



Date of Meeting: March 5, 2020
Item No.: 2B

The State of Transpacific Trade

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Chief Commercial & Strategy Officer

Times of Uncertainty: Stormy Seas Ahead



Trade Policy

Actions & Agreements

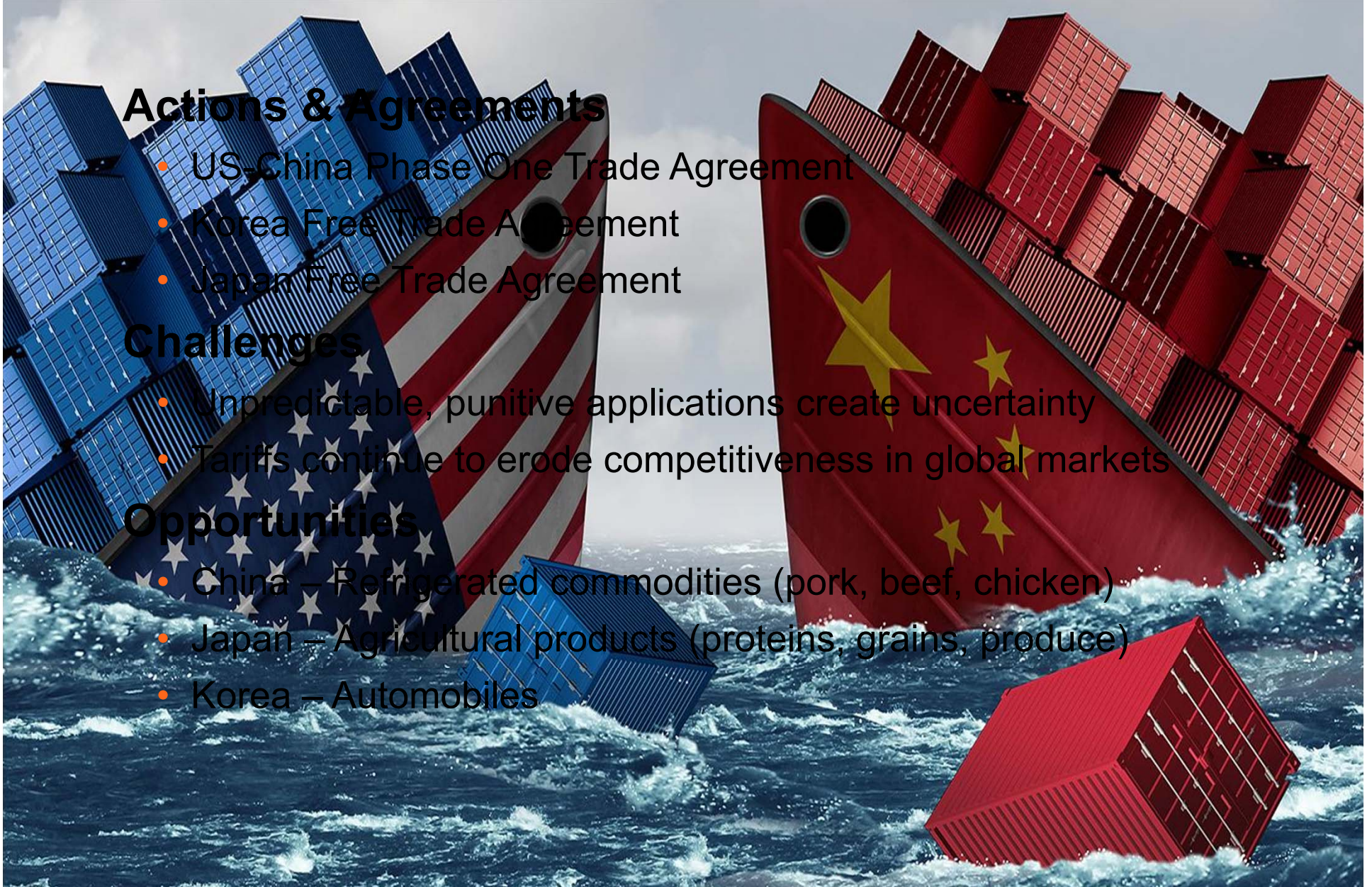
- US-China Phase One Trade Agreement
- Korea Free Trade Agreement
- Japan Free Trade Agreement

