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Shipping markets and trade trends. Panama canal, South American & Caribbean markets. Impact on ports.

Ricardo J. Sánchez

SHIFTING INTERNATIONAL TRADE ROUTES

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# Trade changes, Panama canal widening and its impacts on Caribbean basin and South American routes

- ✓ Latinamerican ports facing the challenges of growth: challenges and growth & growth and challenges
- ✓ Possible impact of the Panama Canal expansion in the Caribbean transshipment market



# Economic context for the port business

- ✓ Uncertainty
- ✓ Less dynamism trade and throughput
- ✓ Interannual throughput growth rate is declining
- ✓ Very changing shipping and trade patterns and routes
- ✓ New products, reefer and other trade conditions
- ✓ More requirements (ph, ec, tech)
- ✓ Pressures, pressures, pressures
- ✓ Some structural and social conditions

**HOWEVER... Good prospects for long term**





# Vessels growth, but... are they looking for economies of scale or another goal?

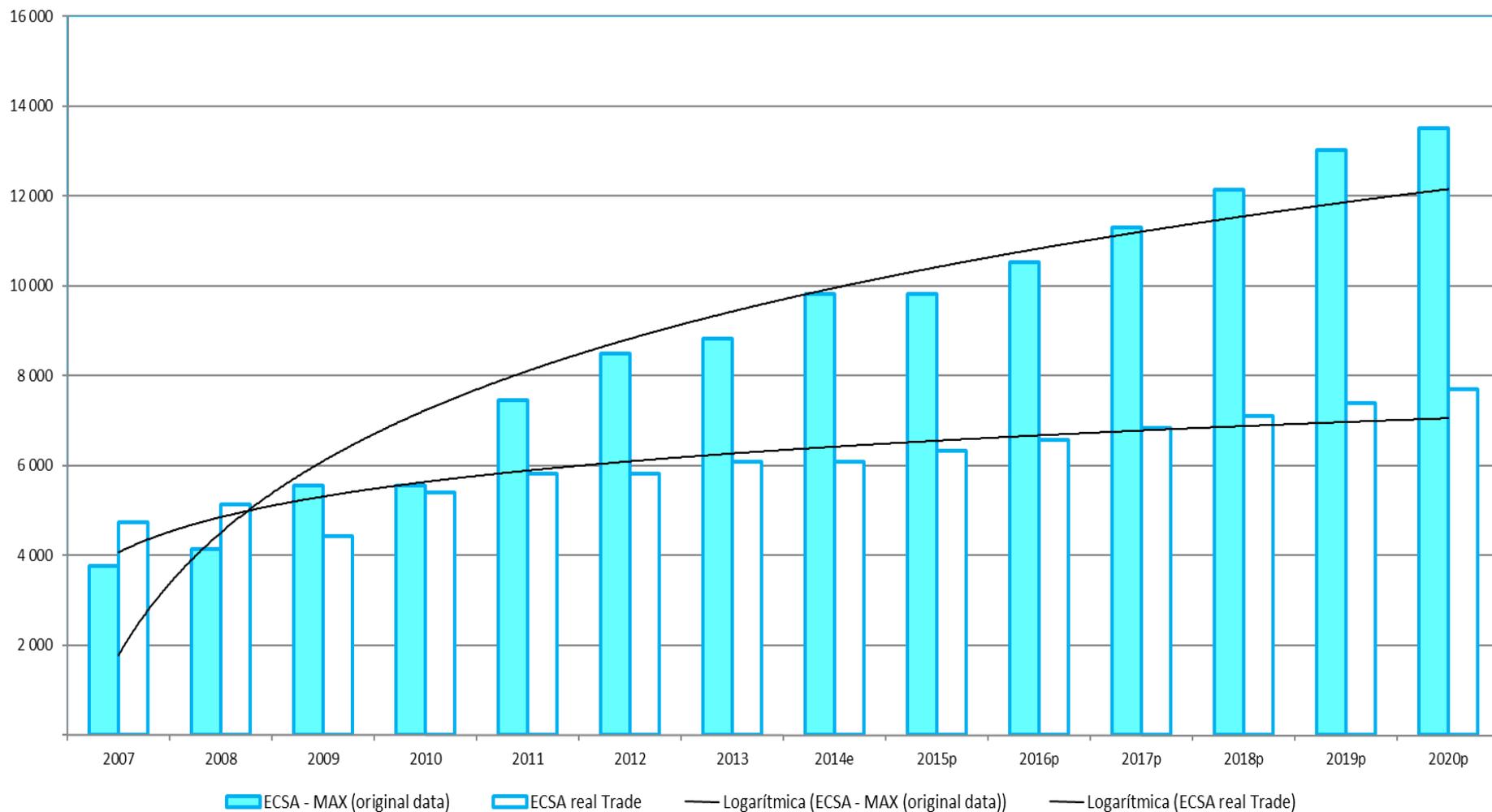


With this overcrowded fleet, what kind of routes and deployment can we expect?

- ✓ ULCS to be mainly allocated to the trade between Asia and Europe. After... Asia-Med and Asia-USEC loops based on Suez canal
- ✓ Not enough ports are available on other routes
- ✓ Cascading effects (11000 teu to 14000) . Latin America is included in this group, especially Asia to-ECSA and WCSA and Europe to ECSA... but what about Europe-WCSA with the new Panama Canal?
- ✓ In Latin America we have a problem: **equipment and berth depth** are in the core
- ✓ But the hinterland connections too (high stress on road infrastructure).



