

West Coast Container Market Share Down

Over the past three years, noticeable shifts have occurred in the container market share captured by the various U.S. maritime ports. The percentage of the total U.S. container TEUs that were shipped through West Coast ports has decreased during this period while the percentage of container TEUs shipped through the South Atlantic region of the East Coast has increased.

The other coastal areas have experienced minimal changes in market share, and the U.S. Great Lakes ports continue to be "non-players" in foreign container commerce.

Another trend on both the East Coast and the West Coast is the shift in container market share from northern coastal ports to southern coastal ports.

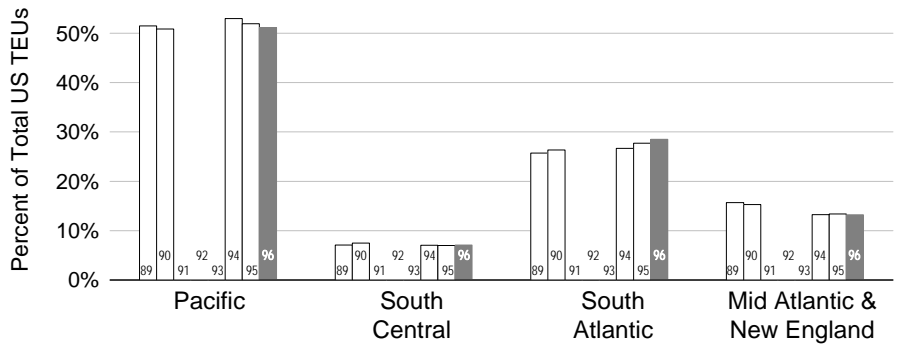
What is Market Share?

Ports which handle containers monitor container "market share" in order to compare their container activity to (a) that of nearby ports, (b) that of the region in which they are located, and (c) the average of ports on the coast on which they are located.

"Market share" is defined for this article as the percentage of the total U.S. container TEUs that a port handles. Total U.S. container TEUs is the total number of container TEUs in foreign commerce that are moved through coastal ports in the 48 contiguous states.

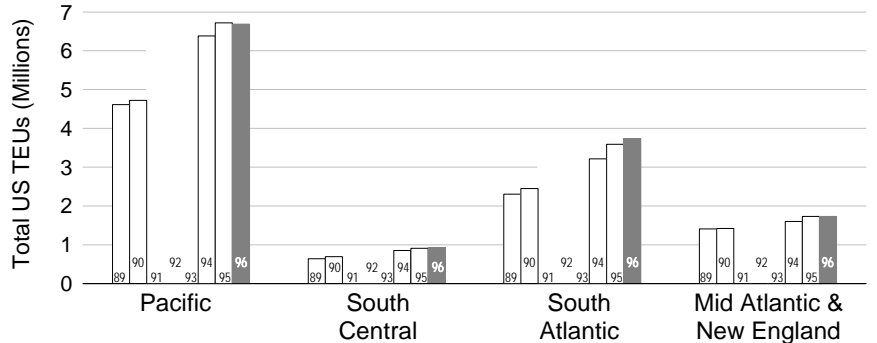
Only containers moving in foreign commerce are included, and all containers are counted as twenty foot equivalent units (TEUs). The TEU numbers shown here for

Percent of Total U.S. Container TEUs by Major Port Region
By Calendar Year 1989 - 1996: Each bar represents one year.
 (Includes only 48 contiguous states. Data are not shown for 1991 - 1993.)

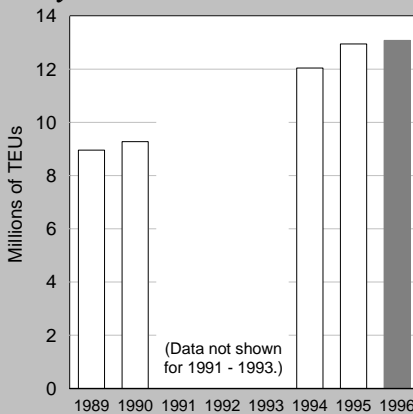


Total U.S. Container TEUs by Major Port Region

By Calendar Year 1989 - 1996: Each bar represents one year.
 (Includes only 48 contiguous states. Data are not shown for 1991 - 1993.)



