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XXI CONGRESO LATINOAMERICANO DE PUERTOS  
XXI CONGRESSO LATINO-AMERICANO DE PORTOS  
XXI LATIN AMERICAN CONGRESS OF PORTS  
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# Development of Logistics Infrastructures in the World and its Impact on Latin America: Trends and Perspectives



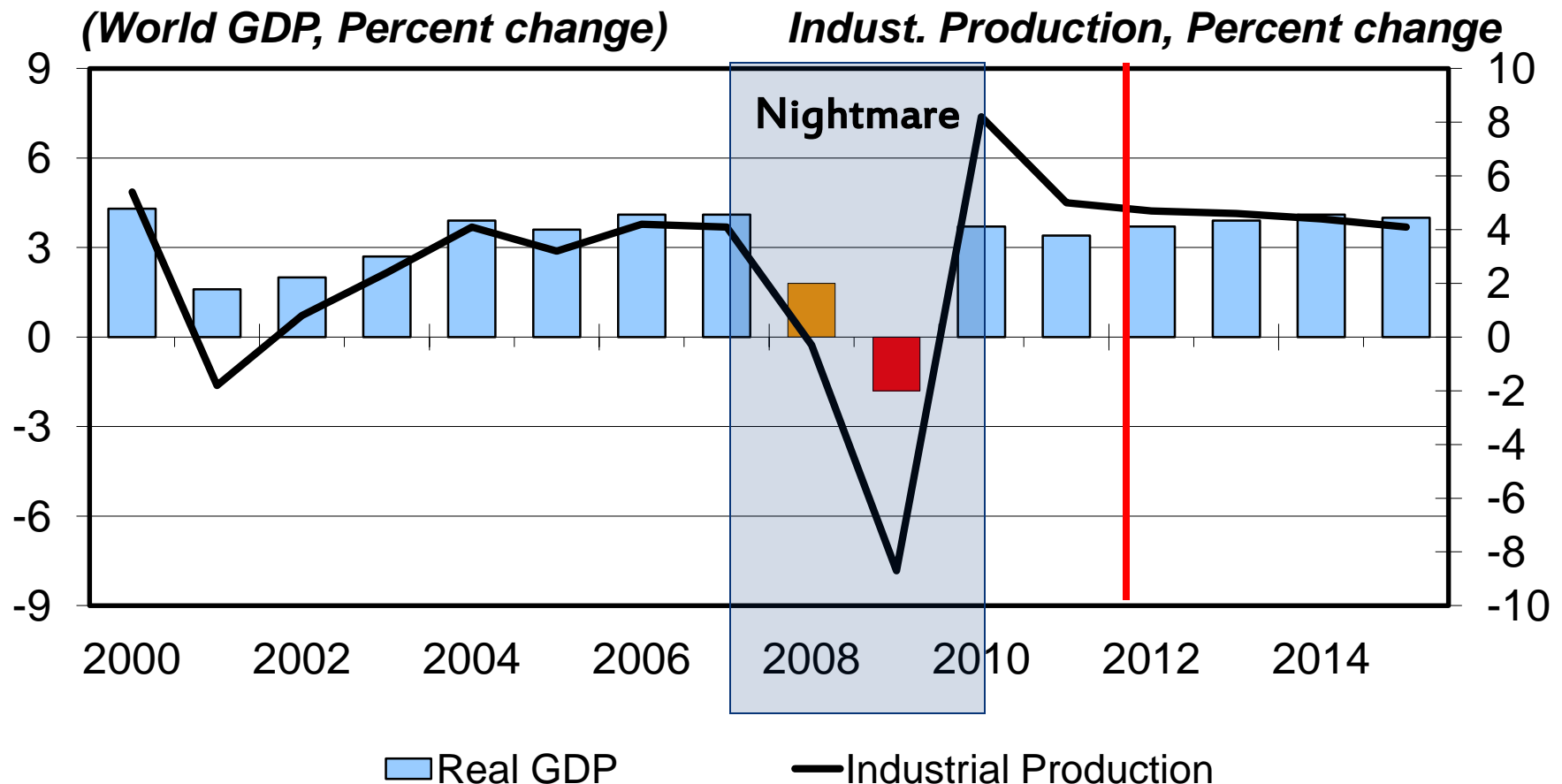


- 
- ▶ Global Economic and Trade Outlook
    - ▶ Latin America, Shipping, & the Expansion
      - Growth in Transshipment
    - ▶ A word on North America
    - ▶ Conclusions



