Shortsea Shipping on the Canada-United States West Coast

A briefing on findings of Phase I of IMTC's Study of shortsea shipping between British Columbia and Washington.

Introduction

Shortsea shipping is the movement of goods and people by water on routes that do not cross an ocean. While shortsea shipping is a historically prominent form of transport, today's North American trade and travel are primarily served by highway and rail. But, as congestion on highways has worsened, Canada and the United States have acknowledged the need to jointly explore shortsea shipping's potential to play a larger role in our continent's transportation system.

The IMTC shortsea shipping study

With funding from the U.S. Department of Transportation and Transport Canada, the International Mobility and Trade Corridor Project (IMTC)[1] has undertaken a study of shortsea shipping to 1) determine the potential of shortsea shipping to serve a meaningful share of the expected growth in West Coast cross-border freight traffic, 2) describe the most feasible service type(s), and 3) suggest supporting actions that governments could take. This effort was split into two phases.

Phase I

In March, 2004, Transport Canada commissioned Phase I of the study—1) a profile of existing, West Coast cross-border coastal marine services and 2) an assessment of the factors that will affect the ability of coastal marine services to participate in the movement of cross-border freight. Phase I was completed by Cambridge Systematics, Inc. with Moffat & Nichol Engineers. This briefing summarizes the results of Phase I.

[1] IMTC is a regional, binational planning coalition focused on coordinating improvements to the cross-border transportation and inspection systems that connect British Columbia and Washington. More information is at www.wcog.org/imtc/.

Phase I findings

Existing services

While there are many shortsea shipping services in the domestic, coastal trade on the West Coast of the United States and Canada, there are relatively few *cross-border* services. Existing cross-border services primarily haul bulk raw materials and semi-finished products from waterside production facilities.

Study respondents also noted a large amount of existing carrying capacity on deep-sea vessels making West Coast port-rotations—from Vancouver to Los Angeles and points in between. But, high drayage and terminal charges are cited to explain low interest in using these carriers for coastal movements.

Factors affecting cross-border shortsea shipping

Port infrastructure: Many of the carriers studied operated from private, specialized terminals. While it is difficult to inventory port capacity for future shortsea operations without an improved understanding of the commodities to be served, existing handling capacity and keen interest by several of the smaller public ports is promising. However, expansion and new-facility development is constrained by environmental and land-use regulations.

Security rules: New security rules are expected to add costs to marine transportation. U.S. Customs and Border Protection (CBP) and the Canada Border Services Agency (CBSA) are both in the process of enacting requirements for the electronic transmission of manifest data for marine shipments 24 hours before the vessel is loaded in a foreign port.

Both the U.S. and Canadian governments have developed new security requirements for vessels, crew, and port facilities for implementation by July 1, 2004. These requirements are more stringent than those to be enacted on the same date under the International Ship and Port Security (ISPS) Code for international marine operations.

Cabotage rules: None of the existing service providers studied cited cabotage rules as a specific concern. Some carriers did recognize that, to develop volume and backhaul sufficient to sustain an expanded cross-border service, a coastal marine route might need to include multiple stops.

Costs: The cost of cross-border shortsea shipping, compared to trucking, was the most significant obstacle to service-development cited by existing shortsea carriers and operators. One cross-border barge operator provided Cambridge Systematics with the following rate estimate. For barge service between Vancouver, BC and Seattle, WA (a barge carrying 260 20-foot containers traveling at seven knots per hour) the rate would be $870 (USD) per container ($120 drayage at each end, $250 container handling at each port, and $130 for barge transit). The barge transit time would be about 19 hours. The same trip by truck would be priced, per container, at about $550 and take about six hours of transit time.

Taken together, the higher costs of shipping freight by marine were reported to be stronger barriers than operational challenges specific to cross-border service.

Port & terminal operators' perspectives

Some of the comments given by port and terminal representatives are included below.

- The Port of Vancouver felt deep-sea vessels that called its terminals offered carrying capacity to West Coast destinations but acknowledged cost barriers.
- A new cross-border service is expected to start out of Nanaimo to Seattle.
- The Port of Seattle representative expressed the sense that shortsea shipping is a good opportunity for an existing carrier with excess capacity.
- The fact that most major deep-sea carriers now call both Seattle-Tacoma and Vancouver has reduced the demand for barge service between the two ports.
- The Port of Olympia is very interested in shortsea opportunities including backhaul of containers and scheduled service.
- The Port of Bellingham is pursuing development of services for transferring barged lumber from Vancouver Island to rail and truck at its facilities.

Recommendations

- Government could promote development of waterfront warehouse and distribution facilities.
- As on the East Coast, West Coast labor should be engaged with other stakeholders to develop shortsea shipping options that meet service requirements.
- Access to cargo volumes capable of supporting competitive service pricing may require multiple stops along shipping routes. This will require the U.S. and Canada to address cabotage rules.
- Remaining discrepancies between the U.S. and Canadian 24-hr. rules present an opportunity to facilitate shortsea shipping through reciprocal relaxation of these rules.
- Shortsea shipments will still require trucking on both ends and thus trucking should continue to be engaged as a partner.
- Intermodal marketing companies (IMCs) and freight forwarders should be more involved in evaluating the future of shortsea shipping.

Phase II

Core elements to be addressed (with stakeholder involvement) in Phase II are:

- Implementation of Phase-I recommendations.
- Definition of shipper requirements.
- West Coast commodity flow forecast to estimate the freight-demand potentially served by shortsea shipping.
- Locations of potential coastal-marine hubs.
- Recommendations for vessel requirements.
- Infrastructure for intermodal connections.
- Supporting information technology.