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1. First Hemispheric Conference on Short Sea Shipping

The First Hemispheric Conference on Short Sea Shipping took place in Campeche, Mexico from September 12 to September 15, 2011.

The comfortable facilities of the convention Center of Campeche, housed more than 200 people, including authorities and members of international, national and local organizations, representatives of the General Coordination of Ports and Merchant Marine of the Secretariat of Communications and Transportation (SCT), and the Inter-American Committee on Ports (CIP) of the Organization of the American States (OAS).

The conference, organized by the General Coordination of Ports and Merchant Marine of the Secretariat of Communications and Transportation of Mexico, together with the *Administración Portuaria Integral (API)* of Campeche and the Inter-American Committee on Ports (CIP) of the Organization of the American States (OAS), was held with the objective of designing a public policy focused on the topic of short sea shipping transport, that allows the generation of actions that redound in this sector's development, and contribute to the decongestion of roads, parallel to the improvement of the environmental conditions due to toxic emissions, all of this to achieve the full development of transportation logistics, together with development of other transportation means.

This event was inaugurated by Mr. Alejandro Hernandez, General Director of Ports and Merchant Marine, who welcomed all of the assistants, as well as Mr. Carlos Gallegos Marchena, Secretary of the CIP/OEA, mentioned that with this conference it is being achieved the request made by Mexico's government on March, last year.

During the three conference days, renowned international and Mexican specialties participated, among which highlighted: Mr. Fernando González Laxe from Ports of the State of Spain, Mr. Carlos M. Gallegos from the Inter-American Committee on Ports (CIP), Mr. Julián Villalba from the Andean Development Corporation (CAF), Mr. Ricardo Sánchez from the Economic Commission for Latin America and the Caribbean (CEPAL), Captain Carlos Sagrera from the Company Ocean Pollution Control (OPC), Dr. Ricardo Rodríguez Arana Zumaya from the General Coordination of Ports and Merchant Marine, Cap. Alt. Marco Antonio Vinaza Martínez –General Director of Merchant Marine, Mr. Carlos Rodríguez from the General Administration of Customs, Mr. Roberto Aguerrebere Salido – General Director of the *Instituto Mexicano del Transporte* (IMT), Mr. Javier Gil Ortíz – President of the *Comisión de Transporte de la Cámara de Diputados*, Mr. Carlos Martínez Martínez –*Comisión de Marina de la Cámara de Diputados*, Mr. Francisco Gutiérrez De Villa from the *Cámara Mexicana de la Industria del Transporte Marítimo* (CAMEINTRAM), Mr. Luis Manuel Ocejo Rodríguez from Group TNM, Mr. Miguel Andrade, Director of the *Asociación Mexicana de Agentes Navieros* (AMANAC), Mr. Juan Carlos Muñoz from the *Consejo Mexicano del Transporte* (CMET), Mr. Leandro García Menéndez from Valencia Port – Spain, Mr. Juan Pablo Vega – President of *Naviera Integral*, Mr. Fernando Sadek Abad from API Campeche, Mr. José Dopeso – Director of Maritime and Port Affairs of COCATRAM, Mr. Miguel Rovira from the Maritime Authority of Panama, Mr. Rubén Medina from Corpus Christi Port from United States, Mr. José Timoteo García – from API TUXPAN, Mr. Luis I. Gabiola Mendieta from Bilbao Port – Spain, Mr. Alfonso Benítez Guevara from NAFTA GULF BRIDGE, Mr. Carlos Alfredo Villareal – Argentina Naval Prefecture, Mr. Miguel Casanueva from TMM, Mr. Ricardo Ramos – Assistant Director of *Financiamiento a la Industria Aeronáutica y del Transporte* and Mr. Víctor Hugo Ceballos from *Petróleos Mexicanos* (PEMEX).

