



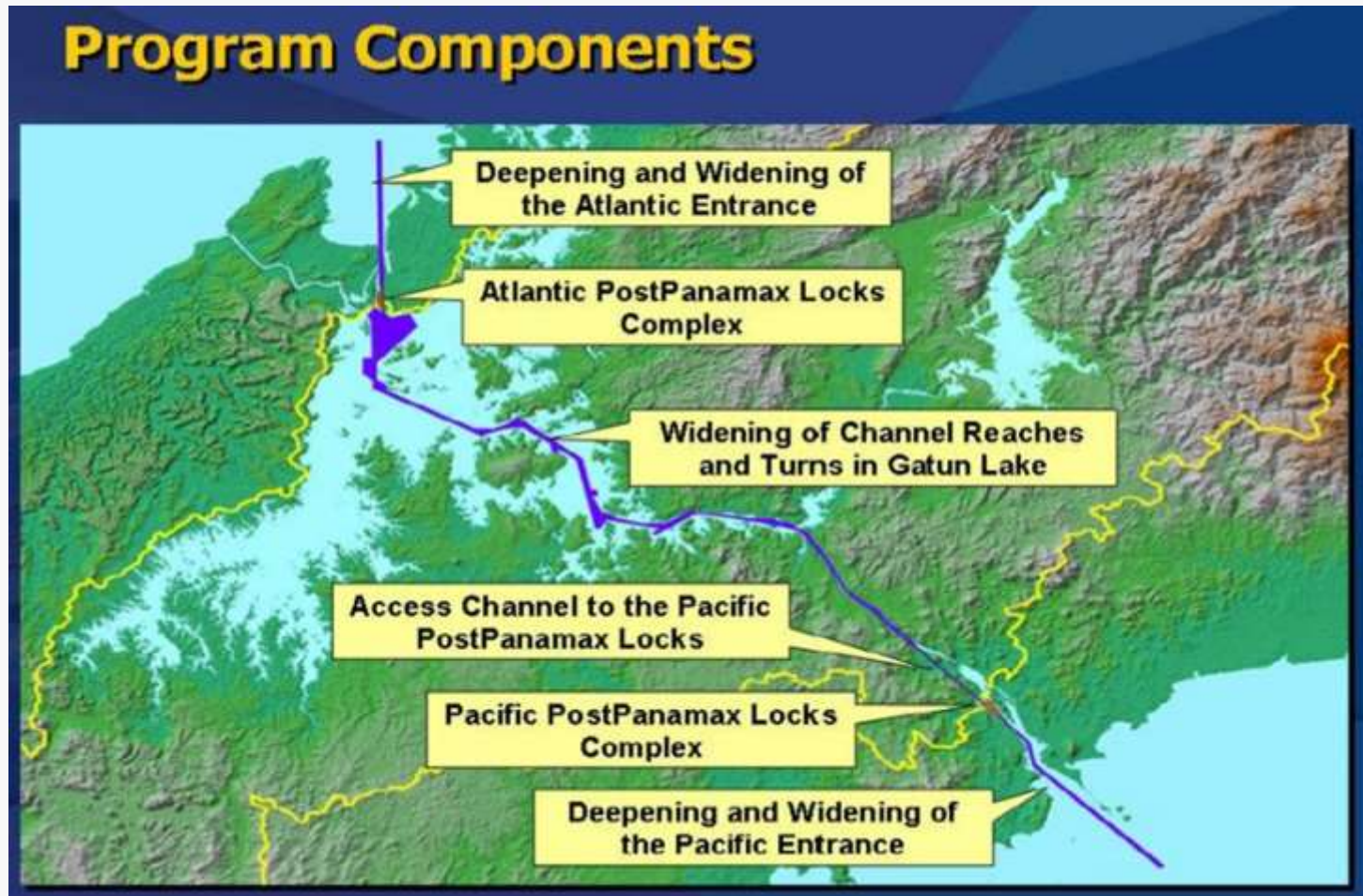
Panama Canal Expansion: Game Changer?

What Questions Should be Asked...



- Is it needed?
- Does it fundamentally change North American flows?
- Can (will) I get a piece of the pie?

What Is Going On In Panama?



