



STATE OF WASHINGTON

BOARD OF PILOTAGE COMMISSIONERS

Spring 2020

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

Announcements

Puget Sound Licensure!

Congratulations to our newest Puget Sound pilot, Captain Trevor Bozina! Captain Bozina received Washington State Pilot License #208 at the January 16, 2020 meeting.



BPC Chair Sheri Tonn (left) congratulates Captain Bozina (right) on his licensure.



Captain Bozina's parents, wife, and children were in attendance for this important milestone.

COVID-19 Impacts on Pilotage

In addition to many other industries, the maritime industry has been greatly impacted by the COVID-19 pandemic. From cargo to passenger vessels, the effects of the pandemic are fierce and unimaginable. Washington State licensed pilots are considered [Essential Critical Infrastructure Workers](#), per Governor Inslee's March 23, 2020 [Stay Home-Stay Healthy Proclamation 20-25](#). Puget Sound Pilots President, Captain Eric vonBrandenfels, recently spoke to KIRO Radio about how pilots are currently operating. To read/hear, click below:



[Puget Sound Pilots keep cargo and passengers moving during pandemic](#)

Puget Sound Pilots were founded in 1935, but official "pilotage" of vessels in Washington dates to the 1860s; this is the steamship "Santa Rosa" arriving on the Seattle waterfront on December 18 ...

Courtesy of www.mynorthwest.com

The Board continues to operate with staff mostly working remotely. At a special public phone meeting on March 20, 2020, the Board adopted Emergency WAC language to address COVID-19 effects on the Pilot Training Program. Information regarding the adopted language can be found on our website [here](#). Our website also contains additional information regarding safety procedures, Personal Health Declarations for both pilots and pilot trainees, as well as USCG updates regarding procedures and credentialing. Be safe, be well, and rest assured that pilots are working hard to keep vessels moving to and from Washington's waters.

The Board has issued a Request For Proposals (RFP) for the 2021 Marine Pilot Exam. The RFP can be found [here](#).

Save the Date and Achieve the Dream

2021 WA Marine Pilot Exam
Target Date: April 6, 2021



<https://pilotage.wa.gov/exam-information.html>



Photo credit: Puget Sound Pilots

OTSC Update

The Board's Oil Transportation Safety Committee (OTSC) has had two meetings now, and is making good progress toward implementing the directives of ESHB 1578 *Reducing threats to southern resident killer whales by improving the safety of oil transportation*. Information about OTSC membership and Meeting Minutes can be found on our website [here](#).

Ecology Representative Changes

Department of Ecology Director Laura Watson appointed Ecology's Spills Program Manager Dale Jensen to the Board as the Ecology representative effective April 1, 2020. Dale replaces Vessel and Oil Transfer Unit Supervisor Sara



Thompson, who started her term with the Board February 1, 2016. Sara has been an incredible asset to the Board. We are pleased that she will continue to participate in several Board committees. Dale previously served on the Board as Ecology's representative and we welcome him back!

Cal Maritime's WIML Conference

For the 4th year in a row, the BPC was present at California Maritime Academy's Women in Maritime Leadership conference. One thing we appreciate about this conference is that male cadets are encouraged to and do attend. It's important for future male maritime leaders to be equipped with the understanding and the tools to support an inclusive workforce. Conferences like this one provide valuable information for aspiring mariners.



Chair Tonn describes the pathway to pilotage to a Cal Maritime cadet.

BPC on Social Media

The BPC is now on Instagram! Our social media accounts are a great way to stay connected with cadets, aspiring pilots, organizations, and the maritime community. We plan to use these accounts to provide information about the 2021 marine pilot exam as well as other BPC initiatives, news about pilotage, and our Board. Follow us on [Twitter](#), [LinkedIn](#), and now [Instagram](#).

DISTRICT SNAPSHOTS



Puget Sound

Retirements:

There were no retirements in January, February, or March of 2020.

License Upgrades to Unlimited:

There were no license upgrades in January, February, or March of 2020.

Licensure

Captain Trevor Bozina

Congratulations!

Training Program:

Currently in training are Captains Matt Miller, Pete Velarde, Joe Siddell, Matt Hannuksela, Neil McGourty, Severin Knutsen, Ryan Gartner, Eric Michael. Welcome to Nick Moore, Andrew Stewart and Robert Ekelmann, who began training on March 1, 2020.

Captain McGourty is transitioning to the Evaluation Phase of his program.

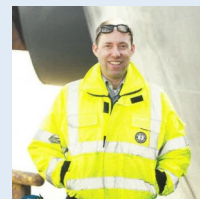
Keep up the great work!

Grays Harbor



Training Program:

Currently in training is Captain Forest McMullen.



Captain Forest McMullen was recently highlighted in the Port's 2019 Business Report. Photo courtesy of the Port of Grays Harbor.

The BPC Pilotage Quarterly is a publication of the Board of Pilotage Commissioners.

It is available online at Pilotage.wa.gov. To join our distribution list, email PilotageInfo@wsdot.wa.gov or call (206) 515-3904.

PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

Apr-2016

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

Activity

Total pilotage assignments: 573 Cancellations: 12
 Total ship moves: 561 Cont'r: Tanker: Genl/Bulk: Other:
 Assignments delayed due to unavailable pilot: 0 Total delay time: 0
 2 pilot jobs: 51 Reason: PSP GUIDELINES FOR RESTRICTED WATERWAYS
 Day of week & date of highest number of assignments: Wed 42487 Lowest: Sun/Tue

Comp Days

Beg Total - Call Backs (+) Used (-) Ending total

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
4-Apr	5-Apr	Seattle	PMI	ECDIS	BLA,CAI

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

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
5-Apr	5-Apr	Seattle	BOPC	Exam Prep	MAY,LOW,COL,HAJ,COR,ARN,GAL
6-Apr	7-Apr	Seattle	BOPC	Exam Prep	MAY,MAR
10-Apr	14-Apr	Seattle	BOPC	Exam Prep	MAY,MAR
18-Apr	18-Apr	Seattle	?	RPS Group	KAL
19-Apr	19-Apr	Seattle	PSP	BOD	KLA,THG,VON,NEW,SCR,KAL
21-Apr	21-Apr	Seattle	BOPC	Commission	MAR,MAY
19-Apr	28-Apr	Seattle	PSP	Safe Practices	BOU

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

Start Dt	End Dt	Pilot	Reason not available for regular dispatch

PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

Jan-2020

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:	547	Cancellations:	25			
Total ship moves:	522	Cont'r:	196	Tanker:	161	Genl/Bulk: 102 Other: 63
Assignments delayed due to unavailable rested pilot:	3	Total delay time:		5.75		
2 pilot jobs:	36	Reason: PSP GUIDELINES FOR RESTRICTED WATERWAYS				
Day of week & date of highest number of assignment:	THU, 1/9			27		
Day of week & date of lowest number of assignments	SUN 1/5, TUE 1/7, SUN 1/19			10		
Total number of pilot repositions:	114					

Comp Days						
Beg Total -	3481	Call Backs (+)	72	Used (-)	81	Ending total 3472

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

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

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
2-Jan	3-Jan	Seattle	PSP	President, UTC	CAI
7-Jan	7-Jan	Seattle	PSP	BOD	ANA, CAI, COL, KLA, NEW, SEM
10-Jan	11-Jan	Seattle	PSP	President	SES
15-Jan	15-Jan	Seattle	BPC	BPC Prep	ANT, CAI, SCR
15-Jan	16-Jan	Seattle	PSP	President	SES
16-Jan	16-Jan	Seattle	BPC	BPC	ANT, CAI, SES
16-Jan	17-Jan	Seattle	PSP	UTC	CAI
20-Jan	20-Jan	Seattle	PSP	UTC	CAI
21-Jan	21-Jan	Seattle	PSP	Operations Rules	COL

23-Jan	23-Jan	Seattle	BPC	Holland America control ctr	SCR
27-Jan	27-Jan	Seattle	PSP	UTC	CAI, COL
30-Jan	31-Jan	Seattle	PSP	President	CAI

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

Start Dt	End Dt	REASON	PILOT
1-Jan	31-Jan	Not Fit For Duty	SES
7-Jan	14-Jan	ETO	EME, HEN, JEN, ROU, SEY
21-Jan	28-Jan	ETO	ANT, CAI, MCG, MOT

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

PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

Feb-2020

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:	537	Cancellations:	14			
Total ship moves:	523	Cont'r:	173	Tanker:	175	Genl/Bulk: 99 Other: 76
Assignments delayed due to unavailable rested pilot:	2	Total delay time:		5 Hours		
2 pilot jobs:	33	Reason: PSP GUIDELINES FOR RESTRICTED WATERWAYS				
Day of week & date of highest number of assignment:	SAT	22-Feb	THU	27-Feb	25	
Day of week & date of lowest number of assignments	MON	3-Feb	11			
Total number of pilot repositions:	113					

Comp Days						
Beg Total -	3472	Call Backs (+)	90	Used (-)	75	Ending total 3487

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
18-Feb	18-Feb	Seattle	PMI	ULCV Training	BOU, CAJ, LOB

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

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
1-Feb	3-Feb	Seattle	PSP	President	CAI
4-Feb	4-Feb	Seattle	PSP	Bollard Pull	BOU, HAR
4-Feb	4-Feb	Seattle	PSP	BOD	ANA, CAI, COL, KLA, NEW, SEM
6-Feb	6-Feb	Seattle	BPC	TEC/Diversity	ANT, MAY, SCR
8-Feb	8-Feb	Seattle	PSP	President	SES
10-Feb	10-Feb	Seattle	PSP	Safe Practices	BEN, BOU
12-Feb	12-Feb	Seattle	PSP	UTC	CAI
12-Feb	12-Feb	Seattle	PSP	Harbor Safety	HAR

13-Feb	13-Feb	Seattle	BPC	Tug Escort	BOU
14-Feb	14-Feb	Seattle	PSP	President	SES
16-Feb	16-Feb	Seattle	PSP	President	SES
17-Feb	17-Feb	Seattle	PSP	UTS	CAI
19-Feb	22-Feb	Seattle	BPC	PMSA Data Request	CAI
19-Feb	19-Feb	Seattle	BPC	TEC	ANT, MAY, SCR
20-Feb	20-Feb	Seattle	BPC	BPC	ANT, SCR
20-Feb	23-Feb	Seattle	PSP	President	SES
24-Feb	29-Feb	Seattle	BPC	PMSA Data Request	CAI

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

Start Dt	End Dt	REASON	PILOT
1-Feb	29-Feb	Not Fit For Duty	SES
5-Feb	29-Feb	Not Fit For Duty	THG
4-Feb	11-Jan	ETO	BOU, COL, MYE, SEA
18-Feb	25-Feb	ETO	KEN, MEL, NEW, SOR

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

PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

Mar-2020

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:	538	Cancellations:	13		
Total ship moves:	525	Cont'r:	181	Tanker:	180
				Genl/Bulk:	92
				Other:	72
Assignments delayed due to unavailable rested pilot:	3	Total delay time:	28.25Hrs		
2 pilot jobs:	34	Reason:	PSP GUIDELINES FOR RESTRICTED WATERWAYS		
Day of week & date of highest number of assignment:	FRI	20-Mar	26		
Day of week & date of lowest number of assignments	MON	9-Mar	SUN	29-Mar	10
Total number of pilot repositions:	108				

Comp Days

Beg Total -	3488	Call Backs (+)	104	Used (-)	86	Ending total	3506
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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
3-Mar	4-Mar	Pt. Townsend	Maritime	PPU Training	MAY
11-Mar	11-Mar	Seattle	PMI	Tethered Escort Training	BOU, KLA, MCG, MEL, NIN

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

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
1-Mar	1-Mar	Seattle	BPC	PMSA Data Request	CAI
3-Mar	3-Mar	Seattle	PSP	UTC	CAI
3-Mar	3-Mar	Seattle	BPC	Exam Committee	ANT, BEN, MYE, SCR
6-Mar	6-Mar	Seattle	PSP	President	SES
7-Mar	12-Mar	Honolulu	PSP	WCPA	ANT, CAI
11-Mar	11-Mar	Seattle	PSP	President	THG
16-Mar	16-Mar	Seattle	BPC	BPC	CAI
17-Mar	17-Mar	Seattle	BPC	OTSC (Oil Trans Safety Comm)	BOU
18-Mar	18-Mar	Seattle	PSP	UTC	CAI

18-Mar	18-Mar	Seattle	BPC	TEC	ANT, KLA, MAY, SCR
19-Mar	19-Mar	Seattle	PSP	UTC	CAI
20-Mar	20-Mar	Seattle	BPC	BPC	ANT, SCR
23-Mar	23-Mar	Seattle	BPC	TEC	SCR
24-Mar	26-Mar	Seattle	PSP	President	CAI
31-Mar	31-Mar	Seattle	PSP	General Membership	COL
31-Mar	31-Mar	Seattle	BPC	PMSA Data Request	CAI

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

Start Dt	End Dt	REASON	PILOT
1-Mar	17-Mar	Not Fit For Duty	SES
1-Mar	31-Mar	Not Fit For Duty	THG
3-Mar	4-Mar	ETO	BOZ
3-Mar	10-Mar	ETO	HUP, SEM, SHA, SHJ
17-Mar	19-Nov	ETO	GAL, GRD, KLA, MAY, SLI
1-Mar	3-Mar	County Health Advisory Status	SEY
8-Mar	8-Mar	County Health Advisory Status	BRU
13-Mar	16-Mar	County Health Advisory Status	BRU
17-Mar	20-Mar	County Health Advisory Status	BOZ
23-Mar	30-Mar	County Health Advisory Status	HED

Presentations

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

WA State Board of Pilotage Commissioners

Industry Update:
April 16, 2020 BPC Meeting

Vessel Arrivals and Assignments Continue to Drop

March YTD 2020 compared to March YTD 2019 comparison

- ✚ Container arrivals **down 15**; Bulkers **down 11**
- ✚ Car Carriers and RoRo's **down 10**
- ✚ Tankers **down 7**, ATB's **up in March** but **down markedly in April** so far
- ✚ Grays Harbor flat

- ✓ Assignments **Down** over 7% in Jan 2020 to Jan 2019 comparison
- ✓ Assignments **Down** 6.4% in Feb 2020 to Feb 2019 comparison
- ✓ Cargo Ship Arrivals **Down** 34 YTD through March
- ✓ 14 "**blank**" container ship calls forecast for April and May
- ✓ 464 Cruise Ship Assignments in **Limbo** (204 **canceled** already)

Assignments Down 4.4% in 2019 to 6,999

This Trend PLUS COVID 19 Impacts ... Very Significant! Number of Pilots Needed?

