DEFINING MARITIME TRANSPORT

Maritime transport, in a trade context, refers to the shipment of goods via sea and other waterways, and accounts for approximately 90% of international trade.

In its simplest form, maritime transportation is one the grand facilitators of global economic development. Robert J. Mc Calla, Professor of Geography at St. Mary's University in Halifax, Canada, describes maritime transport as the one truly international industry. This statement certainly speaks to the reach of the industry, considering that the clothing that one wears is most likely made thousands of miles away. A combination of systems and processes got that shirt from a factory in China to consumers, and at a price they were willing to pay for it. Maritime transport is the key component of the value chain that gets the goods to their final destination.

Like most modes of transport, maritime transport is a derived demand, and it is largely premised on perceived comparative advantage of nations. This fundamental principle has directly contributed to the development and expansion of maritime transport and the global market as we know it. The fact is, very few geographical markets are inaccessible. Once the demand is there and the benefits justify the action, commercial interest will get the goods to that market, and maritime transport will do its part to get it there.

The transport of cargo via the sea is inarguably the most economical in comparison to other modes of transport; be it airway transport or intermodal transport. The dominance of maritime transport is largely due to the fact that it trumps other modes due to its cost effectiveness, and also because it is generally more environmentally friendly. It is therefore not surprising that maritime transport accounts for 90% of the world trade volumes, and over 70% of the value of goods traded.

World seaborne trade in 2010 grew by an estimated 7 per cent over the previous year, taking the total of goods loaded to 8.4 billion tons, a level surpassing the pre-crisis level reached in 2008.

No discussion on maritime transport would be complete without examining the types of vessels used. The major classes of commercial vessels are bulk carriers, tankers, and container ships. The composition of the world fleet reflects the demands for seaborne trade of different commodities. Consider the following estimates provided by a leading maritime authority:

- In January 2011, there were 103,392 seagoing commercial ships in service, with a combined tonnage of 1,396 million dwt
- Oil tankers accounted for 475 million dwt and dry bulk carriers for 532 million dwt – an annual increase of 5.5 and 16.5 per cent respectively.
- Container ships reached 184 million dwt in January 2011, an increase of 8.7 per cent over 2010.

- The general cargo fleet remained stable, standing at 109 million dwt in January 2011.
- Among other vessel types, tonnage of liquefied gas carriers continued to grow, reaching 43 million dwt by January 2011 – an increase of 6.6 per cent over the previous year. Early 2011 saw growing interest in liquefied gas carriers, given that demand for LNG cargo is expected to grow as part of the search for alternative sources of energy

While containerized cargo vessels are considered special purpose, it is the flexibility what these vessels carry – the container – and what can be transported in the container itself that makes the containerized vessel the most used medium for the transportation of intermediary and finished goods. Containerization however, is relatively new compared to the age of the shipping industry itself. The first purpose-built ship for container transportation began operation in the fifties, and since then it has grown to be the absolutely preferred mode for transportation of non-bulk cargo globally.

MARITIME TRANSPORT'S ROLE IN TRINIDAD & TOBAGO'S ECONOMY

Drewry, Annual Container Market Review (2010 – 2011) estimated that in 2010, 152.1 million TEUs (Twenty-foot Equivalent Units) were traded globally and the combined container throughput of the world's ports was 548.4 million TEUs. This suggests that each container traded was handled roughly 4 times between initial exportation and arrival at the final destination. Trinidad and Tobago handled 575,000 TEUs representing just 0.1% of the global total.

According to the Central Bank of Trinidad and Tobago, Summary of Economic Indicators 2010, Trinidad and Tobago recorded an estimated GDP of US $20.4 billion. For the same period, total maritime trade (energy & non-energy combined) was approximately $15.93 billion, representing 78% of the country's GDP, while the non-energy maritime trade alone accounts for 28% of the country's GDP.

Given the linkages of the maritime transport industry to other industries, and the nature of its derived demand, it can be estimated that the employment it generates - both directly and indirectly, is 40, 000 persons. This estimate takes into consideration the thirty or so ports in the country, intermodal transportation, segments of the energy industry, shipping lines, shipping agents, various other shipping services agencies, and regulatory agencies.

Globally, maritime trade has been expanding, despite cyclical economic ups and downs. In the long-run, as the global market reality becomes more and more entrenched, and emerging markets become bigger players, the need for maritime transport is likely to increase.

For Trinidad and Tobago to adequately position itself to participate in this expansion, capacity building will be required. This can be accomplished through multi-lateral trade agreements, updated, integrated and simplified legislation, effective trade facilitation systems, significant investment in port infrastructure, and investment in training and development for key skills necessary to the sector. An overall investment in trade logistics need to be made to enhance our responsiveness in the current economic crisis, and to allow us to emerge in a stronger and more competitive position.