

PORT OF PORTLAND

FALL 2013 PORTSIDE

A Port of Portland publication featuring news and information about airports, marine terminals, industrial parks and environmental programs.



Oregon's
Manufacturing
Prowess



3-7
Oregon's Manufacturing Prowess

8-9
Aviation News
New Nonstop Service

10-11
Marine and Properties News
Two Millionth Hyundai

12-13
Business and Environmental News
Trade and Transportation Legislation

14-15
The Panama Canal

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“The manufacturing powerhouse you never thought of,” gushed the incredulous CNNMoney headline, referring to – yes, really – Oregon. Citing U.S. Bureau of Economic Analysis statistics released in June, the business news website noted that Oregon has the “third fastest-growing state economy,” behind only North Dakota and Texas. Those states have the massive oil and natural gas boom to thank, but what does Oregon have?

The Beaver State boasts a diverse mix of manufacturers, including heavyweights like Intel, Precision Castparts, Freightliner and others that contributed two-thirds of that “meteoric” growth.

Further, Oregon has an integrated network of roads, rivers, rails and runways that provides those manufacturers – as well as farmers, fisheries, lumber mills and thousands of smaller companies – access to the global marketplace at their doorsteps.

Oregon is one of the most trade-dependent states in the nation, with exports of all types totaling more than \$18 billion last year.

Manufacturing now represents 39 percent, or \$74 billion, of Oregon economic output, the largest proportion of any state. Even more stunning is how Oregon manufacturing output is now ahead of that in traditional manufacturing states like Indiana, Michigan and Pennsylvania – all with much larger populations. Oregon ranks sixth nationwide in manufacturing output and manufacturing accounts for 69 percent of the value of the state’s overall exports.

Oregon’s most valuable manufactured export commodity is Silicon Forest products: semiconductors and other electronic components. Combined with exports in computer equipment and related products, the high tech industry, in general, accounted for nearly 39 percent (\$5.7 billion) of merchandise exports in 2012.

“The Port of Portland is a key business partner and export enabler to the region,” says Jill Eiland, Intel’s regional corporate affairs manager. As one of the region’s leading exporters, Intel relies on the Port to move freight and people in ways that are cost effective and highly reliable.”

In addition to the larger manufacturers, thousands of smaller businesses that manufacture everything from medical supplies to nuts and bolts, as well as Oregon’s agricultural and wood products industries (among the highest volume exporters), depend on Portland’s import/export gateway. In fact, 90 percent of Oregon exporters are small- to medium-sized companies with fewer than 500 employees.



“In 2012, the average annual pay for manufacturing

Benchmade Knife Company, for example, is an Oregon City company designing and manufacturing world-class sports cutlery and edged tools.

“The potential expansion into foreign markets was a business avenue that could not be ignored,” says Elaeh Raphael, international business development manager at Benchmade Knife Company. “Benchmade has worked with several city and state governmental organizations to continue to assess and uncover international opportunities for our products. This strategic focus has allowed us to bring additional personnel on-board to take advantage of these opportunities.”

“Manufacturing is still an important source of high-paying jobs in Oregon,” says Tim Duy, senior director, Oregon Economic Forum, University of Oregon. “In 2012, the average annual pay for manufacturing jobs was \$62,161, compared to \$44,273 for all jobs. And it’s not just computer chips that pay better than average. Paper, chemical, metal, machinery, and transportation industries, for example, all pay higher-than-average wages.”

Because Portland serves as a major gateway to international trade, the city’s percentage of total employment in the transportation, distribution and logistics sector ranks one of the highest in the nation. Notably, “many of these jobs have low entry requirements,” says Susie Lahsene, the Port’s senior manager for transportation and land use policy. This provides much needed employment and living wages for many Portland public schools graduates, 68 percent of whom do not go on to college.

“The really great news here is that there has been export growth across the board in Oregon – not just in the manufacturing sector,” says Scott Drumm, the Port’s research manager.

A combination of more than 100 other manufacturing and agricultural sectors together accounted for \$6.7 billion in exports in 2012, up 57 percent from 2009. These combined sectors, including motor vehicles, paper and plastic products, iron and steel, aluminum, pharmaceuticals, specialty foods, vegetables, and fruits and nuts, are also responsible for the greatest value of imports (\$6.5 billion).

Among the state’s fastest-growing exports since 2009 is timber and logs (up nearly 500 percent); this is good news for Oregon’s struggling timber industry. Compared to 2011, tree harvests in 2012 jumped 21 percent in forests on tribal lands, 14 percent in smaller privately owned tracts, and 4 percent in commercially held forests – partly due to a strong export market, according to a recent Oregon Department of Forestry study.

Other fast-growing export categories since 2009 have included fibers and yarns (2,626 percent growth), farmed fish (1,742 percent), dairy products (410 percent) and cattle (304 percent). While these, and many of the other 100 categories, represent small fractions of the export market when viewed individually, they pack a significant economic punch when combined.

What does all of this mean for Oregon?

- Since 2002, the export of Oregon’s goods has grown 34 percent faster than state gross domestic product (7.5 percent vs. 5.6 percent).
- The total value of commodities exported from Oregon in 2012 was \$18.3 billion, nearly a 23 percent increase since 2009. Combined with imports, the total value of traded commodities was \$34.8 billion, nearly a 30 percent increase since 2009.
- Oregon ranks among the top 10 state exporters in 19 industries, including first in lime and gypsum products, second in sawmill and wood products and in plywood and engineered woods, and third in semiconductors and components.



jobs was \$62,161 compared to \$44,273 for all jobs.”

– Tim Duy, senior director, Oregon Economic Forum, University of Oregon

- Customers in 203 countries buy Oregon-grown and manufactured goods and services. Top markets are Canada, China and Malaysia, Japan, Costa Rica and South Korea.
- Imports of raw materials and other inputs for manufacturers, and everything from automobiles to clothing for consumers, help keep prices down for all Oregonians.

What does this mean for Oregon workers?

- Oregon’s trade-related employment grew 7.5 times faster than total state-wide employment from 2004 to 2011.
- Jobs at U.S. exporting companies pay up to 18 percent more than similar jobs in non-exporting companies.
- Every 2 jobs at a Port facility support one induced job, such as retailers, mechanics, marketers – even baristas at Dutch Brothers.

Like many successful trade centers, Portland has the highways, marine facilities, railroads and an international airport. However, it is the interconnectivity of this infrastructure that provides a value greater than the sum of its parts. Located at the confluence of two rivers, two major highways, and two major intercontinental rail lines, the Port of Portland facilities offer the shortest direct route to and from Asia and the quickest intermodal access to the U.S. interior and East Coast.

