

## TRANSPORTATION

# COSCO strikes port deal in B.C.

### NEW PRINCE RUPERT PORT

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BY SCOTT DEVEAU

A division of China's largest steamship company, COSCO Container Lines Americas Inc., gave a major boost to Prince Rupert, B.C., yesterday in a deal that will make it the first container-ship company to berth at its port when it opens this fall.

The deal with Canadian National Railway Co., which has exclusive access to the port, was heralded by Mayor Herb Pond yesterday as a "critical piece" in his city's port expansion.

"I imagine this will generate a whole lot more [investment] and cause a lot of those people who were involved in the early phases ... [to] close some deals," he said.

The port project has been met by several obstacles — from environmental concerns over dangers posed to ocean wildlife to fears that its so-called "gateway" model would fail to attract shipping operators. But having a heavyweight container-ship company like COSCO sign on to the port is a vote of confidence in the project, its New Jersey-based operator, Maher Terminals LLC, said yesterday.

The Shanghai-based operation is the world's sixth-largest shipping company, utilizing ocean vessels, barges, railway and motor carriers at 13,000 ports in more than 160 different countries. The US\$17-billion company has 85 offices in 49 countries, including offices in New York, Sydney, Tokyo, Seoul, Dubai and Vancouver.

"The fact that it's COSCO coming at a time when it's the Chinese market creating all these opportunities is very fitting," said Frans Van Riemsdyk, Maher's senior vice-president of marketing.

A spokesman for COSCO reached yesterday would confirm only that the deal had been struck, but would not discuss how many containers it planned to ship from the port, where they would be destined or who its potential customers would be.

The first phase of the \$20million expansion project at the port of Prince Rupert is slated to begin operations during the last week of September, according to Mark Hallman, a CN spokesman. It aims to move 500,000 TEUs in its first year, with a goal of reaching two million TEUs by 2011 and four million TEUs by 2015, pending approval by regulators. By way of comparison, the Port of Vancouver handles roughly 1.5 million TEUs a year.

The need to expand North America's West Coast ports was outlined last week in a report by the Boston Consulting Group, which warned that at the current rate, demand would outstrip capacity at the ports by 2010.

Booming trade with China has been the catalyst for the strain, with nearly 100 container loading berths planned in the coming years by the Asian powerhouse, compared with five slated on North America's West Coast.

CN has been marketing the 3,200-kilometre rail ride from Prince Rupert as the Midwest Express into the heartland of North America. Chicago and Memphis will act as major distribution hubs for imported Chinese goods — from clothing and stereos to computers and toys.

Raw cotton from the U.S. South, lumber from B.C. and fresh beef and pork and specialty grains from the Prairies will be shipped out of Prince Rupert to Asian markets.

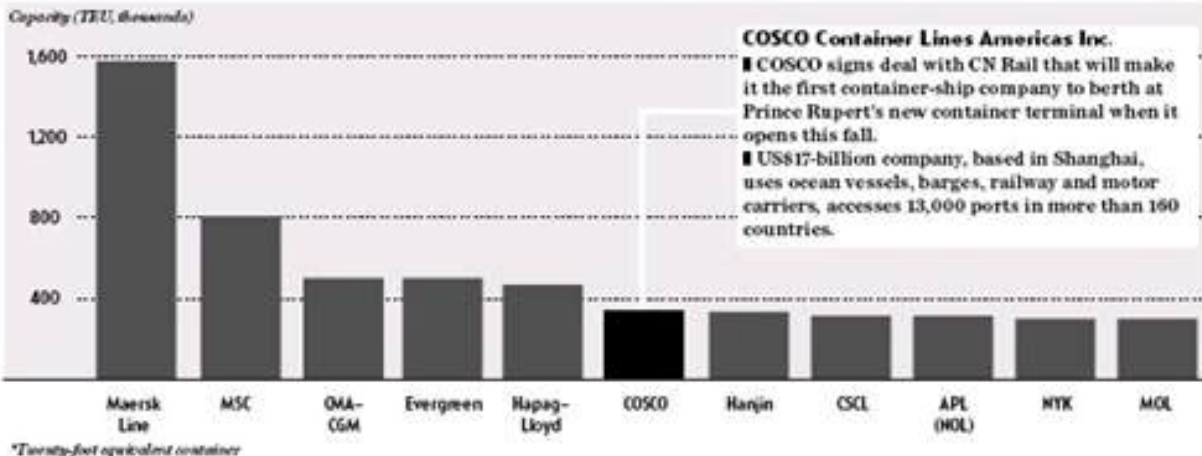
“Immediately upon opening, Prince Rupert is going to have extensive reach into China and the rest of Asia,” said Don Krusel, chief executive of the Prince Rupert Port Authority.

## NEW TERMINAL AWAITS CHINESE CARGO



Container terminal under construction, Prince Rupert, B.C.

### TOP TEN CONTAINER SHIPPING LINES, STANDING CAPACITY (TEUs\*)



SOURCE: THE ALG MARITIME JOURNAL MARCH 2006

ANDREW BARR / NATIONAL POST