

GENERAL COORDINATION FOR PORTS AND MERCHANT MARINE

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MEXICO ´S PRIORITIES IN MARITIME PORTS AND MERCHANT MARINE

SLIDE 1 – COVER



Good afternoon to everyone.

From the very beginnings of civilization, the world has been interconnected, and the desire to control trade routes and the wealth they generate has given rise to the birth, flourishing, and demise of great civilizations.

The span of time in human history and commerce that we find ourselves in remains just as vigorous and ever-changing.

There is no turning back; new technologies are becoming increasingly ingrained in our daily lives. It is crucial that we remain at the forefront, not only to fulfill international commitments but also for our survival in the global economic system.

Allow me to convey the greetings of Admiral Secretary of the Navy, José Rafael Ojeda Durán, who wishes for this gathering to achieve all of its objectives.

As you are aware, it is Mexico's first time participating in the Pacific Ports Association Conference, and it is extremely interesting to be able to share with you the priorities that our country has regarding its port system. Joining me on this visit are representatives from the ports of Ensenada, Guaymas, Manzanillo, and Lázaro Cárdenas.

SLIDE 2 – CONTENT



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This is the content of our brief conversation. I will talk to you about the commercial significance of our country and how our Port System is structured, emphasizing the projects that are being developed in the Pacific region.

Afterwards, we will discuss the priorities we have set and the vision with which we operate from the Navy Secretariat, with the legitimate interest of enhancing the economic development of each of the regions where our ports are located.

SLIDE 3 – COMMERCIAL IMPORTANCE



To provide an understanding of Mexico's significance in global trade, I'd like to share a pertinent statistic generated by the World Trade Organization at the close of 2022: out of the total value of exports from Latin America, 76% corresponds to our country, amounting to slightly over 455 billion dollars.

Mexico stands as a pivotal trade hub with access to the global market. The government of our nation has leveraged our geographical position, leading us to become one of the countries with the most extensive array of trade agreements worldwide.

Thanks to this strategy, our goods now have access to a market comprising over 1.3 billion individuals. This is one of numerous reasons why our country is an ideal setting for nearshoring, prompting us to contemplate the commitment we hold to ensure that Mexico, along with our trade partners across the hemisphere, solidify their positions as the world's most competitive region in the coming years.

SLIDE 4 – MEXICAN PORT SYSTEM

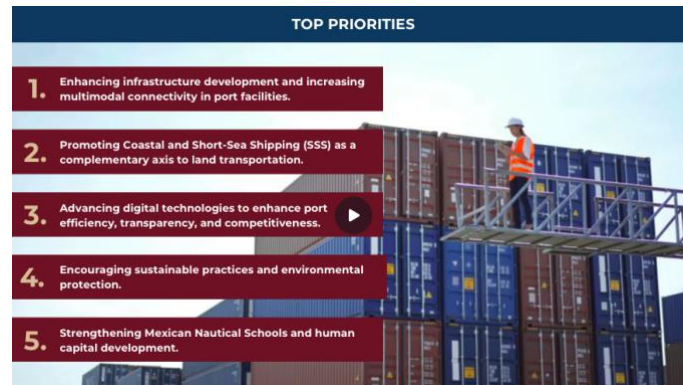


In Mexico, we have 103 ports and 15 operational terminals. They are categorized based on their geographical position and the regional impact of their commercial activities.

It's important to emphasize that when we discuss the systematization of production chains and the utilization of our geographical position, we are considering that we share over 3000 kilometers of land border with the United States. But we also share time zones, production models, and quality systems that enable us to coordinate operations across both territories.

Furthermore, our access to the Pacific and Atlantic oceans provides us with maritime connectivity to the world's major ports.

SLIDE 5 – TOP PRIORITIES



This slide encapsulates the areas in which we are working to strengthen Mexican ports and our merchant marine.

As the volumes of goods and the demands for reduced delivery times continue to increase, ports must remain at the forefront of implementing technological and logistical innovations.

It is of paramount importance to enhance multimodal transportation, enabling us to decrease costs and enhance cargo volume. Equally significant is the creation of new coastal shipping and short-sea maritime transport routes. Simultaneously, we will implement technological, regulatory, infrastructural, security, and environmental improvements.

It's crucial not to overlook that the training of our human capital in the use of these new technologies is fundamental for the efficiency, effectiveness, and productivity of this transformation. We emphasize the importance of women's participation in the sector, fostering their training and growth.

SLIDE 6 – PROJECTS IN THE MEXICAN PACIFIC



This slide showcases the main projects currently being developed in the Mexican Pacific ports, which will enhance connectivity and create a significant opportunity for the development of internal trade routes and collaboration with our key partners.

In Ensenada, efforts are underway to relocate the flow of goods with the creation of a logistics activity zone and a transportation control center. Additionally, expansion works for docks and yards are taking place at the container terminal.

Modernization work at the Guaymas port, along with improvements to its road and rail networks, will lead to better connectivity with major cities in the region. Dredging construction works are ongoing to prepare new navigable areas and public-use docks.

Topolobampo, Mazatlán, and Puerto Vallarta are conducting maintenance on their existing infrastructure.

Manzanillo is focused on constructing and improving road access routes, modernizing customs zones, and maintaining the breakwater in the access channel to the Cuyutlán Lagoon.

Lázaro Cárdenas is concurrently working on various projects aimed at modernizing access routes to the port, developing and adapting infrastructure within logistic service areas, constructing an exclusive cabotage pier, and urbanizing new spaces.

