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Mega-ships to US East Coast stoke barge potential

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Columbia Coastal Transportation is hoping that its new barge, Columbia Freedom, will be in demand as bigger vessels arrive on the East Coast.

The pending arrival of large ships at East Coast ports has stoked interest in using short-hop barges to move goods and reposition empty containers from major gateways to smaller ones, avoiding costlier trucking and intermodal rail transport

One barge operator, Columbia Coastal Transport, has made a \$10 million gambit that there would be more demand for barges in that scenario. The company ordered a brand new 900 twenty-foot-equivalent unit barge that the company launched in December to be ready if there is a resurgence in short-haul traffic.

The investment is in line with efforts by ports and logistics providers of all types to anticipate the impact on cargo transportation of larger ships that are expected to make fewer stops on the East Coast than existing vessels and unload more containers at once, demanding a more intense cargo removal and transportation effort.

Proponents of short-trip sea barges argue that they can provide an efficient, and environmentally cleaner alternative to shipping containers by road or rail, taking trucks off the road and reducing congestion and wear and tear on transportation infrastructure. The Port of New York and New Jersey and Port of Portland, Maine, are looking at possible market demand, and the cost structure, of barges to determine whether they could be a feasible element of container logistics in the future.

Barge routes have had varied success around the US, and many don't last long, squeezed by other modes of cargo transportation, vessels making more stops at smaller ports and carriers opting to tranship cargo from foreign ports.

Bruce Fenimore, president and CEO of Columbia Coastal Transport, said barges can compete on price with trucking — especially when fuel prices are high. And while barges are slower, they can also compete on delivery time because they can move 24 hours a day and on weekends, and aren't limited by terminal gate schedules and the number of hours a driver can put in, he argues.

It would cost about \$500 to \$550 to move a container from Norfolk to Baltimore, the company's only regular route at present, he said. A North Jersey trucker said that trip would cost about \$750 by truck.

The Port Authority of New York and New Jersey, in an application under the American Marine Highway Program, also found barges could be competitive. The agency looked at the cost of moving containers across New York Harbor by barge and truck, and to points in Long Island. The agency estimated it would cost about \$225 to move one container across the harbor by barge, and about twice that to make the move with a truck trip of between 17 and 25 miles, depending on the route. The barge price, however, does not include the cost of trucking the container from the barge port to its final destination.

The gap between the two costs would likely close, over longer distances said Beth Rooney, assistant director of the port authority's port department. The agency estimated, for example, that it would cost about \$500 to take a container on the more than 50-mile trip from Newark to Long Island by barge and truck, compared to \$700 by truck alone.

At the Port of New York and New Jersey, Port Newark Container Terminal is conducting a study of cargo volume and movement patterns to determine the feasibility of using more barges at the East Coast's largest port, said CEO Jim Pelliccio, a big proponent of small barge use.

The terminal helped the authority create a new container-on-barge service across New York Harbor, linking the terminal on the New Jersey side to one in Brooklyn, which began in September. And last month, a barge operated by Columbia Coastal Terminal left PNCT for the Port of Boston, carrying 320 empty containers for repositioning, Pelliccio said. Fenimore says he runs such a barge about every six weeks.

"We believe as larger vessels call at the harbor there could be greater opportunity to explore barge and short sea shipping possibilities within the New York harbor and between strategic points north and south of the gateway Port of New York and New Jersey," Pelliccio said.

The surge in larger vessels is expected to hit New York-New Jersey, the largest port on the coast, after a project to raise the Bayonne Bridge to 215 feet is completed at the end of the year. That will for the first time give ships greater than 9,500 TEUs access to three of the port's four main

terminals because at present the existing elevation of 150 feet is too low for such ships to pass under.

Rooney said her authority is studying whether barge services can help remove cargo from the "load centering" - or concentration of cargo in a few ports - that is expected with the bigger ships. Putting a container on a barge involves fewer players, and so requires less coordination, than putting it on a truck and moving it out of the terminal, she said.

"There are congestion benefits, emissions benefits, roadway maintenance benefits," she said. "We are actively doing market analysis today on where the opportunities for short sea shipping exist now,

John Henshaw, executive director of the Maine Port Authority, which operates the Port of Portland, said the agency is in discussions with the Port Authority of New York and New Jersey on the possible use of barges for imports headed for Maine, and goods sent south from the port.

"I think interest is only going to grow in the potential for barge operations," as bigger ships start arriving at the port, said Henshaw, whose port mainly handles ships of fewer than 1,000 TEUs. "We have freight that needs to get down to the New York-New Jersey area, and it's an opportunity to take that freight off the road."

The port two years ago worked to design an articulated tug barge, in which a tug pushes a barge from within a slot built into the stern of the barge, that would better handle inclement weather than a tug and barge and so make the route more reliable. But any construction of the vessel will likely wait until the route has proved it's worth, with an initial schedule operating barges pulled by tugs, Henshaw said.

At Columbia Coastal Transport, Fenimore expects the added stress on ports from unloading large numbers of containers at once to provide "opportunity gain for container barges."

"When these ships come in and dump 3,000 imports, and put pressure on the gate and the terminals, it's a lot easier to just put boxes on a barge and move it," he said.

Still, he said, demand for his services could be diminished if carriers instead opt to use transshipment in foreign ports such as Freeport, in the Bahamas, from where smaller ships take the cargo to US ports. "So instead of using the US terminals to take it off, they are doing it (at) foreign (ports), which is cheaper, and then they are putting it on the ship that does go there," he said.

Barge projects around the nation have had mixed success. The Department of Transportation in mid-April publicly backed three new marine highway project proposals, including shuttles for Baton Rouge-New Orleans, Illinois intrastate, and Lake Erie. And in California, a service that started in 2013 between the ports of Stockton and Oakland lasted only a year before it shut down. Many of the roughly 50 shippers that used the service — ranging from agriculture producers to finished goods makers — were unwilling to shift more of the freight to barge without a guarantee of how long the service would last.

Fenimore said his company was moving about 200,000 containers a year in the 1990s, running three barges every two weeks, mostly between Boston and New York, but also to Portland, Maine, and between Baltimore and Norfolk, between Charleston and Miami, and between Houston and New Orleans. The company also operated a route to the Port of Albany in New York from New York-New Jersey. Those lines stopped in the economic downturn, or as a result of carriers stopping at smaller ports, he said.

Now, only one of the company's five barges is in regular use — on a twice weekly route from Norfolk to Baltimore and Philadelphia, and back. Another company ship does spot work in New York, he said.

Fenimore argues that some ships will be too big to enter certain ports, so alternative transportation will be needed to get cargo from large ports to the smaller ones. In that scenario, on a short run, a barge can compete with a truck on delivery time, he said. "We work seven days a week, 24 hours a day," he said, whereas "trucks are relying on the gate hours."

The company's regular route, for example, leaves Norfolk on a Wednesday and is in Baltimore Thursday morning and Philadelphia on Friday, he said. "Then we are back in Norfolk on Saturday night," he said. "Timing wise, the truck can't really do better."

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