

Logistics in Latin America & The Caribbean



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Introduction

Working with a specialist can help remove the stumbling blocks that can impede trade Between the United States, Caribbean and Central and South America.



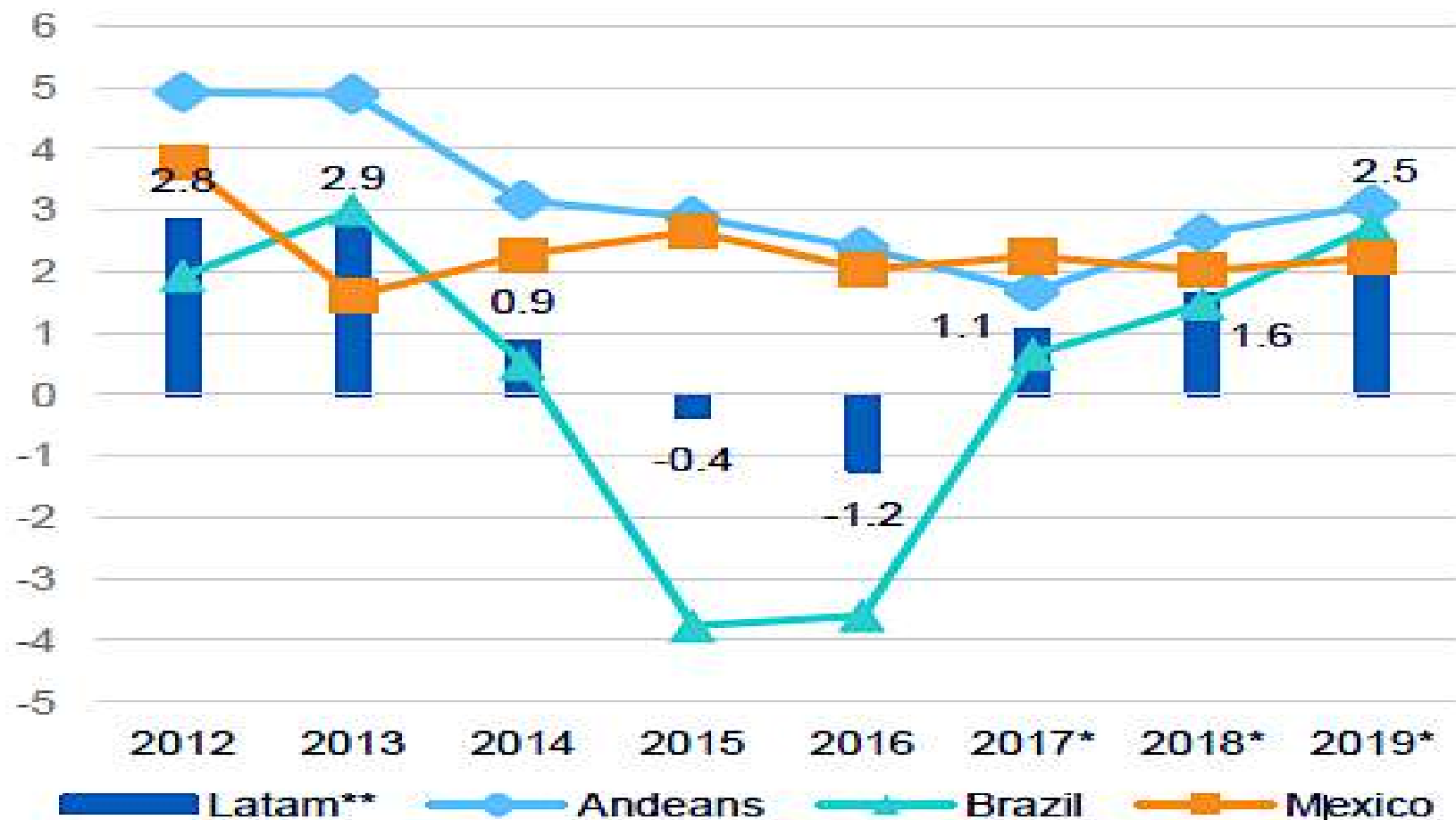
Latin America Outlook



Latin America will grow by 1.6% in 2018

2017 is an inflection point after five years of slowdown in the region, with the last two (2015 and 2016) showing a contraction in activity

