STATE OF WASHINGTON

BOARD OF PILOTAGE COMMISSIONERS

BPC Mission: to ensure against the loss of lives, loss of or damage to property and vessels, and to protect the marine environment by maintaining efficient and competent pilotage service on our State's inland waters.

THE BPC PILOTAGE QUARTERLY

Summer 2021

Announcements

2021 Marine Pilot Exam Results

The 2021 Washington State Marine Pilot Exam process is complete, and the Board has approved the ranked list of successful pilot trainee candidates.

Congratulations Captains!

RANK	Candidate Name	Grays Harbor	Puget Sound
1	Stephen Scott	X	X
2	Mitchell Hetterle	X	X
3	Name Withheld by Request	X	X
4	Michael Mancini		X
5	George Fleischfresser	X	X
6	Billie Sturgell		X
7	Ryan Leo	X	X
8	Joel Michelson		X
9	Colby Grobschmit	X	X
10	Harlow Wood		X
11	Nicholas Sabbath	X	X

Many thanks to all who assisted with the exam process.

Washington Maritime Blue

The BPC is proud to now be a member of Washington Maritime Blue and support expanding Washington's blue economy. Find out about Maritime Blue at https://maritimeblue.org/.

Diversity, Equity, and Inclusion

The Washington State Legislature has created the state's first Office of Equity. The mission of the office is to promote access to equitable opportunities and resources that reduce disparities and improve outcomes statewide across state government.

Governor Inslee appointed, as the Director of the Office of Equity, Dr. Karen A. Johnson ("Dr. J").
Dr. J brings her wealth of knowledge and previous experience leading state and local government towards more equitable outcomes to the Office of Equity. Read more about Dr. J here.

One of the primary goals of the Office of Equity is to develop a five-year equity strategic plan for the state with input from individual state agencies and their stakeholders. Towards that goal, Dr. J and her team held listen and learn sessions with various state agencies throughout May and June. On June 8, 2021, the BPC called a Special Session for a conversation led by Dr. J regarding the anti-racist journey and the unique diversity challenges within the maritime industry. Attendees of the meeting included Board members, BPC Joint Diversity Committee (JDC) members, pilots, and stakeholders. The BPC thanks all who attended and shared their perspectives, which will be considered as a part of the state's 5-year equity strategic plan.

The BPC is committed to the objectives of diversity, equity, and inclusion among pilot trainees and pilots licensed by the Board. The JDC continues to examine barriers and implement measures to attract a diverse pool of candidates toward a career as a Washington State licensed marine pilot.

The BPC is also proud to participate in WSF's Diversity Advisory Group (DAG), which is a subgroup of WSDOT's larger DAG.
In celebration of Juneteenth, WSDOT hosted an impactful and educational presentation. The speakers included Representatives Melanie Morgan and Debra Entenman, former Tacoma City Manager James L. Walton, and Edwina Martin-Arnold, former Chair of B.U.I.L.D. The BPC is pleased that the WA state legislature has officially recognized Juneteenth as a legal state holiday.

Board Changes

Changes to membership of the Board were announced at both the May and June Regular Public Meetings. Foreign shipping representative Captain Rik Krombeen, Holland American Group, stepped down from the Board due an employment opportunity in a different state. His last meeting was the May meeting. Commissioner Krombeen has been a valuable Board member and will be missed. The Governor's Office is working on his replacement.

In addition, Department of Ecology representative Dale Jensen, Spills Program Manager, announced his upcoming retirement from Ecology and the Board in August, with July being his last meeting with the Board. Dale served on the Board twice over the years and has been an engaged commissioner. He too will be missed.

Thank you both for your service to pilotage and the state of Washington!

At the June BPC meeting, Chair Sheri Tonn announced that Ecology appointed Nhi Irwin, Statewide Resources Section Manager, to the Board as Ecology's representative beginning August 1, 2021. Welcome Nhi!

Return of Cruise Season

Cruise ships will start returning to the Pacific Northwest! Port of Seattle has been working hard to prepare for their arrival. Read more about the Port's efforts for a healthy cruise season here.

Princess Cruises ROYAL PRINCESS setting sail for Alaska during the 2019 Cruise Season. Image courtesy of Puget Sound Pilots.

The most current 2021 Sailing Schedule, which you can view here, shows the first vessel sailing on July 19 and the last vessel on October 23. Puget Sound Pilots are standing by to safely guide these vessels in and out of our precious waters. Happy cruising!

District Snapshots

Puget Sound

PUGET SOUND PILOTS
Protecting Puget Sound Since 1935

Retirements:
Captain W.W. Lowery
Captain E.P. Emerson
Thank you for your service to the state of Washington!

License Upgrades to Unlimited:
Captain N.T. Kelleher
Well done!

Training Program:
Currently training are Captains Gartner, Michael, Moore, Ekelmann, Stewart, Bostick, Mann, Holland, Riddle, and Cassee.

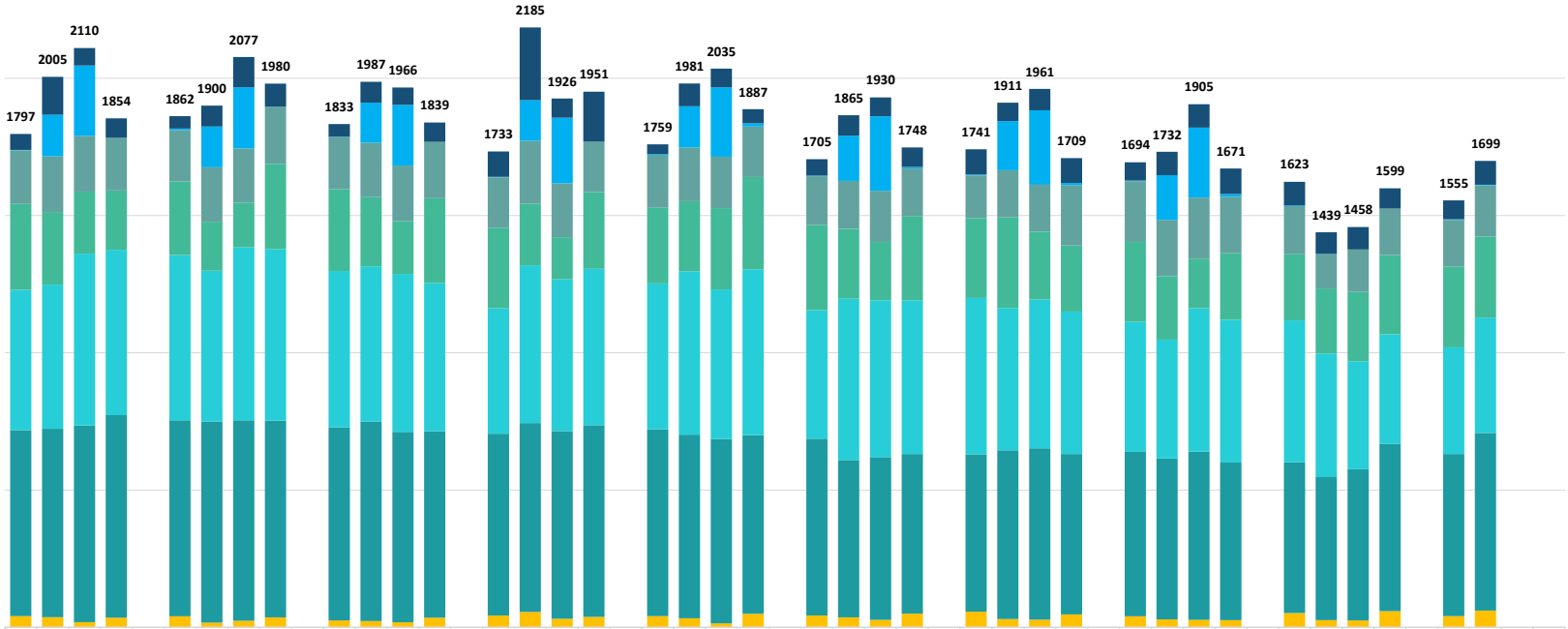
Pilot Trainees Captains Gartner and Moore in the Duwamish waterway. Image courtesy of Puget Sound Pilots

Grays Harbor

Port of Grays Harbor
On Washington's Pacific Coast

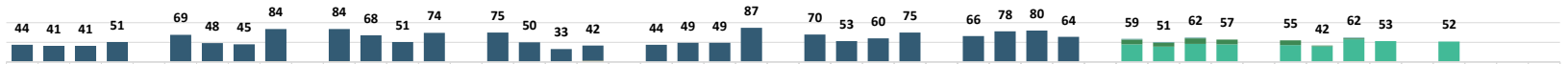
Training Program:
The Port is currently seeking candidates to train in the Grays Harbor Pilotage District.

Puget Sound Pilotage District Assignments 2012-2021, quarterly, by vessel type, including cancellations



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2012				2013				2014				2015				2016				2017				2018				2019				2020				2021			
6 Other	58	138	64	71	45	76	110	83	46	76	63	71	92	265	70	182	35	83	68	51	60	74	69	71	92	67	78	90	67	85	85	93	86	79	82	74	69	87		
5 Passenger	2	152	256	0	6	148	223	0	2	146	221	0	2	148	239	0	3	150	253	12	2	165	271	6	3	179	271	8	2	163	255	10	3	1	0	0	2	2		
4 Carrier/RoRo	195	202	203	192	187	199	197	209	189	198	202	205	185	229	196	184	193	196	187	184	178	175	186	173	155	172	171	220	221	205	222	205	175	125	154	169	170	187		
3 Bulker	313	265	226	216	268	178	163	310	298	252	193	309	292	224	153	279	275	255	296	336	310	254	213	307	291	330	247	241	291	231	181	243	241	237	253	289	294	295		
2 Tanker	511	525	626	602	602	550	630	625	570	566	575	540	457	575	553	570	532	595	545	604	468	588	571	560	570	518	542	519	474	433	522	520	517	450	393	399	389	420		
1 Container	677	686	716	738	714	732	730	717	703	726	694	679	662	688	684	698	680	669	672	651	644	573	593	581	573	615	624	584	599	586	613	574	549	521	551	609	590	647		
_CANCELS	41	37	19	35	40	17	24	36	25	23	18	35	43	56	31	38	41	33	14	49	43	36	27	50	57	30	28	47	40	29	27	26	52	26	25	59	41	61		
TOTAL	1797	2005	2110	1854	1862	1900	2077	1980	1833	1987	1966	1839	1733	2185	1926	1951	1759	1981	2035	1887	1705	1865	1930	1748	1741	1911	1961	1709	1694	1732	1905	1671	1623	1439	1458	1599	1555	1699		

Grays Harbor Pilotage District Assignments 2012-2021 quarterly, by vessel type when available, including cancellations



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2012				2013				2014				2015				2016				2017				2018				2019				2020				2021			
GH BB/Log																													2	2	2	0	0	0	2	0	0			
GH Ro-Ro																													12	10	14	12	12	2	2	0	0			
GH Bulker																													45	39	46	45	43	40	56	51	51			
GH All Types	43	41	41	51	68	47	45	82	82	67	51	74	74	49	32	39	44	49	49	87	70	53	59	75	66	77	80	63												
_CANCELS	1	0	0	0	1	1	0	2	2	1	0	0	1	1	1	3	0	0	0	0	0	0	1	0	0	1	0	1	0	0	0	0	0	0	2	2	1			
TOTAL	44	41	41	51	69	48	45	84	84	68	51	74	75	50	33	42	44	49	49	87	70	53	60	75	66	78	80	64	59	51	62	57	55	42	62	53	52			

Grays Harbor Q2 data not yet available

State of Washington
Pilotage Commission
July 20, 2021

Grays Harbor District Report

In June we had 7 arrivals a total of 15 jobs. Those 7 arrivals included 5 dry bulk and 2 liquid bulk vessels. For the 1st half of the year, we have had 33 arrivals for a total of 89 jobs.

The outlook for July is 8 arrivals, 6 dry bulk, 1 liquid bulk and one logger.

Both July and August business is picking up and look to be very busy. Terminal berth maintenance is currently being done around vessel arrivals.

Terminal Maintenance

Contractor is sending in the required submittals for approval on the downstream dolphin replacement at Terminal 3. Project is moving forward and is still on schedule for the first working day to be July 19, 2021

The contractor started July 6 on Jet Array Pump Mount and they are estimating two-weeks to project completion. Pump installation is currently scheduled for July 211.

Pilot Boat VEGA

Continuing to work on getting line cutters installed and pilot fall arrest system designed.

PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

Jun-2021

The Board of Pilotage Commissioners (BPC) requests the following information be provided to the BPC staff **no**

Activity									
Total pilotage assignments:	600			Cancellations:	24				
Total ship moves:	576	Cont'r:	217	Tanker:	158	Genl/Bulk:	108	Other:	93
Assignments delayed due to unavailable rested pilc	3					Total delay time:	4Hours		
Delays by customers:	51					Total delay time:	137Hours		
2 pilot jobs:	42	Reason:	PSP GUIDELINES FOR RESTRICTED WATERWAYS						
Day of week & date of highest number of assignme	Wed	23-Jun					30		
Day of week & date of lowest number of assignmer	Tue	8-Jun					9		
Total number of pilot repositic	101	Upgrade trips	12	YTD	67				
3 consecutive night assignmen	27	YTD	166						

Callback Days/Comp Days	Starting Total	Call Backs (+)	Used (-)	Burned (-)	Ending Total
Licensed	2327	64	34		2357
Unlicensed	546			48	498
Total	2936				2855

Pilots Out of Regular Dispatch Rotation (pilot not available for dispatch during "regular" rotation)

A. Training & Continuing Education Programs

Start Dt	End Dt	City	Facility	Program Description	Pilot Attendees
21-Jun	21-Jun	Seattle	PMI	Azipod Refresher	BOU, COL, GAL, HAM, VON
23-Jun	23-Jun	Seattle	PMI	Azipod Refresher	BOU, KEA, KEP, GRD, NEW

B. Board, Committee & Key Government Meetings (BPC, PSP, USCG, USACE, Port & similar)

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
2-Jun	4-Jun	Seattle	PSP	GreenTech	ROU
3-Jun	3-Jun	Seattle	PSP	Administrative	COL
3-Jun	3-Jun	Seattle	PSP	OTSC	BOU, KRI
8-Jun	8-Jun	Seattle	PSP	BOD	ANA, COL, GRD, GRK, KLA, NEW
8-Jun	8-Jun	Seattle	BPC	BPC Equity	ANT, BEN, SCR, VON
9-Jun	9-Jun	Seattle	BPC	Grays Harbor Trainee	ANT
9-Jun	9-Jun	Seattle	BPC	PSP Safety Committee	ANT, SCR
9-Jun	9-Jun	Seattle	PSP	Efficiency	ANA, KLA
10-Jun	10-Jun	Aberdeen	BPC	Grays Harbor BPC	ANT
11-Jun	14-Jun	Seattle	PSP	President	COL
14-Jun	14-Jun	Port Angel	PSP	Pilot Boats	SEM
15-Jun	20-Jun	Seattle	PSP	President	KLA
15-Jun	15-Jun	Seattle	PSP	OTSC	BOU

15-Jun	15-Jun	Seattle	PSP	Vessel Congestion	BOU
21-Jun	21-Jun	Seattle	BPC	TEC	ANT, BEN, SCR
21-Jun	21-Jun	Seattle	BPC	BPC Prep	ANT, BEN, SCR
22-Jun	22-Jun	Seattle	BPC	BPC	ANT, BEN, SCR
23-Jun	23-Jun	Seattle	PSP	Pension	GRD
23-Jun	23-Jun	Seattle	PSP	Rate Committee	GAL, KLA, MOT
28-Jun	29-Jun	Seattle	PSP	Operating Rules	COL

C. Other (i.e. injury, not-fit-for-duty status, earned time off, COVID risk

Start Dt	End Dt	REASON	PILOT
8-Jun	14-Jun	ETO	BOZ, HUP, SEM, SES, SHA
11-Jun	11-Jun	ETO	CAI
14-Jun	18-Jun	ETO	CAI
22-Jun	29-Jun	ETO	GAL, GRD, KLA, MAY, SLI, VEL

Presentations

If requesting to make a presentation, provide a brief explanation of the subject, the requested amount of time

- *Presentations may be deferred if prior arrangements have not been made.*
- *The Board may also defer taking action on issues being presented with less than 1 week notice prior to a schedule Board Meeting to allow adequate time for the Commissioners and the public to review and prepare for discussion.*

Other Information (Any other information requested or intended to be provided to the BPC)

WA State Board of Pilotage Commissioners

Industry Update: July 20, 2021 BPC Meeting

Vessel Arrivals

Up 37 YTD Through First Six Months – Comparing to Depressed COVID Numbers Last Year

- Containers up 14
- Bulkers up 42
- Car Carriers up 23
- Tankers/ATB's down 43

Note: As expected, cruise ships are starting to show up this month (numbers above are only through end of June; cruise will be reflected in future reports). Bulkers and car carriers led YTD arrival increases. New weekly services in the container sector have finally sent that sector total YTD arrival numbers higher than the COVID depressed numbers of last year.

Container Vessels at Anchor or Drifting – Extreme Heat, Holiday, Fire Smoke Pilot On to Supply Chain Disruptions Already Reported

- ✓ Worth Repeating Again: Eastbound rail capacity limitations, containers out of service sitting at anchor, increase in transloading leaving increasing numbers of 20's and 40's near port instead of points East, temporary off terminal loaded container storage in LA/LB and other efforts being made to address the backlog.
- ✓ ***New***: Extreme heat days caused some terminal operation closures.
- ✓ ***New***: July 4th and the July 5th (ILWU day) closed terminal operations.
- ✓ ***New***: Fires in BC led to a 48-hour order to stop all trains heading eastbound out of Prince Rupert and Vancouver after a certain point.
- ✓ These factors increased in the container vessel queue and thus increased the number of container vessels at anchor. Ships destined for Vancouver have drifted or slow steamed some 25 to 50 miles offshore. At least one of these vessels was destined for Seattle.
- ✓ PNW is at peak queue now. Although a significant number of container vessels are still at anchor off of LA/LB or at anchor or drifting off the Bay Area they are well below their peak.
- ✓ Concerns over vessels at anchor, primarily regarding Holmes Harbor, continue.
- ✓ Is this the peak or will back to school and Christmas shipping season overwhelm the incremental improvements in rail and the supply chain? We'll see.
- ✓ Relevancy to BPC: this situation impacts the pilot assignment mix. Ultimately, each gateway and rail/truck connections will determine competitiveness.

Levi's diverts freight to East Coast amid 'challenge in Long Beach'

Supply Chain Dive, July 12, 2021
Edwin Lopezm Senior Editor
https://www.supplychaindive.com/news/Levis-diverts-airfreight-port-congestion-Long-Beach/603147/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-07-12%20Supply%20Chain%20Dive%20%5Bissue:35385%5D&utm_term=Supply%20Chain%20Dive
Levi Strauss is now shipping most of its product through the U.S. East Coast amid a continued "challenge in Long Beach," CEO Chip Bergh said in an earnings call last week. Delays have been built into lead times for the 20% of products the brand still ships through the West Coast, Bergh said, who is also the company's president and director. Levi's declined to comment on this story.

"A lot of people are talking about not being able to get containers, not being able to get onto a ship," said Bergh. "The team has done an extraordinary job on getting us guaranteed space, guaranteed pricing as well, which is helping us to control our costs."

Northwest Seaport Alliance committed to working through pandemic's supply-chain congestion

July 7, 2021 at 4:43 pm Updated July 7, 2021 at 4:43 pm
https://www.seattletimes.com/opinion/northwest-seaport-alliance-committed-to-working-through-pandemics-supply-chain-congestion/
By Dick Marzano and Fred Felleman
Special to The Times
It seems so simple — place an online order, and a package arrives on the porch. But many transactions must occur before the package gets there, and these steps are far from simple. Any supply chain is only as strong as its weakest link, and when one link breaks, the complexity becomes apparent. Recent delivery delays are a result of major disruptions in the maritime supply chain as also evidenced by the rare use of the Holmes Harbor anchorage off Whidbey Island. Container ships are waiting to access congested marine terminals at Port of Seattle or Tacoma, which are managed jointly by The Northwest Seaport Alliance (NWSA).

With imports forecast to remain strong and Terminal 5 slated for operation in 2022, port congestion will likely persist this year along the West Coast. The NWSA is committed to working together with stakeholders to strengthen the maritime supply chain and prevent future bottlenecks so we can continue to support more than 58,000 jobs and $5.8 billion in revenue to our regional economy.

Biden to Target Railroads, Ocean Shipping in Executive Order

https://www.wsj.com/articles/biden-to-target-railroads-ocean-shipping-in-executive-order-11625736601
The Biden administration says the low number of players in the U.S. freight rail business has enabled companies to charge unreasonable fees.
By Ted Mann, July 8, 2021 5:30 am ET
WASHINGTON—The Biden administration will push regulators to confront consolidation and perceived anticompetitive pricing in the ocean shipping and railroad industries as part of a broad effort to blunt the power of big business to dominate industries, according to a person familiar with the situation. As part of a sweeping executive order expected this week, the administration will ask the Federal Maritime Commission and the Surface Transportation Board to combat what it calls a pattern of consolidation and aggressive pricing that has made it onerously expensive for American companies to transport goods to market. The administration says the relatively small number of major players in the ocean shipping trade and in the U.S. freight rail business has enabled companies to charge unreasonable fees.

PMSA Expresses Concerns About Ports' Possible Power Shortages

Pacific Maritime Online
http://www.pmmonlinenews.com/
The head of the Pacific Merchant Shipping Association is expressing concerns that a highly impacted electrical grid could adversely affect power supply to California's green-driven ports and the supply chain. PMSA President John McLaurin raised his concerns following the recent release of a report by engineering consultancy Moffatt and Nichol report that looks at California's energy grid needs for vessels and the cargo-moving landside equipment. "As federal and state elected officials consider infrastructure improvements, California public officials need to review state energy and environmental policies to ensure that California jobs and businesses are not put at risk," said McLaurin.

The full Moffatt & Nichol report can be read online at https://www.pmsaship.com/wp-content/uploads/2020/01/Electrification-of-California-Ports-FINAL-June-2021-Signed.pdf.

PMSA

West Coast Trade Report

June 2021

A First Look at May's TEU Numbers

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.*

Once again, we're going to downplay the absurd year-over-year leaps in May's trade containerized numbers. Global trade last May was dreadful, and so nearly every port did exceptionally well by comparison. (Well, there was Boston. But, as they often say in New England, it's a rebuilding year.) More illuminating is how each port's figures compared with their TEU counts in the more normal, pre-pandemic May of 2019. So, for those ports which have thusfar reported their May 2021 TEU tallies, here's how they stack up in contrast to May 2019.

At the Port of Los Angeles, which this month celebrated handling its 10 millionth TEU in the fiscal year ending at the end of this month, inbound loads in May (535,714 TEUs) were up 25.2% over the 427,789 loads the port received in May 2019. However, export loads (109,886 TEUs) plunged by 34.3% from the 167,357 export loads recorded two years earlier. As a result, LA found itself toppled from first place in 2019 to fourth place in terms of the number of loaded export TEUs shipped in May. Largely because of its prowess in generating unprecedented volumes of empty outbound containers, LA easily retained its position as the nation' busiest container port with 1,012,048 loaded and empty TEUs handled in May.

At the Port of Long Beach, the 444,736 inbound loaded TEUs that arrived this May were up 53.1% over the same month two years earlier when just 290,568 loads sailed into port. Outbound loads meanwhile rose 12.2%. Total TEU traffic (loads plus empties) jumped 58.2% to 907,216 from 573,623 in May 2019. Long Beach was the nation's second most active container port this May.

At the Port of Oakland, inbound loads (92,558 TEUs) were up 7.7% from 85,970 TEUs in May 2019, while outbound loads slipped by 4.3%. Overall, Oakland handled just 1.5% more total TEUs this May (226,406) than it had two years earlier (223,102).

Up in the Pacific Northwest, the Northwest Seaport Alliance Ports of Tacoma and Seattle handled 132,714 inbound loaded TEUs this May, an 18.8% improvement over May 2019. Outbound loads (65,527 TEUs), however, were down 11.4% over the same span.

Vancouver received 191,637 inbound loaded TEUs in May, a 46.5% bounce over May 2019. Outbound loads, however,

Pacific Merchant Shipping Association
70 Washington Street, Suite 305, Oakland, CA 94607
510-987-5000 info@pmsaship.com

A First Look at May's TEU Numbers Continued

slipped by 2.3% from two years earlier. The other British Columbia port we track, Prince Rupert, once again stood out as the only major Pacific Coast port that handled fewer loaded inbound container traffic in May than it had two years ago. Inbound loads this May (56,706 TEUs) were down 1.5% from May 2019, while export loads were off by 16.2%. Total TEU movements through the port this May were 4.1% under May 2019's level.

Back East, Boston's Conley Terminal had a wicked bad May. Inbound loads (8,410 TEUs) were off by 26.5% from two years earlier, while its 5,944 outbound loads were down by 13.3%. Down South along the Atlantic Seaboard, Charleston's 107,050 inbound loaded TEUs this May represented a 21.6% gain over May 2019. Outbound loads, though, rose by just 2.6%. Total container traffic this May amounted to 230,870 TEUs, 12.9% higher than the number that had crossed Charleston's docks two years earlier.

Savannah saw a 28.2% jump in total container traffic from May 2019. Import loads (137,812 TEUs) were up 27.2%, while export loads nudged up by 8.6%. Over at the Port of Virginia, import loads (144,916 TEUs) were up 21.2%, while export loads (99,717 TEUs) rose by 13.2%. Total container traffic was up 20.7%.

On the Gulf Coast, Houston handled 132,853 inbound loaded TEUs this May, a 24.0% jump from the same month two years earlier. Its outbound loads (95,439 TEUs) were down by 18.2% from May 2019. Total container traffic at the big Texas port in May (288,127 TEUs) was up 9.5% from two Mays ago.

Regionally, the Big Five U.S. West Coast ports handled 1,205,722 inbound loaded TEUs this May, up 31.6% from May 2019. Outbound loads this May totaled 382,484 TEUs, down 20.1% from May 2019.

Detailing the April 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.*

The usual year-over-year comparisons of TEU counts are all but meaningless this spring. The COVID-19 outbreak severely stunted world trade as well as global economic output to the extent that even a minuscule rebound in trade could be expected to yield preposterously high growth numbers. So for this and at least the next couple of months, we will be offering two sets of comparative statistics. We begin with **Exhibit 1** which compares the import numbers for this April with the same month in the two preceding years.

Exhibit 1 displays the complete inbound loaded container traffic numbers for April as reported by the sixteen mainland U.S. and two British Columbian ports we track. Inbound loads for all eighteen ports totaled 2,411,144 TEUs, up 20.1% from April 2019.

The bulk of the surge's burden fell on the five major USWC ports, which collectively saw a 23.6% bump in inbound loads since April 2019.

Exports, as **Exhibit 2** reveals, continued to spiral lower at most ports. Collectively, the U.S. and British Columbia ports we track recorded a 7.6% fall-off in export loads from April 2019. USWC ports saw a combined 14.4% reduction. However, Long Beach eked out a minor increase, while Virginia, Maryland, Charleston, and Jaxport all shipped more outbound loads this April than in the same month two years earlier.

Exhibit 3 provides the April and year-to-date total container traffic figures for the U.S., Canadian, and Mexican ports we monitor.

