State of Transport Infrastructure in Latin America and the Caribbean

XV Latin American Port Congress
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Brad Julian
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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

- Roads and Highways: 66%
- Railways: 9%
- Ports/Waterways/Shipping: 3%
- Aviation: 5%
- General Transportation: 17%
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# Latin America and the Caribbean (LAC) Facts and Figures

<table>
<thead>
<tr>
<th></th>
<th>LAC</th>
<th>World</th>
<th>Share/Index of World</th>
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<tbody>
<tr>
<td>Population (2004, million)</td>
<td>546</td>
<td>6,400</td>
<td>8.5%</td>
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<td>GDP (2004, current US$ trillion)</td>
<td>2.0</td>
<td>41.3</td>
<td>4.8%</td>
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<td>GNI per capita (2004, current US$)</td>
<td>3,575</td>
<td>6,328</td>
<td>0.56</td>
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<td>Fixed &amp; Mobile phone subscribers (per 1,000 people)</td>
<td>497</td>
<td>470</td>
<td>1.05</td>
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<td>% of urban population with access to improved sanitation facilities (2002)</td>
<td>82%</td>
<td>79%</td>
<td>1.03</td>
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<tr>
<td>Container Port Throughput (TEU, million)</td>
<td>25.1</td>
<td>356</td>
<td>7.0%</td>
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Sources: World Development Indicators Database, Drewry Shipping Consultants
Rail Infrastructure Diversity

MRS train on the bridge that links Guaíba Island to Itaguai (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

Source: World Bank; Infrastructure in Latin America & The Caribbean, Aug 2005
Private Participation in Infrastructure (PPI)


- 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

Source: World Bank; Infrastructure in Latin America & The Caribbean, Aug 2005
Infrastructure Performance Impacts Perceived Competitiveness

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

World Economic Forum: The Latin America Competitiveness Review 2006
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

Source: World Bank (IFC); Doing Business in 2006
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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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