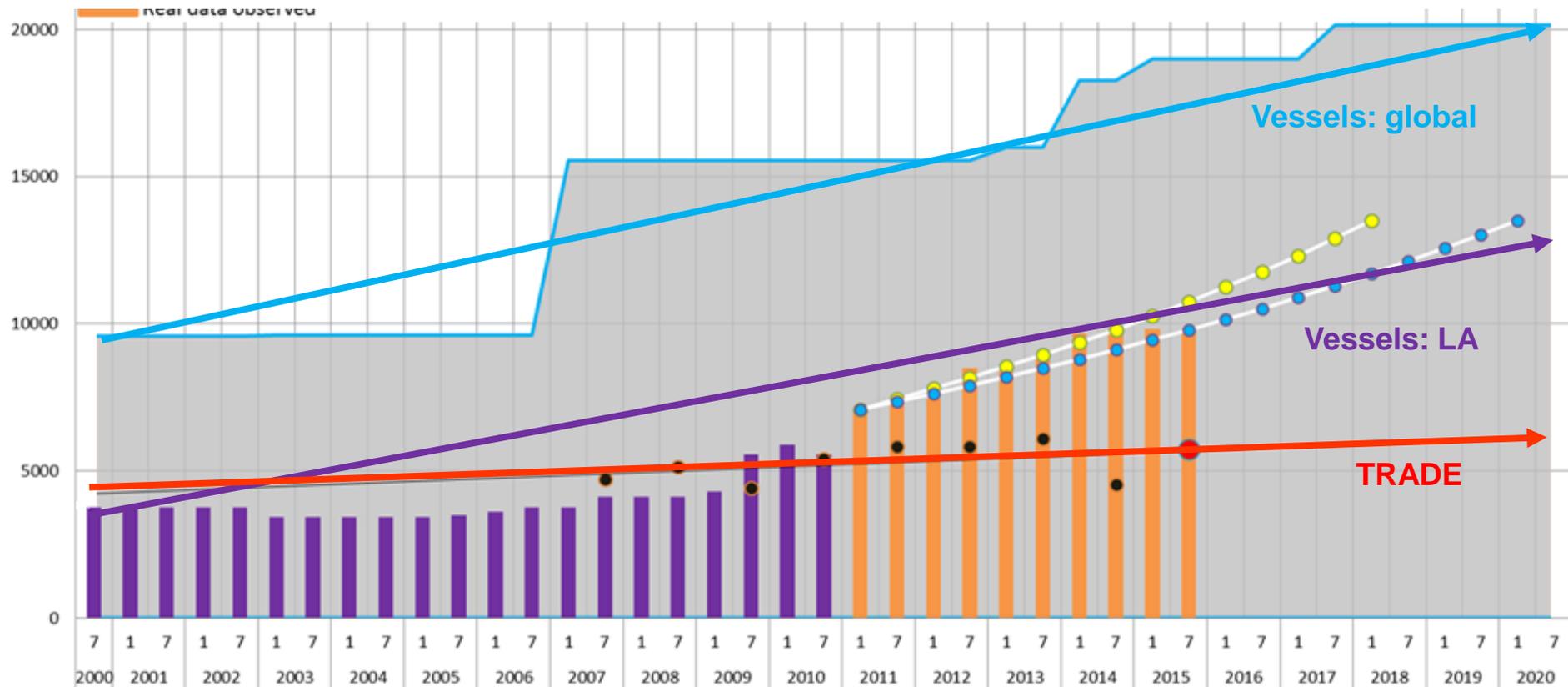
# No connection between trade and fleet





# Latin America, past data and forecast

**Maersk Line** has reallocated some superfluous 13,100 TEU ships from the over-tonnaged Europe-Far East trade to its **Asia-Central America (AC2)** service where they will replace units of 9,600 TEU. Ports of call, apparently all are capable of handling substantially larger ships than before, are: *Qingdao, Shang-hai, Ningbo, Busan, Manzanillo (Mex), Lázaro Cárdenas, Balboa, Buenaventura, Lázaro Cárdenas and back to Qingdao.*



