

P
M
A
T
O
D
A
Y

December 15, 1998
Vol. 1, No. 7

Economic Forecasts For West Coast Ports In 1999

What will the New Year hold for the United States and world economies? Will the U. S. trade deficit, which is at an all time high, hamper what has continued to be continued strong, albeit slowing, growth? What levels of trade growth are West Coast ports projecting for the New Year?

These are the questions that many economists, politicians and business leaders will be contemplating as 1998 draws to a close.

One of the forecasters is President Bill Clinton who, last month, issued a trade

and economic warning that this country would not tolerate the "flooding of our markets" with low-cost goods from Asia and Russia. This warning contrasted



Hanjin Terminal at the Port of Portland

significantly with the existing trade policy that, according to The New York Times, "indirectly encouraged

economically troubled countries to export their goods."

The soaring trade deficit is a top priority for the Clinton administration. If it not dealt with effectively, it could lead to job losses and further economic uncertainty. U.S. Trade Representative Charlene Barshefsky has also warned that the overall U.S. trade deficit could swell to \$300 billion next year. Rep. Barshefsky has urged government officials to persuade

other countries to remove trade and investment barriers.

A growing trade deficit and slowing economic growth are significant concerns for businesses and consumers. Yet both private and public economic forecasts have sometimes been off the mark over the past few years.

Contrary to what some have predicted, the U.S. economy has solid labor resources; inflation has failed to appear to any degree; consumer demand remains high; and the prices of commodities have remained low. That's the good news. The bad news, as proposed by others, is that business spending for technology will weaken in the coming months with the U.S. economy possibly slipping into recession by 1999. West Coast ports are expecting growth levels that range from declining, to flat, and to five and six percent.

The Journal of Commerce recently ran a column stating the improbability of a recession →

PORT OF PORTLAND - PROFILE

To accommodate expected increases in cargo volumes, facility improvements and expansion are high priorities for the Port of Portland.

The Port is currently investing \$4.1 million in a 20-acre paving project of its Terminal 6 Berth 606 that previously had a gravel surface and was used only to store empty containers. The new asphalt and concrete pavement will support both heavy wheel loads from container handling equipment and uniform loads from stacked containers.

The Port is also working with the city of Portland to obtain permits for developing a portion of its 750-acre property on West Hayden Island. That development will eventually comprise new cargo terminals, capable of accommodating intermodal rail facilities and loop-track rail configurations. This expansion of the Port's existing seaport offerings is in anticipation of at least a twofold growth in international freight movement over the next 20 years through Portland.

While most of the cargo volumes crossing the Port's 50 piers and wharves are grain and mineral bulks, Portland is the fifth largest automobile handling port in the U.S. and second largest on the West Coast. Like other cargo industries, auto trade has been impacted by the Asian economic flu.

"We're projecting about a 10 percent decrease in automobile imports and export traffic for 1998, due in part to the continuing economic crisis in Asia," said Aaron Ellis, maritime public affairs manager for the Port. "But we expect to gain that back, and more, in 1999, due in part to an increase in the number of cars being exported through Portland and to the resumption of Hyundai automobile imports after the lengthy strike in Korea."

The Port is expecting about 280,000 automobiles to go through the Port in 1999, as opposed to approximately 230,000 in 1998 and 255,000 in 1997. Located along the lower Columbia and Willamette rivers in Northwestern Oregon, the Port of Portland is the largest exporter of wheat in the U.S. and hub of the second largest grain exporting center in the world. Portland ranks seventh among U.S. ports in overall exports and second on the West Coast.

Besides five marine terminals, the Port of Portland owns seven business parks, four airports (including Portland International Airport) and the Portland Shipyard. The Port's activities affect an estimated 20 percent of all jobs in the Portland (Ore.)/Vancouver (Wash.) metropolitan area. For more information on the Port, visit its web site at www.portofportlandor.com

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 cargo container volume at the Port of Long Beach rose 10.3 percent to the equivalent of 347,462 TEUs in October compared to the same month last year? The growth was driven by a gain in imports at the Port.

