

Greater Houston Port Bureau

Port Bureau News

Quarter Three / 2024

Honoring the
2024 Maritime Leader
of the Year

Jürgen Schröder



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Jürgen Schröder, founder of Schröder Marine Services, Inc., has been named the 2024 Maritime Leader of the Year. Schröder will be honored at the Port Bureau's Annual Maritime Dinner on August 24, 2024. Read more on page 17.



Several new laws will impact the industry in 2024. One notable regulatory update that will have sweeping impacts is the Environmental Protection Agency's Final Rulemaking on Clean Water Act, Hazardous Substances Facility Response Plans. See page 22.



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A year ago, I started with the Port Bureau. I had no idea how much I was going to love this job! The port community embraced me with open arms, and the relationships I built ten years ago when I arrived at the U.S. Coast Guard Sector Houston-Galveston still support and guide me today. The Port Bureau continues to share beneficial knowledge and strategies to ensure our ports are the best in the nation, and I'm very grateful for the amazing team we have here. We collaborate and interact with high enthusiasm, and we set ambitious but attainable goals to improve our services, outreach, and advocacy efforts. Our sold-out events, like our last seven Commerce Club luncheons, are a testament of how well we worked together to achieve those goals, which will ultimately drive the Port Bureau forward to the next level. Proud of my team and thanks to all for making this year so memorable for me!

To expand on our efforts, one of our recent initiatives has been to establish and promote a strategic partnership between Texas and Panama. We are the second closest state geographically from Panama after Florida, and



we are their number one trade partner. The U.S.-Panama Business Council ("USPA") and PROPANAMA, the Panama government entity responsible for promoting international trade and investment, organized a conference on June 19-21, under the branding "Panama and the Texas Triangle". We were able to participate along with several Port

Bureau members in this unique Texas delegation that had representation from the following fields: agriculture, aviation, cybersecurity, energy, global trade, oil & gas, petroleum & chemicals, real estate, transportation, and more.

Captain's Corner

Thanks for a Great First Year



I participated in a panel to discuss the importance of our ports and how we need to work together to ensure smooth and steady vessel transits across the Panama Canal as the significance of the Canal in Texas cannot be overstated. The Canal plays a crucial role in facilitating trade and commerce, allowing for the efficient transportation of goods between the Gulf of Mexico and the Pacific Ocean. As the energy and container market continues to rise in Asia, our production and exports will also increase to support that demand, and this has a direct impact on the Texas economy. In 2023, Panama experienced a severe drought that caused significant challenges for the operation of the waterway. The lack of rainfall led to lower water levels in the Canal, impacting the ability of ships to navigate through the locks. This resulted in delays and restrictions on the size of vessels that could pass through, affecting the efficiency and profitability of the Canal. For us, the ability to transport goods quickly and cost-effectively through the Canal was impacted as the Panama Canal Authority was forced to reduce ship crossings by 36%.

During our visit, we discussed this issue with senior officials of the Panama Canal Authority and learned future plans and measures they are taking to prevent this from happening again. The Authority is investing about \$3.5 billion over the next few years toward infrastructure and equipment, with plans to dam up the nearby Indio River and pipe fresh water into Lake Gatún to save water during rainy months and increase supply during drier times. The commitment to ensuring transit through the Panama Canal was evident and everyone understands how critical our partnership stands. We discussed the importance of establishing a Texas-Panama Energy workgroup, to maintain open communication and capitalize opportunities available for both regions. We will remain engaged and dedicated to meet the evolving needs of our maritime industry and will continue promoting this critical partnership to ensure Texas and the Panama Canal remains a vital link in global trade and transportation.

CAPT Eric Carrero,
USCG (Ret.)
GHPB President



Port Watch

What Will Be Willed



Photo by Lou Vest

Easter 1865 dawned in Washington D.C. with the severely injured Secretary of State, William Seward, peering out his second-floor window and noting that the National Ensign was at half-mast. Having been brutally stabbed on Good Friday, he was surprised that his dear friend and Commander in Chief had yet to visit him. It was at that moment that Secretary Seward deduced that the flag must have been at half-mast for the president of the United States. Nine days later, President Lincoln's funeral procession solemnly proceeded down New York City's Broadway Street. Six-year-old Teddy Roosevelt and his younger brother Elliot had a bird's eye view from the second-floor window of their grandfather's mansion as the deceased president's carriage passed.

This, of course, would not be Theodore Roosevelt's last—albeit brief—encounter with an assassinated president. On September 6, 1901, Vice President Roosevelt was speaking at Lake Champlain when he was informed President McKinley had been shot by Leon Czolgosz in Buffalo, New York. Roosevelt hastened to the president's bedside. Convinced he would recover from the stomach wound, the vice president decided to join his vacationing family in the Adirondacks. Unfortunately, a week later, he was told that McKinley's condition had become critical, prompting him to rush back to Buffalo.

On September 14, 1901, Vice President Roosevelt was sworn in as the 26th and youngest president of the United States. After his landslide victory in 1904, Theodore Roosevelt announced he would not seek reelection in 1908. To that end, he groomed his Secretary of War, William Howard Taft, to be his successor—a decision the Republican Party bosses endorsed when they opined, "Roosevelt has cut enough hay. Taft is the man to put it in the barn."

Much hay has been made this past year as reflected in the continuing influx of merchandise into one of the nation's fastest growing regions. Texas ports garnered 1% more vessel arrivals in the first six months of 2024 than the first half of 2023. Inland tows harvested an even greater bounty for the same timeframe with a 3% year-over-year performance.

When the books were closed for the year's second quarter, the Port of Texas City had much to crow about. Thus far, 2024's year-to-date

arrival count eclipses 2023's by 10%. Bulklers and integrated tows recorded substantial percentage jumps; however, those categories are dwarfed by tankers and chemical carriers—both of which are up 21% and 2% respectively. Needless to say, it has been a slog for this railroad port since the lifting of the COVID curtain. Fortunately, this year, it is benefiting from the high demand for chemicals in the international market.

Galveston has also benefited handsomely from the influx of tankers which has skyrocketed 81% over the year and 40% over the last month. Chemical tanker arrivals—predominantly a lay berth customer—tallied its highest count for the year resulting in a 7% monthly gain. The most frequent vessel arrivals were the cruise ships which tacked up 12% over the last month. The continued expansion of the port's cruise ship terminals is paying dividends as reflected in the 4% year-over-year rise.

Unlike the nearby ports of Texas City and Galveston, the port of Freeport has yet to catch up with 2023's arrival numbers. While it experienced a 6% uptick in the last month, the port still lags the first half of 2023 by a percent. This is primarily due to the pronounced year-to-date drop in chemical tankers (-24%), LPG carriers (-8%), and tankers (-7%). Freeport has certainly benefited from the international LNG demand as that category chalked up a 16% gain over the last year. It has also attracted a greater number of car carriers as witnessed by the 72% hike in ro-ro arrivals over the last two quarters.

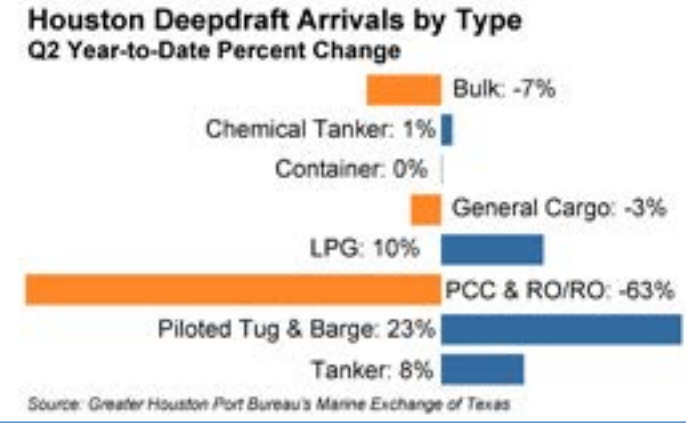
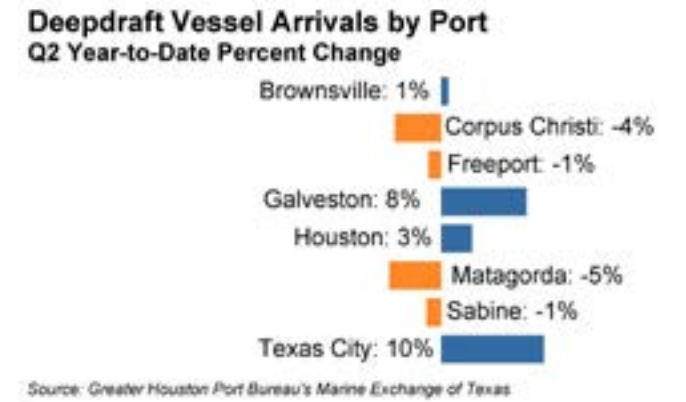
To the east, the Port of Sabine slightly trails its prior year vessel-arrival performance by a paltry 1%. Granted, June's vessel count was the highest for the year. This was primarily due to the 31% leap in tanker arrivals over the last month. Nonetheless, 7% fewer tankers have called upon the port over the first half of the year. The same is true of chemical tankers which are off 2% for the year and LNG vessels which have fallen by 1%. LPG arrivals currently match last year's numbers. On the other hand, general cargo vessel and ro-ro vessel calls are outpacing the prior year by 48% and 20% respectively.

