



**Infrastructure,
Sustainability, and
Logistics Challenges in
Latin America and the
Caribbean**

Presentation Outline

- Define the Context in which the Presentation Will Be given – the parameters within which the topic will be discussed
- Identify the Challenges – Caribbean vs. Latin America
- Discuss these challenges in the context of Wider Economic Growth – Locally, Regionally, and Internationally
- Identify Solutions

INFRASTRUCTURE

An aerial photograph of a port city, likely Singapore, showing a large ship docked at a pier. The city skyline is visible in the background, and the water is a deep blue. The text is overlaid on the image.

Specifically in the vein of port infrastructure, this will encompass all assets necessary for the carrying out of all port services.

This will include all forms of information technology, storage facilities, fixed or semi-mobile equipment utilized to get cargo offloaded and/or loaded onto containers and ships.

SUSTAINABILITY



Sustainability refers to maintaining *economic viability* while simultaneously ensuring **environmental** (via environmental best practices and processes) and **community responsibility**.

A SUSTAINABLE PORT



LOGISTICS

“...getting the right products at the right place at the right time”

- Indicators of logistics development (World Bank):
 - **Efficiency of the clearance process (i.e. speed, simplicity and predictability of formalities) by border control agencies, including Customs**
 - **Quality of trade and transport related infrastructure**
 - **Ease of arranging competitively priced shipments**

Logistics (cont'd)

- **Competence and quality of logistics services (e.g., transport operators, customs brokers)**
- **Ability to track and trace consignments**
- **Timeliness of shipments in reaching destination within the scheduled or expected delivery time.**



Challenge 1

- The Caribbean's *fragmented and individualistic approach towards development*

Challenge 2

- ❖ A lack of investment in supply chain management & logistics by the majority of Caribbean ports
 - Inability to integrate the various modes of transport to achieve greater efficiency

Challenge 3:

Obtaining finances to cater to equipment maintenance projects

Accumulated debt

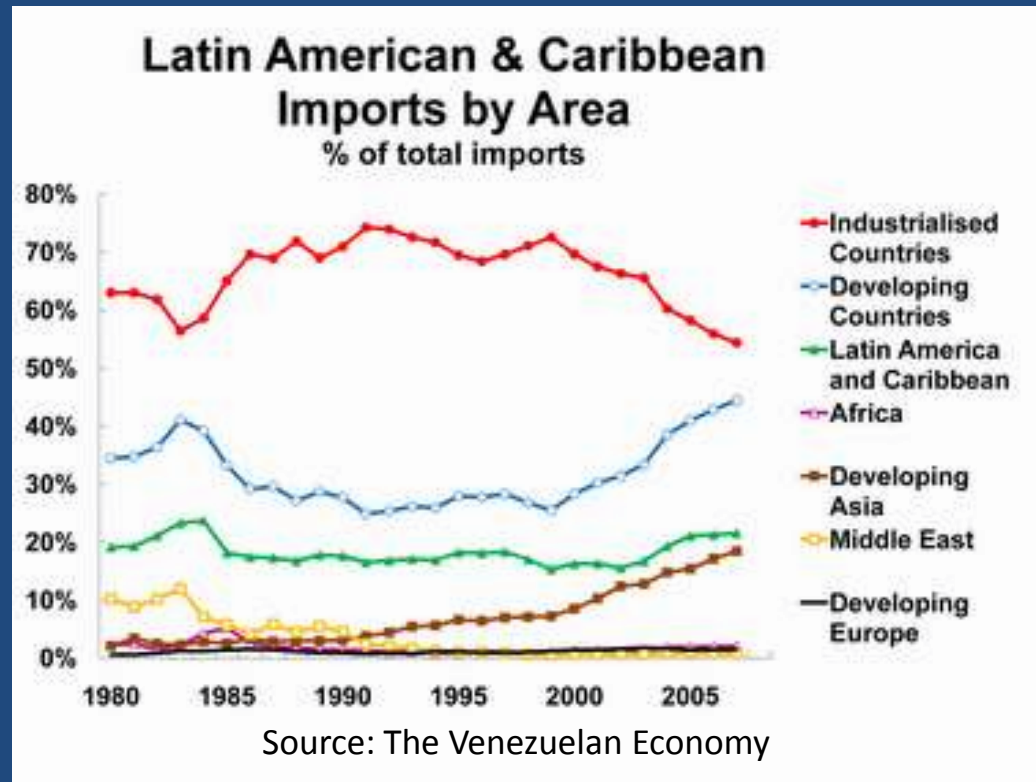
Limited or sometimes no access to public funds for basic infrastructural development

Low tariffs that cannot adequately support port services

Challenge 5

Caribbean states' reliance on North American & Middle Eastern imports.

