

Contexto Actual del Sector de Transporte Regional - Tendencias y Trayectoria Par: Comisión Económica de las Naciones Unidas para América Latina y el Caribe (CEPAL)

ASOCIACIÓN DE ESTADOS DEL CARIBE (AEC)
XXXI REUNIÓN DEL COMITÉ ESPECIAL DE TRANSPORTE
Martes 23 de agosto de 2022 – vía videoconferencia



REGIONAL TRANSPORT SECTOR: TRENDS & TRAJECTORY

Diogo Aita
Economist

Associate Economic Affairs Officer
International Trade and Integration Division

United Nations Economic Commission for Latin America and the Caribbean (UNECLAC)

Agenda: Main Topics

- OVERVIEW: RECENT CONTRIBUTIONS FROM UNECLAC
- REGIONAL TRANSPORT SECTOR SITUATION
- IMPACTS OF THE PANDEMIC
- OVERVIEW: FERRIES IN THE EASTERN CARIBBEAN
- GLOBAL EMERGING ISSUES
- CONCLUSION & QUESTIONS

Recent Contributions from UNECLAC 2022

- Impact of the coronavirus disease (COVID-19) pandemic on the cruise tourism industry in the Greater Caribbean
- Inputs for the future: Greater Caribbean's New Maritime Strategy (Non-Paper)
- Technical note on the establishment of a logistics observatory for the Association of Caribbean States
- Airship technology for air connectivity and humanitarian aid in the Caribbean and the Pacific
- Preliminary technical, economic and institutional evaluation for the implementation of a ferry service in the Eastern Caribbean



REGIONAL TRANSPORT SECTOR SITUATION

Maritime connectivity by country at the Great Caribbean region - LSCI Q2 2022 UNCTAD

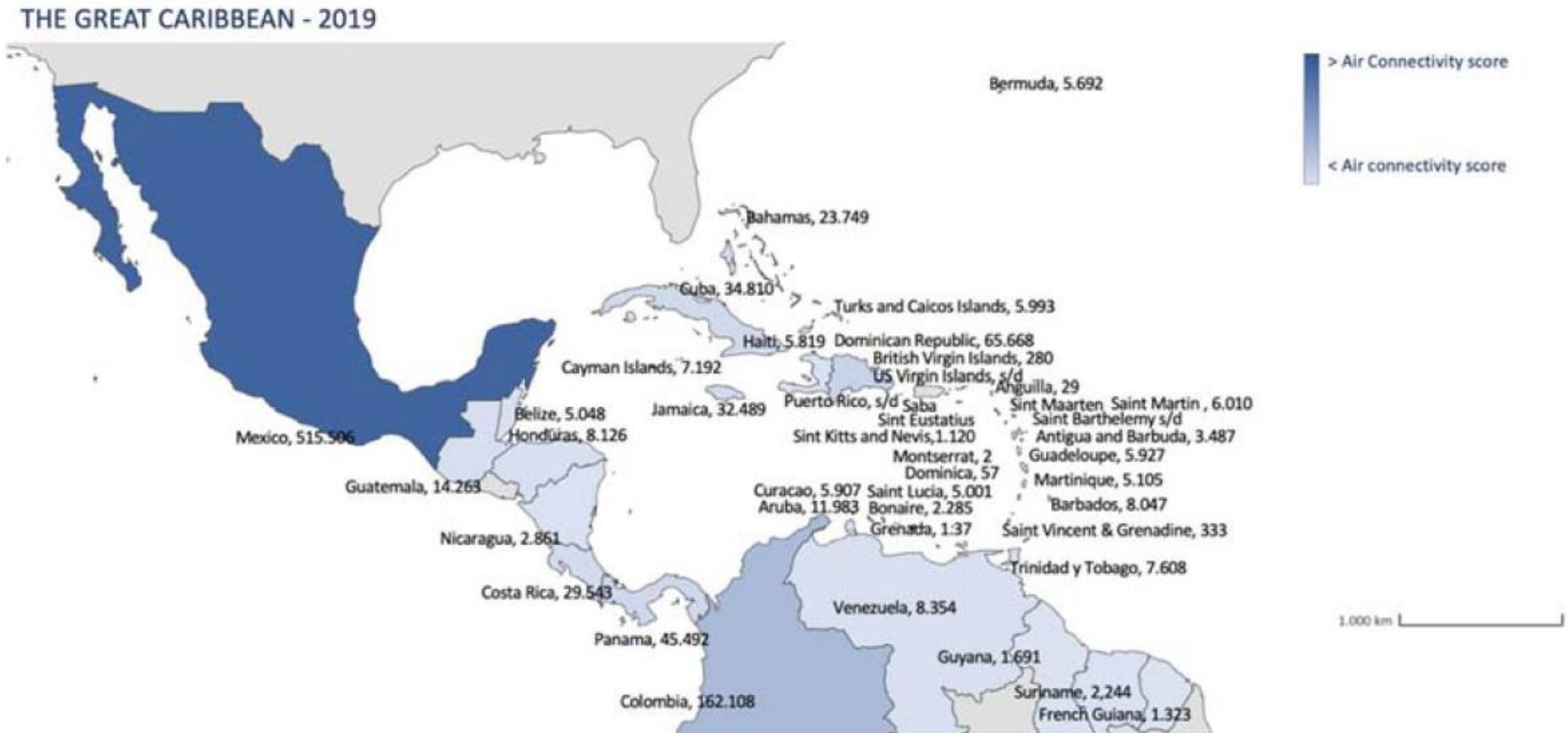


Source: ECLAC based on the data from UNCTADstat.

© UNECLAC 2022, diogo.aita@cepal.org

Air connectivity by country at the Great Caribbean region

- Air connectivity score 2019 IATA (prior to pandemics)

