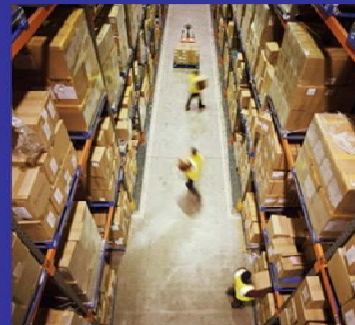
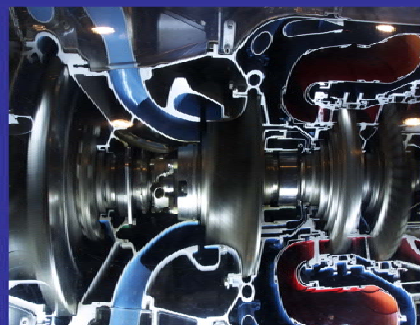


Boston Strategies International, Inc.

Cairo, Egypt

November 26, 2007

4th THAI PORTS & SHIPPING 2007



Supply Chain as a Geopolitical Weapon

Integrating Capabilities in Regional and Global Logistics

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Agenda

- Global shipping patterns
- The changing face of Asian logistics
- Outlook: the promises and challenges of growth
- Advice for shippers and carriers

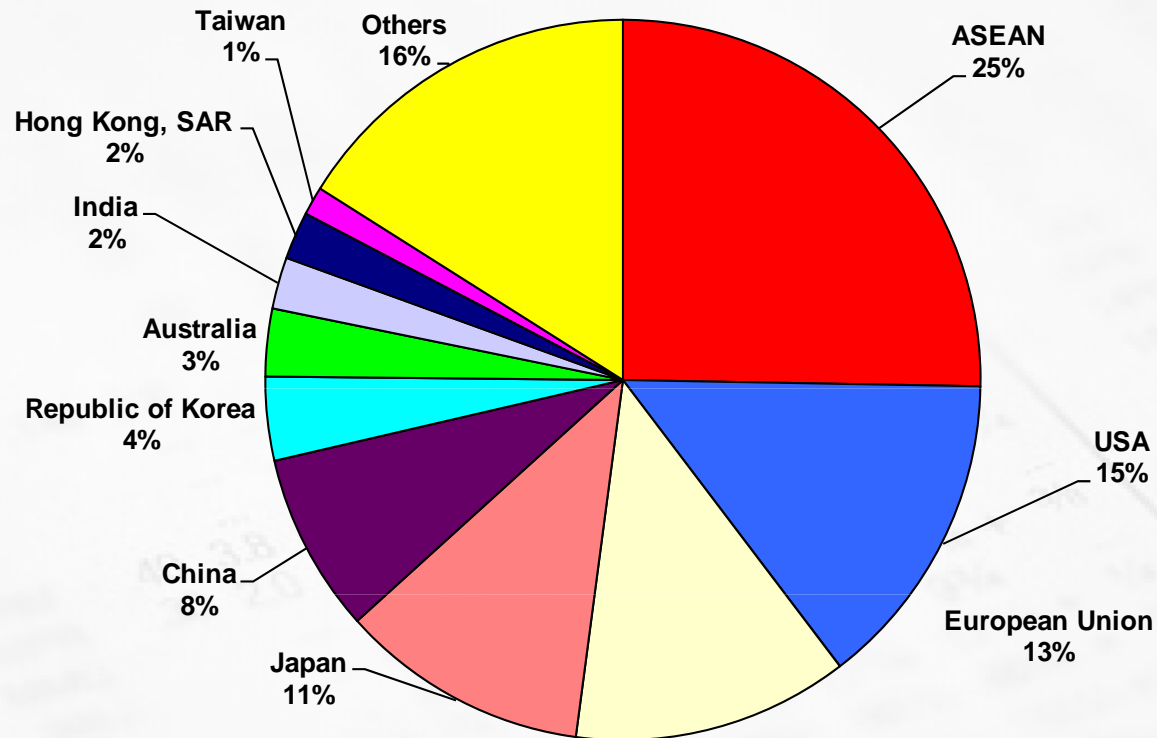


Global Shipping Patterns

EXCERPT

ASEAN is the world's largest export market

Value of exports by country or region
(US\$ in millions, 2005)



