



January 2021

A First Glimpse at December's TEU Counts

Note: The ports we survey take anywhere from a few days to a few weeks to report their container trade statistics. The Port of Oakland is normally the first to post these numbers, while the Port of New York/New Jersey is nearly always the last. For example, in what we can only hope might be a foreshadowing of this year's American League pennant race, both the Ports of Oakland and [attention: Yankees fans] Boston posted their December TEU numbers by January 11, the very same day PNYNJ released its November tallies. Still, because West Coast ports are generally much quicker in releasing their monthly TEU tallies than their rival ports elsewhere in the country, these "First Glimpse" numbers are necessarily incomplete and may give a misleading indication of the latest trends.

In a January 8 press release, the National Retail Federation's Global Port Tracker estimated that 2.02 million TEUs of imported merchandise arrived at U.S. ports in December. That would represent a 17.3% year-over-year gain, a decidedly more optimistic outlook than

the 1.91 million TEUs (+11.0%) the Global Port Tracker had estimated just a month earlier. And that, in turn, was certainly much more upbeat than the 1.7 million TEU (-8.2%) fall-off the same forecaster had foreseen for December in its November 9 report.

Several ports have already announced their December container tallies. The Port of Long Beach reported that inbound loaded TEUs in the year's final month totaled a record 406,072, a 25.6% jump over the last month of 2019. That was also a 6.1% increase over November, indicating no relief for that port from the second-half wave of containerized imports through the port.

Things were a bit different next door as business continued to slacken at the Port of Los Angeles. Although inbound loads in December (460,865 TEUs) were up by 23.5% year-over-year, import traffic was down 0.9% from November's 464,820 volume, which in turn was down from October's 506,613 TEUs. Indeed, the year's peak month of



Photo courtesy of The Port of Oakland



A First Glimpse at December's TEU Counts [Continued](#)

import traffic at LA came in August, when 516,286 loaded TEUs were discharged at the port.

Elsewhere along the U.S. West Coast, the Northwest Seaport Alliance ports (Seattle and Tacoma) imported 122,469 laden TEUs, up 15.7% from a year earlier. That was a 4.5% improvement over November and nearly equaled the ports' busiest month (September) this year for import loads. Oakland, meanwhile, posted an 11.0% year-over-year increase in inbound loads in December. The San Francisco Bay Area port also recorded a 6.1% bump over November, a month in which Oakland's import trade suffered from congestion at the Southern California ports. Some ships that were due to call at Oakland in November did not arrive until December. And some ships simply skipped Oakland entirely and just sailed back to Asia from San Pedro Bay.

Altogether, the five major U.S. West Coast container ports saw a 22.2% (+195,780 TEUs) increase in inbound loads from December 2019. The December 2020 volume was also 3.5% (+36,933 TEUs) over the volume in the previous month.

At least statistically, the two ports in British Columbia we track went different ways in December. Inbound loads leapt by 19.1% at Vancouver but slipped by 4.3% at Prince Rupert, leaving the two with a combined 12.0% year-over-year increase.

Back East, the Port of New York/New Jersey rang up a... Frankly, we probably won't know how many TEUs PNYNJ handled in December until sometime next month, maybe

by Valentine's Day. One unofficial estimate, however, credits PNYNJ with a 22.6% year-over-year boost in inbound loads. Elsewhere, Savannah saw a remarkable 30.5% jump in inbound loads from a year earlier, while Virginia (+18.8%), and Charleston (+14.4%) also reported strong year-over-year gains in 2020's final month. The same was true of Houston, which reported a 26.4% increase in inbound loaded TEUs over last December.

Export numbers along the USWC in December were down by 3.5% (-14,317 TEUs) from a year earlier. Long Beach did post a 5.6% year-over-year gain, but that was more than offset by a 7.7% drop at Los Angeles, leaving the San Pedro Bay ports 1.2% (-2,985 TEUs) shy of the previous December's export tally. Oakland recorded a modest 0.9% (+687 TEUs) gain in loaded export containers, but export shipments from the two NWSA ports plunged by 15.8% (-12,019 TEUs).

December export numbers elsewhere were mixed. Outbound loads from Houston were down 8.7% (-9,494 TEUs) from a year earlier, while the two British Columbia ports were up by 2.6% (+2,718 TEUs). Charleston (+8.6% or +5,336 TEUs) and Virginia (+5.6% or +4,385 TEUs) have reported impressive gains in exports from December 2019.

Although inbound container loads in December were way up nationally from a year earlier, the November to December increase looks to be very slender.



Photo courtesy of The Port of Everglades



Parsing the November 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.

