

CARIBBEAN MARITIME

THE YEAR AHEAD



Barbados

***Moving into 2009
with cautious optimism***



Puerto Rico

Looking forward to a new year



Guyana

***Maritime sector gives backing
to national development***



***Kingston wins CSA
Container Terminal
award***



**Maritime Security
Suffering from the
'Silo Syndrome'**



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Maritime security suffering from the 'Silo Syndrome'



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Shipping and ports are not recession-proof

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- The Editor.



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In 2009, plan for recovery

THE ADVICE to Caribbean companies and business interests from Sir Courtney Blackman (page 25) on how we should deal with the current economic crisis is timely. As the recession deepens in the USA there are clear signs already that it is affecting and will continue to affect Caribbean shipping and the national economies of the region. Sir Courtney advises that businesses should try to keep their assets intact so as to be better placed to recover and resume when the economic upturn comes. In this situation, according to the celebrated Caribbean economist, cash flow is more important than earnings, so businesses should simply concentrate on staying afloat.

Interestingly, as our columnist Milton Samuda discusses in this issue (page 47), the International Monetary Fund took the same basic position in its World Economic Outlook: we should plan for the recovery that will inevitably occur.

As 2008 drew to a close it was clear that the economic situation would get worse before it got better. In fact, the IMF readjusted its forecast downwards for 2009. Its projection for global growth in 2009 was lowered to 3.8 per cent in October and by November it was lowered again to 2.2 per cent. It is, indeed, a projection; an educated guesstimate, if you like. However, only the most optimistic are forecasting an upturn before the end of 2009.

Blaming the financial market conditions and correction in the USA's housing market, the IMF believes that emerging economies such as China and India, although not insulated from the effects of the crisis, are likely to weather the storm better than the USA and other advanced economies. Indeed, growth in GDP is projected for a number of countries.

How bad will it get? Answer with a question: how long can we tread water?

Good news

The good news is that this crisis is not likely to last very long, if we are to believe those who make a living studying these matters. Sir Courtney believes there is enough economic intelligence gleaned from in-depth studies of the Great Depression to guide the decision-making that will stimulate a turnaround. He therefore does not think the present crisis will last for very long, although he was careful not to put forward a timeframe.

Pessimists are not predicting a turnaround in 2009 but neither are they predicting a long recession.

Caribbean shipping would do well to take advice and plan for recovery. Rather than weakening our organisations by jettisoning invaluable assets like skilled staff, we should be retraining, retooling and upgrading our capability. To a boxer, this advice might sound like leaning forward for the punch instead of ducking. However, if we do otherwise, we will only aggravate and complicate our situation.

On the other hand, if we are able to stay cool and weather the storm, as Sir Courtney advises, we will be in a better position to resume growth and profitability in the shortest possible time when the recession finally recedes. Otherwise we may have to start all over again, if that is even possible.

We may have to tread water but, it appears, it may not be for too long.

Mike Jarrett, Editor

President's Message

THIS BEING the first issue for 2009, I want to take this opportunity to wish you all a very happy and prosperous new year.

The theme of this edition is The Year Ahead. Normally, we dedicate the first issue of the year to this theme and to the work of the national shipping associations. National associations are the bedrock of the Caribbean Shipping Association. The founding members of the CSA were national associations. The CSA has revived the National Associations Committee and we have had two workshops. The workshops will develop a plan to improve the work and services delivered by these associations to their local shipping community and to help organise national shipping associations in territories without one.

2009

As we look ahead to 2009, we do so in a very positive way. We have a full agenda ahead, but we know that with the commitment not only of the General Council but of all members, we will accomplish the goals we have set for 2009.

We have started preparing for our two main events in the year ahead – the Caribbean Shipping Executives' Conference in Cartagena, Colombia, in May and the CSA's 39th Annual General Meeting in Paramaribo, Suriname, in October. We have already received confirmation from key speakers and interesting presentations are being prepared.

As mentioned before, security and training are my top priorities. Regarding security, we will continue to finalise all the details of the CSA Security Assessment Council. Most of the key

players have already committed to this project and during our General Council meeting in January we will develop the action plan for implementation. As regards training, a complete programme will be discussed at our General Council meeting and once approved will be presented to CSA members. This will include, among others, the Cruise Committee training proposal on cruise matters, seminars and training courses prepared by our Secretariat, and the Puerto Rico Shipping Association programme, which includes one training seminar each month and will be available to all CSA members.

Co-operation

We will also continue to enhance the relationship with other organisations in the Caribbean region. The co-operation agreement with the Inter-Ameri-

We know that with the commitment not only of the General Council but of all members, we will accomplish the goals we have set for 2009

can Committee on Ports (OAS), signed in Port of Spain in October, is already producing results beneficial to both parties. We had a meeting with CCAA during their conference in December with the same purpose and we have started conversations with the Caribbean Tourism Organisation to look at areas for co-operation. We also value our relationship with Caricom and anticipate a closer relationship in the year ahead.



I do not want to finish without thanking all our sponsors, the various organisations with whom the CSA

works across the Caribbean area and all those who engage in the business of Caribbean shipping, particularly the members of the Caribbean Shipping Association.

Looking forward to seeing you all in Cartagena on 18, 19 and 20 May.

Fernando L. Rivera
President, Caribbean Shipping Association



Cliff Bartley, of Horizon Lines, addresses issues relating to hazardous materials.



Stephen Bell receives a citation for his work as CSA General Manager.



Noted Caribbean economist and author Sir Courtney Blackman discusses the effects of the US economic recession in a presentation moderated by CSA Immediate Past President Corah Ann Robertson Sylvester (right).



Capt Remy Vyzelman, of Suriname.



CSA Vice President Carlos Urriola and new CSA General Manager Clive Forbes.



Michael Bernard, CSA General Council member and (then) President, Shipping Association of Jamaica.



Twan Van Tilburg (left) and Huib Gerretsen (right), of the Dutch Caribbean Training Centre, share ideas with Jan Sierhuis, who chairs the CSA's Cruise Committee.



CSA General Council member Ian Deosoran.



Nathan Dundas (right) moderated the session in which John Tercek (left), of Royal Caribbean Cruises, spoke on waterfront and port real estate development.



CSA General Manager Clive Forbes (left) and President Fernando Rivera.



CSA's business exposition, Shipping Insight 2009.



James Devers of Tropical Shipping.



Delegates had an opportunity to visit the industrial port operated by Point Lisas Industrial Port Development Company, and were hosted by PLIPDECO President Roger Traboulay (in brown suit).



Hayden Alleyne (right) of the Port of Port of Spain and member of the Shipping Association of Trinidad and Tobago's planning committee for the 38th AGM; and, Robert Bosman of APM Terminals.



Trinidad and Tobago's Transport Minister, Colm Imbert (centre), who gave the keynote address, receives a warm welcome at the CSA's 38th AGM.



Alvin Henry (left), former CSA executive Vice President and now honorary member, conducted elections which saw both CSA President Fernando Rivera (right) and Vice President Carlos Urriola re-elected for a third consecutive term. Seated is CSA Immediate Past President Corah Ann Robertson Sylvester.



CSA President Fernando Rivera (left) and Carlos Gallegos, executive secretary of the Inter-American Committee On Ports – Organization of American States (CIP-OAS), sign a memorandum of co-operation between the CSA and CIP-OAS.



Carlos Gallegos (left), executive secretary of the Inter-American Committee on Ports, presents a flag of the OAS to the CSA to mark the occasion.



CSA Vice President Carlos Urriola (left), General Manager Clive Forbes (centre) and CSA President Fernando Rivera.



Robert Bosman (left), APM, and Juan Carlos Croston (centre), MIT, receive tokens of appreciation from CSA General Council member Mike Bernard after their presentation.



Carlos Urriola makes a point from the floor.



RIGHT: Anton Edmunds (left), President of CCAA, and James Devers. BELOW: Fritz Pinnock and Denise Lyn Fatt of Jamaica.



Silver Club members prepare to receive new inductees at the anniversary banquet.



Looking ahead to 2009 with cautious optimism

THE Shipping Association of Barbados (SAB) is looking to 2009 with concern about the effects of a possible global recession.

In assessing what fortunes the coming year holds for his association, the president, Glyne St Hill, said: "We are concerned with the effect that it will have not only on our members but on Barbados as a whole and our sister associations.

"Thankfully, a dramatic fall in the price of oil has been witnessed, currently resulting in the decrease of the bunker surcharge by shipping lines. This would assist in reducing the landed cost of our imported cargoes."

Looking forward to the year ahead, he said the SAB would shortly be launching a website. In addition, the association plans to step up its efforts to forge a link between the Caribbean Maritime Institute (CMI) and the Barbados Ministry of Education to establish courses related

to shipping at the tertiary institutions.

Last year, the SAB, playing the role of a good Caribbean corporate citizen, presented a cash grant to the CMI. Mr St Hill said the grant was to assist one of the Caribbean's important maritime training institutions to recover from the ravages of one of the 2007 hurricanes.

Much of the SAB's time in 2009 will be spent in negotiations. The president said the association would work with Barbados Port Inc to bring negotiations with Barbados Workers' Union to an amicable agreement.



Agreement

Barbados Port Inc and the SAB had agreed with the union on a wage settlement for one year which ended on 31 May. As part of that agreement, the number of containers that can be stripped in the port was increased to 12 and cancellation of labour on weekends will be accepted at 10.00 hours on the same day, that is, 10.00 hours on Saturday for Saturday night's shift and 10.00 hours on Sunday

Port community 'honoured' by CSA award

GUADELOUPE begins 2009 still celebrating its winning of the title Best Multipurpose Terminal in the Caribbean Shipping Association's annual ports awards, announced in Port of Spain, Trinidad, in October. This was the first time Guadeloupe had won the title.

Vance Saingolet, president of the Shipping Association of Guadeloupe (UMEP), referred to this achievement as he looked forward to the year ahead and what it brings for the local shipping community.


He said the whole port community of Guadeloupe had felt honoured when the prize was handed over

for Sunday night's shift. Talks continued for a new two-year agreement.

General elections were held in Barbados early in 2008. The SAB extended its congratulations to the new government and subsequently made a 'courtesy call' on the new Minister of International Transport. During the year, David Harding, a past president of the SAB and also a past president of the Caribbean Shipping Association, accepted an appointment as chairman of Barbados Port Inc.

Stable

The country also hopes for a more stable exchange rate, especially with its main trading partners. The value of the pound sterling increased against the Barbados dollar and this caused a dampening effect on imports from the UK during 2008.

With fuel prices fluctuating, the impact was felt in the market at all levels. Consumers were reeling under the high price of goods and services and government was under pressure to help reduce the cost to the consumer. 





during the CSA 38th Annual General Meeting. "It acknowledged our port capacity to provide quality service to both passengers and goods in transit in our installations," said Mr Saingolet.

Regrouping

In 2008 UMEP, in its task of regrouping the Guadeloupe port community, had kept on working towards the develop-

The opening of a third set of locks and the inauguration of a much expanded Panama Canal will bring some of the largest vessels in the world to pass off Guadeloupe

ment of a viable and organised maritime economy and the modernisation of its port facilities, he said.

"The necessity of integrating Guadeloupe in its Caribbean environment, the stakes and challenges of globalisation, as well as the congruent safety requirements, reinforced our wish to

become an instigator in the implementations of maritime, port and Customs computerised data transmissions."

In this regard, he said, "... the development of secured and competitive networks for the maritime transportation of goods in the Caribbean region is of utmost importance."

In 2014 the opening of

a third set of locks and the inauguration of a much expanded Panama Canal will bring some of the largest vessels in the world to pass off Guadeloupe. It is expected that this will modify merchandise flows considerably. The expected repercussions are not lost on the UMEP chairman.



"Our port community took part in the strategic reflection launched by Guadeloupe Port Authority, regarding our facilities' evolution prospects, for the welcoming and handling

of these new giants of the seas. Last September

we also actively participated in a meeting

organised by the Regional Council of Guadeloupe in order

to emphasise what the stakes were, to

underline impediments and to consider methods

to optimise shortsea shipping in our region," he said.

For Vance Saingolet, UMEP and the port community, the main concern remains the development of the best strategies, in collaboration with decision makers and stakeholders, to face the challenges of the next decade. **RM**

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Looking forward to a good year

By **Hernán F. Ayala Rubio**

President, Puerto Rico Shipping Association

WITH THE condition of the world's economy today, it is common knowledge that 2009 will be very difficult for industry and commerce. Nevertheless, we must make all efforts to survive these turbulent times.

In preparation for the year ahead, the Puerto Rico Shipping Association's board of directors held a Strategic Planning Day to map ideas and goals for 2009.

