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Paraguay's Terport rising to global standards

By Robert L. Wallack, AJOT

Terport Villeta, a new river container terminal, is positioned to become the transport hub of south-central South America and the main hub for international container commerce in Paraguay. The opening of the terminal in October 2018 included the installation of Navis' N4 terminal operating system augmenting competitiveness to global standards. These new infrastructure enhancements will enable Paraguay to meet the challenges to integrate with the global economy from recent and pending trade agreements.

Terport Villeta is one of two terminals under Terport Terminales Portuarias SA. Terport Villeta developed because of the success of nearby San Antonio since 2002. Volumes grew and the Board of Directors invested in new land and planned a phased greenfield state-of-the-art terminal. "Both terminals are now operational and complement each other with all containers handled in Villeta and all general cargo Lift-on/Lift-off and Roll-on/Roll-off operating in San Antonio," said Bernd Gunther, operations manager, Terport in a recent interview for the *American Journal of Transportation*.

San Antonio is on 37 acres with 394 feet of coastline on the Parana river with a draft of 32.8 feet, 4,500 container yard slots and 240 reefer plugs. The new and larger Villeta is on 50 acres with 1050 feet coastline, 8,500 twenty equivalent unit (TEU) container capacity park and 350 reefer plugs. Villeta has better draft to receive larger barges and vessels.

Parana River

The Parana river is mostly navigable in south-central South America running through Brazil in the north, then Paraguay and Argentina for 3,030 miles and is second to the Amazon river in all South America. Parana means "like the sea" in Tupi (Brazil) language. It passes through the capital city of Asuncion on the left bank and merges with the Paraguay river. Villeta inland port is 2.5 miles south of Asuncion. The river goes through Argentina passing Uruguay before emptying into the Atlantic Ocean at Rio de la Plata which equals the volume of water at the Mississippi River delta. Terport feeder vessels pass through Uruguay, port of Montevideo (MVD) and Argentina, port of Buenos Aires (BUE) on the Rio de la Plata estuary.

Navemar and CMP Group

(*STANDARDS – continued on page 4*)

Terport Villeta is a new river container terminal in Paraguay.

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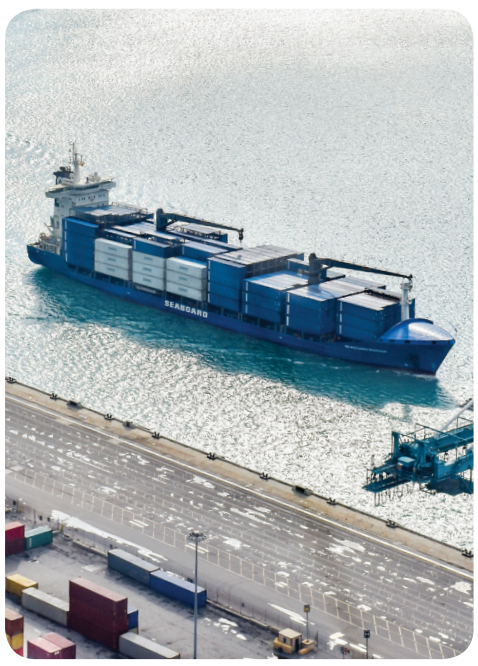

In today's fast moving world, improving the supply chain is the only way to bridge the gap between you and your trading partners. To accomplish this, you will need an innovative team of dedicated professionals with over 35 years of experience in logistics and ocean transportation. You will need more than a positive customer experience. You will need a company committed to improvement and innovation. At Seaboard Marine, your customers are closer because our customers are at the center of everything we do.

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The new Villeta container terminal is a $40 million investment.

*(**STANDARDS** – continued from page 2)*

(Compania Maritima Paraguaya) are shareholders of Terport (50-50). Both companies operate their own feeder vessels. All shipments pass through MVD-BUE and all cargo is transported from/to Paraguay in feeder vessels. All main shipping lines operate in Paraguay and therefore Terport.

The new Villeta container terminal is a $40 million investment. "The project is in three phases which involve the gradual jump from reach stacker to rubber-tired gantry (RTG) crane operations. In the final phase, the RTG block would jump from 2 to 6 and our operational capacity would multiply by three," said Gunther.

Gunther joined the Terport family in late 2005 as a warehouse and quay supervisor, then advanced to operations manager until 2010. He deepened his expertise by earning a master's degree in Maritime Affairs specializing in Port Management at WMU in Malmo-Sweden for 15 months. He returned to Terport in 2011 as operations manager and is part of the Board of Directors.

"The macro plan for Terport Villeta involves a new logistics park on 370 acres in front of the container terminal. We have the project ready for execution and would accommodate approximately 20 industries," he added. The country's economic growth and recent trade agreements will flow with these developments at Terport.

Paraguay's Economy

Paraguay's market economy enjoyed steady growth of 4% on average per year since 2014. The economy has a gross domestic product (GDP) of $39 billion and per capita GDP of $12,800. Exports were $11.73 billion mainly to Brazil, Argentina and Chile and imports were $11.35 billion from China, Brazil, Argentina and the United States of America in 2017 based on U.S. Central Intelligence Agency (CIA) reports of 2019.

Import goods to Paraguay are mostly manufactured goods such as household items, electronics, batteries, perfumes, toys and vehicles. Exports are mainly raw materials of sugar, wood, coal, wet-blue and grains explained Gunther. The European Union (EU) is Paraguay's third trading partner after Brazil and Argentina for ten percent of Paraguay's trade. The EU imports from Paraguay are mostly agriculture products.

After twenty years of trade talks, Brazil, Argentina, Uruguay and Paraguay agreed in June to open markets to 28 EU member states. This milestone will be the Mercosur-EU Agreement (MEUA). These four South American countries form the Southern Common Market called the Mercosur trade bloc. Paraguay is a founding member since 1991. They will benefit by exporting more beef, sugar, poultry among other farming products. However, ratification by the 28 EU members and European Parliament before implementation is uncertain. There is more assurance by the Mercosur countries' congresses by 2021.

France and Ireland farmers have concerns from a rise in beef imports as well as environmental groups since Brazil clears land for cattle farming. The EU will benefit from access to Mercosur markets for industrial products and for agri-food products since high Mercosur tariffs will decrease on dairy products, confectionaries, wines and soft drinks. Current tariffs range from 20 percent to 35 percent by these Mercosur countries for these EU exports, according to a July 25 CNBC on-line report.

The MEUA will reduce and eliminate tariffs for more than 90 percent of products between the two blocs over the next 15 years. The two regions form markets for 780 million people valued at over $1 trillion. The Mercosur bloc is also seeking trade deals with Canada, the U.S.A., Korea, Singapore and a bloc made up of Iceland, Norway, Liechtenstein and Switzerland known as the European Free Trade Association (EFTA). Political elections in both trading blocs and Brexit could further delay ratification of these agreements.

