

PORT AUTHORITY OF GUAM



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News Release

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PORT DISPUTES CHAMBER'S CLAIM OF RAISING RATES

The Port Authority of Guam today refuted claims by the Guam Chamber of Commerce that the 11 tariff policy memoranda adopted by the Port Authority Board of Directors will result in significant increased costs to consumers on Guam.

The 11 memoranda were passed as an interim measure to allow the Port to recoup costs for operations and to keep it viable until it can adopt the complete revised Tariff as recommended by the Port's consultant, the Cornell Group. The Port tabled that recommendation at the request of the Governor and Senator Felix Camacho.

The majority of the new policies simply repeal other policy memoranda that have been passed over the years and reverts to the original tariff as adopted into law in 1993. The most significant of these is the repeal of the 50 Percent Rule to qualify for Chassis Rate added in 1993 and revised in 1995. This rule allowed carriers to qualify for the cheaper chassis rate for every container off-loaded as long as they provided half of the number of chassis needed for the operation. The Port does not expect this change to affect most consumers since although the major shipping carriers have historically been charged the lower chassis rate by the Port 100 percent of the time, they have routinely charged the consumers of Guam the higher grounded rate. Since the inception of the 1995 memorandum the Port has charged the island's two main carriers \$185 per container, while they have billed their customers \$255 for the same container.

The rescinding of the policy will now require that the shipping company provide a chassis for every container. If a container has a chassis it will be charge \$185, if it does not it will be charged \$255 as originally intended in the 1993 tariff.

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"The Port has been subsidizing the shipping carriers on Guam in exchange for them bringing more chassis to Guam. This subsidy has been hurting the Port and it must stop. Both our recent management audit and our tariff study have recommended that the Port needs to rescind this policy," said Port General Manager Francisco P. Camacho.

Another policy change will eliminate the Matchback Policy. This policy allows carriers to store the empty containers for free in the Port compound if the Port fails to meet specified productivity quotas. This practice has led to millions of dollars in disputed billings and is not practiced in any other Port in the world. The new policy will charge a flat rate of \$3.50 per day for all empty containers left in the yard. This charge is reduced from the \$7 allowed for in the existing tariff.

Other policies will maintain existing discounts and practices including volume discounts for transshipment containers, discounted flat rates for fishing boats, discounted rates for heavy lift equipment and discounted rates for auto devanning services.

Another policy will require that all disputed bills be submitted for arbitration and that disputed bills will not be entertained until the undisputed portion of the bill is paid in full. The final policy will establish timeframes for abandoned cargo to be auctioned by the Port to recoup storage costs.

The majority of the memorandums were already in effect and will remain unchanged. The Port needed to adopt these in order to re-file them with the Federal Maritime Commission and comply with federal mandates.

The Port has also taken steps to implement other recommendations in both the management audit and the recent Cornell Tariff study. The Port has drastically reduced expenses over the past two years and is exploring public/private partnerships for Port operations. The Port issued a Solicitation of Interest for such a venture over a year ago and is currently looking at options. The Board of Directors authorized management to proceed with this process at their last meeting.

"Many of the issues brought up by the Cornell Group cannot be addressed overnight, but the Port is making progress," Camacho said. "We have also been hampered by not being able to adopt the tariff changes in full as recommended by the Cornell group due to the current economic condition. These current policies are simply a stop gap measure to keep the Port viable in these desperate economic times."

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