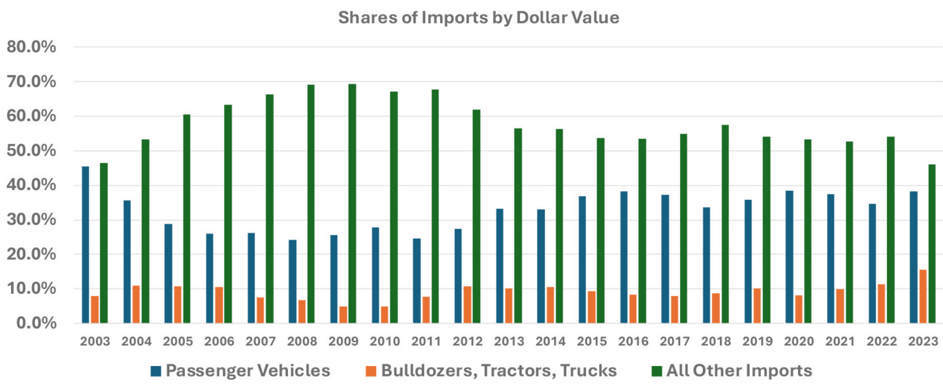
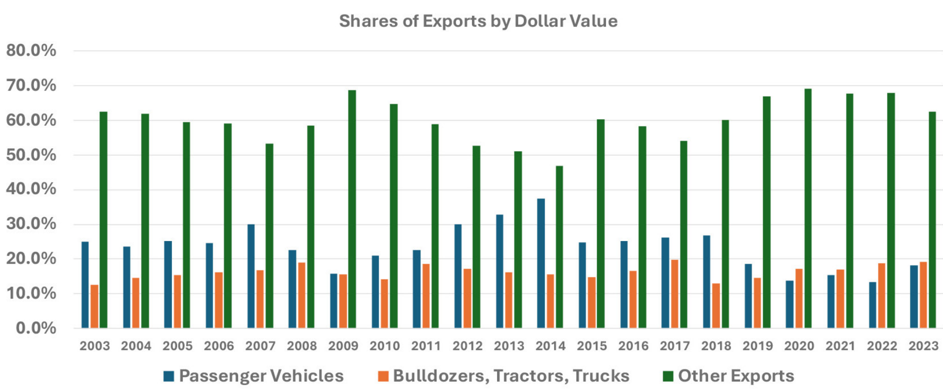


Exhibit 11 **Baltimore's Motor Vehicle Export Trade**
Source: U.S. Commerce Department



February 2024 TEU Numbers
Continued

was down slightly from the previous two years, the Port of Baltimore ranked Number One, easily exceeding the 11.2% share enjoyed by the Ports of Los Angeles and Long Beach, Port Hueneme (10.5%), PNYNJ (10.2%), Jacksonville (8.8%), and NWSA (7.7%).

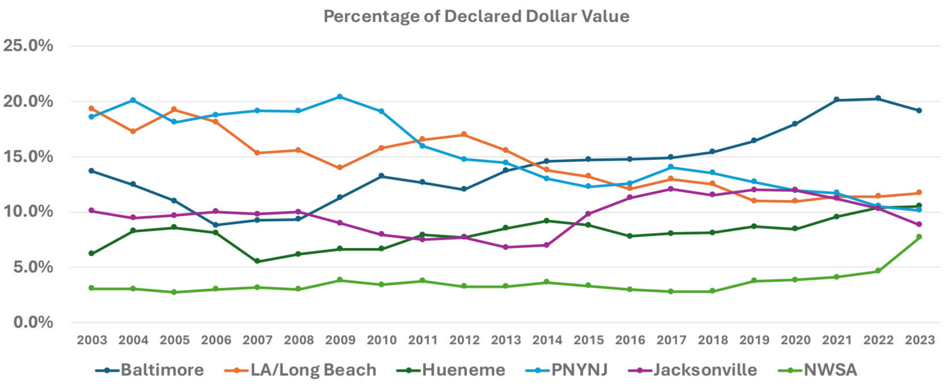
More Nuts to England

There is joy at the Almond Board of California, at least judging from its March 26 press release revealing that the "United Kingdom's government announced it would suspend tariffs for at least two years on raw kernel and inshell almonds from all origins – including the U.S. – beginning April 11, 2024". The tariffs had been in place since Britain's departure from the European Union in 2021.

