PMSA

West Coast Trade Report

August 2020

First Peek at the July TEU Numbers

BOPC RECEIVED
8/25/2020

Note: *Because West Coast ports are much quicker in releasing their monthly TEU tallies than their rival ports elsewhere in the country, these "First Glimpse" numbers are necessarily incomplete. Indeed, USWC ports routinely lap the Port of New York/New Jersey by posting their container numbers for, say, June well before PNYNJ gets around to releasing its May statistics.*

When all ports finally reveal their TEU counts, July's container trade numbers are expected to be up substantially from June but much lower than they were in July of last year. In its August 10 outlook, the National Retail Federation's Global Port Tracker (GPT) predicted that container import traffic in June would be off by 10.2% from a year earlier. That is certainly more sanguine than the 14.1% slide the GPT foresaw just a month earlier. But GPT also indicated July's estimated 1.76 million loaded TEUs arriving at the thirteen U.S. mainland ports it tracks would be up 9.3% from the 1.61 million TEUs the ports handled in June.

So what are the early reporting ports telling us so far about July?

There most definitely was a surge in containerized **imports** from June to July.

The first of the big ports to announce its July tally was Oakland, which reported a 6.4% bump in inbound loaded TEUs from a year earlier. July's count was also up 16.9% from the number of inbound loads the port had handled in June.

The East Bay port was not going against the grain. Even more impressive than Oakland's 6.4% year-over-year increase was the 20.3% jump in inbound loads at the Port of Long Beach. That included a 25.3% surge over June.

Across the way at the Port of Los Angeles, inbound loads tailed off by 4.3% year-over-year but were up 23.5% from the previous month. Together, the two San Pedro Bay ports handled 5.5% more loaded inbound TEUs than they had a year earlier, while July volumes exceeded June's by 24.3%.

So, at least in California, there was a decidedly higher volume of inbound loaded TEUs in July than just a month earlier.

Unhappily, there was no awe in the July numbers from the Northwest Seaport Alliance Ports of Tacoma and Seattle, where import loads fell by 15.9% from last July. Worse, there was no surge from June to July, but rather a very slight 0.7% decline.

Altogether, the Big Five USWC ports saw a slender 2.9% increase in inbound loads in July over the same month last year. But July was much, much busier than June, by the tune of a 20.6% surge in inbound loads coastwide.

North of the border in British Columbia, Vancouver experienced a 1.2% year-over-year decline in inbound loads. Prince Rupert, meanwhile reported a 2.5% fall-off from last July. However, the two ports did see a 19.7% bump over the number of inbound loads they had handled in June.

Elsewhere, Virginia recorded a 15.6% year-over-year fall in laden inbound TEUs but a 10.7% increase over June. Charleston was down 12.1% from last July but up 16.8% from June. Similarly, Port Everglades was down 14.3% from a year earlier but up 14.9% over June.

Down on the Gulf Coast, inbound loads through the Port of Houston slid lower by 7.9% from last July but soared over June by 17.8%.

On the **export** side of the ledger, loaded outbound TEUs from the Port of Los Angeles were down 21.7% from the same month last year and but were up 15.3% from June. At Long Beach, outbound loads in July jumped by 24.1% from a year earlier and were also up 17.9% from June. That left the two San Pedro Bay down 3.0% from last July but up 16.7% from June. Oakland posted a modest 1.3% increase over June but a 6.4% year-over-year decline. July

First Peek Continued

was a brutal month for the NWSA ports, which witnessed a 23.4% slide from last July. Altogether, outbound loads through the Big Five USWC container ports were off by 7.1% from a year earlier.

To the north, outbound loads slipped by 4.5% from a year ago at Vancouver but rose 2.2% at Prince Rupert. The two ports did see a strong 19.7% recovery from June's inbound traffic.

On the East Coast, Charleston reports a 20.1% drop in outbound loads from a year earlier, while Virginia was down 15.3% from last July. Port Everglades meanwhile saw outbound loads plunge by 24.6%.

There is no clear evidence of a June-to-July surge in exports to match what obviously appears to be a major bump in imports. While the two San Pedro Bay ports reported a 16.7% jump in outbound loads in July over June, Oakland saw only a modest 1.3% increase. Vancouver's laden outbound TEU traffic in July was up 4.1% over June. But Virginia's July export total was down 4.2% from June. Charleston's July inbound loads were 0.5% lower than in June, but outbound loads at Port Everglades in July leapt by 18.0% over the preceding month.

Parsing the June 2020 TEU Numbers

Please note: *The numbers here are not derived from forecasting algorithms or the partial information available from U.S. Customs and Border Protection but instead represent the actual TEU counts as reported by the major North American seaports we survey each month. The U.S. mainland ports we monitor collectively handle over 90% of the container movements at continental U.S. ports.*

June 2020 Import Traffic

With just two exceptions, all of the eighteen U.S. and Canadian ports whose import/export loaded TEU traffic this newsletter monitors showed declines from June of last year. The two outliers were the Port of Oakland (+1.9% or +1,569 TEUs) and the Canadian Port of Vancouver (+1.8% or +2,470 TEUs).

