



SOUTH AFRICAN
MARITIME SAFETY
AUTHORITY

State of South Africa's Maritime Industry Transport Portfolio Committee

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SAFE SHIPS • CLEAN SEAS



An Overview of the SA Maritime Industry



- ❑ 3,000 km coastline in 3 oceans on a major strategic shipping route
- ❑ 8 established commercial ports
- ❑ Trade is over 50% of GDP (98% of SA trade volume/ 80% trade value is by sea)
- ❑ 3.5% World sea trade by volume, and in the top 15 countries on sea trade by distance (tonne-mile)
- ❑ Continental shelf claim increases sea land to 2.8 times land mass
- ❑ Extensive off shore interests (islands, Antarctic, marine and offshore oil and gas resources)
- ❑ South Africa leads in Africa's intra-regional and international trade
- ❑ All key partners such as in BRICS are regional maritime powers with vast maritime interests and capabilities in sea trade, commerce and naval influence



Top 10 Exporters to Africa and the rest of the World



- Exports to Africa are dominated by coastal economies (**8 out of 10**) representing all regions
- **7 of the top 10 exporters** to the rest of the world are oil producers; 4 countries accounting for 50%

EXPORTS TO AFRICA		EXPORTS TO THE REST OF THE WORLD	
Country	Share of total intra regional exports	Country	Share of total exports to the rest of the world
SOUTH AFRICA	24.29	ALGERIA	17.36
NIGERIA	12.37	SOUTH AFRICA	15.98
COTE d'IVOIRE	7.40	NIGERIA	14.78
KENYA	5.36	ANGOLA	8.80
SWAZILAND	5.34	LIBYAN ARAB JAMAHIRIYA	8.75
NAMIBIA	3.47	MOROCCO	4.30
GHANA	3.42	EGYPT	4.07
ALGERIA	3.36	TUNISIA	3.87
TUNISIA	3.18	CONGO	2.36
ZIMBABWE	3.04	COTE d'IVOIRE	2.09
SOURCE: UNCTAD, 2008c		# COUNTRIES IN RED ARE COASTAL	

