

## TOP TRENDS in 10 industries



## Cargo transportation industry's volumes said on the upswing

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Historically the transportation industry, both maritime and air, has been a direct barometer of the state of the economy. In a growing economy, cargo volumes tend to increase, while the opposite happens in a weak economy.

During the last three or four years, cargo levels in Puerto Rico have been going down because of the ongoing criollo recession. Industry figures show that from 2008 to 2009, cargo volumes dropped by approximately 12%. During 2009 and early 2010, however, the decrease slowed to 2.2%. The good news now is that most companies in the industry agree that year-to-date volumes have been on the upswing.

"We are in the peak season of the year. Traditionally, during the months before Christmas, retailers increase their inventories to meet consumer demand. What happens from now until December will give us a good idea of whether this trend will hold," said Hernán Ayala, president of the Puerto Rico Shippers Association. "Cargo volumes from the Far East, Central America and Europe have been steadily increasing throughout the year. We see this as a sign of economic recovery. The only commodity that has remained stagnant is construction materials."

Industry initiatives to attract clientele, such as



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—José Nazario, senior vice president of  
Caribex Worldwide

offering additional services, could be helping drive up cargo volumes.

"Our volume has seen a 7% increase over last year," said Ned Lagoy, vice president and general manager of Sea Star Line. "Today, customers demand additional services besides the ones we have traditionally offered. We are on a continuous search for ways to meet these new requirements. We now offer complete logistics solutions that include point-to-point delivery services, and we also offer a refrigerated-container monitoring system that allows the customer to monitor their cargo while in transit. These initiatives have paid off."

José Nazario, director of finance & administration at Crowley, agreed with these observations.

"Automobile imports declined over 50% starting in 2005, when they peaked. This year we have experienced a 20% increase in this sector," Nazario said. "Foodstuffs and department store merchandise volumes remained stable during these past years, but construction material volumes remain very low. Nevertheless, we expect this to change because important new public and private construction projects are ready to start next year. These new projects should create demand for construction materials and we should see an increase in cargo volumes."

Most agree that because of the surplus of space

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in cargo vessels, the rate structure in the maritime transportation industry has been on the low side for the past two years. Edwin Javier Pérez of Puerto Rico Supplies, a food and consumer goods importing company that does business with all of the major shipping companies, advised that rates decreased in 2009 and have remained stable this year to date. Other sources have confirmed Pérez's claim.

Pedro Rosaly, president of Island Wide, an inter-island courier service company, told CARIBBEAN BUSINESS that his volume also has increased during the last few weeks compared to the same period last year. He expects this trend to continue throughout next year and is preparing to meet the challenge. The company is also in the process of expanding its menu of services. It has a new division called Island Wide Sales & Distribution, which will offer sales and merchandising services.

"We will now be able to offer warehousing, distribution, transportation and logistics services to our customers and, if they need it, we will also sell and merchandise their products," said Rosaly. "From now on, it will not only be a door-to-door service, it also will be a door-to-shelf service if the customer so requires."

Tropical Air's President Harrison Ramos said the company's volumes increased 5% during 2009 and have increased 15% this year to date. The company provides air transportation services to the Virgin Islands and the Dominican Republic.

"Most of the cargo we move is foodstuffs and supplies going to hotels in the islands," Ramos said. "This reflects a stronger tourism industry at these destinations."

DHL's Global Forwarding volumes also have



"In spite of the economic situation, in the last two years we have experienced two very successful years. Given the import and exports data we believe the economy is recuperating, we are seeing increased volume and a faster inventory turnover. Furthermore, we are receiving more inquiries for both our import and export services."

—José G. Flores, José G. Flores Inc. president

improved during this period, said Archie Torrens, the company's district manager in Puerto Rico.

"We have seen less export volume but have experienced an increase of inbound domestic and international cargo," Torrens said. "Even though available lift capacity in the marketplace has declined due to major airlines cancelling flights, we have contracts that guarantee us space. We have had a good year in 2010 and expect that 2011 will be even better."

