

## **ASSOCIATION OF CARIBBEAN STATES (ACS)**

### **DIRECTORATE FOR TRADE AND SUSTAINABLE DEVELOPMENT (DTSD)**

#### **ACS MEETING OF TRANSPORT STAKEHOLDERS**

Thursday 28<sup>th</sup> May, 2020 - via videoconference

#### **SUMMARY REPORT**

The ACS Meeting of Transport Stakeholders was held on Thursday, 28<sup>th</sup> May, 2020 via videoconference. The Meeting was presided over by the Chair of the ACS Special Committee on Transport, Mr. Clifton Amoida, Deputy Director of Transport, of the Ministry of Public Works, Transport and Communication, in the Republic of Suriname.

The Meeting was attended by public and private sector officials from twelve (12) ACS Member States and three (3) Associate Members. Other participants included Representatives from three (3) ACS Founding Observer Organizations, as well as Specially Invited Guests from six (6) regional organizations responsible for matters of air and maritime transport. The ACS Secretary General, Ambassador Dr. June Soomer was also present. The List of Participants is attached as **Annex 001**.

#### **Opening Session**

The **Chairman of the Special Committee on Transport, Mr. Clifton Amoida**, as well as the **ACS Secretary General, Dr. June Soomer**, delivered opening remarks to welcome meeting participants. They both referenced the global and regional impact of the COVID-19 pandemic on the air and maritime industries of the transportation sector.

Mr. Amoida underscored the vital role of the transport sector to the region's main economic activities of trade and tourism and noted that the pandemic presented the opportunity to re-build and advance a more equitable, accessible and robust transport mechanism in the Greater Caribbean. His remarks are attached as **Annex 002**.

Dr. Soomer highlighted the role that the ACS has played since 1994 in advancing a regional transport mechanism to connect the underserved and underdeveloped parts of the Greater Caribbean. She emphasized the need for continued close collaboration to mitigate and plan for the future of the transportation sector post-pandemic. She further indicated that the ACS should be involved in all dialogue with the different

regional groupings pertaining to this important matter. The Secretary General's Remarks are attached as **Annex 003**.

**I. Presentation of the current situation of the transportation sector in the Greater Caribbean**

The **Senior Economic Affairs Officer of the Division of International Trade and Integration of the Economic Commission for Latin America and the Caribbean – ECLAC, Mr. Ricardo J. Sánchez**, delivered the presentation attached as **Annex 004**. He contextualized his presentation against a region which had not yet fully recovered from the effects of the 2008 financial crisis when this pandemic hit. Presenting a macro picture, projections show that by the end of 2020, Central America would experience -2.3% GDP growth; the Caribbean a 2.5% contraction; a 6.3% decline in Mexico; and the region is set to register an overall 5.3% fall in GDP. The speed and the intensity of the effects of the respiratory disease also resulted in severe effects on employment and on poverty and extreme poverty, with projections of more than 11.5 million people on the breadline and a 7% increase in poverty and extreme poverty, a collapse in trade of between 13% and 20%, and global tourism floundering.

Mr. Sanchez described the current situation as the worst crisis in 120 years, with this being the 7<sup>th</sup> major crisis the region ever experienced since the beginning of the 20<sup>th</sup> Century. Within the maritime and port context, contrasting the current situation against before COVID-19 where container trade was set to expand by 3.6%, he posited that there would be a 4.9% contraction by the end of 2020, with the latest figures showing a possible 9% decrease. Latin America and the Caribbean respectively registered a 10% and 2% hit, within the context of a 25% regional decrease in port activity and services offered. Almost half of ports have reduced their operations, despite adapting to these extraordinary circumstances and despite some of the bigger ports in the region registering positive growth during the first fiscal quarter.

Further, Mr. Sanchez acknowledged that air travel encountered problems accessing ports and passing through borders and that major contractions were registered in the Caribbean, Central America and South America in tourism, tourist arrivals and flights.

The **Economic Affairs Officer of the Economic Commission for Latin America and the Caribbean – ECLAC, Mr. Willard Phillips** delivered the presentation attached as **Annex 005**. He focused on the importance of transport to the Greater Caribbean region. With countries deriving more than 30% of their GDP from the tourism sector, and up to 70% of trade facilitated by transportation services within the region, he supported his position that transportation and its infrastructure, especially cruises, airports and commercial shipping, was a key contributor to the economic well-being of the region. He highlighted, however, the

fact that transportation needs were supplied by extra-regional providers and investors. He mentioned that cruise ship services declined significantly since February, registering a 0.6 billion USD in loss of revenue for the first fiscal quarter in 2020. Air transportation also incurred major losses, registering a -12% growth in income for regional airlines and a projected decrease of over 60% in arrivals at the end of this year.

