



MARITIME BULLETIN

News and Information from the Port of Hampton Roads

Volume 69, No 4, April, 2005

This month's Maritime Bulletin is Sponsored by:

Flagship Group Ltd.

Hampton Roads Premier Maritime Events:

85th Annual Banquet

HRMA will host its 85th Annual Dinner Meeting on May 12th. Congresswoman Thelma Drake will be this year's keynote speaker.

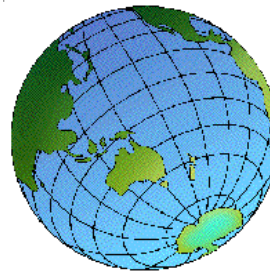


On November 2, 2004, Thelma Drake was elected as the representative of Virginia's Second Congressional District in the U.S. House of Representatives. This District encompasses all of Virginia Beach, parts of the cities of Norfolk and Hampton, and

Accomack and Northampton Counties on Virginia's Eastern Shore.

Shortly after being sworn in, Thelma Drake was appointed to serve on the Committee of Armed Services, the Committee on Resources and the Committee on Education and the Workforce.

In addition to her seats on these key committees, Representative Drake will be a member of the House Republican Policy Committee, which plays an integral role in shaping the House Republican position on major policy initiatives.



International Trade Symposium 2005

On May 12, 2005, the Hampton Roads Maritime Association will offer the International Trade Symposium for the second consecutive year. The Symposium is offered to raise awareness of the ever changing issues related to international trade.

The opening session will have comments from J. J. Keever, Deputy Executive Director of Virginia Port Authority (VPA) and Joseph Dorto, General Manager of Virginia International Terminals (VIT) on "Capacity - Acting Today, Meeting the Needs of the Future."

Mr. William L. Ralph, Senior Advisor of R.K. Johns & Associates will mediate the second session, a panel discussing "Asia Phenomenon - What does it mean to East Coast Ports?" Panel participants include Mr. Michael DiVirgilio, representing NYK Line; Mr. Jeffrey S. Heller, representing Norfolk Southern Corporation; Chris Von Kannewurff, representing "K" Line America, Inc. and; Rodolfo Sabonge, representing Panama Canal Authority.

The Symposium will conclude with a luncheon presentation by Mr. J. Russell Bruner, President and CEO of Maersk, Inc. who will discuss APM Terminals Virginia.



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The focus of the company is ship repairers, terminals, tug and barge operators, and commercial fishing vessel exposures. These industries have difficult exposures and concerns. These may include drydocks, railways, or sea trials of vessels being repaired. A misunderstood coverage often needed, is for "action over claims", whether a down river repairer or yard owner. Terminal operators have stevedore, wharfinger, and care custody and control exposures. Vessel operators need Hull and P&I coverage for Jones Act crew claims, as well as damages arising out of allisions and collisions. Insurance for United States Longshore & Harbor Workers exposure is a complex coverage that the agency deals with on a daily basis. Assistance is given in determining whether employees are covered by a state act or federal act. Many clients have activities that expose employees to three jurisdictions, State Act, USL&H, and Jones Act.

As professional brokers the objective is to assist clients with an understanding of their exposures, and evaluating the proper way to transfer risk at a fair price. This is accomplished through experience, technical knowledge, risk evaluation, and relationships in the insurance market. A comprehensive review of insurance exposures is performed and coverage recommendations are made. The employees of Flagship Group average in excess of 15 years in the industry. Several of the staff have spent time as underwriters.

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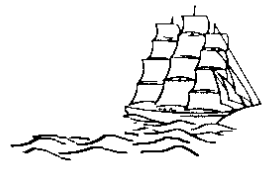
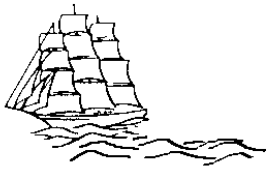
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In 2000, The Flagship Group, Ltd. was purchased by Brown & Brown, Inc., one of the leading independent insurance intermediaries in the United States. Their decentralized structure allows Flagship Group access to the national resources provided by Brown & Brown, while allowing Flagship Group to focus on its core specialty of providing maritime insurance to its clients worldwide.

