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*19 January, 2012*

*AAPA - Shifting International Trade Routes*

# **INTERNATIONAL ECONOMIC OUTLOOK & IMPLICATIONS FOR TADE**





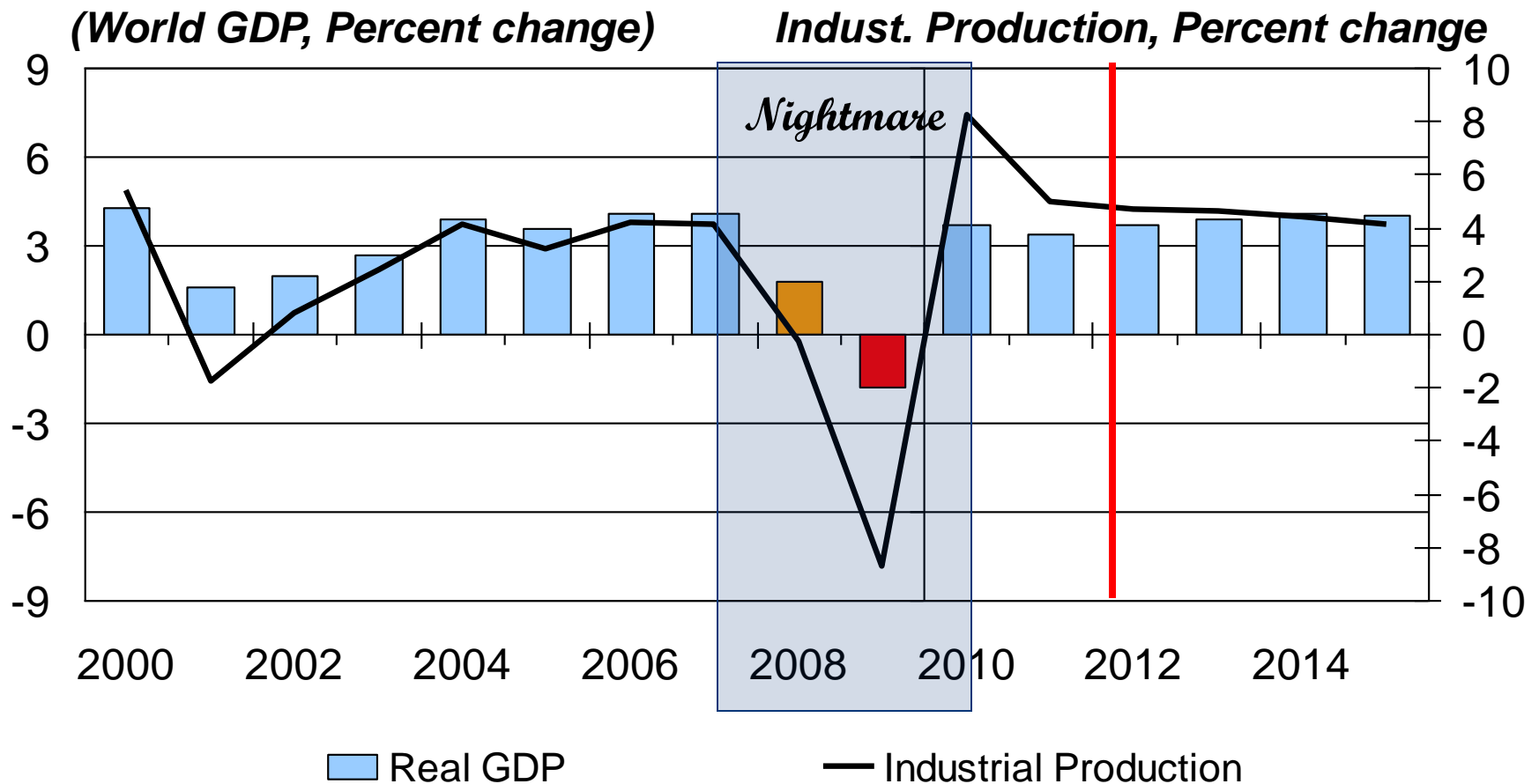
- 
- ▶ Global Economic and Trade Outlook
  - ▶ Economic Perspectives in Latin America
  - ▶ Implications for North America
  - ▶ Conclusions





