

Oakland hosts 2002 Pan Pacific Conf.

By Robert L. Wallack, AJOT

The Port of Oakland, California was the host for the Pan Pacific Conference, "Building Bridges to the Future," from October 15-16, 2002 in downtown Oakland. The forum provided international trade and transport officials worldwide a chance to grapple with questions of trade growth, technology, and the environment.

The Ports of Dalian and Shanghai, China; Melbourne, Australia; Yokohama, Japan; and Vancouver, Canada agreed in 1982 in Oakland to meet in a different host city every two years to discuss the industry's future. This year's 33 renowned speakers from government, ports, and transportation providers interacted with the audience covering 13 different panel discussion themes. Shanghai will host the next Conference in 2004.

There is no question that containers and the volume of trade between the Far East and North America's West Coast ports will increase significantly by 2020 from the current hundreds of billions of dollars in cargo per year. How the two sides of the Pacific Ocean will handle the growth, with conflicting demands on land, labor, and capital were central themes at this year's Conference. In his keynote address, The Honorable Lon Hatamiya, Sec-

retary, Technology Trade and Commerce Agency for California stated, "Port container and air cargo traffic is expected to triple by 2020, and overall goods movement volume is expected to increase 56% by 2016."

Underscoring the staggering growth in trade was former United States Secretary of Transportation and current partner at Patton & Boggs, Rodney E. Slater who said, "International trade increased 16% as a percentage of US GDP in the last 30 years and freight traffic in truck and rail connections will increase 100% by 2020." Slater, who oversaw 160,000 miles of national highway and intermodal connections under his tenure at US DOT, explained the importance of US Congress renewing authorization to the Transportation Equity Act for the 21st Century (TEA-21).

The TEA-21 guarantees funding for over \$200 billion in programs from 1998-2003 for highways, transit, rail, and intermodal projects. This act followed the Intermodal Surface Transportation Efficiency Act of 1991 to develop a National Intermodal Transportation System. "The US Congress re-authorizing TEA-21 is clearly focused on freight transportation and intermodal connector projects such as border

corridor projects to take advantage of the North American Free Trade Agreement (NAFTA)," Slater stated. He continued, "Renewing TEA-21 will ensure that intermodal transportation does not break under pressure." In fact, TEA-21 authorization outlays, "...\$631 million to research for smart technology to aid security efforts," according to Slater.

Statistics on the other side of the Pacific are impressive as well, "By 2010 75% of inbound traffic to North America will originate from China," said Andrea Riniker, Executive Director, Port of Tacoma, Washington. According to Li Guan-Sheng, Director of Technology, Shanghai Port Authority, "Between 2001-2005 Shanghai has experienced trade growth of 15% per year and this rate is expected to continue."

Huang You-Fang, Vice President, Shanghai Maritime University, detailed China port operations in 2001 by revealing, "Shanghai handled 6.34 million containers to assume fifth place in the world and Shenzhen, in Southern China, came in eighth with 5.08 million containers handled. "For the first six months of 2002, total cargo is up 16.4% and total container throughput is up 31.9% in (OAKLAND- continued on page 2A)

DHL announces expansion of US and Canada global service parts network

DHL Worldwide Express announced the kick-off of its global service parts logistics capability in the US and Canada with the opening of a key Express Logistics Center (ELC) in San Francisco, California.

"The opening of the San Francisco ELC marks the beginning of expansion plans for DHL's logistics offering in the US and Canada," noted DHL's Vice President Global Logistics, Charles Menkhorst. "DHL is the market leader in the provision of mission-critical service parts logistics solutions in regions

around the world. Our comprehensive roll-out into North America will secure a global offering for our customers."

In addition to the new San Francisco facility, DHL operates US-based ELCs in Cincinnati and Miami. DHL's ELCs operate in regions around the world including Brussels, Bahrain, Johannesburg, Hong Kong, Sydney and Singapore. An ELC will open in Tokyo this month.

DHL's ELCs serve multiple functions as both value-added regional (EXPANSION - continued on page 12A)

Globe Express Services enrolls in US Customs security program

US Customs has implemented a new Customs-Trade Partnership Against Terrorism (C-TPAT) program to increase supply chain and border security. Globe Express Services (GES) is pleased to announce its enrollment in this voluntary program as a way to play a more active role in the war against terrorism.

As part of the enrollment process, GES has completed a "Supply Chain Security Profile Questionnaire." Currently GES is conducting a detailed self-assessment of supply chain security including physical, procedural and personnel issues. In addition,

C-TPAT participants are required to develop, implement and maintain a program to increase supply chain security throughout their organization. Participants must comply with C-TPAT guidelines and those rules must be conveyed to all other companies in the supply chain.

The benefits for Globe Express Services and its customers include expedited processing of imports at US ports of entry, which could reduce overall customs clearance time. GES is committed to fulfilling all obligations of the C-TPAT program and considers supply chain security a top priority.

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China for coastal, river and foreign trade," Huang added.

The Port of Dalian in Liaoning province is the main sea gateway to Northeast China and a pivotal port in Asia-North American trade for transshipments. "Port of Dalian handled 1.8 million teus in 2001. Of these containers, 115,000 teus were transhipped in 2001 with 150,000 expected in 2002," according to Yao Ping, General Manager, Dalian Port Container Company in his speech at the Conference.