Top 10 Importers to Africa and the rest of the world

- **5 of the top 10 importers**

from Africa are landlocked

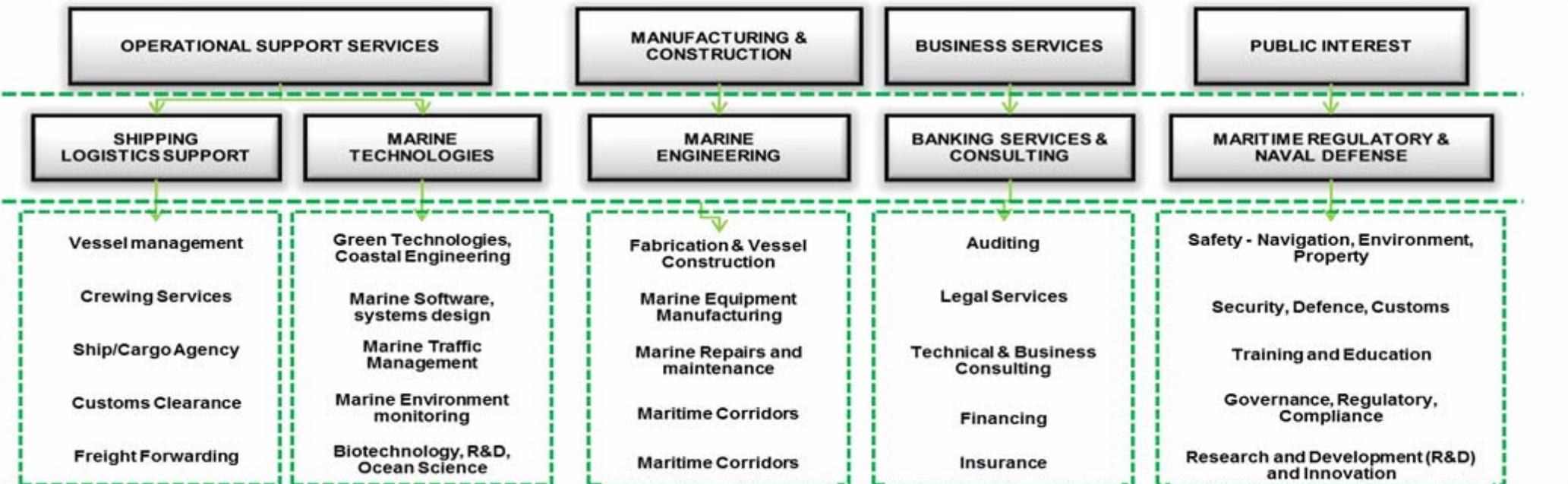
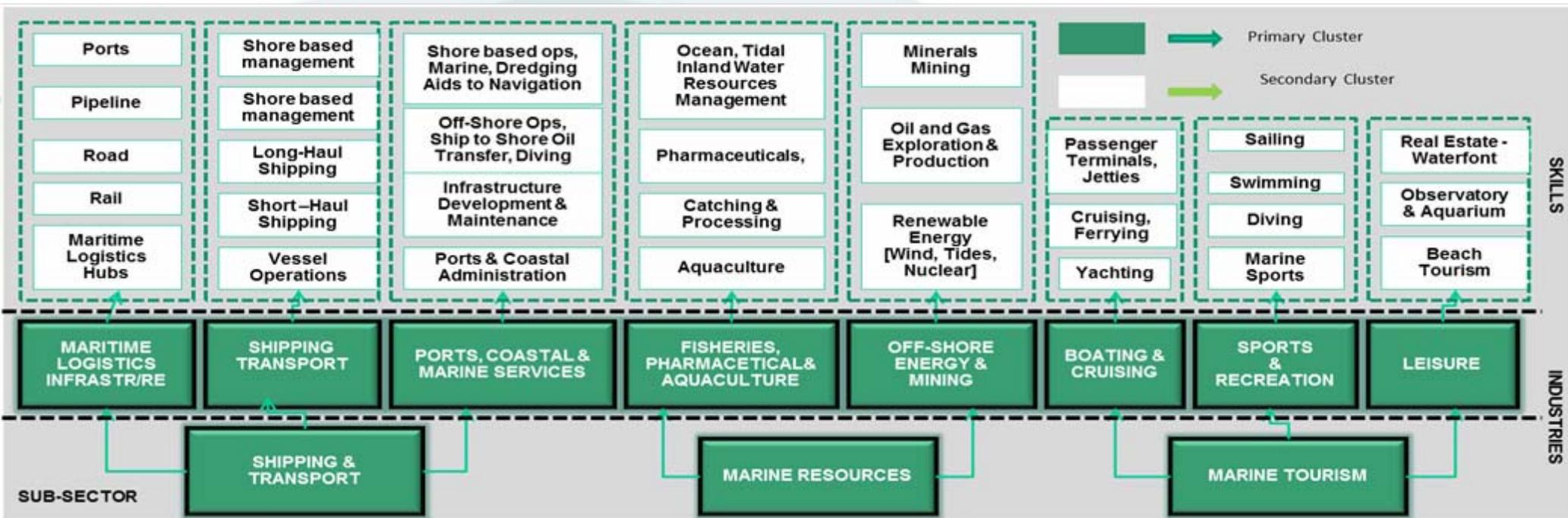
- South Africa, Nigeria, Algeria, Libya, Morocco, Egypt, Tunisia dominate trade with rest of the world

IMPORTS FROM AFRICA		IMPORTS FROM THE REST OF THE WORLD	
Country	Share of total intra regional imports	Country	Share of total Africa imports from the rest of the world
SOUTH AFRICA	9.80	SOUTH AFRICA	25.40
BOTSWANA	8.23	MOROCCO	9.22
NAMIBIA	6.59	ALGERIA	9.18
COTE d'IVOIRE	4.91	EGYPT	8.00
SWAZILAND	4.70	NIGERIA	7.73
ZAMBIA	4.58	TUNISIA	6.00
ZIMBABWE	4.53	LIBYA	3.49
LESOTHO	3.45	SUDAN	2.92
NIGERIA	3.45	LIBERIA	2.78
D R CONGO	3.24	GHANA	2.42

SOURCE: UNCTAD, 2008c

COUNTRIES IN RED APPEAR ARE COASTAL

The South African Maritime Industry



Key Focus Areas

Shipping



Ports & Logistics



Vessel Construction & Repairs



Marine Leisure & Tourism



Offshore Energy & Minerals



Fishing & Aquaculture



Boat Building & Repairs



National Shipping Line



Key Focus Areas Continued ...

