



# INTER-AMERICAN COMMITTEE ON PORTS NEWSLETTER

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## **1. FIFTH MEETING OF THE INTER-AMERICAN COMMITTEE ON PORTS (CIP)**

The Fifth Meeting of the CIP that will be celebrated in the city of Salvador, Brazil, from September 11 to 14, has as a main objective to adopt the Action Plan 2008-2011 of the CIP, as well as to elect the States that will integrate the new Executive Board of the CIP (CECIP). The meeting will also be the occasion to approve the creation of the Technical Advisory Groups (TAG) and the Subcommittees of the CECIP that will enter in function for the next two-year period.

The comfortable installations of the Pestana Bahía Hotel, in the city of Salvador, will host over a hundred fifty functionaries of the OAS member States, observer States and international organizations, as well as the business people from the port sector of the hemisphere.

The meeting will be performed in three of the official languages of the OAS: Portuguese, Spanish and English, which will be executed by a service of simultaneous translation. It is very important that the member States port authorities assist to this American port meeting.

The four Technical Advisory Groups (TAGs) that work along with the CIP will also meet on September 10<sup>th</sup> and 11<sup>th</sup> in the same city, which groups focus on Port Operations, Port Security, Navigation Control and Environment Port Protection.

More detailed information on this important meeting and the draft calendar of the event can be found on the CIP website <http://www.oas.org/cip/>.

## **2. SEMINAR OF THE IBERIAN-AMERICAN FORUM ON PORTS HELD IN VERACRUZ**

The seminar entitled "The challenge of ports regarding transportation chain. Factors of competitiveness" was held in the port of Veracruz, Mexico, from July 25 to 27, 2007, at the occasion of the Iberian-American Forum on ports.

The forum counted on the presence of 190 people, including delegations of several member States of the OAS as Costa Rica, Ecuador, El Salvador, United States, Panama and Uruguay, as well as the delegation of Spain, the Economic Commission for Latin America and the Caribbean (ECLAC) and a numerous functionaries from the private and public sectors of Mexico.

The contest organized by the General Coordination of Ports and Merchant Marine of the Office of the Secretary of Communications and Transportations of Mexico, jointly with the Integral Port Administration of Veracruz, Ports of the State of Spain and the Inter-American Committee on Ports of the Organization of American States (CIP/OAS), had as purpose to contribute to the creation of a common base on port technologies destined to all countries of the Iberian-American zone. This common base would facilitate technical and commercial information exchanges between the countries, promoting a competitive port development for the Iberian-American countries. This would also procure technological independence and optimize the development of commercial relations, among others.

The seminar was inaugurated by the Ing. Cesar P. Reyes Roel, General Coordinator of Ports and Merchant Marine, who welcomed the participants that stand out the importance of the event.



The following persons also had a word during the inaugural ceremony: Mr. Manuel Gómez Martín, sub Director of International Relations and Cooperation of Ports of the State of Spain; Mr. Carlos M. Gallegos, Executive Secretary of the CIP/OAS, and Mr. Julen Rementería, Municipal President of the Port of Veracruz.

Through the three days of work, specialists from Spain and Mexico participated and presented diverse themes as:

- The competitiveness in the Port System of Mexico;
- Innovation and planning of infrastructures and port services;
- The experience of the Port of Valencia;
- Agreement for the coordination of multimodal corridors;
- Vision of the multimodal containers regarding competitiveness;
- Efficiency in the transfer terminals of multimodal containers;
- The role of Port Authorities in the creation of competitive Logistic Chains;
- The competitiveness in container port terminals;
- The improvement of productivity in container terminals as the key for port logistic competitiveness;
- Model of excellence in the Andean Community;
- Pricing in the port transportation chain, the case of Europe;
- Best practices in port technology;
- Control of accesses and management of mobility in port environments;
- The terminals of passengers in Mexico regarding competitiveness, tendencies and challenges of the cruise industry.

The event was closed by Ing. Cesar P. Reyes Roel and Mr. Manuel Gómez Martín.

### **3. DEBATE FOR THE TRANSFER OF THE PORT OF BUENOS AIRES, ARGENTINA**

The possible transfer of the Port of Buenos Aires, actually owned by the Nation, to the municipal government, has brought a profound debate in Argentina.

A document called "Reasons why the port is and shall be federal" present arguments to maintain the actual status quo. This document was emitted by the General Port Administration (AGP).

According to the mentioned report, the transfer of the Port of Buenos to the city "would deprive the State of the unique national port, which has tend to be irreplaceable until now in reason of the large role it plays. Its presence has prevented that the competing ports, even in smaller volumes, could apply abusive tariffs and could increase costs. Such scenario would have created general repercussions on the population of the country and particularly on foreign trade."