The size of import parcels are so small [by global standards] in most of the Caribbean states that they do not provide a sufficient basis to support the development of modern port facilities. This works against moves towards private investment.



Challenge 6

A lack of labour standards and operational efficiency factors.

Most Caribbean ports are largely labour intensive and operate with archaic structures in place. (For example, reconstruction of the work week to facilitate more flexible work hours and allowing for work to take place at night is still lacking)



Challenge 7:

□ The Public Service Port Model (A history of political /governmental interference)

to their organizational structure:

- The Port of Point Lisas **has mixed private and public ownership.**
- The Port of Bridgetown **has separated its regulatory functions and operations,** leading to efficiency increases.



Other Challenges Plaguing Port Development in the Caribbean

- The scale of hinterlands
 - Slow port reforms
- Maritime sector placed on the backburner to other sectors and industries. (Trinidad)

Other Challenges plaguing the Caribbean region Cont'd

- ***A limited role for private-sector involvement in cargo handling operations.***
 - ***Limited problem-solving capacity and flexibility in cases of labour issues, due to the fact that port administration is also the employer of port labour.***
- ***Little or no internal competition, leading to inefficiency.***

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- ***Lack of innovation***
 - ***Bargaining power for regional ports reduced due to a decline in the number of liner shipping companies providing services per country***
 - ***Increasing governmental interference and a high level of dependence on government budget, leading to a waste of resources as well as under-investment***

Solutions

- *A Regulatory Framework for Private Sector Participation in Infrastructure Projects*
 - *A Maritime Policy incl. National infrastructure development and investment plan*
 - *Accelerated Legislative & Regulatory Reform*
 - *Integration of national port policies in international transport and infrastructure development policies*


Solution?

A **grouped approach** to foreign direct investment by investors, i.e. the region should be approached *en bloc*.



JAMAICAN PORTS: Leading by Example

“Kingston Container Terminals (KCT) and Kingston Wharves Limited (KWL) Terminals in Jamaica [ranking in the top two ports with highest moves per Berth Hour in the Caribbean in 2008] have invested heavily not just in hardware stevedoring equipment, but also in training and development of their workforce and in advancing information technology infrastructure in the industry.”

An aerial photograph of a coastal city, likely Santos in Brazil, showing a large port area with numerous ships and a river flowing through the city. The background features hazy hills.

Latin America's Challenges

BRAZIL

Infrastructural Challenges

- **The Port of Manaus:** Lack of rail connections to coastal seaports
- **The Port of Santos:** Urban areas, where ports are situated, lead to both port & road congestion

VENEZUELA AND ARGENTINA

- ***Political and economic events have inhibited port development in these countries.***

Increased private-sector capital investment , especially in light of the Panama Canal expansion, would greatly benefit Latin American ports.

