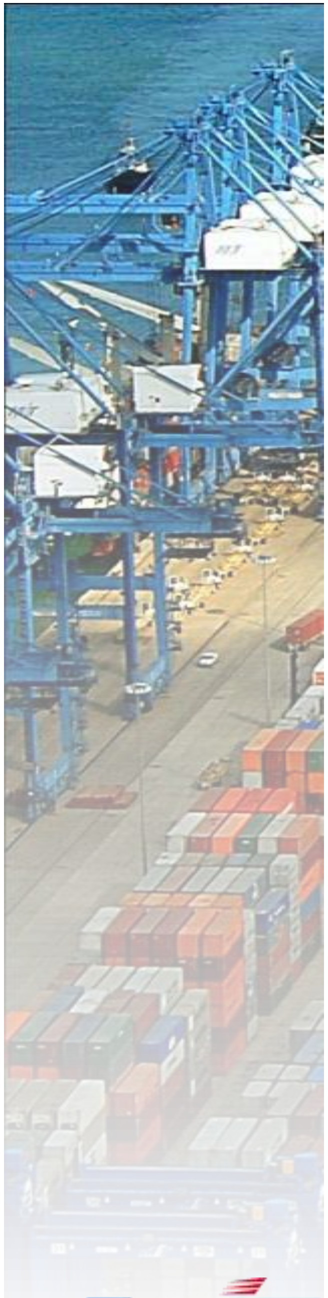
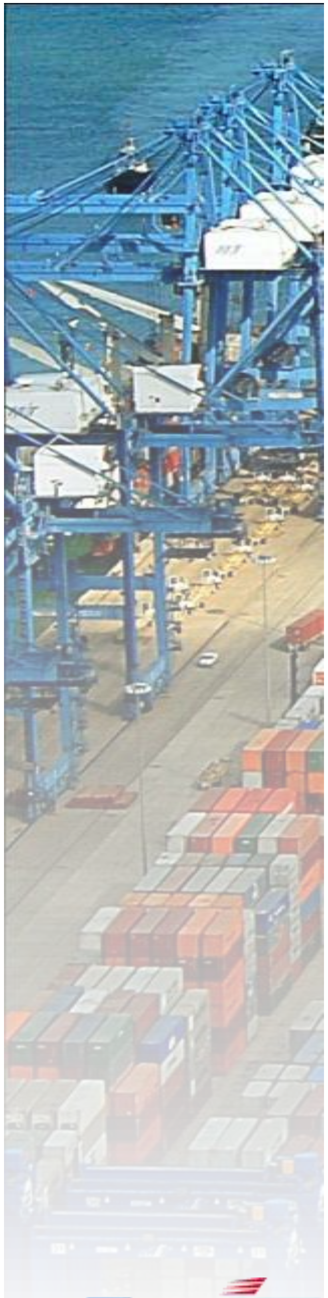


Impact on marine terminals & infrastructure development of variable cargo volumes

