

Automakers Fuel Portland

Automobiles, containers from Asia help Oregon port rebuild import volumes, build intermodal links

The Port of Portland, Ore., is shifting gears, preparing for more imported cars and trucks as Asian-based automakers Toyota and Honda capture more of the U.S. market.

Automobile traffic at the port jumped 31 percent last year, to 463,557 units. One of Portland's leading automotive tenants, Toyota, is building a 30,000-square-foot addition to its dockside distribution center, effectively doubling its footprint at the port. The port recently upgraded dock facilities to help Honda handle increasing volumes.

It's another sign of recovery at a port that was badly hurt when "K" Line and Hyundai Merchant Marine — two of its three trans-Pacific container lines — abandoned it in 2004. Portland has replaced those carriers last year with Zim and Yang Ming and made progress deepening the Columbia River navigation channel. Bigger ships are bringing more cargo to the port, which is a major center for agricultural exports as well.

And the port is determined to strengthen its intermodal infrastructure to speed more cargo inland, including cars and trucks. "It's the inland transportation links that make [the port] successful," said Bob Lipscomb, general manager of marine marketing for the port.

Most of Portland's exporters and importers "are dependent on our rail connections," Lipscomb said. "In the automobile business, 85 percent of the traffic leaves Portland by rail," with some trains carrying cars and trucks as far as the East Coast.

Portland has a "well-rounded" portfolio, Lipscomb said, including bulk and breakbulk products and agricultural exports. With barge service running up the Columbia River as far as Lewiston, Idaho, "We've got a much broader hinterland for inland transportation than even the Puget Sound does," he said.

Portland is a major regional domestic hub, "simply because we're at the center of the Pacific Northwest," Lipscomb said. "Lots of domestic companies and retailers have distribution centers in this area. You can get from here to Canada, Northern California and Southern Idaho overnight."

For imports, "the real growth story for us is in automobiles," he said. "You've seen the phenomenal growth of Toyota [in the United States]. Last year they moved just under 246,000 units through Portland."

Toyota Motor Sales USA increased its U.S. sales of cars and light trucks more than 14.1 percent year over year in May, according to preliminary figures for the month from Autodata. Toyota's sales were partly powered by growing demand for fuel-efficient cars and hybrids such as the Toyota Prius. About 75 percent of the Toyotas sold in the United States are U.S.-made, Lipscomb said, "but with growing demand here they have to augment their domestic production with overseas imports."

Honda's U.S. sales grew more slowly in May, ticking up only 2.5 percent for the month and only 1.8 percent so far this year, Autodata reported. "Last year they did about 118,000 units [at the port], and they plan to increase that this year," Lipscomb said.

Portland's 2006 Cargo Volumes

Cargo	VOLUME	% CHANGE FROM 2005
Containers (**TEUs)	214,484	+33.7%
Automobiles (units)	463,557	+30.6%
Grain (**st)	3,705,953	-3.7%
Mineral bulks (st)	4,319,450	-5.0%
Breakbulk cargo (st)	1,059,486	+7.0%
Total short tons	11,965,669	+3.6%

Source: Port of Portland

The third automaker at the port, Hyundai, moved fewer vehicles through Portland last year, after opening a plant in Alabama to produce some of its most popular models.

Cars and light trucks aren't the only cargo rolling off Portland's docks. Containerized imports have surged in 2007, climbing more than 60 percent in the first quarter. Portland saw container traffic jump nearly 34 percent in 2006, to 214,484 TEUs, a quick recovery after a dismal 2005, when the port saw TEU volume drop nearly 42 percent to 160,479 TEUs — its worst showing since 1987. That drop followed the loss of "K" Line and Hyundai. Since last year Zim and Yang Ming have boosted the port's container volume. "Yang Ming put in a larger fleet of ships here, and that's met with a good response from local shippers," said Lipscomb.

More retailers are building transloading and distribution facilities in the Portland area, he said. "Some are local companies gaining market share, others are national companies and are just gaining volume," he said, citing distribution centers built by retailers such as Lowe's, Kroger and Dollar Tree in the Portland area.

The port plans to strengthen its intermodal capabilities, moving more TEUs inland from its on-dock rail yard and connecting more local shippers to Burlington Northern Santa Fe Railway and Union Pacific Railroad.

"That's where the real opportunity lies," said Bob Lipscomb, general manager of marine marketing. "We're going to emphasize intermodal development on the container line this year. We've got some capability and that's what we're touting at this point."

BY WILLIAM B. CASSIDY