November 2020 Import Traffic

Inbound loads through the five major U.S. West Coast ports saw a 24.6% (+205,728 TEUs) year-over-year jump in November. Altogether, the five maritime gateways handled 1,042,693 inbound loaded TEUs, down 6.1% from the 1,110,345 inbound loads the same ports had handled a month earlier in October. The Port of Los Angeles recorded a 25.2% year-over-year leap (+93,470 TEUs), while the neighboring Port of Long Beach posted a 30.5% (+89,390 TEUs) gain. Together, the two San Pedro Bay ports handled 27.5% (+182,860 TEUs) more inbound loads than they had a year earlier. Up in the San Francisco Bay Area, the Port of Oakland reported a more modest 0.9% (+695 TEUs) increase from November 2019, owing largely to a disruption in shipping schedules caused by congestion at the San Pedro Bay ports. Meanwhile, the Northwest Seaport Alliance ports (Seattle and Tacoma) saw inbound loads soar by 23.3% (+22,173 TEUs) over the same month a year earlier.

Across the border in British Columbia, Vancouver posted another astonishing bump in inbound loads in November. However, it was a different story at Prince Rupert which saw inbound loads decline by 11.9% (-6,909 TEUs).

Exhibit 1 November 2020 - Inbound Loaded TEUs at Selected Ports						
	Nov 2020	Nov 2019	% Change	Nov 2020 YTD	Nov 2019 YTD	% Change
Los Angeles	464,820	371,350	25.2%	4,366,175	4,340,755	0.6%
Long Beach	382,677	293,287	30.5%	3,592,268	3,435,207	4.6%
San Pedro Bay Totals	847,497	664,637	27.5%	7,958,443	7,775,962	2.3%
Oakland	78,045	77,350	0.9%	905,764	893,900	1.3%
NWSA	117,151	94,978	23.3%	1,131,349	1,263,428	-10.5%
USWC Totals	1,042,693	836,965	24.6%	9,995,556	9,933,290	0.6%
Boston	10,461	11,538	-9.3%	124,984	138,196	-9.6%
NYNJ	382,912	301,123	27.2%	3,562,361	3,482,007	2.3%
Maryland	47,148	38,940	21.1%	478,291	482,847	-0.9%
Virginia	125,214	103,410	21.1%	1,193,758	1,262,673	-5.6%
South Carolina	93,369	82,785	12.8%	939,433	984,535	-4.6%
Georgia	234,583	173,863	34.9%	2,081,974	2,046,532	1.7%
Jaxport	27,027	27,390	-1.3%	289,730	325,383	-11.0%
Port Everglades	26,280	26,959	-2.5%	271,767	290,054	-6.3%
Miami	45,816	37,763	21.3%	396,239	405,593	-2.3%
USEC Totals*	992,810	803,771	23.5%	9,338,537	9,417,820	-0.8%
New Orleans	10,921	10,155	7.5%	126,094	125,470	0.5%
Houston	122,475	101,494	20.7%	1,167,929	1,144,516	2.0%
USGC Totals	133,396	111,649	19.5%	1,294,023	1,269,986	1.9%
Vancouver	162,436	123,918	31.1%	1,630,117	1,568,840	3.9%
Prince Rupert	51,272	58,181	-11.9%	584,434	616,903	-5.3%
BC Totals	213,708	182,099	17.4%	2,214,551	2,185,743	1.3%
US/BC Totals	2,187,411	1,762,156	24.1%	20,805,554	20,649,511	0.8%
US Total	2,168,899	1,752,385	23.8%	20,628,116	20,621,096	0.03%
USWC/BC	1,256,401	1,019,064	9.8%	12,210,107	12,119,033	-4.1%

Source Individual Ports



Parsing the November 2020 TEU Numbers *Continued*

Exhibit 2

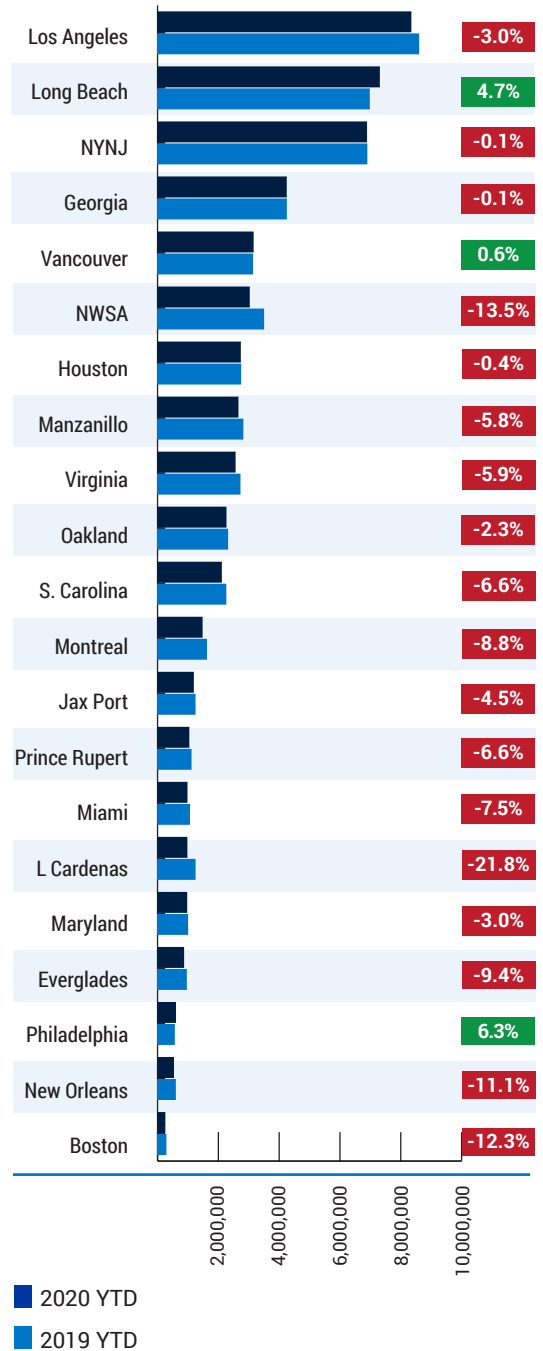
November 2020 - Outbound Loaded TEUs at Selected Ports