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

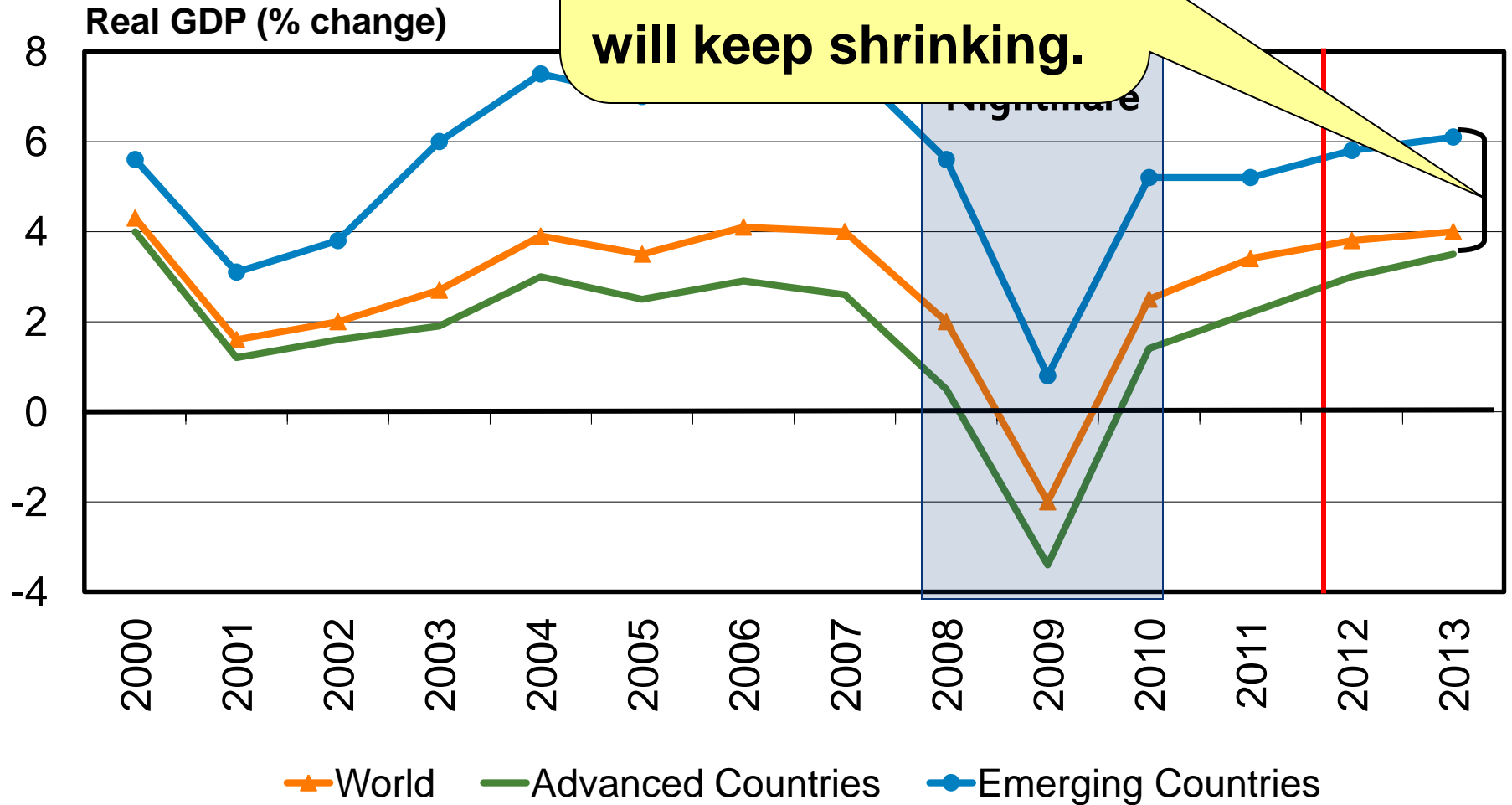
Cargo trade demand reflects more volatile industrial production





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

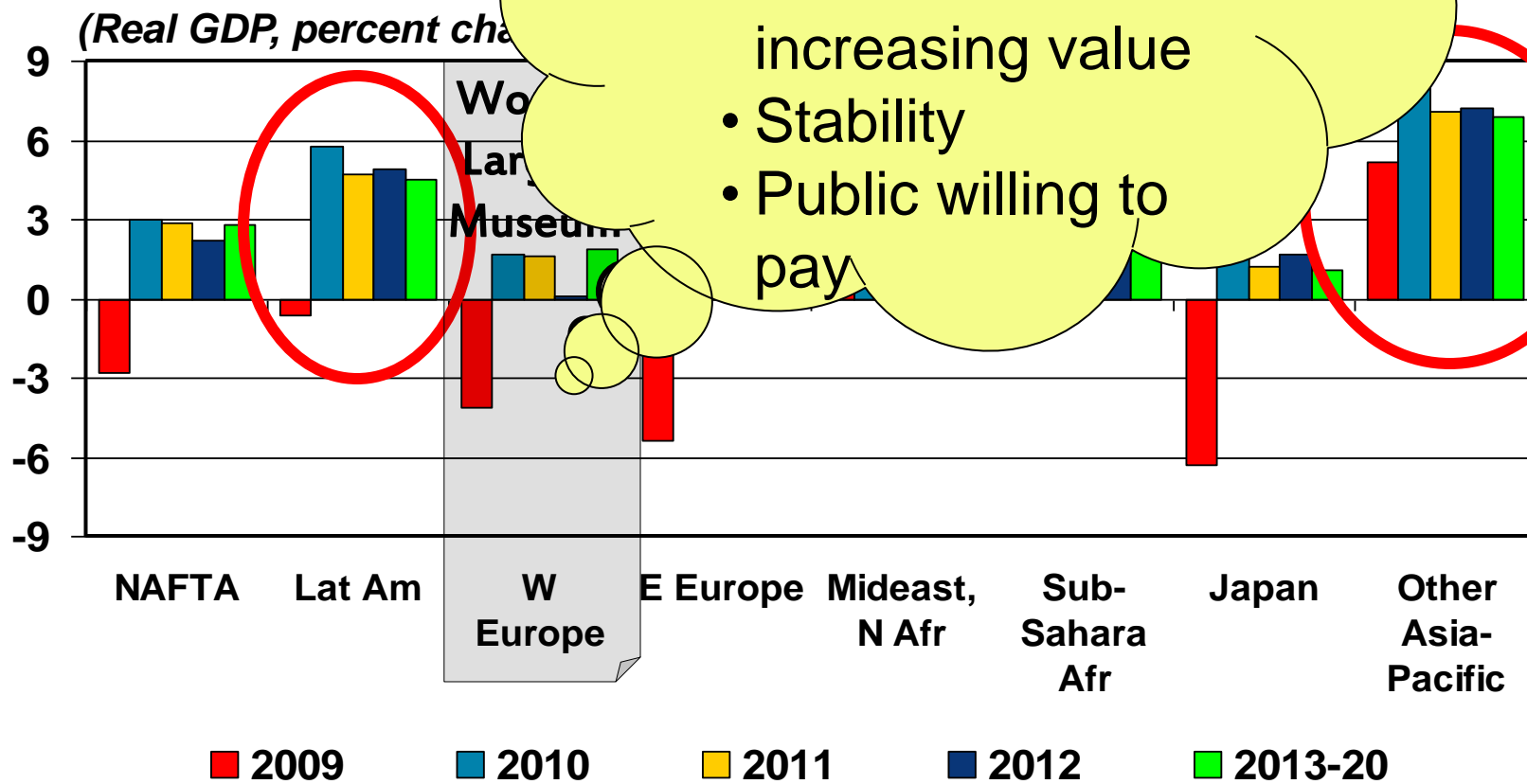
Gap between emerging and advanced countries will keep shrinking.





