

# Panama Canal Expansion Update & Implications



TAMPA PORT AUTHORITY

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## Overview

- What's the status of the Panama Canal expansion?
- What will be the real impact?
- Will the East and Gulf coasts be ready?

# The Panama Canal Today



## The Panama Canal Trade and Main Users



**Asia - USEC  
40.0% of  
Canal cargo  
in 2009.**

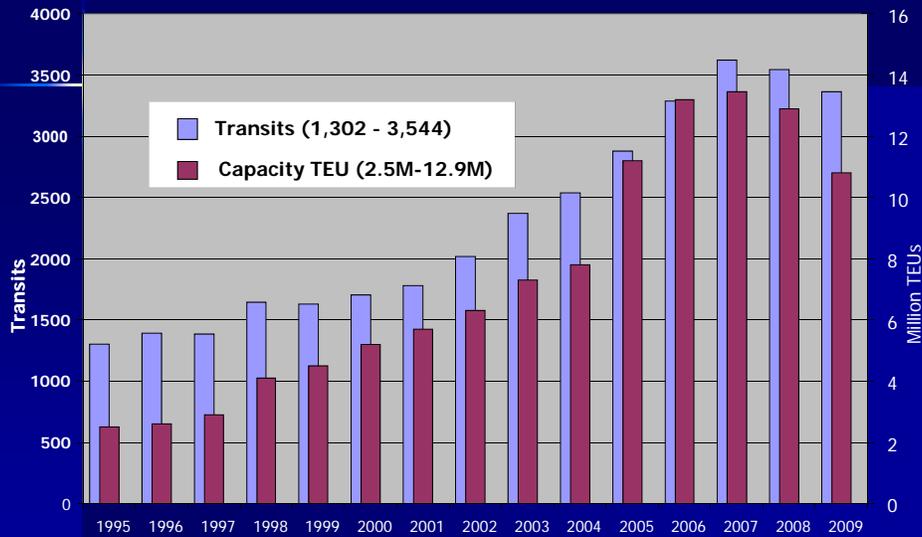
**67% of Canal  
cargo  
originates in  
or is destined  
for the  
United States**

**Total  
Cargo  
Movement  
FY 2009**

USERS	FY 2008*	FY 2009*	2009 (%)
United States	133.7	132.6	67
China	43.7	46.5	23
Chile	26.7	25.5	13
European Union	26.1	26.1	11
Japan	24.7	20.5	10
South Korea	17.3	16.6	8
Colombia	13.5	12.7	7

