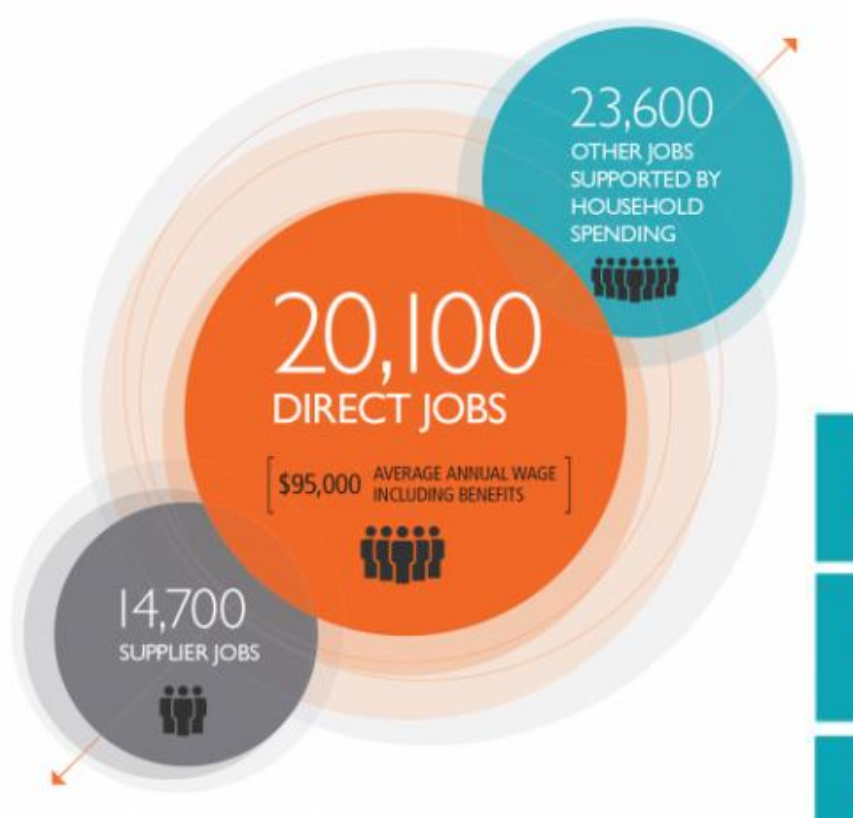
THE NORTHWEST SEAPORT ALLIANCE
Gateway to Solutions