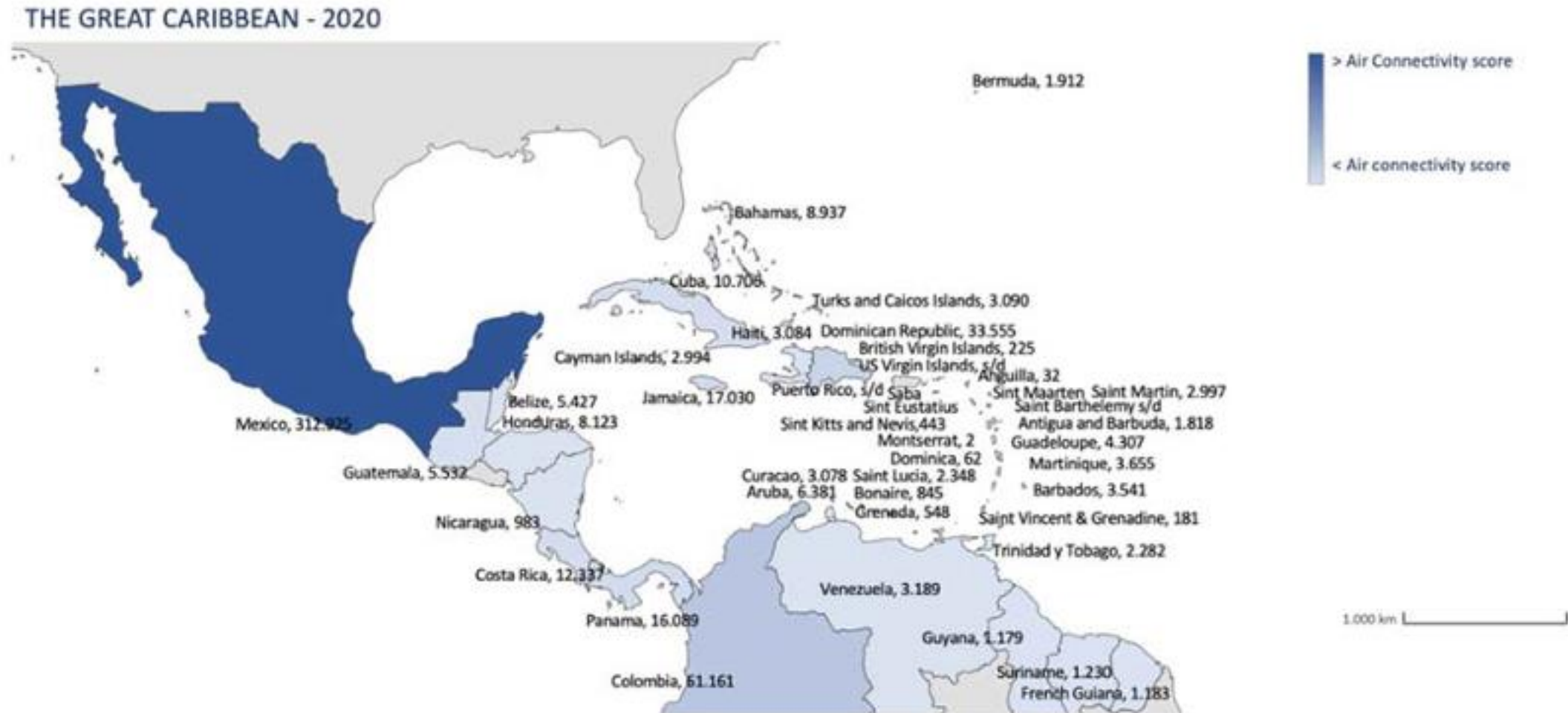


Source: UNESCAP and ECLAC based on the data from IATA – Air Connectivity.

© UNECLAC 2022, diogo.aita@cepal.org

Air connectivity by country at the Great Caribbean region

- Air connectivity score 2020 IATA (during pandemics)*



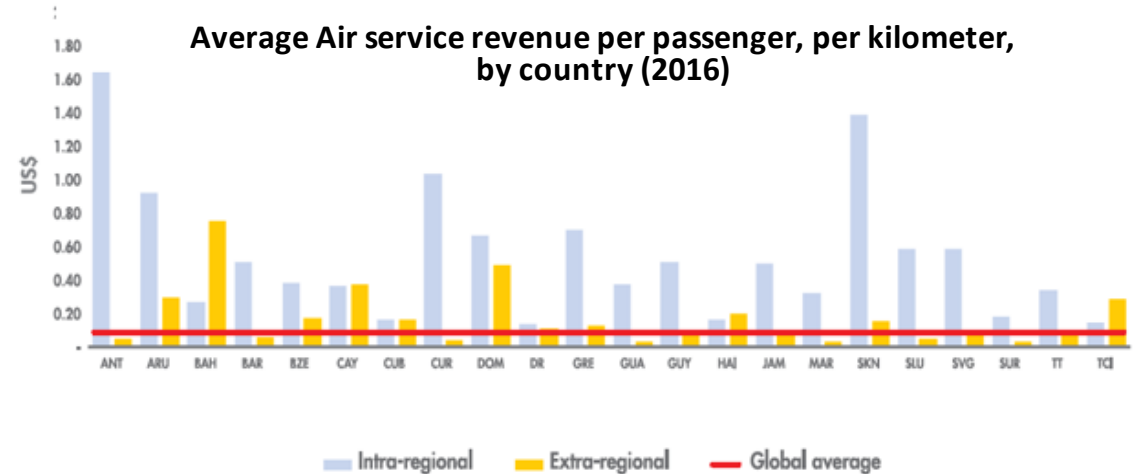
Source: UNESCAP and ECLAC based on the data from IATA – Air Connectivity.

© UNECLAC 2022, diogo.aita@cepal.org

*Most recent information available, there hasn't been an updated report from IATA since then.

Air Connectivity

- Air transportation services in the Caribbean are expensive, mainly impacted by the small and fragmented size of the market, with high costs, low frequency, and inconvenient itineraries, being a barrier to regional connectivity.
- The average airline revenue per passenger and per kilometer is much higher than the global average.
- Intra-regional figures are generally even higher than the extra-regional revenue
- Taxes, fees, and charges in the region are also high and represent **approximately 35% of the cost of a one-way airfare**, much higher than the **worldwide average of approximately 15%**.

