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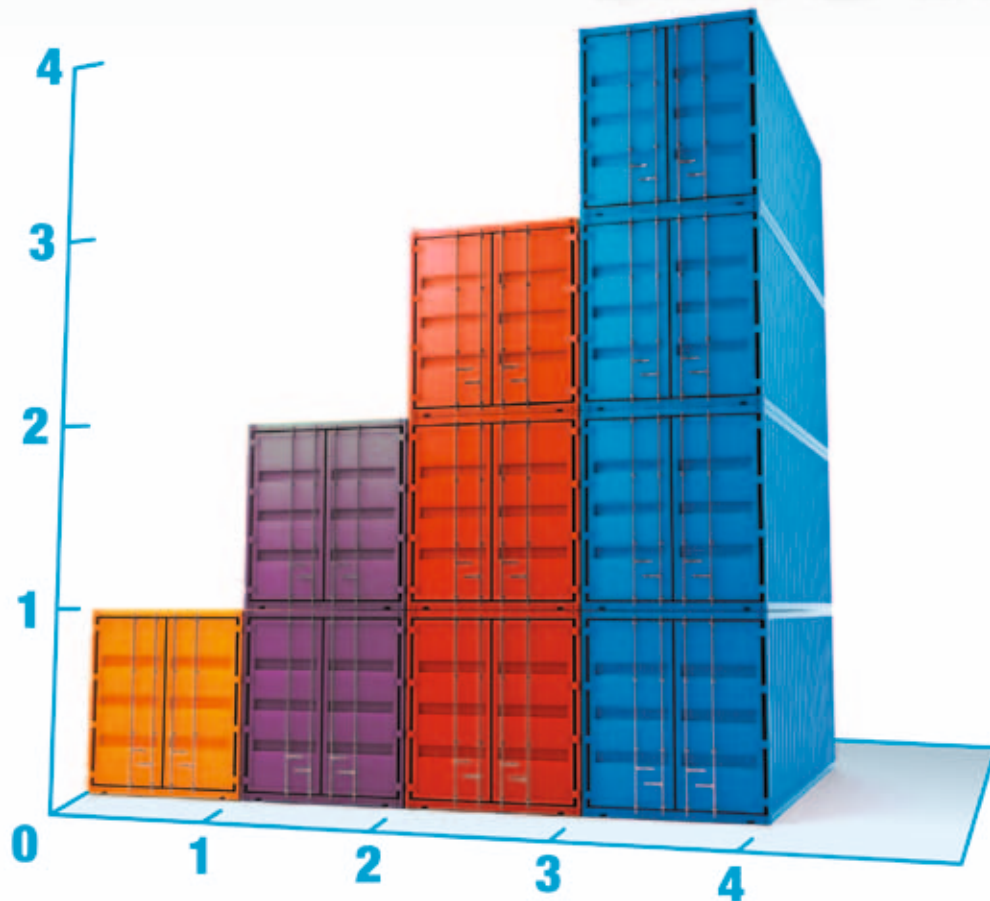
ISSUE No. 21  
JANUARY - APRIL 2014

## THE YEAR AHEAD JAMAICA FOCUS



PROFILE: NOEL HYLTON | CLUSTER GAT | VENEZUELA | PORT OF MARIEL | HISTORICAL PORT ROYAL

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# Caribbean MARITIME

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Issue No. 21  
JAN - APRIL 2014



The official journal of the:



caribbean shipping association

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**“To promote and foster the highest quality service to the maritime industry through training development; working with all agencies, groups and other associations for the benefit and development of its members and the peoples of the Caribbean region.”**

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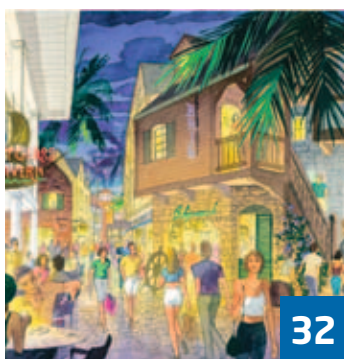
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# Missions waiting to be accomplished in 2014

**A**llow me, on behalf of the General Council of the Caribbean Shipping Association (CSA), to offer you best wishes and hopes for success in 2014. Having completed my first year as President and entering a second term, I also extend my personal thanks to the members of the CSA, our stakeholders and readers of Caribbean Maritime for your support and confidence. I look forward to working with you in the ensuing year toward the growth and development of our regional shipping industry.

The year 2014 promises to be a dynamic and significant period in shipping, seasoned with opportunities and challenges for which decision-makers must craft careful and tactical strategies. The completion of the widening of the Panama Canal is the basis of numerous national plans for more dynamic hub and relay port operations. The Caribbean and Latin American shipping community should, by now, have its facilities at an advanced state of readiness or have completed its activities in preparation for the changes which are literally around the corner.

## SECURITY IMPROVEMENTS

Amid these important structural and operational changes, there are some other critical areas which must be given more than a mere peripheral view. The contamination of cargo in our waters with forms of contraband ranging from counterfeit consumer goods to illegal drugs and weapons should give us grave concern, as this discredits our own security efforts and devalues the region's profile against that of our competitors.

Through the work of its Security Advisory Council, the CSA will take a significantly more active role in 2014 in assisting ports and terminal operators in the region with its efforts at improving security. Solid partnerships have been forged with governments

both regionally and inter-regionally and, with this in mind, I am confident that together we can cripple the efforts of those who continue to threaten our competitiveness through the scourge of crime.

## CRUISE

The attractiveness of the Caribbean's cruise tourism product is also coming into sharp focus, with plans announced by non-traditional players such as Abu Dhabi, Oman and Dubai to collaborate in building cruise terminals and in promoting their region as a cruise destination. So, too, must we in the Caribbean collaborate to solidify our position, not only in global cruise rankings but also in developing our ports and leveraging our natural and geographical attributes to compete with the appeal of places such as the United Arab Emirates.

The CSA will continue to engage with organisations that are focused on developing the cruise industry, recognising the vast potential it presents for economic development.

## SUCCESSION PLANNING

The maritime sector is becoming increasingly sophisticated and should have with it the concomitant development of new talent and leadership. Our approach to training should therefore be deliberate and systematic to ensure leadership continuity, as well as the retention and development of intellectual and knowledge capital for the future. We cannot afford to take a chance approach to succession planning.

I encourage you to see resources dedicated to training as an investment in your own future and that of the industry, as you prepare your teams to become positive resources and informed decision-makers affecting the region.





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*The year 2014 promises to be a dynamic and significant period in shipping, seasoned with opportunities and challenges for which decision-makers must craft careful and tactical strategies*

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## NATIONAL ASSOCIATIONS

The CSA recognises that at the core of its responsibilities is its mission to support the development of members and be a leading voice in the lobby for improvements in the legal, competitive and operational framework in which we operate. Much of this work must be mobilised at local levels and therefore the existence of vibrant and credible national associations becomes paramount.

On this basis, we will increase our efforts to establish local affiliate bodies of the CSA and partner with them to foster the growth of their voices in the region. We will also continue to leverage the strength of existing vibrant national associations toward the development of others with the recognition that successes at local levels redound to the success of the region as a whole.

There is much work to be done. Let us make 2014 a year of missions accomplished. I look forward to seeing you in May at the CSA's Caribbean Shipping Executives' Conference in Miami.



Grantley  
Stephenson

*President,  
Caribbean Shipping Association*

---

## IN THIS ISSUE

Welcome to issue 21 of Caribbean Maritime, the official magazine of the Caribbean Shipping Association (CSA).

This new-look issue is published as we start a new year, a 12-month period when the CSA will gather in both Miami (in May) and Santo Domingo (in October).

The revamped CM will in future carry some regular features including port, company and personality profiles.

In this issue (and the next), however, we focus on Jamaica and the major changes at the top that have taken place in recent months at the Port Authority of Jamaica (Portjam). In this issue we interview the outgoing chairman, the Hon. Noel Hylton. In the next issue we talk to his successor, Prof Gordon Shirley, who has arrived in Duke Street after a distinguished academic career. Previously, Prof Shirley was Pro-Vice-Chancellor and Principal of the University of the West Indies, Mona.

Elsewhere in Jamaica, the long-discussed Port Royal cruise port project has resurfaced. CM takes a hard look at this ambitious scheme and asks whether it will ever see the light of day.

Changes at the top at Portjam do not lessen the competition, and Kingston is sure to face more in the coming years. CM evaluates the prospects of one possible new rival, the port of Mariel in Cuba.

Our country profile is Venezuela, a sometimes troubled maritime destination but one where big investments are under way.

I hope you enjoy this issue of Caribbean Maritime. Please feel free to contact me at [publishing@landmarine.com](mailto:publishing@landmarine.com) with any comments.

Gary Gimson  
*Publisher*



## HARBOUR VIEW

### POINTE BLANCHE, ST MAARTEN

On 18 December 2013, the Port of St Maarten received in just one day a total of eight cruise ships with over 30,000 passengers and crew.

The ships were: 'Carnival Dream' with 3,652 passengers; 'Celebrity Reflection' (3,030 passengers); 'Crystal Serenity' (1,096); 'Norwegian Gem' (2,466); 'Norwegian Sun' (2,250); 'Oasis of the Seas' (5,400); 'Ventura' (3,100); and 'Westerdam' (1,848).

The last time the Port of St Maarten welcomed such an impressive number of cruise passengers was back in 2005 when some nine ships were in port.

The key difference with 2005, though, is that the nine ships had only 18,000 passengers and crew on board – or an average of 2,000 per vessel compared with 3,750 in December.

If ever there was an example of the increase in cruise ship capacities, then this is it.

It will be interesting to compare a similar occurrence in St Maarten in another eight years or so.









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*Except for the regular annual surveys, all these years they haven't stopped working a day.*

**ANTE MARAS**

MANAGING DIRECTOR JADRANSKI POMORSKI SERVIS D.D.



# CREATOR OF 'HUB PORT' KINGSTON HANDS OVER HELM

**O**n his final day the praise was genuine and effusive, the tributes long and heartfelt. For many it was a day of moist eyes, a lump in the throat and the sadness that comes with the end of an era – the departure of a man who embodied all that was good in public service and in the maritime industry.

It was a day marked by 'The Gleaner', no less, with a leader column, a carefully crafted *paean* to one of Jamaica's greatest sons; recognition, if one were needed, of singular achievement, of odds having been defied, of naysayers silenced.

This, then, was 13 November 2013; the day when the Hon. Noel A. Hylton, at the age of 82, finally chose to retire after more than 40 years as chairman of the Port Authority of Jamaica. Mr Hylton, of course, was also one of the founding fathers of the Caribbean Shipping Association.

A few weeks into his 'retirement', he spoke exclusively to CM from his delightful hilltop home in Kingston about his life and his future plans. Yes, he has some.

First, did he have any regrets about finally calling it a day? No, he said. Moreover, he had no regrets either about the many difficult decisions with which he had wrestled or about the battles fought and won over the past four decades.

It's also fair to say that Mr Hylton's idea of retirement may not square with others who perhaps look forward to long, leisurely days on the golf course and a quiet corner of the club bar they can call their own. Mr Hylton says he used to play cricket, but "now it's just dominoes in my spare time".

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In fact, this is a man who still intends to work up to 30 hours a week and is ready to offer his experience and expertise in finance, project development, shipping and ports.

**IMMERSED**

So why wait so long to retire? Mr Hylton explained: "The truth is that I started the hub port [Kingston] from scratch and I developed such an interest and love for what I was doing that when it was successful, especially since some people thought it would not be, and I immersed myself into it. But the time is now right for me to retire."

Nevertheless, there still seems to be a feeling that perhaps he has gone too soon. "I really wanted to see the new dynamics that will take place after the enlarged Panama Canal opens," he said. Of course, this was originally due to happen in 2014.