In Southern California, Long Beach was down 9.3% (-30,903 TEUs), while Los Angeles saw inbound loads fall by 6.8% (-27,118 TEUs). Collectively, the two San Pedro Bay ports posted an 8.0% drop (-58,021 TEUs) from June 2019. Meanwhile, in Washington State, the Northwest Seaport Alliance ports of Tacoma and Seattle recorded a fall-off of 15.1% (-18,530 TEUs). That left the USWC Big Five ports with a combined 8.0% decline amounting to 74,982 fewer inbound loaded TEUs than they had handled a year earlier.

Contrary to some premature media accounts that relied exclusively on early TEU counts from USWC ports, year-over-year declines were actually much steeper along the East and Gulf Coasts in June. The Port of New York/New Jersey handled 37,654 TEUs fewer inbound loads than in June 2019, a drop of 12.5%. Charleston sustained an 18.9% (-16,301 TEUs) nosedive. While Savannah's inbound laden traffic slid by just 4.4% (-7,355 TEUs) and Maryland's by only 4.9%, the declines were more precipitous at Virginia (-15.2%), JaxPort (-24.6%), Port Everglades (-14.4%), and Miami (-13.5%). Altogether, the nine East Coast ports we track suffered a 12.6% (-102,077 TEUs) fall-off from a year earlier.

Along the Gulf Coast, inbound loads were off at Houston by 17.4% and by 10.8% at New Orleans, leaving the two Gulf Coast ports we track with a combined fall-off of 16.7% (-19,521 TEUs).

The two British Columbia ports we monitor saw vastly different results. Inbound loads at Vancouver were up a modest 1.8%, but Prince Rupert recorded a 16.3% drop, giving the two Canadian Pacific Coast ports a combined 3.5% (-6,923 TEUs) decline from last June.

In market share terms, the Big Five USWC ports saw their share of inbound loads discharged at the U.S. mainland ports we track rise to 51.5% in June from 50.1% a year earlier.

Parsing the June 2020 TEU Numbers Continued

USWC share of inbound loads through the seven major U.S. and Canadian Pacific Coast ports slipped to 82.0% from 82.7% last June.

June 2020 Export Traffic

The Ports of Long Beach and Los Angeles both posted double-digit year-over-year declines in outbound loads in June. At the Port of LA, outbound loads tumbled by 21.3% from the previous June, while Long Beach saw 12.2% fewer outbound loads sail. Together, outbound loads at the two Southern California ports were down by 16.9% (-46,027 TEUs).

Outbound loads in June were also down elsewhere along the USWC. Oakland recorded a 5.7% drop, while outbound loads fell by 8.0% at the two NWSA ports. That left outbound loads in June through the Big Five USWC ports off by 13.3% (-56,418 TEUs) from the same month a year earlier.

The export trade numbers were not much better along the Atlantic Seaboard, where export counts were uniformly down, often by double digits, except at JaxPort. Outbound loads from PNYNJ plummeted by 20.3% (-24,894 TEUs) from a year earlier, while Charleston shipped 12.9% fewer loaded TEUs. Outbound loads were also down: by 6.5% at Virginia; by 1.2% at Savannah; by 20.7% at Miami; and by 19.7% at Maryland. Port Everglades sustained a 36.9% plunge in outbound loads. Coastwise, outbound loads at the nine USEC ports we follow were down 11.6% (-60,280 TEUs).

The two Gulf Coast ports we monitor saw outbound loads decline by 10.4 (-13,802 TEUs). Houston was down