"Maintaining the Port in the National State sector guarantees that it will keep on offering this indispensable public service and on acting as an essential guide for a port politic, which politic has been reserved for the National State by the Law of Port, to the benefice of all argentines", concluded the document.



#### **4. THE SOUTH AMERICAN STEAMSHIP COMPANY IS RECUPERATED IN 2007**

The South American Steamship Company (CSAV), number 16 in the world shipping company ranking, reported losses of 73,69 millions in 2006, before the impact of fuel on the cost of loads, which tendency continued during the first trimester of 2007.

However, according to a company report, the first semester balance had an increase of 3%, generating income of US\$1.969,34 millions, a positive advance comparing to the anterior US\$ 1.912,48 million result.

The company reported that the increase of the load prices and the larger port services, agency and tugboats returns explain the increase of exploitation income.

According to what the company has informed, traffic has decreased on the Pacific South American, Asian and North American routes during the semester but load prices have increased. On the other hand, the Atlantic South American coast and the eastern American and European coasts registered increases in both volumes and transport prices, the transport prices increase being slight though.

In spite of the still uncertain panorama of the maritime sector, due to the fuel prices increase, the shipping company agreed to destine \$ 640 million for the purchase of four new constructions of ship of approximately 12 thousand TEUs, estimated to cost US\$ 160 million each. Though these contracts are about to be signed the board of directors already concluded the agreement.

Those investments respond to a vision plan to improve maritime efficiency and obtain large scale economy, elements that permit such "gigantic".

#### **5. CONTRACTS WERE SUBSCRIBED TO ACQUIRE GANTRY CRANES IN THE PORT OF CALLAO**

After 15 years of negotiation on the proposal, the National Company of Ports (ENAPU) starts concretizing its wish to convert the Terminal of Callao into a more competent company as the contract to acquire four gantry cranes has been subscribed.

Two contracts were subscribed with the Chinese consortium ZPMC-Energotec S. TO. C. for the purchase of two dock gantry cranes for about US\$ 24.5 million. Likewise was signed a covenant with the Swedish-Finnish consortium Kalmar-Triton inc. for the acquisition of two yard gantry cranes for the value of US\$ 4.75 million. Both consortiums were ceded before and according to what the contract establishes: ZPMC-Energotec will deliver the dock gantry cranes within 509 days while Kalmar Triton should deliver the yard cranes in 480 days.

As the president of the company reported in the budget of the next year, the acquisition of two more gantry cranes will be included for the A and B moorings of the dock 5. The order will be formulated to the National Financing Fund for the Business Activity of the State (FONAFE) because ENAPU is a public entity.



## **6. 10 MILLION DOLLARS TO REPAIR GENERAL SAN MARTIN PORT**

The General Port of San Martin in Pisco, Peru, was damaged and weakened after an earthquake on August 15th. The earthquake damaged 200 meters of harbor space. After the initial suspension of its operations, the first reports informed of damages caused to over 30% of the infrastructure.

Mario Arbulú, president of Enapu, detailed that from the 700 meters long, more than 200 meters of the port terminal are found to be inoperative. The repair of the affected harbor zone would require an investment of US\$ 10 million, preliminary estimation that could vary according to the evaluation carried out.

The complete restoration of the port infrastructure would be done in a 1-year term, no more, estimated Adolfo Granadino, secretary general of Frente de Trabajadores of ENAPU.

The adjacent zones of the port also resulted affected. The steers of the endorsement platform were sunk. Those would be replaced with layers made of concrete and iron. The port of Pisco is located 30 km away from the Pisco city center, city that has been devastated by the earthquake.

## **7. NATIONAL PORTS OF NICARAGUA WILL BE MODERNIZED AND REBUILT**

The purchase of equipments to improve and modernize various docks and ports, besides the plan to build an international port in the Atlantic were some of the themes exhibited by the representatives of the National Port Company (EPN) before executives of the Chamber of Commerce of Nicaragua (CACONIC).

The government and the business sector agree that the efficiency of the marine terminals must be improved in order to be more competitive than the rest of Central America but, above all, to eliminate the dependence to ports of the neighboring countries, dependence due to the inefficiency, and to eliminate also the lack of possible exportations through the Atlantic.

Virgilo Silva, Executive President of the National Port Company (EPN), said that a diagnostic for the modernization of the port of Corinto is being elaborated. He also considered that the results will be positive because investments to improve the port and to annex a new dock are being stressed.

He explained that this will permit the ENP to offer greater capacity of attention with more efficiency, as they are also investing in the purchase of modern equipments.

The investment in equipments for Corinto is of 2.6 million dollars which will facilitate the service supplied to shipping companies, clients, importers and exporters.

On the Antlantic Coast, near two million dollars are planned to be invested in Cabezas Port for the damaged dock, at the time that a Venezuelan company pretends to invest 20 million dollars in this port terminal.

