



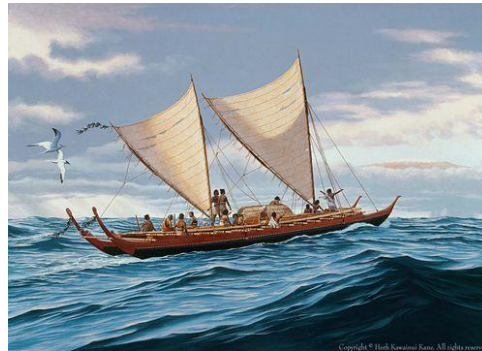
Developing national plans to enhance maritime and port connectivity

Focus on - identification of national priorities for transformative action in improving connectivity



Maritime Transport evolution in Pacific trades...

First master mariners



900 -1100 BCE

Steamships / general cargo



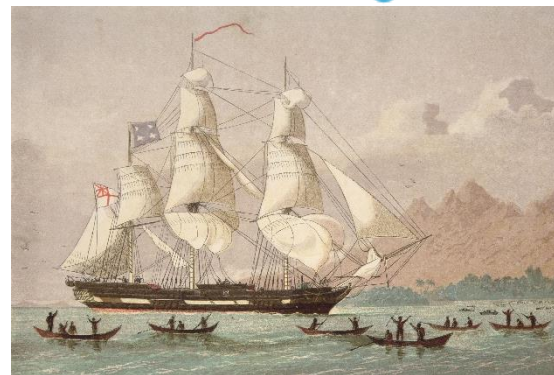
1870 - - 1960's

Container Gantry cranes



2023+

1700 - - 1800's



Colonial mariners - trade

1970's - - 2022



Containerization ships cranes / MHC's



Since the late 1970s containerization has become the standard for merchandise trade in the Pacific, including temperature-controlled goods. Due to the nature of port services, payloads, and road networks, around 80 percent of containers are 20-foot equivalent units (TEU).



The Story of Port Development in Pacific Island Trades



Original site selection and design of Pacific Island ports created the need for modernisation of infrastructure

- ***1960-1980's replacing timber structures with concrete decks and piles to allow for greater volume of general cargo trade***
- ***1980-2000's strengthening wharf structures, deepening channels and berth depths, allocating yard space for containerization***
- ***2000 – 2022+ options for port expansion, addressing increasing ship sizes, competition for land, urban encroachment and options for port relocation or expansion***

More recently, port development has emphasized the need for resilience to natural hazards and the severity of impacts due to climate change



Diagnosis of Maritime Connectivity at Pacific Island ports

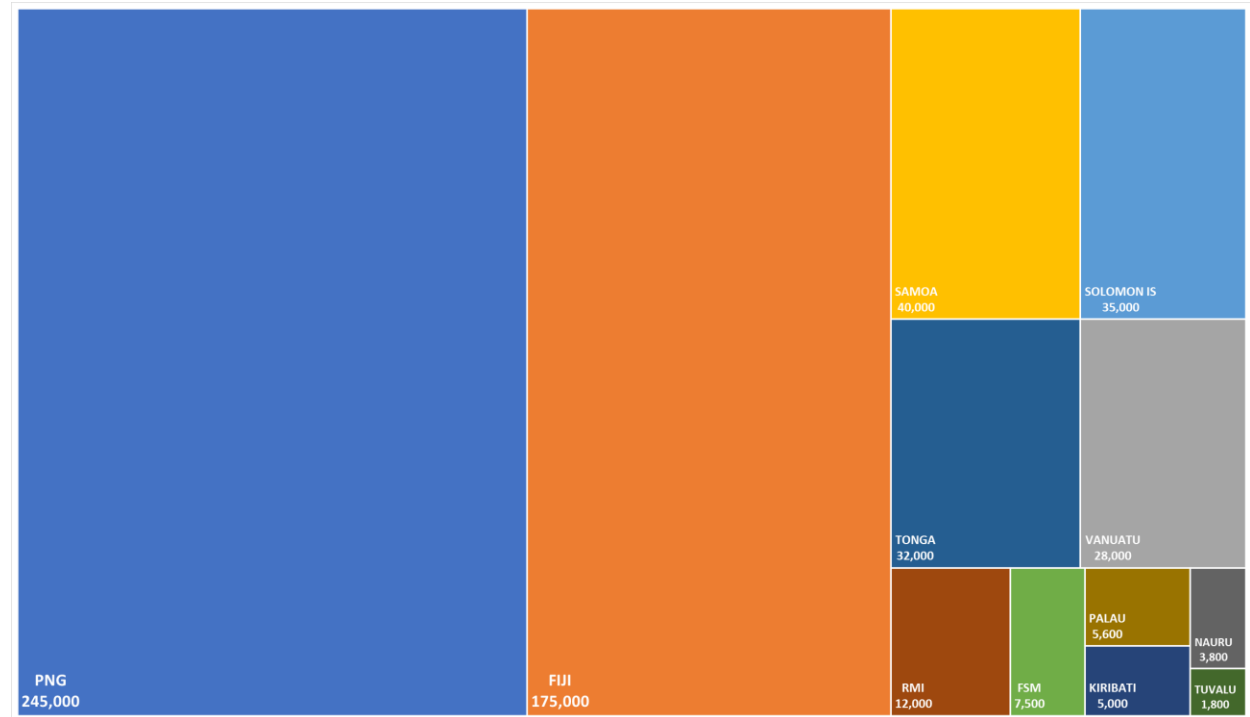
1. Low trade volumes
2. Very Low export volumes
3. Shipping networks lack dynamic competition
4. Ports limit potential to primary gateway status
5. Ensuring port sustainability and fiscal viability
6. Productivity at the port
7. Port Reform



