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## The Port of Virginia | 2024 State of the Port Speech

Stephen Edwards, CEO and Executive Director, Virginia Port Authority

May 9, 2024

Thank you and good morning!

It's a pleasure to be with you all here today. It's great to look across this room and see so many important partners, champions and friends of The Port of Virginia.

We have been on an impressive journey together, and I'm eager to share the significant progress we've all made in the past year.

There are some exciting developments at The Port of Virginia. Some really good stuff. But if I don't come across as excited, please forgive me. I grew up in the UK, after all, and being excited was generally frowned upon.

### **INTRODUCING AMERICA'S MOST MODERN GATEWAY**

At the Port of Virginia, we call ourselves America's Most Modern Gateway.

But what does that mean?

It means implementing a \$1.4 billion investment program to enhance our infrastructure and seamlessly handle larger vessels and volumes.

It means prioritizing the highest safety standards — with proactive training, advanced technology and trusted partnerships.

It means supporting two-way vessel traffic by investing in dredging the deepest, widest, safest channels on the United States East Coast.

It means powering operations with 100% clean electric — the first of any major East Coast port to do so.

It means committing to net-zero carbon emissions by 2040 — the earliest of any East Coast port — and accelerating toward that goal more quickly than planned.

It means integrating semi-automated technology and hybrid electric equipment to drive efficiency.

It means empowering a highly skilled workforce that's dedicated to innovating every link in your supply chain.

It means coordinating with the Commonwealth of Virginia and our localities to build the premier logistics hub in America by implementing comprehensive infrastructure enhancements.

For our customers, it means being able to deliver goods — from shoes to auto parts to furniture — to 75% of the U.S. population within just two days. Two days.

For Virginia, it means powering 565,000 jobs and contributing \$63 billion to the state's GDP in 2023. And it means being the Commonwealth's primary economic engine.

That's what it means to be America's Most Modern Gateway.

We've built a first-class enterprise — and we're constantly innovating and investing for the future. Yet, even with modernizing, our north star is a steadfast commitment to service.

None of this would be possible without the support of what I like to call the best village in the country — our host communities, federal and state officials, the U.S. Coast Guard, pilots, Customs and Border Protection, railroad and trucking partners, and the



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Army Corps of Engineers. I also want to take a moment to thank the incredible team I'm honored to work with for their dedication to everything we do. With me today are 31 of my colleagues representing close to 500 employees of the port. Of course, the remaining 470 are out there today delivering great service.

All of you in this room here today allow us to deliver each and every day. You know what role you play in our vital work. Our continued progress wouldn't be possible without you — so thank you, again.

Together, we are implementing a blueprint for the future of commerce that begins at The Port of Virginia — America's Most Modern Gateway.

### **BALTIMORE TRAGEDY**

Before we continue, I'd like to pause to recognize the tragedy that took place with the collapse of the Francis Scott Key Bridge in Baltimore less than two months ago. First and foremost, our thoughts remain with the families impacted by this terrible event and for all the people in Baltimore still working through the fallout.

The Port of Virginia is a close peer and neighbor to the Port of Baltimore, and we are providing support in every way we can, for as long as needed. We stand with them through these trying times.

In the wake of that tragedy, I want you all to know that The Port of Virginia has been able to step in to keep the supply chains moving. Our team has risen to the challenge of managing unexpected volume increases and cargoes we typically don't handle.

Even as we support The Port of Baltimore, however, we continue to deliver the safe, efficient, and reliable services our customers expect. We have not missed a beat and remain committed to delivering an outstanding user experience.

In particular, I want to highlight the dedication of our longshoremen and women. They started managing cargo from Baltimore just hours after the collapse. Heading into a holiday weekend, our team quickly stepped up to keep the supply chain moving while supporting our neighbors.

This team saw the gravity of the moment and did whatever it took to solve whatever challenges they met.

The East Coast's response to this incident has been exceptional. On the morning of the collapse, we were on the phone with the Port of New York-New Jersey. In that call, we coordinated handling diverted shipments and increased volumes, and aligned on a comprehensive response to the wider supply chain and government.

We should be proud of how the network of East Coast ports came together to support our colleagues in Baltimore to meet this significant challenge.

