

News Release

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IMMEDIATE RELEASE

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LAEDC Trade Study Finds LA/LB Ports Are Bursting At the Seams In Record Shipments

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Los Angeles—International trade activity in Southern California is building to record levels in 2007 despite slower growth in the U.S. economy, according to a new study, *"International Trade Trends & Impacts,"* released today by the World Trade Center Association – Los Angeles-Long Beach (WCTA LA-LB).

"The total number of containers handled at the Ports of Los Angeles and Long Beach should increase by 9.2 percent to 17.2 million TEUs (twenty-foot container equivalent units)," said Jack Kyser, Chief Economist of the Los Angeles County Economic Development Corporation (LAEDC), who prepared the study for the WCTA. "By way of comparison, the two ports handled 9.5 million TEUs in 2000."

The total value of two-way trade at the Los Angeles Customs District in 2007 should grow by 13.9 percent to \$375.1 billion. "A piece of good news is that exports out of the customs district should continue to grow rapidly, rising by 14.9 percent, due to the weakness in the U.S. dollar combined with favorable economic conditions in the region's major trading partners," said Kyser.

Some other results from the trade report include:

- The ports of Los Angeles and Long Beach retained their number one ranking among the nation's ports in number of containers handled during 2006. The twin ports ranked fifth globally in container activity.
- The Los Angeles Customs District retained its first place ranking in the U.S. in total two-way trade value. In 2006, Los Angeles recorded a 12.1 percent increase to \$329.4 billion. New York remained in second place with a 10.3 percent gain to \$295.0 billion.
- In 2006, China continued to widen its lead as the Los Angeles Customs District's top trading partner with a 15.6 percent increase to \$126.0 billion in two-way trade. Japan remained in second place in this measure with a 9.1 percent gain to \$50.7 billion. South Korea was third, recording a 15.6 percent increase to a two-way trade total of \$20.7 billion.

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Trade Outlook Report

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- The largest export commodity out of the Los Angeles Customs District in 2006 was “electrical apparatus,” with a value of \$12.1 billion. The top import commodity was electronic machinery with a value of \$34.3 billion.

“The passage of bond proposal last fall provides resources for the urgently needed infrastructure projects in the region,” said Vance Baugham, President of the World Trade Center Association, Los Angeles-Long Beach. “This study by LAEDC illustrates the need for all stakeholders to work to together to ensure the revenues are invested wisely to improve container goods movement, and to mitigate environmental concerns.”

- International trade continued to be a reliable employment generator for the Los Angeles five-county area, adding 35,000 good quality jobs in 2006.

“Despite all this good news, the international trade industry in Southern California continues to face a daunting array of challenges that could crimp its growth potential,” noted Kyser. These include:

- The international trade industry has been fiercely criticized about its environmental impacts due to its heavy use of diesel power. Several mitigation efforts are underway, but there needs to be better communication about them to the region’s population.
- Land-side transportation capacity is under extreme pressure, but paying for projects to alleviate them will be expensive. Container fees have been proposed, but there has been a push-back by various groups.
- Port and transportation workers are waiting for implementation of the much-delayed Transportation Worker’s Identification Credential (TWIC). There is concern over both its cost and possible impact on port truckers.
- The labor contract between West Coast shippers and the longshore union expires in June 2008. While there is no early view about the tenor of the negotiations, shippers remember the painful 2002 port disruption and are beginning to hedge their bets.

“The industry has to not only communicate more effectively with local residents, they have to start telling the story nationally that almost everybody in the nation depends on Southern California’s international trade industry,” said Kyser.

About the LAEDC

The LAEDC, the region’s premier business leadership organization, is a private, non-profit organization established in 1981 under section 501(C) (3). Our mission is to attract, retain, and grow business and jobs in Los Angeles County. Since 1996, the LAEDC has helped retain or create more than 132,300 jobs, providing \$5.5 billion in direct economic impact from salaries and \$94 million in annual tax revenue benefit to Los Angeles County. For more information, please visit www.laedc.org or call (888) 4-LAEDC-1.

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