1. Low Trade Volumes - at Pacific island Ports

What are the Volumes?

- Combined TEU volumes are less than 600,000 TEU pa
- 60-90% are exported empty depending on country
- Gateway volume in eight countries < 35,000 TEU
- Fiji and PNG = 72% of total
- Growth is historically low





1. Low Trade Volumes - at Pacific island Ports

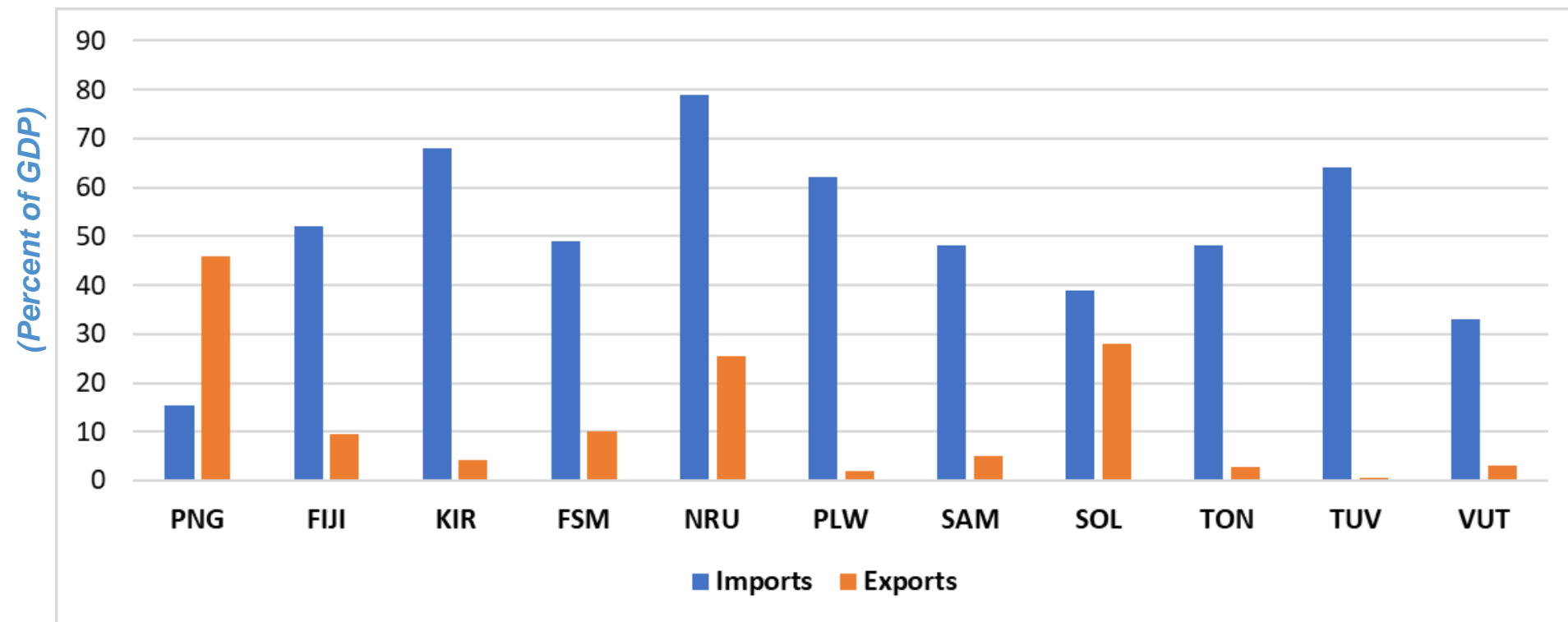
What are Strategic Options and Solutions?