Even before the tariffs were lowered, there had been some good news for the state's almond growers. In the current crop year (which started on August 1, 2023), almond export tonnage to the U.K. is up 45.5% through March. Among individual European markets, though, the U.K. is not the biggest player. It is, in fact, outranked by Spain, the Netherlands, Germany, and Italy. Back before the tariff and before the plague, the British, Scottish, and Welsh markets accounted for between five and six percent of California almond shipments to Europe which, in turn, accounted for slightly more than a quarter of all California almond exports worldwide.

Still, small joys still count.

Exhibit 12 **Passenger Vehicle Imports by U.S. Port**
Source: U.S. Commerce Department



Must Farm

That's not an agricultural imperative. Rather, Must Farm is the site of an archaeological excavation in England. The dig began in 2011 under the supervision of an archaeological team from nearby Cambridge University. The site consists of the remains of five large wooden dwellings constructed during the late Bronze Age around 850 BC.

Perhaps the most remarkable artifacts unearthed at the site, at least from the viewpoint of those of us in the logistics sector of the global economy, were 49 glass beads. According to a Cambridge University study, all but one of these beads "came from far-flung places" including what is now Iran.

That's a long haul. The distance between London and Tehran is about the same as the distance between Boston and San Francisco. There is no firm evidence of how those beads made their way from Iran to Must Farm. The Cambridge archaeologists suspect "a long series of small trades" over a considerable period of time. But it's also conceivable a direct shipment necessitating one or more sea voyages might have been involved. So, too, then would have been at least one very adventurous traveler who calculated that a few decorative baubles found in a Persian market might fetch a handsome reward back home in a rural English fen.

There's an epic novel or a TV miniseries in there, if not a doctoral dissertation.

JOCK O'CONNELL'S COMMENTARY

The Transborder Trade Threat to USWC Ports

Even while I was solemnly commemorating the Irish High Holy Day on March 17, I did take notice of a headline that day in a prominent shipping industry publication proclaiming that Chinese exports to Mexico's Pacific Coast ports had "skyrocketed" in January.

The headline bannered an article, citing a "global freight intelligence platform", that reported oceanborne imports from China had "surged nearly 60% year over year (y/y) in January". That wave of inbound TEUs, the article breathlessly explained, reflected China's growing investment in manufacturing operations in Mexico. Those investments, the report ominously concluded, will pose a long-term threat to U.S. West Coast (USWC) ports because, unlike goods produced in China or in Chinese-owned factories in Southeast Asia, the *hecho en Mexico* output of these near-shored factories would enter the U.S. market by truck or rail and not aboard ocean carriers.

Shortly after, another report popped up in my inbox announcing that the New Year was seeing "exponential" growth in Chinese shipments to Manzanillo and Lazaro Cardenas, Mexico's chief West Coast container ports.

Most of us appreciate that a single month of data does not establish a trend. In some newsrooms, however, isolated bits of information can bait headline writers into indulging in hyperbole. Editors are, after all, forever thinking about how best to grab the attention of passing eyes. I'm reminded of the time in the spring of 1976 when my otherwise peaceful stroll through London's Mayfair district was brought up short when I spied a lad hawking a fresh-off-the-press *Evening Standard* whose frontpage blared out this news: "O'Connell Shot". (Depending on your perspective, Mr. O'Connell was either a notorious Irish terrorist or a brave Irish patriot, but definitely not a close relative.)

Hence the topic: how much of this is fact and how much is hyperbolic headlining?

