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THE IMPORTANCE OF SHIPPING TO INTERNATIONAL TRADE

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I am humbled to be invited to deliver the keynote address as the Chief Guest to this gathering of distinguished academicians, maritime professionals, shipping operators and students and cadets who are the future generation of experts in India and indeed the world. I bring to you the warm felicitations of the Nigerian Maritime Administration and Safety Agency (NIMASA).

Firstly, I would like to acknowledge the effort of the organizers for putting this very important conference together on a very important area of international trade.

I. INTRODUCTION

The International Maritime Organization (IMO) theme for the 2016 – “Shipping: indispensable to the world” has come at a time when there is evidence to the veracity of the statement. The phenomenal growth in international trade in the last 50 years is evidenced by the development of comprehensive maritime regulations and guidelines relating to safety and security, environmental protection, legal and labour issues. This sustained effort by the IMO has made shipping progressively safer, more cost effective, efficient and indeed environmentally friendlier.

Distinguished ladies and gentlemen, why is shipping so important to the world?

Permit me to quickly mention the 2015 UNCTAD Report which states that seaborne shipments grew by 3.4% to 1.75 billion dwt, while the world fleet grew by 3.5% to 89,464 commercial vessels in 2014, moving 90% of international trade.

There is no doubting that without shipping, regional and international trade would be near impossible.

Historically, we have come a long way from steamships and opening of the Suez Canal which were turning points for shipping in the 19th century to the opening of the Panama Canal and growth of 5,500 TEU capacity vessels in the 20th century.

What does the 21st century hold for shipping?

The papers to be presented at this auspicious conference, with topics ranging from cost effective shipping, sustainable shipping, trends in cargo handling, terminal operations & mooring systems, new fuel, new design & new engine, maritime spatial planning and implication of Polar Navigation are 21st century issues. But before I consider some of the issues for discussion, may I briefly examine the importance of shipping and a few reasons why it is indispensable to the world.

II. IMPORTANCE OF SHIPPING TO INTERNATIONAL TRADE

At the start of my address I said UNCTAD reported a 3.4% growth in seaborne shipments. On the other hand, data reported by the WTO for 2015 states that the value of global trade was in thousands of billions of dollars. Recall that over 80% of goods are transported by sea thereby shipping is linked to complexities of new patterns of trade, global investments, insurance, international & local legislation, government policies and so on. I am able to state that shipping has had the most profound effect on globalization with resultant opportunities for investments. For example, today, a ginger farmer in rural Nigeria has the opportunity to sell his produce or transform it into tea in Chennai, India safely and efficiently, because of Shipping. Similar opportunities abound in many other areas in different regions of the world.

I can then categorically state that the global economy largely depends on shipping.

III. COST EFFECTIVE SHIPPING AND SUSTAINABLE ENVIRONMENT

The indispensable concept of shipping is based on parameters like its continuous cost effectiveness and how environmentally friendly it is.

These issues are critical and go beyond the shipping industry, particularly in relation to current trends and the complex global economy. Although technological advancement have led to a reduction in operating costs, consideration must be made to effective logistics, cost of insurance, government policies, piracy, competitive freight rates, efficient fuel system, legal issues, costs of goods and the effect on the environment. Regulation requires that the sector invests in technology which is beneficial to the environment such as Ballast water treatment currently using advanced technology like ultraviolet systems, efficient fuel and emissions and pollution. I believe many of us here recall some of the major oil spills which have had dire repercussions for many countries.

Students have opportunities now to contribute to research in the area of reduction in greenhouse emissions and efficient fuel. Other opportunities may be researching the high freight costs in developing countries in contrast to developed economies. The increase in demand for goods has seen the dominance of mega ships with 7,700TEU capacity, with length of about 347 meters and

beam of 42.8 meters. These vessels have improved speed and energy saving measures but now have reduced manpower requirements.

What is the future for the world's 1.5 million seafarers and future Seafarers?

