Guillermo Ruiz de Teresa's speech

Port Person of the Year

American Association of Port Authorities

04/20/2015

Good afternoon everybody.

What a great honor it is to be here, to receive this extraordinary recognition, ant to share this award from the American Association of Port Authorities with Senator from Louisiana, David Vitter.

Senator Vitter has a clear vision of ports as key generators of employment and economic development.

It is a vision that we share in the Mexican ports, and of course, with this Association in which we see an ideal forum to bring our interests closer, and to coordinate public policies that reinforce maritime transportation in the Americas.

Today I'm joined by the directors of six Mexican ports, also by government officials from states closely linked with port operations and, prominently, by the Governor of Quintana Roo, Roberto Borge Angulo, and by the Governor of Campeche, Fernando Ortega Bernés, true leaders for port and touristic development in Mexico.

As we could see in the video, for hundreds of years Mexico has been seen as a crossroad, a land surrounded by water.

Mexico is among the few countries with access to two oceans, the Pacific and the Atlantic, plus the Gulf of Mexico, the Caribbean Sea and the Sea of Cortes, with over 7,000 miles of shorelines.

We have a total of 117 ports. Out of these, the Mexican Federal Government administrates 16, which concentrate 100% of containerized cargo, 80% of commercial cargo, and 60% of oil and derivatives.

Moreover, in Mexico there are 300,000 fishermen, that each year capture 1.6 million tons.

It is considering this enormous maritime potential that one can truly understand the rise of Mexican ports. In the last two decades, commercial cargo grew twice as fast as Mexico's GDP, for a total of 286 million tons in 2014.

But as we all know, ports grow not only because of the maritime potential of our nations, but also as a result of the public policies we use to promote our economy, and thus our ports.

In 1994, Mexico changed from a model where the State was the only operator of ports, to an arrangement that allowed and promoted private participation in the development and operation of terminals and services.

It was in the same year that the NAFTA begun operating, an international agreement that has certainly been a driving force behind port growth in North America.

The numbers that we have seen are proof that we made significant progress, but we are still below our true potential. Here, in the United States, about 44% of international trade is moved by sea, the average in the European Union is 48%, while in Mexico it is only 32%.

This gap between our reality and our potential was what led President Enrique Peña Nieto to propose transforming Mexico into a global logistics platform of high added value.

To achieve this, the Secretary of communications and transport, Gerardo Ruiz Esparza, has promoted a public policy that encourages integral growth in Mexican ports, and at the same time, builds upon the solid legal framework that allows us to function with certainty.

In the last two years we have approved three new regulations, of which two were overdue for almost a decade. We are also working on a new Bill to promote the growth of our merchant marine and shipyards.

I want to underline that this legal certainty is bolstered by the commitment of our workers. So much so, that there has not been a single strike in the Mexican port sector in the last 90 years.

We are working to consolidate our ports as the strongest link of our logistic chains.

This is why we are developing two articulated port systems, one in the Gulf and another in the Pacific, where ports are multipurpose, but at the same time stronger in their comparative advantages; always considering the characteristics of the hinterland and the "origin – destination" of the handled products.

All in all, for the current administration we are talking about an investment of over 5 billion dollars in 25 projects to consolidate these two port systems.

For example, we are expanding the port of Veracruz, the most important project for the Mexican port sector in recent decades.

It will start operations in 2018, and by 2024 it will be able to handle 66 million tons of extra cargo, for a total of 88 million, considering the port's current capacity.

Veracruz is among the oldest and most historic ports of the Americas, and it will also become one of the biggest of Latin America, at the same level with the ports of Santos, in Brazil, and Colon and Balboa in Panama.

Additionally, as we saw on the video, we are also promoting and consolidating our two port systems by working on our 3 multimodal inter-oceanic economic corridors.

Through them, growth in the ports of a coastline has positive implications for ports on the other coast and, of course, for the competitiveness of the country.

Because it's not just about moving goods, it is also about taking full advantage of the trade agreements we have with 45 countries; it is about reinforcing competitiveness and providing additional comparative advantages to promote value generating activities; it is about creating employment, wealth and regional development.

For example, the Northern Economic Corridor is formed by 8 states that constitute 27% of our manufacturing sector, and 58% of our assembling industries. All 8 states have access to both oceans, and to 5 border crossings with the United States.

