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Ports are a Critical Link in the Global Transportation Network

Over the past several decades, West Coast ports have grown to become the most significant transfer point for international waterborne containerized trade in the United States. Today, more than half of all containerized import and export trade cargo—more than 145 million tons of food, auto parts, home appliances, computers, military equipment, clothing, toys and other goods worth billions of dollars—flows through West Coast ports in California, Oregon

and Washington. The Los Angeles/Long Beach container port complex is the largest in the country, accounting for 65 percent of all West Coast waterborne containerized



Container ships being loaded at the port of Oakland

shipments and 33 percent of all U. S. containerized shipments.

To be sure, global trade affects everyone and makes clear the enormous impact the West Coast ports have on communities and businesses the world over. And, while there's no

questioning the ports' current positions as economic strong-

holds, there are questions about their ability to remain competitive in the 21st century.

Uncontrolled cost increases caused by lower productivity at West Coast ports are putting jobs in and around our communities in jeopardy. "For many years, these ports enjoyed regular improvements in productivity. But, in the past four years, productivity improvement has stagnated," said Terry Lane, senior vice president of labor relations for the PMA. Vessel operators and their customers are beginning to consider alternate transfer points along the U.S.' East and South Atlantic coast. These ports are looking increasingly attractive because they have been committed to finding working solutions that increase productivity and lower customer costs. Eager to take on even more business, they are stepping up their marketing efforts and promoting their capabilities globally. There is also speculation that Mexico may become a serious competitor, attracting business from ports on both the West and East coasts of the U.S.

Sea Changes

Various trends are driving this competition. Consolidation, globalization, larger ships and tighter schedules, deregulation, and competition among U.S. ports are forcing the West Coast maritime transportation industry to rethink the way it does business.

"Trucking companies and railroads are free to use new technologies and are substantially more efficient than the docks. If we, in the shipping industry, don't find our own solutions for improved efficiencies, we risk →

PORT OF SEATTLE - PROFILE

Demonstrating its commitment to fostering economic vitality in the King County region, the Port of Seattle initiated the Seattle World Class Port Coalition earlier this year. This unique partnership unites Seattle harbor stevedoring companies, shipping lines, the Pacific Maritime Association, International Longshore and Warehouse Union locals, and the Port of the Seattle to address common goals of improving service, boosting morale, and making the most efficient use of the Port's marine facilities. The Coalition is striving to "create a standard of cargo handling in the Port that will set Seattle apart as a world-class model for the maritime industry."

Since the effort was launched, cargo-handling productivity has shown steady gains and a strong upward trend. Since the first quarter of 1997, average production for all shifts in Seattle climbed 18 percent to 26 container moves per hour.

"The Port of Seattle has a responsibility to make the most efficient use of our maritime facilities, and see that we're prepared to meet competitive challenges of the marketplace. I'm encouraged by the progress so far," said M. R. Dinsmore, executive director, Port of Seattle.

Created in 1911, the Port of Seattle has proved to be a leader in facilitating the transportation of cargo and passengers by air, water, and land. In addition to operating the marine terminals, the Port's Aviation Division operates the Seattle-Tacoma International Airport. Mid-September will mark the grand opening of the Terminal 5 expansion which more than doubles the space at the terminal from 83 to 190 acres. The terminal features the latest in container-handling technology. For more information, visit the Port of Seattle's web site at <http://www.portseattle.org>.

Welcome to the first edition of PMA Today, a publication dedicated to highlighting West Coast port activities and developments as they relate to economic and international trade issues in the 21st century. We hope you enjoy PMA Today and find it to be a valuable informational resource.

becoming the weakest link in the global trade chain," said Phil Resch, senior vice president of operations for PMA.

Investments

To prevent this loss of leadership from happening, private and public sectors along the West Coast are investing billions of dollars in new trade facilities. Billions of dollars are being directed to port infrastructure development,

of dollars to transform the now closed U.S. Naval Shipyard into a new, state-of-the-art terminal.

Competitive Concerns

Infrastructure investments, while necessary, are not enough. The industry's viability also rests on its ability to increase production and reliability through training programs, improved communications and the utilization of technology to coordinate all elements of



ID Casuals receiving General Safety training at the PMA training facility, Wilmington, California

leading to long and short-term job creation.

The most noteworthy improvements are taking place in the Alameda Corridor and are being funded by federal, state and local governments. This \$2.1 billion infrastructure development, including new rail lines and improved trucking access, will connect the ports of Long Beach and Los Angeles to a national rail network. This project is expected to create thousands of new jobs.

Another project is the 458-acre Pier 400 project in Los Angeles that is meant to help guarantee the port's place in the global transportation network well into the 21st century.

To be sure, the same motivation prompted the Port of Long Beach to allocate hundreds of millions

the shipping process.

"Increased competition has challenged us to keep our customers happy or risk losing them," says one vessel operator executive. "Long-term, we're looking for stability, for ways to improve productivity and to continue delivering higher levels of service to our customers." The reduction in productivity and the growth in global commerce will force the hands of many decision-makers. "Cargo volume has increased, there is no doubt about that. The question is, how are we going to handle this increase? The best and most cost effective way is to improve productivity and make better use of the terminal space that you've already developed," said one local port official. ●

THE PORTS

Did you know . . .

. . . that the largest ports – Los Angeles, Long Beach, Oakland, Portland, Seattle and Tacoma – account for 85 percent of total waterborne dry cargo tonnage handled on the West Coast? Los Angeles and Long Beach handle half the tonnage. In order of 1997 tonnage, the others are: Tacoma, 10.1 percent; Seattle, 9.9 percent; Oakland, 8.4 percent; and Portland, 8.1 percent.

Member Profile-APL



A container is loaded onto a truck at the Eagle Marine-APL terminal in Seattle

APL made big news in April 1997 when it announced a merger with Neptune Orient Lines Ltd. (NOL) of Singapore to create the fifth largest container transportation and logistics company in the world.

NOL, APL's parent, is a global transportation company engaged in shipping and related businesses.

APL continues to operate under its own brand from its headquarters in Oakland, California, providing worldwide container transportation and logistics services through an integrated network combining high-quality intermodal operations with state-of-the-art information technology.

APL's complementary route systems, service organizations and intermodal assets include a fleet of 76 container ships providing a broad array of routes, high-frequency sailings and reduced transit times covering the trans-Pacific, trans-Atlantic, Latin America, Asia-Europe, intra-Asia, Mediterranean and Australia trade lanes.

Specially designed container rail services, or "Stacktrains," provide the most extensive intermodal services in North America.

APL Logistics Services offers global supply chain management for manufacturers and merchandisers, and provides logistics solutions that go beyond the physical movement of goods, including cargo consolidation and supply chain information services. ●



APL global gateway south, Los Angeles

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