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Panama Canal Expansion:

**What will it mean to your port & how
will trade patterns be impacted?**

– from the Shipper / 3PL Perspective –

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Three Issues Facing Shippers

- 1. Will Panama Canal traffic surge this summer in anticipation of labor problems on the U.S. West Coast?**
- 2. How will West Coast environmental and legislative mandates impact Panama Canal traffic?**
- 3. What challenges face the Panama Canal going forward (security, expansion, competition, etc.)**

West Coast Labor Issues



- Will we see a repeat of 2002?
- How will contingency plans impact the routing balance (USWC vs. USEC)?
- When will we know for sure?



- Will excessive surcharges via the U.S. West Coast turn shippers away?
 - LA/Long Beach Clean Trucks initiative
 - Port infrastructure fees
 - State Bill 974 sponsored by Alan Lowenthal
- Is a trucker shortage imminent due to Clean Truck initiative & TWIC requirements?
- Are our East Coast ports prepared for similar mandates?



Panama Canal Security Issues



- What happens if there is a security breach on the Panama Canal and what impact would it have on the supply chain?
- What routing alternatives exist for shippers?

Panama Expansion & Competition

	Panama Canal today	Panama Canal after expansion	Suez Canal today
Largest ships served	4,000 TEU capacity	10,000 TEU capacity	15,000 TEU capacity
Channel width	108 feet	163 feet	262-442 feet
Channel depth	41-45 feet	60 feet	62 feet

- Projected completion date for Panama expansion: 2014-2015
 - Approved in October 2006 at \$5.25 billion
 - Currently handles 5% of world trade
 - By 2011, 37% of the world's container ships will be post-Panamax
- Suez Canal can accommodate 80% of the world's supertankers
 - Currently handles 20% more traffic than the Panama Canal
 - Currently generates twice as much revenue
 - Channel depth will be dredged to 72 feet by 2010

Questions & Answers

