

America's Marine Highway Initiative: Short-Sea Shipping

Summary of the Issue

Congested east coast highways have led freight stakeholders to consider alternative modes of transportation such as short sea shipping. In 2000, short sea shipping operations moved 6 percent of the nation's freight tonnage. Also called America's Marine Highways, it involves moving commercial freight between ports over a small sea or through the use of inland and coastal waterways. Short-sea ships include small cargo ships, fast ferries and barges and carry containers, truck trailers, and coal.

By reducing the pressure on existing infrastructure, short-sea shipping can reduce the need to build new landside infrastructure and reduce maintenance costs of existing facilities. Drayage services can handle more containers with fewer drivers, thus reducing the demand for drivers in the face of a growing driver shortage. One barge can move as many as 200 truck loads and barges can haul more weight per container than trucks due to truck weight restrictions.

However, numerous legal and operational factors present obstacles to a wider integration of America's Marine Highway Initiative services. There may be added handling costs since short sea shipping operations that do not use roll-on/roll-off technology require lifting cargo off the ships. The manpower required to lift cargo at both ends of the trip adds a greater cost, making the service less competitive with other modes. Adding to these costs are the Harbor Maintenance Tax, Jones Act Requirements, and costs of port modifications. The extra cost means industries are less willing to try short sea shipping. Within the freight industry, there is a general reluctance to try new modes, regardless of the potential benefits. However, as fuel prices increase, trucking rates will also increase, making short-sea shipping more competitive.

Currently, Virginia ports offer domestic short sea service. The Port of Virginia has barge service operations from Portsmouth to Baltimore, Philadelphia, and occasionally New York. These serve only the Port of Virginia containers. Approximately 5 percent of cargo leaving the Port of Virginia moves by barge.

The Port of Richmond is in the process of developing two services: barging bulk goods from Philadelphia, and barging containers from the Port of Virginia to Richmond.

Virginia Freight Advisory Committee (VFAC) Recommendation

None.

Some members of the committee stated that short-sea shipping would have a minimal impact on highway congestion and could not be sustained without a public subsidy. They further noted that many of the challenges that face short sea shipping, such as the Jones Act, are beyond the control of the Commonwealth.

Other members of the committee expressed interest in learning more about a potential barge operation currently being proposed between the Port of Richmond and the Port of Virginia. The cost to truck a container from Hampton Roads to Richmond is about \$400 per container; once the cost gets above \$450, the barge operation will be cost-effective. The driver shortage and increasing congestion in the corridor make this an attractive alternative to trucking. The market conditions in Richmond are also suitable – there is a balance of importers and exporters and the Port of Richmond is near cargo destinations.

VTrans Technical Committee Recommendations

Provide financial support for the proposed T Parker Host barge operation between the Port of Richmond and Port of Virginia. T Parker Host estimates needing one-time state funding of \$150,000 to combine with a \$500,000 Federal contribution. This would allow the barge service to operate until profitable.

Pursue labor negotiations for special gang size for barge operations.

Explore the potential for short-sea shipping operations as part of Phase 2 of the Freight Study, paying particular attention to the potential for an intraharbor barge service to move cargo between terminals and remove trucks from Hampton Boulevard.

These efforts will be led by the Virginia Port Authority and the Commonwealth's Multimodal Transportation Planning Office.