

American Association of Port Authorities
Harbors and Navigation Committee Meeting – Long Beach, CA
March 30, 2016

The New World Order in Containerized Ocean Shipping & SCO



Port of
LONG BEACH
The Green Port

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Supply Chain Optimization

Drivers – Logistics & Globalization

“The Internet of Things (IoT) is the network of physical objects or “things” embedded with electronics...experts estimate that the IoT will consist of almost 50 billion objects by 2020...” Wikipedia



www.sourcemap.com

Drivers - Industry “Evolution”

“...it seems some shippers noticed they could adopt a different plan other than preparing for the peak season. So for 2015, they ordered earlier than normal, they spread the entry lanes, and they watched the carriers create a significant overcapacity situation. Rates declined...”

“Is there a new norm emerging, not by the carriers but by customers who didn’t like peak seasons or the hoops they had to jump through for space and equipment? It sure looks like it to me. So now what? How does that change our world? Or does it?”

Journal of Commerce
Shippers managing change, planning ahead
Gary Ferrulli, president-North America, Unicon Logistics | Oct 24, 2015 9:00AM



What's the BIG deal??

Bigger Vessel Alliances, Bigger Ships

Carrier Alliances Capacity Share

Alliance	West Coast America	East Coast America	Asia-Europe	Asia-Mediterranean
<u>2M</u> Maersk and MSC	15%	17%	32%	39%
<u>CKYHE</u> COSCO, K Line, Yang Ming, Hanjin and Evergreen	34%	30%	26%	20%
<u>G6</u> APL, Hapag-Lloyd, Hyundai, MOL, NYK and OOCL	32%	36%	23%	8%
<u>Ocean Three</u> China Shipping, CMA CGM and UASC	13%	13%	19%	17%
Other	6%	4%	0%	5%

Ocean Carrier Alliances

Driving the new realities of ocean shipping.

G6



Ocean 3



2M



CKYHE



Ocean Carrier Alliances

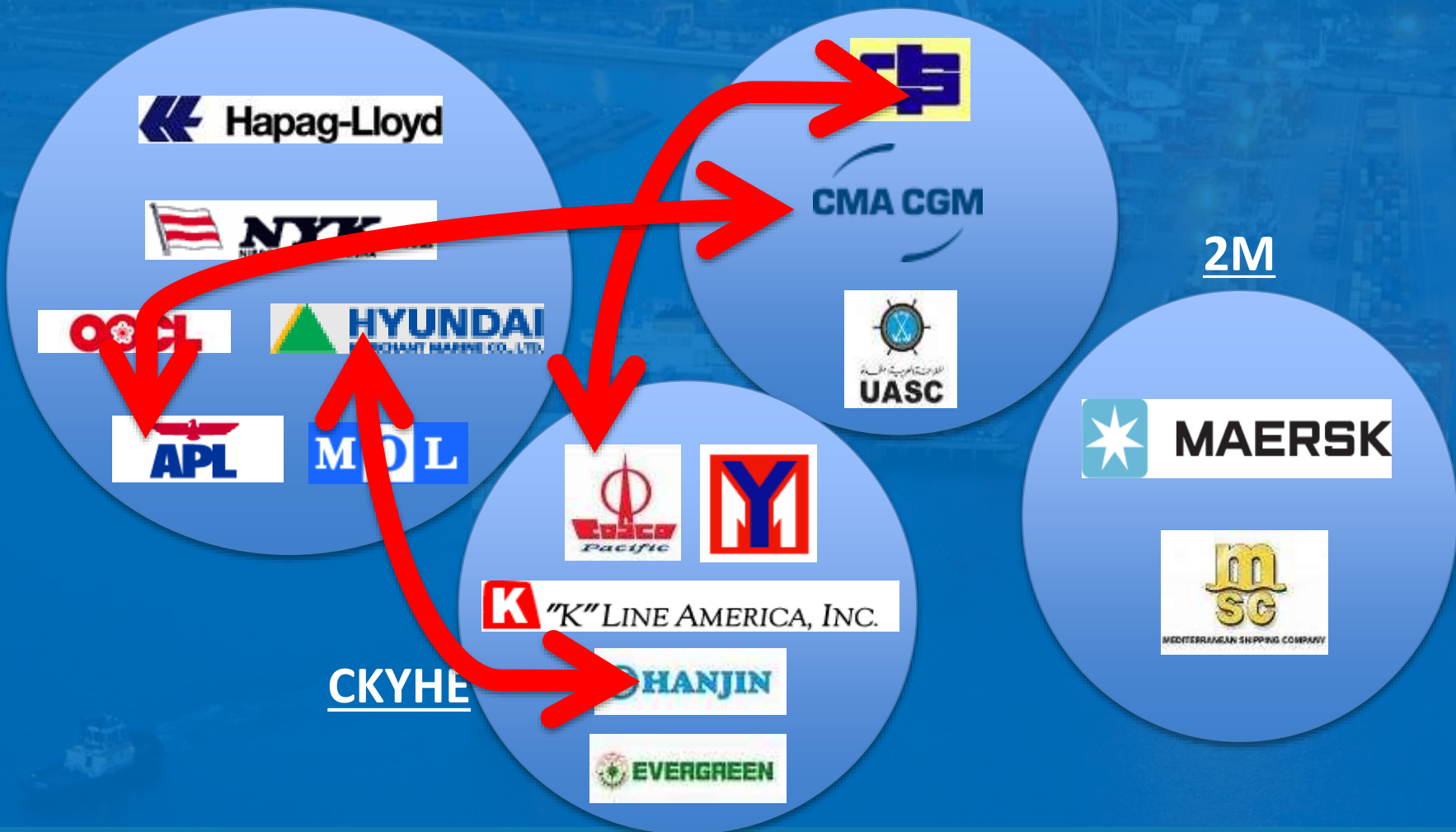
Driving the new realities of ocean shipping.

