

2020-2030

DECADE OF THE COMPREHENSIVE MARITIME TRANSPORT POLICY (CMTP)

IMPLEMENTATION PLAN

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ABBREVIATIONS AND ACRONYMS

AU	African Union	SADC	Southern African Development Community
BBB	Broad Based Benefits	IVS	Island View Plan

BBBEEE	Broad Based Black Economic Empowerment	LDCS	Least Developing Countries or States
BEE SCORECARD	Black Economic Empowerment Scorecard	MariSA	Maritime South Africa
BMB	Black Maritime Business	MEPRE	Marine Pollution Prevention Programme
BMI s	Black Maritime Industrialists	MPDP	Maritime Professional Development Programme
CEMPSA	Centre for Maritime Policy and Plan	MSEEP	Maritime Sector Energy Efficiency Programme
CFR	CFR - Cost and Freight	NDP	National Development Plan
CIF	CIF - Cost, Insurance and Freight	MTSDP	Maritime Transport Sector Development Programme
CMTF	Comprehensive Maritime Transport Policy	MTSDC	Maritime Transport Sector Development Council
CSIR	Centre for Scientific and Industrial Research	NPCC	National Ports Consultative Committee
DAC	Department of Arts and Culture	NYD	National Youth Development Agency
DAFF	Department of Agriculture Fisheries and Forestry	PEC-MTSDC	Permanent Executive Chamber of the MTSDC
DBE	Department of Basic Education	PES-MTSDC	Permanent Executive Secretariat of the MTSDC
DBSA	Development Bank of Southern Africa	PRSA	Ports Regulator of South Africa
DEA	Department of Environmental Affairs	RBCT	Richards Bay Coal Terminal
DHET	Department of Higher Education and Training	RSAMS	Revitalised South African Merchant Shipping
DMR	Department of Minerals Resources	SAIMI	South African International Maritime Institute
DOD	Department of Defence	SAMBF	South African Maritime Business Forum
DOE	Department of Energy	SAMSA	South African Maritime Safety Authority
DOL	Department of Labour	SAPS	South African Police Service

DPE	Department of Public Enterprises	SARS	South African Revenue Service
DPW	Department of Public Works	SEIAS	Socio Economic Impact Assessment System
DST	Department of Science and Technology	SOC	State Owned Companies
DTI	Department of Trade and Industry	TEU	Twenty-Foot Equivalent Unit
EIFP&S	Enhanced Industry Foundation Programmes	TNPA	Transnet National Ports Authority
ES	Environment Safeguards	TPT	Transnet Port Terminals
FAS -	Free Alongside Ship	UNCTAD	United Nations Conference on Trade and Development
FOB	Free On Board	VO	Vessel Operations
GDP	Gross Domestic Product	WTO	World Trade Organization
IDC	Industrial Development Corporation	IPM	Institutional Planning Mechanism
ICC	International Chamber of Commerce	IDZ	Industrial Development Zone

1. Introduction

- 1.1. The adoption of the Comprehensive Maritime Transport Policy (CMTP) by Cabinet on 10 May 2017 created an historic opportunity to invigorate the maritime transport sector. This Plan is the preferred path to maritime sector transformation and development as envisaged by the CMTP. One of the aims of the *CMTP Implementation Plan 2030* is to establish the fundamental pillars on which to base the implementation of the CMTP culminating in South Africa becoming an International Maritime Centre by 2030.
- 1.2. The CMTP Desired Outcome: A coherent and Integrated Policy and Plan, Policy Statement (1) states: “The Department will in consultation with relevant organs of state and stakeholders of maritime transport sector formulate coherent Plan to ensure the development and growth of the maritime transport sector. The Plan will include but not be limited to:
 - 1.2.1. Ensuring and enabling a better regulation, governance and sustainable use of the oceans environment
 - 1.2.2. Introduction of arrangements to ensure the establishment and maintenance of a formalised maritime transport platform within Government for purposes of planning, cooperation, sharing of information and communication within Government on the governance of the maritime domain.

- 1.2.3. Creating an institutionalised Maritime Transport Sector Development Council (MTSDC) to develop a multiyear Maritime Transport Sector Development Plan (MTSDP) and to review and monitor overall performance of the sector. The Department shall table as appropriate the MTSDC annual report to Cabinet.
- 1.3. Further, CMTP, Desired Outcome: A Transformed and Growing Maritime Transport Sector, Policy Statement (3) provides:
 - 1.3.1. The development and implementation of the Maritime Transport Sector Development Plan (MTSDP) is essential in mapping and launching the maritime sector development path.
 - 1.3.2. The Department will develop and ensure implementation of an aggressive Plan that ensures the development and growth of the sector.
- 1.4. The generally acceptable time horizon for a Plan is ten (10) years. The Plan establishes a common set of priorities and Targets. The Plan title is *CMTP Implementation Plan 2030 for South Africa*. It is a coherent Plan to ensure the effective implementation of the CMTP for the development and growth of the maritime transport sector.

2. Policy environment

- 2.1. The CMTP constitutes the firm policy basis and path to development and growth of the sector. The *National Development Plan (NDP)* inspires the CMTP itself. Policies rally public and stakeholder opinion to a common aim. Policy is an articulation of broad government principles and desired outcomes for the sector. The adoption of new policy raises stakeholder interest and stimulate public expectations.
- 2.2. The National Ports Act 12 of 2005 and Regulations promulgated under the Act from time to time are existing instruments to enable and enforce transformation and reform of the ports sector.
- 2.3. One of the criticisms of government is in its perceived excellence in developing new policies and its lack of success in implementation. The development of this *CMTP Implementation Plan* is partly to deal with this challenge but at the same time is about a genuine desire to align processes with the CMTP implementation timetable.
- 2.4. This Plan is the tool and methodology to implement the policy. In planning, the political will; the availability of resources supported by industry buy-in, constitutes the key ingredients to successful policy implementation. The CMTP has all this.

