

# Building Bridges

Center for International Trade & Transportation, California State University, Long Beach

## Dear Readers:

In this issue, we honor the Port of Long Beach on its centennial and thank the Port for their support and contributions. We send a most heartfelt thanks to Executive Director Dick Steinke for his many years of support for CITT along with our best wishes on his retirement.

You will begin to notice some changes in Building Bridges, with the first in a series of articles looking at the language of the goods movement industry to facilitate a common language along the supply chain. On page 4, we present details of a new series of online "webinars" that follow up on critical questions raised at last October's Point/Counterpoint event. We need to know more about how shippers make decisions to send cargo through local ports or other gateways, what the important factors are in those decisions, and how the Ports of Los Angeles and Long Beach are addressing industry concerns compared to competing ports around the country. "Cargo and Jobs: Still Ours to Lose?" promises to be an interesting and important discussion. We hope that you will join the conversation online on May 20, June 3, and June 10.

**Marianne Venieris**  
Executive Director

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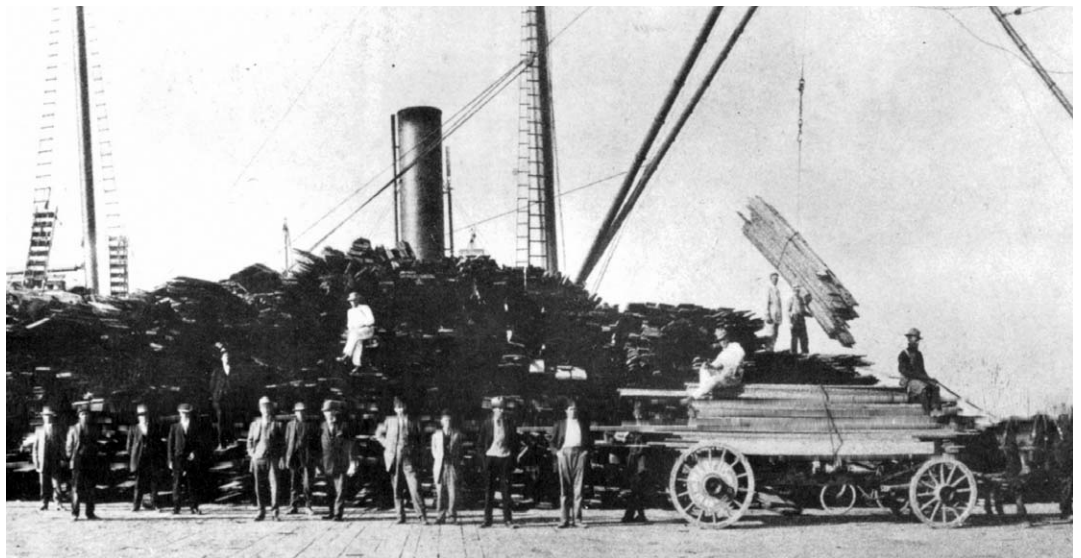
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## Port of Long Beach Celebrates 100th Anniversary

This year, the Port of Long Beach marks 100 years of history—from its "modest and muddy" beginnings receiving lumber on a single pier in 1911 to the second busiest container seaport in North America today.

The Center for International Trade and Transportation wants to take the opportunity

received a scholarship to complete the MAGL program in 2009. Koksel says the scholarship helped cover the portion of his tuition not paid by his company, while the recognition also helped him build his network of industry professionals and strengthened his relationships with the Port personnel he was interacting with on a daily basis.



The SS *Iaqua* was the first ship to call at the Port of Long Beach, delivering redwood lumber at the harbor's new municipal pier June 2, 1911. Image courtesy Port of Long Beach

to recognize the many contributions the Port has made to support our Center and its programs.

"We can always count on the Port," says Marianne Venieris, CITT Executive Director.

Port officials supported the Global Logistics Specialist (GLS) Program from the beginning, she says. They joined the GLS Advisory Board and made a financial contribution for early marketing and outreach that helped keep the program's tuition low. In the years since, support from the Port goes directly to GLS and Master of Arts in Global Logistics (MAGL) students in the form of \$20,000 in scholarships every year.

Murat Koksel was Hamburg Süd's operations manager at the Port of Long Beach when he

"My experience to that point was all operational and I didn't have a 'commercial' mindset," he says. "The program opened new areas for me, such as economics and optimization through management science." A few months after completing the program, Koksel was offered a promotion to Regional Operations Manager at the company's North American headquarters in Morristown, NJ, responsible for the U.S. East and Gulf Coasts.

In addition to the financial support, Port personnel lend their expertise as instructors and their boardroom is used for the graduation ceremony every year, which is an impressive venue to celebrate the students' accomplishments.