Taking into consideration the difficulties ahead as part of our strategic planning, the board decided to implement a programme for gathering of crucial statistics. As leaders of the maritime industry of Puerto Rico, it is our priority to have the most complete statistics available on the imports and exports of cargo, vessel movements, cruise passengers, direct and indirect

As leaders of the maritime industry of Puerto Rico, it is our priority to have the most complete statistics available on our industry and economy

employment per port, hours worked, accidents and other key indicators of the state of our industry and economy.

Puerto Rico depends on our industry for most of the products and goods it imports, so we should be the first economic indicator on how the country is performing. Our goal is to create a reporting system in which each company will send the data to a neutral party such as an economic consultant. Neutrality is important since we want the data to be collected and presented as an industry and at the same time keep the information of each company strictly confidential. By taking these strict measures, we ensure that companies will send the information as precisely as possible.

The information will be analysed by the economic consultant and presented in quarterly tables and graphics with observations. The PRSA will issue a press release each time a report is issued. The quarterly reports will then be published on the PRSA website.

Training

Our second goal for 2009 is to conduct safety and security training every month on all subjects that are of utmost importance to our members. Training courses are also required every year as part of government regulations. It is our duty as an association to help our members get the training and we will also extend the same to CSA members.

Our safety and security chairwoman, Janet Nieves, safety manager for Horizon Lines, Inc, has outlined the following training events for next year:

February:

Training: FSO Course

March:

Training 1917 Marine Terminals OSHA (10 hours, Managers/Sup)

April:

Training First Aid /CPR/AED & FSO Course

May:

Training: 1917 Marine Terminals OSHA (10 HRS) (Managers/Sup)

June:

PRSA 2nd. Safety Awareness Week, National Safety Month, Training: Supervisory Accident Advisory Prevention



July:

Training: Terrorism Awareness Course (Day 1) & Incident Response to Terrorism Bombing (Day 2)

August:

Training: Container, Chassis & Maintenance

September:

Training: Domestic Violence Protocol New Law Requirements.

We all know that the security of our facilities and employees has become the number one issue in all ports, but we feel that we cannot neglect the safety and health of our employees. We must continue as an association to promote a safe


Maritime sector gives backing to national development

THE YEAR AHEAD will see the Shipping Association of Guyana (SAG) striving for closer collaboration with other stakeholders in shipping. The association will develop



workplace and the training of supervisors in order to achieve this. It is our responsibility to ensure that every worker in our maritime industry can perform his or her duties in a safe environment and return home safely to family each afternoon. Our industry had the reputation of being dangerous and accident-prone. We must continue to change this perception and become the safest industry possible.

Thanks

Looking at the year ahead and its challenges, I must, on behalf of the board of directors, thank all the members of our association for their co-operation and support this past year. Without their help we would not have been able to accomplish our goals. 

strategies in order to make a meaningful contribution to the overall objectives of Guyana's national development strategy.

Also high on SAG's 2009 agenda is action to reduce the volume of complaints from exporters and importers.

The association will also continue to emphasize training, a major item on its budget. SAG sees this as an investment and not an expense. In 2009 SAG will encourage companies to invest in their most valuable asset, their labour force. A comprehensive training programme is being looked at and an on-line training course in collaboration with the Caribbean Maritime Institute (CMI) is being considered.

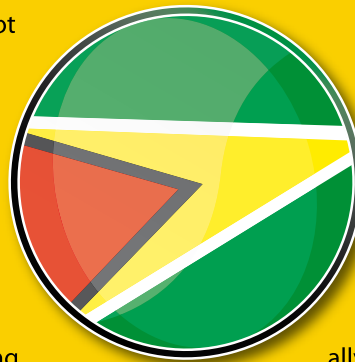
Capacity data

Guyana is still in the process of rehabilitating its national infrastructure and economy and SAG is committed to participating fully in this process. This is to ensure that shipping is, indeed, high on the national priority list for devel-

There is every intention to continue the development of Guyana's infrastructure. This has already started with the construction of bridges at strategic points

opment. As part of Guyana's strategic outlook, the National Competitiveness Strategy Unit, in collaboration with the SAG, is working to establish a database to aid in the development of the nation's shipping industry. This will enhance Guyana's export capacity by identifying and removing constraints currently facing exporters and shippers.

The aim of this initiative is to obtain reliable data about which export routes from Guyana face capacity constraints and which others have spare capacity, as well as to get information about exporters' plans for future export volumes and routes and to make recommendations for removing any constraints that have been identified.



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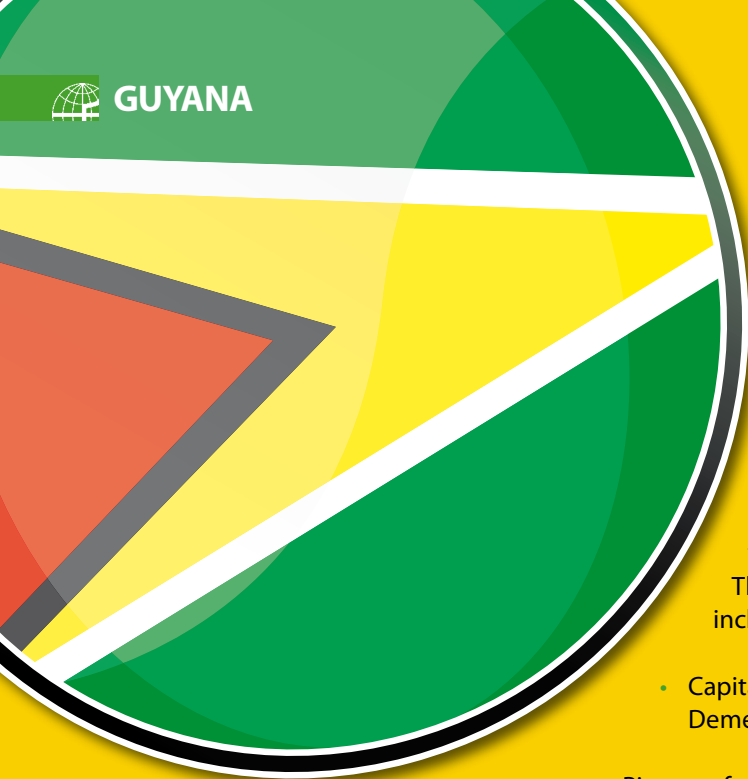
Safety and security are also of immense value to shipping. In order to guarantee the safety of local and international mariners, and in the wake of an increasingly vulnerable maritime environment both locally and internationally, the SAG intends to collaborate more with the security forces.

This initiative is, in fact, a request by the country's Minister of Transport at a recent SAG business luncheon. The association will assist by helping to provide additional river patrols. This will complement the heightened security systems already in place at terminals, in conformity with the ISPS Code.

On a wider national scale, there is every intention to continue the devel-

opment of Guyana's infrastructure. This has already started with the construction of bridges at strategic points. Now, the emphasis is being placed on access roads and a fully integrated modern highway system.

These projects, some of which are led by SAG, shipping operatives and maritime industry agencies, support



try stakeholders to develop a common strategy to stimulate improvement in operating standards within the industry – particularly in the Demerara Harbour, where the majority of commercial shipping terminals are located.

Those consultations included discussion on:

- Capital dredging in the Demerara River
- Piracy, safety and fire protection
- Increased export capacity
- Acquisition of a container scanner
- Establishing a training regime with the CMI
- VAT on shipping services
- Night retraction of the Demerara Harbour Bridge
- Plans for a deepwater harbour.

During the year there were also submissions on the need for more collaboration between the Maritime Administration Department, the SAG and other maritime-related agencies. As a result, attention is being given to the issue of dredging, with the government initiating a survey of the Demerara River to determine the existing draught as against what is required.

First event

A training partnership has been established between the SAG and the CMI and the first training event, Port Operations and Management, was conducted

the government’s efforts to achieve higher standards and more efficiency in the local maritime sector. With such initiatives, SAG hopes to improve the level of service being offered within the industry, to achieve lower freight costs and to open new avenues for business, since it is recognised that Guyana is a main outlet to the Atlantic Ocean for this continent.

The association also intends to work closely with the Caribbean Shipping Association in its development plans for national associations, as outlined at the Annual General Meeting.

Highlights of 2008

Looking back, the past year could be described as one of mild success for the SAG. During the year, consultations and meetings were held with indus-

Discussions with other stakeholders during 2008 also examined shipping rates, new shipping routes from Guyana to other Caribbean countries and increased demand for containers due to increased sectorial exports and inadequate air cargo space.



in June 2008. This course was attended by 32 participants from a wide cross-section of the industry.

Meanwhile, after several meetings with the Revenue Authority, a decision was taken that VAT should be removed from a number of shipping services on which it was previously levied. (CMI)



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Suffering from the 'Silo Syndrome'

On 3 December 2008 CSA general manager Clive Forbes delivered the CSA's position on maritime security at the Caribbean Central American Action (CCAA) conference in Miami, Florida. He addressed the CSA's concerns about security and the critical importance at this time for the Caribbean, the USA's third border, to be developed as a seamless, impregnable defence system against terrorism.

THE Caribbean and Latin American region benefits significantly from waterborne trade due to its geographic proximity to the USA. This has aided the region in developing strong cultural, economic, political and social ties with the USA. The percentage of imports from the USA to the region far outweigh the percentage

of exports from the region that are destined to the USA.

Annually, approximately 12 million teu are transhipped throughout the region, originating and destined to various worldwide locations. The Caribbean basin plays an important role in sea trade as over 1.6 million containers are moved throughout the region per year. In 2006

approximately 47 per cent of the total number of containers was moved through the Caribbean basin with 75 per cent of this amount being transported to North America (part of this amount relates to goods that are transhipped through the region especially between North and South America). This underscores another major role that the region

plays in international trade.

Since the terrorist attacks in the USA on 11 September 2001 the world has achieved a heightened sense of security awareness. The United Nations, through Security Council Resolution 1373 (2001), called on the international community to redouble its efforts to prevent and suppress terrorist acts, including full implementation of all anti-terrorist Conventions.

Implementation

It is undeniable that, since the implementation of the International Ship and Port Facility Security (ISPS) Code under IMO SOLAS Conven-



tion in 2004, ports in the Caribbean and Latin American region had to invest heavily in securing perimeter boundaries, upgrading of lighting systems, improving of access controls, installing of CCTV and other technological requirements which increased operating costs considerably in some small ports in the region by over 100 per cent. Local businesses have also been affected, as more funds have to be expended to update technology and ultimately, train employees.

Challenging

It has proven challenging for the region to be in continued compliance with US

maritime security legislations as these strict regulations not only severely affect the capacity of the region's governments to implement and administer these

In light of the global economic meltdown, fluctuations in oil prices, on which the region is highly dependent, the next 12 months, will prove one the most challenging periods for the Caribbean and Latin American region over the last decade

requirements in a cost-effective and timely manner but also deflect funds from much-needed areas of national, social and regional development.

With the heavy debt burden of Caribbean and

Latin American countries some are paying as much as US\$0.70 out of every dollar of GDP to service debts. This leaves very little for infrastructural and capital

most challenging periods for the Caribbean and Latin American region over the last decade.

The development in the region's port and logistics

development as well as carrying on the operations of the government. The high dependency ratio of some populations in the region, in that a significant percentage of the population is below the working age while a high percentage of working age individuals are unemployed, put severe strain on limited national resources.

This leaves very little or no resources to invest in providing adequate scanning machines for each and every container destined to its major trading partner, the USA.

It is not surprising, therefore, given the stated realities of the challenges the Caribbean and Latin American region has encountered in maintaining compliance with international maritime security requirements (which is not only unique to us) that the Department of Homeland Security is now questioning the expectations/realities of the 100 per cent Scanning rule for all inbound traffic.

In light of the global economic meltdown, fluctuations in oil prices, on which the region is highly dependent, the next 12 months, will prove one the

industry has been lopsided in that the focus has been mainly on the ports while the information technology system and supporting infrastructure, such as inadequate and poor quality warehousing facilities, along with other weak links in the logistics chain is often overlooked. The security system can only be as strong as its weakest link and one strong link cannot make a strong chain.

Operating in silos

The Caribbean Shipping Association believes that before we begin to identify gaps in the security chain and solutions, it is important that all parties within the shipping industry need to have a holistic view of the industry and an appreciation that it functions as a grid with inter-dependencies between the business segments/sectors (cargo, cruise and luxury yacht) the business drivers (shipping lines, regulatory agencies and governments including port authorities) and the business operational support (terminal and port operators, shipping agents, stevedores, tour operators, truckers, etc).

Too often, the legislative

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(local and international), productive and administrative machinery operates in silos and does not take into account the impact on the various customers along the global supply chain. In addition, this gives the perception of a failure from the respective entities to understand the need for regional economies to integrate into the global supply chain to achieve sustainable development and survival.