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

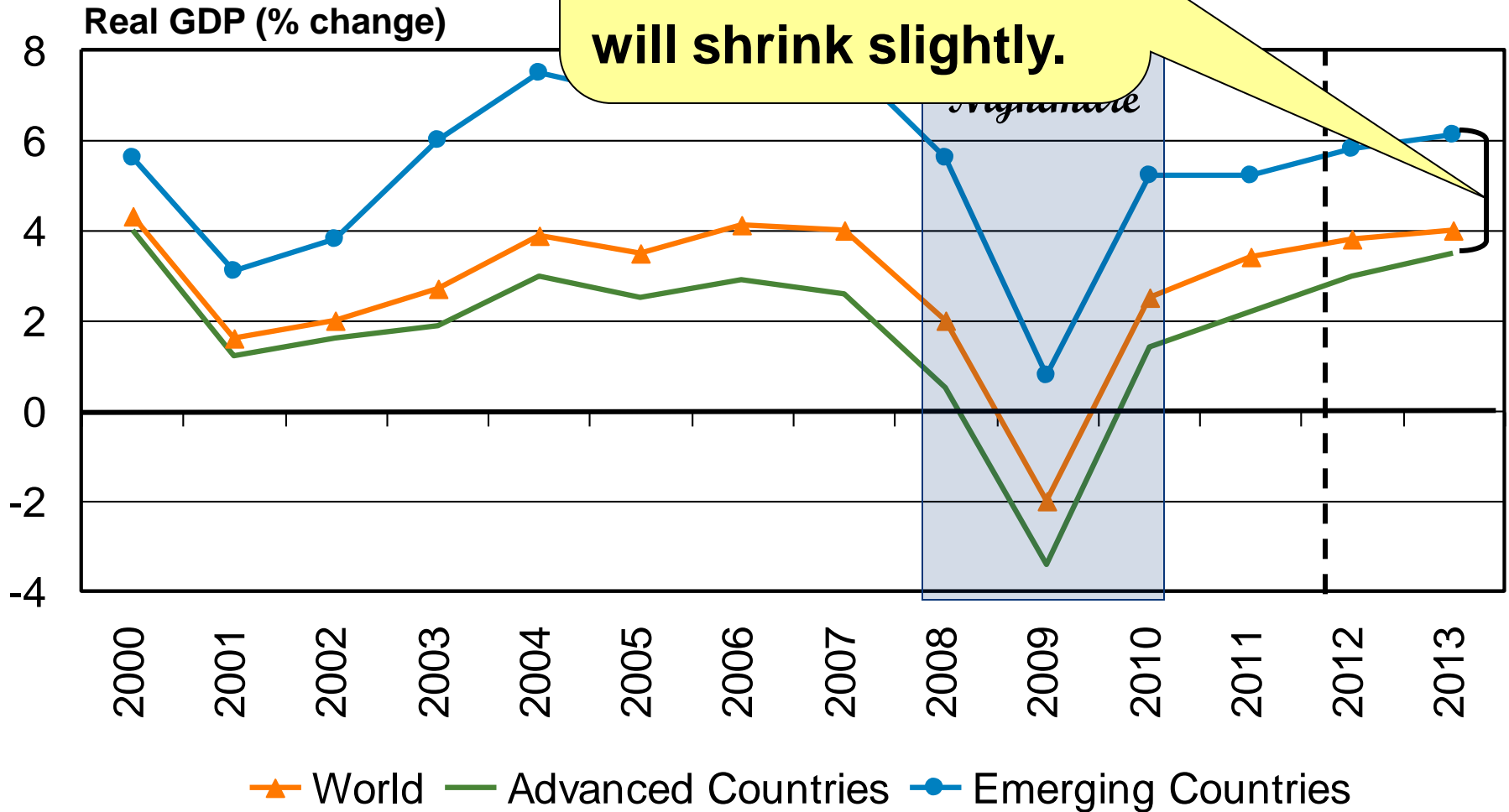
Cargo trade demand reflects more volatile industrial production





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

Gap between emerging and advanced countries will shrink slightly.





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# GDP growth rate differences

