UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

4th Oceans Forum

on trade-related aspects of Sustainable Development Goal 14:

Sustainable and resilient maritime supply chains: Facilitating post-COVID-19 recovery and resilience

Presentation by :Mwanaulu Issa Mwajita

Director Trade Facilitation and Policy Harmonization

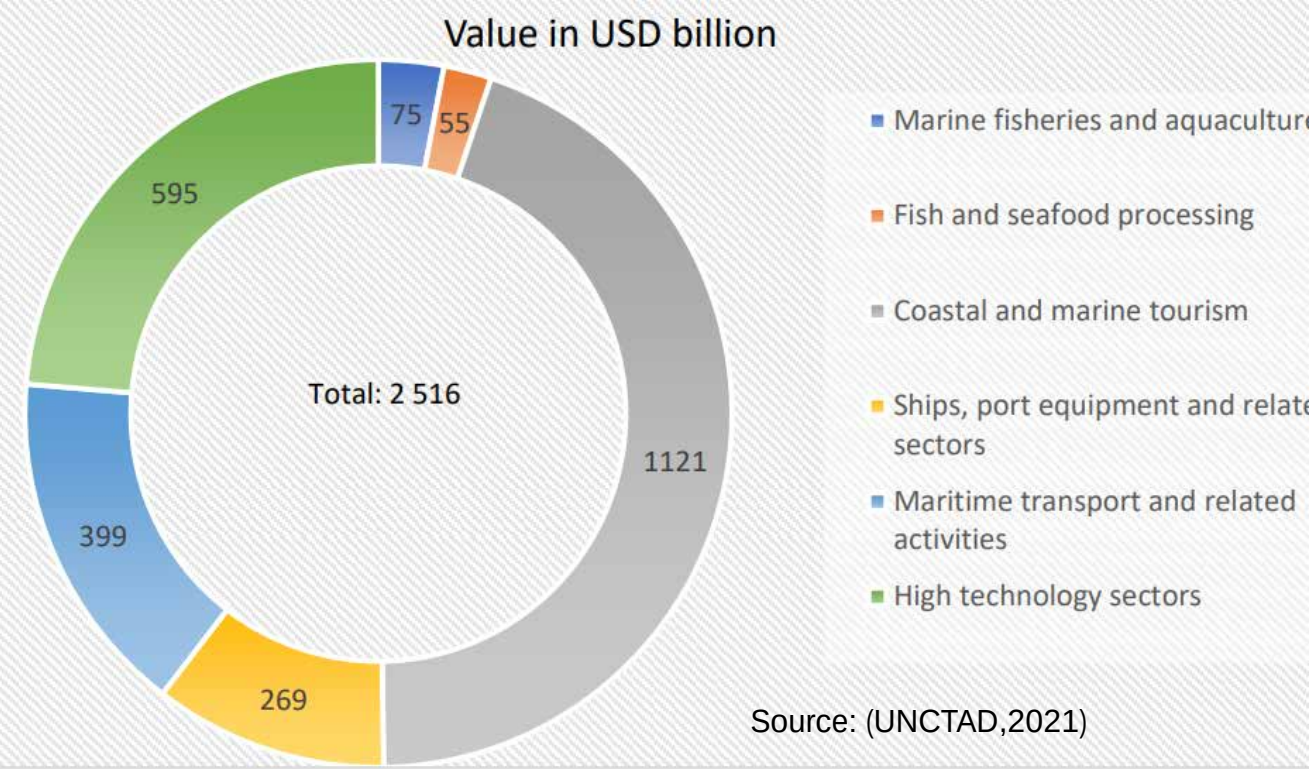
Intergovernmental Standing Committee on Shipping (ISCOS),Kenya

8th April 2022

4th Oceans Forum

The Maritime Supply Chain Crisis

Export Values of Key Ocean Economy Sectors



Source: (UNCTAD,2021)

The COVID-19 pandemic severely impacted the ocean economy sectors from the production, processing, trade and distribution of commodities.

Maritime transport and related activities make up 399 billion USD underlying the importance of building resilient supply chains to support the ocean economy.

It is estimated that in 2018 the total export value of the ocean economy was

$2 516 billion, with ocean-based goods estimated at $997 billion, and ocean-based services at $1 520 billion.

4th Oceans Forum

Causes and Impacts of the maritime supply chain crisis

The COVID-19 Pandemic led to a disruption in maritime supply chain which resulted in :

- Shortages of essential goods which revealed the fragility of the current logistical system in all countries, along with the need to both ensure business continuity and improve resilience of the global maritime supply chain going forward
- Congestion at major ports due to shortage of vessels and containers to transport commodities as a result of road and hinterland connectivity constraints from national imposed lockdowns and movement restrictions.
- High cost of bunker fuels leading to high freight rates -freight rates increased further following the March 2021 closure of the Suez Canal due to the grounding of the Ever Given ship which led to the delay of ships heading for Europe and increasing the constraints on ship and port capacity.
- Demand and supply of maritime transportation was significantly impacted by container shortages, labor shortages from the crew change crisis ,and long ship turnaround times at ports due to reduced labor and port operational capacity.