Geography of production / consumption  
grow 6% on average over the

markets  
countries.







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# Ship Happens...

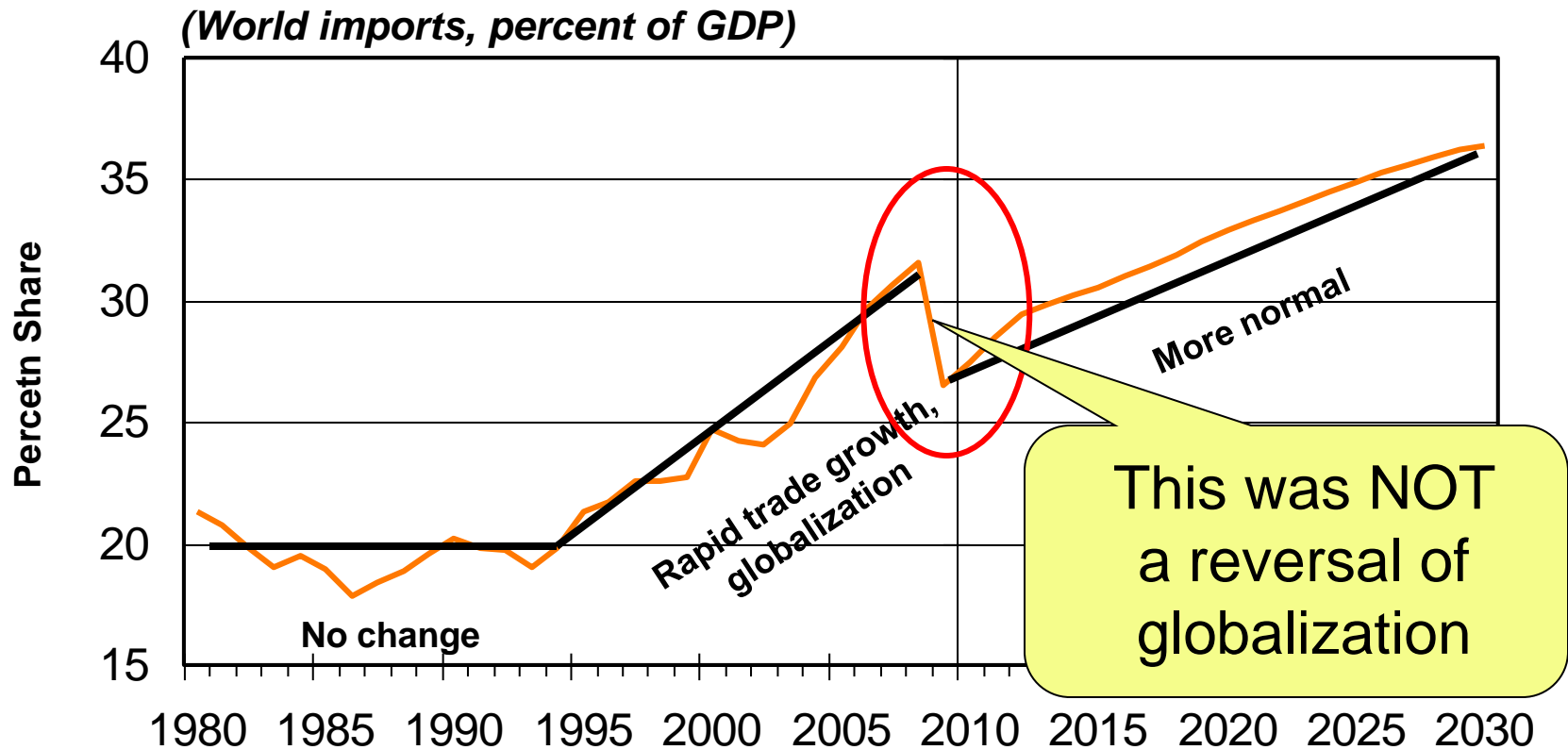


Source: Jean-Paul Ridrigue



# World trade's share of the economy grows again after a temporary