Maritime administration in Nicaragua

Oscar. D. Silva Morales

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MARITIME ADMINISTRATION IN NICARAGUA
AND THE NECESSITY FOR IMPROVEMENT

BY
OSCAR D. MORALES SILVA
NICARAGUA

A paper submitted to the Faculty of the WORLD MARITIME UNIVERSITY in partial satisfaction of the requirements for the award of a

MASTER OF SCIENCE DEGREE
IN
GENERAL MARITIME ADMINISTRATION

The contents of this paper reflect my personal views and are not necessarily endorsed by the UNIVERSITY.

Signature
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Rostock G.D.R
To my family
and

to the memory of the people
who have given their lives
in the name of the Nicaraguan Revolution
ABSTRACT

This study is an attempt to analyze the development, achievements, problems and difficulties that the Directorate General of Water Transport of Nicaragua has faced since 1980, the year the Directorate was established.

The analysis of the achievements, problems and difficulties will hopefully permit the researcher to make some suggestions and proposals for the improvement of the Directorate General of Water Transport in Nicaragua.

Taking into account the unstable economic situation the country has been suffering as a consequence of the policy of aggression imposed by the current government of the U.S.A., this study also attempts to explore and recommend maritime strategy and maritime policy in Nicaragua which will lead to a proper Maritime Administration in order to ensure the growth of the maritime industry.

It is my sincere hope that this study will accomplish the task for which it was designed.

Oscar D Morales Silva
Malmö, Sweden
October, 1987
Acknowledgments

I wish to acknowledge my sincere gratitude to all my professors, especially to Professor Ahmed A. Monsef for his outstanding encouragement in this work and as a course professor.

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To all my friends and colleagues, especially to Lamberto Pia, Mrs Inger Battista, Cynthia Mrigatc who assisted me one way or another during my 2 years’ stay in World Maritime University.

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MARITIME ADMINISTRATION IN NICARAGUA AND THE NECESSITY FOR IMPROVEMENT
CHAPTER I

INTRODUCTION

1.1 NICARAGUA. AN OVERVIEW

Nicaragua the largest of the Central American countries known as "The Land of Lakes and Volcanos", lies at the heart of the Central American istmus. It is bound on the north by Honduras, on the east by the Caribbean Sea, on the south by Costa Rica, and on the west by the Pacific Ocean.

It has an area of 130,000 sq km which includes the area covered by water of two navigable large lakes, the Nicaraguan's Lake (about 8,264 sq km) and the Lake of Managua (about 1,042 sq km) and 32 lagoons with a total area of 1,090 sq km. The population of Nicaragua, is 3.5 million inhabitans.

The Nicaraguan population is basically mestizo, (a mixture of Europeans and Indians) and is estimated to be at 77%, the white population at 10%, the Blacks accounts for 9%, and the Indians for the remaining 4%. Although Spanish is the official language, the black people of the Atlantic coast also speak English, and the Indians speak their local languages (Miskito,Rama and Sumo).

The Caribbean coast known as the Miskito (Mosquito) coast consists of low flat, wet tropical jungle extending into pine savannas 80-160 km inland. The wet and humid Caribbean coastal plain has an abundance of
tropical forests. The central highlands region also has an extensive forest.

Nicaragua has a coastline of 375 km on the Pacific Ocean and 510 km on the Caribbean Sea. It has an extensive continental shelf in the Caribbean Sea. The territorial waters and the exclusive economic zone are rich in living resources especially shrimps and lobsters.

1.2 THE INLAND WATERWAY SYSTEMS IN NICARAGUA

Nicaragua has more than 1,600 km of navigable waters in the inland waterways system.

There are two distinct inland waterway systems in Nicaragua: a) The Central Lakes and Rivers System, b) The Atlantic Coast System. (1)

1.2.1 CENTRAL LAKES AND RIVERS SYSTEM

This waterway system, together with its many smaller tributaries provides a waterway which links the Atlantic coast of Nicaragua with the western regions of the country. This system is formed by the Lake Managua, Lake Nicaragua, San Juan River and its tributaries.

Lake Nicaragua is one of the largest lakes in the Americas. It drains into the Caribbean via the San Juan River. The water distance is 345 kilometers, with 165 kilometers representing lake navigation and balance river navigation. The average depth of the lake is 13 meters and the maximum 75 meters.

There is currently an organised system of water
transportation on the Lake of Nicaragua and San Juan River which carries considerable cargo and passenger traffic. With the development of the lower Lake-San Juan River areas the demand for lake and river transportation will increase.

Regular boat services owned by private owners, and by the state company "Empresa Nicaraguense de Cabotaje" (ENICAB) are providing services under a tariff regulated by the Ministry of Transport through the General Directorate of Water Transport.

1.2.2 ATLANTIC COAST SYSTEM

The Atlantic coast encompasses an area of around 60,000 sq km and represents near half of the national territory. It is bordered on the east by the Caribbean Sea. In the eastern part of the country there is no railway, and very few all-weather roads.

In this area inland waterways and air transportation, with few exceptions, are the only choices for the movement of freight and passengers. The rivers, lagoons and canals of the Atlantic regions have constituted the principal means of transportation. Therefore inland waterways have played an important role in the economy of the Atlantic region.

The Atlantic Coast system is made up by 14 inland waterways and their tributaries with a total length of 3,307 kilometers of which only 1,192 kilometers are navigable.

Before, there was no connection between the big river basins, as the west-east direction of the rivers
flow hindered north-south communication. However, with the construction of the Atlantic Coast Canal which commenced in 1975 the fluvial system of 920 kilometers of inland waterways were connected. The construction of this canal will contribute to the acceleration of the development of the region linking all of the principal communities and economic activities with Bluefields, the main town on the Atlantic coast and with Bluff, the new international port currently under construction.

This new port will be able to accommodate vessels of 10,000 D.W.T. in the first stage of construction. This port will become the second national port and will berth ships from Europe, Africa, the Americas and the Caribbean to Nicaragua without passing through the Panama Canal. The Escondido River 90 kilometers long, 500 meters wide and 10 meters deep will become the principal means of movement of the goods that will be imported and exported extensively.

The Escondido River joins the town of Bluefields and the Port of Bluff with the inland town of Rama. It is the main means of communication between the Atlantic Zone and the Pacific Zone using the river port of Arlen Siu or Rama and the highway Rama-Managua, the most heavily traveled route from the Atlantic to the Pacific.

The development of the new port of Bluff, which is expected to be in operation by the end of 1988, and the development of new industrial projects in the region will no doubt fulfil the original purpose of the Atlantic Coast Canal. Therefore it is very important as soon as possible to develop a plan of maintenance for such a canal.
The rivers, lagoons and canals of the Atlantic region will serve as the principal means of transportations for many years to come.

The inland waterway systems in Nicaragua should play an important role in the development of the economy of the country.

The General Maritime Administration in Nicaragua known as "The Directorate General of Water Transport" has as its primary functions the regulation and development of shipping and the inland waterway transport.

The Directorate General is aware that coastal shipping and river transportation should be seriously studied as an alternative or supplement to land transport, with more emphasis on the Atlantic coast, where building wharves, dredging of a few channels and installing some aids to navigation would enable the country to use water transport for a substantial part of the carriage of its freight.

Coastal and inland shipping with less capital investment and lower operating cost than railways or roads can serve some transport needs in the inland waterways system of Nicaragua, especially for bulk commodities and those general cargoes that do not require rapid delivery. In addition they can help to transport passengers.

1.3 NICARAGUA'S CURRENT ECONOMY

Since the Colonial period until the triumph of the Revolution in 1979 Nicaragua's economy was and has remained a classic case of monocultural dependence whe-
ther it was slave trade and gold, cacao, indigo, or cochineal in the Colonial period to coffee, bananas and cotton during the 19th and 20th centuries.

The situation described illustrates certain historical problems, in that as long as the oligarchs were dominated by their particular ambitions, and as long as the economy remained monocultural, Nicaragua would be at the mercy of forces in the outside world.

At the beginning of the 18th century Nicaragua shifted from being an economic dependency of Spain to being tied to the rapidly advancing countries of northwestern Europe and, from the middle of the 19th century, fell under USA dominance. The control of Nicaragua was hotly contested because of the possibility of building the interoceanic canal across Nicaragua.

After the USA built the Panama Canal it used its influence to insure that no other country would build such a canal through Nicaragua and in 1914 the USA signed a treaty with Nicaragua, whereby Nicaragua granted the USA the rights for the constructions of an interoceanic canal in Nicaragua. The purpose of this treaty was to prevent the construction of another canal that would compete with Panama Canal.

From this period, Nicaragua became historically subordinated to and dependent on the USA, merely as supplier of raw materials such as wood, gold, coffee, minerals, bananas, cotton, meat, sugar and shellfish.

Before the triumph of the Revolution, Nicaragua was one of the poorest countries in Latin America. The
period of severe dictatorship (the Somoza dynasty 1936-1979) and the economic control by foreign companies had left the vast majority of the country undernourished, underemployed and illiterate.

In 1979 the liberation war throughout the Nation left the already weak economy in total bankruptcy.

After the triumph of the Revolution a national reconstruction began and a significant socio-economic transformation has been undertaken namely the agrarian reform, the nationalization of the banks, insurance companies and natural resources, to meet the national needs and guarantee the rational use of financial resources for the reconstruction, transformation and development of the country.

Despite the growth of the co-operative farms, the private sector still accounted for the majority of coffee, cotton and sugar production. The State, however, retains a degree of control over the level of agricultural output through the trading company of the Ministry of Foreign Trade, which is the sole purchaser of all exportable agricultural produce.

The changes in the industrial sector, and the development of a series of major projects in this sector have been started to increased local production of basic goods. These strategic projects aim to develop a more independent economy, substituting products for imports as well as creating jobs and providing technical training to workers.

Agriculture (including forestry and fishing)
forms the mainstay of the economy, employing about 45% of the working population.

Nicaragua's economy is based on the structure inherited from an underdevelop economy that is both highly dependent and linked to an unjust international economic order. The war of aggression by the Reagan Administration since 1982 and the international economic crisis are other factors that contribute to the deepening of the economic crisis we are experiencing.

Implementing measures were introduced toward the defence of the Revolution and the economy has had to be readjusted to the war, since 1985 Nicaragua is leaving under an economy of resistance and survival. Half of the National budget has been assigned to military defence and 20% of the economically active population is in the military defense.

1.3.1 NICARAGUA'S FOREIGN TRADE

"The Economic Commission for Latin American" (ECLAC) has stated that the crisis affecting the Latin American region is the most serious and prolonged in fifty years. It is characterized by:

- growing trade protectionism;
- the growing burden of servicing the foreign debt;
- falling prices for basic exports products;
- a 15% reduction in the total value of exports;
- a 20% deterioration in terms of trade;
- the high real interest rates and the drying up of financing. (2)
Nicaragua’s foreign trade has deteriorated in the last seven (7) years. The enormous cost of the war, the increased purchases of petroleum and the reduced income from exports owing to low prices from coffee, sugar and cotton, transformed the merchandise trade balance from a surplus in 1979 to a deficit in 1980 until the present time. (Table 1).

Nicaragua non-traditional exports to the Central American Common Market have suffered the most as they have been falling over the period 1982-1985 to an annual level of less than 20% of its total exports. Nicaraguan imports from the Central American Common Market have also fallen during the same period to an annual level of less of 20% of its total imports. (Table 2)

Nicaragua’s trade with the USA fell dramatically, first owing to the reduction of Nicaragua’s export quota of sugar and in 1985 to the trade embargo imposed by the Reagan Administration.

In 1986, a drop in the total value of exports occurred due to the fall of international prices, mainly cotton, and due to the reduction to 23% of the volumes exported. Coffee represented 48.7% of external revenue transforming Nicaragua to an almost monocultural exporter. (Table 4)

Growing deficits in the budget and in the current account of the balance of payment have forced the Government to increased its borrowing from abroad.
<table>
<thead>
<tr>
<th></th>
<th>'79</th>
<th>'80</th>
<th>'81</th>
<th>'82</th>
<th>'83</th>
<th>'84</th>
<th>'85</th>
<th>'86</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPORTS</td>
<td>566</td>
<td>451</td>
<td>508</td>
<td>405</td>
<td>431</td>
<td>385</td>
<td>299</td>
<td>219</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>360</td>
<td>887</td>
<td>999</td>
<td>775</td>
<td>806</td>
<td>826</td>
<td>892</td>
<td>880</td>
</tr>
<tr>
<td>BALANCE</td>
<td>206</td>
<td>-436</td>
<td>-491</td>
<td>-370</td>
<td>-375</td>
<td>-441</td>
<td>-593</td>
<td>-661</td>
</tr>
</tbody>
</table>

**SOURCE:** Ministry of Foreign Trade.
TABLE 2

NICARAGUA’S TRADE BALANCE WITH C.A.C.M 1982-1985
(IN 1000 USA DOLLARS)

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL</th>
<th>% OF TOTAL TRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>52.086</td>
<td>12.8</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>116.947</td>
<td>15.1</td>
</tr>
<tr>
<td>BALANCE</td>
<td>- 64.861</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>33.476</td>
<td>7.8</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>123.571</td>
<td>15.3</td>
</tr>
<tr>
<td>BALANCE</td>
<td>- 90.095</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>37.013</td>
<td>9.6</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>74.504</td>
<td>9</td>
</tr>
<tr>
<td>BALANCE</td>
<td>- 37.491</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>24.191</td>
<td>8.1</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>57.177</td>
<td>6.4</td>
</tr>
<tr>
<td>BALANCE</td>
<td>- 32.986</td>
<td></td>
</tr>
</tbody>
</table>

C.A.C.M = Central American Common Market.

SOURCE: Ministry of Foreign Trade.

The origen and destination of Nicaragua’s foreign trade have changed as a consequence of two factors: First, the economic aggression of the Reagan Administration, which culminated to a trade embargo in May 1985 and the collapse of the Central American Common Market in the 1970s. Second, the solidarity of the Socialist countries which have become the principal suppliers of petroleum, basic manufactures, machinery and transport equipment.
Until May 1985, when the Reagan Administration ordered the Embargo on trade with Nicaragua, the USA remained Nicaragua's most valuable trade partner. By 1982 Latin American and E.E.C member countries had gained a significant share of Nicaragua's trade volume. Japan is also an important buyer of Nicaragua's exports.

Since 1981 Nicaragua and the Socialist countries of eastern Europe have been increasing their trade to a great extent as a consequence of the deteriorated political relation between the USA and Nicaragua. By now it is one of the most important markets of Nicaragua together with northern E.E.C. member countries.

### TABLE 3
NICARAGUA'S FOREIGN TRADE IN PERCENTAGE VALUE
YEARS 1983 AND 1986

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>EXPORTS TO 1983</th>
<th>EXPORTS TO 1986</th>
<th>IMPORTS FROM 1983</th>
<th>IMPORTS FROM 1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>C M E A</td>
<td>12.7</td>
<td>13.9</td>
<td>16.6</td>
<td>51.0</td>
</tr>
<tr>
<td>C A C M</td>
<td>7.8</td>
<td>5.0</td>
<td>15.3</td>
<td>6.0</td>
</tr>
<tr>
<td>U S A</td>
<td>18.0</td>
<td>0.0</td>
<td>19.4</td>
<td>0.6</td>
</tr>
<tr>
<td>E E C</td>
<td>25.8</td>
<td>55.0</td>
<td>9.7</td>
<td>14.0</td>
</tr>
<tr>
<td>OTHERS</td>
<td>35.7</td>
<td>26.1</td>
<td>39.0</td>
<td>28.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

C M E A = Council for Mutual Economic Assistance of Socialist Countries
C A C M = Central American Common Market
OTHERS = Algeria, China, Iran, Libya, Spain, Switzerland, Canada, Japan, Mexico, South America, the Scandinavian countries.

SOURCE: Ministry of Foreign Trade
In 1986, half of the purchases in Nicaragua were made in the European Economic Community (E.E.C), Scandinavia, Central America, Japan and China and the other half in the Socialist Countries.

Approximately 55% of the exports went to the E.E.C, 26% to Japan and Canada, 14% to Socialists countries and 5% to Central America.

"It is unlikely that the prices for Latin America's basic export products - sugar, cotton, beef will recover because this fall was not based on regional circumstances but rather came as a result of a change in demand from industrialized countries. In addition, protectionist policies adopted by the industrialized countries seriously restrict Latin America's access to international markets". (3)
### TABLE 4
NICARAGUA'S FOREIGN TRADE
YEAR 1986
(IN 1000 USA DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>EXPORTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>106.5</td>
<td>48.7</td>
</tr>
<tr>
<td>Other Traditional</td>
<td>83.1</td>
<td>38.0</td>
</tr>
<tr>
<td>Non-Traditional</td>
<td>29.0</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>218.6</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>IMPORTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer goods</td>
<td>190.0</td>
<td>21.6</td>
</tr>
<tr>
<td>Raw material, Chemicals</td>
<td>485.9</td>
<td>55.2</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>204.1</td>
<td>23.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>880.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**SOURCE:** General Directorate of Customs.
Ministry of Foreign Trade.

The Nicaraguan government is looking forward to increasing its exports sales by more than 50 percent this year, according to projections of the 1987 economic plan.

The total exports sales will reach US$ 354 million in 1987 and the imports up to US$ 900 million leaving a deficit of US$ 546 million. Foreign credits and donations already guarantee the deficit.

Economic difficulties and foreign aggression have produced a chronic shortage of foreign currency, an acce-
lerated inflation and made it necessary to devaluate the national currency, nevertheless a considerable progress has been made in the structural transformation and diversification of the economy.

The National economic plan for 1987 is aiming for a 2.1 percent increase in the GNP. If successful, this will reverse the decline in the GNP experience by Nicaragua in the past three years.

In 1987 Nicaragua will continue to diversify its foreign trade and seek new markets for its imports and exports.

