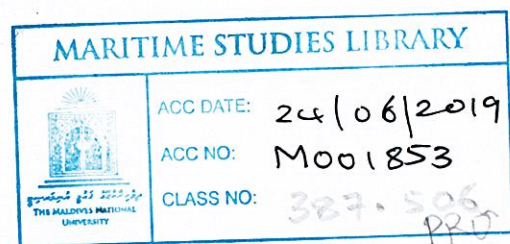


PROGRESS OF LOCAL SHIPPING IN MALDIVES

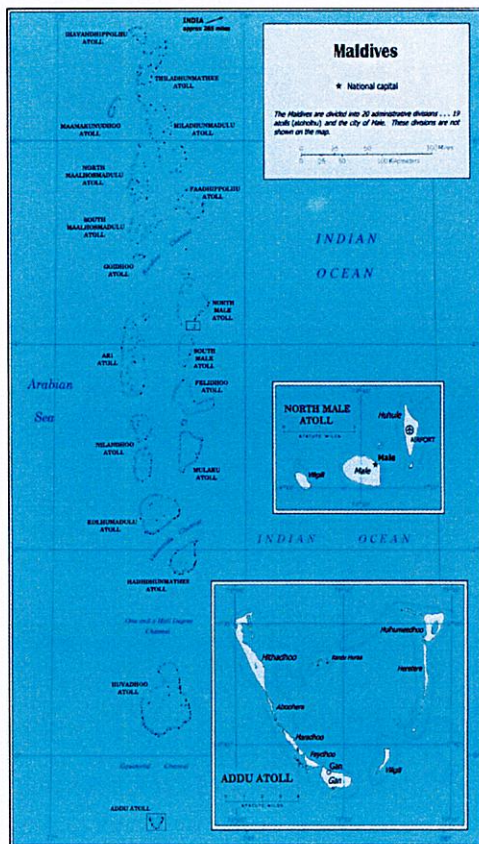
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INTRODUCTION

The Maldives is a nation of coral islands scattered across the Indian Ocean. Geographically, it is located between $72^{\circ} 32' 30''$ E $73^{\circ} 45' 54''$ E and $7^{\circ} 06' 30''$ N to $0^{\circ} 41' 48''$ S, which puts her just north of the Equator and southwest of the Indian peninsular. The Maldivian archipelago consists of about 1190 small low-lying coral islands of which few of them are, just a meter above sea level. These islands stretch more than 800 km from north to south covering a total area of about 90,000 square km. The Maldives is an independent republic comprising an archipelago of 198 inhabited and 991 uninhabited islands, the majority of which are less than one square kilometer in area. The population of 289,000 (Ministry of Planning and National Development, 2004) Maldives is not blessed with many natural resources except for her beauty and the riches of the sea. In fact, 99% of its territory consists of water. The principal economic activities are fishing, shipping, and tourism. During seventies and early eighties the economy was mainly based on shipping industry where MNSL (Maldives national shipping line) dominated the industry. After a few years other companies emerge in to the industry making this sector a competitive thriving industry. Fluctuations are indeed present in the industry



Map of Maldives



An Island

HISTORY OF SHIPPING INDUSTRY

Historically, the region has played a prominent commercial role in East-West trade since early times. For the colonial powers, particularly Britain and France, in the seventeenth, eighteenth, and the nineteenth century until the construction of the Suez Canal in 1869, the islands of the Indian Ocean provided trading posts and refueling locations en route to their colonies in the East. More recently, the Indian Ocean was a focal point of East-West tension because it served as a route through which much oil from the Persian Gulf states passed in shipment to markets elsewhere.