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3. Maritime Problem Statement

- 3.1 South Africa's seaborne trade affects people and industries throughout the entire country, including those living far away from the coast. The vast majority of all products that consumers regularly consume are conveyed from international destinations by sea, through the nation's ports, where they are distributed through our rail and road transport networks to inland ports, warehouses, retailers and finally to consumers across the country.
- 3.2 South Africa is a primary goods export-oriented economy. The total cost of importing foreign produced products and delivering their agricultural produce, minerals and other industrial outputs to foreign markets is impacted significantly by the transportation element. Transport is a significant trade input cost due to our distant location from the markets that we serve. There is therefore the need to strive for national transport cost efficiencies in order to remain globally competitive as a country.
- 3.3 Although this validates South Africa as a maritime trading nation, it is however, not yet a significant ship owning or ship operating nation. It is currently a consumer of international maritime transport and hence this component represents a significant expense item for South Africa's international trading system. This creates an economic imbalance, which if not addressed, will continue to facilitate the loss of much needed revenue, economic opportunities and related jobs for South Africa and the South African Maritime Transport Sector.
- 3.4 The ability of South Africa to carry its own import and export trade has suffered a negative growth since the 1980s. South Africa does not have a national shipping carrier(s).
- 3.5 This sector has the potential to offer significant employment opportunities for thousands of South Africans across the diverse expertise required in the various disciplines of the sector that include marine manufacturing and related services, seafaring, maritime law, research, marine engineering, etc.
- 3.6 An Achilles heel of the South African Navy is the country's lack of a merchant shipping fleet, which has a force multiplier effect and is critical to delivering supplies and troops for operational deployments at sea and on land in wartime as well as in peacetime.
- 3.7 The unfortunate loss of South Africa's shipping capacity had an impact of an annual loss of net foreign earnings estimated at over R 40 billion annual earnings for maritime transport services, which paid to foreign owners and operators.

- 3.8 This scenario affects the country's international trade competitiveness, its balance of payments, loss of much needed jobs, loss of tax revenue, heightened geo security and political risks, reduces our influence on global maritime affairs and has had a negative impact on our maritime and related industries.
- 3.9 South Africa's governance arrangements for the exercise of rights and responsibilities over the maritime domain and supporting the full release of our maritime potential is spread across numerous Government departments, stakeholder, state owned enterprises and agencies.
- 3.10 This has led to a silo pursuit of potentially conflicting and non-aligned objectives by these entities and the relegation of national strategic maritime interests for the narrow pursuit of the particular interests of each individual department, stakeholder and/or agency. The lack of a coherent philosophy and framework for maritime development and governance has created a poorly aligned set of maritime goals and objectives for the country.
- 3.11 From an international maritime regulation and operations perspective global trends impact on national policies and legislation because from time to time there may be new developments they may require a change of course and or focus in order to accommodate these new global demands for action, be it maritime security, environment, piracy etc.
- 3.12 Perishable food security due to distance to markets is an important matter in South Africa as it impacts negatively on South African perishable goods producers, retailers and consumers.
- 3.13 Lack of a common identity brand representing South African maritime transport industry.

4. CMTP KEY Strategic Objectives

- 4.1. The key strategic objectives of the CMTP are:
- (a) To develop and grow South Africa to be an international Maritime Centre (IMC) in Africa serving its maritime transport customers in particular and world trade in general.
 - (b) To contribute in Government's efforts of ensuring the competitiveness of South Africa's international trade by providing customer focussed maritime transport infrastructure and services through an innovative, safe, secured, reliable, effective, profitable and integrated maritime supply chain, infrastructure and systems including safety of navigation;

- (c) To promote the growth and broadened participation of local entrepreneurs in the shipping industry and marine manufacturing¹ and related services while vigorously through incentives and continuous improvement in ship registration to promote the increase of ships under the South African flag registry;
- (d) To Promote marine transport; manufacturing and related services;
- (e) To provide guidance to the maritime transport sector stakeholders and customers with regard to institutional arrangements, governance and regulatory interventions while ensuring effective and efficient co-ordination across Government on matters of common interest to the growth of the maritime transport sector; and
- (f) To provide a clear framework around which operators, customers, investors and funders can freely participate in maritime transport market to improve growth, performance and competitiveness of the total Maritime Transport sector.
- (g) Establish where feasible sustainable funding and financing mechanisms and facilities for the growth of the broader maritime transport sector to facilitate infrastructure development and possible acquisition of ships and equipment necessary to meet the needs of customers in particular and the South African economy in general.
- (h) To create and enhance viable and sustainable opportunities for historically disadvantaged entrepreneurs especially, women and youth to participate in maritime transport initiatives.
- (i) To ensure efficient and effective regulation and clear separation between maritime operations and maritime regulation and these to be a reflected in the institutional and governance frameworks.
- (j) From an economic development perspective, create a conducive climate for South African perishable goods businesses to take part in the global perishable products market either as producers or as consumers.
- (k) Develop modalities for the creation of a national shipping company to serve the SA's economic and trade interests.
- (l) Develop and maintain a competitive ship registration system.

5. Strategic importance of transport

5.1. Transport is the heartbeat of the South African Economy. The transport element is an intricate part of the correlation between economic growth and trade. In this mix, the demand for maritime transport services and seaborne trade volumes continue in

¹ Includes Shiprepairs

tandem with global economic growth and the need to carry merchandise trade. There is a clear association between economic growth and industrial activity, merchandise trade and seaborne shipments.

6. Maritime seaborne trade, the carrier of world trade

- 6.1. Over 90 per cent of world merchandise trade is seaborne; therefore, maritime transport remains the backbone of international trade and globalization. Equally, the sector is a key enabling factor for other sectors and economic activities such as marine equipment manufacturing, maritime auxiliary services (for example, insurance, banking, brokering, classification and consultancy), fisheries, tourism and the offshore energy sector, as well as other marine-based industries such as shipbuilding; shiprepair and ship demolition. In this context, sustainable maritime transport systems entail, among other factors, transport infrastructure and services that are safe, socially acceptable, universally accessible, reliable, affordable, energy-efficient, environmentally friendly, low carbon and climate-resilient (UNCTAD).
- 6.2. International shipping companies annually carry more than 180 million tons of dry bulk South African export commodities destined for foreign markets. Goods destined for South Africa as imports are in greater volumes carried by foreign owned and foreign-flagged vessels. There is a blaring absence of local shipping content in the South African maritime value chain. The CMTP Maritime Transport Problem Statement states that the total cost of importing foreign produced products and delivering their agricultural produce, minerals and other industrial outputs to foreign markets is a significant and negative transportation impact if we consider our location to global markets.

