



West Coast Trade Report

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October Tallies: The Early Returns

Note to readers: We resolved to get this month's edition out a bit earlier than usual so that you'd have something informative to read while digesting your Thanksgiving dinner. But that means we will have less to report about container traffic in October. Also, we are dropping, at least temporarily, the Port of Baltimore from our coverage. The Maryland Port Administration has lately taken to falling behind our other ports in posting its TEU numbers. When MPA gets back up to speed, we'll resume including the Old Line State's seaport in our monthly tallies.

Now on to what we are hearing from the ports about their container flows in October.

As anticipated, October was another torpid month in San Pedro Bay, even in comparison to pre-pandemic years. Inbound loads at the **Port of Los Angeles** (336,307 TEUs) were down 28.0% year-over-year. Outbound loads (89,722 TEUs) were meanwhile off by 8.7%. Counting loads as well as empties, container traffic totaled 678,429 TEUs, down by 24.8% from the previous October. YTD, the port has handled 8,542,944 TEUs, off by 5.9% from last year.

Across the road at the **Port of Long Beach**, inbound loads (293,924 TEUs) slumped by 23.7% year-over-year to their lowest mark since April 2020. It was also the least busy October for inbound loads since 2012. Outbound loads (119,761 TEUs) slipped by 2.0% from a year earlier.

Counting all loaded and empty boxes, a total of 658,428 TEUs passed through the port in October, down 16.6% (-131,288 TEUs) from last October. YTD, Long Beach has handled 8,000,811 loaded and empty TEUs, up 1.5% from the first ten months of 2021.

Collectively, the two Southern California ports sustained a 26.1% fall-off in inbound loads from last October, while recording a 5.0% loss in outbound loads. A total of 1,336,857 loaded and empty TEUs passed through the two ports in October, 21.0% below last October's volume. Through the ten months of 2022, the two ports have handled 16,543,755 loaded and empty TEUs, 420,371 fewer TEUs than they had by this point in 2021.

At Northern California's **Port of Oakland**, inbound loads (79,459 TEUs) were up 6.7% from October 2021 while outbound loads (66,408 TEUs) increased by 4.8%. YTD, the port has handled 1,989,492 TEUs, 99,979 fewer TEUs (-4.8%) than at this point in 2021. Loaded container traffic through the port (1,495,820 TEUs) is meanwhile down by 7.5% from the first ten months of last year.

The **Northwest Seaport Alliance Ports of Tacoma and Seattle** saw a particularly large fall-off in loaded container traffic in October. Import loads (95,637 TEUs) fell by 22.5% year-over-year, while export loads (41,693 TEUs) plunged by 28.2%. YTD, total international moves of loads and empties



**NUMBER
OF THE MONTH**

\$196.4 billion

The value of U.S. agricultural exports in the fiscal year ending September 30. According to USDA, this broke the previous record set a year earlier by 14.4%.





October's TEU Tallies *Continued*

through the two ports amounted to 2,273,970 TEUs, off by 10.0% from a year earlier. Counting shipments to and from Alaska and Hawaii, the NWSA ports have handled 2,905,183 TEUs so far this year, down 8.0% from last year.

Further north at the **Port of Prince Rupert**, inbound loads in October (45,492 TEUs) were down 21.1% from last October, while outbound loads (9,672 TEUs) plummeted by 41.6%. Total container traffic through the Canadian port for the year through October (876,487 TEUs) was off by just 0.8% y/y.

Along the East Coast, the **Port of Virginia** reported a small drip in inbound loads in October to 144,043 TEUs from 148,212 TEUs a year earlier. That 2.8% drop came as the port also recorded a slender 1.0% gain in outbound loads to 89,574 TEUs. Total container traffic YTD through the port came to 3,143,32 TEUs, an 8.1% bump.

Further south, the **Port of Charleston** handled 121,305 inbound loads in October, a 12.6% bump over a year earlier. Outbound loads (62,965 TEUs) were down 6.9%. All container moves through the South Carolina port totaled 2,359,890 TEUs YTD, up 4.7% from last year.

At the **Port of Savannah**, inbound loads in October amounted to 263,828 TEUs, a surprisingly small 1.7% increase over the 259,314 inbound loaded TEUs the port had handled in October 2021. Outbound loads (116,297 TEUs) were meanwhile up 3.0%. YTD, the Georgia port has moved 4,986,489 TEUs, up 7.2% year-over-year.

We seldom single out the **Port of Boston**, normally the least busy of the container ports we routinely monitor. But given the overall swing of container traffic away from West Coast ports, we thought it worth noting that what's presumably the Official Port of the Red Sox/Celtics/Bruins/Patriots saw its business in inbound loads in October jump by 90.0% from a year earlier, rising to 11,559 TEUs from 6,083 TEUs. The principal reason was a 264.7% (+3,534 TEUs) y/y surge in imports from Asia to 4,883 TEUs, as vessel calls on the port's Asian trade lines increased to 9 from 2. Imports from Northern Europe, the port's mainstay, were up 40.7% (+1,932 TEUs) to 6,676 TEUs as vessel calls on the port's transatlantic routes doubled to 10.

For the Record: The Semi-Complete September TEU Numbers

It would come as no surprise that September saw the Port of New York/New Jersey (PNYNJ) further consolidate its assault on "America's Port (TM)" as the nation's busiest container terminal. Inbound loads at the East Coast gateway totaled 423,424 TEUs, far exceeding the Port of LA's 343,462 TEUs. PNYNJ also shipped 25,583 more outbound loaded TEUs and 27,144 more outbound empty TEUs than did the Port of Los Angeles. The total number of containers handled at PNYNJ in September amounted to 842,219 TEUs, 18.6% more than LA's September total of 709,873 TEUs.

In terms of outbound loads, the Port of Long Beach held national bragging rights in September. The San Pedro Bay port shipped 112,940 laden TEUs, more than PNYNJ (103,263 TEUs), Houston (102,744 TEUs), Savannah (100,236 TEUs), Norfolk (84,466 TEUs), and sixth-place Los Angeles (77,680 TEUs).

