

Shifting International Trade Routes

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AAPA

Tampa, Florida



Ports America Locations

Operating in more than 42 Ports and 80 locations



Impact of Panama Canal: 2015 ?

Westerly shift of U.S. Discretionary Cargo Line



Source: Panama Canal Authority

Panama Canal

- The Panama Canal is currently being expanded to accommodate larger vessels that typically only called West Coast ports.
- Canal data shows an increase of container traffic moving to the East Coast over the past fifteen years.
- Increased capabilities that afford economies of scale and cost optimization to the lines will increase the percent of Asian cargo moving all water to the US East Coast.
- Larger vessels calling the US East Coast will increase the market penetration significantly compared to the vessels calling East Coast ports today.
- NY/NJ, Baltimore, Norfolk and Miami are the only current East Coast ports that will be able to accommodate the new class of vessels with its channel and berth depth.
- Gulf Coast – shifting demographics and manufacturing present new opportunities.

U.S. Seaports:

Shifting Trade Patterns -- Implications on Port Financing

- › Our U.S. deep-water port system plays an important role in the economic welfare of the nation's economy
- › The arrival of post-Panamax ships are the harbinger of economic growth. Our nation, must address the need and the challenges of a modern transportation system and evaluate potential investment opportunities that impact the international supply chain.

Ports and the International Supply Chain



- › Core infrastructure asset, critical to trade and consumption
- › Significant barriers of entry (operational capabilities, relationships, regulatory, labor complexity)
- › Long history of stable growth over multiple cycles
- › Long term investments in a nation's transportation infrastructure are a critical component to its economic vitality, and essential to compete internationally
- › In order to truly succeed, we must have a comprehensive and viable infrastructure plan roadmap, connected with the ports: rail, bridges, highways.

Compelling Industry Privatization Dynamics

- State and local governments in the U.S. are under considerable financial stress:
 - Several critical transportation projects do not have available funding
 - In many cases, the private sector is a viable and attractive source of capital
 - Historical tradition to 3Ps: toll roads, water systems
- Ports America's Oakland and Baltimore Public-Private Partnerships (PPP) are a model for the industry:
 - Upfront payments, revenue sharing and capital project delivery is attractive to government decision makers
 - Seagirt Marine Terminal: Muni bonds
- Incumbent port operators are best positioned to capitalize on the PPP trend:
 - Site knowledge and existing operations can be used to achieve incremental returns
 - Private sector participation can provide needed capital investment, management expertise, and key relationships (with carriers, partners, labor)
- There are multiple opportunities to replicate this success across other locations:
 - Every deal is unique, risks and rewards are all exceptional
 - Financing, although tighter in recent years, is available for good projects that make sense.



Port Newark Container Terminal

- June 2011, PNCT signed a 20-year extension of the terminal's existing lease through 2050, subject to PNCT's investment of \$500 million that will go towards:
 - Deepening of the existing wharves to match the channel depth
 - Terminal expansion from 180 acres to 287 acres to accommodate the additional volume
 - Terminal densification
 - Additional volume – scheduled to increase from >600,000 to 1.4 million containers by 2018
 - Reduce its yearly per acre lease costs
- Existing project under development by PANYNJ
 - \$2.3 billion project to deepen and maintain its harbor to 50 feet
 - \$20 million for Express Rail Port Newark to create a direct near-dock IM connection and augment IM capacity at PNCT to 250K lifts/year
- Future PANYNJ Projects
 - \$1.3 billion to raise the Bayonne Bridge

Seagirt Marine Terminal

- Operator of Seagirt since opening in 1990
- January 12, 2010 signed 50 year concession
- 4 berth operation; 11 STS cranes
- Completion of 50; berth and 4 super Post-Panamax cranes
- Panama Canal readiness
- Vessel productivity 37 moves per hour
- OCR Technology
- Improvement to facilitate movement to and from ICTF
- Chassis yard with separate satellite truck gate
- National Gateway Project

First Panamanian Terminal

Designed Specifically For The Expanded Locks



Panama Colon Container Terminal (PCCP)

Thank you