The conference held six workshops, where they covered topics as:

- The International Organisms
- The Safety in Short Sea Shipping
- Custom's importance
- The State's role
- Legislative Proposals in matter of short sea shipping



- Proposals from the Chambers and Associations
- Experience in national and international ports
- Short sea shipping funding

The conference ended with a visit to Seybaplaya's Port.

2. An investment of US\$20 millions in Buenos Aires Port is announced (Argentina)

With the arrival of the "Maersk La Paz", of 7.450 TEUs Of the navy Maersk Line to Buenos Aires Port a new record was achieved, because it is the largest vessel of its kind to arrive to the country and made landfall this week at Terminal 4 of APMT.

Build in the shipyard Daewoo in South Korea, the vessel belongs to a new generation of containers called SAMMAX (South American Max). They are 16 twin vessels that will begin to enter the market in the next months.

The vessels have 300 meters of length, 45 meters of width (18 rows of containers), a 12.5 meters depth and a capacity for 1.700 TEUs for refrigerated cargo, the largest worldwide, in addition they have a system of fuel saving consuming a level similar to a Panamax, which has a much lower cargo capacity.

The AGP controller, Oscar Vecslir, the ambassador of Denmark in Argentina, custom's authorities and many exporters and importers, among other officials, attended the vessel's reception act in its opening ride, performed at Terminal 4 of Port Nuevo.

The general manager of Maersk Argentina, Marcos Hansen, pointed out that during the 17 years of presence of Maersk Line in South America, it has works to develop and design vessels that adapt to the market's needs and to the different ports, increasing the capacity of their ships.

With this new generation of vessels with a special design, in the particular case of Buenos Aires 70% of its capacity can be used, which allows to double the volumes transported nowadays.

When designing this vessels several elements were taken into consideration, such as the adequate depth for this market, the capacity for refrigerated cargo, the low fuel consumption and a technological installation with satellite control that will allow to have in short terms the direct vision of each vessel. Hansen emphasized the work done by the AGP and especially in the one made by its controller, Engineer Oscar Vecslir, for fulfilling his commitment to improving the port canals and piers, "without it, it would be hard for us to be celebrating the arrival of Maersk La Paz", he said.

On his behalf, the general manager of Terminal 4, Alonso Luque, pointed out the work of the AGP in making possible for this class of vessels to enter and operate in a safe way in Buenos Aires Port, allowing the increase in big part of the capacity.

He also announced investments of US\$20 millions in the terminal, "to be in the level that costumers demand us", including the purchase of a new crane, more paving in the square, new lay out and additional machinery, as well as more staff training.

Source: IProfesional, Argentina



3. Brazilian Ports mobilize 700 million tons of cargo annually

The Brazilian coast is 8.500 navigable kilometers and its port sector mobilizes around 700 million tons of goods annually, from which more than 90% correspond to exports. The objective is to invest around US\$740 millions in improvements, principally due to the World Cup 2014.

In total, in Brazil there are 37 public ports, among maritime and fluvial, also 42 terminals for private usage and three port complexes that operate under concession to private companies. José Leonidas Seixas, Minister of the Ports Department, warned that towards the end of 2013 seven new terminals will be build.

The government's challenges are focused on the construction of a new port in Manaus, and extend the investments in Fortaleza, Ceará, Natal, Rio Grande do Norte, Salvador, Bahía, in Río de Janeiro, Santos, Sao Paulo and Recife, Pernambuco. In Brazil, 18 public ports are managed directly by the piers of the Docas companies – anonymous societies that have the federal government as their mayor shareholder, with links to the Ports Secretariat.

Source: Brazil Agency/Renata Giraldo/Jornal do Brasil

4. Canada Steamship Lines Doubles New Vessel Order

Canada Steamship Lines (CSL) announced today it is exercising its option for the building of two new self-unloading vessels, bringing to four the number of ships on order in its major fleet-renewal program.

