

# Port & Regional Trade Competitiveness in an Emerging Post COVID World

Association of Pacific Ports July 29, 2021



# Outline

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- ▶ Logistics Infrastructure & Investment
  - Major Ports and Competing Gateways
  - Regionally Significant Ports
- ▶ Policy Impacts Driving the Nature of the Trade Opportunities
  - Competition
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- ▶ Value Creation Opportunities to Address Trade Growth
- ▶ Questions and Answers

# Introductions: Meet our industry experts



Phil Davies  
Principal  
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Featured Speaker



Hanh Le-Griffin  
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Hatch Engineering  
Featured Speaker



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Managing Director,  
Wave Point Consulting Ltd.  
Session Moderator

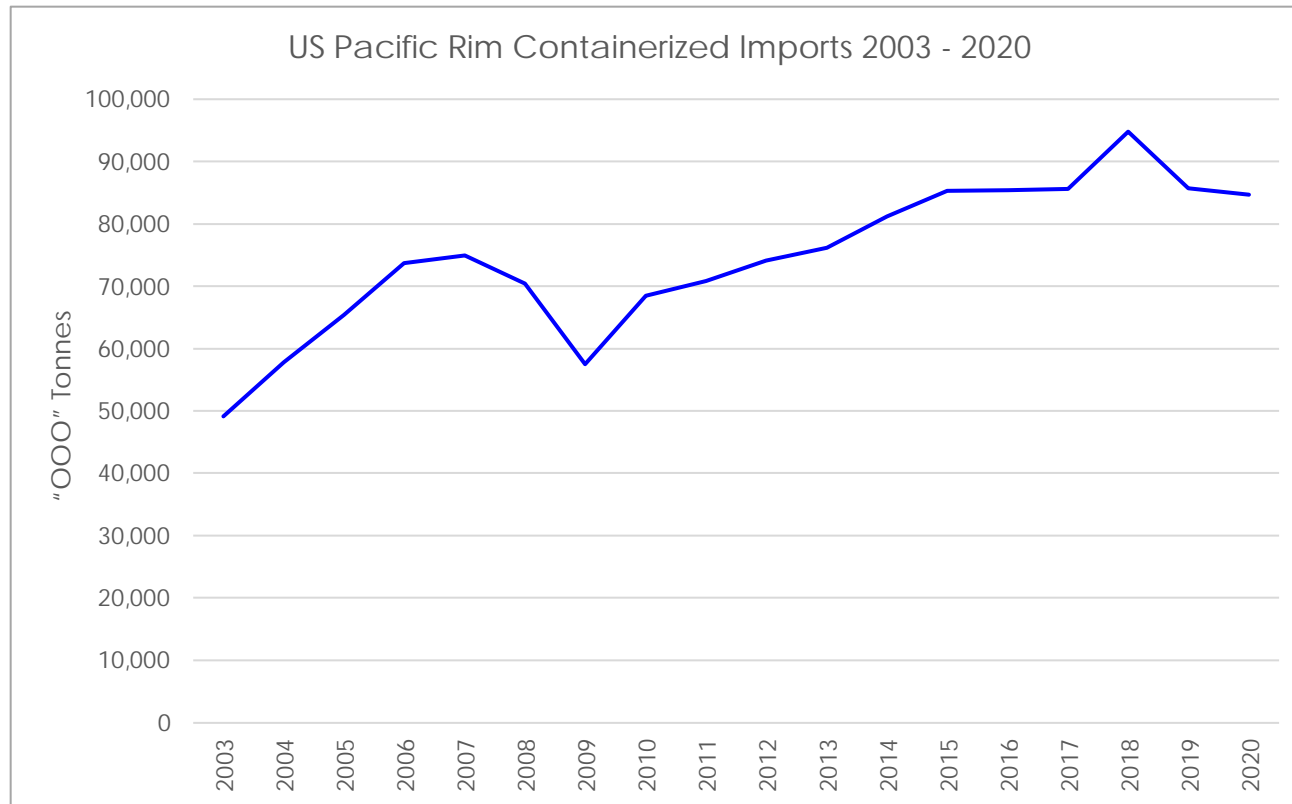
# Maritime cargo & industry trends

- ▶ Container: The 2008 recession had long term impacts on container intermodal traffic – shift from international (IPI) traffic to domestic (transloaded) traffic for ocean imports. Implication: Continuation of long-term trends in West Coast ports' market shares.
