

# PORT OF HOUSTON

APRIL 1995

PORT OF HOUSTON

AUTHORITY



**Smart Steel  
Shippers Pick  
Port of Houston**



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Steel sheets coiled into rolls are among the many products that arrived at Port of Houston Authority docks last year. Houston is one of the nation's top steel-handling ports.

### PORT COMMISSIONERS



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# Smart Steel Shippers

**S**teel: coils, pipes, plates, beams and sheets. These cargoes abounded at Houston's public docks last year as U.S. purchases of import steel soared to an all-time high. But even in a modest year, steel products are a staple for the Port of Houston, which historically has been one of the nation's top steel-handling ports.

Last year, steel imports to the United States totaled a record 30.1 million tons, a staggering 54 percent increase from 1993, according to the American Institute for International Steel Inc. Demand for steel was so high that U.S. steel mills, running at full capacity, could not keep up with the orders. In addition, the United States lifted penalty tariffs against some foreign producers of steel products. Domestic steel makers purchased more semifinished products than ever


to supplement shortfalls in furnace capacity, and U.S. steel-using manufacturers bought the largest volume of finished steel mill products since 1985.

"It was a very good year for steel," says Tom Heidt, market research manager for the Port of Houston Authority. "Houston's public docks handled more than 2.2 million tons of import steel in 1994. That's a 63 percent increase from 1993's total of 1.3 million tons."

#### **Turning Basin**

Most of the steel that moves through Houston crosses the wharves of the Port Authority's Turning Basin Terminal. Import steel accounted for 39 percent of the PHA Turning Basin Terminal's tonnage in 1994 and 28 percent of the terminal's volume in 1993.

"The increase in steel tonnage reflects the growth in the container industry in this region," says Walt Kleczkowski, manager of the Turning Basin Terminal.



I-beams and angle iron are among the many steel products the Port of Houston handles.



# Pick Port of Houston

Most steel imports arrived at Houston in the form of coils, pipe, plate, sheets, rolled steel and beams. Top importers to Houston are steel producers in Japan, Italy, Germany, Brazil, South Africa, Argentina, India, Spain and South Korea.

## **Volatile Market**

On the export side, the United States shipped 3.8 million tons of steel overseas last year, down 3.6 percent from 1993. At Houston's public docks, steel exports rose 11 percent for a total of 156,000 tons. Most of the export steel products were destined for Colombia, Russia, Trinidad and Tobago, Venezuela and the United Kingdom.

The steel market can be volatile, and industry experts say the outlook for 1995 steel shipments does not look as promising as last year. Steel imports are expected to drop off as the result of increased foreign consumption and the filing of anti-dumping suits by U.S. steel-makers. The Commerce Department already has imposed tariff penalties on select steel products from several foreign producers.

## **A Natural Choice**

Still, Houston can expect to handle a sizable share of whatever steel will be imported to and exported from the United States.

"Houston is a natural choice for handling steel imports," says Heidt. "As a center of the energy industry, we're home base for many of this country's largest buyers of steel imports. We also have convenient access to major manufacturers here and in the Midwest that purchase steel.

"As for exports, many domestic steel producers are building mini-mills, which are more specialized than traditional mills. U.S. steel-



**Steel imports through Houston rose 63 percent in 1994.**

producing capacity is expected to go up by an additional 13 million tons. The mini-mills will be able to handle a lot of this country's domestic steel needs and will make more products available for export."

## **Wide Open Spaces**

Port Authority officials have been meeting with U.S. steel producers to discuss Houston's capabilities for handling export steel.

Geographical access to steel-using industries helped Houston become a leading steel port, but so have the port's facilities and services. The layout of the Turning Basin Terminal features spacious, open wharves that provide ample room for handling steel.

"Use of the Turning Basin's open wharves grew significantly last year due to the increased steel tonnage," says Kleczkowski. "Most inbound steel shipments are discharged directly to a truck. With this type of operation, we must provide a large area adjacent to the wharf to marshal the trucks waiting to receive this cargo."