decline

Globalization trend is *long-term* and has not reversed or stopped





▶ Global Economic and Trade Outlook

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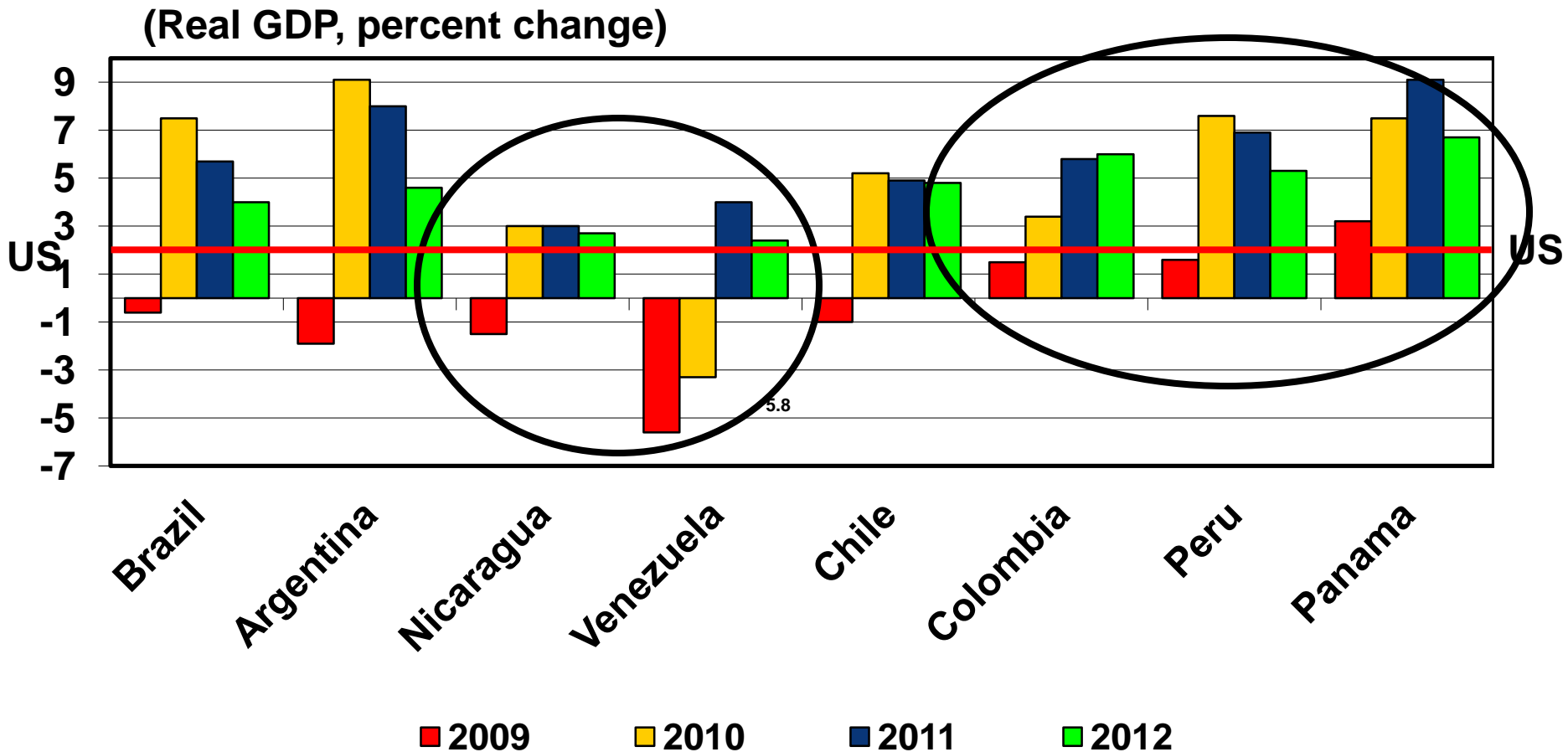
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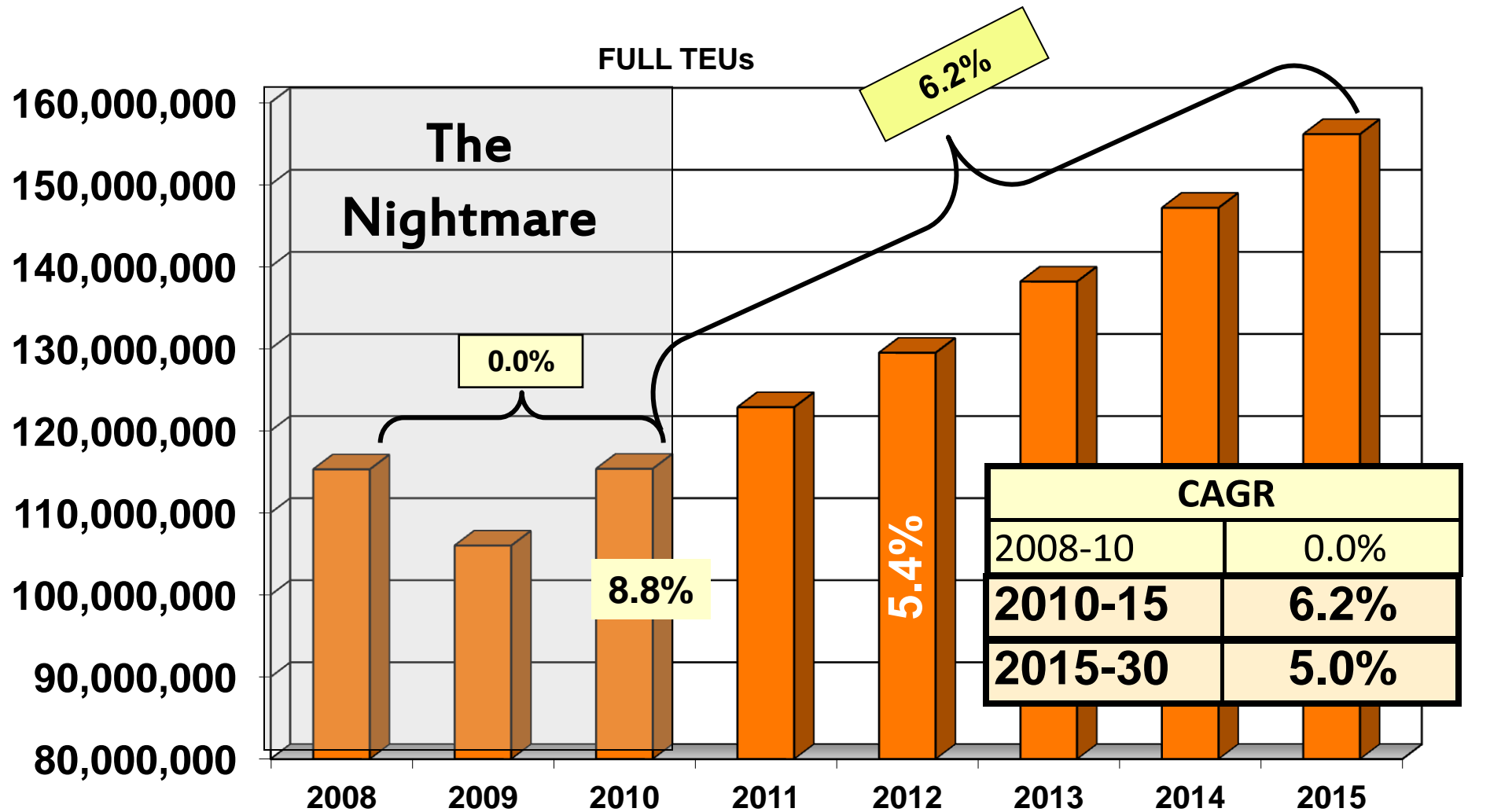


