

# PUGET SOUND PILOTAGE DISTRICT ACTIVITY REPORT

## May-2019

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

### Activity

Total pilotage assignments:	613	Cancellations:	7						
Total ship moves:	606	Cont'r:	216	Tanker:	143	Genl/Bulk:	104	Other:	143
Assignments delayed due to unavailable rested pilot:	2	Total delay time:		1Hour					
2 pilot jobs:	40	Reason: PSP GUIDELINES FOR RESTRICTED WATERWAYS							
Day of week & date of highest number of assignments:	FRI 5/31			37					
Day of week & date of lowest number of assignments:	MON 5/13, MON 5/20			11					
Total number of pilot repositions:	115								

### Comp Days

Beg Total -	3258	Call Backs (+)	104	Used (-)	54	Ending total	3308
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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
1-May	6-May	Warmish England	Warsash	Manned Model	GRK

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

Start Dt	End Dt	City	Group	Meeting Description	Pilot Attendees
1-May	1-May	Seattle	PSP	UTC	CAI, COL, KLA, MOT
8-May	8-May	Seattle	PSP	UTC	COL, KLA, MOT
10-May	10-May	Olympia	BPC	BPC meet (Grays Harbor)	ANT
10-May	10-May	Seattle	PSP	President	BOU
14-May	14-May	Seattle	PSP	BOD	ANA, COL, KLA, NEW, SEM
15-May	15-May	Seattle	PSP	UTC	COL, KLA, MOT
15-May	15-May	Seattle	BPC	TEC	ANT, MAY, SCR
16-May	16-May	Seattle	BPC	BPC	ANT, SCR
17-May	19-May	Seattle	PSP	President	CAI
20-May	20-May	Seattle	PSP	PSP Developmental Strategy	SCR
22-May	22-May	Seattle	PSP	UTC	COL, KLA, MOT
23-May	23-May	Seattle	BPC	Fatigue	CAI
24-May	25-May	Seattle	PSP	President	CAI

29-May	29-May	Seattle	PSP	UTC	CAI, COL, KLA, MOT
30-May	30-May	Olympia	BPC	BPC meet (Grays Harbor)	ANT

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

Start Dt	End Dt	REASON	PILOT
1-May	31-May	Not fit for duty	ENF, SAN
1-May	6-May	Earned Time Off	CAI, HUP, SEM, SES, SHA, SHJ
14-May	21-May	Earned Time Off	CAI, GAL, GRD, KLA, MAY, SLI
28-May	31-May	Earned Time Off	BRU, COR, HAJ, KEP, SCR

**Presentations**

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

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

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


## Parsing the March 2019 TEU Numbers

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

### Import Traffic

With some noteworthy exceptions, March saw a decided uptick in containerized imports at most North American ports. Along the U.S. West Coast, only the Port of Long Beach saw a drop of 7.8% (-20,785 TEUs) in inbound traffic from March of last year. The neighboring Port of Los Angeles, meanwhile, recorded an impressive 12.4% (+32,727 TEUs) jump. Elsewhere, Oakland's inbound traffic swelled by 12.7% (+8,412 TEUs), while the Northwest Seaport Alliance Ports of Tacoma and Seattle posted an 11.9% (+12,481 TEUs) bump. Collectively, the five major USWC container ports saw a 4.7% gain (+32,835 TEUs) from a year ago.

By comparison, the nine U.S. East Coast ports PMSA regularly monitors posted a more modest combined increase of 2.7% (+21,361 TEUs) over March 2018. The numbers were mixed, however. Although Savannah reported handling 16.7% (+26,670) more inbound TEUs than it had a year earlier, declines in inbound

Exhibit 1	March 2019 - Inbound Loaded TEUs at Selected Ports					
	Mar 2019	Mar 2018	% Change	Mar 2019 YTD	Mar 2018 YTD	% Change
Los Angeles	297,187	264,460	12.4%	1,075,426	1,070,382	0.5%
Long Beach	247,039	267,824	-7.8%	873,742	934,727	-6.5%
<b>San Pedro Bay Totals</b>	<b>544,226</b>	<b>532,284</b>	<b>2.2%</b>	<b>1,949,168</b>	<b>2,005,109</b>	<b>-2.8%</b>
Oakland	74,714	66,302	12.7%	226,586	215,104	5.3%
NWSA	117,007	104,526	11.9%	345,291	315,566	9.4%
<b>USWC Totals</b>	<b>735,947</b>	<b>703,112</b>	<b>4.7%</b>	<b>2,521,045</b>	<b>2,535,779</b>	<b>-0.6%</b>
Boston	11,856	11,526	2.9%	35,641	34,537	3.2%
NYNJ	282,981	288,462	-1.9%	905,849	872,103	3.9%
Maryland	43,700	42,298	3.3%	129,856	125,678	3.3%
Virginia	107,040	113,123	-5.4%	322,154	317,641	1.4%
South Carolina	92,875	88,483	5.0%	258,649	237,049	9.1%
Georgia	186,369	159,699	16.7%	545,637	488,347	11.7%
Jaxport	30,202	27,477	9.9%	86,225	78,248	10.3%
Port Everglades	28,507	31,496	-9.5%	83,598	93,789	-10.9%
Miami	38,690	38,295	1.0%	110,101	102,866	7.0%
<b>USEC Totals</b>	<b>822,220</b>	<b>800,859</b>	<b>2.7%</b>	<b>2,477,710</b>	<b>2,350,258</b>	<b>5.4%</b>
New Orleans	13,165	11,171	17.8%	33,409	28,770	16.1%
Houston	109,604	94,185	16.4%	291,875	268,427	8.7%
<b>USGC Totals</b>	<b>122,769</b>	<b>105,356</b>	<b>16.5%</b>	<b>325,284</b>	<b>297,197</b>	<b>9.5%</b>
Vancouver	130,472	140,640	-7.2%	430,336	415,461	3.6%
Prince Rupert	43,122	38,654	11.6%	132,361	127,557	3.8%
<b>BC Totals</b>	<b>173,594</b>	<b>179,294</b>	<b>-3.2%</b>	<b>562,697</b>	<b>543,018</b>	<b>3.6%</b>
<b>US/BC Totals</b>	<b>1,854,530</b>	<b>1,788,621</b>	<b>3.7%</b>	<b>5,886,736</b>	<b>5,726,252</b>	<b>2.8%</b>
<b>US Total</b>	<b>1,680,936</b>	<b>1,609,327</b>	<b>4.4%</b>	<b>5,324,039</b>	<b>5,183,234</b>	<b>2.7%</b>