Some Turning Basin wharves have been renovated and strengthened to better accommodate steel and other heavy cargoes. Wharves 16 and 17, two docks popular with steel shippers, were repaved. Also, a new bulkhead, apron and structural deck were built for Wharf 16.

## **Local Expertise**

Houston's stevedores have the experience and the equipment, such as mobile 300-ton cranes, to handle steel products quickly and efficiently. Steel can be discharged directly from ship to truck, without ever touching the wharf, thereby eliminating freight-handling charges.

It's only a short trip to the nearest storage yard for steel shippers using the Turning Basin Terminal. Ten companies operate steel yards on Port Authority lease property in the terminal area. They sort, stamp, coat, distribute and perform other services related to a variety of steel products.

## **Foreign Trade Zone**

A few Houston yards and ware-

*(Continued on Page 5)*

# Container Cleaning Guide Available

Container cleaning is the focus of a new publication just issued by the Institute of International Container Lessors (IICL) and the International Chamber of Shipping. The General Guide for Container Cleaning presents criteria for determining if a container requires cleaning. It also recommends appropriate cleaning methods to be used for each type of condition likely to be encountered.

"The major contribution of the new guide is to recommend methods of cleaning which will cut down on unnecessary procedures in the usual cleaning operation, thus reducing waste water and other environmental hazards. At the same time, the opportunity for additional cleaning is preserved for cargoes requiring it," said IICL Secretary Edward Woolley.

Availability of the manual was announced during a container operations conference held in February in San Francisco. The guide is one result of a year-long project undertaken by IICL and ICS to clarify issues of container cleanliness that had never been adequately defined. Without clear guidelines, the questions "to clean or not to clean" and "how to clean and how much to clean" sometimes became sources of disagreement and subjective decision-making that varied according to location. A working group of IICL and ICS experts, with participation from the inspection and repair industries, developed the specific recommendations contained in the new manual.

The guide is available from IICL or ICS. For payment details, please fax IICL at (914) 234-3641 or ICS (in London) at 44 (171) 417-8877.

## ERI Offers New Trade Services

Educational Resources International Inc. (ERI), a training center for international trade, is expanding its list of service products. In addition to its list of specialized seminars, the Houston-based firm will begin offering other support services for companies involved in international trade.

"In the past, traditional trade support companies have not emphasized the creation of expertise within their organizations to address the requirements of the international business community," noted Robert Pryor of ERI. "We will endeavor to fill that void."

The following areas will become part of ERI's service package:

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## Steel

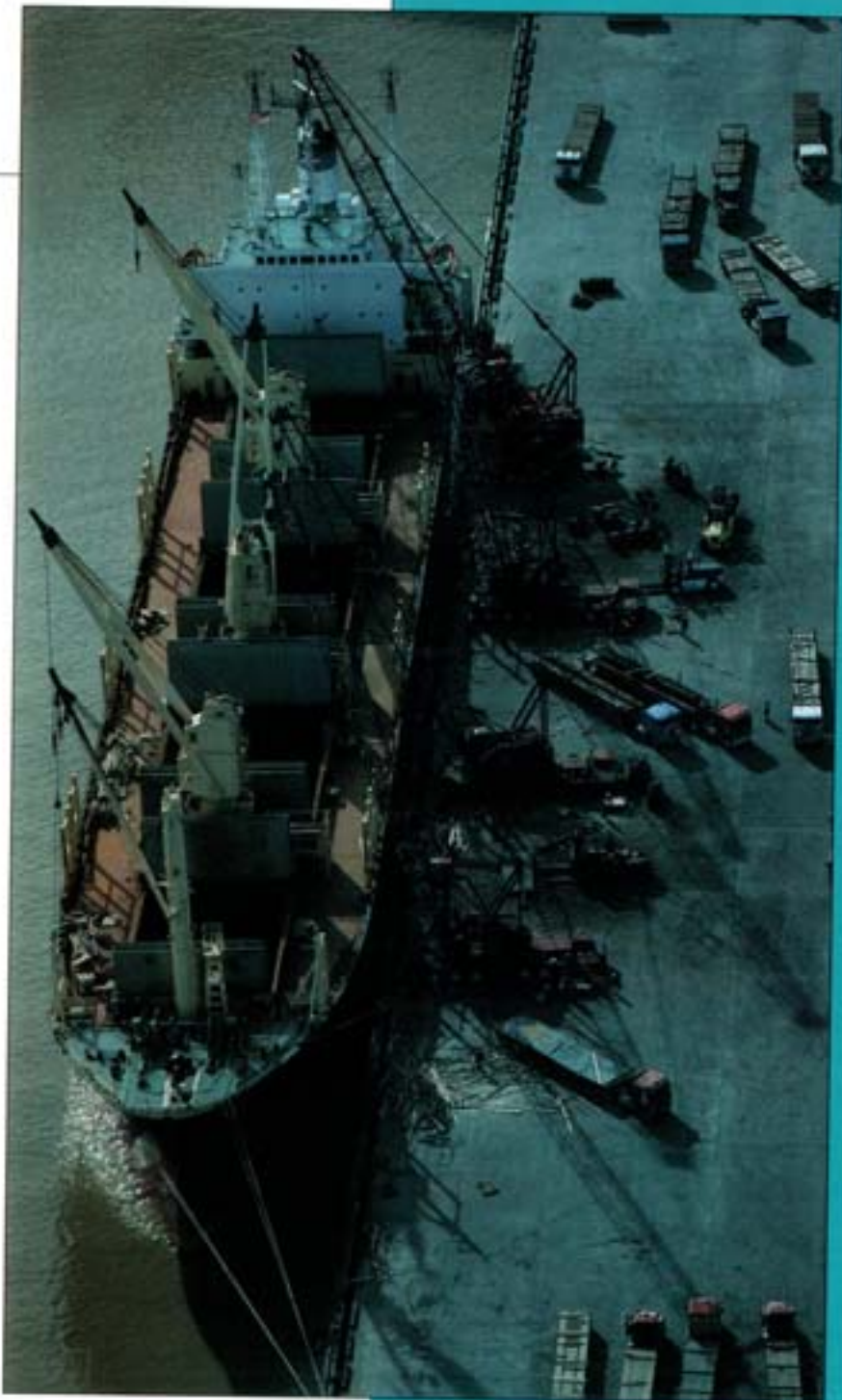
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housing companies that handle steel are Foreign Trade Zone (FTZ) sites or subzones. Steel products admitted to a Foreign Trade Zone are considered to be in international commerce, outside U.S. Customs Service territory. These products enter the FTZ site without a formal customs entry and are not subject to customs duties or government taxes until they are removed from the zone into U.S. commerce. Most steel shippers who use an FTZ do so to delay payment of duties and taxes; their products eventually are distributed within the United States. However, one FTZ subzone coats imported steel pipe, then re-exports it; duties are not assessed on the pipe because it was never admitted into U.S. Customs territory.

Port operators know they cannot alter the many forces that affect the flow of steel products. But whether the steel trade goes boom or bust, ports like Houston must be prepared to provide high-quality facilities and services at a reasonable cost.

"No steel port is likely to experience the record-setting year that 1994 brought," says Heidt. "But we expect 1995 will still be a good year, and Houston will stay competitive." □

**Below: Houston historically has been one of the United States' leading ports for steel shipments.**



**Above: Spacious berths make Houston an ideal port for steel movements.**

# Port Commissioners Visit Mexico City

**R**epresentatives of the Greater Houston Partnership, including two Port of Houston commissioners, recently met with top Mexican officials during a one-day visit to Mexico City.

Dennis Hendrix, chairman of the Partnership, and Miguel San Juan, president of the Partnership's World Trade Division, led the 20-member delegation. Ned Holmes, chairman of the Port of Houston Commission, and Port of Houston Commissioner Betti Maldonado were among the delegates; both commissioners serve on the Partnership's board of directors. Other delegates included Francisco Gonzalez de Cossio, the consul general for Mexico in Houston; and top executives of several corporations with Houston offices.