Cargo Volumes - Market Share - Cruise - COVID 19

- ✚ West Coast Container Cargo Volumes Decreasing
- ✚ Cruise Season Suspension – Uncertainty for This Season & 464 Pilotage Assignments
- ✚ Vessel Crews and Marine Terminals Following Procedures Successfully
- ✚ PPE Supply Chains Refined, Essential Work Better Defined, Cooperation
- ✚ Alaska Supply Chain (Tote, Matson, AML) operating well
- ✚ PMA/ILWU Guidance for Terminal Operations Implemented
- ✚ NWSA Identified Off Dock Facilities to Address Cargo Backups - so far PNW is ok

COVID 19 in a Nutshell

- ✓ Ships and Terminals Still Moving Cargo With New Procedures
- ✓ However... Cost Cutting, Furloughs, Layoffs, Reduced Pay... Other Changes...!
- ✓ Blank Sailings Announced – Are There More Announcements Coming?

Ocean Carriers Idle Container Ships in Droves on Falling Trade Demand

More than 10% of the global boxship fleet are anchored as Western markets lock down against the coronavirus pandemic
By Costas Paris, The Wall Street Journal

Container ship operators have idled a record 13% of their capacity over the past month as carriers at the foundation of global supply chains buckle down while restrictions under the coronavirus pandemic batter trade demand. Maritime data provider Alphaliner said in a report Wednesday that shipping lines have withdrawn vessels with capacity totaling about 3 million containers in efforts to conserve cash and maintain freight rates. Alphaliner, based in Paris, said more than 250 scheduled sailings will be canceled in the second quarter alone, with up to a third of capacity taken out in some trade routes. The biggest cutbacks so far have hit the world's main trade lanes, the Asia-Europe and trans-Pacific routes.

FULL ARTICLE: <https://www.wsj.com/articles/container-ship-operators-idle-ships-in-droves-on-falling-trade-demand-11586359002?mod=djemlogistics> h

Leaked memo reveals Norwegian Cruise Line is cutting pay by 20% for salaried workers and moving to a 4-day work week as coronavirus slams the industry

Business Insider by Becky Peterson Mar 18, 2020, 11:25 AM

A spokesperson for Norwegian Cruise Line said the changes will only impact shoreside employees in the United States.
<https://www.businessinsider.com/norwegian-cruise-line-cuts-pay-20-amid-coronavirus-cuts-2020-3>

CARB's Rush to Rulemaking

By John McLaurin President, Pacific Merchant Shipping Association Thursday, April 9th, 2020, Fox and Hounds

Public health officials are projecting that new COVID-19 cases will continue to increase, and California's chief medical advisor is expressing fears of a surge in patients by mid-April. The primary focus of the state is exactly where it should be: readying the state for increased rate of infection, providing care for the sick and vulnerable, preventing further viral spread, and keeping the economy moving as best as possible under the circumstances. In the midst of the crisis and the business chaos, many industry sectors have asked for relief from regulatory deadlines that are impossible to meet. FULL ARTICLE:

www.foxandhoundsdaily.com/2020/04/carbs-rush-to-rulemaking/

Container lines offering importers storage to avoid demurrage

Mark Szakonyi, Executive Editor JOC Maritime News | Mar 31, 2020 4:14PM EDT

Anticipating potential congestion at global ports as some cargo owners fail to pick up imports, container lines are offering shippers options to mitigate demurrage fees by allowing them to store containers at their properties. Mediterranean Shipping Co. Tuesday announced a "Suspension of Transit" (SOT) program at six transit hubs in Asia, the Middle East, Europe, and the Americas. The service offering is aimed at beneficial cargo owners (BCOs) and cargo consolidators in need of immediate container storage space.

"The program builds on MSC's ongoing efforts to ensure business continuity and the maintenance of vital container storage services, such as the movement of food, fresh produce, medical equipment, and other essential goods," the company said. The SOT program provides potential cost savings for customers faced with high warehousing storage costs at destination, including demurrage, per diem, and other charges, MSC said. Similar offerings by other carriers and terminal operators to share unused storage space reflects the new reality of Western importers increasingly canceling, reducing, and delaying shipments as consumer consumption craters under stay-at-home safety precautions linked to the coronavirus disease 2019 (COVID-19).

FULL ARTICLE: https://www.joc.com/maritime-news/container-lines/container-lines-offering-importers-storage-avoid-demurrage-20200331.html?utm_campaign=Coronavirus&utm_source=hs_email&utm_medium=email&utm_content=86084230&_hsenc=p2ANqtz-3aJnENaa_RBbLgn4yOuFwnuIGdAmwbi2mqBI2-MSIh9y2lw0cm7Fj61prYJ4WZkcMBloEWgcRNddtUbpHON08c9dCJA&_hsmi=86084230

Coronavirus: 'Drop in global trade to be worse than 2008 crisis'

By Andrew Walker, BBC News, April 8, 2020

The World Trade Organization (WTO) is predicting a severe decline in international commerce this year. In a new report the WTO forecasts a contraction of between 13% and 32% this year. The wide range of possibilities reflects the uncertainties about the health crisis. It says the impact on trade is likely to exceed the slump caused by the financial crisis just over a decade ago. The more pessimistic case would amount to a decline in global trade similar to what happened in the great depression 90 years ago but in shorter period of time. The WTO's director general Roberto Azevedo described the figures as "ugly"....A decline of 13% in trade in goods is described in the report as a relatively optimistic scenario. It reflects a steep drop in trade followed by a recovery starting in the second half of 2020. That of course would need to be based on substantial progress over the next few months in getting on top of the health crisis. FULL ARTICLE: <https://www.bbc.com/news/business-5221919>

Norwegian Cancels Sun Alaska Program; Drops Prices On Other Ships

Cruise Industry News, April 13, 2020

Norwegian Cruise Line announced that the Norwegian Sun's summer program, ranging from May 21 to October 18, has been cancelled, citing a fleet redeployment. The ship was poised to sail long itineraries to Alaska.

Guests booked on Norwegian Sun departures from May 21 to August 12, 2020: will receive a refund in the form of a future cruise credit worth 125% of the fare paid, which will be valid for a period of one year and can be applied to any future published sailing through December 31, 2022.

Guests booked on cruises from August 13 to October 18 will receive a 100% refund of the fare paid which will be reimbursed to the original form of payment. Additionally, guests who rebook their vacation by April 27, 2020 for any sailing beginning October 1, 2020 will receive a 20% discount off the voyage fare.

"In conjunction with the cancellation of the Norwegian Sun voyages to Alaska, you will notice we have reduced our rates for cruises in July, August and September across the three vessels that will continue to sail Alaska - Norwegian Joy, Norwegian Bliss and Norwegian Jewel," the company said, in a letter sent to travel partners. "We urge you to review the pricing on those dates, as you will likely find extremely favorable fares."

American Shipper

OCEAN SHIPPING SERVICES CONTINUE TO DETERIORATE

By Greg Miller

April 1, 2020

Key Takeaway

Further complicating the impact the COVID-19 crisis has had on the global supply chain, global schedule reliability is expected to deteriorate as carriers and marine terminals battle the continuing piling up of containers at ports. As a result of the "staggering" amount of blank sailings, industry experts are not expecting a rebound until 2021 – if all goes well.

THE WALL STREET JOURNAL.

CORONAVIRUS PUSHES SHIPPING COMPANIES INTO SURVIVAL MODE

By Costas Paris

April 2, 2020

Key Takeaway

As the global COVID-19 crisis continues to impact the global supply chain, carriers are continuing to blank sailings (cancelled ships) on major trade routes, setting the stage for a dismal second quarter. With some experts anticipating a 10% decline in overall container volumes in 2020, many operators have begun to question their ongoing existence.



CARRIERS UNVEIL MORE BLANKED VOYAGES, BUT THE GAPS WON'T MATCH DEMAND SLUMP

By Mike Wackett

April 4, 2020

Key Takeaway

In response to changes in demand across Asia, the US, and Canada, ocean carriers have announced sweeping blank sailings across the transpacific trade lane. Meanwhile, with travel and working restrictions in effect, concern is growing over how to process incoming vessels from Asia.

Parsing the December 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

There wasn't much to write home about on the containerized import front in December 2019. The number of loaded inbound containers that moved through U.S. West Coast ports plummeted by 17.2% or 184,069 TEUs from a year earlier. Admittedly, December of 2018 was a month of frenzied activity at the ports. Even though President Trump had ultimately backed off on his threat to impose higher tariffs on a broader range of Chinese goods that month, importers had already placed expedited orders with Chinese suppliers in hopes of getting ahead of any new levies. So a severe drop in imports from one December to the next could have been expected. But eruptions of imports prompted by fears of higher tariffs was only part of the story.

Import loads at the Port of Los Angeles (373,511 TEUs) were the lowest for a December at that port since 2015.

Exhibit 1	December 2019 - Inbound Loaded TEUs at Selected Ports					
	Dec 2019	Dec 2018	% Change	Dec 2019 YTD	Dec 2018 YTD	% Change
Los Angeles	373,511	468,906	-20.3%	4,714,266	4,870,582	-3.2%
Long Beach	323,231	373,098	-13.4%	3,758,438	4,097,377	-8.3%
San Pedro Bay Totals	696,742	842,004	-17.3%	8,472,704	8,967,959	-5.5%
Oakland	81,299	87,056	-6.6%	975,199	965,552	1.0%
NWSA	105,823	138,873	-23.8%	1,369,251	1,452,623	-5.7%
USWC Totals	883,864	1,067,933	-17.2%	10,817,154	11,386,134	-5.0%
Boston	11,409	11,712	-2.6%	149,605	147,820	1.2%
NYNJ	288,964	317,332	-8.9%	3,770,971	3,676,109	2.6%
Maryland	41,440	44,195	-6.2%	524,287	511,995	2.4%
Virginia	103,711	111,566	-7.0%	1,366,381	1,327,409	2.9%
South Carolina	81,779	89,079	-8.2%	1,066,314	1,010,466	5.5%
Georgia	172,124	176,441	-2.4%	2,218,655	2,081,368	6.6%
Jaxport	24,513	30,179	-18.8%	349,896	328,689	6.5%
Port Everglades	31,995	36,826	-13.1%	427,422	457,365	-6.5%
Miami	35,034	33,558	4.4%	416,466	395,930	5.2%
USEC Totals	790,969	850,888	-7.0%	10,289,997	9,937,151	3.6%
New Orleans	11,916	11,147	6.9%	137,386	121,938	12.7%
Houston	99,654	100,030	-0.4%	1,244,170	1,179,326	5.5%
USGC Totals	111,570	111,177	0.4%	1,381,556	1,301,264	6.2%
Vancouver	140,560	138,641	1.4%	1,706,398	1,624,926	5.0%
Prince Rupert	61,796	51,833	19.2%	678,699	568,995	19.3%
BC Totals	202,356	190,474	6.2%	2,385,097	2,193,921	8.7%
US/BC Totals	1,988,759	2,220,472	-10.4%	24,873,804	24,818,470	0.2%
US Total	1,786,403	2,029,998	-12.0%	22,488,707	22,624,549	-0.6%
USWC/BC	1,086,220	1,258,407	-13.7%	13,202,251	13,580,055	-2.8%