Maldivians were sailing across the oceans on sail boats from time immemorial. As we had to import all of our food stuff except fish, every year sail boats set sail from Addu, Huvadhu, northern Atolls and Male to Sri Lanka or India to buy food and other materials. It would take 2 to 4 or 5 months to complete a return trip. Transformation from sail boats to engine began between 1950 and 1960 after the government's purchase of a steam ship to travel to Sri Lanka from Male. Our fishing folks who spent a tough time at sea to catch fish began transformation from sail dhoanees to engine in early years of 1970s. Until now changes to maritime transport was continuous. Fishing dhoanees the sizes of which were about 40 feet in length are now 100 feet or more. The speed of the same has jumped from 6 to 15 knots. Inter Island Transport has reached a speed of about 35 to 40 knots. The Maritime industry could be described as the widest industry since the very beginning of the Maldives. Compared to which Maldives lacked some areas in developments. Amazingly in the last few years the countries maritime sector has been working on a rapid development in this short period to meet the high demand and vision.

The contributing factor to the nation's marine transport system is due to the healthy growth of the economy as a result of the booming tourism industry. However it is important to emphasize here that it is vital for the nation to have modern regulatory instruments, procedures and a quality maritime education system to cater to the speedy developing maritime transport system in order to promote safety of life, property and the protection of the marine environment.

Some of the vessels used in sea transportation in early days



Bokkura



A small Vadhu Dhoni

SHIPPING COMPANIES

Maldives has an active merchant shipping fleet used for import and export trades. At present there are 9372 nationally registered vessels. There have been a significant increase in the number of shipping companies compared to early stages. At the moment there are 49 ship operators in Maldives. Three of the top four shipping companies operating in the Maldives today are privately owned are

- Villa shipping and trading co
- Lily shipping
- Nazaki services Pvt.Ltd
- Maldives National Shipping Ltd which is operated by the government

Types of ships used in Maldives



Reefer Carrier



Container & General Cargo Carrier



Oil Tanker



Container Carrier

VILLA SHIPPING AND TRADING CO.

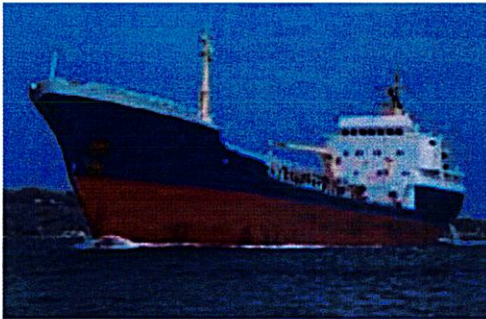


Villa Shipping & Trading Co.

Villa shipping is an historic company in the accounts of this industry. The company purchased its first shipping vessel, which was an old fishing vessel. It was then converted to carry cargo and oil, to facilitate oil imports. By April 14, 1986. This company was the first company to start shipping in the private sector, coming to existence as a role model to many other shipping companies to follow in Villa Shipping's foot steps.

At present, the company operates

- 2 Reefer Carriers
- 2 General Cargo Ships
- 2 Tug Boats
- 6 Oil Tankers



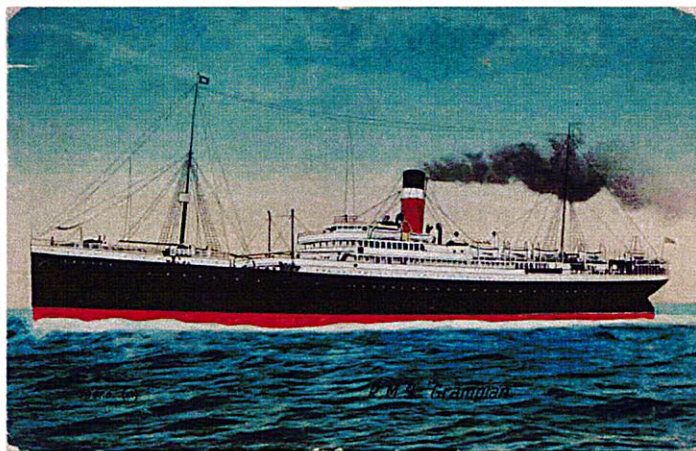
General Cargo Vessel



LPG Carrier

Ship operating companies registered in Maldives (Update to October 2006)