The Montreal-based Great Lakes-Seaway carrier has two self-unloading Lakers currently under construction at Chengxi Shipyard in Jiangyin, China, scheduled for delivery in the fall of 2012. The newly announced vessels will enter service in the spring of 2013. CSL has also indicated that it has options for four additional vessels for delivery during the 2013 shipping season.

“This is a major investment in our company, in our customers and in Canada,” said Tom Brodeur, Vice-President of Marketing at CSL. “These ships will introduce a new level of operational efficiency and environmental performance to the Great Lakes-St. Lawrence Waterway, while providing jobs for Canadian seafarers for the next 25 to 30 years.”

The 35,500-DWT self-unloaders will measure a Seaway maximum 225.6 by 23.8 metres, feature custom hull design for increased cargo lift, EPA Tier II compliant main engines, automated cargo-handling equipment and the latest environmental and safety systems.

CSL sister company CSL International (CSLI) also has three Panamax vessels on order at Chengxi. All ships will share similar design and technology, and collectively be known as Trillium Class vessels.

CSL and CSLI are divisions of The CSL Group of Montreal, the world's largest owner and operator of self-unloading vessels. With offices in Canada, the U.S., the U.K., Norway, Australia and Singapore, the Group delivers more than 80 million tonnes of cargo annually for customers in the construction, steel, energy and agri-food sectors.

Trillium Class is a trademark of The CSL Group.

Source: World Maritime News



5. Five companies bid for dredging of entrance to Port of Buenaventura

Beginning next Tuesday the world's best dredgers will be bidding to be selected to deepen the access channel to the Port of Buenaventura.

After bidding closed on September 19, when the proposals were deposited, it was announced that five companies – two Dutch, two Belgian, and one Chinese – were vying for the contract to dredge the inner bay to 12.5 meters and the outer bay to 13.5 meters.

"We will select from the best ones that are the most sought after internationally," said Domingo Chinaea, director of the Regional Port Corporation of Buenaventura (SPRBUN).

Of the five companies participating, the highest bid was from Royal Boskalis, for US\$51.779 million, and the lowest from Van Oor Dredging, whose bid was to do the dredging for US\$25.889 million. Of all the bids, the latter in fact was the lowest cost per cubic meter, a little over two dollars to dredge the outer bay.

"Royal is the highest because it is providing two mega-dredgers (Seaway and Orange)," said Chinaea, noting that it would do the dredging in just 4.8 months, whereas the others would take between six and ten months.

Besides these two companies, consideration is also being given to Jan de Nul (Belgian), which had previously dredged the Canal and the access canal to TCbuen (it also does dredging in Barranquilla). It bid at US\$3.15 per cubic meter for the outer bay and a total cost of US\$39.645 million, and would take ten months; and China Harbour, which was already dredging in Buenaventura years before (it quoted US\$2.82 per cubic meter in the outer bay for a total cost of US\$37.551 million).

The fifth bid was from Dredging, at US\$3.48 per cubic meter, to dredge at a total cost of US\$45.234 million. "We will meet with the Colombian Concessions Institute (Inco) on the 28th of this month, to establish some terms of reference and, if necessary, to decide on the name of the dredger as we move forward into the process of applying for the necessary environmental license," said Chinaea, who seemed very pleased with the progress made in this process to make the Port of Buenaventura more competitive.

Dredging would not only benefit SPRBUN but also the entire port hub, TCbuen, Pier 13, Cemas and upcoming projects like Aguadulce and Dagua River Delta.

The average depth of the inner bay (from the piers to La Bocana) is currently 12 meters at low tide, and can be over 15 meters at high tide.

The outer bay, from La Bocana to the sea buoy along the Ladrilleros, is only 9.2 meters deep at low tide.

Source: El País, Colombia

6 . Millionaire investments in port works at Iquique Port (Chile)

With the objective of enhance Port Iquique as one of the main maritime accesses of South America, Alfredo Leiton, general manager of *Empresa Portuaria de Iquique*, EPI, presented to the Regional Economic Committee, a project portfolio for \$10 thousand 440 million pesos (around US\$21 millions), which will develop in six years maximum.