# In Latin America, most countries are expected to have solid economic growth in 2012.





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



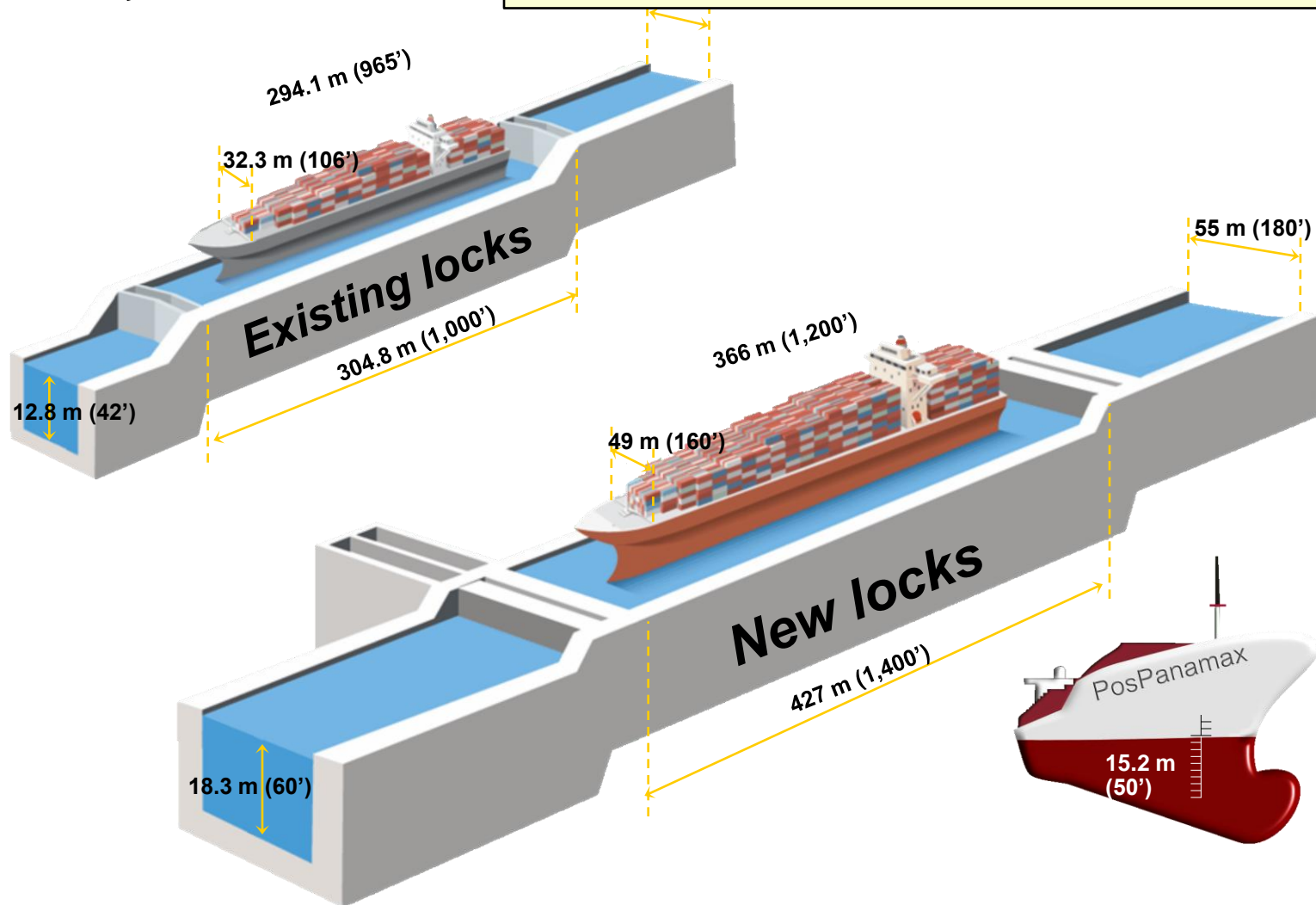
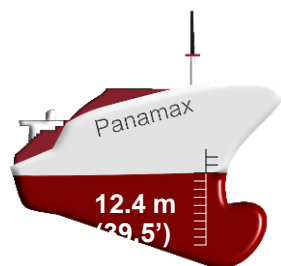


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**Existing locks' maximum vessel size: 4,400 TEU**

“We intend to deploy the biggest ships as quickly as possible once the locks are open.”

