

GOING WEST



SETH WENIG/FOR THE STAR-LEDGER

Maher Terminals Chief Executive Brian Maher says the company's expansion to Prince Rupert, British Columbia, makes sense because of "the saturation of the traditional ports on the West Coast." He says, "There is a desire of major shipping companies to find other gateways."

Maher Terminals

Headquarters: Berkeley Heights

Started: 1946

Type of business: Family-owned

Employees: 1,300

Claim to fame: World's largest independently run container terminal

What it does: Operates a 445-acre terminal at Port Elizabeth, where freight containers are loaded and unloaded from cargo ships and roughly 4,500 trucks per day transport goods to and from the port. More than 1 million containers moved through in 2005.

Recent moves: Seeking a minority partner to help raise money for future expansion; spending \$60 million to develop container terminal at Port of Prince Rupert, British Columbia; completing a \$400 million modernization of its Port Elizabeth terminal.

Chief Executive Brian Maher's impressions of Prince Rupert:

"You have to like halibut."

SOURCE: Star-Ledger reporting



THE STAR-LEDGER

Maher Terminals taps Canadian town for expansion to process Asian goods

BY SUSAN TODD
STAR-LEDGER STAFF

Maher Terminals, a fixture at Port Elizabeth for six decades, is betting its future business with Asia on a sleepy, remote Canadian seaport.

In a sign of the times, Maher, a family-owned terminal operator, is executing its first-ever expansion, investing \$60 million to help create a gateway in Prince Rupert, British Columbia, capable of absorbing the flood of imports coming from China.

"What makes Prince Rupert viable is the saturation of the traditional ports on the West Coast," Chief Executive Brian Maher said recently. "There are congestion problems, and there is a desire of major shipping companies to find other gateways."

The deal by the 59-year-old company shows the lengths companies are going to in order to capitalize on the flood of imports coming from China and other Asian nations. It also creates a new

chapter in Prince Rupert's rocky and colorful history, giving it a long-awaited second chance at becoming an important gateway for global trade.

"Prince Rupert is interesting because all the places that are deep enough have already been developed into niche ports," said James Corbett, a professor at the University of Delaware's College of Marine Studies. "Putting a new port on the map is a unique situation."

The Port of Prince Rupert, conceived as a railroad hub in the early 1900s, faltered after a series of events, including the death of Melville Hays, an industrialist who backed the port's development. Hays drowned on the Titanic before the port could be completed.

Then a recession hit Canada, World War I started and Vancouver emerged as British Columbia's principal port city — all contributing to Prince Rupert's stunted fate.

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town of 14,000 people, depended on Canada's timber industry, which used the port to export pulp, lumber and panel boards.

But without a terminal equipped to handle containers — the preferred method of transporting cargo — Prince Rupert also lost its hold on timber. In 1988, 1.1 million tons of forest products were exported from its port. By 2003, total exports fell to 40,000 tons.

It filled some of the void by becoming a destination for cruises.

Then, as China emerged in recent years as the world's manufacturing powerhouse, Prince Rupert seized on an opportunity: Its deep-water port was the closest in North America to Asia. In sailing time, Prince Rupert is at least 30 hours

closer than either Vancouver or Los Angeles.

Prince Rupert also offered a railroad route through the Rocky Mountains and across the U.S. to major markets such as Chicago.

"What we're doing now was the original intention 100 years ago," Don Krusel, chief executive of the Prince Rupert Port Authority, said last week during a telephone interview. "It's fulfilling the port's original destiny."

As Krusel would discover, it was not as simple as selling the shipping industry on a shorter route from Asia.

Krusel, whose office overlooks a picturesque harbor in Prince Rupert's Scandinavian-village-like setting, created a new business plan to attract interest in his port. "Most ports were developed for the goods flowing to that urban center," he said. "The containers arriv-

ing here will flow through Prince Rupert to go elsewhere."

Brian Maher, head of the company founded by his grandfather, said Krusel initially contacted him four years ago, pitching Prince Rupert's potential.

"We thought it was pretty interesting, but we were just beginning the reconstruction project at Port Elizabeth," he said. "I didn't think we had the resources to do both."

Time passed. Maher progressed with its work at Port Elizabeth. The volume of Asian-made goods continued to surge, sending imports to historic levels at many U.S. ports, from Seattle to New York.

Like a persistent salesman, Krusel returned to Maher.

"Are you interested now?" he asked Maher.

"We could be," Maher told him.

The Canadian National Railroad, the governments of Canada

and British Columbia and the Prince Rupert Port Authority are sharing the cost of developing the terminal, which Maher will operate as an extension of its business in Port Elizabeth.

Construction of the terminal is scheduled to begin this month. Maher expects to begin operations in Prince Rupert by midyear. Initially, the terminal is expected to be able to handle 500,000 containers a year.

Krusel said many scoffed at the notion of Prince Rupert's development because it didn't serve a major market.

"For the longest time, the belief was that a container terminal would only survive in an urban market center," Krusel said. "Now, there's so much volume coming from Asia, it's not just going to Seattle and Los Angeles; a lot of it is going far beyond those markets."