*\* Measured in Million of Long Tons*

### Growth of container traffic through the Panama Canal (1995 - 2009)

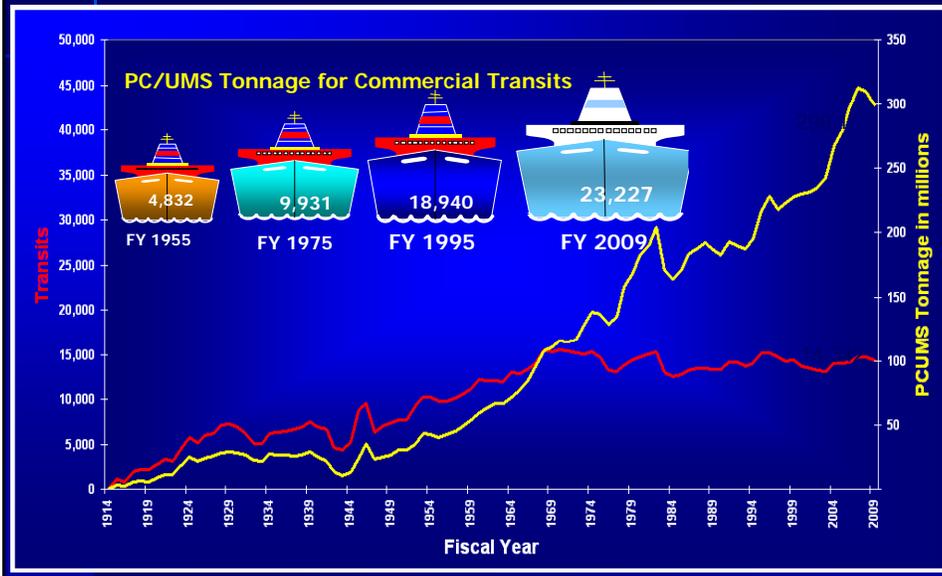


Based on the capacity of transiting vessels – Source: CompairData

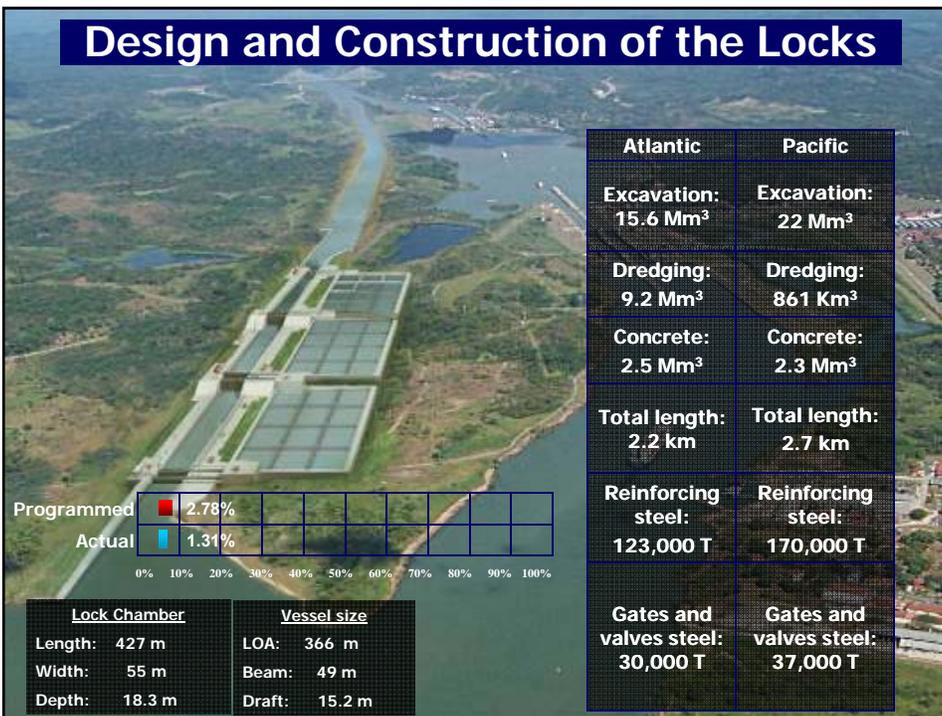
### Containerized Cargo via the Panama Canal USEC/Gulf – Far East Trade (Millions of Long Tons)

	<u>FY 1990</u>	<u>FY 2000</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY2009</u>
<b>Northbound</b>	4.9	4.4	17.5	18.0	17.9	14.9
<b>Southbound</b>	6.1	4.3	11.5	12.6	13.6	10.3
<b>Total</b>	11.0	8.7	29.0	30.6	31.5	25.2
<b>% of Total Container Cargo</b>	53.0%	26.0%	56.5%	53.8%	52.4%	49.7%
<b>Containers as % of Total Cargo</b>	7.0%	17.1%	24.2%	27.3%	28.7%	25.7%

