PMSA

West Coast Trade Report

January 2023

December Port Tallies (Partial Numbers)

Note: Unless otherwise specified, all numbers pertaining to container traffic in this report are denominated in TEUs.

Here, then, are the December tallies as so far reported to us by the individual ports we regularly monitor, not all of which have officially posted their latest TEU numbers by our publication deadline.

Starting our review in Southern California, San Pedro Bay continues to be an unhurried gateway for container trade. The **Port of Los Angeles** reported handling 352,046 inbound loads in December, the most in any month since August but still 8.6% fewer than in December 2021 and down 23.6% from the hyperactive 2020. Outbound loads, however, bounced up 36.2% from December 2021 to 96,518 but that was still down 19.7% from December 2020.

Over at the **Port of Long Beach**, the 241,643 inbound loads in December were down 32.6% from a year earlier and 40.5% from December 2020. Outbound loads (115,782) were up 1.6% year-over-year but down 12.5% from December 2020. Total traffic at the port YTD (9,133,657) was down 2.7% from 2021 but up 12.6% from 2020.

Collectively, inbound loads through the two **San Pedro Bay** ports in December (593,689) were down 20.2% from the previous December and off by 31.5% from December 2020. For the year as a whole, inbound loads (9,334,525) were down 7.5% from 2021 but up 5.8% from a chaotic 2020. Outbound loads through the two ports (212,300) in December were up 14.9% year-over-year but down 16.0% from December 2020. For all of 2022, outbound loads (2,601,967) were off 0.8% and down 13.5% from 2020. Counting both loaded and empty containers, total traffic through the San Pedro Bay gateway in 2022 (19,044,816) was down 5.1% from a year earlier but up 9.9% from 2020.

The ports' East Coast rival, the **Port of New York/New Jersey**, has yet to post its December statistics, but it's unlikely it will exceed the Port of LA's total container traffic for the year. The McCown Report thinks that LA might have handled over 30,000 more inbound loads in December than did PNYNJ, while the latter shipped nearly 24,000 more outbound loads than did LA. We'll wait for PNYNJ to confirm those estimates.

At the **Port of Oakland**, the 65,566 inbound loads that arrived in December were the fewest in any December dating back to 2013. Outbound loads (58,302) did represent a 4.6% year-over-year gain, but that only made this December the least busy December for outbound loads

NUMBER OF THE MONTH

1%

"…from 2010 to 2019 [California GHG] emissions declined by about 1 percent annually. In contrast, meeting statutory statewide emission reduction goals would require average annual reductions of 4 percent from 2019 to 2030, and 9 percent between 2030 and 2045."

Nonpartisan Legislative Analyst Office report on "Assessing California's Climate Policies – The 2022 Scoping Plan Update

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December Tallies Continued

since 2001. On a YTD basis, Oakland's 990,820 inbound loads were down 6.1% from 2021 and down 0.5% from 2020. Total container traffic through the Bay Area port last year amounted to 2,337,125, a 4.5% drop from the previous year. Oakland officials attributed the drop in inbound loads to high levels of domestic inventories curbing demand for new imports.

The **Northwest Seaport Alliance** (Ports of Tacoma and Seattle) recorded 85,183 import loads in December, the lowest number for any December since the two ports began operating jointly. This December's container import volume was down 12.4% from a year earlier and down 30.4% from December 2020. For the year as a whole, import loads (1,258,631) were 14.1% lower than in 2021 but were up 0.4% from 2020. Export loads in December (46,781) were up 14.9% year-over-year but down 26.7% from December 2020. For the entire year, the NWSA reported 555,556 export loads, down 19.7% from 2021 and 29.7% from 2020. Total container traffic through the ports in 2022 (3,384,018) was off by 9.4% from a year earlier. It was also 10.9% below the peak set in 2018.

At British Columbia's **Port of Vancouver**, inbound loads in December plummeted by 32.3% to 98,438 from 145,373 a year earlier and by 41.2% from the 167,466 inbound loads the port handled in December 2020. YTD, however, the 1,835,407 inbound loads handled in all of 2022 were down just 3.9% from 2021's tally. By contrast, outbound loads (53,397) in December were up 8.8% from the last month of 2021 but down by 39.5% from December 2020. For the year, outbound loads (703,005) were down 20.0% from 2021 and down 32.6% from 2020. Total container traffic in 2022 amounted to 3,557,294, a 3.3% fall-off from a year earlier.

Further north, the **Port of Prince Rupert** continued to underperform its past in December. Inbound loads (43,045) were not just down by 25.3% from December 2021, it was the lowest volume since December 2016. For the year, inbound loads amounted to 535,969, the lowest annual volume since 2017. Export loads (12,274) in December and 136,531 for the year were the fewest in any year since… well, the port's online records don't go back before 2013. Counting loads and empties, total container traffic in 2022 (1,035,639) was at the lowest level since 2017.

The **Port of Virginia** saw a 20.5% year-over-year drop in inbound loads in December to 125,715 from 157,590. For the entire year, inbound loads (1,728,911) were up 2.9% over 2021. Outbound loads (90,838) were meanwhile up 2.4% in December and 2.5% for the year as a whole. Total container traffic (3,703,230) in 2022 was up 5.1% from 2021.

At the **Port of Charleston**, inbound loads in December (104,336) were down 12.1% year-over-year, while outbound loads (63,320) were up 10.8% over the last month of 2021. For all of 2022, inbound loads (1,383,490) were up 6.8% from 2021, but outbound loads (665,458) were down 18.3% from 2021. Total YTD traffic of 2,792,313 represented a modest 1.5% gain over 2021, but a 20.9% jump over 2020.

