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SC Ports remains positive about long-term outlook



SCPA continues to execute its capital plan and invest in infrastructure, such as adding a new ship-to-shore crane to the fleet at Wando Welch Terminal. The new crane, which has 155 feet of lift height, moved to the dock today. (Photo/SCPA/Walter Lagarenne)

CHARLESTON, SC - APRIL 14, 2020 - S.C. Ports Authority has seamlessly kept freight moving at its marine terminals and inland ports while noting strength in several business segments in March.

S.C. Ports Authority moved 185,631 twenty-foot equivalent container units (TEUs) across the Port of Charleston's Wando Welch and North Charleston container terminals in March. SCPA has handled more than 1.82 million TEUs thus far in fiscal year 2020, from July through March, up 2% from the same time a year prior.

As measured by the total number of boxes handled, SCPA moved 105,003 pier containers in March and 1.03 million pier containers fiscal-year-to-date.

Vehicle and breakbulk volumes were strong in March. S.C. Ports moved 24,755 vehicles last month and 174,095 vehicles thus far in fiscal year 2020, which is up 27% from the year prior. In the breakbulk segment, S.C. Ports handled 73,342 pier tons in March for a total of 541,661 pier tons fiscal-year-to-date, which is up 23% year-over-year.

S.C. Ports' two inland ports remain busy as customers look to efficiently move cargo from around the Southeast to and from the Port of Charleston via overnight rail.

Inland Port Greer saw 13,870 rail moves in March for a total of 113,790 rail moves in fiscal year 2020, up 15% from the year prior. Inland Port Dillon saw 1,614 rail moves in March for a total of 24,507 rail moves in fiscal year 2020, up about 17%.

S.C. Ports' ability to efficiently operate port terminals and build customized solutions for customers has proved vital during this challenging time. The Port provides an essential service, and the entire maritime community is working tirelessly to ensure supply chains remain fluid, S.C. Ports Authority President and CEO Jim Newsome said.

"We are incredibly grateful to our port employees and all those working in the maritime and logistics community for their dedication to ensuring cargo – including food, supplies and medical equipment – is efficiently delivered to communities," Newsome said. "We will navigate together through this challenging time and come out of this stronger than before."

Newsome shares outlook for fiscal years 2020, 2021

S.C. Ports Authority has revised its container outlook for fiscal year 2020 - which runs from July 2019 to June 2020 - to 1.345 million pier containers, as compared to fiscal year 2019 volume of 1.364 million pier containers.

Ro-ro automotive shipments and cruise passenger counts will end fiscal year 2020 ahead of fiscal year 2019 based on a very strong performance in the first nine months of fiscal year 2020.

"It has become increasingly clear since the end of Chinese New Year that the COVID-19 manufacturing shutdown in China and the subsequent, significant shutdown of the consumer economies in the U.S. and the Western world means that we will not achieve our fiscal year 2020 volume plan," Newsome said.

With a view toward a more conservative outlook for fiscal year 2021, the port is taking a series of immediate cost-cutting actions to address this anticipated shortfall:

- Deferral of one-time crane move from Wando Welch Terminal to North Charleston Terminal.
- Hiring freeze.

- Reduction in overtime through less vessel work.
- Significant reduction in business travel and entertainment.
- Significant reduction in advertising and promotion.
- Deferral of implementation of Tideworks, a terminal operating system, until the opening of the Hugh K. Leatherman Terminal.
- Elimination of temporary workforce.

SCPA is targeting an overall reduction of 10% in costs (excluding depreciation), which equates to about \$20 million (on a cost structure of \$220 million).

There will be no layoffs of full-time staff. The finalization of the Hugh K. Leatherman Terminal - Phase One remains on track to open in March 2021, along with the Charleston Harbor Deepening Project, on schedule to achieve 52 feet of depth in 2021.

“We are proud of the dedication of both the SCPA workforce and the greater South Carolina maritime community in keeping port operations fluid in these unusual and challenging times,” Newsome said. “We continue to be very positive about the long-term outlook for both the Southeast port market and the South Carolina Ports Authority in view of a number of business development initiatives, which are ongoing.”

SCPA is currently formulating its budget and business plan for fiscal year 2021, which will be approved by the board at its June meeting. SCPA’s fiscal year 2021 begins July 1 and runs through June 30, 2021.

Infrastructure investments remain crucial

Over the past five years, S.C. Ports has invested heavily in long-term infrastructure, including increasing capacity and upgrading equipment, to handle the mega container ships being deployed today.

Three new ship-to-shore cranes with 155 feet of lift height have started working vessels at Wando Welch Terminal. The cranes arrived in October and underwent months of testing before being commissioned. The cranes are incredibly tall and have a wider reach, enabling crane operators to seamlessly move containers back and forth on 14,000-TEU-and-above vessels.

