

American Association
of Port Authorities
Commissioners
Seminar

San Francisco

June 18, 2019

Good Morning.

I'm not Walter Kemmsies.

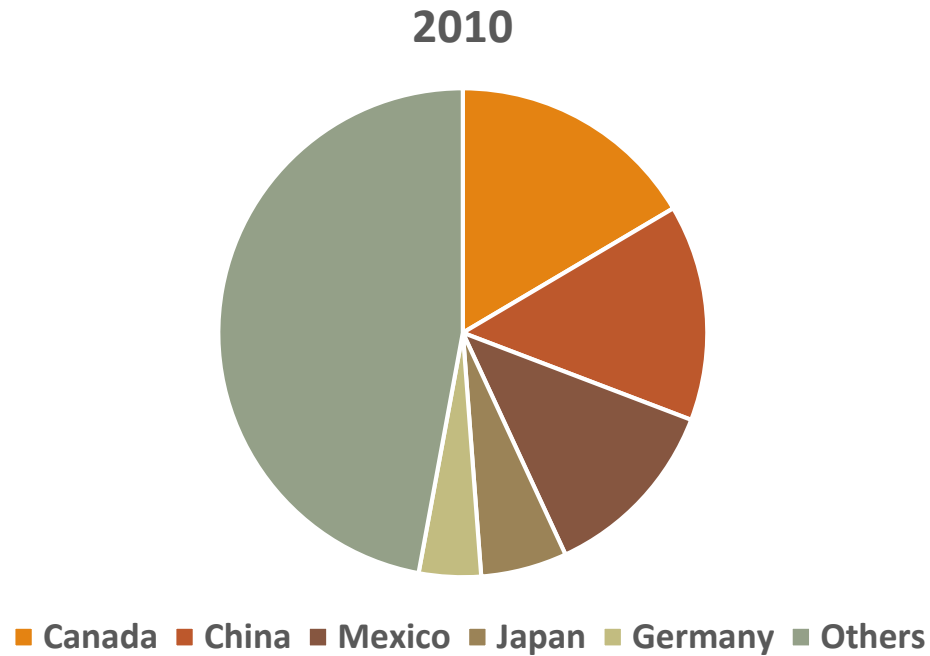
Jock O'Connell

International Trade Advisor, Beacon Economics

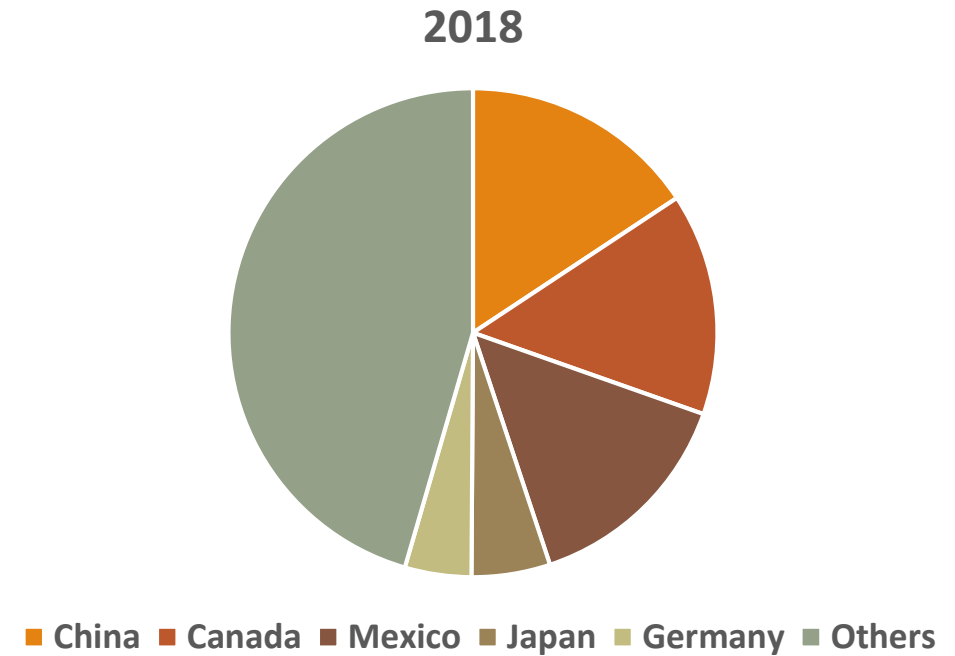
**Senior Economic Consultant, Pacific Merchant
Shipping Association**