**TABLE 5**

1987 NICARAGUAN EXPORTS

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>US $ MILLION</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRADITIONAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee</td>
<td>150</td>
<td>42.4</td>
</tr>
<tr>
<td>Cotton</td>
<td>37</td>
<td>10.4</td>
</tr>
<tr>
<td>Shellfish</td>
<td>18</td>
<td>5.1</td>
</tr>
<tr>
<td>Bananas</td>
<td>17</td>
<td>4.8</td>
</tr>
<tr>
<td>Beef</td>
<td>12</td>
<td>3.4</td>
</tr>
<tr>
<td>Sugar</td>
<td>10</td>
<td>2.8</td>
</tr>
<tr>
<td>OTHER(minerals,industrial)</td>
<td>36</td>
<td>10.2</td>
</tr>
<tr>
<td>NON-TRADITIONAL,INDUSTRIAL</td>
<td>61</td>
<td>17.2</td>
</tr>
<tr>
<td>NON-TRADITIONAL,AGRICULTURAL</td>
<td>13</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td></td>
<td>354</td>
<td>100.0</td>
</tr>
</tbody>
</table>

SOURCE: Ministry of Foreign Trade.
The change of origen and destination of Nicaragua's foreign trade has increased the cost of freight in the transport of its commodities. This factor is stressed, considering the important role it plays in the balance of payment of the country, and will be taken into account in the analysis of Nicaragua's maritime strategy in the following chapters.
CHAPTER II

THE DEVELOPMENT OF THE MARITIME ADMINISTRATION IN NICARAGUA


Since the last century the State's organization consisted of a body in charge of the activities related to development of the different ways of communication, although in a very superficial manner.

Through the first half of the 20th century the Ministry of Development and Public Works was given the responsibility of looking after the technical direction and development of the different ways of communication; dredging of rivers, lakes, and seas; the promotion and development of shipping and inland waterway transport.

In 1956 the Corinto Port Authority was created as an autonomous government agency in charge of the operation of Corinto, the principal port of Nicaragua, port Potosi, both on the Pacific Coast, and port Cabezas on the northern part of the Atlantic Coast.

In 1967 the Decree that created the State's Ministries was modified in that the Ministry of Development and Public Works became only the Ministry of Public Works which was given the responsibility of promoting shipping, navigation on the inland waterways and taking care of the necessary improvements. The Directorate of
Navigation and Ports was created in 1954 originally as a Department of the former Ministry and in 1975 became one of the directorates of the latter Ministry.

The Directorate of Navigation and Ports was in charge of planning, promoting maritime development, inland waterways and the improvement and construction of new facilities. Nevertheless, the Directorate of Navigation and Ports traditionally confined its activities to the engineering and construction of new facilities related to maritime transport.

At the same time there were several ministries in charge of several maritime activities which were carried out inefficiently and without any coordination.

In general, through this entire period until 1979 there was no proper Maritime Administration and a lack of maritime development as a consequence of the absence of maritime strategy and maritime policy.

As Professor P.S. Vanchiswar of the W.M.U. says: "the gross inadequacy is that there is a fallacious belief that there is a Maritime Administration since there is a Ministry responsible for maritime matters. While the aforesaid Ministry per se is responsible for maritime legislation and government policy in the ultimate and for overall co-ordination, as well as for concerted action in harmony with the Ministries responsible for trade, economy and planning, etc., it has to be appreciated that there is the very important need for a specialised sub-formation (i.e., support
formation) manned by knowledgeable and competent officials to assist the Ministry to:

(i) formulate (a) maritime policy, and (b) legislation
(ii) implement the formulated policy and legislation
(iii) discharge its national and international obligations,
(iv) promote maritime development". (1)


After the triumph of the Revolution in July 1979, the Ministry of Transport and Public Works came into existence through the Decree that created the State's Ministries.

The Ministry of Transport undertook the responsibility of several maritime activities which were carried out by different Ministries before 1979.

In December 1979 the Decree that created the State's Ministries was modified whereby the Ministry of Transport and Public Works was divided into two Ministries, the Ministry of Construction and the Ministry of Transport.

The Ministry of Transport was established by Decree No.223 on 27 December 1979. Since its establishment the Ministry has been re-structured on several occasions.

The Ministry of Transport is the State's body in
charge of encouraging, promoting and developing the economy of the State through the development of the road, railway, sea, lake, river, and air transport in all of the national territory. It is also responsible for all matters related to international transport; consequently it is responsible for the transport of passengers, cargoes and merchandise by the different kinds of transport above mentioned, either national or international.

The Ministry of Transport was organised in three Directorates General corresponding to the different systems of transport-land, air and water - and also the holding corporation of people's transport. The latter is in charge of the different national transport enterprise owned by the Ministry.

The proper Ministry also has 6 divisions: General Division of Planning, General Division of Investment, General Division of Human Resources, Division of Documentation Center, General Division of Administration and Finance and Division of International Relations.

The Ministry has in the different regions and special zones of the country representative offices in charge of controlling the operation of the different systems of transport. These offices represent the Ministry and the different Directorates General in each region and zone in which the country is divided.

The National Maritime Administration in Nicaragua, known as "Directorate General of Water Transport" was established by the Ministerial Decree on 10 March 1980. In this study the above term will be referred to
simply as Directorate General.

The Decree states that the Directorate General which is under the general direction of the Ministry of Transport is a specific and unique institution responsible for directing, implementing and controlling the National Maritime and Shipping Policy.

The Directorate General also has the responsibility to formulate and implement the primary and subsidiary legislation related to sea river and lake transport and also the establishment and enforcement of sanctions.

In addition the Directorate General shall promote and develop the national water transport in the public interest.

The Directorate General is authorised to set up the appropriate rules and regulations for the normal development of its functions.

The objectives of such rules and regulations will be to assure the development of the national water transport and the protection of the National Shipping Company for the integrated economic development of the country.

Since its establishment in March 1980 the Directorate General has been restructured on several occasions with the purpose of overcoming the many problems that the Directorate General has been facing and in order to make it more efficient.

Before discussing the main problems the Directorate General has been facing, it is proposed to deal
first with the Directorate General itself i.e. the actual organization, its main functions, the activities of its two Directorates and respective departments and the relationship with bodies and agencies involved in one way or another in maritime activities.

2.2.1 THE DIRECTORATE GENERAL'S CURRENT ORGANIZATION.

The Ministry of Transport's organic Decree of August 1985, article 3, paragraph 2, provides that the Minister, the Viceministers and the General Secretary shall form the Superior Direction of the Ministry of Transport.

In order to carry out the responsibilities assigned by the Ministerial Decree of 10 March 1980 the Directorate General has been organised into two directorates:

I) The Directorate of Maritime Safety and Engineering.
II) The Directorate of Maritime Transport Economy.

The Directorate of Maritime Safety and Engineering is divided into 3 departments:

1) Department of Naval Engineering.
2) Department of Port Engineering.
3) Department of Maritime Safety.

The Directorate of Maritime Transport Economy is divided into 3 departments:

1) Department of International Maritime Transport.
The Directorate General has staff offices divided into:

1) Legal Office.
2) Programming and Controlling Division.
3) Administrative Office.

2.2.2 GENERAL FUNCTIONS OF THE DIRECTORATE GENERAL OF WATER TRANSPORT.

The general functions of the Directorate General have been established taking into account the Ministerial Decree of 10 March 1980 which sets up the Directorate General.

The functions are to:

- Formulate, implement and control the National Maritime Policy.
- Promote the ratification/ accession of International Maritime Conventions.
- Formulate and implement the primary and subsidiary legislation related to sea river and lake transport.
- Promote, encourage and develop the national water transport in the public interest.
- Promote the development of the National Merchant Marine.
- Look after the safety of navigation and ports, safety of life at sea and protection of the marine environment.
- Look after the maintenance of lighthouses, navigational aids and the safety of waterways.
- Approve and supervise construction and repair of ships in national or foreign shipyards by national shipowners.
- Register ships and issue certificates.
- Be responsible for marine inquiries and investigations into shipping casualties and violations of regulations.
- Examine and grant Certificates of Competence/Licences to Seafarers.
- Approve national and international port tariffs and freight rates of the inland waterway transport.
- Attend to all additional functions established by the Ministerial Decree of 1980, the organic Decree and by the subsidiary legislations.

The Ministry of Transport’s organic Decree of 1985, Article 4, Paragraph 2 provides that the Ministry will regulate the specific functions of each Directorate General.

The specific functions of the Directorate General of Water Transport has not been regulated yet in the due form, which means that the legal and administrative frame has not yet established clearly defined duties. In the following chapter this fact will be commented.

Until now the General Directorate has not been able to tackle all the functions described in a satisfactory and efficient way. The reasons for the lack of capability to deal with all functions in a proper manner will be also analysed in the next chapter.
2.2.3 THE DIRECTORATES' ACTIVITIES

The general functions of the Directorate General represent the umbrella of the activities of its two directorates, namely, the Directorate of Maritime Safety and Engineering; and the Directorate of Maritime Transport Economy. The work of the Directorate General can be examined through the activities of its two directorates and respective departments.

2.2.3.1 THE ROLE OF THE DIRECTORATE OF MARITIME SAFETY AND ENGINEERING

The Directorate of Maritime Safety and Engineering is in charge of all the activities geared towards regulating the operational technical aspects of port, ship, and safety in order to assure high standards of operation, maritime safety and prevention of marine pollution. This Directorate has three (3) departments, namely, the Department of Naval Engineering, the Department of Port Engineering and the Department of Maritime Safety.

2.2.3.2 THE ROLE OF THE DIRECTORATE OF MARITIME TRANSPORT ECONOMY

The Directorate of Maritime Transport Economy is in charge of all the activities geared towards regulating, implementing, and controlling maritime policy, which cover the economic and commercial aspects of inland and coastal navigation, shipping and ports. This Directorate has likewise three (3) departments, namely, the Department of International Maritime Transport, the Department Inland and Coastal Navigation, and the Depart—
2.2.3.3. THE ROLE OF THE STAFF OFFICES.

The Directorate General has three (3) staff offices, namely, the Legal Office, the Programming and controlling Division and the Administrative Office.

1) THE ROLE OF THE LEGAL OFFICE.

- Elaborates on the preliminary draft legislation in the maritime field to be presented to the National Assembly for approval, and prepares the implementation of rules and regulations.
- Studies and analyses different international maritime conventions in order to recommend the ratification or accession.
- Registers ships for administrative control and issuance of certificates to fly the Flag.
- Registers and authorizes shipping agents.

2) THE ROLE OF PROGRAMMING AND CONTROLLING DIVISION.

- Participates with relevant agencies in formulating the maritime policy and strategy.
- Formulates the short term planning.
- Formulates the system of controlling the annual program and evaluates its implementation.
- Elaborates in coordination with the Directorate of Maritime Transport Economy studies and proposals leading to improved water transport.
3) THE ROLE OF THE ADMINISTRATIVE OFFICE.

- Formulates and controls the budget in coordination with the General Division of Administration and Finance of the Ministry and evaluates its performance.
- Gives logistical support to the different departments to help to achieve the goals and objectives of the Directorate General.

2.3 THE OTHER BODIES AND AGENCIES INVOLVED IN THE MARITIME ACTIVITIES AND THEIR RELATIONSHIP WITH THE GENERAL DIRECTORATE.

In Nicaragua most of the maritime activities are carried out by bodies and agencies which are mostly governmental. These bodies and agencies are under the responsibilities of their respective Ministries, although there are autonomous bodies.

The majority of these bodies and agencies are concentrated in the Ministry of Transport.

Attached to the Ministry of Transport, as already stated, is a holding corporation called "Corporation of People's Transport" which was established in May 1980. This Corporation controls several public enterprises involved in different systems of transport.

In water transport the following enterprises can be mentioned:

1) The National Ports Enterprise (ENAP).
2) Nicaraguan Shipping Line (NANICA).
3) Nicaraguan Cabotage Enterprise (ENICAB).
4) Central American Chartering Enterprise (ENCAFLET).
5) Vassalli Agency (AVASA).
6) Pacific Storage Enterprise (ALPAC).
7) Nicaraguan Bonden General Warehouse (ALDENIC).

2.3.1. THE NATIONAL PORTS ENTERPRISE (ENAP)

The National Port Enterprise was established by Decree No. 405 on 10 May 1980. This Decree has been modified on three (3) occasions in order to remove some functions which corresponded to the Ministry and Directorate General as regulatory bodies and to attach the National Port Enterprise to the Corporation of People’s Transport.

This particular situation which affected the authority of the Directorate General will be commented in the following chapters.

Since the establishment of the National Port Enterprise the administration of all the ports of the country (domestic and international) has been consolidated in this agency. Before 1979 the ports were administered by different state bodies.

At present the National Port Enterprise is responsible for pilots and pilotage services, stevedores and stevedoring operations.

Stevedores are employed by ENAP and work, if required, in three (3) shifts.

The Ports are divided in three regions.
I) PACIFIC REGION.
   a) Corinto Port.
   b) Sandino Port.
   c) San Juan del Sur Port.

II) ATLANTIC REGION.
   a) Arlen Siu Port.
   b) Bluefields Port.
   c) Bluff Port.
   d) Benjamin Zeledon Port.
   e) Cabezas Port.

III) LACUSTRINE (LAKE) PORTS.
   a) Granada Port.
   b) San Carlos Port.
   c) Moyogalpa and Altagracia ports.
   d) San Miguelito and Morrito Ports.

Corinto Port is the most important port in the Country. It is situated about 150 Kilometers from the capital, Managua.

Corinto is a multipurpose port with good facilities and modern handling equipment. The port has a container berth with a gantry crane, which optimally handles 20,000 TEU per annum. Corinto handles about 70% of all the exports/imports and between 90 to 95% of the general cargo.

The approach to the well-sheltered harbour from the sea is relatively straight forward through a buoyed channel dredged to a depth of 14 meters, with a width of 150 meters and it is nine (9) Kilometers long. At the quayside there is a dredged depth allowing eleven (11)
meters draft with a half meter keel clearance.

The Port is able to moor ships of 25,000 D.W.T. Calls at the port amount to approximately 30 per month or nearly 400 per annum.

Nicaraguan foreign trade passing through the port of Corinto during the period 1980 – 1986 is shown in table 6 as follows:

Table 6

( METER TONS )

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>515,867</td>
<td>346,444</td>
<td>862,311</td>
</tr>
<tr>
<td>1981</td>
<td>523,175</td>
<td>449,813</td>
<td>972,988</td>
</tr>
<tr>
<td>1982</td>
<td>377,485</td>
<td>329,206</td>
<td>706,691</td>
</tr>
<tr>
<td>1983</td>
<td>679,743</td>
<td>439,664</td>
<td>1,119,407</td>
</tr>
<tr>
<td>1984</td>
<td>755,515</td>
<td>402,535</td>
<td>1,158,050</td>
</tr>
<tr>
<td>1985</td>
<td>722,280</td>
<td>289,332</td>
<td>1,011,612</td>
</tr>
<tr>
<td>1986</td>
<td>735,544</td>
<td>283,221</td>
<td>1,018,765</td>
</tr>
</tbody>
</table>

X First half of the year real data , second half merely projection.

SOURCE. National Ports Enterprise ( ENAP ).
The rest of the ports have poor facilities and poor equipment. Port Sandino and Port San Juan del Sur on the Pacific are lighterage ports. Freighter must anchor in the roadstead and discharge their cargo into lighters. The lighters are then moved by tugs to small wharves.

The primary function of Port Sandino is to serve as the tanker terminus of a pipeline from the port to the ESSO refinery in Managua situated 60 Kilometers from Port Sandino. The petroleum represents 50% of the total imports of the country.

It appears likely that in the coming years considerable traffic will be diverted from Corinto Port to Bluff, the new international port on the Atlantic coast. With this new international port the perspective of the remaining international ports appears uncertain.

The future of the remaining international ports have to be analysed and their fate decided. Some alternatives for them have to be found. Transforming them, for example, into fishing ports may be a good alternative to take into consideration.

2.3.1.1. RELATIONSHIPS BETWEEN ENAP AND DIRECTORATE GENERAL.

The responsibility of the Directorate General and the National Ports Enterprise has changed, especially after the decree No 405 of May 10 1980, which created ENAP, was modified.

The decree No 1343 of 1983 is the most recent
decree modifying the functions of ENAP. It has given the following responsibilities to the Directorate General:

Article 4 (a) provides that ENAP shall submit the plans and project of new harbour installations, enlargement and maintenance to the Ministry of Transport through the Directorate General for approval.

Article 4 (i) provides that ENAP shall submit the port's regulations related to the operations of the ports for approval to the Directorate General.

Article 4 (j) provides that ENAP shall submit tariffs and port's dues for approval to the Directorate General.

Moreover, the Directorate General has to deal with ENAP in the implementation and enforcement of national rules and international regulations as regards port safety, handling and storage of dangerous goods, safety of navigation and prevention of marine pollution.

2.3.2. NICARAGUAN SHIPPING LINE (NANICA).

This public enterprise was created in November 1979 with the objective of carrying Nicaragua's foreign Trade.

NANICA began to operate in February 1980 with three (3) ships.
2.3.2.1. RELATIONSHIP BETWEEN NANICA AND DIRECTORATE GENERAL

According to the decree 10 of March 1980, the Directorate General is responsible for formulating, implementing and controlling the National Maritime and Shipping Policy. The Directorate General is also authorized to set up the appropriate rules in order to assure the protection of the National Shipping Company. As a consequence, in 1982 the Directorate General formulated, a cargo reservation Law on the basis of 40-40-20 (liner) or 50-50 (bulk) cargoes.

The result of the implementation is not yet satisfactory.

The assistance of Directorate General to NANICA also extends to registration of ships and marine personnel, the certificates of ships and officers, and the implementation of international safety standards.

The lack of maritime and sea-going expertise, the lack of managerial skills and adequate supply of well-trained manpower for the manning of the vessels have stunted the development of the Nicaraguan Shipping Line.

In chapter (V), in the topic dealing with maritime strategy and maritime policy these factors will be analysed.

2.3.3. NICARAGUA CABOTAGE ENTERPRISE (ENICAB).

This public enterprise was created in January 1980 for the purpose of operating inland and coastal
service.

The inland service covers Lake Nicaragua and inland water-ways on the Atlantic coast. The coastal service covers the cabotage on the Atlantic coast.

There are three types of cabotage: a) Passengers b) cargo, c) both passengers and cargo.

The routes are covered by public and private enterprises. The latter represents a higher percentage.

ENICAB operates six (6) vessels on Lake Nicaragua which are cargo vessels and passengers vessels and, on the Atlantic coast, about 15 vessels which include tugs and lighters.

