WORLD SHIPPING COUNCIL
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Shifting International Trade Routes

Factors affecting routing

Tampa, Florida - January 15, 2009

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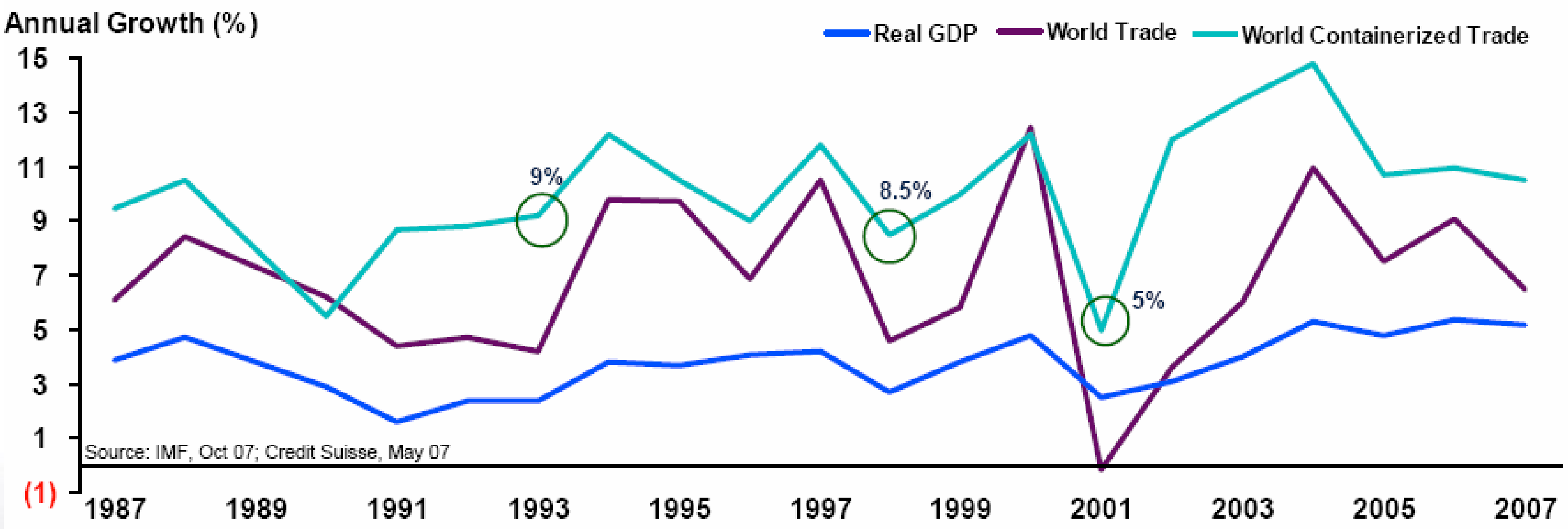
About the Council

- **Coordinated voice for liner shipping on matters affecting public policy focused primarily on:**
  - **Port and maritime security**
  - **Environmental impacts**
  - **Maritime transportation infrastructure**
  - **Cargo Liability Reform**
- **Founded in 2000 in Washington, D.C.**
- **Opened Brussels office in 2007**
- **28 member companies**
  - **90% of global** liner shipping capacity
  - **94% of US** international container trade

www.worldshipping.org

Sustained Growth

In the last 10 years, containerized trade growth has averaged close to 11% and has been at a multiple of almost 3 to World Real GDP growth