7. Incoterms

- 7.1. The Incoterms rules or International Commercial terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) widely used in international commercial transactions. They are not international rules and therefore are non-binding. They are intended primarily to clearly communicate the tasks, costs and risks associated with the transportation and delivery of goods.
- 7.2. Governments, legal authorities, generally accept them and practitioners worldwide for the interpretation of most commonly used terms in international trade.
- 7.3. According to the ICC, they do not determine ownership or transfer title to the goods, nor evoke payment terms. They also do not apply to service contracts, nor define contractual rights or obligations (except for delivery) or breach of contract remedies. Incoterms must also not be misunderstood to protect parties from their own risk or loss, nor cover the goods before or after delivery. The terms used in shipping are the following:

- 7.3.1. **CIF** - Cost, Insurance and Freight: Risk passes to buyer when delivered on board the ship. Seller arranges and pays cost, freight and insurance to destination port. Adds insurance costs to CFR
 - 7.3.2. **CFR** - Cost and Freight: Seller delivers goods and risk passes to buyer when on board the vessel. Seller arranges and pays cost and freight to the named destination port. A step further than FOB.
 - 7.3.3. **FAS** - Free alongside Ship: Risk passes to buyer, including payment of all transportation and insurance costs, once delivered alongside the ship (realistically at named port terminal) by the seller. The export clearance obligation rests with the seller.
 - 7.3.4. **FOB** - Free On Board: Risk passes to buyer, including payment of all transportation and insurance costs, once delivered on board the ship by the seller. A step further than FAS.
- 7.4. This Plan acknowledges that the country will promote the use of Incoterms that are consistent with the strategic objectives of the CMTP whereby for all export especially of raw commodities and other appropriate cargoes, that they be shipped on Cost-Insurance-Freight (CIF) terms and with import of government project cargo be imported using Free-On-Board (FoB)

8. General Maritime Transport activities

- 8.1. The bulk of maritime activity is merchant shipping and this represents more than a third of the total maritime activity. Maritime activities include vessel operations, marine engineering; marine resources that include offshore oil, gas, renewable energy and minerals; marine fisheries, including aquaculture and seafood processing and other marine activities, mainly tourism and services. Other related industries making use of the ocean space and many of them utilise ships for their marine activities include fishing, offshore submarines cables, research, ports, and present huge investment opportunities.
- 8.2. The first group of activities is Vessel Operations (VO) activities and these include merchant shipping; naval shipping; the cruise industry and most importantly ports without which ships will not sail. The second grouping sustaining the industry is Shipbuilding, Shiprepair and it includes marine equipment support. The activities under this group include, paint manufacturers and suppliers of equipment needed to construct and maintain complex structures.
- 8.3. The third group concerns marine resources, mainly oil and gas; renewable energy like wind farms; wave energy technologies etc.

- 8.4. Marine fisheries constitute the fourth group including fishing aquaculture, seaweed and seafood processing. The last group is marine services such as banking, insurance, ship broking, legal services, classification and publishing.
- 8.5. South Africa had a live Maritime Industry before 1994 and a significant employment rate both on seafarers and office personnel. SAFMARINE owned 18 vessels until it was broken down in 1999 and sold to foreign interests. Safmarine's container division was sold to the AP Moller Group and Safmarine's bulk division to the Restis Group.
- 8.6. South Africa has an annual import/export market of about 300 million tons of dry bulk, containers, breakbulk and liquid bulk cargoes. The current tonnage handled by South African based companies is 5 million tons (which is 1.67% of the annual tonnage) and about 1.5 million tons handled by the Black Empowered Shipping Companies (which is 0.50% of the annual tonnage).
- 8.7. The CMTP Policy Statement (7) identified the need to explore the role of small harbours in the development of coastal shipping. It is acknowledged that coastal shipping will drive revitalisation of shipping not only in South Africa but also on the sub region. In this regard therefore, the Department will facilitate the coordination within the Southern African Development Community (SADC) of a SADC coastal shipping framework.

9. Major shipping commodities

- 9.1. A country without cargo unless it stands between those with cargo cannot dream to grow its shipping portfolio and footprint for it lacks what is essential to shipping, cargo. South Africa's commodity market although not immune from global turbulences, however remains a market with high potential. Below we discuss the current strength of our commodities market.
- 9.2. According to the South African Department of Mineral Resources², the mining industry is one of the country's key economic sectors with potential for substantial contribution to economic growth, job creation, transformation and infrastructure development, consistent with the government's objectives of higher and more balanced economic and inclusive growth. In 2016, mining contributed R306.2 billion or 7.9 percent to gross domestic product from R286.5 billion in 2015 an increase of R19.7 billion.
- 9.3. The increase in value added by mining can be attributed to weakening of the rand against the dollar which depreciated to R14.70 in 2016 from R12.76 in 2015. However, due to the depreciation of the rand from R12.76 in 2015 to R14.70 in 2016 mining contribution to the economy in US dollar decrease from \$22.45 billion to \$20.83 billion over the same period. If the value-added contribution of processed minerals presently

² Department of Mineral Resources, SAMI Report 2017/18, p20

- included in the manufacturing sector's figures were added to that of mining and quarrying, the impact of mining on the national accounts would be significantly higher.
- 9.4. In 2016, Mining and quarrying contribution to Gross Fixed Capital Formation (GFCF) increase to 11 percent from 10.8 percent in 2015.
 - 9.5. South Africa accounts for 94 percent of known global reserves of the platinum group metals (PGMs), 73.7 percent of chrome, 29 percent of manganese, 18.4 percent of vanadium and 10.5 percent of gold reserves.
 - 9.6. Most of South Africa's minerals are exported through five major ports, the largest of which is Richards Bay Coal Terminal (RBCT) which has grown into an advanced 24-hour operation with a design capacity of 91 Mt per annum. The terminal is bulk handling facility of coal exports from South Africa making SA a preferred source of coal for international markets. South Africa's coal exports are mostly sent to India, China, and Europe. Demand drivers include growth in demand for seaborne thermal coal and other minerals to be exported to China and India that would sustain the major expansion in global trade.

Coal

- 9.6.1. The coal line is the main channel for coal exports, which starts with the mines in Mpumalanga and ends at the port of Richards Bay Coal Terminal (RBCT). The possibility of a second coal export terminal in Richards Bay should not be ruled as long as the so called junior miners are marginalised and constrained in the access and or use of existing facilities.
- 9.6.2. According to DMR, South Africa's saleable coal production fell by 0.64 percent from 252.2 Mt in 2015 to 250.6 Mt in 2016, mainly due to the number of producing mines that decreased from 93 in 2015 to 86 in 2016.
- 9.6.3. Total run-of-mine (ROM) production decreased by 1.53 percent from 324 Mt in 2015 to 319.1 Mt in 2016. Opencast mining accounted for 65 percent of total ROM production, followed by board and pillar's 31.96 percent, stooping's 1.59 percent and long wall's 1.40 percent.
- 9.6.4. The top five major producers including Anglo American, Exxaro, Sasol Mining, South32 and Glencore, accounted for 75.2 percent of the country's total saleable coal production in 2016.
- 9.6.5. Junior coal producers accounted for the remaining 24.8 percent.
- 9.6.6. The three largest Black Economic Empowerment (BEE) companies, namely, Exxaro Resources, Tegeta Exploration and Resources Pty Ltd and Izimbiwa Coal Pty Ltd, accounted for 21.5 percent of the country's total saleable production. Overall, BEE companies and junior coal miners accounted for about 42.4 percent of South Africa's total saleable production.
- 9.6.7. South African coal is presently sold on the basis of Free-on-Board (FOB) terms where Risk passes to buyer, including payment of all transportation and insurance

costs, once delivered on board the ship by the seller. This is not good for South Africa's ambition to build her shipping footprint, a critical element of an International Maritime Centre status. The Alternative trade term supported by the CMTP is Cost Insurance and Freight (CIF). This will boost SA shipping footprint ambitions.