Challenges

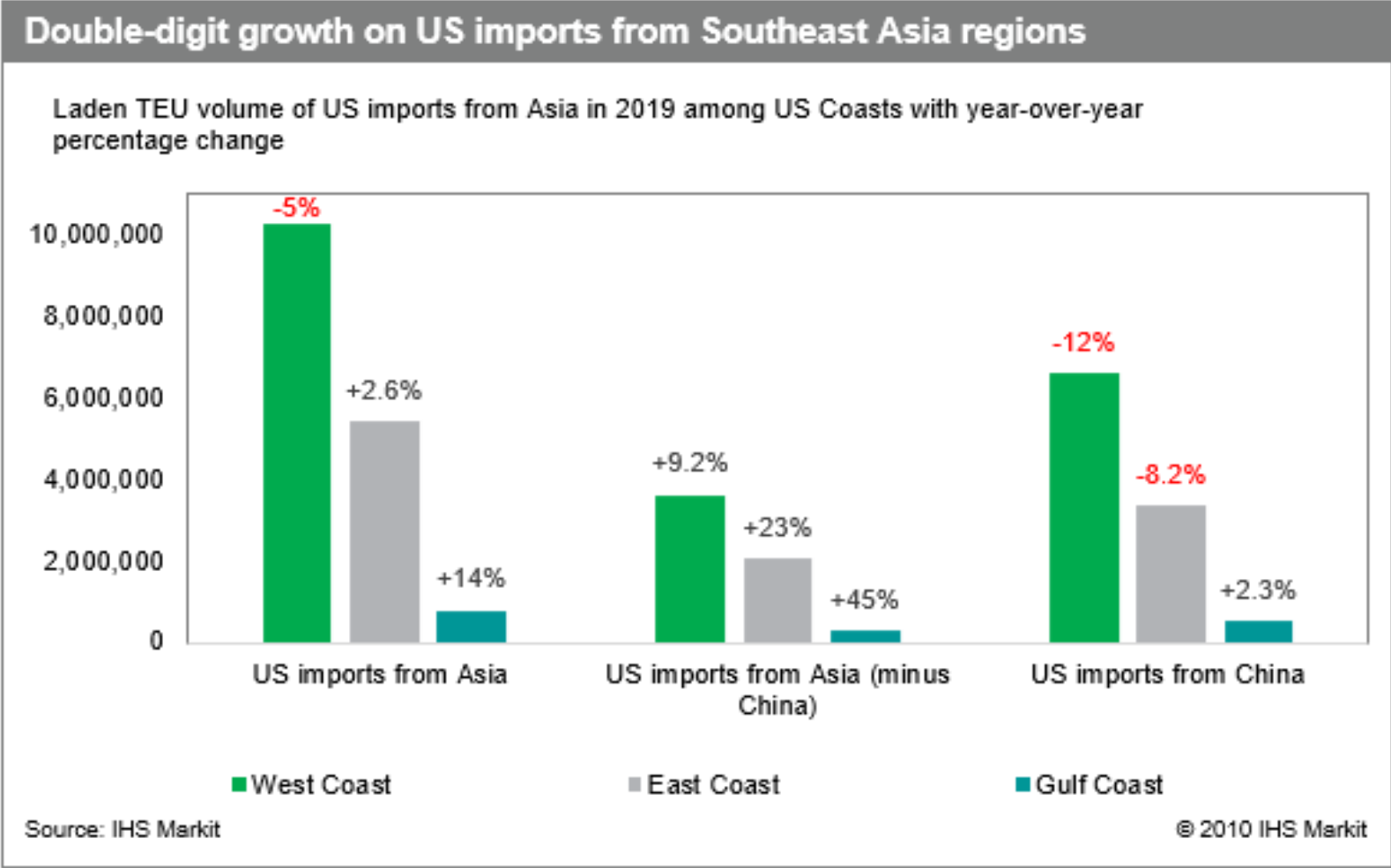
- Unpredictable, punitive applications create uncertainty
- Tariffs continue to erode competitiveness in global markets

Opportunities

- China – Refrigerated commodities (pork, beef, chicken)
- Japan – Agricultural products (proteins, grains, produce)
- Korea – Automobiles