Total TEUs in 48 Contiguous States
By Calendar Year: 1989 - 1996



the West Coast are less than PMA container numbers which include domestic cargo. These data were made available courtesy of the PIERS Division of the *Journal of Commerce*.

Container Routing

Container market share is not necessarily a function of where containers originate or where they are going. It is not unusual to have containers moving to or from ports a great distance from their inland U.S. point of origin or destination.

Container routing is dependent on many factors, including shipper and carrier preference, distance from point of origin or destination, port costs, productivity levels, land and air transportation connections, and many other details.

In 1996, the West Coast had a 51.1% share of the total U.S. container trade, but this is down from 53.0% in 1994. In the same period the South Atlantic's market

share increased from 26.7% of the total U.S. container trade to 28.5% in 1996.

PMA President and CEO Joseph Minace noted that "based on my conversations with Industry executives, this shift may be driven by higher productivity and the associated lower costs per box being attributed to ports in the South Atlantic region."

Discretionary Container Cargo

PMA has estimated that 70% of the container TEUs passing through West Coast ports either come from or are going to destinations in states east of California, Oregon, and Washington. This includes container cargo which may be repackaged, have value added work, or be sorted into domestic containers destined for inland distribution centers. It is possible that these containers might be moved through ports on other coasts at approximately the same total transportation cost.

These containers are referred to as dis-

cretionary cargo. Discretionary container cargo are containers whose port of entry or exit into or out of the US is dictated by the total transportation cost of getting it out of its point of origin or into its point of final destination.

The decision as to which port discretionary cargo ultimately leaves or enters the U.S. is affected by a variety of factors, including port labor cost and transit time.

The labor cost portion of container loading and unloading is increasingly becoming a visible segment of the overall transportation cost as the container slot cost on vessels continues to decline.

In some locations, the cost of loading and unloading a container is 10% or more of the total transportation cost. Those ports with lower labor costs per container and higher productivity will be in a much better position to amass market share at the expense of more expensive ports.

The Distance Factor

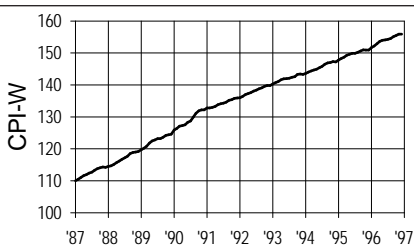
The distance that container cargo travels is an important element in the decision of which port to select for container delivery or pickup. Ports in Europe, Africa, and South America* are all closer in nautical miles to East coast ports than they are to West Coast ports. Via the Suez Canal, Karachi, Pakistan and Bombay, India are also closer to East Coast ports. At a distance about halfway across the Indian Ocean, however, the distance advantage shifts to West Coast ports for containers being

*The West Coast of South America (via the Panama Canal) is closer to a U.S. East Coast port than a U.S. West Coast port at the same latitude.

