

Ports deal puts focus on docks

Key part of economy vulnerable to terrorists

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A political uproar over the possibility of a Persian Gulf state enterprise operating a cargo terminal at Port Newark is focusing attention on the thriving, yet fragile, maritime industry.

The source of nearly a quarter-trillion dollars in foreign trade for the region, the bustling container ship terminals just off the New Jersey Turnpike are adding jobs and seeing business grow by more than 7 percent a year. Yet the docks at Newark and Elizabeth remain one of the more tempting terrorist targets in the metropolitan area.

The frenzy over Dubai Ports World — owned by the government of the United Arab Emirates — may be cooled by the company's promise to delay its takeover at a half-dozen terminals in American ports now operated by a British company. But it's also pointing out the fact that the United States years ago gave up its one-time dominance of maritime trade, outsourcing much of it to foreigners who will do the hard work cheaper.

"This thing has stirred up a lot of controversy among longshoremen, tug captains, people who work in the harbor generally," said Richard Naruszewicz of Woodbridge, a refueling tanker captain whose work takes him across Newark Bay and New York Harbor every day. "A lot of people say friend or foe, Americans should be doing it (running the terminals). . . . It's the talk of the harbor."

An international business

Chairman Anthony Coscia of the Port Authority of New York and New Jersey said the agency is suing to terminate a 30-year lease with London-based port operator Peninsular & Oriental Steam Navigation Co., rather than see the lease inherited by Dubai Ports World as part of a \$6.8 billion deal to acquire P&O operations worldwide. Coscia contends the authority can cite "security concerns" as a reason to void the lease it signed with P&O in 2000.

P&O runs half of the Port Newark container facilities. The better-known tenant there is Denmark-based A.P. Moller-Maersk A/S, the world's largest container ship company, whose blue-hulled Maersk freighters are a familiar sight at the Newark berths and in the harbor approaches off Sandy Hook.

To the south along the Arthur Kill, the Howland Hook terminal, next to the Goethals Bridge on Staten Island, is operated by a subsidiary of Hong Kong-based Overseas Orient (International) Limited. Howland Hook is also a major shipping point for the U.S. military — when troops go overseas from Fort Dix, much of their equipment goes by sea.

"The maritime industry is such a global industry that it's not unusual for foreign companies to run these port operations," said Capt. Timothy J. Ferrie of Point Pleasant, who pilots ships in and out of the harbor and is a member of the United New Jersey Sandy Hook Pilots Association.

"There are no American steamship companies left. Zero, that's it," Naruszewicz said. "After Sea-Land merged with Maersk (in 1999), that was it."

The ships themselves are thoroughly international; a tanker or freighter may have Russian or Italian owners, the flag of Cyprus flying to represent its country of registration, and several

nationalities represented in the crew. Still, "every ship that comes into the harbor has Americans coming on it," said Ferrie, who is president of the Maritime Society of New York City. "It's not like foreigners are just coming in and doing their own thing. There's American involvement every step of the way."

A good reputation

Dubai Ports World has a solid reputation in the maritime world, and "there are good, highly trained Americans involved in that company," Ferrie added. "I think the president is correct in saying it (opposition to the sale) sends the wrong message to the rest of the world."

The United Arab Emirates was home to two Sept. 11, 2001, hijackers, and its banking system was a conduit for al-Qaida funding, according to the 9/11 commission investigation report. But its government is one of Washington's allies in the Gulf region, so the fact that an Arab-owned company is coming under hard scrutiny in New York Harbor is not lost on commentators in the emirates.

"If the American politicians were smart, they would hold Dubai up as a role model," said Abdul Khaleq Abdulla, a political scientist at Emirates University. "Punishing us sends the wrong message."

The tone of U.S. critics was shocking to leaders in Dubai, which styles itself as a Mideast Switzerland, steering clear of conflict and focusing on business.

"We don't like the tone of this," Abdulla said. "Many of us see a hint of racism there, disguised as security concern."

Despite assurances the company will delay its arrival, critics from both parties in Congress clearly want to kill the deal. Sen. Robert Menendez, D-N.J., said the company's offer "isn't worth the paper on which it is written. . . . If the Bush administration will not stop this deal from closing, Congress must."

"New York and New Jersey politicians will continue to beat up on this for a long time," said Ross Baker, a professor of political science at Rutgers University who studies Congressional politics. "Especially the Democrats, who don't hold many strong cards on national security. This has been like nectar in the desert for them."

On the other hand, Baker said, "the U.S. doesn't have a lot of allies in the Arab world, and you don't want to be blowing off the ones you do have."

Even if some objections are arguably irrational, the deal is still a bad idea "because 9/11 is still too emotionally close for many of us in and around New Jersey," longtime political analyst and commentator Steve Aduato wrote on his blog at politics.nexcess.net/adubato.

