



Parsing the June 2019 TEU Numbers

Please note: The numbers here are not derived from forecasting algorithms or incomplete information available from U.S. Customs and Border Protection but instead represent the actual TEU counts as reported by the major North American seaports we survey each month. The U.S. mainland ports we monitor collectively handle over 90% of the container movements at continental U.S. ports. Unless otherwise stated, the numbers in this portion of our analysis do not include empty containers.

Import Traffic

It's still difficult not to utter a discouraging word about the ports of San Pedro Bay. After posting a 6.3% year-over-year drop in inbound loads in May, the Ports of Los Angeles and Long Beach saw a 5.1% decline in June (before rallying, as well shall see, to a 0.5% uptick in July).

But, focusing just on the month of June, the Port of Los Angeles registered a 3.5% (+13,343 TEUs) gain in inbound traffic over the same month last year. Alas, next door at the Port of Long Beach, inbound loads plummeted by 13.7% (-52,478 TEUs). To be fair and accurate, the port's plummet came from an unparalleled high. June 2018 was Long Beach's busiest month ever both for loaded imports and total TEUs handled. Still, collectively, the two Southern California gateways sustained a 5.1% (-39,135 TEUs) drop in the number of inbound loads. Up the coast, Oakland reported

Exhibit 1

June 2019 - Inbound Loaded TEUs at Selected Ports

	Jun 2019	Jun 2018	% Change	Jun 2019 YTD	Jun 2018 YTD	% Change
Los Angeles	396,307	382,964	3.5%	2,260,267	2,220,041	1.8%
Long Beach	331,617	384,095	-13.7%	1,813,810	1,992,254	-9.0%
San Pedro Bay Totals	727,924	767,059	-5.1%	4,074,077	4,212,295	-3.3%
Oakland	80,895	87,207	-7.2%	474,145	460,144	3.0%
NWSA	122,645	130,605	-6.1%	692,317	665,688	4.0%
USWC Totals	931,464	984,871	-5.4%	5,240,539	5,338,127	-1.8%
Boston	13,874	12,695	9.3%	73,198	68,058	7.6%
NYNJ	301,708	310,481	-2.8%	1,846,062	1,757,568	5.0%
Maryland	38,839	42,889	-9.4%	261,021	251,021	4.0%
Virginia	112,664	105,955	6.3%	673,676	629,795	7.0%
South Carolina	86,076	85,416	0.8%	520,409	486,017	7.1%
Georgia	168,799	175,617	-3.9%	1,075,362	981,483	9.6%
Jaxport	33,461	27,372	22.2%	178,802	152,355	17.4%
Port Everglades	22,463	30,008	-25.1%	163,988	187,595	-12.6%
Miami	34,226	34,830	-1.7%	215,101	205,740	4.5%
USEC Totals	812,110	825,263	-1.6%	5,007,619	4,719,632	106.1%
New Orleans	11,673	10,571	10.4%	68,133	61,087	11.5%
Houston	105,159	97,727	7.6%	604,787	555,609	8.9%
USGC Totals	116,832	108,298	7.9%	672,920	616,696	9.1%
Vancouver	137,493	142,202	-3.3%	843,765	833,997	1.2%
Prince Rupert	57,754	51,617	11.0%	299,379	274,592	9.0%
BC Totals	195,247	193,819	0.7%	1,143,144	1,108,589	3.1%
US/BC Totals	2,055,653	2,112,251	-2.7%	12,064,222	11,783,044	2.4%
US Total	1,860,406	1,918,432	-3.0%	10,921,078	10,674,455	2.3%
USWC/BC	1,126,711	1,178,690	-4.4%	6,383,683	6,446,716	-1.0%