G6

Ocean 3

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CKYHE



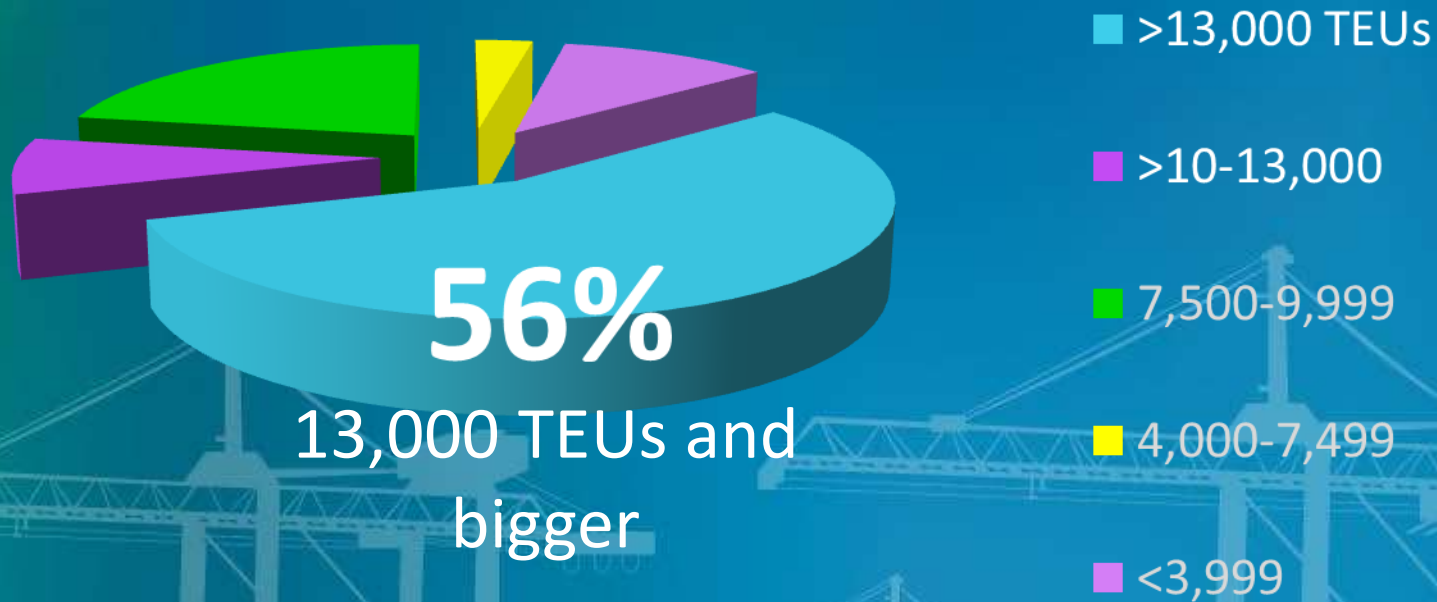


BIG SHIP READY?

