

**SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
ENHANCING ECONOMIC COLLABORATION
IN THE NEW NORMAL**

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Introductory Note

The Chairman and Directors of the Namibian Ports Authority
Mr. Rory Doyle, Managing Director of Transport Events
Management and his esteemed staff
The Moderator, Mr. Marc Assaf, Chief Human Resources,
Development Section, UNCTAD
Distinguished Panellists worldwide
Port Stakeholders and Participants
Dear Delegates

Introductory Note

At the very outset of my intervention, I would like to convey to the Chairman and the Directors of the Namibian Ports Authority my warmest congratulations for hosting this Conference in order to address topical issues and challenges facing the port community within the SADC region.

I would fail in my duty, if I did not commend the excellent contribution of Transport Events Management in the realisation of this Conference.

Mauritius is a member of the Southern African Development Community and, of course a member of the African Union since their inception.

Undoubtedly, there have been various summits held among heads of member states of these regional platforms who have given their green light to the implementation of several actions plans pertaining inter alia to maritime security and safety, intra-trade relationship among member countries as well as the improvement of capacity building of ports in the region in a bid to respond to the growing sea trade challenges such as the mitigation and adaptation measures to face the impact of climate change on the sustainability of ports development.

Introductory Note

The Economic Development Board as the investment arm of the Mauritian Government, has taken bold measures to sustain the promotion of the African strategy as one of the main catalysts to unlock economic growth for our local economy resulting in multiplying positive effects on the commercial aspects within the region.

So, massive capital investments have been mainly made over the last five years by the central government through the MPA, other parastatal bodies and private promoters in the logistics and supply chain sector.

Just to mention a few, new state of the art port installations have been constructed to revamp the containerisation activities at Port Louis Harbour and the creation of the Riche Terre Logistics Industrial Park near the port area to give a new competitive edge to boost up sea trade within the region.

Introductory Note

Dear valued policy makers, the economic potentials are here.

We just need to create new synergies and establish a new road map so as to tap the enormous opportunities emanating from this redefined global geo-strategic economic perspectives.

Ladies and gentlemen, you will, during the delivery of my presentation, take cognizance of the vision of Port Louis Harbour to become one of the preferred maritime gateways to Africa. **Simply, the Future Hub!**

Ultimately, our port investment strategies are likely to contribute in the enhancement of sea trade activities in SADC.

Introductory Note

Here are some focal points, which in my humble opinion, require our immediate attention in the attainment of the objectives of this present webinar to enhance economic collaboration within the members of the SADC:

- ▶ The commissioning of a comprehensive Port Master Plan for the SADC region.
- ▶ The creation of a Maritime and Port Academy within the SADC.
- ▶ The creation of a proper investment common mechanism or SPVs for funding of ambitious port development projects.
- ▶ The creation of a common digital platform to accelerate and revamp online trade activities among the port stakeholders and the port & maritime industry in the SADC region.
- ▶ The establishment of a robust plan of actions to support the adaptation and mitigation programmes to face the growing threats of climate change.
- ▶ The creation of an African maritime shipping services company as a supplementary support to boost up intra trade relationships among member states of the SADC.
- ▶ To formulation of a common policy on how to contain the effects of any pandemic or epidemic on port trade traffic.
- ▶ The creation of a cruise development strategy for Africa.

MPA building on its resilience

To say this year has not been a normal year would be an understatement. I would tend to agree that there has not been a normal year for shipping and ports worldwide especially in Africa for quite a few years.

Despite the challenges, the MPA is managing the COVID-19 impact in the face of external shocks with some key strengths, which should help it weather the worst of the storm.

In line with the economic recovery plan of the Government, the MPA is gearing itself to explore all opportunities to bounce back as a vibrant port-centric logistics cluster with the committed support of the port community at large.

The MPA is navigating the New Normal and is building its resilience through its continuous port development programmes and projects, which I am going to show in the following slides.

Consolidating the seafood sector

- ▶ The MPA is playing an important part in consolidating the seafood sector by helping to attract investors and creating additional employment in that sector. Seafood activities have significant potential for growth and development, particularly considering that available port infrastructure is generally sufficient to support further growth.
- ▶ Port Louis Harbour has modern logistics facilities including state-of-the-art cold rooms and processing units as well as fishing quays and other port related services. There is a window of opportunity to reposition Port Louis as a new frontier for seafood development projects through more flexible and attractive public private partnership programmes.