"Kingston is well placed; however, we must put in place all the needs of the lines. So, modernise the port and dredge to the required depth and provide all the tug services for the larger ships, and then we will be ready for 2016." But he had an admission to make: "We were late with the dredging; it

should have been done a year ago. Progress here would create more confidence in Kingston by the lines who would then believe that Kingston will be ready."

He went on: "What a lot of people don't understand is that shipping lines plan two to three years ahead, therefore they start making decisions early. So ports have to be completely ready and satisfy the lines that they are capable of handling the bigger ships. There is no doubt in my mind that in the next four to five years there will be ships of 8,000 to 14,000 teu (serving the region) and those vessels that are now mother vessels will be feeder vessels."

**PROPHECIES**

The far-sighted Mr Hylton has made some prophecies in the past: "Two years ago I made a speech [at the CSA AGM in Barbados] and I said all ports in the region will benefit from an enlarged Panama Canal. Those predictions were based on two

things: US East Coast ports would not be ready, while ports on the US West Coast were too expensive and transport by rail and truck is costly. This would be an opportunity for the Caribbean ports; an all-water service transporting cargo from the West Coast

*The truth is that I started the hub port from scratch and developed such an interest and love for what I was doing that when it was successful, I immersed myself into it*

through the canal to the East Coast would generate an increased volume of cargo handled in this region.

"Since then the East Coast ports are being dredged, West Coast ports have been modernised, are more efficient and have solved their labour problems. Plus the most frightening thing is that ships are coming from the Far East to the US via Suez. The success of the ports in this region is reliant on the transit of the Panama Canal. So for us the Panama



**KEY ROLE IN AVIATION**

Not content with running one of the Caribbean's busiest ports, it should not be forgotten that Mr Hylton also headed up national carrier, Air Jamaica (now owned by Caribbean Airlines). What's more, he was no figurehead happy just to turn up and chair board meetings. He actually got things done.

Mr Hylton said: "I have been chairman of our air policy committee and negotiated bilaterals with other governments. My achievement is that over the last four years we negotiated more bilaterals than in any period in Jamaica's history and introduced an open-skies policy. Jamaica as a nation will benefit from this. For example, it facilitates easier access to charters flying into Jamaica."

## A FORCE FOR GOOD IN CRUISE SECTOR

As well as developing Kingston as a container hub, Noel Hylton also transformed Jamaica's cruise sector. He points out that since the Port Authority took over the cruise shipping sector, Jamaica has been named as the world's best cruise destination for eight consecutive years.

As far as Mr Hylton was concerned, the only development now on the horizon was to improve facilities at Ocho Rios. "The port doesn't have the capacity, so needs enlarging and revitalising with new piers and deeper water," he said. (See separate Port Royal story.)

He is particularly proud of Jamaica's newest cruise destination. "Falmouth was a tremendous project. We have received a number of accolades worldwide for the development. This year we have accommodated Disney, but there is still work to be done in the restoration [of Falmouth] to make it more attractive to tourists."

Mr Hylton recalled how the idea to build Falmouth had come about. "The thinking came from us when we heard that Royal Caribbean was building the 'Oasis' and 'Allure of the Seas'. We looked around at the facilities we had and recognised that we could not handle ships of this size.

"So we started looking around Jamaica and for a suitable place to build such a facility. One Sunday morning we drove along the north coast and we arrived in Falmouth. We looked around, but it was dilapidated and in a horrible state. We introduced Royal Caribbean to the place and I have to say they were a bit apprehensive.

"We said we would fix it and that the port would have an historical ambience and they liked it. Even though some were less than enthusiastic about the project, we pursued it. Today Falmouth is handling 800,000 passengers a year.

"All the passengers that left Ocho Rios are now coming back through Falmouth and that port is something Jamaica should be proud of. There isn't a port quite like it anywhere else in the world."

Canal has to be competitive." His very real concern is that this may not be the case.

So what are your proudest achievements? Mr Hylton confirmed that he had two achievements of which he was most proud. "The first was recognition that the Port of Kingston was stable in terms of its labour relations and second that we have

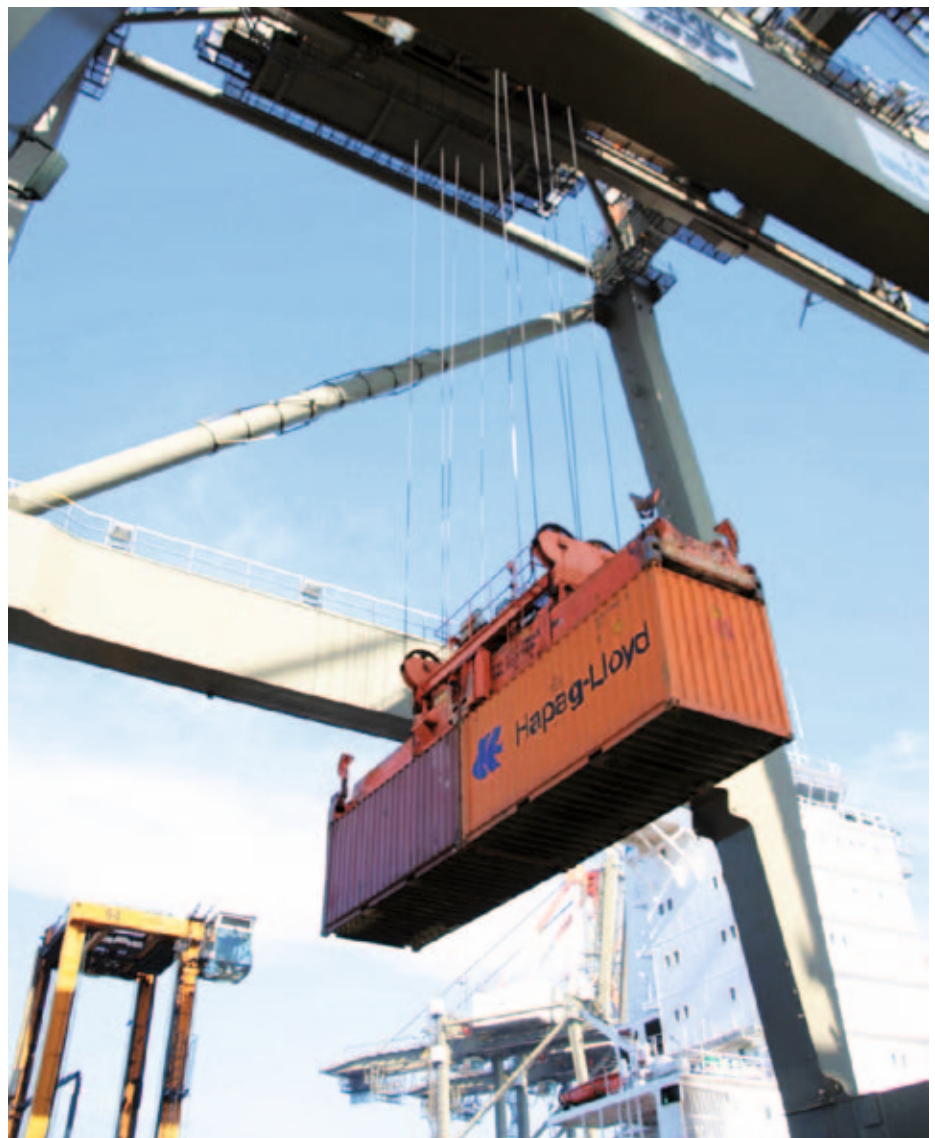
built a port from zero to one that was profitable and efficient. Not as efficient as I would have liked, but nevertheless one that was at one time ranked 45th in the world."

He leaves behind one of the Caribbean's top ports and one that is likely to be in first place for cargo handling once the expanded canal has opened.

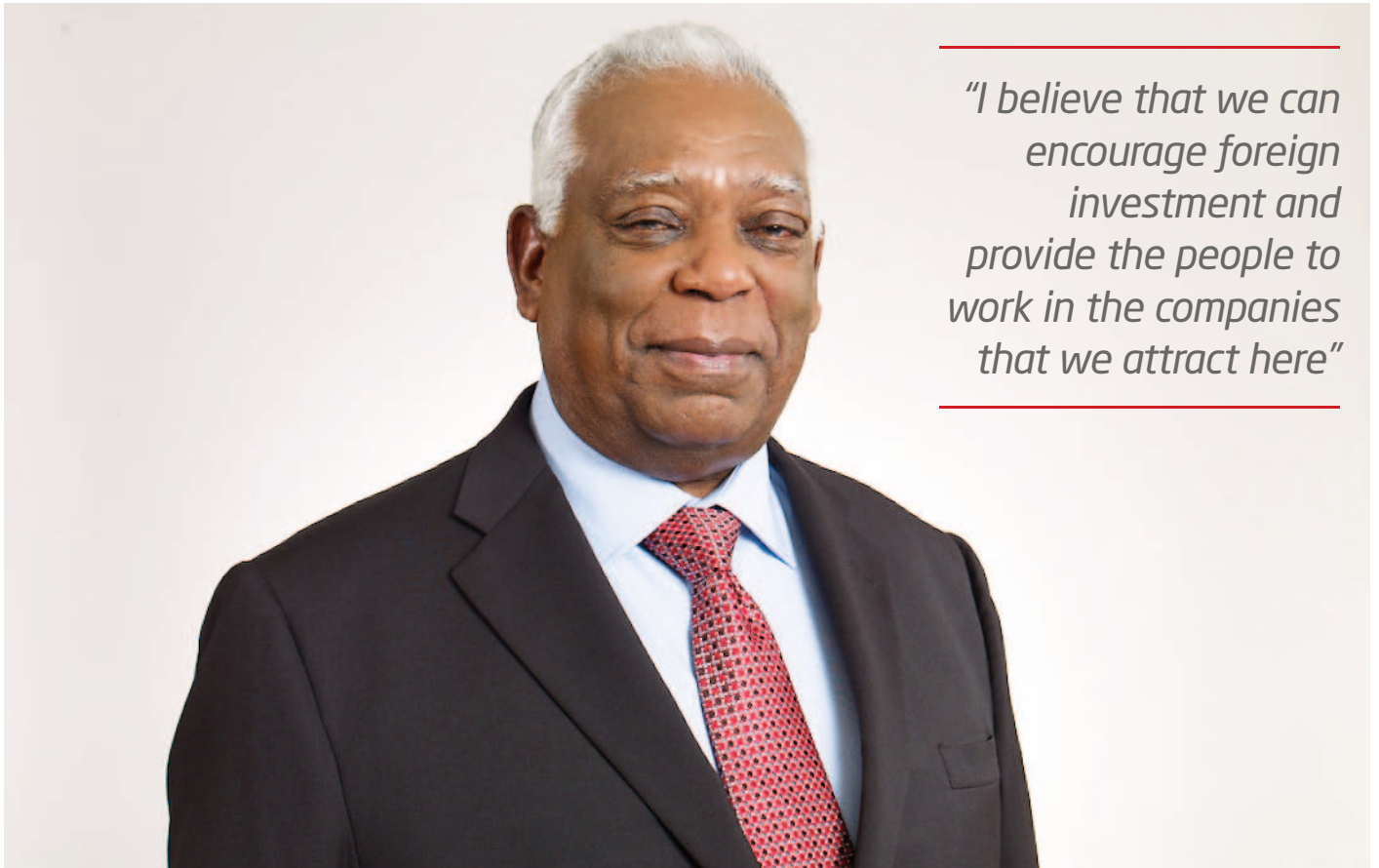
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*"I would say that my legacy to the new administration is a port that works closely with its employees to ensure stability and reliability and to give them the equipment and tools to do the job"*

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*"I believe that we can encourage foreign investment and provide the people to work in the companies that we attract here"*

"I would say that my legacy to the new administration is a port that works closely with its employees to ensure stability and reliability and to give them the equipment and tools to do the job."

