

State of Transport Infrastructure in Latin America and the Caribbean

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Agenda

- Brief World Bank Overview
- Latin America and the Caribbean– Facts and Figures
- Primary Components to Freight Transport System
 - ❖ Fixed Infrastructure
 - ❖ Trade Facilitation
- Key Messages

The World Bank Group



The International Bank for Reconstruction and Development

Established 1944 184 Members

Cumulative lending: \$407.4 billion

Fiscal 2005 lending: \$13.6 billion for 118 new operations in 37 countries



The International Development Association

Established 1960 165 Members

Cumulative commitments: \$161 billion (includes credits, grants, and guarantees)

Fiscal 2005 commitments: \$8.7 billion 160 new operations in 66 countries



The International Finance Corporation

Established 1956 178 Members

Committed portfolio: \$24.6 billion (includes \$5.3 billion in syndicated loans)

Fiscal 2005 commitments: \$5.4 billion for 236 projects in 67 countries



The Multilateral Investment Guarantee Agency

Established 1988 165 Members

Cumulative guarantees issued: \$14.7 billion (includes funds leveraged through the Cooperative Underwriting Program)

Fiscal 2005 guarantees issued: \$1.2 billion



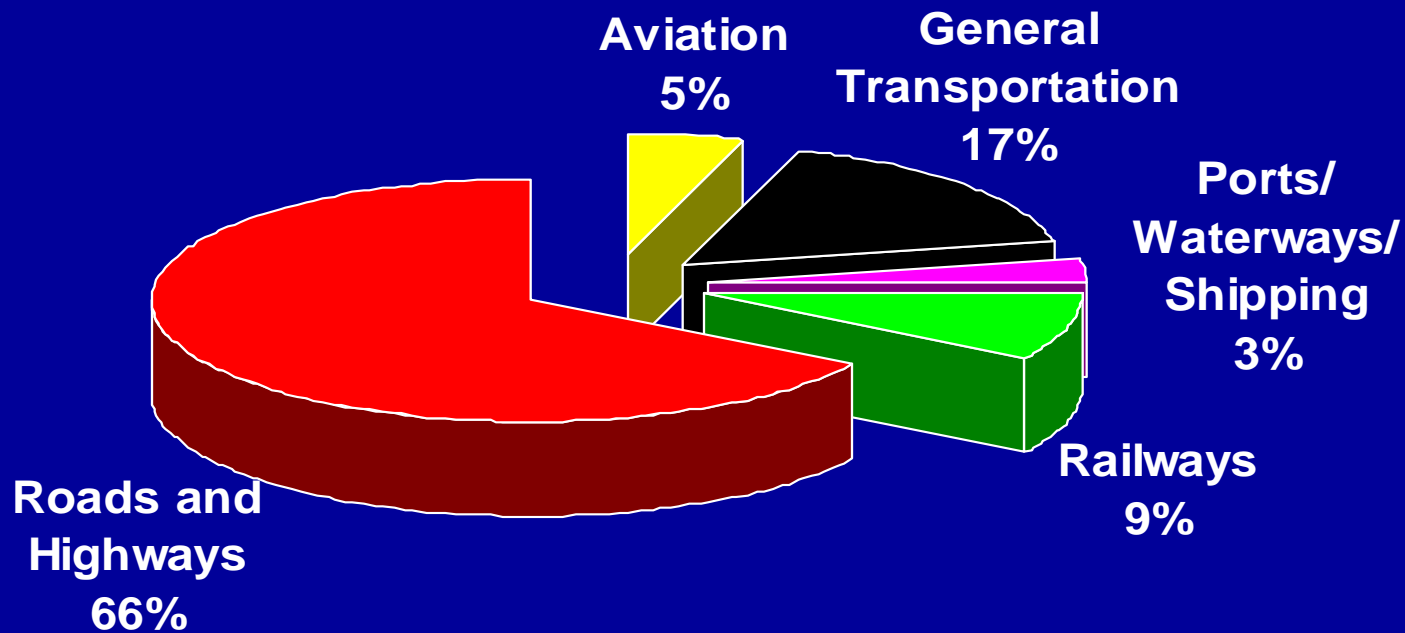
The International Centre for Settlement of Investment Disputes

Established 1966 142 Members

Total cases registered: 184

Fiscal 2004 cases registered: 25

Total Transport Lending 2002 to 2005: US\$3 billion / 25 projects per year



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Latin America and the Caribbean (LAC) Facts and Figures

	LAC	World	Share/Index of World
Population (2004, million)	546	6,400	8.5%
GDP (2004, current US\$ trillion)	2.0	41.3	4.8%
GNI per capita (2004, current US\$)	3,575	6,328	0.56
Fixed & Mobile phone subscribers (per 1,000 people)	497	470	1.05
% of urban population with access to improved sanitation facilities (2002)	82%	79%	1.03
Container Port Throughput (TEU, million)	25.1	356	7.0%

Sources: World Development Indicators Database

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Rail Infrastructure Diversity



MRS train on the bridge that links Guaíba Island to Itaguaí (Rio de Janeiro) on the continent (www.mrs.com.br)

Rail Infrastructure Diversity



Coconut Loading Station, Costa Rica

Port Infrastructure Diversity



Cartagena, Colombia

Port Infrastructure Diversity



Port of Belize Ltd.