While not all of Oregon’s exports flow through the Port of Portland, many do. And equally important are the raw materials, supplies and finished goods that come in as imports. The bulk of imports and exports moving through the Port’s marine terminals last fiscal year totaled more than 11.8 million tons.

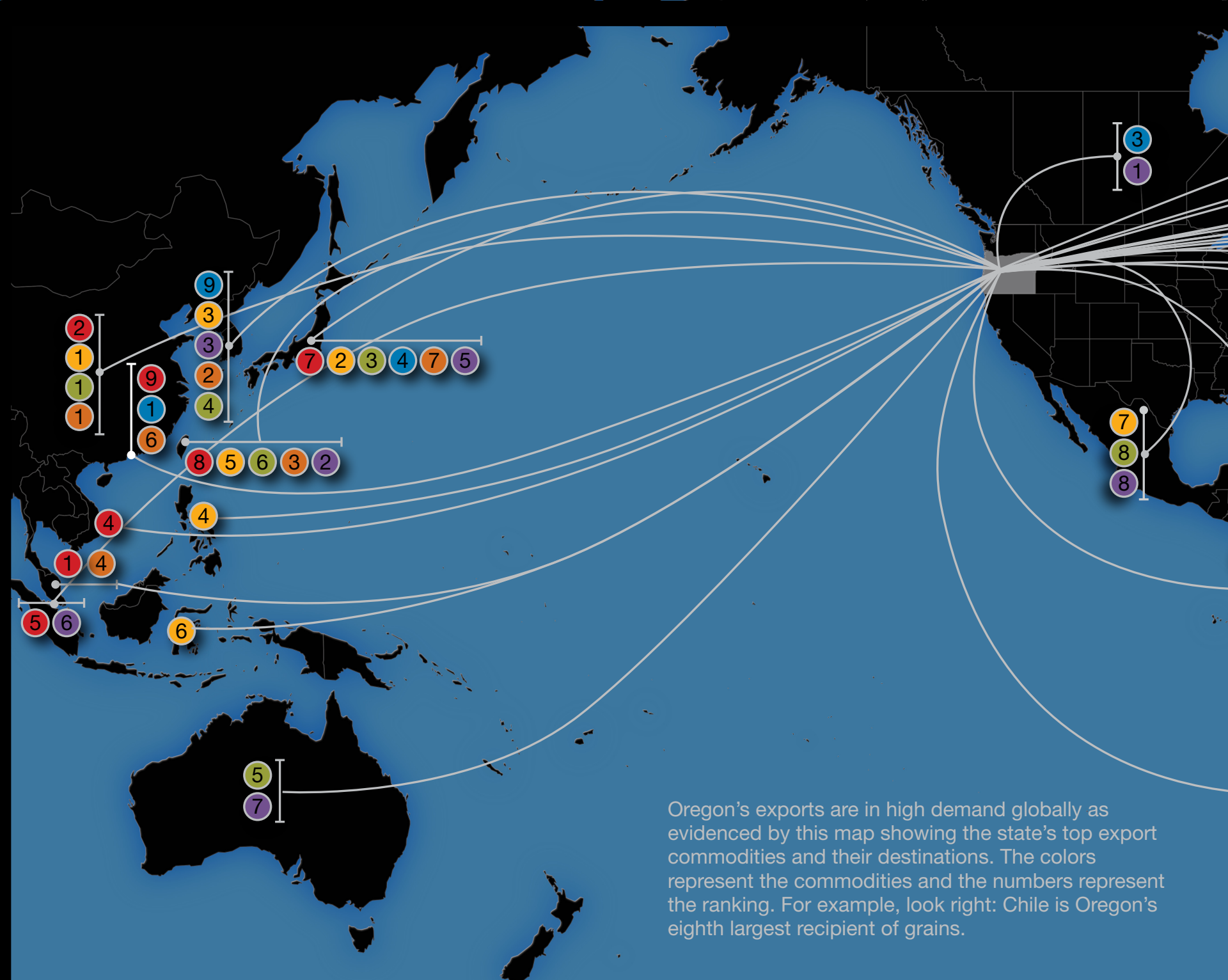
More than 170,000 containers moved through Terminal 6 on the Columbia River; about 252,000 autos were handled through T-6 and Terminal 4 on the Willamette, most destined for final processing at local auto finishing facilities. More than 3.6 million tons of grain exports moved through Terminal 5, nearly 5 million tons of liquid and mineral bulks moved through T-4, and about 958,000 tons of breakbulks – such as steel rail and slab – moved through Terminals 2 and 6. All totaled, 515 ocean-going cargo vessels called at Port of Portland facilities last year.

Air freight services through Portland International Airport also play a critical role, carrying products like footwear and perishables. More than \$8 billion in goods from Oregon moved by air to destinations around the world; more than \$4 billion arrived on the tarmac for local and regional distribution. PDX is served by eight all-cargo carriers including Asiana Airlines, which offers nonstop service from Portland to Incheon, Korea with connections to numerous other markets in Asia.

“Oregon’s manufacturing sector along with all of the state’s exporters, combined with essential trade infrastructure, will continue to drive Oregon’s economic engine,” said Port Executive Director Bill Wyatt. “Future growth and continued success will depend upon wise investments made now to keep all of them strong.”

by Liz Malliris

OREGON'S TOP SIX EXPORT COMMODITIES BY VALUE



Oregon's exports are in high demand globally as evidenced by this map showing the state's top export commodities and their destinations. The colors represent the commodities and the numbers represent the ranking. For example, look right: Chile is Oregon's eighth largest recipient of grains.