Fishing Port at Fort William



- ▶ To further consolidate the fishing sector, the MPA intends to construct two breakwaters, one at the north of Fort William and another at Caudan Basin and a quay of 50 metres.
- ▶ Land reclamation of about 10 ha.
- ▶ 300 metres of shore line will be reserved for the development of fishing berth by the private promoters.
- ▶ Works are intended to start in September 2021 and will be completed by⁹ mid June 2023.

Bunkering and Petroleum Hub

- ▶ The MPA is playing a vital role in the setting up of a dynamic bunkering platform, which will enable the supply of bunker fuel to vessels plying on the Africa-Asia maritime route.
- ▶ Mauritius is committed to become a strategic bunkering hub with the confluence of exogenous factors such as booming south-south trade and Africa catching up rapidly and enjoying a strategic position along the south-south maritime corridor.

Bunkering and Petroleum Hub

- ▶ MPA is granting generous incentives to vessels calling for Bunker at anchorage (50 % discount on all port charges).
- ▶ 2775 vessels called to the port and 2065 vessels took bunker in 2020. A total of 640,000 MT of bunker fuel has been supplied.
- ▶ 5 barges of different sizes are presently operating at Port Louis Harbour.
- ▶ Two additional bunker barges will shortly join the present fleet to boost up growth of this segment.
- ▶ For the long term, an area has been earmarked at Fort William to accommodate additional tankage facilities including LNG storage facilities for local use and bunkering.

Cruise Terminal Building

- ▶ In 2018/19 cruise season, Port Louis received 45 cruise vessel calls and 61,759 passengers
- ▶ Cruise Terminal Building to accommodate both cruise and inter-island passengers.
- ▶ The contract for Consultancy Services has been awarded to Messrs Bermello Adjamil (USA).
- ▶ The contract for the construction of the Cruise Terminal Building was awarded in August 2019. The project cost is Rs 800 million.
- ▶ The project was expected to be completed by first quarter of 2022.
- ▶ The implementation of the works have been delayed due to the COVID 19 and is now expected to be completed by early next year.
- ▶ Cruise traffic decreased from 59,556 PAX in 2019 to 30,557 in 2020. For 2021 no cruise vessel is expected.
- ▶ The cruise traffic will most probably start to pick up as from the 2022 season.

An artist impression of the Cruise Terminal Building at Port Louis Harbour



Breakwater and Island Container Terminal

- ▶ Construction of an island terminal will be the centrepiece of Port Louis's bid for regional container status. Launched by the MPA, this bold development project which includes dredging and land reclamation works, the construction of a breakwater, will accommodate three dedicated container berths and the purchase of additional container handling equipment. This construction programme comes with the reassuring stamp of approval of the government.
- ▶ With this facility, Port Louis will be a premier regional hub port with a combined capacity of some 2.6 million TEUs together with Mauritius Container Terminal (MCT). According to container traffic forecasts, the above major port infrastructure would ensure the viability of the port well beyond 2030.
- ▶ It is anticipated that the construction of the two-kilometre long breakwater will positively impact on port operations that are currently affected by large swells. In addition, the construction of the breakwater which will create a tranquil basin at the harbour will significantly reduce our vulnerability against climate change.

Breakwater and Island Container Terminal

- ▶ With a planned draft of 18 metres, dredging will ensure that the navigation channel is accessible to the latest generation of container vessels, while the construction of three container berths will provide a total quay length of 1.2 km with the ability to accommodate 400-metre vessels. The new container berths will also see the construction of quay walls, additional buildings and ancillary utility services. Land reclamation will provide an additional land area of 50 hectares that can be used for the container terminal as well as other identified projects. The MCT will be linked to the Island Terminal by a bridge of about 800 metres.
- ▶ Thanks to this mega project, productivity levels will be enhanced and will be complemented by new and efficient hardware. Port employees will be given thorough training in all aspects of the operation of the new terminal and state-of-the-art cargo handling equipment. The resulting combination of hardware and software is expected to give MPA the necessary impetus to drive Mauritius as the preferred maritime gateway.

