

ITEM NO: 7A PPT

DATE OF MEETING: April 9, 2013



Competitive Situation Briefing - Containers

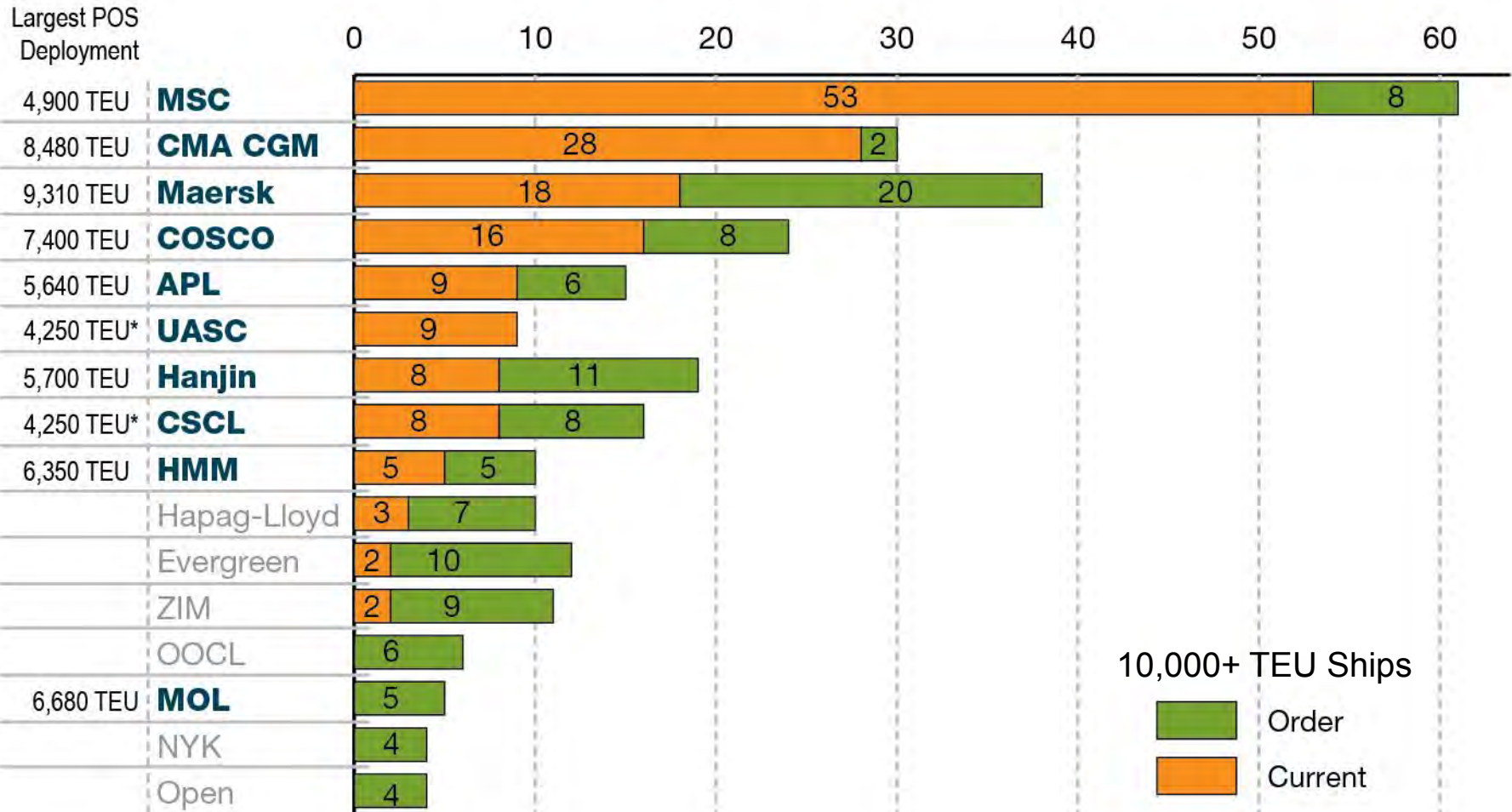
Port of Seattle Commission, April 9, 2013

Ships are Getting Bigger...