### CONSULTANCY

Mr Hylton now looks forward to his consultancy work: "I believe that we can encourage foreign investment and provide the people to work in the companies that we attract here. But we have things to do. We need to streamline bureaucracy, reduce time for approvals; we need to find a way to reduce the cost of electricity and we need to develop an environment for foreign and local investment – all business needs the right atmosphere to operate efficiently. We need to develop a new business culture, but there is no doubt that we are capable of developing this culture.

"One of the advantages that will drive investors here is that we are English-speaking, and that's our advantage. Singapore is

a good example. We need to provide good training for the jobs that are made available. Until we do this, we may have to allow foreigners work permits to come here. The government is aware of this."

Overall, Mr Hylton remains upbeat about Jamaica's prospects: "I believe Jamaica can make it and it's due to our geographical location."

Right now, the big issue in Jamaica is the privatisation of the Port of Kingston. Mr Hylton had this to say: "The government is privatising the port because it needs capital and the government cannot provide this. Privatisation is a reasonable decision to take, but should it should not be privatised at any cost. Any arrangement must benefit both parties. I'm not against the privatisation.

"The workforce had some apprehension as to how they would fit into any new arrangement. But I'm not sure they have strong views on the subject. Our workforce is mostly trained technical people. They are

competent people; this is clear from the Canadian companies which have recruited here and have hired."

So Mr Hylton leaves behind a thriving port and a well-trained workforce. He emphatically denies it, but surely there must be a temptation to gaze out of the window from his hilltop lair and look down on his creation and wonder just how the old place will fare without his firm hand on the tiller. Only time will tell.

### HONOURED BY 'THE GLEANER'

It's not every port chairman who on retirement gets a leader column devoted to his achievements in the national paper, but 'The Gleaner' paid warm tribute on 13 November to Mr Hylton while also issuing a special 12-page supplement to mark the occasion.



THE YEAR AHEAD

# OUTLOOK IS BRIGHTER DESPITE CANAL DELAY





**Right:** Miami  
**Below:** Charleston  
**Bottom:** Freeport

**H**ow times change. It seems only yesterday that the shipping sector was facing meltdown in the wake of the global economic crisis.

The doom and gloom experienced then as new orders were cancelled or deferred, as freight rates fell through the floor, the prices of cruise vacations were slashed and as fast increasing new-build capacity met lower demand has mostly disappeared.

### REMINDERS

Things are clearly better now, but there are still some reminders of the dark days of 2008-2009 – perhaps best illustrated by slow (or what is in effect optimal) steaming and a boom-time capacity overhang that is only now beginning to come into line with demand. This was reflected in 2013 in the more than 200 per cent jump in the Baltic Dry Index, although tanker indices were more mixed; and a firming of container rates in the second half of last year in the key Far East-United States trades.

So why the cautious optimism? Well, notwithstanding turn-of-the-year construc-



tion wrangles with contractor consortium Grupo Unidos por el Canal (GUPC), this year is likely to be dominated by the impending inauguration of the enlarged Panama Canal. Unfortunately, this ceremony is now delayed at least until first quarter 2015, dashing the Panama Canal Authority's cherished hopes of an October 2014 completion date that was meant to coincide with the centenary of the canal's opening.

### DELAY

The slight delay to the US\$ 5.25 billion mega-project has had its unintended advantages and given all those impacted by the canal enlargement more time to prepare and get the necessary facilities and equipment in place.

Ports along the US East Coast and around the Caribbean



region are still jockeying for position ahead of the larger tonnage that is set to be deployed in east-west trade between the Far East and East Coast United States. Baltimore, Miami, Jacksonville and Charleston as well as Kingston, Manzanillo (MIT), Caucedo and Freeport are the main protagonists.

Readying facilities across the region to accommodate larger vessels is well advanced but requires significantly levels of financing. While the United States gateways have (in theory) access to federal dollars for terminal and dredging projects, the bureaucratic hurdles in their way offset any advantage they





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# PORT GALEOTA... OPENING SOON!

Located on the south-eastern peninsula of Trinidad and Tobago in the oil-rich community of Mayaro/Guayaguayare is the newly constructed Port Galeota.

This state of the art multi-purpose facility is Phase 1 of two phases in the development of the Port and will cater specifically to the offshore needs of the exploration and production operators. It is expected to generate positive growth in revenues for Trinidad and Tobago through its operations.

The facility will provide a number of specialised services including:

- Rig supply operations
- Rig and boat repairs
- Modular stacking of deck cargo
- Marshalling area of storage
- Maintenance and fabrication
- Tank farm storage for drilling muds
- Waste-management facilities
- Delivery of material by sea to and from Galeota

There will be an additional berth to be utilised by the Trinidad and Tobago Coast Guard for the provision of maritime security for cargo entering and exiting the facility.

Port Galeota presents limitless possibilities, which have already caught the interest of local, regional and international energy companies.

**Look out for the opening of Port Galeota in the first quarter of 2014!**

## THE YEAR AHEAD

may have over nimbler but less well funded ports located on Caribbean islands or the Latin American mainland.

All these ports are, in effect, gambling that their major long-term investments will pay off as lines continue to call with larger ships of up to 12,000 teu. There are bound to be winners and losers here, but we are unlikely to know which port has won or lost until perhaps 2015.

Around the region, 2013 saw a mixed economic performance; and, clearly, this is set to continue into 2014. In general, Caribbean economies picked up pace in 2013 compared with their less-than-dazzling performance the previous year. In 2012 it was continental nations such as Belize, Suriname and

Guyana that were the strongest in terms of growth – in each case largely as a result of factors unrelated to tourism.

Last year's figures were still awaited as CM21 went to press, but the English-speaking Caribbean (notably Jamaica, Barbados and Trinidad but also Antigua, Dominica, Grenada, St Lucia and Montserrat) appear to have once again performed poorly.

### IMPORTANT

Now to the vitally important cruise sector, at least for some island economies. Reports suggest that global demand for cruises is set to almost double by 2025. It is still unclear whether the Caribbean will see similar growth over the same period compared with other

*All these ports are, in effect, gambling that their major long-term investments will pay off as lines continue to call with larger ships of up to 12,000 teu*

destinations as this is a mature market with some capacity constraints.

Nevertheless, with the world's top three cruise home ports (Miami, Port Everglades and Port Canaveral) on its doorstep, the wider Caribbean area is likely to maintain its pre-eminence as a destination for some time to come. And, the Bahamas is still the world's number one nation for cruise passenger arrivals.

So better times are here and overall prospects for the region

look reasonable for 2014. I suppose it's the best we can hope for ahead of an even bigger recovery in 2015.

**Below:** Bridgetown, Barbados  
**Bottom:** Suriname





## IN PICTURES

# CSA 43rd AGM, Conference and Exhibition

Panama, October 2013

It was a return to the Sheraton in Panama City for the 43rd CSA AGM. The 2006 gathering had also been held at the same hotel.

This was an AGM with a difference - the first time CSA members had spent a working day on a train; viewing two oceans (the Atlantic and the Pacific) with visits from Panama City to Colon as well as the Miraflores locks on the Panama Canal.

The AGM had a record attendance of over 320 delegates and those who made the trip to Panama City enjoyed three very full days of presentations, networking events and, of course, a truly fabulous gala dinner.









## IN PICTURES

More images from the CSA's 43rd AGM, Conference and Exhibition. Panama, October 2013



# CSA PORT AWARDS throw up 'surprise winners'

**T**he Caribbean Shipping Association's Port Awards were as hotly contested as ever in October 2013 at the 43rd Annual General Meeting at the Sheraton Panama Hotel & Convention Center.

A total of 15 terminals from across the Caribbean competed for the awards. To the obvious delight of delegates, the 2013 awards, as in the year before, threw up unexpected winners in the two main categories: Best Multipurpose Port/Terminal and Best Container Terminal.

To the surprise of many – but not those in the know – Puerto Rico's Intership won Best Container Terminal, an award long dominated by Manzanillo International Terminal in Panama and Colombia's Sociedad Portuaria de Cartagena. This is the first time the top award has gone to Puerto Rico. Intership is a stevedoring contractor and terminal operator with 50 years' experience.

Meanwhile, the Port of Guadeloupe, winner of the previous year's Growth & Development award, made the step up to take the Multi-Purpose award.

The prizes awarded each October refer to the previous calendar year's performance. Here is a guide to recent winners of the coveted CSA Port Awards:

## FOR 2012

- Safety & Security:** St Lucia Marine Terminal Ltd
- Efficiency:** NV Havenbeheer Suriname
- Dependability:** Sociedad Portuaria Regional de Cartagena
- Growth & Development:** Manzanillo International Terminal
- Multi-Purpose:** Port of Guadeloupe
- Container Terminal:** Intership, Puerto Rico

## FOR 2011

- Safety & Security:** Barbados Port Inc
- Efficiency:** Santa Marta, Colombia
- Dependability-** Intership, Puerto Rico
- Growth & Development:** Port of Guadeloupe
- Multi-Purpose:** NV Havenbeheer Suriname
- Container Terminal:** Sociedad Portuaria Regional de Cartagena.

## FOR 2010

- Safety & Security:** Manzanillo International Terminal
- Efficiency:** Kingston Wharves Ltd
- Dependability:** Port of Guadeloupe
- Growth & Development:** PLIPDECO
- Multi-Purpose:** Chamber of Commerce of Martinique
- Container Terminal:** NV Havenbeheer Suriname.

## FOR 2009

- Safety & Security:** St Lucia Air & Sea Ports Authority
- Efficiency:** Port of Cristobal, Panama
- Dependability:** Kingston Container Terminals
- Growth & Development:** Port of Guadeloupe
- Multi-Purpose:** Kingston Wharves Ltd
- Container Terminal:** Sociedad Portuaria Regional de Cartagena.

## FOR 2008

- Safety & Security:** Manzanillo International Terminal
- Efficiency:** Kingston Wharves Limited
- Dependability:** Port of Guadeloupe
- Growth & Development:** Point Lisas Industrial Port Development Corporation Ltd
- Multi-Purpose:** St Lucia Marine Terminal Ltd
- Container Terminal:** Sociedad Portuaria Regional de Cartagena.



CSA President Grantley Stephenson hands over the prize to Manzanillo International Terminal.



Puerto Rico win top honours.



A special award for Immediate Past President Fernando Rivera.



Generous donations to the CSA's Training Trust Fund were also made on the night.



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- Booth Steamship Co (Barbados) Ltd.
- Cargo Solutions International (Barbados) Ltd.
- Commercial Services Ltd.
- Da Costa Distribution (Shipping Department)
- Eric Hassell & Son Ltd.
- Fast Transit Shipping Ltd.
- Goddards Shipping & Tours Ltd.
- Marine Trading Ltd.
- Ocean Air Transport Services Ltd.
- Platinum Port Agency Inc.
- Renewals Inc.
- Robulk Agencies Inc
- Seafreight Agencies & Stevedoring Ltd.
- Windward Agencies Ltd.

**STEVEDORING CONTRACTORS:**

- Booth Steamship Co (Barbados) Ltd.
- Cargo Handlers Ltd.
- Eric Hassell & Son Ltd.
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# Can Martinique bring off this 'grande alliance'?

A Martinique-based organisation, Cluster GAT Caraïbes Logistique et Transports, is looking to play a key role in maximising the economic benefits of the expanded Panama Canal by encouraging other transport and logistics providers across the Caribbean region to join its ranks.

But how far can it pursue this goal given Martinique's eastern location and its close bonds with France?

The organisation's president, Sandra Casanova, spoke to Caribbean Maritime.



**GAT Caraïbes' ambitious plans were first highlighted in the previous edition of Caribbean Maritime. These are now fleshed out in a more detailed Q&A report on the new Martinique-based logistics network.**

## QUESTION 2

**Caribbean Maritime:** Cluster GAT Caraïbes seems a great idea, but how confident are you that this concept can take hold outside the francophone Caribbean?

