

## **Expert: Ports could handle Asian trade**

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In an age when people are encouraged to think outside the box, it's easy to forget that boxes can breed good ideas, too. Just ask Richard Stewart, a man who for five years has explored establishing a specialized terminal to handle shipping containers in the Twin Ports.

As director of the University of Wisconsin-Superior's Transportation and Logistics Research Center, Stewart has more than a passing knowledge of containerization — a standardized system that moves cargo in large steel boxes that usually are eight feet high, eight feet deep and 20 or 40 feet long.

Cargo in containers can move quickly at automated terminals from one mode of transportation to another.

Shipping containers should soon be a much more common sight in the Northland, thanks mainly to the activities of a seaside facility about 2,000 miles away and the growing trade ties between the U.S. and Asia. The port of Prince Rupert, British Columbia, expects to open a new container-handling terminal by October. At first, it will handle about 500,000 TEUs annually — 20-foot equivalent unit containers — but plans are in place to expand the facility's capacity to 2 million TEUs by 2011 and 4 million TEUs by 2014.

Most of those container units are expected to roll through the Twin Ports, riding Canadian National Railroad's main line. CN plans to double-stack the containers on railcars and move them by way of trains that are 10,000 feet — almost two miles — long.

To handle traffic that's expected to come online in October when Prince Rupert's container facility opens, CN has ordered 50 new high-horsepower locomotives costing about \$100 million. It has leased more than 2,000 new platforms for moving containers.

### **CREATE CONTAINER HUB?**

Right now, those Prince Rupert containers are destined to flow through Duluth, with only a brief stop for a crew change.

But Stewart has been studying whether it might make sense for CN to unload some of those containers in the Twin Ports. He recently presented a paper that explored the benefits of CN serving the Twin Cities metro container market from Duluth, rather than through Chicago, as it does now.

Stewart predicts CN could relieve some of the congestion it encounters in Chicago and cut delivery costs to the Twin Cities by taking southbound containers off the tracks 450 miles earlier than it does now. With its current setup, the railroad ships Twin Cities bound containers to a container hub in Chicago and then loads them onto trucks that make the seven- to eight-hour journey back north.

If containers were unloaded in the Twin Ports and then trucked to the Twin Cities, it would cut four to five hours off the road time one-way. That's on top of a reduced rail haul.

CN is at a competitive disadvantage to the Canadian Pacific and Burlington Northern Santa Fe railroads in the Twin Cities, as both have container-handling terminals in the metro area.

## COMPETITIVE EDGE

Stewart believes the Twin Ports might be CN's best bet to serve that market, as other likely candidate sites for a container hub closer to the metro area are off the main line and offer poorer, more-congested road connections. A terminal in the Twin Ports would minimize overlap with the service territory from CN's Chicago terminal, Stewart said.

Stewart said several railyards appear to be good candidates, including the Pokegema yard in Superior and the former DM&IR yard in Proctor.

A terminal in the Twin Ports could allow CN to maximize the competitive edge it will have when Prince Rupert opens its container facility.

Prince Rupert boasts the shortest sail time between Asia and North America of any port on the continent. The facility also will feature the latest and most efficient configuration of equipment.

Barry Bartlett, manager of corporate communications and public affairs for the Prince Rupert Port Authority, said CN and Maher Terminals — operator of the largest container port in North America — were directly involved in designing the facility.

"We sat down with both of them and asked: If you could create the intermodal container port of your dreams, what would it look like?" Bartlett said.

Bartlett also said CN's rail system offers the flattest, straightest and least dangerous route across the Rocky Mountains of any railroad on the West Coast, making its transport costs attractive.

## LOOKING FOR PROPOSALS

Other communities besides the Twin Ports are vying for container terminals. Kelli Svendsen, a CN spokeswoman, said several have approached CN to discuss potential opportunities.

She stressed that CN can't build a multitude of terminals up and down its line without hurting its efficiency.

"We're looking for solid proposals that make economic and operational sense for CN," she said, adding that the company is open to the notion of terminal growth where appropriate.

"Currently CN is expanding terminals in the U.S. and Canada and will continue to look at opportunities if we require excess capacity," Svendsen said.

## DRIVEN BY CUSTOMERS

Stewart said a cluster of businesses would need to embrace the idea of a Twin Ports terminal in order for one to become reality.

"CN is not going to build a terminal of dreams," Stewart said. "They want to see customers."

Adolph Ojard, executive director of the Duluth Seaway Port Authority, agreed. "You can't will something like this into existence. It has to be driven by customers and probably a trucking company. A public entity can't lead the way."

A collection of big-box retailers probably would need to be organized to pull off a Twin Ports container terminal, Ojard said. Large Twin Cities-based retail chains such as Best Buy or Target could be among the beneficiaries of such a facility.

## ACCESS TO ASIAN MARKETS

But Stewart said Northland-based businesses also could benefit from improved access to Asia, including paper mills, door and window manufacturers and agricultural commodity dealers.

“A healthy backhaul is key to any operation,” Stewart said. He noted that four of every 10 shipping containers that arrive on North America’s West Coast from Asia now return empty.

Consequently, Bartlett said the cost of shipping a container to Asia is very attractive — about 40 percent of the cost of getting it here.

“New transportation corridors provide business opportunities,” Stewart said. “This will be a new gateway to Asia. Now, my crystal ball is cloudy, and I can’t tell you which companies will take advantage of these new opportunities. I can only tell you that someone will.”

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