

TRADE FACILITATION WORKSHOP 31.10 TO 1.11.2016, MOMBASA



EMERGING ISSUES IN MARITIME:

PRESENTED BY:

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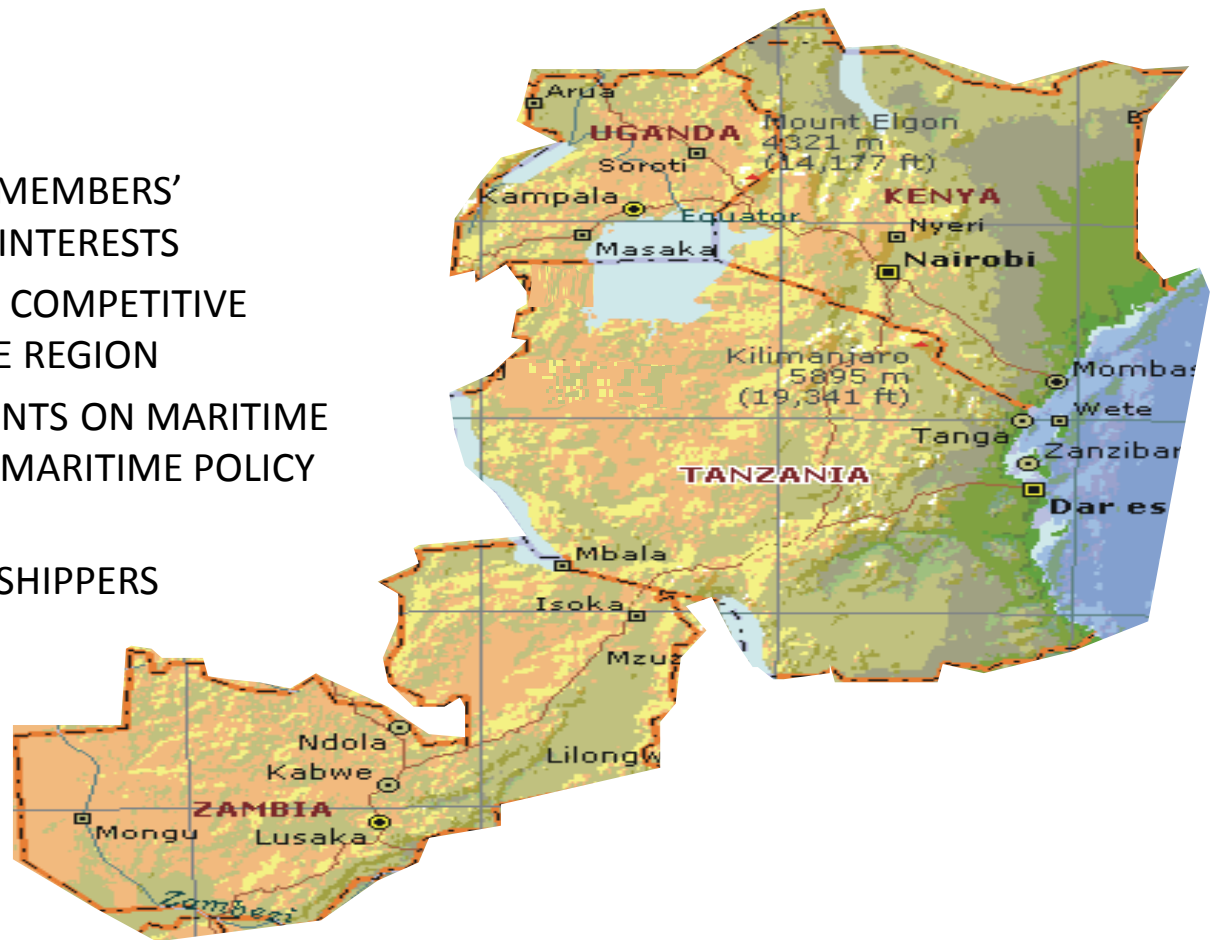


