



Around the Docks

Satsop Business Park Westport Marina Coastal Innovation Zone Bowerman Airport PGH Pilotage Services Friends Landing & Sterling Landing

PGH Mission: To best utilize our resources to facilitate, enhance and stimulate international trade, economic development and tourism for the region.

Fiscal Responsibility

PGH notches clean audit for 2018

The Port of Grays Harbor's accounting team earned a clean audit report from the Washington State Auditor for 2018.

The accountability and financial statement audits concluded that the Port complied with applicable state laws, regulations, and its own policies, it provided adequate controls over the safeguarding of public resources and its financial statements were fairly presented. The 2018 audit examined payroll, procurement, public works compliance, accounts receivable, financial condition, fiscal sustainability and open public meetings compliance.

"We applaud the accounting department and all Port staff for their ongoing commitment to responsibly managing public assets," shared Port Commission President Stan Pinnick.

The Port of Grays Harbor's audit reports are available on the Washington State Auditor's website, www.sao.wa.gov.



Infrastructure Improvements

Bowerman Airport celebrates drainage project; runway reopening



Community members and representatives from WSDOT aviation joined Port Commissioners and staff for a ribbon cutting ceremony to celebrate the re-opening of Bowerman Airport marking the completion of a critical drainage project on October 8th.

Supportive community leaders, passionate general aviation enthusiasts and project partners from the Washington State Department of Transportation (WSDOT) Aviation department gathered with Port of Grays Harbor Commissioners and staff in October to celebrate the completion of a large drainage project that prompted a full closure at Bowerman Airport.

The Bowerman Airport drainage project was completed by local contractor, Rognlin's Inc., and included the installation of new catch basins, drain pipe, grade repairs, repairs to the segmented circle, electrical

improvements, and new runway lights.

"We are pleased to celebrate the completion of this critical project and thank the aviation community for their patience over the last few months," said Port Commissioner Stan Pinnick. "As coastal Washington's only jet-capable runway, the benefits of this project will serve our aviation community well into the future."

The project is the fourth of five phases since 2013 with the final phase of the project scheduled for 2023. Project partners include the Federal Aviation Administration and WSDOT Aviation.

Gary Nelson begins AAPA Chairmanship for 2019-20



Port of Grays Harbor Commissioners were on hand at the American Association of Port Authorities (AAPA) 108th Annual Convention in October as Executive Director Gary Nelson assumed the Board Chairmanship for the 2019-20 calendar year.

"We applaud Gary's commitment to serving the entire port industry and are confident he will be an asset to AAPA and its members over the next year," stated Port Commission President Stan Pinnick.

 Tourism & Recreation

Westport Marina & partners to offer line-weaving classes

LINE - WEAVING WORKSHOPS

Turn your old fishing line into a work of art. Join instructor Greg Neitzel for a impactful class in line-weaving. Greg is a friend of the fishing community, a fun teacher, and excellent weaver. Utilizing materials from the Fishing for Energy Recycling Bin, join us in bringing new life to old line!

December 14th & 15th ~ 9am & 2pm
\$25 per student

McCausland Hall, Westport Maritime Museum
*Limited Space Available

Call Marina Office: 360.533.9562 to sign up!



Sponsored by the Westport Marina, Peninsula Dungeness Club Fishermen's Association and WeFish



Calendar

- November 28-29 PGH Offices Closed, Thanksgiving Observed
- November 30 *Da Ji* @ T2
- December 1 *Ivy Unicorn* @ T2
CSAV Rio Grande @ T4
- December 4 *Kastro* @ T2
- December 5 *Global Symphony* @ T2
- December 6 Westport Improvements Ribbon Cutting, 10am @ Westport Marina office
- December 10 PGH Commission Meeting, PGH Offices @ 12pm
- December 17 *CSAV Rio Nevado* @ T4
- December 24-25 PGH Offices Closed, Christmas Observed
- January 1 PGH Offices Closed, New Years Day
- January 2 *Siem Plato* @ T4



Around the Docks

is a publication of the

Port of Grays Harbor On Washington's Pacific Coast

It is available online at
PortofGraysHarbor.com

To join our mailing list contact
Amy Carlson at acarlson@portgrays.org

 Infrastructure Improvements

You are invited to celebrate Westport Marina improvements



Westport Marina
Improvement Celebration

Please join us on

Friday, December 6, 2019
10:00 am

Marina Office
326 Lamb Street | Westport, WA

Floot 9 Bathroom & Shower Ribbon Cutting
Join us for coffee, donuts, and cookies to commemorate the new bathrooms, showers, and garbage station.

PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

Nov-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:	570	Cancellations:	6			
Total ship moves:	564	Cont'r:	191	Tanker:	177	Genl/Bulk: 112 Other: 84
Assignments delayed due to unavailable rested pilot:	12	Total delay time:		25.25 Hrs		
2 pilot jobs:	38	Reason: PSP GUIDELINES FOR RESTRICTED WATERWAYS				
Day of week & date of highest number of assignment:	FRI 11/1, TUE 11/19			27		
Day of week & date of lowest number of assignments	SUN 11/10			10		
Total number of pilot repositions:	116					

Comp Days						
Beg Total -	3515	Call Backs (+)	96	Used (-)	105	Ending total 3506

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
1-Nov	3-Nov	Port Ilawa	Pt. Ilawa	Manned Model ship handling	HAI, SEY

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

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
1-Nov	1-Nov	Seattle	PSP	UTC	CAI
4-Nov	4-Nov	Seattle	PSP	UTC	CAI
5-Nov	5-Nov	Seattle	PSP	Rate Committee	CAI, COL, KLA, MOT
6-Nov	6-Nov	Seattle	PSP	UTC	CAI, COL, KLA, MOT
6-Nov	6-Nov	Seattle	PSP	Board of Directors	ANA, CAI, COL, KLA, NEW, SEM
7-Nov	7-Nov	Seattle	PSP	UTC	CAI, MOT
8-Nov	8-Nov	Seattle	PSP	UTC	CAI
11-Nov	11-Nov	Seattle	PSP	General Membership	COL
12-Nov	12-Nov	Seattle	PSP	UTC	CAI, MOT

12-Nov	12-Nov	Seattle	BPC	Tug Escort Presentation	BOU
13-Nov	13-Nov	Seattle	PSP	General Membership	COL
13-Nov	15-Nov	Seattle	PSP	UTC	CAI
13-Nov	13-Nov	Seattle	BPC	TEC	ANT, MAY, SCR
15-Nov	22-Nov	Seattle	PSP	President	CAI
18-Nov	18-Nov	Seattle	USCG	USCG	MYE
19-Nov	19-Nov	Seattle	PSP	Bollard Pull	BOU, HAR, BEN
21-Nov	21-Nov	Seattle	BPC	BPC	SCR
21-Nov	21-Nov	Gig Harbor	PSP	Outreach	SCR
25-Nov	29-Nov	Seattle	PSP	UTC/Administration	CAI

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

Start Dt	End Dt	REASON	PILOT
1-Nov	4-Nov	ETO	BRU, COR, HAJ, KEP SCR
12-Nov	18-Nov	ETO	BEN, CAJ, ENF, HED, KRI
26-Nov	30-Nov	ETO	LIC, LOB, LOW
27-Nov	30-Nov	ETO	NIN

Presentations

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

- ⌚ *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)



Parsing the September 2019 TEU Numbers

Please note: The numbers 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 as reported by the major North American seaports we survey each month. The U.S. mainland ports we monitor collectively handle over 90% of the container movements at continental U.S. ports. Unless otherwise stated, the numbers in this portion of our analysis do not include empty containers.

Import Traffic

Last fall's rush to import ahead of threatened new tariffs had a predictable impact on the inbound container trade numbers at Southern California's principal maritime gateways. The Port of Los Angeles posted a 2.9% (-11,962 TEUs) decline in inbound loads from September of last year, while the Port of Long Beach recorded a slender 0.7% (-2,832 TEUs) dip. Together, the two ports – which constitute the nation's busiest container portal – saw the volume of inbound loaded TEUs slide by 1.9% (-14,344 TEUs) from last September.

The Port of Oakland fared much better with a 2.1% (+1,778 TEUs) increase in inbound loads. However, the Northwest Seaport Alliance Ports of Tacoma and Seattle fared less well as their combined import loads declined by 12.9% (-19,451 TEUs).

Exhibit 1	September 2019 - Inbound Loaded TEUs at Selected Ports					
	Sep 2019	Sep 2018	% Change	Sep 2019 YTD	Sep 2018 YTD	% Change
Los Angeles	402,320	414,282	-2.9%	3,576,638	3,493,061	2.4%
Long Beach	354,919	357,301	-0.7%	2,804,859	3,040,320	-7.7%
San Pedro Bay Totals	757,239	771,583	-1.9%	6,381,497	6,533,381	-2.3%
Oakland	84,901	83,123	2.1%	737,967	712,735	3.5%
NWSA	131,451	150,902	-12.9%	1,058,981	1,062,672	-0.3%
USWC Totals	973,591	1,005,608	-3.2%	8,178,445	8,308,788	-1.6%
Boston	11,608	10,411	11.5%	111,567	106,614	4.6%
NYNJ	315,866	304,125	3.9%	2,841,441	2,717,353	4.6%
Maryland	45,051	41,392	8.8%	399,757	383,398	4.3%
Virginia	114,643	108,981	5.2%	1,035,121	975,950	6.1%
South Carolina	90,111	80,182	12.4%	806,448	744,317	8.3%
Georgia	183,466	173,691	5.6%	1,673,185	1,529,932	9.4%
Jaxport	27,309	30,346	-10.0%	267,100	238,380	12.0%
Port Everglades	n/a	n/a	n/a	n/a	n/a	n/a
Miami	35,085	33,467	4.8%	326,202	309,797	5.3%
USEC Totals	823,139	782,595	5.2%	7,460,821	7,005,741	6.5%
New Orleans	11,425	9,239	23.7%	103,781	92,571	12.1%
Houston	106,270	103,782	2.4%	922,437	869,323	6.1%
USGC Totals	117,695	113,021	4.1%	1,026,218	961,894	6.7%
Vancouver	156,289	166,591	-6.2%	1,308,783	1,299,485	0.7%
Prince Rupert	63,970	55,287	15.7%	501,078	419,323	19.5%
BC Totals	220,259	221,878	-0.7%	1,809,861	1,718,808	5.3%
US/BC Totals	2,134,684	2,123,102	0.5%	18,475,345	17,995,231	2.7%
US Total	1,914,425	1,901,224	0.7%	16,665,484	16,276,423	2.4%
USWC/BC	1,193,850	1,227,486	-2.7%	9,988,306	10,027,596	-0.4%

