BCMEA

The Bulletin

The Newsletter of the British Columbia Maritime Employers Association

DP World's Fairview Terminal In Prince Rupert Reaches 1 Million TEU Milestone

dpworld.ca

The Port of Prince Rupert and DP World celebrated a historic milestone as Fairview Container Terminal handled its millionth container (TEU) for the first time in a calendar year.

On December 18th, the millionth TEU was loaded onto the COSCO Africa with ILWU members and supply chain partners on hand to celebrate. The 40-foot container was loaded with dimensional lumber from Canfor's Plateau mill at CN's Prince George Transload Facility before arriving in Prince Rupert by rail. *(continued)*

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DP World's Fairview Terminal In Prince Rupert Reaches 1 Million TEU Milestone (continued)

"DP World is proud to have achieved the million TEU milestone," said Maksim Mihic, General Manager DP World (Canada) Inc. "We congratulate and thank the men and women whose hard work and dedication made this achievement possible. This accomplishment is also a testament to the strong collaboration and support amongst the supply chain and community partners. We are pleased to share this historic milestone together with our partners, First Nations, ILWU, City of Prince Rupert, Prince Rupert Port Authority and CN Rail. DP World Prince Rupert is a vital link in enabling Canadian trade and this achievement reflects the potential of the port and is a sign of many more to come."

During its first full year in operation in 2008, Fairview Terminal moved a modest 182,523 TEUs. Since then a combination of strong local longshore labour, efficient terminal management and reliable rail service have given Fairview Terminal distinct advantages to shippers that has contributed to a decade of exponential growth.

"Reaching one million TEUs in a calendar year is a significant milestone for the Port of Prince Rupert which demonstrates the success we and our partners have had in building a strategic gateway for trans-Pacific trade, making Prince Rupert one of the fastest growing gateways in North America," said Shaun Stevenson, President and CEO of the Port of Prince Rupert. "Reaching this milestone would not have been possible without the investment in expanding terminal capacity from DP World, and the strong partnerships with CN and the local ILWU in working together to continue to grow capacity while maintaining the speed and fluidity our shippers have come to expect."

"CN is proud to celebrate such a historic milestone at the Port of Prince Rupert with our partners. At CN, we are committed to ensuring the gateway continues to operate with fluidity as it continues to grow," said JJ Ruest, president and chief executive officer of CN. "As all of our Supply Chain partners continue to invest in this important gateway, the Port of Prince Rupert has proven yet again, that it is a model to follow."

DP World's Fairview Terminal has four weekly services from all three marine carrier alliances. The terminal utilizes on-dock rail infrastructure to move goods from Asia into major North American markets and brings in-demand Canadian products to Asian markets, creating thousands of jobs throughout British Columbia and Western Canada. The Prince Rupert gateway has created new opportunity for Canadian businesses to ship their goods to Asian markets; in 2018 laden exports have increased 25 percent year over year.

"Asia is an important and growing market for Canfor. The Port of Prince Rupert has been integral in our ability to get our products to Asia quickly and reliably and will continue to be a critical infrastructure hub for our products destined for offshore markets," shared Mark Feldinger, Senior Vice President, Global Supply Chain for Canfor and Canfor Pulp.

"We are proud of the achievements of the terminal and our role in reaching this historic milestone," said Glen Edwards, President of the International Longshore and Warehouse Union Local 505. "Prince Rupert's reputation as a reliable and efficient gateway is well-established thanks to the partnerships between the ILWU, the Port of Prince Rupert, DP World Prince Rupert and CN, and we look forward to continued growth and success in the future."

The original design capacity for Fairview Terminal was 500,000 TEUs, and with the completion of the Phase II North expansion completed exactly 10 years after the day it opened, its current capacity is 1.35 million TEUs. ILWU Local 505 has seen unprecedented growth with its workforce expanding by 425 percent since the terminal opened in 2007. DP World will continue to invest in increasing terminal capacity, with the next expansion project beginning in 2019, bringing the terminal's effective capacity to 1.8M TEUs by 2022.

https://www.dpworld.ca/dp-worlds-fairview-terminal-in-prince-rupert-reaches-1-million-teu-milestone/

Shipping outlook 2019: troubling Trump trade winds on the horizon

biv.com

Transpacific shipping forecast 2019: volatile Sino-American trade winds forming dark clouds on the horizon.

Other complicating factors for global container carriers include the Brexit effect, overcapacity, depressed freight rates, economic slowdowns, technological disruptions and multibillion-dollar spikes in operating costs from an International Maritime Organization mandate that carriers reduce their sulphur dioxide emissions.