**Sandra Casanova:** Several initiatives are facilitating exchanges between the French West Indies and the Caribbean/Americas zone. One of these is an experiment being conducted in collaboration with Saint Lucia and Dominica, and soon with Trinidad &

## QUESTION 1

**Caribbean Maritime:** For the benefit of readers of Caribbean Maritime, what is Cluster GAT Caraïbes?

**Sandra Casanova:** Cluster GAT Caraïbes is an international network of transport and logistics companies, industrialists and distributors involved in the worldwide transport of goods and people across the Caribbean/Americas zone.

Martinique is opening up to the Caribbean and the world. We wish to capture the interest of the Greater Antilles by highlighting the importance of their participation in a collective think tank in order to initiate new solutions in this sector.

Dr Fritz Pinnock has been very prolific on the subject of innovation in our regional relations. Cluster GAT Caraïbes is one of many possible solutions.





## CLUSTER GAT CARAÏBES





Left: Fort-de-France

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*Cluster GAT Caraïbes is a network that each one of us can enrich by contributing one's ideas and actions. We have applied for membership of the Caribbean Shipping Association and hope to officially join this great community in May 2014*

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Tobago and Barbados, in order to harmonise the application of laws within our territories.

Equally, the official entry of Martinique into the OECS [Organisation of Eastern Caribbean States], ECLAC [United Nations Economic Commission for Latin America and the Caribbean], CARICOM and the ACS [Association of Caribbean States] which is programmed in the near future should allow us to develop relations on a win-win basis in all the sectors that we shall tackle together. We must build up positive interdependence between our territories because our geographical position requires it.

### QUESTION 3

**Caribbean Maritime:** What reaction are you getting from the non French-speaking Caribbean?

**Sandra Casanova:** The reaction has been excellent, albeit accompanied by a strong question mark on the capacity of being able to do it together.

Cluster GAT Caraïbes is a network that each one of us can enrich by contributing one's ideas and actions. We have applied for membership of the Caribbean Shipping Association and hope to officially join this great community in May 2014.

### QUESTION 4

**Caribbean Maritime:** Is this an idea designed to promote Martinique as a logistics hub rather than a genuine desire to see greater Caribbean connectivity?

**Sandra Casanova:** Wanting to become a frontline logistics hub seems to us a natural objective. However, what we are looking for,

above all, is to organise and develop inter-Caribbean transport in order to optimise regional logistics.

During the 43rd CSA meeting in Panama, Mrs Patricia Francis rightly reminded us of the importance of working together on regional interconnectivity.

### QUESTION 5

**Caribbean Maritime:** Is it fair to say that Martinique now has greater autonomy within its status as a French overseas department and is now looking outwards from a regional perspective? If so, is Guadeloupe following a similar policy?

**Sandra Casanova:** Martinique, as a French overseas department, can find strength and weakness in this tripartite position, being at the same time Caribbean, French and European.

Although we do not yet enjoy complete freedom in our commercial relations with foreign countries, we are working to break down the barriers that are prejudicial to us and which favour the establishment of a monopoly which in turn creates a high cost of living.

As early as 2011, the President of Martinique's Regional Council, Serge Letchimy, set up concrete regional integration policies. Our sister island, Guadeloupe, has followed suit.

### QUESTION 6

**Caribbean Maritime:** What are the perceived benefits for Martinique of this change of policy?

**Sandra Casanova:** Martinique needs to find its own place in its natural environment. We wish to develop all possible avenues of co-operation with our Caribbean neighbours

– for example, in sectors such as training, trade, culture, the environment, finance, etc.

### QUESTION 7

**Caribbean Maritime:** Is there any benefit from being both a French overseas department and being based in the Caribbean? For example, does this give Martinique any advantages?

**Sandra Casanova:** Martinique is strategically well placed for France and Europe in the Caribbean/Americas region, which in turn gives the Greater Antilles access to a European market of 739 million inhabitants.

The setting up of a network of Caribbean partners within Cluster GAT Caraïbes will facilitate the identification of potential partners in order not only to develop trade relations amongst ourselves but also to enable Cluster GAT Caraïbes to offer bigger, joint Caribbean proposals to partners worldwide.

Moreover, a collaborative tool has been developed in partnership with Cluster Martinique Tech composed of young Caribbean IT specialists. This tool, which is a computerised marketplace, is the continuation of the collaborative approach of Cluster GAT Caraïbes to enable our members to match supply and demand of transport and logistics multimodals in the maritime transportation industry for the Greater Antilles via this internet platform.

On a regional scale, we can be co-participants in the sector of bulk logistics, an initiative that needs to be set up rapidly because this is what is expected by all of us.

### QUESTION 8

**Caribbean Maritime:** Clearly, Martinique will soon have the necessary facilities





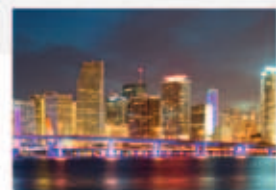
■ The CSA's 13th Annual Caribbean Shipping Executives Conference is to be held from 11-14 May at the conveniently located and exquisitely refurbished Miami Marriott Biscayne Bay.

■ Please contact the CSA Secretariat in Kingston [details below] or visit the CSA website [www.caribbeanshipping.org](http://www.caribbeanshipping.org) for further details about speakers and to register for this key networking event.

■ CSA members enjoy preferential rates. There are also early-bird registration discounts and concessionary hotel rates.



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**caribbean shipping association**

## CLUSTER GAT CARAÏBES

and infrastructure, but do you believe that Fort-de-France can really compete with Kingston, Freeport, MIT and Cartagena as a container hub once the enlarged Panama Canal is open for business?

**Sandra Casanova:** With the opening of the third Panama Canal lock, Martinique nurtures the ambition of taking advantage of some of the added value that this modification will create to the maritime transportation industry using this zone. The Port of Martinique wishes to be interconnected to the biggest world ports, even if Martinique is not as competitive as Kingston, Freeport or MIT because of maritime transport routes.

With its infrastructure and business drive, Martinique is a valid partner for everyone and deserves to find its place within a global, joint Caribbean strategy.

### QUESTION 9

**Caribbean Maritime:** Is Martinique in the correct location geographically to compete with those ports mentioned in Question 8? It would seem that Martinique is too far east for carriers passing the Panama Canal and also serving East Coast United States.

**Sandra Casanova:** Martinique will certainly miss out on the new east-west maritime trade routes. However, studies have proved that the new routes generated by the repositioning of the panamax vessels can be tapped throughout the zone.

Martinique is equipped with structured and modern port facilities (by 2016 there will be 30 hectares of land, 650 linear metres of main quay with a water depth of 14 metres, four post panamax cranes, etc); and in addition political stability which confers its statute of French overseas department.

With the security Martinique can offer – the port applies the ISPS Code – it will become a major port. The Grand Port de la Martinique is getting ready to welcome intersecting north-south traffic coming from Europe and going to the east coast of South America – for example, Brazil – and vice versa. The flow of transshipment traffic towards the most remote islands of the Caribbean, in the north as well as in the south, will also develop through Martinique, taking advantage of its geographical location in the Lesser Antilles in relation to cargo transit time.

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*With its infrastructure and business drive, Martinique is a valid partner for everyone and deserves to find its place within a global, joint Caribbean strategy*

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### QUESTION 10

**Caribbean Maritime:** In the past, Martinique has had a reputation for high charges and very poor labour relations. How have these problems been addressed?

**Sandra Casanova:** Martinique is aware of its strong and weak points. Liaison committees have been set up in an attempt to anticipate possible strikes. However, we are not machines, so certain blockades are, unfortunately, difficult to avoid. You are certainly aware of similar incidents at MIT in Panama where, for more than a week, there have been labour problems. As to our charges, we are at the moment reflecting on this aspect in order to be more competitive and offer better value for money.





# PORT BRIEFING

## CARTAGENA, COLOMBIA



As part of the port expansion project, approval has been given for the access channel to the Port of Cartagena to be widened and deepened. An agreement for the \$60 million project was signed by the National Roads Institute (INVÍAS) and the National Financial Development Fund at the 10th Congress of the Colombian Chamber of Infrastructure. The access channel will be deepened

from 14.17 to 20.5 metres and widened to between 140 and 200 metres. This will allow Cartagena to receive vessels of up to 14,000 teu or 160,000 dwt by 2018.

Half the cost of the project will be met by Sociedad Portuaria Regional de Cartagena (SPRC), the Cartagena Container Terminal and Sociedad Portuaria Puerto Bahía (SPPB) and the rest will come from public funds.

## MONTEGO BAY, JAMAICA

Cargo Handlers Ltd (CHL) of Montego Bay has announced an investment in Bulk Liquid Carrier Petroleum Ltd, also of Montego Bay. CHL handles bulk cargo, containers, cement, lumber and steel. The proposed investment would double its revenue. CHL made a profit of \$85 million in 2013.

## ST CROIX, USVI

A memorandum of understanding has been signed by the Economic Development Authority, the Virgin Islands Port Authority and St Croix Renaissance Group to work together to develop a container port on the south shore of St Croix. The aim is to position the harbour as a large-scale international transshipment port. The proposed site is St Croix Renaissance Park, a 1,244 acre industrial park that includes a deepwater container facility. The government's own cargo facility is next door and the two together would provide significant capacity.

## PORT EVERGLADES, USA

Port Everglades is to be the homeport of Royal Caribbean International's newest ship, 'Anthem of the Seas', its second Quantum Class cruise ship. 'Anthem of the Seas' is scheduled to arrive in Port Everglades in 2015 after launching cruises from Southampton. Port Everglades is one of the world's top three cruise ports, with over 4 million passengers expected in 2014, and receives more ship calls than any other port. It is already the homeport for more than 40 cruise ships.



## POINTE BLANCHE, ST MAARTEN



The TelEm Group and the Harbour Group of Companies have joined forces to create the Caribbean's first high-tech crew lounge, offering cruise ship staff a purpose-built facility in which to relax and make calls to their families and friends back home while browsing the internet. The new crew lounge is located upstairs in the harbour's Cruise & Cargo building and was officially opened with a ribbon-cutting ceremony on 18 December by Sarah Wescott-Williams, Prime Minister and TelEm Group shareholder

representative, and Ted Richardson, Minister for Telecommunications, Harbour & Economic Affairs.

Mark Mingo, managing director of the Harbour Group, said he was delighted with the new crew lounge and with the level of cooperation that had taken place between the two government-owned companies. He said crew members were an important group that should be catered to by the harbour and the destination generally because of their considerable spending power while in port.

## BRIDGETOWN, BARBADOS



Barbados is expected to handle 656,083 passenger arrivals in 2013 – 6.5 per cent more than in 2012. A further growth of five per cent is expected in 2014 based on bookings received. Barbados Port Inc hopes the numbers will pass 700,000 passenger arrivals, a figure last achieved in 2011. Cruise ship calls are also expected to increase from 356 in 2012 and 372 in 2013 to 395 in 2014.

This encouraging growth is being reinforced by five inaugural calls during the 2013/14 winter season. MSC's 'Musica' will call with some 3,000 passengers. French operator Croisieres de France will arrive with 'L'Horizon' and will make 22 calls over the season with some 1,850 passengers per call. 'Minerva', operated by All Leisure Group, will make three calls with 335 passengers per call. NCL's 'Breakaway' will make two calls with 5,000 passengers per call. And 'Aida-bella' of Aida Cruises will call.



