

**Industry Survey Report Series
Inland Tank Barges
2002**

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For

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Introduction and Methodology

The U.S. Maritime Administration (MARAD) has undertaken a new program of attitudinal research, surveying the major carriers in marine transportation market segments. The surveys focus on fleet characteristics and the respondents' attitudes and perceptions of the markets in which they operate.

MARAD's objective is to better understand the industry and the market challenges facing operators. The survey results are expected to demonstrate the utility of obtaining regular structured information from the industry on key issues. If performed on a regular basis, these surveys can track important industry attitudes and facilitate the sharing of important information that cannot be obtained from hard data.

Included in the pilot program was a survey of the inland tank barge segment. The top ten companies were targeted with rankings based on fleet capacity derived from U.S. Army Corps of Engineers fleet files. Targeted companies unable to participate were replaced by the next company in order until a total of ten companies were represented

This report describes the aggregated results of the survey. Answers to questions requiring a percentage as a response were weighted based on fleet capacity. Several questions allow for multiple responses, and the tabulation of those responses add to more than 100 percent of the respondents. The survey instrument is included as Appendix 1.

The survey work was begun in September 2002 and completed in mid-November. The surveys were conducted by Market Scope, Inc. using trained interviewers from Old Dominion University Graduate School of Business and Public Administration. All work was coordinated by MARAD's Office of Statistical and Economic Analysis, with direct staff participation.

MARAD is grateful to the respondents for their assistance.

Respondent Characteristics

The operators surveyed account for 58 percent of the US inland tank barge capacity.

Over 90 percent of the respondents' fleet operate on the gulf coast including the Mississippi River and its tributaries.

Ninety-two percent of the respondents' fleet are either 35' wide or in the 50-54 foot width category (Figure 1).

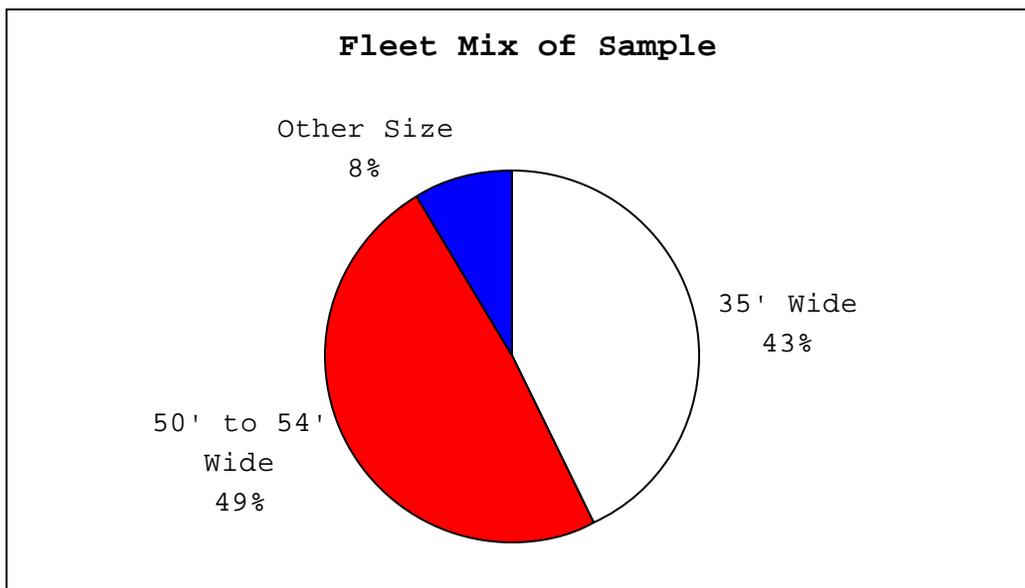


Figure 1

Respondent Attitudes and Perceptions

Fifty percent of the respondents expect the capacity of their 50-54' wide barge fleets to increase over the next five years, while only 20 percent of the respondents expect an increase in the capacity of their 35' wide barge fleets.