Some agencies, like the Ministry of Agricultural Development and Agrarian Reforms, the Ministry of Domestic Trade, the Regional Governments, operate a fleet of small ships on Lake Nicaragua, San Juan River and the Atlantic coast in which the former transports part of the grain production and the latter two carry part of the consumer goods of the regions.

There is a shipyard at Lake Nicaragua which was built with the help of the Dutch Government and is able to build ships of 300 D.W.T.

The shipyard is managed by ENICAB. Some cargo and passenger ships have been built for the lake in the last two years in that shipyard.

Although there is a shipyard on the Atlantic
coast, it has not enough facilities to build ships with the standards required for the region.

2.3.3.1. RELATIONSHIP BETWEEN ENICAB AND DIRECTORATE GENERAL

The relationship between the Directorate General and ENICAB is related to the following areas:

- Formulation, promotion and development of the national water transport in the public interest.
- Formulation and implementation of the primary and subsidiary legislation related to river, lake, and coastal transport.
- Implementation of the safety standards.
- Granting of concession to operate in different routes as applied by ENICAB.
- Approval of the different tariffs requested by ENICAB.
- Registration of the vessels and issuance of the different vessel certificates.

2.3.4. CENTRAL AMERICAN CHARTERING ENTERPRISE (ENCAFLET)

This enterprise was created in March 1982. The objective of ENCAFLET is to assume the responsibility of chartering either sea, land or air transport to obtain the most favorable freight tariffs in order to supplement the lack of sufficient capacity of the National Shipping Line.

Until now ENCAFLET has been involved only in sea transport. During these years ENCAFLET has been
developing the system of coordination with different trading companies of the Ministry of Foreign Trade, which are in charge of the different contracts of buying (imports) and selling (exports).

2.3.4.1. RELATIONSHIP BETWEEN ENCAFLET AND THE DIRECTORATE GENERAL.

The relationship of the Directorate General with ENCAFLET has been very poor.

In the analysis and approval of the country's bilateral transport agreement there has been coordinated work with ENCAFLET.

In chapter (V) some suggestions will be considered in relation with this enterprise.

2.3.5. VASSALLI AGENCY (AVASA).

The AVASA acts as a Shipping Agent for different Shipping Lines doing business in Nicaragua. The Directorate General registers and regulates this agency. The Decree No. 1104 of September 1982 and the implementing rules of January 1984 dealing with the Protection to the National Merchant Marine (cargo reservation Law) regulates the shipping agents in the broad sense.

2.3.6. PACIFIC STORAGE ENTERPRISE (ALPAC).

ALPAC operates as a Custom clearance agent in the national territory and at the same time as a warehouse for imported and exported goods.
This enterprise is regulated by the Ministry of Finance, which also regulates Customs Agents. ALPAC and in general the Customs Agents have no relationship with the Directorate General, although some co-ordinated work has to developed to improve the facilitation of transport.

2.3.7. NICARAGUA'S BONDED GENERAL WAREHOUSE (ALDENIC).

ALDENIC also operates as a Customs clearance agent, a warehouse for imported goods or goods to be exported as well as a shipping agent.

As a shipping agent it is regulated by the Directorate General.

2.3.8. THE PRIVATE SECTOR.

All the enterprises already described are attached to the Ministry of Transport through the Corporation of People's Transport. In addition, there are about thirty (30) private Customs Clearance Agents, ten (10) private shipping agents and three (3) private storage enterprises.

Moreover a considerable fleet of small private wooden ships operates on the Atlantic coast, Lake Nicaragua and San Juan River.

Private shipowners and private shipping agents are regulated by the Directorate General.
2.3.9. THE OTHER MINISTRIES INVOLVED IN MARITIME ACTIVITIES.

There are several Ministries or agencies of the Government involved in maritime activities. They are:

2.3.9.1. THE MINISTRY OF FOREIGN TRADE.

The Ministry of Foreign Trade is responsible through its different public enterprises of carrying out international commercial transactions leading to the export and import of basic products.

Although some coordination has been developed between this Ministry and the Ministry of Transport in order to deal with sea transport through ENCAFLET, there have been particular circumstances involved which have permitted the Ministry of Foreign Trade to conduct the negotiation of chartering the transport of bananas originally to the U.S.A and then to Europe.

The Directorate General has been promoting the constitution of the Shippers' Council which will be constituted basically by the Public Enterprises of the Ministry of Foreign Trade, the Public Enterprises of other Ministries and the private sector.

2.3.9.2. NICARAGUAN INSTITUTE OF ENERGY.

INE is a national autonomous body, through the Nicaraguan Oil Enterprise, an agency attached to the Institute, carries out commercial transactions leading to the import of crude petroleum and petroleum products.
The Nicaraguan Oil Enterprise is involved in chartering the transport of crude oil through ENCAFLET.

The Directorate General has been working in coordination with the Nicaraguan Oil Enterprise in the elaboration of the basic principles leading to a contingency plan against marine oil pollution.

2.3.9.3. THE INSTITUTE OF NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION.

It is a body attached to the Ministry of Agricultural Development and Agrarian Reform, which has also participated in the elaboration of the basic principles leading to a contingency plan against marine oil pollution. The Institute has to play a role in helping the Directorate General in controlling the marine pollution.

2.3.9.4. NICARAGUAN AGRO-INDUSTRIAL ENTERPRISE (ENIA).

ENIA is an enterprise attached to the Ministry of Agricultural Development and Agrarian Reform in charge of international transactions leading to the import of fertilizers, agrochemicals etc.

This enterprise is involved in chartering vessels to carry the stocks.

2.3.9.5. NICARAGUAN INSTITUTE OF FISHERY (INPESCA).

INPESCA is a governmental autonomous body in charge of regulating and exploiting the living resources of the sea.
There are some public fishing enterprises attached to the Institute although you do find some private owners who deal with fishing which are regulated by the Directorate General in respect of registration ships and safety standards.

At the moment the Institute is involved in an extensive enlargement of the Nicaraguan fishing fleet.

2.3.9.6. THE MINISTRY OF INDUSTRY.

It is involved through its Public Enterprises in dealing with the imports of raw materials, using a tug to tow a large barge to transport industrial raw materials from foreign countries.

The Directorate General registers and regulates the safety standards of this barge.

2.3.9.7. THE HYDROGRAPHIC DIRECTORATE.

It is an agency of the Institute of Territorial Studies, which is a body attached to the Ministry of Defence. It has, as its main responsibility, the production, updating and distribution of nautical charts. This agency is also responsible for the charting of off-shore structures. It assists in the demarcation of maritime boundaries; assists in the positioning of off-shore navigational aids; conducts hydrographic surveys on the request of any ministry or government agency and maintains records of all pertinent survey data.
2.3.9.8. THE MARINE COMMANDANCY (CAPITANIA DE PUERTOS).

The last but not the least is the Marine Commandancy, which is an agency attached to the Navy—both under the Ministry of Defence.

The Marine Commandancy carries out the functions regarding security in ports, the control of smuggling, the guarding of coast-lines. It is one of the authorities who visits ships calling at national ports.

Furthermore, the Navy performs maritime functions of which the principal ones are the protection of the territorial waters and fisheries resources.

The Directorate General has been developing coordinated work with the Marine Commandancy, the result of which is not yet satisfactory.

In chapter five (V) some considerations will be analysed in the proposal for the improvement of the coordination work of this agency with the Directorate General.

Having already some general knowledge of the Ministry of Transport of Nicaragua and its Directorate General of Water Transport, the next chapter will be devoted to the problems and difficulties the Directorate General has faced since it was established.
CHAPTER III

THE PROBLEMS AND DIFFICULTIES OF THE DIRECTORATE GENERAL

As in most new maritime developing countries, the Directorate General has been facing problems and difficulties since its establishment in 1980.

Our main concern is to analyse the real causes of such problems and difficulties the Directorate has been facing since 1980.

The Directorate General has been operating within an environment which has not allowed it to be fully dynamic.

In Nicaragua, like in most developing countries, maritime matters within the context of the overall national transport system are relegated below land transport which receives most attention because of its mass appeal and therefore its political implications and air transport which is glamorous and attention grabbing.

The Nicaraguan civil service structure and its system of officials rotating in general within the entire civil service does not allow the Directorate to train and retain such expertise for long. Therefore, there is a lack of expertise in order to enable the Directorate to act rapidly.

3.1 THE CREATOR DECREES

As already stated, the National Maritime Adminis-
The Ministerial Decree of 10 March 1980 is a general and limited decree which restricts the functions of the Directorate General in order to be able to be the unique body dealing with planning, rules, regulations, and control of ports, cargoes, passengers of national and international water transport.

Additionally, when the National Port Enterprise (ENAP) was created in May 1980, it was given some functions which corresponded to the Directorate General as a regulatory body.

In order to take away such functions which corresponded to the Directorate General, the Decree that created ENAP was modified in 1983, but it took three years to do so.

This situation affected the authority of the Directorate and has continued in a way affecting it, especially due to the fact that the Directorate does not have a proper legal instrument to regulate in due form the water transport sub-sector.

The organic Decree of The Ministry of Transport’s of 1985, Article 4, Paragraph 2 provides that the Ministry will regulate the specific functions of each General Directorate General.

So far this activity has not been fulfilled properly, leaving the Directorate General of Water
Transport in a legal vacuum. It means that the legal and administrative framework has not yet been established in a formal manner, with clearly defined functions effectively recognized.

In order to provide the Directorate General with a proper legal instrument, the Ministry needs to issue an organic Decree regulating the specific functions and duties of the Directorate General. At the same time the position of the Directorate must be strengthened in the future as regards the new Merchant Shipping Legislation, which has to be formulated. This is another difficulty the Directorate has been facing due to the outdated Merchant Shipping Law. This latter factor will be particularly commented in this chapter, taking into account that it has been one of the main difficulties the Directorate has had to face during its existence.

It is also true that without an appropriate machinery manned by duly competent officials, capable of effectively implementing the Merchant Shipping Legislation, the positive results of having updated legislation would be negated.

3.2 THE PROBLEMS OF ORGANIZATIONAL STRUCTURE IN THE MINISTRY OF TRANSPORT

One of the main problems the Directorate has been facing is the organizational structure of the Ministry of Transport.

It is important to remember that the Ministry of Transport is a new ministry, created in 1979 after the triumph of the Revolution, and that never before had a
Ministry of Transport existed in Nicaragua.

The way the structure of the Ministry was originally organized has caused problems and difficulties to the Directorate.

Following is a detailed description of the different problems of the organizational structure the Directorate has been facing.

3.2.1 PROBLEMS BETWEEN THE DIRECTORATE GENERAL AND PUBLIC ENTERPRISES

Initially the Ministry of Transport was organised in three vice-ministries corresponding to the different transport sub-sectors—land, air, and water—and at the same time the Vice-Minister of the water sub-sector was responsible for supervising the institutional part of the Ministry i.e. the Directorate General and for the respective Public Enterprises involved in water transport.

This originated a conflict of competency between the Directorate General and the Public Enterprises concerned as this gave the opportunity to the General Managers of the Public Enterprises to deal directly with the Minister or Vice-Minister concerning the activities which the General Manager had to refer to the Directorate General.

The General Managers were not feeling responsible to the Directorate General but to the Minister and Vice-Minister to whom the General Managers of the enterprises reported.
This gave rise to change of roles, functions and responsibilities so that the General Managers of the Public Enterprises were considered as technical advisers to the Minister and Vice-Minister, i.e. the Ministry and, the role and functions of the Directorate General were ignored.

As a consequence the Directorate General's authority was weakened and the Public Enterprises did not associate the Directorate General any more with activities which were the responsibilities of the Directorate General, as an example, in the acquisition of vessels, projects of new harbours, the enterprises had to submit the feasibilities studies to the Directorate General for approval.

This situation produced lack of articulation between the Directorate and the Public Enterprises, consequently the co-operation of the Public Enterprises and the Directorate General became more and more difficult, and gradually the Directorate was put out from its real position in the maritime sector in relation to its responsibilities with the Public Enterprises subordinated to the Ministry of Transport.

From 1985, the Ministry of Transport began to take care of the problems of the General Directorate and there was a determination to adopt and promote a national maritime policy. At the same time the structure of the Ministry was changed, whereby the Vice-Minister was no longer responsible for the Public Enterprises, but only for the institutional part of the Ministry.
Pursuant to the Decree No 1289 of July 1983, which regulates the Corporation of People's Transport, a General Director for the Corporation was appointed in 1986. This General Director represents the Corporation from the administrative, legal and financial point of view.

The restructuring of the Ministry of Transport has strengthened the institutional part of the Ministry and certainly has situated the Directorate General in a better position. But there are still some organizational structural problems that stunt the development of the Directorate General.

Therefore it is very important to analyse these structural problems in order to make some suggestions and proposals for the establishment of a proper Maritime Administration and for ensuring that the Directorate General of Water Transport does acquire the required structure, capabilities, and necessary support to be able to administer the maritime affairs effectively and efficiently.

The structural problems were borne out of the relationship of some of the General Divisions of the Ministry of Transport with the Directorate, namely:

1) General Division of Planning; 2) General Division of Administration and Finance; and 3) General Division of Human Resources.

3.2.2 GENERAL DIVISION OF PLANNING

As already stated, the proper Ministry of
Transport in addition to the three directorates general in charge of the different sub-sectors of transport—land, air and water—has six Divisions, one of which is the General Division of Planning which is in charge of planning the transport sector.

Until 1985, there was no effective co-ordination between the Directorate General and the General Planning Division of the Ministry of Transport.

During the period 1980-1984 there was uncertainty about the planning responsibility for the water sub-sector. The General Division of Planning claimed it to be the agency responsible for planning the entire transport sector and the Directorate General considered itself to be the body in charge of planning the short-term water transport sub-sector.

This situation originitated a conflict of competence between the General Division of Planning and the Directorate General.

Nevertheless, the General Division of Planning concentrated its activities on land transport during the whole period of 1980-1984 owing to lack of knowledgeable and competent officers to man the Water Transport Office in the General Division.

The progressive development and consolidation of the Ministry of Transport has gradually overcome this conflict of competence but up to now there are still some situations which need to be clearly defined in order for them to be able to build in a coordinated form an integrated system of planning.
This topic will be dealt with in a broader sense in Chapter V and it is my sincere hope that the suggestion and proposals given there will contribute to the delineation of the responsibilities of each body in planning the water transport sub-sector.

3.2.3 GENERAL DIVISION OF ADMINISTRATION AND FINANCE

The administrative system established in the Ministry of Transport is a centralised administration.

The General Division of Administration and Finance of the Ministry controls all the activities related to administrative and financial matters of the Ministry, i.e. the Superior Direction, the different General Divisions and the Directorates.

The General Division of Administration and Finance has 2 Divisions: 1) the Administrative Division dealing with equipment, transport, purchase and supply. 2) the Financial Division dealing with budgeting and cashiering.

The Directorate General of Water Transport on the other hand, has an administrative office linked to the General Division of Administration and Finance which manages a petty cash for the immediate activities of the Directorate General. This administrative office of the Directorate General gives the administrative support to the different units of the Directorate.

Although this centralised administrative system has been implemented during the last six years, the
bureaucratic system involved in the procedure to get the financial support for the activities of the Directorate frequently creates a bottleneck which has been affecting the development of the activities of the Directorate. A more flexible and less bureaucratic logistic support is urgently needed to develop an efficient and effective Maritime Administration. In Chapter V some suggestions and proposals will be given in relation to this topic.

3.2.4 GENERAL DIVISION OF HUMAN RESOURCE

The General Division takes care of the human resources of the Ministry. It is divided into two (2) Divisions: 1) Training Division and 2) Manpower and Cadre Division.

The Manpower and Cadre Division also has an office named Personnel Office dealing with recruitment, selections, social conditions, promotions etc., of all personnel needed in the institutional part of the Ministry.

The General Division of Human Resources is in charge of building up the training program plan of the human resource of the Ministry with the participation of different agencies of the Ministry.

Nevertheless, there is confusion concerning the responsibility of the assessment as regards manpower needs in the maritime sector, the planning for and ensurance of the availability of such manpower both in quantity and quality and the maritime training of the seafaring personnel.
There is a belief that having a General Division of Human Resources with Training Division in the Ministry of Transport then the Directorate General should not have a training unit in its organic structure to deal with activities related with training.

This is correct insofar as the training of personnel of the Ministry as an institution and the Directorate General is concerned. But, the function of regulating the maritime training of seamen and officers working either in Public or Private Enterprises is a responsibility of the Directorate General. Otherwise, the role of the Directorate in the Development of Shipping would be limited. To attend to this activity is a matter of great importance and would be part of a maritime policy considering the vital role the seafarers play in the economic life of a maritime country.

Consequently to regulate and implement the maritime training policy of maritime personnel, the Directorate General has to assume a leading role in this direction. To be able to do so, an additional organisational structure has to be given to the Directorate.

As Professor P.S. Vanchiswar of the W.M.U. says in his excellent Manual on Establishment/ Administration of Maritime Affairs in Developing Countries, Volume I, Chapter VII, dealing with Development of Training Facilities:

"The lead role and primary responsibility in harnessing the human resources and utilising them appropriately to maximum National advantage in the Maritime (Shipping) field, including benefits
to the national seafarers themselves and the national shipping industry, have to be assumed by the Government (Maritime Administration) in a developing country. The roles, responsibilities and functions of the Government (Maritime Administration) in developing country as regards their marine personnel (seafarers) need to cover essentially the following:
1. Crew matters (i.e., matters affecting marine personnel) in general.
2. Examinations and Certification of Seafarers.
3. Manning of Ships.

It appears inevitable that the Governments (Maritime Administration) of developing countries take the lead role. In assuming such role, the Maritime Administration shall no doubt have to act in concert with the Shipping Industry/Companies, the Representatives of national seafarers, relevant professional Institutions (if any), and appropriate Maritime and/or other Educational Institutions." (1)

The latter topic has introduced us to the necessary analysis related to the functions and responsibilities the Directorate has not yet undertaken properly, or not undertaken at all.