Exhibit 1 June 2020 - Inbound Loaded TEUs at Selected Ports

	June 2020	June 2019	% Change	June 2020 YTD	June 2019 YTD	% Change
Los Angeles	369,189	396,307	-6.8%	1,950,633	2,260,267	-13.7%
Long Beach	300,714	331,617	-9.3%	1,659,967	1,813,809	-8.5%
San Pedro Bay Totals	**669,903**	**727,924**	-8.0%	**3,610,600**	**4,074,076**	-11.4%
Oakland	82,464	80,895	1.9%	454,364	474,145	-4.2%
NWSA	104,115	122,645	-15.1%	565,808	692,318	-18.3%
USWC Totals	**856,482**	**931,464**	-8.0%	**4,630,772**	**5,240,539**	-11.6%
Boston	8,923	13,874	-35.7%	67,078	73,198	-8.4%
NYNJ	264,054	301,708	-12.5%	1,708,731	1,846,062	-7.4%
Maryland	36,936	38,839	-4.9%	242,652	261,021	-7.0%
Virginia	95,502	112,664	-15.2%	589,083	673,676	-12.6%
South Carolina	69,775	86,076	-18.9%	480,608	520,409	-7.6%
Georgia	161,444	168,799	-4.4%	988,656	1,075,362	-8.1%
Jaxport	24,555	33,461	-24.6%	147,132	176,802	-16.8%
Port Everglades	19,235	22,463	-14.4%	146,513	163,988	-10.7%
Miami	29,609	34,226	-13.5%	194,878	215,101	-9.4%
USEC Totals	**710,033**	**812,110**	-12.6%	**4,565,331**	**5,005,619**	-8.8%
New Orleans	10,408	11,673	-10.8%	69,962	68,617	2.0%
Houston	86,903	105,159	-17.4%	569,718	604,787	-5.8%
USGC Totals	**97,311**	**116,832**	-16.7%	**639,680**	**673,404**	-5.0%
Vancouver	139,965	137,495	1.8%	790,304	843,768	-6.3%
Prince Rupert	48,361	57,754	-16.3%	272,250	299,379	-9.1%
BC Totals	**188,326**	**195,249**	-3.5%	**1,062,554**	**1,143,147**	-7.1%
US/BC Totals	**1,852,152**	**2,055,655**	-9.9%	**10,898,337**	**12,062,709**	-9.7%
US Total	**1,663,826**	**1,860,406**	-10.6%	**9,835,783**	**10,919,562**	-9.9%
USWC/BC	**1,044,808**	**1,126,713**	-7.3%	**5,693,326**	**6,383,686**	-10.8%

Source Individual Ports

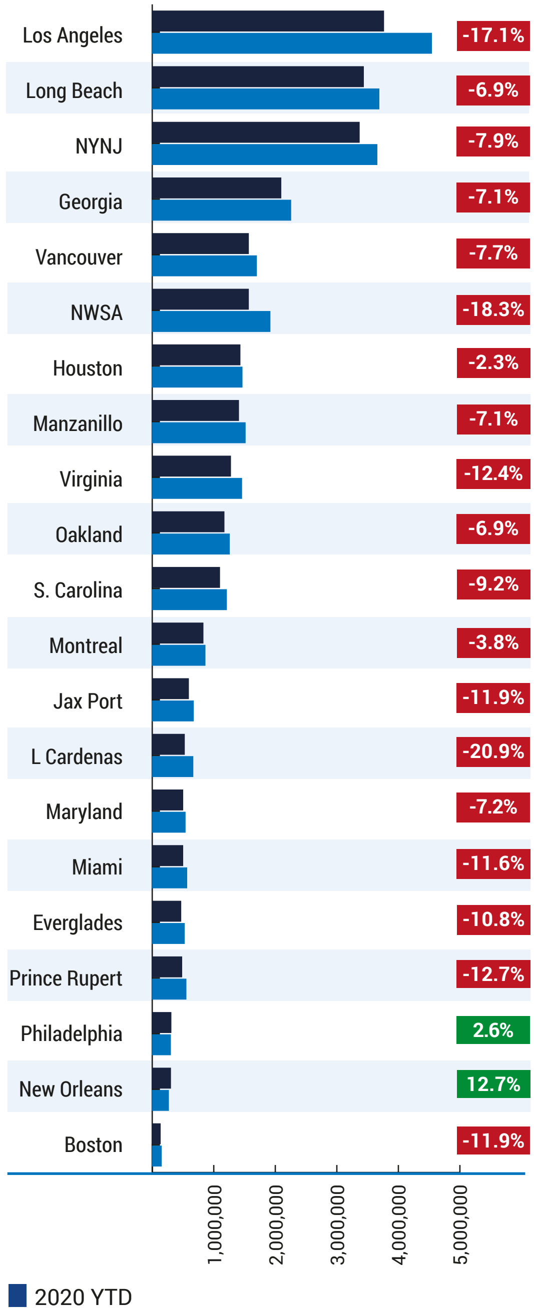
Parsing the June 2020 TEU Numbers Continued