Maritime Skills Development



Infrastructure Development



Ship Registry



Maritime Business Support Services



Strategic Challenges Facing the South African Maritime Industry

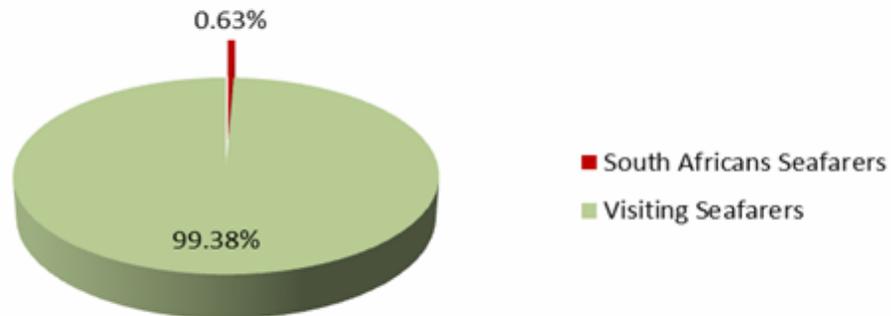
Who benefits from moving our cargo?



- Approximately 95% of South Africa's total imports and exports trade by volume and 80% by value, is carried by foreign ships **employing 240,000 foreign seafarers.**
- South Africa has **no ships on its Register** and pays over R36bn (2007) maritime transport services to foreign owners and operators
- **South Africa = 0 Ships vs. Global = > 50,000 merchant vessels**
- Over 80% of world trade is seaborne, handled by a fleet of over 50,000 merchant vessels;

Securing South African Maritime Jobs

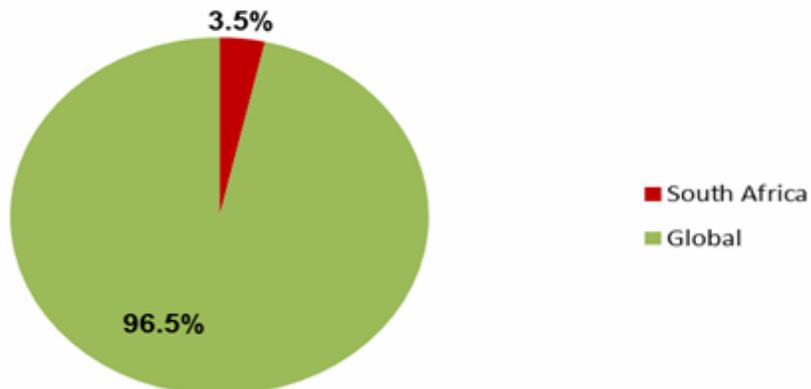
% of South Africans handling our Imports and Exports



South African port mariners = about 1,500

• On board the 12,000 merchant ships visiting the South African ports annually, they carry about 240,000 seafarers who transport and handle our imports and exports (98% of total trade);

South Africa's Proportion of Global Cargo



South African transport & handling of cargo= 0

• South Africa's seaborne cargo constitutes a significant 3,5% of the global sea trade.



Merchant Ship Register Comparator

Brazil	Russia
172 vessels	1891 vessels
India	China
534 Vessels	2044 vessels
South Africa	
0 Vessels	

A National Shipping Line ???



- ❑ India our BRICS partner, through its State owned National Carrier, SCI, has gone on a shopping spree for ships [a block purchase of 29 bulk and tanker carriers] to secure its interests to no small measure in the growing shipping trade within the block.
- ❑ China has already become one of the world's top ship owning and operating nations,
- ❑ Nigeria not only has an indigenous shipping company and exercises cabotage in its waters, it is also out shopping for ships (\$106.5m allocated to support its coastal transportation and has raised \$1.8bn to acquire a tanker fleet of 29).
- ❑ Australia, Brazil, Russia are all ahead of us, we need a radical solution to this situation.

A South African Shipping Paradigm Shift



- ❑ The establishment of a National Carrier or multiple carriers on the country's key trades is a feasible strategic pursuit. It would add to the NGP aspiration of beneficiating [value-adding] our bulk raw material exports.
- ❑ Transport is after all a significant industrial production input element. Currently due to the misguided policy of exporting FOB, we are losing on the affreightment benefits running into billions of rands on both imports and exports, not mentioning loss of revenues, direct and indirect job opportunities and business opportunities.