Source: ASEAN Trade Data Base



Thailand plays a major role in ASEAN trade

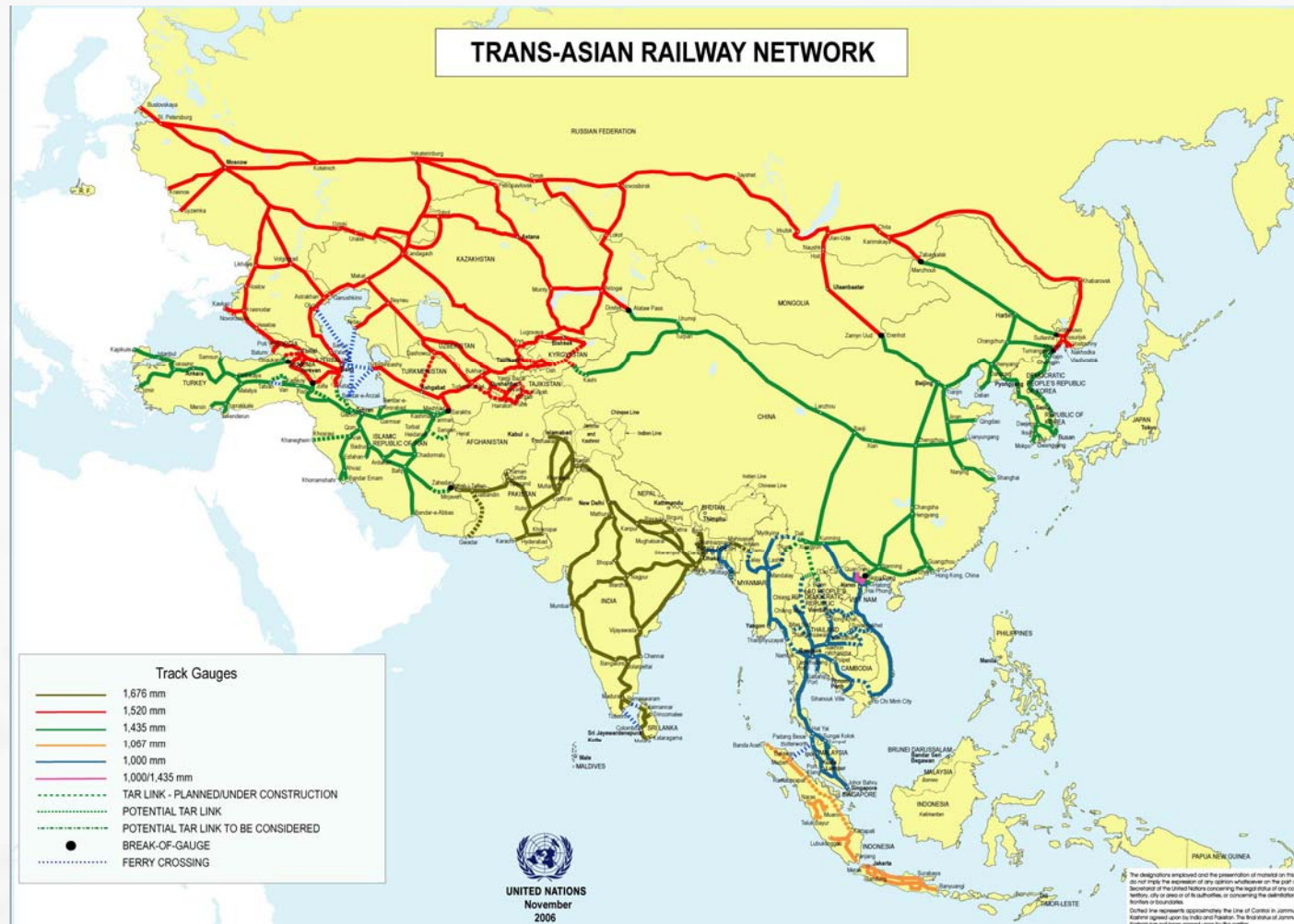
Value of Imports by Importing Country (US\$ in millions, 2005)

