

East Coast Short Sea Shipping and The Atlantic Gateway

Presentation to the Atlantic Gateway Forum
May 30, 2007

Outline of Presentation

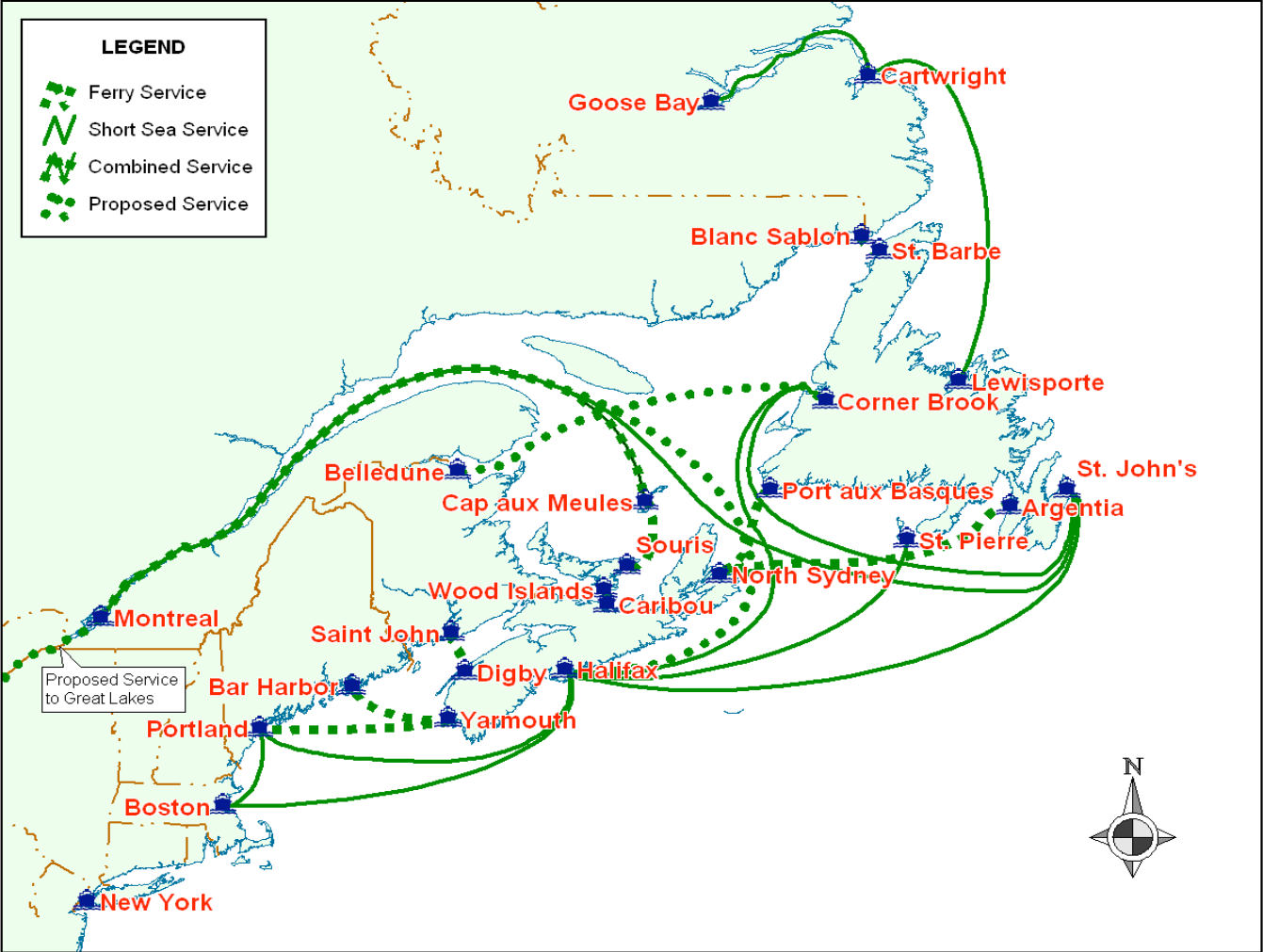
- What is Short Sea Shipping
- Conditions for success
- Findings
- SSS and the Atlantic Gateway
- Conclusions



What is Short Sea Shipping

- No generally accepted definition
- Focus principally on cargo
- Starting point: all but trans-oceanic voyages
- May include both international (but still coastal) and cabotage movements
- Additional consideration w.r.t. SSS: diversion potential, hence focus on truck cargoes
- NB Not just a marine leg, complex intermodal mix
- May need to include feeder traffic. (Hence impact on decision regarding RoRo vs LoLo).

