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Tugboat Industry Is Experiencing a Revival

By CHRISTOPHER MAAG

CLEVELAND, June 22 — The latest sign of America’s tugboat building boom sits on a bank of the Cuyahoga River here. Shaped like a curved silver tongue, the steel hull of the Great Lakes Towing Company’s first tugboat lies upside down in a brand-new factory.

The unfinished boat — and two more like it — are already sold, for \$4 million apiece.

“Oh, we’re very excited,” said Ron Rasmus, president of Great Lakes Towing, which was founded by John D. Rockefeller in 1899.

It is not the only old company jumping into the newly hot business of building tugboats. The Foss Maritime Company, based in Seattle and founded in 1889, started building tugs for the first time in 2005. It has already completed 10 boats. “Since all the shipyards are booked solid, we figured we could build them quicker ourselves,” said Don McElroy, its senior vice president for marine transportation.

Never in the tugboat industry’s 170-year history has there been such demand for new equipment, according to a study published this spring by Marcon International, a tugboat brokerage company. Shipyards that were nearly abandoned five years ago now have enough work to last at least through 2010.

“A lot of folks had given tugboats up for dead,” said Jonathan Whitworth, senior vice president of OSG America, a shipping company that operates a fleet of tugs. “Not anymore. This was a sleepy business that has finally woken up.”

The demand for tugs is driven in large part by new needs in the industry. As behemoth container ships grow even bigger, pushing them around cramped harbors requires tugs with bigger engines that can fit into tight spaces, Mr. McElroy said. About 78 feet long, with about 6,000 horsepower, most new tugs built by Foss Maritime are 5 to 10 feet shorter and have 2,000 more horsepower than the boats they are replacing, Mr. McElroy said.

Also, after the [Exxon Valdez](#) catastrophe in Alaska, Congress passed the Oil Pollution Act of 1990, which required barges carrying petroleum products to be double-hulled by 2015. That meant that the tugboats that push the new heavier barges needed more power — OSG America’s new ocean-going tugs will have 12,000 horsepower each — adding to the demand for tugs.

“They’re all going full-blast,” said Doug Scheffler, a researcher for American Waterways Operators, the tugboat trade association.

Established builders are trying to increase capacity wherever they can. Washburn & Doughty, one of the nation’s leading tugboat shipyards, is negotiating to buy or lease two new sites near its factory in East Boothbay, Me. The company plans to spend \$7 million this year to build a new plant. It will hire 50 new workers, nearly doubling the size of its operation, said Matt Maddox, the shipyard’s director of human resources.

Bollinger Shipyards in Lockport, La., already has three shipyards dedicated to building barges and boats for the tug industry. The company is shopping for more land to build a fourth yard, said Robert Socha, vice president of sales.

Historically, booms in the tugboat industry go on for years. Busts last decades. Hundreds of tugs were produced during and immediately after World War II, said Ted Tregurtha, president of the Moran Towing Corporation, of New Canaan, Conn., which was founded in 1860.

By the 1970s, most American tugboats were nearing the end of their productive lives. Congress changed the Capital Investment Tax Credit law in 1975, creating large tax shelters for corporations that invested in transportation equipment like tugboats and airplanes, said Clayton Cook, a maritime tax expert who served as general counsel for the federal Maritime Administration in the 1970s.

A building frenzy ensued. Far more boats were built than American operators actually needed, Mr. Tregurtha said. Throughout the 1980s and 1990s, many boats sat unused, Mr. Whitworth said. Banks were selling repossessed tugs for 30 cents on the dollar, said Bob Beegle, president of Marcon International.

“For years, we scratched out a living building docks on the river,” said Ted Verret, president of Verret Ship Yard in Plaquemine, La. “It was very bleak.”

Through the 1990s, the nation’s shipyards built about 10 tugboats a year, Mr. Beegle said. Today they are building 60 a year. Many shipyard leaders say they regularly turn away work because they do not have the factory space or the manpower to build any faster.

As their work forces age, tugboat operators and builders say it is difficult to find new workers. Moran Towing is trying to lure young crew members by equipping its new tugs with DVD players, flat-screen televisions, high-speed Internet connections and more comfortable beds.

Meanwhile, the backlog of orders has pushed up the average price of a new tugboat 20 percent in the last three years, Mr. Tregurtha said. It used to take a year for an ordered boat to be delivered, Mr. Beegle said, but now the average wait time is two years.

“Good God, all this stuff is being built left and right,” Mr. Beegle said. “The demand just keeps going up.”