Legislation

When stakeholders within the shipping industry operate in silos, this will result in a disconnection between Caribbean and Latin American economies, international legislation and the global supply chain (this has been evident in the recent past). This can be summarised as the lack of 'integration'. The region can be described as a chain of microstates with a heavy load of international debt burden – straggling burdensome international legislation that does not 'flow' with global logistics. The solution to get out of this 'security quagmire' must begin with the appropriate integration between the different shipping industry entities that share a commonality of purpose – that is, satisfied customers along

the global supply chain with the lowest possible input cost for distribution.

The CSA, along with our partner, CCAA, firstly believes that a minimum security standard that governs trade should be established for the region based on the ISPS Code that would not put smaller state both in size and GDP at a severe disadvantage in complying with international requirements.

The CSA and CCAA believe that heads of Caribbean and Latin American governments, members of OAS, OECS, ACS, the Caribbean Ship Owners' Association, Port Management Association of the Caribbean, the UN Centre on Global Counterterrorism Centre (CCGC), among others, should be actively engaged in a project (to be funded by multilateral agencies) to:


- Conduct an assessment of port security across the region (what now exists throughout the region?)
- Establish a minimum security standard that can be implemented for all

regional ports based on ISPS minimum requirements.

- Support relevant infra-structural engineering assessment and development that is needs based.
- Establish a standard for training (in accordance with the minimum requirements) of port management and authorised private terminal personnel to address international, regional and local security concerns and advocate for the execution of said training.
- Prepare best practices port security manual for distribution throughout the region.
- Promote the institutionalisation of a Caribbean Regional Security Council that would effectively interact with national designated authorities, security service providers as well as international regulatory bodies.

It is to the region's benefit that it standardises maritime

security legislations, in compliance with international law. The US, in achieving a sustainable plan, would need to provide financial and technical support to the Caribbean and Latin American countries in establishing and maintaining minimum compliance standards with its maritime legislation and to further assist with infra-structural and technological developments in ports as was done in the case of the Customs-Trade Partnership against Terrorism (C-TPAT), the Container Screening Initiative (CSI), the American Counter Smuggling Initiative (ACSI) and the Megaports Initiative. The support to the Caribbean and Latin America should be at a regional level and not to specific countries, as this would still leave loopholes and targets for terrorists.

The USA should acknowledge the region's dependence on its market and the region's role as a major part of the global supply chain, which could threaten stability and development if there is interruption in trade 



KWL rated tops among sub-regional ports

By Fritz Pinnock

THE FUTURE of maritime container transport will be dominated by large containerships of 12,000 teu or more, relayed by an extensive fleet of feeder vessels. And the consequences for the maritime geography of container lines will be dramatic.

The picture already emerging is one of a backbone service, formed by the main east-west and west-east loops, on which multiple north-south links are grafted. These critical links will occur in global or mega hub ports. The network of services will be completed by various layers of transshipment and feeder to connect the global or mega hubs with regional or sub-regional hubs and the latter with a multitude of feeder ports. Such multilayered networks will give each port a distinct status within a

global service pattern – and, inevitably, this will alter the competitive position of individual ports.

Leading

Jamaica's Kingston Wharves Ltd (KWL) was ranked as the Caribbean's leading 'independently managed' sub-regional hub port in 2007 by Containerisation International.

The regional primary transshipment hub ports include Kingston Container Terminal, managed by APM Terminals; Freeport Con-

Dominican Republic, managed by DP World of Dubai.

The leading sub-regional hub port is KWL, followed by Port of Spain, Trinidad, managed by Portia Management Services Ltd, of the UK, and then by Point Lisas, also of Trinidad.

KWL recorded a throughput of 167,336 teu in 2007 ahead of Point-à-Pitre

(Guadeloupe) followed by Point Lisas, with 147,136 teu.

This underscores the point that KWL is not just a multipurpose container port – and winner of the coveted

monthly average of 22.66 teu per hour. Georgetown Guyana was ranked ahead of Point Lisas and Port of Spain, the main competitors. In comparing the average waiting time for a berth, Point Lisas was almost double KWL while Port of Spain was almost three times.

Completion

In April 2008 KWL completed a US\$26.6 million expansion project of its facilities at Berths 8 and 9 to include the demolition of 278 metres of suspended

Jamaica's Kingston Wharves Ltd was ranked as the Caribbean's leading 'independently managed' sub-regional hub port in 2007 by Containerisation International

tainer Terminal, Bahamas, managed by Hutchison Port Holding (HPH); and Caucedo,

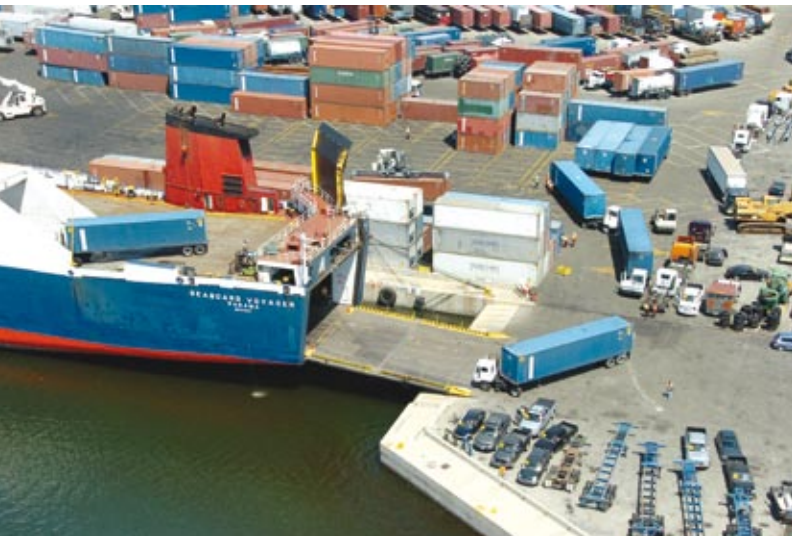
Caribbean Shipping Association award in 2006 and 2007 – but also the leading sub-regional container hub port serving the western and eastern Caribbean.

Productivity

According to the Florida Shipowners' Group, in comparing average container moves per hour – the standard measure of productivity among container ports – KWL was top among the sub-regional ports with an impressive 17.86 teu per hour for the period to March 2008. In January 2008 the company recorded a

concrete deck slab and beams including the cutting of 351 steel piles and the construction of 278 metres of new berthage. Both container storage capacity and vessel berthing capacity will be expanded by 50 per cent as a result of this expansion. Water depth alongside the berth will be increased from the 10.0 to 13.0 metres to accommodate the growth in vessel size in keeping with the expansion of the Panama Canal and global trends.

Kingston Container Terminal is competing against Freeport Container Terminal





in the Bahamas, Manzanillo Terminal in Panama, Caucedo in the Dominican Republic and Colombia for top regional hub port status, while KWL is positioned as the leading sub-regional hub port supporting Panama and Kingston Container Terminal

as gateway to the western and eastern Caribbean.


With its newly expanded facilities, major investments in technology and logistics capabilities, KWL will strengthen Jamaica's development as a world-class maritime centre, helping the

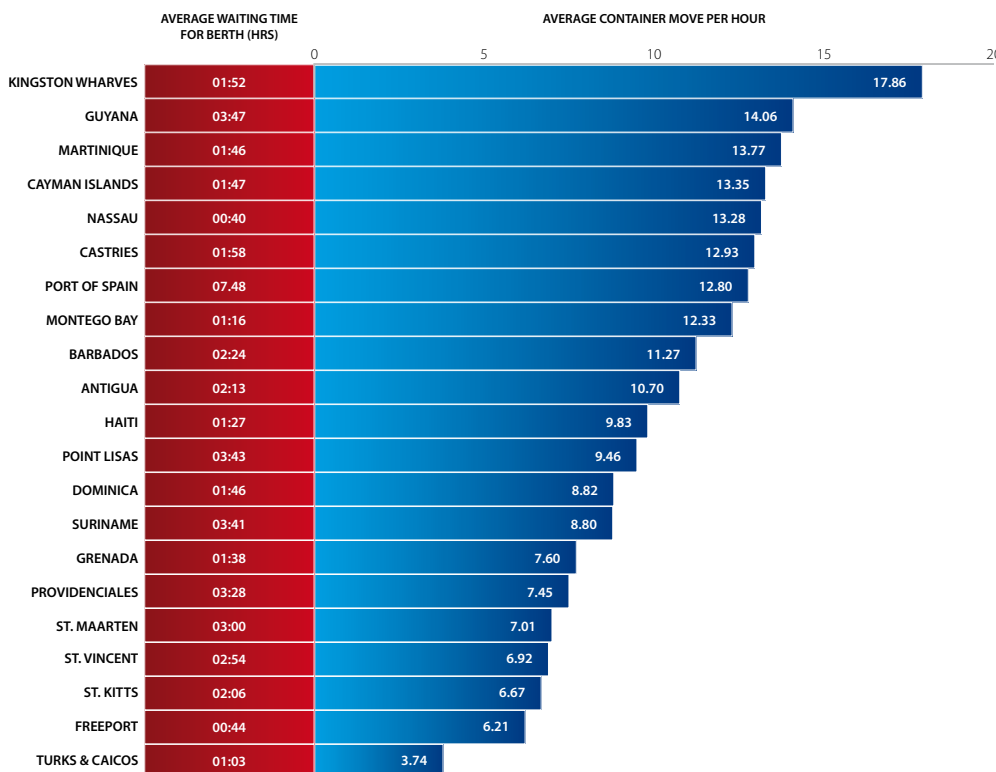
country to capitalise on its central geographical position in the east-west and north-south global trade routes.

The year ahead

The year ahead will be one of challenges and opportunities as the emergence of

the Caribbean as a global transshipment hub could be affected by new strategies by global carriers, such as Maersk, using new hub ports – for example, Pacific ports – as transshipment hubs. This would reduce the amount of cargo transiting the Panama Canal in smaller vessels. This translates into a new pattern that could have a significant impact on hub ports such as Kingston Container Terminal, Port of Caucedo and Freeport Bahamas in the future. This would see the traditional global hub ports competing with regional hub ports for the larger regional transshipment business. This would put significant pressure on sub-regional transshipment ports to become more competitive even while reducing overheads.

In response, KWL made a significant overhaul of its staff infrastructure in November in an attempt to position itself for the challenges of 2009. 



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Over 200 CMI graduates in 2009

In the year ahead, the Jamaican-based Caribbean Maritime Institute is expecting to graduate over 200 Caribbean men and women from its institutional campus on Kingston Harbour.

The institute's executive director, Fritz Pinnock said: "We are expecting about 250 graduates in the marine business, engineering and professional seafarers."

Graduates are expected from a number of academic programmes and specialised courses, including:

- Officer in Charge of a Navigational and Engine Room Watch up to Class 1 level (Captains and Chief Engineers)
- Six B.Sc. degrees: Logistics and Supply Chain Management; International Shipping: Port Management; Cruise Shipping & Marine Tourism Management; Industrial & Port Security Management; Industrial Systems Operations and Management (Engineering)
- Wide range of IMO STCW 95 specialised courses
- M.Sc. in International Shipping and Logistics Management (in conjunction with Cyprus International Institute of Management CIIM)
- Wide range of specialised professional industry short courses.

The institute supports training initiatives across the Caribbean and its personnel assist in the delivery of CSA training seminars in various regional territories.



Jamaica moves to develop as a crewing nation

THE Maritime Authority of Jamaica (MAJ) is taking steps to expand the training of Jamaican seafarers. Plans include more training staff at the Caribbean Maritime Institute.

The authority also plans to target students from high schools and technical schools.

The MAJ sees employment opportunities for junior officers and has been looking at a study by the Baltic International Council and the Interna-

expand output; and development of a legal administrative framework for the employment and welfare of seafarers including crewing agencies, pensions and remittances.

Recognition

Claudia Grant, deputy director general of the MAJ, said Jamaica was recognised as a responsible maritime state, making it an ideal provider for this type of labour. This was based on several factors, she said:

The shortage of junior officers is expected to grow from 10,000 to 27,000 by 2015

tional Shipowners' Federation, carried out in 2005, which showed a shortage of 10,000 junior officers in that year, with the shortage expected to grow to 27,000 by 2015.


The MAJ also plans to negotiate partnership agreements with shipping companies to provide berths and financing for students.

Challenges

According to the MAJ, the main challenges now facing the project are insufficient berths for cadets and a reduction in the standard and discipline of students. These challenges will be met by the MAJ as it implements the programme. This is rooted in a Jamaican government Cabinet policy directive earlier in 2008 to develop Jamaica as a crewing nation.