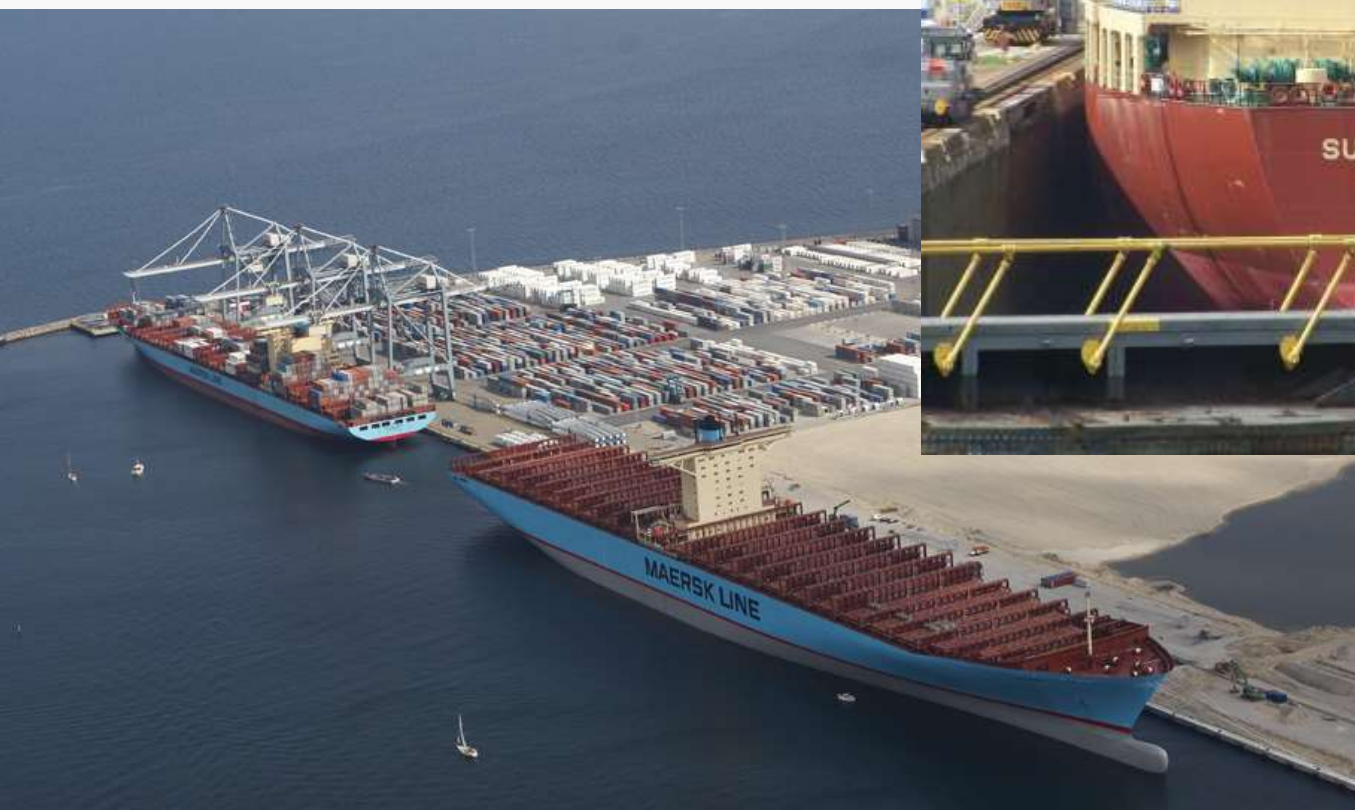
Why Expand the Canal?

- Seem as critical, but obsolete, bottleneck
- Vessel Economics
- Changing Shipper Behavior
- Regional Latin American Growth



Is it Needed?

Capacity lowers per unit costs..





Does It Change North American Trade Flows?

Buyer Expectations Are Changing Retail Logistics

7

Wow!! The Little Orphan Annie Decoder Ring Finally Arrived!!



Wow!!
What a bargain,
and I will
get it
tomorrow!