Down at the **Port of Savannah**, inbound loads (217,628) were down 8.7% from a year earlier, while outbound loads (107,724) surged by 27.0% from December 2021. For the entire year, inbound loads (2,873,100) were up 2.6%, while outbound loads (1,282,233) slipped by 2.4%. Total traffic through the port in December (440,759) was down 5.2% from December 2021. Total container traffic for the year amounted to 5,892,131, a 5.0% increase over 2021.

At the **Port of Houston**, inbound loads (136,055) in December were down 8.3% year-over-year, while outbound loads (107,576) were up by 18.7%. YTD, inbound loads (1,916,586) topped the previous year by 17.3% and 2020 by a remarkable 47.8%. Outbound loads in all of 2022 (1,268,440) similarly exceeded the 2021 total by 18.7%. Total container traffic through the Texas gateway in 2022 amounted to 3,974,901 loads and empties, a 15.1% gain over 2021 and a 32.4% increase over 2020.

The National Retail Federation's Global Port Tracker projects that December will see the arrival of 1.88 million inbound loads, which would be down 10.1% from a year earlier. Inbound loads for the year as a whole would therefore total an estimated 25.7 million inbound loads, down 0.7% from the all-time annual record of 25.8 million inbound loads set in 2021.

For the Record: The Complete November TEU Numbers

November was another sluggish month for container import traffic through the major Pacific Coast ports.

The **Port of Los Angeles**, long the nation's busiest container port, retained that distinction in November, but only on a year-to-date basis. For the fourth consecutive month, LA ran second to the **Port of New York/New Jersey** in November. The year's penultimate month saw the East Coast hub handle 42,578 more inbound loads than LA and 19,995 more outbound loads. PNYNJ even exceeded LA in outbound empties by 23,653. Only in the category of inbound empties did LA come out on top, 4,476 to 1,975. Total container traffic through PNYNJ in November (723,069) exceeded LA's total by 83,725.

Activity was mixed at the **Port of Long Beach**. The 259,442 inbound loads that arrived in November represented the lowest number in any previous November at that port dating back to 2011. Outbound loads, on the other hand, were up 13.8% year-over-year to 124,988, the highest of any North American port, ahead of Houston (118,187), PNYNJ (110,111), Savannah (108,577), and Los Angeles (90,116).

November at the **Port of Oakland** was relatively unharried. The 184,606 loads and empties that passed through the Northern California gateway were the fewest in any other November since 2009. The 65,566 inbound loads were the fewest the port had seen in any previous November since 2013. As for the port's outbound trade, every other November in this century saw a higher volume than the 58,302 outbound loads that left the Bay Area port this November. YTD, the 2,74,098 loads and empties processed by the port represented the lowest volume since 2016.

Further north, the 86,708 inbound loads handled by the Northwest Seaport Alliance **Ports of Tacoma and Seattle** were the fewest in any previous November since 2014, while no other November in the years since the two ports began operating jointly saw a smaller volume than the 48,931 export loads that left the two ports this November. Total YTD container traffic through November amounted to 3,152,219, down 9.5% from a year earlier.

Exhibit 1 displays the inbound loaded TEU traffic statistics for November 2022 as reported by the nineteen North American ports that have provided us with detailed container trade statistics. USWC ports handled 251,961 fewer inbound loads in November than they had a year earlier for a 25.4% drop, and 316,268 fewer than they had processed in November 2020, a 30.0% decline.

Compared with the numbers from pre-pandemic times, inbound loads through the Big Five USWC ports this latest November were down 11.7% from November 2019 and by 21.6% from November 2018.

The numbers from the seventeen U.S. ports we monitor are consistent with the Global Port Tracker's finding that the thirteen U.S. ports it monitors collectively handled 1.78 million inbound loads in November. GPT says that was down 15.8% from November 2021, while our numbers reveal a 15.9% decline. (We survey all of the ports GPT tracks but add Boston, New Orleans, San Diego, and Hueneme to our tally.)

