



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: December 26, 2018

TIME: 8:03 AM

WSR 19-02-037

Agency: Board of Pilotage Commissioners

Original Notice

Supplemental Notice to WSR _____

Continuance of WSR _____

Preproposal Statement of Inquiry was filed as WSR 18-22-005 ; or

Expedited Rule Making--Proposed notice was filed as WSR _____ ; or

Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or

Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) WAC 363-116-082 Limitations on new pilots

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
February 21, 2019	10:00am	2901 Third Avenue, 1 st Floor Agate Conference Room	

Date of intended adoption: February 21, 2019 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name: Sheri J. Tonn, Chair

Address: 2901 Third Avenue, Suite 500, Seattle, WA 98121

Email: BeverJ@wsdot.wa.gov

Fax: (206) 515-3906

Other:

By (date) February 14, 2019

Assistance for persons with disabilities:

Contact Jolene Hamel

Phone: (206) 515-3904

Fax: (206) 515-3906

TTY:

Email: HamelJ@wsdot.wa.gov

Other:

By (date) February 14, 2019

Purpose of the proposal and its anticipated effects, including any changes in existing rules: Due to increased vessel sizes and changes to availability, the tonnage categories for each license level in the Puget Sound Pilotage District are proposed to be adjusted. The anticipated effects of these changes will include better transitions between training and piloting, better distribution in the tonnages of tankers between the license levels, and better access to various vessel types for all license levels. The proposed changes are as follows:

License Year 1 – Tank Vessels – no change (Piloting on vessels of any size prohibited), Other Vessels from 30,000 GT to 38,000 GT

License Year 2 – Tank Vessels – from 30,000 GT to 32,000 GT, Other Vessels – from 38,000 GT to 48,000 GT

License Year 3 – Tank Vessels – from 38,000 GT to 40,000 GT, Other Vessels – from 48,000 GT to 60,000 GT

License Year 4 – Tank Vessels – from 45,000 GT to 50,000 GT, Other Vessels – from 60,000 GT to 70,000 GT

License Year 5 – Tank Vessels – from 55,000 GT to 65,000 GT, Other Vessels – from 75,000 GT to 95,000 GT

Reasons supporting proposal: The Board's Trainee Evaluation Committee (TEC), which is comprised of industry stakeholders as well as Board members, did extensive research and thoughtfully put together the recommendations for the Board. Additional stakeholder comments are welcome and will continue to be considered.

Statutory authority for adoption: Chapter 88.16 RCW

Statute being implemented: Chapter 88.16. RCW

Is rule necessary because of a:

- Federal Law? Yes No
Federal Court Decision? Yes No
State Court Decision? Yes No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: The Board has received the proposed amendments from the Trainee Evaluation Committee (TEC) favoring the adoption of these new rules.

Name of proponent: (person or organization) Board of Pilotage Commissioners

- Private
 Public
 Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting: Commissioners	Board of Pilotage	2901 Third Avenue, Seattle, WA 98121	(206) 515-3904
Implementation: Commissioners	Board of Pilotage	2901 Third Avenue, Seattle, WA 98121	(206) 515-3904
Enforcement: Commissioners	Board of Pilotage	2901 Third Avenue, Seattle, WA 98121	(206) 515-3904

Is a school district fiscal impact statement required under RCW 28A.305.135?

- Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Is a cost-benefit analysis required under RCW 34.05.328?

- Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

- No: Please explain: RCW 34.05.328 does not apply to the adoption of these rules. The Washington State Board of Pilotage Commissioners is not a listed agency in RCW 34.05.328(5)(a)(i)

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- RCW 34.05.310 (4)(b) (Internal government operations)
- RCW 34.05.310 (4)(c) (Incorporation by reference)
- RCW 34.05.310 (4)(d) (Correct or clarify language)
- RCW 34.05.310 (4)(e) (Dictated by statute)
- RCW 34.05.310 (4)(f) (Set or adjust fees)
- RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under RCW ____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's analysis showing how costs were calculated. _____
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

Date: December 26, 2018

Name: Jaimie C. Bever

Title: Executive Director

Signature:



WAC 363-116-082 Limitations on new pilots. (1) The following limitations and pilot license upgrade requirements shall apply to a newly licensed pilot during his/her first five years of active service. For purposes of this section, the term "tank vessel" shall, in addition to tank ships, include any articulated or integrated tug and tank barge combinations, and any tonnage restrictions thereon shall be calculated by including the gross tonnage of the tug and tank barge combined. For purposes of this section, the term "petroleum products" shall include crude oil, refined products, liquefied natural gas, and liquefied petroleum gas. GT (ITC) as used in this section refers to gross tonnages measured in accordance with the requirements of the 1969 International Convention on Tonnage Measurement of Ships.

(2) Puget Sound pilotage district - License limitation periods. Except for trips being made for pilot license upgrades, licenses issued in the Puget Sound pilotage district shall have the following limitations:

License Year	Maximum Size of Tank Vessels Carrying Petroleum Products as Bulk Cargo	Maximum Size of Other Vessels
1	Piloting on vessels of any size prohibited	((30,000)) 38,000 GT (ITC) ((or 660 feet)) except for passenger vessels which may only have a maximum size of 5000 GT (ITC)
2	((30,000)) 32,000 GT (ITC)	((38,000)) 48,000 GT (ITC)
3	((38,000)) 40,000 GT (ITC)	((48,000)) 60,000 GT (ITC)
4	((45,000)) 50,000 GT (ITC)	((60,000)) 70,000 GT (ITC)
5	((55,000)) 65,000 GT (ITC)	((75,000)) 95,000 GT (ITC)

(3) Puget Sound pilotage district - Pilot license upgrade requirements. Progressive lifting of tonnage limitations requires a newly licensed pilot to satisfactorily pilot vessels on the trips specified in this section. The trainee evaluation committee shall recommend to the board a series of eight trips to be made by each pilot in the last one hundred twenty days of each year of the license limitation periods specified in subsection (2) of this section. As to these trips, the trainee evaluation committee shall specify the size and type of the vessel; origin and destination, whether the transit is to include a docking, waterway transit or other particular maneuvering requirement, whether any tank vessel trips are to be made while in ballast or loaded and whether the trip shall be taken with training pilots, trainee evaluation committee member pilots or pilots with a specified experience level. To the extent practical, the trips shall be on vessels of at least a size that falls between the upper limit in the expiring license limitation and the upper limit in the upcoming

license limitation period. All of these trips shall be complete trips between one port and another port, or between the pilot station and a port. The supervising pilots shall complete and submit to the board an evaluation form provided by the board for each trip a new pilot performs.