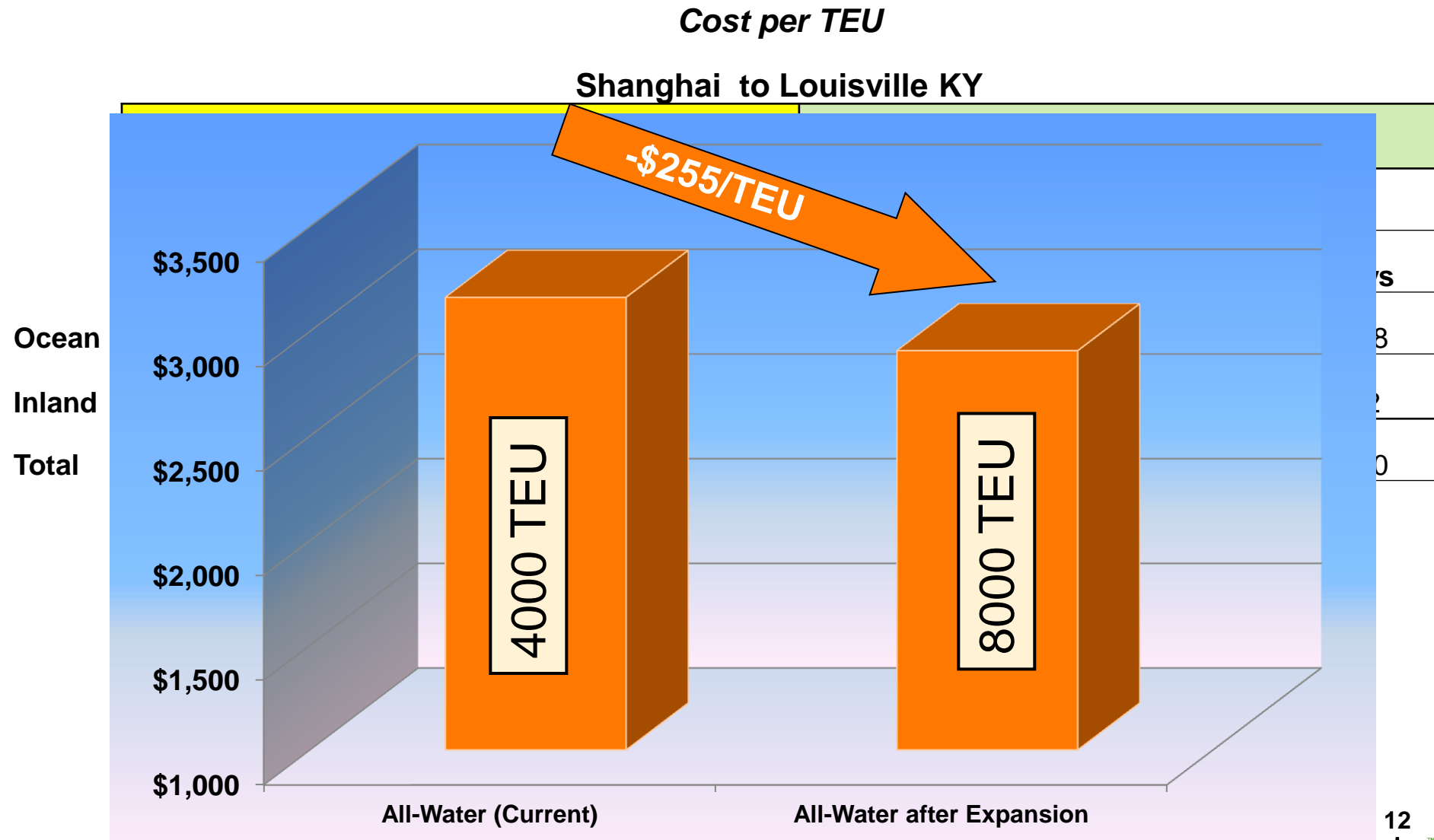


**New locks' maximum vessel size: 12,600 – 14,000 TEU**

**EcoNomics™**



# On Asia-USEC, the all-water Canal route cost falls when a larger vessel is deployed.





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For a typical Asia-USEC voyage, shifting to an 8000 TEU ship expands the market reach of the USEC ports.

Assumptions

Shanghai to Louisville, KY

Canal tolls based on current rates

Owned ship, financed at current rate

Inland move by rail

**NOW**

**4000 TEU ship**

**2015**

**8000 TEU ship**

48%\*

61%\*

Intermodal Advantage

-1250

-1000

-750

-600

-250

0

250

Canal Advantage



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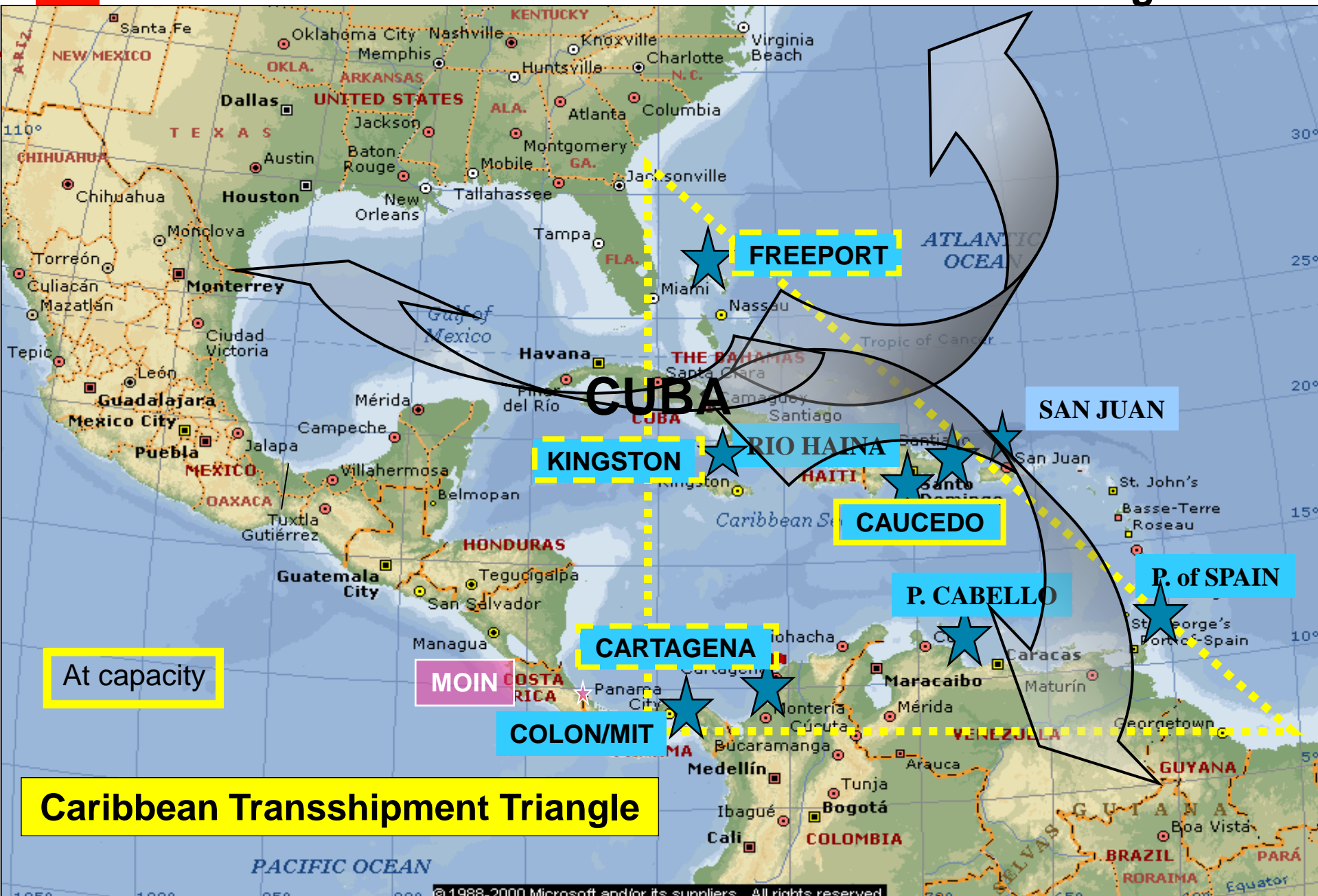
\*Share of the US population reachable by rail