3.2.5 THE FUNCTIONS THE DIRECTORATE HAS NOT UNDERTAKEN

As already stated in Chapter II the Directorate General, established in 1980, is under the general direction of the Ministry of Transport.
The Directorate General is a specific and unique institution responsible for directing, implementing and controlling of the national maritime and shipping policy.

During the first five (5) years of the existence of the Directorate until 1985, the Ministry of Transport did not formulate a real Maritime Policy.

During this period the authorities were involved in building up the ministry under the unstable economic situation which the country has been suffering as a consequence of the policy of aggression adopted by the USA. The almost total lack of maritime expertise and experience especially among the officials working in the Directorate General contributed to this situation. This originated conflict of competence among the Directorate General, on the one hand, and the other agencies and bodies involved in maritime activities, on the other, made the environment in which the Directorate General has been operating a challenging one.

During these first five (5) years The Directorate General began to formulate guidelines and regulations to be observed by the national shipping companies and port authorities. These guidelines and regulations embodied some principles of maritime policy which the Directorate General has been trying to implement with some results.

These regulations will be dealt with in the topic relative to the problem of the outdated maritime legislation.

In Chapter 2 the Directorate General's current organization has already been explained. The Directorate
General, as already stated, has two (2) directorates:

1) The Directorate of Maritime Safety and Engineering which deals with the technical aspects in the broad sense. The technical functions are related to maritime safety, prevention of marine pollution and port operations.

2) The Directorate of Maritime Transport Economy which deals with all the activities geared towards regulating, implementing and controlling maritime policy, which covers the economic and commercial aspects of inland and coastal navigation, shipping and ports.

Owing to the shortage of qualified personnel, most of the functions of the Directorate have not been undertaken properly and some have not been undertaken at all.

Most of the functions dealing with maritime safety until now have not been carried out properly, the absence of national specialists with maritime experience, have limited the activities of the Directorate.

Most of the attention of the Directorate has been concentrated on the improvement of safety of inland and coastal vessels.

In the area of marine pollution very little has been done. One of the positive actions in this field has been the development of inter-institutional work among several agencies of the Government co-ordinated by the Directorate.
The same situation has occurred in the area dealing with maritime transport economy. The functions carried out in this area have been in the field of inland and coastal navigation and practically the only activities carried out in shipping have been the register of Liner Conference tariffs and the statistical register of the country's foreign trade in order to determine the amount of freight paid by the country during the year.

3.2.6 THE FUNCTIONS THE DIRECTORATE MUST INCORPORATE

There are some activities the Directorate must include in its functions taking into account the vital role they play in the economic life of a maritime country.

Two of these functions are: 1) employment of seamen and 2) recievable and removal of wrecks.

It is very important to organise seamen labour on sound and efficient lines.

A proper register of seamen has to be opened. Full particulars of every seamen have to be recorded in the Register.

The Directorate has to be provided with a special structure and the necessary powers have to be given under the Merchant Shipping Legislation in order for the Directorate to be able to regulate and attend the seamen registration, recruitment, training, certification, manning, employment, welfare and wages.

The Seamen Union, the National Shipowners and the
Ministry of Labour will play an important role in this structure.

The setting up of a Seamen’s Employment Office would be part of this structure with the objective of establishing an equitable distribution of the available jobs among the registered seamen and help those who want to enroll on foreign ships to get the most convenient contract of employment.

The approaches adopted in this field by some successful developing maritime countries deserve favourable consideration, for example the Philippines, India, and South Korea.

It is considered important to point out that there are a number of International Labour Organization (ILO) Conventions/Recommendations in the field of maritime labour. Nicaragua has ratified some of these conventions, among these, are two conventions which will be dealt with the first one, being:

Placing of Seamen Convention,1920, Convention (No 9). This is a Convention for establishing facilities in order to find employment for seamen (Ratings).

Article 2 of this Convention says:

1) The business of finding employment for seamen shall not be carried on by any person, company or other agency, as a commercial enterprise for pecuniary gain; nor shall any fees be charged directly or indirectly by any person, company or other agency, for finding employment for seamen on any ship.
2) The law of each country shall provide punishment for any violation of the provisions of this article.

So far unfortunately, Nicaragua has not been able to implement this convention and private agencies and persons have been involved in finding employment for seamen as a commercial enterprise for pecuniary gain.

This system of recruitment and employment has probably been full of malpractices of various types.

Article 3 paragraph 2 establishes:

Each member which ratified this Convention agrees to take all practicable measures to abolish the practice of finding employment for seamen as a commercial enterprise for pecuniary gain as soon as possible.

Consequently it is necessary to regulate these persons, companies or agencies which have been carrying on the work of finding employment for seamen on foreign ships as a commercial enterprise for pecuniary gain.

In Nicaragua there are a large number of seamen (Ratings) available for employment, but the country does not have a sufficient number of ships to provide employment to all of them, as a result a great number of them get employment on foreign ships through agencies or private persons who have been involved in this activity as a commercial enterprise for pecuniary gain. These agencies and private persons have not been regulated yet.
Article 4, paragraph 1 says: "Each member which ratifies this Convention agrees that there shall be organised and maintained an efficient and adequate system of public employment offices for finding employment for seamen without charge."

This means that no charge is to be levied on the seamen or the shipowner for the employment service. Therefore all the expenditure for the service shall be borne by the Government through the Seamen’s Employment office.

The second Convention is:

Seamen’s Articles of Agreement Convention, 1926 (No 22). This Convention in Article 3, paragraph 2 and 3 says:

2. The Seamen shall sign the agreement under conditions which shall be prescribed by national law in order to ensure adequate supervision by competent public authority.

3. The foregoing provisions shall be deemed to have been fulfilled if the competent authority certifies that the provisions of the agreement have been laid before it in writing and have been confirmed both by the shipowner or his representative and by the seamen.

The implementation of these conventions will help in the development of the functions and responsibilities of the Directorate, but as already stated the Directorate would need to be provided with additional structure and the necessary powers in order to attend to the regulation
and control of seamen.

There are three regions in Nicaragua with tradition in maritime navigation. The occidental region, with Corinto as the main center, the southwest region, with San Juan del Sur as the main center and the Atlantic region, in the east with Bluefields and Puerto Cabezas as the main centers.

It is well known that in several developing countries like India, the Philippines, South Korea etc., the export of seafarer’s manpower has played an important role in the balance of payments of their respective countries.

Nicaragua and the Central American countries should develop this industry in the future through a seafarer’s regional policy which could become a new source of income in the balance of payments.

Finally it is necessary to illustrate that a great number of maritime administrations in developed and developing countries regulate and look after the interest of the seamen and in the case of Norway there is a special directorate that looks after the interest of the seamen, their rights, health and also collects taxes from the seafarers on behalf of the Ministry of Finance.

The second function the Directorate must incorporate in its responsibilities is the implementation of a regulation for removal of wrecks.

Wrecks include jetsam, flotsam, lagan, and derelicts found in or on the shores of the sea or any tidal
The procedure, steps, rights and duties related to wrecks need to be embodied in the new Merchant Shipping Legislation as well as the juridical powers of the Directorate, in order for them to be able to deal with these functions in due form.

The functions of dealing with wrecks are very important taking into account that ships could run aground or strand in the approaching canals of the ports and are likely to become an obstruction or a danger to navigation. The wrecks could cause great economic damages to the country if there are no proper rules, procedures and authorities with a good structure to deal with this kind of extraordinary situations.

Therefore the Directorate must incorporate this activity into its functions as soon as possible.

To be able to implement these functions the Directorate would need to be provided with additional structure in the Maritime Safety Department, considering that the Receiver of Wreck is performing a part-time activity.

3.2.7 THE PROBLEM OF THE OUTDATED MARITIME LEGISLATION

As Professor P.S. Vanchiswar says "While up-to-date Merchant Shipping Legislation is a condition precedent to maritime development and the effective enforcement of a appropriate maritime safety standards in a developing country, such legislation is outdated in many developing countries. Therefore this deficiency
needs to be rectified as a matter of urgency". (2)

Until now most of the Nicaraguan Maritime Legislation is outdated. The same situation happens in all the rest of the Central American countries.

Until 1979 the previous governments did not pay special attention to the development of water transport in Nicaragua. It was not until 1982, when the Revolutionary Government came into power, that Nicaragua became a member of the International Maritime Organization (IMO).

Before the existence of the Directorate General of Water Transport there was no proper body directing the legislative aspects in shipping.

The lack of a body responsible for maritime administration produced legislative inactivity in the maritime field which resulted in the existence of outdated maritime legislation.

There are some coastal and maritime regulations like the General Law of Customs and Ports which originated during the last century and some other maritime legislations from the beginning of the present century like Nicaragua's Commercial Code.

Nicaragua's Commercial Code which came into force in 1917 deals in its Book III with Maritime Commerce.

Book III (Maritime Commerce) is divided into seven Titles, and the Titles into Chapters.

Title I. Deals with the ship.
Title II. The persons who participate in the Maritime Commerce.

Title III. Special contracts in Maritime Commerce.

Title IV. Risk, accidents and damages in Maritime Commerce.

Title V. Deals with general average, particular average and adjustments.

Title VI. Hypothec.

Title VII. Maritime Liens.

In addition, the Labour Code of 1945 contains some regulations dealing with seamen welfare, conditions of work, etc.

There is also the Central American Uniform Customs' Code with its subsidiary rules, which applies in all Central American Countries. The purpose of this Code is to facilitate the commercial relations between the Central American countries. This Code was formulated during the 1960s.

It is generally agreed that the primary functions of the Maritime Administration are those embodied within the country's Merchant Shipping Act.

Due to the lack of updated shipping legislation, the Directorate, in 1980, has initiated some legislative proposals, rules, to be formulated in the maritime field.
Since then several laws, rules, with regard to the maritime field have been formulated as follows:


The kind of registration given to the Directorate General under this law is to authorize the Administrative Registration to enable the vessel to fly the national flag; whilst, the ownership register is managed by the Public Registry.

The consolidation of the entire register of ships in the Directorate should be considered.


In addition the Directorate General has been studying the different IMO Conventions for the purpose of ratifying or acceding to them. Some of these Conventions are in the phase of accession.

One of the basic problems of Nicaragua, like many developing countries, has been non-involvement in the evolution of international standards viz. conventions, code etc.

As a result, the only IMO Convention which the country has ratified is the International Convention
In relation to ILO Conventions, Nicaragua has ratified/acceded the following conventions:

1) Minimum Age (Sea) Convention, 1920 (No7).
2) Unemployment Indemnity (shipwreck) Convention, 1920 (No8).
3) Placing of Seamen Convention, 1920 (No9).
4) Minimum Age (Trimmers and Stokers) Convention, 1921 (No15).
5) Medical Examination of Young Persons (Sea) Convention 1921 (No16).
6) Seamen's Articles of Agreement Convention, 1926 (No22).
7) Repatriation of Seamen Convention, 1926 (No23).
8) Seafarers' Annual Leave with Pay Convention, 1976 (No146).

It is known that the primary functions of the Directorate General would have to be developmental and regulatory. Those functions are embodied within the Merchant Shipping Legislation which is a body of laws framed to control the overall maritime activities in a country.

The up-dating of Nicaragua's Commercial Code (Book III Maritime Commerce) and the formulation of the Merchant Shipping Act are two important activities the Directorate has to undertake, although as already stated, it is also true that without an appropriate machinery manned by duly competent officials, capable of effectively implementing the Merchant Shipping Legislation, the positive results of having an up-dated
legislation would be negated.

This latter topic will lead us to the last, but not the least, problem that the Directorate has been facing and which can be considered as the most difficult problem of the Directorate.


As Captain Gur Sarah Singh said in his lecture delivered at W.M.U. on Maritime Safety and Maritime Administration: "It is a simple matter for a legal authority together with someone with technical background to draft a Merchant Shipping Act and to frame rules and regulations based on the Convention requirements. It is not, however, such a simple matter, and this applies particularly to young developing countries to set up a full fledged, sound and efficient organization which will be capable of effectively implementing and enforcing the prescribed rules and regulations." (3)

He emphasized that proper and judicious enforcement can only be performed by those who had practical knowledge and experience on board ships or in shipbuilding yards in capacities such as those of a master mariner, a marine engineer, a naval architect or a radio officer.

A number of developing countries do not have enough trained manpower to establish this machinery known as Maritime Administration. First, they have to prepare the human resources to be able to undertake the great
number of tasks a maritime administration has to carry out.

This is the situation the Nicaragua Directorate has been facing since it was created in 1980.

The shortage of qualified maritime personnel does not only apply to the Directorate but has been affecting the institutional part of the Ministry and as well as the public enterprises.

The lack of proper knowledge in maritime management of the few technical cadres of the Directorate made the situation which confronts the Directorate General more difficult.

The Directorate General must, in view of the prevailing situation, undertake more manpower training work in the maritime field to infuse more specialists with maritime experience.

The lack of national training plans to utilize human resources in the maritime field, whether short, medium and long term, during the first years of the revolutionary Government, has affected the development of the Maritime Administration and public enterprises in the broad sense.

In recent years, the Directorate has received some co-operation in training and assistance in practical on-the-job-training from some friendly governments. It also established closed co-operation with the International Maritime Organization (IMO) originally through regional advisers, followed by shipping consultants who have given the Directorate's officials
some basic knowledge and principles of maritime safety, prevention of marine pollution, and the IMO International Conventions.

The main technical co-operation from IMO has been an on-going project for two years, which is financed by the government of Norway, whose purpose is to develop the Maritime Safety Administration of the Directorate General.

The objective of the project is to develop an efficient marine safety administration by modernizing the Maritime Safety Department of the Directorate, and thus helping the Government of Nicaragua to comply with international conventions.

The project started in November 1985. A chief technical adviser began his two year task by assisting the Directorate in establishing a sound maritime safety organization, within the Directorate's relevant departments.

The project will cover the organization of ship inspection, survey, and certification services, to conform with the requirements of relevant international conventions.

In 1986, a consultant in marine pollution spent two months helping the Directorate in the development of National Legislation to prevent and combat marine pollution, developing a seminar related to MARPOL and working on the principles of a marine pollution contingency plan.
The project will also cover the assistance of consultants in handling and storage of dangerous goods, technical port operations, etc.

The project included three fellowships for high level training at World Maritime University.

The project has started the development of a nautical school which will cater to the education, in the first step of lower grade ships' officers and fishing skippers. The school will have its premises in a wing of the substantial and well-equipped Technical Institute which is situated in the city of Granada on the shores of Lake Nicaragua.

Without any doubt the project denominated "Nicaragua / Norway / IMO / 85" will help to develop the technical know how of the Directorate's personnel involved in maritime safety and prevention of marine pollution which will strengthen the Directorate.

Having already dealt with the problems and difficulties of the Directorate General, the next chapter will show how a well established Maritime Administration in selected maritime countries tackles their problems, performs their functions, and the kind of infrastructure that has been developed by these countries.

Some Maritime Administration of developed countries will be analysed to find out whether their maritime administration experience can be applied to a developing country, like Nicaragua, and to what extent, this can be applied.
CHAPTER IV

THE MARITIME ADMINISTRATION IN SOME SELECTED
MARITIME COUNTRIES: AN ANALYSIS

4.1 NORWAY. A BRIEF OVERVIEW

Norway, a country with a long coast-line of 1,996 km, and about 4 million inhabitants, has traditionally always been a seafaring nation and has made its living from the sea. Politically, Norway has been a stable country.

Until the middle of the 19th century, Norway was a developing and poor country. The foundation of today's Norwegian merchant fleet was laid in the second half of the nineteenth century. Since then, Norway has ranked as one of the largest shipping nations in the world.

Nowadays, Shipping represents its second biggest source of export revenues and achieved USD 5.5 billion in gross foreign earnings during 1986. Today, the industry is a multi-flag international service business operating a fleet of some 1,500 ships owned, contracted or operated out of Norway.

Norwegian shipping companies have become market leaders in areas like gas transport, chemicals shipments, car carriers, cruise liners and combined carriers.

At the same time they have successfully developed a wide range of maritime services to support oil and gas operation at sea—becoming among the world leaders in
The oil industry in the North Sea has had a great impact on the Norwegian shipping industry. Many shipowners have taken the opportunity to change their activities from traditional shipping to offshore related activities. These activities have become a substantial part of Norwegian shipping.

"More than 90% of the Norwegian flag registered fleet is trading outside the country as cross-traders.

The Norwegian shipping industry is a substantial export industry which represents approximately 20% of the total export income, including oil and gas.

The number of employees in the shipping industry is around 42,000. Considering also those employed in service functions to the shipping industry, 70-80,000 persons have their way of life from the shipping industry".

Professor Gunnar Stubberud of W.M.U in his lecture on "The Norwegian Shipping Industry" says:

What has happened in the Norwegian shipping industry during the last years, may be summarized as follows:

- Transition from traditional shipping to offshore related activities.
- Specialization and transition from conventional tank- and bulk ships to special purpose ships.
- A dramatic technological development.
Internationalization of the Norwegian merchant fleet.

"Internationalization" means that Norwegian owned ships are operated under other flags, or Norwegian shipping companies are buying shares in foreign companies and thus get partnership in foreign shipping. (3)

More than 30% of the tonnage has been registered in typical low cost countries with the purpose of reducing operational cost in order to improve the competitiveness.

To stop this situation a strategy was developed in order to establish a NORWEGIAN INTERNATIONAL SHIPPING REGISTER (NIS), aiming to:

- Returning to the home flag of Norwegian ships registered abroad.
- Obtaining registration under the Norwegian flag of foreign owned ships.

The NIS is based on the following main points:

- No nationality requirement on manning or on equity capital.
- Vessels must be formally owned by entities incorporated in Norway.
- Foreign owners will be granted partial exemption of Norwegian taxation and foreign seamen with earnings below NOK 6,000 (USD900) per month exempted from income tax.
- The register to be a non-profit operation, and the level of registration fees to be determined.
by the cost of the maritime administration only. The registration to be on Norway's existing international obligations.

The NIS came into operation from July 1987 and is based in Bergen, Norway's second largest city.

4.2 THE NORWEGIAN MARITIME ADMINISTRATION

Maritime administration does not have the same meaning and is not carried out by the same authorities in all countries.

It is difficult to get a full picture of all the variations of administrative patterns.