(4) Grays Harbor pilotage district - License limitation periods. Pilots licensed in the Grays Harbor pilotage district shall not pilot vessels in violation of the restrictions set forth in the table below during the indicated license year.

License Year	Maximum Size of Tank Vessels Carrying Petroleum Products as Bulk Cargo	Maximum Size of Other Vessels
1	Piloting on vessels of any size prohibited	32,000 GT (ITC) except that piloting on vessels of any size is prohibited through the Chehalis River Bridge unless vessel is in ballast and does not exceed 25,000 GT (ITC)
2	15,000 GT (ITC)	42,000 GT (ITC)
3	32,000 GT (ITC)	52,000 GT (ITC)
4	42,000 GT (ITC)	62,000 GT (ITC)
5	52,000 GT (ITC)	72,000 GT (ITC)

Notwithstanding subsection (7) of this section, upon determination that a bona fide safety concern may result from no pilot without license restrictions being available within a reasonable time to pilot a vessel requiring pilotage services, the chairperson or acting chairperson of the board, on a single trip basis, may authorize a newly licensed pilot holding a restricted license to provide pilotage services to the vessel, irrespective of the tonnage, service or location of the assigned berth of the vessel.

(5) Grays Harbor pilotage district - Pilot license upgrade requirements.

(a) Prior to the expiration of the first license year, a new pilot must make five license upgrade trips. Three of these trips shall be through the Chehalis River Bridge on loaded or partially loaded vessels. The other trips shall be on vessels in excess of 32,000 GT (ITC) and involve docking and passage to or from the sea buoy; and one of these trips shall involve turning the vessel in the waterway.

(b) Prior to the expiration of the second license year, a new pilot must make two license upgrade trips on tank vessels in excess of 15,000 GT (ITC) and two trips on other vessels in excess of 42,000 GT (ITC). Two of these trips shall involve docking and passage to or from the sea buoy; and two of these trips shall involve turning the vessel in the waterway. Upon satisfactory completion of the two upgrade trips upon tank vessels and completion of the second license year, the pilot will be authorized to pilot tank vessels in accordance with the limitations specified in subsection (4) of this section. Upon satisfactory completion of the two upgrade trips upon other vessels in excess of 42,000 GT (ITC) and completion of the second license year, the pilot

will be authorized to pilot vessels in accordance with the limitations specified in subsection (4) of this section.

(c) Prior to the expiration of the third license year, a new pilot must make two license upgrade trips on tank vessels in excess of 32,000 GT (ITC) and two trips on other vessels in excess of 52,000 GT (ITC). Two of these trips shall involve docking and passage to or from the sea buoy; and two of these trips shall involve turning the vessel in the waterway.

(d) Prior to the expiration of the fourth license year, a new pilot must make two license upgrade trips on tank vessels in excess of 42,000 GT (ITC) and two trips on other vessels in excess of 62,000 GT (ITC).

(e) Prior to the expiration of the fifth license year, a new pilot must make two license upgrade trips on tank vessels in excess of 52,000 GT (ITC) and two trips on other vessels in excess of 72,000 GT (ITC).

(f) If vessels are not available in the Grays Harbor pilotage district to allow a pilot to comply with (a) through (e) of this subsection in a timely manner, the board may designate substitute trips in the Puget Sound pilotage district as allowed by law and in so doing may specify the size of the vessel and any other characteristics of the trips that the board deems appropriate. Such designation shall be considered a modification of the pilot's state license to authorize the specified trips in the Puget Sound pilotage district.

(6) The initial license shall contain the limitations contained above and list the date of commencement and expiration of such periods. If a newly licensed pilot is unable to pilot for forty-five days or more in any one of the five years, he/she shall notify the board and request a revised schedule of limitations.

(7) Except as provided in subsection (4) of this section, no pilot shall be dispatched to, or accept an assignment on, any vessel which exceeds the limitations of his/her license. On vessels in which there is more than one pilot assigned, the license limitations shall apply only to the pilot in charge.

(8) All limitations on a pilot's license shall be lifted at the beginning of the sixth year of piloting provided he/she has submitted to the board a statement attesting to the fact that he/she has completed all the required license upgrade trips and the vessel simulator courses.

PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

Jan-2019

The Board of Pilotage Commissioners (BPC) requests the following information be provided to the BPC staff **no later than two working days prior to a BPC meeting** to give Commissioners ample time to review and prepare possible questions regarding the information provided.

Activity

Total pilotage assignments:	590	Cancellations:	18						
Total ship moves:	572	Cont'r:	212	Tanker:	171	Genl/Bulk:	112	Other:	77
Assignments delayed due to unavailable pilot:		9	Total delay time:	22.5 Hrs					
2 pilot jobs:	37	Reason: PSP GUIDELINES FOR RESTRICTED WATERWAYS							
Day of week & date of highest number of assignment:	WED 1/2/19 and SUN 1/6/19			27					
Day of week & date of lowest number of assignments	SUN 1/20/19			11					
Total number of repositions:	112								

Comp Days

Beg Total -	3143	Call Backs (+)	101	Used (-)	62	Ending total	3182
-------------	------	----------------	-----	----------	----	--------------	------

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
8-Jan	9-Jan	Seattle	PMI	Simulator	BOU,GRD,SOR

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

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
1-Jan	4-Jan	Seattle	PSP	UTC	CAI
2-Jan	2-Jan	Seattle	PSP	UTC	COL,KLA,MOT
4-Jan	4-Jan	Seattle	BPC	BPC	ANT
7-Jan	7-Jan	Seattle	PSP	UTC	MOT
7-Jan	11-Jan	Seattle	PSP	UTC	CAI
8-Jan	8-Jan	Seattle	PSP	BOD	ANA,CAI,COL,KLA,NEW,SEM
9-Jan	9-Jan	Seattle	PSP	UTC	COL,KLA,MOT
10-Jan	10-Jan	Seattle	PSP	Transportation	ANA,BEN,SEY
14-Jan	18-Jan	Seattle	PSP	UTC	CAI
15-Jan	15-Jan	Seattle	PSP	Transportation	ANA,BEN,KLA,SEY
16-Jan	16-Jan	Seattle	PSP	TEC	ANT,MAY,SCR
17-Jan	17-Jan	Seattle	BPC	BPC MEETING	ANT,SCR
20-Jan	21-Jan	Seattle	PSP	President	CAI
21-Jan	25-Jan	Seattle	PSP	UTC	CAI
22-Jan	22-Jan	Seattle	PSP	Canadian Port Authority	SCR
23-Jan	23-Jan	Seattle	PSP	UTC	COL,KLA,MOT
28-Jan	31-Jan	Seattle	PSP	UTC	CAI
30-Jan	30-Jan	Seattle	PSP	UTC	COL,KLA,MOT