Big ships are arriving, and even bigger ships are coming.

BIG SHIPS ~~COMING~~ ARE HERE

Of ships on order, more than half can't pass through expanded Panama Canal.



Source: Alphaliner, April 2015

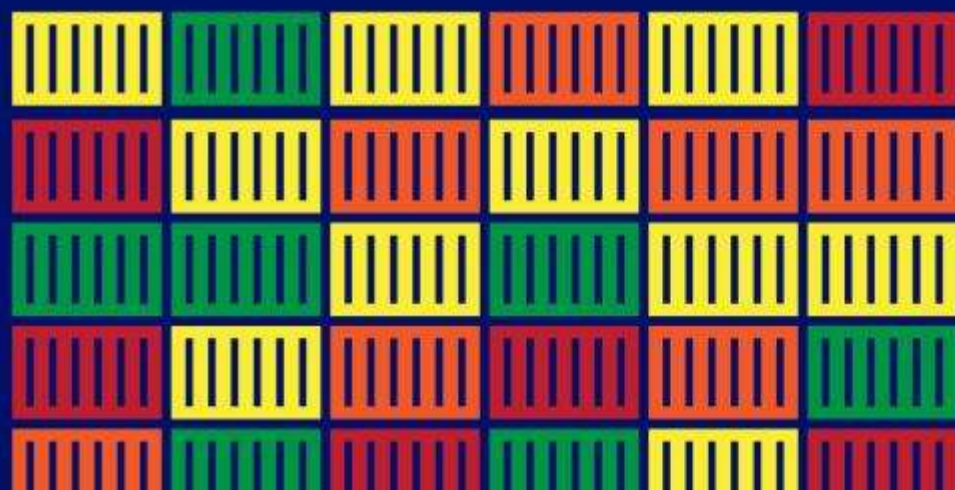
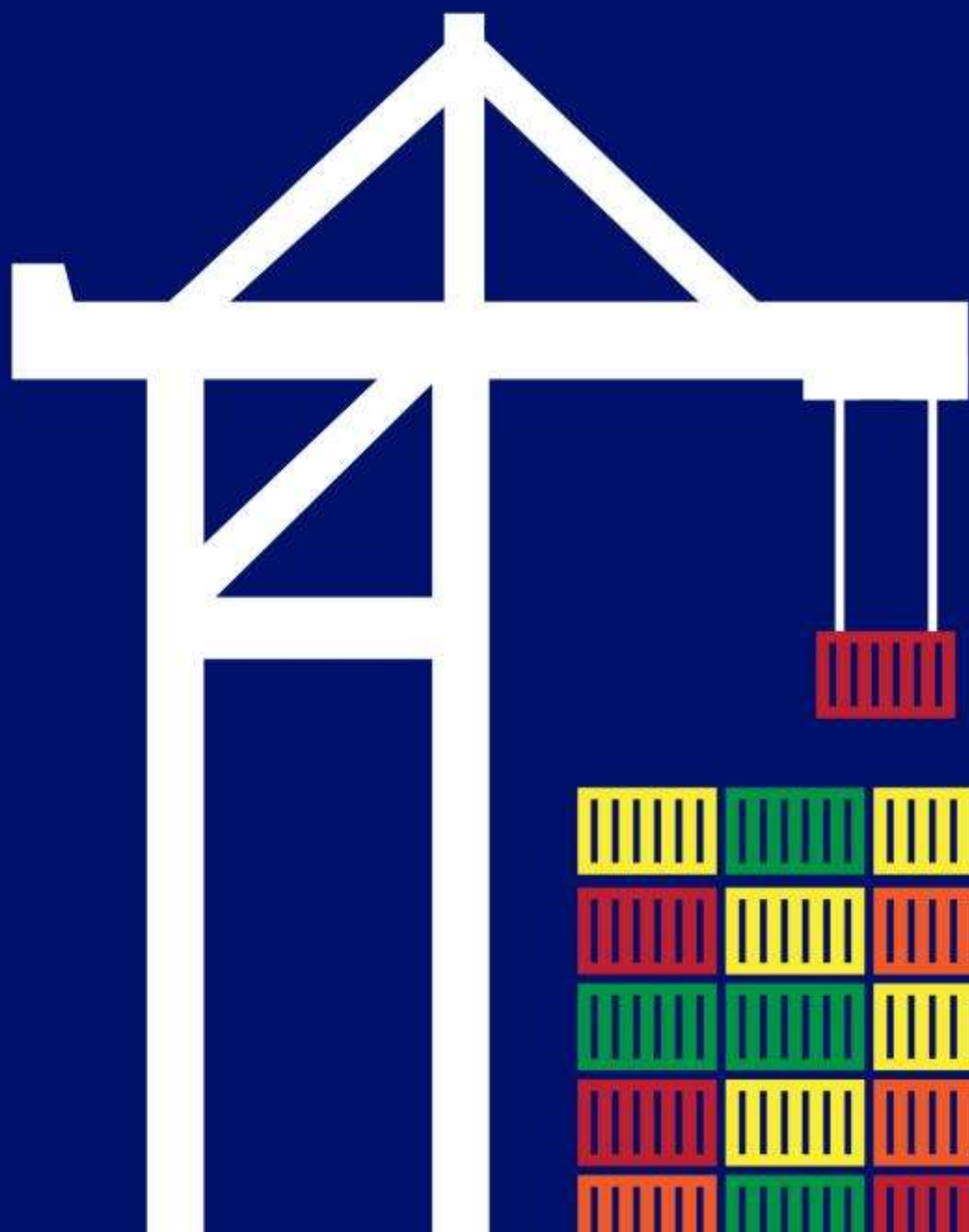


