

UNCTAD Multi-year Expert Meeting on  
**TRADE, SERVICES AND DEVELOPMENT**  
Enhancing productive capacity through services  
Geneva, 1–2 May 2019

**Transshipment services: The emergence and growth of logistics services**

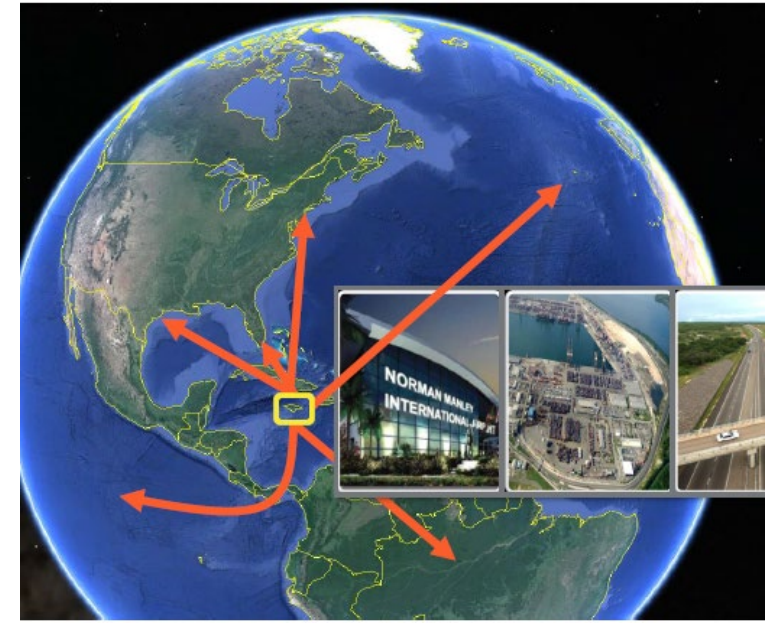
by

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UNITED NATIONS  
**UNCTAD**

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



# TRANSSHIPMENT SERVICES THE EMERGENCE & GROWTH OF LOGISTICS SERVICES

ELVA WILLIAMS-RICHARDS  
MAY 1, 2019

# SERVICES IN PERSPECTIVE

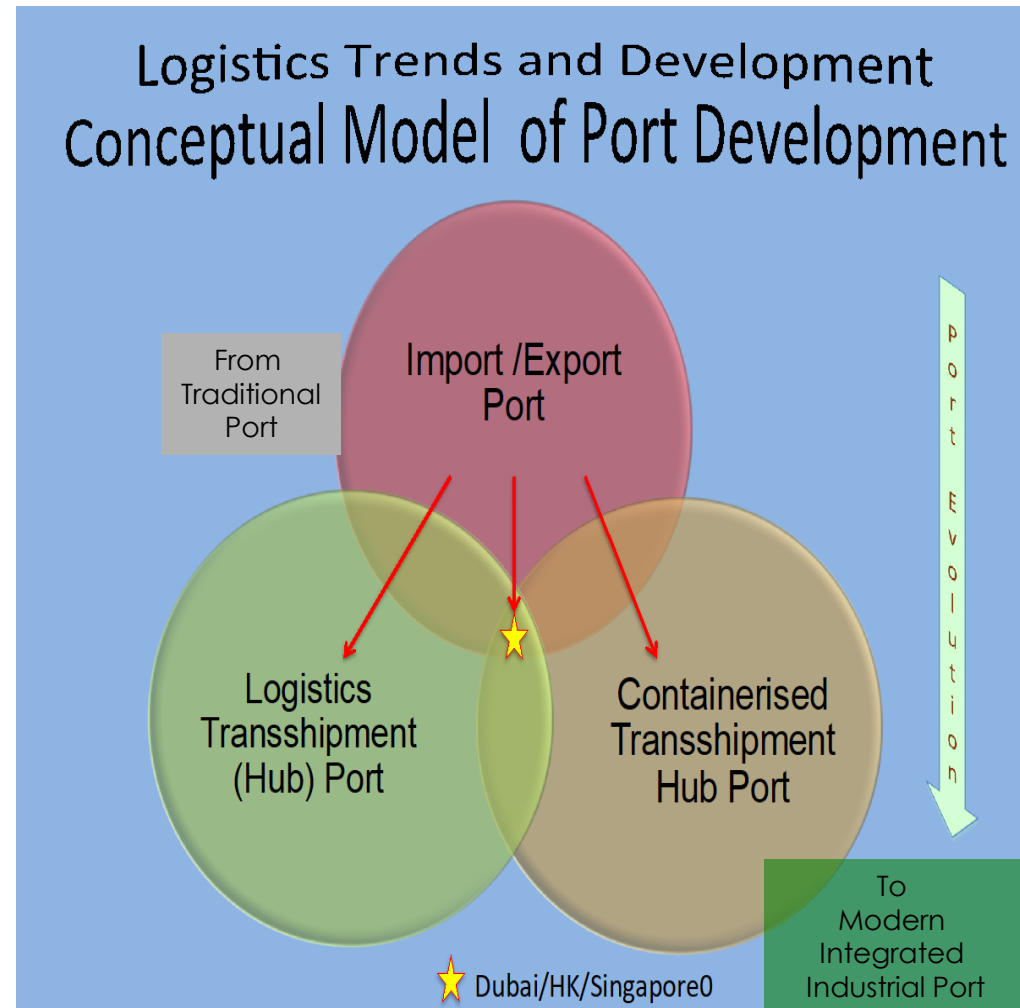


# THE GAP & OPPORTUNITIES

1. Service represents high percentage up to 80% GDP. For 201/226 countries/economies – services is the leading contributor of GDP—many instances over 80%.
2. Developing/LDC economies are not growing in line with the world –with output lagging /low GDP growth, and trade deficits-
3. Developed countries specializes in high value service –Telecommunications, IT & Computer, intellectual property and other high skilled labour ----DC/LDC focused on lower value e.g. travel and transportation.
4. Economist and analyst believes there is a strong potential for DC/LDC to further develop their service sector by adding greater value to the service supply chain and close the gap with GDP growth.
5. Transshipment Logistics has emerged as one of the service sector with opportunities ---to close the gap in GDP growth and advance SDG goals 8 & 17

# FROM TRANSSHIPMENT TO PORT CENTRIC LOGISTICS SERVICES

- Modern Transshipment ports have evolved to include, logistics facilities and industrial parks, as part of their operations and key value driver-- on port or in close proximity to enable a wide range of value-added services to be performed.
- This is seen as a response to customer demands and global trends where transshipment ports operations are deepening their role in the supply chain such as warehousing and storage, display, pick and pack, reconsolidation and distribution of cargo.
- This wider range of value-added services now commonly regarded as Port-Centric Logistics (PCL).



# LOGISTICS VALUES ADDED SERVICES

Transshipment ports –can add value while cargo is waiting on the port to be picked up--