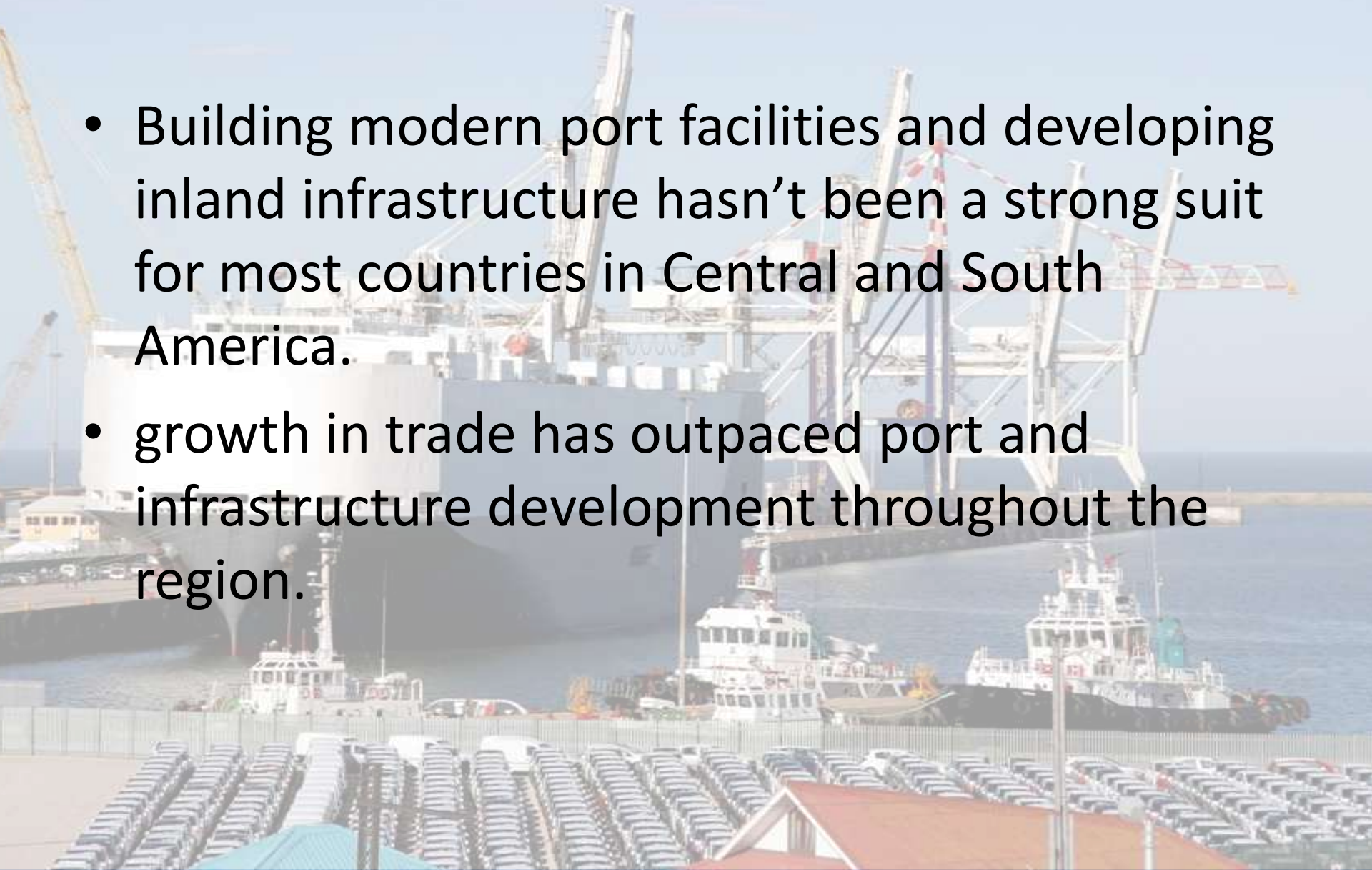
NICARAGUA


Nicaragua's Inter-Oceanic Canal construction taking precedence over *“more pressing and necessary investments, specifically in the country's transportation infrastructure system.”*

Nicaragua's highways, water quality and supply, power outages are in far greater need of capital investment than a new canal.

LATIN AMERICA

- Building modern port facilities and developing inland infrastructure hasn't been a strong suit for most countries in Central and South America.
- growth in trade has outpaced port and infrastructure development throughout the region.



A large container ship is docked at a port. A prominent red gantry crane stands in the foreground, partially obscuring the ship. The ship's hull is dark, and its upper decks are visible, showing stacks of containers. The background is a hazy, overcast sky.

With the exception of Panama & Chile, in the Latin American region, **port and infrastructural development has been placed on the back-burner to trade growth.**

The Caribbean region has found itself in similar shoes.

LA IMPERATIVES

- Ports in Central and South America must deepen their harbors, build larger marine terminals and eventually automate their operations to accommodate and quickly load and unload the post-Panamax vessels that will transit the canal.