Exhibit 1 November 2022 - Inbound Loaded TEUs at Selected Ports

	Nov 2022	Nov 2021	% Change	Nov 2020	% Change	Nov 2022 YTD	Nov 2021 YTD	% Change	Nov 2020 YTD	% Change
Los Angeles	307,080	403,444	-23.9%	464,820	-33.9%	4,623,689	5,128,035	-9.8%	4,366,177	5.9%
Long Beach	259,442	362,394	-28.4%	382,677	-32.2%	4,117,147	4,223,161	-2.5%	3,592,269	14.6%
San Pedro Bay Total	**566,522**	**765,838**	**-26.0%**	**847,497**	**-33.2%**	**8,740,836**	**9,351,196**	**-6.5%**	**7,958,446**	**9.8%**
Oakland	68,646	83,097	-17.4%	78,048	-12.0%	925,254	976,561	-5.3%	905,758	2.2%
NWSA	86,708	125,892	-31.1%	117,151	-26.0%	1,173,448	1,367,378	-14.2%	1,131,351	3.7%
Hueneme	10,930	9,882	10.6%	5,276	107.2%	126,505	91,822	37.8%	44,687	183.1%
San Diego	6,004	6,062	-1.0%	7,106	-15.5%	72,396	74,537	-2.9%	68,469	5.7%
USWC Total	**738,810**	**990,771**	**-25.4%**	**1,055,078**	**-30.0%**	**11,038,439**	**11,861,494**	**-6.9%**	**10,108,711**	**9.2%**
Boston	9,892	5,883	68.1%	10,461	-5.4%	79,545	86,866	-8.4%	124,984	-36.4%
NYNJ	349,658	382,074	-8.5%	382,912	-8.7%	4,500,840	4,194,640	7.3%	3,562,361	26.3%
Virginia	123,178	141,617	-13.0%	125,214	-1.6%	1,603,186	1,521,939	5.3%	1,193,758	34.3%
South Carolina	99,380	127,081	-21.8%	93,369	6.4%	1,279,154	1,176,191	8.8%	939,434	36.2%
Georgia	219,089	236,991	-7.6%	234,583	-6.6%	2,655,473	2,562,892	3.6%	2,081,975	27.5%
Jaxport	27,694	24,469	13.2%	27,027	2.5%	294,734	287,358	2.6%	289,729	1.7%
Port Everglades	27,560	34,238	-19.5%	26,280	4.9%	355,673	333,036	6.8%	271,126	31.2%
Miami	43,593	37,943	14.9%	45,816	-4.9%	485,435	497,177	-2.4%	396,239	22.5%
USEC Total	**900,044**	**990,296**	**-9.1%**	**945,662**	**-4.8%**	**11,254,040**	**10,660,099**	**5.6%**	**8,859,606**	**27.0%**
New Orleans	7,799	9,361	-6.7%	10,915	-28.5%	108,102	116,383	-7.1%	126,088	-14.3%
Houston	164,619	152,528	7.9%	122,475	34.4%	1,780,531	1,485,724	19.8%	1,167,929	52.5%
USGC	**172,418**	**161,889**	**6.5%**	**133,390**	**29.3%**	**1,888,633**	**1,602,107**	**17.9%**	**1,294,017**	**46.0%**
Vancouver	139,767	125,017	11.8%	162,436	-14.0%	1,736,969	1,763,643	-1.5%	1,603,118	8.3%
Prince Rupert	37,030	34,423	7.6%	51,272	-27.8%	492,904	489,348	0.7%	584,435	-15.7%
British Columbia Total	**176,797**	**159,440**	**10.9%**	**213,708**	**-17.3%**	**2,229,873**	**2,252,991**	**-1.0%**	**2,187,553**	**1.9%**

Source Individual Ports

Exhibit 2 November 2022 - Outbound Loaded TEUs at Selected Ports

	Nov 2022	Nov 2021	% Change	Nov 2020	% Change	Nov 2022 YTD	Nov 2021 YTD	% Change	Nov 2020 YTD	% Change
Los Angeles	90,116	82,741	8.9%	130,976	-31.2%	1,090,566	1,113,274	-2.0%	1,411,202	-22.7%
Long Beach	124,988	109,821	13.8%	117,283	6.6%	1,299,100	1,323,999	-1.9%	1,343,518	-3.3%
San Pedro Bay Totals	**215,104**	**192,562**	**11.7%**	**248,259**	**-13.4%**	**2,389,666**	**2,437,273**	**-2.0%**	**2,754,720**	**-13.3%**
Oakland	63,283	72,155	-12.3%	79,667	-20.6%	702,495	796,651	-11.8%	852,470	-17.6%
NWSA	48,931	59,341	-17.5%	72,746	-32.7%	508,776	650,743	-21.8%	726,771	-30.0%
Hueneme	3,624	3,836	-5.5%	1,318	175.0%	36,454	28,280	28.9%	11,167	226.4%
San Diego	706	652	8.3%	450	56.9%	10,430	5,838	78.7%	3,132	233.0%
USWC Totals	**331,648**	**328,546**	**0.9%**	**402,440**	**-17.6%**	**3,647,821**	**3,918,785**	**-6.9%**	**4,348,260**	**-16.1%**
Boston	3,362	4,560	-26.3%	6,298	-46.6%	33,356	61,044	-45.4%	71,922	-53.6%
NYNJ	110,111	118,155	-6.8%	118,762	-7.3%	1,196,204	1,252,594	-4.5%	1,217,152	-1.7%
Virginia	92,988	84,002	10.7%	83,705	11.1%	985,309	1,049,588	-6.1%	940,684	4.7%
South Carolina	56,283	67,639	-16.8%	64,447	-12.7%	602,138	757,830	-20.5%	707,573	-14.9%
Georgia	108,577	102,508	5.9%	113,357	-4.2%	1,241,126	1,297,434	-4.3%	1,309,097	-5.2%
Jaxport	45,705	46,961	-2.7%	43,814	4.3%	501,515	533,970	-6.1%	467,398	7.3%
Port Everglades	32,213	31,605	1.9%	31,476	2.3%	375,810	356,391	5.4%	310,684	21.0%
Miami	22,627	24,040	-5.9%	25,633	-11.7%	280,763	311,869	-10.0%	316,216	-11.2%
USEC Totals	**471,866**	**479,470**	**-1.6%**	**487,492**	**-3.2%**	**5,216,221**	**5,620,720**	**-7.2%**	**5,340,726**	**-2.3%**
New Orleans	16,008	18,818	-14.9%	22,781	-29.7%	209,913	229,047	-8.4%	255,768	-17.9%
Houston	118,187	94,409	25.2%	102,755	15.0%	1,160,864	978,322	18.7%	1,124,005	3.3%
USGC Totals	**134,195**	**113,227**	**18.5%**	**125,536**	**6.9%**	**1,370,777**	**1,207,369**	**13.5%**	**1,379,773**	**-0.7%**
Vancouver	66,167	55,702	18.8%	82,062	-19.4%	649,608	829,345	-21.7%	954,878	-32.0%
Prince Rupert	9,263	8,375	10.6%	12,949	-28.5%	124,257	143,862	-13.6%	174,880	-28.9%
British Columbia Totals	**75,430**	**64,077**	**17.7%**	**95,011**	**-20.6%**	**773,865**	**973,207**	**-20.5%**	**1,129,758**	**-31.5%**