We Make Cargo Move



The Port
OF HUENEME



Exhibit 1

September 2022 - Inbound Loaded TEUs at Selected Ports

	Sep 2022	Sep 2021	% Change	Sep 2020	% Change	Sep 2022 YTD	Sep 2021 YTD	% Change	Sep 2020 YTD	% Change
Los Angeles	343,462	468,059	-26.6%	471,795	-27.2%	3,980,302	4,257,304	-6.5%	3,394,744	17.2%
Long Beach	342,671	370,230	-7.4%	405,618	-15.5%	3,563,781	3,475,767	2.5%	2,807,184	27.0%
San Pedro Bay Total	686,133	838,289	-18.2%	877,413	-21.8%	7,544,083	7,733,071	-2.4%	6,201,928	21.6%
Oakland	77,803	81,789	-4.9%	93,914	-17.2%	777,149	819,026	-5.1%	740,960	4.9%
NWSA	102,148	125,917	-18.9%	122,543	-16.4%	991,102	1,118,158	-11.4%	899,631	10.2%
Hueneme	9,940	10,210	-2.6%	3,197	210.9%	103,194	71,764	43.8%	34,582	198.4%
San Diego	5,862	6,493	-9.7%	5,054	16.0%	59,182	60,963	-2.9%	56,147	5.4%
USWC Total	881,886	1,062,698	-17.0%	1,102,121	-20.0%	9,474,710	9,802,982	-3.3%	7,933,248	19.4%
Boston	7,262	4,960	46.4%	13,208	-45.0%	58,094	74,900	-22.4%	102,870	-43.5%
NYNJ	423,424	379,190	11.7%	374,649	13.0%	3,768,729	3,414,031	10.4%	2,776,346	35.7%
Virginia	143,416	152,197	-5.8%	121,115	18.4%	1,335,965	1,232,110	8.4%	936,774	42.6%
South Carolina	113,654	98,208	15.7%	90,399	25.7%	1,058,470	941,340	12.4%	749,502	41.2%
Georgia	210,367	233,275	-9.8%	212,517	-1.0%	2,172,557	2,066,587	5.1%	1,614,177	34.6%
Jaxport	26,887	25,017	7.5%	27,736	-3.1%	238,306	242,020	-1.5%	231,473	3.0%
Port Everglades	28,536	27,136	5.2%	24,835	14.9%	296,924	268,858	10.4%	217,964	36.2%
Miami	41,682	42,186	-1.2%	39,291	6.1%	394,866	414,621	-4.8%	304,045	29.9%
USEC Total	995,228	962,169	3.4%	903,750	10.1%	9,323,911	8,654,467	7.7%	6,933,151	34.5%
New Orleans	10,358	8,790	17.8%	12,565	-17.6%	88,888	95,567	-7.0%	103,678	-14.3%
Houston	177,979	135,387	31.5%	121,508	46.5%	1,434,620	1,181,821	21.4%	910,279	57.6%
USGC	188,337	144,177	30.6%	134,073	40.5%	1,523,508	1,277,388	19.3%	1,013,957	50.3%
Vancouver	166,819	164,750	1.3%	156,189	6.8%	1,448,028	1,467,411	-1.3%	1,274,463	13.6%
Prince Rupert	47,725	46,430	2.8%	60,601	-21.2%	410,283	397,034	3.3%	465,556	-11.9%
British Columbia Total	214,544	211,180	1.6%	216,790	-1.0%	1,858,311	1,864,445	-0.3%	1,740,019	6.8%

Source Individual Ports



Exhibit 2

September 2022 - Outbound Loaded TEUs at Selected Ports

	Sep 2022	Sep 2021	% Change	Sep 2020	% Change	Sep 2022 YTD	Sep 2021 YTD	% Change	Sep 2020 YTD	% Change
Los Angeles	77,680	75,714	2.6%	130,397	-40.4%	910,729	932,282	-2.3%	1,136,290	-19.9%
Long Beach	112,940	110,787	1.9%	112,556	0.3%	1,054,352	1,091,964	-3.4%	1,111,556	-5.1%
San Pedro Bay Totals	190,620	186,501	2.2%	242,953	-21.5%	1,965,081	2,024,246	-2.9%	2,247,846	-12.6%
Oakland	54,756	62,203	-12.0%	75,674	-27.6%	572,804	661,158	-13.4%	685,861	-16.5%
NWSA	46,315	58,636	-21.0%	66,939	-30.8%	417,495	533,301	-21.7%	589,743	-29.2%
Hueneme	4,236	4,376	-3.2%	799	430.2%	30,382	20,310	49.6%	8,642	251.6%
San Diego	922	546	68.9%	230	300.9%	8,824	4,395	100.8%	2,410	266.1%
USWC Totals	296,849	312,262	-4.9%	386,595	-23.2%	2,994,586	3,243,410	-7.7%	3,534,502	-15.3%
Boston	3,059	3,292	-7.1%	8,053	-62.0%	25,580	52,473	-51.3%	57,577	-55.6%
NYNJ	103,263	99,893	3.4%	114,690	-10.0%	973,768	1,014,189	-4.0%	980,109	-0.6%
Virginia	84,466	80,697	4.7%	75,526	11.8%	802,746	788,209	1.8%	685,277	17.1%
South Carolina	50,093	61,705	-18.8%	60,245	-16.9%	482,890	622,596	-22.4%	574,033	-15.9%
Georgia	100,236	108,900	-8.0%	105,229	-4.7%	1,016,253	1,082,019	-6.1%	1,078,592	-5.8%
Jaxport	41,430	46,113	-10.2%	46,324	-10.6%	408,288	438,466	-6.9%	372,990	9.5%
Port Everglades	33,595	31,102	8.0%	27,685	21.3%	306,464	287,140	6.7%	245,840	24.7%
Miami	23,518	27,146	-13.4%	23,010	2.2%	234,705	260,464	-9.9%	263,010	-10.8%
USEC Totals	439,660	458,848	-4.2%	460,762	-4.6%	4,250,694	4,545,556	-6.5%	4,257,428	-0.2%
New Orleans	19,020	14,934	27.4%	21,959	-13.4%	172,025	191,755	-10.3%	209,325	-17.8%
Houston	102,744	69,765	47.3%	92,415	11.2%	923,896	788,980	17.1%	924,065	0.0%
USGC Totals	121,764	84,699	43.8%	114,374	6.5%	1,095,921	980,735	11.7%	1,133,390	-3.3%
Vancouver	59,724	67,798	-11.9%	89,442	-33.2%	519,924	704,458	-26.2%	782,883	-33.6%
Prince Rupert	9,896	12,009	-17.6%	13,687	-27.7%	105,322	118,922	-11.4%	146,609	-28.2%
British Columbia Totals	69,620	79,807	-12.8%	103,129	-32.5%	625,246	823,380	-24.1%	929,492	-32.7%