As Professor A. Os of W.M.U in his lecture on Maritime Administrations says:

"Maritime Administration is not a global notion that can be simply defined or described. The pattern of Maritime Administration show very great variations from one country to another. The nature of each national maritime administration varies according to the needs, traditions, socioeconomic system and history". (5)

In Norway there are 17 Ministries plus the Prime Minister and most of the Ministries have functions which are part of or which concern the Maritime Administration, i.e the Administrative responsibility in maritime affairs is divided among the several Ministries. Some of these Ministries have Directorates which are also dealing with maritime affairs.
There is one Ministry which has the main responsibility, at least for international shipping and that is the Ministry of Trade and Shipping. Transport by sea in routes on the coast and by ferry is attended by the Ministry of Transport.

There is a continuous cooperation between the authorities involved in Maritimes affairs. This cooperation takes place through both informal and more formal channels, such as committees, boards and councils. The cooperation is excellent because communication is good, and the connexion between the respective administrations is good.

In the Ministry of Trade and Shipping there is a shipping department which is responsible for maritime matters in the broad sense. This department has 5 divisions which are in charge of the following main tasks:

- Annual national budget assessments of the shipping industry and the oil drilling industry.
- Maritime transport contingency planning.
- Maritime transport policy as discussed in international organizations, OECD, UNCTAD, E.E.C.
- The affairs of the Maritime Directorate, the Directorate for Seamen and the Norwegian Government Seamen’s Service.
- Relations with IMO, relations with ILO concerning maritime transport.
- General economic assessments of maritime transport and related activities. The economic and competitive strength of the Norwegian shipping industry.
- Prospects of shipping markets.
- Access to the shipping markets of developing countries.
- Bilateral shipping agreements.
- Protectionist legislation in other countries.
- Commercial co-operation and other projects to develop the shipping industry of developing countries.
- Shipping policy relations with the USA.

Subordinate to the Ministry of Trade and Shipping are 3 institutions:

1) The Maritime Directorate which deals with technical and safety aspects of merchant ships, fishing vessels and some offshore activities.

2) The Directorate for Seamen which deals with the seamen’s rights, health, and also collects taxes from the seafarers on behalf of the Ministry of Finance.

3) The Norwegian Government’s Seamen’s Service, which deals with Seafarers’ cultural and leisure activities.

Another Ministry which carries out important maritime administrative functions is the Ministry of Fisheries. This ministry is responsible for pilotage authorities, lighthouses services and harbour matters.

This Ministry has 2 subordinate Directorates. 1) The Directorate of Coastal Affairs, dealing with ports and fairways, 2) The Directorate of Fisheries dealing with the Fishing industry as a whole.
The Norwegian Maritime Directorate (NMD) in its present form was established in 1962 and was reorganized and strengthened in 1981 due to ever-increasing demands for services.

The NMD is also exercising functions delegated to it by other Ministries, for example the Ministry of Environment in the marine pollution field and the Ministry of Justice for the implementation of the Maritime Code and related matters. Therefore, the NMD is responsible to the Ministry of Trade and Shipping, the Ministry of Environment and the Ministry of Justice.

The NMD is manned by nautical, technical, legal, economic, and data processing experts and staff.

The NMD deals with technical and safety aspects of merchant ships, fishing vessels, manning and some offshore activities.

4.2.1 THE ORGANISATIONAL STRUCTURE OF THE NORWEGIAN MARITIME DIRECTORATE

The NMD is headed by the Director General of Shipping and Navigation, assisted by the Deputy Director General.

The NMD is organized in four Departments namely:

1) Legal and Administrative Department:

- Legal: matters relating to safety of ships and navigation, pollution, dangerous cargo etc.
- Administrative: matters relating to employees, budgets, accounts, economic planning, fees and

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salaries and ship registers.

2) Technical Department:

It deals with matters relating to hull, machinery and offshore activities, by making controls and issuing certificates and tonnage measurement.

3) Department of Ship Operation and Equipment:

It deals with matters relating to crew accommodation, search and rescue operations, dangerous cargo arrangements, manning of ships and platforms, certification, education and training of ship-and platform crew, technical and operational safety on fishing vessels.

4) Department of Ship Control Stations:

It takes care of matters relating to survey of ships and platforms, co-ordination of domestic and overseas ship control operations and port state control.

The ship control is organised in 6 Districts with 18 subordinate stations in several ports manned by nautical and technical surveyors and has in addition 3 surveyors located abroad.

The NMD has also 6 maritime investigators distributed around the coast of Norway. They are in charge or carrying out investigations in connection with maritime accidents and pollution cases. They are experienced masters doing a kind of police and public prosecution
work.

In pollution cases the State Pollution Control Authority which is an agency under the Ministry of Environment supports the investigators of the NMD from a scientific point of view.

The NMD has a Planning and Research Division which also takes care also of the maintenance and improvement of safety standards. This Division lays down marine research projects to be carried out by all institutions and bodies concerned. It is also in charge of development and long term planning rationalization.

The NMD cannot successfully manage all its tasks entirely by its own staff. Therefore, the Directorate has to delegate part of its obligations to other agencies, partly governmental and partly private or nonprofit organization.

The Classification societies recognized by the Norwegian authorities are delegated the task of initial and periodical survey of hull and machinery on cargo ships.

Due to economization of national resources, special expertise is sought by the NMD from other public bodies, like the Directorate of Telecommunications, the Electricity Supervision Authorities, the State Pollution Control, the National Inspectorate of Explosives and Flammables, the Norwegian Petroleum Directorate, the Directorate for Seamen and the Directorate of Public Health.
4.2.2 THE NORWEGIAN MARITIME DIRECTORATE'S LEGAL BASIS FOR CARRYING OUT ITS TASK.

The major part of the legislation on which the maritime administration of the Ministry of Trade of Norway bases its activities, has been developed during this century.

The most important Acts on which the NMD bases its maritime administration are the following:

2) The Act relating to public control of seaworthiness of ships (1903).
3) The Act relating to Acquisition and Chartering of Ships of (1946).
6) The International Conventions related to maritime matters, all implemented in Norwegian Legislation.

4.3 THE DIRECTORATE FOR SEAMEN

The Directorate was founded in 1962 as an independent institution under the Ministry of Trade and Shipping. The Directorate is primarily a service institution intending to look after the interests of the seamen and of the shipping industry.

The Directorate serves as a coordinating link
between the Central Administration and the seamen themselves, Norwegian Foreign service stations and the authorities in other countries.

The Directorate makes provisions to promote a healthy and safe environment on board and to ensure that seamen get their rights and benefits to which they are entitled by legislation and agreements. Furthermore, the Directorate shall ensure that the public interests are safeguarded, that the legislations and regulations are complied with and the taxes, social insurances premiums and dues are collected.

The main task of the Directorate for seamen are as follows:
- General questions in connection with the administration of the Seamen’s Act.
- Medical examination of seamen. Sick and injured seamen, deaths at sea.
- Protection and environment work on board ships.
- Traveling arrangements for seamen and their families.
- Searching for missing seafarers.
- Signing on and mustering in Norway and abroad.
- Central Registers for seamen and crew statistics.
- Administration arrangements concerning taxation of seamen, sickness benefits, collecting of social security dues, alimony etc.

Much of its work takes place through consulates throughout the world. The Directorate is authorized to give direct instructions to the consulates in matters concerning seamen.
The Directorate keeps a central register of seamen, their time of service on board, their certificates and other information important to the profession.

4.3.1 ORGANIZATIONAL STRUCTURE

The Directorate is headed by a Director General and a permanent deputy—the Chief Deputy Director.

The Directorate for Seamen is organized in 4 Departments and 1 Division.

1) Administration Department (Administration Division and EDP Division), Divisions for personnel administration; management in general and EDP.

2) Registration Department (2 Divisions), for registration; updating of personal data; muster control.

3) Tax and Excises Department (5 Divisions), wage deduction; tax cards; claim collection; claim settlement; accounting office.

4) The Social and Welfare Department including Social service.

5) Planning and Research Division.

4.4 THE NORWEGIAN GOVERNMENT SEAMEN'S SERVICE

During the last World War, when Norwegian seafarers were unable to come home to Norway, the foundations of the State Service for seamen were established by the Norwegian Government in London.

The State Service which had been started abroad during the last World War, was built out when the war was
over, and was established by law in 1946. The Act of 1946 was replaced by a new Act in 1975.

The aim of the Norwegian Government Seamen's Services, which constitutes part of the maritime administration, is to carry out welfare services for seafarers working on board Norwegian ships engaged in domestic and international trade. Such service may also benefit seafarers from other countries.

The activities include such things as: distribution of study materials, a library service, distribution of newspapers and magazines, films, distributions of tapes and video-tapes, distribution of materials for hobby activities and social activities and organization of sports for seamen.

4.5 CONCLUSION

Shipping has been a very important industry for the economy of Norway and also for the domestic transport since most of the population is scattered mainly along the coast.

The shipping industry in the last decade has faced a lot of difficulties as consequence of overtonnaging in the shipping world and the international economic recession which has made the country start changing her emphasis from shipping to offshore oil exploration industry.

Many Norwegian ships flagged out to other countries due to the current competition in shipping which favours cheap labour rather than expensive crews due to
the high standards of living in countries like Norway.

Today most of the ships under Norwegian flag are ships on coastal traffic, shore sea services and offshore services on the Norwegian shelf.

This has led the country's policy makers to think of introducing an International Registry of ships, as mentioned above.

The Norwegian Maritime Administration is divided into various specialized institutions. It has not been so easy to make maritime policies in a country like Norway, due to the many different institutions involved which have to be consulted before any policy is made.

Norway as a state does not own a National Fleet. The ships are owned privately by different shipping companies.

The Ministry of Trade and Shipping through its shipping department is in charge mainly of the Maritime Transport Policy and Shipping Economics. The NMD is essentially a maritime safety administration.

The key to success has been the development of good communication and intimate co-operation with a number of enterprises and institutions involved in maritime affairs at home and abroad.

The participation in fora of the various international organizations, like IMO, ILO, UNCTAD etc, involved in the development of international maritime standards, rules and regulations has permitted the NMD to
participate in the evolution of international standards, to up-date its Maritime Legislations, the establishment and performance of an appropriate Maritime Administration to administer its maritime affairs effectively and efficiently.

Norway’s maritime administration has been organized to provide the industry with the best possible service and meet demands for efficient supervision as well as relevant expertise.

The administrative structure headed by the Ministry of Trade and Shipping has played an important role in the development of the Norwegian maritime environment and encouraged the existence of a highly specialized maritime community.

Norway’s political stability has also contributed to the development of the maritime milieu.

The Norwegian close-knit environment is considered one of the foremost concentrations of expertise in the world. Important components include: shipbrokers, ship’s equipment, suppliers, shipbuilding, experts on maritime law, ship classification, insurance and P&I, banks and other financial institutions, technical/commercial research and development institutes, maritime education and training, professional service and trade organizations. (6)

As Professor Ahmed A. Monsef in his Manual on Shipping said:

"The Industry of Shipping in the traditional
maritime countries, rests on numerous institutions and very specialized, professional communities built up on old tradition". (7)

The development of an efficient and effective administrative machinery in the NMD has enable the Directorate to satisfactorily and efficiently undertake those functions which are embodied within the country’s national maritime laws.

This has permitted the Norwegian Maritime Directorate to be a real developmental and regulatory body and enabling the Directorate to develop such healthy climate.

4.6 SPAIN. A BRIEF OVERVIEW

Spain is a country with an extensive coastline of about 7,900 km and a rich history as a seafaring nation built through the Middle Ages.

Spain contributed during the Middle Ages (around 1300) to the codification of the maritime law with a compilation of Maritime Laws entitled Consolato Del Mare, which consisted of a variety of coded laws and case decisions dating back to Rhodes by way of Rome. It was essentially an updating of all Mediterranean laws - a voluminous treatise consisting of almost 300 chapters and dealing with all aspect of shipping.

The Consolato Del Mare was an immensely popular codification because it appeared at the right time of the expansion of truly international trade and commerce. Its influence lasted almost five centuries and served as the most important maritime code for this lengthy period.(8)
The 16th century was the golden age of Spain, its empire in the Americas produced vast wealth. The Spanish fleet ruled the high seas during that century and situated Spain as one of the greatest sea powers.

Spain's continental power was ended by wars with the European powers in the 17th century also by the war of the Spanish Succession during the 18th century.

Abroad, Imperial Spain lost most of its dominios in the western hemisphere as a result of colonial rebellion in the first half of the 19th century and in the end of the 19th by the Spanish-North American war of 1898.

Much of the 19th and early 20th centuries was consumed in passionate struggles between republicans and absolute monarchy which ended in the Spanish Civil War 1936-1939.

Spain's economy began to recover in the 1950s, but large scale modernization did not occur until the 1960s.

By 1981 the Spanish Merchant Fleet consisted of 883 ships of 100 gross tonnages and over, with a total gross tonnage of 7 million and 300 thousand. The Spanish Merchant Fleet has decreased during the last years owing to the world recession in shipping and disadvantages derived from high cost crew operations. (Table 7)
TABLE 7

Evolution of the Spanish Shipping Fleet
Ships of 100 grt and over

<table>
<thead>
<tr>
<th>Year</th>
<th>1984</th>
<th>1985</th>
<th>1986</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of ships</td>
<td>847</td>
<td>789</td>
<td>583</td>
<td>546</td>
</tr>
<tr>
<td>1000/grt</td>
<td>6.528</td>
<td>5.418</td>
<td>4.745</td>
<td>4.471</td>
</tr>
</tbody>
</table>

X To the 1st of June 1987


4.7 THE SPANISH MARITIME ADMINISTRATION

The Spanish Maritime Administration is organized in about 12 Ministries. Nevertheless, only four Ministries have the main responsibilities, namely: 1) The Ministry of Transport, Tourism and Communications; 2) The Ministry of Defence; 3) The Ministry of Public Works and Town Planning; 4) The Ministry of Agriculture Fishery and Food.

The origin of the present structure of the Spanish Maritime Administration comes from the Second Republic, 1931.

During that time the Merchant Marine Undersecre-
tary was created, which had offices in different ports and manned by civil servants. However, during the period of Francisco Franco’s dictatorship (1939—1975), the traditional system then practiced in the past centuries was established again by giving the responsibilities of maritime interests to the Navy.

The Decree 19/2/1942 established the Merchant Marine Undersecretary under the Ministry of Commerce. On the other hand, the Ministry of the Navy, through the Marine Commandancy, was responsible for the security of the different zones, provinces and maritime districts of the country.

The Decree 19/2/1942 stipulated that the Marine Commandancy, through the Marine Commanders, would represent the Merchant Marine Undersecretary in the different provinces and districts. Since, then, the Marine Commandancies have been in charge, in the respective provinces and districts, of the functions and activities that the Merchant Marine Undersecretary is responsible for at the national level.

After the establishment of democracy in 1976, the Ministry of Defence and the Ministry of Transport, Tourism and Communications were set up by the Royal Decree 4/7/1977 and, the name Merchant Marine Undersecretary was replaced under the Royal Decree 1/12/1978 by Fishery and Merchant Marine Undersecretary, an agency of the latter Ministry.

Since then a policy has been initiated with the purpose of establishing delegations representing the Ministry of Transport, Tourism and Communications and the
Fishery and Merchant Marine Subdelegations.

The Royal Decree 1/12/1978 in its transitory provisions stated that the Fishery and Merchant Marine Subdelegations had to collaborate with the Marine Commandancy until the responsibilities of the latter as delegates of the Ministry of Transport were transferred to the Fisheries and Merchant Marine Subdelegation. Nevertheless, such responsibilities were never transferred.

By the Royal Decree of 3/10/1980 the Directorate General of the Merchant Marine and the the Fishery Undersecretary were established.

By the Royal Decree 4/7/1981 the Fishery Undersecretary was transferred to the Ministry of Agriculture and Food and became Secretary of Maritime Fishery of this Ministry.

4.8 DIRECTORATE GENERAL OF MERCHANT MARINE

As already stated, the Ministry of Transport, Tourism and Communications was established by the Royal Decree 4/7/1977. This Ministry has several Directorate Generals one of whom is the Directorate General of the Merchant Marine.

The Directorate General is the agency of the Ministry of Transport, Tourism and Communications which has been given exclusive competence in the maritime field.

The Directorate General of the Merchant Marine is responsible for:
-maritime transport and merchant fleet development and also the protection and renovation of the merchant fleet.
-Maritime Safety and Safety of Life at Sea.
-Marine pollution prevention.
-Registration of the maritime property and the control of building new ships.
-Radioelectrical inspections.
-Implementation of the Maritime Legislation.

In order to carry out the functions just mentioned, the Directorate General of the Merchant Marine is divided into five sub-directorates, with two additional offices, namely: the Communication Office and General Secretariat.

The sub-directorates are the following:

1) Sub-Directorate of Ship’s Inspection.

2) Sub-Directorate of Maritime Safety and Prevention of Pollution.

3) Sub-Directorate of General Inspection of Maritime Education.

4) Sub-Directorate of Maritime Planning.

5) Sub-Directorate of Maritime Traffic.

4.9 THE OTHER MINISTRIES AND BODIES INVOLVED IN THE MARITIME ADMINISTRATION

As already said there are about 12 Ministries in
Spain involved in the Maritime Administration, some of them having more responsibilities than others. A brief description will be given of the activities carried out by the following ministries or bodies.

4.9.1 THE MINISTRY OF PUBLIC WORKS AND TOWN-PLANNING

Created by the Real Decree 4/7/1977, it participates in maritime activities through the Directorate General of Ports and Coasts.

In a broad sense, the Directorate General of Ports and Coasts is in charge of the direction, coordination and issuance of policies and safety regulations in ports. It makes national plans for the development of the ports.

Specifically, the Directorate General is responsible for:
- Maritime traffic studies; technical, operational and economic ports planning.
- Regulation and control of the utilization of coasts and beaches.
- Oceanographic and coastal studies leading to the defence and regeneration of the coasts and beaches.
- Maritime signals, traffic lights, lighthouses along the coast and the connection with the international network.

It is important to know that the administration of the ports in Spain is divided in two classes according to the type of ports.
1) The autonomous Ports which are under a Board of Directors. 2) The autonomous agencies which operates under the General Directorate of ports.