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# The Language of Logistics... and the Logistics of Language

It seems obvious to say that people need to be able to communicate in order to work together.

When goods are manufactured in China for a Japanese brand, then loaded into containers and transported across the Pacific by a Danish carrier, transferred in Southern California ports from ships to rail cars, and eventually stacked on shelves in Toronto, you might imagine the language problems require speaking Chinese, Japanese, Danish, English, maybe Spanish, and probably French.

In reality, the language differences that slow things down in the age of the integrated just-in-time global supply chain are not between countries but between industries. These include terminal operators, longshore labor, customs agents, warehousing, shippers (beneficial cargo owners), railroads, trucking firms, third-party logistics companies, finance houses, various goods industries (garments, electronics, etc), regulatory agencies, and politicians.

Think about how strange a longshore conversation might sound to an outsider, with *gangs* and *lashers* working a *Panamax* ship full of *reefers*.

Languages develop inside the cultures of companies or professions just as they do in geographic locations. There are literally thousands of years of history of people transporting and trading goods, but the terms used on ships can be completely different from the words used on the docks, and the language of rails is different from the language of roads or warehouses.

This article introduces a new, regular feature in *Building Bridges* that will talk about the

language of goods movement in at least three ways: terms unique to specific professions; terms that have different meanings in different professions; and different ways that goods movement professions talk about common concepts. Here are some examples:

Key words and phrases in state-of-the-art operations may be mysterious to many stakeholders because they come from specialized terminology. Or they may have roots in obsolete technologies or practices but are given new life by current events.

**“Cold Ironing”** is a hot topic. In the days of iron-built, coal-powered shipping, it meant letting a freighter’s steam engines cool down while berthed in port. Today, it’s about eliminating the air pollution caused when vessels in port run their diesel engines to power their generators—by retrofitting both ships and terminals for “shore-side” power connections to keep the ship’s electricity going.



*The first cargo ship at the Port of Tacoma is officially plugged in to a shore-side connection system in 2010 so that the vessel can shut down its diesel engines.*

## What’s in a Word?

On the other hand, different groups in the goods movement industry sometimes use exactly the same words or phrases, but they

have very different meanings to different stakeholders. The most obvious example is **“turn time.”** When port authorities, shippers, drayage carriers and terminal operators meet to talk about reducing port congestion, they discover the critical phrase means something different to each of them. For example a terminal operator may time a driver from his or her arrival at the **“pedestal”** to get a **“buckslip”** until they exit the facility with the specified container. However, a trucking company probably includes any wait time the driver might spend in a queue outside the port entrances. Each definition makes sense to the profession that uses it, even if it misses parts of the process important to other stakeholders. Yet obviously, negotiating a common definition that makes sense for all will be critical to measuring and improving port operations. This is one of the concerns of the Truck Turn Time Stakeholder Group (<http://pierpass.org>).

Finally, there can be different ways of speaking or measuring the same thing from one part of the industry to another. It has been said that you can tell someone’s background by their terminology. People with ocean shipping backgrounds will measure shipments in cubic meters while those in domestic trucking talk about cubic feet and air freight companies calculate **“dimensional weight.”**

Future issues of *Building Bridges* will look at the origins and modern uses of terms like **“drayage,”** phrases like **“carrying cost,”** and concepts like **“slow steaming.”** We also want your questions and suggestions. If you find a term that needs to be better understood in the goods movement industry, let us know at [BuildingBridges@ccpe.csulb.edu](mailto:BuildingBridges@ccpe.csulb.edu).

## Port of Long Beach Celebrates 100th Anniversary Continued

### An Interest in Education

Throughout the history of CITT, the Port has always been represented on the Policy and Steering Committee. Currently the position is held by J. Christopher Lytle, the Port’s Deputy Executive Director and Chief Operating Officer.

Lytle says the Port considers CITT to be a major partner in their educational outreach efforts to develop and educate the next generation of leaders in the goods movement industry.

“There’s some concern in the industry about the availability of enough skilled, trained workers. So it’s very much to our benefit to help develop that workforce,” Lytle adds. “And it’s great for

students to be able to train for an industry that can deliver on its promise to provide jobs.”

The Port of Long Beach was also a generous supporter and sponsor of CITT’s Town Hall events from their beginning in 1999—and now of the new Point/Counterpoint events.

“This industry is all about partnerships. We couldn’t move goods the way we do without strong working relationships with many stakeholders,” Lytle says. “So I applaud CITT’s leadership role in developing the Town Halls, where we as an industry can discuss issues and challenges and find the right solutions.”