And carrier focus is
cost containment

Large Vessel Fleet & Order Book Port of Seattle



Average POS Vessel Size: 5,060 TEU For Whole Port

*Joint UASC/CSCL service beginning in May 2013.

Source: AXS Alphaliner & POS internal data



Terminal Capacity Expansion for Big Ships

Prince Rupert, Canada
+1.5 Million TEU expansion

Vancouver Canada
+2.4 Million TEU expansion



Port of Seattle

Tacoma



Melford, Canada
+1.5 Million TEU expansion
(New Terminal)



New York
+1.7 Million TEU expansion



Virginia
+2 Million TEU expansion



Charleston



Savannah
+3.8 Million TEU expansion



Houston
+2.3 Million TEU expansion



Miami

LA/Long Beach
+2.9 Million TEU expansion



Oakland



Los Angeles



Long Beach

Terminal Development Projects

- Big Ship Ready
- Automation & New Terminal
- Terminal Expansion & Upgrades
- Dredging

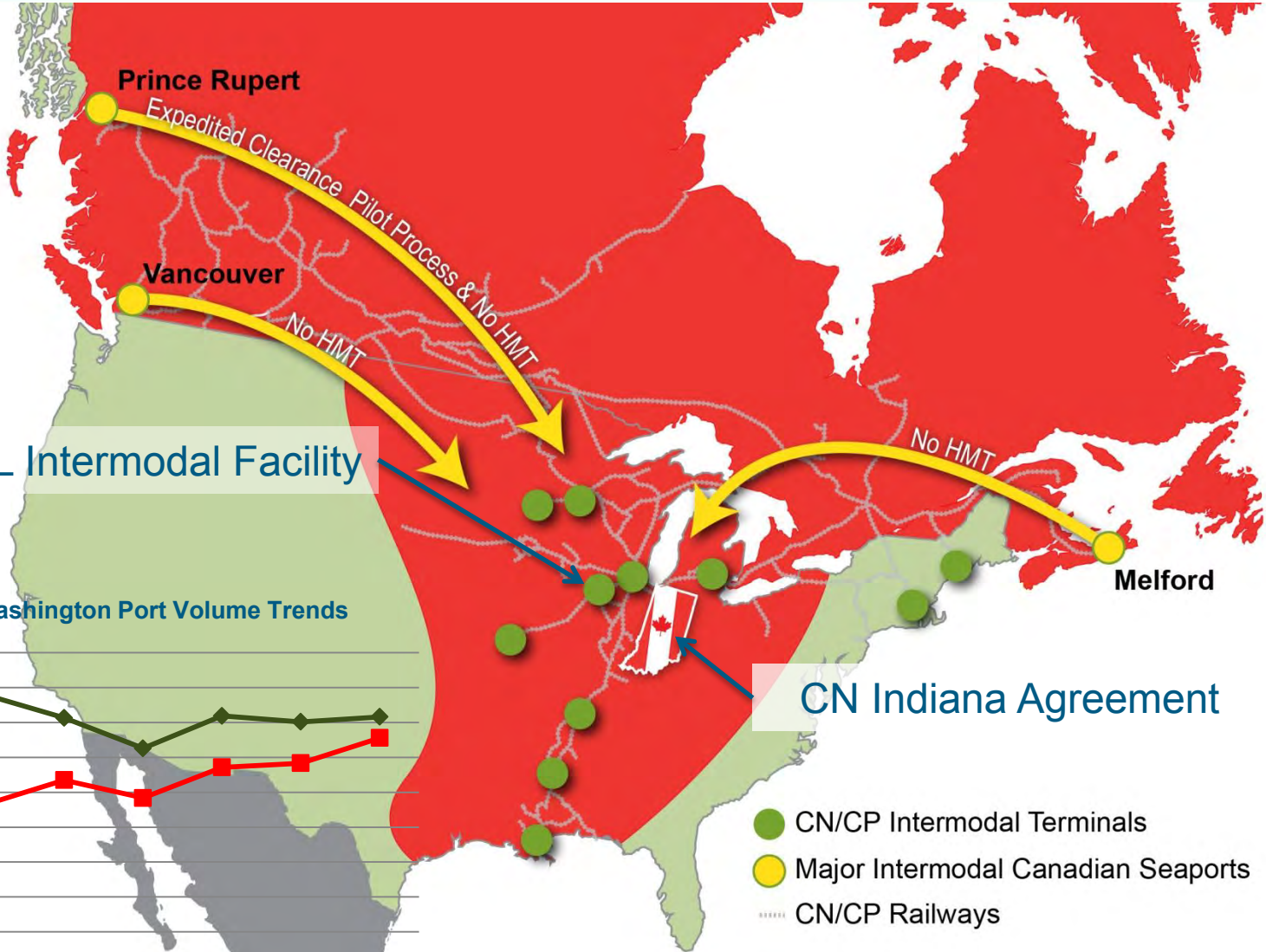
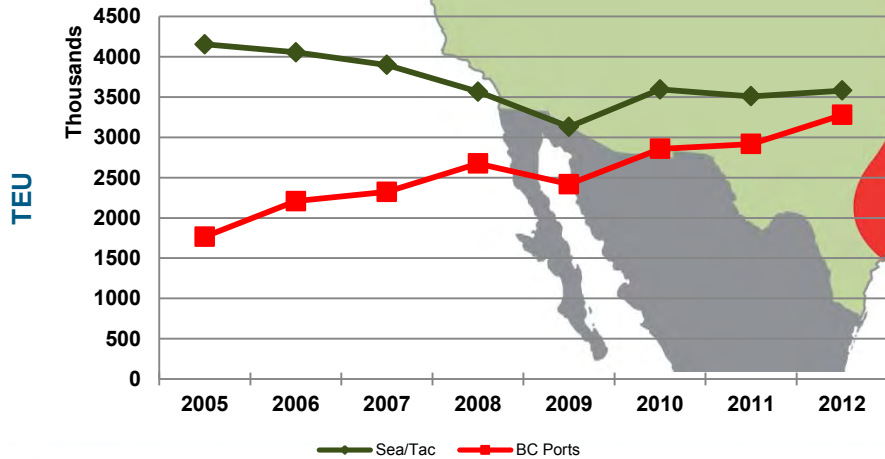
Panama Canal