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CBP to Implement “Smart Boxes”

“Smart Box” technology is in the forefront of cargo container security. During a recent Customs Trade Symposium in Washington, D.C., Mr. Robert Bonner, Customs and Border Protection (CBP) Commissioner, announced he was ready to further expand safety measures of the global supply chain with “C-TPAT Plus”, a program that would provide participants “no inspection upon arrival-immediate release” if they utilize the “smart box” technology. Customs will guarantee participating importers will not have their shipments targeted for inspection and will only be subject to occasional random checks if they participate in the program.

In an effort to protect the international supply chain post September 11, 2001, the Department of Homeland Security (DHS) implemented the Customs-Trade Partnership Against Terrorism (C-TPAT) in which participating businesses ensure the integrity of their security practices. In return, CBP allows partnering companies expedited treatment of their shipments.

One way a company can have their cargo travel with limited Custom inspections would be to employ a “smart box” container equipped with a heavy duty seal and an electronic device utilized for detecting container tampering. DHS has various research and development projects in progress to enhance “smart box” performance using sensors and radio frequency identification. Preliminary test results on some “smart box” technologies has shown a false alarm rate of 5%. Currently, installing “smart box” technology on containers is a voluntary program for C-TPAT participants. When this alarm rate falls to less than 1%, then the “smart box” technology will be mandatory for all C-TPAT participants.

Although “C-TPAT Plus” requires only detection of container tampering, the technology for “smart boxes” provides a magnitude of benefits for shippers. Depending on the technology chosen, these “smart boxes” could be used to track cargo while enroute and monitor movement and temperature within the container. Monetary benefits could include reducing Customs compliance costs, improve delivery times and reduce stock-outs and theft.

Coal Export on the Rise

The Port of Hampton Roads is the second largest port on the East Coast in terms of general cargo. The staples of the Port’s business are vibrant coal, container bulk and breakbulk terminals, as well as a flourishing cruise segment.

Advantages realized by a natural deep harbor and an efficient transportation infrastructure have positioned Hampton Roads as a leading coal port in the United States. Coal is received from the coal fields of Kentucky, Virginia and West Virginia via rail service provided by CSX Transportation and Norfolk Southern Corp.

There are three coal terminals in the Hampton Roads area; Dominion Terminal Associates (DTA), which can handle 22 million tons of coal annually; Kinder Morgan Bulk Terminals - Pier IX (Pier IX), which can handle 12 million tons annually and; Norfolk Southern Corporation, which can handle 40 million tons annually. DTA and Pier IX are located in Newport News while Norfolk Southern is located in Norfolk.

After more than a decade of weak overseas demand and flat prices, coal shipments rebounded in 2004, climbing 29% to 26.5 million tons. China’s appetite for resources has created a ripple

effect that has driven up the demand from other countries. Japan, who had not received coal exports from Hampton Roads in the past five years, accounted for 12% of coal exports in 2004.

The Port and the coal terminals are in an excellent position; however, questions have been raised about whether there will be enough supply and if the railroads can handle the demand.

U.S. mine production is struggling to meet domestic and international demands. Many mines have been plagued by various operating problems.

Railroads have been struggling to handle the unexpected growth, not just in coal shipments, but with all commodities. “They have been adding employees and equipment over time and improving their operating performance measures,” stated Charles E. Brinley, President of DTA.

Despite short term transportation issues, the Port of Hampton Roads remains one of the finest harbors in the world for the shipment of coal. Its assets include excellent rail access and easy ocean access to a protected harbor. Deepening the channel will enhance the coal loading facilities’ ability to attract larger vessels.

Distribution of Coal Dumpings at Hampton Roads				
	Mar-2005	3 month 2005	Mar-2004	3 month 2004
Total Hampton Roads	2,520,803	6,979,270	2,612,853	6,222,119
NS	1,256,870	3,674,950	1,308,823	3,204,904
Pier IX	585,344	1,655,921	628,329	1,403,283
DTA	678,589	1,648,399	675,701	1,613,932
Export Cargo - H. Rds.	1,817,691	5,205,394	2,058,206	4,619,275
NS	1,113,061	3,330,924	1,279,526	3,052,314
Pier IX	303,290	902,126	374,107	833,520
DTA	401,340	972,344	404,573	733,441
Coastwise & Other - H.R.	703,111	1,773,876	554,647	1,602,845
NS	143,809	344,026	29,297	152,590
Pier IX	282,054	753,795	254,222	569,763
DTA	277,248	676,055	271,128	880,492

Source: Hampton Roads Coal Piers

Port of Hampton Roads TEU's (Twenty Foot Equivalent Units)			
	Feb-2005	2 month 2005	Feb-2004
Hampton Roads	145,009	297,207	133,893
			262,442