## Maersk Orders New 18,000 TEU Ships

Danish carrier Maersk Line has ordered 10 new vessels that will be the largest and most energy-efficient container ships in the world. In February, the company signed a deal with Daewoo



Shipbuilding & Marine Engineering Company for a design known as the “Triple-E,” based on the three principles of *economy of scale, energy efficiency, and environmentally improved*.

The vessels will have a capacity of 18,000 TEU and measure 400 meters long, 59 meters wide and 73 meters high—the equivalent of approximately 1,312 feet long (or nearly ¼ mile), 193 feet wide and 239 feet high. These are the longest and widest dimensions possible based on current port restrictions.

Changes to the ship’s configuration and hull shape give it 16% more capacity compared to the company’s current largest in the Emma Maersk class. Instead of a typical V-shaped hull, a U-shape provides more capacity in the bottom of the cargo hold and allows 23 rows of containers across instead of 22, adding capacity for 1,500 extra containers. Next, moving the navigation bridge and accommodation section forward and the engine room and chimney aft adds stacking space for 1,000 more containers. Twin diesel engines, equipped with waste heat recovery systems, will have an optimum speed of 19 knots.

With a cost of \$190 million per vessel, Maersk CEO Eivind Kolding told the press that \$30 million of the price was dedicated to making the Triple-E “the most energy-efficient [container vessel] that the world has ever seen.” The Triple-E is expected to use 35% less fuel than smaller ships, while producing 50% less carbon dioxide per container than the industry average for vessels serving Asia-European trade. The energy and emission savings could be important to the company over the long term, with fuel costs rising and increased international pressure to address global warming.

Will Triple-Es call at West Coast harbors? At the moment, no U.S. ports can accommodate vessels of this size (it will have a beam of 59 meters and a draught of 14.5 meters) and the class is bigger than can fit through the expanded Panama Canal (although it falls within the limits for the Suez Canal). Moreover, the *Copenhagen Post* quoted Kolding saying, “Harbor efficiency is an issue for us in the States. It would take four to five days to handle our ships in a U.S. harbor, and right now that’s not commercially viable for us.”

More information is available at Maersk’s dedicated site about the project: <http://worldslargestship.com>.

## USA Moves \$45 Billion in Goods Daily

What does the goods movement industry mean to the U.S. economy? A recent U.S. Department of Transportation report

says the various modes of the nation’s transportation network carry an average of 18.6 billion tons of goods per year worth about \$16.5 trillion—that’s about 51 million tons, worth \$45 billion per day.

The “*Freight Analysis Framework*” (FAF) creates a nationwide picture of freight moving by all modes among states and major cities. The Southern California Association of Governments (SCAG) reports that this has direct impact on the economic and employment health of Southern California, with almost 1.2 million jobs in SCAG’s six-county region related to manufacturing, wholesale trade, transportation, and warehousing. The jobs depend on fast, efficient movement of freight to remain competitive in the global economy.

Source: SCAG press release

## Will Global Warming Redraw the Shipping Maps?

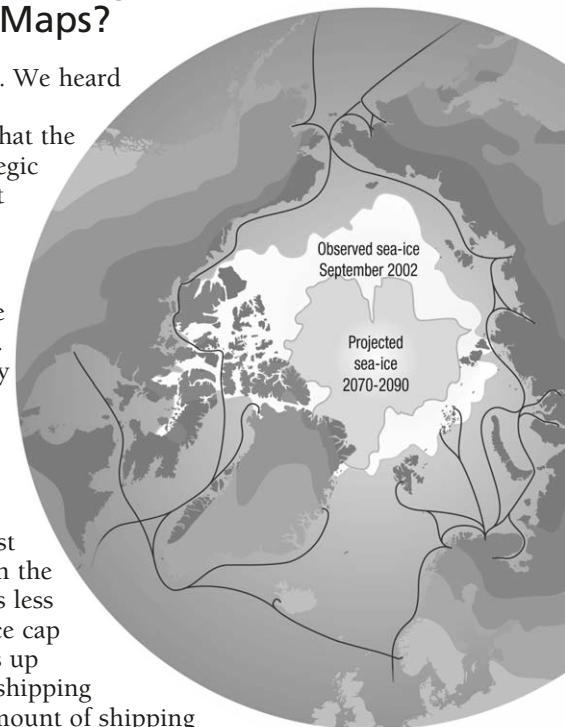
Geography is destiny. We heard at CITT’s 2010 Point/Counterpoint that the San Pedro Bay’s strategic location—though not the closest ports to Asia—will ensure continued jobs and cargo as long as there is international trade. But what if geography “changes”?

