

July 14, 2020

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Port's FY2020 Cargo Volumes Reflective of Tariffs, Pandemic-Driven Slowing of Trade

In a Year of Obstacles, Port Marks Multiple Successes

NORFOLK, VA – The Port of Virginia's® cargo volume was off by more than 181,000 twenty-foot equivalent units (TEUs) in fiscal year 2020, with the decrease attributable to the trade tariffs during the first half of the year and the ongoing impact on world trade of the COVID-19 virus through the year's end.

The port completed FY20 (July 1, 2019 – June 30, 2020) having handled 2.75 million twenty-foot equivalent units (TEUs), which is a volume decrease of 6.2 percent, when compared with FY19.

“Accurately measuring the results of a year turned upside-down by a pandemic is a significant challenge,” said John F. Reinhart, the CEO and executive director of the Virginia Port Authority. “Total cargo volume and revenue are our usual primary metrics, but to get a true picture of what was accomplished in FY20, it is important to take into account our accomplishments beyond the numbers. As we looked more closely at the work we did prior to, and during the pandemic – and outside of our normal metrics -- we came away with a unique picture of success in a year of obstacles.”

During the first half of FY20, cargo volumes were flat at 1.48 million TEUs (twenty-foot equivalent units) when compared with the same period in FY19. The negative effects of the U.S.-China trade war were evident, but trade talks yielded some resolution on agriculture exports. The port entered January believing that once it got past the normal slowdown in trade that accompanies the Chinese New Year, volumes would increase. The rebound never came and trade slowed even more as the virus spread and began taking its toll on shipping and the global economy.

“Our trade in the last half of FY20 fell-off significantly, with overall TEU volumes being down more than 12 percent, or 180,000 units,” Reinhart said. “Our average monthly TEU volume during the last half of the fiscal year was 212,000 units, versus 242,000 units for the same period in FY19. During the height of the pandemic there were 57 regularly-scheduled vessel calls to Virginia that never happened because there wasn’t enough volume.”

Though volumes suffered, there were areas of business that boomed. The amount of cargo moving by barge to Richmond Marine Terminal (RMT) and the overall barge volume grew. In FY20, container volume at RMT was up 22.5 percent, an increase of more than 7,500 units. Total barge volume (total units moved to RMT and Port of Baltimore by barge) was up almost 9 percent, or nearly 4,800 units.

Private investment inside the terminals grew. In January, Ørsted, a Europe-based renewable energy company, leased a portion of Portsmouth Marine Terminal (PMT). That lease could result in upgrades to the site to prepare it for pre-assembly, staging and loading of wind turbines for offshore power generation and drive the development of a new industry throughout the Commonwealth. Similarly, two international grain shippers, Scoular and Fornazor, invested in grain shipping operations inside RMT and Norfolk International Terminals (NIT), respectively.

The investments made at Virginia International Gateway (VIG) and NIT on capacity expansion and overall modernization showed their value. Rail cargo was processed in an average of 40 hours or less, which is well below the industry standard. Likewise, truck drivers spent less time on terminal, about 40 minutes, on average, which is about 20 minutes below the industry standard. And all of this was done safely, with the number of workdays lost to injury at an all-time low and well-below the federal government standard.

“We’ve made significant progress on the capacity expansion at NIT and we’re on target for completion there in the fall,” Reinhart said. “The widening and deepening of our commercial shipping channels (to 55 feet) is running ahead of schedule. We are in the final stages of planning to expand the rail operation at Virginia Inland Port. And though volume was off, the continual focus on efficiency is producing real results.”

“We did a lot of things right this past year and keeping each other and our labor partners safe while maintaining the flow of cargo was among the most important accomplishments,” Reinhart said. “The cargo will come back, but it is going to take effort and patience. We’re working with our customers and cargo owners to understand their needs and to ensure we are ready to meet them. There is a lot of work ahead of us and we are up to the task.”

Fiscal year 2020 (July 1, 2019 – June 30, 2020) cargo highlights:

- TEUs: 2,757,625, down 6.2%
- Loaded Export TEUs – 938,085, down 2.5%
- Loaded Import TEUs – 1,281,761, down 6.5%
- Total Containers – 1,538,169, down 6.9%
- Virginia Inland Port Containers – 28,730, down 24.3%
- Rail Containers – 498,563, down 11.8%
- Truck Containers – 980,519, down 5%
- Total Barge Containers – 59,087, up 8.8%
- Richmond Barge Containers – 41,019, up 22.5%
- Breakbulk (in tons) – 128,180, down 25.8%
- Vehicle Units – 17,340 – down 24%

June cargo highlights:

- Total TEUs – 210,669, down 12%
- Loaded Export TEUs – 71,591, down 6.5%
- Loaded Import TEUs – 95,502, down 15.2%
- Total Containers – 117,525, down 12.5%
- Virginia Inland Port Containers – 1,831, down 9.5%
- Rail Containers – 39,023, down 8.9%
- Truck Containers – 74,050, down 14.9%
- Total Barge Containers – 4,452, down .6%
- Richmond Barge Containers – 2,931, down .5%
- Breakbulk (in tons) – 5,444, down 55.4%
- Vehicle Units – 691, down 42.7%

Highlights of FY2020:

July 2019

Driven by an increase in imports, the port completes fiscal year 2019 (July 1, 2018 – June 30, 2019) having handled a record 2.9 million TEUs, which is a volume increase of 4 percent when compared with last fiscal year.

