Mega-Ships Drive Investment in US West Coast Infrastructure

West Coast ports today are capable of handling the water and landside demands that the current generation of big ships are making on their infrastructure, but they must spend billions of additional dollars to accommodate even bigger container ships that will call there in the next few years.

The Port of Long Beach offers an example of how quickly the size of containerships is growing. Last year, the port welcomed a Mediterranean Shipping Co. vessel with a capacity of 12,500 20-foot container units, the largest container vessel ever to call at a North American port, said Ken Uriu, marketing manager.

That vessel was soon followed by a 13,000-TEU ship, a 13,800-TEU vessel and recently a 14,000-TEU vessel. Most West Coast ports today have the water depth to accommodate 15,000-TEU vessels, which are already being deployed in the Asia-Europe trades.

However, to efficiently handle these big ships, the ports will need larger marine terminals, taller cranes and more extensive gate complexes and intermodal rail connectors to speed the containers to market in the interior of the country. “Size matters,” Uriu said. Long Beach is spending $2.5 million a day on terminal, rail and bridge infrastructure.

Bigger terminals are only one part of the equation. Today’s container ports, especially those on the West Coast with intermodal service to the eastern half of the country, must have access to extensive warehouse, distribution and transloading capacity.

Many of today’s cranes are not tall enough to handle tomorrow’s container vessels, so the ports are installing super post-Panamax cranes that will allow the newest generation of vessels to call fully loaded with containers stacked on deck, said Sue Coffey, senior manager of business development at the Port of Tacoma.

In addition to modern infrastructure, ports rely upon a productive and reliable labor force to quickly turn the vessels in port. Labor productivity can be a double-edged sword, however. Ports and terminal operators are investing in automation in order to enhance productivity and reduce labor costs, but the reduction in man-hours needed to work vessels generates less revenue for longshore benefit plans, which are based on man-hour assessments, said Sam Ruda, chief commercial officer at the Port of Portland.

Source: The Journal of Commerce
3PLs Morphing Into Supply Chain Managers

Third-party specialists in domestic shipments are expanding beyond basic freight brokerage into the transportation systems management.

This shift is the most striking current trend in third-party logistics, said Dick Armstrong, chairman of Armstrong & Associates, the Stoughton, Wis.-based consultant specializing in 3PLs. “Domestic transportation management is the 3PL segment where we’re seeing the most innovation,” he said.

Upstarts such as Coyote Logistics and Echo Logistics are parlaying their freight brokerage business into software-based systems management for customers. Both companies get approximately 40 percent of their gross revenue from “enterprise” customers. “They have relationships with carriers, and they have people working the phones to drum up business from shippers. Now we’re seeing some of these transportation customers become systems customers,” Armstrong said.

Overall growth of 3PLs is solid but uneven. Armstrong estimated that 3PLs’ gross revenues in the U.S. market increased 6 percent last year to $141.8 billion. That was below the 10 percent compound annual growth rate since 1996, and reflected a sluggish global economy.

Armstrong divides the 3PL market into four segments: domestic transportation management, international transportation management, dedicated contract carriage and value-added warehousing and distribution.

As 3PLs diversify their service offerings, the lines between those segments are becoming increasingly blurred. An overriding trend, however, is 3PLs’ expansion beyond bread-and-butter transportation into management of supply chain systems.

Many international 3PLs operate as non-vessel-operating common carriers by purchasing vessel capacity from ocean carriers and reselling it to cargo shippers. NVOs’ share of U.S. containerized imports fell to 35 percent in the first half of 2013, according to JOC sister company PIERS. That was down from 39 percent as recently as 2011.

With vessel space abundant because of rising capacity and sluggish cargo volume, shippers have less need to rely on NVO contracts to secure space on container ships. Armstrong noted, however, that many large shippers rely on 3PLs for transportation management services while contracting directly with carriers.

“The 3PLs may not be as involved as NVOCCs, but they’re providing the transportation systems management to control the transportation movement and provide visibility for it,” he said.

Nevertheless, he said, international transportation appears to be a mature market for 3PLs. “It seems that the international transportation business models for 3PLs got worked out in about the year 2000, or maybe even 1995,” Armstrong said. “This segment continues to grow, but its growth is somewhat restrained by the slow expansion of the global economy.”

Source: The Journal of Commerce Online
New Super-Post-Panamax Cranes Operational at Port of Savannah

Four super-post-Panamax cranes that arrived at the Port of Savannah in June are now fully operational at Georgia Ports Authority’s Garden City Terminal, according to the Journal of Commerce.

