

CREATING SHORT SEA SHIPPING OPPORTUNITIES

Customer's Role

Jonathan Red

COO

Sea Point, LLC

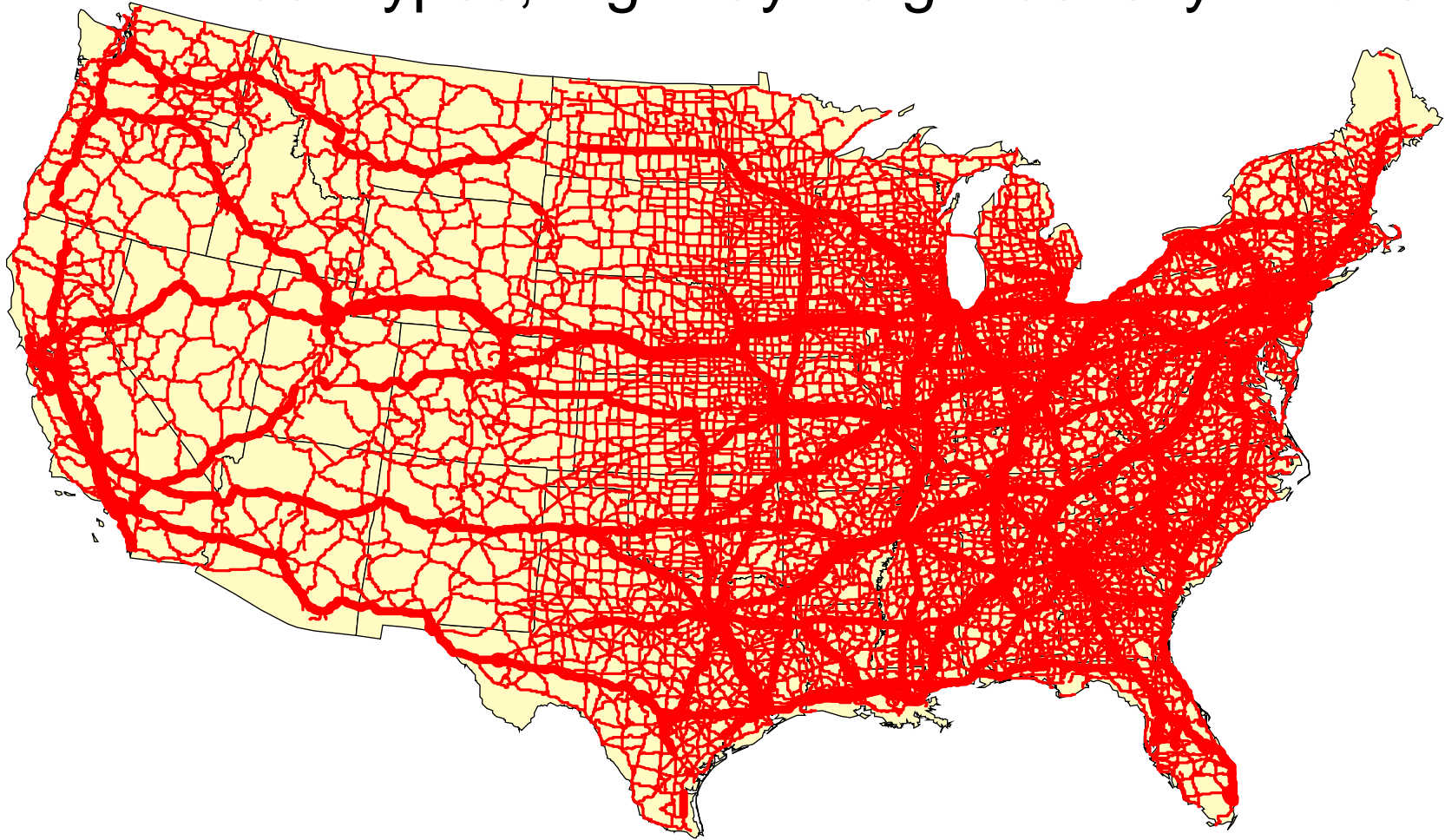
14 Nov 06

Why Short Sea Shipping?

