



**Cargo Preference News4U
Moving Cargo - Lifeline of the Sea**



CAPT William Schubert

October 2004

Forging Ahead with Maritime Administrator Schubert

Maritime Administrator William G. Schubert paid a visit to the Toledo-Lucas County Port Authority. While there, he reiterated how the use of U.S.-flag vessels are helping to move the American economy forward. "The commodities traveling on Great Lakes ships are vital if we are to meet the increased demands of our manufacturing industry. This is good news for the Great Lakes and great news for America's strengthening economy," he said.

As noted by the Lake Carriers Association, approximately 5.2 million tons of limestone was shipped from U.S. ports in August, up almost one million tons from 2003. Additionally, iron ore shipments on the Great Lakes remained strong with movement of 18 million tons for the year, up 19 percent from last year's totals. (Full story, click on <http://www.dot.gov/affairs/marad2104.htm>.)

Latest on ISPS Compliance

The U.S. Coast Guard has identified 17 countries that have not provided the necessary documentation to be in compliance with the MTSA.

According to the advisory, any vessel that visited any of the specified countries below will be subject to increased action upon arrival at a U.S. port.

A quick look at the countries include Albania, Equatorial Guinea, Kiribati, Madagascar, Nigeria, Solomon Islands, Benin, Guinea, Lebanon, Mozambique, Serbia and Montenegro, Suriname, Dem. Rep. of Congo, Guinea-Bissau, Liberia, Nauru, and Sierra Leone.

These countries have until November 9, 2004, to comply with the ISPS Code. To learn more click on http://www.uscg.mil/hq/g-m/mp/pdf/Port-Security_Advisory_09Sept04_Final1.pdf.

Why do we have Cargo Preference?

Cargo preference laws are part of a statutory program to maintain the privately owned and operated U.S.-flag merchant marine necessary for the economic and defense security of our Nation. Under these laws, a certain percentage of Government-impelled cargo must be carried on U.S.-flag vessels. Government-impelled cargo [as defined by Section 508 of the Coast Guard Authorization Act of 1998, Public Law 105-383] is cargo for which a Federal agency contracts directly for shipping by water or for which (or the freight of which) a Federal agency provides directly or indirectly, including financing by grant, loan or loan guarantee, resulting in shipment of the

cargo by water. Therefore, all involved – whether as a contractor or as a subcontractor – are required to comply with these laws.

America's merchant marine is vital to U.S. national security as it provides essential sealift capability in wartime. The ships that carry these cargoes provide important jobs for American seafarers who are available in time of national emergency to crew the sizeable fleet of reserve Government vessels. The U.S. cargo preference laws, by guaranteeing the availability of cargo to U.S.-flag ships, are important to the financial viability of U.S.-flag vessel operating companies; thereby, ensuring the vessels, trained crews, and vessel service industries continue to exist. They also help protect our ocean commerce from foreign domination, and enhance our balance of payment position.

MARAD is working to ensure that all parties involved understand the process and what is involved. To obtain further information on specific laws, contact the Office at (202) 366-4610 or 1-800-9US-FLAG (1-800-987-3524), or contact Thomas Harrelson, Director, (202) 366-5515; email: Tom.Harrelson@marad.dot.gov; Dennis Brennan, Division of Civilian Agencies, (202) 366-1029; email: Dennis.Brennan@marad.dot.gov; Thomas Hasek, Division of Military Cargoes – (202) 366-5527, email: Tom.Hasek@marad.dot.gov; or Michael Yarrington, Agricultural Cargoes – (202) 366-1915, email: Michael.Yarrington@marad.dot.gov. Information also is available by clicking on http://www.marad.dot.gov/offices/cargo_pref.html.

Additional information is available by clicking on the following sites:

- **U.S. -Flag Service (Destinations from U.S. to Foreign Countries),** <http://www.marad.dot.gov/usflag/>;
- **Humanitarian Food Aid Report,** <http://www.marad.dot.gov/offices/CAPOS%20Reports/>
- **Public Resolution - 17 Waivers,** <http://www.marad.dot.gov/offices/pr17waiver.html>.

Around Industry—Intermarine, LLC

Intermarine Affiliate Buys Joe D. Hughes Terminal

Intermarine LLC announced that an affiliate company has purchased the Joe D. Hughes terminal in Houston from Kellogg Brown & Root. The deep water ocean terminal, specializing in the handling of heavy lifts, oversized and related project materials, will be renamed Industrial Terminals and operated by Industrial Terminals LP. The facility is presently one of the largest terminal operations of its kind in the United States. It consists of about 120 acres containing deep water berths for up to four ocean vessels and more than 2,000 feet of barge dock.