	Nov 2020	Nov 2019	% Change	Nov 2020 YTD	Nov 2019 YTD	% Change
Los Angeles	130,916	138,544	-5.5%	1,411,141	1,625,948	-13.2%
Long Beach	117,283	123,705	-5.2%	1,343,514	1,347,409	-0.3%
San Pedro Bay Totals	248,199	262,249	-5.4%	2,754,655	2,973,357	-7.4%
Oakland	79,667	81,780	-2.6%	852,380	856,376	-0.5%
NWSA	72,746	73,589	-1.1%	726,771	837,465	-13.2%
USWC Totals	400,612	417,618	-4.1%	4,333,806	4,667,198	-7.1%
Boston	6,298	6,128	2.8%	71,922	75,856	-5.2%
NYNJ	118,762	119,422	-0.6%	1,217,152	1,349,679	-9.8%
Maryland	21,032	20,254	3.8%	204,354	215,100	-5.0%
Virginia	89,032	77,241	15.3%	858,014	887,839	-3.4%
South Carolina	64,447	62,831	2.6%	707,572	755,059	-6.3%
Georgia	113,357	119,126	-4.8%	1,309,097	1,359,049	-3.7%
Jaxport	43,814	44,440	-1.4%	467,399	459,136	1.8%
Port Everglades	31,476	39,664	-20.6%	311,276	395,427	-21.3%
Miami	25,633	35,774	-28.3%	316,216	381,432	-17.1%
USEC Totals*	513,851	524,880	-2.1%	5,463,002	5,878,577	-7.1%
New Orleans	22,464	23,600	-4.8%	255,451	275,207	-7.2%
Houston	102,755	107,927	-4.8%	1,124,005	1,155,948	-2.8%
USGC Totals	125,219	131,527	-4.8%	1,379,456	1,431,155	-3.6%
Vancouver	82,062	91,707	-10.5%	954,878	1,035,082	-7.7%
Prince Rupert	12,949	15,250	-15.1%	174,879	174,724	0.1%
British Columbia Totals	95,011	106,957	-11.2%	1,129,757	1,209,806	-6.6%
US/Canada Total	1,134,693	1,180,982	-3.9%	12,306,021	13,186,736	-6.7%
US Total	1,039,682	1,074,025	-3.3%	11,176,264	11,976,930	-6.7%
USWC/BC	495,623	524,575	-5.7%	5,463,563	5,877,004	-7.0%

Source: Individual Ports

Exhibit 3

November Year-to-Date Total TEUs (Loaded and Empty) Handled at Selected Ports



Source: Individual Ports



Parsing the November 2020 TEU Numbers *Continued*

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

	Nov 2020	Oct 2020	Nov 2019
Shares of U.S. Mainland Ports Containerized Import Tonnage			
LA/LB	28.7%	29.2%	27.2%
Oakland	3.4%	3.5%	3.9%
NWSA	4.7%	4.5%	5.1%
Shares of U.S. Mainland Ports Containerized Import Value			
LA/LB	35.1%	36.1%	34.6%
Oakland	3.2%	3.3%	3.6%
NWSA	6.3%	6.2%	6.9%
Shares of U.S. Mainland Containerized Export Tonnage			
LA/LB	21.6%	21.4%	20.1%
Oakland	6.9%	7.1%	6.6%
NWSA	7.8%	7.6%	8.5%
Shares of U.S. Mainland Containerized Export Value			
LA/LB	20.9%	20.6%	20.4%
Oakland	8.4%	8.3%	8.2%
NWSA	4.6%	4.5%	5.0%

Source: U.S. Commerce Department.