August 2019

The port is among a group of port and maritime industry partners that worked together to send critical supplies to the Bahamas following Hurricane Dorian. The port collaborated with partners from across the industry to fill shipping containers with generators, tarps, gas cans, canopy tents, power cords, extension cords, batteries, water, toiletries, baby wipes, diapers, cleaning supplies and other related items.

September 2019

The Port of Virginia receives the *Port Management and Infrastructure* award at the Lloyd's List 2019 Americas Awards, an annual competition held by one of the maritime industry's sources of maritime data and information. The port took home the award for its VIG infrastructure project: a three-year, \$320 million investment that reimagined and re-engineered one of the nation's most state-of-the-art terminals.

October 2019

The port signs the contract to begin the first phase of dredging on the 55-foot project, which will be dredging the western side of the Thimble Shoal Channel to 56 feet. The \$350 million project includes dredging the shipping channels to 55 feet – with deeper ocean approaches – and widening the channel to more than 1,400 feet in specific areas. When complete in 2024, the commercial channels serving the Norfolk Harbor will be able to simultaneously accommodate two, ultra-large container vessels.

November 2019

The work to make The Port of Virginia the deepest port on the U.S. East Coast begins. The project holds long-term benefits for Virginia, for the port, for cargo owners, customers and the ocean carriers. "Safe, two-way movement of ultra-large container vessels, unrestricted by tide, is a significant competitive advantage for Virginia," Reinhart says. "This project and all of the other improvements we are making at the terminals tells the ocean carriers 'we are ready for your big ships.' "

December 2019

A study conducted by The College of William & Mary focusing on the overall value of the port to the Virginia economy during fiscal year 2018 (FY18) shows the port to be an expanding and significant economic force in the Commonwealth's economy. The study says there are more than 397,000 jobs and \$92 billion in total spending tied to port activity.

January 2020

The port and Ørsted, a European renewable energy company, reach an agreement for the company to lease a portion of the PMT. Ørsted will use the site to stage materials and equipment used in the development of large offshore wind turbines that generated electricity.

February 2020

The negative effects of COVID-19 on world trade begin to show. The virus, combined with the residual impact of the trade tariffs, are the main drivers behind falling cargo volumes. As a result of the volume reduction and the potential health risks associated with the virus, the port sets-up an internal working group dedicated to developing contingency plans for continuance of operations and begins looking at cost-savings measures.

March 2020

The port handles its first import containers of COVID-19 test kits and protective gear for frontline medical personnel and processes that cargo in rapid fashion through its COVID-19 Critical Cargo Initiative. The effort identifies critical imports moving across Virginia that are needed in the effort to fight the Coronavirus then allocates the equipment and personnel needed to move the cargo to its destination as fast as possible.

April 2020

Cargo volumes fall nearly 39,000 TEUs in a single month, the result of an increasing number of blank sailings. The blank sailings are normally scheduled vessels that don't make the voyage because there isn't enough volume. The result is a loss of import cargo and exports that cannot make their way to foreign markets.

May 2020

John F. Reinhart, the port's leader of the last six-and-a-half years, announces that he will be retiring from his post as chief executive officer and executive director of the Virginia Port Authority, effective March 2021. "A lot of thought went into this decision, but when I consider the growth and maturity of this organization and the level of professionalism and dedication of the port team, I am very confident in the long-term future of The Port of Virginia," he says.

PMT closes on May 4 to all container traffic as one of many cost-savings measures the port takes during the height of the pandemic. On that same day, three cruise ships owned by Norwegian Cruise Lines arrive for layberthing at PMT through the end of July.

The final group of automated stacking cranes arrives at NIT, successfully ending just over two years of constant deliveries of the machines that are the centerpieces of the terminal's expansion. With all of the cranes in place and operational, the terminal will have the capacity to process an additional 400,000 units.

June 2020

The port participates with the International Longshoremen's Association and industry peers from Maine to Texas in an hour of reflection on the tragic death of George Floyd; during that hour all cargo operation cease. "We stand in solidarity with the Black community in the fight against a centuries-old pattern of violence and systemic racism," Reinhart says. "There is a significant amount of work that lies ahead, but we cannot be deterred by that."

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The Virginia Port Authority (VPA) is a political subdivision of the Commonwealth of Virginia. The VPA owns and through its private operating subsidiary, Virginia International Terminals, LLC (VIT), operates four general cargo facilities Norfolk International Terminals, Portsmouth Marine Terminal, Newport News Marine Terminal and the Virginia Inland Port in Warren County. The VPA leases Virginia International Gateway and Richmond Marine Terminal. A recent economic impact study showed that The Port of Virginia provides more than 530,000 jobs and generates \$88.4 billion in total economic impact throughout the Commonwealth.