# PORT BRIEFING

## POINTE BLANCHE, ST MAARTEN



The Port of St Maarten is expecting a busy 2013/14 season with 603 cruise ship arrivals placing the destination in the lead for the Eastern Caribbean. Calls include the world's sixth-largest cruise ship, the 'Royal Princess' of

Princess Cruises. The ship made its five-day maiden Caribbean debut on 29 October, followed by a programme of seven-day Eastern Caribbean sailings. The 'Royal Princess' arrived in Florida on 27 October.

## PORT CANAVERAL, USA

Officials announced in November that a new \$85 million cruise complex will be built in 2014 to accommodate the world's largest cruise ships. The new terminal is expected to include a 1,400 ft berth and parking for 1,000 vehicles as part of a 180,000 sq ft two-storey building. This will be the port's eighth berth, with three more projects in the pipeline to build four new terminals before 2025.

In addition, there are plans for a \$9.7 million container terminal at Port Canaveral, expected to be approved early in 2014. The port handles mainly bulk and breakbulk cargo and is hoping to capitalise in 2015 from the Panama Canal expansion. Other projects under way include two new cargo berths and the purchase of two new post panamax ship-to-shore cranes.

## MIAMI, USA

After several months of negotiations, PortMiami and the Port of Miami Operating Company (POMTOC) have signed a 15-year operating agreement worth an estimated \$225 in guaranteed revenues. POMTOC has partnered PortMiami since 1994 and has long ties to the shipping community. The agreement comes as PortMiami attempts to strengthen its status as the gateway to Latin America with infrastructure improvements including a new port tunnel connecting the State Road A1A/MacArthur Causeway to Dodge Island; the reintroduction of rail freight services; and deepening of the ship channel.



James A. Harris/Shutterstock.com



# STARBOARD BRIEFING

## NEW OIL FIND OFFSHORE TRINIDAD

Trinity, an independent exploration and production company focused on Trinidad and Tobago, has made an oil discovery at its TGAL-1 exploration well within the Galeota licence, in which Trinity has a 65 per cent operated interest.

The Trinity-operated well, off the east coast of Trinidad, was spudded on 31 October 2013 to target an updip extension of the producing Trintex Field.

Monty Pemberton, chief executive of Trinity, said: "The TGAL-1 discovery is exciting news for all of Trinity's stakeholders and our team has done an excellent job in delivering this successful well safely. Trinity's industrial thesis has always been to pursue low-risk opportunities in Trinidad and Tobago, which we believe is a prolific but under-exploited hydrocarbon province. This is the second successful exploration well Trinity has drilled on the Galeota license since 2012 and demonstrates the further resource potential of the block."

## US-FLAG LINE EXPANDS ISLA VERDE SERVICE

National Shipping Line of America (NSA) expanded its Isla Verde Express service in October by including a Port Everglades call. Formerly linking Houston and San Juan once a fortnight, the new route will be Houston, Port Everglades, San Juan, Houston, again on a 14-day basis. The route is served by the US-flag, 570 teu 'National Glory'. Adding Port Everglades to its itinerary offers US shippers the fastest transit times to Puerto Rico, while the non-stop service between Texas and Florida is the first US-flag continental service in many years and is being promoted as a green option by taking trucks off the roads.



## ADDITIONAL MAERSK SERVICES

From January 2014, the Danish container carrier Maersk Line is offering a second port call in Caucedo, Dominican Republic, on its Caribbean feeder service. The service will now call Caucedo on the return leg from San Juan to Manzanillo, Panama, as well as on the outward journey.

Maersk has also announced that a weekly Latin American service, Amazonia Caribbean Express, will commence in February 2014 calling Colombia, Panama, Jamaica, Argentina and Uruguay.

## NEW MEXICAN NAVY CONTRACTS FOR DAMEN

In November 2013 the Mexican Navy (Secretaría de Marina) and Damen Shipyards Group in the Netherlands signed another contract for a Damen Stan 4207 patrol vessel. The Mexican Navy already operates two similar patrol vessels and currently has two vessels under construction in its Astillero de Marina No. 1 shipyard in Tampico.

This fifth Tenochtitlan-class vessel will be built by the Mexican Navy, while Damen will supply a partial material package and technical assistance. Keel-laying is expected to take place in early 2014. The new vessel will be named 'Uxmal' after an ancient Mayan city on the Yucatan peninsula.

This project is an example of how Damen, through its 'building on site' programme (Damen Technical Cooperation), enables customers to build high-quality vessels in their own shipyards, allowing them to gain experience and contribute to the development of the local shipbuilding industry.

## MARTINIQUE 'CLUSTER' GROUP MAKES ITS DEBUT

The Caribbean Shipping Association's recent AGM in Panama City provided a showcase for a new Martinique-based organisation called GAT Caribbean which aims to bring new benefits to the whole region.

GAT Caribbean (full name Cluster GAT Caraïbes Logistique et Transports) is a group of transportation companies and public sector organisations based in Martinique. Its mission is to encourage regional public and private-sector members to join the cluster to create, design and share future solutions that can benefit the sustainable develop-

ment of the transport and logistics industry across the greater Caribbean region and the Americas.

This regional network hopes to boost growth by capitalising on the increased passenger and freight traffic resulting from the major expansion of the Panama Canal in 2015.

In conjunction with the modernised Port of Martinique, and with the support of Martinique's Regional Council, GAT Caribbean is preparing the French island to become a major Caribbean hub and 'Gateway to Europe in the Americas' in the new post-panamax era.



# BIG GUNS ROLLED OUT IN WRANGLE OVER CANAL DELAYS

**C**ompleting a world-scale construction project on time and to budget is never easy. Arguments between client and contractor are commonplace, especially when the bill runs into the billions of dollars.

So it came as no surprise at year end that a spat between the Panama Canal Authority (ACP) and the Spanish-led Grupos Unidos por la Canal (GUPC) consortium working on the waterway's US\$ 5.25 billion enlargement project broadened into something bigger and more serious – at least for those banking on a [delayed] first-half 2015 completion date.

GUPC is made up of the Italian firm Impregilo, the Belgian dredging contractor Jan De Nul and Panama's Constructora Urbana and is headed up by the Spanish construction company Sacyr Vallehermoso.

## OPERATIONAL

Reports now suggest that it could be late 2015 or even early 2016 before the new locks are fully operational and open to commercial shipping, with the new locks on the Atlantic side being ready three months ahead of those across the isthmus.

And here lies the basis for the argument between the two parties. Late completion means penalties for GUPC. As has been well documented, these delays have been blamed on problems with the concrete for the new locks, adverse weather and the odd labour dispute.

GUPC says that US\$ 1.6 billion in cost overruns must be met by the client and has accused ACP of contract violations. For its part, ACP says the work should be finished first and then matters can be resolved.

Given the high stakes and the money and reputations involved, the contractual





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## *Reports now suggest that it could be late 2015 or even early 2016 before the new locks are fully operational and open to commercial shipping*

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wrangle quickly escalated as Panamanian ministers engaged their Spanish counterparts in order to find a solution. This was then ratcheted up to involve Panamanian president Ricardo Martinelli and Spanish Prime Minister Mariano Rajoy.

These high stakes really were in evidence, with GUPC threatening to walk away from the project unless matters were resolved, leaving the waterway expansion unfinished and, presumably, with the contractor not getting paid.

### **SYNCHRONISING**

So East Coast United States ports and others in the Caribbean which had been synchronising investment in new facilities and costly dredging programmes were concerned that they would be 'all dressed up with nowhere to go' come early next year. Equipment standing idle or underutilised is not what they envisaged when gantry cranes



and other items of cargo handling gear were ordered.

It doesn't look as though 2014 is going to be a smooth one for those involved in the Panama Canal expansion project. All parties – Panama as a nation, the contractors, ACP, the East Coast US and Caribbean ports, the container shipping industry – have a lot to lose if the multi-billion-dollar scheme fails to go ahead in 2015 as planned.



## **RIVAL WATERWAY PROJECT IN DOUBT**

Meanwhile, further doubts still surround Nicaragua's own efforts to build a rival canal with Chinese help.

The Nicaraguan government says work on the US\$ 40 billion project will start in late 2014. But many are sceptical about this time-scale or doubt whether the ambitious scheme will eventually see the light of day.

The proposed canal was approved by Nicaraguan legislators in mid 2013, but no route for the inter-ocean waterway has yet been decided.

Concern remains that the Chinese contractor, a telecommunications company, does not have the experience to build or operate such a waterway. But, then again, which company does?





# CRUISE PORT PLAN

## on south coast resurfaces

**A long-held ambition to redevelop the historical Port Royal into a new cruise port in Jamaica has resurfaced as the Urban Development Corporation (UDC) seeks investors to get the project rolling.**

Jamaica already receives over 1 million cruise passengers a year at its four major cruise ports of Montego Bay, Ocho Rios, Port Antonio and the recently developed Falmouth; but plans for developing Port Royal have been in existence for over 20 years. Port Royal would be the first cruise port on Jamaica's south coast.

It would be the second new cruise port in recent years and would follow the successful creation of Historic Falmouth, a cruise

terminal and cultural visitor village on Jamaica's north coast. Historic Falmouth was created in a hitherto largely forgotten coastal town with a colourful history. It is perhaps the success of that project that prompted a revival of interest in redeveloping Port Royal, which also has a strong historical profile and perhaps even more tourism potential.

### SHAREHOLDERS

Interest in the project was first shown in 1993; but since 1997 it has been driven largely by the Port Royal Development Company (PRDC), comprising 51 shareholders from the private and public sectors.

Following the involvement of the UDC in late 2013, the project could finally be coming to fruition.

The master plan, developed by the Jerde Partnership, includes various heritage sites around the reconstructed Chocolate Hole harbour. Attractions would include restaurants, shops, taverns and cafés as well as modern boutiques. All buildings would feature 17th century-style architecture.

Other elements would include a sunken city, a five-star hotel, an entertainment centre, museums and themed attractions. There would also be two visitor arrival centres in addition to the cruise pier.

Total cost of the project – which could





create up to 20,000 new jobs – is put at US\$ 492 million. Most of the investment would be required for infrastructure, with the rest going on restoration of historical sites and development of retail areas. The proposed site area covers about 320 acres and includes 115,000 square metres of buildings.

### FIRST PHASE

The first phase would be the cruise pier, costing about US\$ 30 to 40 million. This would take a year to complete and within two years the site could be receiving its first cruise passengers.

Architectural drawings, a master plan and sonar recordings are already available to potential investors, although it is expected that any investor will also be involved in the design and implementation. Although the project has tentative government approval, it is the need to wait for investors to come forward that has stalled the process.

The project is viewed very much as part of developing the tourism potential of the so-called Historic Triangle – Port Royal, Spanish Town and Kingston – with hotel developments in Kingston providing



accommodation for a large number of visitors. Projections show that the facility could be receiving up to 10,000 visitors a day by 2025. The ultimate goal is to turn Kingston into a major homeport for cruise ships.

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*The master plan includes various heritage sites around the reconstructed Chocolata Hole harbour*

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## PORT'S RAFFISH HISTORY HAS HUGE TOURISM POTENTIAL

Today it is a quaint fishing village; but in its heyday Port Royal was one of the most important settlements in the Caribbean, a busy harbour used regularly by pirates and buccaneers. It developed a reputation as the wickedest place on earth.

The town that became Port Royal began life as a fishing harbour used by the island's earliest inhabitants, the Tainos. Located at the mouth of Kingston Harbour, it forms part of the Historic Triangle that also includes Spanish Town and Kingston itself.

Later, the Spanish used Port Royal as a harbour for their vessels, but after the British captured the port in 1655 its wealth – and infamy – began to grow. State-sponsored privateers and non state-sponsored pirates swarmed into Port Royal and not only spent their plundered Spanish riches but also helped defend the port against enemy attacks.

As Port Royal grew richer, the excesses of its people and the town's reputation for debauchery got worse. It is said that a quarter of the buildings were either bars or brothels. A paradise for pirates and buccaneers, Port Royal developed a reputation for separating pirates from their ill-gotten gain.

