



Shippers seeking efficient routes to transport goods to the U.S. are discovering a low-cost inter-modal alternative in the Port of Lazaro Cardenas. When compared to the traditional West Coast ports of Long Beach and Los Angeles, the Port of Lazaro Cardenas affords shippers a myriad of benefits, with the primary advantage of this new route being

the significant cost savings in port-related fees. For example, the Port of Lazaro Cardenas' total fees are significantly lower than those associated with the Port of Long Beach. Aside from this cost savings, travel time to the Port of Lazaro Cardenas is also comparable, but without the risk of congestion-related delays.

Port San Antonio, located approximately 150 miles (240 kilometers) from the Mexican border, is a designated Foreign-Trade Zone that offers a logistics platform for transporting international and multi-modal freight. Shippers of goods from Pacific Rim countries destined for U.S. markets are discovering that Port San Antonio is an accessible and affordable location for the distribution of these goods. The Port of Lazaro Cardenas, 430 miles (690 kilometers) southwest of Mexico City, is a highly-industrial deep water port comprised of 9,884 acres (4,000 hectares). It features a \$240 million Hutchison Port Holdings container terminal that was completed in Fall 2007.

This case study compares the time and cost of shipping inter-modal

containers to Port San Antonio via the Port of Long Beach and the Port of Lazaro Cardenas.

The Port of Lázaro Cárdenas is served by the Kansas City Southern de Mexico (KCSM) which transports the containers to Laredo, Texas where they are drayed for truck shipment to Port San Antonio.

## HOURS IN TRANSIT

Original Port	Through Lazaro Cardenas (Hours)						Total Hours	Total Days*
	Water	Dwell Time	Rail	Rail/Truck Transfer	Truck			
Pusan, S. Korea	216	12	72	2	2.5	304.5	12.69	
Shanghai, China	231	12	72	2	2.5	319.5	13.31	
Tokyo, Japan	200	12	72	2	2.5	288.5	12.02	
Guangzhou, China	252	12	72	2	2.5	340.5	14.19	
Hong Kong, Hong Kong	253	12	72	2	2.5	341.5	14.23	
Shenzhen, China	252	12	72	2	2.5	340.5	14.19	

Original Port	Through LA/Long Beach (Hours)						Total Hours	Total Days*
	Water	Dwell Time	Rail	Rail/Truck Transfer	Truck			
Pusan, S. Korea	173	72	60	-	-	305.0	12.71	
Shanghai, China	188	72	60	-	-	320.0	13.33	
Tokyo, Japan	158	72	60	-	-	290.0	12.08	
Guangzhou, China	209	72	60	-	-	341.0	14.21	
Hong Kong, Hong Kong	210	72	60	-	-	342.0	14.25	
Shenzhen, China	210	72	60	-	-	342.0	14.25	

The time lost as a result of congestion at the Ports of LA and Long Beach can be 3 to 6 days depending on the season.  
 \* Total Days were calculated by dividing Total Hours by 24.



## THE PORT OF LÁZARO CÁRDENAS



Mexico requires a single customs clearance, as does the Port of Long Beach. Mexico allows international cargo to pass through the country “in-bond”, meaning that it is not subject to Mexico customs inspection and duties.

As shown, the total in-transit time is less from the Port of Lázaro Cárdenas than from the Port of Long Beach. See *Hours in Transit* chart on the opposite side. These transit times do not account for

dwel times and container mode interchange times. These times can vary significantly as a function of Port congestion.

- The Port of Long Beach is congested and ships often have waits for berthing (offshore). Once off-loaded, containers may have Port dwell times awaiting pick-up and transfer. Typically, there are time limits placed container dwell time in Port facilities. Additional costs are assessed for containers that dwell in the Port facilities in excess of the minimum times.

- The total Port dwell times at the Port of Long Beach can be 3 to 6 days depending upon the time of year. The Port of Lázaro Cárdenas has limited, to virtually no wait times, for berthing, and limited Port dwell time.

Shipping rates can vary significantly based upon commodity, shipping line, shipper volumes and time of year. For the purposes of this analysis, the adjacent *Port Costs* chart offers a comparison detailing the total fees for services and the utilization of the port facilities.

## PORT COSTS

### Port of Long Beach

	<u>Containers</u>	
	<u>20 Foot</u>	<u>40 Foot</u>
Terminal Handling	\$700	\$850
Documentation	\$50	\$50
GRI (Government Inspection fees)	\$125	\$125
Wharfage Fees	\$26	\$26
<b>Total</b>	<b>\$901</b>	<b>\$1,051</b>

### Port of Lázaro Cárdenas

	<u>Containers</u>	
	<u>20 Foot</u>	<u>40 Foot</u>
Terminal Handling	\$137	\$137
Documentation	-	-
GRI (Government Inspection fees)	-	-
Warfage Fees	\$98	\$108
<b>Total</b>	<b>\$235</b>	<b>\$245</b>

- Clearly, the cost savings afforded to shippers by the Port of Lázaro Cárdenas are substantial.

- These fees are applied per container regardless of the weight in each, with the major differences attributable to customs fees and labor rates between the two Ports.

Costs current as of Jan 2009

Port San Antonio and the Port of Lázaro Cárdenas are both at a unique stage in their development and represent a new shipping route opportunity to save time and cost. Both are positioned for the future growth, are presently uncongested, with excellent connectivity to nearby highways, rail and other seaports. Each offers shippers and freight forwarders the advantages of speed and cost savings.

**Case study developed by Conway Consulting  
March 2008**

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