Source: Virginia Port Authority

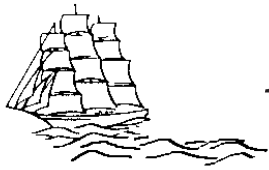
Customs Receipts - Virginia Customs District			
	Feb-2005	2 month 2005	Feb-2004
Hampton Roads	\$47,825,107	\$91,271,638	\$29,536,832
Other VA	\$4,426,896	\$8,499,585	\$3,193,679
Total	\$52,252,003	\$99,771,222	\$32,730,510

Source: U.S. Customs and Border Protection

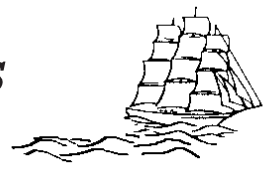
Passenger Cruises			
	Mar-2005	3 month 2005	Mar-2004
Number of Vessels	3	10	3
Number of Passengers	7,335	21,901	6,540
			13,786

Source: Nauticus

BULK	Mar-05		YTD-05		Mar-04		YTD-04	
	Arrive	Sail	Arrive	Sail	Arrive	Sail	Arrive	Sail
AMERICAN	0	0	0	0	0	0	0	0
FOREIGN	12	14	48	52	18	17	37	38
TOTAL	12	14	48	52	18	17	37	38
COAL								
AMERICAN	1	1	4	4	4	4	9	9
FOREIGN	27	23	74	71	30	26	55	49
TOTAL	28	24	78	75	34	30	64	58
COMBO								
AMERICAN	0	0	0	0	0	0	0	0
FOREIGN	5	6	13	14	4	4	12	12
TOTAL	5	6	13	14	4	4	12	12
CONTAINER								
AMERICAN	14	11	41	38	14	12	41	41
FOREIGN	115	118	353	356	125	126	372	376
TOTAL	129	129	394	394	139	138	413	417
GENERAL								
AMERICAN	0	1	3	4	2	2	2	2
FOREIGN	11	12	35	28	13	12	39	36
TOTAL	11	13	38	32	15	14	41	38
OTHER								
AMERICAN	1	1	6	4	2	0	6	6
FOREIGN	3	3	10	9	7	7	12	12
TOTAL	4	4	16	13	9	7	18	18
RORO								
AMERICAN	1	1	2	2	0	0	0	0
FOREIGN	11	11	29	25	8	8	26	26
TOTAL	12	12	31	27	8	8	26	26
TANKER								
AMERICAN	0	0	0	0	1	1	3	3
FOREIGN	10	7	39	36	19	21	49	50
TOTAL	10	7	39	36	20	22	52	53
AMERICAN	17	15	56	52	23	19	61	61
FOREIGN	194	194	601	591	224	221	602	599
TOTAL	211	209	657	643	247	240	663	660



News Briefs & Announcements



Gateway to the World Through Nauticus

The presence of the Port is barely known. You see the terminal entrance ways, you see the containers being carried by trucks on the highway and, as you wait for the train to pass, you see them carrying containers and railcars full of coal. But the inner workings of the Port and the economic impact for the region are a mystery to the general public.

Nauticus is planning to put the mystery in front of an audience with their plans of a new exhibit entitled "Port of Virginia: Gateway to the World," which will be unveiled in 2007. Opening of the exhibit will coincide with Jamestown's 400th anniversary.

In order that the exhibit be interesting to museum goers, visitors will watch an introductory video while riding a people mover. Canyons created by stacked containers will show the products that move through the Port.

Certain aspects of the exhibit will be interactive. Patrons of the museum will sit in and man the controls of a life-sized straddle carrier and an 18-wheeler cab. Toward the end of the exhibit, guests will ride the operator's cab along a life-sized container-crane arm.

Another feature of the exhibit, which is unique to Nauticus' waterfront location, is a "Harbor View" section that provides a vista of the Elizabeth River. This view will include the Portsmouth Marine Terminal as well as the new APM Virginia terminal.

Richard Conti, Executive Director of Nauticus, hopes the exhibit will make a personal connection between the general public and the containers, ships and straddle carriers.

This exhibit is one more step in stressing the importance of the Port to the consumers and beneficiaries of the Port through education.

New Transportation Secretary Selected

Governor Mark R. Warner selected Pierce R. Homer to be the new Virginia Transportation Secretary, replacing Whittington W. Clement. Clement resigned his Cabinet post on March 31, 2005, a position he's held since 2002.