Medium to long-term goals have also been identified, including decentralisation of training facilities; the use of distance learning technology to

- Jamaica is on the International Maritime Organization's white list
- Reciprocal recognition with several countries makes it easier to employ Jamaican officers
- Enactment of modern legislations and the existence of a maritime administration
- Position of the CMI as a regional training institution with IMO accreditation
- Pressures of ITF increasing the attractiveness of flag states which also produce seafarers
- A relatively young national population, ensuring a steady supply of recruits.

Ms Grant was addressing a Maritime Awareness Week function hosted by the Shipping Association of Jamaica in Kingston in September. 

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The year ahead – progress for the CSA

THE YEAR AHEAD promises progress for the Caribbean Shipping Association as the organisation moves forward in assisting the regional shipping industry to achieve and sustain growth.

The year begins with the Association's General Council gathering in Kingston on 19 January for its annual planning session. Members of General Council will sit with Secretariat staff to plan and schedule a variety of programmes and projects.

The top priorities, as outlined by the CSA president, are security and training. As regards port security, the General Council, will finalise plans to activate the proposed CSA Security Assessment Council. This

will be a CSA entity to assist and support terminals and ports in the Caribbean with initiatives and plans to develop port security systems adequate for their needs. It will have an advisory role and will be able to assist ports and terminals to estimate and identify their security needs. This assistance will not be imposed on ports. Rather, the Security Assessment Council will provide advice and support when requested.

Key players

CSA president Fernando Rivera said: "Most of the key players have already committed to this project and during our General Council meeting in January we will develop an action plan for implementation."

The CSA has been playing a key role in the development

and presentation of training programmes designed to raise and improve the standards of performance in all areas of Caribbean shipping – at management and

is already in an advanced stage of planning and topics to be presented will help Caribbean shipping executives make the most of the opportunities and avoid the

The CSA has been playing a key role in the development and presentation of training programmes designed to raise and improve the standards of performance in all areas of Caribbean shipping


operational levels. The General Council will discuss and finalise the 2009 training programme, which will see courses and events offered in a number of Caribbean countries. This will include training events for the cruise industry as well as management seminars and other special courses prepared by the CSA Secretariat. In addition, the Puerto Rico Shipping Association (PRSA) has opened its year-long training programme to all CSA members and national associations. The PRSA plans one training seminar each month.

Two major conferences are planned by the CSA for 2009. The first is the annual *Caribbean Shipping Executives' Conference*, which will be held in Cartagena, Colombia. This event

pitfalls likely to be encountered in 2009 and beyond. The eighth *Caribbean Shipping Executives' Conference* will be held over three days, on 18, 19 and 20 May.

Major event

The second major event is the 39th Annual General Meeting, Conference and Exhibition, to be held in Paramaribo, Suriname, in October. This is the largest event on the CSA's calendar and the biggest single shipping industry event in the Caribbean.

The 39th AGM will see a new president elected by the CSA. The president may serve a maximum of three years. The sitting president, Fernando Rivera, of Puerto Rico, has been in office since October 2006 when he was elected 14th president. 





Panama Canal expansion project within schedule and budget

ON 22 October 2006 the people of Panama overwhelmingly approved the expansion of the Panama Canal. The expansion, one of the largest on the planet at this time, will see the adding of a third lane of traffic along the famous waterway. This requires the construction of a new set of locks. When completed, the expansion will allow transit of wider and larger ships and will double the canal's capacity.

The expansion programme includes:

- Deepening of the canal's Pacific and Atlantic entrances

- Deepening and widening of the navigational channels of Gatun Lake and deepening of the Gaillard (Culebra) Cut
- Construction of new locks and water-saving basins in the Atlantic and Pacific
- Raising Gatun Lake to its maximum operational level.

The new locks will allow the passage of vessels of 49 metres (160 ft) breadth, 366 metres (1,200 ft) length and 15 metres (50 ft) draught, with a maximum cargo capacity of 170,000 dwt or 12,000 teu.

Expansion work began in September 2007 when 32,000 lb of explosives were used to remove the top of Paraiso Hill on the west lane of the canal.

Expansion

The expansion is continuing on schedule and within budget and the project is on track to meet its completion target in 2014 to coincide with the canal's 100th anniversary.

The Panama Canal Authority (ACP) has awarded over \$300 million in about 60 contracts ranging from advisory and consultancy services to research studies and construction projects.

Closing date for submission of

technical and economic proposals for design and construction of the third set of locks is 3 March 2009.

Social and environmental responsibility

The canal expansion is compliant with all the requirements of environmental law for a project of this scope, including the submission and approval by the National Environmental Authority (ANAM) of a Category III environmental impact study.

The ACP has complied with mitigation measures such as reforestation of 145 hectares, wildlife rescue and payment of about \$639,000 to ANAM to cover ecological indemnification.

The expansion has also led to the relocation of historical sites (19th century and early 20th century as well as pre-Columbian).

Earthwork and dredging

The two canal expansion dry excavation contracts are rapidly advancing. At the end of November, more than 5 million cubic metres of material – equivalent to the weight of about 100 million adults – had been removed.

These are the first of four contracts that will be awarded to build the Pacific



Major contracts awarded

CONTRACT	COMPANY	AMOUNT
Excavation of Pacific Access Channel Phase 1	Constructora Urbana S.A.	\$40,431,196
Excavation of Pacific Access Channel Phase 2	CILSA Panamá-Minera María	\$25,489,200
Dredging of the Pacific Entrance	Navigation Channel Dredging International	\$177,500,677.78

Access Channel, a 6.7 km channel, almost parallel to the present Miraflores and Pedro Miguel locks, that will join the new locks to Culebra Cut, near the Centennial Bridge.

Levelling of Paraiso Hill

The request for proposals for the third of these projects, which includes the levelling of Paraiso Hill to 27.5 meters, has already been published. When the expansion project began on 3 September 2007 this hill had an elevation of 136 metres. Its height will be reduced to 46 metres at the conclusion of the first excavation project in 2010.

In terms of money, the biggest canal expansion contract awarded so far is the dredging of the Pacific entrance. Initiated in November, this involves the removal of 9.1 million cubic metres of material from the seabed.

Largest component

The request for proposals for the design and construction of the new locks – the largest component of the expansion – is well under way. This bidding process began last year, with four consortia being selected in December. Thirty companies from 12 countries, including nine of the best known in

Tenders online

CONTRACT	CLOSING DATE
Excavation of Pacific Access Channel Phase 3	December 4, 2008
Design and construction of the third set of locks	March 3, 2009

their field, make up the four consortia.

The consortia must submit their technical and economic proposals by 3 March. The ACP will then analyse the proposals, with 55 per cent of

is submitted to the following overseeing bodies:

- The Executive Branch and the Legislative Assembly

At the end of November, more than 5 million cubic metres of material – equivalent to the weight of about 100 million adults – had been removed

the weight going to technical value and the other 45 per cent to the price proposal.

Accountability

The ACP complies with its 'account giving' mandate through an information and communication process. Accordingly, the ACP prepares a quarterly progress report of the expansion programme. This document

- The Comptroller's General Office
- The Ad Hoc Committee, which includes representatives from the church, workers' unions, businessmen's associations, universities, and civic organisations.

Most jobs in 2009

By the end of this year, about 2,000 jobs will have been created at several





expansion components, some with 24-hour work schedules. Most of the jobs will be created in 2009 with the awarding of the new locks contract.

Financing

In an operation that confirmed the international trust in Panama's economic development and the management of the canal, last month the President of the Republic of Panama, Martín Torrijos Espino, announced that the Cabinet Council had authorised the ACP to negotiate the \$2.3 billion financing of the canal expansion with a group of multilateral and bilateral agencies.

The negotiated financing structure includes the following favourable provisions for the ACP:

1. The financing will be without recourse to the Panamanian state and will not benefit from any government guarantees

2. The financing will not be subject to the binding commitment of obtaining goods or services from any particular source

3. The lenders shall not intervene either in the management or in the operation of the canal

4. The financing will not affect payments to the national treasury

5. The loans will have a 20-year maturity, with a 10-year period of grace

6. The rates and commitment and underwriting fees are very competitive given the market conditions.

The negotiated financing structure was agreed with the following agencies and amounts:

European Investment Bank (EIB): \$500 million



Japan Bank for International Co-operation (JBIC): \$800 million

Inter-American Development Bank (IADB): \$400 million

International Finance Corporation (IFC): \$300 million

Andean Development Corporation (ADC): \$300 million

Total: \$2.3 billion

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Will the Caribbean catch pneumonia?

THE YEAR AHEAD will be historically significant. Not because one of the world's largest markets went into a recession, but because of the remedies to be applied and the results, or lack of results. It only makes it more interesting that a new President is in the White House.

Barack Obama, whose mandate for change was already under assault from the recession gremlins, 'increasing unemployment' and 'declining production', even before he

took up office on 20 January 2009, will make history no matter what he does or how well he does it. Regardless, this year ahead will be remembered in history for his having taken office and the tsunami of international goodwill this single event brought to the USA.

Confirmation

He takes up office a month or so after the US recession was made official. In December 2008 came final, unchallenged confirmation that the USA was in an economic recession and, according to the National Bureau of Economic Research, had been since December 2007. We were all right after all. And the confirmation itself immediately became the backdrop for all the year-end reviews and analysis of stock market declines and the government's financial bailout of super corporations.

Strategies

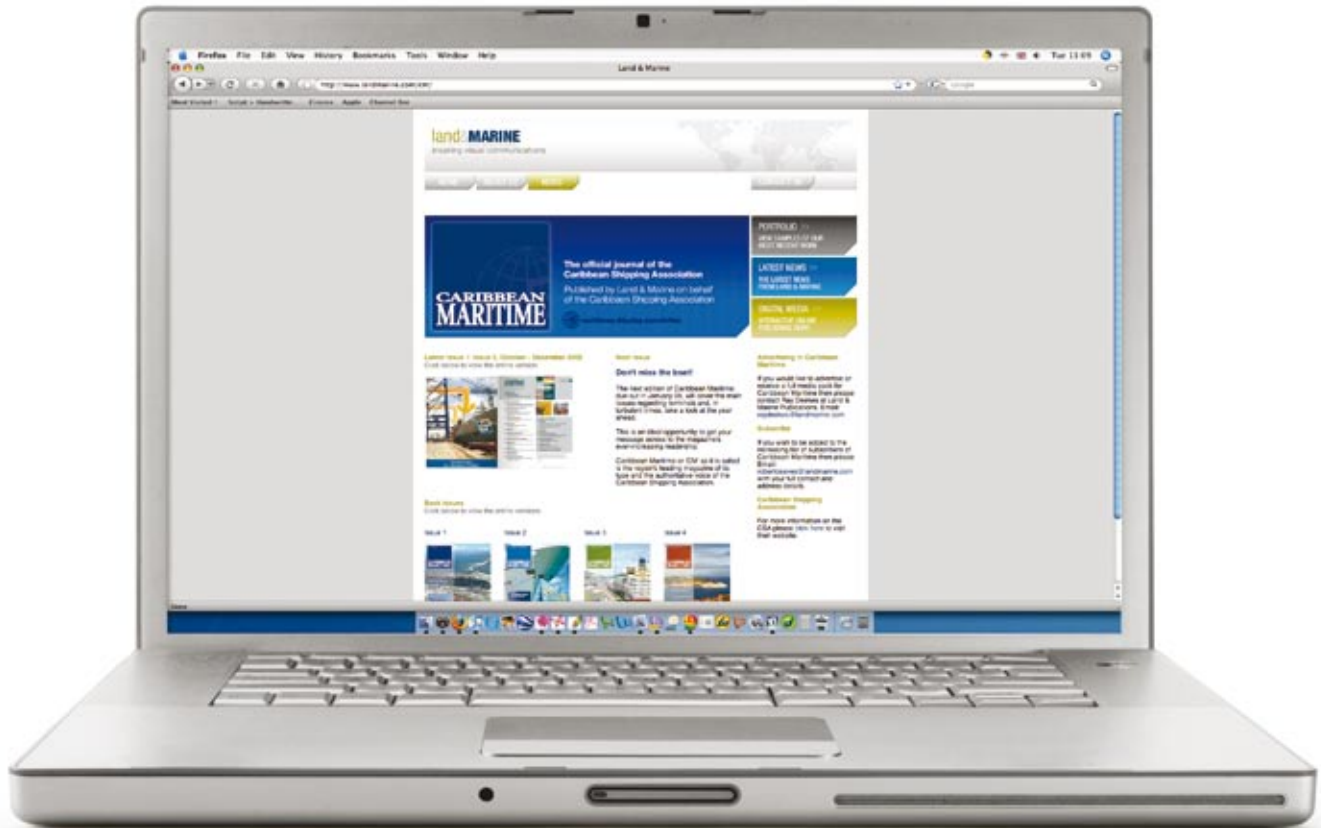
Even as the new President takes the reins, his fledgling administration will immediately have to start implementing strategies to get Americans to perform a balancing act – to save and consume at the same time. In the Caribbean shipping industry there are many who would give the new American President props if his administration was able to keep US markets thirsty for foreign imports and convince every American citizen to take a cruise to the islands.