Exhibit 2 June 2020 - Outbound Loaded TEUs at Selected Ports

	June 2020	June 2019	% Change	June 2020 YTD	June 2019 YTD	% Change
Los Angeles	109,586	139,318	-21.3%	748,110	908,680	-17.7%
Long Beach	117,538	133,833	-12.2%	734,219	732,224	0.3%
San Pedro Bay Totals	**227,124**	**273,151**	**-16.9%**	**1,482,329**	**1,640,904**	**-9.7%**
Oakland	70,638	74,901	-5.7%	462,426	463,651	-0.3%
NWSA	70,431	76,559	-8.0%	411,340	453,730	-9.3%
USWC Totals	**368,193**	**424,611**	**-13.3%**	**2,356,095**	**2,558,285**	**-7.9%**
Boston	5,114	7,366	-30.6%	34,014	40,199	-15.4%
NYNJ	97,769	122,663	-20.3%	659,612	741,518	-11.0%
Maryland	16,164	20,127	-19.7%	106,504	115,293	-7.6%
Virginia	71,591	76,535	-6.5%	465,832	493,850	-5.7%
South Carolina	57,935	66,496	-12.9%	389,335	414,728	-6.1%
Georgia	117,883	119,295	-1.2%	745,693	760,632	-2.0%
Jaxport	43,682	38,424	13.7%	234,293	248,279	-5.6%
Port Everglades	21,915	34,705	-36.9%	164,583	210,271	-21.7%
Miami	25,679	32,401	-20.7%	178,256	206,903	-13.8%
USEC Totals	**457,732**	**518,012**	**-11.6%**	**2,978,122**	**3,231,673**	**-7.8%**
New Orleans	20,890	25,898	-19.3%	144,787	149,157	-2.9%
Houston	97,635	106,429	-8.3%	634,589	622,492	1.9%
USGC Totals	**118,525**	**132,327**	**-10.4%**	**779,376**	**771,649**	**1.0%**
Vancouver	83,970	101,715	-17.4%	528,656	582,068	-9.2%
Prince Rupert	17,113	15,254	12.2%	100,556	101,647	-1.1%
British Columbia Totals	**101,083**	**116,969**	**-13.6%**	**629,212**	**683,715**	**-8.0%**
US/Canada Total	**1,045,533**	**1,191,919**	**-12.3%**	**6,742,805**	**7,245,322**	**-6.2%**
US Total	**944,450**	**1,074,950**	**-12.1%**	**6,113,593**	**6,561,607**	**-5.8%**
USWC/BC	**469,276**	**541,580**	**-13.4%**	**2,985,307**	**3,242,000**	**-7.9%**

Source Individual Ports

Exhibit 3 June Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports



Source: Individual Ports

Parsing the June 2020 TEU Numbers Continued

Exhibit 4 USWC Ports Shares of Worldwide U.S. Mainland, June 2020

	June 2020	May 2020	June 2019
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	29.4%	26.8%	27.4%
Oakland	4.5%	4.3%	4.2%
NWSA	4.8%	5.3%	5.2%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	38.3%	35.0%	35.1%
Oakland	4.2%	4.0%	3.8%
NWSA	5.8%	6.3%	6.9%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	20.3%	20.7%	21.7%
Oakland	6.2%	6.9%	6.0%
NWSA	7.3%	8.3%	7.9%
Shares of U.S. Mainland Conatainerized Export Value			
LA/LB	22.2%	22.3%	20.8%
Oakland	7.0%	7.2%	6.0%
NWSA	4.4%	4.5%	4.5%

Source: U.S. Commerce Department.

Exhibit 5 USWC Ports Shares of U.S. Mainland Trade With East Asia, June 2020

	June 2020	May 2020	June 2019
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	47.0%	42.0%	44.2%
Oakland	5.0%	4.7%	4.8%
NWSA	6.6%	7.6%	7.7%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	54.9%	50.1%	51.8%
Oakland	4.7%	4.4%	4.5%
NWSA	7.8%	8.7%	9.8%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	30.2%	32.1%	36.5%
Oakland	7.9%	9.6%	9.3%
NWSA	10.6%	12.8%	12.8%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	39.5%	40.5%	41.4%
Oakland	10.9%	11.9%	10.9%
NWSA	7.7%	8.6%	8.6%

Source: U.S. Commerce Department.

8.3%, while New Orleans reported a 19.3% fall-off. Up in British Columbia, Prince Rupert's 12.2% gain in outbound loads was more than offset by a sharp 17.4% drop at Vancouver.

Altogether, outbound loads from the sixteen U.S. mainland and two British Columbia ports reporting June TEU figures were off by 12.3% (-146,386 TEUs) from last June.

The Big Five USWC ports saw their share of outbound loads sailing from the U.S. mainland ports in June slide to 39.0% from 39.5% a year earlier.

However, the USWC share of outbound loads through the seven major U.S. and Canadian Pacific Coast ports did nudge up very slightly to 78.5% from 78.4% last June.

Weights and Values

Even though the TEU is the shipping industry's preferred unit of measurement, we offer two alternative metrics – the declared weight and value of the goods contained in those TEUs -- in hopes of further illuminating recent trends in the container trade along the USWC. For the most part, these numbers contain little good news for USWC port officials.

Exhibit 4: USWC Ports and the Worldwide Container Trade. Exhibit 4 features some unusual numbers on containerized imports (regardless of point of origin) entering mainland U.S ports. The two San Pedro Bay ports actually saw their combined percentage of containerized import tonnage jump to 29.4% in June from 27.4% a year earlier. The two also enjoyed a sizable bump to 38.3%

Parsing the June TEU Numbers Continued

from 35.1% in their joint share of the declared value of U.S. containerized imports. Meanwhile, the Port of Oakland's share of import tonnage rose to 4.5% from 4.2% a year ago, with its share of import value also edging up to 4.2% from 3.8%. Further north, the two NWSA ports saw their combined share of import tonnage decline to 4.8% from 5.2% and, in value terms, to 5.8% from 6.9%.

