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TRANSPORT IN THE AMERICAS: LINKING REGIONAL SYSTEMS

On 15 and 16 December 1998, in New Orleans, United States, the third Western Hemisphere Transportation Ministerial Meeting will take place. This is part of a work programme which has been incorporated into the Plan of Action of the Americas.

The Summit of the Americas held in Santiago, Chile, in April 1998, and the adoption of negotiations mechanisms for the Free Trade Area of the Americas constitute two major landmarks of the continental integration processes this year.

The current issue of the FAL Bulletin focuses on the relationship between trade and transport in the Americas, and includes a discussion of transport systems and the supporting integration progress in the continent.

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In April 1998, at the Summit of the Americas, the Economic Commission for Latin American and the Caribbean, ECLAC, was given the task of drawing up a profile of the region's transport systems. The comments contained in this bulletin are taken partly from that profile, which was prepared in the context of the work of the Executive Committee of the Western Hemisphere Transport Initiative (WHTI) and is to be presented at the ministerial meeting in New Orleans. The document looks at transport from the twin perspectives of (i) transport mode and (ii) services in support of the existing regional groupings' international trade.

This study deals with regional integration schemes set up under multilateral agreements, i.e. ignoring bilateral alliances, which, despite being the most common type of agreement in the Americas, in some cases relate to geographically remote areas that make it impossible to analyse the physical integration of the regional transport systems that feed them. The profile looks at transport systems from the viewpoint of their functionality and service to the corresponding integration scheme; in other words, consideration is given to the services, components and infrastructure networks that contribute to trade within the geographic area of a country grouping, as well as between it and its trading partners both in the Americas and beyond.

TRADE BETWEEN REGIONAL GROUPS

The trade patterns of the hemisphere's regional groupings show that exchange between members of the same group has been growing over time. Trade within the western hemisphere between regional groupings has also increased considerably. However, this exchange is still less than trade between the countries of the region and the rest of the world, as well as between individual member countries of each group with some of their trading partners outside it. Notable exceptions to the latter are the three NAFTA countries, each of which is among the other two's top trading partners.

Intra-American Exports in the Americas - 1996
(in US\$ million)



Caribbean: Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago.

CACM: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

Andean Community: Bolivia, Colombia, Ecuador, Peru and Venezuela

Mercosur: Argentina, Brazil, Paraguay and Uruguay (+ Chile as an associate member)

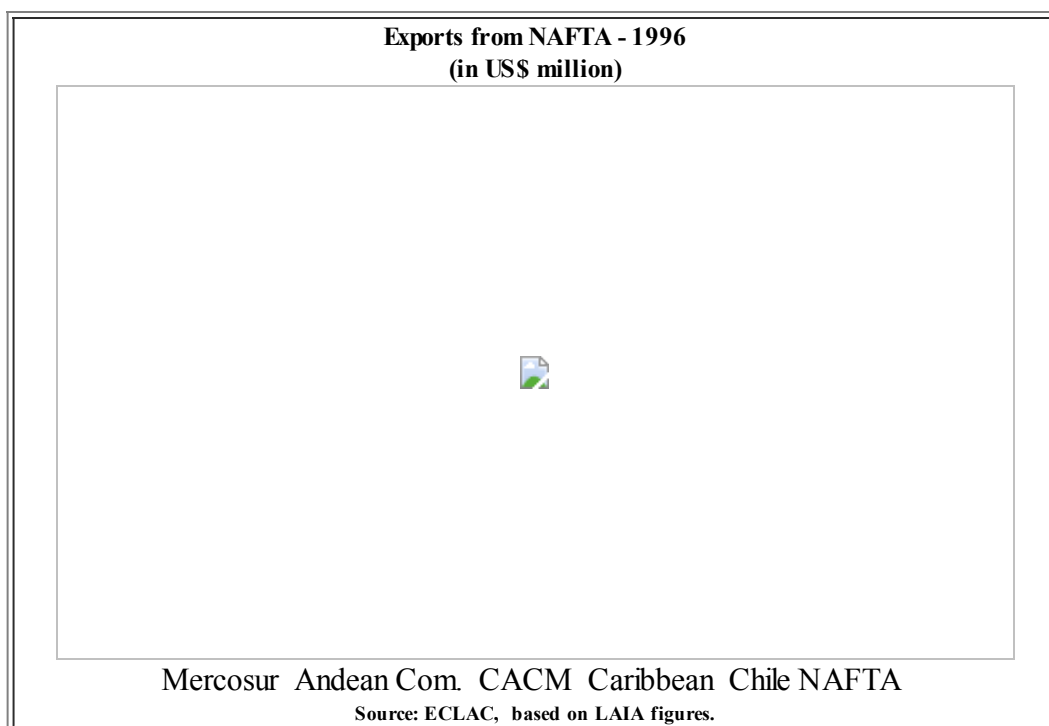
Source: ECLAC's own calculations based on data from the Latin American Integration Association (LAIA), Census Bureau and Transport Canada.