OUTLINE

- ABOUT ISCOS
- SOME INFRASTRUCTURAL DEVELOPMENT
- MARITIME TRENDS
- GROWTH, INDICATIVE FREIGHT RATES
- MARINE CARGO INSURANCE
- SHIPPING ALLIANCES
- IMO SOLAS VGM IMPLEMENTATION
- PIRACY STATUS, ECONOMIC IMPACT
- BLUE ECONOMY
- STOWAWAYS
- WAYFORWARD

ABOUT ISCOS

- ESTABLISHED IN 1967
- BY 4 MEMBER STATES
- MANDATE:
 - PROMOTE AND PROTECT MEMBERS' SHIPPING AND MARITIME INTERESTS
 - PROMOTE EFFICIENT AND COMPETITIVE SHIPPING SERVICES IN THE REGION
 - ADVISORY TO GOVERNMENTS ON MARITIME MATTERS AND NATIONAL MARITIME POLICY HARMONIZATION
 - ESTABLISH, STRENGTHEN SHIPPERS COUNCILS



SOME INFRASTRUCTURAL DEVELOPMENTS:MOMBASA

- ❖ 2ND CONTAINER TERMINAL, 1ST PHASE:
ADDITIONAL 550,000 TEUS CAPACITY**
- TOTAL CAPACITY NOW 1.5 Mln TEUS**
- ❖ SGR: 1ST PHASE MSA-NBI ON SCHEDULE,
LOCOMOTIVE TEST RUN DONE OCT 2016**
- ❖ DUE FOR COMPLETION BY JUNE 2016**
- ❖ WILL IMPROVE CARGO UPTAKE BY RAIL,
WHICH CURRENTLY IS HARDLY 5%**

SOME INFRASTRUCTURAL DEVELOPMENT: DAR

- ❖ **SGR: 2190 KM PROJECT TO SERVE RWANDA, UGANDA, BURUNDI, DRC, TANZANIA**
- **CONSTRUCTION TO BEGIN FINANCIAL YEAR 2016/17**
- **TO IMPROVE CARGO UPTAKE BY RAIL WHICH CURRENTLY IS HARDLY 3%**
- ❖ **ONE STOP CENTRE BUILDING BY TPA OFFICIALLY OPENED BY H.E. PRESIDENT KABILA IN OCT 2016**

MARITIME TRANSPORT (MT) IMPORTANCE

- ❖ **Defined as a means of carrying goods and persons by water(including oceans, inland waterways like rivers, lakes, it is the most important mode of transport for world international trade.**
- ❖ **VOLUME CARRIED BY MT:**
 - **Globally:80% by volume, 70% by value**
 - **EAC:90% by volume, 80% by value**

EMERGING TRENDS IN MARITIME

MARITIME TRANSPORT TREND

- ❖ Generally, maritime transport has been growing at 3.1% over the past 30 years
- ❖ As per UNCTAD Review of Maritime 2015:
 - In 2014, Seaborne trade grew by 3.44%, reaching 9.84 tons. The growth was slightly less than 3.45% of year before.
 - As of 1.1.2015: There were 89464 commercial vessels, at 1.75 billion tons

CONTAINER SHIPS CAPACITY OVER SUPPLY VS DEMAND 2006-2015 GROWTH

	2006-7	2008-9	2010-11	2012-13	2014-15	AVERAGE
DEMAND	22.6	-4.8	20	8.2	12.5	5.9
SUPPLY	25.4	15.7	15.1	9.9	11	7.7

SOME IMPORT RATES 2015/16

ORIGIN	20'/40'	2016	2015	% change
EUROPE	20'	800	1250	-36
	40'	1500	2400	-37.5
USA/ CANADA	20'	1450	2300	-37
	40'	2800	3300	-15

SOME EXPORT RATES

DEST	20'/40'	2016	2015	% change
EUROPE	20'	1150	1400	-17.9
	40'	1900	2300	-17.4
IOS:DUBAI/ JEBEL ALI	20'	450	475	-5.3
	40'	750	800	-6.3

SHIPPING ALLIANCES !!

SHIPPING ALLIANCE: WHAT IS IT ?

