



Caribbean Ports at the Crossroads: Managing Change in a Post COVID-19 Environment

Port Management Association of the Caribbean (P.M.A.C.) 28th May, 2020

Challenges of Caribbean Ports

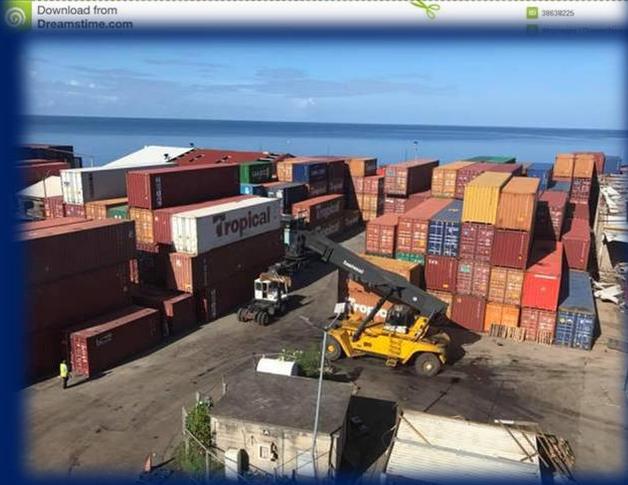
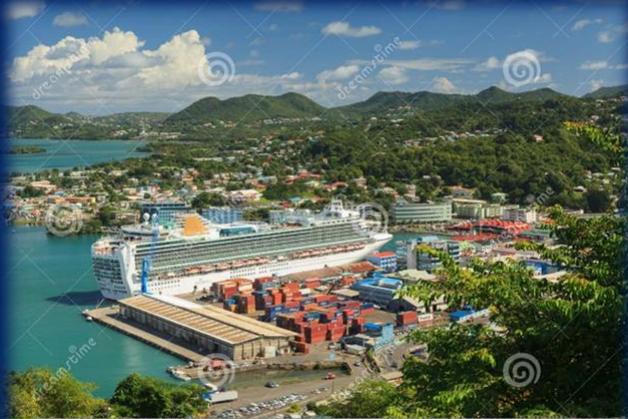