Existing Short Sea Services (Cdn. East Coast)



Conditions for SSS Success

Four basic conditions:

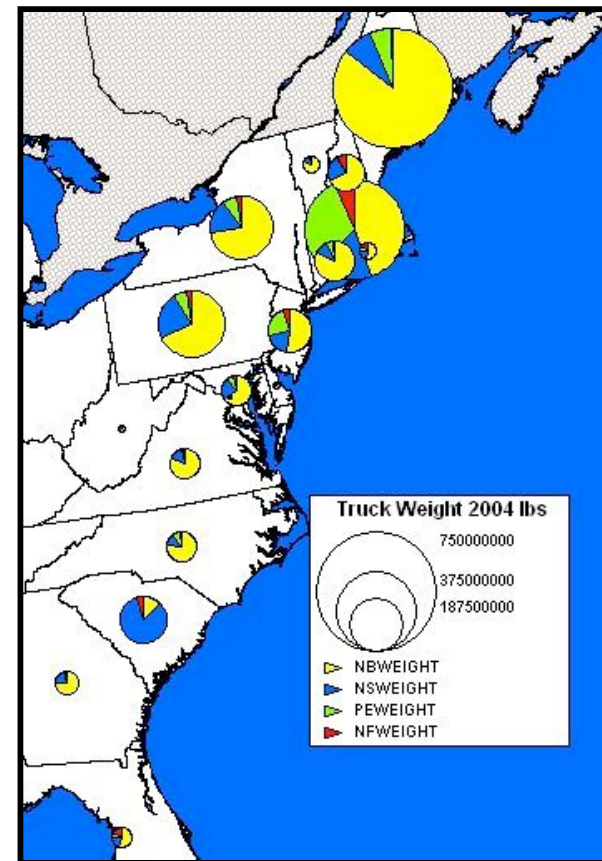
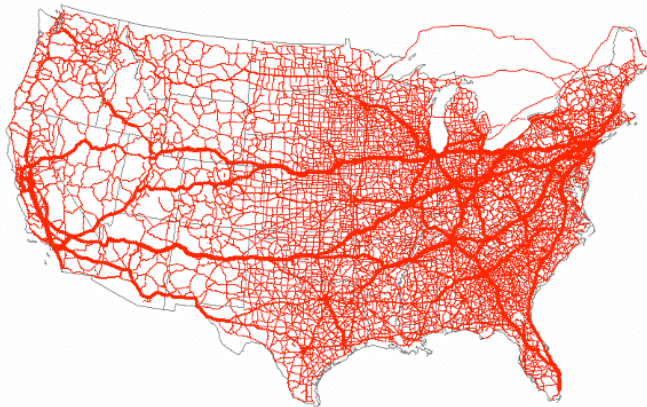
- There must be enough ‘diversion potential’ **cargo**
- Service must be made attractive enough to **shippers** to stimulate diversion.
- A **ship operator** must be convinced that provision of a service is viable
- The **policy and regulatory regime** must be supportive.

Focus of the study was on these four aspects



1. Findings - Cargo Demand

- **Large variations** between provinces
 - Cargo type, O/D patterns, mode, etc
- **Trade is unbalanced**, little northbound traffic
- **No access to US cabotage** traffic.
- **Potential feeder activity**, but tech., other issues (see later)



2. Findings: Shipper choice considerations, perspectives

- **What shippers want – choice considerations:**
 - **Transit time** - at least match present
 - **Frequency** – min req. once a week
 - **Reliability** – limited delivery flex.
 - **Cost** – some discount probably required
 - **Documentation** – Single doc expected
 - **Other issues** – Customs, HMT
- **Shippers' views on current government concerns**
 - **Congestion** – not yet a 'show-stopper'
 - **Environmental issues** not high profile



3. Findings: Service challenges

- **The model is complex!**
- **Ship variables** include:
 - Route choice/ports of call
 - Size
 - Speed
 - RoRo, LoLo, or mix
 - Geared or gearless
 - Container dimensions, flexibility
 - Buy (new or second hand) or charter.
 - Etc.



3. Findings: Service challenges - Ship

- Findings:
 - Looked at **six vessel options**, wide variations
 - **Theoretically competitive** under ideal conditions
 - But there **must be sufficient ‘diversion potential’ cargo**
 - Feasibility of combining feeder (Lo/Lo) and ‘continental’ (Ro/Ro)
 - Origin and destination must both be close to eastern seaboard
 - Ports of call selected must allow for workable turn-around time to meet regularity expectations
 - Need for ‘full’ service under single bill of lading
 - Therefore needs trucking partner, committed intermodal operators
 - Etc.

3. Findings: Other Service Challenges

- **Varying degrees of interest** among ports
- Ideally **need multi-port itinerary** but handicapped by cabotage restrictions
- **Best candidate** is probably route between Halifax and Philadelphia/Camden region
- **Trucker interest limited** at this stage.



4. Policy Challenges

- Differentials in modal treatment
- Image and promotion
- Technological
- Port/infrastructure policy
- Regulatory and administrative Impediments
- Customs procedures
- Information availability
- Risk, insurance and liability
- **(Also shipping policy!)**



SSS and the Atlantic Gateway

- SSS is continental O/D cargo, AG is trans-ocean
- Link between SSS and AG is in feeder services
- No expectation of Halifax being displaced for intermodal movements
- What's in it for Newfoundland?



What's in it for Newfoundland?

- Issue: How to address the 'island' reality
- Newfoundland's future role has to be in ship/ship transfers
- Most promising feeder route: Gt. Lakes/St. Lawrence R.
- Almost certainly need to merge feeder and domestic services
- Must be as seamless and efficient as possible
- Problem : technological challenges
- Problem: policy challenges.



Conclusions.

What's in it for Newfoundland?

- **Need a focus on:**
 - **Commercial/technology development:**
 - Advancing the case for, and feasibility of, ship/ship feeder services
 - Mesh technology for feeder and SSS cargoes
 - **Shipping Policy change/development**
 - There are real benefits to be gained by adopting European style fiscal, cabotage approaches
 - Need to challenge the policy/regulatory status quo
 - Ultimate goal: minimize cost differentials between international and cabotage trades.
- **This is complex. But it can, and should, be done!**

Thank You

