

Maersk Market Update Latin America May 2024

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As part of our commitment to provide you with the most up-to-date and relevant information on the logistics industry, we share our Market Update on the Latin American market. You will find information and interesting data on the update of the state of the ports, the most important transport routes and relevant news. We hope you'll find the following information helpful, as well as inspiring to boost your business and keep your cargo moving.

Topic of the month: From Fragile to Agile: Transforming Latin American logistics for success

In the world of logistics, agility and efficiency stand as pillars of success, not only globally but also within the dynamic landscape of Latin America. This region, known for its diverse challenges and promising opportunities, presents a compelling case for strategic transformation. As we study the different sectors of Reefer, Retail, Lifestyle, and FMCG, it becomes evident why these areas hold particular relevance. Reefer logistics demand precision and timeliness in temperature-controlled transport, while the Retail sector requires seamless supply chain integration to meet evolving consumer demands. Lifestyle and FMCG sectors, on the other hand, emphasize rapid distribution and inventory management to capitalize on market trends. Understanding these unique dynamics sets the stage for a journey from fragility to agility, where adaptability and streamlined operations become essential for sustained success.

Agility in action: Adapting to the dynamic landscape

Agility in a supply chain refers to the ability to adapt to changing demands and unforeseen disruptions. This translates to a significant advantage for Latin American businesses. Reefer customers can ensure the freshness and quality of their products through faster response times and proactive temperature management. Studies from "Compete Caribbean" show that spoilage rates in Latin America can reach up to 50% for perishables, highlighting the importance of agile logistics solutions. Similarly, Retail and FMCG companies benefit from agile forecasting and flexible fulfillment solutions that minimize stockouts and allow them to keep pace with ever-evolving consumer trends.

Lately, we have faced several disruptions due to geopolitical situations and weather conditions, just to mention a few; this has required the logistics world to adapt with agility to be able to make last-minute changes and be able to get products to where they need to be at the time that consumers need them.

Efficiency as a catapult to optimize operations for growth

Efficiency in logistics refers to the ability to maximize output (such as the number of goods

delivered or services provided) while minimizing input, such as time, resources, or costs. It involves optimizing processes, workflows, and resources to achieve smooth and streamlined operations throughout the supply chain. Logistics efficiency includes timely delivery, reduced waste, cost-effective transportation, effective inventory management, and streamlined communication and collaboration among stakeholders.

Efficiency, in summary, focuses on streamlining processes and maximizing savings.

Technology is the perfect partner for efficient logistics in Latin America. Route optimization software can significantly reduce transportation costs, which are estimated by UNCTAD, to be 15% higher within South America compared to the EU, a crucial factor considering the region's vast distances. Another concern for Latin American countries is the security, as mentioned in the white paper: *What to expect in 2024: a Latin America logistics overview*.

Imagine a logistics provider utilizing software to create optimized delivery routes for a shipment of Bolivian quinoa, saving time, fuel, and, ultimately, money for its Bolivian client. Additionally, automated warehousing systems can accelerate order fulfillment, leading to faster delivery times. Perhaps most importantly, data-driven insights gleaned from logistics operations can empower businesses to make informed decisions regarding inventory management, resource allocation, and overall supply chain optimization.

Fleet operations officer using tablet

The future of agility and efficiency in Latin America

Logistics providers can act as catalysts for growth in Latin America by prioritizing agility and efficiency. This focus on adaptability and cost-effectiveness will be crucial for businesses across industries to thrive in the region. As technology continues to evolve and collaborative partnerships gain traction, the future of Latin American logistics promises even greater levels of efficiency and agility, propelling businesses toward long-term success.

In conclusion, the strategic emphasis on agility and efficiency marks a transformative era for logistics in Latin America. By prioritizing adaptability and cost-effectiveness, logistics providers are poised to unlock new avenues of growth for businesses across industries.

As technology advances and collaborative partnerships flourish, the horizon of Latin American logistics shines with promise. The future holds the potential for even greater levels of efficiency and agility, propelling businesses toward sustained success and resilience in the dynamic landscape of the region.

Main port status

For ECSA, the terminal in Rio Grande has been facing challenges due to heavy rains and strong currents. Despite the terminal's location outside the city's flood zone, the port is currently closed. Local families have also been affected by these conditions, which may lead to further challenges in the region. Santos BTP is operating with only two piers, leading to terminal congestion. Navegantes is experiencing significant delays due to prioritized civil works at the pier. As a result, priority is being given to Cabotage Vessels, and the terminal is handling one vessel at a time. Consequently, our UCLA service was removed from this pier. This situation has led to many vessels being rerouted to nearby ports like Paranagua and Itapoa. However, these ports are also experiencing congestion and adverse weather conditions.

For NAM, the port in Baltimore is currently closed due to an accident involving the vessel Dali. Other ports, which have been delayed for more than a day, are also experiencing impacts due to adverse weather conditions.

For the APA, SEU, and FEA regions, terminals that have been delayed for more than a day are experiencing impacts due to adverse weather conditions. This has resulted in port congestion.

For NEU and CARPAC regions, no waiting times were reported.

Landside updates

Central America, Andina and the Caribbean Sea Area

For the Central American, Andina and Caribbean area, the specialized inland product for our refrigerated cargo supports the producers in different seasons, guaranteeing our customers

an unbroken cold chain through inland transportation (melon, mango, flowers, avocado, among others).

Air updates

Central America, Andina and the Caribbean Sea Area

Exports from Colombia are still experiencing high demand due to the Mother's Day season, primarily to the US. However, imports from the US to Colombia have good capacity available. Rates for shipments from Asia to Colombia and Panama are fluctuating due to high demand resulting from a shift in modalities prompted by the situation in the Red Sea. Services to Venezuela and Panama remain stable, while rates from Europe remain unchanged with reduced capacity available

West Coast South America

As exports from Chile are in a low season, some airlines removed some capacity. The fruits & vegetable season started in Peru, so export space can be challenging and rates could increase. Imports are stable, but capacity might be impacted as airlines transfer capacity to other countries to countermeasure some challenges. Ecuador and Bolivia are ok in both imports and exports

Source: Maersk