Panama Canal Discussion

AAPA Port Financae Seminar

April 18, 2012

Top Ten Issues Making it Difficult to Predict Impact of Panama Canal Expansion on Global Trade Patterns

1. Will the East Coast ports and supply chain partners adapt by dredging harbors, adding terminal space, improving rail connections and invest in container handling equipment?
2. What will happen to future price changes for tolls, wharfage, dockage and intermodal carriage?
3. Ocean carrier decisions about vessel rotations, port calls, steaming speeds and whether there will be industry consolidation.
4. Retailers are changing supply chain strategies – near sourcing to Mexico for example could adversely affect EC, WC, GC as well as Panama Canal. Sourcing locations will dictate which ports gain (Suez routings from Vietnam, India will favor EC; N. Asia and Hong Kong sourcing will favor WC).
5. Fuel prices could alter the pattern depending on slow steaming, shifting cargoes from air to sea, truck to rail as cargo searches for lowest price option.

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6. Supply Chain shocks like the terrible earthquake and tsunami in Japan and others will alter trade patterns.
7. Trade agreements and disputes could also impact trade patterns.
8. Government support for infrastructure improvements such as Tiger Grants for bridge raisings etc.
9. Growth of other types of canal crossings (bulk, passengers, military) that can create congestion and raise costs.
10. What will happen to exports? Will this create backhaul opportunities that will attract more services to the East Coast or will exports be increasingly funneled to the West Coast?