A Nexus between Port Throughput & Competitiveness

Kingston Jamaica			
Freeport Bahamas			
Rio Haina Dominican Republic			
Pureto Cabello Venezuela			
Port of Spain Trinidad			

A Nexus between Port Throughput & Competitiveness Cont'd

Colon				

Prospects for Latin America

- International marine terminal operators are interested in Latin America, given that the economies are growing more rapidly than those in mature markets such as Europe and North America.
- DP World, Hutchison Ports, APM Terminals, ICTSI and SSA Marine have invested in container facilities in the region.

Prospects for Latin America

- Latin America has a young population and growing Middle Class
- More than 50% of the Latin American Population is middle class
- Latin America is the fastest growing trading region for the U.S.

A Case Study: Brazil

- Fact:
 - Brazil is a strong emerging economy—now the world’s seventh largest
 - its infrastructure challenges weigh heavily on the country’s competitiveness
 - **Brazil is ranked 62 globally in competitiveness** but only 105 in terms of roads, 123 in terms of ports, and 95 in terms of airports.
 - Natural resources wealth makes it a target in the “near sourcing” trend

Brazil's Case.....cont'd

- Ports in the country are congested, wait times in ports and airports are long, and customs clearing also remains an obstacle to more efficient trade.
- Brazil's logistics bottlenecks significantly impact its status as a major food producer



Brazil's Case

- Brazil can respond the call for increased food production because of its size and plentiful resources



BRAZIL

- **NOTWITHSTANDING:**
 - Brazil is among the Top 50 of the World's Container Ports, in terms of TEU Volumes
 - Ranked 43 with
 - 2.72 M in 2010 and 2.99M in 2011

A Case: BRAZIL

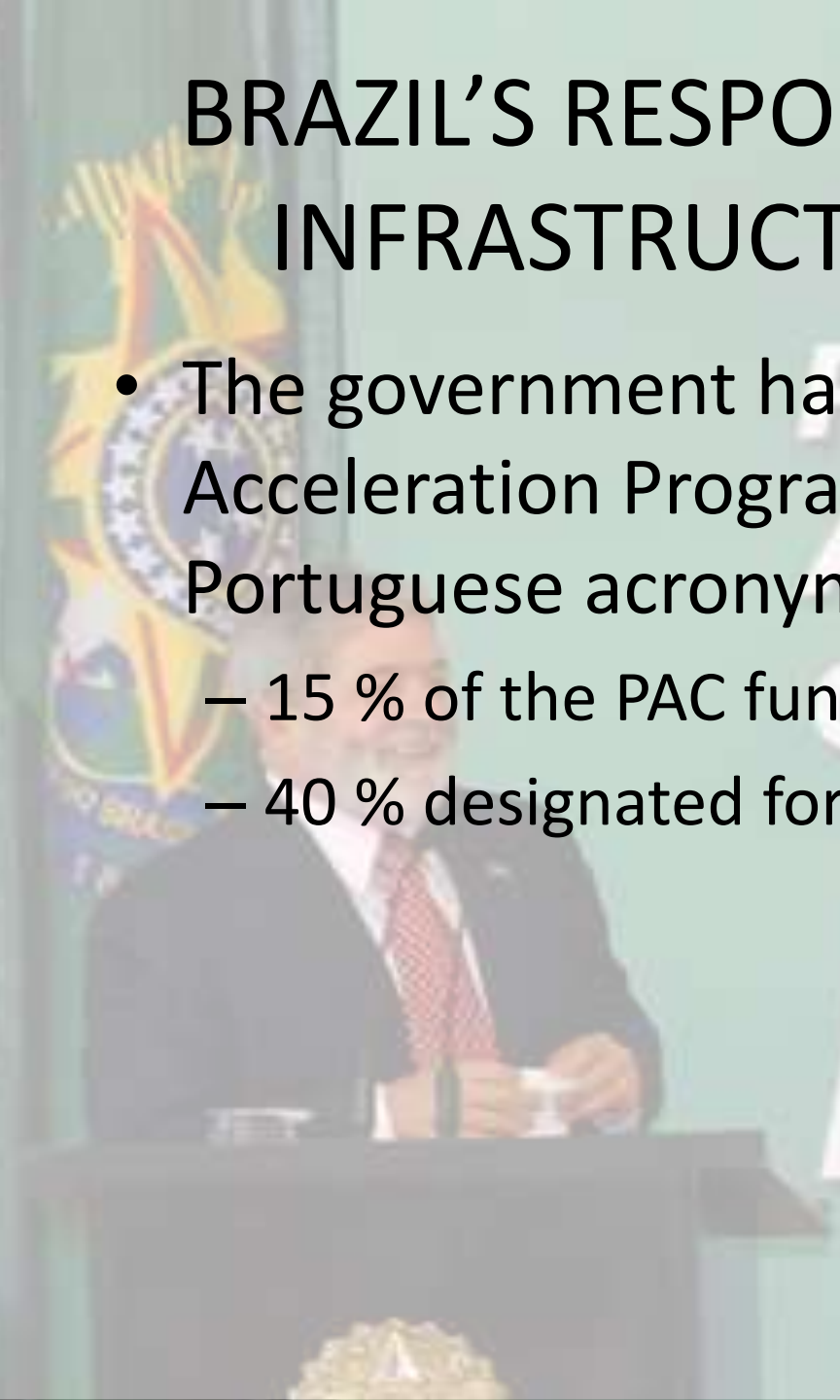
An aerial photograph of a port area. In the foreground, a bridge with a white metal truss structure spans across the water. Several large cargo ships are docked at a pier, extending from the bottom left towards the top right. The ships are white with dark hulls. The water is a light blue-grey color. The background shows more of the port infrastructure and some buildings.