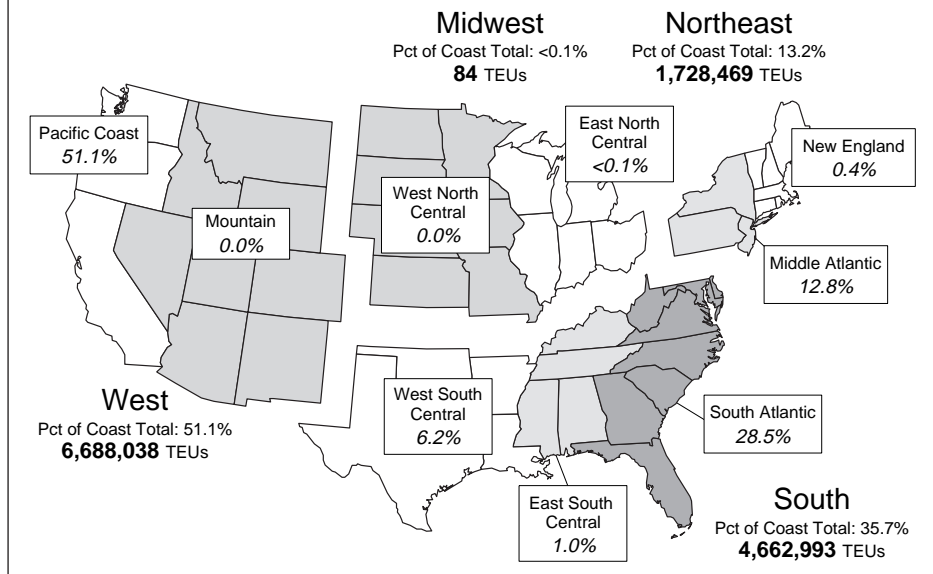
CONSUMER PRICE INDEX U.S. CITY AVERAGE - ALL ITEMS (1982-84 = 100)

Urban Wage Earners & Clerical Workers

Month	1994	1995	1996	12 Mo.
JAN	143.6	147.8	151.7	2.64%
FEB	144.0	148.3	152.2	2.63
MAR	144.4	148.7	152.9	2.82
APR	144.7	149.3	153.6	2.88
MAY	144.9	149.6	154.0	2.94
JUN	145.4	149.9	154.1	2.80
JUL	145.8	149.9	154.3	2.94
AUG	146.5	150.2	154.5	2.86
SEP	146.9	150.6	155.1	2.99
OCT	147.0	151.0	155.5	2.98
NOV	147.3	150.9	155.9	3.31
DEC	147.2	150.9	155.9	3.31



Import/Export TEUs in 1996 by Geographic Region as a Percent of U.S. Total



shipped out of the Asian side of the Pacific Rim.

Asian Pacific Rim countries account for the majority of U.S. container trade, and this traffic moves through West Coast ports.

It takes a week or more of added sailing time to land container traffic from the Asian Pacific Rim countries at East Coast ports via the Suez Canal. However, there is Pacific Rim discretionary container cargo for which the additional sailing time to the East Coast may be offset by several cost factors including lower port costs, higher productivity, and closer inland transportation.

PMA President and CEO Joseph Miniacce observed that "there may be a considerable amount of West Coast discretionary container cargo which could be shipped through East or Gulf Coast ports."

He adds, "Losing market share in any commodity group is not in our or our stakeholders' interest. Our goal is not only to maintain market share but to strive for increases. The ILWU has to understand the danger of cargo diversion and must be willing to work with us to increase productivity and reverse these trends."

Container Growth

U.S. Container TEU growth since 1989, the first year for which PMA has national PIERS data, has been very uneven. Container TEUs grew 3.6% from 1989 to 1990. Between 1990 and 1994, containers handled grew by 29.7%. The year 1995 saw a 7.5% increase over 1994. However, the 1996 growth was just 1.0% over 1995.

It is estimated that the bulk of the discretionary container cargo passing through U.S. ports is destined for or is coming from the North Central region of the country and

is transported by rail regardless of the coastal port through which it passes.

Port Battle for Market Share

Combined, the West Coast and the South Atlantic accounted for 80% of the container TEU traffic in 1996. The North East region which includes New England and the Mid Atlantic (the Ports of New York/New Jersey) handled 13.2% of the U.S. container traffic in 1996. This compares to 15.7% in 1989. The South Central region (Gulf Coast states less Florida) handled 7.1% of the U.S. container TEUs in 1996, the same percentage it handled in 1989.

