

Ad Hoc Expert Meeting on

**Addressing the Transport and Trade
Logistics Challenges of the
Small Island Developing States (SIDS):
Samoa Conference and Beyond**

11 July 2014

**Trade Logistics in SIDS
Challenges and Opportunities**

Presentation by

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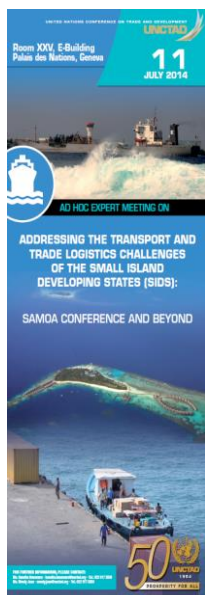
Trade Logistics in SIDS Challenges and Opportunities

Ad Hoc Expert Meeting - 11 July 2014

Addressing the Transport and Trade Logistics Challenges of the Small Island
Developing States (SIDS):
Samoa Conference and Beyond

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Structure of presentation

- **Main challenges**
 - Smallness
 - Remoteness
 - Vulnerabilities
- **Opportunities**
 - Small scale efficiencies
 - Niche markets
 - Regional spaces
- **Potential for UNCTAD contribution**
 - Research
 - Technical assistance
 - Collecting data – regional transport observatories

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Main Challenges

- Smallness:
 - Small land areas
 - Small economies
- Remoteness:
 - From global markets
 - From main trade lanes
- Vulnerabilities
 - External
 - Domestic

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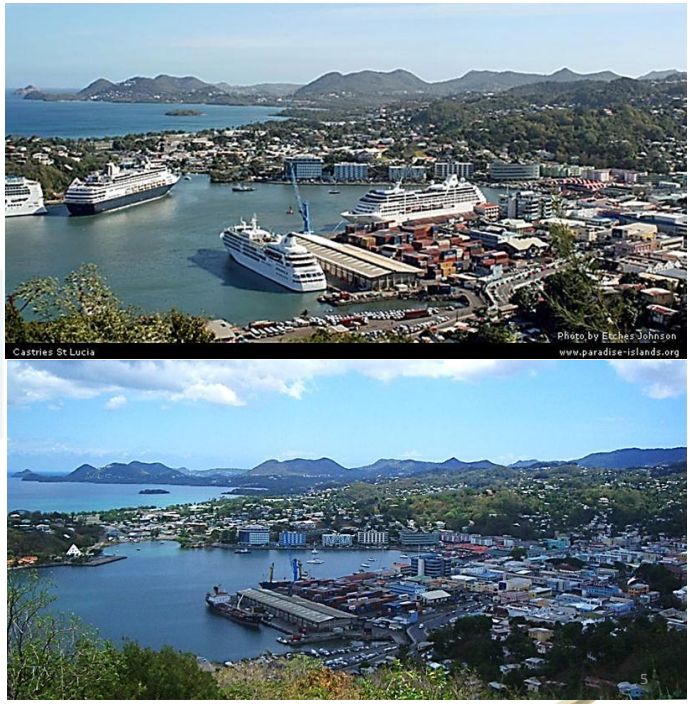
Small lands

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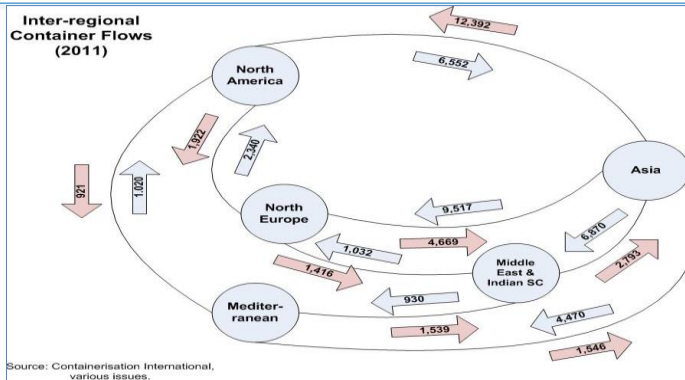