Source Individual Ports

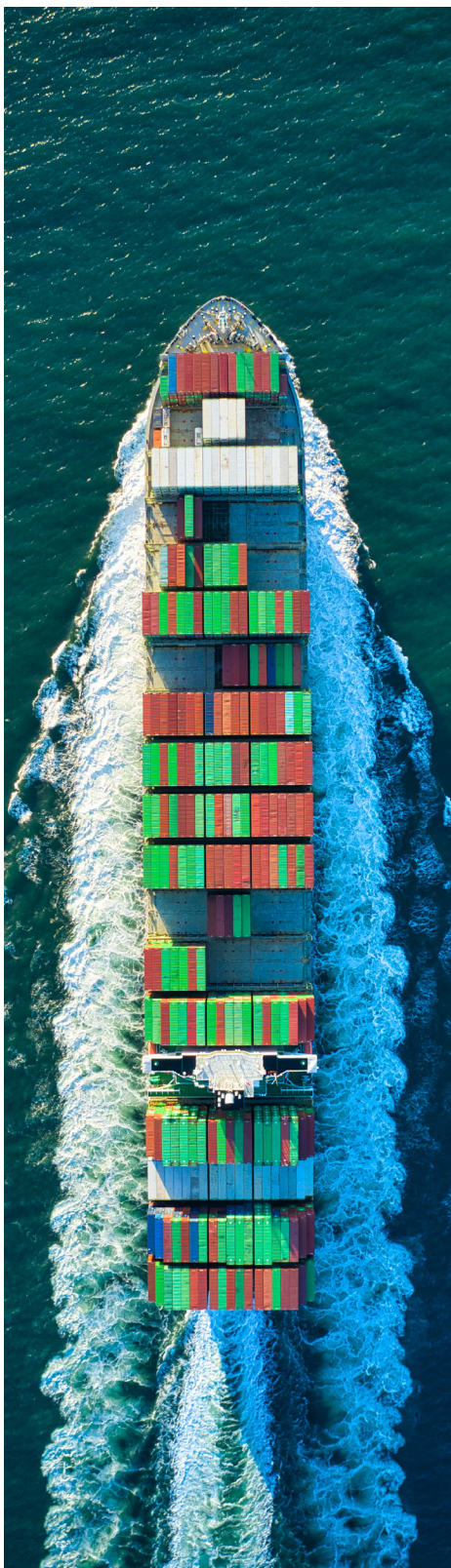


Exhibit 3

September 2022 YTD Total TEUs

	Sep 2022 YTD	Sep 2021 YTD	% Change	Sep 2020 YTD	% Change
Los Angeles	7,940,511	8,176,916	-2.9%	6,463,735	22.8%
NYNJ	7,365,036	6,659,082	10.6%	5,382,422	36.8%
Long Beach	7,342,383	7,094,850	3.5%	5,707,306	28.6%
Georgia	4,433,684	4,148,117	6.9%	3,305,832	34.1%
Houston	2,961,929	2,507,000	18.1%	2,165,581	36.8%
Virginia	2,824,870	2,588,064	9.1%	1,998,931	41.3%
Vancouver	2,766,138	2,858,235	-3.2%	2,471,116	11.9%
NWSA	2,633,054	2,841,699	-7.3%	2,419,744	8.8%
South Carolina	2,103,012	2,019,611	4.1%	1,677,128	25.4%
Oakland	1,787,007	1,916,165	-6.7%	1,838,565	-2.8%
Montreal	1,315,712	1,286,831	2.2%	1,159,196	13.5%
JaxPort	983,288	1,053,944	-6.7%	941,922	4.4%
Miami	891,899	947,062	-5.8%	763,610	16.8%
Port Everglades	829,869	788,339	5.3%	683,591	21.4%
Prince Rupert	790,557	774,586	2.1%	814,546	-2.9%
Philadelphia	580,246	551,161	5.3%	483,378	20.0%
Mobile	421,232	370,391	13.7%	291,394	44.6%
New Orleans	325,729	378,660	-14.0%	429,509	-24.2%
Hueneme	198,190	160,192	23.7%	127,144	55.9%
San Diego	120,092	71,315	68.4%	36,533	228.7%
Portland, Oregon	119,742	118,756	0.8%	112,111	6.8%
Boston	114,008	152,436	-25.2%	201,636	-43.5%

Source Individual Ports

Interested in membership in PMSA?
 Contact Laura Germany for details at:
lgermany@pmsaship.com or 510-987-5000.



September 2022 TEU Numbers *Continued*

Exhibit 1 displays the inbound loaded TEU traffic statistics for September 2022 as reported by the nineteen North American ports that have provided us with detailed container trade statistics.

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

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

Weights and Values

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

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

	Sep 2022	Aug 2022	Sep 2021
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	32.1%	33.8%	37.8%
LA/LB	22.6%	24.4%	28.8%
Oakland	3.4%	3.5%	2.8%
NWSA	3.8%	3.8%	4.2%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	38.4%	40.5%	44.5%
LA/LB	29.7%	32.1%	35.4%
Oakland	2.8%	3.0%	2.5%
NWSA	4.4%	4.3%	5.5%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	31.3%	33.7%	33.6%
LA/LB	18.9%	20.2%	19.2%
Oakland	5.7%	5.8%	6.1%
NWSA	5.8%	5.9%	6.9%
Shares of U.S. Mainland Containerized Export Value			
USWC	25.7%	27.3%	28.3%
LA/LB	16.2%	17.1%	17.3%
Oakland	5.6%	5.6%	6.2%
NWSA	3.2%	3.3%	4.0%

Source: U.S. Commerce Department.

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

	Sep 2022	Aug 2022	Sep 2021
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	50.8%	51.2%	58.2%
LA/LB	38.6%	40.2%	47.2%
Oakland	3.6%	3.6%	3.3%
NWSA	6.4%	5.9%	6.4%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	56.3%	58.1%	64.1%
LA/LB	44.9%	47.4%	52.2%
Oakland	3.3%	3.3%	2.9%
NWSA	6.6%	6.2%	7.9%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	55.5%	56.6%	56.4%
LA/LB	34.5%	36.0%	34.1%
Oakland	8.9%	8.5%	9.0%
NWSA	11.0%	10.8%	11.9%
Shares of U.S. Mainland Containerized Export Value			
USWC	54.5%	54.8%	57.7%
LA/LB	35.5%	36.3%	37.1%
Oakland	10.5%	8.9%	11.0%
NWSA	7.8%	7.6%	8.6%

Source: U.S. Commerce Department.



September 2022 TEU Numbers Continued

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

Pandemic Era Container Traffic in the Northwest

We confess that we're inclined to focus more on trade through California's seaports and less on the Northwest Seaport Alliance Ports of Tacoma and Seattle, and even less on their competition with their cross-border rivals in British Columbia, the Ports of Vancouver and Prince

Rupert. So here we compensate somewhat by examining how that competition has fared since the onset of the COVID pandemic in early 2020.

Exhibit 6 shows that the Canadians have jointly handled significantly higher numbers of inbound loads. However, as **Exhibit 7** indicates, there hasn't been much news to cheer on either side of the border with regard to their respective volumes of outbound loads. **Exhibits 8 and 9** depict the changing shares of traffic in inbound and outbound loaded TEUs.

Exhibit 6

Pacific Northwest Ports' Inbound loads in the Pandemic Era
Northwest Seaport Alliance, Port of Vancouver, Port of Prince Rupert