Chrome, iron ore and manganese

9.6.8. According to the Chamber of Mines, Chrome has high corrosion resistance and hardness. It is basic in the production of stainless steel, which accounts for 85% of its commercial use. Around 80% of the world's manganese resources and 70% of the world's chrome resources are in South Africa. Based on latest estimates, in 2016, the country produced 16.3 m tons of chrome, 73.2 m tons of Iron ore and about 15.0 m tons of Manganese. According to Transnet, about 60 million tons of iron ore, 14 million tons of manganese ore and 12 million tons of chrome per year were shipped to Asia and Europe out of Saldanha Bay. With the launch of the extended Ore Export Line (OREX) now with a total of 375 wagons this according to Transnet Rail will hike the manganese volume from 19656 tons to 23625 tons per train. The unfortunate reality is that none of those volumes will end on a South African ship unless we gradually change the terms of trade to CIF.

Others

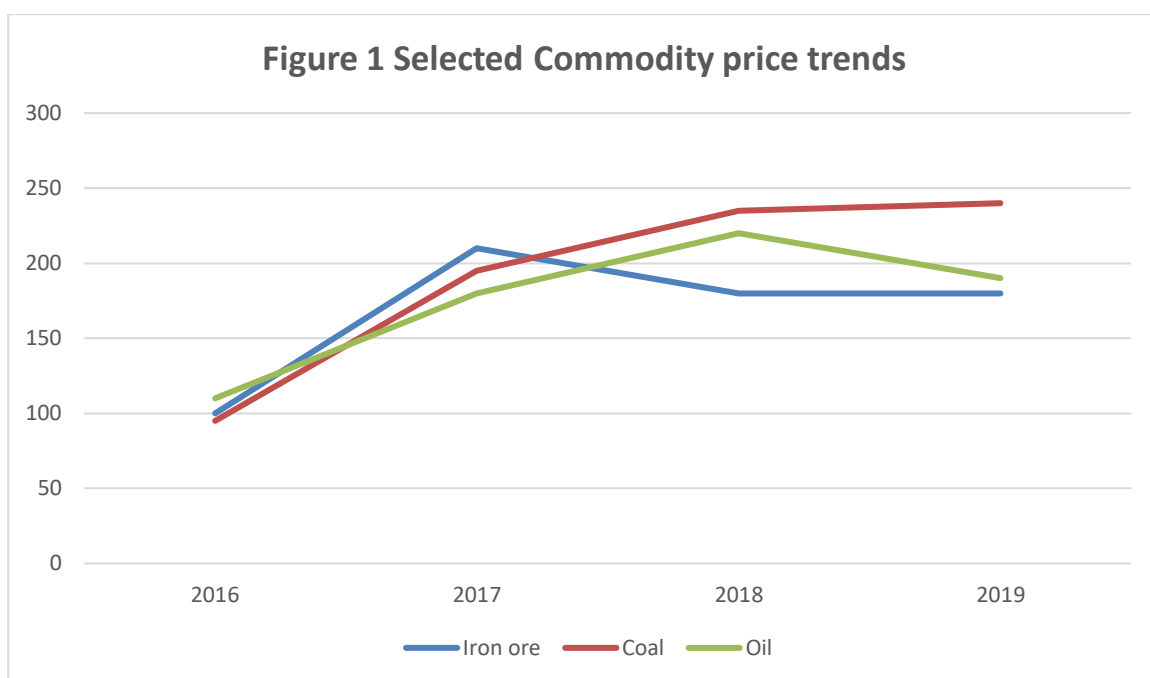
9.6.9. There is an annual local fuel production of about 15 billion litres in refineries in Western Cape, Durban and Gauteng. The product moved by pipeline, rail, and road, to inland provinces. The bulk of the movement of these products is by ships, thus making South African coastal shipping albeit not by South African carriers very active.

9.6.10. Crude oil is imported from Saudi Arabia and West Africa. We in turn export the refined products including both clean and dirty petroleum products to mainly East Africa and the Islands.

9.6.11. Off shore bunker fuel trade must be undertaken on the territorial waters as long as it is beneficial to South Africa.

10. Commodity prices

According to National Treasury, commodity price movements were volatile in 2018. Although robust global growth supported higher energy prices, rising US tariffs and weaker demand for industrial metals led to lower iron ore and platinum prices as can be seen from the Commodity price trend in Figure 1 below:



Source: National Treasury

11. Maritime Transport performance in South Africa

11.1. South African Maritime industry comparative performance data sourced from UNCTAD and the WTO

Table 3

South Africa	Total for South Africa	Egypt	Brazil	Norway
Population	54.490 Millions	91.508million	207.848 Millions	5.211 Millions
Gross Domestic Product	314 571 Millions current US\$	315 917millions current US\$	1 722 591 Millions current US\$	386 578 Millions current US\$
Merchandise transport (imports)	104 670 Millions of US\$	63 574 millions US\$	178 832 Millions of US\$	76 425 Millions of US\$
Merchandise transport (exports)	81 439 Millions of US\$	21 349 millions US\$	191 134 Millions of US\$	76 425 Millions of US\$
Ship Building	896 GT	1 292 GT	339 318 GT	159 284 GT
National flag	60 Thousands DWT	1 501 Thousands DWT	3 910 Thousands DWT	20 094 Thousands DWT

Fleet Ownership	2 197 Thousands DWT	3 300 Thousands DWT	20 186 Thousands DWT	46 539 Thousands DWT
Container throughput	4.831 462 TEU	8 810 990 TEU	10 678 564 TEU	379 027 TEU

13.2 Shipping services

The South African shipping economic activity is dominated by a handful of international shipping lines. Incentivised through tax exemptions, they even further dominate the coastal traffic volumes. This has resulted in a structurally constrained entry into the shipping business by aspiring national maritime businesses. The local shipping market is so constrained such that non-national players equally supply the services to shipping, which includes ships agents; ship chandlers; bunkering etc. in greater part. The absence of a transformation footprint in shipping and related services is what amongst many other interventions, the Plan aims addressing.