- **Members agree to work together to cut operational costs: share ships, networks, port calls without increasing ships**
- **Lines can rationalize their resources**
- **destinations without increasing fleets.**
- **Economies of scale: fuel efficiency of mega ships.**
- **Same as airlines alliance**

SHIPPING ALLIANCES

CURRENT (JULY 2016)

- **2M Alliance:** Maersk and MSC
- **Ocean Three Alliance:** CMA CGM, UASC, China Shipping
- **G6 Alliance:** NYK Line, OOCL, APL, MOL, Hapag-Lloyd, HMM
- **CKYHE Alliance:** K Line, COSCO, [HANJIN](#), Evergreen, Yang Ming

EXPECTED BY APRIL 2017 IF APPROVED

- **2M Alliance:** Maersk, MSC, **HMM**
- **Ocean Alliance:** CMA CGM, China Shipping, APL, OOCL, Evergreen
- **The Alliance:** K Line, Yang Ming, HANJIN, MOL, Hapag-Lloyd, NYK Line, UASC

TOP INDEPENDENT LINES

- **PIL, ZIM, Wan Hai Lines, X-Press Feeders and KMTC**

IMO SOLAS VGM IMPLEMENTATION WEF 1.7.2016

❖ Chapter VI Part A, Regulation 2

❖ DAR: SOME DISCRIPANCIES

❖ MSA: SOME DISCRIPANCIES

**❖ PROPER ASSESSMENT AFTER 3
MONTHS EXTENDED TO SEPT 2016**

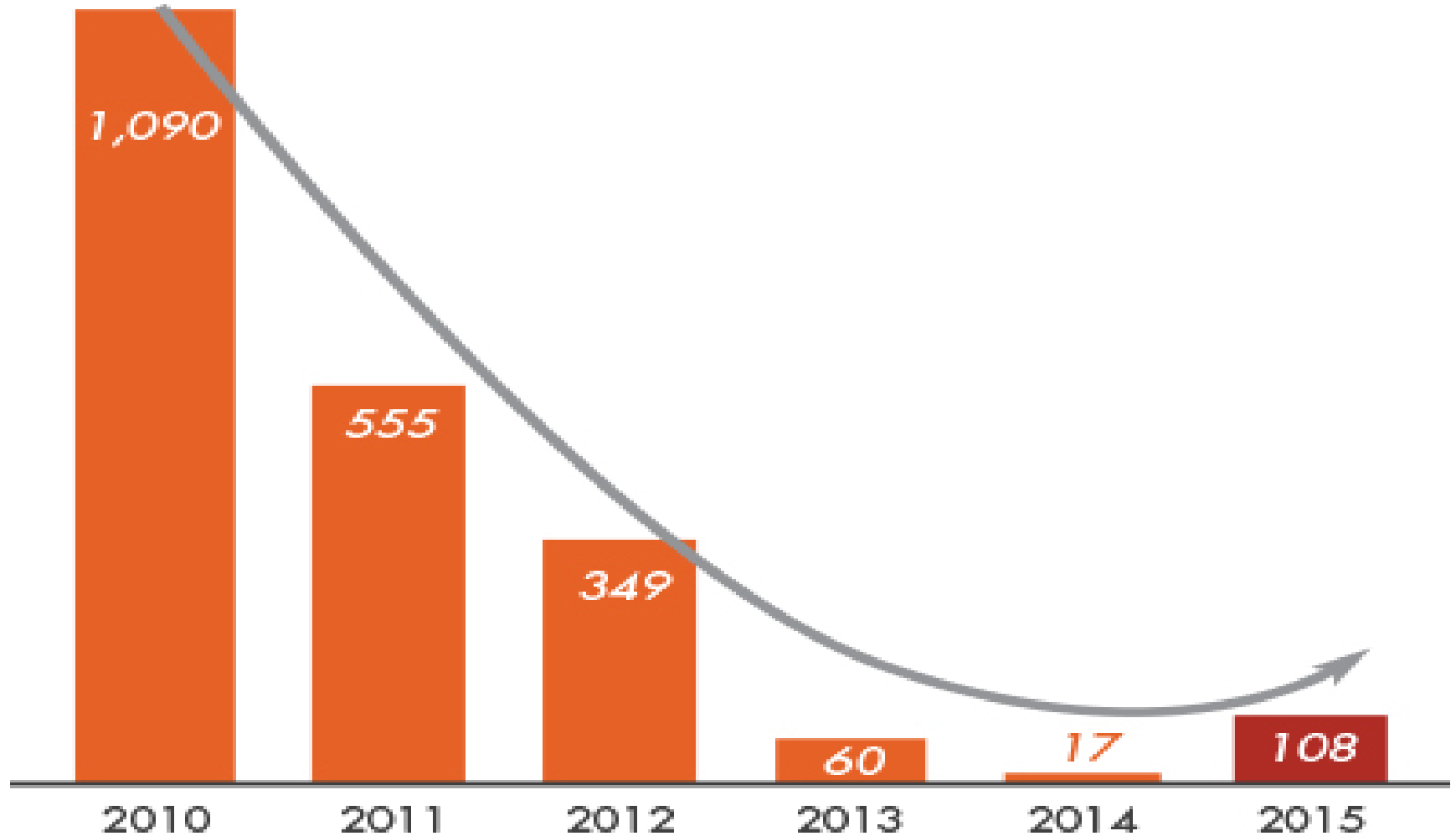
SOMALI PIRACY

- began 1991 after fall of Siad Barre in Somalia
- impeded goods delivery and increased shipping expenses in global trade by \$6.6 to \$6.9 billion/year(source:obp-oceans beyond piracy)
- why increased costs?:increased speed, re-routing, armed guards, increased insurance, prosecution and imprisonment costs
- Cost of 3-4 man team:\$28500-\$38000

PIRACY: STILL A THREAT TO SHIPPING OR NOT?

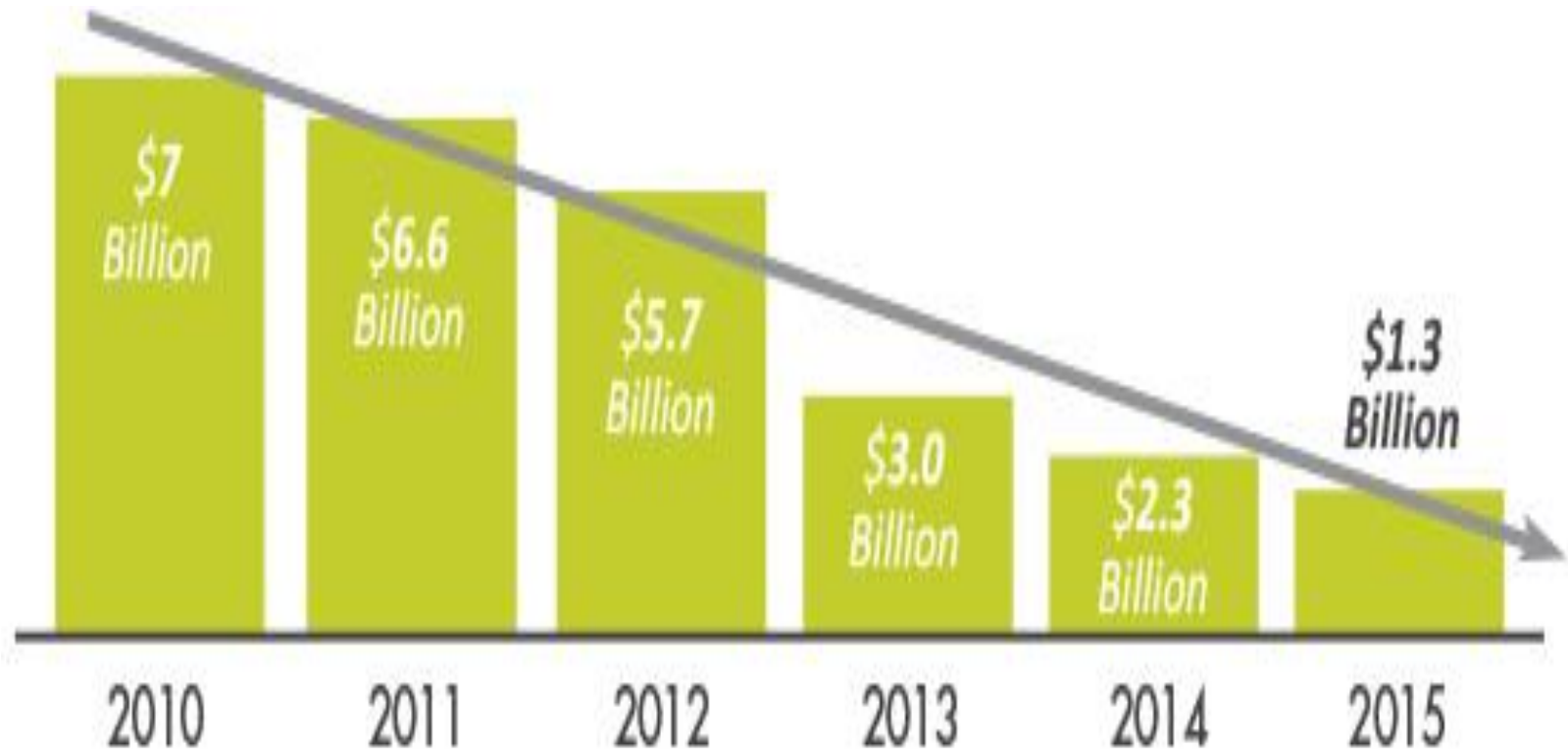
	2008	2009	2010	2011	2012	2013	2014	2015
total attacks	24	163	174	176	35	7	2	0
pirated	14	46	47	25	4	0	0	0
Disruptions	0	14	65	28	16	10	1	0