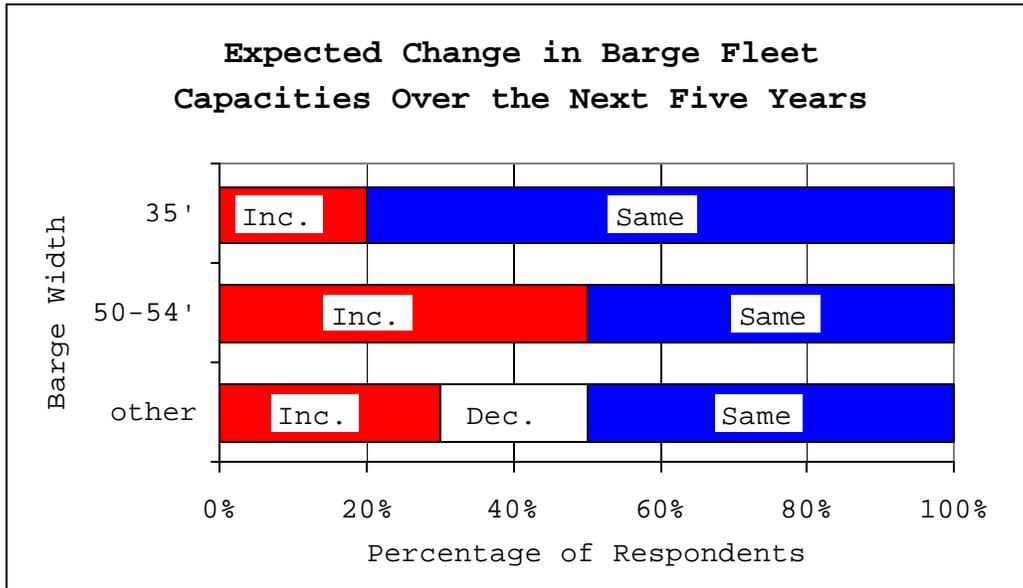


Figure 2

The respondents indicated that 71 percent of their revenues came from the carriage of clean products. Sixty percent of respondents expect no change in the percentage of their revenue from the carriage of clean products over the next three years, while 30 percent expect an increase.

The respondents were asked to indicate the distribution of their annual shipping revenue among various types of contracts. Seventy-one percent of the respondents' tank barge revenues were from term contracts (contracts of affreightment and/or time charters) (Figure 3).

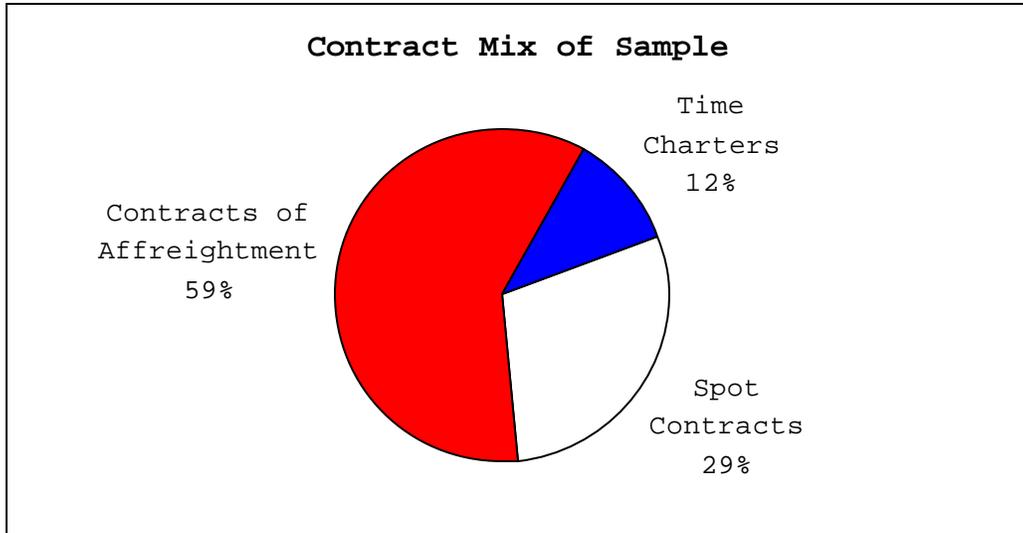


Figure 3

Of the revenue derived from contracts of affreightment, only 6 percent came from part cargoes.

Respondents were asked to indicate the movement of contract rates (in terms of dollars per ton or dollars per day) over the past three years. More than 50 percent of respondents indicated an increase for spot contracts and time charters (Table 1).

Three-Year Rate History By Contract Type				
Types of Contracts	No. Use*	Increase	Decrease	Same
Spot Contracts	9	7	2	0
Contract of Affreightment	8	3	1	4
Time Charters	7	5	0	2

*Number of respondents indicating use of each type of contract

Table 1

The respondents were asked to express their opinion of an ideal contract mix. Their weighted responses indicate a preference for period business with about 55 percent of revenues from contracts of affreightment and slightly more than 20 percent from time charters. The remaining 20 percent would be derived from spot contracts (Figure 4).