12. Pillars of the *CMTP Implementation Plan*

12.1. A Plan is supported by its pillars. The pillars are to be of a specific level of strength in order to carry through and sustain stormy weather. The pillars of the *CMTP Implementation Plan* are, Institutionalised-Planning Mechanisms; Revitalised Merchant Shipping; Enhanced Industry Foundation Programmes and Systems; Broad-Based Benefits, and Environmental Safeguards. Where there is need for new legislation and or amendment to existing legislation such shall be subjected to the Regulatory Impact Assessment (RIA) system. The following are pillars of the Plan which will be reflected in the key functional areas in the Department:

12.1.1. Institutionalised-Planning Mechanism (IPM)

The CMTP Policy Statement (3) identifies the adoption of the Maritime Transport Sector Development Plan (MTSDP). In order to move towards the development of the MTSDP a broader consultative forum made up of Department; SAMSA; Ports Regulator; Transnet and the SAMBF will be established.

1st: Institutionalised-Planning Mechanism (IPM) projects for 2020-2025

Objectives	Actions/ outcomes	Partners	Key deliverables	Target Implementation Date

Maritime Transport Sector Bargaining Council (MTBC)	Negotiate realignment with existing; Legislate and establish	Government labour and industry	Maritime Sector Bargaining Council launched	By 2024
Unit to ensure greater independence of casualty investigations	Legislate and establish	Department and SAMSA	Investigation Unit established	By 2024

12.1.2. Revitalised South African Merchant Shipping (RSAMS)

The overall and optimised growth of the maritime transport sector is dependent on the level in which shipping grows. The backbone of shipping revitalisation is the development and roll-out of coastal shipping along the coast of South Africa into the continent and the national shipping company; ship and boat building and repairs. To a reasonable extent, the absence of a national company inhibits the future maritime innovation in the country. A benchmarking study will be necessary for purposes of packaging the most appropriate structure of the future SA National shipping company. The Integrated Ports Infrastructure is the strategic component of this pillar. The envisaged SA National Company is not a public company, but a private sector driven entity marketed and designated as national company. South African ports should be a catalyst for the development of ancillary services such as ship repair industry, chandling, bunker services, etc. As a matter of urgency and as part of the localisation and beneficiation, the Ports Regulator of South Africa must continue incentivising South African exporters when shipping their products into Africa utilising locally manufactured ships and ships that carry SA flag as primary register. Coastal shipping is regarded as the only mechanism available at present to revitalise the South African shipping portfolio.

2nd: Revitalised South African Merchant Shipping (RSAMS) projects for 2020-2025

Objectives	Actions/ outcomes	Partners	Key deliverables	Target Implementation Date
Localisation of coastwise traffic	Legislate and enforce	Government and industry	Scheduled Coastal Shipping	By 2022

Small Harbour Development Framework	Negotiate, legislate and enforce	Government and communities	Development Framework Document for implementation	By 2024
Build SA Shipping Portfolio	Establish criteria for establishing national shipping company	Government and industry	South African National Shipping Company established	By 2023
Revamped ship register	Review ship registration and tax laws	Government and industry	SA Ship Registry re-launched	By 2021
Switch in trade term to CIF for export and FOB for imports	Negotiate and implement	Government and SOE	All govt project cargo exported on CIF and imported FOB	By 2021
Transshipment Framework	Facilitate, Negotiate, legislate	Industry, ports and government	Industry transshipment framework implemented	By 2025
Enhanced ports performance	Ports reform and legislation	Government and private sector	Highly competitive ports serving national, regional and international customers	By 2021

The South African National Shipping Company may be defined as a South African National company which:

- (1) Is a South African company
- (2) Is a Joint Venture arrangement meeting the Ship Registration criteria;
- (3) Is a South African company meeting the Merchant Shipping: Coastwise Shipping Licensing provisions

(4) Has a

- a) Skills transfer programme; and
- b) Seafarers' cadet training and employment programme

12.1.3. Enhanced Industry Foundation Programmes and Regulation (EIFP&R)

Foundation programmes regarded as the softer part of shipping are the most expensive and delicate without which one of the above is realisable. Combined, they constitute critical pillars of the *CMTF Implementation Plan*. These programmes include legal, financial services, insurance, research & innovation, education & training; package of incentives, ships' agency operations, shipbroking, ship scrapping and ship surveying; weather service, etc.

3rd: Enhanced Industry Foundation Programmes and Regulation (EIFP&R) projects for 2020-2025

Objectives	Actions/ outcomes	Partners	Key deliverables	Target Implementation Date
Improving access to land for shipbuilding and shiprepairs	Favourable port land acquisition options for ship building and repairs	TNPA	Identification and release of land suitable for shipbuilding and Shiprepairs	By 2025
Improve access to new entrepreneurial entrants	Shipping and industrialisation Help Desk Black maritime Industrialists (BMI)	Department and Department of Trade and Industry	Shipping Information and Industrialisation Help Desk	By 2020
Communicate the sector	Develop a national Maritime common brand	Government and Industry	Launch Maritime South Africa (MariSA) brand	By 2021

Research, analytics and statistics	Establish the Centre for maritime policy and strategy	Government industry and tertiary institutions	CEMPSA established and fully operational	By 2021
Inter department/ inter agency cooperation	Formalised cooperation between the Department and key departments and agencies	Government and agencies	Memoranda of cooperation and understanding	By 2020
Standards, guidelines and procedures	Conduct analysis, develop new standards; ratify treaties and new legislation and amend as appropriate	Government and the International Maritime Organization	Maritime Legislation review; New Merchant Shipping Act	By 2020
Education and training	Maritime curriculum ; Funding to maritime schools and seafarer colleges; Maritime educators development programme; Career guidance; doubling of internship	Government, schools, TVET Colleges; Universities and industry	Maritime Training and Education Fund established; Training Ship concept; Increased number of training berths on ships;	By 2020
Sustainable and career driven employment opportunities	Negotiate the establishment of Maritime Transport	Government and existing sector	Maritime Transport Bargaining	By 2021

	Bargaining Council	bargaining councils	Council established	
Maritime Awareness	Incorporation of the maritime transport in career guidance	DBE; DHET; Schools and Academia	Incorporated maritime transport in career guidance	By 2020
Develop youth in maritime transport	Invest in the maritime youth development	Government, industry and NYD	Youth in Maritime Sector	By 2021
Legislative reforms	Overhauling and alignment of legislation with the CMTP	Government and industry	Review of Merchant Shipping Act; Review of Marine Environment Protection legislation Shipping Revitalisation legislation Pollution preparedness and response legislation	By 2023
Enhanced industry representation	Operationalise South African Maritime Business Forum	Industry	Operational South African Maritime Business Forum	By 2020

12.1.4. Broad-Based Benefits (BBB)

The demands of the South African economy are inclusive growth especially to tackle the historical imbalances created by the Apartheid policies of the past. It is this pillar that will ensure that we remain on track to a transformed growth when taking into account the fact that some of the actions the Plan aims to bring about do not exist at present. The South African Maritime Business Forum (SAMBF) is already fully supportive of government's efforts in driving transformation.

