



# ***International Container Trade and California Ports***

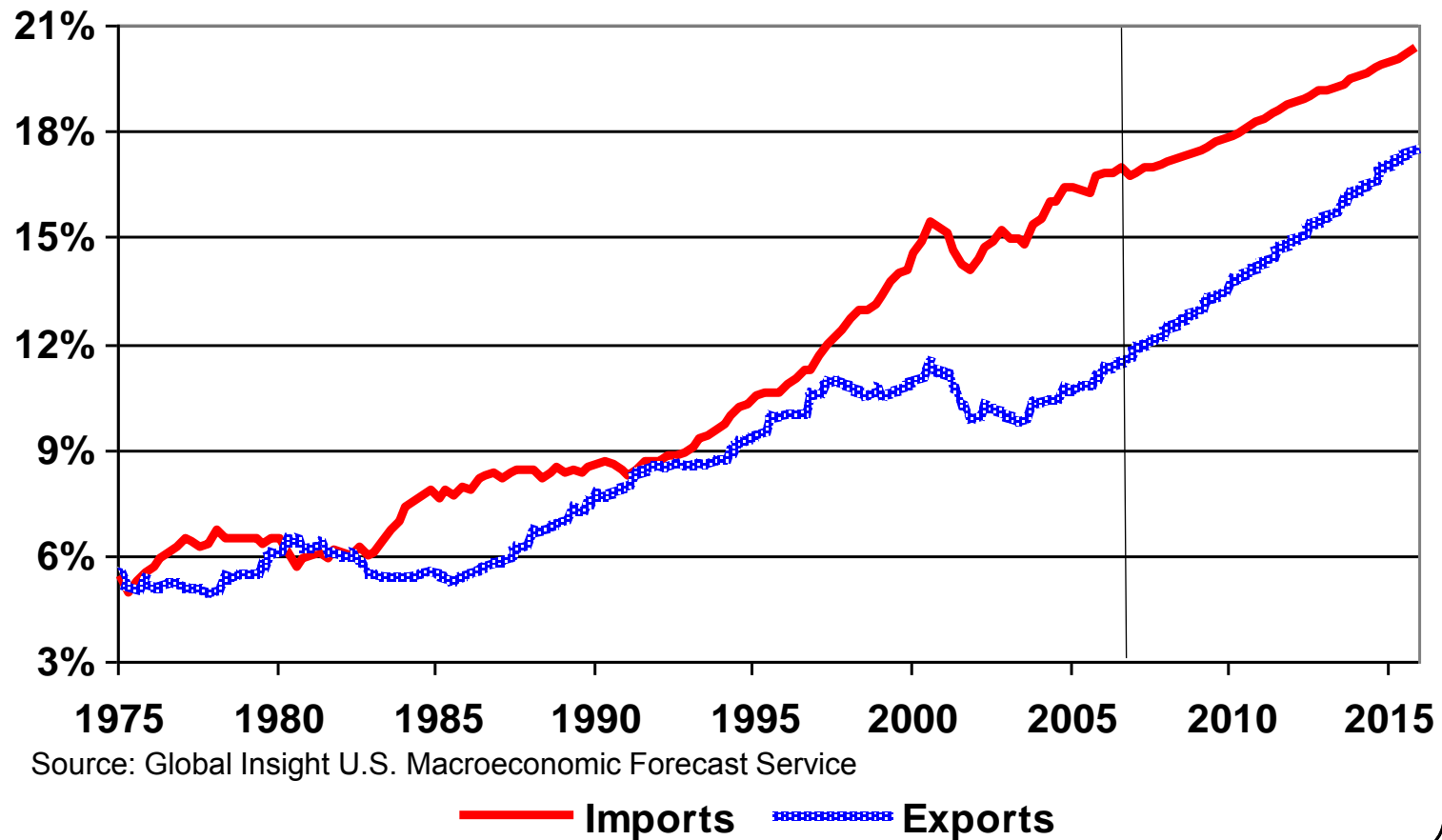
***May 22, 2007***

***Senate Transportation  
Sub-Committee on California  
Ports and Goods Movement  
Sacramento, CA***

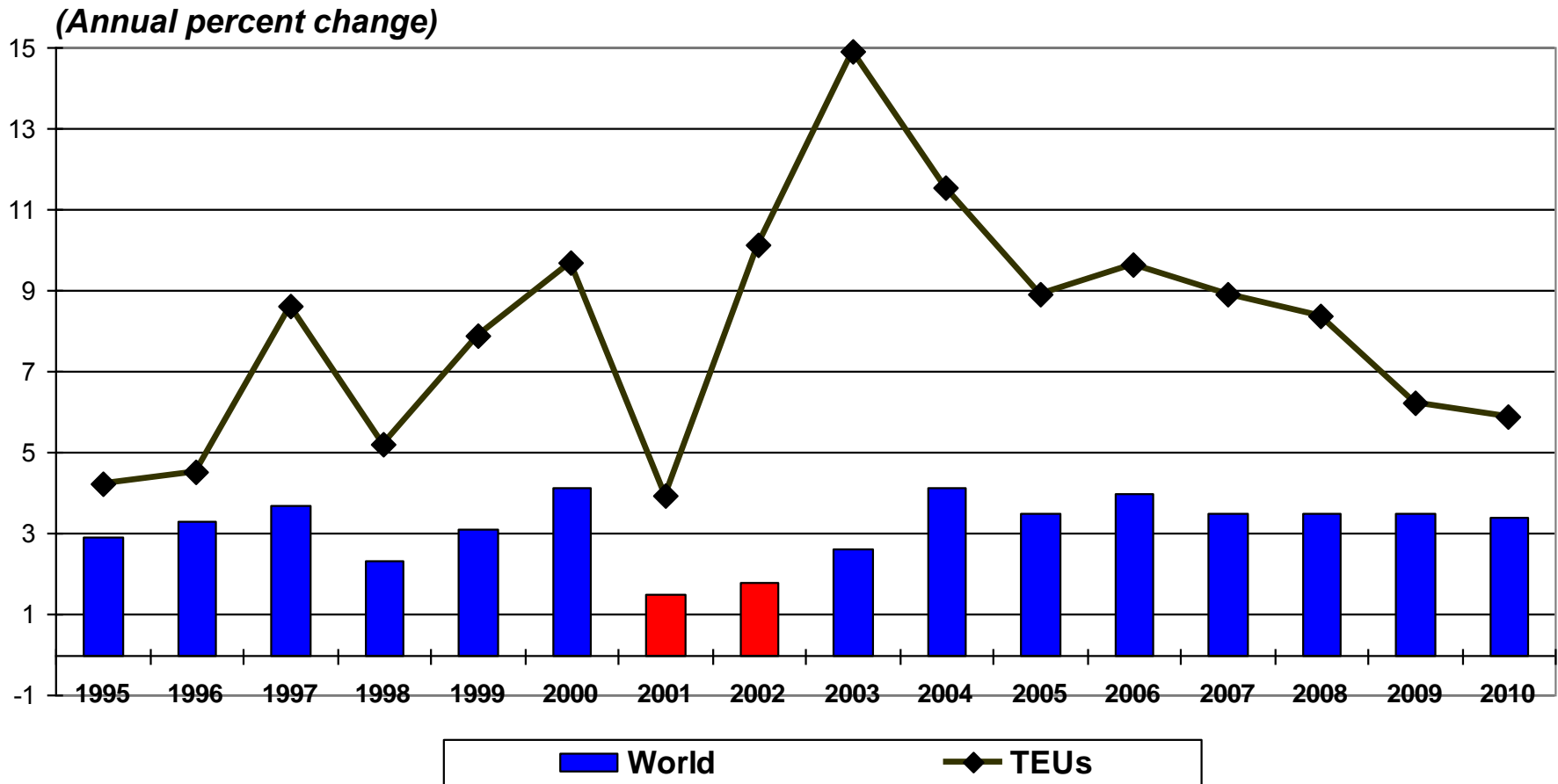
***Paul Bingham  
Global Insight, Inc.***

# Imports and Exports Continue to Increase as a Share of the U.S. Economy (as share of GDP)

(Percent Share of U.S. Real Gross Domestic Product)



# World Container Trade Has Been Growing Faster Than The World Economy, Though The Gap Is Narrowing



Source: Global Insight World Service and World Trade Service

# ***U.S. Import Growth Has Been Influenced By More Than The Underlying Demand For Lower Priced Consumption Goods***



- **Global logistics sourcing by industry**



- **Emergence of global trading blocks**



- **Growth of regional trade facilitation**



- **Harmonization of trade and regulatory policies**



- **Trade security standards and information flows**



- **Increasing freight traffic and congestion along trade corridors and at ports and border crossings**

