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INTEGRATION OF MARITIME ADMINISTRATION AND CONSIDERATION FOR EFFECTIVE MARITIME POLICY IN THE ISLAMIC REPUBLIC OF IRAN

By

GHOLAMREZA SASANI
The Islamic Republic of Iran

A dissertation submitted to the World Maritime University in partial fulfilment of the requirements for the award of the Degree of

MASTER OF SCIENCE

in

GENERAL MARITIME ADMINISTRATION

1993
IN THE NAME OF ALLAH,
THE COMPASSIONATE,
THE MERCIFUL.

GMA 1993
I certify that all material in this dissertation which is not my own work has been identified and that no material is included for which a degree has been previously conferred upon me.

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

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ABSTRACT

The Maritime Administration of any country has to exercise control over all maritime activities in its jurisdiction in order to achieve the objectives of the administration. Having noted the importance of sea transport in its international trade relation, Iran has a historical background of international trade through the ages. The Islamic Republic of Iran has about 3000 km. of coast line which offers this country a natural contact with sea transport. Considering the fact that Iran is very rich in natural resources allowing sea transport to play its role in the national economy, could provide a powerful means of development instead of aid transport becoming an increasing burden to the national economy. Now is the time to give an important place to sea transport due to its potential for a positive impact on national development both economically and politically. In Iran the economical and regulatory functions are spread over more than three ministries. As a result of my studies at the World Maritime University and visits to some developed maritime countries, I have seen that the international trend is to place both the economical, and regulatory function in a single organization. Lack of development of our country during the 8 years imposed war, emphasizes the importance now of efficient and effective administration. Further emphasis is added when one considers the implementation of the long term policies of the country, considering, trade, industry, agricultural strategy, the prevention of pollution, the protection of living resources and the setting up of regional cooperations in Persian Gulf and the Caspian Sea.

In view of the tremendous growth of the national fleet between the revolution and the present time (increased by
A factor of 10) and also the tremendous growth of exports and imports, it is considered necessary to reorganize and integrate the present Maritime Administration of Iran. It is the aim of this document to compare and examine a number of different existing maritime administration structures and their effectiveness. Of course it is obvious that every country has its own geographical, social, political and economical situation and a specific organizational structure may not be suitable for other countries to follow. Therefore, modifications must be envisioned to identify an administrative structure that is the most efficient and most practicable for Iran.

In Chapter 1, Maritime Policy of Iran is studied. In chapters 2 and 3, I have introduced the present maritime administration and other involved ministries in order to demonstrate the importance of the sea to the nation. In chapter 4, the organizational structure of Maritime Administration of Germany, Norway and Portugal are studied in order to identify the organizational strengths. In chapter 5, I have identified problems of the maritime administration of Iran and finally in chapter 6, I have concluded with a proposal for reorganizing and integrating the maritime administration of Iran and provided recommendations for an effective maritime policy for the country. In short, the objective of this work concludes with a proposed new organizational structure for the maritime administration of Iran, which in turn could automatically improve the quality of Iran's maritime activities both nationally and internationally.
CHAPTER 1

MARITIME POLICY OF IRAN

Introduction

Ever since the benefits of marine resources were realized, maritime policies were formulated in order to protect and conserve those benefits and make the best use of them for political, economical and social needs of the country. Historically, maritime policy formed an important part of the political and defence aspects of the nations and it has became a tool to increase the colonies rather than increasing the international trade relationship. Therefore the maritime policy in general is to address how a nation is thinking of his maritime industry, How important is the marine resources to their economy, How they want to protect it and in what way they are going to develop it. Historically the maritime policy of Iran has depended upon the political situation in the region and the approaches of people at the top level of country (king and parliament) has varied from time to time. But since, maritime industry has been identified as a major means of serving the country politically, economically and socially. Therefore in the formation of the maritime policy setting up the maritime policy, it is necessary to identify elements leading to the development of competitive maritime industry service sectors.
1.1. Maritime Policy before the Islamic Regime

Considering that Iran has had an historical background of international trade since ages, therefore it is understood that maritime policy of this country has evolved over a long time and it forms an important part of political, economical and especially defence history of the country. To evaluate the existing maritime policy of the country, in order to prepare proposal for further maritime policy, it is necessary to have access to background of maritime policy (at least 25 years period). Unfortunately it was not possible to gather such information which concerns the maritime policy of Iran before the Islamic Revolution. However, maritime policy of Iran has varied from time to time. As far as the maritime policy of Iran is concerned, most of those policies were formulated to address certain specific issues, namely the external policy which have been injected by superpower. And some of them were formulated for the benefit of the shipping enterprise which was wholly private belong to King family and foreign shareholders. That is why to make sure of implementation of such policy the people who were on the top of Maritime Administration and ports operation were appointed from retired Army Generals. In other word, the policy and politics in general, were not the business of the public.

Indeed the maritime policy of Iran before the revolution was not to protect neither the national economy nor the public interest. The proof for this is the underdevelopment of the country during that period.

In the year 1972 the import of Iran through ports was

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about 7,000,000 tons. Until 1976, Iran had tremendous growth in imports. In 1976 the imports through the sea transportation was 16,000,000 tons. This means there was 235% increase for import products mostly in luxury products. The cost of increased imports was paid by increasing the oil export. While having tremendous growth in imports and exports, there were no any major investments in port infrastructure and offshore industry. Therefore it caused a considerable damage to the transportation industry's infrastructure and superstructure.

The standard of life along the coast were too low to live. That is why considerable percentage of people stopped the traditional use of fishing and offshore industry and migrated to the nearest cities. While there was not prepared jobs for them they had to adopt non necessary occupation. As far as maritime policy during Shah region was concerned, the major investment was dominated by the Ministry of Defence, especially the Navy. It was the aim of external maritime policy to establish a powerful Navy in the Persian Gulf area. The proof of this is the advance of the Navy in Iran during the Shah regime and also at present time. Therefore the definition which was given in the beginning of this chapter (maritime policy of Iran forms an important part of political, economical and especially defence history of the country) for the period of Shah regime. The maritime policy was to establish the political and defence aspects of the country. While with regard to tremendous development in technology, the technical and commercial aspects of the industry were not paid enough attention. However the technical and commercial aspect of shipping policy was significantly needed. In fact the main reason in establishing shipping enterprise was not the commercial aspect of the shipping but the prestige of
having a shipping line in the Persian Gulf. It is important to mention, during that period Iran did not have the right of shipping with Iran's Flag in the Caspian Sea.

After the Islamic Revolution in Iran, for a short period of time everything was stopped. The reason was the resentment and aversion of the people, from the Shah regime. From public point of view, whatever belongs to the past regime was disgusting, even though intrinsically some of them were not wrong.

1.2. MARITIME POLICY AFTER ISLAMIC REVOLUTION

From the governments point of view, before setting up a new policy in accordance with the principle of Islamic Constitution of the country which was introduced early after the revolution, it was necessary to recognize the Ministries and Organizations which had experienced hardship during the revolution period and suffered major damages in their administrative structures.

Now it was the time to take a rest from the revolution casualties in order to reorganize and reconstruct the parts that had suffered, the 8 years imposed war broke out. The mission of the war was to stop organizing the country and weaken its economic stability. Of course, it is not the intention of this study to talk about the war but what is intended is to show the result of the war in relation with the maritime policy of the country. The war was the main reason for not having constant long term policy and strategic plan. Therefore followings were resulted:
- sudden and tremendous growth of National fleet (Economic and shipping sanctions)
- affiliating of Iran Shipping Line (IRISL) under the supervision of Ministry of Commerce
- temporary investments in all Iran's industries or double investments
- very weak and slow procedure of development in the transportation industry as well in other industries
- over use of commercial ports and their installation
- lack of expertise due to non existing training program
- lack of new technology in the transportation industry as well in order industries
- lack of regional cooperation in the maritime field
- lack of private sectors and private investors
- less exports (single commodity) and increase in import products (Agricultural goods)

General policy of the country according to the Constitution of the country is independence in the following three sectors:

1. economical independence of country
2. political independence of country
3. social independence of country

With regard to the facts that, Iran is a rich country in natural resources in main land and its continental shelf and also Iran's strategic situation and hence have an important Navy in the Persian Gulf. Therefore a quick look into the current maritime policy of country reveals that, the current maritime policy is in line with overall policy of country. Or in other word, to support overall policy of country it is necessary to develop the National Shipping Line to such extent that will be able to carry the necessary goods of the country in case of any crisis such as war. Due to the institutional framework of the Ports and Shipping Organization, shipping activity is among the responsibilities of the Ports and Shipping Organization. But historically Shipping Lines since its establishment was privatized (owned by the royal
family). Therefore Ports and Shipping Organization did not practice its responsibility over the shipping activity from the beginning.

After the revolution and during imposed war (due to economic and shipping sanction), a tremendous growth took place (the National fleet of Iran increased from 850,000 D.W.T. to about 8,500,000 D.W.T). And due to needs for transportation of basic commodities of country Iranian Shipping Line (I.R.I.S.L) for better playing it role in new situation (political and social) was affiliated to the Ministry of Commerce for transhipment of goods purchased by government through said ministry. This was the only reason why the National Shipping Line was transferred to the Ministry of Commerce.

The IRISL played its new role during the war so well that, it was called "The Second Defence line" of the war. However government in this respect implemented a full protectionism policy.

The protectionist measures which are employed by the government of Iran to promote the use of Iranian ships for the carriage of goods are as below:
- Coastal shipping, Article 6 of the Iranian maritime code defined that: shipping between Iranian ports and islands and for commercial purposes (cabotage) shall be carried out exclusively by Iranian Shipping Line (IRISL) except in special cases where, upon the proposal of Ports and Shipping Organization, there is a special authorization from the council of ministers.
- In 1981, a government decree established that all government imports which have been purchased on a F.O.B. basis must be carried by vessels of the IRISL.

But after the war in 1988, the political and social role of IRISL vanished. Therefore the Ministry of Commerce
and other major Iranian shippers and importers were free to carry their goods in a free market situate with lower prices. It must be remembered that IRISL due to political situation and economic sanctions was transferred to the ministry of Commerce. After the war and due to the current maritime policy the existence of the Shipping Line in the Ministry of the Commerce will increase to its problems. At present numbers of private and public shipping companies have been established in Iran and protectionism policy of government have been relaxed. Therefore National Shipping Line has to enter world competitive market with sufficient income and profit. Therefore existence of the IRISL in the ministry of commerce under new maritime policy is questionable.

1.2.1. Maritime Policy of IRAN (LONG TERM GOALS)\(^2\)

The long term goals of the current maritime policy of Iran has aimed the following:
- Developing and expanding maritime relation with what is calls regional and friendly countries by establishing joint venture companies and joint cooperation in the Persian Gulf and Caspian Sea
- Establishment of free trade zones for creation of employment and economical stability in the area
- Iranianization of the seafarer (National Fleet)
- Privatization of ports and shipping industries
- Governmental regional Cooperation in Persian Gulf and Caspian Sea
- Gradual termination of the single commodity export (oil)

\(^2\) Above information is extracted from ports and shipping organization publication plan for Economical-Social and cultural development of country 1993-1989.
with the goal of industrial development and export of industrial goods

- Better utilization of maritime living resources of the country to maximize export and reduce import of meat
- To increase the level of coordination in sea transport elements and other related organization in order to increase efficient use of maritime infrastructure of the country
- To centralize sea transportation activities in the ministry of transport and to control and canalize port facility construction in the ports and shipping organization
- To pave the way for use of container in exports and imports of the country
- To increase public awareness about benefits of sea transportation
- To emphasize use of national fleet and national carriers in transport of exports and imports of the country
- To encourage construction of silos, cold storage facilities near port areas

Therefore, it is seen that during the short period, good steps were taken in line with above mentioned policies. But, with regard to governmental regional cooperation policy in Persian Gulf and Caspian Sea, government has not taken a strong action. The reason for this is political problems in the region. Anyhow considering the need of the region for such cooperation and its economic impact for countries of the region and due to appearance of environmental pollution, protection of marine environment and marine traffic control in the region, the above policy would be definitely implemented. Therefore, in this regard ports and shipping organization will have major and important role according to its responsibilities.
Meanwhile, it is observed that above mentioned policies are in line with overall policy of the country for political, economical and social independence of the country. This is reason to feel that for better approach and achieving above goals in long term maritime policy of country a well organized and powerful maritime administration is necessary which will be dealt with in chapter 5.

It is evident that for implementation of above policies in a long term strategic plan and a suitable controlling system is necessary. Unfortunately due to war and political problems of country such steps were very limited ones. Because on one hand concerned ministries and authorities had to step up their predetermined maritime policies and on the other hand their main resources were used for war affairs. Therefore, up to some time after the war there was not a comprehensive strategic plan.

It can be said that concerned ministries were free to choose their individual strategic plan and internal policy in order to meet same goals, which had been introduced by the maritime policy of the country. It is clear that such strategies and internal policies of concerned ministries under the influence of war, were a short term strategy. Therefore, the short term success were aimed by responsible authorities, where as such success could not have been all in line with overall policies of country.

Another subject which had negative effect on this policy was multi exchange rate in Iran. With regard to different organization's objective to solve their economical problems by higher income, therefore a series of incorrect competition among different ministries took place. Though the country's general policy and its goals were clear and common but strategies adopted by concerned
ministries caused problems and difficulties for said ministries. Meanwhile another major difficulty was collection of information and co-operation among concerned authorities. This problem weakened development activities and resulted in over investment and expansion of organizational structure (increase in number of personnel and responsibilities). The reason for this is weakness of maritime administration (ports and shipping organization) of Iran in carrying out its duties. This resulted in self acting of each organization. for example:

1. Construction of maritime structures and facilities by different ministries such as, roads and transportation, energy, reconstruction, commerce and defence (Navy)
2. Training of maritime personnel and establishment of training centers by different ministries
3. Opening small offices in port area by different ministries
4. Establishment of marine communication network by different ministries for communication with their vessels at sea

During the war, above mentioned difficulties became more tangible and need for strategic plan became evident, that was decided to form a strategic planning committee (Transportation committee) by concerned ministries to draw up the long term maritime strategic plan. But due to critical situation in the country and in the regime as well, It was decided in line with the long term plan of country, the short term plan (5 years) to be convened. The first five year plan (1989-1993) drafted in 1989, which is at its final execution years and second five year plan is at the final stage.

1.3 TRANSPORTATION COMMITTEE

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In order to formulate the Transportation Strategic Plan of the country, the Transportation Committee was found, consist of the all maritime sector's representatives as follows:
- Ports and Shipping Organization
- Islamic Republic of Shipping Line (IRISL)
- Valfajr-8 Shipping Company (IRISL affiliated company)
- National Iranian Tanker Company (N.I.T.C)
- Fishing Organization
- Representative of Ministry of Budget and Planning
- Representative of Ministry of Road Transportation
- Representative of Ministry of Rail Transportation

It is important to mention that during the preparation process of transportation strategic plan, the transportation Committee was supported by sub committees.

The Sub Committees consist of maritime and communication experts. Above committee after having 5 month of intensive meeting succeeded to draw up the Long Term Transportation Strategic Plan which is as follows:

1.3.1. Maritime Strategic Plan of IRAN\(^3\)

The maritime strategic plan of Iran which was introduced by the Transportation Committee is as follow:
- To complete and equip the commercial ports of country in accordance with technology development
- Improvement of marine navigation control by use of computer and other equipments
- Construction of fishing ports and multipurpose ports

\(^3\) The information is extracted from "Ports and Shipping Organization" publication. (Plan for Economical, Social and Cultural development of country 1993-1989)
- Establishment and construction of Free Trade Zone and Main Port of the country
- Establishment of sea services in order to earn hard currency
- Establishment of training centers in the country, regional training center and use of communication facilities and increasing sea publication
- Expansion and development of National fleet (passenger and cargo, tanker vessels)

In order to have better control on the provision of the maritime strategic plan, it was decided the medium term plan (5 years) to be draw up. The reason for this is to monitor the implementation of the long term strategic plan. And the other reason is to identify the obstacle which may occur. Following is the executional plan (Medium Strategic Plan) for the period of 1989-1993.

1.3.2. FIRST MEDIUM STRATEGIC PLAN
(executional plan 1989-1993)

- Reconstruction and completion of ports and its facilities
- Rehabilitation of Estuaries and natural harbors along coasts of Persian Gulf and Oman Sea
- Replacement of lost fleet during war, reconstruction and increasing capacity of passenger and cargo fleet of country
- Encouraging investment in establishment and expansion of shipbuilding and repair yards in line with country’s requirement

This plan is to extend the political and economical

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¹Ports and shipping organization publication (plan for Economical, Social and Cultural development of country 1993-1989)
sovereignty over the country's water way and to maintain independence of sea transport of country at international level and in external and internal trade. And also is to create suitable ground for sustainable use of marine resources at south and north sea of country, therefore the goals to be achieved in the first five years plan was as followed.

1.3.3. FIVE YEARS GOALS OF EXECUTIONAL PLAN

A. QUALITATIVE GOALS

1. To be in line with foreign commercial policy of country and adjusting maritime and port activities to the actual needs
2. To compensate pressing from economic sanctions on sea transport
3. To create suitable ground for sustainable use of unlimited marine resources along 3000 km. of coast line
4. Decreasing Navigational problems of region
5. Substitution of sea trips instead of Air trips in short routes and improvement of the existing system of passenger fleet
6. Preservation of marine living resources and prevention of pollution of marine environment
7. To maintain Navigational Safety in coastal and territorial waters
8. Improvement and speeding up of transport, loading, unloading and delivery of goods to shippers and better use of port and national fleet facilities

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5Ports and shipping organization publication (plan for economical, social and cultural development of country 1993-1989)
9. Substitution of Iranian Crew in National fleet in place of foreign crew
10. To increase knowledge about sea transport
11. To increase foreign currency income and to reduce foreign exchange expenditure

B. QUANTITATIVE GOALS

1. To increase efficiency of ports from 57% in 1987 to 100% in 1993
2. To complete port facilities construction in such a way that it result in port through put increase of 3 mil tons. per year of plan
3. To increase coastal trade in Oman Sea by 60,000 tons per year such that at the end of five year plan it should reach to 0.3 mil. ton.
4. To maintain national fleet capacity at 50% of total sea born trade of country at the end of 5 years plan
5. To maintain a capacity of 5.5 mil. freight/ton for national fleet up to end of program
6. Increase of container through put of country at a rate of 120,000 tons/year up to end of program
7. Reconstruction of port of Khoramshahr at a capacity of one mil ton/year

Thus, the executional plan was planned for the period of 1989-1993. Therefore the plan is at its final stage of implementation. The evaluation of first five year plan 1989-1993 will be provided in chapter 5 of this study). The second five year plan is at the final approval stage.
1.3.4. SECOND MEDIUM TERM PLAN 1994–1999

Policies and basic guide lines of transportation section of second economical, social and cultural development program of Iran are as follows:

1. Emphasis on maintenance, renovation and reconstruction of present facilities (roads, railway, ports and airports) and transportation means at reasonable standards and extension and popularization of such approaches

2. Priorities for completion of present projects and start of new projects at financial and executional abilities of country

3. Creation of background for transfer of activities and executional matters to private sector

4. Preparation of such facilities necessary for establishment and reinforcement of companies and transportation establishments and preventing of trust along with employment of experts and educated people in transportation sector

5. Encouragement of private sector in establishment of soil mechanic laboratories

6. Transfer of shares of cargo and passenger terminals in provinces and towns to private sector along with necessary restructuring of these companies in such way that above terminals can function as independent companies under supervision of passenger and cargo terminals company of Iran

7. To pave the way for self-administration, self sufficiency in income and expenditure for maintenance and uses of roads, railway, ports and airports in the form of commercial establishments

The information is provided by the Ministry of roads and transportation of IRAN.
8. Continuation of stages transfer policy of executional activities of railway to private sector by creation of sister companies
9. Gradual adoption of such economical approaches in tariff settling of freight rate for cargo and passenger in Railway, Airline, port activities, airport facilities and road transport
10. Continuation of policy of activities of non-governmental companies and establishment in operation and use of berths, port areas in commercial ports and loading/discharging activities under supervision of ports and shipping organization
11. Provision of suitable ground for investment of non-governmental sector in establishing transport companies and elimination of present monopolies
12. Continuation of policy of absorption of investments and other private resources in construction and operation of infrastructure and facilities of transport sector
13. Increase of railway in overall transport of country and allocation of necessary funds for development and maintenance of rail network
14. Encouragement of international air lines in using Iranian airports and air routes and provision of requirement for use of Iranian land and air space for transit of cargo according to its strategic situation.
15. Popularizing the culture of Maritime affair and Aviation affair among society as supporting element for transport industry in the form of non-governmental organization
16. To pave the necessary way and facilities for transportation network and its means, such that it should be consume the same energy at the end of program at its beginning level
17. More emphasis on road, cargo and passenger safety in transport
18. Upgrading of quality and quantity of training programs for experts and efficient personnel and also upgrading information, research and planning in the transport sector
19. Centralizing all mythological activities in mythological office
20. Development and upgrading mythological organization facilities and activities and increasing public awareness in this respect for construction and economical activities of country

Present maritime policy of Iran has two draw backs, namely:
1. Goals mentioned are too general and time for reaching those goals are not specified i.e. short term or long term.
2. Problems dealt with in the mentioned goals are about operational problems of ports and internal problems of maritime administration of Iran. Whereas the main problem is lack of policies for international affairs related to ports and shipping. for example non-ratification of recent safety conventions. This subject will be dealt in more detail in chapter 6.
CHAPTER 2

MARITIME ADMINISTRATION OF IRAN

Introduction\(^7\)

Iran has been at the cross roads of international trade routes during the ancient and medieval periods of history. It was only after the discovery of oil in the Middle East and the need for its transportation to the refineries located in the Western countries and Japan the modern ships began to operate in the Persian Gulf.

