PMSA

West Coast Trade Report

September 2021

August's Early Returns: TEU Numbers from the Ports

Note: *The ports we survey take from a few days to a few weeks to report their container trade statistics. Because West Coast ports are generally much more agile in compiling and releasing their monthly TEU counts than are ports elsewhere in the country, these "First Glimpse" numbers are necessarily incomplete and may give a misleading indication of the latest trends. Only ports which had posted their August TEU tallies by September 21 are included in this segment.*

Perhaps because it doesn't have many containers to count, the Port of Boston, presumably the Official Seaport of the Boston Red Sox, is generally the first North American port to check in with the latest numbers. Its August wasn't good, with import loads down 17.1% from a year earlier and 40.0% from August 2019. Export loads were also down, 15.5% year-over-year and 27.7% from two years earlier. Like the Red Sox, the port presumably aspires to do better next year.

The Port of Long Beach was the first major seaport to report its August container trade numbers. For the month, the San Pedro Bay port handled 807,704 total TEUs, its busiest August ever and fourth busiest month since global maritime trade began recovering last summer. Long Beach posted an 11.7% year-over-year gain in inbound loads, to 407,426 TEUs this August from 364,792 TEUs a year ago. Inbound loads were also up 26.2% over August 2019. On the export side, Long Beach tallied 119,485 loaded outbound TEUs in August, down 5.3% from a year earlier and off by 4.4% from August 2019. Outbound empties, though, soared by 21.5% year-over-year and by 28.4% over August 2019.

Next door, the Port of Los Angeles posted some seemingly counter-intuitive numbers for August. Given universal lamentations about port congestion, the laden import volume at LA was actually down 5.9% from a year earlier, when the summer spasm of pandemic importing was rising up to test supply chains. On the other hand, LA's import volumes compared more favorable with pre-pandemic August 2019, with laden TEUs up 11.0%. On the other hand, exports of cargo-bearing boxes continued to drift lower at the port, with outbound loads down 22.9% from a year ago and by 30.8% from August 2019, when 48,059 more loaded TEUs left the port than during this August. Empty outbound container traffic was up by 16.2% year-over-year and by 30.8% over August 2019, when 44,992 fewer empty TEUs sailed from the port.

In Northern California, inbound loads (97,850 TEUs) at the Port of Oakland were up 1.6% over last August's spurt in imports from the Far East. Its August 2021 import traffic was 10.8% higher than in the same month two years ago. Export loads (71,753 TEUs) were down 5.8% from a year earlier and by 4.4% from August 2019.

The numbers from the Northwest Seaport Alliance Ports of Seattle and Tacoma showed a 1.6% year-over-year gain in import loads, which also represented a 14.7% increase over August 2019. Still, August saw the lowest number of loaded import containers (111,447 TEUs) at the two

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August's Early Returns Continued

ports since February. Outbound loads, meanwhile, were down 11.5% from a year earlier and 18.3% from two years earlier.

In the far Northwest, the Port of Prince Rupert continues to struggle. Import loads in August were down 35.5% from a year earlier and 38.5% from August 2019. Similarly, export loads were off 22.8% year-over-year and 15.2% from two years earlier. The port's total TEU count was down 24.2% and 26.9%, respectively, from the previous two Augusts. Even its exports of empty TEUs were down from a year earlier by 2.5%.

Elsewhere around the country, Charleston reported 114,671 inbound loads in August, an 18.3% bump over a year earlier and an 11.1% increase over August 2019. Outbound loads from the South Carolina port totaled 65,207 TEUs, down 2.4% year-over-year and by 11.8% from August 2019. Meanwhile, the Port of Virginia also posted a strong year-over-year gain in laden inbound traffic, with 144,226 TEUs, up 19.3% from a year earlier and up 18.7% from August 2019. Virginia's outbound laden TEU count in August (85,256 TEUs) showed a 13.2% jump year-over-year and a 5.7% gain over August 2019.

On the Gulf Coast, Houston, with 159,791 inbound laden TEUs in August, posted a substantial 36.9% year-over-year rise in import loads and an even bigger 44.8% increase over August 2019. Outbound loads (71,753 TEUs) were down, however, by 13.1% from a year earlier and by 21.7% from two years earlier.

Detailing the July 2021 TEU Numbers

Please note: *The TEU tallies cited 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 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.*

Due to the COVID-19 pandemic's ongoing impact on global trade, we will continue to offer Exhibits 1-3 with columns comparing the container numbers for the latest month for which complete statistics are available with the same month in the two preceding calendar years. We also compare the numbers on a YTD basis.

It is not unusual for small discrepancies in TEU tallies to emerge. Sources and methodologies differ. A September 9 press release from the National Retail Federation reported that its Global Port Tracker showed that the thirteen U.S. ports it monitors handled 2.19 million inbound loaded TEUs in July, up 14.2% over July 2020. Our container statistics, obtained directly from the eighteen U.S. ports that we track, showed 2.26 million inbound loaded TEUs arrived in July, an increase of 13.1% from a year earlier and a gain of 10.5% over July 2019.

For all the talk about an unprecedented and unrelenting surge of containerized imports, it's useful to bring some historical context to the issue. For example, shortly after last month's newsletter hit the streets, a concerned reader wrote to admonish us for allegedly minimizing the burden that the Port of Los Angeles had been carrying when we observed that the port's import loads in July were up "a slender 2.9%" from a year earlier. July 2020, the reader pointed out was a particularly busy month at the port as the shipping industry rebounded from the COVID-induced collapse of maritime trade in the preceding quarter. The inbound trades at ports elsewhere in the country, especially along the East Coast, were much less vigorous last July, and so those ports were able to post comparatively most robust, double-digit year-over-year increases this July.

Normally, we'd consider that to be a fair critique. But we're a bit curious why our correspondent never got around to explaining why we should be especially agog by the volume of inbound loads LA handled this July, when in fact it had handled 7,077 more inbound laden TEUs way back in July 2019. That, of course, was well before the plague arrived to rearrange the shipping industry's deck chairs or eventually lead American consumers to go on an unprecedented import buying spree. As it was, in that pre-pandemic July the Port of Los Angeles managed to cope with 912,154 total TEUs (loads + empties), 2.4% or 21,354 more TEUs than it wrestled with this July.