## Transits vs. PC/UMS Tonnage FY 1914 – FY 2009

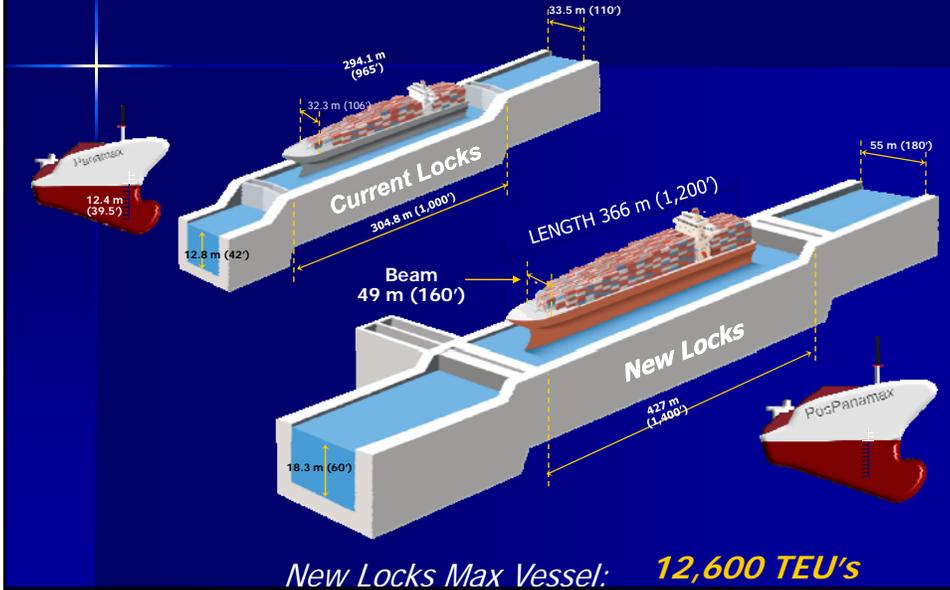


## Design and Construction of the Locks

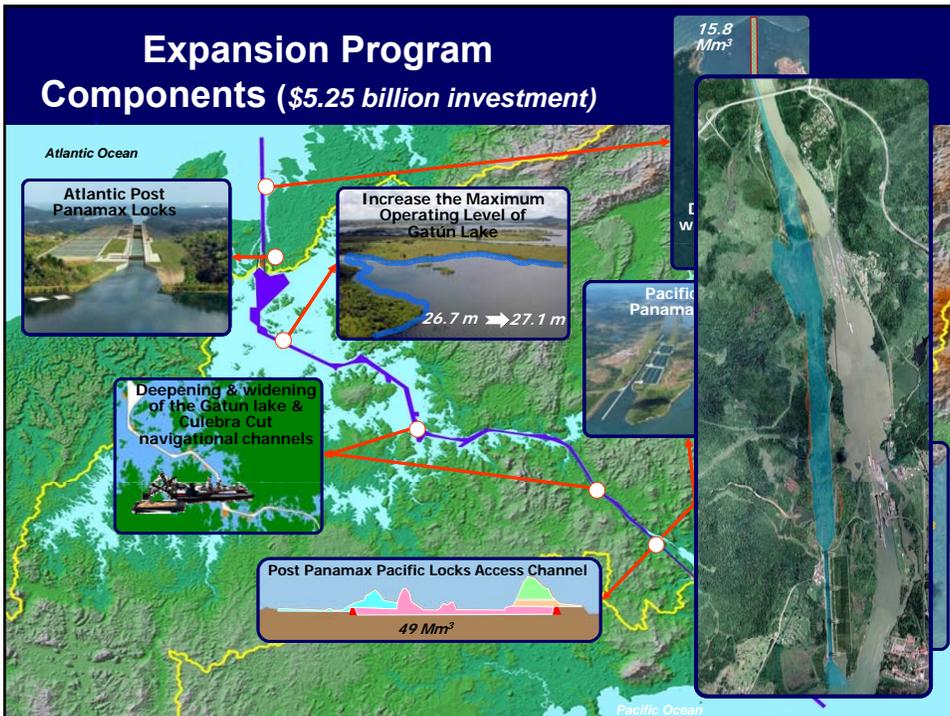


# Dimension of Locks and New-Panamax vessels

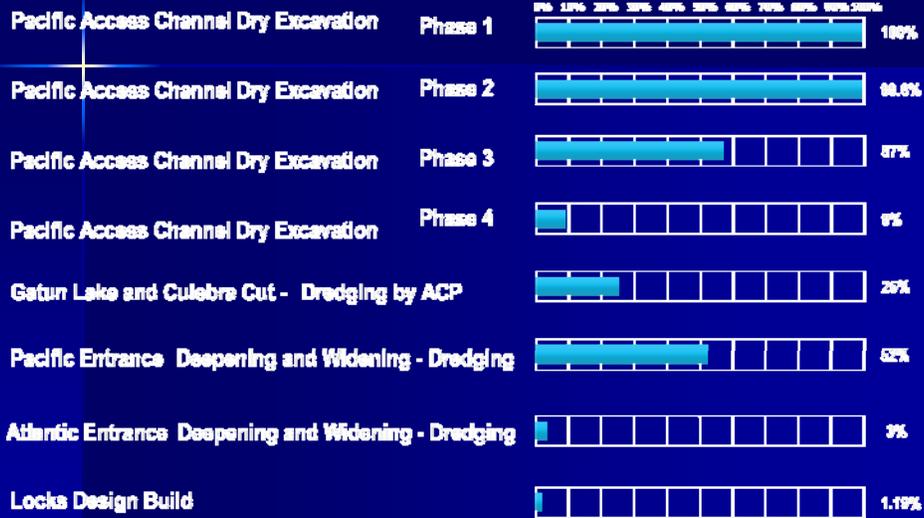
Existing Locks Max Vessel: 4,400 TEU's



## Expansion Program Components (\$5.25 billion investment)



## Panama Canal Expansion Program Progress



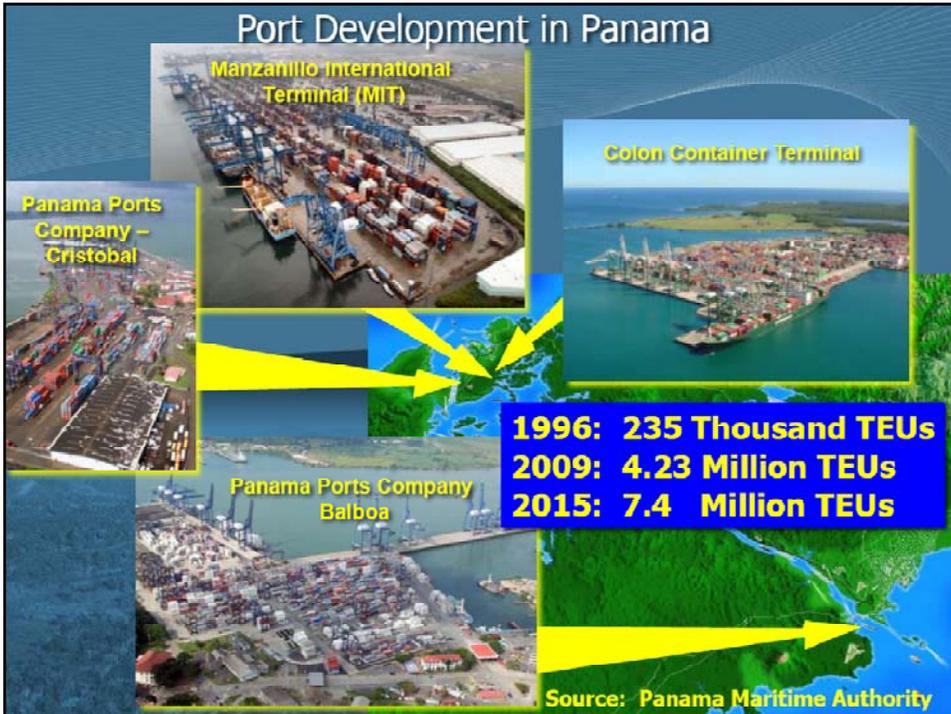
## Atlantic Locks Area



# Pacific Locks Area



## Port Development in Panama



## What will be the impact?

- How big is the pie?
  - Potential for diversion
  - Impact of ship size on market reach
  - Many variables at play

## Estimated Market Shares Far East to USEC/Gulf

	<u>2009</u>	<u>1990</u>	<u>1983</u>	<u>1976</u>
<b>Mini-Landbridge</b>	<b>65%</b>	<b>80%</b>	<b>30%</b>	<b>15%</b>
<b>All-Water</b>	<b>35%</b>	<b>20%</b>	<b>70%</b>	<b>85%</b>