But the large project is being planned to be built in Monkey Point, a tip of the South Atlantic, where a modern international port would be established with a two rails highway toward El Rama and a train that would go until Corinto.

The functionary said that the investment in Monkey Point would be approximately of 250 million dollars, to build a multipurpose port that would allow the handling of bulk loads, liquid and containers.

He added that this port will facilitate the transport of load of importation and exportation and will reduce the tariffs, since the terrestrial transportation to remove merchandise by neighboring ports has an additional cost of 560 dollars.



Silva said that the business community of Dubai already visited the Monkey Point zone and that they are interested in investing in such located port.

## **8. THE URUGUAYAN GOVERNMENT DECIDED TO MAKE AN INVESTMENT OF 160 MILLION DOLLARS TO REACTIVE PORTS ON THE URUGUAY RIVER**

The reactivation fundamentally seeks the ports of Salto and Paysandú, the two most important ports in the interior of the country.

The Fray Bentos port, in the middle of the Uruguay river, and the Colonia port, in the estuary of Plata, will be restored through a cross coordination between Ministries and Commissariats. Those are actually part of the reactivation process of the productive chain. Reforms of the port of Montevideo were also announced.

In a conference called "National System of Ports", the vice President of the National Administration, Gastón Silbermann, expressed, besides, that a similar quantity will be invested by the private sector within the same objective of reactivation.

The new projects that will be in motion in different instances for the next five years are, among others, the creation of a Terminal of Cuenca del Plata specialized in containers, which dock extension is already in construction and will be finalized in 2009.

Likewise, there will be investments for the purchase of equipments for the deepening of the navigable rivers dredged, where there will be teams working continually 24 hours per day. The arrival ships will then gain larger possibilities of maneuver.

Within this plan of reactivation, scanners and electric cranes were bought. Terminals are also being reorganized. The extraction process of sunken and semi-sunken ships will be implemented following a bidding method.

This port reactivation also means that port operators and transporters will deal with new labor supplies. Laborers will be transferred from the center of the country toward the river Uruguay and will not travel anymore with heavy volume of load during long traverse from north to south.

## **9. US GOVERNMENT HARDENS CONDITIONS FOR THE PURCHASE OF AMERICAN COMPANIES**

The US president, George W. Bush, signed a law that hardens conditions for foreign companies to purchase American ones, reinforcing the supervision on its repercussions on national security.

The law is an answer to the controversy that happened one year and a half ago, when the national company of the United Arab Emirates, Dubai Ports, took in charge the management of six American ports after having acquired the operations of the American International Group.

The norm extends the time for analysis of transactions, which are made by the regulator agency the Committee on Foreign Investment in the United States (CFIUS). This analysis time will be especially extended when it will concern state companies.



In addition, a revision process is established for the purchase proposals of ports, highways, electric centrals and other installations that are considered as central for the country. This revision process is based on the implications for national security.

"This law will fortify our national security and will guarantee a complete and high level revision of the purchase of American companies by foreign companies that can present concerns for security", said the spokesman of the White House, Tony Show, in a communiqué.

The CFIUS approved the acquisition of the port operations by Dupai Ports in January 2006. This approval caused a general protest in the Congress. Congressman complained because the transaction let a foreign government owned American ports.

The American president then defended the decision of the CFIUS and insisted that there were no security problems and that the United Arab Emirates were ally of the US in the war against terrorism.

Nevertheless, the pressure carried Dubai Ports to renounce to manage the ports of Baltimore, New Jersey, New York, New Orleans, Philadelphia and Miami.

## **10. SANS SOUCI WILL INVEST 700 MILLION DOLLARS IN TOURIST PROJECTS IN SANTO DOMINGO, DOMINICAN REPUBLIC**

The Sans Souci Tourist Investments Group, dealer of the Port of Santo Domingo, will invest around 700 million dollars in the construction of large tourist projects for foreigners and residents in the Dominican capital.

In the next months a sportive marina will be raised around the East part of the Ozama River, with capacity for some 500 moorings and the possibility to receive embarkations up to 140 feet (46.6 meters), as well as two hotels, one of them with 900 rooms and a convenient center, and the other one with at least 600 rooms, a casino and apartments.

According to sources coming from the group, the investment will be performed in a period of four to five years. The group also had to have already invested 50 million dollars in the Sans Souci port.

With the restoration of the port terminal of Santo Domingo, the Dominican Government intends to obtain a volume of currencies up to 100 million dollars by year through different businesses as stores, artisans, gift shop and tourist guides, what will suppose additional incomes for the treasury up to 3 million dollars.

