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Is Vancouver's port backlog just a taste of things to come?: Fears things could get worse during spring, summer

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VANCOUVER - The largest container terminal operator at the congested Port of Vancouver has taken the unprecedented step of telling shipping lines to give it a break by unloading 25% less cargo.

TSI Terminal Systems Inc. said it hopes the move will allow it to clear a massive backlog of containers that is sitting on the dock at Deltaport, a facility south of the city, waiting for rail cars to deliver them to major markets in Ontario and Quebec.

"This is the first time we've ever done something like this," said Norman Stark, chief executive of TSI, which operates two of the three container terminals at Canada's busiest port.

The Port of Vancouver, the main gateway for Asian trade, is struggling to cope with surging volumes of freight generated by the economic boom in China. The explosion in trade has strained the port infrastructure, creating record bottlenecks and delays, especially for in-bound traffic.

In fact China's economic expansion has hit all the major ports on the West Coast, turning even Long Beach, Calif. -- one of the biggest in North America -- into a parking lot with ships lining up for several days at a time for a space to unload.

At DeltaPort in Vancouver, the backlog of containers has grown so big it is getting in the way of terminal operations.

At a meeting this month, TSI asked shipping companies to reduce by 25% the number of containers they unload at Deltaport for four weeks. They have until Feb 28 to implement the measure.

Mr. Stark said the backlog should be cleared by the end of March.

TSI has been scrambling to find ways to get rid of the backlog, but the pile has remained unchanged at close to 5,000 containers since the end of December.

Mr. Stark said the problem is that CN is not delivering sufficient rail cars to take them away.

But Mark Hallman, a spokesman for CN, denied the railway is at fault.

"The fact of the matter is TSI has problems," Mr. Hallman said. "They are constrained in terms of their own capacity."

He said if ships are being delayed it is because TSI cannot unload them quickly enough.

Mr. Hallman said that while CN has had to deal with bad weather and other issues affecting its network, the terminal operator has been seriously hampered by problems such as damage to its equipment and labour difficulties.

He said the terminal's inability to load rail cars quickly enough is the cause of the bottleneck.

"I think you should be asking when TSI is going to be investing in more cranes," Mr. Hallman said.

In January TSI declared force majeure, telling customers it was not responsible for delays in moving containers. It said the problem was caused by CN's failure to provide sufficient rail cars to the port, over which it had no control.

Days later CN agreed to increase rail car supply by several thousand feet from 11,000 feet a day. Mr. Hallman said CN has lived up to its promise. He said the port is now getting nearly 15,000 feet a day.

What has many marine industry players worried is the early months of the year -- especially January and February -- are traditionally a quiet time in the industry. The concern is the troubles may be only a taste of what is to come when trade volumes really start to move up in the spring and summer, when the industry usually gets busy.