One consequence of global warming is realizing the age-old fantasy of a Northwest Passage. Every year in the Arctic region, there is less sea-ice as the polar ice cap shrinks, which opens up possibilities for new shipping routes. In fact, the amount of shipping traffic there has doubled since 2005.

Naturally, shipping companies are excited about the time and fuel to be saved with these shorter routes. But ships’ captains worry about the risks of navigating new waters with insufficient charts. Diplomats, on the other hand, argue over whether northern countries will have sovereignty over these waters.

An international effort called the Arctic Climate Impact Assessment (ACIA) developed scenarios for temperature change. This graphic, by mapmaker Hugo Ahlenius of the United Nations Environment Programme, shows a top-down view of the earth with projected new shipping routes that could be clear by the year 2090.

Source: UNEP/GRID-Arendal



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## CITT News

### Terminal Operator Program Attracts Record Enrollment

The Marine Terminal Operations Professional (MTOP) program has attracted a record enrollment of 32 students for the Class of 2011. This comprehensive training program prepares participants with skills essential for efficient terminal operation. MTOP is structured so that participants may either complete all modules to earn the professional designation or select training areas of specific interest. MTOP Module 2, Management/Longshore Labor Relations, starts May 7 and runs for four consecutive Saturdays.

### Working and Living in a Port City Seminars to Repeat

Ports have a direct impact on local communities, businesses, economies, and employment. CITT's new seminar series, "Working and Living in a Port City" debuted in January and will repeat July 5, 12, and 13. The series provides a broad perspective for anyone interested in the ports, maritime operations, and international trade. Participants will learn about public policy issues affecting the industry and surrounding communities, and the growing need for a skilled goods movement workforce. Customized and onsite versions of the training are also available.

### 2011 National Urban Freight Conference Set for October

CITT and METRANS will host the 4th National Urban Freight Conference October 12-14, 2011 at the Hyatt Regency Long Beach. The conference examines the impacts of goods movement and international trade in metropolitan areas. It is the only conference in the country that offers researchers and practitioners the unique opportunity to consider questions about the "urban side" of freight across many disciplines.

## New Webinars on **How Shippers Choose Ports**

CITT is preparing a new, interactive online series exploring how shippers and their agents decide which ports to use for their cargo. The series is called "Cargo and Jobs: Still Ours to Lose?" and runs in three one-hour webinars May 20, June 3, and June 10, 2011. Each webinar starts at noon PDT.

"The program follows up on key questions raised by last October's Point/Counterpoint event about possible local consequences of the Panama Canal's expansion," explains CITT Executive Director Marianne Venieris.

"At that event, a key comment that stood out for most stakeholders was when Professor Mary Brooks told the audience that Southern California's dominant position, handling such a large share of America's inbound cargo, was 'ours to lose.' We need to know what that means, because at stake are not just jobs and profits at the Port of Long Beach and Port of Los Angeles, but the larger Southern California logistics economy."

The anchor for the series is Mat Kaplan, Senior Director of Technology and Development at CSULB's College of Continuing and

Professional Education and host of CITT's ContainerCast podcasts. Kaplan will interview expert guests about how shippers make decisions about moving goods through Southern California and to what extent the San Pedro ports are (or will be) competitive with alternative trade gateways. CITT Director of Research Dr. Thomas O'Brien will set the stage in the first webinar and offer a summary in the final session.

The first installment, "**How Shippers Choose Ports,**" takes place May 20 and examines the way factors such as price, speed, and reliability make local ports competitive compared to other ports. How do different shippers vary in the needs and expectations that affect their decisions? How much "discretionary" cargo is really at risk when the Canal's expansion allows larger vessels to travel directly from Asia to East Coast ports?

The June 3 presentation asks, "**Is Southern California Competitive?**" It will look at how diverse local stakeholders found common ground and have been working together to address customer needs and priorities. What actions have been taken to enhance the system

capacity of ports, rail, and highways? How effectively has the industry been communicating the advantage of West Coast gateways to shippers and ocean carriers?

Finally, the June 10 webinar takes up the "**Challenges Ahead**" in terms of remaining tasks and obstacles. What steps must be taken to keep pace with improvements at other West Coast, Gulf Coast and Atlantic harbors? How can local community, regulatory, security, and environmental concerns be addressed to accelerate the necessary work?

More program and speaker information is available on the CITT website ([www.ccpe.csulb.edu/citt](http://www.ccpe.csulb.edu/citt)). The events are free with advance online registration. The recordings will be archived, but only live participants will be able to ask questions.

A complete summary and analysis of "Panama Canal Expansion: The Battle for Jobs and Cargo—Who Wins? Who Loses? Who Decides?" is available on the METRANS site (<http://metrans.org>).