AAA & Trading	Afeef I
Ana Shpg & Trading Pvt Ltd	Chaman Enterprises
Changpa Brothers Maldiv	Eastinvest Private
Fisheries Project Organization	Fortune Shipping
Four Seasons	Happy Market Shpg Co Pvt Ltd
Hazash Enterprises Pvt Ltd	Ibrahim Q
Interasia Shpg & Trading	Island Enterprises
Island Investments	Island Shipping
Kalegefanu DI	Lily Enterprises
Lily Shipping & Trading	Maahal Tours
Maldives Govt	Maldives Govt Min of Defence
Maldives Industrial Fisheries	Maldives National Shipping
Maldives Port Authority	Maldives Shipping
Male Municipality	Monaka Shipping
Nazaki Services Pvt Ltd	Nevada Shpg Maldives Pvt Ltd
Ocean Shipping	Ominex
Peniar Shipping	Privilege Shpg & Trading Co
Progress Shipping	Safari Tours
Sealift Maldives	Sigma Overseas Holding
State Trading Org Plc	Sunland Transport
Superspeed Ferries	Tai Group
Touchwood Maldives	Travelin Maldives
Universal Enterprises	Villa Shipping & Trading Co
Waadhee Shpg & Trading Company	Waadhee Traders Pvt Ltd
World Trade Shipping	



Ship Model of 1960

There are two companies which do not directly involve in the shipping enterprise. They are Mifco (Maldives Industrial Fisheries Company) and Horizon fisheries where shipping is used as an arsenal to improve and expand their business. This plays a key role in the promotion and development of this industry.

MIFCO (Maldives Industrial Fisheries Company)



The Maldives Industrial Fisheries Company (MIFCO) is a public company engaged in the production, processing and marketing of fish & fishery products. The company operates:-

- 20 collector vessels
- 6 mother vessels
- 1 carrier
- 1 oil tanker

While MIFCO is a young company incorporated in 1993, it stands firmly on 2 decades of corporate experience in the export of canned, frozen and dried tuna. Indeed the trade in dried tuna (the regionally renowned Maldives Fish) can be traced back to the 14th century and beyond. Therefore, the youthful vigor of the company is complemented with experience gained over hundreds of years of exporting Fish. MIFCO's two major export products are canned and frozen tuna. Canned Tuna is packed at the ISO 9002 approved Felivaru Tuna Processing Plant who packs for some of the most prestigious labels in the UK and Germany.

HORIZON FISHERIES



Horizon fisheries Pvt Ltd was incorporated on 30th April 2003. This company is engaged in the production, processing and marketing of fish & fishery products. Located in Laamu atoll, the operation includes collecting, storing, processing and exporting of tuna and tuna related products. The company is presently involved in purchasing and marketing of frozen tuna to international markets such as Thailand, China, Japan, Iran, Oman and New Zealand. (According to the international standardization organization – ISO 9001: 2001)

Horizon Fisheries Pvt. Ltd is presently in the process of heavily investing and diversifying business to meet the needs of Fisheries industry in Maldives. (Horizon fisheries conduct its business in zone 3 and 4, south of Male')

The company operates:-

- 5 collector vessels
- 5 mother vessels



One of the Reefer Carriers registered in Maldives

CENTRE FOR MARITIME STUDIES (CMS)

Centre for maritime studies is the teaching body under Maldives college of higher education for sea farers to bring forth officers and engineers to the adequate demand of industry. The centre coordinates both nationally and internationally accepted navigational and engineering courses.

The courses are assembled from the fundamental minimum requirement for sea farers under STCW 95 convention. According to the statistics, two officers training programme (ACMO – Advanced Certificate in marine operation) has been completed. The engineer's training programme (ACME – Advanced certificate in marine engineering) is to commence in 2007

PLANS FOR DEVELOPMENT

The Maldives Ports Authority

Establishment of The Maldives Ports Authority (MPA) in 1986 was a major gateway to facilitate international shipping and trade in Maldives by a presidential decree to develop the main port operations in Male' and other ports to be opened in the future. Its presence has contributed significantly to the growth of international trade and shipping in the Maldives by providing increased efficiency and pricing strategies that benefit both carriers and consignees, and keep the price of goods within the reach of the people.

