

ASOPORTUARIA UPDATE

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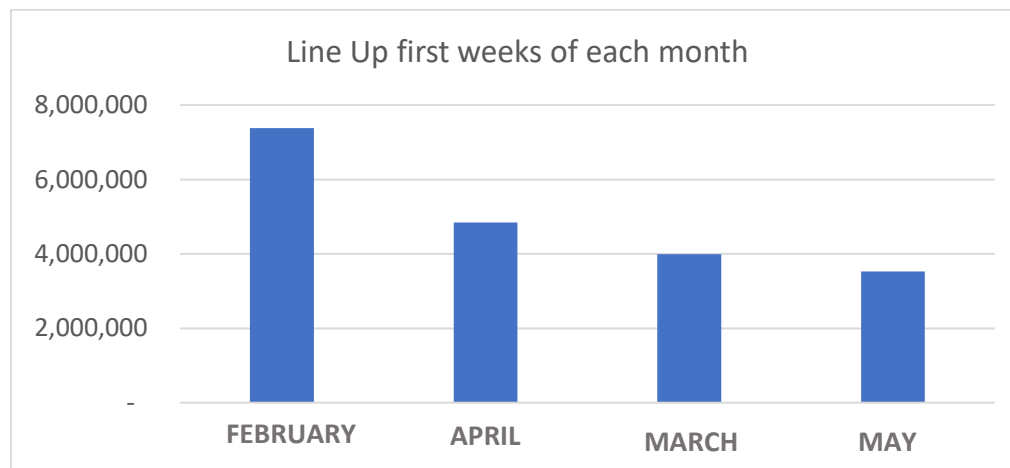
The port sector Post COVID - 19

Almost three months have passed since the global outbreak of the Covid Pandemic and more than 2 months after the ordering of emergency measures and preventive confinement in Colombia, the health emergency is still latent, several sectors have been reopened with strict bio-sanitary protocols and the next challenge seems to be how to reactivate the economy without risking a new outbreak.

This seems to be understood by the central government and local administrations, who have been developing plans and programs for the reopening of more sectors, economic reactivation and coexistence in the face of this new scenario.

From ASOPORTUARIA, we are convinced that the port sector will be vital in this reactivation stage, guaranteeing that the exporting productive apparatus has competitive alternatives to continue reaching international markets, that industrial importers and merchants receive the best conditions from ports to ensure continuity in their logistics chains, and that prioritizing the safety of all our collaborators, we will manage to get ahead of this difficult stage.

This does not mean that difficult times are not coming. In the port and foreign trade sector, we see a delay regarding what happens in the country's economy. For example, the imports that arrived in the country in March and April are mostly orders of more than two months ago, when the impact of the pandemic had been dimensioned. This may mean that in the months of May to July there should be a significant decrease in cargo.



Source: Line Up. Does not include containerized cargo or liquid cargo

In a recent forum in which ASOPORTUARIA participated about the overview of the port sector in Colombia, we emphasized this impact on the cargo that passes through the terminals, which to date had not been dramatically impacted, but which was already by the end of April and early May, saw the first symptoms of decrease.

But this also forces port terminals to be ready for the reactivation stage, which we are sure will come in force. Some opportunities are already being seen in exports of crude palm oil, in imports of food and derived raw materials, and in river transport, seeking greater competitiveness, to name a few.

What will Covid-19 leave for the port sector?

The problems caused by the Covid-19, should leave the port sector, as a positive part, greater efficiencies in operations, the elimination of unnecessary paperwork and the acceleration of automation processes and the digital revolution.

The role of the government

The central government, through Decree 482 of March 26, 2020 in its Article 27 established:

“Article 27. Deadlines for port concessions. Regardless of what is established in Article 8 of Law 1 of 1991, the entities granting port concessions may extend the terms of extension of the concessions provided for in the contract, for the time they deem necessary to recognize the proven effects that eventually generate in the economy of the contract the provision of the service in its ports, during the time of declaration of emergency, taking into account the contractual risks and the recovery of the value of the investments made.”