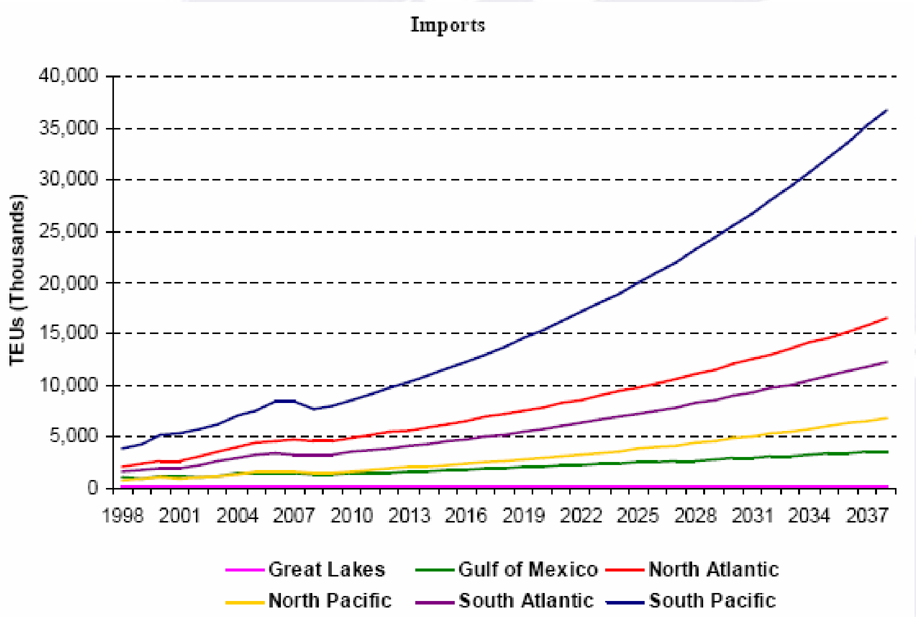


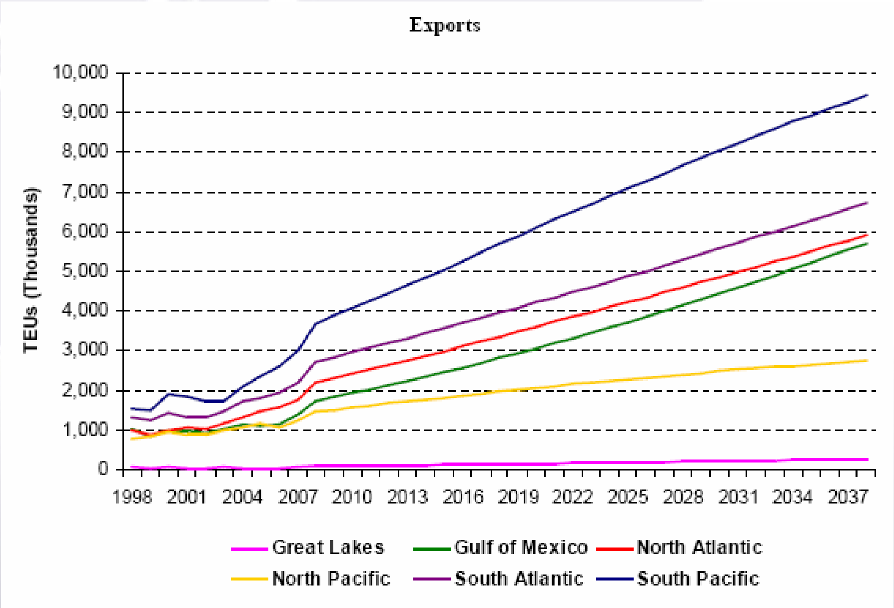
Container Trade Growth

- In the last 5 years, it has never gone below **10.5%**
- In the last 10 years, it has never gone below **8.5%** except for 2001
- In the last 20 years, it has never gone below **5%**

	Average	
	98-07	87-07
World real GDP	4.2	3.8
World Trade	6.6	6.9
World Containerized Trade	10.8	10.1
World Trade/Real GDP	1.5	1.8
Containerized Trade/Real GDP	2.7	2.8

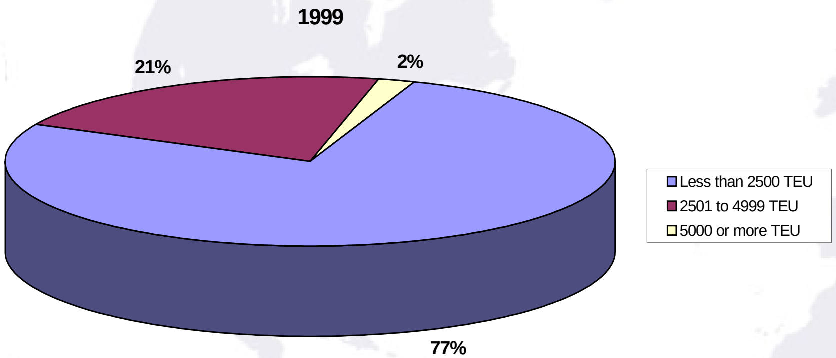
Volume by U.S. Port Area (1998-2038)