Meanwhile, the border port of Brownsville quietly chugs along and ekes out modest gains. To date, its vessel call record outpaces 2023 by 1% after a robust 29% monthly increase. Bulklers are the bread and butter of this port as it comprised two-thirds of the total count for the month. As such, 13% more bulklers over the last year are primarily responsible for the port's gains.

Dead reckoning to the northeast, the port of Corpus Christi has seen 4% fewer vessel arrivals year-to-date. June was a relatively soft month with a 5% monthly wane. Its two dominant vessel constituents—tankers and chemical tankers—are off 19% and 9% respectively for the year. On the vessel arrival front, matters are further exacerbated by the fact there has been a 3% drop in the movement of LNG vessels. If there is a silver lining to be found, it would be due to an impressive 34% ascent in bulker arrivals and a modest 5% uptick in LPG vessel calls.

In the nation's largest port, there is much silver to be had in the way of energy exports and consumable imports. In the last month, Houston welcomed 2% more deep draft vessels. The second quarter of the year outperformed the first quarter by 3%; notching up the year-to-date arrival percentages to 3%. As the Gulf of Mexico's largest container port, 13% more TEUs crossed the docks on a year-over-year basis. The fact that this was accomplished by the same number of container ships as last year's underscores the notion that more is being transported on fewer hulls.

The port's most frequent caller—tankers—is handily erasing last year's lukewarm performance given that it has left 2023's figures in its wake by 8% despite June's 4% tapering. Its chemical counterpart saw a pronounced 16% quarter-over-quarter spike. Currently, it remains 1% ahead of the first half of 2023. Not to be outdone by its BTU cousins, LPG vessel calls have seen a 10% year-to-date upturn following June's 4% run-up. Bluewater tows—albeit a much smaller vessel population—have enjoyed a torrid 2024. Twenty three percent more of these integrated vessels have navigated the Houston Ship Channel over the last year. Bulker arrivals have wallowed a bit in 2024 with 7% less calls. General cargo vessels fared a bit better with a mere 3% year-to-date loss. Yet, in the last month, this vessel type logged very impressive numbers as evidenced by a 38% leap.



Roosevelt had soured on President Taft's political program by the time the sitting president was ramping up his 1912 reelection bid. In typical Roosevelt fashion, he opted to form the Bull Moose Party and take on both Taft and the Democratic nominee - New Jersey's Governor Woodrow Wilson. It was an extremely unpopular decision with the Republican Party power brokers. Undeterred, the former president vociferously campaigned across the nation. On October 14, 1912, as he was departing Milwaukee's Gilpatrick Hotel for his next speech, John Schrank shot him in the chest at point blank range.

The surrounding crowd was in an uproar and the would-be assassin was pummeled until Roosevelt ordered that the shooter be brought before him. Roosevelt looked Shrank in the eye as the blood stain grew on his shirt and asked, "What did you do it for?" Receiving no response, he ordered him to be taken away by the police and for no harm to come to him. The wounded former Rough Rider refused medical attention and delivered his fifty minute speech to an astonished crowd, bloodied shirt and all.

TR's third party run resulted in Professor Wilson's White House ascent and Roosevelt's persona-non-grata status with the Republican establishment. Thus, after the election, he departed for the Brazilian rain forest to chart an unexplored tributary of the Amazon which now bears his name. What an assassin's bullet failed to do, the Rio Roosevelt came much closer to taking his life. Today, several blocks from President Roosevelt's grandfather's house, from where he watched the Lincoln funeral procession, sits Teddy's boyhood home. It is now a museum filled with mementos of his many accomplishments and deeds. Perhaps one of the most viewed items is the blood-stained shirt from Shrank's failed assassination attempt. A poignant reminder of the contrast between man's will and divine intervention.



Tom Marian
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The Paradox of Security |

"The Most Secure Control System is the One that Doesn't Exist."



Many of you who have known me for decades know that my passion lays at the core of automation, control, and safety. Having lived in this world prior to cybersecurity concerns in the late 90s and early 2000s (Y2K) has given me a perspective that has brought me to author this article. This is my personal viewpoint - and as we walk in over the threshold of the rug at your shoreside facility gates or step off of the helipad into the safety briefing that typically proclaims, "Safety Starts Here" (see image above), we must realize that in today's world maritime control systems connectivity has far exceeded your port or vessels' perimeters. And so began the importance of and pursuit of securing maritime control and safety critical systems onshore and offshore.

In our pursuit for secure maritime digital control systems though, we often get caught up in the allure of sophistication. High-tech firewalls and encryption algorithms give us a sense of invincibility. But at the heart of it all, there is this fundamental need for trust relations.

Trust is at the core of any maritime digital control system. Operators trust the sensors, engineers trust the algorithms, and offshore installation managers trust the overall integrity of the control, and, most importantly, their safety critical systems. It is this intricate web of trust that keeps everything running smoothly. Yet, this reliance on trust can be a double-edged sword.



A fully digital bridge, linked to digital control and safety critical systems, and remote access.



A ship systems using digital automation and safety.

After many years, well ...actually over a decade in my mind's eye, I have been working out some of the concepts that I have witnessed along the way. We started many decades ago to get to where we are at today in terms of systems, architectures, and the people and culture aspects bound to advancements in technology. This led me to compile and present on the topic of Normalization of Deviance. I was fortunate enough to have been able to bring this talk to the OTCEP in Singapore in 2023, and this year at the S4x24 conference in Miami.

YouTube: Link to the talk: <https://www.youtube.com/watch?v=u1xmyJmGsS0&t=487s>

The big idea is that there is gradual acceptance of deviations as normal behavior. In the context of safety critical systems including maritime digital control, we may be allowing unverified trust to seep into the system. As port facilities, offshore installations, and their supply chains expand beyond physical boundaries, the trust network follows suit. The perimeter extends far beyond the port of offshore facility, connecting with external entities into a complex digital ocean.

The assumption is that these external components are as secure as the internal ones. And that is where the challenge lies, folks. Unverified trust beyond the traditional boundaries introduces vulnerabilities. If we are not careful, a breach in any part of this extended trust network can have severe consequences, affecting the entire manufacturing process, safety of the site crew, and extending beyond the facility perimeter to include public safety and the potential for environmental impacts.

It is a delicate balance. I have shared the following thought with co-workers and the students I have trained: "The most secure maritime digital control system is the one that doesn't exist". It is intriguing. Paradoxical. While complete nonexistence is perhaps unattainable, it prompts us to reevaluate our security strategies. So, how do we navigate this web of trust without compromising the integrity of the entire system?

"It Depends" is the most common answer you will receive, and that requires a comprehensive approach.

Let us delve a bit deeper into the safety-critical system implications of safety. The normalization of deviance in trust relations can have profound effects on safety measures. When we extend our trust unchecked, we might overlook potential hazards or deviations that could compromise the safety protocols designed to protect not only the process but also the people involved. Blatantly put, this extended trust could potentially lead to a situation where safety measures are compromised.

Consider a scenario where external components integrated into our trust network do not adhere to the same safety standards. If we normalize this deviance, assuming everything is in order, we might inadvertently compromise the safety measures we have put in place. It is a delicate balance between efficiency and maintaining the robustness of our safety protocols. Safety should always be at the forefront of our considerations. So, how do we approach and navigate this challenge, ensuring that our pursuit of trust and technological advancement does not compromise the safety?



We need to scrutinize not only the technological aspects but also the human factors involved. Understanding the implications of trust relations on safety-critical system is pivotal.

Elements that are often discussed after deployment and that need to be part of your discussions at conceptual design are:

- The Illusion of Sophistication
- Trust and Normalization of Deviance
- Expanding the Perimeter
- Challenges of Unverified Trust
- The Nonexistent Ideal
- Just Because You Can Doesn't Mean You Should

The assertion that the most secure maritime digital control system is the one that doesn't exist is a provocative contemplation. It challenges us to reconsider the very nature of security in an interconnected world. While complete nonexistence may be an unattainable ideal, acknowledging the inherent vulnerabilities of trust relations prompts a reevaluation of security strategies.



IMAGE 1 Spiral: 1980s companies began the move to logic controllers along this SPIRAK, speaking to the deviation and the new normal.



IMAGE 2 Spiral: Late 1990s companies began integrating process historian from their control systems at sites to enterprise with minimal security thought.



IMAGE 3 Spiral: 2010 Virtualization in Control Systems became proven, and vendors begin to allow integration, new adoption of cloud for SCADA.



IMAGE 4 Spiral: 2012 to today with IIoT and ICSS along with supporting standards allowing systems to be fully integrated and supported remotely through intranet / public internet.

Wrapping this Up

In the pursuit of a secure maritime digital control system, it is imperative to recognize the paradox of security – that even the most sophisticated systems are built on a foundation of trust. Normalization of deviance and the extension of trust beyond the traditional boundaries of manufacturing sites demand a comprehensive approach to security. While the complete nonexistence of a system may be a utopian concept, understanding the intricacies of trust relations is crucial for fortifying the defenses of our interconnected industrial landscape. It is about finding that sweet spot between technological advancement and the inherent complexities of trust relations.