- Container volumes continues to grow
- Stressing Infra-structure
- Causing delays
- Increasing costs
- Carriers under pressure to increase profits

Truck Freight Flows, All Commodities

All truck types; highway freight density in tons



Source: Federal Highway Administration, Office of Freight Management and Operations

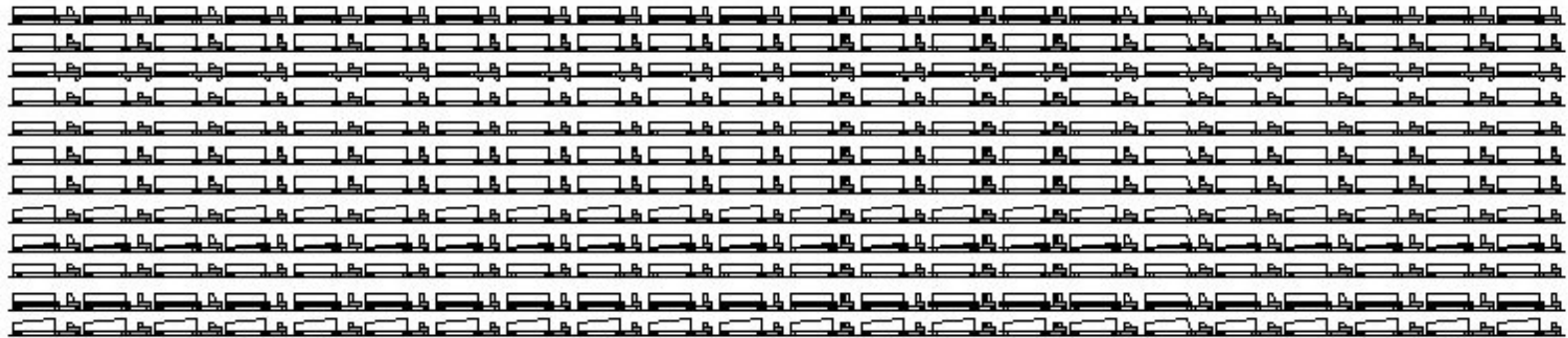
Growing Rail Usage



GATEWAY SHIP CARGO ILLUSTRATED

**A Container Ship Unloading 2500 Containers and Loading 2500
Requires a Combination of the Following:**

5000 “18 Wheelers” Creating 220 Miles of Traffic (150’ Between Trucks)



OR

18 Miles of Double Stack Rail Cars



OR

6 Tows of 18 Barges Creating ¼ Mile of River Traffic



INLAND PORTS MUST BECOME CUSTOMERS AND ATTRACT CUSTOMERS

1. For which carrier(s) can you become a destination? Become their customer!
 - A. Who can you work with? You need to build the system.
2. What is being imported and exported from your area?

Creating Short Sea Shipping

Containerized Commodities

Much the Same Requirements as Shippers

1. Regular Service
2. “Critical Mass” of Containers

Remember-Its an option

3. Economically Viable

Asia is the International Target

- Asia is by far U.S.'s largest trading region.
- China is the biggest.
- Most Significant Trading Challenge for the Shippers is getting the containers into Mid-America.
 - Rail Costs
 - Delays Loom

Costs

West vs East vs Louisiana

Chicago, Dallas, Memphis, Atlanta

Contract Rail Rates to _____ from _____:

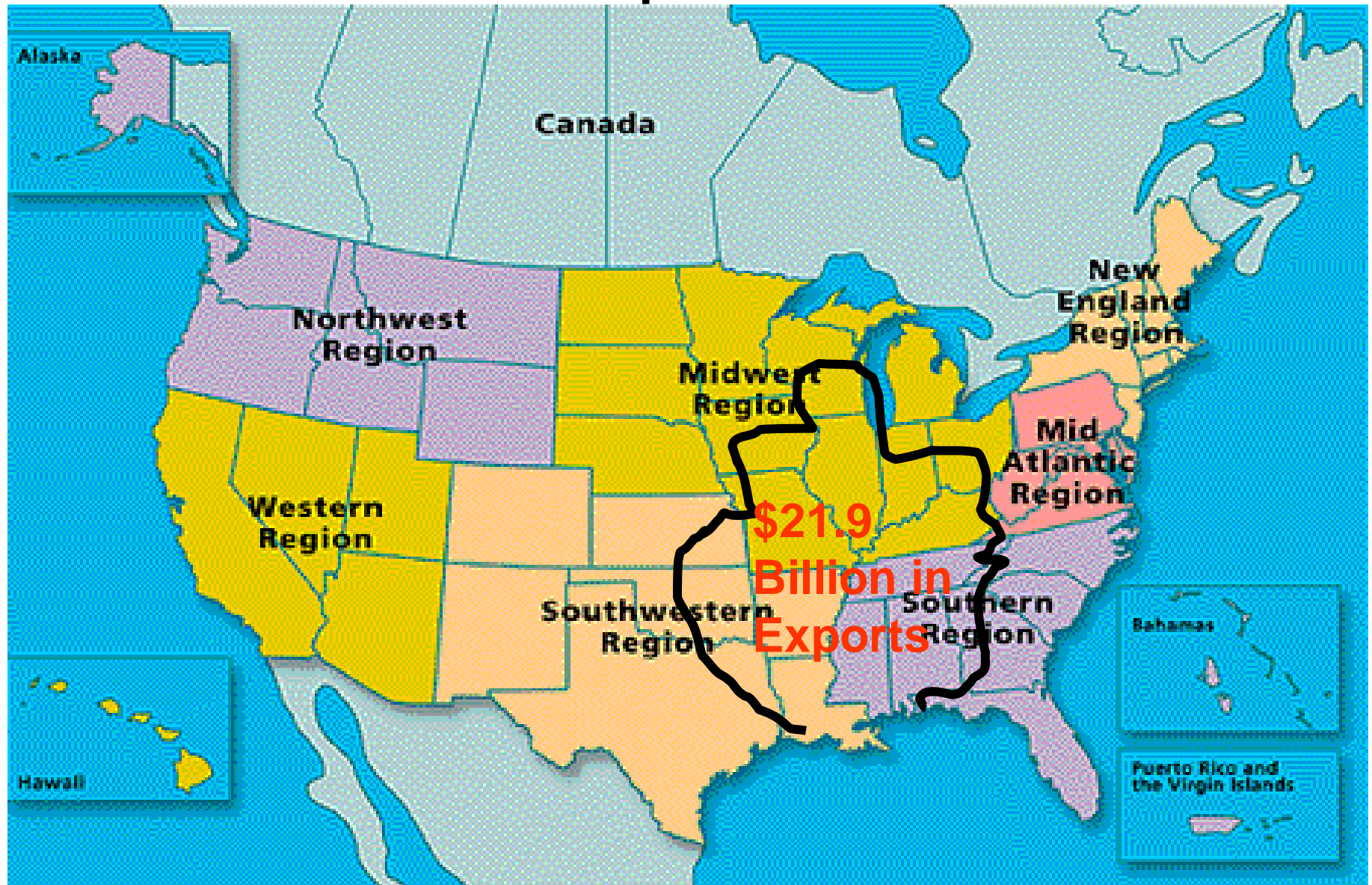
(40 ft loaded container-Sep 06)

To/From	CA.	Chasn/Sav/Norva	LA	COB
Chicago	1343	1140	638	384
Dallas	1045	No quote	537	N/A
Memphis	1328	580	391	170
Atlanta	1361	400	600	N/A

Inland Waterway System



Mid-America Export Market to Asia



\$ 1 BILLION TENNESSEE EXPORTS TO ASIA,

CHINA

Chem.	Food	Waste	Paper	Mach	Wood	Fabric	Min.	Misc.	TOT.
109	5	20	1	68	8	4	3	11	\$229M

HONG KONG

Chem.	Food	Waste	Paper	Mach	Wood	Fabric	Min.	Misc.	TOT.
63	4	8	1	17	3	24	1	22	\$143

JAPAN

Chem.	Food	Waste	Paper	Mach	Wood	Fabric	Min.	Misc.	TOT.
102	18	2	25	128	3	16	16	86	\$396

SOUTH KOREA

Chem.	Food	Waste	Paper	Mach	Wood	Fabric	Min.	Misc.	TOT.
93	11	3	3	45	1	2	1	10	\$169

TAIWAN

Chem.	Food	Waste	Paper	Mach	Wood	Fabric	Min.	Misc.	TOT.
48	5	1	1	48	1	2	1	2	\$109

Asian Imports to Mid-America

- From LA/LB-Over 6000 containers per month per major carrier
- East Coast, approximately 2000
- Louisiana/Texas/Mississippi/Alabama-Virtually none

Exports to Asia

“Better than Empty”

60% of containers go back empty.

Exports must be “Better than Empty”

Quick Loading in US, easy discharge in Asia required.

Mid America's 2004 containerized exports to Asia over \$21 billion

Will increase with lower transportation costs

Cotton and Rice

Readily Available Exports

- **COTTON:**

2005-Tennessee exports 389,000 bales to China (7,780 TEU's)

Mississippi 716,000-none to Asia

Arkansas 750,000- little to Asia

Louisiana 395,000- little to Asia

Alabama 296,000- little to Asia

Formerly, The US was the #1 supplier to S. Africa

- **RICE:**

Arkansas is the US's leading producer. Specializes in Long Grain, but second leading (and cheapest) producer of medium and short grain preferred by Asians.

2003-Brazil imported 14 millions tons of US Rice. South Africa – 750,000 tons

Action

1. Inland Ports must become aware of the carriers' needs and present the solutions to the carriers.
2. Must work within the region to identify and develop the import and export potentials.