PIRACY: SEAFARERS TAKEN HOSTAGE



Seafarers Taken Hostage 2010-2015

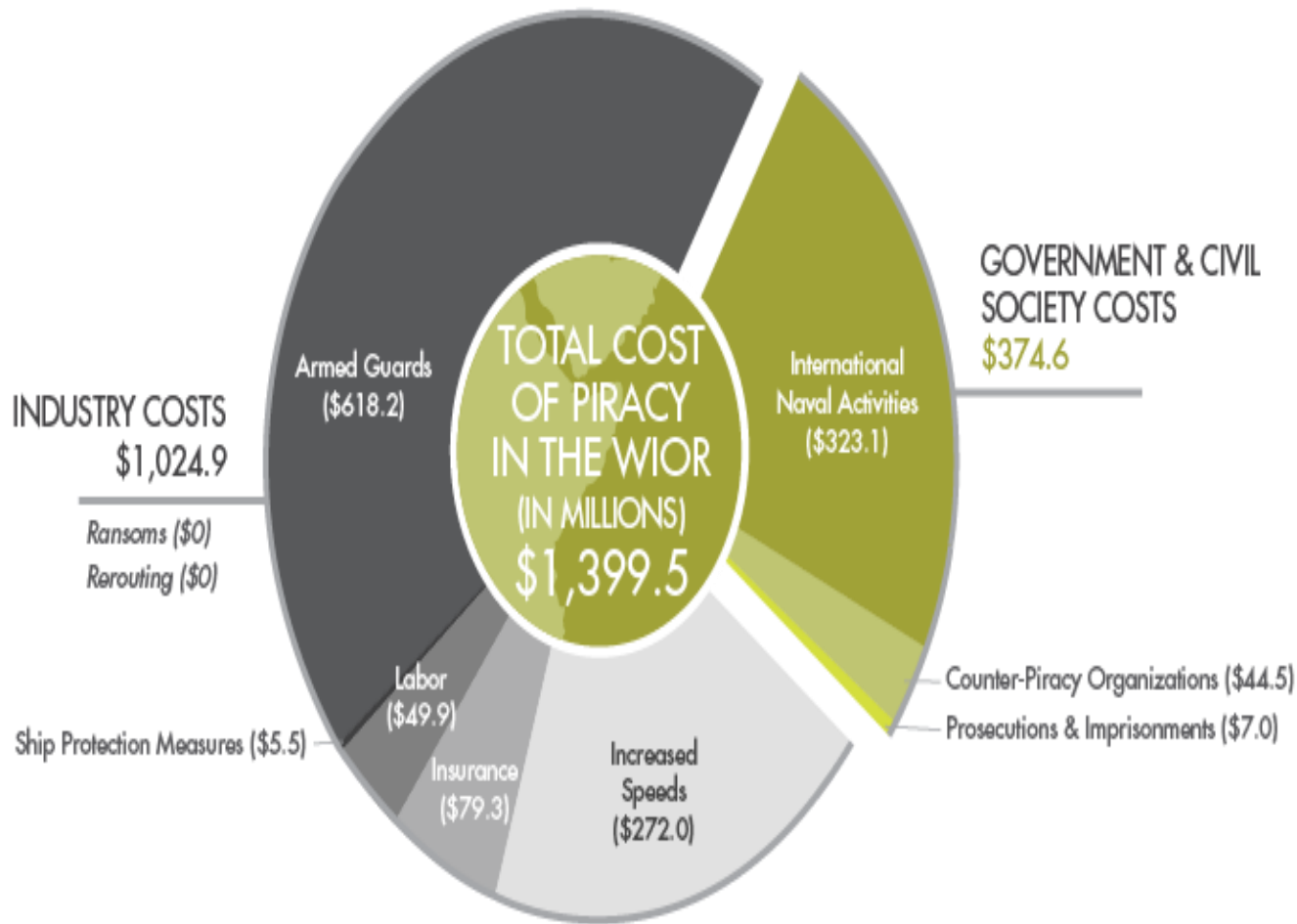
PIRACY: ECONOMIC COST TO MARITIME



Economic Cost of Piracy 2010-2015

ECONOMIC COST OF PIRACY

2015:\$1.4Bn



Cost of Deterring Piracy

2015:\$1.3mn

COST OF DETERRING PIRACY

Measure	Cost (in millions)
International Naval Activities	\$323.1
Armed Guards	\$618.2
Ship Protection Measures	\$5.5
Increased Speed	\$272.0
Rerouting	\$0.0
Prosecutions and Imprisonment	\$7.0
Counter-Piracy Organizations	\$44.5
TOTAL	\$1,270.3

HOW PIRACY ENDED

- Military Operations: EU's NAVFOR, NATO, Combined Task Force 151
- World's biggest pirate prison built in Apr 2014
- Armed Guards on 80% of ships. 35-40% still use armed guards.
- Multiple Security installations on ships:
- KDF presence on land in Somalia

REDUCED PIRACY COST: REASONS

- ❖ REDUCED SHIP COSTS TRANSITING HIGH RISK AREA DUE TO:
 - REDUCED SPEED, LESS REROUTING