There's one other point worth noting about the impact of Baltimore. Some of us in this room might feel like the world doesn't pay much attention to the ins and outs of our industry. When something works, and works well, it's human nature not to pay it much notice. But the Key Bridge collapse put a spotlight on the vitality of our work and industry. I know we've all felt a greater focus on the implications of what we do each and every day.

This tragedy is the most recent in a string of challenges we must navigate together. Safety and security risks in the Red Sea and drought in Panama are diverting ships to more reliable routes.

As everyone in this room knows, a strong supply chain is a flexible one, and The Port of Virginia is nimble and ready to tackle any challenge the world tosses our way.

We all look forward to a time when the Port of Baltimore is once again up and running. Until then, The Port of Virginia remains dedicated to delivering world-class service and stepping up no matter the circumstances. It's a testament to our team, operations, strategic investments and projects that we are able to meet these moments while still performing at the highest level.

### **OUR ACCOMPLISHMENTS**

It's been a remarkable year for The Port of Virginia, and I'm excited to share some highlights.



The implementation of our \$1.4 billion Gateway Investment Program is driving transformational changes that are strengthening our business — and the service we provide.

We've made incredible progress on our goal to reach net zero emissions by 2040. As of January 1, our terminal operations are now fully powered by clean electric. We are proud to be the first major East Coast port to achieve this milestone.

This is one of many steps we are taking in our ongoing commitment to sustainability.

Today, more than half of the equipment we use is hybrid or electric — and we're focused on increasing our all-electric fleet over the course of the next year as we move forward with enhancements at Norfolk International Terminals.

Last fall we offloaded the first shipment of components for the Dominion Energy Coastal Virginia Offshore Windfarm. An investment of \$220 million has transformed Portsmouth Marine Terminal into the most capable offshore wind hub in the nation.

The wind farm project just outside these walls is the largest in the nation to date.

Once completed in 2026, it will power the equivalent of 660,000 homes with clean, reliable energy.

In addition, our wider shipping channel is now open for business. It allows for two-way passage of ultra-large container vessels, reducing turnaround times by up to 15 percent and decreasing emissions from idling ships. We're also on track to finish dredging the channel in 2025 to create the deepest channels on the United States East Coast.

Finally, we're moving forward on expanding our central rail yard. We're already the largest rail gateway on the East Coast ... and it's about to get even bigger — and better. This expansion will extend our customers' reach and allow us to remain the pinnacle of rail efficiency across the country.

## **OUR PERFORMANCE**

Throughout it all, The Port of Virginia is outperforming the market and investing in our growth to maintain a competitive edge.

From increasing our container volumes and cargo capacity to delivering industry-leading service that allows our customers to reach target markets more quickly and efficiently, we are committed to performing even better for you.

As the market shifts to increasingly favor shipments from the Indian subcontinent, Vietnam and Latin America, our strategic East Coast location and world-class service are drawing more containerized ship calls in our harbor.

We're also leading in container port growth as the industry continues to recognize our operational excellence. Cargoes — and businesses — are choosing The Port of Virginia as their premier supply chain partner.

In addition, container volumes have normalized from the pandemic years. Today, we're 17% above 2020 levels, and I'm proud to report that 2024 is off to a strong start. We've seen significant growth already in the first quarter of this year.

Safety has always been a priority at The Port of Virginia. And in 2021, we set out to cut our safety incidents in half. Our work and focus are paying off. We are ahead of our target and will continue to focus on the well-being of our workforce and those who operate on our facilities. In addition, through our Maritime Incident Response Team, and in coordination with the Coast Guard, we will continue to help train and prepare our region's first responders.

You can surely tell by now that we pride ourselves on top-level service. In 2023, we delivered world-class performance for our trucking and rail partners as well as our ship line customers.

This is by design. Our growing semi-automated systems and top-notch team deliver industry-leading performance that allows you to reach farther, faster.

We can achieve all I've laid out here because of effective financial stewardship.



We reinvest all retained earnings into our gateway, creating employment growth, enhancing our competitiveness and improving operations. This allows us to plan for the future, and it enables The Port of Virginia to perform even better for you.

Our partnership growth is the realization of the gateway we've worked so hard to build.

This is what it looks like to put industry-leading service metrics and market growth to work. But these efforts are never-ending. We're focused on continuing to attract private investment to the region, driving job growth and creating economic opportunity that benefit the entire state.