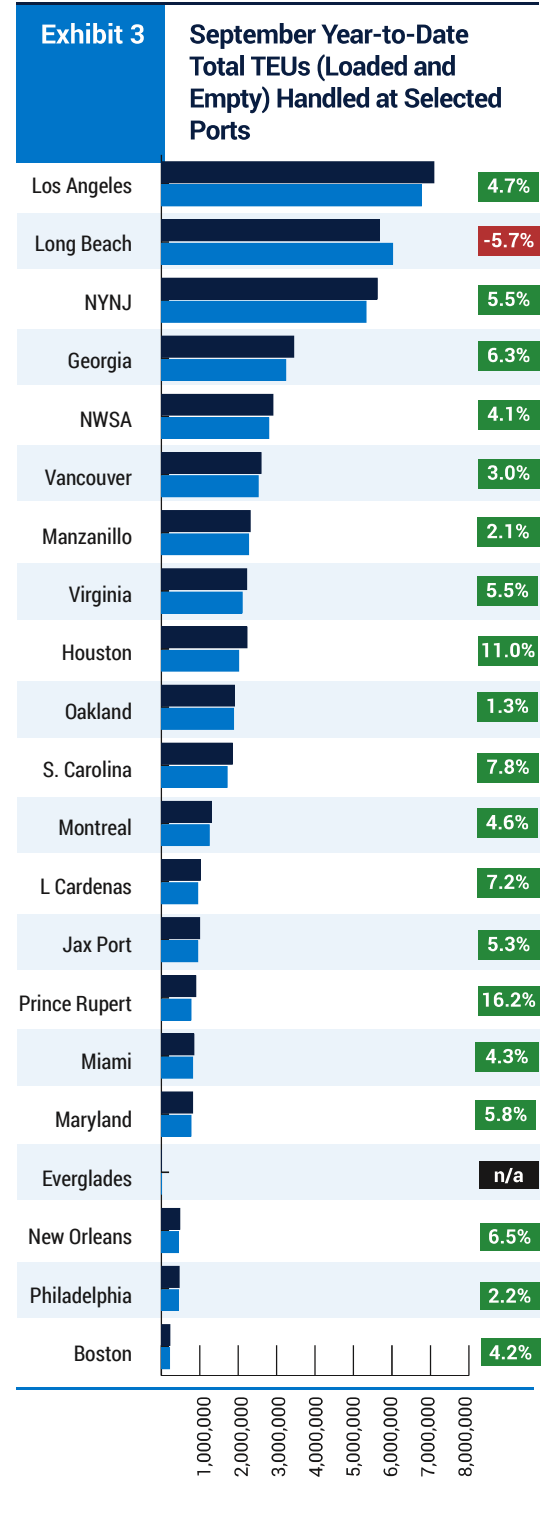
Source Individual Ports



Parsing the September 2019 Loaded TEU Numbers Continued

Exhibit 2	September 2019 - Outbound Loaded TEUs at Selected Ports					
	Sep 2019	Sep 2018	% Change	Sep 2019 YTD	Sep 2018 YTD	% Change
Los Angeles	130,769	147,000	-11.0%	1,347,073	1,429,739	-5.8%
Long Beach	123,215	121,561	1.4%	1,092,069	1,174,071	-7.0%
San Pedro Bay Totals	253,984	268,561	-5.4%	2,439,142	2,603,810	-6.3%
Oakland	72,058	73,092	-1.4%	687,203	669,277	2.7%
NWSA	82,148	88,417	-7.1%	684,556	710,384	-3.6%
USWC Totals	408,190	430,070	-5.1%	3,810,901	3,983,471	-4.3%
Boston	6,892	5,231	31.8%	61,729	59,524	3.7%
NYNJ	116,231	116,711	-0.4%	1,103,001	1,114,656	-1.0%
Maryland	20,320	18,810	8.0%	174,712	174,979	-0.2%
Virginia	71,561	65,588	9.1%	727,021	741,003	-1.9%
South Carolina	61,494	55,055	11.7%	622,277	616,493	0.9%
Georgia	107,972	113,328	-4.7%	1,111,952	1,117,263	-0.5%
Jaxport	37,470	43,908	-14.7%	370,048	368,057	0.5%
Port Everglades	n/a	n/a	n/a	n/a	n/a	n/a
Miami	33,964	29,303	15.9%	308,149	298,490	3.2%
USEC Totals	455,904	447,934	1.8%	4,478,889	4,490,465	-0.3%
New Orleans	25,006	26,179	-4.5%	224,777	221,964	1.3%
Houston	102,309	85,266	20.0%	938,659	805,134	16.6%
USGC Totals	127,315	111,445	14.2%	1,163,436	1,027,098	13.3%
Vancouver	90,304	93,918	-3.8%	856,013	824,342	3.8%
Prince Rupert	13,370	19,628	-31.9%	145,557	157,839	-7.8%
British Columbia Totals	103,674	113,546	-8.7%	1,001,570	982,181	2.0%
US/Canada Total	511,864	543,616	-5.8%	4,812,471	4,965,652	-3.1%
US Total	991,409	989,449	0.2%	9,453,226	9,501,034	-0.5%
USWC/BC	511,864	543,616	-5.8%	4,812,471	4,965,652	-2.7%

