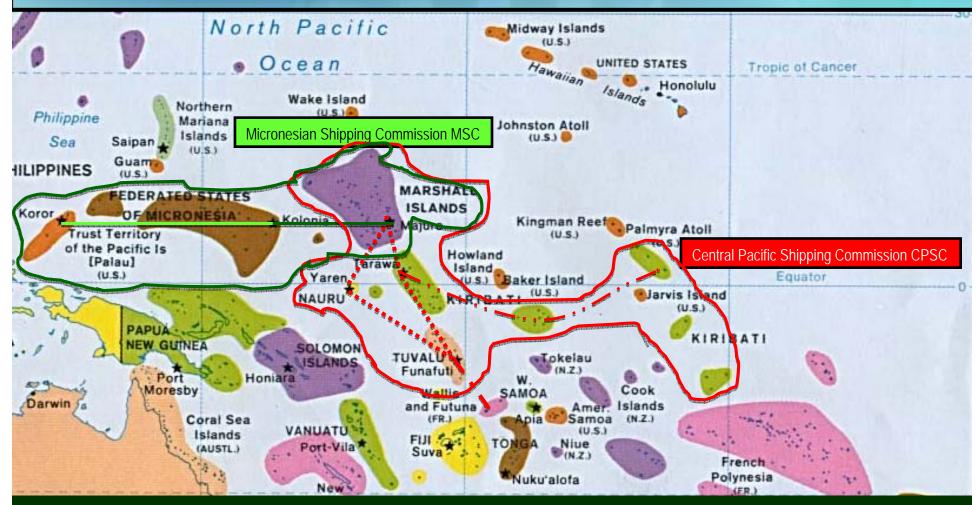
#### Secretariat of the pacific community Secrétariat général de la communauté du pacifique



Economic Development Division / La Division développement économique



The role of shipping commissions in improving service delivery in the Pacific

Sudney

Ocean

### Presentation Outline



- The Challenge
- Constraints to PICT & SIS shipping
- Overview of SPC/EDD Initiatives
- Shipping Commissions
- Summary: Way Forward

## WHY?

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## **BASIS FOR ACTION**

Irregular Shipping affecting PICT's sustainability continue to dominate the transport agenda of:

Forum Island Leaders meetingsSmall Island States (SIS) Leaders meetings

In 2006 the Leaders provided definitive decisions on the way forward.



Forum Island Leaders and SIS Leaders



SIS Transport Leaders

Shipping is a key driver for socio-economic development in the region

- Shipping <u>underpins</u> trade, food security, employment opportunities.
- Is a key priority for the region.
- PICTs importers of goods and services; however, individually their import volumes do not meet the economic threshold of private shipping companies to profitably provide regular shipping.

Distance between islands are long & thin
 Shipping not regular or not affordable for most small economies of the region.

### THE CHALLENGE

Providing regular and affordable shipping Services to the small island states.

# SHIPPING TRENDS IN THE PACIFIC & THE SHIPPING COMMISSIONS

In carefully studying shipping patterns in the region, EDD realises the very close collaboration amongst shipping companies render little or no competition to the PICTs resulting in a <u>near cartel environment.</u>

[An appropriate regulatory regime is needed to <u>regulate</u> cartel-like operations & at the same time protect approved Operators from cherry pickers especially in a small market economy of the SIS]

To address this situation, <u>regulating international shipping services</u> (through a Treaty or MoA) along the lines of the Micronesian Shipping Commission (MSC) model is planned.

29/06/2013





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#### THE SHIPPING ENVIRONMENT

".....there is no single solution to address regional shipping issues"

#### SECRETARIAT OF THE PACIFIC COMMUNITY MAJOR PHYSICAL CONSTRAINTS – PICTS:



- <u>Small market economy low cargo volumes inbound,</u> less or no cargo <u>outbound</u>,
- Irregular shipping affecting SIS supplies, seasonal
  bigh chipping freight rates
- high shipping freight rates.
- high fuel costs,
- Iimited or no port facilities,
- large infrastructure development & maintenance costs – high port costs.
- increasingly regulated operating environment
- Low technology & efficiency levels
- Iong distances & thin routes,
- Limited <u>resources</u> HR & Finance

Funafuti, TUVALU







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vices the profitable routes al economic downturn continues ding patterns from Australia towards Asia



SHIPPING GAZET

pperations by shipping companies through mergers lacing smaller ships with larger economical ones and ucrative routes

have had to reduce services or form alliance with r get out of business or shift to less profitable

been approached by ship owners' representatives to sive agreement to provide a service. tened to pull out their service if others join.