PORTLAND'S ROLE IN THE GLOBAL MARKETPLACE

A History of Trade

The Portland region's role in the global marketplace goes back to its first inhabitants when the Columbia River served as one of the world's largest trading centers. Years later, it was a search for international trading routes that brought Lewis and Clark to this region and many of Oregon's businesses and cities are where they are because of their direct access to key global trade routes and infrastructure. The Willamette River played a vital role in the movement of fur, timber, wheat, wool and iron and Portland's waterfront was once lined with docks. This legacy of trade still powers the region's economic engine and today, Oregon is the 9th most trade dependent state in the nation with exports totaling a whopping \$16.5 billion. On the back of the entire state's strong export base, the Portland/Vancouver region is the 14th largest metropolitan exporting region in the United States with exports totaling \$15.8 billion. Once only a strong export state, Oregon's imports now are nearing export volumes. At the Port of Portland's Terminal 6 fiscal year 08-09 imports totaled 72,425 TEUs and exports totaled 82,096 TEUs.

The Port of Portland Legislative Mandate and Mission

The State Legislature created the Port in 1891 for the original purpose of improving, dredging and maintaining the harbors and channels of the Willamette and Columbia Rivers. The Legislature also granted the Port control over the rivers and harbors: "to the full extent the State of Oregon might exercise control, or grant to the Port of Portland the right to exercise control, the port has full control of the rivers, harbors and waterways within its boundaries and between its boundaries and the sea." ORS 778.085. Over time, the Port's responsibilities were expanded by the State to include promoting the general maritime, shipping, aviation, commercial and industrial interests of the port. ORS 778.015.

Today the Port is the designated local sponsor to the Army Corps of Engineers (Corps) for dredging and maintenance of the Willamette and Columbia River navigation channels. ORS 778.115 ORS; ORS 777.262.1 As the local sponsor, the Port must provide the land for dredge material placement, and other support as negotiated with the Corps for specific projects.2 33 USC § 2211. In addition, the Port protects the navigability of the Willamette and Columbia Rivers, through ordinances that establish harbor lines between which no construction of permanent structures may exist if it would impede navigation. With respect to the Willamette River, the Port has even gone to the Oregon Supreme Court to enforce this harbor line and require the removal of structures that impeded navigation. Port of Portland v. Reeder, 203 Or. 369 (1955). The Port coordinates this harbor line with the Corps, who also has the authority to regulate obstructions to navigation.3

Perhaps more simply put, the Port's mandated mission is to enhance the region's economy and quality of life by providing efficient cargo and passenger access to national and international markets. It functions with a public purpose that supports the state's goal of connecting Oregon's people and businesses to points around the globe. It does so with a 750-employee, 24/7 operation with more than \$1.6 billion in marine and aviation transportation infrastructure and real estate assets that generate nearly \$250 million in annual revenues. Approximately 97% of the Port's revenue is generated by private business transactions.

¹ The Port of Portland shares this function of local sponsorship for the Columbia River with other Washington and Oregon Ports. The Port of Portland is the only designated local sponsor for Willamette River dredging.

² For example, in the *Resolution of Formal Assurances for Local Cooperation* for the Lower Willamette and Columbia River 40-foot project, the Port is required to loan a pipeline dredge with full crew to the Corps without charge other than reimbursement for the operating cost. (November 18, 1963). 3 Note that the harbor line (or wharf line) is different and distinct from the navigation channel. The navigation channel is the area authorized by Congress to be maintained by the Army Corps of Engineers to a specific depth for the navigability of a river. Harbor line (or wharf line) regulates construction in the river, and may be more extensive than the navigation channel because it also ensures safe movement to and from berths and docks.

Portland's Niche, Rankings and Competitive Strengths

The Port of Portland's Niche:

Containers are handled at the Port's Terminal 6 on the Columbia River where two container services representing five carriers offer customers access to ports in China, Korea, Japan, central and South America and the Mediterranean. A variety of products are shipped via container. The top three containerized exports are: hay and animal feed, paper and paperboard and metal scrap. The top three containerized imports are tires, furniture and apparel.

The port's three other marine terminals (Terminal 2, Terminal 4 and Terminal 5) on the Willamette River handle break and liquid bulk products like wheat, soda ash, potash, iron and steel. Auto imports are handled at both Terminal 6 and Terminal 4.

Industry Rankings:

One of only six container ports on the U.S. West Coast, the Port of Portland is the 17th largest container port in the U.S, and is the only container port among Oregon's 23 ports. The Port of Portland is the largest mineral bulks export port on the U.S West Coast and the fourth largest in the country. It is the largest wheat export port on the U.S. West Coast and is the largest wheat export hub in the United States. In auto imports, the port ranks as the largest volume port on the U.S. West Coast and the third largest volume port in the nation. In overall tonnage, the port ranks as the 5th largest export port on the U.S. West Coast.