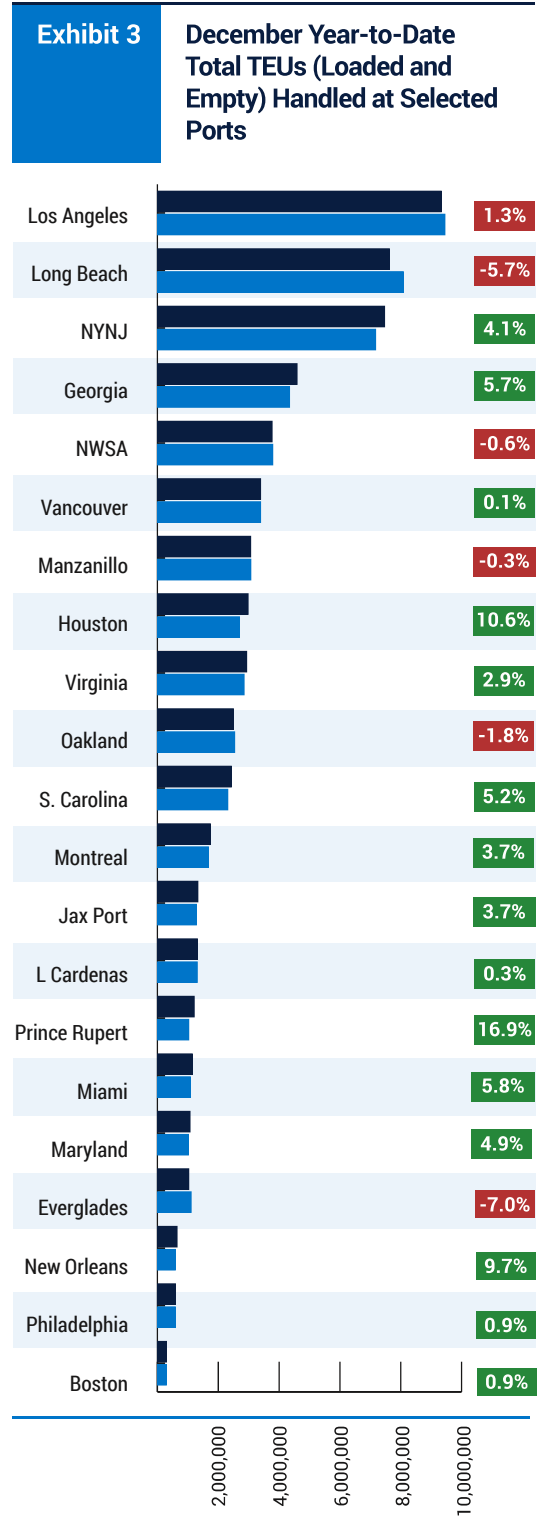
Source Individual Ports



Parsing the December 2019 Loaded TEU Numbers Continued

	December 2019 - Outbound Loaded TEUs at Selected Ports			December Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports		
	Dec 2019	Dec 2018	% Change	Dec 2019 YTD	Dec 2018 YTD	% Change
Los Angeles	130,229	147,965	-12.0%	1,756,177	1,904,054	-7.8%
Long Beach	125,395	113,329	10.6%	1,472,802	1,523,008	-3.3%
San Pedro Bay Totals	255,624	261,294	-2.2%	3,228,979	3,427,062	-5.5%
Oakland	74,643	72,389	3.1%	931,019	897,804	3.7%
NWSA	75,868	85,350	-11.1%	913,332	953,495	-4.2%
USWC Totals	406,135	419,033	-3.1%	5,073,330	5,278,361	-3.9%
Boston	5,664	5,897	-4.0%	81,520	80,190	1.7%
NYNJ	110,768	115,927	-4.5%	1,460,447	1,476,780	-1.1%
Maryland	17,857	16,398	8.9%	232,957	228,449	2.0%
Virginia	78,285	75,418	3.8%	966,102	977,786	-1.2%
South Carolina	61,903	60,871	1.7%	816,962	809,872	0.9%
Georgia	111,324	98,507	13.0%	1,470,373	1,444,403	1.8%
Jaxport	38,013	35,892	5.9%	497,149	487,088	2.1%
Port Everglades	27,133	33,040	-17.9%	317,187	369,495	-14.2%
Miami	39,645	39,337	0.8%	445,238	418,695	6.3%
USEC Totals	490,592	481,287	1.9%	6,287,935	6,292,758	-0.1%
New Orleans	24,304	21,465	13.2%	299,511	288,347	3.9%
Houston	108,425	86,540	25.3%	1,264,373	1,076,960	17.4%
USGC Totals	132,729	108,005	22.9%	1,563,884	1,365,307	14.5%
Vancouver	86,892	95,555	-9.1%	1,121,973	1,119,592	0.2%
Prince Rupert	17,344	16,734	3.6%	77,981	87,527	-10.9%
British Columbia Totals	104,236	112,289	-7.2%	1,199,954	1,207,119	-0.6%
US/Canada Total	1,133,692	1,120,614	1.2%	14,125,103	14,143,545	-0.1%
US Total	1,029,456	1,008,325	2.1%	12,925,149	12,936,426	-0.1%
USWC/BC	524,577	544,406	-3.6%	5,877,003	6,073,746	-3.2%

Source: Individual Ports



■ 2019 YTD
■ 2018 YTD

Source: Individual Ports



Parsing the December 2019 Loaded TEU Numbers *Continued*

Next door at Long Beach, dockworkers handled 49,867 fewer inbound TEUs (-13.4%) than they had a year earlier. Collectively, import loads at the two San Pedro Bay ports declined by 17.3% (-145,262 TEUs).

Elsewhere along the U.S. West Coast, the Port of Oakland experienced a more modest stumble, with import loads down 6.6% (-5,757 TEUs) from December 2018. Meanwhile, the Ports of Seattle and Tacoma (operating as the Northwest Seaport Alliance) combined to handle 23.8% fewer import loads (-33,050 TEUs) than they had in the previous December.

Across the border in British Columbia, Vancouver and Prince Rupert both posted year-over-year inbound gains, with Vancouver up 1.4% (+1,919 TEUs) while import traffic at Prince Rupert soared by 19.2% (+9,963 TEUs).

Back East, inbound traffic was uniformly down except for a 4.4% (+1,476 TEUs) gain at Miami. The Port of New York/New Jersey led the downward trend with an 8.9% (-28,368 TEUs) slide. Altogether, the nine U.S. East Coast ports on our scope saw import loads decline by 7.0% (-59,919 TEUs) from the previous December.

Import activity was little changed at the two Gulf Coast ports we track. Together, the Ports of New Orleans and Houston eked out a 0.4% (+393 TEUs) gain over December 2018.

Given the scale of declines at USWC ports, their combined share of inbound loads at the mainland U.S. ports we track dropped from 52.6% in December 2018 to 49.5% in December 2019. Similarly, the USWC share of inbound loads through the Pacific Coast ports of the U.S. and Canada dwindled from 84.9% to 81.4%.

For the year as a whole, containerized imports through the five major USWC container ports in 2019 totaled 10,817,154 TEUs, down 5.0% (-568,980 TEUs) year-over-year. Their share of inbound traffic through U.S. mainland ports we track slipped from 50.3% in 2018 to 48.1% in 2019. The USWC share of inbound loads through the major Pacific Coast gateways of Canada and the U.S. likewise declined from 83.8% in 2018 to 81.9% last year.

Export Traffic

The San Pedro Bay ports continued to play yin and yang in December. While Long Beach recorded a solid 10.6%

(+12,066 TEUs) year-over-year increase in export loads, LA reported a 12.0% (-17,736 TEUs) fall-off. Actually, it gets worse in LA's case. The number of export loads at the nation's premier container seaport in December (130,229 TEUs) was lower than in any December at the port since 2008. The contrast was even more remarkable in light of the fact that Long Beach had been up in each month since August. Together, the San Pedro Bay ports shipped 5,670 fewer loaded TEUs (-2.2%) in December than a year earlier.

Up the coast, Oakland posted a 3.1% (+2,254 TEUs) gain in outbound loads, but the NWSA ports countered with an 11.1% (-9,482 TEUs) drop from December 2018.

Altogether, 12,898 fewer loaded TEUs sailed from the five major USWC ports in December, a decline of 3.1%.

Those disappointing numbers were shared by Vancouver but not by Prince Rupert. The former saw a sharp 9.1% (-8,663 TEUs) fall-off in export loads, while the latter enjoyed a 3.6% (+610 TEUs) gain.

Exporting was highly mixed along the U.S. East Coast. At the extremes, export loads rose 13.0% (+12,817 TEUs) at Savannah, while falling 17.9% (-5,907 TEUs) at Port Everglades. The Port of New York/New Jersey reported a 4.5% (-5,159 TEUs) decline from December 2018. Overall, the nine USEC ports we monitor posted a 1.9% (-9,305 TEUs) drop year-over-year in December.

Export activity at the two Gulf Coast ports we track was noticeably more robust than elsewhere. The Port of Houston (+25.3% or +21,885 TEUs) and the Port of New Orleans (+13.2% or +2,839 TEUs) easily ran the table in December's national export competition.

For the entire year, 2019 export loads via the Big Five USWC ports were down 3.9% (-205,031 TEUs) from 2018. Their combined share of containerized exports through our roster of U.S. mainland ports slipped to 39.3% from 40.8%. The USWC ports' share of U.S. and Canadian Pacific Coast exports went to 80.9% from 81.4% a year earlier.

Along the Eastern Seaboard, export loads slipped by a mere 0.1% (-4,823 TEUs) from 2018. PNYNJ was down 1.1% (-16,333 TEUs), while Jaxport sustained a 14.2% (-52,308 TEUs) drop. The only East Coast port to post a significant year-over-year gain in 2019 was Miami at 6.3% (+26,543 TEUs).



Parsing the December 2019 Loaded TEU Numbers *Continued*

Exhibit 4 USWC Ports Shares of Worldwide U.S. Mainland, December 2019

	Dec 2019	Nov 2019	Dec 2018
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	26.9%	27.2%	30.4%
Oakland	4.3%	3.9%	3.9%
NWSA	4.9%	5.1%	5.7%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	33.8%	34.6%	37.7%
Oakland	3.8%	3.6%	3.7%
NWSA	6.5%	6.9%	7.0%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	20.6%	20.3%	23.1%
Oakland	6.2%	6.6%	6.5%
NWSA	7.7%	8.5%	10.4%
Shares of U.S. Mainland Containerized Export Value			
LA/LB	20.9%	20.4%	21.8%
Oakland	7.5%	8.1%	6.7%
NWSA	4.5%	5.0%	4.8%

Source: U.S. Commerce Department.

Exhibit 5 USWC Ports Shares of U.S. Mainland Trade With East Asia, December 2019

	Dec 2019	Nov 2019	Dec 2018
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	43.0%	44.0%	45.8%
Oakland	4.8%	4.5%	4.6%
NWSA	7.2%	7.7%	8.2%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	49.8%	51.4%	53.3%
Oakland	4.6%	4.3%	4.4%
NWSA	9.4%	10.0%	9.7%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	36.6%	35.1%	37.5%
Oakland	9.1%	9.3%	8.6%
NWSA	13.4%	14.5%	16.6%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	41.3%	41.4%	43.6%
Oakland	11.2%	13.1%	10.4%
NWSA	8.7%	10.2%	9.3%

Source: U.S. Commerce Department.

For the year, the two British Columbia ports were not stellar exporters. Vancouver did manage a 0.2% (+2,381 TEUs) increase over 2018, but Prince Rupert slid by 10.9% (-9,546 TEUs).

CY2019 Total (Loads + Empty) Container Moves

Altogether, the five major USWC ports handled 23,245,402 loaded and empty TEUs in 2019, down 649,346 TEUs from a year earlier. By comparison, 2019 saw the East Coast ports we monitor move 22,938,899 TEUs, up 3.8% (+835,554 TEUs) over 2018. Houston and New Orleans, the two Gulf Coast ports we track, combined to process 3,635,829 TEUs last year, an increase of 10.4% (+342,867 TEUs). Vancouver and Prince Rupert, the two British

Columbia ports we keep an eye on, handled a combined 4,609,636 TEUs last year, up 4.0% (+177,175 TEUs).

Weights and Values. Even though the TEU is the shipping industry's preferred unit of measurement, 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. For the most part, these numbers contain little good news for USWC port officials.

Exhibit 4: USWC Ports and the Worldwide Container Trade. Exhibit 4 documents the continuing erosion of the USWC share of containerized imports (regardless of point of origin) entering mainland U.S. ports. The two



Parsing the December 2019 Loaded TEU Numbers *Continued*

San Pedro Bay ports saw their combined percentage of containerized import tonnage slide in December to 26.9% from 30.4% a year earlier. The two experienced an equally sharp drop in the declared value of containerized imports to 33.8% from 37.7%. The Port of Oakland saw its share of import value and tonnage increase from December 2018, while the NWSA ports sustained sizable year-over-year declines in both value and tonnage shares.

On the export side, the Southern California ports continued to shed market share, whether measured in tonnage or dollar value. Oakland had mixed results, with a year-over-year gain in export value but a drop in its share of the export tonnage. The NWSA ports' export shares trended downward in both categories.

Exhibit 5: USWC Ports and the East Asia Trade. The numbers that most trouble USWC port officials – the figures on containerized imports arriving at U.S. mainland ports from East Asia – were comforting only to the Port of Oakland. In December, the Ports of Los Angeles and Long Beach saw their combined share of containerized import tonnage from East Asia slide to 43.0% from 45.8% a year earlier. Meanwhile, their collective share of containerized import value slid to 49.8% from 53.3%. Elsewhere along the coast, Oakland improved both its tonnage and value shares, but the NWSA ports saw declines in both tonnage and value terms.

On the outbound side, the San Pedro Bay ports' share of containerized export tonnage to East Asia fell to 36.6% from 37.5%, while their combined share of the value of those containerized imports slipped to 41.3% from 43.6%. Oakland experienced a bump in both its share of import tonnage and value tonnage, but the NWSA ports sustained diminished tonnage and value shares.

Who's #2?

It depends on whether you value boxes that actually contain goods or you place a premium of moving boxes, period. When it comes to the total number of both loaded and empty containers handled in 2019, the Port of Long Beach remains the nation's second busiest container port. For the year, 7,632,131 TEUs crossed its docks as opposed to the 7,474,131 TEUs handled by the Port of New York/New Jersey.

However, if it's loaded boxes you're counting, the Port of New York/New Jersey did nose out Long Beach in 2019... by 178 TEUs. For the year, the East Coast port handled 5,231,418 total TEUs, so very slightly more than the 5,231,240 total TEUs at Long Beach that the Southern California port should demand a recount.

That was last year, though. While January box counts are not yet available from PNYNJ, Long Beach has already reported a 4.6% (-30,457 TEUs) fall-off in total container traffic from January 2019.

Neither port is close to matching the 8,590,883 total TEUs or the 6,470,443 loaded TEUs that passed over the docks at the Port of Los Angeles last year.

First Glimpse at January's Numbers

A normally sluggish January was made more glum by news of the fearful corona virus outbreak in Wuhan, China, and then by the extraordinary measures the Chinese government has since been taking to contain the spread of the epidemic. Chinese factories, which normally close for a week before and after the Lunar New Year (January 25 this year), have largely remained shuttered as much of the nation's population has been told to remain home. The impact on maritime trade should start showing up in February's trade numbers, but some forecasters are already seeing a sharp downturn in containerized imports from China. Global Port Tracker, for example, expects February's imports to be down 12.9% year-over-year, while March is expected to see a 9.5% drop from the same month a year earlier.

For January, though, port tallies reported thusfar show inbound loads off by 3.9% from a year earlier at the two San Pedro Bay ports, while Oakland posted a strong 7.3% gain. However, imports collapsed at the NWSA ports by 20%, leaving the USWC ports' combined import volume down by 5.1%. Elsewhere, normally robust Savannah recorded a 9.9% drop in inbound loads. Houston muscled ahead with a 10.2% surge in inbound loads, but Virginia saw a 0.8% dip. Up in British Columbia, imports through Prince Rupert tumbled 9.8%. At Vancouver, inbound loads plummeted by 17.0% in January. Because of freight rail disruptions in western Canada caused by protesters opposing a pipeline project in B.C. that began in early



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

February, TEU numbers at Prince Rupert as well as Vancouver for that month should come in substantially lower than the same month last year.

On the export side, Long Beach saw its lowest number of outbound loads for a January since 2016, while Los Angeles posted a 2.2% year-over-year gain. Outbound loads were also up at Oakland by 3.3%, but the NWSA ports posted an 8.9% decline. Prince Rupert and Vancouver both saw sizable drops of 43.3% and 14.5%, respectively. On the Gulf Coast, Houston's exports soared by 35.0%. Back East, Savannah was off by 1.9%, while Charleston (+7.5%) and Virginia (+1.8%) both saw gains.

The Return of Portland (the one in Oregon)

The Port of Portland saw the return of weekly container

service on January 14 with the arrival of a 4,360-TEU vessel, the Qingdao. The Korean SM Line vessel delivered nearly 200 loaded containers and some 330 empties at the port's Terminal 6. It sailed carrying 70 export containers.

