

# Exploring 2023-2024 Logistics Trends in Latin America

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Nearshoring, warehousing,  
ocean/air transportation  
and more

A report from Americas Market Intelligence  
October 2023



Demystifying Latin America since 1993

# Legal notice

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This informational piece is intended to inform readers about the possible impacts of multiple trends in 2023 and 2024 in the logistics services industry, including nearshoring, the transition to green trucking, and warehousing construction slowdowns in different Latin American countries.

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Americas Market Intelligence (AMI) is the premier market intelligence and strategy consultancy for Latin America, providing powerful research insights for companies to succeed in a wide range of verticals in the region, including logistics, payments, energy, healthcare, and the industrial sector, among others. Its customized research reports deliver data-based clarity and far-reaching strategic direction driven by expert sources.

In the logistics sector, AMI works with 3PLs and other providers to identify growth opportunities and adapt their market approaches. Our market research and competitor best practices studies help fuel the product development process of our clients. Our lead generation research helps providers talk to hundreds of potential clients in a matter of weeks, weeding out prospects who are dissatisfied with their incumbent suppliers or are about to issue an RFP. Our competitor-monitoring studies are focused on disruptive new start-ups and legacy players that might threaten our clients or serve as future acquisition targets.

For providers who want to re-engineer their whole approach to LatAm, we can manage or support their strategic planning process. Our market research brings substance to strategic plans and our senior consultants help engineer the process, building management buy-in for strategic plans. Our team has produced more than 250 market studies in Latin American logistics, including these specific sectors:

- 3PL
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- Freight forwarding
- Port services
- 4PL
- FTL trucking
- Rail
- Air cargo
- Inventory management
- Ship maintenance
- Billing and collections
- Heavy/bulky goods logistics
- Last-mile delivery
- Shipping
- Customs efficiency
- LTL trucking
- Logistics costs reductions
- Warehousing and distribution

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## Prologue

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While we hope our report will offer you the key data and insights you need to understand key logistics trends in different Latin American markets, it's not enough.

This report is just the tip of the iceberg regarding the insights we can deliver to your organization.

Every company is different. For example, your company may be well established in Latin America, so you have no need for partner research—but you do need to gauge market demand in specific areas to plan your investments effectively. Or your company could be relatively new to the region and needs to quickly identify potential partners or resources for warehousing, transportation, or cold chain. It's also possible that your company needs to deepen its knowledge of close competitors so you can win more new business on a broader scale. Or perhaps your company needs to know precisely which companies are moving their operations to LatAm markets in the next three years, for example, to start targeting new clients.

AMI provides that strategic edge by giving you the answers your company needs.

After more than 30 years and 250+ in-depth studies executed on just about all key Latin American logistics markets, we know how to root out the market intelligence you need to make decisions, refine your strategy, select tactics, find new opportunities, and much more.

As new opportunities and challenges emerge, the right market intelligence at the right time can make the difference between:

- Far-sighted and short-sighted decisions
- Opportunities that deliver growth vs. those that deliver losses
- Judgment calls that pay off—instead of causing regrets

So if you find our report useful, don't hesitate to **contact us**. Tell us about your goals, challenges, and any knowledge gaps you're facing in Latin America. We can use our experience to show you how we can close those gaps, solve those challenges, and meet those goals.

Market intelligence is more than just pie charts on a page. It's about understanding, such as: what your competitors are planning, which company will be the most reliable partner, which company would make a great acquisition, and which market changes you should prepare for. Find out how we can help with all this—and more.



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# Introduction

Our report examines multiple trends in 2023 and 2024 in the logistics services industry, including nearshoring, the transition to green trucking, and warehousing construction slowdowns in different Latin American countries. We identify key players in a variety of logistics services, including road, air, ocean transportation, warehousing, and cold storage.

**Because the strategic planning season will be in full swing by the time this report is published, our goal is to provide our readers with a snapshot of the trends and opportunities within key sectors in Latin America, focusing on Brazil, Mexico, Colombia, and Chile.**

Nearshoring is probably the top logistics buzzword of recent times. Its significance in Latin America cannot be overstated as executives seek to optimize global supply chains and enhance operational proximity. Geopolitical challenges such as the war in Ukraine, the de-risking of global supply chains, and new regulations to minimize carbon footprints are among the top driving factors opening new opportunities for the region.

**Latin America has a golden opportunity to capture crucial links in value chains centered on the United States and Europe, leveraging its increased competitiveness, particularly as wages in China exceed those in much of Latin America and the Caribbean.**

The region has emerged as an appealing nearshoring destination, boasting a highly skilled workforce, cost advantages, and proximity to the U.S. market. Companies are increasingly opting to nearshore to countries like Mexico, Costa Rica, and Colombia, attracted by the array of benefits offered. It is worth noting that this shift in strategy does not entail the complete abandonment of operations in Asia.

According to estimates by the Inter-American Development Bank (IDB), nearshoring holds the potential to inject an impressive US\$78 billion annually into Latin America and the Caribbean (LAC) through additional exports of goods and services in the near and medium term. This presents quick-win opportunities in various sectors, including the auto industry, textiles, pharmaceuticals, renewable energy, and more.<sup>1</sup> As an increasing number of companies migrate to

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<sup>1</sup> "Nearshoring can add annual \$78 billion in exports from Latin America and Caribbean," Inter-American Development Bank, June 2022

Mexico, the demand for enhanced shipping capacity to the U.S. is set to surge. Mexico’s advantageous position is owed to its strategic geographic location, the United States-Mexico-Canada (USMCA) trade and investment deal and the Inflation Reduction Act, which grants substantial subsidies for the establishment of North American electric vehicle and renewable supply chains.

The process of nearshoring is firmly underway, as shown in an April 2023 study from global consulting firm Kearney that reveals the success of nearshoring initiatives. Companies that have not yet adopted this approach are now urgently seeking facilities in Mexico and the United States. The latest index indicates that an impressive 96% of CEOs are evaluating nearshoring as a strategic option, marking an increase from the previous year. Most of them have already committed to nearshoring or have already completed the nearshoring process.<sup>2</sup>

**Table 1. Mexico’s top 10 nearshoring investments<sup>3</sup>**

Company	Estimated investment	Origin	Destination	Sector
 TESLA	US\$5bn	U.S.	Nuevo León	Electromobility
 Ternium	US\$3.2bn	Luxembourg	Nuevo León	Metals
 Solarever USA	US\$1bn	China	Jalisco	EV batteries
	US\$870m	Germany	San Luis Potosí	Electromobility
 Nidec	US\$715m	Japan	N/A	Auto parts
 Dicastal	US\$550m	China	Coahuila	Auto parts
 MANWAH	US\$300m	Hong Kong	Nuevo León	Furniture
	US\$255m	Germany	Querétaro	Automobiles
 CENNTRO	US\$200m	U.S.	Nuevo León	Lithium batteries
 NoAH	US\$100m	China	Nuevo León	Automatization

<sup>2</sup> “America is ready for reshoring. Are you?,” 2022 Reshoring Index, April 2022, Kearney

<sup>3</sup> “Mexico’s top 10 nearshoring investments,” August 2023, *Business News Americas*



Capitalizing on this surge in demand necessitates investment. Those who acted early are already reaping the benefits of their foresight, while latecomers are now grappling with elevated financing expenses. According to Deutsche Bank Research, Latin America's primary currencies, like the Mexican peso and Brazilian real, have strengthened against the U.S. dollar as the greenback weakens and central banks conclude their rate-hiking measures to mitigate inflation. Consequently, making strategic investments will be pivotal for logistics players to position themselves advantageously amid evolving market dynamics.

## The expansion of nearshoring and the consequent growth of the logistics industry hinge on the governments' capacity to modernize existing public infrastructure.

Infrastructure serves a dual purpose: not only does it attract foreign companies to establish their presence in the region, but it also facilitates the operations of logistics providers.

According to the Inter-American Development Bank, there is an estimated infrastructure gap of approximately **US\$150 billion per year in Latin America.**

To address this, recommended investments in infrastructure should be between 4% and 8% of the region's GDP.<sup>4</sup> However, some countries, like Mexico, fall short in infrastructure investment: it allocates less than 1% of its GDP when the level should ideally reach at least 5%, as highlighted by Francisco Solares, President of the Mexican Chamber of the Construction Industry (CMIC). Robust investment in infrastructure will play a vital role in propelling the logistics industry forward and unlocking the full potential of nearshoring opportunities in the region.

