

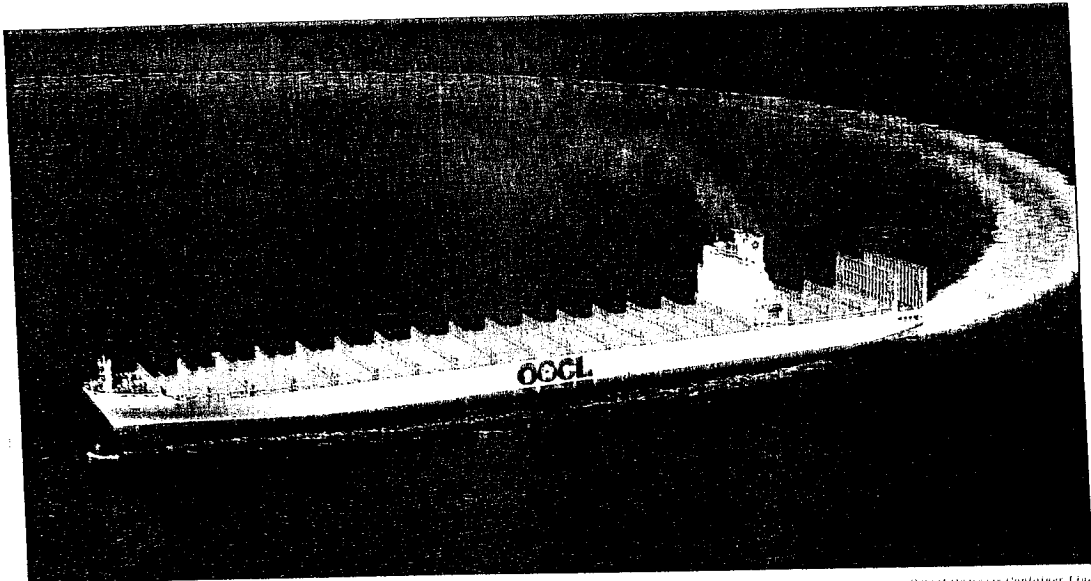
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# BUSINESS

Tuesday, June 1, 2004

*'The whole tendency is consolidation: bigger and bigger ships going to fewer and bigger ports.'*

Steven P. Erie, professor at UC Davis



Orient Overseas Container Line

**TEST RUN:** The new containerships are capable of carrying more than 4,000 40-foot-long shipping containers. The Ningbo, above, undergoes sea trials before its transpacific trip. It is due to arrive for unloading in Long Beach next week.

## New Containerships in It for the Big Haul

World's largest cargo ships will be coming to the West Coast, and they will strain U.S. transport networks.

By RONALD D. WHITE  
Times Staff Writer

Among the world's grand cargo ships, the Ningbo is truly super-sized.

When it arrives next week at the Port of Long Beach, the Ningbo will be the largest cargo ship ever to dock on the West Coast. Its reign will be short-lived: Shipping companies, busy cashing in on the international trade boom, keep one-upping one another by launching "the world's largest containership."

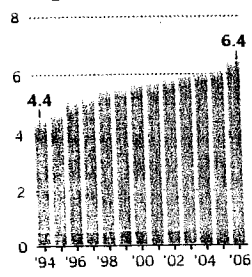
Already en route from China, the Ningbo, owned by Orient Overseas Container Line Ltd., can carry up to 4,030 standard-size, 40-foot-long shipping containers, or nearly 40% more than the average freighter. Industry experts say a ship the size of the Ningbo could generate up to \$12 million in shipping fees per trip.

Everything about the vessel, save for its modest crew of 19, is oversized. One-fifth of a mile long, the Ningbo is wide enough at its beam to cover 11 freeway lanes and taller than a

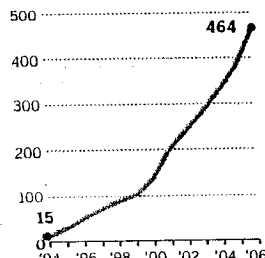
### More and bigger

Super-cargo ships — called post-Panamax — too big to fit through the Panama Canal continue to grow in size and number.

Average size (in thousands of TEUs\*)



Number of jumbo-sized ships



Data for 2004-06 are for ships on order.

\*Twenty-foot equivalent units, an industry measurement of volume. A 40-foot shipping container holds two TEUs.

Source: Burkhard Lempert, senior economist, Institute of Shipping Economics and Logistics

Los Angeles Times

15-story building. It is powered by a 93,000-horsepower engine and a 75-ton propeller.