Source: Ricardo J. Sanchez

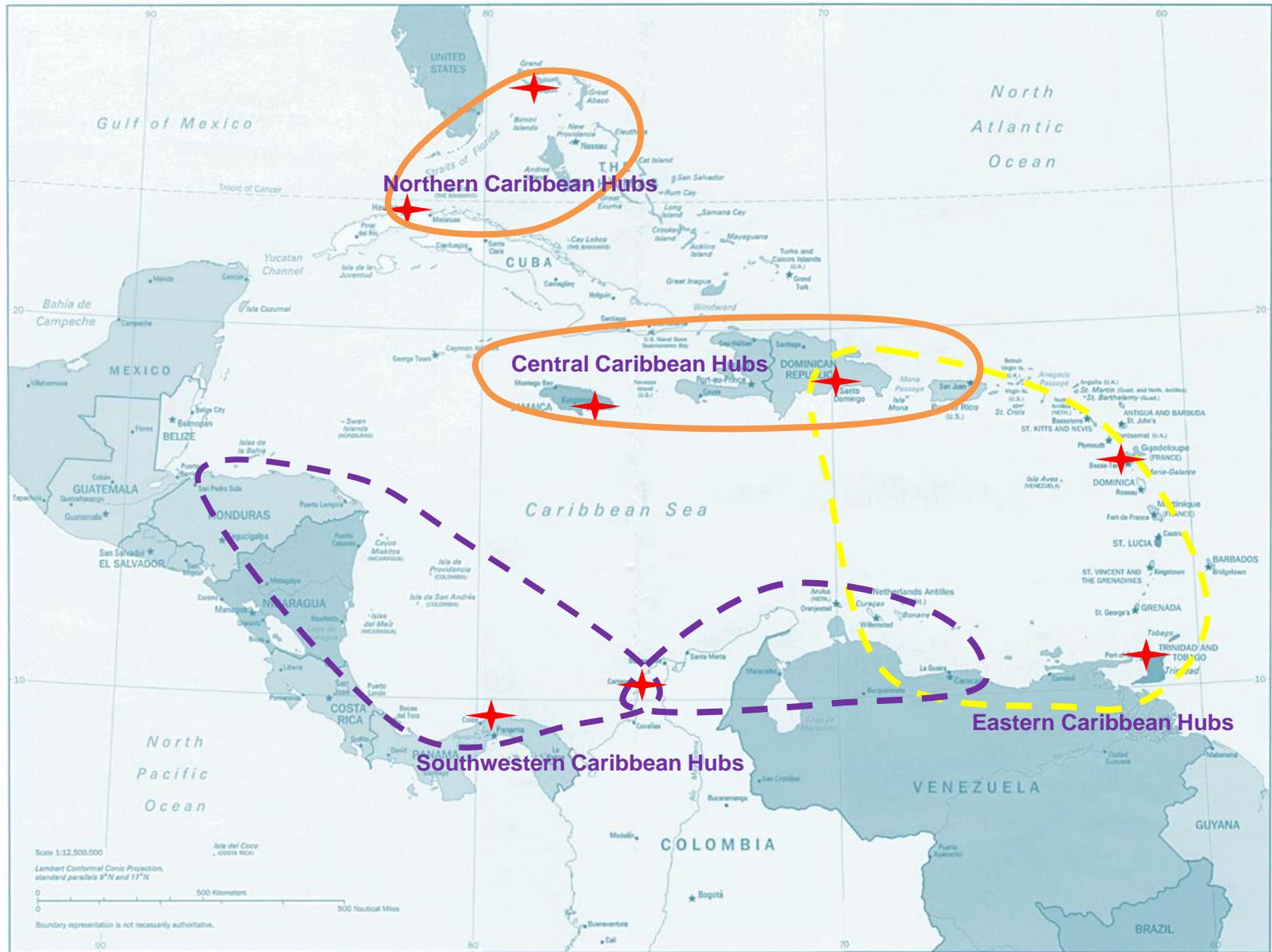


Increase from 2,000 TEU to 5,500 / 6,400 TEU has meant 2 port calls less

**Source:** MOL, KLine, Cosco, Evergreen, PIL and WanHai web sites and reports



# Caribbean markets





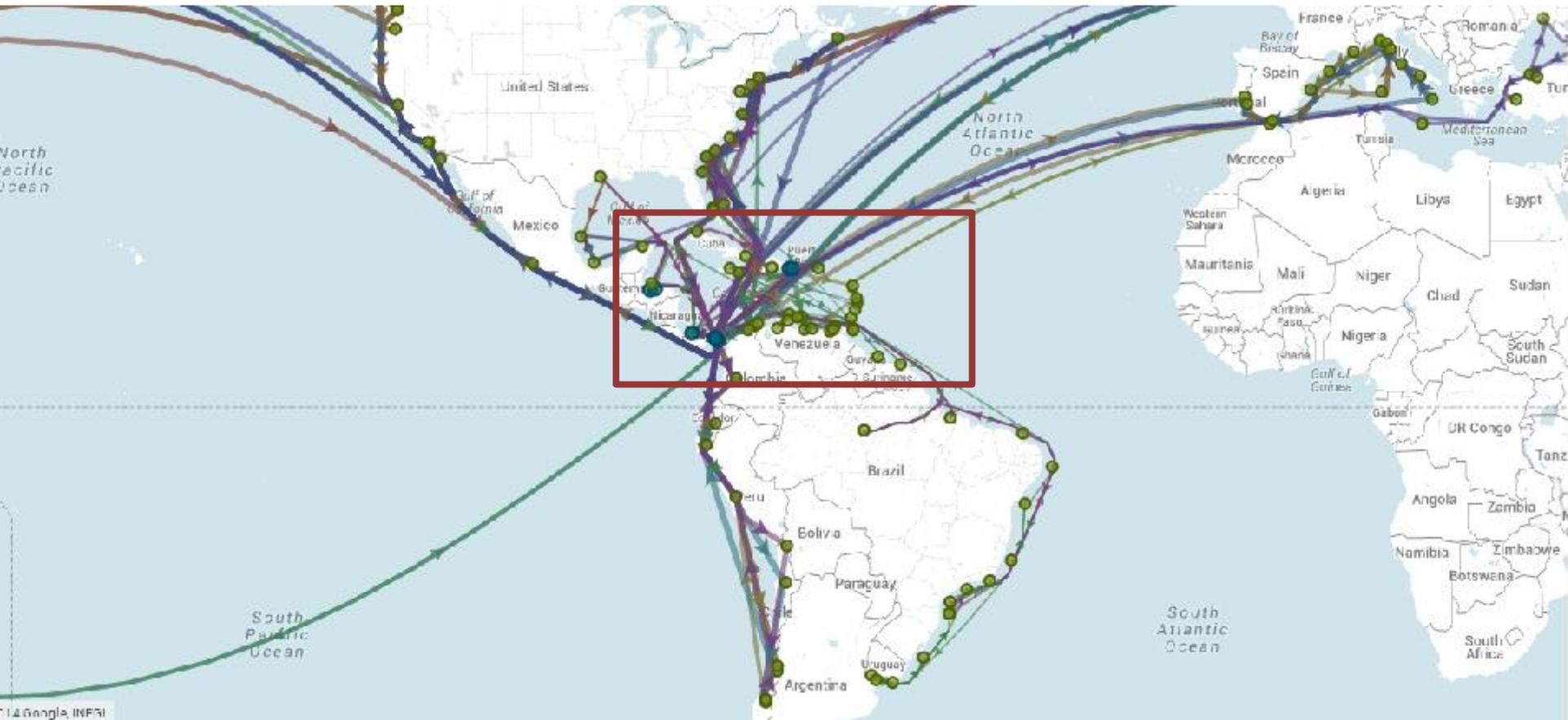
## Based on their geographical location the Caribbean main (current) hubs can be categorized as:

- South-southwestern Caribbean Hubs:
  - Panama/Caribbean, Cartagena and Moin (if);
- Central Caribbean Hubs:
  - Kingston, Caucedo, Ponce/San Juan;
- Northern Caribbean Hubs:
  - Freeport and Cuba (Mariel and ?).
- Eastern Caribbean Hubs:
  - Port of Spain/Point Lisas, Guadeloupe.