C. Other (i.e. injury, not-fit-for-duty status, vacation)

Start Dt	End Dt	REASON	PILOT
1-Jan	31-Jan	Not fit for duty	SAN
8-Jan	14-Jan	Vacation	BEN
8-Jan	15-Jan	Vacation	CAJ, ENF, HED
22-Jan	29-Jan	Vacation	LIC,LOB, LOW, WIG

State of Washington
Pilotage Commission
February 21, 2019

Grays Harbor District Report

Arrivals YTD January 31, 2019 were 9 for a total of 21 jobs. Capt. White had duty in January and February. Capt. D'Angelo was released for duty on February 9th to cover jobs when Capt. White was sick. Capt. D'Angelo also covered the duty watch Feb. 16 & 17 for Capt. White. Capt. D'Angelo will have duty in March. We anticipate 7 arrivals in February 2019.

Although arrivals remain relatively strong they are heavy to dry bulk. Our roro service has been consolidated to one carrier so volume should be the same but with fewer vessel arrivals. Logs continue to week due to tariff uncertainty on wood products.

Activity Report

Grays Harbor Navigation Channel Dredging

Channel maintenance wrapped up Feb 14 for fish window. We were able to squeeze a bit more berth maintenance in before the closure.

Celebrated the completion of the Deeper Draft project (channel improvement) Feb. 13 with Colonel Germaldi and his staff.



Contract No. 1983 Terminal Maintenance Dredging

Contractor- American Construction Company, Inc.

The second round of dredging is complete and the following volumes were removed from Port Terminals

T-1- No work provided, berth at proper depth

T-2- 20,464 CY

T-3- No work provided, berth at proper depth

T-4- 6,833 CY

Staff will provide final report and request acceptance of completed contract by resolution to the Port Commission at the March 12 Regular Commission Meeting.

Pilot Boat Replacement Project

A section committee consisting of Leonard, Randy, Mike F., Mike J., Kahai, Kevin Campbell, and Roger Freel has been formed and will be meeting in the next two weeks to complete the process outlined in the research report. Our current pilots will be ad hoc members that will participate as their schedules allow. First meeting is scheduled for next week Feb. 26th at 1000 at PGH office.

Marina Dredging

Held a pre-bid walk thru Feb. 15 to go over the project with prospective bidders. Will bid the project this spring but work will not begin until fish window opens July 15.



Port of Grays Harbor

On Washington's Pacific Coast

Press Release:

February 14, 2019

Contact: Kayla Dunlap, Public Affairs Manager
kdunlap@portgrays.org or 360-533-9590

For Immediate Release

Port celebrates strong results, Deeper Draft completion at 6th Annual Business Report

Aberdeen, WA – Community and business leaders, along with Port customers, tenants and partners came together Wednesday, February 13, 2019, for the Port of Grays Harbor's 6th annual Business Report event. Port Commissioners and staff shared 2018 business results, followed by a celebration of the completion of Phase II of the Grays Harbor Navigation Improvement Project, also known as Deeper Draft.

Commission President Stan Pinnick reported 2018's business highlights including the record-breaking cargo handled at the Port's four deep-water terminals, the 400 employees that report to businesses at the Satsop Business Park daily, the record number of camping nights at Friends Landing and the Westport Marina ranking 11th in the nation for commercial seafood landings. "We applaud all of our partners here today for generating all of this record breaking activity," stated Commissioner Pinnick.

Executive Director Gary Nelson recognized how past strategic investments in infrastructure have resulted in today's success for Port partners. "Our customers and tenants are able to utilize the buildings, docks, waterways, roadways, rail and utilities that we have invested in to support and grow their businesses, employ our neighbors and generate solid economic impacts for our community," explained Nelson.

Mr. Nelson also brought attention to the need for continued investment in infrastructure to support future growth citing Port projects planned for 2019 such as road paving in the Port Industrial area and Satsop Business Park, Westport Marina dredging and upland improvements, and a critical drainage project at Bowerman Airport.

The event wrapped up with a celebration of the completion of the deepening of the Grays Harbor Navigation Channel to its full congressionally authorized depth, a project 40 years in the making. U.S. Army Corps of Engineers Seattle District Commander and District Engineer, Colonel Mark A. Gerald and his staff were on hand to celebrate the accomplishment and partnership. “It has been an honor working with the Seattle District on this important navigation project. We truly value the partnership with the Corps and I am pleased to announce we have already seen the benefits of the project with an increase in the average tonnage of vessels calling Grays Harbor,” said Executive Director Gary Nelson.

Founded in 1911, the Port of Grays Harbor is one of Washington State’s oldest port districts and Washington’s only deep-water port located directly on the Pacific Ocean. The Port of Grays Harbor operates 4 deep-water marine terminals, the Westport Marina, Bowerman Airport and numerous industrial and business parks throughout the region. Satsop Business Park boasts over 1,000 acres of industrial properties and an additional 1,200 acres of sustainably managed forestland. Strategically located midway between Seattle and Portland and less than 1 ½ hour from open sea, the Port of Grays Harbor provides businesses a diverse portfolio of facilities. More information on the Port of Grays Harbor’s facilities and operations is available at portofgraysharbor.com.



U.S. Army Corps of Engineers Seattle District Commander and District Engineer, Colonel Mark A. Gerald and his staff were attendance at the 6th Annual Port of Grays Harbor Business Report to help celebrate the completion of Deeper Draft.

Parsing the Latest Container Trade Numbers

Parsing the November 2018 Loaded TEU Numbers

We now turn to a detailed look at November's loaded container traffic. Please note: The numbers here are not the products of forecasting algorithms but rather the actual TEU counts provided by the North American seaports we survey each month. Also note that, unless otherwise stated, the numbers in this analysis do **not** include empty containers.