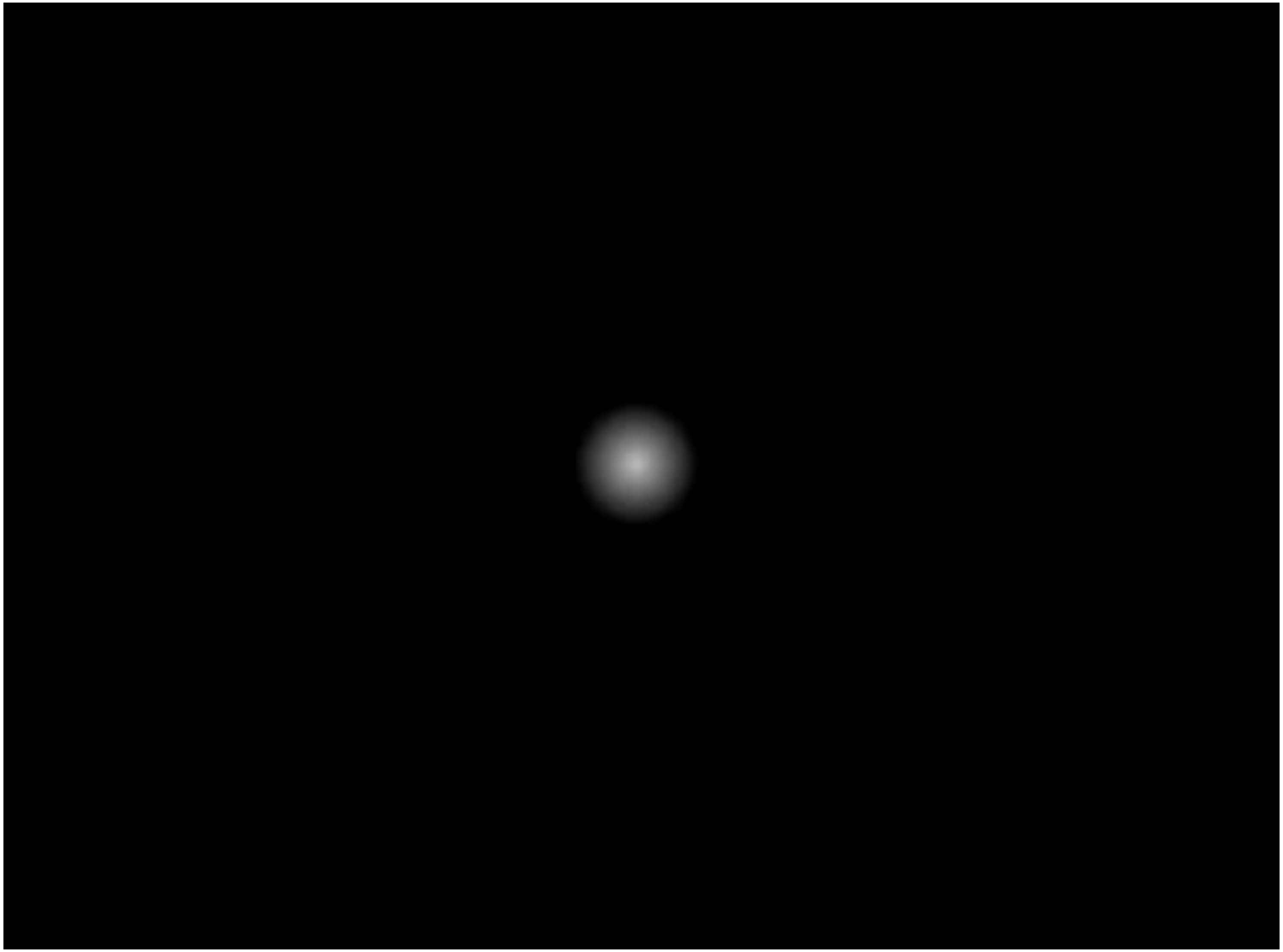
Carlos Urriola

MANZANILLO INTERNATIONAL TERMINAL – PANAMA

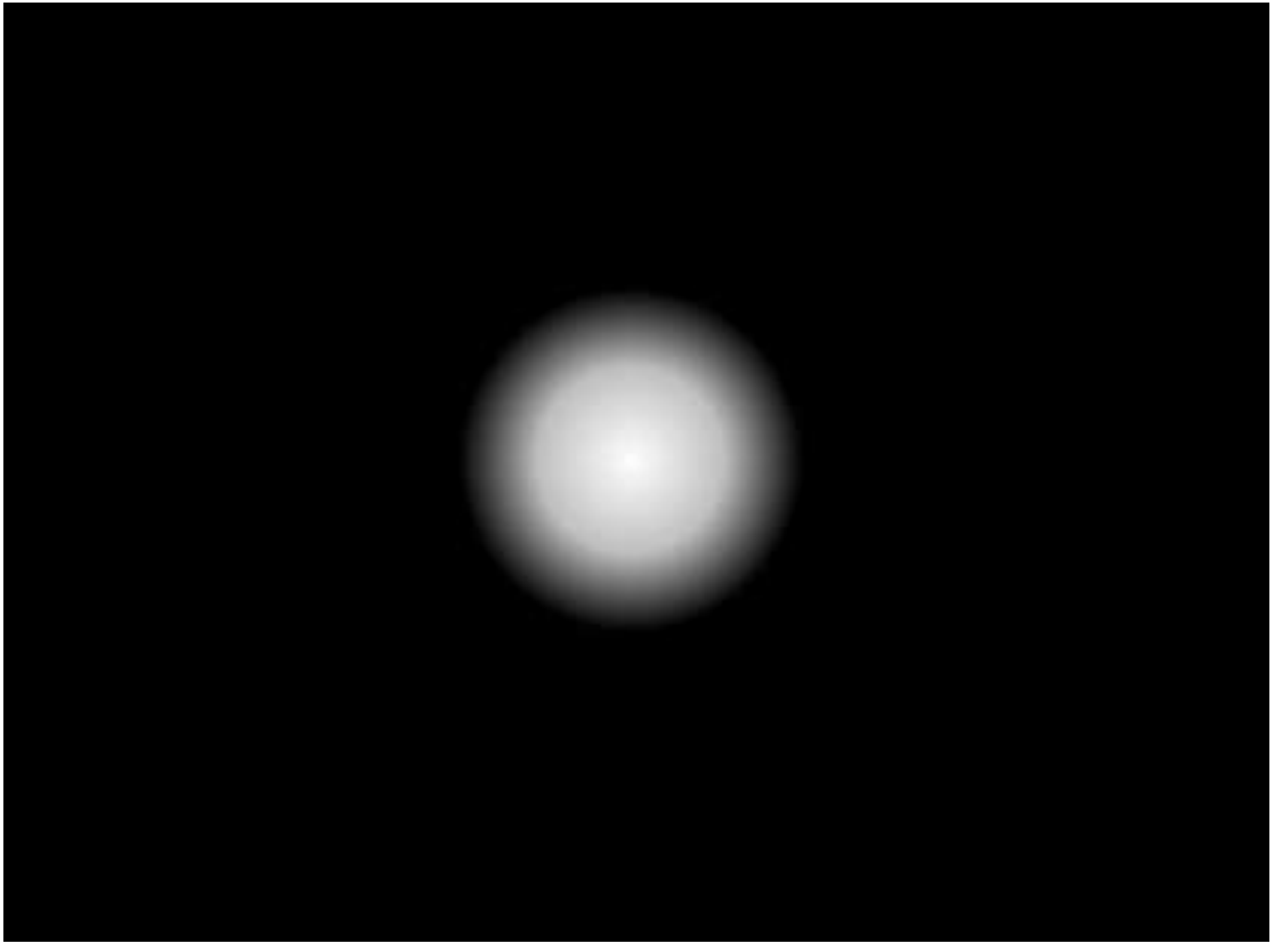
CONTAINERS • RO-RO • BREAKBULK • PROJECT CARGO