In 1692, however, a huge earthquake hit the area, the town was virtually demolished and much of it sank beneath the waves. The earthquake that put an end to Port Royal was seen by many as divine retribution for its wicked ways. However, most of the former town, including hundreds of sunken ships, lies just a few metres under the water. Because of its rich bounty of shipwrecks, it is regarded by some experts as one of the most important underwater sites in the world.

This rich cultural heritage could now be used to recreate the vibrancy of the 17th century for tourists and cruise passengers. Reconstructed buildings would include period-style waterfront cafés and shops, the Royal Naval Dockyard, the Admiralty headquarters and a museum of shipbuilding.

The government hopes the area will also be recognised by Unesco and designated a World Heritage Site.





# BOLIPUERTOS INVESTS TO WIN BACK CONTAINER TRAFFIC

**S**ome older CSA members with long memories may recall the 1997 AGM in the Venezuelan city of Valencia – perhaps one of the stranger locations for such a gathering.

Those who can cast their minds back may also remember a half-day visit to nearby Puerto Cabello – then, as now, Venezuela’s leading container port.

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*Despite having the world’s largest proven oil reserves, Venezuela has had its fair share of problems, and the nation’s ports are no exception*

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Back in the late 1990s, this was a country where gasoline cost just a handful of cents per litre and where it was said (only half-jokingly) that Venezuelans brushed their teeth with unleaded as it was cheaper to buy

than water. And everyone seemed to drive a V8 Chevy.

But how times have changed. Fast forward 15 years or so and Venezuela is different. Gasoline may still be absurdly cheap in Venezuela, which apparently has the world’s cheapest pump prices; but despite having the world’s largest proven oil reserves, Venezuela has had its fair share of problems,

and the nation’s ports are no exception.

Since 2010, the state-owned ports company Bolivariana de Puertos (BolipuertOS), with the help of Cuban advisers, has run all of the nation’s main cargo gateways: Puerto

Cabello, Guanta, La Ceiba, La Guaira, Maracaibo and El Guamache. Perhaps understandably, nationalisation was not achieved without some trauma and strong objections from the private sector.

## GRAND PLANS

At the time of the CSA meeting, and for a period thereafter, Puerto Cabello had grand plans to rival Cartagena and Manzanillo as the Caribbean’s southern container hub – and one with plenty of inbound cargo of its own.

Today, such plans are a distant memory and Puerto Cabello and La Guaira concentrate largely on handling Venezuela’s imports. Yet both have ambitious expansion programmes; and BolipuertOS is keen to see an increase in container throughput capacity at both Puerto Cabello and La Guaira.

Puerto Cabello and La Guaira both saw sharp declines in container traffic in 2009 and 2010, but container moves picked up

again in 2011 and reliable forecasts show Puerto Cabello aiming for an impressive 1.4 million teu by 2018 with the construction of a new US\$ 520 million Chinese-built terminal firmly in the pipeline. La Guaira is also being expanded in order to accept vessels of up to 6,500 teu capacity. This work is set for completion in 2016.

At the same time, a huge cargo handling equipment order in 2013 for Puerto Cabello and La Guaira included 30 reach stackers, four empty container handlers, 17 heavy/light fork-lift trucks, seven heavy terminal tractors, 41 medium terminal tractors and an RTG. This followed a large equipment order in 2011 from the same supplier.

Then Bolipuertos placed a further €20 million order with Cargotec in late 2013 for 15 Kalmar E-One<sup>2</sup> RTGs for use at the Port of La Guaira. This is the latest element in a wider order for equipment. But industry insiders have their doubts as to whether this equipment can be paid for and delivery fulfilled.

Despite the eye-catching equipment orders and plans to increase throughput capacity, a talk with almost any carrier serving the Venezuelan market will reveal operational concerns. One carrier regular serving the Venezuelan market told CM that

## *Despite the eye-catching equipment orders and plans to increase throughput capacity, a talk with almost any carrier serving the Venezuelan market will reveal operational concerns*

the company preferred not to comment on the current situation as it was “too risky in every respect”.

So, on the one hand, there is a drive to improve performance and step up investment; but on the ground there are still challenges for both lines and shippers as they grapple with spiralling levels of bureaucracy, berthing and customs delays, the politically motivated hiring of workers, and increased levels of irregular practices.

### **CAPACITY**

As the highly respected Forbes magazine stated in December last year in an article about South American ports in general: “Insufficient capacity isn’t the only driver of corruption at ports. New protectionist policies in several Latin American nations – including the nationalisation of Venezuela’s ports – have created additional layers of

bureaucratic red tape. This often means more palms to grease.”

Meanwhile, and in a separate development, Venezuela has set up Puertos del Alba, a state-owned company charged with “modernising, renovating, equipping and constructing” ports in Venezuela and Cuba. According to the decree, Puertos del Alba would have an initial capital of 3.2 million bolivars (approximately US\$ 1.5 million at the official exchange rate) and would be owned jointly by Bolipuertos (51 per cent) and Grupo Empresarial de la Industria Portuaria (ASPORT), a Cuban entity.

So it is full steam ahead for Bolipuertos in terms of the hardware; but the jury is still out on whether Venezuela’s ports have really got to grips with their “software” issues.

**Below:** La Guaira - where a new container terminal is under construction





# CREATING NEW ECONOMIC ZONES

A paradigm shift from transshipment to logistics hub

*By Fritz Pinnock and Ibrahim Ajagunna*

**B**y virtue of its location, the transshipment hub port network of the Caribbean is the one best placed to serve the United States. The opening of the expanded Panama Canal in 2015/16 is a milestone event for the Caribbean because the growth in vessel size transiting the canal from 4,500 to 12,500 teu will provide greater opportunities for transshipment to access the US east coast and South America more competitively.

The last decade has seen hub ports in the region announcing expansion after expansion in an effort to become the most attractive transshipment port. Since the global recession in 2008, the international take on transshipment seems to be shifting to ports that provide greater value-added logistics through integrated economic zones

**Right (top to bottom):**  
Kingston, Cartagena  
and Manzanillo  
International Terminal



because these provide a more equitable balance between imports and exports. In addition, the shift from 'offshore' to 'nearshoring' is creating new economic zones within the Caribbean region. Offshore manufacturing, for example, has been synonymous with the Pacific Rim for decades and is still often the best way to save a line of business that might otherwise decline because of rising labour costs.

## TREND

As the offshoring trend has progressed, however, the drawbacks of moving production away from the demand have been more obvious. For example, the language barrier, time zones and infrequent face-to-face meetings make common design adjustments difficult and expensive for Asia-based production models. The variables can also affect delivery time.

This calls for a new generation of logistics hub ports with large areas of land that could also integrate into air cargo services, all with one common customs border, making value-added services flexible and mobile. This will introduce the new port of Mariel in Cuba and the much talked about Goat Islands port in Jamaica to be developed by the Chinese. This shift also affects sub-regional hub ports such as Kingston Wharves Limited, which is investing heavily in upgrading portside and shoreside facilities.

The growth in Caribbean transshipment is linked to issues such as economic growth in Latin America and the need of shippers to accommodate these inbound and outbound trade flows within their shipping networks.

Transshipment is thus a mix of hub-and-spoke configurations and interlink between long-distance shipping routes. The advantages gained in terms of network inter-connectivity and better use of ship assets outweigh the additional handling costs involved in transshipment. According to Rodrigue and Notteboom, the expan-

sion of the Panama Canal comes at a time when world trade developments are prone to uncertainties, because the main drivers of trade, such as American import-based consumption, are being questioned while new trade relations are not firmly established. In addition, South America offers great potential for additional volumes and transshipment activities.

Caribbean transshipment ports can be classified into three layers:

- Global hub ports
- Sub-regional hub ports
- Service ports.

Global hub port status will be shared by at least three major ports – KCT, Jamaica; Cartagena, Colombia; and Manzanillo, Panama – based on investment in existing hub ports by international port management companies and shipping lines. These are the non-aligned competing hub ports that could swing the pendulum through new investment in the region.

## IMPROVEMENTS

Vessel size has been growing constantly with improvements in technology and more specialised containerships that do not have onboard container cranes, thus obliging Caribbean ports to provide shore cranes

and other container handling facilities. Consequently, large transit sheds used primarily for storing sugar and bananas must be removed to create large areas of open storage for containers.

Some Caribbean states have invested heavily in modern port infrastructure with

a view to offering their services as global transshipment hub ports and sub-regional hub ports. The rest operate as service ports catering to domestic economic needs.

Efforts to improve cooperation among Caribbean port authorities and shipping companies could lead to further benefits. Transshipment allows the use of larger and more specialised vessels and exploits the economy of scale at hub ports. For small countries, even a low volume of transshipment can make up a high proportion of total port cargo traffic. Transshipment is

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*The last decade has seen hub ports in the region announcing expansion after expansion in an effort to become the most attractive transshipment port*

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very attractive to ports because it adds cargo to the local trade, making otherwise uneconomical operations profitable and infrastructure investment more viable. This, in turn, brings direct benefits for local traders and consumers by attracting more ship services while lowering unit costs.



## ECONOMIC ZONES

Developing the most efficient port network would require regional agreement to share the costs of infrastructure investment costs so that all might benefit from increased traffic flows. A lack of cooperation among carriers, too, leads to inefficient use of cargo space. Carriers with a backlog often prefer to keep cargo idle and customers waiting than to approach a competitor sailing away half-empty. In other regions, carriers cooperate with slot-sharing agreements and alliances to use capacity in a more effective way. A voluntary regional system whereby ships and shippers can access information on available capacity could greatly improve the use of cargo space.

The ports of Kingston (Jamaica) and Freeport (Bahamas) are good examples of how transshipment adds economies of scale beyond what local business will permit. For Caribbean countries on major trade routes, transshipment of foreign cargo can be a big part of operations.

### LOGISTICS AND SUPPLY CHAIN INTEGRATION

Today's biggest business challenge is knowing how to respond to a world in which the frame and basis of competition are always changing; against that backdrop, any effort to set corporate strategy must consider more than just traditional performance measures.

Companies must now consider how well their supply chain strategy addresses the risks and opportunities created by global trends that are reshaping how our businesses and societies will work.

According to McKinsey, the coming decade will be the first in 200 years when emerging-market countries contribute more growth than the developed ones; and this growth will not only create a wave of new middle-class consumers but will also lead to profound innovations in product design, market infrastructure and value chains. McKinsey says there will be 1 billion new middle-class consumers in the next seven years, expanding to 3 billion by 2030. In addition, about 1.2 million people per week will move from rural areas to urban

centres and cities will be the new epicentres of growth. As a result, 440 cities will account for more than half of the world's GDP growth over the next decade.

The global economy is growing and it is also ever more connected. Complex flows of capital, goods, information and people are creating an interlinked network that spans geographies, social groups and economies in ways that permit large-scale interactions at any given moment. This expanding grid is seeding new business models and accelerating the pace of innovation. It also makes destabilising cycles of volatility more likely and potentially more frequent.

The present volume of cargo originating from the Caribbean does not, in the short term, justify the large fixed capital cost needed to secure more efficient port operations. One container handling crane, for example, costs US\$ 8 million. Administration and support services costs are also greatly influenced by economies of scale. In addition, smaller island ports are generally served by smaller or underused vessels, with a direct impact on per-unit shipping costs.

