



# NAFTANEXT

Gene Seroka – APL




Chicago, IL

April 24, 2014

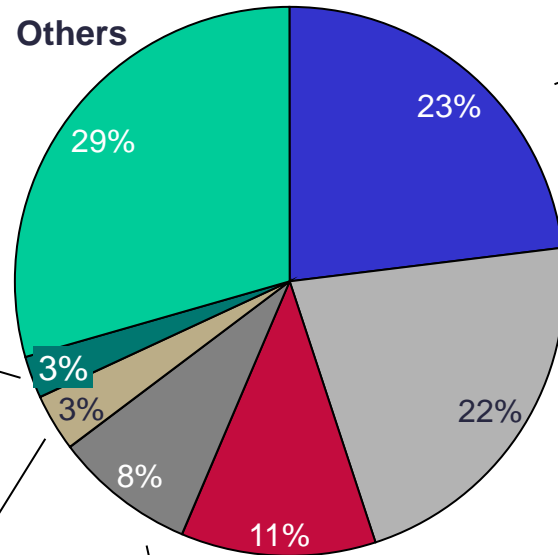


# Global GDP

Best-case scenario looks for continued global expansion in 2014, but downside risks remain with Ukrainian crisis and China's potential slowdown

-  + Outlook
-  - Outlook
-  Stable Outlook

Market Exchange Rates 2013



## Europe

Slow recovery in Europe continues. Economic activity is expanding again and growth is seemingly positive, however, the pace of expansion will remain weak

## USA

End of year data signals stronger 4Q growth, with consumer spending continues to surprise on the upside and housing market recovery remains relatively intact

## China

Growth has moderated and stabilised but double-digit forward growth now seen unlikely as the government tries to rebalance the economy

## Japan

Near-term growth remains intact, however proposed structural reforms still needed for bullish long-term growth prospects

## India




Growth prospects remain weak with rupee's volatility and weak demand exerts pressure on the economy

## Brazil

Economy is growing slower than expected as economic headwinds dampens recovery

Source: WEO, GPS Analysis

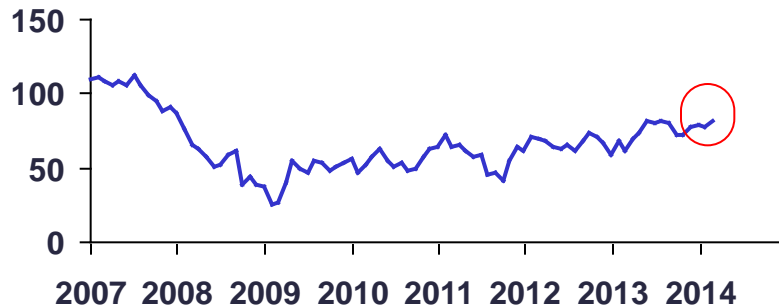
# US economy poised to spring forward after economic data suggested that weather has taken a heavy toll on first quarter growth

-  + Outlook
-  - Outlook
-  Stable Outlook

**C** Consumption   **I** Investments   **E** Exports

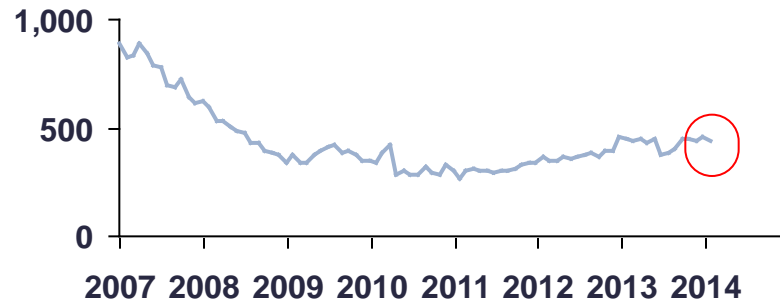
**C**  Consumer confidence climbed in Mar to 6-year high at 82.3 signaling growth after weather-related slowdown

