

## Key Takeaways from Trade & Logistics Initiative Kick-Off

Portland, July 24, 2015

### CHALLENGES Impacting Oregon Shippers

#### Macro Challenges-

- Increasing price of the dollar
- Increase in mega-ships (too large to call in Portland)
- Alliances among carriers which constrain individual carriers from creatively working with niche markets
- Global repositioning of cargo—trade agreements will move production to SE Asia, more cargo moving through Suez Canal to US East Coast which is where greater population and distribution centers are located. Fewer West Coast calls means fewer containers available for PNW exports.
- **Lack of Portland Container Service- Complete Dependence on Truck and Rail To/From Puget Sound. Continued Congestion/Delay at Seattle/Tacoma.**
  - Jeopardizes ability to deliver to customers by promised deadlines, constant stress

#### Trucking Challenges-

- Driver shortage, high turnover of drivers, regulatory issues such as Hours of Service
- No national heavy weight truck framework, no heavy trucks/chassis allowed in CA impacting those seeking to access Oakland
- Trucking shortage, age of truckers is 21, should be 18
- Increase costs of trucking goods has inflation effect on cost of living, economy
- Increase in trucks is an environmental concern as well. Barge/rail is more preferable
- Assuring heavyweight chassis for the export (agriculture and forest products) loads heading northbound to Puget Sound, when the import (southbound) cargo is on the regular chassis.
- Chassis availability and inspections

#### Additional (Aftermath of West Coast Labor Contract Crisis) Challenges-

- Short windows of time for cargo to be accepted at NW terminals, about 2 days

- Shipping costs have doubled and tripled, destroying margins, particularly for refrigerated products
- Delays in the supply chain, waiting for containers to unload in Seattle/Tacoma and move to Portland
- Domestic container supply disruption—when ships quit calling in Portland, moving containers cross country into Portland became strategic disadvantage. Previously, domestic companies had agreements with steamship lines to move containers into the area.
- NW Container yard has thousands of unused containers.

**SOLUTIONS (or, WORK-AROUNDS necessitated by the lack of Columbia River liner service)**

**Current and Near Term-**

- Drop-pick program where customers receive containers in the middle of the night, which they can load in the morning and deliver to the port
- Shippers using NW Container can log in and see how many free days they have for imports, and what the cut-off and acceptance window is for exports.
- Run trucks from ports to rail yards
- Customers located in California and elsewhere taking delivery direct from carrier via LA and Long Beach, rather than via the Portland area warehouse

**Longer Term-**

- Coordination of accurate information between port, carriers, terminals, State Departments of Transportation, and truckers
- Peel Off Yard(s) to relieve congestion at the terminals. Park there to organize and stack. LA model recently implemented, Oakland exploring this.
- Rail solutions, to load Willamette Valley origin exports destined to Puget Sound onto the rail further south in Oregon (i.e. Eugene). Pending UP and BNSF cooperation
- Ramping up barge service on Snake/Columbia River system. Would be ready to start doing 200 containers a week and calling at Lewiston, Pasco, Umatilla, Boardman if ILWU labor was flexible and did not require over a dozen people to be hired to work the barges.
- West Coast barge service with origin at Seattle/Tacoma, with stops all the way down West Coast including Portland and Newport, to LA/Long Beach. Feeder service back up.

- Load Matching Service to coordinate import/export runs and reduce costs. (Problem is that imports can use light chassis and 40 foot containers, exports ship heavy)
- Shipper community rallies to support Port of Portland to recruit new carrier, spread net wide to attract companies. Need 5-7 importers to anchor service, show that labor is cooperative