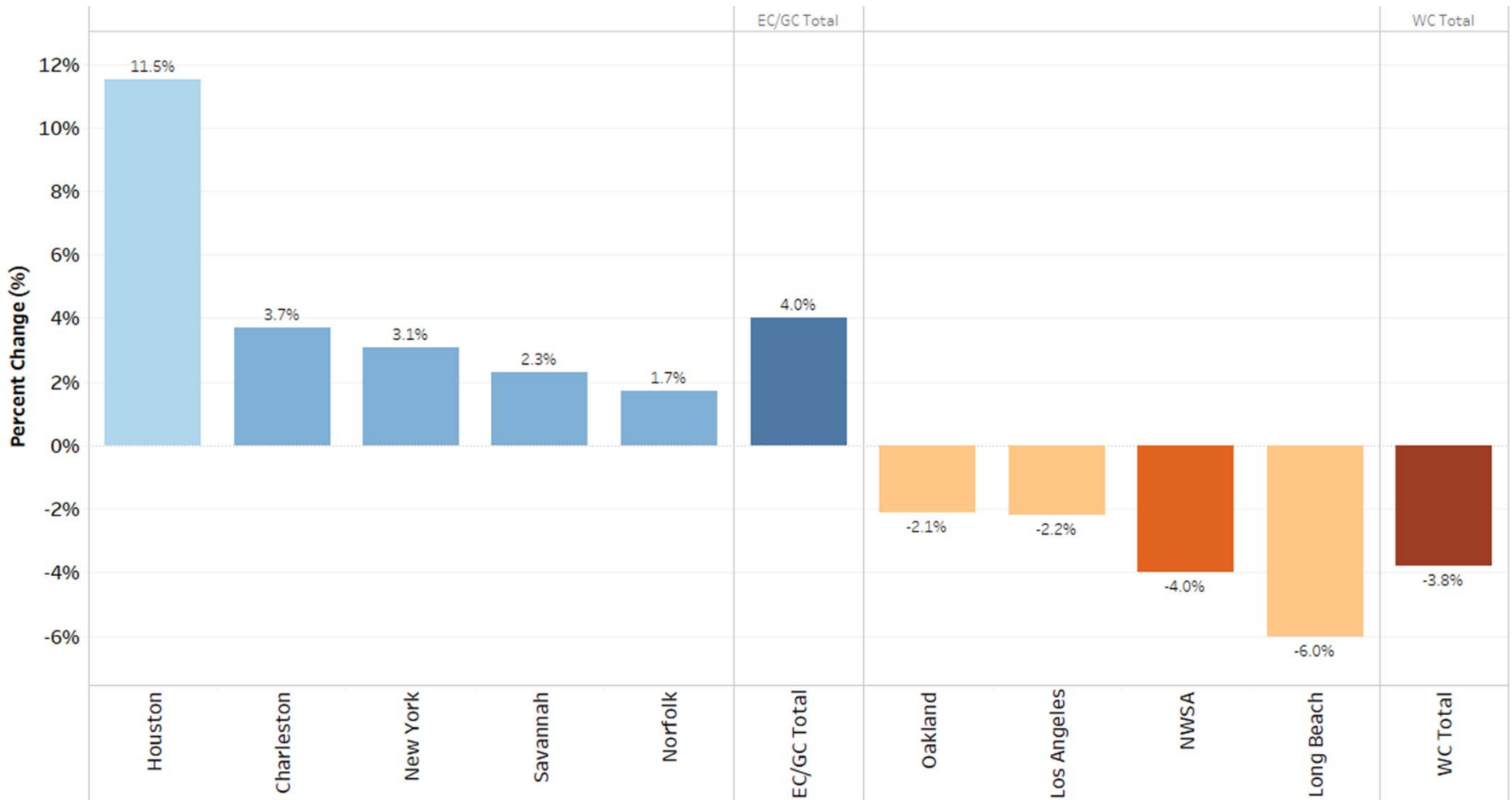


Tariff Impacts on Asian Imports



Major Ports Cargo Volumes

YOY % Change Feb 2018-Jan 2019 & Feb 2019-Jan 2020



Coronavirus—Impacts on the Supply Chain



 **1 TRILLION DOLLAR**
decline in global GDP

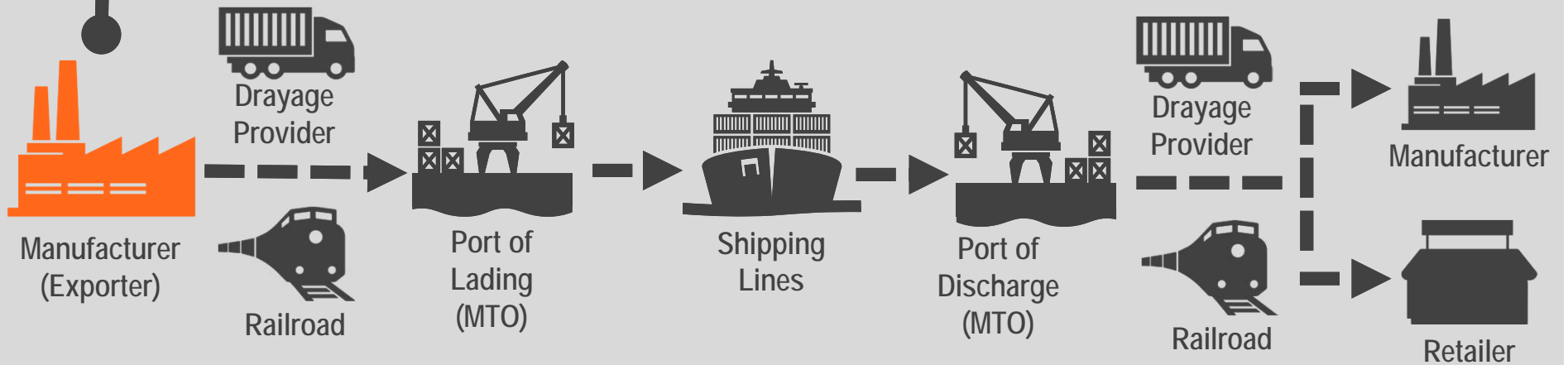
 **1% DECLINE**
in global economic output