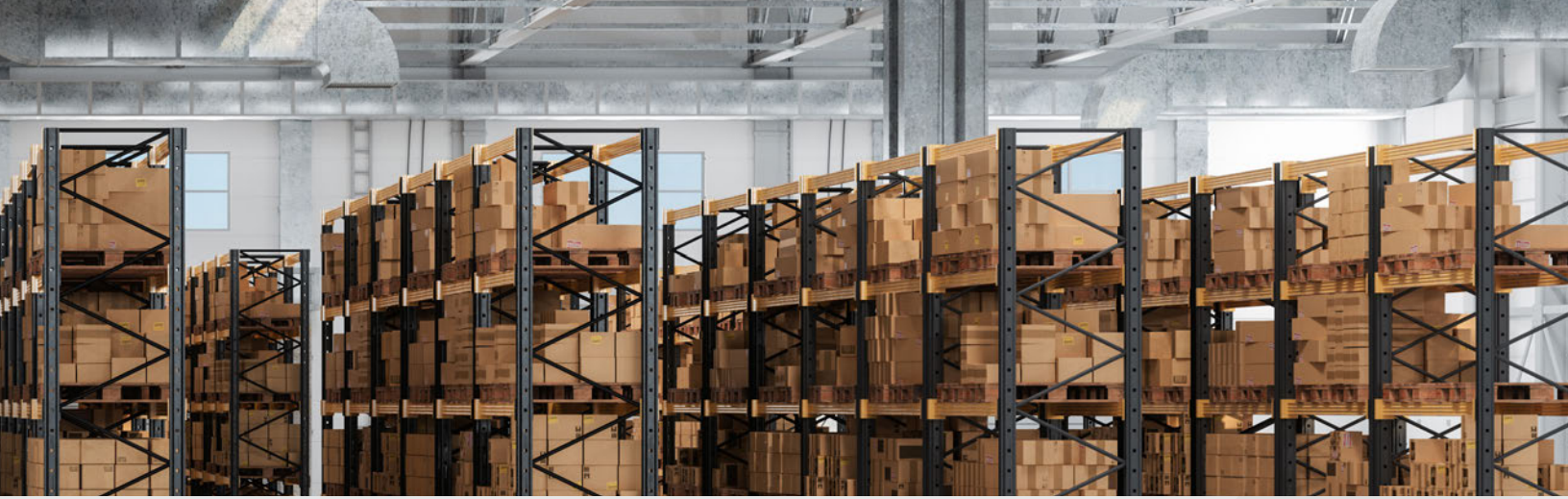
Logistics providers can expect a notable upswing in demand for their services across the board, with the region witnessing significant investments from global players who recognize the potential for economic growth and trade. As manufacturers relocate their operations, logistics players will have a crucial role in facilitating and accelerating their integration into the region.

However, the nature of this increased demand will vary by country, contingent on its proximity to the United States and its industrial base. For instance, Mexico is likely to experience heightened demand for inland and air transportation, warehousing, and Free Trade Zone services, while markets further away, such as Panama, may witness increased reliance on ocean transportation or packaging services.

In the rapidly evolving landscape of nearshoring, logistics players will encounter competition both from local counterparts and foreign entrants. As the trend gains momentum, more players will step into the arena, vying to capitalize on the growing revenues. Local companies hold

<sup>4</sup> "Latin America must prioritize infrastructure to spur economic growth," March 2023, Wilson Center





an edge with their country-specific and regional expertise, but they may face challenges in competing against the professionalism, technological advancements, and financial capabilities of foreign firms. To stay competitive, industries in the region must elevate their game in areas like automation, digitization, data analytics, sustainability, and consulting expertise. Foreign companies are likely to seek partnerships with top-tier logistics firms, raising the bar for service levels. Given the diverse industries setting up operations in the region, logistics providers that excel in offering industry-tailored intermodal logistics solutions are poised to become the most successful players in this dynamic market.

To sustain the advantages gained from nearshoring and reshoring, governments must focus on strengthening their domestic landscape. This involves investing in infrastructure, streamlining policies to reduce logistics costs, enhancing educational opportunities to bridge significant skills gaps, and fostering a more conducive business environment. By addressing these critical areas, the region can enhance its attractiveness as a strategic hub for value chains and solidify its position in the evolving global market.

**This report will delve into crucial specifics: the trends, key players, and investments in Latin America's largest logistics markets—Brazil, Mexico, Colombia, and Chile—and their effects on the most important industry segments, such as trucking, air/ocean transportation; warehousing and fulfillment; and cold chain.**



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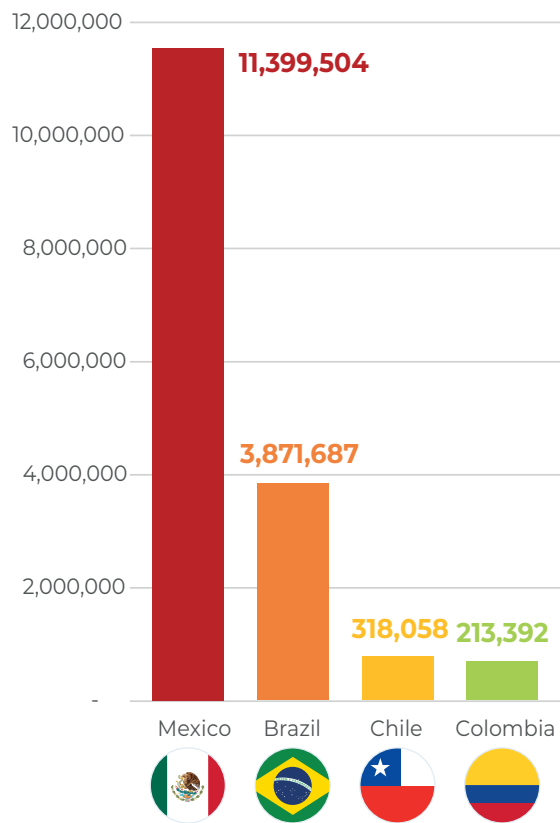
Demystifying Latin America since 1993

# 1. Trucking Transportation

This form of transportation is essential for connecting different locations within a country's borders or a specific region. It plays a vital role in the logistics and supply chain industry, especially in a region where rail shipping is highly underdeveloped and mainly used for bulky commodities and natural resources.

Thanks to the boom in e-commerce across the region, the trucking industry found a new engine of growth to modernize and generate greater revenues, creating a spillover effect across the entire transportation sector. The implementation of digital solutions and the industry's professionalization accelerated rapidly during the COVID years, but high operational costs—influenced by double-digit inflation rates impacting vehicle sticker prices, fuels, insurance, and maintenance services—have made moving freight from ports to consumer hubs and distribution/production centers more costly than ever. This has placed tremendous pressure on companies. This situation could result in greater consolidation and bankruptcies during the last quarter of 2023 and the beginning of 2024, especially when big players are gearing up to create more robust networks to serve exporters in markets like Mexico and Brazil.

Figure 1. Number of trucks in key LatAm markets



Source: AMI analysis, ministries of transportation for Colombia, Mexico, Chile, Brazil



## Mexico: Nearshoring initiatives will trigger growth in demand

According to local industry analysts, due to nearshoring, trucking companies will see an increase in demand for their services of up to 15% per year over the next decade. However, analysts warn that Mexico's challenge is to increase road safety, boost truck production, and modernize vehicles for operators to take advantage of the business opportunity.<sup>5</sup>

**Table 2: Key players in Mexico's trucking sector**



Born out of the merger between Grupo Transportes Monterrey and Grupo Larmex, Trayecto is a specialist inland transportation company with a fleet of 4,250 trucks. It has 6 subsidiaries and a presence in 50 locations in Mexico, the U.S., and Canada.



Grupo Castores is a local trucking company with a fleet of over 2,500 vehicles that has been in the market for 45 years. It also delivers parcels and buys/sells trucks.



Grupo Traxión is a listed Mexican logistics company with a fleet of 9,487 vehicles. In June 2023 it acquired BBA Logistics, a logistics intermediary for Mexico-U.S. deliveries, for US\$10 million. Traxión is looking to issue new shares to fund its growth in light of opportunities from nearshoring.



TUM Logistics is a U.S.-based company that provides domestic freight services in Mexico, as well as cross-border services. It operates locations in Tijuana, Mexicali, Hermosillo, Nuevo Laredo, Monterrey, Mazatlán, Obregón, Zacatecas, San Luis Potosí, Aguascalientes, Guadalajara, Celaya, Querétaro, Toluca, Puebla, Villahermosa, and Mérida.

**Mexico's challenge is to increase road safety, boost truck production, and modernize vehicles for operators.**

<sup>5</sup> "Transporte de carga es el futuro," *El Financiero*, April 2023



## Brazil: Pressure to bring more eco-friendly vehicles to the road

Brazil heavily relies on its road infrastructure and truck drivers, to the extent that approximately 61% of cargo transportation occurs on the road. However, this dependency can lead to significant disruptions when truck drivers initiate strikes, since Brazilian unions are well organized and funded. The trucking sector is very fragmented and mostly run by small independent truckers: 98% of the trucks in Brazil are owned by owner-operators with less than 5 vehicles. From January to June 2023, the sector moved 66.4 million tonnes, which represents a surge of 13.3% in weight compared to the first half of 2022. The driving force behind this record-breaking performance was the transportation of soybeans and corn, up 33% compared to the same period in 2022.<sup>6</sup>

Given its countrywide total of 3.8 million trucks, Brazil is experiencing external demands to introduce more environmentally friendly vehicles to its roadways. However, the Brazilian government offers little incentive for transitioning to electric vehicles, so only a few major companies have policies for the adoption of electric trucks. The projected adoption rate of electric or alternative propulsion trucks is very low in the medium term, with less than 1% of vehicles utilizing alternative power sources.<sup>7</sup>

**Table 3: Key players in Brazil's trucking sector**



JSL is a listed Brazilian logistics company that is part of the SIMPAR holding. It operates 300 branches in Brazil, with 55,000 registered truck drivers and over 17,000 trucks. The company offers road freight transportation services, warehousing, urban distribution, chartering, and logistics operations projects.



FedEx began operations in Brazil in 1989 but made a major expansion into road transportation in 2012 through the acquisition of the cargo carrier Rapidão Cometa, which has operated for over 70 years. FedEx currently has locations in Minas Gerais, Rio de Janeiro, Tocantins, Pernambuco, Santa Catarina, Rio Grande do Sil, and São Paulo.



Braspres is a Brazilian company that offers truck transportation, among other logistics services. It owns a fleet of 3,090 vehicles, 374 of which serve the pharmaceutical industry.



JadLog is a Brazilian cargo and logistics company which has operated for around 15 years. It currently runs 500 locations and its fleet consists of 200 trucks and 3,000 utility vehicles.

