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INTEGRATED TRANSPORT SYSTEMS IN LATIN AMERICA AND THE CARIBBEAN: CONVERGING INITIATIVES

THINK GLOBALLY, ACT LOCALLY

The year 1998 is shaping up to be a year of grand regional initiatives focusing on the setting up of regional integrated transport systems. The past six months have seen intense activity in Latin America and the Caribbean. It would seem that the public and private sectors have agreed to launch converging initiatives, each from its own perspectives. In Central America, a multimodal transport project is already under way, while a new transport master plan put forward by the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) is being prepared; in South America, the Latin American Integration Association (LAIA) and Latin American Railways Association (ALAF) have launched a prefeasibility study concerning a plan for the sustainable development of transport; the second Summit of the Americas adopted a plan of action that now takes in the work of the Executive Committee of the Western Hemisphere Transport Initiative; and the private sector also held its regional meeting in São Paulo, Brazil, with Intermodal 98, the fourth in a series.

These initiatives are taking shape around similar lines of thought and action; their backgrounds are similar, and they tend towards the same goal: taking action in the immediate environment with a view to expanding linkages with the global economy. The background is the observation that after several years of growth, transport infrastructure, equipment and services appear unable to satisfy the growing demand of international trade in the region. The goal is to implement the requisite reforms in the transport sector so as to meet the challenges posed by global competition.

This issue of the Bulletin is devoted to news about recent initiatives and possible future developments. For further information, please contact José María Rubiato Elizalde at the following e-mail address:

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INTERMODAL 98: a conference on global networks and local access points

Thinking globally and acting locally is the great challenge facing businesspeople and government decision-makers today in the areas of transport and international trade. This now famous slogan applies equally in the field of intermodal transport. Intermodal 98, which was the fourth of a series, was staged on 15 and 16 April 1998, in São Paulo, Brazil; it featured an excellent agenda and the 18 participants, representatives of business and

government from different parts of the world, were able to share their valuable experience. Some of the more noteworthy papers, together with the ensuing discussions, are featured below.

The development of intermodal transport: the European experience

Mr Bryan Stone, a British specialist in intermodal transport, gave an address on the problems encountered in Europe during the development of intermodal transport, which is seen as a solution enabling rail to compete with road transport. His address, which was entitled "Establishing efficient intermodal networks: a look at best practices at the international level", was based on a definite principle: intermodal transport must be profitable not only for users but also for service providers. Such a statement appears self-evident in the case of users but entails all kinds of complications where transport operators are concerned. A transport network is necessarily comprised of nodes and linkages between those nodes. For an intermodal transport network to function correctly, not only must the operators of each section coordinate their actions, but their information systems must be able to communicate and exchange data, their equipment must be compatible and able to deliver and receive cargo without the need to split it up, and the infrastructure on which this equipment operates must be connected. That is what is meant by the terms interoperability of modes and interconnectivity of systems.

However, it is one thing to recognize the complexity of the problem, and quite another to resolve it. Practice shows that a unimodal transport system, such as road transport, is easier and more flexible to run, and that if intermodal transport wants to compete and prosper, it needs to be more efficient than any individual mode. Essentially, the message Mr Stone sought to convey is that today supply is no longer the determining factor, and that attention needs to be paid to the requirements of demand. In this regard, transport users are increasingly insisting on the use of intermodal transport. Driven by demand pressures, the linking up of modes has resulted not only in standardization, in order to make equipment compatible and reduce costs, but also the need for planning to facilitate connections between modes. Some notable steps in that direction include the standardization of equipment, the signing of communication protocols that provide for the development of global communication networks for the flow of information and the design of extensive transport networks in Europe. Deregulation of markets and private initiatives are further important components of the process currently under way, but in the future, technology and the ability to manage it will be the determinants of success.

New multimodal transport legislation in Brazil

Another highlight at Intermodal 98 was the address given by Mr Carlos Alberto Nóbrega, President of the Executive Group for the Integration of Transportation Policies (GEIPOT), part of the Ministry of Transport of Brazil. During his talk, entitled "Obstacles to the creation of efficient intermodal networks", Mr Nóbrega described some of the initiatives that his Government was implementing as part of efforts to encourage the development of integrated transport systems. He explained that, with Brazil integrated into the regional economy thanks to Mercosur, the goal now was to expand linkages with the global economy. Again the message was the same: think globally in order to act locally, integrate into global networks using local access points. Mr Nóbrega began by detailing some of steps taken to deregulate the market for transport services, port and railway privatizations and other large-scale projects involving road and river transport that were already under way. He then went on to talk about Law No. 9.611 of 19 February 1998, which dealt with multimodal transport in Brazil and is in line with regulations recently approved by Mercosur.