On the export side, the Southern California ports shed market share in tonnage terms but increased their share by dollar value. Oakland fared much better with year-over-year gains in both export value and export tonnage. The NWSA ports' combined share of U.S. containerized export tonnage slid lower while their share of export value also ebbed lower.

Exhibit 5: USWC Ports and the East Asia Trade. The figures on containerized imports arriving at U.S. mainland ports from East Asia in June should bring a measure of at least temporary relief to the proprietors of the San Pedro Bay ports. The Ports of Los Angeles and Long Beach saw their combined share of containerized import tonnage from East Asia swell to 47.0% in June from 44.2% a year earlier. At the same time, their collective share of containerized import value rose to 54.9% from 51.8%. Elsewhere along the coast, Oakland improved slightly on both measures, but the NWSA ports suffered declines in both import value and tonnage shares.

Exports were a different story, though. On the outbound side, the San Pedro Bay ports' share of containerized export tonnage to East Asia plunged to 30.2% from 36.5% a year earlier, while their combined share of the value of those containerized imports slipped to 39.5% from 41.4%. Oakland likewise experienced a sizable decline in its share of export value but held steady on its tonnage share. Meanwhile, the two NWSA ports sustained declines in their share of U.S. containerized export tonnage and value.

Tale of the Two Portlands

There are, of course, two Portlands that matter in America. On the East Coast, there is the lovely seaport perched on a peninsula overlooking Maine's Casco Bay. There one can enjoy fresh lobster (currently at depressed prices), succulent oysters harvested from nearby estuaries, and clams fried golden brown. Then, way out West, there is that town on the Columbia River that, in recent months, has probably surrendered whatever claim it once had to being America's model city.

In a rare bit of recent good news about the West Coast Portland, its port has been recently staging something of a comeback. At one time a vibrant container port, the Port of Portland (Oregon) reports having handled 25,624 TEUs through the first six months of the year. Given that the port saw just 26 TEUs in all of last year, that jump must strike denizens of the local waterfront as nothing less than phantasmagorical. Even more encouraging is that the Oregon port's container traffic has been growing rapidly this year, going from 3,147 TEUs in January to 6,543 TEUs in June. In its past, the port had handled as many as 339,571 TEUs (2003) but subsequently experienced a steady slide in container traffic until labor issues prompted container carriers to abandon the port entirely in 2016, only to make a cautious return of late.

Back East, the Port of Portland (Maine) handled 13,879 TEUs of cargo during the first half of this year, almost all of it generated by Eimskip, the Icelandic steamship line that has established the Maine port as its U.S. terminal. Import loads totaled 6,939 TEUs, while export loads amounted to 2,764 TEUs. In addition, the port handled 4,276 empty TEUs, mostly on the outbound trade. In all of last year, the port handled a total of 27,746 TEUs.

Although the Oregon Portland handled nearly twice as many TEUs through June of this year, the two ports ran a much closer race in terms of cargo value. The over-caffeinated river port's containerized export trade amounted to $153.3 million, as opposed to $138.8 million at the actual seaport in Maine. On the import side, East Coast Portland's $267.5 million in containerized imports far exceeded the West Coast Portland's $186.4 million in containerized imports.

Not surprisingly, the trades of the respective ports were very heavily weighted toward trading partners sitting across the ports' respective oceans.

The Ro-Ro Trade in Teslas

As we noted last month, the pandemic took a big piece out of exports of electric vehicles from the Port of San Francisco's Pier 80 in March and April as Tesla was obliged to shut down production at its only U.S. assembly

Parsing the June TEU Numbers Continued

plant in nearby Fremont. After shipping $1.35 billion in vehicles in this year's first two months, exports dove to zero over the next two months before recovering to $327.53 million in June and July. But that two-month total was down 43.6% from the same months a year ago.

Shipments from San Francisco in June-July went mostly to Belgium (68.3%), with South Korea (17.4%) and China (14.3%) accounting for the balance of the trade.

Soybeans

You may recall that trade deal that was signed back in January that was supposed to yield a huge surge in exports of U.S. soybeans and other agricultural commodities to China. That would be the same deal that was to be the subject of a high-level progress review last week. That would be the same review that has now collapsed amidst conflicting statements into utter confusion. The latest word is that, despite a series of announcements of sizable sales of farm produce to Chinese buyers, the high-level review is off, and President Trump is no longer in a mood to talk to the Chinese (as the *Wall Street Journal* reports). Something about China's handling of the COVID-19 outbreak, it's said.

