

# Free trade agreements



*Pending*

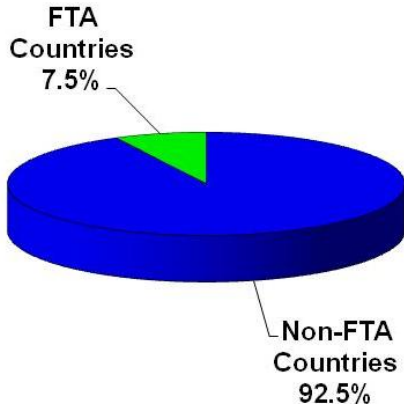
<b>Pending agreements</b>	<b>Status</b>
<b>EU-South Korea</b>	<b>Agreement in effect July 2011</b>
<b>EU- African, Caribbean and Pacific Group of States</b>	<b>Still in negotiations</b>
<b>US- Panama</b>	<b>Signed, awaiting congressional approval</b>
<b>US-Colombia</b>	<b>Signed, awaiting congressional approval</b>
<b>US- South Korea</b>	<b>Signed, awaiting congressional approval</b>
<b>US- Asia-Pacific Trade Agreement</b>	<b>Still in negotiations</b>

# U.S. free trade agreement partners in the global economy

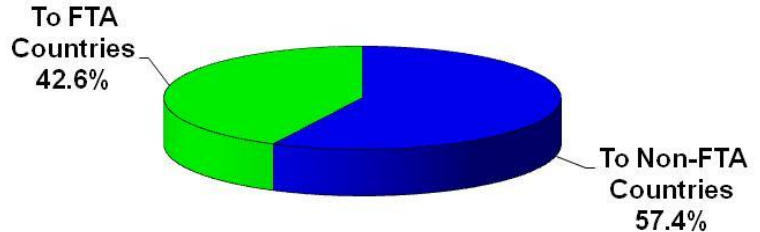


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Percent of World GDP, 2006



Percent of U.S. Exports, 2006



# World's busiest ports



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*By TEUs, 2009*

Rank	Port	TEUs
1	Singapore	25,866,600
2	Shanghai	25,002,000
3	Hong Kong	21,040,096
4	Shenzhen	18,250,100
5	Busan	11,954,861
6	Los Angeles/Long Beach	11,816,591
7	Guangzhou	11,190,000
8	Dubai Ports	11,124,082
9	Ningbo	10,502,800
10	Qingdao	10,280,000

Source: American Association of Port Authorities.

# Top 5 U.S. ports

*By TEUs, 2009*



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World rank	Port	TEUs
16	Los Angeles	6,748,994
18	Long Beach	5,067,597
21	New York/New Jersey	4,561,528
42	Savannah	2,356,511
53	Oakland	2,045,211

Source: American Association of Port Authorities.

# New shipping routes

## *Arctic routes*



Decrease transit time up to 40% from Pacific to Atlantic, and vice versa.