HIGH TECH \$6.3 billion

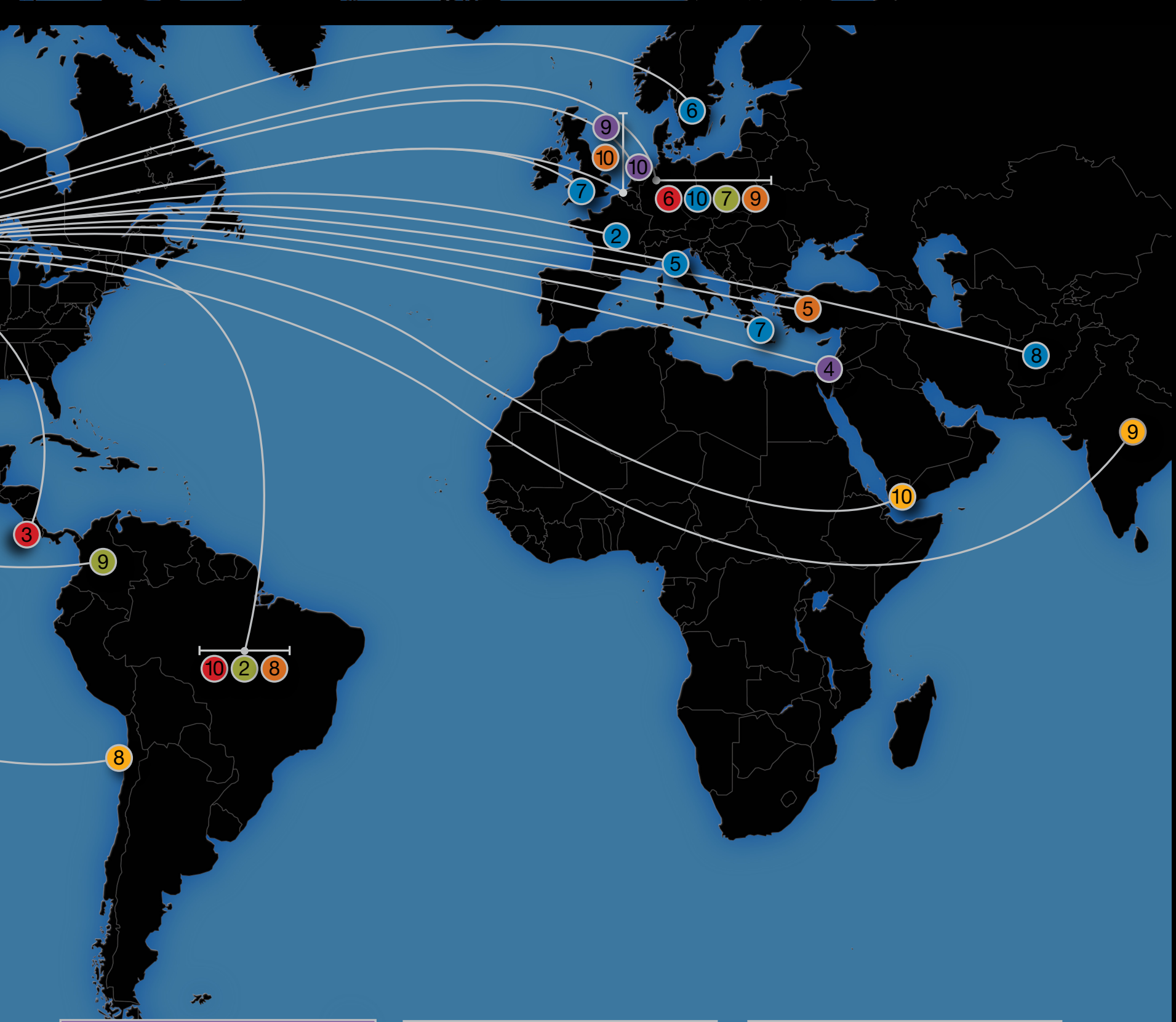
- | | |
|---------------|--------------|
| 1. Malaysia | 6. Germany |
| 2. China | 7. Japan |
| 3. Costa Rica | 8. Taiwan |
| 4. Vietnam | 9. Hong Kong |
| 5. Singapore | 10. Brazil |

GRAINS \$1.9 billion

- | | |
|----------------|--------------|
| 1. China | 6. Indonesia |
| 2. Japan | 7. Mexico |
| 3. South Korea | 8. Chile |
| 4. Philippines | 9. India |
| 5. Taiwan | 10. Yemen |

MINERAL FERTILIZERS AND CHEMICALS \$1.2 billion

- | | |
|----------------|-------------|
| 1. China | 6. Taiwan |
| 2. Brazil | 7. Germany |
| 3. Japan | 8. Mexico |
| 4. South Korea | 9. Columbia |
| 5. Australia | 10. Israel |



MACHINERY
\$1 billion

- | | |
|----------------|-----------------|
| 1. Canada | 6. Singapore |
| 2. Taiwan | 7. Australia |
| 3. South Korea | 8. Mexico |
| 4. Israel | 9. Belgium |
| 5. Japan | 10. Netherlands |

AEROSPACE PRODUCTS
\$625 million

- | | |
|--------------|-------------------|
| 1. Hong Kong | 6. Sweden |
| 2. France | 7. United Kingdom |
| 3. Canada | 8. Afghanistan |
| 4. Japan | 9. South Korea |
| 5. Italy | 10. Germany |

MANUFACTURING SCRAP
\$544 million

- | | |
|----------------|--------------|
| 1. China | 6. Hong Kong |
| 2. South Korea | 7. Japan |
| 3. Taiwan | 8. Brazil |
| 4. Malaysia | 9. Germany |
| 5. Turkey | 10. Belgium |

Aviation

ALASKA AIRLINES PLANS DAILY NONSTOPS TO TUCSON, RENO

Alaska Airlines will inaugurate daily nonstop service between Portland International Airport and Tucson, Ariz. on Nov. 1, and between PDX and Reno, Nev. on Nov. 8.

Tucson flights depart PDX at 9:15 a.m. and arrive at 1:05 p.m. Flights depart Tucson at 1:35 p.m. and arrive at 3:30 p.m. at PDX.

Reno flights depart PDX at 11:10 a.m. and arrive at 12:45 p.m. Flights depart Reno at 1:15 p.m. and arrive at 2:50 p.m. at PDX.

“This new service provides convenient flight options for both business and leisure travelers, and further strengthens our growing network,” said Joe Sprague, Alaska Airlines vice president of marketing.

Horizon Air will fly the Portland-Reno flights for Alaska Airlines using a 76-seat Bombardier Q400. SkyWest Airlines will operate the Tucson flights using a 70-seat CRJ-700 regional jet. Customers flying on flights operated by Horizon and SkyWest can enjoy free soft drinks and Starbucks coffee, A la Cart planeside baggage service, and complimentary Northwest wine and microbrews for passengers 21 years and older.

DELTA IMPROVES FLIGHT COMFORT

Delta Air Lines’ nonstop flights connecting Portland International Airport and Tokyo’s Narita International Airport now offer a more comfortable experience for travelers. The Boeing 767-300ER aircraft on the route now provide completely remodeled interiors, including improved seats.

With the upgrades, the BusinessElite cabin offers 25 fully flat-bed seats, providing 180 degrees of comfort, plus direct aisle access for everyone in the cabin.

The Economy Comfort cabin offers 35 inches of seat pitch, which reclines 50 percent more, plus four additional inches of legroom. All flights are expected to offer individual on-demand entertainment, plus international Wi-Fi later this year.