Well, judging by first-half data, Chinese importers are going to have a lot of catching up to do if the goal is to exceed the volume of exports in 2017, which negotiators agreed to use as the base year for gauging Chinese sincerity. Through the first six months of this year, soybean shipments to China were only 39.1% of the 9.62 million metric tons of soybeans the U.S. shipped to China in the first half of 2017. To be sure, soybeans exports normally have picked up substantially during the fall and early winter months, but the numbers so far are less than encouraging. And that is particularly so for the river ports in Washington State that have customarily relied on Chinese soybean purchases. So far this year, the Ports of Kalama, Longview, and Vancouver have handled just 26.3% of all U.S. soybean shipments to China, down from their 34.5% share a year ago.

In the case of Kalama, worldwide exports of agricultural commodities were up 6.7% in 2019 over 2017, the base year negotiators determined would be used to gauge China's commitments. But shipments to China were down 10.2%. Through the first half of this year, Kalama's soybean exports to the People's Republic were 44.4% below the same period last year and 40.9% below the first half of the 2017 base year.

All of this fast-stepping over the Phase One agreement is reminiscent (as Rick Helfenbein of *Forbes* reminds us) of the fictional Kansas politician who stood on the campaign stump promising one farm miracle after another. The crowd responded with a chant of: 'hoya, hoya, hoya.' The politician visited a farm after his rousing speech, where he witnessed several large bulls standing in a corral. He asked if he could walk among the bulls, and the farmer said it would be okay to do so. Entering the corral, the farmer issued a word of caution: 'Don't get too close to the bulls, watch for holes in the ground, and be careful not to step in the hoya.'"

Hoya has a different meaning for those of us schooled in the Jesuit tradition. So, as far as the farm export outlook goes for USWC ports, we'll leave it at *videbimus*. (We'll see.)

A Quarter of Plague

By the time in mid-March when European and some American authorities began to take steps to suppress the spread of the Covid-19 virus, most ships bearing goods for American ports were already at sea. Import statistics for the year's second quarter should provide insight into how the supply chains responded to the plague. Ironically, when we needed supplies, we turned to China…decisively.

Overall containerized import tonnage through the Ports of Long Beach and Los Angeles in the April-June months surged by 13.5%, led by a 38.8% increase in shipments from China. While it is scarcely surprising that imports from China in the second quarter should exceed first quarter imports given that the country pretty much closes shop during the traditional Asian New Year holiday, which falls in late January and early February, the quarter to quarter jump was unusually high this year. Over the previous five years, the second quarter saw import tonnage from China increase by an average of 13.2%. Last year, the quarter to quarter bump in Chinese import tonnage was just 9.5%.

Among the San Pedro Bay ports other major trading partners, containerized import tonnage from Vietnam was down 10.0% but up 12.1% from Thailand. Shipments arriving from Taiwan edged up 1.0%, but those coming

Parsing the June TEU Numbers
Continued

from South Korea slipped by 8.6%. Perhaps most remarkably, containerized import tonnage from Japan plummeted by 25.8%.

Up the coast, the Northwest Seaport Alliance ports saw no real import surge from the first to the second quarter. Overall containerized import tonnage rose just 2.3%. But, while imports from Japan (-33.6%) and South Korea (-22.6%) tumbled, containerized import tonnage from China soared by 23.8% from the first to the second quarter.

Oakland was the outlier. Containerized import tonnage at the Bay Area port did rise by 9.4% from the first to the second quarter, but imports from China increased in tandem by 10.0%. The biggest quarter-to-quarter gains involved Thailand (+40.5%) and France (+90.8%), presumably because of President Trump's threats to increase tariffs on certain "medicinal liquids" from Europe.

Who's #1?

Because the box counters at the Port of New York/New Jersey take as much as six weeks to reveal the latest month's TEU counts, June is currently the most recent month for which comparable statistics are available for ranking the nation's three busiest ports. So, for the record, ***the Port of Long Beach was the nation's busiest container port in June*** with total traffic (loaded + empty) amounting to 691,475 TEUs. The Port of Los Angeles ran second with 602,180 TEUs, while PNYNJ placed far behind in third place with 511,306 TEUs.

For those insisting that empty boxes should not count, the rank order changes. Los Angeles handled 478,775 loaded TEUs as opposed to 418,252 laden TEUs at Long Beach. Trailing behind in third was PNYNJ with just 361,823 laden TEUs.

The YTD totals (loads + empties) for the first half the year showed Los Angeles in the lead with 3,761,888 TEUs. Long Beach with 3,433,035 TEUs bested PNYNJ's half-year total of 3,365,525 TEUs. In terms of loads, LA handled 2,698,744 laden TEUs in the first six months of this year, with Long Beach (2,394,188 TEUs) edging out PNYNJ (2,386,333 TEUs).