The shipping business weather report rolling into 2019 therefore is not great for container carriers servicing the transpacific and other major trade routes.

The overall seaborne trade forecast, however, is brighter. But it depends in large part on the status of the trade and tariff war between the United States and China.

The United Nations Conference on Trade and Development notes in its 2018 report that global seaborne trade is doing relatively well. It expanded by 4% in 2017 to reach 10.7 billion tonnes and is expected to increase by the same percentage in 2018.

Major container shipping companies are hoping that outlook is more than misplaced optimism.

In its nine-month 2018 financial report, Hapag-Lloyd cited IHS Global Insight projections of global container shipments increasing 4.9% to approximately 153 million 20-foot-equivalent units (TEUs) in 2019 in the wake of a 4% increase in 2018.

But Germany's largest container shipping company also noted that the International Monetary Fund had lowered its global economic growth forecast by 0.2 percentage points since its April forecast to 3.7% for 2018 and 2019. *(continued)*

Shipping outlook 2019: troubling Trump trade winds on the horizon (continued)

The downgrade is based in part on increased risk of a global economic slowdown.

And any slowdown would have significant consequences for international trade and the companies that service it.

As Hapag-Lloyd financials noted, "The existing global macroeconomic uncertainties and ongoing stiff competition could have a significant negative impact on the development of transport volumes and freight rates.... Significant risks for the Group's revenue and earnings development include a further sharp slowdown in global economic and trade volume growth."

B.C.'s ports have thus far been spared any major collateral damage from the China-U.S. trade and tariff war.

Vancouver recently graduated into the list of the world's top 50 container ports as compiled by the U.S.-based Journal of Commerce. Its 10.9% increase to 3.25 million TEUs handled in 2017 ranked it No. 47. Mid-year 2018 cargo numbers showed container cargo through the Port of Vancouver up 5% to a record 1.64 million TEUs and up 16% through the Port of Prince Rupert to 591,335 TEUs compared with 2017's first six months.

In December, DP World's Fairview container terminal celebrated a historic milestone. For the first time in a calendar year, the Port of Prince Rupert facility handled one million containers. When it opened in 2008, Fairview moved only 182,523 TEUs.

The Vancouver Fraser Port Authority is banking on B.C. ports maintaining their recent tally of robust container volume increases. Its case for investing between $2 billion and $3 billion in the Terminal 2 container terminal project at Roberts Bank includes projected increases of between 2.1% and 3.7% in annual containerized cargo volumes between 2017 and 2040. The low-end forecast would have 6.7 million TEUs handled annually by B.C. ports; the high end would raise that total to 9.7 million.

But uncertainty continues to cloud trade forecasts, especially for 2019.

U.K.-based shipping consultancy Drewry noted in its most recent container shipping outlook that the volatility of tariff standoffs and trade war rhetoric between the United States and China, coupled with uncertainty over Brexit, make it extremely difficult to provide any accurate projections about trade growth on major shipping routes.

Neil Davidson, senior analyst in Drewry's ports and terminals practice, noted that without the ongoing China-U.S. tariff war and the Brexit battle, annual container trade would likely be growing at 3.5% over the next five years; however, the worst-case scenario from those uncertainties could cut that figure to 1.5% annually.

"This, though, has required some bold assumptions," Davidson said, "in particular that one-third of China-U.S. trade will continue to flow, one-third will switch from China to alternative sources such as Southeast Asia and one-third will no longer move by sea, but instead be from Mexico and Canada or produced domestically in the U.S."

The company's container ports briefing in mid-December noted that average growth rates of cargo handled by global container ports have been slowing since they peaked in 2018's first quarter.

"The key question now," said Davidson, "is how long and how deep that slowing will be."

He noted that the China-U.S. trade war had increased the flow of containers to North American ports in 2018's third quarter "as shippers seek to build up import stocks in the U.S. before the tariffs really bite hard." *(continued)*

Shipping outlook 2019: troubling Trump trade winds on the horizon (continued)

But trade uncertainty caused by the dispute has eroded valuations of major port companies.

Davidson said most of their share prices had fallen by double digits during 2018's third quarter as "the performance within our coverage universe suffered one of its worst periods."