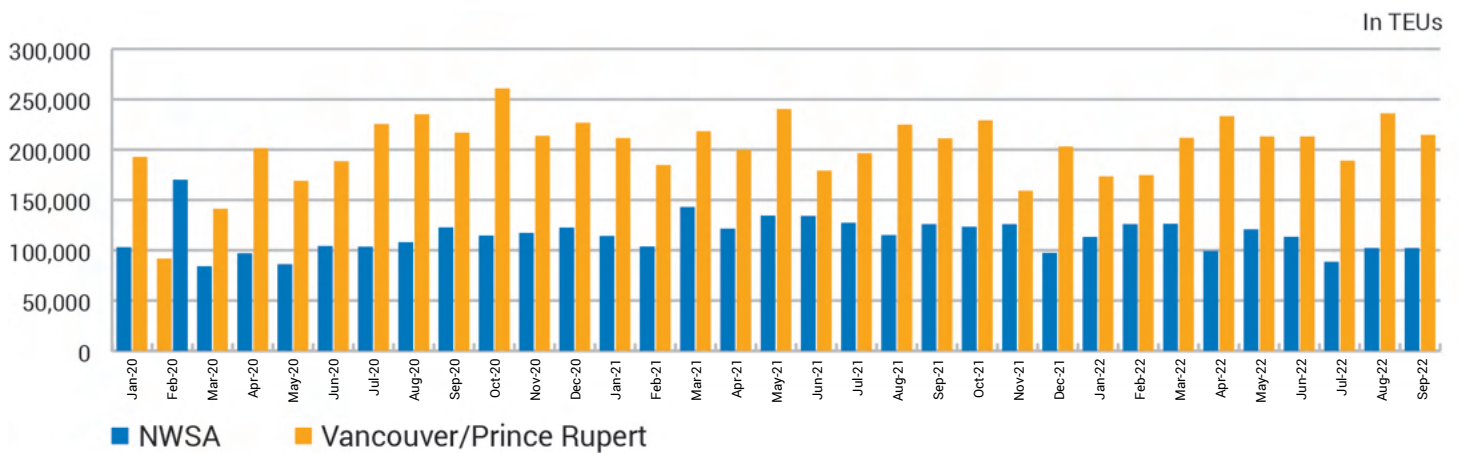
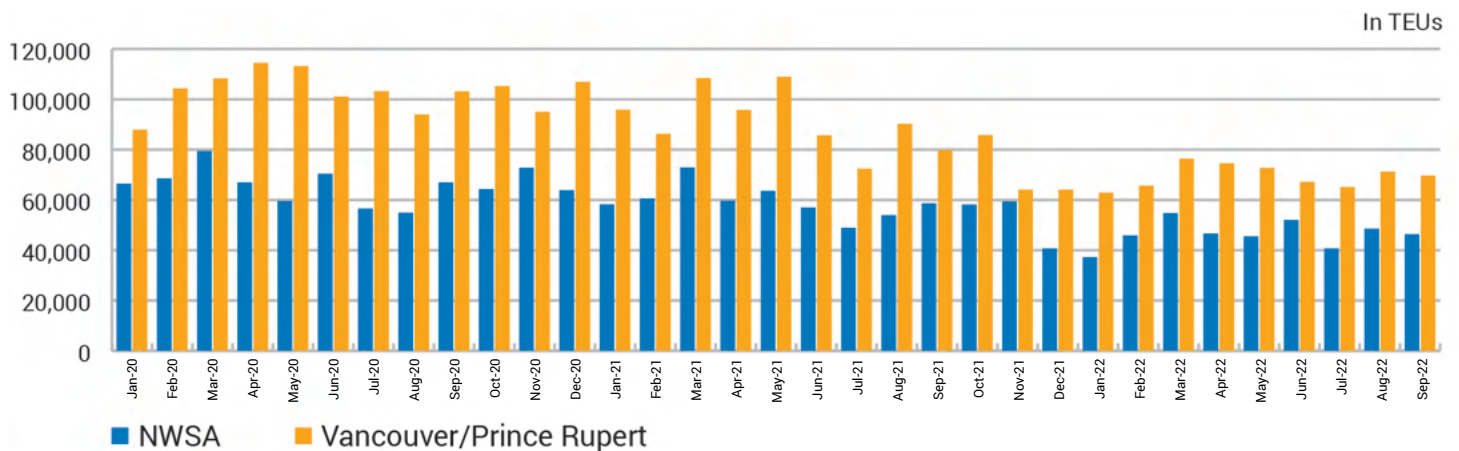


Exhibit 7

Pacific Northwest Ports' Outbound loads in the Pandemic Era
Northwest Seaport Alliance, Port of Vancouver, Port of Prince Rupert





September 2022 TEU Numbers Continued

Exhibit 8

Pandemic Era Pacific Northwest Shares of Inbound Loads
Northwest Seaport Alliance, Port of Vancouver, Port of Prince Rupert

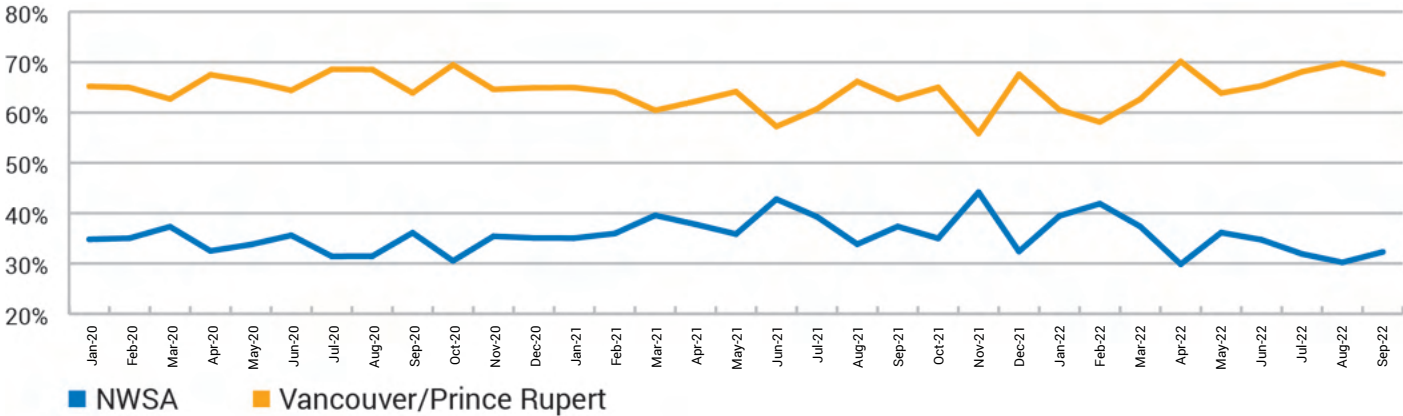
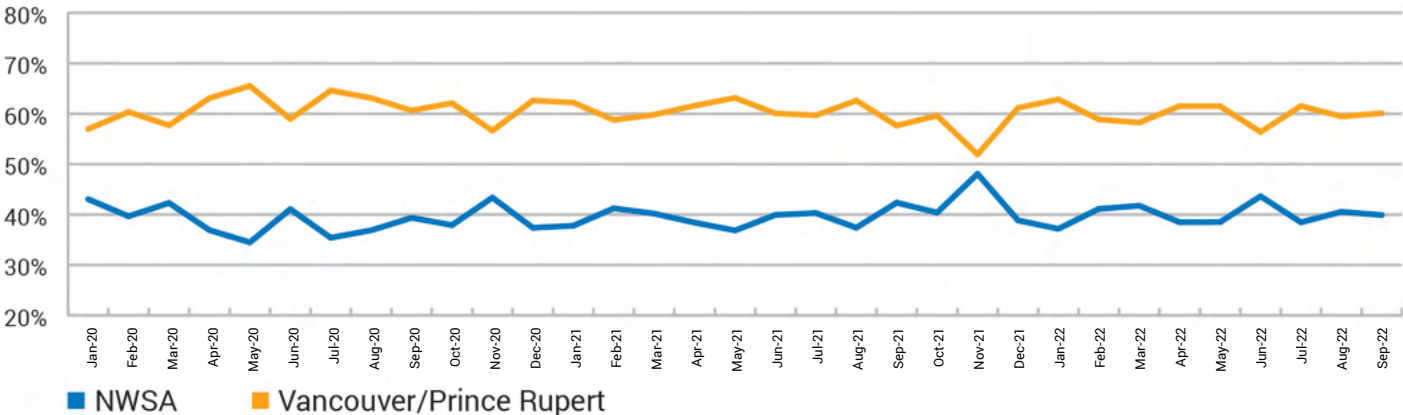


Exhibit 9

Pandemic Era Pacific Northwest Shares of Outbound Loads
Northwest Seaport Alliance, Port of Vancouver, Port of Prince Rupert



West Coast Expertise. National Coverage.

Pacific Drayage Services is a premium, asset-based carrier with a modern fleet, large private pool of new chassis, and offers warehouse transloading capabilities. We have secure yard space in both Northern and Southern California and are fully AB5 compliant. PDSUSA.com.





September 2022 TEU Numbers *Continued*

The Latest on Tree Nut Diversions

We saw a video the other day in which the head of the California Almond Alliance touted her organization's efforts to use rail connections to move higher export volumes of almonds from California's Central Valley to the Ports of Los Angeles and Long Beach. She also alluded to a plan to send more almonds to European and Middle Eastern markets through the Ports of Houston, Norfolk, and even PNYNJ.