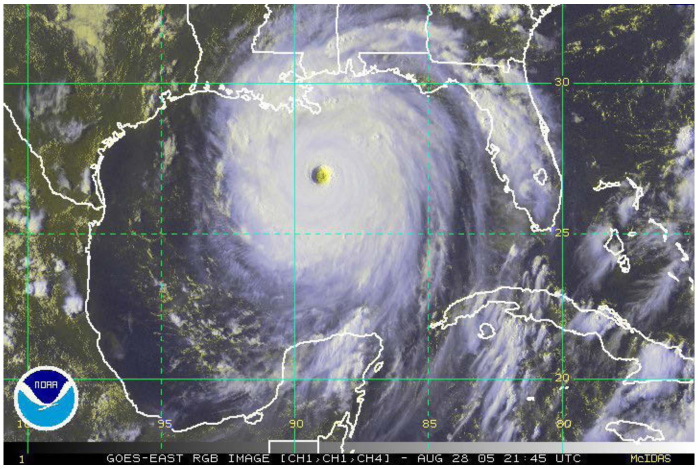
Jock O'Connell's Commentary:
Port Condition Zulu

Readers of the maritime industry press might be forgiven for concluding that U.S. West Coast ports are fundamentally unreliable conduits for trade.

Monthly statistics indicating a declining share of the transpacific container trade typically prompt a surfeit of articles attributing the parlous numbers to various logistical inefficiencies and to the generally higher costs of doing business in America's West Coast states. Even when imports surge through USWC ports (as they have been doing lately), the mullahs of the maritime media will then bemoan longer turn times, chassis shortages, overfilled and understaffed warehouses, and spotty rail transport connections.

On a remarkably consistent basis, editorialists take aim at the -- dare we say -- occasionally obstreperous International Longshore and Warehouse Union. In late July, to cite one recent example, a letter sent to California's Governor and the Legislature by the union's president prompted one columnist to presciently sound the tocsin, alerting Beneficial Cargo Owners to expect labor trouble at USWC ports over the issue of automation during contract negotiations two years hence.

Even a dock worker strike in far off Montreal has become an occasion to lambaste the ILWU and its potential for destabilizing trade up and down the West Coast. Never mind that the Montreal action was initiated by a clerical union affiliated with the International Longshoremen's Association, a union known for its own fuhgeddaboudit stance on automation.



Commentary Continued

The gospel according to the maritime media is quite explicit: There is virtually no compelling reason why BCOs should not prefer East and Gulf Coast ports for shipments bound for almost any market east of the Rockies.

Well, hold on. I can think of one not entirely inconsequential reason, a reason that has much to do with why a baseball game at Dodger Stadium hasn't been rained out since April 17, 2000.

As I write (Sunday, August 23), the National Hurricane Center (NHC) is tracking a modern day Scylla and Charybdis in the form of two major storms, Laura and Marco, that are bearing down on the U.S. Gulf Coast. Laura, while still classified as a Tropical Storm, has aspirations of developing into a full-blown hurricane by the time it makes U.S. landfall on Thursday. Marco has already achieved that status. It is expected to come ashore Monday night. According to the NHC, a brace of hurricanes in the Gulf in the same week is a largely unprecedented event, one that could wreak unparalleled havoc, especially on coastal regions of Louisiana and Texas.

2020 is proving to be an exceptionally dangerous year for hurricanes. Although the season formally runs from June 1 through the end of November, it has now already spawned fourteen named storms (which feature winds over 39 mph). The NHC's latest forecast fears there may be up to 25 named storms this year, of which as many as six could develop into monster hurricanes with winds exceeding 111 mph.

Earlier this summer, two hurricanes did make landfall on the U.S. mainland. Hanna swept through the Gulf of Mexico and came ashore along the coast of Texas near Corpus Christi. Then came Isaias, a storm that moved up the east coast of Florida unleashing winds that prompted the U.S. Coast Guard to set Port Condition Zulu at every major East Coast port from Miami to Wilmington, North Carolina.

The USCG employs a range of storm advisories that culminate in Port Condition Zulu, when port operations are effectively halted. Terminals must close, and all oceangoing vessels over 500 GT must depart unless specifically authorized.

To an objective observer, it should be evident that hurricanes are potentially much more disruptive to port operations than, say, a brief longshore work stoppage. At least strikes or lockouts do not normally involve hundreds of millions of dollars in collateral damage to vital infrastructure.

Nature's sense of irony reveals itself most nefariously in the fact that the period when hurricanes pose their greatest threat to maritime trade pretty much overlaps the peak shipping season. And, as calamitous as the current hurricane forecast is, climatologists believe that tropical storms will only become more frequent and powerful.

And when Nature is finished sending ravaging hurricanes to ports in the Southeastern corner of the nations, it then dispatches winter blizzards to harass and occasionally cripple shipping at ports in the Northeast. High intensity storms such as Nor'easters pummel the region every winter, sharply curtailing normal activities, and snarling up transportation systems for days.

The point I am belaboring here is that, while there may be ample reasons for shippers to divert cargos away from West Coast ports, heavy weather normally is not one of them. If anything, USWC ports have cumulatively lost far fewer days to labor disruptions over the years than rival ports along the East and Gulf Coasts have lost to heavy weather.