at the pace of  
trade route

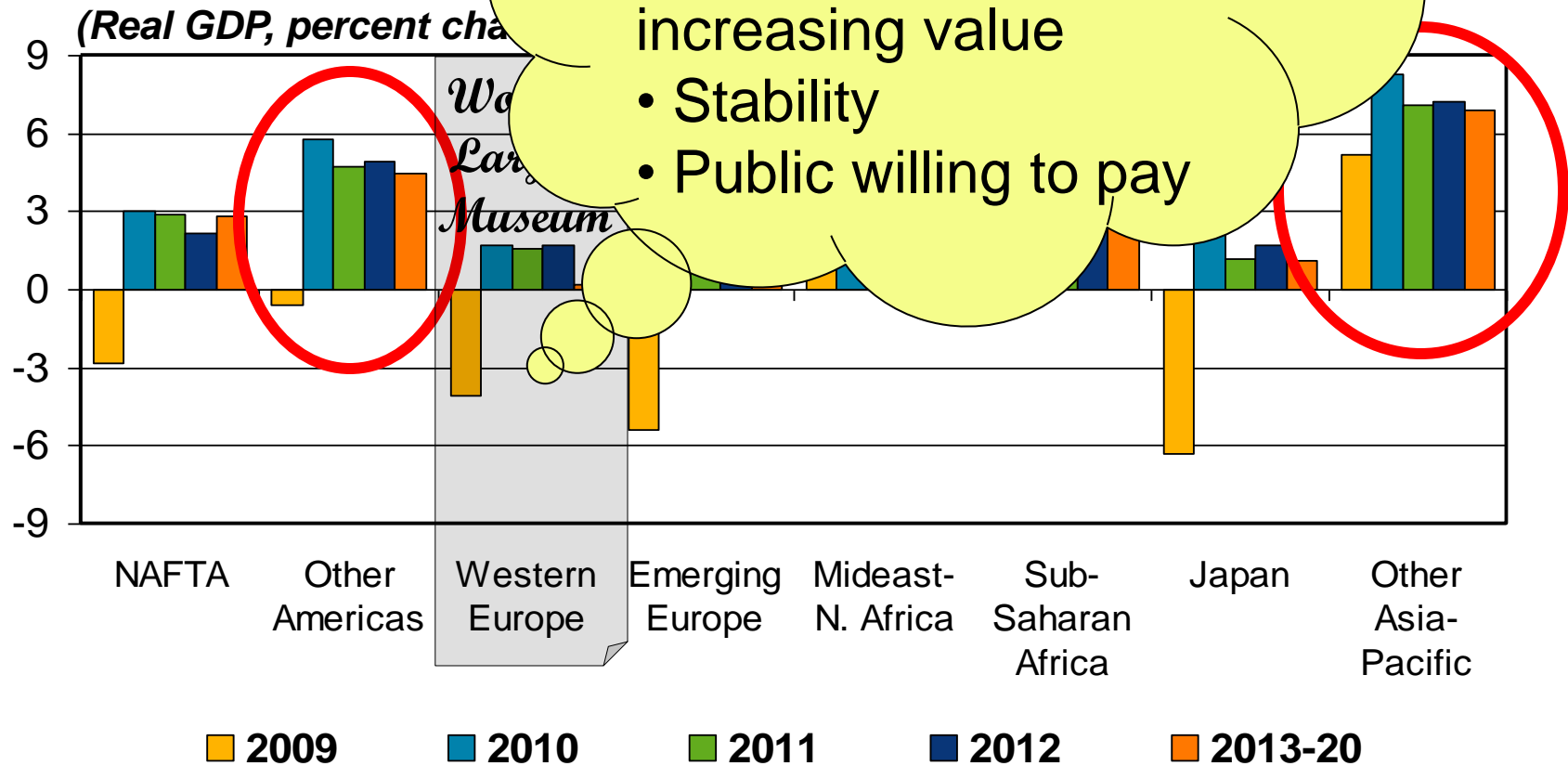
tra

Geography of production / consumption  
grow 6% on average over

markets  
countries.

Being a museum  
might be better:

- Assets with increasing value
- Stability
- Public willing to pay



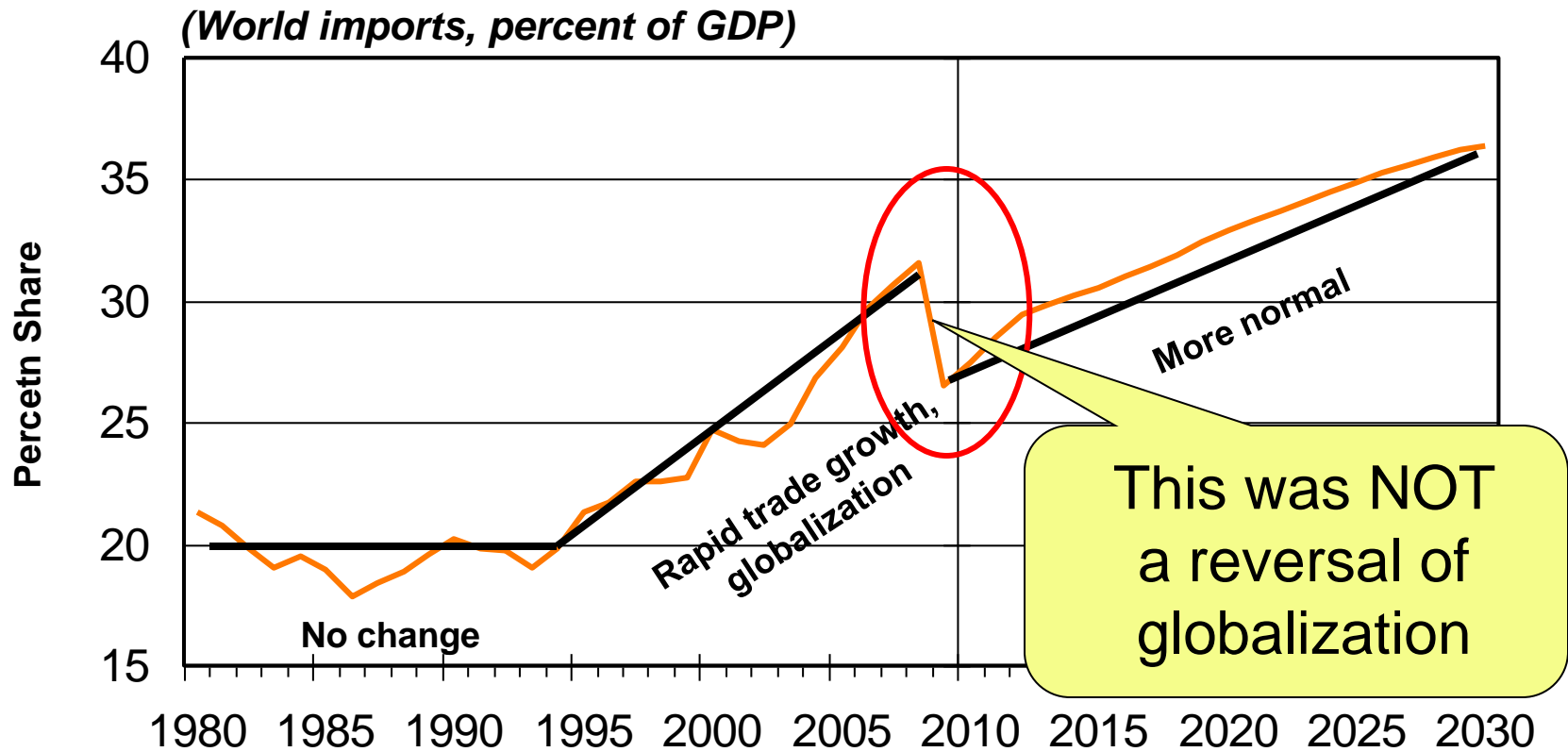
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Source: IHS Global Insight & WorleyParsons