Country	Intra-ASEAN		Extra-ASEAN	
	Value	Share to country total	Value	Share to country total
Brunei	739	49%	764	50%
Cambodia	1,027	36%	1,797	63%
Indonesia	17,330	30%	40,371	70%
Lao	362	51%	339	48%
Malaysia	29,164	25%	85,049	74%
Myanmar	896	54%	736	45%
Philippines	8,874	18%	38,543	81%
Singapore	52,148	26%	148,014	73%
Thailand	21,552	18%	96,438	81%
Vietnam	8,937	27%	23,656	72%
ASEAN	141,030	24%	435,711	75%

Source: ASEAN Trade Data Base



The Trans-Asia Railway connects ocean gateways and inland areas



Source: United Nations Economics and Social Commission



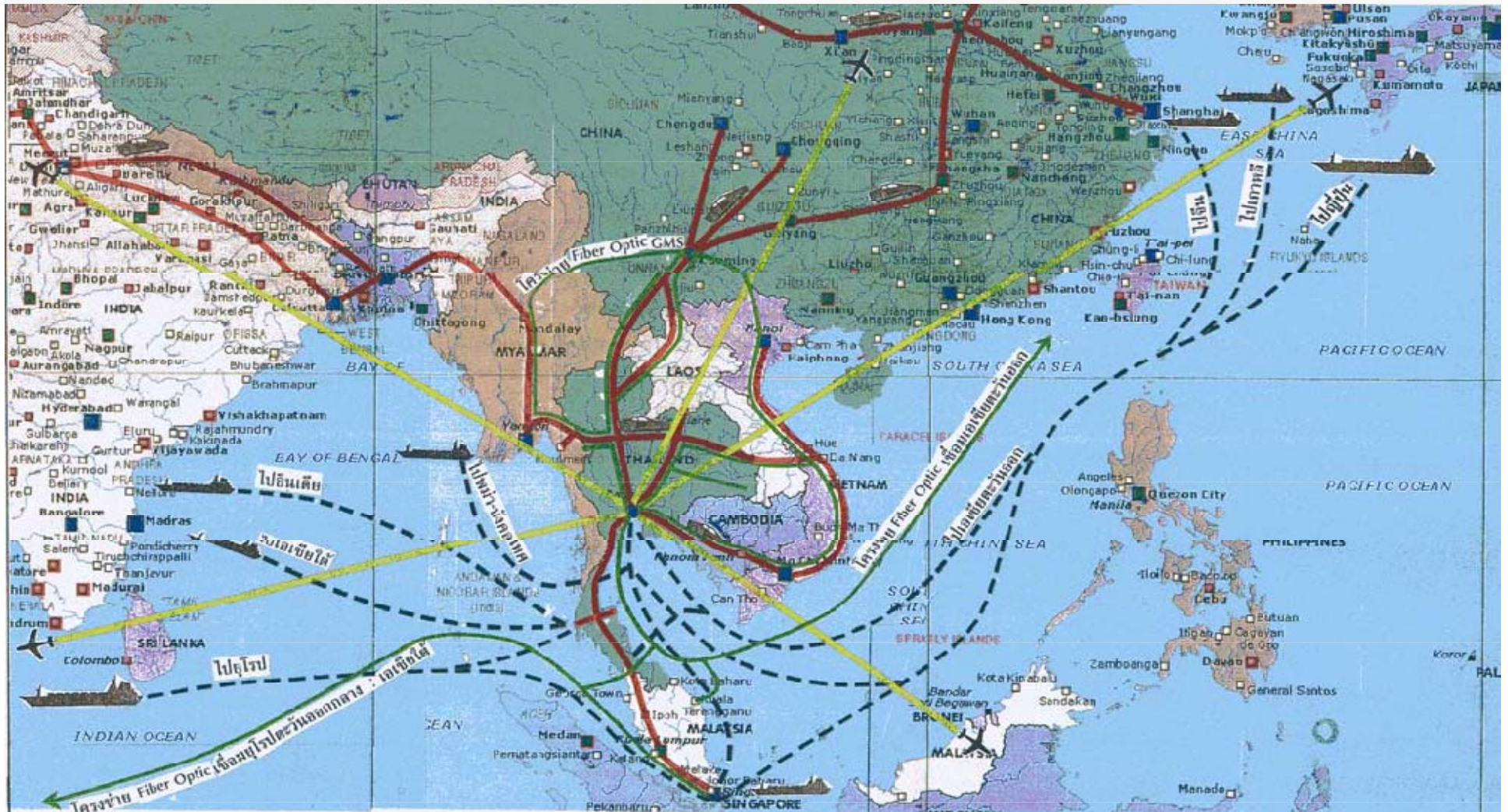
Asian highway routes extend inland reach