TWENTY-FOUR HOUR OPERATED FULLY AUTOMATED TERMINALS PROPOSED

No other speaker exemplified the importance of technology to improving productivity in the international trading system than Guan Tong Xian, President of Shanghai Zhenhua Port Machinery Company, Ltd. (ZPMC). His company produces a variety of modern cranes sold worldwide that are stationed at port docks for loading and unloading containers. ZPMC's innovation in crane technology with dual trolley container cranes can, "...increase productivity by 30 to 50% as proven in ports in Hamburg, Germany; the Netherlands, and soon to be installed cranes in France," said Guan. "In our industry, containerized transportation in the 1960s brought great technology which increased productivity by dozens of times and has brought a lot of wealth to the world," commented Guan.

Some speakers proposed 24 hour operated fully automated terminals in an effort to strike a tenuous balance between efficient use of land with an adequate return on investment without displacing labor. Port of Long Beach's Executive Director Richard Steinke commented, "There is a need to adopt a 24 hour port with better technology to meet the container needs of 2020 because it is not possible to keep expanding as in the past 10 to 15 years."

ZPMC's Guan emphasized that fully automated terminals with new technologies, "...create more wealth and do not reduce the use of labor." However, in China,

"...so far the automated terminal is still in an early stage and many problems need to be resolved." He cited automated terminals in the Netherlands and Germany as fully automated that are currently contributing to container terminal development. Chief Executive Officer, Mic Dinsmore, of the Port of Seattle cautioned, "Unless the industry finds a way to use technology, we are going to struggle with a return on capital investment."

The use of information technology such as electronic data interchange (EDI) and other electronic commerce platforms for the efficient flow of goods at ports is used on both sides of the Pacific Ocean which is increasing in importance with today's heightened security measures.

"There is a need for the ability to handle cargo information as much or more so than the cargo itself. Terminal customers must have the ability to know what we know to make decisions," stated Doug Tilden, President and CEO, Marine Terminals Corporation in his presentation. The physical security plan at the Port of Vancouver stresses the need for critical and timely information for port personnel by, "...giving them the information they need in vehicles and hand-helds," according to Graham Kee, Chief Security Officer, Port of Vancouver, Canada. However, security at ports carry added costs in technologies, insurance, and responsibilities with a need to "balance physical security with economic security," said Bill Hamlin, President, American President Lines, North America. A number of questions related to security were left open for discussion because, as Hamlin stated, "The costs are too much to an industry trying to get back its cost of capital."

WILL SOCIAL AND ENVIRONMENTAL CONCERNS INTEGRATE WITH TRADE GROWTH AND TECHNOLOGY?

Specific themes and speakers presented the importance of converting old facilities into new port areas for not only the transportation industry's monetary returns, but for "creating a new

harmonious environment" that will, "...promote the city's economic growth by integrating the city's cultural, historical, and tourism resources," said Yuan FuXiu, Director General, Port of Dalian in the "Old Harbors Urbanized Transformation" panel discussion. The Port of Oakland is responding to social and environmental issues with the Middle Harbor Shoreline Park and Wildlife Habitat which served as the site for the Conference's day one dinner overlooking the Bay facing San Francisco. The Park was constructed from "Bay disposed and dredge material for recreational, educational, and

wildlife habitats," according to John Glover, Deputy Executive Director, Port of Oakland.

Finding solutions to trade growth challenges at ports in North America and East Asia given constraints on land, labor, and capital will require a high degree of cooperation and coordination. "If a port is to be successful in the future it will have to be able to bring all stakeholders together to build a consensus with the triple bottom line of financial, environmental, and social respecting all the stakeholders," concluded Tay Yoshitani, Executive Director, Port of Oakland.

ITC vote advances unfair trade cases filed by US steel wire strand producers

The unfair trade cases filed by a coalition of domestic steel wire stand producers advanced another step last week with a favorable ruling by the US International Trade Commission (ITC).

The ITC's preliminary determination concluded that there is a reasonable indication that imports of the product from Brazil, India, Korea, Mexico and Thailand injure domestic producers of prestressed concrete steel wire strand. The product, commonly known as PC strand, is widely used for construction purposes.

The unanimous ruling in favor of the US industry sets the stage for the US Department of Commerce to impose preliminary antidumping duties ranging up to 122% on imports from the five countries.

The unfair trade petition, filed by the PC Strand Coalition on January 31, 2003, presented evidence that producers of the product from the named countries "dumped" their products in the U. at prices lower than the normal value in their own markets, and that imports from India were receiving unfair government subsidies.

"The unanimous vote of

the ITC is an important step forward," said Paul C. Rosenthal, an international trade attorney with the Washington, DC law firm Collier Shannon Scott, PLLC, and lead counsel to the coalition. "We are confident that the foreign producers are dumping their product in the United States in violation of US laws and international rules governed by the World Trade Organization. The case now moves to the Department of Commerce, which will investigate in detail the dumping and subsidy charges and range of margins we have alleged. This next crucial step involves contacting the foreign producers to obtain confidential information regarding their pricing practices and determining whether they are violating US law by dumping product in the US."

A dumping investigation takes approximately one year to complete. The Commerce Department is the agency responsible for determining the margins of dumping. The ITC determines whether a US industry has been injured as a result of the dumped product. The United States has had an

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