



WorleyParsons

re

XIX Congreso
Latinoamericano
de Puertos



AAPA Latin America Ports Congress

22-24 June 2011

JW Marriott

Lima, Peru

Position and Consolidation of the WCSA Hub – Vision and Geostrategic Analysis





- ▶ Economic growth - looking fairly healthy
- ▶ Shifting trade patterns
- ▶ WCSA HUB – Which will it be?
- ▶ Better Logistics – performing like an orchestra

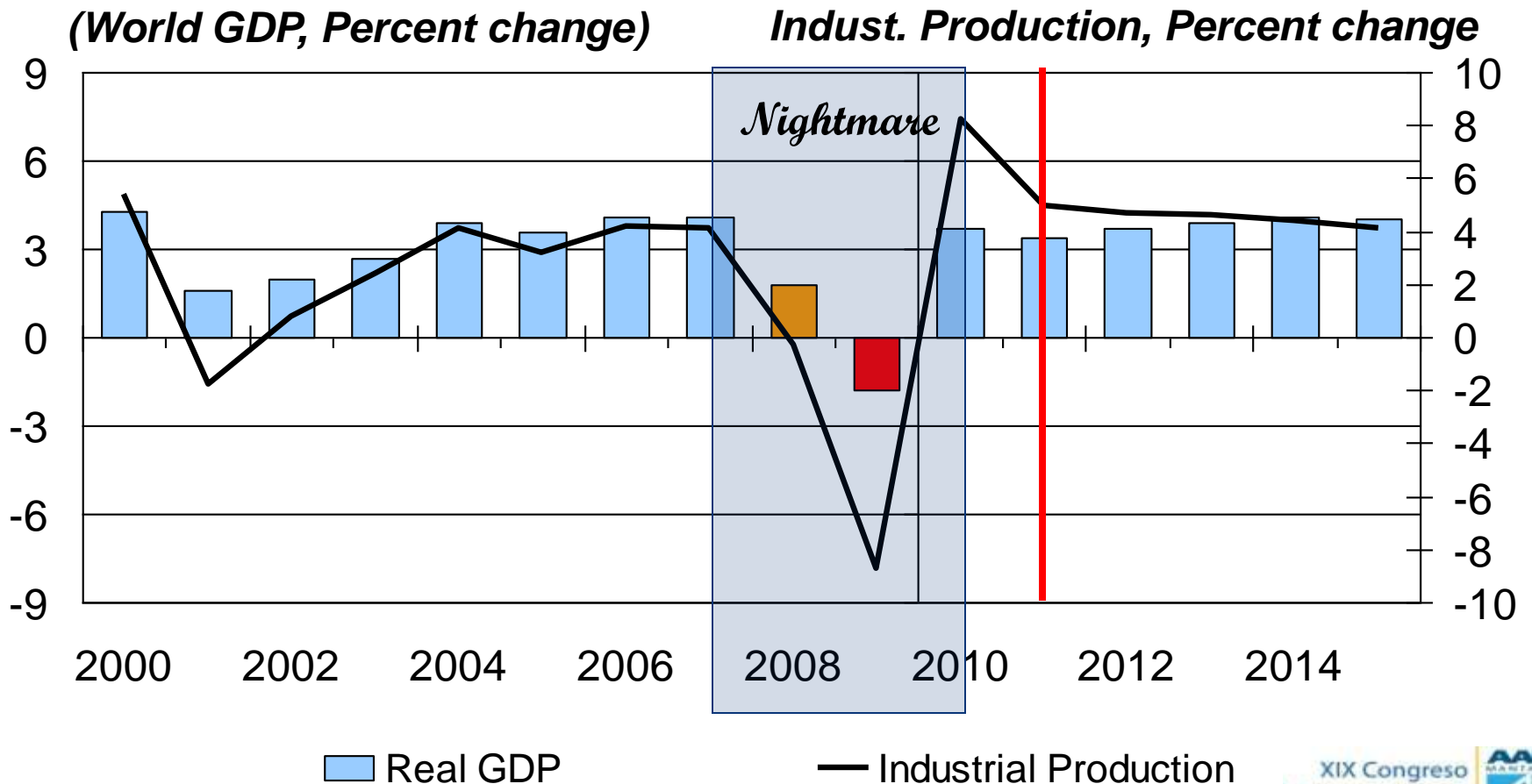


