Global Initiatives Council

Wednesday, March 21, 2012

9 a.m. Registration & Networking
9:30 – 10:30 a.m. Program

MEETING AGENDA

I. Welcome Remarks
   Maria Contreras-Sweet
   2012 Chair, Global Initiatives Council
   Chairwoman of the Board
   PROAMÉRICA BANK

II. Global Initiatives 2012 Policy Update
    Brian Peck
    Lecturer in Law for International Trade Policy
    USC Gould School of Law

III. A Vision for Future Trade:
     The Port of Los Angeles
     Jim Maclellan
     Director of Trade Services
     Port of Los Angeles

III. Questions & Answers

Adjourn.

Next meeting:
Wednesday, April 18, 2012
9-10:30 a.m.

GLOBAL COUNCIL CHAIR:
Maria Contreras-Sweet, PROAMÉRICA BANK

CO-CHAIR – International Trade Policy:
Brian Peck, Adjunct Professor, University of Southern California

CO-CHAIR – Trade Commissioners Networking Group:
Tonia Van de Vyver, Trade Commissioner, Flanders Investment & Trade
A Vision for Future Trade: the Port of Los Angeles & the Southern California Cargo Gateway

Global Initiatives Committee
Los Angeles Chamber of Commerce
March 21st, 2012
Port of Los Angeles Today
Update Summary

- Trade Update Statistics
  - Recession & Recovery
  - Record Exports
  - Major & Emerging Markets
  - Commodity Trends

- Strategic Challenges & Strengths
  - Future Gateway Competition
  - FTA’s & TPP
  - NEI, MEI, LARExC & Trade Connect
Major Market Facts

- Far East is 90 % of our market
- San Pedro Bay handles 43 % of U.S. maritime trade
- Approx. 50 % of cargo is local (Southern California & Arizona)
- Approx.50 % is the rest of the U.S.
Terminals & Facilities (San Pedro Bay)

- 13 Container Terminals
- 11 On – Dock Rail Terminals
- 100 Intermodal Trains per day
- 141 Gantry Container Cranes
- Water Depth – 53’ [Deepest Terminal]
- 14.1 Million TEU’s [2010]
- 2859 Terminal Acres
- Largest Foreign Trade Zone in U.S.
Recession & Recovery

- High Point = 15.8 m TEU’s (2006)
- Low Point = 11.8 m TEU’s (2009)
  - 25 % (2006 – 2009)

LA Customs District Record Year in 2011 with $ 387 Billion of Trade
Record Exports in 2010 & 2011

- 2010  1,841,274  TEU’s
- 2011  2,109,394  TEU’s

2012 Year – to – Date

January 2012
- Export  + 5.9 %
- (Import  + 5.2 %)

February  2012
- Export  + 9.5 %
- (Import  - 7.8 %)
## Strong Export Growth
### 2006 – 2011 (TEU’s)

<table>
<thead>
<tr>
<th>Year</th>
<th>LA</th>
<th>LB</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1.42 M</td>
<td>1.29 M</td>
<td>2.71 M</td>
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<tr>
<td>2007</td>
<td>1.61</td>
<td>1.57</td>
<td>3.18</td>
</tr>
<tr>
<td>2008</td>
<td>1.78</td>
<td>1.68</td>
<td>3.46</td>
</tr>
<tr>
<td>2009</td>
<td>1.67</td>
<td>1.35</td>
<td>3.02</td>
</tr>
<tr>
<td>2010</td>
<td>1.84</td>
<td>1.56</td>
<td>3.40</td>
</tr>
<tr>
<td>2011</td>
<td>2.11</td>
<td>1.50</td>
<td>3.61</td>
</tr>
</tbody>
</table>
## Major & Emerging Trading Partners
(2010 & 2011 LACD Cargo Value)