It was significant how, over the course of the conference, the speaker's tone was in total harmony with the aspirations of the business community. This willingness to champion private initiative in the transport sector

contrasts with the traditional attitude of control and suspicion characteristic of the authorities in Latin America up until just recently. This change of attitude is reflected in the rationale behind the regulations governing multimodal transport operators (MTOs) that are currently being developed, and whose main features Mr Nóbrega outlined to the audience. These regulations, which are the end result of the law, should, among other things, enable MTOs to obtain the status of customs agents and ensure containers considered transport elements are able to circulate freely. "These two insignificant factors proved difficult to introduce but they make all the difference," asserted Mr Nóbrega; those among us who know the situation in our respective countries can only agree.

Teaching and learning how to be better

Mr Eduard Ravenhorst, from the Netherlands and a member of the European Intermodal Association, spoke on the topic: "The need for change in the management of intermodal infrastructure and the development of a skilled human resource base". In Mr Ravenhorst's view, there was a clear starting point: in Europe, on average, a one percentage point rise in GDP translated into a 1.5% increase in movements of people and cargo. That meant that every year there were more accidents, more motor vehicle congestion, and more pollution, i.e., greater social costs. Thus the time had come to coordinate efforts, innovate and set the stage for a change in attitudes, in so doing heading off chaos and improving the quality of life. In order for that to happen, however, there was a need for human resources that could contribute ideas and sell them -in other words, make them financially viable-, and lastly implement them. Mr Ravenhorst spoke about breaking down mental and cultural barriers that steered things in what on the face of it was a reasonable direction, but which in fact had potentially disastrous consequences. That somewhat unconventional viewpoint was warmly received by the other speakers and participants, and was one of the central themes in the final discussions, a summary of which is given below.

The final discussions at Intermodal 98

The final round of discussions focused on three topics: (1) the need to clearly define the role of the public and private sectors in developing intermodal transport, an issue taken up by Mr Jorge Rivero, the Director of Trade at LAIA, instigator of major institutional projects in the region and technical secretary of the Conference of South American Ministers of Transport, Communications and Public Works; (2) the regulatory framework, a topic dealt with by several of the speakers and developed from a conceptual viewpoint by Mr José Luis Guash, an economist with the World Bank, during his address; and (3) the motivation and training of the decision-makers and actors in the intermodal transport field, an issue taken up by Mr Gerhardt Mueller, Director of the American Intermodal Association and professor at the United States Merchant Marine Academy, with the support of several speakers, including, of course, Mr Ravenhorst. These three topics are in fact closely related, as is evidenced by the section below, but by considering them separately, it is easier to put ideas in some sort of order, thus establishing clearer guidelines for possible future actions.

(1) Links between the public and private sectors

In the debate on how to allocate roles between the public and private sectors, there are two principles that appear to be unchallengeable: first, that policy-making and the establishment and application of regulations are the exclusive preserve of Government, and second, that business should be left solely to the private sector. With this general principle of role allocation established, there are a variety of areas in which both sectors must cooperate; those include the simplification of

administrative procedures, the division of functions, responsibilities and rights in the implementation of those controls, the promotion of discussion groups and analysis of problems, training activities, and the development of shared systems for the collection, supply and exchange of data.

(2) Regulation: instrument of competitive equity

The issue of the regulatory framework is closely bound up with that of role allocation mentioned in the previous point. Discussion on the topic focused on the need to regulate aspects of safety and protection of the environment, and hence establish standards and ensure compliance. In addition, the State has a legitimate role to play in ensuring competition between operators and ideally modes of transport, and in particular in aspects such as assuring equal conditions of access and participation in the supply of services, suppression of unfair practices and abuses of market power, as well as other ways in which the functioning of markets can be distorted. Attention was drawn to the fact that the consolidation of transport operators might lead to reduced competition with respect to supply, a trend seen in almost all transport industries in recent years. In addition, the demand for services is also undergoing consolidation, owing to increased outsourcing of logistics to specialist firms, whose numbers have been decreasing. As a result, logistics firms have ever greater bargaining power vis-à-vis transport operators.

(3) Preparing for the future

Lastly, the participants agreed that preparing those involved in intermodal transport for a change in mentality, training the workforce to operate in the new environment and training executives to administer the future business management systems are without doubt the most important issues to have emerged at the conference and represent the greatest challenge both for firms and for society as a whole. These are the areas that present the greatest opportunities for close cooperation that the public and private sectors need if they are to develop intermodal transport networks in the region and expand linkages with the global economy.

Conference of South American Ministers of Transport: Sustainable development plan for transport

The fourth regular meeting of the Conference of South American Ministers of Transport, Communications and Public Works took place in Buenos Aires, Argentina, in November 1997. The meeting adopted resolution number 35 (IV), which entrusts LAIA and ALAF with the task of carrying out a prefeasability study concerning a master plan for the sustainable development of transport and related infrastructure in South America. This initiative, which was devised in conjunction with the two regional organizations in question, and is now backed up by the relevant ministerial resolution, deserves to be brought to public attention as it is potentially very important.