<sup>6</sup> "Disastrous strike in Brazil: What is happening?," *Al Día*, June 2023

<sup>7</sup> "Can Brazil's commercial truck fleet turn electric?," *S&P Global*, June 2023



## Colombia: Overreliance on land transportation and weak infrastructure investment

At present, Colombia heavily relies on land transportation. It accounts for 90% of cargo movement and contributes nearly 5% to the country's total GDP. However, this high dependence on land-based logistics has concerning implications in the short term.

Businesses have seen a surge in the total production expenses of logistics and transportation costs, as well as a worsening of the Colombian economy. Various factors are exacerbating these challenges, including the condition of roads, transportation efficiency, restrictions, protests, vehicular congestion, and other elements that directly impact travel times and expenses.

Unfortunately, these issues lack short-term solutions due to the backlog of road infrastructure projects caused by governmental neglect. While road projects like the Fourth Generation investment program were prioritized, receiving a significant GDP allocation, their effects have yet to materialize, leaving the business community grappling with the repercussions of the prevailing road infrastructure challenges.<sup>8</sup>

### Table 4: Key players in Colombia's trucking sector



Solística is a Mexican company operating in Colombia and offering truck transportation services, as well as warehousing. It has a fleet of over 6,000 trucks in the region and employs over 23,000 people.



Bogotá-based Coltanques claims to be Colombia's largest transportation company, with a fleet of 1,200 vehicles focused on inland trucking.

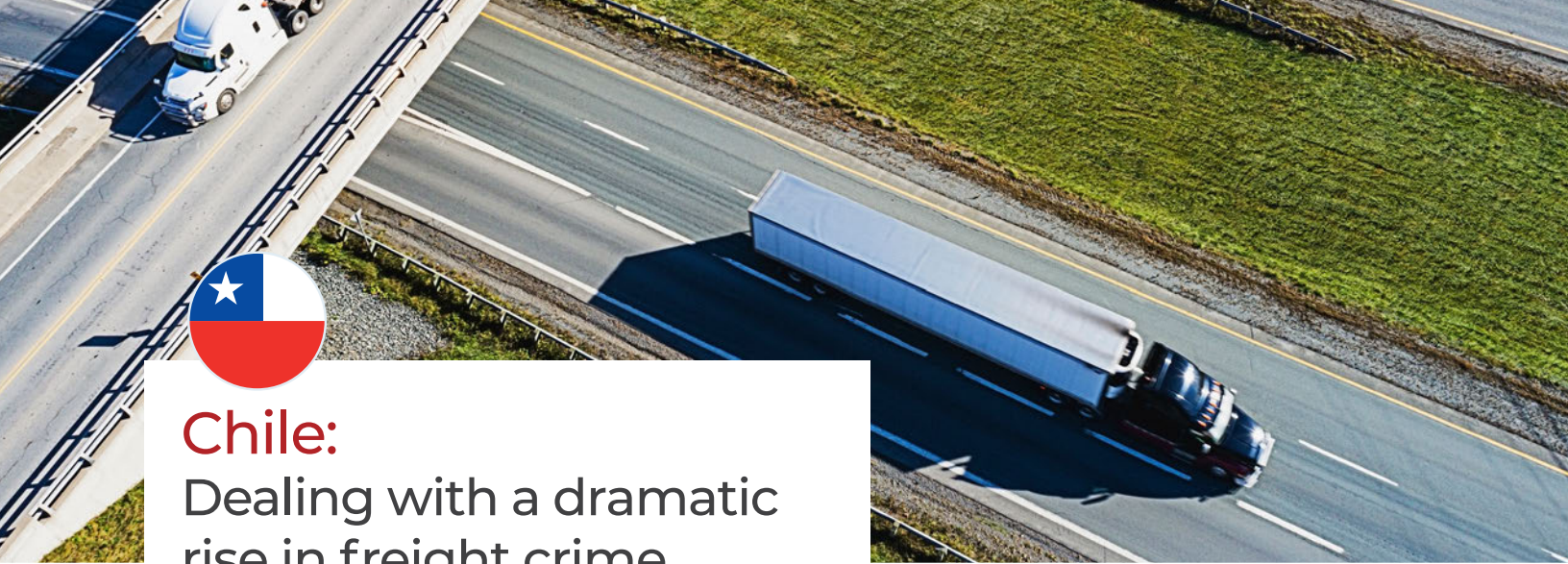


Coordinadora Mercantil is a local company offering trucking transportation, as well as other logistics services. It has operated for over 50 years and has a fleet of over 700 vehicles.



Servientrega is a Colombian company specializing in road transportation for e-commerce companies. It has been operating for over 40 years and in 2022 it transported over 58 million shipments.

<sup>8</sup> "Situación del transporte terrestre de carga en Colombia 2023," Roldán Logistics, June 2023



## Chile: Dealing with a dramatic rise in freight crime

According to a recent report, after pandemic restrictions were lifted, freight crime levels surged to 27% higher than pre-pandemic levels. In 2022, there was a staggering 450% increase in the frequency of insurance claims, and the value of those claims soared by 820%. Cargo crime incidents involving hijacking accounted for over half of the cases, with electronics and foodstuffs being the most targeted commodities.<sup>9</sup>

The wave of thefts affecting land cargo transportation is a new issue in Chile, a country considered to have the highest levels of security in the region. As a result of this, many carriers are adjusting their operations, with some halting cargo services from and to ports between 11 p.m. and 6 a.m., while port authorities are investing in telesurveillance systems and controlling access by verifying identities and license plates.

We foresee trucking operators and cargo owners facing higher operational expenses for insurance and security-related services in 2024.

**Table 5: Key players in Chile's trucking sector**



Perrot has been operating in Chile for over 80 years and it is one of the largest logistics companies in the country. It provides inland shipping, as well as other logistics services.



Nazar is a Chilean company focusing on trucking transportation for the retail, food, and commodity industries. Its fleet consists of 550 tractor units.



Transportes Casablanca is a local logistics company with a fleet of over 650 trucks offering transportation services.



Sotraser is a local company that began operations in 1990. Its fleet consists of 700 trucks and employs over 1,000 people.

**Chile: In 2022 freight crime levels surged to 27% higher than pre-pandemic levels.**

<sup>9</sup> "Report finds dramatic rise in Chilean freight crime," *TT News*, June 2023

## 2. Warehousing and fulfillment

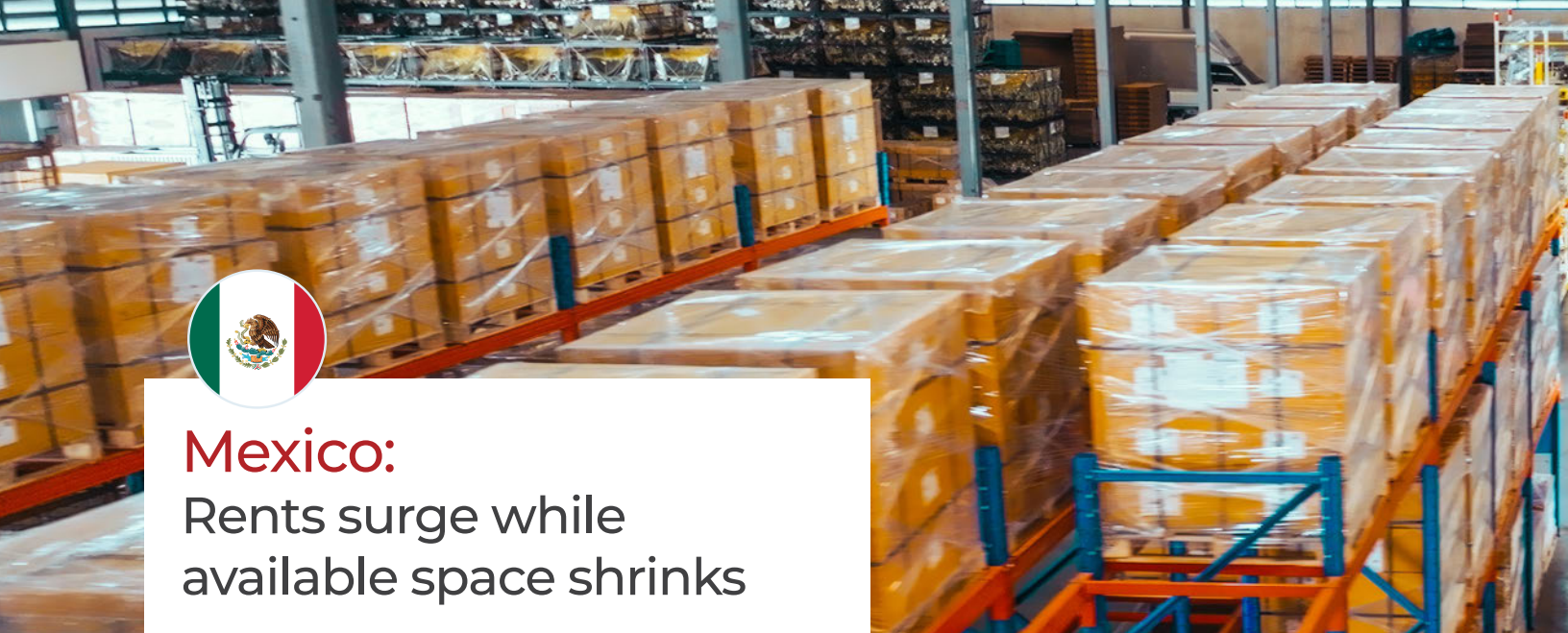
Warehousing and fulfillment are probably the fastest-growing subsegments of the logistics industry in the region. This is due to the expansion of e-commerce and the positive impact of nearshoring that brings foreign producers of manufactured goods to Latin America. Warehousing involves the physical storage of inventory in strategically located facilities near the border (in the case of Mexico) or at consumption hubs (like São Paulo), which optimizes inventory levels and ensures timely availability for end customers. For its part, fulfillment encompasses the entire order processing and delivery process, ranging from receiving customer orders to picking, packing, and shipping products to end consumers.

