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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

AAPA Tampa, Fl., January 21-22, 2016



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



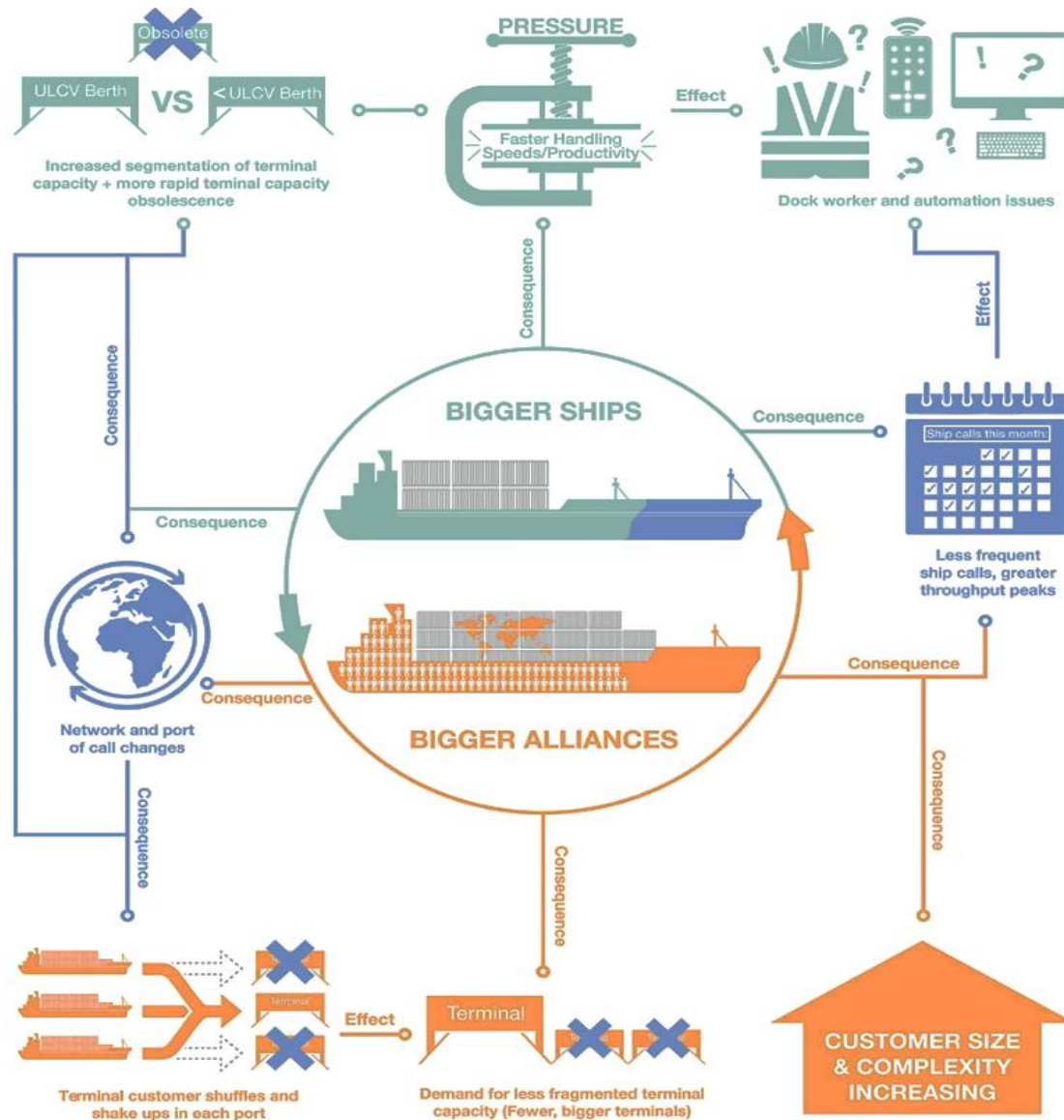
Economic context for the port business