Homer was the Deputy Secretary under Clement, working as a team to find innovative solutions for the challenges faced by Virginia's transportation department.

As the Secretary, Homer indicated his aim is to continue the process implemented by Warner and Clement to complete the financial rehabilitation of the transportation system.

Homer's duties include overseeing VDOT, the Departments of Motor Vehicles and Aviation, Rail and Public Transportation, Motor Vehicle Dealer Board, and the Virginia Port Authority.

These six agencies combined have 12,000 employees and a budget in excess of \$3.3 billion.

As the Transportation Secretary, Homer, will also serve as the Chairman of the Commonwealth Transportation Board, which sets transportation policies for the state.

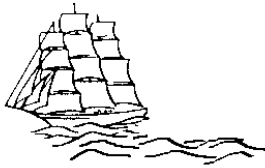
Edwin J. Adams

18th Annual Safety Awards Banquet

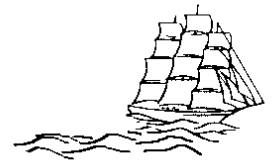
The HRSA-ILA Joint Safety Committee will host the Edwin J. Adams Safety Award Banquet to honor the outstanding individuals who have contributed to making the Port of Hampton Roads a safer place to work.

April 26, 2005

**Norfolk Yacht & Country Club
6:00 p.m. through 9:00 p.m.**



HRMA Highlights



HRMA Committee Activity MARCH

Inland Transportation Committee

During the March 2nd meeting the Committee was advised VIT is preparing now for the next peak season. They are focusing on land management techniques to make the best use of the land available. VIT will be moving excess chassis off the terminals and only HRCP-2 chassis will remain. The consensus of the Committee is that HRCP-2 is working much smoother than anticipated.

The goal of VIT is to have all empties handled at the empty container yards and have only loaded containers on the terminal. To that end, VIT is working to establish steam-cleaning operations at the empty container yards. VIT encourages motor carriers to make use of the web site and the call-in system to obtain information about gate operations. VIT has been in communications with a company that has a program that facilitates street turns and truckers were encouraged to consider the potential benefits.

There was a discussion of the current atmosphere from the perspective of the insurance industry and Committee members were advised of measures they should be taking to manage their risk exposure.

The meeting turned to a discussion of the Workforce Development program and the results of the survey which Old Dominion University had conducted for the subcommittee. There had been a 40% return rate of the surveys, giving statistical validity to the survey results. Next steps were outlined for the Workforce Development Subcommittee .

Towing and Barge Operators Committee

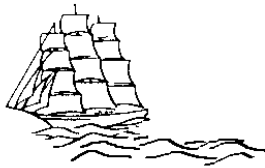
On March 9th the committee met and operators were encouraged to refer to the regulations regarding new fire suppression equipment requirements that will take effect on April 29th.

The Committee was informed representatives from the HRMA and the Coast Guard had met with city officials to discuss new regulations the City of Chesapeake was interested in advancing that would impose additional bridge opening restrictions during emergency situations.

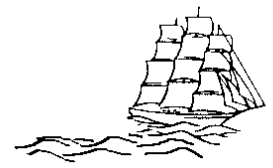
The Committee discussed questions that had been posted to the Federal Register regarding towing vessel inspection processes being developed by the Coast Guard. The Committee's responses were incorporated into a comment letter from the HRMA and committee members were encouraged to submit individual comment letters on this important process.

Annual Banquet Committee

The Annual Banquet Committee met March 31st to continue preparations for the 85th Annual Banquet on May 12th. The Committee made final approval on event speakers and presenters. There were a number of decisions made regarding the program and the evenings activities.