- ▶ Break-bulk & Project Cargo: Renewable energy, oil, gas & infrastructure projects, unbalanced container shipping supply chain are combining to demand. Implication: Vessel routing, port congestion, rising rates, truck, equipment, & driver shortages are complicating the inland movement of cargo.

# Maritime cargo & industry trends

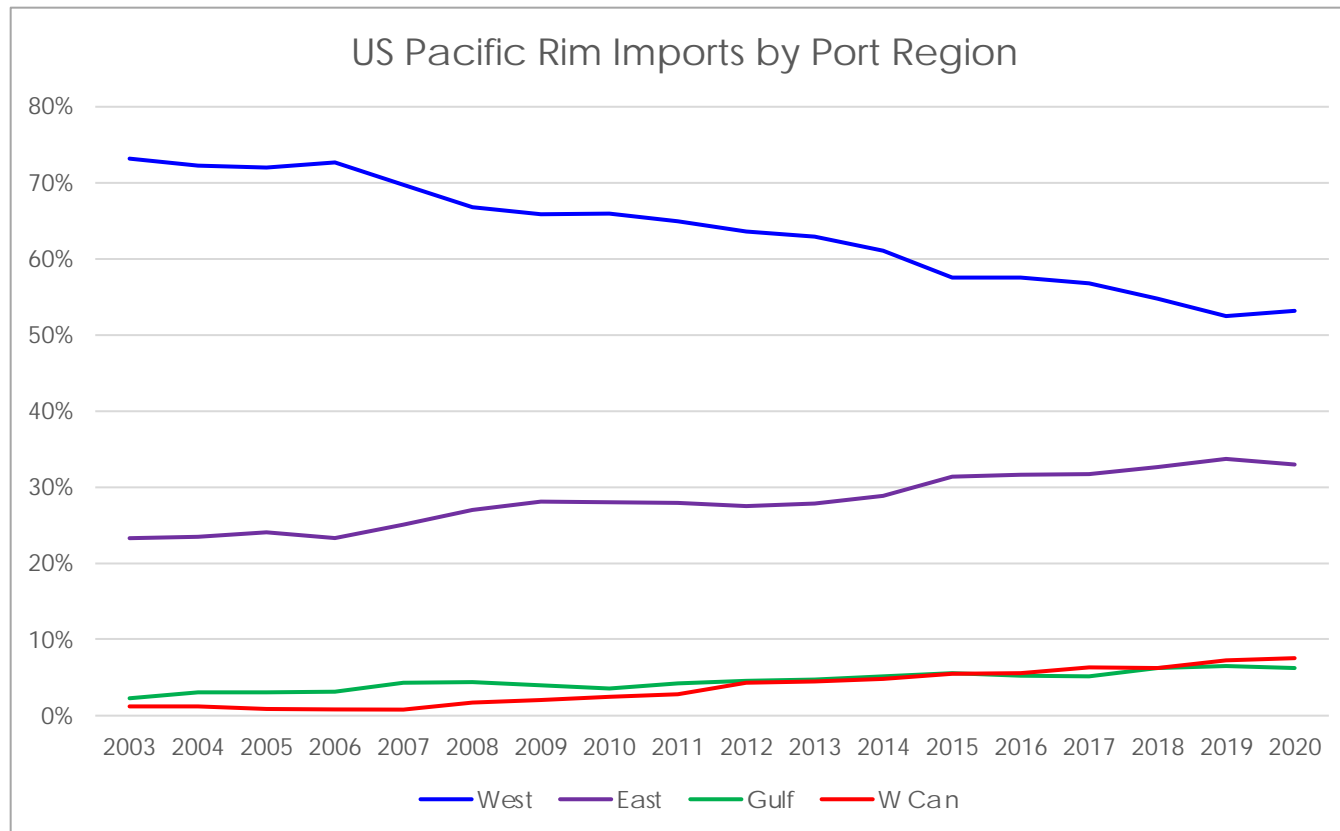
- ▶ Autos: The industry continues to grapple with ongoing supply chain issues, most notably a shortage of semiconductors, steel shortages, backlogs at ports etc. Industry is seeing the greatest challenges to their supply chain that have experienced in decades. Implication: Delayed demand will put more pressure in logistics and transport system going forward.
- ▶ Bulk (Dry): Market optimism from infrastructure-related commodities such as iron ore & coal, along with minor bulks such as aggregates, clinker, limestone is likely to help fuel the dry bulk markets. Implication: Geopolitical tension/trade irritants (especially in the agricultural sectors), economic growth, capacity of logistics infrastructure & the impact of COVID on crew changes & vaccination levels in importing countries creates ongoing challenges.

