

IMPROVING THE AVAILABILITY OF MARITIME TRANSPORT COST DATA IN THE PACIFIC REGION

Marshall Islands Country Report



Acronyms

ASYCUDA	Automated System for Customs Data
CENPAC	Central Pacific Maritime Agency
COFA	Compact of Free Association
CPI	Consumer Price Index
EPPSO	Economic Policy, Planning and Statistics Office
HS	Harmonised System
IMO	International Maritime Organization
IMTS	International Merchandise Trade Statistics
GDP	Gross Domestic Product
GHG	Greenhouse Gases
LDCs	Least Developed Countries
MEPC	Marine Environment Protection Committee
MTCC Pacific	Pacific Maritime Technology Cooperation Centre
MT&C	Ministry of Transport and Communications
RMIPA	Republic of the Marshall Islands Ports Authority
SIDS	Small Island Developing States
SPC	The Pacific Community
SPREP	Secretariat of the Pacific Regional Environmental Program
TC	Technical Co-Operation Committee
TCMI	Trust Company of the Marshall Islands
UNCTAD	United Nations Conference on Trade and Development

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BACKGROUND

In an ever interdependent and globalized world, countries share not only in growth and prosperity but also in crises and challenges. One such challenge is climate change, and its implications for economies and societies developed and developing alike. Like other economic sectors, maritime transport is at the forefront of the climate change challenge.

With climate change being a global challenge and maritime transport an inherently international industry, the International Maritime Organization (IMO) has led efforts to set clear goals, milestones, and regulations with a view to reducing Greenhouse-Gas (GHG) emissions in shipping.

The *2023 IMO GHG Strategy on reduction of GHG emissions from ships* acknowledges that impacts on countries of candidate GHG reduction measures should be assessed and considered as appropriate before their adoption, paying particular attention to the needs of developing countries, especially Small Island Developing States (SIDS) and Least Developed Countries (LDCs).

The Comprehensive Impact Assessment of the IMO short-term GHG reduction measure (MEPC 76/7/13), adopted at the 76th session of the IMO's Marine Environment Protection Committee (MEPC 76) identified several data gaps on maritime transport costs and the economics of shipping, especially in the Pacific region. To this, the IMO has initiated a project on improving the availability of maritime transport costs data in the Pacific region, funded through the IMO's GHG TC Trust Fund.

In line with discussions in both the IMO's MEPC and the Technical Co-Operation Committee (TC), the Pacific Maritime Transport Cost project is implemented by The Pacific Community (SPC) and the Secretariat of the Pacific Regional Environmental Program (SPREP), as hosts of the Pacific Maritime Technology Cooperation Centre (MTCC Pacific), building upon their presence in the region and established contacts with stakeholders throughout the Pacific region on matters related to the reduction of GHG emissions from ships.

The project focuses on seven Pacific countries, namely: Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Solomon Islands, Tuvalu, Tonga, and Vanuatu, and aims to improve the availability of relevant maritime transport costs data in the Pacific region, including with the view to facilitating future assessments of impacts of candidate IMO GHG reduction measures in that region.

This country summary report results from desktop reviews and fact-finding interviews by the MTCC Pacific team held in the Marshall Islands between 2 – 7 March 2023. This report documents the stakeholders that were consulted, the agencies, entities, and processes currently in place that collect, use, and store maritime transport costs data, and maps the availability of relevant data in the Marshall Islands.

COUNTRY PROFILE

The Marshall Islands consists of five single islands, 29 atolls, and many other smaller islets, with a total land area of 181 square kilometres and an exclusive economic zone of 2 million square kilometres in the North Pacific. Gross domestic product (GDP) was \$259 million in 2022. In 2022, with per capita GDP of the estimated at \$6,107.¹ The services sector is responsible for 70% of GDP and is driven by government expenditure and grants from the United States under the Compact of Free Association (COFA) that allows for funding of various sectors such as education and health, but also funding for Solid Waste Management. COFA grants are scheduled to end in 2023 and there are discussions ongoing regarding extension of these grants. Agriculture and fisheries are the second-largest sector, (18% of GDP), while the industrial sector (12% of GDP) is dominated by construction and utilities.²

Trade Summary

In 2022, the Marshall Islands recorded total **imports** of US\$173.2m and total **exports** of US\$96.7m. Compared to the previous year, this is a decrease of imports of 8.3% and an increase in exports of 22.9%. **GDP** of the Marshall Islands was US\$221.3m in 2022. The Marshall Islands' **trade deficit** stands at 179% as of end of 2022 fuelled by its heavy reliance on imported products.