That is not to say that weather is never an issue on the West Coast. An offshore Pacific hurricane did generate huge waves that damaged the San Pedro Bay breakwater in 2014, and an August heatwave that overtaxed California's power grid did affect operations at a couple of terminals.

But, as we anxiously await news updates on the latest hurricanes to pummel the Gulf and East Coasts this year, it is worth recalling that the last time a hurricane visited the U.S. West Coast was on October 2, 1858...one hundred and sixty-two years ago..

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

Obstreperous

By John McLaurin, President, Pacific Merchant Shipping Association

International trade economist Jock O'Connell, who provides commentary for this newsletter, used the word obstreperous in a recent paper which reviewed the erosion of West Coast market share that has taken place for a number of years.

There were several reactions to Jock's use of the word obstreperous. First, apparently a lot of people had to reach for a dictionary to look it up. Fortunately for them, this time Jock simply used a word not frequently used as opposed to his custom of using obscure Latin phrases (making full use of seven years of a Jesuit education) that only he and Latin scholars understand or appreciate. Second, some on the waterfront took offense to the word.

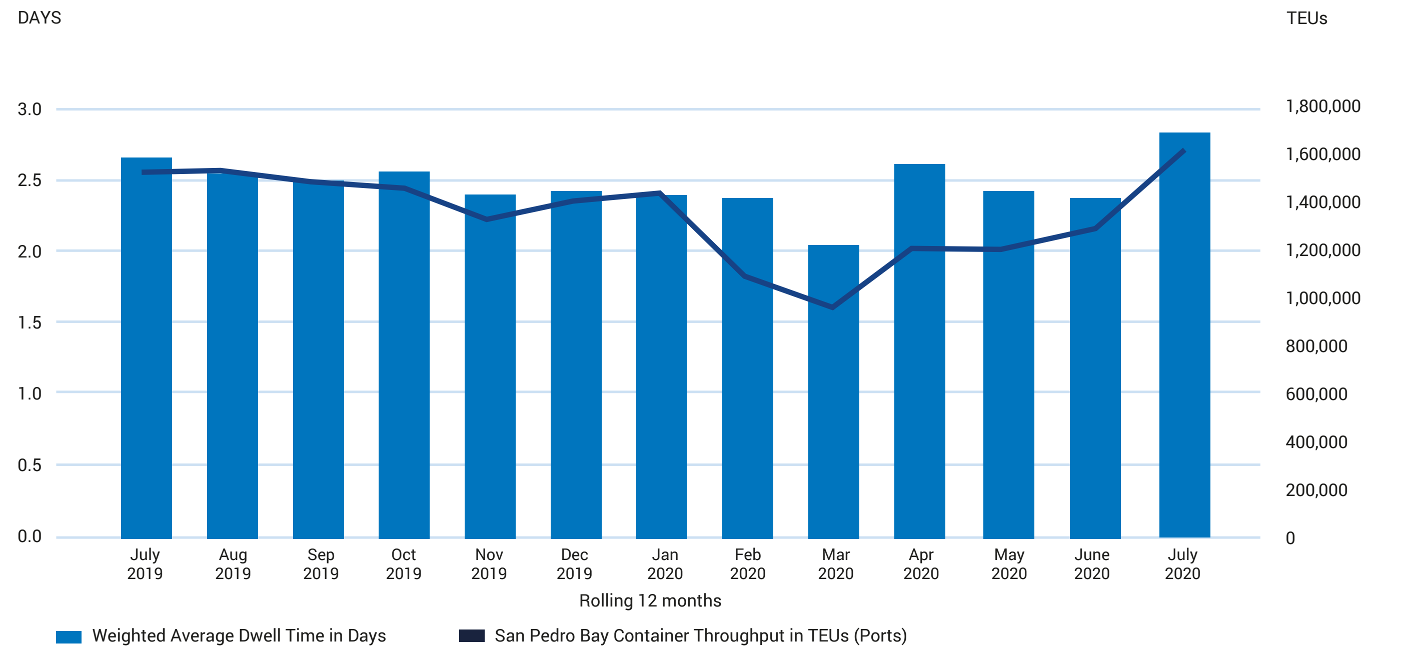
Instead of taking offense, perhaps people should have been alarmed about the long-term decline in market share, one that shows a structural shift in the movement of cargo away from West Coast ports.

Loss of West Coast market share is due to many factors. There are many reasons, many players, and many policies which have contributed to the decline. To reverse this trend, the challenge for all of us that use and work at West Coast ports, or who develop public policy, is to recognize the challenge, acknowledge the past, and move forward to work in unison to reverse the trend.

All of us on the waterfront need to work together. Inability or unwillingness to do so will ensure that the decline will continue.

Dwell Time Slightly Up for July

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



Dwell Time in Days % > 5 Days