

INDUSTRY STAKEHOLDER MEETING RECORD

INDUSTRY GROUP:	Shipping Lines and Freight Forwarders	
DATE:	August 30, 2011	
LOCATION:	1 st Floor Training Room, AECOM Office, Raleigh, NC	
PARTICIPANTS:	<u>Industry Group</u>	<u>NC Maritime Strategy Team</u>
	Paul Hargett/ MSC	Vijay Agrawal
	Liam Akins/MSC	Eddie McFalls
	Craig Mygatt/Maersk	Alix Demers
	Curtis Stryuk/TMX Shipping	Garold Smith
	Simon Rich/Stevens Towing	Pam Townsend
	Greg Plemmons/Old Dominion	
	Freight Line	Rachel Vandenberg
	Dale Ross/ICL	Chris Mack
		Mark Sisson
	Tom Eagar/NCSPA	George Santos
	Glenn Carlson/NCSPA	
	Peter Klaus/NCSPA	
	Tom Guthrie/NCSPA	

The NC Maritime Strategy team met with representatives from shipping lines on August 30, 2011 from 2 pm to 4pm EST at the AECOM offices in Raleigh, NC. The purpose of the meeting was to receive feedback from the shipping lines for the NC Maritime Strategy. The following provides brief notes from the meeting.

Following welcome and introductions, AECOM presented an overview of the NC Maritime Strategy objectives, methodology and stakeholder involvement as well as a summary of feedback received via a questionnaire distributed to participants in advance of the workshop. As moderator, Paul Hargett of MSC presented the challenge: How NC Ports can become more attractive? Shipping lines were asked to provide input on:

- How is market changing after Panama Canal expansion?
- What made you choose or not choose to call at NC Ports?
- What are pros and cons of NC Ports?

Panama Canal Expansion

- Today, any vessel that can get into Savannah can also navigate to Wilmington
- Doubt that it will ever be possible to bring a 10,000 TEU ship into the Port of Wilmington
- There is deeper water at Port of Morehead City - should we focus efforts here?
- Envision 6,500 TEU to 7,500 TEU vessels calling at Wilmington
- Big customer base at Savannah supports large discharge that in turn supports a large ship; Wilmington does not have that consumer base.
- 8000 TEU vessels require good rail and truck connections to get to inland customer base; North Carolina needs intermodal facilities to access the west.

- There are already some bigger ships in other markets, 12,000-TEU and beyond. Golden Gate service through the Suez Canal with 9,000 to 9,500 TEU vessels is already happening.
- 46 to 48 feet of operational water depth is required for a 9,500-TEU vessel; 50 feet for a 12,000-TEU vessel

Intermodal Rail Access

- On-port rail connection is preferred; local dray costs money.
- It is a disadvantage to have no on-dock rail.
- Rail capabilities open up new areas outside of the existing corridor. Norfolk is used as an existing export hub of the Midwest. So they are tapping the Midwest market.
- Largest cost is often intermodal transport, bigger than stevedoring, fuel or vessel cost. Good inland connections are needed to minimize this cost.
- Getting cargo in/out of the Port of Morehead City is a big challenge to a potential container port on Radio Island.

Highway Access

- ICL was attracted to the Port of Wilmington because of I-40 to I-95. It is now possible to get in and out easily.
- Morehead City does not offer good highway access.
- It costs \$2.25 for every additional mile between the port and the cargo owners.

Current NC Market

- Wilmington is cost competitive for markets from Greensboro eastward. Beyond that, service competes with Norfolk and Charleston. A cost difference of \$50 or more means a lot to a customer.
- West of Charlotte can either be served by Wilmington or Charleston, but Savannah has a backhaul advantage.
- Outside of North Carolina, the lack of rail service is the biggest limitation to market reach.

Vessel Utilization

- Smaller vessels are used in specific markets – MSC's workhorse ships are 5,000 to 7,000 TEU. 2,500 to 3,000 TEU river vessels will continue to be used for river moves.
- With larger vessels, ocean carriers seek the fewest number of port calls possible.

Potential Port Services

- Cross docking right at the port is can help shipping lines by returning boxes almost immediately so they can be put to use. Maersk crossdocks at Norfolk and Savannah; about 40 percent of imports into Savannah are cross dock transferred from international containers to 53-foot domestic containers.
- Stuffing facilities at or near port can allow for transfer of bulk or breakbulk to containers for ocean transport.

NC Ports Sprinter Service

- Suffering downward trend. Boxes aren't delivered far enough inland, so trucks are making empty runs back to the port.
- TMX noted challenge of getting boxes when inland; must match containers to carriers.

Marketing

- Savannah and Charleston have marketed themselves very well.
- Charleston marketed to carriers saying you're in port in 10 minutes.

- Savannah went to customers, asking them to build warehouses and DCs right near the port to attract shipping lines. So Savannah now has more business. Target, Home Depot, Dollar Tree - not because of deep water but their marketing strategy.
- There is inertia with the ocean carriers - incentive is needed to get them to shift from current port of call; possibly ten percent cost savings at the outset.

“Pros” of NC Ports

- Crane productivity
- Wilmington is competitive on stevedoring.
- Labor force is easy to work with. Team effort and flexibility to get things done.
- Access to the interstate highway system is good.
- For ICL, which was in Richmond and Philadelphia only, Wilmington helped expand its footprint.
- Maersk cited Port of Wilmington access to the Latin America market
- Exporters are there to match import volumes.

“Cons” of NC Ports

- Lack of market for Pacific service - Maersk seeks 1,000 container moves in/out per port of call.
- Connectivity in/out of Wilmington.
- Lack of intermodal facilities.
- Turning basin – expansion of the turning basin at Wilmington would offer greatest “bang for the buck” in attracting ocean carriers.
- Money and time required to realize new greenfield container port is a concern.
- Shippers are elsewhere.