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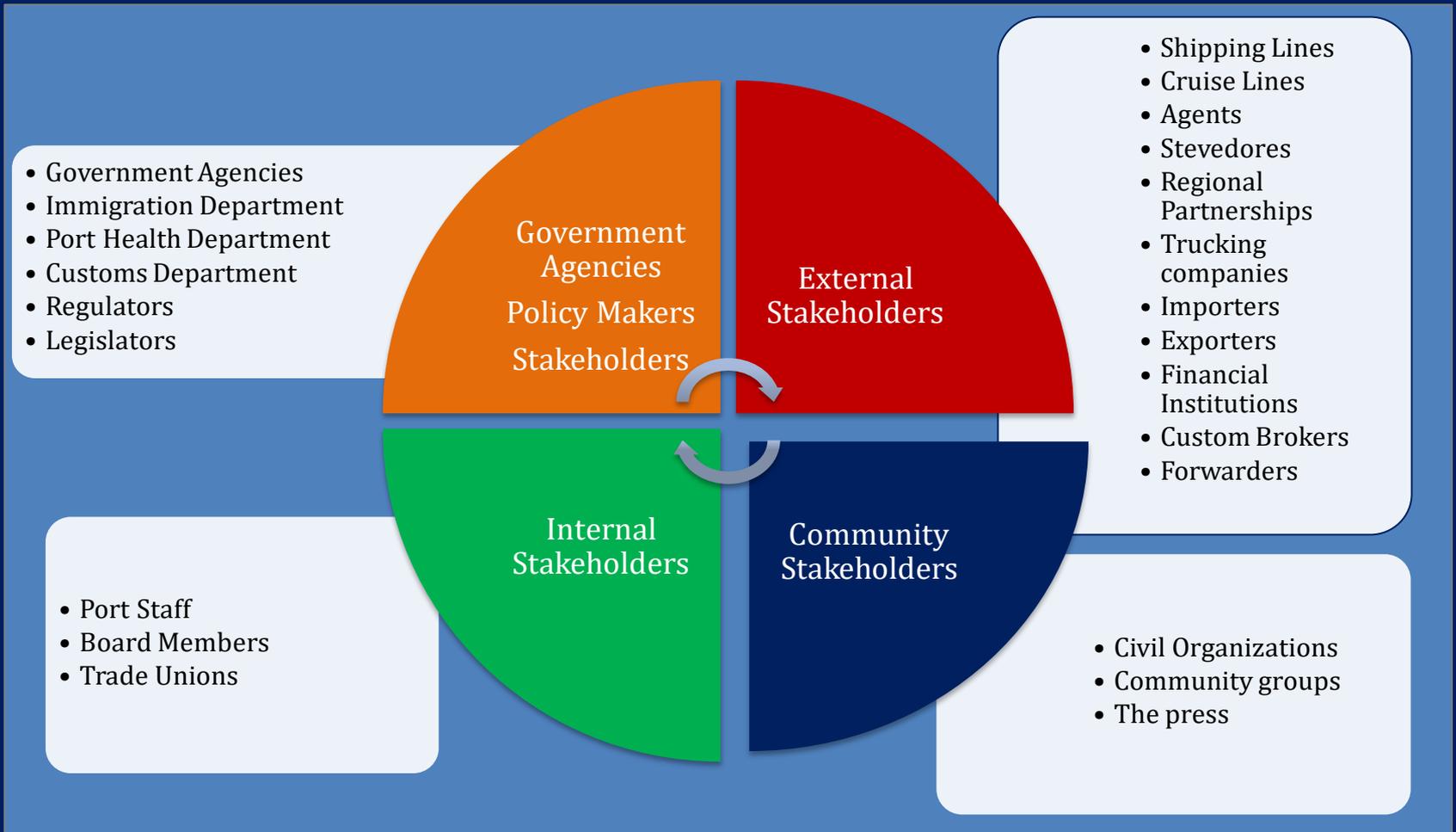
- ✓ Limited Electronic Systems
- ✓ Transportation and Consolidation of Lines
- ✓ Regional Costs of Operations