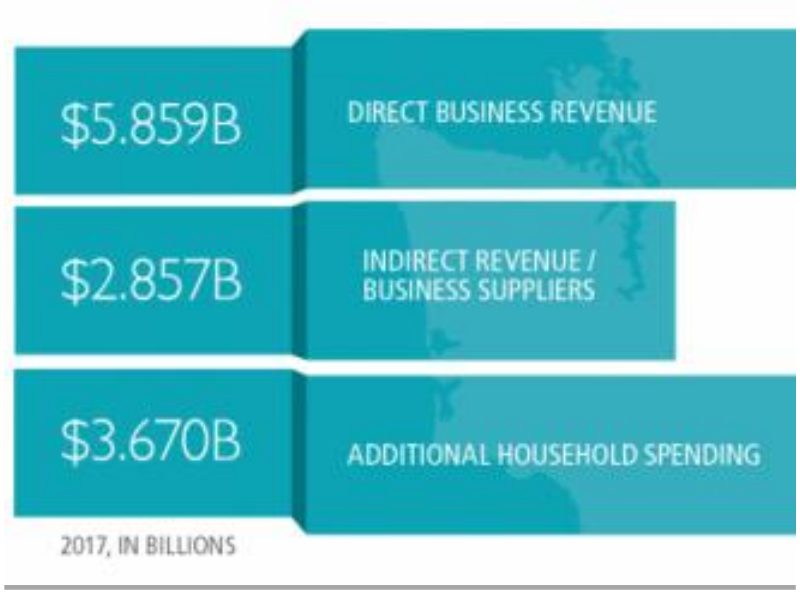
SUPPLY CHAIN BACKLOG

Port of Tacoma Commission President

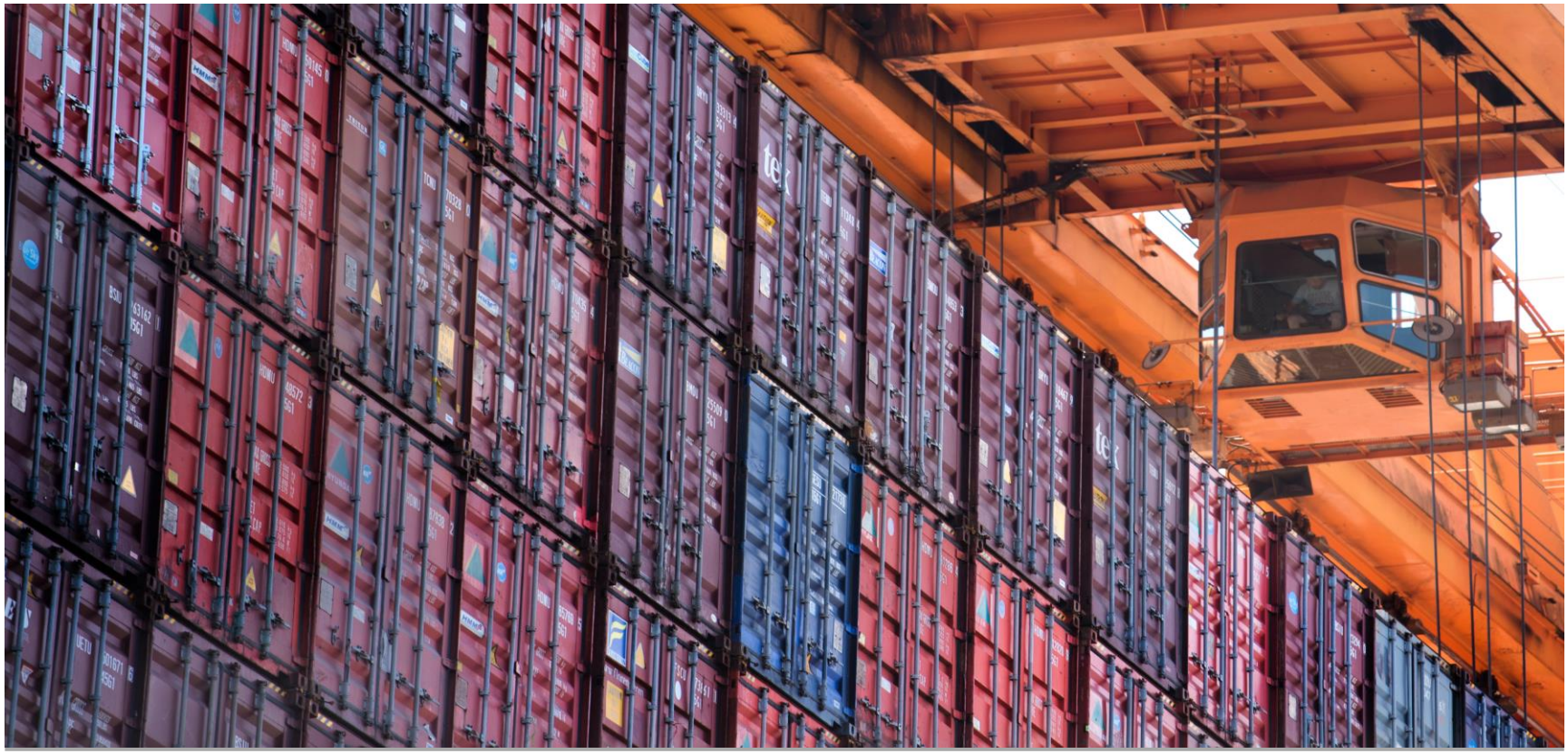
Dick Marzano

NWSA: Background

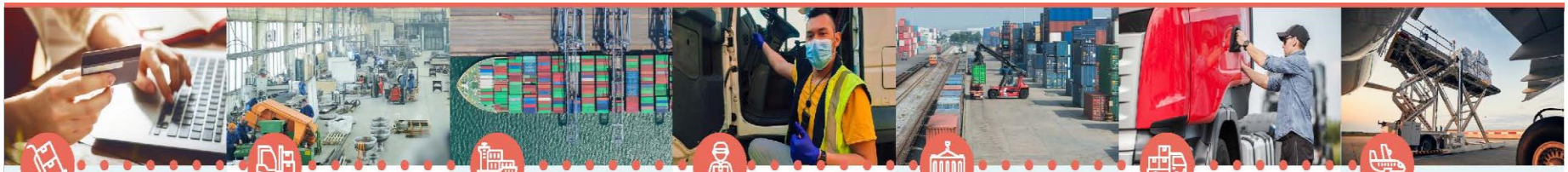




Supply chain congestion- How did we get here?



Anatomy of a global supply chain crisis



Spending Extremes

- In response to the pandemic, U.S. consumer spending drops 30 percent in April 2020, then rebounds sharply later in the year -shocking a supply chain that had throttled back as economies fell into recession.
- When consumers start buying again, spending shifts dramatically from travel and entertainment to clothing, computers and household goods. Shipping demand skyrockets.

Manufacturing Whiplash

- As the pandemic spreads through Asia, factories close in places like China, Korea, Taiwan and Singapore that produce goods for U.S. consumption.
- Factory shutdowns and travel lockdowns halt shipping and disrupt the global supply of shipping containers that will be needed for a late-2020 recovery.
- When orders surge for medical equipment and PPE, Chinese factories unexpectedly come back online. The supply chain is unprepared.

Shipping Volatility

- Pre-pandemic, seagoing carriers cut capacity as the industry consolidated and reacted to new tarriffs and a global recession.
- As economies suffer in 2020, carriers idle even more vessels and cancel additional routes.
- When demand surges, ships aren't positioned to respond.
- Demand for import cargo to the U.S. is so high, some shippers refuse to fill empty containers with U.S. exports before returning to Asia.

Port Worker Shortage

- Quarantines and illness keep thousands of port workers off the docks in 2020.
- At one gateway port, 1800 port workers are (temporarily) sidelined due to COVID-19 protocols.
- The industry's urgent call to prioritize port workers for COVID testing and vaccination goes unanswered.

Container Scarcity

- The pandemic shutdown in Spring 2020 leaves 25 million containers in the wrong place to meet resurgent demand later in the year.
- Container manufacturers – predicting a yearlong drop in demand – slash production.
- North America faces a 40% container imbalance – for 100 containers that arrive, only 40 are exported.
- A shortage of container chassis for semi trucks, caused by 2019 tariffs and aging equipment, compounds the problem.

Trucking Shifts Gears

- When the pandemic hits, several large trucking companies go bankrupt, disrupting an industry that moves 71% of U.S. freight.
- 100,000 trucking jobs are lost in 2020.
- Remaining truckers are transferred from retail to priority industries such as food/beverage and cleaning supplies.
- Quarantines in China also lead to driver shortages that trap consumer products with their overseas manufacturers.

