

Panama Canal Expansion Study: Transportation Issues

MARITIME ADMINISTRATION
U.S. Department of Transportation



U.S. Army Corps of Engineers (USACE)
U.S. Port and Inland Waterways Modernization Strategy

Panama Canal Expansion

- Double Panama Canal capacity (from 300 to 600 tons as measured in PCUMS)
- Lower ocean transportation costs by allowing transit of larger ships
- Change vessel demand characteristics and operation of U.S. ports
- Increase land-side infrastructure and U.S. Intermodal demand as a result of larger ships
- Provide for bulk export opportunities for U.S. Gulf Coast



Panama Canal Expansion Study Goals

Goal: Develop and evaluate a range of policy options based on the most current information available

Objectives:

- Provide a foundation for a realistic understanding of the impacts of Canal expansion on U.S. ports
- Identify the range of needs for both private/public investment
- Recommend pragmatic policy options for the Federal government to maximize investment value
- Identify Port and infrastructure policy opportunities for consideration by Federal Government Leadership



Panama Canal Expansion Study

Develop and Evaluate Policy Options Addressing Effects of Panama Canal Expansion

- **Phase 1: Developments in Trade, National and Global Economies** - *Define the current conditions, markets and logistics patterns associated with U.S. trade logistics*
- **Phase 2: Physical and Market Attributes of Gateway Ports** – *Develop assessment of infrastructure and markets; includes feedback from shippers*
- **Phase 3: Opportunities for U.S. Government Action** - *Identify issues for assessing optimal investment levels*
- **Phase 4: Policy Options** – *Prepare series of policy recommendations for consideration by USDOT/MARAD*



Public Outreach Program

- **General Listening Sessions**
 - San Francisco (September 22, 2011)
 - New York (September 27, 2011)
- **Focused Listening Sessions**
 - Spring 2012 – Location to be determined
- **One-on-one Interviews**
 - Key stakeholders at ports, railroads, shippers, logistics service providers, state and local governments, environmental groups, etc.
- **Shippers Survey**
 - On-line Survey of over 6000 individuals representing 2,500 companies
- **Technical Reviews and Comments**



Listening Session Discussion Topics

- U.S. Trade Patterns in a Post-Canal Expansion World
- Effects on U.S. Ports – East Coast, Gulf Coast and West Coast
- Infrastructure Development and Future Bottlenecks
- Impacts of Panama Canal Expansion on the Cost of Doing Business
- Business Opportunities in a Post-Canal Expansion Economy



Canal Expansion Trade and Transportation Issues

- US ports and infrastructure
- Logistics and market issues
- Agricultural Production and Exports
- Energy extraction equipment and bulk exports and imports



US Ports and Infrastructure

- Adequate draft for larger bulk vessels at US ports
- Capacity of inland waterways to match proposed deep water port expansion
- Competing export capacity from Pacific Northwest
- Improved trans-load operations at East/Gulf ports
- Effects of bilateral trade agreements on US agricultural exports
- Capacity (draft) of export destination ports (e.g., primarily China)



Logistics and Market Issues

- Competition from South American production
- Inland rail and highway capacity for larger export grain production areas
- Role of Caribbean transshipment hubs
- Availability of backhaul ISO containers and transloading for identity-protected grain products
- Truck size and weight limits restrict off-farm transport
- Effects of Mexican port/rail connections as an alternative to Panama Canal/USEC



Agricultural Issues Identified in Listening Sessions

- Increase in bulk vessel capacity will alter economies of agricultural trade
- Consider more efficient uses of existing transportation infrastructure that might defer the need to invest
- Potential for increased containerization of exported agricultural products
- Emerging patterns in specialized bulk transport and bulk intermodal shipping
- Growth and development of specialized bulk/agriculture ports



Energy Extraction Equipment and Bulk Exports and Imports

- Exports of LNG from US ports to Asian markets
- Project cargo export capacity may increase
- Potential for increased steel plate and pipe products from Asian producers



Next Steps

- One-on-one discussions with ports, railroads and shippers, and other industry stakeholders
- Verification of markets and costs through surveys
- Assessment of operational responses to expansion-driven scenarios
- Continue listening sessions, peer reviews and other public outreach program initiatives
- Coordinate with other on-going studies



Panama Canal Expansion Study: Resources and Contacts

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