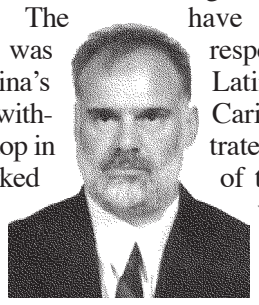
Paraguay is in an economic recession this year, so

*(**STANDARDS** – continued on page 7)*

The unfulfilled promise of the Latin American decade

The Latin American Decade never quite took hold. The U.S.-China trade war is both an opportunity and a threat while the region's trade pacts all face challenges that could mark their undoing. But a new decade is approaching, will the region be ready for another bid?

By George Lauriat, AJOT



In July, China's Foreign Minister Wang Yi made the rounds visiting various Latin American capitals. The purpose of the tour was transparent to all - China's willingness to trade without conditions. At a stop in Brazil, Wang remarked to the gathered press corps, "the most distinctive characteristic of China-Latin America cooperation lies in equality and respect. When the Chinese side cooperates with its Latin American friends, it always treats each other equally and takes care of each other's core and major interests. It always sticks to respecting their political systems and development paths and not interfering in others' internal affairs…"

China's Foreign Minister Wang Yi

Wang's remarks were a thinly veiled response to recent U.S. diplomatic forays in Latin America. Back in April U.S. Secretary of State Mike Pompeo on a visit to Chile during his trip warned his Latin American counterparts to beware of China's "debt traps" as he pushed for support of the removal of Venezuelan president Nicholas Maduro in favor of opposition leader Juan Guaido as the "winner" of the hotly 2018 disputed election.

Secretary of State Mike Pompeo

It's not surprising the U.S. and China are on opposites sides of the Venezuelan imbroglio as the two economic giants rarely find agreement in the political arena. Still, the barbs that Wang Yi and Mike Pompeo have proffered on their respective trips through Latin America and the Caribbean (LAC) illustrates the reach and depth of the U.S.-China trade war – literally there are few nations on earth unaffected. And amid the near daily chatter on U.S.-China trade war, Latin America has quietly emerged as a noteworthy secondary front with trade and investment the munitions of influence.

From the LAC standpoint having China as a counterbalance to the U.S. and EU [European Union] is potentially profitable and desirable but there are risks. While the U.S. and China trade dispute has undoubtedly provided some new commercial opportunities for the LAC, the danger of becoming collateral

*(**DECADE** – continued on page 6)*

*(**DECADE** – continued from page 5)*
damage in the conflagration is very real – particularly if the quarrel triggers a global downturn which lowers commodity demand and prices.

LAC Trade: Priming the Pump

The title itself for the 2019 Inter-Development Bank's (IDB) "Trade Trend Estimates" for the LAC succinctly sums up the current situation. The IDB entitled their annual report, *The Export Recovery Loses Momentum in Latin America and the Caribbean*.

Exports, especially exports to destinations outside the region, have been what primes the economic pump in the Latin America and the Caribbean (LAC) region. When exports boom, every sector of the economy begins to rise. Conversely, when exports fall, the entire economy of the LAC region suffers.

Entering into the 1990s, it was thought (or as the Chilean poet Pablo Neruda wrote a Continent of Hope) in many circles it would be the "Latin American Decade."

There were many reasons for optimism. It was expected the demand for agricultural and mineral commodities would rise and investment in other commercial sectors, such as manufacturing, would follow suit. The decade hasn't quite played out that way and LAC exports reflect the unevenness of the global demand for commodities.

Still there was a recent upswing in 2017 that spilled over into 2018 that gave rise to the hope that it was just a matter of a little more time for the LAC's monumental decade.

According to the IDB report (the IDB is a primary source of multilateral financing in Latin America), the total value of exports from the LAC grew at around 9.9% in 2018. In 2017 exports grew a robust 12.2% and reached $1,077 billion buoyed by strong commodity prices. Equally the slowing of export growth in 2018 was largely attributed to weak pricing. It is worth noting in the period covered January-to-September global trade grew by 11.6% compared to the 9.9% notched in the LAC.

However, the export numbers for the entire LAC are a little deceptive as Mexico's exports have continued to boom (even with contentious NAFTA-USMCA negotiations). As the IDB points out, only Mexico and Chile exports really improved in 2018. Mexico exports were up 8% in 2017 and 9% in 2018. And Chile rebounded from a -2% drop in 2017 to an increase of 7% in 2018.

As commodities represent an inordinate share of the LAC exports, global demand and pricing has a large say in the performance of many LAC economies. The LAC's extractive industries and agriculture make up a bulk of the export mix. For example, oil, iron ore and copper are big extractive items while sugar, coffee and soybean are major agricultural exports.

Back in 2011-2012 a boom in commodity prices boosted the LAC and gave credence to the Latin American decade discussion.

But prices now are considerably lower as the IDB estimates indicate… with no immediate recovery at hand.

Iron ore (November 2018) was off 62% from the high in 2011 [August 2019, $93.07 compared to February 2011, $187.18]. Copper is also off (November 2018) 39%, compared to 2011 [September 2019, $2.63 compared to February 2011, $4.54]. Sugar also has taken a hit and is down 60% (November 2018) from the record in 2011 [Dec. 2010 $0.32 compared to Sept. 2019 $0.11]. Soybeans exports have also fallen from an August 2012 high of $17.58/bushel to an August 2019 tally of $8.43/bushel.

The exports of soybean are particularly indicative of the secondary impact of the trade war as China is a major soybean importer, the U.S. a major supplier to China and a number of LAC nations like Brazil and Argentina competitors to the U.S. in the China market.