For some time now we have observed that there have been two distinct narratives that purport to describe agricultural exports. One is the tale spun by farmers and their publicists. The other is the story as revealed in the official U.S. Commerce Department export statistics, which are fundamentally derived from tonnage and value declarations provided by exporters or their agents. (The small print on these declaration forms warns those submitting them that it is unlawful to provide false or misleading information.)

So, here's what the latest (September) federal government export statistics reveal. Whether because of fewer ships calling at the Port of Oakland or the fall-out from a trucker protest that upset the rhythms of the port in late July, almond growers' frustration with the Northern California port was manifest in these latest numbers. Just 73.4% of the nation's containerized exports of almonds in September exited through Oakland. That was down from 80.4% a year earlier and from 82.9% in pre-pandemic September 2019.

The Ports of Los Angeles and Long Beach picked up market share, rising to 22.6% of all almond export

tonnage in September from 19.1% a year earlier. Houston also gained market share, increasing to 2.1% from 0.2%. And Norfolk did indeed enter the picture in the past couple of months after previously recording negligible traces of almond shipments. A year ago September, Norfolk handled 0.001% of all almond export tonnage; this September's share was 1.3%.

Similarly, Oakland's share of containerized walnut export tonnage this September was 90.1%, down from 97.1% a year earlier. The Ports of LA and Long Beach captured 8.0% of the trade this September, up from a 1.6% share a year earlier.

So there would seem to be some evidence that the ground is shifting under Oakland's historic role as the preferred export gateway for tree nut exports...except for the fact that Oakland's share of pistachio export tonnage grew to 35.7% in September from 15.8% in the same month in 2021. On a YTD basis, Oakland's share of containerized pistachio export tonnage has risen to 30.4% from 26.6% last year, despite the Northern California port's tribulations. What's odd is that pistachios are more commonly grown in Southern California, much closer to the San Pedro Bay ports than to the Port of Oakland. Do pistachio exporters know something almond and walnut growers don't or is it the other way around?

So we note without further comment that, of the three major tree nut crops, pistachios were the only one to see export tonnage rise in October, albeit by a relatively modest 2.7%. Exports of almonds slipped by 0.2%, while foreign shipments of walnuts were down 9.7%. Stay tuned for further developments.



Moving Day and Night

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





Jock O'Connell's Commentary:

Outbound Empties: What's Being Left Behind?

There's been much hueing and crying in the media and political circles over the millions of empty containers that have been shipped from U.S. ports since the onset of the plague in early 2020. Some purported maritime trade analysts have gone so far as to calculate the exact value of the cargos that might have sailed had shipping lines not allegedly prioritized the return of empties to overseas factories. Agricultural shippers, in particular, have made hay with well-publicized allegations that their commodities have been denied passage on outbound vessels. Their complaints, having gained the ear of elected officials, contributed in no small way to the enactment of the Ocean Shipping Reform Act of 2022.

It's impossible to argue with the numbers. Statistics clearly show a startling increase in the number of outbound empties in recent years. Through the first three quarters of this year, for example, the Port of Los Angeles has sent 2,950,562 empty TEUs abroad, 224.0% more than the 910,729 TEUs of loaded containers that sailed from the port. Next door at the Port of Long Beach, the disparity between outbound loads and empties is only mildly less pronounced, with the port's 2,606,309 outbound empties YTD topping its 1,054,352 outbound loads by 147.2%.

Mind you, the imbalance in outbound container trade is not unique to the two Southern California ports. At the Ports of Seattle and Tacoma, outbound empties this year have exceeded outbound loads 604,815 TEUs to 417,495 TEUs. Back East, at the Port of New York/New Jersey, outbound empties through September of this year totaled 2,608,157 TEUs, 167.8% higher than the 973,768 laden outbound TEUs the port sent abroad. Charleston's 543,172 empty outbound TEUs easily exceeded its 482,890 loaded outbound TEUs. And Savannah's 1,203,503 outbound empties so far this year have outnumbered, albeit marginally, the port's 1,016,253 outbound loaded TEUs. On the other hand, the Ports of Houston, Oakland, and Virginia have each handled more outbound loads than empties through the first three quarters of this year.

But it's been the immense volume of unfilled containers leaving the sprawling maritime complex in San Pedro

Bay that has attracted most of the public's attention and criticism, even if the complaints seem to divvy up evenly between those claiming that shipping lines have been absconding with too many empties and those decrying that too many empties were piling up in communities adjacent to ports.



Photo courtesy of Port of Los Angeles

Those alarmed by the pandemic-era widening in the gap between outbound loads and empties might want to consider that such imbalances are nothing new at the San Pedro Bay ports. In fact, the number of outbound loads as reported by the two ports actually peaked not on the eve of the pandemic but as far back as 2013 when the two ports shipped 3,625,993 loaded TEUs. Traffic in outbound loads has been downhill ever since. Last year, outbound loads totaled 2,622,061 TEUs, a decline of 27.7% from that 2013 peak. By contrast, traffic in outbound empties has moved in the opposite direction from a pre-pandemic high of 3,335,356 TEUs in 2018 to 7,163,789 TEUs last year, a 147.8% jump.

So what's going on?

As economists are accustomed to saying, it's somewhat more complicated than most people seem to think.

For one thing, the diverging lines representing outbound loads and outbound empties at the San Pedro Bay ports began widening long before the pandemic arrived to suddenly accelerate the nation's demand for imported goods from Asia (and hence create a compelling economic rationale for recycling empty inbound containers as quickly as possible).

Exhibit A documents the long-term disparity between



Commentary Continued

inbound and outbound loads at the Port of Los Angeles and the Port of Long Beach, while **Exhibit B** focuses on the now highly controversial chasm between outbound loads and outbound empties.

Exhibit C depicts the decline in containerized export tonnage through the two ports over the past decade. (Through September, export tonnage has been down 4.2% from the same period in 2021.)

Given the numbers, it's understandable that some might conclude that many of those empty boxes should be carrying U.S. exports. That's definitely been the contention of agricultural exporters.

But what else is being left behind?

Those who have in vain sought to put a price tag on the "lost" export trade seem to imply that billions of dollars in valuable merchandise are being denied passage. What's generally overlooked, though, is the difference between having your exports thwarted by disruptions in seaborne container traffic and seeing your exports drop as a result of a fall-off in market demand abroad or seeing problems such as congestion drive export shipments to other ports.