U.S. Foreign Trade is Concentrated

TOP 5 TRADING PARTNERS = 52.9%

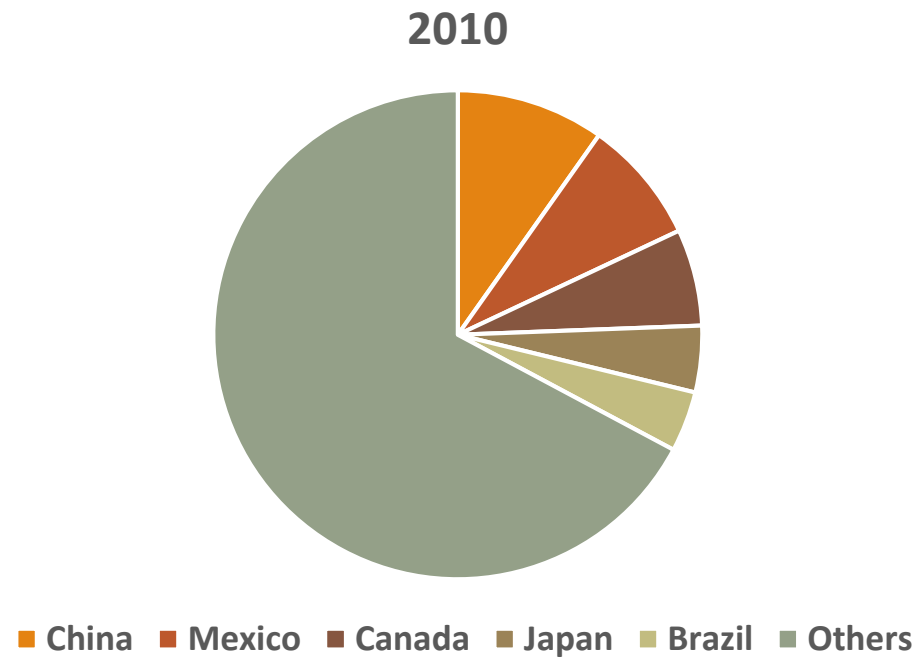


TOP 5 TRADING PARTNERS = 54.5%

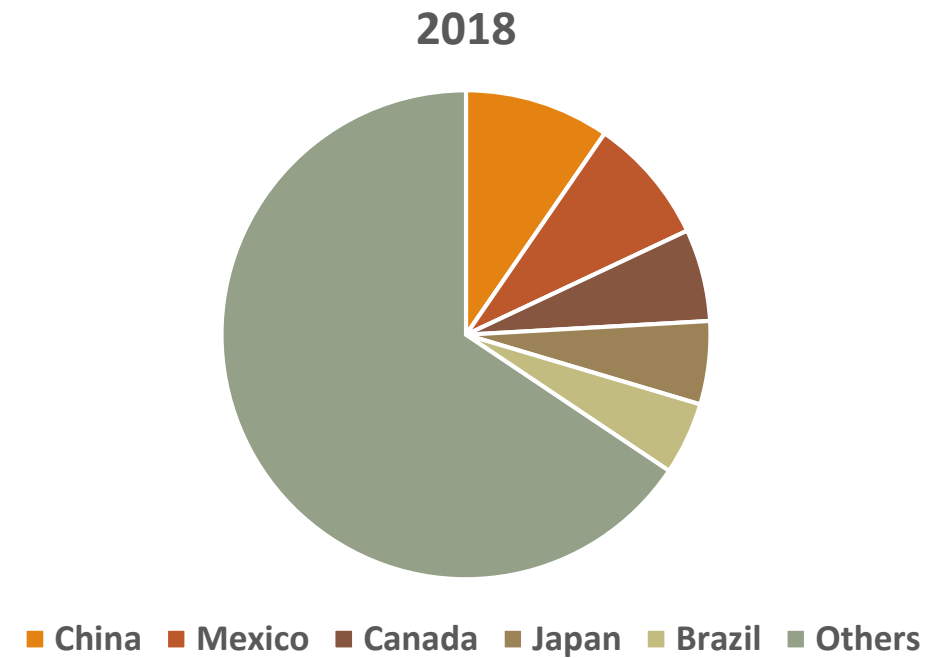


