



Board OKs Incentives to Boost Trade at Port **Program will help to retain business, jobs in tough economy**

February 23, 2009

A package of incentives to increase rail-borne cargo through the Port of Long Beach was voted preliminary approval on Monday, February 23, by the Long Beach Board of Harbor Commissioners. The incentives are designed to retain or increase local business and jobs in the face of a decline in global trade.

The Board voted unanimously to direct staff to create a tariff amendment that would lower certain fees by 10 percent on all rail-connected cargo containers, and offer \$20 per twenty-foot equivalent unit (TEU) for new rail-hauled cargo coming through the Port. The new incentives could begin as early April 1 and last for one year.

"I believe that we have an obligation at this moment in history to demonstrate to our customers, partners and clients that we are actively engaged in the business of trade, that we understand the pressures they are under, and that we are responding as best we can," said James C. Hankla, President of the Long Beach Board of Harbor Commissioners.

Cargo volume declined at the Port by 11 percent in 2008 compared to the previous year. Traffic in December 2008 and January 2009 showed drops of about 25 percent compared to the same months the year prior.

The Port is proposing two means of giving shippers incentives to send cargo through Long Beach that is carried by railroad. Rail-hauled cargo makes up about half of the containers that pass through the Port. This rail cargo originates in or is destined for sites outside of California. Because it is not tied directly to the local region's consumers or manufacturers, it is considered "discretionary" – that is, it could be shipped through other ports. Cargo moved by train also is more environmentally friendly, creating less of an impact on traffic and air quality than trucked cargo, while still supporting many goods movement jobs.

In the first incentive, Long Beach would offer a 10 percent rate reduction to terminal operators on wharfage fees for all rail-hauled cargo coming through the Port. This would be about \$4 to \$6 per container, and would cost the Port about \$11 million for the one-year life of the program.

In the second incentive, the Port of Long Beach would offer \$20 for each additional rail-hauled 20-foot-long cargo container that ocean carriers send through the Port. The financial incentive would be \$40 for every container longer than 20 feet. Because this would be new cargo, the measure would not add costs for the Port.

About 30,000 people in Long Beach and 316,000 in Southern California work in international trade-related jobs, and Commissioners feel the incentives will help to retain those jobs in the region.

Four commissioners voted to direct Port staff to draw up amendments to the Port's tariff that would establish the incentives, and bring them back to the Harbor Commission for consideration. Commissioner Susan E. Anderson Wise recused herself from the vote, citing her husband's involvement in the maritime industry. The incentives could begin as early as April 1, 2009, if approved.

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