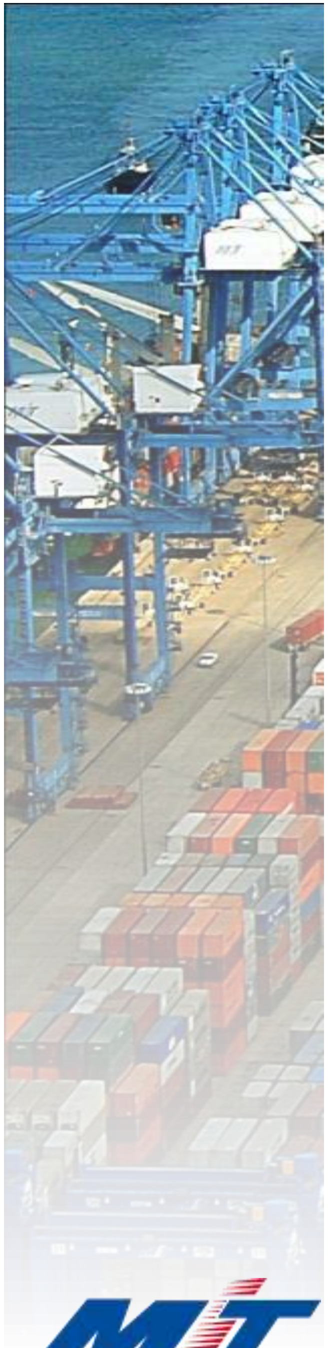


WORLDWIDE PERCEPTION A FEW MONTHS BACK



WORLDWIDE PERCEPTION TODAY



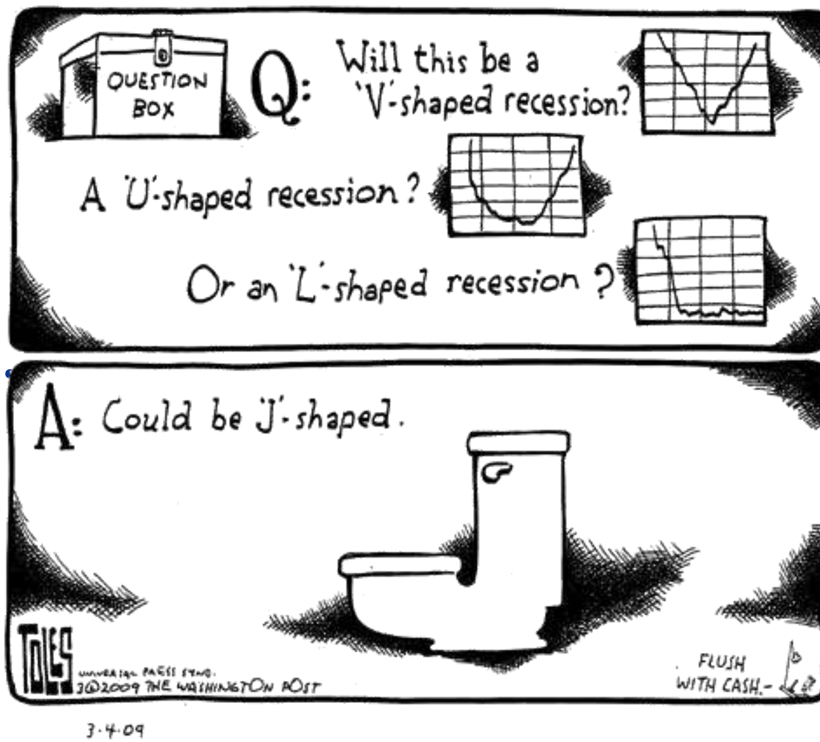


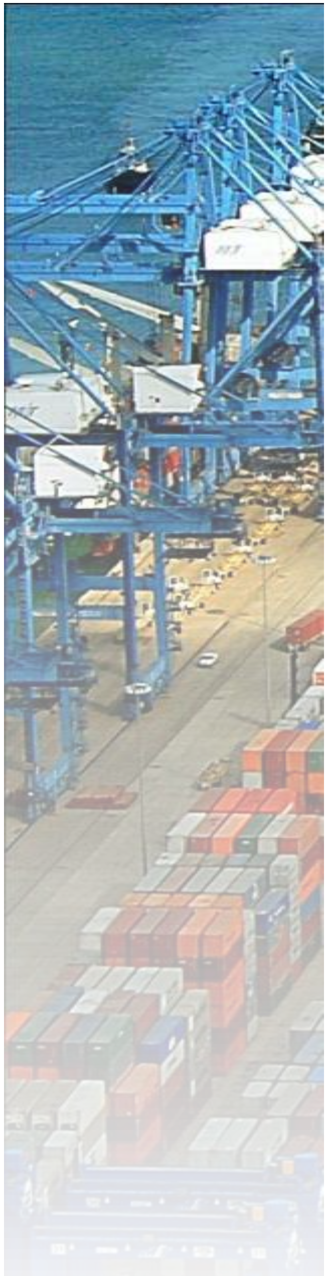
CURRENT ECONOMIC SITUATION

- What recovery?...

ECONOMIC RECOVERY??

- **V** – shaped?
- **W** – shaped?
- **L** – shaped?
- Most probably… a soup letter!

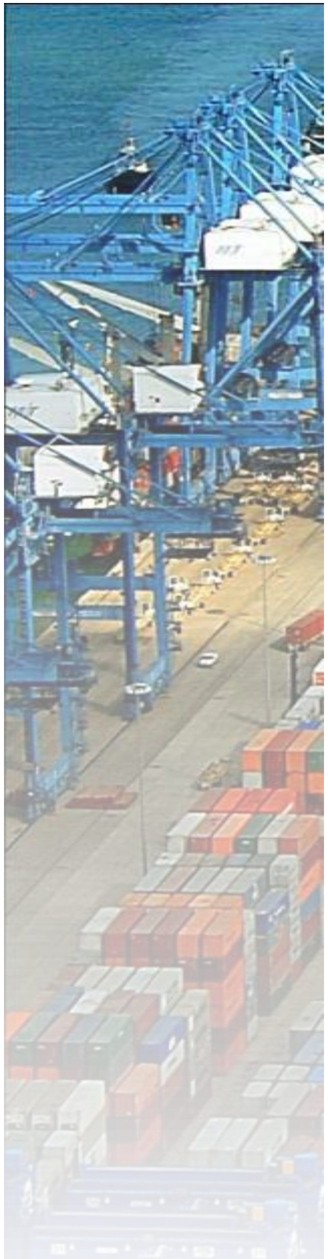


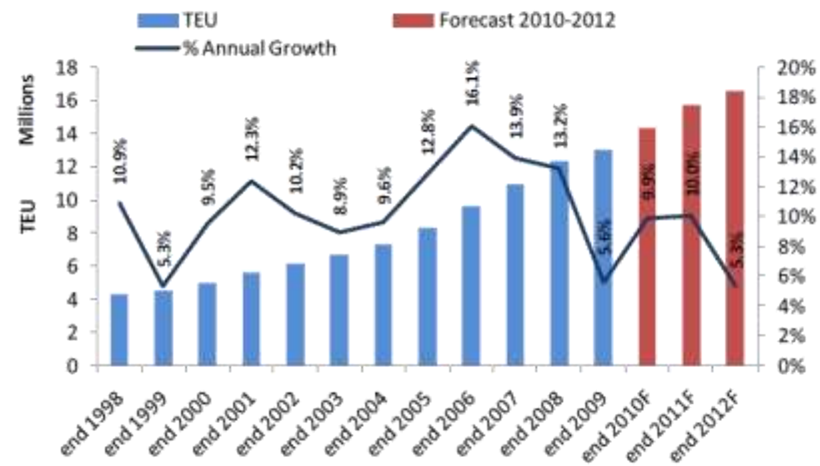


MARITIME INDUSTRY PERCEPTION TODAY

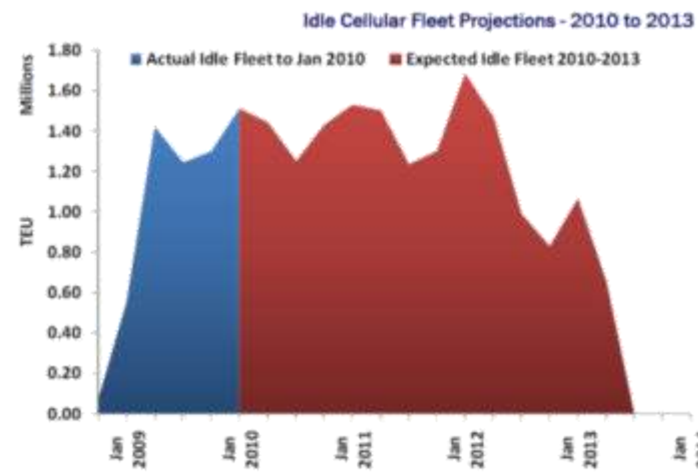
WHY??

