Panama Canal Expansion - What It Means For Our Region

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What Questions Should be Asked...

- Is it needed?
- Does it fundamentally change North American flows?
- What is my business now?
- Can (will) I get a piece of the pie?
Is it Needed?
Why Expand the Canal?

- Overall strong growth over past few years
- Seem as critical, but obsolete, bottleneck
- Coastal Competition
- West Coast Uncertainties
- Vessel Economics
The boom in shipping trade

The shipping industry now carries more than 90% of the world’s trade by volume, and has tripled its tonnage since 1970.

Does it fundamentally change North American flows?
What are the Major Commodities in the Panama Canal Discussion?

Regional?
- Grains
- General Containers
  - Imports, Exports

National?
- Inbound Containers
  - Inbound Containers
  - Inbound Containers
Intermodal Traffic In U.S.

Tonnage of Trailer-on-Flatcar and Container-on-Flatcar Rail Intermodal Moves: 2008

Source: U.S. Department of Transportation, Federal Railroad Administration, October, 2010
Other Issues?

**Domestic**
- Security risks and asymmetric disruptions
- Free Trade negotiations
- Drayage and local hauling rules
- Environmental “Greening” of ports/supply chains
- Container availability
- Dredging
- Railroad investment

**External**
- Shipping rotations
- Price of fuel – Energy
- Opening of Cuba
- China – “Insourcing”
- Future of U.S. Dollar
What is my business now?
Total Freight Transportation in Kentucky - 2008

Tons (in millions)

- Within State: 281 (41%)
- From State: 196 (28%)
- Into State: 217 (31%)

Dollars (in millions)

- Within State: 29,167 (33%)
- From State: 47,974 (54%)
- Into State: 11,200 (13%)

Source: Freight Analysis Framework, FWHF
Exports as Share of Kentucky GDP, 1997-2008

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce & WISERTrade State Exports
Kentucky Shipments of Origin, top Destinations 2010 (All modes - $19.3 Billion)
Kentucky Shipments of Origin, top Commodities 2010 (All modes - $19.3 Billion)

- Aircraft, Spacecraft, And Parts Thereof (18%)
- Vehicles, Except Railway Or Tramway, And Parts Etc (15%)
- Industrial Machinery, Including Computers (12%)
- Plastics And Articles Thereof (7%)
- Electric Machinery Etc; Sound Equip; Tv Equip; Pts (7%)
- Pharmaceutical Products (6%)
- Optic, Photo Etc, Medic Or Surgical Instrments Etc (4%)
- Miscellaneous Chemical Products (3%)
- Iron And Steel (2%)
- Rubber And Articles Thereof (2%)
- Other (24%)
Kentucky Shipments by Origin, Trade by Mode, By Value 2000-2010
Kentucky Shipments of Origin, Top Destinations 2010  (Vessel Shipments- $5.2 Billion)

- Japan (11%)
- Germany (10%)
- China (9%)
- Korea, Republic Of (7%)
- Belgium (5%)
- Brazil (5%)
- United Kingdom (5%)
- Australia (4%)
- Malaysia (4%)
- Netherlands (3%)
- Other (37%)
Kentucky Shipments of Origin, Top Five Gateways, 2000-2010
(Vessel Shipments - $5.2 Billion)
What are Natural Markets?
Eastern Gulf Forecasted Trade Activity, 2005-2029

Billions of U.S. Dollars

- Imports
- Exports
Can (will) I get a piece of the pie?
What will you build/operate?

- What is your market? Expand or Cannibalize
- What type of facility/services are needed?
- Develop densities and services
  - Service Requirements (cargo or regulatory)
  - Domestic and international
  - Shippers bear costs?
Benefits of discussing the Panama Canal’s Future

- Connecting ports and hinterlands
- Connecting exports to trade markets
- Discussion of regional transportation needs
- Finding partners
- Timing of these events
- Managing Expectations
Final Thoughts...

- Is it needed?
- Does it fundamentally change North American flows?
- What is my business now?
- Can (will) I get a piece of the pie?
Go See the Canal

PANAMA CANAL TRANSIT
Saturday, September 19, 2009

Let it be known to all
Ditch Diggers,
Mosquito Swatters
and Adventure
Lovers, that I have
transited the Panama
Canal on board the
good ship Pacific
Queen

Been There..... Done That!
Thank you

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