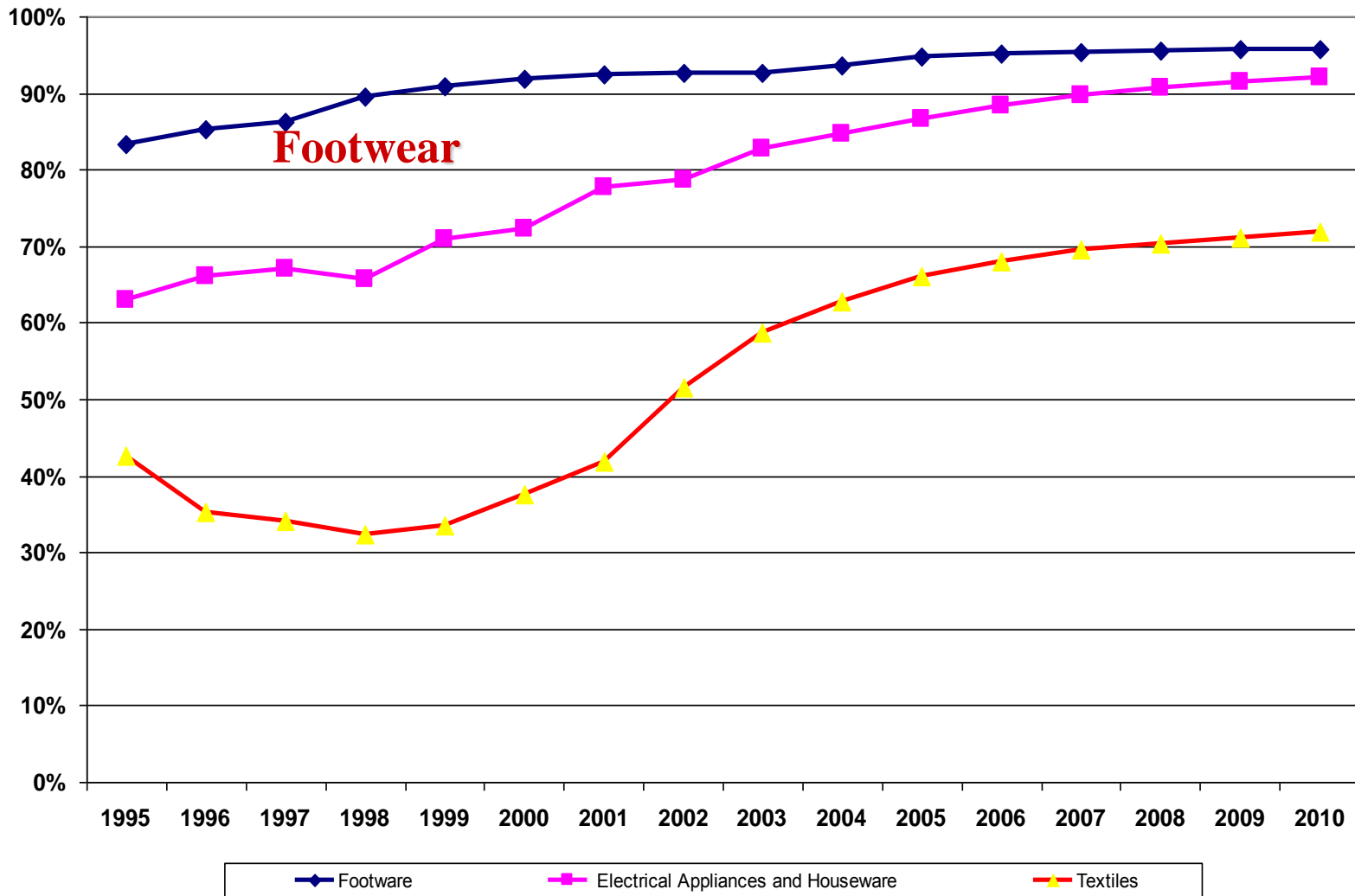


- **U.S. dollar decline against trade partner currencies**

# ***California Ports' Share Of U.S. Ocean Container Trade