

Jones Act Container Shipping & Supply Chain

February 23, 2023

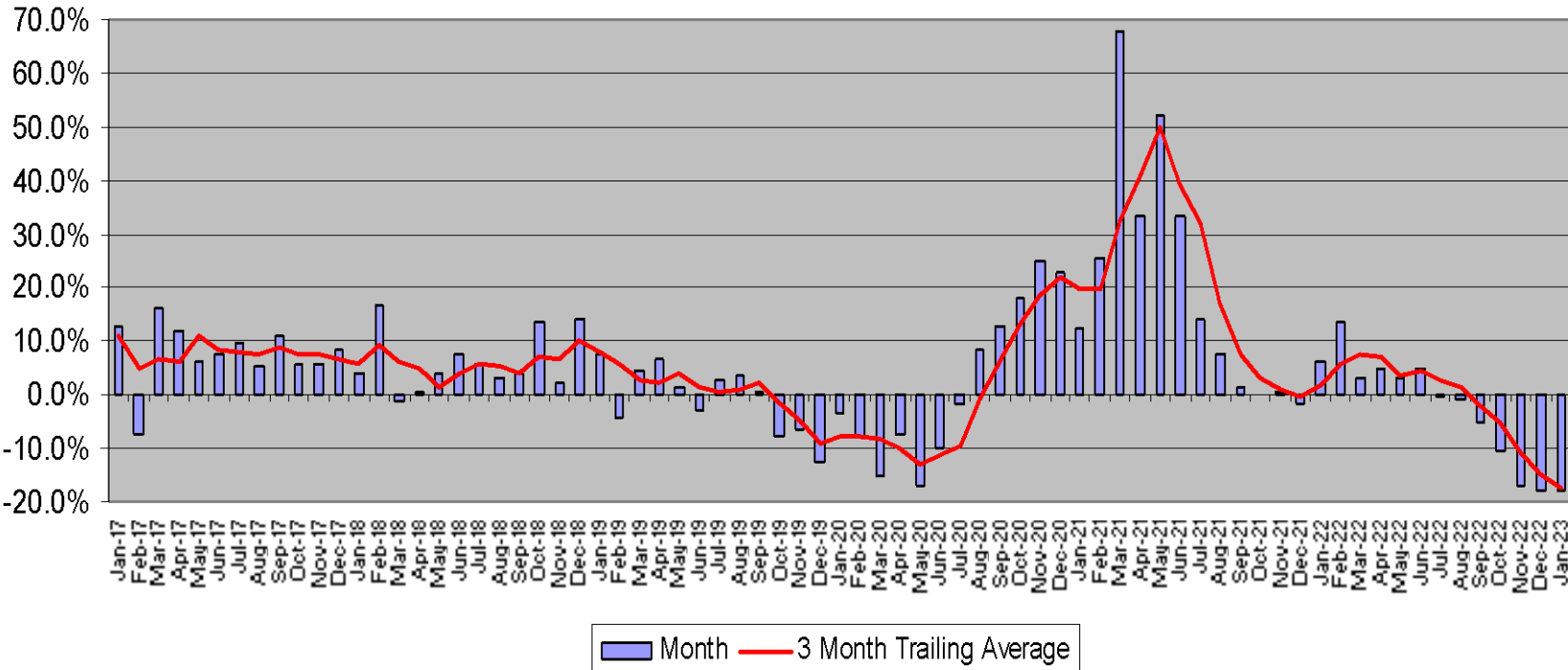
Capital Link Jones Act & U.S. Flag Shipping Forum