Source: Individual Ports



■ 2019 YTD
■ 2018 YTD

Source: Individual Ports



Parsing the September 2019 Loaded TEU Numbers *Continued*

Collectively, inbound loads through the five major USWC ports were down 3.2% (-32,017 TEUs) from September 2018.

Not surprisingly, the USWC numbers in September paled in contrast to ports elsewhere in the country. On the East Coast, Savannah recorded a 5.6% (+9,775 TEUs) year-over-year gain, while the Port of New York/New Jersey enjoyed a 3.9% (+ 11,741 TEUs) increase in inbound loads. The two Gulf Coast ports we monitor saw a combined 4.1% (+4,674 TEUs) pop year-over-year.

The two British Columbia ports meanwhile posted dramatically different numbers for September, with the relentlessly expanding capacity of Prince Rupert driving its import volume up by 15.7% (+8,683 TEUs) over the same month a year earlier. Vancouver, meanwhile, posted a 6.2% decline (-10,302 TEUs).

The seven major Left Coast ports in Canada and the U.S. therefore saw a 2.7% (-33,636 TEUs) drop in import loads as the USWC ports' share of the binational Pacific Coast containerized import trade slipped to 81.6% from 81.9% a year earlier.

Since Port Everglades is late in coughing up its September TEU counts, we will focus on fifteen of the sixteen mainland U.S. ports we normally track. Import loads in September totaled 1,914,425 TEUs, an increase of 0.7% (+13,201 TEUs) from the same month in 2018. The Big Five USWC ports accounted for 973,591 loaded import TEUs for a 50.9% share, down from their 52.9% share in September of last year.

To be sure, comparing this September with last September seems scarcely fair. Last fall, BCOs were panicked by the imminent prospect of higher tariffs on a broad array of Chinese goods and so spent the rest of that year assiduously clogging West Coast ports with an unprecedented wave of containers...and then vociferously complaining about supply chain congestion.

So, you ask, how do the numbers in the most recent September compare with those from an earlier, more normal September, say the one in 2017? Well, unless you're rooting for Long Beach, the comparisons look fine but not entirely inspiring. The Port of LA handled 13,650 more loaded

inbound TEUs (+3.5%) this September than it had in the same month two years ago. But next door at the Port of Long Beach, import volume fell by 3.1% (-11,379 TEUs) over the same period. As a result, the two San Pedro Bay ports collectively discharged a mere 0.3% more inbound loads (+2,271 TEUs) this September than they had in September 2017.

Things were more upbeat at the Port of Oakland (+7.3% or +5,766 TEUs) and the two NWSA ports (+12.7% or +14,862 TEUs). Still, given the deep deficit at Long Beach, even those positive numbers left the Big Five U.S. West Coast ports with a combined gain of just 2.4% (+22,899 TEUs) loaded imported containers over September 2017.

Over the same two-year period, inbound loads at Savannah were up 9.9% (+16,581 TEUs) and 9.8% (+28,113 TEUs) at the Port of New York/New Jersey.

Export Traffic

Outbound container traffic was understandably down in September. 14,577 fewer loaded TEUs (-5.4%) sailed from the two San Pedro Bay ports than in the same month last year. Other USWC ports fared no better. At Oakland, outbound loads edged lower by 1.4% (-1,034 TEUs), while the NWSA ports saw their outbound volumes slide by 7.1% (-6,269 TEUs). Overall, the Big Five USWC ports reported a 5.1% (-21,880 TEUs) decline in outbound loads from last September.

Outbound trades were mixed among the USEC ports we track. Maryland, Virginia, and Miami all posted strong export increases, while Savannah (-4.7%) and JaxPort (-14.7%) did not. PNYNJ was down but only by 480 TEUs (-0.4%). Along the Gulf Coast, Houston's outbound box trade roared ahead by 20.0% (+17,043) on the strength of its burgeoning trade in polymers, but exports from the Port of New Orleans dropped by 4.5% (-1,173 TEUs).

The two British Columbia ports mirrored their cousins south of the 49th parallel with sizable declines in exports. At Prince Rupert, outbound loads plummeted by 31.9% (-6,258 TEUs), while Vancouver posted a 3.8% (-3,614 TEUs) decline.



