



## **Board to Consider Business Incentive Package** **Tariff amendments designed to retain business, jobs in tough economy**

February 19, 2009

The Long Beach Board of Harbor Commissioners on Monday, February 23, 2009, will consider a package of incentives aimed at retaining international trade business and attracting additional cargo to the Port of Long Beach.

With cargo volumes down nearly 25 percent in December and January from the prior year, Port staff is recommending the incentives to retain current business and attract new business in Long Beach.

"When cargo decreases at the Port of Long Beach, local jobs go with it," said Port Executive Director Richard D. Steinke. "This package is aimed at keeping the jobs here in Long Beach and throughout the region. We know these are tough times for residents and our customers. This package is our way of saying, 'we care about you and your business.'"

International trade supports about 30,000 jobs in Long Beach (1 in 8 jobs) and about 316,000 jobs in Southern California.

The proposed incentive package contains two parts. The first would return to marine terminal operators about 10 percent of the cost of moving a cargo container (between \$4 and \$6 per container unit) for non-local, or "intermodal" cargo moved on trains. This type of cargo is considered "discretionary," as opposed to cargo trucked to local destinations. Cargo moved by train is more environmentally friendly, creates less of an impact on traffic and air quality than trucked cargo, while still supporting many goods movement jobs. Therefore, the incentive is aimed at retaining as much discretionary cargo as possible at the Port of Long Beach.

Under the proposal, the Port would spend as much as \$11 million a year on this incentive.

The second part of the package would create an additional incentive to encourage ocean carriers or vessel operators to use the Port of Long Beach as their destination of choice for non-local cargo.

Shipping lines that increase non-local cargo volumes above the levels of the past year would be rewarded with a \$20 to \$40 incentive for each container unit. This would encourage shipping lines to use Long Beach for both local and non-local cargo.

"Nine times out of 10, shippers will use Southern California ports for cargo with local

destinations," Steinke said. "But the discretionary cargo can easily be shifted to other ports across the country. We need to do everything we can to ensure that cargo and jobs stay right here, in and around Long Beach."

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