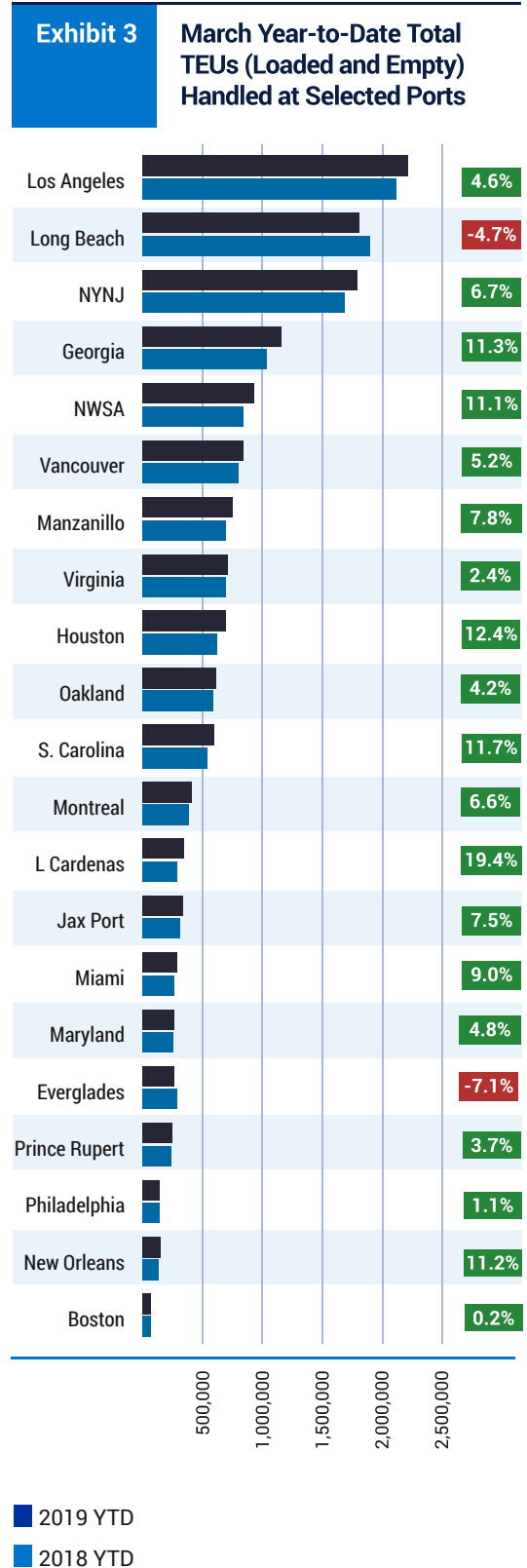
Source Individual Ports



## Parsing the March 2019 Loaded TEU Numbers Continued

Exhibit 2	March 2019 - Outbound Loaded TEUs at Selected Ports					
	Mar 2019	Mar 2018	% Change	Mar 2019 YTD	Mar 2018 YTD	% Change
Los Angeles	158,924	163,707	-2.9%	446,402	471,333	-5.3%
Long Beach	131,436	142,419	-7.7%	354,010	393,838	-10.1%
<b>San Pedro Bay Totals</b>	<b>290,360</b>	<b>306,126</b>	<b>-5.2%</b>	<b>800,412</b>	<b>865,171</b>	<b>-7.5%</b>
Oakland	88,202	81,955	7.6%	231,389	230,743	0.3%
NWSA	86,856	92,105	-5.7%	225,325	235,764	-4.4%
<b>USWC Totals</b>	<b>465,418</b>	<b>480,186</b>	<b>-3.1%</b>	<b>1,257,126</b>	<b>1,331,678</b>	<b>-5.6%</b>
Boston	6,645	6,464	2.8%	18,226	20,606	-11.6%
NYNJ	130,038	132,105	-1.6%	355,229	361,700	-1.8%
Maryland	20,589	20,998	-1.9%	55,092	58,872	-6.4%
Virginia	89,282	98,648	-9.5%	243,872	257,046	-5.1%
South Carolina	77,704	73,637	5.5%	203,539	202,446	0.5%
Georgia	155,083	132,822	16.8%	384,708	361,055	16.6%
Jaxport	45,740	43,714	4.6%	125,322	123,778	1.2%
Port Everglades	37,351	41,874	-10.8%	103,677	112,262	-7.6%
Miami	38,947	34,888	11.6%	108,426	97,697	11.0%
<b>USEC Totals</b>	<b>601,379</b>	<b>585,150</b>	<b>2.8%</b>	<b>1,598,091</b>	<b>1,595,462</b>	<b>0.2%</b>
New Orleans	26,364	26,740	-1.4%	70,563	67,910	3.9%
Houston	118,295	96,631	22.4%	292,716	253,383	15.5%
<b>USGC Totals</b>	<b>144,659</b>	<b>123,371</b>	<b>17.3%</b>	<b>363,279</b>	<b>321,293</b>	<b>13.1%</b>
Vancouver	103,472	100,616	2.8%	287,739	257,541	11.7%
Prince Rupert	17,832	18,685	-4.6%	46,665	47,430	-1.6%
<b>British Columbia Totals</b>	<b>121,304</b>	<b>119,301</b>	<b>1.7%</b>	<b>334,404</b>	<b>304,971</b>	<b>9.7%</b>
<b>US/Canada Total</b>	<b>1,332,760</b>	<b>1,308,008</b>	<b>1.9%</b>	<b>3,552,900</b>	<b>3,553,404</b>	<b>-0.01%</b>
<b>US Total</b>	<b>1,211,456</b>	<b>1,188,707</b>	<b>1.9%</b>	<b>3,218,496</b>	<b>3,248,433</b>	<b>-0.9%</b>

Source: Individual Ports



Source: Individual Ports



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

numbers were recorded by Virginia (-5.4% or -6,083 TEUs), Port Everglades (-9.5% or -2,989 TEUs), and New York/New Jersey (-1.9% or -5,481 TEUs).

March, however, favored the Gulf Coast ports we survey. Houston logged a 16.4% (15,419 TEUs) year-over-year gain in inbound loads, while import traffic at New Orleans rose by 17.8% (+1,994 TEUs).

The two British Columbia ports we track saw divergent outcomes in March, with Metro Vancouver down 7.2% (-10,168 TEUs), while Prince Rupert was up 11.6% (+4,468 TEUs).

Focusing now just on the mainland U.S. ports we track, import loads in March totaled 1,680,936 TEUs, a gain of 4.4% (+71,609 TEUs) from the same month in 2018. The Big Five USWC ports accounted for 735,947 TEUs for a 43.8% share, up from 43.7% share in March of last year.