These two segments represent the greatest opportunity in Latin America as international manufacturing players look for additional production capacity to fulfill orders from Mexico, Central America, Colombia, and Brazil that are destined for the U.S. and Europe. AMI estimates the spending in warehousing and fulfillment services hovered between US\$60 and US\$65 billion in 2022, with leading companies like DHL, DSV, Mercado Libre, Frialsa, Solistica, Emergent Cold, Grupo Traxión, and Suppla operating in the region.

Most recently, DHL Supply Chain, DHL's third-party logistics and supply chain management division, announced a US\$551 million investment plan.<sup>10</sup> The planned investments, running through 2028, will strengthen infrastructure and support automation and sustainability initiatives. DHL will focus on the key sectors of healthcare, automotive, technology, retail, and e-commerce. Mexico and Brazil will receive the largest part of the investment while the remainder will be directed toward Argentina, Chile, Colombia, and Peru.

**Warehousing and fulfillment are probably the fastest-growing subsegments of the logistics industry in the region.**

<sup>10</sup> "Spotlight on Latin America: DHL Supply Chain invests €500 million in the region," DHL press release, July 2023



## Mexico: Rents surge while available space shrinks

Prologis, a real estate firm, recently released a report indicating that nearshoring led to a significant increase in net absorption in Mexico's six major markets (Mexico City, Monterrey, Ciudad Juárez, Guadalajara, Reynosa, and Tijuana), with the occupied space surpassing the vacant space. This trend doubled from 2019 to 2022. Vacancy rates in these markets dropped to a mere 1.1% in the first quarter of 2023, compared to an average of 6% in the years prior to the pandemic. We foresee this trend to continue in 2024, with vacancy rates remaining between 1% and 1.5%. Moreover, of all the sites currently under construction, 60% have already been pre-leased, showing a substantial improvement from the 36% pre-leasing rate observed in 2019. These developments contributed to a remarkable 16% surge in rents in the past year.<sup>11</sup>

**Table 6: Key players in Mexico's warehousing & fulfillment sector**

	<p>Grupo Traxión is a listed Mexican logistics group offering 3PL, 4PL, and warehousing logistics. It operates over 755,000 m<sup>2</sup> of facilities.</p>
	<p>Solística is a Mexican company offering 3PL and warehousing services. AMI estimates that its warehouses add up to over 368,000 m<sup>2</sup>.</p>
	<p>Mexico is one of DHL Supply Chain's largest 3PL markets, with more than 2,300 employees and 590 vehicles.</p>
	<p>E-commerce giant MercadoLibre, through its subsidiary Mercado Envios, operates over 665,000 m<sup>2</sup> in warehouse area among 17 distribution centers in Mexico.</p>

**Nearshoring led to a significant increase in net absorption in Mexico's six major markets.**

<sup>11</sup> "Surging investment in Mexican logistics warehouses only the 'first wave'," *Freight Waves*, June 2023





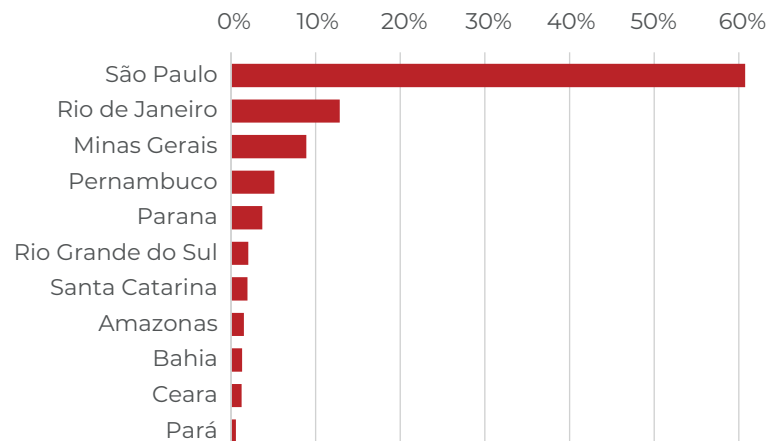
## Brazil: São Paulo dominates the country's logistics real estate stock

In the first quarter of 2023, Brazil reported approximately 10 million m<sup>2</sup> of industrial and logistics real estate, with São Paulo hosting more than half of the country's stock. Cushman & Wakefield's analysis<sup>12</sup> reveals that the state of São Paulo leads the nation, accounting for more than 60% of the national stock of logistics facilities, with key markets situated in municipalities like Cajamar, Guarulhos, Barueri, and Grande Campinas.

Guarulhos stands out due to its strategic location and access to significant highways, complemented by a well-established air transport network that includes Brazil's largest airport, one of South America's biggest, and a global air hub. These attributes have propelled Guarulhos into a pivotal position as a strategic distribution and logistics center.

Apart from the existing potential along the Rio-São Paulo axis, the state of Minas Gerais has emerged as a promising and top-quality option for large logistics centers, catering to the local industry and serving as a logistics hub for other states. Minas Gerais benefits from an excellent state program that incentivizes the establishment of industrial and logistics companies, bolstering its attractiveness as a prime destination for businesses in the sector.

**Figure 2: Share of total inventory of industrial and logistics real estate in Brazil (Q1 2023)**



Source: AMI analysis

<sup>12</sup> "Brazilian logistics hubs regions stand out and attract the interest of squatters," Cushman & Wakefield, October 2022

Table 7: Key players in Brazil's warehousing & fulfillment sector

	Multilog offers custom-bonded warehousing, distribution centers, and transportation services and is present in more than 12 cities in the country. AMI estimates its warehouses add up to over 529,000 m <sup>2</sup> .
	TECADI is a logistics operator offering storage, transportation, and distribution of goods, serving suppliers and customers. It operates over 99,000 m <sup>2</sup> in infrastructure in Itajai and Curitiba.
	Jadlog is part of French group DPD and is one of the leading logistics companies for the e-commerce sector in Brazil, with over 7,000 employees and a capacity of 40,000 m <sup>2</sup> . It offers warehousing and fulfillment services, road and air transportation, and also deliveries.
	In 2023, DHL added 13 fulfillment centers in Brazil, creating the DHL Fulfillment Network (DFN).





## Colombia: Construction of new warehouses slows

In 2024, AMI forecasts a slowdown in the construction of new logistics/industrial spaces, despite expectations that rent rates will continue to rise. This decline reflects a more cautious approach on the supply side, driven by factors such as rising construction costs, increased financing expenses, and political and economic uncertainties. As a result of this situation, the Built to Suit model, wherein custom-made spaces are developed based on pre-existing contracts, has experienced a notable boom.<sup>13</sup> This situation is the likely result of the delicate political environment in the country as the current president is immersed in multiple controversies surrounding his divisive policy agenda and corruption charges leveled against his family members, creating high levels of uncertainty among construction firms and producers.

**Table 8: Key players in Colombia's warehousing & fulfillment sector**



Servientrega is a Colombian company offering warehousing and fulfillment services as well as last-mile logistics services, with over 2,000 vehicles.



Almaviva is a local company offering warehousing, among other logistics services. It has a current capacity of over 200,000 m<sup>2</sup>.



In May 2023, Kuehne+Nagel relaunched its Medellín office, which offers warehousing and fulfillment services across several industries. It currently has 6 locations in Colombia.



DHL Supply Chain expanded in Colombia in 2018 when it acquired local provider Suppla.

**During 2022, the construction of new logistics/industrial spaces reached nearly 100,000 m<sup>2</sup>, representing a significant 60% decrease compared to the five-year average.**

<sup>13</sup> "Logistics and industrial market report: Colombia," JLL Research, June 2023



## Chile: The metropolitan region holds most of the warehousing stock

A study by Equifax showed that the bigger warehouses tend to be in the metropolitan region of Santiago, the capital.<sup>14</sup> This is no surprise given that the metropolitan region is well connected, located close to the biggest urbanization and logistics zones. Demand remains high, with Cushman & Wakefield reporting a zero-vacancy rate for the second half of 2022 in Santiago.<sup>15</sup> Companies are currently signing contracts for projects that are under construction. New inventory is forecast to increase quickly in 2024 and 2025.

**Table 9: Key players in Chile's warehousing & fulfillment sector**



FedEx is a major player in the Chilean market, with 32 distribution centers. In November 2022 it increased its storage capacity to 14,000 m<sup>2</sup> by adding a new 7,600 m<sup>2</sup> e-commerce distribution center.



EiT is a local company offering both warehousing and fulfillment services. It currently has a capacity of over 6,700 m<sup>2</sup>.



Maersk offers warehousing and fulfillment services in Chile with a solid footprint. In March 2023, Maersk opened a 24,900-m<sup>2</sup> facility in Santiago.



Starcken is a local company that has been active for over 40 years. It offers warehousing and fulfillment services and is currently working to increase its capacity to 13,000 m<sup>2</sup>.