# COVID container traffic impacts



- ▶ The 2008 recession has a greater structural impact on port container trade competition than the pandemic.
- ▶ Small decline in Pacific Rim import container traffic.

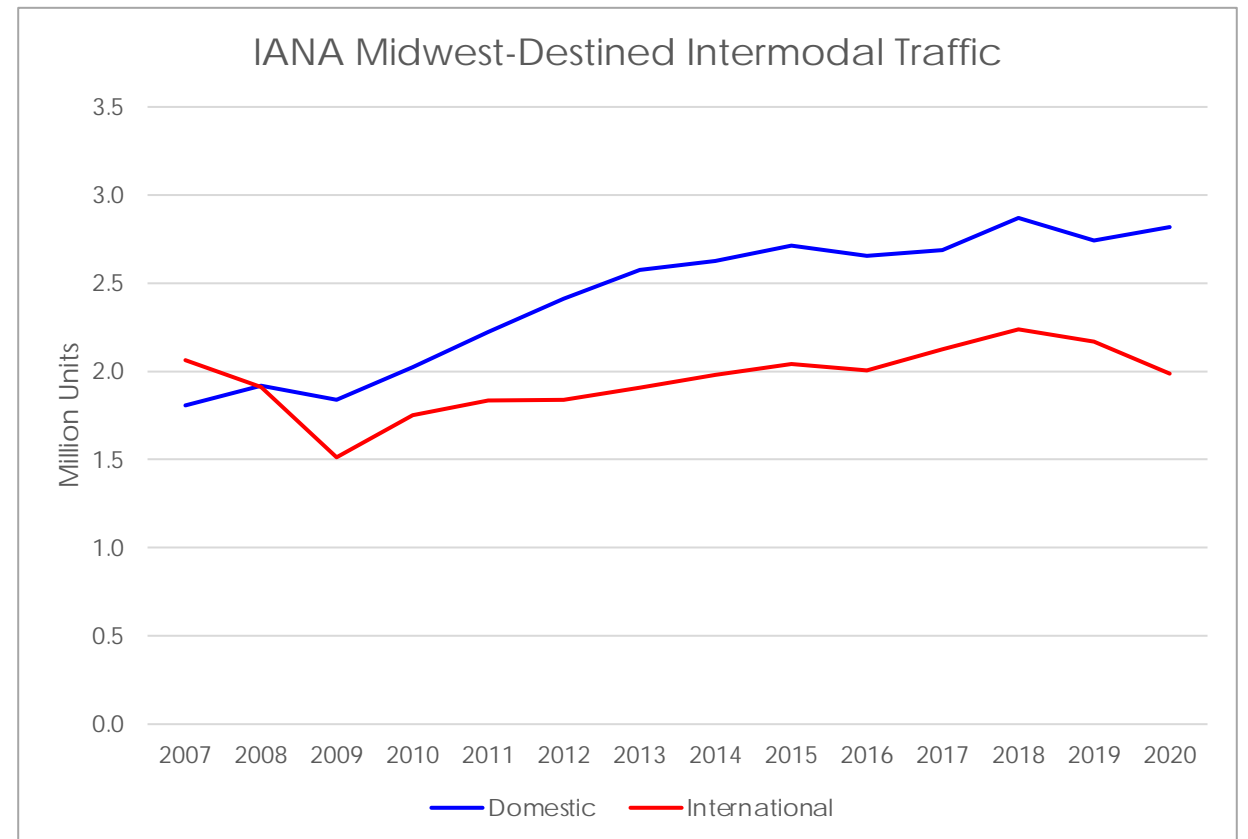
# Regional market shares container traffic