SEAPORT AIRLINES, VIRGIN AMERICA CELEBRATE PDX ANNIVERSARIES

SeaPort Airlines celebrated its fifth anniversary at Portland International Airport June 27 with a surprise for some lucky passengers. Travelers waiting for their bags in the bag claim area were surprised when the bag carousel started and personalized gift boxes containing travel vouchers, mouse pads and T-shirts appeared.

From PDX, SeaPort provides nonstop service to Pendleton and to North Bend/Coos Bay. SeaPort has approximately 220 employees, and operates 16 aircraft, providing service to 21 communities across nine states on more than 100 average daily departures.

Virgin America marked its one-year anniversary at PDX on June 5, and recently tripled flights to San Francisco International Airport. Daily nonstop flights now depart PDX at 7 a.m., 11:40 a.m. and 6 p.m. The airline served 222,000 passengers in its first year at PDX.

With one of the youngest fleets in the U.S., Virgin offers sleek, tech-forward aircraft cabins with a host of inventive amenities including custom-designed seating, in-flight Wi-Fi, a cabin moodlighting system which transitions across 12 shades based on outside light, power outlets near every seat and an in-flight entertainment system via the Red™ platform.

TSA PRE✓™ EXPANDS TO INTERNATIONAL TRAVELERS

Transportation Security Administration Pre✓™ participants are now eligible for expedited screening on select international travel itineraries at Portland International Airport and other participating airports.

Eligible passengers traveling on Alaska Airlines, American Airlines, Delta Air Lines, Hawaiian Airlines, United Airlines, US Airways and Virgin America are allowed to leave on their shoes, light outerwear and belt, and keep their laptop in its case and their 3-1-1 compliant liquids/gels bag in a carry-on.

Also, passengers with connecting domestic flights who arrive in the United States on an international flight may use the TSA Pre✓™

lanes when going through the screening process after being cleared by U.S. Customs and Border Protection.

Eligible passengers include U.S. citizens who are members of certain airline frequent flier programs or are members of CBP Trusted Traveler programs, including Global Entry, SENTRI and NEXUS. Individuals interested in joining a CBP Trusted Traveler program can learn more by visiting www.cbp.gov. TSA recently announced that later this year it will add a new process allowing more U.S. citizens to enroll in TSA Pre✓™.

HOUSE SPIRITS DISTILLERY TAKES UP RESIDENCE AT PDX

House Spirits Distillery, a leader of the American craft distilling resurgence, now offers a retail outlet in Portland International Airport.

The new outlet, on Concourse D, is introducing travelers to Aviation American Gin and the entire range of House Spirits’ award-winning products. Approved by the Oregon Liquor Control Commission, the concession is designed to mirror House Spirits Distillery’s original retail tasting room on Portland’s Distillery Row.

“Portland International Airport is an institution that shares our values and cares deeply about introducing travelers to Portland’s world class culinary culture. We’re thrilled to join the marquee lineup of retail brands at PDX,” said Thomas Mooney, CEO and co-owner of House Spirits Distillery.

House Spirits Distillery is one of the founding members of Distillery Row, an assembly of small distilleries at the heart of Portland’s Industrial District currently leading the first craft distillation revolution since prohibition. The PDX location is open 365 days a year and offers the entire House Spirits Distillery catalogue, including limited edition spirits and the critically acclaimed Aviation American Gin. In addition, branded apparel, cocktail ware, and other local products such as Chef Andy Ricker’s PokPok Som are available.





Chuck Gumpert's *Beyond Ordinary Experience* is on display in the north ticket lobby at PDX.

ART INSTALLATIONS PROVIDE VISUAL DISTRACTION AT THE AIRPORT

Showcasing art at Portland International Airport helps capture the culture and heritage of the Pacific Northwest.

An exhibit that portrays the culture of some of Portland's finest culinary chefs is on display along the Concourse Connector (post-security) until July 2014. The exhibit features photographs by Dave Lutz of 12 Portland culinary stand-outs.

In August, painter Rebecca Shapiro and lighting designer Steven Harper, transformed the E Concourse exhibit case near Coffee People into a colorful light box. Shapiro, the artist-in-residence for TEDxConcordiaUPortland 2013 hopes to inspire passengers to embrace metamorphosis through her work. The exhibit concludes in January.

Seattle painter Chuck Gumpert installed a large-scale, site-specific acrylic painting in the North Ticket Lobby in August. The painting explores the complexities of urban life and human interaction in mass transit stations.

In addition to visual arts, passengers can find more than 30 volunteer performing artists who enhance the traveling experience.

PDX CARPET TESTING UNDERFOOT

When traveling through Portland International Airport you may notice some changes to the flooring in a few spots.

As part of a future carpet replacement project, PDX is testing a variety of carpets in high-traffic areas of the airport to see how well they perform with respect to durability and functionality.

Patterns and shapes in the carpet reference imagery from flight, nature, and man-made structures such as roadways and buildings surrounding PDX. The Port of Portland selected colors, intentionally, to evoke feelings of tranquility and to create a calm environment.

"The existing carpet is more than 20 years old and is in need of replacement," says Robin McCaffrey, project manager at the Port. "Our goal is to provide a more comfortable, durable carpet that will serve PDX for another 20 years or more."

A recent facility review determined the majority of the existing carpet at PDX is in poor or failing condition and should be replaced.

The Port has teamed up with Hennebery Eddy Architects, Inc. of Portland to develop a replacement plan aimed to achieve the highest level of sustainability. The project is in the final stages of design and is slated for construction in early 2015.

NEWSIES GET EXTREME MAKEOVERS

News and gift retailers received hefty makeovers at Portland International Airport over the past few years.

Operated by Paradies and Host International, Inc., the 10 new and remodeled facilities offer fresh foods and open, eco-friendly environments, plus magazines, gifts and healthy snack alternatives.

The companies conducted this two-year, multi-million dollar redevelopment to transform the traveling experience and provide warm and inviting spaces in the airport. Other benefits are additional seating and power

outlets in some areas for passengers to enjoy and stay connected.

"We are pleased to deliver these fresh new concepts to Portland travelers and provide a space where health, comfort and convenience intersect," says Chris Madsen, general manager of PDX business and properties for the Port of Portland. "We want our brand to resonate strongly with visitors to the region."

Makeover recipients included: Your Northwest Travel Mart (Oregon Market, Concourses A, B, D); Your Northwest Marketplace (Concourse C); Rich's News (Concourse C); The Market (South Lobby, Concourse D); Kiehl's Health and Beauty (South Lobby); and *The Oregonian News* (Oregon Market, Concourse E).

These new facilities and renovations offer distinctive food and beverage options, including water bottle refilling stations in



some locations to enhance the traveling experience. They also offer a variety of reading materials and gifts that are reminiscent of the Pacific Northwest.

