

## **TRADE FACILITATION: PORT DEVELOPMENT AND OPERATIONS EFFICIENCY**



In recent years, most Caribbean countries have announced that they will update their port facilities and are preparing to attract the larger post-Panama vessels, which are expected by virtue of the expansion of the Panama Canal. In the Greater Caribbean, Trade Facilitation as it relates to maritime transport and port capacity continues to be an area of great concern and challenge.

According to a recent article by the Association, it has been noted that, “within the Caribbean, more than 90% of the goods traded at the international level are transported by sea. Consequently, this mode of transport and its supply chain plays a key role in the participation of the countries of the Greater Caribbean in an increasingly global economy. This growing intensity of trade has brought about changes both in maritime transport and port infrastructure; and as the shipping industry changes, so too must the regions’ response to it. Many Caribbean countries must update existing port infrastructure in the face of the new realities and challenges posed by regional and international integration processes so as to effectively adapt to the changes in traffic that are expected from the expansion of the Panama Canal, without underestimating the risks of overcapacity of facilities and volatility of trans-shipment traffic.”

The Association of Caribbean States, cognisant of this reality, together with the Mexican Government, through the AMEXCID, has launched the Project "Interconnectivity for Improved Trade Facilitation and Maritime Transport in the Greater Caribbean," approved by the Heads of State and Government during the VI ACS Summit held May 2014 in Mérida, Mexico. This crucial project seeks to promote trade, especially the aspects pertaining to short distance maritime transport, among ACS countries. In light of the foregoing, two Workshops were held at the headquarters of the ACS Secretariat, attended by representatives of 20 Member Countries of the Association of Caribbean States, and facilitated by chief expert officials from two of the major Mexican Ports, who shared their experience in port operations both as it relates to Terminal Operating Systems and Facilitation of International Maritime Traffic (FAL) Convention.

### **I. WORKSHOP ON TERMINAL OPERATING SYSTEMS (TOS)**

Port terminals were traditionally designed and built with docks measuring 300 or 360 metres in length, therefore, the mega vessels currently exceed the size of the port.

Terminal Operating Systems (TOS) are applications whose primary functions are to manage the processes related to maritime cargo traffic, loading and unloading of vessels, and comprehensively support the planning, operation and positioning of port logistics, including human resources, equipment and storage.

The current trend is to link these systems with others that belong to different public and private entities involved in port logistics processes and which constitute the so-called “Community Port System”, whose ultimate goal is to optimise the traffic of incoming and outgoing goods for each mode of transport present at the port.

There is no “Single Recipe” or a “Perfect Terminal Model”

The long list of determining factors when choosing a terminal operating system (TOS) coupled with the countless combinations of equipment, layouts and sizes, makes each terminal unique in terms of its needs.

There is also the diversity of regions, countries, cultures and factors that will influence the selection of one system over another. These choices which must be made can impact significantly on investment costs.

The availability and continuity of a port terminal is vital, since every minute that a vessel stays at the terminal means money lost for the shipping company. Therefore, the terminal is obligated to ensure the efficiency of its operation at any moment, on any day, at any time.

Greater Caribbean countries ever mindful of these realities considered throughout the course of this workshop the importance of having a System that would improve efficiency in terminal use, the standardisation of tariffs and a cost-benefit analysis for operations.

## II. WORKSHOP ON THE FACILITATION OF MARITIME TRAFFIC, LOADING AND UNLOADING MOVEMENTS AT PORTS, BASED ON THE FAL CONVENTION 65

In 1965, the “Members of the International Maritime Organisation” (IMO), adopted the Convention on the Facilitation of International Maritime Traffic (FAL). The Convention entered into force on March 5, 1967 and was amended in 2002 and 2005. As at December 31, 2010, 115 of the 173 current IMO members complied with the FAL Convention. The objective is to facilitate maritime transport by simplifying and minimising formalities, data requirements and the procedures associated with the arrival, stay and departure of vessels in international travel. Toward that end, the Convention contains recommendations and standards and its main contribution lies in the acceptance of a series of models to facilitate the standardisation of forms for vessels, for the purpose of complying with information formalities when arriving at or departing a port. These standardised forms include, among others, the IMO General Declaration Form, the Cargo Declaration Form, Crew and Passenger List and the Hazardous Goods Declaration Form.

Initiative

This is the context that gave rise to the project entitled “Paperless Port”, presented by facilitating

port official from the Mexican port of Vera Cruz, whose objective is to provide an alternative to simplify the procedures of international vessels arriving at the port of Veracruz, using remote and electronic means of communication.

### Characteristics

Its goal is to eliminate procedures involving physical documentation and replace them with completely electronic processes, using for that purpose, an online computerised system to handle applications and authorisations supported with Advanced Electronic Signature (AES).

It functions via the computerised platform referred to as "MEDIPORT" (Veracruz Port Information Module). In this platform, users can carry out several procedures remotely, without having to leave their workplace, which was developed with support from the Veracruz Comprehensive Port Administration (APIVER).

### Results and Statistics

Participants to this workshop were provided through the Vera Cruz Model with a best practice example and concrete results as to how the MEDIPORT system has improved efficiency, cost and operations within the Port of Vera Cruz.

Reduction in Time.

#### PROCEDURE

#### AVERAGE TIME FOR RESOLUTION

#### REDUCTION

#### BEFORE

#### AT PRESENT

#### Arrival Authorisation

Up to 180 minutes

13 minutes

167 minutes

#### Departure Authorisation

Up to 180 minutes

13 minutes

167 minutes

Economy.

## PROCEDURE

### SHEETS OF PAPER USED PER PROCEDURE

BEFORE

AT PRESENT

Arrival Authorisation

30

Departure Authorisation

45

Transparency.

Ecological Port.

As part of the experience gained in Port management by the Mexican Government, the conclusions reached on the training days went back to the fact that connectivity has been an unresolved matter throughout the Greater Caribbean, with limited links among Caribbean islands as well as South American and Central American countries. In order to improve trade ties among our territories, it is important to examine the obstacles that exist and determine the concrete measures that would improve operating efficiency at the ports of the region, placing special emphasis on support for small ports, adding a regulatory framework for the maritime transport industry that would be fair and effective and universally adopted and applied.

Port development requires the Caribbean to look outwards and make use of natural advantage on globally competitive terms. Port operations in the Caribbean region have grown more efficient in recent years, but much work remains to be done. To continue developing trade and port development in the Greater Caribbean, "it is imperative that there is total cooperation among all the stakeholders—not just the port owners and operators in the Caribbean, but the carriers that serve the ports, and the exporters and importers using the ports. It is through coordinated action and partnership that the Region and its ports will reap optimum benefits.

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