**No! There are several transshipment markets in the Caribbean basin**

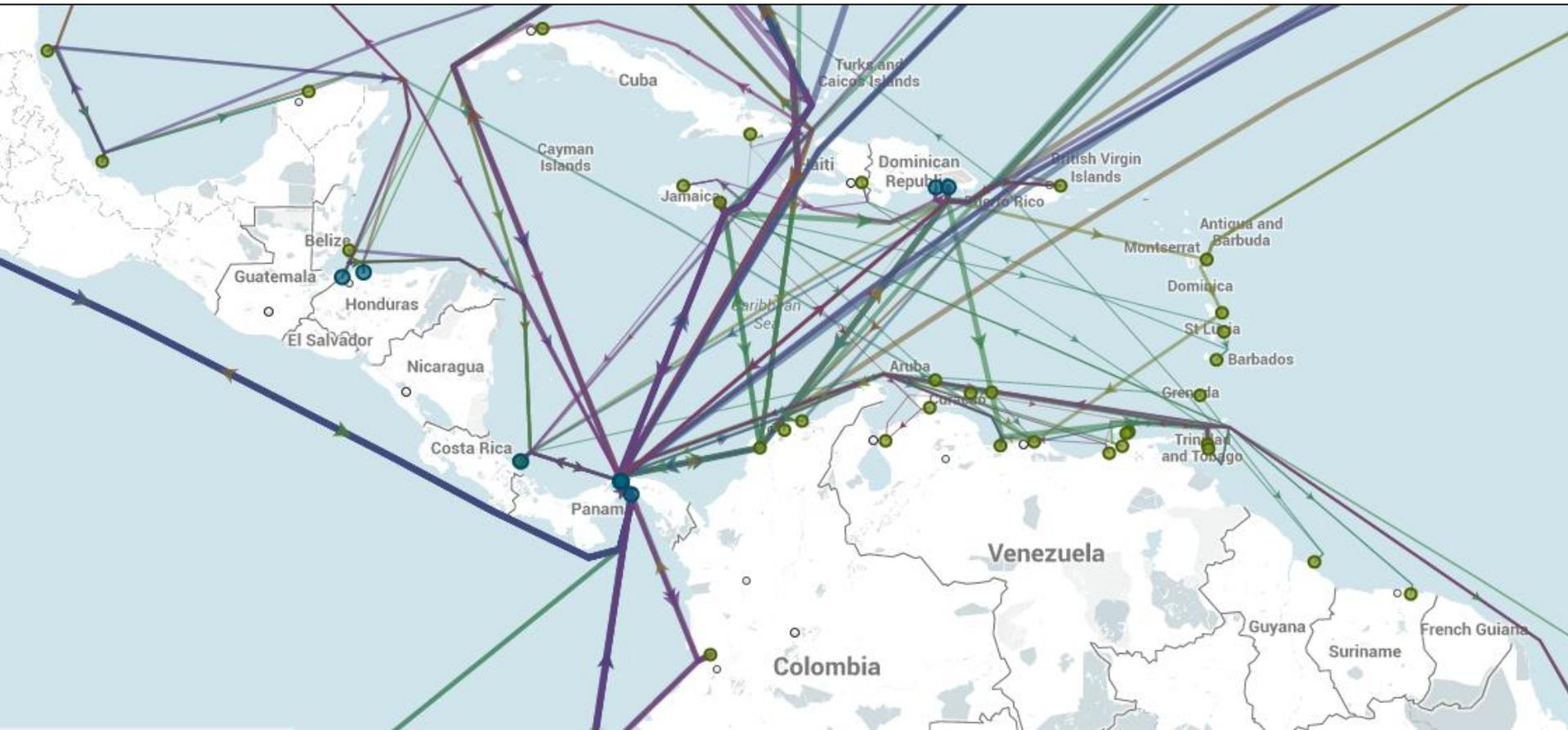


# South-southwestern Caribbean hubs: main services



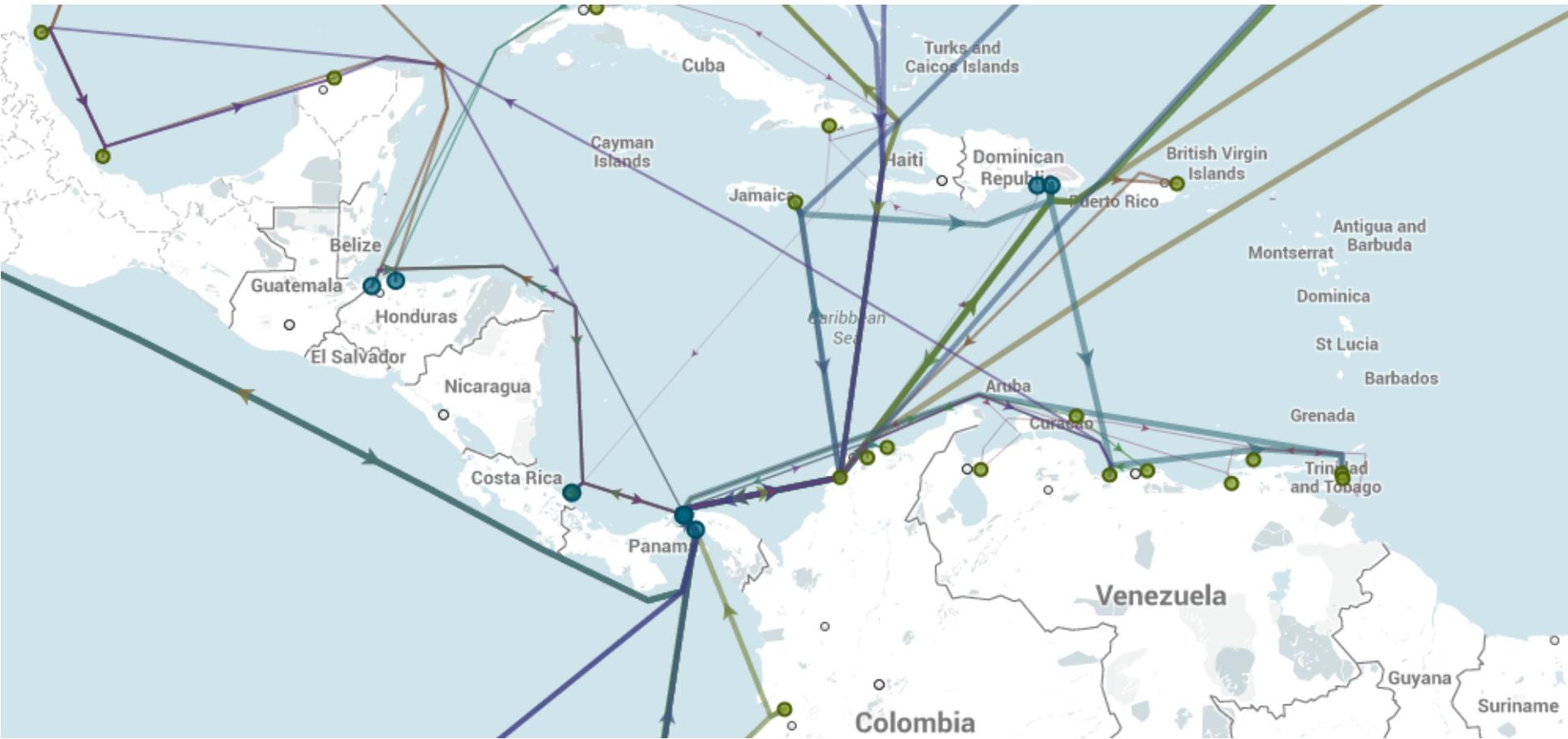


# South-southwestern Caribbean hubs: main services (closer view)





# South-southwestern Caribbean hubs: main services





## The Caribbean: working hypothesis about the future

1. New Panama Canal, game changer or not?
2. New routes?
3. New players
4. The future: shipping liners strategies
5. Double Dipping (W) & Near Shoring
6. SWOT: Caribbean areas under competition