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

	Nov 2020	Oct 2020	Nov 2019
Shares of U.S. Mainland Ports' East Asian Container Import Tonnage			
LA/LB	45.1%	45.9%	44.0%
Oakland	3.7%	3.8%	4.5%
NWSA	6.7%	6.7%	7.7%
Shares of U.S. Mainland Ports' East Asian Container Import Value			
LA/LB	51.0%	51.7%	51.4%
Oakland	3.8%	3.9%	4.3%
NWSA	9.0%	8.7%	10.0%
Shares of U.S. Mainland Ports' East Asian Container Export Tonnage			
LA/LB	33.7%	35.6%	35.0%
Oakland	8.2%	8.7%	9.3%
NWSA	11.5%	12.1%	14.6%
Shares of U.S. Mainland Ports' East Asian Container Export Value			
LA/LB	38.2%	40.1%	41.4%
Oakland	13.7%	12.4%	13.2%
NWSA	8.3%	8.6%	10.2%

Source: U.S. Commerce Department.

Along the storm-lashed Gulf Coast, the Port of Houston and the Port of New Orleans both enjoyed year-over-year gains in inbound loads. Houston's inbound traffic was up 20.7% (+20,981 TEUs), while New Orleans saw a 7.5% increase (+766 TEUs).

On the East Coast, the nine Atlantic Coast ports we monitor saw their inbound loads in November jump by 23.5% (+189,039 TEUs) from a year earlier, with the Port of Savannah seeing the briskest year-over-year growth at 34.9% (+60,720 TEUs). Not far behind in percentage terms was the Port of New York/New Jersey with a 27.2% (+81,789 TEUs) gain. Four other East Coast ports posted double-digit increases from a year earlier. Maryland was up 21.1% (+8,208 TEUs) as was Virginia (+21,804 TEUs). Miami's inbound loaded container count grew by

21.3% (+8,053 TEUs), while Charleston recorded a 12.8% increase (+10,584 TEUs). Among all U.S. mainland ports in November, only Port Everglades (-2.5%), Jaxport (-1.3%), and Boston (-9.3%) faltered.

Enough about boxes. What about the value of what's in them? Well, here are some relevant numbers. Year-over-year, the value of containerized imports from the Far East through the Port of Los Angeles and Long Beach increased by 18.9%, while the value of containerized imports through Oakland and the NWSA rose by 5.4% and 7.0%, respectively. Those bumps were overshadowed by the 34.3% increase in the value of containerized imports from the Far East in November at Savannah and the 24.1% jump at PNYNJ.



Parsing the November 2020 TEU Numbers [Continued](#)

November 2020 Outbound Traffic

Containerized export traffic has been dismal pretty much all year, and November was no exception. Still, there were notable exceptions, the most notable of which was the 15.3% (+11,791 TEUs) year-over-year boost in outbound loaded TEUs at Virginia. Among the other U.S. and Canadian ports we track, only Maryland (3.8%), Charleston (+2.6%), and, yes, Boston (+2.8%) saw gains in their export trades. Both Vancouver (-10.5%) and Prince Rupert (-15.1%) in British Columbia recorded sizable year-over-year declines in loaded TEU exports in November.

Outbound loads at Los Angeles and Long Beach in November were off by 5.4% from last November, while Oakland recorded a 2.6% fall-off. Meanwhile, export loads through the NWSA ports slipped by 1.1%. In total, outbound loads through the five major USWC ports were down by 4.1% (-17,006 TEUs) from a year earlier compared to a 2.1% (-11,029 TEUs) dip at the nine USEC ports we track.

Along the hurricane-plagued Gulf Coast, outbound loads were down by 4.8% at both New Orleans and Houston.

Not surprisingly, the value of the goods traveling in those fewer export containers diminished at the San Pedro Bay terminals by 4.7% from a year earlier, while volume of containerized shipments out of the NWSA ports plunged by 15.7%. Exports through Oakland rose in value by 6.8%, while Savannah's containerized exports to the Far East increased by 6.5%. PNYNJ saw a modest 2.5% growth in its containerized exports to the Far East.

Weights and Values

We acknowledge that the TEU is the maritime shipping industry's preferred metric. Here, though, we offer two alternative gauges – the declared weight and value of the goods housed in those TEUs. The percentages in the following exhibits are derived from data compiled by the U.S. Commerce Department and are published with a time-lag of usually five weeks.

Exhibit 4: USWC Ports and the Worldwide Container Trade. Exhibit 4 features some intriguing statistics on 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 in November slip to 28.7% from 29.2% in October while also remaining above their 27.2% share

in November 2019. Those numbers were reflected in the two ports' combined share of the value of the nation's containerized import trade, with a 35.1% share in November down from a 36.1% share in October but up from their 34.6% share last November. Meanwhile, the Port of Oakland's November share of import tonnage slipped to 3.4% from 3.5% in October and from 3.9% a year ago. Oakland's share of import value also edged lower in November to 3.2% from 3.3% in October and from 3.6% in November 2019. Further north, the two NWSA ports saw their combined share of import tonnage increase to 4.7% in November from 4.5% in October but fall from 5.1% the previous November. In value terms, the NWSA ports' import share improved to 6.3% from 6.2% in October but fell from their 6.9% share in November 2019.