“Our new cranes, coupled with the pending harbor deepening and superior road and rail connections beyond our gates, mean the Port of Savannah is poised to take advantage of the next evolution in global commerce,” Curtis Foltz, GPA’s executive director, was reported as saying in a written statement.

The cranes, which can each lift up to 65 tons, were ordered from Konecranes in 2011 and arrived on a specialized vessel on June 5. The first of the new cranes went into service in August, with additional cranes coming online every few weeks. Today, the fourth new super-post-Panamax crane begins moving cargo.

“The four additional ship-to-shore cranes increase our fleet to 27, including nine post-Panamax and 16 super-post-Panamax cranes,” said Griff Lynch, chief operating officer. “Operating over 9,700 feet of contiguous berth space, the new equipment will mean even faster turn times for the vessels calling on Savannah – generating both time and cost savings for port customers.”

When the deeper Panama Canal opens in 2015, the average vessel calling on the U.S. East Coast is expected to shift from a capacity of 4,500 twenty-foot-equivalent units to approximately 9,000 TEUs.

Source: The Journal of Commerce
First Ever LNG-Powered Tug Completed

With the shipyard's passion for unique tug boat design and partnership with Rolls-Royce, Sanmar, a world-renowned tug boat manufacturer based in Istanbul, was able to stick to its 2013 schedule and deliver its groundbreaking nautical creation to an off-shore service client, Maritime Executive News reports.

Sanmar, creator of over 100 powerful and modern-looking tugboats, is the first shipyard to ever deliver a tug boat of this sort. Powered by US35 azimuth thrusters and engine that runs on liquid natural gas (LNG) built by famed parts manufacturer Rolls-Royce, this new sea vessel is the most innovative, fuel-efficient and cost-effective tug boat ever built.

The LNG-powered tugboat is a result of cooperation between the shipyard team, the owners and designers Bukser og Berging, the classification society DNV and the Norwegian Maritime Authority. The client, Buksér og Berging, named two of the new tug boats Borgøy and Bokn, that were praised by sea savvy onlookers and Rolls-Royce figureheads at a public unveiling in Istanbul last weekend.

According to Neil Gilliver, President-Merchant at Rolls-Royce, "the completion of [the] vessel is highly significant for Rolls-Royce, Sanmar Shipyard and Buksér og Berging." The significance Gilliver speaks of is mainly attributed to the tug boat's sustainability.

"Gas is gaining in popularity as a maritime fuel, and its environmental credentials, combined with lower costs are seeing many operators select it over traditional fuels," Gilliver said. "Most of the world’s tug fleets operate close to shore, where emissions regulations are most stringent. As LNG becomes more widely available, I have no doubt that many major ports will soon opt for this clean, lower cost and smoke-free fuel to power their tugs."

The first boat completed, named the Borgoy, will begin full operation next month.

Source: Maritime Executive
U.S. Marine Regulations to Cost Canadian Economy 1.1 Billion Dollars in Future

A recent report released by the Canadian Shipowners Association (CSA), according to World Maritime News, has found that American regulations to require the installation of ballast water treatment equipment on Canadian domestic vessels beginning in 2014 will cost the Canadian economy 1.1 billion dollars over the next five years.

Further complicating this situation is the reality that ship owners cannot comply with the regulations at this time, as the appropriate technology does not exist. The United States Coast Guard, which is responsible for type-approving the technology, has yet to approve a technology that works in the cold and fresh waters of the Great Lakes and St. Lawrence Waterway.

The research, conducted by Martin Associates, found that significant adverse economic impact to the Canadian economy could result from the pending inequitable regulatory framework. The research focused on the potential modal shift in grain, aggregates and petroleum products caused by the cost of compliance with the existing US Environmental Protection Agency Vessel General Permit and United States Coast Guard Rule on Ballast Water Discharges. The American regulations will distort commercial markets as it exempts all vessels that operate west of Anticosti Island, which essentially results in the exemption of the American fleet while demanding that the majority of Canadian vessels absorb the cost of developing and installing technology.

This innovative industry, which is renewing its fleet with 14 new vessels worth over 700 million dollars, is seeking solutions and ways in which to mitigate environmental risk. In an effort to find solutions, Canadian companies partnered with Great Ships Initiative to test ballast water filtration systems.

Testing is expected to be completed by the end of 2013. Robert Lewis-Manning, CSA’s President, stated “We believe that a flexible approach that builds on recent successful efforts to mitigate risk will still allow for current levels of competition and risk management and will reconcile protection of the marine environment with the economic viability of our industry and those that we support.”

Source: World Maritime News