There are about 200 ports in Spain, 26 of which are of commercial significance.

4.9.2 THE MINISTRY OF AGRICULTURE, FISHERY AND FOOD

This Ministry through the General Secretary of Fishery attached to the Ministry is in charge of planning, directing and coordinating the different activities related to fishery and the nautical and fishing training.

4.9.3 THE MINISTRY OF DEFENSE

The Navy as an agency of the Ministry of Defense is in charge of maritime administrativeon activities.

In Spain the positions of Captainship of Ports and Marine Commandancy had been created, the former at the end of the 18th century and the latter at the beginning of the 19th century. By the Royal Decree 27/11/1867 both positions were merged in one body "The Marine Commandancy".

As already said the Decree 19/2/1942 stipulated that the Marine Commandancy, an agency of the Ministry of the Navy (now the Ministry of Defense), represents the Merchant Marine Undersecretary in the different provinces and districts.

Until now, the Marine Commandancies have been in
charge of maritime safety matters, marine pollution prevention, registration of the vessels etc. in the respective provinces and districts, as delegated by the General Directorate of the Merchant Marine.

4.9.3.1 HYDROGRAPHIC INSTITUTE OF THE NAVY

It is an agency of the Navy in charge of building and maintaining the basic nautical cartography.

The Hydrographic Institute of the Navy is a national and international agency which looks after safety of navigation and gives information about the sea and littoral coast. The Institute is also a member of the International Hydrographic Organization.

4.9.4 THE MINISTRY OF INDUSTRY AND ENERGY

This Ministry through the Sub-Directorate General of Naval Industries makes and implements the ministerial policy in relation with naval and auxiliary industries, i.e. the regulation of the shipbuilding industry as carried out by this Ministry.

The remaining Ministries and bodies involved in the activities related with the Maritime Administration are:

a) The Ministry of Culture in the field of investigation and extraction of sunken archaeological remains or artifacts, etc.

The Ministry of Work and Social Security through the Marine Social Institute looks after the seafarer's health.

c) The Ministry of Health for the sanitary measures in ports and maritime traffic.

d) The Ministry of Education and Science for the Education programs and certification of seafarers.

e) The National Meteorological Institute. This body is attached to the Ministry of Transport, Tourism and Communications. It is in charge of directing, controlling, developing, and coordinating the different national meteorological activities and represents the country in international organizations.

4.10 CONCLUSION

The European and American wars from the 17th to the 19th centuries, in which Spain became involved, affected its economic development and brought the tragic destruction of the Spanish Armada. As a consequence the position of Spain as one of the greatest sea powers changed from that period.

The political instability during the 18th, 19th and 20th centuries prevented Spain from recuperating the maritime milieu.
The delegation to the military administration (Marine Commandancy) of civil maritime activities is the result of different concepts of the State by the Spanish authorities.

Until recently the Marine Commandancy was by law the only competent body to hear the crime and offences committed by the crew on board merchant ships.

In the military Code there were a series of regulations related to the most important accidents at sea (shipwrecks, collisions) which were under the special jurisdiction of the Marine Commandancy.

The high participation of the Marine Commandancies in the maritime administration during Franco’s dictatorship brought lack of good communication and coordination between the Marine Commandancies and the Directorate General of the Merchant Marine.

This lack of good communication and coordination is applicable to other Ministries or bodies involved in the Maritime Administration to which the Marine Commandancies are represented in various regions and Districts.

All these circumstances have prevented the Directorate General of the Merchant Marine to develop a maritime environment with a healthy climate.

The lack of establishment and development of an appropriate Maritime Administration to Administer maritime affairs effectively and efficiently has produced a crisis in the Spanish Maritime Administration.
This situation has brought a demand for restructuring the Spanish Maritime Administration from the different sectors involved in maritime affairs.

As an answer to the demand, by a unanimous decision, the Council of Ministries created the Interministerial Commission named (COMINMAR) on the 12 of December 1984 with the purpose of researching and analysing the set-up of the Spanish Administration in order to formulate recommendations and proposals so as to reform the Maritime Administration.

In 1986, after 15 months of work the Commission put forward some proposals to the Government.

Two of the main proposals are:

1) To transfer to the Maritime Administration the functions carried out by traditional or historical reasons by the Ministry of Defense through the Marine Commandancy which did not affect the interest of the National defense.

2) To consider the possibility of creating an integrated body through the merging of the Directorate General of Ports and Coasts, the Directorate General of Merchant Marine, the General Secretary of Fishery and the Marine Social Institute.

The proposals of the Commission are in the hands of the Government. The different sectors involved in the maritime affairs are now looking forward to seeing the implementation of the Spanish new structure of a Maritime Administration.
CHAPTER V

SUGGESTION AND/OR PROPOSALS FOR THE IMPROVEMENT OF THE MARITIME ADMINISTRATION IN NICARAGUA

Having already described the structure of the Ministry of Transport of Nicaragua, the Directorate General of Water Transport, including its problems and difficulties, and having analysed the maritime administration structures of some selected maritime countries, it is believed to be the duty of the researcher to make some suggestions and/or proposals for the improvement of the maritime administration in Nicaragua taking into account that the researcher has been in charge of the Directorate General for almost the entire period of its existence.

Hopefully the suggestions and proposals will be taken into account by the Superior Direction of the Ministry of Transport so as to contribute to the establishment of a proper maritime administration, and will permit the Directorate General to acquire the required structure, capabilities, and necessary support to be able to administer the maritime affairs effectively and efficiently.

5.1 SUGGESTION IN RELATION TO THE MARITIME ADMINISTRATION INFRASTRUCTURE

The maritime administration structure of two developed countries with long tradition as seafaring nations have been examined and analysed. In the Norwegian Maritime Administration the main functions are carried
out by the Ministry of Trade and Shipping and its agencies and in the case of Spain, by the Ministry of Transport and Communications through the Directorate General of the Merchant Marine.

Additionally, in both countries there are a great number of ministries or agencies of the government involved in maritime activities. However it is a system developed through a long tradition and history.

In the case of the Norwegian Maritime Directorate the key to success has been the development of good communication and intimate cooperation with the number of enterprises and institutions involved in maritime affairs.

As Professor A.Os says: "Maritime Administration does not have the same meaning and is not carried out by the same authorities in all countries. Maritime Administration is not a global notion that can be simply defined or described. The pattern of Maritime Administration shows very great variations from one country to another. The nature of each national maritime administration varies according to the need, traditions, socioeconomic system and history."(1)

For developing countries, like Nicaragua, where there are not enough trained manpower it is advisable to organise the maritime administration machinery in a more integrated structure. Therefore the pattern has to be in the long run, a centralized maritime administration concentrated in the least number of ministries or bodies.

The Directorate General of Water Transport, as
the main agency dealing with maritime administration affairs, has to take the lead in coordinating the activities to be carried jointly with the other bodies or agencies involved in the maritime field.

The communication and cooperation among these institutions has to be developed in order to contribute to producing coherent and comprehensive policies. It is important that the Directorate General create national ad hoc committees of private and governmental agencies involved in the maritime field in order to contribute with the Government in the formulation of a Maritime Policy, the necessary first-step for national maritime development in any country.

The example of the Norwegian Maritime Administration must be followed in which the key to success has been the development of good communication and intimate cooperation with a number of enterprises and institutions involved in maritime affairs.

5.2 SUGGESTIONS AND PROPOSALS IN THE ORGANIZATION CHART OF THE DIRECTORATE GENERAL

The Directorate General of Water Transport has been given a wide range of responsibilities in the maritime administration. It covers in a broad sense the regulatory and developmental responsibilities in the field of maritime safety, port operation and shipping which demand to have strong maritime infrastructure machinery manned by qualified and experienced maritime personal in order to carry out the functions in an effective and efficient manner.
As already described in Chapter II the Directorate General has been organised into two directorates: 1) The Directorate of Maritime Safety and Engineering. 2) The Directorate of Maritime Transport Economy. Ports are regulated by the two directorates; one deals with the technical aspects, i.e. safety; the other with the economic aspects, i.e. tariffs, ports dues, etc.

The relationship between ENAP and the Directorate General will be commented later in this chapter and a suggestion and proposal presented.

With some exemptions like training of maritime personnel, crew matters, receiver of wrecks for which an additional structure has to be introduced in the Directorate General, the present organization chart is considered suitable to develop a strategy to be presented in the next topic in order to tackle the problems facing the Directorate General, caused mainly by lack of highly qualified and experienced maritime personnel and which has not allowed it to be fully dynamic. This deficiency has produced a situation that most of the functions of the Directorate General have not been undertaken properly or some have not been undertaken at all.

For the long planning term, the organization chart in the long term is proposed to cover the functions of the Directorate General in three directorates: 1) The Directorate of Maritime Safety Administration. 2) The Directorate of Ports. 3) The Directorate of Shipping Economics. Maintaining the same staff offices with a variation in the Administration office which is suggested to be decentralized from the General Division Administration and Finance of the Ministry of Transport in order to
be able to develop a fully dynamic Directorate General.

Meanwhile, in the short run, the administration office of the Directorate General should be provided with a more flexible and more decentralized administrative system which will permit them to get the financial support for the activities in a quicker way. This will resolve the problems of frequent bottlenecks the Directorate General has been confronted with and which has been affecting the development of the activities of the Directorate.

As stated in Chapter II the Ministry of Transport has in the different regions and special zones of the country representatives’ offices in charge of regulating and controlling the operation of the different systems of transport.

These offices represent the Ministry and the different Directorates General in their respective regions and zones.

The relationship of the Directorate General with these offices is done through a central coordination office attached to the Superior Direction of the Ministry which tend to produce a bottleneck in the activities.

A direct relationship of the Directorate with the officials responsible of the regional offices should be considered which could improve the efficiency and effectiveness of the activities.
5.3 SUGGESTION FOR AN INTEGRATED PLANNING SYSTEM

It was already said in Chapter II dealing with the General Division of Planning of the Ministry of Transport, the agency responsible for planning the transport sector, that some situations in the responsibility of the General Division of Planning and the Directorate General of Water Transport, related to the Planning of the Water subsector, needed to be clearly defined in order for them to be able to build an integrated system of planning in a coordinated form.

The Ministerial Decree on 10 March 1980 which established the Directorate General of Water Transport, states that the Directorate General of Water Transport attached to the Ministry of Transport is the unique channel of the Ministry responsible for directing, implementing and controlling the National Maritime and Shipping Policy. In addition, the Directorate General shall promote and develop the national water transport in the public interest.

In order to be able to develop its responsibilities in a due form, the Directorate General must properly organize the planning unit of the water transport sub-sector in its present Division called Programming and Controlling.

The Directorate General has to be considered the unique body in charge of planning, directing, regulating and controlling the water transport sub-sector in order to become a real regulatory and developmental body.

The sectoral transport Planning General Division
which represents the Ministry of Transport before the National Ministry of Planning shall have the responsibility of planning the sector transport in the medium and long term and shall be the body to conciliate with the respective sub-sectoral transport plans into the sectoral plan and establishing the general parameters for the transport sub-sectoral plans to the Directorates General.

The Directorate General of Water Transport should have the responsibility of planning the short term water transport subsector and should contribute to technical support in special subjects with the Planning Division.

It is also necessary that the personnel officials working in the unit of water transport in the Planning General Division participate in the extensive high level training program.

Hopefully these suggestions should permit them to build, an integrated system of planning in a coordinated form.

5.4 A STRATEGY TO UNDERTAKE THE FUNCTIONS WITH THE LACK OF QUALIFIED MARITIME PERSONNEL.

In the Nicaraguan Directorate General of Water Transport there are real difficulties to be faced at the present stage in consolidating the appropriate Maritime Administration, due mainly to non-availability of qualified national maritime personnel even with the minimum qualification required and on the grounds of shortage in the annual budget.

As already said owing to the shortage of qualifi-
fied maritime personnel, most of the functions of the Directorate have not been undertaken properly and some have not been undertaken at all.

The lack of national training plans during the first years of existence of the Ministry of Transport and the Directorate General, have affected in a broad sense the development, efficiency and effectiveness of the Directorate, the public and private enterprises involved in water transport.

The situation has become more difficult due to the fact that the Nicaraguan civil service structure and its system of officials rotating in general within the entire civil service, has not allowed the Directorate to retain the civil servants that had already received some basic training in the maritime field.

Our present main problem is how the Directorate facing the shortage of qualified maritime personnel can undertake the functions.

The researcher has found it very useful to apply in this proposed strategy some of the general ideas expressed by Admiral J.B. Hayes in the seminar for Heads of Maritime Administration in Developing Countries conducted by IMO/W.M.U. in Malmo in 1985.

The proposed strategy contains the following steps, namely:

1) It is essential for the Directorate to have a clear statutory description of the maritime administration functions and duties along with other major policy
declarations.

It was already said in Chapter III that the Directorate General was established by a general and limited Ministerial Decree, that although the organic Decree of the Ministry of Transport of 1985, Article 4, Paragraph 2 provides that the Ministry will regulate the specific functions of each Directorate General. So far this activity has not been fulfilled properly, leaving the Directorate General of Water Transport in a legal vacuum.

The Directorate General’s functions have to be formally and effectively recognised.

It is important to take into account that the Directorate General is the agency representing the Ministry of Transport before the International Maritime Organizations therefore its establishment and responsibilities must be established properly.

This will strengthen the position of the Directorate vis a vis the Public Enterprises.

2) The Directorate being unable to carry out entirely its present responsibilities assigned to it, due to lack of sufficient qualified maritime personnel, a careful selection of the most important activities has to be done in order to carry them out in the short, medium and long term, according to the policy to be established.

3) Development of a multi-mission maritime administration, with multi-mission personnel units. The best officials shall be trained in such a form to develop
their capabilities to work as utilities.

At the same time the staff have to be minimized in order to maximize operating personnel. As Admiral Hayes said "it is better to have a few experts than a lot of bureaucrats."(2)

4) The personnel have to be cross-trained and assigned out of sub-speciality to assure the multi-mission organization works.

5) A manpower training plan shall be prepared in order to determine the quantity of personnel needed to be trained to make the Directorate effective and efficient.

The maritime training plan/program should cover a 5 year period. The kind of training shall be of two types. The directors of each Direction and those responsible for the Departments must have a high level extensive training in their respective areas, such as Maritime Administration, Maritime Safety, Shipping Economics, Maritime Law, Maritime Education, Technical Management of Shipping Companies, Coastal Shipping, Port Operation.

The programs of the W.M.U shall be taken into consideration and also the studies offered in the areas mentioned in countries like Belgium, Holland, Norway, U.S.S.R and Canada.

Short intensive training programs in special fields shall be given to complement the staff including the officials representing the Directorate General in the different regions of the country. This intensive program could be obtained through technical assistance from
international organizations like I.M.O., I.L.O. and UNCTAD. The current project in the Maritime Safety Administration denominated "Nicaragua/Norway I.M.O. 85" must explore the possibility of getting an extension of it.

The Manpower Training plan shall cover the Maritime personnel of the maritime enterprises. It is well known that ships can be acquired, provided the finance can be arranged, which could be done from one year to another but trained and qualified maritime personnel, however cannot just be picked up as it takes several years to have good officers and masters.

It is here that the national maritime authorities, i.e. the Ministry of Transport and its agencies have to play their role and formulate sound national policies to provide suitable training plans for all the categories of sea-going personnel, shore-based personnel, for the National Shipping Company, the National Coastal Shipping Company and Ports.

The possibility of extending the service of the project of the Nautical School in Granada in the future to train ratings and ports workers should be analysed.

6) The Directorate shall be given a reasonable annual budget to assume its responsibilities and get the necessary equipment for its various tasks it is required to do.

To effectively monitor the maritime activities the Directorate needs to acquire more appropriate working equipment.
It is important to remember that the functions of the Maritime Administrations contribute to the development of the country's economy and that the Directorate is involved in the development of the maritime field which has great a share in the balance of payments of the country.

7) In order to get positive results from the strategy presented, the problem of the Nicaraguan Civil Service structure and its system of rotating officials within the entire civil service has to be resolved, the development of the civil servants' career with the respective incentives has to be created in order to build the mechanism which could permit to retain the official expertise for long.

While the civil servants' career is instituted the Ministry should find the mechanism to assure the permanence of the experienced officers in the Directorate.

Otherwise the strategy presented with the purpose of allowing the Directorate General of Water Transport to be fully dynamic, efficient and effective would not work.

5.5 PROPOSALS FOR UP-DATING THE MARITIME LEGISLATION

It has already been stated in Chapter III that the primary functions of the Maritime Administration are those embodied within the the country's Merchant Shipping Act.

It is known that the primary functions of the Directorate General would have to be developmental and regulatory. Those functions are embodied within the Mer-
chant Shipping Legislation, which is a body of laws framed to control the overall maritime activities in the country and in conformity with the relevant International Laws/Conventions.

The lack of existence in the past of a regulatory body in Nicaragua produced legislative inactivity in the maritime field which resulted in the existence of out-dated maritime legislation.

As Nicaragua has an out-dated maritime legislation, the deficiency needs to be rectified as a matter of urgency.

It is necessary that the General Directorate update the Maritime Legislation and include in this legislation such activities not yet provided for the existing legislation.

The present legislation does not give the necessary legal frame to regulate the safety of life at sea, neither the essential rules to prevent marine pollution from ships.

In order to update the Maritime Legislation it is necessary first to ratify or to accede to the conventions which suit the conditions of the country in order to incorporate the principles of such conventions in the National Maritime Legislation.

One of the basic problems of Nicaragua, like the rest of the Central American countries, has been non-involvement in the evolution of the international standards concerning conventions, codes etc.
The only I.M.O. convention which the country has ratified is the International Convention for the Safety of Life at Sea, 1960 and eight (8) ILO conventions already mentioned in Chapter III.

It is essential that Nicaragua participate through the bodies responsible for the maritime affairs in the evolution of I.M.O's standards, viz Conventions, Codes etc., and also in the evolution of the conventions, Codes developed by ILO, UNTCTAD etc.

It is suggested that permanent officials attached to the Embassies situated in the countries in which these international bodies are operating and technical teams based in the country conformed by officials of the different public and private bodies, involved in the maritime matters, and to follow up and make contribution to the evolution of the standards in the conventions, codes and recommendations developed by these International Organizations.