Source Individual Ports



Parsing the June 2019 Loaded TEU Numbers Continued

Exhibit 2

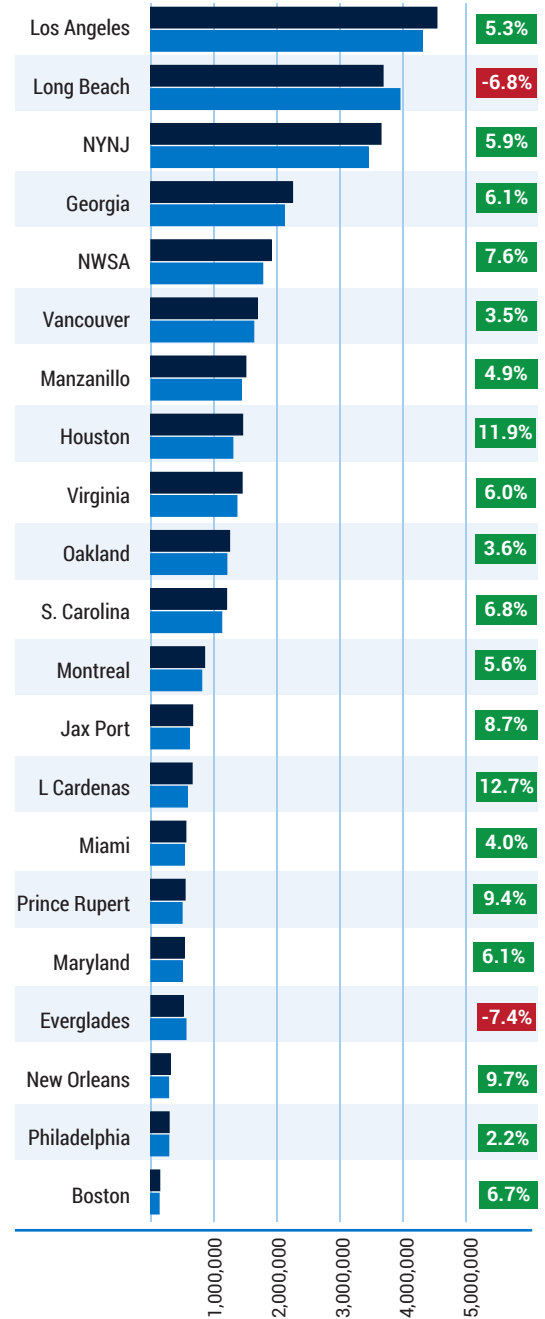
June 2019 - Outbound Loaded TEUs at Selected Ports

	Jun 2019	Jun 2018	% Change	Jun 2019 YTD	Jun 2018 YTD	% Change
Los Angeles	139,318	147,563	-5.6%	908,610	952,281	-4.6%
Long Beach	133,833	135,168	-1.0%	732,225	813,217	-10.0%
San Pedro Bay Totals	273,151	282,731	-3.4%	1,640,835	1,765,498	-7.1%
Oakland	74,901	71,894	4.2%	463,651	452,677	2.4%
NWSA	76,559	85,088	-10.0%	453,730	476,865	-4.9%
USWC Totals	424,611	439,713	-3.4%	2,558,216	2,695,040	-5.1%
Boston	7,366	7,127	3.4%	40,199	41,246	-2.5%
NYNJ	122,663	129,505	-5.3%	741,518	756,389	-2.0%
Maryland	20,127	19,133	5.2%	115,293	118,805	-3.0%
Virginia	76,535	80,596	-5.0%	493,850	509,050	-3.0%
South Carolina	66,496	68,060	-2.3%	414,730	425,207	-2.5%
Georgia	119,295	124,822	-4.4%	760,632	763,482	-0.4%
Jaxport	38,424	37,855	1.5%	248,279	242,719	2.3%
Port Everglades	34,705	38,259	-9.3%	210,271	227,915	-7.7%
Miami	32,401	32,876	-1.4%	206,901	199,559	3.7%
USEC Totals	518,012	538,233	-3.8%	3,231,673	3,284,372	-1.6%
New Orleans	25,898	27,527	-5.9%	148,728	144,119	3.2%
Houston	106,429	92,323	15.3%	622,492	541,010	15.1%
USGC Totals	132,327	119,850	10.4%	771,220	685,129	12.6%
Vancouver	101,715	99,577	2.1%	582,067	553,089	5.2%
Prince Rupert	15,254	19,669	-22.4%	101,647	106,924	-4.9%
British Columbia Totals	116,969	119,246	-1.9%	683,714	660,013	3.6%
US/Canada Total	1,191,919	1,217,042	-2.1%	7,244,823	7,324,554	-1.1%
US Total	1,074,950	1,097,796	-2.1%	6,561,109	6,664,541	-1.6%
USWC/BC	541,580	558,959	-3.1%	3,241,930	3,355,053	-3.4%

Source: Individual Ports

Exhibit 3

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



■ 2019 YTD
■ 2018 YTD

Source: Individual Ports



Parsing the June 2019 Loaded TEU Numbers *Continued*

a 7.2% (-6,312 TEUs) fall-off in inbound traffic, while the Northwest Seaport Alliance Ports of Tacoma and Seattle posted a 6.1% decline (-7,960 TEUs). Altogether, the five major USWC container ports handled 53,407 fewer loaded inbound TEUs (-5.4%) than they had in June 2018.

Once again, the USWC numbers compare poorly with the inbound container traffic June brought to other coasts. The nine U.S. East Coast ports PMSA regularly monitors posted a combined 1.6% decline (-13,153 TEUs) from June 2018, although Jaxport, Virginia, Charleston, and Boston did eke out gains. (The latter gateway has presumably stopped billing itself as the Official Seaport of the [lamentable] Boston Red Sox.)

On the Gulf Coast, Houston logged an increase of 7.6% (+7,432 TEUs) in inbound loads, while import traffic at New Orleans rose by 10.4% (+1,102 TEUs).

The two British Columbia ports we track had mixed results in June. At Vancouver, inbound loads were down by 3.3% (-4,709 TEUs), while Prince Rupert posted an 11.0% (+6,137 TEUs) gain from a year earlier. Combined, the two ports were up 0.7% (+1,428 TEUs).

