

P R E S S R E L E A S E

SUSTAINING CONTAINERPORT DEMAND IN THE AMERICAS

Growth in American containerport demand has accelerated in recent years. This has been driven by the globalisation of the world economy and the rise of China as the world's manufacturing centre.

Booming imports from Asia and the above-average economic growth of western US states have put particular pressure on ports on North America's Pacific seaboard. There are concerns about the capacity of these ports and associated intermodal systems to handle continued long-term growth in demand. The expansion of Panama Canal capacity and increases in all-water services to the east coast will alleviate some of the pressure. The development of ports on Mexico's Pacific seaboard and new intermodal connections into the US heartland could offer a further option. However, future growth will continue to fall heavily on the US Pacific ports themselves. Both expansion and increased productivity will be needed to boost container handling capacity. Achieving these will depend on the resolution of environmental concerns and labour issues.

Containerport demand in Latin America and the Caribbean has also expanded strongly, particularly in Brazil, where recently privatised port operations have had difficulty keeping up with the strength of the country's exports. Further growth in these markets will be spurred by the continued expansion of relay and hub-and-spoke transshipment centres on both sides of the Central American isthmus.

Is the growth in containerport demand sustainable? The US trade deficit with China is causing concern and raises the possibility of protectionist action or some other short-term shock to trade.

This new study* from Ocean Shipping Consultants Ltd analyses the development of container handling demand by port, and forecasts future demand to 2020 by country or port range. It includes an "increased-risk" scenario to reflect the possibility of a protectionist or other shock to trade. The study covers the containerport markets in the following major port regions and constituent ranges:

- North America: Pacific North, US Pacific South, Mexican Pacific, Atlantic North, US Atlantic South, US Gulf, Mexican Gulf;
- Caribbean Basin/Central America: Caribbean islands, Caribbean coasts of Central and South America, Central American Pacific;
- Other South America: Atlantic and Pacific seaboard.

A hinterland distribution analysis is used in forecasting North American containerport demand and to generate projections according to a matrix of port range and hinterland region.

The anticipated contribution of import/export and transshipment flows to containerport demand in Latin America and the Caribbean is also forecast.

A detailed review of containerport investment plans is included, and capacity utilisation forecasts are presented to highlight areas of likely capacity surplus or shortfall.

Containerport productivity is analysed by country or port range, in TEUs per metre of container quays, and TEUs per quayside container gantry crane.

The following highlights some of the main findings of the report:

- ◆ Containerport throughput in the Americas expanded by 121 per cent over 1995-2005 and by 47 per cent between 2000-05, to 71.2m TEU.
- ◆ *North American* containerport throughput doubled over 1995-2005 and increased by 42 per cent over 2000-05, to 46.40m TEU. The US Pacific South range of ports increased its dominance of the North American port market during the 1990s, but its share has remained in a range of 38.7-39.0 per cent since 2003. The other US and US/Canada port ranges have all lost market share since 1995. However, booming transpacific traffic has helped to sustain the Pacific North share since the turn of the millennium, and it is also contributing to the establishment of a new range of Mexican Pacific ports.
- ◆ Box throughput in the *Caribbean Basin / Central America* region increased by 151 per cent over 1995-2005 and by 45 per cent over 2000-05, to 13.46m TEU. In 2005, the Caribbean islands accounted for 50.2 per cent of regional container volumes, the other port ranges on the Caribbean basin for 42.3 per cent and ports on Central America's Pacific seaboard for 7.5 per cent. This region has significant transshipment traffic, accounting for 40 per cent of total containerport throughput in 2005.
- ◆ Containerport throughput growth on the *Atlantic and Pacific seaboards of South America* accelerated to 79 per cent over 2000-05 from 57 per cent over 1995-2000, reaching 11.33m TEU in 2005. The Pacific ports gained share during the 1990s, based on economic success and increasing containerisation in Chile. The privatisation of container handling in Brazil during the latter 1990s caused a surge in the share of Atlantic ports, which was then sustained by booming Brazilian exports. Their share increased from 61.3 per cent in 1998 to 66.1 per cent in 2004, before falling back slightly to 65.3 per cent in 2005.