This regional growth does not happen by chance. It's a result of our integrated approach to infrastructure enhancements in partnership with the Commonwealth. I'll touch on this in a bit, but we've developed a leading logistics hub to meet your needs — today and tomorrow.

But what does all this mean for you, our customers and partners?

It means that goods are making it to market sooner and at a lower cost.

It means that you're hitting your sustainability goals earlier.

It means economic and job growth for the region — and the entire Commonwealth.

It means that when there are catastrophic threats to the supply chain — like the tragedy in Baltimore — you can always find a resilient partner at The Port of Virginia.

These developments are just the beginning of what we've set out to accomplish. Our modern approach to sustainability, efficiency, speed to market, safety and operational excellence sets us apart.

This year, we brought America's Most Modern Gateway to life. And we're not done yet. We have big plans for the future — and they're happening now.

## **THE FUTURE**

So where is The Port of Virginia headed next? We know that being modern doesn't just mean offering seamless service today. It also means staying a step ahead of tomorrow.

And where will our industry be tomorrow?

What will it look like?

The market is rapidly changing. Goods are increasingly coming from South and Southeast Asia instead of Northeast Asia. The Port of Virginia is ready to capitalize on this opportunity that favors East Coast ports over West Coast. In fact, our strongest growth is coming from India, and we expect to see continued growth in the coming years.

Amid a surge in orders for container vessels, ships are also getting bigger, requiring greater capabilities. As more orders for larger ships come in, we are preparing The Port of Virginia to safely and efficiently handle what's coming.

These are the major trends we see, and we are ready and adapting to every one of them.

Above all, our strategic infrastructure investments keep us on our front foot, on the edge of innovation, where you need us to be.

Our \$1.4 billion Gateway Investment Program is enhancing our "inside the gate" infrastructure. From our rail yard to our digital systems to the integration of semi-automated technology, this program is further elevating the most advanced port operation in the country.

Separately, the Commonwealth of Virginia is investing more than \$5 billion in world-class tunnels, highways and bridges. These improvements complement our focus on increased cargo capacity and efficiency.



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These two efforts are part of an integrated strategy to create the most advanced logistics hub in the nation. America's Most Modern Gateway isn't a concept that ends when you leave one of our terminals — it continues throughout your supply chain's every stop.

That's the Virginia advantage.

Let's take a closer look.

In the next couple years, The Port of Virginia will look remarkably different.

Later this year, we will complete the expansion of our central rail yard. These upgrades will deliver even more efficient service by pairing increased rail capacity with the most expansive rail reach on the East Coast.

Next year, we will complete our offshore wind hub. And we'll also finish dredging to create the deepest channels on the East Coast.

In addition, ongoing upgrades to our Norfolk International Terminals will support more semi-automated systems. This will significantly speed up cargo movement and increase total capacity.

We also continue to partner with the Virginia Department of Transportation on three important projects.

The Hampton Roads Bridge-Tunnel Expansion is the largest highway construction project in Virginia history. It will double capacity and improve safety.

Then there's Route 58 expansion. This project will provide a modern and safe four-lane highway.

And finally, the widening of I-64 from two lanes to three lanes is probably worth a round of applause. This will alleviate a decades-old choke point that many of us know all too well.

We remain dedicated to being the nationwide leader in sustainability, efficiency and innovation, pushing the boundaries of our industry and seizing opportunities to meet the ever-evolving demands of your supply chains.

## **CONCLUSION**

Today, the state of The Port of Virginia is strong — and getting stronger by the day.

We are proud to lead our industry in innovative solutions that enhance safety, reduce carbon emissions, drive efficiency, decrease operational costs, and add competitive capacity.

The future of commerce is underway — right here, right now — with investments and initiatives that are setting new nationwide standards.

We are focused on significant growth in the years ahead and remain confident in our position within the industry.

When I stepped up here earlier, the idea of America's Most Modern Gateway might have been a new concept for many of you. What is this guy talking about?

I hope it's clear now what we mean — that The Port of Virginia is more than a traditional port or terminal network. It's your gateway to any market, powered by world-class operations, continuous investments, infrastructure and investment partnerships and a dedication to service that you can count on for years to come.

Thank you so much for your time, your support, and your genuine commitment to our gateway.