Iran with a long coast line is situated between the Caspian Sea in the north, the Persian Gulf and the Gulf of Oman in the south. The northern coast line has a length of 630 km and the southern coastline has a length of 1880 km. Iran established its own maritime administration in 1938 in a very basic form, which was mostly responsible for exploitation of the ports. The major trade area was oil, and mostly the European countries had the benefit of shipping in Iranian water. The national shipping was limited to very small numbers of craft. The object of a maritime administration organization within the framework of a country’s overall maritime activities is to provide the government with the machinery which would enable it to undertake satisfactorily and efficiently those functions which are embodied within the country’s merchant shipping legislation (National Maritime Laws). These functions

\(^7\) All the information are collected from Ports and Shipping Organization’s publication. Operational Department of the PSO. 1991. Management system of Iran’s ports 1989
would include the implementation of the requirement of international maritime conventions, and national rules and regulations framed under the authority of the merchant shipping acts.

2.1. Constitutional / Statutory Position of Ports and Shipping Organization

This statute was established in 1938 according to the regulation of "Iranian Ports" under supervision of the Ministry of Economy and Customs, and this regulation was approved by the Council of Ministers. According to this regulation, responsibility of this statutory body was as follows:

1. Ships' registration and documentation
2. Seafarers Registration and documentation
3. Pilotage of ships
4. Use of port facilities for loading and discharging of cargoes
5. Matters of "Quarantine"
6. Tugboats and use of them in the harbors and outside of the harbors
7. Definition and responsibility of Seamen
8. Port officers and their powers

In 1960 an act passed by the Parliament "The Act regarding the establishment of Ports and Shipping Organization 1960". The single Article says that:

After approval date of this Act, an organization named "Ports and Shipping Organization" at the Ministry of Customs and Monopolies will establish, and as far as there will not be another legal body to do so, its function under said Ministry are as follows:
- To carry out management and exploitation of ports of the
country.
- To extend and expand the construction and port's installation and facilities, to provide the communication stations and security and implementation of ports and coastal shipping rules, to supervise expansion of merchant shipping, to register the vessels, to apply the condition of nationality of the ships, to collect the fees and port dues according appendix to the act.

In 1970 a special regulation approved by the special commissions of the parliaments, which describe the legal function of the Ports and Shipping Organization (P.S.O) as follows:

Chapter 1 General

Regulation 1. Ports and Shipping Organization which be called organization in this regulation, has legal character and will run according this regulations.

Regulation 2. The Organization is related to the Ministry of Finance and its control offices based in TEHRAN, it can have an office in each ports according the approval of its High Council.

In 1974, P.S.O attached to the Ministry of Roads and Transportation.

Chapter 2 Responsibilities and Powers

Regulation 3. Its responsibilities are as follows:
1. To manage the merchant function of maritime and ports affairs
2. To establish and construct and expand the merchant maritime and ports constructions and installations and its
equipment and necessary revenue operation of them
3. To issue and implement the necessary rules for the
merchant maritime and ports and shipping of the country due
to the related laws
4. To regulate the conditions of ship's pilotage with
approval of high council
5. To manage loading and discharging of cargoes in the
ports
6. To manage the communication systems of sea and land for
connection between the ship and ports, to supply necessary
equipment with cooperation of Ministry of the P.T.T.
7. To supervise on coastal and merchant shipping and its
expansion, and to ensure safe navigation
8. To manage and install necessary light system at sea and
rivers for safe navigation
9. To register ships and vessels and implementation of the
regulation concerned
10. To grant competency certificates to the sea-fares and
necessary certificates to the ships accordingly
11. To collect the port's taxes and dues and other
concerned
12. To implement Iranian maritime code and other
responsibilities
13. To fix and implement the fees and condition of use from
the installations and equipments of the organization with
approval of the high council
14. To research and study in the port and marine and
merchant shipping affairs
15. To prepare next years schedule and in long run and
implementation of them after approval of the high council
16. To study the international protocols and treaties
regarding the ports and shipping and Merchant Marine and
prepare necessary reports for the competent authorities
17. To provide membership of the International Organization related to the matters with approval of high council and ratification of the parliaments
18. To participate at the International conferences and meeting related to matters

Looking at the constitutional/statutory position and the responsibilities and powers of the Ports and Shipping Organization, it reveals that this organization was formed to carry out all the responsibilities concerning ports and shipping activities of the country including the regulating, supervising and guiding the industry. But what this organization is doing practically, only concerns ports activities. That is because the first shipping company was formed in 1967 which is much later than the formation of the Ports and Shipping Organization. The shipping company was owned by the SHAH family (wholly private). Therefore the Ports and Shipping Organization did not participate in shipping activities from the beginning.

Chapter 3. Dignitaries

Regulation 4. P.S.O dignitaries are as follows:
A. High Council
B. Council of Manager (Board of Directors)
C. General Manager

Regulation 5. High Council’s members are Ministry of Finance and Economy, Ministry of Roads and Transportation, Commander of Navy and General Manager of Plans and Budget (Consultant Minister) or his deputies.

Regulation 9. The Council of Manager (Board of Directors) consists of general manager of the P.S.O and his four
deputies. The General Manager will be offered by the Ministry of Roads and Transportation to the high council and he will act as a deputy of minister as well. Other members will be offered by general manager and will be approved by the minister.

Regulation 11. Decision making of the board is based upon the majority of the members.

Note: Remaining chapters are not related to my dissertation and is not my concern.

2.2 Organizational Structure of Maritime Administration of Iran (P.S.O)

The Ports and Shipping Organization of Iran (P.S.O) is the only single legal maritime body in the country who is representative of the country at the International Maritime Organization (IMO). The organization has been rested under the maritime code and its own constitution of 1969 whose functions are normally associated with those exercised by maritime administrations in other countries. This organization as a maritime administration is responsible and deals with port activities and safe navigation in Iranian waters. Thus, for example, the PSO is responsible for the development and control of all port operations in non-oil commercial ports, non-oil commercial ports constructions, maritime activities, the merchant shipping code and in general all activities concerning ports and shipping in non-oil commercial trade.
A. High Council

The High Council of Ports and Shipping Organization is an inter-ministerial body and it is composed of five members.
- The Minister of Economic and Property
- The Minister of Roads and Transportation
- The Director General of Planning and Budgeting
- The Commander of the Iranian Navy

B. Duties and Authorities of High Council

a. To determine general policy of P.S.O
b. Approval of pso tariffs for higher authority consideration
c. Approval of Annual budget of P.S.O
d. Approval of Annual Report of P.S.O
e. Making decisions about acquiring loan from banks and governmental bodies
f. Appointment of members of board of directors of P.S.O
g. Making decision about disputes for Arbitration and selecting Arbitrators and finalizing disputes
h. Approval of organization and duties of different departments of P.S.O, Regulation regarding employment, pensions, insurance, saving account and housing loans to P.S.O employees.
i. Approval of regulation about accounting commercial and other executional works.
j. Fixing salaries of managing director and members of board of directors of P.S.O
k. Consideration and decision making about matters which are referred to them.

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Note: The High Council can; if necessary, check accounts of P.S.O by C.A.

C. Council of Manager (Board of Directors)

The Board of Directors is the executive body of the P.S.O. At present a board comprising the Director General of the P.S.O and four deputy directors is the effective body running the day-to-day affairs of the organization under the supervision of the Minister of Roads and Transportation.

- Director General of the P.S.O. who is the Vice Minister of Road and Transportation is nominated by the Minister and appointed by the High Council.

- A deputy Director General of the P.S.O is in charge of operations, who is responsible for development and control of all maritime activities, the Maritime Code, port operations, cargo handling and safety of navigation.

- A deputy director general of the p.s.o. in charge of technical and engineering matters, is responsible for the development and maintenance of all technical matters relating to the equipment, marine facilities, installation in the ports and also responsible for port development and expanding the infrastructure and super-infrastructure.

- A deputy director general of the P.S.O in charge of Research and Planning is responsible for the scientific research and studies, programming, planning and organizing the training program of personnel.

- A deputy director general of the P.S.O in charge of financing and personnel, is responsible for the administration of the personnel and planning of the financing projects.
D. Duties and Authorities of the Director General of the P.S.O

1. The general director of the P.S.O (managing director) is the highest executive body is responsible for good execution of work of the P.S.O and has to protect the mandate of the P.S.O.

2. Execution of approval plans of the High Council and Board of Directors and carrying out all officials tasks, accounting, technical work of the P.S.O according to related regulation.

3. Employment, suspension or firing of the P.S.O employees and determination of their jobs and their salaries according to approved annual budget and regulation.

4. Signature of official document, opening of accounts in banks and introducing official signatures and permission for payment of expenses according to the annual budget and regulations.

5. To represent the P.S.O in judicial and other organization in and out of country with right of appointment of advocate or permitting them to make further appointment on his behalf.

6. To present accounting reports and other matters regarding the duties of the p.s.o for high council consideration.

7. To execute the approval plans of High Council in acquiring loan from banks and governmental bodies.

8. To fix or change of working hours of the P.S.O.

9. The managing director can under his own responsibility transfer part of his duties to other members of the Board of Directors or other employees of the P.S.O.
E. Duties of the Board of Director

- To prepare and organized the duties of departments of the P.S.O employment, pensions, insurance, saving, housing loans regulation regarding employee of the p.s.o for the approval of the High Council.
- To prepare accounting, commercial and other executive regulations of the p.s.o for approval of the High Council.
- To propose annual budget and other plans of the p.s.o. for the High Council approval.
- To prepare annual yearly report for the High Council consideration.
- To suggest arbitration, arbitrators or finalization of disputes to the High Council.
- To suggest acquisition of loans from banks and governmental bodies to the High Council.
- To prepare the P.S.O. tariffs and necessary changes for High Council consideration.
- To make suggestion in matters related to P.S.O duties referred to them by the Managing Directorate or other members which has to consider by the High Council.

With regard to organizational structure of the Maritime Administration and the duties of the organization, it is seen that this organization is highly centralized. The Council of Managers are the highest authority and the single executive body of the organization. All the important decisions and the changes in the organization are taken by the Council of Managers. Ports activities are directed by the Council of Managers.

This system of management has weakened the economic function of the commercial ports and it has made it inefficient and expensive. The main structure of the organization is too executional and operational rather than
being administrative and ministerial. The Maritime Safety Administration is a subdepartment which operates under the Operational Deputy of the Organization and since the port operation has the first priority in the organization. Therefore safety aspects of the industry have not been implemented effectively.

F. Practical Tasks and Functions of the P.S.O.

This organization as a maritime administration is exercising control over more than 3000 km of Iran's marine borders and administrating port affairs. Commercial changes are major responsibilities vested in the ports and shipping organization (P.S.O). Other important duties of the P.S.O are as follows:
- Administration, of ports and commercial affairs of the country.
- Construction, completion, development, and utilization of port buildings, facilities, repair-shops, and other related equipment.
- Compilation and enforcement of port and maritime regulations according to related laws.
- Preparation of vessel pilotage regulations with the approval of the supreme council of the organization.
- Administration of the affairs of loading and discharging, transportation, and storage of cargo at the ports (the ports in which p.s.o. has offices or branches).
- Administration of inland and marine communication networks (radio, telephone, telegraph, teletype, etc) for contacting ships and ports, and supply of related equipment with the cooperation of the Ministry of Post, Telegraph and Telecommunication.
- Complete supervision over coastal and commercial shipping
and efforts towards their development. Ensuring safety of navigation and adopting any measure necessary to develop coastal and commercial shipping activities.
- Administration and erection of marine and river signals and lighthouses for securing the navigation of ships and other vessels.
- Registration of commercial, recreational, charity, and other vessels which are under the state’s flag and enforcement of the related rules and regulations.
- Issuing certificates of competency in technical marine, etc. fields to the personnel of maritime units according to the related regulations.
- Collecting port and river dues and charges and other revenues which, according to the law, the P.S.O or other government organizations must collect.
- Execution of Iran’s maritime law and performing duties stipulated in the law on the permission for the establishment of the P.S.O and carrying out other related rules and regulations.
- Determining the means and the rate of utilization of port facilities and equipment and the organization’s movable and immovable properties and executing them after the approval of the supreme council of the P.S.O.
- Research and studies regarding port and marine affairs as well as commercial shipping.
- Drafting and compilation of plans for the year after as well as the long run plans and executing them after the approval of the supreme council of the P.S.O.
- Consideration of the drafts of international agreements and protocols concerning the maritime, port and commercial shipping affairs for their submission to the authorities concerned.
- Membership in international organizations related to
ports and shipping activities after the approval of the organization's supreme council and the parliament.
- Participation in international conferences and assemblies on ports and shipping.
- Determining free trade zones when necessary and drafting rules, regulations, and conditions of their utilization with the approval of the organization's supreme council and ratification by the parliament.
- Controlling and administering the railway line from the entering switch pin to the exit switch pin within the port area. Possessions of railway wagons and accessories and other necessary equipment for loading and discharging cargo from transportation to open storage areas and warehouses.
- Establishing training centers for pilots and commercial shipping personnel. Dispatching students abroad for higher education with due consideration of the organization's needs.
- Issuing authorization and permission for the construction for piers and other facilities and equipment, while approving these projects and having the right to supervise their execution and utilization.
- Issuing qualified applicants authorization to establish offices, sailor's clubs, restaurants, stores and other necessary facilities. The organization can, with due consideration of its capabilities at the ports, grant land for the mentioned purposes on lease basis.
- Transferring to the qualified private institutions, services of the organization whose performance by the private sector is more economical.
- Making efforts in lowering the freight rates of cargo destined to Iranian ports using port facilities as well as expediting the loading and discharging operations and eliminating ship's waiting time in order to help the
country's economy.

It is certain that the main body of the organization has concentrated mostly on the operational aspect of the port activities. Since the port activities are directed by the headquarter (centralized), distribute of ships among the seaports for discharging the cargo is done by the headquarter. Although ship owners do not agree all the port activities are carried out by government employees. Therefore, private sectors are not welcome to the industry. The main reason is that the system is too centralized and does not attract the private sectors.

2.3. Port Management System

The organizational structure of the ports are almost similar to organizational structure of the P.S.O headquarters but in smaller scale. They are controlled by the General Port Manager with four vice managing directors. Each of the four vice managing director controls one department. Each department is divided into three offices. Many activities are performed by the port authority (General Port Manager). The port authority as representative of the ports and shipping organization has responsibility for all operations in the port including ships, cargoes, maritime activities, marine services, maintenance of equipment and facilities, maintenance of infrastructure and super-infrastructure of port area, implementation of the maritime code, navigational aids, protection of sea from any pollution, issuance of seamen book, ship registration, inspection and investigation of ships, seafarer examination, search and rescue and etc.

In fact port directors are the executive arm of the P.S.O headquarters in the ports. Port directors are
directly within the responsibility of the Director General of the Ports and Shipping Organization. According to Mr. R.O. Goss \(^8\) "if port authorities are to compete as independent bodies then they must have financial aims, publish their accounts and stand responsible for what is in them; yet how can any central body be responsible for authorizing major investments if it has no financial responsibility for their outcomes." Since Iranian ports are considered a central body it is one of the reason Iran ports are considered as a expensive ports in the region. regarding the maritime policy of country, Since the aim is to privatize ,the port management system has to be decentralized.

2.4. Major Commercial Ports of Iran

Iran has seven non-oil commercial ports which are involved in international and regional trade namely;

1. Imam Khomeini Port
2. Shahid Rajaee Port
3. Shahid Bahonar Port
4. Bushehr Port
5. Shahid Beheshti Port
6. Noshahr Port
7. Anzali Port

Among the mentioned commercial ports, two of them (ports of Imam and Abbas) are the biggest ports in the country with a variety of berths of considerable depth. These two ports have good facilities and equipment which enable them to discharge different types of cargoes. There is a good opportunity for these two ports in playing the

\(^8\)Professor R.O. Goss, Department of maritime studies University of Wales college of Cardiff.
main port role in the country as well in the region. This opportunity will come true if decentralization of the organization takes place. In that way the private sectors would become active in port activities. Considering the long term goals of the maritime policy, it is aimed to privatize port activities. Since there are opportunities in both ports, it will be the right decision to implement the privatization policy in these ports in order to study the result of the policy.

2.5. Oil Commercial Ports and Terminals

The oil industries in Iran play a very important role in the Iranian economy. Oil industries are under the auspices of the Ministry of Oil and therefore all maritime activities and safety matters including port safety, tanker safety and preventing oil pollution in ports and terminal are carried out by the officials of the shipping department of the Iranian oil company operating under the Ministry of Oil. It is very important to mention that the P.S.O, which is responsible for maritime safety including the prevention, control and combating of pollution in Iranian waters and implementation of the maritime code has no control over the oil ports and terminals.

The operational problems of the P.S.O. will be discussed later. The important commercial ports and terminals in Iran which are operating under the responsibility of the Ministry of Oil are as follows:

- Mahshar port
- Imam Hassan port
- Kharg Island port
- Siri Island port
- Lavan Island port

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2.6. Non-commercial ports

There are considerable numbers of non-commercial ports in Iran some of which have a very long historical background. Almost all of the non-commercial ports are engaged in the fishing industry and coastal trade. Considering the positive geographical situation of some of the non-commercial ports and the increasing demand for exports and imports in regional countries of the Persian Gulf in order to support the daily life of the native people, the need for development of these ports has become more essential. As a result some small ports were constructed which are called small multipurpose ports.

The multipurpose ports play very important role in the economic development of the zone and in one way or another, it is the only means of daily life of the native people. The general description of the small multipurpose ports are as follows:
- port of Lengeh
- port of Jask
- port of Geshm
- port of Genareh
- port of Daylam

Although non-commercial ports are being constructed by the Ports and Shipping Organization, they do not have considerable economic output; therefore, the organization is not interested in managing them. Since there is no direct responsible body to take the full responsibility of the management and maintenance, they are obliterated.

According to constitutional framework, the ports and shipping organization is responsible organization to construct the ports which are needed.
earlier than necessary.

2.7 Free Trade Zones in Iran

The Free Trade Zone is a very new concept in the maritime field in Iran. The idea was originated in the 1980s in order to facilitate the economic and social development process of the zone and furthermore, with regard to the short term industrial products export programming to develop the economy of the country.

The positive influence of free trade in the economy of the country through industrialization of the zone and generating new jobs and employment, prompted the country's policy-maker to pay increasing attention to this matter. Consequently, necessary measures were taken to speed up its activation process. Taking in consideration the geographical situation of zone, there were three areas to be introduced as a free trade zone in Iran.

1. Kish Island Free Zone
2. Chahbahar Free Zone
3. Qeshm Free Area
CHAPTER 3

OTHER MINISTRIES INVOLVED
IN MARITIME AFFAIRS

Introduction

The maritime history of Iran can be traced back to ancient times. Iranians had been engaged in sea-faring from 522 B.C., and two Iranian sailors, Nairus and Salikos had been sailing in the Persian Gulf and sea of Oman in those early periods. The sailing later extended to the west coast of India and the east coast of Africa. Vessels started plying across the Indian Ocean carrying cargo from the west coast of India, southeast Asia to the Persian Gulf and the sea of Oman, for subsequent overland transportation to the markets in the west.

Considering the important factors of sea transport in its international trade relation, especially from political and economical points of view, it had given considerable effective effort to the establishment of maritime industries in the country. That is why author do believe that the presence of a maritime institutional framework in a developing country is to provide the guidelines and administrative services for the benefit and growth of the maritime industry in the desired direction. The lack of such an institution hampers the growth of maritime

10 Islamic Republic of Iran Shipping Lines publication 1992
industries.

Since the aim of my study is to consider an effective maritime policy for the country and to derive an organizational structure of maritime administration that would serve to achieve the policy goals of the government related to the maritime industry much more effectively, the approach which author adopted in this chapter is to introduce the maritime sectors of my country and the involvement of the industry in people's life. Finally considering the fact that Iran is among those maritime nations and it has to exist as a maritime nation, the need for basic changes in the maritime structure and adopting an effective maritime policy become more visible.

3.1. NATIONAL SHIPPING LINE (IRISL)

The Islamic Republic of Iran Shipping Line (IRISL) was established in late August 1967 and began its operation in 1968 with 6 ocean-going vessels, serving the Persian Gulf and European ports. In March 1977, the number of IRISL vessels increased to 42 vessels with a total capacity of 525,000 tons.

After the Islamic Revolution, and in accordance with Article 44 of its constitution, the shipping line was nationalized and underwent tremendous reforms. In its present form the IRISL is a national enterprise wholly owned by the government of Iran. And is under the auspices of the Ministry of Commerce.