 - SMALLER TEAMS OF ARMED GUARDS
 - LOWER INSURANCE COST
 - REDUCED PROSECUTION AND IMPRISONMENT COST
 - PIRACY MIGRATED FROM E.AFRICA TO W,AFRICA

PIRACY SURCHARGE

- ❖ **MOMBASA: NO LONGER CHARGEABLE?**
- **WHICH LINES CHARGE, AT WHAT RATES?**
- ❖ **DAR: STILL APPLICABLE BY ABOUT 4-5 LINES**
- **RATES: USD 150-350/TEU**
- **ORIGIN PORTS: JEBEL ALI, COLOMBO, PORT KELANG, CHINA, ANTWERP, TEMA, ABIJAN, CAPETOWN, TAMATAVE, KHOR ALFAKHAN**
- **COLLECTED: AT LEAST \$42260 (2015), \$181168(2016)**

STOWAWAYS

STOWAWAY AS DEFINED BY IMO

- ❖ A person who is **secreted** on a **ship**, or in **cargo** which is subsequently loaded on the ship, **without** the **consent** of the shipowner or the Master or any other responsible person and who is **detected** on board the ship **after** it has **departed** from a port.
- ❖ **ATTEMPTED STOWAWAY** : as above but **DETECTED BEFORE** the ship has departed from the port of embarkation