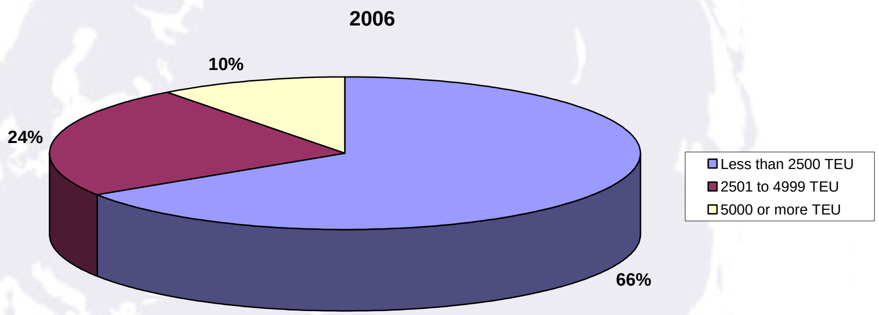




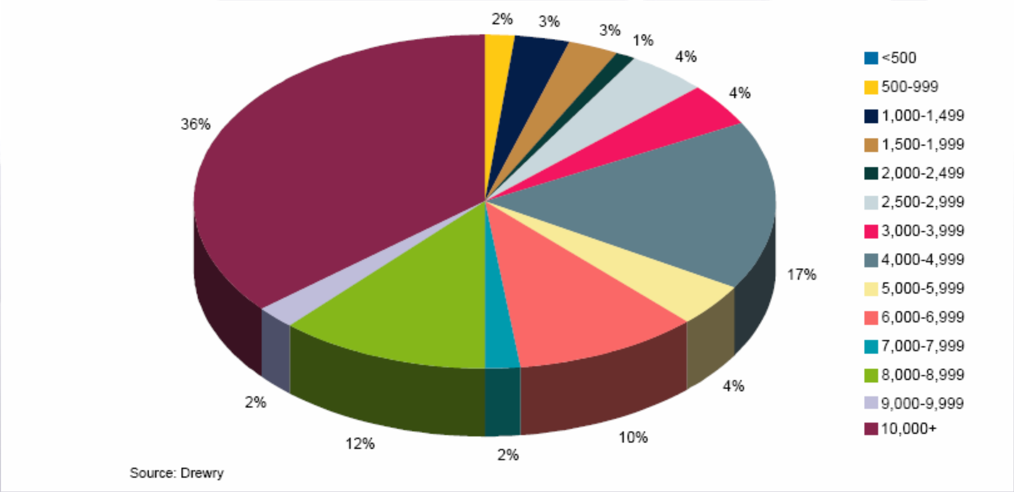
Source: http://www.marad.dot.gov/documents/Final_Reoprt_-_MARAD_Policy_Study_(2).pdf