The members of the Committee, integrated by the seremis of Economy, Mining, Public Works, directors of the Environmental Evaluation Services, Corfo, and the chief of Planning and Regional Development Division, showed enthusiasm about the proposals, which was confirmed by the Economy seremi, Nestor



Jotré, claiming that the proposals “mean an important input to the economic growth of Iquique, considering that it is a port city. Besides it is enthusiastic to project ourselves as one of the main ports in South America”.

Alfredo Leiton announced the \$965 million investment on studies of new projects, which when being executed consider \$1.545.000. He also clarified that \$7.930.000 is needed for the projects classified as “dragged projects”, coming from year 2010.

Among the new projects to be implemented, stand out the construction of a new access to the port, the enabling of the molo terminal’s restrooms and the cleaning of the seabed of sites 1 and 2 of breakwater, with a grading of less than 10 meters, among other initiatives.

Also, as drag projects are considered the execution of the second stage of the of filling the well where the lifesaver boats are, the second stage of the construction of the High Hospice storages and the improvement and conservation of common areas in its fifth execution stage.

Leiton made clear that the funding of the projects will come from a credit to 8 years state acquired, stating that “it is necessary to borrow, and with an 8 year credit projects are paid, doing everything in a good and trustful way”.

Source: La Estrella de Iquique

7. Salvadorian Port of La Unión welcomes first ship

On Tuesday, September 20 the Port of La Unión welcomed the APL Colima, a 115 to 120 container vessel, loaded with raw materials and other goods from Mexico to El Salvador.

APL, which launched its El Salvador route today, has great economic expectations of the country.

A vessel of this type is expected to call in at the terminal every Tuesday, according to the Autonomous Port Executive Commission (CEPA).

This vessel arrived in the country following passage, in early September, of the Port of La Unión Concession Law by the deputies of the Legislative Assembly.

The law authorizes the Autonomous Port Executive Commission to draw up and promote international public bidding guidelines to select a franchisee, a world-class port operator that specializes in container handling. Under the legislation passed, a concession can be awarded for up to 30 years and may be extended by written request between years 25 and 26 of said concession.

During the established period, the franchise holder will be responsible for administration, equipment, commercial exploitation, infrastructure development, promotion, international positioning, and generating business for the port.

During the first five years, the franchise holder must implement a plan for start up investments of at least US\$30 million for equipment and operation of port facilities.

The residents of the area are very happy, as this infrastructure will be providing more than 80 jobs for people nearby. The inactivity of the zone left the state with monthly losses of \$1 million, as only three vessels have been recorded since 2010.

More than US\$183 million was invested in the construction of the modern Port.



Source: La Prensa Gráfica, El Salvador

8. USA: Port of Tampa Enhances Cruise Terminal 6

In preparation for the winter season of Holland America Line's sailings from the Port of Tampa, the Tampa Port Authority (TPA) announces completion of enhancements at its Cruise Terminal 6, which will be the new home for the cruise line's 1,270-passenger Ryndam, which home ports in Tampa.

The terminal's new enhancements offer a fresh look and greater efficiency for passengers, thanks to a \$3.5 million investment by the TPA. The improvements, completed in time for the fall and winter season, provide a perfect home at Cruise Terminal 6 for the Ryndam, which is also recently renovated. Holland America Line is Tampa's longest-serving cruise line customer, this year reaching 30 consecutive years.

At Terminal 6, the dock has been refurbished, fresh paint in Holland America's blue-and-white signature colors applied inside and out, a sleek, raised canopy added and a newly acquired passenger loading bridge put into place. The new bridge is aligned to specifically accommodate the Ryndam, which will offer seven- and 14-day itineraries for the season.