Comparing containerized exports in this year's first three quarters with the same period in 2019 reveals that overall containerized export tonnage through the San Pedro Bay ports fell by 19.0% or 3,937,916 metric tons. But let's see which commodities have sustained the steepest declines in containerized export

Exhibit A San Pedro Bay Ports: Inbound Loads vs. Outbound Loads

Source: Port of Los Angeles and Long Beach

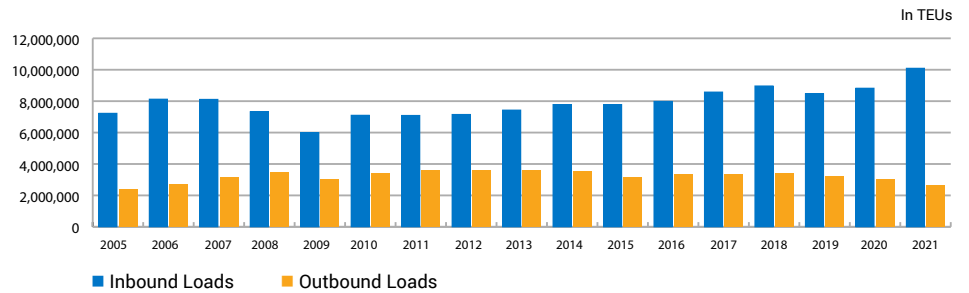


Exhibit B San Pedro Bay Ports: Outbound Loads vs. Outbound Empties

Source: Port of Los Angeles and Long Beach

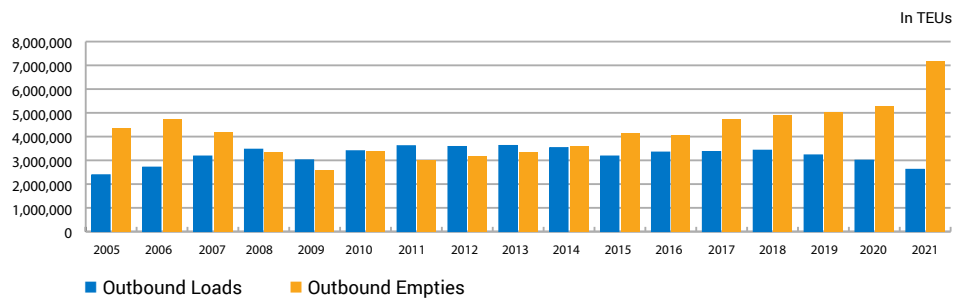
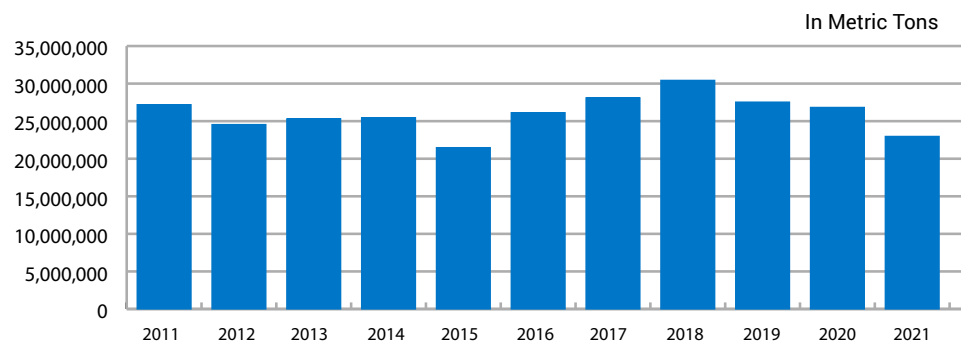


Exhibit C Containerized Export Tonnage at San Pedro Bay Ports

Source: U.S. Commerce Department





Commentary Continued

tonnage through Los Angeles and Long Beach between the first nine months of pre-pandemic 2019 and the same months this year.

Here are five commodities whose combined 2,114,325 metric ton decline in export tonnage account for 53.7% of the drop in containerized export tonnage through LA and Long Beach between the first nine months of 2019 and the same months this year.

Overwhelmingly, it's shipments of Waste and Scrap Paper (Harmonized System Classification Code 4707) that's seen the deepest drop in tonnage. The 28.2% fall-off in containerized shipments of Waste and Scrap Paper amounted to a loss of 1,022,528 metric tons or 26.0% of the two ports' combined fall-off in containerized cargo between this year and 2019.

Waste and Scrap Paper has long been the leading containerized commodity exported from the Ports of Long Beach and Los Angeles. The trade saw its peak in 2018 when the two ports handled 5.40 million metric tons of Waste and Scrap Paper. That represented 17.7% of all containerized export tonnage through the neighboring ports that year. (By comparison, containerized exports of tree nuts accounted for just 1.2% of the ports' containerized export tonnage that year.)

What happened? The story here has largely been that of the abrupt collapse of U.S. exports of Waste & Scrap Paper to China in the fall of 2020. That September, China accounted for 52.7% of all U.S. containerized exports of Waste & Scrap Paper. But then that share slipped to 37.2% the next month before plunging to 3.4% in November 2020. It has not risen above 3.6% in any month since then. Through the first nine months of 2019, China's share of the trade was 38.9%. This year, China's share is just 2.7%.

This is also a case where the export tonnage fell but also shifted to other countries. China effectively left the market, but India, Vietnam, Thailand, and Malaysia all saw their imports of America's scrap paper rise. Still, the 2,024,770 metric tons by which these four countries grew their imports of U.S. scrap paper hardly compensated for the 4,068,936 metric tons by which shipments to China shriveled since the first three quarters of 2019. In the process, the distinct geographic advantage the Southern California ports once enjoyed in exporting waste and

scrap paper when China was the dominant importer has been dented by the shift in overseas markets to Southeast Asia and the Indian Ocean.

After Waste & Scrap Paper, the next biggest decline in containerized export tonnage through the San Pedro Bay ports has involved Polymers of Ethylene (HS 3901). Some 318,634 fewer metric tons of containerized polymers left the ports in the first nine months of this year than in the same period in 2019. But that drop was more than made up for nationally by a 383,281 metric ton increase in containerized polymer exports through the Port of Houston and a 370,344 metric ton bump at the Port of Charleston, not to mention the 189,917 metric ton gain at the Port of Savannah. So the dwindling of exports through LA and Long Beach had little to do with declining overseas demand for American polymers. The business of handling those exports simply went elsewhere.

The third biggest downturn in the LA-Long Beach containerized export trade involved Ferrous Waste & Scrap (HS 7204). The two ports have seen their exports of this commodity slide by 19.9% as the two ports shipped 281,543 fewer metric tons than in the first three quarters of 2019. Nationally, exports of Ferrous Scrap have declined by 17.0% or 636,132 metric tons over the same period. Apart from increased volumes moving through the Ports of Savannah and Virginia, the nation's largest ports all saw declines. Interestingly, the San Pedro Bay ports did not sustain the most pronounced drop in exports. That title went to the Port of New York/New Jersey, where containerized export tonnage of Ferrous Waste & Scrap dropped by 289,792 metric tons between the first three quarters of 2019 and this year's first three quarters.

Further attesting to the reality that containerized exporting is not a particularly glamorous enterprise, the fourth biggest decline in export tonnage from LA and Long Beach was a commodity labeled "Residues of Starch Manufacturing, etc." or HS 2303. Nationally, containerized exports of HS 2303 have fallen by 18.1% or 614,916 metric tons from the first three quarters of 2019. Over the period, export tonnage at the two Southern California ports has been down by 269,822 metric tons or 16.7%. But that was nothing compared to the 71.8% (-299,728 metric tons) fall-off at the Northwest Seaport Alliance Ports of Tacoma and Seattle.



Commentary Continued

Rounding out the list of the five biggest negatives in the San Pedro Bay ports' containerized export trade are Soybeans (HS Code 1208), 221,798 fewer tons of which have been exported so far this year than in the first nine months of 2019, a decline of 13.2%. Shipping soybeans in containers is a specialized trade with a much higher value per kilo than the 90 percent of the nation's soybean exports that are transported by bulk carriers. Nationally, exports of containerized soybeans have slipped by 2.5% since the first three quarters of 2019. What's remarkable here is that the two Southern California ports had commanded a 55.2% of America's contained soybean export trade in 2019, but saw that share drop to 38.9% last year before recovering to a 45.5% share so far this year with a massive surge of imports to China.