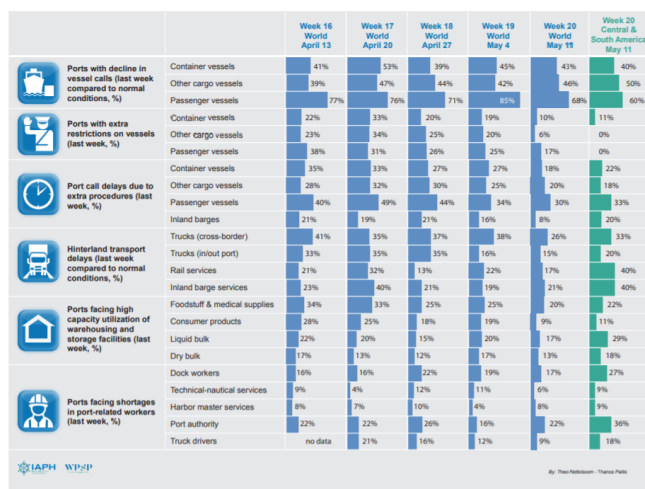
It is important that a clear procedure is established for the implementation of this Article, which clearly includes the times that the effects of the pandemic will be recognized, taking into account the aforementioned on the "delay" in the port sector, in the sense that the negative effects do not necessarily coincide with the times established by the economic and health emergency decreed by the government.

On the other hand, different business unions, including ASOPORTUARIA, continue to insist that some contractual obligations be reviewed, such as payments in dollars, the reprogramming of investment plans and the treatment of updates to said plans. This, to guarantee that the contractual balance is maintained and that the sector can, as mentioned before, be an active and important part in the new stage of economic recovery.

Impact in Latin America

A recent IAPH report, on the port sector in Latin America, shows the impact of less cargo compared to previous weeks (40% of the terminals that handle containers respond to having received less cargo, while 50% in the case of terminals moving general cargo). Likewise, it shows an impact derived from delays and difficulties in land connections, a situation in which Colombia has not been unaware and that the government has dealt with in a timely manner.

WPSP-IAPH COVID-19 Dashboard



Results based on surveys of ports worldwide, six weeks to May 11, 2020

SOURCES: IAPH – WPSP

20 Port Authorities around the world ask that port and maritime activity continue to be guaranteed

According to Sea Trade Maritime News, in an initiative led by the Port Authority of Singapore, the most significant group of ports in the world, including Authorities in Europe, Asia, North America and the Middle East, asked the governments of the world to keep guaranteeing the operations of the ports, committed to the implementation of good bio-security practices to control the spread of the pandemic.

The Round Table of Port Authorities, as it is known, reiterate that it is precisely in these moments of crisis and uncertainty, where the role of ports, shipping lines and all the actors that allow vital products to supply and keep economies alive, continue to circulate without major impacts on supply chains.

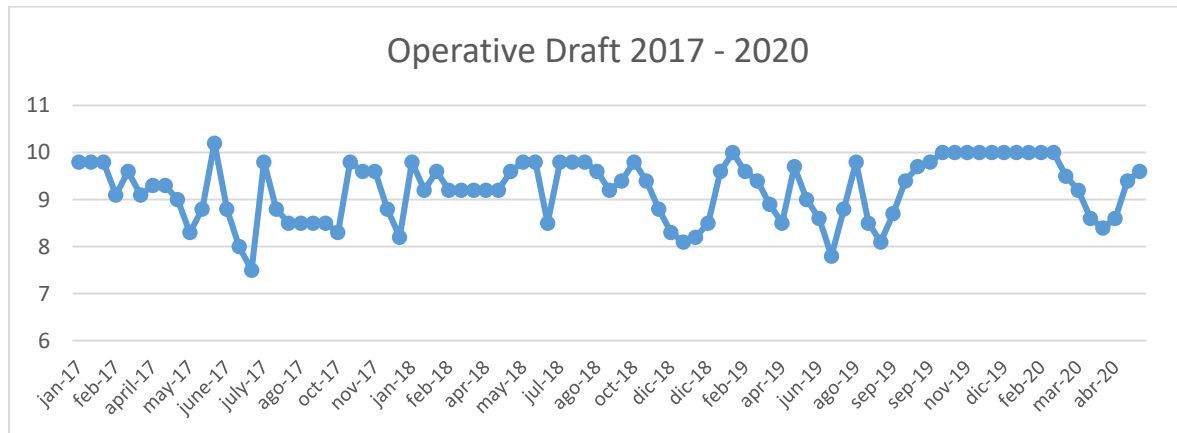
Draft in the Port Area of Barranquilla, with slight improvement

In May, ASOPORTUARIA and its affiliates participated in two round tables convened by the Office of the Comptroller General of the Republic, with a view to regularizing the contract between Findeter and Shangha Dredging.