## Distance Comparison



## Transit Time Shanghai – New York

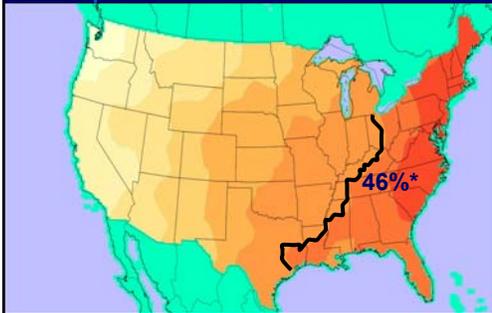
All-Water	23 – 26 days
Mini-Landbridge	15 – 18 days
Time Savings	5 – 11 days

#### Assumptions

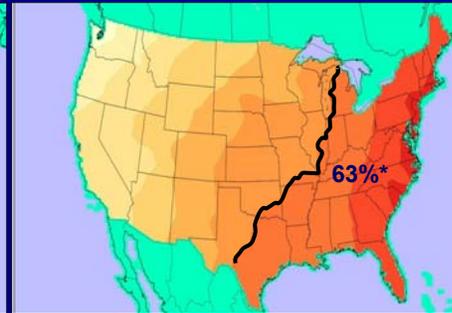
- \$400/MT bunker
- Canal tolls based on 2011 proposal
- Current ship charter rates
- Inland move by rail

For a typical Asia-USEC voyage, shifting to an 8000 TEU vessel expands the market reach of the USEC ports.

4000 TEU ship



8000 TEU ship



- Left of the black line = West Coast has the cost advantage
- Right of the black line = East Coast has the cost advantage

\*Share of the US population

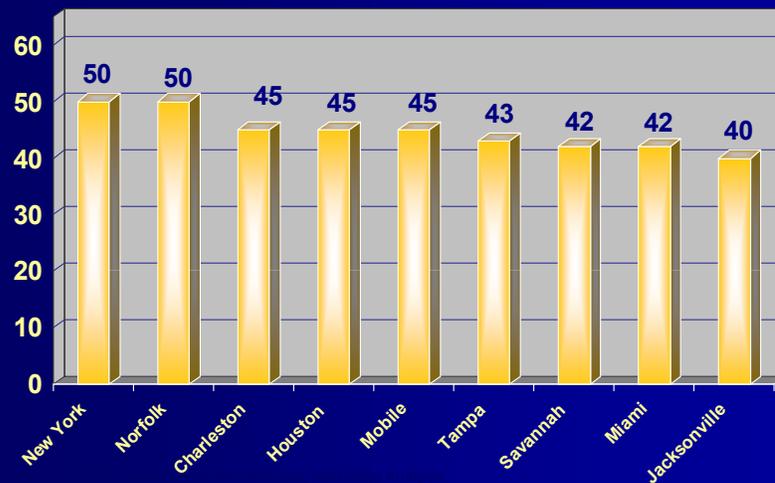
## Many variables cloud the forecast

- Response of West Coast ports & railroads
- Shipper supply chain strategies
- Ocean carrier strategies including trans-shipment and relay services
- Importance of transit time and impact of slow steaming
- Fall-out from the Great Recession
- Shifting global production

## Will the East and Gulf coasts be ready?

- Channel and berth depths
- Port/terminal capacity and expansion plans
- Emergence of the Gulf Coast as competitive alternative

## Reported Channel Depths at Selected Ports



Source: Port



## THE GULF COAST ADVANTAGE

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OVERVIEW

- Three large, distinct, complementary markets
- Proximity to expanded Panama Canal
- Balanced trade characterized by strong exports
- Expanding logistics gateways, distribution centers and industrial parks driving cargo density
- Extensive terminal facilities on deep water, with plans for additional expansion



## TAMPA GATEWAY RAIL PROJECT

Florida's first on-dock unit train capability – completion mid-2012






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**Thank You!**