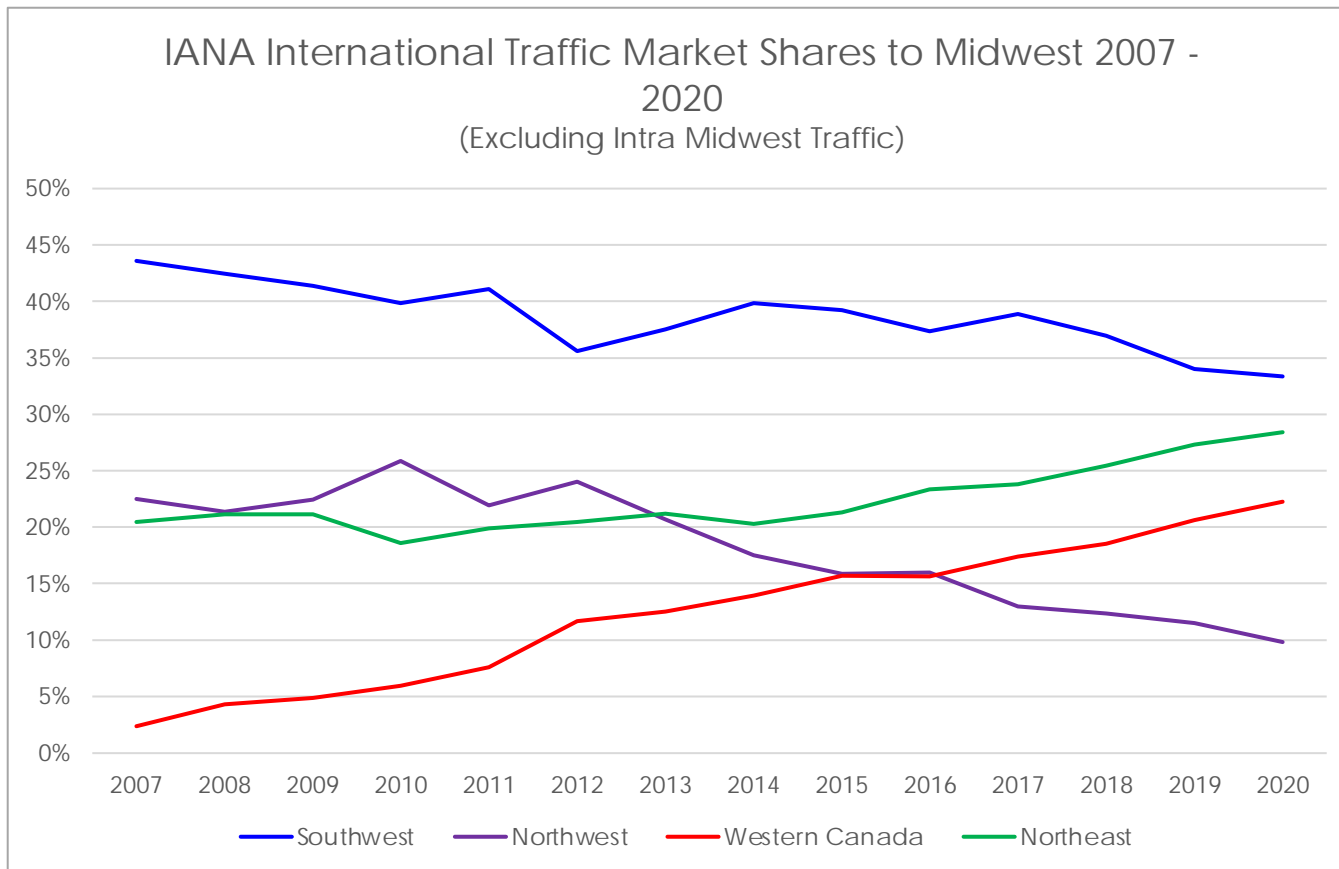
- ▶ Continuation of long term trends.
- ▶ Slight increase for West Coast relative to East Coast ports in 2020.

