



Barry Parker reports from Vancouver on the Canadian city's campaign to leverage its role as an international maritime hub

Vancouver calling

Vancouver, in British Columbia, deserves its place on anyone's list of important global shipping hubs. Located at the near the southern end of the province's coastline, the city hosts Canada's largest port and is among the top three (by tonnage) on the North American leaderboard.

The real story of note in Vancouver, however, concerns its clear-sighted vision for the future. In 2010, the port authority embarked on a forward-looking Port 2050 planning exercise along with external stakeholders, later updating the plan towards the end of last year. Port planners stress the importance of sustainability; the Port 2050 effort involved 'scenario planning' with the hoped for path shaping a sustainable port that can thrive as trade patterns bring prosperity to the Pacific Rim.

Since then, the Vancouver International Maritime Center (VIMC), spearheaded by a group of business leaders in conjunction with Canadian and Provincial governments, has driven an aggressive campaign to encourage shipping businesses to locate to the city. There are no vessel ownership or flagging requirements required to do so, it stresses, while important tax, financial and commercial advantages

are also available for companies operating in Canada.

Ms Katherine Bamford, the port's Director of Trade Development, explains that the port takes a broad international view, as one of 19 ports mandated by Canada's Marine Act of 1998.

Last year's statistics for Vancouver showed 3,128 international vessel calls with a flow of 96.2m tons of bulk cargo, 16.5m tons of breakbulk cargo (mainly forest products and steel), 3.1m teu of containers split roughly half and half between import and export, and nearly 400,000 new autos (mainly inbound from Asia).

Traditionally, exports of bulk commodities have been Vancouver's mainstay, with coal and grains dominating. But, the port has been transitioning away from a dependence on natural resources, developing its container and cruise businesses. As a landlord port (where the individual terminals rent their space and conduct operations), revenues from four container terminals account for 45% of the port's revenues, according to Bamford.

Plans are in the works for an expansion of the existing container terminal at

Roberts Bank, which would bring an additional 2.4m teu of capacity. If approved, work on the project would begin in 2018 with plans for it to become operational by the mid-2020s, by when economic forecasts indicate that extra capacity will be required.

Port of Vancouver is in the vanguard of smart and green shipping, with all container trucks serving the port required to be fitted with GPS units which enable 'turn times' to be charted to the minute. All its cruise terminals provide 'shore power' (since 2009) and its groundbreaking Eco-Action plan rewards vessels burning clean fuels and achieving reduced emissions.

For example, a 44,600gt bulk carrier visiting Vancouver this June would have received a possible saving of nearly \$2,000 on its harbor dues of \$4,200 per transit (maximum five transits) if it qualified for the Eco-Action plan's Gold incentive rate.

The presence of major shipping company offices is also an integral part of Vancouver's role as an emerging maritime hub. The VIMC, launched in September 2015, is actually a re-incarnation of an earlier effort in the early 1990s to bring shipping companies to Vancouver – especially



those from Hong Kong worried about the imminent handover of the former British territory to mainland China. Importantly, Teekay – which was then an Aframax tanker specialist operating out of Long Beach, California – also moved to Vancouver in 1991.

Graham Clarke, VIMC’s chairman and ceo, explained to Seatrade that its earlier iteration had been established with a limited life. This time around, the hard work put in by the VIMC in promoting Vancouver around the globe has already begun to pay off.

Ms. Katy Arsoniadis-Stein, VIMC’s executive director, detailed how multipurpose vessel operator AAL Shipping had been the first company to be drawn in, finding it ‘beneficial’ to set up a business development office in Vancouver, she said. Another new arrival has been recently formed Greystoke Marine Management, a start-up founded by ex-Teekay employees which aims to provide hands-on commercial and technical expertise to financial investors in maritime entities. In all, after just one year VIMC says it has some 40 business prospects in the pipeline.

Financial advisor Michael Shields, a partner in the Vancouver office of

PricewaterhouseCoopers LLP which works closely with VIMC, explains that a key advantage of being based in Vancouver is that ‘the administrative costs of running an entire corporate group is significantly reduced because of our rules.’ International shipping businesses can be run from Canada ‘without a taxable presence,’ says VIMC, while non-resident shipping companies operating in Vancouver with Canadian management will not be subject to Canadian tax on their income, even if they manage a global business from their Canadian office.

Teekay Corporation is synonymous with Vancouver. Its corporate headquarters is downtown, but its operations with a core of four NYSE listed entities and 14 offices, span the world. Its fleet of more than 200 vessels includes LNG carriers, conventional tankers, shuttle tankers, and FPSOs serving oil producers.

Besides Teekay, another tanker player base in Vancouver is Waterfront Shipping, the shipping arm of listed company Methanex, a leading supplier of methanol, which operates a fleet of some two dozen

Methanex newbuild vessel Mari Jone





product tankers, mainly in the MR sizes. Six of the vessels delivered during 2016 are dual fuel, capable of running on methanol, explained company president Jone Hognestad.

In the drybulk sector, Oldendorf Carriers and Pacific Basin both have Vancouver offices and are among the most active in the steel and forest products trades.

Perhaps one of the most well-known shipping names in Vancouver is Seaspan, which actually covers two very separate companies. Seaspan Corporation, presided over by Jerry Wang, is an NYSE listed company, leasing out its fleet of vessels ranging from 4,500teu to 14,000teu vessels to the world's major liner carriers under long-term charters. As of mid-2016, its fleet of owned and managed ships aggregated 104 vessels, plus 17 newbuilds on order for delivery by end-2017.

Meanwhile, another Vancouver stalwart is Seaspan ULC the privately owned parent of a newbuild, drydock and repair yard facility, which also owns and operates of a ferry service.

Seaspan Shipyard, the newbuild facility, recently won an award to construct seven 'non-combatant' vessels for the Canadian government, with up to 10 additional units possible. Following an extensive \$170m modernisation at the shipyard, construction of the first vessel, Sir John Franklin, an Offshore Fisheries Science Vessel (OFSV) being built for Canada's Coast Guard, is 50% complete, and construction of a second vessel has begun. ●



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