# **Caribbean hubs: SWOT**

**Likely future scenarios by zone, port business – B.A.U.**

**Likely future scenarios, port business disruptive events**

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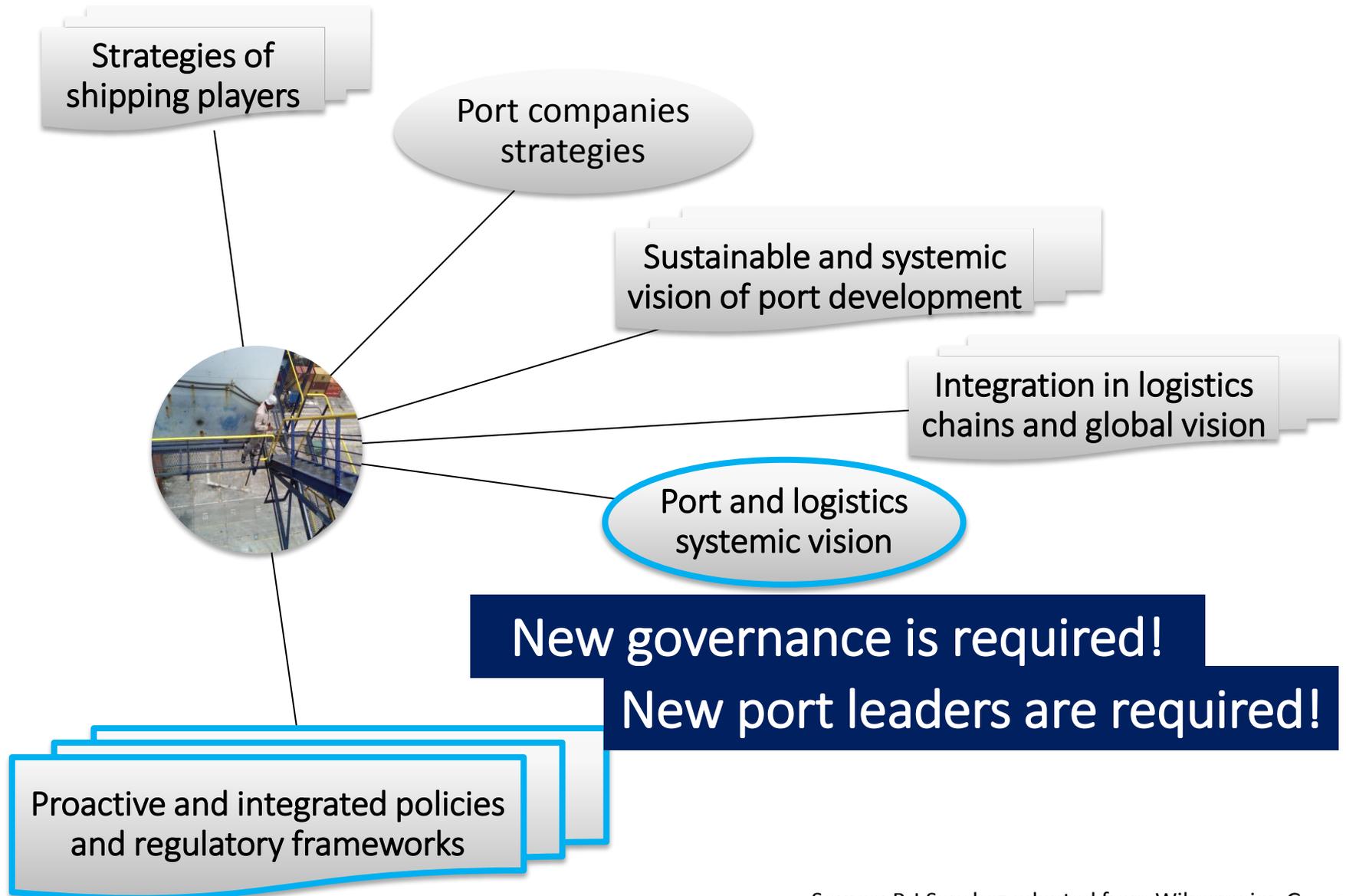
**Central-northern hubs**

**South-western hubs**

**Eastern hubs**



# Discussion points





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**Thanks a lot !!!**

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