



Anchorage port's Jones: Looking to expand into commodities.

ceived in excess of 30,000 tons of iron and steel shipments by early this year, but the new rate schedule issued by the railroad threatens to choke the flow of pipe shipments entering Alaska through the port.

Truckers have charged \$2.26 per hundredweight on pipe hauled from Valdez to Fairbanks for 52,000-pound minimums, he says, and truckers recently were granted authority to haul tandem trailers up the Richardson Highway from Valdez. Alaska Department of Transportation and Public Facilities road crews "have been fantastic" at keeping the road open for truck traffic year-round, says the Valdez port director, and the new tandem capability increased maximum loads from about 52,000 pounds to more than 80,000 pounds.

The pre-reduction rate on the railroad was \$2.14 per hundredweight for a 160,000-pound minimum between Seward and Fairbanks. The new rail-

road tariff is \$1.50 per hundredweight with that minimum, and Zoet calls it predatory.

"We're thoroughly convinced that's not a money-making rate, and it's the only rate they filed to change on Jan. 7," Zoet says. "It was a kneejerk reaction. It's either going to require subsidies from the state or from other freight shippers."

The railroad's Gray insists the railroad can profit "quite nicely" with the new rates, though he declines to identify a breakeven price for the service. He says the reduction was in direct response to revenues lost to the Port of Valdez.

**"V**ALDEZ HAS BEEN an aggressive competitor, and we were impressed with what the city had been able to do," he says. "We had to equalize our costs."

Gray estimates Valdez was cornering 40 to 50 percent of the pipe coming into Alaska by the end of 1984.

On the surface, the railroad did much more than equalize costs with its rate reduction. That's what concerns Zoet and others in Valdez. "We've got \$53 million tied up in the port, and we have to make it work," says the Valdez port director.

But Gray maintains Valdez's rates with truckers are still competitive with the railroad's because Valdez has lower stevedoring costs than Seward, there are no storage costs incurred at the Port of Valdez and the facility has greater loading efficiency than railroad facilities in Seward. Pipe bound for the North Slope must be unloaded from railroad flatcars in Fairbanks and loaded onto trucks, while pipe northbound from Valdez requires no additional handling.

Says one industry observer, "In the transportation industry, motion is

money. When freight sits on the dock in Seward or in Anchorage, it's costing the shipper money. Valdez has accomplished what it has so far by taking advantage of the inefficiencies in Anchorage and Seward."

The Port of Valdez still faces an uphill struggle if it's to succeed in generating revenues from additional sources.

Unlike the ports of Anchorage, Whittier and Seward, it's not positioned to capitalize on the growing Anchorage market, and its only multimodal alternative to the highway is air.

There's also little backhaul potential in the absence of a viable barley industry in Delta, and the city recently sold the grain silos it built adjacent to its port facility to a private concern.

**S**OME OBSERVERS SAY the port has no natural market, and a consultant for the Pacific Northwest Shippers Cooperative Association says the port's growth is further slowed by the lack of fast-ship service from the Lower 48.

Foss Alaska Line has provided the only regular barge service to Valdez, and the service encompasses the entire Gulf of Alaska with stops from Kodiak to Sitka. Service to Valdez has been biweekly, though a source says Foss is bolstering service to Valdez this year to strengthen its market po-

sition with Fairbanks-bound freight.

"One of the biggest problems for Valdez is getting a good, fast carrier," says Fred Tolan of the shippers' cooperative. "And even though there's a good dock and a good road to the Interior, and it's a short haul from Seattle, there's no way Valdez is going to serve the Anchorage market."

Zoet says efforts to get fast-ship service from the Lower 48 have been hampered by overcapacity and depressed prices among marine carriers, but the port has been talking with one unnamed carrier that has a ship "sitting in mothballs in Seattle" to initiate the service.

"Right now is a horrible time to add capacity, and if we got a fast ship right now, we couldn't fill it," he says. But if the port does secure fast-ship service, it will be promoting shipments of perishables to Fairbanks and air transport of produce to Prudhoe Bay.

If this deal came through, we'd have the fastest service available to Alaska," Zoet says. He estimates shipment times of 60 hours between Seattle and Valdez. Currently, Totem Ocean Trailer Express's 66-hour service between Tacoma and Anchorage is the fastest available, but TOTE margins have been pressured in recent months as shippers have re-evaluated how much of their freight requires three-day service.

To date, Valdez also has been unsuccessful in luring business to its for-

ign trade zone, the first of its kind in the state. Merchandise can be brought into the zone then exported without paying customs fees or excise tax.

Once inside the zone, goods can be used to make finished products, they can be repackaged for shipping to other destinations and they can be repaired.

Anchorage decided against establishing a foreign trade zone several years ago because it couldn't get a commitment that the zone would be used. "If you don't get a 'taker,' it takes a lot of time and money for nothing," says one observer.

Just as Valdez's transportation alternatives are limited by the lack of rail service, the absence of a road linking Whittier with the rest of South-central has whittled its transportation options.

Crowley Maritime, which has carried railcars between Seattle and Whittier since 1963 with its Alaska Hydro-Train service, capitalized on that limitation by adding to barges second decks that enable them to carry trailers. Alaska Hydro-Train provided 50 new conventional flatcars to transport trailers from Whittier, and the railroad installed a new van lifter.

That, combined with SeaWay Express's new roll on-roll off service in Seward, cut piggyback and general cargo volume at the city dock at the Port of Anchorage in 1984. The city dock also faced stiffer competition from adjacent docks leased by the railroad to North Star Terminal & Stevedore Co., Pacific Western Lines and Pickworth & Associates as cut-throat competition in the barge industry forced carriers to look for new ways to cut costs.

General cargo shipments through the city dock in Anchorage dropped 10 percent during 1984, but a 73 percent increase in bulk petroleum shipments enabled the facility to end the year with only a 2 percent decline in revenues.

"Our position with general cargo is still safe" because of proximity to the population center of Alaska, says Anchorage Port Director Tyler Jones. "but something is out of balance if we're losing general cargo shipments to Seward."

"I don't know if I'd say we're losing volume to SeaWay or simply because of it, but carriers are definitely looking for ways to cut their costs in the midst of this rate war."



Equipment for MAPCO's Fairbanks refinery expansion awaits shipment in Valdez.