Portland once handled as many as 250,000 TEUs annually as recently as 2007-2008. But that was before the Great Recession and the labor strife that drove the container business out of town in 2016. For all of 2019, the port recorded a grand total of 26 TEUs.

For the record, the other Port of Portland (the one in Maine) handled 27,746 TEUs last year.

Jock O'Connell's Commentary: Lamenting the Erosion of Market Share

The California Assembly's Select Committee on Ports and Goods Movement held a hearing on February 18, ostensibly to explore how the Legislature might be of greater service in promoting the competitiveness of the state's troubled seaports. The hearing was held in tandem with the annual Port Day at the state Capitol in Sacramento the following day.

This hearing might have provided a focused opportunity for representatives of the state's eleven commercial ports and other organizations associated with maritime trade to impress upon state lawmakers just how vital the ports are to the Golden State's economy, as well as just how daunting the challenges the port face are. The session might equally have offered legislators an opening to publicly signal their concerns about the welfare of the ports and all those hundreds of thousands of Californians whose livelihoods are directly tied to their successful operation.

Well...that might have been the case had more than two of the committee's eleven members been present as the hearing began. And even that number was halved before too long, leaving Committee Chair Patrick O'Donnell, a

certifiable friend of the state's seaports, to listen – much in the manner of a choir master – to a chorus of maritime industry voices. (Presumably, maritime industry officials did find other moments during their visits to the Capitol to plead their cases to lawmakers.) As for the televised hearing, the optics were, well, dispiriting.

Testimony came from a formidable array of industry witnesses. Mario Cordero, the Port of Long Beach's Executive Director, was there to speak to the issues confronting his port and the neighboring Port of Los Angeles. Representing longshore labor was ILWU Local 13 President Ray Familathe. Voicing the interests of the state's smaller ports were Kristin Decas, Executive Director of the Port of Hueneme, and Jeff Wingfield, Director of Environmental and Public Affairs from the Port of Stockton. Chris Shimoda of the California Trucking Association spoke on behalf of one of the two key landside transportation providers serving the ports. (Neither BNSF nor UP was represented.)

Mike Jacob of the Pacific Merchant Shipping Association led off the panel on the ports' impact on California's Economy with a graphic display contrasting the rapid



Commentary *Continued*

growth of container traffic through California's ports from 1990 through the onset of the Great Recession, with the relatively parlous growth rates the ports have ever since experienced. The faster pace of growth at other North American ports has resulted in that loss of market share that has become the preoccupation of USWC port officials. One especially compelling aspect of Jacob's presentation were the slides he showed revealing the extraordinary extent to which the container trade forecasts that have informed state and regional transportation planning and regulatory policies in recent years have consistently overshoot the actual growth rates at California's container ports.

One recurrent theme sounded throughout the hearing was that costly and often unreasonable regulatory requirements unique to California are a major reason for the ports' loss of business. While no one from the California Air Resources Board was present to defend the agency, more than one witness strongly implied that an unrestrained CARB could be the death of California's ports.

Legislative hearings are not the place to go into great detail about the plans the ports have been devising to pull themselves out of their recent malaise. But diagnosing the ports' uninspiring growth rates in recent years and the resulting erosion of market share should be a topic of serious public discussion, starting with the question of why more was not done to forestall what has happened?

It's not that we were not forewarned. We have been cautioned about this at least since the day in October 2006 when Panamanian voters approved a referendum to construct a new set of bigger locks through the isthmus.

A U.S. Corps of Engineers report in 2008 warned: "One of its greatest impacts [of the new canal] will be felt in the fast-growing container trade where expansion will enable larger vessels to transit the canal. ***Vessel calls on the East and Gulf Coasts are also expected to increase significantly as cargo shifts away from the congested West Coast.***" [Emphasis added.]

As the installation of the new locks neared conclusion, research conducted jointly by the Boston Consulting Group and C.H. Robinson in 2015 predicted that as much as 10% of container traffic between East Asia and the U.S.

could shift from West Coast ports to East Coast ports by the year 2020. As the study observed: "This shift will have profound effects. ***The larger ports on the West Coast will experience lower growth rates, altering the competitive balance between West Coast ports and East Coast ports.***" [As if any further emphasis were needed.]

The report went on to argue that, for shipping to many destinations, using West Coast ports "will still be the fastest option—but it won't necessarily be the cheapest. For price-sensitive cargo that is relatively expensive to move, routing shipments through East Coast ports to inland destinations will become more cost competitive and increasingly attractive."

The impending canal expansion did lead to the emergence of the "Beat the Canal" campaign in California. But that effort achieved virtually nothing of substance beyond the production of a remarkably inane video featuring several of the state's leading public figures (including, improbably/ironically, CARB's Chairwoman Mary Nichols) expressing their concern – pretty much in the manner of Susan Collins – about the future of the state's ports.

Fortunately, the USWC ports have detailed many of the measures they intend to pursue to bolster the volume of trade moving over their docks. Unfortunately, these measures seem largely duplicative of what ports in other political jurisdictions in North America have been doing, which in part accounts for why those other ports have managed to snag growing numbers of containers from the transpacific trade.

What is not at all encouraging about the current belated response to the loss of business is the belief that USWC ports can find a way to recapture shares of the transpacific trade they believe was once theirs. For what that ignores is the mounting evidence that U.S. maritime trade with the economies of northeast Asia (Japan, South Korea, Taiwan, Hong Kong, and even China) will continue to slow and, in the case of some countries, even begin to contract.

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



Inflection Point

By John McLaurin, President, Pacific Merchant Shipping Association

Maritime Day was held recently in Olympia, Washington. California's Port Day took place on February 19th in Sacramento, California. Both events celebrate the contributions of their respective state's public port authorities and the importance that these vital assets play in the economy of each state.

In addition to celebrating the benefits of our ports, these events also serve as a test of just how much elected or regulatory officials value the hundreds of thousands of jobs, billions of dollars in revenue, and technological innovations that our ports generate.

The loss of West Coast market share has been well documented, both in this publication and others. No matter what metric is used, growth is occurring at higher rates on other coasts, at other ports, states and countries as compared to West Coast ports. With growth elsewhere, California loses jobs and revenue from our communities.

West Coast ports have been leaders, certainly nationally, if not internationally, by addressing environmental challenges, developing new operational programs and being an incubator for zero and near-zero emissions technology and information sharing.

As it is often said, cargo follows the path of least resistance – and one major factor is cost. Unfortunately, West Coast ports are subject to costs that are higher than other North America competitors, such as higher lease and energy costs, and local and state regulatory compliance costs not imposed in competitive gateways.

West Coast ports are leading the nation in new clean technology as port tenants utilize zero and near-zero emission equipment to move cargo by experimenting with electricity, batteries, LNG and hydrogen fuel cells. The advances in emission reduction technology at our ports are occurring in a competitive setting that demands performance, not promise.

But it all comes at a cost – both in money and in cargo.

If policy makers ignore the issue of cargo diversion, loss of market share and flat growth rates for West Coast ports – they do so at the risk of undermining the very environmental goals that they seek to achieve and run the risk of harming their state and regional economies. As cargo volumes grow at higher rates at Canadian, East and Gulf coast ports, as compared to West Coast ports, often it is done at the expense of the environment – in particular, greenhouse gas emissions.

West Coast elected officials and regulatory agencies also need to take a hard look in the mirror about their policies and programs. No one is requesting a rollback of programs – but we are asking for some balance in state policies and recognition that the economics matter.

In his recent 2020 State of the Port address, Gene Seroka, the Executive Director of the Port of Los Angeles stated in his opening remarks that "...our Port is stronger when we act together, because we are all connected."

He went on to outline many of the challenges and achievements that are occurring within Southern California's supply chain. In his closing comments he noted that "...we are truly at an inflection point. How we respond to the challenges ahead of us will define the future: not just the future of the Port, but of our surrounding communities, our regional and national economies, and the millions of jobs connected to what we do."

His remarks were a call to action, of collaboration, vision and partnership.

I believe that most elements of the supply chain are ready to answer the call for action. What remains to be seen is whether our political and regulatory leaders are willing to join in this effort.



PMSA Annual Luncheon

PACIFIC MERCHANT SHIPPING ASSOCIATION

Guest Speakers



Wednesday, April 1st

DoubleTree in San Pedro
2800 Via Cabrillo-Marina
San Pedro, CA 90731

11:30am Registration | 12:00pm Lunch

Learn more about the 2020 elections and local politics with:

Conan Nolan, the chief political reporter for NBC4 in Los Angeles and anchor of “News Conference” – the longest running political/public affairs program in Southern California television.

Carla Marinucci, the senior political writer for POLITICO’s California Playbook who has been ranked as the state’s top digital influencer in political reporting for the past three years.



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Interested in membership in PMSA?

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

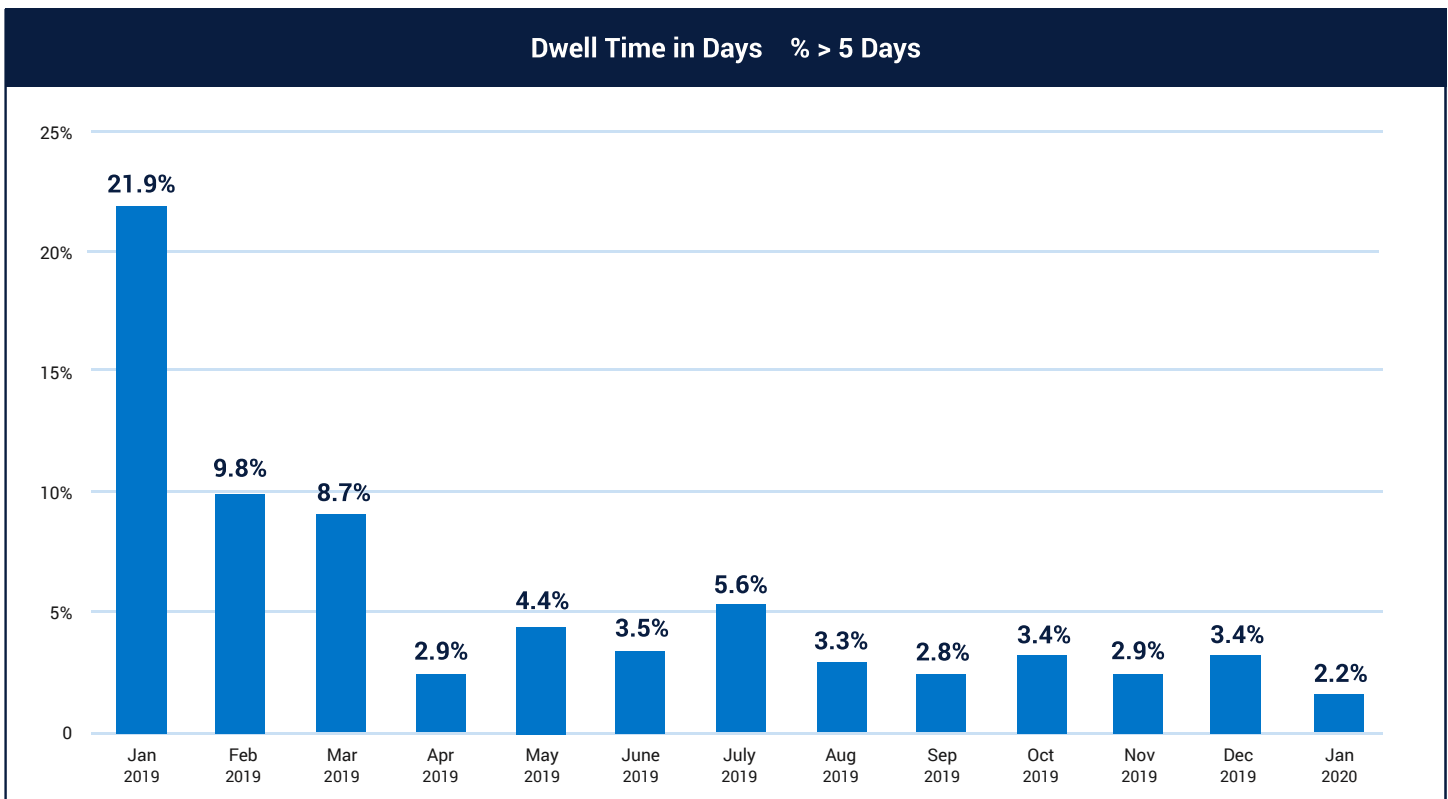
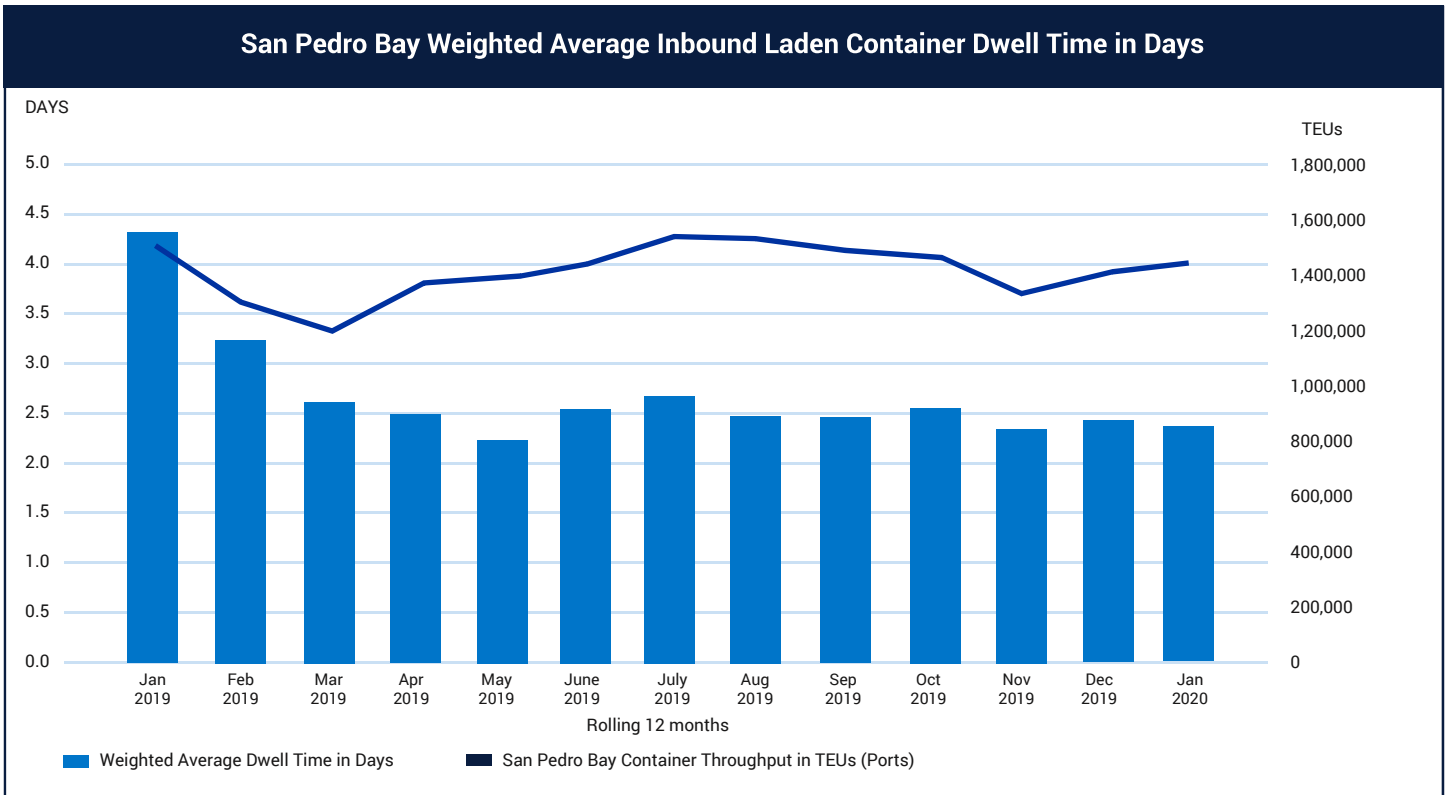
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January Dwell Time Numbers Are Down