Exhibit 1 April 2021 - Inbound Loaded TEUs at Selected Ports

	Apr 2021	Apr 2020	% Change	Apr 2019	% Change	Apr 2021 YTD	Apr 2020 YTD	% Change	Apr 2019 YTD	% Change
Los Angeles	490,127	370,111	32.4%	360,745	35.9%	1,830,735	1,275,122	43.6%	1,436,171	27.5%
Long Beach	367,151	253,540	44.8%	317,883	15.5%	1,513,334	1,046,663	44.6%	1,191,625	27.0%
San Pedro Bay Totals	**857,278**	**623,651**	**37.5%**	**678,628**	**26.3%**	**3,344,069**	**2,321,785**	**44.0%**	2,627,796	**27.3%**
Oakland	100,096	80,003	25.1%	80,702	24.0%	355,237	298,475	10.0%	307,286	15.6%
NWSA	120,145	96,992	23.9%	112,652	6.7%	475,232	375,565	16.5%	457,943	3.8%
USWC Totals	**1,077,519**	**800,646**	**34.6%**	**871,982**	**23.6%**	**4,174,538**	**2,995,825**	**39.3%**	**3,393,025**	**23.0%**
Boston	9,865	11,546	-14.6%	12,247	-19.4%	37,335	47,896	-22.0%	47,888	-22.0%
NYNJ	359,265	284,074	26.5%	297,825	20.6%	1,457,992	1,178,673	23.7%	1,203,674	21.1%
Maryland	44,501	45,258	-1.7%	42,984	3.5%	165,580	167,918	-1.4%	172,840	-4.2%
Virginia	137,954	100,310	37.5%	119,266	15.7%	509,071	405,882	25.4%	441,420	15.6%
South Carolina	105,054	82,899	26.7%	87,675	19.8%	396,297	337,761	17.3%	346,324	14.4%
Georgia	236,479	166,679	41.9%	175,661	34.6%	908,196	672,482	35.1%	721,298	25.9%
Jaxport	24,214	23,461	3.2%	27,094	-10.6%	109,958	98,916	11.2%	113,319	-3.0%
Port Everglades	28,974	23,164	25.1%	32,308	-10.3%	117,067	107,226	9.2%	115,906	1.0%
Miami	47,644	28,493	68.3%	32,831	45.1%	187,736	135,611	38.4%	142,932	31.3%
USEC Totals	**993,950**	**765,884**	**29.8%**	**827,891**	**20.1%**	**3,889,232**	**3,152,365**	**23.4%**	**3,305,601**	**17.7%**
New Orleans	11,103	9,926	11.9%	10,527	5.5%	41,348	45,531	-9.2%	43,950	-5.9%
Houston	128,834	100,034	28.8%	100,627	28.0%	477,105	383,306	24.5%	392,502	21.6%
USGC Totals	**139,937**	**109,960**	**27.3%**	**111,154**	**25.9%**	**518,453**	**428,837**	**20.9%**	**436,452**	**18.8%**
Vancouver	171,687	148,718	15.4%	145,168	18.3%	648,670	517,866	25.3%	575,504	12.7%
Prince Rupert	28,051	52,730	-46.8%	51,686	-45.7%	165,356	187,451	-11.8%	184,047	-10.2%
BC Totals	**199,738**	**201,448**	-0.8%	**196,854**	1.5%	**814,026**	**705,317**	15.4%	**759,551**	7.2%
US/BC Totals	2,411,144	1,877,938	28.4%	2,007,881	20.1%	9,396,250	7,282,344	29.0%	7,894,629	19.0%
US Total	2,211,406	1,676,490	31.9%	1,811,027	22.1%	8,582,223	6,577,027	30.5%	7,135,078	20.3%
USWC/BC	**1,277,257**	**1,002,094**	**27.5%**	**1,068,836**	**19.5%**	**4,988,564**	**3,701,142**	**34.8%**	**4,152,576**	**20.1%**

Source Individual Ports

Exhibit 2 April 2021 - Outbound Loaded TEUs at Selected Ports

	Apr 2021	Apr 2020	% Change	Apr 2019	% Change	Apr 2021 YTD	Apr 2020 YTD	% Change	Apr 2019 YTD	% Change
Los Angeles	114,449	130,321	-12.2%	155,533	-26.4%	457,882	534,142	-14.3%	602,005	-23.9%
Long Beach	124,069	102,502	21.0%	123,804	0.2%	499,449	482,126	3.6%	477,815	4.5%
San Pedro Bay Totals	**238,518**	**232,823**	**2.4%**	**279,337**	**-14.6%**	**957,331**	**1,016,268**	**-5.8%**	**1,079,820**	**-11.3%**
Oakland	79,096	82,164	-3.7%	79,291	-0.1%	312,000	322,068	-3.1%	310,680	0.4%
NWSA	58,932	66,955	-12.0%	81,305	-27.5%	245,821	281,314	-12.6%	306,630	-19.8%
USWC Totals	**376,546**	**381,942**	**-1.4%**	**439,933**	**-14.4%**	**1,515,152**	**1,619,650**	**-6.5%**	**1,697,130**	**-10.7%**
Boston	6,669	5,354	24.6%	7,754	-13.0%	26,040	24,599	5.9%	25,980	0.2%
NYNJ	121,671	97,312	25.0%	131,311	-7.3%	451,806	466,381	-3.1%	486,540	-7.1%
Maryland	21,515	15,523	38.6%	20,940	2.7%	82,719	77,383	6.9%	76,032	8.8%
Virginia	95,618	71,158	34.4%	85,378	12.0%	362,618	322,081	12.6%	329,250	10.1%
South Carolina	73,333	56,611	29.5%	73,295	0.1%	287,758	272,428	5.6%	276,835	3.9%
Georgia	128,206	120,852	6.1%	129,726	-1.2%	487,899	505,539	-3.5%	514,442	-5.2%
Jaxport	51,129	31,524	62.2%	42,353	20.7%	190,586	152,083	25.3%	167,675	13.7%
Port Everglades	33,506	20,119	66.5%	36,084	-7.1%	126,247	121,432	4.0%	139,751	-9.7%
Miami	30,462	24,964	22.0%	30,719	-0.8%	116,172	126,034	-7.8%	139,145	-16.5%
USEC Totals	**562,109**	**443,417**	**26.8%**	**557,560**	**0.8%**	**2,131,845**	**2,067,960**	**3.1%**	**2,155,650**	**-1.1%**
New Orleans	23,232	20,076	15.7%	24,545	-5.3%	90,260	98,650	-8.5%	95,502	-5.5%
Houston	91,766	91,808	-0.05%	106,654	-14.0%	378,045	436,416	-13.4%	399,370	-5.3%
USGC Totals	**114,998**	**111,884**	**2.8%**	**131,199**	**-12.3%**	**468,305**	**535,066**	**-12.5%**	**494,872**	**-5.4%**
Vancouver	87,587	91,942	-4.7%	97,394	-10.1%	331,674	347,784	-4.6%	385,133	-13.9%
Prince Rupert	10,000	22,526	-56.6%	20,271	-50.7%	56,397	67,161	-16.0%	66,936	-15.7%
BC Totals	**97,587**	**114,468**	**-14.7%**	**117,665**	**-17.1%**	**388,071**	**414,945**	**-6.5%**	**452,069**	**-14.2%**
US/Canada Total	1,151,240	1,051,711	9.5%	1,246,357	-7.6%	4,503,373	4,637,621	-2.9%	4,799,721	-6.2%
US Total	1,053,653	937,243	12.4%	1,128,692	-6.6%	4,115,302	4,222,676	-2.5%	4,347,652	-5.3%
USWC/BC	**474,133**	**496,410**	**-10.6%**	**557,598**	**-15.0%**	**1,903,223**	**2,034,595**	**-6.5%**	**2,149,199**	**-11.4%**

Source Individual Ports

Detailing the April 2021 TEU Numbers Continued

Weights and Values

We know that the TEU is the container shipping industry's preferred metric. Here, though, we offer 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 published with a five-week time-lag.

Exhibit 4: USWC Ports and the Worldwide Container Trade.

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 April. However, we do wish to remind readers that the major USWC port complexes do not entirely monopolize the container trade through ports in the states of California, Oregon, and Washington. San Diego and Port Hueneme are both important conduits for refrigerated containers laden with fresh fruit imports from Central and South America. And Portland (the one in Oregon) is making strides in re-establishing itself as a container port, with the number of total TEUs handled in April (8,928 TEUs) up 79.3% from last year's (4,980 TEUs) and from zero TEUs in April 2019. Still, the Big Five did handle 95.1% of all containerized tonnage imported and 96.3% of the containerized tonnage exported through all USWC ports in April.

Altogether, USWC ports—big and small—handled 38.9% of all containerized imports through American mainland ports in April. That was up from 37.5% a year earlier, which was up from 36.8% in April 2019. Those same USWC ports handled 34.7% of all containerized export tonnage through U.S. mainland ports this

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

	Apr 2021	Apr 2020	% Change	Apr 2019	% Change
Los Angeles	3,539,397	2,488,748	42.2%	2,945,200	20.2%
Long Beach	3,122,315	2,202,651	41.8%	2,434,845	28.2%
NYNJ	2,848,979	2,316,907	23.0%	2,398,108	18.8%
Georgia	1,815,111	1,516,928	19.7%	1,516,928	19.7%
Vancouver	1,275,686	1,013,078	25.9%	1,133,669	12.5%
NWSA	1,182,868	1,036,556	14.1%	1,256,237	-5.8%
Manzanillo	1,106,208	933,478	18.5%	984,816	12.3%
Virginia	1,085,414	861,609	26.0%	854,230	27.1%
Houston	1,027,039	994,627	3.3%	946,860	8.5%
South Carolina	872,465	770,017	13.3%	802,554	8.7%
Oakland	849,114	783,491	8.4%	828,153	2.5%
Montreal	545,291	567,551	-3.9%	561,860	-2.9%
JaxPort	466,214	394,214	18.3%	443,481	5.1%
Miami	426,637	348,857	22.3%	376,101	13.4%
Lazaro Cardenas	398,264	366,838	8.6%	429,468	-7.3%
Port Everglades	349,338	340,692	2.5%	357,350	-2.2%
Maryland	335,385	342,275	-2.0%	358,715	-6.5%
Prince Rupert	333,200	330,037	1.0%	346,055	-3.7%
Philadelphia	223,240	209,112	6.9%	192,075	16.2%
New Orleans	176,950	203,010	-12.8%	206,423	-14.3%
Boston	75,955	92,994	-18.3%	97,988	-22.5%
US/Canada Total	20,550,598	16,813,670	22.2%	18,056,832	13.8%
US Mainland Only	18,396,421	14,902,688	23.4%	16,015,248	14.9%

Source Individual Ports

Detailing the April 2021 TEU Numbers Continued

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

	Apr 2021	Mar 2021	Apr 2020
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	28.0%	27.5%	26.9%
Oakland	4.0%	3.8%	4.3%
NWSA	4.9%	5.2%	4.9%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	33.7%	34.2%	34.1%
Oakland	3.8%	3.1%	3.8%
NWSA	6.3%	6.5%	6.3%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	19.0%	19.0%	21.0%
Oakland	7.8%	6.9%	7.3%
NWSA	6.9%	7.2%	7.8%
Shares of U.S. Mainland Conatainerized Export Value			
LA/LB	17.7%	17.6%	21.6%
Oakland	7.2%	7.2%	8.1%
NWSA	3.9%	4.3%	4.4%

Source: U.S. Commerce Department.

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

	Apr 2021	Mar 2021	Apr 2020
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	46.0%	45.0%	44.6%
Oakland	5.1%	3.9%	4.9%
NWSA	7.8%	7.9%	7.2%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	50.9%	50.9%	51.5%
Oakland	4.7%	3.7%	4.6%
NWSA	9.4%	9.4%	9.1%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	31.6%	30.1%	33.9%
Oakland	10.4%	8.9%	10.6%
NWSA	11.5%	11.5%	12.6%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	35.8%	33.7%	40.3%
Oakland	12.5%	12.0%	13.7%
NWSA	8.2%	8.4%	8.2%

Source: U.S. Commerce Department.

April, down from 37.1% a year earlier and from 36.5% in April of 2019.

Exhibit 5: USWC Ports and the East Asia Trade.

Exhibit 5 displays the shares of U.S. container trade involving the Far East handled by the major USWC ports. While the Big Five continue to dominate USWC containerized trade with the Far East, their shares are slipping. April 2021 data show the Big Five handling 98.1% of all import tonnage from the Far East that entered USWC ports and 98.3% of all export tonnage involving the Far East from USWC ports. Those shares were down, though, from the 99.0% of import tonnage and 99.8% of exports they had handled in the last relatively normal April in 2019.

In April, all of the ports in California, Oregon, and Washington handled 56.7% of all containerized imports that arrived from the Far East at U.S. mainland ports. That was up from 54.6% a year earlier and from 56.1% in the first quarter of 2019. They also handled 54.4% of all containerized tonnage exported to the Far East in April, down from 57.6% a year earlier and from 58.1% in April 2019.

On the export side of the ledger, all USWC ports great and small handled 54.4% of all containerized export tonnage bound for the Far East from America's mainland ports. That was down sharply from 57.6% a year earlier and from a 58.1% share in April of 2019.

Detailing the April 2021 TEU Numbers Continued

Who's #1?

As the Port of New York/New Jersey is characteristically tardy in posting its most recent month's statistics, we'll tell you that, in April at least, the Port of Los Angeles was the nation's busiest container port, having handled 946,966 loaded + empty TEUs. The neighboring Port of Long Beach ran a competitive second with 746,188 total TEUs. Together, the San Pedro Bay complex managed to move 1,693,154 TEUs, a staggering 40.1% leap over last April's pandemic-suppressed 1,208,729 TEUs but also up an impressive 24.1% from the 1,364,588 TEUs they had handled in April 2019. In third came the Port of New York/New Jersey (PNYNJ) with 712,799 total TEUs. Fourth place went to Savannah with 466,635 total TEUs. The Northwest Seaport Alliance Ports of Tacoma and Seattle ranked fifth among the U.S. ports we track with a total of 301,074 TEUs in April. (For our friends elsewhere in North America, Vancouver handled 342,292 total TEUs in April, while 278,873 TEUs crossed the docks at Manzanillo.)

The Port of Los Angeles was also the nation's busiest port year-to-date, with 3,539,397 total TEUs through this April. Second was Long Beach with 3,122,315 TEUs, while PNYNJ placed third with 2,848,979 TEUs. Savannah handled 1,815,111 total TEUs through April, while the NWSA ports took care of 1,182,868 loads and empties.

For carpers who don't think empty boxes should count, Los Angeles remained in the lead with 604,576 loaded TEUs in the month of April. In second place with 491,220 loads was the Port of Long Beach, not that far ahead of PNYNJ's 480,936 loaded TEUs. Savannah and Virginia were well behind with 364,685 and 233,572 laden TEUs, respectively. But both bested the 179,077 loads handled by the NWSA ports.

In the category of inbound loads discharged in April, Los Angeles (490,127 TEUs) easily exceeded Long Beach (367,151 TEUs) and PNYNJ (359,265 TEUs). Inbound loads at Savannah meanwhile totaled 236,479 TEUs. Virginia's 137,954 inbound loads and Houston's 128,834 inbound loads both trumped the NWSA ports' 120,145 laden import TEUs.