Lázaro Cárdenas serves as the flagship of the Pacific Logistics Platform, as it's envisioned as an integral hub that will establish a maritime communication route to facilitate coastal transport of goods among all states on the Mexican Pacific.

Lastly, at the Salina Cruz port, as part of the Isthmus of Tehuantepec Interoceanic Corridor, pre-investment studies are being conducted for the construction of a Specialized Container Terminal, alongside infrastructure modernization. This multimodal project involves a rail and road network of approximately 300 km that will link the ports of Salina Cruz on the Pacific and Coatzacoalcos on the Gulf of Mexico.

We cannot overlook the significance of this in terms of multimodal communication. A clear example is the recent merger of Canadian Pacific and Kansas City Southern railroads, making it the first and only railroad connecting Canada, the United States, and Mexico.

SLIDE 7 – THREE AXES TO BOOST COASTAL AND SHORT-SEA SHIPPING OPERATIONS



Convinced that maritime transportation overcomes geographical and land infrastructure limitations, avoiding congestion, expediting goods distribution, and reducing atmospheric emissions, we are focusing on three main axes to propel the Priority Project for Coastal and Short-Sea Maritime Transport.

Axis 1, the promotion of national cabotage, holds significant importance in increasing the involvement of Mexican-flagged vessels in cargo transportation.

Axis 2 corresponds to Short-Sea Maritime Transport with our sister nations in Mesoamerica.

Lastly, Axis 3 refers to Short-Sea Maritime Transport with the United States. Within this program, a mobility alternative will soon be solidified to alleviate people's transit between Ensenada and San Diego, through a passenger ferry capable of accommodating 330 individuals, with an approximate travel time of 2 hours and 30 minutes.

Additionally, the marine transportation and logistics company, Crowley, will introduce a highly efficient trade line to North America. This maritime transportation route will link Tuxpan, Veracruz with Mobile, Alabama, enhancing the flow of goods between Mexico, the US, and Canada. This maritime service will connect with the Canadian National railway network for the daily transportation of containers to and from the heart of the United States and Canada.

SLIDE 8 – SECURE SMART PORT

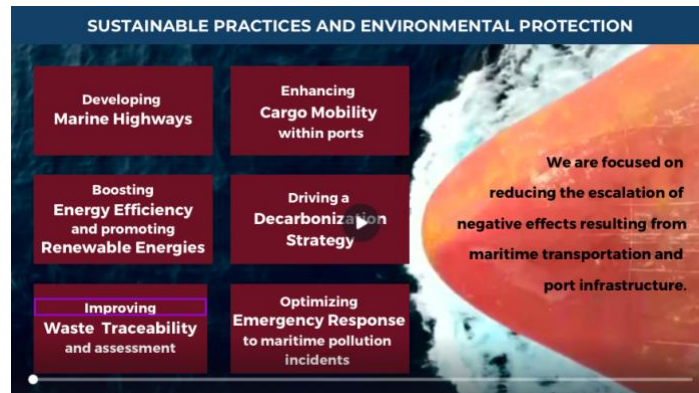


During the pandemic, ports played a pivotal role in maintaining the functioning of supply chains. However, many countries closed their borders, leading to shortages of goods and a decline in trade. The lack of mobility led to increased maritime transport rates, and logistics costs saw substantial increments, resulting in significant inflationary effects, shortages of components and spare parts, and shifts in consumption patterns towards greater utilization of new technologies.

In this context, the Smart Secure Port System was developed, with its primary aim being to integrate all actors in the logistics chains onto a single platform for information exchange and management of various procedures and processes. This system seeks to enhance security levels, make revenue collection more efficient, and improve coordination among port stakeholders.

The system was developed by the Port Administration of Manzanillo, earning them the 2022 Maritime Award of the Americas in the Cybersecurity and Port Security category, presented by the Inter-American Committee on Ports of the Organization of American States.

SLIDE 9 – SUSTAINABLE PRACTICES AND ENVIRONMENTAL PROTECTION



In the realm of environmental matters, we are working on seven lines of action with the goal of preventing the escalation of negative impacts produced by maritime transportation and port infrastructure development.

- Promoting the development of maritime highways, cabotage, and short-sea maritime transportation.
- Enhancing cargo mobility within ports.
- Improving energy efficiency and the utilization of renewable energies.
- Driving decarbonization efforts to reduce emissions.
- Enhancing waste traceability and valuation.
- Optimizing responses to emergencies related to maritime pollution.
- Enhancing the quality of water, air, and sediments.

We are advocates of inter-institutional cooperation to fulfill Mexico's international commitments, such as the Paris Agreement, the United Nations' 2030 Agenda for Sustainable Development, the High-Level Panel for a Sustainable Ocean Economy, and naturally, the objectives set by the International Maritime Organization.

SLIDE 10 – MARITIME EDUCATION AND TRAINING



Lastly, I want to share that in Mexico, the Nautical Education System consists of a network of three schools for the training of maritime professionals and a training center. All of our institutions hold certifications from the International Maritime Organization.

I'd like to highlight that in recent years, young Mexican individuals undergoing training have brought us great pride. Their participation in multinational programs abroad has resulted in top academic achievements. A prime example of this is their performance in the last two editions of the Global Onboard Training Program by the Maritime and Fisheries Institute of the Republic of Korea.

We are dedicated to ensuring that the upcoming generations have the best conditions for their education and continuous training.

SLIDE 11 – THANK YOU



I would like to conclude by expressing my gratitude for your invitation, your time, and your attention. We look forward to working hand in hand towards a prosperous and sustainable future, becoming a competitive option to further develop trade between our nations.

Thank you very much!