A semi-monthly trade newsletter dedicated to the preservation and extension of the rail network in the Atlantic Northeast.

**ATLANTIC RAIL WATCH**

operating railroads + their intermodal facilities, ports, and government environment

---

**Issue 99:09**  12 May 1999

---

**REGIONAL ISSUES**

**Productivity:** Figures for some states.

**PW:** Income up, revenue down.

---

**CONNECTICUT**

[No report.]

---

**MAINE**

**Bond bill:** no progress.

**MC:** Dragon Cement update.

---

**MASSACHUSETTS**

[No report.]

---

**NEW HAMPSHIRE**

**Legislature:** Northern and Hampton revival bills. Taxation of state-owned lines bill.

---

**RHODE ISLAND**

[No report.]

---

**VERMONT**

**Capital program:** Addresses ABRB, NECR doublestack, Wells River acquisition, crossing reimbursement, 315,00-pound cars, moving Burlington and Rutland rail yards, Vermont Transit Authority, Montreal service.

**Amtrak:** Service expansion doubtful.

**Commuter:** Study on Essex Junction.

**Wells River:** Far apart on price.

---

**MARITIMES/QuéBEC**

**CBCN:** VIA train to Sydney. Coal imports. SYSCO future, direct reduction iron facility?

**CFQ:** Good 1Q results. Four CN v. Eagle legal contests.

**FTR:** NDP support for rail. NS short line act revisions pending. MTQ still working on rail program rules and short line act revisions.

---

**PORTS**

**Sydney:** Prior to Port Days, plans afoot for port authority, off-shore drilling, Sydport privatization.

**Halifax:** Reaction to Sea-Land/Maersk decision.

**Maine ports:** tonnage data for 1998.

**Portland:** Traffic turning around? Merrill’s description.

**Searsport:** Salt traffic up.

**Eastport:** Traffic low.

**FTR:** Eight more Canadian Port Authorities.

---

**FROM THE PUBLISHER**

Ports, ports

This issue catches up on some of the secondary ports in the region. We use that name to distinguish them from the major load center ports, of which the Atlantic Northeast has but three: Halifax, Saint John, and Boston. My least-favorite story of course concerns Sea-Land/Maersk deciding not to locate their giant facility in Halifax. Rail costs, I’ll wager, had much to do with that.

- Chop Hardenbergh

Next issue: 26 May.

---

**REGIONAL ISSUES**

---

**RAILROAD WORKER PRODUCTIVITY**

10 May, Bangor ME. US DATA CAN YIELD A MEASURE OF WORKER PRODUCTIVITY in various industries including

---

Common abbreviations:  
  B&A - Bangor and Aroostook System,  
  BAR - Bangor and Aroostook Railroad (part of B&A),  
  CFQ - chemin de fer Québec System,  
  CP - Canadian Pacific,  
  EOTC - Massachusetts Executive Office of Transportation and Construction,  
  GRS - Guilford Rail System,  
  FHWA - Federal Highway Administration,  
  FRA - Federal Rail Administration,  
  FTA - Federal Transit Administration,  
  MDOT - Maine Department of Transportation,  
  MTQ - Quebec Ministry of Transport,  
  NHdot - New Hampshire Department of Transportation,  
  NNEPRA - Northern New England Passenger Rail Authority,  
  NSdot - Nova Scotia Department of Transportation,  
  SLQ - St. Lawrence & Atlantic Railroad (Québec),  
  SLR - St. Lawrence & Atlantic Railroad,  
  VAOT - Vermont Agency of Transportation.
railroads, according to James Breece, associate professor of economics at the University of Maine. Writing in the winter 1999 edition of *Maine Business Indicators*, he calculates labor productivity and productivity ratio using US Department of Commerce data. ‘At the state level, labor productivity is calculated by dividing annual real gross state product by the annual average number of workers.’

Breece noted that at the national level, productivity rose from $40,000 in 1997 to almost $46,000 in 1996 [real dollars], indicating that output grew faster than employment. In New England, productivity rose from about $37,000 to well over $48,000 in the same period. For Maine, productivity comes in lower, changing from $32,000 to almost $36,000.

The professor goes on to calculate the productivity ratio - the fraction above or below the national average. In Maine, railroad productivity fell with respect to the national average. In 1977, workers produced about $23,890 or 89% of the national average. By 1996, productivity had risen absolutely, to $87,440, but dropped to only 63% of the national average.

### Regional railroad worker productivity
For *Atlantic RailWatch*, Breece used available figures to construct the table below. Due to disclosure rules, Massachusetts and Connecticut figures were not available.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ME</td>
<td>54.37</td>
<td>60.23</td>
<td>65.74</td>
<td>64.90</td>
<td>64.39</td>
<td>75.56</td>
<td>87.44</td>
</tr>
<tr>
<td>NH</td>
<td>52.05</td>
<td>54.50</td>
<td>61.62</td>
<td>67.93</td>
<td>68.06</td>
<td>76.35</td>
<td>83.93</td>
</tr>
<tr>
<td>RI</td>
<td>14.08</td>
<td>55.32</td>
<td>95.83</td>
<td>66.67</td>
<td>81.30</td>
<td>83.33</td>
<td>71.73</td>
</tr>
<tr>
<td>VT</td>
<td>57.69</td>
<td>57.47</td>
<td>67.46</td>
<td>55.56</td>
<td>45.11</td>
<td>66.04</td>
<td>68.67</td>
</tr>
</tbody>
</table>

The table shows that Maine leads the way for the states shown, yet all fall far below the national average of railroad worker productivity at $138,794. {Breece e-mail 9.May.99}

### PROVIDENCE & WORCESTER
7 May, Worcester MA. *PW NET INCOME INCREASED BY $124,000*, or 91.2%, to $260,000 in 1Q99 from $136,000 in 1Q98. The increase in net earnings resulted from the elimination of interest expense in the first quarter of 1999 as a result of the Company's paying off all of its long and short term debt in 1998. Interest expense amounted to $350,000 in the first quarter in 1998. In addition, non-operating income increased to $269,000 in 1999 from $186,000 in 1998.