Looking now at the First Quarter numbers, a 6.5% fall-off (-60,985 TEUs) at the Port of Long Beach dragged USWC import numbers into the red. The other major USWC ports saw their combined inbound loads increase by 2.9% (+46,251 TEUs) from a year earlier. However, including Long Beach brought the USWC inbound volumes lower by 0.6% (-14,734 TEUs). By contrast, Savannah (+57,290 TEUs), PNYNY (+33,746 TEUs), Houston (+23,448 TEUs), and Charleston (+21,600 TEUs) all individually posted higher year-over-year growth numbers in the first quarter. Not surprisingly, the USWC share of total inbound loaded container traffic through U.S. mainland in the first quarter declined to 47.4% from 48.9% a year earlier.

### Export Traffic

Outbound traffic was very much mixed across the continent in March. Of the major USWC ports, only Oakland shipped more containers abroad (+7.6% or +6,247 TEUs) than in March 2018. At the two San Pedro Bay ports, 15,966 fewer TEUs (-5.2%) were shipped, while the two NWSA ports recorded a drop-off of 5.7% (-5,249 TEUs) year-over-year. Altogether, 14,768 fewer TEUs (-3.1%) sailed from the five major USWC ports than in March of last year.

Elsewhere, USEC ports posted export numbers that ranged from Savannah's 16.8% (+22,261 TEUs) jump to Virginia's 9.5% (-9,366 TEUs) decline. PNYNJ (-1.6% or -2,067 TEUs) and Port Everglades (-10.8% or -4,523 TEUs) also fared poorly in March. Altogether, the nine USEC ports we track saw outbound loaded traffic rise by 2.8% (+16,229 TEUs) from March 2018.

Along the Gulf Coast, Houston's outbound trade leapt by 22.4% (+21,644 TEUs), more than compensating for the 376 fewer outbound TEUs handled at New Orleans. The two British Columbia ports we track similarly went different ways in March. At Prince Rupert, outbound loads dropped by 4.6% (-853 TEUs), while Metro Vancouver recorded a modest 2.8% (+2,856 TEUs) gain.

Looking solely at the U.S. mainland ports that we monitor, March's container export trade edged up by 1.9% (+22,749 TEUs) from March 2018. The Big Five USWC ports in March accounted for a 38.4% share of all loaded outbound TEUs shipped out of U.S. mainland ports, down from a 40.4% share a year earlier.

In quarterly terms, USWC container exports were down 7.5% (-64,759 TEUs) from the first quarter of last year. Considering the tariff wars that have since ensued between the U.S. and China and the preeminent importance of the China trade to USWC ports, it should come as no surprise that the USWC share of outbound loaded containers shipped from mainland U.S. ports in the first quarter slipped to 39.1% from 41.0% last year.

**Northwest Seaport Alliance.** Statistics compiled by the Pacific Maritime Association show that March loaded imports at the Port of Tacoma rose by 14.0% (+7,645 TEUs) from last March, while outbound traffic slid by 8.6% (-5,828 TEUs). At the Port of Seattle, import containers fell by 5.1% (-2,404 TEUs), while outbound shipments also declined by 3.5% (-1,461 TEUs). We hasten to add our usual caveat that PMA numbers often differ from those collected by the ports themselves. We offer the PMA statistics only to shed light on how the two partners in the NWSA are faring individually.



## Parsing the March 2019 Loaded TEU Numbers Continued

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

	Mar 2019	Feb 2019	Mar 2018
<b>Shares of U.S. Mainland Ports Worldwide Containerized Import Tonnage</b>			
LA/LB	23.5%	27.5%	24.7%
Oakland	4.1%	3.6%	3.8%
NWSA	5.1%	5.4%	4.9%
<b>Shares of U.S. Mainland Ports Worldwide Containerized Import Value</b>			
LA/LB	30.4%	35.7%	32.5%
Oakland	3.8%	3.5%	3.2%
NWSA	6.7%	6.9%	6.7%
<b>Shares of U.S. Mainland Worldwide Containerized Export Tonnage</b>			
LA/LB	22.7%	21.9%	23.3%
Oakland	6.5%	6.2%	5.7%
NWSA	6.5%	6.7%	5.5%
<b>Shares of U.S. Mainland Worldwide Containerized Export Value</b>			
LA/LB	21.0%	21.4%	23.5%
Oakland	4.4%	4.1%	4.3%
NWSA	6.2%	6.7%	6.1%

Source: U.S. Commerce Department.

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

	Mar 2019	Feb 2019	Mar 2018
<b>Shares of U.S. Mainland Ports' East Asian Container Import Tonnage</b>			
LA/LB	39.4%	43.3%	40.6%
Oakland	4.8%	4.3%	4.3%
NWSA	8.1%	8.3%	7.6%
<b>Shares of U.S. Mainland Ports' East Asian Container Import Value</b>			
LA/LB	47.9%	51.3%	49.0%
Oakland	4.8%	4.3%	3.7%
NWSA	10.2%	9.9%	10.0%
<b>Shares of U.S. Mainland Ports' East Asian Container Export Tonnage</b>			
LA/LB	37.8%	36.6%	38.0%
Oakland	9.6%	9.4%	7.6%
NWSA	13.2%	13.5%	13.1%
<b>Shares of U.S. Mainland Ports' East Asian Container Export Value</b>			
LA/LB	43.5%	44.0%	46.7%
Oakland	11.1%	11.5%	9.9%
NWSA	8.6%	8.5%	8.4%

Source: U.S. Commerce Department.

### Weights, Values, and the Federal Government Shutdown.

With the May 9 release of U.S. trade data for the month of March, we are finally in sync once again with the official U.S. Government foreign trade statistics. Here we present the U.S. West Coast shares of the U.S. mainland port container trade in March in terms of the declared weight and value of containerized shipments.

**Exhibit 4: USWC Ports and the Worldwide Container Trade.** Exhibit 4 continues with a chronic refrain: the two San Pedro Bay ports are losing business to their rivals. In March, their combined share of Import tonnage arriving at mainland U.S. seaports fell to 23.5% from 24.7% a year earlier. Their share of export tonnage sailing from

U.S. mainland ports also declined to 22.7% from 23.3%. The percentage of containerized traffic through the massive Southern California gateway also fell in terms of the declared value of the cargos, both coming and going. Interestingly, the story of diminished market share was not the same elsewhere along the U.S. West Coast. "Both Oakland and the NWSA ports showed gains in their respective shares of containerized import tonnage, but only Oakland saw its value share grow from last March.