Only three ports on the West Coast — Los Angeles, Long Beach and Seattle — can handle ships of this size. And with more on the way, the strain on overloaded railroad and trucking networks that carry cargo in and out of the ports will only increase.

"This is just the first wave,"

said Jim McKenna, chief executive of the Pacific Maritime Assn., which negotiates labor contracts and handles payroll for terminal operators and shipping lines at all West Coast ports.

The Ningbo's status as the largest containership on transpacific routes probably will end in July, when China Shipping Container Lines Co.'s slightly larger vessel, the

Asia, with a capacity of 4,050 containers, will dock for the first time at the Port of Los Angeles.

Meanwhile, South Korea's Samsung Heavy Industries is constructing eight ships that each are capable of carrying 4,750 containers. The shipping line Washington Marine Corp. plans to begin using them on routes between Asia and Europe by 2006.

This trend of jumbo ships dates to 1988, when the first freight ships too large to pass through the Panama Canal — ones carrying up to 2,170 freight containers — went into service. As the years passed, big cargo ships kept getting bigger.

The Ningbo is the sixth of an eventual fleet of 12 similar-size containerships being built by Samsung Heavy Industries for Orient Overseas Container Line, or OOCL, at a total price of about \$1 billion. OOCL plans to use the Ningbo and her sister ships to replace older ships that have a maximum capacity of 2,750 containers each.

The Ningbo, named after China's fifth-largest seaport, will sail a regular route between China and the U.S. On the ship's maiden voyage, cargo will include electronic goods for Sony Corp. and toys for Mattel Inc., plus furniture.

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# New Jumbo Containerships Coming to West Coast Ports

[Ships, from Page C1]  
apparel and textiles.

When the Ningbo leaves Long Beach on a 12-day trip back to China, some containers will be empty, OOCL says. But the ship will be heavier going outbound because it will carry wastepaper from all over the U.S., along with hay from the Pacific Northwest, cotton from Tennessee, resins and scrap metal.

"You might love [smaller ships] for sentimental reasons like a fine old car, but in the long run, they are just too costly to operate," said M.K. Wong, director of marketing for Hong Kong-based OOCL.

Much like the latest tractor-trailer rigs on the nation's highways, new giant freight ships are much more efficient. They also burn fuel that emits less sulfur. A special hull, Wong said, allows the Ningbo to maintain a relatively high cruising speed of 25 knots.

This generation of larger

ships not only carry significantly more cargo, but they also require only minimal cost increases to cover maintenance, fuel and crew expenses. As a result, these big ships can save \$4 million per voyage or more, according to the American Assn. of Port Authorities.

Ships like the Ningbo rely on satellite navigation and can be operated from a single computer terminal. On any given day at sea, crew members might spot only a few colleagues during their shifts because computer terminals are scattered throughout the ship, including in the officers' cabins.

For all of the efficiency of these ships, their increasing size presents certain problems.

McKenna, the port labor negotiator, points out that ships as big as the Ningbo will require more labor on the docks.

"These ships will be in port three or four days instead of one or two."

In addition, the ports of Long Beach, Los Angeles and Seattle installed special cranes, at a cost of \$5.5 million to \$6.5 million each, with booms long enough to reach across the 17 or more rows of containers the ships haul.

Regional trade experts say the big ships also will place more pressure on the urban transportation networks around the ports.

"The whole tendency is consolidation: bigger and bigger ships going to fewer and bigger ports. All you create are more bottlenecks and the bottlenecks are on the land side," said Steven P. Erie, political science professor and director of the urban studies and planning program at UC Davis.

"The ports did the dredging and put in new piers to be prepared, but the reverberations will be felt all the way through the region out to Colton and San Bernardino and the Inland Empire," Erie said.

## Super-sized

A look at the cargo ship Ningbo:

**Capacity:** About 4,030 standard-size 40-foot containers

**Length:** 1,056 feet (Nimitz-class nuclear aircraft carriers are 1,092 feet long)

**Height:** The size of a 15-story building, 10 of them underwater with a full load

**Width:** 140 feet

**Key features:** Specially designed hull that allows vessel to consume less fuel; speed of 25 knots at full load; low-sulphur fuel; tin-free paint to reduce toxicity to marine life

**Route:** Port Kelang, Malaysia; Singapore; Yantian, China; Hong Kong; Long Beach

**Source:** Orient Overseas Container Line  
Los Angeles Times

Jack Kyser, chief economist at the Los Angeles County Economic Development Corp., said the growing amounts of cargo presented a huge financing challenge to the region that must be met, or else goods would pile up at the ports, unable to be moved quickly out to the rest of the country.

"The state needs to make this a priority," he said.