Focusing now just on the sixteen mainland U.S. ports we track, import loads in June totaled 1,860,406 TEUs, a decline of 3.0% (-58,026 TEUs) from the same month in 2018. The Big Five USWC ports accounted for 931,464 TEUs for a 50.1% share, down from their 51.3% share in June of last year.

Now looking at the containerized import traffic through the five U.S. and two Canadian ports on the Pacific Coast, inbound loads in June were down 4.4% (-51,979 TEUs) from a year earlier. The five USWC ports accounted for 82.7% of the inbound loaded TEUs along the Pacific Coast, down from their 83.6% share last June.

Export Traffic

As expected, export container traffic was down across much of North America in June. Of the major USWC ports, only Oakland (+4.2% or +3,007 TEUs) shipped more loaded containers abroad than in June of 2018. At the two San Pedro Bay ports, 9,580 fewer loaded TEUs (-3.4%) sailed abroad. Altogether, the five USWC ports sent 15,102

(-3.4%) fewer loaded TEUs out to overseas markets than a year earlier.

Among the USEC ports we track, only Jaxport (+1.5% or +569 TEUs), Maryland (+5.2% or +994 TEUs) and Boston (+3.4% or +239 TEUs) posted year-over-year export gains. Elsewhere along the Atlantic Seaboard, outbound container traffic was uniformly down. Altogether, the nine USEC ports we track saw outbound loaded numbers slide by 3.8% (-20,221 TEUs) from last June. So, despite the USWC ports' greater vulnerability to disturbances in the U.S.-China trade, East Coast ports fared measurably worse, export-wise.

Along the Gulf Coast, Houston's outbound box trade soared by 15.3% (+14,106 TEUs), but New Orleans faltered by 5.9% (-1,629 TEUs), leaving the Gulf Coast with a combined gain of 10.4% or +14,106 TEUs over last June.

The two British Columbia ports went wholly different directions in June. At Prince Rupert, outbound loads plunged by 22.4% (-4,415 TEUs), while Vancouver recorded a 2.1% (+2,138 TEUs) gain.

Looking solely at the sixteen U.S. mainland ports that we monitor, June's container export trade slipped 2.1% (-22,846 TEUs) from a year earlier. The Big Five USWC ports in June accounted for a 39.5% share of all loaded outbound TEUs shipped out of U.S. mainland ports, down from a 40.1% share a year earlier.

Focusing now on outbound loads from the seven major container ports on the Pacific Coast in the U.S. and Canada, export traffic declined by 3.1% (-17,379 TEUs) from last June. The USWC share of the Pacific Coast container export trade in June amounted to 78.4%, off slightly from 78.7% a year ago.

Weights and Values. Nearly all discussions of container trade are denominated in TEUs. Here, though, we present two alternative metrics – the declared weight and value of the goods contained in those TEUs – in hopes of further illuminating recent trends in the container trade along the USWC.

Exhibit 4: USWC Ports and the Worldwide Container Trade. Exhibit 4 attests to the steady decline in the volume of containerized imports at USWC ports. The



Parsing the June 2019 Loaded TEU Numbers *Continued*

Exhibit 4 USWC Port Regions' Shares of U.S. Mainland Ports Worldwide Container Trade, June 2019

	Jun 2019	May 2019	Jun 2018
Shares of U.S. Mainland Ports Worldwide Containerized Import Tonnage			
LA/LB	27.3%	27.6%	29.7%
Oakland	4.1%	4.0%	4.1%
NWSA	5.2%	5.6%	5.8%
Shares of U.S. Mainland Ports Worldwide Containerized Import Value			
LA/LB	35.1%	34.8%	37.1%
Oakland	3.8%	3.5%	3.6%
NWSA	6.9%	6.7%	7.0%
Shares of U.S. Mainland Worldwide Containerized Export Tonnage			
LA/LB	21.5%	21.7%	24.3%
Oakland	6.0%	6.2%	5.6%
NWSA	7.9%	7.8%	8.5%
Shares of U.S. Mainland Worldwide Containerized Export Value			
LA/LB	20.7%	20.6%	22.5%
Oakland	6.0%	6.1%	5.8%
NWSA	4.5%	4.2%	4.5%

Source: U.S. Commerce Department.

Exhibit 5 USWC Port Regions' Shares of U.S. Mainland-East Asia Container Trade, June 2019

	Jun 2019	May 2019	Jun 2018
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	44.2%	44.5%	43.9%
Oakland	4.8%	4.6%	4.4%
NWSA	7.7%	7.9%	8.2%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	51.8%	51.7%	52.5%
Oakland	4.5%	4.0%	4.0%
NWSA	9.8%	9.6%	9.8%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	36.3%	35.9%	39.2%
Oakland	9.3%	9.3%	7.8%
NWSA	12.8%	12.6%	13.2%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	41.1%	43.1%	45.5%
Oakland	11.0%	11.4%	9.9%
NWSA	8.6%	8.7%	8.4%

Source: U.S. Commerce Department.

two San Pedro Bay port saw their combined share of containerized import tonnage in June slip to 27.3% from 29.7% a year earlier. Similarly, the two experienced a parallel drop in the declared value of containerized imports to 35.1% from 37.1% last June. Oakland fared better, holding its tonnage share and growing its value share. The NWSA ports did neither.