Marshall Islands Economic Planning, Policy, and Statistics Office

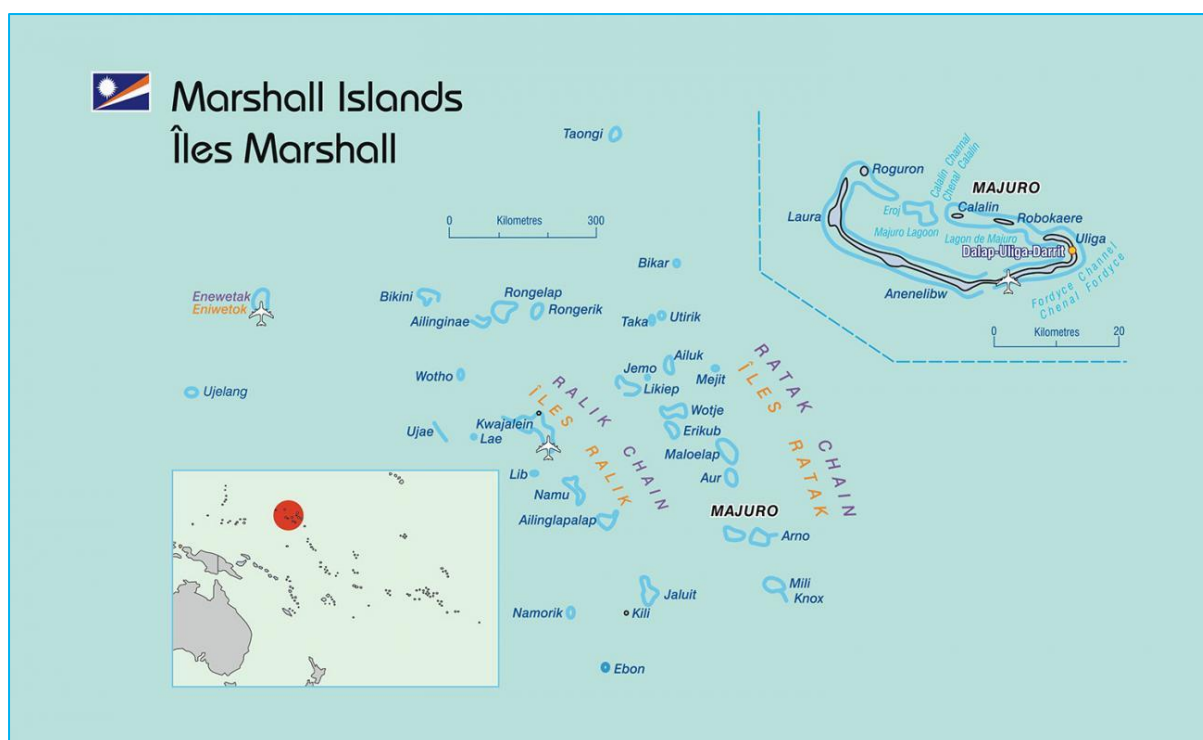


Figure 1: Map of Marshall Islands (Source: <https://www.spc.int/our-members/marshall-islands/details>, accessed 20 June 2023).

¹ Graduate School USA. (November 2022). *2022 Economic Brief: Republic of the Marshall Islands – Key Features*. Economic Monitoring & Analysis Program.

² International Monetary Fund. (2021). *Marshall Islands - 2021 Article IV Consultation*. IMF Country Report No. 2021/096.

Its population is estimated to be 54,500 in 2021 with around 74% of its population residing in the country's two major urban centres, Majuro and Kwajalein (Ebeye).³ Majuro, which is the focus on this assessment, is the country's political and economic centre. Majuro atoll is highly urbanized with a population of 23,156 living in an area of just 9.71 square kilometres.⁴ With an average elevation of two meters above sea level, the Marshall Islands is highly vulnerable to the impacts of climate change.