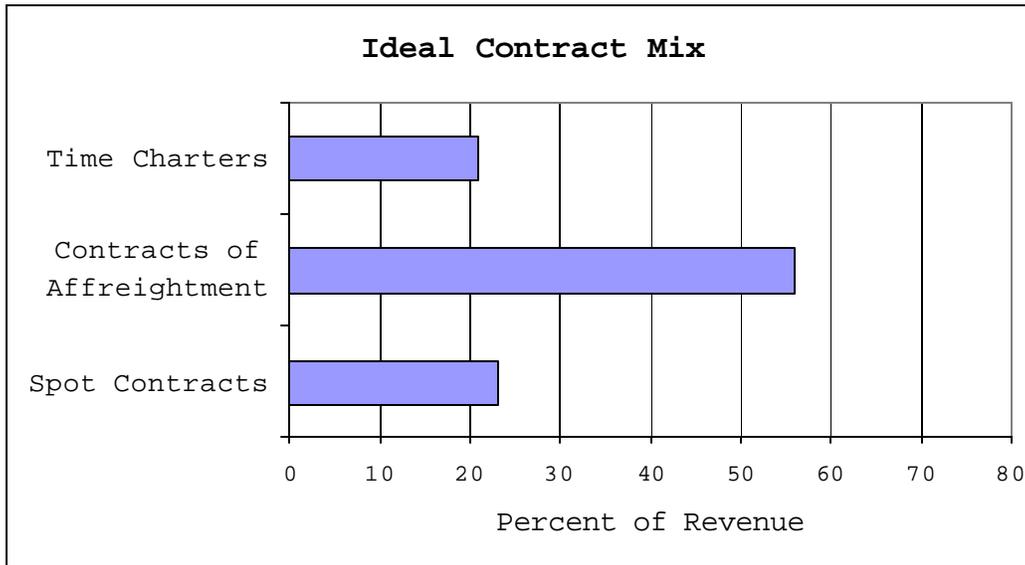


Figure 4

The respondents were asked to identify the most important regulatory issues facing inland tank barge operators. While there were a large number of issues raised, only the Oil Pollution Act of 1990 (which requires the replacement of single-hull barges with double-hull equipment) and other environmental issues were raised by more than 20 percent of the respondents.

All of the respondents anticipate ordering new double-hull barges sometime over the next three years.

Respondents who plan to order new barges were asked how the new barges would differ from their existing fleet and how they determine the characteristics and features that customers want in new barges. The most frequent response was that the new barges will, for the most part, remain the same as the old fleet. Feedback through sales calls was the means most often cited for determining customer requirements (Figure 5).

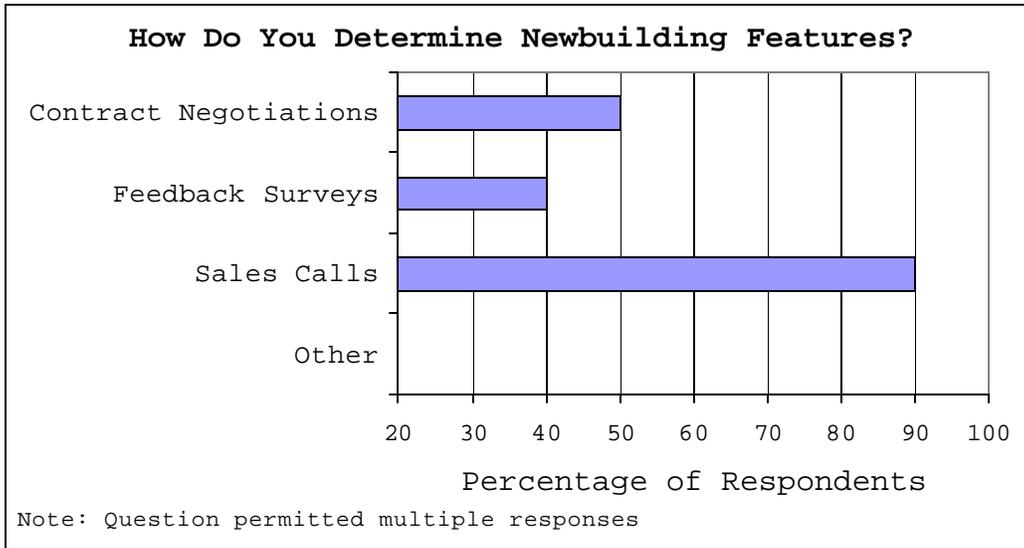


Figure 5

On a scale of 1 (poor) to 5 (excellent), the respondents as a group rated U.S. shipyards between 3.1 and 3.4 on price, quality and meeting delivery schedules (Figure 6).