Similarly with respect to exports, the Southern California ports continued to lose market share, whether measured in tonnage or dollar value. Oakland's shares in both categories improved, but the NWSA ports had mixed results.

Exhibit 5: USWC Ports and the East Asia Trade. Now focusing on the June figures on containerized imports arriving at U.S. mainland ports from East Asia, we see

that the Ports of Los Angeles and Long Beach saw their combined share of import tonnage edge up to 44.2% from 43.9% as anxieties over tariffs on Chinese goods led to an import surge at the California ports but apparently not at the NWSA ports. Interestingly, the haste to get a wide variety of Chinese products past the Customs House gave rise to an actual increase in the San Pedro Bay ports' share of import tonnage but a decline in their share of the value of those imports. Historically, shippers have preferred to move their more expensive merchandise through West Coast ports – especially those in the Southern California. Elsewhere along the coast, Oakland fared better than the NWSA ports.

On the export side, San Pedro Bay's share of containerized exports to East Asia declined sharply in both tonnage



Parsing the June 2019 Loaded TEU Numbers [Continued](#)

and value terms. Oakland's numbers improved, but NWSA shares were down in tonnage but up in value.

First Glimpse at July's Numbers

Expectations of an early peak importing season failed to materialize in July at Southern California's maritime gateway. While the Port of Los Angeles posted a respectable 8.7% increase over July of last year, that gain was almost entirely erased by a 9.1% drop at the Port of Long Beach. With the Port of Oakland reporting a 7.5% bump in inbound loads, the California ports collectively were up by 1.2% (+10,184 TEUs) from a year earlier. Elsewhere, however, the numbers from the more quick-to-report ports were more buoyant. Virginia posted a 4.3% bump, and Savannah was up 8.5%.

Who's #2?

It's now the Port of Long Beach again. The reign of the Port of New York/New Jersey as America's second busiest container port was brief.

So here's the latest tally. At the halfway point in CY2019, Long Beach reported handling 3,685,635 total TEUs (loaded + empty). PNYNJ, by comparison, reported a June YTD count of 3,658,410 TEUs or just 22,225 fewer TEUs than its Southern California rival.

It will be interesting to see whether the rankings get reshuffled again when both ports release their July TEU tallies. We already know that Long Beach had yet another off month in July as total container traffic through the port fell 9.7% (-66,677 TEUs) from July 2018. Through the first seven months of the year, Long Beach has handled 4,307,415 TEUs.

History suggests we should soon see things turn around at Long Beach, which has seen generally negative container import growth rates over the past several months. For example, in the first seven months of CY2019, inbound loads at Long Beach have been down 9.1% from the same period a year earlier, while they have been up 3.0% at LA. So it's worth pointing out that, over the first seven months of CY2018, inbound loaded TEU traffic at Long Beach was up 9.5% but down 0.2% at LA. The quasi-incestuous links between some shipping lines and certain terminal operators and the minimum guaranteed volume clauses in the leases that terminal operators have with the ports play major roles in determining where containers go within the two-port complex.

Jock O'Connell's Commentary: Taking Stock at Halftime 2019

Now that we've gathered up all the first-half trade figures, how are the five major U.S. West Coast container ports faring?

The good news is that we are definitely not ready for the "dearly beloved, we are gathered here today" services. But the numbers are frankly discouraging. Yes, the raw numbers are mostly up. Through June, the big USWC container ports did handle 141,105 more TEUs than they had last year at this juncture. Yet that was a gain of just 1.3%, downright meager when compared with other major ports. The Port of New York/New Jersey, for example, recorded a 5.9% first-half increase (+202,372 TEUs), while total container traffic at Houston jumped 11.9% (+155,249

TEUs) and by 6.1% (+128,664 TEUs) at Savannah. Only two ports in the nation sustained year-over-year declines in the number of total TEUs handled during the first-half, Port Everglades (-7.3% or -41,992 TEUs) and the Port of Long Beach (-6.8% or -267,296 TEUs). Leaving Long Beach aside, the other four major USWC ports actually moved 408,275 more TEUs this year than last, a respectable increase of 5.6%.

The Left Coast picture dims, however, when we count only those containers actually containing goods. Inbound loads were down 1.8% (-97,588 TEUs) at all five USWC ports, while outbound loads were off by 5.1% (-136,824 TEUs) from last year's first six months.