On the export side, the Southern California ports gained market share over November 2019 in terms of both tonnage and value. Oakland likewise gained market share in both categories year-over-year. The November to November comparisons did not bode as well at the NWSA ports, which saw their combined share of both U.S. containerized export tonnage and value decline from a year earlier.

Exhibit 5: USWC Ports and the East Asia Trade. The Ports of Los Angeles and Long Beach saw their combined share of the nation's containerized import tonnage from East Asia in November slip to 45.1% in November from 45.9% in October. Nevertheless, the two ports' combined share of East Asian imports was up from 44.0% the previous November. The two Southern California gateways also sustained a modest dip to 51.0% from 51.7% in October and from 51.4% in November 2019 in their joint share of the declared value of those imports. Elsewhere along the coast, Oakland's 3.7% share of containerized import tonnage from East Asia was down both from 3.8% a month earlier and from 4.5% the previous November. Oakland's 3.8% value share was also off from October and from November 2019. Further north, the two NWSA ports' 6.7% share of containerized import tonnage was on par with October but below the prior November's 7.7% share. And the NWSA ports' collective share of the value of containerized imports from East Asia edged higher to 9.0% from October's 8.7%, November's share remained significantly below the 10.0% share the ports held a year earlier.



Parsing the November 2020 TEU Numbers [Continued](#)

Almost without exception, the weight as well as the value shares of U.S. containerized exports to East Asia declined from October to November at all of the major USWC gateways. The exception was Oakland's gain in export value share to 13.7% from 12.4% a month earlier and from 13.2% the previous November.

Who's #1?

The Port of Los Angeles was the nation's busiest container port in November with total traffic (loaded + empty) amounting to 889,746 TEUs. The Port of Long Beach ran second with 783,523 TEUs, while the Port of New York/New Jersey (PNYNJ) placed well behind in third place with 738,885 TEUs. (Trailing even further behind was Savannah with 464,805 total TEUs.)

For those who believe empty boxes shouldn't count, the rankings do change. Los Angeles remained the big dog with 595,736 loaded TEUs crossing its docks in November. In second place, however, was the Port of New York/New Jersey with 501,674 loaded TEUs, narrowly ahead of the 499,960 laden TEUs handled at Long Beach.

The YTD totals (loads + empties) for the first eleven months of the year showed Los Angeles in the lead with 8,334,210 TEUs. With 7,297,430 TEUs, second place Long Beach easily bested PNYNJ's total of 6,876,744 TEUs. Strictly in terms of loaded boxes, LA handled 5,777,316 laden TEUs through November, with 4,935,782 loaded TEUs crossing the docks at Long Beach. PNYNJ meanwhile processed 4,779,513 loaded TEUs through November.

PPE Imports

We've seen numerous reports ascribing the congestion at U.S. ports over the past few months in large part to the sudden demand for Personal Protective Equipment (PPE). Intuitively, that would seem to make sense. The COVID-19 pandemic has certainly prompted a huge surge in the use (at least among most segments of society) of face masks as well as plastic gloves, face shields, surgical gowns, sanitizing liquids, etc. And, since U.S. companies make precious little of this sort of stuff anymore, it would naturally follow that America's ports have been obliged to handle unprecedented volumes of PPE gear.

However, what the official U.S. Commerce Department trade data indicate is that the categories of goods

responsible for the highest volumes of year-over-year growth in containerized imports from the Far East are those that more directly reflect the dramatic shift to work-from-home and, more generally, a cloister-at-home lifestyles. For example, household furnishings accounted for 18.8% of increase in containerized import tonnage from the Far East between March and November. Imports of toys, games, and athletic or exercise equipment accounted for 12.9% of the surge. Imports of cell phones, televisions and other electronic devices were responsible for another 9.3% of the pandemic period's growth in containerized import tonnage from the Far East. PC and laptop imports represented 8.0% of imports.

Soybeans

Owing to a sharp increase in shipments to China, there was a decided upswing in overall U.S. soybean exports in November, up 62.9% from 6.44 million metric tons in November 2019 to 10.48 million metric tons this past November. Nearly three-quarters (74.49%) of the nation's soybean export tonnage this November was destined for China, up from 65.9% a year earlier.

Kalama, the port on the Washington State side of the Columbia River, handled 12.6% of the total export tonnage in November, while the Northwest Seaport Alliance Ports of Tacoma and Seattle accounted for another 6.1%. Two other Washington State ports, Longview (3.1%) and Vancouver (1.3%) also figured in the trade, while Oregon's Portland wrangled a 0.7% share of the nation's soybean exports in November. Altogether, U.S. ports in the Pacific Northwest garnered 23.8% of the nation's soybean export tonnage in November.

Additionally, the Ports of Los Angeles and Long Beach earned a 3.1% share of the soybean export trade by virtue of their commanding 46.4% share of the nation's containerized exports of soybeans. Typically, though, only about ten percent of America's soybeans are shipped abroad in containers.