Continued Canadian Encroachment

Gateways & Corridors Initiative

CN Joliet, IL Intermodal Facility

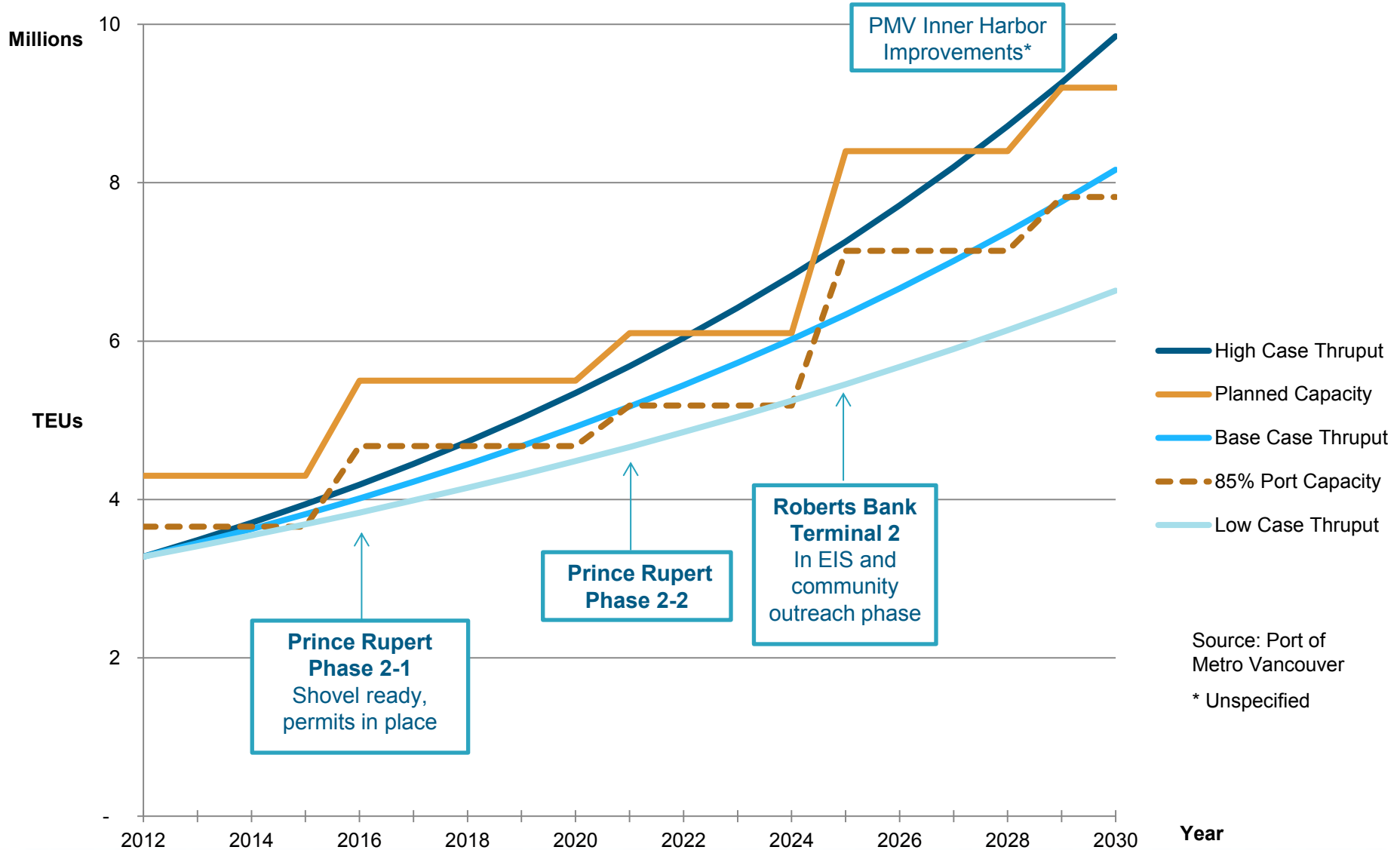
British Columbia and Washington Port Volume Trends



- CN/CP Intermodal Terminals
- Major Intermodal Canadian Seaports
- CN/CP Railways