“Intermarine's principals have used Joe D. Hughes as their Gulf loadcenter for almost fifteen years,” stated Roger Kavanagh, President of Intermarine. “This acquisition is both a strategic move to guarantee a permanent home for our services, and an investment in the port of Houston that we feel complements our asset portfolio.” Overall, services managed by Intermarine make about 175 vessel calls a year in Houston and handle about one million revenue tons of project, breakbulk and related cargoes. Intermarine operates the new U.S.-flag heavy-lift vessel “INDUSTRIAL CHALLENGER.”

According to Intermarine, freight handling and stevedoring operations at the facility will be contracted to Gulfstream Marine, the largest general cargo stevedoring company in Houston. Gulfstream will employ about 90% of the former Joe D. Hughes employees in order to meet the cargo handling demands of Industrial Terminals and to better ensure continuity of operations.

To learn more about Intermarine, visit its web site at www.intermarineusa.com.

MARAD Highlights Its Customer – Matrix International

Being able to visualize success is not always easy. But in 1986, four spirited entrepreneurs succeeded in making a dream come true. Matrix International was formed for the purpose of insuring that every customer is satisfied with their shipment move from point of origin to the final destination. By capitalizing on the customers' need, Matrix filled a much-needed void. Their ability to bring many of the key elements of the international transportation and logistics management in-house; to establish a single-source accountability program; and to stay focused on the customer's shipment needs from point of origin to final destination landed their first account.

As a result of the company's commitment to its mission, it has experienced rapid growth from managing just a few hundred shipments a year, to managing over 15,000 moves annually. The return has been greatly realized as many of its largest clients have been loyal customers for more than 15 years.

In 1996, Matrix aligned itself with Geologistics, a \$1.5 billion logistics corporation, which expanded its breadth of service capabilities. With a network of over 1,000 offices located in 84 different countries, Matrix's global reach became unmatched by any of its competitors.

Matrix also is involved in other projects including the handling of shipments to Iraq for customers on government (USAID and DOD) contracts. The shipments include pharmaceuticals, broadcast communications, computer equipment, school and educational supplies, along with other relief supplies to war-torn areas throughout Iraq and sites throughout the Middle East.

In addition, Matrix is involved in Commercial and Government project cargo worldwide. Matrix International Logistics, a wholly owned subsidiary of Geologistics, with specialized services and extensive experience with handling government-related activities, assumes responsibility for the corporate government-related business which is managed at the Alexandria, Va, facility. The Virginia operation concentrates on its core government and commercial sales and services business along with coordinating other project cargo activity across GeoLogistics' global network.

The Matrix team works closely with MARAD's Office of Cargo Preference to insure all of the MATRIX moves are in full compliance with cargo preference law. The company also looks to the MARAD whenever there is a question of U.S.-flag availability.

Tom Harrelson, Director of the Office of Cargo Preference, advises "Matrix is one of our key supporters in MARAD's effort to have cargo shipped on U.S. flag vessels whenever and wherever possible."

Mitch Martin, Vice President of Matrix tells us that U.S. flag is always their first choice. Mitch says, "we move a lot of U.S. Government cargo and most of it is required to go U.S. flag but, even when we have other options, we prefer to use the U.S.-flag carriers."

In the News – MARAD REMINDER:

15th Annual Breakbulk Transportation Conference and Exhibition

The 15th Annual Conference will be held on October 27-29, 2004 at the Hilton New Orleans Riverside Hotel. Maritime Administrator William G. Schubert will participate in one of the panel discussions. The two-day conference will consist of various sessions of panels, roundtable discussions and speeches, which will be presented by industry veterans representing shippers, forwarders, carriers, ports and other organizations. In addition, MARAD staff will exhibit at this event and share information about the agency and its programs, including the cargo preference program. To learn more about the exhibition, click on <http://www.joc.com/conferences/breakbulk/>.

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The editor of this publication would like to extend an invitation to each of you to share newsworthy articles with us. To do so, contact via email Sharon.Jenkins@marad.dot.gov or by telephone at (202) 366-5064. We would like to thank everyone who has contributed to this edition. In addition, we also invite you to browse our web site at http://www.marad.dot.gov/offices/cargo_pref.html or contact us directly at 1-800-9US-FLAG or 202-366-4610.