CONTAINERSHIP TONNAGE GROWTH
…AND MEASURES TAKEN TO OFFSET IT



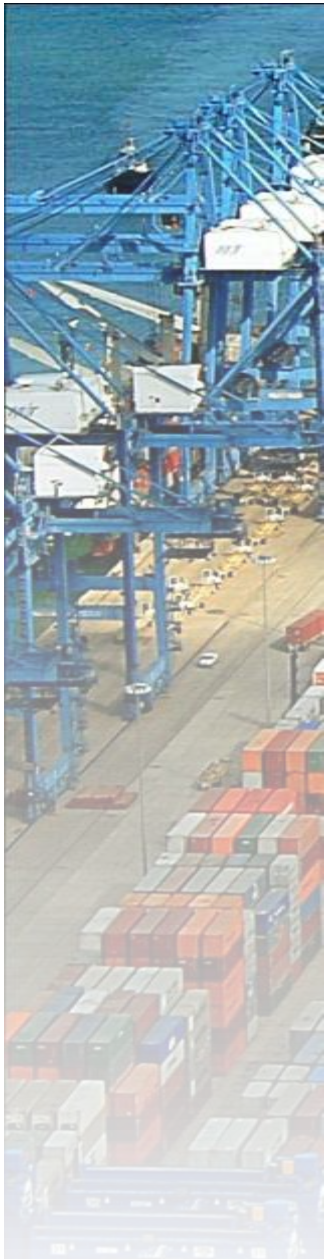


- ❑ Shipping lines / shipowners are expected to leverage slow steaming and ship idling to offset the gap between supply and demand



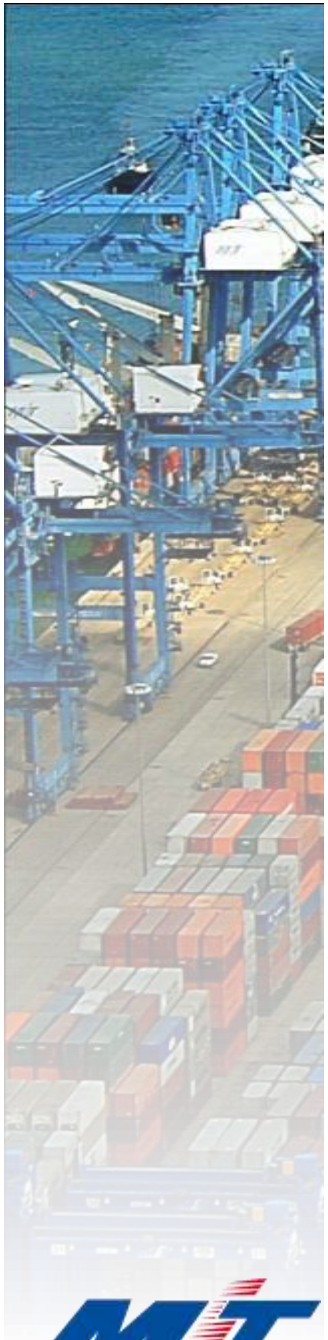
charts by Alphaliner

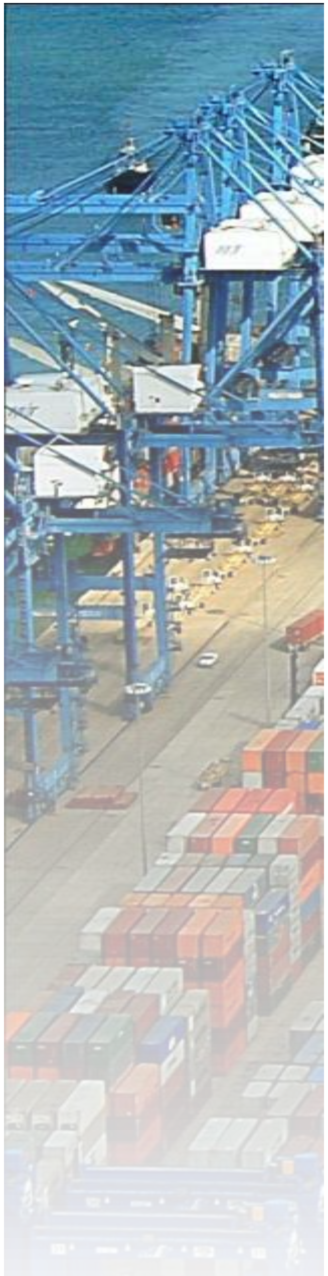
WHAT THESE MEANS FOR THE PORTS AND TERMINAL OPERATORS…



- Strong push to lower costs, push back investment programs, adjust capacity
- However, can’t stop looking ahead as volumes will increase – capacity crunch will return
- Leverage flexibility in every aspect of our business
- Look for additional sources of revenues
- For new projects, credit is scarce and very expensive
- From the Financial Times: “**Recession rule of thumb, number one: however grim it is in your industry, it’s worse in container shipping**”

WILL THERE BE MORE SURPRISES?