The following pages provide the United Nations Conference on Trade and Development's (UNCTAD) General statistics⁵ and Maritime profile⁶ for the Marshall Islands.

³ Graduate School USA. (November 2022). *2022 Economic Brief: Republic of the Marshall Islands – Population Trends*. Economic Monitoring & Analysis Program.

⁴ RMI Economic Policy, Planning and Statistics Office. (2022). *Republic of the Marshall Islands 2021 Census Report - Volume 1: Basic Tables and Administrative Report*.

⁵ UNCTADstat. *General Profile: Marshall Islands*.
<https://unctadstat.unctad.org/countryprofile/generalprofile/en-gb/584/index.html>. accessed 14 September 2023.

⁶ UNCTADstat. *Maritime Profile: Marshall Islands*.
<https://unctadstat.unctad.org/countryprofile/MaritimeProfile/en-GB/584/index.html><https://unctadstat.unctad.org/countryprofile/MaritimeProfile/en-GB/184/index.html>. accessed 14 September 2023.



UNCTAD

STAT

GENERAL PROFILE: MARSHALL ISLANDS

GENERAL INFORMATION FOR 2021

Population
0.042 Millions

Exchange rate
1.000 USD/US\$

GDP
250 Millions current US\$

Land area¹
(q) 180 km²

CPI growth
3.50 %

GDP growth
-1.00 %

INTERNATIONAL MERCHANDISE TRADE

Total merchandise trade

(millions of US\$)

	2005	2010	2015	2021
Merchandise exports	25	32	52	(e) 80
Merchandise imports	(e) 94	(e) 150	108	(e) 80
Merchandise trade balance	(e) -69	(e) -118	-56	(e) 0.000

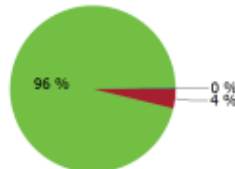
+81.8 %

Merchandise exports growth rate in 2021

Export structure by product group in 2021

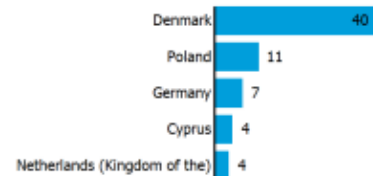
(as % of total exports)

- All food items
- Manufactured goods
- Other



Top 5 partners in 2021

(exports, millions of US\$)



INTERNATIONAL TRADE IN SERVICES

Total trade in services²

(millions of US\$)

	2005	2010	2015	2021
Services exports	-	15	18	-
Services imports	(e) 42	48	54	-
Services trade balance	-	-33	-36	-

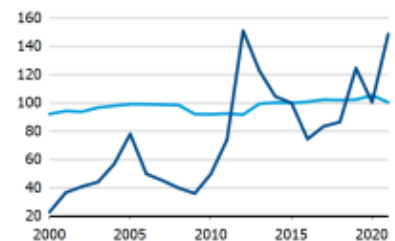
Services exports by main category²

(as % of total services)

	2005	2010	2015	2021
Transport	-	-	-	-
Travel	-	42.6	45.1	-
Other services	-	(e) 32.4	(e) 35.7	-

TRADE INDICES

- Terms of trade index
- Purchasing power index of exports



ECONOMIC TRENDS

Economic indicators

(millions of US\$ unless otherwise specified)

	2005	2010	2015	2021
GDP, current	137	160	184	250
GDP per capita, current US\$	2 513	3 004	3 729	5 957
Real GDP growth, y-on-y, %	2.31	6.43	1.71	-1.00
Current account balance, % of GDP	-1.86	-8.94	-3.82	(e) 3.33
Exchange rate (/US\$)	1.000	1.000	1.000	1.000

-1.0 %

Gross domestic product growth rate in 2021

GDP by expenditure in 2020

(as % of total GDP)





UNCTAD



MARITIME PROFILE: MARSHALL ISLANDS

GENERAL INFORMATION FOR 2021

Population
0.042 Millions

GDP
250 Millions current US\$

Merchandise trade¹
(e) 160 Millions current US\$

Land area²
(o) 180 Km²

GDP growth
-1.00 %

Transport services trade³
-

MARITIME KEY FIGURES FOR 2021

Coast/area ratio²
11 700.0 m/km²

Ship building⁴
..

Ship recycling⁴
..