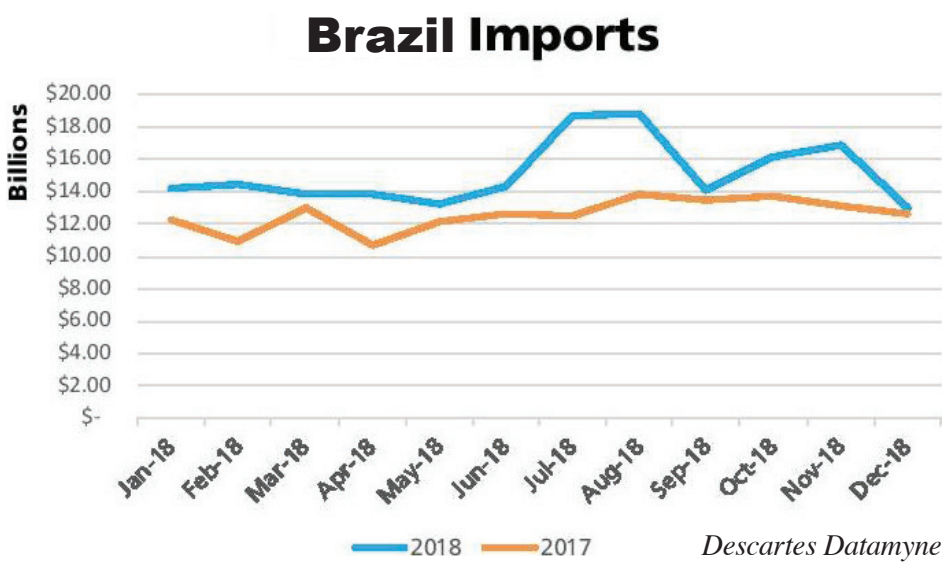
Enter (or Exit) the Dragon

Last year, then-candidate right winger Jair Bolsonaro in the run up to the Brazilian presidential elections accused China of trying to buy the election. But after winning the office, President Bolsonaro became far more circumspect about his country's relationship with the world's second largest economy. Brazil is on its way to becoming the world's largest soy exporter – surpassing the U.S. – largely because of China's shift to Brazilian soybeans. In 2018 Brazil exported just over 66 million tons of soybeans to China amounting to around 75% of the PRC's total imports – up nearly 30% over 2017. Conversely the U.S. supplied 16.6 million tons of the soybeans, down a staggering 49% from a year earlier.

Descartes Datamyne

The tariff war bonanza has put pressure on South American growers to keep pace with China's demand. Soybean suppliers in Argentina and Brazil are worried that they will fall short and China will look to other trade partners to fill the void. In early September, Argentina's agricultural minister announced an agreement for "soy meal" as opposed to simply raw soybeans. For Argentina, building soybean processing facilities is a big win providing China remains a buyer.

*(**DECADE** – continued on page 7)*



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*(**DECADE** – continued from page 6)*

And That's the Rub

On September 30th Reuters reported Chinese firms bought up to 600,000 tons of U.S. soybeans for shipment from November-to-January. The purchase is part of a tariff-free quota of two-million tons allocated to Chinese importers [by the Chinese government] ahead of the upcoming U.S.-China trade talks.

If China and the U.S. were to reconcile their trade quarrel – where would that leave Argentina, Brazil and indeed the rest of LAC?

A Fire is Lit: Trade Pacts in Danger

The LAC region is member to some 35 international trade agreements. Pacts whose primary goal is aimed at reducing tariffs and encouraging trade. A majority of these pacts are intra-regional but trade within the LAC has never manifested itself to the same degree as trade to Europe, the U.S. and now China.

This is reflected in the rival trade pacts. The region's largest trade pacts Mercosur, the Pacific Alliance and NAFTA [USMCA] are all undergoing major challenges that ultimately could reshape the patterns of trade in the region.

Take the Mercosur pact as an example. In Mercosur, [Argentina, Brazil, Paraguay and Uruguay] there is a widening gulf of interests between the member states. Brazil and Argentina, the two largest economies in Mercosur, are rapidly moving in divergent directions that could cause a ruinous rift in the pact.

Brazil's right wing populist President Jair Bolsonaro has initiated talks on a bilateral trade agreement with the U.S. counting on his relationship with President Trump to push the process along. He has also initiated formal trade talks with Mexico. With the June ratified [but not signed] USMCA agreement, Brazil envisions a trade agreement with Mexico and the U.S. as a way to directly and indirectly profit from the future USMCA market.


Brazil President Jair Bolsonaro

But then there is the Mercosur-European Union pact that is awaiting to be ratified.

The EU deal is important to Bolsonaro and Brazil. The EU is Brazil's second largest trade partner (behind China) accounting for over 18% of the total. The pact could make a big difference in exports such as beef. If the pact is approved, it would also reduce to zero from 20% the duty on beef imports into the EU. And Brazil's exporters see the pact not only for its own sizable merits, but as a springboard to deals with other nations like the Philippines, Thailand, Indonesia, Mexico and of course the U.S.

After two decades of negotiations, Bolsonaro wants the EU-Mercosur pact to be ratified [as does the leadership of the other member nations] but the Amazon wild fires have fueled resistance among some EU nations to endorsing the trade pact. Bolsonaro turned down more than $20 million in aid money offered by G-7 nations to battle the fires. As a result, France and Ireland announced they would not ratify the EU-Mercosur pact and in Austria.

A subcommittee of the parliament voted down the pact. Since the pact requires all EU members to agree the twenty years of negotiations appear wasted because of Brazil's stance.

And then there is Argentina's situation. The country is in danger of defaulting on IMF [International Monetary Fund] loans, inflation is running at a staggering 50% and there is an election looming on October 27th, which most pundits think will result in a new administration.

Argentina's President Mauricio

*(**DECADE** – continued on page 12)*

*(**STANDARDS** – continued from page 4)*

volumes are not growing. "We expect to close the year with slightly less volume than last year so this would be approximately 60,000 TEUs. Our current operational capacity is over 100,000 TEUs without having to move to phase 2 of our macro project," explained Gunther.

Paraguay will remain competitive in any economic scenario and further integrate its trade with global standards by modern technologies at the Terport Villeta. Terport was the first to implement Navis N4 in Paraguay in 2014 in San Antonio. Navis, of Cargotec Corporation, provides operational technologies to the shipping supply chain to optimize planning and management of containers and equipment moves in a terminal. "We now operate with Navis in both terminals with all operations planned and measured in real-time. Navis was a major investment for us and a major jump in our service quality and transparency for better communications with all parties," concluded Gunther.

The South Carolina Ports Authority's Wando Welch Terminal now routinely handles vessels with capacities of more than 13,000 TEUs, such as Orient Overseas Container Line's *OOCL France*. Photo credit: SkyView Aerial Solutions

Port of Charleston poised to sustain dynamic growth handling big ships

By Paul Scott Abbott, AJOT

As James I. "Jim" Newsome III enters his second decade as head of the South Carolina Ports Authority, the Port of Charleston is prepared to continue unprecedented growth, with new terminal development poised to meet big-containership infrastructure demands for the next half century and beyond.

"Things have gone well and I think will continue to go well." Newsome unassumingly told *AJOT* as he marked his 10-year anniversary as SCPA's president and chief executive officer in September.

James I. "Jim" Newsome III enters his second decade as president and chief executive officer of the South Carolina Ports Authority.

Simply serving at the helm of a U.S. port for more than 10 years is a rare achievement in itself, but the former Hapag-Lloyd (America) Inc. president hasn't just reached a tenure milestone. He has spearheaded exceptional growth while setting the course for South Carolina's maritime transportation prominence for generations to come.

"The growth of our port has exactly mirrored the tremendous growth in manufacturing in the state of South Carolina," Newsome said, citing expansions in the Palmetto State and other Southeast states by such firms as automakers BMW, Volvo and Mercedes-Benz, as well as tire manufacturer Michelin and power tools leader Techtronic Industries Co. Ltd., known for short as TTI.

