

International Shipping Logistics: Freight Trends & Policy Barriers



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Freight Trends: Imports & Exports



- Newly-available crude oil deposits in North Dakota and the Bakken Formation are driving large amounts of import and export freight to that region. Much of that freight is passing through the PNW, and more is to come.



- Proppant shipments from PNW ports to Bakken
- Rail capacity and service challenges from additional freight
- Export facilities proposed in Washington



Freight Trends: Imports & Exports



- Trans-Pacific container carrier lines continue to consolidate, and new alliances are forming. This could have big impacts on container terminal utilization on the US West Coast.



- 15 major ocean carriers are grouping into three vessel sharing alliances, including world's three largest – Maersk, MSC, and CMA CGM.



- The strategy is designed to reduce cost by sharing and deploying larger ships, resulting in elimination of some ports of call and significant cost-shifting to land-side infrastructure.

Freight Trends: Imports & Exports



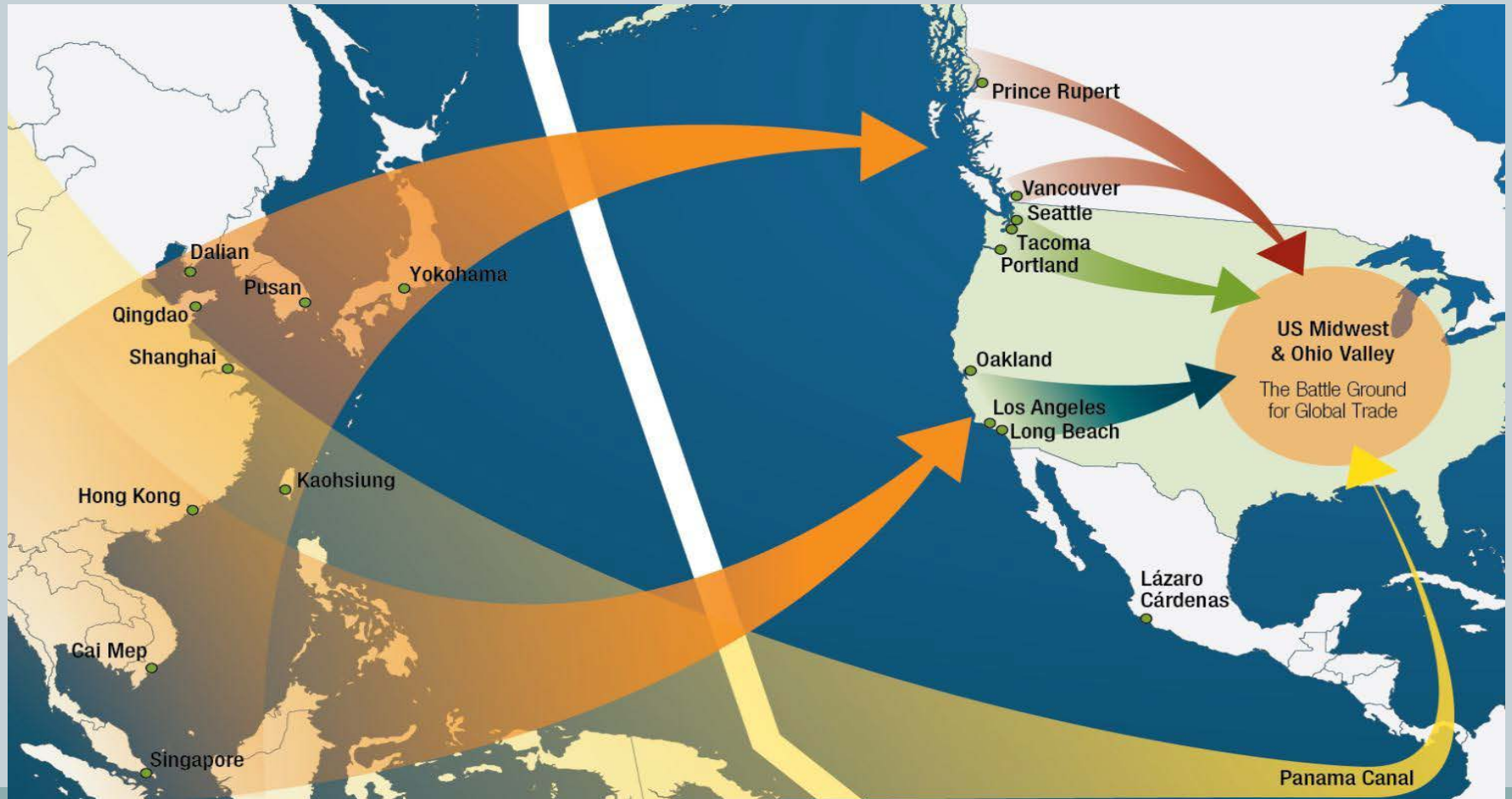
Increasing Ship Sizes



Freight Trends: Imports & Exports