The IRISL and its affiliated companies now possess a fleet of over 100 cargo vessels and service crafts, the capacity of which totals 2.5 million tons. Nowadays the IRISL is the Middle East's biggest commercial fleet company with 25 years of shipping experience.
All IRISL ships are classed by classification societies recognized by the port and shipping organization.

To be fair, after the revolution and during the war the IRISL was transporting cargoes reliably, efficiently and economically and the testimony to this is the outstanding performance of the IRISL during the Iran-Iraq war and the Persian Gulf conflict (The Oil War). That is why the IRISL earned the nickname "The Second Defense Line." There were and still are many problems and in my opinion they are mostly the result of the country's shipping policy and the organizational structure of the maritime administration. The testimony to this is a list of Demurrage especially during the war and also double investments in different areas which will be dealt with in chapter 5. The most important reason why the IRISL has been successful was the protectionist measures implemented by the government.

The IRISL sails to Mediterranean ports, northern Europe, the Far East and the Indian Ocean through regular liner services. In line with Iran's policy to promote non-oil exports, The IRISL provides reliable and regular shipping services at attractively low rates to major ports of Europe, South America, the Far East, Eastern Africa, Australia, southern states of the Persian Gulf and the republics of the Caspian Sea region. The head office of the IRISL is in Tehran and the company maintains branches at all commercial port in Iran and overseas, the IRISL has offices in London, Tokyo and Kobe (Japan), Hamburg (Germany), Genova (Italy), Rio de Janeiro (Brazil), Sydney (Australia), Karachi (Pakistan), Bombay (India), Baku (Azerbaijan), Shanghai (China), Dubai (UAE) and Singapore. These offices supervise the activities of the company's agents abroad for better understanding, the organizational
chart of the IRISL is shown in figure (3.1 O.S.). Other important information about the IRISL are as follows:

**Liner Services**

a. Persian Gulf to North Continent (Acme conference)
   South Iranian ports to Hamburg, Bremen, Antwerp, Rotterdam, Arhus, Goteborg, Malmo, Le-Harve, Bilbao
b. Persian Gulf to Mediterranean (Medmecon Conferences)
   South Iranian ports to Genoa, Leghorn, La-spezia, Venice, Marseilles, Barcelona, Alicante Valencia
c. Persian Gulf to United Kingdom (Ukme Conference)
   South Iranian ports to London, Liverpool
d. Persian Gulf to South America. South Iranian ports to Brazil
e. Persian Gulf to southeast Asia (straits Conference)
   South Iranian ports to Singapore, Malaysia, Indonesia, China
f. Persian Gulf to Far East (Jappercon Conference)
   South Iranian ports to Yokohama, Kobe, Nagoya, Moji, Busan, Ulsan
g. Persian Gulf to East Africa. South Iranian ports to Mombassa, Dar-es-salaam, Maputu
h. Caspian Sea. Ports of Nowshahr, Anzali to Baku

**Tramp Services**

a. Persian Gulf to Australian ports
b. Persian Gulf to ports in Thailand, Malaysia, Indonesia, Philippines, China
c. Persian Gulf to Mediterranean and Black Sea ports
d. Persian Gulf to North Continental ports
e. Persian Gulf to United Kingdom ports
f. Persian Gulf to Latin America ports of Argentina, Brazil, Uruguay, Chile, Peru

g. Persian Gulf to Canadian ports

h. Persian Gulf to East-west African ports

Joint Venture Shipping Companies

Pursuant to the policy of Government of Iran with regards to the development and expansion of maritime relations with regional and friendly countries, IRISL has established joint venture shipping companies with:

1. Kuwait: Irano-Kuwait shipping Co. Established in 1968. Share holding (IRISL 49% and Kuwait 51%).

2. India: Irano-Hind shipping Co. Established in 1975. Share holding (IRISL 51% and India 42%). At present the company is the owner of 12 ships with a total of 221,985 D.W.T.

3. Egypt: Irano-Misr shipping Co. Established in 1975. Share holding (IRISL 51% and Martrans 49%)


AFFILIATED COMPANIES

1. Val-Fajr-8

It is a subsidiary shipping company of IRISL which besides operating passenger-cum-cargo services across the Persian Gulf and sea of Oman is also engaged in ferry service between south Iranian ports and various island in the Persian Gulf, particularly on the western side, where large number of people of Iranian descendent are settled.

Val-Fajr-8 Shipping Co. with a fleet of 7 vessels and
3,300 DWT operate regular passenger-cum-cargo services from Bandar Abbas/Bushehr to Sharjah, Kuwait, Bahrain, Khark and Kish.

2. Ship Supply Company

A wholly owned subsidiary company of the IRISL formed in 1986 to provide cabin stores, bunkers, provision, fresh water, spares etc to the IRISL owned fleet. The ship supply company presently supplies over 80% of the requirements of the national fleet thereby enabling the country to save considerable amounts of valuable foreign exchange and at the same time effectively promoting utilization of domestic products.

3. Oasis Freight Agency

A joint venture ship agency company between IRISL’s subsidiary company Val-Fajr-8 Shipping Co. having 49% share holding and Sharaf Shipping Agency Co. of Sharjah (UAE) holding 51% shares was formed in 1987 to provide agency services to the IRISL and Val-Fajr-8 Shipping Co. vessels in UAE ports.

Oasis freight has been rendering fully satisfactory agency services to the IRISL and Val-Fajr-8 Shipping Company since its inception.

4. Computer Service's Company

In order to keep pace with technological developments in the maritime industry, computerization of major activities has become almost indispensable in shipping. To
achieve effective and efficient working of its various activities, the IRISL established the above company in 1986. The computer service company has developed various systems for the IRISL, which include payroll, fleet personnel, ship spares, bulk division operation etc.

The National Shipping Company, since the revolution till present time has increased its fleet in order to transport the necessary goods of the country during the eight years of war. The increase in its fleet was in accordance with the maritime policy of the country during the economic sanctions. Therefore in order to implement such policy (to increase the merchant fleet), protectionist measures were formulated to help the development and the expansion of the national fleet. Since the war ended, the protectionist measures have vanished. This was to promote the private sectors to invest in the shipping industry. Therefore shippers got the right to ship their cargo by any ships which offer lower freight rates although they were not Iranian ship. That is why the National Shipping Line has to engage in international trade which is highly competitive. Taking into account that the National Shipping Line of Iran is the biggest shipping company in the region and since it gained very good experience in goods transportation during the war, it offers a good opportunity to play a new role in regional transportation as a feeder fleet. Further, they have other potentialities such as computer services, a freight agency and affiliated companies, that enable the company to provide multimodal transportation in order to carry goods from northern ports of Iran (newfound countries in the Caspian Sea) to southern ports in Iran and then to the market. Therefore in this way National Shipping Company will be able to continue its development since the
protectionist measures are not existing anymore. Looking at the table II (National Shipping personnel), it can be seen that there is a possibility to decrease the number of non-necessary personnel who are working in unrelated tasks. Decreasing the personnel may be done in two following ways.
1. Decrease the personnel who are working in unrelated jobs
2. Decrease the number of the small vessels and instead apply for big unit vessels which requires the same crew

**TABLE-II**

<table>
<thead>
<tr>
<th>IRISL PERSONNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL ADMINISTRATION PERSONNEL = 1100</td>
</tr>
<tr>
<td>TOTAL FOREIGN OFFICERS = 386</td>
</tr>
<tr>
<td>TOTAL FOREIGN RATINGS = 72</td>
</tr>
<tr>
<td>TOTAL IRANIAN OFFICERS = 721</td>
</tr>
<tr>
<td>TOTAL IRANIAN RATINGS = 1278</td>
</tr>
<tr>
<td>TOTAL MARINE PERSONNEL = 2457</td>
</tr>
<tr>
<td>TOTAL PERSONNEL = 3557</td>
</tr>
<tr>
<td>TOTAL TRAINEES = 208</td>
</tr>
</tbody>
</table>

3.2. FISHERY ORGANIZATION

From the beginning of history, oceans have always been considered as a primary source of food. While there are two other possibilities of exploring the ocean and sea namely,
for natural resources and for transportation of goods and passengers. Mankind has exploited the sea for food and other marine resources from his earliest days and later on, fishing became one of the necessary means of living in order to facilitate other needs of mankind.

The development of offshore fisheries was closely tied to the development of sea transportation and the reason was, the fishermen were not able to leave the shore and river bank to fish in deeper waters by the rafts and canoes. Even though the modern fishing vessels have been designed in order to meet the needs of the various types of fishing activities. But the wooden craft are still being used widely in my country.

Before the Islamic Revolution and during the war the Fishery Organization of Iran was under the auspices of the Ministry of Agriculture, supervising all the fishing activities in the internal rivers, the Caspian Sea, the Persian Gulf and Oman Sea. the Fishery organization owned two public companies namely:

1. The Traditional Fishing Company
2. The Industrial Fishing Company

In the late 1980s for the reason of inefficiency, the Fishery Organization was reorganized and integrated under the auspices of the Ministry of Jahad (Ministry of Reconstruction of the Country).

PRESENT ORGANIZATIONAL STRUCTURE

Today, the Fishery Organization own four public companies which are operating under the responsibility and supervision of the Director General of Fishery Organization. The four companies are as follows:

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1. The Research and Fishery Training Company
2. The Industrial Fishing Company
3. The Industrial Kilca Company
4. The Commercial Fishery Company

The Director General of the Fishery Organization is vice minister of the Jahad Ministry. Including the above mentioned companies there are seven department which are operating directly under the responsibility of the Director General of the Fishery Organization. They are as follows:

- Consultant office
- Internal Relationship Office
- Legal Office
- International Relationship Office
- Security Office
- Public Companies Office
- Employment Evaluation Office

Other tasks and responsibilities of the organization have been distributed among six Deputy Director General as follows:

1. Deputy Director General for Fishing and fishing matters
2. Deputy Director General for Products and Exploitation
3. Deputy Director General for Technical and Civil Engineering
4. Deputy Director General for Research and Planning
5. Deputy Director General for Personnel, Finance and Commerce
6. Deputy Director General for Aquaculture and Fostering

Each Deputy Director General is responsible for four or five departments. The total number of employees of the organization was 9938 in the year 1990. Other important statistical information are as follows:
- Major Fishing Ports

There are seven major fishing ports in Iran which five of which are located in the south of Iran and two are in the north of Iran.

Each of the major ports is operated by the General Director of Fishing Port. There are several small fishing ports which with regard to their location are operated regionally under the responsibility of the General Directors of Major Fishing ports. The regional port in the south of Iran is covering 246 small cities and villages. The number of certificated fishermen in 1990 all around the country was 67,478 fishermen and the number and the type of vessels engaged in fishing activities are:
1- Fishing ship - 122 vessels
2- Wooden craft - 2578 vessels
3- Motor boat - 5940 unit
The total catch in 1990 was 327,700 tons.

3.3. MINISTRY OF OIL

The discovery of oil, as well as the ever increasing exports of crude oil by the countries bordering the Persian Gulf, along with the exploration of the subterranean resources of the sea, considerably revived the marine operation of this region.

Iran, having around 3000 km of water frontiers in this area and operating the largest fleet of tankers amongst the

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\textsuperscript{11} All the information is taken from the Fishing Organization Publication Hamrahad publication, First year No-56, 1992

\textsuperscript{12} National Iran Tanker Company Yearly publication 1992
oil producing countries (OPEC), participates effectively in the commercial activities of the region.

Iran's Ministry of Oil is a very large ministry with the variety of tasks and responsibilities. Since from safety point of view, the operational activities of the ministry is my concern. Therefore the focus will only be on the National Iranian Tanker Company which is directly engaged in the Carriage of Crude Oil and the Product Oil.

NATIONAL IRANIAN TANKER COMPANY (N.I.T.C.)

The National Iranian Tanker Company in its present form and with its current Articles of Association was registered in 1975. The formation of the first Iranian Tanker fleet dates back to the first years of the nationalization in 1951. The N.I.T.C. is an affiliate of the National Iranian Company. The activities of the company were very low during the period between 1950s and 1970s. In this period 4 tankers with a total capacity of 184,000 tons were operated by the company. In 1987 the number of tankers owned by the company increased to 22 crude carriers and 20 product carrier with a total capacity of 5,700,000 D.W.T. All the tankers owned by N.I.T.C. are classed by the classification societies recognized by ports and shipping organization.

The Ministry of Oil owned five commercial oil ports and terminals namely:
- Mahshar port
- Imam Hassan port
- Khark Island port
- Siri Island port
- Lavan Island port
All the maritime activities with in these ports
including loading and discharging, pilotage, tugboat operation, maintenance and development of the infrastructure and superstructure, and training of seafarers are carried out by the officials of the shipping department of the National Iranian Oil Company. Therefore, the Ports and Shipping Organization despite its responsibility, practically does not have any control over the oil ports and terminals. This is due to the important of oil in Foreign exchange earning of the country (single commodity export). The Ministry of Oil through the parliament has sole especial authority, to carry out the responsibilities more effectively and efficiently. And I believe that the ministry of oil has succeeded in achieving the goals which were allocated by the government. The testimony to this is the outstanding performance of N.I.T.C. during the Iran-Iraq war.

The increase in the hostilities in the Persian Gulf during the recent years caused N.I.T.C. not only to develop the existing shipping activities but also to implement new operational projects in order to export the crude oil during the Persian Gulf crisis. Shadow of prevailing difficult shipping conditions in the Persian Gulf, advanced National Iranian Tanker Company's capabilities to such extend that it is predicted that this company will be able to fulfill its role as a well-qualified shipping line conveying the country's oil by its own fleet to every international market.

N.I.T.C. ACTIVITIES

Among all activities which officials of shipping department of NITC does, the most important of N.I.T.C. activities are as follows;
1. Valfajr Project of exporting oil
2. Salvage
3. International Trade
4. Distribution of the clean products
5. Marine Training

ORGANIZATIONAL STRUCTURE OF N.I.T.C.

The organizational chart of N.I.T.C. is presented on the following page. However, I do not intend to discuss this in any detail.
3.4. SHIPBUILDING AND SHIP REPAIRING

There are two active shipbuilding companies in Iran, as follows:

1. The Iran Maritime Industries Company

The Iran maritime industries company was established with American Co-operation in the port of Bushehr. The activities of the company until 1979 were in the field of repairing ships. After the revolution, their activities were stopped for a period of about two years and started again in 1981. Since then, approximately more than 65 boats,13 barges and small tugs were built under the guidelines of international classification societies. In 1989, the company built a vessel for service and maintenance of navigational aids for the Ports and Shipping Organization. Other activities of the company are shipbuilding, ship repairs and assembly of special vessels.

A. Shipbuilding: The shipbuilding company is able to build a ship with a maximum length of 70 meters, and a maximum breadth of 15 meters and 1400 D.W.T.

B. Ship repairs: The facilities of the company are capable of repairing ships with a maximum length of 70 meters, a breadth of 15 meters and a weight of 50 tons. Repairing of ship's engines, electric and electronic installations are also part of the capabilities of the company. In addition, the company is active in the construction of oil exploration platforms, jetties, floating bridges and other marine equipment.

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13Port and Shipping Organization publication Bandar and Darya Magazine no-33-1990

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C. Assembly of special vessels: Recently the company has engaged in construction of several fishing vessels of 1600 D.W.T. under the supervision and know-how of European shipyards.

2. THE PERSIAN GULF SHIPBUILDING AND SHIPREPAIRING COMPANY

The construction of the Persian Gulf Shipbuilding and Ship repairing Company was started in 1974, in the west part of Bandar Abbass. A training center was established in 1978 in order to provide trained personnel for the project. The facilities consist of a training center with an area of 160,000 square meters, consisting of one slip way with an 800 ton capacity, a 270 meter jetty, 5 mooring places for repairing and many other departments for engineering work, mechanics, piping, electronic, painting, etc. It is important to mention that in the first plan, the shipbuilding capacity was 500,000 tons but was later reduced to 75,000 tons. With government approval, the training center started to build and repair small vessels in 1982. At the first stage of production, the training center built 5 barges each of 1000 tons and one supply landing craft 64 meters in length. The company started the production of fiberglass boats in 1984 and 36 vessels have been built so far. Also during the same period 94 vessels have been repaired by the company.

Recently, the government agreed to continue and complete the expansion and the first 28000 tons floating dock arrived at Bandar Abbas. At the same time, many students in different subjects relating to shipbuilding and repairing have been despatched to many foreign countries for training.
CHAPTER 4

SUMMERY OF ORGANIZATIONAL STRUCTURE OF GERMANY, NORWAY, AND PORTUGAL AND PERTINENT ASPECT WHICH ARE PARTICULAR INTEREST FOR IRAN.

Introduction

In the Appendix A, B and C of this study, The Maritime Administrations of Norway, Germany and Portugal were studied. There were some other maritime administration of developed maritime countries which had been studied by the author which were not printed such as United Kingdom, France, Sweden and Denmark (it was not necessary for this study to print extra information). The author had also the opportunity to attend the seminar of Maritime Administration and maritime policy of major maritime nations and to observe directly the maritime administration of Germany, United Kingdom and Portugal. Further, my association with many colleagues in the General Maritime Administration course at the World Maritime University, gave access to the latest personal knowledge and experience of the maritime administration of many countries.

Since this chapter is to discuss and study the maritime administration of Norway, Germany and Portugal, it has to be emphasized that this study is not based upon a comparative model approach. In other words, by studying the
maritime administration of mentioned countries, it is not the aim to find out the best model for a maritime administration. There may not be any best model and even if there was, it may not be suitable for my country. The aim of author through studying those maritime administration, is to identify the organizational strengths and weaknesses in accordance to their maritime policy and by considering the existing threats and opportunities within the maritime industry of my country to drive an organizational structure of maritime administration that would serve to achieve the policy goals of the government much more effectively and efficiently.

4.1. NORWAY

Looking at the maritime administration of Norway, it is seen that 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 coasts. The organization of the Norwegian Maritime Administration is very extensive and rather complicated in the sense that work is spread between three ministries of Foreign Affairs, Trade and Shipping and the Ministry of Development and Cooperation.

In 1988, the ministry of Trade and Shipping and, in 1989, the Ministry of Development and Cooperation were merged to one ministry, named the Ministry of Foreign Affairs. The Ministry of Foreign Affairs has three ministers, which in principle, have equal status. The key to success has been the development of good communication and intimate co-operation within the ministries. However, when it comes to an important issue, such cooperation among the ministries takes a long time to reach a single idea and
decision. These three ministries act as a single ministry (Ministry of Foreign Affairs) and are concerned with the same policy, strategy and method to achieve common goals.

The important remark of this comparison is that "In Norway all the responsibilities and activity related to the shipping industry, safety matters, seafarers, maritime legislation, international relationship (IMO, ILO, EEC and UN), maritime policy making, maritime education and sea pollution matters are under the responsibility of a single ministry."

4.2. Germany

Looking at the Maritime Administration of Germany, it can be seen that shipping and other means of transport is administrated by a single ministry called Ministry of Transport. The nucleus of ministerial activity is the definition of basic political guide lines, the preparations of law, the elaboration of statutory instruments, and the supervising of the implementation of such instruments including activities of the executive branch of the administration. There is a high competition in shipping and port activities. That is due to the decentralized port administration system in Germany, Where the port administration in the states with federal administrative structures is usually de-centralized. The shipping is to a very large extent under the responsibility of the federal government to administer. Therefore, all the fields related to maritime safety and navigation, which comprise pilotage, seamen's affairs, protection of the maritime environment from pollution, hydrography, and the whole complex of nautical matters such as search and rescue, competency examination, surveying and investigation into maritime
casualties. Although the republic is a federal state, maritime affairs are predominantly under the jurisdiction of the federation. In states with federal constitutions, ports are administered by the single federal state or even by the local community, with the ministry of transport exercising a coordinating function, and in such cases the ministry of transport has the responsibility for the whole port infra-structure including hinterland transportation facilities as well as a steering function by means of federal funding and planning. To conclude, there are four bodies which deal with the function related to maritime activities.

1. Ministerial Administration

The functions which are dealt with at the ministerial level of the federal administration, but have no executive branches of their own. These functions are legislation office, conventions office, internal and external policy office, subsidies office, governments cargo office, Navigation and Telecommunication office, Aids to navigation, Land Radar office, Accident investigation office, manning office, Environmental protection office and Hydrography office. In other words, above functions are concern of national interest. The Registration office, certification office and police office are being function partly by federal and partly by state.

2. Federal Government

The offices which function by states such as Harbour Office and Schools and Academies office.

3. Public Administration

The offices which are being functioned by public corporation or societies such as Safety of Ship offices and pilotage office.
4. Private Sector

The offices which are being functioned by private sector or societies such as construction office and pleasure boating office, search and rescue office and on-board training office (cargo handling, stevedoring are part of private activities). It is remarkable that ministry had concentrated on policy making legislation and control system and private company and private investors are operating as fiscal body in the ports and shipping industry successfully.

