

Deployments

U.S. Domestic Product Tanker Deployments, 1996-2000					
(Vessels)					
	U.S. Gulf & Atlantic	U.S. Gulf/ West Coast	West Coast	Foreign	Idle
1996:1	37	4	16	7	2
1996:2	30	10	16	7	2
1996:3	34	9	13	10	1
1996:4	38	5	14	8	1
1997:1	39	4	13	9	2
1997:2	34	9	13	8	2
1997:3	38	6	12	7	2
1997:4	38	4	13	6	2
1998:1	41	4	11	4	5
1998:2	31	10	10	6	8
1998:3	34	5	10	9	7
1998:4	34	7	8	12	3
1999:1	34	8	9	13	3
1999:2	28	10	9	17	3
1999:3	28	14	9	14	2
1999:4	35	4	9	15	2
2000:1	34	6	11	12	1
2000:2	35	6	12	10	1

Source: Lloyd's Maritime Information Services, Vessel Itineraries.

- As of June 1, 2000, there were 64 U.S. flag product tankers (2.5 million DWT) with unrestricted domestic trading privileges (Jones Act). Twenty-two of these (0.8 million DWT) have double hulls.
- Domestic deployments were concentrated in the U.S. Gulf (USG) and Atlantic trades.

Domestic Product Tanker Trades

Major U.S. Domestic Product Tanker Trades, 1999*			
Trade	Million. Metric tons	Billion. Ton-miles	Average Miles
U.S. Gulf & Atl.	31.1	42.3	1,361
U.S. Gulf & Atl./ U.S. West Coast	2.4	15.4	6,331
U.S. West Coast	11.9	8.6	718
Total	45.5	66.3	1,456

* Includes crude oil shipments.
Source: U.S. Army Corps of Engineers, Preliminary.

- U.S. Gulf and Atlantic trades accounted for about 64 percent of the domestic demand (ton-miles) for product tankers.

Commodities

Major Commodities Shipped in Domestic Product Tanker Trades, 1999				
(Billion Ton-miles)				
	U.S. Gulf & Atlantic	U.S. Gulf/ West Coast	West Coast	Total
Gasoline	17.1	6.8	1.9	25.8
Blending Comps.	6.3	4.7	-	11.0
Distillates	7.3	1.4	1.7	10.4
Residual	3.1	0.3	0.8	4.2
Crude Oil	0.4	-	3.4	3.8
Lube Oil	2.4	1.2	-	3.6
Tar & Asphalt	-	-	0.6	0.6
Waxes	0.2	0.1	-	0.3
Other	5.4	1.0	0.2	6.6
Total	42.3	15.4	8.6	66.3

Source: U.S. Army Corps of Engineers, Preliminary.

- In terms of ton-miles, the major products moved by domestic product tankers in 1999 were: gasoline (39 percent), gasoline blending components (17 percent), and distillates (16 percent).

U.S. Gulf and Atlantic Trades

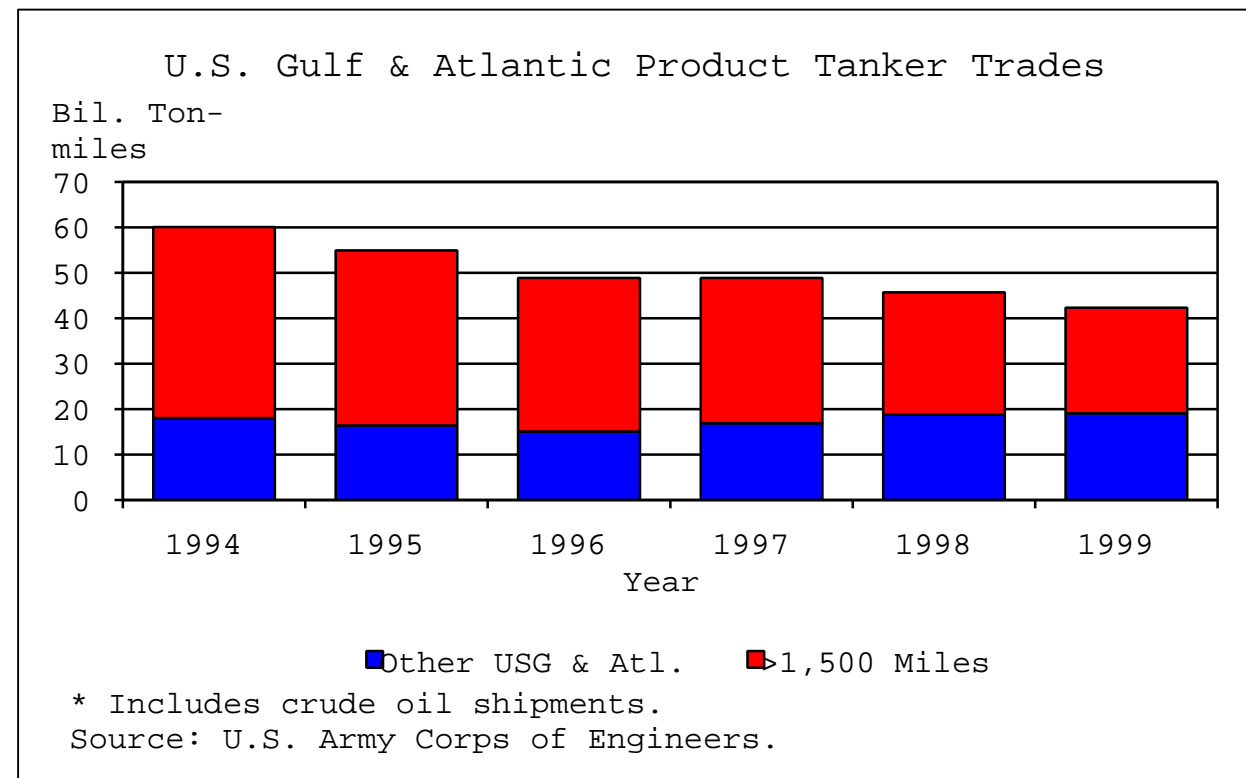
U.S. Gulf & Atlantic Product Tanker and Tank Barge Trades by Region, 1999						
(Million Metric Tons)						
	Receiving Region					Total
	North- East	Middle Atlantic	South- East	South- West	Puerto Rico	
Products	36	71	76	26	9	218
Domestic	18	49	51	4	1	123
Prod. Tanker	1	4	22	1	0	28
Tank Barge	17	45	29	3	1	95
Imports	18	22	25	22	8	95
Crude Oil						
Domestic	0	12	2	0	0	14
Prod. Tanker	0	3	0	0	0	3
Tank Barge	0	9	2	0	0	11

