

MEXICO.

SHIPBUILDING INDUSTRY



Shipbuilding Industry in Mexico

Mexico has 102 ports and 15 terminals located along 11 500 km of the national territory. Altogether Mexico owns 117 points where there are national and international movements everyday according to Ministry of Communication and Transport (Secretaría de Comunicaciones y Transportes or SCT). World Trade Organization informs that more than 80% of world commodities trade is being transported by sea and ports enable it. All of the 117 Mexican port facilities perform trade, industrial, oil, fishing and touristic activities and are also used by the army and for national security. Thanks to the development of port and maritime services, Mexican ports have received 51,376 M MXN as an investment from public and private resources in the last decade. There are two categories of ports in Mexico: Internationals which participate in national and international maritime traffic and Nationals, which participate only in national traffic.

Ports in Mexico

Ports are an important industry in Mexico and the data from National Centre of Innovation in Logistics and Trade (Centro de Innovación en Logística y Comercio en México or CILTEC) shows that only in 2015 port traffic reaches almost 135 M tons in 39 ports. Height load was 71% and 29% was cabotage participation. It is expected that till the end of 2018, the production will reach 500 M tons placed on the market. International ports on Pacific Ocean: Lázaro Cárdenas, Manzanillo, Acapulco, Ensenada, Guaymas and in Gulf of Mexico: Veracruz, Ciudad del Carmen, Altamira, Tampico and Progreso. The most representative national ports in Pacific Ocean are San José del Cabo, La Paz, Puerto Escondido, Puerto Angel and Santa Rosalia and the ones in Gulf of Mexico would be Puerto Juárez, Chetumal, Matamoros, Celestun and Alvarado. Lázaro Cárdenas and Veracruz ports are considered to be the main ones in Mexico, thanks to their shipping lines and productivity. The port of Lázaro Cárdenas, located in Michoacán, has a tradition of 35 years and started its activity as an industrial port and later was changed because of the commercial fees. The board of Integral Lázaro Cárdenas port informs that they operate 18% of the total product number attended by National Port system. Lázaro Cárdenas is 18 000 m deep and has the ability to receive units with a capacity up to 165 000 tons. It is connected with roads and railways, has electricity of high, medium and low voltage, telecommunication and enough fuel to meet the industrial demand. The port of Veracruz was integrated after opening the Integral Port Administration of Veracruz (Administración Portuaria Integral de Veracruz or APIVER) in 1991. APIVER was included as a company with variable capital through a 50 years concession granted by the government. This entity purchased departments of port facilities management and so to operate terminals, equipment and services by the third parties in order to get a partial cession of legal agreements.

Finishing his term of office, President Enrique Peña Nieto has succeeded with maritime and port industry. This is an opinion expressed by the Minister Gerardo Ruiz Esparza from the Mexican Ministry of Communication and Transport. The world turns to Mexico thanks to the created infrastructure.

The world-class logistics platform

From the beginning of their mandate, the Mexican president and the Minister Ruiz Esparza have sought to make Mexico a world-class logistics platform. Since port saturation had an impact on logistics and supply chains, it was necessary to build a larger and better port infrastructure that would link Mexico to world markets. The current Mexican government has begun work on this goal and made the following achievements: in just six years it doubled capacity of ports; new ports were built, which are meant to be port infrastructure icons: Altamira, Veracruz, Tuxpan, Manzanillo, Lázaro Cárdenas. From 2018, along with the structure of a trust supported by the Ministry of Finance (Secretaría de Hacienda y Crédito Público or SHCP), the ports will no longer require fiscal resources, they will continue to operate in accordance with the SHCP regulations, but with their own resources. Via Integrally Scheduled Centers (Centros Integralmente Planeados or CIP) and the Institute of Marketing and Opinion (Instituto de Mercadotecnia y Opinión or IMO), Mexico is a continental decision maker in port issues. The Merchant Marine has also been modernized and the Mexican Training Fund for Merchant Marine Staff has been strengthened (Fideicomiso de Formación y Capacitación para el Personal de la Marina Mercante Nacional or FIDENA). Over 80 000 M MXN were invested in this administration to achieve the presidential goal of doubling the operational capacity of the National Port System (Sistema Portuario Nacional or SPN).

The modernization of the Altamira port (10 500 billion MXN) included the reconfiguration of terminals as well as the construction of two hydraulic terminals. In the Port Tuxpan (12 000 billion MXN), were built the Container and the Car Terminal, which make it the closest port to the industrial and automotive center located in the centre of the country. In Manzanillo (9 500 billion MXN), the port area was increased four times by Cuyutlan (1 899 ha). A specialized container terminal (TEC) has been equipped and TEC II has been built. Currently, a freight and railway tunnel is under construction (progress of 88%), which will continue to be the leading container port in Mexico and the fifth in Latin America. Modernization of Lázaro Cárdenas consists of 15 projects: 14 already realized (12 000 billion). This port will be one of the most important logistics centers in Latin America. With the construction of the New Port of Veracruz (public-private investments worth over 31 billion MXN), the current capacity will increase fourfold. The implementation of this project lasted over 14 years and

currently has a general 60% progress: 96% of the breakwater led to the construction of 5 terminals. In addition, roads are built connecting them with Tuxpan, Manzanillo and Lázaro Cárdenas, creating the Center of the Corridor. The port has been built for the next 100 years, and it started operating in November with the arrival of the first ship. This port will accept the largest ships in the world that cannot cross the Panama Canal. These works are fundamental to making Mexico a logistical platform. Veracruz is one of the 5 new ports built in the Gulf along with Matamoros, Tuxpan, Seybaplaya and Ciudad Del Carmen. Port Altamira plans to invest over 150 million USD to expand its terminals and improve container handling capacity.

According to the El Mañana newspaper, the Altamira Port Authority Integral (API) is an investment on infrastructure plans and aims to further increase container traffic inside the enclosure, since it mobilized 15 876 000 loads between January and September. Therefore, the Altamira API plans to extend the multi-functional terminal by 2018 until it reaches 700 running meters in the water fronts, which will be added to 1 200 meters of docks that are already operating at the port. Altamira API Director - José Carlos Rodríguez, mentioned that "the development of these new port facilities will enable consolidation of the port as a logistics platform for the center and north-east Mexico".

Comments by Mexico Bureau Chief – Patrycja Staszewska

The tourism sector is the fastest growing in Mexico and I think we can expand our relationship, because Mexico has many coastlines, and Poland has a well-developed shipbuilding industry. The maritime tourism sector is not served by the economy from another country. From my point of view, Poland can take up this empty space. Companies producing yachts in Poland may, on the one hand, sell them to Mexico, and on the other hand, manufacturers of boats, ferries and large cargo ships may become very important for Mexico. First of all, Mexico needs cargo ships to transport goods to the markets of South America, Central America, the Caribbean and the northern coasts of the United States. It is in these parts that Mexico has a large market for which it is currently exporting. I believe that the shipbuilding shipyard represent a great opportunity for Poland in Mexico and the development of cooperation in this sector would be a great economic success for both countries. Therefore, I believe that now is the time for Polish companies from this sector to come to Mexico and, through the support of the Representative Office of the Polish Investment and Trade Agency in Mexico to develop cooperation in this market. I encourage Polish companies to open their own sales offices, because the Mexican market is very attractive and is an economic power on the Latin American continent.

The most important trade fairs in the shipbuilding industry:

Expo Carga Mexico City <https://www.expo-carga.com/en.html>

Logistics Summit & Expo Mexico City <http://logisticsummit.com/>

Expo Intertraffic Mexico City <https://www.intertraffic.com/en/mexico/>

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