Fleet Composition





July 2008



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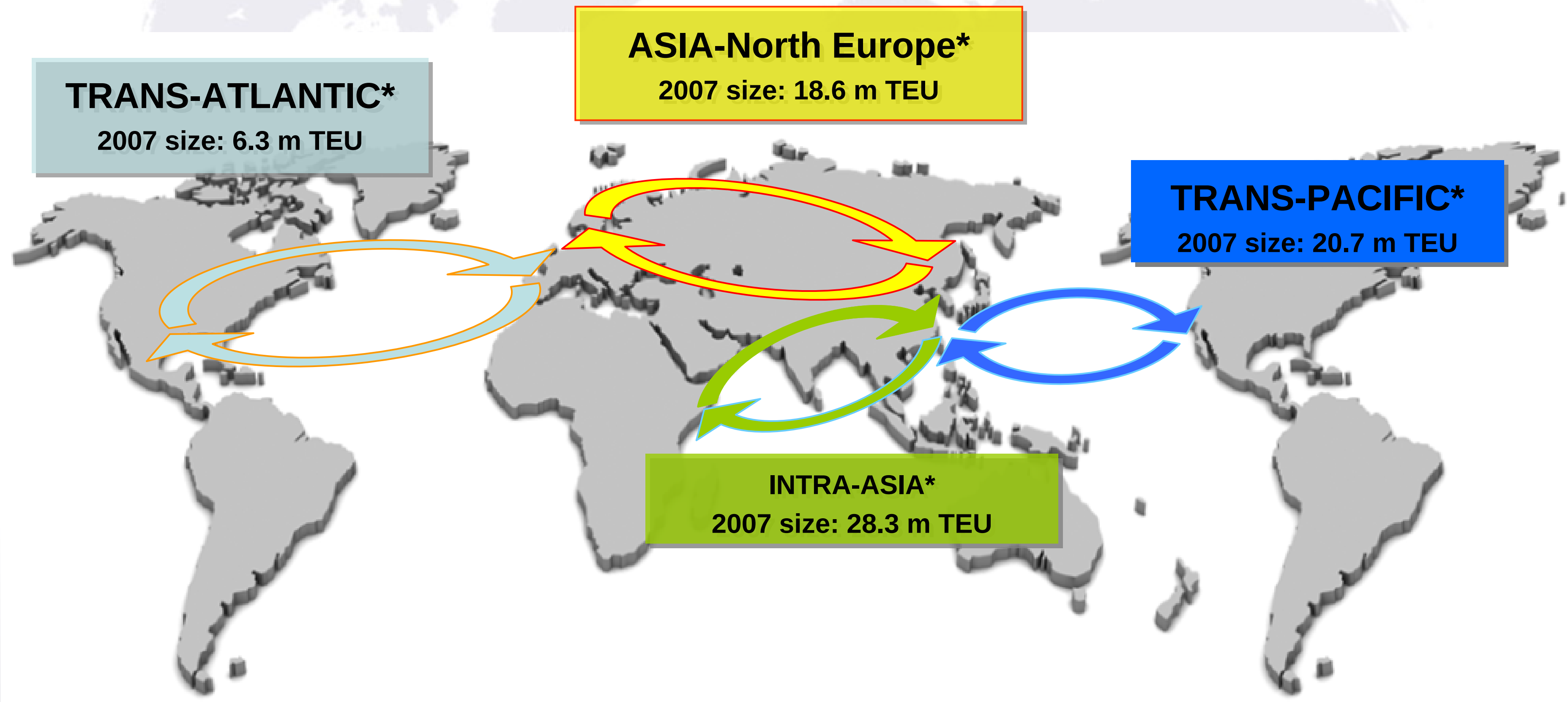
Global Trade



Source: Drewry Shipping Consultants, WSC estimates

Serving U.S. – Asia Trade
Evaluating the Options

- **By vessel to the U.S. West Coast and by rail and/or truck to final destination**
- **By vessel to the U.S. East or Gulf Coast via the Suez Canal**
- **By vessel to the U.S. East or Gulf Coast via the Panama Canal**

All are viable.

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Serving U.S. – Asia Trade
Evaluation Example

Vessel Route	U.S. Infrastructure Availability	Number and Size of ships	Cost Implications	Schedule Reliability
Asia – U.S. West Coast	(-) No major WC terminal expansions planned (+) Deep draft readily available (+) Intermodal connectivity	(+) Minimum 5 ships (o) Min. capacity 2000 TEU (+) No maximum TEU limit	(-) Congestion (-) Limited on-dock rail – extra drays (+) Fewer ships (+) Larger ships	(-) Congestion causes delays (-) Rail transit times have increased (+) Short ocean transit
Asia – U.S. East Coast & Gulf via the Suez Canal	(+) 7 new terminals to be added (+) 9 major gateways in 9 different states (-) Limits for ship size until dredged	(-) Minimum 11 ships (+) No size restriction in Suez (+) Over 60% of capacity is 5000+ TEU ships	(-) More ships (-) More fuel (-) Long transits from biggest market (North Asia) (+) Good transit from South Asia	(-) Long transits (+) Ample canal capacity (-) Potentially volatile region (+) Avoid U.S. WC congestion
Asia – U.S. East Coast & Gulf via the Panama Canal	(+) 7 new terminals to be added (+) 9 major gateways in 9 different states (-) Limits for ship size until dredging complete	(o) Minimum 8 ships (-) Size restricted to < 5000 TEU (-) Over 60% of capacity is 5000+ TEU ships	(-) Limited supply of optimal vessels (+) Good transit from North Asia (+) Smaller ships = higher cost per TEU	(-) Canal at capacity (-) Transit delays (+) Avoid U.S. WC congestion (+) Can call at U.S. WC on same service

Summary

- **Population in the U.S. South to grow 43% by 2030***
- **New distribution and manufacturing facilities opening in East Coast and Gulf states**
- **Container trades will continue to grow long-term**
- **East coast & gulf ports have capability to accommodate growth**
- **Remove barriers to use of 5000+ TEU ships**
  - **Expand Panama Canal**
  - **Deepen and widen channels where needed**

**Source: http://www.census.gov/population/projections/PressGraph1.xls*

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Thank you.