Road Infrastructure Diversity



Northern Access, Buenos Aires

Road Infrastructure Diversity



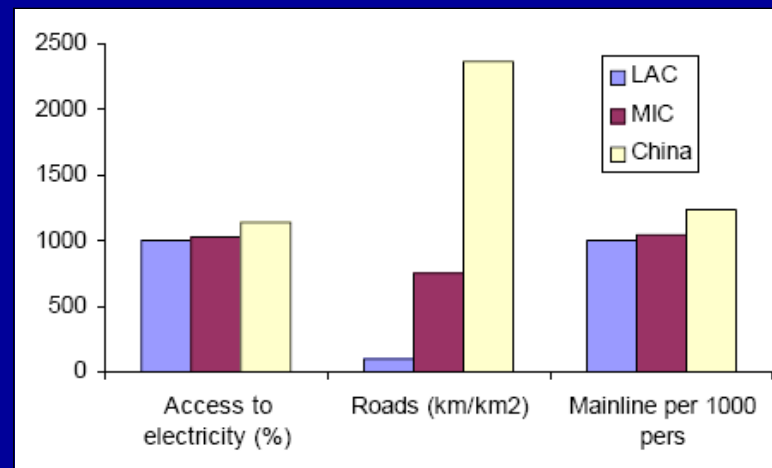
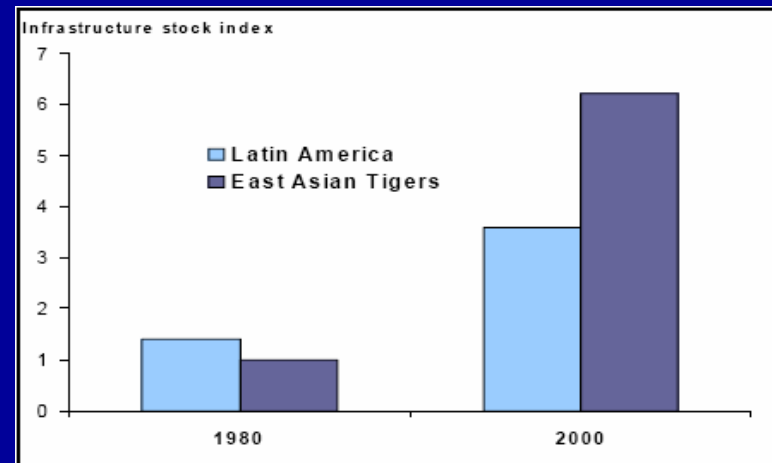
Guatemala - Honduras Border Crossing

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Infrastructure Stocks Have Lost Ground

- Infrastructure gap has widened with Asia
- Quality has improved, but still lags behind competitors
- Still a sharp divide between rural and urban coverage within countries

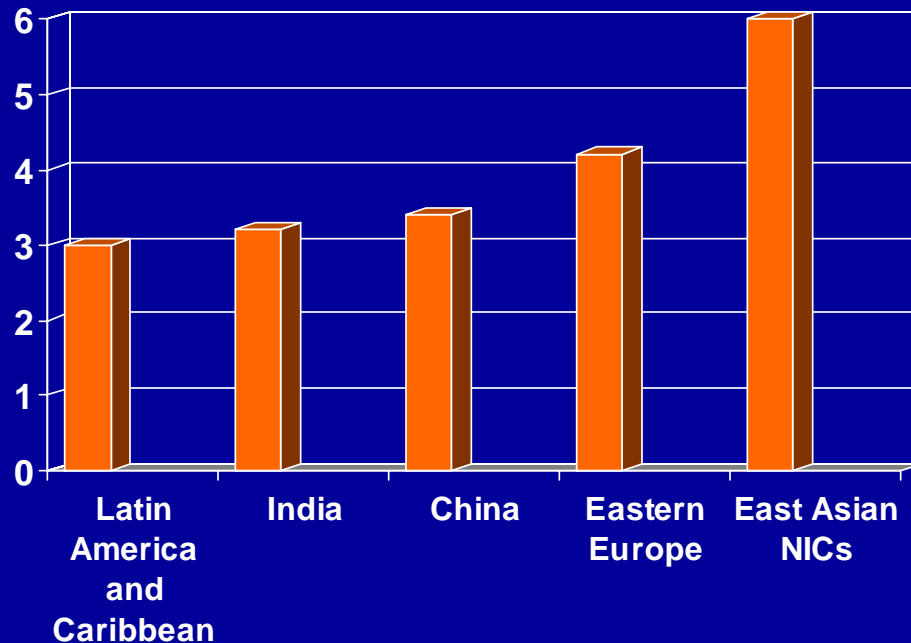


Private Participation in Infrastructure (PPI)