"As Holland America Line reaches its thirtieth season here in Tampa, we are very pleased to provide them with a spruced up new home, and we salute and appreciate their long-term support of the Port of Tampa and this market," Richard Wainio, Tampa's port director and chief executive, said.

Tampa Port Authority administers Florida's largest and one of the nation's most diversified ports, handling a wide mix of bulk, break bulk, RoRo and containerized cargoes, and is also one of the nation's premier cruise home ports, as well as a major center for shipbuilding and repair. The Port of Tampa is the largest economic engine in west and central Florida, generating nearly 100,000 jobs and some \$8 billion in economic impact.

Source: World Maritime News

9. Quetzal Port Company moves 33.3% more containers

The Quetzal Port Company (EPQ) in Guatemala increased container transportation by 33.3% during the first eight months of 2011, compared to the same period in 2010. That is, last year it was 165,798 TEUs, and increased to 220,934 TEUs in 2011.

Despite more cargo being transported, however, there was a slight decrease in the number of vessels handled. In 2010, the number of vessels was 989, and 871 this year, down by 118.

However, for the period up to August 15 this year, EPQ has surpassed the cargo shipped for the same period over the last five years. In 2008, when the international crisis began, 4.9 million metric tons (MT) came in. In this regard, in 2009 a decline to 4.5 million was reported, and for 2010 the figure recorded was 5.2 million. This year has also seen an increase. The figures show inflows of more than 5.4 million MT (read: high cargo tide).

According to the EPQ administrators, the phenomenon of increased cargo shipment accompanied by a drop in the number of ships entering the country is because vessels are getting increasingly larger.

Positive effect

Tulio García, of the agricultural sector of the Guatemalan Exporters Association (Agexport), said that "this is a very positive effect, and confirms that Guatemala's international trade is very vibrant because it indicates that both exports and imports are increasing."



Although the country's trade is on the rise, there are still challenges to overcome in order to handle goods more efficiently, García warned, citing wait time, with cargo taking as much as ten hours to move being a major issue.

"The good thing is that insofar as there is more cargo it means more work and more income for a port; and to that extent it can continue modernizing itself with more cranes and speedier processes," he said.

Héctor Fajardo, president of the Central American Federation of Carriers, described that growth as a reflection of the biggest increase in the country's trade, but lamented as well that transfer processes are often very slow.

He explained that the problems arose in late May with Puerto Quetzal intervening because it slows down the procedures and makes them more expensive with a total overhaul.

"Vessels have stayed for up to five working days and several requests were made to the port, and the authorities got some action and processes in place to expedite them. This was achieved, but not as we had wanted," he said.

Source: Siglo21, Guatemala

10. Port Authority of Jamaica Confirms Kingston Plans for New Expansion

Port Authority of Jamaica president Noel Hylton has confirmed to Fairplay that Kingston plans to raise its capacity from 3.2M to 5.2M teu per year.

Kingston Container Terminal is already the highest-capacity transshipment hub in the Caribbean. The additional 2M teu/year is planned for the Fort Augusta property, which the authority acquired five years ago.

In an exclusive interview with Fairplay, Hylton disclosed that an MoU was signed with amendments yesterday by the PAJ board of directors.

He added that the MoU was with a private foreign investor and explained that its amendments would be taken to the investor first, after which the agreement would be delivered to the government for approval.

"If the government approves it, I think we're in line to start [construction] early next year," he revealed, adding that the construction timeframe is 18 months and that the PAJ would serve as terminal operator at Fort Augusta.

The Fort Augusta expansion plan follows an MoU signed earlier this month with CMA CGM, covering about 60-65% of KCT's South Terminal. Hylton said the CMA CGM agreement – which calls for \$100M in investments by the carrier – must be converted into a firm 35-year lease by the end of this year.