So what's to blame for all those outbound empties?

That the Ports of Long Beach and Los Angeles, along with the great majority of other U.S. ports, do not ship nearly as many loaded containers as arrive from abroad is nothing more than a tangible manifestation of the fact that Lyndon Johnson was President when the United States last consistently ran merchandise trade surpluses. (Last year's merchandise trade deficit amounted to \$845.05 billion.)

Fundamentally, a nation's trade deficit is a macroeconomic phenomenon related to the role of the dollar in global finance and to Americans' propensity to spend more than we earn. Alas, that has never deterred

political and business leaders from offering up a variety of narrow microeconomic bromides, like export promotion programs, that generate a buzz of high-profile meetings with cabinet secretaries, industry working groups, and press conferences but normally fail to achieve any truly measurable gains.

While it's understandable that some might see all those empty outbound containers as lost export opportunities, neither tonnage nor TEU numbers tell us much about economic value. Scrap paper may fill a lot of boxes, but it's still not an especially valuable commodity. The five commodity groups identified above accounted for 42.7% of all containerized export tonnage through LA and Long Beach in 2019 and 40.2% this year. But their shares of the dollar value of the ports' containerized exports were much more modest, 6.5% in 2019 and 7.4% this year.

Recalling that no more than twenty percent of America's exports travel abroad in oceanborne containers, it would be churlish of me to think that there are those in the maritime industry currently proposing a national export strategy who might instead like to see exporters simply cram more cheap stuff into more boxes.

Happy Thanksgiving to all.

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

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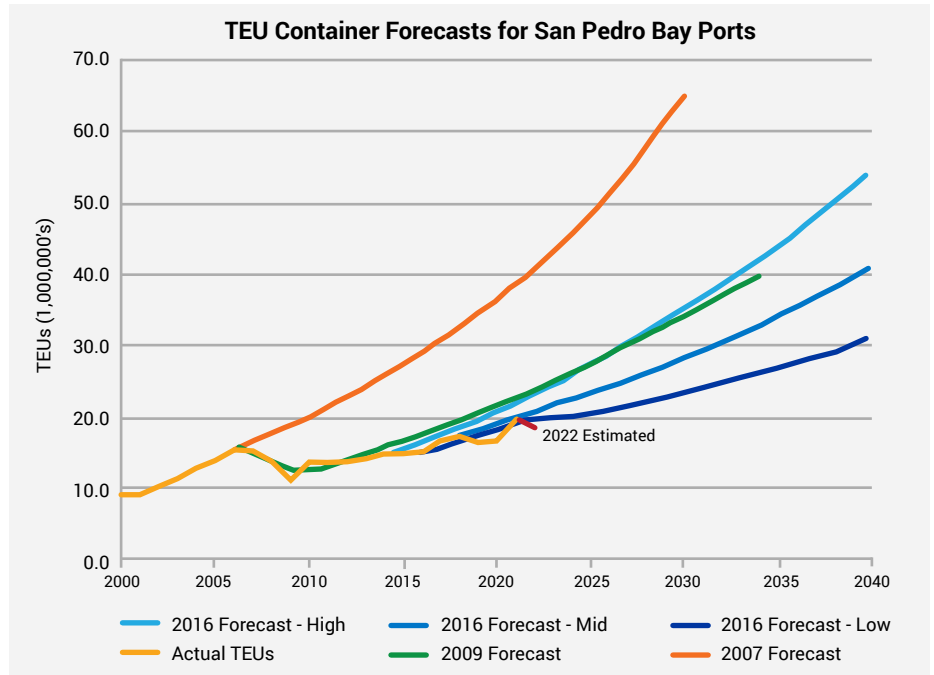


The Next Challenge

By Thomas Jelenić, Vice President, Pacific Merchant Shipping Association

The last three years have been difficult. The pandemic crashed cargo volumes, then surged cargo volumes. It scrambled supply chains and tested the ability of the logistics industry to keep our economy moving. All of that happened with the pandemic sickening most of us, decimating our labor force, and killing some for good measure. Luckily, the worst of it appears to be behind us. The worst health effects of the pandemic appear to be over. Through all of that, the supply chain was largely successful. Strangely, while the next few years are likely to be less difficult, as an industry, I expect that we are also less likely to be successful. In times of crisis, it is almost easy to focus on what is necessary to keep the ship from sinking. The next few years will not have same sense of crisis and will likely not motivate stakeholders to address what will be serious threats to the health of the supply chain that begins with the ports of Long Beach and Los Angeles.

Over the course of the pandemic, cargo surged from the pre-pandemic high in 2018 of 17.5 million twenty-foot equivalent units (TEUs) by 14.3% to 20.0 million TEUs in 2021. It was noted with joy that that surge brought the San Pedro Bay ports' cargo volumes from underperforming the "Low Forecast" of the 2016 cargo volume, which was a downward revision of the 2009 forecast (which in turn was a downward revision from the 2007 forecast), to in-line with the "Mid Forecast".



Unfortunately, the surge, which meant our ports were only just meeting six-year-old expectations, is now going out with the tide. Without the pressure to push goods into the country through the closest international gateway to east Asia, cargo owners are beginning to select other gateways.

It will be the fight against this diversion of cargo that will be the challenge for the next several years. Already, the San Pedro Bay ports will be ending 2022 down compared to 2021. Based on current volumes, a decline of over three percent is likely. That will have San Pedro Bay again underperforming the "Low Forecast" of 2016.

This is not a decline in cargo volumes due to a decline in post-pandemic consumer demand. Consumer demand remains strong, but not through California ports. For thirty years, the ports of Los Angeles and Long Beach have had the #1 or #2 position, occasionally switching places, for container throughput in North America. For the first time since 1992, the Port Authority of New York/New Jersey (PANYNJ) is likely to claim the #2 spot – and will be in spitting distance of #1. PANYNJ has already claimed the top spot for August and September in 2022. In August, the Port of Los Angeles was down 15.6% and the Port of Long Beach was flat (down 0.1%), while PANYNJ grew 8.0%. Again, in September, Port of Los Angeles was down



The Next Challenge *Continued*

21.5% and Port of Long Beach was down 0.9%. PANYNJ grew 16.3%. At the end of September, PANYNJ is already the #2 port in the country based on year-through-September cargo volumes. If PANYNJ continues strong through the end of the year, the Port of Long Beach will be bumped to the #3 spot for the first time in 30 years.

Already, October is looking good for PANYNJ. Port of Los Angeles is down 24.8% and Port of Long Beach is down 16.6%. While PANYNJ's October numbers are not yet available, even if they are just flat for October the #1 spot is theirs again. What is more likely is that they will post strong growth. At time of this writing, it is not impossible at this point, though very unlikely, for PANYNJ to finish the year in the #1 spot – which last happened in ... I don't know, my spreadsheet only goes back to 1990.

With the cargo go jobs, economic activity, tax revenue, and vibrant communities. Not only does that cargo represent the economic activity that supports the livelihoods of longshoremen, truckers, and others in

the supply chain, it is also the means of financing the transition to zero emissions. So, the challenge for the next several years must be on competitiveness. Competitiveness will preserve our jobs, our communities, and fund our future development.