In maritime digital control systems, it is not just about technology; it is about a nuanced understanding of human behavior and the dynamics of trust. As we move forward, let us ensure that our pursuit of sophistication does not blind us to the vulnerabilities that lie within the very fabric of our interconnected systems, especially when it comes to ensuring the safety of our processes and the people involved.

To learn more about unverified trust, assessment methodology, and measures to address the risks, visit the INL website at : Idaho National Labs CCE and Idaho National Labs CIE

Many thanks to the great work of Dr. Diane Vaughan regarding normalization of deviance. I would also like to thank Adam Starr for his deviation spiral inspiration and input for my talk.

Marco Ayala
President

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Marco Ayala has over 28 years of experience where he designed, implemented, and maintained process instrumentation, automation systems, safety systems, and maritime vessel control networks. With two decades focused specifically on industrial cybersecurity, he has led efforts to secure the oil and gas (all streams), maritime port, offshore facilities, and chemical sectors, supporting federal, local, and state entities for securing the private sector.

How Companies Can Better Deliver Unexpected News

When to release the headline-breaking news and when to bury it

- Firms release news strategically based on market reactions to mergers and acquisitions.
- After a strong market reaction, firms release more negative news, regardless of whether the reaction is positive or negative.
- People tend to have stronger reactions to unexpected news, so news that meets the public's expectations of a company can go unnoticed.



Photo courtesy of Rice University.

The U.S.-Panama Business Council (“USPA”) began operation in 1994 in Washington, D.C., and Panama when Panama was making efforts to rekindle the special relationship it had experienced with the United States for more than one hundred years.

According to Forbes, the volume of mergers and acquisitions in 2021 was the highest on record, and 2022 has already seen a number of major consolidation attempts. Microsoft’s acquisition of video game company Activision Blizzard was the biggest gaming industry deal in history, according to Reuters. JetBlue recently won the bid over Frontier Airlines to merge with Spirit Airlines.

It can be hard to predict how markets will react to such high-profile deals. But Rice Business Professor Haiyang Li and Professor Emeritus Robert Hoskisson, along with Jing Jin of the University of International Business and Economics in Beijing, have found that companies can take advantage of these deals to buffer the effects of other news.

The researchers looked at 7,575 mergers and acquisitions from 2001 to 2015, with a roughly half-and-half split between positive and negative stock market reactions. They found that when there’s a negative reaction to a deal, companies have two strategies for dealing with it. If it’s a small negative reaction, companies will release positive news announcements in an attempt to soften the blow. But when the reaction is really bad, companies actually tend to announce more negative news afterward. Specifically, companies released 18% less positive news and 52% more negative news after a bad market reaction.

This may seem counterintuitive, but there’s a method to the madness, and it all has to do with managing expectations. If people are lukewarm on a company due to a merger or acquisition, it’s possible to sway public opinion with unrelated good news. When the backlash is severe, though, a little bit of good PR won’t be enough to change people’s minds. In this case, companies release more bad news because it’s one of their best chances to do so without making waves in the future. If people already think poorly of a company due to a recent deal, more bad news isn’t great, but it doesn’t come as a surprise, either. Therefore, it’s easier to ignore.

It might make more sense to just keep quiet if the market reaction to a deal is bad, and this study found that most companies do. However, this only applies when releasing more news would make a mildly bad situation worse. If things are already bad enough that the company can’t recover with good news, it can still make the best out of a bad situation by offloading more bad news when the damage will be minimal. Companies are legally obligated to disclose business-related news or information with shareholders and with the public. If it’s bad news, they like to share it when the public is already upset about a deal, instead of releasing the negative news when there are no other distractions. In this case the additional negative news is likely to get more play in the media when disclosed by itself.

But what happens when people get excited about a merger or acquisition? In these cases, it also depends on how strong the sentiment is. If the public’s reaction is only minimally positive, companies may opt to release more good news in hopes of making the reaction stronger. When the market is already enthusiastic about the deal, though, companies won’t

release more positive news. The researchers found that after an especially positive market reaction to a deal, companies indeed released 12% less positive news but 56% more negative news. Also, one could argue that the contrasting negative news makes the good news on the acquisition look even better. This may be important especially if the acquisition is a significant strategic move.

There are several reasons why a company wouldn’t continue to release positive news after a good press day and strong market reaction. First of all, they want to make sure that a rise in market price is attributed to the deal alone, and not any irrelevant news. A positive reaction to a deal also gives companies another opportunity to disclose bad news at a time when it will get less attention. If the bad news does get attention, the chances are better that stakeholders will go easy on them — a little bit of bad press is forgivable when the good news outshines it.

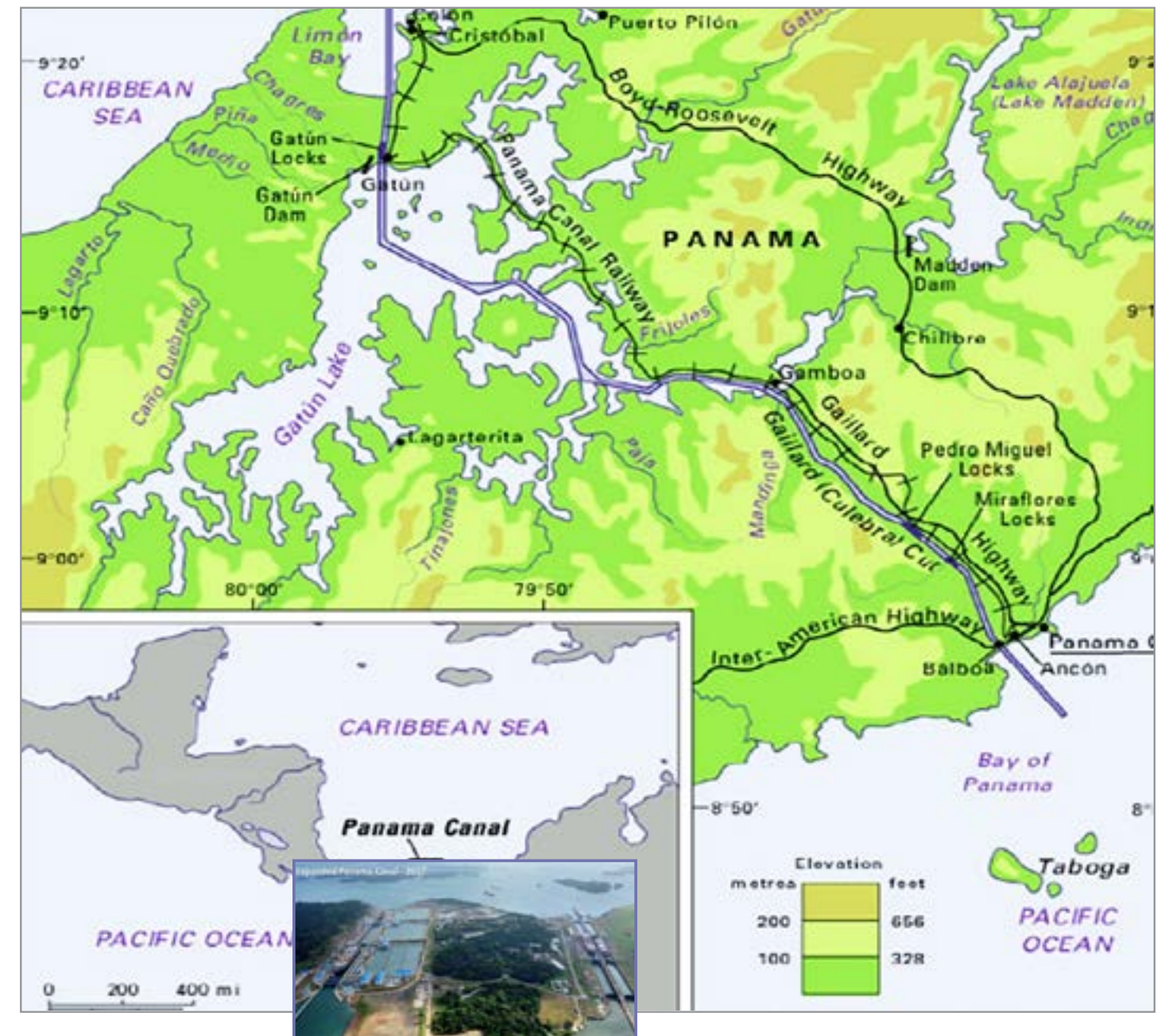
Companies may choose to release no news after a positive reaction to a merger or acquisition, the same way they might opt to stay quiet after backlash. They’re less likely to release positive news when stakeholders are already happy, preferring to save that news for the next time they need it, either to offset a negative reaction or strengthen a weak positive reaction.

Mergers and acquisitions can produce unpredictable market reactions, so it’s important for companies to be prepared for a variety of outcomes. In fact, Jin, Li and Hoskisson found that the steps taken by companies before deals were announced didn’t have much effect on the public’s reaction. They found that it’s more important for companies to make the best out of that reaction, whatever it turns out to be.

The researchers also found that, regardless of whether the market reaction was positive or negative, as long as the reaction was strong, companies could use the opportunity to hide smaller pieces of bad news in the shadow of a headline-making deal. Overall, the magnitude of the reaction mattered more than the type of reaction. People tend to have stronger reactions to unexpected news, though, so companies prefer to release negative news when market expectations are already low.