Oxford Economics is more optimistic about 2019. Its December research briefing noted that while capacity pressures and underlying inflation "have created an air of gloom around economic and financial prospects for 2019 ... we think that global growth is likely to nudge up after the recent soft patch."

https://biv.com/article/2019/01/shipping-outlook-2019-troubling-trump-trade-winds-horizon

Appointment of Jason Pratt as DP World Director of Group Health, Safety & Environment

I am pleased to announce a new addition to the DP World Head Office team. Jason Pratt will be joining us as the Director of Group Health, Safety & Environment reporting to me. Jason will be starting his new position effective January 6th, 2019.

Jason has worked for DP World for the past 12 years, first starting as the Manager SS&E in Vancouver which later included several years of work experience as an Operations Shift Manager. For the past seven years he has worked for the Americas region as the Director of Security Safety & Environment.

He has been a dedicated S&E professional for over 20 years including various senior leadership roles including experience in emergency management, risk management, and overall safety program implementation and strategy.

Jason holds a Diploma of Occupational Health & Safety from the British Columbia Institute of Technology along with obtaining his professional accreditation status as Canadian Registered Safety Professional in 2002. His work experience outside of DP World has also included logistics, warehousing, electrical utilities, ship building, and civil construction.

Jason is also a current Board Director for the International Cargo Handling Coordination Association (ICHCA) which provides a focal point for informing, educating, networking, shaping and sharing industry views to help improve cargo handling throughout international supply chains to enhance the safety and operational conditions in the maritime sector.

Please join me in welcoming Jason to his new role with DP World.

Jason will assume the role previously held by Nabil Battal who resigned on December 13, 2018. I thank Nabil for his dedication and effort in advancing our safety awareness and environmental strategy. I am confident that his contributions have laid the necessary foundation for DP World to be able to realize its most important safety objective, a fatality free workplace, in the near future.

Submitted by Matthew Leech, Chief Operating Officer, Ports and Terminals

Vancouver port development dealt difficult bridge hand

biv.com

Developers of North Shore port infrastructure face the same transportation challenge as their residential housing counterparts: bridge congestion.

However, the challenge for the area's port developers is shaping up to be far more complex. They have only one bridge and one lane across Burrard Inlet connecting the North Shore's rail traffic to Metro Vancouver; housing and other developers have two bridges and nine lanes connecting them and their vehicles to the rest of the region.

Consider also that the Second Narrows rail bridge is out of commission five to six hours per day when it's lifted to allow marine traffic to move through the narrows.

Add in the significant increase in train trips across the bridge that Fibreco Export Inc.'s new specialty grains handling facility will generate when it's operating later this year and when the North Shore's $600 million G3 grain terminal is completed in early 2020, and the Second Narrows rail bridge bottleneck could become a transportation choke point that will limit the terminals' abilities to benefit from their design efficiencies.

The G3 project alone is expected to increase the Port of Vancouver's annual grain-handling capacity by eight million tonnes, and Fibreco's specialty grains business will process about two million tonnes of agri-products annually.

All of that grain has to get to North Shore terminals via railcars that cross the Second Narrows rail bridge. At both G3 and Fibreco, design efficiencies will allow the terminals to unload longer trains faster. But efficiencies at terminals won't matter much if bottlenecks delay train arrivals or departures.

Fibreco CEO Kerry Lige agreed.

"The bridge is definitely a limiting factor for us as an industry. The North Shore corridor is one of the issues all of us on the North Shore have to consider in our expansion plans. We could all expand and build more capacity at our facilities, but if the railway can't support that volume and provide the service, it's a big problem for us."

He noted that some funding through the federal government's $2 billion National Trade Corridors Fund has been allocated to add tracks and improve access to the rail tunnel that feeds into Burrard Inlet's south shore and onto the bridge. *(continued)*

Vancouver port development dealt difficult bridge hand (continued)

"Those two things are going to help increase the capacity of how many trains can go across the bridge, but it is fair to say that at some point we are going to run into a capacity issue coming across the bridge."

Jonathan Abecassis, Canadian National Railway's (CN) director of media relations, said in an email that the company spent $340 million in 2018 alone as part of an ongoing investment to improve its B.C. network. CN (TSX:CNR) came under fire last year following Canadian Federation of Agriculture complaints focused on railcar bottlenecks that were seriously delaying grain exports. Abecassis said CN customers have also invested in increasing capacity at their facilities.

"That said, the supply chain requires ongoing investment from all its partners – the port, other railways, customers and the federal government – to meet the growing demands of both import and export traffic."

While Abecassis added that the design of expansion projects like G3 will help improve rail transportation efficiencies, he conceded that the North Shore is approaching full capacity for rail.

