

Prince Rupert box terminal will be 'Midwest Express'

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BY ALAN DANIELS

VANCOUVER – Despite widespread skepticism, the Port of Prince Rupert will become a successful container port by providing the fastest, most efficient route between the economies of Asia and the U.S. Midwest, port president and chief executive officer Don Krusel predicted in Vancouver.

Speaking at a Vancouver Board of Trade lunch packed with senior executives of Vancouver's marine and rail transportation sectors, Krusel said the Prince Rupert terminal will be based on an entirely new business model – 100 percent movement of containers by ship and rail, with virtually no trucking involved.

"The very fact that we have an under-utilized rail corridor will be our strength as a bridge between the giant economies of Asia and the Midwest of North America," he added.

"We will build the most efficient transportation trade corridor between these two economies. We are going to be the port of the Midwest. We are going to be the Midwest Express."

Krusel's remarks came at a time when Canada's railways are struggling to move a backlog of 10,000 boxes in the Port of Vancouver resulting from explosive growth in manufactured imports from China coupled with a shortage of railcars required to move Canadian resources for export. A recent 8-day strike by B.C. coastal tugboat operators, which affected ship berthing in the Port of Vancouver, has also contributed to congestion.

Krusel said ground breaking at Prince Rupert's Fairview Terminal will begin this summer at a projected cost of \$60-100 million to be funded by the provincial government, CN Rail, the Port of Prince Rupert and an as-yet unnamed private terminal operator.

P&O Ports Canada Inc., though Canadian Stevedoring, currently operates Fairview Terminal, a forest products and general cargo facility, but has not yet said if it intends to be in the bidding to handle containers.

However, Krusel said expressions of interest have been received from several international terminal operators and the selection process is moving forward.

"By early 2006, we will be moving the first containers," he added. "A container terminal in Prince Rupert will have the same – if not greater – economic impact on northern B.C. as the 2010 Olympics will have in Vancouver. It's our 2010 equivalent."

Krusel praised the B.C. government's 'heartland strategy' for helping attract investment. "I can't over-emphasize how reassuring it is to have a premier and a government talk about northern expansion and development around the contribution that the Port of Prince Rupert has made," he said.

Noting that the proposed container terminal will increase options for shippers, he added: "We will have for the first time a fully-integrated transportation system in the North for the North."

And he predicted it would be the first operation on the West Coast "based on a pure intermodal transportation facility, with almost 100 per cent of containers moving from vessel-to-rail and from rail-to-vessel. It is unlikely there will be any truck traffic at all."

Krusel said the Port of Prince Rupert was forced to "re-invent itself" due to the end of northeast coal and an almost total collapse during the last 10 years of lumber and pulp exports.

"We haven't seen a stick of lumber, or a bale of pulp, for almost two years," he added.

Noting that pulp and specialty agriculture products are increasingly moving in containers, he added: "Containerization was draining the economic life out of Prince Rupert because we didn't have the ability to handle ship containers. We quickly realized we would have to change if we were going to survive. We were becoming a Jerassic entity in a java-dot transportation environment."

He said the second "pillar of change" was to increase Prince Rupert's share of the lucrative Canada-Alaska cruise market, which it has done by building a new terminal able that is able to accommodate large cruise vessels, and by promoting local tourist attractions.

As a result, Rupert will go from 3,000 cruise passengers in 2003 to an anticipated 64,000 this year and a projected 150,000 in 2005.

"And we don't think our job is done yet," Krusel said. "We are already considering where we are going to put a second berth."

He said the port is appealing a decision by Canada Customs to charge for container inspection in Prince Rupert – a service customs provides at no charge at other Canadian ports.

Describing it as "a tax on northern industrial expansion," Krusel said: "We are not going to let that stand in our way."

"We are on a mission of self-preservation to make the necessary changes that will transform the Port of Prince Rupert into a modern and vibrant transportation entity in the North."

Regards,
Don Krusel
President & CEO
Prince Rupert Port Authority
Direct Line: (250) 627-2501

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