Linked

The US economy and those of Caribbean nations are tightly linked. It has often been said that if the USA sneezes, the Caribbean catches a cold. If the US economy does well, then the Caribbean does

In December 2008 came final, unchallenged confirmation that the USA was in an economic recession

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the official journal of the Caribbean Shipping Association.

well. And, as Sir Courtney Blackman has argued, if the US economy is not doing well, this affects the Caribbean.

Therefore, as the economic situation in the USA is now very bad, then the economic situation across the Caribbean must also be affected. The sad thing is, this recession in the USA is projected to run for a while longer and through 2009. This is clearly more serious than a common cold. In which case, will the Caribbean get pneumonia?

How long?

According to Sir Courtney, the present financial malady will not last as long as the Great Depression. That event and period had been studied inside out and exhaustively by economists all over the world and, he suggested, there was knowledge enough to set corrective action in motion.

"It won't last as long as 10 years," he told delegates to the 38th Annual General Meeting, Conference and Exhibition of the Caribbean Shipping Association in Port of Spain on 14 October.

The sad thing is, this recession in the USA is projected to run for a while longer and through 2009

That is some consolation. Perhaps 'how long will it last?' may not be the pertinent question. Perhaps we should be asking: 'How long can we last?'

Effects

Sir Courtney Blackman, eminent economist, author and founding governor of the Barbados Central Bank, contended that US consumers spend more and import more than anyone else in the world. As the recession continues, imports to the USA will be negatively affected and both blue and white collar workers may decide it is financially prudent to go without a vacation this year. Together, a downturn in imports and vacation travel could mean trouble

for the Caribbean. Add to that scenario a decline in cash remittances from Caribbean people living in the USA to relatives in the region.

This recession could be hitting home closer than you think.

Also, the volume of cargo sent home each year by Caribbean nationals could be directly affected as the impact of the recession makes life difficult for those working in the USA. Indeed, a lot of business sectors – freight consolidators, truckers, LCL cargo storage, movement and handling – depend on barrels and appliances being shipped home.

What strategy?

And what if US domestic imports decline significantly in the year ahead? What strategy should Caribbean businesses employ?

"Staying alive! Staying alive until the sun comes up again," said Sir Courtney. Cash flow is more important than earnings, he said, so companies should be so guided.

We should use this period of crisis and uncertainty to look at new approaches

and strategies of operations, he suggested. Also, he warned, businesses should not cut assets; rather, they should be cutting expenses. In this regard, he advised companies to try to avoid laying off staff, especially skilled workers.

"You don't want to lose skills and assets," he said. "That will hurt both recovery and the long-term prospects of the business. You don't want to be employing new people. Use the opportunity to train staff to get them ready for the time ahead."

One delegate was concerned about the effect of the financial crisis on labour and trade union negotiations in the Caribbean. Sir Courtney said he believed trade unions should forget

Sir Courtney



about pay increases in the present circumstances and try to understand what was happening.


At the same time, the employers might want to negotiate a pact with the unions in which they agreed not to lay off staff. In other words, as he had pointed out earlier, the matter at hand was 'staying alive'.

Lessons learned

The lessons to be learned from the current financial crisis are many. Sir Courtney shared some of his observations:

- The USA will learn that it has to regulate its financial system
- Government is part of the so-called 'free market'. The market cannot exist in the absence of government. Government's involvement is only a matter of degree
- There is no such thing as a 'free market'. There has to be regulation.

"If it's free, it's not a market; if it's a market, it's not free," said Sir Courtney.

As regards specific lessons for Caribbean business, he felt that insurance should be paid not in local currency but in hard currency. He clearly knew that a lot of insurance premiums were being paid in local currency. His advice in this regard was well received by the CSA and by more than 200 delegates representing all four language groups across the Caribbean region. 



The morning after the night before

By Gary Gimson



THE PARTY'S OVER. And much of the global shipping industry has woken up with the mother of all hangovers. What's more, no-one has much idea how to clear up the mess and it is going to take more than a couple cups of black coffee to get things back to normal.

That is how the global shipping market looked and felt at the end of 2008 as the good times that have kept everyone happy for so long have vanished. And it would be a brave

Attractive deals may help to keep volumes of visitors up. It may not help the margins of cruise operators, but it maintains visitor numbers to the islands

punter who would bet that we are at the bottom of cycle, even though one London-based shipbroker told Caribbean Maritime the freight market could not really go any lower.

Storm clouds

Looking forward in late 2007 to the year ahead, it seemed there were storm clouds gathering as the sub-prime mortgage fiasco began to eat into the wider economy. Yet the industry remained sanguine and, for some months, it seemed that shipping had got away with it and that only a few bankers and mortgage brokers were going to hit the buffers.

Since May 2008, however, the shipping industry has been reeling from a number of shocks to the system that have set freight rates tumbling and had a knock-on effect elsewhere – especially in the Caribbean, where many are now starting to feel the full impact of the economic downturn in the USA.

Robert Foster, of Sea Freight Agencies, in Barbados, said: "Due to sluggish economies in the islands, freight volumes will contract [in 2009]. Already we have seen an 11 per cent reduction

in volumes in Barbados at September 2008 when compared with the same period in 2007."

On the positive side, bunker prices have fallen through the floor since their high point in mid July and if there is to be any market upturn in 2009 then lower operating costs might be the first sign of the green shoots of recovery – at least for shipowners.

Then there is still the aftermath of September's global banking crisis that has spilled over into the maritime

industry as shippers began to experience difficulty in obtaining letters of credit from banks that no longer quite trusted other banks.

These credit problems are expected to ease through 2009 as co-ordinated international efforts to shore up the balance sheets of banks work their way through in the form of greater liquidity.

Cruise shipping is, of course, the Caribbean's most important sector and this industry, too, is struggling against a slowdown in the USA, its main source market. With house prices in the USA still falling at year-end 2008 – espe-

Significantly, half of all Americans said they did not plan to change their travel plans as a result of the economic downturn

cially in Florida – the feel-good factor that encourages passengers to book a cruise was in short supply. But attractive deals may help to keep volumes up. It may not help the margins of cruise operators, but it maintains visitor numbers to the islands.




This is borne out by figures from America's influential Travel Industry Association (TIA) showing that leisure travel volumes remained pretty stable in 2008 (-0.2 per cent) with a further modest decline of 1.3 per cent forecast for 2009. Not bad, under the circumstances.

Significantly, half of all Americans said they did not plan to change their travel plans as a result of the economic downturn – though it is fair to say that a growing number were looking for better value for money; would stay fewer nights; and would spend less on food and drink when travelling overseas – or a combination of these. Nevertheless, it seems that US vacationers would rather go without life's other luxuries than forgo a Caribbean cruise. Carnival's 2008 figures and 2009 forecasts seem to support this view.

Surcharges

Also on a brighter note, October saw the ending of bunker surcharges for passengers. There is a new president set for the White House. The compara-

tively strong value of the US dollar also bodes well for the industry as passengers' money appears to go further during port calls since not all Caribbean economies are linked to the value of the greenback. So perhaps the party is not quite over after all. 



AT THE most recent FCCA Caribbean Cruise Conference in Trinidad** the lines agreed that 2009 would be a bad year, but most were confident that markets would recover by 2010.

In fact, the cruise industry is showing confidence that it will survive the financial crisis that has hit its major source markets. Despite this confidence, however, the behaviour of the industry seems to spell out a different reality.

Like all segments of the worldwide leisure market, the cruise industry is more severely affected by the financial crisis than it may be willing to

admit. The executives' confidence is rooted in the fact that the industry's 'floating assets' can be moved to markets where people are still willing to cruise. The industry has survived earlier crises in this way. Its objective now is to continue to fill the ships at any price, take the loss and ride out the tide until better times arrive.

Will it survive this time again?

Yes, it will, but maybe not all brands.

How will it affect the Caribbean?

That will depend largely on the enveloping nature, length and depth of the recession. Of course, we have no crystal ball for peeking into the future. Nonetheless, to some extent the reaction of the industry can be forecast and we will attempt to describe its effect on our region.

First and foremost, the redeployment of ships to 'survival' markets is already taking place and this will

The ships and passengers will keep coming but ...



By Jan Sierhuis*



almost certainly benefit the Caribbean in terms of volume. Traditionally, when things go bad the industry returns to its 'home grounds' in the Caribbean. This will translate into increased cruise calls and passenger arrivals in the short term. To fill this 'survival' capacity in the Caribbean, however, cruise fares will have to be reduced considerably. The deeper the discounts, the lower the spending power of the public that boards the ships.

Spending

This translates into lower yields for the cruise line and less spending on board and, needless to say, in the destinations. Thus, in 2009 we may expect happy Caribbean tourism officials taking pride in increased passenger arrivals, combined with unhappy Caribbean business people, because the lines will pass on the burden of discounting to their Caribbean suppliers in an effort to keep their own yields up. The tour suppliers expressed such fears at the FCCA Conference in October.

If the cruise industry source markets do, in fact, recover by 2010 this short-term 'volume boost' will be over by 2011 and it will be 'business as usual' again. However, this remains to


be seen. In the present environment, the industry is withholding new ship orders beyond the current orderbook, which runs until about 2011. Some lines are cancelling or trying to cancel existing orders. If there are no signs of economic recovery by 2010 this behaviour may lead to a complete stop of the newbuilding machine such as we have seen in the years following 9/11. This will almost surely lead to capacity problems, once the overseas markets recover. If this happens, the Caribbean could face a situation after 2010 where ships move back to Europe and other markets, leaving the Caribbean with insufficient capacity and no new ships to 'stir' the market and recover yields.

In the worst case, if the recession continues beyond 2010 this could lead to a prolonged depression of our market. With no new ships being built, the Caribbean quickly loses its attraction for experienced cruisers and yields will continue to go down.

Crisis

Hence, we expect that the real crisis will hit the Caribbean in 2010/2011 and even beyond then, depending on how the economic

recession plays out and how quickly the cruise industry returns to 'business as usual' and, most importantly, its newbuilding orders.

On a positive note, things just never work out as predicted by economists and industry experts. Only some things are certain: the sun still shines, the ships still sail and the passengers still come. But be prepared that less money will be made in the coming years. However, if the industry survives, so will the Caribbean. After all, that is what 'marriages' are made for. 

**Jan Sierhuis is chairman of the CSA Cruise Committee*

***The conference was held in Port of Spain from 27 to 31 October*



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Return of the Pirates

By Mike Jarrett

NOVEMBER 12 is Pirates Week in Grand Cayman. Interestingly, it comes at just about the time when the victors in both world wars celebrate Remembrance Day.

Lest we forget, piracy was big business in the Caribbean. In fact, during the 17th and 18th centuries piracy was synonymous with the Caribbean. Today this is not so, as the pirates off the coast of East Africa have taken it to a new level.

The prize is no longer treasure ships laden with gold, Colombian emeralds and pieces of eight. The crime scene is no longer the Spanish main. Today, the crime scene is the Gulf of Aden and the prize is in the form of huge oil tankers held for ransom by pirates reportedly from Somalia.

Nearly 100 vessels have been attacked off the coast of Somalia so far this year and about 40 have been taken over by pirates.

Somalia is now the backdrop against which modern-day piracy is projected. And, with incidents becoming more frequent and increasingly violent, Caribbean governments a world away need to sit up and take note.

According to the International Maritime Bureau, nearly 100 vessels have been attacked off the coast of Somalia

so far this year and about 40 have been taken over by pirates. And, at the time of going to press, the operators of the German cruise ship 'Columbus' said they would fly her 246 passengers and most of her crew over the Gulf of Aden instead of through it to avoid pirate attack.

Attacks

According to the International Chamber of Commerce: "Somali pirates are now attacking vessels in the northern Somali coast in the Gulf of Aden. These pirates are firing automatic weapons and rocket-propelled grenades in an attempt to board and hijack vessels. Once the attack is successful and the vessel hijacked, the pirates sail towards


the Somali coast and thereafter demand a ransom for the release of the vessel and crew. All vessels transiting the area are advised to take additional precautionary measures and maintain strict 24-hour radar and anti-piracy watch using all available means. Watch-keeping crews should look out for small suspicious boats converging on vessel.

Early sighting and accurate assessment will allow the master to increase speed and manoeuvre to escape pirates and at the same time request various authorities/agencies for assistance."