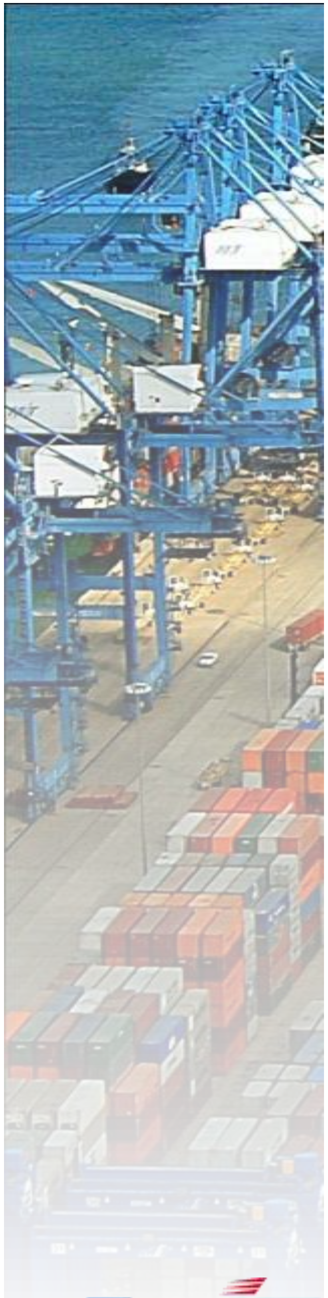




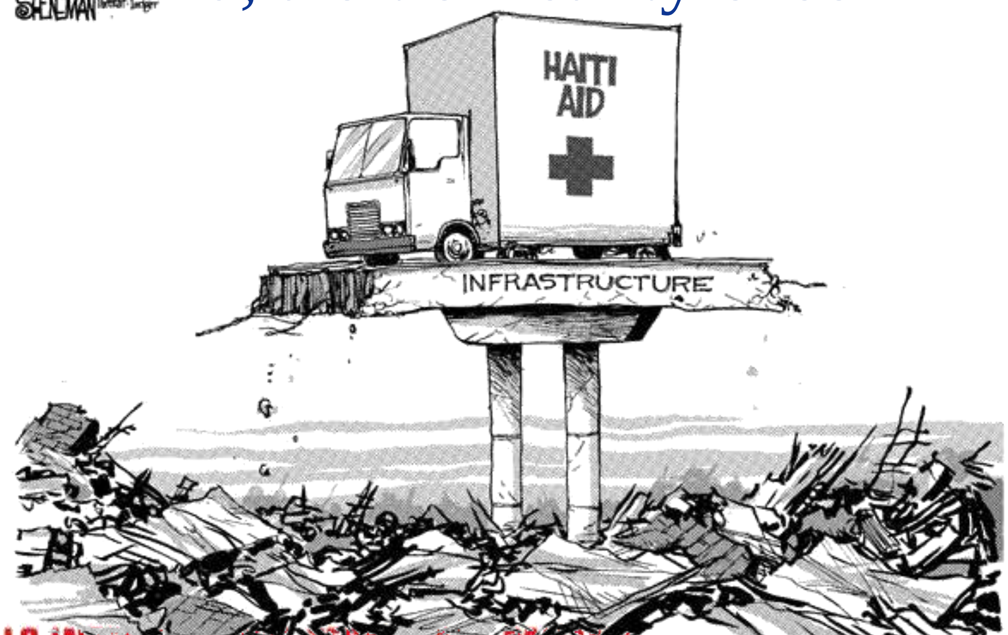
CARIBBEAN PORT LAYOUT

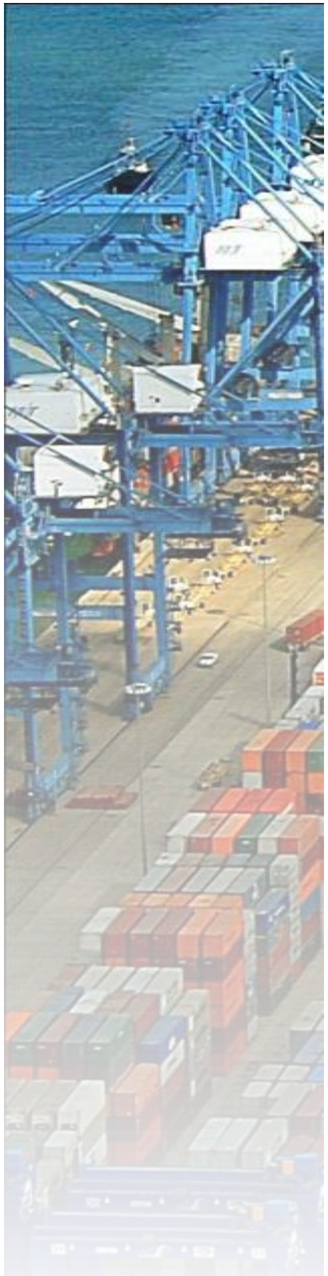
MANZANILLO INTERNATIONAL TERMINAL - PANAMA

HAITI EFFECT



- Huge humanitarian/reconstruction effort
- Stranded shipments at TS ports – could take years before clearing them up!
- Some niche carriers severely affected
- At the end, a bit of reality check



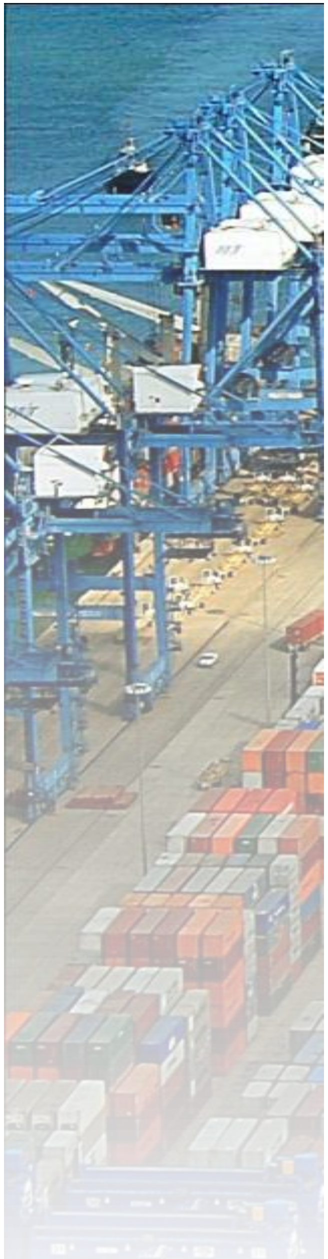


REGIONAL CHALLENGES

PANAMA CANAL EXPANSION PROJECT

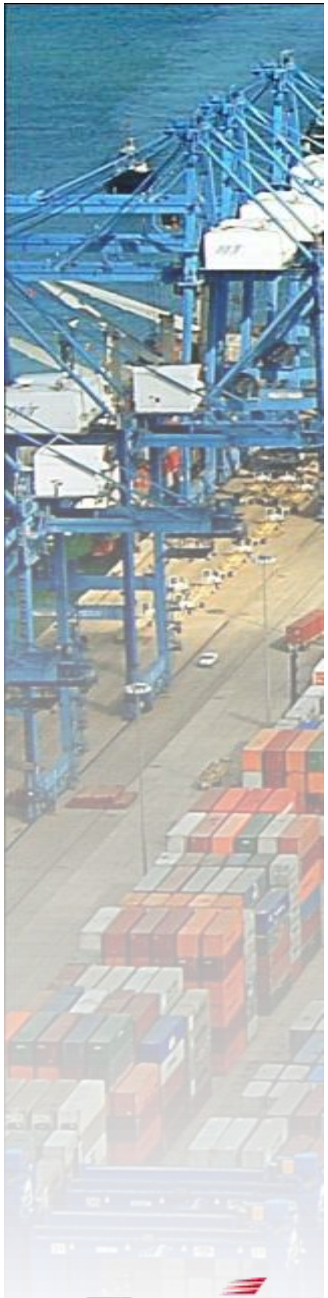
Everybody talks about BCE (Before Canal Expansion).....

… and ACE (After Canal Expansion)