**State of Washington
Pilotage Commission
April 16, 2020**

Grays Harbor District Report

Arrivals YTD March 31, 2020 were 21 vessels arrivals for a total of 56 jobs. Capt. White had the duty March 1 to 21. Capt. D'Angelo from March 22 to April 30. In March we had 5 dry bulk, 2 RoRo and 1 tanker for a total of 8 arrivals. April looks very similar, 5 dry bulkers, 1 tanker and 1 RoRo for 7 total arrivals. May looks like 6 dry bulkers, 1 tanker and no RoRo at this time for a total of 7. We will be updating our financial forecast in May and I expect we will be forecasting a modest increase to 70 arrivals for the year (compared to 65 budgeted).

Both pilots and trainee have been advised of measures recommended by USCG and other sources to protect themselves from Covid-19 while working vessels calling the GH District. The Brusco tug and pilot boat crews have also taken additional measures to avoid unnecessary exposure. We have assigned one of our employees to provide rides to pilots in Port van to avoid public transportation and allow for adequate distancing during transits.

Pilot Boat Chehalis

Annual maintenance to the Pilot Boat "Chehalis" is planned for summer of this year. We requested pricing this year from the Shipyard LLC, Hoquiam, WA, South Bend Boat LLC, South Bend WA, and WCT Marine Construction, Inc., Astoria OR, to bid on the work. Work outlined for this year will include-

1. Haul-out, pressure wash and clean hull, prime and paint entire hull above and below the waterline, replace zincs, inspect wheel, rudder, replace cutlass bearing, and repack the shaft stuffing box.
2. Repair rust around windows, portholes, wheelhouse roof and gutter, and exhaust stack.
3. Prepare, prime, and paint around windows, portholes, wheelhouse roof and gutter, and exhaust stack.
4. Repair leak in wheelhouse roof.
5. Replace Port Side Handrail (approx. 65 LF).
6. Clean, inspect hatch covers (2) and replace Lazarette Hatch.
7. Provide new PILOT sign mounted on deck.

We received the two following bids (South Bend Boat LLC opted not to bid) and expect Commissioner to award the work at April 14th meeting.

The Shipyard LLC- \$61,285.65

WCT Marine Construction- \$79,529.67



Harbor Maintenance Dredging

Revised start date FY20 GH Outer Harbor ESSAYONS Hopper Dredging - new Start Date 1 May 2020
There is some material in the Bar (tip of a sand wave from the north), some material in the Entrance and Pt. Chehalis reaches. The material will be gone by 11 MAY. The good news is that there is nothing in there that should be impinging on safe navigation.

Business Development

Export Potash Facility. BHP's Grays Harbor Potash Export Facility site: www.bhp.com/pghpotashexport

The public comment for QIN has been extended yet again until May 31, 2020. The shoreline hearings examiner has agreed to request from BHP and QIN to accept comments from QIN up until June 30, 2020. The requested extension was a mutual decision of QIN and BHP. QIN and BHP discussions/negotiations are ongoing in hopes of developing an MOU to address future impacts to treaty rights. The current "stay safe, stay home" protocols postponed the March 28 General Counsel meeting until end of May 30th. QIN council continues to meet but focus is on physical and social health of members.

WA State Board of Pilotage Commissioners

Industry Update:
March 19, 2020 Meeting

Vessel Arrivals and Assignments Continue to Drop

Feb YTD 2020 compared to Feb YTD 2019 comparison

- ✚ Bulkers **down 10**
- ✚ Container arrivals **down 8**
- ✚ Car Carriers **down 3** (but up in March so far)
- ✚ Tankers **down 9**
- ✚ ATB's **up 10**
- ✚ Grays Harbor **down 1**

***Assignments down over 7% or 43 in January 2020
comparison with January 2019***

***Assignments down 6.4% or 37 in February 2020
comparison with February 2019***

Assignments Down 405 in past 14 months

Cargo Volumes - Market Share - Cruise - COVID 19

- ✚ West Coast Container Cargo Volumes Decreasing
- ✚ Supply Chain Shift in Asia Implies More Suez Canal
- ✚ Cruise Season Forecasts are Fluid
 - Cruise Season Postponed in Canada Until at Least July 1st
- ✚ Vessel Crews and Pilots Implementing COVID 19 Procedures
 - CG Marine Safety Information Bulletin (MSIB Change 3) Implemented
 - Good Reported Outcomes for Ships, Pilots, Dockworkers, CG Personnel So Far
- ✚ PMA/ILWU Guidance for Terminal Operations

COVID 19 situation is fluid but trade, goods movement still happening

Alaska maritime cargo companies not expecting virus shutdown

March 17, 2020

ANCHORAGE, Alaska (AP) — Two of Alaska's major maritime cargo companies are confident the coronavirus outbreak will not disrupt shipments. Matson Inc. and TOTE Maritime Alaska LLC send two container ships with hundreds of thousands of pounds of cargo from the Port of Tacoma in Washington state to the Port of Alaska each week, KTUU-TV reported Sunday.

"We're following all federal, state, and local guidelines, and taking all necessary precautions to ensure a resilient supply chain," TOTE Maritime Alaska General Manager Alex Hofeling said. Shipments originating from Washington have raised concerns over the possibility of ship crews transmitting the virus. The number of positive cases in Washington state Monday rose to more than 900 including 48 deaths, health officials reported.

But Matson and TOTE crews follow strict health protocols dictated by the Centers for Disease Control and regulated by the U.S. Coast Guard, officials said.

Washington ports reeling from global shipping slowdown. Crabbing industry faces 'devastation'

By Ryan Sabalow, Tacoma News Tribune

In his 33 years as a longshoreman, Richard Austin Jr. has seen trade wars, economic booms and recessions come and go. But the president of International Longshore and Warehouse Union Local 19 hasn't worked through anything like COVID-19. "We've seen peaks and valleys, feasts and famines of the industry — this one is complicated because of the virus," he said.

The Puget Sound's two primary [cargo ports in Seattle and Tacoma are a major economic force in Washington](#). The \$74.9 billion in goods that pass through the ports each year generate around \$12.4 billion in annual business output and support close to 58,400 warehouse workers, truckers, longshoremen and the various industries that support them.

Cargo volumes fall in February due to coronavirus-linked shipping cancellations, worse numbers expected for March

March 16, 2020 at 5:28 pm Updated March 16, 2020 at 6:20 pm

The Seattle Times

By Katherine Khashimova Long

The number of cargo vessels cancelling their normal weekly service in Seattle and Tacoma has almost tripled from last year, as the coronavirus pandemic and efforts to control its spread sent Chinese exports [plunging by more than 17%](#) in January and February. Thirty-two cargo vessels have cancelled their sailings in the first three months of this year, compared to just 12 over the same period last year. That's caused international imports to Seattle and Tacoma to fall by 15% compared to last year, according to new data from the Northwest Seaport Alliance (NWSA), which manages cargo shipping at the Ports of Seattle and Tacoma.

The full effect of falling Chinese exports, though, might be larger even than those numbers suggest.

For one, local imports from overseas were much lower than usual in February 2019 after retailers stocked up in anticipation of new tariffs. And the NWSA expects trade to decline even further this month.

The cancellations — called "blank sailings" — and the accompanying drop in cargo volumes have resulted in temporary operations shutdowns at some terminals. The Pacific Northwest's largest container terminal, Terminal 18 in Seattle, has suspended cargo trucking into and out of the terminal on Fridays.

CRABBING INDUSTRY 'DEVASTATION'

By Ryan Sabalow, Tacoma News Tribune

The Washington crabbing industry also is getting hammered from fewer ships heading to China.

Zed Blue, the Bellingham-based vice president of the Washington Dungeness Crab Fishermen's Association, said the Chinese coronavirus slowdown has crippled the industry to the point some fishermen are worried they'll have to sell their boats. He estimated that typically 70 percent of state's crabbing revenues comes from China, though only 30 percent of the actual catch is shipped there. "To lose that — flick of the switch essentially — has been really devastating for a lot of fishermen and buyers as well," Blue said. "A lot of our buyers have developed their whole program around selling to China."



Press Release:
March 24, 2020
Contact: Kayla Dunlap, Public Affairs Manager
kdunlap@portgrays.org or 360-533-9590

For Immediate Release

Port of Grays Harbor to close main office; recreational facilities

Aberdeen, WA – Effective Wednesday, March 25, 2020, the Port of Grays Harbor will close its main office and some recreational facilities to do its part to keep employees safe and stop the spread of the 2019 novel coronavirus (COVID-19). While the Port’s main office will be closed through April 8th, essential daily operations will continue with staff working remotely when possible. The Port of Grays Harbor remains committed to providing excellent customer service for all of its customers and tenants during this time. Following all U.S. Coast Guard protocols for vessels and crew, the Port’s four deep-water marine terminals and the docks at the Westport Marina remain operational as they play a critical role in our nation’s supply chain and economy.

The following operational changes will take place at the Port’s facilities:

Westport Marina

The Westport Marina office, located at 326 Lamb Street in Westport, is closed to the public. While the Marina Office remains closed to the public, staff continues to conduct critical business on and off site. Staff remains available via email: marina@portgrays.org and via phone 360.532.9562.

All reservations for recreational boating through April 8th are canceled. Future reservations will be reevaluated after this period. Advanced reservations for the summer fishing season have been postponed until May 1st.

The Westport Boat Launch is restricted to essential use only and shall not be used for recreational activity until further notice. Access to the marina docks is limited to essential activities, and use of all public facilities such as the Centennial Viewing Tower, the Viewing Platform, and Fishermen's Boardwalk is discouraged.

Tenants may continue to utilize the Float 9 restroom and showers at their own risk. Restrooms are cleaned twice per day. Portable toilets remain open to public for use at own risk.

Satsop Business Park

The Satsop Business Park's office remains closed to the public. Satsop staff continues to conduct essential business on and off site and can be reached at business@portgrays.org or (360) 482-1600.

Friends Landing

Friends Landing will close for camping immediately with those currently camping being asked to leave by 5pm on March 25th. Refunds or credits will be issued for existing reservations through April 30th. Friends Landing's playground, picnic shelters, and public restrooms facilities will also be closed temporarily.

Friends Landing will remain open for day-use; however, park users are strongly urged to maintain social distancing and avoid gathering in groups. Reservations for future camping stays beginning May 1, 2020, can be taken over the phone (360) 861-8864 or online at www.friendslanding.org. Questions or correspondence may be emailed to friendslanding@portgrays.org.

28th Street Boat Launch and Viewing Tower

The restroom at 28th Street Boat Launch and Viewing Tower will be closed. While the boat launch and viewing tower remain open at this time, users are asked to practice social distancing and refrain from gathering in groups.

Commission Meeting - April

At this time, the Port is exploring options to hold its April 14th Commission Meeting remotely. More information on how to participate and the agenda will be made available on the Port's website, www.portofgraysharbor.com, in the coming weeks.

“The Port of Grays Harbor is committed to doing our part to keep our community, our customers and our staff safe,” explained Executive Director Gary Nelson. “We appreciate your patience and understanding while we do our best to continue to provide essential functions and customer service during this time.”

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, Grays Harbor ship assist services, numerous public waterfront access facilities, in addition to industrial and business parks throughout the County. Strategically located midway between Seattle and Portland and only 1 ½ hours 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.

**State of Washington
Pilotage Commission
March 19, 2020**

Grays Harbor District Report

Arrivals YTD February 29, 2020 were 5 vessel arrivals and one C-Span barge for a total of 13 jobs. Capt. D'Angelo had the duty in February. March looks a little stronger with 9 arrivals scheduled. That would give us 22 arrivals for 1Q2020 which is better than expected but no more RoRo on the horizon we are not changing our forecast of 65 arrivals in 2020. That would be a 35% drop from 2018 arrivals.

Our dry bulk shipments continue to remain strong. In February we had 4 dry bulk and 1 RoRo. March arrivals look like 5 dry bulk, 2 RoRo and 2 liquid bulk vessel arrivals.

Both pilots and trainee have been advised of measures recommended by USCG and other sources to protect themselves from Covid-19 while working vessels calling the GH District.

Pilot Boat Chehalis

We finally got a little break in the weather and the Chehalis is seeing more consistent use in March. Pilot boat crew is planning some man overboard and recovery drills this spring and will include the pilots in the exercise.

Inner Harbor Maintenance Dredging

We were fortunate to get a small window in February to get berth dredging completed. The Corps also finished up channel dredging for the season.

