

The clock is ticking for the Maritime Logistics Center in Ponce

BY RAFAEL HERNÁNDEZ COLÓN



Six years ago, I wrote a column in CARIBBEAN BUSINESS titled, “The clock is ticking for the Port of the Americas.” The column began with a paragraph that said: “Public administration is different in many ways

from corporate administration. One reason is that the top administrators have a limited time—four years—to accomplish what they set out to do. To work effectively within that timeframe, they must resist the lure of ‘good ideas’ that continuously crop up to alter strategic planning. They must be aware that the clock is ticking.”

The column ended with a sentence referring to the failure of the first request for proposals issued by the then recently created Administration for the Port of Las Americas and the need for a new proposal. “The administration of the Port had a bad experience when it attempted its first request for proposals. It shouldn’t complicate matters for the second request, which is long overdue. The clock is ticking.”

Time was finally up for the Aníbal Acevedo Vilá administration, and time was finally up for the Luis Fortuño administration, and the port didn’t get underway. The Sila María Calderón and Acevedo Vilá administrations pumped \$250 million in infrastructure for the port. The Acevedo Vilá administration acquired two huge cranes that arrived during the Fortuño administration. But still, the port didn’t get underway. The Fortuño administration came to the conclusion that the port was no longer viable as a transshipment port and changed the strategic concept to that of a logistics center, that was unfortunately called “*la solución ponceña*” (the Ponce solution). Unfortunately, this gave the impression that this was a solution for Ponce while, in fact, the strategic concept is one for the whole of Puerto Rico.

Back in 2000, the Puerto Rico government received the fruits of labor of the world-renowned maritime economist, Dr. Ernst Frankel, who was commissioned to conduct a feasibility study for a transshipment port in Puerto Rico. Dr. Frankel’s work, as well as additional statements made by him and published in news articles in the years afterward, warned that the Port of the Americas, as it was soon called, had a window of opportunity and was threatened by the developments of other transshipment terminals in the Caribbean. One such article published on June 28, 2001, in The Puerto Rico Herald, stated: “Frankel says Puerto Rico has to market the Port of the Americas before the end of the year...” Dr. Frankel himself was quoted saying: “Once the major

maritime industry players are all committed, we have no chance.” As the history of the project demonstrates, even with the injection of \$250 million provided by the Puerto Rico government, spent on development, port infrastructure and equipment, from 2005 to 2008, the window of opportunity was lost and a white elephant was born.

The key to achieving these goals is to insert the port in the global supply chains and offer myriad logistical services not available in the Caribbean. We are now running against the clock if we are to get the port underway.

The logistics center proposed to substitute the transshipment port rests on the infrastructure built for the Port of Americas, the most modern facility on the island, and using the domestic market as a catalyst. It will have a broad, positive effect on the competitiveness of Puerto Rico, not just the southern region, and will realize the original goals of the project to foster economic growth. The key to achieving these goals is to insert the port in the global supply chains and offer myriad logistical services not available in the Caribbean. We are now running against the clock if we are to get the port underway.

The latest issue of Caribbean Maritime magazine, the Caribbean Shipping Association’s official publication, highlights a number of key developments in the Kingston, Jamaica; Freeport, Bahamas; and Caucedo, Dominican Republic logistics centers that are based on the exact same opportunities identified for our logistics center.

First: Kingston. Kingston’s transshipment terminal was a main competitor of the Port of the Americas at the onset of the development in Ponce. Back in 1997, Kingston handled roughly 500,000 TEUs (Twenty-foot Equivalent Units). At present, Kingston has managed to run a successful strategy for its container terminal leading to an expected record yearly throughput of two million TEUs this year, making it the biggest port in the Caribbean. As reported in Caribbean Maritime about the development of a logistics hub: “The proposed logistics hub has emerged in Jamaica as a national project and the centerpiece

of the country’s maritime strategy. In scope and implications it represents the single largest project to be undertaken by the government of Jamaica for decades. Currently, efforts are being undertaken at all levels of the government to organize a framework that will enable the project to ‘catalyze several export-driven manufacturing and service industries.’”

Second: Freeport. The Port of Freeport opened its doors in 1997. At its peak in 2008, before the world economic recession, Freeport handled upwards of one million TEU’s a year. The next plan is to build a sea/air business center as the cornerstone of its own logistics hub development, which includes a 741-acre park earmarked for manufacturing, warehousing and distribution. Freeport has already developed the policy for the industrial park in which there would be no taxes on capital development and supplies for businesses. The Freeport container port already ships directly to more than 270 ports worldwide.

Third: Caucedo. Caucedo is the latecomer on the list. Built in 2003, Caucedo grew its business swiftly and reached the one million annual TEU throughput mark by 2010, when it ran out of space. Current expansion plans are in progress to allow the facility to handle 1.45 million TEU’s by 2014 and 2.3 million TEU’s after 2015. Not to be outdone, Caucedo is also building a 30-acre logistics center, which it expects to open in 2014. As mentioned in the Caribbean Maritime article: “The Caucedo Logistics Center will give the port and the country a competitive advantage by offering a logistics platform that facilitates international commerce.”

These developments in the Bahamas, Jamaica and the Dominican Republic have set the clock ticking once again for Puerto Rico. To start out competitively, our logistics center must do as Jamaica: Make this a national project and the centerpiece of our maritime strategy by undertaking the effort at all levels of government to get the port started, get an operator and with this momentum, organize a framework that will enable the project to “catalyze” several export-driven manufacturing and service industries. To get this done, a joint venture must be set up between the central government and municipal government, which holds the franchise for the port. The clock is ticking. ■

Rafael Hernández Colón is a three-term (12-year) former governor of Puerto Rico (1973-76 and 1985-92). He served as Justice secretary (1965-67) and Senate president (1969-72). He was president of the Popular Democratic Party for 19 years. Comments on this article are welcome at caribbeanbusiness.pr. Go to the “Sign in” link on the homepage to participate. Emails also may be sent to column@caribbeanbusiness.pr.