But U.S. Maritime Trade is Less Concentrated

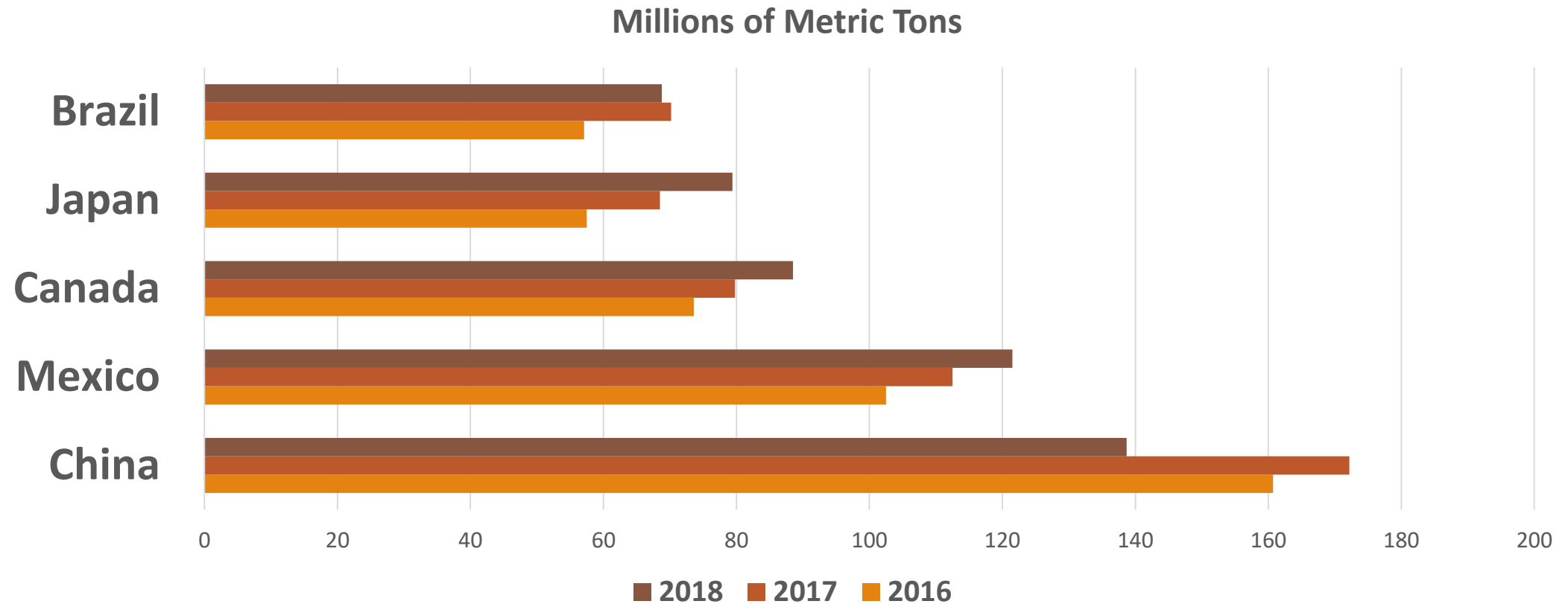
TOP 5 TRADING PARTNERS = 32.8%



TOP 5 TRADING PARTNERS = 34.4%



Top U.S. Maritime Trade Partners by Tonnage



What
Comes
Next?