On the inbound side, November's container trade through U.S. West Coast ports fell sharply from the preceding month, when the region's five principal container ports handled 157,583 more inbound loaded TEUs than they had a year earlier, a 17.3% gain. Instead, November saw coastwide import traffic slip 2.7% (-26,137 TEUs) from November 2017.

The change was most conspicuous at the Ports of Los Angeles and Long Beach, where November's 5.1% year-over-year drop in inbound loads contrasted with October's 17.7% jump. Indeed, the two ports handled 107,238 fewer inbound loaded TEUs in November than they had in October, a 12.6% decline.

Imports fared better elsewhere on the USWC. Oakland reported a strong 15.3% (+11,034 TEUs) gain, while the

	November 2018 - Inbound Loaded TEUs at Selected Ports					
	Nov 2018	Nov 2017	% Change	Nov 2018 YTD	Nov 2017 YTD	% Change
Los Angeles	422,793	463,691	-8.8%	4,401,676	4,330,597	1.6%
Long Beach	319,877	319,210	0.2%	3,724,279	3,517,468	5.9%
San Pedro Bay Totals	742,670	782,901	-5.1%	8,125,955	7,848,065	3.5%
Oakland	83,364	72,330	15.3%	878,496	840,820	4.5%
NWSA	116,607	113,547	2.7%	1,313,750	1,162,921	13.0%
USWC Totals	942,641	968,778	-2.7%	10,318,201	9,851,806	4.7%
Boston	12,824	10,588	21.1%	136,108	118,429	14.9%
NYNJ	301,826	285,070	5.9%	3,358,781	3,122,103	7.6%
Maryland	42,794	37,698	13.5%	467,800	432,715	8.1%
Virginia	112,218	110,673	1.4%	1,215,845	1,170,469	3.9%
South Carolina	84,125	76,580	9.9%	921,387	874,862	5.3%
Georgia	169,159	144,181	17.3%	1,904,927	1,727,712	10.3%
Port Everglades	31,836	30,580	4.1%	336,455	325,732	3.3%
Miami	33,494	36,006	-7.0%	379,350	362,404	4.7%
USEC Totals	788,276	731,376	7.8%	8,720,653	8,134,426	7.2%
New Orleans	8,655	11,600	-25.4%	110,791	107,187	3.4%
Houston	101,320	87,306	16.1%	1,079,296	982,262	9.9%
USGC Totals	109,975	98,906	11.2%	1,190,087	1,089,449	9.2%
Vancouver	151,585	152,686	-0.7%	1,604,758	1,546,000	3.8%
Prince Rupert	44,843	46,493	-3.5%	517,162	480,398	7.7%
British Columbia Totals	196,428	199,179	-1.4%	2,121,920	2,026,398	4.7%
US/BC Totals	2,037,320	1,998,239	2.0%	22,350,861	21,102,079	5.9%