- ✓ 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



Economic and operating context for the port business





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

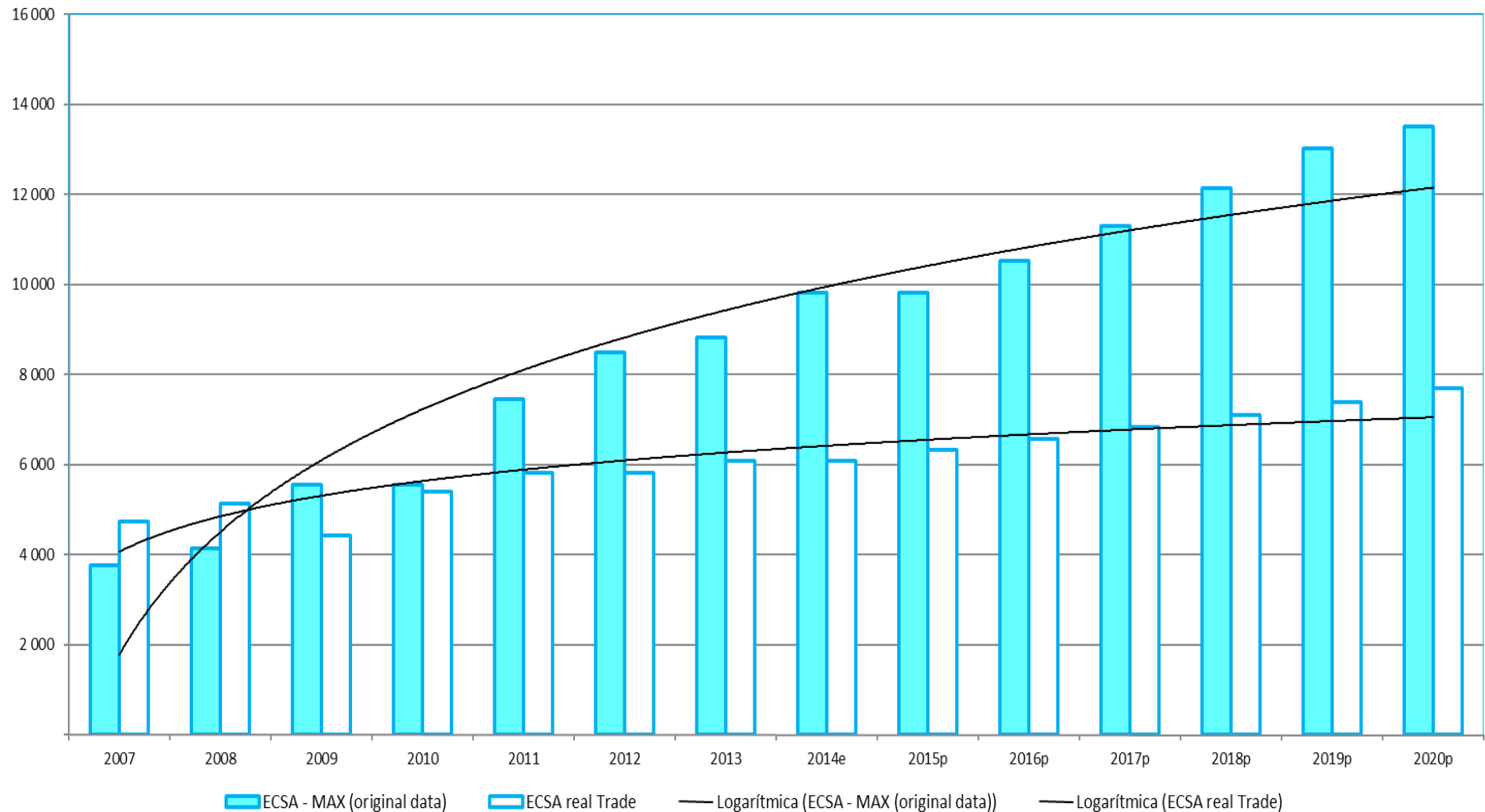


With this overcrowded fleet, what kind of routes and deployment can we expect?