Commentary Continued

Thank Neptune for a robust trade in empty boxes making their way back to Asia. At the Port of LA, empties in the first-half of this year jumped by 21.4% from a year earlier. Up at the NWSA ports, empties surged by 34.6% in the first-half, while Oakland's empty TEU tally rose by 6.2% over last year. At Long Beach, though, empty TEUs were down 0.7%.

Along the USWC, any hopes for higher growth rates were dashed by deeply negative numbers at Long Beach. While 229,504 more loaded and empty TEUs (+5.3%) passed over the docks at the Port of Los Angeles, next door at the Port of Long Beach things were far from copacetic as total container moves fell by 6.8% (-267,296 TEUs). That left the two San Pedro Bay ports, by far America's principal maritime gateway, in the position of handling 37,792 fewer TEUs than they had a year earlier.

Similarly, where Los Angeles eked out a 1.8% (+40,226 TEUs) gain in loaded inbound containers through the first-half, Long Beach sustained a 9.0% drop (-178,444 TEUs). So, while Oakland (+3.0% or +14,001 TEUs) and the NWSA ports (+4.0% or +26,629 TEUs) reported relatively healthy import numbers, Long Beach's import massive deficit meant that the number of loaded TEUs passing through USWC ports was down 97,588 from last year, a decline of 1.8%.

Outbound loads from the USWC ports were down except at Oakland, which saw a 2.4% (+10,974 TEUs) increase in its containerized export trade. Elsewhere, the numbers strongly reflected a trading environment hampered by a serious trade conflict with China, a strong dollar, and slowing economic growth abroad. Outbound loads from Los Angeles were down 4.6% (-43,671 TEUs) in the first-half, while Long Beach handled 80,992 fewer outbound loads, a 10.0% drop. The Seattle-Tacoma alliance shipped 23,135 fewer loaded TEUs, a 4.9% fall-off from last year. Altogether, 136,824 fewer loaded TEUs sailed from the USWC ports in this year's first-half, a 5.1% decline.

The long-term slough. How do these latest figures relate to the long-term slide of the U.S. West Coast ports' shares of the nation's containerized import trade? Looking back over the past decade and a half, the actual numbers of imported loaded TEUs have risen substantially at all five

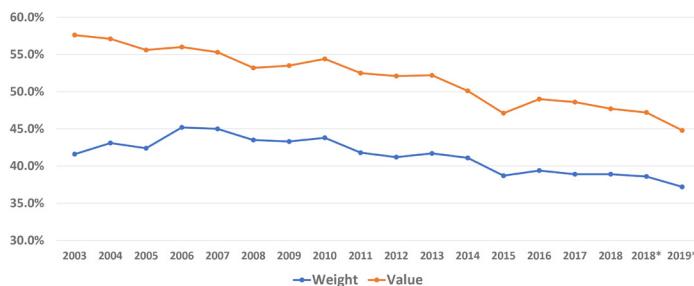
ports. Between 2003 and 2018, inbound loaded container tallies have risen 73.1% at Long Beach, 33.7% at Los Angeles, 86.9% at Oakland, and 34.5% at the NWSA ports. Nonetheless, various developments have driven market share numbers steadily (well, almost steadily) lower. That's apparent from the following graphs.

Exhibits 6-9 portray the USWC ports' shares of the declared tonnage and value of containerized imports from all nations that passed through mainland U.S. ports between 2003 and the first six months of this year. The following Exhibits 10-13 focus on containerized imports from East Asia and more clearly depict the USWC's diminishing share of the eastbound transpacific container trade. Each set begins with an overview of all five USWC ports followed by individual exhibits graphing what's been happening at LA/LB, NWSA, and Oakland. (Note that the years denoted with asterisks cover the first-halves of the respective years.)

I offer these graphs without further commentary, preferring instead to let the trend lines do all the grimacing.

Exhibit 6 USWC Ports' Share of All U.S. Containerized Imports

Source: U.S. Commerce Department



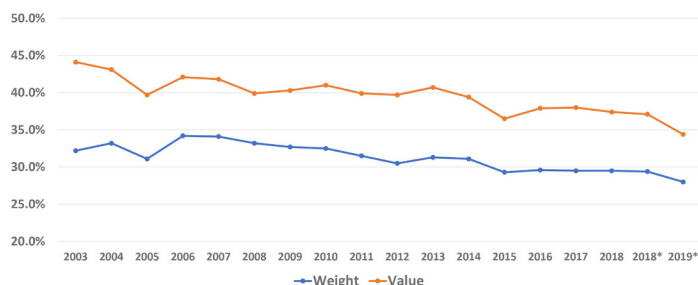


Commentary Continued

Here is the graph representing the collective erosion of market share at the Ports of Los Angeles and Long Beach.

