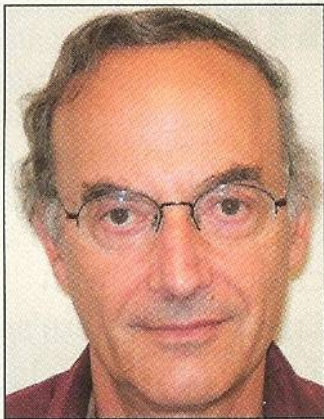


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Drewy Shipping Consultants' latest report alerts us to a serious, global shortage in container ports. This is not the case in the U.S. East and Gulf coasts following the recent flurry of port projects, especially at ports considered secondary in terms of traffic. The list of ports with major projects under way includes Philadelphia; Wilmington, N.C.;

Jacksonville; Tampa; Mobile; Freeport, Texas; with more to be announced. Hence, a short-term shortage in port capacity is unlikely. Moreover, secondary ports, unlike most primary ones, have vast expansion possibilities for future waterfront terminals and backland cargo-generating distribution centers. Hence, a long-term shortage is unlikely as well.

A likely result would be redistribution of traffic from primary to secondary ports. This, in fact, would be a reversal of fortune for many secondary ports pushed aside following containerization and the related load-centering trend. Following this "load de-centering," the U.S. East and Gulf coasts would support 10 to 15 major ports. Covering these ports would be difficult because most shipping services today only call at two to four U.S. ports. It is unlikely that these services will increase the number of calls, especially in light of the future increase in their ship size, eventually reaching 12,500 TEUs. It also remains unclear if any of these ports will be able to handle 12,500-TEU vessels, except perhaps Norfolk.

The combination of load de-centering and physical constraints may trigger another trend: coastal feeding. Feeding, common in many port ranges worldwide, faces almost insurmountable obstacles in the U.S., including the high costs of U.S.-flag ships and transshipment. Therefore, it is more likely that transshipment hubs will be developed in the Caribbean and Canada.

This, in turn, may induce another, more far-reaching trend, dubbed the Fourth Revolution, that would transform shipping lines' global service patterns, including the emergence of mega-ship-based east-west (Asia) services only calling at "pure transshipment ports." These PTPs would be located at intersection points with north-south (South America) services, with the latter also serving as coastal feeders.

But, regardless of revolutions, it seems that U.S. East and Gulf ports are not expected to handle the 12,500-TEU behemoths. This should be a relief to these ports, a greater relief to the environmental community and the greatest relief to the taxpayers.