**Exhibit 5: USWC Ports and the East Asia Trade.** Now looking at the March figures on containerized imports arriving at U.S. Mainland ports from East Asia, we see that the Ports of Los Angeles and Long Beach saw their



## Parsing the March 2019 Loaded TEU Numbers Continued

combined share slide to 39.4% from 40.6% of the imported tonnage. The two ports also experienced a decline in their combined share of the value of imported goods to 47.9% from 49.0%. (Importers of higher value goods have long favored the Southern California gateway.) On the export side, the percentage of exports from mainland U.S. ports to East Asia also shrank at LA and Long Beach. Elsewhere along the coast, Oakland and the NWSA ports both grew their respective shares of the East Asia trade.

### First Glimpse at April's Numbers

Although the Ports of Los Angeles and Long Beach individually trumpeted their April TEU levels as the highest ever for that month, that achievement came as the result of an unusually large 18.2% jump from last April in the number of empty containers the two ports handled. In terms of inbound loaded TEUs, however, Los Angeles posted a 0.1% year-over-year decline, while Long Beach recorded a slender 1.8% increase. Let me do the math: the two San Pedro Bay ports together moved 0.8% (+5,114) more inbound loaded TEUs this April than they had in the same month last year. That gain was less than the 5,331 more TEUs the Port of Oakland handled over the same period. And it was far less than the April-to-April increases reported at Virginia (+21,659 TEUs) and Houston (+11,564 TEUs). As for the export trade, we all know that higher tariffs, a stronger dollar, and generally depressed GDP growth rates abroad are taking their toll on U.S. exports. Still the impact in April appears to vary from port to port. At Los Angeles and Long Beach, export loads were down 8.9% (-27,166 TEUs). But negative numbers did not characterize the April exports from Oakland (+1.7%) and certainly not at Houston (+12.5%).

### Who's #2?

In last month's newsletter, we noted the possibility that the Port of New York/New Jersey could soon eclipse the Port of Long Beach as the nation's second busiest

container port. Depending of what you're counting (economists tend to look at numbers differently than do port directors), that did or did not happen in the first quarter of the year.

For the year's first three months, Long Beach reported handling 1,806,723 total TEUs (loaded + empty) or 88,155 fewer TEUs than in the same period last year. PNYNJ, by comparison, reported a first quarter tally of 1,792,845 TEUs, or 112,484 more TEUs than a year earlier.

But let's strip out the trade in boxes laden only with air. In the first quarter, Long Beach handled 1,227,752 loaded TEUs. PNYNJ, meanwhile, moved 1,261,078 loaded TEUs across its docks. That's 33,326 more goods-laden TEUs than its West Coast peer.

Since NYNJ is normally the last major port to post its TEU counts, we won't know how it fared in April for a couple of more weeks or so. But we do already know that Long Beach, while posting a sizeable 22,171 TEUs jump in empty container traffic this April from a year earlier, also saw its loaded TEU count erode by 12,488 TEUs.

Counting all containers whether filled or not, Long Beach has handled 2,434,845 TEUs through the first four months of 2019. That's down 3.1% from the same period of last year. Even so, it's unlikely that NYNJ could overtake Long Beach in April in the category of total TEUs handled. To do so, it would need to move 16.5% more TEUs than it handled last April.

Still, unless Long Beach soon reverses recent trends, its status as America's Number Two container port could soon be lost, no matter how you count the boxes.

For those keeping score at home, PNYNJ last topped Long Beach in 1992.

**Interested in membership in PMSA?**

Contact Laura Germany for details at: [lgermany@pmsaship.com](mailto:lgermany@pmsaship.com) or 510-987-5000.





## Jock O'Connell's Commentary:

# Honestly, Mr. President, do we look Chinese?

When I first sat down to consider a topic for this month's commentary, I had two options. One involved taking a fresh look at the competition between the Northwest Seaport Alliance Ports of Tacoma and Seattle and their rivals north of the 49th parallel in British Columbia. But I also thought I could share some observations about the role U.S. national security policies during the last century played in helping ensure the long dominant but lately eroding position West Coast ports have held in America's trade with the Far East.

But then the President tweeted.

After weeks of peddling a narrative in which America's trade emissaries were steering bilateral talks with the Chinese toward a ~~huge political win for Trump~~ mutually beneficial settlement, a very large number of containers suddenly toppled from the ship of state.

The Chinese, it was alleged by our side, wanted to renegotiate all seven chapters of an agreement that our folks believed had been settled. So, far from a formal accord being inked within days followed by a triumphant summit with Chinese President Xi, we're now pretty much headed in the opposite direction. Not only did Mr. Trump summarily increase to 25% the tariff on the \$200 billion in Chinese products that had been charged a 10% import levy since last September, he also initiated the formal process for imposing steep import duties on most of the remaining goods the Chinese sent our way.

No matter that the President views ratcheting up of the cost of doing business with China as a mere "squabble", it certainly looks like a trade war from here (and probably also from Beijing).

A ten percent tariff can be finessed without necessarily passing most or indeed any of the increased import cost on to customers, whether they be individual consumers, factories or organizations like hospitals or school systems. Chinese exporters could lower their prices to preserve a valuable market. And the near-steady appreciation of the dollar against the yuan renminbi since last spring did help buffer the impact of higher tariffs on U.S. importers, who might also have decided to absorb the increase to keep their customers happy.

A 25% tariff is an entirely different kettle of fish. Tariffs, after all, are taxes paid by the importer when the goods enter U.S. commerce. They are not a transfer of funds from the exporter to the U.S. Treasury. Higher tariffs, especially on products from a country whose goods we normally buy in enormous volumes, will bring pain in the form of higher consumer prices and perhaps even supply shortages. And, contrary to what the President fancies, those higher tariffs are not being paid by China any more than Mexico is paying for his border wall.

The impact of Mr. Trump's latest round of tariff hikes will also be felt by U.S. exporters who had established markets in China. At least in the near-term, hitherto prosperous American soybean growers will become welfare recipients. Beijing has already announced a new set of retaliatory tariffs scheduled to take effect in just a couple of weeks. And, as seasoned exporters to China well know, tariffs are not the only means Beijing has at its disposal for discouraging the sale of U.S. products in China.

All of this has resulted in a great deal of handwringing and even a few bouts of headline hysteria about how badly various oxen will be gored before a deal is somehow resolved and the tariffs that both sides have imposed in the past year are rescinded. I have no idea how things will turn out, although I expect that we and China are in for a prolonged and bruising period of trade turbulence. What I can do, though, is to try to put the current trade dispute with China in a broader perspective.