Jones Act Container Sector

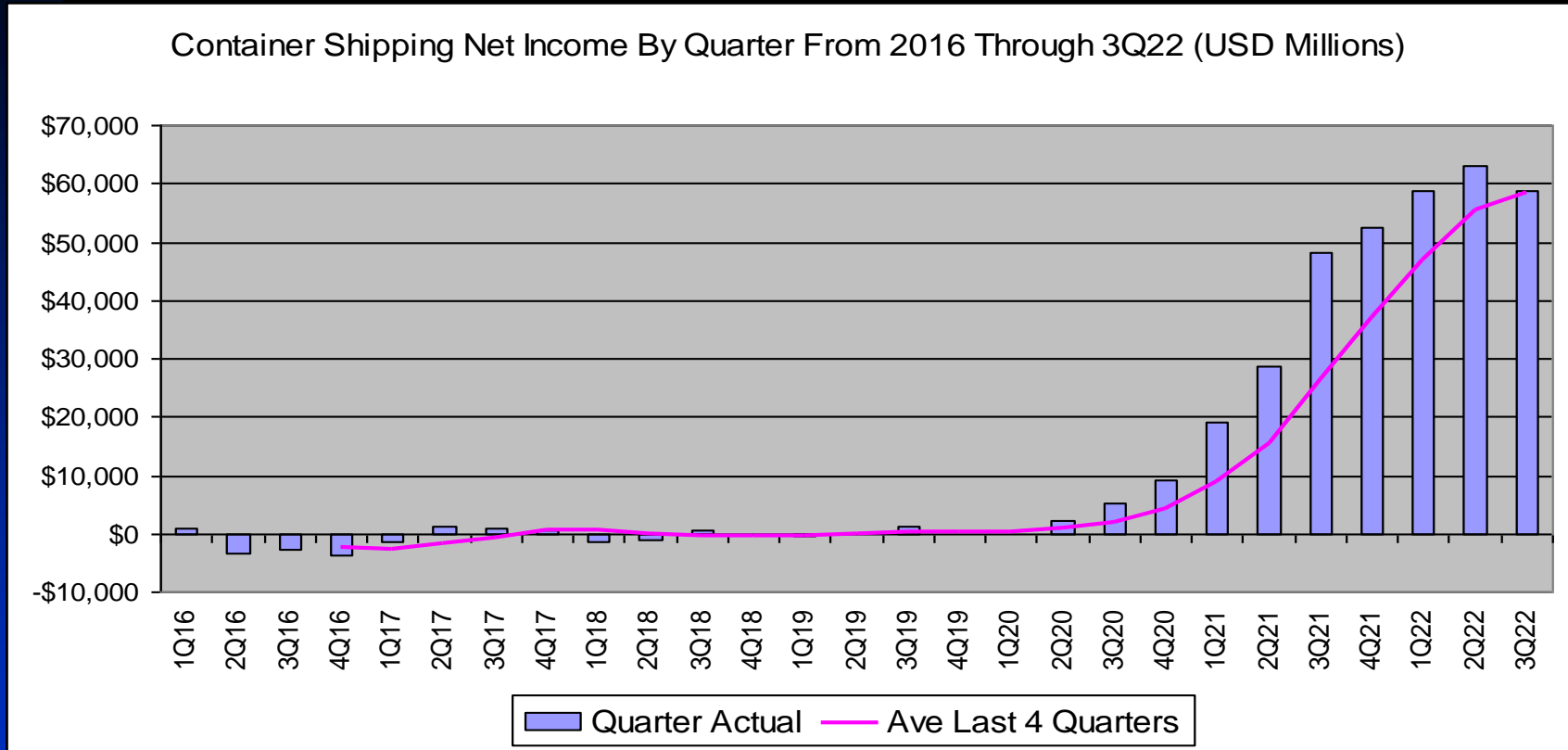
- Services to/from Alaska, Hawaii & Puerto Rico
- Large majority of the total Jones Act revenue
- Consistent, stable supply chain throughout Covid