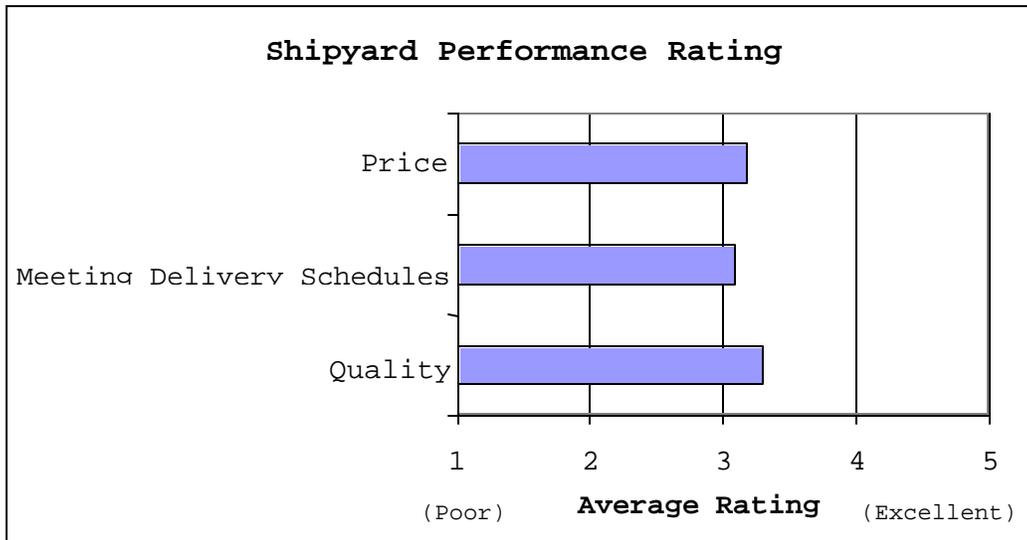


Figure 6

Respondents were asked to indicate how they determine customer satisfaction. All of the respondents stated that they rely on sales calls as the principal means by which they determine customer satisfaction, while 50 percent indicated using customer feedback surveys (Figure 7).

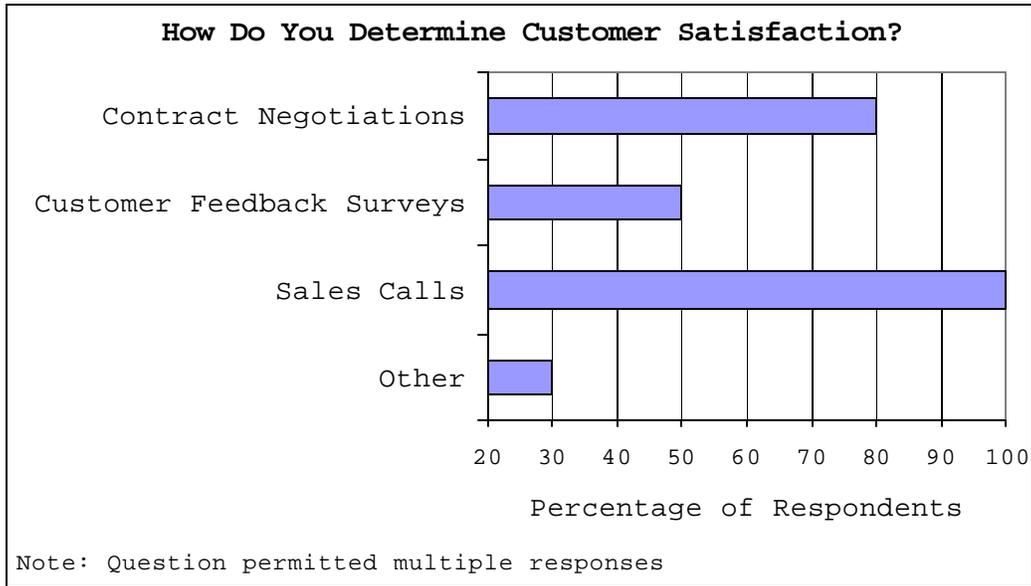


Figure 7

To estimate market growth, 60 percent of respondents use empirical data, while 70 percent use customer surveys (Figure 8).