It's where we start talking about exports that the rankings start moving around. In terms of outbound loads in April, the most fascinating news is not that Savannah (128,206 TEUs) comes out on top, besting not only East Coast rival PNYNJ (121,671 TEUs) but also running ahead of Long Beach (124,069 TEUs) while swamping the Port of Los Angeles (114,449 TEUs).

On a year-to-date basis, Long Beach handled the most outbound loads (499,449 TEUs) through April, followed closely by Savannah with 487,899 TEUs. LA, with 457,882 outbound loads, came out ahead of PNYNJ (451,806 TEUs) and outdistanced Houston (378,045 TEUs). Honorable mention goes to the Port of Virginia, which shipped a total of 362,618 laden TEUs through April of this year.

Whither Prince Rupert?

For some years now, the Port of Prince Rupert up in British Columbia has been touted by Canadian authorities as an *arriviste*, a port that was built to steal container traffic away from the Ports of Seattle and Tacoma. It might, it was repeatedly implied, even pilfer business from the massive Southern California ports. After all, it boasts of having the deepest natural harbor in North America and is quick to remind everyone that it is 2-3 days nearer to Asia than are other Pacific Coast ports. On the other hand, we don't recall any instances where a container has actually frozen to the ground at Long Beach or LA.

The port has, as we'll see, gained higher shares of container traffic through British Columbia. But it has also seen its stumbles.

As we noted earlier, Prince Rupert is the only major Pacific Coast port that handled fewer loaded inbound containers through May of this year than it had in the same months a year earlier. That sharply contrasts with the vertigo-inducing double-digit year-over-year gains experienced by all of the other major Pacific Coast ports. But that's not the worst of it. The 222,063 inbound loads the port has handled so far this year is the meagerest inbound total for those months since 2017. Last year, the port discharged 223,890 TEUs in the first five months, a tally that was itself down from the 241,625 inbound loads that had arrived in the same period in 2019. That, though, was an improvement over the 222,975 TEUs that had sailed into port by this point in 2018. So, in effect, Prince Rupert has only regained the loaded import numbers it had posted three years ago.

Detailing the April 2021 TEU Numbers Continued

Not surprisingly, total TEU movements (empties + loads) this May were 4.1% under May 2019's totals. Even worse, the port's total container volume so far this year is running 3.8% below its 2019 numbers.

Exhibit 6 and **Exhibit 7** show how Prince Rupert has fared against the competition in recent years. Being Americans, we're much too polite to comment on whether the port has satisfied the expectations once expected of it.

Nuts to You

Agricultural exporters across the country appear to be thriving, despite the insistence of some that the efforts of farmers to reach foreign markets are being stymied by **profit-motivated** shipping lines and port terminal operators. (Who knew the farm belt went socialist?)

The latest news from the frontlines out here in California, that scourge of capitalism, comes from the federal marketing groups that oversee tree nut crops in California

Exhibit 6 **Pacific Coast Ports Container Import Shares: 2015 - May 2021**
Source: Individual Ports

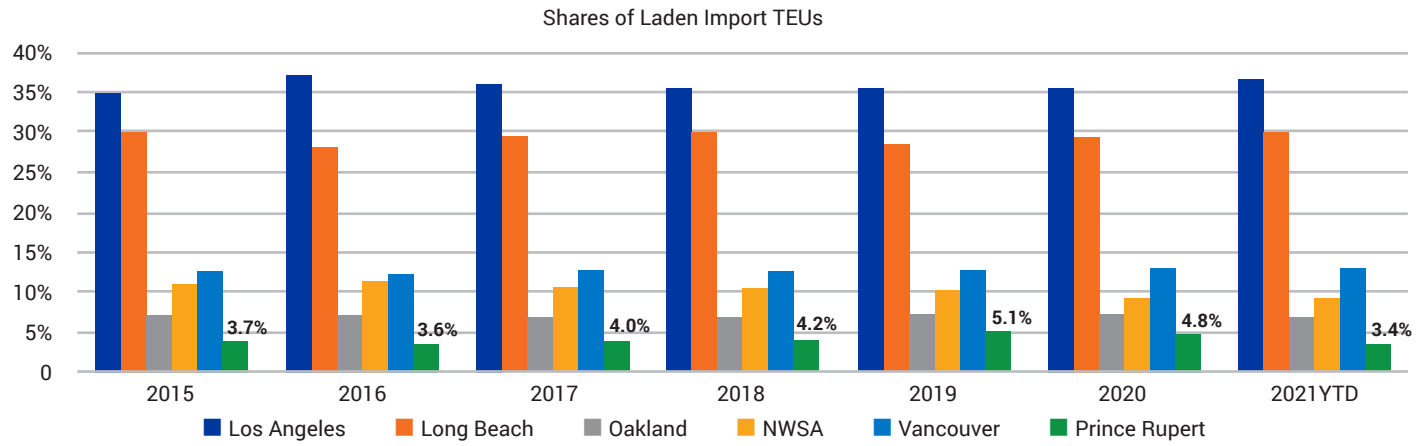
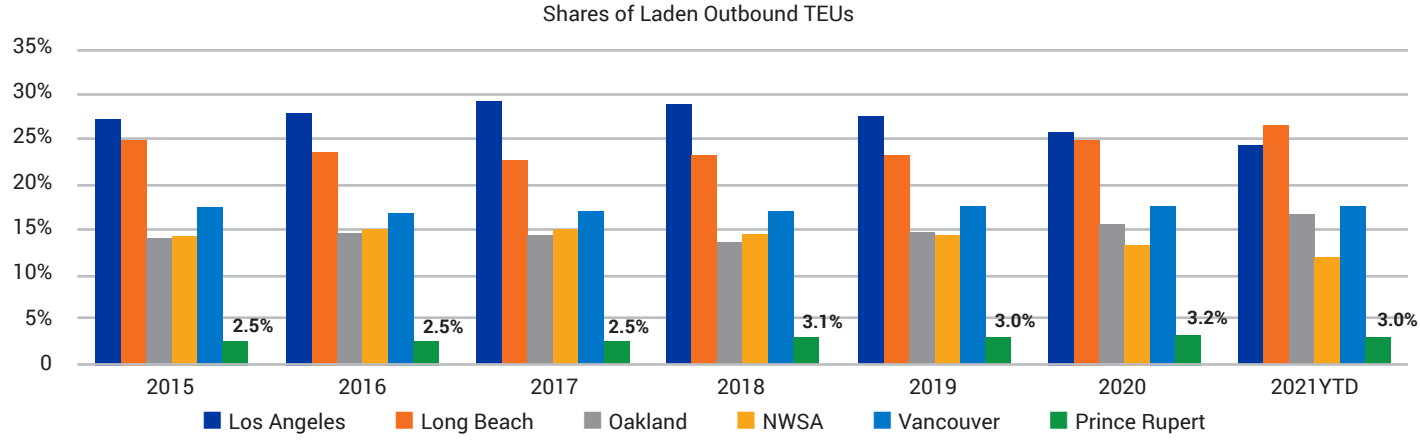


Exhibit 7 **Pacific Coast Container Export Shares: 2015-May 2021**
Source: Individual Ports



Detailing the April 2021 TEU Numbers Continued

and adjacent southwestern states. Almonds, California's leading farm export commodity, saw a 42.6% year-over-year jump in export tonnage in May. Now we recognize that last spring was not the best month for exporting, what with the plague and all that. But, according to the California Almond Board's latest numbers, this May's export volume was also up an impressive 22.8% over pre-pandemic May 2019. Meanwhile, the California Walnut Board (walnuts being the state's fifth most valuable farm export), May witnessed a 23.1% increase over last May but, more importantly, a 20.8% bump over May 2019. And then there's the latest word from the pistachio groves, where May's exports of California's second most valuable agricultural export were up a mere 52.7% year-over-year.

Unlike soybeans, corn, and wheat, almost all overseas shipments of tree nuts travel in containers. So the only conclusion that seems reasonable to draw is that the seasoned agricultural exporters up and down California's valleys have had little trouble finding enough TEUs to fill up with nuts to send over the Port of Oakland, from which the vast majority of the state's—and therefore the nation's—almonds and walnuts are loaded onto container ships bound for markets worldwide. (Most pistachio exports exit through the Ports of Los Angeles and Long Beach.)

Seaborne Agricultural Exports: Containers vs. Bulk Shipments

Upon a reader's request, we now offer up a bushel of recent numbers on seaborne agricultural exports, differentiating containerized from bulk shipments by both value and tonnage. We were able to find comparable data going back to 2012, beyond which methodological and definitional changes cloud the statistics.

What's behind the numbers we have? There's always bound to be disagreement over agricultural trade statistics. Start with the question of what to include. While crops grown on farms would certainly appear to qualify, what about processed or manufactured foods? Should Idaho potatoes transported to fast-food restaurants in Japan be lumped together with Twinkies shipped to Australia? Then there is the question of which metric to use. The maritime industry prefers to measure shipments in tons or TEUs, depending on whether the goods are being transported in bulk or in containers.

By contrast, farmers and especially food processors are more likely to be concerned with how many dollars they're earning. This leads to a likely disparity: volumes and values do not necessarily move in tandem. Shifting commodity pricing often gets in the way.

So, what, you may ask, constitute "agricultural exports"? We're glad you asked since it provides us an opportunity to cite the official definition used by the U.S. Department of Agriculture:

Agricultural commodities consist of nonmarine food products, natural fibers, unmanufactured tobacco, and other farm products subject to federal legislation such as Section 22 of the Agricultural Adjustment Act. Some processed agricultural commodities are included if the value added by manufacturing accounts for less than 50 percent of the final value of shipments as reported in the latest Census of Manufactures. Examples of processed agricultural commodities include cereal flours, dairy products, canned meats, canned fruits and vegetables, vegetable oils, animal hides, fur pelts, wine, and beer. Textiles, leather products, distilled beverages, forestry, and fishery products are classified as nonagricultural commodities.

We fully appreciate that some readers may object to the exclusion of lobsters and bourbon from the list. Our sympathy knows no bounds. But please address your complaints to the USDA. Otherwise, indulge yourself in the following two exhibits on bulk vs. containerized seaborne agricultural exports. Remember, these are the numbers for seaborne shipments only. They do not include overland agricultural exports to Canada and Mexico. Nor do they encompass airborne exports of such perishables as fresh cherries, asparagus, and strawberries. Tonnage figures are expressed in millions of metric tons (mmts).

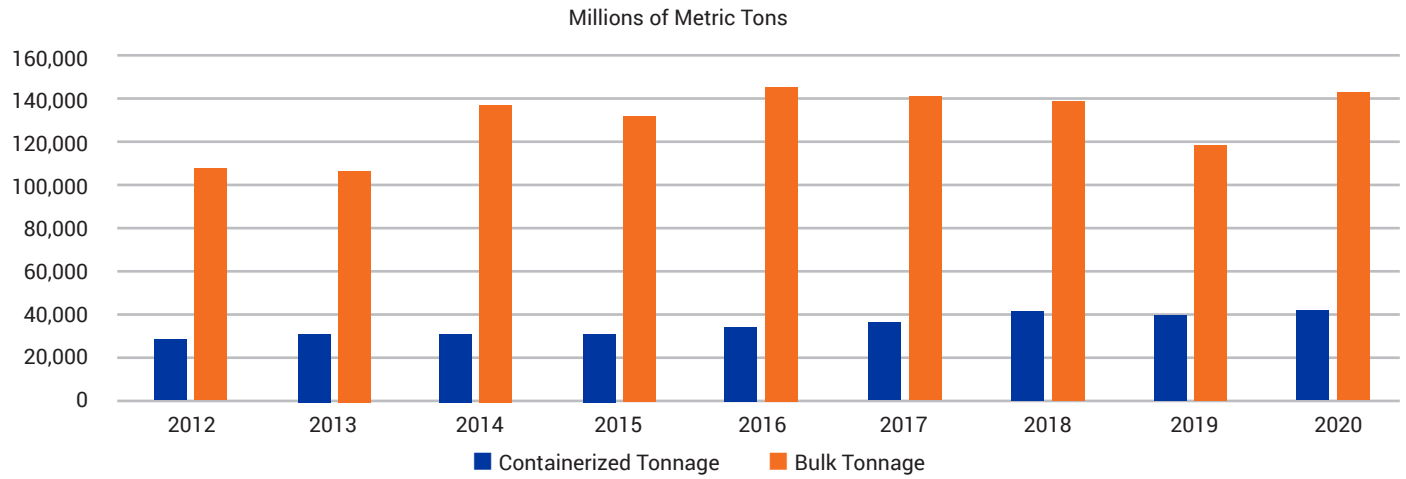
Exhibit 8 reveals that bulk carriers do the heavy lifting. That's expected given that over ninety percent of U.S. soybean exports and over 97% of all exports of wheat, corn, and grain sorghum are shipped overseas in bulk. The containerized share of the seaborne agricultural export trade rose from 20.8% in 2012, the earliest year for which comparable statistics are available, and peaked at 25.6% in 2019 before settling to 22.9% last year. During that period, containerized agricultural exports increased

Detailing the April 2021 TEU Numbers Continued

to 42,999 mmt from 28,548 mmt, a jump of 48.9%. Bulk tonnage meanwhile grew to 143,330 mmt from 108,385 mmt, a bump of 32.2%. In the first four months of this year, distribution of shares has been distorted by the surge in bulk of soybean and grain shipments to China.

Year-over-year, bulk agricultural export tonnage to all overseas markets leapt by 48.6% from the same period a year ago, while tonnage shipped in containers grew by 1.3%.

Exhibit 8 **Seaborne Agricultural Exports: Containers vs. Bulk**
Source: U.S. Commerce Department



Jock O'Connell's Commentary:

"Once More into the [Export Promotion] Breach, Dear Friends"

People in the maritime shipping industry habitually use the TEU to chart the ups and downs of world trade. But hardly anyone else does, and that can be a problem.

Why's that? Doesn't every industry tend to be myopic in measuring its accomplishments. Aren't those whose income depends on moving containers between ship and shore as entitled to obsess about TEUs as lawyers are about billable hours?

It is up to the point where you start assuming that your preferred metric is the one that should frame a debate over national trade policy.