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COMPETING FOR SPACE IN PORT

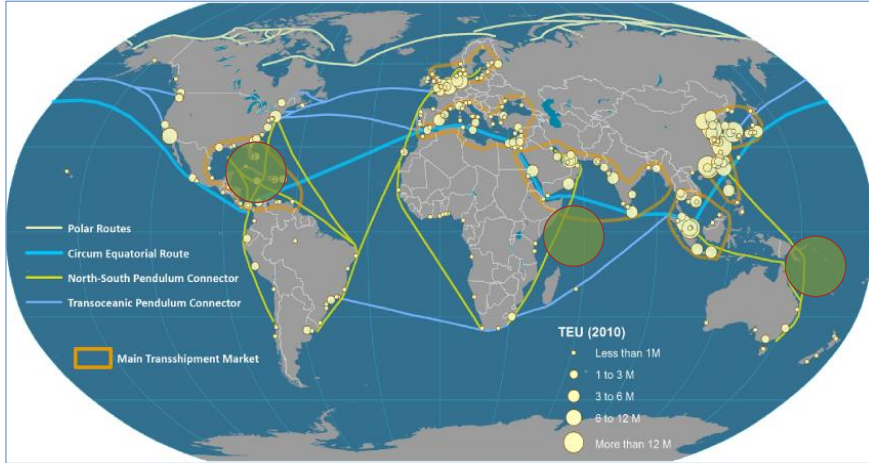


Remoteness from global markets



- 5 major global markets: Asia, North America, North Europe, Mediterranean-Middle East and Indian Subcontinent
- Weighted average distance from these markets:
- Caribbean SIDS: 8,200 km
- Pacific SIDS: 11,500 km

Far from main seatrade routes



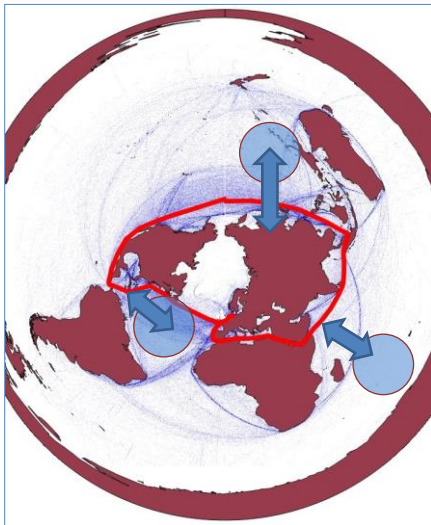
https://people.hofstra.edu/geotrans/eng/ch3en/conc3en/emerging_global_maritime_freight.html

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Connectivity to global shipping networks



- Large volumes of containers flow on a belt or corridor which circumnavigates the northern hemisphere
- At no time does the belt enter the Southern Hemisphere where the Pacific and Indian Ocean SIDS are located and when it crosses the Pacific and Indian Oceans it veers even further to the north
- Pacific, Indian Ocean and West African SIDS are serviced by north-south shipping routes based in major relay or transshipment hubs located on the east-west container belt.

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External vulnerabilities

- High ratios of imports to GDP
- Low ratios of merchandise exports to GDP
- High ratios of non-merchandise exports (including tourism) to GDP
- High fuel /energy dependency
- Global financial and economic crises
- High dependence on remittances
- High levels of ODA

Domestic challenges

- Port and land transport infrastructure
- Port equipment
- Port Productivity - Cargo handling operations
- Transport logistics
- Financing transport infrastructure
- Natural hazards and climate change

Vulnerabilities to “Natural” disasters



OPPORTUNITIES: NATIONS OF ISLANDS AND LARGE OCEAN NATIONS

Challenges made opportunities

- **Low Cargo volumes:** an increase in efficiency (reduction in transport cost) may lead to an increase in demand for transport. Policies for export promotion, diversification and development of niche markets may help.
- **Cargo imbalances:** effective policy or market based measures include import substitution and export promotion, diversification and development of niche markets.
- **Remoteness:** physical distance cannot be reduced but economic distance can by improving port infrastructure and increasing efficiency in the logistics chain including, trade and transport facilitation, and seaport efficient operations.