"We are even willing to have the civil and in some cases constitutional rights of certain ethnic groups be infringed upon. No one wants to talk about it. No one will admit it. But it is true," Aduato wrote. "This whole thing is like racial profiling, but only against Arabs at our ports."

Fragile enterprise

The Port of Newark is "probably the third biggest port in the country," said Joseph Seneca, a professor at the Edward J. Bloustein School of Public Policy at Rutgers University who studies state and local public financing and economics. "The only two ports ahead of us are Los Angeles and Long Beach in California. It's a huge player in international trade for the country."

Some 4.5 million containers came through the port in 2004. Estimates pegged the 2005 volume of

imports as climbing 7.5 percent from the year before, with a total value around \$226 billion.

Outgoing American export products from New Jersey rose 9 percent to \$21 billion in 2004, Seneca said. While America's trade imbalance reached \$725 billion last year, a weaker dollar has improved overseas markets for U.S. products.

Bigger and faster cargo ships helped New Jersey accrue more trade. Direct shipping is cheaper than offloading containerized Asian goods in California and shipping them cross-continent by rail, Seneca noted.

Behind New Jersey, Oakland, Calif., and Charleston, S.C., rank in fourth- and fifth-place respectively among U.S. ports. But Port Authority officials can't rest on their present market position; the shipping business is highly competitive, Seneca said.

Port advocates say that means New Jersey can't afford to fall behind. That was their key argument during a 1990s debate over dredging-contaminated sediment from the harbor, when shipping companies warned they might transfer their operations to other ports if navigation became too difficult.

The West Coast dock strike of 2002 illustrated how seemingly temporary problems can lead to permanent shifts. Some of New Jersey's increase in import traffic, particularly from Asia, has been a direct outcome of the strike. Shippers made Newark and Elizabeth their destinations during the strike, and some stayed there, experts say.

Security stepped up

After the Sept. 11 attacks, port officials immediately realized the threat of a seaborne attack on the harbor. If shoaled channels and berths were enough to threaten the port a few years before, the impact of even a single terrorist incident involving the shipping industry could not be underestimated.

To step up security, the Coast Guard ordered shippers to give 96 hours notice before incoming vessels arrive at Ambrose Light, the entrance to the lower harbor where pilots such as Ferrie climb aboard to guide the ships to dock.

"It's made our jobs longer when the ship has to be inspected," Ferrie said. "The system is fairly smooth. The Coast Guard has done a good job of scheduling the inspections. A lot of these ships are tide jobs, so they can only move at certain times of the day." Coast Guard officers check crew lists and cargo manifests, Ferrie said. Since 2001, the Coast Guard and customs service have been working to extend surveillance to foreign ports, trying to identify cargoes and ships at risk of being infiltrated by terrorist organizations.

On the docks, a work force of about 6,800 is subject to background checks by the Waterfront Commission of New York, a bi-state police agency.

"It goes back to the early 1950s, the period shown in the movie 'On The Waterfront.' The New York State Crime Commission and its counterpart in New Jersey found the mob had a stranglehold on the port's business and dock jobs," said Thomas DeMaria, the commission's executive director.

"Our jurisdiction is anyone who has anything to do with the movement of waterfront freight," DeMaria said. To get a job, an applicant must be sponsored by one of the waterfront companies, and go through a review that includes checks of Social Security and driver's license numbers, and a search of FBI and police databases, he said.

"The longshore register is a closed register, and the Waterfront Commission is the gatekeeper," DeMaria said. "If Dubai wanted to bring in, say, 100 new workers, they'd have to petition us."

Some dock workers are not U.S. citizens, but DeMaria could not offer an estimate of how many are in the work force. Resident alien workers go through the same background checks with the help of federal immigration authorities, he said.

Contrary to what some commentators say, "the port of New York is not going to be 'run' by this company," DeMaria said. "The Coast Guard runs the port. The Port Authority is the landlord. We and Customs and other agencies provide security."

Naruszewicz said he's worked in the harbor for 29 years. There's been big changes since the 2001 attacks, when his tanker shuttled people from Manhattan to Highlands, he said.

"They've made big strides, but a lot still needs to be done," he said. "It's massive. Take into account that only maybe 5 percent of the containers coming in get checked."

"In the middle of all this, New York Harbor is gearing up for the next generation of mega-container ships. The harbor's being dredged down to 50 feet" to accommodate the massive freighters, he said.

The effort by the Bush administration and Dubai Ports World to allow a cooling-off period may not make much of an impression on people such as Robert W. Hoebee of Lacey. Hoebee said he worked for a company that made seawater intake components for ships, so he spent some time in Port Newark.

"There is so little observation of what's going through the port," Hoebee said. "I remember going on one Russian ship and people were just walking on and off, with no one checking whether they belonged there."

"This was a secret, behind-closed-doors deal," Hoebee said. "They should at least reopen the bidding, and let American companies in."

The Associated Press and Gannett News Service contributed to this story. Kirk Moore: (732) 557-5728

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