Source: U.S. Army Corps of Engineers, preliminary.

- In 1999, waterborne petroleum product shipments to Gulf and Atlantic states were about 218 million metric tons. Of this, domestic tank barges accounted for 44 percent, imports accounted for 44 percent, and domestic product tankers accounted for 12 percent.

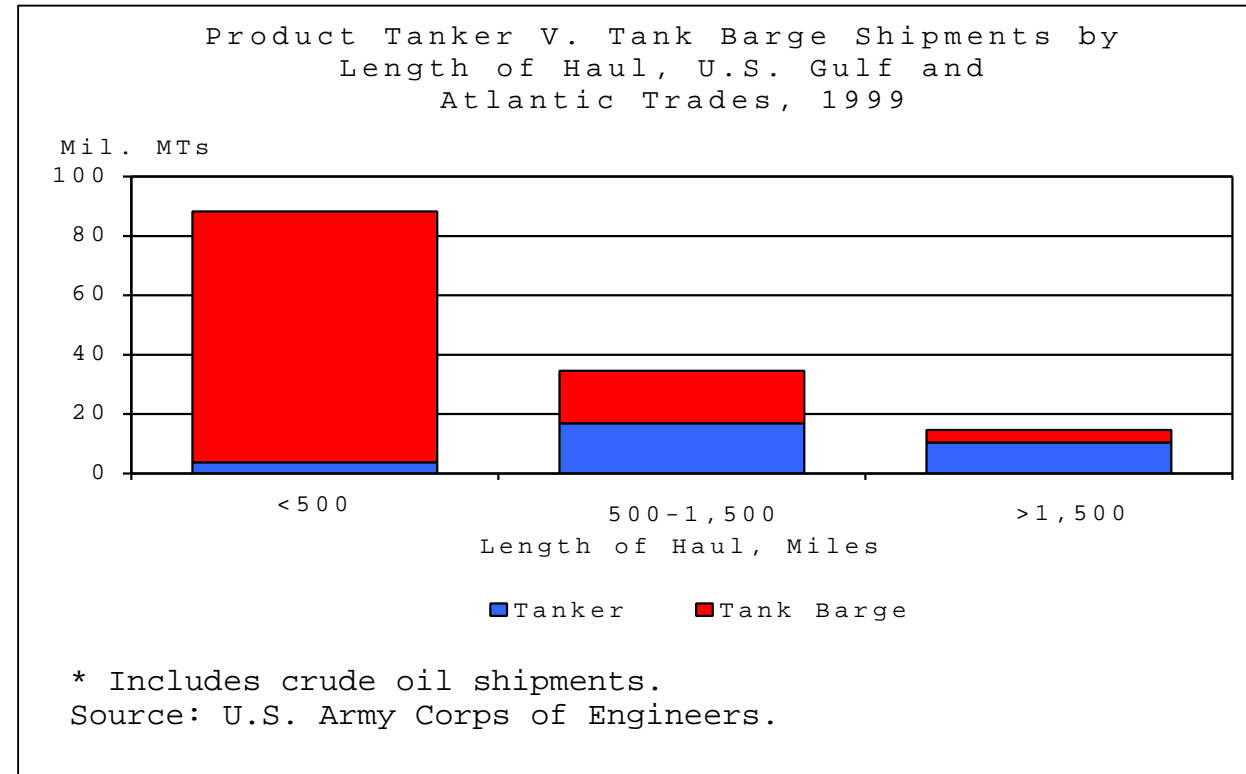
- Tank barges accounted for 94 percent of the domestic product shipments to the Northeast and Mideast states (each and combined).