Has Increased While Traffic Has Grown***

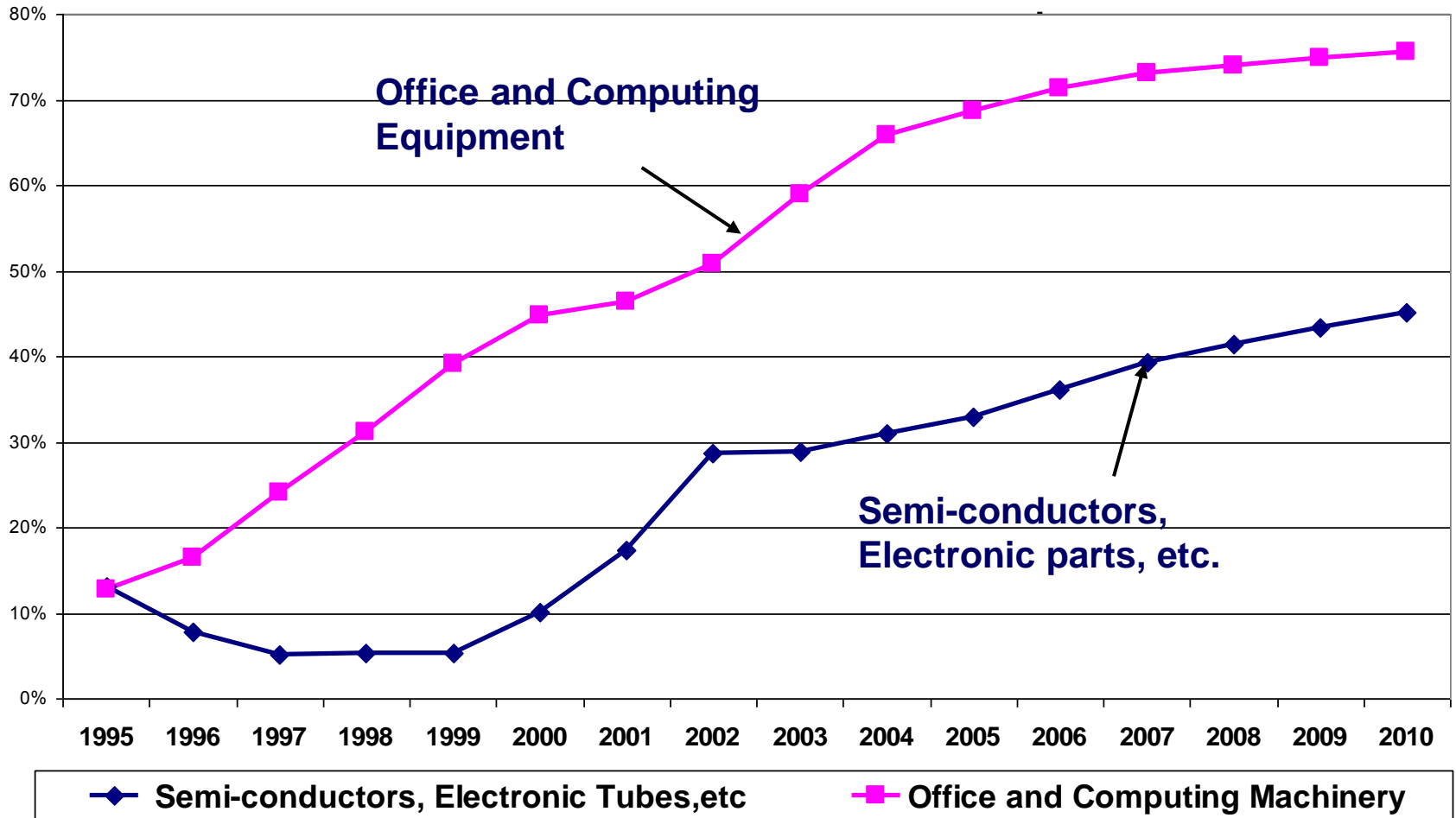
Source: Global Insight analysis of American Assoc. of Port Authorities Data