- ✓ 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).



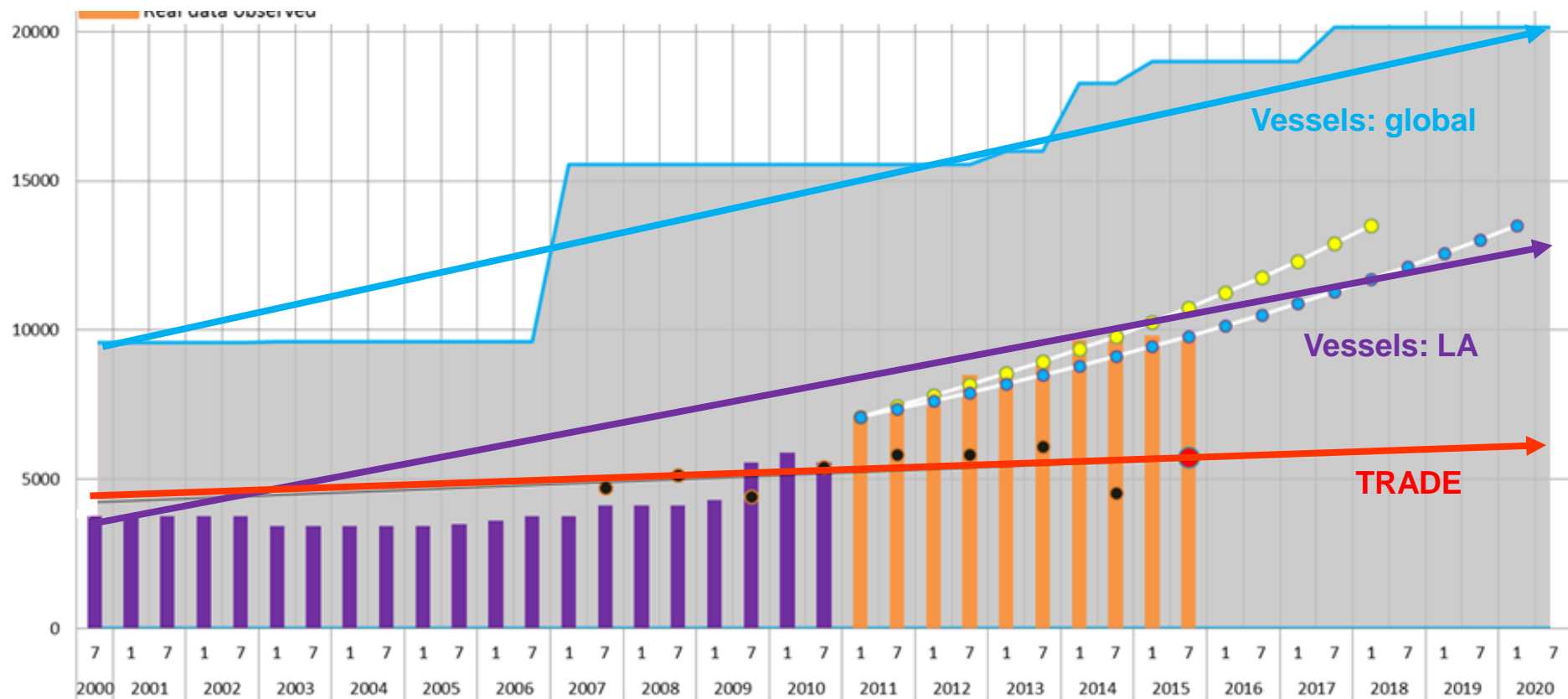
No connection between trade and fleet