Strategic Actions

- To this extent, it is important to consider spearheading the establishment of both the domestic and African Regional **Coastal Shipping** trade regime; the African Maritime Charter has already created a policy framework for it. The consideration of bringing in a Cabotage policy together with the coastal shipping system is still recommended as a policy choice.
- The 200MT of cargo constituting our seaborne trade, expected to rise in the bulk commodity and some value added trades creates economies of scale to support our re-entry into **blue-sea merchant shipping** transport.
- If the bulk trades were to implement the government policy on the Maritime BEE Charter and move 25% of the trade [50MT] on national carriers, the iron ore and coal bulk trades alone would support a fleet of vessels ;
- the implementation of the UN Commission on Trade and Development through its WTO accepted 40-40-20 rule which allows for cargo reservation of 40% exports, 40% imports to be reserved for national carriers [adding up to 80MT in our case], would support a national fleet of vessels.

Fishing

- ❑ Fishing Vessels make up the largest portion of the South African Ships registry.
- ❑ It currently employs over 20 000 people from very poor communities along our coastlines
- ❑ Generates over R40 billion rand per annum
- ❑ There is an aging fleet of 1750 fishing vessels
- ❑ 900 of these fishing vessels are out dated, old, unsafe and require recapitalisation.
- ❑ An unacceptable level of fatalities
- ❑ Social impact of fishers on their communities include the burdens of high alcoholism and other substance abuse.

Transport and Logistics

- ❑ Improve investments in the South African Ship Registry, particularly:
 - ❑ To develop a Coastal and All-Africa Regional Shipping trade
 - ❑ To develop a blue-sea carrier capability in key trades
- ❑ Maritime Corridors [Hinterland Connectivity]
 - ❑ Develop and integrate logistics hubs along the landside maritime corridors
 - ❑ The coal export corridor carries 62 to 68 Million Tonnes instead of 98 to 110 Million Tonnes
 - ❑ The Iron Ore corridor is only carrying 33 Million Tonnes instead of 48 Million Tonnes.
- ❑ Investment opportunities are available in Ancillary Services, particularly:
 - ❑ The development and positioning of South Africa as a major Bunker Supplier
 - ❑ The development and positioning of South Africa as a major ship repair center

Maritime Infrastructure

- ❑ A dedicated focus on the development of commercial ports and their related infrastructure (e.g. Cargo and passenger terminals, Dry Docks) marine and cargo handling operations and equipment maintenance, Inland ports development and performance,
- ❑ Maritime railway corridor linkages/connectivity are critical to the performance of the South African Port System.
- ❑ Long term neglect has robbed South Africa of macro maritime supply chain efficiencies that enable global competitiveness.
- ❑ This has, for example, led to a lagging and poorly serviced Oil and Gas sub sector, a none existent cruise tourism subsector, etc.

Marine Manufacturing



- ❑ Vessel construction, repairs and component manufacturing
 - ❑ leisure boats
 - ❑ Coastal, harbour and patrol
 - ❑ fishing vessels
- ❑ Ship, boat building and repairs as well as component manufacturing have the capacity to create long term sustainable jobs ranging from unskilled, through semi-skilled up to complex and sophisticated jobs.

Maritime Business Support Services



- ❑ South Africa has pockets of excellence in providing world class maritime services such as consulting, legal services, surveys and bunkering;
- ❑ However, South Africa needs to more effectively leverage this history to position South Africa as the International Maritime and Shipping Services Centre wherein others from around the globe and the broader African continent can procure such services.
- ❑ This segment of the business can create many jobs, attract enterprise development opportunities and attract foreign direct investment



Marine Leisure and Tourism



- ❑ South Africa's marine tourism remains unexploited with potential for investments in:
 - ❑ Cruise tourism
 - ❑ Coastal and Inland waterways tourism
 - ❑ Marinas and marine real estate development
 - ❑ Leisure, water based sports and recreation

Maritime Research Development & Innovation



- ❑ The current and future energy and food security in the age of Climate Change debates present an opportunity for investments in:
 - ❑ Renewable energy sources such as wind and tidal
 - ❑ Aquaculture
- ❑ South Africa's vast Continental Shelf and offshore land areas offers investment opportunities for:
 - ❑ Deep sea mining
 - ❑ Pharmaceuticals
- ❑ The maritime sector is a high technology sector which is changing rapidly. It requires investment in research and development, as well as continuous process and technology innovation



Maritime Governance and Enforcement



*“South African has a long coastline of about 3,000km, an extensive Economic Exclusive Zones, most commercial ports and harbours, and is the only capacitated Maritime Administration (a Regional Maritime power) with many international obligation towards marine environmental, shipping safety and security. Yet **the country has limited response capabilities and facilities.**”*



Thank You