



BOPC RECEIVED May 2024
5-29-2024

Nearly Complete April TEU Numbers

PMSA regularly surveys the monthly TEU numbers published by 23 North American ports, twenty in the United States and three in Canada. We are currently endeavoring to include comparable statistics from Manzanillo and Lazaro Cardenas, Mexico's chief Pacific Coast seaports.

Getting ahead of the TEU tallies that ports will eventually post for April, the **National Retail Federation's Global Port Tracker (NRF/GPT)** is estimating that 1.96 million inbound loaded TEUs will have arrived in April at the thirteen U.S. ports it monitors. That would be up 10.0% from April of last year.

Here's what the ports are actually reporting for April.

In Southern California, the **Port of Long Beach** handled 364,665 inbound loads in April, a healthy 16.3% gain

over a year earlier and a 14.7% gain over the volume recorded in April of pre-pandemic 2019. However, outbound loads this April (98,266) plunged by 19.9% year-over-year and were 0.6% below April 2019. Total container traffic (loads and empties) so far this year amounted to 2,753,244 TEUs, up 15.8% from the same months last year and 13.1% ahead of the first four months of 2019.

Over at the neighboring **Port of Los Angeles**, inbound loads (416,929) jumped 21.3% year-over-year. That also meant the nation's busiest container port processed 15.6% more inbound loads than it had in April 2019. Outbound loads in April (133,046) soared by 50.8% from a year earlier but remained 14.3% shy of April 2019's volume. Total container trade YTD through the Southern California gateway (3,150,841) was up 7.0% from the same period in 2019.

Up in the San Francisco Bay Area, the **Port of Oakland** reported 75,335 inbound loads in April, up 7.4% from a year earlier but still 6.7% shy of the volume experienced in April 2019. Outbound loads (67,566) were similarly up 6.9% year-over-year but down 14.8% from the volume recorded five years ago. Total container traffic so far this year through the Northern California gateway (754,686) was up 11.3% from the same period last year but down 8.9% from the first four months of 2019.

Up in Washington State, the **Northwest Seaport Alliance Ports of Tacoma and Seattle** recorded 96,852 inbound loads in April, a 13.5% year-over-year gain but down 14.0% from April 2019. Outbound loads (54,489) were up 15.6% from a year earlier but down 33.0% from the same month in 2019. Total loads and empties YTD (958,069) were up 5.0% y/y but still

We Make Cargo Move



The Port
OF HUENEME





Partial Tallies

Continued

represented a 23.7% fall-off from the first four months of 2019.

Collectively, the U.S. West Coast ports we monitor posted a 16.9% year-over-year gain in inbound loads in April as well as a 9.8% increase in outbound loads. While inbound loads this April exceeded April 2019's volume by 10.0%, outbound loads remained down 19.4% from the fourth month of 2019.

Across the border in British Columbia, the **Port of Vancouver** handled 160,956 inbound loads in April, up 14.4% from a year earlier and also up 10.9% from April 2019. However, outbound loads (68,379) were down 8.7% y/y and 29.8% from April 2019. Total container traffic YTD through Canada's busiest port (1,155,439) was up 20.0% from a year earlier but still fell 24.8% behind the same months in 2019.

Even further north of the border, the **Port of Prince Rupert** continues to operate in the shadow of its pre-pandemic self. Inbound loads in April (31,598), although up a satisfying 12.4% from a year earlier, remained down 38.9% from April 2019. Worse, outbound loads in April (9,077) were down 8.3% y/y and down 55.2% from April 2019. Total container traffic YTD through the British Columbia gateway (246,592) was 28.7% below the volume recorded in the first four months of 2019.

Back East, the **Port of Baltimore** had a predictably off month. Inbound loads in April (102) were down

from 49,338 a year earlier, while outbound loads (108) were well shy of last April's 20,695. Year-to-date, the Maryland port's total container volume (260,066) was down 27.9% from a year earlier. The **Port of Philadelphia** ("PhilaPort") appeared to benefit from Baltimore's temporary closure, posting a 42.0% year-over-year bump in inbound loads in April.

The **Port of Virginia** also appeared to have gained from Baltimore's misfortune. Inbound loads (146,779) jumped by 23.4% year-over-year, while outbound loads (104,073) were up by 13.8%. Measured against this point in pre-pandemic 2019, inbound loads in April were up 23.1%, while outbound loads saw a 21.9% gain. Total container traffic YTD (1,167,884) exceeded the volume of the first four months of 2019 by 22.4%.

Down on the Gulf Coast, inbound loads at **Port Houston** (146,910) were up a respectable 4.4% in April from a year earlier and a downright impressive 46.0% from April 2019. Outbound loads (119,302) were up 8.1% year-over-year as well as 11.9% over April 2019. Year-to-date, total container traffic through the Texas port amounted to 1,394,094 TEUs, a 12.3% gain over the first four months of last year and up 47.2% from the same period in 2019.

As of our publication date, the **Ports of New York/New Jersey, Charleston,** and **Savannah** have not announced their April TEU tallies.

A Word on the Port of Portland

April was another down month at Oregon's **Port of Portland**. Inbound loads (3,346) were down 41.1% from a year earlier, while outbound loads dropped by 32.7%. Total YTD container traffic through the Columbia River gateway (33,098) fell by 24.9% from the same period last year.

PMSA is aware that some observers are suggesting that a critical commentary ("Whither Portland") in this newsletter's March edition hastened the April 18 decision by port officials to discontinue container operations this fall. That notion is absurd. Changes in the nature of international container shipping were leaving the port with fewer and fewer opportunities for maintaining its container traffic at an economically sustainable level. The Port of Portland's latest financial audit noted that "business at the Terminal 6 container terminal is expected to decrease due to a loss of rail shuttle volumes during 2023". PMSA only observed that, notwithstanding ebullient forecasts of inbound container trade, not all seaports are destined for success. Still, the port's inability to demonstrate a consistent pathway to profitability at Terminal 6 did not dissuade Oregon Governor Tina Kotek from tossing the port a \$40 million lifeline in a May 16 announcement.



FOR THE RECORD

March 2024 TEU Tallies

As **Exhibit 1** shows, the 20 U.S. ports we monitor collectively reported handling just over two million inbound loads in March, an 18.1% increase from a year earlier and an 18.9% (+323,501 TEUs) gain over the third month of pre-pandemic 2019. U.S. West Coast ports alone recorded 874,509 inbound loads in March, a 15.6% bump over the preceding March and a 6.8% increase from March 2019. U.S. East Coast ports meanwhile handled 989,179 inbound loads, up 19.5% y/y and 17.1% ahead of the March tally five years earlier. U.S. Gulf Coast ports posted a 23.8% y/y increase in March but an even more impressive 43.1% jump from the third month of 2019.

The ten largest U.S. container ports saw a 19.9% year-over-year jump in inbound loads in March, not a 19.2% gain as was widely reported in the maritime industry media last month. That erroneous undercount was based on a report from a prominent container trade analyst that significantly underestimated the volume of inbound traffic at the Port of New York/New Jersey. When revised to account for the actual volume at the leading East Coast gateway, the Top Ten U.S. container ports recorded a 19.9% year-over-year bump in inbound loads in March.

As **Exhibit 2** displays, outbound loads nationally in March were 4.8% over the previous March but trailed March 2019's outbound volume by 11.2%. Only the Gulf Coast ports posted a gain (8.2%) in outbound loads since 2019.