PW operating revenue decreased, primarily the result of a decline in construction aggregate traffic due to adverse weather conditions during March. The railroad anticipated that shipments of this seasonal commodity will return to more normal levels during the remainder of the year. Historically, the Company has experienced its lowest levels of operating revenues and income from operations during the first quarter of each year. {PW press release}
TRANSPORTATION BOND BILL

10 May. THE LEGISLATURE NEEDS TO SORT OUT THE BUDGET, including whether to raise the gas tax and lower the sales tax. Only then, predicted one staffer, will the Transportation Committee and the Appropriation Committee look at the decisions to be made on the transportation bond bill [see 30 April issue]. {ARW discussion}

MAINE COAST

7 May, Thomaston. THE DRAGON CEMENT COMPANY USES RAIL IN PART TO “KEEP THE RAIL OPTION OPEN,” said Terry Veysey, vice-president of cement operations. A rail/barge move from Thomaston to the Rockland waterfront accounts for nearly all cement outbound outside Maine. But the rail traffic inbound, using the MC/GRS interchange at Brunswick, accounts for only a small part of the inbound coal and inbound iron oxide.

Coal

In 1981, the plant [then owned by Martin Marietta] converted to coal. It was delivered during the early 1980s entirely by rail, in a unit trains of up to 80 cars weekly [giving rise to the point by MC that if the coal movement had remained, everything else would have been gravy - see ARW 96#09]. Now, the plant annually brings in about 100-150 cars of coal from the Pennsylvania fields by rail in Pittsburgh and Shawmut or Bessemer & Lake Erie cars. {ARW correspondence with Mike Clements, Alan Seamans, and Ted Alexander of NERAIL e-mail list; Maine Central Railroad Messenger summer.81} Because of much lower prices, the balance of the plant’s needs (85%), comes in the form of petcoke by ship in Searsport [see ARW (then Maine RailWatch) 96#09] and is drayed to Thomaston, a distance of about 20 miles.

Iron oxide

Veysey also noted that from fifteen to twenty carloads of iron oxide (all production available) from a Connecticut source arrive at the plant each year. Because additional tonnage is required to meet manufacturing demands, Dragon also imports this material from an offshore source via Searsport.

Cement

The cement move to the Dragon pier in Rockland for transloading to barge represents not only the bulk of MC traffic, but also the only ‘other’ dry cargo marine movement represented in Maine statistics. The 113,299 short tons listed in the Maine Port Traffic table [see Ports below] consists of about 30 barges carrying about 4,000 tons of cement each.
Tonnage at ‘Other’ Ports

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
<th>Number of barges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>115480</td>
<td>32 (98#12)</td>
</tr>
<tr>
<td>1996</td>
<td>70752</td>
<td>~25 (98#12, 96#14)</td>
</tr>
<tr>
<td>1997</td>
<td>73612</td>
<td>~25</td>
</tr>
<tr>
<td>1998</td>
<td>113229</td>
<td>~31</td>
</tr>
<tr>
<td>1999 (anticipated)</td>
<td>160,000+</td>
<td>40+</td>
</tr>
</tbody>
</table>

Each cement car carries about 100 tons {98#12} so loading each barge requires about 40 carloads for the three-mile trip from Thomaston to Rockland.

Veysey pointed out that the cement storage silos in Newington NH and at Coastal Cement in South Boston were full at the beginning of 1997, hence the smaller movement during the year. Dragon usually ships by truck to Newington, but has used the barge to supply the Newington facility. {ARW discussion; tonnage figures from US Coast Guard via MDOT}

### NH Railroads

#### Legislature

4 May. A HEARING ON THE NORTHERN AND HAMPTON LINES at the Senate Transportation Committee drew favorable comments, and two comments in opposition.

#### Hampton

In HB444, the House agreed to fund a study re-opening the line to Kittery from Newburyport [see 7 April issue]. At the Senate hearing, C&J Trailways President Jim Jalbert opposed any capital or operating subsidy toward this effort. Already, he noted, C&J has lost 30% of its ridership from Newburyport south due to the success of that recently MBTA reopened line. [Jalbert also opposed the Amtrak service to Portland - see ARW95#09.]

Representative Martha Fuller Clark (D, Portsmouth) sponsored the bill, supported in her effort by Rockingham Regional Transportation Planner Chris Hrones. She said the time was right for a closer look at whether bringing back rail in the congested seacoast made sense.

#### Northern line

Dick MacKay, representing the Rails to Trails group presently using the Northern, opposed HJR 6, which as passed by the House supported the revival of the Northern. But NH Railroad Revitalization Association President Peter Griffin explained that trails and railroad operations could be compatible; that it was not necessary to scrap one for the other.

Griffin also characterized the state's economy as "fragile" - like a one-industry town - which would only become more precarious with total dependency upon roads. “New Hampshire does not have a balanced transportation system.” Griffin reminded senators. He concluded his testimony urging that the Dartmouth College/Tuck School study of the Northern's potential be expanded and updated. {Malcolm T. Taylor of Northeast News via NHRRA e-mail bulletin}

Note: The NHRRA will host a panel discussion on Tuesday, May 25th at 7:00 pm at the Andover Elementary/Middle School in Andover NH on restoration of the Northern Line from Concord to Lebanon and its importance to the regional economy.

7 May. THE BILL ON TAXATION OF STATE-OWNED LINES “will be ok,” said sponsor Gene Chandler (R-D, Bartlett). The bill is bogged down before the Finance Committee [see 30 April issue], which is seeking to meet a NH Supreme Court mandate on school financing. It should emerge when the school financing deal is completed. {ARW discussion}

### Vermont Railroads

#### General Assembly

1 May. THE NOW-PASSED TRANSPORTATION CAPITAL PROGRAM ADDRESSES SEVERAL RAIL ISSUES. The bill, H.537, has passed both houses and gone to the governor.