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

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

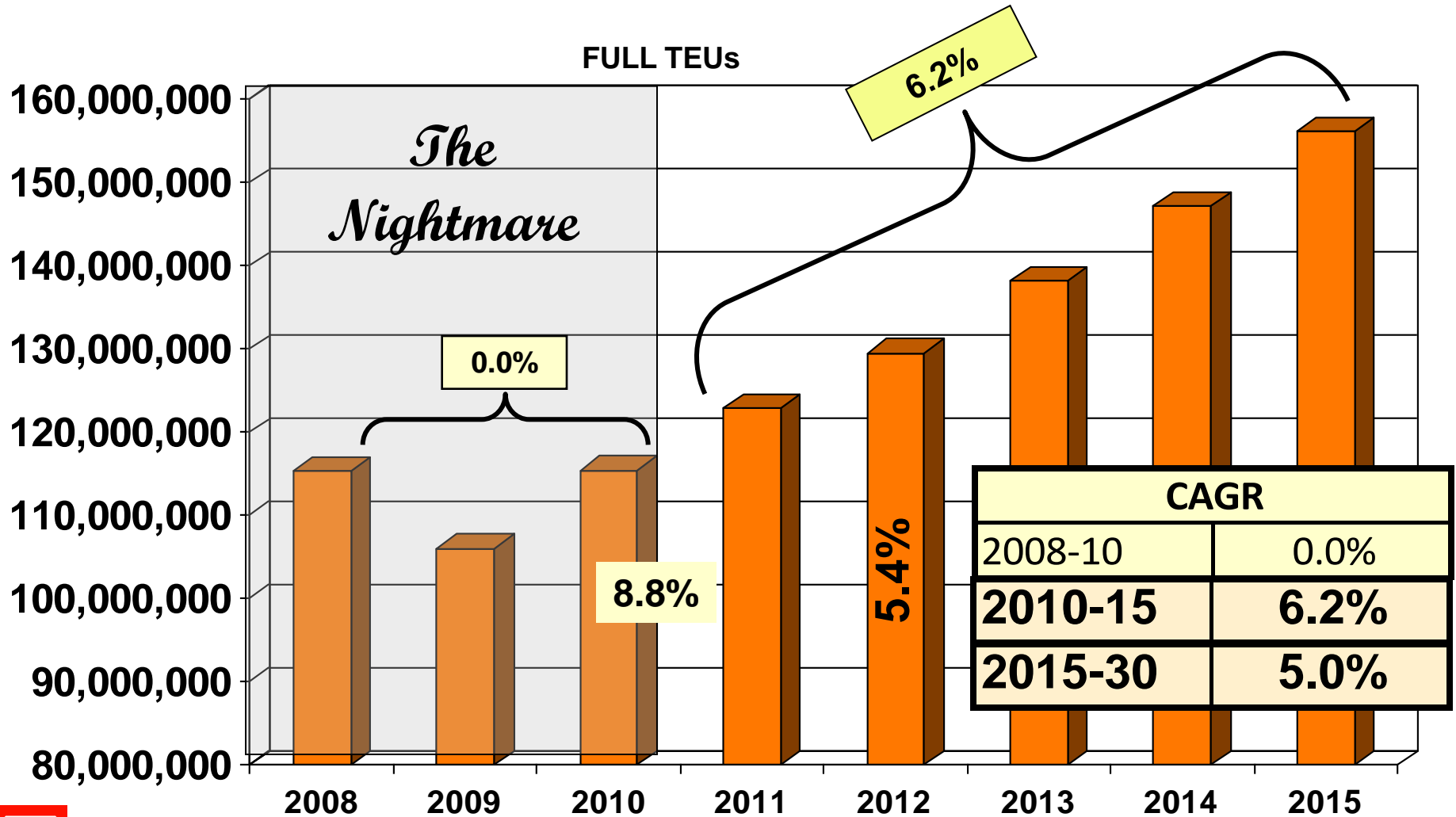




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**World TEUs now exceed the 2008 numbers.  
However, the years of double digit growth  
( '03, '04, '06) are not to be seen again.**



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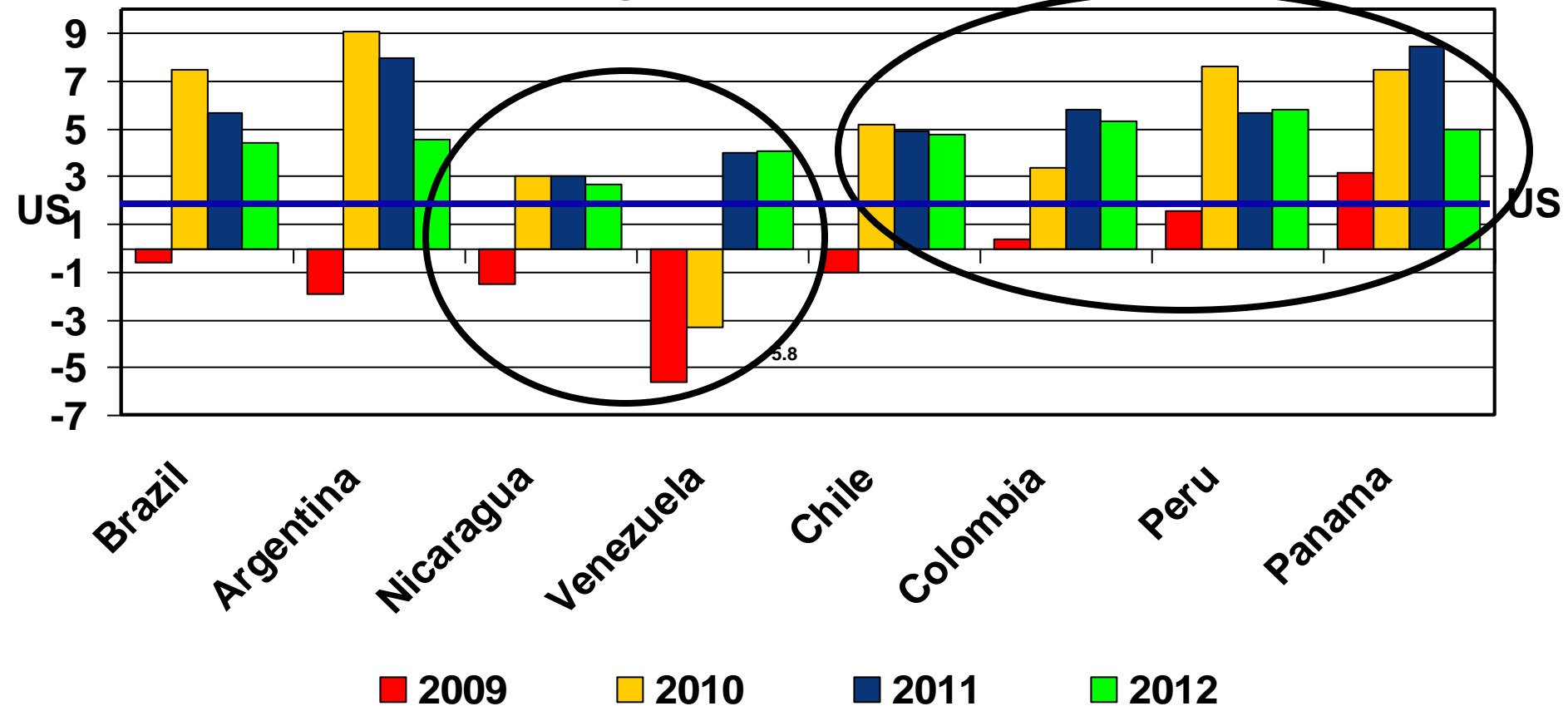
▶ Conclusions