4th Broad Based Benefits (BBB) projects for 2020-2025

Objectives	Actions/ outcomes	Partners	Key deliverables	Target Implementation Date
Redress historical disadvantages impacting on specific groups	Implement and monitor compliance with Maritime BBEE Charter and Scorecard	Government and Industry	Incentivised Scorecard developed and implemented	By 2023
Maritime Professionals Development Programme (MPDP)	Commission the an institution of Higher learning to develop the MPDP	Government; industry and academia	MPDP developed and implemented	By 2020
Management and control	Increase representation of historical designated groups in management of existing maritime institutions and companies	Government and industry	BEE Scorecard implemented and measured for success	By 2020
Ownership	Increase percentage control by designated	Government and industry	BBBEEE Scorecard	By 2021

	groups of existing maritime entities and companies		implemented and measured	
Enterprise and supplier development	Increased percentage access to procurement deals for the designated groups	Government and industry	BBBEEE Scorecard implemented and measured	By 2020
Socio-economic development	Increased social responsibility and support to non-profit organizations and general improvement and development of maritime learning environment	Government and industry	BBBEEE Scorecard implemented and measured	By 2022

12.1.5. Environmental Safeguards (ES)

One of the cornerstones of sustainable development is the duty to care for, preserve and protect the marine environment. The future economy will minimise negative impact to the environment. Future solutions will achieve highest levels of energy efficiency and as well as broadened and increased application of renewable energy solutions in maritime infrastructure and shipping. Climate mitigation plans to form part of operational plans.

5th Environmental Safeguards (ES) projects for 2020-2025

Objectives	Actions/ outcomes	Partners	Key deliverables	Target Implementation Date

Promote energy efficient maritime transport solutions	Develop Maritime Sector Energy Efficiency Program(MSEEP)	Government and Industry	Approved MSEEP	By 2020
Enhanced Science and Technology driven solutions in marine transport and manufacturing	Develop a science technology Road-Map	Government and industry	Science and technology road-map implemented	By 2020
Enhanced marine pollution surveillance and prevention mechanism	Maritime Pollution Prevention Programme (MEPRE) developed	Government and industry	Approved and implemented MEPRE	By 2023
Environmental and Socio Economic Impact Assessment framework (SEIAS)	Environmental and socio economic impact compliance	Government and industry	A standardised system of environmental impact assessments	By 2021
Overhaul the marine pollution legislation and provide for wreck removal Convention to apply to territorial waters	Conduct review and draft Marine Pollution Bill	Government	Consolidated Marine Pollution Bill and Wreck removal legislation	By 2022
Develop climate change adaptation plans	Conduct climate change vulnerabilities and technology driven adaptation plans as part of the Maritime	Industry and government	Maritime Sector Climate change adaptation plans	By 2023

	Transport Sector Development Plan			
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12.1.6. Enabling Financing Mechanism (EFM)

12.1.6.1. Emerging entrepreneurs would require funding and or financing of the projects they are pursuing. Revitalization of merchant shipping require enabling and sustainable funding and or financing streams. There is need to establish a maritime development fund in order to enable the development of the maritime sector in the country.

12.1.6.2. The Maritime sector has the ability to raise enough financial resources to sustainably fund and finance the broader maritime transport sector to facilitate infrastructure development and possible acquisition of ships and equipment necessary to meet the needs of customers in particular and the South African economy in general.

6th Enabling Financing Mechanisms (EFM) projects for 2020-2025

Objectives	Actions/ outcomes	Partners	Key deliverables	Target Implementation Date
Financing strategic maritime public infrastructure and equipment	Maritime Development Fund	Treasury SARS	Maritime Development Fund (MDF)	2021
Enterprise development and finance	Increases start-up funding to designated group to start maritime businesses	Government banking sector and industry Investors	BBBEEE Scorecard implemented and measured	By 2021

	Black maritime Industrialists			
Confronting financial/ financing barriers to maritime industry entrepreneurship development	Financial and financing package/ facility for emerging maritime businesses Black maritime Industrialists	Banks and financing institutions and industry	Package of financing mechanisms and funding options	By 2021
Confronting financial/ financing barriers to maritime industry acquisition of ships either straight purchase or bareboat charter	Introduce special dispensation on Foreign Exchange Controls for ship acquisition	Treasury SARS DBSA IDC	Special Foreign Exchange control measures for Ship Acquisition	By 2021
Incentivise ships made and flagged in South	Preferential treatment for South African built ships	Ports Regulator TNPA DTI SARS	Ships Built-in-South Africa Incentives programme	By 2023
Provide incentives to support Marine Transport and manufacturing	Identify, market and promote Review mortgage ranking provisions	Government and industry	Package of Maritime Incentives published	By 2024

13. Strategic interventions

13.1. Cooperation/Collaboration Matrix

STRATEGIC INTERVENTION	PUBLIC SECTOR CO-OPERATORS	PRIVATE SECTOR CO-OPERATORS
Developing South Africa as an International Maritime Centre (IMC)	Planned & Voluntary programmes to support the campaign	Planned & Voluntary programmes to support the campaign
Fully Implement the Ports Act, 2005	Government to drive the corporatisation of National Ports Authority as subsidiary of Transnet	Industry support guaranteed
Ensuring maritime innovation to drive efficiencies	Create enabling climate	Release investments and introduce improvements
Localization of shipping services including Shiprepair	Create enabling climate and legislation	Release investments and innovation
Effective governance	Enabling legislation	Compliance
Transparent Business systems and procedures	Enabling environment; anti-corruption reporting	Cooperation and compliance
Sustainable Funding and financing	Enabling environment	Incubation and innovative
Broad-based participation	Enabling environment	compliance
Effective and burden-free regulation	Remove administrative burdens in legislation	Provide feedback and recommendations
Maritime Transport Sector Common Brand	Facilitation and enabling environment	Promotion and innovation
Gradual phasing in of Cost Insurance and Freight (CIF) trade term for certain export Commodities	Facilitation and enabling environment	Promotion and innovation
Enable and support culture of maritime entrepreneurship	Facilitation and enabling environment	Promotion and innovation