# Impact of the change since COVID on the major container gateways

- ▶ 2008 recession had long term impacts on container intermodal traffic – shift from international (IPI) traffic to domestic (transloaded) traffic for ocean imports.
- ▶ IPI traffic did not recover until 2018.
- ▶ Negative impact of COVID in 2020.



# Impacts of the change since COVID on the major gateways



- Southwest (LA/Long Beach) and Northwest (Northwest Seaport Alliance) affected by stagnation in IPI market & rising Western Canadian (Prince Rupert and Vancouver) & Northeast (New York/New Jersey & Norfolk) market shares.

# COVID impacts 2021, container trade

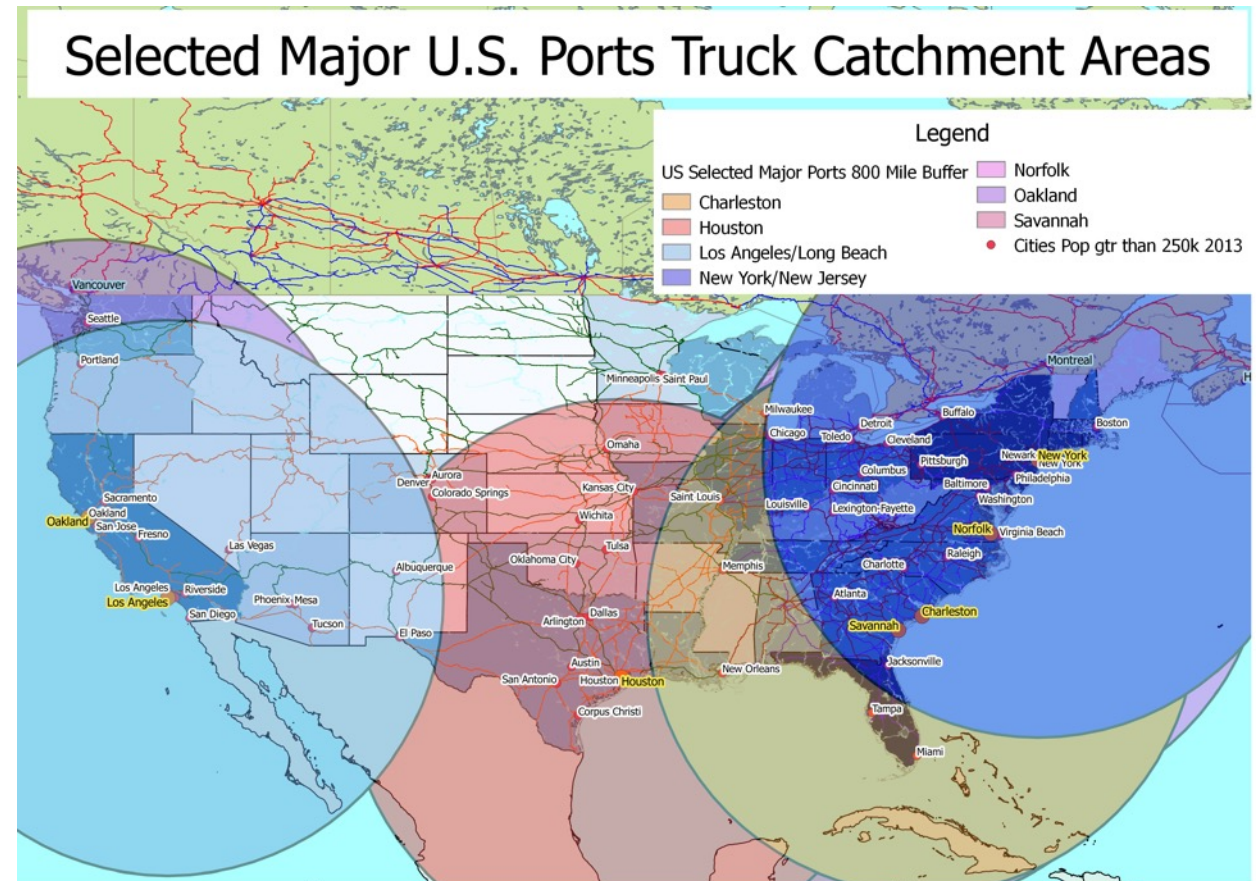
- ▶ Massive demand surge.
- ▶ Port congestion & capacity constraints.
- ▶ Record high container ocean shipping rates.



