

# MAURITIUS MARITAN WEEK 2018

## TRADE – AN ENGINE TO ECONOMIC GROWTH

**AFZAL DELBAR**

Secretary General  
Freeport Operators Association



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## **DEFINITION OF INTERNATIONAL TRADE:**

international trade is the exchange of goods and services among countries.

countries trade when they do not have their resources to satisfy their needs and wants

# ***MAURITIUS***

## ***A HISTORY IN TRADE***



# History of Trade

In pre history, man wandered from one place to another to satisfy his wants which is limited to:

- Food
- Clothes
- Shelter



# Why People Trade

- Today Wants and needs are unlimited
- People/Country cannot be self sufficient
- Everybody needs anybody or anyone for anything

1988 – 30%

2013 – 50%



# Evolution of Trade

Trade evolve with:

1. Bartered System, i.e. exchange of goods directly.
2. Implementation of Currency.
3. International Trade start over land by the silk road.
4. In 15<sup>th</sup> Century European exploit sea routes to travel with Asia.
5. In 18<sup>th</sup> Century – Train
6. In 19<sup>th</sup> Century - Air



**BARTER SYSTEM**

# Reasons why International Trade occurs:

In one hand:

Mass production

- Lower Costs of Production
- Specialized Industries

On the other hand:

- Lack or supply of resources
- Consumer Taste
- Expertise & competency

# Gains from International Trade

- Lower Prices
- Greater Choice
- Differences in resources
- Economies scale
- Increased competition
- More efficient allocation of resources
- Sources of foreign exchange

# Trade Move more than goods

- Socialisation
- Culture
- Tradition

Trade also bring peace which provide economic development



# 3 Movements of International Trade

- Movement of Goods



- Movement of Information



- Movement of Funds



# Complexity of International Trade

- More parties involve
- Geographical Factor
- Difference on business practical, language, currency, culture and legislation



# TRADE – A POWERFUL DRIVER OF ECONOMIC GROWTH AND PROSPERITY AS WELL AS POVERTY REDUCTION

No country has system growth without Trade

1988 – 30%

2013 – 50%

Today Trade account 60% of world GDP



Trade is the only activity that create wealth

## 1. Example : Vietnam

1993 - Extreme Poverty – Trade 3%

2012 – Trade Growth to 64 %

GDP increase by 15%

## 2. Other Example: India China

# Trade Organisations:

## 1. World Trade Organisation

- 159 Country Member
- Set the trade to promote free and fair trade globally



## 2. International Chamber of Commerce

- Create Incoterms:  
Common understanding and obligation of buyer and seller.



## 3. World Customs Organisation

Connectiviting borders to facilitate Trade.



# Opportunities Of Trade

Trade Provide opportunity for several business activities.

- Transporters
- Warehouse operations
- Shipping Agents
- Customs Broker
- Freight Forwarder
- Bank
- Insurance

As well as govt Agencies



# LOGISTICS SUPPLY CHAIN



Movement of goods and services from the manufacturer to the consumer



# Constraints in Trade

- **Tariffs Barrier**

*Taxes to cross borders*

And

- **Non Tariff Barrier**

*Permits, quotas & other cumbersome process*

Regulations to eliminate competitors

# Trade Protocol

To facilitate and enhance trade among many countries

- COMESA
- SADC
- IOC
- LOME Convention
- PTA (Preferential Trade Agreement)
- AGOA
- European Union
- ASEAN
- NAFTA



# SHIPPING

Physical process of Transporting commodities by:

- Land



- Air



- Sea



# SHIPPING

Most Commonly:

The movement of objects by sea.



# THE INTERNATIONAL SHIPPING INDUSTRY

90% of world Trade

It is the lifeblood of Global Trade

- Intercontinental Trade
- Bulk transport of Raw material
- Affordable foods
- Petroleum
- Vehicles

**No matter how information technology advances, the world trade cannot be materialized without Ports.**

**This is exactly why every country needs to develop much more advanced and efficient Ports for its prosperity**



**Dr. Mahatir  
Former Prime Minister of  
Malaysia**

# Countries with port facilities are more successful economically

## Compare Europe & Africa

- Europe Sea Coast
- 

- Africa Sea Coast
-

# SHIPPING

## Efficiently:

- 1 Large container ship  
200,000 container loads of cargo  
over a year
- Ships of up to 15,000 container  
in one single voyage
- Car carriers : 7,600 vehicles per vessel
- In 2010- 50,054 Ships

# OOCL Atlanta

- Biggest Ship – 400mts: 20k TEUs  
10 Storey Building
- Travel  $\frac{2}{3}$  the distance to the moon per year
- Transport 200,000 container per year
- Crew : 22



- Maersk: 611 vessel
- Capacity: 2.6 Million TEUs  
88,000 people employed
- Maribo Maersk: 399m x 59m  
18270 TEUs  
GT: 19484 T Draft: 14.9m



# TYPES OF SHIPS

- Bulk Carriers



- Livestock Carriers – (Cattle Ships)



Australia exported: 4.5M sheep 800,000 cattle per year

- Oil tankers



- LNG Carriers- Liquid Natural Gas



- Car Carriers- PCC (Pure Car Carriers)



# TYPES OF SHIPS

- **Container Ships**

[15,000 TEU / 400mt x 56mt]

[Standard- 4,000 TEU / 300mt x 33mt]



- **Dry Cargo Vessel**



- **RORO Roll On Roll Off - For transport of vehicles**



# Major Shipping Lines

	OPERATOR	TEU	MARKET SHARE
1	APM- MAERSK	2,536,335	16.00%
2	Mediterranean Shg Co	2,121,747	13.30%
3	CMA CGM Group	1,342,190	8.40%
4	COSCO Container L.	648,157	4.10%
5	Hapag – Lloyd	645,462	4.10%
6	APL	626,106	3.90%
7	Evergreen Line	607,055	3.80%
8	CSCL	553,232	3.50%
9	Hanjin Shipping	472,691	3.00%
10	MOL	434,337	2.70%

# SEA TRANSPORTATION

- **Most efficient**
- **The cheapest**
- **The safest**
- **The most environmentally friendly**



# MAJOR CHALLENGES OF SHIPPING INDUSTRY

## 1. Security



Pirates cost USD 12 billions per year

## 2. Environment



# Sea v/s Air

- Major develop in Air Cargo:

Emirates only: 68k Tons/year

Customs Declaration of air Cargo in Mauritius reaching 46%



# Intercontinental Train

- Connecting Major European Countries up to China  
Yiwu – Dusseldorf – 17 days  
Price half in between sea & Air freight



Keep Breathing



Be Happy