Consumer Confidence Index



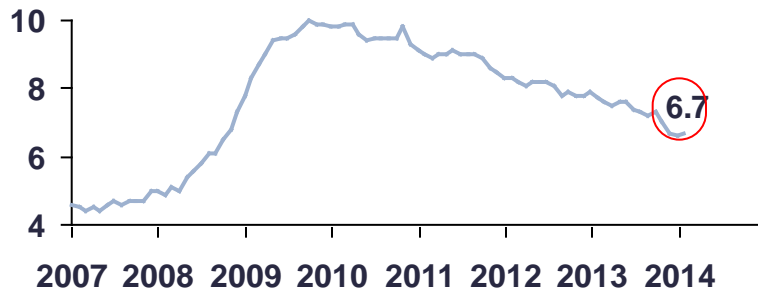
**C**  New home sales fell 3.3% to annual rate of 440K after inclement weather dampened demand

New Home Sales (000)



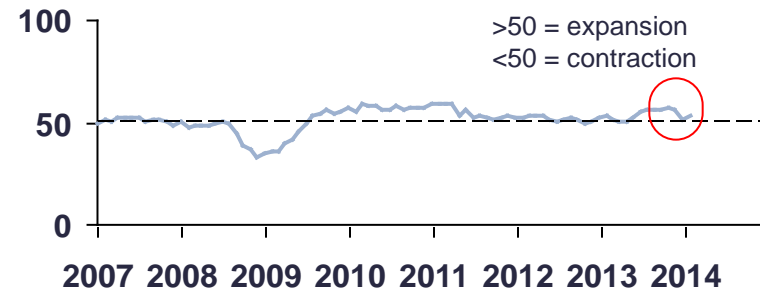
**C**  Jobless rate at 6.7% in Feb, as the economy added 175K jobs

Unemployment Rate (%)



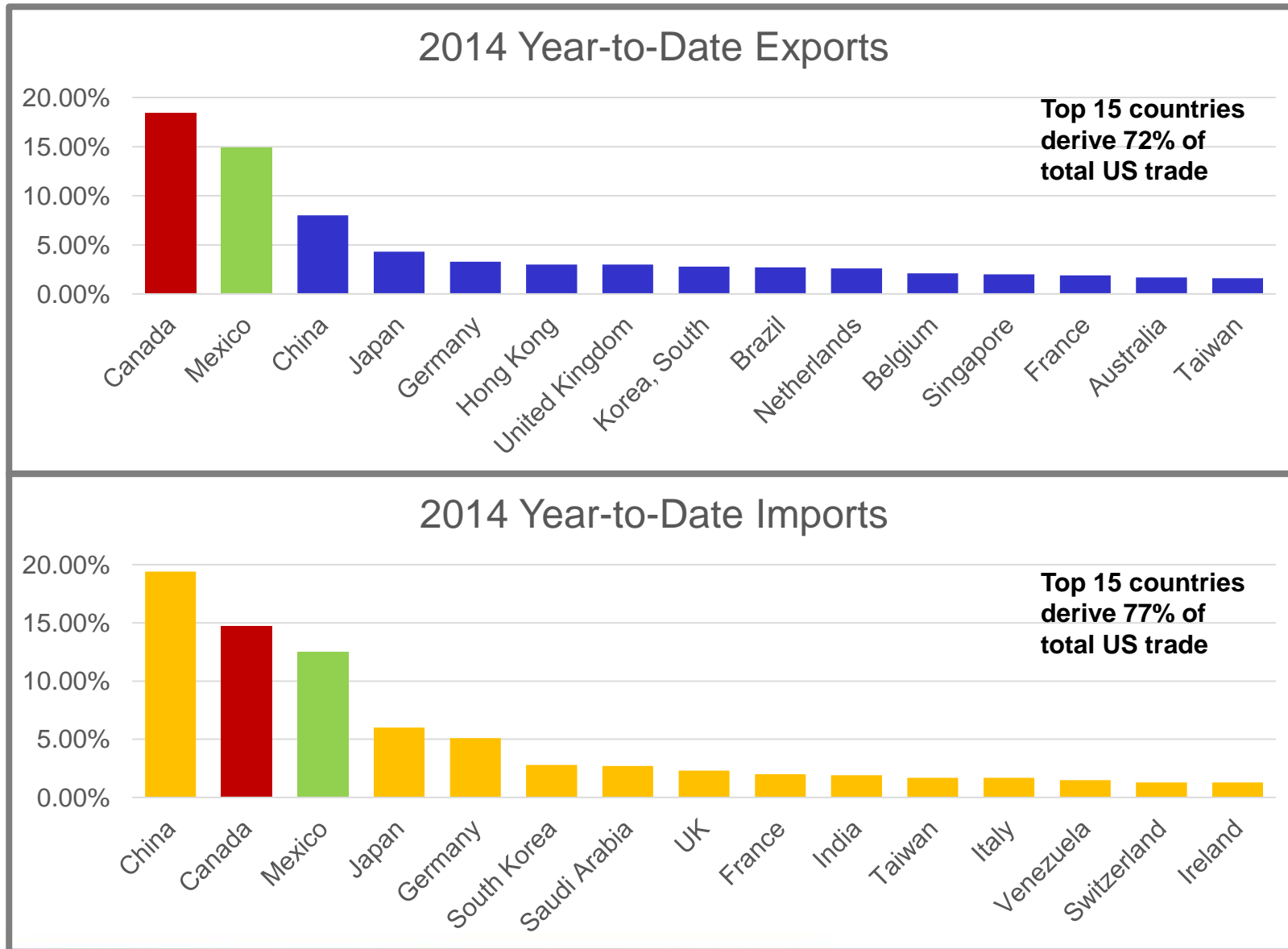
**I** **E**  Mfg PMI rebounded to 53.2 in Feb after falling to an unexpectedly low 51.3 in Jan

