

Ad Hoc Expert Meeting on

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

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**Developing maritime shipping among SIDS –  
the Organization of Eastern Caribbean States  
maritime shipping cluster**

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## Developing Maritime shipping among SIDS: The OECS Maritime Shipping Cluster

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### Overview

- The OECS
- Background
- The OECS Marine Transport Sector
- The Maritime Shipping Cluster
- The Shipping Pool Model
- Implementation – Projected Impact
- The Wider Development Strategy
- External/Donor Funding



## The OECS

- 9 Members – Antigua & Barbuda, Dominica, Grenada, Montserrat, St Kitts Nevis, St Lucia, and St Vincent & the Grenadines; Anguilla and British Virgin Islands are associate Members.



3



## Background

- In 2008 – OECS Monetary Council approved the OECS Distribution and Transport Company (ODTC);
- To forge greater distributional links within the OECS;
- To improve trade facilitation across OECS;
- To enhance food security, rising food prices and high transport costs;

4



## The OECS Marine Transport Sector

- The OECS has a history of inter-island maritime shipping;
- However it is uncompetitive;
- The WB estimates that for SMEs, transportation costs account for on average 43% of the value of their sales versus 15% to 18% for larger firms;

5



## The OECS Marine Transport Sector

- The sector consists of
- 1. Formal sector
  - large international shipping lines such as Geest and Seaboard;
  - provides shipping services direct from USA or Europe to regional hubs in Barbados and Trinidad then to other islands;

6



## The OECS Marine Transport Sector

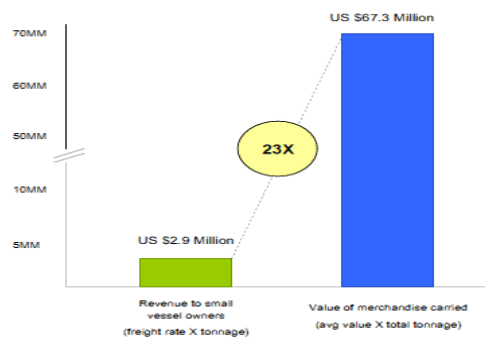
- 2. Informal sector
  - Consists of local industry and small vessels i.e cargo capacity of less than 500 tonnes;
  - Huge importance to the OECS region and neighbouring destinations such as the French territories of Martinique and Gaudeloupe;

7



## The OECS Marine Transport Sector

- Figure 1 shows the importance of the Informal Shipping Sector to the OECS economy



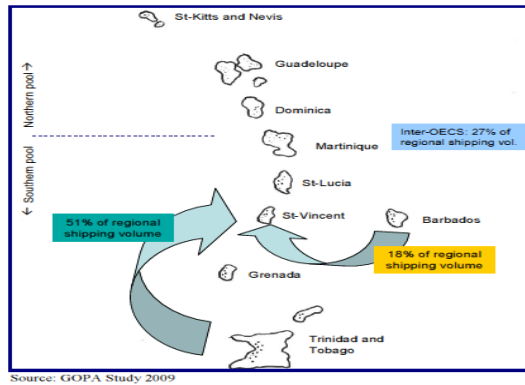
Source: GOPA 2009

8



## The OECS Marine Transport Sector

- Figure 2 Map of main shipping routes



9



## The OECS Marine Transport Sector

- Highly fragmented;
- Limited coordination among stakeholders;
- Little public sector support for development;
- Absence of a strategic development plan for shipping or in cross-cutting sectors such as AG, manufacturing or tourism;
- Weak oversight leading to different types of violations and safety code infractions;

10



## The OECS Marine Transport Sector

- In the formal sector, due to economic crisis, operators have been cutting their prices;
- Operators in informal sector need to improve efficiency;
- Research suggests that for any new informal regional liner to be profitable, a substantial subsidy would be needed;
- However in the medium to long term, with appropriate institutional changes and improved door-to-door services, they would be more competitive;

11



## The Maritime Shipping Cluster

- The Revised Treaty of Basseterre establishing the OECS Economic Union transferred legislative competence from national parliaments to the OECS Authority with implications for maritime transportation;
- OECS Marine Transportation Strategy;
- Objectives;
  - Enhance the quality of shipping/level of service;
  - Become competitive with the existing formal sector;
  - Achieve sustainability in the medium term; and
  - Transform it into a more formal, inter-island/regional shipping sector;

12



## The Maritime Shipping Cluster

- Together with the OECS Growth and Development Strategy, the cluster is meant to support other key sectors like AG, manu, and tourism;
- In the short term, working in tandem, these 2 strategies are to;
  - Establish a common shipping policy;
  - Create a database of small vessel owners; and
  - Establish a regional ship owners association.

13



## The Shipping Pool Model

- In the medium term, this establishes pooled shipping/pooled model;
- A centralised management of ships from a number of different owners;
- **Objective**
  - To implement pooled shipping facilities and arrangements among the informal carriers and shippers
- **Outcome**
  - reduced costs and greater transparency
- **Output**
  - a widely available, reliable data set for schedules, tariffs and cargoes

14





## The Shipping Pool Model

- Key success factors for the Model;
  - Efficient vessel deployments
  - Aggressive marketing
  - Dependable/reliable schedules
- The pool will operate as a single commercial entity to ensure the sustainability of the OECS Maritime Shipping Cluster;

15



## Implementation-Projected Impact

- Improving competitiveness in the broader economies – agribusiness and manufacturing –SMEs and small producers at 3 levels;
  - Firm – increased sales and profit to operators
  - Sector – cluster/pool model will lead to a transfer of skills and access to training in key areas such as safety, security and business management
  - Region – enhanced competitiveness of key export sectors

16



## OECS Wider Development Strategy

- The maritime cluster is one part of the wider development strategy which in the long run should lead to;
  - Common shipping policy;
  - Updated and harmonised Shipping Acts;
  - Commercialisation of Ports;
  - Establishment of an OECS Transportation Portal;
  - Promotion of maritime training institutions within the OECS;
  - Strengthening maritime administrations

17



## External Funding

- For full and successful implementation, external financial and technical assistance is critical;
- OECS currently engaged on this;

18



Thank you for your attention!

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