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Article: Transport-plans for Argentina.

For decades, Argentina has not made real "Plans for Transport" or for "Ports and Waterways." And in the few cases that something was done, the two issues were treated as "separated compartments" instead of "communicating vessels", as should be.

"Transport" and "Ports and Waterways" are important in the economy of a country. There is evidence in many international studies, that the competitiveness and finally the possibilities of creating jobs in our country, depend on the efficiency of "Transport and Ports".

Unfortunately, for many decades this point has received no attention at all and the undeniable negative consequences are obvious.

A very good first step taken by the new government, was the formation of a ministry where the main feature is "Transport". A new staff awaits a long and difficult task, as the deterioration of the system is so bad that it is extremely difficult to make a "Transport Plan", even for the short term. Apart from domestic reasons, there are some external reasons and to start "planning", some international studies should be read first. There one can find comprehensive information what some countries already did with great success in the eighties and nineties. Besides their studies to improve transport efficiency, they began to pay close attention to the formation of good supply chains. And so the term "logistics" appeared and replaced "International Physical Distribution."

Good "logistics" are of utmost importance in the formation of "Transport Policies". But those studies also found that the stakeholders of "Transport" and "Logistics" have different interests, which often are "conflicting" and therefore should be treated in different ministries (which in our case was done correctly).

The very important studies to obtain efficiency of "logistics" should mainly be made in the "Ministry of Economy" or "Finance", because an important part of the "Logistics" have to do with Customs and "tax issues". Others have to do with communications.

But although studies of good "Logistics" should not be within the "Ministry of Transport", this ministry should nourish the results of those studies to form the best possible transport system, which is of "public interest".

The new civil servants will find that over many decades "failures" have accumulated, which could have been avoided if serious transportation plans would have been made in time. Now we have a very poor transport-system, which is evidenced by the serious claims of "regional economies", far away from ports and centers of consumption, which are suffering because of extra-ordinary high logistics costs. But most of them now request "new subsidies" instead of "remedies". Serious flaws in the transport system and its serious negative consequences, must be corrected and this should be the first point that should be studied seriously, because that's what other countries did with very good results. It is wrong to start thinking about "subsidies", because soon after subsidies are created, the real need for solutions will apparently disappear.

In our country with its great rivers, water transportation, which intrinsically (by itself) is the cheapest, practically no longer has a role and must be rebuilt almost from scratch. In Argentina the cost paid by the user of water transport has greatly swollen because the system is very deficient and therefore it lost its enormous natural advantages. The principal failures are in the tax-system and manning. Now water-transportation cannot compete with the truck, not even over very long distances of over thousand kilometers and almost ceased to exist. But the costs the "community" pays for this failure are enormous, especially in the much higher costs of infrastructure that is necessary for other modes of transport. While water transport received no attention here, many other countries began to exploit its navigable waterways fully and showed that this was the basis of their success for "Intermodal Transport Policies". With this policy the different modes of transport are used in the most efficient way, especially reducing costs of infrastructure. Everywhere this policy has proved its great advantages and Argentina should follow the good examples and "Intermodal Transport Policy" should be a "State Policy" and not the policy of the new government.

There are many who have responsibilities in the formation of this "State Policy".

First Congress should study the laws that deal with "Transport" with professional advisers, who must analyze the different interests and define what is in the general interest of the whole country.

And at this moment the greatest interest of the country is to improve competitiveness, which is the only way to start growing again and to create new jobs.

Therefore in the second place all labor-unions in the country should be involved.

They should follow the same steps that were mentioned for Congress. We must create new jobs across the country and avoid that an increase of a few jobs in a certain activity, result in higher transport costs for many other activities, which put them out of the competition and make growth impossible and might even cause a loss of many more jobs than were created. Positive and negative effects should be observed.

Thirdly all business chambers, which have interests in the proper functioning of transport. Their reports must be submitted to the government, which should "weigh" the different interests and after that, set policies that are in the public interest.