Source Individual Ports

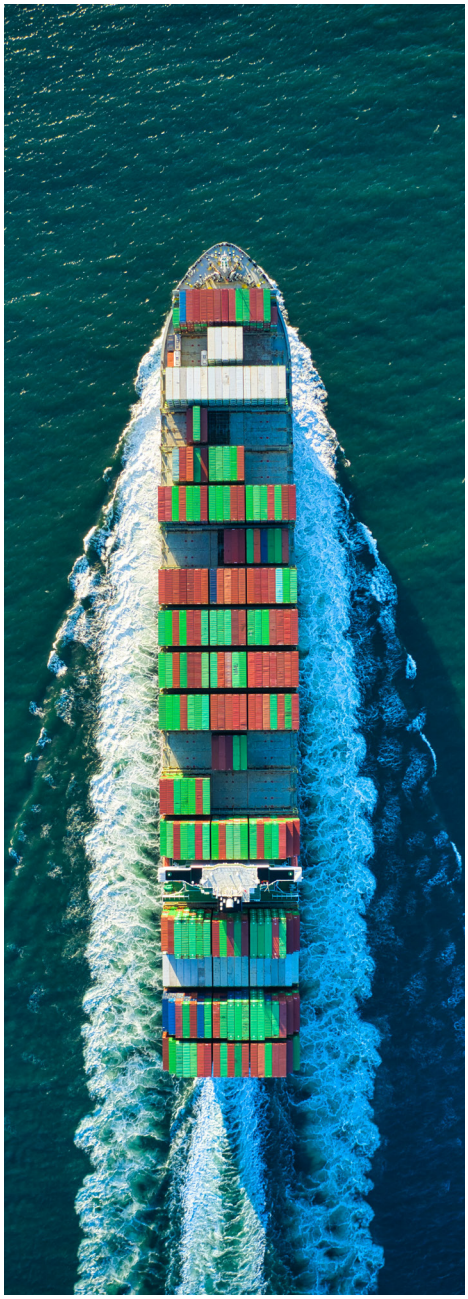


Exhibit 3 November 2022 YTD Total TEUs

	Nov 2022 YTD	Nov 2021 YTD	% Change	Nov 2020 YTD	% Change
Los Angeles	9,182,287	9,891,020	-7.2%	8,334,212	10.2%
NYNJ	8,880,653	8,215,176	8.1%	6,876,744	29.1%
Long Beach	8,589,554	8,630,054	-0.5%	7,297,432	17.7%
Georgia	5,451,372	5,148,213	5.9%	4,234,732	28.7%
Houston	3,682,874	3,150,062	16.9%	2,724,271	35.2%
Virginia	3,429,265	3,197,305	7.3%	2,553,014	34.3%
Vancouver	3,350,281	3,424,335	-2.2%	3,146,221	6.5%
NWSA	3,152,217	3,482,104	-9.5%	3,018,119	4.4%
South Carolina	2,572,963	2,505,245	2.7%	2,100,390	22.5%
Oakland	2,174,098	2,278,583	-4.6%	2,252,923	-3.5%
Montreal	1,596,750	1,585,465	0.7%	1,467,501	8.8%
JaxPort	1,217,060	1,269,568	-4.1%	1,179,338	3.2%
Miami	1,090,902	1,133,589	-3.8%	971,033	12.3%
Port Everglades	1,002,907	973,677	3.0%	848,303	18.2%
Prince Rupert	948,874	944,806	0.4%	1,031,304	-8.0%
Philadelphia	707,503	682,983	3.6%	589,094	20.1%
Mobile	516,190	463,027	11.5%	380,348	35.7%
New Orleans	398,260	451,420	-11.8%	523,081	-23.9%
Hueneme	243,283	199,756	21.8%	98,156	147.9%
Portland, Oregon	156,140	93,075	67.8%	49,826	213.4%
Boston	155,554	176,717	-12.0%	242,984	-36.0%
San Diego	148,586	146,014	1.8%	136,377	9.0%

Source Individual Ports

November 2022 TEU Numbers Continued

Exhibit 2 displays the outbound loaded TEU numbers for November. Once again, the figures are not indicative of a nation with a thriving maritime export trade, at least in the types of commodities usually transported overseas in containers. Outbound loads through USWC ports did show a 0.9% (+3,102) year-over-year increase in November, but outbound loads were still down by 17.6% (-70,792) from November 2020.

Compared with figures from pre-pandemic times, outbound loads through the Big Five USWC ports this latest November were down 20.6% from November 2019 and by 22.7% from November 2018.

Exhibit 3 shows the total (full + empty) YTD container traffic over the first eleven months of 2022 at the twenty-three North American ports that provide with comparable monthly container statistics.