1.9m global
TEU LOSS

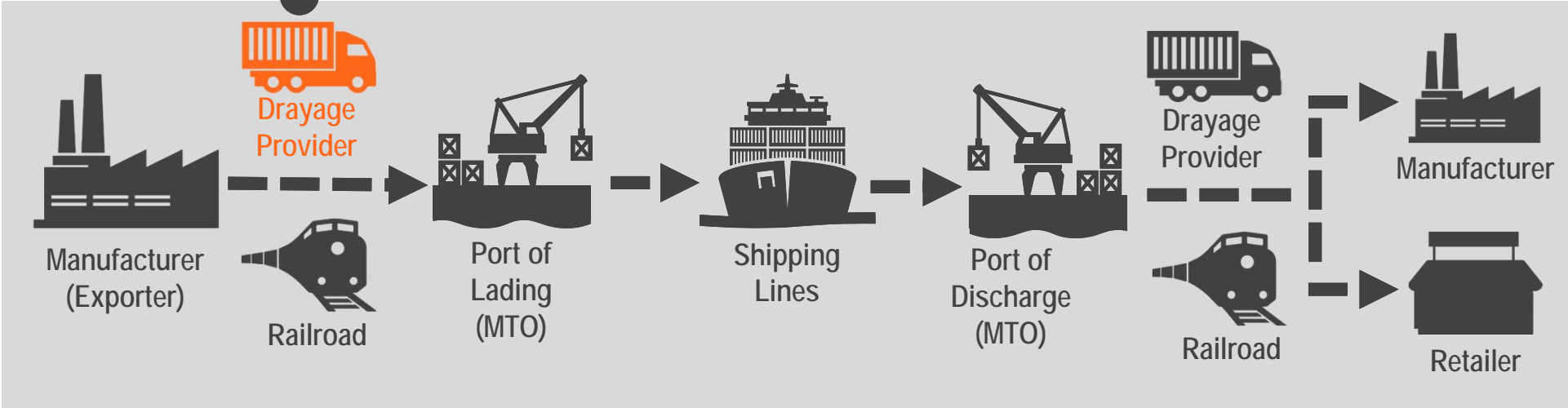
32 blank
 sailings
to NWSA
through March