And there are many others, such as universities. These should study good examples that are available in other regions and that are applicable in our system. (For transport by water, there are great lessons in collaboration and the management of the River Rhine, which is shared by 5 countries and in the port system of North Europe).

These should be the first steps to begin to recover the transportation-system which Argentina had one day, when it was an example for many. In Argentina most believe that "intermodal transport" is something of the last decades and came from the US and Europe. These can learn much by reading our history well: Intermodal Transportation in Argentina existed many years before the Second World War. Between 1870 and 1950, Argentina built an excellent network of railways and extensive use was made of one of the most important waterways of the world: The river-system of the Paraguay-Parana Waterway. Argentina had one of the best river fleets in the world and an excellent system of "ports with railway-connections". In the old photos of the construction of the first major ports, you can see how first of all rail-tracks were laid on the docks.

Until the 60s rail- and water-transport had a high percentage of the total. Argentina practiced the purest "Intermodal Transport". This was largely because there were not enough roads. But as happened in many parts of the world, also here there was a breakthrough in road transport which started in the 50s and gradually absorbed the majority of traffic. It has now reached a point where more than 90% of transport is by truck. In the Port of Buenos Aires it was estimated in the middle of the year 2015 that 93% of containers would be transported by truck, possibly 6% (?) by rail and 1% by water.

The seconded cheapest way, as everyone knows, is by rail. Argentina has 3 gauges, broad, standard and narrow gauge. Fortunately **the system of broad gauge (1676 mm), which occupies 20% of the total was handed to private concessionaires in 1995.** But this covers only an area in the center of the country and falls short of the peripheries. The Belgrano Railways, with a gauge of 1 m, which once had 10.000 km, runs through 14 provinces and was always very important for regional economies, was given in concession to the labor-union Union Ferroviaria (railway staff), which had very bad results.

In the last stage of the previous government recovery of this system commenced.

It now seems advisable that a comprehensive study be made of the whole old railway-system, which allowed Argentina to apply "intermodal transport" in the country, when the term did not yet exist. The exact condition of each section should be registered and studies be made how the best combinations can be made to recover the use of the 3 gauges, as already was done in the 80s in the Argentine State Railways. In "exchange- stations " where two trails meet one beside the other, transfers were made between different lines. With "breakbulk cargoes", which were handled case by case or bag by bag, there were many manipulations, with high costs and the inevitable damages. Also many times warehouses had to be used between transfers. But this has much improved with the use of containers and "Swap Bodies" as is done in the US and Europe, The study of the use of domestic containers, to be transferred in the "exchange-stations", which began in Ferrocarriles Argentinos in the 80s, should be taken up again for the medium-term plans.

Thanks to what was done in the 90s, at this time the system of 1676 mm is generally in reasonable conditions of use and is best suited to exploit it immediately to full capacity. The recovery of the other trails (1 m and 1350 mm), which are generally in deplorable conditions, must begin in stages: the first stage should start in important sectors that can feed the system of 1676 mm for the long journeys, so they can function as "feeder-lines", as is done in the US where Class II railroads feed Class I.

This way we can start as quickly as possible, and move step by step to recover intermodal transport. (This will be of great importance, especially when fixing the priorities for the Ferrocarril Belgrano and the programs of "Ports and Waterways).

Studies of how to review the dire situation of our freight transportation system, along with passenger transport in urban areas and to establish priorities, should cover three areas: the "domestic cargo (national transport), "export" and "import" cargoes. The latter are related with ports, that are subject to external influences and the maritime transportation system of the East Coast of South America. The

study of transport related with foreign trade is part of the studies for "Waterways and Ports", which should be part of the "National Transport Plan". And in these studies attention should be paid to the recent work of the OECD on the consequences of the use of mega-vessels and the crisis in international maritime transport, which began in 2009 and will continue for several more years. A system has been formed with a very fierce competition. With larger vessels, carriers can lower the cost per transported container, as long as they can fill such larger vessel. But there is not enough cargo to fill the new monsters. Carriers have brought the system to a vicious circle: now they all order many, increasingly larger ships, intended to improve their position in the competition, but there is not enough cargo to fill them. So they started to lower freight rates to attract more and so brought those rates to levels that often are below operating costs. Some are beginning to speak of "self-destruction. Building now more and larger vessels, has the only result that the end of the crisis is getting further away and will require a big increase in volume, which is not in sight with weak economies.

