

## **TRENDS IN MARITIME TRANSPORT AND T&T'S PLACE IN THE MIDST OF THESE TRENDS**

The major drivers behind the trends that have emerged in maritime transport are; Security issues, cost control and sustainability. Within this article, the major trends will be discussed, as well as how they have arisen from the factors driving them.

### *Panama Canal Expansion*

The Panama Canal expansion project, set for completion by 2014, was undertaken by the Panama Canal Authority in conjunction with the Panamanian government, in order to increase capacity of the Panama Canal as a major transshipment centre. Specifically, the project is aimed at building a third set of locks to the existing canal route, which will allow more and larger ships (these are referred to as Post-Panamax ships) to travel through the Canal, thus lending itself to increased efficiency. From a local standpoint, while the expansion project has been brought up in different forums, with the expansion's completion less than two years away, there is at present a lack of evidence that Trinidad's maritime sector has developed any position or national plan for when that time comes. Greater port development is needed in order to respond favourably to the changes that will soon emerge, and locally, port management is yet to take a position or take any concrete action to be prepared for what is to come.

### *Container Scanning Legislation*

According to The Journal of Commerce Online News, the 100% Container Scanning Legislation, enforced by the U.S. government after the September 9/11 attacks is still set to take effect starting next month. Despite calls from U.S. Congress for the implementation to be stopped due to technological setbacks, inability of foreign governments to respond to the legislation due to the high costs involved, the enforcement of the legislative bill is still set to take place next month, July.

From the local viewpoint, with the United States of America being the nation's main importer of goods, compliance will thus be necessary for us, or we face the risk of the United States as our primary trading partner, which may spell disaster for our trade situation and thus economy.

### *Slow steaming*

Implemented as a measure to combat rising fuel costs and economic depression, slow steaming was first utilized by Maersk Line for its container ships, and has since been also borrowed by dry bulk ships. With slow steaming, the make-up of the ship's engine is changed so that it uses less fuel.

While these potential costs are thus avoided in the long run, there is a cost attached to not only the technology and equipment needed to introduce slow-steaming into new ships, as well as retraining of current ship engineers and shipbuilders. This cost, as a result, will more than likely be carried down to freight costs, thus increasing the price of imports.

### *Vessel Sharing Agreements*

First adopted in the 1990's, vessel sharing agreements are used by carriers when either the demand or supply side of the trade cycle began to contract. The cyclical economic cycle, with demand declining at present, has led to increased moves towards consolidation among carriers, via increased mergers and joint ventures, such as was the case in 2011, when Hamburg-Sud/Maersk Line and CMA CGM/CSAV/CSCL agreed to combine their services, "in an effort to balance supply and demand during the forthcoming traditional period of weaker demand...". (Press release from Hamburg-Sud, December 8<sup>th</sup>, 2011). Joint ventures and mergers such as these will succeed in alleviating the costs individual carriers may have otherwise had to incur if they stood alone to face overcapacity resulting from falls in demand.

### *Security at sea*

The emergence of the threat of piracy, as discussed in the previous article on the challenges faced by the maritime industry, will undoubtedly push final costs up, due to the costs incurred by the carriers for purchasing armed guards and ammunition for not only the ship but also its cargo. Increased international regulatory measures for legislation to fight against this threat, also has the potential of driving costs up even further.

### ***What can we control?***

Countries in the Caribbean region, with Trinidad being no exception, are generally price takers. As such, we cannot impact on any large scale, the costs that make up the final price of goods, but rather we are affected by these costs, as price takers.

Price takers, according to [liveingeconomics.org](http://liveingeconomics.org), accept the market price as it happens to be.

From a local standpoint however, we can influence the final outcome of the emergent trends upon our local economy and industry.

Local legislation today still requires great modification and improvement in order to weather the storms that the local economy and various sectors within it stand to face.

Our legislation should be harmonized with international, more developed to the extent that as a nation we can then lobby at an extra-regional level for a greater say in factors influencing the efficiency of the maritime trade, such as cargo rates.

As a nation we also stand to benefit from improving the efficiency of our customs department as well as port operations, in the face of emergent international trends. If we improve the ease of the customs process, we will have much to gain by at least ensuring that when goods do arrive at our port, the process is smooth and efficient. Although we may not have as large of a say in the global arena as developed nations would, we can improve services on our end, and as such we will be impacted less strongly by the potentially adverse conditions that the maritime trade faces today.