This will permit the country to get additional knowledge and expertise to the officials involved in the activities and more important to establish a common position with colleagues from other developing countries. This would ensure that the relevant standards are the highest practicable according to the situation and limitation in different developing countries, and not the highest standards conceivable.

The International Conventions Administered by OMI propose for the respective analysis, ratification and accession are:
I) In order to increase the safety of life at sea and protect the maritime property.

b) Convention on International Regulation for Preventing Collision at Sea, 1972 (COL REG), as amended.

II) In order to prevent the Marine Pollution.


III) In order to obtain adequate compensation for damage caused by marine pollution.

b) International Convention on the Establishment of an International Fund for Compensation for Oil

The International Conventions Administered by ILO proposed for respective analysis, ratification or accession are:

a) Officers’ Competency Certificates Convention 1936 (No 53).

b) Convention concerning the protection against accidents of workers employed in Loading or Unloading Ships (Revised), 1932. (No 32).

c) Accommodation of Crews Convention (Revised), 1949. (No 92).


The International Conventions administered by UNCTAD proposed for the respective analysis, ratification or accession are:

a) Convention on a code of Conduct for Liner Conferences.

It is very important that Nicaragua participates in the review conference of this Convention next year.

Once these conventions have been ratified, the second step shall be, the revision and up-dating of Nicaragua’s Commercial Code (Book III Maritime Commerce) followed by the formulation of a Merchant Shipping Act.

Finally it is essential to emphasize that the up-dating of the Maritime Legislation would not be suffi-
cient without an appropriate machinery manned by duly competent officials, capable of effectively implementing and enforcing the Maritime Legislation.

5.6 SUGGESTIONS FOR THE RELATIONSHIP BETWEEN THE NATIONAL PORT ENTERPRISE (ENAP) AND THE DIRECTORATE GENERAL

According to the Ministerial Organic Decree of September 1985 Article 5, the Ministry of Transport is responsible for: p) formulating the port development Policy at a National level; r) planning and carrying out the new port installations as well as the maintenance of the existent in accordance with the National Planning.

As stated earlier in Chapter II the Decree No 1343 of 1983 has dispensed the following responsibilities to the Directorate General:

Article 4 (a) provides that ENAP shall submit the plans and projects of new harbour installations, enlargement and maintenance to the Ministry of Transport through the General Directorate for approval.

Article 4 (i) provides that ENAP shall submit the port's regulations related to the operations of the ports for the approval to the Directorate General.

Article 4 (j) provides that ENAP shall submit tariffs and port dues for approval to the Directorate General.

It is essential to have a proper understanding and close cooperation in the relationship between ENAP and the Directorate General.
Professor P.S Vanschiswar made the following comment in his Manual (Chapter VIII), dealing with the Relationship between Ports and Maritime Safety Administration in Developing Countries:

"A proper understanding of the need and nature of the aforesaid relationship would enable:

a) the Officials in the National Maritime Safety Administration to assume appropriate roles and exercise the necessary functions vis-à-vis national ports to maximum national advantage, and
b) Others concerned to appreciate better the advantages that can accrue to ports (and the country) as well from a proper Maritime safety administration.

Since (a) ports are for the use of ships,
(b) there are marine services to be rendered by ports
(c) there are marine personnel involved in ports,
(d) marine craft are used in ports, and
(e) port safety and safety of ships in port are inter-linked" (3)

The Directorate General has a number of developmental and regulatory functions to perform in relation with ports. This include such areas as port safety, safety of navigation, licensing and certification of marine personnel, regulation of marine pollution etc.

ENAP operates as a Public Enterprise of the Ministry of Transport and is attached by law to the Corporation of Peoples’s Transport.
ENAP as enterprise cannot assume functions in policy matters. Therefore, these functions belong to the Ministry of Transport and its institutional bodies; one of them being the Directorate General of Water Transport.

It has been argued that ENAP should operate as an autonomous Port Authority, but according to the legal structure of the Ministry ENAP is another enterprise of the Corporation of People Transport of the Ministry of Transport.

In a developing country a port plays a vital role in the social-economic development of the country. Therefore, an authority attached to the Ministry must regulate and supervise the functioning of ports in order to achieve maximum benefits to the national economy.

Conversely in the absence of such authority, the risk of poor performance could occur. This could lead to port congestion which could affect the trading and commercial activities of the Country.

Additionally surcharges would be imposed which in turn could have an adverse effect on the economy, i.e. spiralling cost of living.

Port planning has to be integrated with the overall national socio-economic development plan in order for ports to have an impact on the national economy of the country.

It is suggested that ENAP be permitted to operate in a flexible manner, allowing it to develop projects, activities etc., within a limited scope without seeking approvals from the Ministry.
5.7 SUGGESTIONS FOR THE IMPROVEMENT OF THE COORDINATION WORK WITH THE MARINE COMMANDANCY

An agency already mentioned in Chapter II which is considered important to deal with is the Marine Commandancy, agency attached to the Navy, the latter body belonging to the Ministry of Defence.

Before the triumph of the Revolution the Marine Commandancy, during the past governments was the agency in charge of a great part of maritime administration activities. It was in charge of safety regulations, participated with the port authority in the control of the port operation, took care of the security of the port and internals waters.

This agency had a real influence from the Spanish juridical institutions from the colonial period, the same situation which occurred in almost all Latin American countries colonised by Spain.

In Chapter IV dealing with the Spanish Maritime Administration, it was said, "in Spain the position of Captainship of Port and the Marine Commandancy were created, the former at the end of the 18th century and the latter at the beginning of the 19th century. " By the Royal Decree 27/11/1867 both positions were merged in one body, "The Marine Commandancy".

In Nicaragua after the triumph of the Revolution, with the creation of the Ministry of Transport all the civil maritime activities, such as, Maritime Safety and Prevention of Marine Pollution were transferred to the new agency, the Directorate General of Water Transport.

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At present there are Marine Commandancy offices in each international ports. They look for the security of the ports and internal waters as well as for the security of maritime transport.

It is interesting to remember that the Spanish Maritime Administration, since the establishment of the democracy 1976, has been fighting to transfer to the Maritime Administration the civil maritime functions carried out because of tradition or historical reasons by the Ministry of Defence through the Marine Commandancy.

Therefore the suggestions for Nicaragua's Maritime Administration are: It is essential that all the commercial maritime activities should be maintained by the civil authorities, i.e. by the Directorate General and the Marine Commandancy, through the Captainship of Ports which should only be in charge of maritime activities which affect the security and interest of the national defense. This last term must be carefully defined.

One of the maritime activities suggested to be carried out by both agencies is the prevention of marine pollution, taking into account the means of water transport operated by the Marine Commandancy.

In this activity and, in general, a good communication and coordination have to be developed between these two agencies for a successful administration of the maritime activities—the Directorate General of Water Transport looking for the regulation of the commercial maritime activities and the Marine Commandancy taking care of the security and national defence of the sea and its national resources.
5.8 SUGGESTIONS FOR THE IMPROVEMENT OF CABOTAGE (COASTAL AND INLAND WATERWAY TRANSPORT)

In Nicaragua by the Decree No 1104 of 1982 the National Cabotage is reserved to the national shipowners.

Cabotage include the transport of cargoes and/or passengers between Nicaraguan ports on the coast, lakes and rivers.

The lack of a clear transport policy with clear objectives in the Nicaraguan Cabotage has contributed to inefficiency in the transport system, with the following characteristics:

- deficiency of safety standards in the majority of the ships;
- lack of handling equipment in the ports;
- concentration of the services to the main ports;
- unsatisfactory service to the majority of small ports and settlements;
- lack of adequate maintenance causing breakdown;
- lack and/or slow delivery of spare parts resulting in deterioration of the fleet and long off-hire period.

Consequently it is essential through a previous analysis and study of the present transport situation to pinpoint the problems, discuss alternatives and give workable solutions; additionally to implement a policy with clear objectives within realistic limits possible to be achieved during a reasonable near future.

This policy has to ensure that adequate service
and frequency is provided to the various ports and communities at reasonable cost, that the Cabotage shipping companies or the private individual owners are able to maintain the fleet at reasonable technical standard, and that the service is being operated at a satisfactory economic level. Therefore the necessity or not of direct or indirect subsidies has also to be determined.

The ports' administrators in general take more interest in overseas shipping, consequently, in order to promote efficient Cabotage, a positive port policy towards Cabotage operators should be introduced.

Another important topic to deal with is the question of ownership. Traditionally, Cabotage has been in the hands of private owners. With the triumph of the revolution the State began also to operate this kind of transport through Public Enterprises. These privately and State-owned companies (mixed system) which offer the advantage of developing competition and lead to efficient service, should be maintained and supported by a clear government policy.

The General Law of Transport Decree No 164 which regulates the services through Licencing of operators has so far not been applied in the proper manner.

The Transport Policy should regulate the licensing system in strict form in order to ensure efficient shipping operations, adequate supply of transport, adequate technical standard of vessels and equipment, stricter enforcement of safety regulations, and to limit the number of operators according to the demand and thus protect the prior existing operators.
There should be a significant improvement in the role and performance of the Directorate's ship Inspectors, and stricter enforcement of safety regulations relating to Lake and Cabotage ships." (4)

The last but not the least in order to develop facilities of maintenance it is suggested that the shipyard existing at Lake Nicaragua should also be developed as a shiprepairing yard to attend the maintenance of the ships sailing on the Lake Nicaragua.

It is also suggested that shipyard construction technology in the Lake of Nicaragua be transferred to the Atlantic Coast of the country. This would permit the development of shipbuilding and repairing on the Atlantic Coast side.

Additionally in order to give special attention to the Shipbuilding and Shiprepairing Industry, it is suggested to create a especial enterprise to be in charge of the development of this industry at a national level.

Consequently the improvement of the Cabotage transport is very important in Nicaragua for the following reasons:

- It plays an important role in the daily life of the people on the Atlantic Coast, the San Juan River Zone, the Lake Nicaragua Region.
- To develop a region, an efficient transport system is absolutely necessary.
- The regions in Nicaragua where Cabotage is used as a system of transport are in the stage of development.
- In addition to inconvenience, a poor transport system results in extra cost for shippers and finally for the consumers of the region.

5.9 SUGGESTIONS FOR THE DEVELOPMENT OF SHIPPING POLICY

Finally it is essential to explore and recommend guidelines which should contribute to the development of shipping policy in Nicaragua.

A Shipping Policy according to Ignacy Chrzanowski may be defined as:

"a totality of economic, legal and administrative measures by means of which the state influences the position of its national fleet in the national economy and in the international freight market.

Shipping Policy has two different aspects: domestic, which is the attitude of the state towards its own merchant marine, and foreign which is its attitude towards the fleets of the other countries." (5)

In order to develop a shipping policy in Nicaragua in an objective manner, the political and economic condition of the country has to be taken into consideration.

Taking into account that shipping is a capital intensive and highly complex industry, it is not easy to develop and implement a shipping policy in the present economic situation of the country which is facing foreign power aggression.
Nevertheless, there are two main fundamental reasons which make it necessary for the country to develop its international shipping fleet.

These two main reasons ironically are: 1) Political and National Security, 2) Economical.

The foreign power aggression obliges the country to assure the control of the Nicaraguan foreign trade transport through the development of its shipping fleet.

This will prevent the bad results of any additional steps to the present commercial embargo the country is suffering. It is already known that the economic difficulties and foreign aggression have produced a chronic shortage of foreign currency and growing deficits in the balance of payments of the country (Table I).

It is well known the impact of shipping in the balance of payments of the developing countries.

The participation of the incipient Nicaraguan Merchant Marine in Nicaraguan foreign trade during the last seven years has been very little. This lack of a proper merchant marine has introduced the custom in the foreign trade of the country of buying the merchandise under CIF term and selling them FOB. This means that the responsibility of contracting the Nicaraguan transport is in the hands of the foreign exporter in the former case and in the hands of the foreign importer in the latter.

The result of this is that the transport of the Nicaraguan Foreign Trade has been in the hands of foreign shipping companies. The same situation is true of all the
rest of the countries in the Central American sub-region.

This situation showed that, according to the Directorate General's statistics, Nicaragua has been paying for the transport of its foreign trade since 1980 an amount of freight fluctuating between 70 to 100 million USA Dollars per year and in the case of the Central American (C.A.) sub-region the amount ranges from 900 million USA Dollar per year. (6)

A developing country like Nicaragua tends to absorb the greater part if not the total of the cost of carriage of both their export and import trades. This in turn, has important repercussions on the balance of payments of the country. It leads to reduced incomes from exports production and also increased prices in the domestic market.

This amount of money paid on the freight alone is increasing the deficit of the Nicaraguan balance of payments, part of which could have been reduced and become an instrument to develop the Nicaraguan Merchant Marine (NANICA). In order to save the hard currency, it is vital to develop NANICA through a shipping policy.

Nevertheless, the development of a sound shipping policy has to be integrated with the overall national socio-economic development plans of the country, since the National Shipping policy is only one element of the National Economic Policy.

The general shipping strategy has to ensure that the National Shipping serving the international trade of the country operate in the interest of the country.
The strategy of development of the Nicaraguan Shipping Policy has to consider the following:

a) the lack of maritime milieu and the lack of industrial development in the country and the C.A. sub-region.

b) the present unstable political and economical situation in the country and in the C.A. sub-region.

c) how the international shipping forces of the developed maritime countries are moving in order to keep the privilege being maintained for centuries in the control of the international shipping transport.

The strategy has to be a combination of a flexible short, medium, and long term governmental shipping policy which could be reviewed according to the circumstances. Therefore the strategy of developing the Nicaraguan Shipping Line should be planned and achieved in a long term policy, to be developed in three steps.

5.10 THE VITAL GOALS

In the strategy planning a set of development goals has to be achieved. The goals constitute the targets for which individuals components of the national maritime sector must aim.

The following are the vital goals, namely:

1) The development of healthy maritime climate in the country, and in the medium and long term to
influence the development of the healthy maritime climate in the C.A. sub-region.

As Professor Ahmed. A. Monsef of the W.M.U. says in his Manual on Shipping "This Healthy climate helps the shipping industry in many ways by encouraging of:

1) The existence of experience men with long maritime tradition such as:

a- The class of managers or shipowners, shipping brokers and agents.

b- The seafarers.

ii)- The development of complementary industry like shipbuilding, shiprepairing, towage and rescue, marine supplies, etc.

iii)- Well established traditional markets and trades with efficient communication system.

iv)- A modern capable legal frame work and easy fair settlement of disputes in marine affairs." (7)

In the achievement of this goal Nicaragua and the C.A. sub-region must take the advantage of being very close neighbours of Panama which has been developing a good healthy climate owing to its strategical position in the world trade. This privileged position oblige them to derive the maximum benefits.

2) Training of the human resources in the maritime field.

A general training program for the short, medium
and long term has to be prepared for all the personnel involved in maritime affairs in the Ministry of Transport.

For the development of the sub-regional Shipping Policy, the formulation of training programs for the C.A. personnel is vital. It is suggested the creation of a sub-regional Maritime Institute which should deal with the different careers related to Shipping.

3) Development of Political stability in the sub-region and reactivation of the C.A. Common Market.

This will bring industrialization to the country, in the C.A. sub-region and also diversification of the economy.

4) Development of regional Markets and seek new markets.

Consequently the shipping line would play an important role in the expansion of the country’s foreign trade.

5) Integration of Nicaragua in the sub-regional Shipping Policy.

The C.A. Commission (COCATRAN) the special maritime sub-regional agency of the C.A. MINISTERS OF TRANSPORT MEETING should play the main role in the coordination of the development of this sub-regional Shipping Policy.
6) Strengthening of the Nicaraguan International Ports and participation in the Policy of rationalization of Ports in the subregion.

7) Development of cooperation in the maritime field in the C.A. sub-region and in the Latin American region.

The sub-regional agencies like COCATRAN and the regional agencies like the LATIN AMERICAN COMMISSION OF MARITIME TRANSPORT (COLTRAN) an agency of THE LATIN AMERICAN ECONOMIC SYSTEM (SELA) and the MARITIME ADMINISTRATION of each country should play the main role in the development of this cooperation.

8) Development of the Latin American Regional Strategy on Maritime Transport based on the resolution No 228 adopted in December 1985 by the Latin American Council at its XI ordinary meeting (the main body of the Latin American Economic System) (SELA).

This strategy will be developed by SELA through the Latin American Commission of Maritime Transport (COLTRAN) with the participation of the Maritime Administration of the Latin American Countries and the sectors involved in the the maritime field.

This strategy should form part of the third step, the long term Shipping Policy suggested for the development of NANICA which will be dealt with later.

9) Improvement of the C.A. links and the sub-regional integration of the area.
Considering the transport of bulk and heavy cargoes, development and use of the most convenient and cheaper system of transport should be considered instead of using the Pan American Highway. Leaving this system as an alternative and complementary system. Consequently railway transport and sub-regional cabotage should be developed.

10) Creation and/or strengthening of the National Maritime Administrations in the sub-region.

In order to be able to improve the maritime Safety Administration, update the Maritime Legislation, prevent marine pollution, promote shipping and develop ports and harbours.

5.11 THE DIFFERENT STEPS

As already stated the strategy of developing NANICA should be planned and achieved in a long term policy to be developed in three steps.

5.11.1 THE FIRST STEP

The first step called maritime transport short term development, could be considered the most difficult one.

In this step the lack of a competent shipping fleet will limit its participation in the transport of Nicaraguan foreign trade. With the degree of experience management in this step the level of the profit yielding point will be greatly affected. (8)
During this time the National Shipping Company will not be in a favourable competitive position and the assistance of the state will be a necessity.\(^{(9)}\)

A protectionist policy will be introduced, the cargo reservation law will be applied, control of foreign exchange etc.

In this stage it is necessary to analyse and through a feasibility study establish the routes to be served by NANICA. To determine the kind of vessels to be operated and the number needed for this step of modest participation in the Nicaraguan Foreign Trade.

In this first step the traditional way of arranging the foreign trade contractual transaction under the terms CIF for imports and FOB for exports have to be changed in a progressive form.