A Personal Announcement



The World Economy is still recovering from the nightmare of 2008-09

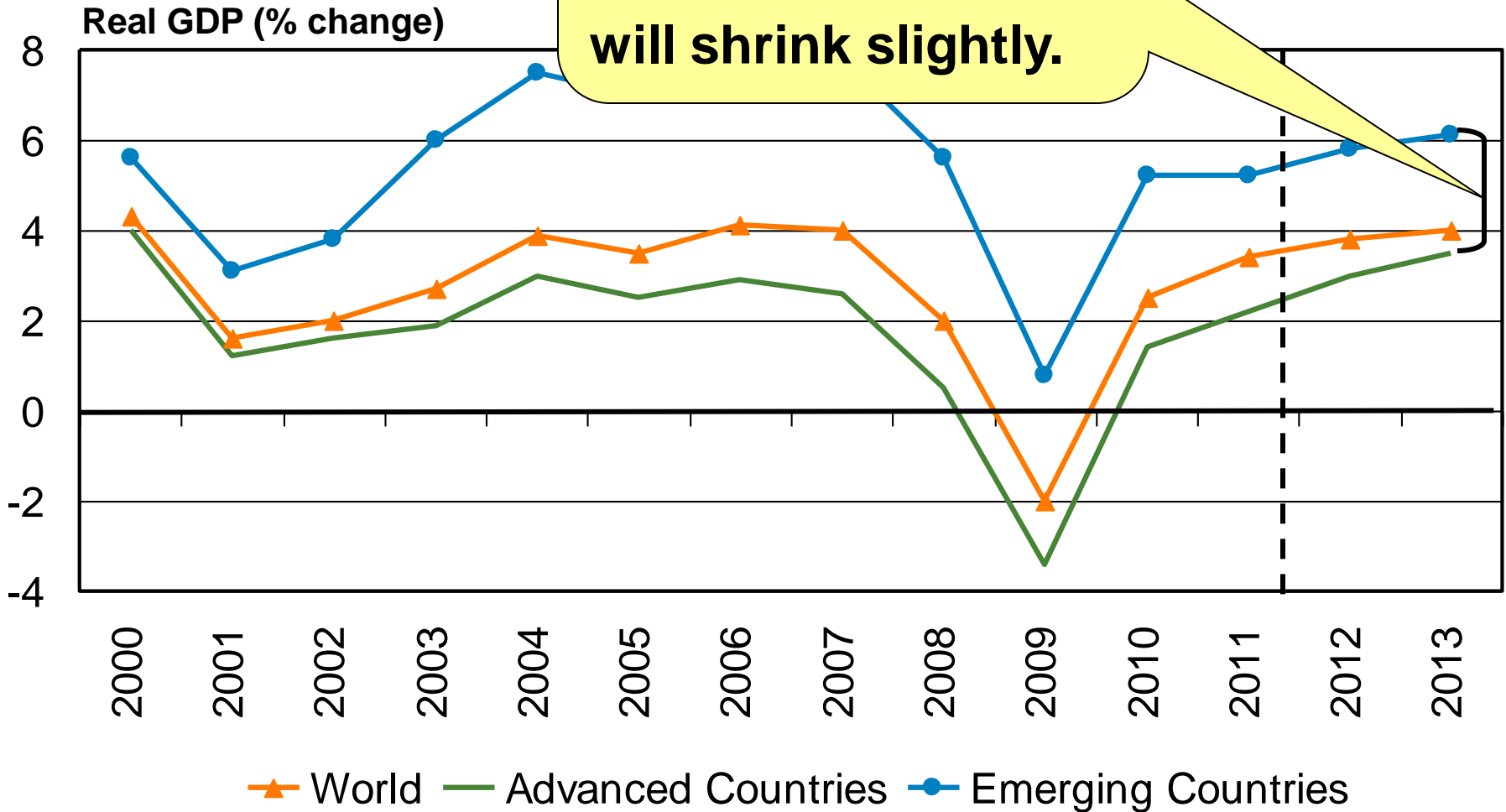
Cargo trade demand reflects more volatile industrial production





The emerging markets have helped to keep the world from deeper recession leading the recovery.

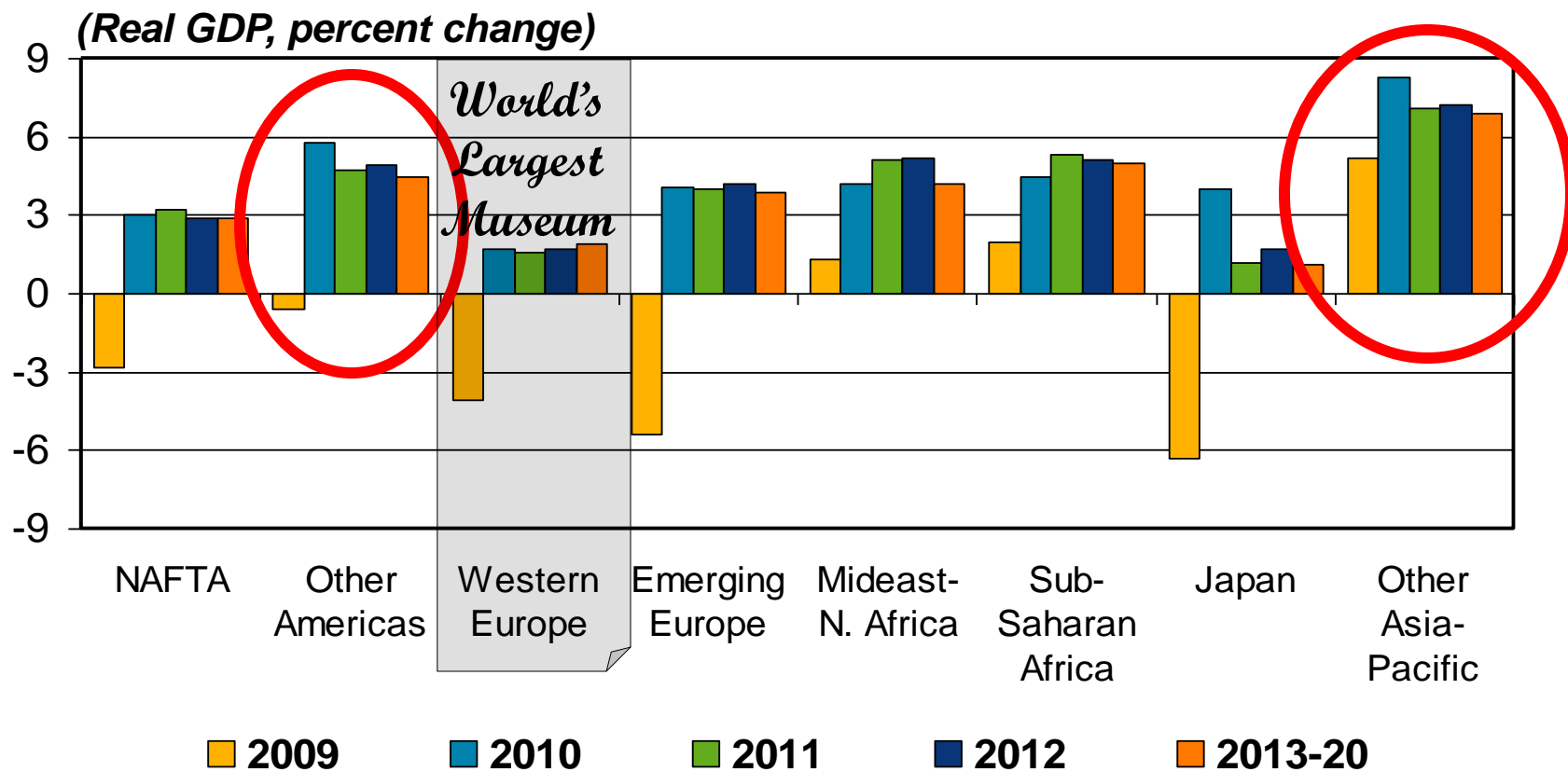
Gap between emerging and advanced countries will shrink slightly.





