CONFERENCE REPORT OF THE INAUGURAL SESSION OF THE HEADS OF AFRICAN MARITIME ADMINISTRATIONS AND SHIP REGISTRARS' CONFERENCE HELD AT SAROVA WHITE SANDS BEACH HOTEL FROM 3-5 OCTOBER 2012

This is a summarised report of the proceedings of the Inaugural Session of the Heads of Maritime Administrations and Ship Registrars forum held at the Sarova White Sands Hotel in Mombasa, Kenya, from   3-5 October 2012.

DAY 1

The Conference commenced with a meeting of the African Ship Registries.

Mr Sam Nkosi of the South African Maritime Safety Authority welcomed delegates to the 1st African Ship Registrars Forum.

Presentation by Mr M T Addico from African Maritime Policy Advisory Centre (AMPAC)

Mr M T Addico from African Maritime Policy Advisory Centre (AMPAC) gave a presentation on the state of African Ship Registries and Direction of Policy. Mr Addico noted that every ship is required to be registered in a country – the Flag State, giving the ship the right to fly its ensign. He further noted that the country can elect on the use of an Open Registry or Closed Registry. With regards to the Open Registry the major critique is the lack of a genuine link. Out of the 32 Open Registries worldwide, 3 are in Africa. These are Liberia, Equatorial Guinea, Sao Tome & Precipe. The rest of the African Countries are Closed Registry. However, many of the African Countries like Ghana are changing or considering changing their laws to improve their registries. This is done in order to adopt some benefits of the Open Registry. Mr Addico recommended that the AU can set up an International Ship Registry Centre to collaborate with African Countries desirous of improving on their Registries.

Ms Funmi Folorunso, Maritime Consultant and Head of Association of African Ship Owners Association (ASOS)

Ms Funmi Folorunso, Maritime Consultant and Head of Association of African Ship Owners Association (ASOS) gave a presentation the role of African Ship Registries in Fleet Development. Ms Funmi noted that the vessel and its owner are key factors in the fleet Development Agenda of the African Maritime Charter. She likened the ship to a bride that needs to wooed and as such issues such as costs, national labour protection, economic matters, incentives, taxation, sources of vessel finance etc needs to be taken care of. She noted that registration services must be available 24 hours in order to offer efficient pre-registration, registration and post registration services. The Ship Registration must have defined objectives, mission, vision, structure, function, duties and resources in order to be well equipped to provide the required services. The four main stakeholders of the Registrar are:

- Those nationals who own vessels and flag the national flag;
- Those nationals who own vessels and flag other flags;
- Those nationals who owned vessels (whether the flag national or foreign flags; and
- Those nationals who want to acquire vessels.

It is the responsibility of the Registrar to identify what each stakeholder require from the Flag State. She further noted that the Ship Registration's communication must spread to the banks and financial institutions. She concluded her presentation by stating that it is the combination of the quality of the flag and the level of service that is a true measure of the competitiveness of a flag.

Presentation by Africa Ship Registrars

Presentation by Mr Samuel Nkosi from the South African Maritime Safety Authority (SAMSA)

Mr Samuel Nkosi from the South African Maritime Safety Authority (SAMSA) noted that the South African Shipping industry is one of the oldest on the continent having

been established in the 1840s. He advised that in order to develop and revamp the Registry, the following concrete steps were taken. They are

- Maritime Skills Study undertaken in 2011;
- Maritime awareness drive for both government department including the Presidency and the general populace;
- Maritime training in schools and institutions of higher learning and the acquisition of a Training Vessel;
- Attending to regulatory framework some of which are inhibitors to attractiveness of a Register and introducing new ones enhancing attractiveness;
- Continuous engagement with various maritime Industry stakeholders relating to the all maritime industry development – hence SAMSA held the South African Maritime Industry Conference (SAMIC) 2012 and committees formed thereafter; and
- Promotion of the fishing industry – hence Fishing Industry Conference in 2011 leading to properly organised sector.

Presentation by Ms Stella Kobbah from the Ghana Maritime Authority

Ms Stella Kobbah advised that Ghana operates a Close Ship Registration System. The Registry is open to Citizens of Ghana, Companies registered under the Companies Code, and Partnership registered under Incorporated Partnership Act.

However, the Ghanaian ship ownership is mainly through joint venture with either a foreign individual or a company in registered joint venture relationship with a Ghanaian national or company. There are 250 vessels on the Register, made up of, Fishing Vessels – 214, Cargo/Reefer vessels – 15, Tug/Supply Vessels – 18 and Tanker - 3 with an average age of 32 years old.