**Chile: The metropolitan region is well-connected, close to the biggest urbanization and logistics zones.**

<sup>14</sup> "Radiografía al boom de las bodegas en Chile," Equifax, September 2022

<sup>15</sup> "MarketBeat Santiago Industrial H2 2022," Cushman & Wakefield, December 2022

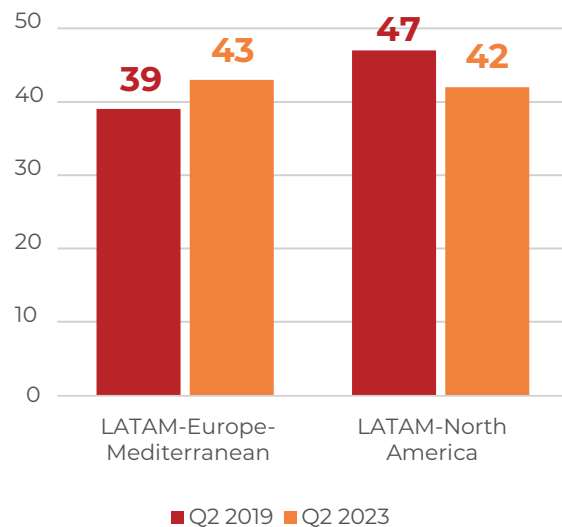
### 3. Ocean transportation

Ocean transportation involves the shipping of goods by sea and entails packing products into large containers and loading them onto vessels for transportation to the destination country. Typically, sea freight is preferred for shipments exceeding 100 kg due to its cost-effectiveness and capacity for handling bulk cargo.

In Latin America, we can divide the region into five key ocean lanes: North-South America, North-Central America and the Caribbean, West Coast South America-Asia Pacific, East Coast South America-Europe, and Asia Pacific.

After the pandemic and the war between Russia and Ukraine, Europe and the Mediterranean region are increasingly becoming significant hubs for container trade with the East Coast of South America (ECSA), particularly from Brazil. Ocean carriers are introducing new services and allocating more vessels to this trade route. The number of services and vessels operating between South America and Europe/Mediterranean has risen over the past four years, while it has declined on the South America-North America route, according to a recent analysis made by the Journal of Commerce. Although the deployed capacity has increased on both trades, the average ship size on the South America-North America trade remains smaller compared to that of the Europe and Mediterranean corridor.

Figure 3: The number of ships deployed in Latin America



Source: MDS Transmodal for the *Journal of Commerce*

Ocean carriers are introducing new services and allocating more vessels to the East Coast South America-Europe trade route.



## Mexico: No peak season in 2024



The year 2024 will be unusual as there will not be a “normal” peak season mid-year when companies start negotiations to secure space and equipment for international shipping of inputs or finished goods. This is because of the over-inventory experienced in previous years due to the pandemic, the economic slowdown in the U.S., and supply chain snarls, as well as the slump in consumption in the domestic economy.<sup>16</sup>

Port and ocean players will undoubtedly gain market share in the transportation of goods in Mexico and port terminal operators have opportunities to capture additional revenue from companies requiring space within ports for their logistics and production processes. The nearshoring boom is driving growth in Mexico’s ports as more companies are moving their manufacturing operations to Mexico, leading to an increase in the volume of goods being imported and exported through Mexican ports.

As international trade accelerates in Mexico in 2024, ports are developing new investment plans in new infrastructure and equipment to meet the growing demand. For example, the Port of Veracruz is currently undergoing a +\$1 billion expansion project that will double its capacity.

**Table 10: Key players in Mexico’s ocean transportation sector**



Maersk offers ocean shipping services with offices in the ports of Altamira, Lázaro Cárdenas, Manzanillo, Progreso, and Veracruz. In April 2023 it opened a Global Service Center in Mexico City to service the Americas.



China’s Cosco has had offices in Mexico since 2015, offering ocean shipping to global destinations. It currently runs offices in Altamira, Lázaro Cárdenas, Mexico City, and Veracruz.



Hapag-Lloyd offers sea transportation in Mexico. In July 2023 it expanded its capacity in Mexico (and other markets) by acquiring SAAM’s terminal business and related logistics services. It currently runs offices in Altamira, Ensenada, Guadalajara, Hermosillo, León, Lázaro Cárdenas, Manzanillo, Mazatlán, Mexico City, Monterrey, Tijuana, and Veracruz.



CMA CGM, a French logistics company, operates 7 offices and is active in 6 Mexican ports. In September 2022 it launched a new service connecting the Gulf of Mexico and Europe.

<sup>16</sup> “México: ‘Este 2023 no habrá *peak season*,’” *Portal Portuario*, June 2023



## Brazil: Exports to Europe boomed after the pandemic and during the Russia-Ukraine war

Economic growth in Brazil created occasional space constraints in the ocean shipping segment during 2022 and H1 2023. Historically, trade lane shipping has been dominated by a few major carriers like Maersk, Hapag-Lloyd, CMA CGM, and Mediterranean Shipping Co, but the emergence of new competitors, like Ocean Network Express (ONE) and Cosco Shipping Lines, with its subsidiary Orient Overseas Container Line (OOCL), is creating more options and steeper competition.

In 2022, the statistics provided by the Brazilian government indicated a noticeable shift in the importance of European and Mediterranean markets (US\$48.7 billion, constituting 14.6% of total exports) when compared to the United States (US\$37.6 billion, making up 11.7% of total exports, slightly higher than the 10.5% share recorded in 2021). Among the top exported goods transported by ocean are commodities such as meat, coffee, and industrial equipment. The most prominent export market for Brazil continues to be Asia (primarily China), which accounted for a significant 48% share of the total exports, amounting to a remarkable US\$334.5 billion worth of goods in 2022.

**Table 11: Key players in Brazil's ocean transportation sector**



Wilson, Sons is the largest integrated port and maritime logistics operator in the Brazilian market, with over 185 years of experience. In July 2023 it announced plans to implement renewable energy facilities at Rio Grande Container Terminal.



Maersk offers ocean shipping services with offices in the most important ports and cities. In April 2023, it launched a dedicated satellite center in the city of Santos.



MSC is constantly expanding its ocean freight services in Brazil, as evidenced by its 2021 acquisition of Log-In Logistica. Local media is reporting that MSC is looking to acquire Wilson, Sons.



Cosco has been operating in Brazil since 1994 and in July 2023 it launched a new service connecting the ports in Itapoa, Paranagua, Santos, and Rio de Janeiro with Europe.



## Colombia: A new port policy in the works



In July 2023, the Colombian government launched its new “national port policy” to modernize and adopt sustainability measures.<sup>17</sup> The government goal is to invest nearly US\$2.95 billion to update its port systems between 2023 and 2027. The new policy focuses on six areas that will greatly benefit the efficiency of Colombia’s ports and reduce operational costs.

1. National articulation of the port system with local territorial planning instruments
2. Promote good environmental practices and corporate social responsibility in the national port system
3. Update the tariff regulation and compensation schemes in the country’s ports
4. Improve maritime infrastructure and invest in land and river access to port terminals
5. Update the regulatory instruments of the Colombian port system
6. Strengthen the institutional framework of the port sector

**Table 12: Key players in Colombia’s ocean transportation sector**



In April 2023, C.H. Robinson entered Colombia with new offices in Bogotá to offer air, inland, and ocean freight services.



Maersk has been providing ocean freight services in Colombia for over 29 years. It operates in the ports of Barranquilla, Buenaventura, Cartagena, Santa Marta, and Turbo.



CMA CGM, a French logistics company, is present at the ports in Cartagena, Buenaventura, Barranquilla, and Santa Marta.



MSC has been present in Colombia for over two decades, operating from the ports in Buenaventura, Cartagena, and Turbo.



In February 2023, ZIM, an Israel-based container shipping company, announced a new service line connecting the West Coast of South America with the East Coast of the U.S. It will connect Colombia (Buenaventura and Cartagena) with Chile, Peru, Ecuador, Jamaica, and the U.S.

<sup>17</sup> “Colombia define política portuaria para fomentar eficiencia y desarrollo del sector,” *Mundo Marítimo*, July 2023





## Chile: China's economic slowdown will impact Chile's exports in 2024

Based on Chilean customs statistics for 2022, the country's exports to China reached US\$38 billion, accounting for a substantial 38.9% of Chile's total exports. AMI estimates that Chile's total exports to China will reach US\$37 billion by the end of 2023, marking the first drop in three years. Notably, China has held the position of Chile's largest trading partner since 2009, with this significant status particularly evident in the realm of agricultural products. For instance, almost 90% of Chilean cherry exports are directed toward the Chinese market. Illustrating this strong trade bond, in January 2023, the Dalian Port in Northeast China launched a dedicated shipping route specifically to import cherries from Chile, further cementing the countries' prosperous trading relationship.<sup>18</sup>

**Table 13: Key players in Chile's ocean transportation sector**



Hapag-Lloyd, which merged with Chile's CSAV in 2014, offers sea transportation in Chile. In recent months, it announced a new cabotage service along the western coast of South America, connecting Peru and the north of Chile.



China's Cosco, one of the largest ocean freight companies, is present in Chile. Cosco's main services connect Chile directly with Peru, China, and Mexico.



MSC has been operating ocean transportation services in Chile since 1994, connecting the country with Peru, Panama, Mexico, China, and Colombia. It services the ports of Antofagasta, Africa, Coronel, Iquique, Lirquen, Puerto Angamos, San Antonio, San Vicente, and Valparaiso.



With its head office in Santiago, Maersk services the ports of Antofagasta, Arica, Coronel, Iquique, Mejillones, San Antonio, San Vicente, and Valparaíso. It connects Chile with Argentina, Brazil, China, Panama, Colombia, Peru, Jamaica, the U.S., Mexico, Hong Kong, the Netherlands, Germany, Belgium, and New Zealand.