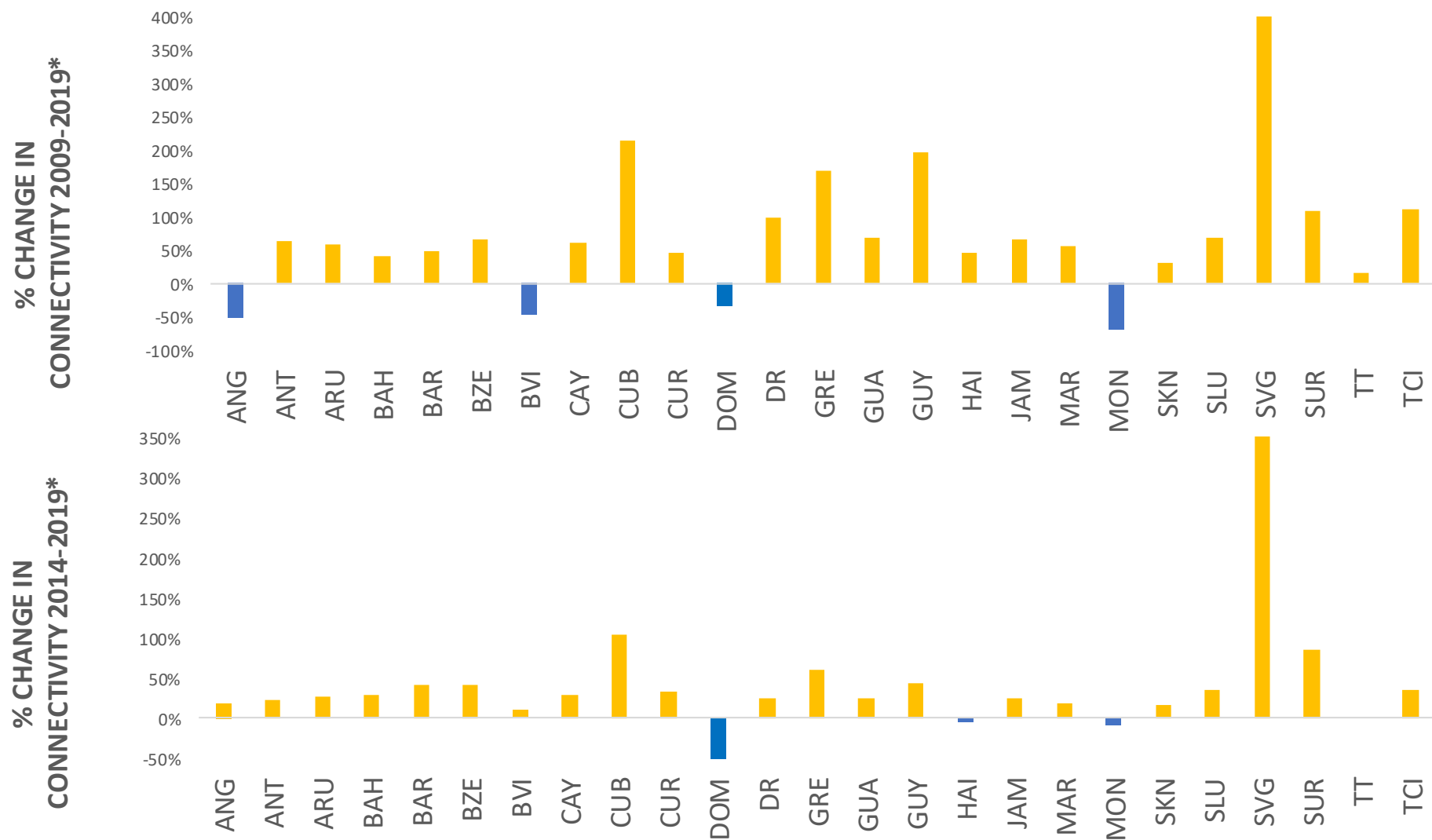


Taxes and charges for passenger air transportation in the Caribbean, June 2018

(In United States dollars)

Route	Base Rate	Taxes	Charges	Air Ticket Price	Taxes and Fees (in percentages)
BGI (Barbados)-SVD (St. Vincent)	298.00	52.16	121.80	471.86	37
ANU (Antigua)-SVD (St. Vincent)	210.00	21.00	213.90	444.90	53
POS (Trinidad)-KIN (Jamaica)	400.00	85.00	125.79	610.79	35
NAS (Bahamas)-PLS (Turks and Caicos Islands)	213.00	98.13	60.00	371.13	43
BGI (Barbados)-GRE (Grenada)	198.00	34.66	136.04	368.70	46
SLU (Castries, St. Lucia)-BGI (Barbados)	150.00	11.26	182.08	343.34	56

Change in Air Global Connectivity



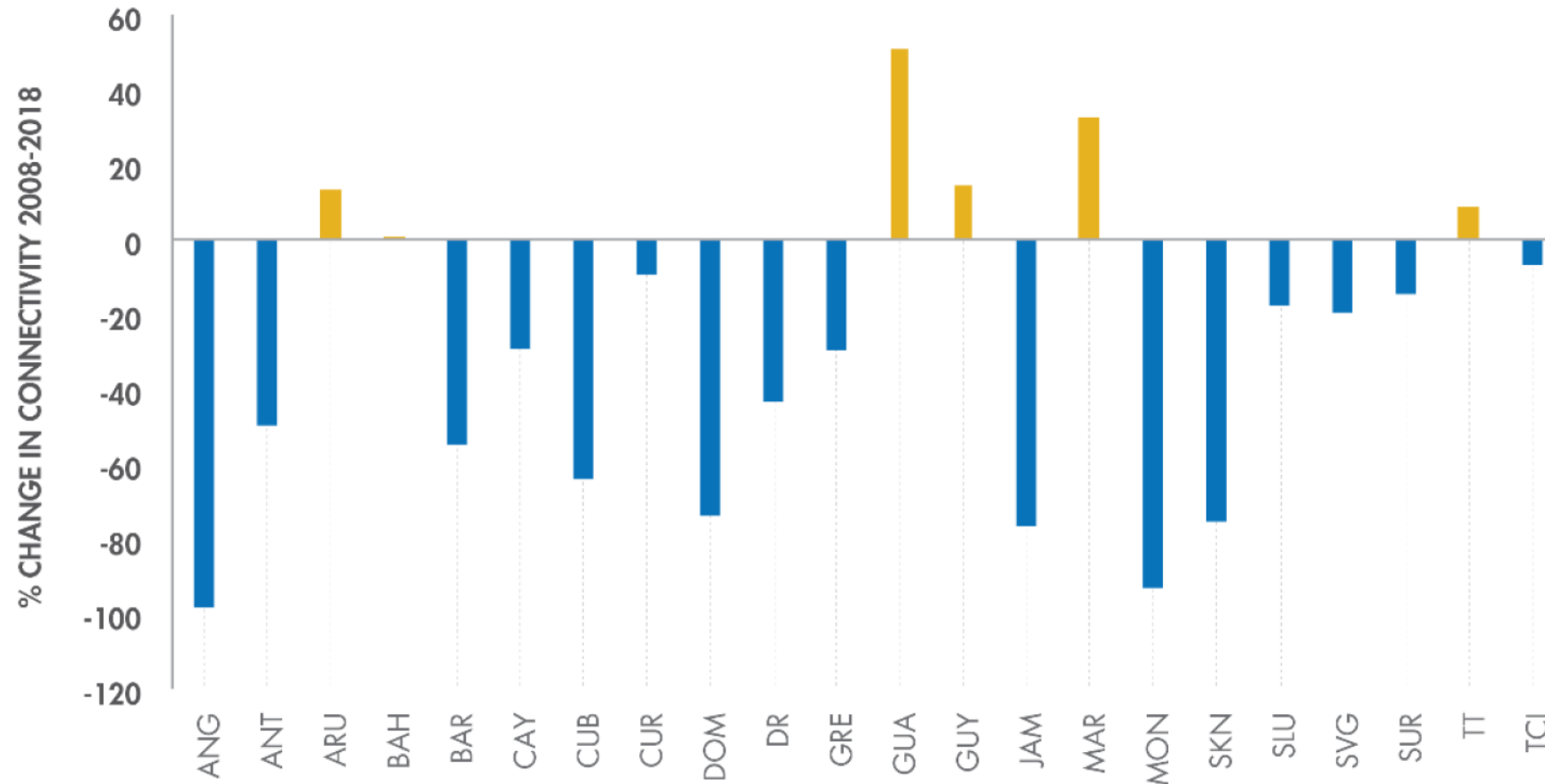
Global connectivity has risen in most countries in the Region, with only a few countries experiencing a decline...

Source: IATA Air Connectivity. "Measuring the connections that drive economic growth".

© UNECLAC 2022, diogo.aita@cepal.org

*Most recent information available, there hasn't been an updated report from IATA since then.

