



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF TRADE AND INDUSTRY

46th Annual General Meeting, Conference and Exhibition

CARIBBEAN SHIPPING ASSOCIATION

FEATURE ADDRESS

**SENATOR THE HONOURABLE PAULA GOPEE-SCOON
MINISTER OF TRADE AND INDUSTRY**

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HYATT REGENCY HOTEL, TRINIDAD

Good morning and a warm welcome to each of you. I would like to recognise particularly the regional and international delegates present here today. I trust that you will have an opportunity to experience some of the delights of our twin-island nation before you leave our shores.

It is opportune that the Caribbean Shipping Association is convening the 46th Annual General Meeting, Conference and Exhibition in Trinidad and Tobago this week. It comes on the heels of the Budget Presentation in the House of Representatives for fiscal 2017. These are exciting times as there is a move to prioritise several sectors for diversification, one being the Maritime Industry - part of the thrust to expand this country's exports and to transform the economy.

The strategic advantages that make this country ideal for maritime activities are many, not least of which is our geographic location below the hurricane belt; we are situated between key trade routes connecting the North and South American continents; and we possess a highly skilled work force. The recent devastation caused by Hurricane Matthew and the subsequent onslaught of Hurricane Nicole remind us how fortunate we have been to be spared such cataclysms.

From a global perspective, the shipping industry is quite extraordinary. It provides a significant level of employment, generates foreign exchange and contributes to the gross domestic product of almost every country. Globalisation, in essence, is built upon a foundation of maritime services. The industry connects countries, markets and businesses and facilitates the efficient movement of goods on an ever-increasing scale.

For us in the Caribbean, sea connectivity remains crucial for our multiple island states whose economic development pivots on the efficient, reliable sea lines to facilitate the movement of goods, people and services. Indeed, this was the thinking that led to the establishment of a West Indies Shipping Corporation by Caribbean Governments in 1975, replacing the previous incarnation established by the West Indies Shipping Corporation Act 1961 of the short-lived West Indies Federation.

The regional maritime environment has evolved considerably since then with the inauguration of the Expansion of the Panama Canal earlier this year which I was privileged to attend. With this milestone development in Central America, many countries have invested substantially in major maritime infrastructural upgrades including Colombia, Cuba, the Dominican Republic, Jamaica and Venezuela. It is disappointing that, here at home, previous governments did not find it prudent to prioritize our own port development. I am pleased for those countries that had the foresight to do so.

The Caribbean has approximately 650 vessels in operation with a total fleet capacity of over 2,100,000 TEUs (Twenty-foot Equivalent Units). It is expected that the upgraded facilities will significantly increase this region's capacity to handle larger ships and an increased volume of container trade. We note that the major East and Gulf Coast ports of the United States are currently designed to handle smaller ships. The shift towards larger vessels therefore provides opportunities for the provision of transshipment services through the Caribbean region.

In this regard, the Caribbean shipping industry is part of a wider network of shipping services that connects traders from Europe and Asia to those on the east coasts of North and South America. Let's say then that the region, at this time, is well-poised for the most part.

From an intra-regional perspective, there is significant potential to enhance commercial links. Intra-regional trade has often been stymied by the high costs of moving goods due to poor connectivity and internal inefficiencies. Transport costs within the Caribbean are almost twice the global average. I urge all stakeholders to aim to reduce the cost of shipping within the Caribbean region. This will ultimately lead to a reduction in the cost of these goods in our markets and therefore result in a growth in intra-regional trade.

The global maritime industry currently faces multiple challenges such as excess capacity, the emergence of super-alliances, the imposition of regulations for container weights and verification, security issues and a slowdown in the Chinese market. No industry is immune from boom and bust cycles, therefore, it is expected that maritime industry players will reorganise, re-strategize and stand ready to capitalise on opportunities as they emerge.

As I alluded to earlier, the Official Policy Framework of the Government of Trinidad and Tobago has identified Maritime Services as one of the industries for further development. In this regard, the Ministry of Trade and Industry is working closely with the private sector to turn the existing challenges into positive outcomes and to find new ways of doing things which, we are confident, will be mutually beneficial.

By way of example, it is estimated that the commercial ship repair and dry docking sub-sector currently generates an average of TT\$200 million in revenue annually and directly employs over 300 persons. The local industry has the capacity to complete approximately 200 repairs annually, but over 600 enquires are received. There is excess demand for repair and dry docking services and the potential to increase revenue in the local industry by at least TT\$400 million annually. However, the capacity in the industry will first have to be increased by upgrading existing facilities and developing new and modernized ones. Ladies and gentlemen, this is just one of many substantially untapped areas open for development.

Intent on growing the sector, a number of stakeholder consultations and a review of multiple studies were undertaken. It gives me great pleasure to report that the Government of Trinidad and Tobago agreed to a Framework for the Development of the Maritime Sector as well as to the establishment of a Standing Committee to direct its implementation.

The Framework is based on opportunities that were identified and which include the areas of Ship Repair and Dry Docking, Bunkering, Cold Stacking, Transshipment, Yachting and Marina Development. The opportunities are attractive and we, as a Government, invite the private sector to participate in the full commercialisation of the industry.