<sup>18</sup> "China port opens direct shipping route for Chilean cherry imports," *China Daily*, January 2023



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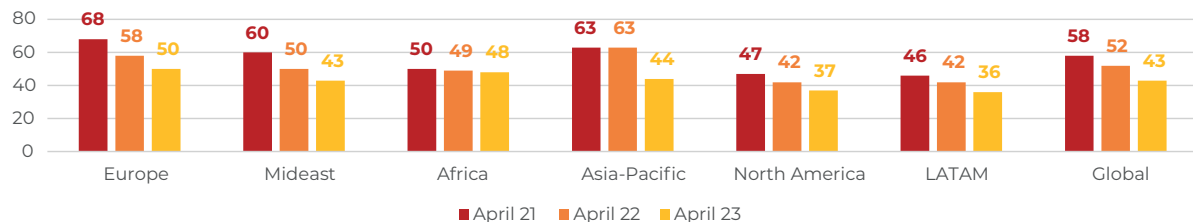
## 4. Air transportation

Air freight is commonly used for time-sensitive and high-value shipments, providing businesses and industries with a reliable means to transport perishable goods, pharmaceuticals, electronics, and other products requiring quick delivery.

Latin America was the only region to report one month of growth in volume demand (+5% in March) during H1 2023, along with Africa. All regions reported drops in volume demand during the first half of 2023. Lower inflation and the appreciation of Latin American currencies will contribute to improving overall demand in the second half of 2023, but the region will still have the lowest cargo load factors worldwide.

The passenger-to-freighter ratio in Latin America has returned to levels like those seen in 2019, according to a DHL report.<sup>19</sup> This shift has been attributed to several factors, including the resumption of passenger flights, which have increased belly capacity for cargo transportation. Additionally, some of the freighters acquired or repurposed during the pandemic to meet the surge in cargo demand are now being retired, further contributing to the restoration of the balance between passenger and freighter operations in the aviation industry.

**Figure 4: Regional cargo load factor (CLF) development in % (CLF, CTK\*, ACTK\*\*)**

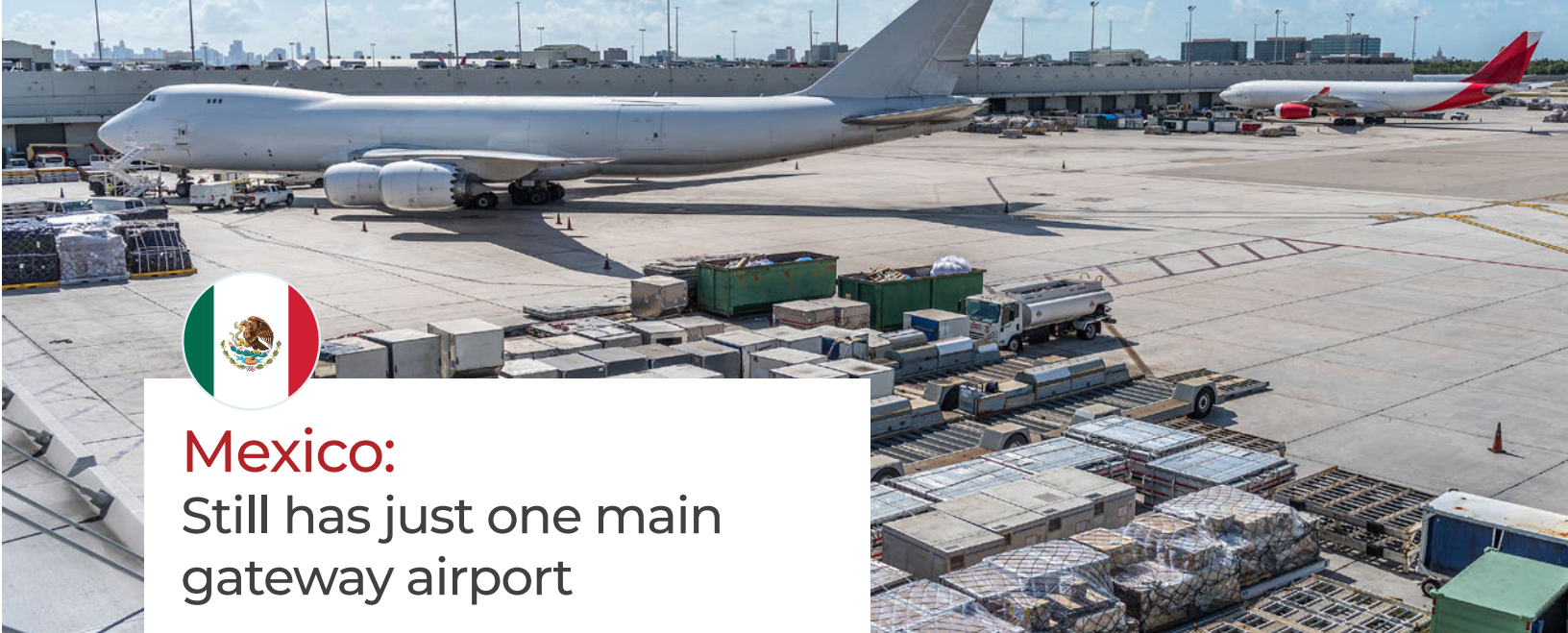


\*CTK = Cargo Tonne Kilometres

\*\*ACTK = Available Cargo Tonne Kilometers

Source: IATA; data for 2023 and onward is compared against last year

<sup>19</sup> "Airfreight State of the Industry," DHL, June 2023







## Mexico: Still has just one main gateway airport

Benito Juárez Airport (AICM) reported 10% cargo volume growth in H1 compared to the same period in 2022. In February 2023, the Mexican government mandated freighter operations to shift to other airports around the capital to reduce AICM’s congestion.

However, this decision faced opposition because most freighter operations occur at night, and therefore usually do not affect passenger flight numbers. All-cargo carriers protested, citing certification issues and shortages at Felipe Ángeles International Airport (AIFA), the proposed alternative.

The deadline for migration, initially set by the February mandate at 90 days, was extended to September 1, 2023.<sup>20</sup> By the end of September, 18 cargo airlines had migrated. By the end of the year, it is estimated that cargo volume at AIFA will have reached 110,000 tonnes, less than a third of its total capacity.<sup>21</sup>

**Table 14: Key players in Mexico's air transportation sector**

	<p>Aeromexico Cargo, the cargo division of one of the largest airlines in Mexico, provides air freight services domestically and internationally. Beginning in October 2023, AeroMexico will restart the Mexico City-Santiago route.</p>
	<p>Estafeta Carga Aérea is a Mexican cargo airline. It operates domestic cargo charters in Mexico and the U.S.</p>
	<p>DHL Aviation, the air freight division of DHL, operates in Mexico. It will invest US\$600m through 2024, earmarking US\$55m for cargo operations at Mexico City's new Felipe Ángeles International Airport.</p>
	<p>FedEx is one of the dominant players in international cargo in Mexico. In March 2023, FedEx added a new aircraft for its Yucatán-Miami route.</p>

<sup>20</sup> "Alibaba's Cainiao to build air cargo hub in Shenzhen," *Pandaily*, April 2023

<sup>21</sup> "Moviliza AIFA más de 60 mil toneladas de mercancías," *A21*, September 21, 2023



## Brazil: E-commerce is boosting China air freight

Over the past 18 months, thanks to the increased e-commerce flows between Brazil and China, logistics companies have increased the frequency of their China-Brazil routes or added new routes.

In April 2023, Cainiao Network, the logistics arm of Alibaba, launched the first all-cargo international freight route from Shenzhen, China, to South America. In February 2023, Xiamen, another Chinese city, launched a new air cargo and logistics service to São Paulo in partnership with Ethiopian Cargo & Logistics Services.<sup>22</sup> Prior to this, in March 2022, e-commerce giant JD.com launched charter cargo flights from Hong Kong to São Paulo.<sup>23</sup>

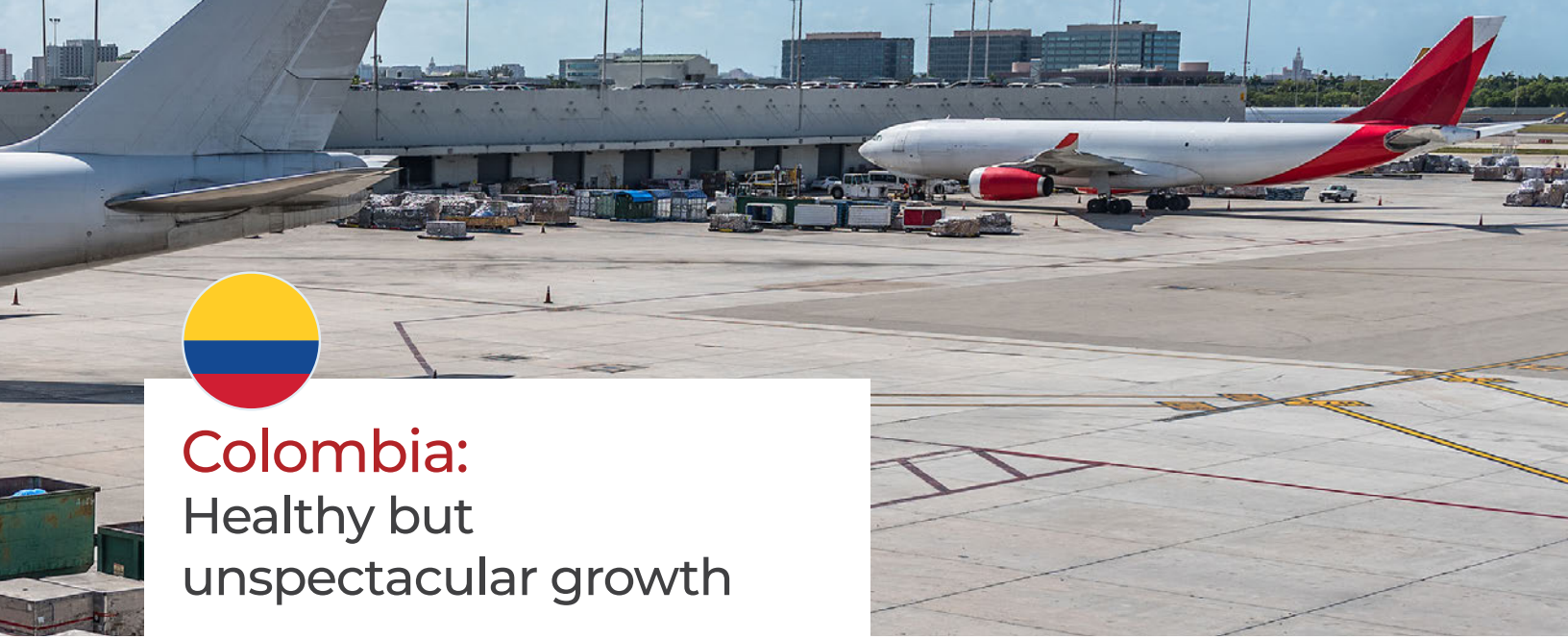
**Table 15: Key players in Brazil's air transportation sector**