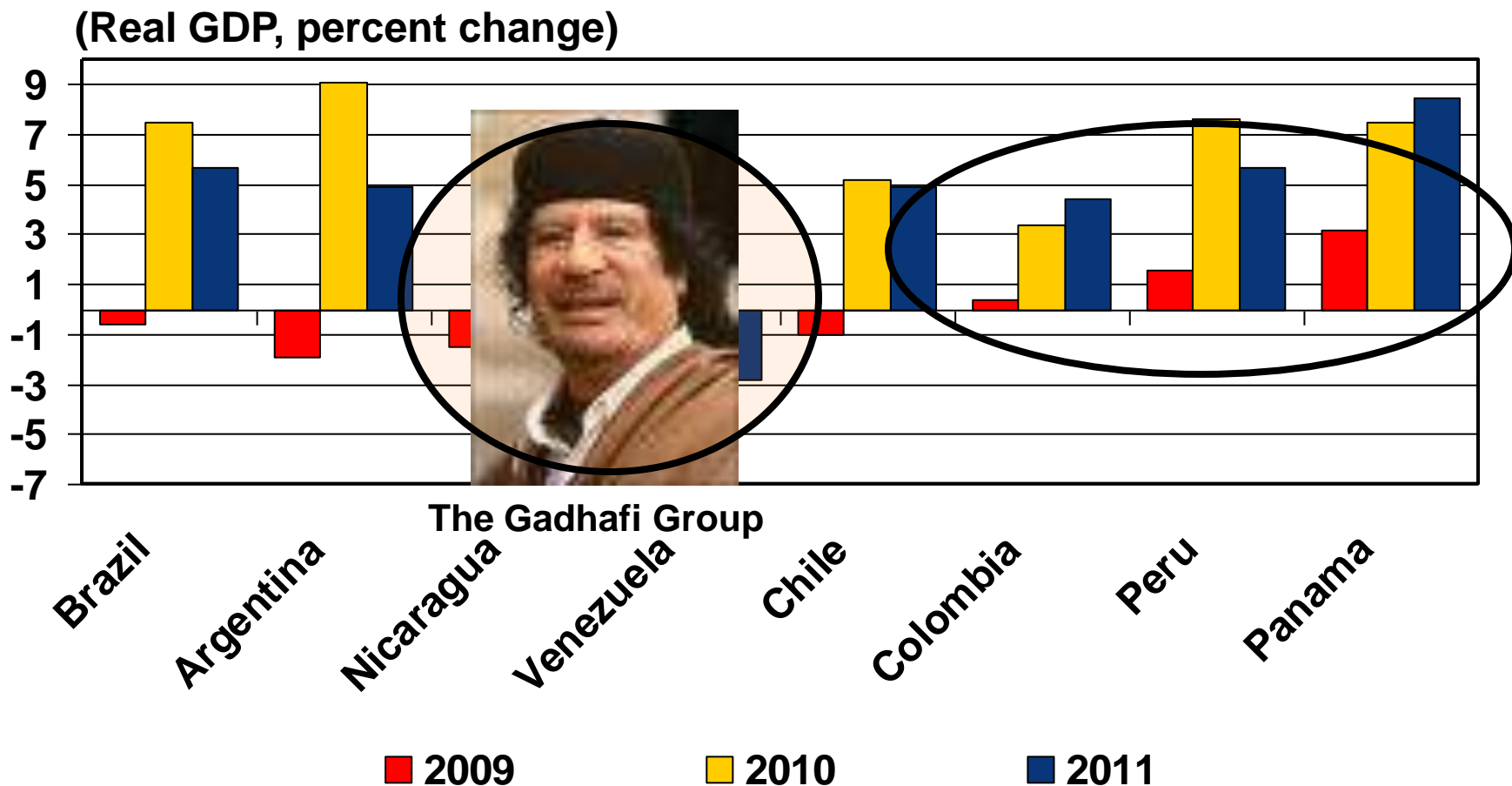
GDP growth rate differences affect the pace of trade growth and volumes by trade partner route

Geography of production / consumption is changing as emerging markets grow 6% on average over the next decade vs. 2.3% for advanced countries.





In Latin America, most countries are expected to have solid economic growth in 2011.