MOMBASA STOWAWAYS CASES 2010-15

	CAPT	DAR	MSA	MOG	RBAY	DOUL	KRCH	DJIB	TTL
2015	0	0	0	0	0	0	0	4	4
2014	0	0	7	0	0	0	0	0	7
2013	0	3	17	0	2	0	0	0	22
2012	1	3	6	1	0	0	1	0	12
2011	0	2	5	0	0	1	0	0	8
2010	0	0	2	0	0	0	0	0	2
TTL	1	6	37	1	2	1	1	4	55

ACCESS TO THE SHIP

- ❖ THROUGH LOOSE SECURITY FACILITIES
- ❖ HIDING IN CARGO
- ❖ AS AUTHORISED SERVICE PROVIDER ON BOARD THE SHIP :PORT WORKERS, STEVEDORES, AGENTS, SHIP CHANDLERS, CLEANERS, SHIP REPAIRERS, SECURITY, TALLYING PERSONS, CONTRACTORS, ETC
- ❖ CORRUPTION/COLLUSION WITH THOSE AUTHORISED

COMMON HIDING POINTS ON BOARD THE SHIP

- .CARGO HOLDS, TANKS
- EMPTY CONTAINER, DECK CRANES
- ENGINE ROOMS, STORES,
- CHAIN LOCKERS,
- ACCOMMODATION AREAS
- BEHIND FALSE PANELS, VOID SPACE
- LIFE BOATS

MAIN STATED INTENDED FINAL DESTINATIONS

- EUROPE
- USA
- AUSTRALIA
- SOUTH AFRICA

ACTIONS BY AUTHORITIES AT MSA

- FOREIGNERS: DISEMBARKED, REPARTRIETED
- LOCALS: PROSECUTED

SOME CAUSES OF STOWAWAYS

- ❖ SEARCH FOR GREENER PASTURE
/BETTER, NEW LIFE
- ❖ ASYLUM/REFUGEE STATUS SEEKING
- ❖ YOUTH UNEMPLOYMENT
- ❖ ECONOMIC HARDSHIPS
- ❖ POOR GOVERNANCE
- ❖ POLITICAL UNSTABILITY

IMPACTS OF STOWAWAYS

- INCREASED FINANCIAL BURDENS TO PUBLIC AND PRIVATE
- DISRUPTION OF ARRIVAL, STAY AND DEPARTURE OF SHIPS, CARGO AND PEOPLE
- COMMUNICABLE DISEASES DANGERS
- PORTS, SHIPS, CARGO AND CREW SECURITY THREATS
- ENDANGERED OWN STOWAWAYS LIVES

CHALLENGES IN RESOLVING STOWAWAYS CASES

- Differences in national legislation between:
 - ❖ The State of **embarkation**
 - ❖ The State of **disembarkation**
 - ❖ The flag State of the **ship**
 - ❖ The **stowaway's** State of apparent, claimed or actual nationality/citizenship or right of residence
 - ❖ The States of **transit** during repatriation.
 - ❖ complex repatriation procedure involving: masters, ship owners, port authorities, agents, immigration authorities, etc

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PREVENTIVE MEASURES PROPOSALS

- COOPERATION AMONG ALL STAKEHOLDERS
- PORTS AND SHIPS IMPLEMENT IN FULL IMO'S ISPS CODE ON SECURITY EQUIPMENTS, ISS INCLUSIVE
- BIOMETRIC CONTROL
- CHECK IN-OUT FOR ALL
- GOVERNMENTS POLICIES ON PREVENTION LEGISLATION, YOUTH EDUCATION, EMPLOYMENT
- PROSECUTE OFFENDERS AS PORT FACILITY TRESPASSERS AND THEIR COLLABORATORS

RESOLUTIONS/PREVENTIVE MEASURES PROPOSALS(CONT.....)

- INFORM THE EMBARKING PORT TO PREVENT FUTURE OCCURENCES
- GOVERNMENT POLICIES ON YOUTH SKILLS AND EMPLOYMENT

**THANK YOU FOR YOUR
ATTENTION**

**GOD BLESS
YOU ALL**

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