Breakwater and Island Container Terminal

- ▶ The Techno-Economic study was completed in April 2019 by Messrs Royal Haskoning.
- ▶ The total cost of the project has been estimated at USD 835 million whereas the cost of the breakwater and dredging works only has been estimated at USD 352 million.
- ▶ The market assessment was launched in 2019 and subsequently the Information Memorandum was issued to 71 parties. Out of 17 responses received, 5 contained interesting proposals, namely from Yilport, Bollore, TIL, Eiffage and Adani.
- ▶ Discussions are currently underway with government to decide on the best financial and institutional option for the implementation of the project.

Port Louis's Maritime Single Window System to improve port efficiency

- ▶ International trade is still truly the engine of the global economy. Its growth follows the trends of economic indicators. Behind this quasi-linear alignment, there is a thorough change giving an increasingly predominant role to emerging economies.
- ▶ Since April 2019, the Facilitation of Maritime Traffic (FAL) Convention under the aegis of the IMO makes it mandatory for ships and ports to exchange FAL data electronically and encourages the use of the so-called “single window” concept, in which all the agencies and authorities involved exchange data via a single point of contact.
- ▶ The concept of Maritime Single Window at Port Louis finds its importance in the search for optimization of the port and maritime logistics and formalities.

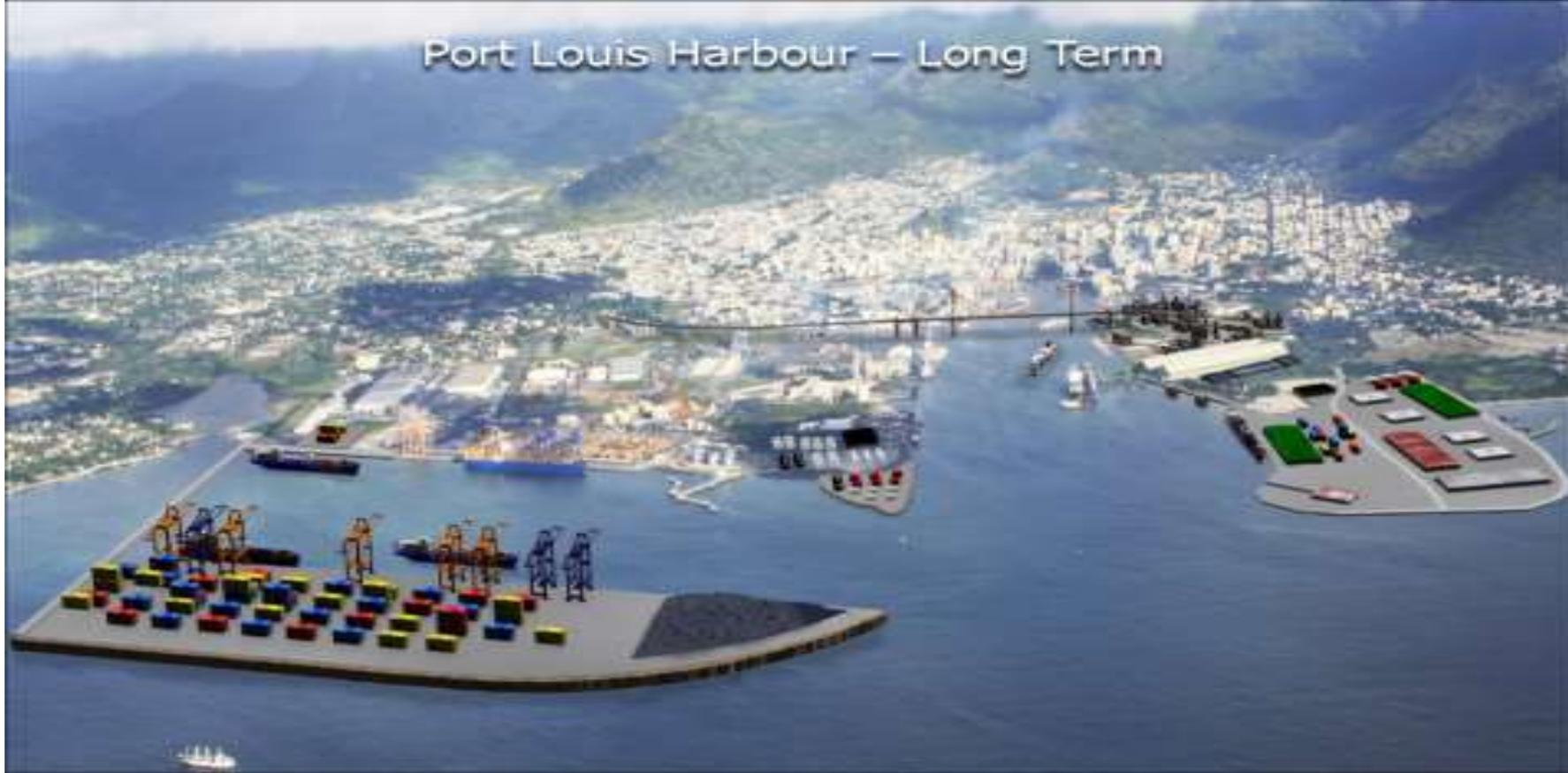
Digital Port Industry Platform

- ▶ The MPA retained the services of Vistacom Communication Limited to launch a Digital Port Industry Platform equipped with interactive features. This Platform would boost opportunities for the port and business community while transforming the port industry with enhanced communication services.
- ▶ In addition, this Digital Platform would no doubt unfold new opportunities fostering the visibility, audibility, readability, connectivity, interactivity and interoperability of Port Louis Harbour.
- ▶ This Project would revolutionise the port, shipping and maritime sector in Mauritius and in the region. It would be an excellent gateway to promote the flow of information and enhance operational efficiency among the various port stakeholders thus creating opportunities to improve productivity, performance, growth and profitability.