Source: United Nations Economics and Social Commission



Bangkok – a traditional *and* growing gateway



Source: Maritime Solutions Thailand Co., Ltd.

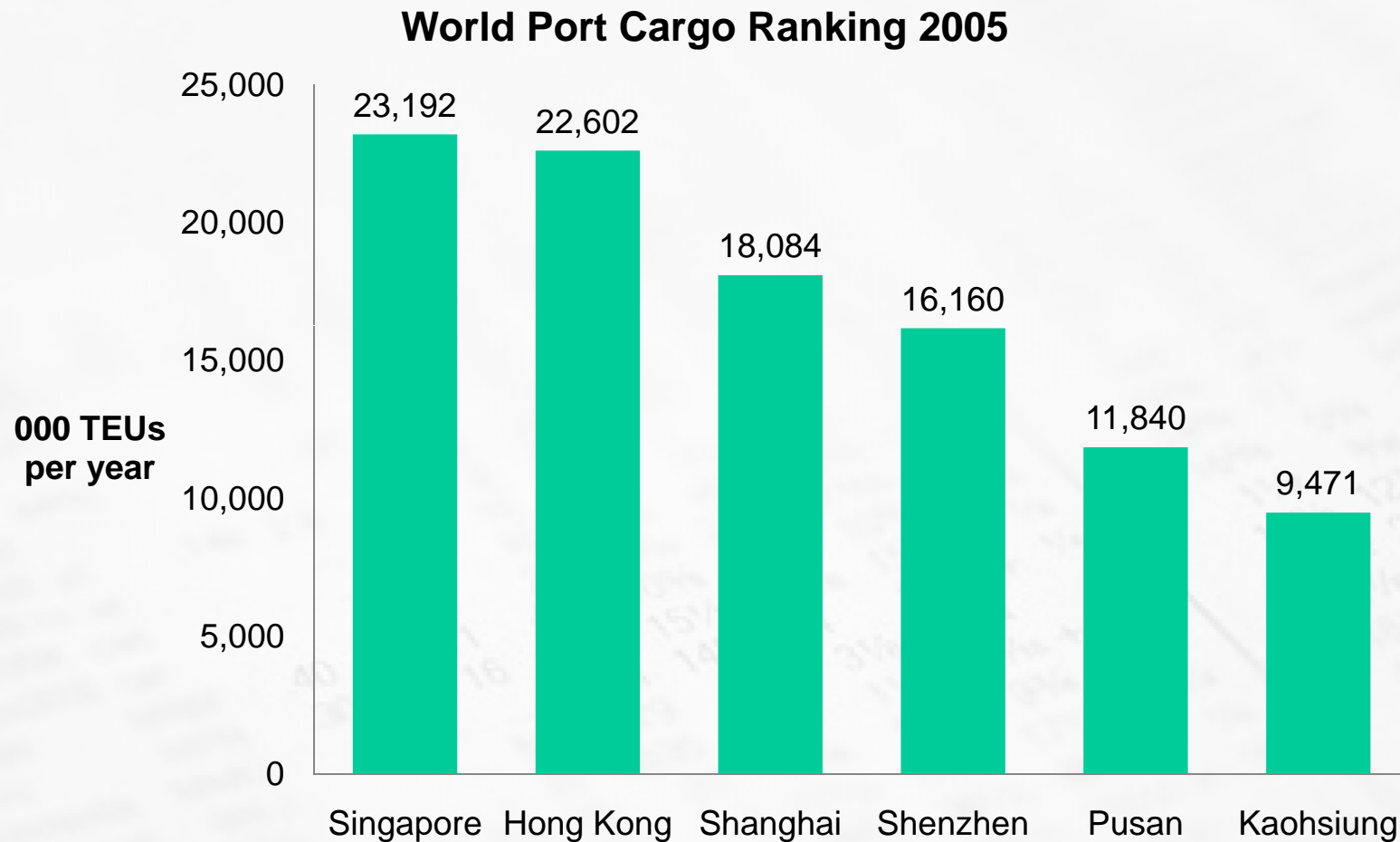


The changing face of the Asian logistics

