

## The bay of Cartagena is the protagonist of local economic activity.

By: MARTÍN CARVAJAL CHAMORRO

**A** good part of the city's income comes from the industries located on the seashore. In this article we explain why this concentration is due.



The bay of Cartagena is one of the most appreciated by world trade even since colonial times. Geographically, it has been privileged with a depth of between 16 and 30 meters, a protective barrier from waves and currents that allows it to behave as a reservoir of calm waters and a large area that allows the smooth mobilization of all types of boats, to the point that there have never been problems of stranding or large crashes of vessels. According to the economist Efraín Cuadro Guzmán, these characteristics are what have made the bay one of the development centers of Colombia.

It all starts with its status as a landing stage. From that fact, comes “the petroleum derivatives industry, which is generally connected with the development of international markets; it is natural, then, that it tries to locate itself within a port area”, says the expert. Later,

other types of businesses began to emerge in the area, due to the large number of operations in different sectors that require oil and benefit from savings in transportation and logistics costs.

By 2017, the bay had some 4,927 companies dedicated, mainly, to five different sectors of the economy: tourism, petrochemical-plastic, agribusiness, logistics-port, and shipbuilding. Together, they generated around 32,947 jobs and reported revenues of at least \$ 13 billion. To this must be added that Cartagena is one of the main ports in Latin America, with a strategic position that makes it one of the entrances to the region from the Atlantic.

According to the economist Efraín Cuadro, it could even be said that Colombia's industrial development should have focused on port cities, since in this way “competitiveness would be greater and it would be easier to cover both the national and international markets. The bay of Cartagena connects us with the world”.

The existence of the Mamonal Industrial Zone, the presence of shipyards that allow the construction and repair of vessels for international organizations, the flourishing hotel sector and cruise tourism, among others, also allows growth and investment in other social and economic unions of the city, mainly the construction one. In fact, it is estimated that 25% of the bay's profits are reinvested in such activities.

## Learn about the project that would promote commerce in the bay.

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**T**he works are already ready to be awarded next year. The main concern is how efficient they will be in mitigating environmental impact.



The port of Cartagena is one of the main ones for trade in Colombia, the Caribbean and Latin America; in fact, it could be even more complex and efficient. One of the initiatives that was announced with the Cartagena Territorial Organization Plan (POT) in 2001 was the Bahía de Cartagena System - Canal del Dique, a water transport network that would integrate the city with the rest of the country more efficient.

This initiative will begin to take shape some 20 years later. "As announced by the Presidency of the Republic, the Canal del Dique Macroproject is ready and will be awarded in the first half of 2021," the governor of Bolívar, Vicente Blel Scaff, told this media. The prequalification phase began in July 2020 and is expected to end on December 16. By February next year, the candidates who meet the requirements will be chosen and later it will be decided who is assigned the contract for the works. (Also read: Canal del Dique project would be awarded in 2021).

## What does it consist of?

Watch the project video:

[https://www.youtube.com/watch?v=Vjv9wTmu\\_WU](https://www.youtube.com/watch?v=Vjv9wTmu_WU)

The Canal del Dique, created in 1934 and expanded in 1952, is 115 km long and connects the bay with the Magdalena River, which, in theory, allows river navigation along that section and facilitates trade between Cartagena and the inside the country.

According to Governor Vicente Blel, it is a "strategic bet for the entire Caribbean region, with an investment of more than 5.6 billion pesos and a positive impact on more than 1 and a half million inhabitants in 20 municipalities; 11 of these in Bolívar, including Cartagena, eight in Atlántico and one in Sucre".

Some benefits of this initiative include allowing "permanent and optimal navigability through the Canal del Dique, controlling saline intrusion and guaranteeing the supply of drinking water for the region, reducing flooding and water levels in the canal, and ensuring water resources. for livestock and fishing", says the president.

In addition, the project will be the main support for several irrigation projects in Bolívar and will reduce the costs in transportation, time and logistics to bring different products to the ports of Cartagena and Barranquilla.

## ¿The end of the bay's environmental problems?

Now, why is all of the above not possible yet? The reason is that Canal del Dique was made without taking into account the possible environmental impacts. It brings with it all the sediments, residues and heavy metals from the Magdalena River, which results in a muddy bottom that makes navigability difficult in it.