Waste and Scrap Paper

Once upon a not too distant time, Waste and Scrap Paper (Harmonized System Code 4707) comprised about half the containerized export tonnage shipped from the Ports of Los Angeles and Long Beach to China. In one particular month, November 2018, HS 4707 accounted for 60.3% of all of the containerized tonnage the two ports shipped to



Parsing the November 2020 TEU Numbers *Continued*

China. By a year later, that share had slipped to 32.8% as China became more and more discriminating about the quality of American trash it would accept. This November, though, the HS 4707 share of containerized export tonnage shipped to China through the two San Pedro Bay ports stood at just 14.8%.

Still, exporters of containerized HS 4707 did manage a 6.5% year-over-year gain in containerized exports worldwide, despite the nearly halving of shipments to China and a 22.6% drop in exports to South Korea. Other Asian nations more than took up the slack. Malaysia led the way with a 32,076 metric tons increase over what it imported in November 2019, a leap of 43.2%, followed by a 29,118 metric ton increase in shipments from LA and Long Beach to Vietnam and a 21,256 metric ton surge in exports to Thailand. Singapore also joined in with a 14,287 metric ton boost in imports from the two Southern California ports.

HS 4707 containerized shipments to China from the Northwest Seaport Alliance ports in Washington State fell even more sharply (-82.1%) in November than at the Southern California ports. But, unlike the San Pedro Bay ports, HS 4707 exporters using the NWSA ports were unable to find alternate markets. As a result, containerized HS 4707 exports through the big Washington State ports were down 22.5% (-10,923 metric tons) from a year earlier.

Oakland likewise saw a significant 67.2% fall-off in containerized exports of HS 4707 to China in November. But the emergence of other markets willing to import HS 4707 kept Oakland's overall loss of trade in scrap paper export tonnage to 3.3% or 5,334 metric tons.

One salient factor has been the pandemic-induced surge in e-commerce purchases and the demand

that has imposed on manufacturers of the cardboard boxes. Greater volumes of the scrap paper that had formerly been shipped abroad are now being gleaned for recycling into the boxes turning up on our doorsteps with increasing frequency.

Unbalanced Trade Lanes

Altogether, the 76 million residents of the eleven mainland states that comprise America's Far West and Rocky Mountain regions account for a shade less than one-quarter of the nation's population and a shade more of its gross domestic product. Yet in 2020, U.S. West Coast ports handled some 12% of all U.S. containerized maritime trade tonnage with the European Union.

By contrast, some 34% of America's containerized trade with the nations of Northeast Asia moves through ports along the Eastern Seaboard. Last year, over 58% of the Port of Boston's modest container import trade (268,418 TEUs) involved trade with Asia. Trade with Northern Europe accounted for a minority share (42%).

There was a time when maritime leaders along the USWC thought the expanded Panama Canal would be a two-way street. Evidently, it's become a thoroughfare with more eastbound lanes. Equally evident is that the bulk of the trade that occurs between Europeans and Western states continues to move overland from East and Gulf Coast ports.

Interested in membership in PMSA?

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



Jock O’Connell’s Commentary:
Forecasting Amidst a Pandemic Era

Not a day seems to pass without one or more maritime industry oracle warning of woeful times ahead for America’s seaports. Cargo forecasters are nearly unanimous in expecting the surge of containerized imports that began last spring will continue to inundate ports in Southern California and elsewhere in the U.S. through much of 2021, thus accentuating the enormous strain industrial and retail supply chains have been enduring. E-commerce, namely the stay-at-homes ordering online, is said to be largely responsible for the ongoing tide of imported goods, although one does wonder what more there is to order after your Peloton has finally been delivered.

The bleak outlook, in turn, has prompted maritime industry pundits to scour their thesauri for suitably apocalyptic synonyms to replace the now hackneyed “meltdown” to describe the logistical prospect facing, say, the Ports of Los Angeles and Long Beach.

No one should minimize the challenges that have confronted these ports, the indispensable hinges that link the ocean with the landside of the nation’s foremost global supply chains. As the blue line in **Exhibit A** demonstrates, inbound loaded container volumes have been nothing short of extraordinary at America’s busiest maritime complex.