"I'm very pleased with the progress," Newsome said. "We've doubled our container volume in 10 years. That's 80 percent of our business, so that's important."

In its fiscal year ended June 30, SCPA handled nearly 2.4 million 20-foot-equivalent units of containerized cargo, up 8.8 percent from the immediately preceding 12-month period. And SCPA is getting its current fiscal year off to a dynamic start, moving 210,542 TEUs in July, its busiest month ever until besting that mark in August by handling 233,110 TEUs.

"We're about 20,000 containers ahead of our plan," Newsome said in referring to the first two months of the current fiscal year. "It's important to stay ahead of your plan, particularly now with some creeping uncertainties about the economy."

The impressive TEU figures for SCPA's Wando Welch and North Charleston container terminals only tell part of the success story.

Over the past decade, SCPA has added more than $1 billion in assets to its balance sheet, upgrading and enhancing marine terminal and rail infrastructure, including bringing two inland ports online and putting in place its RapidRail link. Charleston now moves 24 percent of its container volume via rail,

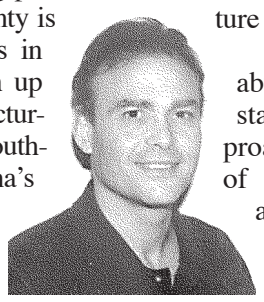
*(**POISED** – continued on page 10)*

NC's Piedmont Triangle punching above its weight in logistics

Location, people, leadership contribute to emerging transportation and supply-chain hub

By Peter Buxbaum, AJOT

The Greensboro-High Point area of North Carolina has long been a manufacturing powerhouse. Guilford County is first among its peers in the state and is high up on the list of manufacturing centers in the Southeast. North Carolina's furniture industry has seen better days—although an uptick was recently reported—but it has been joined by other key industries such as aerospace and automotive. The labor market in the region is tight, indicating a prosperous economy.



Since manufacturing always interfaces with logistics, it's not surprising that the region should have developed a robust logistics infrastructure. But that doesn't provide a complete explanation as to why Greensboro-High Point has developed an excess of modern transportation and logistics capacity, especially considering the decrepitude of much of the infrastructure in the United States.

From an overabundance of interstate highways to the proactive improvement of one-thousand acres at Piedmont Triad International Airport, the region is in the same class as logistics hubs like Indianapolis, Columbus, and Louisville. The question for the future is whether it can push into the same league.

Old Dominion Freight Lines, one of the nation's largest less-than-truckload carriers, with 235 service centers across all 48 continental states, is headquartered in nearby Thomasville, NC. XPO Logistics, the largest third-party provider in

*(**PUNCHING** – continued on page 13)*

Old Dominion Freight Lines, with 235 service centers across all 48 continental states, is headquartered in nearby Thomasville, N.C.

North Carolina's Port of Wilmington expanding to meet regional demands

By Paul Scott Abbott, AJOT

With increasing volumes of inbound and outbound cargos shifting to its Port of Wilmington from other U.S. Southeast gateways, the North Carolina State Ports Authority is advancing wide-ranging enhancements while continuing its laser focus on unencumbered efficiencies.

"It's mostly the normal transition of freight migrating through what should be its natural gateway using North Carolina ports." Paul J. Cozza, executive director of the North Carolina State Ports Authority, told *AJOT*. "That's good stuff."

North Carolina State Ports Authority Executive Director Paul J. Cozza is enthusiastic about enhanced capabilities to accommodate increasingly large containerships at the Port of Wilmington.

Infrastructure investments that could total as much as $350 million over a 5 1/2-year period include longer berthing, more big ship-to-shore cranes, expanded facilities for handling temperature-controlled cargos and channel and turning basin improvements – all aimed at doubling the Port of Wilmington's container throughput capability.

Wilmington's latest containerized cargo numbers don't tell the full positive story, as destruction wrought by Hurricane Florence in September 2018 put a hiccup in results for the port's most recent fiscal year, ended June 30, 2019.

Despite a swift recovery from the storm, the port's fiscal 2019 containerized cargo handlings figure slipped almost 5 percent, to 306,000 twenty-foot-equivalent units, from the record volume of 322,391 TEUs in fiscal 2018 – up 38 percent from fiscal 2017. That led some observers to dub Wilmington the fastest-growing containerport on the East Coast.

Obviously, Cozza said he was thankful this past September's scrape with Hurricane Dorian brought far fewer negative ramifications than Florence.

"The story continues in the right way as we keep the original strategy going forward of not only growth but also modernizing of the facilities," said Cozza, a former Maersk Line executive who is now in his sixth year as North Carolina Ports leader.

"We're doing a real terminal modernization on our container side," he said. "Our berth work is just about done."

The port's Berth 7 reconstruction project is on schedule to be completed by the end of calendar 2019, to provide 2,600 feet of contiguous berth

*(**EXPANDING** – continued on page 13)*

The arrival of the Port of Wilmington's third neo-Panamax ship-to-shore crane augurs greater ability to handle megaships at the North Carolina State Ports Authority facility.

Berths at the South Carolina Ports Authority's Wando Welch Terminal boast ability to simultaneously accommodate multiple mega-containerships. Photo credit: South Carolina Ports Authority

(***POISED*** *– continued from page 8)*

which, according to Newsome, is "exceptional for a Southeast port."

Furthermore, SCPA has, in addition to vastly modernizing the Port of Charleston's venerable Wando Welch Terminal and moving channel deepening toward completion, embarked upon development of what bodes to be the first all-new container terminal on the U.S. East or Gulf coasts since the 2009 opening of the Jacksonville Port Authority's TraPac facility in Northeast Florida.

Maritime shipping's continuing shift to larger containerships operated by ocean carrier consortia has been a primary force behind much of the development. Low-sulfur fuel requirements should accelerate that trend.

"It's something I'm extremely proud of," Newsome said of Wando Welch Terminal expansion. "What we've done there is pretty remarkable."

By the end of 2020, SCPA will have invested $450 million at Wando Welch, bringing online 15 tall cranes, each with 155 feet of lift height, to facilitate simultaneous accommodation of three 14,000-TEU-capacity ships – or even an 18,000-TEU megavessel – and increased annual throughput capacity at the terminal by 700,000 TEUs, to 2.4 million TEUs. Addition of two-dozen more rubber-tired gantry cranes looks to bring the total of such units to 65.

"We think we'll see an 18,000-TEU ship on the East Coast in a year or two," Newsome said, "and we want to be ready for that. We think the ability to handle multiple big ships is key to the future.

"We really are focused on making sure that our terminals continue to work exceptionally well," Newsome said, noting that ship-to-shore cranes are accomplishing better than 35 moves per hour. Truck turns, including queue time, are typically well within an hour.