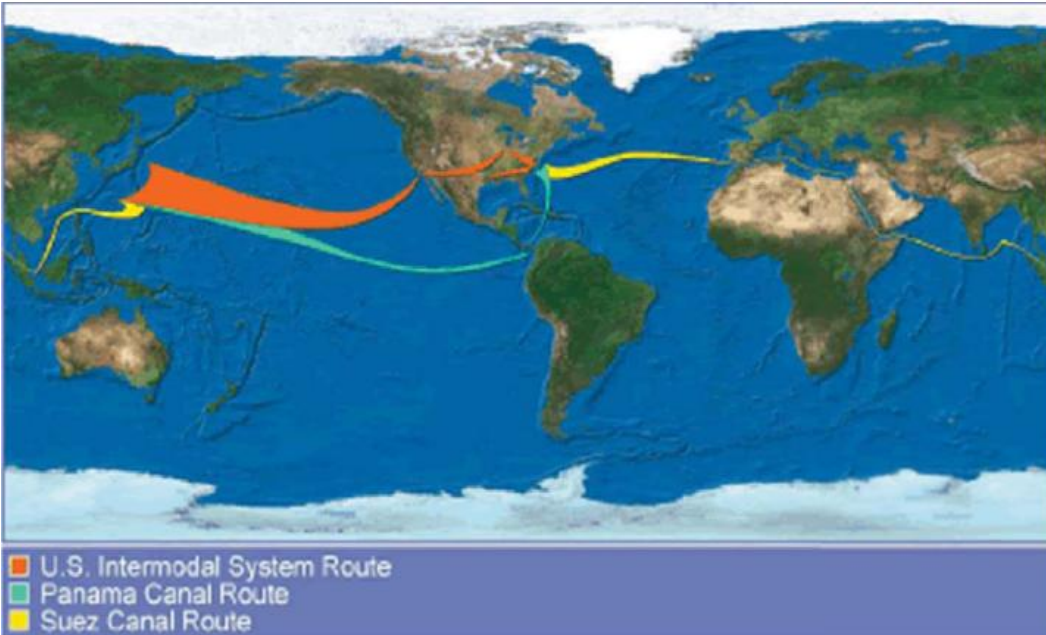


# Improved shipping routes

## *Panama Canal expansion*



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Source: Panama Canal Authority.

# Potential shipping routes

## *Nicaragua Canal*



- Planning construction of a canal funded by Venezuela, Iran, and Nicaragua.
- Potential rival for the Panama canal

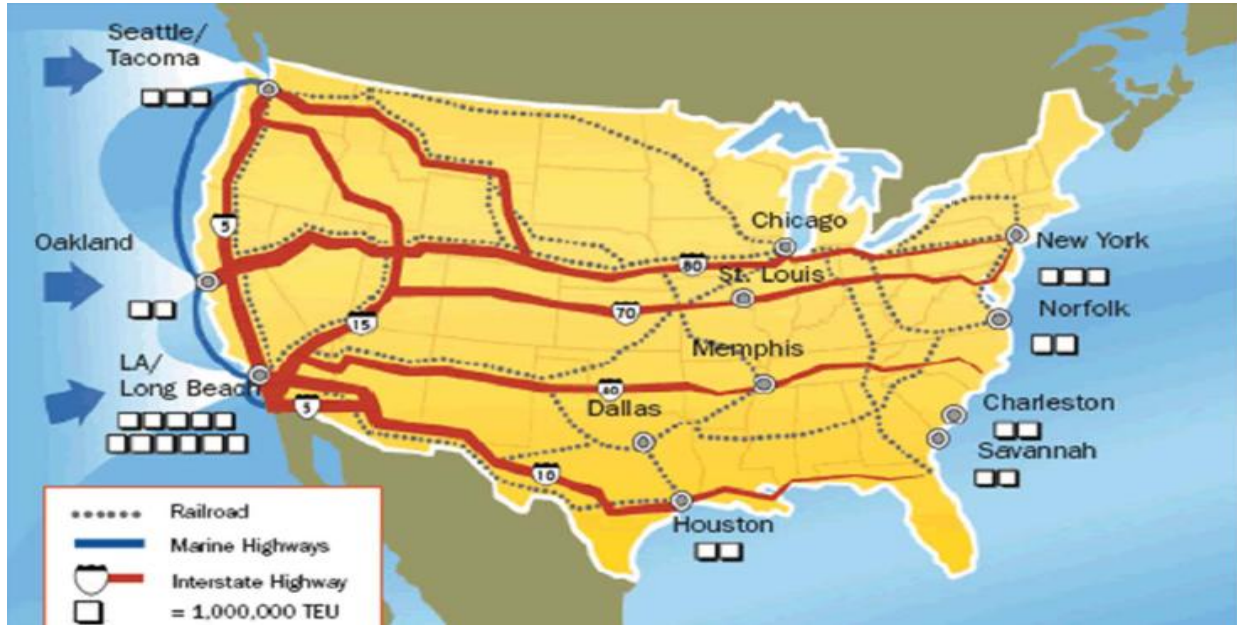


# U.S. shipping routes

## *Intermodal System*



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Source: U.S. Department of Transportation.



