



# Volkswagen of America at the Port of Wilmington

## A 25 Year Milestone

This year will mark the 25th anniversary of Volkswagen of America's use of the Port of Wilmington as a Mid-Atlantic port-of-discharge, vehicle processing center and distribution hub for imports of Volkswagens and Audis. The first Volkswagen and Audi imports landed in Wilmington in December 1976, following the Port's development of a dedicated "floating pier" to handle Volkswagen vessels and auto terminal facilities to receive and store the imported cars.

The Port of Wilmington's experience as an automobile port actually commenced in 1974, when Wilmington received nearly half of all Fiat imports to the US. In 1975, Wilmington became a port-of-export for General Motors cars and trucks headed to the Middle East, carried by Hoegh-Ugland Auto Liners. Volkswagen then saw an opportunity to move their Mid-Atlantic import operations to Wilmington and, in 1976, they worked closely with the City of Wilmington, the owner and operator of the Port at that time, to develop port facilities suitable for the auto trade. As part of their new contract with the City, Volkswagen of America was granted a berth guarantee which resulted in the design and construction of the Port's first floating pier on the Christina River.

Guenter Storjohann was assigned by Volkswagen as their first Wilmington Port Manager, serving in that position

for 11 years (1976-1987). When Volkswagen imports first arrived in 1976, a crane discharged the vehicles one-by-one from a "Lo-Lo" (Lift On - Lift Off) vessel. Wilmington longshoremen drove the cars from the pier to the Volkswagen compound and storage yards. Once in the compound, members of General Teamsters Local 326 applied the de-wax process to the car, a process that included the removal of a protective coat of "cosmoline" off the vehicles; final washing and cleanup; and preparation of the cars for final distribution to Volkswagen and Audi dealerships.

"Guenter was a very conscientious and respected person, an outgoing port manager who cared for his employees and who took the time to know them personally," related Michael Ciabattoni, former president of Teamsters Local 326. Ciabattoni recalls how the workers grew fond of Guenter and nicknamed him "Skipper." During the first few years of Volkswagen-Audi imports, a team of 20 yard-workers, five mechanics and one maintenance person handled the cars at Volkswagen of America's Wilmington auto port.

In 1978, Volkswagen began to assemble its "Rabbit" model in the U.S. at Westmoreland, Pennsylvania. This cut the imports of their vehicles significantly. Gradually, imports of other VW models increased and, in 1978, VW discharged a total of 75,000 Volkswagens, Audis and Porsches at Wilmington.

During the tenure of Bill Sims as Volkswagen's second Port Manager in Wilmington (1988-1994), Volkswagen of America introduced new port processing and preparation programs to its vehicles at their U.S. ports of entry. These programs included Pre-Delivery Inspection (PDI), the VW Fox sunroof, the Post Production Check Center (PPC), and the Front Line Ready (FLR) program.

"Volkswagen of America instituted a number of new port processing programs in an effort to prepare the vehicles and insure top quality prior to distribution to the dealerships," recalled Joe Schaffeorman of Transworld Port and Distribution Services, who has been working as a port processing employee for Volkswagen and its contract port processors since 1976.

Schaffeorman relates how the PDI program included a thorough cleanup of the vehicles, waxing and detailing. VWOA offered this service to its dealer network in order to prepare the vehicles for immediate sale upon their arrival at the dealerships.

The "Post Production Check" program was started in 1992, and, in 1993, VW opened the PPC Building at its Wilmington auto port. Using the PPC process, VW was able to insure that its customers received the highest quality product available. The company dedicated tremendous time and

resources to this program, including the hiring of skilled engineers, who conducted the final quality inspection to the vehicles.

David Valentovich became Volkswagen of America's fourth Wilmington Port Team Leader in 1996. Under Dave Valentovich's leadership, VWOA's Wilmington Port operation has undergone a number of changes aimed at maximizing its efficiencies and improving its services.

In 1996, Volkswagen's port operation ceased providing customized and value added service to the dealerships and instead out-sourced them to the assembly plants and the dealerships themselves. The dealerships are able to order the vehicles from the plants with specific preferences, which are included in final assembly. Prior to distribution to the dealerships, the import vehicles go through a PPC inspection at Volkswagen's Wilmington auto port, recently renamed Vehicle Processing Center (VPC). The process includes a final mechanical quality inspection where the cars are washed with their wrap-guard protective layer. Following delivery, the dealers themselves provide further detailing and a final wash after the wrap-guard is removed.

After 20 years of import operations, in 1996, Volkswagen decided to briefly close its Wilmington auto terminal in an effort to streamline its North American import operations and to consolidate at other existing East Coast ports. Delaware Governor Thomas R. Carper, the Delaware Congressional Delegation and the state-owned

Diamond State Port Corporation spearheaded a major effort to persuade the German automaker to resume port operations in Wilmington. In 1997, Volkswagen announced its return to Wilmington and renewed a multi-year lease with the Diamond State Port Corporation thus making Volkswagen of America the Port's largest land-lease tenant and a major contributor to Port jobs and revenues.

In 2000, VWOA contracted with Florida-based Transworld Port and Distribution Services, Inc. (TWPD) to manage all of its port processing and VPC operations in Wilmington. Since then, TWPD has introduced new electronic inventory control and distribution technologies to improve and enhance Volkswagen's port distribution capabilities.

In recent years, with the introduction of the Volkswagen New Beetle, the Volkswagen Passat, the Audi A4, A6, A8 and TT Coupe, Volkswagen and Audi sales in North America have skyrocketed and reached their highest level since the early 1970's. The great new demand for

Volkswagen and Audi vehicles has encouraged Volkswagen of America to find innovative routes to streamline and improve their distribution, including the use of "Auto Stack" to ship Audi cars from the Port of Wilmington directly to the Pacific Northwest states of Washington, Oregon, Idaho and even Alaska. Closer to home, Volkswagen of America uses its Wilmington port to distribute vehicles to Delaware, New Jersey, Pennsylvania, Maryland, Virginia, West Virginia, and Washington, D.C.

Volkswagen's long relationship with the Port of Wilmington has benefited the German carmaker and its North American customers. In 2001, Volkswagen of America is anticipating to import nearly 100,000 cars through the Port of Wilmington.

VWOA's current lease with the Diamond State Port Corporation will be in effect through the end of 2003 and Port officials are confident that Volkswagen will renew its long-term commitment to the Port and continue to expand its vehicle import and distribution operations in Wilmington.