There is no question that Chinese manufacturers have been setting up shop in lands that are less likely to attract the attention of U.S. Customs inspectors or Congressional critics of free trade. Nor is there any question that Chinese investment in Mexican industrial parks has been burgeoning, just as Japanese investments had a generation earlier. Even before Mexico, Canada, and the United States ratified the North American Free Trade Agreement in 1993, foreign direct investment had flowed into what were then called maquiladoras. These were manufacturing plants, usually located near the U.S. border, which offered easier access to the U.S. market, a low-cost labor force, and a relatively lax regulatory environment. By the 1990s, more than a million Mexicans were employed in maquiladoras.

The Chinese are just the latest to capitalize on Mexico's proximity to the world's richest consumer market. But Chinese companies are now the fastest-growing source of foreign direct

Commentary
Continued

investment in Mexico. According to a new report from Procopio, a legal services firm that advises international investors, Chinese investment predominantly targets the manufacturing sector, encompassing diverse projects such as computer servers, construction equipment, electric vehicles, and furniture. In most instances, components must be imported due to a currently inadequate supplier base in Mexico.

Not surprisingly, as **Exhibit A** attests, China's role in Mexico's import trade has been creeping upwards for the past decade

More importantly for USWC ports, the share of Mexico's imports that arrived by sea grew from 25.0% in 2010 to 58.4% last year. And just under 85% of Mexico's seaborne imports from China arrived at the Ports of Manzanillo and Lazaro Cardenas, the chief maritime gateways on Mexico's Pacific shore.

But before attributing all of the heightened seaborne imports to an ambitious scheme to evade U.S. tariffs on Chinese imports, there may be other reasons for an apparent January surge of Chinese shipments into these two ports. For one thing, we shouldn't ignore the broader context. Most immediately, we shouldn't discount the possibility that low-water restrictions at the Panama Canal have led to a rejiggering of the routes Chinese shipping had been accustomed to following from Shanghai or Ningbo to ports throughout the Caribbean and along the Atlantic Coasts of both North and South America. With the improvement of rail

Exhibit A **China's Share of Mexico's Merchandise Import Trade**

Source: National System of Statistical and Geographical Information (NEGI)

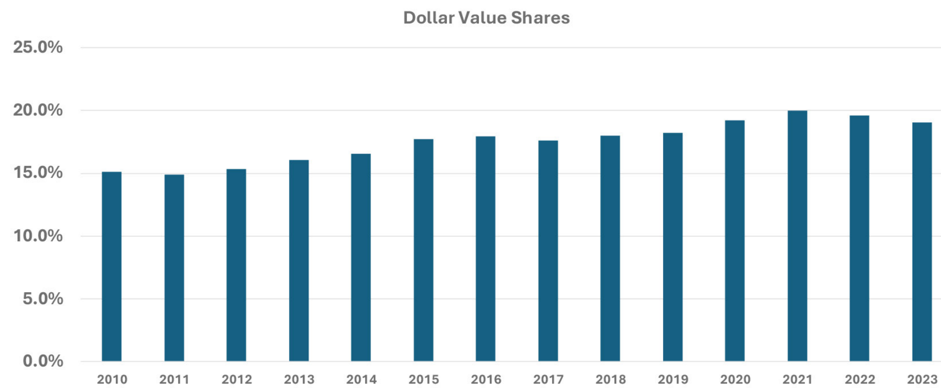
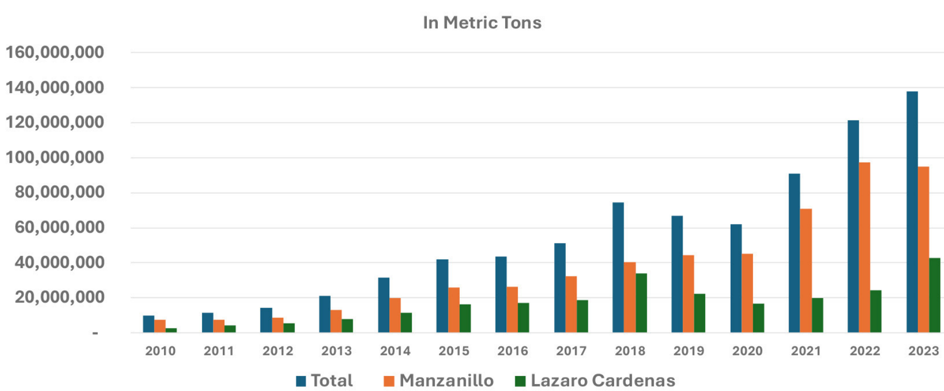