Reviewing the situation, soberly and by the numbers: The U.S. Gross Domestic Product last year was \$20.40 trillion. (In this year's first quarter, GDP grew by an annualized rate of 3.2%.) America's foreign trade last year totaled \$4.20 trillion. Imports amounted to \$2.54 trillion, while exports were valued at \$1.66 trillion. Foreign trade, while certainly important, is not nearly as vital to the U.S. as it is to almost every other major economy. Germany, for example, exports nearly as much as we do, despite having an economy that is one-fifth our size. China, with an economy about 30% smaller than ours, exports about 35% more than we do.





## Commentary Continued

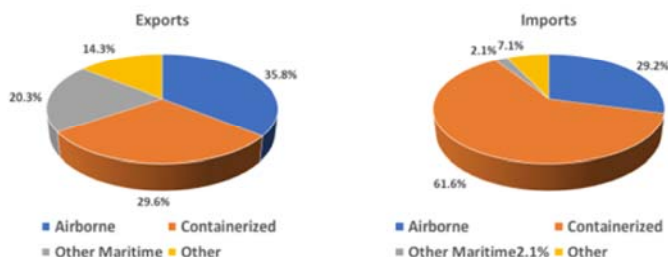
U.S. trade with China last year stood at \$659.84 billion. That represented 15.7% of America's entire foreign trade. We exported \$120.34 billion to China, while importing \$659.84 billion from China. So, while China represented 7.2% of all U.S. exports, its share of U.S. imports was a much higher 21.2%.

So let's take a closer look at how those imports and exports journey between the two trading partners.

On the outbound side, U.S. exports to China last year totaled \$120.34 billion. Airborne shipments accounted for 35.8% (\$43.05 billion) of that trade, while 29.6% (\$35.8 billion) were containerized shipments that sailed from U.S. seaports. Non-containerized oceanborne exports to China held a 20.3% share, while "other" modes handled 14.3% of the trade. ("Other" includes aircraft flown to overseas markets under their own power as well as shipments that journey abroad via ports in Canada and Mexico.)

### Exhibit A U.S.-China Trade: Modes of Transport (2018)

Source: U.S. Commerce Department

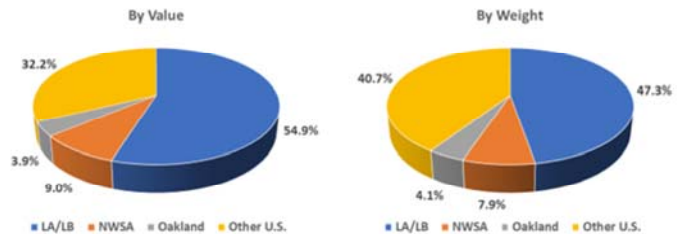


On the import side, of the \$539.50 billion the U.S. imported from China last year, 29.2% (\$157.61 billion) arrived by air, and another 7.1% (\$38.35) billion first transited through Canada or Mexico prior to entering the U.S. Maritime trade involving U.S. seaports accounted for 63.7% (\$343.54 billion) of the total import trade, but the lion's share (61.6% or \$332.10 billion) were containerized shipments.

Of those containerized imports, fully two-thirds entered the U.S. via the five major U.S. West Coast marine gateways: Los Angeles/Long Beach (\$181.04 billion); the Northwest Seaport Alliance Ports of Seattle and Tacoma (\$29.76 billion), and Oakland (12.71 billion). Including all modes of transport, those five ports handled 41.4% of the nation's \$539.50 billion in imports from China last year.

### Exhibit B Port Shares of U.S. Containerized Imports from China (2018)

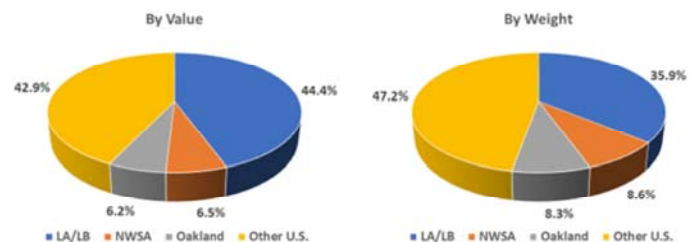
Source: U.S. Commerce Department



Using a different metric (the declared weight of containerized shipments), the division of labor is somewhat different. USWC ports still control a majority of the import tonnage (58.7%). However, competing ports on the East and Gulf Coasts have been seizing an increasing share of the trade (as Exhibit D reveals). Last year, 47.3% of the containerized import tonnage from China came through the Ports of Los Angeles and Long Beach. Another 7.9% docked at the NWSA ports, while Oakland's share was 4.1%. Altogether, USWC ports handled 59.3% of the containerized tonnage that arrived from China last year.

### Exhibit C Port Shares of U.S. Containerized Exports to China (2018)

Source: U.S. Commerce Department



The five major USWC ports also handled \$19.86 billion of the nation's containerized exports to China last year. That represented a 57.1% share of all containerized shipments from U.S. ports to China. But because containerized shipping constituted a relatively small portion of the nation's export trade with China, the five USWC ports were involved in shipping a comparatively small 16.5% of the entire \$120.34 billion in U.S. merchandise exports to China in 2018. In terms of declared weight of containerized shipments to China, the five USWC ports last year handled 52.8% of all U.S. containerized export tonnage to China.



## Commentary Continued

Clearly, tariffs and other impediments to trade would, despite a steady loss of market share, have a disproportionate impact on USWC ports and the intricate supply chains that link those ports to markets throughout North America. How severe the impact will be remains to be seen, but pessimistic views currently seem to be outweighing optimistic outlooks. To be sure, Americans will continue to buy Chinese products even as their prices increase, in many cases because their only choice is to go without. And, owing to the economy's impressive expansion to date, Americans have the luxury of spending to get what they want. Those considerations no doubt account for the update forecasts we've been seeing for container imports from the National Retail Federation and Global Port Tracker, which figures April TEU numbers to be 7.7% higher than a year ago. Container imports in May (+4.2%) and June (+3.7%) also seem to downgrade the significance of the tariffs.

Some forecasters are anticipating a re-run of last fall's import surge as retailers and other businesses seek to get goods into the country ahead of new tariffs. However, the President is not leaving much time.