4.3. Portugal

Looking at the Maritime Administration of Portugal, from its historical background it is understood that defence aspect of maritime activity had taken the first priority in the maritime policy of the country. That is why, the activity of the four Marines Military, Commerce, Fishing and Pleasure had been directed by the same state department of the Ministry of the Navy. But from 1969 till present decade several major changes have taken place in the organizational structure of the maritime administration of Portugal.

As a matter of fact, the reason why the author had chosen Portugal for his direct field study activity was to examine the former organizational structure of the maritime administration and to consider its organizational weaknesses to understand the need for such changes (establishment of Ministry of Sea in Portugal). In the present situation, most of the activities of Commerce, Fishing and Pleasure are directed by the Ministry of Sea. The aim for introducing a new ministerial administration was in order to concentrate all the responsibilities of
maritime activities in a single framework but as it has been presented in chapter 1 of this study (Maritime Administration of Portugal), until the present time the said ministry has not succeeded to obtain all the related responsibilities in its framework. Therefore there are very important executional responsibilities such as port state control, ship registration, pollution prevention, contingency planning, registration of seafarers, ship inspection, maritime policy partly, Institute for search and rescue and lighthouses which remain in the Ministry of Navy and Ministry of Navy is insisting in practicing those responsibilities within its framework.

As far as maritime administrations of maritime nations are concerned, most of the above responsibilities have to be within the responsibilities of the ministry which is to administrate the maritime activities of the country. Therefore, it can be seen that Ministry of Defence has the highest non-necessary involvement in maritime affairs of Portugal. However, since the new organizational structure of the ministry is still under the process of development, it is not possible to evaluate the capability and effectiveness of the newly established ministry. Logically, in order to evaluate any organization's capability, it is necessary to consider and review five to ten years of activities of the organization. Therefore, it is not the right time to decide the Ministry of Sea is the right answer to the problem of maritime administration in Portugal. For example 14, France established a Ministry of the Sea comprising the off-shore industry and fisheries in addition to shipping. However, after a short time the

14 Maritime Administration Seminar 1992 WMU. Taken from paper of Dr. W.H. Lampe President Federal Appeal Board for Maritime Investigation.
French maritime administration has recently returned to the Ministry of Transport again.

In addition to the above fact, I personally do believe that although fishing activity is related to sea activities, it is not exactly a relevant matter to shipping policy. Therefore, the existence of a fishing organization in the Ministry of Sea, from author's point of view is questionable, since there are big differences in the nature of the work, policy, technology and commercial aspects of the fishing and shipping industry.

4.4. Conclusion

Studying the organizational structure of traditional maritime nation, author believe that, there is no universal model to be found, but only a variety of acceptable responses to situations made up of particular elements. In addition to this, and as a result of the study, some important measures are identified. Reviewing the current Maritime Policy of Iran, it is certain that, identified measures are of interest of the Maritime Administration of Iran. Therefore, following measures have to be considered in the organizational structure of the Maritime Administration of Iran.

- De-centralized administrative structures imply both a big advantage and a big disadvantage. The advantage is that competition takes place between the different ports, shipping line and other private sectors of the shipping industry. And since competition is the best means of increasing efficiency and productivity, this will apply to any economic system. The disadvantage is that overlapping (especially in ports infra-structure and superstructure)
may occur and to a certain extent unavoidably double investments in such systems

- The future trend is likely to place all the maritime organizations (chain of transportation) in a single ministerial body. The most significant reason for this is door-to-door transportation and introduction of Multimodel transportation

- In the most maritime developed countries, maritime policy significantly refers to the shipping aspect of the maritime activity and port matters are in the second priority (inverse in IRAN)

- In order to increase private sector and private investor's involvement in maritime activities, it is necessary to convert to a decentralized organization, where the ports and shipping industry in general have the opportunity to adopt competitive measures to offer to the market

- With regard to the high competition in the shipping industry, in order to accelerate the productivity of the industry, it is essential that centralized activities to apply only on political guide lines, preparation of Law, the elaboration of statutory instruments, supervising of the implementation of such instruments and making the policy of the industry

- The technical operation and safety aspect of the shipping industry are no less important than the economical and commercial consideration. The responsibility and authority of maritime safety administration with respect to all aspects of safety to humans and the environment are generally not well understood by many in the shipping industry in the developing maritime countries. The developed maritime countries have taken further advanced steps in introducing regional safety standards such as the
Paris Memorandum in order to preserve the marine living resources and protect the marine environment from any kind of pollution.

- From historical studies of maritime administrations in some developed countries in various parts of the world it is certain that the organizational structure of their maritime administration have been reorganized and integrated from time to time. In one way or another, choosing the one or the other ministry depends most probably on the general way of looking at the matter. Taking into consideration the technological developments in the shipping industry, environmental issues, social, economical and political importance of the industry, the following measures have to be adopted by the Maritime Administration of the Iran.

A. Regional programs and co-operation
B. Privatization of ports and shipping activities
C. Better utilization of transportation means
D. Expansion of the organizational structure

In other words, they may create a demand for changes. From author's point of view, such changes in the organizational structure of a maritime administration should be gradual development of the right organizational structure through "Evolutionist" activities.

- And last but not the least, although the aim of the discussion and studying of these maritime administrations was not to come out with a global model, but considering the current maritime policy and the long term goals of Iran, the organizational structure of the Germany is the most suitable model for Iran to look at. And that is the distribution of the activities among the four different bodies (Ministerial Administration, Federal Government, Public Administration and Private sector).
Chapter 5

PROBLEMS OF THE MARITIME ADMINISTRATION OF IRAN

Introduction

Actually, existence of problems in any organization is an expected matter. The nature of problems changes from time to time. Therefore in order to deal with problems, it is necessary to identify the weaknesses of the organization. Creation of problems may occur due to the both gradual development of the organization and technological development of the industry. It is certain that the gradual development and technological development will not take place if there is not global demand for it. There are other major issues that directly and indirectly may influence in the organization such as economical, social and political conditions of the country with regard to regional and global conditions, especially for those organizations which are engaged in an international market.

Although problems of organization may appear in different manners, the outward sign of them can be identified by:

- Legislative problems
- Operational problems
- Organizational structure problems

There are also other issues which are involved in the creation of problems which are not within the scope of
this study. The author does believe that the Maritime Administration of Iran is effected by those problems and in addition to these problems, the involvement of the country in 8 years of War created major damages to the industry, and related development. Since the country has adopted a new maritime policy (chapter 1), the existing organizational structure of maritime administration will not be able to implement current policy effectively.

5.1. LEGISLATIVE PROBLEMS

The present sources of Iran’s maritime legislation are as follows:

I. Iranian Maritime Code 1964
II. Act concerning the protection of the sea and frontier rivers against pollution by oil 1954
III. Constitution of the ports and shipping organization 1969
IV. Regulation relating to:
   a) The procedural aspects of Registration
   b) The procedural aspects of Bill of Sale
   c) The issue of certificates to small boat’s coxswains

With regard to the importance of maritime safety for the nation and since Iranian maritime code is the basis for safety regulation of the country, the author has concentrated on Iranian maritime code in order to identify the weaknesses of the maritime code.

The Iranian maritime code was drafted in 1964 and since then it has not been reconsidered even though a number of items threaten the industry. The facts which have to be considered are as follows:
- Increasing pollution in the Persian Gulf and Caspian Sea\textsuperscript{15}
- Demand for more exploration and exploitation of living/non-living resources
- The increase in shipping activities since the Revolution\textsuperscript{16}
- Establishment of passenger ships in the Persian Gulf and Caspian Sea
- Preservation of the sea environment for the future and the next generation
- Expansion of existing ports, construction of new ports and establishment of three free trade zones (free trade zones of Iran were introduced in chapter 2).
- The increase of import and export cargoes
- Involvement of private sectors in the shipping industry of Iran
- Expansion of shipbuilding and ship repair industry.
- To pave the way for regional cooperation with regard to the maritime policy of the country
- Navigation of sub-standard vessels in the region.
- Traditional use of the sea for fishing activities.

Although the Maritime Code is wide in intent, it is drawn up in broad general terms so that it is inadequate to serve as a basic law regulating the merchant marine activity, further since most of the above mentioned factors have recently taken place in the industry, some have not been addressed in the existing maritime code. The maritime

\textsuperscript{15}Pollution in Persian Gulf is due to the previous tanker war and also increasing exploitation of oil at present and in the future, the pollution of Caspian Sea is due to the documentation which is taken from Helsinki Commission (Regional Convention for Baltic Sea Area)

\textsuperscript{16}The National Fleet from 850,000 DWT has increased to 8,500,000 DWT during 1983 to 1992
code of Iran is comprised of 14 chapters containing 194 articles as follows:

Chapter 1- Nationality and Registration of Ships
Chapter 2- Preferred Rights
Chapter 3- Mortgages on ships
Chapter 4- Carriage of goods by sea
Chapter 5- Shipowner - Limitation of liability
Chapter 6- Functions and Responsibilities of the Master and the Crew
Chapter 7- Respondentia Bond
Chapter 8- Carriage of Passengers
Chapter 9- Charter parties
Chapter 10- Collision
Chapter 11- Assistance and Salvage at Sea
Chapter 12- Average
Chapter 13- Admiralty Court
Chapter 14- Miscellaneous Regulations

Maritime code of Iran came into force in 1964. Just the tremendous that have occurred in shipping technology and the introduction of International Conventions are a sufficient justification for updating it. However, considering the following changes in maritime industry it is understood that the existing code is not sufficient and it needs to be updated or modified.

- Carriage of dangerous goods including chemical good, nuclear waste disposal
- Introduction of new rules for carriage of goods (UNCTAD)
- Development in the safety standards for vessels
- Retraining requirement of seafarers and associated certification matters
- Consideration of private shipping with regard to the

17Ministry of Finance (ports and navigation organization) Training and International Relations office
maritime policy of the country
- Consideration of new regulation for salvage shipowner limitation
- Changes in the number of crew according to technological development of shipping industry
- The provision for detention of unsafe or ships unseaworthy ships
- Adoption of new conventions ¹⁸

With regard to matters pertaining to the Maritime Safety Administration, the following problems are concern.
- Both primary and subsidiary maritime legislation has to be updated.
- Inadequate infra-structure of safety administration in organizational chart and inadequate personnel with knowledge on pollution and standards of safety on board ships.
- The need for more maritime officers and surveyors.

With regard to matters pertaining to the training of the seafarer, there is a need for an Act recognizing the responsible organization for training centers and marine institution of the country.

With regard to the Act concerning the responsible organization overseeing the competency of offshore construction, (any construction of berth, break water and related matters) has to be more clear and restricted (at present there are various organizations which are engaged in marine structure).

With regard to the Act concerning the responsible organization for search and rescue, has to be more clear and detailed.

There is a need for an Act concerning the duties and

¹⁸four conventions are under consideration by parliament for ratification
rights (power) of port authority.

There is a need for an Act concerning the authorized use of marine resources (fishing), especially with regard to foreign vessels.

After the revolution, the need for modifying the maritime code and maritime legislation was strongly felt. Therefore IMO help was requested by the ports and shipping organization of Iran in this matter.

As a result, IMO legal experts provided and suggested a draft to be studied. The draft is contained in seven chapters.
1. Registration and provisions of ownership
2. Manning and certification
3. Safety and its certificates
4. Salvage and search and rescue
5. Prevention of collision
6. Pollution
7. Acts of ratification of Conventions

This draft still is under consideration and because of internal problems, it has not yet been decided upon. However, with regard to maritime policy of country, (chapter 4) the draft has to be reconsidered. But since shipping is an international industry, it is influenced by international maritime laws. Therefore the primary objectives of the maritime code have to be developmental and regulatory and in conformity with relevant international conventions. There are four conventions that were presented to the parliament to be ratified which have to be considered in the revision or modification of the maritime code.
5.2. ORGANIZATIONAL STRUCTURE PROBLEMS

In order to explore the organizational structure problems of the Maritime Administration, it is necessary to refer to Maritime history of the country. It is certain that before the existence of national shipping and exploitation of oil, there were already governmental port and customs activities which were administered under the auspices of a single Ministry of finance. According to ports and shipping publication, this organization originated in 1814. That is why administration of all marine affairs and the responsibilities (such as port activities, port construction, pollution matters, Navigation aids, maritime legislation, ships registration, matters concerning the seafarer, maritime policy and making proposal for further maritime development of country) were resolved in legal and institutional framework of the mentioned organization. In other words, the ports and shipping organization, as a single legal and ministerial body was administering the maritime activities of the country since it's establishment until the present time.

Due to growing import of commodities by sea, the shipping line of Iran which was owned by royal family and foreign shareholders was established in 1967. The objective of the shipping line was to obtain prestige in the region and making profit out of existing opportunities in the country. It started maritime activities in the Persian Gulf in 1968 with two small coastal vessels and 2550 DWT.

Due to further exploration of marine resources such as oil, gas and fishing, new legal responsibilities were devolved to the existing responsibilities of ports and shipping organization in order to administer and guide the maritime industry of the country in accordance with the
gradual development of these industries. And in line with devolution of such responsibilities to the Maritime Administration (ports and shipping organization), the structure of the said organization was developed. While there was tremendous growth in import and export cargoes, the national fleet capacity did not increase relative to this growth in cargo movement, but the need for expansion of national fleet and port infra-structure were strongly felt. Therefore, in order to cope with the growth of cargo movement in ports, the commercial ports were constructed while other important responsibilities of the organization such as Maritime Safety, port state control, International relationships, Marketing, Training, Regional program, Navigational aids and prevention of pollution remained unchanged. Therefore, the organizational structure of the maritime affairs of the country (before the revolution) were executional and operationally oriented structure to cope with port activities and cargo handling. Unfortunately the outbreak of war aggravated the above condition in such a way that effective and efficient cargo handling became the main objective of the organization.

Looking at a report card of the maritime administration of the country before the revolution and during the war, although ports and shipping organization has succeeded to handle cargo flow of the country, but has not been able to obtain the objectives of the organization successfully. It is important to mention that in the latest years of the war and especially after the war, some of the objectives and goals were partly achieved which, from the author's point of view, have not completely satisfied the needs of the industry.

Considering the historical background of the PSO, and with regard to the maritime policy of the country and its
long term goals, (chapter 4, long term goals of organization is presented) the most important problems and weaknesses of the organizational structure of maritime administration are identified in the following sections.

A. The Major Problem

As was mentioned in chapter 3, the national fleet of the country before the revolution was a small fleet and wholly private enterprise but after the revolution the shipping fleet was nationalized and expanded. After the outbreak of the war, while the country was under economic sanctions, the ministry of commerce became the single responsible organization for purchase and transport of the necessary goods for the country. Therefore, the national fleet became an affiliated company of the Ministry of Commerce in order to achieve these responsibilities more effectively and efficiently. Therefore, the affiliation of the national fleet with the Ministry of Commerce was a political decision rather than economical decision. Considering the institutional framework of the marine affairs, related tasks and timely complementary development procedure of both organization, (National fleet and ports and shipping organization) necessitate both organization to operate under single ministry such as many developed maritime countries.

Looking at the historical background of the maritime administration (constitutional, statutory position of ports and shipping organization in chapter 2), if it certain that the Ports and Shipping Organization was formed to take all the responsibilities concerning ports and shipping activities as the name implies.

Therefore from author's point of view the major
existing problem of organizational structure of the Maritime Administration of the country is the separation of two both relevant organizations in two Ministries. And, there is a strong belief that these two organizations do not operate under a single ministry, the maritime policy of the country can never be practically implemented. Further, a and double investment in the shipping industry seems unavoidable.

B. Maritime Administration and International Conventions

In Iran international conventions have not had the priorities that they deserve. With regard to the following commercial and geographical facts:

- Iran has 3000 km of coastline
- The gross capacity of the National fleet is 8,500,000 DWT
- Seven active commercial ports of country are engaged in International trade
- Iran is among the major crude oil exporters
- Active passenger shipping line in the Persian Gulf and Caspian Sea
- Considerable pollution exist in the Persian Gulf and Caspian Sea
- Carriage of dangerous goods to/ out Iranian ports and also considering the principals of the International Maritime Organization, (Safety of life and property at sea and protection of marine environment from any kind of pollution) it is well understood that, improvements in ship safety and the marine environment are due to the more effective implementation of International Conventions. As it was mentioned, the Ports and Shipping Organization represents the country in International Organization (IMO,
UNCTAD, ILO), Iran has only ratified four conventions. The reason for not ratifying the new conventions is that there was no specialized department in the existing organization to take responsibility for international matters. Considering the maritime policy of the country for better utilization of the marine industry and to protect it from any danger, international and regional cooperation/coordination has to take place. Therefore to pave the way for regional cooperation and is being more active in international organizations, it is necessary to adopt those conventions which are of concern to the neighboring countries of the region. Previously a section under Operation Department of ports and Shipping Organization was formed. From the author's point of view, the existing of this section under the Operation Department is not sufficient. Since the importance of international matters is known to the organization, this section should be promoted to an independent department.

C. MARITIME SAFETY ADMINISTRATION

In the organizational chart of the Maritime Safety Administration, which is responsible for the implementation and provision of safety standards in the Iranian waters, appears to be the basic problem. An additional problem is outdated maritime legislation (both primary and subsidiary).

The operational department of organization is

\[19\] At present Iran is party to four following conventions: 1-International convention on the Safety Of Life At Sea 1960, 2-International Convention on Load Line 1966, 3-International Convention on Tonnage Measurement 1960, 4-Convention on the International Regulations for the Preventing Collisions at Sea 1972
responsible for both port operation activities and maritime safety administration in Iranian waters.

There are two Directorates in his charge as follows;

1. The Directorate of port operation is in charge of port operations, loading and discharging of cargoes in the port area, warehousing and development of equipment needed in the port.

2. The Directorate of Marine Affairs is in charge of all maritime activities, maritime safety issues, and development of marine facilities. The Directorate consists of two divisions. The First division is named the division of safety and maritime services. It deals with pilotage, hydrography, dredging, aids to navigation, pollution, search and rescue notices to mariners, port craft and other maritime activities. The second division is named the division of registration and surveying. It deals with the registration of ships, registration of seamen and the survey and inspection of ships. Considering the responsibilities of the Directorate of Marine Affairs in general, it is revealed that the organizational structure for maritime safety is too centralized in the headquarter office which is several hundred kilometers from the ports. Commercial ports, where all shipping activities take place, do not have qualified surveyors and inspectors. The structure for port state control (port authority) does not contain any specialized department responsible for safety matters while according to the duties defined for port state control, the General Director of the port is responsible for the implementation of the provision of safety regulations in the internal waters. Considering the registration of ships, ocean going vessels are to be registered in the headquarter office (capital of country). The prevention of pollution, which is among the duties of
the port state control is mostly discussed in closed rooms of operation department at capital and not practiced in field. The reason is that there are no prepared facilities and qualified personnel, while both the Caspian Sea and the Persian Gulf are highly polluted. With regard to current maritime policy, the better utilization of living marine resources have to take place not in very far future in order to decrease the import of protein goods and to increase the sea related employment.

It is certain that the existing structure of the maritime safety administration is not capable of implementing the responsibilities which are in its institutional framework to achieve the defined goals. The main reasons for these are identified as follows:
1. Organizational level of the maritime safety administration is very low and inadequate chart and personnel
2. Lack of qualified staff
3. Centralized system of Maritime Safety Administration
4. Lack of executive branch of Maritime Safety Administration in ports area
5. Lack of safety facilities needed to combat pollution
6. Poor participation in IMO (Safety Committee)
7. Not being party to related conventions

Since the protection of the marine environment for better utilization of marine resources safety of navigation and marine activities in general has become increasingly important global issues. Therefore the most efficient, effective and economical response to pollution and safety matters is known to be a regional cooperative response. The existing Maritime Safety Administration of Iran (considering the mentioned reasons especially those of 1, 3 and 8) cannot play an active role in regional cooperative
programs, unless its organizational chart is promoted to higher level.

D. OTHER ORGANIZATIONAL PROBLEMS

As a consequence of economic sanctions during the war, efficient transportation of import goods took the first priority in the organization. Therefore all attention of involved organizations in the chain of transport were concentrated to accelerate the flow of basic commodities to consumption centers.

Port authorities perform all activities within port areas by direct employment. The number of non-professional and labor employees in ports were increased, while the number of experts remained the same or even decreased because port areas were too risky to live (war). The private sectors did not participate in the port activities. Most of decisions including the allocation of berths and ships to different ports were taken in the headquarter office. That is why port activities became highly centralized. The mission of ports were to function as a link between sea and land transport regardless of the cost which increased due to operational problems. Since all activities in port areas managed and controlled by the government, the economic function of seaports vanished. The Iranian ports became relatively expensive in the region, because there was no competition in Iranian ports. Most effort paid to cargo handling, thereby maritime safety administration functions were paid less attention. As a result training of maritime experts took second priority in the organization. Therefore organizational structure of Iranian maritime administration does not include following sections which are needed and necessary:
1. Strategic planning office
2. International marketing office
3. Marine legal office

Considering the problems which exist in the organizational structure of the maritime administration, the existing structure can not respond successfully to all responsibilities. Now with due regard to above problems and taking into account current maritime policy of the country, it is evident that major changes to the structure of the maritime administration of Iran is unavoidable.