A common frame of reference

Basically, the prefeasability study, which contemplates the carrying out of research on the supply and demand for transport in the 10 States members of the Conference, is designed to evaluate the suitability and the conditions

under which the ministerial forum can decide to move ahead and prepare a regional master plan that guides decision-making in the areas of both regulating transport operations management and physical infrastructure development.

The initiative was prompted by the need to ensure greater fluidity of the growing volumes of intraregional trade and to reconsider the heavy bias in favour of road transport seen in merchandise and passengers flows. The initiative seeks to provide a new overall view that should lead to greater harnessing of the advantages of each mode of transport as well as the development of integrated regional transport networks. According to this plan, rail and shipping should in the future win back the market share lost to vehicular transport in recent years owing to poor management of railway companies and high port costs, respectively. With that purpose in mind, and assuming the scheduled activities are implemented, by late 1998 the Conference will have before it a proposal that will help it decide on a suitable follow-up to this important bid to think out the challenges posed by integrated transport in South America.

Central America: multimodal transport and the transport master plan

Central America is notable for two wide-ranging initiatives that deserve a mention in this review of current developments in integrated regional transport.

A bold project for Central America

On 1 March 1998, a start was made on a multimodal transport project that is slated to extend over 18 months and should constitute a benchmark for operators, users, and authorities in Central America. The Central American Commission of Maritime Transport (COCATRAM), with headquarters in Managua, Nicaragua, has assumed responsibility for the project, which already has a coordinator, a lead technical expert and a counterpart official who will administer the numerous research activities, proposed reforms and training initiatives provided for in the work programme.

This project, the first in the subregion to be able to count on significant resources, totalling US\$ 1.2 million, is expected to emphasize three major areas: the operating and regulatory environment, information systems and the promotion of multimodal transport.

Also planned are studies on optimizing intermodal transport operations, which necessarily entails analysing, for instance, the feasibility and suitability of constructing inland cargo terminals.

In the area of information systems, the study is expected to put forward solutions aimed at simplifying transport and intraregional trade formalities such as procedures for customs clearance, and port embarkation and disembarkation, integrating them into information systems that help streamline operations and monitor and understand statistics gathered on them.

Lastly, the area devoted to promotion and dissemination activities undoubtedly encompasses the most important aspect of multimodal transport. This consists in publicizing proposed solutions for the project, providing information and training to users so that they can take full advantage of intermodal transport, encouraging potential operators to offer higher-quality services, in so doing enhancing their competitiveness, and, lastly, giving the authorities the opportunity to improve transport safety by making better use of each mode out of

respect for the environment.

SIECA-sponsored master plan

The second initiative of note is one that came under consideration at the twentieth meeting of the Sectoral Council of Ministers of Transport (COMITRAN), held in San José, Costa Rica, on 24 April 1998. The master transport plan, developed by SIECA with the support of the Inter-American Development Bank, still lacks the full funding required in order to initiate operations and see them through to completion; nevertheless, the plan is expected to mark a turning point in the development of transport in Central America.

This plan, which is still in the preparatory phase, seeks to channel investment in infrastructure over the next 20 years by means of a wide-ranging assessment of the current situation, a set of studies on demand and traffic projections that will help formulate policies and projects on infrastructure investment and management of all modes of transport.

The plan is all the more important as it should boost Central America's ability to generate resources within the region while at the same time attracting foreign ventures interested in funding research projects and participating in the future in the infrastructure investments entailed by the master plan.

As part of preparatory activities, SIECA intends to hold a series of consultation meetings in June 1998 with specialists in the field with a view to preparing a strategy for executing the plan.

Association of Caribbean States: Transport operators and trans-shipping centres

The Association of Caribbean States is a recently formed organization that brings together 25 countries in the Caribbean Basin and whose secretariat has its headquarters in Trinidad and Tobago. The first meeting of the Association's working group on maritime and air transport was staged on 29 and 30 April 1998 in Cartagena, Colombia.

This technical meeting, preparatory to the ministerial meeting to be held next June in Mexico, dealt with a number of items, including one related to the central theme of this bulletin: the consultancy study that should determine the appropriate conditions for expanding cargo consolidation and distribution services, as well as examine factors that make it possible to identify the most strategic points for the development of feeder ports in the Caribbean.

This issue is of particular relevance to the subregion, as both the size of its economies and the number and scattered nature of points of origin and destination of trips make it difficult to take full advantage of the benefits cargo consolidation provides in terms of economies of scale. In that regard, any initiative aimed at organizing traffic based on a consolidation and redistribution model could contribute to reducing costs and improving the quality of services. This study, which has yet to be finalized, will be submitted for consideration at the meeting of ministers, where a decision on the matter is expected to be adopted.