Exhibit 1 July 2021 - Inbound Loaded TEUs at Selected Ports

	Jul 2021	Jul 2020	% Change	Jul 2019	% Change	Jul 2021 YTD	Jul 2020 YTD	% Change	Jul 2019 YTD	% Change
Los Angeles	469,361	456,029	2.9%	476,438	-1.5%	3,303,574	2,406,663	37.3%	2,736,705	20.7%
Long Beach	382,940	376,807	1.6%	313,350	22.2%	2,698,110	2,036,774	32.5%	2,127,160	26.8%
San Pedro Bay Totals	**852,301**	**832,836**	**2.3%**	**789,788**	**7.9%**	**6,001,684**	**4,443,437**	**35.1%**	4,863,865	**23.4%**
Oakland	94,745	96,420	-1.7%	90,598	4.6%	639,386	550,782	16.1%	564,749	13.2%
NWSA	125,632	103,389	21.5%	122,946	2.2%	867,483	669,198	29.6%	815,264	6.4%
Port of Hueneme	8,970	5,482	63.6%	4,378	104.9%	53,612	28,607	87.4%	36,854	45.5%
San Diego	6,636	5,656	17.3%	5,195	27.7%	46,972	44,205	6.3%	41,461	13.3%
USWC Totals	**1,088,284**	**1,043,783**	**4.3%**	**1,012,905**	**7.4%**	**7,609,137**	**5,736,229**	**32.7%**	**6,322,193**	**20.4%**
Boston	6,758	12,242	-44.8%	12,714	-46.8%	61,517	79,500	-22.6%	85,912	-28.4%
NYNJ	393,945	326,079	20.8%	336,972	16.9%	2,635,125	2,034,810	29.5%	2,183,034	20.7%
Maryland	37,626	46,471	-19.0%	48,806	-22.9%	295,574	289,066	2.3%	309,827	-4.6%
Virginia	142,963	105,692	35.3%	125,260	14.1%	935,687	694,745	34.7%	798,936	17.1%
South Carolina	119,445	81,530	46.5%	92,707	128.8%	728,459	562,138	29.6%	613,116	18.8%
Georgia	227,876	185,548	22.8%	197,341	15.5%	1,591,599	1,174,123	35.6%	1,272,703	25.1%
Jaxport	21,813	28,867	-24.4%	32,505	-32.9%	192,517	175,999	9.4%	209,307	-8.0%
Port Everglades	30,831	22,108	39.5%	25,801	19.5%	209,250	167,979	24.6%	189,789	10.3%
Miami	44,345	33,029	34.3%	38,229	16.0%	323,459	227,907	41.9%	253,330	27.7%
USEC Totals	**1,025,602**	**841,566**	**21.9%**	**910,335**	**12.7%**	**6,973,187**	**5,406,267**	**29.0%**	**5,915,954**	**17.9%**
New Orleans	9,720	11,210	-13.3%	12,315	-21.1	74,468	80,874	-7.9%	80,932	-8.0%
Houston	137,197	102,339	34.1%	111,062	23.5%	886,643	672,057	31.9%	715,849	23.9%
USGC Totals	**146,917**	**113,549**	**29.4%**	**123,377**	**19.1%**	**961,111**	**752,931**	**27.6%**	**796,781**	**20.6%**
Vancouver	138,538	160,875	-13.9%	162,908	-15.0%	1,121,798	951,179	17.9%	1,006,676	11.4%
Prince Rupert	57,743	64,640	-10.7%	66,277	-12.9%	307,829	336,890	-8.6%	365,656	-15.8%
BC Totals	**196,281**	**225,515**	-13.0%	**229,185**	-14.4%	**1,429,627**	**1,288,069**	12.3%	**1,372,332**	5.4%
US/BC Totals	2,457,084	2,224,413	**10.5%**	2,275,802	**8.0%**	16,973,062	13,183,496	**28.7%**	14,407,260	**17.8%**
US Total	2,260,803	1,998,898	**13.1%**	2,046,617	**10.5%**	15,543,435	11,895,427	**30.7%**	13,034,928	**19.2%**
USWC/BC	1,284,565	1,269,298	**1.2%**	1,242,090	**3.4%**	9,038,764	7,024,298	**28.7%**	7,694,525	**17.5%**

Source Individual Ports

Exhibit 2 July 2021 - Outbound Loaded TEUs at Selected Ports

	Jul 2021	Jul 2020	% Change	Jul 2019	% Change	Jul 2021 YTD	Jul 2020 YTD	% Change	Jul 2019 YTD	% Change
Los Angeles	91,440	126,354	-27.6%	161,340	-43.3%	755,275	874,464	-13.6%	1,070,020	-29.4%
Long Beach	109,951	138,602	-20.7%	111,654	-1.5%	861,691	872,821	-1.3%	843,879	2.1%
San Pedro Bay Totals	**201,391**	**264,956**	-24.0%	**272,994**	-26.2%	**1,616,966**	**1,747,285**	-7.5%	**1,913,899**	-15.5%
Oakland	68,153	71,527	-4.7%	76,414	-10.8%	527,202	533,953	-1.3%	564,749	-6.6%
NWSA	48,833	56,547	-13.6%	73,828	-33.9%	414,111	467,886	-11.5%	527,558	-4.2%
Port of Hueneme	2,242	1,370	63.6%	1,094	104.9%	13,400	7,149	87.4%	9,210	45.5%
San Diego	370	202	83.2%	308	20.1%	3,377	1,874	80.2%	1,845	83.0%
USWC Totals	**320,989**	**394,602**	-18.7%	**424,638**	-24.4%	**2,575,056**	**2,758,147**	-6.6%	**3,017,261**	-14.7%
Boston	5,420	8,692	-37.6%	5,664	-1.3%	43,237	42,237	2.4%	46,617	-7.3%
NYNJ	111,159	102,740	8.2%	118,015	-5.8%	810,410	762,352	6.3%	859,533	-5.7%
Maryland	19,304	17,528	10.1%	19,175	0.7%	147,860	124,030	19.2%	134,468	10.0%
Virginia	81,068	68,594	18.2%	80,955	0.1%	622,256	534,426	16.4%	574,805	8.3%
South Carolina	65,655	57,628	13.9%	72,126	-9.0%	495,683	446,963	10.9%	486,856	1.8%
Georgia	119,072	112,464	5.9%	117,790	1.1%	859,049	857,695	0.2%	878,422	-2.1%
Jaxport	51,598	48,254	6.9%	41,165	25.3%	343,113	282,547	21.4%	289,444	18.5%
Port Everglades	32,390	25,867	25.2%	34,328	-5.6%	223,797	189,856	17.9%	244,599	-8.5%
Miami	28,003	28,930	-3.2%	34,304	-18.4%	203,793	207,188	-1.6%	241,207	-15.5%
USEC Totals	**513,669**	**470,697**	9.1%	**523,522**	-1.9%	**3,749,198**	**3,447,294**	8.8%	**3,755,951**	-0.2%
New Orleans	18,148	21,458	-15.4%	25,021	-27.5%	156,549	165,174	-5.2%	174,178	
Houston	75,457	98,509	-23.4%	104,470	-27.8%	633,555	733,098	-13.6%	726,962	-12.8%
USGC Totals	**93,605**	**119,967**	-22.0%	**129,491**	-27.7%	**790,104**	**898,272**	-12.0%	**901,140**	-4.0%
Vancouver	60,272	87,432	-31.1%	91,521	-34.1%	559,222	616,088	-9.2%	673,589	-17.0%
Prince Rupert	12,142	15,740	-22.9%	15,397	-21.1%	94,076	116,296	-19.1%	117,045	-19.6%
BC Totals	**72,414**	**103,172**	-29.8%	**106,918**	-32.3%	**653,298**	**732,384**	-10.8%	**790,634**	-17.4%
US/Canada Total	1,000,677	1,088,438	-8.1%	1,184,569	-15.5%	7,767,656	7,836,097	-0.9%	8,464,986	-8.2%
US Total	928,263	985,266	-4.8%	1,077,651	-13.9%	7,114,358	7,103,713	0.1%	7,674,352	-7.3%
USWC/BC	393,403	497,774	-21.0%	531,556	-26.0%	3,228,354	3,490,531	-7.5%	3,807,895	-15.2%