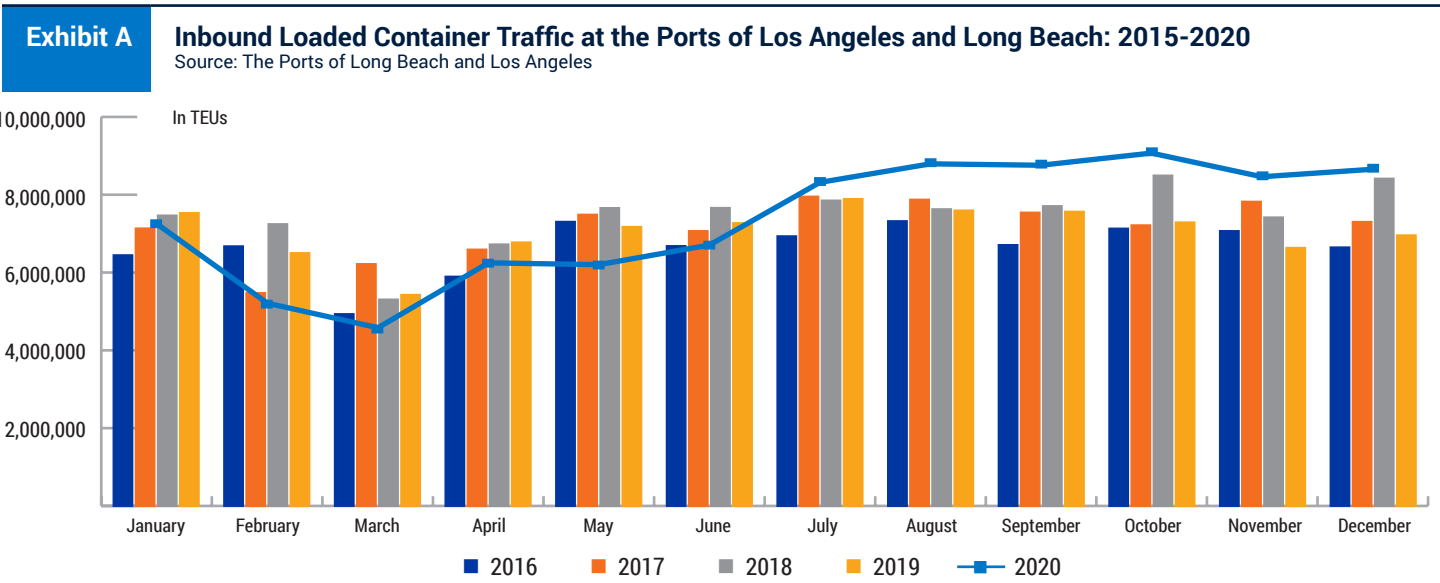
The wonder, then, is that the entire edifice of maritime trade has not already crumbled. Instead, as PMSA vice president Thomas Jelenić aptly notes elsewhere in this newsletter: “No other gateway in North America could have moved 17.3 million TEU in the face of a pandemic. The year 2020 should be remembered as a year where nearly everything went wrong, yet cargo is still flowing.”

Mirabile visu.

Still, the ports remain in the danger zone, redlining their capabilities while seeking new efficiencies. According to a January 13 article in the venerable and esteemed *Journal of Commerce*: “Six straight months of near-record cargo volumes have congested the entire Southern California supply chain beyond its capacity.”

(It would not be surprising to hear that Las Vegas casinos are now offering odds on when the Southern California ports will finally seize up like the Flathead V8 engine did in my late uncle Victor’s 1952 Ford.)

But what, really, is the aspersion at least tacitly being cast at the ports? Can it truly be that so many of the pundits of the maritime media are perplexed by the fact that a five-gallon bucket can’t accommodate a six-gallon pour? The gist of the critiques one hears, especially about the plight of the San Pedro Bay ports, is that congestion might





Commentary Continued

easily have been averted if only the ports – along with every other element of the landside supply chain – had invested in a bigger bucket in the form of cargo-handling capacities they do not normally need.

Now, if it has suddenly become fair game to slight those who **failed to foresee what few foresaw**, it's equally fair to look squarely at what forecasters had been telling us over the past several months, particularly those forecasters whose predictions are routinely and credulously reported each month in the maritime industry press.

And here's the rub. Forecasting, especially when so many fundamentals are in flux, is exasperatingly difficult. Even the best err. Take, for example, the experience of the National Retail Federation's Global Port Tracker (GPT), one of the most closely watched and highly regarded prognosticators of container import traffic.

Starting last July, GPT began issuing periodic forecasts for November, a month in which we now know 2.11 million loaded TEUs arrived at U.S. ports. That represented a whopping 23.6% bump over the preceding November.

What hint were we given that that might happen?

GPT's initial July estimate expected that only 1.68 million TEUs would come ashore in November, a volume which would have been on a par with the 1.67 million TEUs imported in November 2019. In its subsequent forecast updates in August, September, and October, GPT actually lowered its outlook for November to between 1.58 million TEUs and 1.61 million TEUs. As late as its update issued on November 9, GPT's still expected the final tally for that very month would total 1.70 million TEUs. Only by its December 9 update, as the flood of inbound containers was figuratively reaching their knees, did the GPT forecasters come close to hitting the mark by abruptly upgrading their November forecast to 2.07 million TEUs. But, of course, that warning came much too late for anyone on the ground (or on the docks) to prepare for an onslaught that was already occurring.

GPT's forecasts for December were no better. Starting last August, GPT looked for 1.56 million TEUs to turn up at U.S. ports in December, a level 9.3% below the preceding December. A month later, in September, GPT lowered that expectation to 1.53 million TEUs. By October, GPT

averred that December might see 1.53 million TEUs arrive. November's update moved the dial to 1.58 million TEUs, still well down from the 1.72 million TEUs American ports had handled in December 2019.