Parsing the September 2019 Loaded TEU Numbers *Continued*

Exhibit 4		USWC Port Regions' Shares of U.S. Mainland Ports Worldwide Container Trade, September 2019		
		Sep 2019	Aug 2019	Sep 2018
Shares of U.S. Mainland Ports Worldwide Containerized Import Tonnage				
LA/LB		28.0%	27.3%	29.5%
Oakland		4.0%	4.3%	3.9%
NWSA		5.3%	5.4%	5.8%
Shares of U.S. Mainland Ports Worldwide Containerized Import Value				
LA/LB		35.6%	34.6%	38.5%
Oakland		3.9%	3.9%	3.7%
NWSA		7.0%	7.3%	7.3%
Shares of U.S. Mainland Worldwide Containerized Export Tonnage				
LA/LB		19.9%	20.8%	24.7%
Oakland		6.1%	5.9%	6.3%
NWSA		8.2%	8.4%	9.2%
Shares of U.S. Mainland Worldwide Containerized Export Value				
LA/LB		21.6%	20.2%	22.3%
Oakland		6.1%	6.1%	5.9%
NWSA		4.5%	4.6%	5.0%

Source: U.S. Commerce Department.

Looking solely at the fifteen U.S. mainland ports we are tracking this month, September's container export trade inched up by 0.2% (+1,960 TEUs) from a year earlier. The Big Five USWC ports in September accounted for a 41.2% share of all loaded outbound TEUs shipped out of U.S. mainland ports, down from a 43.5% share a year earlier.

Focusing now on outbound loads from the seven major container ports on the Pacific Coast in the U.S. and Canada, export traffic dwindled by 5.8% (-31,752 TEUs) from last September. The USWC share of the binational Pacific Coast container export trade in September amounted to 79.7%, up from 79.1% a year ago.

Total TEUs to date. The 12,769,139 loaded and empty TEUs the two San Pedro Bay ports handled in this year's

Exhibit 5		USWC Port Regions' Shares of U.S. Mainland-East Asia Container Trade, September 2019		
		Sep 2019	Aug 2019	Sep 2018
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage				
LA/LB		43.8%	42.5%	45.3%
Oakland		4.6%	4.5%	4.5%
NWSA		7.8%	7.6%	8.6%
Shares of U.S. Mainland Ports' East Asian Container Import Value				
LA/LB		50.6%	49.7%	53.8%
Oakland		4.3%	4.4%	3.9%
NWSA		9.9%	10.3%	10.1%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage				
LA/LB		34.7%	36.1%	40.3%
Oakland		9.4%	9.0%	9.2%
NWSA		14.1%	14.0%	14.6%
Shares of U.S. Mainland Ports' East Asian Container Export Value				
LA/LB		43.5%	41.7%	45.1%
Oakland		10.4%	10.8%	10.5%
NWSA		9.1%	9.7%	9.7%

Source: U.S. Commerce Department.

first three quarters were down 0.2% (-23,602 TEUs) from the same point last year. Oakland was up 1.3% (+24,000 TEUs), while the NWSA ports recorded a 4.1% increase (+114,273 TEUs) in total container traffic.

Weights and Values. Although the TEU is the preferred unit of measurement in the container trade, we present two alternative metrics – the declared weight and value of the goods contained in those TEUs – in hopes of further illuminating recent trends in the container trade along the USWC.

Exhibit 4: USWC Ports and the Worldwide Container Trade. Exhibit 4 documents the continuing erosion of the USWC ports' share of containerized imports (regardless



Parsing the September 2019 Loaded TEU Numbers Continued

of nation of origin) entering mainland U.S. ports. The two San Pedro Bay ports saw their combined percentage of containerized import tonnage slip in September to 28.0% from 29.5% a year earlier. The two experienced a parallel drop in the declared value of containerized imports to 35.6% from 38.5% last September. Oakland saw its share by value rise along with its share by tonnage. The NWSA ports meanwhile sustained year-over-year declines in both value and tonnage shares.

On the export side, the Southern California ports continued to lose market share, whether measured in tonnage or dollar value. Oakland saw a decline in its share of export tonnage but a gain in its share of export value. The NWSA ports' export shares trended downward significantly in both measures.

Exhibit 5: USWC Ports and the East Asia Trade. Turning now to the September figures on containerized imports arriving at U.S. mainland ports from East Asia, the Ports of Los Angeles and Long Beach saw their combined share of import tonnage continue to burrow lower to 43.8% from 45.3%, while their collective share of import value dropped to 50.6% from 53.8%. Elsewhere along the coast, Oakland improved its East Asia import tonnage and value shares, while the NWSA ports suffered a diminished share in terms of both import tonnage and value.

On the export side, San Pedro Bay's share of containerized export tonnage to East Asia fell precipitously to 34.7% from 40.3%, while their combined share of the value of those containerized imports shrank to 43.5% from 45.1%. Oakland's share of export tonnage improved but not its value share. The NWSA ports recorded declines in both measures.

Who's #2?

The Port of Long Beach regained its title as the nation's second busiest container port in September. For the month, Long Beach handled 706,955 TEUs (empty and loaded) against the 624,961 TEUs that passed through the Port of New York and New Jersey. On a year-to-date basis, Long Beach held a slender 56,982 TEUs lead with 5,677,363 TEUs in the year's first three-quarters over PNYNJ's total of 5,620,381 TEUs. Neither port is close to

toppling the Port of Los Angeles from its status as the nation's busiest container port. Through September, LA handled 7,091,776 TEUs.