Exhibit 1	March 2024 Inbound Loaded TEUs at Selected Ports				
	Mar 2024	Mar 2023	Mar 2019	Change from 2023	Change from 2019
Los Angeles	379,542	319,962	297,187	18.6%	27.7%
Long Beach	302,521	279,148	247,039	8.4%	22.5%
San Pedro Bay Total	682,063	599,110	544,226	13.8%	25.3%
Oakland	83,483	60,311	74,714	38.4%	11.7%
NWSA	92,787	79,264	117,007	17.1%	-20.7%
Hueneme	9,048	11,862	5,703	-23.7%	58.7%
San Diego	7,128	6,068	7,072	17.5%	0.8%
USWC Total	874,509	756,615	748,722	15.6%	6.8%
Boston	9,213	8,118	11,856	13.5%	-22.3%
NYNJ	353,300	286,142	282,981	23.5%	24.8%
Philadelphia	36,716	28,272	22,156	29.9%	65.7%
Maryland	37,996	38,983	43,700	-2.5%	-13.1%
Virginia	134,944	105,315	107,040	28.1%	26.1%
South Carolina	107,237	91,694	92,875	17.0%	15.5%
Georgia	211,033	170,295	186,369	23.9%	13.2%
Jaxport	25,326	25,972	30,202	-2.5%	-16.1%
Port Everglades	30,010	29,424	28,507	2.0%	5.3%
Miami	43,404	43,363	38,690	0.1%	12.2%
USEC Total	989,179	827,578	844,376	19.5%	17.1%
New Orleans	11,060	7,994	13,179	38.4%	-16.1%
Houston	164,634	133,912	109,604	22.9%	50.2%
USGC	175,694	141,906	122,783	23.8%	43.1%
Vancouver	158,500	115,375	130,472	37.4%	21.5%
Prince Rupert	41,133	30,556	43,122	34.6%	-4.6%
British Columbia Total	199,633	145,931	173,594	36.8%	15.0%
U.S. Totals	2,039,382	1,726,099	1,715,881	18.1%	18.9%

Source Individual Ports



March 2024 TEU Numbers

Continued

Exhibit 3 adds up the loads and empties that moved through the surveyed ports through the first-quarter 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 13,179,187 TEUs in the year's first-quarter, a 12.9% increase from a year ago and a 9.9% gain over the first three months of 2019.

At the **Port of Los Angeles**, inbound loads (379,542) in March were up 18.6% from a year earlier and represented an impressive 27.7% increase over March 2019. Outbound loads (144,718) jumped by 47.3% y/y but remained 8.9% below March 2019. Counting empty TEUs, 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.

Next door at the **Port of Long Beach**, inbound loads (302,521) were up 8.4% from a year earlier and up 22.5% from March 2019. However, outbound loads at the port (105,099) fell 21.3% from the same month last year and were down 20.0% from March 2019. Total first-quarter container traffic through the port (2,002,820) exceeded the volume seen in the same quarter of pre-pandemic 2019 by 17.7%.

In the San Francisco Bay Area, the **Port of Oakland** saw major year-over-year gains that helped close its gap with the volume of container traffic the port handled before the COVID pandemic hit in early 2020. March

Exhibit 2 March 2024 Outbound Loaded TEUs at Selected Ports

	Mar 2024	Mar 2023	Mar 2019	Change from 2023	Change from 2019
Los Angeles	144,718	98,276	158,924	47.3%	-8.9%
Long Beach	105,099	133,512	131,436	-21.3%	-20.0%
San Pedro Bay Totals	249,817	231,788	290,360	7.8%	-14.0%
Oakland	75,352	65,635	88,202	14.8%	-14.6%
NWSA	59,842	51,759	86,856	15.6%	-31.1%
Hueneme	1,366	2,444	1,425	-44.1%	4.1%
San Diego	1,610	630	311	155.6%	417.7%
USWC Totals	387,987	352,256	467,154	10.1%	-16.9%
Boston	5,334	6,002	6,645	-11.1%	-19.7%
NYNJ	117,893	117,924	130,038	0.0%	-9.3%
Philadelphia	6,056	7,515	6,938	-19.4%	-12.7%
Maryland	16,699	21,678	20,589	-23.0%	-18.9%
Virginia	101,170	100,473	89,282	0.7%	13.3%
South Carolina	60,319	59,771	77,704	0.9%	-22.4%
Georgia	127,997	118,101	155,083	8.4%	-17.5%
Jaxport	43,998	50,304	45,740	-12.5%	-3.8%
Port Everglades	36,067	36,336	37,351	-0.7%	-3.4%
Miami	23,598	24,954	38,947	-5.4%	-39.4%
USEC Totals	539,127	543,058	608,317	-0.7%	-11.4%
New Orleans	22,243	19,283	26,364	15.4%	-15.6%
Houston	134,221	119,824	118,295	12.0%	13.5%
USGC Totals	156,464	139,107	144,659	12.5%	8.2%
Vancouver	77,839	64,851	103,472	20.0%	-24.8%
Prince Rupert	14,720	14,848	17,832	-0.9%	-17.5%
British Columbia Totals	92,559	79,699	121,304	16.1%	-23.7%
U.S. Totals	1,083,578	1,034,421	1,220,130	4.8%	-11.2%

Source Individual Ports



March 2024 TEU Numbers

Continued

inbound loads (83,483) were up 38.4% from a year earlier and 11.7% over March 2019. Outbound loads (75,352) finished up with a 14.8% year-over-year gain but remained 14.6% below March 2019. Total container traffic at the port in this year's first three months (566,053) was 7.5% shy of the total handled in the same period five years earlier. It was also down approximately 25% from the volume foreseen by the port's latest container forecast.

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 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 (699,381) 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

Exhibit 3

March 2024 YTD Total TEUs

	Mar 2024	Mar 2023	Mar 2019	Change from 2023	Change from 2019
Los Angeles	2,380,503	1,837,094	2,208,734	29.6%	7.8%
Long Beach	2,002,820	1,721,325	1,702,258	16.4%	17.7%
NYNJ	2,001,449	1,791,059	1,792,845	11.7%	11.6%
Georgia	1,315,706	1,184,387	1,152,447	11.1%	14.2%
Houston	1,069,917	934,031	694,167	14.5%	54.1%
Vancouver	861,517	708,275	843,039	20.0%	-24.8%
Virginia	850,294	794,162	708,297	7.1%	20.0%
NWSA	699,381	679,821	932,289	2.9%	2.2%
South Carolina	627,297	609,741	597,933	2.9%	4.9%
Oakland	566,053	503,333	612,151	12.5%	-7.5%
Montreal	353,025	361,694	409,311	-2.4%	-13.8%
JaxPort	327,553	310,349	338,358	5.5%	-3.2%
Miami	280,275	281,855	291,368	-0.6%	-3.8%
Port Everglades	277,226	271,109	264,356	2.3%	4.9%
Maryland	258,013	265,182	266,138	-2.7%	-3.1%
Philadelphia	202,592	183,905	139,948	10.2%	44.8%
Prince Rupert	191,448	187,544	248,251	2.1%	-22.9%
New Orleans	133,842	112,917	150,169	18.5%	-10.9%
Boston	61,936	52,316	71,883	18.4%	-13.8%
Hueneme	60,198	70,069	33,428	-14.1%	80.1%
San Diego	38,060	38,727	36,385	-1.7%	4.6%
Portland, Oregon	25,849	32,573	20	-20.6%	∞
U.S. Ports Total	13,179,187	11,673,955	11,993,174	12.9%	9.9%

Source Individual Ports



March 2024 TEU Numbers

Continued

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 0.9%. Total container traffic through the port in this year's first-quarter (191,448) remained 22.9% below the same period in 2019.

The **Port of New York/New Jersey** handled 353,300 inbound loads in March, a 23.5% jump from a year earlier and a 24.8% upswing from March 2019. Outbound loads (117,893) were down by a mere 31 TEUs from March 2023 and a 9.3% decline from five years earlier. Total container traffic through the East Coast gateway in this year's first-quarter (2,001,449)

represented an 11.6% y/y gain as well as an 11.7% increase over the first three months of 2019.