Exhibit B **Chinese Imports via Mexico's Chief Pacific Coast Ports**

Source: National System of Statistical and Geographical Information (NEGI)



Puerto Lázaro Cárdenas, CC BY-SA 4.0 <https://creativecommons.org/licenses/by-sa/4.0>, via Wikimedia Commons

Commentary
Continued

service between Mexico and the U.S. heartland, some of those Chinese imports through Manzanillo and Lazaro Cardenas might otherwise have been intended for Port Houston.

Nor should we overlook the simple fact that Mexico is itself a large market with a population of 132 million and a gross domestic product of nearly two trillion U.S. dollars. Mexico ranks as the world's 12th largest economy, smaller than the Russian Federation but larger than South Korea. GDP per capita is a respectable US$25,880, according to the International Monetary Fund. So expanding your economic footprint there is something of a no-brainer for a country seeking to dominate global commerce.

In the end, though, it is hard to reconcile the current burst of media excitement about surging Chinese imports into Manzanillo and Lazaro Cardenas early this year with the available data.

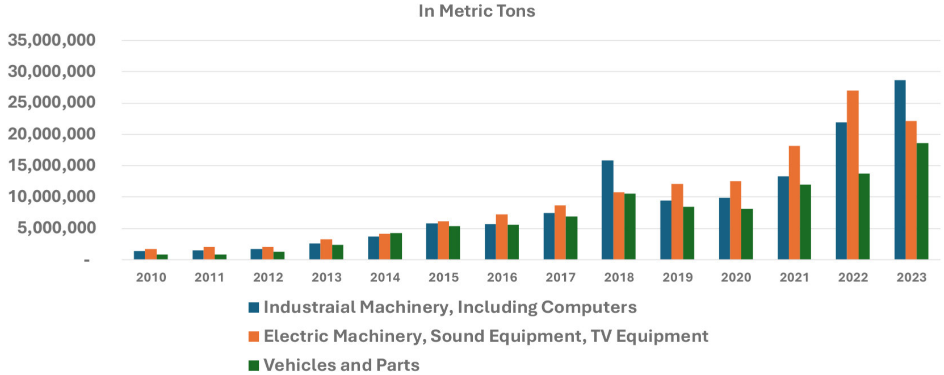
For the fact is that none of this is exactly news.

Consider **Exhibit B**. Chinese shipments to Mexico's two top Pacific Coast ports have been steadily increasing and have been exceptionally brisk in recent years. Volumes rose more than six-fold to 137,874,618 metric tons in 2023 from 21,154,509 metric tons just ten years before.

Exhibit C breaks down the trade by major commodities, revealing that growth has been particularly fast in the automotive sector. It is a share that is apt to grow due to the presence in Mexico of Chery and BYD, two of China's premier manufacturers of electric vehicles.

Exhibit C **Top Categories of Chinese Imports Via Manzanillo and Lazaro Cardenas**

Source: National System of Statistical and Geographical Information (NEGI)



So, yes, the fact that Chinese companies are expanding their manufacturing capacity in Mexico will ultimately affect business at USWC ports. But that's nothing new. There was nothing sudden or surreptitious about the arrival of Chinese companies in Mexico. Nor should anyone be shocked that foreign direct investment breeds imports.

So goods produced by Chinese-owned factories in Mexico will enter the U.S. market almost exclusively by truck or rail, just the same as garments manufactured in a Chinese-owned factory in Bangladesh will find their way to American consumers via an Atlantic Coast port. This is not to say that the number of inbound loaded TEUs at USWC ports will shrink. Rather, their capacity for growing existing volumes of imports may be circumscribed.

We may not have reached Peak Globalization in which the absolute volume of goods traded internationally will flatten or decline. But what we are definitely seeing is a fluid reshaping of the geographical environment in which countries exchange products.

