It is no secret that the economy is bad, consumer credit is tight, and consumer spending is off. It’s also no secret that one of the consequences of these trends is reduced activity at the ports of Los Angeles and Long Beach. If people aren’t making purchases, then there are fewer containers with fewer goods moving through our trade gateways. Volumes were relatively flat in 2007 (and only because exports were up due to a weaker dollar). By the end of this year, we should actually see a decline in the number of containers processed through the two ports relative to last year.

But are there other forces at work? When the economy recovers, should we expect to see container volumes recover as well? As of 2007, the west coast of the US handled 2/3 of all the country’s container trade. That figure stood at 50% only a decade before. Is it realistic to expect that places like LA, Long Beach, Seattle and Tacoma can maintain their dominance over the east coast and Gulf Coast regardless of other trends in world trade? Two recent reports ask these questions and come to different conclusions.

In September of this year Drewry Shipping Consultants, a London-based group, released a white paper called US Transpacific Intermodal Today and Tomorrow. It asked about the stability of west coast trade volumes, and determined that there are long-term, structural changes underway that favor growth along the east coast and Gulf Coast regardless of other trends in world trade? Two recent reports ask these questions and come to different conclusions.

The Tioga Group out of Philadelphia has a different take on things. In July, Tioga released a report called Containerized Intermodal Goods Movement Assessment. It predicts that by 2020, or somewhere thereabouts, all west coast ports will have exceeded 80% of their capacity. The result will be continuing congestion. Tioga believes that the same factors that have favored west coast ports, including large local markets and good dockside and landside infrastructure, will still play a role in bringing trade to the region. The east coast may be well positioned to receive a greater number of containers; but major improvements including dredging will need to occur to allow these ports to fully compete. New York or Charleston will face the same challenges as LA/Long Beach in securing financing for major projects.

Dr. Thomas O’Brien is the Director of Research for the Center for International Trade and Transportation (www.uces.csulb.edu) at CSULB and the Applied Research Coordinator for the METRANS Transportation Center (www.metrans.org). Sponsored by the US DOT and Caltrans, METRANS is a joint partnership of the University of Southern California and California State University, Long Beach.