# Top 10 port-related intermodal sites



*United States, 2009*

Rank	Sites
1	Los Angeles/Long Beach, CA
2	Port of New York/New Jersey
3	Norfolk, VA
4	Jacksonville, FL
5	Savannah, GA
6	Charleston, SC
7	Houston/Galveston, TX
8	Prince Rupert, BC
9	Lazaro Cardenas, MX
10	Guaymas, MX

- Growth has been particularly strong in the Southeast, due to growing population and investments in facilities
- Capacity issues and environmental regulations have spurred growth in both Mexico and Canada as alternatives for importing Asian goods

# Busiest airports in the world

*By cargo traffic, metric tons, 2009*



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Rank	Airport	Total cargo
1	Memphis	3,697,054
2	Hong Kong	3,385,313
3	Shanghai	2,543,394
4	Incheon	2,313,001
5	Paris	2,054,515
6	Anchorage	1,994,629
7	Louisville	1,949,528
8	Dubai	1,927,520
9	Frankfurt	1,887,686
10	Tokyo	1,851,972

# Top freight companies

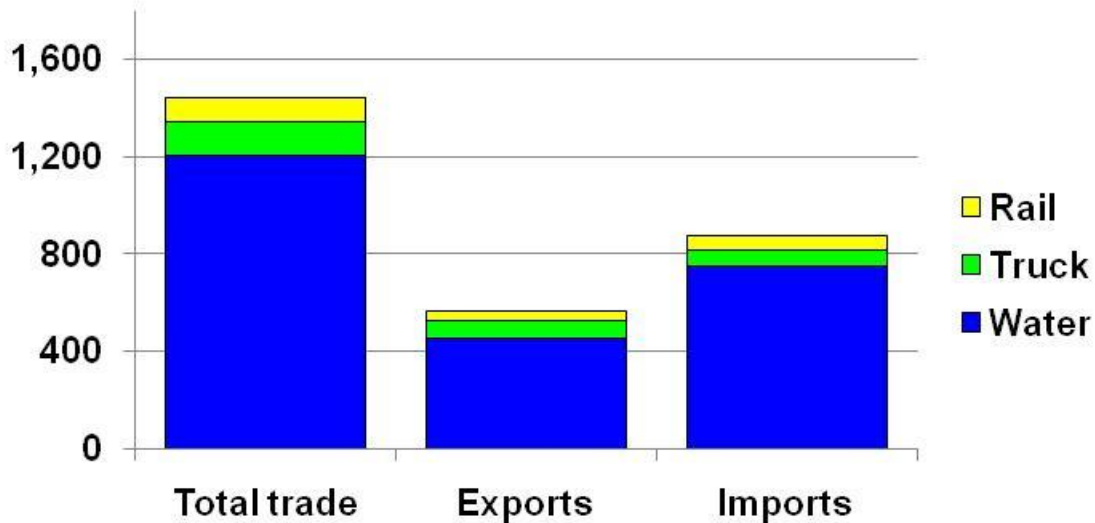


Company	Headquarters Location	2010 Revenue in billions
UPS	US	\$49.60
FedEx	US	\$34.73
DHL	Germany	\$8.13
AP Moller	Danish	\$6.30
Nippon Express	Japan	\$5.90
Ryder	US	\$5.14
TNT Post Group	Netherlands	\$4.25
Expeditors	US	\$4.20
Panalpina	Switzerland	\$4.20
Exel	US	\$1.58

# Frequently used modes of transportation

*By metric tons, United States, 2009*

Nearly 80 percent of freight tonnage in U.S. foreign trade moves by water.