You will acknowledge that the protracted slump in the energy sector has reduced the demand for drill ships and many oil companies are looking for safe harbours to cold stack their vessels. In Malaysia, one private company has seen a thirty percent (30%) increase in demand for cold stacking services since December 2015. Here in Trinidad and Tobago, a study conducted by the Maritime Services Division concluded that cold stacking would bring considerable returns.

A similar outlook pertains to transshipment. Recently there has been an upsurge of interest by both local and foreign entities. Note that this requires no infrastructure and is an attractive generator of employment and revenue.

Marine fuel bunkering is also an area in which we have taken notice as well and you will note the substantial investments by large corporations in this sub-sector. Earlier this year British Petroleum and China's Sinopec Fuel entered into a joint venture to provide bunkering services in a number of global locations throughout Europe, the Middle East and Asia.

In Trinidad and Tobago, there is the potential to expand existing bunkering services, since it is estimated that only 16 percent of the vessels visiting our ports use local bunkering services. This country is strategically located to supply bunker fuel produced by the state-owned Petrotrin and other sources to oil tankers, gas carriers, bulk carriers and LNG vessels that traverse close to Trinidad and Tobago.

Also within the proposed Framework, the Government intends to expand port operations and we hope to facilitate completely new maritime investment projects.

Over the last five years Trinidad and Tobago has captured over 200,000 TEUs of transshipment business. In the context of the regional shipping industry, we know that this is a relatively small number and envisage future growth. We recognise that in order to enhance Trinidad and Tobago's position as a regional hub, our ports must have the capability to handle larger vessels in the future especially in the post-Panamax categories. Therefore, expansion of the port and the modernization of the equipment in order to improve cost effectiveness, efficiency and productivity are of paramount importance.

The Standing Committee will streamline the initiatives undertaken by the Government Ministries and Agencies involved in implementation of the Maritime Framework. We believe that this mechanism will significantly propel and advance the work that is necessary given that its membership comprises Ministers, Directors and Heads of all the relevant public and private sector organisations that have a role to play in the maritime sector including the Maritime Services Division, the Customs and Excise Division and the Port Authority of Trinidad and Tobago.

The Standing Committee is guided by a number of key functions, including facilitating the sourcing of financing for the industry, fast tracking regulatory approvals and promoting capacity building, training and apprenticeship arrangements. The Government is keen on ensuring an inclusive, multi-pronged approach as we advance development in this area.

Capacity building is vital to enhancing the industry and we are pleased with the work that is being done at the Centre for Maritime Studies at the University of Trinidad and Tobago (UTT). The Centre for Maritime Studies, based in Chaguaramas, provides an integrated learning opportunity by merging theoretical training with practical experience and we look forward to increasing the cadre of skilled persons through this institution, or another. UTT is accredited by the Maritime and Coastguard Agency (MCA) of the United Kingdom for a number of maritime programmes and it is also an approved training centre for the Royal Yachting Association.

The Government intends to supplement this advanced level of training with a maritime apprenticeship programme that will be geared towards providing vocational skilled labour to the industry. I urge young people in the Carenage and Chaguaramas districts, in particular, to look out for this opportunity.

In addition to the human resource development planned, it is important to ensure that an enabling environment is created to facilitate competitive business. The regulatory framework for the maritime industry, established by the International Maritime Organisation, is constantly changing for a variety of reasons, some of which include technological advancements, security threats and lately climate change phenomena.

Government is in the process of amending and updating the Shipping Act and other associated pieces of legislation. In the interim, Trinidad and Tobago has ratified a number of IMO Conventions including the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL) and the Cartagena Convention, among others. Through the Standing Committee, we will continue to work on creating and maintaining an efficient environment for the maritime industry.

According to the World Shipping Council, ocean shipping is the most carbon-efficient mode of transportation and produces fewer grams of exhaust gas emissions for each ton of cargo transported than air, rail, or road transport. Still, the industry continues to work on improving its overall environmental impact.

Earlier this year, the Arthur Lok Jack Graduate School of Business signed a Memorandum of Understanding with the Trinidad and Tobago Shipbuilding and Repair Maritime Cluster to undertake projects centred on improving energy efficiency and reducing carbon dioxide emissions in the maritime sector.

Such actions underscore commitment to the United Nations 2030 agenda and the Sustainable Development Goals, particularly SDG 13 which focuses on Climate Change and SDG 14 on the use of oceans, seas and marine resources. I noticed that at least one of the presentations during this conference will focus on the effects of climate change on Port Infrastructure. I look forward to seeing what initiatives will come out of the Caribbean Shipping body in response to the challenges of sustainable development in this modern era.

Finally, I would like to share this popular quote from William Arthur Ward: “The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.” This windy and turbulent global environment is something that we cannot change. So I want to encourage you to adopt the attitude of the realist and adjust your sails as you navigate your respective organisations into the future.

For the visitors, I do hope that you enjoy your stay in Trinidad and Tobago and that you are delighted by all that we have to offer. More importantly, to all of the participants, I wish you a successful annual general meeting and a fruitful conference and exhibition.

Thank you.