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.*



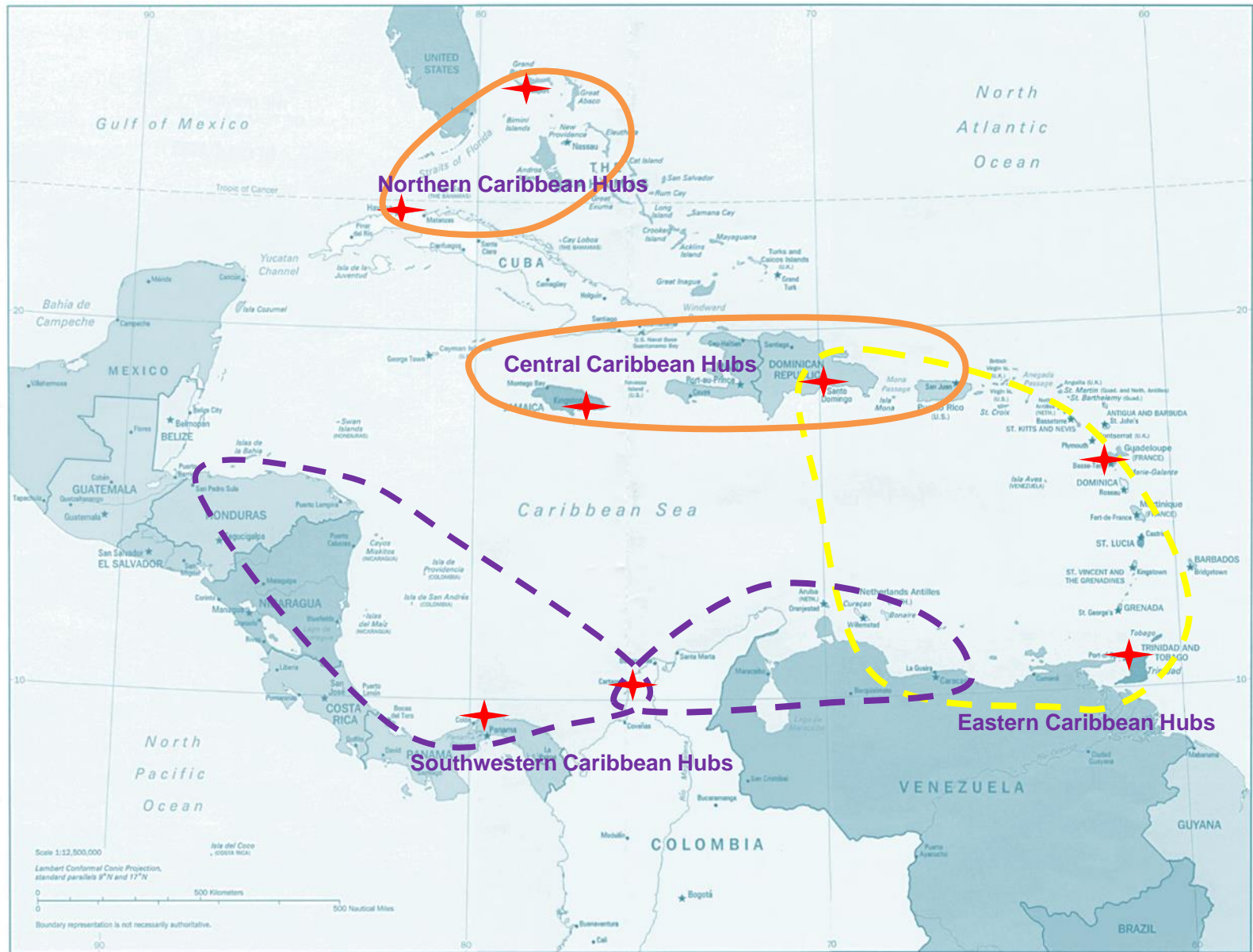
Source: Ricardo J. Sanchez



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