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 first-quarter container traffic through the mid-Atlantic port (850,294) was up 20.0% from the first-quarter of 2019.

The **Port of Charleston** recorded 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** reported 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 11.1% from the same quarter last year and up 14.2% from 2019.

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

		Mar 2024	Mar 2023	Mar 2019	Mar 2014
Import Tonnage	USWC	34.0%	33.5%	34.3%	39.6%
	LA/LB	24.9%	24.2%	23.5%	28.6%
	Oak.	3.8%	3.3%	4.0%	3.9%
	NWSA	3.9%	3.8%	5.1%	5.3%
Import Value	USWC	39.1%	38.1%	46.5%	48.6%
	LA/LB	30.1%	29.5%	30.4%	37.8%
	Oak.	3.4%	2.6%	3.8%	3.5%
	NWSA	4.9%	4.7%	6.7%	6.6%
Export Tonnage	USWC	32.8%	32.0%	38.1%	43.2%
	LA/LB	19.9%	20.1%	22.7%	26.6%
	Oak.	5.8%	5.5%	6.5%	6.4%
	NWSA	6.2%	5.7%	8.2%	9.2%
Export Value	USWC	27.5%	27.0%	32.3%	37.1%
	LA/LB	17.7%	17.6%	21.0%	25.9%
	Oak.	6.1%	5.6%	6.2%	5.6%
	NWSA	3.3%	3.1%	4.4%	5.1%

Source: U.S. Commerce Department

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

		Mar 2024	Mar 2023	Mar 2019	Mar 2014
Import Tonnage	USWC	52.3%	53.9%	53.6%	64.2%
	LA/LB	40.9%	42.0%	39.5%	48.3%
	Oak.	4.2%	4.4%	4.8%	4.4%
	NWSA	6.2%	6.3%	8.2%	9.5%
Import Value	USWC	60.9%	60.2%	63.5%	73.2%
	LA/LB	48.1%	48.1%	47.9%	58.1%
	Oak.	4.3%	3.3%	4.7%	4.1%
	NWSA	7.6%	7.5%	10.2%	10.2%
Export Tonnage	USWC	56.3%	52.8%	60.8%	69.1%
	LA/LB	35.2%	33.9%	37.7%	44.7%
	Oak.	8.4%	8.0%	9.5%	8.7%
	NWSA	11.1%	9.9%	13.1%	14.6%
Export Value	USWC	57.0%	55.7%	64.5%	71.4%
	LA/LB	38.0%	36.9%	43.4%	51.8%
	Oak.	11.0%	10.5%	11.1%	8.8%
	NWSA	7.3%	7.0%	8.6%	10.1%

Source: U.S. Commerce Department



March 2024 TEU Numbers

Continued

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 (134,221) 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.

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 ports compete for discretionary cargo. The March 2024 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. For those who are inclined to add up the numbers, the USWC totals in these two exhibits include international container traffic moving through smaller USWC ports like San Diego, Hueneme, and Everett in addition to the container figures from the USWC Big Five ports.

Exhibit 4 shows a slight year-over-year boost in the USWC share of all containerized import tonnage flowing into all mainland U.S. ports. Still, the 34.0% share recorded in March was the lowest share since last July. January's share was 36.8%, while February's was 34.3%. Year-over-year gains were recorded at the California ports, while the percentage of the

Exhibit 6

America's Leading Oceanborne Containerized Exports

Source: U.S. Commerce Department

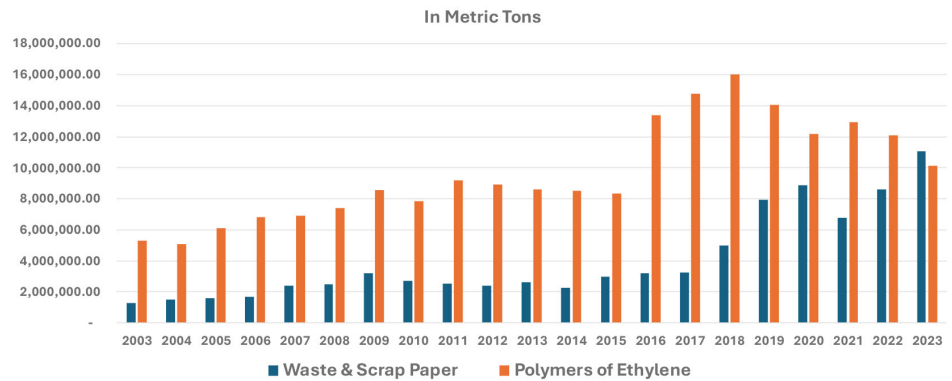
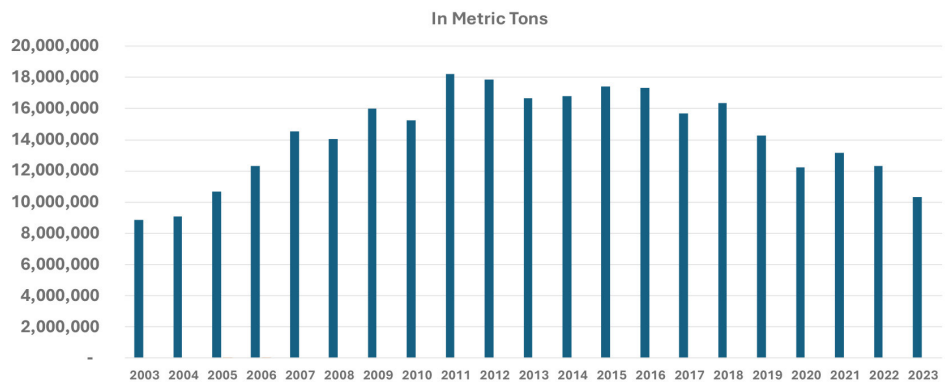


Exhibit 7

U.S. Oceanborne Exports of Waste & Scrap Paper

Source: U.S. Commerce Department



nation's containerized import tonnage flowing through the Northwest Seaport Alliance ports in Washington State barely rose from March 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, all the USWC Big Five ports saw their import tonnage shares slip from a year earlier.

Containerization of Waste & Scrap Paper Exports

For many years, the top containerized export by tonnage at most U.S. ports was Waste & Scrap Paper (HS 4707).

There was a time not many years ago when America's maritime export trade in Waste & Scrap Paper (HS 4707) was largely bundled up and shipped abroad on pallets. The shift to containerization was gradual and then, in 2016, suddenly, scarcely any scrap paper moved overseas unboxed.

Time Again for A Little Perspective

We couldn't help but notice a recent article in the American Journal of



March 2024 TEU Numbers

Continued

Transportation reporting that the Port of Lake Charles in Louisiana had “edged out the Port of Los Angeles” for 10th place on the U.S. Army Corps of Engineers’ list of the nation’s top ports in terms of overall cargo tonnage handled in 2022. Only one USWC port, the Port of Long Beach, made the list.

What the AJOT article reminds us of is that not everyone in the maritime trade industry measures traffic in twenty-foot equivalent units. Certainly, the folks who traffic in billions of barrels of petroleum can be forgiven for scoffing at TEU counts. Although the West Coast Trade Report tends to talk mainly in terms of TEUs, we regularly point out that there is more to international trade than the contents of the steel boxes carried by ocean carriers. Gross domestic product, it’s worth remembering, is not denominated in TEUs. Last year, for example, U.S. containerized vessel trade amounted to \$1.281 trillion or 25.1% of all the nation’s \$5.103 trillion foreign trade.

It is likewise important to note that America’s two largest trading partners are not overseas. And, with the popularity of near-shoring, this is not likely to change. Mexico and Canada accounted for \$1.572 trillion or 30.8% of the value of all U.S. foreign trade last year. The fact that the great majority of the fast-growing trade with our North American neighbors is transported by truck, rail, and pipeline should bring into question the facile connection between perceived increases in consumer spending and higher volumes of container trade.