**PICK & PACK**

**PACKING & RE-PACKING**

**LABELING & RE LABELING**

**SORTING**

**MIXING**

**ASSEMBLY**

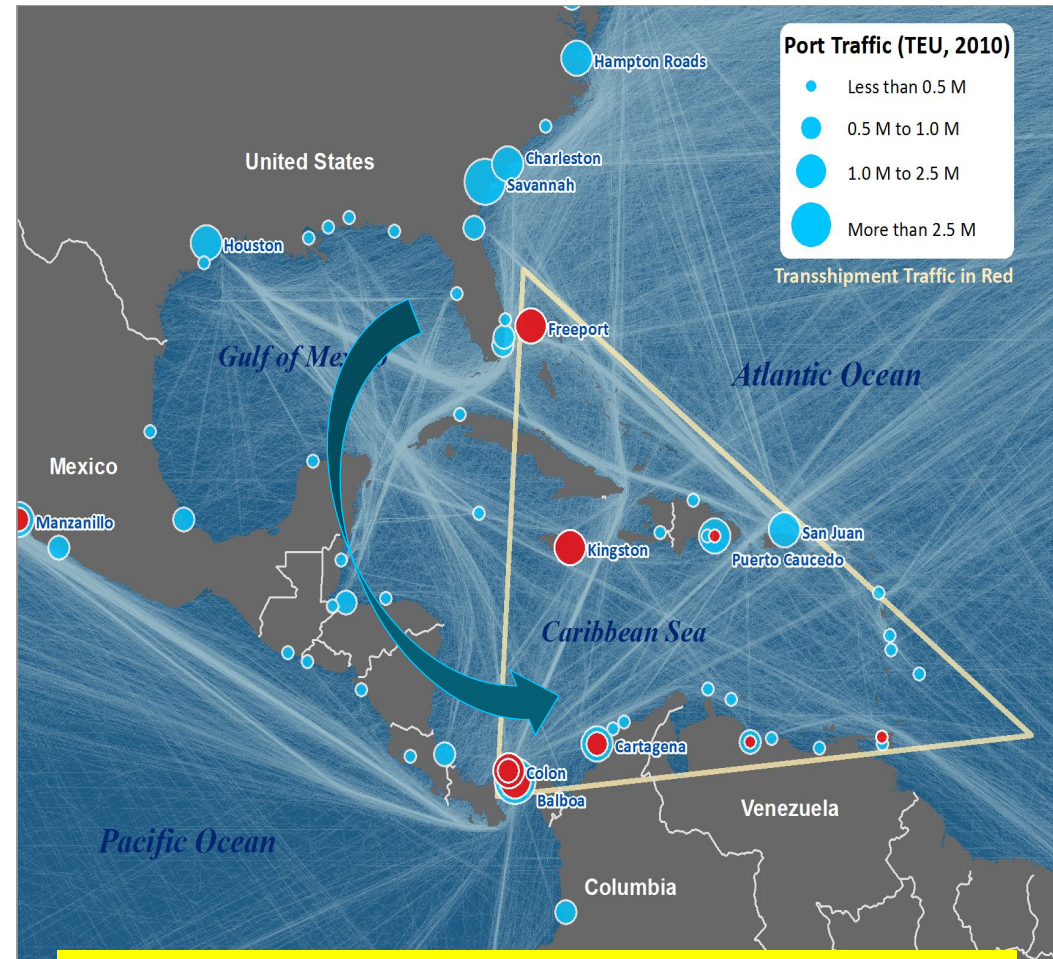
# WHY DEMDAND FOR LOGISTICS SERVICES

- Changes in shipping industry and movement of cargo
- Changes in consumer demand and consumption patterns
- Phenomenal advancement in technology –impacting the way in which service and goods are delivered.
- Companies wants to focus on core and strategic drivers for their business
- Outsourcing logistic supply chain management to markets and specialized service providers best suited with right operating and technical skills
- Contributes to economic growth through job creation and investment activities, taxes, foreign exchange etc.. hence focus of many countries.

# STRATEGIC CONTEXT AND OPPORTUNITY

## TRANSHIPMENT TRAFFIC AROUND THE CARIBBEAN BASIN

- The increased use of mega containerships in Transoceanic trades has driven the development and use of large transshipment hubs serving as container distribution and collection centers for large trading areas
- The Caribbean constitutes a major crossroads for international trade due to;
  - proximity to the Panama Canal, and
  - being a major focal point for north/south Atlantic trades and trades with the east and northern coasts of South America



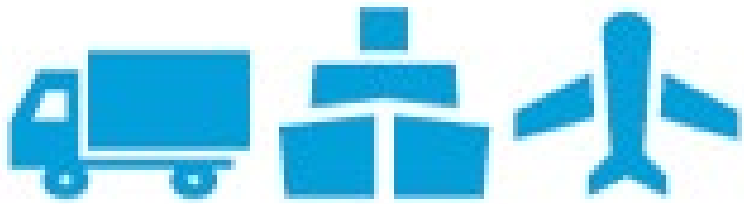
Source: Data adapted from Drewry Shipping Consultants

The Caribbean region is seen as having the potential to be one of the major beneficiaries of the enlarged Panama Canal, which will see the passage of vessels up to 13,000 TEUs