Figure 1.1 Latin America: GDP growth (%)

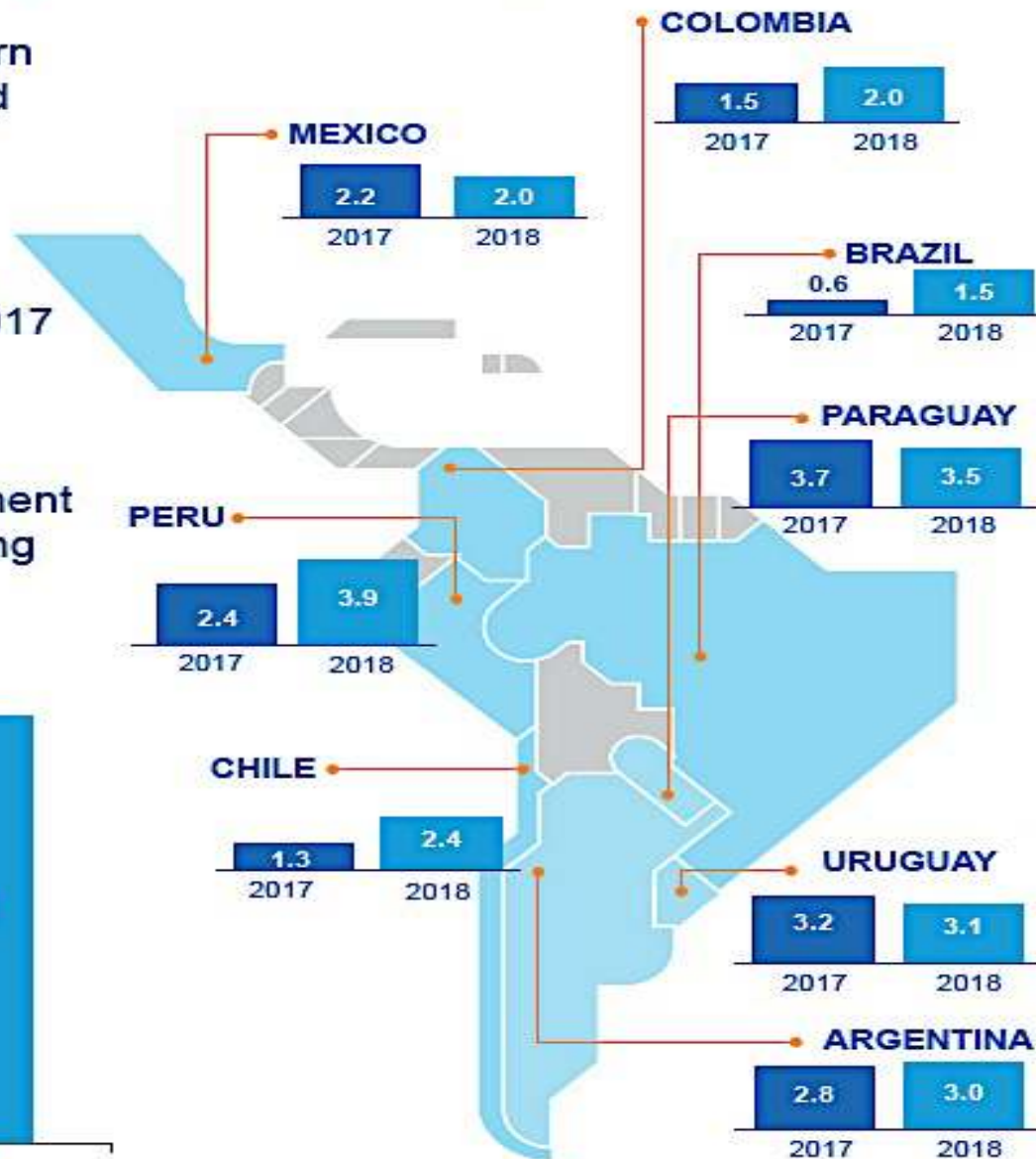
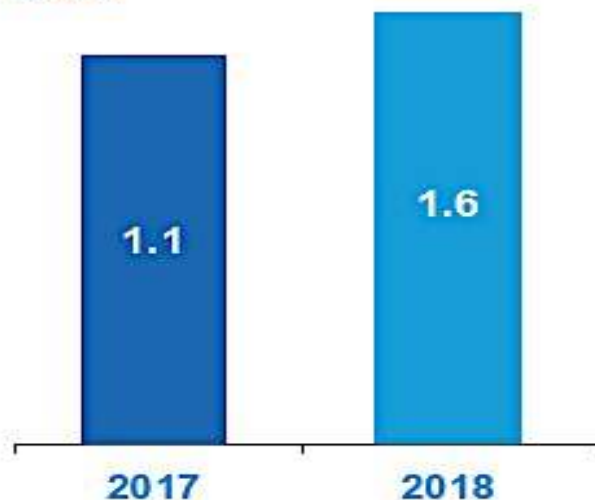