Business Development

Export Potash Facility. BHP's Grays Harbor Potash Export Facility site: www.bhp.com/pghpotashexport

The public comment for QIN has been extended yet again until March 31. The shoreline hearings examiner has agreed to accept comments from QIN up until 3/31/20. The requested extension was mutual decision of QIN and BHP. QIN and BHP discussions/negotiations are ongoing in hopes of developing an MOU to address future impacts to treaty rights.

Contanda changed ownership in November and last month implemented senior management changes and put a moratorium on proposed expansion plans until new management team reviews investments in light of new ownerships criteria.

Continue to pursue new RoRo and dry bulk opportunities.



Press Release:
February 19, 2020
Contact: Kayla Dunlap, Public Affairs Manager
kdunlap@portgrays.org or 360-533-9590

For Immediate Release

Port Commission approves lease assignments for PetroCard's planned acquisition of Masco Petroleum

Aberdeen, WA – At a special commission meeting on Tuesday, the Port of Grays Harbor Commission unanimously approved the assignment of nine leases held by Masco Petroleum, Inc. (Masco) to PetroCard, Inc (PetroCard). A Port tenant since 1999, Masco services the entire Olympic Peninsula including card lock facilities, bulk fuel delivery, lubricant distribution and marine fueling. PetroCard is expecting to close on an acquisition of the assets of Masco at the end of February.

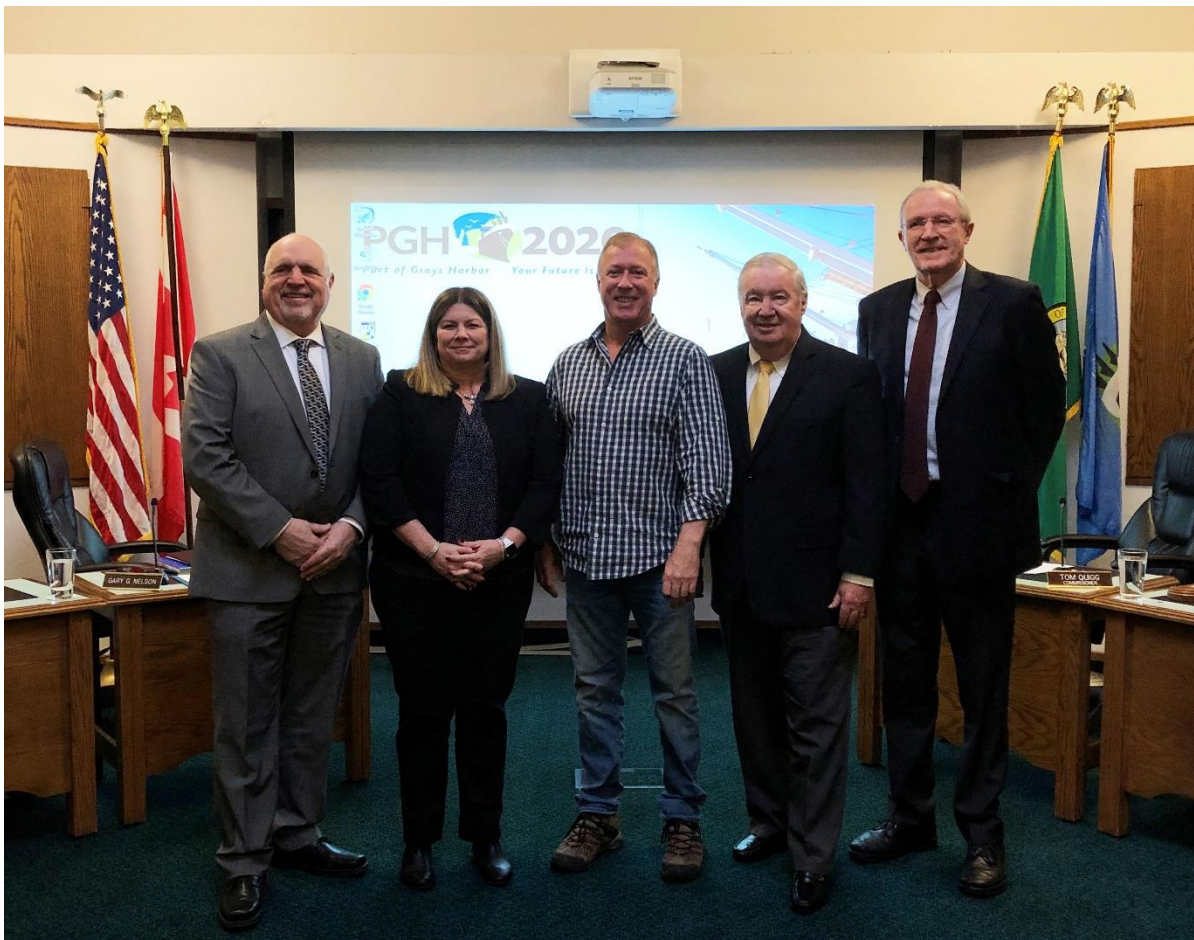
Masco has several offices throughout the Peninsula, employing more than 100 people. Both Masco and PetroCard anticipate a smooth and seamless transition for employees and customers once the transaction is complete. “We entertained this acquisition offer from PetroCard because they run a business the way a business should be run, not like a [typical] corporation,” shared Masco Founder and President Jim Mason. “Employment in Grays Harbor is important to them, just like it is important to us.”

PetroCard is based in Kent and brings more than 30 years of experience as a leader in fuel distribution. PetroCard currently operates more than 60 card lock facilities throughout Washington and Oregon. “We see Masco’s operation as a great fit for our network and look forward to maintaining the local knowledge and relationships they have established throughout the Olympic

Peninsula,” stated PetroCard President and CEO Laura Yellig.

“The Port of Grays Harbor welcomes PetroCard to the region,” commented Port of Grays Harbor Commission President Stan Pinnick. “We look forward to establishing a productive partnership with them, as we had for so many years with Masco.”

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, Grays Harbor ship assist services, numerous public waterfront access facilities, in addition to industrial and business parks throughout the County. Strategically located midway between Seattle and Portland and only 1 ½ hours 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.



Port Commissioner Phil Papac, PetroCard CEO Laura Yellig, Masco President Jim Mason, Commissioner Stan Pinnick and Commissioner Tom Quigg pose for a photo following the assignment of Masco’s leases to PetroCard at a Special Commission Meeting on Tuesday.

Parsing the January 2020 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

A normally sluggish January was made more glum by news of the fearful corona virus outbreak in Wuhan, China and then by the extraordinary measures the Chinese government took to contain the spread of the epidemic. Chinese factories, which normally close for a week before and after the Lunar New Year (January 25 this year), largely remained shuttered for weeks as much of the nation's population were told to stay home. The impact on maritime trade should start showing up in February's trade numbers, but some forecasters are already seeing a sharp downturn in containerized imports from China. Global Port Tracker, for example, expects February's imports to be down 12.9% year-over-year, while March is expected to see a 9.5% drop from the same month a year earlier.

For January though, port tallies reported thus far show inbound loads off by 3.9% from a year earlier at the two San Pedro

Exhibit 1	January 2020 - Inbound Loaded TEUs at Selected Ports					
	Jan 2020	Jan 2019	% Change	Jan 2020 YTD	Jan 2019 YTD	% Change
Los Angeles	414,731	429,923	-3.5%	414,731	429,923	-3.5%
Long Beach	309,961	323,838	-4.3%	309,961	323,838	-4.3%
San Pedro Bay Totals	724,692	753,761	-3.9%	724,692	753,761	-3.9%
Oakland	87,871	81,893	7.3%	87,871	81,893	7.3%
NWSA	102,878	128,615	-20.0%	102,878	128,615	-20.0%
USWC Totals	915,441	964,269	-5.1%	915,441	964,269	-5.1%
Boston	4,336	3,151	37.6%	4,336	3,151	37.6%
NYNJ	322,643	327,345	-1.4%	322,643	327,345	-1.4%
Maryland	45,294	43,869	3.2%	45,294	43,869	3.2%
Virginia	108,884	109,757	-0.8%	108,884	109,757	-0.8%
South Carolina	90,665	88,107	2.9%	90,665	88,107	2.9%
Georgia	188,762	209,583	-9.9%	188,762	209,583	-9.9%
Jaxport	26,698	30,321	-11.9%	26,698	30,321	-11.9%
Port Everglades	26,451	27,730	-4.5%	26,451	27,730	-4.5%
Miami	35,225	39,286	-10.3%	35,225	39,286	-10.3%
USEC Totals	848,958	879,149	-3.4%	848,958	879,149	-3.4%
New Orleans	12,806	12,851	-0.4%	12,806	12,851	-0.4%
Houston	105,047	95,318	10.2%	105,047	95,318	10.2%
USGC Totals	117,853	108,169	9.0%	117,853	108,169	9.0%
Vancouver	138,261	170,370	-18.8%	138,261	170,370	-18.8%
Prince Rupert	49,148	54,481	-9.8%	49,148	54,481	-9.8%
BC Totals	187,409	224,851	-16.7%	187,409	224,851	-16.7%
US/BC Totals	2,069,661	2,176,438	-4.9%	2,069,661	2,176,438	-4.9%
US Total	1,882,252	1,951,587	-3.6%	1,882,252	1,951,587	-3.6%
USWC/BC	1,102,850	1,189,120	-7.3%	1,102,850	1,189,120	-7.3%

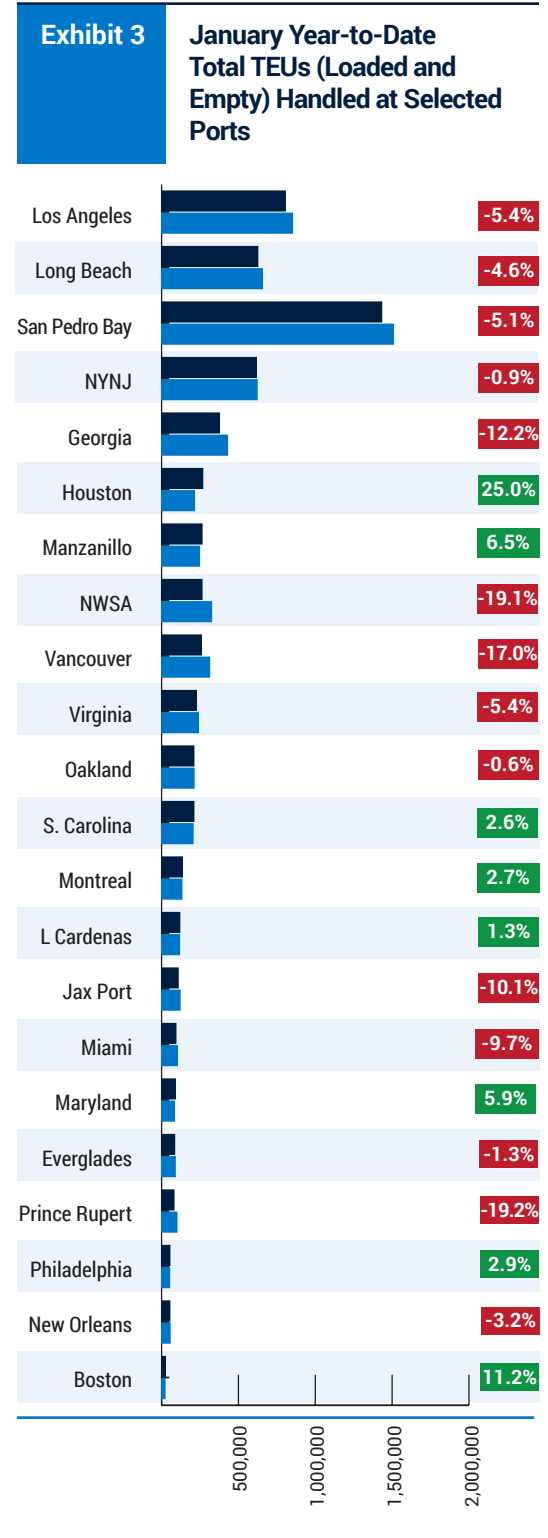
Source Individual Ports



Parsing the January 2020 Loaded TEU Numbers Continued

	January 2020 - Outbound Loaded TEUs at Selected Ports			January Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports		
	Jan 2020	Jan 2019	% Change	Jan 2020 YTD	Jan 2019 YTD	% Change
Los Angeles	148,207	144,993	2.2%	148,207	144,993	2.2%
Long Beach	108,624	117,288	-7.4%	108,624	117,288	-7.4%
San Pedro Bay Totals	256,831	262,281	-2.1%	256,831	262,281	-2.1%
Oakland	77,842	75,350	3.3%	77,842	75,350	3.3%
NWSA	66,410	72,859	-8.9%	66,410	72,859	-8.9%
USWC Totals	401,083	410,490	-2.3%	401,083	410,490	-2.3%
Boston	3,341	2,743	21.8%	3,341	2,743	21.8%
NYNJ	118,488	111,833	6.0%	118,488	111,833	6.0%
Maryland	20,361	15,947	27.7%	20,361	15,947	27.2%
Virginia	79,328	77,948	1.8%	79,328	77,948	1.8%
South Carolina	68,505	63,750	7.5%	68,505	63,750	7.5%
Georgia	121,960	124,373	-1.9%	121,960	124,373	-1.9%
Jaxport	41,941	40,745	2.9%	41,941	40,745	2.9%
Port Everglades	33,483	33,662	-0.5%	33,483	33,662	-0.5%
Miami	35,324	38,852	-9.1%	35,324	38,852	-9.1%
USEC Totals	522,731	509,853	2.5%	522,731	509,853	2.5%
New Orleans	26,153	25,875	1.1%	26,153	25,875	1.1%
Houston	118,782	87,961	35.0%	118,782	87,961	35.0%
USGC Totals	144,935	113,836	27.3%	144,935	113,836	27.3%
Vancouver	78,156	91,398	-14.5%	78,156	91,398	-14.5%
Prince Rupert	9,735	17,156	-43.3%	9,735	17,156	-43.3%
British Columbia Totals	87,891	108,554	-19.0%	87,891	108,554	-19.0%
US/Canada Total	1,156,640	1,142,733	1.2%	1,156,640	1,142,733	1.2%
US Total	1,068,749	1,034,179	3.3%	1,068,749	1,034,179	3.3%
USWC/BC	488,974	519,044	-5.8%	488,974	519,044	-5.8%

Source: Individual Ports



■ 2020 YTD

■ 2019 YTD

Source: Individual Ports



Parsing the January 2020 Loaded TEU Numbers [Continued](#)

Bay ports, while Oakland posted a strong 7.3% gain. On the Gulf Coast, Houston muscled ahead with a 10.2% surge in inbound loads. Along the East Coast, the Port of New York/New Jersey sustained a 1.4% dip, Savannah was off 9.9%, Charleston enjoyed a 2.9% gain, while Virginia saw a 0.8% dip. Up in British Columbia, imports through Prince Rupert fell 9.8%, while Vancouver's inbound loaded TEU count plummeted by 18.8%.