Rapid growth of Bangkok and Laem Chabang



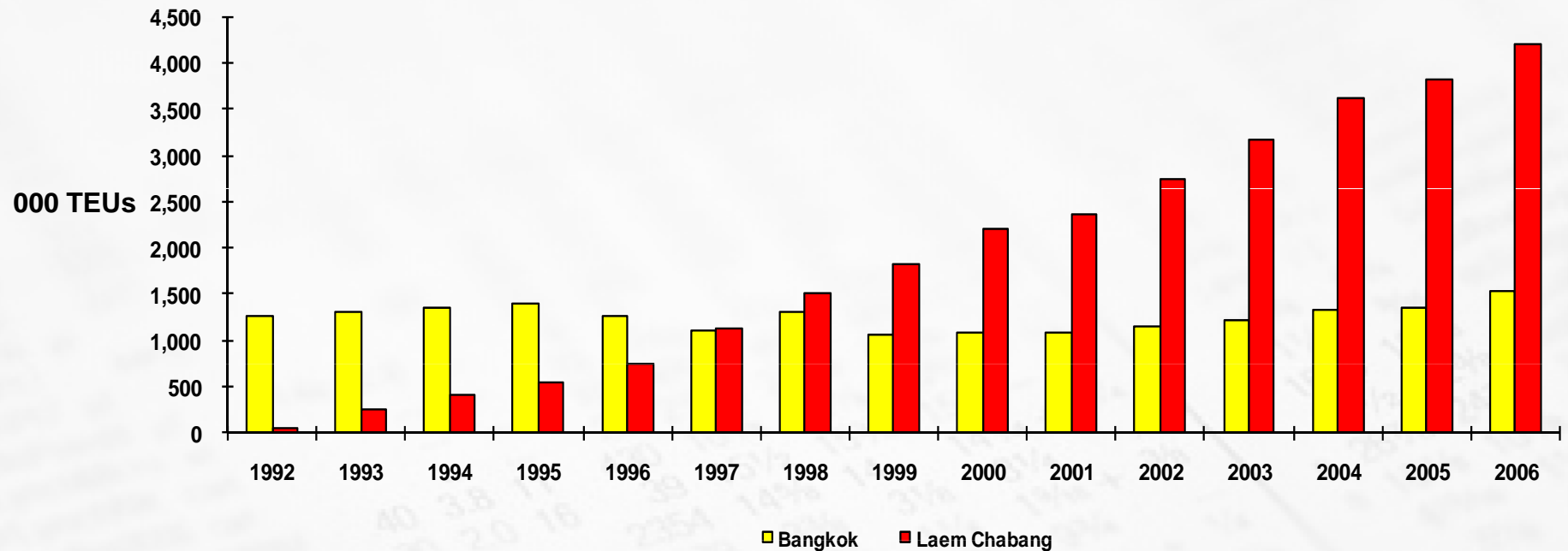
Laem Chabang in the big leagues



Source: Hong Kong Port Development Council



Laem Chabang already dominates Thailand's container volume

