CREATING SHORT SEA SHIPPING OPPORTUNITIES

Customer’s Role

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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)*

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Inland Waterway System
Mid-America Export Market to Asia

$21.9 Billion in Exports
$1 BILLION TENNESSEE EXPORTS TO ASIA,

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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.