

PRINCE RUPERT PLANS FIRST CONTAINER TERMINAL

By Alison Bate
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When I last visited Prince Rupert, I drove north from Vancouver for a full day, winding through the swirling Fraser Canyon and into pine country, staying overnight at a campground full of tree planters preparing to begin work.

The next day, I continued north to Prince George, then turned west for another long day in the car, with very little traffic around, open skies, small communities and a feeling of peace.

The last leg was a beautiful drive along the Skeena River, with cottonwoods lining the banks and snow-capped mountains in the distance. By the time we reached Prince Rupert, about 940 miles from Vancouver, I really did feel we'd arrived at the last frontier, just a stone's throw from south-east Alaska.

When we write about ports and shipping we don't talk usually about the scenery, but no visitor to Prince Rupert can escape the powerful pull of the region, its beauty and its isolation, both a blessing and a curse.

The port has excellent facilities, but has struggled with slumping coal, lumber and pulp exports. Its grain, coal and general purpose terminals are all under-used, and a new sulfur terminal remains incomplete.

I recall Don Krusel, the port's CEO and president, talking about the state-of-the-art grain terminal several years ago. "It's kind of like owning a Lamborgini and driving through school zones all the time," he said ruefully.

Thus it is good news to hear of three key developments: building a new dock to take the Alaskan cruise ships, CN winning the bid to take over BC Rail operations, and plans to build the port's first container terminal.

The Northland cruise dock is already half-finished, and will be ready for the first of 36 ships and 64,000 passengers when the cruise season begins in May.

Another shot in the arm came in November when the B.C. government

picked CN to run BC Rail on a 60-year renewable lease. BC Rail is Canada's third largest railroad, and one of the few government-owned railroads in North America.

The B.C. government faced strong opposition for leasing BC Rail, but Krusel is delighted, especially that CN won the lease. CN already operates the only railroad to Prince Rupert, and operating BC Rail lines as well will eliminate expensive switching fees for shippers.

The deal also boosts the port's plans for building a container terminal at Fairview, now virtually dormant. The port authority put out a request for proposals in October, with a closing date in mid-February.

As part of the BC Rail deal, CN promised to spend up to Cdn. \$15 million (US\$11.4 million) in rail improvements to enable double-stack container trains to run between the port and Chicago. The B.C. government also chipped in Cdn. \$17.2 million (US\$13 million) toward building the new terminal.

"The momentum is there," said Krusel. He reckons it will cost Cdn. \$50-\$60 million (US\$38-\$46 million) to build a terminal with three or four cranes, capable of handling between 350,000 and 450,000 TEUs, and slated to be ready by the end of 2005.

Others say privately that the port faces major challenges, especially finding one or two major shipping lines willing to take the leap first. As well, the 2005 start may be optimistic, and the \$50-\$60 million is considered a lowball figure.

The port's pitch is that Prince Rupert is the shortest land sea link from Asia to the U.S. midwest, and with virtually all shipments travelling inland by rail, CN's role will be critical in any development.

The port currently leases Fairview to Canadian Stevedoring, now part of P&O Ports Canada Inc., but it is not a long-term contract. Robin Silvester, president of P&O Ports Canada, wouldn't say whether the company would bid, but said it is following the process very closely.

South of the city, Ridley Terminals Inc. is breathing a sigh of relief after expecting a dismal next 12 months. The last of two major coal mines feeding Ridley closed in March, with the last coal ship leaving in October. However, the terminal has picked up a contract to ship 750,000 to 800,000 metric tons of Taconite iron ore pellets from Minnesota to China, and the first shipment left port in December.

Greg Slocombe, Ridley's president and chief operating officer, said the contract should last until May. He also predicts coal shipments may start up again as early as 2005, as new exploration in northern B.C. leads a number of small mines to open up, fuelled by higher coal prices and strong demand from China.

Ridley also took over the assets of Sulphur Corp. of Canada Ltd. when the company collapsed in 2002, leaving a sulphur handling facility at the site 80 percent complete. Uncertainty over whether Ridley will remain a crown corporation hasn't helped, but Slocombe hopes that 2004 will refocus energies on these issues, and he also sees CN's agreement to run BC Rail as very positive for future coal shipments.

If any port has earned some good fortune, it's Prince Rupert. Maybe the CN deal to run BC Rail will turn out to be a key turning point in the region's economy.

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