"The trip was planned by the Partnership to emphasize Houston's continued interest in strengthening trade and business ties with Mexico," said Partnership Chairman Dennis Hendrix. "Our objective was two-fold: We wanted to express our support and confidence in the measures undertaken by the new administration to strengthen Mexico's currency and economy, and to be briefed



*Mexico is the Port of Houston's third-largest trading partner in terms of tonnage.*

by senior government officials regarding the industry sectors that may hold future opportunities for Houston companies."

Mexican officials briefing the Houston group included: Herminio

Blanco, secretary of trade and industrial development; Hector Olea, president of the Energy Regulatory Commission; Jorge Eduardo Navarrete, undersecretary of energy policy; Carlos Ruiz Sacristan, secretary of com-

munications and transportation; and Jose Angel Gurria, secretary of foreign affairs. Other representatives were executives of PEMEX, Mexico's petroleum company; CPE, Mexico's electric company; and the Mexican Investment Board, a body of industry and government leaders that was established to attract foreign investment.

Before the trip, the Partnership and Port of Houston Commission passed resolutions urging the United States Congress to support loan guarantees for Mexico. About a week after the delegation returned to Houston, Mexican Finance Minister Guillermo Ortiz and U.S. Treasury Secretary Robert Rubin signed agreements providing Mexico \$20 billion in assistance from the United States.

Mexico has been moving toward





privatization of many government enterprises, which likely will mean increased opportunities for Houston businesses. Adrain Lajous, director general of Pemex, recently announced during a Houston energy conference that Mexico plans to sell and privatize its petrochemical industry. Mexican officials told the Houston delegates that their country will offer tremendous opportunities in the areas of power generation and the development of privatized ports, airports, roads and railroads.

Mexico is the Port of Houston's third-largest trading partner (after Saudi Arabia and Venezuela) in terms of tonnage. In 1993, Houston and Mexico exchanged 7.7 million tons of cargo valued at \$932 million. Top companies exporting to and receiving goods from Mexico include many major

U.S. oil, petrochemical and grain companies.

Wheat accounts for a third of U.S. commodities shipped to Mexico, and gasoline accounts for 28 percent. Other top products the United States exports to Mexico are ethers and para xylene. Top

imports from Mexico to Houston are petroleum, representing 47 percent; limestone, accounting for 27 percent; naphthas; and butane.

Approximately 10 steamship lines offer regularly scheduled services between the Port of Houston and Mexican ports. □

**Above: Jose Angel Gurria (left), Mexico's secretary of foreign affairs, accepts the Port of Houston Authority's resolution supporting loan guarantees to Mexico. Also shown are Dennis Hendrix (center) of the Greater Houston Partnership and Ned Holmes, chairman of the Port of Houston Commission.**

**Right: Herminio Blanco, Mexico's secretary of trade and industrial development, visits with Port of Houston Commissioner Betti Maldonado.**





### Sugar Mill Imported Through Houston's Barbours Cut Terminal

One of the largest pieces of a sugar mill is loaded onto a truck operated by Daily Express Inc. for an over-the-road trip from Texas to Colorado. The sugar mill was discharged recently from a Wallenius Line vessel at the Fentress Bracewell Barbours Cut Container Terminal. Daily Express was responsible for delivering the entire shipment to its destination, using 14 trucks to transport pieces ranging from 14 to 20 feet in width. The heaviest piece in the shipment weighed 35 tons. Natco International Spedition of Germany was the forwarder, and Fairway Terminal was the stevedore.

*(Photo Courtesy of Daily Express)*

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# Port of Houston Authority Purchases Care Terminal

**T**

he Port of Houston Authority recently purchased Care Terminal, a general cargo facility located across from the Port Authority's Jacintoport Terminal.

"The Port Authority is very excited about adding Care Terminal to its existing public docks," said Tom Kornegay, executive director of the Port Authority. "The terminal has the potential to make a significant contribution to our operations. Care Terminal will help us attract additional business to the Houston area and provide more jobs for the community."