#### Albany-Burlington

Section 1(b)(9): A new project is added to the rail and aviation program, Hoosick-Burlington. The agency of transportation, or a consultant of its choice, shall inspect five bridges on the Hoosick branch from the New York state line to the Boston & Maine railroad main line in Hoosick Junction.

Section 11: Of the $2,300,000 appropriated in the fiscal year 1999 Budget Adjustment Act, $1,450,000 shall be for the purchase of welded rail and cross ties for upgrading the rail line between Hoosick, New York and North Bennington, Vermont. The sum of $850,000 of the $2,300,000 shall be for the purchase and replacement of cross ties between North Bennington and Arlington, Vermont.

#### NECR double-stack clearance

Section 1(b)(12): A new project is added in the rail and aviation program for assistance to the New England Central Railroad. The sum of up to $100,000 is appropriated from federal funds to the agency of transportation rail and aviation program (account #0408813300) which shall be matched by the New England Central Railroad for preliminary engineering, to make the railroad suitable for double stack traffic, including the tunnel at Bellows Falls.

Section 9: (a) The secretary of transportation, in consultation with the New England Central Railroad, shall continue to evaluate the feasibility of making the railroad suitable for double stack traffic, according to industry clearance standards, including the tunnel at Bellows Falls. The evaluation shall include consideration of the engineering and construction requirements and financing options to achieve the increased clearance. The secretary of transportation shall provide an updated report to the House and Senate committees on transportation by January 15, 2000, on the status of the
evaluating and on any recommended course of action.
(b) In conducting the evaluation, the secretary of transportation shall solicit local and regional input and seek to involve the New England Central Railroad, as well as other state agencies and departments, including the agency of commerce and community development.

Wells River Branch acquisition
The bill permits this [see language in 30 April issue].

Crossing reimbursement
Section 8 requires VAOT to reimburse railroads up to $2500 annually for maintenance of grade crossings.

315,000-pound rail car traffic
Under section 10, the General Assembly would state that ‘it is the state rail policy that improvements to state-owned and private rail infrastructure should be constructed to a standard that will accommodate rail equipment at a laden weight of 315,000 pounds, except in those instances where the secretary determines that improvement or maintenance to a lesser weight standard is appropriate for the uses of a particular rail line.’

Burlington, Rutland yards [see 12 March issue]
Section 12: (a) The agency of transportation is directed to hire a qualified consultant to study the feasibility of relocating the Rutland City and Burlington railroad yards and to develop a list of proposed sites for each yard and their associated cost estimates. The consultant shall investigate between five and 10 sites for each rail yard in Rutland and Chittenden counties respectively. At a minimum, the study shall use the following criteria in determining the feasibility of a proposed site: acreage size and availability; potential for adjacent industrial development; municipal and state permit requirements; compatibility with local land use and development planning; availability of power, sewage and water; access and proximity to municipal and state highways; environmental impacts including wetlands, floodplains, archeological and historical resources, contaminated soils and topography, consistent with, but not be limited to the to the following railroad uses, administrative facilities; existing railroad lines and routing; storage of rail equipment, infrastructure materials and fuel supplies; repair facilities; freight cargo storage and handling; and service of existing customers on site.
(b) The agency shall provide the consultant with technical assistance. The consultant shall request, from the railroad companies that operate in Vermont, the Chittenden County Metropolitan Planning Organization and the Rutland and Chittenden county regional planning commissions, comments relative to the criteria listed in subsection(a) of this section.
(c) The consultant shall submit a report of findings and recommendations to the agency of transportation, the rail council and to the house and senate committees on transportation by January 15, 2000.
(d) The agency of transportation shall utilize federal funds for this project to the greatest extent possible.

Reactivation of Vermont Transportation Authority
As noted earlier [see 22 March issue], VAOT is reactivating this body to deal with the Burlington commuter project. Under section 13 of H.537, the board terms will be revised, and under section 14 the authority - according to some original statutory language set up only to handle the Lamoille Valley line - give the power to handle ‘railroad passenger train service and facilities.’

Restoration of rail service to Montréal
Under an amendment passed by the Senate, the Transportation Authority is asked to determine the costs associated with operating passenger rail service between St. Albans, Vermont and Montreal, Quebec. The authority shall report its findings to the Senate committee on transportation on January 15, 2000. {text from General Assembly web site}

AMTRAK - VERMONT
27 April, Montpelier. AN UPDATE ON AMTRAK PRESENT AND FUTURE SERVICE was provided to the Vermont Rail Council by Sue Compton, VAOT’s rail coordinator.

General negotiations
In negotiating a multi-year contract [see 22 March issue] to begin July 1999, Amtrak wanted $2.6 million in subsidy for the first year, $3 million for the second, and $3.6 million, to continue the current Ethan Allen and Vermonter service. Negotiations settled on $1.12 million for the first year, with a cap of $1.4 million; the second year will cost $1.49 for existing service.

VAOT is talking about additional service to Boston, to Montréal, and Albany to Manchester. The agency hoped to have a optimal service plan by the end of August - which could end up as the current service.

Compton noted that the Vermont services feed into Amtrak main line services, so Amtrak should willingly take a loss. A 100% subsidy of Amtrak service by Vermont is not good. Vermont could access FTA funds for Amtrak [see 5 November 1998], but that would require a 13C labor protection agreement, one which the state has not signed in the past.

Concern about ridership
Amtrak has expressed concern that the number is not increasing. Greg Maguire, head of the Rail and Air division of AOT, noted that the numbers north of White River Junction are trailing off, and Amtrak suggested not running the Vermonter past White River Junction.