Today, the Somalia coast may be the piracy capital of the world. However, Bangladesh, Indonesia, the Philippines and the west coast of Africa are also regarded as piracy prone. In the Americas, Brazil and Peru are similarly regarded and the Caribbean has had its fair share of incidents over the years, although not on the same scale and dimensions as elsewhere.

Incidents

Only last June a vehicle carrier was robbed while at anchor in Port-au-Prince, Haiti. The pirates boarded via the anchor chain, stole the ship's stores and escaped. And incidents of piracy have been reported in other areas including Kingston Harbour, where pirates boarded and made off with ship's stores after throwing some of the lumber cargo overboard, no doubt for retrieval later.

The shipping industry has no choice but to discuss in a serious, formal and structured setting the means and methods of tackling piracy, even as we don the costumes and play 'pirates and wenches' in our local festivals. 



Guadeloupe, Kingston Container Terminal take 2008 titles

CSA annual banquet an elegant occasion

By Mike Jarrett

THE business of the 38th Annual General Meeting, Conference and Exhibition was over. The plaque of appreciation had been presented and thanks expressed to the Shipping Association of Trinidad and Tobago, who hosted the conference. So, back in their hotel rooms, with business casuals, slacks and the suit required for the official opening ceremony all packed for the return flight home, delegates dressed for the ball.

The CSA's annual banquet has become quite an occasion. It's not just the sumptuous four-course dinner, wine and revelry. There is that, to be sure. But there is also the presentation of the CSA's Port of the Year awards. Shrouded in secrecy until

the moment of announcement, the results of the adjudication process by the CSA's Port Award Committee are always eagerly awaited, especially by the representatives of the container terminals and the multipurpose port facilities who enter the annual competition.

Red carpet

So, dressed to the nines, elegant and colourful, identification badges cast aside, the leaders and decision-makers of the Caribbean shipping industry and their spouses walked the red carpet. The setting was exquisite. A 22-piece orchestra called Divine Echoes was dressed in black formals. They would have to be on their best game to better the sweet sounds of laughter and the delightful tinkle of cocktail glasses that hung in the air. As it turned out, they were. A tight and



well-rehearsed aggregation of real talent, Divine Echoes reminded us of what music was all about.

The moment had arrived. David Ross, chairman of the Port Award Committee and, as it happens, the newest member of the CSA's General Council, walked to the podium. They hung on his every word, waiting for "... and the winner is ..."

He did not disappoint.

Kingston Container Terminal was the CSA's pick for the Container Terminal of the Year award. And, for the first time, a CSA Port of the Year trophy was to be awarded to Guadeloupe, which won the CSA's award for Best Multi-Purpose Terminal in the Caribbean.

Applause

Amid tumultuous applause, Sabine Dorrifourt from Guadeloupe came forward

to receive the hardware. She was joined by her CEO, Michele Montantin. Then Hans Jensen, perhaps the tallest man in the room, rose to his feet. He towered over CSA president Fernando Rivera, who is not a short person, to receive the coveted Best Container Terminal trophy. The last time Kingston Container Terminal had taken home that trophy was in 2003.

Colombia's Sociedad Portuaria Regional de Cartagena had won the Best Container Terminal trophy on all occasions since 2005 and therefore was not eligible to enter the 2008 event. The previous winner of the Multi-Purpose Terminal award was Kingston Wharves Ltd, which had won it twice in consecutive years, 2006 and 2007.


The applause turned to





backslapping. Photographers tried to arrange the excited recipients with their trophies. There were publicity pictures to be taken and newspapers across the region to be informed. Once again, by comparing the performance of regional ports, the CSA had brought public attention to bear on the fact that port facilities had efficiency and productivity norms to achieve and that this was important for the CSA.

The banquet is a night for trophy presentations and the winners of the golf tournament were there to collect their prizes. Capt Rawle Baddaloo, of Trinidad and Tobago, received the President's Trophy and the Land & Marine Trophy. He was the CSA member with the highest points in the annual CSA Golf Challenge, played on the Saturday before the conference. Hernán Ayala, from Puerto Rico, received the runner-up trophy.

One highlight worthy of note was the presentation to outgoing CSA general manager Stephen Bell. CSA president Fernando Rivera praised Mr Bell's contribution to the growth and development of the CSA during his five years in the position and presented him with a citation for his service to the CSA. 



Can EPA bring real benefits for Caribbean business?

By Andrea Ewart*

Making the Cariforum Economic Partnership Agreement (EPA) with the European Union work for Caribbean businesses requires an understanding of the opportunities and challenges that the agreement presents. The very idea of open competition between our small economies and those of the EU economic powerhouse has given rise to critical discussion and expressions of alarm within the region. This article addresses some of the concerns raised about the EPA: What exactly did the Caribbean give away and what did it get in return? How will the EPA affect the region's development? Does the EPA create real opportunities for the region's businesses?

Why did Caricom have to negotiate an EPA?

The 'banana' issue has not gone away for the region. Despite substantial cut-backs in the preferences that bananas from the African-Caribbean-Pacific (ACP) countries receive when entering the EU, the Central American countries have continued to protest that these preferences are illegal and to litigate the issue before the World Trade Organisation.

The WTO decisions have repeatedly sided with the Central American countries in this dispute. Furthermore, the issue has expanded to include preferential access for all ACP products that enter the EU market because the WTO waiver for these preferences to continue



expired on 31 December 2007 with little or no chance of renewal. In sum, the days of unilateral preferences are numbered. The region had been sitting on a ticking time bomb and needed to move assertively to minimise the potential negative fall-out from events over which it has little if any control.

Negotiation of an agreement that provides access for its products to the EU market in return for access to the region's markets was an effective means of achieving this goal.

What did the region get and what did it give away?

The region received from the EU:

- An immediate guarantee of duty-free, quota-free access for 100 per cent of its products (qualifications on rice and sugar) that meet the criteria for being qualified as a product of Cariforum (Caricom plus the Dominican Republic)
- Immediate access for professionals and investors to the service sectors in 27 countries
- Commitments of development and co-operation assistance to implement the EPA.

The region granted to the EU:

- From 2011 decreasing tariffs on 90 per cent of EU product leading to duty-free access by 2034
- Immediate access for professionals and investors in up to 62 per cent of the region's service sectors

- Commitments to implementation reforms to support EPA implementation.

Is the agreement sufficiently pro-development?

The true test of this is not whether the agreement dedicates sufficient funds to help the region with the transition. Although no-one can quarrel with the position that the region should seek to get as much money as possible to assist with this costly and difficult process, the reason this adjustment is going to be so costly is primarily because the region will be trying to do work that should have been in progress, if not already accomplished.

A better test is whether the EPA will help the region to advance its development goals for the 21st century. Does the agreement give sufficient attention not just to protecting the traditional products and existing industries but also to ensuring that new and emerging sectors and players will also have their day in the sun? No government official can imagine or anticipate where the entrepreneurial spirit will take off and in what direction. Their role, however, is to create the business environment that supports rather than impedes that creativity. What if, for example, the region's recent Olympic success prompts development of a viable sports tourism sector?

The agreement has a number of very positive features in this regard. One of its hidden gems is the commitment by both

parties to provide ongoing monitoring of the operation of the agreement as well as prompt consultation on issues as they arise.

As a result of these consultations, the region's commitments may be modified to respond to:

- Serious difficulties with the import of a given product to allow modification to the schedule for liberalisation
- Difficulties being experienced by an exporter to the EU market to allow changes to the rules that determine how the product qualifies for preferential access;
- Serious problems with the availability of or access to foodstuff to allow use of safeguard measures to temporarily restrict imports
- Products being sold below their cost of production to allow for an increase in duties on those products (anti-dumping).

These mechanisms can also be used to identify areas for technical assistance and co-operation. While it will take work to ensure that the appropriate mechanisms operate effectively, they can provide a direct vehicle to policymakers in the EU to raise and seek solutions to the issues being encountered by Caribbean exporters, manufacturers and consumers.

Does the EPA address the expected loss in revenue from tariff liberalisation?

Liberalisation of imports will inevitably result in lost revenue from reduced tariff

collections. However, the region committed itself to go down this path when the countries joined the WTO and its liberalisation platform and to liberalise trade within the Caribbean Single Market. So it is unfair to single out the EPA for this criticism. At the same time, the tariff reductions under the EPA do not begin until 2011 and will be phased in over five-year interims which have been scheduled to take into account the region's ability to find alternative sources of revenue through improvements to tax collection, implementation of the value-added tax and other mechanisms.

Does the EPA MFN clause prevent the region from signing other agreements?

The Most Favoured Nation (MFN) clause states that, should the region negotiate a trade agreement with another country whose GDP exceeds 1 per cent of world economic trade, any more favourable treatment granted to that country must also be extended to the EU. Countries in this category include the emerging market economies such as Brazil, China and India.

Here is a practical example of this clause in operation. If the region decides to negotiate a trade agreement with Brazil, one potential area for co-operation is the development of alternative energy sources, using ethanol made from sugar or some other material. This is an area in which Brazil has made advances, has much to offer the region and is interested in exporting its tech-



nology and expertise. Perhaps, in return, Brazil wants to get duty-free access for its cars immediately, that is, before the region is required to grant duty-free access to UK cars. When looked at in this context, the MFN clause could present a potential stumbling block to a future Brazil-Caricom trade agreement.

Fortunately, however, the EPA contains an additional provision which allows the region to make its case to prevent the MFN clause from applying. Using the above example, the region could argue that the more preferential treatment being granted to Brazil would promote the use of automobiles that rely on a renewable alternative to fossil-based fuels, thereby promoting more sustainable environmental growth. The MFN clause is therefore not insurmountable, but challenges the region to think carefully about concessions that it makes to future trade partners.

What about the effect of the EPA on the future of Caricom relations with its biggest trade partner, the United States? Because it is difficult to imagine the US negotiating a trade agreement that comes anywhere close to the types of flexibilities built into the EPA, it is also difficult to imagine the EPA affecting Caricom's ability to negotiate an FTA with the US in the near future. Rather, the most likely scenario for advancing US-Caricom trade relations is through negotiation of Trade and Investment Framework Agreements

with the US Government and memoranda of understanding with agencies such as the Departments of Agriculture and Commerce and the Export-Import Bank to achieve specific and targeted agreements and commitments of technical and financial assistance to address existing bottlenecks in the movement of goods, services and investments.

Does the EPA create real business opportunities for Caribbean businesses?

In addition to guaranteeing continued access for products that have traditionally entered the EU market, the EPA also promises market access in new product areas and in a number of service sectors. Making this promise a reality will require that companies, their trade associations and Caribbean governments monitor implementation of the EPA by EU member states. To do this, they must achieve the necessary collaboration to address the existing technical barriers to the entry of goods and the requirements for the provision of services by Caribbean companies and professionals.

Of interest to the CSA

Of primary interest to members of the Caribbean Shipping Association (CSA) are the provisions that will allow maritime** and courier companies to provide services to over 20 European countries.

Subject to specific requirements within each European country, CSA members may establish a commercial presence or provide services across

borders – that is, without establishing a commercial presence – in such diverse countries as the UK, Denmark, Spain, France and Malta. The EU governments must give such companies national treatment, that is, treatment no less favourable than what is given to their domestic investors and commercial entities engaged in the same activity. They cannot impose numerical or transactional quotas, restrictions on the participation of foreign capital or limitations on the type of commercial presence or ability to enter into joint ventures with an EU investor.

Of course, this also means that Caribbean companies will have to comply with those requirements placed on domestic providers, such as registration, certification and licensing.

As the EPA is reciprocal, providers of similar services in the EU will also have access to Caribbean markets on the same terms. This presents one area of challenge to CSA members as they will have to be prepared to compete on their home turf. At the same time, the EPA stipulates the port services to be provided by the EU on reasonable and non-discriminatory terms, including pilotage, towing and tug assistance, provisioning and fuelling.

Caribbean ports will also have to guarantee these services to EU companies entering the regional market. Besides being in the interest of the CSA to ensure that these terms are met so that there are no

retaliatory measures taken against Caribbean maritime providers, this requirement has the potential to produce benefits through overall improved port services for all users.

Gaining market entry

It is important to understand that at this time there is no unified EU services market. This means that Caribbean service providers have the opportunity to gain entry to the markets of EU member states before companies in another EU member state are able to do the same. This also means, however, that interested investors will have to be prepared to investigate the specific requirements for doing business in the countries of interest.

Another challenge, then, for the CSA and its members, is to become very familiar with the requirements that currently exist in those EU countries of priority interest and any limitations placed on Caribbean businesses by the individual countries. Should these limitations prove to be harsh or unreasonable, follow-up work must be done to make the case that they need to be revised or removed to provide real market access for Caribbean businesses.

Opportunities for regional collaboration


Companies from across the region can combine their resources to provide services to the EU market. This includes the opportunity to combine resources with companies from the Dominican Republic, now

a Cariforum partner in the EPA, opening up possibilities to capitalise on their advantages, such as language and culture and any more established ties in European markets.