14. Stakeholder analysis

14.1. Potential beneficiaries of the CMTF Implementation Plan:

Stakeholder Groups	How they stand to benefit
The country's national interest	GDP increase; Better coordination/ better planning Ownership of merchant ships carrying South African flag; Enhanced prestige; New skills; Jobs; Improved security.
Ship owners (present and aspirants)	Tax and non-tax incentives as a result of registration with SA Flag/ national company and participation in coastal shipping;
Transnet	Additional revenues; efficiencies; productivity; competitiveness; connectivity; and transformation.
Seafarers	Harmonised Conditions of employment/ More opportunities for training including sea-time experience. Access to international labour market
Port workers and shipyards³	Training , employment
Passengers	Improved safety due to enhanced ship safety measures
Small vessels operators	Improvements in safety as a result of enhanced ship safety measures
Ship designers	Enabling framework for new technologies to be deployed
Ship yards	New orders; More investments and new technologies
Coastal communities	Rejuvenated business opportunities and job creation
International shipping	Ship registration Incentives enhanced
Citizens including the unemployed	Training, education and employment opportunities
Coastal shipping	Enabled business environment
National maritime communities	Business opportunities and job creation
Local ship owners	Business prospects; incentives
Small harbours	Socio Economic Investments

³ Port workers refers to all port workers including but not limited to, stevedores, ship chandlers, workers employed to work in dock; boat building, coal terminal, motor vehicle terminal grain terminal

Port cities	Enhanced planning requirements; economic development; increased tourism activities
Customers	Consumer price as a result of the reduced cost of doing business in South Africa Enabling the expansion of market coverage for suppliers
Non-Government Organisations	Environmental preservation Excellence

19.2 Stakeholders defined by expectations

Affected stakeholders	Expectations
Department of Transport in cooperation with other departments with responsibility in maritime affairs	Effective governance and planning architecture to enable growth
Departments of Trade and Industry and Public Enterprises	Transformation and enhanced industrialisation of the marine Transport manufacturing
Department of International Relations and Cooperation	Foreign Policy Coordination on Maritime cooperation and Governance
Department of Public Works	Transformation of the industry for the good of the South African economy as it relates to small harbours
Department of Higher Education	Transformation of the industry in skills and development for the good of the South African maritime transport economy
Departments of Arts and Culture and; of Environment Affairs	Transformation of the industry for the good of the South African economy whilst at the same time ensuring the preservation of marine heritage
Departments of Tourism Public Enterprises and Home Affairs	Transformation of the industry for the good of the South African marine tourism economy
Mining Industry and Energy	Transformation through the transportation of commodities by National company and or South African ships
Industry associations academia and government	Transformation of the industry by the creation of Maritime Transport Sector Development Council
National Treasury	Cost effective incentives to enable and support the transformation of the maritime transport economic activities
SARS	Localisation of coastwise movement of goods and services

19.3 Stakeholders as defined by role-playing:

Stakeholder	Roleplaying
Cargo interests	Transportation decisions
South African importers and exporters	Transportation decisions
SAPIA	Transportation decisions
South African Industrial Corporation	Funding/ financing
Department of Trade and Industry	Industrial policy and incentives
Department of Energy	Cargo source
Department of Mineral Resources	Cargo source
Department of Transport	Policy and regulation
Treasury	Incentives
SARS	Customs

19.4 Cooperative Governance and cooperation

The Inter-government cooperation framework is an essential tool to regulate cooperation between departments and organs of state with direct and or indirect interest in maritime transport affairs. The CMTP Policy 33 acknowledges the importance of this instrument in promoting a coordinated approach in maritime governance and implementation of the policy. The following Departments are critical in ensuring that the partnership and cooperation envisaged by the CMTP starts sailing.

Policy area	CMTF Policy Statement	Name of departments the DoT will formalise cooperative arrangements
A coherent and integrated Policy and Implementation Plan	1	GOVERNMENT
A transformed and growing maritime transport sector	3	THE DTI; DST; ENVIRONMENT; DMR; DOE
A globally competitive port system	4	DPE
A sustainable development and growth of local marine manufacturing including off-shore industries and related services	5	NATIONAL TREASURY; DTI; DPE; DMR; DOE
An effective socio economic programme for the development of small harbours	7	DPW AND DAFF
An effective and transformed coastal shipping and cabotage market	8	DAFF
A developed and efficient international Maritime services provided by South African ships	9	GOVERNMENT
Innovative financing and incentives to support the development and growth of domestic shipping	10	TREASURY; DTI, & DPW
Enhanced maritime surveillance services	14	GOVERNMENT
An enhanced maritime security coordination network	15	GOVERNMENT
A well regulated and effective hydrographic services	17	DOD
enhanced regulation and maintenance of a system for maritime accidents and incidents investigations	19	JUSTICE; DEA; DOD;
An effective and harmonized maritime and inland waterway safety regulation	25	DWA; DEA
Safe ship operation standards	26	DWA; SAPS
Sustainable and career driven employment opportunities; Maritime Bargaining Council	29	DOL; GOVERNMENT
Accelerated programme of education and training	30	DHET; DBE
Well organised and capacitated maritime professionals	31	GOVERNMENT

Support for industry in times of distress	32	GOVERNMENT
Promotion of maritime culture, heritage and tourism	34	DAC; TOURISM
Effective maritime international cooperation and diplomacy	35	GOVERNMENT
An intelligent and innovative driven industry	36	DTI; DST

14.2. Establishing a planning consultation and planning platform

The Department will convene a consultation forum made up of Department of Transport; South African Maritime Safety Authority (SAMSA); Ports Regulator of South Africa; National Ports Authority of South Africa; South African Maritime Business Forum (SAMBF); South African International Maritime Institute and other industry bodies. The platform will be known as the Maritime Transport Sector Development Council (MTSDC) and will act as a consultation and planning platform to support the implementation of the CMTP.

14.3. Inter-sphere coordination and cooperation

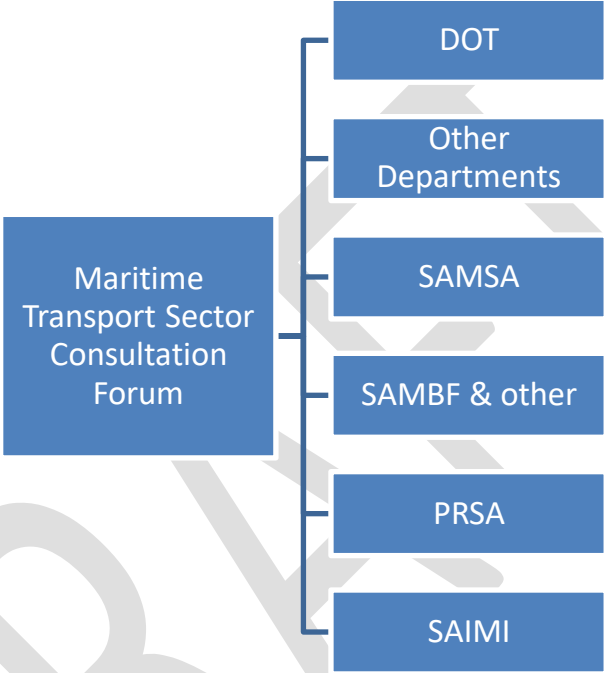
The success of the implementation of the CMTP requires community understanding cooperation, ownership and support. The principle of broadened representation of coastal provinces in the membership and hosting of institutions as well as coastal communities involvement in maritime transport developments is essential.

