Shifting International Trade Routes

January 23-24, 2014

AAPA
Tampa, Florida
Ports America Locations

Operating in more than 42 Ports and 80 locations

[Map of Ports America Locations with locations marked in blue and red]
Impact of Panama Canal: 2015?

Westerly shift of U.S. Discretionary Cargo Line

Source: Panama Canal Authority
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.
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