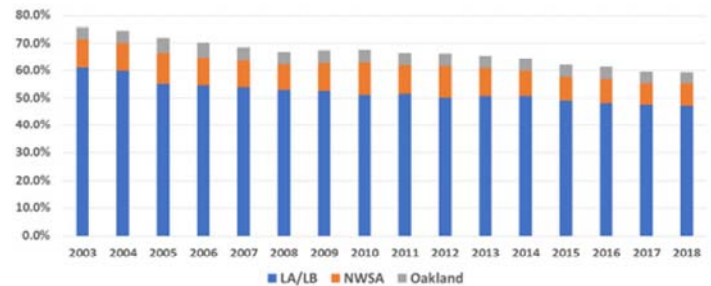
Of concern is whether upbeat forecasts, while discounting the effects of higher import duties, may also be relying too heavily on the expectation that imports will continue to be buoyed by steady economic growth. It's an easy assumption to make when first quarter GDP rose by an annualized rate of 3.2% after a 2.2% increase in the previous quarter. And with unemployment at record lows, it is not unreasonable to expect demand for imports will remain strong even in the face of higher tariffs on Chinese goods. Still, it's fair to ask whether the presumed correlation between GDP and employment numbers holds up in the face of a major trade dispute between the world's two largest economies. After all, retail sales in April were off slightly (-0.2%) and manufacturing output similarly shows symptoms of decline.

**One final note.** It would be flippant to observe that USWC ports would likely have been more vulnerable to an interruption in maritime trade with China in years past when more than three-quarters of that trade passed over their docks. Over time, other mainland ports have grabbed off steadily larger portions of the trade. Still, while we're here, it's worth documenting in numbers just how much

USWC shares of the China trade have diminished in the past decade and a half.

### Exhibit D USWC Shares of U.S. Containerized Import Tonnage from China

Source: U.S. Commerce Department

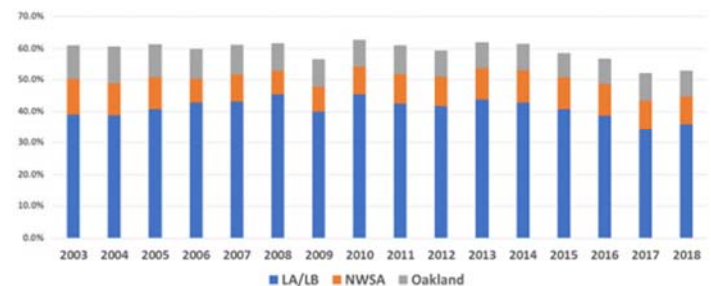


As Exhibit D indicates, the five major USWC ports have seen their collective share of the China import trade entering U.S. mainland seaports diminish over the past fifteen years from 75.8% in 2003 to 59.4% last year.

As Exhibit E similarly shows, USWC ports have also sustained a decline, albeit less steady, in their combined share of America's container export trade with China, from a high of 64.1% in 2004 and again in 2007 to a low of 57.1% in 2018.

### Exhibit E USWC Shares of U.S. Containerized Export Tonnage to China

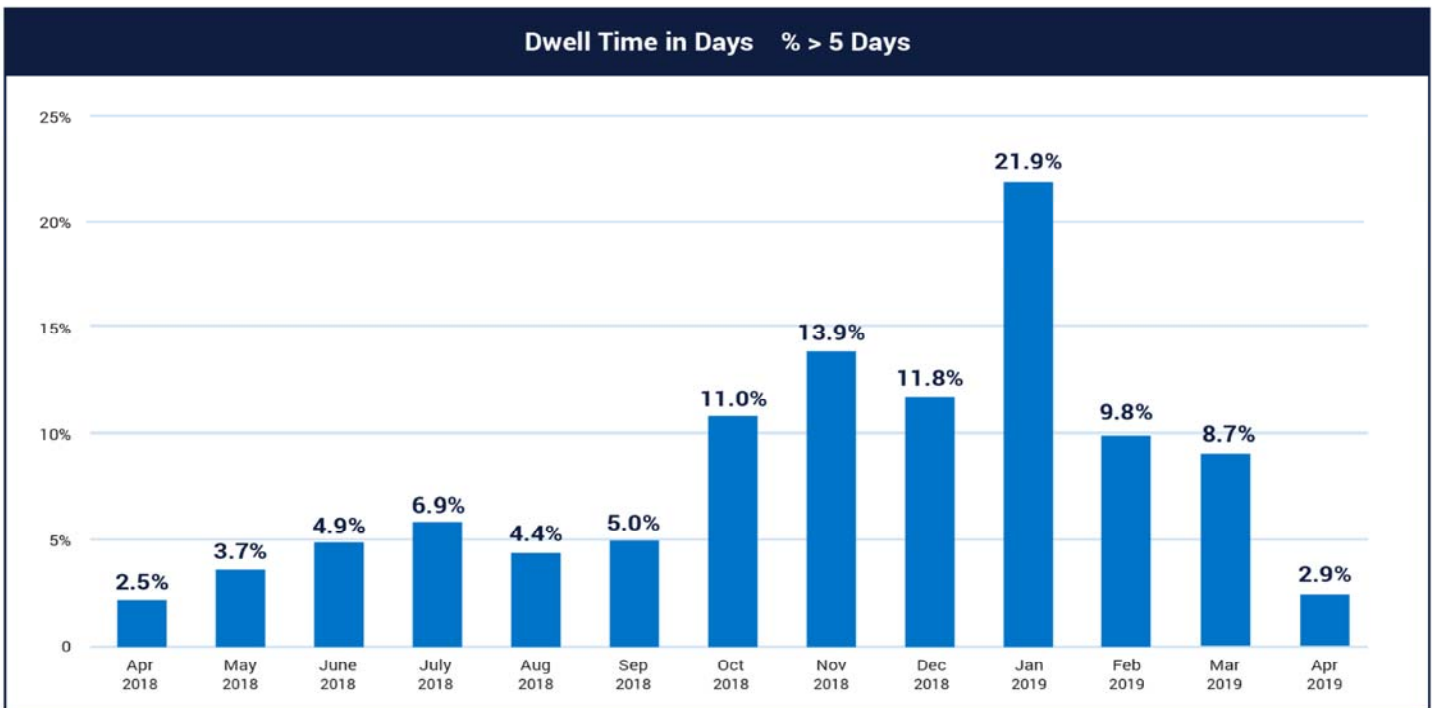
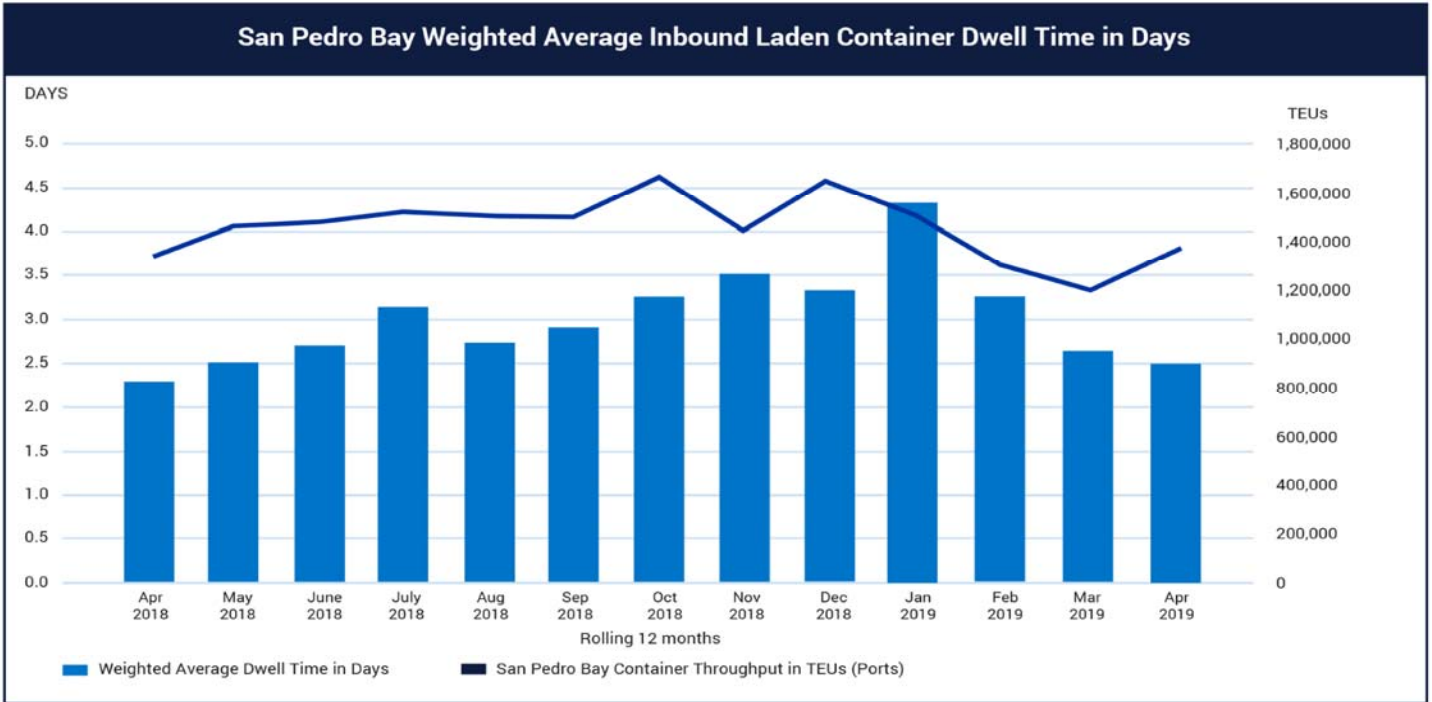
Source: U.S. Commerce Department