Change in Air Regional Connectivity*



However, in terms of intra-regional connectivity, 16 countries experienced a drop.

Source: Caribbean Development Bank (CDB) based on information from IATA.

*Most recent information available, there hasn't been an updated report from IATA since then.

© UNECLAC 2022, diogo.aita@cepal.org

Agenda: Main Topics

- OVERVIEW: RECENT CONTRIBUTIONS FROM UNECLAC

- REGIONAL TRANSPORT SECTOR SITUATION

- **IMPACTS OF THE PANDEMIC**

- OVERVIEW: FERRIES IN THE EASTERN CARIBBEAN

- EMERGING ISSUES

- CONCLUSION & QUESTIONS

Low Maritime
Connectivity by country

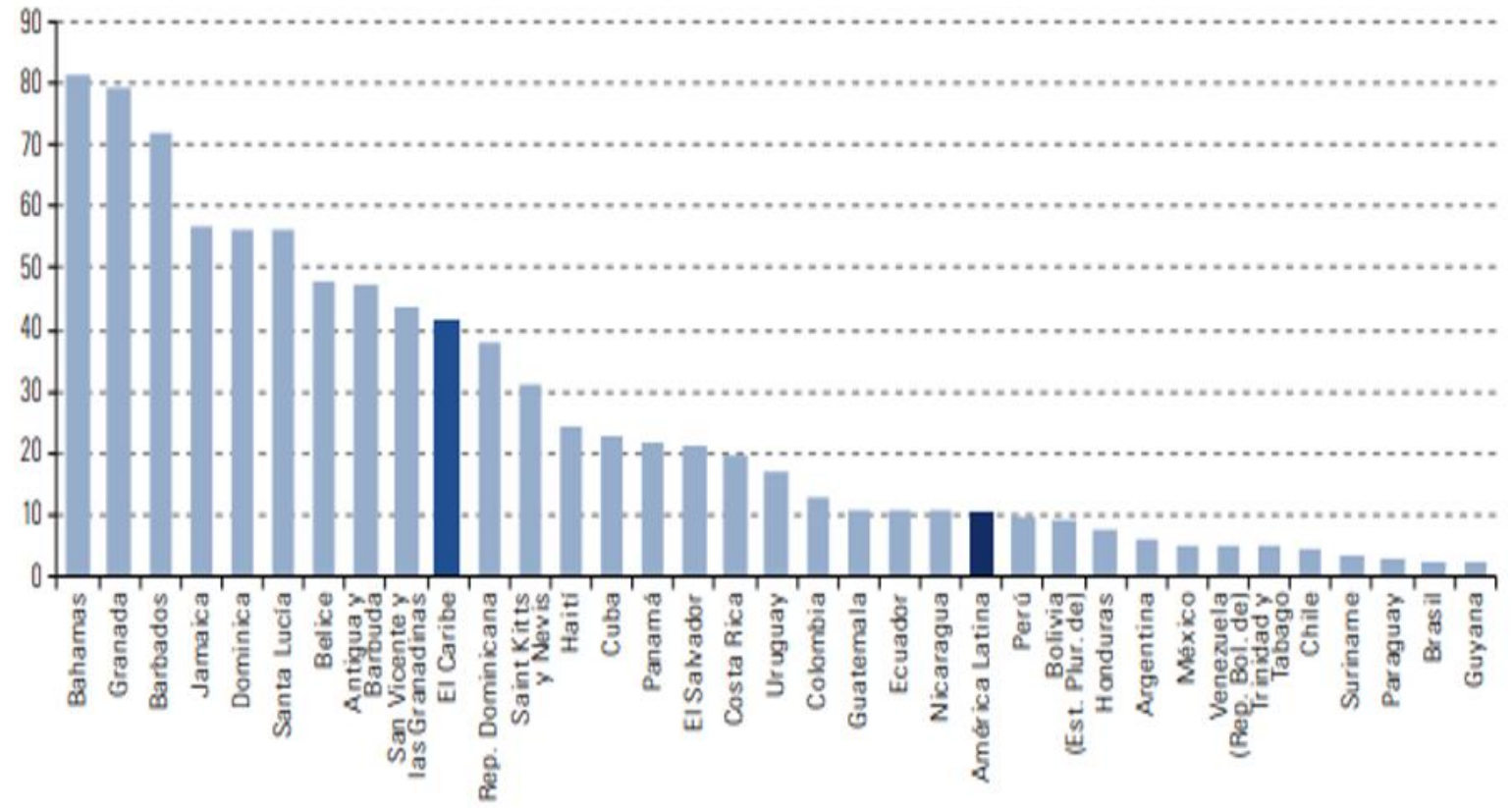
Increase in **Global** Air
Transport Connectivity
with the Caribbean

Decrease in **Intra-
Regional** Air Transport
Connectivity within the
Caribbean

IMPACT OF THE PANDEMICS

Latin America and the Caribbean: Participation of tourism in the export of goods and services

- Tourism is a key generator of foreign exchange, employment and investment.
- 10% of total exports (goods and services) in Latin America (2019)
- 42% in the Caribbean (2019)
- In a few Caribbean countries, this participation is higher than 50%



Actions to reactivate tourism

The gradual elimination or relaxation of restrictions on mobility was accompanied by measures aimed at a responsible reactivation of tourist activity.

- **Sanitary and circulation actions**

(at first functioning as "barriers", they can be understood as conditions for authorized entry and reopening, as travel facilitators)

- Negative COVID-19 test prior to travel
- Compulsory travel insurance
- Compulsory quarantines at the destination
- Vaccination certificates
- Biosafety protocols in tourism

- **Economic actions for reactivation**

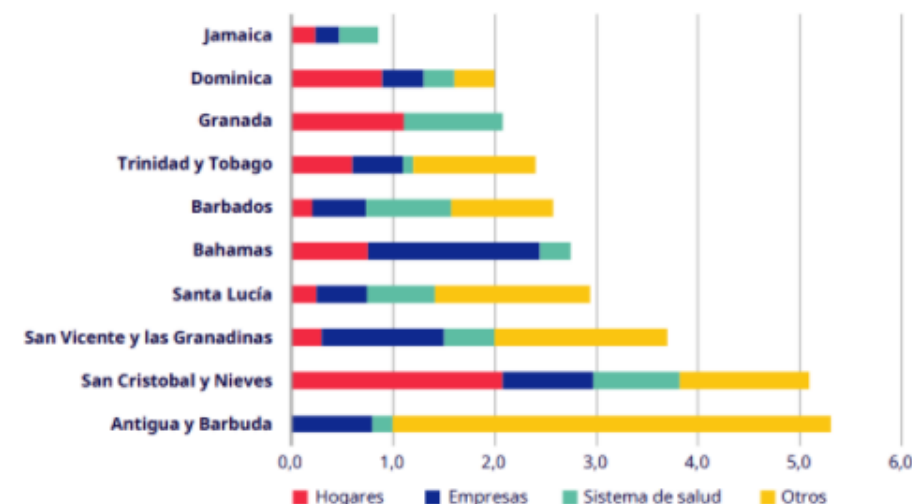
(direct actions to sustain businesses, maintain jobs and compensate for lost household income)