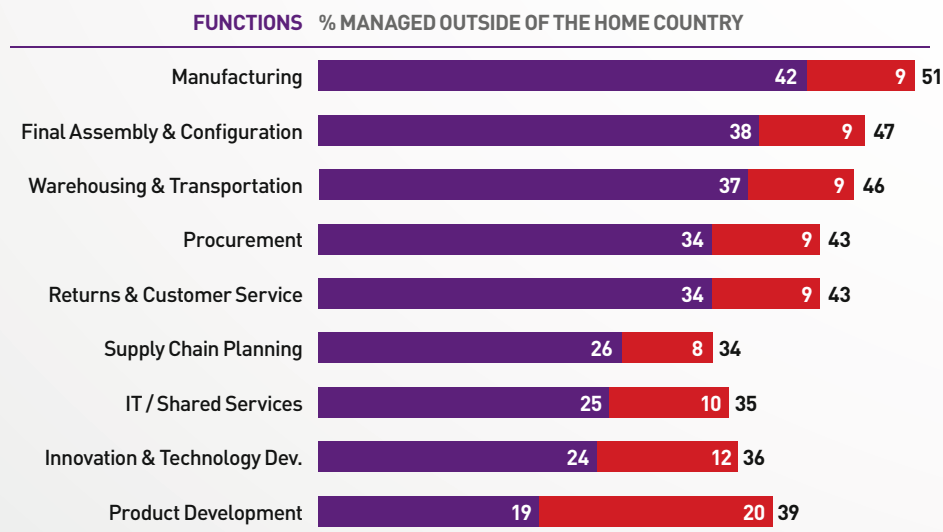
According to Pinnock and Ajagunna, analysis shows that Caribbean ports may not necessarily lack capacity overall; nor is the number of carriers insufficient for present needs. Instead, harmonised regula-

tory and legal reform strategy is needed to create incentives to improve management and administrative practices; stimulate investment in modernising facilities; and ensure efficient pooling of resources. Freight logistics and shipping industry reforms should emphasise greater competition, regional cooperation and modern efficiency techniques.

With the impending opening of the expanded Panama Canal in 2015/16, it is good to link the Port of Kingston and Caucedo (Dominican Republic) with Barbados and Trinidad to improve efficiency in shipping and freight logistics. In essence, this will provide a greater link between global, regional and sub-regional ports (schooner trade). So it is important for the schooner trade network to be recognised and integrated into the Caribbean network.

### SUPPLY CHAIN VOLATILITY

The often-contradictory demands of driving economic growth and providing safety nets to maintain social stability have put many national governments under extraordinary pressure. In addition, globalisation brings more pressure. It has been observed that globalisation is accelerating, leading to structural shifts for global supply chain organisations. The figure below illustrates this.



Source: PRTM, Global Supply Chain Trends

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## *Supply chain managers must operate in volatile conditions; which suggests that conventional wisdom needs radical rethinking in the light of major changes in the global business environment*

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According to experts, traditional supply chains were designed at times of prolonged stability; but today's supply chains must be ready to accept and adjust to greater turbulence, changes and uncertainty introduced via:

- Commodity prices
- Natural disasters
- Financial markets
- Logistics costs.

Supply chain managers must operate in volatile conditions; which suggests that conventional wisdom needs radical rethinking in the light of major changes in the global business environment. The nature of volatility in key business parameter illustrates that future supply chains must adapt to a setting we refer to as 'turbulence'. Experts measured the turbulence in supply chains and created a Supply Chain Volatility Index.

Garry Fay, chief global and logistics and operations officer at Avnet, put forward what he described as the three macro factors. He believes these micro factors have remained constant over time and should be on the radar of every supply chain professional. They are:

### **GLOBAL ECONOMIC CONDITIONS**

According to Garry Fay: "Not a day goes by at my company when there isn't a deep discussion of world economic conditions.

One day the dialogue may be about the US economy and the anticipated effects of the sequester. On the next day, the focus may shift to China's growth rate and the following day the topic may be on productivity trends or tax policies in Latin America. These discussions are not limited to the direct impact of these issues on our company but include an expansive evaluation of how these economic conditions influence our trading and transportation partners."

Of course, you would all expect the leadership of any global company to be constantly evaluating these issues, but Garry Fay says all supply chain professionals should be equally concerned with global economic fluctuations, follow these changes closely and view the evolving conditions as precursors to changes in the supply chain landscape.

### **POLITICAL CLIMATE**

According to Garry Fay: "We all tend to view the political climate through the prism of the politics within our own country. Unfortunately, that perspective tends to distort our interpretation of events elsewhere in the world and bias our understanding of geo-political trends. Hand in hand with the diversity of political initiatives around the world is the diversity of cultural perspectives that underscore and drive regional political dynamics."

Every supply chain professional must work to understand and appreciate the

political and cultural environment in each of the countries and regions that influence the vitality of their supply chains. This is not an easy task and requires multiple sources of informational input.

### **LEGAL AND REGULATORY ENVIRONMENT**

The degree of global regulatory complexity is staggering and becoming more so each day. As a result, the wider the dimensions of your supply chain, the greater your exposure to trade compliance risk. Understanding the detailed requirements of emerging regulations is absolutely essential to successfully navigate through the regulatory maze. However, that is easier said than done. Too often, as new regulations go into effect, there is a lack of clarity and a cloud of misunderstanding within our industry. Proactive involvement is necessary along with the active participation of our industry associations to drive consistent standards between industry trading partners."



# CLUSTER GAT CARAÏBES:

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Cluster GAT Caraïbes is an international network made up of transport and logistics companies, industrialists and distributors involved in the worldwide transport of goods and people that cross the Caribbean.

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# NEW BEGINNINGS FOR CUBA?

**R**eports out of Cuba indicate that the new Port of Mariel is expected to be officially opened by the end of January 2014.

The ambitious port creation project and its accompanying special development zone are viewed by many as a major step change on Cuba's economic horizon, providing the potential for this beleaguered island nation to become one of the largest trading hubs in the Caribbean.



*Even though the US embargo against Cuba has stifled trade for half a century, Cuba's trading activities are by no means minor*

Even though the United States embargo on Cuba has stifled trade for half a century, its trading activities are by no means minor. For example, China reportedly does more than \$10 billion worth of trade with Cuba each year. However, this growth – up 25 per cent in 2013 – and the imminent opening of the expanded Panama Canal led the Cuban authorities to assess the country's facilities and determine that its gateway port of

Havana could not cope with the larger vessels expected after 2015.

The small fishing town and sometime port of Mariel, 45 km west of Havana on Cuba's north coast, is the closest point to the US, just 145 km from Florida. It is perhaps best known for being the place where a mass exodus of Cubans to the US, the so-called Mariel boatlift, took place in 1980 following internal tensions and an economic downturn in Cuba. The granddaughter of long-time Mariel resi-

dent Ernest Hemmingway's is also named after the town. Now it is the focus for a US\$ 900 million development that includes a deepwater container port and an industrial zone.

The need for such a new port is clear. The Port of Havana cannot be expanded because a vehicle tunnel under the mouth of the bay prohibits further dredging. Therefore it will not be able to receive the larger containerships passing through the Panama Canal from 2015. Mariel, though undeveloped, was the ideal location for a new port, with deepwater access, a natural harbour and ample land available for development.

## JOINT VENTURE

The project is being financed largely by Brazil, which is Cuba's second-largest trading partner in Latin America. Brazil has provided an estimated US\$ 680 towards the project through its development bank, BNDES, although the details of this are classified as secret, protected behind a confidentiality agreement.

The Cuba-Brazil joint venture was launched in 2010, with Grupo Odebrecht of Brazil building the container port in partnership with the Cuban company Zona de



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## PORT OF MARIEL

Desarrollo Integral de Mariel, a subsidiary of Almacenes Universal SA. Phase 1 of the deepwater port includes a 700 metre pier, enabling it to receive two large containerships simultaneously with draughts up to 15 metres (49 ft). At present, the largest vessel that can call Havana is 11 metres (36 ft). Four super post panamax ship-to-shore gantry cranes have already been delivered.

When finished, the deepwater facility, which will be operated by Singapore-based PSA International, will have an annual capacity of up to 1 million containers: three times that of Havana.

### DEVELOPMENT ZONE

The container terminal is located at the heart of the Zona Especial de Desarrollo del Mariel (Special Development Zone Mariel or ZEDM), a development zone and industrial park covering 465 sq km (180 square miles). The Cuban government is trying to use Mariel to attract manufacturers and service providers as a base for exports to the region, especially in the food, biotech, renewable energy, packaging and telecommunications industries. Extensive tax and custom breaks are available in order to attract investors.

It is hoped that the industrial zone will also encourage some local production and manufacturing, reducing the reliance on imports as well as encouraging some exports.

The special development zone is attempting to attract foreign investment

with 10 years of tax-free operation as an incentive. A local manufacturing base for, say, Chinese companies would provide many benefits, tapping into a well-educated Cuban workforce and the island's close proximity to end markets.

However, the US trade embargo – which prohibits imports into the US and bans any vessel calling Cuba from calling at a US port for six months – is a serious hurdle for many potential investors. In spite of this, there has already been interest from Russia, China, Vietnam, Germany, Spain, Japan, Mexico and Brazil.

However, the Cuban authorities will still have an uphill struggle to attract investment when there are many other options, with lower labour costs, better infrastructure and no trade restrictions in the region.

As a slight sweetener, the Cuban government has promised property within the industrial zone cannot be expropriated, as was the case after Fidel Castro's 1959 revolution, in which billions of dollars of foreign assets were nationalised.

In addition, investors will be given up to 50-year contracts, double those previously offered, and will have 100 per cent ownership during the contract. They will be charged almost no labour or local taxes; the only taxes applicable will be the 14 per cent

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*The special development zone is attempting to attract foreign investment with 10 years of tax-free operation as an incentive*

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social security tax, a one per cent sales or service tax for local transactions, and half of one per cent of income to maintain and develop the zone. The Cuban authorities hope this will incentivise investment.

### FUTURE

Whether the new port and industrial zone will provide the long-awaited shot in the arm for Cuba's economy or have a more modest impact on the fortunes of the island, only time will tell.

Despite the long-standing US embargo, the new port will enable Mariel to compete on a global stage and handle larger volumes of cargo, as well as the larger vessels.

If all the pieces fall into place, Mariel could be the next major Caribbean hub port, competing against the likes of Kingston, Panama and Port of Spain.

While no date has been published regarding the opening, it was expected to coincide with the Brazilian president's visit to Havana at the end of January.

Once fully open, the container terminal at Mariel will become Cuba's main port of entry for goods, replacing the Port of Havana. It will also align Cuba with other shipping hubs in the region looking to take advantage of the expansion of the Panama Canal.

With a modern port capable of handling the largest vessels, Cuba is well positioned to take advantage of a trade boom if the US ever lifts the trade embargo and allows containerships to call.

This has been a vain hope for five decades, but with ever-growing opposition – including an almost unanimous vote from the UN General Assembly in 2013 to end the embargo – it could be time.





# 'NO PAIN, NO GAIN' ON PATH TO BUSINESS SUCCESS

By Harry Maragh\*

**Why tackle things most folk can barely wrap their brains around when you can make millions pushing the penny?**

We are living in a time when, if you build a platform or a great product or a service such as we have, you can touch all our clients and the competitors' clients as well. If we can achieve that, why would we want to do anything less?

Ambitious goals are going to force us to strengthen our skills by swimming against the tides of disbelief and discomfort. Our organisation will become tougher and toned.

The year 2013 has flown by and was certainly event-filled, with challenges to overcome, disappointments, victories, losses and new developments. We were very fortunate as 2013 is, thankfully, the only year in recent memory where there was no real threat of a hurricane. The only hur-

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*In business and in life, there is no single path to greatness, yet it cannot be achieved without paying the required price*

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ricane we had was a government that still seems to be having difficulties in attaining growth and, of course, the devaluation of the dollar NDX which affected us all, especially those of us in the shipping industry.

The International Monetary Fund agreement is now in full swing and perhaps this is a good thing as our leaders in the past have not told us the truth on more than one occasion. We have not exhibited sufficient

discipline and so we have a 'watchdog' ensuring that we stick to the plan we agreed on as we have already taken their money. For Jamaica, the IMF agreement is painful, but it is unreasonable to expect that the road to recovery will be easy, given the bad decisions and poor execution of plans over the years that were supposed to put Jamaica on a path towards what we know is so possible: greatness.