So, unless the aim is to inflame protectionist sentiments, the rising volume of Chinese shipments through Mexico's Pacific Coast ports shouldn't merit BREAKING NEWS!!! headlines.

Northwest Seaport Alliance Doubles-Down on Intermodal Rail Incentives

By Jordan Royer, VP External Affairs, Pacific Merchant Shipping Association

It is no secret that the Ports of Tacoma and Seattle have been seeing contraction in the container market, and have been losing market share to other ports for most of the past two decades. Whether it's the impacts of the federal Harbor Maintenance Tax, expansion of capacity in Canada at the Port of Prince Rupert and Vancouver's Delta Port, Panama Canal expansion, aggressive Atlantic and Gulf coast port competition, or consolidation of West Coast market share by Los Angeles and Long Beach, it is clear that discretionary containerized cargo that used to call at Washington's ports is choosing to go elsewhere.

Addressing this challenge was the key reason the ports formed the Northwest Seaport Alliance (NWSA) – to coordinate as one gateway to compete for cargo and better align port assets to fit the needs of the ports' customers. It hasn't been enough.

This month, the ten commissioners of both ports that make up the NWSA Managing Members upped the ante: they approved a two-pronged strategy to try and incentivize discretionary cargo to come back.

So, what's in the plan?

First, the NWSA has approved $9 million for an "International Container Rail Cargo Incentive" targeted at ocean carriers that help protect

NWSA rail market share by growing their intermodal rail volumes. This incentive would be paid to an ocean carrier for incremental increases in container cargo year over year – at a rate of $100 per extra container. The program starts on May 1 of this year and runs through April 30, 2025, with the NWSA reserving the potential to renew the incentive into future years in Q1 2025.

Second, they have developed an awards program to encourage international container service consistency and vessel arrival on-time performance. The incentive would be paid to vessel lines that do not void sailings that are consistently on-time on port calls. The top three performers will receive awards of $500,000 for first place, $300.000 for second, and $200,000 for third.

These are in addition to another NWSA incentive to Marine Terminal Operators who consistently operate truck gates at a full 5-days per week. Currently, cargo volumes don't always

NUMBER OF THE MONTH

$10 million

TOTAL AMOUNT OF FUNDING APPROVED BY THE NWSA FOR NEW INCENTIVES

always justify gate operations for all shifts across all 5 weekdays. The NWSA approved $2 million for this program. While only time will tell if this strategy will have an impact and finally help bring discretionary cargo back, the NWSA ports need to be

Northwest Seaport Alliance
Continued

commended for trying. While the headwinds against the Gateway are huge and unpredictable, the port's current volumes don't leave them much choice but to lean in.