- fiscal programs (additional health spending)
- temporary cash transfers to displaced workers
- credit support for SMEs
- Support for particularly affected sectors such as tourism
- emergency financing
- tax payment deferral
- measures to support and promote employment

- **Other reactivation actions**

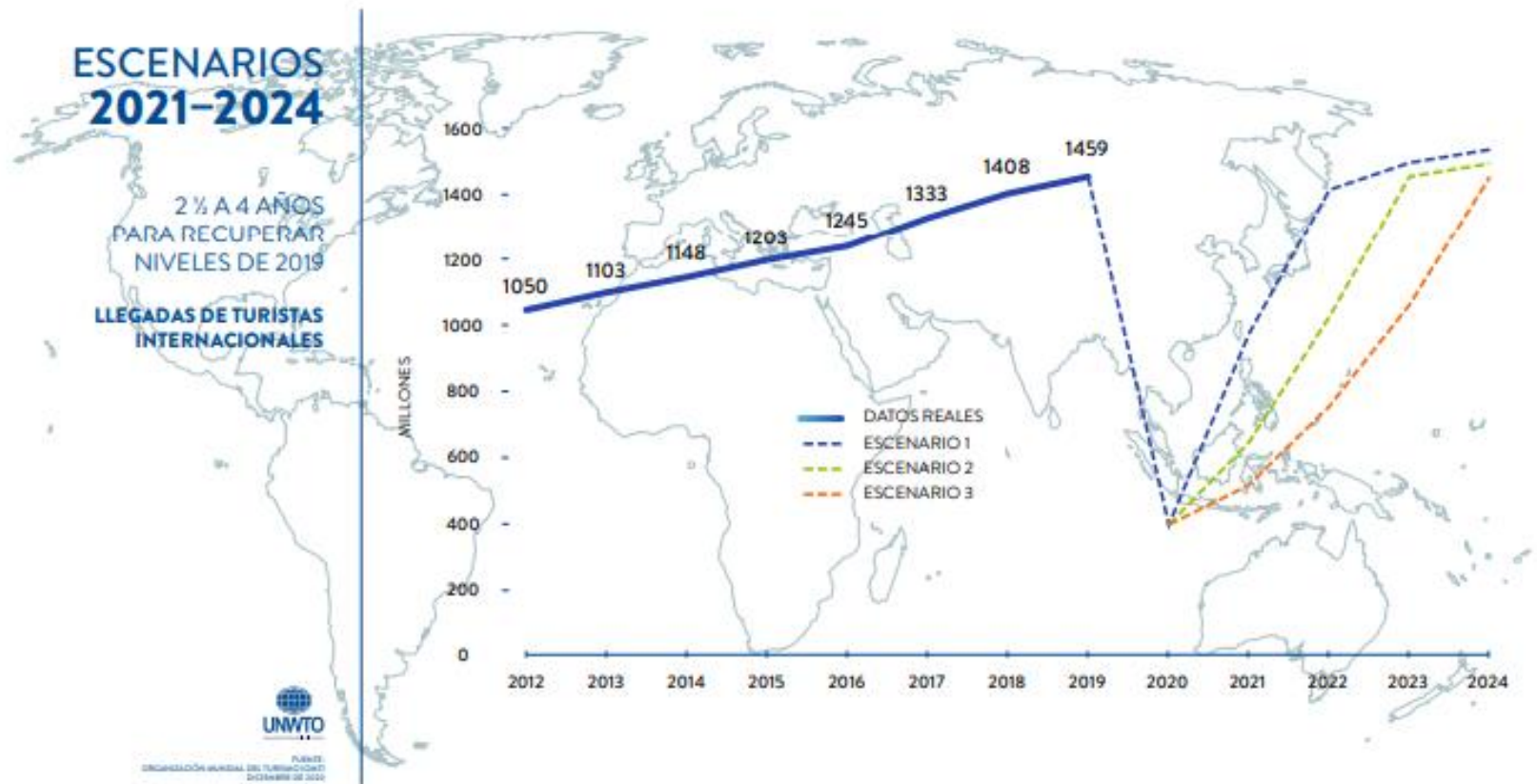
- international tourist certifications (Safe Travel),
- Caribbean Travel Health Assurance Stamp
- Digitalization, marketing and communication campaigns
- Specific actions aimed at reactivating Cruise tourism

Caribbean: Fiscal Impact of State Assistance in the Caribbean, August 2020 (%)



Recovery Scenarios

- The most likely scenario is a recovery period of between 2 and a half to 4 years to return to the levels of international arrivals and tourist spending of 2019.
- It is expected that the recovery will not occur in a "V-shaped" and that, in change, there is volatility in the process.





FERRIES IN THE EASTERN CARIBBEAN

Eastern Caribbean: Competitiveness and connectivity indices of the countries in the region

- The World Bank's "Doing Business" index places the countries of the region in positions above 100, among a maximum of 190 economies.
- Colombia (position 67) and Saint Lucia (position 93) are the only countries below number 100.
- The DHL global connectivity index indicates that the best positions are occupied by Trinidad and Tobago, in position 84, followed by Colombia, in position 87.
- The UNCTAD's "Liner Shipping Connectivity Index (LSCI)", on Q2 2021 places most of the countries above position 100, with only four scoring below, among them, Colombia (position 34), Guadeloupe (position 79), Martinique (position 80), and Trinidad and Tobago (position 84) the best qualified under this index.

País	DB Global ranking 2019	DHL Global Connectedness Index 2020	UNCTAD LSCI Q2 2021
Anguila	N/A	N/A	161
Antigua y Barbuda	113	104	158
Aruba	N/A	N/A	111
Bonaire	N/A	N/A	163
Colombia	67	87	34
Curazao	N/A	N/A	112
Dominica	111	137	143
Granada	146	93	145
Guadalupe	N/A	N/A	79
Guyana	134	95	120
Islas Vírgenes Británicas	N/A	N/A	156
Martinica	N/A	N/A	80
Montserrat	N/A	N/A	162
San Cristóbal y Nieves	139	121	157
San Vicente y las Granadinas	130	124	140
Santa Lucía	93	99	150
Suriname	162	94	117
Trinidad y Tobago	105	84	84
Venezuela	188	131	108

Source: "Evaluación preliminar técnica, económica e institucional para la implementación de un servicio de ferris en el Caribe Oriental" Lugo and others, UNECLAC 2022.