Export Traffic

On the export side, Long Beach recorded its lowest number of outbound loads for a January since 2016, while Los Angeles posted a 2.2% year-over-year gain. Outbound loads were also up at Oakland by 3.3%. Moving in the opposite direction were the two Northwest Seaport Alliance ports, which recorded an 8.9% decline in outbound loads. Altogether, the five major USWC port saw a 2.3% drop in outbound loads (-9,407 TEUs) from January 2019. In British Columbia, export traffic at Prince Rupert plunged 43.3%, while Vancouver sustained a 14.5% fall-off. On the Gulf Coast, Houston's export volume soared by 35.0%. Back East, export loads from PNYNY were up 6.0%. Collectively, the nine USEC ports we monitor posted a 2.5% (+12,878 TEUs) year-over-year increase in export loads in January.

Weights and Values

Even though the TEU is the shipping industry's preferred unit of measurement, 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. For the most part, these numbers contain little good news for USWC port officials.

Exhibit 4: USWC Ports and the Worldwide Container Trade. Exhibit 4 illustrates the almost relentless decline in the overall USWC share of containerized imports (regardless of point of origin) entering mainland U.S. ports. The two San Pedro Bay ports saw their combined percentage of containerized import tonnage tumble in January to 27.7% from 34.6% a year earlier. The two also experienced a sharp drop in the declared value of containerized imports to 35.5% from 37.1%. Although the Port of Oakland saw its share of import value and tonnage rise over January 2019, the NWSA ports stayed even in terms of their share of import tonnage but recorded a significant decline in import value.

On the export side, the Southern California ports continued to lose market share, whether measured in tonnage or dollar value. Oakland had mixed results, with a year-over-year gain in export value but a drop in its share of the export tonnage. The NWSA ports' export shares trended downward in both categories.

Exhibit 5: USWC Ports and the East Asia Trade. The numbers that most distress USWC port officials – the figures on containerized imports arriving at U.S. mainland ports from East Asia – were of comfort only to the Port of Oakland. In January, the Ports of Los Angeles and Long Beach saw their combined share of containerized import tonnage from East Asia slide to 44.0% from 51.4% a year earlier. Meanwhile, their collective share of containerized import value slid to 51.4% from 52.7%. Elsewhere along the coast, Oakland improved both its tonnage and value shares, but the NWSA ports saw declines in both tonnage and value terms.

On the outbound side, the San Pedro Bay ports' share of containerized export tonnage to East Asia slipped to 34.9% from 35.6%, while their combined share of the value of those containerized imports slipped to 39.0% from 41.7%. Oakland experienced a year-over-year bump in both its import tonnage and value tonnage shares. Meanwhile, the NWSA ports saw a drop in their share of export tonnage but a slight increase in their share of the value of U.S. containerized exports going to the Far East.

Who's #2?

It again depends on whether you value loaded boxes or you place a premium of moving boxes, whether there is actually anything in them. When it comes to the total number of both loaded and empty containers handled in January, the Port of Long Beach remains the nation's second busiest container port. For the month, 626,829 TEUs crossed its docks as opposed to the 617,024 TEUs handled by the Port of New York/New Jersey.

However, if you are emphasizing **loaded** boxes, PNYNJ was the busier port in January, with 441,131 loaded TEUs as opposed to 418,585 at Long Beach.

Neither port is close to matching the 806,144 total TEUs or the 562,938 loaded TEUs that passed over the docks at the Port of Los Angeles in January.



Parsing the January Loaded TEU Numbers Continued

Exhibit 4 USWC Ports Shares of Worldwide U.S. Mainland, January 2020

	Jan 2020	Dec 2019	Jan 2019
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	27.7%	26.9%	34.6%
Oakland	4.3%	4.3%	3.3%
NWSA	5.2%	4.9%	5.2%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	35.5%	33.8%	37.1%
Oakland	3.7%	3.8%	3.5%
NWSA	5.8%	6.5%	6.4%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	21.2%	20.6%	21.9%
Oakland	6.3%	6.2%	6.5%
NWSA	7.1%	7.7%	8.7%
Shares of U.S. Mainland Containerized Export Value			
LA/LB	20.1%	20.9%	20.3%
Oakland	7.4%	7.5%	6.5%
NWSA	4.3%	4.5%	4.4%

Source: U.S. Commerce Department.

Exhibit 5 USWC Ports Shares of U.S. Mainland Trade With East Asia, January 2020

	Jan 2020	Dec 2019	Jan 2019
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	44.0%	43.0%	51.4%
Oakland	5.1%	4.8%	3.3%
NWSA	6.7%	7.2%	7.2%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	51.4%	49.8%	52.7%
Oakland	4.4%	4.6%	3.9%
NWSA	8.2%	9.4%	8.9%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	34.9%	36.6%	35.6%
Oakland	9.0%	9.1%	8.6%
NWSA	11.1%	13.4%	13.7%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	39.0%	41.3%	41.7%
Oakland	11.8%	11.2%	10.5%
NWSA	8.5%	8.7%	8.4%

Source: U.S. Commerce Department.

First Glimpse at February's Numbers

Everyone had been bracing for dreadful February numbers, and the numbers we've been seeing so far do not disappoint that expectation.

Port of Los Angeles recorded its lowest of total container traffic (loads + empties) in a February since 2015. Loaded inbound TEUs for the month of February were down 22.5%, while outbound loads dipped by 5.7%. Next door at the Port of Long Beach, inbound loads were down 17.9%, but outbound loads jumped by 19.3%. Together, the two San Pedro Bay ports saw inbound loads fall 20.4%, while outbound loads dropped by 12.8%.

At the Port of Oakland, inbound loads in February were down 9.2%, but outbound loads jumped 15.4%. Overall container traffic at the Bay Area port was off 2.9% from

last February. Up at the two Northwest Seaport Alliance ports, import loads were off by 8.0%. Export loads at the Ports of Seattle and Tacoma, however, were up by 4.5%. Still, the total number of containers handled at the two ports in February was down 3.1% from a year earlier.

Collectively, inbound loads at the Big Five USWC container ports were down 17.9% from February of 2019. Outbound loads, meanwhile, were down 7.6%.

Due in part to freight rail disruptions in western Canada caused by protesters opposing a pipeline project in B.C. that began in early February, inbound loaded TEU numbers at Vancouver were down that month by 11.8%. Prince Rupert's February statistics have yet to be announced.

We don't expect to see better numbers in April.



Jock O'Connell's Commentary: "Who's Fauci?"

One of my abiding complaints about forecasting is that most prognosticators offer estimates that are little more than extensions of the existing narrative. If your port had been growing its container traffic at a 5% CAGR over the past decade, it's a good bet that the forecast for which you'll pay dearly will predict that your container traffic will increase somewhere between a high of 7.5% and a low of 2.5% over the next twenty or thirty years. Unless the forecasting firm recognizes a particularly compelling reason to think otherwise, that's generally what you'll get.

Now, there are always plenty of things that can go wrong with a forecast. Identifying the sundry phenomena that might conceivably rise up to invalidate a cargo outlook should not be that onerous a tax on forecasters' imaginations. Still, most are reluctant to journey too far down the road of supposition, let alone worst-case scenarios. After all, too many caveats may trouble bond holders.

The arrival of COVID-19, the novel coronavirus, serves to remind us that there most definitely are "black swans" that can take a serious bite out of even the most well-crafted forecast.

Back on January 10, the National Retail Federation's Global Port Tracker expected January's containerized imports to be down five percent from January 2019, with February anticipated to be off by an almost identical 4.9%. March, though, was expected to see a 5.2% year-over-year bump.

Enter the blackest swan the world has seen since Poland invaded Russia in September 1939 (if you're following the new historical gospel according to Putin).

The Global Port Tracker forecasts were blown apart by the emergence of a pandemic that began in Wuhan, China and within weeks led Beijing to shut down huge swaths of the Chinese economy. The impact was enormous. Official data for the first two months of 2020 reveal that industrial production in China fell 13.5%, retail sales were off by 20.5%, and fixed asset investment dropped by 24.5% from the same period last year.

North American importers, who had planned for the

normal disruption in supplies during the roughly two-week Lunar New Year celebrations, were left scrambling for merchandise as Chinese factories remained shuttered. Scores of blank sailings from Chinese ports to North America's maritime gateways followed.

Not surprisingly, the February 10 revision of the Global Port Tracker's outlook projected February's container imports would plunge 12.9% from a year earlier, while March was predicted to be down 9.5% year-over-year.

Even those dismal numbers paled in comparison to what others were saying. On February 28, the American Association of Port Authorities issued this warning: "Due to the coronavirus outbreak, cargo volumes at many U.S. ports during the first quarter of 2020 may be down by 20 percent or more compared to 2019." That advisory appeared to be consistent with statements by Gene Seroka, Executive Director of the Port of Los Angeles, that his port had been seeing a 25% fall-off in vessel calls.

By the time of its March 9 update, the Global Port Tracker expected that March would see import container volumes to plummet by 18.3% from a year earlier. April, however, was forecast to be down just 3.5%. However, given what's been happening in just the past few days, we should have absolutely no doubt that Global Port Tracker will soon be revising its April forecast very sharply downward.

Yet, what is even more disconcerting than the shocks experienced by forecasters over the past couple of months has been the general tenor of the public discussion in maritime industry circles...up until the day before yesterday.

From the first news of the epidemic's outbreak, the attention of the industry was intently focused on the disruption of the eastbound transpacific supply chain. Imports were ebbing because the sources of many of those imports were Chinese factories that remained closed due to the virus. The lesson U.S. importers thought they gleaned from this disturbance was that they had grown excessively reliant on a limited range of sources. The result was to accelerate planning for a greater diversification in overseas sourcing and to maybe even



Commentary Continued

entertain the notion of making things in the United States.

Remarkably, the discussion seemed to continue without much reference to the spread of the virus, almost as if a cheap science-fiction drama was unfolding as actors remained studiously indifferent to or blithely ignorant of the toxic threat looming up behind them. People remained absorbed with the things that customarily absorbed them. Importers moaned about tariffs. Exporters of perishables complained about a shortage of reefers. West Coast port directors and editorial pundits continued to fret about their loss of market share, even as the tides of the pandemic were closing in on our shores.

"Fauci? Who the #&%\$ is Fauci?"

"Oh, just some nut case over at NIH. One of those Deep-State guys. I heard he'd been a Classics major at Holy Cross."

Still, as the epidemic in China spread beyond its borders, our attention broadened only slightly. How are factories in China's Asian neighbors being affected? We accordingly scrutinized every report out of South Korea and Japan and Taiwan and Vietnam, looking for clues about how much the eastbound transpacific trade might fall. (We'd earlier given up on Hong Kong for other reasons.)

Then came news that the virus had somehow arrived in Iran. The disease had obviously found legs or wings. But Iran is an enemy, and so U.S. policymakers had mixed feelings about that outbreak.

The main question on most minds remained how quickly those Chinese factories would be up and running. The big fear was that the ensuing flood of long-delayed imports would overwhelm North American ports and hopelessly clog domestic distribution networks. If ports and transport providers were rehearsing for some eventuality, if they were marshalling their resources to deal with some contingency, it was the prospect that huge fleets of ships would shortly be turning up with massive numbers of laden boxes.

Then the Italians began to fall ill. And then the Spaniards. And within days cases began popping up throughout Europe. As the number of deaths mounted, and publics grew alarmed, authorities embraced increasingly stringent measures aimed at stalling the contagion. Populations were quarantined. Shops, restaurants, bars,

churches, museums, parks, beaches were all closed. People were ordered to remain at home or to otherwise minimize contact with others. Citizens unaccustomed to challenging the word of science complied, at least for the time being.

Still missing from the conversation in the United States was any heightened alarm that the epidemic that had become a pandemic that – by affecting America's economy in the same ways it had affected China's and now Europe's – would shift the assault on the world's maritime trade from the supply-side to the demand-side. To many Americans, this was the flu, and the Europeans were hyperventilating.

Then some seniors near Seattle died. And a boatload of cruise ship passengers was marooned off San Francisco. Still, policymakers, especially in Washington, D.C., remained unconvinced that this might be a big deal.

Until someone in power finally started to listen to Dr. Anthony Fauci, the Director of the National Institute for Allergy and Infectious Diseases who has essentially become the nation's go-to immunologist/epidemiologist.

But by then everything started to change very dramatically. In recent days, U.S. federal, state, and local authorities have begun to impose or, more timidly, recommend steps similar to those now common throughout Europe and formerly common in China. The prospect that the American economy will avert a recession this spring and summer is increasingly dim as consumer spending drops, small businesses fold, major corporations guard their cash, and economic productivity falters.

So, it should come as no real shock that, on March 16, the UCLA Anderson School of Management declared that the United States had entered a recession, ending an expansion that had begun in July 2009. The UCLA economists expect the recession to continue through the end of September. According to their report, the escalating effects of the coronavirus pandemic in March have reduced the first-quarter forecast of GDP growth to 0.4%. GDP growth in the second quarter is expected to slow by 6.5% and by 1.9% in the third quarter. The forecast does not expect normal activity to resume until the last quarter of the year.



Commentary Continued

The forecast comes with two major caveats. If the pandemic is much worse than anticipated, the downturn will worsen. However, if the pandemic abates quickly, economic growth in the second half of the year will be stronger.

Chiming in in recent days, IHS Markit warns that the United States, Europe, and Japan are all headed for recession this year, while JP Morgan expects the U.S. economy to shrink by 1.5% for the full year and unemployment to rise from 3.5% to 6.25% by the middle of the year.

So here we have it. A disease that emerged on the banks of the Yangtze little more than three months ago and which initially choked off so many global supply chains has now metastasized into a pandemic that will suppress global demand through much of the remainder of 2020.