# China's U.S. Import Market Penetration In Some Sectors Is Reaching Saturation ...



Source: Global Insight World Trade Service

# China Has Additional U.S. Commodity Market Segments Yet To Capture

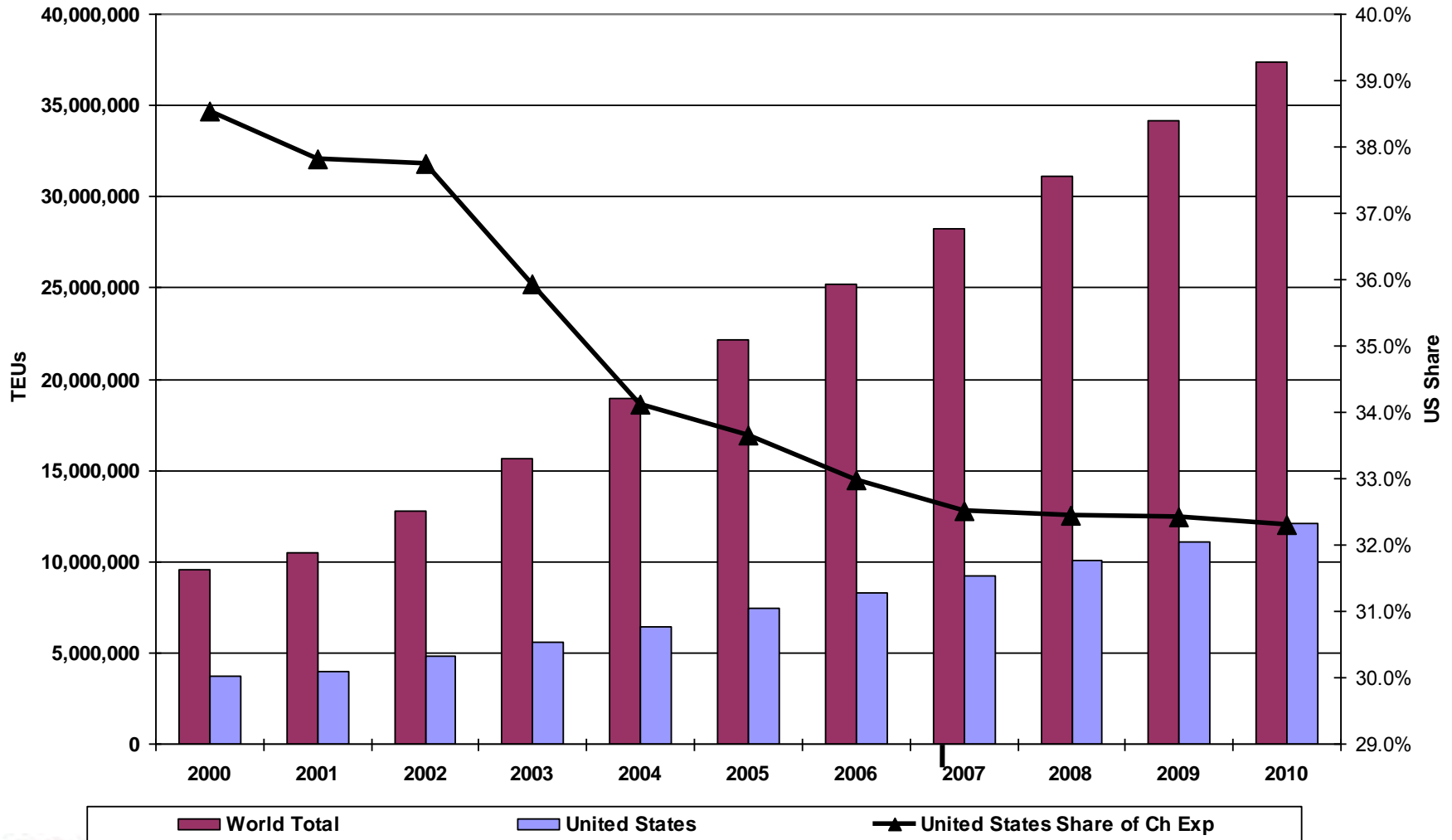


Source: Global Insight World Trade Service

# As China Broadens Its Markets, The U.S. Becomes Less Important, Even While U.S. - China Trade Volume Triples

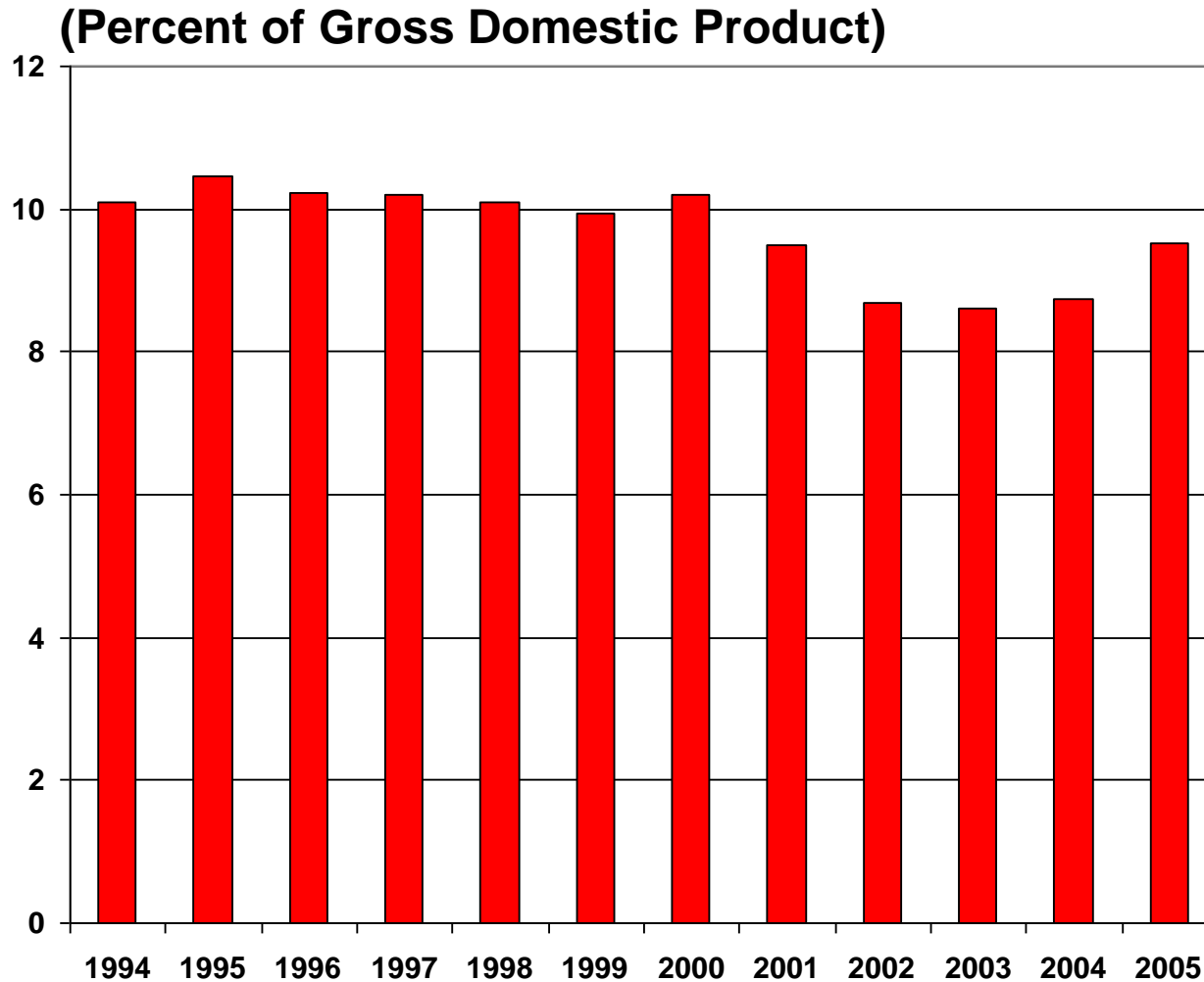
## US Share of China Exports

Source: Global Insight World Trade Service





