



SURVIVING IN THE COMPETITIVE MARINE TERMINAL INDUSTRY



American Association of Port Authorities
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DISCUSSION POINTS



- Current Conditions
- Future Expectations
- Key Survival Factors

Current Conditions



- U.S. consumer confidence index at a four (4)-year low.
- Transpacific cargo is the most competitive trade lane for all ocean carriers; sustaining profitability is a challenge.
- West Coast terminals are expensive; rent makes these facilities some of the most competitive waterfront property in the U.S.
- East Coast embraces port growth (Mobile/Portsmouth); local communities want the jobs and the tax base.
- Southern California communities are fighting growth - concerned with pollution.

Future Expectations



- Concern about the 2008 bargaining could lead to more cargo being “diverted” to the Gulf/East Coasts.
- Prince Rupert is open: three (3) days closer to China; direct link to CHI.
- Investment community interest in terminal operators has been a quantum shift to our business concept.

Key Survival Factors



- Fundamentals
- “X” Factors

Fundamentals



- Safety
- Cost
- Service

Safety



- Marine terminal safety is governed by Pacific Coast Marine Safety Code and OSHA Codes 1917 and 1918.
- Average accident cost = \$24,000
- Training/Awareness/Accountability

Cost



“With small profit margins and declining freight rates, you must be a low-cost service provider.”

- Land Cost
- Capital Cost
- Labor Cost

Service



- Vessel Productivity – 30+ MPH
- Gate Turn time – 45 minutes or less
- Data Integrity
- Efficient electronic interchange of data

"X" Factors



- Security
- Environment
- Infrastructure
- Stakeholder Management

Security



- Federal MTSA Compliance
- M.M.O. ISPS Compliance
- C-TPAT/OSC/CSI Partnerships
- Transportation Worker Identification Card (TWIC)

Environment



- Air Quality
- Endangered Species
- Aesthetics

Infrastructure



- Railroads
- Roadways
- Bridges

Stakeholder Management



- Customers
- Trucking Community
- Local Community
- Regulatory Agencies
- Industry Associations
- Port Authorities



THANK YOU