Running more trains to and from the North Shore via Squamish, he said, was not a good option "because it is longer round-trip and the track speed is lower due to the mountain grade and associated restrictions on the number of cars and type of locomotive required for the terrain."

Abecassis said improvements in Port of Vancouver goods movement will require ongoing federal government investment in grade separations and other transportation infrastructure.

https://biv.com/article/2019/01/multimillion-dollar-north-shore-terminal-projects-promise-increase-export

Island Dispatch Uninterrupted by Recent Storms

Planning for the unknown can be difficult and being ready to respond is imperative to the longevity of any business. A key factor is how well mitigated you already are to reduce the level of risk to the business. Natural disaster accounts for 30% of business outages and are by nature longer termed disruptions.

Being able to mitigate this type of risk is not always feasible and although any type of mitigation is better than nothing a good DR plan is imperative. But when you are able....

Chemainus sits in the dark... Except one lone building.

Just heading into the 2018 Christmas Season the Lower Mainland and a significant portion of Vancouver Island suffer some of the most severe windstorms in our history with record number of power outages. (800+) The main longshore dispatch function, provided by ILWU Local 508, was able to sustain a 76.5 hour power outage on a backup generator while the rest on Chemainus was without power. They were able to continue dispatching labour to our direct employer sites without missing a heart beat.

Thanks to support from our Board of Directors the BCMEA I.T. Department was able to design and implement a highly available datacenter on the island that is well mitigated from typical business risk. Congratulations to all involved!

Story contributed by Rick Barnes, Manager, Information Services | BCMEA

Industry News Links

Vancouver port fluidity improves, hurdles remain
https://www.joc.com/port-news/international-ports/port-vancouver/vancouver-port-fluidity-improves-challenges-remain_20190107.html

7 Major Blockchain Technology Developments In Maritime Industry In 2018
https://www.marineinsight.com/know-more/7-major-blockchain-technology-developments-in-maritime-industry-in-2018/

DP World concludes 2018 with focus on technology and sustainable solutions
http://www.seatrade-maritime.com/news/middle-east-africa/dp-world-concludes-2018-with-focus-on-technology-and-sustainable-solutions.html

In Depth: Three Key Ship Types to Watch in 2019
https://worldmaritimenews.com/archives/266603/three-key-ship-types-to-watch-in-2019/

Marine shipping safety shifts towards human-centred approach
https://www.hellenicshippingnews.com/marine-shipping-safety-shifts-towards-human-centred-approach/

Will it be a better 2019?
https://seanews.co.uk/features/will-it-be-a-better-2019/

Yang Ming Unveils Megaship Duo
https://www.porttechnology.org/news/yang_ming_unveils_megaship_duo

Ocean Shipping Trends: What to Expect in 2019
https://www.canadianshipper.com/transportation-and-logistics/ocean-shipping-trends-expect-2019/1003378741/

2019 lumber market outlook
https://www.woodbusiness.ca/industry-news/markets/2019-lumber-market-outlook-5420

Petronas bets big in Canada to meet Asian LNG demand
https://www.ft.com/content/d43bd47a-0551-11e9-99df-6183d3002ee1?segmentId=a7371401-027d-d8bf-8a7f-2a746e767d56

Statistics Canada reports trade deficit hits $2.1 billion in November
https://www.canadianshipper.com/transportation-and-logistics/statistics-canada-reports-trade-deficit-hits-2-1-billion-november/1003378800/

Drewry: Shipping will be Strong in 2019
https://www.porttechnology.org/news/drewry_shipping_will_be_strong_in_2019

Magnetic North Pole Shifting Rapidly and Unpredictably
https://maritime-executive.com/article/magnetic-north-pole-shifting-rapidly-and-unpredicatably

IMO helps Member States with sustainability targets
http://www.maritimemag.com/news/897-imo-helps-member-states-with-sustainability-targets

MSC Begins Container Cleanup in North Sea
https://gcaptain.com/msc-begins-container-cleanup-in-north-sea/

Prince Rupert Port Authority Commits $1 Million for Investment in Skeena River Salmon
https://www.rupertport.com/news/releases/skeena-salmon-investment

Tweet of the Week

Neptune Terminals
@neptuneterminal

Following

We have a very strong commitment to the North Shore here at Neptune. For #NeptuneAt50, learn which groups we focus on with our community partnerships.