These muddy and polluted waters end up in the bays of Cartagena and Barbacoas, threatening to reduce their depth and deeply degrading the ecosystems of both. According to the Adaptation Fund of the Ministry of Finance, it is estimated that the canal receives 8 tons of sediment per year; 2.9 tons go to Cartagena and another

2.9 tons in Barbacoas. The very existence of the Canal del Dique has meant a long series of environmental problems.

It is for the above that one of the measures that causes the greatest expectation of the macroproject is the Hydro-sedimentological Management Plan. By creating a system of gates and locks the amount of sediment and pollutants could be significantly reduced and, in some cases, completely eliminated.

The governor of Bolívar emphasizes that all the permits are already processed in front of the National Authority for Environmental Licenses (ANLA) and that the locks are located in Calamar and Puerto Badel. It is expected that, if all goes well, the affected areas can recover ecologically and the salinity of the canal area be controlled by creating a new source of drinking water for the inhabitants of the area.

## Ports and free zones, the key pair for competitiveness

Por: TANIA FLOREZ DECHAMPS

**T**he relationship between both sectors is essential to attract the attention of foreign companies that seek to mobilize, store and transform their raw materials with the highest possible profitability.

A strategic location for maritime trade and an entire logistics chain to store, transform raw materials and re-export them with tax benefits, is a great attraction for foreign businessmen, therefore, an opportunity for cities with ports to increase their competitiveness.

That is why articulating ports and free zones is a strategy that cities like Cartagena should take advantage of because it attracts foreign investment, employs local

labor, allows technology transfer and promotes foreign trade.



According to data from the National Association of Colombian Entrepreneurs (ANDI), there are 117 free zones declared in 19 departments of Colombia, which generate more than 220 thousand jobs and have made investments of \$ 54 billion, triple the commitments acquired.

"Free zones are a strategic bet in many Latin American countries, including Colombia (...) They are our main industrial policy bet for the insertion of Colombia within the global value chain", says Bruce Mac Master, president of the ANDI (You can read: This is what you have to do for your company to enter a free zone).

On the other hand, the port areas of Colombia mobilized 195 million tons in 2019 and of these, 173 million were through the Caribbean region, that is, 88.9%. Cartagena was the second port area with the highest participation in cargo movement with 41.8 million tons, (21.5%) and had a growth of 4.9% compared to 2018, which translates to 1.9 million more tons, according to data from the Superintendency of Transportation.

## Cartagena, among the best.

Édgar Orlando Martínez, director of the ANDI Chamber of Free Zones, points out that “thanks to the free zones and the investments made by more than 1,000 companies installed in them, the production of Colombian goods is exported to different markets. In the period from January to May 2020, the surplus of the free zones was USD 465 million FOB, thus maintaining their export level. Those with the highest participation were Barranquilla, Cartagena, Palmaseca and Cencauca”.

The latest connectivity ranking, published by the United Nations Conference on Trade and Development (UNCTDA), the port of Cartagena is the best connected in Latin America, achieving 29<sup>th</sup> place out of 50 ports around the world. This is because of the direct connections it has with 130 ports.

## The great advantage of free ports.

The Colombian regulation allows ports, with the fulfillment of certain requirements, to also be special permanent free zones, thus granting them tax benefits, which enhances their foreign trade activity.

“Free zones or free ports are areas of customs extraterritoriality in which a product can be physically imported, processed and then re-exported without being subject to customs duties. They are also placing of operational logistics excellence. The free zones of Dubai, Singapore, Tangier-Med are some examples”, explains Alexandre Lavissière, professor at Kedge Business School (France) and consultant for the World Bank, in a publication of Mundo Empresarial magazine.

Lavissière notes that the experiences of Mauritius (Africa), Taiwan (Asia) and Malta (Europe) show that free ports are a powerful lever to develop and capture flows.

“Most of the major ports in the world have a free port. The volume generated by these ports justifies the creation of special zones - free zones. In fact, it is observed that the free port serves as a “hub” of the supply chain”, points out the professor. 