Challenges of Caribbean Ports

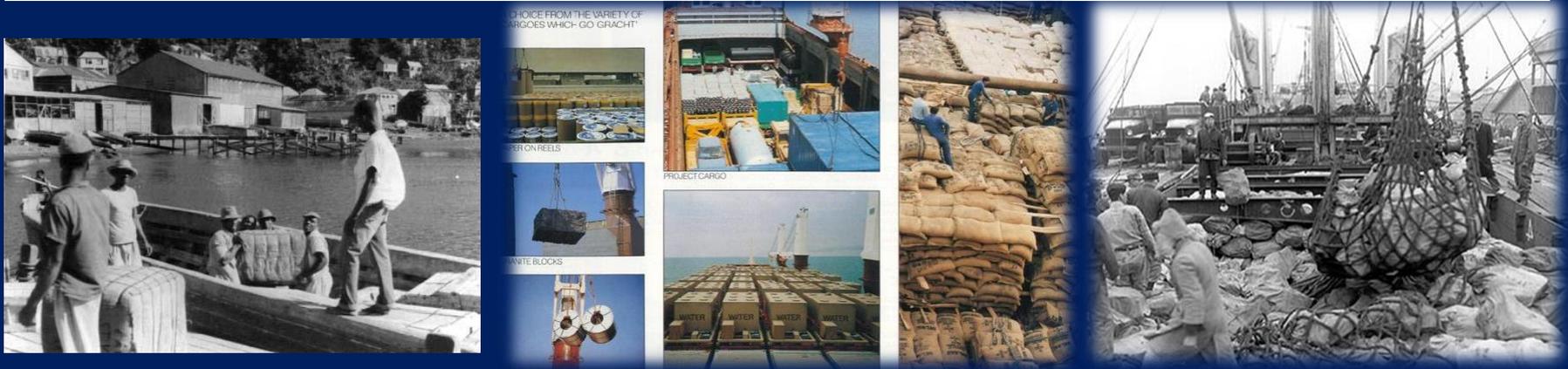


- ✓ Outmoded labour structure
- ✓ Limited role of Port Health.
- ✓ Industrial disruptions (Strikes)
- ✓ Limited research on ports
- ✓ Lack of Essential Service Designation
- ✓ Lack of coordination between agencies
- ✓ Outdated legislation
- ✓ Insufficient human capacity
- ✓ Limited land space
- ✓ Lack of economies of scale
- ✓ In catch-up mode (reactive)
- ✓ Governance structure (political)
- ✓ Limited role in Disaster Risk Management

Key Stakeholders of the Port



Port Operations Pre-Containerization



- Lighters operations : Breakbulk operations
- High labour costs : Intensive- manually driven
- Slow turn around - Long hours of work in off loading ships

- Unionized labour
- Risk of exposure to damage
- Risk of exposure to pilferage
- Risk exposure to weather



The Advent of Containerization



The intermodal shipping container was introduced in 1956 by an American entrepreneur Malcom McLean and has since revolutionized shipping and global trade. Containerization is the driver of globalization.



The world's first container ship, a converted World War 2 tanker 'Ideal X' sailed from the port of Newark to the port of Houston in 1956. It carried 58 shipping containers



Standard transport product	Can be manipulated anywhere in the world (ISO standard). Specialized ships, trucks and wagons.
Flexibility of usage	Raw materials (coal, wheat), manufactured goods, cars, frozen products. Liquids (oil and chemical products) and "reefers" (50% of all refrigerated cargo). Reuse of discarded containers.
Management	Unique identification number and a size type code. Transport management not in terms of loads, but in terms of unit.
Costs	Low transport costs; 20 times less than bulk transport.
Speed	Transshipment operations are minimal and rapid. Port turnaround times reduced from 3 weeks to about 24 hours. Containerships are faster than regular freighter ships.
Warehousing	Its own warehouse; Simpler and less expensive packaging. Stacking capacity on ships, trains (doublestacking) and on the ground.
Security	Contents of the container is unknown to shippers.