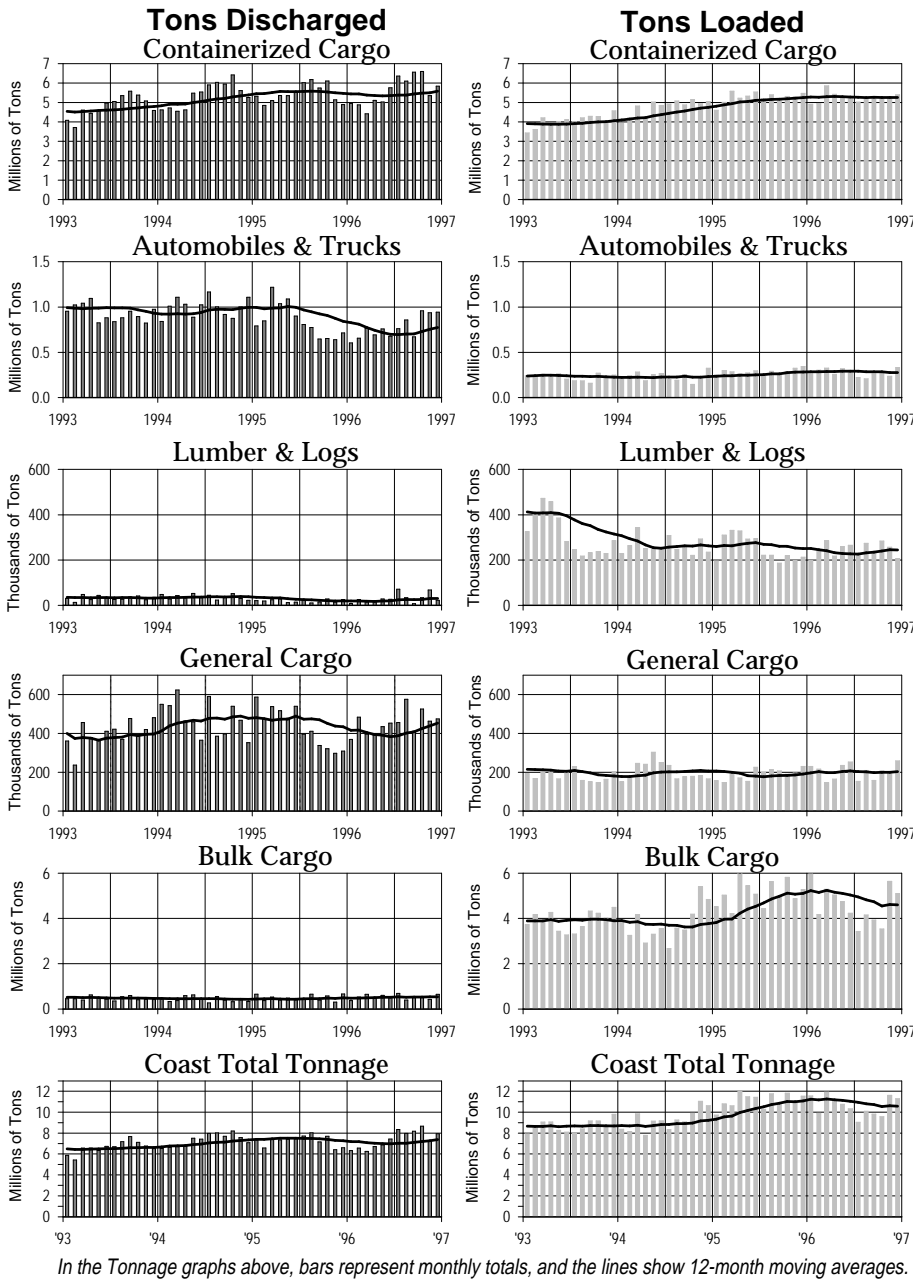
The battle for container market share between U.S. ports is really just beginning. This battle will take on greater importance as larger vessels operated by fewer companies ply the world's oceans. These very large vessels must be operated on precise schedules with fewer port calls as the industry strives to maximize returns. Thousands of jobs will be assured or lost depending on which ports gain market share and which ports end up serving only local markets. PMA

NOTE: The data used in this analysis is from the PIERS database and was furnished by the *Journal of Commerce*. Only data applicable to the 48 contiguous states have been used. The port data have been summarized by PMA, who is responsible for errors or omissions. Unlike the PMA container data, the PIERS container data exclude Alaska and Hawaii containers, containers in the coastwise trade, and intercoastal containers. PMA has not acquired the PIERS container data for 1991, 1992, and 1993; therefore, these years are not shown in the analysis.