The Gadhafi Group



World trade depends on the strength of the global economy

The World Economic Outlook is for Continued Recovery

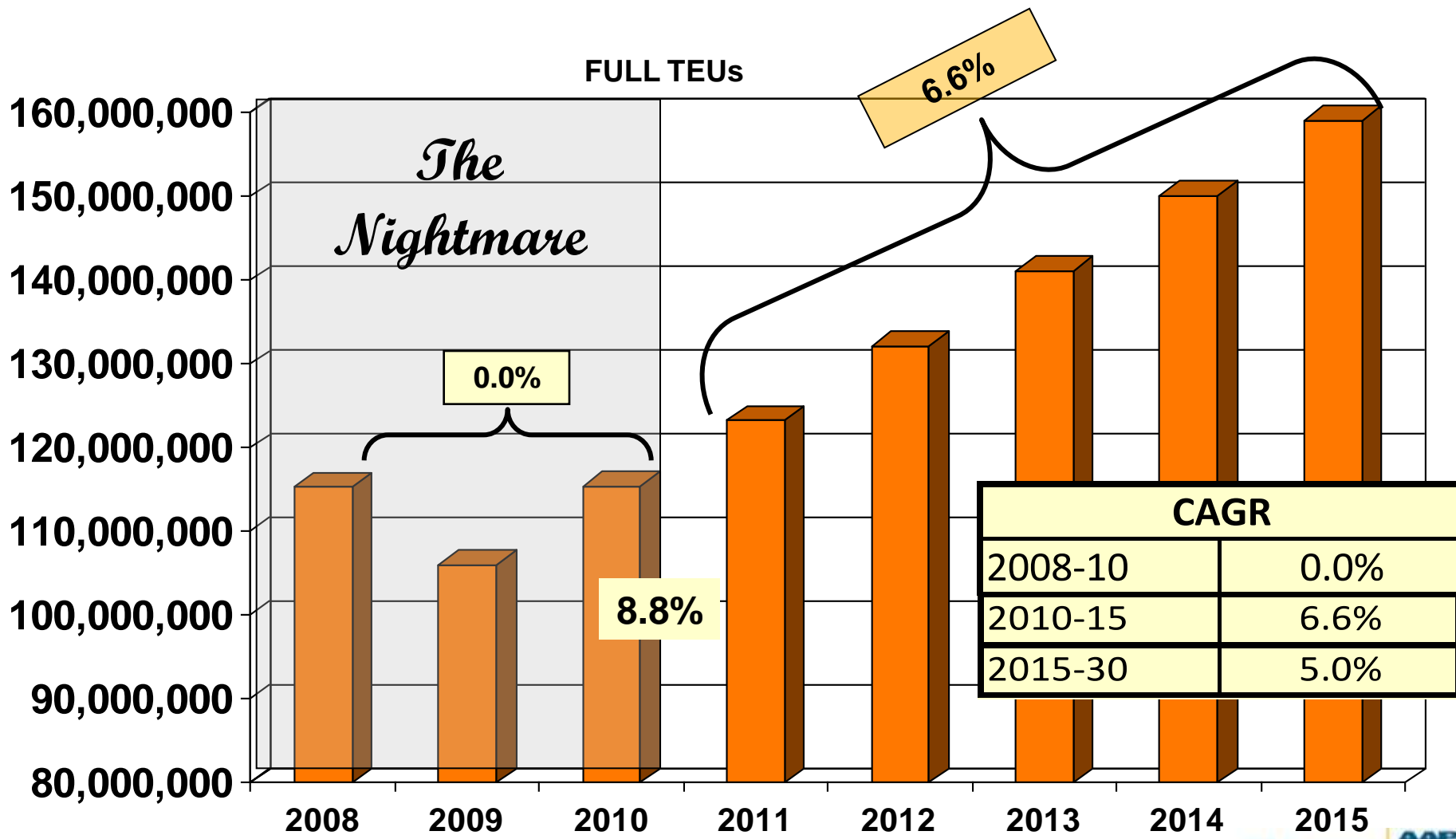
- ▶ The U.S. economy has gained some strength - still bumpy – but will grow faster than Europe or Japan in 2011
- ▶ Emerging markets will slow a little, but still grow much more rapidly than the developed countries
- ▶ Commodity prices are increasing – inflation will not be a problem in developed economies (there is still lots of slack), but are a growing concern in the emerging market countries
- ▶ Interest rates will remain low in the developed countries for a while longer, but keep rising in the big developing countries



Shifting Trade Patterns



World TEUs will exceed the 2008 numbers this year. However, the years of double digit growth ('03, '04, '06) are not to be seen again.





Ocean Container Trade Outlook

- ▶ **Asia – North America container TEU volume growth in 2011 of 8.8% eastbound and 9.1 % westbound is forecasted*.**
- ▶ **New big ships are going into Asia-Europe trades with displaced ships moving onto other routes such as N. America. With declining vessel utilization, new capacity has seen transpacific and Asia-Europe spot container rates fall 40 % - 50 % or more since the 2010 peak.**
- ▶ **Redeployment of large container vessels, ‘cascading’ onto North – South routes and into other services will add supply, and with reduced load factors will continue to provide pressure for containerization of additional trade.**
- ▶ **This supply pressure in the containership sector will continue as the orderbook of new containerships for delivery still represents over 25% of world containership capacity already operating.**

* Drewry



Moderate size, dynamic governments open to foreign investment, looking for free trade agreements, building on an “export model”

Colombia

Indonesia

Vietnam

Egypt

Turkey

South Africa





China



Colombia

A new railway in Colombia?

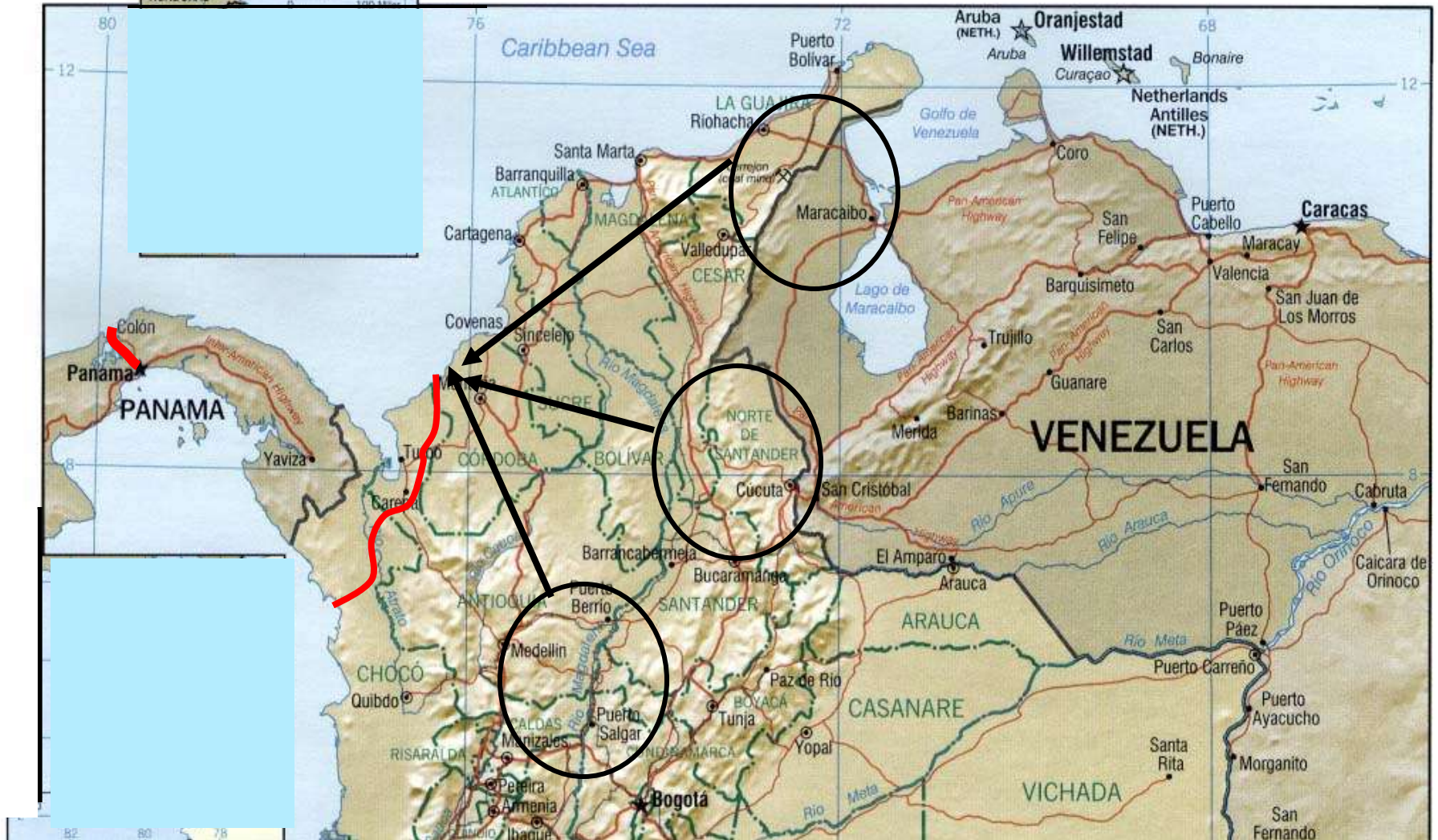
▶ China has increased world trade volumes