The additional services
In March, Amtrak told the Senate Transportation Committee that extending service to Montréal would produce “a serious loss on the Adirondack and on our Northeast Direct.” Amy Linden, the railroad’s vice-president for planning, policy, and development, noted to senators that a regional approach to New England rail service was needed before Amtrak agreed to restore service to Montréal, or between Bennington and Rutland, or between Vermont and Boston. “The question is how to optimize the service plan for the Vermonter, Ethan Allen, and Adirondack.”

Transportation Committee members rated the Montréal service highest. “We just think that if we can get the Montréaler we can restore ridership and increase demand for the train,” said
Peter Shumlin (D, Windham), “There aren’t a lot of people who go from New York City to St. Albans.”

The Legislature is directing the agency to examine service to Montréal [see above]. Amtrak wants fully-allocated costs, meaning $2.2 million. Bob Bergeson of the bus line Vermont Transit told the Council his company runs four trips a day to Montréal, with six in the summer, and ridership is increasing. Maguire stated that Montréal was asked to pay a portion of the train service, but declined, noting that New York, New Hampshire, and Maine do not contribute to their Amtrak service. Also, the Adirondack reaches Montréal at no cost to the city for the service.

Amtrak is not now open to a direct train to Boston, instead offering a cross-platform connection in Springfield MA. Some discussed a direct train from Montréal to Boston; others asked why Vermont should pay for people to travel between those two cities.

Vermont Rail Council input
Compton asked for more input from VRC on the Amtrak talks, and suggested a subcommittee to meet more frequently than the monthly VRC get-together. Charlie Miller, Mark Sinclair, and John Vincent volunteered for the subcommittee. {minutes of VRC meeting; Ross Sneyd in AP in Valley News 26 Mar 99}

COMMUTER
27 April, Montpelier. AN UPDATE ON THE BURLINGTON TO ESSEX JUNCTION COMMUTER SERVICE was given to the Vermont Rail Council by Paul Craven of the Chittenden County Metropolitan Planning Organization (MPO) [see 19 November 1998 issue]. The MPO expanded the scope of the feasibility study being done by R.L. Banks to include St. Albans and Montpelier, but had only enough funding to study Burlington to Essex Junction. If the final report, due in July, concludes the service is feasible, then the MPO will look at implementation.

A subcommittee of the VRC, composed of Al Perry, Ken Enzor, and Jerry Hebda, was formed to look at rail infrastructure priorities for the state. Craven will provide preliminary results of the study to the VRC at its June Meeting. {VRC minutes}

GRS- WELLS RIVER
27 April, Montpelier. THE RAILROAD AND VAOT DISPUTE THE PRICE. According to VAOT officials at the Vermont Rail Council, the state appraisal of the line came in at $1.1 million [see 12 March issue], while GRS is asking $5 million. Maguire estimated the cost of repair and upgrade to the 40 miles of track at $500,000. ‘Condemnation would involve the Attorney General’s office.’ {VRC minutes}

CAPE BRETON & CN
24 April, Stellarton. CBNS BUSINESS IS BOOMING, said the railway’s inside sales representative, Natasha McCarroll. Traffic is increasing at TrentonWorks, Kimberly-Clark, Stora Port Hawkesbury, and Michelin Tire. {Jennifer Hatt in New Glasgow Evening News 24 Apr 99}

8 May, Halifax. VIA ROLLED OUT ITS SYDNEY TRAIN CONCEPT during a dinner for booking agents. From May-October 1999, the train named Bras d’Or will run east on Tuesdays to Sydney, and back on Wednesday, ten hours each way (seven hours running time), cost $210 or about four times current bus fare.

VIA crews will run to Truro, where CBCN crews will take over. Said John Pearce of Transport 2000: “Now we must continue to work to get a regular, affordable, year-round train to Cape Breton that everyone can use. However the operation of this train overcomes many obstacles and should make a "citizen’s" train achievable.” {Pearce coverage}

11 May, Strait of Canso. COAL FOR NOVA SCOTIA POWER (NSPC) has arrived over the past two months in Auld’s Cove [see 12 March issue] to build up inventories. DEVCO’s Phalen mine is currently closed but should re-open in June. In the meantime, under the NSPC-DEVCO plan to build inventories, coal also arrived at DEVCO’s pier [see Sydney]. {ARW discussion with NSPC’s Stacey Lewis}

11 May, Sydney. THE SYDNEY STEEL COMPANY HAS A BRIGHT FUTURE, according to Ian Thompson, a manager of the plant for Hoogovens Technical Services. Hoogovens was hired by the provincial government to manage the plant until a buyer was found [see 8 January issue].

Current production/CN orders
Sydney Steel Company (SYSCO) uses an electric arc furnace to make steel, which then becomes rails, semi-finished axle blooms, or semi-finished briquets. A recent test order of the company’s rail [see 8 January issue] successfully passed CN’s examination, and SYSCO has orders in hand from the railway. Thompson pointed out that more North American orders should emerge once a private company owns SYSCO, for then the United States could be asked to lift the countervailing duties imposed on SYSCO products because it was receiving government support.

Need for full production
Electric arc furnaces function most efficiently when run 24 hours a day, seven days a week. Past management of the company was not able to achieve this, hence the past financial difficulties. Thompson, who like many of the Hoogovens people has many years’ experience in Canadian steel-making, noted that running continuously required sufficient demand in the market place, and a frame of mind on the part of company management. “The
facilities here are as good as any on the world.” If SYSCO can run efficiently, it would reach a “global competitive level.”

Thompson said the mill would like to produce half a million shipped tons. Instead of the 90,000 tonnes of rail produced in 1998, it would like to do 200,000 tonnes. The balance of production would be axle blooms and briquets.

Inbound and outbound traffic
According to Thompson, the mill receives 30% of its scrap metal by truck and rail - mostly the latter - from the Maritimes area. The other 70% it brings in by ship - several per year - from other markets, mostly the US East Coast, or as direct-reduced iron.