- Eighty percent of the domestic shipments in product tankers were to the Southeast (primarily Louisiana and Texas to Florida).



- U.S. Gulf (USG) and Atlantic product tanker trades have fallen from 60 billion ton-miles in 1994 to 42 billion ton-miles in 1999 (Exhibit 5). The decline in total ton-miles has been primarily in the long-haul (> 1,500 mile) trades.

Length of Haul



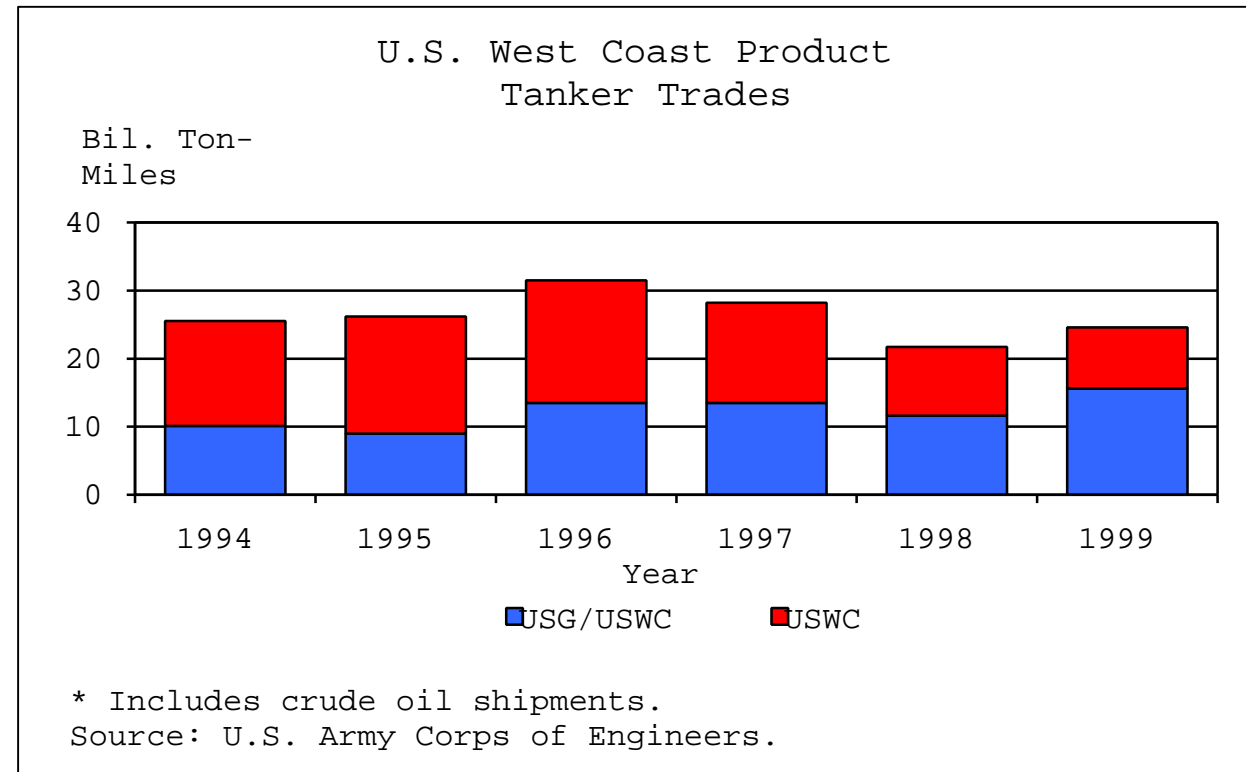
- Tank barges compete with domestic tankers in medium haul (500 to 1,500 mile) trades, and complement tankers and pipelines by transshipping products in short-haul trades.
- Tank barges accounted for 94 percent of the domestic waterborne product shipments to the Northeast.