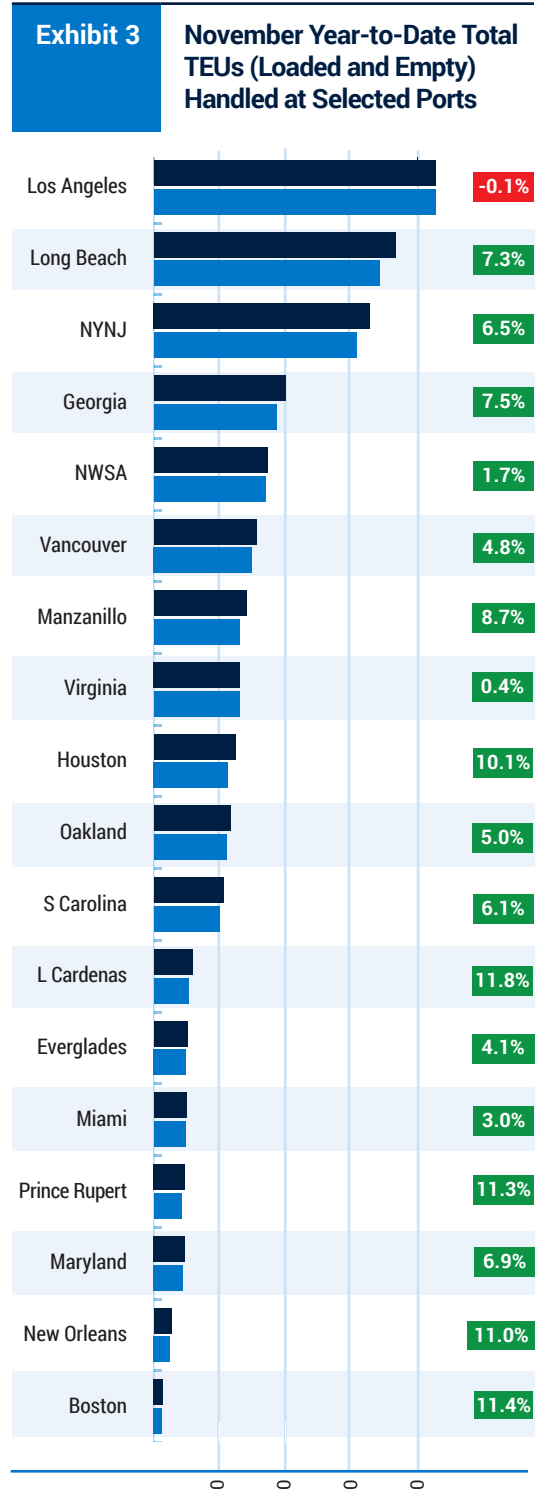
Source Individual Ports



Parsing the November 2018 Numbers Continued

	November 2018 - Outbound Loaded TEUs at Selected Ports			November Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports		
	Nov 2018	Nov 2017	% Change	Nov 2018 YTD	Nov 2017 YTD	% Change
Los Angeles	152,527	177,913	-14.3%	1,756,090	1,747,061	0.5%
Long Beach	115,774	126,364	-8.4%	1,409,680	1,333,068	5.7%
San Pedro Bay Totals	268,301	304,277	-11.8%	3,165,770	3,080,129	2.8%
Oakland	77,285	77,042	0.3%	825,415	850,336	-2.9%
NWSA	83,677	81,911	2.2%	868,147	877,224	-1.0%
USWC Totals	429,263	463,230	-7.3%	4,859,332	4,807,689	1.1%
Boston	6,737	6,489	3.8%	74,293	80,016	-7.2%
NYNJ	115,415	128,760	-10.4%	1,360,853	1,294,229	5.1%
Maryland	17,581	18,631	-5.6%	212,051	220,786	-4.0%
Virginia	77,789	87,695	-11.3%	902,369	924,331	-2.4%
South Carolina	61,903	63,782	-2.9%	749,001	734,510	2.0%
Georgia	108,240	113,278	-4.4%	1,345,898	1,254,153	7.3%
Port Everglades	39,077	40,207	-2.8%	420,539	402,200	4.6%
Miami	31,249	33,920	-7.9%	362,342	357,483	1.4%
USEC Totals	457,991	492,762	-7.1%	5,427,346	5,267,708	3.0%
New Orleans	19,211	22,357	-14.1%	266,882	252,856	5.5%
Houston	89,400	74,791	19.5%	990,420	881,317	12.4%
USGC Totals	108,611	97,148	11.8%	1,257,302	1,134,173	10.9%
Vancouver	99,075	89,949	10.1%	1,024,035	1,003,397	2.1%
Prince Rupert	16,068	17,284	-7.0%	190,377	151,771	25.4%
British Columbia Totals	115,143	107,233	7.4%	1,214,412	1,155,168	5.1%
US/BC Totals	1,111,008	1,160,373	-4.3%	12,758,392	12,364,738	3.2%

Source Individual Ports



Source: Individual Ports



Parsing the November 2018 Numbers *Continued*

Northwest Seaport Alliance recorded a 2.7% (+3,060 TEUs) increase.

By comparison, the U.S. East Coast ports we monitor posted a combined 7.8% (+56,900 TEUs) increase over November 2017. The only USEC port reporting a fall-off was Miami, down 7.0% or 2,512 TEUs. (For the second straight month, the Port of Jacksonville was unable to provide its latest container trade statistics. We have accordingly provisionally dropped that port from our exhibits.) Like their competitors to the south, the two British Columbia ports saw imports sag in November, with Vancouver down 0.7% (-1,101 TEUs) and Prince Rupert off 3.5% (-1,650 TEUs).

For the year through November, the San Pedro Bay gateways processed 277,890 more TEUs than they had through the same stretch in 2017.

While individually the Ports of Los Angeles (+4,401,676 TEUs) and Long Beach (+3,724,279 TEUs) handled more inbound loaded TEUs than any other North American port through November, neither equaled the year-over-year growth reported by the Port of New York/New Jersey, which saw its inbound trade increase by 236,678 TEUs. Both the Port of Savannah (+177,215 TEUs) and the Port of Houston (+97,034 TEUs) bested the 71,079 TEUs increase at the Port of Los Angeles.

All told, the U.S. and Canadian mainland ports which provide us with detailed container statistics reported a collective 12.3% (+249,080 TEUs) increase in inbound loaded traffic over November of 2017.

A note on interpreting these import statistics. Before jumping to any conclusions about the relative competitiveness of ports on America's respective coastlines, it is worth reminding ourselves of what should be abundantly obvious: ships take longer to get from Asia to East and Gulf Coast ports. Why is this worth noting? Because U.S. imports have lately been rising not just because our steadily expanding economy has been drawing in larger volumes of foreign goods but also because President Trump had been threatening to further boost tariffs on Chinese goods on January 1. (Chinese products accounted for 40.1% of the \$753.34 billion in

containerized imports that entered U.S. ports last year.) That threat prompted importers to bolster their inventories by accelerating shipments of imported goods from China. In assessing this unusual surge to transport goods from China to the U.S., we should keep in mind that ships which departed, say, around mid-month would likely make landfall at West Coast ports later that same month. But they would not likely make it to Gulf or East Coast ports until early the next month. So, shipments which left Chinese ports on the same day could be recorded as imports in different months depending on the location of the ports in which the goods were unloaded. While this may be a perennial statistical issue, it has been lately exacerbated by last fall's sprint past the Customs House.

On the outbound loaded container side of the ledger, trade was almost universally dismal, with two major exceptions. Houston posted an impressive 19.5% (+14,609 TEUs) jump in outbound loads over the same month in 2017, while Vancouver reported a 10.1% (+9,126 TEUs) increase.

At the two San Pedro Bay ports, outbound loads were off 11.8% (-35,976 TEUs) as the Port of Los Angeles sustained a 14.3% (-25,386 TEUs) decline, while 10,590 fewer TEUs (an 8.4% drop) sailed from the Port of Long Beach. Meanwhile, Oakland registered a slight 0.3% (+243 TEUs) gain, while the Northwest Seaport Alliance Ports of Seattle and Tacoma saw a more respectable 2.2% (+1,766 TEUs) increase over the previous November.

In British Columbia, the bump in exports at Vancouver was partially offset by a 7.0% (-1,126 TEUs) fall-off at Prince Rupert.

Along the East Coast, only Boston (+248 TEUs or +3.8%) registered a year-over-year increase in exports in November. The Port of New York/New Jersey handled 13,345 fewer TEUs than in November 2017, while the fall-offs at Virginia (-9,906 TEUs) and Savannah (-5,038 TEUs) contributed to the overall 7.1% (-34,771 TEUs) decline in loaded outbound boxes along the U.S. Atlantic Seaboard.

Despite the sharp drop in inbound loads at New Orleans, the USGC saw a handy 11.8% (+11,463 TEUs) increase owing to Houston's strong (+14,609 TEUs) performance.



Parsing the November 2018 Numbers *Continued*

Northwest Seaport Alliance. Statistics compiled by the Pacific Maritime Association show that November loaded imports at the Port of Tacoma were up by 13.6% (+8,711 TEUs) from last November, while outbound traffic slipped by 3.5% (-2,122 TEUs). At the Port of Seattle, import containers were up by 15.0% (+8,554 TEUs), while outbound shipments were off by 3.4% (-1,522 TEUs). We hasten to add our usual caveat that PMA numbers often differ from those collected by the ports themselves. We offer the PMA statistics only to shed light on how the two partners in the NWSA are faring individually.