Outbound, SYSCO uses its pier on Sydney Harbor also, to ship rails to Mexico and other overseas points. Deliveries to North America, axle blooms as well as rails, occur mostly by train.

“We view our deepwater pier as a significant long-term asset to the company,” said Thompson.

Why leave the mill in Sydney?
The mill was built in Sydney because of the ready availability of coal and limestone, and the existence of iron ore just offshore at Sable Island and Newfoundland. SYSCO stopped using the integrated method of creating steel from iron ore in 1991, and installed the new electric arc furnace. One potential buyer, a Chinese company, reserved the right to move the mill [see 24 October 1996 issue], precipitating the question: why remain?

Thompson pointed out that the mill no longer relies on local iron ore, and no longer directly uses coal. But it will have access to natural gas at world prices when the Sable Island gas pipeline opens, possibly next year.

A direct reduction iron facility, located next to the steel mill, could produce iron for SYSCO using the high-quality iron ore in Labrador/Québec. The direct reduction process, unlike the old method of smelting iron ore to get iron, uses hydrogen and carbon monoxide produced from natural gas to remove the oxygen from the iron ore. The resulting material contains nearly pure iron.

The facility could supply SYSCO, and sell the balance of its iron output on the open market. With both the iron ore and the gas nearby, leaving the steel mill in Sydney would make sense to a future buyer, whether the buyer built the iron facility itself or not.

Tom Fleming, director of marketing for DEVCO [see Sydney], said his company had pushed several years ago for the construction of a direct reduction iron facility. The iron ore could arrive over the International Pier, which sits within a stone’s throw of the SYSCO pier. However, at that time natural gas was not easily available. The Sable Island project will provide the natural gas; distributors in Nova Scotia will be required to reach two-thirds of the population - meaning Sydney must be included - in seven years.

So where’s the buyer?
Contrary to a previous report [see 13 August 1998], Hoogovens did not agree to purchase the facility, said Thompson. As a gesture of good faith under its contract with the government to manage the mill to perform at a profitable level, Hoogovens agreed it might take a minority stake in the mill. However, said Thompson, “Hoogovens is not in the business of acquiring steel mills.”

The Chicago office of Dutch bank ABN AMRO (Amalgamated Bank Netherlands Amsterdam Rotterdam) has been retained to find a buyer. Furthermore, the union, the United Steel Workers of America, “is interested in an ownership position,” according to Thompson.

An existing steel company might buy the mill for additional capacity, and take over all management. On the other hand, an investment group, seeing the potential, might buy the mill but hire Hoogovens to manage it. Target sale date: end of 1999.

{ARW discussions 11.May.99}

CFQ SYSTEM - NEW BRUNSWICK
4 May, Edmonton. AN OWNER OF CFQ REPORTED GOOD RESULTS FOR THE RAILWAY in 1Q99. RaiLink Limited, the Canadian short line holding company, announced its own earnings per share increased 25%.

From the Quebec Railway Corporation (QRC, or chemin de fer du Québec, or CFQ), of which RaiLink owns 26.3%, it received ‘equity in income’ of $186,000, an increase of $4,000, or 2% from the same period in 1998. QRC’s 1999 results were negatively impacted by lower than expected traffic from forest products shippers on two of its lines. Results improved as the quarter progressed and this trend is expected to continue.’

[If RaiLink’s 26.3% earns $186,000, then CFQ must have
earned $770,000 for the quarter. [RailLink press release]

7 May, Miramichi. **FOUR LEGAL CONTESTS BETWEEN CN AND EAGLE FOREST PRODUCTS** now exist. Robert MacDiarmid, financial director for Eagle, gave this update [see 26 February]:

**Final offer arbitration**
Each year, beginning in 1997, Eagle has had to use this process to get a rate from CN to move its oriented strandboard from Miramichi to points of interchange with other railroads. [CN has pricing authority with the CFQ System and pays it a per car fee.] CN lost the 1997 and 1998 decisions. Said MacDiarmid: “We hope not to continue this. We want to make strandboard, not continue to spend incredible amounts of money on legal matters.”

The 1998 rate expired on 24 February 1999; since CN had not budged on the rate, Eagle filed for FOA on 25 February. The 1999 hearing will open in Toronto on 13 May. Based on past experience, MacDiarmid expects about five days of hearings, and a decision by the end of May.

**CN lawsuit for unpaid bills**
CN asserts, even though it lost the FOA for 1997, that during the period it hauled cars for Eagle in 1996 before the FOA began, it should receive its normal tariff, about 2.5 times what Eagle paid for carriage. CN has filed suit in a New Brunswick court to recover this money; pre-trial procedures are now complete, but MacDiarmid predicts “a minimum of one year” before the court will set a hearing date.

**CN appeal**
CN has appealed the action of the Canadian Transportation Agency (CTA) in 1996 referring the rate dispute to FOA. The federal Court of Appeals has not yet heard this.

**Award of costs**
CTA awarded costs to Eagle for CN’s egregious behavior first in failing to disclose matters to the Agency, and then in disputing the award of costs itself. The master appointed to determine costs is still working, so Eagle has not received a check.

**Ownership of Eagle/output/comparison**
According to John Godfrey, former principal in the Eagle partnership, he sold much of his interest to the Canadian forest products company MacMillan Bloedel which now, directly or indirectly, owns about 90% of the Eagle partnership. MacDiarmid pointed out that MacMillan Bloedel owns the North Superior Forest Products OSB plant in Wawa, Ontario, and 50% of a plant in Hudson’s Bay, Saskatchewan.

To increase output, Eagle will invest another $10 million in the plant over the summer and autumn of 1999. It employs about 150, and sends out about 85% of its product by rail (about 2500 railcars a year). The plant is running full-tilt at this point, to take advantage of high OSB prices at this point. By “working smarter, with less down time” company workers set a monthly production record in March, MacDiarmid said.