So, at this point a couple of weeks before Thanksgiving, what were port officials around the country, officials like Gene Seroka and Mario Cordero (respectively the executive directors of the Ports of LA and Long Beach) thinking? If they are as diligent in monitoring the GPT forecasts as the esteemed and venerable *Journal of Commerce* is in uncritically reporting them each month, Gene and Mario and their colleagues could reasonably conclude that handling the projected December traffic would be a piece of cake. They might also have planned to take a few extra days off at the holidays. Or, as maritime professionals, they might rightly have sensed that *la merde était sur le point de frapper le ventilateur*. (Pardon my French.)

Between its November and December forecast updates, it probably struck the forecasters that traffic was going to be a bit heavier than expected. The December 9 updated pegged likely inbound loads at 1.91 million TEUs or 11.0% up from a year earlier. By its January 8 revision, GPT conceded that as many as 2.02 million TEUs had come through U.S. ports in December, a 17.4% year-over-year bump.

GPT won't issue its own after-the-fact December reckoning until early February, but the McCown Container Volume Observer concludes that inbound loaded TEU traffic in the year's final month was up 23.4% year-over-year. Panjiva, another box-counting outfit, found December container shipments to the U.S. were 20.4% over a year earlier.

2020 wasn't an especially good year for anyone in the haruspication business. For their sake – and for everyone's – let's pray 2021 turns out to be much calmer and more predictable.

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



A Year to Be Proud

By Thomas Jelenić, Vice President, Pacific Merchant Shipping Association

Over the last few months, there has been a number of articles and commentary on the state of congestion in the Southern California ports. Much of the discussion has focused on the deluge of pandemic cargo arriving at the ports of Los Angeles and Long Beach. With upwards of 30 container vessels at anchorage this winter, the delays being experienced along the entire supply chain have been cause for consternation by cargo owners and pontification by pundits. In fact, most of the discussion has missed the point. No other gateway in North America could have moved 17.3 million TEU in the face of a pandemic. The year 2020 should be remembered as a year where nearly everything went wrong, yet cargo is still flowing.

First, let us start with the strangeness caused by the pandemic. Everyone understands that there were record cargo volumes in 2020, but many do not understand that 2020 was not a record year for San Pedro Bay. That distinction is still marked by 2018 when cargo volumes exceeded the 2006 peak by 11%. The year 2020 was also remarkable for spring's severe decline of cargo volumes and the late year surge that followed as retailers and manufacturers attempted to simultaneously re-stock shelves, respond to the pandemic-induced on-line shift in shopping patterns, and prepare for the holiday season. The severity of the crash and the swiftness of the rebound was incredible. From the low in March, cargo volumes grew by 85% to its monthly high in October. While the ports experience cargo volume seasonality every year, there has never been a year where volumes have fluctuated so dramatically. Looking back to 2017, 2018, and 2019, the difference between the lowest month and the highest month was much lower: 37%, 44%, and 27%, respectively. Without doubt, the pandemic caused chaos with the timing and flow of cargo volumes. The real surprise is that cargo flow did not grind to a halt.

The fact that cargo flow did not stop was not an accident. From the beginning of the pandemic, the ports took immediate action to keep both cargo owners informed while advocating to public officials on both

the importance and the needs of the waterfront. Marine terminals and labor modified work schedules to ensure proper sanitization procedures could be put in place and took steps to minimize the risk of the pandemic on the waterfront. After responding to the crisis by shrinking capacity, ocean carriers expanded capacity to meet the unexpectedly quick return of cargo demand.

While most headlines and trade journals focused on congestion and remarked on what had gone wrong, few focused on the amazing feat of what was being achieved. In fact, nothing had gone wrong in the ports. Rather, the entire supply chain was suffering under the pandemic. Through regular communication by port stakeholders, flexibility between labor and terminals, and simply hard work, the supply chain never buckled.

We should take a moment to appreciate and be thankful for the work put in by everyone on the waterfront. From the ocean carriers to the marine terminal operators to the ports of Los Angeles and Long Beach to the ILWU, cargo flowed all year. Our colleagues, especially the members of ILWU, have worked under the risk of the pandemic. Some have become sick; too many have died. In a year of crisis, the men and women on the waterfront ensured that the goods to protect us during a pandemic and keep our economy functioning were always available.

The impacts to the supply chain have been real, but there will be plenty of time to examine what could have been done to further mitigate the impact of the pandemic. Many stakeholders will be looking for fault for years to come and while some trade journals will question the reliability of Southern California's ports pointing back for the next decade to the year the supply chain "buckled" in the ports. In fact, no other gateway could have achieved what the ports of Long Beach and Los Angeles have achieved in a year of adversity. The ports of Los Angeles and Long Beach met the needs of the trade community, the local community, and the nation.

Thank you.

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Dwell Time Is Slightly Up for December