Caribbean markets





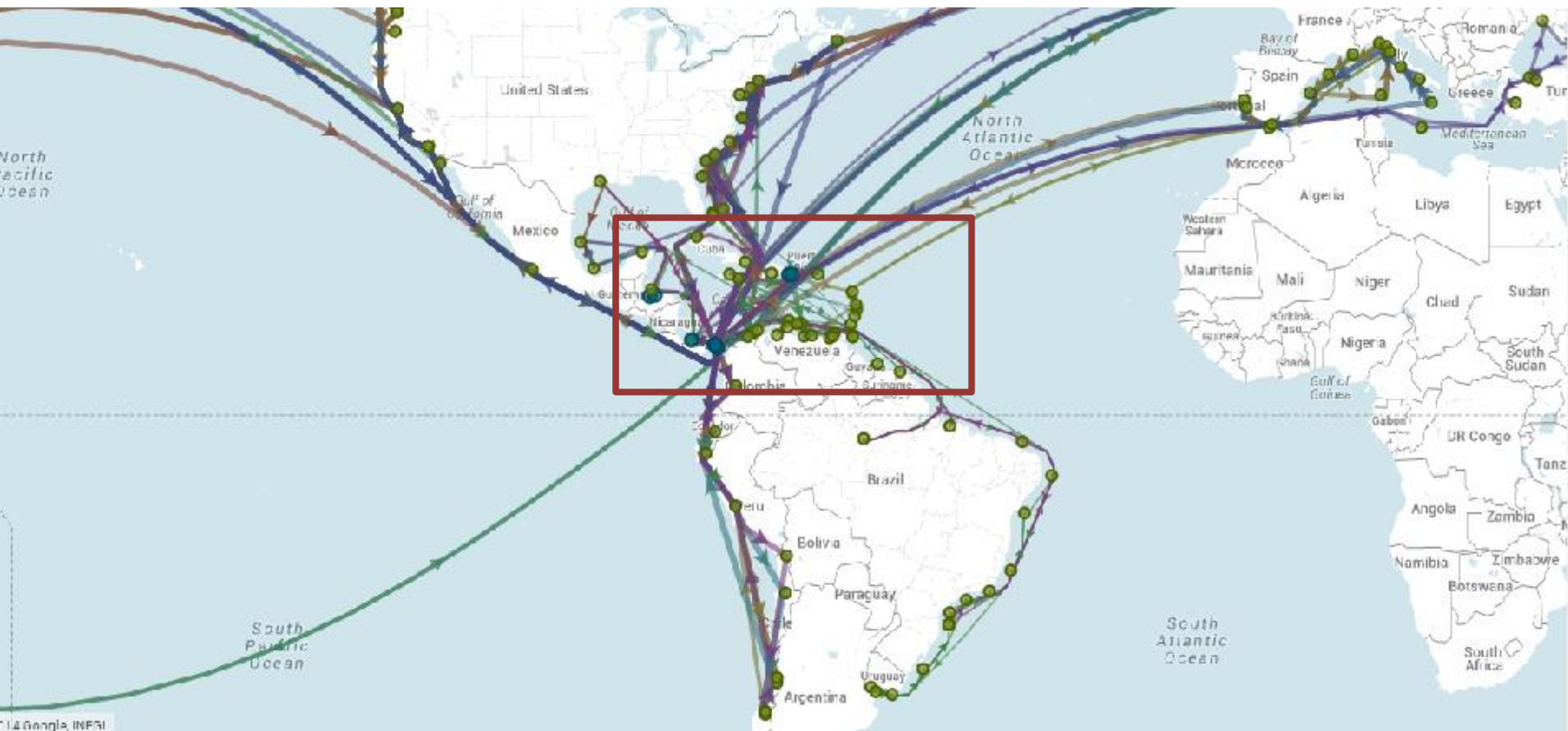
Based on their geographical location the Caribbean main (current) hubs can be categorized as:

- 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

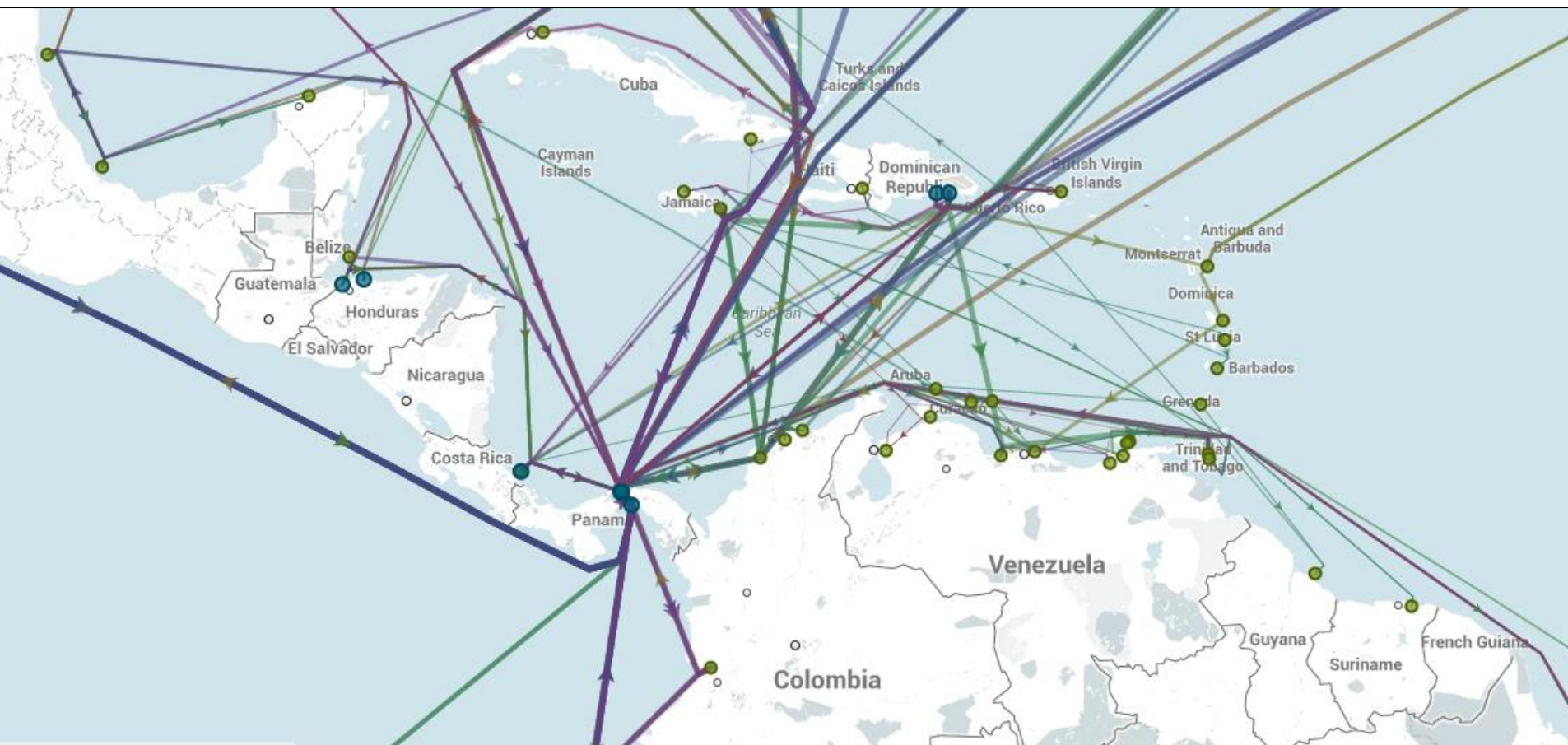


South-southwestern Caribbean