

# HISTORY REPEATS ITSELF

History has a way of repeating itself — often times for the good. This is one of those times.

Over the past couple of months, a new business venture has developed for CSL International that traces its origins to an old concept practised off the coast of Nova Scotia.

CSLI recently completed two coal top-offs in the Strait of Canso for Xcoal Energy and Resources. Although Xcoal's Ernie Thrasher says, "CSLI deserves all the credit for coming up with the top-off concept," it was initially developed by Primary Coal and Canada Steamship Lines back in the early 1980s when severe port congestion on the U.S. East Coast prompted shippers to move their coal out of Lake Erie ports. Lakers were kept busy moving coal through the Seaway to Sept-Îles, QC where they would load Capesize vessels. As the port congestion alleviated on coast, the business tailed off for CSL.

"The concept was reinvigorated due to our increased business in Asia," explained Thrasher. "In order to demonstrate a long-term supply chain in supplying coal in a competitive fashion, Xcoal needed to load larger Capesize vessels."

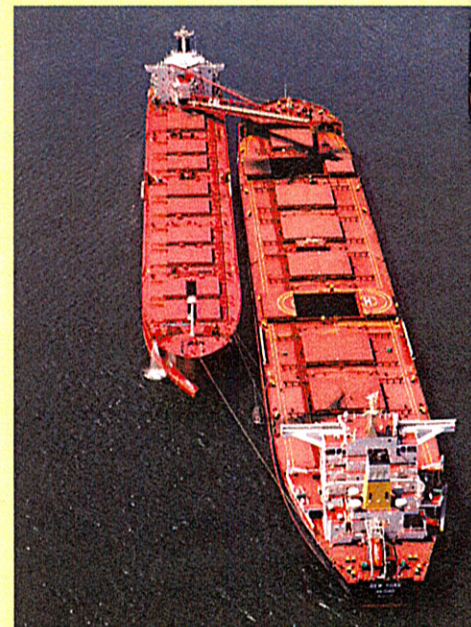
Each group realized that the efficiency of loading larger "Capes" in Baltimore, and topping them off in the Strait of Canso would provide the benefit of a lower freight cost. Working with Xcoal, CSLI initiated a top-off plan based on its experience from the 1980s.

The first top-off took place in June when the 177,000 dead-weight-tonne **New York** loaded coking coal in Baltimore. Due to draft restrictions in the Chesapeake, the ship loaded a maximum of 107,248 tonnes. While the **New York** was loading in Baltimore, the CSLI Pool vessel **Bernhard Oldendorff** was loading 54,798 tonnes of coal in Newport News, VA. The vessels then met at Canso where the **Bernhard Oldendorff** unloaded her cargo into the **New York**, topping her off.

The Strait of Canso is the ideal location for ship-to-ship cargo transfers as it offers the most protected deepwater port in North America.

"The success of this concept comes down to CSL International's initiative to meet with the OGV's (Ocean Going Vessel) owners who are unfamiliar with a top-off concept, and to provide the owners with the comfort and certainty that the top-off would be done safely and efficiently," said Thrasher. "CSLI gained their trust and confidence to perform this type of operation. In addition, Xcoal's long-term contract to carry large volumes for the customer fits with CSLI's long-term strategy for the vessel. The intrinsic value of the operation has a purpose and value and demonstrates what CSL International is very good at. Each member involved gets the benefit of the concept."

And history remains true to form. ■



CSLI Pool vessel *Bernhard Oldendorff* tops off the Capesize *New York* in the Strait of Canso, Nova Scotia.