5.3. OPERATION PROBLEMS

Maritime Administration concerns the whole spectrum of governmental activities with respect to shipping, it has different ministerial bodies which may exist with variety of objectives. From what the author has observed within his study at the World Maritime University and from studying the organizational structure of different maritime countries, the concept of maritime activities relates primarily to shipping as a transportation of goods and people by seagoing vessels. But the maritime administration in Iran is more closely concerned with the ports activities not directly involved in shipping. The national fleet, due to the critical situation of the country after the revolution, was operating as a transportation means under the Ministry of Commerce. In other words, since the revolution till 1990, the national fleet did not play any role in the international market. In order to describe the operational problems of Maritime Administration, the author

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20 Shipping line in Iran is under the responsibility of Ministry of Commerce which ports and shipping organization is operating under the Ministry of Road and Transportation.
has concentrated on two main organizations which have the 
most involvement in maritime activities of the country. The 
two organizations are: 
1. The Ports and Shipping Organization, which is the single 
legal maritime body of the country. It is the 
representative of the country in the International Maritime 
Organization (IMO). This organization is under the auspices 
of the Ministry of Roads and Transportation and deals with 
port activities and safe navigation, in general with all 
the activities concerning ports and shipping in non-oil 
commercial ports. 
2. The National Shipping Line (IRISL) is a national 
enterprise, wholly owned by the government. It is under the 
austrices of the Ministry of Commerce. This company owns 8 21 
cargo vessels with a total capacity of 2,337,744 DWT. There 
are other ministries such as the Ministry of Oil which is 
directly involved in carriage of oil and operating the oil 
terminals. Since the mentioned ministry is specialized in 
oil, it has its own special operation problems and in 
relation with this study's objectives has less involvement. 
Similarly the fishing organization which is under the 
Ministry of Jahad (Ministry of Reconstruction) is of lesser 
importance to this study.

1. Operational problems of the ports

The nature of port problems in Iran is very similar to 
port problems in other countries. Since they have the same 
goals to provide a fast, efficient, safe and economical 
flow of cargo and shipping activities. But, due to their

Passenger vessels, supply vessels and tanker are not 
included.
organizational charts, the means and the methods of achieving the goals vary from port to port. Here some of the important operational problems of Iranian ports which have negative influence on the economic function of ports as well as on the economy of the country are discussed following operational problems result in Iranian ports being considered as expensive ports compared to regional ports which provide better services to the ships and shippers.

- Gross capacity and Net Capacity of Iranian ports:

Before the Iran-Iraq War, imported cargo handling was concentrated in the southern ports of the country (ports of Koramshar, Abadan, Emmam, Boshehr and Abbas) with a total Gross capacity of 20 million ton/year. In the year 1977 the maximum quantity of 15.4 million tons of cargo was discharged through mentioned ports. The gross capacity of ports during the war was decreased to 14 million tons/year (only some ports were affected by war). Since then until 1982, three ports were constructed which increased the gross capacity of the active ports to 24.9 million ton/year. Looking at the table of cargo handling (Table 1) during the year 1987-1992 it is revealed that in 1991 the maximum quantity of 17 million tons of cargo was discharged which is much less than the gross capacity of the ports. During the first six months of the same year (1991) the amount paid as a demurrage was 22,023,569 $. Table 2 shows paid demurrage since 1987 until the first six months of 1991.

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\(^{22}\)Table 1 is taken from Payam-e-Darya Monthly Magazine published by National Fleet Company (IRISL) Number 11, Aug. 1993.

\(^{23}\)Table of Demurrage is taken from Ports and shipping Organization's publication 1991, Operational Department

78
1000 ton.

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<td></td>
<td>11,161</td>
<td>8,239</td>
<td>13,271</td>
<td>15,899</td>
<td>16,937</td>
<td>16,734</td>
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Table 1. Cargo handling through Iranian ports 1987-1992

It is also important to mention that between 1982 and 1993 the Gross Capacity of ports was increased to 29.35 million ton/year.

1000 $

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<td></td>
<td>8,234</td>
<td>45,682</td>
<td>68,544</td>
<td>70,600</td>
<td>22,024</td>
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Table 2. Demurrage paid 1987-June 1991

The factors involved in demurrage are as follows:

A) Delay in L/C (Letter of Credit)
B) Delay in loading
C) Waiting Time for Berth
D) Delay in discharging

Considering the above factors the last two (C & D) are concerned with port operational functions. Taking into account that the author had experience of more than five years as a General Director of one of the mentioned commercial ports, the following obstacles are identified to be the main reasons for the inefficiency of the port operations.

- Excessive use and wear in port equipment and its non-compliance with new technology
- Shortage of port equipment in accordance with nominal handling capacity of ports
- Shortage of inland transport means such as trucks for direct delivering and therefore high dwell time in port
area and warehouses
- Centralized decision making in head office for berth allocation which should be decided at port level
- High volume purchase of main commodities due to seasonal purchasing strategy, hence excessive traffic in port in those times and excessive pressure on port handling system
- Inefficiency of local stevedoring companies due to lack of good management and equipment
- Incoordination of ships arrival in port by ships agent
- Late approach of shippers or their agent for clearance and delivery of goods and necessary co-operation with other authorities such as standard office and sanitary office during office hours
- Lack of an EDI system for reducing paper work and dwell time in port
- Late arrival of necessary document with ships or shippers agent for on time clearance of goods
- Shortage of trained terminal operators and personnel in each terminal
- Shortage of open and closed storage area in some ports
- Constraint in water depths along side and in channel in some ports
- Bad weather condition in southern ports
- Shortage of auxiliary services for ships in ports for fuel, freshwater and supplies for ships

To be realistic about the problem of developing countries, assuming that capital input is available to run the system, it is not quite possible to prepare human resources (experts) needed to operate the system. It has been found that foreign experts are not the right answer to the problem of the developing countries. However, lack of qualified personnel is among the major problems of the organization. But, the author has identified other reasons
which exist in the organization which have to be reconsidered in order to eliminate the existing problems of the organization; specially those of operational problems since the replacement of old equipment for ports in accordance with designed handling capacity of ports has been started, there is a strong belief that following are the primary cause of operational problems of the Iranian ports.

A. Weakness in operational duties of ports is due to following:
   a) centralized decision making in the head office, when the executive duties should be carried in the ports
   b) Delegation of unrelated duties to port managers such as construction, dredging, and repairing
   c) shortage of experienced and trained personnel in cargo handling in southern ports
   d) incompatibility of the type of cargo handling equipment with cargo actually handled in the ports

B. Direct interference of other organizations in the executive duties of ports is due to following:
   a) weakness of port management in carrying out some of their duties
   b) unclear institutional authority of some of the operational duties of ports
   c) The maritime organization's policies are not harmonized with the overall maritime policy of the country

C. The present organizational charts of port operators are similar to that of the head office, which does not support the economic function of ports and it includes a variety of extra duties. This is due to;

81
a) The centralized system of the organization  
b) lack of private sectors due to lack of  
   competition in port activities  
c) unclear objectives of each port with regard to  
   their role in overall transportation and trade  
   policy of the country  

2. Ship's operational problems

   Operational problems of the shipping fleet are  
   identified as follows;  
   a) Mixed nationality crew on board the ships  
   b) Sub-standard vessels  
   c) Lack of qualified crew  
   d) Lack of retraining program for the crew  
   e) Using the annual leave (especially by native  
      crew) during the discharging and loading  

   Apart from the above, there is an important problem  
   which is the personal observation of the author during five  
   years of experience as a general director of one of the  
   commercial ports. It is severe organizational loyalty  
   (inward looking) among the two organizations (national  
   shipping line and ports and shipping organization)  
   personnel. The result of this attitude is a wide gap  
   between two mentioned organizations at all levels. The main  
   reason for this is the existence of the two organizations  
   in two different ministries, while it is revealed that  
   almost in all maritime developed countries, the mentioned  
   organizations are under the auspices of a single ministry.  

   It is understood that those problems (ports and ships  
   operational problems) can be identified all or partly in  
   other parts of the world. However, having the opportunity  
   to observe some efficient ports of developed maritime
countries, it is easy to identify the elements that may be needed to solve these problems. Of course there are other important factors and opportunities that can accelerate the success and efficiency of these ports. These includes geographical location, regional cooperation and proper infra-structure. But, since the attention has been concentrated on port operations, the following considerations may eliminate the operational problems of the Iranian ports.

a) Decentralization of the port management system
b) Promotional policies to stimulate private sector sharing in maritime activities
c) Identification of competitiveness issues in ports and better utilization of existing opportunities.
d) Establishment of EDI systems in commercial ports
e) Employment of experts
f) Development of land transportation in accordance with port gross capacity
CHAPTER 6

SUMMARY AND CONCLUSION

6.1. SUMMARY

I have already discussed some of the challenges and opportunities of the organizational structure of two developed maritime countries (Appendix A and B) in order to develop suggestions on the ways Iran maritime organization can successfully meet those challenges and continue to serve the needs of maritime industry. I have also studied some other maritime administration of developed countries (such as U.K, France and Denmark) to expand my overall views of understanding of the global maritime administration. Depending on the way of looking at the maritime industry by, there are variety of organizational structures in the maritime world. Since the maritime industry is considered to be an international activity, they generally have many similarities in their main organizational structure. Generally there is a single ministry responsible for the maritime administration of the country and there are other ministries which, in accordance with their principles are involved in the maritime industry of the country to serve the industry. It is certain that the successful operation of involved ministries is dependent upon the efficiency and organizational structure of the Maritime Administration (the ministry which directly is responsible For maritime activities and the making of policy). For a better understanding of various countries maritime administration structures, it is necessary to have
an overview of the maritime policy \(^{24}\) (shipping policy) of these countries.

Chapter two and three of this study examine the maritime administration of Iran and the ministries involved in the maritime industry of the country. Considering that the political and economical importance of each nation is reflected by its foreign trade, a belief is held that the existing maritime administration of the country is not capable of managing the maritime industry effectively and efficiently to meet international demand, internationally. The organizational structure of maritime administration and its institutional framework and duties were discussed in depth in chapter two, in order to illustrate the problems of the organizational structure in adjusting to the gradual development and changes of maritime industry. What is meant by gradual development from the author's point of view is the economical, social, political and technological development of the industry. Since IRAN's revolution until the war was ended, the defence aspect of the marine industry (shipping, port activities and oil industry) took the first priority in the maritime policy of the country. However after the war, the economical and social aspect of the industry became the essential priority to the maritime policy. The involved ministries (chapter 3) in the maritime industry are responsible to show the importance of maritime activities to the economy of the country, as well as to the daily life of people who live along the 3000 km. coastline. The traditional use of marine living resources is no longer economical (over all economic inflation) and at the same time may create hazard to the marine environment (over fishing). Fishing in Iran has to be industrialized. In

\(^{24}\)Maritime Policy Seminar's papers 1992, held in World Maritime University.
order to promote the fishing activity, the auxiliary facilities such as cold storage and ice factory have to be established. That is because from defence and social aspects of view, lodging of inhabitant along the coastline is essentially important.

Maritime policy of Iran before and after the revolution is reflected in chapter four. Studying the maritime policy of the country and considering the long term goals is one important part of this study. Sustainable development of the maritime industry in accordance with the overall policy of the country has been made an apparent part of the maritime policy of the country. Therefore, it is the aim of this study to examine the competence of existing organizational structure of the maritime administration in achieving the long term goals of this maritime policy. Looking at the existing maritime policy reveals that most was formulated to address certain specific internal issues, which in the past were burden to the economic development of the country and that external issues were not well considered perhaps blunting the implementation of such policies. In chapter six of this study, in order to accelerate the implementation of the maritime policy, suggestions and recommendations are offered.

Studying the historical background of Iran's maritime administration shows that for a lot of reasons, the gradual development of the organization, almost in all aspects (legal and institutional framework, maritime legislation, organizational structure, technology, human resources and management system) was too slow to challenge the internal expectation of the industry as well as to meet the international demands on the industry. In chapter 4, the organizational structure of Norway, Germany and Portugal
are discussed and compared. The idea is to identify their organizational structure strengths and the opportunities which may apply in the same way to the organizational structure of Iran in accordance with the maritime policy of the country. This may enable the maritime administration of Iran to implement the maritime policy of the country, to satisfy the need of the industry and to meet the challenges of international demand.

Since the positive elements and organizational structural strengths and opportunities of developed maritime countries (Norway and Germany) were identified, it is useful to consider the existing problems of the maritime administration of Iran in this context. Chapter 5 of this study identified and discussed the major legislative, operational and organizational structure problems of the maritime administration of the Iran. It is obvious if these problems continue to exist in the maritime administration of Iran, there will always be a contrast between the maritime policy of the country and the implementation of the policy. Therefore a weakness will remain in developing the industry just as there was before.

The last chapter of this study provides a conclusion which identifies the necessary changes of organizational structure of the maritime administration along with a proposal to effect improvements. The intent is to provide further improvements to the maritime administration which, in turn would automatically improve the quality of Iran's maritime activities both nationally and internationally. Since the maritime policy of country was drafted too generally, the need for recommendations and consideration of effective maritime policy is essential.
6.2- CONCLUSION

The word "Maritime", according to the Collins English Dictionary means "connected with seafaring, of the sea or shipping".\textsuperscript{25} In Iran the single body which is responsible for the institutional framework of the maritime administration is The Ports and Shipping Organization (chapter 2 addresses the responsibilities of the organization). This organization functions under the supervision and responsibility of the Ministry of Roads and Transportation, but the National Shipping Company is under the responsibility of the Ministry of Commerce. Therefore, in the first place the name "ports and shipping" does not make any sense, since the mentioned organization does not operate any ship itself and does not have any department to carry out such responsibilities — directly related to shipping( such as shipping department and marketing department).

With regard to the constitutional/statutory position of the Ports and Shipping Organization (chapter 2), it support the following idea that, in fact Ports and Shipping Organization in the first place was formed to manage and carry out all the responsibilities and the activities concerning ports, seafarer and shipping including the development of the maritime code. Although the responsibilities and authorization provide for PSO to manage merchant and shipping matters, the National Shipping Company attending to these functions is operating under a different ministry from that of PSO.

Logically shipping matters should be under the responsibility of the ministry which has direct ministerial

\textsuperscript{25}Collins Gem English Dictionary 1981, (Collins London and Glasgow)
responsibility for ports and other related organizations such as road, rail and air. In Iran the transportation organizations are dispersed in two ministries, thereby diluting the total responsibilities for maritime matters within the institutional framework of the maritime administration. This does not appear to include shipbuilding, shipping agencies and forwarders, but maritime administration of the country has to support those industries in order to guide them to play their part in the maritime industry. To support this idea there are numbers of developed maritime countries which presently have a single ministerial body that have direct responsibility for all shipping and port activities.

Looking at the matter from the shipper and consignee’s point of view, what is very important is safety of cargo during the transportation (sea, road, air), short time of transportation, less freight rate and less documentation work. This is why door-to-door transportation or multimodal transportation has been introduced. Multimodal transportation as a better transportation mode means more efficient international transport services are possible with more trading partners, more exports and more imports. This will help to keep internal prices down and raise gross domestic product which is an aim of the maritime policy of the country and of very much interest for the economy of the country. It is certain that since the objective of multimodal transportation is to provide a single document for all means of transportation, it requires single ministerial body to supervise, regulate and guide the chain of the transportation. In addition to the above, there is an international trend to place responsibility of chain of transportation in a single ministerial organization.

In a speech delivered in the Parliament by Mr. Saeidi-
Kia 26, the Ministry of Roads and Transportation he said, "The Ministry of Roads and Transportation as a transportation authority of the country has three main responsibilities.

1. Construction, Maintenance and Exploitation of transportation infra-structure such as Railways, Roads, Airports, Ports etc.
2. Planning for security of transportation means, such as cargo and passenger wagon, truck, bus, ship, aircraft, etc.
3. Policy making regarding coordination and harmonization of different transports sector of the country".

Virtually all of the above are the main responsibilities of the road and transportation ministry. But considering the fact that the shipping fleet is under the responsibilities of the ministry of commerce (all the chain of transportation in Iran is under the responsibilities of Ministry of Road and Transportation except for the shipping fleet), how successfully could the Ministry of Road and Transportation carry out these responsibilities and how well can the policy be implemented. The minister emphasizes that the main problem in transportation is "lack of coordination and cooperation among the transportation sectors and also lack of harmony in development and expansion of different sectors" of course the above problem relates specifically to the national shipping, since it is the only sector among the transportation sectors which, is separated from the Roads and Transportation Ministry. In addition to this, I think since both the organizations (National fleet and Ports and

26 Kayhan Havai Newspaper No 1009, page 25, 2-Dec-1992
Shipping Organization) individually are interested in the economical function of their activities, the above problem will remain except if both organizations are supervised by single ministerial organization and guided by a single developmental policy in accordance with the need of the industry.

The reason for choosing the one or the other ministry lies most probably in the general way of looking at the matter. In many countries traditionally transport has been regarded as the complex system of inland transportation modes which means road, railway and inland navigation which have been administered by the ministry of transport or communication, and maritime navigation and civil aviation have been administered by different ministries such as commerce. But those landward minded countries such as Germany have traditionally adopted a single ministry (ministry of transport) to administer the whole chain of transport (land and sea). However, by introduction of the importance of sea transport for the economy of the country and its important impact on political issues, lately countries, such as United Kingdom and United States of America have integrated their shipping administration to be part of the corresponding ministry responsible for land transportation. The same reason is applicable for Iran.

Considering the studying of the maritime administrations of developed countries (appendix A and B), the comparison of maritime administrations of Norway and Germany in chapter 4 and the problems of Maritime Administration of Iran which were discussed in chapter 5 and in the above argument, the integration of the National Shipping Company in the Ministry of Roads and Transportation is essential. It is possible that the following benefit will also be obtained.
a. A decrease in personnel of both organization should be possible, thereby decreasing the costs of the organizations and providing greater potential and opportunity for competitiveness in the market. Since both organizations have some similar activities such as construction, maintenance, repairing, supplying support services, overall staff size should decrease if the two organization operate under a single ministry. There is also a large shipping company staff that works in ports area, by implementation of an EDI system in the ports and by promoting private sector participation's in port activities, there is additional opportunity for staff size reductions

b. An increase in available maritime expertise within the Maritime Administration should be possible. The experts in shipping industry activities of Iran are now split in the two ministries. Since the intention is to integrate both the organizations under a single ministry, output can increase through a concentration of trained experts

c. Double investment will be avoided

d. More effective participation will be possible in the International Maritime Organization in order to adopt the safety and environmental standards of related conventions

e. Better cooperation and coordination should be possible between the two organizations

f. Less documentation works will be needed

g. Fast information transformation should be possible

h. Coordination and harmonization in development and expansion of transportation sectors should be facilitated

Among the problems of the organization's structure which were discussed in chapter 5, the weakness of the organization in implementing the safety standards in ports and internal waters was identified. The scientific and
technological development in the construction and operation of ships demands advanced technical and highly qualified marine personnel. Along with the strategy to achieve the desired national objectives through the maritime policy, there is the need to provide for maritime safety and the protection of the marine environment. The increasing world population and the decreasing world oil supply necessitates preserving marine living resources by protecting them from pollution and from other dangers. Increasingly the need of marine resources by mankind emphasizes that safety and environmental protection aspects of maritime activities need to be addressed in parallel with economic and commercial interests. Therefore, the statement was made by stats who it was of the World Maritime University (visiting professor) in 1992 that "it was questioned as to what extent are we prepared to spend on safety and how many are willing to do so?". It appears to depend on the impact of living and non-living resources on the economy of the country. For a nation in which a large number of people make their living from marine resources and the sea environment (hotels and beaches), it is required that both commercial and safety aspects are integrated in the shipping policy and that safety and environmental protection should be made a priority, reflected in the objectives of the maritime policy. If the state can influence the position of its fleet in the national economy and the international freight market, there is no reason why the state cannot influence its fleet in meeting global safety and environmental protection standards.