NWSA: Seattle vs. Tacoma

Since their administrative amalgamation in August 2015, the Ports of Seattle and Tacoma have posted their joint container trade numbers on the NWSA website, thus obscuring how the two ports are faring individually. Here we take a look at the containerized tonnage numbers compiled by the U.S. Commerce Department.

The two ports have long vied for regional dominance in the Pacific Northwest, with Tacoma taking a clear lead in containerized export tonnage in recent years. However, the competition for import tonnage has been much more spirited of late, with Seattle currently holding a small lead.

Exhibit 6 Seattle vs. Tacoma – Shares of NWSA Containerized Export Tonnage

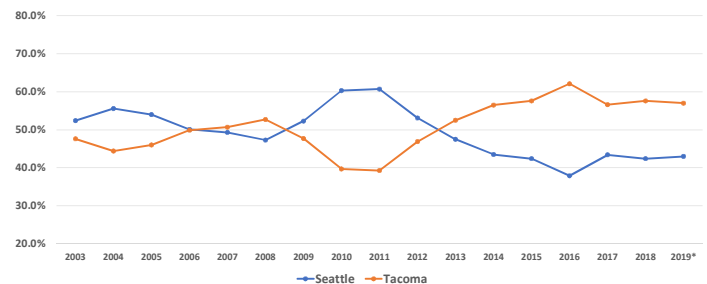
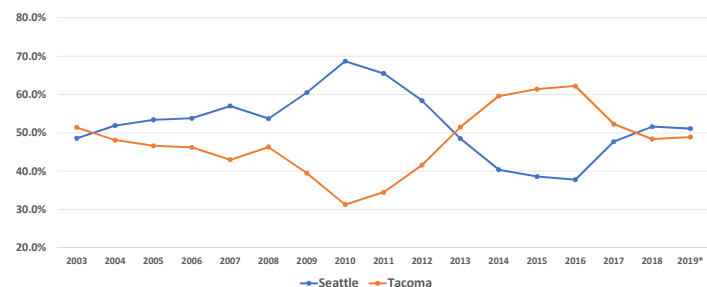


Exhibit 7 Seattle vs. Tacoma – Shares of NWSA Containerized Import Tonnage



Source: U.S. Commerce Department.



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

First Glimpse at October's Numbers

Probably the best spin that could be put on the nearly twenty percent year-over-year drop in October's total box count at the Port of Los Angeles in October was that it was up 0.8% over the same month two years ago. The number of inbound loaded containers at America's premier maritime gateway was off by 19.2%, while outbound traffic declined by an equally staggering 19.3%.

Long Beach actually fared somewhat better, which is to say that import loads there fell by only 7.4% in October. Together, the San Pedro Bay ports handled 120,077 fewer loaded inbound TEUs (-14.1%) than they had in the same month a year earlier. On the export side, LA and Long Beach diverged sharply as the latter posted a 9.8% jump, which still left the two San Pedro Bay ports with a collective drop of 7.4% from last October.

The Port of Oakland meanwhile reported a strong 10.8% rise in outbound loads but a 4.6% dip in import loads. Import traffic at the NWSA ports was down sharply in October, falling 18.6% from a year earlier, but export loads were up 7.1%.

Altogether, the five major USWC ports saw inbound TEU traffic decline 14.0% from last October. Loaded outbound traffic was off just 1.8%, however.

If it's any consolation, import loads at Savannah in October were also off by 3.1%.

National Energy Cost Disparities

As if we need any reminding, our friends at the Center for Jobs and the Economy in Sacramento send us a monthly reminder of just how much more expensive it is to drive a vehicle or tap into the electric grid in California than elsewhere in the USA. By their latest numbers, the October average price-per-gallon of regular gasoline paid by California motorists was \$4.13, 64.1% above the average for the rest of the country. (We can produce a receipt showing \$2.53 as the price paid per gallon to top off a rental car's tank last month in Maine.)

For those driving a semi or operating a fleet of trucks, the diesel disparity is 37.8%.

Then there's the disadvantage California businesses suffer when it comes to paying the electric bill. The state's average commercial price for the 12 months ended August 2019 was 16.56 cents/kWh, 63.6% higher than the U.S. average of 10.12 cents/kWh for all states other than California.

California average Industrial Price for the 12 months ended August 2019 was 13.25 cents/kWh, 102.9% higher than the US average of 6.53 cents/kWh for all states other than California.

For the 12 months ended August 2019, California's higher electricity prices translated into commercial and Industrial ratepayers paying \$10.4 billion more than ratepayers elsewhere in the U.S. for the same amount of energy.

Count this as one of the reasons why transporting a container filled with valuable merchandise through a California port usually costs more than moving that same box through ports elsewhere in North America.

Welcome and Good Luck

After what we're told was a thorough and exhaustive national search for a new executive director to replace the much esteemed but retiring Chris Lytle, the Port of Oakland has announced the job has gone to a local resident, Danny Wan. Mr. Wan had been the port's interim Executive Director since last summer and before that had been the Port's attorney for six years. He takes over an organization with three principal businesses: aviation, maritime and commercial real estate. In addition to seaport, the Port controls Oakland International Airport and Oakland's Jack London Square entertainment district. Among the challenges Mr. Wan will soon be facing is whether the Port's maritime business can co-exist with new neighbors.