The Advantages of Containerization



The Development of Container Ships

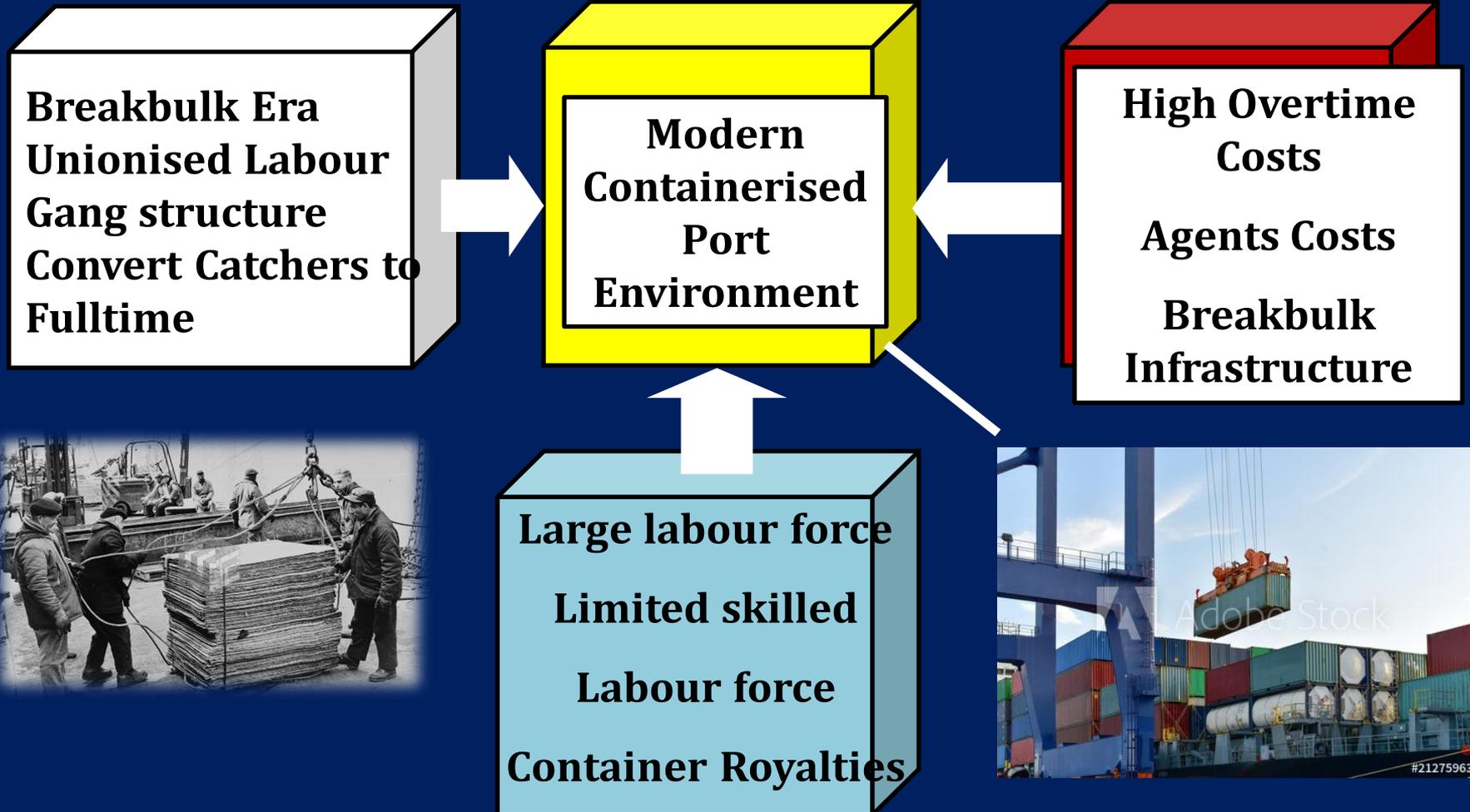
Panamax Vessel

Neo-Panamax Vessel

Roll On Roll Off Vessel

Multipurpose Vessel

Port Operations Post-Containerization



Determinants of Maritime Freight Costs

- 1) Ports Costs
- 2) Economies of scale
- 3) Imbalances
- 4) Type and value of goods
- 5) Competition
- 6) Distance



Implications of Port (Destination) Costs



- Higher Overtime Costs
- Disruption Costs
- Opportunity Costs
- Inefficient Handling
- High Agents Costs
- Reduced Productivity
- Higher Landed Costs



Drivers of Change in the Port & Shipping Industry

- **Alliances: consolidation of Shipping Lines**
- **Technology advancement**
- **Increased focus on port efficiency**
- **Government policies**
- **New logistics modalities**
- **Hyper competitive environment**
- **Changes in port ownership.**
- **Increased international trade**
- **Expanding global supply chains**
- **Expanding vessel size**
- **Investment in ports**
- **Increased demand for port services**
- **Creation of new jobs and skill set requirements.**

Caribbean Ports: The Threat of Liner Alliances

- The Reduction in the Number of Lines Calling Caribbean Ports
- Vessel Sharing Agreement
- Seaboard
- Crowley
- King Ocean

The Impact of Alliances on Ports

- Loss of Revenue
- Limited Shipping Options
- Increase Freight Rates
- Labour redundancy
- Idle Port Assets / Equipment