The Central Economic Corridor concentrates 51% of our GDP and 47% of our population. Very important industrial clusters are located here, such as the car industry, allowing us to be the 4th largest exporter of vehicles in the world.

Meanwhile, the Southern Economic Corridor will be very important as a development center for this economically lagging region of the country, and as a platform for the new activities that will come along with the energy reform.

Here, a brief parenthesis. As you may know, in the eighties transpacific seaborne trade matched transatlantic seaborne trade. By the nineties transpacific trade was twice as large as the transatlantic, and today it is almost 4 times larger.

Thanks to the energy reform we expect to replicate this boom of the Pacific ports in the Gulf of Mexico, because with increased investment and activities in new offshore fields, there will be a strong push to maritime activities in the Gulf, which will strengthen our logistic potential as a crossroad between the major economies of the world.

Our objective is to anticipate the demand generated by the energy reform, and that's why we are making several investments:

We are building 4 new ports, 2 of these, Seybaplaya and Ciudad del Carmen, in the state of Campeche, with the commitment and leadership of Governor Fernando Ortega Bernés.

In Coatzacoalcos, on the Gulf, there is a petrochemical cluster attracting dozens of companies specialized in the energy sector; so we are building new pipelines linking Coatzacoalcos in the Gulf, with Salina Cruz at the Pacific.

To close the parenthesis, I want to thank the presence of José Antonio Mansur Beltrán that today is with us in representation of the Governor of Veracruz, Javier Duarte Ochoa, who has decisively backed this project.

About maritime safety, I would like to share with you that this year Mexico will be investing in the modernization of its Global Maritime Distress Safety Systems and Vessel Traffic Services.

Another cornerstone in the policy of developing two port systems is the consolidation of an anchor touristic port on each coast. In the Pacific we have Ensenada and in the Caribbean we have Cozumel, a port that is growing fast and steady thanks to the vision and hard work of Governor Roberto Borge Angulo.

Cozumel and Ensenada are very attractive destinations, but still we work to attract more cruise routes, because we also want to promote other Mexican ports.

Thanks to this effort, we had an 18% growth in our cruise arrivals from 2012 to 2014, to receive a total of 5.5 million passengers last year.

This is part of Mexico's overall development strategy as a tourist destination, and as we saw in the video, it is already blooming, with an increase of 26% of our visitors from 2012 to 2014.

In the same vein, we also have initiatives to improve the Port - City relationship, by building and promoting tourist, commercial and cultural areas in their surroundings. We are working in several ports, such as Ensenada, Mazatlán, Manzanillo, Lázaro Cárdenas, Tampico and Veracruz.

These ports are undergoing significant transformations to become friendlier to its inhabitants and visitors.

The long-term development of two port systems requires a key element of sustainability. A few days ago, Mexico became the first developing nation to commit to reduce greenhouse emissions by 25% by 2030.

It is a challenge that will require the coordinated involvement of all sectors of the Mexican economy, and in the ports we are doing our part with the Green Port initiative.

We started with Ensenada, which last year entered the EcoPorts network, the first step to be certified as the second Green Port in Latin America. Our objective is that by 2030 all ports in Mexico will be certified as Green Ports.

In closing, I want to emphasize that for Mexico the American Association of Port Authorities is an ideal space to bring together our mutual interests, and to collaborate on technology and training.

For this reason, I will continue to work so that the Federal and State port authorities of Mexico become members of this Association. In this sense, we are joined here by the directors of 5 Mexican ports that today are formally entering this Association.

I hope I have conveyed a general idea of the policies that are driving Mexican ports development, guided by the vision of President Enrique Peña Nieto, to evolve from ports as isolated units, to ports as the strongest links in the logistics chains.

For reference, I'm giving you a memory stick with the video we just saw, a brochure with general

information of the Mexican port sector, and a file with the main laws that govern and provide certainty for investment in Mexican ports.

However, I am not only giving you these 3 documents, I also want to give you my sincere appreciation, my friendship and gratitude for the recognition you have granted me, and through this distinction, to the public policies being carried out by the government of Mexico

I will make sure that Mexican ports continue developing strong ties and close relationships with our peers in the Americas, in this American Association of Port Authorities.

Thank you very much.