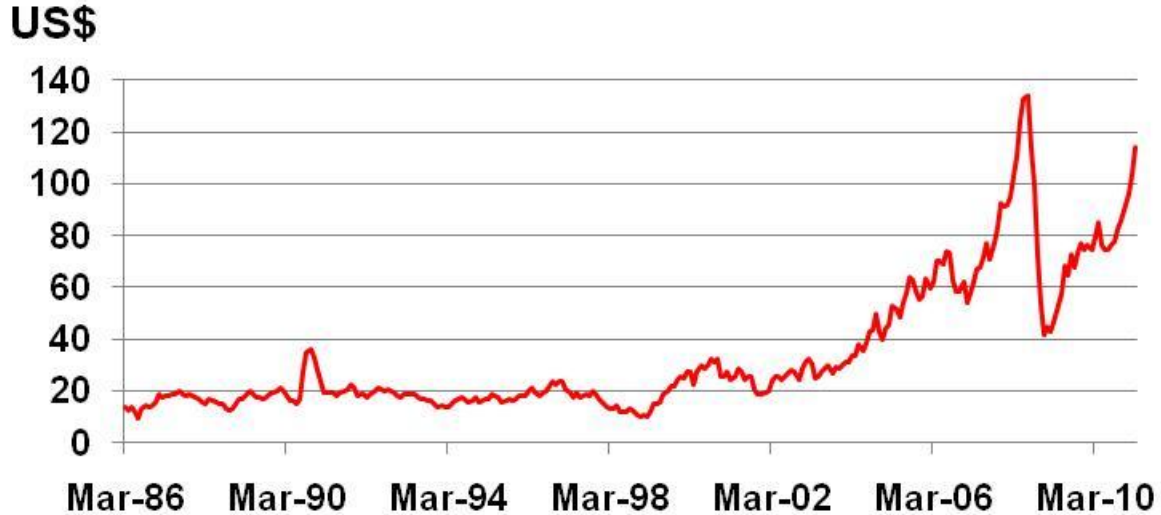


# Rising crude oil costs

*Per barrel*



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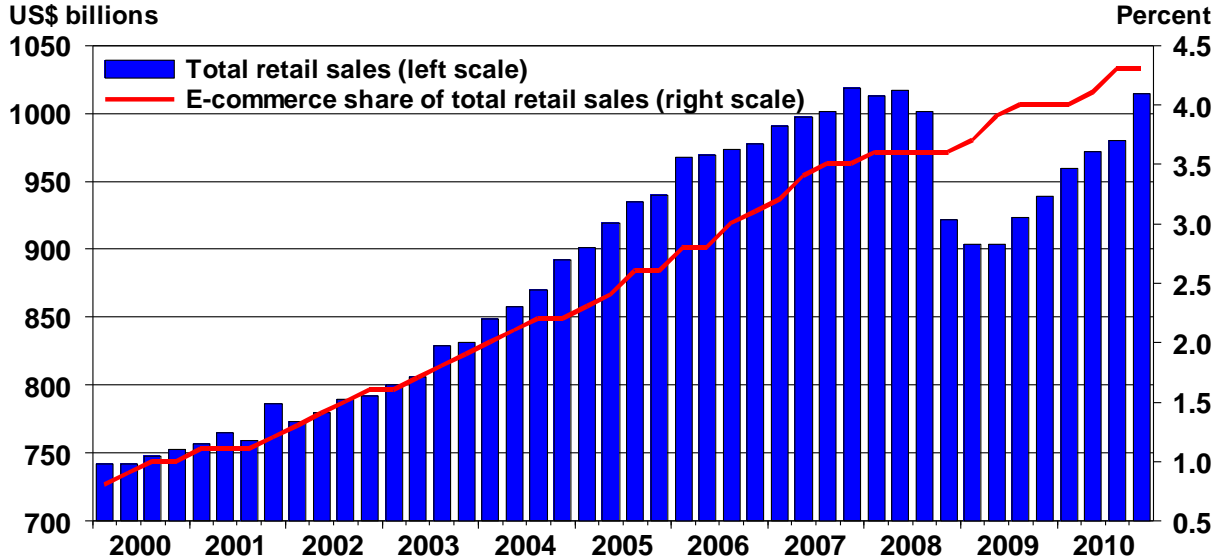