# Total U.S. Logistics Costs Are Now Increasing As A Share Of The U.S. Economy (as percent of GDP)



Source: Council of Supply Chain Management Professionals, 2006

# ***Transportation Still Makes up Most of Total Logistics Costs in the United States***

**(Percent of 2005 Total U.S. Logistics Costs)**

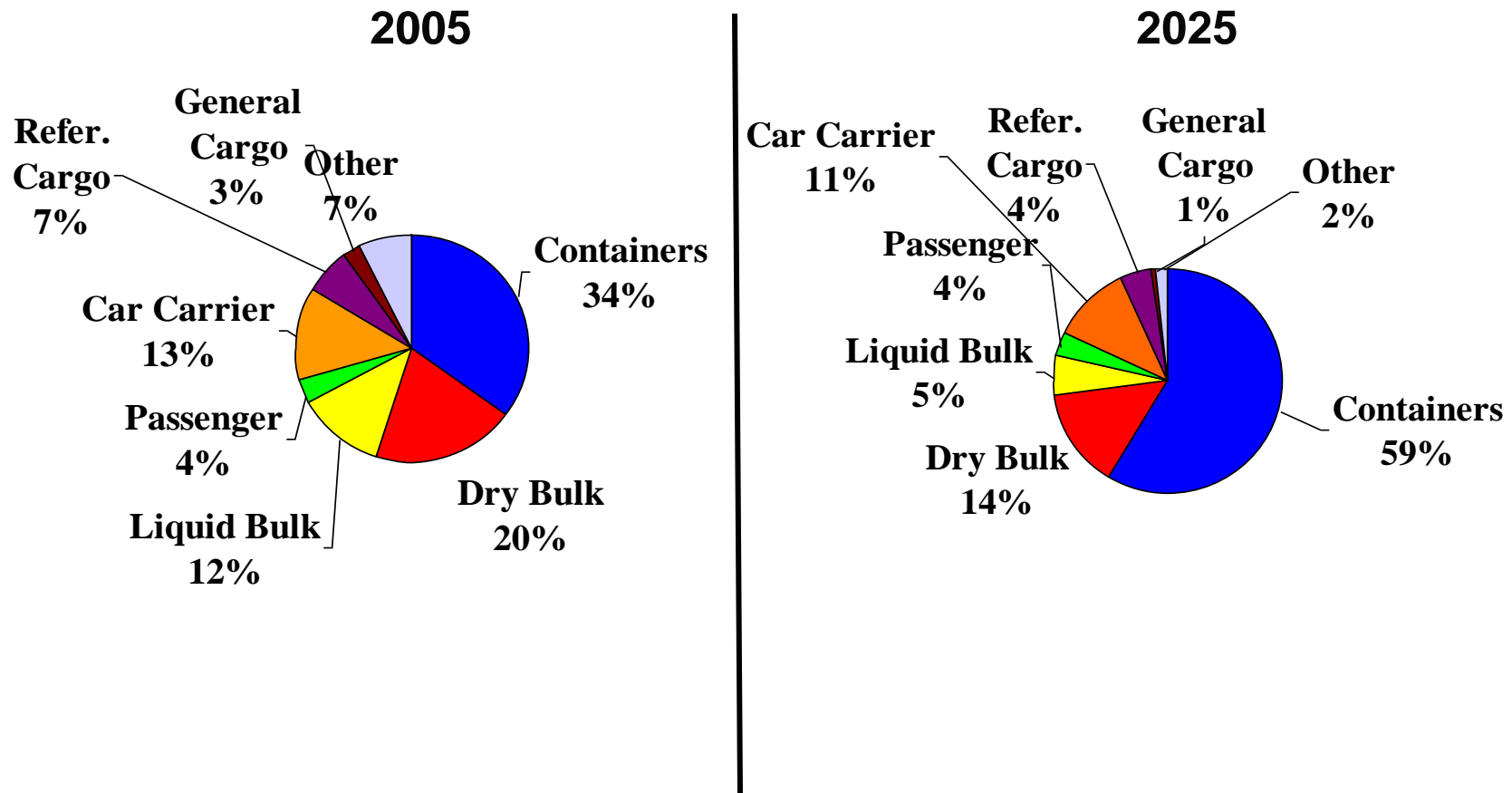
Source: Council of Supply Chain Management Professionals, 2006

## **Sensitivity to Transportation Costs is Increasing**

# Panama Canal Expansion

## With New Locks, Containers ~60% of 2025 Tonnage

### Panama Canal Tonnage: 2005 vs. 2025



Source: ACP; Norbridge, Global Insight forecasts

# in Development

- Hutchison (- UP RR)
- BNSF + Grupo Mexico
- MTC + Carlos Slim
- Others?

Container volumes continue to grow  
 USWC competitive distance markets  
 All-water service costs go up  
 Wrinkles to iron out in Mexico

- MHFM Transport (Mexico)
- SPV (Japan)
- Arias Asia (China)

Punta Colonet



- FERROMEX
- FERROSUR
- TFM
- VALLE DE MEXICO
- LINEAS CORTAS
- DERECHOS DE PASO
- TEXAS PACIFICO
- UNION PACIFIC
- BNSF

Manzanillo

Lazaro Cardenas

Alfa-Omega Line





***Thank You***

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