Global Import Supply Chain



Freight Trends: Imports & Exports



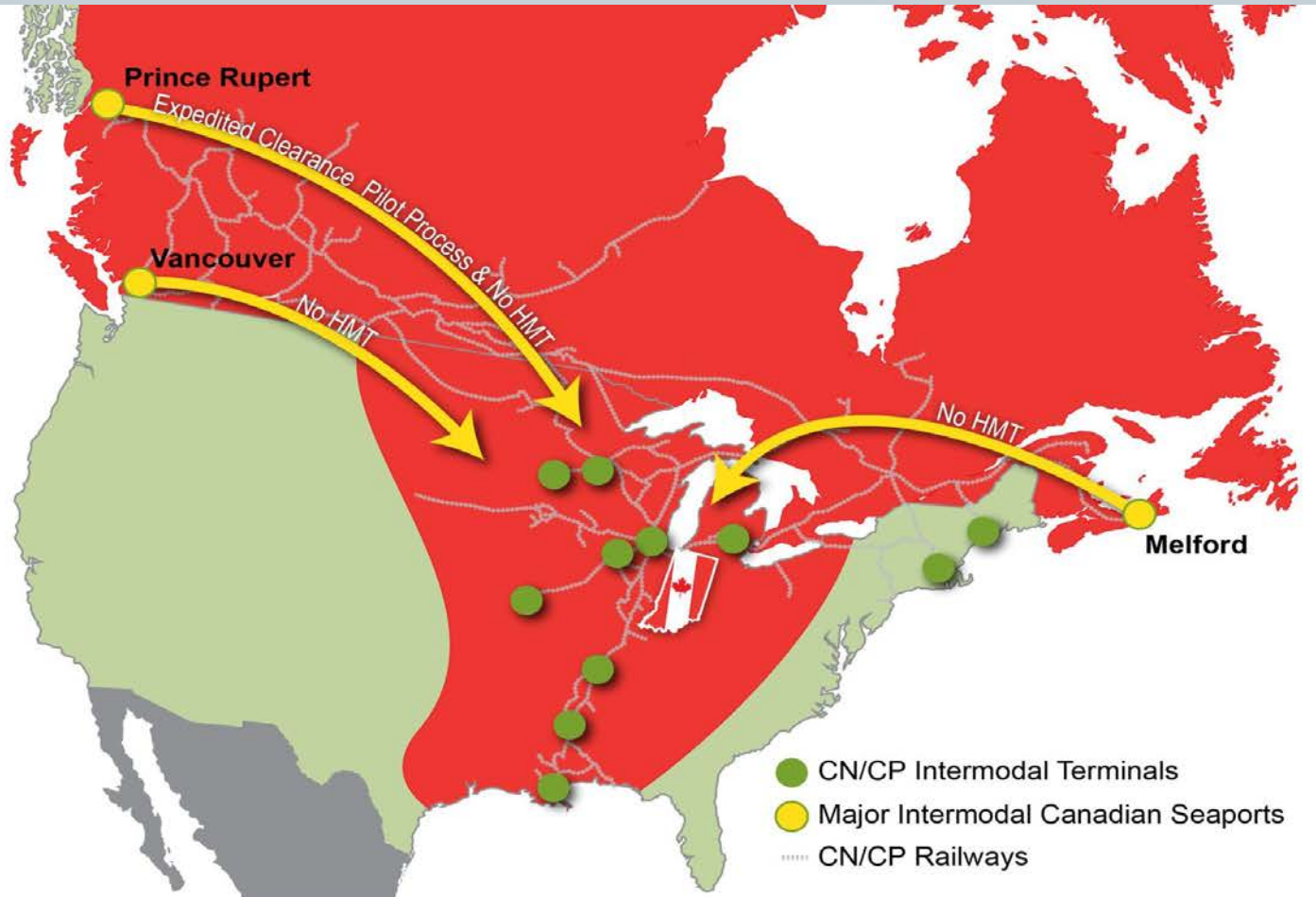
Agriculture Export Trade



Freight Trends: Imports & Exports

Investment By Competitors

Gateways And Corridors Initiatives



Freight Trends: Imports & Exports



Strategies To Ensure Competitiveness

Ports

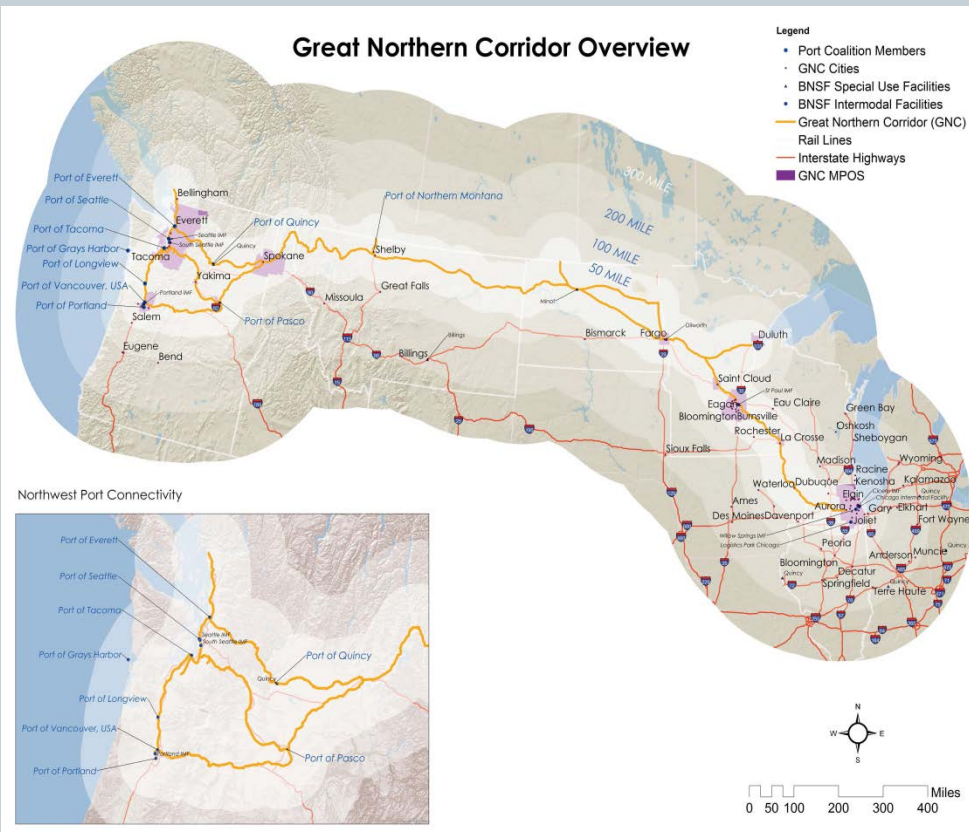
- Continue Infrastructure investment for large ships
- Increase productivity
- Anchor imports here
- Promote transloading
- Address HMT imbalance

Policy Leaders

- Competitive tax policy
- Reasonable regulatory environment
- Compatible land uses
- Strategic investment
- mandates or incentives to preserve critical industrial property

Freight Trends: Imports & Exports

Great Northern Corridor



- 3,422 route miles crossing eight states and reaching three Canadian Provinces
- Areas served account for over \$1.4 trillion in gross domestic product and almost 12 million jobs
- Almost 25 million people live and work in the areas served by the Great Northern
- BNSF has capital improvement plans for \$1 Billion in improvement in 2014

Freight Trends: Industry & Agriculture



- Gentrification pressures on industrial land in urban areas continue to grow.
- Agricultural production in the PNW remains healthy and is growing in several areas.



Freight Trends: Regulatory Issues



- Environmental costs are becoming uncertain in two key areas: industrial stormwater runoff and the SEPA review of terminal or rail expansion.
- Recent state proposals to increase leasehold, B&O and public utility taxes increase unease for discretionary cargo.
- Recent efforts to regulate workplace conditions through city initiative processes are creating uncertainty for businesses.



Policy Barriers: Lack of Funding



- We do not have adequate state rail funding within WSDOT.
- Port districts are not eligible for Public Works Assistance Account funding.
- The Community Economic Revitalization Board (CERB) is the state's best rural job-creating infrastructure program, yet it receives generally paltry funding. In addition, wage criteria screen out many good projects.



Policy Barriers: Regulatory Burdens



- The state is heading towards more expansive and time-consuming review of cumulative impacts under SEPA.



- Opposition to coal and oil export facilities is taking the form of protests and lawsuits.



Questions?



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