Mat Kaplan:
Welcome to Container Cast the Trade and Transportation Podcast from the Center for International Trade and Transportation at California State University Long Beach. I’m Mat Kaplan. Our guest for this very first addition of container cast is Dr. Thomas O’Brien the CITT’s director of research and research coordinator for the Metrans Transportations Center at CSULB and USC.

Tom, Thank you very much for joining us on this very first addition of container cast.

Tom: It’s my pleasure Mat.

Mat: Well of course, we hope this would be a regular weekly occurrence and that you’ll be back many times to tell us more. You have a very significant story to share and of course it’s the topic of your column in the January 22nd edition of the Long Beach Business Journal and that is what has got to come as a surprise to a lot of people who’s been hearing for years about how fast trade has been growing in the Long Beach/Los Angeles ports.

Tom: Not only the Los Angeles/Long Beach ports but ports along the west coast of the US and in fact as the country as a whole. But yes, the numbers for the 2007 trade season as it were, are out. They are decidedly flat.

Mat: Which really has to be a shock to some people as I said, or was this expected?

Tom: Well if you’re in the industry the final numbers aren’t as shocking because we had a significant number of months and a weaker peak season that suggested to the industry that the numbers were not going to be as high this year as it happened in the past. In fact, some general concern was that the numbers would be down. It looks for the port of Long Beach at least, at the end of the year we’ll see a slight increase which is the result of an increase of exports but imports themselves have actually been down just under 1%.

Mat: So are we seeing in this, some of the first signs of the recession which now seems to be an accepted fact a lot of economists are saying yes, this seems like what we are going into?

Tom: Yea, the conventional wisdom is that the reason for the decline in the container trade is largely economy oil prices are part of that as well but if people aren’t purchasing and there is no consumer confidents then that’s going to reflected in the numbers as a whole.

Mat: How is the industry reacting to this? How is the industry dealing with this?

Tom: I think the industry as a whole understands that they’ve enjoyed decades of growth, its not entirely a surprise and no, there’s not general alarm, but simply because we did see an increase largely resulted in exports as I said, but in fact an increase non the less and there were particular nitch markets that showed some growth over the past year.
Automobile imports from the west coast were favorable of those numbers, so its not like the glass is entirely half empty, there’s some reason for optimism.

**Mat:** There are larger trends that are going to be affecting trade, are we seeing some of that in this as well, increase competition in particular from ports all over the United States and around the world?

**Tom:** Yea, that’s apart of it. And I don’t know if we know entirely how that’s going to play out but certainly activity on the west coast is in constant competition with ports on the east coast. Were seeing an increase on what’s called all Water trade. Trade through the Panama Canal to the ports of the East Coast which have aggressively pursuing goods that have come through LA and Long Beach. Were also seeing an increase use in trade lanes from Asia to Northern Europe on the East Coast in the US directly. And there are a number of major port projects, port expansions, and new terminals that has come online this year and in the recent past and that will be coming online in the next few years, which are going to be able to at least say they can draw traffic away from LA and Long Beach because of their newer facilities they can handle some of the bigger ships. It is not to mean that it’s certainly the end of business for LA and Long Beach but the ports have to aware of alternatives.

**Mat:** There are really competitors all over the world.

**Tom:** Yea, there are competitors all over the world but interestingly enough last week, 6 major rail companies from Europe and Asia has begun testing 10,000 kilometers of railing between Beijing and Homburg. The ultimate goal would be to cut in half the current time it takes to travel by ocean carriage from Asia to Europe. It certainly not going to happen in the near future it’s going to require the coordination of a lot of different countries. There are technology issues. There are policy issues, but other parts of the world are moving aggressively. And the Eurasian land bridge would certainly be a strong competitor to the US which is acted as the major land bridge for trade between Europe and Asia up to this point.

**Mat:** That is an amazing story. You said cutting the time in half.

**Tom:** Looking at ideally a 15-18 transit time across the two continents which would be a significant impact on trade and transportation.

**Mat:** So what is the outlook, you don’t sound very pessimistic as we look at this first flat year in many decades.

**Tom:** No, and you know, we have short memories, we forget that there’s a certain amount of pessimism and concern after the lock-out in 2002. The congestion we had in 2004 which sent some business away in the short term but that business appeared to come back. I think the best reason to be optimistic is that trade is growing and I think there will be enough business for everyone. It is what market share we get. The other reason is that we have a large market here in Southern California. We have tremendous infrastructure
in warehousing and distribution and rail and highway lanes. And I know if your driving down the 710, you don’t think it’s a great infrastructure link and if your stuck behind a truck. But we do have a good connection to the rest of the country and the rest of the world. And ultimately if the product is going to be sold on a store shelf in Southern California it’s got to get here eventually. Instead of shipping it to Oakland or Seattle and bringing it down by truck it makes a lot more sense to bring it here by ship in the first place.

Mat: Tom, were out of time, but Thanks very much for joining us and look forward in talking to you again.

Tom: My pleasure Mat. Thank You.

Mat: You have heard the very first edition of container cast where our guest has been Dr. Thomas O’Brien. We love to hear from you, write to CITT@uces.csulb.edu. Container cast is produced by the Center for International Trade and Transportation a division of University College and Extension Services at California State University Long Beach and in partnership with the Metrans Transportation Center. We offer an outstanding selection of events, programs and courses including the Global Logistics Specialist Program. Visit us online at www.uces.csulb.edu/citt or call (562)985-2872 that is (562)985-2872.