Source Individual Ports

Detailing the July 2021 TEU Numbers Continued

Getting back to July 2021, **Exhibit 1** shows that inbound loads at the two San Pedro Bay ports rose by 2.3% (+19,465 TEUs) from a year earlier and by 7.9% (+62,513 TEUs) from July 2019. What's worth noting, though, is that Long Beach posted a 22.2% bump in import loads over July 2019, while LA saw a 1.5% fall-off.

Imports, meanwhile, dipped lower at the Port of Oakland, where the number of inbound loads slipped by 1.7% (-1,675 TEUs) from July 2020. Altogether, the three major California ports saw their loaded inbound TEU numbers increase by 1.9% (+17,790 TEUs) over last July. That was also 7.6% (+66,660 TEUs) more than they had handled in that more typical July two years ago.

Moving up the coast, the import trade through the Northwest Seaport Alliance Ports of Seattle and Tacoma showed a strong rebound from a sluggish July of last year, with import loads up 22,243 TEUs (+21.5%). However, this July's loaded import traffic was up just 2.2% (+2,686 TEUs) from July 2019.

Further north, though, the import numbers were not positive. The Port of Vancouver recorded a 13.9% (-22,337 TEUs) decline in inbound loads from last July, while Prince Rupert reported its containerized import traffic was down 10.7% (-6,897 TEUs) from July 2020. Vancouver's import traffic this July was 15.0% below the level of July 2019, while Prince Rupert was down 12.9%. (Since we're in the neighborhood, we should note that Vancouver was obliged to recalibrate its June container numbers after evidence surfaced of some inadvertent double-counting. Apparently, the port in June handled 8,470 fewer inbound loaded TEUs but 544 more outbound loaded TEUs than it had initially reported.)

Exhibit 3 July 2021 Total TEUs (Loaded and Empty) Handled at Selected Ports

	Jul 2021	Jul 2020	% Change	Jul 2019	% Change
Los Angeles	6,318,675	4,618,277	36.8%	5,450,793	15.9%
Long Beach	5,538,673	4,186,116	32.3%	4,307,415	28.6%
LA/LB	11,857,348	8,804,393	34.7%	9,758,208	21.5%
NYNJ	5,153,882	3,973,088	29.7%	4,315,835	19.4%
Georgia	3,190,459	2,452,098	30.1%	2,639,252	20.9%
Vancouver	2,237,042	1,868,038	19.8%	1,996,551	12.0%
NWSA	2,167,766	1,834,653	18.2%	2,241,765	-3.3%
Virginia	1,974,825	1,495,143	32.1%	1,720,012	14.8%
Manzanillo	1,957,292	1,643,369	19.1%	1,778,029	10.1%
Houston	1,905,414	1,662,546	14.6%	1,712,402	11.3%
South Carolina	1,579,914	1,273,190	24.1%	1,417,959	11.4%
Oakland	1,513,176	1,287,179	17.6%	1,473,177	2.7%
Montreal	1,001,874	949,482	5.5%	1,010,536	-0.9%
Lazaro Cardenas	866,044	606,501	42.8%	784,142	10.4%
JaxPort	827,735	707,121	17.1%	785,789	5.3%
Miami	738,474	580,123	27.3%	659,380	12.0%
Port Everglades	617,262	533,415	15.7%	603,061	2.4%
Maryland	600,060	585,965	2.4%	635,058	-5.5%
Prince Rupert	599,658	585,531	0.5%	659,398	-9.1%
Philadelphia	417,716	357,300	16.9%	355,375	17.5%
New Orleans	357,886	341,944	4.7%	372,820	-4.0%
Boston	172,523	155,507	10.9%	125,646	37.3%
Port of Hueneme	123,812	104,372	18.6%	74,226	66.8%
San Diego	91,669	88,101	4.0%	82,958	10.5%
Portland, Oregon	49,051	28,882	69.8%	20	
US/Canada Total	37,177,546	29,668,071	25.3%	32,639,428	13.9%
US Mainland Only	33,338,972	26,265,020	26.9%	28,972,942	15.1%

Source Individual Ports

Detailing the July 2021 TEU Numbers Continued

Exhibit 4 Major USWC Ports Shares of U.S. Mainland Ports Worldwide Container Trade, July 2021

	Jul 2021	Jun 2021	Jul 2020
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	27.2%	27.0%	30.3%
Oakland	4.0%	3.4%	4.4%
NWSA	4.8%	5.4%	4.8%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	33.0%	32.5%	37.6%
Oakland	3.1%	2.9%	4.1%
NWSA	5.8%	6.4%	6.3%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	18.1%	18.0%	22.3%
Oakland	6.8%	6.3%	6.5%
NWSA	6.6%	6.7%	7.0%
Shares of U.S. Mainland Conatainerized Export Value			
LA/LB	17.3%	16.5%	22.6%
Oakland	7.2%	6.4%	7.5%
NWSA	4.0%	4.0%	4.3%

Source: U.S. Commerce Department.