Despite substantial construction projects designed to increase the transportation capacity from ports to intercontinental rail hubs, Southern California is close to reaching its capacity to handle any additional trade, Kyser said.

The twin ports of Los Angeles and Long Beach handled 164 million tons of cargo last year, making it the third-busiest port complex in the world, behind only Hong Kong and Singapore. And the freight traffic will set another local record this year.

Once OOCL gets its fleet up to speed, it plans to have five Ningbo-size ships working the China-L.A. route. So it will have one mega-cargo ship unloading and loading here each week, with a typical voyage hauling some 219 million pounds of cargo.

"You are going to have wall to wall freight trains leaving Los Angeles," Erie predicted. "You meet one set of problems and you create another."

**Executive**



# Long Beach Press Telegram

## **Cutting greenhouse gases**

State must stand firm on pollution curbs.

**Sunday, June 13, 2004** - California must keep pressing forward with advances on the clean air front after losing two key battles, over regional cleaner-burning engine standards and Mexican trucks. New global warming regulations are a good place to begin.

New restrictions on greenhouse gas emissions will no doubt face similar challenges, both in the courts and from the Bush administration, to the ones that faced California as it attempted to stand up for regional authority over cleaner-burning engines and Mexican trucks. But that's no reason for the state to back down.

The California Air Resources board announced last week that it will begin phasing in a 2002 law that sets emission standards for carbon dioxide and other greenhouse gases. The law would apply to cars and light trucks beginning in 2009, with the goal of cutting greenhouse gas emissions in the state by nearly 30 percent by 2015.

As the Bush administration continues to undermine California's clean air efforts, even as the federal government sets higher and higher mandates, the state must continue to affirm its leadership role in environmental progress.

Cars and light trucks are responsible for more than 30 percent of the state's pollutants attributed to climate change. The new regulations won't ban any certain types of vehicles or impose new taxes or fees, but will require the use of new technology to cut emissions without sacrificing performance.

Five years is a reasonable deadline for car manufacturers to begin implementing the changes.

The U.S. Supreme Court's decisions to allow Mexican trucks into the U.S., despite the absence of an environmental review, and to strike down regulations requiring new buses, garbage trucks and other fleet vehicles to choose clean-burning engines, despite the L.A. region's backsliding on smog, amount to huge setbacks for California.

Despite those, the state must press on. Cutting greenhouse gases is the right way to move forward.

# Long Beach Press Telegram

## Watch out for trucks

**Saturday, June 12, 2004** - Ruling on Mexican haulers needs to be met with pollution and safety checks.

Now that the U.S. Supreme Court has given the green light for Mexican trucks to enter the United States, federal and state governments must step up inspection and enforcement efforts to ensure that the court's decision doesn't become a pollution and safety nightmare for California.

It doesn't have to. But we do have serious concerns.

The Bush administration has been pushing since 2002 to allow Mexican trucks to operate freely in the United States. Since 1982, Mexican trucks have been allowed only within a 2-mile zone near the border.

The problem with long-haul access, particularly for congested port cities is that many Mexican trucks are older models that are among the worst polluters on wheels. Federal officials say that Mexican trucks must comply with U.S. environmental and safety standards, but have not established a credible inspection system to handle the increased volume. Nor have there been any studies on the environmental strain that Mexican trucks would place on stressed cities near the border, such as Los Angeles and Houston.

The latter point was behind a 2003 ruling by the 9th Circuit Court of Appeals, which found that the Bush administration violated federal environmental laws when it failed to study environmental impacts. (Terrorism concerns weren't addressed, either.) The appeals court noted that 80 to 90 percent of Mexican long-haul trucks were built before 1994, the year that Mexican truck manufacturers started matching U.S. standards.

A unanimous Supreme Court, however, citing NAFTA provisions, has voted to overturn the appeals court decision and allow Mexican trucks into the U.S. That's the final ruling and Californians have no choice but to live with it. But we shouldn't have to live with even higher amounts of pollution produced by older, dirtier Mexican trucks. Our safety on the highway can't be compromised, either.

The federal government, in conjunction with state officials, must create and maintain a thorough environmental and safety inspection system accompanied by aggressive enforcement on both sides of the border. While they're at it, they should apply the same scrutiny to U.S. trucks, too many of which are still skirting U.S. health and safety standards.

The U.S. Department of Transportation has promised that Mexican trucks will be subject to rigorous inspections before they are allowed to cross the border. We hope they will be. At the same time, though, state regulators must keep a close eye on the situation to help protect Californians from a possible, if not probable, increase in air pollution and roadway accidents.