

# Auto and Ports Have Enjoyed Long, Positive Relationship



■ TRADE AND TRANSPORTATION  
By **Thomas O'Brien**

**T**hese days you'd think that containers are the only commodities moving through the San Pedro Bay ports. They are the workhorses of international trade; and given their presence on ships, railcars and trucks, they are the most visible reminder of trade's economic and environmental impacts. It is important to remember however that the Ports of Los Angeles and Long Beach have over 50 terminals that handle a huge variety of bulk and break-bulk commodities as well. Some of these commodities are important intermediary inputs into production and construction processes clear across North America; others are final goods ready for consumption. One of those goods is the automobile. Last year, LA and Long Beach together handled approximately 28% of all auto and light truck tonnage moved through the West Coast of the US; LA alone handled over 230,000 automobiles.

Automobiles have a long history in the ports. It is no accident that Henry Ford Avenue connects Anaheim Avenue with Terminal Island. Parts destined for Southern California assembly plants began moving through the ports in 1914 when Ford opened his first assembly plant at 7<sup>th</sup> and Santa Fe. Automobile assembly ceased in Southern California in 1992 when the GM plant in Van Nuys closed, although production and aftermarket auto parts do still move through the ports in boxes. More significantly, for the last 50 years, the San Pedro Bay ports have been major discharge locations for imports of finished automobiles and the port of origin for US cars destined for foreign markets.

The big story about automobiles in the local ports over the last 30 years has been the competition between autos and containers for terminal space. Auto terminals are space intensive. When cars are driven off a ship or staged for export, a wide open parking lot is far preferable and cheaper than a ramp. As containers have become more and more important to the ports, some auto operations have been squeezed out. Hence we've seen the rise of major auto import operations at Port Hueneme and San Diego. Auto handling operations also require workers with particular skills and aptitudes. Discharging a vehicle means not only driving well, but also performing the back-breaking

work of lashing and unlashng vehicles stowed in the large floating garages called Pure Car Carriers.

But auto handling facilities can and do complement other port activities. Car carriers are typically shallower draft vessels, and therefore well suited to inner harbor locations. Auto handling operations don't require a lot of wharf frontage. There's no fixed crane superstructure and the cargo moves itself away from the water. Car carrier schedules may also allow sharing with other callers. In Port Hueneme, fruit importers stocking up at the start of the week can easily share terminal space with auto importers whose commodity won't spoil over the weekend.

It's not clear how the competition for space is going to play out in the San Pedro Bay ports in the coming years. Both Port Hueneme and San Diego have significant auto processing facilities that will attract automotive-related trade. However, much of the future outlook will depend on the automotive industry itself. Two of the most important trends in the container carrier business – consolidation in the carrier sector, and more active involvement of shippers in logistics coordination – are also evident in the automotive industry. Wallenius Wilhelmsen Lines (WWL) for example is the world's largest roll-on/roll-off and automobile carrier; but WWL is more than just a car carrier. At Port Hueneme, WWL offers auto processing services; and in 2005, WWL acquired Distribution and Auto Service Inc (DAS), a US auto logistics firm closely associated with auto manufacturer, Nissan-Renault. The acquisition represents a further step in WWL's strategy of providing door-to-door services for auto firms. This move is significant for the San Pedro Bay Ports because DAS is a major tenant of the Port of Los Angeles.

It's also important to remember the role played by the auto importers and manufacturers themselves. Auto manufacturers have been more involved in the trade than other importers because after all, a car is a high value and surprisingly fragile commodity. In some cases auto manufacturers like Toyota, a tenant at the Port of Long Beach, take care of their own logistics.

While cars and light trucks may never enjoy the profile of containerized trade at local ports, the automotive trade underscores why LA and Long Beach combine to form the largest port complex in the US and fifth largest in the world. Here you have world class port facilities, access to road and rail networks and to the numerous logistics companies which take advantage of their proximity to the ports, and a market of more than 18 million people waiting for what is unloaded, or maybe rolled off of the ship.

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