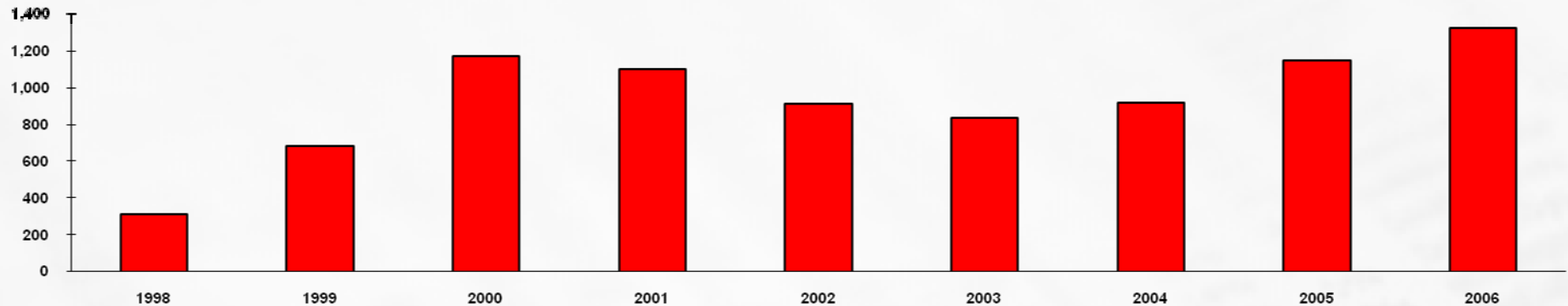


Source: Laem Chabang International Terminal Co., Ltd

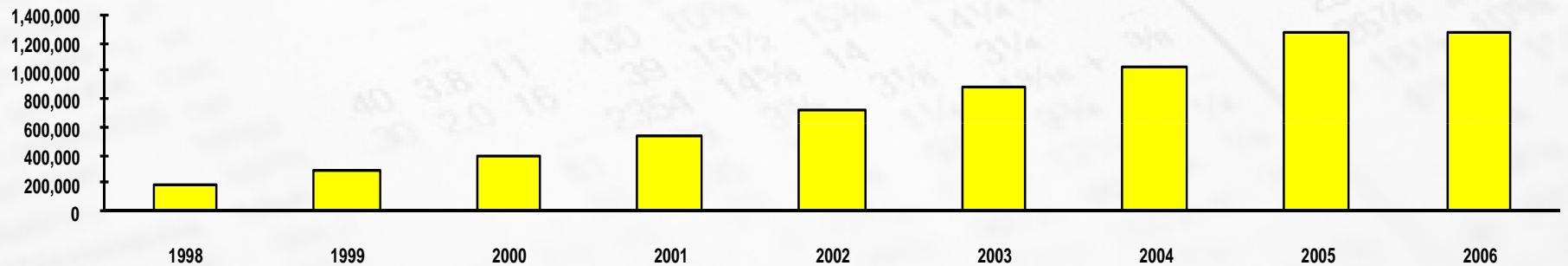


Laem Chabang International Terminal (LCIT) is emerging as the region's transshipment hub