Joselin Ramos, senior vice president of Caribex Worldwide, a company that offers maritime and air transportation, confirms that cargo volumes have experienced a slight increase in 2010.

"Downward volume trends are over and it seems the market has stabilized. The same applies to the rate structure," he said, adding that air cargo moving through the Aguadilla airport is also picking up. "Aguadilla is a great facility, with a big airport, available land for expansion and good access."

Caribex's Ramos concurred with Torrens that overall space capacity in the market has dropped because of flight reductions by the commercial airlines.

"First they pulled the wide body equipment from the system, and later they proceeded to eliminate flights," he said.

Emilio Barbosa, president and owner of Bestway Transport, one of the biggest local trucking companies, has not seen the volume growth that other industry sources have experienced.

"I don't think that cargo volumes have stabilized at all," said Barbosa, whose outfit services pharmaceutical companies, department stores, and food and liquor distributors. "I see a lot of fluctuation month to month; in fact, October should be the start of the pre-Christmas season and I still have yet to see this traditional cargo volume increase." ■

## Revamped P.R. District Export Council looks to expand exports

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The Puerto Rico District Export Council (PRDEC) is currently consolidating and integrating export plans from the President's Export Council, the U.S. Commercial Service, local government, trade associations and universities, among others, in an effort to expand the field of export opportunities for the island.

competitiveness of local products to be exported against similar foreign manufactured ones."

The new officers of the PRDEC, tasked with rendering their services as mentors for the growth of the island economy, are: Jan Hernández, president; Jerónimo Lectora, vice president; Rosemarie Rodríguez, treasurer; and José F. Burgos, secretary. PRDEC members are José Ballester, Mildred Cifuentes, Sandro Murtas, Mariano Parlato, Edmundo

markets outside the United States.

The services rendered by the PRDEC are tailored to achieve measurable business results. Their value

lies in filling the knowledge gaps with real, practical business solutions in order to obtain the competitive edge needed in the global market. ■



*Puerto Rico District Export Council directory, from left: Mildred Cifuentes, vice president of corporate banking, Banco Popular de Puerto Rico; José F. Burgos, director, U.S. Commercial Services (PR/USVI); Rosemarie Santiago Rodríguez, import/export consultant; Jan Hernández, president, TSP Corp.; Joselin Ramos, senior vice president, CaribEx Worldwide; Mariano Parlato, project manager, Truenorth Corp.; Edmundo Rodríguez, president & CEO, NRI & Imex Zone Logistics Inc.*

"There are various initiatives the PRDEC [one of the 56 branches of The National District Export Council, or NDEC] is presently working on," said council member Joselin Ramos, an executive with Aguadilla-based shipping firm CaribEx Worldwide. "One of them is a project presented by Jerónimo Lectora [export manager for Scovill Fasteners], which would turn the Rafael Hernández Airport at Ramey in Aguadilla into a mega-cargo hub. The concept has been endorsed by the aerospace manufacturing companies based in the area. This facility has the potential for the establishment of new aerospace-products manufacturers and the expansion of the already established ones. This would create additional export volume; it has the necessary space.

"Another project on the drawing board is the development of a cost and time matrix that will allow an objective analysis of the

Rodríguez, William Riefkohl and Ramos.

The NDEC is a private-sector organization that helps complement the U.S. Commercial Service's export promotion efforts through counseling businesses on the export process and educating the public on effective trade initiatives aimed at boosting export sales. The U.S. Commercial Service is the trade promotion arm of the Commerce Department's Internal Trade Administration.

The U.S. Commercial Services export assistance centers and the 56 district export councils (DECs) nationwide are comprised of trade leaders from local communities. The DEC members are appointed by the secretary of the Commerce Department. These international trade professionals use their knowledge and international business experience in a consultation capacity with small- and medium-sized businesses seeking to export their products to