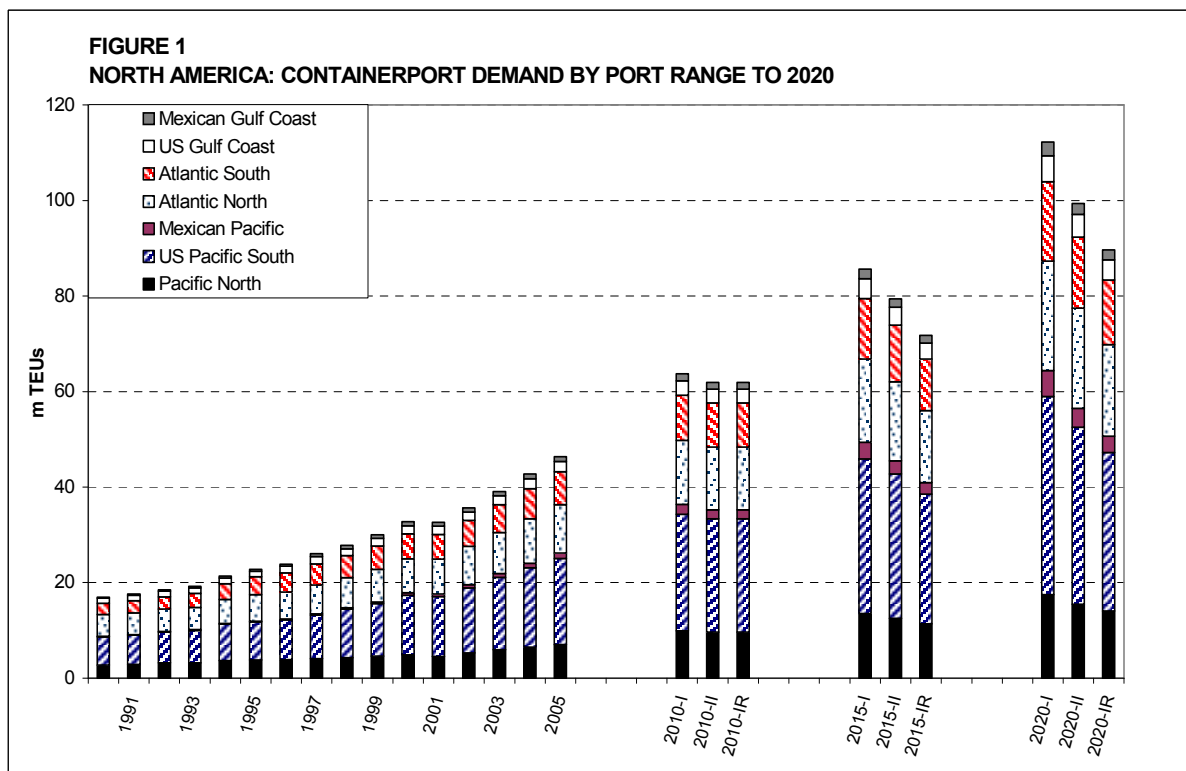
Table 1
Americas: Container Throughput by Port Region, 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<i>m TEUs</i>											
North America	22.81	23.86	26.05	27.80	30.03	32.72	32.65	35.63	39.05	42.72	46.40
Caribbean basin / C..America	5.36	5.89	7.23	8.41	8.73	9.31	9.85	10.05	10.65	12.31	13.46
Other South America	4.03	4.48	5.21	5.69	5.72	6.33	6.82	7.40	8.54	10.33	11.33
Total	32.20	34.22	38.48	41.89	44.48	48.37	49.33	53.08	58.24	65.36	71.20
<i>Per cent share</i>											
North America	70.8	69.7	67.7	66.3	67.5	67.7	66.2	67.1	67.1	65.4	65.2
Caribbean basin/C..America	16.7	17.2	18.8	20.1	19.6	19.3	20.0	18.9	18.3	18.8	18.9
Other South America	12.5	13.1	13.5	13.6	12.9	13.1	13.8	13.9	14.7	15.8	15.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Figures may not sum exactly due to rounding.

