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Shipping container "crisis" looms for ports

Plans to establish the province as the trading gateway to the Far East are threatened by inadequate transportation system, experts say

Paul Harris

A bold attempt to position B.C. as the trading gateway to the Far East by dramatically expanding container operations at ports in Vancouver and Prince Rupert could be undermined by a "crisis smoldering" within the overall transportation system, warn shipping experts.

The speed of growth in containerized traffic from China and the Far East is challenging ports in North America to manage the volume of anticipated cargo. This, in turn, places additional pressures upon existing rail and truck networks.

"The growth in container trade is putting all those trucks on the highway when overall congestion is growing," said Captain Gordon Houston, president and CEO of Vancouver Port Authority. "There is a crisis smoldering in our transportation system. If we allow our transportation corridor to become more effective we will continue to have opportunities for our import/export trade to grow."

Bob Wilds, managing director of the Greater Vancouver Gateway Council, said the province needed to be realistic about its growth plans.

"The Canadian transportation system has been viewed as a source of tax revenue and not an economic generator by all levels of government," he told a session at the Asia Pacific Summit held in Vancouver last week. "High property and fuel taxes have applied across our transportation system while very little was being invested back into the system.

"Government at all levels must allow our transportation system to become more competitive if we are to reach our full potential as Canada's gateway to and from the Asia Pacific region."

Werner Knittel, vice-president for the B.C. division of Canadian Manufacturers and Exporters, called for a national and provincial strategy that ties transport and trade together.

"We fail to recognize that the transportation corridors are part of our economic lifeline."

Amid plans to capitalize on Asian trade growth, Prince Rupert is to convert its Fairview Terminal from bulk, break-bulk and general cargo to handle up to 400,000 20-foot containers shipped to and from the Far East, the U.S. Midwest and Canada. By 2009, it plans to handle over 1.2 million 20-foot-equivalent containers, in a two-phase project costing up to $500 million and creating 2,500 jobs.

Prince Rupert Port Authority CEO Don Krusel said the value of the expanded port to northern B.C. could approach $1 billion and diversify the economy.

"This is northern B.C.'s 2010," he said in an interview. "Right now demand is far greater than the capacity on the entire west coast and is still growing in double digit figures. Right now we can only ship 2x4s. When the port is ready, we can move up the value chain - such as shipping modular homes sold to China and Japan. There are plywood veneer mills in Terrace that will have easy access to exports for value added goods.

"One of our advantages is that we are in a rural area and we will not face the same kind of traffic by rail or truck that most ports face because our terminal is at the fringe of the community."

The Fairview Terminal will be operated by Maher Terminals Inc. of New Jersey.

Vancouver's port is also predicting container expansion to handle up to five million 20-foot-equivalent-units (TEUs) by 2020, said Houston. By the end of next year, the Centerm and Vanterm terminals on Burrard Inlet are due to have a combined container capacity of 1.3 million TEUs. This will be in addition to the Deltaport Container Terminal in Roberts Bank, which already has a capacity of 900,000 TEUs.

"I believe the Port of Vancouver will emerge as a central hub for North American trade," said Houston.

"This is being driven by our relationship with Asia. Volumes are expected to increase in all sectors of our business. We are not the only market for all these containers coming from China, but it will take a billion dollars of investment by the port in Vancouver to handle that volume."

He predicted a three per cent annual increase in trading volumes through the port every year for the next 16 years.

But when combined with Prince Rupert, this will still be insufficient to manage the volume of goods being imported and exported from Asia, said David Fung, chair and CEO of West Vancouver-based shipping company ACDEG Group.

"China's containerized traffic went up 30 per cent last year. The Chinese are coming here in a downpour, not a shower. We are way disconnected from what the Chinese are doing. For us to be a gateway we need to re-examine all those plans and be reconnected to what is happening.

"I think five million containers would be inadequate by 2010, let alone 2020. I believe shipping lines would rather stop in Vancouver or Prince Rupert than spend two additional days sailing to Los Angeles. Now they are lining up waiting to unload in L.A., which can be expensive for the vessels and the cargo owners."

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