For more information on discretionary containers, see "Container Distribution within the United States," *PMA Update*, Vol. 8, No. 11, November 1996.

Monthly Tonnage by Reporting Category: Discharged vs. Loaded

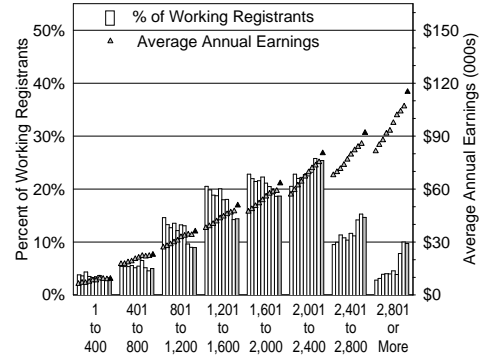
Actual Tons Reported by Month



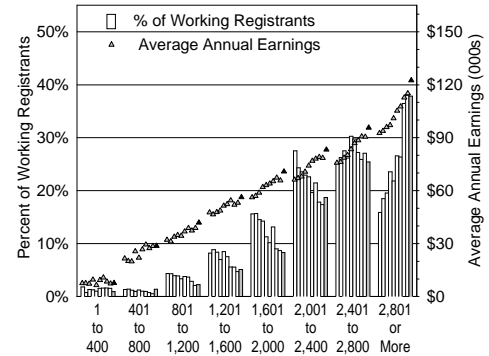
Average Annual Hours & Earnings by Work Force Category