- ▶ This Platform would serve as an effective communication tool highlighting amongst others, the current development initiatives and potential investment opportunities in the port sector, and would no doubt be a “Value Resource” to port users, international agencies and businessmen, both local and foreign.

Heralding the Green Port Initiative

- ▶ Recognising the importance to reduce or neutralise the negative impact of port operations on the environment and the surrounding port community, the MPA is gearing itself to adopt measures under the green port concept.
- ▶ African ports must embark on the Green Port initiative demonstrating their capacity to involve all development sectors by contributing to a regional framework for a resilient development and particularly to continue to develop innovative proposals to make low-carbon development a reality.

Port Louis Harbour - the future hub



Navigating the New Normal in the Southern African Development Community

- ▶ The most important question is. Do ports need to sustain new practices in the long term or revert to the traditional approaches after the COVID-19 crisis?
- ▶ Our prediction is that our ports must adapt to the New Normal.
- ▶ Given the unexpected disruptions in the economy, marketplace, supply chain, and customer requirements in the near and long term, only port authorities and shipping companies that can respond to such disruptions with agility, are likely to grow and thrive. The more so, port authorities and shipping companies will be able to reverse the tendency of the downfall of trade traffic in certain ports.

Challenges facing African ports

- ▶ Even before the global COVID-19 crisis, ports authorities worldwide were under pressure to increase efficiencies, reduce environmental impacts and enhance their facilities' security. However, the pandemic has now made the effective functioning of ports a matter of national security.
- ▶ With rapid and more accessible technological advances and innovation has come the development of smart ports. A smart port is one that uses automation and new technologies such as artificial intelligence, big data, internet of things and block chain to improve its performance.

What is holding back our sea trade success?

- The primary challenges shared by most African ports are long cargo clearance times, under-developed basic port and hinterland infrastructure, usage of outdated equipment, low levels of automation in container handling.