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

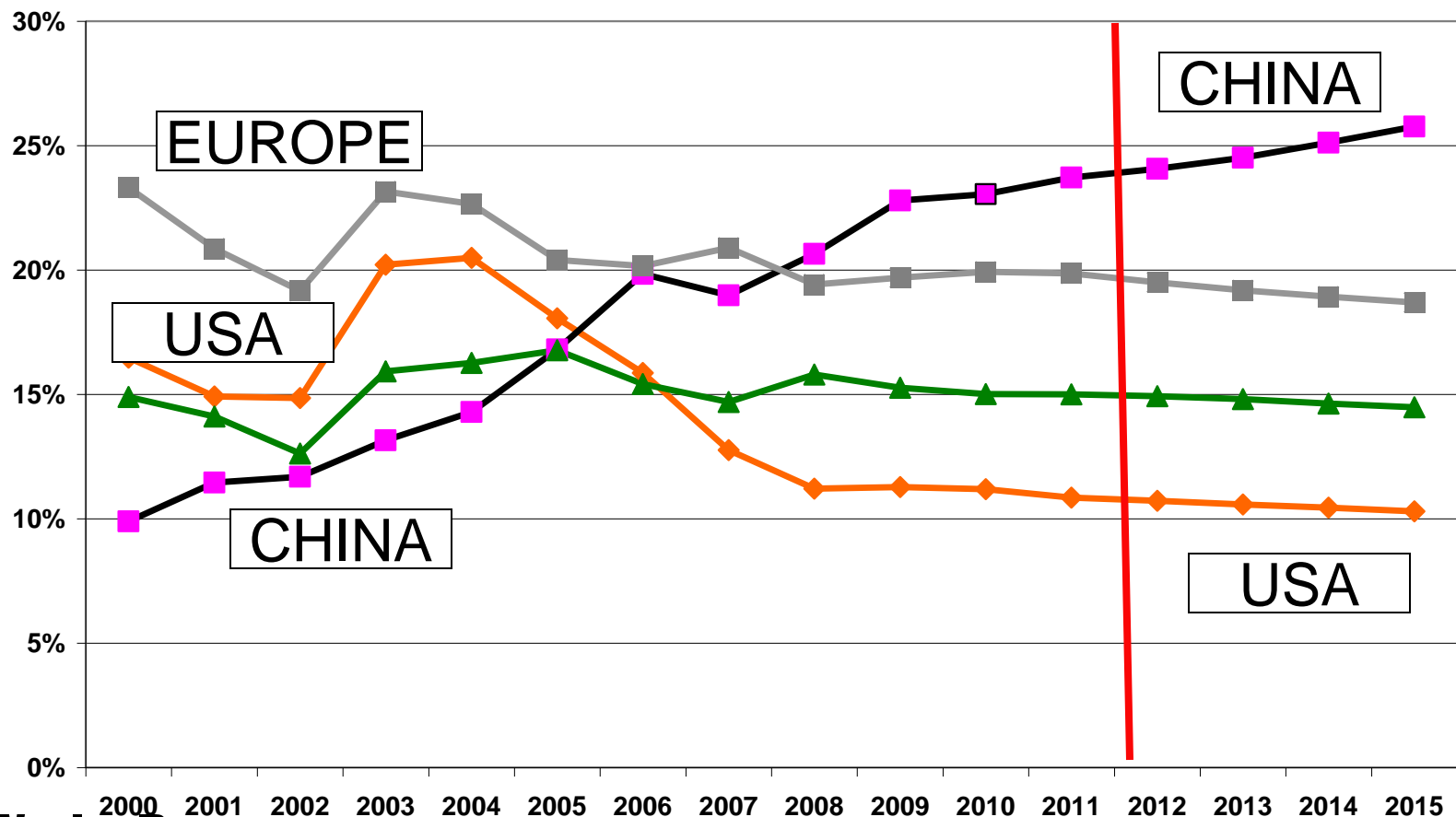
(Real GDP, percent change)