REGIONAL CHALLENGES

PANAMA CANAL EXPANSION PROJECT



REGIONAL CHALLENGES

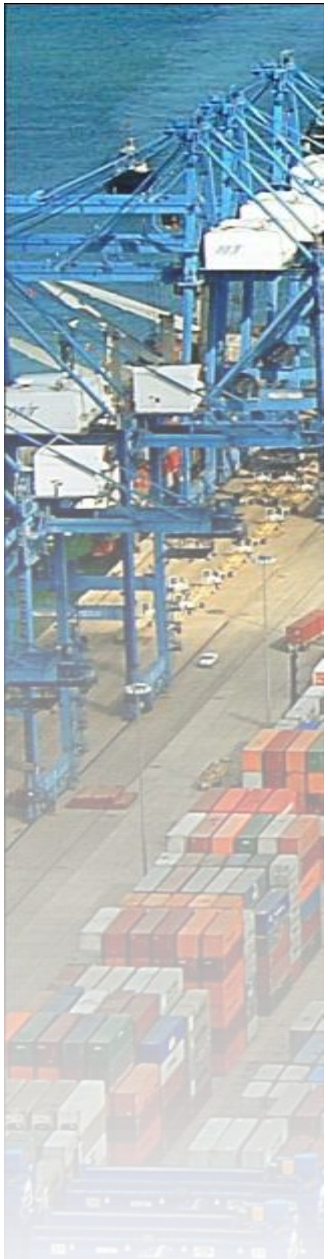
<u>WHERE WILL THE CARGO COME FROM?</u>

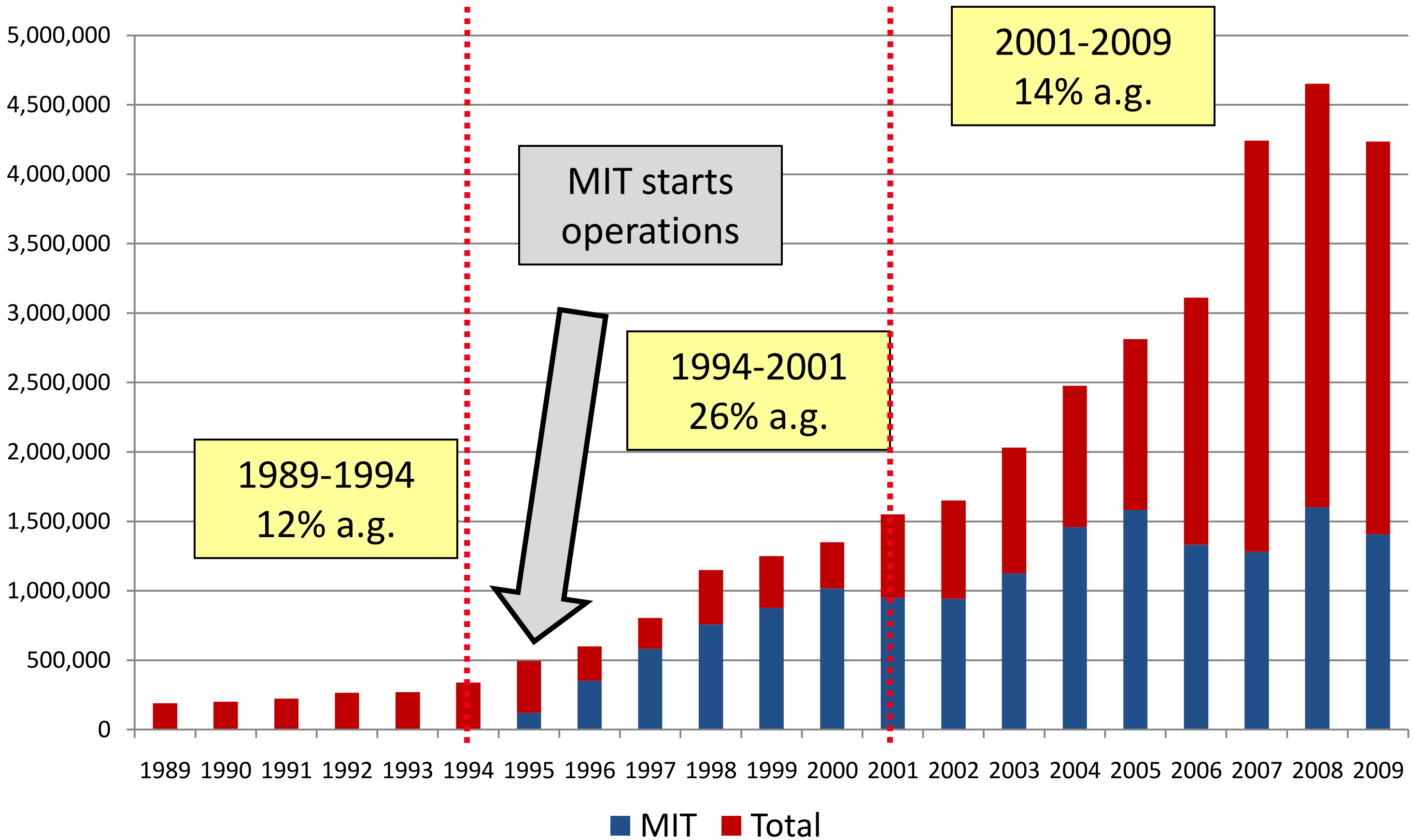
- Europe/USA: Previous traditional sourcing markets
- Asia: Has replaced traditional markets
- Intra-regional commerce: A lot of mid-term potential (Brazil, Mexico, Colombia)
- Places like Panama and Jamaica building/upgrading distribution/logistics areas that will create additional cargo flows

PANAMA'S CONTAINER THROUGHPUT

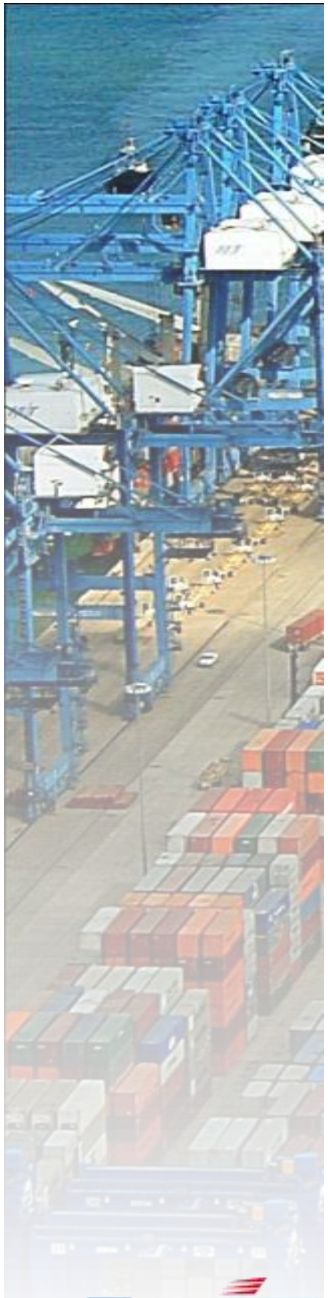
All Terminals 1989 – 2009 (TEUs)

- After greatly improving port performance in Panama, next step is to add value to the cargo passing through





MANZANILLO INTERNATIONAL TERMINAL - PANAMA



COMPANIES WITH REGIONAL DISTRIBUTION / ADDED VALUE OPERATIONS IN PANAMA

Electronics

RFS, Panasonic ideas for life, SONY, JVC, KENWOOD, AIWA, CITIZEN, PHILIPS, ANDREW. A CommScope Company, ERICSSON TAKING YOU FORWARD, SiteTel

Consumer

3M, BLACK&DECKER, DEWALT, Price Pfister™ Pfreshest Ideas in Pfaucets, William Grant & Sons, Inc., ESAB WELDING & CUTTING Global, Bona, SUB-ZERO, ARISTON TIME TOGETHER, RIEDEL THE WINE GLASS COMPANY, Ciba