- Ports need consistency and growth in freight revenue
- Inherently linked to population and GDP
- Consolidation import freight at regional ports for Microstates
- Regional Govt. alliances allowing state cooperative agreements
- Transshipment for third party regions
- Port charges tariff enhancement modernisation





2. Low Export Volumes from Pacific islands (stats Pre-covid 2019)



Source: Sources: National authorities; SPC; UNCTAD; IMF WEO. Arslanalp, Et al - IMF Working Paper WP/21/225 2021

Note: Exports exclude re-exports (e.g., re-export of fuel to foreign airlines/vessels, re-export of fish).



2. Low Export Volumes from Pacific islands

What are Strategic Options and Solutions?

- Development of Export opportunities
 - Traditional agricultural products refine, and value add
 - Fisheries onshore processing value add
 - New opportunities green / sustainable products
 - Assemble and re-export components
- Consolidate regional agricultural exports at hubs

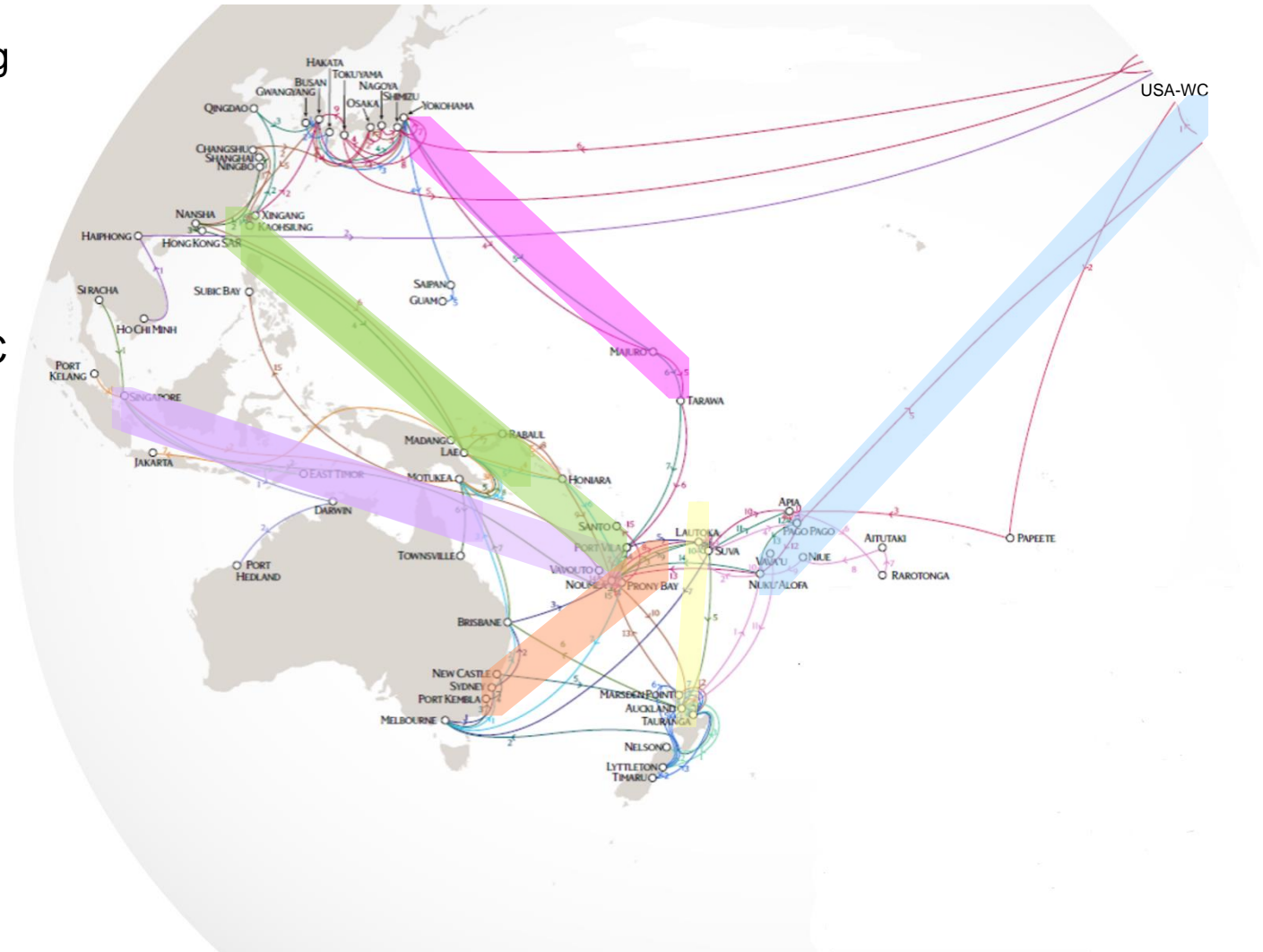
3. Shipping Networks Lack Dynamic Competition