Latin America Outlook

Ongoing recovery in Latin America, albeit slow

- Clear signs of an upturn in Argentina, Chile and Brazil
- Improved forecast for Mexico and Peru in 2017
- Growth driven by the foreign sector, investment and consumer spending

GDP LatAm
(% a/a)



Free Trade Agreement - Open Markets

The United States has free trade agreements in force with 20 countries.

These are:

[Australia](#)

[Bahrain](#)

[Canada](#)

[Chile](#)

[Colombia](#)

[Costa Rica](#)

[Dominican Republic](#)

[El Salvador](#)

[Guatemala](#)

[Honduras](#)

[Israel](#)

[Jordan](#)

[Korea](#)

[Mexico](#)

[Morocco](#)

[Nicaragua](#)

[Oman](#)

[Panama](#)

[Peru](#)

[Singapore](#)



Why is Latin America and the Caribbean Important?



LAC IS A BUYING POWERHOUSE



| # | Country | Population (2017) | Subregion |
|----|---|-------------------|-----------------|
| 1 | <u>Brazil</u> | 211,243,220 | South America |
| 2 | <u>Mexico</u> | 130,222,815 | North America |
| 3 | <u>Colombia</u> | 49,067,981 | South America |
| 4 | <u>Argentina</u> | 44,272,125 | South America |
| 5 | <u>Peru</u> | 32,166,473 | South America |
| 6 | <u>Venezuela</u> | 31,925,705 | South America |
| 7 | <u>Chile</u> | 18,313,495 | South America |
| 8 | <u>Guatemala</u> | 17,005,497 | Central America |
| 9 | <u>Ecuador</u> | 16,625,776 | South America |
| 10 | <u>Cuba</u> | 11,390,184 | Caribbean |
| 11 | <u>Bolivia</u> | 11,052,864 | South America |
| 12 | <u>Haiti</u> | 10,983,274 | Caribbean |
| 13 | <u>Dominican Republic</u> | 10,766,564 | Caribbean |
| 14 | <u>Honduras</u> | 8,304,677 | Central America |
| 15 | <u>Paraguay</u> | 6,811,583 | South America |

| | | | |
|----|---|-----------|-----------------|
| 16 | <u>Nicaragua</u> | 6,217,796 | Central America |
| 17 | <u>El Salvador</u> | 6,167,147 | Central America |
| 18 | <u>Costa Rica</u> | 4,905,626 | Central America |
| 19 | <u>Panama</u> | 4,051,284 | Central America |
| 20 | <u>Uruguay</u> | 3,456,877 | South America |
| 21 | <u>Jamaica</u> | 2,813,285 | Caribbean |
| 22 | <u>Trinidad and Tobago</u> | 1,369,157 | Caribbean |
| 23 | <u>Guyana</u> | 774,407 | South America |
| 24 | <u>Suriname</u> | 552,112 | South America |
| 25 | <u>Bahamas</u> | 397,164 | Caribbean |
| 26 | <u>Belize</u> | 374,651 | Central America |
| 27 | <u>Barbados</u> | 285,744 | Caribbean |
| 28 | <u>Saint Lucia</u> | 187,768 | Caribbean |
| 29 | <u>St. Vincent & Grenadines</u> | 109,895 | Caribbean |
| 30 | <u>Grenada</u> | 107,850 | Caribbean |
| 31 | <u>Antigua and Barbuda</u> | 93,659 | Caribbean |
| 32 | <u>Dominica</u> | 73,353 | Caribbean |
| 33 | <u>Saint Kitts and Nevis</u> | 56,780 | Caribbean |