Although Iran has 3000 k.m. coast line which offers this country a natural contact with sea transportation and use of living resources, protection of marine environment is not well understood by the nation. In Iran safety
matters have not had the priorities that they deserve and concerned department have had to deal with many other matters. Whereas in most developed maritime nations, maritime safety is considered to be a major concern of the politicians and this is because there is a general awareness of the problem. Maritime safety duties and responsibilities in Iran are carried out by Deputy General Director of the Ports and Shipping Organization who is responsible for port operations and cargo handling at the same time. Since safety standards and regulations are designed to control and guide the operational departments, existence of a safety department and an operational department within a single element of an organization chart is a big mistake. This is because economical functions of ports and shipping operations are more attractive than the safety measures, thereby in the long term the safety department will be powerless. This is the main reason why marine affairs interests are powerless when compared to the operational department and why over the years marine affairs issues have not been developed or recognized. Since Iran is at an early stage of development, it is in a position to avail itself of the advantages of creating afresh pre-planned safety structures and effective functional approaches best suited to the country. It was emphasized that both the structure and the responsible staff of the existing maritime safety department have to be reorganized in accordance with global technological developments and the shipping development of the country. The organizational chart of the maritime safety department and the maritime code of Iran have since their formation, remained unchanged. The Maritime Safety Department in Iran is very highly centralized and does not have executive offices in the ports where the activities are supposed to
oversee. Since the maritime safety chart has been organized at a lower level of the organizational chart of the Maritime Administration, it is not quite possible to attract qualified expert personnel to work in this low level department. In other words, they are not being satisfied by their position. The other reason is that existing personnel have no direct access to top level management and they do not participate in the international meetings of their concern. Therefore, their output also is not so effective. Since there are not enough qualified personnel to study the provisions of those conventions which may directly concern the maritime activities of the country, it is natural that Iran is not party to many important conventions such as Marpol. In fact existence of high level of pollution in both the Persian Gulf and the Caspian Sea requires the set up of a regional committee to respond to the matter. This is necessary because pollution is mobile and the protection of the environment from pollution has become a global issue. The most efficient, effective and economical response to pollution matters is known to be regional cooperation which requires political agreement among the concerned countries. Therefore, it is certain that the existing safety department is not prepared to make appropriate political decisions and participate in regional meetings. This is why the author proposes that the maritime safety administration must have the same power and level as the operational deputy. What makes reorganizing of Maritime Safety Administration more significant is the need of the country for marine living and non-living resources to support and balance the economy of the country by substituting marine living resources for imported food products (meat). This is one way to terminate single commodity and replace it with multiple commodity
exports in line with maritime policy's long term goals. As far as international obligations are concerned maritime countries have three basic responsibilities.

a) A country has to ensure that ships flying its flag fully comply with the minimum standards prescribed in international safety conventions.

b) In order to achieve compliance with this status, maritime codes, etc. must suitably embody the basic requirements of the various conventions to enable the government to frame rules and regulations for the control of shipping services and ship safety.

c) To establish an organization which will implement and enforce the concerned rules and regulations to ensure the safety of life at sea and the protection of the marine environment.

In addition to the above the following are identified as a significant considerations which require effective and immediate response by the maritime administration of Iran.

1. Tremendous growth of the National Shipping fleet during the war (8,500,000 DWT)
2. High pollution of the Persian Gulf through the tanker war
3. High pollution of the Caspian Sea (closed water)
4. Construction of new off-shore oil installation in both the Persian Gulf and the Caspian Sea
5. Increases in export and import activities
6. Establishment of passenger shipping lines in the Persian Gulf and the Caspian Sea
7. Carriage of dangerous goods
8. The need for regional cooperation in pollution

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27 The United Nations Environment program for the protection and development of marine and coastal areas of regional seas and its action plan

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matters, and traffic management systems

9. Creation of new countries around the Caspian Sea which will increase the sea transportation

Considering the above mentioned issues the need for a reasonable and suitable chart for maritime safety activities is essential. Therefore, the maritime administration of Iran must establish a strong technical marine department to fulfill its national and international obligations and to identify the various statutory bodies needed to deal with maritime safety administration issues. Although it is essentially necessary to reorganize the existing Maritime Safety Department and also update the maritime code of the country, the author does not intent to introduce a new organizational chart for the Maritime Safety Department. Iranian colleagues 28 at the World Maritime University have previously completed a considerable work in this regard and suggested a framework for a Model of a Merchant Shipping Code intended to enable the organization to fulfill its national and international obligations more effectively. Therefore the author intends to conclude that 29, the operational activities and safety control have to be separated and reorganized in two new charts, each to be supervised under an individual Deputy General Director. By organizing the Maritime Safety Administration under an independent Deputy General Director, it will pave the way for adopting and implementing the work of Iranian colleagues in Maritime

28 Towards the promotion of the Maritime Safety Administration in Iran by SEYED REZA PAKZAD M.S.A. student 1992.

29 Operational Deputy General Director is responsible for both operational activities in the ports and safety and marine affairs.
Safety Administration's course. At the same time, since the economical functions of seaports are directed by current maritime policy, executive body with responsibility for port state control will be located within the organizational chart of the port. In chapters 2 and 3 of this study the maritime administration and other ministries which are directly involved with the maritime industry of the country were introduced. One of the reason for introducing those organizations was to make apparent the importance of the industry on the social life of the people and its impact on the economy of the country. As was revealed in chapter 2 and 3, the maritime industry of Iran is directed and managed by five different ministries which contain a large number of employees. Although before the revolution the political aspect of the industry was used by the government, the current maritime policy was formulated to achieve the economical goals of the industry rather than the political goals. Taking into consideration the political and economical importance of each nation is reflected by its foreign trade, the maritime industry and transportation have to play a significant role in the development of other industries. Since most of Iran's industries are dependent on the importing of raw materials and complementary goods, and the exporting of their

\[30\] Port Authority duties at the present time are complicated and include variety of different tasks, since the port authority is responsible for all activities in the port area and at the same time in internal waters. Considering the current maritime policy, the decentralization of the organization and commercial ports will take place. Therefore some economical functions of the ports will shift to the private sector and the port authority will likely assume the responsibility for port state control which at present does not exist.
products, transportation in general and sea transportation in particular is the key to their success. In chapter 4 of the study important maritime administration problems were identified which have to be corrected so that the industry can run efficiently. The idea is to adopt an organizational structure and institutional framework that will enable the industry to develop automatically in accordance with global possibilities and in line with the technological development of the industry. In chapter 4, it was also identified that existing maritime administration is too centralized and therefore seaports are not functioning economically which causes Iran's port to be a expensive ports in the region. Although Gross tonnage capacity of Iran's ports (29 million tons/year) is much higher than the net tonnage capacity of calling ships (17 million tons in 1991), during 1987-1991 (6 months of 1991) the amount of 255 Million US Dollars was paid for the delay of foreign ships as demurrage. This means that commercial ports of Iran are not functioning efficiently. Looking at the main structure of the Maritime Administration, reveals that the Council of Manager 31 is the highest authority within the executive body of the organization. It’s duties 32 are too general and routine. All the decisions and important changes in the organization are taken by the council manager, including decisions for policy making, international relationships and the development and expansion of the ports. It is certain that making right decision requires the right information. The information

31 Council of Manager consists of Managing Director of the Ports and Shipping Organization and Four Deputy General Directors of the Organization.

32 The duties of Council of Manager is given in chapter 2
has to concern internal and external factors such as political, economical, social and technological issues. Regional issues have to be taken into consideration. Reviewing of shipping policies, in order to identify elements leading to the development of competitive shipping service sectors is also essential. a continuous stream of technological advances has affected and continues to affect the world economy and existing organizational and social structures. the shipping industry is competitive and complicated. Therefore there is no question that if the council of manager is involved in the daily works of the organization it cannot deal with such important and complicated issues without having access to up to date information. It is essential that the information has to be prepared based on daily studying of the factors (social, economical, technological and political) which have direct and indirect influence on the organization and as well on the industry. Looking at the main structure of the organization, it is seen that, the staff who are to study and prepare such information for the consideration of higher authority are missing. The challenges and opportunities that are currently facing the society (industry) have to be studied and discussed. Decisions to successfully meet those challenges and to continue to serve the needs of the industry have to be made by a qualified staff who has direct access to the high authority of the organization. Therefore I conclude that:

1. In accordance with the maritime policy of country, and since there is a high competition in shipping and port activities, de-centralization of the organization has to take place in order to promote the economical function of the seaports and to pave the way for private sectors to become active in the shipping industry
2. The nucleus of ministerial activity has to be the definition of basic political guidelines, the preparation of law, the elaboration of statutory instruments, and supervising of the implementation of such instruments including activities of the executive branch of the administration.

3. To let the organization play the above role, it is essential to organize new departments. These Departments are as follows:

- Department of strategic planning and policy making
- Department of International/Regional relationships
- Department of law and legislation
- Department of studies of statistics and marketing

The Departments must contain qualified staff who are directly under the responsibility of the Managing Director of the Ports and Shipping Organization. Their task is to study policy.

This includes a study of the present situation of the industry, the changes in the world considering global demands, marketing to deal with development policy for the industry, strategic planning of the organization, international relationships with organizations such as IMO, ILO and UNCTAD, and the opportunities for Regional Cooperation.
6.3. PROPOSAL

Every organization has to be, and nearly always is a product of its environment in which it exists and operates. Changes in the environment (technological, social, economical and political changes) demands also changes in the organizational structure parallel to environment changes. The organizational restructure and integration to be proposed for Iran’s Maritime Administration in this study has to be politically acceptable, organizationally workable and able to co-exist within the overall framework of Iran’s administrative system. Current policy has been accepted as guiding principles within which the proposed organization would work. But, it has not in any way limited the proposal for organizational in changes or adoption of new policies once it is operational.

It is important to emphasis that the intention of this study is not to copy the organizational structure of any successful maritime country. The author believes that there is no perfect structure, since the environment in which the organization exists is changing and the changes needed in one country vary from those needed in other countries. Therefore even if there were a perfect model, it would not work perfectly in other countries. It is also important to emphasize that the elements which were considered in formulation the proposal strictly concentrated on:
- Overall policy of the country;
- Maritime policy of the country;
- Environmental changes in the country and regional considerations;
- Constitutional/statutory obligations of the organization;
- Maritime administration problems;
- The international trends which demand organizational;
These togetheer suggest a single ministerial body in which the organization can operate effectively and efficiently. What would emerge from the proposed organization, is a clear definition of responsibilities and tasks and thereby a strengthening of existing capabilities within each organization administratively to address this vital and dynamic industry in a more confident and professional manner. With regard to maritime policy of the country, it is certain that transportation has to be a significant instrument for achieving economic and social goals. This issue is highlighted especially by the way that sea transportation can contributd to achieving political, social and economical goals for the government.

As was mentioned before, all the transportation sectors in Iran at the present time are functioning under the Ministry of Roads and Transportation except for the National Shipping company. Considering the constitutional/statutory position of the maritime administration and the responsibilities and powers of the Ports and Shipping Organization, argues strongly for the National Shipping Company to function under the same ministry.

After the war the political situation was different and the need for protectionist measures disappeared. Since then the economic aspects of sea transportation became paramount. Therefore, to accentuate the economic functions of the shipping industry, the existing problems of the industry were identified. Current maritime policy (long term goals) were formulated to eliminate existing problems and at the same time to promote better utilization of the shipping industry and the maritime environment. Among the long term goals of the maritime policy, the following is the most significant.
- To centralize sea transportation activities in the Ministry of Road and Transportation. To satisfy the above goal of the maritime policy and in accordance with the constitutional/statutory position of maritime administration, it is certain that, following steps have to be taken:

FIRST STEP
A. The National Shipping Company must be integrated into the Ministry of Roads and Transportation in which the Managing Director of the National Shipping Company will be the Deputy to the Minister of Road and Transportation, the same as the Ports and Shipping Organization Managing Director. In other words, the two administrative units (National Shipping Company and Ports and Shipping Organization) should function as two different bodies, but coordinate effectively as needed for operations. The name Ministry of Road and Transportation could be renamed The Ministry of Transportation and the name Ports and Shipping Organization should be renamed Ports and Maritime Affairs. Chart 1 presents the proposed organizational structure with existing names and chart 2 presents the proposed organizational structure which has been renamed according to their responsibilities.

\[1\] Constitutional/statutory position of the Ports and Shipping Organization and its responsibilities are presented in chapter 2 of this study.
Chart 1. Proposed Organizational structure for the Ministry of Roads and Transportation
Chart 2. Proposed renamed organizational structure for the Ministry of Transportation
The Ministry of Transport has to have direct ministerial responsibility for shipping and port related matters and as well for the other elements in the chain of transportation. This does not appear to include shipbuilding, shipping agencies and forwarders.

B. With regard to Maritime Administration problems which were identified in chapter five, and taking into consideration the conclusion which is provided in chapter six of this study, the existing organizational structure of the ports and shipping organization (chart 3) has to be reorganized (chart 4) in a way that enables the organization to be strengthened, the weaknesses eliminated that were acquired during the eight years of war, and the organization to implement the responsibilities which are within its institutional framework while coping with international demands and factors of environmental changes in international trade. The proposed chart of the Ports and Shipping Organization renamed to the Ports and Maritime Affairs since shipping activities are specifically under the responsibility of the National Shipping Company.
Chart 3. The existing Organizational chart of the Ports and Shipping Organization
Chart 4. The proposed Organizational Chart of Ports and Maritime Affairs
Since there is a shortage of experts for staffs in the maritime industry and also to avoid double investment in the ports and shipping activities, the three departments namely;

1. Strategic Planning and Policy Making Dept
2. International Relationship Dept
3. Research and Study and Programming Dept

are to coordinate in a functional manner, commonly for the both organization (chart 5).

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CHART 5. COORDINATE DEPARTMENTS OF THE PSO & THE NATIONAL SHIPPING LINE.
Second step:

With regard to the maritime policy of country for the economic function of the maritime industry it has to be designed to achieve to maximize the output of sea transportation in order to increase the Gross National product. The adopted strategy to achieve such policy is to privatize the ports and shipping activities (long term goal of the maritime policy). Therefore, seaports have to be regarded as a gateway through which goods and passengers are transferred between ships and the shore. And in order to increase the economic function of the seaport, it is important that there be a demand for its services. To realize demand, it is essential that seaports provide sufficient and not expensive services to the shipper. Therefore according to Professor Richard Goss 34 "any improvement in the economic efficiency of the seaport will enhance economic welfare by increasing the producers' surplus for the originators of the goods being exported and consumer's surplus for the final consumers of the goods being imported. This must be so, because competition will pass it on to them. Obviously, these un-limit producers and consumers may be far inland and have little or no direct connection with the port". Therefore to accelerate the economic function of the seaports it is important to decrease the port costs. 35

34Professor Ricard Goss. University of Wales College of Cardiff.
Paper: The economic function of seaports; 1990.
Vol. 17, No 3. page 211

35Port costs generally is in three forms:
1. cargo-handling
2. ship's time in port
3. port dues

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The element which has been identified by the maritime policy of the country to decrease port costs is to use private sectors in the shipping industry to allow competition to take place. In this way there can be better services, more efficient and productivity in port activities as well in shipping activities should increase. The organizational structure (chart 2) which is proposed in the first step has to work for a five years period in which the government has to achieve following goals of the maritime policy.

1. Decentralization of the maritime industry
2. Implementation of the privatization of the ports and shipping activities
3. Increase in the public awareness about the benefits of the sea transportation
4. Participation of national fleet in international trade

After five years period and having achieved the mentioned goals, the shipping and the port activities have to organize in a single organization (chart 6) in order to accelerate the economic contribution of sea transportation. and Maritime administration (Maritime Safety Administration) will have a separate chart in order to regulate and guide the maritime industry (chart 6).
Chart 6. Proposed Organizational Chart for the Ministry of Transportation (after 5 years from the implementation of chart 2)
The author does believe that the proposed organizational chart (in two steps, chart 2 and chart 6) for the Maritime Administration will politically acceptable, organizationally workable and able to co-exist within the overall framework of the Iran’s Administrative system. And in the same time could automatically improve the quality of Iran’s maritime activities both nationally and internationally.
6.4. Considerations for the effective Maritime Policy of Iran

The considerations are based upon the current maritime policy of the country, since the current policy has been accepted as guiding principles for the development of the maritime industry. All the efforts have been made to ensure that the considerations are practical and in accordance with the capability of the maritime industry of the country. The considerations may be easily implemented by the proposed Maritime Administration (Ministry of Transport) and maritime organizations of the country. It has also been considered that the proposed organization is able to make changes or adopt new policy which may lead to an overall improvement in policy implementation and achievement.

Looking at the maritime policy of Iran (long term goals), it reveals that the goals are too generally defined. It is essential to identify the role of each maritime sector in relation to this policy. This is to enable the policy to be implemented and to meet the goals which have been targeted for a defined time. Therefore the author has come out with guidelines and considerations which show the direction of involved organizations to be adopted. The considerations are aimed to give more effective possibilities for the current maritime policy to achieve its goals for development of the industry.

Reflecting on the current maritime policy of the country presented in chapter 1, I would like from what I have learned during my study at the World Maritime University, my observations during field trips, to offer the following considerations for the better and more effective maritime policy to stimulate further development
of the maritime industry.

1. Considerations concerning the Maritime Administration (Ports and Shipping Organization)

A. The national legislation should be reconsidered and updated by adjusting the rules and procedures to comply with international conventions, ship technology, the situation and condition of the country which has adopted new post-war policy to carry out development programs in all maritime sectors.

B. Since marine living resources at present and in the future will play a significant role in supporting the economy of the country and due to rapid, evolutionary development in shipping along with great changes and advances in maritime technology, the need for maritime policy to include maritime safety and the marine environment is essential.

It is important to say that the Maritime Administration has to ensure that its fleet meets global safety and environmental protection standards. Therefore both commercial and safety aspects need to be integrated within the maritime policy of Iran and safety and environmental protection should made a priority and be reflected in the objectives of the policy.

C. The proposed maritime administration is to strengthen existing capabilities within each maritime organization and enable them to function in a more confident and professional manner. The proposed administration will be better equipped and structured to deal with an expanding industry. Therefore the presence of a maritime
institutional framework has to provide the guidelines and administrative services for the benefit and growth of the maritime industry in the desired direction. Lack of such an institution may hamper the growth of the maritime industry. Over regulation and highly controlling the industry must be avoided and free marketing has to be promoted by the administration.

D. Regarding prevention of marine pollution, the maritime administration has to increase the frequency of surveys, inspections and certifications of ships, particularly on tankers, gas carriers and ships carrying dangerous goods.

E. Although implementation of contingency plans for the combating of maritime major pollution is under the ministry of oil, the maritime administration is legally responsible for the protection of the marine environment from any kind of pollution. Therefore, it is significant for the Maritime Administration to establish a coordinating role and prepare the necessary elements of contingency plans to deal with marine pollution. The coordinating role has to ensure that all resources which are under Maritime Administration’s jurisdiction can brought into operation at any time.

F. In the formation of existing transportation strategic plan (medium term), the existing problems of the industry have been considered as a primary element. The need for reconsideration of the strategic plan is necessary. Therefore the environmental aspect of the trade (shipping) and regional elements have to be taken into consideration, so as to enable the industry to cope up with necessary changes in the industry and at the same time enable shipping to engage in international trade.
G. The participation of the Maritime Administration in the work of the International Maritime Organization's sessions and its committees has to be accelerated. Therefore formation of a permanent representative group of maritime experts is needed. The permanent representative staff has to be comprised of both organizations^3^6 representatives.

H. Since the economic function of the sea ports are included in the maritime policy of the country, the formulation of the port policy is essential. The port policy has to comprise the whole relationship of ports and governments and specifically has to clarify the following:

a. what are the economic functions of the ports  
b. what are the competitive elements which are existing in the port area  
c. what strategy should they adopt in the light of modern port technologies  
d. what activities have to be done by private sectors

I. One of the measures proposed to be adopted to better manage, regulate and conduct effective programs, in the maritime industry is through effective information resource management. That means the use of computer technology to collect, compile and disseminate information. The information resources and data required in the maritime industry is so vast that efficient management will depend to a crucial extent on up to date information being made available. The Maritime Administration has to establish the Repository and Distribution Center in order to collect and distribute the up to date information to the industry. Such information is to be used in formulating the policy and

^3^6Port and Shipping Organization and National Shipping Company
development programming of the industry.

J. In order to promote the port efficiency and avoid ship time in the port area, it is necessary to implement the Electronic Data Interchange System in the all commercial ports of the country. This system will prepare the organization to be able to adopt the Multimodal Transportation system in the future. Since the most significant problem of the industry is to produce a single documentation for the entire transportation chain, it is likely that this problem can be eliminated by the use of the computer in the maritime administration.

K. Regarding the current government policies for reducing the number of existing employees and labor involved in operational tasks of the ports, establishment of private sectors should be pursued instead. Therefore what can and should be done by the private sector should be identified and be privatized and, if necessary, subsidies provided as the first steps of establishment. The role of the National Bank in promoting private sectors to invest in the shipping industry is significant. This role has to be taken into consideration.

L. Since non-commercial ports are not within the interest of Ports and Shipping Organization, non-commercial ports (such as small fishing ports, ports for coastal trade) should be owned and supervised by municipalities concerned in order to meet local needs and to be in line with local changes and environment.
2. Considerations concerning the National Shipping Line.

A. Iranianization of the Seafarer (National fleet), is an idea that was developed during the Persian Gulf war when the foreign seafarer did not want to risk their life by navigating within the dangerous zone. In addition there are a communication problem on board and hard currency savings that can be realized. Although relevant organizations in the shipping industry have their own training centers, the development of the maritim industry in Iran and the technological development of the of the industry requires to establishment of Iran's Maritime and Transportation University. The university needs to be under the supervision and control of the Ministry of high education. The high council staff of the university should be comprised of Managing Directors of the Maritime and Transportation Organizations of the country.

B. National Shipping Line has to develop its container fleets in line with country's expanding economy which calls for more export of finished goods and import of light machinery and spare parts.

C. Since protectionist measures have been eliminated, the National Shipping Line has to enter international trade which is highly competitive. Therefore the National Shipping Line has to expand the organizational chart\textsuperscript{37} of the company, in order to meet the new challenges of the industry.