Roller Coaster International Lanes

% Change In Total Inbound Volume Year Over Year

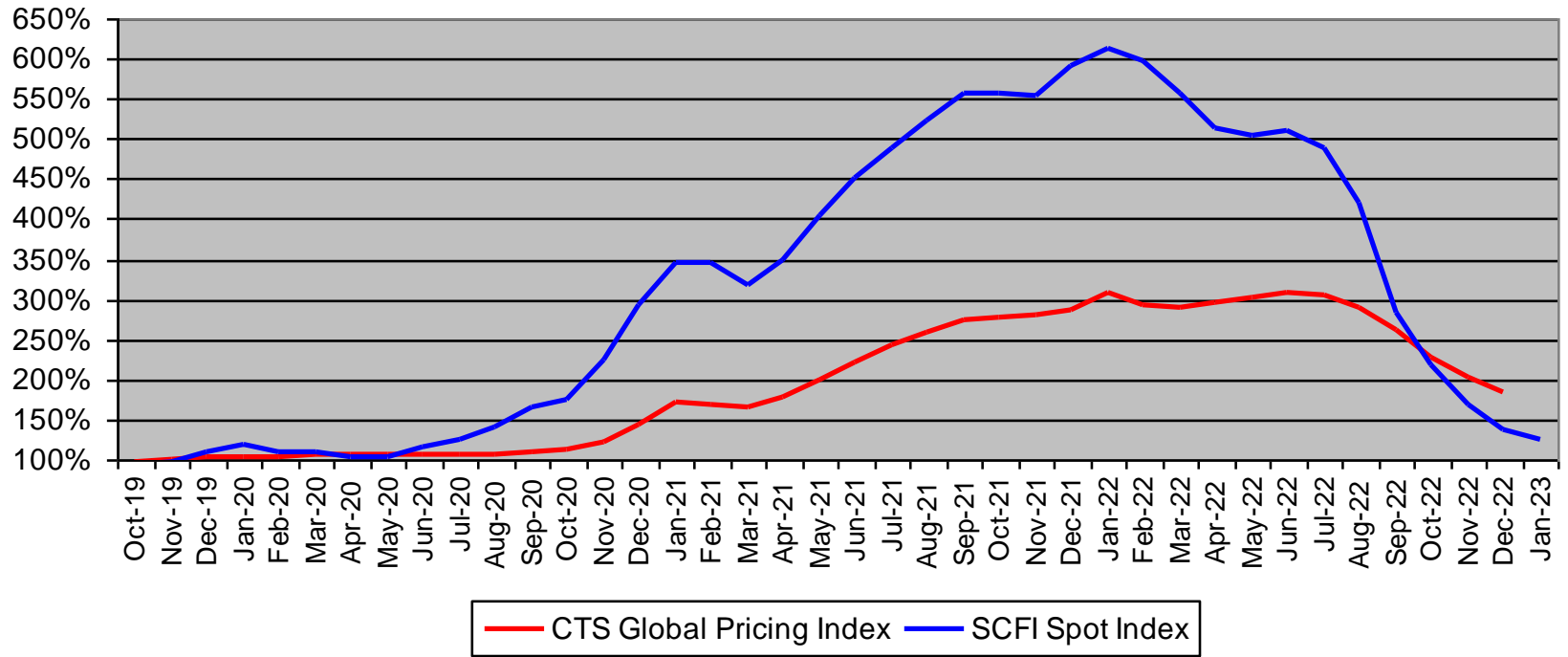


Gridlock Affected Supply/Demand



Pricing Exploded As Never Before

Monthly CTS & SCFI Indices Benchmarked Vs 4Q19



Jones Act Container Sector Facts Vs Myths

- Less involved with ship than folks think
- Cost differences related to crewing costs
- Cost differences related to building in U.S.
- Historically the incubator for maritime innovation
- Remains a thought leader in new ideas/approaches
- Critics don't really understand the container sector
- Clearly don't understand vs other transport modes
- Plethora of objectively false and inaccurate claims
- Details in articles at medium.com/@john-d-mccown

What Would Happen If No Jones Act?

