

I don't see 150 ships at Hampton Roads waiting for berths or coal freight rates to Japan at \$26.00 per ton as it was in the early 80's, but I do see by the early 1990's an increased dependency on coal. Our additional draft will ensure a quick turnaround and stabilization of ocean freight rates by using the Cape sized vessel. Obviously, this will increase the competitiveness of U.S. coal exports.

Clearly coal exporters seek deeper ports to stay competitive. This point appeared in early June in Dean Witter's monthly Coal Newsletter, "Conrail's dumpings at pier 124 in Philadelphia may be reduced in the future. Conrail may divert some of its Philadelphia coal to the Consol pier in Baltimore. The Baltimore pier will be dredged to 50 feet in 1988 and will therefore be better equipped to handle larger vessels than the Philadelphia pier, which will remain at a depth of 40 feet."

By next summer, we will have a 50-foot draft at Hampton Roads. Presently, at Hampton Roads, there is loaded on a Cape sized vessel of 150,000 dead weight tons loading for Japan via Richards Bay, South Africa, on a draft of 46 1/2 feet, approximately 120,000 tons. Afterwards, she proceeds by Richards Bay to top off for her balance of an additional 25,000 tons of coal. When we achieve our 50-foot channel next summer, it would not be economically feasible for this vessel to top off at Richards Bay based on the following:

1. Deviation would be about two days, costing about \$20,000 based on ship's cost per day of \$10,000.
2. Loading time at Richards Bay one day - additional cost approximately \$10,000.
3. Port expenses at Richards Bay \$40,000.

This means a total cost of \$70,000 for the extra call at Richards Bay for loading the additional amount of cargo of approximately 25,000 tons. Calculating this to a ton of coal results in the figure \$2.80 per ton. In less than a year, there will be no need to call at Richards Bay by vessels sailing from Hampton Roads to Japan, since we can then load these vessels to 150,000 tons. This will effect a savings of \$2.80 per ton to the transportation cost of the coal to the consumer and make U.S. coal more competitive.

VEXTRAC, THE EXPORT TRADING COMPANY

By  
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World trade and the U.S. trade deficit are important challenges and issues facing the U.S. An Export Trading Company (ETC) is a device which can improve our ability to export goods to overseas markets. An ETC is usually set up to help market and sell overseas a series of similar product lines.

VEXTRAC, the export trading company of the Virginia Port Authority, was set up in 1983 as a non-profit corporation to handle products that can be shipped through the facilities of the Port Authority. VEXTRAC accomplishes the shipment of cargoes through the port facilities of Hampton Roads in various

ways including exporting, importing, formation of shippers association and using the Port Authority's shipper databases.

Presently, VEXTRAC is emphasizing assistance to small and medium size companies in importing and exporting. This is an example of how the Port Authority is taking direct action to expand its shipments and is not just waiting for shipments to come through the port.

VEXTRAC uses a computer database that indicates types of overseas cargoes being shipped, where the cargoes are being shipped, what parts of the U.S. to which they are being shipped, what parts of the U.S. are shipping and receiving certain products. The port's traffic department furnishes VEXTRAC with the costs of shipping the products internationally, and VEXTRAC works with the terminals to develop low cost handling charges for shipments. This results in a least cost transportation package prepared by VEXTRAC for shippers. Depending on the rate quotation needed by the buyer, VEXTRAC provides rates on the basis of Cost, Insurance and Freight; Cost and Freight; and Free On Board.

To assist shippers in marketing their goods worldwide, VEXTRAC uses trade shows, trade missions, overseas field offices and the services of the U.S. International Trade Administration. VEXTRAC uses its resources to find and develop markets, negotiate deals, arrange and expedite the transportation of goods, and correspond with international customers.

As an example of VEXTRAC programs, one of the first companies was a chemical company which had stacks of inquiries from around the world, but the company was unsuccessful in finding a market. The company approached VEXTRAC, and we determined that Taiwan would be a good market for its products. We went out and found distributors for the chemical products.

The price of U.S. goods has been the major problem for VEXTRAC in finding overseas markets. However, in terms of overall traffic at the Port, our export tonnage has increased in response to the declining value of the dollar which has generated more overseas demand. Another problem has been that some smaller companies do not follow-through on the efforts made by VEXTRAC to get the companies involved in exporting.

In 1985, VEXTRAC worked with 22 primary clients and 20 secondary clients, and over 10,000 tons of cargo were shipped as a result of these contacts, most going to the Far East and Europe. Export products included peanuts and peanut butter to France, while imports included lumber from Canada and tractors from Japan.

#### NEPTUNE, THE PORT COMPUTER SYSTEM

By

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Automation offers benefits for a port in terms of customer service for users of the port and for the port itself in providing improved services at reduced costs. Now is a good time for ports to automate to maintain and improve their competitive position. The Virginia Port Authority and its terminal operating subsidiary - the Virginia International Terminals - are committed to automation.