SCPA has 12 cranes on order from Shanghai Zhenhua Heavy Industries Co. Ltd. (ZPMC) – seven for the Wando Welch facility and five, each with 169-foot lift height, for the Hugh K. Leatherman Sr. Terminal that is springing up on the site of a former U.S. Navy base.

The Leatherman Terminal's initial single-berth phase, with 700,000 TEUs of annual throughput capacity, is on target to open in March 2021. By 2032, the new terminal is to be built out to full capacity of 2.4 million TEUs a year – similar to that of the expanded Wando Welch Terminal.

"I think we've done everything just in the right time," Newsome said.

Timing of the deepening of Charleston Harbor to 52 feet has been spot-on as well, with deepening as far as Wando Welch and Leatherman terminals anticipated to be done by the early 2021 opening of the first Leatherman berth. Also, the Wando Welch turning basin is being widened to 1,650 feet from its present 1,450 feet.

"We will have completed a deep-draft navigation project from start to finish in a little over 10 years, which is pretty amazing," Newsome said. "I think people will look back on it as kind of a textbook case of how to do a dredging project, and, I think equally what I can say with absolute certainty is that we'll never deepen this harbor again."

The 52-foot depth should allow the Port of Charleston to handle ships with 48-foot draft without tidal restrictions.

"That's essentially a fully loaded 8,000-TEU containership or a very heavily loaded 14,000-TEU containership," Newsome said. "As exports continue to grow, assuming they do, draft becomes more and more of an issue, because the exports are heavy."

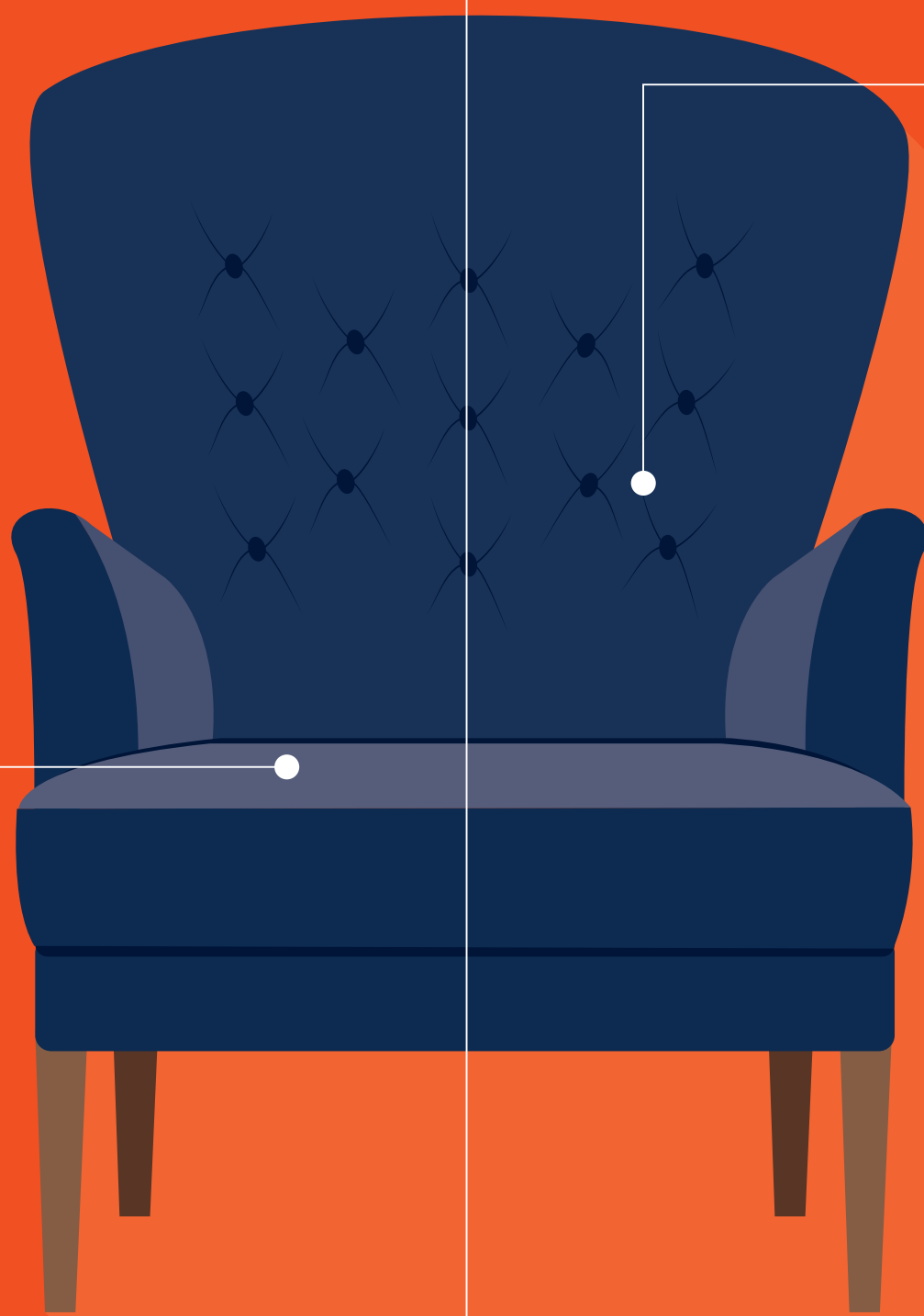
On the rail infrastructure front, SCPA last year opened the CSX-served Inland Port Dillon just off Interstate 95 near the South Carolina-North Carolina line, about 130 miles north-northeast of Charleston, with California-based Harbor Freight Tools as anchor client.

The Dillon installation has followed the 2013 opening of SCPA's first inland facility, a Norfolk Southern-

(***POISED*** *– continued on page 14)*

CONSUMERS SEE

SC PORTS SEES



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THE WORLD CONNECTS HERE

Comments on Red flags at Red Dog Mine

To the Editor:

The September 23 article in the *American Journal of Transportation* 'Red flags at Red Dog Mine' is factually inaccurate and misleading to readers and requires urgent correction.

First, the author writes that a "2007 report studied blood level analysis of Kivalina residents by the National Park Service that found elevated levels of lead and cadmium due to emissions along the road." To the best of our knowledge, the NPS has never studied blood levels of Kivalina residents. However, other agencies have studied blood levels in Kivalina and Noatak and confirmed that blood lead and cadmium levels are below levels that are of public health concern, and well below the Center for Disease Control and Prevention target blood levels (including Alaska Division of Public Health (2005), Arnold et al. (2003), Rosen (2007)).

Secondly, it is important to note that the data related to Red Dog Operations in the Toxics Release Inventory (TRI) by the U.S. EPA is a reflection of the large volumes of rock and ore moved at the mine site, which is standard during the mining process and does not indicate any environmental effect. This naturally-occurring rock material does not leave the mine; and is managed in contained storage systems, under stringent state and federal permits to meet high environmental standards. Over 99.98% of reported releases from Red Dog in the TRI remain onsite.