These findings are relevant beyond merger announcements, of course; they also point to strategies that could be useful in everyday communications. A key takeaway is that negative information is less upsetting when people already expect bad things — or when it comes after much bigger, and much better, news. Bad news is always hard to deliver, but this research gives us a few ways to soften the blow.

Reprinted from Rice Business Wisdom and based on research by Jing Jin, Haiyang Li and Robert Hoskisson.





This relationship had been impacted negatively by a political crisis in 1988-89 between the two countries. The USPA, bi-national in character, worked successfully to return the two countries to a productive relationship. With the priority of developing business opportunities, USPA moved its headquarters to Houston in 2007, where Panama already had a positive trade and investment relationship.

At the time of the move, the port of Houston and the Panama Canal had developed an alliance that connected Houston with Asian markets through the canal. This alliance has continued to grow. In 2016, Panama completed its project to widen the canal and add a new set of locks to facilitate bigger and deeper ships carrying four times as many container boxes, the #1 commodity of the canal. This exponentially expanded the budding Houston-Asia trade.

That same year, the U. S. authorized the exports of hydrocarbons, thanks to the fracking process that gave a push to the energy sector. LNG terminals in the Texas Gulf, including Corpus Christi, Freeport and Sabine Pass began exporting to Asia through the canal, consolidating north and southbound trade between Houston-Asia, deepening the relationship. Houston's Mayor Annise Parker led a trade delegation to Panama during the time of the new lock construction in 2014, branding Houston and Panama as a "Strategic Partnership".

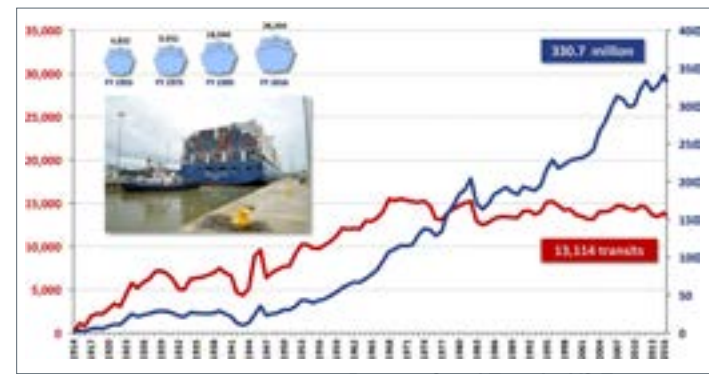
In the meantime, several Texas corporations began or expanded operations in Panama. Some of them established regional headquarters in the country, taking advantage of its transportation and logistics infrastructure supported by its geographical location, use of the dollar as currency, its digital structures, incentives for doing business, and air connectivity to 17 cities in the United States and more than ninety destinations in the Americas, provided by Panama's national carrier, COPA Airlines.

The sea and air connectivity, and the trade and investment generated in Texas with companies such as Dell Technologies, Halliburton, Sysco, Kimberly Clark, Bell Helicopter, Targa Resources, Cheniere Energy, Caterpillar (that recently moved its national headquarters to Irving), and others had such an impact across the state that USPA rebranded the initiative "Texas-Panama: Strategic Partnership", and began promoting the "Texas Triangle" of the regions of North, Central, South and Upper Gulf Coast regions as key components of the partnership.

In the 21st century, Houston exploded as the most "global city" in the U. S. According to USPA's "USA Global Index", Houston is the #1 city in the ratio of exports to GDP with a staggering 25% ratio; the second city is Seattle with 15%, and third is Miami with 10%. No other city in the U. S. has a ratio higher than 10%. At the same time, USPA's "USA cities of interest for Panama Index" has Houston as #1, followed by New York and Washington, D.C. Dallas-Fort Worth, Austin and San Antonio are among the top 17 cities in the Index, making Texas the leader state.

The partnership of Houston and Texas with Panama has been 175 years in the making. It began with the first voyage of a scheduled sea route between New Orleans and Panama in 1848, with New Orleans connecting to Houston and Dallas on a railroad route that eventually connected Texas with Panama. There are other tidbits of history that connect the port of Houston directly with the Panama Canal, suggesting that faith has had to do a lot in the building of the relationship.

In 1902, President Theodore Roosevelt signed a directive to negotiate with Colombia for the building of a sea canal in Panama and separately approved the start of the Houston Ship Channel. In 1904, the U. S. started construction of the Panama Canal. By then, Panama had become an independent republic. In 1914, both mega infrastructure projects – the Panama Canal and the Houston Ship Channel - were inaugurated. During the first half of the 20th century, the two waterways developed, despite growing pains. By the second half of the century, both had become critical arteries in the sea routes of the world, starting container terminals



Panama Canal Transits VS Tonnage.

that allowed them to grow and prosper. In the 21st century, the two have undertaken ambitious expansions, the Panama Canal building a set of new locks, and Port Houston's Project 11, the widening and deepening of the Houston Ship Channel. It seems that someone had planned the symmetrical growth of these two waterways.

Texas is rich in water resources with twelve ports in the Gulf of Mexico, eight of them deep-water ports that include Houston, Beaumont, Port Arthur, Galveston, Texas City, Freeport, Corpus Christi and Brownsville. The ports handle the full gamut of cargo, including containers, LNG, LPG, bulk, fruits, grains, roll-on roll off for vehicles, chemicals, minerals and even cruise ships from the Port of Galveston. They are the backbone of U.S. exports' thrust and have a special relationship with the Panama Canal covered by MOUs. In addition, Panama, the #1 Ship Registry in the world, has a merchant marine consulate in Houston, its #1 consulate in the United States, and the Texas A&M Sea Academy in Galveston is one of the top schools assisting Panama in the training of maritime professionals.

The other anchor of the relationship has been the air connectivity of the Houston-Panama City route. A merger between Continental and Copa Airlines in late 90s established the "Hub of the Americas", whereby travelers from Houston are delivered to Panama City. Copa then transports them to capitals and other cities of South America and the Eastern Caribbean, helping make Copa the most efficient and profitable airline in the Americas. This route, serviced by United and Copa in a codeshare agreement has recently been complemented by a direct flight from Panama City to Austin by Copa Airlines.

With the explosive growth of Texas that projects the "Triangle" to 100 million by 2100, it is expected that other routes will be developed



The Panama Canal is Key to Seaborne Trade

and frequencies increased, cementing the "Texas-Panama Strategic Partnership". Although United Airlines, that absorbed Continental in a 2008 merger is no longer an investor in Copa Airlines, a marketing agreement for the Americas is in place. The improving air connectivity is making Texas a potential destination for Panamanian and South American tourists.

The educational component has also become an essential part of the partnership. Texas is the #1 state for Panamanians studying in the U. S., led by Texas A&M University. Other universities that attract Panamanians include the University of Texas-Austin, TCU, SMU, Rice University, University of Houston, Saint Edwards University and several junior colleges. University relations create special bonds that help forge friendships as well as cultural, business, and educational relationships.

In the healthcare sector, there has recently been increasing cooperation between the Texas Medical Center in Houston, recognized as the biggest in the world, with Panama in a number of areas that include training of doctors and patient care of Panamanians with chronic diseases. Technological cooperation between the Medical Center and the technology sector of Panama has been growing as well.

In 2020, USPA formalized an alliance with PROPANAMA, the agency of the government of Panama responsible for promoting international trade and attracting investments. In the last four years, the alliance has carried out 18 programs and held 62 events between Panama and several cities in Texas, part of the "Texas Triangle". In June 2024, USPA organized a 46-member trade mission to Panama, the largest USPA has ever organized, giving evidence to the interest that exists in Texas for Panama, not only because of opportunities in the country but also because the potential role it offers as the axis for the expansion of Texas into South America, taking advantage of Panama's regional logistics center.

The close relationship between Texas and Panama has also been fueled by the large number of Panamanians living in the state, led by Houston and followed by San Antonio, North Texas and Austin. Most of the Panamanians in Texas have dual nationality, joining the U.S. armed forces - thanks to the 13 military bases the United States formerly had in the Southern Command in Panama. With the large number of military bases in Texas, especially around San Antonio (sometimes called "U.S. Military City"), many Panamanians retired from military bases in San Antonio and stayed in the area. Another city that has been an attraction



June 2024 Panama and The Texas Triangle Meeting Delegation in Panama

for Panamanians is Killeen in Central Texas where Fort Hood is located. Texas is the third largest state in Panamanian population after New York and Florida.

The future of the Texas-Panama relationship is bright. After the recent trade mission to Panama, chapters of the "Strategic Partnership" are being formed in key cities of the "Triangle" to build clusters to address specific sectors and expand opportunities. This is looked at as an economic development initiative with sustainability, much more than a mere business relationship. We invite and welcome the participation of all friends of the Texas-Panama Partnership to this exciting initiative.