\textsuperscript{37}To establish International Marketing Department and make use of computer network in order to have access to the foreign shippers
D. National Shipping Line should develop a network of inland terminals at industrial and populated areas of the country, in order to provide full container load at the customer's door and relieve the customers from bringing back the empty containers to the southern ports.

E. As there is no active inland transport company in private sector of Iran, the National Shipping Line should provide a door-to-door transport package to the Iranian shippers in order to improve exports and imports of the country, as well as to reduce overall transportation costs of the goods for the shippers.

F. In order to meet new challenges of the region (new political development on the Northern border of Iran which led to creation of new land-locked countries and their need to have an economical route for their imports and exports from and to international markets), the National Shipping Line should provide a Multimodal Transport System from northern parts of the country through the southern ports to international markets. Considering the presence of the necessary infra-structure within the country especially the National Shipping Line's large fleet of different types of ships. It is very easy for National Shipping Line to provide such transportation.

G. Considering the age and size of the present general cargo fleet (multipurpose ships), it is necessary for the National Shipping Line to have a long term plan in which to substitute present old age and small size fleet with new proper, economical sized ships.
3. Consideration for shipbuilding industry of Iran.

A. Considering the very advanced technology in the shipbuilding industry, and since this industry is in its starting steps, Iran's shipbuilding industry should concentrate on repair activities. Since fishing vessels need lower technology and they are small in size, to satisfy the need of the country and as well the need of region, the shipbuilding industry should develop it activities in constructing fishing vessels, floating platforms and floating bridges.

B. To meet the new challenges in norther ports of Iran (fishing and oil industry activities) and new bordering countries in the north of the country, it is essential to establish shipbuilding factories in the north of the country.

C. Since most of the shipbuilding industry's needs are to be imported to the country, in order to make advantage of the free industrial zone of the Iran, it is essential to transfer the shipbuilding factory located in Busher city to the Free industrial zone.

4. Consideration for Regional Cooperation.

The Persian Gulf dominating approximately 3000 k.m. of sea border is one of the world's richest marine realms including shipping operations, marine industry, offshore production and exploration of oil, fishery and pearl fishing. In case the neighboring countries invest the necessary capital and unite all their efforts towards improvement of the shipping operations and marine
industries of this high sensitive area, this will, apart from improving economical/political relations, increase the rate of employment for the local people of this region; and create outstanding facilities for the mutual benefit of shipping operation and marine industry which will entirely transform the present situation of the area. Commercial Regional Cooperation, in spite of maximizing the common benefit and minimizing the risk, automatically creates a protectionist system in the case of outsider's interests. The good example of this is the European Economic Community (EEC). The Maritime Administration of Iran, specifically, the Ports and Shipping Organization, the National Shipping Line and the Ministry of Oil should pave the way to accelerate implementation of Regional Cooperation and coordination. The strategy which should be adopted by the Maritime Administration is to identify common areas of maritime policy objectives and work on a horizontal transfer of expertise and resources. Therefore any plan which may create hazards to the neighboring interests must be avoided.

The existing potential of regional cooperation, to be of benefit to all neighboring interests are identified as follows:

A. Formation of joint maritime educational centers for training of seagoing personnel and education of relevant marine experts such as pilots, loading masters, safety officers, divers and mercantile marine lawyers. these could cover the entire range of training requirements of the Persian Gulf area as well as requirements of the Caspian Sea.
B. Launching all efforts for the purpose of stabilizing prices and unifying as much as permissible the rates for supply of bunkers, freshwater, provisions, chartering and all related services.

C. Formation of joint marine banks to grant credits for investment in the Persian Gulf’s marine industry.

D. Establishment of classification societies with internationally approved standards.

E. Acceleration of the existing co-operation for the purpose of preventing pollution, dispersement of oil at sea, dredging waterways and on the whole effective and increased use of the joint salvage operations.

F. Convening seminars and conferences for the progress and development of maritime expertise and knowledge, and also exchange of ideas about maritime problems and as a whole a better unity and brotherhood between regional countries of the Persian Gulf as well as the Caspian Sea.

G. To create a regional rescue committee for the safety of life in the Persian Gulf (a Regional Strike Team). The operational manner of this committee should be based on the provisions of SOLAS Convention.

H. To create common regulations for the inspection of ships which are navigating within the regional ports.

I. To create regional committees for the implementation of an action plan for the protection and development of marine and coastal areas of the Persian Gulf (United Nations
Environmental Program).

J. Establishment of Vessel Traffic Systems (V.T.S.) among the ports of the regional countries.
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APPENDIX A

Organizational Structure of Maritime Administration of NORWAY

INTRODUCTION

Norway has a long coast-line, and traditionally, Norwegian people have been making their living from the sea.

The foundation of today's Norwegian merchant fleet were laid in the second half of the nineteenth century. After the Second World War the merchant fleet was rebuilt, and for many years, until the oil business took over, shipping was the most important source from which the society got its foreign currency, the merchant fleet still remains one the most important industries and the general political consensus has been that this should continue to be so.

The greater part of the Norwegian merchant fleet, more than 90 per cent, to be more accurate has traditionally been engaged in cross-trading, which is to say the ships carry goods between other countries than Norway. However there is a relatively large fleet transporting goods to and from Norway and carrying out

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1All informations are extracted and summerized from the paper which was provided by world maritime university during maritime administration seminar presented by deputy director general Aage Os oct 1992.
transport services along the Norwegian coast. This part of the fleet is meeting strong competition from foreign vessels as Norway has no restrictions on Cabotage.

The organization of the Norwegian Maritime Administration is very extensive and rather complicated in the sense that work is spread between various authorities.

1. Government System and Administrative Pattern

In order to provide a background for a description of the Norwegian Maritime Administration of today, it will be useful to outline the Norwegian system of government. The Norwegian constitution, which is from 1814, is based on the principle of a division of power between the executive, legislative and judicial branches; in other words, between the Administration, the National Assembly (parliament) and the Courts of law. The basis of the executive of power is found in the acts passed by the Storting (parliament). The Storting is elected every 4 year. The basis of the division of the government administration is found in section 12 of the constitution, which states that the head of state, i.e. the King, distributes the duties between the members of government "in such way he deems suitable". Today Norway has 19 cabinet ministers plus the Prime Minister and most of the ministers have functions related to the administration of maritime activities.

Until 1988, the general responsibility for maritime affairs was placed under the Ministry of trade and shipping. The most important task of this ministry was to look after the interests of the shipping industry on a national and international basis. In 1988 the ministry of foreign affairs and the ministry of trade and shipping
were merged to one ministry, just named the ministry of foreign affairs.

The general responsibility for the maritime transport industry and safety at sea is placed with the ministry of foreign affairs. The most important task of this ministry is to look after the interests of the shipping industry on a national and international basis. This means that the ministry is engaged in maintaining and improving the access to the market for Norwegian shipping services and also in attending to the interest of the persons who are employed in the shipping trade. This includes also maritime safety general. In 1989 the Ministry of Development Cooperation was swelled up by the Ministry of foreign affairs. The ministry has today three ministers. In principle they have equal status. The mechanisms which exist to co-ordinate the activities is a continuous co-operation between the authorities involved. This co-operation takes place through both informal and more formal channels, such as committees, boards and councils. As an example the government in 1992 established a group composed by representatives for the Ministers of Fisheries, Environment, Defence, police, foreign affairs and finance. The mandate is related to cost/efficiency in management of the Norwegian Coast and sea areas.

However, the greater part of co-operation and coordination takes place through more informal channels. Fortunately, Norway is a transparent society.

2. Ministry of Foreign Affairs and the Maritime Directorate

The major part of the legislation on which maritime administration of the Ministry of Foreign Affairs bases its activity, has been developed in the course of this
century. An important step was taken in 1903 when a special act relating to public control of the seaworthiness of ships was passed. This was a result of an increasing social concern for the safety of seafarers and also because shipowners found it in their interest to be considered capable of offering reliable transport by sea.

The most important Acts on which this Ministry bases its maritime administration are the following:
- The maritime Act, originally from 1893
- The seaworthiness Act, originally from 1903
- The seamen’s Act of 1985 and the Act relating to hours of work on board ships of 1977.

The two last Acts replaced earlier acts on the same issues. The Act relating to a Norwegian International Ship Register (NIS) is the last important acquisition to the administrative responsibilities.

The work in the field of responsibility of the ministry of foreign affairs is organized in such a way that several departments and offices are involved.

2.1. The Shipping Department and it’s Tasks

The shipping department has a general responsibility for the shipping industry, maritime safety and related matters. This department used to have 5 divisions. It has recently been reorganized and has now two sections. The department is headed by a Director General, a Deputy Director General and an Assistant Director General.

One section has main tasks related to the following: licensing export of ships, ship registration, licensing Norwegian Companies to enter ships in foreign registries, Maritime transport contingency planning, Administrative
issues, the affairs of the Maritime Directorate Relations with IMO, Relations with ILO concerning labour questions related to maritime transport, Maritime education, Norwegian maritime legislation, the social conditions of seafarers and their families, conditions of work on board ship, general questions regarding maritime safety and maritime administration.

The other section has main tasks related to the following: maritime transport policy as discussed in international organizations including OECD, UNCTAD and relations to the EEC. The UN conventions on a code of conduct for liner conferences, general shipping policy relations with OECD countries, general questions regarding protectionism and flags of convenience, access to the shipping markets of developing countries and state trading countries, shipping policy relations with the USA, Bilateral shipping agreements, protectionistic legislation and similar restrictions in other countries, commercial co-operation and other projects to develop the shipping industry of developing countries, general economic assessments of maritime transport and related activities, the economic and competitive strength of the Norwegian shipping industry, prospects of the shipping markets, long term programme assessments of the shipping industry.

Less than 30 persons, including the clerical staff work in the shipping department of the ministry but there is a large, subordinates, specialized Directorate which carries out the greater part of the work.

2.2. The Maritime Directorate

The maritime directorate with its external organization, the ship control, is authorized to exercise
the administration of measures to maintain and improve maritime safety standards. It is also exercising functions delegated to it by other ministries. This is the case for instance with matters related to maritime pollution from ships, which is the responsibility of the Ministry of Environment protection. Public control of ships was established by law in the beginning of this century and a state administration to deal with this matter was established at the same time.

The Directorate has a council made up of Representatives of Seafarers and shipowners and other institutions dealing with matters related to maritime affairs.

The basic institutions given to the maritime Directorates determine in principle the divisions of work between the directorates and the Ministry. In the instruction it is stated among other things the following:

"The following matters shall be submitted to the ministry:

a. Matters concerning budgets and legislation, international agreements and all matters which are to be put forward to the Government or the Storting.

b. Appointments and dismissal and other personnel matters which pursuant to the provisions in force, rest with the ministry.

c. Matters of principal character or general public interest."

The Norwegian Maritime Directorate with the ship control employs 342 persons. The maritime Directorate is organized in five departments.

1. legal/Administrative Department
2. Seamen's Department
3. Technical Department (in charge of hull, machinery and offshore)
4. Nautical Department (in charge of equipment, manning, qualifications and other operational matters)
5. Inspection Department (in charge of survey and inspection).

The ship control is organized in 6 districts with subordinate stations in several parts and has, in periods when necessary in addition surveyors located abroad. The tasks of the directorate's can be summarized as follows:
- Approval of new buildings, conversions and repairs of ships mobile platforms and other mobile offshore units
- Initial survey of ships, platforms and other mobile offshore units
- Annual, intermediate and periodical survey
- Issue of certificates
- Registration of ships
- Tonnage measurement
- Approval of equipment
- Control of qualifications and manning
- General questions in connection with the administration of the Seamen's Act.
- Articles of agreement and their content
- Provisions for the protection of young Seamen
- Medical examination for seamen, sick and injured seamen, deaths at sea
- The obligations of the state in connection with seamen's service conditions as regulated by Act or agreements
- Protection and environment work on board ship
- Signing on and mustering in Norway and abroad
- seamen's relations to military authorities
- control of working environment and occupational health
- Pollution prevention
- Accident prevention
- Investigation of accidents and violation of regulations
- participation in international activities related to safety
- Implementation of international conventions and agreements
- Development of complementary regulations
- Evaluation of new concepts and determinations of safety standards
- Initiating and participation research

Among the governmental agencies which co-operate with the Directorate, the most significant are:
- The Telecommunications Administration
- The Directorate of Public Health
- The Labour Inspection
- The state pollution control
- The petroleum Directorate

Of private and non-profit agencies, the classification societies are of significant importance because of their contribution to the control activities.

3. Other Ministries in dealing with other matters concerning Maritime Administration.

The situation today being that the Administrative responsibilities in maritime affairs is divided between several ministries which exist to coordinate the activities and is also a continuous co-operation between
the authorities involved. This co-operation takes place through both informal and more formal channels, such as committees, boards and councils.

These are other ministries which deal with other matters concerning maritime administration under the scope of those ministries. These Ministries are:

A. Ministry of Communication is responsible for general transport matters, including transport by sea in routes on the coast and by ferry.

B. Ministry of Industry is responsible for shipbuilding yards.

C. Ministry of Fisheries is responsible for fisheries matters, pilotage authorities, the lighthouse service and harbour matters.

D. Ministry of Education is responsible for maritime education.

E. Ministry of Finance is responsible for matters of taxation with regard to shipping and seafarers.

F. Ministry of Environment protection is responsible for oil pollution protection.

G. Ministry of Justice is responsible for the maritime rescue service and for commercial law aspects of maritime legislation.

H. Ministry of Local Government is responsible for most safety matters on permanent installations for the petroleum industry on the Norwegian Continental shelf, and also labour force questions are partly under this ministry.

I. Ministry of Defence is responsible for the coast guard, policing the economic zone.

J. Ministry of Social Affairs is responsible for a special pension scheme for seafarers.
K. Ministry of Agriculture is responsible for fish farming.
APPENDIX B

MARITIME ADMINISTRATION OF GERMANY

Introduction to Legal Aspect

Organization of governmental activities is basically dependent on the constitution of state and other legal instruments. The constitution normally sets out whether a given state is a centralized or a federal state. In the case of a federal state the constitution determines the relationship between the federal state and its member states. The rights of the federal government vis-a-vis the autonomy of the governments of member states. The constitution, a special law or a binding decision of the government - as the case may be will, for instance, also authorize for delegating certain parts of public administration to private legal entities and their control by state authorities.

The structure follows firstly the legal frame e.g. port and harbour administration within the competence of the federal or regional states administration - secondly the practical need and best available efficiency and thirdly - not to be underestimated - the traditions of a

1all the information is extracted and summarized from the paper which was provided by World Maritime University during maritime administration seminar presented by Dr W.H. Lampe president federal appeal board for maritime investigation former director, office of maritime law, Federal Ministry of Transport.
country.

1. Government system and Administrative pattern:

   The nucleus of ministerial activity is the definition of basic political guide lines, the preparations of law the elaboration of statutory instruments, and the supervising of the implementation of such instruments including activities of the executive branch of the administration Maritime Administration system in Germany is De-centralized administrative structures where as port administration in states with federal administrative structures is usually de-centralized, shipping is, to a very large extent, a matter for the federal government to administer.

2. Ministry of Transport

2.1. Maritime Transport Department

   The Maritime Transport Department have two major subdivision, namely "policy" and "operations" fig 1 shows the main ministerial tasks. As a rule-but not necessarily - each of these tasks is in the competence of a separate working unit. The graphic gives a rough survey of the maritime transport department of Germany's Federal Ministry of Transport. The entries in the various blocks just refer to the main fields of responsibility of each working unit in the block for the legal office, is written "legislation" and "conventions". That means representing the country at international conferences that discuss draft conventions, and when a new convention has emerged, to transfer it into national legislation. But that office is also competent for the legal interpretation of any statutory drafting
instrument drafting of regulations and related functions. Shipping policy matters fall into the responsibility of as many as four different offices below:

A. **Internal Office**: defines the basic principal of national shipping policy including ports and harbors.

B. **External Offices**: is seized with the shipping relations between the federal republic of Germany and other countries.

C. **Subsides Office**: deals with all matter related to the promotion of national shipping, that are mainly the subsides given to shipyards and shipowner to help them compete on the international market.

D. **Government Cargo Office**: which occupies itself with all aspects of the sea-borne transport of cargo in which the federal government is the shipper, like military goods or goods shipped on behalf of the government in case of actions to provide food and other means of help to distressed parts of the world - this function is the only direct government involvement in commercial shipping that otherwise is completely left to private shipping or companies.

The right-hand column of fig 1 shows all the field related to maritime safety and navigation, which comprise pilotage, seamen's affairs (including training and certification of seafarers), prevention of marine pollution, hydrography, and the whole complex of nautical matters ranging from "aids to navigation" via "search and rescue" to investigation into maritime casualties. Although the republic is a federal state, maritime affairs are predominantly under the jurisdiction of the federation. These functions are dealt with at the ministerial level of the federal administration, but have no executive branches of their own, because they fall under the
responsibility of the coastal states or they have been delegated by law to private or public corporations.

The offices which are being function by federation are: Legislation office, conventions office, internal and external policy offices, subsidies office, government's cargo office, navigation and telecommunication office, Aids to Navigation Land Radar office, Accident investigation office, Manning office, Environment protection office and Hydrography office. The offices which are being function partly by federal and partly by state are: Registration office, certification office, and police office.

The offices which are being function by states are: Ports and Harbour office and schools and Academies offices.

The offices which are being function by public corp. or societies are:
Safety of ship offices and pilotage office

The offices which are being functioned by private corp. or societies are:
Construction office and pleasure boating office, search and rescue office and on-board training office

By the federal constitution the states have autonomy for all matters of lower and higher civil education, consequently also for mariners. Certification is a federal matter, it includes in principle the examination but schools and academies hold their own examination upon the termination of a certain course.

The federal constitution has also placed generally the police - that is enforcement of the law under the jurisdiction of the states, it includes the waterway police. But custom police, border police and federal maritime police are matters of federation.

By German law the local courts include the
registration office for estates and commercial companies.

For the discharge of certain responsibilities in fields such as ship's construction, stability and load lines. The West German classification society equally a privately organized entity, is active on behalf of the central federal authority for the safety of vessels and also they do to a certain degree, SOLAS safety inspections as well.

Within their respective spheres of competence, the various office of the maritime transport department are also responsible for the representation of the country in the respective international organizations. The Federal Government - as normally all governments act in principle as a unit, that means that each of the ministries has to co-operate with those other ministries the functions of which are touched by its own work (fig 4). To complete the picture, (fig 5) shows an organizational chart of the entire Ministry of Transport. As it can be seen, the ministry consists of 8 departments which are self-explanatory and all these departments are co-operating with each other.

2.2. The Executive Authorities:

A very important criterion for any administrative organization is whether it's executive branches are made up on a local, original, or on a centralized basis. Making one's choice does, of course, depend on consideration of suitability as well as of the costs involved. It depends on factors of the nature of decisions to be taken. On whether a measure is of importance nation wide or refers only to a certain area, on facility needed or whether personnel has to be available in the region etc. Fig 6.
As it can be seen in (Fig 6) the structure of executive authorities is under the jurisdiction of the federal ministry of transport. As the Fig 6 shows there are 3 of them established as federal authorities, where as the other 4, framed in dotted lines show corporations on private associations to which some of them maintain local offices or stations that are directly subordinated, some others, indicated by a straight as well as a dotted line, are connected in addition to the regional authorities.

2.3. Higher Executive (Administration) Authorities:

The coastal area of the federal republic of Germany, including the estuaries of the big rivers and the territorial sea, as well as the Kiel Canal, is divided into two "Directorate" districts, on basically covering the north sea coast the other the baltic, including the Kiel canal (Fig 10). At the fields of responsibility of the Directorates there are two interesting features:

- firstly, the authority embraces not only public activities concerning shipping directly but also the infrastructure for navigation. Both kinds of tasks are in their very nature regional therefore, it is almost self-evident that they have been combined under one and the same authority. That means in turn that two of the ministry’s departments are in charge of the supervision.

- The second feature is the resemblance with the various single activities of the ministry, but apparently the executive side of them, namely the surveillance over the regional operations and the control or supervision of subordinated authorities. The single activities are self-explanatory.

The 11 offices of which are well distributed at the
rivers and the coast line. They are called waterways and shipping offices.