18,000 TEU

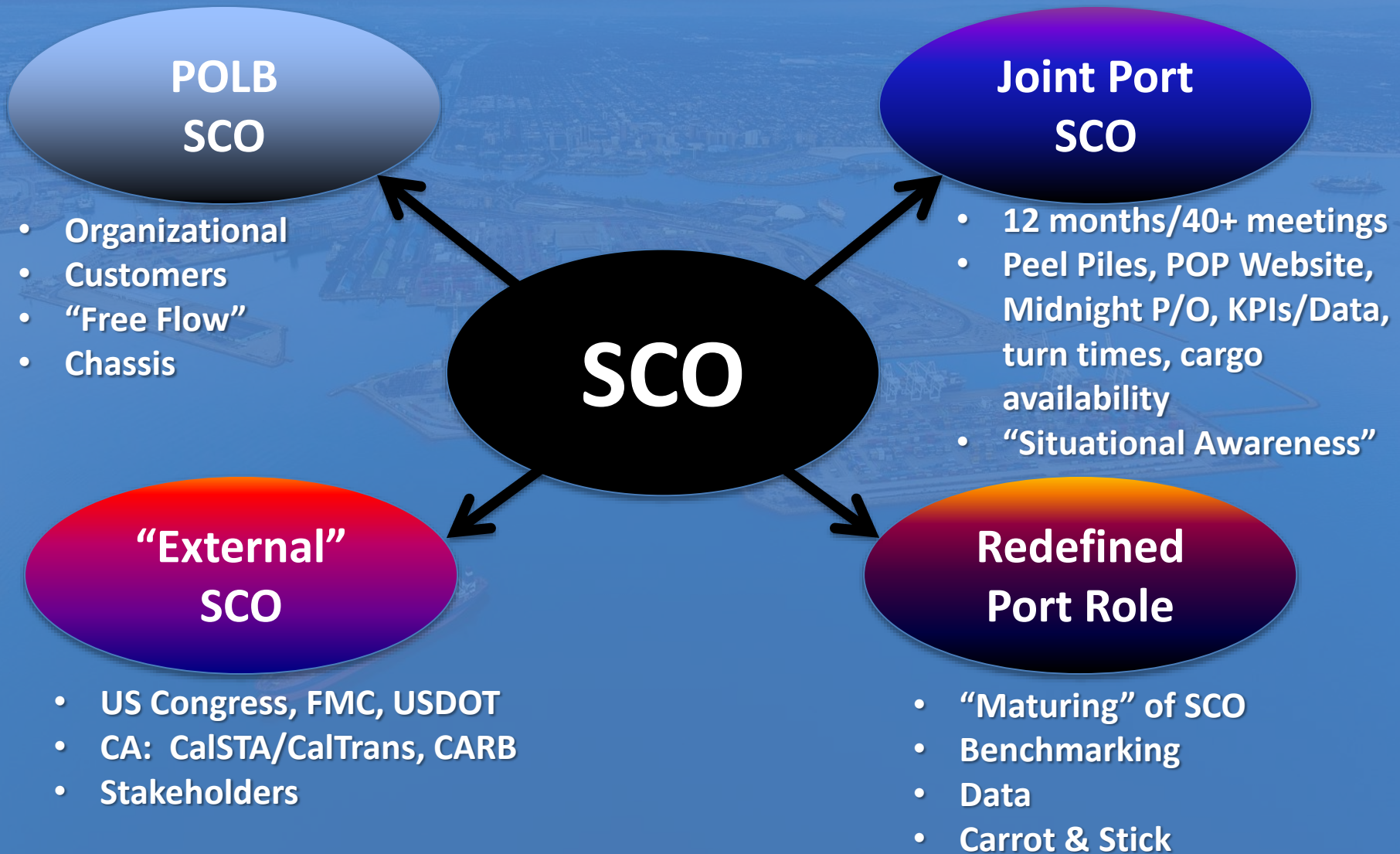
CMA CGM Benjamin Franklin



**Alliances: With bigger ships, come more
“colorful” loads**



Supply Chain Optimization Elements & Status



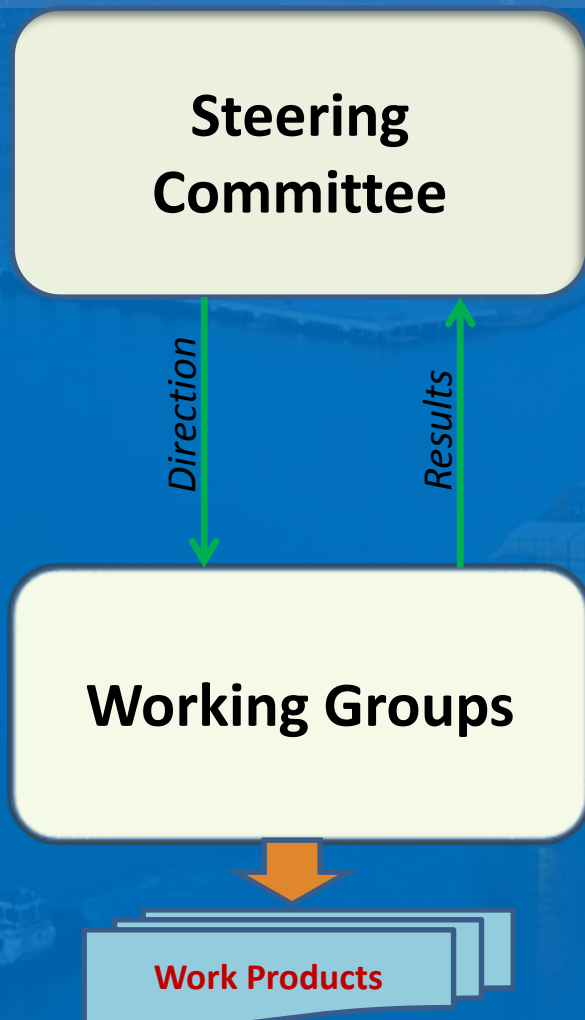


SUPPLY CHAIN OPTIMIZATION

Joint Long Beach and L.A. initiatives to improve velocity

SCO Joint Ports Initiative

Supply Chain Optimization Task Force Relationships



Stakeholder Participants :

- Beneficial Cargo Owners
- Marine Terminal Operators
- Shipping Lines
- Motor Carriers
- Chassis Pool Operators
- Railroads
- Brokers & Freight Forwarders
- Warehousing & Dist. Centers
- Labor & Management