Exhibit 4 Major USWC Ports Shares of U.S. Mainland Ports Worldwide Container Trade, November 2022

	Nov 2022	Oct 2022	Nov 2021
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	**30.5%**	**31.2%**	**34.6%**
LA/LB	21.4%	22.5%	25.3%
Oakland	3.4%	3.0%	3.2%
NWSA	4.0%	3.9%	3.9%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	**36.0%**	**36.7%**	**40.5%**
LA/LB	27.4%	28.4%	31.3%
Oakland	2.7%	2.7%	2.7%
NWSA	4.7%	4.5%	5.0%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	**34.1%**	**32.1%**	**33.9%**
LA/LB	20.7%	18.6%	18.8%
Oakland	5.8%	6.0%	7.6%
NWSA	6.4%	6.3%	6.3%
Shares of U.S. Mainland Conatainerized Export Value			
USWC	**28.4%**	**27.1%**	**29.1%**
LA/LB	18.0%	17.1%	15.9%
Oakland	5.7%	5.8%	8.6%
NWSA	3.6%	3.4%	3.6%

Source: U.S. Commerce Department.

Exhibit 5 Major USWC Ports Shares of U.S. Mainland Ports Containerized Trade with East Asia, November 2022

	Nov 2022	Oct 2022	Nov 2021
Shares of U.S. Mainland Ports Containerized Import Tonnage			
USWC	**47.9%**	**49.9%**	**55.1%**
LA/LB	36.5%	38.4%	43.1%
Oakland	3.6%	3.6%	3.8%
NWSA	6.6%	6.4%	6.1%
Shares of U.S. Mainland Ports Containerized Import Value			
USWC	**54.5%**	**54.9%**	**60.8%**
LA/LB	43.0%	43.5%	48.5%
Oakland	3.1%	3.3%	3.3%
NWSA	7.2%	6.8%	7.4%
Shares of U.S. Mainland Containerized Export Tonnage			
USWC	**56.3%**	**54.7%**	**56.3%**
LA/LB	35.5%	32.6%	33.8%
Oakland	8.1%	9.1%	10.6%
NWSA	11.2%	11.4%	10.9%
Shares of U.S. Mainland Conatainerized Export Value			
USWC	**57.1%**	**55.0%**	**57.4%**
LA/LB	37.2%	35.7%	34.2%
Oakland	9.8%	10.5%	14.5%
NWSA	8.3%	7.5%	7.5%

Source: U.S. Commerce Department.

November 2022 TEU Numbers Continued

Weights and Values

Here we offer an alternative to the customary TEU metric for gauging containerized trade. The percentages in **Exhibits 4 and 5** represent U.S. West Coast shares of the box trade through mainland U.S. ports. They are derived from data compiled by the U.S. Commerce Department from documentation submitted by the importers/exporters of record. Both exhibits provide evidence in terms of both cargo weight and dollar value of the diminishing role West Coast ports generally have been playing in handling containerized imports, especially with respect to shipments arriving from East Asia. There has, however, been a very recent uptick in the percentage of the country's containerized export trade leaving the San Pedro Bay ports.

Time Capsule

A hundred years ago, U.S. trade was less oriented toward East Asia than it is now. Dealing with historic statistics can be tricky because of methodological differences. For example, it's not entirely clear which countries defined by 2022 boundaries were subsumed into 1922 regions. For another thing, containers did not exist in 1922. So these shares are denominated in terms of the value of imports and exports, regardless of mode of transport. That's why the North American (Canada and Mexico) share of U.S. trade has grown in the last hundred years.

Still, we think **Exhibits 6 and 7** should be of some interest in illuminating shifts in U.S. import and export trade over the past century.

New Bottles for New and Aged Wines

It should surprise no one that California ports handle the majority of the glass containers the American wine industry imports by sea. (Mexico and Canada are actually the two largest suppliers, but virtually all of that trade is overland.) Through November, 41.2% of the 1,343,427 metric tons of glass wine bottles imported through U.S. mainland ports came through the Port of Oakland, with another 17.9% entered through the San Pedro Bay ports. That, coincidentally, was also the share held by the Port of New York/New Jersey. By further coincidence, the Ports of Norfolk and Houston both held 4.5% shares. Another 1.3% of the trade came through the Northwest Seaport Alliance Ports of Tacoma and Seattle.

It should also surprise no one that China was the leading supplier of all those bottles destined to be filled with wine. Its 21.8% share of the 2022 trade through November was up slightly from 21.3% a year earlier. However, in pre-pandemic 2019, China supplied fully 50.0% of America's oceanborne imports of glass wine bottles.

France was the next largest source, with a 12.2% share through November in 2022, down from 21.0% at that stage a year earlier.

Exhibit 6

A Century of Change in U.S. Import Sources: 1922 vs. 2022

Source: U.S. Commerce Department and CQ Researcher

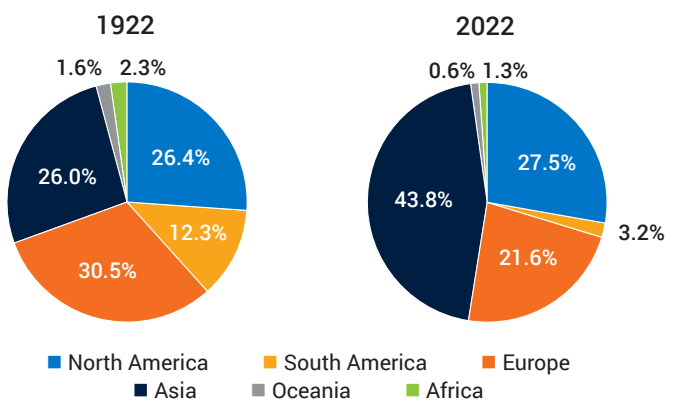
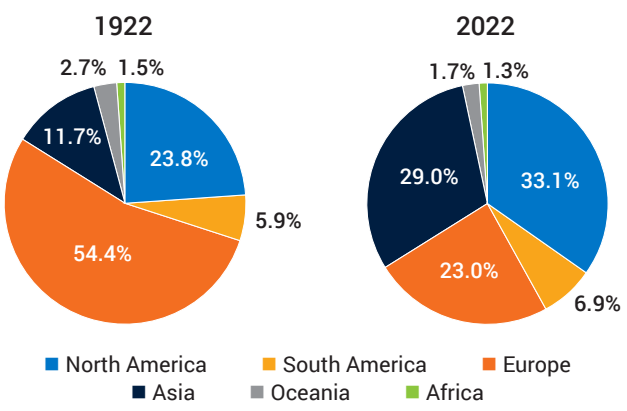