- Now China intends to change the logistics, too
- Lower import costs
- Improved logisitcs

- \$7.6 billion
- A new city near Cartagena
- Chinese Development Bank
- Operator – China Railway Group
- Length – 221km (shorter than Nica)



There will have to be more inland infrastructure to connect the mines with the railway.





▶ **WorleyParsons is a subcontractor to INECON (Santiago, Chile) to study:***

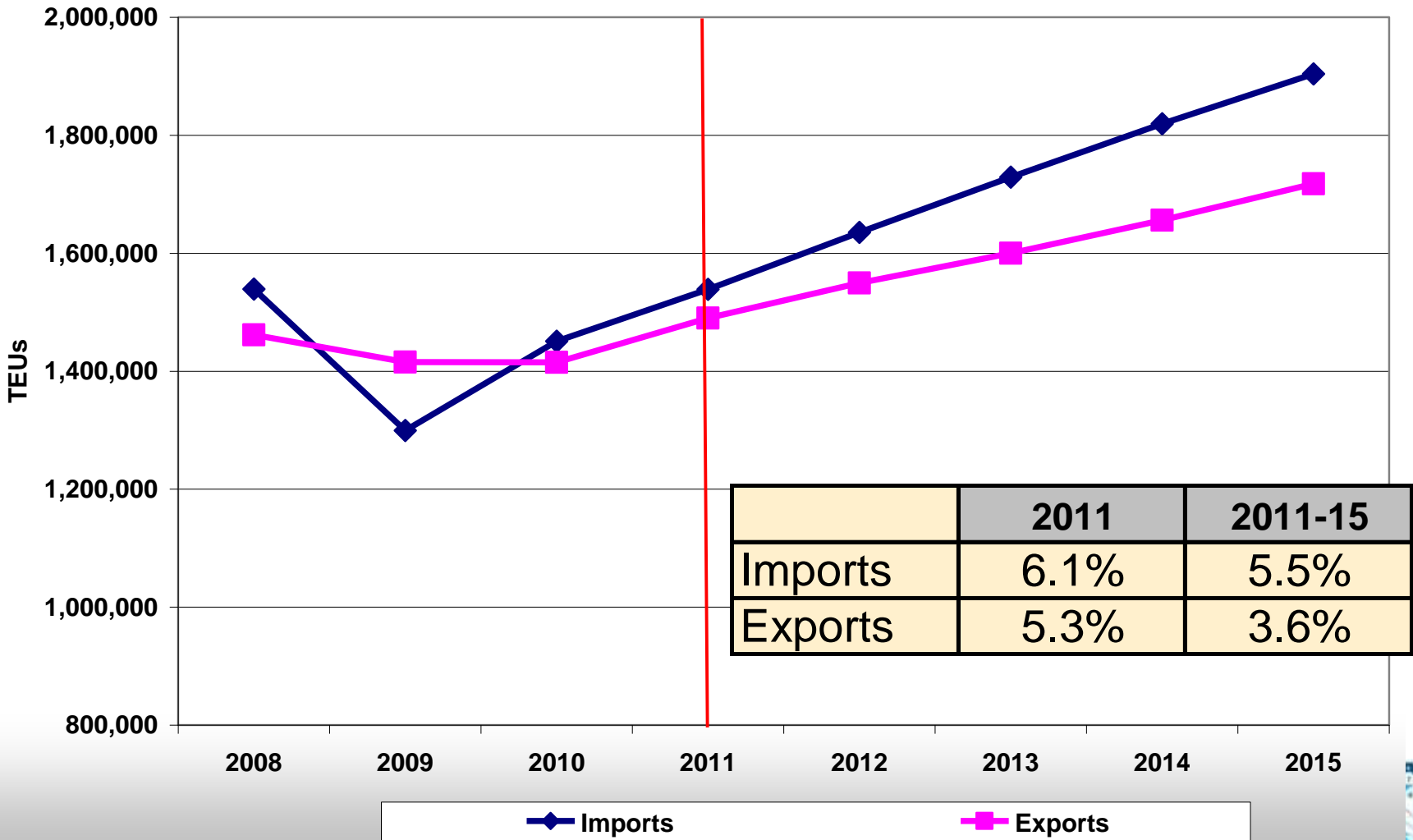
- **The demand for “transporte marítimo de corta distancia”**
- **Existing port infrastructure in the ports in the region**
- **The optimal routes and ships - to be developed**
- **Streamlining the procedures: customs, port tariffs, etc. among the nine countries**