LAC IS A BUYING POWERHOUSE



| # | Territory | Population (2017) | Dependency of |
|----|---|-------------------|---------------|
| 1 | <u>Puerto Rico</u> | 3,679,086 | U.S.A. |
| 2 | <u>Guadeloupe</u> | 472,462 | France |
| 3 | <u>Martinique</u> | 396,071 | France |
| 4 | <u>French Guiana</u> | 282,761 | France |
| 5 | <u>Curacao</u> | 159,987 | Netherlands |
| 6 | <u>United States Virgin Islands</u> | 106,574 | U.S.A. |
| 7 | <u>Aruba</u> | 104,588 | Netherlands |
| 8 | <u>Cayman Islands</u> | 61,557 | U.K. |
| 9 | <u>Saint Maarten</u> | 40,117 | Netherlands |
| 10 | <u>Turks and Caicos Islands</u> | 35,442 | U.K. |
| 11 | <u>British Virgin Islands</u> | 31,200 | U.K. |
| 12 | <u>Caribbean Netherlands</u> | 25,699 | Netherlands |
| 13 | <u>Anguilla</u> | 14,906 | U.K. |
| 14 | <u>Montserrat</u> | 5,179 | U.K. |
| 15 | <u>Falkland Islands</u> | 2,919 | U.K. |





Logistics Landscape



Logistics Landscape



> **Operational Focus** - Over 48 countries and territories

Provide guidance, capacity management, improved services and expertise related to the Latin American & Caribbean, So. East & MIA Gateway markets by supporting our customers in all trade lanes.



LAC & MIA Gateway



Logistics Landscape



LAC Services per Country

| Region | Country | Air / Ocean | Contract Logistics/ Warehousing & Fulfillment | Customs Brokerage | National Coverage |
|--------|------------------------------|-------------|--|-------------------|-------------------|
| LAC | Argentina | Both | Yes | *Yes | Yes |
| LAC | Bolivia | Both | Yes | *Yes | Yes |
| LAC | Brazil | Both | Yes | *Yes | Yes |
| LAC | Caribbean (non SDQ / SJU) | Both | Yes | *Yes | Yes |
| LAC | Chile | Both | Yes | *Yes | Yes |
| LAC | Colombia | Both | Yes | *Yes | Yes |
| LAC | Costa Rica | Both | Yes | *Yes | Yes |
| LAC | Dom. Republic | Both | Yes | *Yes | Yes |
| LAC | Ecuador | Both | Yes | *Yes | Yes |
| LAC | El Salvador | Both | Yes | *Yes | Yes |
| LAC | Guatemala | Both | Yes | *Yes | Yes |
| LAC | Honduras | Both | Yes | *Yes | Yes |
| LAC | Mexico | Both | Yes | *Yes | Yes |
| LAC | Nicaragua | Both | Yes | *Yes | Yes |
| LAC | Panama | Both | Yes | *Yes | Yes |
| LAC | Paraguay | Both | Yes | *Yes | Yes |
| LAC | Peru | Both | Yes | *Yes | Yes |
| LAC | Puerto Rico | Both | Yes | *Yes | Yes |
| LAC | Uruguay | Both | Yes | *Yes | Yes |
| LAC | Venezuela | Both | Yes | *Yes | Yes |