Exhibit 5 Major USWC Ports Shares of U.S. Mainland Ports Containerized Trade with East Asia, July 2021

	Jul 2021	Jun 2021	Jul 2020
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	46.3%	45.1%	48.0%
Oakland	3.9%	3.9%	4.7%
NWSA	7.5%	7.8%	6.9%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	51.2%	49.8%	54.3%
Oakland	3.4%	3.4%	4.8%
NWSA	8.8%	9.6%	8.7%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	31.4%	31.2%	35.3%
Oakland	9.8%	9.3%	8.7%
NWSA	11.0%	11.5%	10.1%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	34.9%	34.0%	42.9%
Oakland	12.8%	11.5%	12.2%
NWSA	8.2%	8.0%	7.7%

Source: U.S. Commerce Department.

Year-over-year gains along the East Coast were impressive testaments both to their enhanced competitiveness and to the fact it takes weeks longer for a ship to sail from East Asia to the East Coast. While import numbers were down at three of the Atlantic Coast ports we monitor, overall, the nine USEC ports we track handled 184,036 more inbound loaded TEUs than in July of last year, an increase of 21.9%. The same nine ports also saw a 12.7% (+115,267 TEUs) gain in inbound loads over July 2019.

YTD, the USWC ports we track have taken in 1,088,284 loaded TEUs in July, 62,682 more than the USEC ports we monitor handled.

As for the containerized export trade, **Exhibit 2** testifies that outbound shipments all along the Pacific Coast continued to be disappointing in July. Outbound loads in San Pedro Bay were down 24.0% (-63,565 TEUs) from a year earlier and down 26.2% (-71,603 TEUs) from two Julys ago. Outbound loads at Oakland (-3,374 TEUs), the NWSA ports (-7,714 TEUs), Vancouver (-27,160 TEUs), and Prince Rupert (-3,598 TEUs) all fell from a year earlier.

On the USEC, loaded export containers were by contrast up 9.1% (+42,972 TEUs) over last July but off by 1.9% (-9,853 TEUs) from July 2019. At the two Gulf Coast ports we track, export loads were down 22.0% (-26,362 TEUs) from last July and by 27.7% (-35,886 TEUs) from the July before that.

East Coast ports shipped 513,989 loaded export TEUs in July as opposed to 320,989 laden TEUs that sailed from USWC ports.

Detailing the July 2021 TEU Numbers Continued

Exhibit 3 shows that the U.S. mainland ports we monitor handled 33,338,972 total TEUs (loaded + empty) through July of 2021. That was up 26.9% (+7,073,952 TEUs) over this point last year and up 15.1% (+4,366,030 TEUs) from the first seven months of 2019. For the record, 35.6% of those TEUs passed through the Ports of Los Angeles and Long Beach, a share that was up from 33.5% in 2020 and from 33.7% in 2019.

Weights and Values

Yes, we realize that the maritime industry likes its statistics delivered in TEUs. But here, we provide two alternative measures – the declared weight and value of the goods housed in those TEUs. The percentages in the following exhibits are derived from data compiled by the U.S. Commerce Department that are normally published with a five-week time-lag.

Exhibit 4 shows how the three major USWC gateways have been faring with respect to their respective shares of containerized imports discharged at mainland U.S. seaports in June. We again remind readers that, although it may appear that the five major USWC maritime gateways monopolize the movement of containers through ports in the states of California, Oregon, and Washington, that's not really the case. In recent years, smaller ports have boosted the major ports' combined share of containerized import tonnage through mainland U.S. ports by 1.5-2.0%.

San Diego and the Port of Hueneme are both important ports-of-entry for refrigerated containers laden with fresh fruit imports from Central and South America. And Portland (the riverport in Oregon, not the seaport in Maine) is gradually re-establishing itself as a significant player in the international container trade, with the number of total TEUs handled in July (5,820 TEUs) up from precisely zero two years ago. In Washington state, the Port of Everett handles several thousand TEUs a year, many on behalf of a nearby manufacturer of civilian and military aircraft.

The role of the smaller ports is not trivial. Through this year's first seven months, the Big Five USWC ports accounted for a 36.2% share of all containerized import tonnage that entered U.S. mainland ports. Adding in the containerized imports at the smaller West Coast ports bumped the overall USWC share up to 38.0%.

Exhibit 5 displays the shares of U.S. container trade involving the Far East handled by the five major USWC ports. Collectively, these five ports handled 57.7% of all containerized import tonnage that entered U.S. mainland ports from the Far East in July. That was down from last July, when the same five ports received 59.6% of all containerized import tonnage but it was up from the 57.0% share in the pre-pandemic month of July 2019. Adding in the containerized import tonnage handled by the smaller ports of California, Oregon, and Washington, the overall USWC share in July 2021 was boosted to 58.6%. On the export side, the role of the smaller USWC ports has been edging up. This July, they added 1.6% to the Big Five's 52.2% share of containerized export tonnage headed from U.S. mainland ports to markets in the Far East. Two Julys ago, the smaller ports added just 0.1% to the Big Five share.

Who's #1?

The Port of Los Angeles was the nation's busiest container port in July 2021, having handled 890,800 total TEUs (loads and empties) that month. The neighboring Port of Long Beach ran a competitive second with 784,845 total TEUs. Together, the San Pedro Bay gateway managed to move 1,675,645 TEUs, a 4.1% increase over last July's 1,609,470 TEUs but also up 9.2% from the 1,533,934 total TEUs they had handled in July 2019. In third came the Port of New York/New Jersey (PNYNJ) with 758,810 TEUs. Fourth place went to Savannah with 449,916 total TEUs. The Northwest Seaport Alliance Ports of Tacoma and Seattle ranked fifth among the U.S. ports we track with a total of 307,592 total TEUs in July.

Not surprisingly, the Port of Los Angeles was also the nation's busiest port year-to-date, with 6,318,675 total TEUs through July. Second was Long Beach with 5,538,673 TEUs, while PNYNJ placed third with 5,153,882 TEUs. Savannah handled 3,190,459 total TEUs through July of this year, while the NWSA ports processed 2,167,766 TEUs. (Vancouver reports it handled 2,237,042 total TEUs through the first seven months of 2021, but we'll wait to see if their numbers change.)

For nitpickers who don't believe empty boxes should count, Los Angeles remained in the lead with 560,800 loaded TEUs in the month of July, down 3.7% from last July and 12.1% from July 2019. In fact, July's tally of loaded TEUs at LA was the smallest since July 2016.