Number of Vessel Calls



TEUs

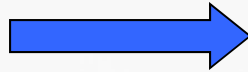


Source: Laem Chabang International Terminal Co., Ltd

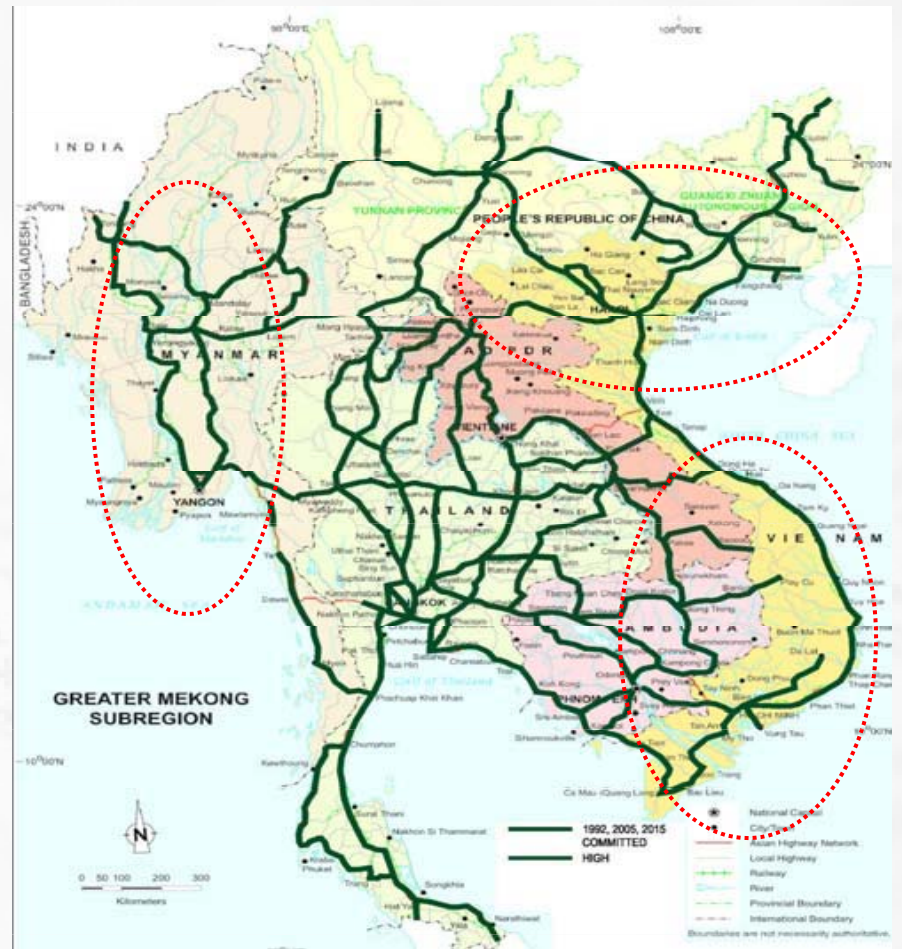


Greater Mekong will undergo large-scale road transport network projects

2005



2015



Source: Office of the National Economic and Social Development Board (NESDB)



Thailand: significant investment in transportation infrastructure

- 5-year infrastructure budget
 - Railway system – 900 billion baht (US\$22.5 billion)
 - Bullet train – 140 billion baht (US\$3.5 billion)
 - New roads & highways – 400 billion baht (US\$10 billion)
 - Infrastructure for Bangkok's new satellite city – 100 billion baht (US\$2.5 billion)

Investment Cost (Mill.Baht) 2000 - 2006

Sector	Number of projects	Total cost (Mill. Baht)	Government	Private Sector
Water Resource	11	41,497	41,497	
Transport	9	240,555	215,386	25,169
Communication	4	30,889	30,889	
Public Utilities	3	8,924	8,924	
Energy	7	67,775	67,775	
Total	34	389,640	364,471	25,169



Major highway infrastructure projects

- Thailand has 60,000 km of regular highways
- 3 main bus terminals
 - Northern and Northeastern Terminal
 - Southern Terminal
 - Eastern Terminal
- Major highway projects
 - Four-lane highways to all regions of Thailand
 - New highway from Chiang Mai to Mae Hong Son
 - 92-kilometer motorway from Bangkok to Chaam and Hua Hin

Source: US Embassy in Bangkok



Increasing investments in port development

- Bangkok – port capacity approximately 1.3 million TEUs per year, expansion of storage areas is underway.
- Laem Chabang – port capacity approximately 3.04 million TEUs per year, after completion of Phase 2 development, total capacity reaches 10.5 million per year.
- Map Ta Phut – petrochemical complex, Phase 2 development project is underway.