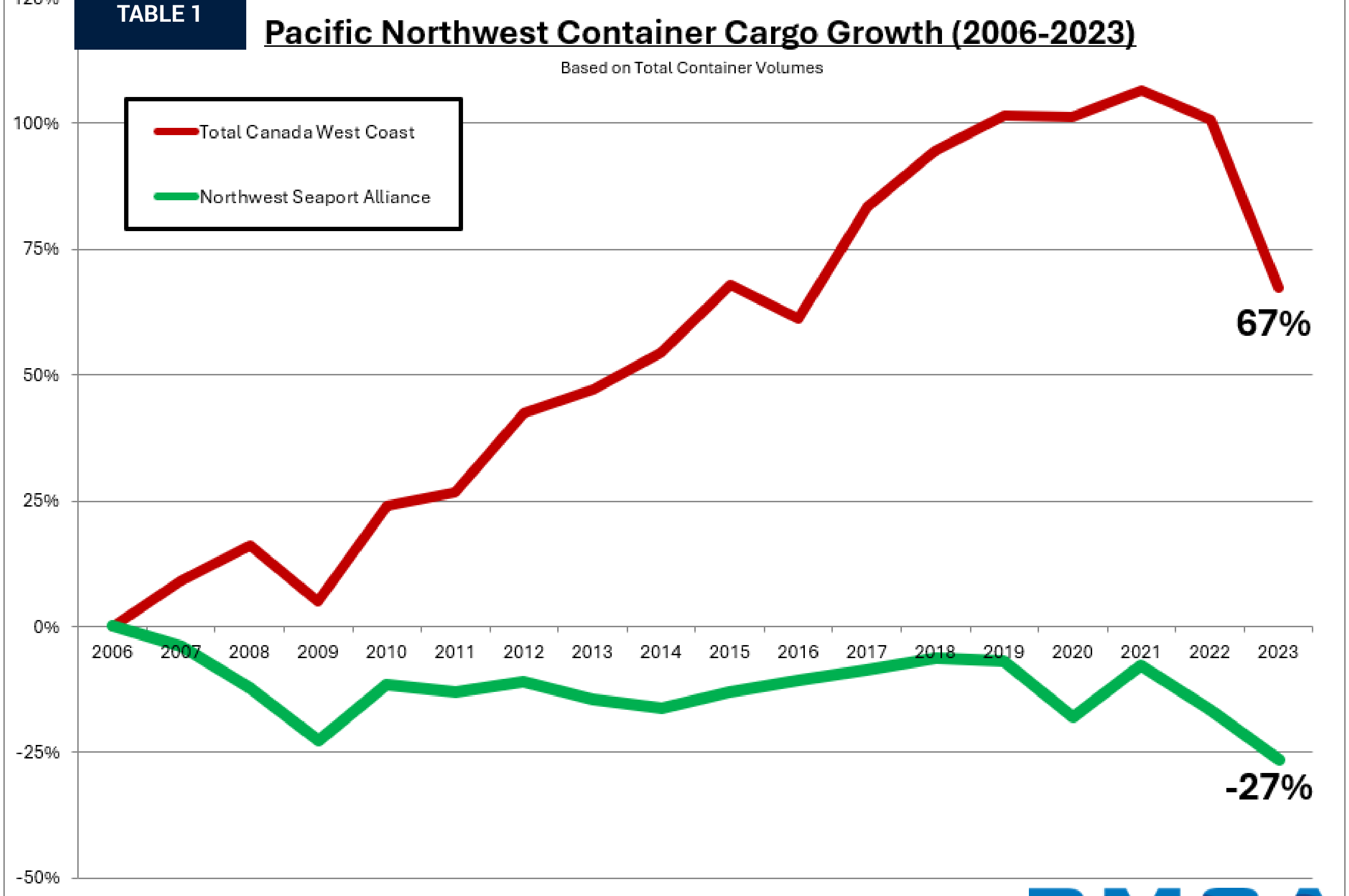
While there are plenty of costs in the harbor that are beyond the ports' control for ocean carriers and their customers, like the Harbor Maintenance Tax, pilotage rates, and tug rates, these variables might be partially blunted by the application of these incentives for ocean carriers in the short term.

There is ample incentive for the ports to try and grow their volumes now and rebuild their market presence before being faced with several new and unique costs looming off in the future. With a huge turnover in the State Legislature, a new Governor in January, and clean air measures on the ballot this fall, it remains to be seen if Olympia will be pushing hard for ever more expensive water and air quality regulations, or if these new leaders will tap the breaks and work with the ports to create balanced environmental benefits and job growth.

The most advanced ports technologically and environmentally are also usually the busiest – and the NWSA ports right now are neither. The key to improving both is regaining the discretionary cargo volumes that have slipped away over the years, and these new rail incentives might be the first step towards a brighter future. We hope they work, and that new leadership in the State will not pull the rug out from under these efforts.

Refer to table 1 for the cargo growth of the NWSA from 2006 to 2023.

