International Trade and the Southern Alliance: Supporting Growth Connecting the World

SASHTO 2009
Biloxi, Mississippi

Presented by
Ken Eriksen
Senior Vice President
September 1, 2009
Rewarding Efficiency

Monthly Average Reuters - CRB Futures Index
The Giant Sucking Sound

China Drybulk Exports and Imports

Dry Bulk Export Total  Dry Bulk Import Total

Million Metric Tons

Global Environment

- The Global Age is Readily Apparent
  - The world is shrinking
  - Shipping options expanding
  - The U.S. is not as pivotal

- Developing Countries Slowly Coming of Age
  - Expanding infrastructure
  - Port developments
  - Still a ways to go however

- Economy Driving Infrastructure Issues
Rewarding Efficiency

Rail PPI & All Items CPI Relationship

Trucking PPI & All Items CPI Relationship

Barge PPI & All Items CPI Relationship
The Current Framework

- Infrastructure Problems = Inefficiencies

- Inefficiencies = Lower Effective Transport Capacity

- Lower Effective Transport Capacity = Higher Rates
Rewarding Efficiency

Shanghai Composite Index & Baltic Dry Index

- Shanghai Composite
- Baltic Dry
Freight Transformation – Containerization

Generational Development of Container Vessels

Twelve Foot Equivalents (TEUs)

Year and Generation

- 1956+
- 1970s
- 1980s
- 1990s
- 2000s
- 2005s
- 2007+

I
II
III
IV
V
VI

0 2,000 4,000 6,000 8,000 10,000 12,000 14,000 16,000

13,000
14,000

International Trade & the Southern Alliance
Transportation Transformation

- Changing Inventory Patterns
  - Just-In-Time
  - Alleviating Peak Period

- Distribution Network Shift
- Transload
- Hub and Spoke
- Port Shifts
- Short-Line, Short-Sea
- Merger and Acquisition
Top 1,000 “Blue Chip” Multinational Priorities

- 38% Competitive Freight Rate
- 43% Schedule Reliability & Consistency
- 12% Transit Time & Speed
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