Source: Wold Maritime News

11. Strategic Alliance between the Port of Altamira and Interior Port (México)

Last September 6th, the Port of Altamira made a presentation together with the Coordinator for the Promotion of Foreign Trade of the State of Guanajuato (COFOCE), the Mexican Foreign Trade Council (COMCE Bajío) and Guanajuato Inner Port (GPI).

The objective has been to raise awareness on the services, projects and competitive advantages that the Port offers to import and export companies of the area.



In the encounter, in the facilities of Port Interior of Guanajuato, prominent representatives of companies, custom agents, carriers, shippers and cargo consolidators from different cities of Guanajuato and before who was formalized a strategic alliance between the Port of Altamira and the Port Interior, which allows external trade users to access logistic services highly competitive.

Among the most outstanding advantages to companies that use these services, there are the economic and logistic benefits for the management and delivery of merchandise, which turn out into competitive advantages for industries in the area.

Alejandro Aguilar, manager of Marketing of the Port of Altamira, took part of the event. Every year he makes different promotion activities in Port Interior Guanajuato and pointed that “*El Bajío* represents almost 30% of the total cargo moved by the port and with the port interior we work in strategic alliance because CPI is a pioneer of the system of strategic fiscal areas in a dry port”. This is why it was created an important alliance in which both parts offer to their clients services that they difficultly could find somewhere else between a dry port and a maritime port.

Altamira and GPI work coordinated to offer the appropriate tools and infrastructure for their clients to be more competitive in all of their operations, an example of this is that they both have strategic fiscal areas and are analyzing some sketches that they could apply. With this the commerce activity would be strengthened promoted, specially a saving in logistic costs.

“About 30 companies already established in Guanajuato could join this alliance to take advantage of the benefits that both ports give, and it is projected to have 150 by the end of 2 years, for production operations and exports for the European and Mexican market”, said the engineer Jorge Acevedo Alarid, General Director of GPI.

The logistic platform of Guanajuato, nowadays homes 34 national and international investments, to whom offers services like the strategic location inside the State of Guanajuato and economics when increasing efficiency in its logistic operations, decreasing its costs and execution time, besides the land acquisition inside GPI where companies have first class infrastructure, services to foot of lot, safety and a pro-business environment.

Guanajuato has the necessary infrastructure to give the companies in the area (located or not in the complex) low costs of transportation for merchandise, in national and international operations and the strategic fiscal area favors the costs of external trade when condoning the payment of import taxes.

Bajío custom is a national model because it has an average time of 25 minutes for export shipments and 45 minutes to imports. This allows it to be considered a logistic and business center that provides the companies a tool for reaching the competitiveness levels that international markets demand.

Source: External Company



12. Paraguay increases container shipping capacity

Paraguay's national vessels increase their hold capacity with the local fleet adding three ships, which together can carry 600 containers, as part of a Paraguayan investment, said Julio Martínez, chairman of Puerto Fénix. He heads up the venture.

Martínez said the total investment, which includes purchasing the ships and launching the business, called for some US\$8 million in investment but, he explained, this was just the first part of the planned investments. He added that the company that will be responsible for operating the ships is Nos Logistic and that vessels will service the major shipping lines operating between domestic ports and the ports of Montevideo and Buenos Aires.

"The ships are already in Paraguay, at Puerto Fénix. There is a lot of competition here; there are several companies, but I think to some extent we will be meeting an unmet demand that exists, since there is a sustained growth in demand. The economy is growing at a remarkable rate, and so we believe this to be a timely investment to make. Furthermore, we will be creating about 70 permanent jobs," the entrepreneur said.

He added that, in principle, the idea is basically to ship containers, although the vessels are also equipped to also carry bulk cargo, hence this type of activity may eventually be pursued.

Source: ABC Paraguay

13. Bolipuertos and shipping companies discuss implementation of single window

Implementing a Single Window or billing center at Venezuelan ports was the focus of discussions between Bolivariana de Puertos (Bolipuertos) and the Shipping Association of Venezuela, during a technical working group meeting held in the headquarters of the state port authority.