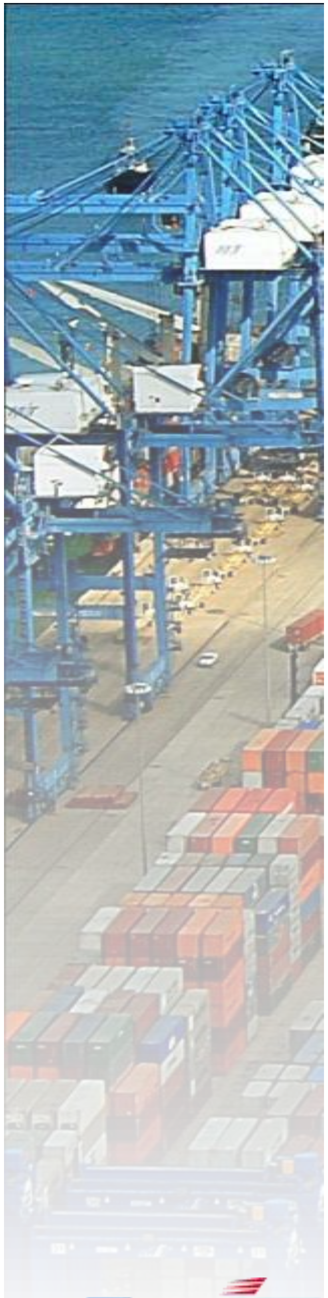
Pharmaceutical

SANDOZ A healthy decision, Pfizer, Wyeth, NOVARTIS, mepha, Johnson&Johnson, MSD, Lilly, Pernod Ricard, Roche, Lundbeck, AstraZeneca International, Alcon, novo nordisk, TERUMO, syngenta, JANSSEN, gsk GlaxoSmithKline

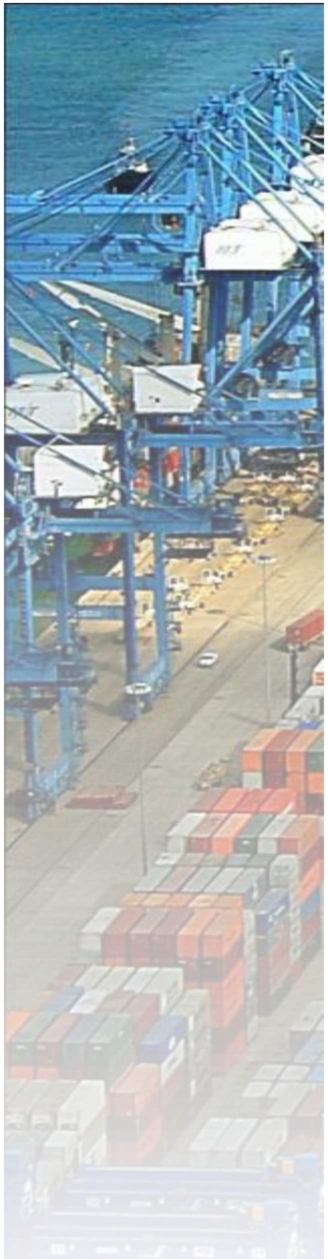
Fast Moving Consumer Goods (FMCG)