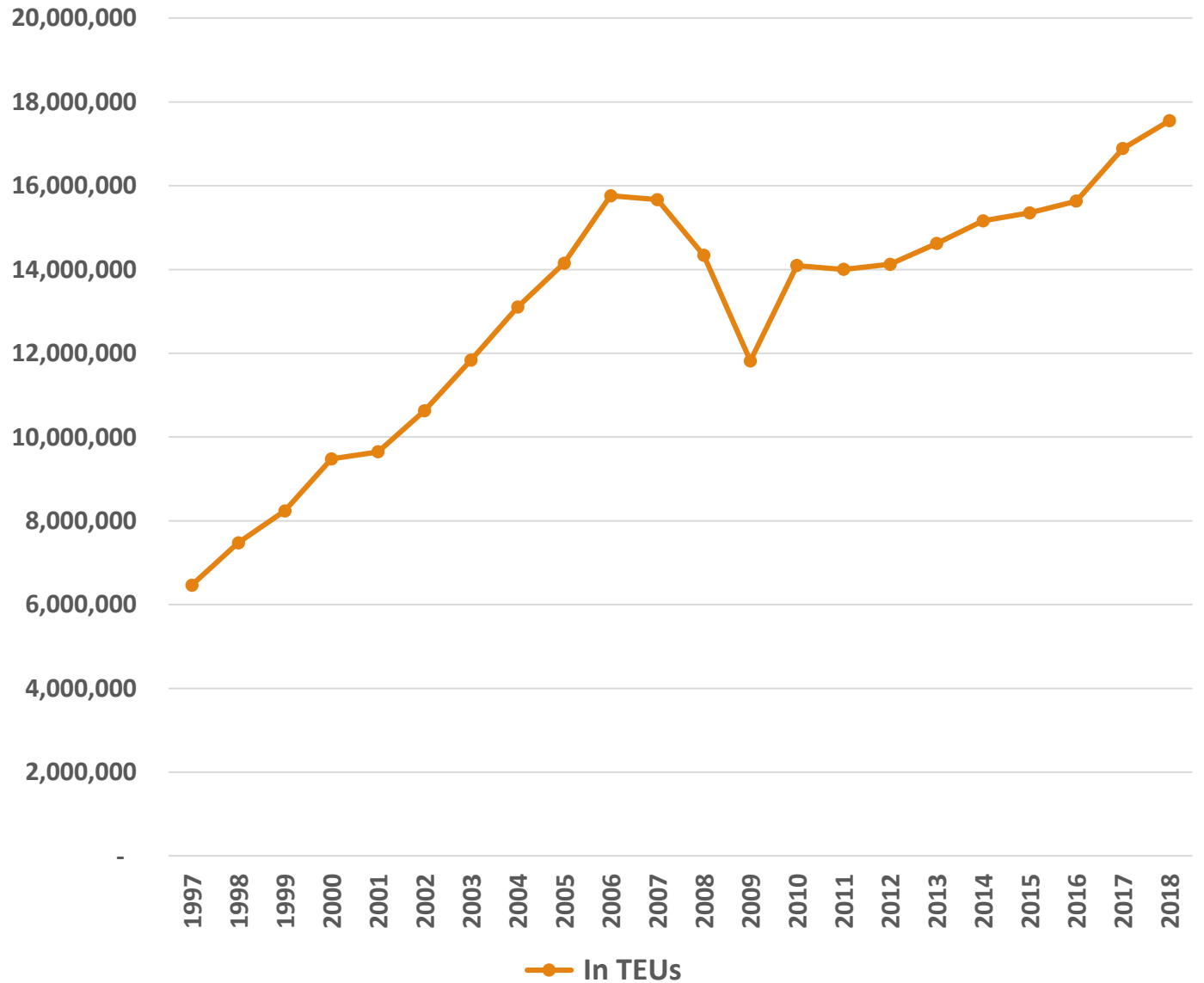
This is the part of the presentation where the speaker says he doesn't want your job.

Really, he doesn't.

Longer- Term Frets and The Perils of Prophecy

This is the part of the presentation where the speaker ~~disparages~~ expresses reservations about the value of most cargo forecasting.

The 2007 San Pedro Bay Forecast vs. The Great Recession



Polishing the Old Crystal Ball

Here the speaker urges you to look back before looking forward, especially when making decisions affecting your ports' long-term competitiveness.

Fact- Finding in Panama, November 2014



Principal Clusters of Challenges For Forecasting Maritime Trade

Trade Policy

Regulatory Issues

Technological Developments

Demographics

Climate Change

Trade Policy

Ever since Brittan Woods in 1944, the U.S. has nurtured a global consensus biased toward free trade.

That consensus was shattered in January 2016 when President Trump:

- **Pulled out of the Trans-Pacific Partnership (TPP)**
- **Halted negotiations for the Transatlantic Trade and Investment Partnership**
- **Threatened to withdraw from the North America Free Trade Agreement**
- **Questioned the value of the World Trade Organization**
- **And subsequently embarked on erecting tariffs against imports from most every U.S. trading partner**

The business of world trade is now befogged with uncertainty and no clear sign of resolution.