Exhibit 8

U.S. Oceanborne Exports of Waste & Scrap Paper

Source: U.S. Commerce Department

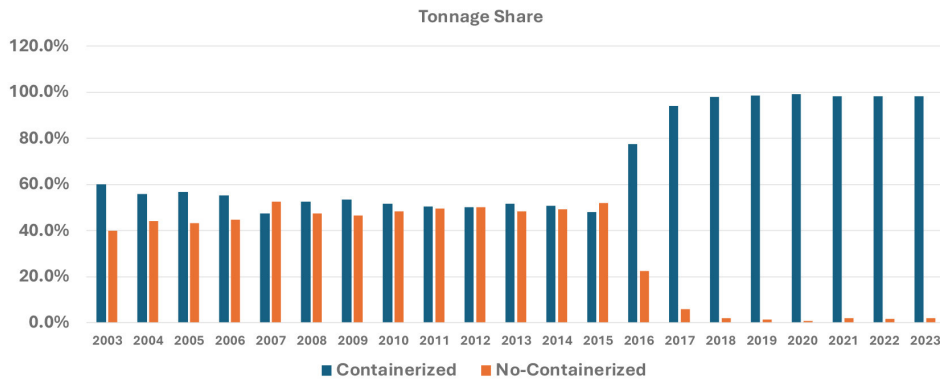
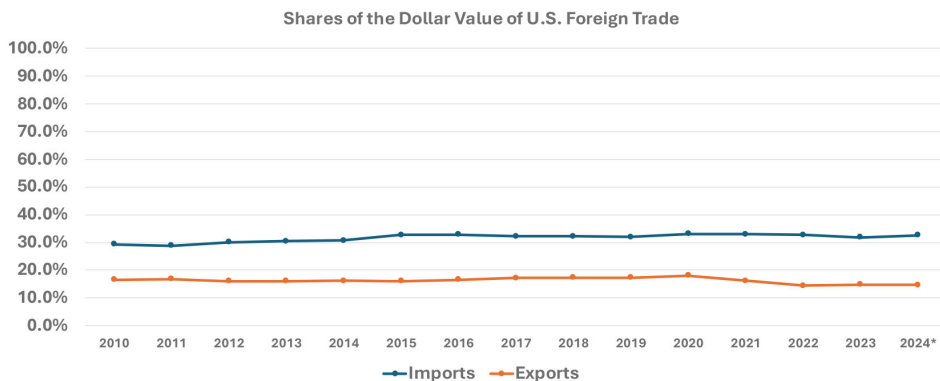


Exhibit 9

Maritime Containerized Share of Total U.S. Foreign Trade

Source: U.S. Commerce Department



Then there is the matter that another 27.4% of the nation’s \$5.103 trillion foreign trade in 2023 went by air, aboard air freighters and in the bellies of passenger aircraft. That, likewise, undercuts the often heard-bromide that “container imports will continue to grow as long as consumers keep spending”.

Lastly, there’s the 16.4% of U.S. merchandise trade in 2023 that was oceanborne but not containerized.

So to keep the business of containerized waterborne trade in perspective, we present **Exhibit 9**.

Agricultural Trade Data

In 1997, the Agricultural Issues Center (AIC) at the University of California at Davis formed a partnership with the California Department of Food and Agriculture’s Agricultural Export Program to develop more accurate estimates of California’s agricultural exports. In 2019, this partnership shifted from AIC to the UC Davis Department of Agricultural and Resource Economics.

Unfortunately, researchers at UC Davis have been slow to update the state’s agricultural export statistics.



March 2024 TEU Numbers

Continued

The latest numbers are for 2021. The state's Top Five farm exports that year are shown in **Exhibit 10**.

Fortunately, we can rely instead on federally-sanctioned marketing organizations to provide up to date export statistics for California's nut crops.

For example, the Almond Board of California reports that, in the current crop year for almonds which began last August 1, exports through April were up 7.4% over the previous crop year while domestic shipments inched up by just 0.6%. Exports this year account for 73.7% of all shipments. The principal export markets this year have been Spain, the United Arab Emirates, Germany, Netherlands, and Turkey.

Similarly, the California Walnut Board reports that the state's walnut export trade in the crop year that started last September 1 was up 22.1% year-over-year through April. Walnut processors were rather more successful than their peers in the almond trade by increasing domestic shipments by 17.7%. Still, 57.8% of all walnut shipments this year have gone to

foreign markets. The biggest customers this year have been Germany, Spain, Japan, South Korea, and the Netherlands.

The 2024 California Almond Forecast published by the U.S. Department of Agriculture estimates that the crop harvested this year will come in at three billion pounds, a robust 21% above last year's 2.47 billion pounds. Favorable weather conditions and especially an abundance of winter rainfall were key to the larger crop. If the current estimate holds, it will be the second largest on record. Only 2020, with 3.12 billion pounds, saw a bigger harvest.

And then there is the green (formerly red) nut, the pistachio.

Pistachios

The high ranking of pistachios may surprise many. In 2001, pistachios ranked only as California's 16th most valuable agricultural export commodity, well behind almonds, cotton, wine, table grapes and even trailing behind raisins, prunes, and peaches. By 2011, it had climbed to sixth place. Ten years later, in 2021, it had

reached third place. As **Exhibit 11** shows, export shipments have swollen in recent years while shipments to the domestic American market have grown at a much more modest pace. As a result, the export share of annual production has risen from 33.5% in the 2001 crop year to 72.4% in 2023. Through the first seven months of the current crop year (which began last September 1), exports have already exceeded the total for all of the previous crop years. As a result, exports now account for 82.0% of all shipments.

The Administrative Committee for Pistachios oversees the federal marketing order regulating the pistachio industry in California, Arizona, and Nevada. The Committee's statistics show that production soared from 1.5 million pounds in 1976, when the first commercial crop was harvested, to the record 2016 crop of over 900 million pounds. In the process, the industry has gone from barely meeting domestic demand to exporting the majority of its production to countries all over the world.

Today, the three southwestern states account for 100 percent of the U.S. commercial pistachio production. California alone produces 99 percent of the total, with over 312,000 acres planted throughout 22 counties. There are 950 producers in the United States, and the annual "farm gate value" of pistachios represents more than \$1.6 billion to the California economy and more than \$16 million to the states of Arizona and New Mexico.

Acreage has swollen in recent years.

Exhibit 10

California's Top Five Agricultural Exports, 2021

Source: California Department of Food and Agriculture

	Billions of Dollars
Almonds	\$4.647
Diary Products	\$2.537
Pistachios	\$2.071
Wines	\$1.288
Walnuts	\$1.246



March 2024 TEU Numbers

Continued

About 30,000 new nut-bearing acres came into production in 2023, bringing the total to 461,000 total acres producing pistachios. Industry leaders expect to be bringing two billion pounds of pistachio to market by 2027. Whether that level of production will suppress prices as has happened with almonds and walnuts in recent years remains to be seen.

California's Central Valley – due to its fertile soil, hot, dry climate, and moderately cold winters – offers the ideal growing conditions for the nut. According to American Pistachio Growers, a trade association, the story began in 1929 when an American botanist named William E. Whitehouse traveled to Persia (modern day Iran) to collect pistachios. He returned with a collection of approximately 20 pounds (10 kilograms) of individually selected nuts.