Although the commercial shipping sector did not experience disruptions to the extent of the aviation sector, Mr. Phillips drew attention to the virus' effect on ports. He contrasted Panama's lesser affected situation to that of the smaller ports in the Caribbean region and cited the latter's connectivity shortcomings. He shared that shipping lines would be constrained to reduce their services in the region as a result of the effect of the virus, with consequential effects on the trade sector post-COVID-19.

Looking to the future, he posited that health cost, security and efficiency issues would challenge both destination and source countries. This would pose significant difficulties for cruise ships until 2022, and the tourism sector would face a great number of obstacles. Transport would be expensive with limited efficacy, despite travel resuming. He purported that regional travel would be the most feasible measure for recovery in the short-term, as international travel would prove to be more troublesome.

## **II. Presentation on the current challenges and opportunities within the Maritime Transport Sector**

The **President of the Caribbean Shipping Association – CSA, Mr. Juan Carlos Croston** delivered the presentation attached in **Annex 006**. He gave a brief overview of the Association and shared that the maritime sector was able to maintain and sustain operations, proving resilient and adaptable to the difficulties faced. Global food supply's resilience to the effects of the virus has ensured that cargo flow remained; however, in order to support uninterrupted shipping of goods, he stated that it was necessary for ports to remain open. Additionally, he observed that cruise ships encountered many more obstacles. Cruises could not disembark for a multitude of reasons, resulting in a human resources obstacle, as usually, cruise ships see a crew change of up to one hundred thousand per month. He advanced that sustainability and harmonization were the keys to a resilient shipping future in the region.

He shared that inefficient practices and operational deficiencies needed to be addressed. He positioned his Association as willing to resolve this problem with Members, looking to digital upgrading and technological solutions as responses to the issues. The adoption of electronic and technological measures to combat these obstacles would necessitate the implementation of cybersecurity measures to protect sensitive information. Furthermore, in an effort to rebound and be effective, he

stated that post-COVID-19 health requirements should hinder trade and the efficacy of trade processes as little as possible. Moreover, shipping lines needed to be monitored very closely, as their bankruptcy could spell decreased trade and other economic activities in the region; indeed, shipping lines had to remain in business for the economic life of the region to continue.

Finally, he added that tourism's importance to the region should not be underestimated. As such, security and safety measures should be in place, and the private sectors and the State needed to collaborate to rebuild and support the future of ports and shipping in order to breathe back economic life in the Caribbean after such a grave, pandemic blow.

The **Vice Chairman of the Port Management Association of the Caribbean – PMAC, Mr. Darwin Telemaque** delivered the presentation attached as **Annex 007**. He defined connectivity as a necessity for the states touched by the Caribbean Sea. His presentation focused on the major challenges facing smaller Caribbean ports, including limited electronic systems. He indicated that Antigua was the only port in the Eastern Caribbean to develop and test a maritime single window platform to limit human-to-human contact. He also referred to the slow uptake of containerization technology and the declining services to the region through the consolidation and alliances of different shipping lines.

Mr. Telemaque further analyzed the implications of these challenges, citing higher costs on the supply and demand side, and reduced productivity. He identified the need for port reform, which would focus heavily on investing in digitization, human resources, legislative changes, and upgraded infrastructure. He advocated for concerted efforts and collaborative actions to address these issues, espousing that the port should be regarded as the conduit through which the development of Caribbean states can be achieved. In recognizing that Caribbean countries continue to be overburdened by national debt, he looked towards the ACS to assist and be part of the solution to enhance regional ports, thereby increasing social and economic development for the peoples of the region.

### **III. Presentation on the current challenges and opportunities within the Aviation Transport Sector**

The **Director of Industry Relations of the Latin American and Caribbean Air Transport Association – ALTA, Ms. Maria Victoria Guiraud** delivered the presentation attached as **Annex 008**. She stated ALTA's aim is to bring together regional airlines to coordinate collaborative efforts within the regional aviation value chain in order to increase global competitiveness. She noted that the virus has brought air transport to a halt, exacerbating the economic difficulties that had already existed regionally and led to further revenue losses incurred by regional carriers. Projections from the International Air Transport Association (IATA), shows a total decline in global and regional passenger levels and that operations will be

restored by 50% at the end of the year with the requisite biosafety measures in place, and that they will resemble those of 2009. She warned of a slow return to pre-pandemic figures, estimating that to occur by 2025.

Additionally, Ms. Guiraud underlined the importance of air transport to a region which does not have land transportation options and which is highly dependent on foreign commodities. To ensure that the sector recuperates, she signaled that collective work is crucial, especially because the aviation industry generates employment and would provide the catalyst for the recovery of other vital industries, like tourism. In looking ahead, she foresaw the need for two articulated plans related to a long-term outlook for air authorities, and a medium- to long-term plan for mitigation and recovery operations. She highlighted the International Civil Aviation Organization (ICAO) as being one of the key bodies to involve in this respect, to harmonies measures regionally.