182K TEUs
NWSA
volume lost

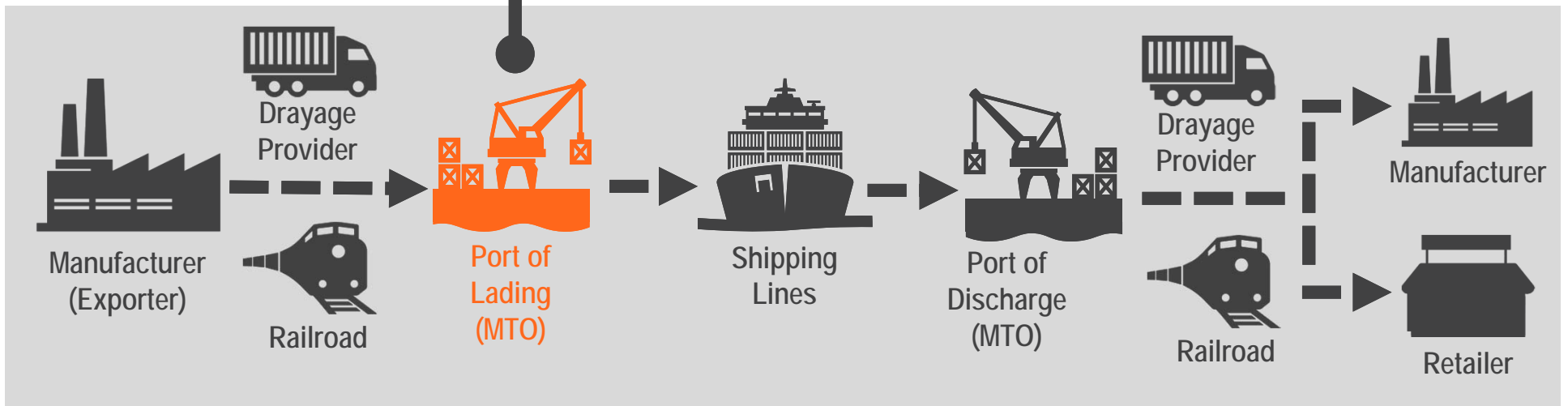
Coronavirus—Impacts on the Supply Chain



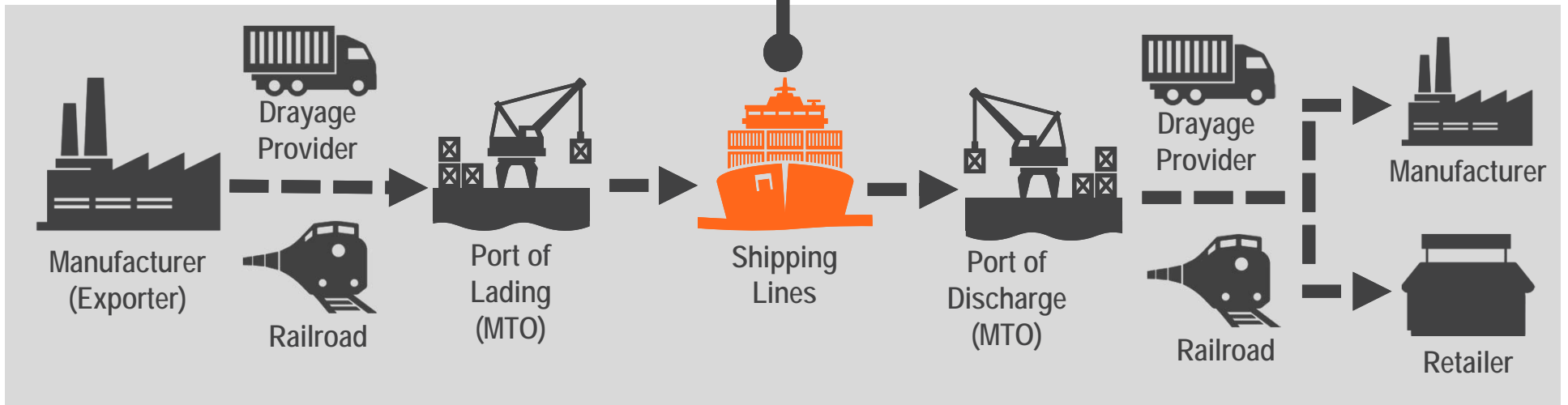
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