DELTA DETROIT NONSTOP GOES YEAR-ROUND

Formerly limited to seasonal service, Delta Air Lines nonstop service to Detroit is now available year-round at Portland International Airport.

The daily flight departs PDX at 11:19 a.m., arriving in Detroit Metro Airport at 6:28 p.m. The flight departs Detroit at 8:51 a.m. and arrives at PDX at 10:39 a.m. Detroit is a hub airport for Delta, offering passengers excellent connections.

The flights will operate with Boeing 737-800 aircraft.

Marine and Properties



TWO MILLIONTH HYUNDAI ROLLS THROUGH PORT

Over the past 27 years, more than two million Hyundai vehicles have rolled across the docks at Terminal 6. Growing volumes of Hyundais have helped keep Portland the second largest auto import hub on the U.S. West Coast.

"As their volumes have grown over the past two decades, we have continued to grow with them," said John Akre, terminal manager for the Port of Portland.

Hyundai Motor Company first began importing cars through Portland in 1986 – mostly Excel subcompact automobiles bound for dealers in 29 states. In 1988, Hyundai Motor America signed a letter of intent confirming that the Port of Portland was selected as Hyundai's primary U.S. port of entry.

"Hyundai did an extensive comparative analysis on various West Coast ports for over a year before finally deciding to anchor down in Portland," said Portland Manager Bob Mazer, of GLOVIS America, Hyundai Auto Group's logistics provider.

Auto Warehousing Company now handles the inbound Hyundai vehicles for GLOVIS at the leased, 130-acre Terminal 6 auto processing facility. A \$2.8-million expansion is underway to expand the processing building by 27,000 square feet and increase capacity to more than 110,000 vehicles annually. This could double the 70 jobs already on site, and provide added work for rail, trucking, longshoreman and teamster workers.

Portland saw more than 275,000 vehicles roll across the docks in calendar year 2012; each vehicle has an estimated economic impact of \$271 to the local economy.

ANNEXATION DECISION MOVES TO CITY COUNCIL

In July, the Portland Planning and Sustainability Commission voted in favor of recommending annexation of West Hayden Island. The Port of Portland now looks forward to working with City Council on the final decision for annexation into the city later this year. Specifically, the Port will work with the city on zoning to enable future job creation on the site.

As the property owner, it is the Port's hope to be able to use 300 acres of the site for future development

while setting aside 500 acres for habitat restoration and recreation purposes. This will provide the city with new recreation and habitat enhancements while creating opportunities to retain and expand maritime trade capabilities and grow living wage jobs in the region.

On the 300 acres, the Port envisions anywhere from one to three new marine terminals, which could accommodate auto handling or bulk exports like grain. Once zoning is in place, and if the annexation is approved by City Council, the Port can begin to market the property to private investors. This process could take anywhere from

7 to 10 years from initial negotiations to construction.

While the uncertain future of the Columbia River Crossing project has relevance to plans for West Hayden Island, it should not be viewed as a determining factor of whether or not to proceed with annexation. In fact, it has little or no impact on continued work toward annexation as any proposed marine development on the island would be rail dependent.

To learn more about the West Hayden Island annexation process, please visit the Port's website at www.portofportland.com.

PORTLAND INTERNATIONAL CENTER ATTRACTS NEW DEVELOPMENT

Port of Portland commissioners approved a land lease deal on July 10 that opens the door for the first new major speculative industrial development project in the Portland market in years.

The 50-year, pre-paid ground lease of more than 26 acres allows for the imminent development of PDX Logistics Center in Portland International Center – an endeavor that will attract light industrial users and cultivate new opportunities for employment.

Capstone Partners LLC and its partner PCCP, LLC began construction of the state-of-the-art logistics park in August. The first two buildings have a combined square footage of more than 491,000 and should be completed by early Fall 2014. The second phase of the project may consist of one or two additional buildings and could commence within the next three years.



Artist rendering of PDX Logistics Center in Portland International Center

“Attracting new employers to create local jobs and increase our tax base first requires a place for them to locate and grow,” said the Port’s Executive Director Bill Wyatt. “This lease and the forthcoming development at Portland International Center will be a significant bellwether for economic development and prosperity in this region.”



Portland Mayor Charlie Hales speaks at Ajinomoto event.

AJINOMOTO GROWING IN RIVERGATE

Portland Mayor Charlie Hales was on hand to congratulate officials from Ajinomoto North America, Inc. at the grand opening of its new Consumer Foods Division Office and Research and Development Center on July 15. The company’s recently expanded facility is located directly across from Terminal 6 in the Port’s Rivergate Industrial District.

The new facility is housed within a 9,000-square-foot addition that has a test kitchen and tasting lab for communication between employees, chefs and customers during the product development stage.

Ajinomoto, which means “the essence of taste,” has a long history in North America and has been successfully expanding its presence in Portland. Today, Ajinomoto’s products can be found in grocery stores and big box retailers across the country.

In April, Ajinomoto added shelf-stable foods to its business strategy. This move precipitated the relocation of the Consumer Foods Division Office from California to

Portland. With sales of \$400 million last year, Ajinomoto is a strong and rapidly growing traded-sector company.

OVERSEAS AGENTS VISIT PORTLAND

This summer, Port of Portland staff and customers had the opportunity to meet representatives from the Port’s five overseas offices. The agents visited Portland in early August for a series of meetings, presentations and interviews with local media.

At a presentation to Port staff, they provided an overview of overseas customer relationships, offered insight on port operations, and shared what it is like to live and work in the cities of Tokyo, Seoul, Taipei, Shanghai and Tianjin.

During their stay, the agents toured the Port’s marine facilities – some for the first time. They also met with Port tenants, key customer accounts, made sales calls and

discussed business strategy with Port staff.

“Bringing the overseas office representatives to the Port headquarters for a full week helped give our staff more awareness of the important role that these offices play in direct customer recruitment,” said Greg Borossay, senior manager, trade and cargo development for the Port. “Having all the representatives here at the same time gave the group an opportunity to get to know each other so that they can work together more closely in the future.”

When Portland-based marketing staff visits Asia, they depend heavily upon the overseas offices. In the meanwhile, agents continue working directly with customers and representing the Port year round. They maintain a consistent and meaningful presence for the Port by providing continuity between visits.

PARTY AT THE SEAPORT

Seaport Celebration returned to Terminal 4 in mid-August, bigger and better than ever. The event opened the gates of a working marine terminal to an estimated 3,000 people, who learned about the importance of the working waterfront and the Port’s role as a gateway to the globe for more than 1,000 businesses.