- Lanes taken over by foreign container carriers
- Shuttle service replaced by enroute stop-off service
- Moderate O/B benefit vs sharp I/B deterioration

Pandemic Shows It Could Get Even Worse

- Tied to the vagaries of the international lanes
- Stability/consistency potentially replaced with chaos
- Not accepting exports may morph into skipped port calls

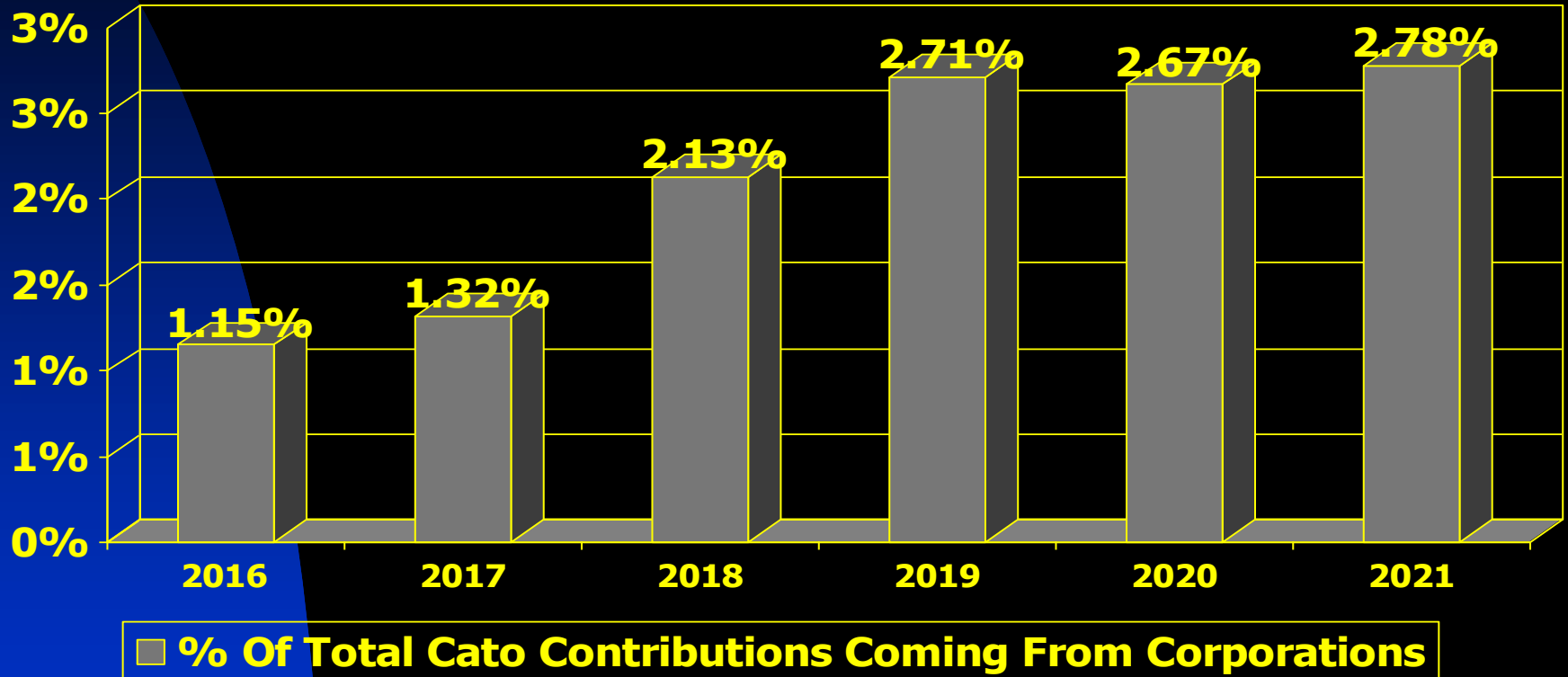
So What's Driving Stepped-up Criticism?

- An orchestrated campaign of misleading information
- Lobbying masquerading as research from a think tank
- Example of narrative trumping facts and analysis

Cato Institute "Research" Doozies

- Puerto Rico container market: \$1.2 billion annually
- Crude moving USGC to USEC: \$4.3 billion annually
- Overall direct/indirect effect: up to \$128 billion annually

Coincidence Or Confirmation?



Key Takeaways About JA Container Sector

- Cost impact more moderate than led to believe
- Unintended consequences of repeal would be major
- And it really does fit with our national security interest

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