Exhibit 7

A Century of Change in U.S. Export Markets: 1922 vs. 2022

Source: U.S. Commerce Department and CQ Researcher



November 2022 TEU Numbers Continued

What may surprise many is that the fastest growing supplier of wine bottles to the U.S. is the United Arab Emirates, a land not commonly associated with the consumption of alcoholic beverages. Through November of 2022, the U.A.E. share surged from a negligible 1.6% last year to a robust 11.4%.

If France is overtaken by the U.A.E. as a leading source of U.S. wine bottle imports, it's their own fault. The French company Saverglass, a major manufacturer of glass bottles for perfumes, cosmetics, and wines, launched its first facility outside of Europe in 2013 in Ras al-Khaimah in the UAE.

Nuts

Maybe it's been inflation, but the latest statistics from the Almond Board of California suggest that Americans have been cutting back on their consumption of almonds. In the current crop year, which started on August 1, domestic shipments (296,825,549 pounds) through December have been down 8.7% from the 325,182,115 pounds shipped during the same period a year earlier. Domestic shipments in December alone were down 18.4% from the last month of 2021.

Foreigners, on the other hand, are apparently still big fans of the California nut. That's good news for almond growers and processors, since over 70% of California's almonds are exported. While foreign shipments in the current crop year (745,114,784 pounds) have been up 1.2% year-over-year, exports in December (153,880,789 pounds) jumped up by 23.6% over a year earlier.

California's walnut growers count on foreigners to buy over 60% of their crop. The California Walnut Board reports that exports in December were up 4.4% from a year earlier, while exports in the current crop year (which began on September 1) did see a 0.8% fall-off from the same period in 2021. Domestic shipments in the current crop year were up 10.8%, with shipments in December alone surging by 21.7%.

Domestic shipments of pistachios in December came in 2.1% below the previous December, but shipments to foreign markets soared by 80.5%, according to the committee administering federal market orders for pistachios.

Rust Never Sleeps

The ill-fated Queen Mary, which is in the process of completing $6 million in emergency repairs, recently reopened for limited public tours of sections of the ship. The vessel/hotel has been closed since March 2020 and since then has endured a federal bankruptcy hearing, missing public funds, and removal of its iconic lifeboats in order to ensure public safety and lessen the strain on the ship's structural integrity. That aside, it's in ship shape condition.

Jock O'Connell's Commentary:

Are Shippers Finding a New Groove?

As the year 2023 gets underway, a leading candidate for January's word-of-the-month could be "elasticity". It's an easily understood if frequently misused term. In this case, it would not be surprising to see it pop up in conversations about how much of America's containerized import trade will revert back to U.S. West Coast (USWC) ports once a new longshore labor contract is in place. Whether or not it finds its way into the maritime trade lexicon, we are going to be hearing a torrent of speculation over how much of the nation's box trade will have found new, permanent grooves for moving goods to market.

Fears of labor-related disruptions at USWC ports – like those in the fall and winter of 2014-15 – have prompted shippers to divert container traffic to East and Gulf Coast ports. As one prominent maritime industry journalist observed in a January 12 article: "Cargo diversions began in early 2022, ahead of contract talks that began in May".

Unfortunately, that timeframe is being widely used as the reference point for explaining the gains in market share being reported by East and Gulf Coast ports.

Am I alone in thinking that's a remarkably myopic view? Certainly, such concerns as the impact of California's penchant for regulatory excess have played a role in driving up the cost of shipping through the state's ports and thus driving away container traffic. After all, the USWC share of America's transpacific containerized import trade has been ebbing for decades. Twenty years ago, in 2003, the Big Five USWC ports (Los Angeles, Long Beach, Oakland, Seattle, and Tacoma) handled 73.9% of all containerized import tonnage shipped from East Asia through mainland U.S. ports. Last year, their collective share was 52.0%. A decline of that magnitude is hard to pin solely on an occasionally obstreperous trade union, but there are those who will evidently try.

Obsessing about the latest twists in contract negotiations may provide grist for news articles and editorials, but it occludes a broader, more accurate interpretation of shifts in maritime trade, one that places much more emphasis on the physical infrastructure linking ports to markets than on the quality of labor relations.

It might be conceptually helpful to reverse the conventional diversion equation by asking why so much of America's containerized imports from East Asia had long been routed through ports along the Pacific Coast when, both in terms of population and industrial output, most of the U.S. economy lies a continent away, often only a relatively short distance from ports in coastal states from Maine to Texas.

The answer involves a long story, one that can be traced back to the day in February 1784 when the propitiously named *Empress of China* sailed out of New York harbor bound for Canton (now Guangzhou). It was the first American vessel to make the voyage, and among the goods it brought back fourteen months later was a fine set of porcelain tableware snapped up by George Washington.