# Increasing share of online purchases



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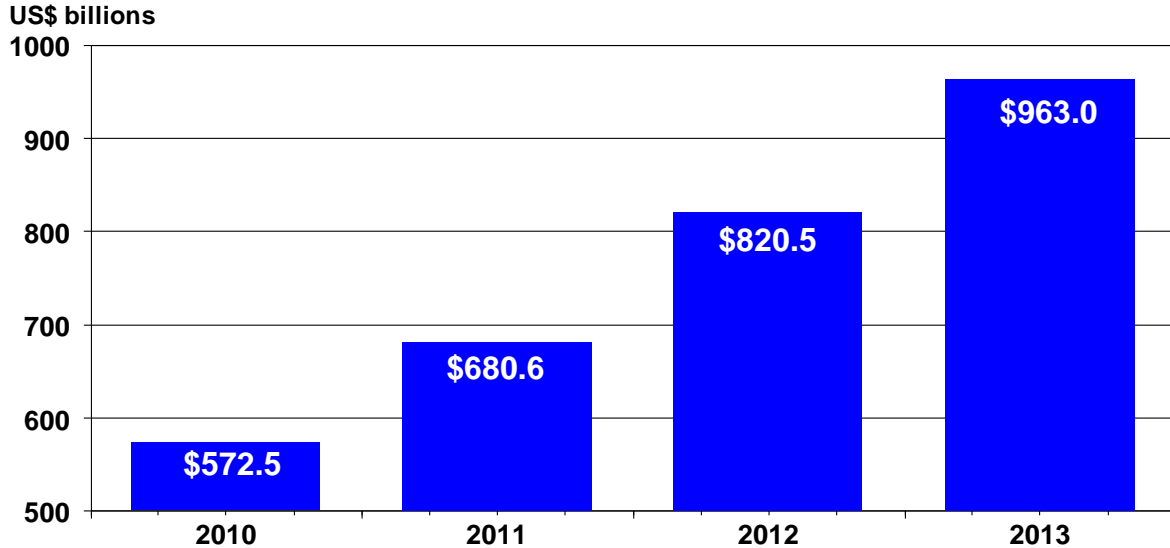
## Adjusted retail and e-commerce sales, United States



Source: U.S. Census Bureau.



# Global e-commerce sales



Source: Goldman Sachs, Internet Retailer.

# E-commerce



## *Top companies in online sales, 2009*

Rank	Company	Industry	Online sales (US\$ billions)
1	Amazon.com Inc.	Mass merchant	24.51
2	Staples Inc.	Office supplies	9.80
3	Dell Inc.	Computers / Electronics	4.53
4	Apple Inc.	Computers / Electronics	4.25
5	Office Depot Inc.	Office supplies	4.10
6	Walmart.com	Mass merchant	3.50
7	OfficeMax Inc.	Office supplies	2.78
8	Sears Holdings Corp.	Mass merchant	2.77
9	CDW Corp.	Computers / Electronics	2.47
10	Best Buy Co.	Computers / Electronics	2.46



# E-commerce



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## *Top web-only retailers in online sales, 2009*

Rank	Company	Industry	Online sales (US\$ billions)
1	Amazon.com Inc.	Mass merchant	24.51
2	Newegg Inc.	Computers / Electronics	2.30
3	Netflix Inc.	Books / Music / Videos	1.67
4	Amway Global	Health / Beauty	0.89
5	Overstock.com Inc.	Mass merchant	0.88
6	Redcats	Apparel / Accessories	0.71
7	Buy.com Inc.	Mass merchant	0.69
8	Vistaprint Ltd.	Office supplies	0.52
9	Musician's Friend Inc.	Specialty / Non-apparel	0.51
10	PC Connection Inc.	Computers / Electronics	0.47

Source: Internet Retailer.



# Going Global

- **In 1990s we took objective look at global trade, increased outsourcing, and the effect on our business**
- **Threat: U.S. package transportation business 90% of profits. Source of consistent 10 -15% earnings growth maturing**
- **Expanded small package network across the globe**



# Redefining the Business



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- **Becoming clear supply chains more complex. Package business alone would limit our competitiveness**
- **Opportunity: Ability to provide solutions to support customers' longer, more complex global supply chains**
- **Mission: Synchronize global commerce**



# Transformation of UPS



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- **Long-term focus**
- **Continuous need to transform business model**
- **Cycle of extension and refinement**
- **Biggest risk - not changing**



## About UPS



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- **More than \$49 billion revenue in 2010**
- **3.9 billion total packages delivered**
- **7.9 million daily customers**
- **400,600 employees**
- **One of the largest airlines in the world**
- **Top 5 air freight provider**
- **Top 10 ocean freight**
- **Top 5 contract logistics**



# Issues



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- **Free trade vs. protectionism**
- **Energy**
- **Streamlining B to C**
- **Rules and regulations**