Exhibit 7 San Pedro Bay Ports' Share of All Containerized Imports

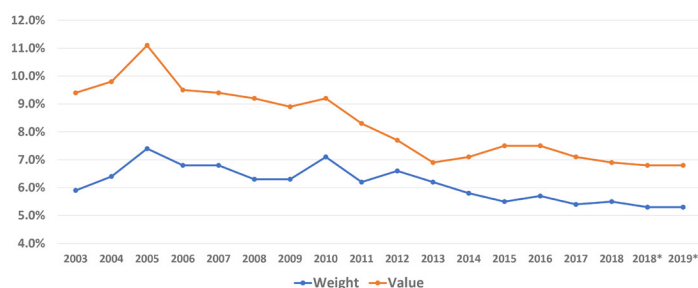
Source: U.S. Commerce Department



At the Northwest Seaport Alliance, the declines in market share were more pronounced earlier in the century but have moderated somewhat in recent years. Still, the trend is not one anyone would describe as a growth trajectory.

Exhibit 8 NWSA Ports' Share of All U.S. Containerized Imports

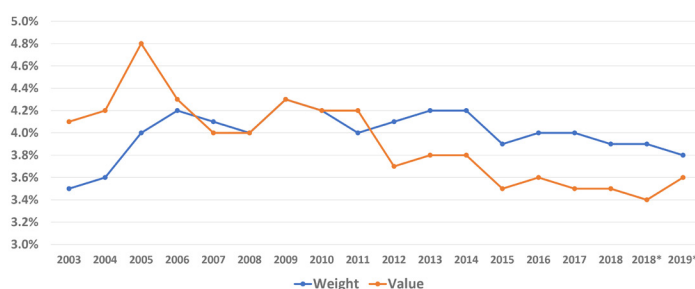
Source: U.S. Commerce Department



Then there is the Port of Oakland, which has fared best among the major USWC ports in maintaining its share of the nation's import trade.

Exhibit 9 Port of Oakland's Share of All U.S. Containerized Imports

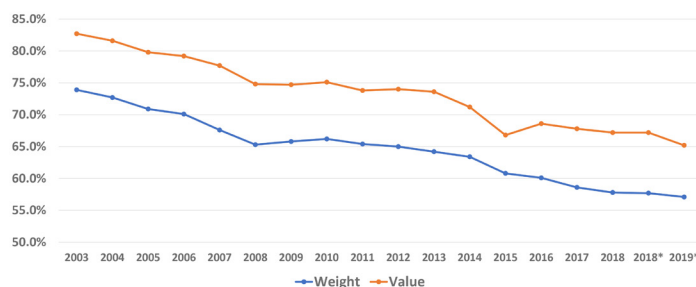
Source: U.S. Commerce Department



The competition for the eastbound transpacific container trade has not favored USWC ports. Here we examine how the ports have fared in term of the tonnage and value of containerized shipments from East Asian into U.S. mainland ports.