Purchasing Mgr's Index



Source: CEIC, Bloomberg, GPS Analysis

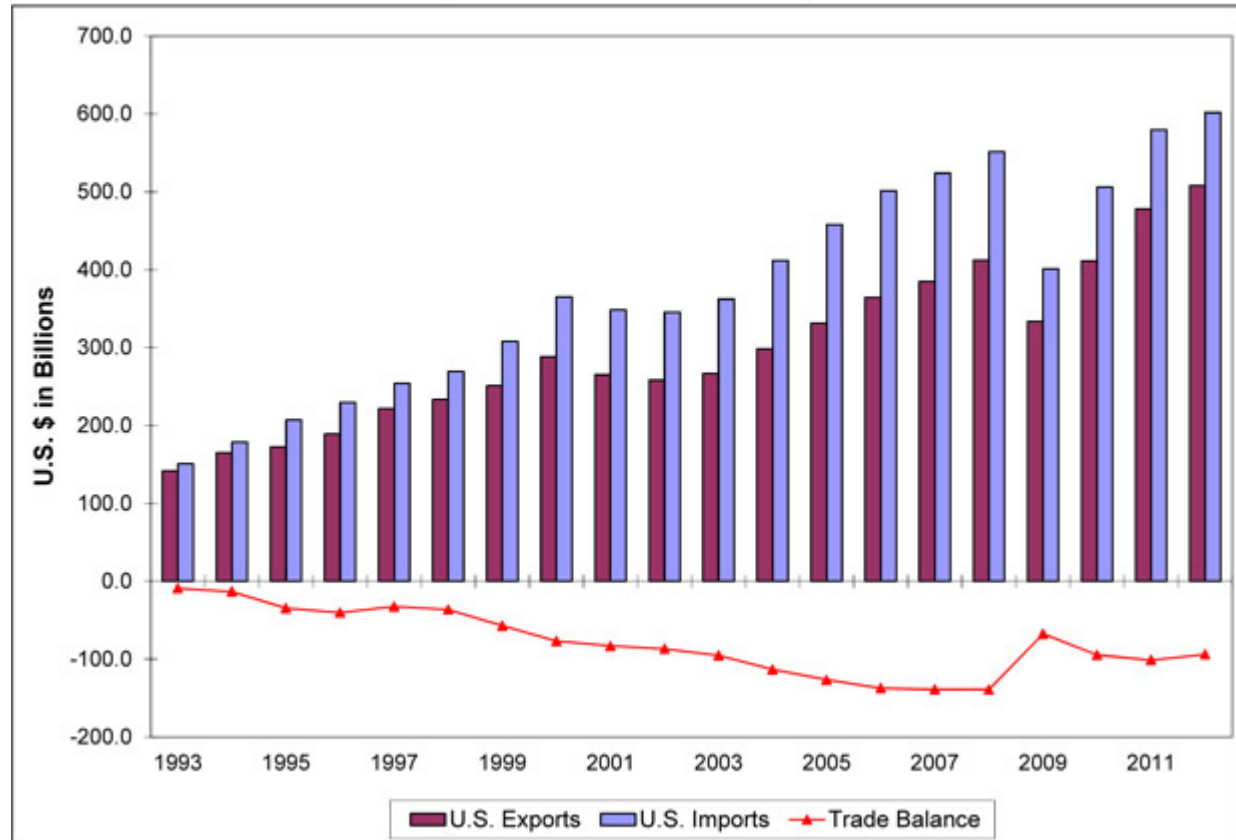
# Top US Trading Partners



# Impacts of NAFTA on Transportation Industry

- **Promotes trade**
  - US-Mexico: 20 year increase of 522%