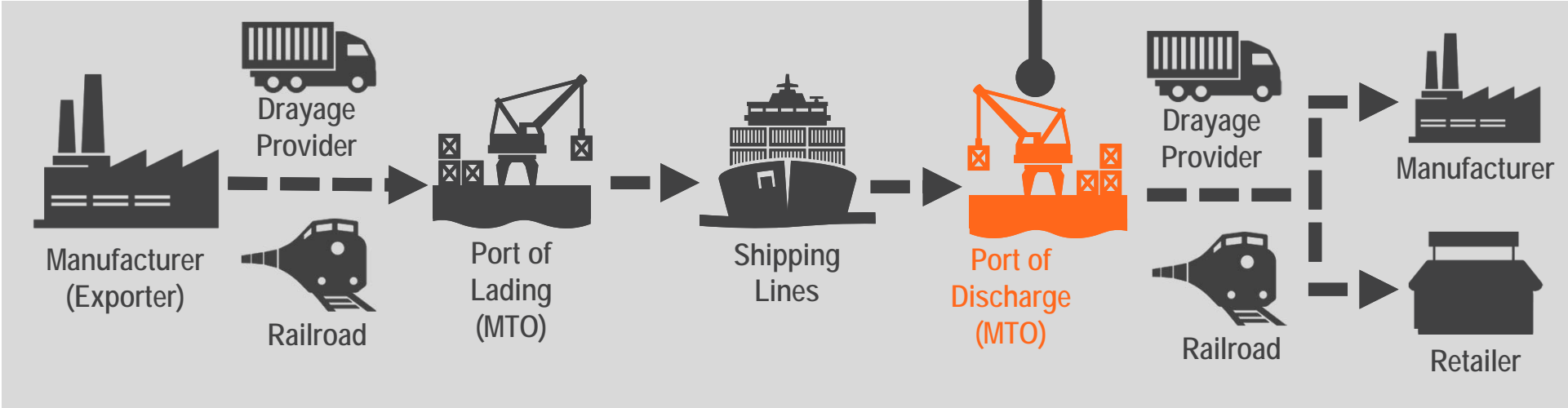
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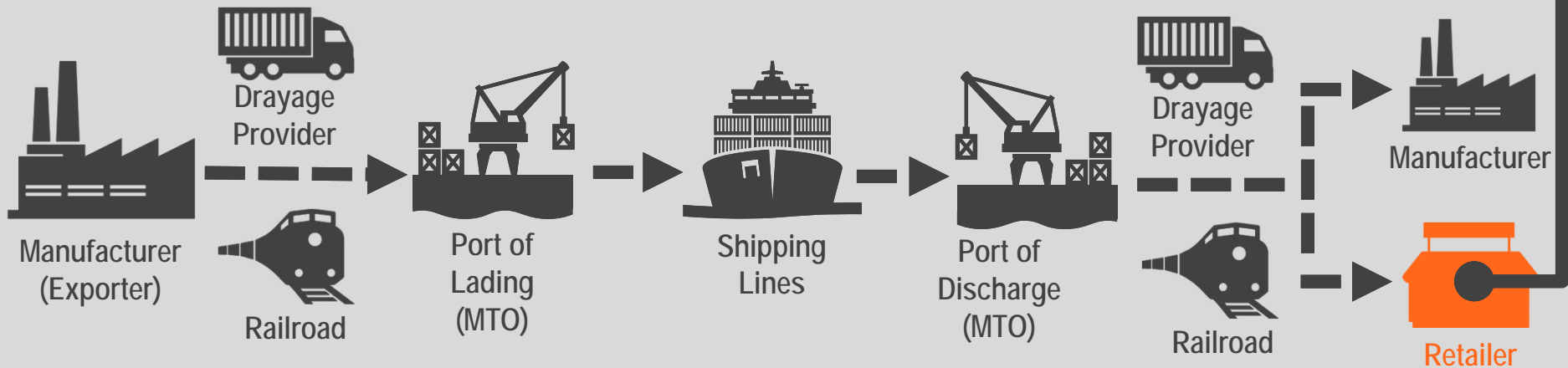
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