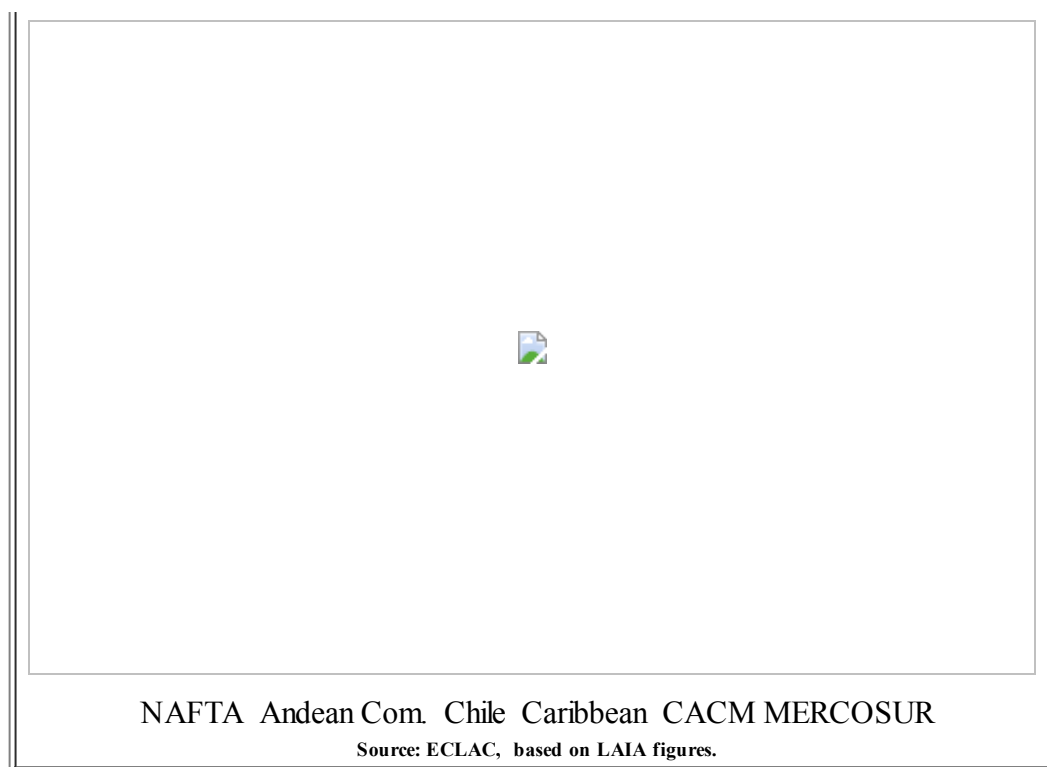
Note: In order to simplify the figure, Chile has been grouped with Mercosur and Panama with the Central American Common Market (CACM); the Caribbean countries also appear as a single group of partners.

The borders and names that appear on this map do not imply support or official acceptance by the United Nations.

INTRA-AMERICAN TRANSPORT MODES

The biggest volumes and values of seaborne trade naturally occur among the regional groups involving the largest economies -- the North American Free Trade Agreement (NAFTA) and the Southern Common Market (Mercosur). Moreover, bearing in mind that trade with countries outside the region is still greater than that with trading partners in the Americas, in practice the maritime transport systems used in trade between the region's groupings are a subset of what the hemisphere's countries use in their trade with the rest of the world. In other words, there is an integration between regional and world systems, such that extra-regional systems have made greater development of services possible within the hemisphere.