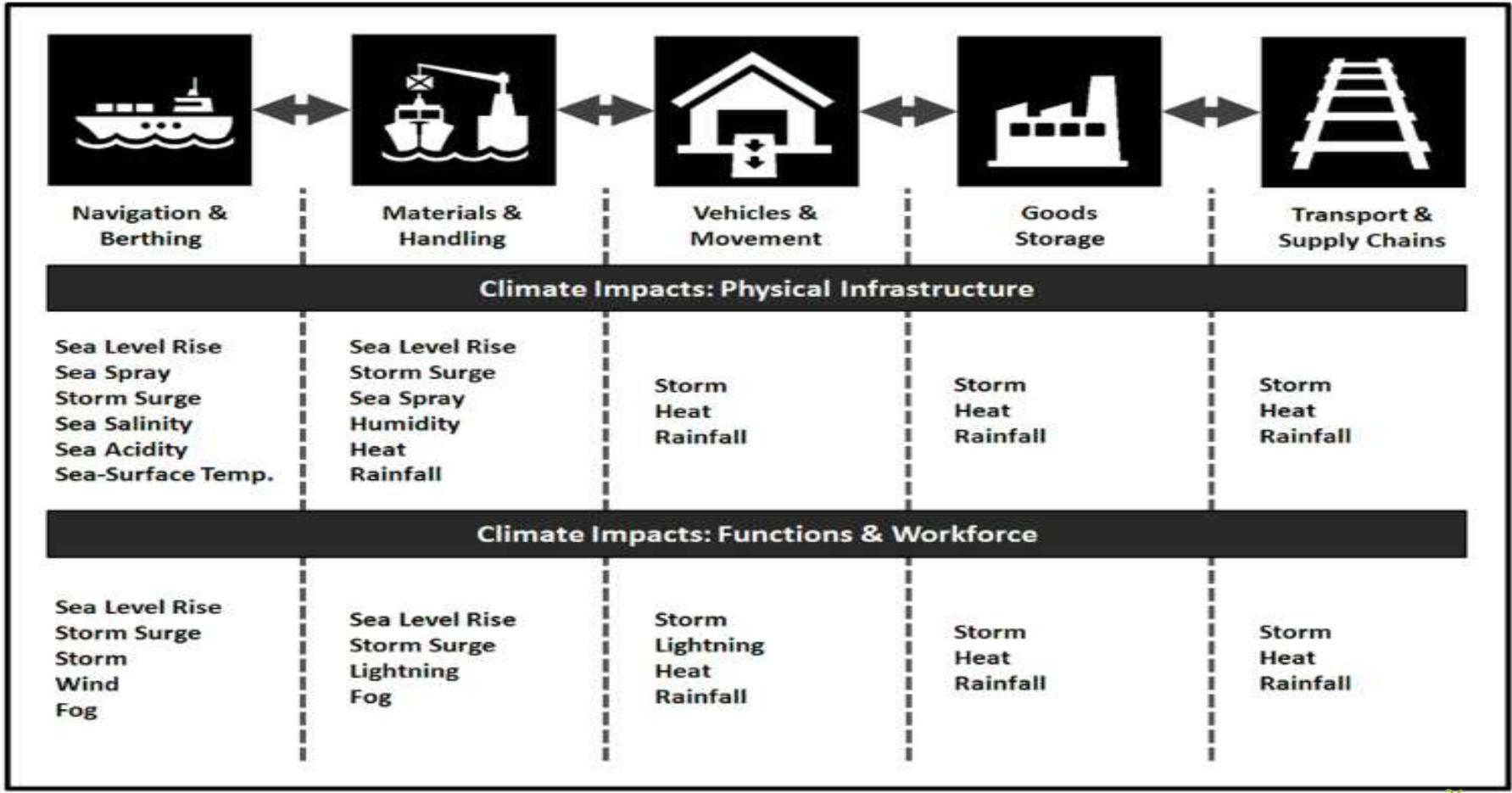
Moving forward for Africa's ports

- ▶ To address the challenges and overcome some of the prevailing inhibitors to their success and growth, African ports must embrace various technologies to achieve performance improvements realized by their counterparts in other geographies.
- ▶ In pursuit of such performance excellence, African port authorities need to identify two top-level goals: that is increasing port throughput and improving terminal operations.

Enhancing the climate resilience of African ports

- ▶ The world is faced with continual economic and environmental challenges emanating from climate change. These challenges are experienced in many sectors within the global countries.
- ▶ Ports like other environments are one of those areas that are significantly faced with the impact of climate change.

Potential climate impacts on different sub-components of the port system



Risks from climate change

According to the International Finance Corporation (2011), ports are likely to be particularly at risk from climate change for a number of reasons:

- ▶ Due to their long lifetimes, ports inevitably face considerable climate change. The design life of breakwaters is in the region of 60-100 years, berthing facilities are designed for 30-45 years and cargo handling equipment for 15-20 years (Asariotis & Benamara, 2012).
- ▶ By virtue of their locations on coasts, rivers or lakes, African ports are often exposed to a range of climate hazards, including sea level rise, storm surges, extreme wind and waves, and river flooding.
- ▶ Shipping movements into and out of our ports can be affected by adverse climatic conditions, causing delays to port operations.
- ▶ Our ports are vulnerable to the economic impacts of climate change, through impacts on global trade.
- ▶ Inland movement of goods from ports relies on transport infrastructure which is likely to be managed by others, and which is, in turn, vulnerable to climate change.
- ▶ Like any other industrial facility, ports are vulnerable to utilities (e.g. water and power) disruptions. Water and power supply are also individually vulnerable to climate change.