Fleet - National flag⁵
274 093 Thousands DWT

Fleet - National flag⁵
3 821 ships

Fleet - Ownership⁶
890 Thousands DWT

Container port throughput⁷
-

Number of seafarers⁸
(n) 8

Number of port calls⁹
90

WORLD SHARES FOR 2021

Population	Less than 0.01% of the World total
Coastline (km) (2)	0.13 %
Gross Domestic Product (current US\$)	Less than 0.01% of the World total
Merchandise exports (US\$)	Less than 0.01% of the World total
Merchandise imports (US\$)	Less than 0.01% of the World total
National flagged fleet (DWT) (5)	12.83 %
National flagged fleet (US\$) (5)	10.49 %
Fleet ownership (DWT) (6)	0.04 %
Fleet ownership (US\$) (6)	0.04 %
Ship building (GT) (4)	Not available or not separately reported
Ship recycling (GT) (4)	Not available or not separately reported
Seafarer supply: Officers (8)	Less than 0.01% of the World total
Seafarer supply: Ratings (8)	Less than 0.01% of the World total
Container port throughput (TEU) (7)	Not publishable
Port calls: Container ships (9)	Less than 0.01% of the World total
Port calls: Liquid bulk carriers (9)	Less than 0.01% of the World total
Port calls: Dry breakbulk carriers (9)	Less than 0.01% of the World total
Port calls: Dry bulk carriers (9)	Not available or not separately reported
Port calls: LPG carriers (9)	Not available or not separately reported
Port calls: LNG carriers (9)	Not available or not separately reported

INSTITUTIONAL ARRANGEMENT FOR MARITIME TRANSPORT COST DATA

Maritime Administrations

The Ministry of Transport and Communications (MT&C) is responsible for the regulatory oversight, management, and development of the maritime sector in the Marshall Islands. However, several entities are charged with implementing the various maritime sector responsibilities. The Trust Company of the Marshall Islands (TCMI) through a joint venture agreement with the Marshall Islands government is authorized by legislation to administer the maritime and corporate programs for the Marshall Islands.

TCMI acts as registrar and registered agent for Marshall Islands non-resident companies. MT&C and TCMI essentially share maritime responsibilities; however, the legal agreement for such shared responsibilities is not available. TCMI generally acts as maritime administrator for international shipping related matters, whereas MT&C acts as maritime administrator for domestic shipping.

There is limited communication and sharing of information between the maritime entities, but also that coordination and understanding of responsibility of all the actors involved, namely the Ministry of Transport, TCMI and the Port Authority, could be improved. For instance, the Ministry of Foreign Affairs represents the country at IMO meetings, however officials at the Maritime Administration in MT&C are not systematically involved in ongoing IMO deliberations. Furthermore, there is currently no existing maritime sector policy framework, which would usually set out the roles of entities in the maritime space.

National Statistics Office

The Economic Policy, Planning and Statistics Office (EPPSO) of the Marshall Islands is responsible for the collection, compilation, and processing of statistical data with the cooperation of government departments and agencies, institutions, and non-profit organizations.

EPPSO is supported by the Graduate School USA⁷ which supports the government of the Marshall Islands and the US Department of the Interior's Office of Insular Affairs to fulfill their respective reporting requirements under the Marshall Island's Compact of Free Association with the United States. Through this support, EPPSO produces an annual statistical release that shows key economic indicators such as national accounts, inflation, employment and wages data. In the area of maritime transport cost data, it currently receives raw customs data that is unfortunately not tagged to any Harmonized System (HS) code, so no International Merchandise Trade Statistics (IMTS) is available to be compiled.

Customs Administrations

The Customs division falls under the Ministry of Finance, it is based in Majuro and, it is part of the Division of Customs, Treasury, Revenue and Taxation. Currently, it does not collect data on goods at the border using international standards but instead tally up goods totals according to basic descriptions. The Customs Division is modernising its customs procedures with the rolling out of ASYCUDA – a customs management system designed by UNCTAD. The system is expected to instil international best practices in foreign trade procedures and harmonise customs decelerations.

