Leave no box behind

In the years to come, some author may write the equivalent of “Barbarians at the Gate” an account of the RJR Nabisco takeover, about the proposed sale of P&O to DP World. While the transaction is undergoing an additional 45-day review, it has ignited a firestorm of congressional righteousness not seen since the proposed removal of Terri Schiavo’s feeding tube.

At that time, Senate Majority Leader Bill Frist, a renowned surgeon, argued that doctors had erred in declaring Terri Schiavo in a “persistent vegetative state” because his review of video footage demonstrated “she certainly seems to respond to visual stimuli.” Unfortunately, the subsequent autopsy concluded that her brain had suffered “irreversible” damage and that she had been blind.

Frist should have known better than to allow political judgment to trump his training and knowledge in making such an obviously flawed diagnosis. The outrage over the DP World deal doesn’t have that problem; it appears that no one in Congress has the slightest understanding of the issues involved. Let’s try to set the record straight.

- **Terminals are not ports.** A port authority is a public entity that provides berth and pier infrastructure. A terminal operator actually operates the facilities and supports cargo loading and discharging. DP World is not taking over a port; it’s just operating a single terminal. Its terminals constitute less than one-third of the total at the ports involved.

- **Terminal operators do not load containers.** Shippers and third-party logistics providers load containers — and here is where the security challenge is greatest. Terminal operators handle them as a unitized load. The security risk is greatest at the time of cargo loading — not vessel handling.

- **This deal is not outsourcing security.** Although terminals provide physical security (i.e., fencing and driver checkpoints), the primary source of port security is the Coast Guard. The U.S. Bureau of Customs and Border Protection oversees cargo security. The employees at these ports will remain American. If Congress is really concerned about port security, it should remedy the current funding shortfall; ports have received only 8 percent of what they requested since the Sept. 11 terrorist attacks.

- **The world is flat.** OK, Thomas Friedman’s latest book may have been a laborious read, but one need only read the first section to understand that lowering trade and political barriers has changed the way we do business worldwide. DP World reflects this global trend. The U.S. terminal business has followed the U.S. merchant fleet overseas — to companies from Denmark to China.

- **Why object to this deal?** Less than two years ago, DP World encountered no resistance to its purchase of CSX World Terminals. While none of those terminals were located in the U.S., many served as loading sites for U.S.-bound cargo. Last July, PWC Logistics of Kuwait purchased Geol Logistics, a U.S.-based 3PL, without objection.

- **Is Dubai our friend?** Allegations have been made about Sept. 11 hijackers and transshipped nuclear material passing through the United Arab Emirates. In fact, we can only wish that the rest of the Middle East behaved like the UAE, a nation trying to replace dwindling oil reserves with logistics and tourism. The UAE was an early participant in the Container Security Initiative, and it has taken measures to screen for nuclear cargo that are a model for the rest of the world.

- **Can Congress by taught?** Yes. The Marine Transportation System and the Global Supply Chain. Offers have been outstanding for congressional briefings.

- **Save Dave!** Dave Sanborne has had his nomination for administrator of the U.S. Maritime Administration placed on hold because of his employment with DP World. (He is in charge of European and Latin American operations.) Sanborne’s appointment was welcomed by an industry that respected his experience in marine and intermodal operations. Delaying his confirmation will only delay addressing significant challenges that need immediate action.

The clamor over the DP World deal reinforces the notion that Washington simply doesn’t understand transportation. Concern would be better spent on ensuring that we have the right infrastructure in place, rather than who operates its various parts.

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