The Alaska Department of Environmental Conservation issued a news release further clarifying what the TRI figures represent: "Big mines like Red Dog move a significant amount of material as part of their daily operations, but such actions do not adversely impact human health and the environment. Characterizing such releases as toxic is disingenuous at best."

Thirdly, the statement regarding Kotzebue as the "most industrially polluted community" is also entirely incorrect. Kotzebue is located over 80 miles from Red Dog and the materials reported in the TRI have no interaction with the community of Kotzebue whatsoever.

The real story of the Red Dog Mine is of a strong partnership that has created quality jobs and supported local communities, while practicing responsible environmental management and sustainability. Since mining began, NANA has received over $1.9 billion in proceeds from the mine, of which more than $1 billion has been shared with other Alaska Native organizations. In addition, over $1 billion has been provided to government through taxes and other payments and more than $500 million in wages for employees 55% of which are NANA shareholders.

It is very unfortunate the *American Journal of Transportation* chose to run such a misleading and inaccurate article.

Sincerely,
Marcia Smith, Senior Vice President, Sustainability & External Affairs. Teck

Reply to letter on Red flags Red Dog Mine

In the September 23 article "Red Flags at Red Dog Mine" there are a number of related points to consider in reply to the comments by Marcia Smith, Senior Vice President, Sustainability & External Affairs of Teck Cominico, Ltd the operator of the mine.

- It was a 2007 study of blood lead analysis of KivAlina Village residents done by the Albert Einstein College of Medicine and did report no elevated levels – but warned that "it's impossible to rule out (future) excessive lead exposure."
- Red Dog's powdered ore is moved via a 55-mile road that runs from the mine to the coastal port located on the Chukchi Sea. Fugitive dust is reportedly endemic both from dust releases plus truck accidents [note an accident happened June 20th spilling about 5300 pounds of zinc concentrate.] A 2017 National Park Service report found that blood concentrations of small birds and the health of vegetation along the haul roads, used for subsistence hunting, have, in 2016, greater metal traces compared to sites further away.
- On the subject of community impacts, KivAlina, along with environmental organizations, filed a lawsuit against Teck Ltd for polluting its water sources, settled by the parties.
- The EPA Toxic Release Inventory (TRI) reported that in 2016, massive amounts of chemicals were released onto land, air, land and water. Teck responded by saying that the rock was simply moved from one location to another on the mine-site. But, the Alaska Community Action on Toxics notes that it is not the movement of the rock but bringing the heavy metals to the surface that causes concern.

There is little debate about technical difficulties of mining in such harsh conditions and the considerable economic importance to the State and region of the mine complex. But the trade-offs between the development and the environment is a matter for ongoing and essential discussion, especially considering Red Dog Mine is expected to last until 2031, with preliminary plans for two new sites and a road.

*(**DECADE** – continued from page 7)*

Macri's market oriented policies have seemingly failed and leftist Peronist candidate Alberto Fernandez seems poised to win. Back in August, Bolsonaro's Economy Minister Paulo Guedes said Brazil would pull out of Mercosur if Fernandez should win. In Argentina, Fernandez has already taken a pro-protectionist stance and said he would reject the EU-Mercosur pact. A Fernandez election inserts a great deal of uncertainty. Will Brazil and/or Argentina leave Mercosur? Either way, it would severely damage the trade group. Will the IMF and Fernandez agree to a deal to handle the debt? The IMF is described as a "lender of last resort" and should Argentina default where else could it go for financial assistance? China is the obvious answer but as Pompeo pointed out it could well be a "debt trap".

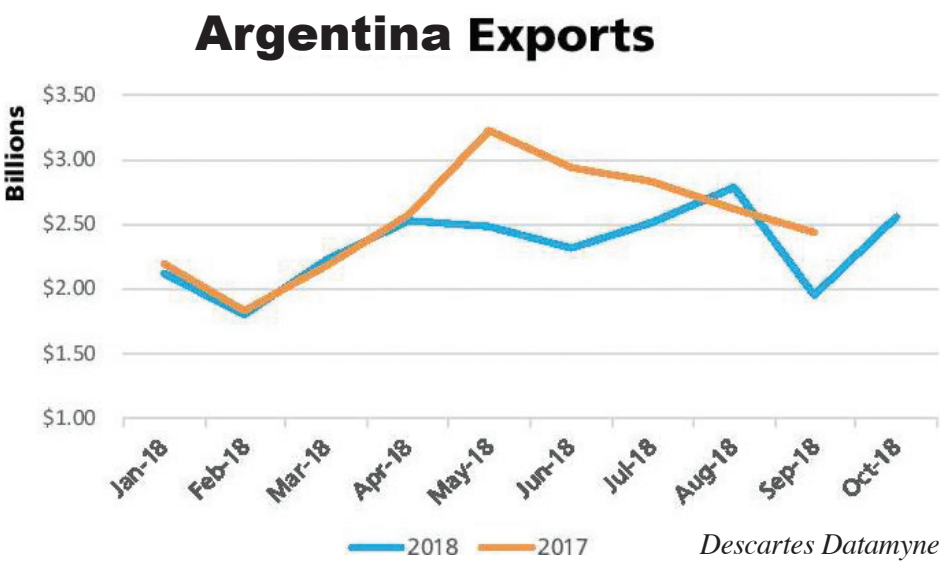
Mercosur isn't the only LAC pact in trouble. The Pacific Alliance cohesion will be tested with the political turmoil in Venezuela and now Peru. Even the USMCA agreement will face challenges to the signatory process in the U.S.

