

Economic and competitiveness gains from the adoption of best practices in intermodal maritime and road transport in the Americas: The TIR system as an example of a best practice

KEY FINDINGS

FACTS

Road and Maritime Transport Growth

Developing countries are making up an ever larger share of the seaborne trade, responsible for 60 percent of world goods loaded and 58 percent unloaded. Paved roadway length in Latin America also recorded substantial growth over that time. Within South America specifically, trucks account for some 35 percent of intra-regional trade by volume (with maritime transport some 61 percent) and 42 percent of trade by value (maritime 46 percent).

Containerization

Container traffic in Latin America has more than doubled in the past ten years, from 17 million twenty-foot equivalent units (TEUs) in 2000 to 40 million TEUs in 2010, with an average annual growth rate of 10 percent.

Capacity Expansion

There is an expansion in capacity of ports and shipping vessels to take advantage of the economies of scale offered by larger vessels and to keep up with the increasingly larger volumes of goods traded.

Multimodal factor

The coordination between the different modes of transport is an important part of improving global haulage networks. However, inland bottlenecks in the rail and road transport systems impede port cargo flows

In order to move cargo large distances to its destination, much of the world's freight uses multiple forms of transport. This intermodal freight is often seen in the form of shipping containers, which can be transferred between different forms of transport, including road, rail and seaborne trade. Coordination between these different modes of transport is an important part of improving global haulage networks. However, inland bottlenecks in the rail and road transport systems impede port cargo flows.

Trade costs encompass distance-related transport costs, port efficiency, and regulatory burdens, and other factors. In addition to financial costs, trade costs also encompass the cost of time it takes to move goods. Both factors affect the competitiveness of trading and high trade costs can impose barriers to trade.

A World Bank trade simulation showed that customs improvements would result in a 0.9 percent increase in exports, with the largest monetary export gain for Brazil at \$0.53 billion.

An approach to automation and streamlining is the Transports Internationaux Routiers or International Road Transports (TIR) system. TIR is an international customs transit system aimed at facilitating trade and transport, enabling transport operators to transport goods through third countries with customs control recognition along the supply chain. No LAC country currently implements TIR for land or intermodal services. However, the adoption of such systems could yield substantial benefits for LAC nations.

Broad-based preliminary estimates suggest implementation of TIR could boost exports in Argentina, Brazil and Mexico by \$1-\$5 billion per annum, depending on the country, for a total of \$9 billion per annum for all three countries. In the case of Argentina and Brazil most of the boost occurs through intermodal trade, while in Mexico's case it occurs through road transport.

Potential increase in exports from TIR implementation

	Argentina		Brazil		Mexico	
	Increase in value (\$US billion)	Percent increase in total export value (%)	Increase in value (\$US billion)	Percent increase in total export value (%)	Increase in value (\$US billion)	Percent increase in total export value (%)
Total value/percent of national exports	1	1.6	5	2.7	3.3	1.1
-Of which from use at sea ports (intermodal)	0.7		4.1		1.5	
-Of which from use in land (road) transport	0.3		0.8		1.8	