Increasing investments in port development

- Chiang Saen and Chiang Khong – gateway to southern China, both ports are part of the Quadrangle Economic Cooperation Project to link trade of Thailand, China, Laos and Myanmar
- Songkhla Port – the only international port on the Southeast coast with capacity of 150,000 TEUs annually, serving transport to Malaysia. Its expansion plan includes modification of three existing berths and construction of fourth and fifth container berths



Increasing investments in port development

- Phuket Port – annual capacity 86,000 TEUs, the only international port on the West coast. Its expansion plan covers construction of a passenger wharf and a container berth
- Narathiwat – plan to accommodate the AFTA Free Trade Zone and Export Processing Zone for halal food
- Satoon – serves the growing trade with countries west of Thailand and to handle break bulk cargo and containers



Increasing investments in port development

- Ranong – opened in December 2003, expansion plan forecasts completion within 2 years to accommodate increased trade in South Asia, the Middle East and Europe, also provide links with Myanmar and other countries in the Indian Ocean

Source: *Business in Asia*



Outlook: the promises and challenges of growth

Thai ports in 10 years: a vision

- Strategic hub— economic centre and logistics hub in the Mekong region
- Strong economic and trade links – 9 priority sectors include energy, telecoms, tourism, environment, HRD, international trade, investment, agriculture
- Trade facilitator through its infrastructure and liberal policies
- Cost leader – reduced transport costs, facilitate mobility across borders, become major transportation hub, development of intra-Asia highway network
 - Mae Sai – Kyaington – JingHong – Kunming
 - ChiangKhong – LuangNamTha – JingHong – Kunming
 - Mukdahan – Savannakhet – DonghHa – Danang
 - Bangkok – PhnomPenh – HoChiMinh – VungTau
 - Trat – KohKong – Sihanoukville
 - MaeSod – Myawaddi – Mawlamyine - Yangon
- A strong leader

Source: *National Economic and Social Development Board (NESDB)*



Logistics challenges

- Differences in economic development and political stability
- Customs duties
- Language, complexity of documents, country-specific practices
- Currency and stability
- Taxation and regulation
- Shortage of experienced supply chain professionals



Logistics challenges (cont.)

- Developing e-Commerce capability, low visibility over cargo
- Complex, fragmented, and costly multi-level distribution channels
- Culture and mindset differences
- Lack of reliable and effective performance measurement
- Low forecast accuracy
- High inventory carrying costs



Advice for shippers and carriers

- Establish presence early (branches, liaison, etc.), grow with the market
- Know the market and culture, develop
- Develop good relationship with local government
- Focus on integrated logistics networks and end-to-end supply chains



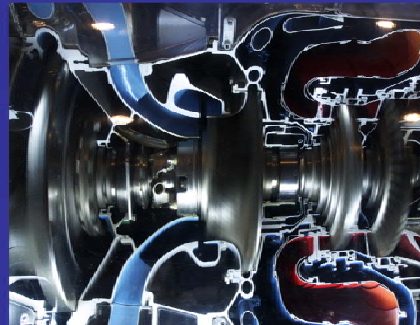
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Boston Strategies International is a global management consulting firm that helps market leaders achieve competitive advantage through supply chain management through:

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- **Supplier Enablement** that facilitates global growth and local content requirements
- **Supply Chain Optimization** that reduces project and life cycle costs



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