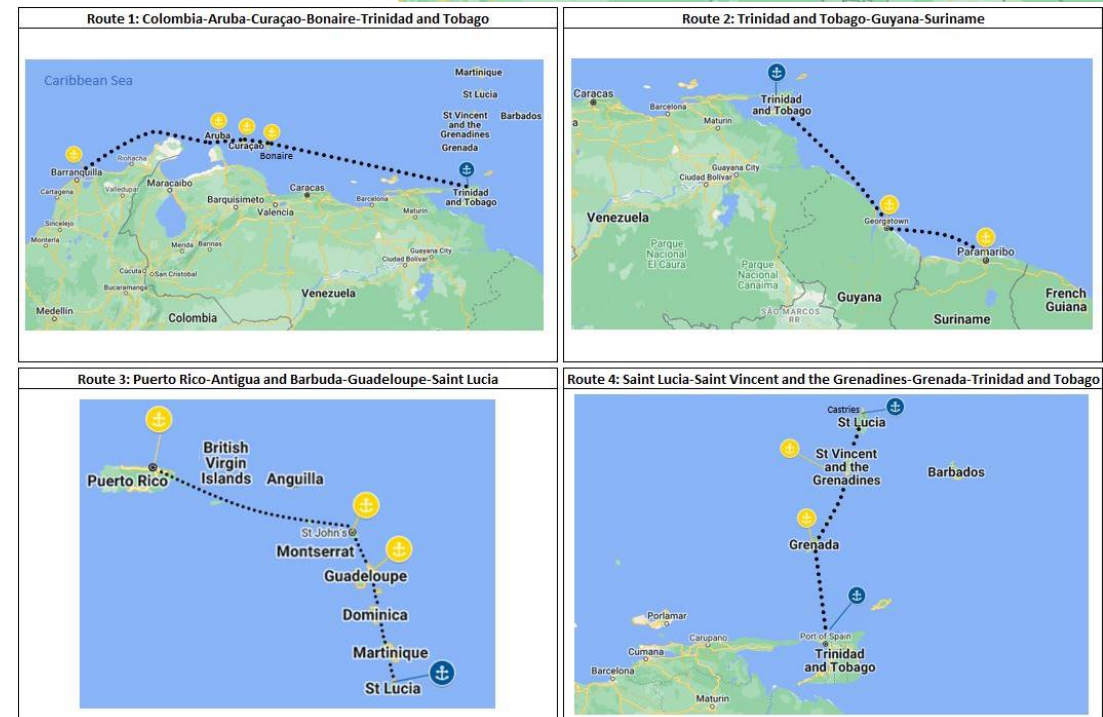
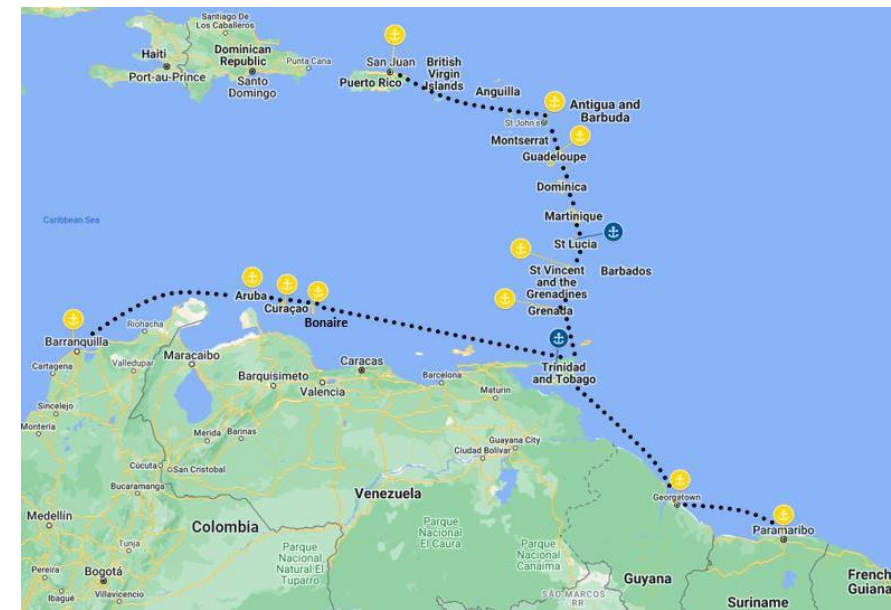
A map of the Caribbean region with several blue lines indicating ferry routes. One route starts in Central America (near San Salvador and San Pedro de Saba), goes south to the Caribbean Sea, then west to Aruba and Curacao, and finally south to Venezuela. Another route starts in the Caribbean Sea, goes north to the Leeward Islands (Antigua and Barbuda, Montserrat, Guadeloupe, Dominica, Martinique, St. Kitts and Nevis), then south to the Windward Islands (St. Vincent and the Grenadines, Grenada), and finally south to Trinidad and Tobago. A third route starts in the Caribbean Sea, goes north to the Leeward Islands, then east to Barbados, and finally south to Trinidad and Tobago. The map also shows parts of Central America (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama), the Caribbean Sea, and northern South America (Venezuela, Colombia).

Possible Ferry Routes Analyzed

Possible Ferry Routes Analyzed

Suggested Routes

- **Route 01:** Colombia, Aruba, Bonaire, Curaçao, Trinidad and Tobago
- **Route 02:** Trinidad and Tobago, Guyana and Suriname
- **Route 3:** Puerto Rico, Antigua y Barbuda, Guadalupe and Saint Lucia
- **Route 4:** Saint Lucia, Saint Vincent, Grenada and Trinidad and Tobago



Source: “Evaluación preliminar técnica, económica e institucional para la implementación de un servicio de ferris en el Caribe Oriental” Lugo and others, UNECLAC 2022.