There are Ten shipping organizations providing 25 scheduled international routes for the Pacific Islands region.

These schedules deploy fleet of 55 multipurpose vessels (MPVs) with an average nominal capacity of 1,425 TEU

Total one-way annual TEU capacity for the PIC region is estimated at 500,000 to 600,000 nominal TEU*

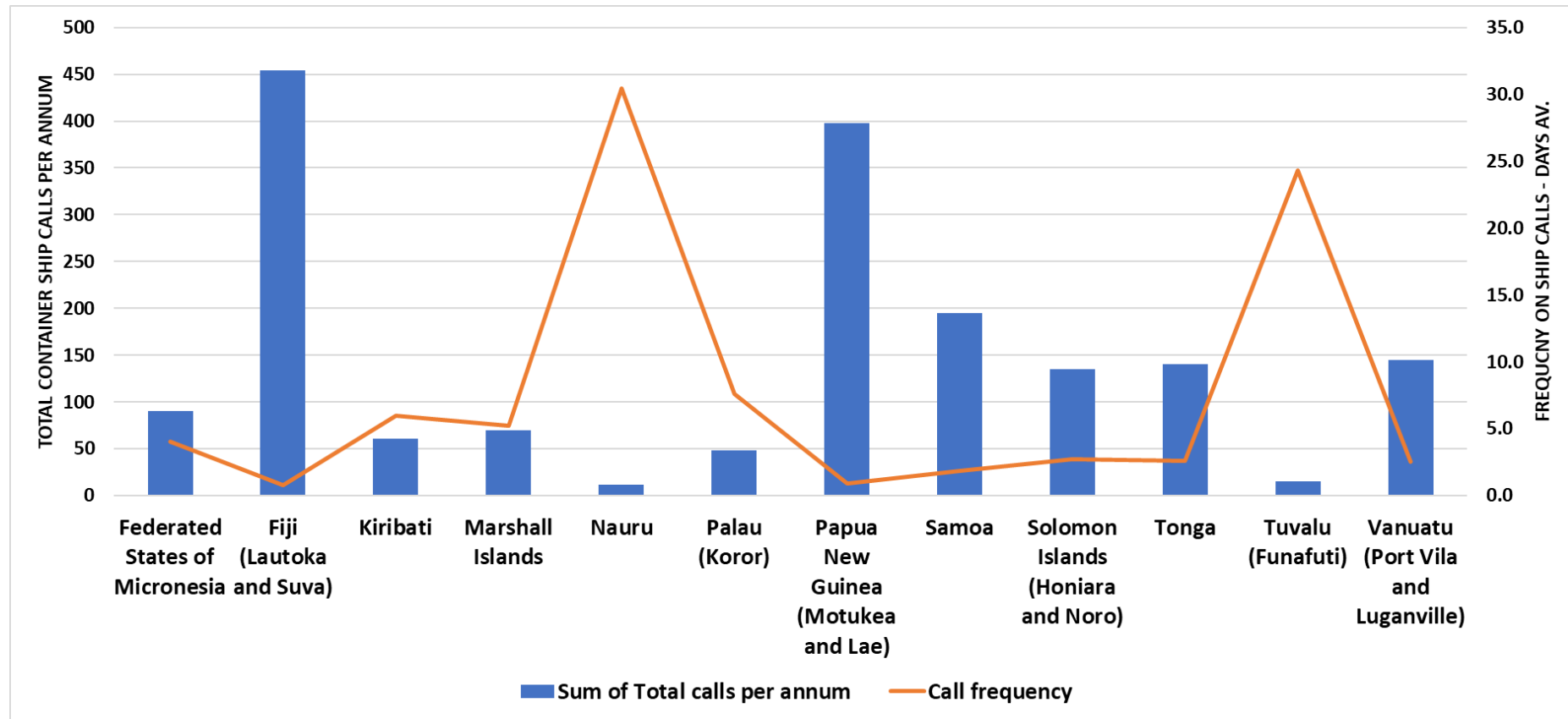
- Swire Shipping = 44% total capacity
Deploying 22 of the 55 MPVs.
- Sofrana ANL = 21% of capacity
- Kyowa/NYK = 10% capacity
- Maersk Line = 7%
- NPD L = 4.3%
- Balance = MEL/COSCO/NSL/Matson/BWS



