

PORT AUTHORITY OF JAMAICA

PORTS IN A STORM



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We look at the work of the Port Authority of Jamaica (PAJ) and the implications for the strategically vital Kingston Container Terminal

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With limited natural resources and not much in the way of large manufacturing industries Jamaica is reliant on its tourist trade, the agricultural products, notably bananas, for which it has become famous, and its service industries. Its ports are naturally the focal point of the tourist industry, however the capital Kingston is also the main trading port of the country. It is home to the strategically important Kingston Container Terminal (KCT), a facility that is expected to boost Jamaica's importance in the region at precisely the time the regional shipping trade is being transformed by major expansion of the Panama Canal.

Within PAJ's remit there are three major international ports - the Kingston Container Terminal, the Port of Montego Bay and the Port of Ocho Rios. The Port Authority of Jamaica acquired the Port of Montego Bay in 1986. It is the island's second international port. Port Handlers Limited, a private company, manages the port through a management contract. This fiscal year the company is expected to turn over \$108 million.

Owned by the Authority itself and operated by its subsidiary Kingston Container Terminal Services Ltd, the Kingston Container Terminal has established an enviable position as the premier container transshipment hub in the Caribbean. It lies on the main shipping route for traffic entering and exiting the Panama Canal. Already a major contributor to GDP growth, KCT is the feather in the Port Authority's cap.

The Port of Kingston, as well as being

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the gateway to Jamaica's capital city, is the seventh largest natural harbour in the world. Kingston Harbour consists of an almost completely landlocked area of water, roughly ten miles long and two miles wide. Much of this water, even close to shore, is deep enough to accommodate large ships. As a result of this, over the years following its establishment in the early 17th century very many wharves and finger piers – jetties built

at right angles to the shore - were constructed within the Port of Kingston.

One of the great disadvantages of the old finger-piers was that they concentrated a large number of ships on a relatively small area of shoreline. This might have been advantageous in a harbour short of deep berths and adequate access routes, but it proved a crippling disadvantage to Kingston, whose roads leading to the harbour had not

“THE WIDENING OF THE PANAMA CANAL WILL HAVE A TRANSFORMATIVE EFFECT ON THE REGIONAL PORT AND SHIPPING INDUSTRY”



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been designed to take this kind of traffic. By the mid-1950s it was obvious that some solutions would have to be found for the problems of Kingston's port, which was becoming increasingly inadequate for the rising quantity of goods flowing through it.

Work on the new port began in 1964. Engineering work went on throughout 1965. The first ship docked at Newport West in 1966 and by 1971, the old piers had mostly been abandoned. To open Newport West, the SS United States, one of the largest ships to visit Jamaica up to that time, docked there on February 14 1966.

KCT has gone through a number of expansions and improvements, the last

of which was completed in 2009. With a current capacity of 2.8 million TEUs (twenty foot equivalent container units) the port is ready for expansion up to 3.2 million TEUs in its current configuration by converting available land into further container storage space. The site has three operating terminals, each of them dredged to a depth of 13 metres and equipped with the latest materials handling gear as well as a computer-aided management system for both operations and

maintenance. Equipment includes 19 ship-to-shore gantry cranes, with four super Post-Panamax cranes among them; 30 stevedoring chassis; 28 yard tractors; 30 yard

977,144

Moves at KCT in FY 2011/12

trailers; two 4,000 horse-power tugboats; 73 straddle carriers; 24 trailer trains; four train tractors, and nine forklifts.

In 2011/12 the terminal handled a total of 977,144 moves, around ten percent short of its target and of the previous year's performance, and this brought the opportunities to be derived from the impending Panama Canal Expansion were brought into sharp focus, said PAJ chairman Noel Hylton. "The expansion is of seminal importance as it stands to change the characteristics of the regional containerised cargo trade." It will result, he predicted, in realignment of trade routes serving key markets in the western hemisphere, as shipping lines consolidate operations to seize the benefits from economies of scale and shift operating capacity to all-water services as a means of serving the North American markets. "The widening of the Panama Canal will have a transformative effect on the regional port and shipping industry and will result in the introduction of ultra-large ships and the emergence of a regional mega-hub. The expansion project will enable large vessels of up to 12,000 TEUs to access the Central America and Caribbean Region from the Far East via the Panama Canal."

Hylton is convinced that this will result



in an increase in the average size of vessels operating across the region, with shipping lines calling at fewer ports so as to maximise the cost advantages from the enlarged ships. "The lines have already begun to undertake steps to rationalise their operations into a single hub," he says. "Given the Port of Kingston's strategic geographical position, there is an immense opportunity for it to become a mega hub."

“GIVEN THE PORT OF KINGSTON’S STRATEGIC GEOGRAPHICAL POSITION, THERE IS AN IMMENSE OPPORTUNITY FOR THE PORT TO BECOME A MEGA HUB”

The Port of Kingston has several strategic advantages. It is the only port in the Central American and Caribbean region that has experience in handling 10,000 TEU ships. Strategic investment over the years means that KCT in particular is now ahead of its regional competitors with larger terminal area, more ship-to-shore gantry cranes and greater berthing capacity. "Kingston offers less deviation as it is ideally located on major shipping routes, specifically the North-South course from Panama to the US East Coast." Hylton points out. "The Caribbean Transshipment Triangle – from Freeport in the North to Kingston in the West and Port of Spain in the East, indicates our strategic position for cargo exiting the Canal."

All major works under the Fifth Phase Expansion project to lift KCT's capacity from 1.5 million to 3.2 million TEUs have now been completed. And more land will be acquired as it is needed for operations. The expansion project that will double Panama Canal's capacity from its current 300 million tonnes a year is due to be completed in the first half of 2015. It will boost not only PAJ's container business but also its very important cruise market, which remained more profitable during the recession period than did its cargo volumes. **BE**

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