# THE VALUE PROPOSITION

**Maritime & hinterland access -  
Effective transport modes**



Ideal  
**MULTIMODAL**  
platform

**Proximity** to key production &  
consumption centres & major trade  
routes



**Strategic Location  
& Market Proximity**

**Flexible capacity  
expansion  
Reduced port costs  
Maritime port clusters**



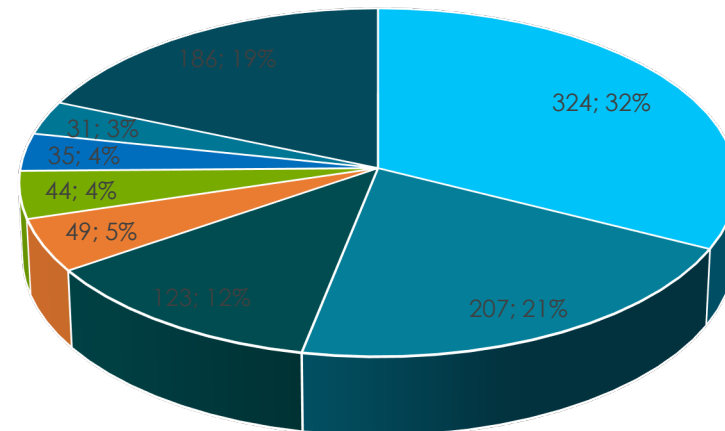
Excellent  
**CONNECTIVITY**

# LOOK AT THE AMERICAS -- OPPORTUNITIES?

Middle America



THE AMERICAS COUNTRIES & POPULATION



- USA
- BRAZIL
- MEXICO
- COLOMBIA
- ARGENTINA
- CANADA
- VENE
- OTHERS

## THE AMERICAS -

- ❑ 55 Countries (NTH, STH & CAR)
- ❑ Population +- I B Est.2017
- ❑ GDP \$25.9 Trillion Includes The 3 Of 10 World Largest Economy GDP Per Capita Of (\$58,000 -46,200), With # 1 USA
- ❑ The Richest in the World in Natural Resources.
- ❑ High level of consumer demand -US--25% of World GDP.
- ❑ Mature & stable democratic systems of Government

## TRADE ECOSYSTEM OF SERVICES “ONE STOP SHOP”

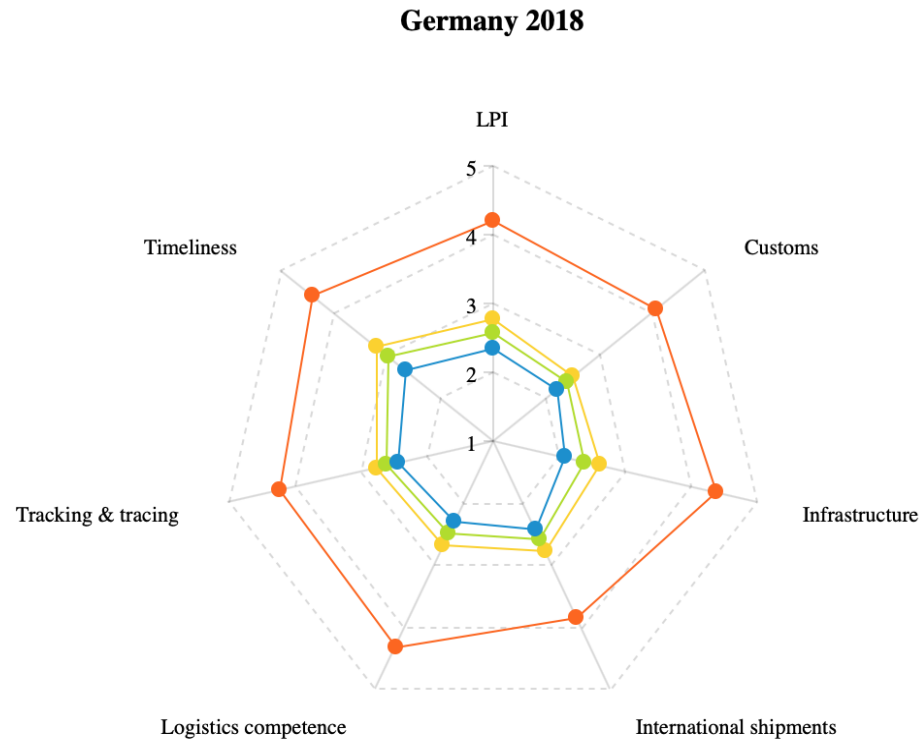
### INTEGRATED MARITIME SERVICE CENTRE AUXILIARY SERVICES

- Bunkering
  - LNG SUPPLIES
  - Cruise Ship
- Ship Chandlery-ship Supplies
- Ship Repairs –Engine/painting/welding
- Installation of Motor Vehicle parts- Ja major hub
- Cruise Ships/Tourist
- Gastronomy/food supply
- **Sale of Water**
- Waste Disposal and Recycling