INDUSTRY EVENTS CALENDAR

Feb. 5-7, 2019

Cargo Logistics Canada
Vancouver Convention Centre West
Vancouver, BC
http://cargologisticscanada.com/

March 3-6, 2019

19th Annual TPM Conference
Long Beach Convention Center
Long Beach, CA
https://events.joc.com/tpm-2019

April 23-25, 2019

Mari-Tech 2019 Conference and Exhibition
Ottawa Conference and Event Centre
Ottawa, ON
http://mari-techconference.ca/

April 29-May 1, 2019

JOC Breakbulk & Project Cargo
Royal Sonesta New Orleans
New Orleans, LA
https://events.joc.com/breakbulk-project-cargo-event

June 5-7, 2019

GreenTech 2019
Westin Cleveland Downtown Hotel
Cleveland, OH
https://www.green-marine.org/greentech/

June 15-19, 2019

World Maritime Rescue Congress 2019
Vancouver Convention Centre, East Building
Vancouver, BC
http://www.wmrc2019.com/registration-accommodation/registration

June 18-20, 2019

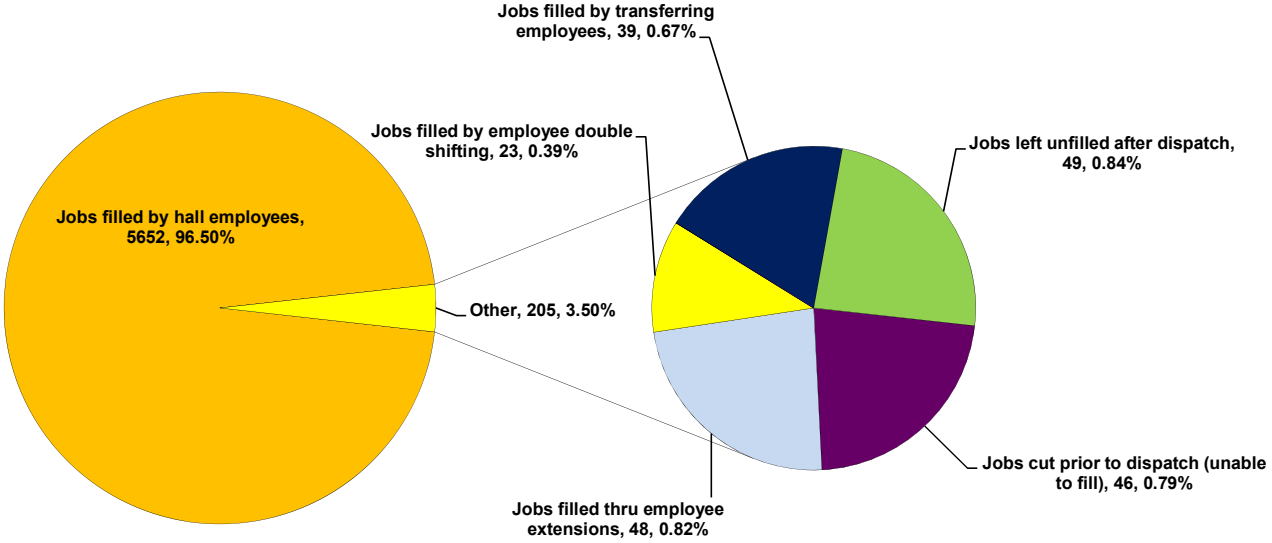
Clean Pacific 2019
Hyatt Regency
Vancouver, BC
http://2019.cleanpacific.org/