Opportunities (1): small scale

- Search for small scale efficiency:
 - In short distances
 - With limited volumes
 - With infrastructures and equipment adapted to local productions
- Levels where SIDS master the process:
 - Local regional networks and supply chains
 - Design operation at right scale
 - Focus on regional needs

Opportunities (2): local resources

- Integrate logistics in local value chains:
 - Niche services
 - Partnerships with shippers
 - Where possible favour labour intensive operations as opposed to costly handling equipment
- Share risks and lessen dependence:
 - Serve primarily local regional customers
 - Keep means fully loaded with small volumes
 - Operate in the smallest geographic area to reduce fuel costs keeping short distance from origin to destination

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Opportunities (3): plan local needs

- Plan design and finance local and regional sustainable transport services and infrastructures resilient to natural disasters and adapted to foreseeable climate change impacts.
- Monitor the adequacy of shipping services and port performance ensuring required data collection and process supervision.
- Explore policy options to ensure adequate shipping services for smaller island states.
- Strengthen or create regional transport institutions to support national and regional sustainable transport systems.

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ADDRESSING THE TRANSPORT AND TRADE LOGISTICS CHALLENGES OF THE SMALL ISLAND DEVELOPING STATES (SIDS):

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POTENTIAL FOR UNCTAD SUPPORT

Doha Mandate

- Paragraph 56(j)

“advise SIDS on the design and implementation of policies addressing their specific trade and trade logistics challenges linked to their remoteness and geographical isolation”

Potential for UNCTAD Support

- Collecting and managing data through transport observatories
- Assessing port performance
- Implementing trade and transport facilitation
- Enabling better access to finance in transport
- Analyzing impact of climate change on transport

Current and planned work

Research in 2014

- A dedicated **Special Chapter** in this year UNCTAD **Review of Maritime Transport** (2014) which focuses on selected issues relating to the maritime transport sector of SIDS.
- **A substantive report** is being prepared on the topic with a view to its submission at the **Samoa Conference** which also looks at linkages between transport and trade as well as other key economic sectors of relevance to SIDS, in particular, tourism and fisheries.

Current and planned work

Consensus building in 2014

- **This Ad Hoc Expert Meeting** (also a contribution to the relevant research component)
- **Side event** to take place at the **Samoa Conference**, in September 2014 devoted to the potential of trade and oceans economy as well as enabling sustainable and resilient maritime transport
- **The Third Session** of the Multi-year Expert Meeting on Transport, Trade logistics and Trade Facilitation, scheduled to take place in **November 2014 and entirely devoted to SIDS and transport** related issues.

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Current and planned work

Technical assistance in 2014-2017

- **One project** under the UN Development account to: strengthen the capacity of policy makers, transport planners and transport infrastructure managers in SIDS to (a) understand **climate change impacts** on coastal transport infrastructure – in particular seaports and airports - and (b) take appropriate **adaptation response measures**.
- **One project** under the UN Development account to: strengthen capacities of policy makers, transport operators and key financial institutions in developing countries, to **promote and finance sustainable freight transport infrastructure and services development**.

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Way forward

- **Your views and guidance** to shape the way forward and articulate concrete **next steps and actions**, including for UNCTAD's substantive contribution to the Samoa Conference on:
 - Transport and trade logistics challenges
 - Linkages between transport and trade, tourism and fisheries
 - Climate change impacts on transport infrastructure and adaptation needs
 - Financing as a cross-cutting enabling factor
 - Priority action areas and effective response measures
 - Partnerships, relevant partners and mechanisms.

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Thank you !

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