Ghana has two main ports at Tema and Takoradi. In order to make GHANA a flag of choice certain initiatives are being considered such as the review of ship registration laws, review registration procedures (documentation/processes) and undertake online registration.

Presentation by Captain King K. N. Chiragi Surface and Marine Transport Regulatory Authority (SUMATRA)

Captain King K. N. Chiragi, Director of Maritime Safety and Security and Registrar of Ships of Tanzania advised that the maritime administration mandate in Tanzania is vested in Surface and Marine Transport Regulatory Authority (SUMATRA).

Maritime activities in Tanzania relates to to Cargo ships, Passenger ships, Fishing and Oil and gas exploration.

He advised that the Merchant Shipping Act, 2003 Applies to Tanzania Mainland. It Sets ship registration and safety conditions such as

- ships of more the 15 years old not to be registered;
- registered ships to have Tanzanian connection;
- Ships to have insurance for third party liabilities;
- Foreign flag ships restricted from engaging in the local trade; and
- Registration for vessels under construction allowed.

However, the Maritime Transport Act, 2006 applies to Tanzania Zanzibar. This differs from the Merchant Shipping Act of 2006 in that there is No age restriction for ships and Tanzanian connection is not required.

Presentation by Mr Wilfred Kagimbi from the Kenya Maritime Authority

Mr Kagimbi advised that the Kenya Ship Registration followed the British System wherein the Merchant Shipping Superintendent was the Registrar of Ships. Prior to September 2009, Ships were registered under Section 3 of the Merchant Shipping Act. This was a totally closed register as it was open only to residents of Kenya, Body corporates incorporated in Kenya and having the principal place of business in Kenya.

However after 2009, it is now partially open register in that registration is open to:

- Kenya nationals;
- The Government;

- Corporations registered in Kenya;

- Surveys & Inspections;

- Bareboat chartered by kenya nationals;

- Individuals with joint ventures with nationals of Kenyan citizens; and

- other persons which by order minister may determine.

The MSA further provides that only Kenyans may engage in local trade in Kenyan waters.

Kenya advised its register is dwindling. This is due to the vigorous inspections especially in older tonnage to reduce sub- standard shipping in order to enhance safety, security and the protection of the marine environment and that there are no tax exemption for fuel oil, spare parts and other issues. The KMA is therefore seeking solutions to improve the fleet.

Presentation by Commander Tsietsi Mokhele from the South African Maritime Safety Authority on Institutional Framework – Roles of Maritime Administrations

The CEO of SAMSA advised that the following features relate to maritime in Africa:

- total of 55 countries of which 39 (72%) are coastal or islands;
- long coastline of 31,000 km;
- largest inland waterways of 300,000sq.km;
- seaborne trade volume 91%;
- Trade dependent GDP;
- 2nd second largest land-mass in the world after Asia; and
- the largest number of land- locked states in the world (15).

Despite the above it is sad that Africa is the only world region with no significant merchant tonnage under its control (registry) to handle her coastal intra-regional and extra-territorial seaborne trade. This has resulted in the following consequences:

- Loss of tax and tonnage related benefits hence skewed balance of trade

- Decimation of maritime services expertise (sea based and ashore) and competitiveness
- Lost opportunities for possible investment in shipping by Africans
- Vulnerability to foreign geo- political and geo-economic pressures
- Undermines the establishment of viable coastal industry to complement the land and aviation national transport infrastructure and services
- Loss of opportunities for domestic industrial development and job creation
- Weaker position in coordinating intra-regional African coastal trade strategies
- Weakening of the capacity of countries and governments to govern their ocean territories and provide safety and security

The current recession is offering the continent a unique opportunity to implement the African Maritime Charter through a comprehensive African Maritime Development Strategy, thereby positioning itself as a key maritime trade and shipping region, focussing on:

Policy recognition and developing of the regional African coastal shipping as part of the 'domestic' transport network planned COMPLETE with appropriate cargo consolidation hubs [hub and spokes] and intermodal maritime corridor linked to inland regions.