Despite the output, Eagle still stands a distant second to THE mill in Miramachi, meaning the Repap paper mill which makes light-weight coated paper. Repap employs about 2000 workers. [ARW discussion 7.May.99]

---

**FOR THE RECORD:**

**QUEBEC/MARITIMES**

SUPPORT FOR RAIL came from the New Democratic Party (NDP) Youth Wing in Nova Scotia at their meeting on 1 May, in two resolutions. One called on the party to ensure that the gypsum from the new Georgia Pacific mine in Medford move by rail [see 22 March issue]. The other supported Transport 2000 in its efforts to ‘pressure the government to assist the Cape Breton and Central Nova Scotia Railway in upgrading certain sections of line to support the passenger trains [see above].’ (text of resolutions via John Pearce of Transport 2000)

********

REVISIONS TO NOVA SCOTIA’S SHORT LINE ACT may arrive at the provincial legislature this session, said Don Stonehouse of NSDOT. The minority Liberal government is still deciding whether to put it on the legislative agenda. The NDP has the status of official opposition party, while the Progressive-Conservative Party holds the lowest number of seats. [ARW discussion 10.May.99]

********

MTQ IS MOVING ON TWO FRONTS with respect to railways, according to Roger Ledoux, a member of the rail group. Rules for the expenditure of the short line assistance program [see 22 March issue] should emerge in about one month, after approval by the provincial cabinet.

The rail group is also working on revisions to the Short Line Railway Act, and other policy changes which will reflect how the government interacts with the provincial railways. They require the approval of the Committee of Direction of the Ministere Transport Québec, which Ledoux expects shortly. [ARWdiscussion 10.May.99]

---

**ATLANTIC NORTHEAST PORTS**

**SYDNEY**

7 May. **THE UPCOMING PORT DAYS WILL LOOK AT INDUSTRIAL GROWTH.** according to the program and the master of ceremonies, Al Pace. As planned by Tourism Cape Breton for 19-20 May, one workshop will examine ‘Feeder ports and bulk cargo’, and a second ‘Future Offshore Potential.’ Furthermore, Jim Kelley, the director of international relations for the Canadian Coast Guard, will give the keynote speech on the significant challenges ahead regarding infrastructure development required for main harbours along Cape Breton’s east coast, and on the opportunities if the ports can meet these challenges.

Port Days is hosted by the ‘Ports of Cape Breton,’ which include Sydney, North Sydney, Point Edward, and Louisbourg. Docking facilities exist at Sydney Government Wharf (various commodities), Sydport Industrial Park (various commodities) at Point Edward, Cape Breton Development Corporation (DEVCO)
Division, seeks to sell Sydport, one of the properties it owns in ECBC, which morphed from DEVCO’s Industrial Development park which included a pipeline to the docks and rail access. Breton Corporation (ECBC) owned Sydport, a port.

Up to May, the federal Crown corporation Enterprise Cape Breton Corporation (ECBC) owned Sydport, a port-cum-industrial park which included a pipeline to the docks and rail access. ECBC, which morphed from DEVCO’s Industrial Development Division, seeks to sell Sydport, one of the properties it owns in Cape Breton. Sydport covers 600 acres (350 still available for development), including one mile of waterfront. According to Elaine Collins of the Cape Breton and Central Nova Scotia Railway (CBNC), the rail spur into the industrial park serves facilities handling plastics and building materials, and it could serve additional park tenants.

The Laurentian Group, headed by Martin Chernin, has an agreement in principal to purchase Sydport from the government. According to Pace, the Group has run into a bureaucratic snag which is preventing the immediate sale of the facility.

Rowe said the sale may be held up pending the results of the port authority study.

**Future offshore potential**

Pace said that according to an announcement the previous week, the Laurentian shelf shows geological promise of oil and gas fields similar to the Sable Island geology. “The major companies could spend the next five to fifteen years exploring the area.”

Tom Matthews of DEVCO said his company’s three coal mines extended “seven or eight kilometers out under the ocean” in the direction of Newfoundland. Beyond the DEVCO mineral rights area, the oil companies will begin drilling. The DEVCO property itself may have gas or oil, but drilling will flood the coal mines. {ARW discussions 7,10,11 May.99}

**Sydney Steel pier**

The company produces finished rail and semi-finished axle blooms and billets, according to Rowe and Collins. Both the railway and the pier move inbound scrap, and outbound product [see CBNC].

The Sydney municipal government, which includes all of the towns mentioned plus others, has hired consultant O’Halloran Campbell of Halifax to investigate whether creating a port authority to own or manage the various facilities would make sense. Rowe expected the consultants’ report in about four months.

**Infrastructure: Sydport**

Up to May, the federal Crown corporation Enterprise Cape Breton Corporation (ECBC) owned Sydport, a port-cum-industrial park which included a pipeline to the docks and rail access. ECBC, which morphed from DEVCO’s Industrial Development Division, seeks to sell Sydport, one of the properties it owns in

**WANT TO ATTEND SYDNEY PORT DAYS?**

It opens 19 May at 1400 hours at the Cambridge Suites.
Contact Nicole at Tourism Cape Breton: 902-563-4636.
Halifax-Dartmouth Port Development Commission

"Of course we're disappointed," said Wade Elliott, executive director. But he put the decision in perspective: container traffic through the Port of Halifax in the first quarter of the year is up 70%. CN's purchase of Illinois Central will open up new markets in the U.S. Midwest.

"We still have 10 container shipping lines calling at the port, and that includes some of the biggest blue-chip carriers in the industry....This is just round 1. It isn't over yet."

Metropolitan Halifax Chamber of Commerce

The Chamber views the decision as a temporary setback for the port. "New York cannot and probably never will be able to take a fully laden post-Panamax vessel," chamber general manager Valerie Payn said. "When crossing the Atlantic, these vessels will have to stop in Halifax and off-load a significant portion of their cargo."