1987 - 1996

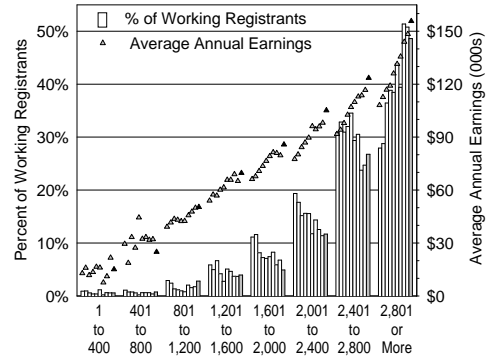
Longshore Class "A" Registrants



Clerk Class "A" Registrants



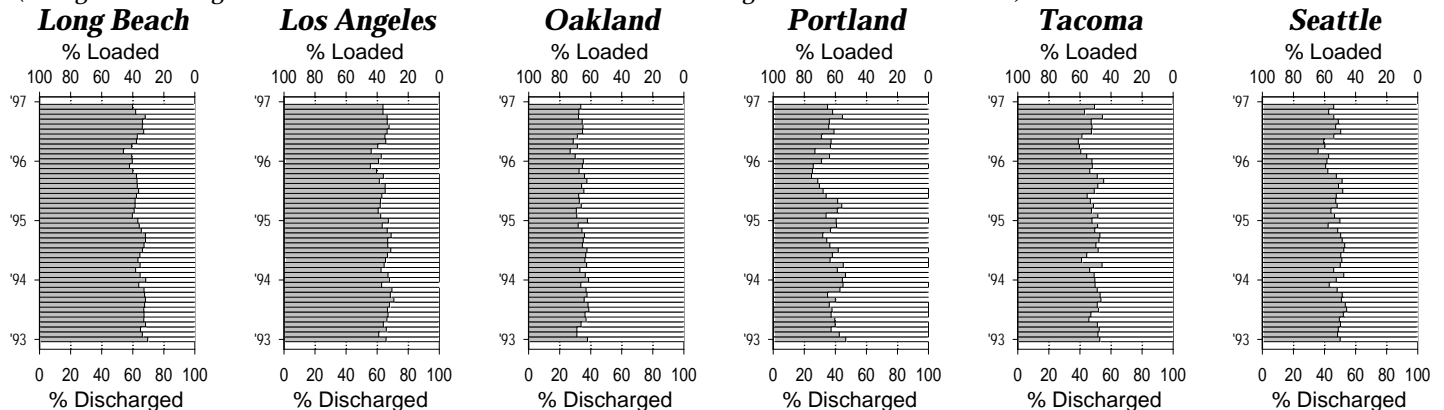
Foreman & Walking Boss Registrants



"Weighted" Tonnage: % Discharged vs. % Loaded

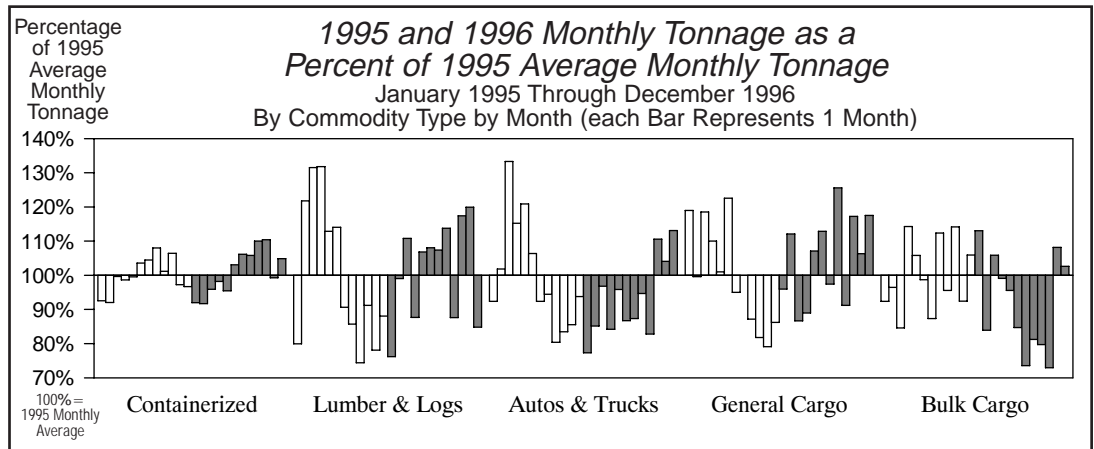
("Weighted" Tonnage = Containerized + Autos & Trucks + Lumber & Logs + General + 1/50 of Bulk)