Ambassador Juan B. Sosa
President of U.S.-Panama Business Council

Former board member of the Panama Canal Commission
and former Chairman of the Board of Air Panama
panamerica@msn.com



Phoenix Performs Successful Ballast Tank Repair

Errol Gritten
CUSH Technical Operations Manager/Certified Welding Inspector

Phoenix International Holdings, Inc.
egritten@phnx-international.com



Figure 1: Damage with relief cuts



Figure 2: Post internal cofferdam built

Phoenix International is an employee-owned, ISO 9001-2015 Management System certified marine services contractor providing manned and unmanned underwater solutions, design engineering, and project management services to a diverse set of clients worldwide.

Through their Underwater Ship Repair & Maintenance Division, they have been performing quality inspection, repair, and maintenance (“IRM”) operations on commercial ships, oil and gas platforms, and marine infrastructure for over 20 years. Whether it is a planned inspection – or an emergency repair, their teams of highly qualified and experienced personnel provide services 24/7 to aid clients in avoiding critical downtime.

Phoenix is approved by all appropriate classing agencies and is well-versed in planning, coordinating, and successfully carrying out waterborne IRM worldwide. All work is performed in adherence to strict Phoenix safety protocols, resulting in safe and timely underwater services documented with professional and concise reports.

Project Kick-off

In the second quarter of 2024, a Phoenix dive team was tasked with the repair of damage found by a third-party diver in a ballast tank of a capital floating asset of an international offshore energy services company. The client applied a large internal concrete patch to the damaged area to slow the ingress of water into the tank while Phoenix divers and equipment mobilized. Due to limited visibility at its location in Port Fourchon, the vessel was moved to Block 83 of the U.S. Gulf of Mexico for repairs.

A thorough bottom survey by Phoenix divers revealed that the damage extended past the area initially specified and an external cofferdam measuring 11 ft forward-aft and 7 ft port-starboard was designed, constructed on-site, and installed by Phoenix, thereby eliminating all water ingress. Then, inside the damaged ballast tank, Phoenix divers removed the concrete patch and washed and flushed the area to allow further internal inspection.

With a proper inspection completed and witnessed by an American Bureau of Shipping (“ABS”) surveyor, a repair plan was agreed to by the client, Phoenix, and ABS. Due to the large extent of the damage, which was in the way of multiple transverse frames, an internal box patch was specified via a hull insert.

Project Specifications and Completion

The temporary repair specified was a fully welded, half-inch thick internal steel box. Prior to installation of the box, all fracture terminations were first cut with a four-inch diameter hole to arrest any potential fracture propagation. Once the fracture stops had been cut, all limber holes were covered with a half-inch plate and fully seal welded. These tasks were conducted using several of Phoenix’s 53 certified welding procedure specifications. These specifications, approved by various government and classing societies, greatly reduce client cost by virtue of their pre-qualification.

The second phase of the project consisted of building and fully seal-welding the box and the welding stiffeners to the top of the box to ensure



Figure 3: Forward internal cofferdam built around damaged area

requisite strength and structural integrity. A smaller internal box was also fabricated and installed over the damaged area forward of one transverse frame. The external cofferdam was then flooded, and the internal boxes checked for leaks. One additional damaged and leaking area was discovered in the weld seam on the port side of the second major longitudinal from centerline. The external cofferdam was again pumped dry, the leak repaired via welding, and marine epoxy was applied over the weld repair.

The cofferdam was once again flooded, and all repairs were satisfactorily leak tested. Commenting on the project, Errol Gritten, technical operations manager and certified welding inspector, stated, “We are pleased that our client trusted us with this repair, and I am incredibly proud of our team for safely performing the works with minimum downtime to the vessel and allowing it to get back to work.”



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**WOMEN IN MARITIME
HAPPY HOUR**

Women in Maritime Happy Hour Featuring Maria Ciliberti, President, Vopak Americas

Over 80 women and some men networked, enjoyed the sponsor exhibits and the guest speaker at the Port Bureau's Women in Maritime Happy Hour event at the East River Studios on July 17. Maria Ciliberti, president of Vopak's U.S. and Canada business, which includes nine marine terminals and five joint ventures, was the featured speaker.

Ciliberti's key messages to the audience were:

- Do what you are passionate about! As a part of a family of doctors, Ciliberti studied chemical engineering.
- It's ok to be different; be yourself.
- Never stop learning. Ciliberti changed industries later in her life and found the change stimulating as well as rewarding.

No regrets. When questioned about any regrets in her career, Ciliberti indicated she sometimes considers a role with Pepsco she didn't take but likes how her career journey advanced.

Although Ciliberti's family were all in the medical profession, she chose the field of chemical engineering, earning a bachelor's degree and an MBA from Ohio State University. Her professional experience spans over 30 years in the petrochemical industry and includes roles in manufacturing, R&D, commercial and business management. She worked at The Dow Chemical Company, Columbia Gas of Ohio, and Container Corporation of America in the U.S. Ciliberti also spent more than a decade in global leadership roles in Europe – with Celanese, General Electric Plastics (SABIC), and Borealis. Prior to Vopak, Ciliberti was the commercial vice president for Borealis' Global Specialty Solutions business.

Vopak provides storage and infrastructure solutions for vital products for everyday life. These products include liquids and gases that provide energy for homes and businesses, chemicals for manufacturing products, and edible oils for cooking. For all these products, Vopak's worldwide network of terminals supports the global flow of supply and demand.

Winners of the Port Bureau's September Commerce Club tickets are: Jinet Pichardo/HMM America Shipping Agency and Kiana Jackson/Rose Cay Maritime.



The Women in Maritime Happy Hour is a valuable event for women of all ages in the industry to learn and network. The Greater Houston Port Bureau is delighted to support it, and we thank our sponsors below as well as our door prizes donors: Jones Executive Business School-Rice University, Houston Maritime Center & Museum, Sudermann & Young Towing, WIMO Association and Vopak. Their contributions make events like the Women in Maritime Happy Hour possible, allowing us to continue our mission of educating and promoting diversity within the maritime and logistics industry. For sponsorship inquiries, please contact alavorgna@txgulf.org.



Thank you to our Sponsors



2024 MARITIME LEADER OF THE YEAR

Jürgen Schröder
Schröder Marine



The Greater Houston Port Bureau ("Port Bureau") is pleased to announce that Jürgen Schröder, founder of Schröder Marine Services, Inc. ("Schröder Marine"), has been named the 2024 Maritime Leader of the Year. Schröder will be honored at the Port Bureau's Annual Maritime Dinner on August 24, 2024. The Port Bureau Board of Directors named Schröder as the 2024 honoree for his staunch service to Houston's maritime community and for being a champion of seafarer welfare.

Schröder's maritime career started a young deck boy/able body seaman on the Deutsche West Afrika Line. Over the next 65 years he built a well-deserved reputation as a dedicated leader and industry expert, founding Schröder Marine Services, a stevedore and terminal operator company in the port of Houston, in 1986.

During the COVID-19 pandemic, vessel crews went many months without leaving their ships. Schröder was instrumental in organizing local industry efforts to bring aid and resources, including vaccines, for the thousands of seafarers confined to vessels calling in Houston.

Schröder has also been as an active member of the Port Bureau since 1978, serving as a director, a member of the executive committee, and past president of the board of directors (1981-1983). He is an active member of the Houston International Seafarers' Center, serving on their board since 1985 and as board president from 1992-1993.



Jürgen Schröder, founder of Schröder Marine Services, Inc., and the Port Bureau's 2024 Maritime Leader of the Year, is renowned throughout the port region for his love of Houston, of Texas, of classical music, and his dedication to the welfare of seafarers. He has spent a lifetime serving Houston's port region, and he traveled a long way to get here. His native Germany is more than 5100 miles from the port of Houston.

Jürgen's early years were not easy. His first memories are of seeing hundreds of lights in the sky and the flashes of bombs as World War II raged around him. His mother was his absolute hero, working two jobs to support Jürgen and his sister after his father was killed in Poland. There were no luxuries. Their basic meals were black bread with margarine and marmalade. Fields and fields of kale were grown in the area – and it is still one of his favorite foods.



The Port of Hamburg was only 13 miles away and from a young age Jürgen was drawn to ships. He saw numerous new ship builds launched, the largest being the *Tina Onassis* by Onassis, a 30,000-ton deadweight vessel. On the Elbe River, he could walk to watch the ships arrive.

As early six or seven, Jürgen began to dream of visiting other countries and would often talk of his traveling ambitions. He soon realized the ships he admired were his ticket to travel.

At 15, he signed on as deck boy/able body seaman on the Deutsche West Afrika Line and embarked on his first voyage on April 27, 1957. It was quite an experience, but he continued sailing the route for the next three years.

Jürgen became a 3rd/2nd officer on a banana ship, sailing from Honduras to Costa Rica to New Orleans - and occasionally to New York - every 12 days. In New Orleans, Jürgen struck up a friendship with a local policeman, Miller, who came aboard for the German tradition of coffee and cake in the afternoon. Miller had significant influence on the direction of Jürgen's life by introducing him to a cousin while at a restaurant, with whom Jürgen would eventually make his first home in the U.S.



Jürgen found new opportunities waiting with United Fruit, an American line with a route from Central America to England. He would not be returning to New Orleans. In Bristol, England, he called in New Orleans from a telephone booth to propose to his first wife. Following their wedding in Germany in 1966, Jürgen and his new wife returned to New Orleans. Within 30 days, he found a job as stevedoring superintendent at Texas Transport Terminal in Houston. British-owned, Texas Transport was one of the biggest steamship companies at the time.