Ms. Payn said the chamber agrees with port stakeholders container traffic will continue to grow on the eastern seaboard and that "we have the competitive advantage to win a major part of this business."

The CN reaction

In a statement, Canadian National said it appreciated the effort made by the stakeholders in Halifax. It remains "committed to the Port of Halifax and is confident the port will attract new container volumes destined for the U.S. Midwest." In addition to the financial investments in the line between Halifax and Chicago, 'CN has pursued service and pricing strategies that make it cost competitive for all steamship lines to increase their volumes through Halifax.' [Brian Hayes in Halifax Herald 9.May.99]

The Halifax Port Working Group

The Halifax Port Working Group is meeting this day to do a post-mortem using the information surrounding the decision. On the agenda: whether to continue to keep intact the Working Group, composed of the Halifax Regional Municipality, the provincial government, and the Port Authority, and what steps, if any, to take.

Don Stonehouse, head of policy for NSDOT, said his office would consider whether to continue to pursue improvement of rail service to New England and the tri-state area. "Of course, it’s harder without that volume to get the cooperation of railroads and governments." [ARW discussions 10&11.May.99]

The ocean carriers said the cost of rail from Baltimore to New York obviated the cheaper cost in Baltimore. [All the more so, then, for Halifax/]

MAINE PORT TONNAGE

The table below shows dry cargo (dry bulk, break-bulk, and containers, and not liquid bulk). [See 11 April 1996, 8 May 1997, and 30 1998 issues for previous years.]

<table>
<thead>
<tr>
<th></th>
<th>Short tons</th>
<th>1996</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Searsport</td>
<td>464,648</td>
<td>468,134</td>
<td>577,613</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>70,752</td>
<td>73,612</td>
<td>113,229</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,391,980</td>
<td>1,395,503</td>
<td>1,375,679</td>
<td></td>
</tr>
</tbody>
</table>

*This figure includes 1495 containers at the International Marine Terminal, plus dry bulk and break-bulk at Merrill’s Marine Terminal, plus salt at Sprague Energy terminal.

Petroleum traffic through Maine ports

This continues to dwarf dry cargo. The tonnage rose steadily from 1995's 14.4 million tons to 1998's 19.0 million. [US Coast Guard and MDOT figures, 23.Mar.99]

Shrinkage of Maine exports

As reflected by the port tonnage, exports of three of Maine’s five biggest export industries plummeted. Leather products decreased from about $105 million to $90 million; paper dropped from $390 million to $315 million; and seafood from a peak of $120.9 million to $102 million. Wood products showed a slight increase from $220 million to $224 million. Only electronics - computer chips from National Semiconductor and Fairchild Semiconductor moved by air to Asia - jumped, from $570 million to $701 million. [Massachusetts Institute of Social and Economic Research cited by Edward Murphy in Maine Sunday Telegram 2.May.99]

PORTLAND

7 May. PORTLAND TRAFFIC IS REBOUNDING from an off-year in 1998, when for the first time since 1990 Searsport’s dry cargo total tonnage exceeded Portland’s. The port (ARW includes South Portland) has three different handling areas: containers at the International Marine Terminal in Portland, dry cargo at Merrill’s Marine Terminal farther upriver in Portland, and petroleum products plus some salt and clay slurry across the harbor in South Portland, at a string of terminals.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dry Cargo</th>
<th>Of which container lifts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>608,845 short tons</td>
<td>n/a</td>
</tr>
<tr>
<td>1994</td>
<td>625,020</td>
<td>n/a</td>
</tr>
<tr>
<td>1995</td>
<td>564,696</td>
<td>n/a</td>
</tr>
<tr>
<td>1996</td>
<td>655,477</td>
<td>2797</td>
</tr>
<tr>
<td>1997</td>
<td>654,018</td>
<td>2173</td>
</tr>
<tr>
<td>1998</td>
<td>516,972</td>
<td>1495</td>
</tr>
</tbody>
</table>

Containers up in 1999

Because it largely handles exports (in the dry cargo sector), Portland was hit hard by the Asian slump. In 1998, the port lost 50% of its export business, resulting in a 30% drop in container volume.

But in 1999, that has turned around. Jack Humeniuk, director of International Terminal Operators Corporation, which runs the container operation, said Japan is buying more lumber, Thailand
and Philippines more processed seaweed, and Hong Kong more brown eggs.

Northeastern Log Homes, Incorporation of Kenduskeag has seen a turn-around, said its president Jonathan French. The company formerly sent 50-60 containers of log homes to Japan. In 1998, that dropped to 10; in 1999, with people in Japan more settled with the economic situation, French said the company had already exceeded the 1998 total. For overseas shipments - nearly all to Japan - the company drays containers to Portland. For its North American customers, the homes go out on flatbed trucks. The company does not use rail.

Captain Jeffrey Monroe said containers began to turn around in the latter half of 1998, a change which he attributed to a surge at the Conley container terminal in South Boston, new customers deciding to use the port, and a volume increase for current customers. [Portland and Conley share a feeder service to Halifax operated by SPM Marine - see Atlantic Northeast Rail and Marine Transport Review 1999]. At this point, the number of containers per week, at one trip per week, have risen from about 20 per week to 30/40 per week. Monroe forsees a total of about 2600 for the year.

**Bulk and breakbulk changes/Merrill’s**

Merrill’s Marine Terminal handles a wide variety of product, according to P.D. Merrill, principal. While much of the product moves by truck, the company handles about 4,000 rail carloads a year [see 22 May 1997 issue]. According to rail observers, GRS has laid on a new switcher, MM-1, to handle the terminal as well as warehouses around Rigby Yard in South Portland, going on duty each evening Monday-Friday.