% Discharged % Loaded



ILWU LOCAL/PORT AREA	REGISTRATION		STATS (For 52 Payroll Weeks)							PORT HOURS (Year-to-date)					TONNAGE BY PORT AREA (For 12 months-to-date & YTD)									
	(At 2/7/97)		(Ending 2/1/97)		Hours Paid:					Hours Paid at					% of Category Coast Total (12 Months-to-Date)					% of 1996 YTD				
	Class	Number	Annual	Wkly	Out of	Other	Cas-	Inac-	P/R Wks	1-6, '97	Occ Codes	Exp.						1996 YTD						
TOTAL	"B"	Working	Hrs Pd	PGP	Port	Local	uals	tives	Avg. Wkly	% Cst	Clk	Frm	Rates*	RU's	Lmbr	Autos	Other	Bulk	TOTAL	1996 YTD	Coast	'96 as a	Cstwise	
NO.	NO.	NO.	HRS	\$	%	%	%	%	HRS	%	%	%	%	%	%	%	%	%	%	TONS	%	%	TONS	
Longshoremen																								
<i>Southern California</i>																								
29 San Diego	43	0	41	1,634	15	3.4	8.0	33.2	1.2	2,410	0.7	11.7	13.2	29.4	0.1	2.2	3.2	1.2	1.3	0.7	1,495,349	0.7	131.5	0
13 Los Angeles/Long Beach	2,976	686	2,936	2,034	< 1	0.4	2.3	9.6	1.0	197,584	54.9	23.1	9.9	23.6	60.4	3.7	40.3	52.9	23.6	47.6	102,577,322	47.6	106.3	53,125
46 Port Hueneme	85	11	85	1,942	2	9.8	6.6	23.7	0.0	4,203	1.2	14.3	6.8	20.5	< 0.1	< 0.1	8.6	8.9	-	0.8	1,797,452	0.8	91.5	0
Southern California Total	3,104	697	3,062	2,026	< 1	0.7	2.5	10.3	0.9	204,197	56.8	22.7	9.9	23.6	60.5	6.0	52.2	63.0	24.9	49.1	105,870,123	49.1	106.3	53,125
<i>Northern California</i>																								
10 San Francisco Bay Area	912	107	851	1,617	2	1.2	0.3	3.6	3.7	39,773	11.1	26.8	8.0	8.4	14.1	0.1	13.6	6.4	1.7	10.0	21,552,855	10.0	91.9	127,232
54 Stockton	48	6	47	1,885	63	0.3	7.6	23.2	5.7	4,963	1.4	10.6	6.0	20.6	-	-	-	1.2	2.3	0.7	1,510,565	0.7	77.8	0
18 Sacramento	29	15	28	1,581	158	5.3	13.5	27.1	1.8	3,698	1.0	21.1	5.8	29.8	< 0.1	0.5	-	2.3	1.3	0.5	1,000,980	0.5	104.0	0
14 Eureka	32	1	32	1,026	260	37.3	2.5	5.8	5.5	580	0.2	13.1	11.3	11.6	-	1.0	-	2.7	0.5	0.2	531,331	0.2	87.2	28,126
Northern California Total	1,021	129	958	1,609	18	2.0	1.5	6.2	3.8	49,014	13.6	24.5	7.6	11.3	14.1	1.6	13.6	12.6	5.7	11.4	24,595,731	11.4	91.2	155,358
<i>Oregon</i>																								
12 North Bend/Coos Bay	98	7	92	1,634	36	11.0	19.7	9.7	2.8	3,451	1.0	7.9	6.6	8.0	< 0.1	11.0	< 0.1	1.1	5.3	1.7	3,702,738	1.7	99.0	3,422
53 Newport	8	0	8	929	324	80.1	42.3	3.8	0.0	12	0.0	0.0	0.0	0.0	-	0.3	-	-	-	< 0.1	10,889	0.0	146.9	0
50 Astoria	55	0	55	716	351	79.7	7.0	4.1	6.1	81	0.0	0.0	0.0	0.0	-	0.5	-	-	-	< 0.1	17,065	0.0	36.9	0
8 Portland	462	87	452	1,787	6	4.0	7.0	3.7	1.5	19,912	5.5	14.2	7.0	3.5	2.9	2.8	17.7	3.0	19.1	8.4	18,095,703	8.4	92.5	43,450
4 Vancouver, WA	148	42	148	1,930	3	8.9	10.5	7.9	1.3	7,602	2.1	14.4	6.1	20.8	< 0.1	2.9	1.3	4.0	7.2	2.3	5,036,171	2.3	94.3	0
21 Longview, WA	202	27	197	1,955	9	11.2	6.1	5.8	4.3	9,468	2.6	9.5	8.7	6.9	-	26.5	-	5.4	15.9	5.1	11,075,734	5.1	74.2	48,874
Oregon Total	973	163	952	1,760	32	9.3	8.8	5.6	2.2	40,525	11.3	12.6	7.2	7.9	2.9	44.1	19.0	13.5	47.5	17.6	37,938,300	17.6	87.0	95,746
<i>Washington</i>																								
24 Aberdeen	87	0	84	1,456	96	17.9	16.4	7.6	1.3	3,124	0.9	4.7	8.0	1.7	-	16.9	-	0.9	-	0.3	630,306	0.3	110.4	57,824
27 Port Angeles	57	0	57	1,147	287	55.6	5.5	3.1	0.0	210	0.1	8.2	7.2	0.6	-	3.7	-	-	0.5	0.2	400,862	0.2	148.1	34,496
51 Port Gamble	13	0	13	811	447	88.7	21.8	2.0	0.0	17	0.0	0.0	0.0	0.0	-	-	-	< 0.1	-	< 0.1	2,706	0.0	65.4	0
47 Olympia	22	0	22	972	309	22.7	40.5	8.0	0.7	553	0.2	2.9	10.6	12.6	-	3.3	-	< 0.1	-	0.1	109,329	0.1	218.0	0
23 Tacoma	447	76	445	1,960	-	1.2	4.1	16.3	1.2	25,595	7.1	19.6	8.7	7.3	9.5	17.2	10.6	2.9	12.3	10.2	22,001,205	10.2	98.7	0
19 Seattle	579	143	571	1,836	< 1	2.9	3.6	11.3	0.6	33,275	9.2	25.5	8.3	17.2	13.1	0.4	4.6	4.5	6.5	10.2	21,966,516	10.2	88.7	115,430
32 Everett	67	0	65	1,433	144	20.4	10.4	7.9	1.1	1,064	0.3	6.6	7.4	2.5	< 0.1	6.1	-	0.2	0.6	0.3	596,023	0.3	100.6	5,620
25 Anacortes	13	0	13	1,296	190	42.4	38.9	3.4	0.0	432	0.1	9.4	16.6	-0.2	-	0.7	-	-	0.4	0.1	267,691	0.1	71.7	0
7 Bellingham	32	4	32	1,551	58	10.7	20.0	12.2	0.0	1,755	0.5	7.0	8.3	18.4	< 0.1	0.1	-	2.3	1.6	0.5	1,170,154	0.5	100.6	3,293
Washington Total	1,317	223	1,302	1,766	39	6.3	5.8	12.8	0.9	66,023	18.4	21.1	8.5	12.2	22.5	48.3	15.2	10.9	21.8	21.9	47,144,792	21.9	94.2	216,663
Total/Average	6,415	1,212	6,274	1,868	16	3.2	3.9	9.6	1.5	359,759	100.0	21.5	9.0	18.0	100.0	100.0	100.0	100.0	100.0	100.0	215,548,946	100.0	97.9	520,892
% Change from Update of 1/96	-1.6	+5.9	-1.8	+3.4	+23.1	-0.6	-0.1	-0.4	+0.7	+10.1	-0.8	+0.5	+7.2	1.1%	1.6%	-6.8%	4.9%	-8.3%	-2.1%				34.8%	