3  
CS



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**The best transshipment options  
are now becoming clear.**

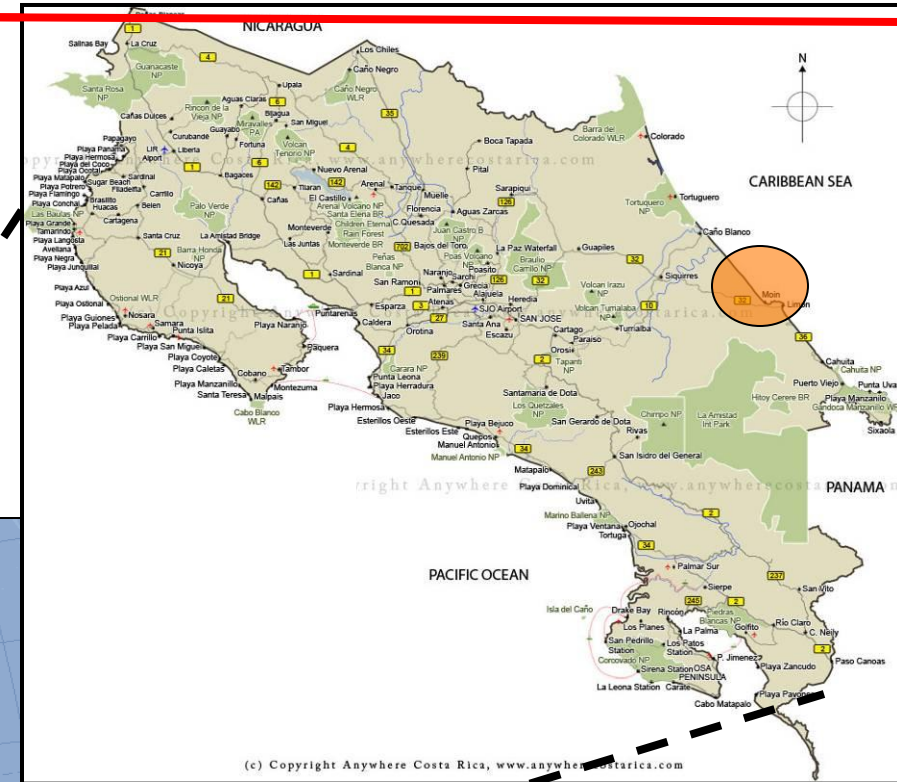






# Moín – Limón, Costa Rica

- ▶ \$992 million by APM Terminals
- ▶ Designed for 100% domestic cargo only – but transshipment is possible
- ▶ Concession signed in August, 2011
- ▶ 1.2M TEU in Year 1
- ▶ It's all about productivity





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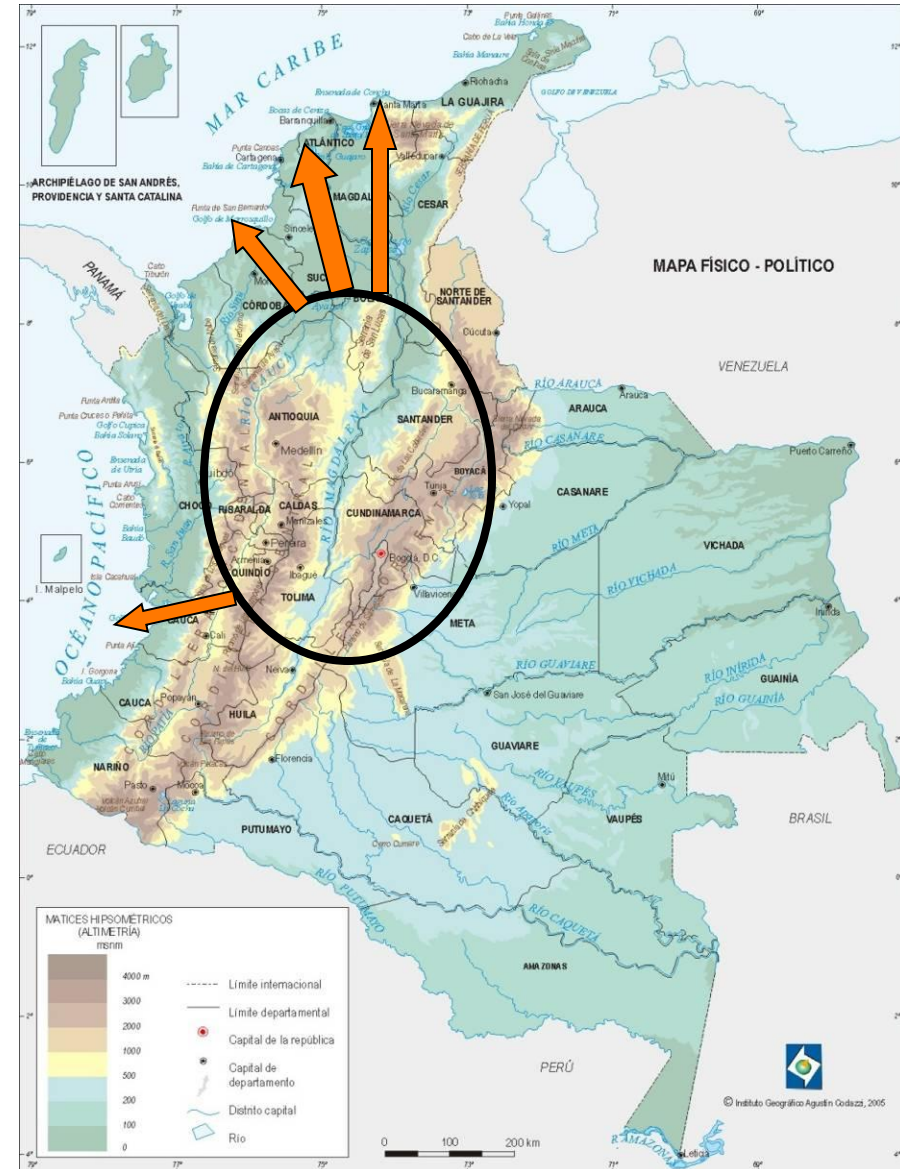
# Short Sea Shipping in MesoAmerica will require transshipment.






