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West Coast Ports: Key Players in Supply Chain Management

Container ships and telecommunications have shrunk the world, bolstering efficiency and productivity. Along those lines, a growing number of goods are being manufactured where it is most economical and shipped to markets with the greatest demand to purchase them. Many companies are making even greater strides toward efficiency and using "just-in-time" inventory and supply chain management to better serve their customers.

When the components of supply chain management—manufacturing and distribution—work as planned, global trade benefits everyone from the

capital and cause winter coats made in Korea to arrive in the U. S. after retailers' seasonal coat sales, global trade helps no one. Freight costs and efficiency



Longshoremen at the Port of Oakland

can have a huge impact on both the overall trade volume and on individual countries' and companies' trading patterns.

Shouldering much of the responsibility of moving approximately \$400 billion in goods annually, the West Coast ports are a

manufacturer to the customer. But, if delays in shipment or cargo handling tie up working

critical link in supply chain management. Billion-dollar investments in infrastructure development enable West Coast ports to showcase their strengths as global players in the supply chain. And extensive resources invested in worker training will undoubtedly yield positive returns. These numerous investments underscore the West Coast ports' commitment to support their customers' efforts to maximize efficiency in the supply chain.

SPOTLIGHT: PORT OF OAKLAND

As the fourth largest container port in the U. S., the Port of Oakland is expanding to meet the demands of global trade in the 21st century. Supplementing its current state-of-the-art infrastructure, the port is spending \$689 million on maritime-related projects, such as upgrading existing terminals and building new berths.

The improved facilities continue to grow and are translating into more port-related jobs. Already the port is working to fill these jobs. In fact, the Port of Oakland supports one of the most rigorous job recruitment and outreach programs among West Coast ports. Established in 1980 by several Oakland political leaders and fully funded by the Port, the Employment Resource Development Program (ERDP) places qualified Oakland residents in non-union port jobs ranging from entry- to executive-level positions.

Last year, the ERDP helped place more than 400 Oakland residents in port jobs, an increase of 13 percent over the past five years. Through active participation in Oakland community events, the ERDP provides job seekers with employment application information and provides port tenants with a more diversified applicant pool. These efforts are a win-win for all involved.

"The ERDP was founded to link port employers and the community together," said Richard Handy, job researcher, Port of Oakland. "We will always try to give first consideration to qualified Oakland residents."

The Port of Oakland also owns and operates the Oakland International Airport and 400 acres of commercial real estate. For more information, visit the Port of Oakland's web site at www.portoakland.com.

Lean Manufacturing

Mass customization and just-in-time inventory are used by manufacturers and retailers alike as a way to make them more efficient and ultimately serve customers better.

According to an article in *The Economist*, the Japanese began the practice of just-in-time inventory when they introduced lean manufacturing—the practice of carrying minimal

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 www.pmanet.org.



THE PORTS

Did you know . . .

... that as a result of the "Year 2000 (Y2K) Bug" experts predict that up to 25 percent of all shipping companies worldwide may experience computer disruptions over the next few years? However, several companies are already ahead of the game replacing flawed computer chips to prevent losing access.

Source: Journal of Commerce

stocks and having parts delivered direct to the assembly line "just in time".

At New United Motor Manufacturing, Inc. (NUMMI), just-in-time was introduced

They require greater control of the distribution channel so that goods can be delivered exactly as specified by manufacturers, resellers and retailers.



West Coast ports are a critical component of supply chain management.

in 1984 as an element of the Toyota Production System.

"Just-in-time, by reducing in-plant and line-side inventory, makes our operation more efficient, thereby reducing costs," explains Jean-Yves Jault, NUMMI specialist. "It also improves quality by quickly exposing problems and improves job safety through better housekeeping."

Supply chain management and just-in-time inventory are changing the roles of suppliers and sellers by increasing the pressures on suppliers to handle inventories in new and efficient ways.

Fixed delivery schedules made to accommodate special deliveries cause overheads to rise.

While some will argue that logistics-related changes are costly and frustrating to deal with, they can force distributors and manufacturers to be more efficient and ultimately more successful in addressing their customers' needs. The spotlight is now shining on the West Coast ports to meet the growing demands of the supply chain efficiently and to ensure that a customer's cargo is handled quickly, safely and on time. ●

Member Profile-Hanjin Shipping



Hanjin Terminal at the Port of Long Beach

Hanjin operates exclusive terminals in Seattle, Osaka and Tokyo, and is building a terminal in New York.

"I think Hanjin's growth in North

Established in 1977, Hanjin Shipping Company, Ltd. has grown into one of the largest and most successful containership liner systems in the world today.

The Hanjin fleet, which was established 21 years ago with a single 750 TEU vessel, now includes 68 ships – 43 containerships and 25 bulk carriers. Today Hanjin is the fourth largest containership carrier serving the United States, with a 1996 throughput of more than 700,000 TEUs derived from trans-Pacific services and services between the U.S. and Europe, the Middle East, and South America.

Headquartered in Seoul, Hanjin is the only Korean carrier to secure its own exclusive terminals at major ports around the world.

America has been extremely strong over the last few years. With this type of growth, our expansion in new terminals is justified," said Ole Sweedlund, vice president, Hanjin.

In December, the company celebrated the grand opening of its 171-acre "mega-terminal" at the Port of Long Beach. Features of the new terminal include six Post-Panamax gantry cranes and an extended 3,600-foot wharf capable of handling three 5,300 TEU class vessels simultaneously.

The complex also boasts an on-dock intermodal container transfer yard with the capacity to handle two 8,000-foot long double-stack trains. ●

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