Clerks												
29 San Diego	4	0	4	***	***	25.0	39.1	9.0	16.7			
46 Port Hueneme	12	0	12	2,303	-	5.4	31.6	3.4	0.0			
63 Los Angeles/Long Beach	771	3	759	2,638	< 1	0.1	10.5	7.9	1.1			
14 Eureka	3	0	3	***	***	17.4	37.3	0.0	0.0			
34 SF Bay Area & Delta	266	5	259	2,295	2	3.2	5.5	1.4	3.3			
40 Portland	108	0	106	2,289	< 1	36.1	6.9	1.6	3.1			
23 Tacoma	58	0	57	2,619	-	0.0	43.3	3.6	1.9			
52 Seattle	167	2	166	2,674	< 1	16.2	12.1	5.2	0.7			
Total/Average	1,389	10	1,366	2,541	< 1	5.3	12.2	5.8	1.6			
Foremen/Walking Bosses												
29 San Diego	2	0	2	***	***	0.0	70.4	0.7	0.5			
46 Port Hueneme	6	-	6	2,056	43	1.4	19.1	0.0	0.0			
94 Los Angeles/Long Beach	305	-	303	2,914	< 1	0.1	6.9	0.0	2.5			
91 Northern Calif. Area	74	-	73	2,370	32	0.3	7.5	0.0	3.2			
92 Portland	48	-	47	2,543	15	13.1	16.7	0.0	7.9			
98 Seattle	96	-	95	2,676	7	10.3	14.3	0.0	1.2			
Total/Average	531		526	2,750	8	3.0	10.1	0.0	2.9			



* Longshore and Clerk hours only. *** "Annual Hrs Pd" and "Wkly PGP" for groups of less than five individuals are not shown, but the data are included in category averages.