Trends in Port Competitiveness

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Opportunity Costs Beyond Jobs & Tax Revenues

Growing volumes creates a “virtuous cycle” for reinvestment in infrastructure and financing for environmental programs and regulatory costs.

Even higher costs are off-set when the average of those costs are spread across a growing number of containers.
In addition to higher environmental and regulatory compliance costs, baseline operating costs for the supply chain in California are already higher than at competing Ports.

The higher costs of doing business here are already spread throughout the supply chain and found in Port Leases and Tariffs, Labor, Rail Rates, Pilotage, Fees, Warehousing & Distribution.
California’s “Cost per Box” Math is the Opposite of a Virtuous Cycle:

(High Base Supply Chain Costs + California Only Costs) Decreasing Container Volumes

- Higher Supply Chain Costs in California already, plus the addition of California Only Costs Drive up the Costs of Doing Business
- Stagnant or Decreasing Container Volumes concentrate costs rather than distribute them
- Result: Our “Cost per Box” Goes Up

Since 2006, we’ve been doing bad math...
Annual TEU Volumes at California's Container Ports (1990 - 2006)

- Long Beach
- Los Angeles
- Oakland

Year:
- 1990: 1,124,123
- 1991: 1,598,078
- 1992: 2,116,410
- 1993: 2,390,262
- 1994: 3,000,000
- 1995: 3,750,000
- 1996: 4,462,959
- 1997: 5,183,520
- 1998: 5,500,000
- 1999: 6,000,000
- 2000: 7,289,365
- 2001: 8,469,853

Volumes:
2007 Growth for the World's 50 Largest Ports by TEU Volume

Source: "CS Top 100 Container Ports 2008"
(http://www.cargosystems.net/freightpubs/cs/top100.htm;jsessionid=B1FB2518FD67C0DF6A30B33930BF0E52)

Out of the Top 50 World Ports, Only the Ports of Los Angeles and Oakland had Negative Growth Before the Recession Hit
Growth at Largest North American Container Ports, 2006-2013

All container ports in North America with Volumes of Greater than 2.0m TEUs in 2012, from Largest (Los Angeles) to Smallest (Manzanillo)

- **Los Angeles**: -7.10%
- **Long Beach**: -7.67%
- **New York/New Jersey**: 6.86%
- **Savannah**: 22.67%
- **Virginia**: 8.63%
- **Manzanillo, MX**: 60.05%
- **Oakland**: -1.83%

Sources: AAPA, individual Port Authority statistics and websites
* 2013 Final Volumes Not Released, Based on Partial Year Data
California's Container Port Market Share
(1990-2006)

Source: American Association of Port Authorities
Annual TEU Volumes at California's Container Ports (1990 - 2006)
In 2010, on average, marine terminal operator activities at Oakland yielded $180.22 in State and Local Taxes per container, $1,716.56 in personal income per container, and a full 0.37 jobs per container. The business conducted at the Port of Oakland alone helped to generate some 472,821 jobs and overall state and local tax revenues of $233m.

Estimated Costs of Not Reaching Container Volume Projections at Oakland in 2013
(1.5m teu ≈ 750,000 containers)
$135,000,000 in lost State and Local Tax Revenues
275,000 jobs not created
$1,300,000,000 in personal income not created

By 2013, volumes at the Port of Oakland are 1,500,000 teu Lower than State Projections (-40%)