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



## April Dwell Time Numbers Are Down



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# WA State Board of Pilotage Commissioners

**Industry Update:** June 20, 2019 Meeting

## Vessel Movements **Decreasing**

- ✚ Bulkers still decreasing in 2019
- ✚ Container traffic now steady as of May to May comparison
- ✚ Tankers continue to decrease while ATB moves increase
- ✚ Shifts and total movements down significantly

## Vessel Assignments **Down** Significantly

- ✚ Assignments **down 8.6%** in May to May comparison
  - ✓ Equivalent to decrease of 4.4 pilots
- ✚ Assignments **down 4.5%** YTD
  - ✓ Equivalent to a decrease of 2.3 pilots

## Marine Safety and Vessel Traffic Updates

- ✚ PMSA (Captain Moore) and Canadian Peers Kick Off Clean Pacific General Session
  - ✓ Invitation due to Marine Safety Expertise and BC/States Legacy Awards
  - ✓ Ongoing Engagement in Transboundary Marine Safety Issues
- ✚ Canadian Govt requested PMSA to Serve on Proactive Vessel Management Group
- ✚ Attended ECHO Appreciation Program for participants and included an update on vessel speed reduction plans
- ✚ Chaired the June Alaskan Maritime Prevention and Response Network Board Meeting
  - ✓ Included newly developed “Network” tools to rescue vessels in distress
  - ✓ Vessel routing measures to improve marine safety
- ✚ Advised the NW Seaport Alliance Executive Team and Commissioner Reps regarding ship noise mitigation measures including speed adjustments; workshop in October
- ✚ Helping to plan a Transboundary Harbor Safety Committee Forum with The Pacific Coast Marine Advisory Review Panel (PACMAR) and Navigation Aids & Navigation Services (NANS) next month; marine safety is the focus.
- ✚ Trans Mountain Project Moves Forward (tankers, tug escorts, etc.)





# Around the Docks

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

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

## Infrastructure Improvements

### **Westport Marina abuzz with projects this summer**

Summer signals construction season and the Westport Marina has no shortage of projects this year.

“From dredging the basin, to upgrading restrooms, paving our industrial roadway, to welcoming our users with boat launch parking improvements the Port has crews working in every corner of the Marina to better serve our users,” shared Westport Marina Business Manager Molly Bold. “We appreciate everyone’s patience during this busy time.”

Westport Marina Project Updates:

**Boat Basin Dredging** - bids due June 4<sup>th</sup>, dredging schedule to begin July 15<sup>th</sup>

**Garbage & Recycle Stations** - completed in May

**Boat Launch Parking Lot Improvements** - under construction, estimated completion late June

**Yearout Drive Paving** - under construction, estimated completion mid-June

**Float 7 Bathrooms & Showers** - under construction, estimated completion mid-June



## Waterfront Access

### **PGH and community celebrate 28<sup>th</sup> Street Boat Launch Improvements**



*Port Commissioners were joined by State Representative Brian Blake, Hoquiam Mayor Jasmine Dickhoff and Washington State Recreation Conservation Office Director Kaleen Cottingham to celebrate the completion of the 28<sup>th</sup> Street Boat Launch Phase II Improvements earlier this month.*

Port of Grays Harbor Commissioners and staff were joined by state and local officials, Washington State Recreation Conservation Office (RCO) Director Kaleen Cottingham and community members to celebrate the completion of Phase II improvements to the 28<sup>th</sup> Street Boat Launch earlier this month.

Visitors and boaters using the 28th Street Boat Launch in the Port Industrial Area will now find a safer, well-lit facility with paved parking and restrooms. A thirty year partnership between RCO’s Boating Facilities Program (BFP) and the Port of Grays Harbor was celebrated in May with the official ribbon cutting at the new and improved public access facility.

