

# Automotive Logistics Livestream: North American Ports

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**Seaports Deliver**

**AAPA**  
[www.aapa-ports.org](http://www.aapa-ports.org)

# American Association of Port Authorities

## Established in in 1912 ...

- ***AAPA is the unified voice of the seaport industry, representing 130 public port authorities throughout the Americas, and 78 in the United States.***
- ***AAPA connects, informs and unites maritime industry partners and solutions providers facing the demands of a global economy.***
- **AAPA fosters collaboration among Public Port Authorities, Industry Solution Providers and allied groups. We do this through:**
  - ✓ ***Legislative and policy support***
  - ✓ ***Congressional outreach***
  - ✓ ***Education and training, PPM, IRPC***
  - ✓ ***Networking and one-on-one interactions***





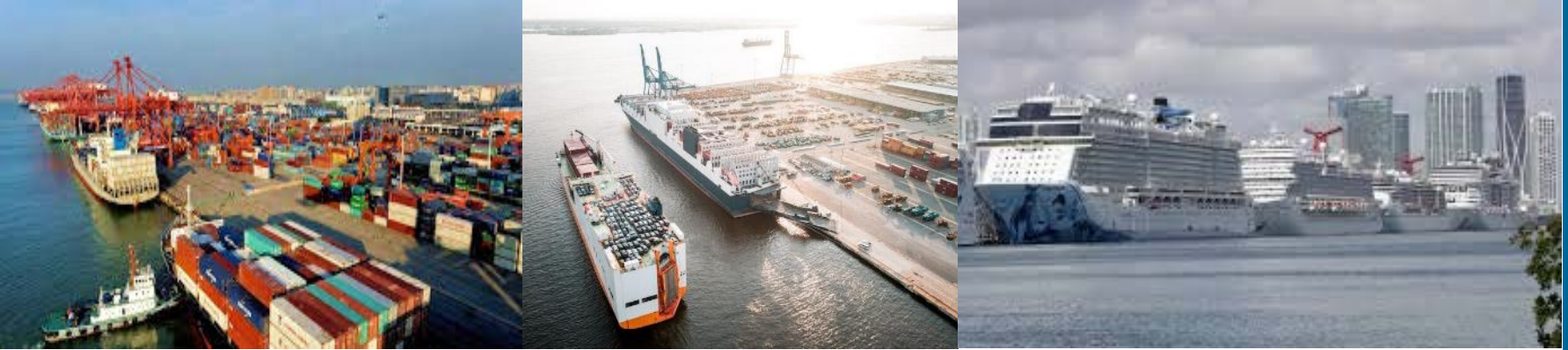
# Ports Critical to Nation's Economy

- ***America's seaports are hubs for goods movement & tourism. They handle export & import cargoes, facilitate cruise travel and tourism, create jobs, and support local & national economic growth.***
- ***Seaports also crucial to national defense, with 17 U.S. ports designated as "strategic" by the U.S. Department of Defense.***
- ***In 2018, U.S. public ports' cargo & vessel activities accounted for \$5.4 trillion, or about 26% of GDP. Those activities:***
  - ✓ ***Created 650,000 direct and another 30.2 million indirect U.S. supply chain jobs***
  - ✓ ***Generated \$378 billion in local, state & federal tax revenues***
  - ✓ ***Facilitated movement of 2.63 billion metric tons of international & domestic cargo***
  - ✓ ***Provided facilities for 13 million cruise travelers***



# COVID-19 Cargo Impacts on U.S. Ports

- ***Container cargo volumes down 10 – 25% from 2019***
- ***Ro-Ro cargo volumes, principally autos, down 20% or more***
- ***Tourism port terminals completely shuttered since March 2020***
- ***Bulk cargo volumes (e.g., ag, oil, minerals) down 15 – 25% from 2019***
- ***Break-bulk cargo volumes, like steel, down about 25% from 2019***
- ***Small ports could be hit hardest due to less cargo diversity***



# COVID-19 Expense Impacts on U.S. Ports

**Americans able to practice social isolation due to the continued functioning of our supply chains in which ports play a critical role. However, this has come at a high cost to port authorities and terminal operators.**

- ***Direct expenses include PPE, sanitation equipment & supplies, labor overtime, work-from-home technologies***
- ***Indirect expenses include terminal consolidations, productivity declines, increased digitalization of operations, furloughs and layoffs***



# Container Port Impacts

- ***Blank sailings in 2nd quarter, where ships cancel port calls, resulted roughly \$300,000 in lost revenue per blank sailing at large U.S. ports.***
- ***Container ports experiencing another wave of blank sailings for 3rd quarter, although fewer than in 1st & 2nd quarters***
- ***Ultra-large container ship (ULCS) calls have increased, creating congestion peaks in ship-to-ship operations and yard activity***
  - ✓ ***Can overwhelm land-side operations, especially on truck arrivals and departures***
  - ✓ ***May take days to clear cargo from storage yards, resulting in lost cargo movements***
  - ✓ ***Port workforce often overwhelmed during peaks, followed by several days off duty with no activity at all***