# Supply chains in Latin America need fixing. Colombia is an example of “early” breakage in the chain

- ▶ Over 70% of GDP is in the mountainous region
- ▶ Over 80% of cargo moves by highway
- ▶ Transportation costs are much higher than world averages
- ▶ For coal and containers, Colombia needs an expanded railway and highway network
- ▶ An inefficient supply chain for exports will hurt competitiveness





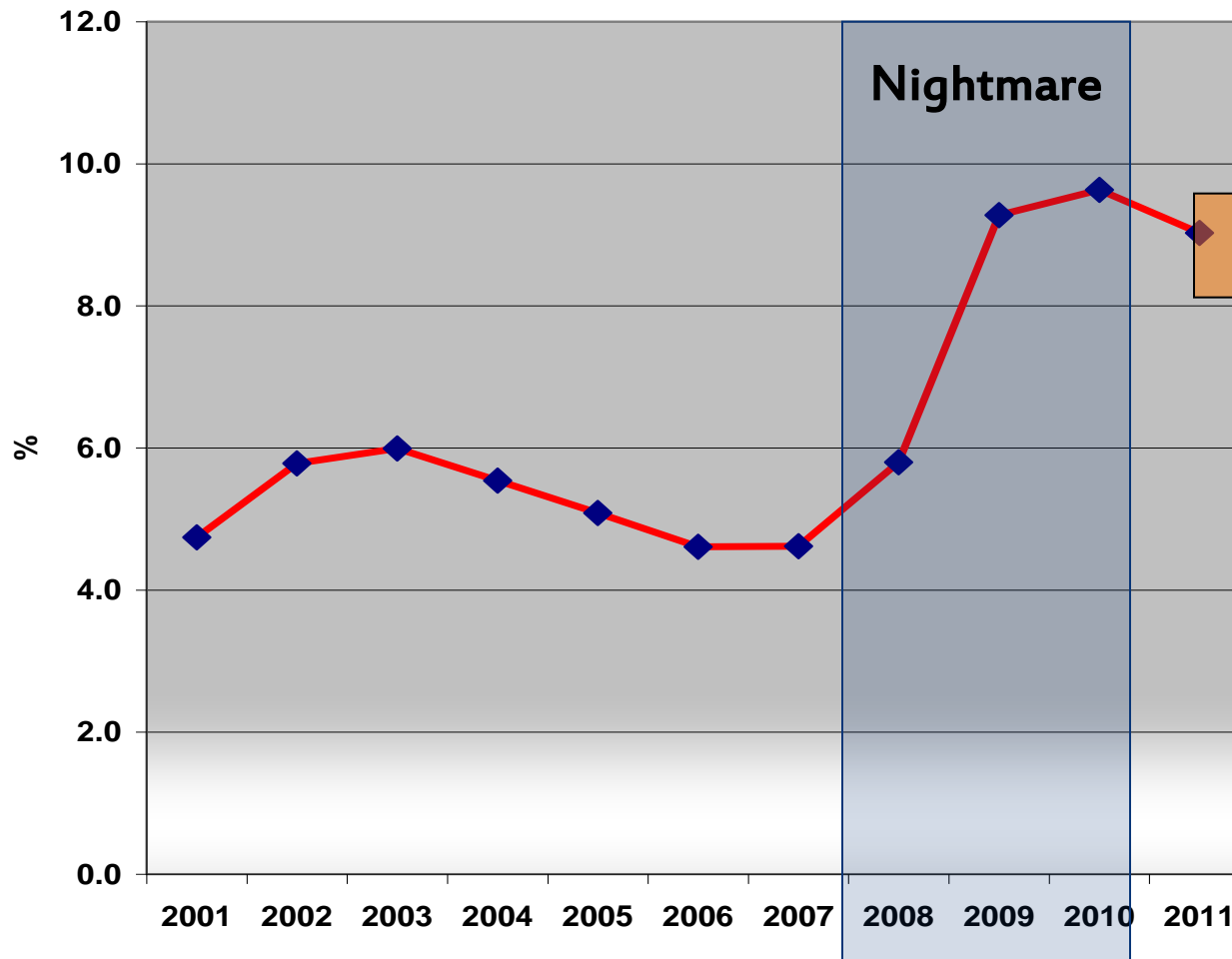
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# Economic outlook for U.S.

US Unemployment Rate



**The future?**

- flat
- horizontal
- unchanged
- neither worse nor better

Source: Congressional Budget Office  
Washington DC



# Unemployment is not **THE** problem.

## ► Unemployment is a symptom

- Consumer fear
- Investment fear
- **U.S. Government gridlock**
  - Main street, Wall Street, and K Street: **uncertainty**
  - Weak savings
  - Improving exports, but not enough





- ▶ Stronger trade growth is with the emerging markets
- ▶ North American import growth will be sluggish in 2012
- ▶ Fixing supply chains in Latin America – the key to strong, continued growth
  - Money is not the issue – need well-defined, meaningful projects
- ▶ Transshipment will grow, **as a necessity** – getting ready!



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