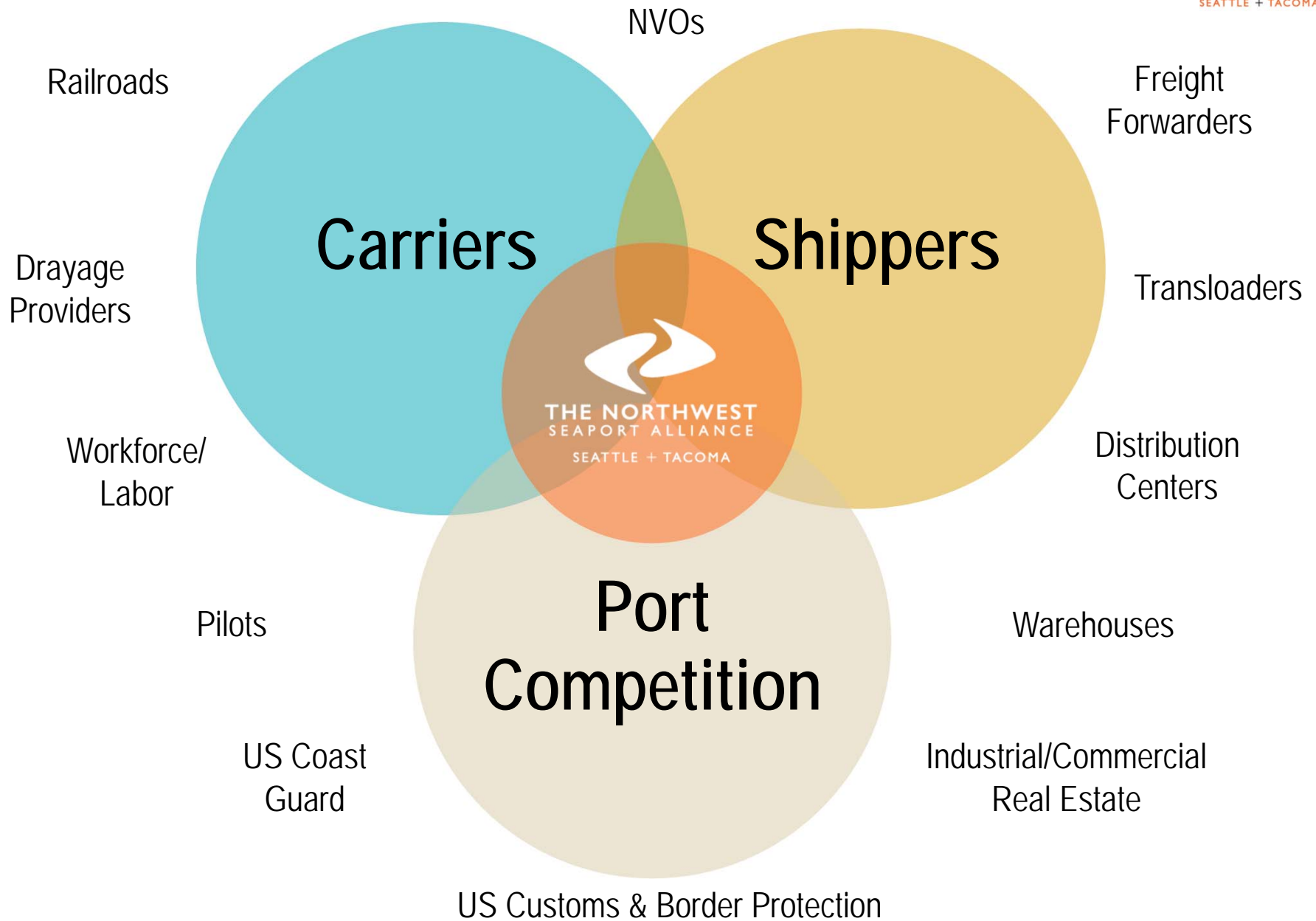
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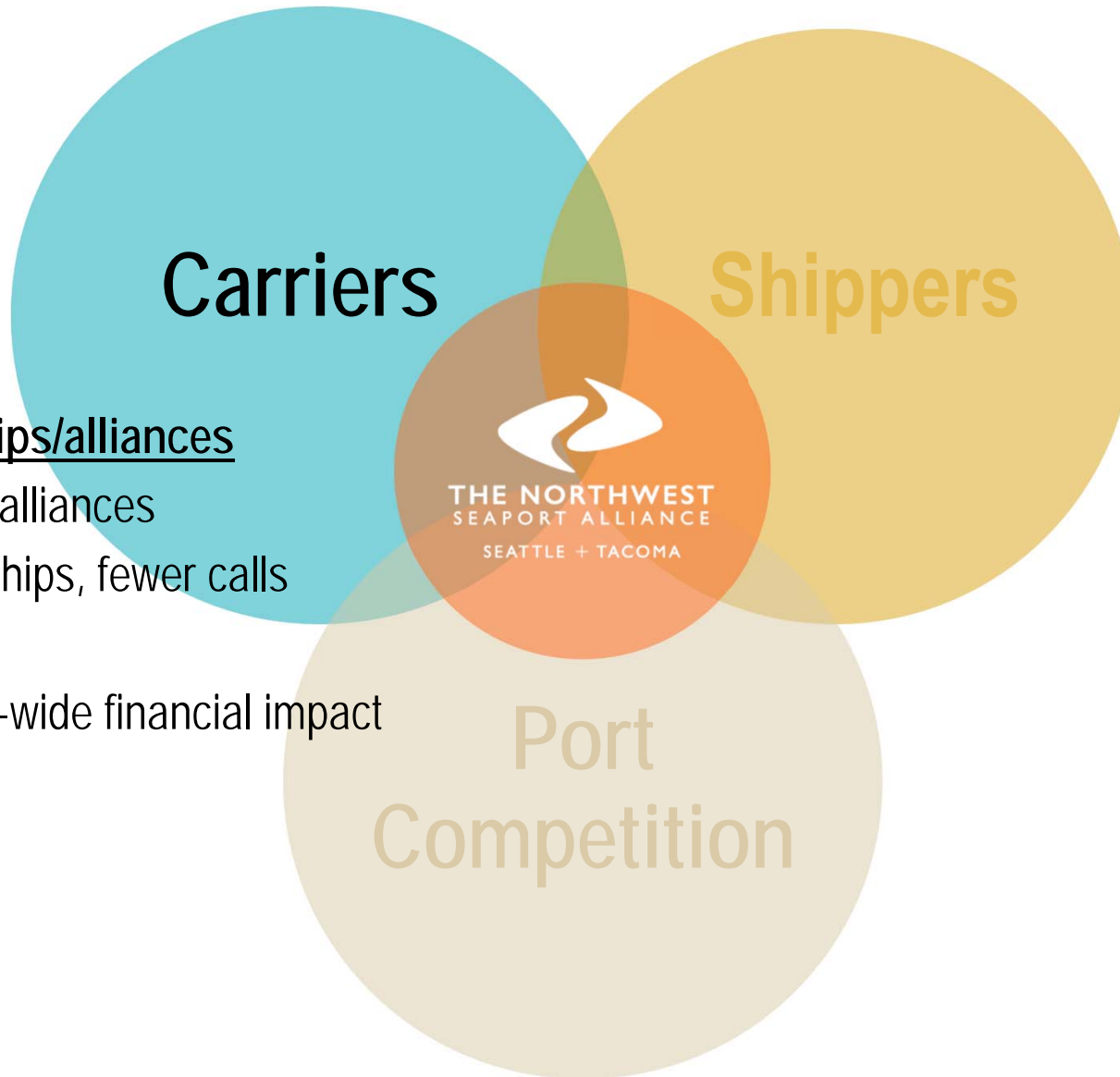
Coronavirus—Impacts on the Supply Chain