- Brazil invests approx 2 % of its GDP in infrastructure against 5% in other emerging markets and China, which invests 7.2 percent
- Private sector is willing to invest, yet it is not met by favorable conditions in order to do so.

BRAZIL'S RESPONSE TO LOGISTICS & INFRASTRUCTURE CHALLENGES

- The government has enacted the Growth Acceleration Program (known by its Portuguese acronym PAC)
 - 15 % of the PAC funds allocated to logistics
 - 40 % designated for roads

PROGRAMA DE
ACELERAÇÃO E
CRESCIMENTO
PAC



BRAZIL'S RESPONSE

- Brazil's government has launched a \$26 billion public-private drive to modernize crowded ports, which have been eroding the country's competitive edge as a major commodities exporter

Boom in commodities
and infrastructure
lift South America's giant

Exemplary Ports throughout Latin America and the Caribbean

- Balboa, Panama
- Buenos Aires, Argentina
- Callao, Peru
- Cartagena, Colombia
- Colón, Panama
- Freeport, Bahamas



Exemplary ports (cont'd)

- **Guayaquil, Ecuador**
 - **Kingston, Jamaica**
 - **Puerto de Manzanillo/ Manzanillo Port**
 - **Santos, Brazil**
- 
- An aerial photograph of a large white cargo ship docked at a port. The ship is viewed from an elevated angle, showing its deck and the stacks of containers. In the background, a city with red-tiled roofs is visible, situated along the waterfront. The water is a clear blue-green color. The sky is bright blue with some light clouds.

SOLUTIONS

THE BUSINESS MODEL CHALLENGE

- The granting of public concessions, now more commonplace and preferred over outright privatization,
- joint partnerships between the public and private sector, can be very effective for project development
- Greater transparency and a predictable environment for private investment

SOLUTIONS

- Where governments lack the **institutional capacity** to deal with private investments in **infrastructure, expand** this institutional capacity

LATIN AMERICA: PERFORMANCE INDICATORS

Latin America	Logistics Performance Index (LPI) 2012	Liner Shipping Connectivity Index (LSCI) 2012	Ease of Doing Business (EDB) 2013	Global Competitiveness Report 2012-2013
Brazil	45	38.53	130	48
Columbia	64	37.25	45	69
Costa Rica	82	14.13	110	57
Nicaragua	NR	8.23	119	108
Panama	61	42.38	61	40
Paraguay	113	0	103	116
Puerto Rico (US)	NR	NR	41	31
Mexico	47	38.81	48	53
Venezuela	111	18.93	180	126