It was an exciting time — It was a turning point in his life, making their first home and eventually welcoming their daughter, Gisela as he became established in Houston as part of our port region. He went on to build the Texas operations of Roberts Steamship Agency, served as vice president of Charter Oil, and the president of Manchester Terminal as well as other private terminals. In 1971, Jürgen became an American citizen, a decision he has never regretted. He considers himself a "real Texan" and claims anyone can tell it by his accent!

Jürgen has a plethora of memories working on Houston's docks. Before the digital age, public pay phones played a large role in operations. When a ship finished loading, the stevedore would go to the nearest phone booth to report in. The cost was 25 cents. Occasionally there were outages. Jürgen recalls putting his quarter into a payphone,

when quarters just suddenly began to fall out. Ever the entrepreneur, he took the opportunity to visit every phone booth on the docks to collect the bonanza of quarters.

In 1986, Jürgen decided it was time to put his expertise and experience to work in a new endeavor. He founded Schröder Marine Services, Inc., a family-owned stevedoring and freight handling company. Jürgen's vision was to cater to the breakbulk market, making heavy lifts of objects weighing 300 to 500 tons, that could not be containerized. He would enter a "partnership with Cooper/T. Smith (now known as Cooper/Ports America). CTS would supply the labor and equipment, with Schröder providing logistics and supervision. Today, Schröder Marine Services specializes in consulting, breakbulk stevedoring, project cargo, heavy lifts and roll-on/roll-off cargo. The company prides itself on creating custom tailored solutions and in offering quality "old-world" customer service. Sons, Karl and Kristofer, are vice president of operations and director of finance, respectively — and Cooper/Ports America and Schröder Marine Services are still partners.



Jürgen joined the Port Bureau in 1978 and served as a board member for 31 years. In 1981, he became the youngest president of the Port Bureau, serving in that role for three years. He is also an active member of the Houston International Seafarers' Center, serving on their board since 1985 and president from 1992-1993. A tireless worker for the health of seafarers, his name has become synonymous with mariner welfare in Houston. During the COVID-19 pandemic, vessel crews went many months without leaving their ships. Schröder was instrumental in organizing local industry efforts to bring aid and resources, including vaccines, for the thousands of seafarers confined to vessels calling in Houston.

During his time at the Port Bureau, Jürgen met his second wife, Vera, and they are the proud parents of three children. Although Jürgen never played an instrument, he fell in love with classical music at 25. As a youth, he belonged to a German book club through which he bought his first classical record, Beethoven's 6th Symphony Pastoral. During their annual trip to Germany, Jürgen also visits northern Italy to hear Italian classical music, with Venice as a favorite. Three of his children played instruments.

Jürgen's top favorite place to be, however, is at his office – close to the port, WGMA, and the Seafarers' Center. He feels his greatest legacy for his children and grand-children is his company and its accomplishments with their customers. "I came to the U.S. with nothing and no financial help. I ended up with this company," he said.

It is quite a legacy. The Port Bureau is honored to celebrate Jürgen Schröder as our 2024 Maritime Leader of the Year.





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Photo courtesy of Witt O'Brien's

Several new laws will impact the industry in 2024. One notable regulatory update that will have sweeping impacts is the Environmental Protection Agency's ("EPA") Final Rulemaking on Clean Water Act ("CWA") Hazardous Substances ("HS") Facility Response Plans ("FRP").

The new rule brings in a host of new facilities that had previously been exempt from the Oil Pollution Act of 1990 ("OPA90") rule under EPA's jurisdiction. It expands OPA90 from a singular focus on oil to covering 296 HSs. (Here is a link to a comprehensive list: <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-D/part-116#116.4>).

Under the new rule, companies with reportable quantities of HS on site must develop an FRP after applying the new multiplier of 1,000x. Like every rule, there are exemptions; some are clear, while others are murky. As such, the key takeaway is that if you store, handle, or manage hazardous substances, it is crucial to understand the new rule and assess if it impacts your operations. The resources below will help you do both.

Three aspects of the new rule worth highlighting are the new requirements for Qualified Individuals ("QI"), the new one-hour and two-hour response

requirements, and the requirements for contracted resources, which are very different from the Oil FRP rule. These requirements will change how companies plan, train, contract, and manage responses. Most of the other changes in the rule are related to how data is presented within the new FRPs. Exercises are also worth exploring, but the EPA is still developing a revised National Preparedness for Response Exercise Program ("PREP") for the new rule, so there is nothing to review now.

Witt O'Brien published a short series on LinkedIn comparing those noted above and other crucial elements of this new rule against the EPA's Oil FRP rule. They address the new QI requirements, one-hour and two-hour changes, additions to disposal plans, the new process for hazard evaluations, types of contracted resources, new coordination requirements, worst-case discharges under the new rule, mixtures and their applicability, and the new petitions and appeals process. The series can be found here: www.linkedin.com/in/johnkevincarrolliii/recent-activity/articles.

The article series highlights two overarching themes:

1. The new rule has added many additional planning requirements compared to the EPA's Oil FRP rule.
2. The EPA needs to clarify many questions about how to comply with key elements of the new rule.

Key Questions and Concerns

The second theme prompted Witt O'Brien's to compile this list of concerns/questions. It is by no means complete, but it reflects areas we are hopeful to see clarified soon so the industry can start working towards developing plans and complying with the new rule.

- As the plan holder determines the equipment required to respond, do Spill Response Organizations ("SRO") agreements need to list everything or will the United States Coast Guard eventually be the certifying agency as in the Oil FRP Rule? If the latter, will the plan holder only have to show proof of a contract? If not, what level of documentation will be required?
- Will the EPA develop a model for the planning calculations and Worst-Case Discharge ("WCD") modeling, or does the industry have to develop a model? If it's on the industry, what level of documentation will be required? Also, if it's up to the industry, there are many conditions that need to be modeled, so will there be guidance on how to apply these conditions and clear resources (e.g., where to find water standard databases and how to use, tools for different water characteristics, list of capable models with their limitations, tools for surface condition modeling, weather modeling) to use as reference tools? EPA has noted they are working on this, but nothing is being shared publicly regarding the rollout.
- The rule provides container types that are not included in the definition. What is a "process vessel" – is it HS-filled manufacturing equipment?
- At manufacturing/refining locations, does every chemical/mechanical process, from feedstocks, to interim products, to final products, have to be evaluated for coverage of regulated HSs? The rule notes process equipment, which implies that they will.
- Are there exclusions for discharges under National Pollutant Discharge Elimination System permits?
- The rule notes that ignitions and reactions must be considered. Does this mean you have to evaluate all secondary products when something is ignited, as well as all the outcomes if substances mix?
- What is the difference between distance and the definition of planning distance?
- Distance to the endpoint means the greatest distance a CWA hazardous substance in a worst case discharge into or on the navigable waters or a conveyance to navigable waters can travel while still having the ability to cause injury to public receptors or fish, wildlife, and sensitive environments.
- Planning distance means the distance to an endpoint such that a

worst-case discharge of CWA hazardous substances into or on the navigable waters or a conveyance to navigable waters from a non-transportation-related onshore facility could adversely impact a public water system or cause injury to fish, wildlife, and sensitive environments or public receptors ...

- The rule exempts Publicly Owned Treatment Works; does it also exempt industrial, privately owned systems?
- Will oil be exempted? (The EPA notes that regulating oil is not their intention under this new rule. However, the current rule doesn't offer an exemption for oil in terms of how it is worded.)
- PREP has yet to be updated to address this new rule. When will it be updated? (EPA is estimating late 2025.)
- Companies are required to work with local emergency planning committees. If these Local Emergency Planning Committees ("LEPC") have unreasonable requests, will the EPA moderate expectations?
- Are self-inspections for response equipment or regulated containers under this program?
- For the hazard analysis, is there a preferred methodology, as it reads very similar to Process Safety Management ("PSM"), or is it up to the plan holder's best judgment?
- For firefighting equipment, what proof do you need to demonstrate that the local fire department can respond? If they can't, and you must contract out, what level of documentation is required?
- The rule requires developing a disposal plan for firefighting runoff and spent chemicals. Can the disposal plans used in Oil FRPs be used here with minor adjustments, or is a more comprehensive document required? If more comprehensive, what does this look like?
- Beyond noting if impacts to communities with environmental justice concerns may apply, what else is the EPA expecting?
- The information on mixture requirements is unclear. Does the mixture have to meet the threshold quantity or is it added to the total aggregate quantity at the site?
- There is an "and" used in the Resource Conservation and Recovery Act ("RCRA") exemptions language. Does the "and" mean "and/or," or does it mean "one must be both"? (See rule definitions for further information) Also, if other HS are at the exempted facilities, but not part of the waste, are they to be screened, or is the entire facility exempted?
- The rule contains several extensive planning requirements, and expectations for addressing them in the FRP are not clearly defined. Will guidance be provided, or will these be case-by-case per-plan reviews (which will cause a lot of "shots in the dark")? For example, climate change, extreme weather, injury to public receptors, the potential for hazards uses an "etc." in its requirements, etc.
- Gases and solids must be screened; what level of documentation must be documented to support these reviews?
- What does "peak concentration" mean under §118.3?
- What date triggers the 5-year re-submittal – the date the Substantial Harm ("SH") form is submitted or the date the FRP is submitted for approval for Significant ("S")+SH facilities?