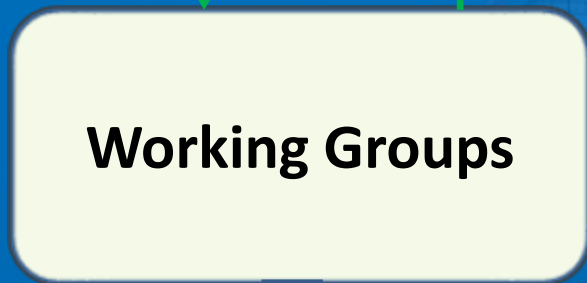
SCO Joint Ports Initiative

Supply Chain Optimization Task Force Relationships



Direction

Results

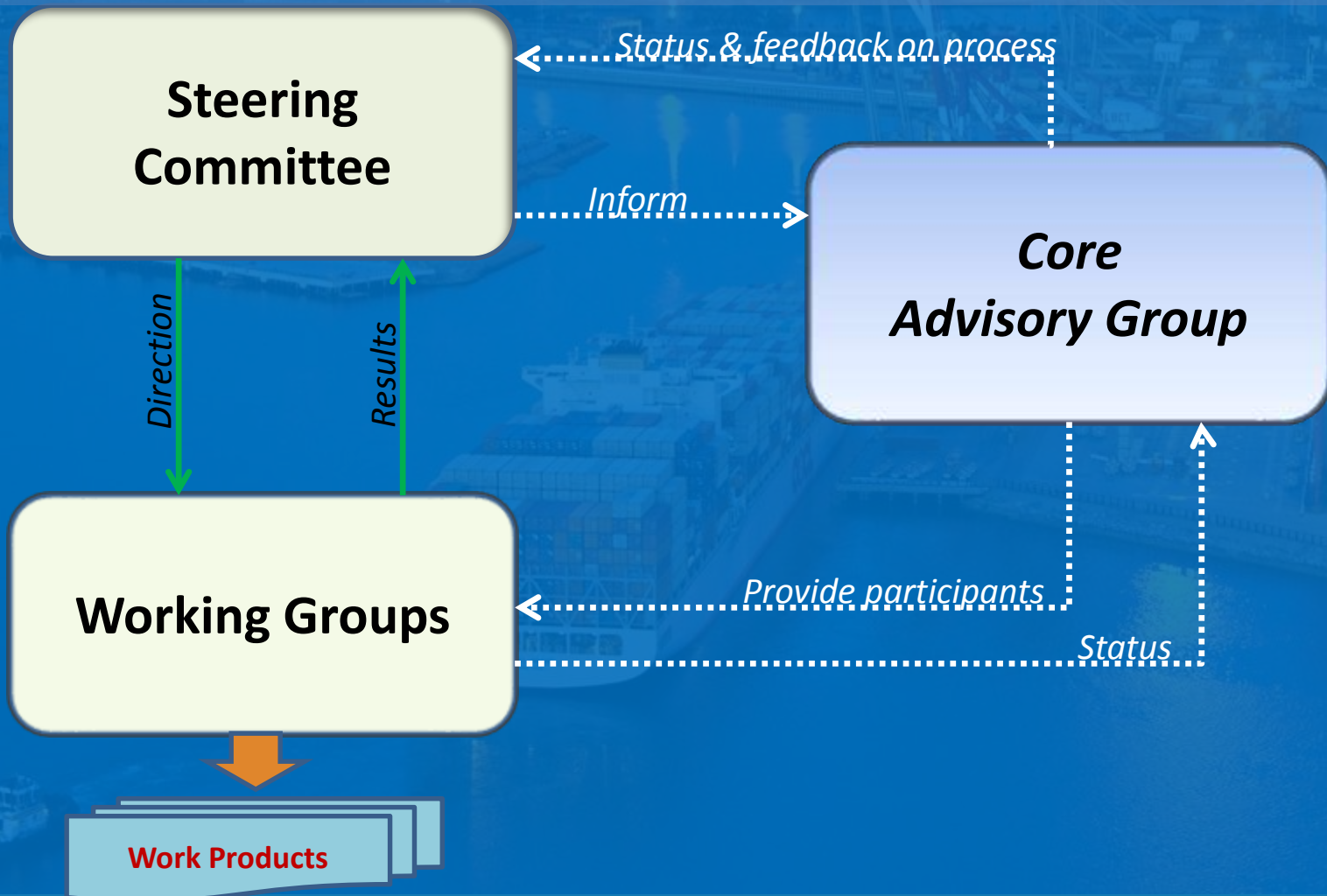


Working Groups:

- *Peak Season 2015*
- *Container Terminal*
 - *Chassis*
 - *Rail*
- *KPI & Data Solutions*