Summit of the Americas: Western Hemisphere Transport Initiative

The Executive Committee of the Western Hemisphere Transport Initiative (WHTI) conducted its third meeting in Mexico City on 24 April 1998. As many readers will be aware, WHTI is a process that began in Tampa, the United States, with the First Transport Ministerial Meeting in follow-up to the Summit of the Americas and continued with the second meeting of this forum, held in Santiago, Chile, in 1996.

Up till recently, the Initiative had been conducted in parallel to the Summit of the Americas; however, starting with the second Presidential Summit staged in Santiago, Chile, on 18 and 19 April 1998, the programme of action on transport matters adopted at the second meeting of transport ministers in Santiago has now been incorporated into the Plan of Action of the Americas adopted at the Santiago summit.

This means that henceforth, the issue of transport in the hemisphere will be incorporated as part of the trade integration process taking place in the Americas.

This meeting, which was attended by representatives of ECLAC, considered, among other items, the mission and role of WHTI in relation to the numerous regional transport forums active in the Americas. In an initial approach to the issue, it was proposed that the WHTI might become a focal point for the different transport models in the subregion. It would be understood that the pace of progress achieved and the priorities set, both now and in the past, by each model must be respected as unique to that model, and that it would be inappropriate to interfere with those processes in the interests of handing decision-making power over to a forum covering a larger geographical area, and thus also further removed from the particular circumstances of each model. WHTI should learn from the experiences of each regional scheme in order to promote harmonization among the countries. Following on from that line of reasoning, a proposal was submitted which would allow the WHTI Executive Committee to take in representatives of each regional scheme while still enabling each WHTI member State to participate on an individual basis. The presence of representatives from the subregional level would promote the coordination and exchange of information and experiences, thus facilitating the activities leading to possible future harmonization.

The complex process of integrating transport institutions in the Americas

In order to gain greater insight into the problem of institutional coordination, it is necessary to bear in mind, if only by means of a simple membership chart, the current multiplicity of government forums set up to analyse the transport situation in the Americas, along with future challenges. In light of the prospects for linking up these regions as part of a project like the Free Trade Area of the Americas, this apparent complexity should not be cause for discouragement but instead be interpreted as a sign of the sector's strength in the region and of the importance that addressing the issue has acquired in all spheres of regional integration.

It should also be remembered that it is precisely that fragmentation of institutions that has made it possible to more adequately meet the needs of the States members of each forum; furthermore, though the forums are conducted at the governmental level, each has mechanisms that provide for the consultation and participation of the local business sectors affected.

INTEGRATION AND TRANSPORT IN THE AMERICAS

Grouping	Member States
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WHTI	34 countries (excluding Cuba)
NAFTA	Canada, Mexico, United States
CACM	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama
GROUP OF THREE	Colombia, Mexico, Venezuela
SOUTH AMERICA	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela
ANDEAN COMMUNITY	Bolivia, Colombia, Ecuador, Peru, Venezuela
TREATY FOR AMAZONIAN COOPERATION	Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname, Venezuela
SOUTHERN CONE	Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, Uruguay
MERCOSUR	Argentina, Brazil, Paraguay, Uruguay
ASSOCIATION OF CARIBBEAN STATES	Antigua and Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Venezuela

Note: The list of member States of each regional body includes full members but exclude countries with observer or associate status.

The chart shows that a number of States simultaneously belong to several organizations; a case in point is Brazil, which is a member of four forums operating in South America, as well as the Hemispheric Initiative. The considerable workload involved in following up the work of the many forums aside, it is important to remember that each is a reflection of well-defined historical interests and integration spheres with distinct limits and features.

In that respect, it should be noted that this long list comprises three full economic integration schemes (Andean Community, Mercosur and the Central American Common Market (CACM)); two free trade agreements (NAFTA and the Group of Three); two economic cooperation forums (Association of Caribbean States and the Treaty for Amazonian Cooperation); and three forums that deal specifically with transport (WHTI, and the South America and Southern Cone forums).

A survey of regional transport systems

As part of WHTI activities, ECLAC has been asked to conduct a survey of transport systems and services in the region, with a view to establishing guidelines for improving the safety, efficiency and financial and environmental sustainability of such systems.

This survey should highlight the most important features of transport systems grouped by mode of transport and regional scheme to the extent that the two criteria overlap. This holds true in respect of land transport, and particularly road transport, in the Southern Cone, Andean Community, CACM and NAFTA, but is not true of maritime and air transport.

The third Hemispheric Summit on Transport is scheduled to take place towards the end of 1998; the above-mentioned survey and some proposals for guidelines for WHTI are to be considered at a meeting to be held prior to the summit.
