

# Opportunities in Argentina's transport and logistics industry

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In spite of the negative image created by headlines as a result of the economic crisis, the Argentine economy revolves and spatial developments and the accompanying obstacles give rise to opportunities for Dutch knowledge and innovation.

On the way to Buenos Aires for a discourse on port and corridor development I studied inter alia the history of Argentina. The intention was to understand the Argentinian context of this topic and to learn more about the culture, governance and the run-up to the Argentina of today. My image of a developed and prosperous country was obviously strongly influenced by news of the recent economic downturn. Argentina, not so long ago the most prosperous country in South America and early twentieth century even one of the most prosperous countries in the world experienced periods of alternating strong growth and equally strong decline. The potential to grow again is present and the opportunities are visible.

As is the case in many ports, the port of Buenos Aires too struggles with space. Developing ports, the city they supply they are provided by grow towards one another. Intervention

comes late and the port generally needs to give way. The city's value is bigger and it makes more sense for the port to move to a place with better connectivity development options. This applies to both hinterland and sea connectivity. Economies of scale cause vessels sizes to increase so the port's struggle is likely to increase even more. Although Buenos Aires is at the end of the logistic line and the relevant vessel size will remain available, this total availability will decrease pushing prices up. Eventually full scale port relocation seems inevitable.

It would make sense to relocate the port entirely by gradually relocating its cargo to a port like La Plata. Why this particular port is not located even further outward and closer to deep water remains a question, however construction and maintenance of an access channel will always be more economical due to its location and hence from an economic-nautical perspective La Plata has a good chance in the longer term if the right business development strategy is applied. Buenos Aires in the meantime would not be the first port that is transformed into an attractive waterfront with commercial and residential real estate. This could potentially turn out to be an

economic accelerator itself. Depending on the real estate market, the business case of the waterfront development might even be able to cover a part of the port's cost of relocation. In the meantime La Plata could focus on the role a transshipment hub for Rosario, aiming at speed by partially offering ship-to-ship services. These are large scale improvements that provide opportunities to many service providers active in the industry.

Relocating cargo is however complicated by the fact that such changes are strongly influenced by the establishment and perhaps only possible if supported by a common transport vision serving socio-economic objectives and regulating ports, rail, barge and road. The challenge is further to create detailed understanding of feasibility with all stakeholders so conditions placed are fair and proportional but do not hamper success. It is challenging to apply suitable new working methods that depoliticize the development of networks and corridors, for instance by researching public private cooperation in which case investment, risk and revenue are shared with a large private institution.

If such institutional improvement cannot be accelerated in due course improvement on port level

is still a necessity. A key to success is to be found in the development of a more efficient hinterland system. One way to do this is by developing a more advanced multimodal rail system to replace the current one. Currently the modal split in favour of rail is modest and with better prediction of cargo origin, destination and service level it should be possible to create block trains that form a financially viable and attractive alternative to road transport. If a substantial part of the container traffic is shifted, this would relieve pressure on the road, contributing to solving another issue. The port has a rail connection but terminals are responsible for their own rail shipment. The city has limited influence in the port and vice versa, the line of jurisdiction runs directly behind the terminal areas. Neither does the city have an explicit interest in the port (other than as an access/entry point for basic needs), so they do not seek further synergies. Developing such cooperation would create various mutual opportunities (education and knowledge, industry and industrial beneficiation). The city is a capacity provider for the port and the port is an employer and

by measuring origins and destination of all cargo that passes the port. A major part has no business with the port but instead passes by travelling North – South and vice versa. The question is whether this is general traffic supporting the city or it supports decentralized centres of gravity. Improved information systems connecting a wide network of logistical players could be key.

Ideally would these issues be tackled on a much higher scale by not only rethinking the future of the port at this location but also

## Opportunities for the Dutch sector identified in Buenos Aires

	Research, consulting, engineering	Construction, Dredging and Equipment	Shipbuilding	Education and training
				✓
1. Institutional development transport sector	✓			
2. B.A. port redevelopment plan (land reclamation)	✓	✓		
3. Road traffic monitoring and smart traffic management systems	✓	✓		✓
4. La Plata port business development	✓			
5. Buenos Aires waterfront development	✓	✓		
6. Paraguay export corridor development		✓	✓	✓
7. Buenos Aires - Montevideo port management cooperation	✓			✓
8. Buenos Aires (port) multimodal hinterland connectivity	✓			✓
9. Integrated Port management information systems	✓			✓
10. navigable depth monitoring	✓			