The studies of the OECD mention the serious problems that the excessive use of these huge ships, which are built for the busiest lines in the world, which are between Asia and Europe, already have caused in the US and many "emerging countries" and also have affected our region. When new large ships are entering the Asia-Europe trade, carriers have to take out smaller ones, which they send to other traffics, the "cascade-effect". Often these vessels are much larger than required for the other trade area, but these still are making much larger infrastructures and buying bigger equipments to handle these vessels, which are bigger than really is necessary for their own regional economies.

And as the OECD studies purport to show, this kind of "economy of scale" is not in the public interest. And this is very important in our plans for "Ports and Waterways", which should begin with studies of our long access channels. Serious studies should be made of "**costs and "benefits"**". The costs of dredging channels for opening and maintenance of different depths, should be compared with the potential benefits of freight-reductions that will be obtained if bigger vessels can come through these channels to Argentine ports. These studies are extremely difficult and close attention should be paid to the advices that can be found in the OECD. Now many "local plans" are advertised by "planners", that do not show anywhere that such comparative "costs and benefits studies" have been made.

Coming back to international studies: All have shown beyond doubt that the "General Transportation Plan" should be based on an "Intermodal Transport Policy", which as noted, is the policy to use different modes of transport in the most efficient way, in order to obtain the lowest total cost to be able to transport a cargo from origin to destination.

These costs should include infrastructure, congestion, accidents and adverse effects to the environment, which many do not do in Argentina. In local debates on "Intermodal Transport" many only take into account how the "direct transport-costs" are billed by the transport operators. Often they only compare the rate the trucking company charges to carry a load from Cordoba to Buenos Aires, with what the rail operator charges, which is a serious error. (In Argentina, the infrastructure of the railways is paid by the State and comes from tax-moneys paid by everybody. Although the trucks pay some toll-charges, these far from cover all expenses that are made). The same studies also show that it is very difficult to form an "Intermodal Transport Policy". A joint effort of many stakeholders is needed and there can be no doubt that in our country everybody looks at the government to make "transport plans". But now it is necessary that different business sectors play a much more direct and effective role. In this sense it is very important that all involved are aware, there are many competing interests and as a first step these interests, which are often "hidden", should be individualized.

In this task the participants in supply chains ("stakeholders"), have a duty which is rarely met and that is the main reason that no "transportation plan" was made for many years.

The main stakeholders in an efficient supply chain are consumers and producers, however there is no indication that these have addressed the issue. In other countries, "Business-Chambers" of producers have a department dedicated to the study of logistics chains. The clearest examples are those that bring together producers of agriculture products for export, who travel to other countries to find good examples, often in the USA. No doubt that in this regard in our country there were flaws in the past and one of the clearest of these flaws was noted in 2008 during the "public hearing" for the renegotiation of the concession for dredging of the waterway from Santa Fe to the Ocean. Through this waterway +/- 75% of our grains and by-products are exported. At that time there was no organization representing producers to support a claim of river-pilots (the experts advising the captains of ships navigating in restricted waters) that not only deeper channels were needed, but also wider. It can be shown that this lack of attention at that moment, has caused and continues to cause major extra-costs and long delays. It is clear that our producers who are the principal interested party, did not pay any attention to the fact

that the "values" of our grains are formed in external markets and our producer, who sells on FOB-basis, receives the amount of the "target value", minus all the estimated costs that will be made between the gate of the farm and the final destination of the product.

So an efficient "Transport Plan " for Argentina should begin with the participation of all the stakeholders in the supply chain, starting with farmers, agro-industries and other industries.