Detailing the July 2021 TEU Numbers Continued

However, PNYNJ ran second place with 505,104 loads, ahead of the 492,891 loads handled at third place Long Beach, which was 4.4% below last July traffic in loaded TEUs. Savannah was well behind with 346,949 loaded TEUs followed by Virginia with 224,030 loads.

In the category of inbound loads discharged in July, Los Angeles (469,361 TEUs) topped PNYNJ (393,945 TEUs) and Long Beach (382,940 TEUs). Inbound loads at Savannah meanwhile totaled 227,876 TEUs, while fifth place Virginia handled 142,963 inbound loaded TEUs.

Once again, export loads were again a different story. Savannah led all ports in July with 119,072 loaded export TEUs. PNYNJ came next with 111,159 TEUs, edging out Long Beach (109,951 TEUs). That left the Port of Los Angeles (91,440 TEUs) in fourth place, ahead of fifth place Virginia (81,068 TEUs). Compared with July of pre-pandemic 2019, loaded export TEUs from LA plummeted by 43.3% but were off by just 1.5% next door at Long Beach. PNYNJ's loaded export traffic was down by 33.9% from July 2019. Both Savannah and Virginia recorded small gains of 1.1% and 0.1%, respectively.

Scraping for Scrap

It is perhaps heartening, at least momentarily, to see Scrap Paper (HS 4707) accounting for 18.1% of all containerized export tonnage from the two San Pedro Bay ports in July. That's scrap paper's highest share of the outbound business at the two ports since the summer of 2019. Of course, none of this is really a cause to cheer. U.S. trade statistics show that overall containerized export tonnage this July from the Ports of LA and Long Beach was down 20.7% from the same month in the halcyon days two years ago, when the most everyone had to worry about was a presidential conviction that foreigners pay for the tariffs he had been imposing. The only reason scrap paper's share of the export business at the two ports rose was because scrap paper exports through the ports shrank by only 9.9% in that period. Still, the two ports did account for 30.6% of all containerized scrap paper shipped from U.S. mainland ports in July, the same share they held in July 2019.

The Port of Oakland continues to fight above its weight by handling 15.0% of the nation's containerized scrap export tonnage in July, roughly consistent with its 15.2% share two years earlier. By contrast, the Northwest Seaport Alliance ports moved just 2.8% of the mainland ports' scrap paper exports in July, down from a 5.3% share in July 2019.

The other big scrapper was, not surprisingly, the home of ticker-tape parades. The Port of New York/New Jersey accounted for 26.8% of scrap paper export tonnage this July, up from 23.5% two years ago. But then, containerized scrap paper tonnage leaving PNYNJ in July did increase 3.1% from July 2019, presumably as city dwellers who had been ordering-in over the past year-and-a-half disposed of all that packaging.

Soybeans in Boxes Puzzle

We continue to be impressed -- to the point of terminal dismay -- by the persistence of some trade journalists to obsess about containerized exports of soybeans. To read their reports, especially the ones salted with quotes from the soybean trade lobby, one might reasonably get the impression that the entire U.S. soybean export trade hinges on the availability of TEUs and FEUs.

Well, the latest soybean crop year (which runs from September 1 through August 31) has just ended, and we are blessed to have U.S. government export data for 11/12ths of that period. Here, without further aspersions, are the numbers:

Between last September 1 and July 31 of this year, 55,552,756 metric tons of U.S. soybeans were shipped abroad by sea. Of that, 9.2% or 5,100,268 metric tons traveled in containers. That's it: 9.2%, a share that has persistently danced below one-tenth of all soybeans shipped overseas in recent years.

If writers are interested, there are a few other commodity groups whose containerized heft might be at least equally worthy of their consideration. Waste and Scrap Paper over the past eleven months totaled 12,044,813 metric tons, while exports of Polymers of Ethylene amounted to 6,665,780 metric tons. And let's not overlook the 5,178,854 metric tons of Ferrous Waste and Scrap exports.

But maybe scraps and polymers lack the sheer editorial drama of soybeans.

Detailing the July 2021 TEU Numbers Continued

The Twilight of California's Tree Nuts?

There are definite signs that the cultivation of tree nuts in Northern California, which had expanded dramatically in recent years, may have reached its high-water mark. Seasons of parlous snowfalls and scant rains, much discussed lately in the national news, represent an visceral challenge to growers. An NPR report last month warned that the "historic drought across the U.S. West is taking a heavy toll on California's $6 billion almond industry, which produces roughly 80% of the world's almonds. More growers are expected to abandon their orchards as water becomes scarce and expensive."

In May, the U.S. Department of Agriculture forecast that California's almond crop would hit a record 3.2 billion pounds this year. By July, though, conditions in the field had worsed enough for USDA to dial back that estimate to 2.8 billion pounds.

Allocations of irrigation water are now being curtailed by state water regulators, and years of pumping groundwater have literally undermined portions of the Central Valley. Reports abound of growers ripping out hundreds of acres of healthy trees to conserve water for those trees that remain. Not surprisingly, there is a very strong likelihood that California will be producing fewer almonds and walnuts in the years to come.

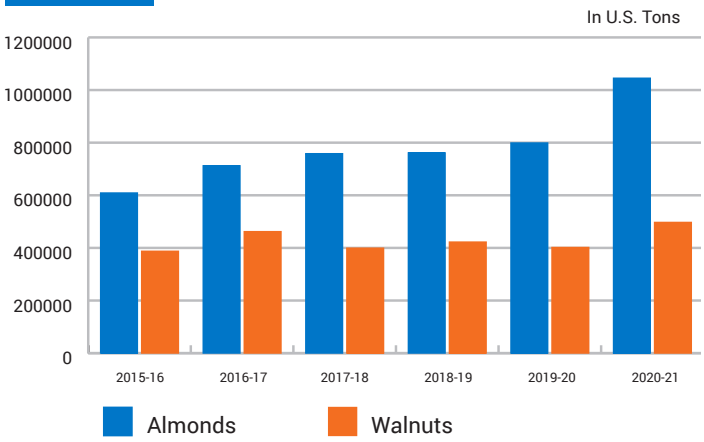
Absent a dramatic change in the climate that would bring more rain and snow to the state, the situation will only worsen, and the competition for scarce water supplies will increasingly pit growers against urban interests. Ultimately, residents of the state's cities will ask why they should take fewer showers so that farmers in Merced County can grow more almonds to sell to foreigners. (About two-thirds of the state's almonds and walnuts are exported.)