Coordinated Expansion Of BC Ports



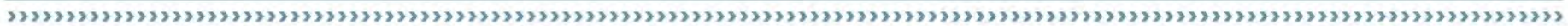
Vancouver B.C. Expansion Plan

Roberts Bank Terminal 2 Project

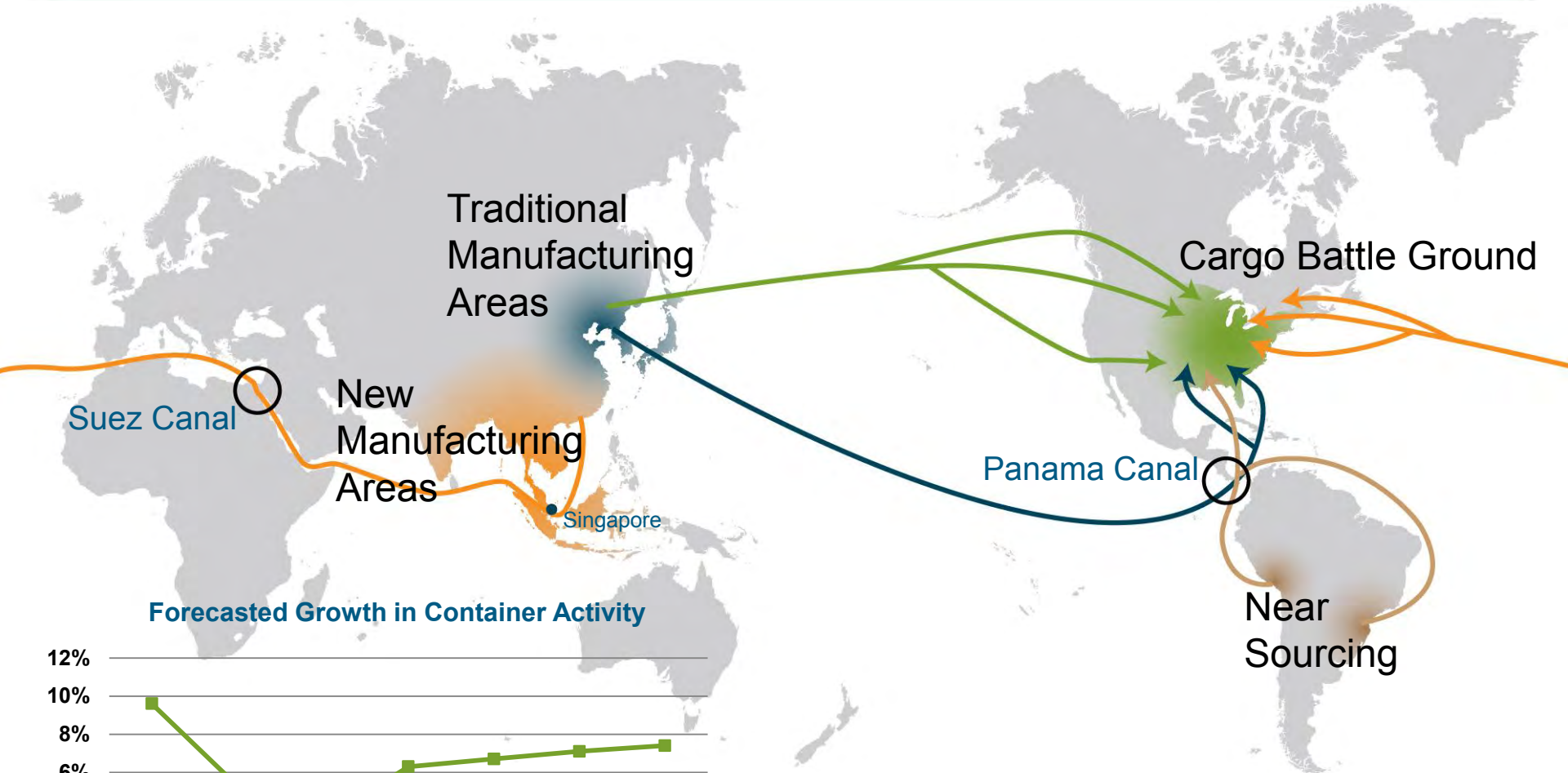


Proposed Roberts Bank Terminal 2

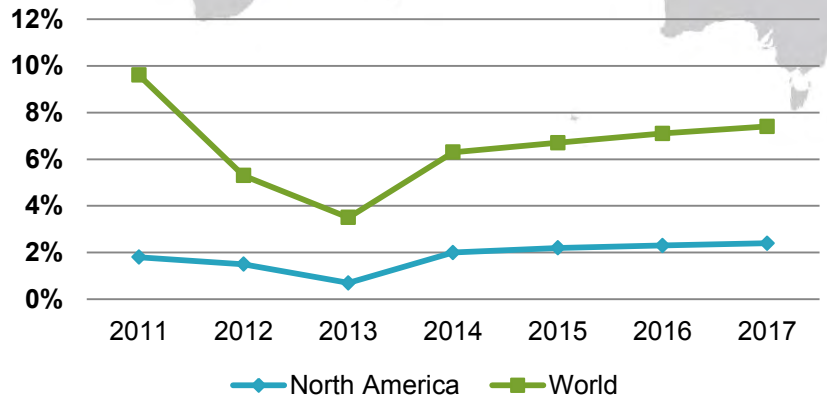
Existing Roberts Bank Terminals



Potential Impact from Shifting Trade Patterns



Forecasted Growth in Container Activity



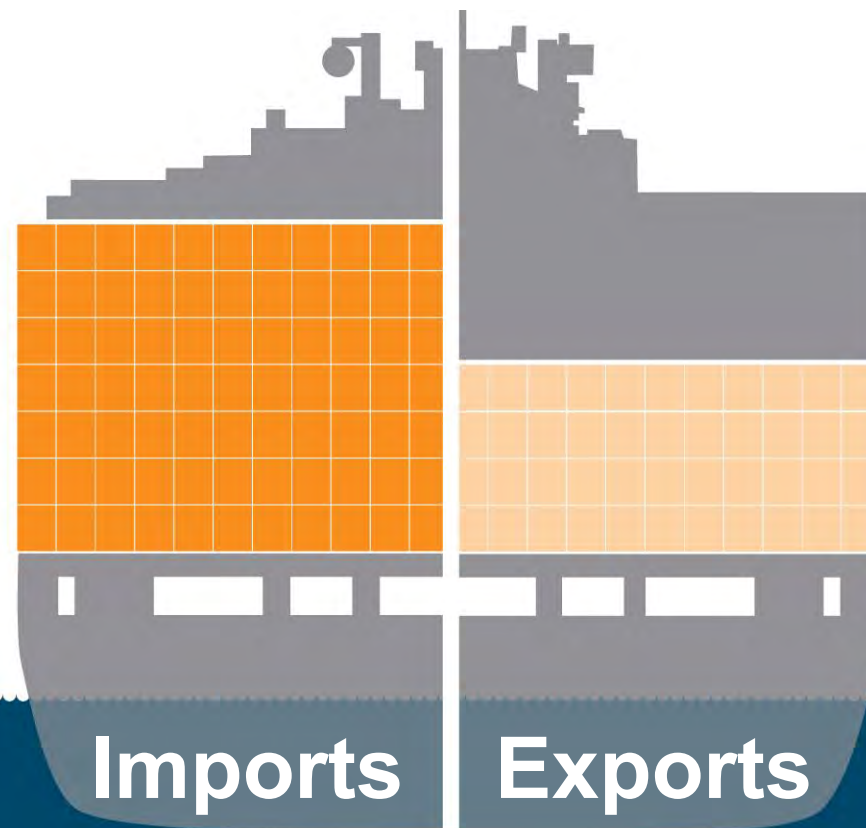
Capacity for Exports

Loaded to TEU Capacity

- 7.5 MT per TEU
- Cargo Value per TEU:
\$37,468

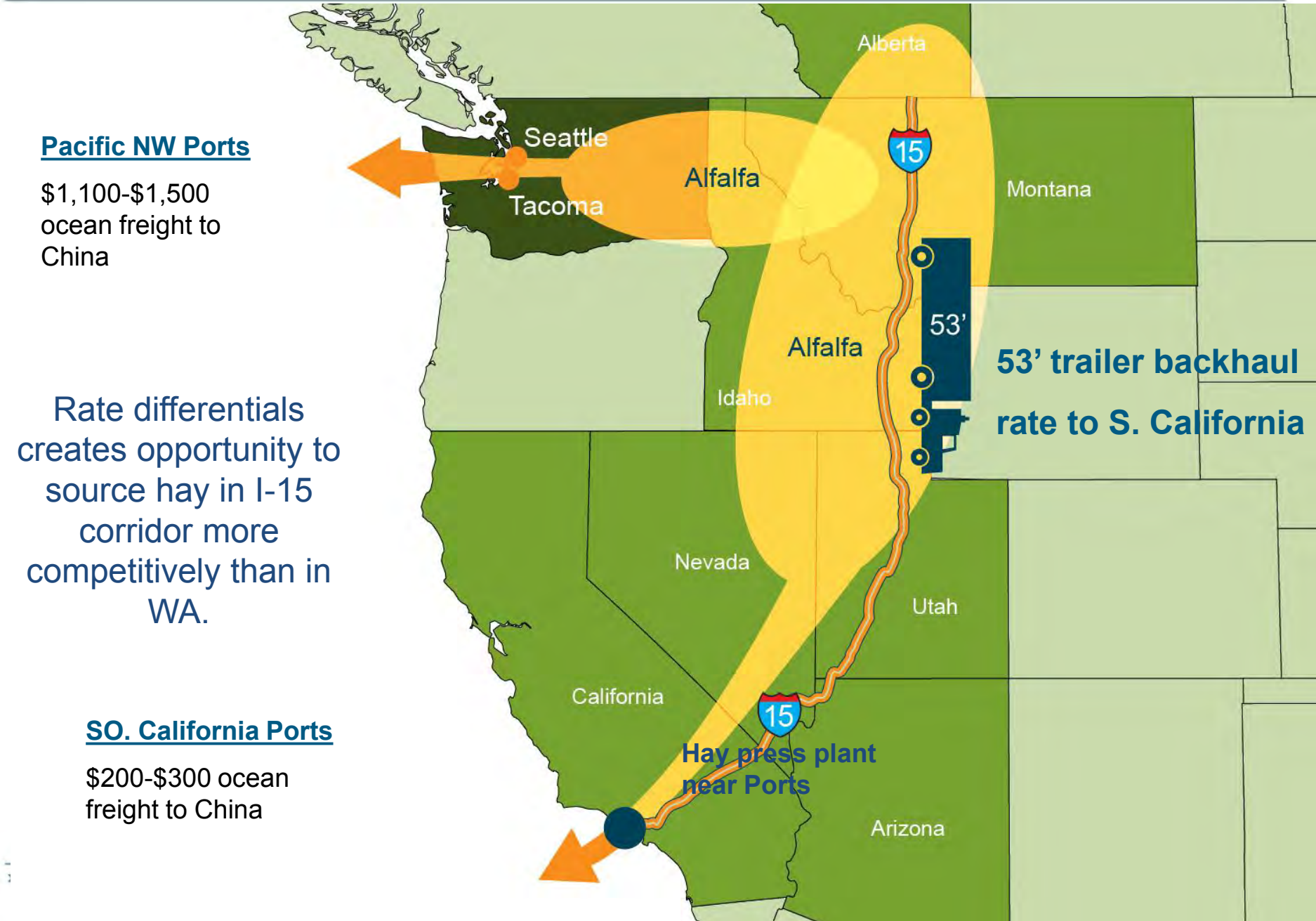
Loaded to Deadweight Capacity

- 13.5 MT per TEU
- Cargo Value per TEU:
\$12,639



PNW Equipment
Shortages for
40' HC & Reefers

PNW Supply/Demand Imbalance – Hay to China



Pacific NW Ports

\$1,100-\$1,500
ocean freight to
China

Rate differentials