In this stage the Central American Chartering Enterprise (ENCAFLET) has to assume its responsibility as a chartering broker of the vessels to be operated by NANICA, but mainly as broker of the different trading companies of the Ministry of Foreign Trade, chartering them space or voyage charter for the transport of their cargoes.

ENCAFLET in order to play the role of being the unique State’s agency in charge of chartering, the personnel need to be strengthened and, a high standard training program has to be implemented for the main officials involved in the activity.
The responsibility of becoming ENCAFLET, the unique national agency for chartering, has to be transferred gradually.

During this time the official personnel of NANICA have also to be trained in different centers. The W.M.U. programs on Technical Management of Shipping Company, Maritime Safety Administration, General Maritime Administration on Shipping and Ports has to be considered.

The training of deck and engineering officers for NANICA is suggested to be done in the academies existing in the Latin American countries considering that the demand for merchant marine officers during the short and medium term will be relatively small.

A complete training program plan should be prepared for the seagoing and shore personnel of NANICA to be developed in the short, medium and long term.

The project of the Nautical School in Granada already mentioned should begin to prepare the personnel involved in cabotage and fishing, and to create marine awareness among the people who may wish to follow a career at sea. The possibility to extend this school in the future to train ratings and port workers should be considered.

In the long run this nautical school could become a Regional Academy for the Central America sub-region, for the development of human resources needed in the implementation of the Sub-Regional Shipping Policy.

In this step joint ventures with traditional
maritime countries have to be considered where the long experience can be gained.

The ratification of the Code of Conduct and the implementation is suggested in this stage, whatever the differences in positions with respect to the Code as its implementation can be regarded as a progressive. According to H.L. Beth, visiting Professor of the W.M.U., the Code..." has turned relations into cooperation... Initiatives have been started for joint actions or transfer of know-how. In a number of cases joint ventures have been developed." (10)

A Shipper's Council has to be created and must be operating in this step. The Code stipulates that the general freight rate increases negotiation is carried out by the Conferences and the shippers' organizations. Also the consultation on matters of common interest shall be carried out between the Conferences and the Shipper's organizations. "Appropriate authorities" shall have the right, upon request, to participate fully in the consultations. But this does not mean that they play a decision-making role. Therefore, the existence of the Nicaraguan Shipper's Council is vital in this step. (11)

The freight investigation unit of the Directorate General should be strengthened. This unit has to work very closely with the Shipper's Council.

5.11.2 THE SECOND STEP

The second step is called the maritime transport medium term development.
During this term the efficiency of NANICA should increase and the protectionist policy should decrease. In this step, the average profit yielding point of the fleet should be lower.

The advantages of the low costs of seamen, low general administratives expenses due to low personnel cost have to be availed of. The level of the fleet’s maintenance has to be improved. A policy of cost operation reduction is a must.

The facilities for shiprepairing should be developed on the Atlantic Coast, where the new International Port would be operating by this step.

The second step would also cover the integration of NANICA in initial actions for the creation of the Sub-Regional Shipping Policy.

Meanwhile as the Sub-Regional Shipping Policy is created and implemented Nanica has to begin to compete in the market of the foreign trade of the C.A.countries.

"A nation to have a national fleet the more its trade traffic is heavy in volume the more its ships will bring profit to its balance of payments and vice-versa. A developing country with small market for foreign trade, its ships will find it difficult to find a satisfying return." (12)

Therefore to compete in a better way, it is suggested to use the strategy of horizontal concentration of capital, it means "extending the activity horizontally in integrating and merging between shipping companies invol-
That is to say, NANICA should get involved in joint ventures with the National Shipping Lines of the sub-region participating in the liner services.

In this way NANICA will serve a larger market and its competitive position will be improved. It is important to know that more than 80% of the C.A. Foreign Trade (15 million metric tons) is carried by sea. During the last twenty years there has been a lack of a competent in the C.A. shipping fleet, which only involved in the carriage of 3.5 to 4% of the C.A. Foreign Trade.

During the last ten years C.A. has been paying around 900 million US Dollars for the transport of its foreign trade to the foreign shipping lines. It is possible to say that the lack of a healthy climate in the C.A. sub-region has been the main reason affecting the lack of development of National or Sub-Regional Shipping Line.

5.11.3 THE THIRD STEP

The strategy of Nicaragua jointly with the rest of the C.A. countries has to be a long term solution in the context of the overall development. Diversification of their economies and shipping development has an important role to play both in terms of expediting the overall economic development and contributing to the diversification of the national economies.

The reactivation and revision of the structure of the C.A. Common Market (C.A.C.M.) has to be done as a way.
that benefit the people of C.A.

The political stability of the C.A. sub-region is a must in order to be able to develop a Sub-Regional Shipping Policy and obtain positive results. The comparative examples of Norway and Spain in relation with their political history and the different results give us a clear answer in the role played by the political stability.

The C.A. countries have been depending mainly on the exportation of primary products. Moreover, in almost all these countries very few commodities form the main exports: such as cotton, coffee, sugar etc. Industrialization is vital and a shipping industry may present to this sub-region an attractive line of approach.

By introducing a shipping industry the sub-region can easily add value to its exported goods which would be a gain to the terms of trade of the sub-region.

As already stated, COCATRAN must play an important role in the coordination of the development of the sub-regional Shipping Policy. The Maritime Administrations of the different C.A. countries must work very closely with COCATRAN in the creation, implementation and development of this Shipping Policy. It is suggested that a firm of consultants participate in helping COCATRAN in this task.

The sub-regional Shipping Policy would cover:

1) The development of a healthy climate in the sub-region.
2) Encourage the existence of a highly specialized maritime community.
3) The development of the project of a sub-regional Merchant Marine.
4) The regional integration with South America and the Caribbean countries in order to seek wider markets.
5) Integration with South America and the Caribbean countries on a common maritime strategy.

For historical reasons, the traditional pattern of shipping services have linked developing countries to developing countries only. Lack of linkage between developing countries has created an economic distance inhibiting trade flows among them. (14)

To develop the sub-regional Merchant Marine's project it is first necessary to elaborate an economical feasibility study which mainly has to show the most favourable national and regional factors as inputs in the process of producing an adequate maritime transport so as to offset the effect of any national or international factors that may tend to push the average profit yielding point higher than that of the market competing fleet.

All the factors used in the production of the service have to be analysed and studied in the light of both national and international circumstances and the technological progress.

The study has to develop the strategy under which the C.A. Shipping Line will operate, such as whether the sub-regional Merchant Marine could operate as joint ventures, consortium or as an individual company, etc.
The study has to recommend the operational system under which the shipping line will operate, the convenience of using multipurpose terminals and multipurpose vessels, container vessels, general cargo vessels, the convenience of selecting loading and unloading center ports and a system of coastal line or railway line feeder services, of establishing a joint venture on bilateral agreements where the long experience of other foreign institutions can be gained.

It also has to pay attention to the Maritime Ancillary Industry to be developed in the sub-region. The human resources needed, and the training plan to be developed.

In summary to show how to develop the project in a successful manner.

The last part of the third step is linked to the regional integration of Central America, South America and the Caribbean countries on a common maritime strategy.

The proposed strategy is based on a resolution already mentioned, No 228 adopted in December 1985 by the Latin American Council, SELA's main body.

The new forces restructuring ocean-liner transport since containerization came into existence, like increasing use of large-scale vessel, intermodal-land bridges, development of new technology, load-centers ports etc.

The new strategy of horizontal and vertical inte-
gration of the shipping's multinational enterprises "so as to achieve a stronger market control in liner shipping through the formation of consortia of Multinational character" (15)

Such forces which are restructuring ocean-liner transport oblige the Latin American and Caribbean Countries to common preparations for the ocean-liner environment of the future.

The elaboration of a common operational and institutional liner policy which responds to the structural changes is a must.

The proposed strategy in this time of structural changes is related to the establishment of a common policy which might co-ordinate the Latin American Ocean-Liner Policy.

The service rationalization, the economics of scale, the intermodal-land bridges, the center port concept, could be developed through the formation of consortia from the different shipping lines of Latin America and should form part of the common policy as a way of facing up to new forces in ocean-liner transport.

From a paper presented by the Economic Commission for Latin American (ECLAC) in a seminar on shipping Management held in Ecuador in July 1986 a paragraph is quoted:

"In the light of the need for liner operators to rationalize their operations with other similarly situated companies, the Latin American and Caribbean
countries might wish to consider the elaboration of a common liner policy which could include co-ordination of the independent operating patterns of their fleets through (a) three subregional consortia—west coast of South America, east coast of South America, and Mexico, Central America and Panama, (b) use of Panama's center port concept to facilitate container movements between consortia, (c) use rail and road intermodalism in Europe and North America to reduce the number of ports of call, (d) expansion of West Indies Shipping Corporation (WISCO) services to included the broader Caribbean basin, and (e) a systems or intermodal approach to (a) through (d) so that, for example, WISCO might deliver cargo to the east coast consortia at a Caribbean transhipment center for on carriage to Europe, and vice versa." (16)

Therefore it is possible to conclude by saying:

The shipping activities of the Central American, South American, and Caribbean Countries in this time of structural changes in the ocean-liner transport can not be conducted individually, in order to face the new forces which are restructuring ocean-liner transport. It is vital for all the Latin American countries to come together and adopt a Common Policy.
CHAPTER VI

CONCLUSION

Having presented an overview of Nicaragua, the inland waterway system, its current economy and trade, and analysis of the development of the Maritime Administration its problems and difficulties, it is concluded as follows:

1) The Nicaraguan economy was and remained a classical case of monoculture dependent on whether it was trade in slaves, gold, cacao, indigo or cochineal in the colonial period or coffee, bananas, and cotton during the 19th and 20th centuries.

The diversification of production and the development of industrialization are vital to be able to improve the economy, to develop the foreign trade of the country and shipping. This is extensive to the rest of the C.A. countries. (See Chapters I and V)

2) The Cabotage (inland waterways, lakes and coastal transport) in Nicaragua should play an important role in the development of the economy of the country.

The Directorate General is aware that lake, coastal shipping and river transportation should be an alternative or supplement to land transport, with more emphasis on the the Atlantic coast where the sea, rivers, lagoons and canals will serve as the principal means of transportation for many years to come.
The lack of a clear transport policy with clear objectives in the Nicaraguan Cabotage has contributed to creating an inefficient transport system.

It is essential through a previous analysis and study of the present transport situation to pinpoint the problems, discuss alternatives and give workable solutions.

Additionally the plan should be implemented outlining a policy with clear objectives which will achieve the goals within the near future.

The private shipowners and state-owned companies (mixed system), which are in charge of Cabotage, offer the advantage of developing competition which leads to efficient service, therefore this system of service should be maintained and supported by a clear governmental policy. (See Chapters I and V)

3) The restructuring of the Ministry of Transport in 1985 has begun to strengthen the institutional part of the Ministry. This certainly has placed the Directorate General in a better position although there are still some organizational structure problems that have placed constrains on the proper development of the Directorate General. Additional efforts will have to be made, in order to consolidate the institutional part of the Ministry. Thus it will be vital to develop the different transport sub-sectors.

4) Some situations in the responsibility of the General Division of Planning of the Ministry of Transport and the Directorate General of Water Transport are rela-
ted to the planning of the water subsector and need to be
clearly defined in order for them to be able to build
an integrated system of planning in a coordinated form.

The Directorate General has to be considered as
the unique body in charge of planning, regulating and
controlling the water transport sub-sector and should be
the only regulatory and developmental body.

The Planning General Division for sectoral trans­
port shall have the responsibility of planning the sector
transport in the medium and long term and shall be the
body to conciliate the respective sub-sectoral plans into
the sectoral plan and to establish the general parameters
for the transport sub-sectoral plans to the Directorate
General.

The Directorate General of Water Transport should
have the responsibility of planning the short term water
transport subsector. (See Chapter III and V)

5) The function of regulating the maritime train­
ing of seamen and officers working either in public or
private enterprises, is the responsibility of the
Directorate General, otherwise the role of the
Directorate General in the development of shipping would
be limited.

Consequently to regulate and implement the mari­
time training policy of maritime personnel, the Directo­
rate General has to assume a leading role in this direc­
tion. (See Chapter III and V)

6) The Administration office of the Directorate

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General should be provided with a more flexible and more
decentralized administrative system which will permit
them to obtain financial support for the activities in a
quicker way. This will resolve the problems or frequent
bottlenecks the Directorate General has been confronted
with and which has affected the development of the
activities of the Directorate. In the long run, the
Administration office of the Directorate is suggested to
be descentralized from the General Division of
Administration and Finance of the Ministry in order to be
able to develop into a fully dynamic Directorate General.
(See Chapter III and V)

7) In provision of the facilitation of maritime
commerce, it is necessary that the regulation of the com-
cercial maritime matters must be in the hands of civil
authorities, i.e. the Directorate General of Water Trans-
port and the civil agencies involved in maritime activi-
ties.

The Marine Commandancy through the Captainship
of Ports should be in charge of the maritime activities
which affect the security and interest of the national
defense.

From the analysis of the Norwegian and the Spanish
Maritime Administrations it is concluded that it is
essential to develop good communication and co-operation
with the enterprises and institutions involved in the
maritime field. (See Chapters II, III, and V)

The communication and cooperation among these
institutions has to be developed in order to contribute
in producing coherent and comprehensive policies.
8) It is essential to have a proper understanding and close cooperation in the relationship between ENAP and the Directorate General.

The Directorate General has a number of developmental and regulatory functions to perform in relation with ports and shipping. This includes such areas as ports safety, safety of navigation, licensing and certification of marine personnel, regulation of Marine Pollution etc.

In developing countries, ports play a vital role in the social economic development of the country. Therefore an authority must regulate and supervise the functioning of ports in order to achieve maximum benefits to the national economy. Conversely in the absence of such authority, the risk of poor performance could occur. Port planning has to be integrated with the overall national socio-economic development plan in order for ports to have an impact on the national economic of the country. (See Chapter II, and V)

9) One of the basic problems in Nicaragua, as in like many developing countries, has been non-involvement in the evolution of international standards viz. conventions, codes etc. This situation has contributed to having an outdated maritime legislation.

"The primary functions of the Maritime Administration are those embodied within the country Merchant Shipping Act. Up-to-date Merchant Shipping Legislation is a condition precedent to maritime development". (1)

Until now most of the Nicaraguan Maritime Legis-
lation is outdated. The same applies in all the rest of the C.A. Countries.

Therefore this deficiency needs to be rectified as a matter of urgency.

In order to up-date the Maritime Legislation it is necessary first to ratify or accede to the conventions which suit the conditions of the country and to incorporate the principles of such conventions in the National Maritime Legislation.

Once these conventions have been ratified, the second step should be, the revision and up-dating of the Nicaragua’s Commercial Code (Book III Maritime Commerce) followed by the formulation of a Merchant Shipping Act.

It is essential that Nicaragua participate in the evolution of IMO’s standards, viz, conventions, codes, etc., and also in the evolution of the conventions developed by ILO, UNCTAD etc.

It is essential to emphasize that the up-dating of the Maritime Legislation needs an appropriate machinery manned by duly competent officials, capable of effectively implementing and enforcing the Maritime Legislation. (See Chapter III and V)

10) The lack of a national training plan to utilize human resources in the maritime field, whether short, medium or long term, during the first years of existence of the Ministry of Transport and the Directorate General, has affected the development, efficiency and effectiveness of the Directorate General,
the public and private enterprises involved in water transport.

The Directorate is facing difficulties at the present stage in consolidating the appropriate Directorate, due mainly to non-availability of qualified maritime personnel. Owing to the shortage of qualified maritime personnel, most of the functions of the Directorate have not been undertaken properly and some have not been undertaken at all.

Being unable to entirely carry out its present responsibilities assigned to it, careful selection of the most important activities has to be done in order to carry them out in the short, medium and long term, according to the policy to be established. At the same time multi-mission personnel units have to be developed, and the best officials shall be trained in such a form to develop their capabilities to work as utilities. The staff have to be minimized in order to maximize operating personnel.

A manpower training plan should be prepared in order to determine the quantity of personnel needed to be trained. This plan should cover the maritime personnel of the maritime enterprises.

The present project, the Maritime Safety Administration Nicaragua/Norway/IMO 85 must explore the possibility of getting an extension of it.

11) Some guidelines for a shipping policy have been presented to contribute to the development of shipping in Nicaragua.
Foreign power aggression obliges the country to assure control of Nicaraguan foreign trade transport. This will prevent predictable effects of any additional actions to the present commercial embargo the country is facing.

A developing country like Nicaragua tends to absorb the greater part, if not the total cost of carriage of both their export and import trade.

Since 1980, Nicaragua has been paying for the transport cost of its foreign trade an amount of freight fluctuating between 70 to 100 million US Dollars per year to the foreign shipping lines.

This amount of money paid on freight is increasing the deficit of the Nicaraguan balance of payments, part of which could have been reduced and become an instrument to develop the Nicaraguan Shipping Line.

Taking into account the unstable economic situation which the country has been suffering as a consequence of foreign aggression, the strategy of developing the Nicaraguan Shipping Line should be planned and achieved in a long term policy to be developed in three steps.

Nevertheless, the development of a sound shipping policy has to be integrated with the overall national socio-economic development plans of the country, since the National Shipping Policy is only one element of the National Economic Policy.

The development of a healthy maritime climate in
the country in which the Directorate General should play an active part, the industrialization and political stability of the country and the C.A. Sub-Region are a must in order to be able to develop a sound National Shipping Policy and to obtain positive results. This should extend to the C.A. Sub-Region to be able to develop a Sub-Regional Shipping Policy as well.

The last part of the strategy is linked to the regional integration of C.A., South America and the Caribbean countries on a common maritime policy.

The shipping activities of the Central American, South American, and the Caribbean countries at this time of structural changes in the ocean-liner transport can not be conducted individually. In order to face the new forces which are restructuring ocean-liner transport, it is vital for all the Latin American countries to come together and adopt a Common Policy. (See Chapter V)
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- Competency/Licenses to Seafarers
- Certificate for pleasure yachts
- Authorization of private academies for pleasure navigation
- Issue of identity certificate

Ship's Inspection Sub-Directorate
- Permission of Construction
- Valuation
- Tonnage
- Load Lines
- Stability
- Seaworthy certificate
- Maritime Conventions Regulations

Sub-Directorate of Maritime Planning
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