The ports of Los Angeles and Long Beach have done a yeoman's job of advocating resources to improve California's competitiveness. Their role as developer is critical to a successful future. But development is only one element of our collective competitiveness. We must also look to California's policies that support or harm our ports. It cannot be just the ports and port stakeholders that advocate, plan, and build for competitiveness. California continues to adopt policies that add friction and reduce competitiveness. Right now, unfortunately, it does not look like that will happen. Without crisis to sharpen the focus, it is likely that California's leadership will quickly forget the role of its ports in our economy.

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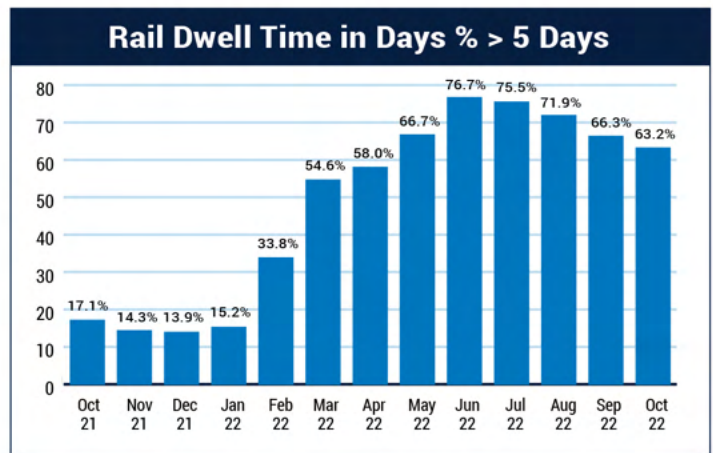
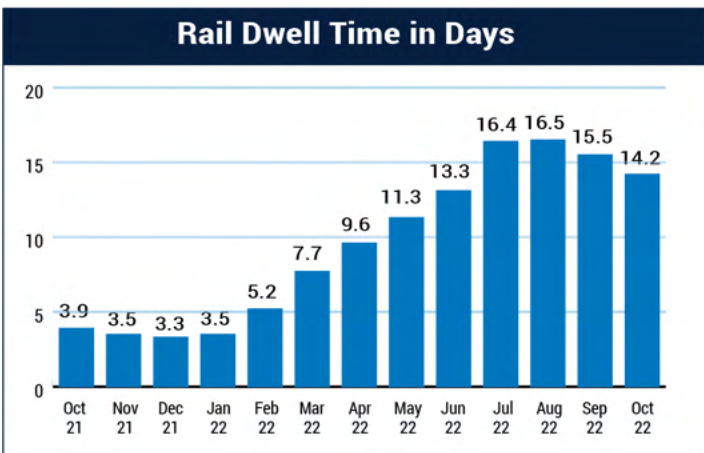
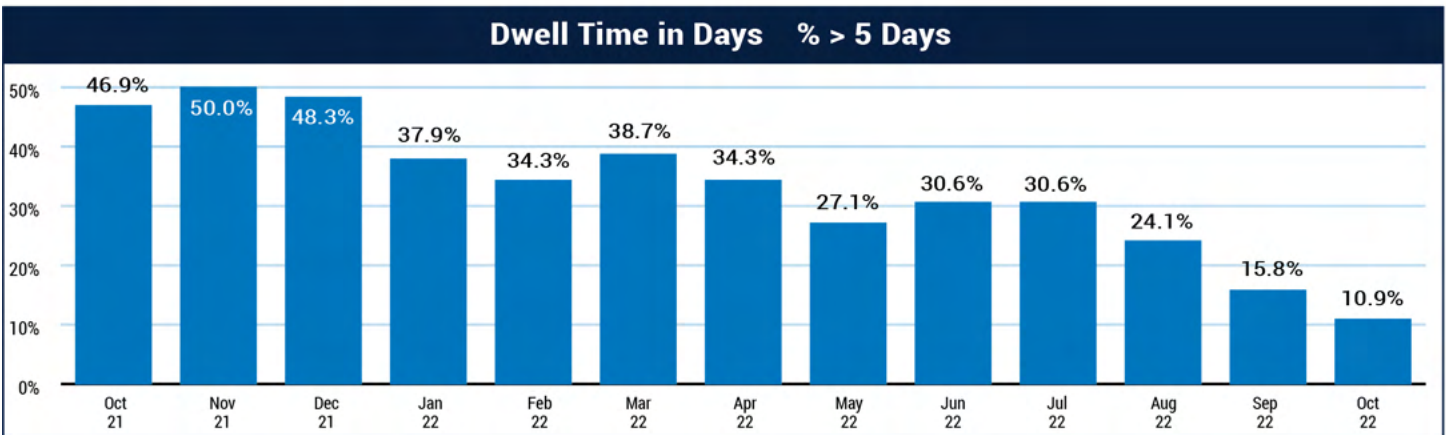
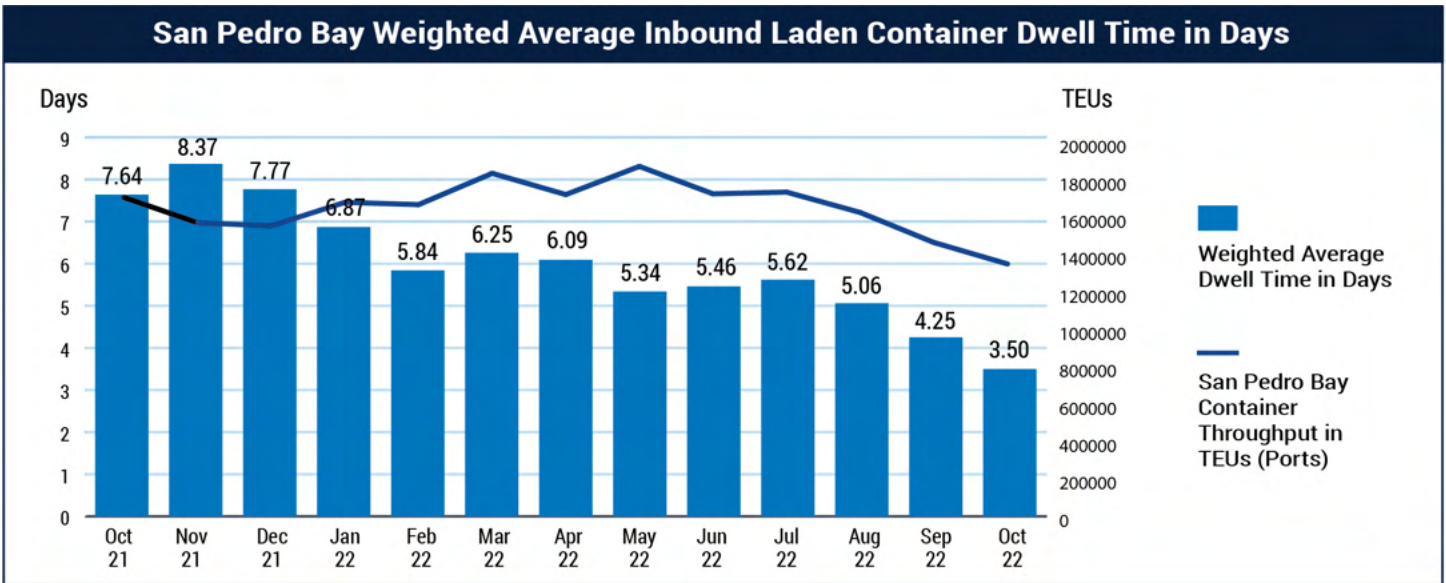
STATE OF THE PORT 2023

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 Registration: 11 am | Lunch: 12 pm

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Container Dwell Time Down in October



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