Commentary Continued

Today, we tend to think of the China trade as something recent, dating back perhaps to Deng Xiaoping's economic reforms or the establishment of diplomatic relations with the United States in 1979 or the country's accession to the World Trade Organization in 2001. But the fact is that Americans have long been fascinated with the promise of fortunes to be made there and with the challenges of getting there and back as quickly as possible and with minimal loss of cargo. The race to China spawned the era of the fast clipper ships that sacrificed space for speed, but for a few Americans that mode of transport was not good enough.

The names Thomas Hart Benton and Asa Whitney are seldom, if ever, mentioned these days in conversations about America's maritime infrastructure. That's a shame because of the foundational role both played during the first half of the 19th century in fostering a national consensus in favor of a transcontinental railroad that would facilitate trade with Asia. The system of seaports and railroads we now have for transporting goods between the Pacific Rim and the major markets of North America is a legacy of their early work in persuading a nation with deep European cultural and commercial roots to look not just westward across the continent but westward across the Pacific, in the process embracing what was, certainly for that time, a truly audacious ambition.

Benton represented Missouri in the U.S. Senate from 1821 through 1851. As one of his biographers has written: "His long political career was rooted in a vision of American empire extending to the Pacific Coast and powered by Asian commerce." He presciently began espousing his notion of a pathway to the Pacific in a series of editorials in the *St. Louis Enquirer* in the fall of 1819, six years before the first steam-driven railway was opened in England. He remained an outspoken and influential advocate for expanding America's trade with the Orient.

Whitney, a Connecticut Yankee who had made his fortune trading in Canton in the early 1840s, was likewise determined to facilitate business with China through a new route across the still unformed nation. In 1848, Whitney devised a novel map of the world (a copy of which is housed at Stanford University's library) which placed the United States at its center, a position from which it could serve as the key link in a trading system spanning the globe from Asia to Europe.

Whitney was a tireless promoter of a plan to construct a railroad from the shores of Lake Michigan to the mouth of the Columbia River. With Benton pushing his own vision in the Senate, and with Manifest Destiny the byword of the age, the result was the creation of a broad political and popular consensus that ultimately made it possible for others to construct the railroads. Witness the very similar language in the 1856 electoral platforms of both the Democratic and Republican Parties:

Resolved: That the Democratic party recognizes the great importance…of a safe and speedy communication, by military and postal roads…between the Atlantic and Pacific coasts of this Union, and that it is the duty of the Federal Government to exercise promptly all its constitutional power to the attainment of that object, thereby…opening to the rich commerce of Asia an overland transit from the Pacific to the Mississippi River, and the great lakes of the North.

Meanwhile, the Republican platform resolved: *That a railroad to the Pacific Ocean by the most central and practicable route is imperatively demanded by the interests of the whole country, and that the Federal Government ought to render immediate and efficient aid in its construction.*

I'll reserve the story of how the railroads eventually found their way to the shores of Puget Sound and into Northern and Southern California for another time.

BITS & BITES

Sanity Makes a Comeback

Just when you thought there was no hope for sanity, moderation, and rationale thought in government, long-suffering Seattle Moderates got welcome news this week: the Socialist Alternative City Councilmember announced she wasn't running for re-election this year. She did say that the billionaires shouldn't reach for their martinis too quickly. For the rest of us, let's break out the Bombay Gin!

Commentary Continued

For now, though, the point of this diversion into history is to remind everyone how the investments made in developing the nation's transportation infrastructure in the 19th century gave the ports of California, Oregon, and Washington a strategic advantage in serving the transpacific trade, an advantage that is now being steadily eroded by 21st century investments in America's maritime infrastructure as well as in that bigger set of locks through Panama.

Too often, the existing layout of the supply chain can be seen as immutable, leading many observers to believe it is almost divinely-ordained that USWC ports should be the default gateways for America's container trade with East Asia. It was not that long ago that serious analysts scoffed at the notion that East and Gulf Coast ports could compete for sizable shares of the transpacific trade.

Consider a 2009 analysis of the competitive position of the San Pedro Bay ports in a *Supply Chain Quarterly* article. Extrapolating from data compiled by what was then known as the *IHS Global Insight's U.S. Inland Trade Monitor*, the article concluded that the Ports of Los Angeles and Long Beach had little to worry about diversion because: "*All-water is unlikely to pose a significant threat, as only a small percentage of imports that leave the San Pedro Bay for inland destinations are bound for the U.S. East and Gulf coasts…and the cargo best suited for the Panama Canal is already moving through there*." [Emphasis added.]

Similarly, a 2007 container forecast for the San Pedro Bay ports downplayed the potential for diversion to East and Gulf Coast ports: "The Panama Canal is becoming congested, more expensive, and less reliable, and will have limited reserve capacity even when new locks are built."

Clearly, these conclusions no more deterred East and Gulf Coast port authorities, not to mention the proprietors of the Panama Canal, than the daunting realities of building transcontinental railroads silenced people like Benton and Whitney.

The shift in container trade away from USWC ports in the past decade was not entirely unforeseen. A 2012 study by the Army Corps of Engineers anticipated that the expansion of the Panama Canal "could provide a significant competitive opportunity for U.S. Gulf and South Atlantic ports and for U.S. inland waterways – if we are prepared". And Congress hardly stinted on funding the needed preparations, etching new grooves in the global trading system by ensuring that East and Gulf Coast ports would be able to handle increasingly larger numbers of containers borne on increasingly larger vessels.