Sources: The World Bank, UNCTAD, World Economic Forum

CARIBBEAN: PERFORMANCE INDICATORS

Caribbean	Logistics Performance Index (LPI) 2012	Liner Shipping Connectivity Index (LSCI) 2012	Ease of Doing Business (EDB) 2013	Global Competitiveness Report 2012-2013
Antigua & Barbuda	NR	2.41	63	NR
Bahamas	80	27.06	77	NR
Barbados	NR	4.85	88	44
Dominican Republic	85	23.72	116	105
Grenada	NR	4.04	100	NR
Guyana	133	4.6	114	109
Haiti	153	5.08	174	142
Jamaica	124	21.57	90	97
St. Kitts & Nevis	NR	2.67	96	NR
St. Lucia	NR	4.45	53	NR
St. Vincent & the Grenadines	NR	4.02	75	NR
Suriname	NR	4.48	164	114
Trinidad & Tobago	NR	18.90	69	84

Sources: The World Bank, UNCTAD, World Economic Forum

TOP 12 COUNTRIES: PERFORMANCE INDICATORS

Rank	Logistics Performance Index (LPI) 2012	Liner Shipping Connectivity Index (LSCI) 2012	Ease of Doing Business (EDB) 2013	Global Competitiveness Report 2012-2013
1.	Singapore	China	Singapore	Switzerland
2.	Hong Kong	Hong Kong	Hong Kong	Singapore
4.	Finland	Singapore	New Zealand	Finland
4.	Germany	Korea	United States	Sweden
5.	Netherlands	Malaysia	Denmark	Netherlands
6.	Denmark	United States	Norway	Germany
7.	Belgium	Germany	United Kingdom	United States
8.	Japan	Netherlands	Korea	United Kingdom
9.	United States	United Kingdom	Georgia	Hong Kong
10.	United Kingdom	Belgium	Australia	Japan
11.	Austria	Spain	Finland	Qatar
12.	France	France	Malaysia	Denmark

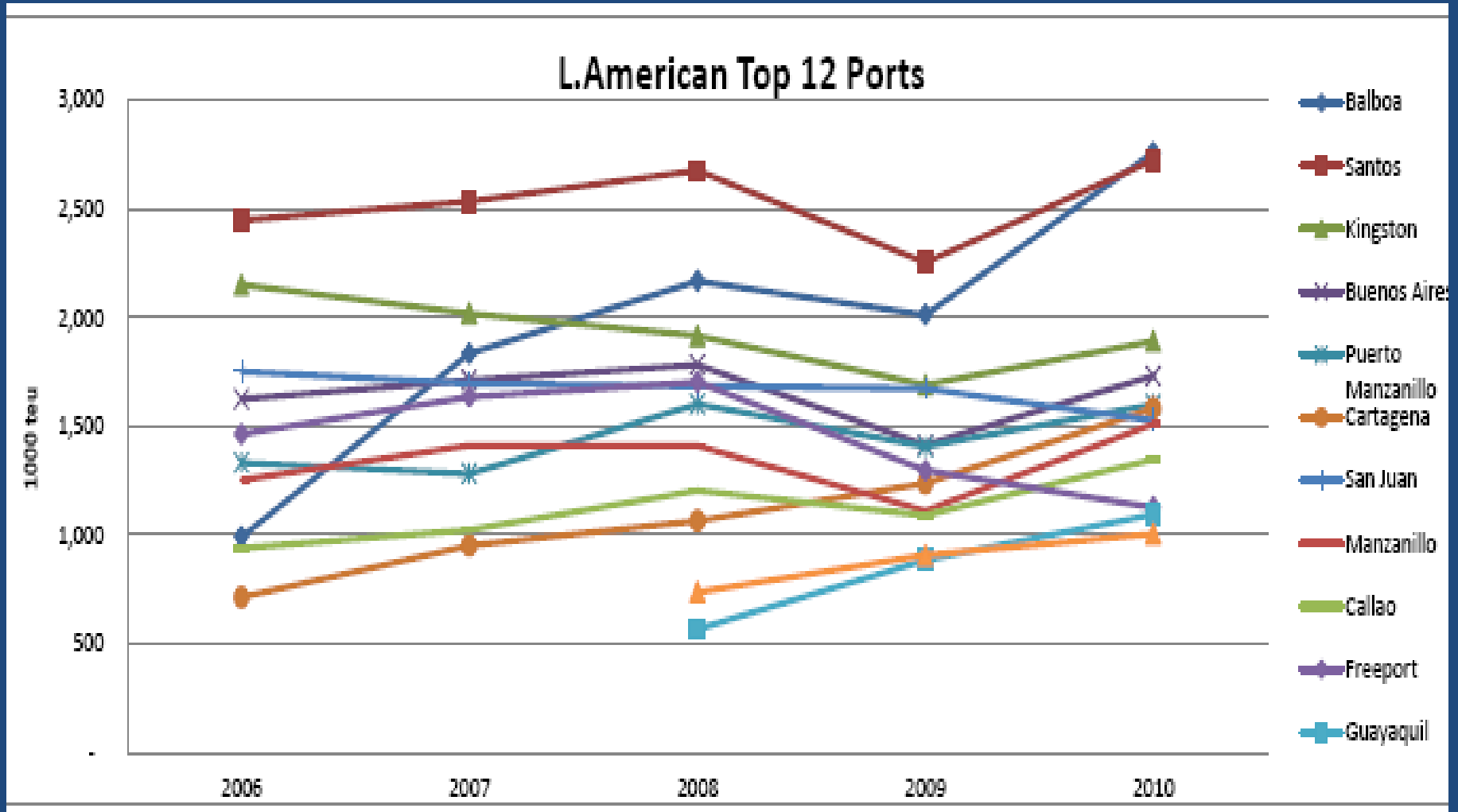
Sources: The World Bank, UNCTAD, World Economic Forum