Which gets us to the question of how a bracing logistical challenge brought on by a once-in-a-century pandemic should lead to calls for a National Export Plan (NEP).

In years past, U.S. government initiatives to boost exports were spurred by hand-wringing over the country's balance of payments deficit. And since America last recorded a balance of payments surplus in 1975 (and even then hadn't done so consistently since the 1960s), fretful headlines—along with the sundry export promotion schemes they spawned—have routinely surfaced.

This time is different, though. The deficit driving the latest calls for a NEP is not last year's $676.68 billion trade imbalance. Instead, judging by who's been doing the calling, it's evidently being driven by anxieties stemming from the soaring volume of TEUs that have been departing for foreign shores completely empty.

Hearings this month before the Federal Maritime

Commentary Continued

Commission and the House Committee on Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation served to bring the matter into a disconcerting focus. The complaint, lodged mostly it seems by agricultural exporters, is that ocean carriers (who are more and more being tagged with the pejorative epithet "foreign-owned") have been thwarting American exporters from exporting American goods, especially American food and fiber…at least by sea, at least in containers.

So here we have a logistical crisis, albeit one with broad economic consequences, that has inspired proposals for a national strategy aimed at, in the words of one leading advocate, "incentivizing exports."

So why should this merit my raised eyebrow?

In part, because I've been to this rodeo before, indeed repeatedly since I was studying economics in college back when the U.S. last had a habit of running trade surpluses. I remember the agonies of Gerald Ford and Jimmy Carter in wrestling with seemingly out-of-control deficits that would be dwarfed by the ones that caused Ronald Reagan to devalue the dollar in 1985. I listened as Barack Obama announced a National Export Initiative in his 2010 State of the Union address, and I cringed as Donald Trump thought tariffs would be the hydroxychloroquine of trade policy.

Still, the deficit so far this year is the worst since the Great Recession struck in 2008.

Okay, are there other reasons to be skeptical about a NEP apart from the nation's less than spectacular track record in export promotion?

First, let's start with what all reputable economists know instinctively to be true but cannot ever seem to adequately explain to politicians, journalists, and the general public. And that is that trade deficits are fundamentally macro-economic phenomena no more treatable by export incentives than were those ailments my dear mother remedied with Carter's Little Liver Pills. Palliative elixirs, regardless of who's selling the snake oil, may give the illusion of relief, but only for a moment. At worst, they divert attention from the more realistic but usually more costly and arduous treatments.

In the current instance, unless Joe Biden is allowed to invest billions on the physical and digital infrastructure that facilitates efficient and economical goods movement, and unless Americans start saving more, nothing will really change. A mere program of incentivizing exporters won't accomplish much more than antagonizing trading partners, while running the risk of violating any number of international trade agreements.

Second, temporary dislocations—such as the clogged supply chains caused by the pandemic—should never be used to define long-term public policy options. Like past plagues, this too shall pass. And when it does, we'll likely see the re-emergence of the patterns and levels of trade we saw before Tony Fauci became a household name. In the meantime, congestion should not be misdiagnosed as sclerosis.

Third, containerized trade is simply not the sum total of the nation's export trade, although you might get a different impression from reading the papers. Let's break down the numbers. To start, U.S. exports through April of this year have totaled $789.44 billion. Nearly 30% of that trade was in the form of services, while shipments of goods accounted for the balance. Scoff if you will, but every dollar I and other non-incentivized service providers earn from a foreign client counts as much in the tally of the national trade account as every dollar a subsidized farmer in Iowa makes from shipping a container full of rutabagas to Bolivia.

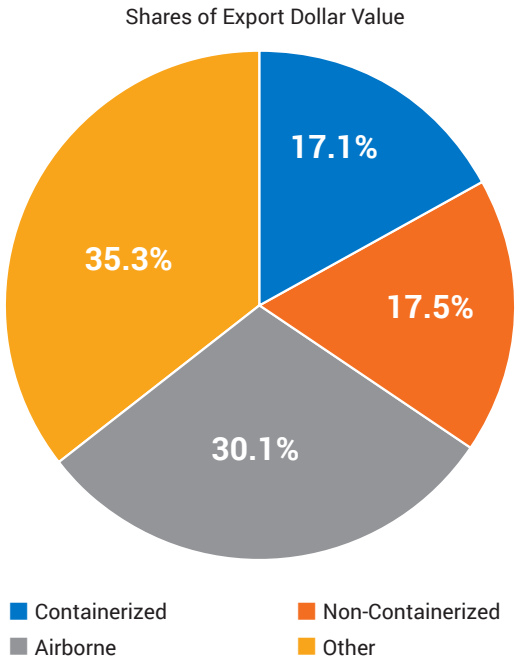
Then there's the generally unacknowledged fact that containerized shipments are a junior partner in America's merchandise export trade. Consider **Exhibit A**, which shows each mode of transport's average share of the value of U.S. merchandise exports from 2015 through 2020.

As the export pie is sliced, the largest single share goes to "Other" which encompasses our prodigious overland trade with Canada and Mexico as well as the civilian aircraft manufactured by Boeing that are flown to their overseas customers. (Our North American trading partners, it's occasionally helpful to note, import just over one-third of our merchandise exports. And very little of it goes by water.)

Fully 34.6% of America's $1.424 trillion merchandise

Commentary Continued

Exhibit A **U.S. Merchandise Exports Mode of Transport: 2015-2020**
Source: U.S. Commerce Department



export trade travelled by sea, with almost equal shares of moving in containers and bulk. Exceeding the combined value of all seaborne exports are the exports handled by aircraft, either air-freighters or the lower decks of passenger airplanes. The value share is way out of proportion to the air feight tonnage involved, but that is because items that are highly perishable or have high value-to-weight ratios typically fly to market. This is why the value of exports shipped through LAX easily exceeds the value of exported merchandise shipped through either the Port of Long Beach or the Port of Los Angeles. It is also why San Francisco International Airport routinely handles half-again the value of exports shipped through the Port of Oakland.

So containers, which play such an overwhelming role in America's import trade, account for the minority share of oceanborne exports.

Finally, there's the matter of what we export in containers, and therefore what the chief candidates for export incentives may be. Each year about this time, the venerable and esteemed *Journal of Commerce*, in concert with its sisters-in-corporate-law organizations PIERS and IHS Markit, puts out a list of America's Top 100 Exporters.

It's a curious list. Firms are ranked not by the value of their exports but by the number of loaded export containers they shipped abroad from U.S. seaports. Someone unfamiliar with the diverse contours of the U.S. economy might easily conclude from the *Journal*'s roster of exporters that American industry is principally engaged in the production of scrap materials and animal feed.

Noticeably absent from the *JOC* list are names like Boeing or Microsoft or ExxonMobil or Intel or Johnson & Johnson, companies that are among the top U.S. exporters by dollar value. They find no prominence on the *Journal*'s roster simply because they don't make much use of containerized shipping to reach their foreign customers. Oil companies use tankers. High-tech companies and cherry growers ship by air. And pilots fly Boeing's jets to their client airlines around the world.

So, whether the goal is to boost America's merchandise export trade or merely to repair a politically sensitive surplus of empty outbound containers, it pays to know what we export and how we get it there.

Metrics count, sometimes erroneously.

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

Facts Are Stubborn Things

By John McLaurin, President
Pacific Merchant Shipping Association

A lot has been said lately about the need for 24-hour marine terminal gate operations. It appears to be the default solution by some to "port congestion." It's a great sound bite. It is a simple and easily understood solution to a complex and difficult problem—wherein lies the problem.

We have a supply chain that is overwhelmed due to excess demand and cargo volume. Port congestion implies that every other component of the supply chain is working smoothly. It isn't.

In August of last year, I participated in a conference call with port authorities, truckers, ocean carriers and Beneficial Cargo Owner (BCO) representatives. The topic of conversation: port congestion.

A BCO representative described the problem that he was encountering in a very holistic and simple fashion. He stated:

I have cargo in China, but I can't get a box.
When I get a box, I can't get a ship.
When I get a ship, I can't get a berth.
When I get a berth, I can't get a truck.
When I get a truck, I can't get a chassis.
When I get a chassis, I can't find space at a warehouse to take the cargo.

That isn't port congestion—that is a supply chain that is absolutely saturated with cargo.

Every container ship and every container in the world is currently in use. Chassis are difficult to find—with on-street dwell time at a week or more (indicating their use as a storage unit rather than a mode of conveyance). Eastbound rail cargo has been held up at marine terminals due to a lack of rail cars and rail power. And warehouses and distribution centers are full.

There isn't empty equipment or space lying around unused. Terminal operators and trucking companies have acquired land to store containers, waiting for cargo owners to pick them up. The same problems that exist in the United States are being experienced all over the world.

In addition, we can't violate laws of physics. You can only put so much cargo in one space at any given point in time.

Despite all of these supply chain challenges, record amounts of cargo are moving through ports all over the country—and during a pandemic when people were putting their health at risk by simply showing up to work. The Port of Los Angeles just announced the movement of one million TEU's for one month, a "Western Hemisphere" record.

I don't doubt that there are individual specific problems. But let's acknowledge and be proud of what we have been able to accomplish in the past year. We have gone from overseas factories being shut down and commerce all over the world coming to a standstill to the largest volume of cargo ever moved through our ports, by our truck and rail partners and final mile delivery drivers. We have delivered record volumes of ag exports. And the supply chain delivered needed medical supplies and personal protective equipment all over the world.

What should be done going forward?

First we need to work together to fully utilize the first and second shifts before considering opening the gates 24/7. There is unused gate capacity during the first and second shifts at LA/LB marine terminals (see graphic on page 14). All parts of the supply chain need to be open and working to receive cargo.

Second, governments should allow the separate areas of the supply chain to draw down on the congestion and make continual progress without new rules or procedures that will make the situation worse.

Third, government should utilize available funds to upgrade infrastructure for ports and transportation systems as a critical part of the economic and job recovery program.

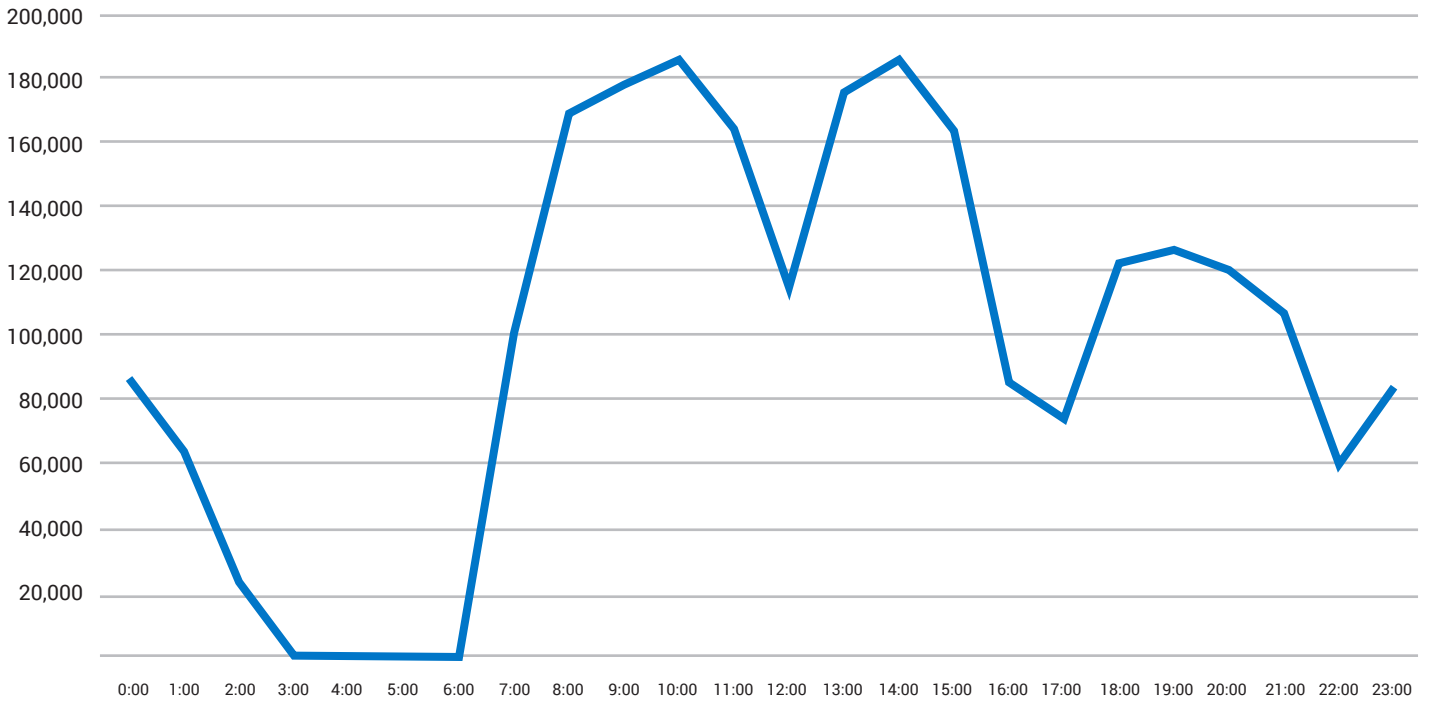
Last, new laws and regulations establishing energy, climate, and transportation goals should be evaluated for their impact on supply chain efficiency goals. Mandating changes that are not technically or economically feasible

Facts Are Stubborn Things Continued

will have an impact on the ability of the supply chain to deliver goods in a timely manner.

Do we have serious problems and challenges? Yes, and we must work together to improve the system so it can handle the large influx of cargo efficiently. But we have to acknowledge that we have a supply chain capacity problem and to simply demand 24/7 gate operations while ignoring every other component of the supply chain is not a solution.