At these tables, ASOPORTUARIA insisted that the object and spirit of the contract is the “MAINTENANCE OF THE CONCEPTUAL NAVIGABLE CHANNEL OF REFERENCE 2020 THROUGH DREDGING OF THE ACCESS CHANNEL TO THE PORT OF BARRANQUILLA” and that the scope of the project includes a channel design, with depth and width specifications that allow a specific operational draft. In fact, it is established in the contractual documents that *“the depth levels previously established must be complied with by the contractor, so that these levels are sufficient for the maritime authority, in the exercise of its functions, to authorize an operational draft of 10.20 meters in the navigable channel.”*

In this order of ideas, the Comptroller urged Contractor and Contracted to present a plan, with a view to arriving at the design of the canal as soon as possible, so that the competitiveness and security of the Port Zone of Barranquilla can be guaranteed. This plan indicates that a draft of 9.8 should be quickly obtained throughout the canal up to the Barrio Abajo turning area, and during June the conditions would be achieved to reach a depth of 10.20 meters. Asoportuaria has reiterated that a single operational draft is needed for the entire navigable channel, including the turning areas, without restrictions, as stipulated in the contract.

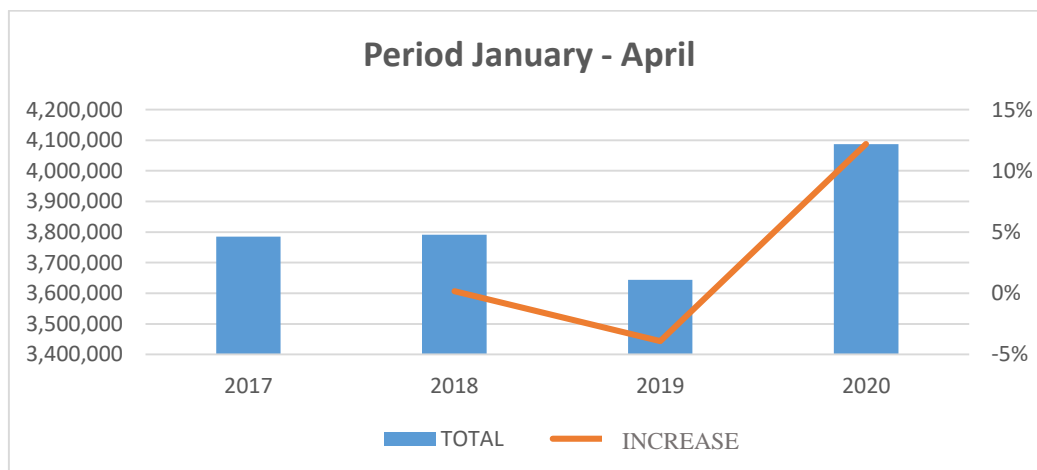
Parallel to this, the dredger continued to advance in the Bocas sector and in the internal zone, which allowed a slight improvement in the security message from the Ports Captancy.



Source: Security messages from the Port Authority

Movement of Cargo to April in the Port Area of Barranquilla

Although there is evidence of 12% growth compared to the same period of the previous year, there is evidence, as mentioned above, of a slowdown in the load mobilized. Logically, there is an effect of the lower draft conditions, represented in about 140,000 fewer tons that had to be lightened or stopped exporting, as a result of the restrictions.



SOURCE: ASOPORTUARIA

Forum on the new National Logistics Policy Conpes

More than 140 people joined us at the forum organized by ASOPORTUARIA, held on April 29. In it, the government shared the components of the National Logistics Policy, the country's objectives and the main achievements to date, where intermodalism through the rail and river mode stands out.



ASOPORTUARIA present in the Forum on CHALLENGES AND OPPORTUNITIES OF THE PORT SECTOR

Organized by SEAONET, we had the opportunity to share our vision of the port landscape in Colombia, where we came from and where we are going after the crisis caused by the pandemic.



* The information contained herein is based on figures and data obtained by ASOPORTUARIA using different sources, mainly that of its own affiliates, and is intended to serve as a guide and orientation for the port and logistics sector. ASOPORTUARIA is not responsible for the decisions or actions that are taken based on the information expressed herein.