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## recursos naturales e infraestructura

# **M**aritime sector and ports in the Caribbean: the case of CARICOM countries

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### Glossary

CARICOM	Caribbean Community
CAST	Caribbean Association for Sustainable Tourism
CCAA	Caribbean Central America Action
Cut	Cubic feet
CIP	Inter-American Port Committee
CSME	Caribbean Single Market Economy
CTHRC	Caribbean Tourism Human Resource Council
CTO	Caribbean Tourism Organisation
ECLAC	Economic Commission for Latin America and the Caribbean
ECSA	East Coast South America
ECUS	East Coast United States
FCCA	Florida Caribbean Cruise Association
IMO	International Maritime Organisation
ISPS	International Ship and Port Facility Security
LCL	“less than container Load”
LoLo	Lift on, Lift off: Cargoes that are loaded and discharged with cranes
NCSA	North Coast South America
NGMTS	Negotiating Group on Maritime Transport Services
NVOCC	Non-Vessel-Ownning- Common-Carriers
OAS	Organisation of American States
PPP	Public Private Partnership
RoRo	Roll on, Roll off: Cargoes are loaded and unloaded with trucks
USD	United States Dollar
VEMS	Visitor Expenditure and Motivation Survey
WCSA	West Coast South America
WISCO	West Indian Shipping Corporation
WTO	World Trade Organisation

## Abstract

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The document assesses of the situation of the maritime sector in CARICOM<sup>1</sup> and presents a series of new observations and issues. Challenges and barriers in the maritime sector, or problems created through inefficiencies in the maritime sector are analyzed for: maritime freight transport, cruise shipping, ports and yachting<sup>2</sup>. Whilst the first three are part of the original structure of the study, the fourth is included to show the full extension of the maritime sector.

To be able to understand the challenges and role of maritime transport in a regional and global context, it is essential to consider the physical geography of the CARICOM region; CARICOM is a “conglomerate” of states that have comparable historical development paths of colonial dependency. The countries are spread out throughout the Caribbean basin and do not form a continuous territory. While cooperation between this diverse group of countries has historically developed slowly, the ambitious goal to create a Caribbean Single Market Economy (CSME) and the enlargement of CARICOM’s membership has accelerated the speed of integration. Common strategies for the CARICOM maritime transport sector are always challenged by regional competitors from outside the CARICOM group. As the CARICOM region is geographically discontinuous, this fact contributes to difficulties in setting up joint strategies and regulatory frameworks, because these might easily be obstructed by the competitors.

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<sup>1</sup> The analysis principally includes all CARICOM countries except Suriname and Haiti. Data and information of these countries were hard to obtain. The few data that was available does not seem sufficient for the authors to include these two countries in the analysis and recommendations. However, where possible, data of these countries was included in figures and illustrations.

<sup>2</sup> Waterborne passenger transport (water taxis etc.) and other auxiliary services (ship chandler, ships yards, bunkering etc.) have specific characteristics and setting that are not included in the study, because they go beyond the focus of this work.

A number of CARICOM countries (esp. Jamaica and The Bahamas) benefit from their intermediacy setting in the principal East-West global trade routes, which pass through the Panama Canal on the one hand and for North-South routes between South America and North America on the other hand. A number of ports have been able to take advantage of their geographical position, because of the ascendant hub and spoke network in global liner shipping. On the contrary the scale of hinterlands and slow port reforms has been a drawback for development of other ports.

The transshipment market carries a significant risk for ports, since shipping lines tend to act footloose in the cost and scale driven container shipping market. The transshipment ports in CARICOM have based their success on different strategies. Freeport uses its unique geographical position and the artificially created barrier to Short Sea Shipping (SSS) in the US by the Jones Act<sup>3</sup>. Kingston has adopted a strategy to tie shipping companies to the port, by developing dedicated terminals and attracting private investment from shipping companies<sup>4</sup>.

Research on freight rates in the Caribbean is of high interest, as it depicts key influencing factors. The empirical analysis discusses how factors like distance between origin and destination of cargo flows, port infrastructure, connectivity, and the number of services among others influence freight rates.

Further, CARICOM countries are part of the most attractive region for cruise ship tourism. However, CARICOM countries suffer from the footloose behaviour of the oligopolistic cruise line industry and the related bargaining power of these lines. Yachting activities have been developing at a high speed and bring new challenges and opportunities for development.

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<sup>3</sup> Jones Act: (Merchant Marine Act) is a United States Federal statute that requires U.S.-flagged vessels to be built in the United States, owned by U.S. citizens, and documented under the laws of the United States. Documented means "registered, enrolled, or licensed under the laws of the United States." In addition, all officers and 75% of the crew must be U.S. citizens. Vessels that satisfy these requirements comprise the "Jones Act fleet". The Jones Act also allows injured sailors to obtain damages from their employers for the negligence of the shipowner, the captain, or fellow members of the crew. It operates simply, by extending similar legislation already in place that allowed for recoveries by railroad workers and providing that this legislation also applies to sailors. Its operative provision is found at 46 U.S.C. 688(a). The Act was enacted in 1920. The chief statute that it extends to sailors is the Federal Employers Liability Act, also known as FELA.

<sup>4</sup> Maersk Line.

## I. Characteristics of the maritime sector in CARICOM countries

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This chapter outlines CARICOM's trade development, in particular maritime freight transport and port development. The overview also describes the characteristics of cruise shipping and yachting services and activities.

### 1. Trade development

In 2002 and 2003 CARICOM trade volumes (tons) decreased almost to levels of 1997. The United States were the most important trade partner (about 60% of all trade volume, see figure 1).

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