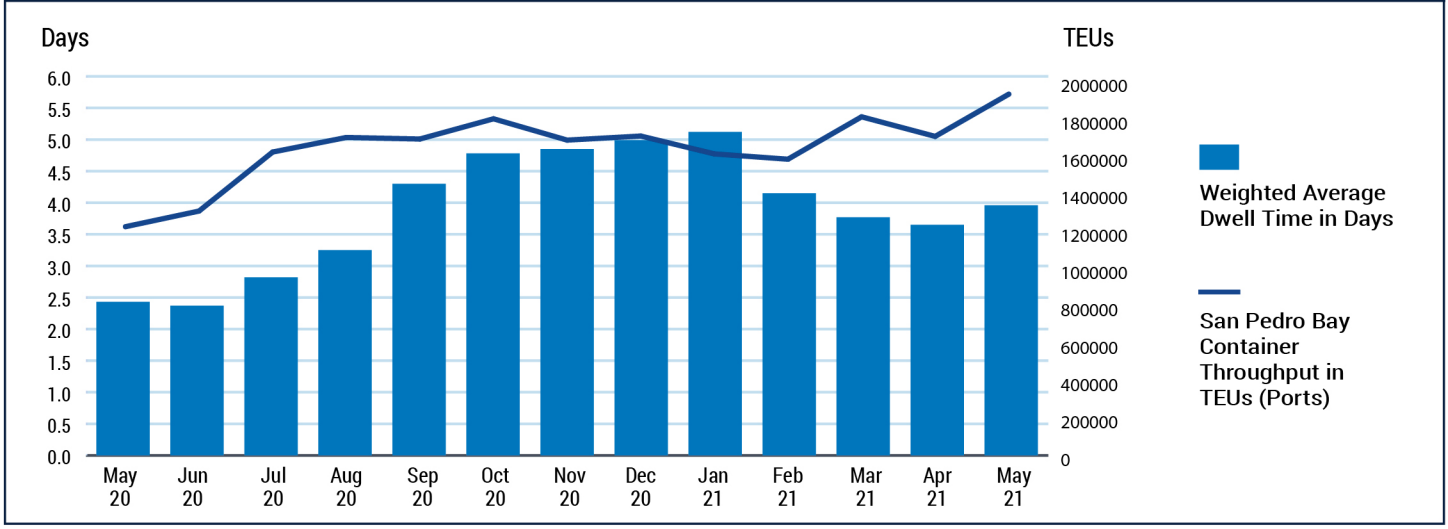
Truck Gate Activity Per Hour at Container Terminals
Ports of Los Angeles and Long Beach
January 3, 2021 through April 3, 2021



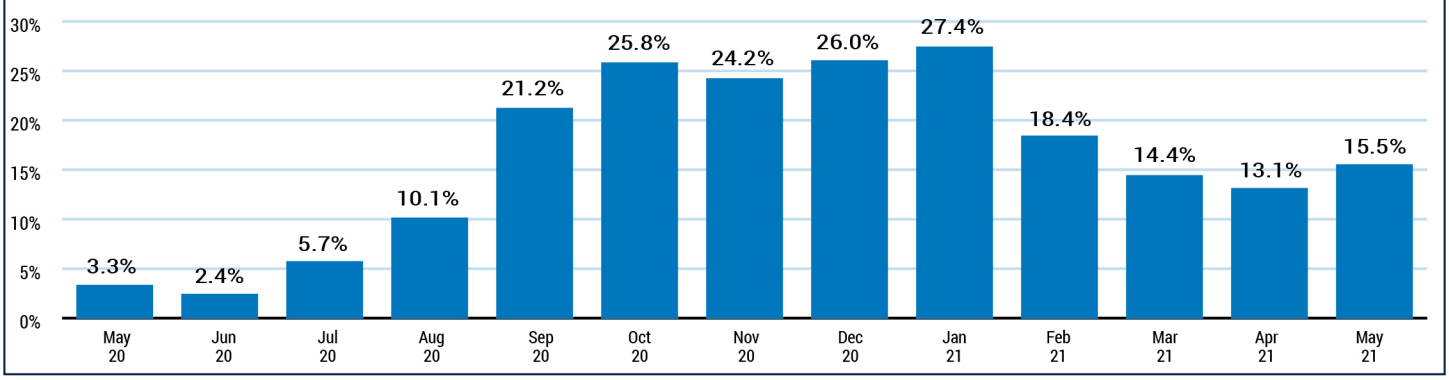
Interested in membership in PMSA?
Contact Laura Germany for details at: lgermany@pmsaship.com or 510-987-5000.

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

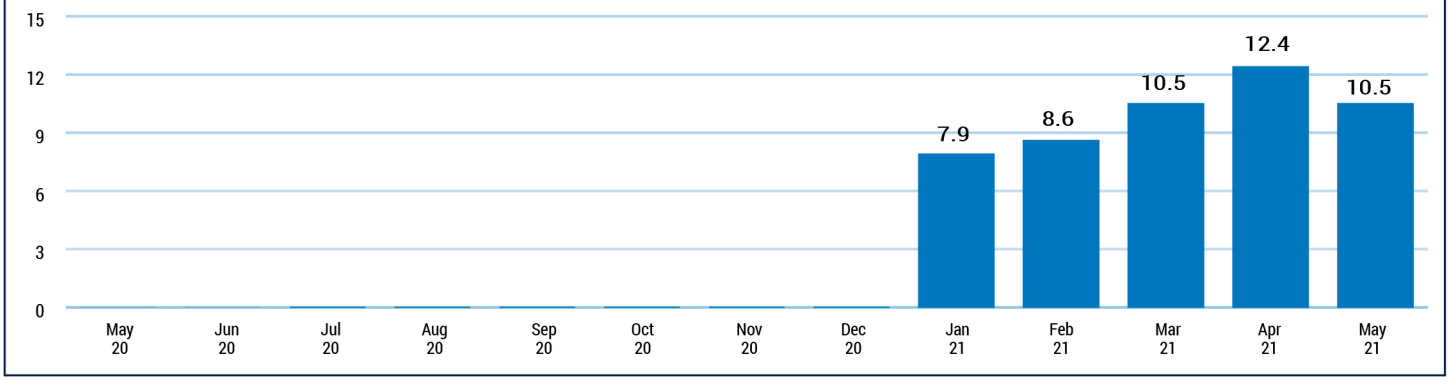
San Pedro Bay Weighted Average Inbound Laden Container Dwell Time in Days



Dwell Time in Days % > 5 Days



Rail Dwell Time in Days

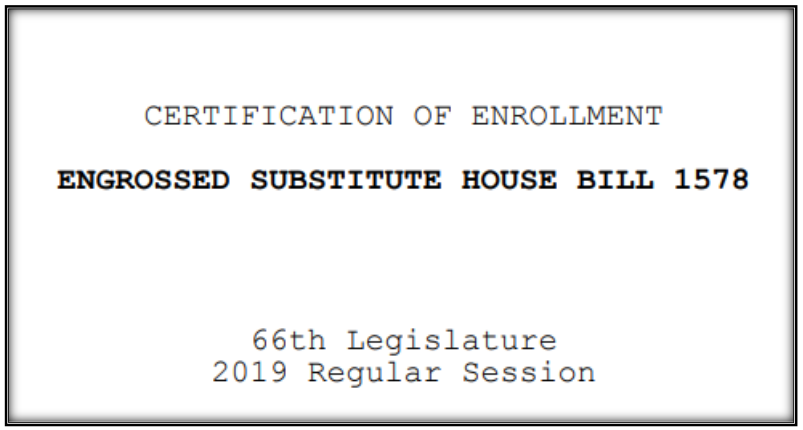


Brian Kirk is the Prevention Section Manager for the Washington State Department of Ecology's Spills Program. He leads a team of professional engineers, vessel inspectors, oil transfer inspectors, and risk specialists, and manages oil spill prevention activities to protect Washington waters. Brian previously worked at the University of Washington and completed a 20 year career in the US Navy. He served in a variety of positions at sea and ashore, including chief engineer on destroyers and cruisers, and director level roles on aircraft carrier based staffs. Brian has a Masters in Operations Research from the Naval Postgraduate School, and is a graduate of Maine Maritime Academy and the US Naval War College.

July BPC Update:
Vessel Trend Synopsis
Routes for vessels newly under escort requirement

DEPARTMENT OF ECOLOGY
State of Washington

Background Information
ESHB 1578



CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 1578

66th Legislature
2019 Regular Session

- ESHB 1578 Section 3 (1)(d)(ii): “By December 31, 2021, complete a synopsis of changing vessel traffic trends”

- Synopsis will compare a year of pre-bill implementation data to a year of post-bill implementation data

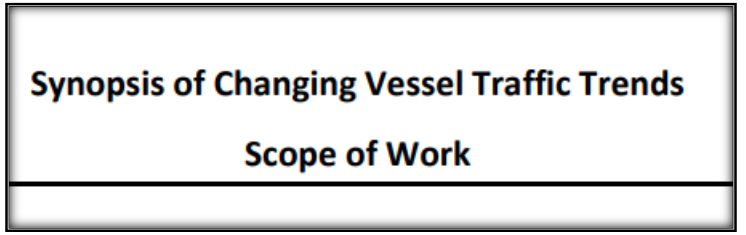
Background Information
SOW Deliverables

Synopsis of Changing Vessel Traffic Trends

Scope of Work

1. Route selection (Rosario and Haro) and number of vessel transits pre-and post-bill implementation for the following vessel types.
   a) vessels that newly fall under an escort requirement
   b) deep draft and tug traffic that have no additional escort requirement
   c) vessels that are providing bunkering or refueling services
2. Review of tugs engaged in escorting including number of transits, names of vessels, and operating companies.
3. Number of oil transfers per terminal and per anchorage pre- and post-bill implementation.
4. A review of the last 5 years of existing vessel transit data,

Background Information
SOW Timeline: 2021



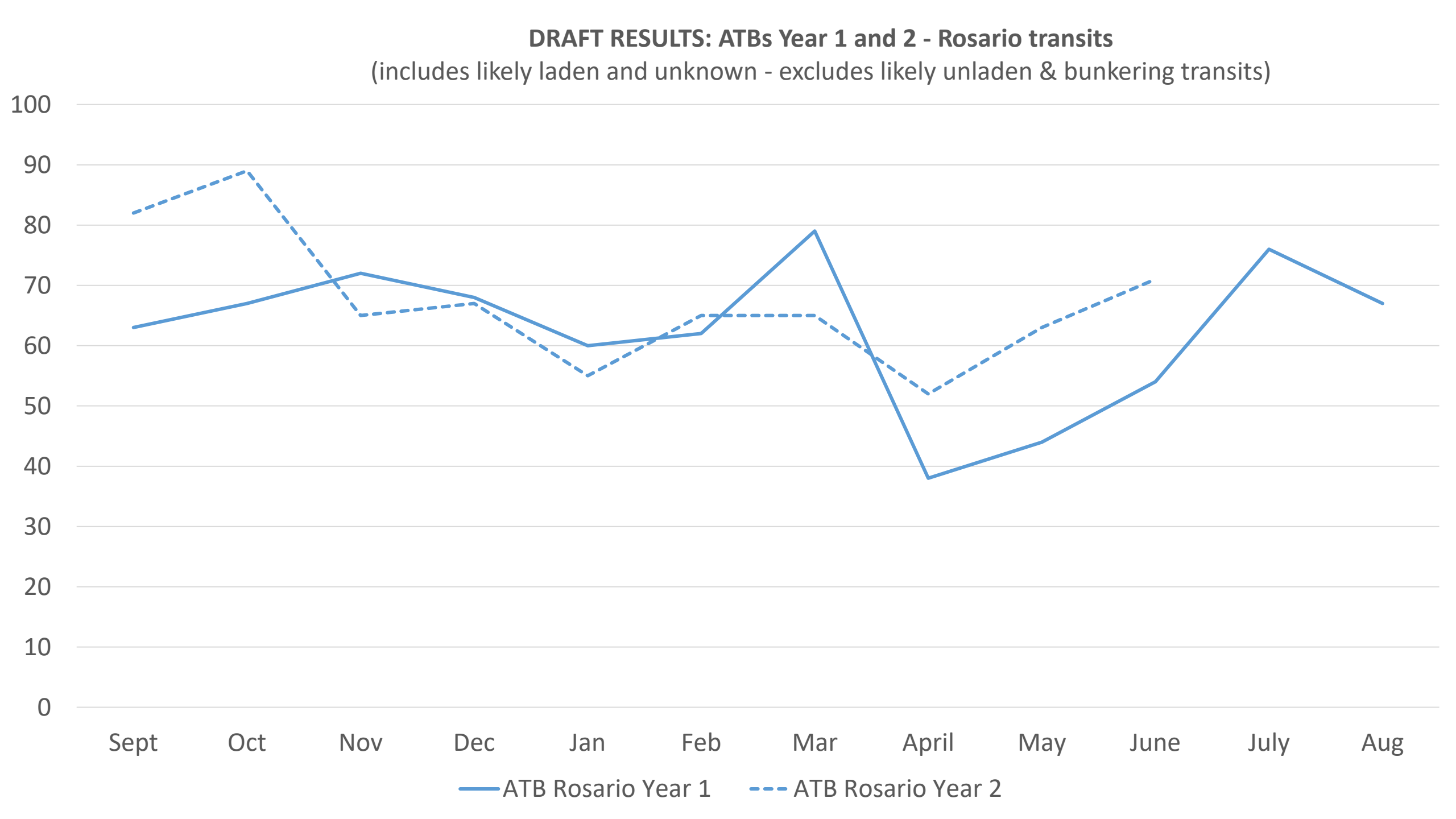
- **November 4:** Ecology delivers initial draft synopsis to BPC
- **December 2:** Ecology delivers final draft to BPC
- **December 31**: BPC publishes the Synopsis and submits to the legislature