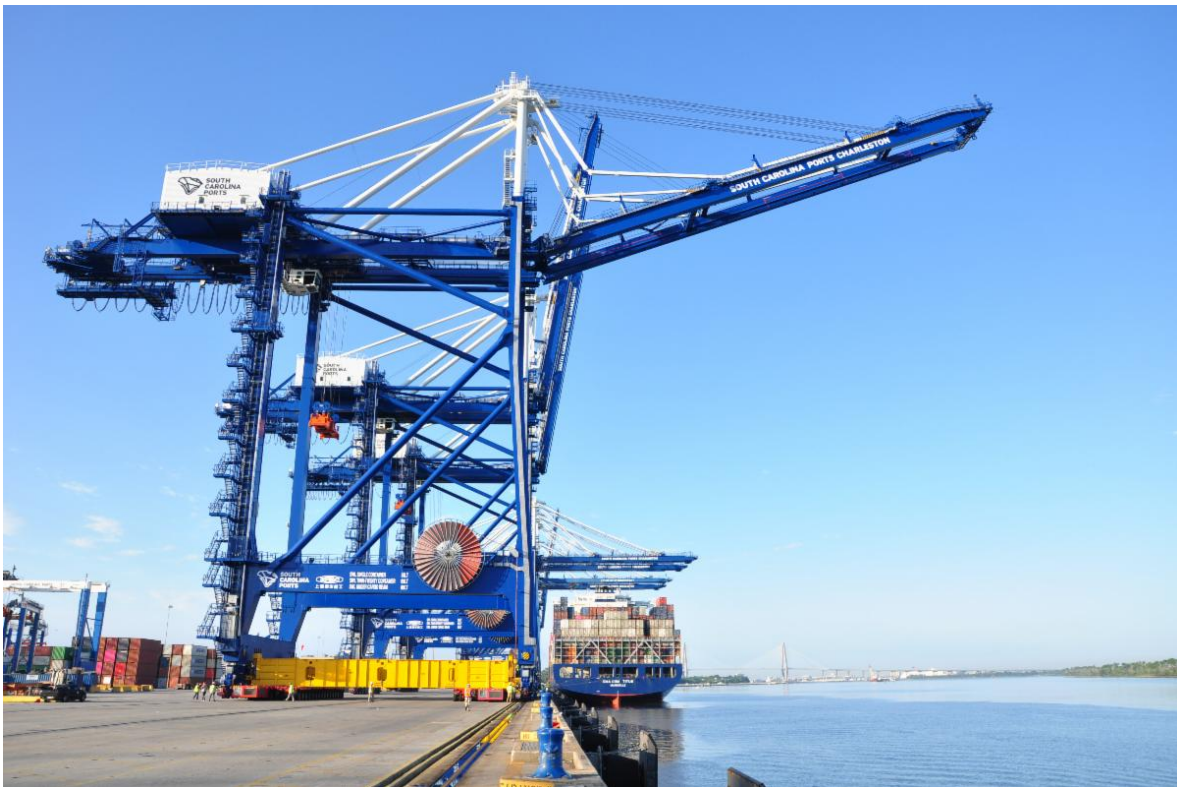
S.C. Ports is also preparing to open the Hugh K. Leatherman Terminal in March 2021, marking the country’s first new container terminal in more than a decade.

Phase One will have a 1,400-foot berth, 25 hybrid rubber-tired gantry cranes, and five new ship-to-shore cranes with 169 feet of lift height and 228 feet of

outreach.

The state-of-the-art Hugh K. Leatherman Terminal will greatly enhance S.C. Ports' capacity and capabilities. The first phase will add about 700,000 TEUs of capacity; when fully built, the three-berth terminal will double port capacity.

“S.C. Ports is moving ahead with building critical infrastructure to ensure efficient operations and big-ship readiness,” Newsome said. “These investments are vital to remaining globally competitive, which benefits South Carolinians. Port operations support 1 in 10 jobs in South Carolina, and those jobs pay 32% higher than the state’s average wage, generating great economic benefits to our communities. We are proud to play a role in this.”



S.C. Ports' newest ship-to-shore crane moved to the wharf at Wando Welch Terminal today to begin working vessels. This is the final crane to move of the three that arrived in late 2019. (Photo/S.C. Ports Authority/Walter Lagarrene)

About South Carolina Ports Authority

South Carolina Ports Authority (SCPA), established by the state's General Assembly in 1942, owns and operates public seaport and intermodal facilities in Charleston, Dillon, Georgetown and Greer. As an economic development engine for the state, Port operations facilitate 225,000 statewide jobs and generate nearly \$63.4 billion annual economic activity. SCPA is soon to be home to the deepest harbor on the U.S. East Coast at 52 feet, and the Port is an industry leader in delivering speed-to-market, seamless processes and flexibility to ensure reliable operations, big ship handling, efficient market reach and environmental responsibility. For more information on SCPA, please visit www.scspa.com .

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