Recent improvements funded by the BFP grant include the installation of a new, wider launch ramp, a second boarding float, a permanent restroom, installation of a new stormwater system, additional and improved lighting, and a paved and striped parking lot.

“We are extremely proud to offer this public, waterfront access facility with these great improvements to the members of our community and beyond,” stated Commission President Stan Pinnick. “We are grateful for our partners at the Washington State RCO and the Washington State Legislature that make boating facilities like this possible throughout our great State.”

# Satsop welcomes Mug Shot food truck for growing customer base



Port Commissioner Phil Papac and Satsop Business Park Manager of Business Development Alissa Shay joined Mug Shot owners, Darrell and Angie Chambers, for a grand opening celebration last month.

With more than 350 people reporting to work daily at various businesses at the Satsop Business Park, Mug Shot food truck was welcomed with open arms in March by many.

Located at the intersection of Tower Boulevard and Olympic View Drive, Mug Shot is typically open Tuesday through Friday.

Owned and operated by Darrell

and Angie Chambers, Mug Shot features a wide range of menu options including an assortment of burgers, hot dogs, fries and kids meals

“Food trucks like Mug Shot are a vital piece of the puzzle as the customer and employee base at the business park grows,” said Satsop Business Park Manager of Business Development Alissa Shay.

# Public tour dates set for Marine Terminals and Satsop

Come get a first-hand look at what’s happening at your public port. The Port of Grays Harbor is pleased to offer two great tours as part of its summer public tour program.

The first will take participants on a behind the scenes bus tour of the Port’s deep-water marine terminals and industrial properties. Tours are approximately one and a half hours long and include a brief overview presentation.

The Satsop Business Park also offers walking tours of its unique facilities. This one and a half hour tour includes 1.5 miles of walking around the iconic cooling towers, the tunnel training facility, and more.

## Marine Terminal & Industrial Property Tour Dates:

- June**  
Thursday, June 13<sup>th</sup>: 3:00pm
- July**  
Tuesday, July 2<sup>nd</sup>: 5:30pm  
Wednesday, July 10<sup>th</sup>: 3:00pm  
Wednesday, July 24<sup>th</sup>: 5:30pm
- August**  
Thursday, August 1<sup>st</sup>: 3:00pm  
Thursday, August 22<sup>nd</sup>: 5:30pm

**Reservations are required, as space is limited.** Call 360-533-9528 to reserve your spot. Additional tour dates may be added if needed in September.

## Calendar

- June 1 *Nord Fuji @ T2*  
*Ultra Alpha @ T2*
- June 6 *CSAV Rio Nevado @ T4*
- June 11 PGH Commission Meeting,  
Satsop Business Park @ 9am
- June 18 *Orient Iris @ T2*  
Public Tour, 3pm
- June 19 *Siem Socrates @ T4*
- June 27 Satsop Walking Tour,  
SBP @ 3pm
- July 2 Public Tour, 5:30pm
- July 3 *Siem Plato @ T4*



## Around the Docks

is a publication of the

## Port of Grays Harbor

*On Washington’s Pacific Coast*

It is available online at

**PortofGraysHarbor.com**

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# Port of Grays Harbor

*On Washington's Pacific Coast*

Press Release:

June 11, 2019

Contact: Kayla Dunlap, Public Affairs Manager

[kdunlap@portgrays.org](mailto:kdunlap@portgrays.org) or 360-533-9590

*For Immediate Release*

## Port of Grays Harbor and BHP finalize Options to Lease for proposed potash export facility at Terminal 3

**Aberdeen, Wash.** – Grays Harbor is one step closer to adding potash to the diverse list of commodities being handled through the Port. At Tuesday's Commission meeting, the Port Commissioners authorized Executive Director Gary Nelson to sign Options to Lease relating to BHP's proposed potash export facility at Terminal 3 in Hoquiam, Washington. Grays Harbor remains one of the sites being considered for the state-of-the-art potash export facility.

As due diligence continues, the Options to Lease include conditions to be satisfied before BHP exercises the Option. The conditions include, among other things, completing the necessary State Environmental Policy Act (SEPA) review and the City of Hoquiam vacating portions of Paulson Road and Airport Way that would be located within the proposed project area. BHP must also obtain all local, state and federal permit approvals applicable for the proposed facility and its Option to Lease is subject to approval by its Board of Directors to advance the Jansen Potash Project into construction and operations.

"This project is important for Hoquiam, important for the Port and important for our community so we are pleased to see this essential step in the process," shared Port of Grays Harbor Commission President Stan Pinnick. "While BHP choosing Grays Harbor is not a done deal, this is an important milestone in the process and we look forward to providing support and assistance throughout the Option period to help make this project a reality. BHP's proposed project is consistent with our vision for utilizing our deep-water shipping infrastructure and upland property to create jobs for our community."

“The City of Hoquiam is delighted to see this important step in the process being taken,” stated City of Hoquiam Mayor Jasmine Dickhoff. “Our location is strategic and the Port’s infrastructure is world class. The City remains optimistic that Hoquiam will be selected as BHP’s potash export facility and we look forward to the potential investment and job opportunities it could bring to our community. The strong partnership between the City and the Port of Grays Harbor has been essential to bring us to this point in the process.”

BHP has been working with the Port exploring the potential for the Terminal 3 site as its potash export facility for the Jansen Potash Project in Saskatchewan, Canada. BHP has and continues to actively engage local stakeholders, the Quinault Indian Nation, regulators and businesses, including hosting a public open house at the Hoquiam High School in September 2017. Potash, or potassium chloride, is a naturally occurring non-flammable and non-combustible mineral which is a key ingredient used in agricultural fertilizers worldwide.

BHP is a leading global resources company with its headquarters located in Melbourne, Australia and US headquarters in Houston, Texas with a government relations office in Washington, DC. BHP is among the world’s top producers of major commodities including iron ore, metallurgical coal, copper and petroleum. Its purpose is to bring people and resources together to build a better world. Further information on the company can be located at its corporate website at [www.bhp.com](http://www.bhp.com).

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. The addition of Satsop Business Park increased the Port’s properties to more than 1,000 acres of industrial properties and an additional 1,200 acres of sustainably managed forestland. Strategically located midway between Seattle and Portland and less than 1 ½ 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](http://portofgraysharbor.com) or [satsop.com](http://satsop.com).



*The Port of Grays Harbor and BHP have finalized Options to Lease for a proposed potash export facility at the Port of Grays Harbor's 150-acre, deep-water marine accessible Terminal 3 property in Hoquiam.*