Business and Environment



LEGISLATIVE SESSION PRODUCES POSITIVE RESULTS FOR ECONOMY

The 2013 Oregon Legislative Session resulted in the passage of a number of bills that will help keep Oregon's trade and transportation infrastructure globally competitive and the region's economy primed for growth.

First, the Industrial Land Readiness legislation (SB 246 and SB 253) was the work product of an industrial land readiness study in the metropolitan Portland region. The bills provide new state-wide mechanisms to get land ready for development. Pursuit of funding for both of these bills will occur in the 2014 and 2015 sessions.

For the fifth year, the legislature also funded ConnectOregon with \$42 million of lottery-backed bonds and added bike and pedestrian projects to the modes eligible for funding along with the more traditional trade and transportation-related projects.

Another bill important to Oregon's only deep draft container facility was the extension of the cargo container property tax exemption for six years until 2020.

More work is yet to be done on other key Port of Portland-related issues including funding for a Brownfield Clean-up Fund. Money was not allocated to grow the fund in the 2013 session however great strides were made educating legislators on this important issue.

NEW PSU PROGRAM BUILDS GLOBAL TRADE EXPERTISE

The next generation of regional and international global trade experts is starting to hone their skills in a new Portland State University master's degree program.

Offered online, the Global Logistics Supply Chain Management program focuses on how supply chains are integrated into a full spectrum of product and service strategies including: new product development, markets and channels, sourcing, lean operations, project management, logistics, analytics, and

sustainable end-of-life closed-loop processes.

Students will learn from the Port of Portland, third party logistics suppliers, and other local traded-sector companies including Esco, Boeing, Nike, and Tillamook Cheese as well as from international experts. The program looks across a broad spectrum of organizations with differing best practices that can be leveraged across industries and services.

"Since one-out-of-four Oregon jobs are linked to exports of \$16.5 billion, we thought that offering the program at Portland State just makes sense and it really is complementary to our undergraduate Logistics program," said Cliff Allen, program director.

The program will prepare students for careers in retail, technology, apparel, aerospace, transportation and logistics and freight.

"The strength of our program is that it looks at the entire value chain, from design through end of life of a product, and therefore how the strategy at the product level must match the supply chain strategy," said Allen.

For more information go to www.pdx.edu and search for "global supply chain."

PORT JOINS PURCHASING COALITION

This spring, the Port of Portland joined a coalition along with the City of Portland, Multnomah County, Portland Development Commission, Portland State University and the cities of Eugene and Hillsboro to share best practices to avoid the purchase and use of hazardous substances through contracts and procurement. The Healthy Purchasing Coalition is facilitated by the Oregon Environmental Council, which plays an active role in influencing policy that reduces toxics in Oregon.

The coalition will provide a venue for the Port and partner jurisdictions to collaborate and share successes from pilot projects that use less toxic materials and send a more unified message to vendors about the coalition's collective desire for less toxic options for products in the marketplace.

In the years leading up to the coalition, the Port has taken steps on its own. For example, PDX Maintenance tested and replaced toxic paint used for striping on the airfield with durable, cost-effective water-based paints that are less harmful to human health and the environment. The Port's LEED Platinum headquarters building was also designed to meet U.S. Green Building Council standards, which encourage building owners to use low or no volatile organic compound emitting paint and materials and non-toxic cleaning products.

PDX BIKE AND PEDESTRIAN MASTER PLAN UNDERWAY

In 2003, the Portland International Airport was the first commercial-service airport to develop a bicycle and pedestrian master plan. Today, it remains one of the few airports in the country that provides direct access to its terminal building by bike.

After ten years, the Port is reviewing the original master plan. The update will look at a broad spectrum of facility and policy options that focus on practical ways to improve the bicycle and pedestrian experience at PDX.



Project staff has accepted feedback from bike commuters who work at the airport and surrounding businesses, and the general public. Recommendations in the report will likely focus on additional bike storage, improved signage and working to improve difficult connections between the airport and the rest of Portland's bike network.

The initial plan included a commitment by the Port to include bike and pedestrian access in broader facility planning at PDX. In addition to the multi-use path that leads right to the terminal building, PDX visitors also take advantage of the airport's many bike racks and a bike assembly station, with tools available for check-out at the Travel Oregon kiosk.



PORT HITS MANY ENVIRONMENTAL MANAGEMENT TARGETS

Each year, the Port of Portland sets objectives and targets under its formal Environmental Management System.

For the 2012-13 fiscal year, the Port made good progress in many areas. Here is a short list of the Port's accomplishments:

Energy Management – The Port continued to purchase renewable energy credits to offset 100 percent of the organization's electricity use. This action has resulted in the Port being consistently listed in the Top 10 in the Local Governments category and the Top 25 overall under the U.S. Environmental Protection Agency's Green Power Partner ranking. At the same time, energy efficiency projects remained a top priority and the Port exceeded its annual goal to reduce energy consumption by 500,000 kilowatt hours. The savings were achieved through lighting and HVAC system upgrades at Portland International Airport.

Air Quality – This year, the Port evaluated two measures that would reduce air quality impacts in the long-term. The first measure sought to develop a decision-making tool to assist in green vehicle purchasing of fleet vehicles. A second measure investigated switching equipment in the Port's marine and industrial facilities that is currently using 5 percent biodiesel to 20 percent biodiesel.

Natural Resources – The Port funded tree plantings at Elrod Slough and in the Beaumont-Wilshire, Cully and Roseway neighborhoods in early 2013. The Port continued work on mitigation and enhancement projects at Government Island, in the Portland International Center, and within the Columbia Slough watershed.

Water Resources – The Port completed a water conservation baseline study that will serve as a basis for developing a water conservation strategy and goals. In the last year, the Port was also tasked with evaluating ways to improve stormwater swale design at Terminal 4. Some work is still underway and will be completed by the end of 2013.

Waste Minimization – Incremental improvements were the focus of the waste minimization program in the last year. The team continues to work toward Zero Waste status (90 percent or greater landfill diversion) at the Port headquarters building and at a tenant facility in Portland International Airport. The program also successfully increased food waste diversion by 19 percent, an increase attained even with a significant portion of food diverted to the newly established food donation program. (See Summer 2013 Portside.)

New targets are already underway for the 2013-2014 fiscal year. Energy efficiency projects will include lighting and HVAC upgrades at Terminal 2, Terminal 4, Hillsboro Airport and Portland International Airport. The Port is set to embark on a five-year plan to achieve Zero Waste organization-wide. Phase II of the Dredge Oregon repowering project will occur, making major strides towards air quality improvement. The Port will follow up on the previous year's water conservation baseline study by developing a strategy and setting goals. An initial measure will be to reduce potable water used for irrigation by 25 percent at Port marine terminals, Swan Island Industrial Park and Rivergate Industrial District.