Regulatory Issues

Heightened pressure to slash CO₂ and PM emissions from ships

More strident demands to replace diesel with electric modes of onshore conveyance

Impact of clean water initiatives

Save the Whales

Technologies

Difficult to predict what the next new things or the next transformative technologies will be.

- Amazon, which has harvested a host of innovative technologies, increases imports but is being forced to maintain more inventory in more locations.
- Potential role of Additive Manufacturing in disrupting global supply chains. If we can make it here, we can make it anywhere.

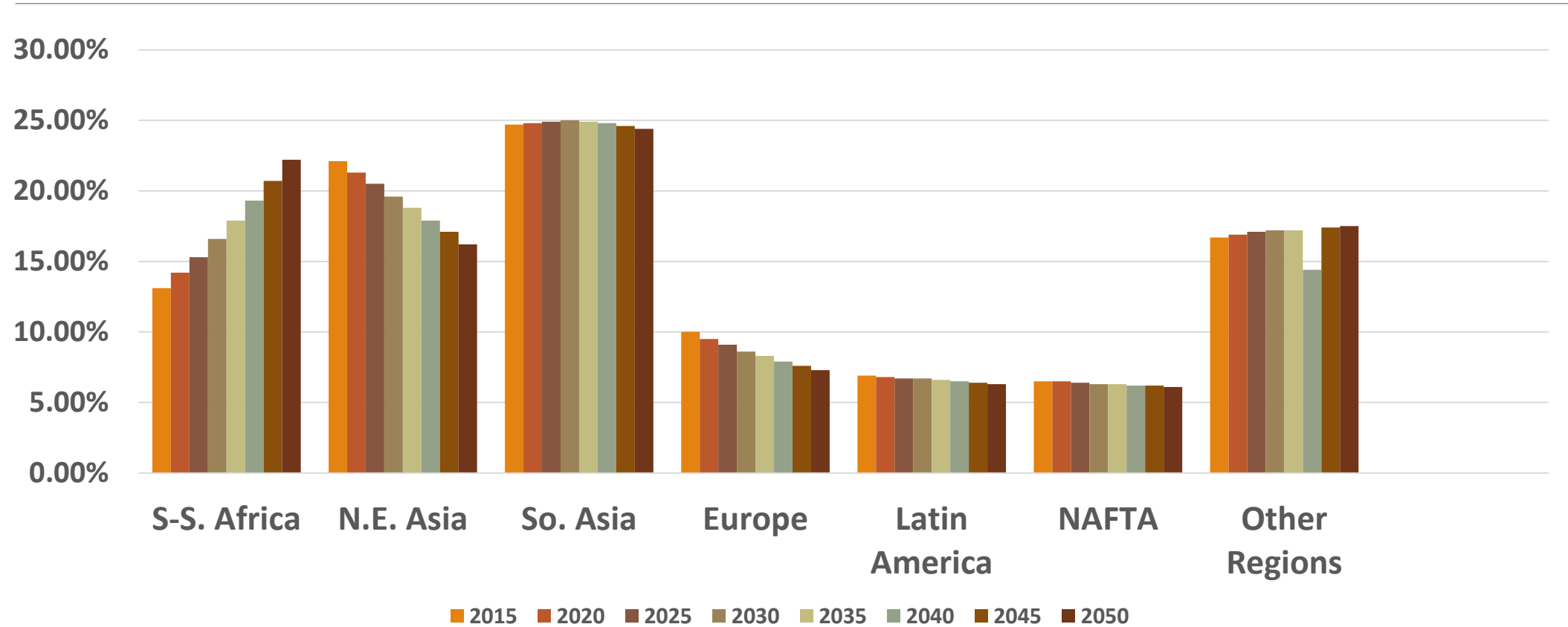
Demographics:
Not necessary
destiny, but
close

Some nations will soar in population while other decline

- China's population should peak in 2025 and will continue to decline thereafter
- Japan, Germany, South Korea, and Taiwan will also shrink
- India is projected to overtake China as most populous nation in 2025
- Half of the world's net population gain by mid-century will come from Africa; Nigeria