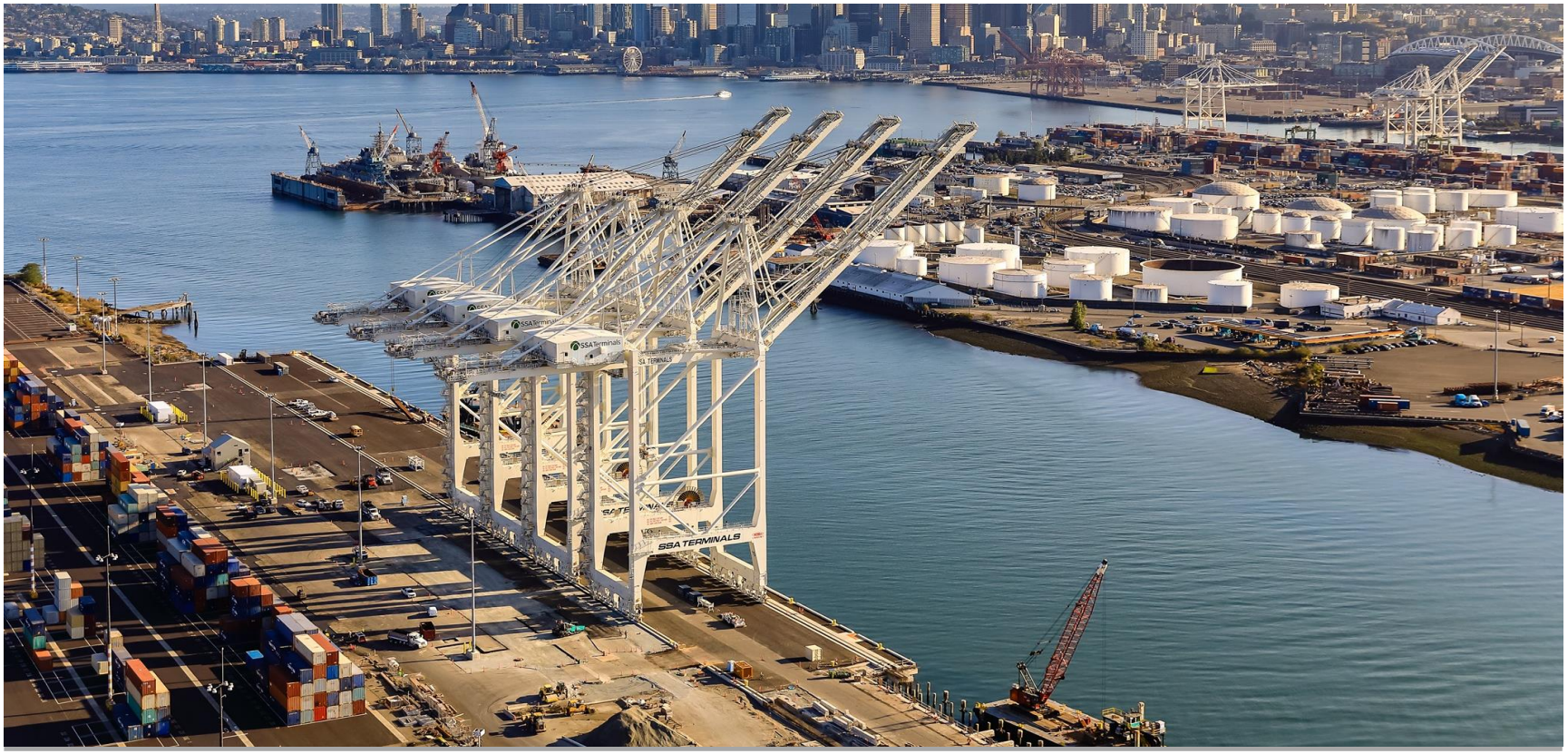
Fewer Flights for Freight

- Shippers typically use empty cargo space on passenger flights – space that disappears when air travel all but ceases during the pandemic.
- Air freight volume rises 50% over 2019. Airlines fly at peak freight capacity – some even re-open dormant overseas passenger routes just to carry cargo – but the industry can only meet 80% of demand.

Puget Sound- what does it look like here?



Steps we are taking



How can you help?

