New Puerto Rico Shippers Association (PRSA) study commissioned to Intelligence Economics Projects a slight cargo-volume increase of 3% for 2011. Shipping-industry leaders believe the uptick, modest as it might seem, could signal the end of the island's economic downturn and the start of a recovery following a 20.8% drop in cargo volumes since 2005.

According to the study, cargo volume, measured in short tons, has experienced a reduction of 20.8% in comparison with its highest level of 10,041 tons in 2005. The slight increase in volume projected for this year is attributed to a modest recovery of the local economy which is expected to be driven by the retail sector, the auto industry and a few private and public construction projects already in the pipeline.

In spite of this, the study reflects a weak economy for 2011. Although it expects some improvement, a 1.5% to 2.5% contraction of the economy is still projected with an optimistic scenario of 0.5% gross national product (GNP) growth, mainly because of weak expected activity in main economic productive sectors, such as manufacturing and construction.

The construction industry has been affected by the real-estate depression and the banking crisis. New-home sales decreased from 15,180 units in 2005 to 5,000 units in 2009. During this fiscal year a growth of 5% in this sector is expected.

Other industries such as retail and services are showing some signs of moderate recovery. Retail sales have remained stable despite the crisis, with this segment enjoying its best performance in 2010 since 2005. The inflow of federal funds to the island ($14 million), combined with an estimated $12 billion local underground economy, has helped fuel the segment’s performance.

Exports, meanwhile, grew by 1.4% in fiscal year (FY) 2010, with most of the growth attributed to the pharmaceutical industry. A moderate increase of 3% is expected for FY 2011, according to the study.

Imports, on the other hand, have reflected a negative trend. Since 2007, imports have been in a downward spiral, particularly during FY 2009, when the contraction was 9.5%. During FY 2010, imports increased by 39%.

During the second half of FY 2011, local economic performance could be affected by rising energy, public investments and the tax relief allowed by the island Tax Reform, the study noted. The Tax Reform could take some time to show its expected positive effects in the local economy, it said.

PRSA study yields 3% hike for 2011; volume drops might have bottomed out at 20.8% since 2005

Local Baldrige program helps achieve global competitiveness

T hanks to a new initiative, Puerto Rico now has a capacitating tool specific to its reality and industry. It is the Malcolm Baldrige Baldridge program that will help local companies establish standards of excellence to increase their productivity.

This initiative is a result of the Global Competitive Alliance of the Puerto Rico Industrial Development Co., the Puerto Rico Small Business & Technology Development Center (Baldridge Center) of University del Norte (UNIV), and the Small Business Association, among other entities.

“Business leaders should consider more holistic business models that are able to integrate all areas into a common vision, seeking strategic and managerial planning that leads to better processes for achieving optimal results and to maintain them,” said Carmen Marit, executive director of the Puerto Rico SBDC.

The Baldridge Excellence in Performance program is based on helping businesses and organizations maintain constant improvement and innovation. It represents an additional tool to encourage the sustained development of local industries through the implementation of industry-recognized business and organizational performance standards.

The Baldridge program is supported by the Puerto Rico Manufacturers Association, Chamber of Commerce, Chamber of Food Marketing Industry & Distribution, Puerto Rico Products Association, American Society for Quality, Puerto Rico Government Development Bank, Franklin Covey and the World Economic Forum. These entities promote the program in order to improve efficiency and develop better tools for continuing growth.

Crowley announces new Caribbean routes

C rowley Maritime Corp. recently launched a new roll-on/off (Ro/RO) loop service between Santo Domingo, San Juan and St. Thomas, U.S. Virgin Islands. CARIBBEAN BUSINESS has learned.

“This innovative service provides full connectivity between the Caribbean and Puerto Rico, and a wide variety of locations up the eastern U.S. coast and into the Caribbean,” said Crowley’s Matt Jackson, vice president of Caribbean services. “And with the addition of the Ro/RO service, we will be able to handle project cargo and heavy and oversized cargo capabilities in addition to our standard refrigerated-container shipments.”

In addition to providing a fixed weekly service to these locations, the sailing will also provide better connectivity for shippers sending cargo from the company’s Pennsylvania, N.J., and Jacksonville, Fla. terminals to the Dominican Republic, Puerto Rico and the U.S. and British Virgin Islands, as well as other islands in the eastern Caribbean. Cargo shipped from these locations can now be more easily transported within the loop and to smaller islands via feeder vessels.

“The route from the Dominican Republic to Puerto Rico and St. Thomas is particularly important,” Jackson explained. “Puerto Rico and the rest of the Caribbean will benefit greatly from these commodities produced by the Dominican Republic—products like pharmaceuticals, steel and rebar, beverages and produce. There are real opportunities for the new service by other economies, like the need in these areas.”

The first sailing, departing from San Juan and arriving in St. Thomas, is scheduled for today, March 17, around the “Crowley Shaper.” The vessel’s rotation is as follows: arrival in San Juan on Sunday, in Santo Domingo on Sunday, in San Juan on Monday (with a Thursday departure), in St. Thomas on Friday and back to San Juan on Saturday.

Northeast Atlantic and Florida cargo is scheduled to connect with the loop service in San Juan on Thursdays from Pennsylvania, and on Mondays, Wednesdays and Fridays from Jacksonville.

“Crowley now offers customers a full suite of destinations and the convenience of one-stop shopping for all their shipping and logistics needs between Puerto Rico, the Dominican Republic and St. Thomas, USVI,” José Ayala, a member of Crowley in Puerto Rico, told CARIBBEAN BUSINESS. “This new service shows Crowley’s commitment to Puerto Rico and the Port of San Juan.”

Projection of slight increase in cargo volume could signal start of recovery

Projection of slight increase in cargo volume could signal start of recovery

From left: Manuel J. Fereira, president of Universidad Americana de P.R.; Carmen Martí, executive director of Puerto Rico SBDC, and Jorge Janques, PRIDCO interim executive director