hubs: main services



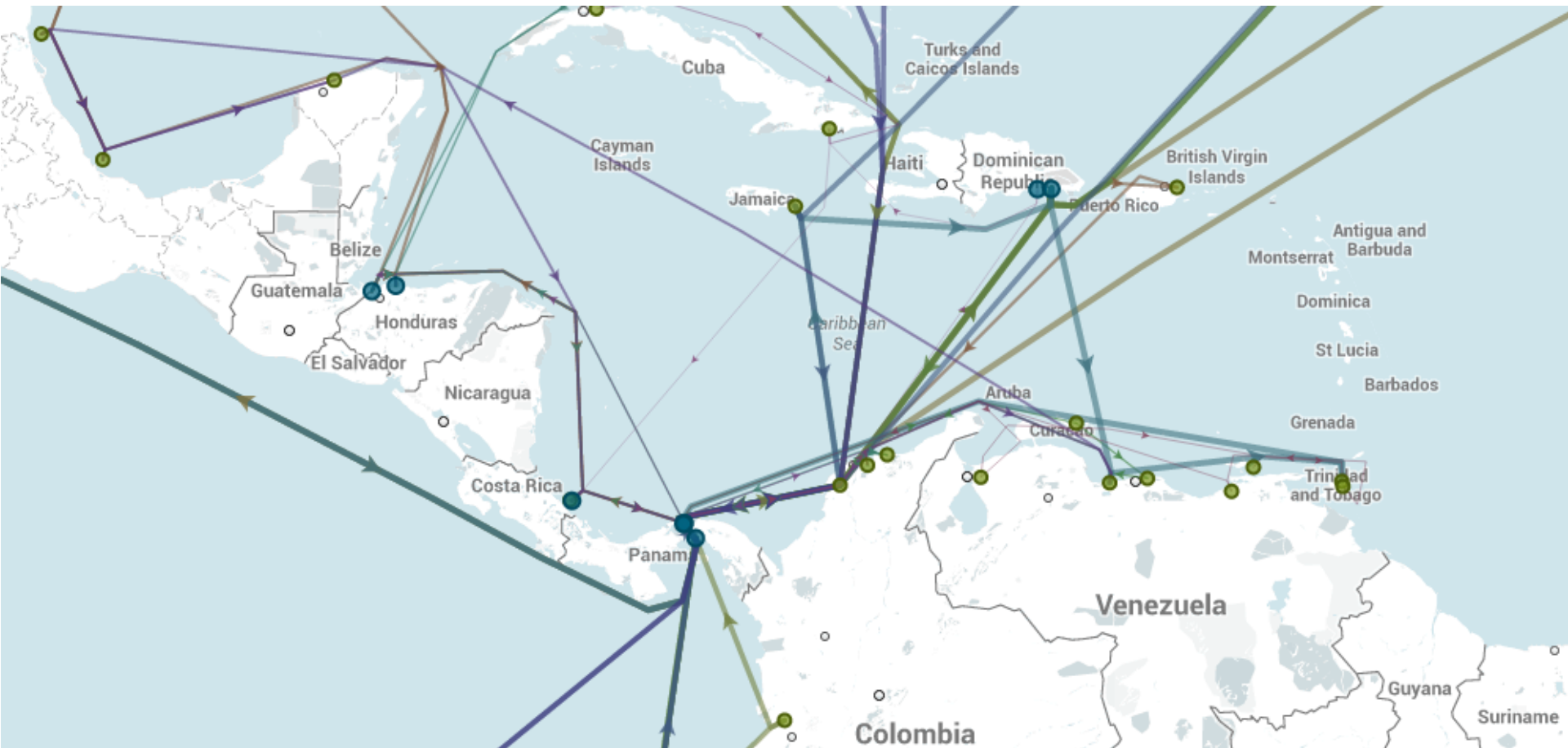


South-southwestern Caribbean hubs: main services (closer view)