Port Authorities

The Republic of the Marshall Islands Ports Authority (RMIPA) is a public corporation established by the Marshall Islands Ports Authority Act of 2003, following the merger between the Sea Port and the

⁷ <https://www.graduateschool.edu/> and <https://pitiviti.org/marshall-islands>

Airports Authorities. RMIPA manages both the airport and seaports and is responsible for maintaining, and operating the Amata Kabua International Airport, all known publicly owned ports at Majuro, Ebeye and Jaluit, as well as all facilities and structures situated within the public ports and airport areas. In addition to operational responsibilities, RMIPA also carries out both regulatory and enforcement functions related to the use of the ports and vessel activities.

Shipping Agents

There are three main international shipping agents in Majuro, namely;

Central Pacific Maritime Agency (CENPAC): Local agent for Kyowa Shipping Line.

Pacific Shipping Inc.: Local agent for Neptune Pacific Direct Line.

Matson Shipping: Local agent for Matson Shipping.

STATUS OF DATA COLLECTION

Commodity Data

The SPC team met with Customs Division and EPPSO and was informed that the current commodity data is not adequately captured as such there is no proper collection of trade information for the Marshall Islands.

National Macroeconomic Data

EPPSO with the support of Graduate School USA compiles an annual Economic Statistics Table. Tables for the years 2016-2018, 2020-2022 were provided which details GDP and Consumer Price Index (CPI) data.

Macro Economic Data

2022 2021 2020 2019 2018 2017 2016 2015 2014

GDP - real, per capita, by sector
 Consumer price index, by month and year
 Employment statistics

Trade Routes

One shipping line calls at Majuro and includes carrying slots for the two other shipping lines.

Kyowa Shipping:

Micronesia Service

Busan -> Kobe -> Nagoya -> Yokohama -> Saipan -> Guam -> Koror -> Yap -> Chuuk -> Pohnpei -> Kosrae -> Majuro -> Kwajalein -> Ebeye

Port Calls and Ship Characteristics

The Port Master was able to supply last five years of port data for Majuro port, these were for 2018-2022. Data tabulated summarised vessels according to ship types.

Port Data

2022 2021 2020 2019 2018 2017 2016 2015 2014

Vessel call data by port, IMO, date, time, etc.
 Fees & Charges, by type, unit of measure, rate
 Ports' container throughput, by port, by type

Table 3: Vessel Calls in 2018-2023

	2018	2019	2020	2021	2022	2023	Total
Container	43	70	65	61	63	51	353
Fishing Vessel	1						1
Heavy Lift		1		1			2
Longliner	1						1
Purse Seiner	3						3
Reefer Carrier	1						1
Tanker	13	18	13	17	19	13	93
Total	62	89	78	79	82	64	454

A breakdown of vessel calls across the span of the five years show that container vessels make up the majority of calls. Tanker vessels come a close second.

Annex 1 provides a high-level data mapping illustration for the Marshal Islands.

Trade Throughput

The MTCC Pacific team contacted the Manager Ports, in charge of overlooking the port operations and information on trade throughput. However, no response was forthcoming although there were reassurances that it would be provided.

Freight Rates (*noting associated units*)

The MTCC Pacific team met representatives from CENPAC Shipping, and Matson Shipping Majuro, however both shipping agents were not willing to share any cost data due to business sensitivity around pricing.

ISSUES AND CHALLENGES

Lack of international best practice with Customs reporting: The Division of Customs has an ongoing data sharing agreement with EPPSO to share customs data that then gets tabulated into the country's merchandise trade dataset. However, customs data is currently not categorised according to internationally recognised HS code reporting but rather according to face value descriptions. This means that the Marshall Islands does not have any up to date and detailed trade statistics. The Customs Division is modernising its customs procedures with the rolling out of ASYCUDA. The system is expected to instil international best practices in foreign trade procedures and harmonise customs decelerations.