Membership News



New Members

Appropriate Technologies, Inc.
 932 Ventures Way, Suite 300
 Chesapeake, VA 23320
 (757) 222-2000 FAX; (757) 222-2001
 Mr. Ed L. Goodin, President
 edgoodin@app-tech.com
 Recommended by: Stephanie Rozzell

Crenshaw Ware & Martin, P.L.C
Law Firm
 1200 Bank of America Center
 Norfolk, VA 23510
 (757) 623-3000 FAX; (757) 623-5735
 Mr. Shawn A. Voyles, Attorney
 svoyles@cwm-law.com
 Recommended by: Membership Increase

Epsilon Systems Solutions, Inc.
Shipbuilding, Ship Repair & Maintenance
 801 Florida Avenue
 Portsmouth, VA 23707
 (757) 397-0671 FAX; (757) 393-1402
 Mr. Robert Kautter, President
 bkautter@epsilonsystems.com
 Recommended by: David White

Liberty Warehousing, Inc.
Warehousing
 PO Box 1848
 Williamsburg, VA 23187
 (757) 220-4999 FAX; (757) 220-1247
 Mr. Ronald L. Miller, President/CEO
 liberty@tni.net
 Recommended by: Charlie Bauman

Ram Logistics, LLC
Warehousing
 1385 Diamond Springs Road
 Virginia Beach, VA 23455
 (757) 464-5580 FAX; (757) 464-6531
 Ms. L. Marie Benfield, President
 info@ramtransport.com
 Recommended by: Capt. Watkins

Staff Change at

Atlantic Yacht Basin, Inc.

Jack R. Stumborg has been named President of Atlantic Yacht Basin. He joined Atlantic Yacht Basin in September, 2003 and became its Executive Vice-President in 2004. On March 1, 2005, he became the current President/CEO.

Mr. Stumborg, a 1979 graduate of the U.S. Naval Academy in Annapolis, Maryland, served as a surface warfare officer in the U.S. Navy and in 1986 received an honorable discharge from active duty.

He joined The Jonathan Corporation in 1986 as a ship superintendent and also served as the machinery superintendent and project manager on numerous navy vessel overhauls.

From 1994 thru 2003, he worked for CBC Enterprises and M&W Construction as project manager and Vice-President - Construction, respectively, managing numerous new construction and renovation projects in the public and private sector.

He is on the Board of Directors of the American Boat Builders & Repairs Association and is a member of the German Club and Bayville Golf Club. Mr. Stumborg currently lives in Virginia Beach, Virginia where he enjoys golf and boating with his wife and two sons.

HRMA Presents the Premier Maritime Events

International Trade Symposium 2005

Thursday, May 12, 2005
 7:30 a.m - 2:00 p.m
 Norfolk Marriott Hotel

Annual Banquet

Thursday, May 12, 2005
 5:30 p.m. Reception, 6:45 p.m. Dinner
 Norfolk Marriott Hotel

Annual Banquet Golf Outing

Friday, May 13, 2005
 Cypress Creek Golfers' Club

Contact HRMA: (757) 622-2639
 for more information on these events.

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web site: www.portofhamptonroads.com
email: hrma@portofhamptonroads.com

Club Contacts

Hampton Roads Coal Association

Contact: Will Browning, 622-3321

Hampton Roads Foreign Commerce Club

website: www.hrfcc.org

Contact: Susan Long, 857-3351

Hampton Roads Traffic Club

Contact: Peter Simmons, 466-8899

Propeller Club - Port of Norfolk

Contact: Don Norman, 291-4101

Society of Maritime Industries

Contact: Robert Armbruster, 457-9108

Tidewater Motor Truck Association

Contact: Shirley Roebuck, 398-0679

The Women's Transportation

Club of Hampton Roads

Contact: Anita Bonet, 440-7215

Upcoming Club Events

- April 20** **Foreign Commerce Club**
11:30 Norfolk Waterside Marriott
Tommy Stramer, President, Zim America
- April 20** **Traffic Club**
Air Cargo Night
5:30 Holiday Inn - Greenbrier
- April 21** **Propeller Club**
Oyster Roast
4:30 NIT
- April 27** **Motor Truck Association**
6:00 Holiday Inn Express, Norfolk
- May 2** **Propeller Club**
Board Meeting
12:00 Town Point Club
- May 11** **Coal Association**
Opening Reception
6:15 The Harbor Club
- May 12** **Hampton Roads Maritime Association**
International Trade Symposium
7:30 Norfolk Waterside Marriott
- May 12** **Coal Association**
HRCA Annual Golf Outing
8:30 Nansemond River Golf Club, Suffolk
- May 12** **Hampton Roads Maritime Association**
Annual Banquet
5:30 Norfolk Waterside Marriott
- May 13** **Hampton Roads Maritime Association**
HRMA Annual Golf Outing
7:30 Cypress Creek Golfer's Club, Smithfield
- May 18** **Foreign Commerce Club**
Yvonne Prettyman-Beck, Army Corps of Engineers
11:30 Norfolk Waterside Marriott
-