  - US-Canada: 20 year increase of 200%
- **Intermodal network growth**
- **Specialization**
- **Economies of scale**

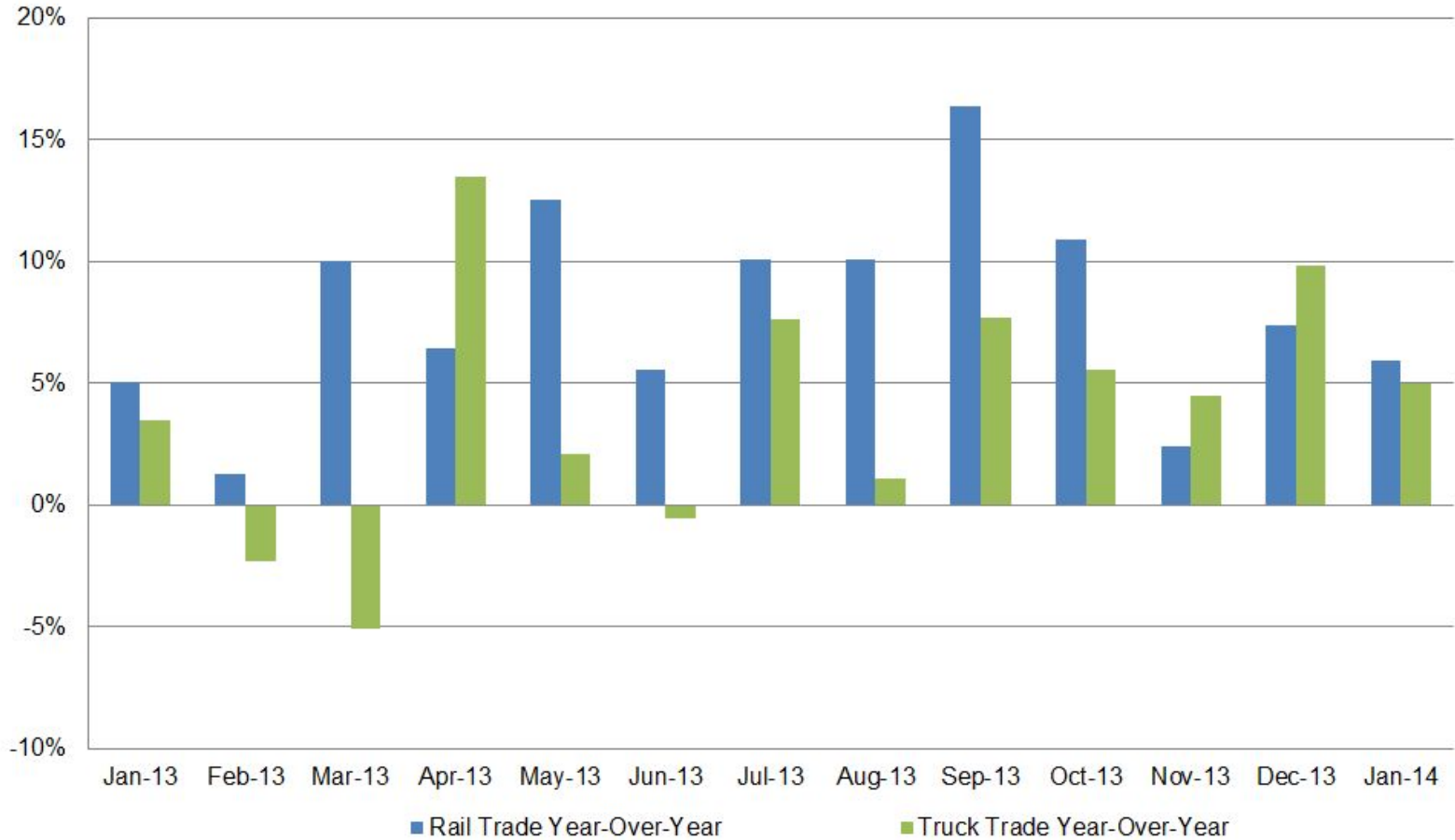
**U.S. Trade with NAFTA Partners: 1993-2012**  
(billions of nominal U.S. dollars)