Promising Outlook in Unpromising Times

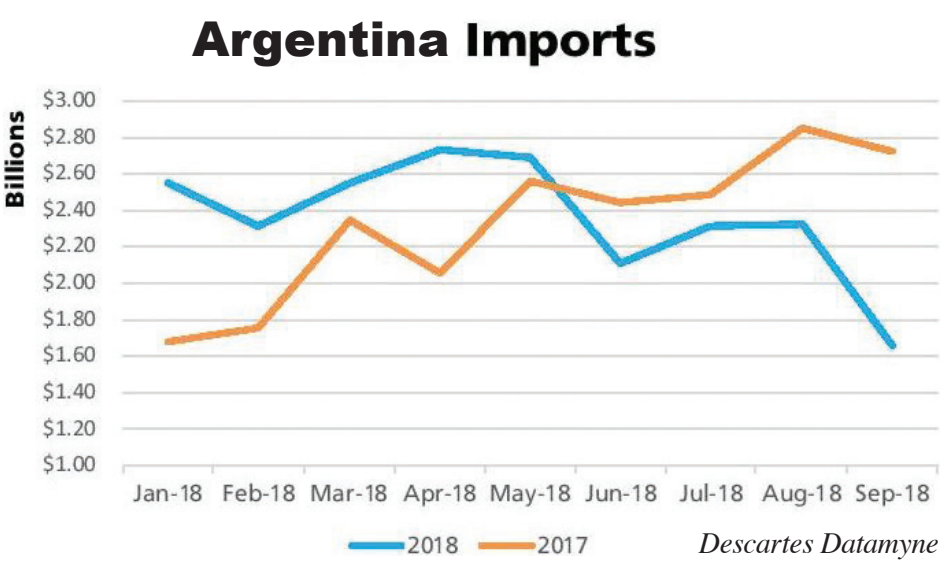
Recently, Descartes Datamyne, a company supplying global economic information – released a timely report, "The Promising Outlook for the Latin American Markets Moving Into 2019." (The introduction noted that even within the challenges there is "Hope" for the LAC, "The markets for Latin America are driven by global trends, domestic economic factors, and shifting political environments. Growth in 2019 is expected to be among the weakest of all the major regions, largely due to an ongoing recession in Argentina and the major economic and political crisis in Venezuela; however, looking into specific industry verticals even in these struggling economies shows growing opportunities…"

Despite the unpromising economic outlook, a number of sectors continue to grow. It's easy to run through Datamyne's research stats and find imports and export sectors that are doing well such as grapes in Chile or soybean and soy product shipments from Brazil and Argentina. Mexico's auto business is still going strong and while wood pulp and related products from various LAC nations are doing well. The Economist in a recent study of the LAC highlighted the Fintech and Renewables sectors, both of which are thriving in the LAC.

And then there is the fact that when this period of trade war passes, [and it will] the LAC will again be by virtue of the abundance of resources and market again poised for a renewed effort to craft a "Latin American Decade."



Descartes Datamyne



Descartes Datamyne

*(**PUNCHING** – continued from page 8)*

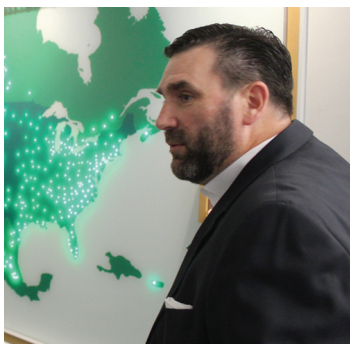
the country and second-largest globally, headquarters its supply-chain management business and operates one of its three data centers in the region. Transplace, a transportation management company with $9 billion of freight under management and 20 million shipments a year, focuses its support for medium and smaller customers out of an office building in downtown Greensboro. Fedex and UPS have hubs in the area and Fastenal is opening its master East Coast distribution hub in the region.

"With the presence of manufacturing and other industries, and our terrific location, it makes sense that we are well-covered with infrastructure," said Meredith Berger, director for existing industry services at the Greensboro Chamber of Commerce. "We have also had important state support to attract additional assets to our area."

Demographics Play a Role

Demographics also explains part of the appeal, as companies develop transportation and distribution networks with proximity to suppliers, customers, and markets in mind. Transportation companies often look at one- and two-day driving and one- to two-hour flight radiuses when planning their networks.

"You've got I-85 providing access from Richmond to Mobile," said Chip Overbey, senior vice president for strategic planning at Old Dominion Freight Line. "I-95 runs not far from Raleigh. We're not far from I-77 and I-81. We also have access to the ports of Norfolk, Wilmington, Charleston, and Savannah." The east-west I-40 also runs through the region.



Chip Overbey, senior VP for Strategic Planning at Old Dominion Freight Line (photo by Pete Buxbaum)

With trucks covering around 630 miles a day, Old Dominion can hit 75% of the U.S. population within two days of Greensboro-High Point. That includes everything from central New Jersey to central Florida as well as Chicago, Memphis, and St. Louis. "If you take Texas and California out of the mix," said Overbey, "that's just about everybody."

It's also worth noting that Greensboro-High Point is a major population center itself, home to 1.7 million people, over 800,000 of whom participate in the labor force. Nineteen regional colleges and universities educate over 100,000 regional students. Well over half the population has some post-secondary education.

People power - "They have a great work ethic," said Overbey - is another reason why logistics companies are attracted to the region. "The Greensboro-High Point area is a great place to work," said Bill Fraine, executive vice president for sales and operations at XPO Logistics. "It's not hard to get people to move here."

Educational institutions have seen the handwriting on the wall and have ramped up transportation, logistics, and supply-chain management training and educational programs in recent years. "There is a lot of logistics and supply chain education going on in the Triad, from the high school and community college levels to the four-year college level," said Ken Waldron, senior business process management software and training manager at Transplace. "We have groups of students that visit Transplace that we encourage them to work here. We are developing that talent pool."

Guilford Technical Community College in Colfax offers a logistics and supply-chain program of seven courses that teaches students everything from purchasing and inventory management to warehouse operations. Around 60 students are currently enrolled in the program.

"We have mostly older students between 30 and 55 years old," said Associate Professor Samuel Chinnis. "Most are already in the industry and realize they need a degree to progress." Some already have degrees and are looking to earn a certificate at GTCC to prove proficiency in a specific skill.

In particular demand is the certificate in SAP—the dominant enterprise resource management (ERP) system for larger companies. GTCC is part of the SAP University Alliance through which it receives software from the company. SAP is taught in four of the seven logistics and supply-chain courses.

The courses emphasize understanding business processes from end to end and how technology influences those processes. "We also teach soft skills like teamwork," said Chinnis. "This is a career that absolutely requires you to work with other people. I say to students that I hope that is something that energizes them

*(**PUNCHING** – continued on page 14)*

Samuel Chinnis

The Port of Wilmington has begun to receive calls from vessels with capacities of 12,000 TEUs, including the *Kota Pekarang*, operated by Zim Integrated Shipping Services in partnership with the 2M Alliance.

*(**EXPANDING** – continued from page 9)*

space, so that the Port of Wilmington will be able to handle two neo-Panamax vessels at the same time.

Earlier this year, the Port of Wilmington got delivery of its third neo-Panamax gantry, joining two similar units received in 2018 plus another four somewhat smaller ship-to-shore cranes.

In April, Wilmington received its first call from a containership with a capacity of 12,000 TEUs or more, with the arrival from Asia of the *Kota Pekarang*, operated by Zim Integrated Shipping Services in partnership with the 2M Alliance of Maersk Line and Mediterranean Shipping Co.

Now under construction, with a targeted completion date in early spring, is a new yard for refrigerated containers. It is to have racking systems, three racks high, with ability to handle more than 500 reefer containers at a time.

Much of the temperature-controlled cargo activity flows through the on-port facility of Port of Wilmington Cold Storage, opened in 2016 under a public-private partnership. Cozza reported that the facility is at 85 percent to 90 percent utilization and continues to expand.