For more information on this year's objectives and targets and the previous year's results, visit the Environmental Programs page at www.portofportland.com.

PLAN ASSESSES UNDERGROUND PIPE LABYRINTH AT PDX

Remember that story about the flight being delayed due to standing water on the runway? Probably not. Flights can get delayed for a variety of reasons, but standing water isn't usually one of them. Most people do not realize that there is a complex underground network of pipes that help drain the Portland International Airport's facility and keep it operational, even in heavy rainstorms.

As PDX has grown and expanded, so has the network of pipes that drain it. Some parts of the drainage system date back to the 1940s. As time goes on, much the same as the

nation's aging network of roads and bridges, these facilities reach the end of their usable life and need to be replaced.

To better understand the current state of the Port of Portland's stormwater systems and to better manage them well into the future, the Port is engaging in a master planning process for stormwater infrastructure on several Port properties, including PDX.

This planning effort addresses both the physical needs of the system itself and how the Port can prepare for increasingly stringent regulatory requirements for water quality and quantity. The effort may, ultimately, result in the Port developing its own design standards that best fit the unique needs of airport and marine terminal facilities.



COLUMBIA SLOUGH REGATTA

The Columbia Slough Watershed Council held its annual Regatta at the end of July. Contrary to the name, the Regatta is not a race, but a unique chance for people to connect with a waterway that is often out-of-sight and out-of-mind. The event, now in its 19th year, offers the opportunity to get on the water and see Northeast Portland from a different perspective, perhaps even sighting wildlife such as great blue herons, western painted turtle and beavers along the slough's banks. The Port of Portland serves on the council and sponsors the event as several Port properties, including Portland International Airport, are located within the Columbia Slough watershed.



THE PANAMA CANAL: THREAT OR PROMISE?

“You’re kidding, right?”

Technically speaking, this is not a quote from recorded history, but likely the initial thought of many upon hearing the seemingly foolhardy idea to create the Panama Canal. Just imagine the audacity of even suggesting an undertaking so colossal – given the tools and technology of the day – as to carve a shortcut through the dense Panamanian jungles between the Pacific and Atlantic Oceans.

It had been dreamt about for more than 400 years, but nobody knew how it could be accomplished, and most experts thought it flat out impossible. But through ingenuity, perseverance and determination, the U.S. eventually succeeded in 1914 where the French had initially failed. The massive gamble paid off with a navigable route through the isthmus that shaved about 8,000 nautical miles off of the trade route using the 50-mile long canal.

Its scale and impact cannot be overstated. It was one of the grandest engineering successes in the history of the world, and representative of thinking globally.

Fast forward to today: the canal is undergoing the most extreme of makeovers. Construction crews are widening and deepening channels to accommodate bigger ships while creating new sets of locks that stand to double the canal’s capacity by 2015. There is also a proposed project that would create a competing canal in Nicaragua, funded by Chinese investors.

Mammoth projects like these beg the question of how the Port of Portland and its customers might be impacted. The short answer is minimally, if at all. The long answer? Well, read on.

Portland’s Initial Response

Portland’s connection with the Panama Canal goes back to the days before it was even built. As the canal was being constructed under U.S. leadership in the early 1900s, it started driving the creation of public port authorities in anticipation of increased maritime trade. The City of Portland formed the Commission of Public Docks in 1910.

In 1912, a board of consultation submitted recommendations on harbor developments and improvements to the Commission, supporting new construction of local marine terminal infrastructure. The board noted that, “The opening of the Panama Canal is another strong reason for the completion of these works in the time specified.” Several public marine terminals were constructed in the Portland Harbor throughout the decade, and owe their origin, in part, to the canal.

Another driving factor for this growth spurt was local wheat exports, which had been growing steadily since the mid-1800s. At the time, the big markets for Portland were California, the U.S. East Coast, and Europe. The canal opened the way for vessels to more economically serve the East Coast and Europe and created the impetus to invest in public terminals.

Until that point, marine terminals were predominantly privately owned – in many cases by the railroads – and in various states of disrepair. Public investment was needed to build the modern terminal infrastructure required to handle the growth stimulated by Panama Canal trade.

Neither Threat nor Promise

It may have helped prompt local marine terminal development in the early 1900s, but the Panama Canal is far less a factor for the Portland market now due to changes in global trade routes over the last 100 years or so.

It has been at least 50 years since appreciable volumes of freight moved by water between the U.S. West and East coasts; nearly 90 percent of the Port’s trade today is with Pacific Rim countries including Japan, China and Korea.

The geographic mix of Portland’s marine cargo origins and destinations helps minimize the potential risk of diversion due to canal expansion. Most of the cargo is being transported to and from points in the Pacific Northwest. Considering logistics and economics, very little of Portland’s current cargo could be handled competitively via East Coast or Gulf Coast ports even if the canal were completely unconstrained.

The canal does not pose a threat to Portland, nor does it necessarily hold great promise. The answer to whether it is a threat or promise lies somewhere in between.

Locally, the Panama Canal expansion could potentially offer opportunities for increased direct trade with Europe and the east coast of South America. The canal will be able to handle bigger ships in both directions, which could benefit export rich ports like Portland, but it remains to be seen.