SCO Joint Ports Initiative

Supply Chain Optimization Task Force Relationships



SCO – In Progress

- Gate Operations/Turn Times
- “Peel-Off” Operations
- “Push” System
- KPIs
- Information Systems & Data
- Rail
- Chassis



Chassis “Pool of Pools”

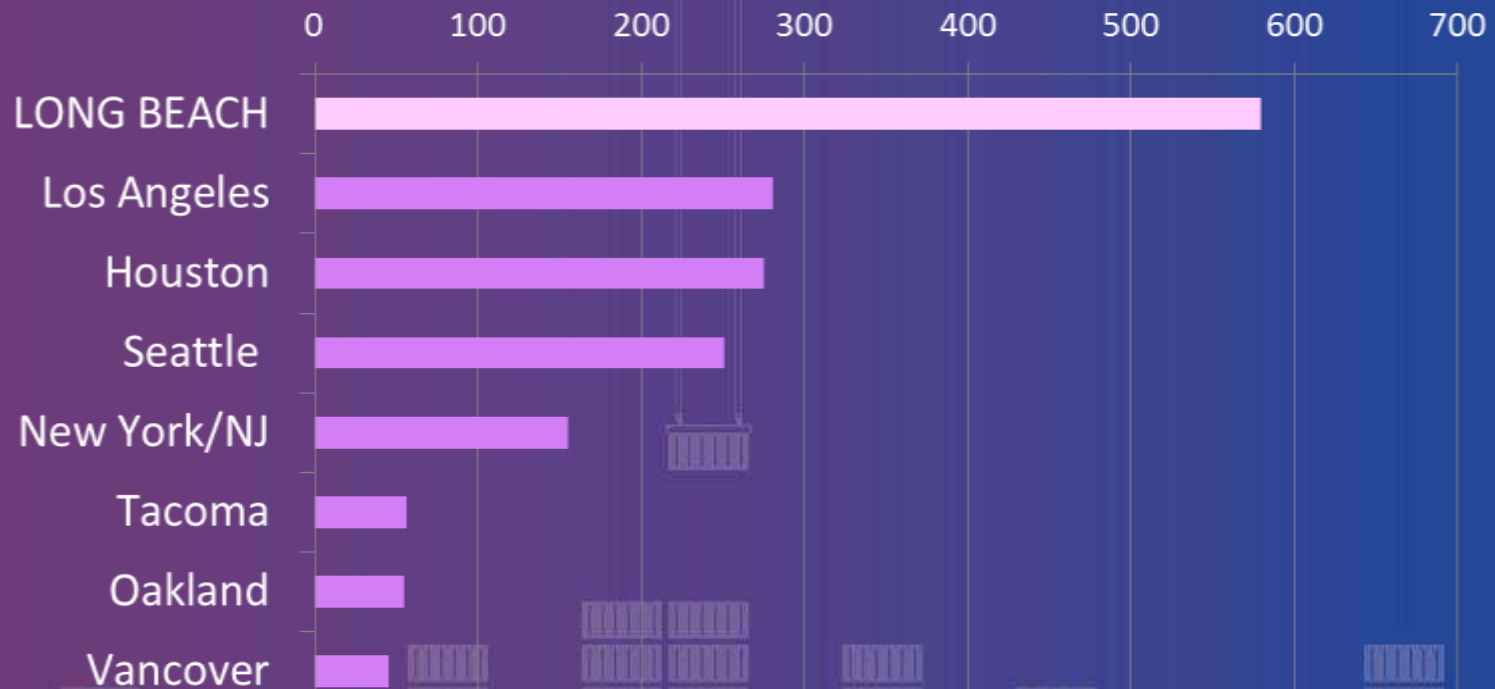
Interoperable chassis fleet increasing availability