# Logistics practices & infrastructure

## Major ports & gateways: Distribution & supply chain resiliency

- ▶ Cargo type, volume & traffic density characterize the major ports and gateways.
  - Continuing need for more warehouse/distribution centers near large ports & urban centers.
  - Logistics demand generate truck trips & the need to deal with congestion.
  - Commercial behaviour of Class 1 railways greatly influences competitive position of gateway ports.



# Logistics infrastructure & investments

## Major ports & gateways: Congestion

- ▶ Short sea shipping:
  - Seattle T30 to Fraser Surrey Docks June 2021: 140 Containers,
  - DP World Port of Vancouver to the Port of Nanaimo.
- ▶ Supply chain resiliency:
  - Off terminal support facilities,
  - Information systems & security,
  - Coastal & logistics facility resiliency planning.
- ▶ Alternative fuels:
  - Zero emissions,
  - Power management.



# Logistics practices & infrastructure, trade corridor emphasis

- ▶ Gateway port responses to maintaining their long-term economic competitiveness includes Infrastructure project investments & use of new technology to support & mitigate impacts of traffic supporting national supply chains.
  - Marine terminal,
  - Rail,
  - Road & Trucking.
- ▶ Some regional ports such as the Port of Grays Harbor promote the concept of a trade corridor:
  - The Pacific Northwest Coastal Freight Corridor provides road, telecommunications & marine transportation routes to deliver products to market without facing the everyday congestion of the urban areas.
  - Rail infrastructure reinvestment challenges remain for some ports.

# Logistics practices & infrastructure

## Regionally significant ports

- ▶ World-wide port congestion & supply chain interruptions can lead to opportunistic cargo growth at regionally significant ports.
- ▶ New infrastructure investment requires consistent baseload cargo flow to improve project economics.
- ▶ Regionally significant ports focus their business development efforts & infrastructure investment on efforts that make a real difference to businesses in the local economy.