14.4. Unifying voice of industry

A common platform and mouthpiece of the South African Maritime Business is required. Existing sub-sector associations exist to protect the narrow interests of the members supporting them. An industry driven South African maritime business forum must be formed. The forum must aim to coordinate and promote participation of South African business in the maritime economy in order to realise inclusive development and growth of the maritime industry. Modern South Africa has always lacked a common maritime business forum and mouthpiece. The Forum should also be about the inculcation at grassroots level, of the maritime entrepreneurship culture.

Figure 2

Maritime Transport Sector Consultation Forum



4Measurements and Targets⁵:

Indicators / measure of performance	2017 baseline	Targets	By 2030
Increase tonnage of identified commodities shipped by SA Companies	10 million tons (which is 1,67% of the annual estimated tonnage)	120 million tons (which is 40% of the annual estimated tonnage)	100% of the annual Targets
Increase tonnage of identified commodities shipped by BBEE Companies	5.0 million tons (which is 0,083% of the annual estimated tonnage handled by SA Companies)	60 million tons (which is 50% of the annual estimated tonnage handled by SA companies ⁶)	100% of the Targets
Increase in the % of government and or SOE cargo moved by the	0	50%	100% of the Targets

⁴ This table will be a subject of consultation and input

⁵ Projections will be updated on an annual basis up to the life of the Plan. All projected targets will be confirmed during consultations and negotiations

⁶ Ibid, n.21

national company using chartered vessels			
Increase in the % of government and or SOE cargo moved by the national company using ships owned by South Africans	0	60%	100% of the Targeted
Increase in the number of ships and boats repaired in South African ship repair yards	3%	30%	100% of the Targeted
Increase in the number of ships ordering and taking off-shore bunkers in South Africa	0.1%	15%	100% of the Targeted
Increase the number of direct jobs supported by maritime transport economy	To benchmark	6365 ⁷	100% of the Targeted
Increase maritime transport service earnings	19 billion based on the 2012 estimates	R50 billion (based on 75 million tons x USD50 per ton)	100% of the Targeted
Increase the number of vessels carrying SA Flag as primary register	2	Potentially 20 depending on the national company model adopted	100% of the Targeted
Redesigned ports and small harbours infrastructure to support coastal shipping	0	Transshipment infrastructure design completed	100% of the Targeted
Increase the number of chartered vessels with majority BBBEE ownership	1	Potentially 10 and dependent on national company model adopted	100% of the Targeted
Increase in the number of vessels owned by South Africans on the Register	3	20	100% of the Targeted
Expropriation of land for Marine Warehouse Park to support emerging marine businesses	0	50% of the identified land for this purpose	100% of the Targeted
Increase the number of Ship chandling services offered by South African businesses	70% by non-domestic companies	65% of ship chandling services to be supplied by South African local businesses	100% of the Targeted

⁷ This target will be a subject of negotiations during consultations

Increase maritime economic activities including offshore activities by South African companies	2	6 ⁸	100% of the Targeted
Increase maritime economic activities including offshore activities by South African BBEE companies	2	4 ⁹	100% of the Targeted
Agreements entered into in terms of Section 56 of the Ports Act	Refer to TNPA Targets	Refer to TNPA Targets	100% of the Targeted
Licenses issued in terms of Section 75 of the Ports Act	Refer to TNPA Targets	Refer to TNPA Targets	Refer to TNPA Targets
Increase in export of SA goods and services to Africa carried by SA ships	2%	50%	Refer to TNPA Targets
Regulated offshore bunkering and salvage services	90% dominance by non-domestic operators	70% dominance by South African operators	100% of the Targeted
Transformed marine Forwarding and clearance of goods	99.9% dominance by multinational entities	70% of forwarding and clearance business to be undertaken by South African local businesses	100% of the Targeted
Increased export of South African Marine products and services	SA Ranked 2 nd for manufacture and distribution of Catamarans	Maintained if not exceed this ranking	100% of the Targeted

Annual themes for the decade of the CMTP

YEAR	ANNUAL THEME
2020	<i>Foundation Year towards IMC by 2030</i>
2021	<i>South Africa: A Sailing nation</i>
2022	<i>Benefiting from the Maritime Value Chain</i>
2023	<i>National Shipping Company</i>
2024	<i>SADC Coastal Shipping</i>
2025	<i>Maritime Infrastructure & Services</i>
2026	<i>Revitalised South African Merchant Shipping</i>
2027	<i>South Africa: Moving our strategic cargo</i>
2028	<i>A vibrant South African Maritime Brand</i>

⁸ Ibid, n.33

⁹ Ibid, n.34

2029	<i>Africa: a thriving maritime market</i>
2030	<i>An International Maritime Centre in Africa</i>

19 Annual Plans

YEAR	ANNUAL THEME	Outcomes	Output	Indicator
2020	<i>Foundation Year towards IMC by 2030</i>	•	•	•
2021	<i>South Africa: A Sailing nation</i>	•	•	•
2022	<i>Benefiting from the Maritime Value Chain</i>	•	•	•
2023	<i>National Shipping Company</i>	•	•	•
2024	<i>SADC Coastal Shipping</i>	•	•	•
2025	<i>Maritime Infrastructure & Services</i>	•	•	•
2026	<i>Revitalised South African Merchant Shipping</i>	•	•	•
2027	<i>South Africa: Moving our strategic cargo</i>	•	•	•
2028	<i>A vibrant South African Maritime Brand</i>	•	•	•
2029	<i>Africa: a thriving maritime market</i>	•	•	•
2030	<i>An International Maritime Centre in Africa</i>	•	•	•

20 Monitoring, evaluation, and reporting

Measuring Performance in the maritime transport sector will depend on the established baseline data and parameters for evaluating performance information. Benchmarks must have baseline data and where they do not these must be established. The establishment of the Centre for Maritime Transport Policy and Plan will help create this facility as a resource

essential for measuring performance of the sector. For instance National Statistics do not measure and account for the sector’s contribution to the national economy. The Department will consult various government sources including the possibility of entering into a cooperative arrangement with the office of the Statistician General in establishing industry benchmarks.

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