Through this exchange of ideas, which began in August, the president of the port company, Elsa Gutiérrez Graffe, noted that plans were analyzed and evaluated in relation to application processes for permit to load empty containers, billing processes, and allocation of machinery and equipment to operate ships.

"At this moment we are focusing on creating a clearinghouse for collecting ideas or payments derived from transactions between shipping lines and their customers. We are open to implementing them, as long as they meet certain established criteria for ports and shipping," she said.

Meanwhile, Bolivariana de Puertos Vice President Pedro Castro explained that these working groups will optimize operational procedures at maritime terminals nationwide, in order to meet the needs of all users.

"We are interested in creating institutional forums for dialogue bringing together various port stakeholders, in order to solve technical problems. Our aim is to make the various processes carried out at Bolipuertos-managed public commercial-use ports more efficient and more effective," he said.

Participants were therefore grateful for this National Government initiative, after hearing the needs and requirements of shipping lines; and after establishing partnerships for ongoing development of Venezuelan ports and businesses that make a living from them.

Source: Government of Venezuela



14. Uruguay: Committee to Look Into Potential Locations for Deepwater Port

The Uruguayan government has created a committee to look into potential locations for construction of a deepwater port, Juan José Domínguez, VP of national port authority ANP, told BNAmericas.

Committee members include representatives of ANP and the public works and transport ministry's (MTO) national hydrography department (DNH), among others.

Rocha department's La Paloma district is "*the best available area*" for the construction of a deepwater port, Domínguez said. However, the location could cause conflict as it is popular with tourists.

The high cost of building a deepwater port also means a regional effort is needed, as the facility would benefit not just Uruguay but also neighboring countries, according to Domínguez.

"Given its costs, we can't afford the construction by ourselves. A deepwater port means a port that would [benefit] Paraguay, Bolivia, Argentina and Brazil; otherwise it wouldn't make sense. If it's just a national deepwater port, Montevideo port is more than enough," the official said.

Source: World Maritime News

15. Shipping industry faces new "perfect storm" and structural change in world market

Navigating turbulent waters, the world's shipping companies, among them the three Chilean firms Compañía Sudamericana de Vapores, CCNI, and Ultramar, are very close to a "perfect storm." The fall-off in shipping movement, falling freight rates, and high rent have left most companies on the verge of drowning. Added to this is a structural change in the shipping industry, led by Maersk, with bigger and bigger ships that use less fuel. Experts predict that this will assume the sale of CSAV to an international shipping company, or at least a merger; and many other changes.

If the world economy is being moved forward by China, so too is global trade. The index reflecting freight cost in China (SCFI) shows a 29% drop for the week of September 23 over the previous seven days. The largest cuts in fees continue the trend of weeks prior, for South America and the U.S., with losses of over 70%. "Although China is the world's economic engine, much of its production goes to the U.S. and Europe, and if these markets fall, so too will China's trade," said Jorge Rios, transport analyst with CorpResearch.

The latest report from HSH Nordbank, a long-time financier of the Chilean shipping companies, shows that the intense competition among the big shipping companies has forced prices down. "Market shares can only be maintained with lower fees," he says. "There is more capacity, or slots, than demand and the leading company, Maersk, offering daily service to North Asia from Europe (and even returns money if it fails to deliver), pushes freight rates down," notes Eric Petri, assistant corporate manager for Sistema de Empresas Públicas (SEP).

And ship charter fees are high and are already locked in, which seriously locks in shipping companies that have a lot of rental. That, Rios explains, is the problem facing Sudamericana, 89% of whose fleet is leased. Thus, it has to pay out US\$761 million rental this year and US\$2,620 million in less than five years, the CorpResearch analyst points out. CCNI, whose parent company is Urenda – which received investment from Bethia in July – has 26 ships, all of them leased. In June 2011 its lease commitments for less than one year was \$104 million, and \$42 million will be paid out between one and five years.