The MPA is currently seeking private sector participation in port activities such as fleet management and stevedoring (cargo loading and unloading operations).



The Commercial Harbor in Malé

Immediate plans for the MPA include the development of two more major ports at the opposite ends of the country. One will be in the far North at Kulhudhoo Fushi in the Haa Dhaalu Atoll and the other will be in the far South at Hithadu in the Seenu Atoll. Harbor basins at both ports will provide a seven-to-eight-meter water depth at low water level. The plan has been named the Outer Islands Harbor Development Project, and will be carried out by the Danish consultant firm, Porto consult. The time frame for its

construction runs from the end of 1999 through the year 2001.

Its objectives are threefold:

- To promote regional development in the outlying areas
- To provide ports capable of servicing small international and domestic vessels at the far-reaching ends of the country
- To help reduce the congestion at the Male' Commercial Harbor

The landmass of the islands can be a deceiving factor when trying to calculate the size of the Maldives. Its 1,190 islands cover less than one percent of the nation's 90,000 sq km, but the length of the country runs 823km—stretching from 7°06'30" North of the equator

to 0°41'48" South. Looking at it from this perspective, it is easy to understand why new ports will be a welcome addition.

MPA Managing Director Ali Abdulla recently had the opportunity to brief American investors on the Outer Islands Harbor Development Project during the November 1999 World Port Conference in Charleston, SC. He previously spent time in the United States attending a number of international conferences and a US government-sponsored forty-day tour of American port cities. His long-range plan is to see the Maldives become a transshipment facility and regional hub to serve both East and West. Considering the strategic geographical location of the Maldives and its long record of shipping and trade throughout history, the vision could very well become a reality in the not-too-distant future.

ADB (Asian development bank)

Asian development fund
Sustainable Economic Growth

US \$6.0 million

Description - The Project will improve domestic maritime transport through ADB support to

- (i) maritime transport infrastructure facilities
- (ii) Institutional development and capacity building interventions for improving the sustainability of investments and providing support to ongoing initiatives to strengthen the domestic maritime transport sector.

Objectives and Scope - The Project aims at enhancing sustained equitable and regionally-balanced economic growth and to increase the efficiency and effectiveness of inter-island transport. The Project outputs will support this outcome through:

- (i) an investment component; and
- (ii) (ii) An institutional development and capacity building component.

Linkage to Country/Sector Strategy - The current maritime transport infrastructure facilities and services provide only limited access to economic opportunities and social services for the population of outer islands. An integrated, efficient transport network that systematically links Male', regional centers and outer islands will be key to ensuring the equitable distribution of socioeconomic growth. A new ADB Country Partnership Strategy for Maldives is planned for 2007.

(For more enquiry visit <http://www.adb.org/Documents/PIDs/37265013.asp>)

IMO – International maritime organization

IMO's technical co-operation programme addresses the maritime needs of developing countries, including the Least Developed Countries, focusing on priorities that can ensure sustainable maritime development, efficient and safe maritime transport services, as well as effective environmental protection. There are eight least developed countries (LDCs) in the region; four are land-locked ones and four maritime (Bangladesh, Cambodia, Maldives, Myanmar). IMO's technical assistance is provided mainly to the maritime countries. IMO has been assisting the South Asian Countries, including Maldives, in formulating a regional oil and chemical spill contingency plan and in their implementation of the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (MARPOL 73/78). Maldives was visited by an IMO consultant to review the current status on oil and chemical spill preparedness and to assess the difficulties the country has in the implementation of MARPOL 73/78, which will be in great use as Maldives is a sea bearing country, and most importantly inter-dependant on environment for sustainable development in fishing and tourism industry.



Passenger Liners

STATISTICS

The following statistics provide amount of containers discharged to the port of Male' from foreign countries by two Maldivian shipping lines, MNSL & Lilly Shipping from January to December for the year 2001.