Soybeans. While the recently announced Chinese commitment to resume buying American soybeans is welcome news for USWC ports, the long-term benefits for ports in the Pacific Northwest may be muted as American soybean exporters seek to lessen their dependence on the Chinese market while Chinese importers look to diversify their sourcing. In much the same way that periodic labor disputes prompted BCOs to reduce their reliance on U.S. West Coast ports, Beijing's suspension of soybean purchases seems to have served as a wake-up call for soybean exporters. As they move to develop new markets abroad, more shipments are likely to be channeled through East and Gulf Coast ports.

2018 YTD Totals (Loaded + Empties). Of all the ports we monitor, just one sustained a year-over-year decline in total container traffic during the first eleven months of 2018. That port is the nation's largest, the Port of Los Angeles, which handled 8,492 fewer TEUs (-0.1%) than it had during the same period a year earlier. The Port of LA's experience contrasted with its next-door neighbor, the Port of Long Beach, which posted a 7.3% improvement (+501,788 TEUs). That left the San Pedro Bay twins with a combined 3.2% gain (+493,296 TEUs), which accounted for 25.7% of the overall gain of 1,917,231 TEUs at the mainland U.S. ports we survey. Altogether, the Big 5 USWC ports accounted to 34.6% of the increase in U.S. mainland port container traffic through the first eleven months of 2018.

Federal Government Shutdown

While the impasse between the President and House Democrats is having increasingly far-reaching and often

unanticipated consequences, it is depriving us of statistics on U.S. trade during the month of November. That month's numbers should have been released by the U.S. Census Bureau's Foreign Trade Division on January 8. Accordingly, we are currently unable to provide data on the share of U.S. containerized trade – measured by declared weight and dollar value – that moved through USWC ports in November.

A First Glance at December's TEU Numbers

January is customarily the month when ports convene annual meetings to discuss how they've fared in the past year and to offer a few thoughts on what's likely to happen before the next year's annual introspection. For us, that means that ports which normally release monthly container statistics by the time we usually like to go to print are apt to hold them back so as to heighten the drama of their state-of-the-port presentations. So we have been patient. And here's what we got.

Along the U.S. West Coast (USWC), the year's final month saw mighty bumps in container imports but sizable lags in exports. At Los Angeles, the nation's largest container port, the number of inbound loaded TEUs jumped by 21.6% year-over-year, while outbound loads slipped by 3.2%. Next door at Long Beach, inbound loads were up a respectable 7.9%, but outbound loads plummeted 17.5%. It was pretty much the same story at Oakland and at the Northwest Seaport Alliance Ports of Seattle and Tacoma. At the Northern California port, inbound traffic was up 10.6%, but its outbound trade was off 10.1%. Inbound loads at the NWSA ports were up 17.8% as export loads slipped by 1.7%. Altogether, the USWC ports saw import loads surge by 15.1%, while export loads fell back by 8.4% from the previous December.

Elsewhere in December, the Port of Houston enjoyed a year-over-year 6.4% gain in loaded inbound TEUs alongside a 4.1% increase in container exports. The Texas port also reported a 9.9% rise in the total number of loaded and empty boxes handled in 2018 to 2,699,850 TEUs. Charleston posted a 10.8% gain in imports but a 12.7% drop in exports. Meanwhile, the small but proud Port of Boston says it handled 10.0% (+27,155 TEUs) more containers in 2018 than it had a year earlier.



Jock O'Connell's Commentary: Keeping TEUs in Perspective

Just about every month around the time ports announce their latest container tallies, I get calls from reporters soliciting my thoughts or at least a pithy quote on what the numbers might imply and, as is often the case these days, whether the figures support the popular narrative that U.S. West Coast ports are losing market share to their rivals on the East and Gulf Coasts or up in British Columbia.

Before ringing off, the callers will usually ask if there is anything else they should know, if there might be something going on in the world of foreign trade they're missing.

"Well, you could look at airfreight," I often offer.

"Thanks, maybe I will," is the polite response from people I suspect are thinking: "Sure, I'll do that when pigs fly."

Well, Jimmy Olsen, pigs, along with a wide variety of livestock, do fly, and with some regularity. So do an awful lot of other things.

I bring this up because much of what appears in the media about America's foreign trade could be leaving a distorted impression of how goods are moved across borders or oceans. For example, scarcely an article dealing with a trade issue appears in a newspaper or magazine without an accompanying photograph of a fully-laden container ship. Similarly, television news producers evidently believe their on-air "talent" can't read a script dealing with the latest trade controversy unless they're posing against a backdrop of towering ship-to-shore cranes. (Perhaps we should be grateful they can at least find the nearest seaport.)

Here along the West Coast, talk about maritime trade almost invariably morphs into talk about containers, and the relevant numbers are expressed in Twenty-foot Equivalent Units or TEU. That's fairly understandable since nearly 48% of the 31,772,921 loaded TEUs that mainland U.S. ports handled through November of last year passed through five maritime gateways in California and Washington.

While even first-term legislators in Sacramento and Olympia probably know what a TEU is, there are at least a couple of huge downsides to the popular predilection for counting TEUs, comparing this month's volumes with the figures from a year ago (which admittedly is a large part of what this newsletter does), and then obsessing over what the numbers mean.

For one thing, TEU traffic is frankly not an especially accurate barometer of America's foreign trade. Even though folks who are paid to move boxes are apt to be finicky about keeping track of the numbers of boxes they move, what's in the boxes is far more important from an economic perspective. GNP, after all, is not denominated in TEUs but in dollars. (That's why, when the Census Bureau's Foreign Trade Division isn't shut down, this newsletter supplements TEU data with statistics on the declared value of containerized goods.)

Similarly, although the various facets of the maritime supply chains do have an enormous physical presence and employ legions of workers, the value of the goods transported in maritime containers is much less imposing than one might conclude from what we read in the papers or see on TV.