The **Manager of the Regional Management Office for the Environment, Civil Aviation and Climate Change, from the Central American Corporation of Air Navigation – COCESNA (for the Spanish acronym), Mr. Giovanni Tobar**, delivered the presentation attached in **Annex 009**. Following a brief explanation of COCESNA as an integration body founded over 60 years ago under SICA, he outlined the impact of the pandemic on the air industries of the six Member States: a recorded 90% reduction in overall operations. This is a significant loss to the region which derived between 9-10 billions of USD in 2017 from the industry, according to a study conducted by IATA in conjunction with Oxford University.

He reported on SICA's phased plan that is being implemented through COCESNA to gradually re-open the aviation sector. Re-activation is to be grounded in two pillars: operational security and public health safety. The plan consists of five phases that will operationalize air travel first domestically, then intra-regionally, and finally, on an international scale. He stressed that reopening must be gradual and harmonized, with strict protocols and biosafety measures in place to ensure no resurgence of the virus. He indicated that all harmonization efforts should respect states' sovereignty.

In assessing major challenges to resuming operations, Mr. Tobar specified regaining and increasing passenger trust in the activity of air travel, given that the virus was first spread via this medium. He ended his presentation by saying that Central America has a unique opportunity to work with all stakeholders at each level of operations to reactivate the sector, generate technical knowledge and incorporate strict health measures to protect passengers.

#### **IV. Discussions on regional solutions for an effective Transport Mechanism in the Greater Caribbean**

The **Representative from the Latin American and the Caribbean Economic System – SELA (for the Spanish acronym)** congratulated the ACS for the

meeting's success on airing issues caused by COVID-19, and for providing the platform and push for further collaboration. He shared the following link for participants to access SELA's digital network for port logistics, including the map of the different Latin American and Caribbean participating agencies: <http://s017.sela.org/redpuertos>. The representative recognized the important contingency measures ports in the region have taken, and highlighted other necessary measures such as health and safety protocols and the inclusion of digital platforms in ports. He also emphasized the need for monitoring in order to note what was done well, identify areas that have progressed, where losses have been made as well, using indicators such as wealth and job generation to measure the impact of the coronavirus. Finally, he pledged SELA's support to overcome the major impacts of this virus and stressed the crucial role collaboration and joint effort would play as the region faced a new reality.

The **Representative from the Maritime Authority of Jamaica** thanked the ACS for hosting this meeting and expressed satisfaction at the regional scope for solution-finding and the self-evaluation undertaken by ports throughout the region. She referred to PMAC's presentation on restructuring port cost and investment in Port Infrastructure and advanced that the need for port expenditure restructuring and investment in port facilities were a conundrum that the region had historically faced.

As a way forward, she suggested that the cost-benefit ratio needs to be considered for the level investment. She also posits that collaborations between regional ports are needed, in an effort to maximize capital investment and implement a minimum standard of operations and for infrastructural development. She concluded her contribution emphasizing the need for regional and sub-regional collaborations so that operations and infrastructural costs could be greatly reduced.

Following his fellow country-person, the **Representative from the Jamaican Ministry of Transport** sought clarification regarding digitalization; how the transport sector foresaw responding to similar and future health crises; traffic management; regional cohesion; and the messaging to business communities addressing the question of air- and cruise-lines. He also outlined that the critical issue of land transport was not addressed during the meeting, even though it constituted an important link both in transport in general and in the possible transmission of the disease. He stated that it was necessary to look at the risks and find ways to deal with them, given that safety and security had to combine with the efficiency of transportation services.

In responding to the previous concern raised, the **Representative from PMAC** recognized the harmonization of digitized procedures across the region as a key challenge. He called for increased efforts to have uniformity, suggesting using the existing common global, like the Automated System for Customs Data (ASYCUDA) as a starting point for customs authorities in the Greater Caribbean. Noting that standardized health protocols at ports of entry were lacking on a regional basis, his

recommendation was to collaborate and to agree upon such a common regime to manage the inflow of people at regional air and sea ports.

The **Representative from ECLAC** agreed that COVID-19 presented an enormous challenge to the region, but also believed that the time is apt to deepen cooperation. He mentioned that ECLAC fully supports the work of the ACS, as evidenced by the collaboration between the two organizations on different projects. He also spoke of ECLAC's work with the Caribbean Shipping Association and other maritime entities, and requested support regarding the collection of port data. Further, the Representative drew attention to a project being implemented along with the other four (4) ECLAC regional sub-commissions, aiming to support governments and firms, to keep transport networks and supply chains operational and to keep ports of entry open in the face of COVID-19. In this regard, he encouraged wider participation in this project from all meeting participants, signaling its significant scope in advancing regional and international cooperation and allowing for the exchange of knowledge and best practices. He offered to serve as the point person to coordinate efforts between ACS stakeholders and ECLAC on this project.

