

The JOURNAL of COMMERCE ONLINE :

Limitations temper gateway ambitions of U.S. ports

Updated October 5, 2007 9:17:20 AM

Bill Mongelluzzo

PORTLAND, Ore. -- Shippers who are concerned about a pending capacity crunch at traditional load centers such as Los Angeles-Long Beach have other options, but each gateway has limitations as well as attractions, according to an executive with the Port of Portland.

Barry Horowitz, general manager of container marketing in Portland, told the Footwear Traffic Distribution and Customs conference that ports on the East Coast and in Canada and Mexico have ambitions to become major gateways in the U.S. trade with Asia.

For example, Prince Rupert, Canada, located about 500 miles north of Vancouver, officially opened in September. It offers congestion-free service and attractive rail rates to the U.S. Midwest. However, there is no local market and nearby mountains are covered with snow year-round, Horowitz said.

Vancouver is already a bustling North America gateway and plans to expand, but in recent years cargo operations have been interrupted by sporadic rail and trucker strikes. "Vancouver has some instability," he said.

Seattle has unused capacity, but there is a tug-of-war between port interests that want to expand marine terminals and residents who favor condos and other commercial establishments in downtown Seattle.

Tacoma continues to poach Seattle's customers, with NYK Line being the latest carrier to announce plans to move there. Tacoma has land available that is suitable for container terminals.

Portland has unused rail and marine terminal capacity that could immediately handle new business if port executives can overcome Portland's perceived handicap of being a river port with a long steaming distance to its container terminal. Portland is marketing its 113-acre industrial real estate site within the port's boundaries as something no other West Coast port can offer.

Oakland, though constrained from significant expansion, has unused capacity at existing terminals and is reconfiguring some facilities to make them more efficient.

Shippers and carriers "pay, pay and pay" to use LA-Long Beach, but the large local population, extensive intermodal choices and more than 1 billion square feet of warehouse space make Southern California the port of choice on the West Coast, Horowitz said. "There is no indication that will change," he said.

Mexico's Pacific ports of Manzanillo and Lazaro Cardenas can handle U.S.-bound cargo, but explosive growth in Mexico City, Guadalajara and Monterrey will take up most of their capacity, Horowitz said. The planned \$5-billion port at Punta Colonet is still many years off.

East Coast ports in the United States are increasing their share of the trans-Pacific trade with all-water services through the Panama Canal, but the waterway is approaching capacity. Any significant near-term growth must take the route through the Suez Canal route, but shallow drafts and relatively small marine terminals will restrict the ability of the ports to handle today's largest ships, Horowitz noted.

The only deep-draft East Coast ports are Norfolk, Va., and Halifax, Canada.