# Ro-Ro Port Impacts

- ***Roll-on/Roll-off cargoes (Ro-Ro) include all manner of rolling stock, including autos, trucks, tractors, military, mining equipment, etc.***
  
- ***Ro-Ro cargo volumes hit hard by auto plant closures***
  - ✓ ***Various U.S. East Coast auto-handling ports saw volumes 'drop off a cliff' during 1<sup>st</sup> half of year***
  - ✓ ***Steady state declines now settling in @ circa 25-30% down.***
  - ✓ ***West Coast ports that move cars to/from Asia and Europe hit hardest***
  - ✓ ***One West Coast auto port reported volumes down 90% in May***
  
- ***Auto plants now re-opening, but Ro-Ro prospects unclear***
  - ✓ ***Glut of autos still present in many port storage yards***
  - ✓ ***Concerns deliveries could stop again if recession grows, demand weakens further***



# Tourism Port Impacts

**As the world continues to address covid-19 challenges, the top priority for the entire tourism community—including cruise lines, travel agents, ports, destinations, suppliers and beyond—continues to be health & safety of passengers, crew and communities.**

- ***Immediately following WHO guidance in mid-March, Cruise Operators agreed to a ‘no sail’ edict- recently voluntarily extended until 9/15/20.***
- ***Restarting operations dependent on multiple factors, most importantly input from scientists & medical experts***
- ***Caring for & repatriating crewmembers is paramount now, especially considering complexities of travel restrictions, differing policies & approaches imposed by local, national governments worldwide***





# Bulk Port Impacts

- ***Bulk cargoes include agricultural products, energy commodities such as oil and coal, and chemicals***
- ***Steep drop in demand during 1st & 2nd quarters, particularly for petroleum commodities, has led to fewer vessel calls, lower freight rates***
- ***Outlook uncertain for the bulk carrier shipping market***
  - ✓ ***Heavily dependent on how long lockdown measures, travel restrictions persist***
  - ✓ ***Prospects for good 2020 U.S. harvest season may help stem 1st & 2nd quarter ag export losses***



# Breakbulk Port Impacts

***Breakbulk cargoes are non-containerized industrial items, like cotton bales, steel rail & slabs, palletized machinery & wind turbines***

- ***Breakbulk, heavy lift & project cargo sector competes for cargo with container and dry bulk vessels***
- ***Steel and renewables, like paper products, among largest breakbulk cargoes***
- ***Wind energy demand increasing in U.S. and worldwide, improving breakbulk prospects***
  - ✓ ***Still, breakbulk sector remains weak, with one major U.S. breakbulk port reporting revenue declines of 27%***
  - ✓ ***Steep drop in demand during 1st & 2nd quarters has led to fewer vessel calls, lower freight rates***



# Small Port Impacts

**In U.S., ports processing fewer than 1 million cargo tons/year are considered to be ‘small’ or ‘emerging’**

- ***Small & emerging port revenues often rely on one or two primary types of cargo***
- ***If demand drops or ceases for a particular cargo type, revenues fall proportionately, sometimes to zero***
- ***U.S. and its territories has over 800 of these small and emerging ports***

# What AAPA Is Doing To Help



- **March 2020** - As COVID-19 pandemic impacts emerged, AAPA mobilized efforts to seek federal grants for ports in the immediate term, and worked successfully to increase appropriations for USDOT Maritime Administration's (MARAD) Port Infrastructure Development Program (PIDP) in the medium term to help support economic recovery.
  
- **Late March - June 2020** – AAPA begins aggressive federal advocacy of COVID-19 relief for ports.
  - ✓ *Letter to Treasury Secretary Mnuchin re potential aid package for tourism ports*
  - ✓ *Letters to Congressional committees of jurisdiction outlining cargo ports' needs*
  - ✓ *Began joint op/ed media campaign with U.S. member port CEOs*
  - ✓ *Testified in front of House T&I subcommittee for dedicated maritime-specific COVID-19 assistance*
  - ✓ *Secured 2.4 M cloth facial coverings for port and related maritime workers from FEMA, saving industry significant \$*

# What AAPA Is Doing To Help



- **July 2020** – Efforts acknowledged on July 9 with introduction in U.S. House of *MTS Emergency Relief Act*.
  - ✓ *Authorization bill seeks to make funds available to U.S. maritime stakeholders, such as port authorities and waterborne transportation entities, for emergency response, cleaning and sanitization, staffing, workforce retention and paid leave, procurement and use of personal protective equipment, debt service payments, and for infrastructure repair.*
  - ✓ *Senate companion bill to follow.*
  - ✓ *Also AAPA-supported Transportation, Housing and Urban Development (THUD) appropriations bill on July 7 added \$1B for PIDP.*
  
- **Looking Ahead** - Whether it's a COVID-19 “phase 4” relief package, a THUD appropriations bill, or some other package, AAPA will explore every option to make this its case for ports relief.



# Thank You.



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