# LOGISTICS PERFORMANCE INDICIES

chart by amcharts.com



Germany 2018  
Income: Lower middle income 2018

Income: Upper middle income 2018  
Income: Low income 2018

Country	Year	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Germany	2018	1	4.20	4.09	4.37	3.86	4.31	4.24	4.39
Income: Upper middle income	2018		2.76	2.52	2.60	2.76	2.69	2.77	3.19
Income: Lower middle income	2018		2.57	2.37	2.37	2.57	2.50	2.59	2.96
Income: Low income	2018		2.35	2.19	2.07	2.42	2.30	2.42	2.67

# LOGISTICS MUST HAVE

- ❑ **GOVERNMENT AS THE ENABLER FACILITATOR OF TRADE & INVESTMENT –**
- ❑ **CREATE LEGAL AND REGULATORY ENVIRONMENT THAT IS RELEVANT AND FACILITATES:**
  - ✓ Efficient and cost effective to do business
  - ✓ Efficient Tax System --Incentive Schemes-Special Economic Zones
  - ✓ Infrastructure Development –Directly or via PPPs
  - ✓ Skilled, Reliable and Flexible sustainable Labour Supply
  - ✓ Technology Integrated Process –Customs And Other Government Agencies.
- ❑ **ENGAGE PUBLIC PRIVATE PARTNERSHIPS SECTOR**
  - ✓ Provide Innovative Financing Solutions –
  - ✓ Investment In Long Term Infrastructure –[Pension Funds](#)
  - ✓ Public Private Partnership with entities that have the capacity (Shipping line, Global Port Operator, or Major supplier with connectivity and links and the Financial Capacity

## JAMAICA'S STORY & VALUE PROPOSITION

- 2013 Launched ambitious reform program to stabilize economy and reduce debt. Debt buy Back/ public sector reform. IMF Program/Key Objects.
- Review and Implement Critical Legislative Program. Including Social Net for Vulnerable (PA PROGRAM).
- Public Sector Transformation ---Improve Efficiency and Productivity/Techology
- Programs and Policies were supported by Effective and Consistent Communication to the People. Why the reform was necessary, how it will affect them and the expected gains to them.
- Political Maturity demonstrated –despite changes in Governing Political Party. Policies
- Was Seen by some as **BITTER MEDICINE**

# REFORM PROGRESS

- Macro Economic Stability
- Jamaica Public Debt to GDP fell to 96% from 135% in 12/13. (41%) Target 60% 2025/26
- Economic Growth 2% (GDP projected at 1.3% in 2020)
- Unemployment at 8.7% down from 16.5% for years. Target 7% in 2020
- FDI is growing from \$180M to \$280M
- Special Economic Zone (SEZ-ACT) Tax Incentives
- Trade Facilitation Systems/Technology Implemented –(PCS/ASYCUDA/NSW)
- Revised Customs
- Security Enhancement Programs
- One-stop shop-customizable; incentives; increase “stickiness”
- Significant Investment in Infrastructure (Road, Ports, Real Estate-Fuel/Electricity LNG).
- Significant Financial Reform-
  - GOJ significantly reduce activity in Financial market
  - Low stable Interest Rate central bank 1.25% -down from 12% last decade reached up to 33% (Gov. Target 2.5% 2020)
  - Very Active Stock Market



# REFORM PROGRESS

- Low Inflation Rate(2.4% vs. 26.49% 2008)
- Enhance Youth Training Programs – HOPE
- Implementation of Fiscal Rule Policy & Public Bodies Management & Accountability Act.
- Supported by Corporate Governance Framework
- Strengthened Integrity and Oversight Commission to manage corruption.
- **PROGRAMS NEEDING HIGH FOCUS**
- Further Security Enhancement Programs
- Improve Public Security/Reduce Crime murder rate.
- Public Sector Reform –consolidation Technology/reduce bureaucracy.
- Mechanism to Leverage and manage the policies to ensure desired outcome

