



**ADDRESS BY THE MINISTER OF TRANSPORT, DR BLADE
NZIMANDE, ON THE OCCASION OF THE INAUGURAL
MARITIME TRANSPORT DIALOGUE HELD AT THE
SOUTHERN SUN ELANGENI – MAHARANI HOTEL –
DURBAN**

28 February 2019

Honourable Premier of the Province of KwaZulu Natal

Mayor of the city of EThekweni, Councillor Gumede

MEC's of Transport and Roads

MEC for Economic Development

CEO's of public and private sector

Directors of SAMBF

Distinguished participants

Ladies and gentlemen

Sanibonani, good morning to you all,

I am pleased to welcome you to the first Ministerial Dialogue series on Transport.

In this dialogue convened for the coming two days, we will be discussing and engaging on the South African Maritime Transport Industry and its contribution towards creating jobs - moving south Africa forward.

The inaugural Maritime Transport dialogue event is the first in a series of transport dialogues. Cabinet adopted the Comprehensive Maritime Transport Policy (CMTP) as a framework for the growth, development, and the transformation of maritime transport in our country.

It is time that all the stakeholders gather and have such a dialogue in order to hopefully agree on a common approach to the accelerated transformation of the sector. So that we properly understand the true nature of the sector, my department, working together with the sector as a whole, to produce a proper picture of the state of the maritime transport sector. I strongly support more extensive and intensive research into this sector so that we are better informed about what is to be done.

The maritime transport sector is also a key component in government's objective in growing and developing the oceans economy.

If I were to compress my speech into a few sentences about what this dialogue should achieve, I would say that what is paramount in my mind as we gather over the next two days is what are the obstacles to the transformation of the maritime sector generally, and the maritime transport component of this sector in particular? And what is to be done? What economic opportunities are there to grow and develop a transforming maritime transport sector? How do we ensure inclusive growth and development of the sector, including the previously disadvantaged, as well as women and youth? How do we accelerate employment equity and decent working conditions in this sector? I expect frank and robust discussions in exploring these questions over the next two days, but minimizing lamenting and focus on concrete actions and strategies to transform the sector.

I wish to state upfront that there is no contradiction between growth and development of the sector on the one hand, and the transformation of the sector. Instead the two are closely intertwined. There can be no growth and development of the sector unless it is inclusive and transforming!

Ladies and gentlemen

Government's starting point is that South Africa is surrounded by just under 4000 kilometers of sea line and we have correctly identified our oceans as a strategic resource and that which we have not fully taken advantage of given its hugely untapped potential.

According to Operation Phakisa – oceans economy strategy, the oceans have the potential to contribute up to R177 billion to the gross domestic product (GDP) and create just over one million jobs by 2033 and between 800 000 and 1 million direct jobs.

Through Operation Phakisa, forty-seven (47) detailed initiatives have been identified, whose progressive implementation is expected to increase the oceans economy's GDP contribution by R20 million per annum and lead to the creation of 22 000 direct new jobs this year, 2019.

To further explore this potential, government brought together teams from government, labour, business, academia and other sectors to work together in experimental laboratories, to explore all possibilities and further unlock the potential of our country's vast coastline. This is all consolidated under Operation Phakisa.

In addition to these laboratories, we therefore can achieve more of these objectives if we put in place two enablers of Skills and Capacity Building and that of Research, Technology and Innovation also to prepare for the Fourth Industrial Revolution.

As the Department of Transport, we are leading the Marine Transport and Manufacturing work stream, which is amongst the six work streams established by Operation Phakisa ocean economy.

Amongst others, our work stream has highlighted a concern that South Africa currently has no registered ships. This is in spite of the fact that each year, three hundred million (300 million) tons of cargo moves through our ports in imports and exports.

In addition, 1.2 million tonnes of liquid fuels move along our coast, while the rapidly expanding offshore oil and gas activities require a supporting fleet of vessels.

As a country, we are ideally positioned to serve the East-West cargo traffic and the booming African offshore oil and gas industry, through marine manufacturing, which includes ship and rig repair, refurbishment and boatbuilding.

Despite this competitive advantage in geography, we currently capture only one % of the global market of ship repair and replenishment.

Of the eighty oil rigs estimated to be in the range of the Western Cape, only four rigs are serviced per year, showing significant potential for growth.

We therefore need to swiftly meet some of the initial targets drawn up by this work stream which include:

- An increase in the local manufacturing capacity through a ten % increase in the usage of local components for boat and ship building;
- An increase in the ship repair capacity in Richards Bay, thus creating two hundred (200) direct jobs;
- To create a dedicated education, training and skills development focus for the sector, working with the Department of Higher Education and Training in particular.
- Increasing the amount of minerals exported on South African ships, as well as the attracting investment into the development of coastal shipping, through transportation of

goods and products (eg. motor vehicles) through sea whilst simultaneously growing tourism in this regard.

