Strategies to improve maritime transportation services in the Pacific, focusing on the shipping commission model

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Governance Regulation

- **Situation**
  - Regulations concerning shipping are developed at the global level. The IMO and ILO govern shipping is subject to uniform regulations for construction standards, navigational rules and standards of crew competence.

- **Benefits**
  - Without regulation conflicting national regulations would result in commercial distortion and administrative confusion which would compromise the efficiency of world trade

- **Issues**
  - The existence of natural monopolies
  - The limitations of competition for the market
  - The existence of asymmetric information between transport operators and regulators
  - The need for private investment in ship fleets and port terminal facilities
  - The need to assign risks between operators and government
Competition Regulation

• Situation
  • Australia - Part X of the Competition and Consumer Act 2010 is legislation that allows shipping lines to make agreements on international vessel sharing and scheduling – arrangements that might otherwise breach competition laws
  • European Union - Shipping Consortia Block Exemption Regulation (CBER), expired April 2024, set automatic exemptions for agreements between liner shipping companies
  • USA – Federal Maritime Commission regulates international seaborne transport & ports. Carriers must file a tariff and the FMC has powers to impose penalties and suspend continued voyage access

• Independent view
  • UNCTAD September 2013, policy recommendation “international development partners should provide capacity building and strengthen the capacity of national competition authorities in the area of marine transport and provide platforms for international cooperation and co-ordination”.

Photo: Adrian Sammons
Pilotage Noro Port, Solomon Islands Dec 2022
Connectivity

• **Situation**
  • Competitive transport corridors rely on the unimpeded flow of freight within the supply chain

• **Challenges**
  • Aging infrastructure limits capacity and reliability
  • Competition may be reduced by consortia
  • Capacity within the transport system maybe misaligned, below peak demand levels, or incorrectly measured

• **Solutions / Opportunities**
  • Transparency of the existing capacity baselines and the bottle necks through the entire system
  • Agreed methods to monitor and evaluate both demand and capacity x routes
  • Regional cooperation to agree capacity targets and traffic measurements
  • Research and analysis of regional and geopolitical conditions affecting trade and transport

Photo: Adrian Sammons
Rabaul anchorage ENB PNG July 2024
Pacific Shipping

• **Situation**
  • Given high fixed costs in many transport modes, efficient pricing may involve extensive differentiation of prices to make the most effective use of capacity

• **Challenges**
  • Monopolistic control over trade routes leads to inflated freight pricing, dictated schedule integrity and reduced quality of supply chain outcomes
  • Climate change and rate of decarbonization

• **Solutions**
  • Development of inter-government agencies for cooperation, and coordination of regulations
  • Regional Cooperation to achieve an attractive shipping environment to service providers-
  • A united front for negotiation of favourable shipping services - Joint regulation enforcement policies
  • Include decarbonization targets on shipping

Photo: Adrian Sammons
Pilotage Apia Samoa Feb 2016
Shipping Commissions

• **Situation**
  - Est. 2009 – Micronesian Shipping Commission
  - Est. 2014 – Central Pacific Shipping Commission

• **Challenges**
  - Allocation of secretarial duties – shared duties
  - Funding of secretariat – License Fees and data
  - Member states alignment of objectives
  - Authority to regulate prices (WSC)

• **Solutions / Opportunities**
  - Consensus dialogue amongst member states
  - Sharing of secretariat duties and roles
  - Prompt data collection of shipping performance, ocean freight tariffs and emissions + other items
  - Formal performance reviews with shipping lines
  - Enhanced monitoring and evaluation programs
    - Ship operational performance - dwell times, port working rates, port / berth congestion and ship emissions
    - Pricing – ocean freight, surcharges, and landed cost of key imported / exported commodities

Photo: Adrian Sammons
Funafuti port, Tuvalu June 2024
# Government and Regulators

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Photo: Adrian Sammons
Vuna Wharf, Nuku'alofa port, Kingdom of Tonga Nov 2019