Proposed Port Reform Framework

**Digitization of
Regional Ports**

**Restructure of
Port Costs**

**Human Resource
Development**

**Investment in Port
Physical Infrastructure**

Legislative Reform

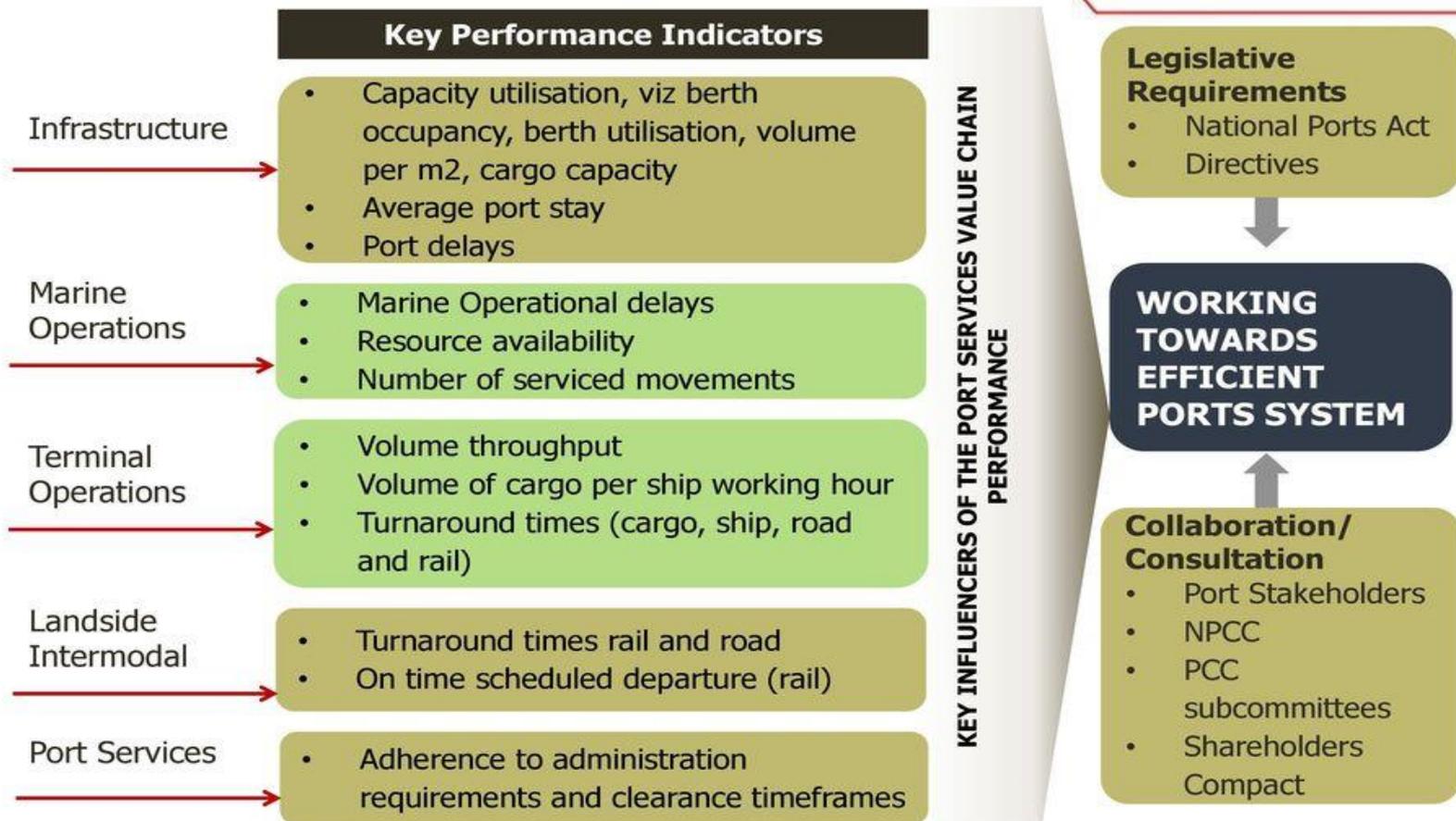
**Containerized
Environment**



Port Systems Performance Factors

Key elements influencing Port System performance:

These are Focal areas for port efficiency, productivity and performance improvement



Regional Implications of Port Reform

- Enhanced resiliency and sustainability of the Ports.
- Enhanced regional competitiveness, reduced port operations costs, and costs of goods.
- Enabler of economic growth, revenue & job creation
- Increased predictability, confidence and productivity
- Facilitate logistics revolution incorporating all modes of transport & economies of scale.
- Improved connectivity in the service sector.
- Creation of an enabling environment to foster entrepreneurship, innovation, product differentiation.

CONCLUSION