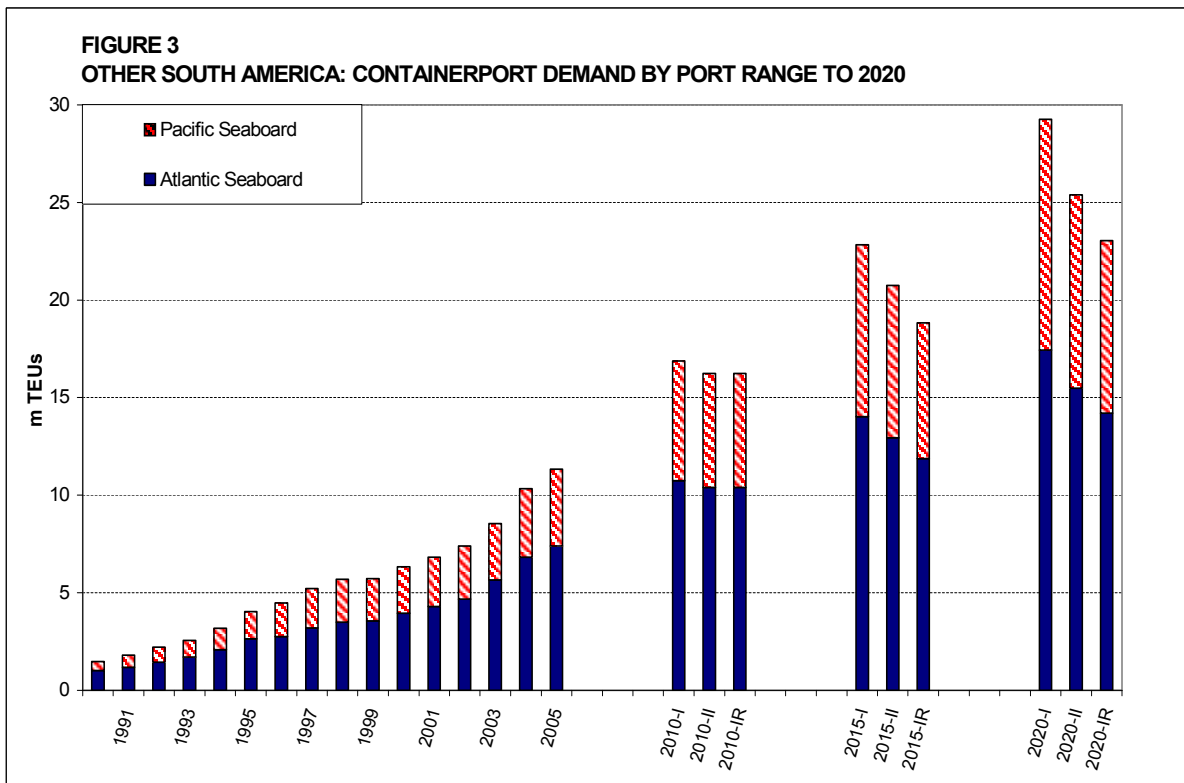
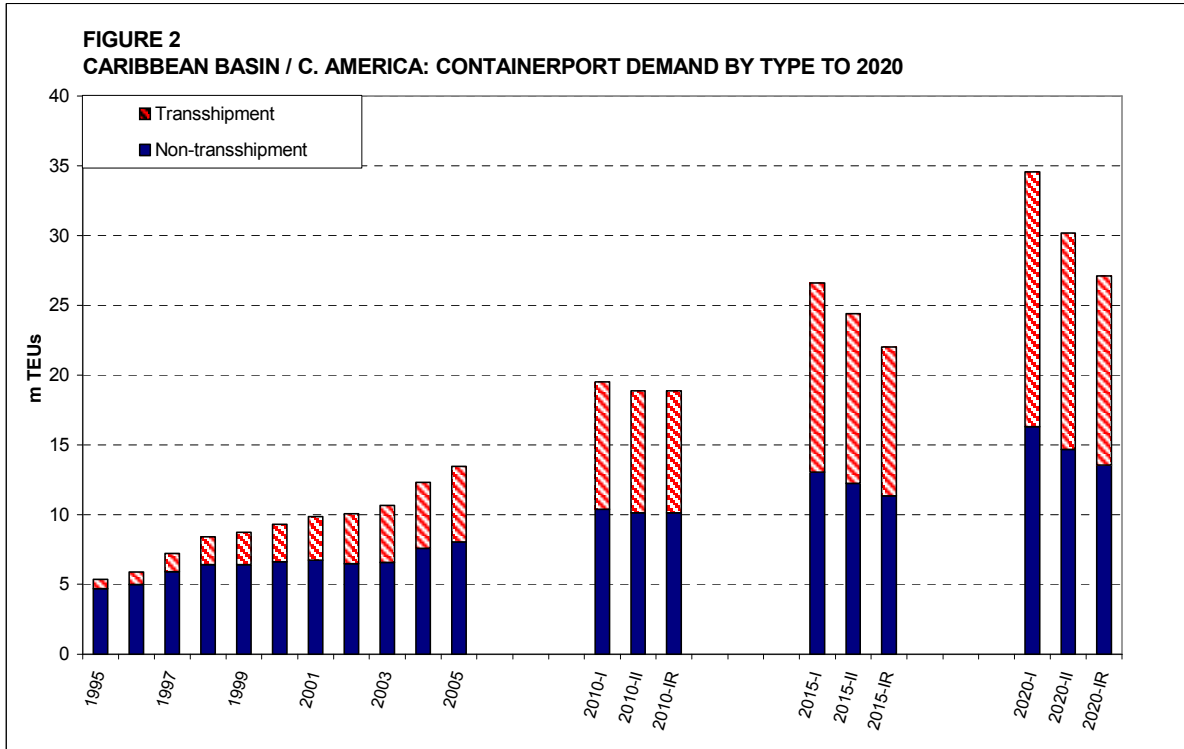
Source: Ocean Shipping Consultants Ltd