- What are some examples of configuration changes that trigger resubmittals?

further guidance. Hopefully, these will be more transparent by mid-2025.

What you can do today

The questions above are only the tip of the iceberg in terms of issues we've encountered while deep-diving into the new rule. As such, it isn't easy to move forward with developing plans. In our private conversations with the EPA, they have noted that a lot of these questions are being addressed internally, and they should have guidance in the upcoming 18 months. The rule has three years to be implemented, and while that seems like a long time, with all the planning requirements involved and the number of open questions, the timeline is precariously short.

At the moment, our advice is to take the following steps now and wait until the industry knows more:

1. Run a query of your safety data sheets ("SDS") against the 296 regulated substances.
2. Once you identify SDS that have regulated substances, determine the amount of the substance aggregately stored onsite, then do the math to ascertain if the amount stored onsite exceeds the RQ multiplier.
3. Then, and only then, review the exceptions and exemptions under §118.8 to see if any of these can be excluded.
4. After compiling your final list of what is regulated and not regulated, hold tight until mid-2025 once the EPA provides more understanding and guidance on how to comply with the rule. The EPA is still working on several large sections of the rule, e.g., the planning model, updated PREP, identifying SROs, and other areas that require

Additional Resources

The EPA and Witt O'Brien's gave these presentations on the new rule at the 2024 Clean Waterways conference a couple of days after it was formally published.

EPA presentation: https://corporate.wittobriens.com/hubfs/CWA%20HS%20FRP%20Final%20Rule%20Full%20Briefing%20Deck_CW%202024.pdf

Witt O'Brien's presentation: https://corporate.wittobriens.com/hubfs/CWA%20HS%20WCD%20PPT%20-%20Clean%20Waterways%20-%20JKC_2024%201.pdf

EPA Climate Change Indicators in the United States. Firth Edition: https://www.epa.gov/system/files/documents/2024-07/climate_indicators_2024.pdf



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Standardized Marine Surveyor Communications Can Improve Port Call Efficiency



Port calls are complex and involve many stakeholders working in close collaboration. A major factor in the overall efficiency of a port call lies in the pre-arrival communications. A weak spot the Greater Houston Port Bureau's Efficiency Committee has identified in these pre-arrival communications involve marine surveyors, particularly with liquid cargoes.

A marine surveyor is a professional that inspects, witnesses, and certifies cargo transfers. They often serve as an independent third-party performing certification of the cargo operation, and their activities may include cargo sampling and gauging, analysis, witnessing key cargo operations events, assessing tank cleanliness and fitness for purpose, and creating official documentation/certification of the transfer that is often included in official export/import documentation packages.

As a key participant in ensuring the safety, quality, and quantity of cargo operations, good communication is foundational to ensuring surveyors can plan and perform their services without causing delays and/or work to be redone.

Most calls in the port of Houston are facilitated using traditional tools such as emails and phone calls. This article focuses on centralizing communications via email, with a view to designing the underlying processes, flows, and data message suggestions to be adaptive to more sophisticated digital systems. More systematic and real-time exchanges of quality/targeted data is the biggest, most cost-effective lever available to improve efficiency. A well-disciplined communication standard consisting of standard datasets and standard timing/refresh rates is possible regardless of the communication method.

To accomplish these communications goals, definitive datasets and timing/refresh rates need to be established with stakeholders and their internal operations. Because every communication has at least one sender and one receiver, both parties have responsibility to make the data exchange more effective and efficient. In many cases, working jointly with stakeholder partners to do this kind of assessment can bring significant value and insight.

Significant communication steps to standardize include:

Cargo/vessel nomination: Communicates the main aspects of the cargo transfer and services needed. It serves as the order or service contract. A best practice is for charterers/cargo owners to standardize product handling specifications, analytical specifications, physical property information, safety data sheets, etc., and make those documents available via a web portal or API connection.

Berthing prospects: Communicates an estimation or schedule of when a vessel can be berthed. This is sometimes communicated per vessel or as part of a regularly published schedule. This information allows the surveyor to check for changes and adjust manpower and equipment planning.

Pre-boarding request (vessel): Communicates essential information regarding the upcoming cargo operation.

Pre-boarding request (terminal): Communicates key information regarding the upcoming cargo operation. In addition to information related to line-ups, additives, transfer details, etc., it also communicates information related to tank readiness.

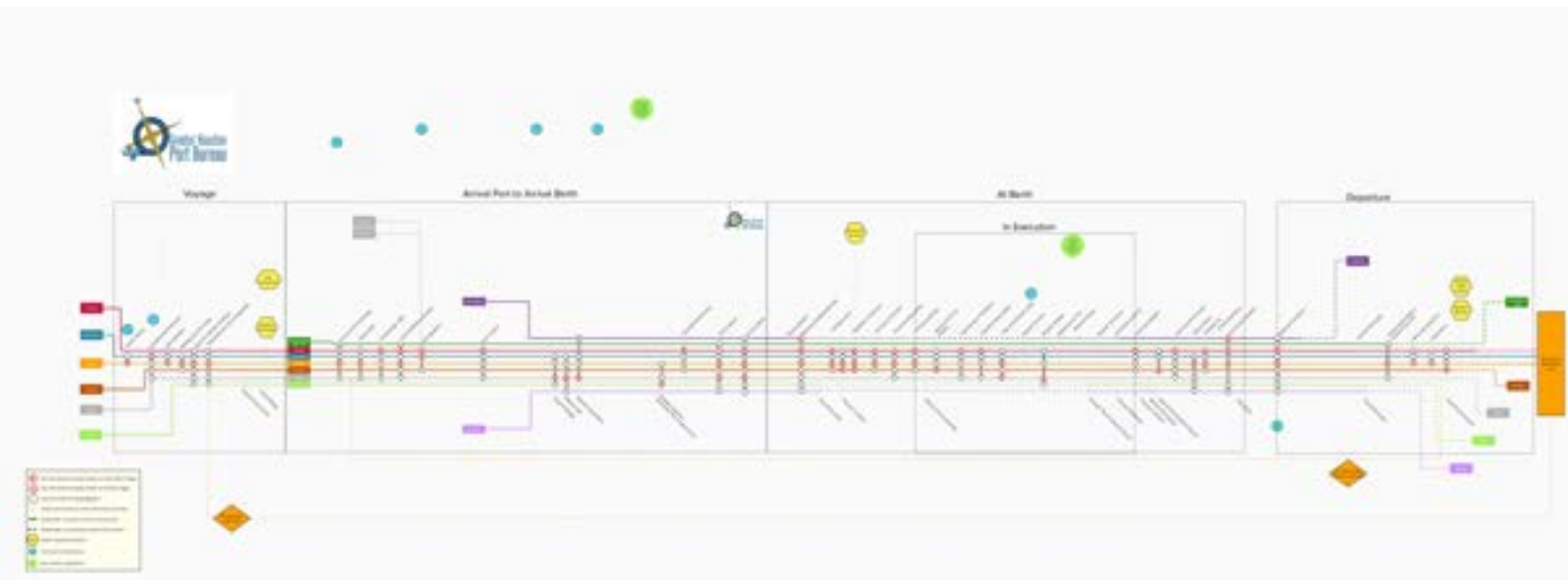
Call in vessel: Terminal communication instructing the vessel that the terminal is ready for the vessel to call. This data exchange triggers discussions related to re-checking tank readiness and exchanging data related to shore line-ups.

Prep berth notification: Terminal providing notice to the surveyor that the vessel will be arriving within the next 4 to 8 hours. This data exchange provides instructions and details about the vessel's arrival, transfer details, and special instructions.

Pilot onboard: Notification that the pilot is onboard. This message is likely to come in roughly the same time frame as the prep berth message and serves as a secondary confirmation that the vessel is headed to the terminal and will be there within hours.

BARGING AHEAD
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Note: Interactive subway map can be found at: <https://www.txgulf.org/port-efficiency>.

Arrival at berth: Notification that the vessel has arrived. In many cases, if the above communications were completed appropriately, the surveyor will be ready onsite. This communication should serve as a confirmation for tracking, not as a primary message.

In each communication step, data in the subject line, information and formatting, the distribution list, and timing should be standardized. Data exchanges that have no relevance to the surveyor should be eliminated to reduce the overall email load on the surveyor. These may include communications such as acknowledge NOR or requests for pilotage, tugs or line handlers.

Because of the pace and dynamics of marine operations in the port of Houston combined with the lack of communication standards among stakeholders, key participants may receive information for the same cargo transfer from multiple sources at different times. This can needlessly double, triple, or even quadruple the number of communications key focal points need to manage.

To compensate, many port stakeholders revert to phone conversations. While this methodology has an element of effectiveness, the overall result is negative. Conducting “the real” business by phone is both time consuming and inefficient as the conversation is between only two people, when it may be that several stakeholders need the same information.