4th Oceans Forum

A global coordinated approach to the COVID-19 pandemic

- For maritime transport, **restrictions on the mobility of seafarers (crew change crisis)** and the functioning of ports' procedures and services significantly slowed down shipping and trade at the beginning of the pandemic.
- The highest level of **cooperation and coordination** was required from relevant United Nations agencies, including the International Maritime Organization (ILO) and World Health Organization (WHO), and shipping and ports' authorities to provide effective guidance to governments and the maritime industry.
- At the national level, shipping companies, maritime administrations and other authorities (e.g., health, customs, immigration and border control, seaport and civil aviation) were trained to **comply with international guidance and the adopted safety measures and protocols**.
- **Digitalization** became crucial for the effective functioning of ports' procedures and services and the continuity of the maritime supply chain during the pandemic.
- The use of **digital infrastructure and applications** simplified ship to shore processes and facilitated trade and cross border logistics.
- The use of the **Maritime Single Windows System-** for electronic exchange of documentation, clearances and approval for stakeholders involved in ship to shore clearance processes.

4th Oceans Forum

Digital Trade Facilitation Tools

- Maritime and Trade Single Windows Systems
- The WTO Facilitation Agreement (WTO TFA)and the IMO Convention on Facilitation of International Maritime Traffic (IMO FAL convention) provide common standards and regulations that have proved especially valuable during the COVID-19 pandemic.
- By providing governments with guidance and incentives for reforming trade facilitation, they have paved the way for further digitalization and enhanced transparency, and for rationalizing administrative formalities.
- Trade Information Portals
- Another ICT innovation based on UNCTAD technology is the Trade Information Portal (TIP) – a website in each country that provides traders with easy access to information about trade regulations and procedures improving transparency and providing access to information.
- Maritime stakeholders increasingly recognize the value of new technologies and digitalization, not just as a way of boosting efficiency but also for maintaining business continuity at times of disruption

4th Oceans Forum

Digitalization Agenda

Five reasons why digitalisation needs to be a key agenda in your organisation today

Source: (MPA ,IMDA DAI assessment, 2020)

	Organisations who digitalise will ...	Organisations who ignore digitalisation will ...	In maritime context, this could mean ...
Competitors are doing it	Be able to offer more competitive offerings	Be slow to react, having relatively subpar offerings	Analysing business trends and customer needs in order to offer competitive freight rates
Customers want it	Increase customer engagement and reduce churn	See customers leaving for competitors that meet their needs	Improving cargo visibility throughout voyage through track and trace
Regulations are evolving	Adhere to new rules and standards more nimbly	Be at risk of regulations and being significantly affected by new rules	Using analytics to optimise bunker procurement and consumption of compliant fuels
Protect against headwinds	Have the means to adjust and course-correct for global events	Be vulnerable during events that cause economic downturns	Using analytics to optimise fleet deployment and de-risk supply chains for customers
Need to future-proof	Connect with and be entrenched in maritime digital ecosystem	Be unable to benefit from digital ecosystem and risk displacement	Reduction in transaction cost and time associated with trade documentation

Digital platforms | Internet of Things | Advanced Analytics | Robotic process automation | Cyber Security | Blockchain Technology | Artificial Intelligence | Virtual/ augmented reality | Autonomous ships and drones

4th Oceans Forum

#OceansForum2022

4th Oceans Forum

Decarbonization of Maritime Transport

Decarbonization of Maritime Transport

- Seaports are critical transport infrastructure assets that provide gateways to global markets and access to the ocean economy and its activities, they are also at significant risk of climate change impacts, in particular sea level rise

- An urgent need to accelerate action on adaptation and resilience-building for seaports, in particular in SIDS and other coastal developing countries, and to provide the required support in terms of capacity-building and finance.