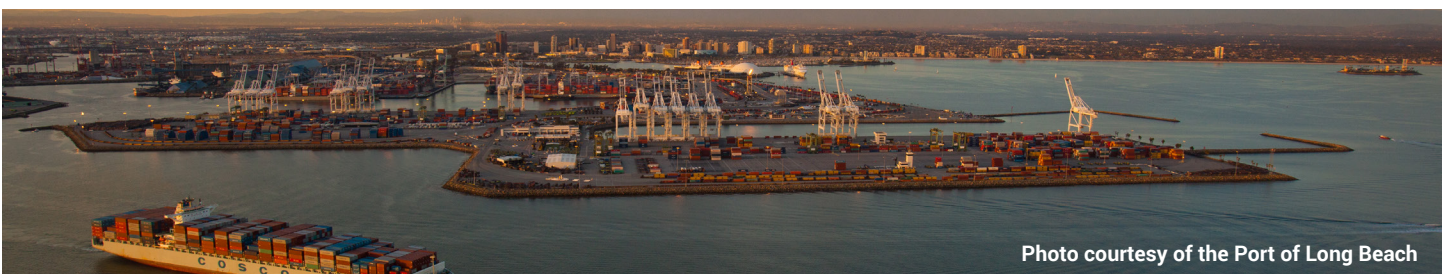


Photo courtesy of the Port of Long Beach

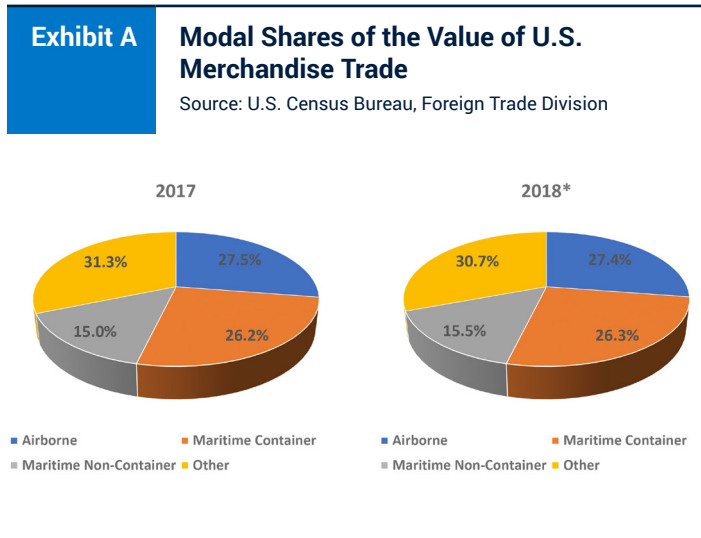


Commentary Continued

For the sake of perspective, it's worth spending a moment deconstructing America's trade statistics.

In 2017, the last full year for which official data are available, U.S. international trade totaled \$5.25 trillion, a quarter of which (25.5%) was trade in services. Of the \$3.89 trillion in merchandise trade, \$1.55 trillion were exports and \$2.34 trillion were imports.

Now, how were these imports and exports transported? Below are three Exhibits showing the modal shares of U.S. foreign trade in 2017 and through the first ten months of the asterisked 2018.

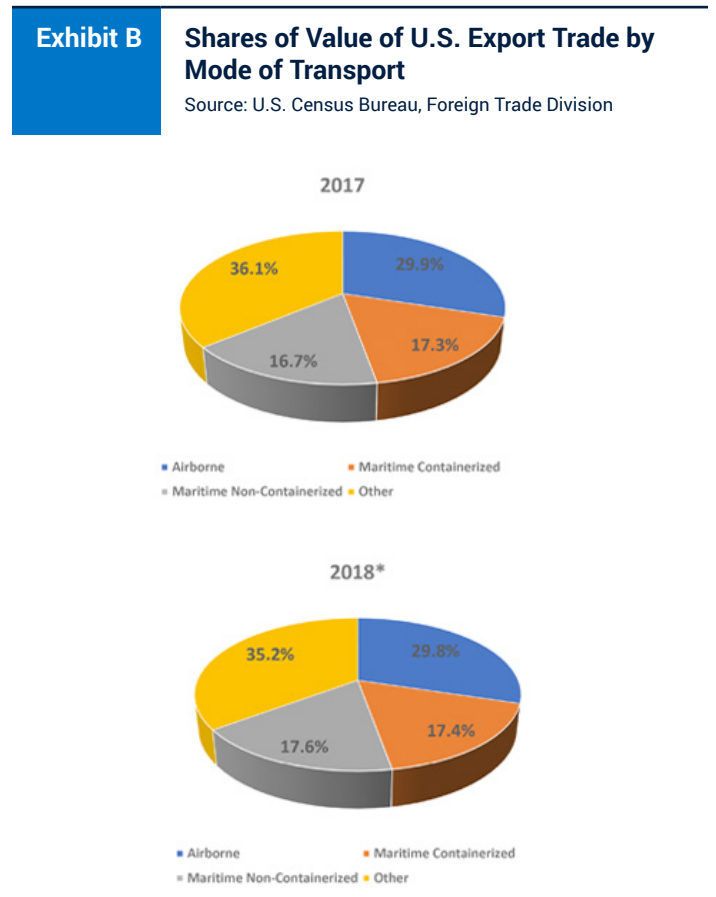


For starters, it's useful to keep in mind that approximately 30% of the nation's foreign trade is conducted with Canada and Mexico, and almost 90% of that commerce moves overland by truck, rail, and pipeline.

Another 15% or so of our foreign trade is comprised of non-containerized shipments of goods, typically commodities with very low value-to-weight/volume ratios. (Owing to our declining reliance on imported oil, it's been a diminishing share in recent years, even before Chinese tariffs on U.S. soybeans shot up last summer.) Then there are the cornucopia of goods traveling in seaborne containers. Through October 2018, that trade represented 26.3% of the nation's total merchandise trade.

Missing anything? Oh, yeah. Those uninteresting airfreight shipments. Through the first ten months of last year, they accounted for a 27.4% share of the nation's merchandise trade. That's right, airports handle slightly more of the nation's international trade than do all the container terminals at America's seaports.

Air freight's role is more pronounced on the export side. (See Exhibit B.) That shouldn't be surprising given the generally high-value, time-sensitive nature of what's transported by air. In a high-tech economy like the San Francisco Bay Area, the great majority of the region's exports depart through San Francisco International Airport. In 2017, SFO handled \$29.13 billion in export shipments, as opposed to the \$15.77 billion worth of containerized goods that sailed from the Port of Oakland. (Through October of 2018, the respective numbers are \$24.54 billion and \$14.02 billion.)