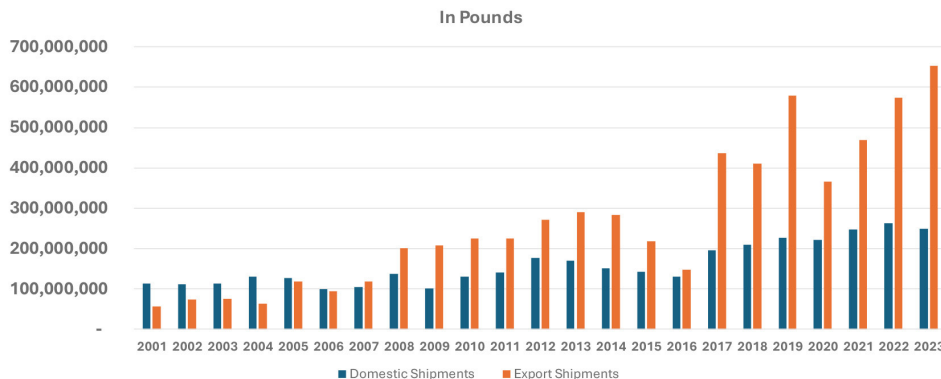
Within a year, the first test plots had been planted. However, pistachio trees take seven to ten years to mature, so it was almost a decade before Whitehouse knew what he had gathered.

Of all the nuts Whitehouse collected, only one proved useful. Whitehouse named the nut "Kerman" after the famous carpet-making city in Persia. (Contrary to widespread belief, the name has nothing to do with the Fresno County city of Kerman, a portmanteau forged in 1906 from the last names of the two men who established the Fresno Irrigated Farm Company and were instrumental in promoting land sales around what

Exhibit 11

U.S. Pistachio Shipments: Domestic vs Export

Source: Administrative Committee for Pistachios



had originally been the town of Collis, itself named for the railroad magnate Collis P. Huntington.)

Crop scientists propagated and strengthened the Kerman by budding it to heartier rootstock varieties.

The growth of the pistachio industry in the Southwest was given a powerful stimulus by geopolitics in the late 1970s. The toppling of Shah Mohamed Reza Pahlavi's regime in January 1979 and the storming of the U.S. Embassy in Tehran that November. Iran had been the principal source of pistachios imported into the U.S. The events of 1979 effectively cut off that source.

One peculiar artifact of that trade had been the practice of dyeing pistachio shells red to mask blemishes that resulted from harvesting and storage practices in Iran. So accustomed were American consumers to buying red-dyed pistachios that even the new U.S. producers followed suit, even though the harvesting practices they utilized did not leave the shells tainted with unappetizing blotches.

In the end, though, public health warnings about the use of red dyes in food products effectively ended the practice.

By far the largest overseas market for U.S. pistachios today is China. In the 2023 crop year, China accounted for 24.8% of all exports. Turkey (10.1%), Germany (9.5%), and India (6.4%) were also major export markets in the last crop year. The Ports of Los Angeles and Long Beach handled 74.0% of all containerized pistachio exports last year, with the Port of Oakland accounting for a 23.3% share. A small portion of the trade (4.2%) of pistachio exports in 2022 were shipped via the Port of Virginia and Port Houston, but those diversions have since receded.





JOCK O'CONNELL'S COMMENTARY

California's Wine Exports Bulk Up

It used to be that you couldn't easily find a quality California wine in Europe. Often, you couldn't find any California wine at all.

Back in 1975, when I was an underfed graduate student at the London School of Economics, I was invited to Thanksgiving dinner at an American couple's home on the edge of Hampstead Heath. As they were also from California, I thought a bottle of Napa wine might be an apt contribution to what promised to be a grand feast.

So on that long ago Thanksgiving Day morning I set out for the grocery shop in Selfridge's, the celebrated department store a few blocks south of where I was living at the top of Baker Street. Certainly, I assured myself, an emporium founded by an American (Harry Gordon Selfridge) would have at least one suitable California wine in stock. Nope. There was an ample supply of wines from France, Spain, and Italy as well as a tidy selection of ports from Portugal. But nothing at all from California.

Not to be discouraged, I then pressed

on into the depths of Piccadilly, headed for Fortnum & Mason, the famed purveyors of fine foods and beverages to Her Majesty the Queen. But evidently no wine from the Golden State was yet deemed sufficiently fine for the royal palette.

With some desperation, I next strode over to Knightsbridge in the fading hope that Harrod's, the retailer which pretty much defines luxury, might have a bottle of California wine in its cavernous and well-appointed food hall. No such luck.

But I did make off with an enormous apple pie. "It's the last one," the clerk remarked. "We baked four dozen today just for you Yanks." And that's how I came to be the third invitee at that Thanksgiving dinner who showed up with an apple pie from Harrod's... but no wine.

I should point out that all of this preceded by several months the "Judgment of Paris", the May 1976 blind tasting in the French capital that shocked European oenophiles when California wines bested the best the French had brought to the table.

Prior to that, California winemaking lacked international wineshop cred. In 1975, there were only 330 wineries in the entire state, nearly all of them family-run businesses without the wherewithal to market their products beyond their own excruciatingly utilitarian tasting rooms.

It was, indeed, a different world. More or less.

Today, California wines are readily available around the world, providing you know where to look and aren't terribly discriminating about where the wine was actually bottled.

According to the Wine Institute of California, there are now 5,900 wine-grape growers and 6,200 bonded wineries in a state that makes 85% of all U.S. wine and accounts for 95% of the nation's wine exports. The Institute reports that California wineries export to 142 countries. Still, the customers tend to be concentrated, as **Exhibit A** makes obvious. (The markets listed account for over 80% of the state's wine exports.)

U.S. Commerce Department trade



Increasing Velocity

Our investments in rail will speed cargo to market more efficiently and lower the cost of doing business.



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



Commentary

Continued

data presented in **Exhibit B** reveal a similar pattern of market concentration for wines being shipped from Oregon and Washington.

But how does all that this wine get from here to there?

If the shipments are bound for Canada (or Mexico, a small but fast-growing market for California wines), cases of wine will almost entirely be transported by truck or rail. For all other markets, the trade moves by sea.

Given the geography of wine production in California, it should surprise no one that the Port of Oakland dominates the wine export trade, as **Exhibit C** demonstrates.

That answers part of the question about the logistics of shipping California wine around the globe. But there's more to the question.

Most casual drinkers may think of wine being loaded aboard oceangoing freighters on pallets bearing cases containing a dozen 750-milliliters glass bottles. And, certainly, that represents an ample share of the trade, especially when premium wines are involved. But more experienced imbibers might also be aware that wine is also transported in steel tanks or rubberized bladders that may hold over 24,000 liters or as much wine as would fill 32,000 standard wine bottles.

Even the most sophisticated wine connoisseurs may be surprised by just how much of California's wine export trade involves bulk, as

