

## Container port set for Prince Rupert \$120m facility will shorten distance to Asian markets

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The federal and provincial governments will announce today they are going ahead with a new \$120-million container port facility in Prince Rupert that will open a new trade route between China and North America.

The project, which has the potential to vastly alter the economy of western Canada and will shorten the distance between the Asia-Pacific and Canadian and U.S. markets, will also trigger more than \$155 million in improvements to the northern railway system by CN Rail.

The first phase of the port will open by December 2006 and within three years is expected to outstrip the number of containers currently being shipped through Vancouver.

A senior federal official confirmed Thursday that Industry Minister David Emerson and B.C. Premier Gordon Campbell will announce today at the Vancouver Board of Trade that both governments will make matching \$30-million contributions to the new facility.

New Jersey-based Maher Terminals Inc, which was selected last year to operate the new container port, is also expected to invest \$60 million in new equipment, computer systems and infrastructure.

Part of that investment will be in three so-called "super post-panamex" high-volume cranes that are being built in China and are larger than any crane in Vancouver.

In addition, industry sources say CN Rail, which took over BC Rail's infrastructure from the province in 2003, will invest more than \$130 million in rolling stock and locomotives to help cope with the increased traffic and \$10 million in an intermodal facility at the terminal. It has already said it will spend \$15 million on improving tracks and widening clearances under bridges and tunnels should the project go ahead.

The announcement is a major coup for the Port of Prince Rupert Port, where the new facility will be built on the site of the city's outmoded Fairview cargo-handling facility.

It will provide a major lift for Asian companies wanting faster shipment into the insatiable U.S. markets; by ship Prince Rupert is one day closer to Asia than Vancouver and more than two days closer than the massive Los Angeles-Long Beach container port.

But it is also expected to be a major boon to resource companies, farmers and value-added manufacturers in northern B.C. and the Prairie provinces, giving them access to the Asia-Pacific market.

"It is going to transform the economy of northern B.C.," said Don Krusel, president and CEO of Prince Rupert's port.

"This is an investment by government not in transportation infrastructure, but transformational infrastructure, because it really is going to transform the economy of northern B.C. and into Alberta."

The election-eve announcement is a major coup for Campbell, who has been pushing hard to expand Prince Rupert's port facilities as part of a broader plan to build trade with the Asia-Pacific.

In recent months, he has been lobbying to re-orient B.C. trade towards the growing Chinese and South Asia markets.

Last month, the province confirmed it is considering buying the Ridley Island coal port facility in Prince Rupert to help maintain northern coalfield access to the growing Chinese steel market.

Campbell would not give details of the pending announcement Thursday, but acknowledged it involved building the Prince Rupert container port.

"The federal government is coming to the table to make an announcement that will allow us to get moving on the container facility and open that door across the North," he said. "I think it works for Canada as a national objective of opening up our opportunities in the Asia-Pacific."

The container port will be built in two phases; a 500,000 TEU (twenty-foot-equivalent unit) pad by next year, and a 1.5-million TEU expansion by 2009, according to Krusel. The facility will eventually cover more than 80 hectares.

The expansion means that, within three years, Prince Rupert will outstrip Vancouver's current volume of 1.7 million TEUs, Krusel said. Vancouver is also planning an aggressive expansion of its facilities, and has on order several new cranes of the size being built for Prince Rupert.

The new facility will compete with established container facilities in Vancouver and Seattle-Tacoma. But the main target is the U.S. Midwest, which is currently serviced by Los Angeles-Long Beach, which handles more than 13 million TEUs annually.

"There is what I will call a tsunami wave of containers hitting the west coast of America, and it is continuing to grow exponentially. There is an overwhelming level of trade in container movements that is there for everybody," Krusel said.

The development is cutting-edge, according to Krusel.

The three "super post-panamex" cranes at Fairview will be capable of loading more than 12,000 TEUs on a ship. But there are no ships yet capable of carrying that many containers. (Panamex designates a size of ship capable of navigating the Panama Canal. "Post-panamex" and "super post-panamex" describe increasingly larger-capacity ships.)

Maher is the main container port operator for the Port of New York-New Jersey; it handles more than half of all containers shipped through there.

Jim Finney, a spokesman for CN Rail, said the company is withholding comment on any future investments until after today's announcement. However, he said CN has already agreed it would invest in track improvements and is supportive of the port proposal.

"We've said we are willing to do what is necessary," he said.

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