The **Representatives from Mexico** commended the ACS for its initiative and praised the clear perspectives shared on the challenges and opportunities facing the region. They signaled Mexico's interest in and support for the ECLAC project and requested more information on regional best practices. It was indicated that Mexico's response to the 7% decline in cargo transport recorded during the first quarter of 2020 was to work closely with Central American states to reactivate the regional economy, in light of reduced government support. Mexico did not close its international borders, but rather strengthened biosafety measures to ensure the security of passengers and the continuation of humanitarian flights. With regards to digitization, Mexican customs authorities are looking to boost trade by the year end through benefits derived from no-contact electronic single windows at air and sea ports.

Additionally, a Mesoamerican containerization and cabotage project being piloted and implemented jointly with states of the Greater Caribbean later in the year was mentioned. Taking into account research on cargo flows among countries, the project aims to implement public policies that would incentivize the flow of goods, and enhance port infrastructure to support intraregional trade. Together with Guatemalan authorities, Mexico is involved in a project which involves mapping new transport routes for goods and the hope was expressed that, if successful, a similar initiative could be replicated on a wider scale within the Greater Caribbean.

The **Representative from the Organisation of Eastern Caribbean States - OECS Commission** expressed gratitude and congratulations to the ACS and the presenters. He agreed that digitization is the way forward in ensuring safety and security post-pandemic. He also echoed the remarks of the PMAC Representative and further called for the strategic move towards the interoperability among national systems to strengthen a regional mechanism. He indicated that the OECS is

collaborating with the Caribbean Development Bank (CDB), the CARICOM Implementation Agency for Crime and Security (IMPACS), the International Maritime Organization (IMO) establishing an ASYCUDA support center. This would allow for its Member States to collaborate on the joint procurement of software and Information and Communications Technology (ICT) infrastructure to facilitate cross-border sharing of information in real time. He committed to share all relevant information with the ACS in furtherance of a strategic way forward in the integration of systems through joint funding opportunities.

The **Representative from the Central American Commission on Maritime Transport – COCATRAM (for the Spanish acronym)** joined in thanking the ACS for the meeting and congratulating the presenters for sharing updated and relevant information. He looked towards the future and referenced that projections and scenarios were being looked at within SICA through COCESNA to adapt to post-pandemic realities. He enquires of ECLAC Senior Economic Affairs Officer whether the region has yet experienced the full impact of the novel coronavirus.

In reply, the **Senior Economic Affairs Officer from ECLAC** pointed out that Latin America and Caribbean was one of the last regions to record positive COVID-19 cases, a few months after the origin of the virus in the East. For this reason, the region is still grappling with contractions and declining economic activity and growth. He emphasized that, as industrialized countries in Europe and the United States continue to be affected, the region will suffer knock-on effects in terms of air and maritime transport. The ECLAC Representative voiced the opinion that reactivation and re-opening of Greater Caribbean economies might be premature at this stage. He based this on statistical projections and figures, and recommended that countries of the region wait until later in the year.

After thanking the presenters and congratulating the ACS, the **Representative from Guatemala** raised the concern of Guatemalan citizens who are currently in Port of Spain and desirous of returning to Guatemala. He requested humanitarian assistance in this regard.

The **Representative from the Panama Maritime Authority** congratulated the ACS on the Meeting, and thanked the presenters for the information. She indicated that the Authority has been working assiduously to prepare for the new normal. She mentioned that Panama is in the process of re-opening its economy on a phased basis since lockdown measures were first put into place in April 2020. From June 1<sup>st</sup>, it is expected that Phase II will begin, which includes the re-activation of the infrastructural sector.

#### **V. Any Other Business**

No other matters were raised.

## **Closing Session**

In delivering closing remarks, **Dr. June Soomer** spoke to the opportunity provided by current events to consolidate regional supply chains, share best practices, increase harmonization of efforts, advance digitization, as well as opportunities for investment. She expressed satisfaction that the meeting discussions allowed for perspectives from each ACS grouping on the impact of the virus on the transportation sector. Further, she underlined that collaboration should be at the heart of the recovery process post-pandemic and mentioned the role of the ACS as coordinator in moving forward to support the strong emergence of the region.

To chart the way forward, Dr. Soomer referenced three ACS initiatives related directly to transportation, including the establishment of a regional ferry service, the revitalization of the Maps of Maritime Routes of the Greater Caribbean platform hosted by the Central American Commission on Maritime Transport (COCATRAM), and the COVID-19 Dashboard. This last tool, she hoped, would become a resilience tool related to all sectors and that it would serve to close the gaps in data collection in the Greater Caribbean.

The meeting was officially brought to a close by **Mr. Clifton Amoida** who thanked the ACS and the presenters for a successful meeting, and encouraged the continuation of the good work of the ACS.