



Latin America Logistics Overview

Brazil, Argentina and Chile



Brazil



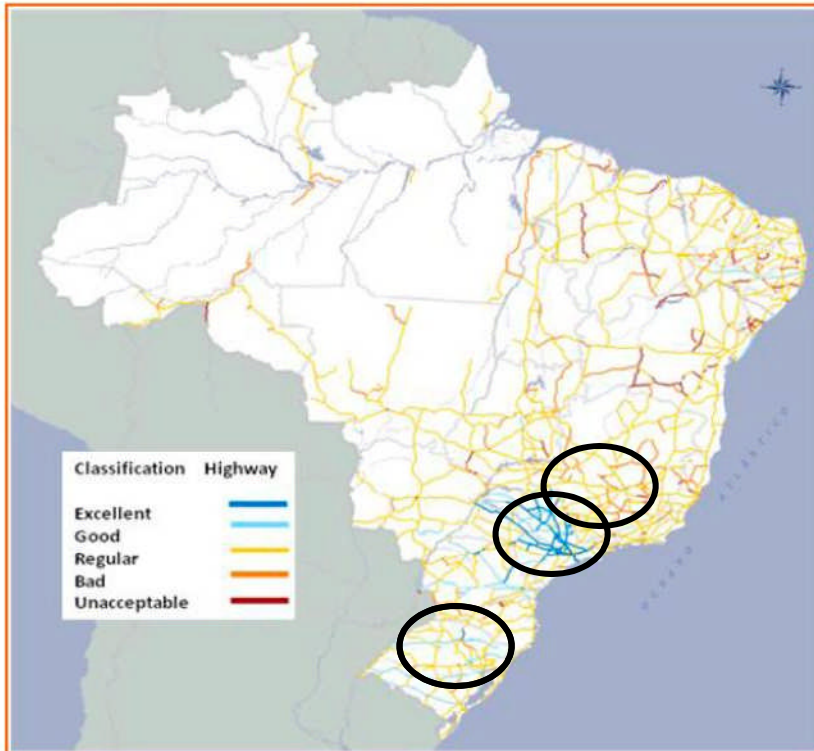
Country Overview

- Brazil has the largest and most modern industrial park in Latin America. Brazil's diverse industries range from automobiles, steel and petrochemicals to computers and aircrafts.
- Important Natural Barriers: Amazon rain forest and Andes mountain Range.
- Transportation Concentration
- River Network
- Growth of trade impacted by infrastructure



Brazil

Map of Brazilian Highways



Source: 2007 CNT Highway Research Analysis

Highways

- Strongly depends on the highways system – 56% Tonnage-per-mile moved in the country
- Aggressive and predatory practices, however with the economic growth high quality and regulatory barriers are implemented
- Only 26% of the highways are in excellent or good condition

Railways

- Concentration in Sao Paulo, Minas Gerais and Rio Grande do Sul
- Essentially move raw materials
- Privatization – Growth of 47%
- Challenge – Improve quality and enlarge railroad network



Brazil

Map of Main Brazilian Ports



Source: ANTAQ

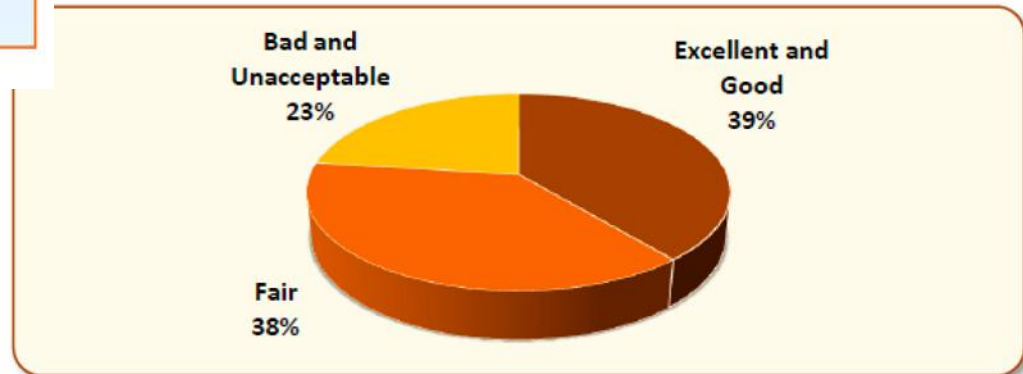
Water

- Represents only 1% of total cargo moved in the country – Huge growth opportunity
- Road access to harbor and warehousing infrastructure are two of the main port problems in Brazil

Air

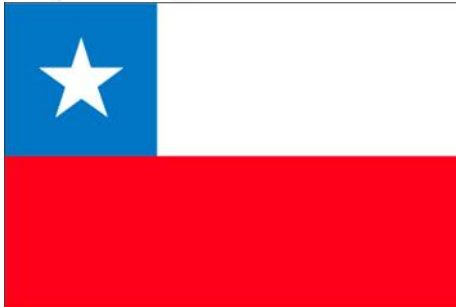
- Recently created regulatory Agency – ANAC (Agencia Nacional de Aviação Civil)

Opinion about the quality of cargo airports in Brazil (% of answers)



Source: Logistics Panorama – Logistics and International Trade 2005 – CEL/COPPEAD

Chile



Country Overview

- High level of foreign Trade
- Exports account for 40% of GDP
- Chile claims have more bilateral or regional trade agreements than any other country

Transportation Infrastructure

- Heavy government regulation – barrier to international competitiveness due to inefficiency

Highways and Railroads

- Transportation mostly on road however the south is not connected to central Chile by road – Very good condition
- Railroads – small part in the transport system - Remains under state control



Chile

Water

- Ports owned by the state but with the Port Law 10 independent companies are fully responsible for port management, development, financial administration and assets.



Air

- Due to the country's geography aviation is also very important
- Chile has 370 useable airports but only 62 have paved runways

Pricing is a key issue in all aspects of logistics and transportation areas in Chile. The need for increased professionalization and more efficient technology has been identified as the challenge for the industry.



Argentina



Country Overview

- Argentina's economy sustained a robust recovery following the severe 2001/2002 economic crisis
- In 2008, local and international factors undermined local activity, which resulted in an official real growth rate of 6.8% after 5 years of 8% growth rate



Transport Infrastructure

- Argentina has a good infrastructure system in comparison with other Latin American nations, but many areas need significant improvement

Highways

- The majority of Argentine roads are two-lane national and provincial routes.

Argentina

Railroads

Argentinean Ports



- Argentine rail lines have not been well maintained over the past several decades, with many key segments inoperable today.
- Despite these challenges, Argentina's rail freight traffic has increased by more than 10% in each of the past five years
- As a result of improved utilization and efficiencies, the cost of rail transportation has dropped by 25%.

Water

- Most of the country's major ports are located on the Atlantic coast
- Little freight is transported along the domestic waterways

Argentina

Air

- The transportation of air cargo represents only 1% of the total transported in the country.

- There are 1,359 airports in Argentina, although only 142 have paved runways

- The government is involved in a program to privatize airports.

- Thus far, 33 major airports have been turned over to private companies to operate.





Challenges

What continues to hold back Logistics in Latin America?

- Trust
- Currency Risk
- Trucking regulations and lack of standards
- Customs Reform

Trade in Latin America

- In September 2009, Latin America is the fastest growing partner, with the current exception of Africa
- Latin American countries have made noted progress in trade liberalization, reducing tariffs significantly and entering into their own regional agreements over the past two decades
- The opportunity for improvement is very high, particularly for the implementation of information technology and collaboration processes



Thank You

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