Jock O'Connell's Commentary:

Thank You, Mr. Musk (At Least For Now)

Among maritime industry leaders (and followers), the years-long slide in the U.S. West Coast's share of inbound loaded containers from the Far East entering North American seaports has been grist for fretful conversation as well as spirited debate about who or what has been to blame. In its over three years of publication, this newsletter has documented that downward spiral in market share, much to the annoyance – I'm told – of some port officials.

By contrast, while there is general consternation along the USWC that East and Gulf Coast ports have succeeded in poaching a steadily growing portion of containerized imports from Asian suppliers, we don't seem to fret much, if at all, about why USWC ports have not been similarly able to capture an appreciably greater share of America's oceanborne trade with Europe.

For all the attention being lavished on China these days, it may be easy for some to forget that, while economic growth in the European Union has recently been stalling, its pre-Brexit GDP measured in terms of Purchasing Power Parity (\$19.5 trillion) ranked ahead of the U.S. (\$18.2 trillion) in 2018, with both trailing China (\$22.5 trillion).

Last year, merchandise trade between the E.U. and the U.S. totaled \$805.4 billion. That was considerably more business than the U.S. did with China in 2018 (\$659.8 billion). And as U.S.-Chinese relations may well be devolving into a never-ending trade conflict, it's useful to note that, while trade with China through this year's first three-quarters amounted to \$420.7 billion, our trade with the E.U. totaled \$636.2 billion.

It is somewhat puzzling that, with all of pilfering of market share going on, the USWC ports' combined share of U.S.-European Union maritime trade has been remarkably flat over the past decade and a half. In fact, the USWC share of the bilateral trade (measured in containerized weight) last year was 11.5%, precisely the share the ports of California, Oregon, and Washington held in 2003. To be sure, the amount of containerized tonnage shipped between the European Union and USWC ports did increase by 48.5% over that decade-and-a-half. But, while

East and Gulf Coast ports (not to mention ports in British Columbia), were aggressively stealing transpacific cargos from USWC ports, West Coast ports were struggling to hang onto their historic sliver of the transatlantic container trade.

That should be puzzling. After all, it's not as though the economies of the vast hinterland most readily served by USWC ports have not been expanding or their populations of the western states growing. Nor is it likely the case that residents of these states are unique in patriotically spurning European goods or having precious little to offer European businesses and consumers.

I recall that in the years of near panic after the Panama Canal Authority announced plans for a more capacious set of locks, USWC officials, fearing a market loss calamity, consoled themselves with the observation that a broader canal could prove to be a two-way street, bringing more than empty containers on east-to-west passages (or north-to-south, to be geographically accurate).

One reason why this prayer has not been appreciably answered may be that, at least in value terms, the majority of the trade between the European Union and West Coast gateways involves high-technology goods that are best transported by air. Last year, for example, U.S.-E.U. trade via LAX totaled \$22.72 billion, dwarfing the \$9.73 billion that moved through the Ports of Los Angeles and Long Beach. Further north, the Port of Oakland's \$6.38 billion in trade with the E.U. trailed the \$8.22 billion that traveled via SFO. Sea-Tac's \$8.19 billion easily exceeded the \$2.84 billion traded through the Ports of Tacoma and Seattle.

One bright spot in the maritime trade between the USWC and the E.U. has been the recent surge of electric vehicle exports, specifically those manufactured by Tesla in Fremont, California on the site of what had been the New United Motor Manufacturing (NUMMI) plant, an ill-fated joint venture between General Motors and Toyota. In January, Tesla began exporting EVs to Europe through the Pasha Automotive Services terminal Port of San Francisco's Pier 80. The impact on trade statistics was as disorienting as it was immediate. Suddenly, tiny Belgium (population 11.4 million) overtook mighty Germany as



Commentary *Continued*

California's leading European export destination. Last year, it ranked not just in back of Germany but behind the Netherlands, the United Kingdom, and France, just beating out Switzerland (population 8.6 million). The main reason: the first port-of-call of the roll-on/roll-off (ro-ro) vessels carrying Tesla's automobiles has been the Belgian Port of Zeebrugge near Bruges.

In a September 23 article, Forbes magazine reported that electric vehicles had become California's 8th most valuable export, worth almost \$3 billion in revenue—more than phones, pistachios, and even oil. "In 2019, California's EV exports are poised to grow further – expected to hit \$3.4 billion, which would have made it the state's fifth most valuable export in 2018," the article went on to state.

How permanent is this new trade in automobiles? Although Tesla is primarily responsible for this growth, a reduction in the federal tax credit for EV buyers wanting to buy a Tesla model also played a major role. The old \$7,500 federal tax credit for EV buyers ramps down after an automaker reaches 200,000 cumulative plug-in electric sales, which Tesla did last year. The company's federal tax credit has since dropped to \$1,875 and will reportedly

fall to zero in 2020. With the U.S. tax credit phasing out and presumably dampening domestic demand for Tesla vehicles, the Fremont firm will almost certainly seek to increase its deliveries to overseas markets.