Competitive Strengths:

Access to Pacific Rim markets and inland U.S. destinations

Situated at the confluence of two rivers, two major highways and two major intercontinental rail lines, the deep draft Port of Portland is centrally located in the Pacific Northwest and offers the shortest direct route to and from Asia. The two major western US transcontinental railroad lines serving the Port provide the quickest intermodal access to the U.S. interior--faster than from either Seattle or Tacoma. Up to 80 percent of cars discharged in Portland are loaded onto rail cars for destinations as far as the East Coast.

Interstate freeways (I-5, I-84) are less than a mile from the Port facilities with easy, economical road access in all directions. This ensures delivery from the Port in less than 12 hours from San Francisco, Seattle, and Boise (reaching 25 million in the region).

Portland is the Pacific Northwest's primary domestic distribution center for companies large and small, with access to more than 40 states and hub cities such as Chicago, Denver, St. Louis and Salt Lake City. It is an ideal location to serve as a North American gateway.

Cost effective/fuel efficient solutions

The Columbia/Snake river barge system is the most cost effective and fuel efficient mode of transport available. Connections to upriver ports and agricultural producers also provide a beneficial balance of cargo between containerized imports and exports.

Downriver, work is nearly complete on improving the navigation channel to 43 feet deep to accommodate bigger and more fully loaded ships headed to and from the Pacific Ocean, helping to keep the Port competitively priced.

Main line, river grade rail service, offered by BNSF Railway and Union Pacific Railroad, also saves money and resources. At-grade rail lines use fewer engines, less fuel and have lower emissions because they do not have to go up and over mountain passes.

• Dependable infrastructure and workforce

A dedicated workforce, both on the ships and on the land, keeps operations moving smoothly, providing local employment opportunities for family wage jobs. Long-term employees are well experienced and well trained, earning Portland a reputation and record of a low incidence of damage.

The Value of Being a Port City

Portland's status as an international freight gateway goes far beyond jurisdictional boundaries. It includes a wide variety of regional employment and industry sectors, economic clusters, regional access points and transportation infrastructure including a highway that runs from Baja to British Columbia, a river that runs from Idaho to the Pacific Ocean and rail lines that stretch to the Midwest.

These transcontinental and international connections through the Port's marine and aviation facilities are critical to the region's economy and employment. Ports are an economic engine, a gateway to world markets, and key to this region's competitiveness and relevancy in a global economy.

The economy

Every ton of container cargo generates a local economic impact of \$70. The Port of Portland handled 2.8 million tons last year for a \$196 million impact. Each car that is brought to the Port's docks generates an economic impact of \$310. The Port handled 407,803 cars last year for an economic impact of more than \$126 million. Overall, the Port accounts for \$1.92 billion in wages, salaries and consumption impacts and \$182 million in local/state taxes generated.

Thousands of Oregon companies depend on a navigable river system and a strong regional transportation network for access to resources and markets to make their businesses thrive. Of the more than \$16.5 billion in exports last year, 96 percent were from the Portland/Vancouver area.

Studies have shown that container vessel service at Terminal 6 saves Oregon importers and exporters \$52.3 million in inland transportation costs annually or about \$381 per container. These reduced costs will help regional shippers compete and expand their participation in overseas markets. In fact, the entire multimodal system is critical to business success. The connections among and between modes means more competitive shipping rates helping local businesses compete and ultimately facilitating business expansion and recruitment. Portland has achieved great success in offering its citizens multiple transit options. Transportation alternatives for businesses that offer cost effective shipping options are also critical to business success. In addition, by closely matching product transport to the optimal mode, the impact of freight on the environment can be reduced.

Jobs

One in five jobs in Oregon is dependent on the ability to get goods to and from markets. From wheat farmers in eastern Oregon, to high technology workers in the Silicon Forest to crab fisherman on the Oregon coast, Oregon's citizens depend on an interconnected state transportation network of roads, rivers, rails and runways.

Export-supported jobs linked to manufacturing account for an estimated 7.6 percent of Oregon's total private-sector employment, the fifth highest figure among the 50 states. And, trade, transportation and utility jobs combined account for 33 percent of Portland's employment base. In 2008 14,800 direct jobs and \$530 million in direct income were tied to Port of Portland marine and air terminals.

The logistics sector provides living wage jobs and a career path for workers without a college education. Traditionally, manufacturing provided the career path for workers fitting this profile. As that sector has declined and is projected to decline relative to other sectors of the economy, the logistics sector is increasingly able to

provide career opportunities for blue collar workers. This is an important point since 64 percent of the Portland metro region population does not hold an associates or bachelor's degree (adults 25 or older in the region) and 15 percent of the population does not hold a high school degree (adults 25 or older in the region).

Besides the benefits of supporting business revenues and jobs, ports also provide:

- Connections for Oregon farmers, local businesses
- Access to affordable goods
- Attraction of corporate headquarters, distribution centers, warehouses to area
- Support for local transportation infrastructure enhancements
- Recycling benefits scrap paper, cardboard, metal sent through port facilities
- Creation of open spaces, environmental stewardship
- Brownfield redevelopment
- Encouragement of private investments with public benefits

Portland's unique location and transportation infrastructure helps regional traded sector companies compete. It expands economic opportunities across a broad spectrum of the population and helps sustain the economic health of our communities and the environment.