There should also be the establishment of a continental short-sea-shipping strategy, enforceable through:
- ❖ regional cabotage network (exclusive to African tonnage)
- ❖ coastal trade policy to integrate the continent's coastal economies
- ❖ serving to strengthen the state's capacity and capability to enforce safety, security and   territorial integrity

Having regard to the above, there is the need for MARAD to improve and strengthen its capacity, systems and processes, also ensure the implementation of the following:

- Flag State, Port State and Coastal State responsibilities;
- African Seafarers Development Programme

In conclusion, the CEO advised that there is the need to:

Conduct status quo audits and studies (benchmarking) of the state of shipping in Africa, focussed but not confined to:

Africa's Registrars Capacity:

❑ State of the National Ship Registration Offices (Personnel, Systems, Process)

❑ African National Fleet verification

❑ Database of Ship Owners (Associations)

➢ Ratification by states of key Treaties

✓ State of compliance (rate of ratification, capacity to keep up, etc)

➢ Develop a Competitiveness Index for Africa's shipping sector, emphasising:

✓ Cost of operating

✓ Commercial terms of trade

✓ Infrastructure (ports and coastal)

✓ Commercial services (insurance, legal, bunkers, etc)

➢ Competence profile

✓ Database of skilled personnel (Seafarer Registry)

✓ Training and Development capacity

✓ Develop an implementation Plan of the African Maritime Transport Charter

❑ Develop an Africa Ship Registry Turnaround Strategy, Programme and Plans

❑ Develop an Africa Seafarer Registry Turnaround

DAY 2

Opening Address by the Kenya Minister of Transport

The meeting began with a key note address from the Minister of Transport, Hon. Amos Kimunya, wherein the Minister welcomed the delegates to Mombasa, a host regional port. The Minister noted that cooperation on development of sea and inland waterways, while promoting shipping activities is key to raising Africa's capacity to participate in the global maritime industry. The Minister called on the delegates to formulate policies to develop Africa's Maritime Industry given that Africa is currently playing a marginal role in the global maritime sector especially due to non-existent ownership of vessels despite a vibrant shipping presence in its ports. It is a result of this challenge that the the OAU adopted the African Maritime and Transport Charter in 1994 leading to the AU adopting the revised one in Uganda in 2010. The Minister emphasized on the provisions of the charter that called for the promotion of the Trans-African cabotage by establishing national and regional shipping lines to enhance intra-African trade and regional integration. The Minister reiterated another significant initiative regarding maritime which is the 1st Conference of African Ministers Responsible for maritime related Affairs which was held back-to-back with the African Cross-Sectional Maritime Experts Workshop in Ethiopia to formulate the 2050 AIM Strategy. The Minister expressed his optimism that in addition to the prior maritime conferences held in China, Uganda and Ghana, Africa will be able to take its Maritime Agenda forward.

Country Maritime Profiles by Mr. William Azub and Mr. Mohamed A. El Housseini-Hilal from the International Maritime Authority

Mr Azub introduced advised of a new tool developed by the International Maritime Organisation (IMO) for reform called Country Maritime Profile which will act as a

guidance document and help to identify the needs and gaps of member states in Africa in cooperation with IMO. It will also help in discussion with donors to get resources for implementation of projects.

Realization of a flourishing African Maritime Sector in the 21ˢᵗ Century by Mr. John Omingo from the Kenya Maritime Authority

Mr Omingo noted that as far back as the 1960s, architects of African integration agreed that establishing the required transport infrastructure was vital to lubricate the wheels of intra-African trade and distribute its benefits regionally. The continent's leaders embarked on ambitious projects such as the trans-African highways -- segments of which would eventually stretch from Cairo to Dakar, Tripoli to Windhoek and Lagos to Mombasa.

Our usual perception is to establish ports but we can do more than that as evident by the establishment of Shipping Lines by Ethiopia and Seychelles. In this regard, Ethiopia Shipping Line earned $ 39 million from shipping in 2010. It owns 9 commercial ships, and has 9 more currently under construction bringing it to a total fleet of 18.in 2011, Seychelles Line, SEYPEC acquired her 6ᵗʰ tanker at $ 16 million made from the annual profit from her 5 tankers.

He advised that the following can be attended to for Africa to realize its maritime potentials:

- Develop the necessary policies
- Zero rate on crafts construction and purchase
- Zero taxation on :
- Incomes & Raw materials
- Support fishing industry

  - Millions in Africa depend on fishing
  - Contributes a big portion of Africa's GDP
  - Big potential for more foreign exchange earnings

- Establish a maritime fund to help in acquisition of Bigger and modern boats: –
- Support the ongoing initiatives in Africa

- African Maritime Transport Charter
- African Ship Owners Association
- Mobilize indigenous African investors in the maritime sector to participate in deliberations

