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For further information:
Tom Sommers or Cindy Shanley
713-222-1600

STEEL IMPORT RESTRICTIONS CUT 1ST QUARTER PORT OF HOUSTON REVENUES

Bulk Grain Shipments and Container Volumes Increase

HOUSTON, April 22, 2002 – The Port of Houston Authority posted its slowest start in operating revenues since 1999 during the first three months of 2002. Operating revenues through March 31, 2002, decreased slightly to \$25.3 million from \$25.5 million in the same period in 2001. Operating income for the year was \$4.1 million compared to \$5.1 million in the first three months of 2001.

Compared with the first three months of 2001, steel imports dropped 10 percent in reaction to new steel import restrictions imposed in March.

“The decrease in import steel has had a negative effect on Port revenues,” said Port Authority Chairman James T. Edmonds. “However, business trends for the Port continue to be strong with growth in container cargo, grain shipments and bulk handling materials.”

Steel imports have been affected by new trade regulations, including U.S. tariff increases of up to 30 percent imposed on a range of steel imports. As a result, steel imports at the Port of Houston fell 82 percent in March from the prior month and were off 10 percent for the three-month period. Automobile imports totaled 15,957 units for the three-month period compared with 17,967 units the corresponding period in 2001, a decrease of 11 percent.

The Port’s total container volume in the first quarter of 2002 increased 5 percent to 273,256 TEUs (twenty-foot-equivalent units) from 259,423 TEUs in the year-ago period. Overall container shipping grew to nearly 2.5 million tons, an approximately 5.5 percent increase over the same period of 2001.

In the first three months, bulk grain shipments increased 54 percent on movement of approximately 653,000 tons through the Port of Houston Authority’s facilities, compared to

approximately 424,000 tons during the same period in 2001. In addition, tonnage at the Bulk Materials Handling Plant increased 39 percent to 1.1 million tons, compared with approximately 780,000 tons handled in first quarter 2001. Exported bagged cargoes totaled 77,999 tons for the first three months of 2002 compared to 75,365 tons for 2001, an increase of 3 percent. Barbours Cut Terminal handled 2.2 million tons in the first quarter, an increase of 6 percent from the 2.1 million tons handled in the first quarter of 2001.

Significant shipments during the quarter included:

- 21,450 tons of oats from Malmo, Sweden imported through the Port and delivered for storage
- Caterpillar shipped 90 units of backhoes, dozers and graders to Ilo, Peru
- CADECO Industries of Houston received 1,700 tons of coffee from Brazil and Columbia for distribution to Maxwell House, Continental and other coffee roasters in the immediate area
- 25,000 tons of bagged cement imported from Indonesia
- 11,000 tons of USAID bagged wheat shipped to St. Petersburg, Russia
- Two turbines at 84 tons each and two generators at 170 tons each imported by General Electric from Antwerp
- 6,300 tons of scrap steel shipped by ELG Corp. to Pusan, South Korea.

On April 10, 2002, the first of several shipments of steel manufactured in China and shipped from Shanghai for use in the construction of the George R. Brown Convention Center Hotel arrived at the Port's Turning Basin Terminal.

To date, two trade missions have been completed in 2002, one to the South and Central America ports and customers in Venezuela, Peru, and Costa Rica in March and another in April to European ports and customers in England, the Netherlands, Denmark and Switzerland.

Other key highlights during the first three months of 2002 include:

- The kickoff of a Small Business Development Program aimed at creating increased contracting and procurement opportunities with the Port for Houston-region small businesses.
- Appeal of the U.S. District Court's January 25th ruling that the Port should pay for the removal and relocation of pipelines to accommodate the widening and deepening of the Houston Ship Channel.
- Submission of Port comments to the U.S. Corps of Engineers on the air analysis, alternative sites and cumulative impacts of the proposed Bayport Container and Cruise Terminal in the Corps' draft Environmental Impact Statement (DEIS).

- The return of cruises to the Port of Houston, led by Royal Olympic Cruises, which began offering seven-day Western Caribbean cruises from the Port of Houston to ports of call in Mexico, Honduras and Belize.
- Continuation of more than a dozen environmental projects in Galveston Bay that involve beneficial use of material dredged from the Houston Ship Channel as part of the widening and deepening project.
- Completion of a state audit of the Port's promotion and development fund, which showed the fund is managed in a fiscally prudent and responsible way.
- Receipt of a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association – the 26th consecutive year the Port has won this award.

About the Port of Houston Authority

The Port of Houston Authority owns and operates the public facilities along the Port of Houston, a 25-mile-long complex of diversified public and private facilities that handle more than 175 million short tons of freight worth more than \$60 billion annually. The Port Authority plays a vital role in ensuring navigation safety along the Houston Ship Channel, a key economic catalyst for the city since the Port of Houston first opened to deep-water vessels in 1914. The Port is the source of more than 200,000 direct and related jobs and generates about \$525 million annually in state and local taxes. The Port of Houston ranks first in the U.S. in foreign waterborne commerce and second in total tonnage. Each year, more than 7,000 vessels from around the world call at the Port.

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