Exhibit A Top Markets for California Wine Exports

Source: U.S. Commerce Department

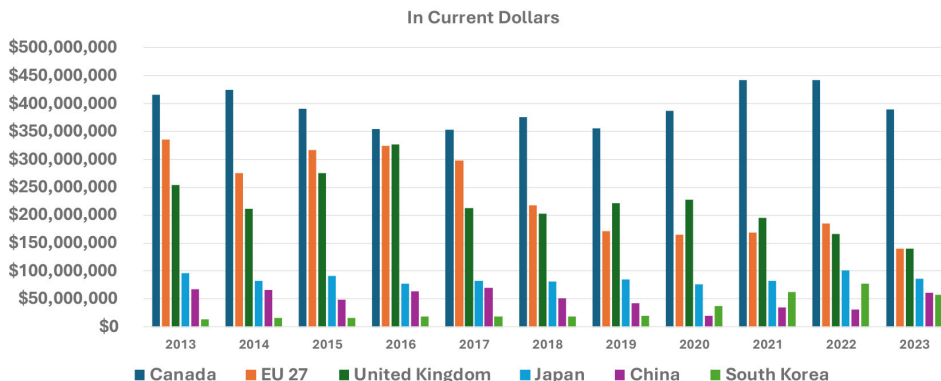


Exhibit B Top Markets for Oregon and Washington Wine Exports

Source: U.S. Commerce Department

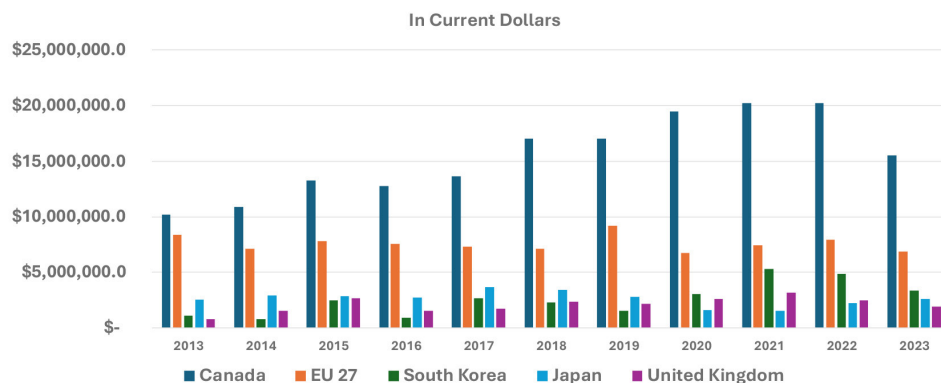
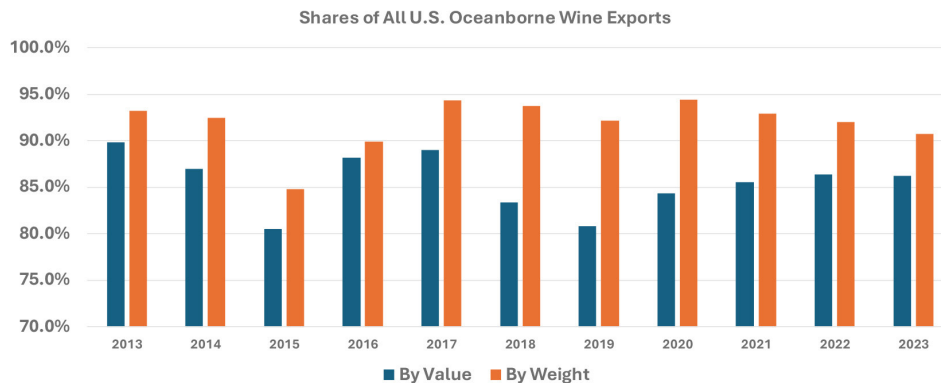


Exhibit C The Port of Oakland's Dominance in U.S. Wine Exports

Source: U.S. Commerce Department





Commentary

Continued

opposed to bottled, shipments.

While virtually all of the wine exported from California (and Oregon and Washington) to Canada is shipped overland in conventional glass bottles, that's not true of California's wine exports to the European Union and especially to the United Kingdom. See **Exhibit D** and **Exhibit E** for the percentages by weight and by value of California wine bulk exports to the state's Top Five overseas markets.

From a logistical perspective, no overseas market for California wine is more peculiar than the United Kingdom. The trade has shifted dramatically – both in weight (**Exhibit F**) and by value (**Exhibit G**) - in recent years from wines shipped in conventional 750-milliliter bottles to wines transported in bulk. The commodity breakdown in these two exhibits includes sparkling wines (which would lose their sparkle in a large shipping bladder) and a category I've labeled "Boxed?". While the relevant HS code was originally intended to encompass magnums, jeroboams, and other outsized bottles up to 10 liters, it now includes those three-liter boxed wines that have been exploding in popularity.

To be sure, premium wines, especially those trading on terroir in Napa or Sonoma still travel exclusively in glass. Selfridge's will now sell me a bottle of Opus One for £550 (about \$700). Less extravagantly, Fortnum's currently offers a £42 pinot noir from Failla Wines in St. Helena that would nicely complement turkey and stuffing. Much cheaper is the Apothic zinfandel from Modesto that's currently been marked down by grocery chain

Exhibit D

Bulk Wine Share by Weight of California Wine Exports to Top Five Overseas Markets: 2013-2023

Source: U.S. Commerce Department

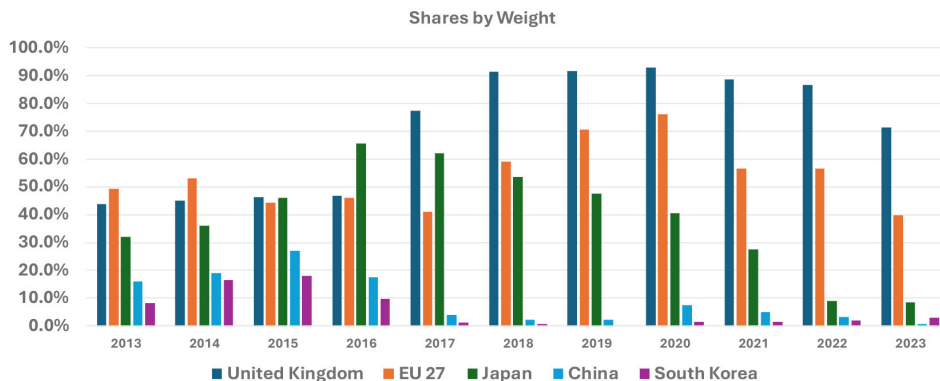
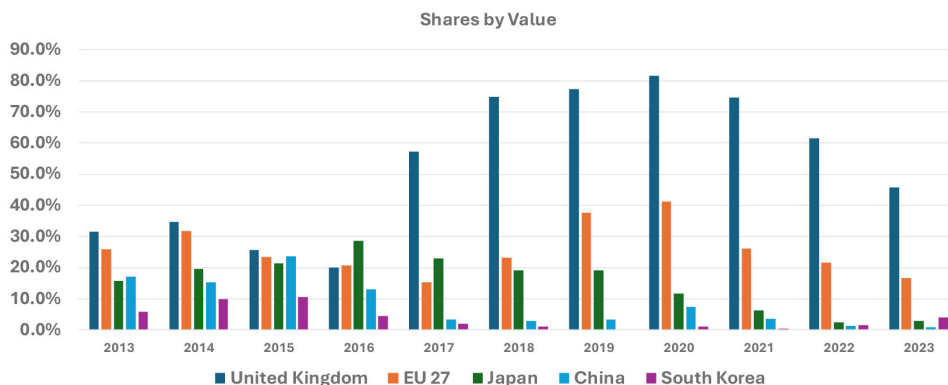


Exhibit E

Bulk Wine Share by Value of California Wine Exports to Top Five Overseas Markets: 2013-2023

Source: U.S. Commerce Department



Sainsbury to £12.50.

However, for mass market wines priced under \$10, long-distance transportation costs quickly erode profits. A survey of the shelves in wine shops and grocery store chains in London or Paris turns up mostly wines selling for less than \$15 or the local currency equivalent. The Monoprix near the Paris apartment we rented for the month of April featured scores of French, Spanish, and Italian wines at attractive, single-digit prices. There were even two California products, a

Barefoot merlot and a red blend from Carnivor. If you didn't know better, you might not realize that both brands are owned by Gallo. Indeed, the Modesto-based company is said to account for half of all California wine exports.

Once bulk wines are delivered to a port like Bristol, they go to a local bottler. The U.K. boasts a number of contract bottlers like Encirc Ltd. in Elton (Cheshire), Greencroft Bottling Company in Durham, and The Park in Bristol. Greencroft reports that it is building a new facility that can



Commentary

Continued

package some 28% of all wine sold in the U.K. Bottling wine from somewhere else is a huge business in the U.K. By one widely cited estimate, wineries in the U.K. produce fewer than ten million bottles of wine a year in a country that consumes 600 million bottles of wine annually.

For a consumer, what you're getting may be hard to discern. Yes, it is a wine produced in California. Prominently featuring the state's name on the label is the big selling point. Beyond that, though, labels can be an exercise in opacity.