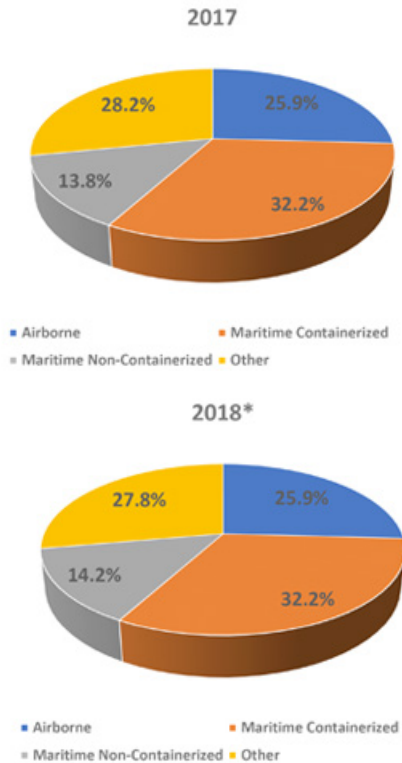




Commentary Continued

It's on the import side where the value of containerized trade reasserts itself. (See Exhibit C.)

Exhibit C Shares of Value of U.S. Import Trade by Mode of Transport
Source: U.S. Census Bureau, Foreign Trade Division



In Southern California, the value of containerized imports handled at the Ports of Los Angeles and Long Beach dwarf the value of imports arriving at LAX. The neighboring seaports handled \$283.63 billion in containerized imports in 2017 and \$252.46 billion through the first ten months of last year. By contrast, import shipments at LAX totaled \$56.21 billion in 2017 and \$51.67 billion through October 2018.

Similarly, in the Pacific Northwest, the Ports of Seattle and Tacoma collectively handled \$52.77 billion in containerized imports in 2017 (\$46.25 billion through October last year) as opposed to just \$9.53 billion (and \$8.57 billion) at Seattle-Tacoma International Airport.

Things were different in the San Francisco area, however, where SFO handles the preponderance of the region's import as well as exports. In 2017, aircraft delivered \$34.49 billion in imports to SFO, while \$26.15 billion in containerized goods were off-loaded at the Port of Oakland. The numbers for 2018's first ten months were \$29.86 billion at SFO and \$23.12 billion at Oakland.

Not to diminish what seaports do, but it's wise to remember that diamonds come in small boxes.

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

MTOs: Logistics Favorite Whipping Boy

By Thomas Jelenić
Vice President & General Counsel, Pacific Merchant Shipping Association

At the end of 2018, no one was happy. The reports of congestion flowed from every industry media outlet that you can imagine. Reports of full warehouses, congested terminals, chassis shortages, and other issues plaguing the logistics industry at the end of year demonstrated the difficulty of the challenge.

Everyone with a cargo problem pointed to San Pedro Bay marine terminal operators as the source. And why shouldn't they? Described as terminally congested even during periods of lower volumes and free-flowing cargo, LA/LB port facilities are everyone's knee-jerk whipping boy for cargo woes. So, it was easy when cargo dwell



MTOs Continued

time started rising and truck turn-time increased that everyone's attention turned to the ports. The headlines almost wrote themselves, facing a deluge of cargo trying to avoid (now postponed) end-of-year tariffs: more cargo, congested terminals, clearly it was the fault of poorly run terminals.

But a closer look reveals a far more nuanced situation. Volumes in November and December were actually lower than October, while November year-over-year numbers for San Pedro Bay were lower. Only December year-over-year numbers were higher, though still lower than two months earlier. The issue of congestion across the logistics chain is clearly not a matter of the capacity to handle current volumes. At the same time, the Journal of Commerce ran articles of Southern California warehouses at capacity, marine terminals running out of space to store containers, of cargo owners deploying "mobile storage" (known to the rest of us as containers-on-chassis), and of up to 30% of scheduled terminal appointments being missed.

Clearly, what was happening was not a "congestion" problem as we are so often wont to assume. Rather, it appears the logistics industry and, in turn, cargo owners were facing a systemic "storage" problem. As more cargo came ahead of the tariff deadline than was being consumed on retail shelves or on production lines, the supply chain turned into a storage chain. None of the tariff-beating cargo was pre-planned by the cargo owners who pushed it through the system – three months of consistently high volumes exhausted the system's capacity to store it. From warehouses, to "mobile storage", to marine terminals, to even vessels in the form of at least 29 extra loaders, any spot that could be found to stick cargo was used. The available data supports this conclusion. Despite lower cargo volumes in November and December than October, terminal dwell time is now higher and the Pool of Pools reported lengthy street dwell at 7+ days. PMSA has been reporting dwell time since May 2016. In that time, average dwell time only exceeded 3 days twice, back in 2016. The percent of containers

remaining on-dock for more than 5 days averaged around 6% and has never been double digits. From October to December, the percent of containers remaining on-dock for more than 5 days was 11% or greater, peaking in November at 13.9% - marine terminals as warehouses. Finally, end of year holidays during a normal slow time for the supply chain exacerbated these problems.

Nonetheless, let us consider something unthinkable: these problems were largely unavoidable. However much every logistics stakeholder wishes that their counterparts manage their businesses in a more efficient manner that does not impose costs on them, inefficiency is not what the logistics industry fell victim to at the end of 2018. Rather, it was an industry desperately trying to respond to the needs of their customers who were making dramatic changes to their business as a means of managing global uncertainty caused by rapidly shifting trade policy. Even if they could (which they couldn't), no rational business will deploy hundreds of millions of dollars' worth of assets in anticipation that their customers might change their business practices because global trade policy may change almost instantly.

That does not mean that there is not room for improvement. The key question is how do you make each stakeholder properly value the capacity of other stakeholders. The industrial capacity of the logistics industry must be used optimally in order for the industry to be sustainable. Whether that capacity is terminal appointments, equipment, and labor; warehouse and dock space; or service hours of a truck driver; the right mechanisms must be found to ensure cargo flows efficiently. That includes cargo owners, who ultimately will need to pay the price when their short-term business practices change in a way that stretches the capacity of existing infrastructure. The industry can start addressing these issues holistically, where **all** participants in the supply change their operations to produce a better system or maybe we can just repeat the recriminations next year.

PMSA Copyright © 2019

It is prohibited by law to forward this publication to any other person or persons. This material may not be re-published, broadcast, rewritten or distributed without written permission from PMSA.

Follow PMSA on Twitter @PMSAShip and Facebook.



December Dwell Time Numbers Are Down