- ◆ For the purpose of forecasting non-transshipment container handling demand, two broad economic scenarios are used for the macroeconomic forecasts employed in the study. Case 1 reflects the most positive economic growth scenario; Case 2, a lower economic growth scenario. A third case is also included, in order to explore the implications of a higher-risk scenario, in which the flow of exports is impeded by tariffs or other measures, or a sudden devaluation or other shock to trade.
- ◆ The future development of transshipment will be a compound of underlying economic-growth-induced demand and the policies of major operators in converting direct flows into transshipped flows. In the Americas, transshipment activity is centred on ports in the Caribbean basin and at both ends of the Panama Canal, where east-west and north-south shipping lanes cross. Whilst US cargoes are included in this market, US restrictions on cabotage trades represent a barrier to the establishment of feeder trades between US ports.
- ◆ In Case 1, North American containerport demand is forecast to increase by 85 per cent to 85.7m TEU over 2005-15, and by a further 31 per cent to 112.3m TEU over 2015-20. In Case 2, with lower-GDP growth, the forecast is for 71 per cent growth to 79.4m TEU over 2005-15, and 25 per cent to 99.4m TEU over 2015-20. The increased-risk/protectionist scenario, which incorporates a significant downturn in GDP expansion over 2011-15, would yield a containerport demand increase of 55 per cent to 71.8m TEU over 2005-15, with again 25 per cent growth over 2015-20, to 89.7m TEU.



- ◆ Combining non-transshipment and transshipment forecasts for the *Caribbean Basin / Central America* region yields:
 - Case 1 – 98 per cent growth to 26.6m TEU in 2005-15, and 30 per cent to 34.6m TEU in 2015-20;
 - Case 2 – 81 per cent growth to 24.4m TEU in 2005-15, and 24 per cent to 30.2m TEU in 2015-20;
 - Increased-Risk Case – 64 per cent growth to 22.0m TEU in 2005-15, and 23 per cent to 27.1m TEU in 2015-20.

- ◆ In *other South America*, containerport demand is forecast to develop as follows:
 - Case 1 – 101 per cent to 22.8m TEU in 2005-15; 28 per cent to 29.3m TEU in 2015-20;
 - Case 2 – 83 per cent to 20.7m TEU in 2005-15; 22 per cent to 25.4m TEU in 2015-20;
 - Increased-Risk Case – 66 per cent to 18.8m TEU in 2005-15; 22 per cent to 23.0m TEU in 2015-20.



* **CONTAINERPORT MARKETS IN THE AMERICAS TO 2020**

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