But for now, it's a more upbeat story about burgeoning exports. As **Exhibit 6** shows, global markets have been more than generous to California's tree nut growers.

Exhibit 6

California Almond and Walnut Exports in Recent Crop Years

Sources: California Almond Board, California Walnut Board



But how is this happening? Aren't walnuts and almonds normally shipped abroad in containers that are reportedly in short supply? What about the stories of ocean carriers stiff-arming American farm exports in favor of hastily returning empty containers to be refilled with Asian manufactures? Aren't farm exports dropping precipitously?

The numbers, however, paint a different picture, and in this case the numbers are those of the federal government. Meanwhile, in tonnage terms, containerized exports of agricultural goods through the Port of Oakland in the first seven months of this year were not only ahead of last year but represented a 14.7% gain over the same period in the pre-pandemic year of 2019.

So why are so many people up in arms about the plight of farm exporters?

Beats us.

Jock O'Connell's Commentary:

When the Righteous Squabble Intramurally

Depending on where you sit (which, of course, often determines where you stand), there are few things more disheartening or amusing than when groups that normally read enthusiastically from the same page have a falling out, usually over which is the more fervent in espousing their common goals.

That's precisely what's been happening lately within the clean air division of Southern California's environmental community. As far as anyone can untangle internecine tiffs, the central issue here is apparently over whether the South Coast Air Quality Management District (SCAQMD) should focus exclusively on mandating zero-emission trucks and other goods movement conveyances and not be distracted by what are seen as environmental half-measures, namely an interim reliance on near zero-emission vehicles to meet federal air quality standards.

Zero-emission (ZE) is nearly everyone's cherished goal, but the quest for perfection again seems to thwart progress in cleansing the air of diesel pollutants. California officials are themselves conflicted on how best to attain a ZE goods movement state. Although SCAQMD rebukes a zero-emission only approach to emission reductions, the California Air Resources Board (CARB) publicly and privately opposes any strategy that would appear to give a path to near-zero technologies. Meanwhile, the state legislature, in a nod to organized labor, has blocked state resources from being tapped to deploy zero-emission automated equipment at California's ports.

What's especially entertaining about the dispute that evolved this summer is how SCAQMD has taken to defending itself against the region's air quality zealots by using many of the same arguments long made by the Pacific Merchant Shipping Association (PMSA) in contesting the efforts of SCAQMD and CARB to depict the San Pedro Bay ports as the heedless, uncaring villains of Southern California's decades-old air quality drama.

The current quarrel was precipitated by a letter to SCAQMD from some two-dozen clean-air advocacy groups, including the Sierra Club, the Union of Concerned Scientists, and the Natural Resources Defense Council, as well as such other stalwarts of the environment as the International Brotherhood of Teamsters. The letter expressed the signatories' disappointment with the pace with which the SCAQMD was pushing for the adoption of a true ZE transportation system. More specifically, the regulators were condemned for approving NZE engine technologies as interim measures to reduce noxious

Photo courtesy of the Port of Los Angeles

Commentary Continued

emissions. Actually, the letter went beyond expressing disappointment by suggesting that SCAQMD was somehow in cahoots with "oil and gas interests." Playing the customary Environmental Justice Card, the agency's critics charged that SCAQMD policies would only continue to expose the predominantly low-income, predominantly minority group residents of communities adjacent to the streets and highways serving the Ports of Los Angeles and Long Beach to debilitating if not lethal toxic emissions.

Wayne Nastri, the SCAQMD Executive Officer, was having none of this.

As he fired back at his organization's erstwhile allies: "As a public health agency charged with protecting our residents from harmful air quality, we are dismayed to find ourselves at odds with organizations that also advocate for clean air and, are further troubled that you falsely accuse us of representing oil and gas interests. Even more disturbing is that the position you espouse – investment solely in ZE technology – will necessarily delay attaining federal air quality standards, prolonging community exposure to unhealthy levels of smog, particulate matter, and toxic diesel exhaust."

He then went on to detail his agency's considerable and commendable role in advancing ZE technology through investments in research and by creating a regulatory environment that put the region "on the cusp of a future where widespread deployment of ZE technology is a reality."

But, in doing a fine impersonation of PMSA President John McLaurin, Nastri then wrote: "…we also know that reality simply isn't here yet -- at least not for heavy-duty Class 8 trucks. Manufacturers make promises, the vehicles can be ordered, but cannot be delivered and put into service on anything other than a small-scale pilot basis. And even if they were ready to be manufactured at large scale today, there are substantial challenges regarding whether the duty cycles for ZE Class 8 vehicles can meet business needs, and whether a service network is available for businesses that acquire these vehicles. In addition, the cost of ZE technologies is substantially higher than non-ZE technologies, and while eventually we expect the total cost of ownership to be lower for ZE trucks, affordability remains a significant barrier to large-scale adoption. Finally, even if all these barriers were addressed, the charging/fueling infrastructure (plugs and hydrogen dispensing stations), the electrical distribution system (neighborhood transformers, substations, etc.) and the power/fuel supply to support widespread deployment will take many years to develop."

So there. SCAQMD evidently does not believe in the same magic-thinking that seems to inform its critics. While the amount of emission reductions needed to attain federal clean air standards is daunting, Nastri wrote, "it would be irresponsible for our agency to effectively throw up our hands and not explore all options for reducing emissions now."

In one of his more caustic rebukes, Nastri claimed that the letter's authors "strongly suggest that NZE trucks threaten public health because 1) they are only "incrementally cleaner", 2) natural gas is a toxic fuel, and 3) NZE trucks produce more ultrafine particles. You further infer that NZE trucks may be more toxic than diesel trucks because of their ultrafine emissions. *Neither of these statements is supported by science and belie a zealous belief that any technology associated with natural gas is inherently polluting over a more fact-based and objective view."* [Emphasis added.]

Far from it, he went on to say: "Near-zero emission (NZE) technology has been commercially demonstrated and is available today, has sufficient fueling infrastructure that is largely funded by the private sector, and is at least 90% cleaner than new diesel trucks on NOx and 100% cleaner on cancer-causing diesel particulate matter. When fueled by renewable natural gas, these vehicles can also provide substantial greenhouse gas emission reductions. Further, these vehicles are far more cost-effective than ZE trucks, allowing limited incentive funds to stretch further. Given these benefits, it is disturbing that you advocate for investments only in technologies that are not yet ready for prime time, a position that would leave our residents no option but to continue to suffer the ill effects from diesel exhaust for years to come."