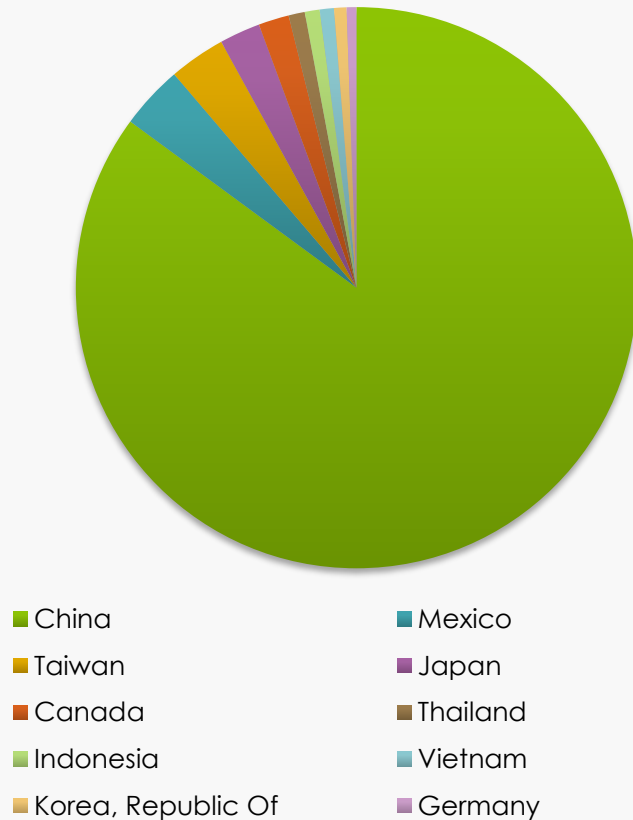
Retailers Changing Their Domestic Supply Chains

- Locate Closer to Customer
- More Integrated Supply Chains
- Manage Variability
- Transloading
- Reduce unreliability