*Analysis Shipping Schedules and ports statistics 2021/22



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Source: Sources: National authorities; SPC; UNCTAD; IMF WEO. Arslanalp, Et al - IMF Working Paper WP/21/225 2021

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3. Shipping Networks Lack Dynamic Competition

What are Strategic Options and Solutions?

- Shipping is a derived demand
- Throughput volume could be linked to port pricing
- Shipping alliances & space sharing are commonplace
- Seek to shift market power back to the port
- Regional alliances amongst ports and Govts.





4. Ports limit potential to primary gateway status

- Pacific Ports can expand influence into the hinterland
- Increased revenue opportunities
- Become the focal for Port Community Systems
- Separate Ports Marine side from the Land Side paradigm
- Port charges tariff enhancement modernisation
- Proactiveness and entrepreneurial activities in the context of supply chain integration for the regional economy





5. Ensuring port sustainability and fiscal viability

What are Strategic Options and Solutions?

- Generate sufficient income to meet obligations
- Modernize and maximize tariff charges
- Transport infrastructure efficiency connecting the port
- Connectivity of port with road, interisland and hinterlands
- Integration of port with the city and markets
- Digitalization of Port Services
- Adjust market power balance





6. Productivity at the port

What are Strategic Options and Solutions?

- Productivity needs to be defined and agreed with users
- Marine side and Land side productivity
- Establish performance targets for activities
- Position financial risk and rewards to productivity
- Investments in cranes and high efficiency port equipment
- Regional collaboration with productivity benchmarks





7. Port Reform

What are Strategic Options and Solutions?

- Privatisation of stevedore and cargo handling
- Remove recurrent capital and opex from Port Authority/Corp
- Creates diversified approach to port management
- Allows Ports to become more of a trade facilitator
- Cooperation between regional ports
- Hinterland investment opportunity – inland terminals
- Reinvestment in systems and technology
- Landlord responsibilities for assets take on greater clarity





What are the disruptors ?

- Over under capacity of shipping
- Low volumes of freight
- Increased severe weather events
- Port capacity and accessibility
- Port productivity and compliance
- Limited fiscal capacity

What are the Solutions ?

- Cooperation between Pacific states
- Regional cooperation
- Build resilience and redundancy
- Master planning to update & renew
- Port Reform + systems digitization
- New crange + equipment





Pillars and Pathways to Support Sustainable Maritime Transport

- List and rank the disruptors for each Pacific Island state
- Establish a regional cooperative transport alliance
- Benchmark acceptable port productivity standards
- Revitalize export opportunities for each Pacific state
- Model scenarios for Port development @ each Pacific state
- Research and define deficiencies and build consensus:
 - Shared information on sustainable maritime connectivity, in close collaboration with the key global and regional stakeholders
 - Intergovernmental Group of Experts on maritime transport
 - Promote private sector management & operations
 - Asset maintenance and renewal and master-planning





Thank you for your attention!