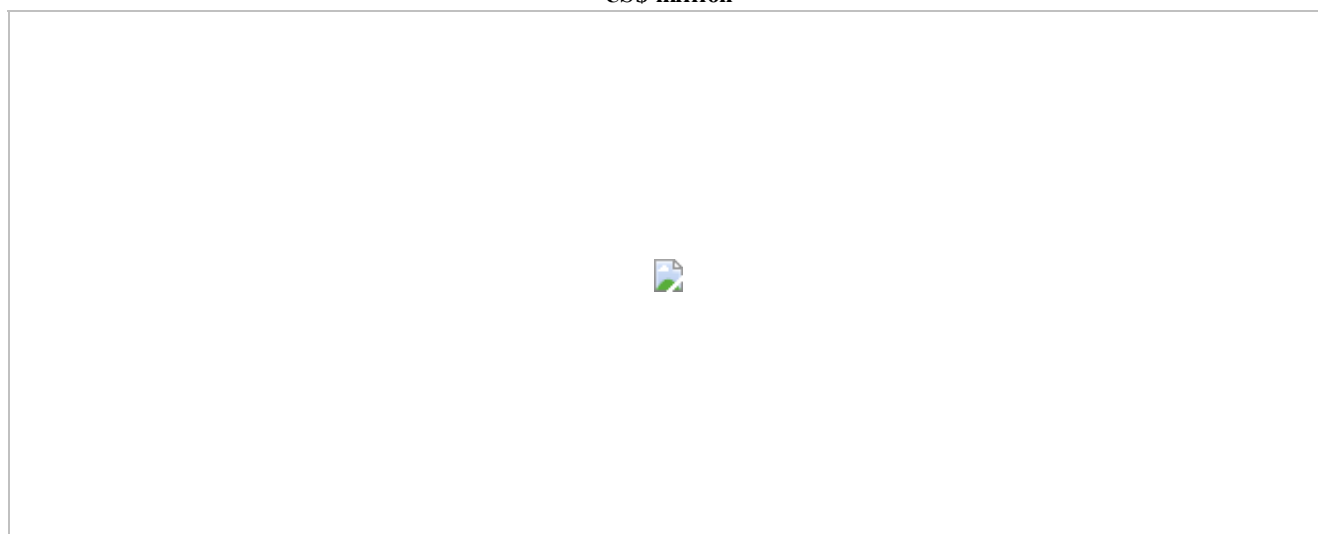




RELATIVE IMPORTANCE OF TRADE BETWEEN REGIONAL GROUPINGS

The relative importance of trade between western hemisphere regional groupings, compared to total exports from each group to the region as a whole, varies considerably between groupings. In 1996, intra-trade in the Caribbean accounted for 9% of that subregion's total exports to the American continent as a whole, whereas 88% of exports from the NAFTA countries to the Americas stayed inside NAFTA. Moreover, intra-NAFTA trade accounted for 93% of western hemisphere exports to NAFTA countries, while, at the other extreme, intra-Caribbean trade amounted to only 7% of total exports from the western hemisphere to Caribbean countries. Mercosur is the most balanced group in terms of the origin and destination of its western hemisphere exports, with 50% and 42% respectively.

Western hemisphere exports compared to intra-subregional exports 1996 - US\$ million




Source: ECLAC, based on figures from LAIA, U.S. Census Bureau and Statistics Canada.

BREAKDOWN OF EXPORT TRADE BY TRANSPORT MODE

Figures for the transportation of exports among regional blocs in 1996 show that maritime transport occupies a preponderant place in inter-group trade, while road transport dominates in terms of the value of goods exported. Among countries that have data on value and volume by transport mode for 1996, 79% of the volume of export trade between these countries went by sea, although this volume was only 33% in value terms. Against this, road transport, with 13% of the volume, carried 49% of the value exported.

As regards the other modes, air transport carries 6% of total value but only a minimal percentage in volume terms. The figures for rail transport are also surprising, strongly influenced by the export movement in Mexico: 10% of value to just 3% of volume. Leaving this country aside, the relation is clearly the other way round for the other countries considered. Mention should also be made of riverborne transportation in Mercosur, which is expected to keep growing in importance in the future.


LAIA countries: breakdown of western hemisphere regional exports by mode of transport					
1996 - Values in US\$ million - Volumes in thousand tons					
Maritime	River	Air	Rail	Road	Other
					

Source: ECLAC, based on LAIA figures.

INTRA- VERSUS EXTRA-GROUP MODES OF TRANSPORT

The analysis of the transport-mode breakdown by export destination complements the above observations, especially in cases where extra-group trade is similar to or greater than trade within the bloc. The importance of sea transport is confirmed not only as regards volume, but also in value terms, whereas intra-group trade is predominantly transported by land.

In the two cases illustrated below -- Mercosur + and the Andean Community-- the maritime mode carries the biggest value of goods exported with 56% and 66% respectively.

Exports from Mercosur +					
1996 - Values in US\$ million - Volumes in thousands of tons					
Maritime	River	Air	Rail	Road	Other
					



Source: ECLAC, based on LAIA figures.