Announcement: Today's scheduled symposium on West Coast market share loss is being postponed indefinitely.

Postscript: This commentary is being written from an apartment in Palma, a city of some 410,000 residents on the Spanish island of Majorca. Since arriving here a few days ago from a village elsewhere on the island, we have been under strict quarantine. Venturing out except to obtain food or medicine is prohibited. For the sin of being in the street, cops will challenge you, albeit politely. All restaurants, bars, and non-essential shops are closed. So too are museums, churches, theaters, parks, and beaches. At the grand old Mercat de l'Olivar where we went this afternoon for food, patrons were told to maintain a distance of at least a meter from each other and staff.

The same measures are being instituted throughout Europe, and borders are being closed. Our plan to fly home to San Francisco from Munich later this month after visiting family in Zurich is no longer viable because Germany has closed its border with Switzerland. That's a micro story.

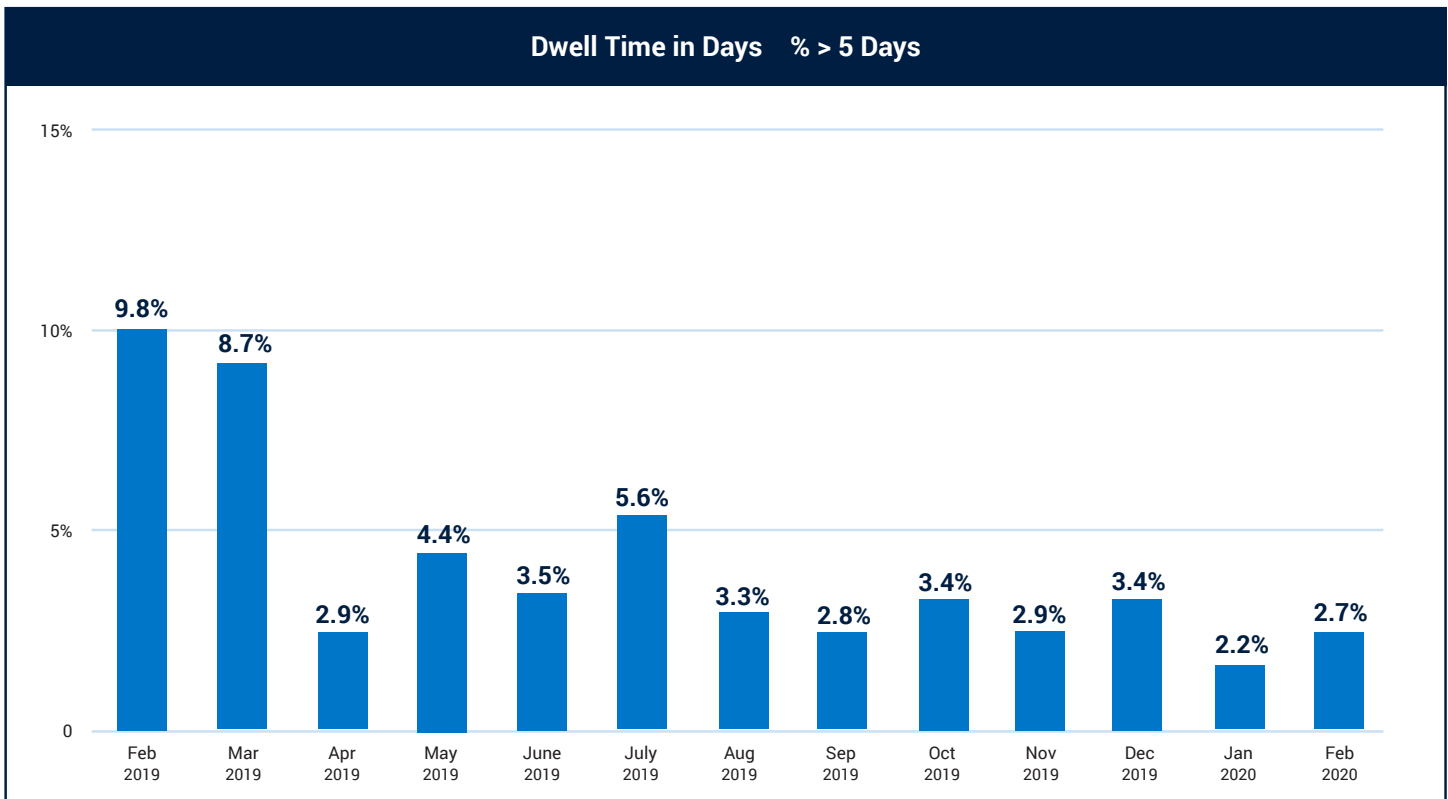
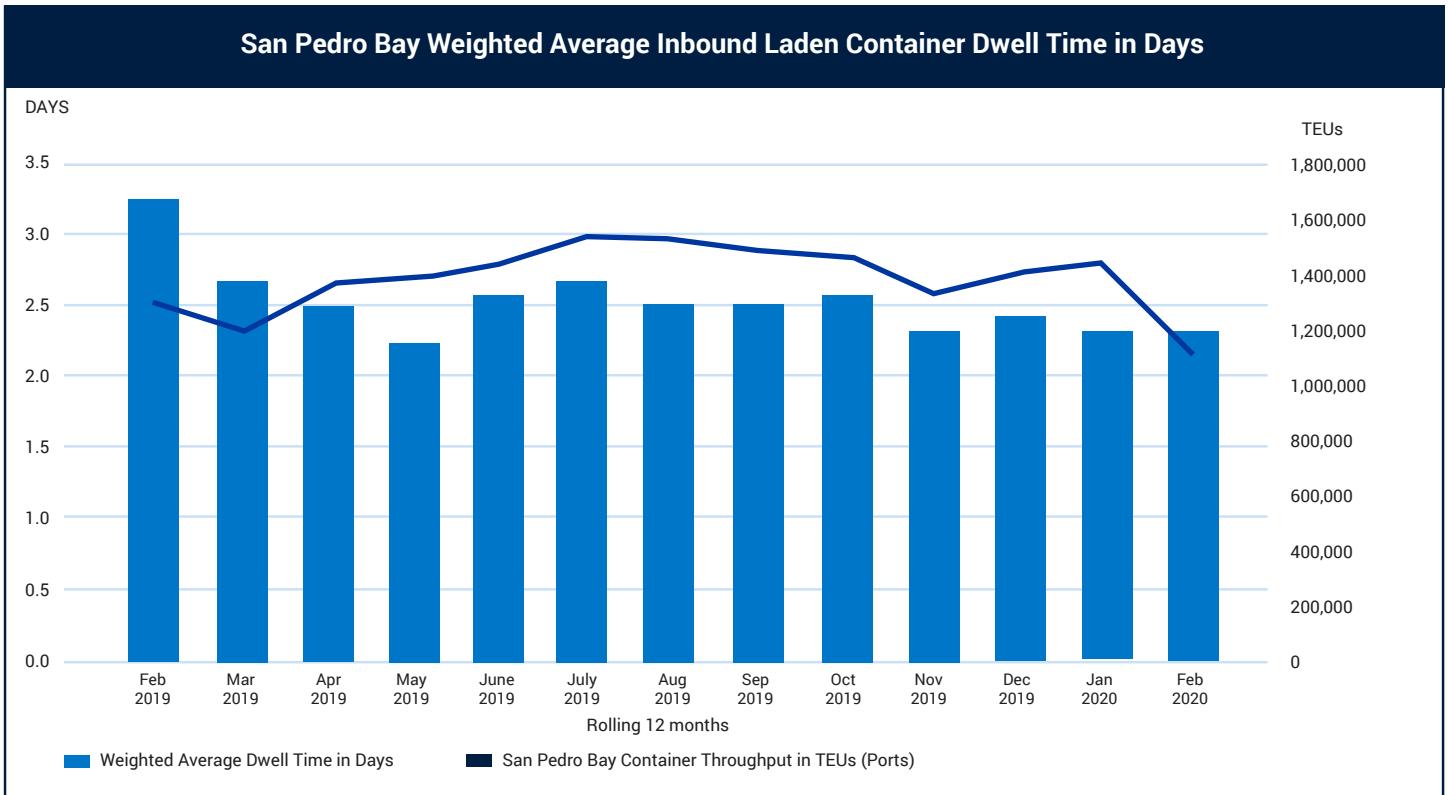
On the macro level, the 1985 Schengen Agreement, which essentially abolished passport controls throughout much of Europe and greatly eased the flow of people and goods, is now in shambles. The moves by several European governments to eschew collective action in favor of individual nationalistic policies aimed at isolating each nation's population and economy from the impact of the virus now presents a threat to the European Union. It's a threat much greater than the one posed by Brexit. The future of one of the world's premier trading blocs is now in serious jeopardy.

How and when we'll get home is a trivial issue. What's clear, though, is that with much of Europe a week to ten days ahead of the United States on the pandemic curve, flying home from Spain will be an adventure in epidemiological time travel.

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



February Dwell Time Numbers Remain Low





By the Numbers

By Thomas Jelenić, Vice President, Pacific Merchant Shipping Association

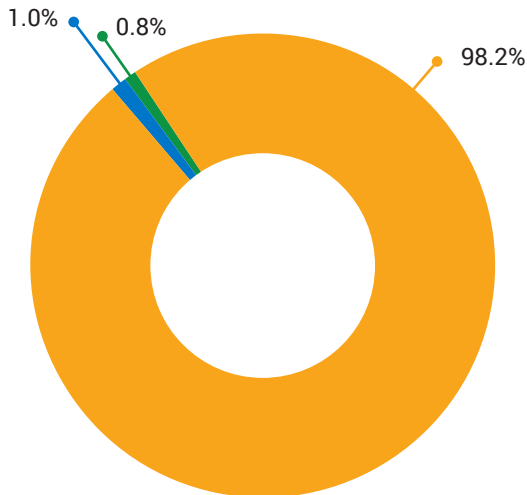
The ports of Long Beach and Los Angeles recently adopted a Clean Truck Rate as part of their commitment to transition the port drayage fleet to zero emissions, with a goal of completing the transition by 2035. Despite some dissent, the two ports set the Clean Truck Rate at \$10/TEU (or \$20 for a forty foot container); generating \$90 million per year, while kicking the can down the road on providing certainty to exemptions for ultra-low-emission trucks intended to bridge the gap on the path to zero emissions. Unsurprisingly, there was a great deal of fuss about this (including by me), not least because the ports are already served by the cleanest drayage fleet in the nation and the steep price tag to eliminate that fleet.

Several commentators discussed the size of port emissions as “the single largest source of emissions in the region.” This is nonsense. No other category is measured the same way. What folks refer to as the “ports” are a collection of independently operated freight facilities in San Pedro, Wilmington, and Long Beach.

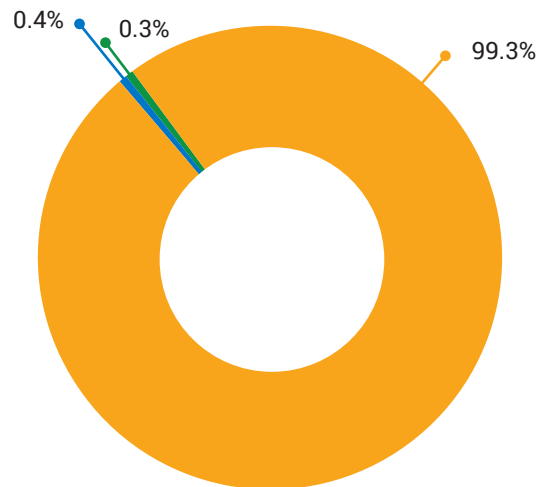
Their connection is that they fall under the jurisdiction of agencies (i.e., Port of Long Beach and Port of Los Angeles), even though those agencies are not air quality regulators and do not own or operate any equipment. By that measure, South Coast Air Quality Management District is the region’s single largest polluter based on the number of sources under their area of jurisdiction.

Also nonsensical is how “port pollutants” are measured. One would intuitively understand that to be emissions that occur within the two ports jurisdiction – but you would be wrong. A truck at a warehouse in Perris, a train in Ontario, or a ship off the coast of Malibu are all port emissions. No other “source” is measured in this way. No industrial district, multiple refinery complex, the freeway system, or other collection of independent operations are aggregated in a similar manner. So, to call the ports “the single largest source of emissions in the region” results from being in a universe by itself.

Port Truck NOx as % of South Coast Air Basin



Port Truck DPM as % of South Coast Air Basin



■ POLA ■ POLB ■ SoCAB



By the Numbers *Continued*

Other folks criticized the ports for failing to be bold, or worse, derelict in their duties – despite the fact that the ports are **more aggressive** than the California Air Resources Board (CARB) on the turnover of trucks (CARB hopes to convert the State's truck fleet to zero emissions by 2045 – ten years after the ports' goal), and the ports are dedicating more money to replace the truck fleet (again) than any other stakeholder.

But back to the Clean Truck Rate. Ignoring that the ports are measured by a yardstick used nowhere else, the aggregate emissions from “port-related” trucks must obviously be large enough to make a difference to regional emissions to generate all the excitement we see. Generally, the two pollutants we are most concerned about is diesel particulate matter (DPM) and nitrogen oxides (NOx). DPM is considered a toxic air contaminant, with much focus on its acute impacts. The original Clean Trucks Program did an amazing job in reducing DPM from trucks by 96% - an unqualified success. NOx has been a more challenging pollutant, but truck NOx emissions are down about 77%. As a result, and with

federal attainment deadlines looming in 2023, there has been a great deal of focus reducing NOx emissions more quickly. So, how much do port trucks, measured from Southgate to Perris and beyond, contribute to regional inventories? Collectively, the port-related trucking contributes 1.8% of all NOx emissions in the region and 0.7% of all DPM emissions (see the graphs above). You can find these numbers on both ports' websites as part of their annual emissions inventory efforts, a process that includes review from the South Coast Air Quality Management District, California Air Resources Board, and U.S. Environmental Protection Agency.

Despite the trivial difference that the updated Clean Trucks Program will make to regional and local air quality, the ports should be acknowledged and praised for the challenging balancing act they have had to perform. Unfortunately, what they will receive instead is blame and ridicule, even from agencies that have not moved as aggressively and are years behind them, while competing ports claim to follow suit, but in name only.

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