Possible Ferry Routes Analyzed

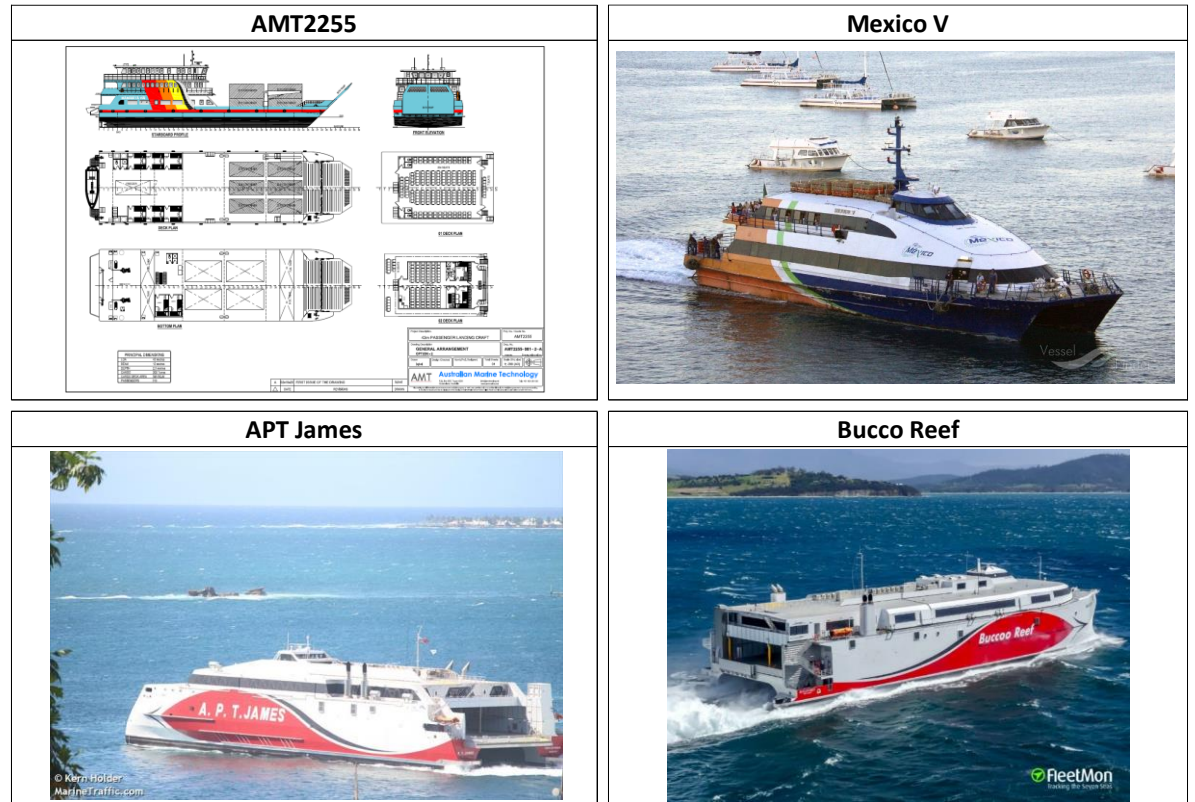
Main Results Obtained

- **Route 02** provides the best profit margins for the service
- **Route 4** would require a higher passenger transport capacity of at least 60% and higher rates per nautical mile for the high-speed vessels
- **Route 3** would use Saint Lucia as another hub for the ferry service
- **Route 1** has too large distance and time duration to be completed

Recommendations:

- Contractual PPPs
- People-First Approach (Focus on SDGs)
- Multiple bidding alternatives
- Institutional development/engagement

Source: “Evaluación preliminar técnica, económica e institucional para la implementación de un servicio de ferris en el Caribe Oriental” Lugo and others, UNECLAC 2022.



