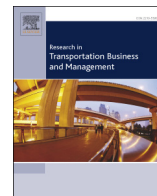




Contents lists available at ScienceDirect

# Research in Transportation Business & Management



## Port reform in Mexico: 1993–2015

Juan Carlos Villa

Texas Transportation Institute, Texas A&M University System, United States

### ARTICLE INFO

#### Article history:

Received 12 May 2016

Received in revised form 4 November 2016

Accepted 11 November 2016

Available online xxx

#### Keywords:

Port

Port reform

Port management

Institutional framework

Privatization

Mexico

### ABSTRACT

Mexican port reform was implemented in the 1990s with the objective of improving Mexico's competitiveness in the world trade market. This paper analyzes the process that was followed to implement port reforms in Mexico and the accomplishments through the review of statistical information. Practicing managers involved in freight transportation policy development could learn from the experiences related to the Mexican port reform process, particularly helpful elements such as the legal and institutional framework that allowed private-sector investment security, the port administration organization and its evolution in responding to changes in the environment, and a zero-labor-liability environment. Issues that still require attention include overall system-approach planning to achieve a true multimodal efficient transportation network and coordination among stakeholders to increase competitiveness.

© 2016 Elsevier Ltd. All rights reserved.

### 1. Introduction

International trade is one of the key components of national economic development, and the port system plays an important role in enhancing the countries' competitiveness. An efficient port system reduces logistics and transportation costs, hence improving the country's competitiveness in the world marketplace. In the late 1980s and early 1990s, Mexico, like many other Latin American countries, had a closed economy with centralized control of most of the economic activities. According to the [Organization for Economic Co-operation and Development \(OECD\), 2007](#), a policy reform is "a process in which changes are made to the formal "rules of the game" – including laws, regulations and institutions – to address a problem or achieve a goal such as economic growth, environmental protection or poverty alleviation". In Mexico, policy reform to the port system started in 1993, following a similar pattern to other countries. The objective of this research was to document the port reform in Mexico and analyze available information to assess the results of the Mexican port reform and identify areas of improvement. The period of analysis includes from the beginning of the reform, through 2015, which is the time that statistical information is available.

Globalization refers to the growing interdependence of countries resulting from the increasing integration of trade, finance, people, and ideas in one global marketplace. International trade and cross-border investment flows are the main elements of this integration ([The World Bank, 2008](#)). Two main factors have accelerated globalization's pace:

- Technological advances. These advances have lowered the costs of transportation, communication, and computation to the extent that

it is often economically feasible for a firm to locate different phases of production in different countries.

- Increasing liberalization of trade and capital markets. More and more governments are refusing to protect their economies from foreign competition or influence through import tariffs and nontariff barriers such as import quotas, export restraints, and legal prohibitions.

In the 1980s, world globalization and structural changes occurred around the world, and Mexico was not the exception. In 1982, Mexico suffered one of the worst financial crises of its history. Foreign loans were cut off, and oil prices dropped. Mexico was unable to continue subsidizing state-owned firms' operations, i.e. the port system.

The paper is structured as follows: The next section presents the research question and methods that were followed to meet the research objective. [Section 3](#) then describes the Mexican port system pre-reform, followed by a discussion of the port reforms that took place. [Section 4](#) describes the basic elements of the Mexican port governance. [Section 5](#) analyzes the port reform accomplishments using statistical information from official sources. [Section 6](#) presents key findings and a discussion of results from the research, while [Section 7](#) includes implications for managerial practice and [Section 8](#) presents the conclusions and recommendations for further research.

### 2. Research question and methods

The objective of this research was to document the Mexican port reform process and analyze the outcomes from the reform in order to identify areas of further research and provide the port community with information on the process that was followed in Mexico. The

E-mail address: [j-villa@tamu.edu](mailto:j-villa@tamu.edu).

research was conducted through a review of existing literature in Mexico and abroad, and descriptive statistical analysis from official sites. Results of the literature review served as the foundation to document the reform process and is presented throughout the document and not in a specific section. The research was complemented with insights from the author experience in the road and rail privatization process in Mexico.

### 3. Mexican port reform

In 1970, port administration in Mexico was performed by two entities under the Secretary of Communications and Transportation (*Secretaría de Comunicaciones y Transportes [SCT], 2012a,b*):

- The National Port Coordination Commission (*Comisión Nacional Coordinadora de Puertos*). The commission was a federal entity that operated and managed 14 main ports in Mexico, through port services companies (*empresas de servicios portuarios*): Ensenada; Guaymas; Mazatlán, Manzanillo; Lázaro Cárdenas; Acapulco and Salina Cruz on the Pacific Ocean; and Tampico—Altamira, Veracruz, Coahuila, Progreso, and Quintana Roo on the Gulf of Mexico and Caribbean Sea.
- The General Directorate of Operations and Port Development. The directorate directly coordinated other ports, such as La Paz, Topolobampo, Puerto Vallarta on the Pacific Ocean; and Tuxpan and Isla del Carmen on the Gulf of Mexico, supported by local representatives called superintendents.

