

# AAPA Conference: Shifting International Trade Routes Conference Wrap-Up



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# AAPA Conference: Shifting International Trade Routes

**This 5<sup>th</sup> conference on International Trade was a success because of you.**

**Our thanks and appreciation to:**

- ❖ **The 26 industry leaders who graciously shared your views as speakers & moderators**
- ❖ **Our host port and our sponsors for your support**
- ❖ **+125 conference attendees for your participation and enthusiasm**



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What global economic challenges and opportunities did we discover?

- The worst of the U.S. economic storm is behind us, but the outlook remains tempered.
- American consumers hold the key to a sustainable recovery, but half of us look to Washington DC in this election year for clues (good or bad!).
- Emerging markets (especially Latin America) offer a bright future, which plays a significant role in the Panama Canal expansion & transshipment opportunities



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How do the BCOs view the future?

- The Canal expansion may not be a “game changer” but certainly offers an improved option for the transport supply chain (Mid-America discretionary cargo, especially time sensitive goods)
- The Canal is only one piece of the puzzle – hopefully improving ocean carrier stability
- Carrier stability is critical – profitable & efficient
- Ports play a significant role in that efficiency – big ships are not just about more harbor depths, it’s really about service integrity & consistency



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What's driving change for DC developers & 3PLs?

- Constant shift in logistics, not just a Canal change that affects getting cargo to market (example: DCs closer to market)
- Cost? ... Yes, but service too
- The “shift” is continuing for multiple reasons: BCO diversification, regional population growth, inland ports, DCs closer to market, etc.
- Cargo “shift” discussion should also include likely near-sourcing changes, especially for growth potential in the southeast U.S. (tie to Gulf Coast surprise that their growth strategy was right for the wrong reason!)



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What are North American ports doing to prepare for the future?

- Unified view: best to prepare for the long term.
- Competition is a good thing – no concession by either West or East Coast ports on how much, if any, cargo will shift.
- Rates, not costs and BCO transport requirements will influence cargo routing (*carriers always say, “we go where the cargo tells us”*)
- Risky business? Maybe too much port capacity and investment in the short term – reminder that ports are fixed assets
- Railroads are willing partners to expand port reach – short & long haul
- Theory (and a few numbers) help us visualize how cargo could shift (America’s “dotted line” ... probably like SE Asia’s Panama/Suez split – more choices are good for trade)



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## The Panama Canal perspective:

- It really boils down to providing our clients (carriers) better asset utilization.
- Carriers do not create cargo, they just move it!
- An expanded Canal & better vessel utilization creates benefits for transshipment trades where density is an issue



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**Did we answer all the questions? .... Probably not!**

**Will the Canal shift trade? .... No clear answer!**

**Hopefully we all agree that the “Winning” approach is not in shifting trade but growing trade through a more efficient global transport supply chain**





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*Thank you!*

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