Optimal solutions to the above would include tenants such as:

- Only impacted stakeholders are part of the data exchange, and the data exchange informs impacted stakeholders directly and at the same time.
- Messages are set up so that the timeliest communications receive the top priority.
- Timely communications are confirmed, read, and actioned so the sender has confidence that the issue has received the requisite attention.
- The owner of the most accurate data is the data source so only the best, timeliest data is shared.
- Messages deemed as the key data are standardized so they are easy to consume and provide complete information.
- Where digital systems are connected, the connection/systems are configured to alert participants when connections are broken, data exchanges fail, and/or when data exchanges contain data that requires immediate and/or priority action.

Companies on the sending side of key data exchanges are encouraged to consider things like:

- Are there any unnecessary communications? If not, can communications be turned off or sent deprioritized?
- How can the data exchange format be further standardized? For example, standard data formatting in the body of the message, consistent formatting in the subject line, and consistent usage of the agreed communication tool can contribute to easier ingestion on the receiving side (up to and including enabling automated ingestion options for the receiver).
- Where digitized systems already exist, can they be tailored to automatically send key data exchanges at the right time to the right stakeholders?

Companies on the receiving side of key data exchanges are encouraged to consider things like:

- Who is receiving these communications? For instance, once the key data exchange is received, how is the information distributed within the receiving organization to the other stakeholders who might also need to know that information?
- For the person(s) receiving the data exchanges, are they equipped with the necessary tools and training that enable prioritization of the most important data exchanges?
- How is the data exchange tracked and logged? Data exchanges should inform a centralized system of record that allows for further communication, visibility, analysis, historical reporting, etc.
- How can lag times between receipt of the data exchange and population of the system of record be minimized?
- Where digitized systems exist, can they be tailored to ingest and alert on standardized messages being received?
- Are there additional technologies such as repetitive process automation, AI, API, etc., that might help to ingest and process incoming data exchanges?

Efficiency is a journey involving many stakeholders. If you or your company would like to participate in discussions leading to greater efficiency in projects like this one, please reach out to the Greater Houston Port Bureau, Christine Schlenker at cschlenker@txgulf.org.



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April Commerce Club Featuring Mike Emerson, Director for the Marine Transportation Systems, U.S. Coast Guard



Photo: U.S. Coast Guard



Attendees packed the room at the Port Bureau's April Commerce Club luncheon featuring Mike Emerson, director for the Marine Transportation Systems, U.S. Coast Guard, as guest speaker on April 11. Emerson manages a broad portfolio of marine navigation, waterway and bridge programs and is responsible for a wide variety of polar safety and security initiatives. Emerson began his talk by discussing the March 26 Francis Scott Key Bridge collapse and the implications to marine transportation safety measures. Safety has been, and continues to be, the highest priority in all the Coast Guard's missions – but Emerson described the enormity of Key Bridge collapse as previously unimaginable. Summing up his thoughts, he stated, "My inevitable conclusions are two: one, we have a lot to learn, and [two] every port is vulnerable."

While covering several topics, Emerson mentioned renewable energy (offshore wind farms and the space industry). His vision is to "protect traditional shipping routes and fishing" and to "harmonize new arrivals with traditional mariners". He expects that rocket lift-offs from Boca Chica, Texas, will double in a few years, adding the Coast Guard receives numerous requests to "shut down the Gulf" and the answer is consistently no.

Emerson stressed the significance of Houston as an economic engine for the country and complimented the port region on its flexibility and efficiency. "It's amazing how you endured COVID, outpaced competitors, and dodged trade disputes. It is awkwardly hard to find fault with anything you are doing," he said.

Emerson stated that the Coast Guard work force and resources do experience short falls. In response, they are prioritizing how business is conducted and evaluating what is truly needed and what isn't. "There are

some things we can do now with new technologies, such as solar power on buoys, etc., . . . some new technologies offer situational awareness and make navigation easier," said Emerson. "That's the way we're going."

He commended the work of Project 11 – the deepening and widening of the Houston Ship Channel – and described the Houston Ship Channel as a top priority. He noted that the Houston port region is also considered a "partner in safety". Referencing his recent experience with hosting at the meeting of National Harbor Safety Committee conference in Chicago in March, Emerson further commended the port region on safety practices and initiatives.

"Kudos to your Lone Star Harbor Safety Committee. You upstaged everyone else, as you usually do." He particularly praised the participation of those who had served on panels at the conference, saying, "You brought the content and intensity of Houston up for discussion that was really valuable to rest of the country."

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May Commerce Club Featuring Admiral Steven Poulin, U.S. Coast Guard



Photo: U.S. Coast Guard

Houston Shows the Strength of Maritime Industry



Admiral Steven Poulin, Vice Commandant of the U.S. Coast Guard, was the featured speaker at the Port Bureau's Commerce Club luncheon on May 9. Poulin highlighted the importance of the nation's ports and important Coast Guard objectives for the future.

Having served in Sector Houston-Galveston for several years during his Coast Guard career, Poulin recalled how "people take care of each other here" and remembered the valuable collaboration of industry. "In all my travels, I don't think there is a better place than the greater Houston area to see the strength of the maritime industry," he said.

The Coast Guard understands how critical the maritime industry is to the nation and is committed to the safety and effectiveness of U.S. waterways. Poulin noted the country must have safe and secure vessels, waterways, and facilities. "My message to you is thank you for keeping America open for business," said Poulin. "The essence of what this port community does is to insure the lifeblood of the American economy."

Poulin outlined the evaluation initiatives the Coast Guard is making to ensure port safety, particularly in light of the Francis Scott Key Bridge collapse. While it is too soon to determine if regulations will be changed, the Coast Guard is examining risks within its sectors to identify any areas where safety could be improved.

Vessel Traffic Service ("VTS") was another important area Poulin discussed. The Coast Guard operates 12 VTS programs nationwide, and it is a key element in moving goods. Much of their VTS equipment dates to the 1990s, and the Coast Guard is engaged with congress to make the

case for modernizing the equipment as well as funding other resource and maintenance areas critical to the Coast Guard. "The investments we make in VTS have to be balanced across what is needed in the Coast Guard portfolio," he explained. "Investment in the Coast Guard is fundamentally an investment in the marine transportation system."

Poulin also discussed the historic workforce shortage the Coast Guard has experienced, indicating their workforce has dropped about 10%. He described a 10% gap as critical and indicated the Coast Guard is investing in recruiting and retention. To mitigate the impact of the shortage, the Coast Guard has reallocated staff and resources where practicable. However, this has not applied to marine inspectors. Poulin said the move in marine inspection is toward "a risk-based approach. "I think it's the right call for us and for the workforce," said Poulin.

Summing up, Poulin emphasized the Coast Guard's commitment to maritime needs, despite a changing or challenging environment, saying, "We will always remain 'semper paratus' (always ready) for maritime needs."

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June Commerce Club Featuring Nataly Marks, President, Triple-S-Steel Holdings, Inc.



Photo: Triple-S Steel Holdings, Inc.



The Port Bureau welcomed Nataly Marks, president of Triple-S-Steel Holdings, Inc., (“Triple-S Steel”) as the featured speaker at the Commerce Club luncheon on June 13. Having spent the first part of her career in banking, Marks joined Triple-S Steel in 2022 and became the company’s first-ever nonfamily president in February 2024.

Marks introduced her presentation by showing a video of Triple-S Steel operations. Founded in 1960 by Bruce Stein, Triple-S Steel is 100% family-owned company. They are a wholesale steel service center chain headquartered in Houston. The company has grown to more than 50 locations in the U.S., Canada, Colombia, and Dubai.

With over \$2 billion in annual sales, Triple-S Steel sells more than one million tons of steel per year. The company’s chief customers include fabricators, manufacturers, and contractors. Marks noted the company often relied on the port’s infrastructure in maintaining deadlines for their customers.

Like many companies, recruiting and retention is a challenge. Working with employee interests to suit their position and an internship program for junior and senior college students are among the most important ways Triple-S Steel seeks to meet their workforce objectives. Triple-S Steel has

an outreach to veterans and offers a quality leadership program. They also serve as a “second chance” employer.

Triple-S Steel is also evaluating technology and automation for the future, with a view toward transparency for customers. “We want to allow customers to see where their product is,” said Marks. They are also advocates for roadways to ensure quality transportation.

When reflecting on the shift she made from banking to her role at Triple-S Steel, Marks whimsically described it as shift from “stilettos and a suit to jeans and steel toe boots . . . Life at Triple S is filled with hard and gritty work, but lots of fun,” she said.

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- **August 24:** 95th Annual Maritime Dinner honoring Jürgen Schröder, founder of Schröder Marine Services, Inc.! Thank you to Queen of the Fleet Sponsors Buffalo Marine Service, Inc., Callan Marine, LTD, Enterprise Products Partners, L.P., Kirby Corporation, Kinder Morgan, Moran Shipping Agencies, Inc., Port Houston, and Vopak, and Lounge Sponsors Cooper/Ports America, LLC and Schröder Marine Services.
- **September 12:** Commerce Club panel: Nathan Hough/Campbell Transportation, Captain Clint Winegar/Houston Pilots and Alberto Hernandez II/Vessel Traffic Service.
- **October 10:** Commerce Club, speaker Dr Dawn Buckingham, TGLO Commissioner
- **November 14:** Commerce Club, speaker Phyllis Saathoff, Executive Director/CEO, Port Freeport

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