



Shifting International Trade Routes

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Robin Dolan

The Ports America Group



The Panama effect

- The dimensions of the Panama Canal will continue to dictate the size and draft of the vessels calling the USEC on the high growth all water route from Asia
 - Asia to USEC via Panama is expected to continue its historically strong growth (averaging 17.4% per annum over last ten years)
 - Market share of the Asia to USEC segment carried through Panama rather than intermodal or via Suez will continue to increase (to 40% in 2014 from 15% in 2000) when the unexpanded canal will be at capacity
 - Due to limitation in vessel size, lines will have to rapidly increase the number of weekly services they offer
 - The Suez Canal route is less important with only 3 all water services to the USEC in 2007 compared to 19 via Panama because of the distance from the cargo generating north east Asian region and number of vessels required (11 as opposed to 8)
- Although vessel size may increase from present profile prior to 2015, they will still be capped at circa 4,800 – 5,000 teu

Opportunities....

(Teus '000)	2007	2008	2009	2010	2011	2012	2013	2014	2015
5% growth - teu volume	3,013	3,164	3,322	3,488	3,662	3,845	4,038	4,240	4,452
<i>No of Services required</i>	19	20	21	21	21	22	22	23	23
7.5% growth - teu volume	3,013	3,239	3,482	3,743	4,024	4,326	4,650	4,999	5,374
<i>No of Services required</i>	19	20	22	22	23	24	26	27	28
10% growth - teu volume	3,013	3,314	3,646	4,010	4,411	4,852	5,338	5,871	6,450
<i>No of Services required</i>	19	21	23	24	26	27	29	31	33
12.5% growth - teu volume	3,013	3,390	3,813	4,290	4,826	5,430	6,108	6,872	7,731
<i>No of Services required</i>	19	21	23	25	27	30	33	36	38
15% growth - teu volume	3,013	3,465	3,985	4,582	5,270	6,060	6,969	8,015	9,217
<i>No of Services required</i>	19	21	24	27	30	33	37	42	45
17.5% growth - teu volume	3,013	3,540	4,160	4,888	5,743	6,748	7,929	9,317	10,947
<i>No of Services required</i>	19	22	25	28	32	37	42	48	54

Source: Drewry

- Even at a base case growth of 10% per annum compared to historic 17.4%, nearly 2 additional services a year will be required
- With the increase in services, lines will have the opportunity to expand the number of ports serviced

Post Panama

- The expanded Canal is due to be fully operational in 2015
 - The ability to bring larger vessels into service on the Asia to USEC via Panama strings will significantly affect lines' cost structures:
 - When compared to present panamax vessels, a 6,000 teu vessel on the same routing would represent an 8% reduction in cost per teu and an 8,000 teu vessel a 17% reduction (figures from Panama Canal studies)
- Panama Canal studies also forecast the expanded locks will cause another rapid increase in all water market share to the USEC at the expense of the landbridge
 - increasing to 44% in 2015 and 49% by 2025
- Although the expanded Canal will provide more capacity, there will be knock on effects on the services provided by lines....

Post Panama..

(Teus '000)	2015	2016	2017	2018	2019	2020
5% growth - teu volume	4,452	4,674	4,908	5,153	5,411	5,681
No of Services required	19	19	20	20	21	22
Average ship size (nominal)	5,200	5,400	5,600	5,600	6,000	6,000
7.5% growth - teu volume	5,374	5,777	6,210	6,676	7,176	7,715
No of Services required	21	21	22	22	23	23
Average ship size (nominal)	5,500	5,800	6,100	6,500	6,800	7,100
10% growth - teu volume	6,459	7,104	7,815	8,596	9,456	10,402
No of Services required	22	23	23	24	24	25
Average ship size (nominal)	6,200	6,600	7,200	7,800	8,500	9,000
12.5% growth - teu volume	7,731	8,697	9,784	11,007	12,383	13,921
No of Services required	25	26	27	28	30	30
Average ship size (nominal)	6,800	7,500	8,000	8,500	9,000	10,500
15% growth - teu volume	9,217	10,599	12,189	14,018	16,120	18,538
No of Services required	27	29	31	32	34	37
Average ship size (nominal)	7,300	8,000	8,500	10,000	10,500	11,000
17.5% growth - teu volume	10,947	12,863	15,114	17,759	20,867	24,518
No of Services required	28	31	32	35	41	45
Average ship size (nominal)	8,500	9,000	10,500	11,000	11,000	12,000