Source: The Port of Long Beach

in 1999 due to growth fundamentals remaining strong. The weaknesses that do exist stem from a "liquidity shock triggered by economic

bank, was quoted as saying, "We are confident that (China's) annual growth rate in 1998 will reach eight percent."



Cranes discharging containers in the Port of Portland

and financial traumas in Asia, Russia and, most recently, Latin America. U.S. banks have absorbed heavy losses."

The column's quoted economist believes that once the Federal Reserve allows liquidity to flow more freely, the underlying trend in the U.S. economy will reassert itself and a weak dollar will stimulate more exports.

So what good news can be found about West Coast port trading partners? During October's International Monetary Fund World Bank meeting, Asian financial leaders promised to press ahead with financial reforms and offered relatively upbeat forecasts.

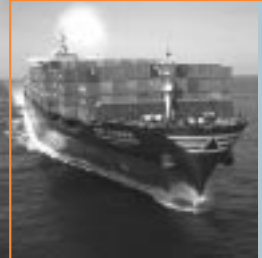
Dai Xioanglong, governor of China's central

Kyu Sung Lee, South Korea's finance minister, said that South Korea's capital market, has been "dramatically liberalized," and foreign exchange transactions will be fully liberalized by the year 2000, according to the Journal of Commerce.

It is too soon to tell how any of our economies—West Coast, U.S., Asian and otherwise—will fare in 1999. Still, the stamina of Asian leaders in the midst of the current economic crisis creates hope that these U.S. trading partners will weather the storm. It is heartening to see many steps being taken in a positive direction.

And it is reassuring to see the fundamentals holding strong. ●

Member Profile-Hyundai



Hyundai Discovery 5,551 TEU Carrier

PMA is pleased to welcome its newest member—Hyundai Merchant Marine.

Founded as Asia Merchant Marine Co., Ltd. in 1976, Hyundai Merchant Marine (HMM) has grown to become the largest shipping company in Korea. The company commands more than 107 vessels including container carriers, oil tankers, car carriers, LNG carriers and bulk carriers. HMM employs more than 2,995 people and owns 16 overseas subsidiaries, with 42 offices and branches. For the first time in the Korean shipping industry, HMM sales exceeded \$3.2 billion USD in 1997.

HMM took possession of its new container terminal in Tacoma on Dec. 1. Terminal operations are scheduled to commence in April. The facility, located on the Blair Waterway, will serve as HMM's first U.S.-dedicated terminal. Work on the terminal is moving forward; four massive post-panamax cranes arrived on Nov. 13.

To preserve the ocean environment, as well as ensure

safe navigation and operation, HMM launched the "Environment-Friendly Management Program". This program led the company to become the first shipping company in the world to receive ISO 14001 certification, the international standard for the environment.

"By developing distinctive service, we plan to become a company offering truly outstanding customer service," said Park Se-Yong, HMM president. "In keeping with this policy, HMM is building a reputation as an international shipping enterprise offering the most convenient, rapid and accurate service."

HMM recently completed its blueprint for becoming one of the top-ranking multimodal transportation companies in the world by the early 21st century. The plan calls for emphasizing the portage of special cargoes such as petroleum products.

Additionally, HMM is a member of the New World Alliance, which began service in 1998. The Alliance is an agreement among HMM, APL and Mitsui OSK Lines to coordinate vessels and terminals as well as share vessel space. The Alliance will provide highly competitive market coverage, sailing frequencies and transit ties in all of the major East-West container trades through the coordination of some 89 container ships globally. ●

PMA Today (1998 Pacific Maritime Association) is published semi-monthly for the membership of the Pacific Maritime Association. Comments, suggestions, additions to the mailing list and address changes should be sent to PMA, c/o Joey Parr, PO Box 7861, San Francisco, CA 94120-7861. Produced by PMA Staff.