Tesla's contribution to boosting maritime exports from the USWC (and particularly from the Port of San Francisco) to Europe may be short-lived, though. Earlier this month, Tesla's CEO Elon Musk announced that a new manufacturing facility intended to serve the European market would be build outside of Berlin. If Musk has his way, the plant should be producing Tesla's Model 3 sedan and Model Y compact sports-utility vehicle by sometime in 2021.

At least until then, a steady stream of ro-ro vessels will be calling at Pier 80.

Happy Thanksgiving.

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





Elected or Appointed?

By Jordan Royer
Vice President, Pacific Merchant Shipping Association

Washington State just wrapped up its 2019 General Election. There were statewide ballot measures that reduced car registration fees and transportation funding that passed and an effort to restore affirmative action in the state which was narrowly defeated. There were also many local campaigns for city councils, mayors, school boards, and yes, port commissions.

While a high-profile election for control of the City Council in Seattle set spending records and attracted national attention, there were also races for port commission seats in Seattle and Tacoma. Port commission elections are usually quiet affairs to which only insiders pay much attention. And while most people on the street could not name a single member on these commissions, they make decisions that impact us all.

Washington State is one of the few states in the US that elect port commissioners. In California, commissioners are appointed by a city's mayor. It is not uncommon for a new mayor to come into office and replace all five commissioners with his or her supporters. Of course, the hope is that they will be highly qualified and beyond politics.

For elected commissioners in Washington State, they must run county-wide campaigns with less campaign cash than a single district Seattle City Council attracts. It is almost impossible to develop and execute a campaign that reaches even a fraction of registered voters. And while many political appointees to commissions in California may be chosen much like an Ambassador to Lichtenstein, some may be chosen because of needed expertise or experience as well. For a countywide vote in Pierce and King County however, the voter will have little to no idea about either. They may vote on the way a name sounds, gender or ethnicity, party affiliation, or maybe they think they've heard that person's name before.

The only way issues generally play in these races is around a controversy at the port that gets wide coverage. One example is the provisioning of the Shell Offshore

Drilling Rig docked at the vacant Seattle container terminal 5 in 2015. This gave birth to the "kayaktivists" and created raucous commission hearings. It also gave environmental activist Fred Felleman a clear path to the commission as he opposed the Shell lease with Foss Maritime at Terminal 5. Felleman was easily elected this year with only token opposition.

A current example is the liquefied natural gas (LNG) facility in Tacoma that is being built so ocean going vessels can convert from conventional fuels to cleaner LNG. Only a few years ago a Democratic Governor and a Democratic Legislature passed an incentive package to build the facility. Now, they have turned against it and activists in Tacoma have as well. This has propelled attorney and activist, Kristin Ang to a seat on the Tacoma Commission.

The question is whether Ang will follow the path taken by well-regarded Felleman and work collaboratively with her colleagues at the port – even experiencing some blowback from former allies, or whether she will be driven by the single issue she is most passionate about and see compromise as surrender? It is a challenging position to be in to be sure.

The other commissioner elected in Tacoma this year, Deanna Keller, supports the move of ships to using cleaner LNG. Keller is also a retired Marine, Elementary School Principal, and business owner. Given her background, I would expect her to be a strong leader on the commission.

The other newcomer to the Port of Seattle is Sam Cho. Mr. Cho has campaigned on some pretty far flung issues like legalizing prostitution. While this is a compelling topic, and worth a public dialogue it is hard to see that the port has any authority to implement this plan. The other idea he propounded on the campaign trail is to have Seattle commissioners become full-time employees elected by districts, each with their own staff members. There have been other commissioners in the past who have pushed



Elected or Appointed? *Continued*

this agenda, but there have always been commissioners who oppose due to their desire to serve as boardmembers and continue to work in their chosen careers.

It should also be noted that Seattle commissioners are already the highest paid, most highly staffed commissioners on the West Coast. But Mr. Cho may have an ally for this agenda in Fred Felleman who recently penned an Op Ed in an alternative weekly arguing that commissioners should receive full time pay. These discussions would never occur in California because of the nature of the appointment process.

This background is provided only to highlight the pluses and minuses of each system. It is hard to know which governance structure is superior. On the one hand, a commissioner elected countywide may have a broader perspective than one appointed by a mayor. Also, a mayor of a city may decide to subsidize city services from port revenues instead of investing in infrastructure at the port to be more competitive. A failure of commissioners to accommodate this could get them replaced.

For elected commissioners, though, there is always a desire to be a player in the biggest issues locally and

nationally. In Seattle, commissioners are often pulled into issues like homelessness, income inequality, and public safety. Since few people know who they are (and they must be re-elected) there is pressure to “be seen” as these high-profile issues are debated in the public square. But the downside is it’s easy to lose focus on the core mission of ports.

The late port director and state transportation chair, Dick Ford, would often describe the mission of the port this way: “The job of the port is to build s##t, lease it out and create jobs.” He was often frustrated by commissioners losing focus.

So which is better: To hand over the makeup of a port commission to a mayor who may want to use it to his or her own political or personal ends, or to a public that is either driven by a single issue, or even worse, has no idea who or what they’re voting for? The answer may be both.

As Winston Churchill once said, “Democracy is the worst form of government, except for all the others.”

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

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October Dwell Time Numbers Are Up Slightly