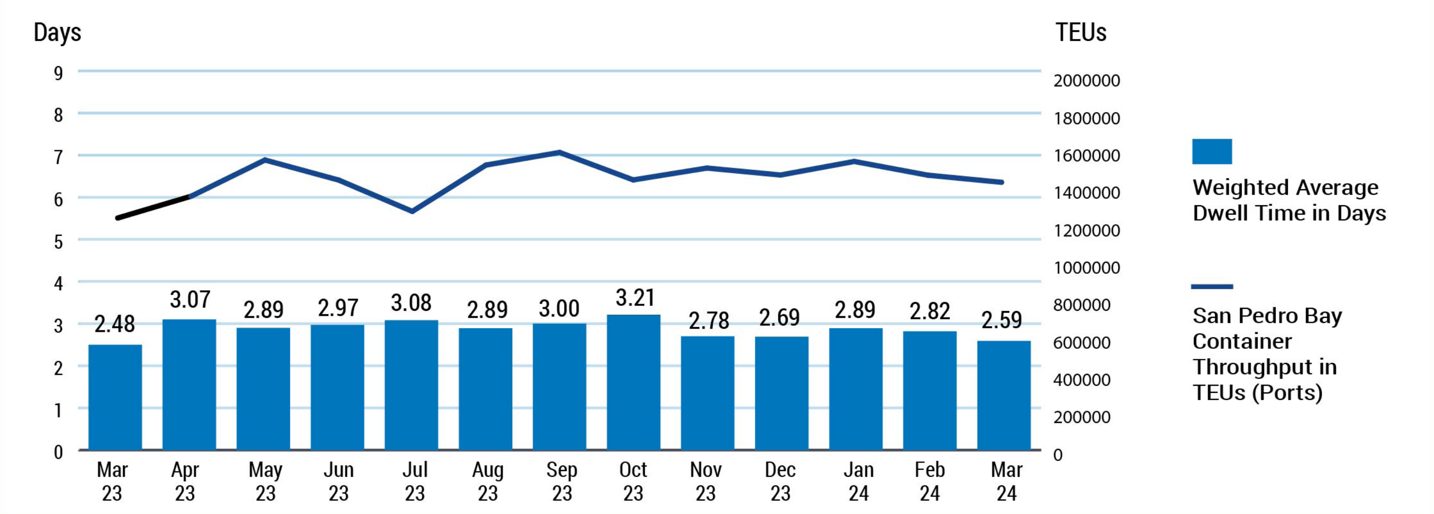
TABLE 1



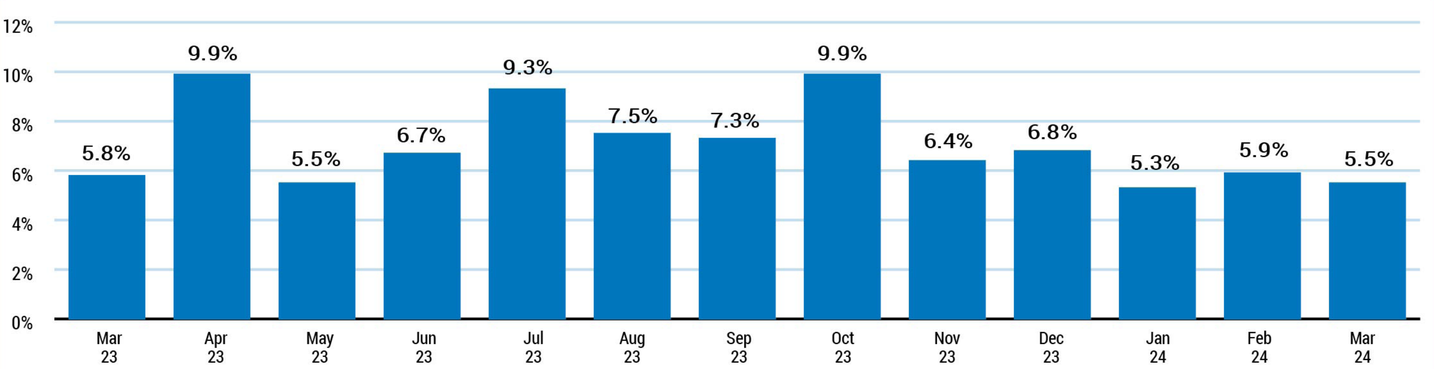
Source: American Association of Port Authorities (AAPA), NAFTA Port Container Traffic Data
Official Port Websites (Revised March 2023)

San Pedro Bay Ports Dwell Times for Month of March Remain Similar to February Levels

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



Dwell Time in Days % > 5 Days



Rail Dwell Time in Days