Exhibit 10 USWC Ports' Share of Containerized Asian Imports

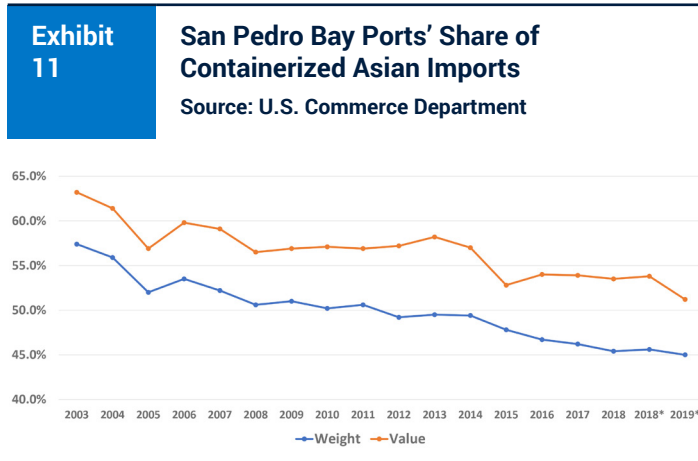
Source: U.S. Commerce Department



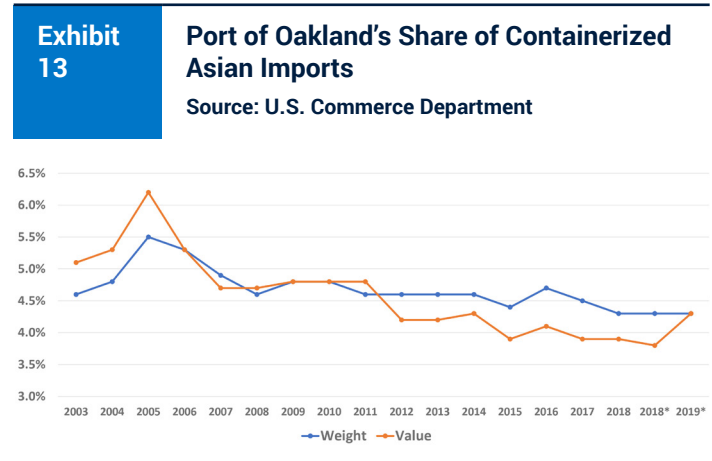


Commentary Continued

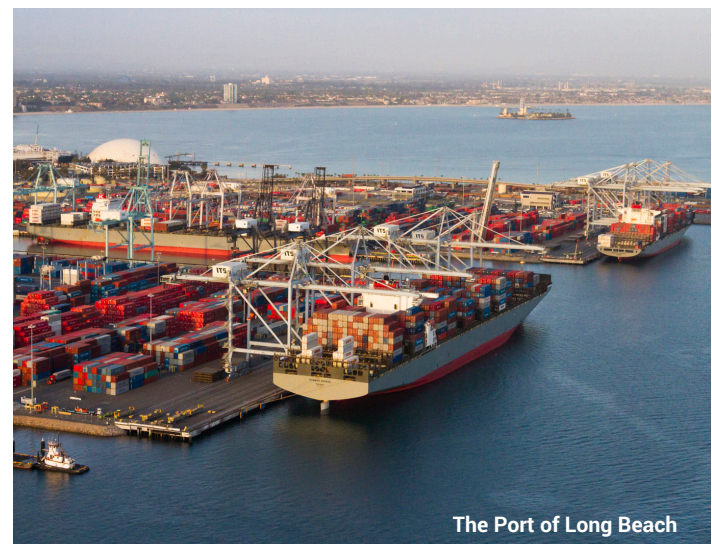
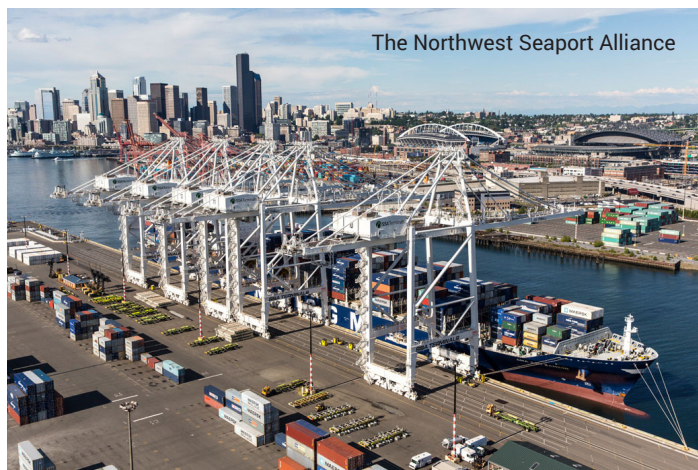
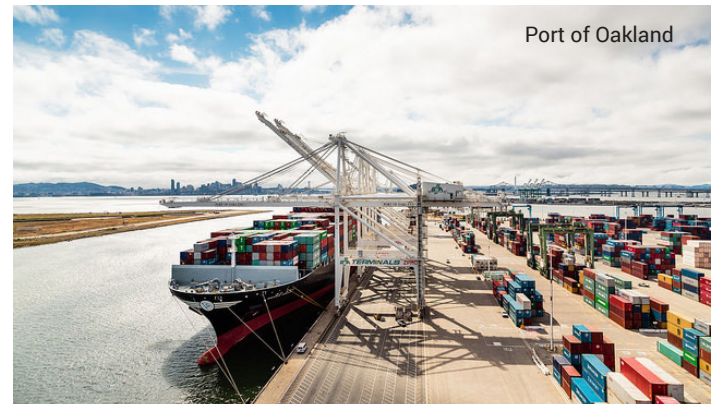
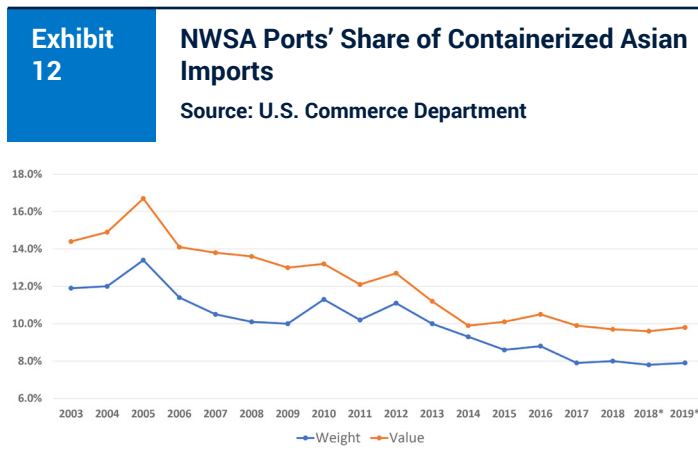
Here is the corresponding San Pedro Bay graph.



And finally Oakland's trend lines.



Now the NWSA ports.





On The Road To Perdition?

By Thomas Jelenić
Vice President, Pacific Merchant Shipping Association

The Ports of Long Beach and Los Angeles are both over 100 years old. Over that time, they have provided economic benefits to the local community, the local region, and the nation. On the very local level, these ports have shaped the community. For my part, I'm a lifelong San Pedro resident. My family immigrated to the U.S. to work as fishermen, shipbuilders, and longshoremen. While it's easy to see the importance of the ports to the local communities, their impact regionally is even more impressive.