creates opportunity to
source hay in I-15
corridor more
competitively than in
WA.

SO. California Ports

\$200-\$300 ocean
freight to China

Incentives to Anchor Cargo

State Tax Incentives

| Georgia | Virginia | South Carolina |
|---|--|---|
| <ul style="list-style-type: none"> • Job Tax Credit up to \$3500 per job • Investment Tax Credit for Manufacturing • Inventory Tax Exemption When Shipped out of State • Investment Tax Credit for Manufacturing • Port Tax Credit gives bonus on top of Jobs & Investment credits of \$1250/job and 5% of investment for increased volumes through the Port | <ul style="list-style-type: none"> • Barge & Rail Usage Tax Credit \$25/TEU • International Trade Facility Tax Credit \$3000 for every employee or 2% of an capital investment that increases port volume • Virginia Manufacturer's Port Volume Tax Credit \$50/TEU | <ul style="list-style-type: none"> • Port Usage Tax Credit up to \$8M • W&D tax credit up to \$1M • Investment tax credit for manufacturing 2.5% |

Port Specific Incentives

| Long Beach | Portland | Vancouver | Virginia |
|---|---|--|---|
| <ul style="list-style-type: none"> • \$10 for every additional container moved by rail • The port on Aug. 1 will cap its daily dockage fees at \$8,641 for ships longer than 1,132 feet | <ul style="list-style-type: none"> • Carriers get a \$10 per container incentive to call at the Port, not to exceed \$1 million. | <ul style="list-style-type: none"> • Intermodal Incentive \$10 per TEU paid directly to the Ocean carrier. • Wharfage discount: 10%-2.9% | <ul style="list-style-type: none"> • First Port of Call Incentive: \$150 per box |