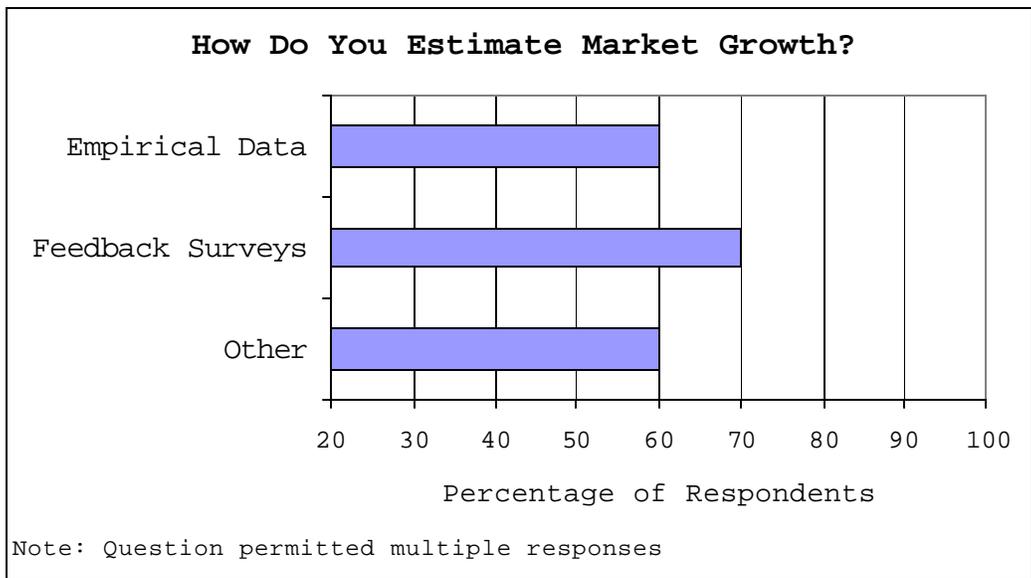


Figure 8

On a scale of 1(poor) to 5(excellent), 60 percent of respondents rated the quality and availability of existing general market indicators as poor or slightly better than poor.

Seventy percent of respondents expressed interest in participating in a forum for developing and improving market indicators specifically for the coastal tank barge industry.

6.) What percent of your annual shipping revenue is from:

- a) Spot contracts _____
- b) Contracts of affreightment _____
- c) Time charters _____

7.) Of your contracts of affreightment, what percent of your revenue comes from part cargoes?

8.) In percentage terms what would be your ideal mix of revenue from the three types of contracts...

- a) Spot contracts _____
- b) Contracts of affreightment _____
- c) Time charters _____

9.) Over the last three years have contract rates in terms of dollars per ton or dollars per day for each of the following increased, decreased, or remained the same.

	Increased	Decreased	Remained the Same
Spot contracts	_____	_____	_____
Contracts of affreightment	_____	_____	_____
Time charters	_____	_____	_____

10.) What are the most important regulatory issues facing your market segment?

11.) Do you anticipate ordering new barges over the next three years?

- Yes []
- No []

12.) How will the newbuildings be different from the older barges in your fleet? For example, dimensions, pumps, tanks, coils, coatings, etc.

13.) On a scale of 1 to 5, 1 being very poor and 5 being excellent, how do you rate U.S. shipyards in meeting your needs in terms of:

	poor				excellent
	1	2	3	4	5
Price	----	----	----	----	----
Meeting delivery schedules	----	----	----	----	----
Quality	----	----	----	----	----

14.) How do you determine customer satisfaction with your service, is it from...

	Yes	No
Contract negotiations	----	----
Customer feedback surveys	----	----
Sales calls	----	----
Other (specify) _____	----	----

15.) How do you determine the characteristics and features your customers want in your newbuildings? Is it from...

	Yes	No
Contract negotiations	---	---
Customer feedback surveys	---	---
Sales calls	---	---
Other (specify) _____	---	---

16.) How do you estimate the growth of your market, do you use...?

	Use	Do not use
Empirical data such as industry trends and company sales	---	---
Customer surveys	---	---
Other (specify) _____	---	---

17.) On a scale of 1 to 5, 1 being poor and 5 being excellent, how would you rate availability and quality of general market indicators such as orderbooks, rates and fleet statistics?

18.) Would you be interested in participating in a forum for developing market information, with the goal of improving market indicators for the inland tank barge industry?

Yes []
No []