They follow up all the tasks that are derived from those, as indicated on fig 10 except those functions delegated to the special units. But also co-operating with them locally. The offices, for instance, operate lighthouses, land radar stations, dredgers, laying and repair of buoys and as the case may be, a full vessel's directing and reporting system.
Der deutsche Such- und Rettungsdienst auf See

Bundesminister für Verkehr (BMV) - Federal Ministry of Transport

Intern. Verträge – Vorsorge für den SAR-Dienst - International Conventions Governmental Care for SAR

Deutsche Gesellschaft zur Rettung Schiffbrüchiger (DGzRS) - German Society for the Rescue of Shipwrecked Sailors

Durchführung SAR-Dienst - Execution of SAR-Service

Seenotleitung (RCC) Bremen - National Rescue Co-ordination Center

Einsatzleitung und Koordinierung im Seenotfall - Mission Leader and Co-ordination in Distress at Sea

SAR-Einheiten der DGzRS Seenotkreuzer und Seenot-Rettungsboote - SAR-Units

Unterstützung im Seenotfall SAR-Einheiten der Bundeswehr - Support by Navy and Airforce Units
Ministry of Transport

Maritime Transport Department

Policy
- Legal:
  - Legislation
  - Conventions
    - Registration
  - Internal
  - External
  - Subsidies
- Government’s Cargo

Operations
- Safety:
  - Navigation, Cargo Telecommunication
    - Safety of Ship
    - Construction
  - Aids to Navigation
    - Land Radar
    - Pleasure Boating
  - Search and Rescue
  - Accident Investigation
    - Pilotage
- Seaman’s Affairs
  - Manning
    - Schools + Academies
    - On-Board-Training
    - Certificates
- Environment Protection
- Hydrography

Executive Authority:
- States ("Laender")
- partly federal
- Corporations or Societies
- partly private
Ministry of Transport

Maritime Transport Department

Policy
- Legal:
  - Legislation
  - Conventions
  - Registration
- Economics
- Foreign
- Finance
- Government’s Cargo

Operations
- Safety:
  - Navigation, Cargo
  - Telecommunication
  - Safety of Ship
  - Construction
  - Aids to Navigation
  - Land Radar
  - Pleasure Boating
  - Search and Rescue
  - Accident Investigation
  - Pilotage
- Seaman’s Affairs
  - Manning
  - Schools + Academies
  - On-Board Training
  - Certificates
- Environment Protection
- Hydrography
- Police

Co-operation with other Federal Ministries

→ Posts + Telecommunication
→ Labour
→ Environment
→ Research + Technology
→ Science
→ Interior
→ Finance (customs)
Ministry of Transport
Maritime Transport Department

- German Hydrographic Institute
  - Local Offices

- Federal Board of Tonnage Measurement

- Federal Appeal Board for Maritime Investigation
  - 4 Regional Boards
  - Local Surveyors

- Sea Accidents Insurance Corporation (Safety Department)
  - German Lloyd (Classification Society)

- Chamber of Pilotage
  - 6 Local Brotherhoods
  - 36 Stations

- Society for the Rescue of Shipwrecked Sailors (Search and Rescue)

- Agency for Training of Young Seamen (On-Board Training)

- German Yachting and Sailing Association (Licences)
  - Examination Committees

- [Subordinated only under Central authority]
- [Subordinated also under Regional authority]
APPENDIX C

MARITIME ADMINISTRATION OF PORTUGAL

Historical Background

For a long time the activity of the four marines - military, commerce, fishing and pleasure - had been directed by the same state department, the Ministry of the Navy. The organic of this ministry was based in the following principles:

a) to group in one general command of the navy all the services with military character;
b) to group in one General Directorate of the Marine all the services of non-military character and maritime fomentation.

In 1969, after the publication of the decree-law n. 49078 the organic structure of the Directorate was actualized and the name changed to General Directorate of the Maritime Fomentation Services. However, this diploma kept the attributions of this department of the Ministry of the Navy relatively to commerce, fishing and pleasure marines.

The new directorate had among others the following services:
- Directorate of the Merchant Marine;
- Ports captaincies;
- Maritime delegations;

\(^1\)All the information was extracted from publication of ministry of sea which was given to author during his job training to Portugal and translated to English.
- Maritime courts;
- Maritime police;
- Nautical school;
- Ratings school;

According to this diploma the Directorate of the Merchant Marine had as attributions all the affairs related with the commerce and fishing marines, specially those in connection with:

- Maritime inscription and registration of seafarers;
- Education of the personnel appointed to maritime inscription as well as matters related with the documents of habilitation of the same personnel;
- Justice and discipline;
- Inscription of shipowner and tutelage of the State over them;
- Maritime infractions, damages and maritime insurance;
- Registration of ships, names, nationalization and passports;
- Safety of navigation and floating material, inquiries over lost of vessels and surveys;
- Habitableness and allotment of ships;
- Study of naval construction problems, control of projects and construction;
- Marine reserve;

Meanwhile, was created the Merchant Marine Junta with the attribution of competence related with the economic exploitation of the sector, being also dependent of the Ministry of the Navy.

In 1972 was approved by the decree-law n. 265/72 of 31 of July the Capitancies General Regulation, which is
still today the fundamental diploma of the civilian maritime activities. It defines the maritime departments (partitions) (Ports Capitancies and Maritime delegations) as the external organs of the General Directorate of the Maritime Fomentation Services.

The same regulation establishes that this capitancies and maritime delegations are directed by Navy officers, designated Port Captains, who depend from the General Director of the Maritime Fomentation Services, in the exercise of functions concerning the organs of the Directorate General, except the Safety of Life at Sea Institute and Lighthouses Direction.

AFTER 1974

As a direct consequence of the transformation occurred in Portugal in 1974, but at the same time taking into account the transformations occurred in the developed countries of Europe and of the World, a number of legislative measures were taken with the objective to clarify the competent areas, as regards the civilian maritime activities.

The first measure was the creation of the Secretariat of State of the Merchant Marine, integrated in the Ministry of Social Equipment. After that, the decree-law n. 256/74 of 15 of June considered the urgent need of the definition of the conditions of transference of organs dependent from the old Ministry of the Navy and which activity is related with the Merchant Marine:

a) The Merchant Renovation Junta was integrated in the Secretariat of State of the Merchant Marine;

b) The following services were integrated in the Secretariat of State:
- Directorate of the Merchant Marine;
- Cabinet of Studies, with the exception of
  the functions of the Fishing Marine;
- Nautical and Ratings schools;
- Civil Naval Construction Technical Commission;
- National Commission for the study of problems
  of the Merchant Marine Personnel;
- National commission for Nuclear Vessels;
- Allotment Commission.

c) To the Secretariat of State were attributed
   all the functions that in the sector of safety
   of material had been the competency of the
   Direction of the Electricity and Communication
   Services and the Hydrographic Institute.

In the same diplomas was stated that the ports
capitancies and maritime delegations would keep the
functions of fistulization of safety of navigation
attributed to the Secretariat of State, acting as its
organs.

From the organic of the Secretariat of State:
- The Secretariat of State would be responsible for
  all the affairs of the merchant and pleasure marines;
- As regards safety of navigation was the competency
  of the Secretariat to establish rules regarding the
  acquisition, construction, modification and maintenance of
  the units of the merchant and pleasure marine fleets,
  promote the fistulization as well as to certify the
  observance of the safety conditions of navigation of the
  fleets and the transport of passengers and cargo.

- In the international plan was the competency of the
  Secretariat to ensure and coordinate the representation of
  the country in the international organs of scientific,
  economic and technical character, in the ambit of its
competency.

- To the General Directorate of the Commerce Marine competed among other attributions, the verification of the conditions of access and exercise of the commerce marine activity.

- To the General Inspectorate of Ships competed to prepare and execute the necessary regulation as regards safety of navigation, construction and maintenance of the merchant fleet, fistulization and certification of observance of conditions of safety of navigation of the fleets and transport of passengers and cargo.

- Established that the local organs of the Secretariat were the merchant marine delegations, which constituted the executive organs, for the jurisdiction that would be fixed through appropriate diplomas, from the directives and instructions coming from the entities and central organs, being also responsible for the fistulization of the law observance and regulations.

In the decree-law n. 873/74 from 31 of December, the structure, competence and work of the dependent organs of the Secretariat of State was established and is important to point out that:

- the attributions of the Directorate of Commerce Marine were the promotion of the development and the valorization of shipping, the increment of its efficiency and its contribution to the economic progress;

- were attributions of the General Directorate of Seamen all the affairs related with seafarers, crews of pleasure crafts as well as those of maritime inscripts. It was the work of this directorate to ensure the correct functioning of all the matters related with the security of personnel in the exercise of their activities, enrolment and allotment in the merchant and pleasure
marines;

- were attributions of the general Directorate of Nautical Studies all those regarding matters of nautical studies;

- were attributions of the General Inspection of Ships all those related with technical aspects of the material used on merchant and pleasure ships or with the safety of people and goods on board, being also involved in all the activity of production of the shipyards in construction and reparation, and all the matters of registration, property and tonnage measurement.

It was also stated that without prejudice of the competencies that would be established for the captaincies and maritime delegations, which were working as external organs of the Secretariat of State, the general directorates and the General Inspection of Ships exercise in the respective ambit of competence, the coordination of these external organs or others that may be created in substitution, which would execute the directives and instructions emanated from those superior organs.

THE SYSTEM OF MARITIME AUTHORITY

The decree-law n. 300/84 from 7 of September, defined the organic of the Maritime Authority System, and restrain the competencies of the Directorate General of Fomentation Services (renamed General Directorate of Marine) to the aspects of Maritime Safety (as regards maritime traffic, safety of life at sea and marine marking) and Safety of Life at Sea. It is the central organ of the system of maritime authority, which has the objective of the enforcement of the Law in the maritime spaces under national jurisdiction.
The ports captaincies were considered local organs of the maritime authority seemed dependent from the chiefs of the maritime departments of the Directorate General of Marine.

THE DIRECTORATES

In 1989, the decree-law 317/89 from 21 of September, extinguished the General Directorate of the Commerce Marine, the General Directorate of Seamen and Nautical Studies and the General Inspection of Ships, creating the General Directorate of Navigation and Shipping.

In 1991, following the creation of the new Ministry of the Sea, this directorate was integrated in it, being extinguished last year when was created the General Directorate of Ports, Navigation and Shipping. All the services of the General Directorate of Ports, and of the General Directorate of Navigation and Shipping were integrated in one department.

MINISTRY OF THE SEA

First of all, it is necessary to point out that according to the decree-law n. 154/92 from 25 of July, which defines the organic law of the Ministry of the Sea, the objectives of this governmental department are those of unity of the sector, better administration as well as the reduction of the administrative weight of the State. The intention is the creation of a organization and functional system capable to follow its objectives in the most simple way, without bureaucracy. In this aspect it is according to the decree positive the creation of the maritime administration as local services of the Ministry.
The attributions of the Ministry of the Sea are:
- to promote the legal and regulative frame of the activities of merchant and pleasure marine;
- to act in all affairs related to safety of floating material, navigation, safety of life at sea, and prevention of pollution;
- to promote the use of the sea, and the marine resources;
- to participate in the policy regarding the maritime coasts out of the jurisdiction of port authorities as well in the policy of defense and environmental protection of territorial waters and marine ecosystems;
- to promote the scientific technological investigation in the ambit of maritime policy;
- to promote the education as well as technical and professional formation in maritime and port activities;
- to promote and participate in all the initiatives connected with the protection of the cultural values related with the seas and oceans.

The organizational structure of the Ministry is shown in figure 1, so let us analyze the functions and competence department by department.

ORGANIZATIONAL STRUCTURE OF MINISTRY OF SEA:

The operation services of the Ministry are contributed by:
A- General Directorate of Ports, Navigation and Shipping;
B- General Directorate of Fishing;
C- Portuguese Institute of Maritime Investigation;
D- Nautical School;
E- Portuguese Fishing School;
F- Regional Maritime Administrations (North, Central and South regions);
G- Port Administrations (Douro and Leixoes, Lisbon, Setubal and Sesimbra, Sines);
H- National Pilotage Institute;
I- Port Work Institute;
J- Coordination, Administration and Technical control services are:
1. Secretariat General;
2. European Affairs Cabinet;
3. Maritime Transport Planning Commission;
   For the purpose of my study, I will only concentrate on:
   A- Directorate General of ports, shipping and navigation
   B- Regional Maritime Administration
   C- Port Administrations
   D- Other Ministries involved in Maritime Affairs.

DIRECTOR GENERAL OF PORTS, SHIPPING AND NAVIGATION

This is the Directorate which is mostly involved in matters of Maritime Safety Administration and the main functions of this directorate, are the adoption and application of national and international rules regarding:
- ports and terminals:
- shipping;
- safety of navigation;
- safety of life at sea;
- protection of the marine environment;
At the same time has the competence:
- to contribute in the formulation of the national shipping policy, execute the programs and adopt actions;
- to elaborate and propose rules and other instruments of sectorial interest and superintend the application;
- to promote the study, investigation and education in order to develop the sector and to create conditions of efficiency, competitiveness and development of the merchant marine and sectorial activities.
- to superintend all the affairs related to safety of the floating material, navigation and safety of life at sea;
- to superintend in the seafarers affairs, specially as regards planning, maritime inscription, professional education and certification except for the fishing sector.
- to participate in the work of international organizations, promote bilateral and multilateral relations;
- to ensure and control the process of authorization to the access and exercise of sectorial activities;
- to ensure the interconnection between the Administration and the maritime community;
- to study and propose the necessary rules to ensure a modern local organizational chart;
- to inscript and cancel shipowner and charterers;
- to organize and keep up to date the list of shipowner as well as economic agents;
- to organize and keep up to date the list of seafarers (merchant marine, local traffic, nautical sport personnel, etc...)
- to contribute for the management of human resources, taking into account the evolution of the fleet, the technical conditions, the recruitment, the organization on board, the education and the professional formation of seafarers.
The Ports, Shipping and Navigation Directorate consists of seven departments:

1- Department of Surveyor General

This department is responsible for the inspection of ships and maritime safety. The head of this department consists of five divisions:

a- Division of Registration and Coordination;
b- Division of Naval Construction;
c- Division of Navigation and Equipment;
d- Division of Radio Communication and Electronics;
e- Division of Engineering and Electronics;

The function of this department as a Maritime Safety Administration of the Ministry of Sea are:
- to organize and keep up to date the registration of merchant vessels and pleasure crafts;
- to attribute names to merchant vessels and issue the respective passports;
- to verify the tonnage and issue the tonnage certificates to the merchant vessels and pleasure crafts;
- to define the number of passengers the merchant vessels are allowed to transport with the exception of fishing vessels;

- to define safety, pollution prevention and ability requirements;
- to approve the technical specifications of the execution of projects and survey and certify the construction and modifications in the merchant vessels and pleasure crafts;
- to survey the merchant vessels and pleasure crafts
as regards, the safety conditions of the people and goods on board, prevention of pollution, conditions of ability on board, issue, reissue, keep or cancel the validity of international certificates, without prejudice of the competency of other entities, the standards demanded by national legislation and by applicable international conventions;

- to license the radio communication stations on board merchant vessels and pleasure crafts, attribute frequencies and identification of the vessel;

- to fix the safety role of crew of merchant vessels, with the exception of fishing vessels, and issue the respective certificates;

- to assist, without prejudice of the competencies of other entities, the investigation of accidents at sea and the violation of national legislation and of the applicable international conventions, as regards safety of navigation and safety of life at sea, protection of the marine environment and conditions of habitability on board;

- to inspect the vessels, as regards the safety conditions of people and goods on board, prevention of pollution at sea and conditions of habitability on board according to the national legislation, conventions and international agreements;

- to promote the realization of programs and safety campaigns, prevention of pollution and conditions of habitability on board the merchant vessels;

- to participate in the activity of IMO, ILO, IUTC, and the Committee of the Memorandum of Understanding on Port State Control, propose the adoption and support technically the process of ratification of conventions and
others coming from those organizations regarding safety conditions, prevention of pollution, habitability, license of radio communication stations on board merchant vessels and pleasure crafts.

2- **Department of Services of Seamen consists of two Divisions:**

   a- Professional Matters Division;
   b- Social Assistance Division;

   This department deals with the certification of Seafarers, Pleasure boats, Training, Certification Regulation, Welfare of Seafarers, Safety Regulation and First Aid concerning the Safety of Seafarers on board.

3- **Department of Shipping (Exploitation) consists of two Division:**

   a- Shipowner Registration Division
   b- Operational (Fleet) Division

   This department deals with the registration of Merchants, Shipowner, Pleasure Boats, Ship Agents, Forwarders, Collection of Information regarding the shipping rate, Cargoes, Import and Export.

4- **Department of Statistics and Studies consisting of two Divisions:**

   a- Static Divisions;
   b- studies Divisions;

   This department deals with Commercial and Marketing
Research, Statistics of Cargo movement, and Analysis of the collected information in order to prepare proposal for Maritime Policy considerations.

5- **Department of Legal and International Relation:**

This department is consists of two Divisions:

- a- Legal Division;
- b- International Division;

This department deals with legal aspect of transportation, EEC matters, UNCTAD and IMO.

6- **Department of General Administration:**

It is responsible for Personnel and their Salaries and Financing of the Directorate needs. This department is consists of two Divisions:

- a- Personnel Management Division;
- b- Financial Division;

7- **Department of Information and Documentation:**

This department collects all the information concerning Shipping, Marketing, Safety and Pollution. The collected information is organized and saved in computer for necessary needs. This department manage a library which contains different books, journal and publications concerning the all aspect of maritime and marine matters. Other bodies of the General Directorate are:

- Consultant Committee;
- Administration Committee;
- Planning and Studies Cabinet;

The chart of General Directorate of Ports, Shipping
and Navigation is shown in Figure (P.M.A.2)

B- Regional Maritime Administration:

Portugal owns six Non-Commercial Ports which are engaged in domestic cargo transportation and fishing industry. Each of these six ports consist of some small ports which are mostly fishing ports. With regard to the geographical location, non commercial ports had been organized in three regions:

- North Ports Administration.
- Central Ports Administration.
- South Ports Administration.

The three regions are being administrated under the Regional Maritime Administration. Regional maritime administration was used to be under the direct responsibility of the Ministers. But later it has been integrated to operate under the Directorate General of Ports, Navigation and Transportation. The some of 800 employees are working in central office as well in the ports. Personnel salary and general maintenance of ports are financed by ports income. But the development and expanding of the ports, are supported by the Ministry.

Regional maritime administration consists of 5 five departments. And each department has two divisions.

C- Port Administration of

- Douro and Leixoes
- Lisbon
- Setubal and sesimora
- Sines

Portugal has four major commercial ports, which are engaged in international trade. Each port has individual administrative body which operates under the
responsibility of the port authority. The port authorities of the four commercial ports are directly under the minister of the sea.

For a better understanding of the port administration structure it is useful to introduce one of them

**Port Administrative of Lisbon:**

The port of Lisbon plays a fundamental role in the portuguese economy. Almost 30% of the sea foreign trade goes through the port of Lisbon. And it has autonomous management system. The activity of the port occupies an area of 980,000 m².

Almost all the public docks are situated on the North bank, the two warehouses, the two container terminals, the santos cargo terminal, and certain important specialized installations such as oil terminal, the pontoon for chemical products, the passenger docks and the two Ro-Ro terminal. There are large installations for solid and liquid bulks on the south bank together with terminals for chemical products, fertilizers, ore, naval shipyards.

**AUTHORITIES IN THE PORTS:**

The body which exercises direct and autonomous control of the port is the authority of the port of Lisbon, together with the captaincy of the port of Lisbon, the Lisbon customs house and the Lisbon Health Station, which are described respectively as the port authority, the maritime authority, the customs authority and the Health authorities.

Each one of the bodies indicated in the previous number exercise their functions in the area and in the
scope of the duties attributed to them by law, and are
duty bound to render mutual collaboration.

COMPETENCE OF THE PORT AUTHORITY:

1- The port authority is responsible for the
administration of the river and maritime areas, the land
areas which are publicly owned and which have been or come
to be attributed to them, together with the operation and
supervision of all services connected with the economic
operation of the port and the collection of the respective
charges.

2- The economic operation of the port is understood
to be that series of activities that are exercised therein
for commercial or industrial purposes, or the supply of
services.

3- Regardless of the competence attributed by law to
other bodies, supervision is understood to be all those
acts that are designed to permit, coordinate, supervise
and regulate the activities within the area of the
jurisdiction of the port authority namely:

a- maritime and land works
b- floating and land equipment
c- port installations and infrastructures in both
the public and the private sector.
d- licensing and franchising of activities.
e- use of buildings, installations, sites,
earthwork, quays, pontoons, the river bed and
the river banks for vessels, goods, passengers
and bodies connected in any case to port
activity.
f- collection of the respective charges for any
activities or services rendered.
D- OTHER MINISTRIES INVOLVED IN MARITIME AFFAIRS:

1- Ministry of Defense.

The ministry of defense has the highest involvement in maritime affairs of the portugal as follows:
   a- General directorate of marine which is responsible for the:
      - pollution prevention;
      - port state control;
      - contingency planning;
      - Registration of seafarers;
      - ship inspection and registration (partly);
      - Maritime policy (partly);
      - Fistulization of jurisdictional waters;
   b- Institute for search and rescue which is responsible for all the aspects related to maritime salvage and safety of life at sea.
   c- Directorate for Lighthouses:
      The responsibility of the directorate are those of personnel training and recruitment as well as equipment and manning as per IALA regulations.

2- MINISTRY OF ENVIRONMENT:

   It has the responsibility of the affairs related with the preservation of marine environment, prevention and pollution combat and protection of the coasts.

3- MINISTRY OF FOREIGN AFFAIRS:

   In the maritime aspects this ministry is in charge of the relationship with IMO through the National Commission
for IMO.

4- MINISTRY OF WORK:

This ministry is in charge of the relationship with ILO, relation and conditions of work, collective bargaining and agreements and disputes on collective work agreements questions.

5- MINISTRY OF INDUSTRY:

Supervision of shipbuilding and ship-repair industries.

6- MINISTRY OF JUSTICE:

Responsibility in the second registry – MAR.