# PORT COMMUNITY SYSTEM

## PCS Objectives



Collaboration



Business Process



Optimization



Improve logistic  
performance



Increase  
productivity



Reduce transit  
time

## PCS Functionalities



Reporting



Movement



Authorization



Customs



Tracing &  
Tracking



Business  
Intelligence



Invoicing

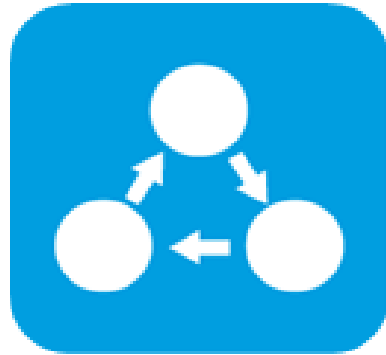


Truck  
Appointment

# PCS BENEFITS



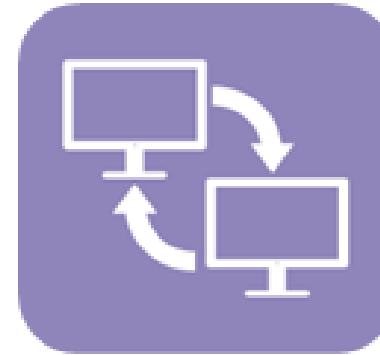
Paperless Transactions



Streamlined Procedures



Event Driven



Interoperability



Data Security

## Project Schedule (Go-Live)



# Jamaica For Logistics

The Caribbean Basin's main Service Patterns



- Modern port – a world-class transshipment hub
- Connectivity: connected to over 140 ports globally.
- Clients
  - Global Container Shipping Lines (12)
  - Auto Carriers (2)
  - Regional Feeder Lines (5 KFTL/CMA/CGM 30 year Concession)
- CMA/CGM expanding its logistics capabilities/reach via acquisition of CVAC--\$1.65 billion
- Global transshipment hub
  - Capacity - 3.2m TEU
  - Fully Panama Canal capable

# Recommendations.

- Assess Competitive Capacity –of Country
- Implement programs Productivity Capacity/Efficiency – Reduce Cost
- Infrastructure Development—Road/Port - Energy
- Increase Employment Capacity and productivity, Flexible & adaptive curricula (linking taught with real-world)
- High focus on technology skills –for value chain (KPO, ICT) –innovation entrepreneurial
- Regulatory Environment --Make Relevant & Consistent
- Macro Economic and Social Environment Stability.

# Recommendations Cont'd

- Trade Facilitation System/Security Process (Logistics)
- Tax Incentives (Economic Zones)
- Develop Medium and Small Size Enterprises – Encourage capacity development –re tooling and Technology to enhance efficiency
- **Implement Measures/Incentives to integrate Informal Sector as part of the formal process.**
- Improve Access to Financing
- Encourage Private Public Participation (PPP).
- **Improve Data & Analytic Capabilities**
- **COLLABORATE --**

# BIG DATA & COMPETITIVENESS



- Cost reduction...
- Greater efficiency...
- Better forecasting....
- Enhanced Logistics opportunities...
- Increased responsiveness...
- Improved client experience... happy customers

# FINAL THOUGHTS

## LDCs Future

Effective Policies

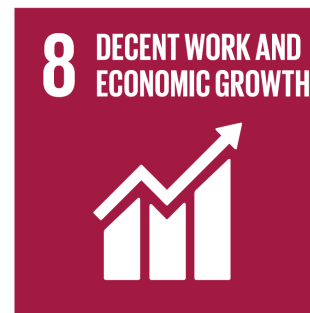
Infrastructure Development

Integration (cluster)

Technology

Collaboration

Build workforce Capacity/Flexibility





# TECHNOLOGY AND SERVICE

## AIRBNB

1. World Fastest growing holiday website---accommodation
2. Launched in Aug. 2008-Cal USA
3. 2009 had 21.000 quest
4. Now 6m –serving in over 90 countries with 800,000 properties
5. 2018 --\$2.6 billion in annual revenue
6. Believed to be worth \$38B
7. **How much real estate – accommodation does this company owns**

Global Online Shopping worth \$22.1 Trill. UNCTAD) and is growing.

## • UBER

- Established in 2009 in California
- Revenue of \$11.27 B per year
- Operating in 785 metropolitan across the world
- Est. Valued \$90 -\$100B. Plans to go public in May 2019
- **How Many Cars Uber owns?**



The Port  Authority  
of Jamaica

**THANK YOU**