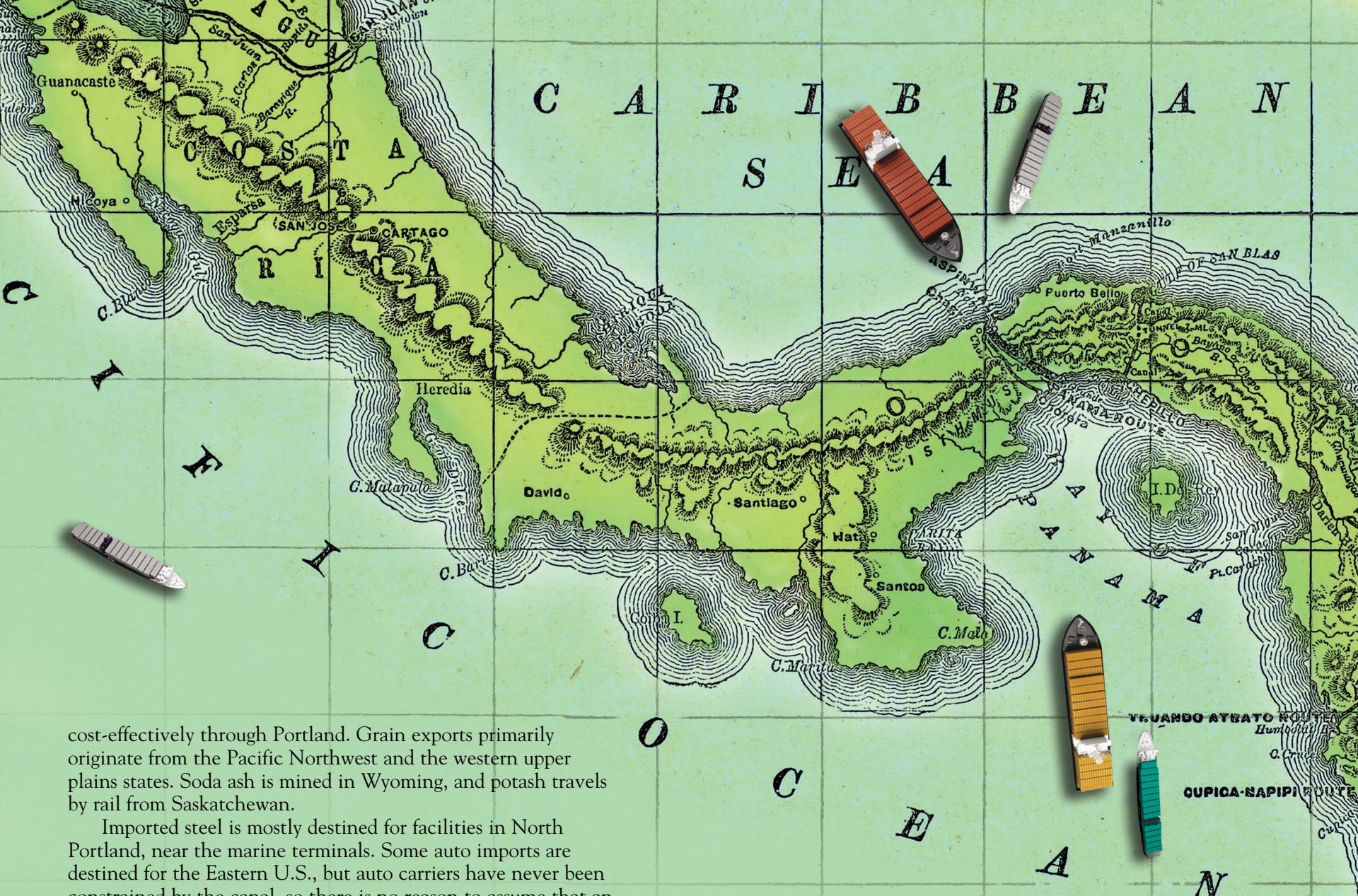
“We continue to monitor the Panama Canal expansion with interest,” said Sebastian Degens, general manager marine and terminal business development. “But we do not expect to see a shift away from Portland.”

A Case for Portland

West Coast ports like Portland have the advantage of geographic proximity to China and other Asian markets, which equals faster transit times, lower costs and the environmental benefit of using less bunker fuel. Portland’s trade in autos, containers, grain, mineral bulks, breakbulk steel and liquid bulks all have the benefit of location, well-established connections via rail or barge, and a history of investments in local facilities and infrastructure.

The majority of containerized import cargo is bound for the local market. Reaching markets in the Pacific Northwest and the northern Midwest through combined intermodal shipping will continue to be more efficient through the West Coast. The railroads will also work to maintain and grow their market share.

Grain and mineral bulks are handled efficiently and



cost-effectively through Portland. Grain exports primarily originate from the Pacific Northwest and the western upper plains states. Soda ash is mined in Wyoming, and potash travels by rail from Saskatchewan.

Imported steel is mostly destined for facilities in North Portland, near the marine terminals. Some auto imports are destined for the Eastern U.S., but auto carriers have never been constrained by the canal, so there is no reason to assume that an expanded canal would somehow result in a diversion of autos.

Significant private investments are being made in a variety of marine facilities on the Columbia and Willamette rivers – more than \$500 million in recent years. This is being done with full knowledge that the canal expansion will soon be completed, and by some of the same companies that also have terminals in the Gulf Coast region. This suggests a bright outlook for Portland's international trade gateway.

Knowns and Unknowns

At the Transpacific Maritime Conference in Long Beach, Calif. this year, industry leaders discussed trends that could impact the canal's outlook.

- Some carriers are looking at using the Suez Canal instead of the Panama Canal as manufacturing moves west of Singapore – the main pivot point in Southeast Asia.
- Fuel costs continue to drive the slow-steaming trend.
- Near-sourcing production in Mexico and the U.S. could impact volumes and routing.
- Larger ships will need consistent bookings to fill capacity.
- There is a need for massive infrastructure investments and dredging at U.S. East Coast ports; only a select number of ports are ready. The Ports of New York and New Jersey will be ready after a billion dollar project to raise the deck of the Bayonne Bridge.

Removal of the canal's ship-size constraints could make all-water service to the East Coast more economical for some business lines, but factors such as transit time, higher tolls and the price of bunker fuel remain. Additionally, there will still be limitations on the number of vessels that can use the waterway.

Maritime trade is an irreplaceable necessity in our global economy, but the industry is also volatile, competitive and unpredictable. Expansion of the canal has potential to be a game changer, but it is also sensitive to market forces.

Staying the Course

Regardless of the Panama Canal expansion, the Port of Portland will continue investing in local transportation infrastructure, identifying developable land for marine industrial use, and attracting traded-sector companies that sell products or services internationally. These aims are supported by the Port's mission, and critical to the region's future employment and economic growth.

As one of the most trade-dependent states in the nation, and as a gateway for international trade in the world economy, the region's rich history in maritime trade will continue to be a defining part of its future.

by Josh Thomas

Paid Advertising Supplement to the *Portland Business Journal*



PORTEVENTS

October

9

Port of Portland Commission Meeting
9:30 a.m. • Chinook Room, Port of Portland headquarters

12

Hillsboro Air Fair
11 a.m. – 3 p.m. • Hillsboro Airport, 3355 NE Cornell Road

November

6

Hillsboro Airport Roundtable Exchange
5:30 – 7:30 p.m. • Hillsboro Civic Center, Rooms 113 B & C, 150 E. Main St., Hillsboro

13

Port of Portland Commission Meeting
9:30 a.m. • Chinook Room, Port of Portland headquarters

14

PDX Citizen Noise Advisory Committee
5:30 – 8:00 p.m. • Anchor Conference Room, Port of Portland headquarters

December

11

Port of Portland Commission Meeting
9:30 a.m. • Chinook Room, Port of Portland headquarters

Read more about the Port of Portland at www.portofportland.com. Online newsletters are located in the publications section of our web site:

Port Currents – Community and Environmental news

Port Dispatch – Marine Marketing news