

Some Characteristics of Latin American Ports On the 90's Empathizing In Panama

In the past, Latin American public ports mainly served as examples of how ports should not be run. They were over manned and inefficient, and their principal function seemed to be that of a non-tariff trade barrier to protect the domestic industries from international competition. Just like in other developing regions, port authorities in Latin America had far reaching powers, and a public monopoly provided the main services. Such ports, where the government owns the land, infra and superstructure and also provides the stevedoring and all other services, are usually called service ports.

Today, in the case of many Latin American common user ports, this description of the role of the public sector is no longer valid. During the 1990s, the public sector has withdrawn from actual port operations in more and more ports. Many common user ports are now of the landlord type, and some are even completely privately owned, although the public sector maintains the regulatory functions. The results concerning cost and time savings are very positive and have been described in many case studies.

This paper attempts to identify and explain common characteristics of private and public sector involvement in Latin American ports after the processes of privatization in the 1990s. The differences are then compared to socio-economic indicators which relate the motivation and difficulties to attract private investors to variables such as the country's openness to foreign trade and the need to reduce foreign debt.

Many, but small and divided common user ports Latin America does not yet count on hub ports such as Los Angeles/Long Beach in the US, or Rotterdam in Europe. The only exception regarding transshipment is the port of Cristobal Colon in Panama, which comprises several competing terminals.

Privatization of port operations in common user ports completed Panama

The first concession was awarded to Manzanillo International Terminals (MIT) in 1994. This terminal, starting its operations from zero in April 1995, moved 860,000 TEU in 1999, becoming thus the largest container terminal of Latin America.

Other terminals were concessioned to Hutchison and to Evergreen. Together, these terminals can be considered to be a single port in Cristobal Colon on the Caribbean side of the Panama Canal; in 1999 they moved more than 1.1 million TEUs, which made them the largest Latin American container port. Efficiency improvements and the generation of income for Panama thanks to the export of port transshipment services have contributed to the fact that Panama is often used as the most successful example of Latin American port privatizations.

Nevertheless, even in Panama the Privatization process has not been without criticism. Due to the adopted legal framework, the government was left with very little leverage to ensure the installation of waste reception facilities and general environmental protection.