** Subject to successful contract negotiations*



WCSA container trade should be in line with world TEU growth

WCSA Container Trade





***Partner share of
total full TEUs***

| | Share | | |
|---------------|-------|-------|------------------|
| | 2011 | 2015 | 2015 Vol |
| Asia | 25.3% | 28.3% | 1,025,213 |
| North America | 30.0% | 28.7% | 1,040,069 |
| Latin America | 18.4% | 17.9% | 646,899 |
| Europe | 19.3% | 18.3% | 661,473 |
| Rest of World | 4.2% | 4.1% | 147,534 |
| India | 1.0% | 1.1% | 39,354 |
| Australia | 0.4% | 0.4% | 13,178 |
| Middle East | 0.7% | 0.7% | 24,777 |
| Africa | 0.7% | 0.6% | 22,922 |
| | | | 3,621,420 |



- ▶ **In May 2011, capacity on direct services Asia-WCSA jumped by 20%**

- ▶ **New: CSAV, CMA CGM, and CSCL**
 - **Replace 3 services 2500 – 4500 TEU**
 - **New: 4200 to 6500 TEU ships**

- ▶ **Maersk is re-activating its AC-3 service**



Callao is halfway between Balboa and San Antonio

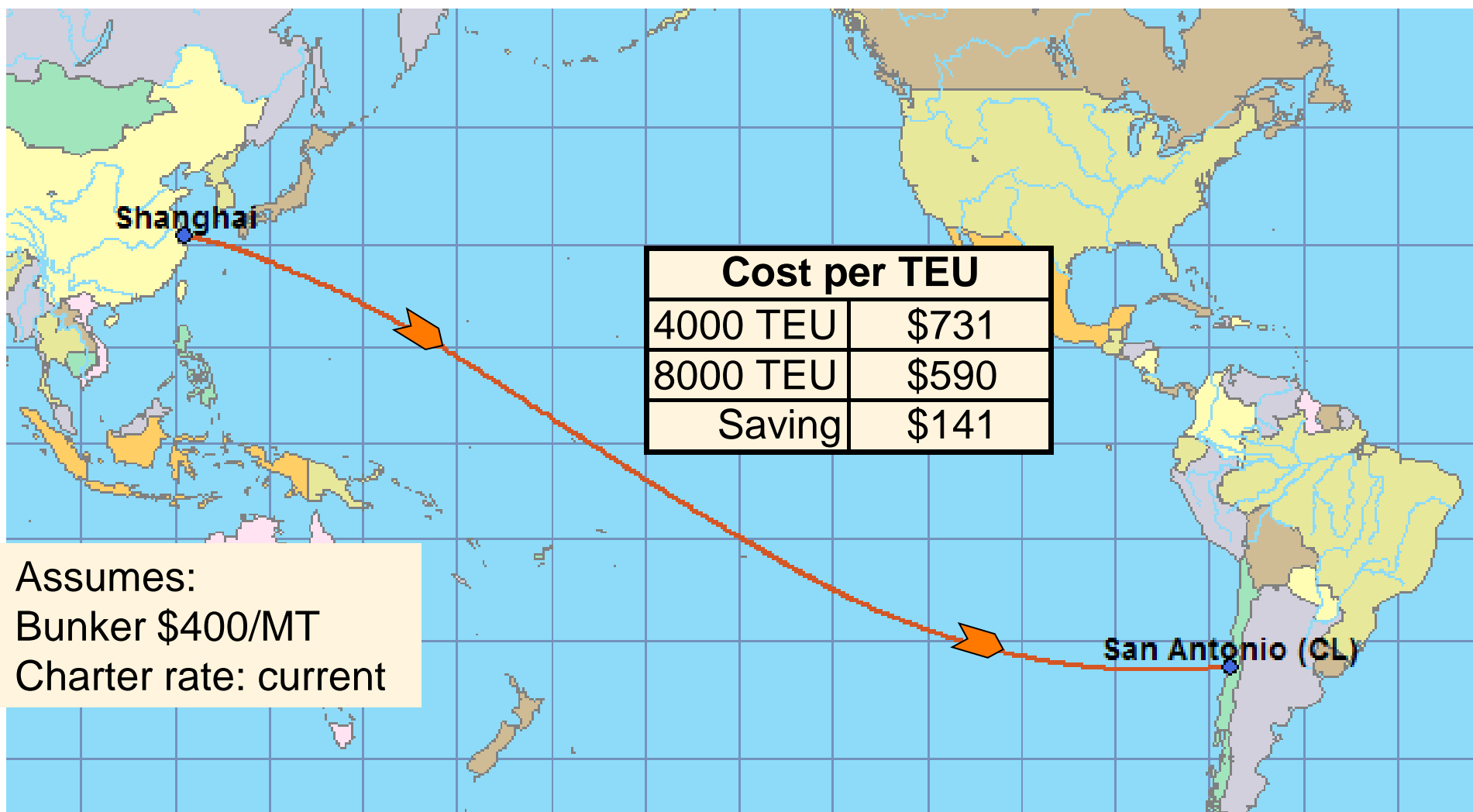
- Serves a large and growing domestic market
- Well-positioned to be the preferred transshipment hub on the WCSA