BETTING ON THE FUTURE

POLB leads No. Am. ports in capital spending

Millions of dollars in FY2015 capital budget

Source: Ports





Coming soon: **MIDDLE HARBOR**
No. Am.'s most advanced, automated terminal



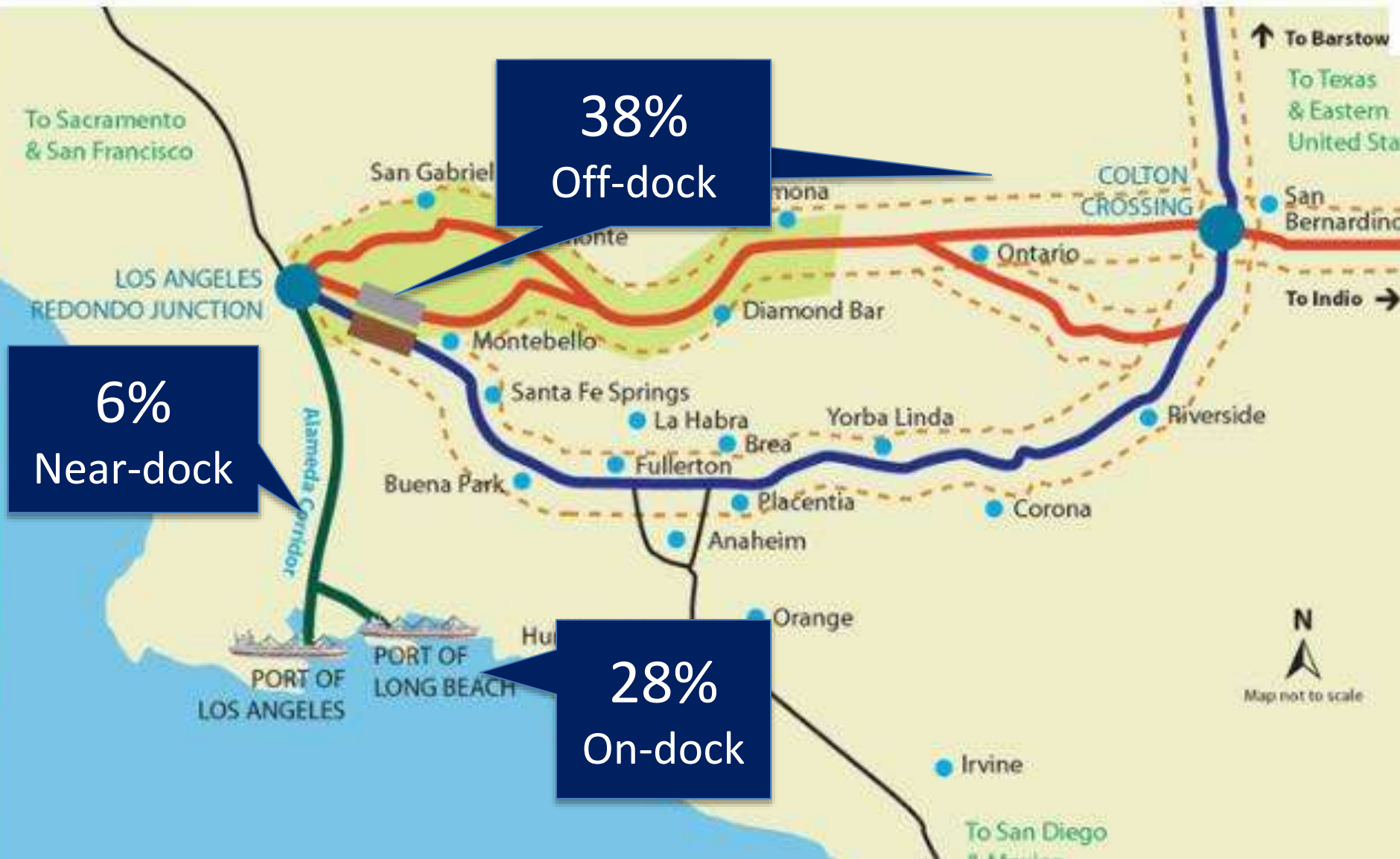
BRIDGE REPLACEMENT

\$1.5 billion, carries 15% of U.S. trade volume



What About Rail??

% Imports Shipped by Rail



Port Railroads

- Pacific Harbor Line (PHL Short-line)
- Class I Union Pacific Railroad
- Class I BNSF Railway



Best rail connections



BNSF and UP Intermodal Traffic Density Maps

BIG TRAINS ARE HERE

BNSF moves two-mile train from TTI terminal.





ON-DOCK RAIL EXPANSION

\$1+ billion, doubling capacity this decade



ON-DOCK RAIL

New Middle Harbor Terminal Rail Cranes.



THE FUTURE IS BRIGHT