Dispatch Shortage Statistics

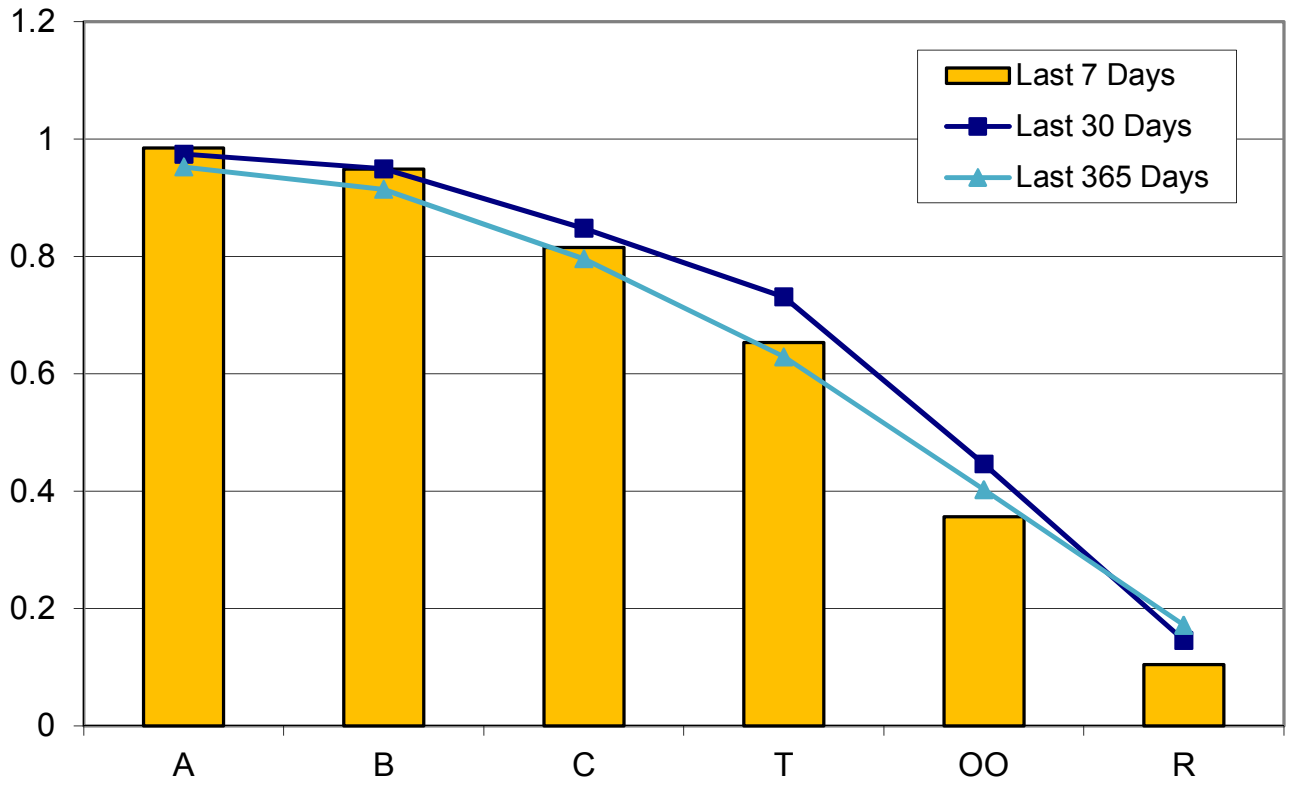
For the Period Sunday January 6th, 2019 to Saturday January 12th, 2019

JOB	Jobs cut prior to dispatch (unable to fill)	Jobs filled thru employee extensions	Jobs filled by employee double shifting	Jobs filled by local 502 employees	Jobs filled by transferring employees	Jobs left unfilled after dispatch	TOTAL
BULK OPERATOR			7		6		13
BULLDOZER					1		1
BULLDOZER(SHIP)					3		3
CARPENTER						3	3
CHECKER (DOCK)	3				1		4
DOCK GANTRY	2	20			4		26
DOCKMEN	5						5
DRIVER	3				3	17	23
FILLIN	2						2
FIRST AID						1	1
H.D. MECHANIC	2					5	7
HATCH TENDER	2	12			7	1	22
HEAD CHKR	2				3		5
LOCIE ENGINEER			3				3
MEN	6						6
PLUMBER	2		1			4	7
RACK & S/HOIST						1	1
RUBBER TIRE GTY					1		1
SHIP GANTRY		4			1		5
SLINGMEN	5					3	8
SPARES	8					2	10
SWITCHMAN			12		1		13
TRAC.TRAIL. (S)					1	8	9
TRACTOR TRAILER						1	1
WELDER	1					2	3
WINCH DRIVER	3	12			7	1	23
TOTAL	46	48	23		39	49	205

How were shortages handled by Dispatch?



Vancouver Casual Employee % Dispatched per Dispatch Board



Future BCMEA Meeting Dates:

Finance & Audit Committee Meeting
February 7th, 2019
8:30am - 11:00am
5th Floor Boardroom
349 Railway Street

Finance & Audit Committee Meeting
February 19, 2019
8:30am - 11:00am
5th Floor Boardroom
349 Railway Street

Board of Directors Meeting
February 26th, 2019
8:30am - 12:30pm
5th Floor Boardroom
349 Railway Street

Your Feedback:

Have something for the BCMEA Bulletin?

Send your comments or contributions to the Bulletin's Editor at:

editor@bcmea.com