Sainsbury's is one of the leading grocers in the U.K. Its online catalog lists a pinot noir from Bread & Butter Wines in Napa that's marked down this month to £13.50 from £15. The product notes state that the wine was "produced and bottled" by Bread & Butter. Sainsbury also offers its Sainsbury California Zinfandel 2019 for just £9. But here the product notes observe that the contents were "produced in the U.S. and bottled in the U.K." The catalog further features five wines from Barefoot and four from Dark Horse. Miraculously, all sell for the identical price of price £10. All, it turns out, are Gallo products made from California grapes but bottled at the same facility in Uxbridge, England.

Tesco is the largest grocery chain in the U.K. Its wine offerings feature at least a half-dozen California wines under labels controlled by Gallo. Only one, a Gallo Family Vineyards merlot, makes that parentage clear. For the most part, these are wines produced in California and shipped to the U.K. in bulk for bottling.

Exhibit F

Categories of California Wine Exports to the United Kingdom: 2013-2023

Source: U.S. Commerce Department

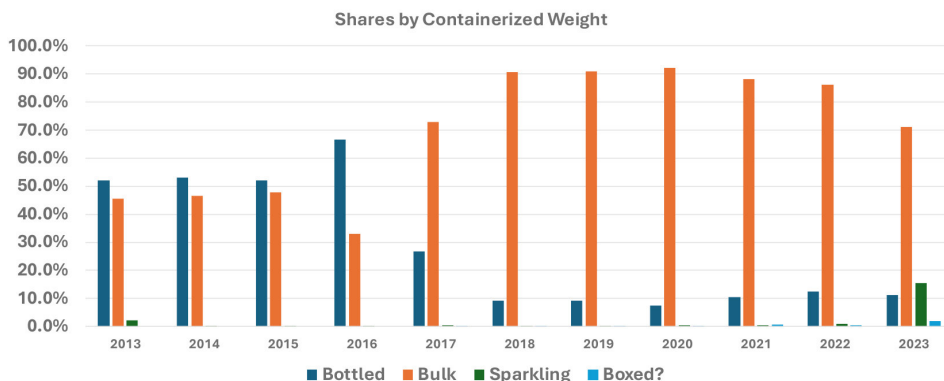
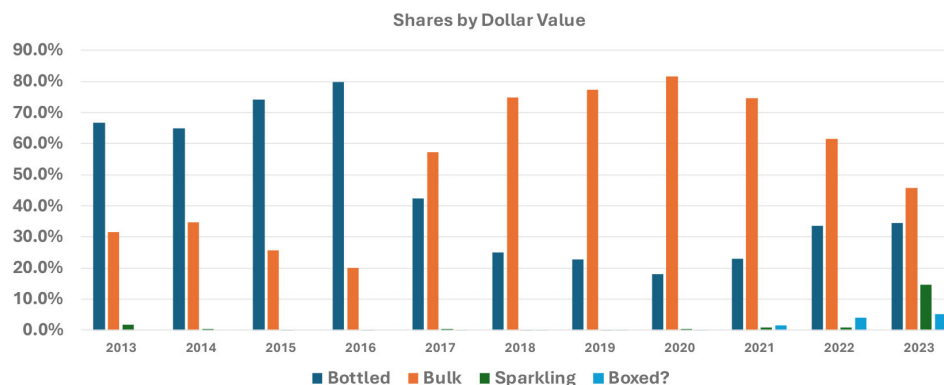


Exhibit G

Categories of California Wine Exports to the United Kingdom: 2013-2023

Source: U.S. Commerce Department



In addition to the instore offerings, scores of businesses advertise on the internet that they can quickly supply British and European households with genuine California wines. One that caught my eye is a Czech firm that goes by the immodest name of CalifornianWines. It purports to represent over 130 California wineries, several of which are very respectable producers like Opus One, Daou Vineyards, Stag's Leap, Rombauer Vineyards, Cakebread Cellars, and Robert Mondavi Winery.

I can't vouch for the company. It says it uses DHL to ship from a warehouse in Dolni Brezany, a town just south of Prague. That may be true.

What is undeniably true is that the office address of CalifornianWines in Prague's Old Town is only a short walk from the Wenceslas Square restaurant where, in late 1968, I enjoyed one of my most memorable meals ever in a city teeming with heavily-armed Russian "tourists."

But that's a story for another time.



Investment in Seaports' Long-Term Growth Is Critical to Successfully Achieving Economic and Environmental Sustainability Goals

By Mike Jacob, President, Pacific Merchant Shipping Association

One of the hallmarks of the federal approach to freight mobility and supply chain infrastructure in the United States has been the historical lack of dedicated national funding and investment. Whether public or private, most American seaports, railroads, and airports are nearly all funded and financed at a state, local, or corporate level.

Without direct access to dedicated federal revenues it is up to a decentralized entity to complete funding or financing, and as a result, the primary source of building a funding and financing model for any intermodal freight facility is capturing revenue derivative of traffic that benefits from the use of that facility. Tolls, tariffs, fees, wharfage, and lease revenues are the basic building blocks of all of our intermodal infrastructure, including our nation's seaports.

As a result, the costs and ability to build projects based on future revenues need to be backed by financing

that relies on projections of future demand. This means projections of demand-based volumetric growth remain just as integral to the ability of intermodal facilities to underwrite their investment in infrastructure as ever.

When a state or local government provides direct funding or supports the financing for the development of new seaport, airport, warehousing, or distribution center infrastructure, it is implicitly (via funding) or explicitly (via financing) placing its confidence that the benefits derivative from the future demand and use of the facility will exceed the costs of development. In other words, volumetric growth is always the hallmark of a successful intermodal supply chain investment. On the private side of this equation, it lowers average costs and marginal costs for customers and cargo owners – creating a virtuous cycle of market efficiency. On the public side of the equation, it grows jobs, economic benefits, and direct and

indirect tax revenues. These revenues can pay for other non-revenue generating expenses and overhead in excess of original financing baselines. For ports, the most expensive non-revenue producing overhead are investments in environmental improvements.

This all works well when financing and funding parties benefit from long-term growth. But, when infrastructure generates lower cargo volumes than anticipated by the public or private sector, the situation runs the risk of a negative outcome: higher per unit costs for customers and the opposite of a virtuous cycle. Fewer jobs, lower economic benefits, and less tax revenues. In the long run, the existing infrastructure and overhead, including environmental costs, can ultimately squeeze out all future room for additional funding or financing. As private revenues which are shrinking over time cannot reasonably underwrite ever greater levels of capital for new capital costs.

Protecting Blue Whales and Blue Skies
Vessel Speed Reduction Program
 A partnership for cleaner air, safer whales, and a quieter ocean
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Investment in Seaports' Long-Term Growth

Continued

This is our current dilemma on the US West Coast: without more robust growth in volumes, it is hard to reinvest in new, more expensive ports and carry the anticipated large, non-revenue generating overhead associated with the environmental improvements that loom on the horizon. Cargo volumes are already substantially lower than anticipated that supported the existing infrastructure and higher environmental costs compliance in the current system.

One recent example: the additional costs that will ultimately need to be paid by cargo owners or the Ports of Los Angeles and Long Beach due to the significant debt refinancing taken on for the construction of the Alameda Corridor in Southern California. This project is now at a critical point where one might surmise that no future room for additional revenue bonding exists, where even projected potential growth in volumes is so underwater that they cannot reasonably underwrite greater levels of capital for new environmental and infrastructure costs, even if they could potentially be associated with

entirely new revenue streams.

This type of low volumetric growth situation will result in lower economic returns and less funds available for environmental overhead. And, if such improvements are needed expeditiously, it will be incumbent upon policymakers to dedicate greater levels of public investment in our intermodal port infrastructure. This will be necessary not just to pay for the overhead, but to develop actual public subsidies for financing that incentivize growth, leveraging economies of scale and lower per unit costs, reducing marine terminal operating and capital costs.

