UNCTAD-CEPAL Webinar COVID-19 and Maritime Transport: Disruptions and Resilience in Latin America and the Caribbean

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CARIBBEAN REGION – A MICROCOSM OF GLOBAL SHIPPING

• Blend of global and regional ocean carries
• LNG-enabled fleet since 2015
• Jones Act carriers
• Regional logistics “integrators”
  – Warehousing, land transportation, LCL…
NATURE OF DEMAND

• Heavily reliant on travel & tourism (USD59B in 2019, or 14% of overall GDP)
  – Others: Agriculture, mining and drilling

• COVID-related situation: Mostly under control in most of the region
  – Economic situation adversely impacted by halt in tourism activity and drop in oil/gas demand

• Governments in the region heavily indebted, even before the pandemic hit
SUPPLY-DEMAND BALANCE ON CARIBBEAN TRADE

• Less dramatic changes in container service schedules: communities depend on less bulky, more periodic services

• Rate conditions different in larger container tradelanes (Asia to Jamaica, Dom Rep and Panama) vs most other smaller market/routes

• Rates up from SAEC and Asia to the region
  – Rates from Europe, however, are down
REGIONAL BOX LINER STRATEGY

• Container carriers have already gone through huge adaptation in short period of time
  – Remote working, ensuring business continuity, service/frequency changes, VSAs, slot agreements

• Second/additional wave would have an impact on execution, but strategy seems to have been fairly defined by 1st wave

• With 2nd/additional waves of infection, instead of bankruptcy, regional container carriers could face consolidation or takeovers options
CRUISE BUSINESS INTERRUPTION IN THE CARIBBEAN

• Effects go beyond the direct volumes of cruise ship stores and supplies
  – Restaurants, shopping, duty free stores, local excursions, and a LONG etc…

• Impact on employment, consumption and recreational activity along with the seaports, airports, hospitality and infrastructure activity generated
TECHNICAL EXPERTISE / FUNDING SOURCES

• Regional shipping mainly composed of MSMEs/family-ran companies
• In general, shipping MSMEs understand the need for urgent digital transformation
• However, lack of access to technical expertise/funding sources, big barrier
THANK YOU