-

Ladies and gentlemen

I decided as part my commitment as Minister of Transport to promote a much deeper dialogue between government, labour, business and academia with direct or indirect interest in the transport industry generally, starting with the maritime transport dialogue.

Today, as we reflect on the maritime sector, we can attest to meaningful progress already achieved. However more still need to be done particularly as we are gathered here as social partners to restore the bonds of trust, dialogue and cooperation.

Through this dialogue, we intend to reach out to those parts of our society that have become disaffected, disinterested or marginalised from meaningful participation in the sector.

We held a successful Presidential Jobs Summit that agreed on far-reaching measures that – when fully implemented – will nearly double the number of jobs being created in our economy each year.

The maritime sector must also ensure that the Job Summit agreements are realised.

For us to succeed in the growth, development and transformation of the maritime sector, the Department of Transport introduced the Comprehensive Maritime Transport Policy (CMTP) to realize the goals of growth, development and transformation of maritime transport. The CMTP calls on all of us to help develop and position South Africa as an international maritime centre.

Part of what we have been working on as the Department of Transport, has been the identification of both obstacles and gaps in current legislation, especially legislative or legal impediments to the smooth implementation of the CMTP.

The CMTP vision of a maritime transport industry is that of “an effective and growing industry that is safe, secure, reliable, economical and well regulated.

It goes further to say that “it should be environmentally sustainable within the global logistics chain, and contribute to South Africa’s socio economic development and growth.

The CMTP envisages the establishment of the Maritime Transport Sector Development Council as a platform and vehicle to develop concrete strategies and co-operation to develop and transform the sector. This Council is also expected to develop appropriate plans to grow the sector within the context of the oceans economy.

The development of a multiyear Maritime Transport Sector Plan (MTSDP) as well as the review and monitoring of the overall performance of the sector are key tasks assigned to the MTSDC by the CMTP.

I would like to move with speed to establish the necessary framework for the institutionalisation of these bodies because I believe they will help achieve our development objectives.

Making such decisions will not only revitalise shipping but will also save our country the estimated **R46 billion** per annum of freight transportation costs.

Parallel to the adoption of favourable trade terms, it has become urgent that mining and energy sectors hold consultations towards the development and adoption of an incentivised scorecard in the procurement of shipping transportation

especially for the movement of coal, iron ore, manganese, chrome and other materials in the context of agreed percentages for such transportation as reserved for South African ships.

The national shipping carrier(s) is regarded as strategic pillar in the revival of the maritime transport industry especially shipping.

When Cabinet approved the CMTP, it approved the policy with an embedded target of ensuring that measures that will ensure that within the next 5 years of the adoption of the CMTP, a significant targeted percentage of exports and imports are moved by the national shipping carrier.

We are already in the 2nd year after the adoption of the CMTP adoption and it has therefore become extremely urgent that these measures with clear timeframes are implemented.

Although I welcome the emerging offshore bunkering services provision along South Africa's coast especially off Port Elizabeth, such developments must not happen outside the context of the CMTP envisaged development of a bunkering infrastructure and service strategic framework.

Offshore bunkering services must not negatively impact on in-port bunkering services provided by South African businesses.

The CMTP's provision of this framework will create a balanced and viable industry as opposed to the mushrooming of activities that are mainly driven by foreign or narrow interests whose desire is money, and possibly spearheaded by individuals or entities who are engaged in potential fronting.

The regulation of maritime zones remain my responsibility and I will be announcing measures that will ensure that these zones, particularly in which we have exclusive jurisdiction over, are increasingly serviced by licensed South African entities.

I need to commend the Ports Regulator of South Africa for their role in creating a conducive and investor friendly environment in ports by helping reduce the cost of doing business in ports.

The use of the tariff determination methodology as a tool for not only promoting local manufacturing but also facilitating new entrants of young entrepreneurs and port innovation must be encouraged and be rewarded where it is due.

I understand that the Ports Regulator will share some of those approaches when they address us later this morning.

Master of ceremonies;

The present policy and legislation of government requires that we corporatize the National Ports Authority with a separate Accounting Officer and a Divisional board.

This consensus I understand was negotiated and agreed upon. We must move with speed to ensure a transition to a corporatized port entity.

I will be tasking the National Ports Consultative Committee to advise me on the steps that must be undertaken to implement this crucial piece of legislation with greatest of efficiency, working with Minister of DPE.

Later on, the Transnet Ports Authority will be sharing with us their challenges and future plans.

I would like to acknowledge the huge contribution by the entire TNPA from the **Chief Executive**, Harbour Masters, and Port Managers and to men and women enabling South African trade.

Their successes in driving ability to invest and deliver massive infrastructure projects to the value of R20.37 billion requires a special recognition.

Investment in skills development, innovation, research and development are the reason why businesses grow and governments experience efficiencies.

Businesses and or governments who do not invest in these areas become victims of their own circumstances.

Since I was assigned to this portfolio, I have committed to establishing Transport Innovation Hubs (TIH).