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

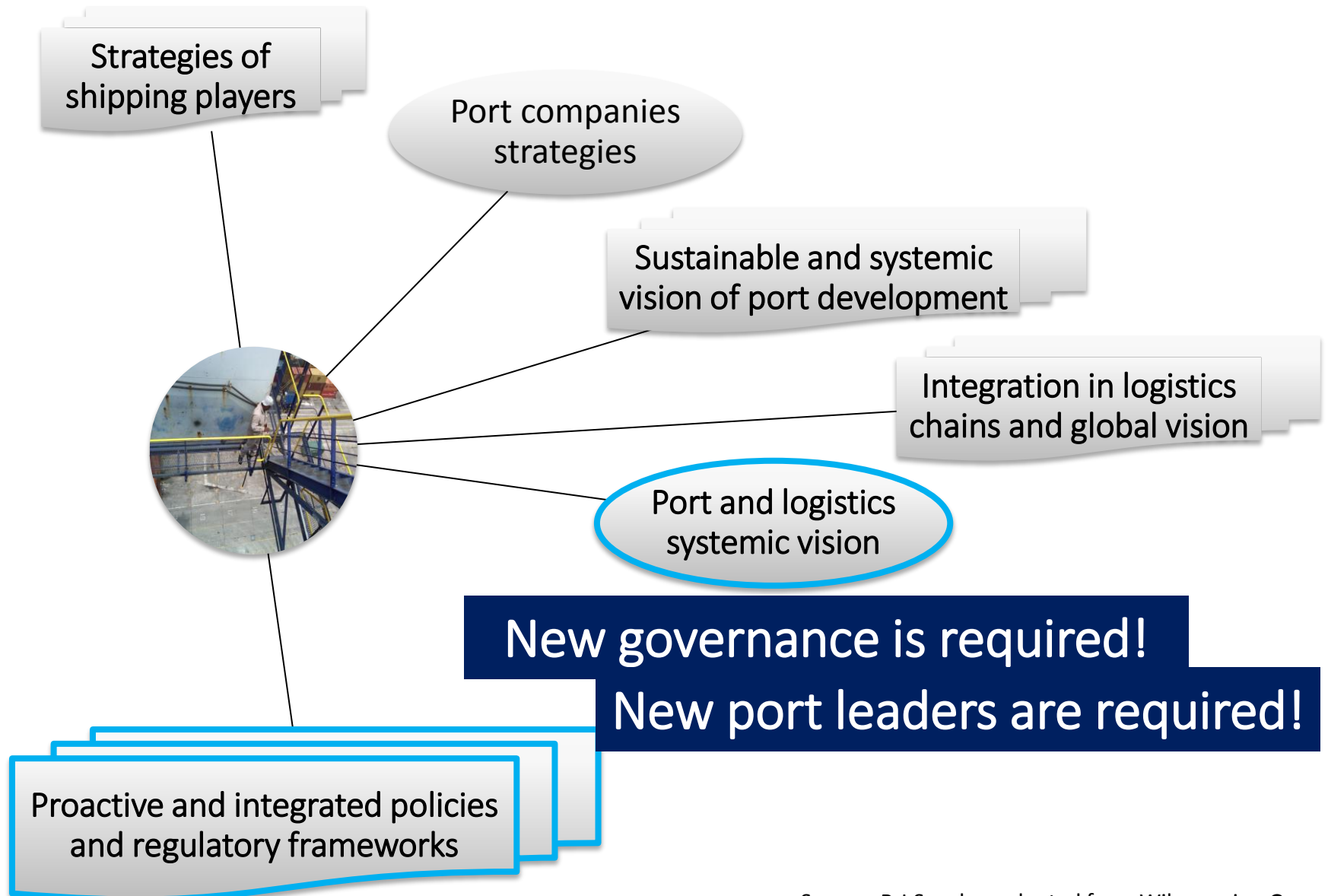
Central-northern hubs

South-western hubs

Eastern hubs



Discussion points





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Thanks a lot !!!

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