Exports from the Andean Community

1996 - Values in US\$ million - Volumes in thousands of tons

Maritime	River	Air	Rail	Road	Other
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Source: ECLAC, based on LAIA figures.

PROPOSALS FOR THE WORK OF WHTI

As regards implementing the decisions of the Action Plan of the Summit of the Americas, these and other observations give rise to three broad lines of work for WHTI, which could be considered at the next ministerial level meeting. If they are approved, it would then be a matter of commissioning working groups to draw up concrete proposals based on technical studies

▪ **Institutional linking and convergence:**

As in the case of the Conference of South American Ministers of Transport, Communications and Public Works, the ministerial level of WHTI should recognize that its working capital lies in the progress achieved by existing international forums that have contributed, and will continue to contribute, to building a normative and operational framework that has promoted the development of transport systems and services throughout the region.

▪ **Principles of institution-building**

Convergence and integration: WHTI should be capable of receiving normative, organizational and technical proposals and development projects from existing regional forums, while also supporting regional initiatives and collaborating to integrate them into hemisphere-wide solutions;

Policy orientation: WHTI should focus on drawing up proposals to act as frames of reference for the development of mutually compatible regional solutions aimed at linking transport systems throughout the hemisphere.

All agreements or resolutions on transport-related issues adopted to date in the different subregional forums would remain fully in force until they can be improved on and replaced by solutions agreed at the hemisphere level by WHTI. Specialized subregional forums would continue working autonomously, moving ahead on agreements or resolutions relating to issues within their brief. As consensuses are reached in WHTI, guidelines will be agreed to ensure that solutions at the subregional level are increasingly compatible and homogeneous.

To assist it in its operations, WHTI should have a mechanism for coordination and follow-up which would ideally be a regional cooperation agency working with a rotating governmental presidency.

▪ **Standardizing linkage and convergence**

If integrated transport systems are the key to the development of intra-hemisphere trade, the role of WHTI should be to focus on eliminating obstacles to intermodal, maritime-overland and maritime-river transport. This task falls wholly and legitimately within the terms of reference established as a principle for its operation and its coordination with the work of existing subregional transport forums. The following aspects are priorities here, and there are already many experiences and initiatives relating to them, under way throughout the hemisphere:

Facilitation of transport: in particular, solutions relating to customs, as well as sanitary and phytosanitary controls at border crossings and transfer terminals in general, including ports and inland road- or rail-freight terminals.

Technical standards of transport equipment: this is decisive for facilitating loading and unloading operations and, in general, the inter-connectivity and inter-operability of the different transport modes. Defining these standards should be done with the active participation of transport-operator and user sectors.

Safety standards on land, sea and in the air: systems would need to be designed to implement and ensure compliance with ruling international standards on environmental protection and public safety, in the different transport modes, so as to ensure that such controls do not interfere with the fluidity of transport operations.

Development of hemisphere-wide services: this will surely constitute one of the most strategic aspects of the daily work of WHTI. Its achievement largely depends on success in the facilitation, standardization and safety standard categories, but also on linkages with global transport systems. As hemisphere-wide transportation grows, it should increasingly attract services and competition for American operators by firms from other parts of the world. Thus the time will come when the regulation and control of this competition will require the establishment of access criteria to the

hemisphere's transportation markets. In all cases, market access instruments should be in line with what is agreed by the services negotiating group in the context of the Summit of the Americas process.

▪ **Linkage of knowledge networks:**

In the Americas, there is considerable squandering of knowledge about the problems and challenges of transportation in at least two major areas:

- (i) The lack of reliable statistics on international transport flows, when the fact is that customs services in most countries record data on volume, weight, identification of traffic origin and destination terminals.
- (ii) The dispersion and limited diffusion of transport research, and its consequent duplication.

On both issues, and keeping in mind the quality of output in certain public institutions, such as the Mexican Transport Institute, Geipot, Transport Canada, or the United States Department of Transport, not to mention numerous studies by international agencies and universities in the American hemisphere, WHTI could take the initiative by promoting a knowledge and data diffusion network on transport issues in the Americas.

As regards regional transportation statistics, mention should be made of the South American Transport Statistics System project, still in the development phase, which aims precisely to develop a centre for information on international transport flows in South America, based on existing national systems. This same framework could be extended to cover WHTI member countries.

As regards knowledge networks, availability and access to important sources of studies and discussion groups on Internet are in themselves a significant step forward, but an additional effort will be needed for the research to reach decision-making sectors in a refined and organized form, such as to be able to provide a follow-up and reference center under WHTI auspices with a page on Internet.