Payless ShoeSource, GOODYEAR, GROUPE SEB, HITACHI Inspire the Next

EVEN HEAVY EQUIPMENT / STEEL PRODUCTS CAN FIND VALUE

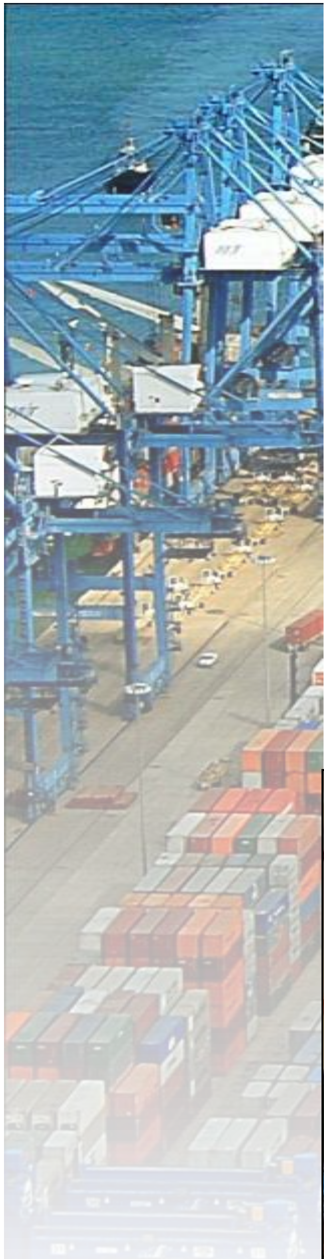


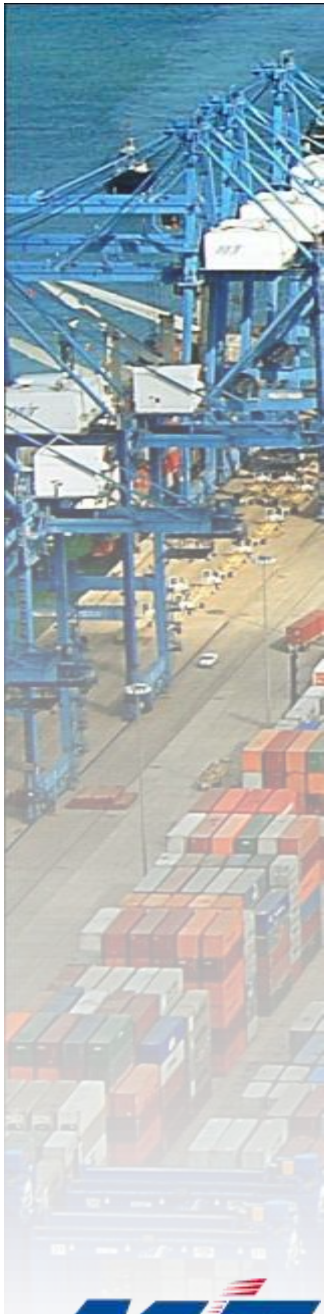
MANZANILLO INTERNATIONAL TERMINAL - PANAMA



REGIONAL CHALLENGES

BIGGER VESSELS

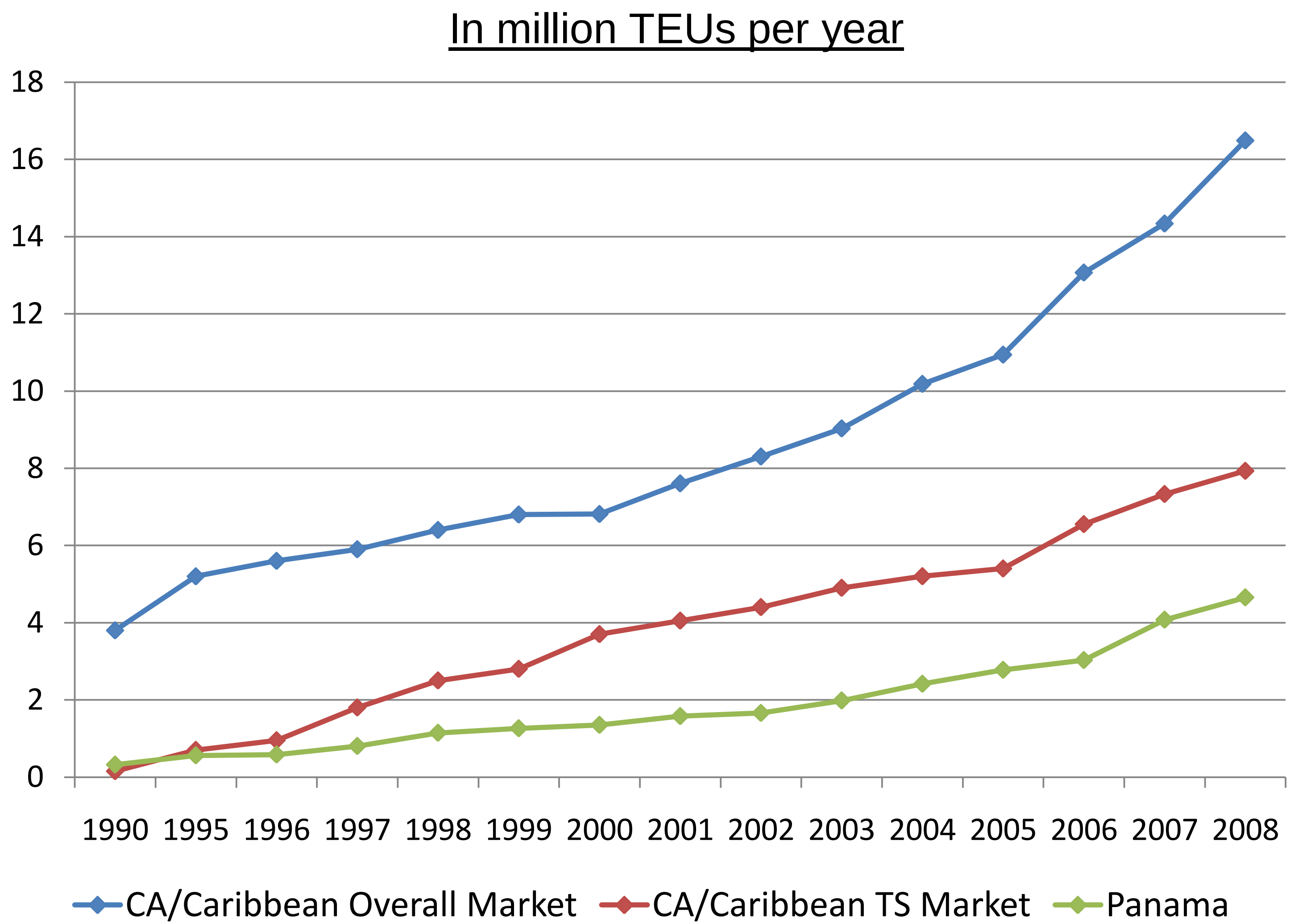




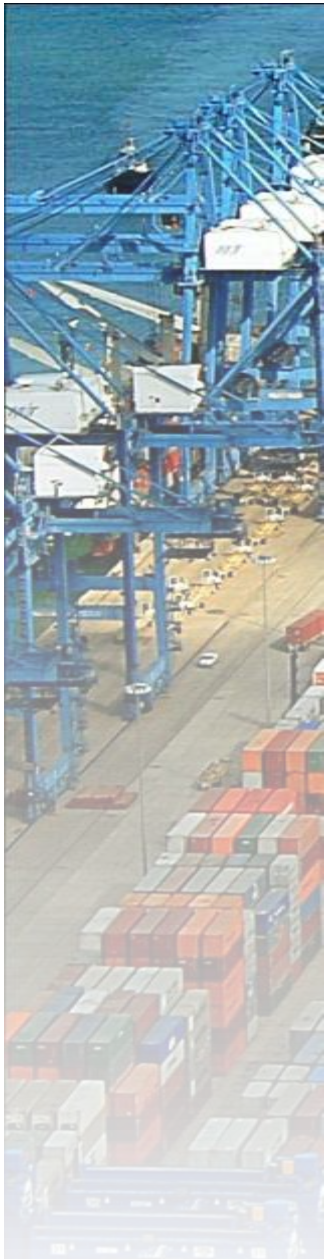
REGIONAL CHALLENGES

- More regional cooperation

CENTRAL AMERICA/CARIBBEAN TRANSHIPMENT MARKET

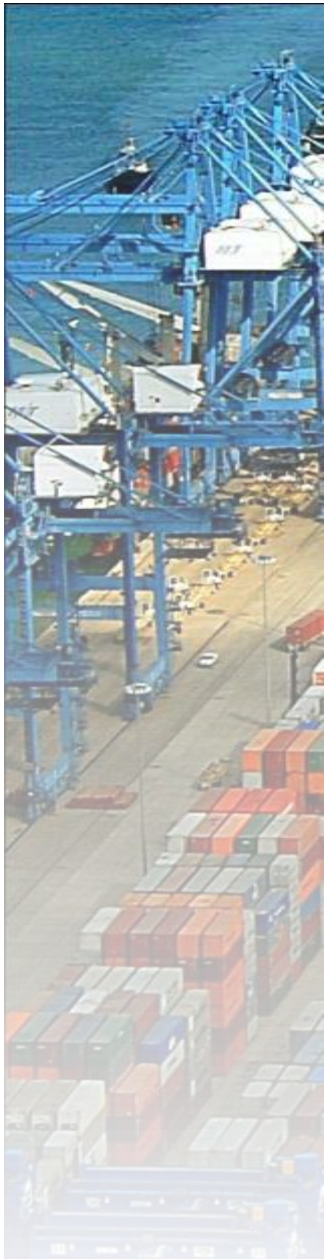


MANZANILLO INTERNATIONAL TERMINAL - PANAMA



REALITIES OF THE INDUSTRY

- MIT: $555m invested up to date with 85% of the cargo volume is transshipment.
- Entire Caribbean region facing lower stevedoring rates, short-term vs. long-term customer commitment, greater competition



PERCEPTION IS REALITY

- Consumers still need to perceive the recovery is getting to them…
- Any slight change, is considered positive
- Rationalization of services, new alliances, delay new ships orders, rates increases.

MIT MANZANILLO INTERNATIONAL TERMINAL - PANAMA

THANKS