- Some Latin American countries' trade is dominated by China. **MEXICO**

Mexico Trade Partner Shares

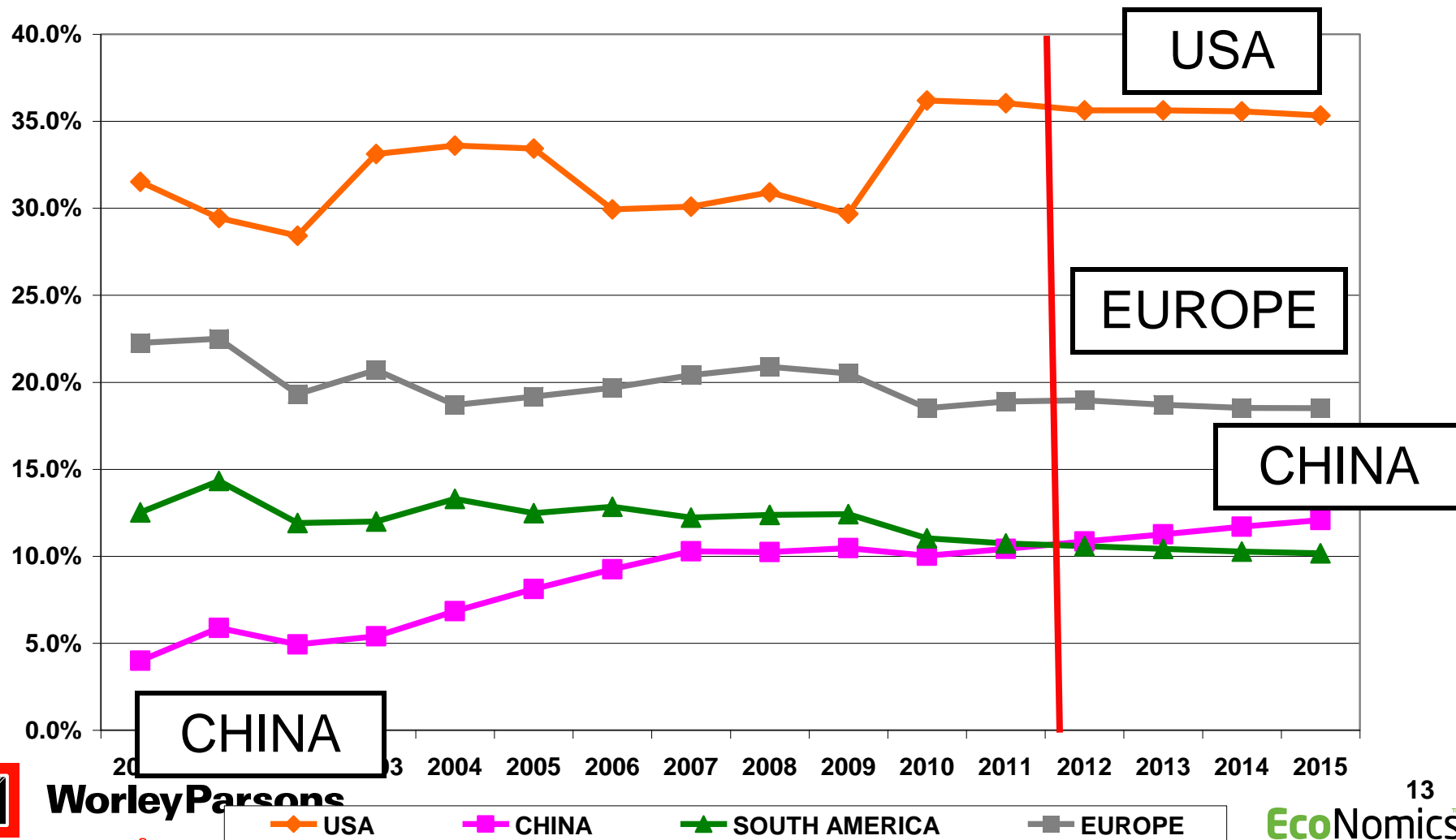




# Is China taking over? NOT REALLY.

## ► COLOMBIA

Colombia Trade Shares





## Transshipment in the Caribbean More growth ahead in the major hubs







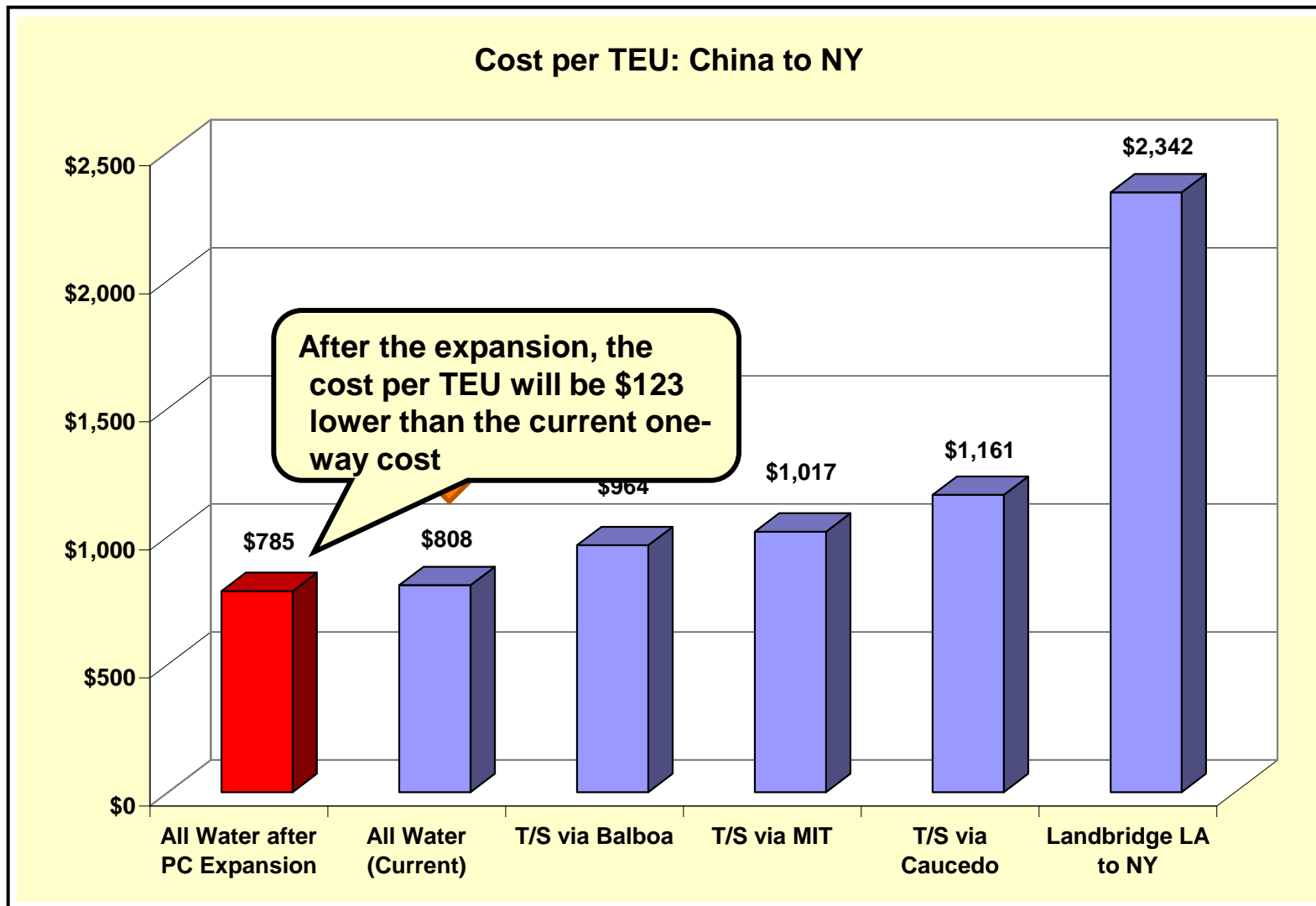
# Moín – Limón, Costa Rica

- ▶ \$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