<table>
<thead>
<tr>
<th>Country</th>
<th>Cargo Value 2011</th>
<th>Growth 2010-2011</th>
<th>Cargo Value 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>$144.34 billion</td>
<td>+ 25 %</td>
<td>$153.8</td>
</tr>
<tr>
<td>Japan</td>
<td>$ 39.55 billion</td>
<td>+ 23 %</td>
<td>$ 44.2</td>
</tr>
<tr>
<td>S. Korea</td>
<td>$ 21.57 billion</td>
<td>+ 37 %</td>
<td>$ 23.7</td>
</tr>
<tr>
<td>Taiwan</td>
<td>$ 13.90 billion</td>
<td>+ 27 %</td>
<td>$ 15.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>$  9.47 billion</td>
<td>+ 18 %</td>
<td>$  9.9</td>
</tr>
<tr>
<td>Australia</td>
<td>$  7.71 billion</td>
<td>+ 8 %</td>
<td>$  9.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>$  7.49 billion</td>
<td>+ 15 %</td>
<td>$  7.6</td>
</tr>
<tr>
<td>Vietnam</td>
<td>$  7.49 billion</td>
<td>+ 27 %</td>
<td>$  9.0</td>
</tr>
<tr>
<td>Germany</td>
<td>$  7.35 billion</td>
<td>+ 28 %</td>
<td>$  8.7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>$  7.07 billion</td>
<td>+ 1 %</td>
<td>$  7.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$  6.75 billion</td>
<td>+ 24 %</td>
<td>$  7.7</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>$  6.66 billion</td>
<td>+ 21 %</td>
<td>$  8.3</td>
</tr>
<tr>
<td>India</td>
<td>$  5.71 billion</td>
<td>+ 51 %</td>
<td>$  7.6</td>
</tr>
</tbody>
</table>
Major Import Commodities by $ Value (2011) [$ 266 Billion]

1. Computers $ 19.2 B
2. Vehicles/Parts 18.8
3. Oil 18.4
4. Printers 8.5
5. TV’s/ Monitors 8.4
6. Cellular Equip. 6.2
7. Comp. Parts 4.9
8. Sweaters 4.8
9. Footwear $ 4.7 B
10. Rubber Tires 4.4
11. Toys 4.1
12. Women’s Suits 4.1
13. Diamonds 3.8
14. Refined Petrol. 3.6
Major Import Commodities by Container Volume (TEU’s)

1. Furniture
2. Footwear
3. Toys
4. Auto Parts
5. Apparel
<table>
<thead>
<tr>
<th>Rank</th>
<th>Commodities</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vehicles/Parts</td>
<td>$5.5 B</td>
</tr>
<tr>
<td>2</td>
<td>Aircraft</td>
<td>4.9</td>
</tr>
<tr>
<td>3</td>
<td>Cotton</td>
<td>4.2</td>
</tr>
<tr>
<td>4</td>
<td>Diamonds</td>
<td>3.6</td>
</tr>
<tr>
<td>5</td>
<td>Steel/Iron Scrap</td>
<td>2.7</td>
</tr>
<tr>
<td>6</td>
<td>Cell. Equip.</td>
<td>2.6</td>
</tr>
<tr>
<td>7</td>
<td>Elect. Circuits</td>
<td>2.6</td>
</tr>
<tr>
<td>8</td>
<td>Computers</td>
<td>2.2</td>
</tr>
<tr>
<td>9</td>
<td>Med./Dental</td>
<td>$2.2 B</td>
</tr>
<tr>
<td>10</td>
<td>Copper Scrap</td>
<td>1.9</td>
</tr>
<tr>
<td>11</td>
<td>Refined Petrol.</td>
<td>1.6</td>
</tr>
<tr>
<td>12</td>
<td>Paper Scrap</td>
<td>1.3</td>
</tr>
<tr>
<td>13</td>
<td>Machinery</td>
<td>1.3</td>
</tr>
<tr>
<td>14</td>
<td>Alum. Scrap</td>
<td>1.2</td>
</tr>
<tr>
<td>15</td>
<td>Hides</td>
<td>1.2</td>
</tr>
<tr>
<td>16</td>
<td>Plastic Resins</td>
<td>1.2</td>
</tr>
</tbody>
</table>
Major Export Commodities by Container Volume (TEU’s)

1. Wastepaper
2. Cotton
3. Grains
4. Metal Scrap
5. Animal Feed
What are Future Trends?

Challenges
- Gateway Competition
- Infrastructure

Strengths
- Intermodal Links within U.S.
- Growth of South East Asia
- Growth of Latin America
- Free Trade Agreements
Strategic Challenges: Gateway Competition

- The Panama Canal
- British Columbia (Canadian) Ports
- Mexican West Coast Ports
- The Suez Canal
The Panama Canal
The Panama Canal: 8 Key Factors