He concluded that the letter's assertion that any investment in NZE technology would be funds not spent on ZE technology involved a false dichotomy. "Today we

Commentary Continued

need both – a pathway to get emission reductions now as well as plans for a ZE future. The choice in trucks today is not between ZE and NZE trucks, but between NZE trucks and diesel."

Consider the remarkable similarities between what Nastri told his agency's critics to the points made by PMSA's McLaurin in replying to an August 16 editorial in the Los Angeles Times entitled "Port Pollution Is Choking Southern California".

In a tart response to the head of the Times editorial board, McLaurin wrote: "While the editorial might have been valid in the early 2000's, its findings with respect to current technology advancements and actual emission reductions were incorrect."

He went on to say that no one is "…dragging their feet on cutting emissions. The ports have adopted several versions of their Clean Air Action Plan (CAAP) which have addressed emissions from marine terminal equipment, ships and trucks. The current plan is seeking to have zero emission marine terminals by 2030 (not 2035 per your editorial) and zero emission trucks by 2035 – years ahead of any other industrial sectors in California. Total port related emissions over the past decades have been significantly reduced. NOx has been reduced by 60%, SOx by 98% and DPM emissions by 87%. And more reductions will occur under the CAAP, CARB regulations and incentive programs. We are not aware of any similar requirements at East Coast (or any ports in North America) and European ports."

McLaurin also informed the Times editorial board that terminal operators are already using the lowest emission equipment currently commercially available; one marine terminal is completely zero emission using battery technology and two other terminals are using a combination of battery/diesel and grid-connected technology for some of their equipment.

The idea, he wrote, that emissions have not dropped over the past decade as purported by the editorial is not supported by fact. Contrary to what a group of journalists penning a dozen or more editorials each week on a disparate menu of topics might think they know about what's been going on down on the waterfront, emissions of diesel particulate matter from marine terminal equipment at the Port of Los Angeles have actually dropped by 91% between 2005 and 2017, the most recent year data is available. Similarly, nitrous oxide (NOx) emissions from terminal equipment at the port fell by 74% between 2005 and 2019.

McLaurin went on to insist that "the cleanest heavy-duty trucks operating in North America, if not the world, operate at the ports of Los Angeles and Long Beach. No one has stricter truck emission requirements [courtesy of SCAQMD and the California Air Resources Board] than those imposed on trucks doing business at the two ports. And the trucking industry is testing both battery electric and hydrogen powered trucks – *neither of which are currently commercially proven nor available*." [Emphasis added.]

It's as if, in countering the complaints voiced by the professional environmentalists, Wayne Nastri agreed with John McLaurin on the basic points of what is realistically achievable.

Before letting you go, I have two final points to offer.

First, editorial boards are typically obliged to produce two or three editorials a day. How do they do it? How well-informed are they about the topics on which they have chosen to comment? How hasty, in other words, is their pudding? An editorial board member at a leading California newspaper (not the Times) recently told me that for him "it's like writing two or three college term papers every week". You pick topics that are of public policy interest. You do some research, maybe call one of two experts or aggrieved parties. Then you craft what purports to be the paper's position. And, since you're in the news business, you've got to finish before what you're writing about is no longer news.

It's also worth remembering that not every college term paper gets an A+.

My other final point involves the imperative of occasionally getting out of the office or away from a computer screen and refreshing one's perspective. The emotional component of the clean-air lobby's push for ZE transportation systems routinely summons up the deplorable condition of the low-income, heavily minority neighborhoods clustered along the highways serving the

Commentary Continued

state's ports. It is a compelling argument of how the least affluent seem to be bearing a disproportionate share of the environmental burden of an efficient goods movement system because these are among the few California neighborhoods in which they can afford to live.

But I am wondering how many environmental activists who have been so agile in turning over the Environmental Justice Card have been noticing the growing number of apartment buildings springing up literally within feet of busy freeways around the state. Take, for example, the cluster of modern buildings on San Francisco's Rincon Hill, a neighborhood adjacent to where the Bay Bridge lands in the city of San Francisco. These private housing developments, often high-rise and invariably high-end, occupy some of the choicest urban real estate available. As much as architects and engineers can dampen the vibrations of freeway traffic just yards away and muffle the sounds of engines and tires on concrete, the Bay Area Air Quality Management District tells us that the air on Rincon Hill contains some of the highest levels of harmful vehicle emissions in town. The people who opt to live here are doubtless among the most highly educated and scientifically savvy Californians. They surely know all of this before moving in. After all, the Bay Bridge and its freeway ramps have been there for nearly ninety years and are not easily overlooked. Neither is the traffic congesting them. Yet, that all these folks still opted to live in such an environment certainly adds a novel twist to the concept of environmental justice.

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

Why the Port of Seattle Commission Election is Important

By Jordan Royer, PMSA Vice President, External Affairs

If those of us in the logistics and port industry were hoping to avoid participating in the political fight within the Democratic Party, well, better luck next time. What once were sleepy port commission elections in the Pacific Northwest are now proxy wars for who controls the Democratic Party – Moderate Democrats or Far Left Progressives. And while the energy is so far focused on the Port of Seattle, the Port of Tacoma may not be far behind.

And perhaps most worrisome is the impact a new Seattle Commission could have on the sustainability of the Northwest Seaport Alliance – a partnership between the two ports.

For now, if one wants proof of the difference between port commission races in Seattle and Tacoma, just follow the money. Both commissions have three seats up for grabs. The total campaign cash raised in Seattle is $607,000, while the total in Tacoma is only $22,000. In fact, it's hard to find much evidence of campaign activity in Tacoma at all, with incumbents likely to win in November.

The Port of Seattle Commission races have, for the first time, attracted the attention of Congress. Congresswoman Pramila Jayapal, the leader of the Progressive Caucus in Congress, has taken a personal interest in two races in Seattle – those currently held by Stephanie Bowman and Peter Steinbrueck. Bowman's challenger is former Jayapal staffer Hamdi Mohamed. Steinbrueck's challenger is Toshiko Grace Hasegawa, daughter of State Senator and Progressive, Bob Hasegawa. And Bernie Sanders has endorsed both challengers as well as Seattle Mayoral candidate Lorena Gonzalez, running as a Progressive against the Moderate Democrat, Bruce Harrell. It is hard to believe that Senator Sanders would make these endorsements without the encouragement of Jayapal. It is also hard to believe he would even know port commissioners are elected in Washington State.

