

Port sees strong rebound for bulk markets: A record number of containers moved through the port last year

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Booming trans-Pacific trade activity last year spurred record shipments of sulphur, potash and containers through the Port of Vancouver, the port authority said Tuesday.

It said the total volume of all goods moved through the port in 2004 rose by 11 per cent to 73.9 million tonnes, the second-highest level ever recorded. The record volume of 76.6 million tonnes took place in 2000.

"The highlight of the year was to watch our bulk markets rebound so strongly, and that was due almost entirely to Asia," port authority president Gordon Houston said in an interview.

Potash shipments grew by 28 per cent to 5.9 million tonnes, while the volume of sulphur increased by 16 per cent to 6.2 million tonnes. Grain and lumber shipments also posted impressive gains, of 27 per cent and 22 per cent respectively, while total container traffic rose by eight per cent to 1.66 million TEUs (twenty-foot equivalent units).

The Chinese economic juggernaut clearly drove much of the port's business, with about 21 per cent of the cargo moved last year either coming from or going to China.

China's \$1.7-trillion economy has recently grown by nine per cent a year, and the country enjoys a \$15-billion trade surplus with Canada.

The most popular Chinese imports include toys and games, audio/video equipment, footwear, computer equipment and household furniture. Pulp is the most popular B.C. export to China.

While most port shipment categories rose last year, the volume of canola (down 11 per cent) and petroleum products (down 6.2 per cent) fell and competition from the Port of Seattle caused the number of cruise ship passengers to decline by about two per cent to 930,000.

Houston said an eight-day tugboat strike last year cost the port some business and hurt its reputation while avalanches in February and March shut down rail lines and caused delays in getting goods to and from the port.

But he said the port's future looks extremely bright, as officials expect container volumes to triple to more than five million TEUs by 2020. A 10-per-cent increase in Vancouver container traffic is forecast for 2005.

The port expects to spend \$1.4 billion by building a new container facility every two years between 2006 and 2020. A new container berth at Deltaport, worth more than \$200 million, is expected to open in early 2008.

"Up until now, we've had plenty of capacity for everything but now we all have to plan together to build infrastructure for future growth," Houston said.

Lower Mainland road and rail networks have to be improved, he said, along with the new port facilities for ships.

Surging trade volumes with Asia have put pressure on all West Coast ports and the Port of Prince Rupert is anxious to build its own container facility to grab some of the business. Port officials have asked the federal government for a \$40-million grant to help kickstart its new container plans but Houston said the grant request could create problems with other ports.

"If that [grant request is approved] in Prince Rupert, we'd have a situation where private industry investing money in our container business in Vancouver has to compete against government money," he said.

"But if all ports could apply for grants as well, then we'd be back on a more level playing field."

The federal government is currently reviewing the Canada Marine Act, which governs Canadian ports, and a review panel has recommended the government take a more proactive role in financial issues by investing directly in certain port projects as required.

The Vancouver Port Authority feels direct government investment in port infrastructure projects will help Canada's ports remain competitive with rival U.S. ports, which benefit from federal grants and the ability to levy taxes.

The port authority also wants the federal government to remove the current \$225 million limit it faces on commercial borrowing, as it feels it has the capacity to borrow more than \$500 million for future capital projects if it wants.

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The Port of Vancouver, Canada's largest and most diversified port, with trades worth more than \$29 billion each year, cites high Asian demand for Canadian exports and strong Canadian demand for Asian-manufactured goods as a leading cause for record increases in cargo in 2004. Cruise revenue passenger numbers dipped due largely to competition from Seattle, however, and petroleum product shipments were also down.

Containers TEUs

+8%

Cargo Tonnage

+10.7%

Sulphur

+15.2%

Lumber

+22%

Potash

+28%

Wheat

+48%

Petroleum Products

-6.2%

Cruise Passengers

-2.0%

Coal

+2.2%

Source: Port of Vancouver, Vancouver Sun