	Azul Cargo Express, cargo division of Azul Brazilian Airlines, offers air freight solutions in Brazil.
	Gollog, the cargo division of GOL Linhas Aéreas Inteligentes, provides air freight services in Brazil and internationally.
	Cainiao, the logistics arm of Alibaba, operates eight China-Brazil chartered flights per week and is working with Brazil Post to deepen collaboration in international express logistics.
	UPS has operated in the country since 1989 and currently serves the airports in Belo Horizonte, Brasília, Campinas, Curitiba, Manaus, Navegantes, Porto Alegre, Recife, Rio de Janeiro, Salvador, São Luiz, São Paulo, and Vitória.

**Logistics companies have expanded the frequency of their China-Brazil routes or added new routes.**

<sup>22</sup> "China's Xiamen launches its first BRICS air cargo route to Brazil," CGTN, February 2023

<sup>23</sup> "JD.com launches cargo flights from China to Brazil and Germany," JD.com, March 2022



## Colombia: Healthy but unspectacular growth

Data published by Aeronáutica Civil showed that during 2022, airlines transported 888,806 tonnes of cargo and mail, an increase of 5% compared to 2021. Guillermo Francisco Reyes Gonzales—the Minister of Transportation—expects that 2023 will be a record-breaking year.<sup>24</sup> However, data for the first half of 2023 shows a drop of nearly 1.5% year-on-year. Given that the first half tends to be the most active, AMI expects cargo in Colombia to stay flat or decrease in 2023.

**Table 16: Key players in Colombia's air transportation sector**



LATAM Cargo, the cargo business of LATAM Airlines, provides air freight services to domestic and international destinations. In the last four years, it has tripled its operations in Colombia.



Avianca Cargo, the cargo division of Avianca, a major Colombian airline, provides air freight services to various destinations. It currently runs over 700 weekly services for flower exporters. In May 2022, Avianca Cargo, the leading player in Colombia, announced it would expand its capacity by 70% by 2024. Avianca is looking to acquire 4 new planes and to boost the export of flowers.



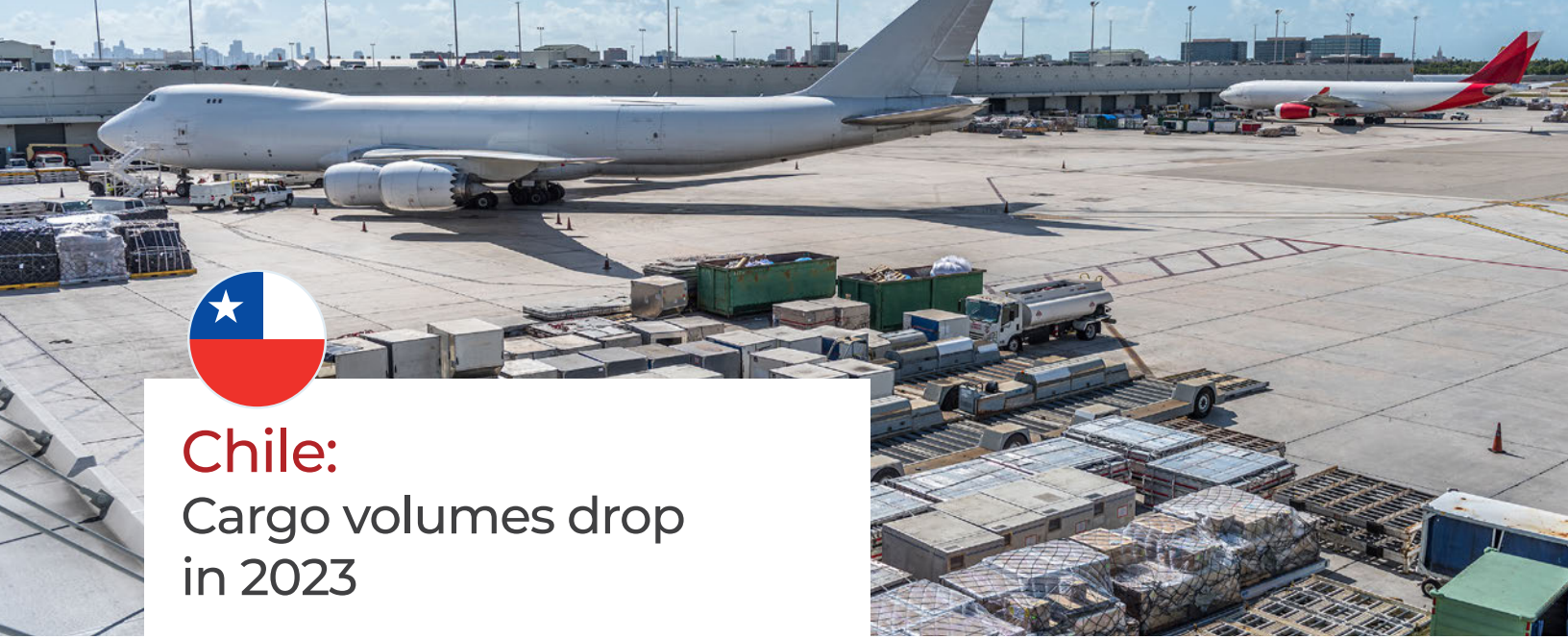
DHL Express runs a robust operation in Colombia with one gateway at Aeropuerto El Dorado in Bogotá and 3 daily international flights.



Atlas Air, a U.S. airline, operates a cargo division in Colombia. In October 2022, it partnered with Cainiao to launch a new route connecting China and Colombia.

**Cargo and mail data for the first half of 2023 shows a drop of close to 1.5% year-on-year.**

<sup>24</sup> "Carga aérea se incrementó en Colombia," *Todo Logística*, February 2023



## Chile: Cargo volumes drop in 2023

In the first half of 2023 international cargo in Chile (measured in tonnes) dropped by 3.6% year-on-year, whereas domestic cargo dropped by 26.5%.<sup>25</sup> When we compare domestic cargo levels for the first half of 2023 with those from the first half of 2019, we observe a decrease of 7.9%. In fact, during the first six months of 2023, domestic cargo in Chile posted year-on-year decreases every single month.

**Table 17: Key players in Chile’s air transportation sector**



SKY Carga, the cargo division of Chilean low-cost carrier SKY Airline, offers air freight solutions. It operates in the cities of Arica, Iquique, Calama, Antofagasta, Puerto Montt, Balmaceda, Puerto Natales, Punta Arenas, and most recently, Viña del Mar.



LATAM Cargo, the cargo business of LATAM Airlines Chile, provides air freight services to domestic and international destinations. The cargo network connects 25 countries and 154 destinations.



In Chile, DHL operates international air freight services. In 2021, it started operating a daily Miami-Santiago flight to serve the e-commerce industry.



UPS has provided international air freight services in Chile’s Santiago airport since 2015. Chilexpress, a local logistics company, is an authorized subcontractor.

**When we compare domestic levels for the first half of 2023 with those from the first half of 2019, we observe a decrease of 7.9%.**

<sup>25</sup> “Back to normal: Chile’s passenger traffic recovers, but cargo transport declines,” *Aviacionline*, July 2023

# 5. Cold chain

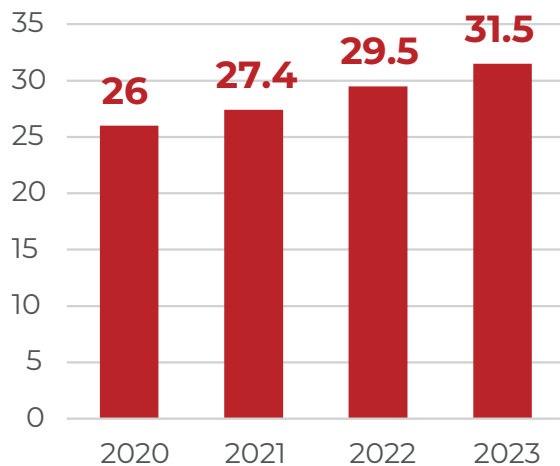
Cold chain is a critical subsegment of the logistics industry that specializes in the transportation and storage of temperature-sensitive goods, maintaining their integrity and freshness throughout the supply chain. It involves a controlled environment with refrigeration and temperature monitoring, ensuring products like pharmaceuticals, perishable foods, and vaccines are kept within specific temperature ranges to prevent spoilage or degradation.

The increased production and exports of perishables and meats in Latin America has fueled the expanding footprint of the region's cold chain facilities in 2022, which reportedly grew by 8% to now offer approximately 441 million cubic feet of capacity. Despite this growth, Latin America's cold chain growth is below the double-digit cold chain capacity growth rates experienced in the U.S. and Europe, according to the Global Cold Chain Alliance. In addition, the sector is ripe for consolidation in Latin America as every country has multiple local leaders: the leading regional operators include Emergent Cold, Frialsa, DHL, Solística, and Superfrío, among others.