- Collaboration in support of indigenous participants in the sector – access to 800 million tonnes of cargo from Africa
- Legislative framework to access the 800 million tonnes from Africa
- Coastal trading among fellow African States - Over 30 Ports along the African Coast

He further noted the following:

- Maritime Transportation: There is the need for efficient infrastructure
- Costs at land/water interface on export is too high
- Benefits of ship owning: employment, capacity building, training opportunities, strategic reasons,
- Growth in the maritime industry has outstripped supply of high caliber young seafarers and therefore something must be done about this
- There is need to focus on quality and diversity of tourism products at the coast and inland waters which can contribute to the economy of the coastal regions in Africa.
- Ship recycling industry – creates employment and vast amount of cheap material
- Maritime business gives rise to insurance, banking etc

Establishment of the African Maritime Development Bank by MOWCA

MOWCA advised that Ship finance is yet to be developed in the African region and there is no record of any formal institution with dedicated financial services to the industry.

With a rapidly growing maritime industry providing a complex array of trade facilitation services, there has been a long standing dearth of appropriate financial service support .

The void created by this development in sum, explains the state of the maritime industry in Africa where the hallmark is a general structural weakness in terms of:

- Uncompetitive fleet size and structure
- Under developed operational infrastructure and facilities (i.e seaports, shipyards, inland container terminals, landward transport corridors, distribution and logistics parks, etc)
- Weak ICT enablers/platforms
- Low technical manpower base as a result of inadequate world class training facilities
- Poor techno-managerial capacity.

The provision and maintenance of critical industry assets requires sustained capital investment and needs specialist financial engineering most commonly available in Maritime Banks and some traditional Banks with well-developed ship/maritime finance portfolios.

Banks and other maritime trade finance institutions have over the years attempted to bridge this gap but their efforts have been inadequate and inconsistent.

The non-existence of specialist funding institutions such as Maritime Bank in the entire regions means the industry is without the main life support upon which its survival and ultimate growth is predicated.

Inspired by the yawning gap for adequate and specialist financing strategy and motivated by huge economic development potentials maritime trade portends , the Maritime Organization of West and Central Africa (MOWCA) in her 13th General Assembly held in Dakar, Senegal, on 30th July, 2008 resolved to pursue the establishment of a sub-regional Maritime Development Bank (MDB).

The Bank when operational will dedicate its activities and services at funding capacity building programmes in both trading-asset/infrastructure and human capital capacities.

The MDB will among other financial services provide advisory and specialist management services to indigenous operators, as well as act as a lead bank in syndicating funds for maritime related projects within member countries of MOWCA.

Such regional or sub-regional financial institution is to be consciously established with the requisite capitalisation and techno-managerial capacity to effectively and efficiently finance and support investment in the areas of:

- Vessels acquisition and fleet expansion projects
- Shipbuilding and ship repair facilities
- Maritime Academies
- Ship recycling facilities
- Distribution and Logistics parks
- Inland container depots
- Ports infrastructure
- Other maritime trade support infrastructure.

Considerable progress has been made and significant milestone recorded towards the actualization of the MOWCA MDB initiative. Key progress includes:

- Submission of Report of Group of Experts constituted on the establishment of the Bank
- Fully functional Secretariat in Abuja, Nigeria deriving from the process for the establishment of the Bank
- Engagement of Consultants to develop the legal and structural framework for the Bank

Presentation on Maritime Cluster by Commander Tsietsi Mokhele

Commander Mokhele noted that a cluster is defined as `a population of geographically concentrated and mutually related business units, associations and public (private) organizations centred around a distinctive economic specialization'.

The cluster population consists of business units, associations, public-private organizations and public organizations. Associations are defined as `organizations that provide services to members'. Associations are included in the `population', if they are `cluster specifc', i.e. if the majority of their members is included in the cluster

population. Public and public-private organizations (such as education or research institutes) are included in the population if they engage in cluster specific activities.