**For Asia-USEC, the All-Water route is still the cheapest. Even with transshipment the All-Water cost is still comparatively cheap.**





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

**NOW**

**4000 TEU ship**

Assumptions

\$400/MT bunker

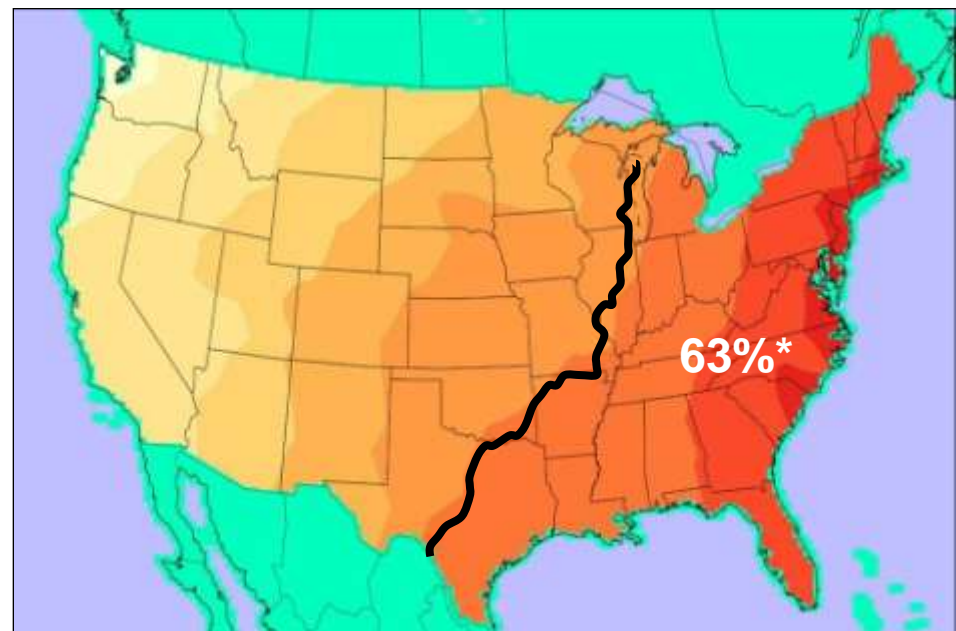
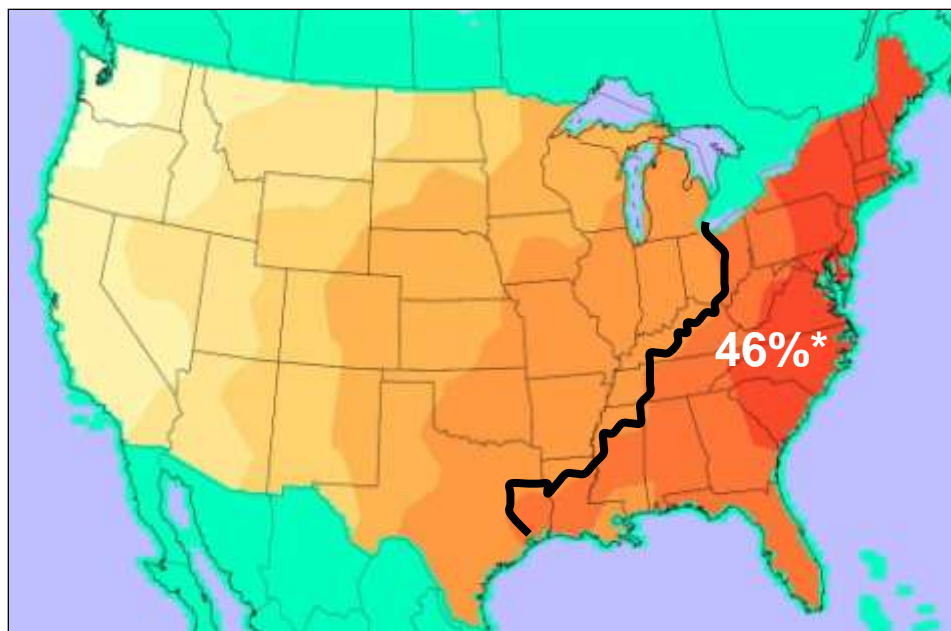
Canal tolls based on new 2011 rates