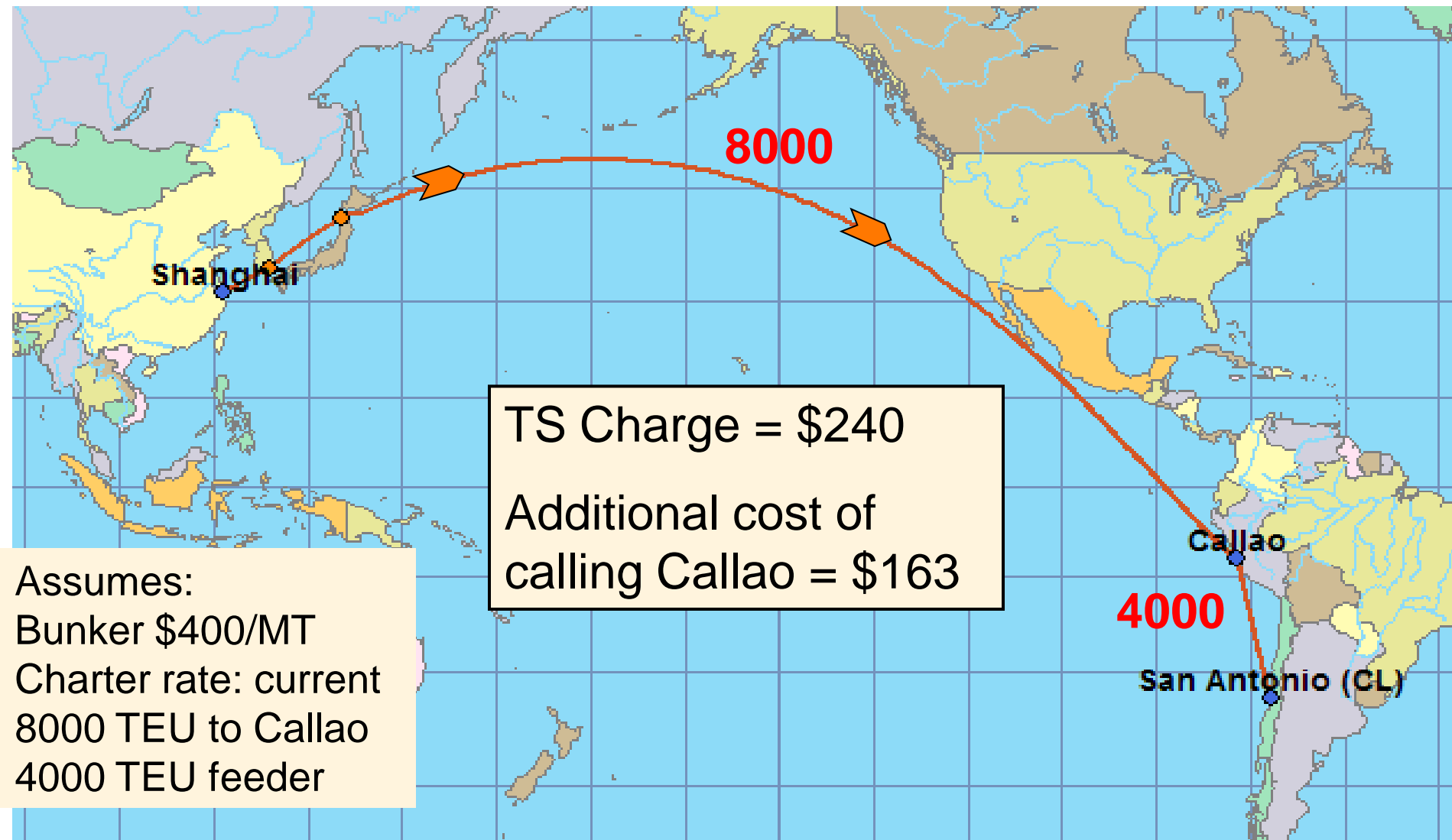
10,132 NM direct voyage

Economies of scale from bigger ships



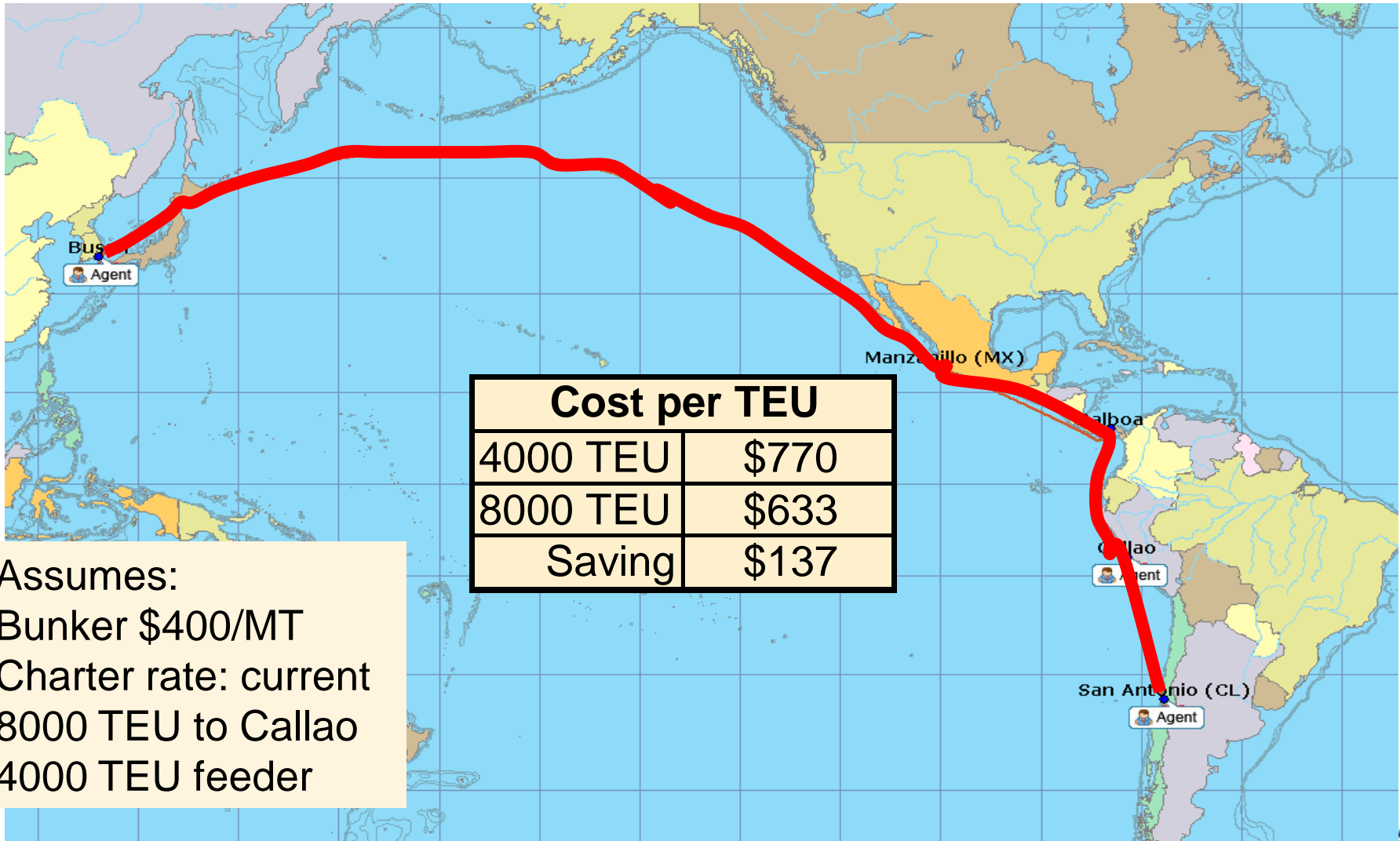


A Transshipment call in Callao 500NM more





**Multiple calls adds 1,200 NM to the voyage
= 11,327 NM**



Assumes:
Bunker \$400/MT
Charter rate: current
8000 TEU to Callao
4000 TEU feeder

Source: www.netpas.net and WorleyParsons and Princeton Consultants Route Costing Model



Transshipping in Callao makes sense for a number of reasons

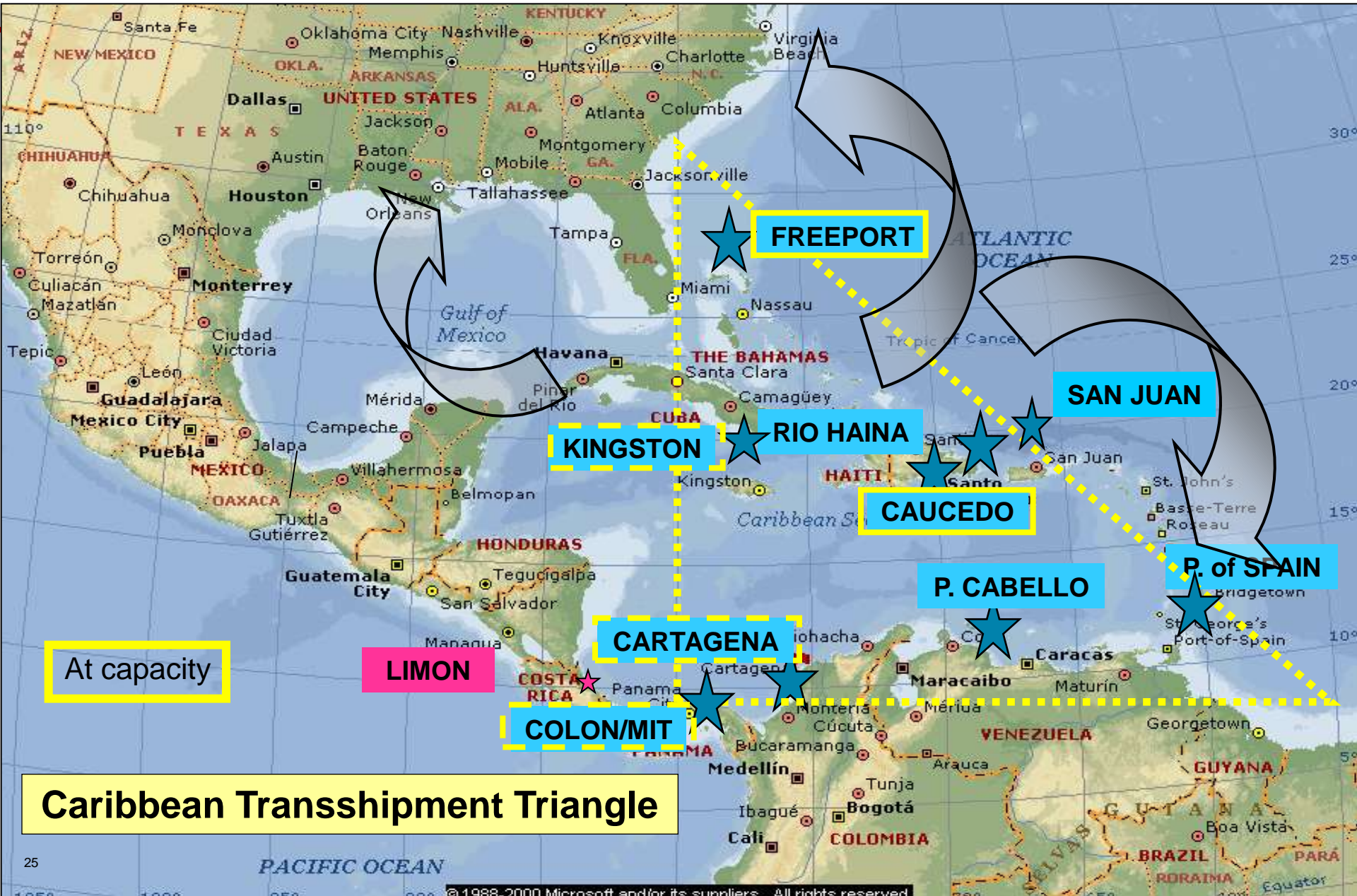
1. Can load the ship in Asia with multi-destination cargo
(improve utilization)
2. Can attract cargo from Colombia, Ecuador, Peru, and Chile
for the backhaul (improve utilization)
3. Take advantage of the long-haul trans-pacific using large
vessels (PPX).
4. An additional transshipment call in Panama provides a link
to USEC and Europe markets.



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resources & energy

Some of the Caribbean hubs are almost at full capacity.



At capacity

LIMON

COLON/MIT

CARTAGENA

P. CABELLO

CAUCEDO

RIO HAINA

KINGSTON

SAN JUAN

FREEPORT

Caribbean Transshipment Triangle



COMMUNICATE

Buy – Make – Ship - Sell

COLLABORATE

ORCHESTRATE





Position and Consolidation of the WCSA Hub –

Vision and Geostrategic



A Vision Without Execution –

is just a **Hallucination** !



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Success!!