Port of Everett July 2021: 64 Import Containers for Rad Power

# Logistics practices & infrastructure

## Regionally significant ports

- ▶ Port of Nanaimo Vehicle Processing Centre.
- ▶ Port of Hueneme expanding cold chain facility and agriculture trade.
- ▶ Port of Stockton's Zero-Emission Freight Facility Electrification Blueprint charts an intentional and strategic course of action.
- ▶ Port operations = business development for regionally significant ports:
  - Simplify governance, operations & who has the authority to make commercial decisions to effectively deal with rapid changes in the marketplace.



Port of Nanaimo Vehicle Processing Centre

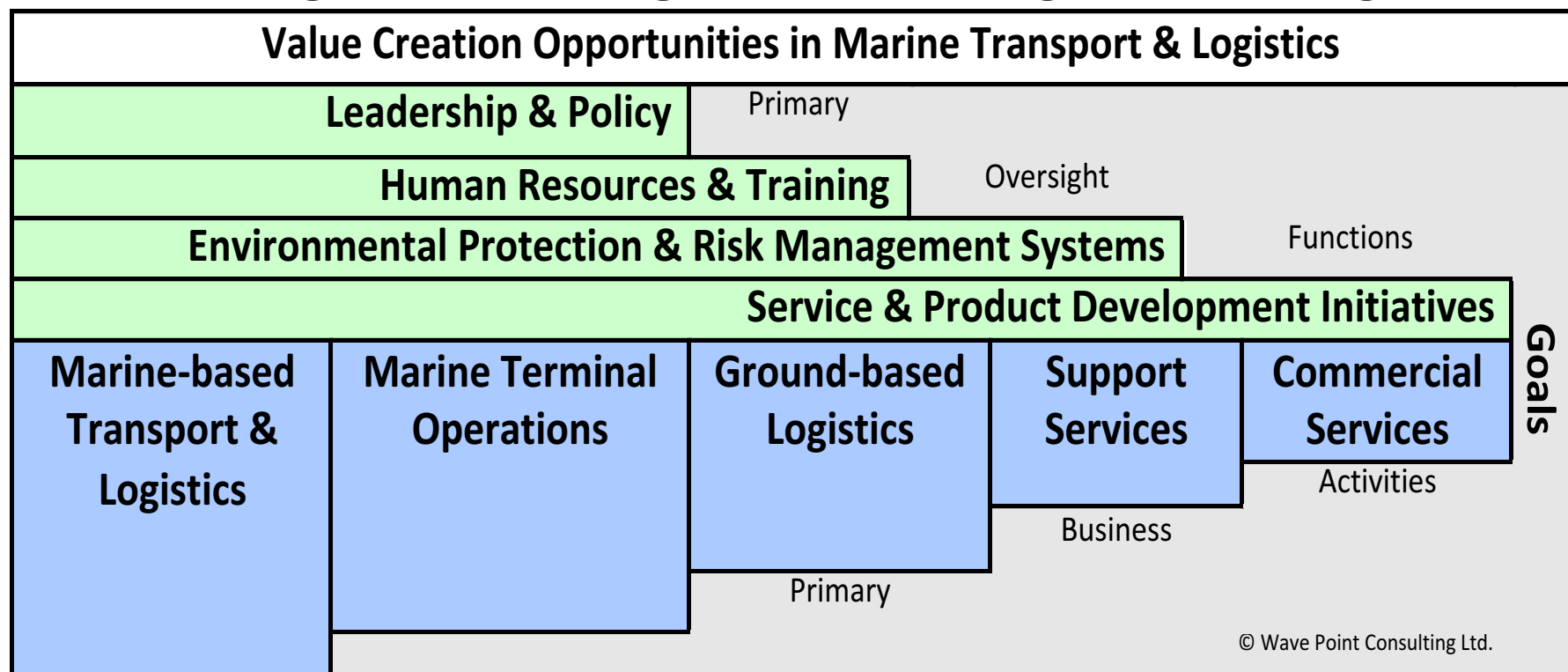
## Policy impacts driving trade opportunities