Based in both São Paulo and Miami, Emergent Cold is one of the companies that will play a key role in this industry. Formed in late 2021 and having raised US\$450 million in capital, Emergent Cold has

been expanding organically and through acquisitions. In fact, its growth has been so powerful that in May 2023, it was named the largest refrigerated warehousing and logistics provider in Latin America and the Caribbean—and the sixth-largest provider in the world.<sup>26</sup>

**Figure 5: Cold chain revenues in Latin America, 2020-2023 (US\$bn)**



Source: Statista

<sup>26</sup> "Emergent Cold LatAm achieves status of largest regional warehousing provider," *Refrigeration Industry*, May 2023



## Mexico: A significant space shortfall



Experts argue that when compared to the U.S. and the EU, Mexico is currently experiencing a deficit in its cold storage capacity. Given its population, Mexico should have 50 million m<sup>2</sup> of capacity but currently has only 15 million m<sup>2</sup>. This 35 million m<sup>2</sup> capacity deficit means that there is a great investment opportunity to ensure that all products can be serviced by the cold chain sector.<sup>27</sup>

**Table 18: Key players in Mexico's cold chain sector**



Frialsa is a Mexican company that specializes in temperature-controlled warehousing and transportation. It is the second-largest company in Latin America in terms of storage capacity, with 3 million m<sup>2</sup>. In Mexico it operates over 25 locations.



Grupo Arcosa has been providing cold chain logistics in Mexico for over 33 years and currently has a capacity of 339,200 m<sup>3</sup>.



Emergent Cold is a U.S.-based company investing in and developing cold chain logistics and infrastructure in the region. AMI estimates that Emergent Cold's warehouses in Mexico add up to over 190,000 m<sup>2</sup> in size. It recently acquired Qualianz, a storage and logistics platform, and Bajo Cero Frigoríficos, a cold storage company.



Frisacel is a Mexican cold chain logistics company focusing on the food industry in the Bajío region. AMI estimates Frisacel's storage capacity is about 6,100 m<sup>2</sup>.

<sup>27</sup> "Seis puntos que debes saber del transporte refrigerado y la cadena de frío," *Revista Transportes y Turismo*, July 2023





## Brazil: Pharma is the future driver

It is no surprise that Brazil is home to the majority of Latin America's major cold chain providers, considering its significant role in the frozen food industry. However, the real catalyst driving the market's future lies in the pharmaceutical sector.

GlobalData's analysis reveals that Brazil offers untapped potential for big pharma manufacturing, positioning it favorably to serve other Latin American markets. Presently, Brazil stands as the largest importer of medicines in the region, primarily because top pharmaceutical companies have a local presence but lack manufacturing capabilities, relying on imports instead.

A significant 66% of companies operating manufacturing sites in Brazil are domestically owned, presenting an opportunity for multinational companies to enter the market. As of October 2022, there were a total of 43 manufacturing sites, with most approved by the Brazilian regulator ANVISA. However, only 13 sites have approvals from the U.S.' Food and Drug Administration and/or the European Medicines Agency, underscoring the focus on domestic and regional production.<sup>28</sup>

**Table 19: Key players in Brazil's cold chain sector**



SuperFrio is one of Brazil's largest cold chain logistics companies. It runs locations in São Paulo (18), Goiás (2), Minas Gerais (5), Federal District (1), Bahia (2), Pernambuco (1), Ceará (1), Rio de Janeiro (1), Paraná (6), Santa Catarina (2), Amazonas (1), and Mato Grosso (2).



FrioZem is also one of Brazil's largest cold chain logistics companies. It currently operates in Jandira, São Bernardo do Campo, Araraquara, Rio de Janeiro, Belo Horizonte, Curitiba, Porto Alegre, Salvador, Recife, and Fortaleza.



Emergent Cold is a U.S.-based company investing in and developing the region's cold chain logistics and infrastructure. Its latest investment in Brazil was the acquisition of two temperature-controlled storage facilities located in the state of Rio Grande do Sul.



Americold Logistics, one of the world's largest packing houses and refrigerated cargo operators, operates in Brazil with the storage and distribution of refrigerated cargo. Americold has owned a stake in SuperFrio since 2020.

<sup>28</sup> "Brazil: an untapped market for big pharma manufacturing," *NRI Digital*, October 2022



## Colombia: Flower power in cold chain demand



Colombia distributes flowers to more than 100 markets worldwide, making it the largest exporter of flowers in the Americas and the second largest in the world, after the Netherlands. This segment will continue driving demand for temperature-controlled facilities in the future. One of the biggest challenges in the flower industry is ensuring quality and durability, so maintaining the cold chain in the storage and transportation of this product is key. According to the Colombian floriculture innovation center, Ceniflores,<sup>29</sup> the main cut flower and foliage export market for Colombia is the United States, which accounts for 75% of exports, followed by Canada (4%), the Netherlands (4%), the UK (4%), Japan (3%), Spain (2%), and various other markets, which account for the remaining 8%.

Besides flowers, the market potential for processed and frozen food products is significant, primarily because of their relatively lower adoption rates. The consumption of ready-to-eat meals, including frozen pizzas, desserts, and snacks, is steadily increasing in the country and will likely drive demand in the next five years.

**Table 20: Key players in Colombia's cold chain sector**



Megafin is a Colombian company offering cold warehousing services as well as packing and picking. Megafin operates out of a warehouse with 3,272 m<sup>2</sup> of space, according to AMI estimates.



Emergent Cold is a U.S.-based company investing in and developing cold chain logistics and infrastructure in the region. In 2022, it acquired Frigometro, a Colombian operator present in Bucaramanga, Cartagena, Bogotá, and Buga. AMI estimates that with this acquisition, Emergent Cold will have a capacity of more than 13,000 m<sup>2</sup>.



DSV offers cold chain logistics in Colombia specializing in fruit and flower storage.



The firm announced an investment of more than US\$200 million in Colombia and the opening of a new 14,000-square-meter fulfillment center on the outskirts of the capital in the town of Funza. The facility combines space for cold storage and dry goods.

<sup>29</sup> "La flor colombiana es una de las más exportadas a nivel mundial," *El Nuevo Siglo*, September 2022



## Chile: Demand will be driven by the fruit and fish industries

Chile has emerged as a leading exporter of fish and fruit products, with fish and seafood exports increasing by 22.4% in 2022 compared with 2021, while domestic demand continues to expand. Local industry players anticipate that this growth will continue, prompting cold chain providers to invest and expand further.

Felipe Brain Ross, General Manager of Megafrío Chile, stated that the logistics business of cold storage for frozen products has promising prospects. During the pandemic, the consumption of frozen products per person in Chile grew significantly, between 15% and 20%. Although Chile's consumption levels may not match those of Europe or the U.S. in terms of the overall percentage of the population, current sales rates indicate that there are ample growth opportunities in the market. Consequently, there is an increasing demand for cold logistics services in the country.

**Table 21: Key players in Chile's cold chain sector**



Transportes Nazar is a Chilean company specializing in cold transportation for the food and retail industries. It has been operating since 1976.



Megafrío is one of the top Chilean cold chain logistics operators for the food industry, retail, and fishing industries. It operates facilities in Santiago (2), Tarapacá (1), Antofagasta (1), Coquimbo (1), Biobío (1), Araucanía (1), and Región de los Lagos (1).



Emergent Cold is a U.S.-based company investing in and developing cold chain logistics and infrastructure in the region. In June 2023 it acquired Hook Chile, a major player in the salmon industry. AMI estimates it currently operates 34,000 m<sup>2</sup> of cold chain capacity.



Maersk handles refrigerated products and seafood for inland services. It operates depots in Santiago, San Antonio, Valparaíso, and Puerto Montt.



# Next Steps: Planning Your LatAm Strategy

We recommend that firms evaluating the potential of Latin America's logistics trends, including nearshoring, take the following steps:



## 1. Identify clear goals

What do you hope to achieve within Latin America's logistics market? Is your goal to expand your nearshoring operations? Or do you see an expansion opportunity in one of the areas we covered, such as cold chain or expanding warehousing space? Which markets offer the best opportunities? What does the ecosystem in those markets look like? These concerns (and more) must be weighed as you decide on the next steps.



## 2. Research the Latin American market

There are many different countries in Latin America, each with its own unique advantages and disadvantages. You must research the different markets to find the country that offers the best opportunities for achieving your goals. Key market aspects to consider would include labor costs, infrastructure, logistics players, talent pool, and government regulations, among other factors.



## 3. Evaluate potential partners

Once you have chosen a country, you may need to evaluate potential partners or acquisition targets, especially if your goal is market entry or rapidly expanding your company's regional footprint. In the case of nearshoring, there are many different providers in Latin America, so compare their offerings carefully. Consider factors such as experience, reputation, pricing, and customer service.



## 4. Develop a plan to take advantage of the opportunity

Market intelligence will be the basis of your strategic plan. It will determine the overall strategy and tactical execution, helping you develop contingency plans to work around challenges. The entire management team should collaborate on this plan to guarantee the commitment and the mobilization of the resources needed.



## 5. Consider your industry

Some industries and countries are more suited for growth than others, and a range of logistics operators and infrastructure are developed in markets you may never have heard of.

If the trends we highlighted in this report offer potential for your company, our team can make these opportunities more concrete via market intelligence. We can uncover the data that quantifies the existing opportunities, anticipates risk, and shows the way forward. Our company's 30 years of experience in the region can expand your team's capabilities, speed up the data-gathering process, and offer an objective additional source to cross-check the internal insights and data your group has gathered.

Contact us to learn more about how we can craft a study to answer your strategic questions and power up your planning and execution.

Cheers,



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