VI. MANPOWER NEED OF THE 21ST CENTURY SHIPPING

The future manpower needs of the shipping industry must be considered because while the manning levels are reducing, the industry is looking forward to maritime institutions to train seafarers that will take over the more technologically advanced vessels.

The modern computerized ships require highly trained captains, engineers and other personnel to man them efficiently. This challenge is directed to institutions like AMET University who must brace up to fill these gaps and to ship operators who must comply with international and local labour regulations. I look forward to the paper on Future manpower to shipping challenges and solutions especially given the complex nature of an international crew who may be employed by agents in countries which are not the flag of the vessels and issues of non-compliance.

IV. TREND IN CARGO HANDLING

The goods transported must be moved from ship to land and advancement in requisite technology has led to more efficient and sophisticated cargo handling techniques in ports worldwide. Ports have grown to fit the growing sizes and types of ships and ships have evolved to fit some ports like the Roll-on-Roll-off vessels. This has brought about an increase in terminal throughput and quick turnaround of ships across the world.

The future of cargo handling appears to be seamless intermodal methods with emphasis on rapid information exchange, automation and robotics which is already active in some large organizations like Amazon. We expect to experience higher collaboration between operators in the shipping sector, government, railways managements and researchers. Students have the opportunity to contribute not only to innovations in intelligent transport systems but to also find ways of standardizing cargo handling equipment for higher efficiency and improved revenue.

V. MARITIME SPATIAL PLANNING

The 21st century maritime operator should focus on areas in which the shipping activities may pose challenges to the environment and may constitute a threat to its sustainability. Hence, the need for improved ship design, bunker quality, fuel efficiency and other related issues in order to seriously consider the judicious and sustainable use of the environment. Indeed, there was the

need to plan and allocate all human activities within the maritime sector, referred to as maritime spatial planning (MSP), which was originally a management approach relating to the Great Barrier Reef but is now introduced as a tool for improved decision-making and going far beyond conservation.

The MSP is to arbitrate between competing human activities and managing the impact of shipping activities to marine environment.

This concept is expected to bring substantial benefits to both maritime economics and the marine environment. With improved fuel efficiency of modern ships, the relative contribution to air pollution by marine sources has been reduced to minimum emissions. It is expected that further research in more efficient engines will further reduce air pollution from ships.

Ladies and gentlemen, the need for companies engaged in shipping to operate at a profit raised the technical requirement to sustaining such ever increasing demand for shipping. These increases have posed challenges on the part of shipping and maritime regulators to demand companies to meet the technical side of the business in order to avoid accidents and polluting the fragile ecosystem. In this regard, regulations are becoming stiffer to ensure that both flag states and port states control requirements are sustained through the IMO instruments of SOLAS and MARPOL among other regulations by the IMO. I look forward to the paper on this topic and hope to take back information on how developing countries can develop cost effective methods of mapping the coastal ecosystem.

VII. IMPLICATIONS FOR POLAR SHIPPING AND NAVIGATION

Distinguished ladies and gentlemen May I at this point challenge this conference to examine the new area of interest in the shipping industry, which is the issue of polar shipping. The International Code for Ships operating in Polar Waters comes into force in 2017.

The anticipated growth in shipping activities in the polar regions of the world presents challenges to ship operators and regulators both in terms of damage to the environment and of course navigation which poses unique risk for ships navigating to remote waters of Arctic and Antarctica.

The implications for polar navigation are enormous on the industry looking at the environmental and safety challenges posed by shipping and other human related activities in the Polar Regions. The conference is therefore challenged to find mitigating measures for a balanced polar region when full exploitation of this delicate ecosystem is penetrated by ships.

VIII. CONCLUSION

Technological advancement, panamax ships, high volume of cargo through put and complex international trade, among others are the causes and effect of shipping. Indeed shipping, the most cost effective means of moving goods will continue to be indispensable to the world as the sector ensures continuous research in efficient technologies, environmental sustainability and cargo handling techniques, encourage regional trade, and ensures institutions are supported to build capacities in maritime technological innovations.