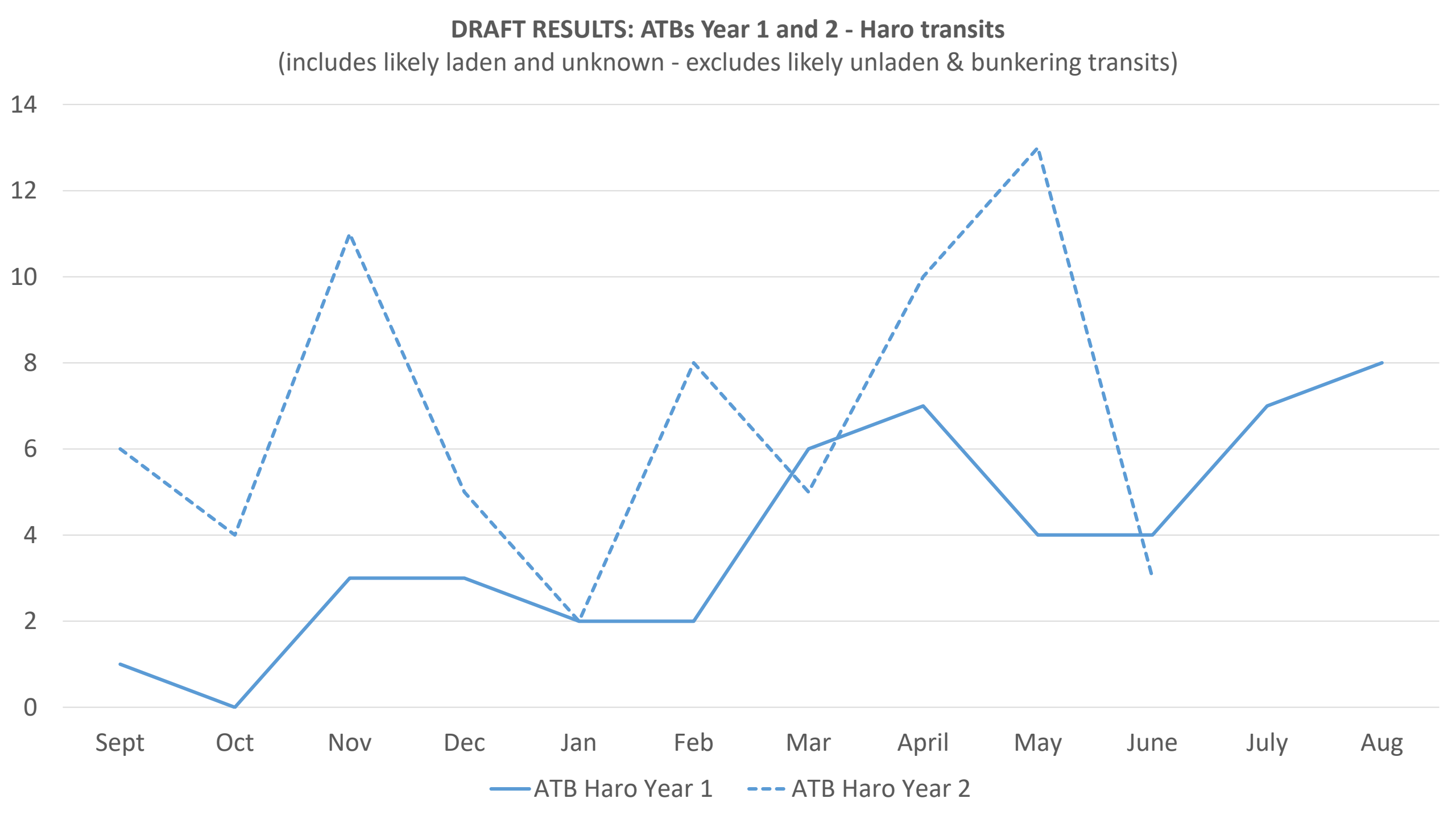
Routes for vessels newly under escort requirement

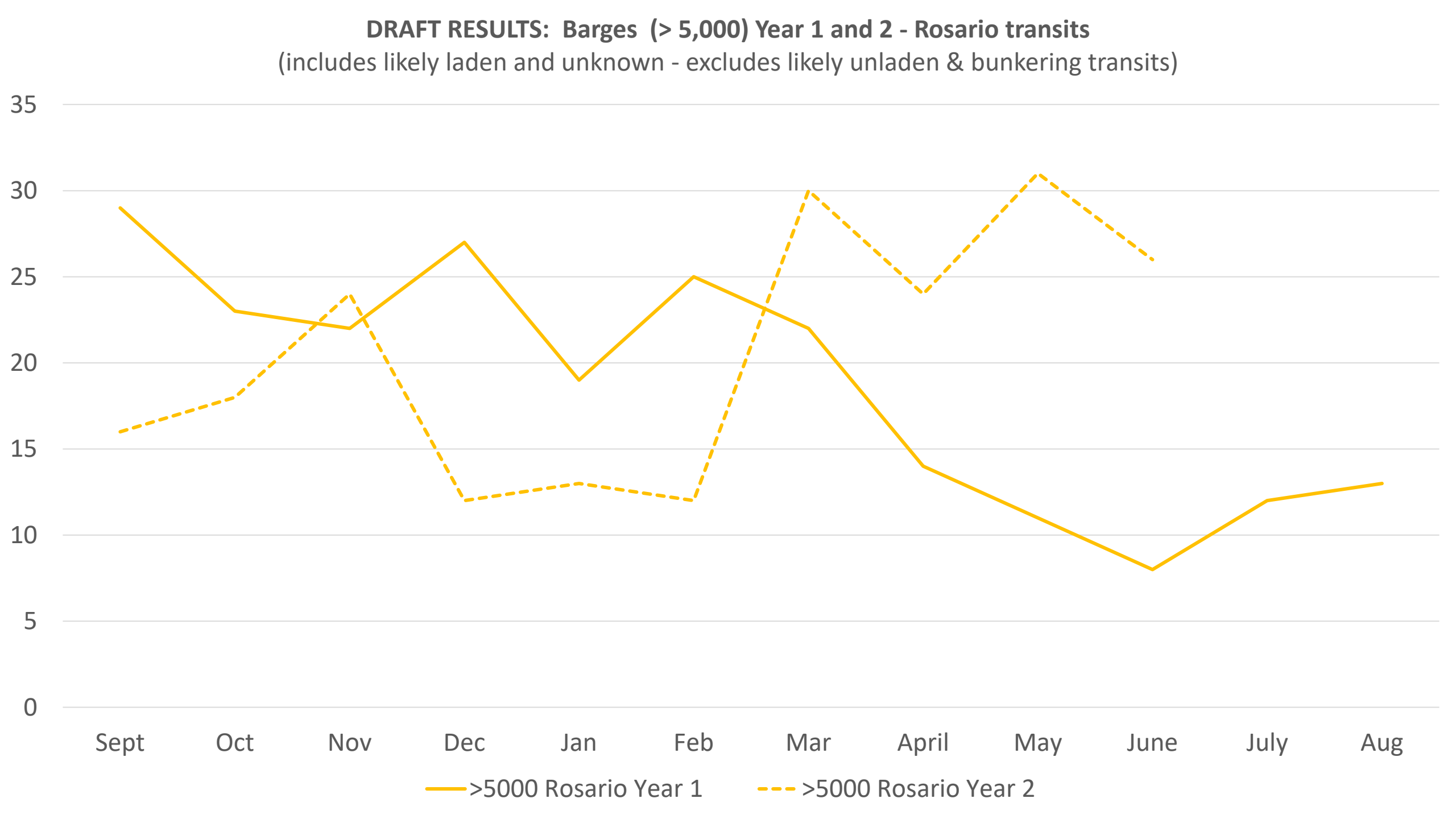
(Likely laden and unknown – excludes likely unladen and engaged in bunkering)

- **> 5,000 ATB**
  - Rosario Year 1 and 2
  - Haro Year 1 and 2
- **>5,000 Barge**
  - Rosario Year 1 and 2
  - Haro Year 1 and 2
- **<40,000 Tanker**
  - Rosario Year 1 and 2
  - Haro Year 1 and 2

* This update will display graphical observations on transits of vessels newly under escort requirement, but will not analyze why these transit route were selected.

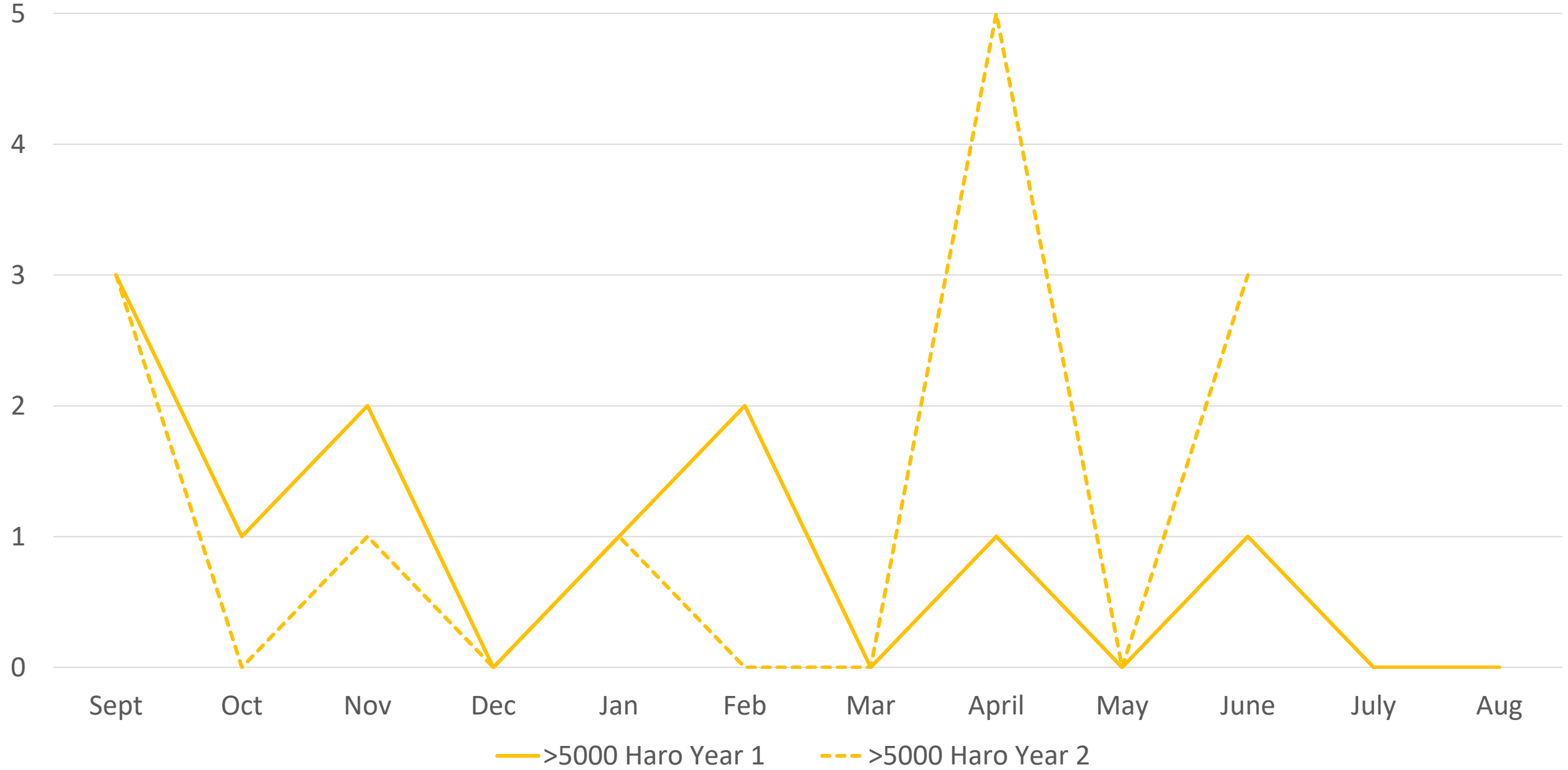

DRAFT RESULTS: ATBs Year 1 and 2 - Rosario transits
(includes likely laden and unknown - excludes likely unladen & bunkering transits)
100
90
80
70
60
50
40
30
20
10
0
Sept
Oct
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
ATB Rosario Year 1
ATB Rosario Year 2

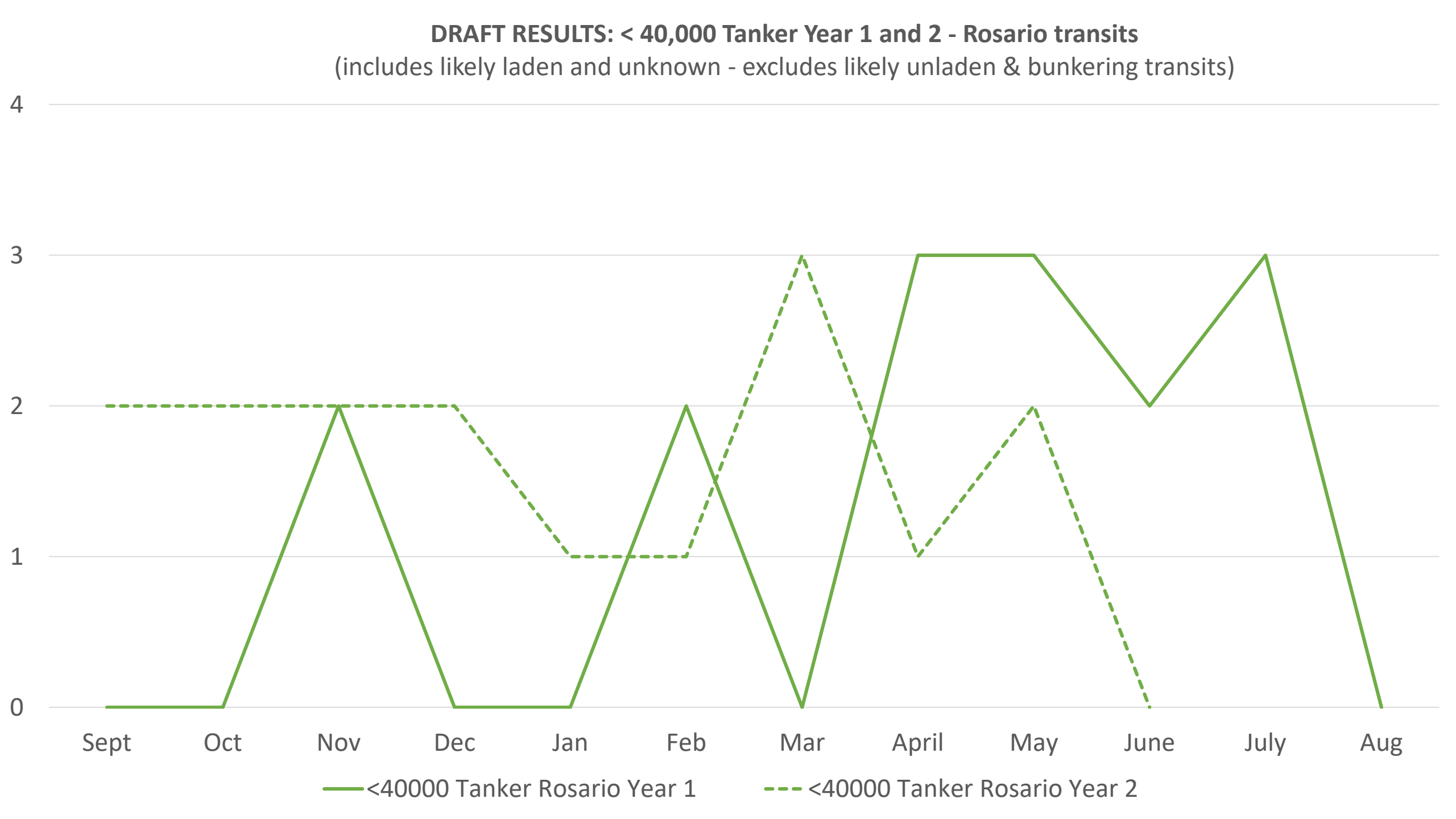

DRAFT RESULTS: ATBs Year 1 and 2 - Haro transits
(includes likely laden and unknown - excludes likely unladen & bunkering transits)
14
12
10
8
6
4
2
0
Sept
Oct
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
ATB Haro Year 1
ATB Haro Year 2

