THE EXPERTS

SHIPPING INDUSTRY

Ports making positive moves to handle mega-ships

"There they blow: Neopanamax ships and ultra large container vessels (ULCVs). Whatever a particular port might call them, they are big. And, they are here, steaming up our coast.

TOM BERKLEY

The Panama Canal expansion has opened a new shipping route for these ships from Asia that is particularly favorable to marine terminals in the Southeast – leaving Northeast ports more reliant on the Suez Canal. The Port of Virginia and the Port of Georgia currently rank one and two for services deploying ULCVs through Panama.

The commonwealth and the Port of Virginia have wisely invested $711 million to handle of these behemoths: most of these ships carry more than 13,000 TEUs (20-foot equivalent units).

On May 8, the container ship COSCO Development broke the ice in this new global market by berthing at Virginia International Gateway terminal in Portsmouth.

The first-in call from this ship met with much fanfare and excitement, as it should have. Our competitors in New York/New Jersey, Savannah and Charleston did not get this same honor. First-in calls allow goods shipped to their desired markets to arrive faster, ensuring favorable port designation by manufacturers, shippers and others reliant on ocean carriage and looking for development opportunities.

This ship's new route begins in Asia, transits the Panama Canal, and heads directly for our port before heading south to Savannah and finally Charleston.

The battle cry for The Port of Virginia in this new economy – "deeper wider safer" – not only emphasizes our need to continuously improve our port's condition but also signals to customers what differentiates us from our East Coast competitors. The Port of Virginia, with 50-foot channel depths, possesses:

- Congressional approval to dredge to 55 feet
- The highest rail-volume of any port on the East Coast thanks to double stack services provided by Norfolk Southern and CSX
- The immense acreage on Craney Island that offers future cargo handling growth
- Skilled and experienced labor working with the most advanced container handling technology.

All of these benefits entice ocean common carriers to make our port their first-in call or last-out call, also a favorable designation for goods leaving the United States. Despite these clear advantages, our port leaders do not suffer a myopic view of our global gateway.

VIRGINIA AND GEORGIA PORTS COLLABORATE

In third place behind New York/New Jersey and Savannah container volume, the Port of Virginia is coming on strong.

The Virginia Port Authority and the Georgia Ports Authority entered into the East Coast Gateway Terminal Agreement on Feb. 22 and shortly thereafter submitted an agreement to the federal government for approval, which came April 7.

While the gateway agreement does not address rates, charges, terms or conditions on containers or chassis, it provides a wealth of other shared information. In particular, it will "promote the most efficient use of port assets by permitting the parties to exchange information related to the best use of their wharves, berths and cargo handling equipment."

It allows the two ports to discuss "how to mitigate costs associated with mega-vessels and retain the velocity of container movement." The intent is to "foster economic growth and provide public benefit" for the two largest Southeast ports.

This partnership will allow the ports to utilize joint marketing materials in attracting ocean common carriers, to better coordinate vessel calls for Neopanamax ships arriving in the southeast, to develop the most advanced container handling operations, to improve intermodal operations through terminals and to negotiate with a single voice.

The shared information will enable our port to sprint ahead in a global economy where the top 12 ocean common carriers, including COSCO, have developed three powerful market alliances controlling almost all container movement across the seven seas.

When dealing with powerful alliances such as the one between 2M and HMM – which consists of Maersk, Mediterranean Shipping Company and Hyundai Merchant Marine – that control nearly a third of the global container market share, the gateway agreement prevents the tail from wagging the dog right off it legs.

BENEFITS OF GEORGIA PARTNERSHIP

Partnering with the Georgia authority helps us on other commercial fronts too. Most important, it allows the two ports to succeed in winning growing Midwest market opportunities that could level the population advantage enjoyed by New York/New Jersey.

The agreement provides us access to information from five additional marine terminals with slightly more weekly vessel calls. It allows us to share information about off-terminal transportation plans and issues concerning development opportunities beyond terminal gates. Savannah, for instance, has multiple distribution centers for various companies. Knowledge will be key in the Midwest battleground.

Virginia and the Port of Virginia have invested within our port facilities and planned well for this new and uncertain economy. Expanded container handling spaces, new and increased trucking gates at NIT, road and rail improvements within and near the terminals, and advanced container handling equipment are just some of the improvements.

But, we as a state and as a region need to look beyond the terminal gates. The question now becomes: how can our state and our region capitalize on the voluminous intermodal traffic that will flow from our ports?

City and county lines and politics should not be allowed to hold back the rising tide. We must look at the oncoming increase in intermodal traffic not as an overwhelming burden on existing business models and transportation networks but as an opportunity to develop and take the lead in the container rush.

Tom Berkley *is a shareholder at Pender & Coward focusing on maritime, admiralty and transportation law. Contact him at tberkley@pendercoward.com or visit www.pendercoward.com.*

PERSONAL FINANCE

Why Americans are terrible at managing money

Here's five facts that prove Americans are terrible at managing money.

STEPHEN KORVING

About one in four literally have no emergency savings. A survey released a few weeks back by Bankrate.com stated 24 percent don't have a single dollar saved for an emergency and nearly 60 percent don't have enough to pay for an unexpected expense.

Dave Ramsey, personal finance author, recommends setting up an emergency fund as one of the first thing people need to do to avoid getting into debt.

We are more worried about paying for our next vacation than about saving enough for retirement. When asked by a polling firm, more Americans said they were worried about paying for a vacation than how they were going to live in retirement. It explains why so many people enter retirement without having anything in a retirement fund.

Millions of us hide money from our spouses and partners. Hiding money from your spouse is a bad idea. Whether it's where money is coming from or how money is being spent, millions keep this information from their partners. This leads to severe stress in a relationship. Money is the No. 1 reason for divorce.

We prioritize paying the wrong bills first. Keeping high interest credit card balances is one of the biggest financial mistakes people make.

And, we've racked up $1 trillion in credit card debt — and that's just a fraction of what we owe. Here's the ugly truth: 107 million Americans owe over $1.2 trillion in car loans.

Forty-four million Americans owe $1.4 trillion in student loan debt and that number keeps rising. The number of people defaulting on their student loans is growing rapidly as graduates discover they can't find good paying jobs.

That's troubling. People need to know how to avoid these financial traps and get on the path to financial stability. Those who save, invest, and have given serious thought to retirement are taking the first step to financial independence.

The next step is making wise investment decisions. Navigating the complex world of modern investing is both a skill and an art that most people don't have the time or patience to learn.

Registered investment advisers are fiduciaries who provide financial guidance and retirement planning. Turning the selection of investments over to an expert and receiving regular reports of progress toward financial goals, makes sense to people who understand the benefits of using professionals to accomplish complex tasks.

Stephen Korving *is a lifelong financial adviser and the founding principal of Korving & Company, Suffolk. Visit www.korvingco.com or call 757-638-5494.*