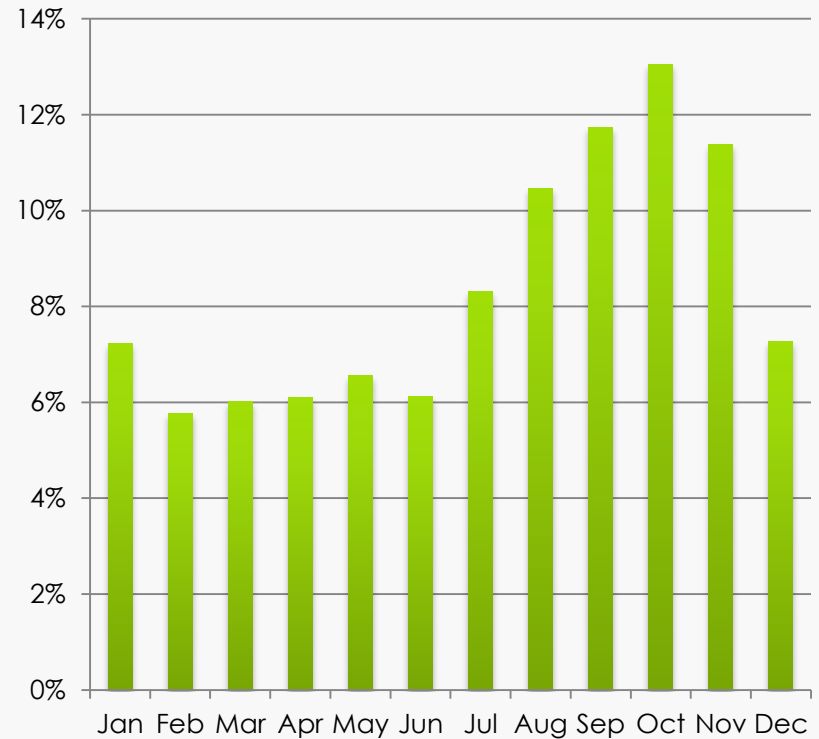


What Does Trade Look Like? Toys

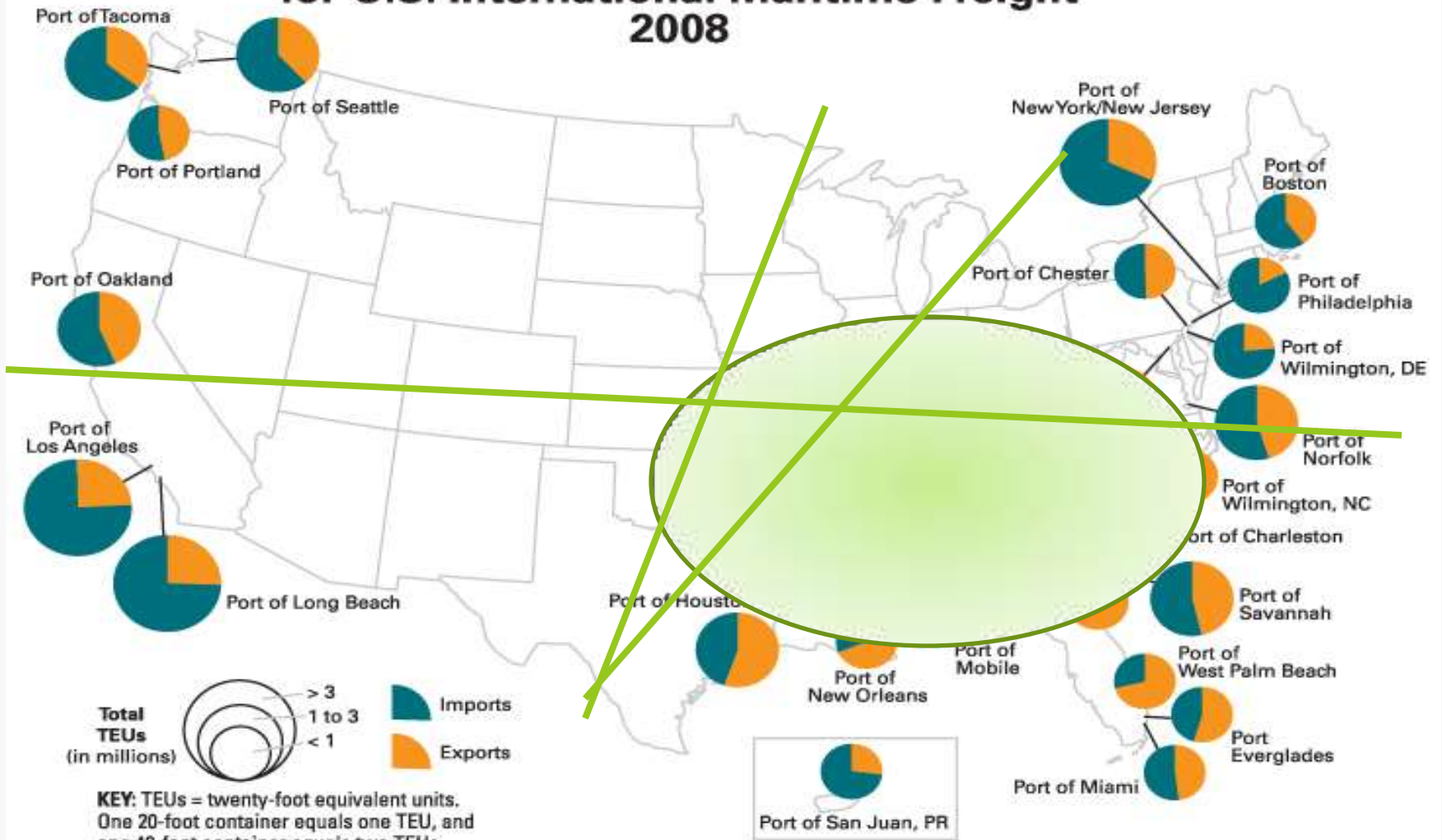
Top Importer Sources of Toys, 2012



Imports of Toys, By Month (2009-2012 Average)