Such a pro-investment and volumetric growth-friendly freight policy by public agencies would yield greater levels of investments in infrastructure that policymakers are anticipating than waiting for financing to be forthcoming from a low or stagnant volumetric growth market. To successfully meet both long term economic and environmental sustainability goals, it is imperative to integrate growth and financing goals with volumetric-growth inducing infrastructure

so the investments align higher volume goals with public subsidies and environmental mitigation. On the other side of the same coin, state and local regulatory agencies need to be exceptionally sensitive to the risks of any new non-revenue generating mandates or costs, including any type that could potentially act as a cap on volume, which ultimately could undermine the ability of entities that rely on volumetric-based financing to pay for non-revenue producing overhead.

The bottom line for US West Coast port stakeholders is unequivocally clear: it is imperative that policymakers support the alignment of public funding and private financing to underwrite the investments in long-term infrastructure necessary to grow the economy and meet our environmental goals.



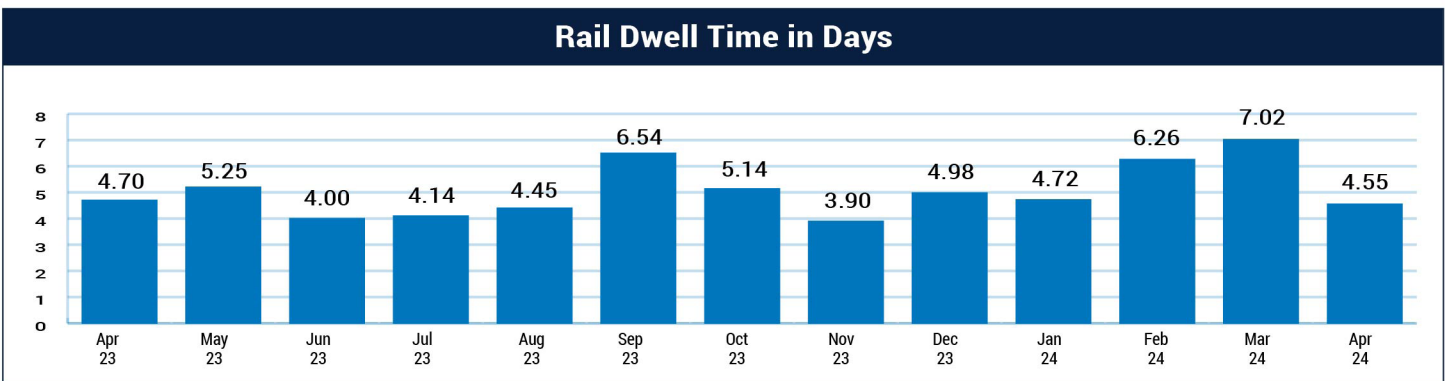
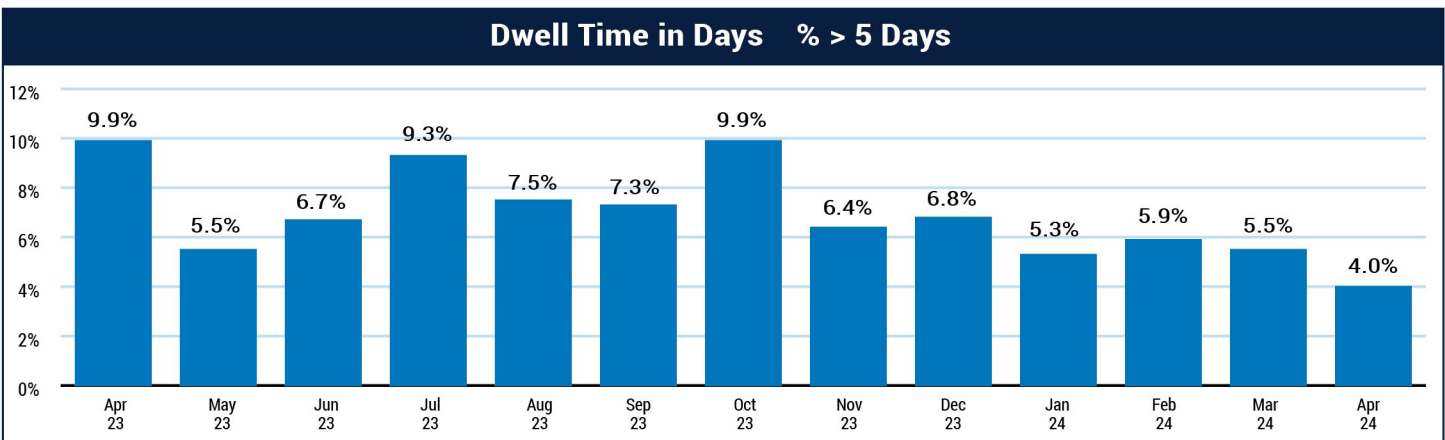
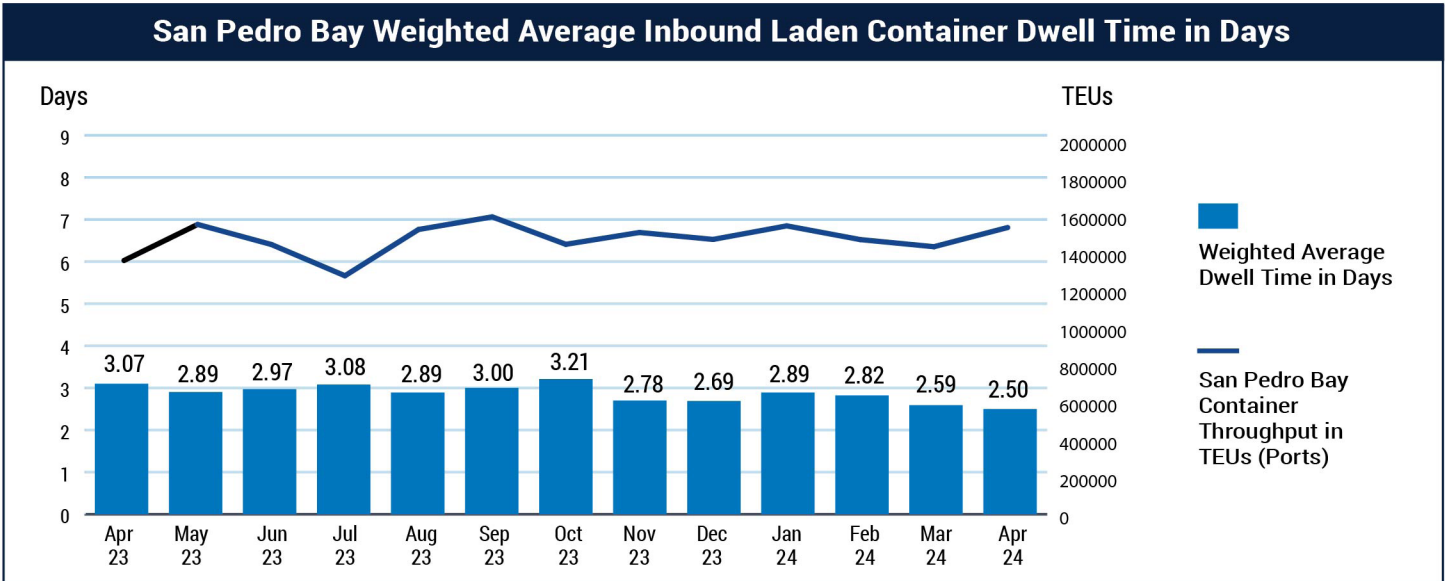
16.9%

Y/Y INCREASE IN INBOUND LOADS IN APRIL FOR USWC PORTS

SOURCE: INDIVIDUAL PORTS



Container Dwell Times Improve At San Pedro Bay Ports in April



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