SUMMARY AND CONCLUSIONS

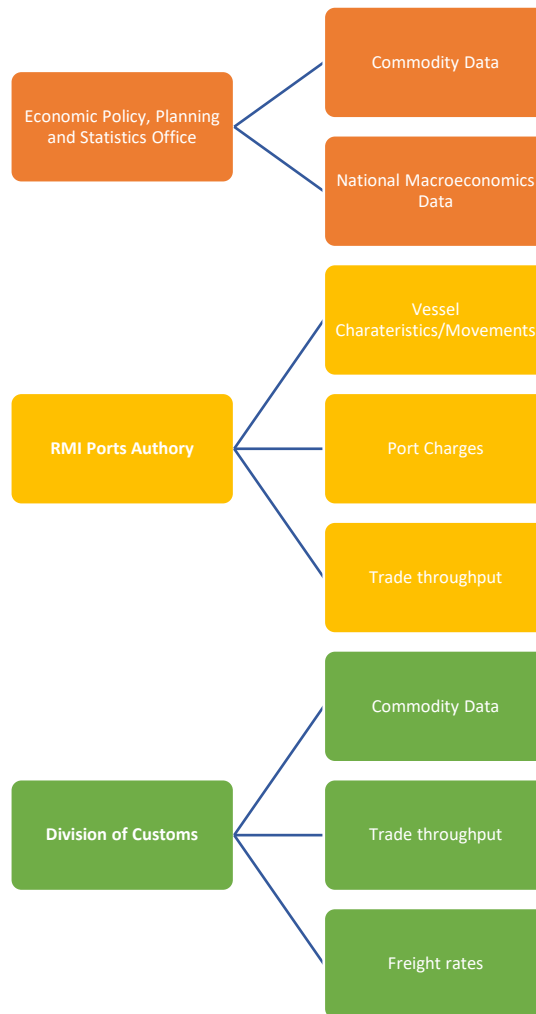
The in-country mission provided the *Pacific Maritime Transport Cost Study* team with the opportunity to better understand country context regarding maritime data in Marshall Islands. It allowed for discussion with relevant stakeholders from the Marshall Island's Ministry of Transport and Communications, Ministry of Foreign Affairs Economic Policy, Planning and Statistics Office, Division of Customs, Treasury, Revenue and Taxation, Republic of the Marshall Islands Ports Authority, and various shipping agents.

In general, the mission found national accounts and commodity data to be sparsely collected or reported. The national statistical office was forthcoming in providing national accounts data, however there is no commodity data available for reporting. Attempts to get any maritime transport data from the Customs office were unsuccessful. Shipping agents agreed to meet but were not willing to share their structure of their freight charges nor any data due to business sensitivity around pricing.

The Marshall Islands is part of several Pacific Island Countries that have been incorporating the AYSCUDA system into their customs and border operations, and this should allow for the capture of detailed maritime data such as freight costs and the country of origin. The national statistics office is expected to have access into the system and as such extract as much data that it would feasibly need for its own compilation.

A tracker (summary) of available data by data category and year is provided in Annex 2. Data may be made available for further analysis by contacting the IMO Secretariat but remains the property of relevant data providers. Additional information such as contact details of focal points in relevant organizations from the Marshall Islands can be provided upon request.

Annex 1: Data Mapping



ANNEX 2: Data Collection Summary

Macro Economic Data

GDP - real, per capita, by sector
 Consumer price index, by month and year
 Employment statistics

2022 2021 2020 2019 2018 2017 2016 2015 2014

Trade Data

International

Annual exports by item (HS Code), country, quantity (kg), & value
 Annual imports by item (HS Code), country, quantity (kg), & value
 Annual Re-exports by item (HS Code), country, quantity (kg), & value
 Importers - transport costs
 Exporters - transport costs

2022 2021 2020 2019 2018 2017 2016 2015 2014

Domestic

Annual exports by item (HS Code), country, quantity (kg), & value

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Fleet Data

Vessel call data by port, IMO, date, time, etc.
 Vessel characteristics by name, by type

2022 2021 2020 2019 2018 2017 2016 2015 2014

Port Data

Vessel call data by port, IMO, date, time, etc.
 Fees & Charges, by type, unit of measure, rate
 Ports' container throughput, by port, by type

2022 2021 2020 2019 2018 2017 2016 2015 2014

Data Mapping

Data providers, organizations, positions, contact info, etc.
 Commodity/Essential Goods data mapping
 Commodity/Essential Goods economic data mapping
 Trade route mapping
 Data mapping

- Macro economic data
- Trade data
- Fleet data
- Port data

Y P N

Notes

report in FY
 econ summary reports 2015, 2016, 2018
Covid impact study 2021
 detailed econ stats tables 2016, 2017, 2018, 2020, 2021, 2022
 no transport cost data, port data, fleet data