BITS & BITES

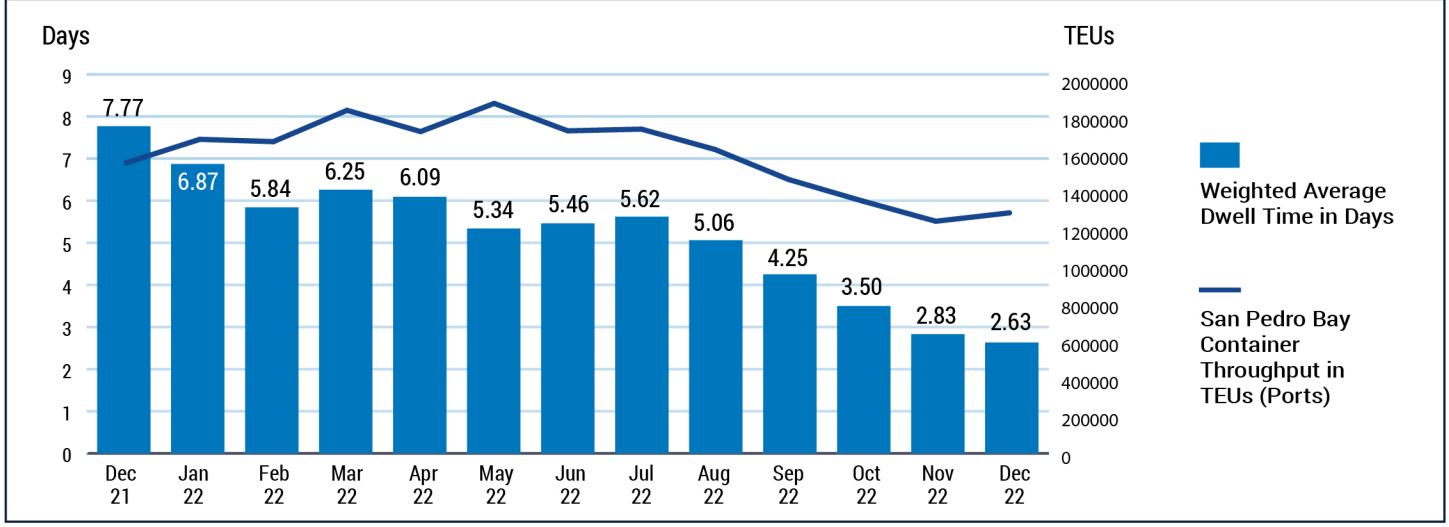
Container Dwell Time Drops Significantly

During the month of December, local containers leaving the terminals by truck remained an average of 2.6 days, the lowest since June 2020.

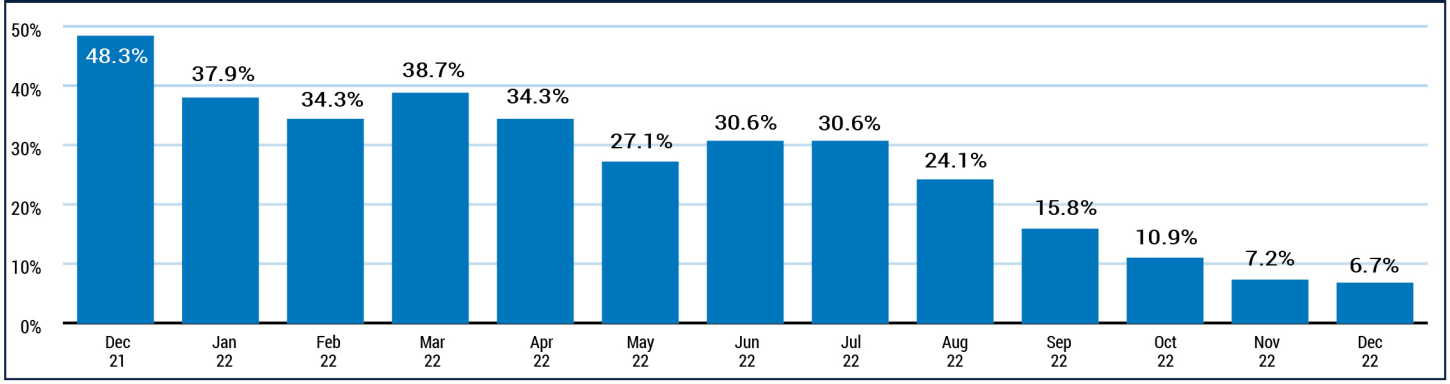
For rail-bound containers, the average dwell time in December was 4.9 days, a significant reduction from November. Rail cargo velocity has shown major improvements. Thank you to all stakeholders for these tremendous results.

Container Dwell Time Down in December

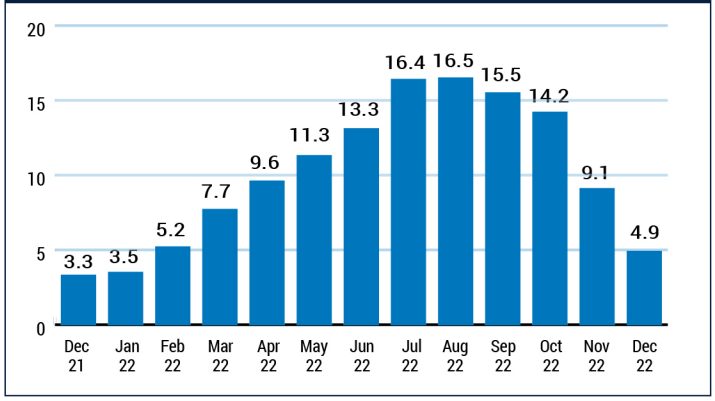
San Pedro Bay Weighted Average Inbound Laden Container Dwell Time in Days



Dwell Time in Days % > 5 Days



Rail Dwell Time in Days



Rail Dwell Time in Days % > 5 Days