1. LA/LB Terminal Capacity
2. Connecting Infrastructure to LA/LB Ports
3. World Bunker Prices
4. Panama Canal Fees
5. Panama Canal Capacity
6. Intermodal Rail Pricing
7. Comparative Transit Times
8. Demographics
Intermodal Rail Pricing

- Railroads will probably not surrender market share to the Panama Canal
- Intermodal revenues are competitive with coal
- Railroads have cut intermodal services which were marginal
- They have invested in these services & they want to keep them
- It is vital that BN’s SCIG & UP’s ICTF go forward quickly (we need to keep their vital interests & investments aligned with our interests)
Demographic Challenge

- Long term demographic population increase in the U.S. Southeast of around +20% exceeds that of California

- A larger population base in the U.S. Southeast will build stronger market attraction for direct calls
British Columbia Ports
British Columbia Ports

- Prince Rupert
- Vancouver

- The Intermodal Challenge of Canadian Railroads to our U.S. Mid West Market
Mexican Ports

Lázaro Cárdenas Terminal
the logical trade route connecting the United States and Asia.

Kansas City Railroad delivers goods to Laredo within 36 hours.
West Coast Mexican Ports

- Manzanillo

- Lazaro Cardenas
  - Kansas City Southern RR Link
  - Maersk $1.5 Billion Investment; 1st phase to be complete in 2015
(January 4th, 2012 press announcement)
The Suez Canal
The Suez Canal

- South East Asia to New York & U.S. South East
- Shift of certain manufacturing sector growth to Vietnam – India area
- The “Young Tigers”
- The Singapore Dividing Line
- Current Challenges & Future Opportunities
Challenges: Modern Infrastructure

- Three Bridges (Precede Containerization)
- Highways (Dedicated Truck Lanes)
- Near – Dock Rail Terminals (SCIG & ICTF)
Strengths: *Extensive Rail Network* Connecting Southern California To & From Major Inland U.S. Markets

![Rail Network Map]

- LA
- El Paso
- Laredo
- Dallas
- Houston
- New Orleans
- Memphis
- St. Louis
- KC
- Omaha
- Denver
- SLC
- Chicago
- New York
- Atlanta
- San Antonio
- Laredo
- Dallas
Strengths: Competitive Transit Times
Southern California Cargo Gateway Strengths

- Most numerous & frequent sailings to & from Asia, Australia & the West Coast of Latin America
- 13 Container Terminals; 23 Sailings per Week to Asia
- Greatest number of origin & destination Ports of Call
- Equipment availability
- Greatest number of logistics & distribution centers in the U.S. (660 million sq. ft. in 60 miles of the Port)
- Largest Foreign Trade Zone in the U.S.
Southern California Cargo Gateway Strengths

- The Number #1 U.S. Customs District Gateway;
- Record Year in 2011 with $387 Billion of Trade
- Huge & Diverse Local Consumer Market
- Low Transport Cost Between Port & Airport
- Proximity of Airport & Ports
- Intense Price Competition between Shipping Lines
- Low Export Rates
- The strategic business & transportation link between Asia & Latin America!
Southern California
Gateway Advantages

✓ An economic engine generating over 1 million direct & indirect jobs in Southern California
✓ International trade is LA’s largest employment sector
✓ Huge number of specialized service companies with talented professionals with linguistic skills & international cultural understanding
✓ Largest concentration of manufacturing in the U.S.
✓ 100 trains per day to & from LA/LB Ports
✓ Unrivalled Rail & Intermodal Capabilities
Los Angeles Offers a Global Transportation Network

Key Facts:
• LA/LB ports are the largest container-shipping facility in the U.S.
• LA’s Alameda Corridor is the busiest intermodal rail yard in the nation: 100 trains per day to 13 U.S. markets

LAX is the 13th busiest airport in the world

Ground transportation network is far-reaching

L.A. port complex handles 44% of all containerized imports into the U.S.

L.A.’s rail yards move goods efficiently from West to East Coast
Future Trends

Strengths:

- **Diversifying & Expanding Pacific Rim Markets**
  - Hub for the West Coast: New Vertical Axis of the Americas
  - Rapid Growth of South East Asia

- **Free Trade Agreements**
  - KORUS & The Future of TPP
Strategic Export Potential

- NEI
- MEI
- Global Cities Initiative (Brookings-JPMorgan Chase)
- LARExC
- Trade Connect