Coal comes in by barge from Newport News, Virginia, and goes out by both rail and truck. Monroe attributed much of the 1998 decrease to a drop in coal trucked to the SAPPPI paper mill in Westbrook. According to Merrill, until November 1996 the mill sold its excess electricity to CMP, produced by a coal-fired generating plant, under contract. After that terminated, the mill continued to operate the generating plant with coal, but has shifted to biomass to fire the boiler, with some coal (less than 10,000 tons) burned during the winter to maintain BTU production. That shift spelled the end of the coal stockpile maintained at Merrill’s terminal for the previous 17 years.

In a separate stockpile, Merrill maintains coal for the Mead Corporation mill in Rumford. Several times a week, GRS runs a string of about 10 GRS-owned coal hoppers to the mill. [With the completion of a lateral from the natural gas pipeline running between Montréal and Portland, Mead may shift to gas.] Merrill noted that Mead used two or three times as much coal as the SAPPPI plant did at its peak. The total comes to about 2500 carloads annually.

Scrap metal arrives by truck and moves out by ship. Merrill noted that his terminal had moved about 70,000 tons per year for Tewksbury Metals, prior to its going through bankruptcy. Tewksbury at the same time was shipping about 200,000 tons through Portsmouth. Following the bankruptcy and the decline in the Asian economy, Tewksbury successor New England Metals Recycling (NEMR) is continuing to ship through Portland, but has stopped all shipping through Portsmouth [see 7 April issue].

Merrill confirmed that he had an exclusive contract with Tewksbury and has another with NEMR. “If I had two scrap customers, neither would accumulate enough for port calls.”

In the last two years, NEMR/Tewksbury volume dropped due to the company difficulties plus the Asian economic decline. In both 1997 and 1998, the company moved less than 15,000 tons.

Salt moves through the terminal for two customers. Merrill formerly had a third customer, Morton Salt; salt arrived by ship and was trucked from Merrill to a location at the Sprague Energy terminal on the South Portland side of the harbor. But in 1997 [see ARW 98/#01] Sprague Energy decided to employ a self-unloading ship, permitting the salt to be unloaded directly at the storage site. Bruce Atkins of Sprague explained that because his company’s pier lies off-shore, the self-unloading conveyor can just reach the salt storage pad.

Forest products continue to form a significant part of the terminal business, as they do for Searsport and Eastport. Merrill pointed out that his terminal handles pulp and paper both inbound and outbound. It travels overland by both rail and truck.


**SEARSPORT/MACK POINT**

11 May. SALT TRAFFIC DEFINITELY GREW at the Sprague Energy terminal on Mack Point, said the company’s Bruce Atkins. That may have accounted for the traffic increase, putting Searsport ahead of Portland for the first time since 1990.

How goes the design work?

Both Sprague and the B&A continue to work with MDOT on the engineering for new facilities at Mack Point. Atkins emphasized that the concept of two new piers remains the active option on the table, but all players are “looking at different ways to do it, every day” including using only one pier. {ARW discussion}
EASTPORT

10 May. EASTPORT TRAFFIC MAY NOT GET A REBOUND THIS YEAR, said Skip Rogers, head of the Federal Marine Terminals operation here. US Coast Guard statistics, supplied by MDOT, show the port peaking in 1996 at 201,103 short tons, falling to 199,739 in 1997, and decreasing to 167,865 in 1998. “This year could be another low year, with perhaps 125,000 tons,” a level last seen in 1989.

The decline reflects the poor Asian economy, said Rogers, since nearly all traffic through the port is generated by the Georgia Pacific mill in Woodland, which exports paper to Japan and the Far East. Firm additional customers have not yet appeared, according to Rogers.

Gail Nicholson, GP spokesperson, said that because of the lower prices abroad, the company shifted sales to domestic customers. Furthermore, only this mill in GP’s stable produces northern hardwood pulp, a product which is tight all over the world. That said, GP is continuing to ship both pulp and paper overseas. On 20 May, 4400 tonnes will leave by ship for Brazil, and the next day 2500 tonnes for Japan. {ARW discussions}

FOR THE RECORD:

ATLANTIC NORTHEAST PORTS

EIGHT MORE CANADA PORT AUTHORITIES were established under the new Canada Marine Act: Prince Rupert and Fraser River, BC; Trois-Rivières, Quebec City, Saguenay and Sept-Îles, PQ; Saint John NB; and St. John’s NF. {Transport Canada 27 Apr 99}
May 6, 2002

FROM THE ATLANTIC RAILWATCH DESK -

ATLANTIC NORTHEAST
Rail and Marine
TRANSPORT REVIEW 1999

Dear Transportation Chief:

You work in the Atlantic Northeast. You know what you need to do. Help manufacturers, in a region perceived as a transport backwater, compete globally. Find them timely, competent transportation at a competitive price.

Help has arrived! Atlantic Northeast Rail and Marine Transport Review 1999 will tell you what transportation options in railroads and ports are available now, and what they can do for you. Not only that - it tells you what’s coming, so you can position your manufacturers to respond.

ORDER BY CALLING ME AT 207-846-3549. Or e-mail me at c_hardenbergh@juno.com. Charge it to VISA or Mastercard. Operators are standing by!

PS: This book will cost you less than a dollar a day, and save you much more than that in time searching for that contact person, phone number, or address. We offer a complete, money-back guarantee if you are not satisfied.

“ The two authors have put together an outstanding book. It gives a strategic overview of railroads, ports, and government attitudes between two covers. And it’s loaded with facts not found together in any other place. For anyone who wants an edge in transportation issues, this is a wonderful tool.”

Tom Valleau, former director
Port of Portland
Below: Pioneer Valley Railroad yard in Westfield MA. On the left, plastics hoppers at the bulk transfer facility. In the middle, a pole yard. On the right, Jen-Coat Industries, a paper converter. For discussion, see 30 April issue.

Above: Massachusetts Central Railroad intermodal facility in Palmer MA. MECR locomotive spotting for the lifter; Amtrak’s Vermonter southbound on the parallel NECR track. For discussion, see 30 April issue.