Logistics Challenges



Logistics Challenges

COST CATEGORIES USED IN THE ANALYSIS OF LOGISTICAL ACTIVITIES

| | |
|--|---|
| Pre-shipment | Pre-shipment activities, which include consolidation, packaging and warehousing of products, transport to the exporter, and any other activity that may be necessary or that is carried out prior to the departure of the cargo to its final destination. Also included are costs related to inspections and certifications required by any public authority. |
| Transfer to port or airport of departure | This item essentially includes domestic ground freight from the exporter's plant to the inland waterway port or airport, and any other logistics costs that arise at this stage of the process. |
| Port or airport | Costs associated with waiting, entry into and departure from the port or airport. |
| Customs | Includes all activities related to customs and other verification and monitoring institutions, as well as certifications and inspections that are required by the client or by the importing country. In the case of ground transport, costs related to border crossings are also included. |
| Transport to destination | Includes freight costs and costs related to insurance, handling and port services in the case of inland waterway, sea or air transport. |
| Inventory and financing costs | Inventory and financing costs are calculated for the entire export and import process. This heading is intended for the calculation of those costs that arise as a consequence of having the cargo halted, or that prevent the settlement of payments on time and as needed. |

Key Challenge →



Logistics Challenges

#1 Fulfillment Delays and Lack of Reliability

Study in 2016-2017 shows that 58% of e-commerce deliveries require at least a week to be delivered, another 34% require more than two weeks.



Logistics Challenges

#2 Customs Delays and Corruption

Bureaucracy, red tape and corruption in customs are the greatest hurdles for regular imports and online purchases in Latin America



Logistics Challenges

#3 Lack of End-to-End Responsibility

Too often, merchants and couriers blame one another when products arrive late or damaged to the customer. The lack of end-to-end responsibility only undermines trust in e-commerce by consumers.

Among more than 10,000 online shoppers in LAC, 73% of people still prefer to see the product before buying it and 37% don't trust the delivered quality of what they buy online.



Shipping Options



Logistics Partner and Services

Research and choose a forwarder

Consider reputation, experience, service and price

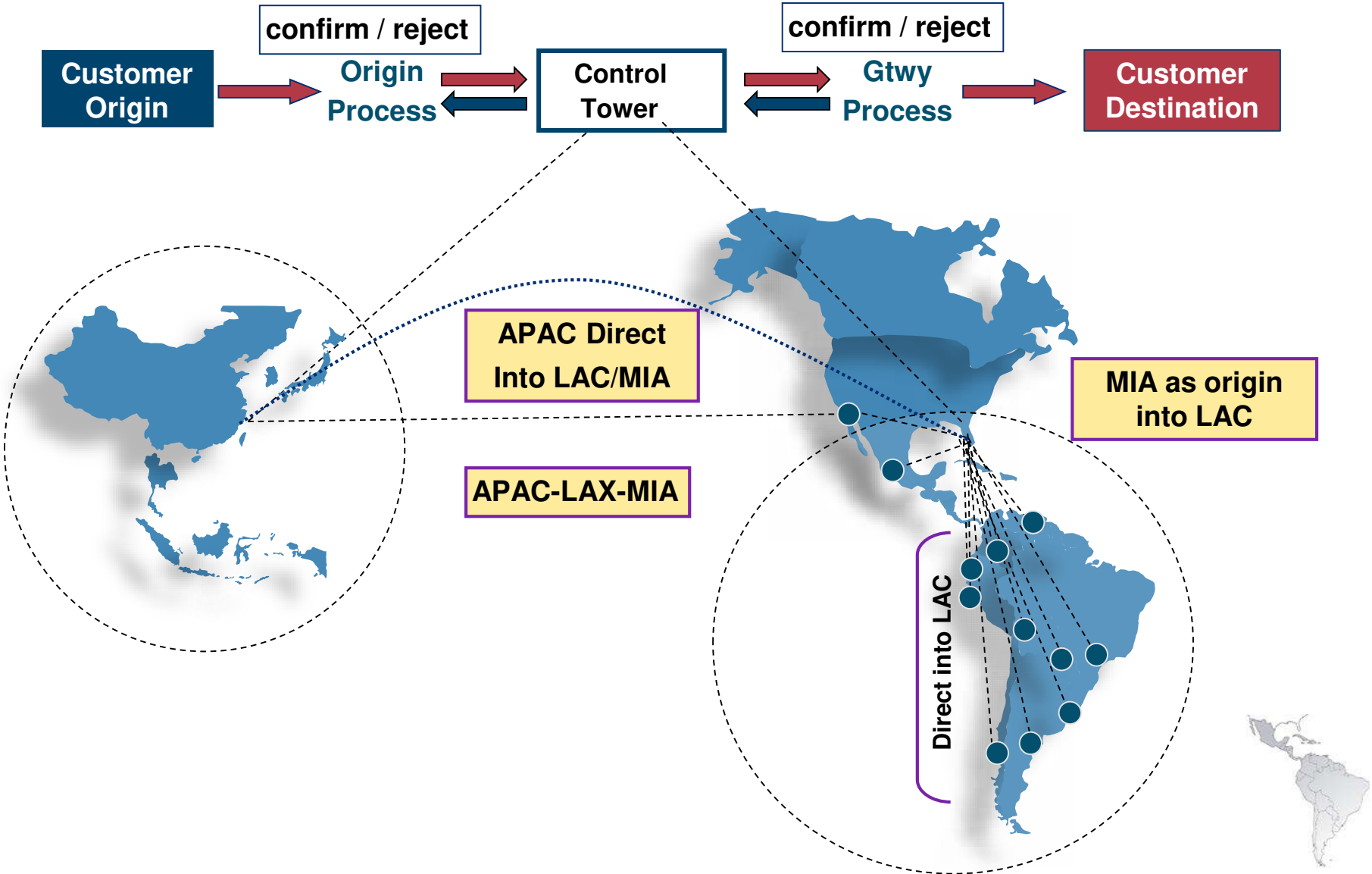
Lowest priced provider may not be the best choice