- Total investment in infrastructure fell from 3.7 percent of GDP in 1980-1985 to an average of 2.2 percent in 1996 -2001.
- LAC did exceptionally well in attracting 50% of the US\$ 786 billion worth of projects with PPI to the developing world between 1990 – 2003.
- However, private flows were not enough to offset the reduced public sector investment.
 - ❖ Six countries absorbed 93% of LAC's PPI.
 - ❖ Legal and Institutional reform were not ready for PPI
 - ❖ Often PPI transactions were flawed in design and led to renegotiation

Infrastructure Performance Impacts Perceived Competitiveness

World Economic Forum:
The Latin America
Competitiveness Review 2006

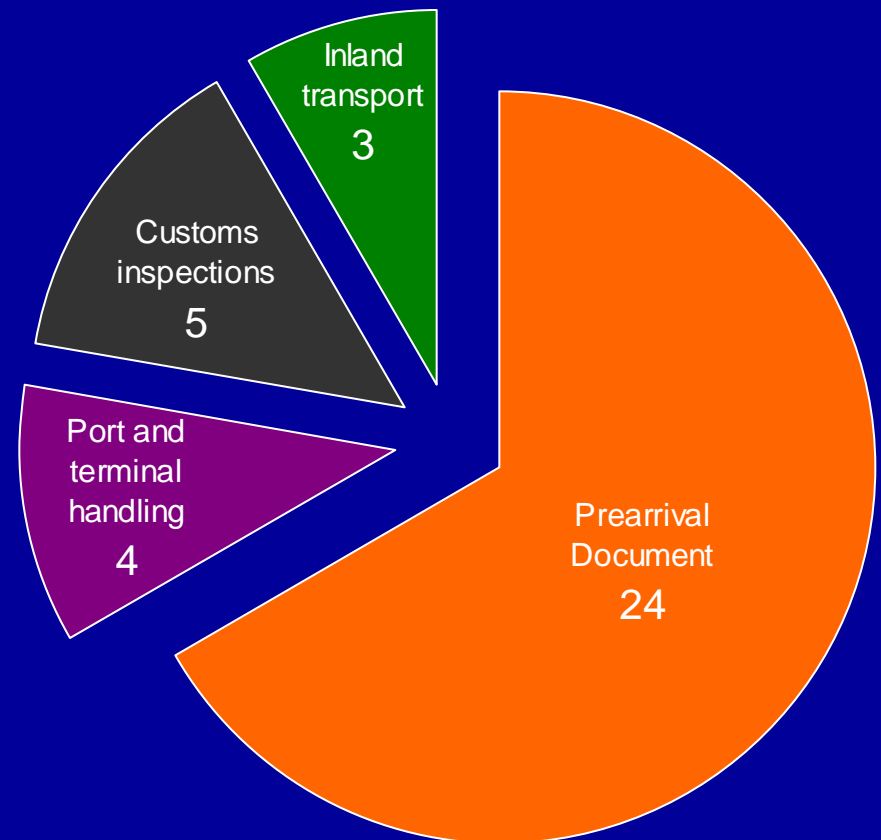


- Performance varies greatly among countries – some compare to OECD countries while others to Africa
- Contributes to high logistics costs and requires high inventory levels
- Detracts from private sector participation

Trade Facilitation

- Fixed infrastructure in LAC countries accounts for only 7 out of 36 days to import goods – not including time at sea
- Most effective reforms in reducing regulator and transport costs of trading
 - ❖ Electronic document filing
 - ❖ Use of risk assessment policy for inspections
 - ❖ Regional with reform of customs and transport rules

Days to complete importing stages in LAC



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Key Messages for Bringing LAC to Higher Levels

- More investment needed in infrastructure – currently spending 2% of GDP – but 4-6% p.a. needed to catch up with middle income countries
- “Governments need to spend better”
- Governments remain at the heart of infrastructure service delivery
- Increasing private participation in infrastructure will require building on lessons of the past
- Significant competitive gains can be made in improved trade facilitation



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