Top 25 Container Ports for U.S. International Maritime Freight 2008

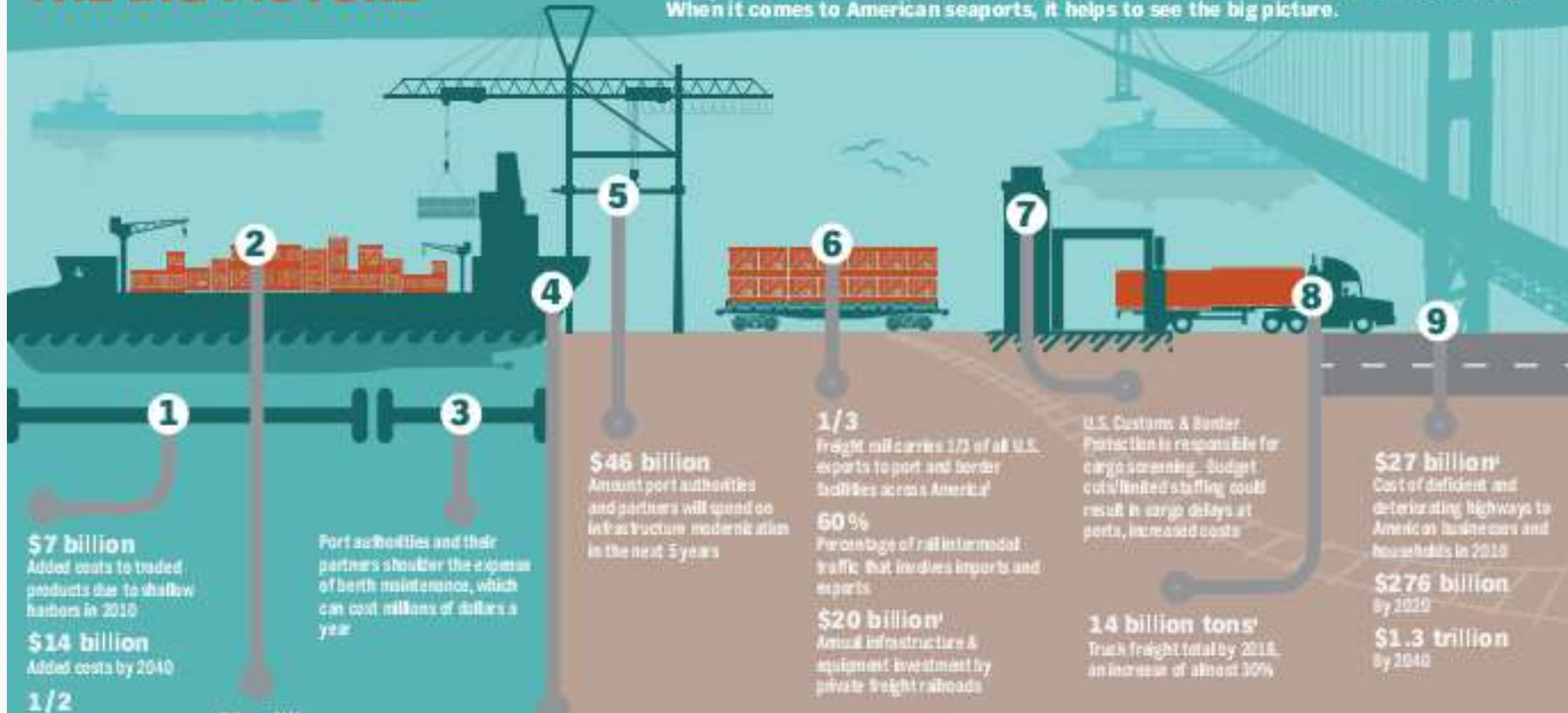


NOTE: The data in this figure include only loaded containers in U.S. international maritime activity and cover U.S. imports, exports, and transshipments. Therefore, the trade levels will be greater than those reported from U.S. international trade statistics, which exclude transshipments. The data also exclude military shipments.

SOURCE: U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, based on data from U.S. Department of Transportation, Maritime Administration, which are drawn from The Journal of Commerce, Port Import Export Reporting Service (PIERS), available at www.marad.dot.gov, as of March 30, 2009.

ENDANGERED SEAPORTS: THE BIG PICTURE

A \$46 billion investment gap by 2040 threatens U.S. seaports - critical economic lifelines that rely on connecting transportation infrastructure to deliver prosperity for millions of Americans. With America's trade volume expected to quadruple after 2030, and port connections in poor condition, now is the time to invest in vital infrastructure. When it comes to American seaports, it helps to see the big picture.



A \$4 trillion loss to U.S. GDP by 2040 is projected for failure to invest in America's crumbling transportation infrastructure.

Urge Congress to support federal investment in seaports today.