Let's start with jobs. Throughout this article, I will be referring to the Port of Long Beach's Economic Impact Study. Its results are only for the estimated impact of the Port of Long Beach; the Port of Los Angeles adds greatly to the twin ports' economic impact. In the five-county region, the Port of Long Beach supports almost 600,000 direct, indirect and induced jobs, providing nearly \$31 billion in income, and generating nearly \$90 billion in economic output. In addition to the economic output, port-related activities also generate tax revenues for local communities. In the five-county region, port activity generates \$6 billion in state and local taxes. And another \$5.9 billion in federal taxes.

If you expand your view out to the entire nation, that jobs figure grows to 2.6 million jobs generating \$127 billion in income, \$374 billion in economic output, \$23 billion in state and local taxes, plus \$24 billion in federal taxes. The value created by the Port of Los Angeles would add to those numbers.

One of the things that the port's most recent economic analysis brings into sharp focus is the importance of the ports to local exporters. These two ports overwhelmingly serve California and more specifically, Southern California.

At the top of the list is aircraft and parts, followed by machinery, vehicles and parts, plastic products, followed by fabrics (think designer clothing). Southern California supports nearly 2 billion square feet in industrial space that employs people from logistics, warehousing, and

manufacturing. Despite that, it is easy to forget that Southern California has the largest concentration of manufacturers in the nation.

Preserving that economic impact should be a top priority for policymakers today. However, the headwinds that our local ports are facing seem to be ignored by every level of government from cities to the State. A decade of declining market share has done some damage and has, unfortunately, not set off alarm bells. San Pedro Bay is home to the largest port and sometimes second largest port in the nation. The Port of Long Beach is in a fight for bragging rights with the Port Authority of New York/New Jersey (PANYNJ) for the number two spot. The last time PANYNJ held the number two spot was 27 years ago.

If this was just about bragging rights, no one should care. But there are more important metrics. Cargo moving through these ports brings jobs, economic activity and tax revenue throughout our entire region. Lost market share represents lost jobs, lost tax revenue, and lost economic activity.

The headwinds are stiff. There is increasing uncertainty and increasing regulatory costs. For example, in their updated Clean Air Action Plan, our local port authorities have set ambitious, faith-based goals to deploy zero emission equipment across the port complex by 2030 for cargo-handling equipment and by 2035 for on-road trucks. There is only one problem: the type of equipment they envision does not currently exist. That makes planning and investment nearly impossible. How can terminals invest in new infrastructure and equipment if they don't know if they will be able to keep that equipment?

The emission reduction efforts at our ports has been an incredible success involving a combination of regulations, voluntary programs and a willingness to experiment with new technology. It hasn't been easy, nor has it been cheap. Current programs have reduced diesel particulate matter from trucks and cargo-handling equipment by 96%. The updated CAAP is seeking to reduce the final 4% of



On The Road To Perdition? Continued

port-related emissions. For these final 4% of port-related emissions, the CAAP estimates a total cost of about \$12 billion. And that is based on a number of optimistic assumptions.

More challenging is the fact that State of California has taken these aspirational goals and has laid out a regulatory roadmap to implement them. The fact that the technology does not exist and the environmental benefit is de-minimis seems to be irrelevant. So does the potential harm to one of the State's most important economic engines.

There are now also fights brewing in local city halls, county offices, and State legislature over what sort of equipment should be allowed. There is growing concern about the impact of automation on middle-class jobs. Reasonably so. Generally, sectors throughout California have not offered any sort of safety net to the risk of automation. However, that is not the case on the waterfront.

A decade ago, waterfront employers and the union reached a deal to allow the automation of terminals. As part of that deal, the union was given guaranteed income for life, guaranteed pensions, and a supplement to the pension contribution, which over the last ten years, have totaled \$800 million in payments, in exchange for the right to automate and the guarantee not to interfere with the right to automate.

If every industry facing automation took this approach, we would all be in a much better place. Yet, despite the protections that have been given, it looks like policymakers want to have a fight over automation. And they are prepared to do so in a way that will undermine the credibility of our ports as a reliable supply chain partner. Having laid the groundwork to protect workers from the impact of automation, you would think that policymakers would hold up the waterfront as the ideal and use that to demonstrate California's long-term reliability.

This lack of leadership and policy uncertainty leave San Pedro Bay in a difficult place to compete. Decades of thoughtful planning have left these two ports with the best infrastructure in the nation. The ports could be well placed to compete nationally for cargo entering the U.S. and the hundreds of thousands of jobs that are generated locally. The question is will we have policies that continue to support both jobs in the port and the hundreds of thousands of jobs in our communities.

Interested in membership in PMSA?

Contact Laura Germany for details at: lgermany@pmsaship.com or 510-987-5000.

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July Dwell Time Numbers Are Up