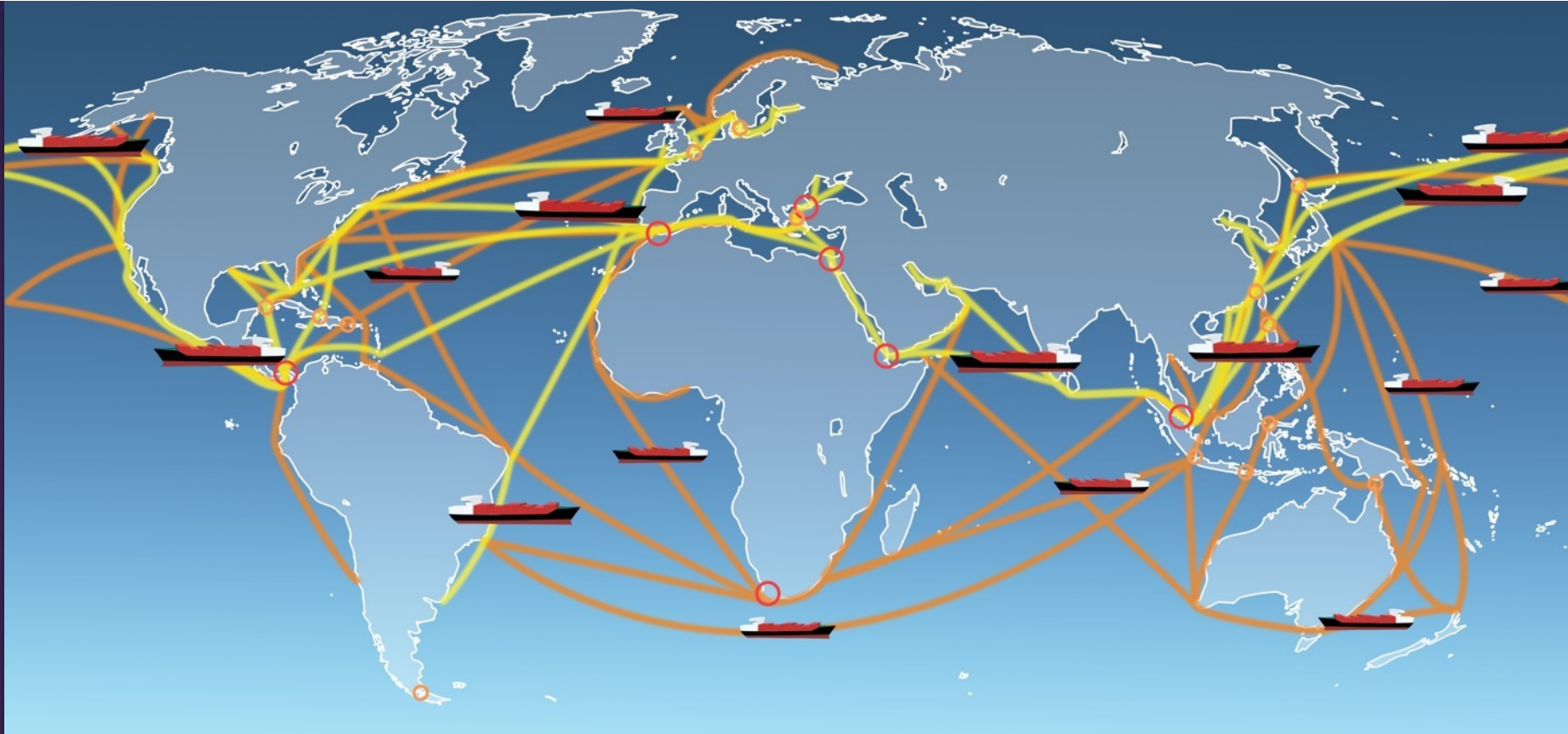
- External pressures:
  - Competition,
  - Environmental sustainability.



# Value creation opportunities to address trade growth

Long-term strategies for dealing with change





## Questions & Answers