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West Coast Ports Brave Asian Economic Crisis

Though Asia may seem geographically distant, the effects of its ailing economy continue to be felt on the West Coast. First quarter data from the Port of Long Beach show the value of car exports falling 18 percent and cotton



The Hanjin Terminal in the Port of Long Beach

and frozen meat exports falling 30 percent. Overall, Long Beach experienced a 13 percent loss in exports and a 17 percent gain in imports in

the first eight months of 1998, compared to the same period last year. To the north, Seattle's export container business slumped 22 percent, while imports rose 27 percent during the first eight months of 1998. Other West Coast ports report similar losses during this period.

SPOTLIGHT: PORT OF LONG BEACH

The Port of Long Beach is the most active cargo container port in the United States – and there's no end in sight. Last year, \$85 billion in trade, including 3.5 million TEUs, moved across Long Beach wharves. The Port of Long Beach was the only U. S. seaport to top a cargo volume of three million TEUs last year. In July 1998, strong imports of back-to-school and year-end holiday merchandise drove container volume up 20 percent from the previous year. It was the fourth time in five months that Long Beach set a monthly record. While the economic crisis has weakened Asia's demand for exports – rendering many containers empty upon return from the U.S. – imports fueled by a healthy U.S. economy have continued to keep Long Beach and other West Coast ports hopping. "Our 17.2 percent year-to-date growth in containerized imports substantiates what we have been told by America's biggest retailers – that their orders of goods from Asian manufacturers will continue to grow in volume through the end of 1998," said Hal Hilliard, marketing manager, Port of Long Beach. Trade through the Port of Long Beach generates approximately 260,000 jobs -- one in every 30 jobs in the region. By year 2020, the Ports of Long Beach and Los Angeles combined are expected to generate more than one million trade-related jobs. For more information, visit the Port of Long Beach's web site at <http://www.polb.com>.

Coast ports report similar losses during this period. Coast-wide, exports are down 12 percent and imports are up 18 percent compared to last year.

American demand for imports from Asia and the Pacific Rim has increased every year for the past 10 years. This year, though, we're seeing the U. S. trade deficit soar due to the Asian crisis and diminishing exports. In the first half of 1998, the U. S. trade deficit rose to \$23 billion over last year's figure. →

PMA Today is 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. For more information about PMA, please visit our web site at <http://www.pmanet.org>.

THE PORTS

Did you know . . .

. . . that the Asian economic crisis is the largest single factor affecting the U.S. trade deficit, which has now reached more than \$100 billion? Analysts project that the deficit could rise to more than \$155 billion by year's end, and at least \$200 billion by the end of 1999.

Source: U.S. Department of Commerce

Plummeting U. S. exports to Asia are starting to hurt the industry's bottom line. Dollars to expand infrastructure to handle future increases in trade. The Ports of Tacoma



Port of Long Beach

In fact, total cargo growth this year at West Coast ports is 3.9 percent, less than the average six percent growth rate seen over the last 25 years. and Long Beach, for example, recently completed multi-million dollar expansions for Korean shipping companies – Hyundai and Hanjin,

One way for ports to maintain a competitive advantage is to ensure that controllable port operations run as efficiently as possible. Along those lines, several West Coast ports are investing hundreds of millions of dollars to expand infrastructure to handle future increases in trade. The Ports of Tacoma and Long Beach, for example, recently completed multi-million dollar expansions for Korean shipping companies – Hyundai and Hanjin, respectively. Altogether, ports along the West Coast are investing a total of \$3.5 billion in improved facilities in order to maintain their competitive advantage and better weather the Asian crisis. ●

Member Profile-Maersk



Regina Maersk on its maiden voyage

the largest containership ever to call in North America. With capacity for 700 reefer slots, the ship docked in Long Beach on Sept. 11 and Tacoma

seven days later. The ship will continue to call in these two ports every 15 weeks. Maersk Line's parent company, the A. P. Moller Group, can trace its roots to humble beginnings. In 1904, 28-year-old Arnold Peter Moller and his father, Captain Peter Maersk Moller, established the Steamship Company Svendborg by purchasing a second-hand steamer. Later, Arnold Peter Moller established the Steamship Company of 1912, which, along with the Steamship Company Svendborg, forms the nucleus of the A.P. Moller Group.

“The super ships of the future are here and are reshaping the container trade,” said Tommy Thomsen, president of Maersk Inc. “World container trade is forecast to grow about eight percent annually for the next three years resulting in larger ships carrying an increasing share of the global container trade.”

Over the years, Maersk has become Denmark's largest shipping company. As a global shipping leader, it proudly owns one of the world's largest containerships, the Regina Maersk. The Regina Maersk – with a capacity of 6,000 TEU– recently made headlines when it called in the West Coast ports for the first time. Equal in length to three football fields, the vessel is

With headquarters in Copenhagen, the A.P. Moller Group employs 35,000 and maintains 300 offices in 80 countries worldwide. The company's fleet includes 150 vessels, mainly container vessels, with a total deadweight of about seven million tons. Other ships include tankers, bulk and special vessels, supply ships and drilling rigs. For more information, visit the Maersk web site at <http://www.maerskline.com> ●

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