The Outlook for Sea Trade in The Americas

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Robert West
Principal – Trade & Transportation
Halcrow, Inc.
The Henderson Carriage Building
Cambridge, MA 02140
+1-617-576-5484
WestRO@halcrow.com

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Agenda

• What have we just been through?
• What can we expect now?
• Conclusions, the bottom line
Emerging markets are holding up the world outlook. ALL of the industrialized countries are basically in recession in 2009.

Source: IHN Global Insight & Halcrow
Economically, we have hit bottom.

- There will continue to be **lots of bad news**
  - All in the past
- The major banks are now fairly healthy
  - USA (19), Colombia, Mexico, Brazil
- Lending is increasing, even to small businesses
- Businesses have no inventories now
- Shipping lines are reducing laid-up capacity
  - Currently 9.7%
  - Yes, this might be seasonal
- Cruise lines are moving prices up: bit by bit
World container trade is still in a slump, but 2010 will bring signs of life, if not sooner.

The years of 2-digit growth are past!

A 2-year stall

5.8%

IHS Global Insight
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  – Where are the good routes? - and the bad ones!
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No, this is **NOT** your lunch!!
The biggest container market is suffering the biggest downturn! The USA.

A 6-year bad spell

Imports
Exports

<table>
<thead>
<tr>
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<th>2009</th>
<th>2010</th>
<th>2010-15</th>
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<tbody>
<tr>
<td>Imports</td>
<td>-12.0%</td>
<td>5.9%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Exports</td>
<td>-14.9%</td>
<td>4.2%</td>
<td>4.7%</td>
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IHS Global Insight
For Colombia, the domestic market will revive in 2010, pushing up imports.

Imports -0.5% 7.0% 6.3%
Exports -1.8% 5.1% 5.1%

Over 1.2 million full TEUs in 2010
Venezuela – not a pretty picture

- Economic drop in 2009: -5.6%
- Worse in 2010: -6.4%
- Budget deficit growing from zero to 6% of GDP.
- Keeping gasoline at US$.30/gal costs US$10 Billion per year.
- Deficit spending will fuel 40% inflation by year-end.
- Declining incomes, weaker Bolivar
- Bank takeover: BIV
- Still strong import prospects, but for the wrong reasons!
Argentina weathers the storm!

ARGENTINA TEUs

Just 1 year of moderate slowdown

Imports 2009 2010 2010-15
Imports 0.1% 6.9% 6.4%
Exports 1.7% 5.7% 6.1%
Brazil’s exports have been suffering – but, “We have hit bottom.”

In 2 more years – back to strong growth
Central America: Up’s and (mainly) Down’s

- **Panama**
  - One of the fastest growing this year and next

- **Costa Rica**
  - Hurt by semiconductor downturn, weak ‘09 and ‘10, possible Atlantic port development. Big energy investment.

- **Nicaragua**
  - A disaster in slow motion

- **Honduras**
  - Weak maquiladora growth, but Cortes investments will hold up
  - Democracy or something else? Temporary or permanent?
  - Big Roatan developments

- **Guatemala**
  - Remittances are down, -0.6% real GDP growth in 09
  - Rosenberg – Colon?
Central America and the Caribbean – a small dip in both imports and exports this year.
The best transshipment options are now becoming clear.

Caribbean Transshipment Triangle
Cuba: now and maybe

NOW

- Tourism
- Remittances

MAYBE

- US Exports – ag, building materials, consumer goods, technology
- Immediate export potential (reefer) to USA
- New maquiladora haven? China at our doorstep?
- New transshipment hub for the Americas?
  - Deep water (200m)
- Possible development of Mariël for cargo, Havana for cruise
Accomplishments under Raul to date

- Shorter speeches
- The soap operas start on time
- Cubans can buy cell phones & DVDs, and stay at hotels, so long as they have the money.
- Showing modest change by taking small steps – very slow but in the right direction.
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Conclusions

• It should not get worse from here.
  – But the news will sound terrible!
• The economic picture will improve before the shipping volumes, but 2010 will see positive growth in both.
• The “big opening” with Cuba may start in 2009 in earnest.
• **Now**, when everything seems so bad, is the time to plan your strategy to capture market share.