Source: Drewry

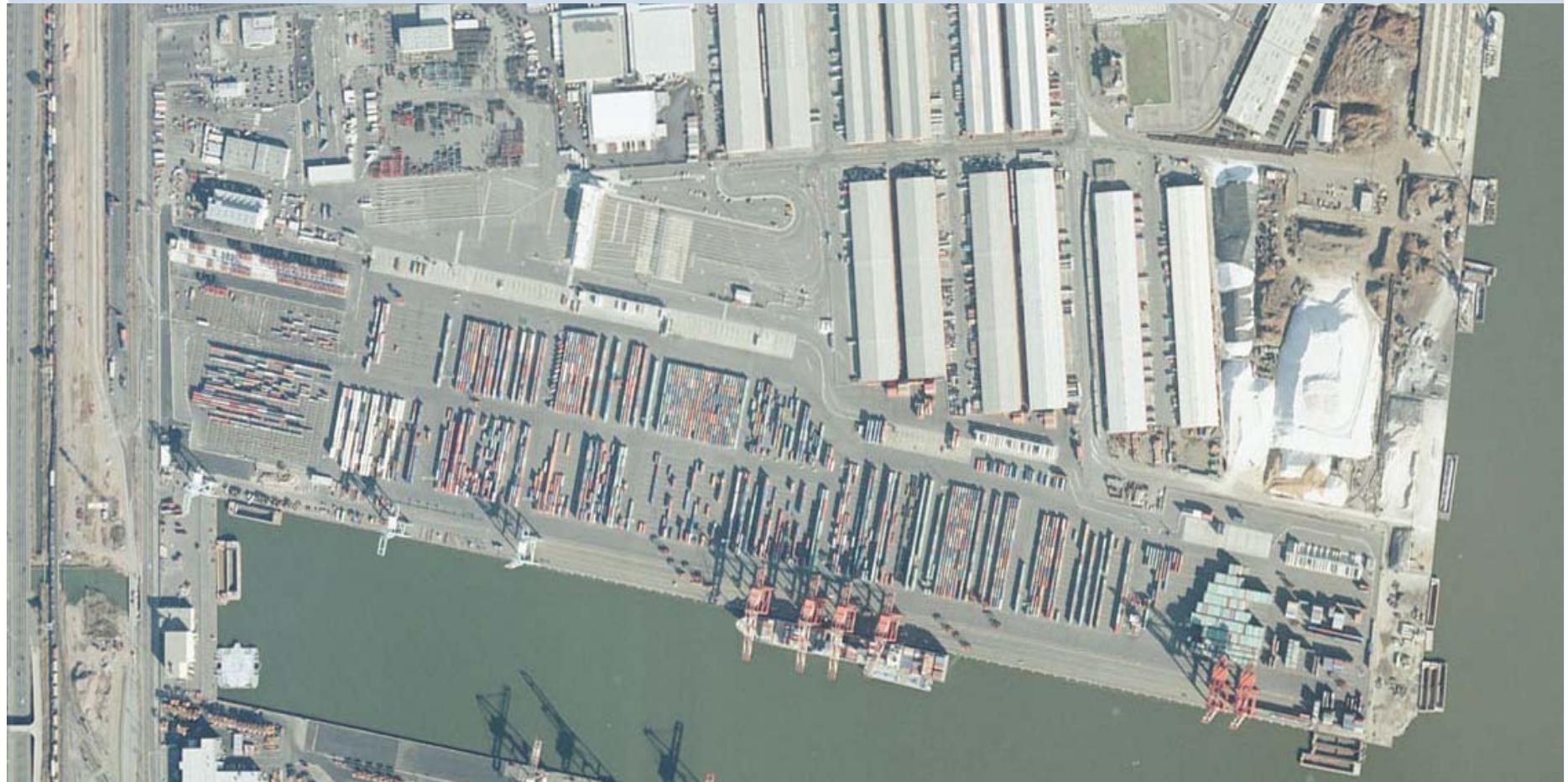
- When the expanded canal becomes fully operational in 2015, there will be a dramatic rationalisation program to reduce system costs
- A sharp reduction in the number of services offered, potentially down from 33 to 22
- Bigger ships of post-panamax size, up to 9,000 teu by 2020

What does this mean for the terminal?

- Increased competition
- Berths
 - Depth
 - Length
 - Crane rail capacity
- Cranes
 - Gauge
- Yard & gate capacity
 - The peaking factor

What have we done about it?

Port Newark Container Terminal



What have we done about it?

Tampa Container Terminal