Industry Dynamics



Industry Dynamics—Carriers



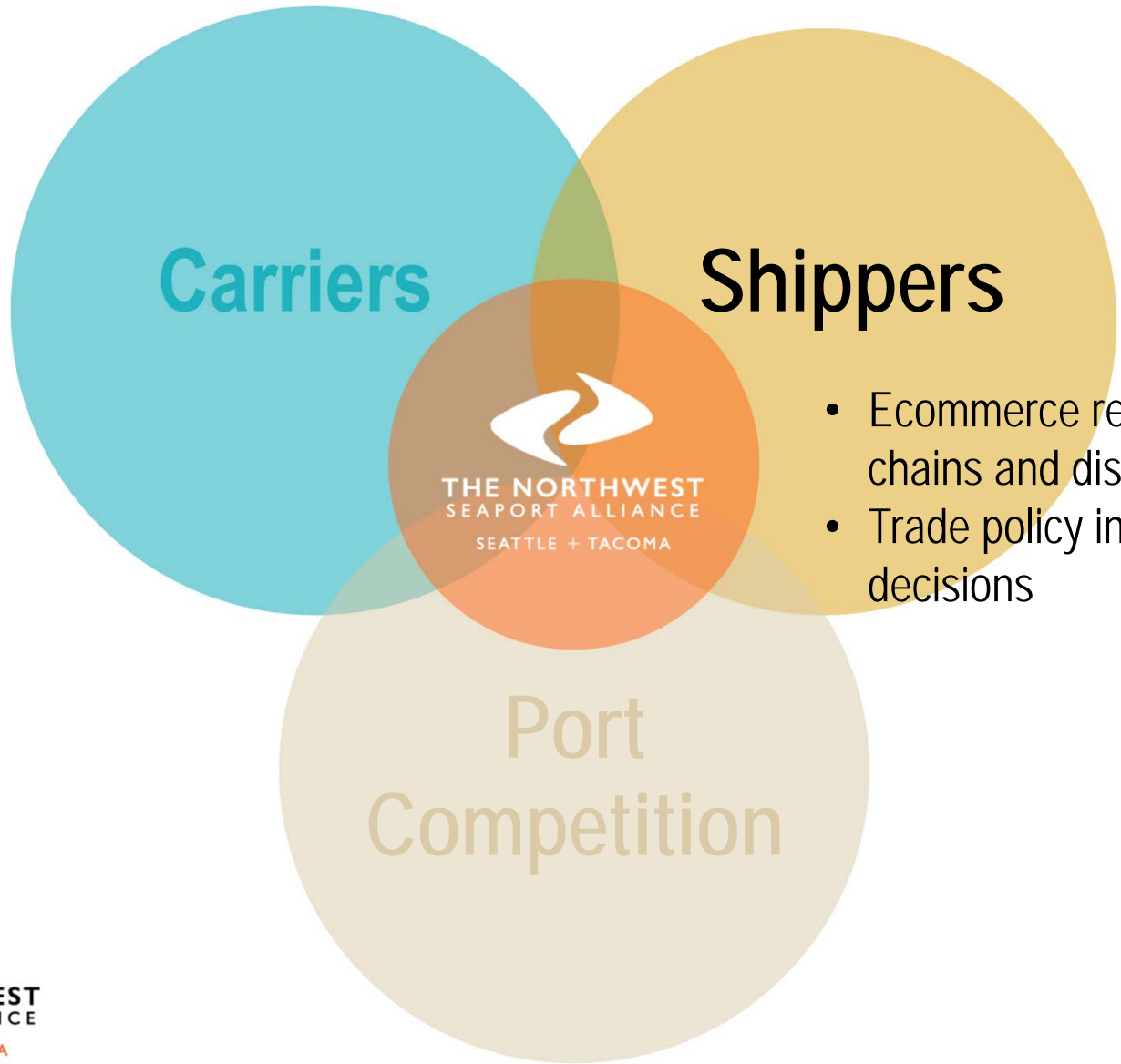
Bigger ships/alliances

- Shifting alliances
- Larger ships, fewer calls

IMO 2020

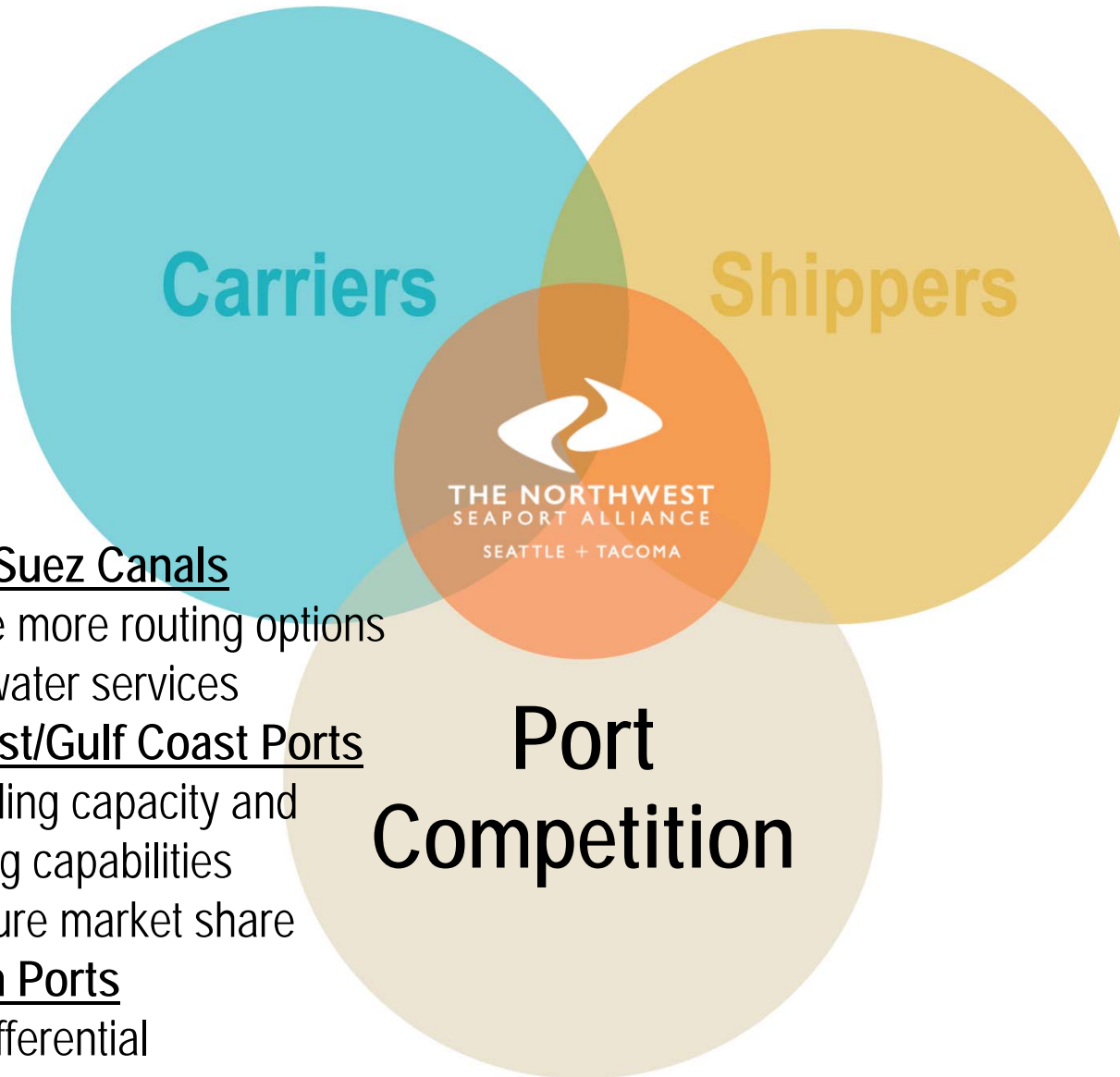
- Industry-wide financial impact

Industry Dynamics—Shippers



- Ecommerce reshaping supply chains and distribution networks
- Trade policy influences sourcing decisions

Industry Dynamics—Port Competition



Panama/Suez Canals

- Provide more routing options for all-water services

East Coast/Gulf Coast Ports

- Expanding capacity and handling capabilities to capture market share

Canadian Ports

- Cost differential

Impacts on the NWSA Gateway