Conclusion

Turning EU commitments into reality is the primary challenge to overcome in ensuring that Caribbean businesses receive real benefits from the EPA. This work will need to be done by Caribbean governments,

companies and their trade associations such as the CSA. (We can be assured that the EU counterparts will be monitoring Caribbean implementation of its commitments.) In addition, the CSA has an ongoing role to play in monitoring the impact of the agreement on its members and to use the review periods built into the EPA to slow or speed up the liberalisation process, as appropriate. Despite the challenges, the opportunities are real, and with the

agreement already signed, attention must now turn to making it work. 

*** This does not include the provision of national maritime cabotage, that is, transport services within an individual Caribbean or EU state for the carriage of passengers or goods, as these areas have been specifically excluded from liberalisation by both parties to the EPA.*

** Andrea M. Ewart is a Washing-based trade attorney. Her law firm works with Caribbean companies to minimize costs and delays associated with importing into the USA. She lectures and writes on international and trade law issues.*

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Kingston Wharves feels the crunch

Kingston Wharves Ltd has unveiled a restructuring plan that will result in a number of employee redundancies. This decision was taken after careful analysis and was not taken lightly, says KWL. It will affect all levels of the organisation, including managerial and supervisory staff. Global and regional competition are said to have played their part in this development.

In particular, stiffer competition from several self-regulated ports in the region that began as greenfield operations, such as the Dominican Republic and Panama, were cited as significant factors that brought about the restructuring. Operating costs, given the harsh economic environment locally and overseas, have rapidly outpaced revenue growth. Other factors, including the US recession, natural disasters and the turmoil in the financial sector have exacerbated the problem. The refocused business strategy is expected to strengthen the company's competitiveness and productivity.

KWL is one of the Caribbean's leading multipurpose terminal operators, handling ro-ro and lo-lo vessels and containerised, bulk and break-bulk cargoes. It is also involved in transshipment of cars.

Cartagena invests in port development

When the Caribbean Shipping Association meets in Cartagena, Colombia, in May 2009 members and delegates will have an opportunity to see the recent developments as the port eagerly anticipates the opening of the expanded Panama Canal. Last year alone, Sociedad Portuaria Regional de Cartagena (SPRC) invested \$180 million on port improvements. Its three facilities, Manga, Contecar and Muelle del Bosque, have contributed to Cartagena's significant increase in container moves, expected to top 1 million in 2008. The first phase of the upgrading programme began early in

2008 with a 212 metre quay extension and the acquisition of three gantry cranes and 10 rubber tyred gantries. This is part of a USD\$400 million long-term investment to enable the terminal to handle new panamax vessels of 12,000 teu capacity by 2012 at a rate of 250 to 300 container moves per vessel per hour. Cartagena, which handles a high volume of domestic cargo, is looking to a significant growth in transshipment business. A high level of domestic trade makes it more convenient for shipping lines to transfer their containers in Cartagena rather than use other hubs where domestic cargo is lower.

Cuba deepening its ports

Cuba expects to complete deepening all its main seaports early this year. The dredging project, announced by the government in 2007, includes Havana, Santiago and Cienfuegos, which together handle 85 per cent of Cuba's domestic cargo. Dredging began in mid 2008 and was expected to be completed at the end of 2008 or early in 2009. Previously, Van Oord had a €2 million contract for maintenance dredging of the access channel and basin in the harbour at Moa. The project included the ports of Mariel, Nipe, Nuevitas and Carupano.

Freeport's expansion project on track for 2010

A \$250 million expansion project at Freeport, in The Bahamas is on track for completion this year. This will boost the port's annual capacity to 2.4 million teu. Freeport is looking to reap new business from the expansion of the Panama Canal. Its draught of 16.0 metres will enable the port to handle new business from the larger ships expected

to cross the isthmus. The expansion includes 16 quay-side super post-panamax cranes and one megaport straddle carrier equipped to handle radiation screening as well as two mobile harbour cranes, 10 automated rail gantry cranes, 94 straddle carriers and 1,536 metres of berth. There will be 63 hectares of container yards with 400 reefer points. Free-

Caucedo gets radioactivity detector

A new cargo security inspection system that can detect radioactive materials has been installed at Caucedo's multimodal facility. The Dominican Republic is keen to underline its role as a reliable trading partner and to demonstrate that imports and exports are subject to the kind of rigid security demanded by the current state of world shipping. Installation of the new inspection system was announced by the Dominican Customs Agency (DGA) in November.

port is looking to handle 1.7 million teu this year. However, with a rated capacity of only 1.5 million teu, Freeport has space problems, at least until the expansion is completed in 2010.



A new Port of Port of Spain to be built

The Port of Port of Spain is slated for major development and will be relocated to a new site, Trinidad's Minister of Works and Transport, Colm Imbert, told the CSA's 38th annual conference in Port of Spain in October. The new port will be built on a greenfield site east of Sea Lots and will take about 30 months to complete. This will allow for a major increase in capacity, enabling the port to capture new transshipment business. Port of Port of Spain handled about 360,000 teu in 2007 and was looking to handle 400,000 teu in 2008.

Jamaica's port development hit by recession

The worldwide financial crisis has affected Jamaica's plans for port development. Noel Hylton, chairman of the Port Authority of Jamaica, has told a parliamentary committee that plans to develop the Fort Augusta peninsula have been put back to 2011 because of the recession, according to Jamaica's two leading newspapers. The plans include an expansion of Kingston Container Ter-

minal including a freeport facility. This project would have supported plans to develop Port Royal as a major cruise ship destination. Mr Hylton said the recession could also affect plans for cruise port development at Falmouth. The port authority needs US\$122 million to develop the marine side of the pier, but some financial institutions have reportedly pulled back. Mr Hylton said that, at a meeting in

Maersk and CMA-CGM in vessel sharing agreement

The year ahead will see Maersk and CMA-CGM embark on a new venture. Late last year, following the success of a previous vessel sharing agreement, the Danish carrier Maersk Line announced a new vessel sharing agreement (VSA) with the French-based company CMA-CGM using both the Panama and Suez canals. This will commence in May 2009. The VSA covers the Far East to east coast USA and Far East to the Pacific Northwest. There will be two strings, one taking advantage of the scale benefits of a Suez Canal crossing,

the other using the Panama Canal. The first string will be a pendulum between the Far East, the Pacific Northwest and east coast USA. It will serve an eastbound port rotation of Shanghai, Hong Kong, Yantian, Singapore, Newark and Norfolk, with westbound calls at Singapore, Hong Kong, Yantian and Shanghai by way of the Suez Canal. The second segment of the pendulum service will see service to the Pacific Southwest discontinued. However, access to inland markets in North America through Seattle and Vancouver will continue.

Miami with international banks last year, they had indicated that they were ready to finance the project, but that Jamaica was not yet ready to proceed because negotiations with the cruise line Royal Caribbean were not yet completed.

"Unfortunately, when the negotiations were completed, it was in the middle of the meltdown

and so a number of those banks have indicated an unwillingness to look at those projects again," Mr Hylton reportedly told the parliamentary committee on 10 December. "However, we have about eight banks which have indicated a willingness to offer financing."

Mr Hylton said the port authority was still confident it would source the financing.

CSA CANDID MOMENTS 2008



THE YEAR AHEAD

Spotlight on key amendment to International Maritime Dangerous Goods Code

FOR CARGO OWNERS, the year opens with the international spotlight on rules about the shipment of hazardous materials.

On 1 January 2009 the world's maritime industry will have formally received Amendment 34 of the International Maritime Dangerous Goods Code (IMDG). This amendment becomes law on 1 January 2010.

Amendment 34 addresses and updates a range of issues related to the shipping of hazardous materials including chemicals, fuels and batteries. It incorporates changes to labelling standards and makes shoreside hazardous materials training a mandatory requirement.

The European Union (EU) began the year with its four-month-old 'compromise package' for a new regulation on classification, labelling and packaging of substances and mixtures.

Compromise

On 3 September a majority of the European Parliament supported the 'compromise package', which seeks to align existing EU legislation with the Globally Harmonised System (GHS) of classification and labelling of chemicals. GHS is a United

Nations system to identify hazardous chemicals and inform users about them by means of standard symbols and phrases on packaging labels, along with safety data sheets (SDS).

It is just over a year since the EU began to implement the new REACH regulation – on registration, evaluation, authorisation and restriction of chemicals – aimed at streamlining and improving the EU's legislative framework on chemicals. The 849-page document took about seven years to pass. REACH has been described by some as the most complex legislation in the EU's history. It is perhaps the most important legislation in 20 years. REACH is the strictest law to date regulating chemical substances and will impact industries throughout the world. Among its tasks is to protect human health and the environment more effectively from risks posed by chemicals. REACH makes industry responsible for assessing and managing the risks posed by chemicals and providing users with safety information.

The transport of hazardous material and the possibility of tragic and costly incidents are matters of vital

concern to the Caribbean shipping industry. The rash of international regulations over the past decade, as the remaining barriers to international trade crum-

with the regulations, he said.

To begin with, all players in the Caribbean shipping industry – the shipping agents and portside operations specialists in Group A,

The transport of hazardous material and the possibility of tragic and costly incidents are matters of vital concern to the Caribbean shipping industry

ble, speak to a worldwide concern about hazardous materials and the care and safety systems that must be used to ensure that human life is protected, ecosystems are preserved and the economies associated with the free flow of goods maintained.

Reminder

A timely reminder of the shipping industry's need to ensure safe and secure handling of hazardous cargo came in October from Cliff Bartley, hazardous materials manager at Horizon Lines, LLC. He said cargo must go through the entire transportation chain without incident and the industry must ensure it did not fall into the wrong hands. The industry had to act in accordance

the terminal operators and port authorities in Group B and the ship operators and carriers in Group C – must become very familiar with all the regulations including, and especially, new amendments now being introduced. In addition, they have a responsibility to assist and encourage their clients, the shippers, to know and implement these regulations down to the last letter.

Unfortunately, said Mr Bartley, too many waited until tragedy struck before they began the process of preventing it.

"It is said that the rules governing the transportation of hazardous materials were written in blood," Mr Bartley told the 38th annual conference of the CSA in Port of Spain. "Reforms are



considered and/or enacted each time a major catastrophe or near miss occurs.”

The International Maritime Organization (IMO) acknowledges that shipping is one of the most dangerous of international industries. Against this background, the IMO takes the position that the best way of improving safety at sea is by developing international regulations that are followed by all shipping nations.

“Clearly this works. It’s like ensuring that all motorists understand and follow the rules of the road. Without articulated regulations that are slavishly followed, shipping becomes even more dangerous,” he said.

How are hazmats regulated?

At any given time, a single hazardous cargo shipment is regulated by several governmental and non-governmental parties. Cargo must be able to pass the tests of a series of regulators and enforcers before it is finally and safely delivered to its consignee.

“You may have to comply with the international modal hazardous materials regulations, country or federal governmental regulations, state laws and sometime local regulations as well. Carriers will also have their own policies that must be followed.” In this regard, said Mr Bartley, the whole industry needed to be aware of, and familiar with, the United Nations’ Orange Book.

All hazmat regulations are based upon ‘Recommendations

on the Transport of Dangerous Goods – Model Regulations’, known as the Orange Book. It covers classification and definitions of all dangerous substances; packaging, labeling and relevant shipping documentation; and training of transport workers.

The Orange Book forms the basis for modal agency regulations including:

- International Maritime Dangerous Goods Code (IMDG)
- International Civil Aviation Organisation Technical Instructions (ICAO)
- State Regulations
- Transport Dangerous Goods (TDG) Clear Language – Canada
- DOT – PHMSA Hazmat Regulations – Title CFR49
- RID and ADR – EU ‘Agreement by Rail & Road’.

This literature, so essential for the shipping industry, can be acquired through the internet.

In Europe, REACH requires manufacturers and importers to:

- Register each chemical substance or article in excess of 1 tonne per year before they may market it in the EU. For existing substances there are delayed deadlines for registration provided the substance was pre-registered by 1 December 2008.

- Collaborate to collect data on the health and environmental effects of their products.

REACH provides for substances determined to be of “very high concern” to be restricted or eliminated.

Need to know

People moving hazardous cargo need to know what is being shipped. They can determine the exact nature of the cargo as provided by Material Safety Data Sheet (MSDS) information, but a MSDS sheet will not always indicate how the cargo is to

Cargo that potentially could cause injury or health issues or an incident that could threaten life and property should be packaged in such a way that the handling is as safe as possible

be classified for shipping.

Shippers need to know the requirements of a specific carrier and what international or local laws his cargo will encounter in shipping potentially hazardous materials. And carriers on both sides of the wharf need to know the required method of loading, blocking and bracing.