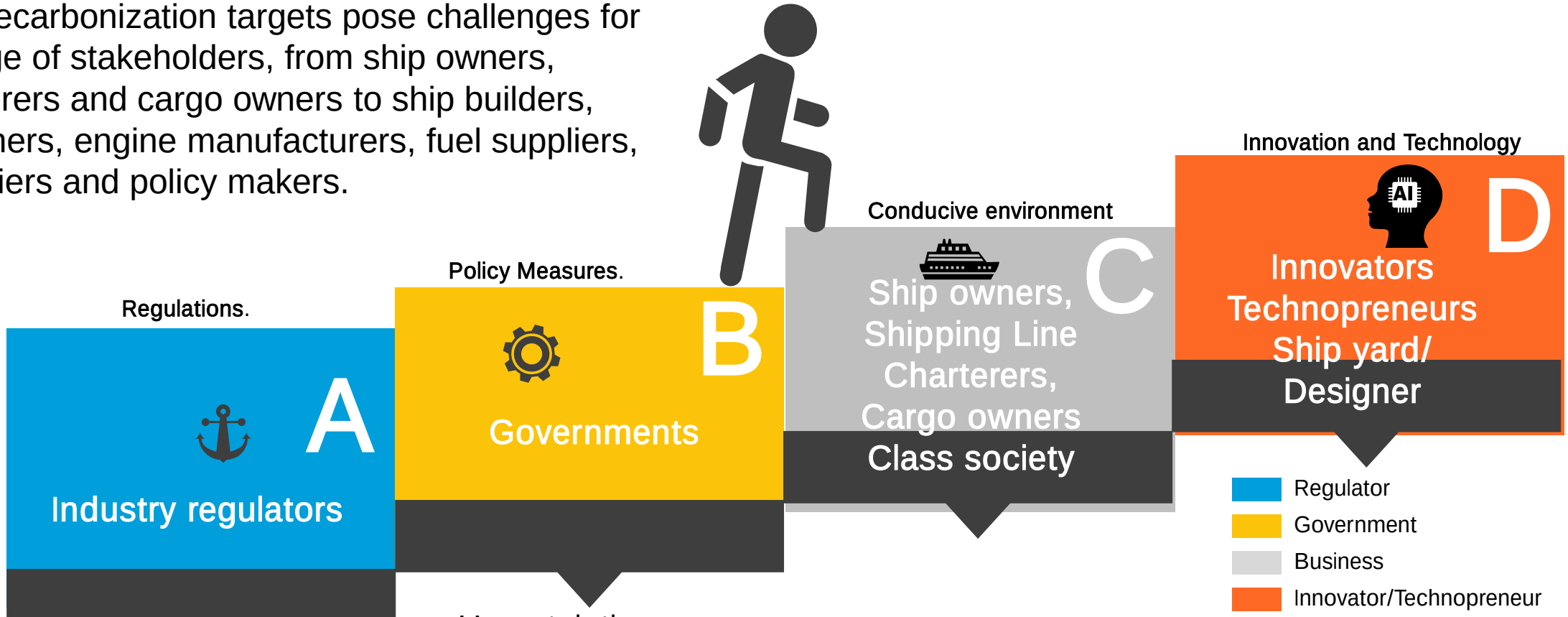
- The key to achieving reduction of emission is developing, maturing and scaling up solutions to a level where the cost is acceptable to all stakeholders.

4th Oceans Forum

Decarbonization : Preparing for a resilient and sustainable maritime supply chain

Fuel & technology cost: main deciding factor

The decarbonization targets pose challenges for a range of stakeholders, from ship owners, charterers and cargo owners to ship builders, designers, engine manufacturers, fuel suppliers, financiers and policy makers.



IMO 2020(MARPOL)- Reduce Sulphur emissions , cleaner fuels, MTCC network

Uncertainties

- Future regulations –new and retro-active
- Clean fuel availability - future and present technology
- Fuel pricing

4th Oceans Forum

4th Oceans Forum

Effective adaptation action for critical transport infrastructure

Infrastructure Finance

- Seaports are critical transport infrastructure assets that provide gateways to global markets and access to the ocean economy and its activities, they are also at significant risk of climate change impacts, in particular sea level rise
- An urgent need to accelerate action on adaptation and resilience-building for seaports, in particular in SIDS and other coastal developing countries, and to **provide the required support in terms of capacity-building and finance.**
- A sample project is the IMO initiative co-funded by the EU -**Global MTCC (Maritime Technology Cooperation Centers)** which has established five MTCCs in Africa, Asia, the Caribbean, Latin America and the Pacific.
- Acting as centers of excellence for their regions, the MTCCs work with partners to develop **technical cooperation, capacity building and technology transfer** – sharing the results and their experiences throughout the network to **ensure a common approach to a global issue.**
- The MTCCs develop programmes and projects to promote energy-efficient technologies and operations by building partnerships throughout the regions to mitigate the impacts of climate change and help navigate shipping into a low-carbon future in the maritime sector.
- Developing countries and, in particular, Least Developed Countries and Small Islands Developing States, are the main beneficiaries of the MTCC initiative.

4th Oceans Forum

Suggestions and Way Forward

- Embrace digitalization and automation of shipping and port operations for transparency and data sharing in order to build resilience and ensure efficient maritime supply chain operations
- Countries should pursue a collaborative approach for transport infrastructure finance and climate change projects
- Promote inclusive innovation through collaborative projects & Knowledge Platforms to disseminate information on the trade related aspects of SDG 14
- Industry regulations should be supplemented by policy measures and incentives to drive technology development and emission reductions, while at the same time ensuring shipping activity is not restricted.

4th Oceans Forum

4th Oceans Forum

Thank you!

Ms. Mwanaulu Issa Mwajita
Director, Trade Facilitation and Policy Harmonization
Intergovernmental Standing Committee on Shipping (ISCOS)

missa@iscosafricashipping.org

UNITED NATIONS UNCTAD

UNITED NATIONS OCEAN CONFERENCE LISBON 27 JUNE - 1 JULY 2022

REPÚBLICA PORTUGUESA

REPUBLIC OF KENYA

Food and Agriculture Organization of the United Nations

UN environment

The Commonwealth

BANCO DE DESARROLLO DE AMÉRICA LATINA

IOI