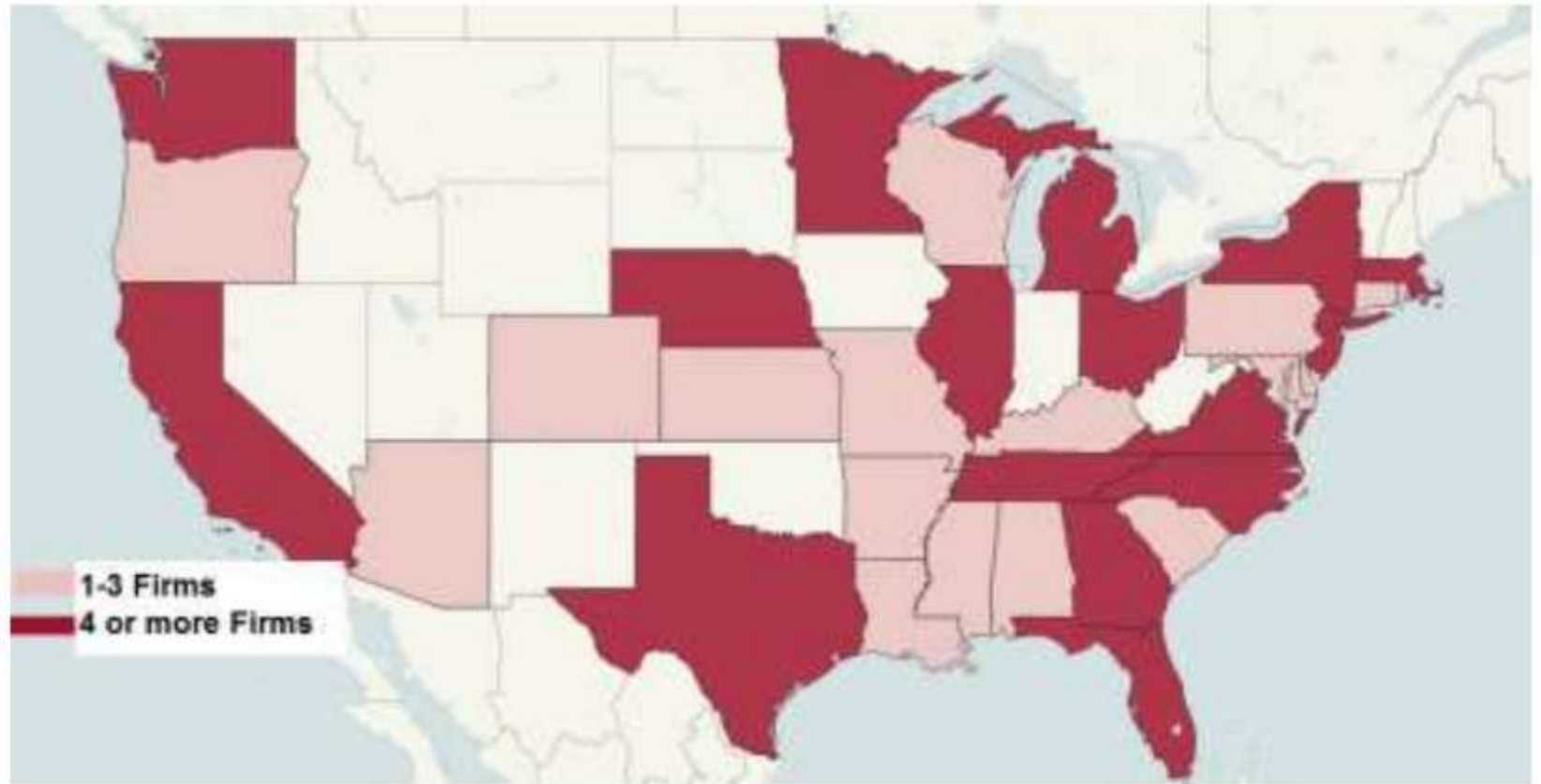
- 1 FEDERAL CHANNEL**
(Funded by Harbor Maintenance Tax)
- 2 CARGO**
- 3 BERTH**
- 4 OCEAN-GOING VESSEL**
- 5 PORT FACILITIES**
- 6 FREIGHT RAIL**
- 7 SECURITY SCREENING EQUIPMENT**
- 8 TRUCKS**
- 9 FEDERAL / STATE HIGHWAYS & CONNECTORS**
(Funded by gas tax)

Statistics were sourced where indicated. The American Society of Civil Engineers (ASCE) Failure to Act: The Economic Impact of Current Investment Levels in U.S. Ports, 2010 and 2040, and Marine Ports Infrastructure, 2011 (London, UK).
 - The Association of American Portlands, www.aap.org
 - U.S. Customs and Border Protection, www.cbp.gov, Post, February 24, 2013
 - The American Trucking Association, www.trucking.org
 - ASCE, Failure to Act: The Economic Impact of Current Investment Levels in Surface Transportation Infrastructure, 2011

Can (will) I get a piece of the pie?



Headquarters Location of Top 100 Importers/Exports, 2012



Journal of Commerce

The Panama Canal



A Game Changer

The Canal “Question” Today

The Known

- The Canal is expanding
- Trade already shifted from West Coast
- Inbound logistics driving system
- Firms are already responding

The Unknown

- Will S. Cal ports push trade away?
- Will Eastern U.S. ports receive dredging?
- How much more cargo is divertible?
- Balance between Canal tolls and Railroad costs?
- Ship Rotations and partnerships
- Other corridor options?
- External Shocks?
- Reshoring?

Benefits of Debate

- Connecting to global markets
- Discussion of regional transportation needs
- A National Freight Network
- Water Resources Reform and Development Act



Thank you

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