**Source:** Compiled by CRS using trade data from the U.S. International Trade Commission's Interactive Tariff and Trade Data Web, at <http://dataweb.usitc.gov>.

# Cross Border Trade

**U.S. Cross-Border Trade with Mexico**  
*Year-Over-Year Percent Change of Trade Value*



Source: Bureau of Transportation Statistics

# Issues and Barriers

- **Canacar (national trucking association) arbitration (against US for violating trucking provisions of NAFTA)**
- **Customs: getting through ports of security is time consuming for truckers** (*though funding passed by Senate will inject hiring 2,000 US Customs agents in 2014 and other programs like Project 21 will help*)
- **Mexico Fuel Subsidy: hurt Mexican trucking industry, in addition to rising fuel costs**
- **Security: Threat of kidnap/hijack and/or theft**

## NAFTA – APL Logistics Perspective

- APL Logistics has been positively impacted by the increased flow of parts and finished goods between the US and Mexico, esp. in the Automotive sector.
- North America is by far largest geography for APL Logistics, accounting for more than 60 percent of our total revenue in FY2013.
- As Mexico becomes more important to our customer's supply chain strategies within NAFTA, APLL has targeted Mexico as a key geography for growth and expansion
  - Automotive Logistics
  - Contract Logistics / e-commerce logistics



# Within NAFTA, APLL manages door-to-door intermodal logistics of automotive parts flows between the US/Canada and Mexico



## Key Highlights:

- **Market leader in intermodal logistics for automotive sector in NAFTA corridor**
- **Primary commodities:**
  - Production parts & racks
  - Aftermarket parts
- **Door-to-door SCM of auto parts and racks in a Just-In-Time manufacturing environment**
- **Services include:**
  - Milk run and Full Container Load (FCL) drayage
  - Automated preparation of customs invoices and Electronic Export Information (EEI)
  - Priority blocking
  - Train arrival and container grounding schedules
  - Expedited diversion services
  - Part number visibility and tracking
  - Boxcar management and transloading services

**Thank You**



# Links

- [NAFTA at 20 – CRS](#)
- [NAFTA at 20 – JOC Review](#)
- [US-Mexico trade balance](#)
- [Project 21](#)