Container traffic

Lily Shipping, Male' - A private ship owning/operating company

Owens 3 vessels. 2 vessels are operating directly between Singapore, Port Klang, and Male', and depending on inducement via Colombo to Male'. 3rd vessel does the feeding in between Colombo and Male'. At present frequency is very irregular from Fareast and Colombo as well. They try to maintain a service from Fareast to Male' once in 3 weeks, and from Colombo once a week.

Maldives National Shipping (MNSL), Male' - Government ship owning/management company

In Male' Service owns 3 vessels. Service and frequency and rotation are similar to Lily Shipping. 2 vessels in Fareast/Male' service, sometimes via Colombo subject to inducement. 3rd vessel feeding in between Colombo and Male'.

Maersk Line

Worldwide service to Male' via Colombo. Feeding by MNSL or Lily vessels.

Hub Line

Mostly Fareast and Dubai service to Male' via Colombo. Feeding by MNSL or Lily vessels.

P&ONedlloyd

Mostly Australian ports to Male' via Colombo. Feeding by MNSL or Lily vessels.

No other Line is having direct or indirect service to Male' at present, other than a single or two boxes once in a while.



Conventional Container Carrying Ship

No. of TEU discharged per month/line-wise

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
LILY	392	242	297	177	341	263	274	338	310	346	430	314
MNSL	191	176	387	399	301	265	297	285	306	336	345	380
MAERSK	101	59	86	118	72	58	62	42	65	66	86	56
HUBLINE	23	21	31	20	25	25	26	16	19	21	10	23
P&ONED	32	45	41	55	49	20	30	26	15	23	27	18
Total	739	543	842	769	788	631	689	707	715	792	898	791

	Total for year/ line-wise	%	Line
LILY	3,724	42%	Lily Shipping, Male'
MNSL	3,668	41%	Maldives National Shipping, Male'
MAERSK	71	10%	Maersk Line
HUBLINE	260	03%	Hub Line, Singapore
P&ONED	381	04%	P&ONedlloyd
Total	8,904	100%	

Estimated distribution among Ports of Loading - 60% from Singapore and Far-east, 2% from South Africa, 8% from Persian Gulf, 5% from Colombo, 4% from Indian ports (Tuticorin, Mumbai & Madras), and 21% from other ports of Australia, Europe/USA, etc.

- Market for 2002 is about 9,000 TEU. Predict not much, but about 3% increase in this year due to the development of new tourist resorts, and tourism in general.
- Annual arrival of tourists now stands more than 300,000 per year.
- Major commodities imported are; Foodstuff, and building materials.
- Major commodities exported are; various kinds of processed and fresh/frozen fish, and ready-made garments mostly by air.

- Market growth; is expected at 10% in imports, 5% in exports. Present trend of imports will there be for another 5/10 years due to additional islands being leased for tourist hotel development and construction, and many other social and infrastructure developments being underway.
- Tourism which is the main income of the country, and foreign investment are in the upward trend due to the Government's constructive and dependable policy, hence sustainable throughout.

Sea port development is ahead, for domestic use in both of the two growth centers identified by the Government one in the northern and the other in the southern atolls.

CONCLUSION

The shipping industry has gone through modernization according to the demand of world trade. Even though the industry was at seize for a decade, now under taking prompt and effective steps to enhance the industry. According to the recent development plans made by the Maldivian government and local parties in about approximately six years time, Maldives shipping industry will reach to its peak.

Initial step towards progress was made in 1986 due to the establishment of Maldives ports authority (MPA), which constructed the first port in Male', capital of Maldives, which led to the easy loading and discharging facilities for both national and international companies. Which I think was the gateway for the industry to achieve the liberty we see today. And the plan to establish two new ports in south and north of Maldives will open this country for international trade in a wider scale.

Under Asian development fund (ADB), Sustainable Economic Growth programme (worth US\$6.0 million), the Project will improve domestic maritime transport through ADB support to maritime transport infrastructure facilities, Institutional development and capacity building interventions for improving the sustainability of investments and providing support to ongoing initiatives to strengthen the domestic maritime transport sector. This will bring forth the shipping industry equivalent to the current two major resources of GDP income (Fishing and Tourism).