Shortsighted on short-sea?

It’s been said that vision without a plan is simply a hallucination. To many in our industry, the Maritime Administration’s support for short-sea shipping is such a vision. The following questions may help stimulate an informed discussion of short-sea shipping from which a plan might develop.

- **Is intuition enough?** Too often, the short-sea solution is intuitive. It is based on anecdotal stories of highway congestion — often I-95 — adjacent to “wide open” ocean space. This thinking closely resembles the rail intermodal thinking of a generation ago. Linhaul efficiencies do not automatically translate into a competitive door-to-door product.

- **Can we stop with the phony analysis?** All too often, the numerical analysis driving short-sea shipping is wrong. My favorite compared terminal-to-terminal short-sea against door-to-door truck. (The presenter ignored the short-sea truck pickup and/or delivery, to make the numbers more compelling.) There is no fooling the marketplace.

- **Is there really a business?** The industry must evaluate honestly whether short-sea is a business that will attract — and retain — private-sector operators and investment. While there are several successful operators, they have filled unique niches sufficient to support business. If the economics don’t work, the government must determine whether money can (and should) be found to subsidize short-sea, due to some perceived societal benefit.

- **Is the United States different?** Some insist that because short-sea shipping works in other parts of the world, it should work in the U.S. This ignores reality. Short-sea success is achieved through public policy subsidy, or from a lack of modal competition. The European Union subsidizes “Motorways of the Sea” to mitigate truck congestion because freight railroads are not a viable long-haul solution in most European markets. The prevalence of islands (i.e., Asia) and lack of other surface infrastructure (e.g., Central and South America) make short-sea shipping a natural solution in other markets. Conditions are vastly different in the U.S.

- **What is the market?** We must make the distinction between two possible markets: transportation combined with prior or subsequent ocean movement, and pure domestic transportation. The latter exacerbates congestion in major ports, while the former alleviates it. The Port Inland Distribution Network (PIDN) by the Port of New York and New Jersey is a good example of the former. The PIDN does not seek pure domestic movement. Instead, it seeks to eliminate truck movement through and around the port. To find noncongested port areas for pure domestic short-sea, out-of-the-way ports must be used.

- **What color is the water?** “Blue” water involves ocean movement; “brown” water uses rivers and inland waterways. It is probably necessary to recognize that operations in each type of water are significantly different, and they should be managed in different ways. A “one-size-fits-all policy” may not work.

- **What is the technology?** There are tradeoffs between containers lifted on and off by themselves and those rolled on and off with chassis. Lift-off may support increased volume (subject to clearances) but requires expensive crane infrastructure. (One is never enough.) Roll-on, roll-off works at nearly any port but may require specialized vessels. The solution will probably vary according to the market and water color.

- **What about passengers?** Short-sea may finally force the government to consider intermodal policy for freight and passenger. Short-sea transit (e.g., ferries) is already established in some areas of the country, and some proposed short-sea initiatives include possible carriage of freight and passengers (with or without their personal vehicles).

- **What about the elephant in the room?** There are a lot of economic obstacles to short-sea shipping. Some — such as reduced labor assessments on the rehandling of containers — have been resolved. Others, such as Harbor Maintenance Tax assessment, are still being considered. Yet the Jones Act has not effectively been addressed. Relaxing the Jones Act would penalize companies that have “played by the rules” by investing in U.S.-flag vessels. Still, it might be interesting to see if a Jones Act waiver could induce players to enter a market that had been heretofore unimaginable for short-sea shipping.

Short-sea shipping may be an attractive solution for certain transportation markets, but it will succeed only if it is addressed in a realistic fashion.

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