TOP CONTAINER PORTS IN THE AMERICAS



Source: Journal of Commerce Online

LATIN AMERICAN TOP 12 PORTS



Source: Containerization International Yearbook 2012

LATIN AMERICAN TOP 12 PORTS

Latin American Top 12 Ports (1000 TEU) {Table 14}

Rank	Port	2006	2007	2008	2009	2010	Growth Rate (2010/2006)	Country
1	Balboa	989	1,834	2,167	2,011	2,758	279%	Panama
2	Santos	2,448	2,533	2,674	2,252	2,722	111%	Brazil
3	Kingston	2,150	2,017	1,915	1,689	1,891	88%	Jamaica
4	Buenos Aires	1,624	1,711	1,781	1,412	1,730	107%	Argentina
5	Puerto Manzanillo	1,331	1,280	1,600	1,408	1,599	120%	Panama
6	Cartagena	712	850	1,064	1,237	1,581	222%	Colombia
7	San Juan	1,750	1,695	1,684	1,673	1,525	87%	Puerto Rico
8	Manzanillo	1,252	1,411	1,409	1,110	1,509	121%	Mexico
9	Callao	938	1,022	1,203	1,089	1,348	143%	Peru
10	Freeport	1,463	1,634	1,702	1,297	1,125	77%	Bahamas
11	Guayaquil			568	884	1,093	n/a	Ecuador
12	Caucedo			738	908	1,004	n/a	Dominican Rep.
	S.Total	13,666	14,253	16,334	14,955	17,125	125%	

Source: Containerisation International Yearbook 2012

Highlighted ports achieved more than 130% increase in 5 years.

Source: Containerization International Yearbook 2012

POSITION BY COUNTRY OF LA&C PORTS IN THE COUNTRY LEAGUE TOP 50

Rank	Country		2006	2007	2008	2009	2010	Growth Rate (2010/ 2006)
17	Brazil	e	6,294	6,465	6,879	6,246	7,951	126%
26	Panama		3,028	4,070	5,127	4,597	5,070	167%
32	Mexico	k	2,680	3,069	3,161	2,869	3,679	137%
33	Chile		2,127	2,703	3,123	2,814	3,172	149%
37	Colombia		1,511	2,077	1,955	2,042	2,444	162%
42	Argentina		1,758	1,874	1,997	1,555	1,995	113%
43	Jamaica		2,150	2,017	1,916	1,690	1,892	88%
44	Puerto Rico		1,750	1,695	1,685	1,674	1,526	87%
46	Peru		1,087	1,178	1,396	1,335	1,506	139%
48	Dominican Republic		598	884	1,092	1,263	1,382	231%
	Latin America		22,983	26,032	28,332	26,085	30,617	133%

Source: Containerization International Yearbook 2012