## GREATNESS

In business and in life, there is no single path to greatness, yet it cannot be achieved without paying the required price, as has been demonstrated by Usain Bolt, Shelly-Ann Fraser-Price and Tessanne Chin, just to mention a few. These are Jamaica's current examples of excellence. Yet we do not see their consistent discipline, their commitment, their focus and their acceptance of pain and what they have gone through personally to achieve their goals and emerge as wonderful examples for our generation.

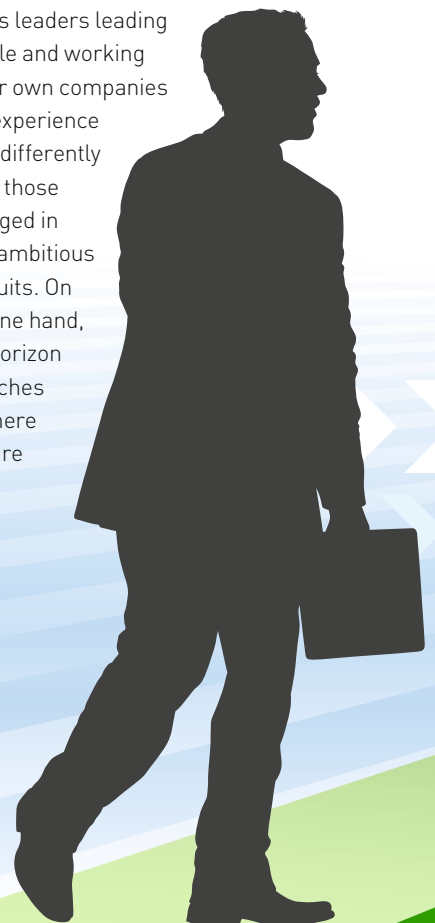
If we are to shine as an industry, we all must now go through a pain-shedding fast, reducing inefficiency, focusing on making timely decisions on what is important, communicating and


executing good plans, so that we emerge stronger and are better able to compete, not just on the track and on the entertainment stage, but where it matters most of all: our people and, of course, our company; producing jobs; growing the economy so that our staff are able to feed and send their children to school and tuck them in bed safely at nights, dreaming of their own greatness in a crime-free environment.

Like Usain, Shelly-Ann, Tessanne and others, we at Lannaman & Morris, Sea-freight Jamaica and Metro Investments Ltd and the industry in general must also dream of greatness for our country. We should also know that we will not realise our true potential and growth unless we are disciplined in seeking to take exceptional care of our customers. However, greatness takes time and will not happen overnight. It requires significant will and commitment, consistency, deep desire to excel, optimism, genuineness and care. Our team at LNM, SF and MIL believes in these values and we believe that we must live them every day, so that we serve our customers well and increase their confidence in us.

## LEADERS

We as leaders leading people and working in our own companies will experience time differently from those engaged in less ambitious pursuits. On the one hand, the horizon stretches to where you are





no longer managing for the next year but for the next decade. On the other hand, paradoxically, a sense of urgency prevails. If we are going to succeed, increasing our tonnage, reducing costs, ensuring that all equipment is returned in good order, collect all our freight and demurrage/detention, then we have got to get to work today with a level of intensity that is unrelenting. The only way you can achieve something that big is with overwhelming intensity and a focus that starts today and goes on tomorrow and the next day.

## ADVANTAGES

We are leaders in our industry armed with certain advantages: experience, relationships, track records; and, perhaps most fascinating, we know that we can make this work and we are uniquely positioned to make it work. Audacity underlies our companies; the belief that, from nothing, you will bring forth something that makes someone's life better. Take that audacity and kick it up a notch or a hundred notches. If we fail, it won't be for lack of courage or imagination; and if we succeed, those successes will be felt around and in our companies.

*\*Harry Maragh is President and CEO,  
Lannaman & Morris (Shipping) Limited*



# Reversing the process of recruitment



By Fritz Pinnock

**H**uman resource experts such as John Bateson, Jochen Wirtz, Eugene Burke and Carly Vaughan have pointed out that many companies rely on skilled, personable employees to satisfy customers, but finding them can be costly.

Weak labour markets and click-to-apply online applications increase the burden on companies, which may get hundreds of applicants for a single opening.

In 2007, for example, the British call centre industry received 7 million applications for 260,000 jobs. According to these experts, most companies have a standard hiring regime in which recruiters start by reviewing résumés; move on to phone or face-to-face interviews with the most promising candidates; and then draw on various tests, including psychometric tests, to determine which applicants are the best fit.

Researches have also suggested that this approach is backward as many service companies, including retailers, call centres and security firms, can reduce costs and make better hiring decisions by using short, web-based psychometric tests as the first screening step. According to experts, such tests efficiently weed out the least suitable applicants, leaving a smaller, better qualified pool to undergo the more costly personalised aspects of the process.

Experts have also observed that the test-first approach makes sense for several reasons and evidence suggests that many

more applicants today – by some estimates, nearly 50 per cent – embellish their CVs than did so in the past, reducing the usefulness of résumés as initial screening tools. At the same time, the advent of web-based psychometric tests has made testing less expensive and more convenient. And recent research across industries shows that these tests are good predictors of performance.

According to Bateson, Wirtz, Burke and Vaughan, other tests also show great promise. For example, a large UK-based supermarket chain recently began using a customised online situational judgment test to screen out the bottom 25 per cent of applicants before reviewing CVs. Because the candidates called in for interviews were therefore better qualified, the average number seen for each successful hire fell from six to two, saving 73,000 hours of managerial time.

## ROLE OF PSYCHOMETRIC TESTING

Ben Dattner, in reference to a survey conducted by the Society for Human Resource Management, points out that roughly 18 per cent of companies currently use personality tests in their hiring process. According to Ben Dattner, many industrial and organisational psychologists, as well as the Association of Test Publishers, have argued that this number is growing at an annual rate of 10 to 15 per cent. According to experts, when used correctly, cognitive and personality

tests can increase the chances that new employees will succeed. Since the cost of a bad hire is widely estimated to be at least one year's pay, there are huge incentives for organisations to get hiring right. Unfortunately, too many organisations use the wrong psychometric assessments in the wrong way. According to experts, in order to minimise potential risks and maximise the predictive accuracy of hiring tests, organisations must:

- Know the law
- Know the business needs
- Reduce the risk of cheating
- Share test results with candidates
- Test the tests.


## MAKING THE RIGHT DECISION

In recruitment, human resource managers evaluate prospective candidates using many different tools, which are not limited to the following:

- Résumé review
- Phone interview
- In-person meetings
- Formal or informal reference checks.

## RÉSUMÉ REVIEW

A résumé should provide factual information about the candidate and give the hiring manager an initial sense of his or her abilities. It is often the first point of com-



*Weak labour markets and click-to-apply online applications increase the burden on companies, which may get hundreds of applicants for a single opening*

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munication and can be used to differentiate qualified applicants from non-qualified applicants. Should a résumé leave you wondering, make a small-time investment and make a call to the candidate. It may become apparent within minutes that the candidate is not a fit; on the other hand, you may discover a solid candidate that you could have missed by screening too heavily.

### **PHONE INTERVIEW**

A phone interview is sometimes done in place of an in-person interview but more often is used to screen candidates before inviting them for an interview. While you evaluate a candidate during a phone interview, remember to make a good first impression so the candidate stays interested in your organisation. Ask yourself if the candidate answered basic questions well, was able to articulate his or her interests and experience, and spoke positively about past jobs and employers. An initial phone interview saves time for both hiring managers and candidates. It can also be used to screen out candidates who are not appropriate for an in-person interview.

To get the most out of phone interviews, the following seven tips may be your guiding angels:

- Make a good first impression
- Give unenthusiastic but qualified candidates a second chance

- Consider all of your organisation's hiring needs
- Be patient with applicants who speaks a second language
- Cue up the in-person interview
- Leave the door open and leave the applicants happy
- Get referrals.

### **IN-PERSON MEETINGS**

The in-person interview serves many purposes and is really the 'make or break' factor in a hiring decision. This process serves as a 'gut check' for whether you click with a candidate and feel he or she would fit the culture of your organisation and be able to handle the responsibilities of the position. Get into the details of what the candidate actually accomplished in previous jobs and gather specifics about relationships with peers, subordinates and bosses. Don't settle for surface-level responses and push for examples that provide you with insight into the candidate's behaviour and performance. During the interview frequently ask for names, and ask if it is all right if you check with these people as part of the reference process; this approach will serve to keep the candidate more honest. Employers must remember that the interview is not just a chance for you to screen and assess the candidate, but also to sell him or her on the job. It is a golden opportunity for you to



## RECRUITMENT

show off your organisation and present the position in its best light.

### REFERENCE CHECKS

Use your network and speak with someone at the organisation where the candidate worked and who will give information on the candidate. The goal here is not to 'dig up dirt' but rather to get a more complete and unbiased picture of the candidate in order to make an informed decision. Be discreet and take care not to create any problems for a candidate who is conducting a confidential search. The challenge, however, is finding a person who will be honest and open about the candidate. It is easy if you know someone at the organisation where the candidate worked (sometimes as referral). If, however, you do not know anyone, social networking may be a final choice. Reference checks are well worth the extra effort since they can prevent bad hires or provide the information that prompts you to make the right hire.

Go as fast as you can. You don't want to lose your star candidate because while you are setting up the fifth round of interviews, your candidate takes a job with one of your

competitors. On the other hand, you want to thoroughly assess the candidate and short-cutting your process is highly risky since bad hires are extremely costly to organisations. As a result, ask candidates about timing and keep asking throughout the interview process. Candidates who are genuinely interested in your company will tell you the status of their job search and when they expect to have a competing offer.

Stay in touch with the candidates. If a number of hiring managers are involved in the recruiting process then make sure communication between them is good. It is a shame to lose an attractive candidate because one manager thought another manager was calling the candidate. Keep communicating even after you have an accepted offer. And prepare the candidate for a counter-offer from his or her current employer and/or from another employer.

Ten key steps to successful hiring:

1. Understand your organisation's need – job analysis.
2. Understand what you want as an employer.
3. Develop a job description.



4. Decide on the best selection process and criteria.
5. Identify sources of applicants and launch search.
6. Shortlist from a number of candidates.
7. Make final selection – interview, assessment, reference check and medical.
8. Make an offer.
9. Conduct an induction training.
10. Review the selection process to determine how successful.

According to experts, this process might sound like a long and complicated process, but it just takes a bit of effort. And, yes, you might need the assistance of a professional to set up the process for you or even to implement it; but ultimately, it will go a long way in avoiding those costs of a bad hire and to protecting your business.

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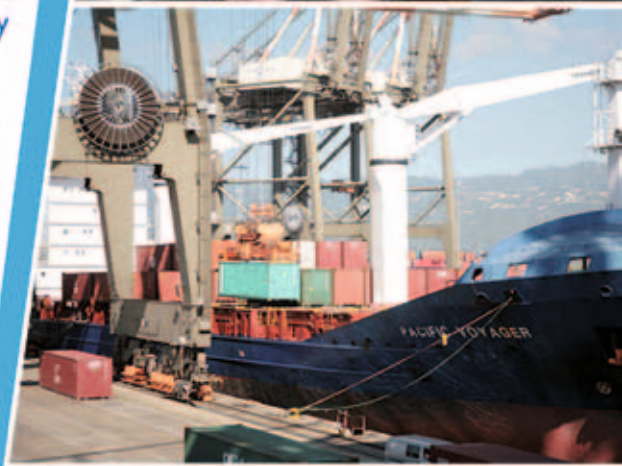


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