

SHIPPING IN AFRICA

**Where does the Industry
stand now and the Impact
on the region.**

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OPENING STATEMENT

Since am talking about shipping in Africa it would be a great omission to fail stating that shipping started in Africa.... U don't believe me!!



By around 3000 BC, Ancient Egyptians knew how to assemble wooden planks into a hull it was used to also move things.

1.1 A Brief History of Shipping

- Shipping is the art of moving goods from one area to another. Shipping originally referred to transport by sea, but in an extended intermodal use, it refers to transport by sea, land or air.



1.2 Commercial Shipping

- Shipping in pre-colonial and Colonial Africa dates back to the 15th century. Shipping commercially has its roots with the Phoenician Merchants, Who ferried goods across the Mediterranean, from about 1200AD to around 1700AD, these shipping activity's continued until 19th Century, The Shipping industry was Merchant Dominated.
- Diversified shipping started with opening of the Suez Canal. This in turn gave birth to containerized shipping.



1.3 *The Shipping Markets*

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- The shipping (sea) industry can be divided into four **markets**, each trading in a different commodity:
- the freight market,
- The Sale and Purchase : Here second hand ships are traded
- the new building market: New deals between ship-owners and builders
- The Demolition Market : Scrap Is sold The freight market

1.4 *The Shipping Markets*

- Emphasis is on the freight Market:



- The freight market is for Brokers, Charterers and ship owners
They use four types of contract:
the voyage charter, the contract of affreightment, the time charter and the bareboat charter.
Ship-owners contract to carry cargo for an agreed price per tonnage while the charter market hires out ships for a certain period. A charter is legally agreed upon in a charter-party.

1.6 Shipping In Today Africa



- All Economic models Worldwide thrives on trade. The ferry for these trades is intermodal shipping Shipping in today's Africa is deregulated and highly diversified. It is Multi facet and Multi billion dollars industry
- With the growth in trade spurred by the reduction in government-imposed transaction costs. Shipping cost in Africa has become a much more significant factor in overall trade costs. This change itself has put pressure on the port subsector, which is the key component in the logistics chain.

1.4 Shipping and Commerce

- The importance of shipping to Commerce cannot be over emphasized.

Transport costs have become a much more significant factor in overall trade costs.

- With over 85% of trade involves goods shipped. This makes shipping integral part of commerce.



- Online trade in Africa has blossomed in recent times. Nigeria being Africa's largest economy is leading the way with potential and existing online shoppers at 89%, compared to South Africa 70% and Kenya 60% .

1.7 A. Reforms and Competition

- Over the last 30 years, the port subsector has gone through significant changes in Africa. One of the most notable reforms is deregulation, which has led to more competition. Prior to the reforms, competition between ports was almost nonexistent, and featured a few major transport operators who controlled Reforms and the Regulatory Framework of African Ports.
- As a result of the deregulation, competition across ports has increased across several dimensions.

1.7 B. Reforms and Competition

- A number of new ports have emerged in Africa as part of the decentralization process and this has increased competition between ports at sub regional and national levels.
- Second, competition for the port market has intensified as private operators seek to win concessions.
- Third, on the shipping side, the explosion of maritime services has led to the dismantlement of the liner conferences that divided up the market with little or no competition across liners.
- Greater competition across different modes of transport has put pressure on the port subsector.
- These reforms have contributed to improvements in efficiency and a reduction in the cost of maritime services; the results have been uneven, varying across sub regions and countries, depending on the institutional environment.

1.8 Negative impact on trade caused by Weak institutions

- Poor management contributes to delays at the port level, as it slows the loading and unloading of cargo.
- Weak institutions also increase delays at the border, when cumbersome customs procedures slow the movement of goods at entry and exit.
- High taxes and customs fees, sometimes accompanied by extortion along the import–export chain, characterize those countries with a weak regulatory framework.²
- Third, they can lead to inefficient regulation and control of the fleet, leading to substandard safety levels and labor rights which ultimately cause delays and affect trade adversely. All these inefficiencies contribute to high trade costs along the logistics chain.

1.8 Adoption of global “best-practice” methods

- A key issue is whether regulatory reform can be successful in an environment with weak governance at the sector level. Although institutional reforms have taken place in the African port subsector, many countries have not yet adopted global “best-practice” methods, resulting in a great disparity across several measures of port efficiency. To give an example, in North Africa, average port costs on 20-ft containers amount to Euro 370 in Casablanca, Euro 210 in Rades-Tunis, and Euro 70 in Alexandria. On the other hand, average port transit delays total 15 days in Alexandria, but only 9 days in Casablanca and Tunis, 2005)

1.9 A. Impact Shipping Industry in Africa

A. ISSUES

- Piracy: The shipping industry is not only directly affected by pirate attacks in the area, but it is also an integral part of the long term solution as a vector of trade and, by extension, prosperity and growth. Regional specificities and different pirate practices mean that the solutions that have worked well in East Africa cannot simply be exported to the new piracy hotbed in the Gulf of Guinea (East and Western Africa Piracy Hotbeds)
- Greenhouse Emission / pollutions
- Wild Life Collision
- Black water/Waste Disposing Systems

1.9 B. Impact Shipping Industry in Africa

B. ACHIEVEMENTS

The many benefits of the shipping industry are numerous amongst them are:

- More Job Created
- More Trade routes opened within the continent and beyond
- Affordable goods due to reduced cost of goods
- Creation of a global market where both producer and consumer have wide options.
- Visibility of African goods worldwide
- Low cost of production because machinery and other capital equipments can be shipped to any location easily.
- E-Commerce and shipping
- Tourism

Closing remarks

The Shipping industry in Africa is a progressive one. Someday it will be fully automated and running on all cylinders.

As I stated earlier Africa played a big role in development of shipping thus we should strive to maintain what was started by our forefathers. The world is yearning of innovations on shipping not only in Africa but globally.

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