U.S. West Coast Trades

U.S. West Coast Tanker and Tank Barge Product Trades by Region, 1999					
(Million Metric Tons)					
Receiving Region					
	California	Pacific Northwest	Alaska	Hawaii	Total
Products	21	18	1	1	41
Domestic	9	16	1	1	27
Prod. Tanker	4	4	0	0	8
Tank Barge	5	12	1	1	19
Imports	12	2	0	0	14
Crude Oil					
Domestic	4	1	1	0	6
Prod. Tanker	4	1	1	0	6
Tank Barge	0	0	0	0	0

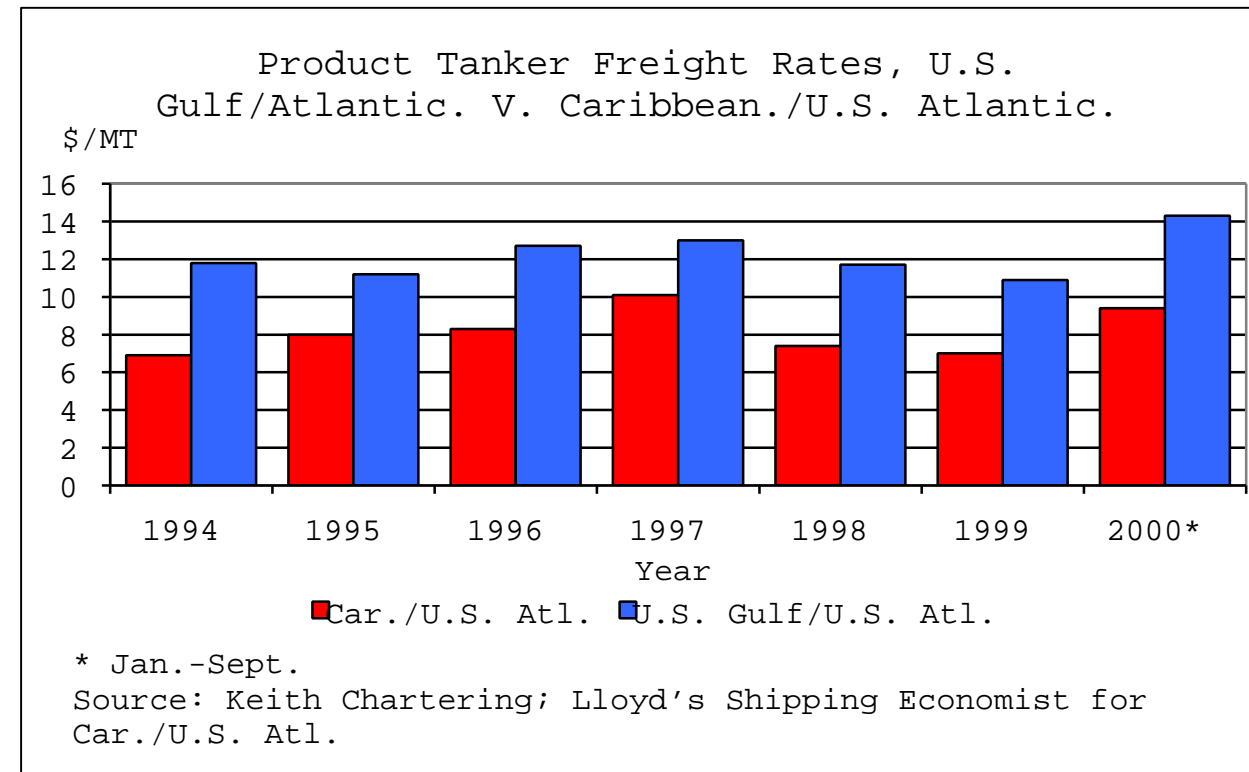
Source: U.S. Army Corps of Engineers, Preliminary.

- West Coast trades include U.S. Gulf/U.S. West Coast trades and intra U.S. West Coast trades. In 1999, the average haul for U.S. Gulf/U.S. West Coast product tanker trades was about 6,300 miles, or nine times that for intra U.S. West Coast trades.
- In 1999, waterborne petroleum product shipments to West Coast states were about 41 million metric tons. Of this, domestic tank barges accounted for 46 percent, imports accounted for 34 percent, and domestic product tankers accounted for 20 percent.



- U.S. Gulf/U.S. West Coast trades are primarily reformulated gasoline and gasoline blending components. Since implementation of CAAA90'S year-round reformulated gasoline requirements in 1996, U.S. Gulf/West Coast product tanker shipments have fluctuated in the 12-15 billion ton-mile range.
- Product tankers have traditionally carried significant amounts of Alaska crude oil in medium-haul (500-1,000 miles) West Coast trades. These trades have fallen sharply from 6.8 billion ton-miles in 1996 to 3.1 billion ton-miles in 1999 contributing to the overall decline in West Coast product tanker shipments over this period.

Freight Rates



- Imports are close substitutes for domestic shipments. The \$3-5/MT difference between foreign and domestic freights is due primarily to import duties.
- The 2000 increase in both domestic and import freight rates reflects a seasonal build-up in stocks and an increase in bunker prices.