The terminal is located on a 34-acre site and features a 500-foot-long wharf that can ac-

commodate loads of up to 1,000 pounds per square foot. Other features include approximately 45,900 square feet of warehouse space, 3,000 feet of rail trackage and 9.6 acres of paved marshaling area.

The Port Authority acquired Care Terminal for \$4.5 million. The terminal became available as part of a Chapter 11 proceeding in federal bankruptcy court.

Port of Houston Commissioners, at their February meeting, authorized Port Authority staff to negotiate a five-year lease with Coastal Cargo of Texas Inc. to operate the newly acquired dock. Coastal Cargo is a division of the Jackson Kearney Group of New Orleans.

Jacintoport Terminal is located on the north side of the ship

channel near Channelview, Texas. The terminal's three berths provide 1,830 feet of continuous quay and are backed by 7.5 acres of paved marshaling area. Jacintoport also features an 82,500-square-foot transit shed and a 300,000-square-foot transit shed. Jacintoport Corp., a private company, runs a general cargo operation at Jacintoport for Cargo Terminal Venture. Harborside Refrigerated Services operates a storage facility for refrigerated and frozen cargo at the terminal. □

**The Port Authority recently purchased Care Terminal and began negotiating a lease with a private company to operate the facility.**



# Transportation Week Slated May 14-21

National Transportation Week (NTW), focusing on the transportation industry's roles in the community, will be observed May 14 to 21 this year. Houston's NTW committee is planning several local events, ranging from essay and poster contests for schoolchildren to an annual luncheon honoring Houston's Transportation Person of the Year.

"National Transportation Week is celebrated by millions of Americans every year in honor of the U.S. transportation industry and the men and women who keep our trains,

planes, ships, trucks and buses running each and every day of the year," says Larry Snellings, chairman of the NTW committee and president of Dangerous Goods Consultants. "The activities planned for this year's event will further strengthen the knowledge and understanding of our industry and the importance of its role in our daily lives. Proceeds from the events will go to provide scholarships for students and books for our libraries."

#### Activities

Houston's NTW activities will in-

clude a softball tournament, set for May 20 and 21 at the Lone State Complex. For more information, contact Bill Acosta of Alliance Transportation at (713) 674-6995.

Who will be named the 1995 Transportation Person of the Year? Find out by attending the annual NTW Luncheon May 16 at the Wyndham Greenspoint Hotel, 12400 Greenspoint.

For more information, contact Snellings at (713) 821-0859 or NTW Vice Chairman Ernest Bezdek of Rice, Unruh, Reynolds Co., Inc.

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## PHA Names Walters Division Director

Ted Walters has been named director of the Port of Houston Authority's Protection Services Division. He will oversee the channel development, environmental affairs, marine and police departments.



**Walters**

Walters most recently served as the Port Authority's deputy director of facilities. He has also served as marine manager and deputy director of operations. He joined the Port Authority in 1976. Walters was with the U.S. Coast Guard from 1955 to 1976, achieving the rank of executive officer and Alternate Captain of the Port of Houston.

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## Houston Propeller Club Gets National Award

The Port of Houston Propeller Club was named the 1994 Port of the Year at the National Convention held in New Orleans last fall. The club was recognized for providing more than \$70,000 in donations over the last three years to Houston area charities. In addition, the club awarded a number of college scholarships.

Houston has the second-largest Propeller Club in the United States, and was recognized for its 1993-94 membership growth. Charities receiving help from the Houston Propeller Club include Boys & Girls Harbor, the Houston International Seafarers Center and Galveston Bay Foundation.

Also at the New Orleans meeting, the Houston club won its bid to host the 1999 National Propeller Club Convention. Other ports competing for the event were Miami; Brownsville, Texas; and Gulfport, Miss. The Propeller Club Convention will be held in Buffalo, N.Y., in 1995; and in Baltimore, Md. in 1996.

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