Shipping Options



Sample Routing through the MIA Gateway



Shipping Options

Air Freight

Used when a faster transit time is needed
(Days vs. Weeks)

Usually priced by breakpoints in Kgs:
+50KG, +100KG, +300KG, +500KG,
+1000KG

Dimensional/Volumetric weight- Applies
to lightweight low density cargo.

Accounts for use of space in correlation to actual weight

Carriers will charge whichever is greater of the two, stay informed.



Shipping Options

Ocean Freight

Less than Container Load (LCL) – used for smaller ocean freight shipments that don't require the full capacity of a container

Full Container Load (FCL) – used for larger shipments that take up most of a container:

- 20' Standard ~33 CBM
- 40' Standard ~ 67 CBM
- 40' High Cube ~76 CBM
- 45' High Cube ~ 85 CBM



Services Overview

International Freight Forwarding

- ▶ Airport-to-airport - 1-3 business days
- ▶ Airport-to-airport Standard - 3-5 business days
- ▶ Door to Door, Airport to Airport, etc.
- ▶ International Ocean Freight Forwarding
- ▶ Full Container Load
- ▶ Less than Container Load
- ▶ Door to Door, Port to port, etc.
- ▶ Surface Transportation
- ▶ Full Truckload
- ▶ Less than Truckload

LAC, U.S. SE & MIA Gateway

Value-added Services

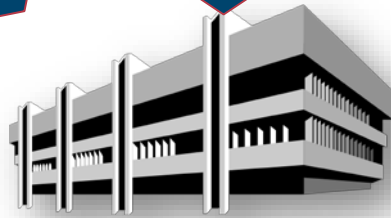
- ▶ Customs Brokerage Services
- ▶ Distribution
- ▶ Ocean and Cross-border
- ▶ Pick-up and/or delivery
- ▶ Supply chain optimization
- ▶ Project Cargo
- ▶ Document preparation
- ▶ Cargo insurance
- ▶ Trade & Customs Advisory Services
- ▶ Regulatory & consulting
- ▶ Destination hold
- ▶ Merge-in-transit



3PL & Value-Added Services

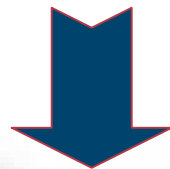


Shipper



X-Dock

Fulfillment Center



End Customer

Inventory Control

Order Preparation/ Kitting

Delivery

Proof of Delivery

3PL Services



For further inquiries or service requests, please contact:

BGI Worldwide Logistics, Inc.

Tel. 800-987-4244

Email: sales@bgiworldwide.com

THANK YOU!