The unusual nationalizing of these races has assisted the challengers in raising campaign cash as well as bringing in endorsements that would normally go to well-known elected leaders like Bowman and Steinbrueck.

Port of Seattle Commission Election Continued

Besides the unusual national interest in these races, there is also a problem we have seen before: candidates talking about a desire for the port to do more on issues that they have no jurisdiction over or responsibility for. Whether it is building affordable housing, high-speed rail, or other social issues, there is always a desire for elected commissioners to be part of the story on the on the front page of the newspaper. Commissioners may also see involvement in these issues as the only way to create opportunities for the next elective office.

But the Seattle Port Commission has rarely been a launching pad for successful political careers. A former commissioner, Pat Davis, may have said it best: "the job has not been a springboard but a gang plank." In recent memory, there have been two commissioners who have gone on to elective office: Paul Schell, who became Mayor of Seattle, and Gael Tarleton, who became an influential State Representative. But Schell ran for Mayor unsuccessfully in 1977, became a fixture in city government and then became a commissioner before becoming Mayor in 1998.

There is really one major reason this dynamic is in place: Commissioners must sometimes make decisions that are best for the port and the region but terrible for them politically. And predictably, they become angry at staff for bringing these decisions to them. But at the core, the ports build infrastructure, lease it out, and create good family wage jobs. Many of these companies that create the jobs are connected internationally with all number of businesses and countries. There is always something for activists to complain about.

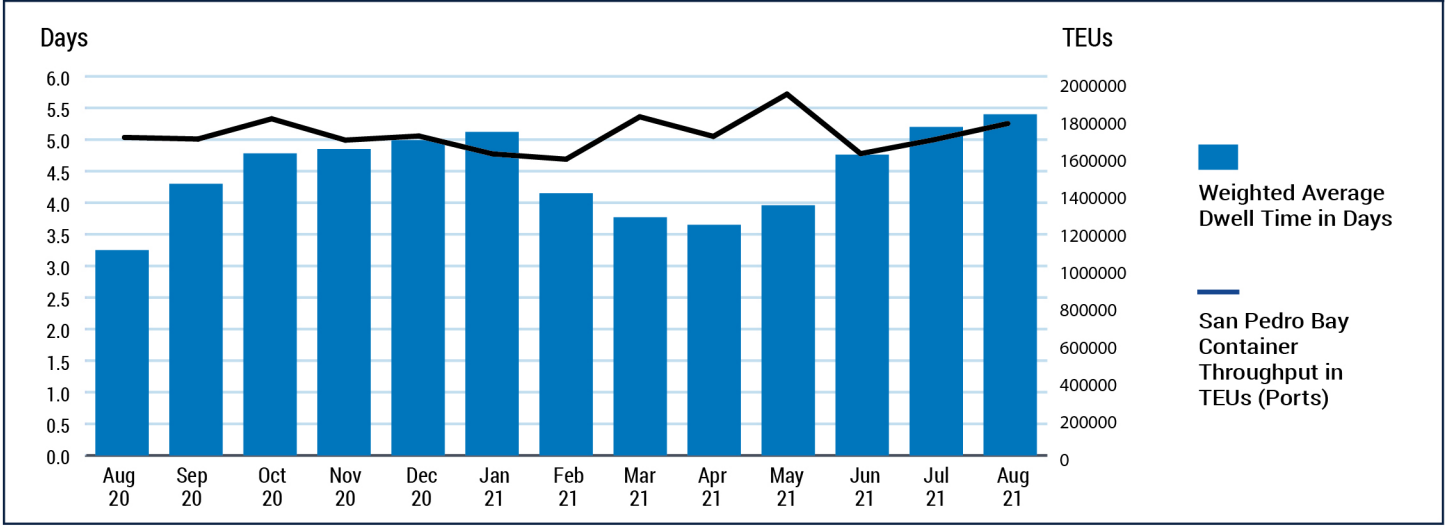
And coming from an activist background and becoming a Port Commissioner can be a painful experience when you have to take positions your friends don't like. And when you layer the ideological battle for the Democratic Party and nationalized port races onto that conundrum, how can dysfunction and disappointment not follow?

Most observers believe the partnership between the Ports of Tacoma and Seattle in the Northwest Seaport Alliance is a good thing. It is hard to know how this year's port commission elections will turn out and even harder to know the impact on that alliance. But it is something that should warrant careful consideration by everyone in the maritime and port logistics industry.

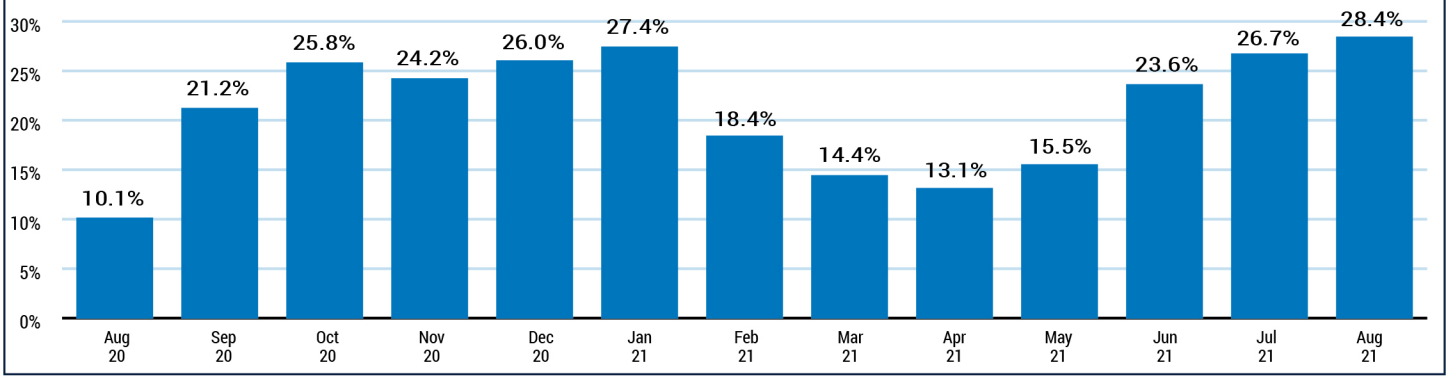
Interested in membership in PMSA?
Contact Laura Germany for details at: lgermany@pmsaship.com or 510-987-5000.

Import Dwell Time Is Up For August; Rail Dwell Time Is Down

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



Dwell Time in Days % > 5 Days



Rail Dwell Time in Days