In booking cargo, the industry has to be conscious about hazardous materials. At all levels, on board ship and ashore, industry operatives need to ensure that associates are trained to handle hazardous materials. They need to keep a record

of training to make sure that all their people are up to speed.

Packaging

Cargo that potentially could cause injury or health issues or an incident that could threaten life and property should be packaged in such a way that the handling is as safe as possible. The packaging should securely contain the cargo to protect it and keep it from doing widespread damage in the event of a package breach. In booking cargo, the line’s representative cannot be unmindful of this. In

fact, where the size of the shipment and the nature of the contract produce an extended relationship between carrier, agent and shipper, it would be beneficial for both sides to discuss packaging for shipping hazardous materials. The discussion and actions they trigger may not take much time, but they could save lives, prevent injury or, at the least, save time and money.

Mr Bartley stressed the importance of proper and secure packaging and the critical role played by labels and placards in informing warehouse and terminal personnel, emergency respond-

ers and ship crew about what they are handling.

He said non-bulk packages should be clearly labelled and warning placards should be clearly visible. Containers should carry a warning placard, placed so it is not covered when the container is stacked or when it is being transported by rail.

Shipping of containers

Mr Bartley said those shipping a full container of mixed hazardous and non-hazardous cargo must address certain questions:

- Is the cargo securely blocked and braced? Is it loaded near the rear of the container with the labels facing towards the door if possible? Are placards properly placed?
- Does the shrink wrap or overpack obscure the marking and labelling on the package and, if so, is an overpack marking on the package?
- Is any of the packages bulk requiring the container to be marked with the UN identification number?
- Does the equipment have a current Convention for Safe Containers (CSC) inspection?
- Is the equipment clean and free of major damage?

He then 'walked' delegates through shipping paper entries and information

required, including: basic description sequence, marine pollutants, US poison inhalation hazard zone A, B, C or D designation, hazardous substances, temperature controlled hazardous cargo, technical names, US special permits or competent authority certificates, hazardous wastes, radioactive cargo requirements, flash points for Class 3 cargo and limited quantities.

Mr Bartley said the United States and Canada required that an emergency response telephone number be placed on the Dangerous Goods Declaration. It must be a telephone line manned 24 hours a day, seven days a week by a competent person who can aid in incident mitigation.

Who is responsible

If an incident occurred during the shipment of some hazardous cargo, there would be an investigation to establish cause to prevent a recurrence. Such an investigation could take on immense importance if such an incident involved fatalities or major property damage and the first order of business, one may assume, would be to find out who was responsible. Clearly the shipper would have a lot of explanation to give the authorities.

Mr Bartley presented text from two documents:

*** Shipper Certification:**
"I hereby declare that the contents of this consignment are fully and accurately



described above by [the proper shipping name] and are classified, packaged, marked and labelled/placarded, and are in all respects in proper condition for transport according to applicable international and national governmental regulations."


*** Container Packing Certificate:**
"It is declared that the packing of the container has been carried out in accordance with the applicable provisions [of 49 CFR], [of the IMDG Code], or [of 49 CFR and the IMDG Code]."

However, most other links in the transportation chain would have to give account. For example, Mr Bartley raised questions about moving cargo to or from the marine terminal:

- Is your driver qualified to transport hazardous cargo? Does he have the proper licence and endorsement?
- Is the driver trained to

understand hazardous materials requirements?

- What about the safety record of the driver and his company?
- Does the company have a security plan?
- Are they compliant with the current regulatory standards governing the shipment?

Clearly, the shipper has a primary responsibility for packaging, labelling and transporting the product. However, a large shipment of even some well-known domestic and commercial products could become hazardous, even lethal, in various circumstances along the way. Therefore, everyone in the transportation chain – which is most of those reading these words – has to know and understand and comply with the regulations, even the most recent, such as IMDG Amendment 34, presented for implementation in the year ahead. 



The competitive difference

DURING the last quarter of 2008 freight rates collapsed on the back of the world financial crisis. Easy access to bank financing vanished and shipping stocks slumped even faster than the average in plunging equity markets.

Despite the gathering of these dark clouds, the financial crises may present a silver lining for the world's perennially boom-to-bust shipping industry: it could help to reduce a looming oversupply of new ships.

Three years of record-high freight rates on the back of booming world trade, thanks in part to China's double-digit growth, has led to giddy over investment in new ships. Over the next four years, some 6,000 new vessels – equal to 60 per cent of the world's current oceangoing fleet of tankers, bulk carriers and

Over the next four years, some 6,000 new vessels are due to enter service

container ships – are due to enter service. But with the collapse in the financial market, it looks as if those ships now on order at shipyards around the world may never be financed, much less built. This may not be enough to save the industry from its own excesses in the short term, but it could provide the basis for a strong recovery in shipping sooner rather than later.

It will certainly slow down as is now the experience, but recovery will be next and is likely to be in line with the economic performance of the main drivers of the 21st century, China and India.

Change

In the Caribbean, globalisation has both fostered and brought to light a process of sectorial change in the composition of output in favour of the services sector and to the detriment of agriculture and manufacturing. This process accentuates the differences among Caribbean economies by creating a dual pattern of specialisation, so that countries are divided between service-based and goods-producing economies. Globalisation also highlights the dependence and vulnerability of these economies. While export growth has been subject to the vicissitudes of

the agricultural and manufacturing sectors, import growth, driven by consumer goods, has receded since the financial meltdown, although it is still ahead of exports by a ratio of 4:1. This trade imbalance has been one of the Caribbean's greatest structural challenges in providing attractive freight rates to the region as the import costs have to bear

the empty return to the Far East and the United States, the major import partners. This situation has created the need to attract foreign capital to further stimulate the growth and development of sectors that have been successful under globalisation. Trends in employment and migration have mimicked these changes in output and capital flows.

Another opportunity

The challenge for the Caribbean is declining volumes and low productivity while having to bear high labour costs. This presents another opportunity for the Caribbean to embrace the applications of information technology (IT) so as to link global supply chains and uplift the level and quality of human resource through training and empowerment.

The shift from an industrial society, where the primary source of wealth was machinery, to a knowledge-based society, where the primary source of wealth is human resources, needs to be noted. In essence, we have undergone a metamorphosis. In the closing years of the 20th century, management has come to accept that people, not cash, buildings, or equipment, are the critical differentiators of a business enterprise, especially shipping.

A 2006 IBM study on Global Human Capital indicated that "people are the competitive difference". The



By Fritz Pinnock

potential of people can be transformed. Organisations can respond successfully to the challenges of a volatile, ever-changing, global market, especially in this time of recession.

Human capital represents the single greatest potential asset or liability that an organisation will acquire as it goes about its business. Human capital is the only intangible asset that can be influenced, but never completely controlled; invested in wisely, or wasted thoughtlessly; and still have tremendous value.

Reality

The reality of the situation today is that 60 to 70 per cent of a company's expenditures on average are labour related. Data from the Brookings Institute will help to put the importance of the measurement and management of human capital/knowledge assets into perspective. In 1982 hard assets represented 62 per cent of a company's market value on average. By 1992 this figure had dropped to 38 per cent. More recent studies place the average

market value of hard assets in many companies as low as 30 per cent. In other words, up to 70 per cent of a company's expenses may be related to human capital.

For far too long, in time of adversity or downward cycles, the first cut is usually reflected in human resource, as it is still being treated as a cost item rather than as the greatest asset in the industry, even above the ships.

For far too long, in time of adversity or downward cycles, the first cut is usually reflected in human resource

The most adaptable companies to survive recessions and depressions are those who focus on and invest in their human capital and integrated IT system into the global supply chain as their competitive advantage. The traditional companies who still look to their physical tangible assets such as ships, port infrastructure, aircraft, etc without integrating their human capital and IT are among the first to join the list of delinquent companies or candidates for mergers and takeovers.


This heralds the call for the Caribbean shipping and logistics industry to focus on its long-term competitive advantage and building capacity, including investment in training and staff upgrades to meet the upswing in the global economy that will once again drive the wheels of this great industry, which is

a true mirror of the global economy.

Prior to the economic meltdown, the Caribbean shipping industry was grappling with the new supply chain concepts and its new role. To be successful in global logistics operations, it requires functional staff to rethink and reposition themselves as strategic teams. This can only be achieved through training and major

cultural changes within traditional companies within the industry.

Upgrading

The Caribbean is grappling with the upgrading of our labour force to function within a globalised economy. Owing to the lack of understanding and insufficient infrastructural support, especially the application of integrated computer technology, many companies increased staff complements with a corresponding increase in productivity. It is important for companies not to 'dump' staff, their most valuable assets, in times of great challenge. Because these are the times in which cutting-edge human skills are required to detect and capitalise on new and emerging opportunities during the transition stages created by global changes. 

Shipping and ports are not recession-proof

By Milton J. Samuda, LL.B.

What a difference a few months can make in the world's business climate – and how things are seen to be shaping up in the maritime sector of the Caribbean region

SHIPPING in the Caribbean came under the spotlight in the 2008 issue of the annual 'Review of Maritime Transport', published by the United Nations Conference on Trade and Development (Unctad).

I encourage readers to read carefully the chapter entitled 'Review of Regional Developments: Latin America and the Caribbean' Looking at the economic background of the region, the writer of this chapter notes that:

"According to Eclac [the UN's Economic Commission for Latin America and the Caribbean] the region's GDP grew by around 5.6 per cent in 2007, with a rise in per capita GDP of 3.8 per cent... This makes 2007 the fifth year running in which the region has marked a positive growth rate, reaching an average annual rate of increase of 4.9 per cent for 2003–2007, which is more

than double the 2.2 per cent recorded for 1980–2002."

The chapter recognises the positive impact of Asian demand for regional resources; compares import and export data; and assesses the reality and outlook for the region's ports. It concludes: "The outlook on the whole is positive, with some financial analysts reporting that the region has escaped much of the knock-on effects of the US sub-prime housing market."

Effects

Much has happened in the short time since that review was published. The effects of the US sub-prime housing market have now exploded into the full and robust global financial crisis that looms large in all of our economies and in our industry. As the crisis deepens further, as it will, our economies will not be immune and neither will our ports. Shipping and ports



are not recession-proof.

To be simplistic, the financial crisis has, as a main ingredient, a shortage of credit; which perforce causes a slowdown in the trade of goods and services; which translates into a decline in demand for sea-borne transportation; which includes, of course, a decline in the demand for shipping and port usage. Since the global financial crisis began, there has been a dramatic decline in economic activity worldwide and forecasts for growth across the world's

in mature financial markets since the 1930s. Global growth is projected to slow substantially in 2008 and a modest recovery would only begin later in 2009."

Impact

This slowdown in global growth will have a negative impact on the shipping industry and will continue to affect us as the crisis deepens. The demand for seaborne trade is in direct proportion to global growth and resultant consumer demand. Therefore, the pre-

"in 2007, 63.2 per cent of goods loaded in the world originated in developing regions, while 46.2 per cent of world's shipments were unloaded at ports in developing countries", the implications of a contraction in shipping demand for developing countries is obvious.

In planning for those challenging times, the industry must also plan for the inevitable recovery. To be sure, no-one can predict exactly when that will be. The rapid changes in economic condi-

longer hold. Also, some of the plotted trends in the review have been undone. Consider further that, at any give moment, one of the key pieces of good news, the decline in oil prices, could change with an outbreak of new – or old – hostilities in any one of several sensitive regions.

Dynamic

We are dealing with an extremely dynamic situation. Yet despite all that, the recovery is inevitable and those who will do best are those who are able to simultaneously plan for the worst and ride out the storm while laying new foundations for success in the world that will emerge.

We will need all our skill and bold determination – and a little luck. ☐

Milton Samuda is the Marine Partner in the Jamaican law firm Samuda & Johnson

This slowdown in global growth will have a negative impact on the shipping industry and will continue to affect us as the crisis deepens

economies have been uniformly adjusted downward. To quote the IMF World Economic Outlook, released on 8 October:

"The world economy is entering a major downturn in the face of the most dangerous financial shock

dicted fall-off in both, which has already started, requires that the shipping industry, like so many others, should urgently examine its new reality and plan for the challenging times ahead.

When one considers that the review asserts that

tions make it even harder to predict how long, deep and extensive the crisis will be. Consider, for example, that the very assumptions underlying the IMF World Economic Outlook have already changed and some of the consequent predictions no



the official journal of the Caribbean Shipping Association.

Don't miss the boat...

The next issue of **CARIBBEAN MARITIME** in May 2009, will focus on **PORTS AND TERMINALS**. Articles will look at the wharf companies; terminals and support services in Caribbean shipping as well as the work of the Caribbean Shipping Association in assisting development.

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