Part of what has motivated me to push for this is that without science, technology and innovation (STI), we cannot transform and position the sector to be part of, and benefit from, the Fourth Industrial Revolution. We all to come together to mobilize significant investments into STI. There are also many bright young people with lots of ideas for innovation in the transport sector, and we need to find a way to create an environment for such creativity to thrive.

So please work with me in realising what would become our future transport innovation paradigm.

Our country is ranked number 10 of countries manufacturing luxury boats. The boat building sector is indeed one of the strongest and well-established of maritime subsector.

Participating in the Department of Trade and Industry's programme of export promotion of South African manufactured goods and products, the sector has grown exponentially.

The CMTP has however identified the need for the Department working in collaboration with Department of Science and Technology, the Department of Trade and Industry and other relevant organs of state, to promote appropriate technologies for manufacturing, infrastructure and boat & ship repair.

Ladies and gentlemen

We now see Africa's Maritime Sector increasingly being recognised as a key strategic driver of increased African trade and economic development, both directly and indirectly.

There is growing momentum and attention focused on the sector and its potential role as an engine for growth, industry transformation, and job and business creation.

The African Union has the 2050 Africa Integrated Maritime Strategy, or "AIMS" in recognition of the role that the ports of the AU Member States have to play in economic and social development, and the fight against poverty and unemployment.

We are indeed pleased to have the South African President Cyril Ramaphosa as the Chair of the African Union in 2020.

This is important as it will assist in helping South Africa in accelerating the maritime agenda within the context of the African Continental Free Trade agreement execution. How do we as a sector make use of such opportunities?

The Africa Maritime Indaba 2020 will be convened here in South Africa with the Pan African Maritime stakeholders including the Women In Maritime Africa (WIMAAfrica), a body that is recognized by the AU. That is another key platform for our sector and for increased participation by all potential beneficiaries.

I understand that the Vice President, of WIMAAfrica, Mrs Ipeleng Selele is present here with us today. Madam we are delighted to have you here.

The 2020 Maritime Indaba will give an update of the progress of AIMS 2050, which provides the foundation for public and private maritime policy and practice across Africa.

It will begin to raise awareness of its core precepts, to catalyse dialogue on its contents and intent, and to begin to identify its

potential to act as a blueprint for national maritime strategies for Africa's maritime nations.

The signing by our President of the Africa Continental Free Trade Area, the (AfCTFA) agreement in Nouakchott, the capital of Mauritania, means that we have joined more than 50 African states who have already signed the AfCTFA as commitment to facilitating a single market for goods and services on the continent.

I also understand that the African Development Bank (AFDB) will be holding its meeting here in November 2019 and that there is an appetite for investment into maritime infrastructure to be part of their agenda. This calls upon our entrepreneurs to come up with innovative projects and opportunities in the sector. We just do not need passive shareholders in the sector, but active, skilled and knowledgeable and entrepreneurial participants in the development of the sector.

In welcoming this development we must therefore put a plan for interacting with the African Bank.

We have now gone beyond conceptual frameworks, we can no longer be in a state of unending planning, and we need to accelerate the implementation.

As has been communicated widely, South Africa will also be hosting the IMO 2020 World Maritime Day Parallel event. The 2020 event is set to demonstrate how far we have progressed in maritime affairs.

This will also present South Africa with an opportunity to attract attention and potential investments into the development of our oceans economy.

Since becoming Minister of Transport, I have participated in a number of trade missions including Russia, China, and most recently Cuba.

My Department has advised me that the Maritime International Relations and Technical Cooperation Committee (MIRTC) as envisaged in the CMTP is being established next month.

The MIRTC will enhance the planning and execution of our maritime economic diplomacy.

I also understand that, consultations are at advanced stage toward the establishment of the BRICS Maritime Forum.

Further consultations will be undertaken in the margins of the forthcoming BRICS Summit taking place in Brazil in August 2019.

I would wish to encourage the setting up of these structures as they will go a long way in ensuring that we engage internationally with a very clear articulation of what our international maritime strategic approach is.

Ladies and gentlemen

I thank you all for responding to the invitation to the inaugural maritime Transport dialogue event and I have no doubt that you shall find it useful in advancing the transformation of the sector and accelerate the achievement of our key CMTP Strategic Objectives.

Dialogue such as this provide a valuable opportunity for research scientists, industry specialists and decision-makers to share experiences.

I am grateful to the many experts who have come to share their knowledge in this dialogue. I especially want to welcome members of the Panel of Experts to the Minister of Transport that I am bringing together to act a soundin board on key transport

policies and programmes as well as catalyst research and innovation in the sector.

I also welcome the many representatives of governments, industry associations and NGOs who have joined us.

I am sure you will have fruitful and rewarding exchanges today and tomorrow.

I wish you every success with this important dialogue and I look forward to learning about the outcome.

I thank you

Word Count: 2946