In order to reduce subsidies to state-owned entities during Mexico's 1982 financial crisis, the administration of President Miguel de la Madrid (1982–1988) initiated profound reforms, which were accelerated by President Carlos Salinas's administration (1988–1994).

As part of these reforms, in 1989 a federal decentralized government entity was created: Mexican Ports (*Puertos Mexicanos*). This agency was responsible for the complete port network and was the only agency in the country authorized to build port infrastructures and provide dredging and maritime signalization services.

Torres (2013) listed the original problems of Mexican ports before the reform process as follows:

The quality and productivity of the services were inferior to the international standards, the construction and administration of the ports belonged exclusively to the federal government, and the provision of services was monopolized by state-owned companies, insufficient public investment that led to lack of equipment and facilities, almost non-existent private investments, important subsidies for port operation and development, underutilized capacity in some ports, while in others it was over capacity, centrally fixed and uniform across the board prices and tariffs, all this leading to reduced port dynamism. (p. 11).

Valle-Herrera (1996) provided further insight on the conditions that drove the need for reform:

Mexico was deeply centralized around its interior, was politically inconsistent, and lacked competition among coastal regions and ports. Absolute control by the Mexican government severely limited the incentive to improve the port system. Among other problems, government control over the ports also resulted in illogical port development and technological delays. Since competition among ports did not exist, construction of infrastructure, dredging, operation and equipment supply were inefficient and bureaucratic. (p. 15).

The history of the port system, according to Valle-Herrera, “motivated the current change in perspective towards privatization” (p. 15).

The Mexican federal government, through the SCT as the head of the transportation sector developed the strategy to modernize the port system, with two main actions: the creation of an adequate legal framework, and the dismantling of *Puertos Mexicanos* (Estache, Gonzalez, & Trujillo, 2002). The Port Law, which was published in 1993, was the foundation of the legal framework and allowed private investors to participate in the port industry as operators. The key elements of the 1993 Port Law are shown in Fig. 1.

*Puertos Mexicanos* was gradually dismantled, and an Integral Port Administration (*Administración Portuaria Integral [API]*) was created in all commercial ports. The landlords, self-financed APIs, are supervised by the federal government under SCT.

The most important element of the Port Law was that it redefined the role of the federal government as regulator. Through the APIs, the government decentralized the port administration and provided a vehicle through which private investment could be included in the development of new infrastructure and the provision of services.

The APIs are publicly owned companies that are responsible for port management, planning, promotion, and infrastructure development. The federal government, through the SCT, keeps the role of port authority, and SCT is the agency that grants concessions and licenses.

Under the Port Law, existing fixed infrastructure, land, and waterfront that are part of each port remain federal property, but the use, management, operation, and construction are handled by the APIs. According to Estache et al. (2002), the APIs “act as landlords since the Port Law precludes them from acting as port operators and requires them to contract with third parties. They are not full port authorities since that role is legally attributed to the SCT” (p. 547).

When an API requires new facilities, it can concession the financing, construction, and operation of terminals. APIs delegate the operation of terminals and facilities by contracting with third-party, private-sector entities under competitive bidding. The federal government awards partial concession rights, which are established in the API's concession title and in the Port Law.

#### 3.1. Governing of APIs

The government body of each API is the Board of Directors. SCT oversees the board, which includes members from state and local governments, financial institutions, and the local private sector. The APIs must meet the *Coordinación General de Puertos y Marina Mercante (CGPMM)* and SCT requirements in terms of investment plans and land use and other performance measures defined in the Master Plan. However, the Port Law allows the APIs to propose modifications to the Master Plan and negotiate changes with the federal government. The APIs have two committees: the Operations Committee and the Planning Committee.

#### 3.2. Operations Committee

The Operations Committee includes the port administrator, the port captain, and agencies in the port, as well as representatives from the users, service providers, and other port operators. The Operations Committee is presided over by the port administrator and meets at least once a month.

The Operations Committee provides recommendations on the following items:

- Operations and hours of operation.
- Assignment of wharfing positions.
- Prices and tariffs.
- Conflicts between the port administration, users, and service providers.
- Users' complaints.
- Coordination aspects for an efficient port operation.

#### 3.3. Planning Committee

The planning of the port is the responsibility of the Planning Committee. This committee includes the port administrator (who presides), the port captain, a representative from the Secretary of Environment and Natural Resources, and the concessionaires or service providers.

The Planning Committee receives the Master Plan and any changes to it from the port administrator, the assignment of specific areas,

Download English Version:

<https://daneshyari.com/en/article/5106688>

Download Persian Version:

<https://daneshyari.com/article/5106688>

[Daneshyari.com](https://daneshyari.com)