## **11. VENEZUELAN GOVERNMENT STUDIES THE POSSIBILITY TO APPLY RESERVE OF LOAD IN THE MARITIME TRANSPORTATION**

The bill project of Maritime Transportation of Reserved Loads indicates that "every import or export performed by any organ of the National, Provincial or Municipal Public Authority", and, in general, "all legal person for which the State has contributed capital through direct form or state credit agencies, should be transported in ships registered in the Venezuelan Naval Registration that are property of companies in which the State has decisive participation or property of companies constituted and located in Venezuela, whose capital belongs, in percentage no smaller of 80%, to Venezuelan natural or legal people".



The official objective is, as a draft normative project, "to have a modern and complete civil merchant marine" necessary to comply with the agreements of regional integration celebrated by the Republic.

Some businessmen contested this measure. They indicated that it will generate larger bureaucratic barriers, a larger control of the State over the economic activity and a larger increase of imported products which will be sponsored by the final consumer.

## **12. PRESIDENT BUSH SIGNS NEW LAW OF SECURITY THAT PREDICTS MORE CONTROLS**

The president George W. Bush signed a new law of security that has the objective to offer a larger protection to US against terrorist attacks, hardening controls on ports and airports.

The government assured that the legislation represents a new step within the intensified dispositions of security implemented by United States against terrorist attacks since 2001. The law had been approved by the large majority of the Senate and the Chamber of American Representatives.

According to the new dispositions, all the containers traveling by ships to the United States will be inspected in the foreign ports and this will be in effect in no longer than 5 years. The measures follow the recommendations of a commission established after the attacks of September 11, 2001.

## **13. AGREEMENT WITH WORKERS OF LOS ANGELES AND LONG BEACH IS REACHED TO END HARBOR STRIKE**

After several weeks of negotiations, employees of the ports of Los Angeles and Long Beach (who mobilize more than the 40% of the containers that enter to the US) approved a new contract that establishes a wage agreement with an increment of 7% each 3 years, with security and guarantee of employment.

John Fageaux, president of the 63 Local Union of the International Longshore and Warehouse, Unit of Administrative Employees, declared that the contract covers more than 850 functionaries that handle the procedures of export and other documents related to transportation in the port complex. The functionaries, employees of 14 companies, threatened to go on strike until that a provisional agreement was reached on the month of July.

The previous contract expired on June 30<sup>th</sup> and offered to full time functionaries around 78 thousand dollars annually in addition of benefits of retirement, medical attention without any prime and 20 paid holidays by year.

## **14. RECENTLY NAMED PORT AUTHORITIES**

Antigua and Barbuda: Leslie Williams, General Manager, Antigua Barbuda Port Authority,  
email: [abpa@port.gov.ag](mailto:abpa@port.gov.ag)

Panama: Cap. Encarnación Samaniego M., General Director, General Directory of the Gente de Mar,  
Panama Port Authority, E-mail: [esamaniego@amp.gob.pa](mailto:esamaniego@amp.gob.pa)



Saint Lucia: Sean Matthews, Deputy General Manager Operations, Saint Lucia Air and Sea Ports Authority,  
E-mail: [sean.matthew@slaspa.com](mailto:sean.matthew@slaspa.com)

Venezuela: CN Rafael Amadeo Da Silva Duarte, President, Instituto Nacional de Los Espacios Acuáticos e Insulares (INEA)

## 15. PORT ACTIVITIES

- Fifth Meeting of the Inter-American Committee on Ports. Salvador, Bahia, Brazil, from September 11 to 14, 2007. <http://www.oas.org/cip>
- Meeting of the Technical Advisory Groups (TAG). Salvador, Bahia, Brazil, from September 10 to 11, 2007. <http://www.oas.org/cip>
- Eighth Ibero-American Course on Technology, Operations and Port Environmental Management, Santander, Spain. September 16 to October 13, 2007. <http://www.puertasantander.es/AULA/> / <http://www.oas.org/cip>
- APPA Annual Convention. From September 30 to October 4, 2007. VA, USA. <http://www.aapa-ports.org>.
- Master in Port Management and Inter-modal Transport. Valencia, Spain. October 4, 2007 to June 27, 2008. <http://www.fundacion.valenciaport.com> / <http://www.oas.org/cip>
- APPA/NAWE/MARAD Training Program on Terminals Management. Long Beach, CA, USA. October 15 to 19, 2007. <http://www.aapa-ports.org>.
- Sixth Ibero-American Course on Port Management. Madrid, Spain. September 30 to October 27, 2007. <http://www.puertos.es> / <http://www.oas.org/cip>
- Ninth Meeting of the Executive Board of the CIP. Lima, Peru. December 2 to 5, 2007. <http://www.oas.org/cip>
- Ibero-American Port Forum on Zones of Logistic Activity. Lima, Peru. December 2 to 5, 2007. <http://www.oas.org/cip>