The Port of Wilmington overall has almost quadrupled its refrigerated container lift over the last four years, led by inbound chilled produce and outbound proteins, including chicken and pork, as well as sweet potatoes.

"We expect that to continue to grow this year," Cozza said. "That's why we're doing our new reefer yard, because we keep hearing the demand is there."

Grain imports and wood pellet exports are among other commodities enjoying heightened movement at the Port of Wilmington.

"We're seeing a big increase of inbound grain here in Wilmington because of the heavy rains and flooding they're seeing in the Midwest." Cozza said, looking out his office window at a grain vessel from South America. "We're expecting to see continued heavy growth this year."

At the same time, the Enviva Partners LP wood pellet export terminal opened on the port in 2016 is teeming with activity.

By yearend, the port is to kick off improvements to its gate and container interchange systems, which should help further reduce already enviable typical truck turn times of 18 minutes for drop-offs and 32 minutes for dual moves.

"We have already invested more than $200 million over past four years, with another $100 million to $150 million to be put into infrastructure over

*(**EXPANDING** – continued on page 14)*

(*PUNCHING – continued from page 13*)
and doesn't tax them."

Leadership

Visionary political and governmental leadership have perhaps played the most crucial role in building out Greensboro-High Point's infrastructure. In High Point, local government annexed land and prepared sites for development before the businesses and residences that currently occupy that area were even imagined. "They caught a lot of grief for that at the time," noted Loren Hill, president of the High Point Chamber of Commerce. "They were accused of building a bridge to nowhere."

The scenario is being played out at the airport, where state funding contributed to building a new taxiway from one of the runways to as yet undeveloped acreage. "The state Department of Transportation has done a lot of great things in this area," said Kevin Baker, executive director of the PTI Airport Authority. "We have some talented people who are looking not five years but 50 years down the road."

(*EXPANDING – continued from page 13*)
the next 18 months," Cozza said. "All of this is set up so that it doubles our functional capacity on the container side to be able take at least up to 1 million TEUs a year." The port's current annual capacity is about 600,000 TEUs.

Augmenting the port channel's ability to accommodate larger containerships is critical to expanding Wilmington's throughput, and port officials in July submitted a feasibility study to U.S. Army Corps of Engineers for deepening the Cape Fear River channel to 47 feet, which Cozza termed "optimal depth for us."

In addition, January completion is anticipated for a second-phase turning basin endeavor to allow 1,200-foot-long vessels with capacities of as many as 14,000 TEUs to call the Port of Wilmington.

"That's really exciting," Cozza said.

Furthermore, low Duke Power cables over the channel south of the port, posing potential future air draft limitations, are to be raised by the end of November, bringing air draft to 211 feet, putting Wilmington in a favorable position compared with other Southeast ports that face bridge clearance restrictions, according to Cozza.

Yet another development contributing to efficient cargo movement is the Queen City Express intermodal train service to Charlotte. The service, initiated in 2017 to transport double-stacked containers from the port to the Charlotte hub of CSX, was upgraded in July to an overnight product available seven days a week.

"Nobody else has a train like this that goes directly into the Charlotte region, so we're really excited about this," Cozza said. "Next to only Atlanta, the Charlotte area is the biggest economic hub in the Southeast."

The Charlotte metropolitan area is home to more than 2.5 million residents, nearly half the population of greater Atlanta.

"We're already seeing a big pickup of business on this," Cozza said of the Queen City Express. "It's a whole new thing that's getting a lot of interest from customers."

About 100 miles northeast of Wilmington, North Carolina Ports' Port of Morehead City, which maintains its focus on bulk and breakbulk cargos, has just welcomed a new Liebherr multipurpose general cargo crane.

Not including private Nutrien Ltd. phosphate operations at Morehead City, North Carolina Ports has doubled its business at the Port of Morehead City since 2014, to nearly 1.1 million tons in the fiscal year ended June 30.

"We continue to see some real growth there," Cozza said, "which has been really exciting."

(*POISED – continued from page 10*)
served facility in Greer, along Interstate 85, about 220 miles northwest of Charleston, with the only sure promise being 25,000 containers a year for BMW's nearby assembly plant.

"Greer has been exceptionally successful," said Newsome, citing the more than 140,000 rail lifts at Inland Port Greer in the last fiscal year. "I will tell you with pride that we had about 10 target clients, and I think about every one of them uses that facility today.

"We're looking at a textbook case of how short-haul rail in the South can be successful." Newsome said. "It gave us the confidence to open Dillon here more recently. To have this type of short-haul rail infrastructure is a significant enhancement to what the port is in and of itself providing. So I think we're in a good situation."

Making the situation even more promising on a long-term basis is the collaboration with longtime competitor Georgia Ports Authority on development of a 1,500-acre terminal with annual throughput capacity of a whopping 7 million TEUs in South Carolina's Jasper County near the head of the Savannah River. Combined public and private investment could reach $7 billion, according to Newsome.

"It would be the biggest single terminal in the United States in one footprint," Newsome said. "We're working on it now, but it's futuristic. You have to start working on it now in the pre-permitting phase, doing the studies that are needed to get ready to launch a permitting effort one day."

Jasper Ocean Terminal's first phase is targeted for completion somewhere between 2035 to 2037 timeframe. Lots of work remains to be done at the currently undeveloped site, including bringing in both CSX and Norfolk Southern rail.

"There are a lot more questions than answers," Newsome said, "but it's an exciting prospect, because what it does say is that, with that terminal, you'll be able to answer the question of whether you have enough infrastructure for the next 50 or 60 years.

"Is it hard for two ports that have always competed staunchly to work together on such a project? Yes, it's probably not easy," Newsome continued. "But I think we can do it. I think the need to address port infrastructure in the region will take precedence over any hard feelings over competition or whatever." Meanwhile, SCPA is beefing up retail distribution offerings. TradePort Logistics, which handles cargo for such mega-retailers as Walmart, has recently moved into a 200,000-square-foot warehouse at the Wando Welch Terminal, with expectations of initially handling 20,000 import containers on an annual basis. Also, SCPA has purchased a 1,000-acre site near Ridgeville, about 40 miles northwest of Charleston along Interstate 26, for future private development of distribution centers.

All of this success – including as cited in a new study by the University of South Carolina's Darla Moore School of Business placing SCPA's annual economic impacts at $62 billion a year, up from $53 billion in 2015 – hasn't gone to Newsome's head.

"What really makes this place work is the people of the port." said Newsome, including 700 people directly working for the port authority (200 more than a decade ago) plus International Longshoremen's Association labor, tugboat operators, harbor pilots, truck drivers, warehouse workers and others instrumental in growing Charleston's cargo base. "We just have a really good maritime community here."

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