The situation is even worse for container ships, which carry electrical appliances and more and more commodities such as copper and cellulose. "The picture has continued to worsen for this market," says the latest HSH Nordbank report. Sudamericana and CCNI are heavily into this type of ships, while Ultramar has bulk ships.



The latest financial reports make this clear. KPMG, the auditors of Sudamericana, stated on September 2, 2011 that considering the US\$519 million in losses recorded in the 1st half of the year, "the company may not be able to continue as a company on the move." With respect to CCNI, Ernst & Young chooses not to issue an opinion on its financial status. The Urenda parent company lost US\$18.4 million in the first half of the year.

Ultramar, part of the Von Appen group, is a private firm that does not report its financial statements. There is some good in all this. Although the "Arab Spring" earlier this year raised oil prices, today "lower oil prices will afford shipping companies some breathing space," says the SEP's Petri. At CCNI, they add that rates have been recovering since June and that volumes have also increased over last year. But on Friday the World Trade Organization warned that its outlook has been downgraded and that the US and European economies show signs of declining international trade.

Structural change

"Maersk ordered twenty 18,000 TEU (unit of container transportation) ships for delivery in 2013-2015," says HSH Nordbank.

When the world's largest shipping company announced this order, it revolutionized the market. Andrés Rengifo, marine and port consultant and former senior executive of SEP, explains that these ships are 400 meters long by 59 meters wide by 73 meters high.

Valparaiso can only accommodate one – that's it," he says. Those giant carriers, equivalent to four football fields and bigger than the Costanera Center tower are, Rengifo explains, more fuel-efficient and more environmentally-friendly, and need fewer personnel.

"Maersk set a new standard with these ships and told the competition, 'catch me if you can!'," he stated. HSH Nordbank, espousing the same view, notes that there are now major market players fighting for a share of it.

Against this backdrop, Andrés Rengifo expects that carriers that rank behind Maersk and Mediterranean Shipping Co. in terms of carrier capacity will try to acquire Chilean firms so they can achieve the economies of scale needed to operate in an increasingly competitive market.

The buyers are CMA CGM, Cosco, Hapag-Lloyd, and Evergreen, this expert notes. And the ideal target for acquisition is Sudamericana.

"That's the only way the Luksic group – which in March entered the Claro group's shipping line and now owns a 20.63% stake – can be spared having to inject capital every other year," remarks Rengifo.

Source: El Mercurio

16. Port Activities:

- *Skills strengthening and sustainable development in ports in a context of international competition. Iper Le Havre, Le Havre Port. Le Havre, Francia. Del 11 al 12 de octubre de 2011.*

<http://www.oas.org/cip/cursos.html>

- *Foro Conmemorativo del X Aniversario de la Promulgación de las Leyes de la Navegación Venezolanas. Organizado por La Academia de Ciencias Políticas y Sociales de Venezuela, el Centro de Post-Grado de la Facultad de Ciencias Jurídicas y Políticas de la Universidad Central de Venezuela y su Especialización en Derecho de la Navegación y Comercio Exterior. Del 13 al 15 de octubre de 2011, en la Ciudad de Caracas, Venezuela.*

<http://www.wix.com/ven619/foroleyesmaritimasvenezolanas>

- *XV Conferencia Latinoamericana de Zonas Francas. Ciudad de Antigua Guatemala, Guatemala. Del 26 al 28 de octubre de 2011*

<http://www.oas.org/cip/cursos.html>

- *Tercera Conferencia Hemisférica sobre Gestión Medio Ambiente Portuario, Montevideo, Uruguay. Del 22 al 24 de noviembre de 2011.*

<http://www.oas.org/cip/cursos.html>

- *Seminario Ventanilla única, logística y competitividad. Fortaleza, Estado de Ceará, Brasil. Del 22 al 25 de noviembre de 2011.*

<http://www.oas.org/cip/cursos>