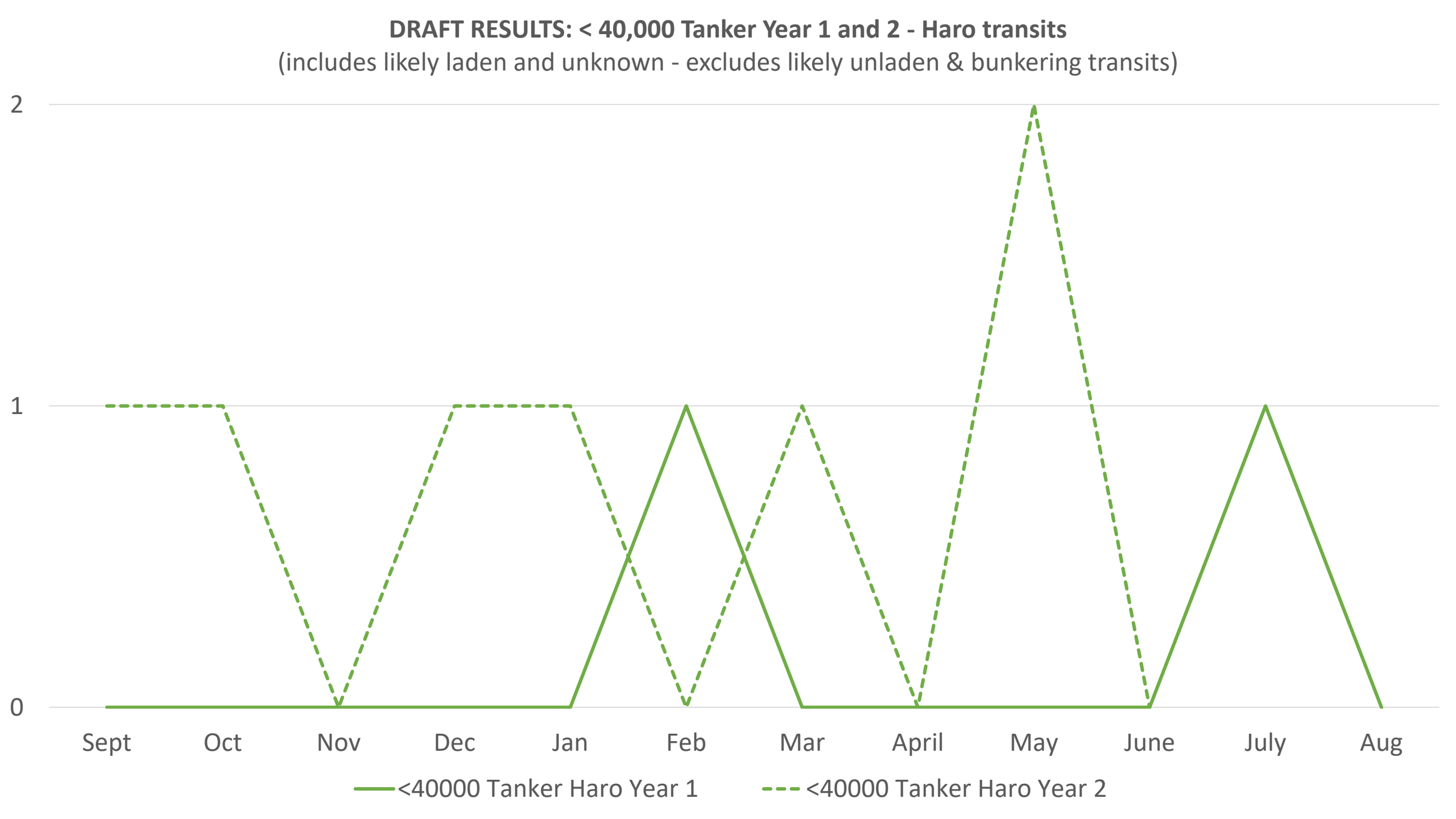

DRAFT RESULTS: Barges (> 5,000) Year 1 and 2 - Rosario transits
(includes likely laden and unknown - excludes likely unladen & bunkering transits)
35
30
25
20
15
10
5
0
Sept
Oct
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
>5000 Rosario Year 1
>5000 Rosario Year 2

DRAFT RESULTS: Barges (> 5,000) Year 1 and 2 - Haro transits

(includes likely laden and unknown - excludes likely unladen & bunkering transits)

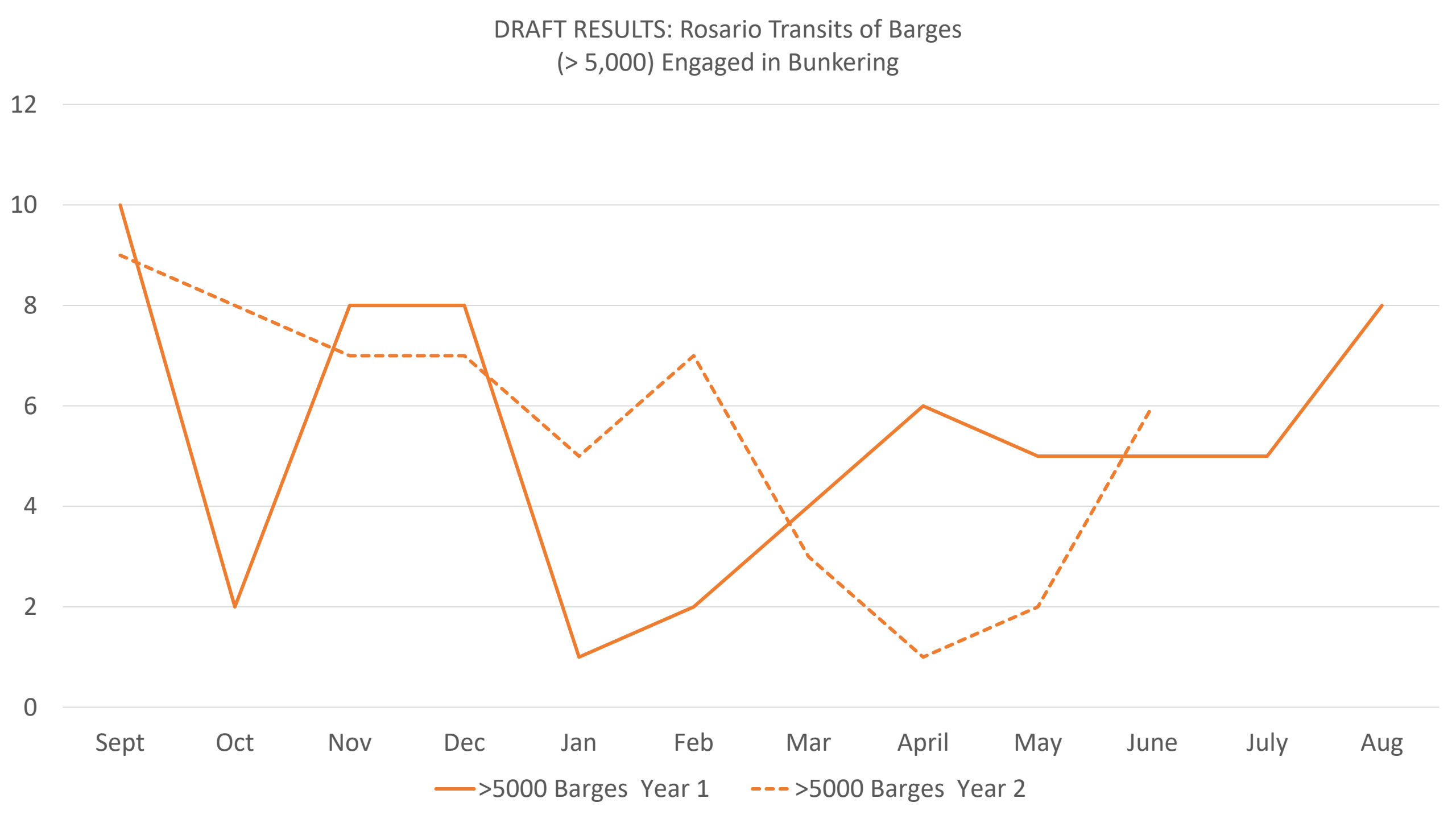


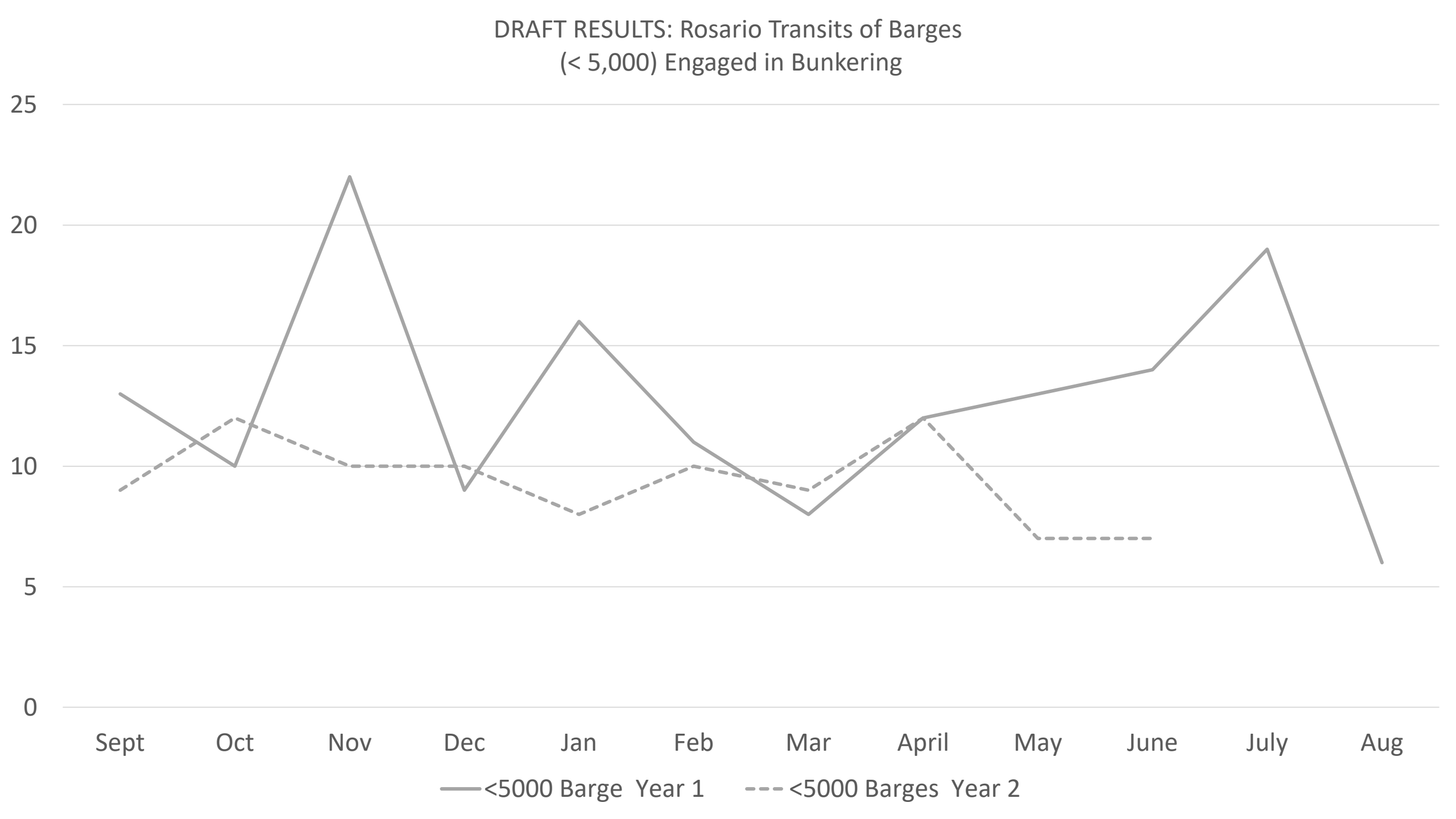

DRAFT RESULTS: < 40,000 Tanker Year 1 and 2 - Rosario transits
(includes likely laden and unknown - excludes likely unladen & bunkering transits)
4
3
2
1
0
Sept
Oct
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
<40000 Tanker Rosario Year 1
<40000 Tanker Rosario Year 2


DRAFT RESULTS: < 40,000 Tanker Year 1 and 2 - Haro transits
(includes likely laden and unknown - excludes likely unladen & bunkering transits)
2
1
0
Sept
Oct
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
<40000 Tanker Haro Year 1
<40000 Tanker Haro Year 2

Routes for vessels engaged in bunkering

- >5,000 barges engaged in bunkering Rosario Year 1 and 2
- <5,000 barge engaged in bunkering Rosario Year 1 and 2


DRAFT RESULTS: Rosario Transits of Barges
(> 5,000) Engaged in Bunkering
12
10
8
6
4
2
0
Sept
Oct
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
>5000 Barges Year 1
>5000 Barges Year 2


DRAFT RESULTS: Rosario Transits of Barges
(< 5,000) Engaged in Bunkering
25
20
15
10
5
0
Sept
Oct
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
<5000 Barge Year 1
<5000 Barges Year 2

Next Steps

- Continue work on Vessel Trend Synopsis
- Provide updated versions of these graphics in the monthly Board packet