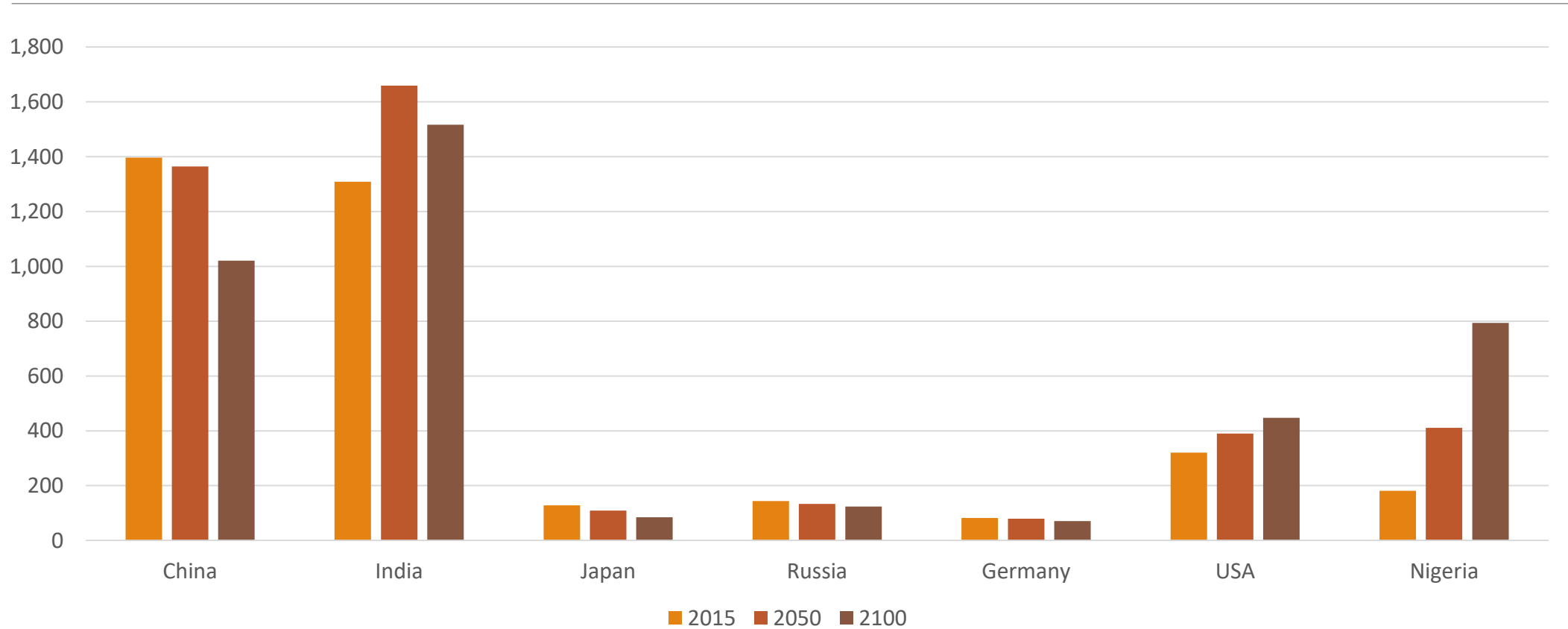
Populations will also be older, putting added pressure on social services and pointing toward reduced consumption of tradable goods

Shares of World Population: 2015-2050



Populations of Major Nations: 2015/2050/2100

United Nations Forecast



Climate Change

Rising sea levels will put coastal communities and businesses at risk.

Higher temperatures/changing rain patterns will threaten existing agricultural regions.

More violent storms.

Higher temperatures will also induce massive migration of populations out of hot-zones.

Summing up the Long-Term Outlook

Climate Change

2050: Most popular name for male child: Noah

2050: Most popular name for female child: Pandora

Rising Sea Levels

Agricultural Impacts

Mass Migration

Leaving on a
More Positive
Note

Qua nabe nihil admirabilius
visum in mari certum
est... Longitudo spatium
obtineuit magna ex parte
Ostiensis portus latere laebo.

– *Pliny the Elder, Naturalis Historia*

Latin in Translation

It is certain that nothing more wonderful than this ship has ever been seen on the sea...its length took up a large part of the left side of the harbor of Ostia.

– Pliny the Elder, *Naturalis Historia*



Thank you.

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