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Finally, there is reason for optimism at the local ports. At the Port of Long Beach, February's container volumes were 30% higher than they were during the same month in 2008, when they reached a six-year low. The Port of Los Angeles was up 27% over the same period. The National Retail Federation expects those figures to be sustained throughout the first half of 2010.

Increasing activity on the trans-Pacific trade lanes should mean continued good news for both L.A. and Long Beach, which have long been the dominant ports along the west coast. But rival ports will also plan to take advantage of a turnaround in the economy and gain market share at the expense of the San Pedro Bay.

That's the nature of the game. Ports around the world compete. The dramatic growth in global trade earlier this decade fueled an explosion in port capacity to accommodate growing shipments. Ports tried to outdo each other in terms of size, capacity and investment. To secure their social license to operate, ports also started to improve their environmental performance. That was the best of times.

Today, as we emerge from the global recession, the desire of ports to compete with each other is even more intense. The recession hit the shipping and logistics industry hard, with trade volumes down throughout the world. Ports are no longer in a position to win out by investing in new capacity; instead they are trying to cut costs. But this will ultimately be self-defeating if these costs are simply transferred to the environment and local communities. Instead, ports must identify other ways to set themselves apart and grow sustainably as we emerge from challenging economic times.

Innovation is one way of doing this. When trade volumes increase, that growth creates demand for innovation to address such challenges as congestion and pollution. The response may come in the form of new technologies or processes for handling and moving cargo, creative approaches to planning and policy-making, or financing methods that bring to the table new partners. The goal is ultimately to balance growth and sustainability in a complex, competitive global environment.

We recently studied the environment for innovation in the Port of Vancouver, one of L.A.-Long Beach's chief rivals, for the Asia Pacific Foundation of Canada. Vancouver is Canada's gateway to Asia and Asia's gateway to Canada. It recently overtook Oakland as the third-largest container port on the West Coast and boasts a better throughput density than either Los Angeles or Long Beach (measured in TEUs moved per gross acre per year). In recent years, Vancouver has been at the forefront of some key advances in technology, process and policy. These include the use of shore-based electricity for cruise ships and the development of a mandatory ballast water exchange program to prevent the spread of non-indigenous species. These innovations were all facilitated by the port authority's deep connections with industry, which

result in regular opportunities for information sharing.

From the perspective of U.S. ports, the Port of Vancouver also enjoys the advantage of another innovation they would like to see adopted in this country: a national freight policy. The Canadian government, as part of its Asia-Pacific Gateway and Corridor Initiative, is developing an integrated set of investment and policy measures focused on trade with the Asia-Pacific Region. Its mission is to establish Canada's Asia-Pacific Gateway and Corridor as the premier transportation network facilitating global supply chains between North America and Asia. In British Columbia the initiative includes the development of port infrastructure, and road and rail connections stretching out of Vancouver, making it an even more competitive West Coast alternative for goods destined for the heart of North America.

Despite these successes however, there are challenges to the development and adoption of innovation in the Vancouver gateway, and many great ideas are left on the drawing board. Its port facilities are widely dispersed geographically, and the commodity base is diverse. This increases the complexity of the demands for innovation. Large segments of the Vancouver freight gateway also have monopoly characteristics, with lots of dedicated, single-client and single-purpose infrastructure for bulk commodities. This market structure and consequent organizational fragmentation between sectors reduces the pressure for innovation. Vancouver also lacks corporate head offices and lead firms in the maritime and logistics sector. In relation to other West Coast ports, it is not a lead jurisdiction like Los Angeles-Long Beach, and it lacks the density of academic and research centers which have supported (and even funded) technology development here.

This lack of innovation supply may not be such a disadvantage because Vancouver is part of an interconnected system stretching from Baja California to Alaska. Relationships between key actors in the West Coast port system provide a vital source of innovation that often compensates for supply shortcomings within the Vancouver port-logistics sector. When Vancouver is unable to play the role of lead jurisdiction because of scale, research capacity or a lack of lead firms, it can still help mediate the exchange of ideas, policies and

programs with other ports and agencies. It can also play a critical role in downstream testing and refining of innovations developed in other places. That's good for L.A. and Long Beach which get credit for being at the forefront of innovations like those related to the green port movement, but would rather avoid imposing technological fixes and policy measures that make it costly to do business here relative to other West Coast ports. A West Coast approach helps create a level playing field. At a time when finding the right balance between growth and sustainability is more difficult - and more important - than ever, it turns out your competitor may prove to be your best friend on the road to recovery.

(This piece was written with Dr. Peter Hall, urban studies program, Simon Fraser University; and Dr. Clarence Woudsma, school of planning, University of Waterloo, Ontario. Dr. Thomas O'Brien is the director of research for the Center for International Trade and Transportation at California State University, Long Beach and the associate director for Long Beach Programs for the METRANS Transportation Center, a partnership of USC and CSULB. For past articles in this series, please go to <http://www.uces.csulb.edu/IndustryArticles>.)