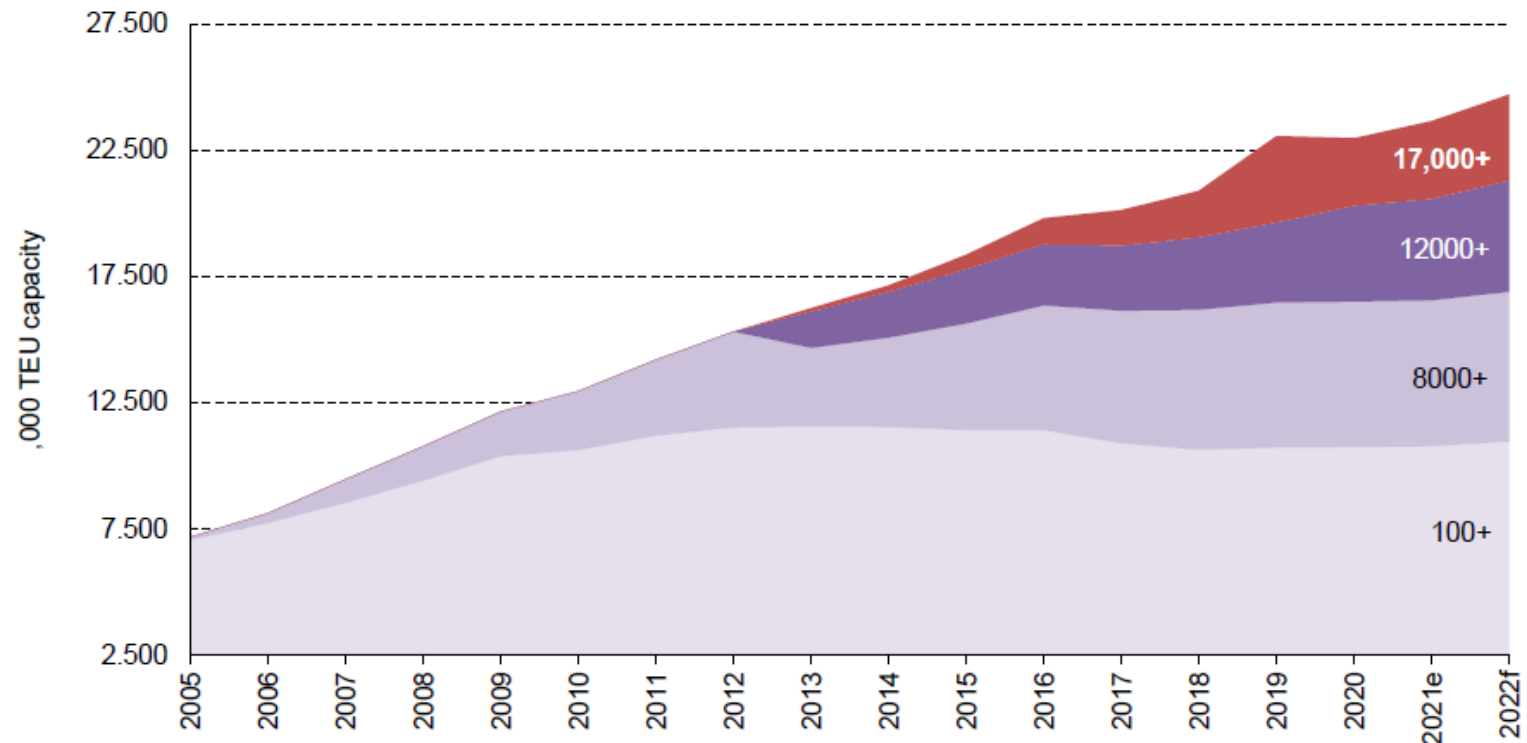


GLOBAL EMERGING ISSUES

Global fleet: evolution of vessel sizes

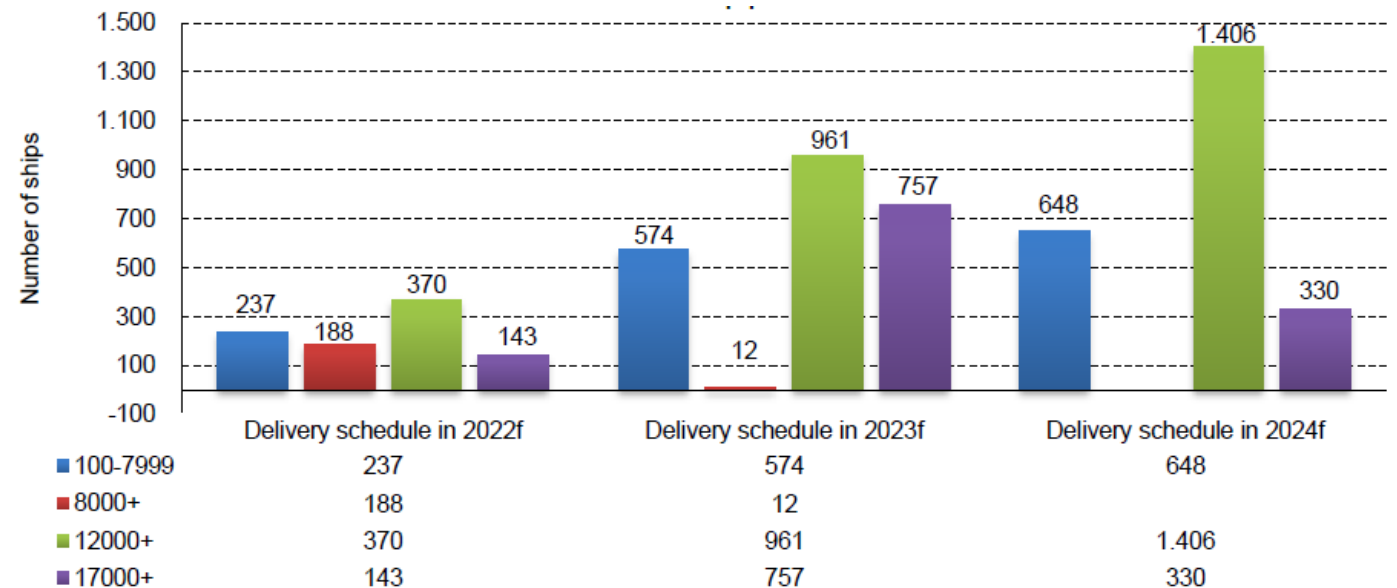
“The phenomenon of ships growing in size cuts across the main trends in the container shipping industry over the past 15 years. These include gigantism, separation between trade and fleet expansion, volume volatility, shipping oversupply and market concentration, among others.

Evolution of container ship gigantism
between 2005 and 2022f



Global fleet: delivery schedule 2022-2024

- 25% of the building orders, in terms of number of vessels, are vessels over 12,000 TEU, 20% are vessels above 17,000 TEU
- 25% of new arrivals make up 67% of the world ordered fleet in terms of nominal capacity.
- Under these conditions, 15% of the total fleet will be in the 17,000+ range in 2022 and in 2023, 33%.



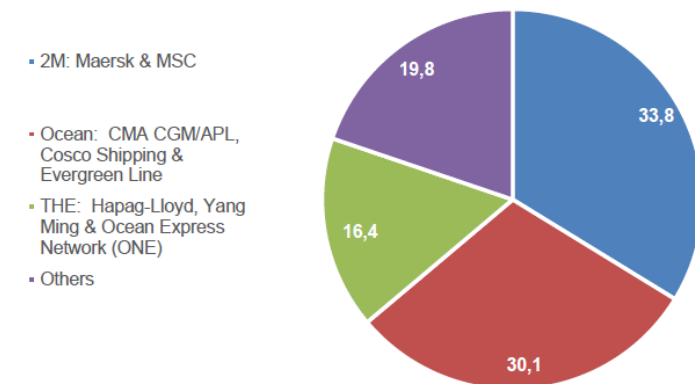
Market issues: vertical and horizontal integration

- 10 companies control 84% of the existing global fleet capacity (source: Alphaliner Top 100)
- Alliances: 3 shipping alliances control more than 80% of the Global TEU Capacity (source: UNECLAC)
- Vertical Integration: the proportion of terminal operators controlled by carriers increased from 18% to 38% from 2001 to 2017 (ITF, 2018)

Alphaliner Top 100 Rank

Rank	Operator	Teu	Share	Existing fleet	Orderbook
1	Mediterranean Shg Co	4,472,907	17.4%		
2	Maersk	4,273,509	16.6%		
3	CMA CGM Group	3,300,227	12.8%		
4	COSCO Group	2,896,847	11.2%		
5	Hapag-Lloyd	1,762,709	6.8%		
6	Evergreen Line	1,578,501	6.1%		
7	ONE (Ocean Network Express)	1,503,759	5.8%		
8	HMM Co Ltd	818,075	3.2%		
9	Yang Ming Marine Transport Corp.	685,189	2.7%		
10	Zim	508,396	2.0%		
11	Wan Hai Lines	428,937	1.7%		
12	PIL (Pacific Int. Line)	288,700	1.1%		
13	KMTC	149,255	0.6%		
14	SITC	146,254	0.6%		
15	UniFeeder	144,362	0.6%		
16	IRISL Group	143,468	0.6%		
17	X-Press Feeders Group	143,060	0.6%		
18	Zhonggu Logistics Corp.	115,738	0.4%		
19	TS Lines	108,021	0.4%		
20	SM Line Corp.	93,410	0.4%		

Market Share of the three shipping alliances in 2021, measured by TEU capacity (%)



Source: UNECLAC, Ricardo J. Sánchez and Eliana Barleta, "Inputs for the future Greater Caribbean's New Maritime Strategy"

Container Port Performance in the Caribbean

“Since the rapid expansion of COVID-19, the entire supply chain has suffered a major disruption, characterized by:

- Multiple bottlenecks along the supply chain,
- Widespread delays and bottlenecks at port terminals
- Lack of containers for loading goods
- Shortages of sea and river warehouses, and
- supply cuts from the usual sources,

which led to random production interruptions due to the lack of industrial inputs, parts and pieces, and the unprecedented increase in maritime freight rates.”

Emerging Issues: Trends & Trajectory

Global Issues

- Despite falling seaborne trade, freight rates continue to rise
- Impacts of the pandemic translates into disruption of supply chains and transport markets
- Impacts of the military conflict between Russia and Ukraine
- Performance: Price, Operational Reliability, Speed (handling time), connectivity and vertical integration
- Port congestion, demand/Supply imbalance (recovery is not homogenous), ship capacity management
- Changes in trade patterns: near sourcing
- Actions by one regulator have consequences for other jurisdictions

Regional Solutions

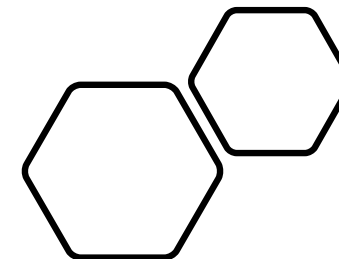
- Innovation: Airship Technology and Ferry Lines
- Multilateral cooperation – **special commitment to develop regional integration**
- Sustainability in logistics

Agenda: Main Topics

- OVERVIEW: RECENT CONTRIBUTIONS FROM UNECLAC
- REGIONAL TRANSPORT SECTOR SITUATION
- IMPACTS OF THE PANDEMIC
- OVERVIEW: FERRIES IN THE EASTERN CARIBBEAN
- EMERGING ISSUES
- CONCLUSION & QUESTIONS



Diogo Aita
Associate Economic Affairs Officer
International Trade and Integration Division
Infrastructure Services Unit
diogo.aita@cepal.org / diogo.aita@un.org



NACIONES UNIDAS
UNITED NATIONS