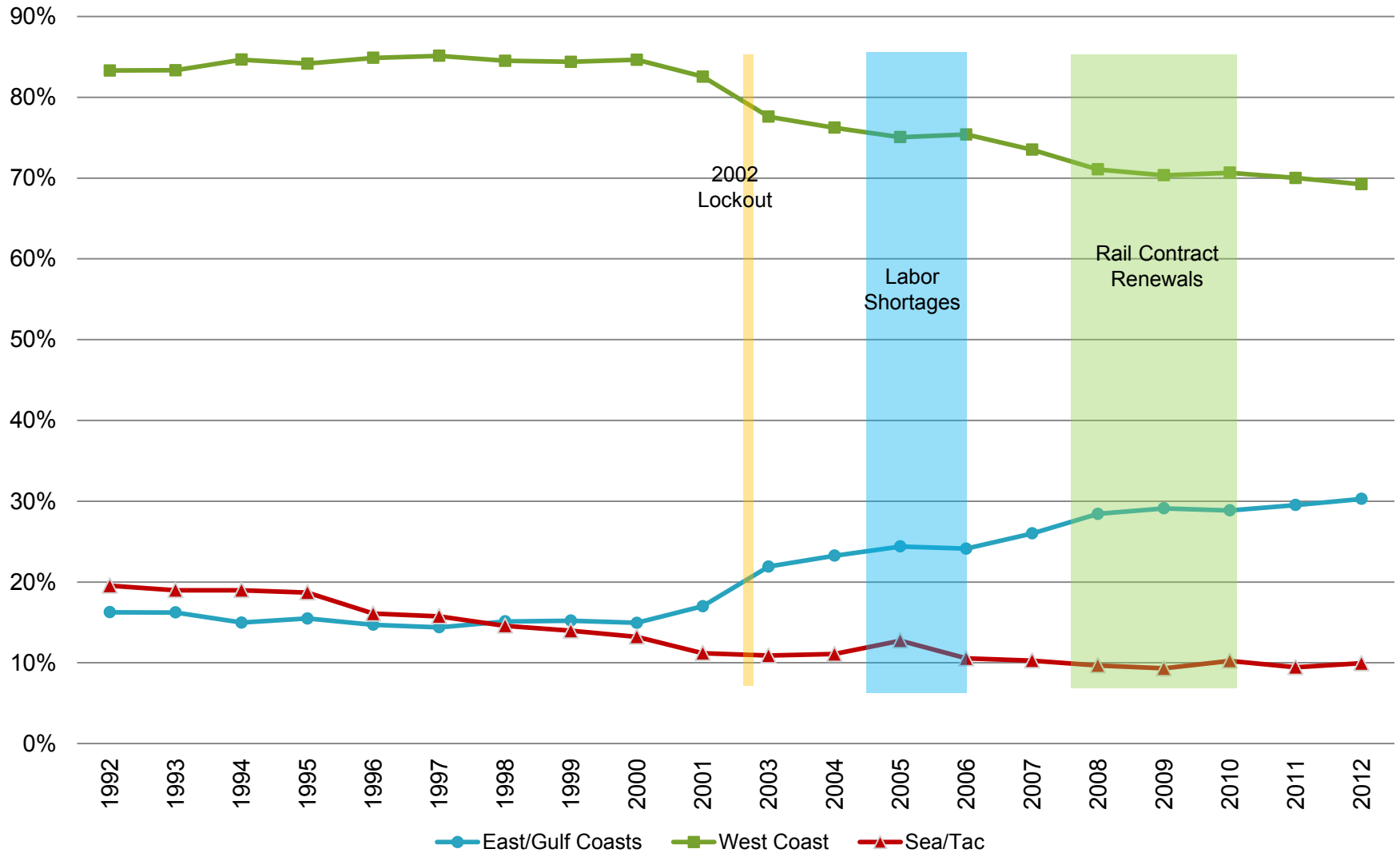


Port of Seattle Situation



Trans-Pacific Trade

Market Share Imports from Asia by Coast with Sea-Tac



Port of Seattle Strategic Focus

- Continue infrastructure improvements to handle large ships efficiently & cost effectively.
- Work with port stakeholders to find ways to increase terminal productivity.
- Work with the state & local stakeholders to increase and anchor imports to help support exports.
- Promote PNW transloading alternative to importers to keep equipment local in support of exports.
- Continue to address the HMT imbalance.



A scenic view of a port. In the foreground, a large red gantry crane structure spans across the top of the frame. Below it, a body of blue water is visible, with a small speedboat moving across it, leaving a white wake. In the background, a city skyline is visible, featuring various buildings and a prominent tower. The sky is clear and blue.

Thank You