Traditional maritime sectors

- Inland navigation: Inland shipping and ship management; chartering-out; inland cruises and ferries; harbour and river towage; freighting

- Marine aggregates: Exploitation of marine aggregates

- Marine equipment: Manufacturing and wholesale trade in maritime equipment for all maritime (sub-)sectors (no building, repair and/or conversion and no offshore supply)

- Maritime services: Research and development; education; classification and inspection; bunkering; maritime insurance; maritime financing; maritime brokerage; maritime law; crewing; associations; government services; rescue; diving; ship supply (no port services)

- Maritime works: Dredging; nautical cable and pipelines; river works; construction of canals, dykes and ports; support vessels; sand transport

- Navy and coastguard (no shipbuilding)

- Offshore supply: Construction and installation of platforms, storage vessels and equipment; drilling; offshore-related transport, engineering, communication, consultancy and other support; seismic research; manufacturing, installation and maintenance of offshore and coastal wind turbines (no extraction of oil such as operators of oil rigs)

- Recreational boating: Boat chartering and renting; marinas; inland boat basins; supporting services concerning the construction of and trade in recreational vessels; boating-related training and trade (no manufacturing)

- Seaports: Cargo-handling; shipping related storage, agency, maritime logistics and forwarding; port authorities; pilotage

- Shipbuilding: Construction and repair of sea-going vessels (commercial ships, fishing boats and naval ships), recreational boats and inland vessels; ship scrapping; floating sections; dry docks (no offshore-rigs and/or -vessels)

- Shipping: Merchant shipping and ship management; short-sea shipping; chartering-out; ferry services; ocean towage (only national seafarers and onshore persons employed)

- Coastal and sea-related (marine) recreation and tourism:

- Coastal tourism: Tourism within 10 km from the coast

- Cruise tourism: Service on board of cruise ships (no land-based tourism and/or related services)

- Fisheries

- Fisheries: Maritime and inland fishing; fish processing; aquaculture

In concluding his presentation Commander Mokhele noted that the Conference should consider the development of the Maritime Sector Growth and Development Framework, Programmes and Plans to implement the African Union Policies, build strong links between regulatory compliance and development plans and further undertake the following

- Position Maritime Authorities and Administration as strategic partners for sustainable development (upholding regulatory compliance and supporting development).
- Consider the establishment of Maritime (Development) Clusters to drive maritime development through forming National Maritime Cluster with sub-sector Clusters (led through a key Government function, Industry Association or Academia (NGO))
- Establish the Regional Maritime Cluster in each Economic Block
- Establish an African Maritime Cluster Network Forum

Presentation by Mr M Mosala from the South African Maritime Authority

SAMSA demonstrated capabilities and functionalities of the South African Maritime Safety Authority (SAMSA) operations system to provide a foundational basis for building technological capabilities to support African Ship Registrars Forum Objectives in alignment to the African Maritime Transport Charter.

Mr Mosala advised that the SAMSA Integrated Operational Management Systems **(SIOMS)** is a system developed to integrate and manage processes in the different Centres of SAMSA. It is aimed at enhancing operational efficiency through automating processes, increasing productivity by extracting more value by properly utilizing SAMSA competencies and capabilities, and improving quality of output in the form service to client. The system produces information that can be readily used for operational planning and expediting strategic decision making turn-around cycle.

The basic functionality of the system is to deal with the following

- Examinations & Certificate
- Naval Architecture
- Marine Notices
- Occupational Safety
- Accreditation
- Incident Management
- Ship Registry

CLOSURE

The Conference was brought to a close by an address given by the Permanent Secretary of the Ministry of Transport, Mr Cyrus Njiru.

Furthermore, at the end of the Conference of the Heads of Africa's Maritime Administration which was attended by many stakeholders and held on the 4 - 5th October 2012, back to back with the Conference of Africa's Ship Registrars (held on

the 3rd October 2012), the Heads of Africa's Maritime Administration convened at their inaugural session meeting to consider the resolutions and outcomes of both Conferences.

The meeting of the Heads of Africa's Maritime Administrations resolved as follows:

  i.   To endorse the resolutions and outcomes of both Conferences.
  ii.   To establish the Association and endorse its interim structures, as follows:

    ✓ Set up an Interim Secretariat.
    ✓ South Africa to Chair the Secretariat until the follow up Conference in 2013.
    ✓ The Interim Secretariat to be supported by a Correspondence Group made up of African Union member states Maritime Administrations Focal Points.

  iii. To call for a sense of urgency and timelines based delivery commitment.
  iv.   To hold a follow-up Conference in 6 months (around April 2013) in South Africa to consider primarily:
    ✓ The Terms of Reference/Constitution of the Association
    ✓ The official launch of the Association
    ✓ The work programme

 South Africa accepted the nomination to serve as the Interim Chair and the tasks as outlined, including the organising of the follow-up Conference to be held in South Africa within 6 months.

The meeting expressed gratitude to the people of the Republic of Kenya, the government as represented by the Minister of Transport, as well as the host institution and its stakeholders for their hospitality during the delegates stay in the country.

South Africa was congratulated for the appointment and the meeting ended.