Ship charter rates, Dec 2010

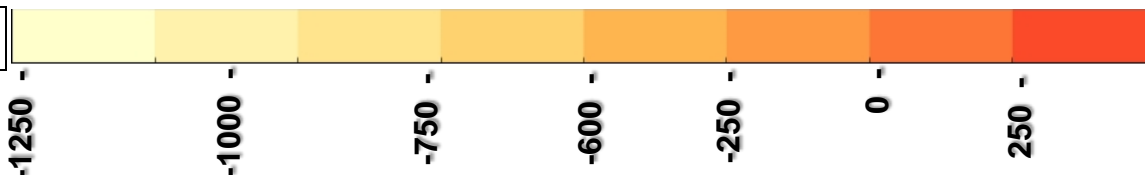
Inland move by rail

**2015**

**8000 TEU ship**



Intermodal Advantage



Canal Advantage



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**PRINCETON CONSULTANTS**

Information Technology and Management Consulting

\*Share of the US population reachable by rail

CS™

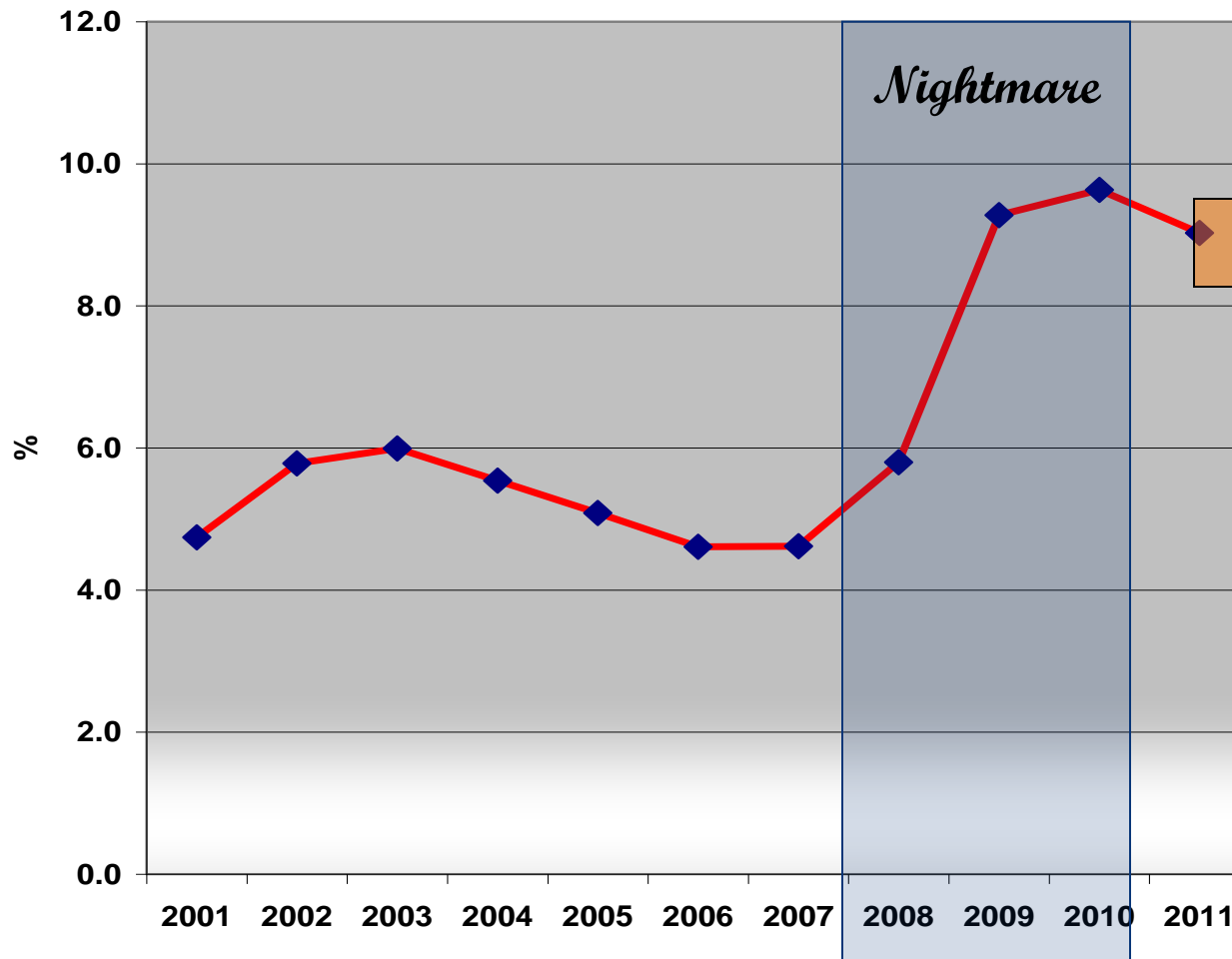


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US Unemployment Rate



**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





- ▶ North American import growth will be sluggish in 2012
- ▶ Stronger trade growth is with the emerging markets
- ▶ After 2012, things should be more “normal”, heading into the Canal expansion opening (December 2014)
- ▶ Transshipment will grow, **as a necessity** – getting ready!



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***Success!!***



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