Fast tracking transformation of African's ports

In fact, the port sector has a special significance in Africa
▶ since more than 80% of the continent's trade passes through ports. The modernisation of port infrastructure assets is a fundamental component of Africa's transformation, competitiveness, industrialisation and economic integration.

If Africa wants to draw attention to its vast resources, including its mining and agricultural products, and be able to export them, then it will need a fast tracking transformation of its ports.

If Africa wants to become integrated into global value chains and industrialise, it will also need suitable port infrastructure.

Leveraging on SADC and PMAESA

- ▶ By transcending country boundaries both the SADC and PMAESA can work synergistically to boost trade, industry and investment opportunities by pooling together all the ports within the SADC to a single large regional market of 190 million people spanned over 16 member states with a combined growth domestic product of over USD 720 billion.
- ▶ The Eastern and Southern African region is an emerging market which can attract substantial domestic, regional and foreign investment.
- ▶ Globalisation presents both opportunities and challenges for developing our ports especially as we brace ourselves with the internationalisation of production, distribution networks and the mega revolution in information technology.
- ▶ Human resources is at the centre of development of our ports. The SADC and PMAESA can help our ports to build capacity in managing the regional integration process and the change brought about by the mounting pressure of globalisation.
- ▶ For the region to be part of the process, the port sector has to be led by men and women of high calibres with the right business culture to pursue the shared vision of turning the Eastern and Southern African region into a competitive and fast growth economic centre in this part of the developing world.
- ▶ The future is a very challenging one and the PMAESA has indeed a key role to play to reengineer itself into an ideal platform for the development of our ports to adapt to the *New Normal* and meet the needs of our ports for velocity, predictability and reliability.²⁹

Cooperation within the ports of the SADC region

Anticipating increases in port traffic, both the SADC and the PMAESA can collaborate to create the right environment for improvements to the port and maritime infrastructure in Southern Africa in order to sustain regional integration and economic development objectives.

Since we should improve the management of our infrastructure, it is high time for PMAESA to spearhead a cooperation programme for its members in the following fields:

- ▶ Port Development, in exchanging technology, know-how and information on design and building standards to make port facilities better constructed, more efficient and secure.
- ▶ Cooperation with government agencies and private initiatives in the execution of programmes, projects and activities for port development.
- ▶ Human capital development, including appropriate technical training and personnel improvement to achieve optimal port performance.
- ▶ Interest in researching the proper use of tugs, ensuring safe and efficient marine operations as well as carrying out cross training activities for pilots and tugboat captains, to include hands-on training extensive ship simulation exercises.
- ▶ Environmental quality issues, in operating port facilities in an environmentally sensitive manner in line with the Green Port Initiative.

Potential actions for the future of African ports

- ▶ African Ports must invest wisely to end the vicious cycle of operational inefficiencies. It is suggested that investment in modernising existing infrastructure and the use of new technologies, such as the Port Call Optimisation application, and task automation to streamline operations is critical
- ▶ Ambitious governance reform is needed to attract public-private partnerships for financing. This could be achieved by establishing clear roadmaps, explicitly defining the role of stakeholders and, above all, setting up stable, transparent legal frameworks.
- ▶ Streamlining port-city interactions and improving connectivity with hinterlands are essential to boosting port sector competitiveness. The rapid urbanisation of Africa's cities has resulted in congestion around various ports. One of the solutions is to develop multimodal logistics corridors, as they would better connect ports to inland areas while also reducing operating costs.
- ▶ African ports must modernise the non-container segment to ensure the continent's full development. Exploring other solutions such as bulk, roll-on/roll-off and grain terminals would help diversify trade and turn economies in the direction of a more resilient and less dependent model.

Regional maritime service

- ▶ Africa relies heavily on ships and ports to service its intercontinental trade. While it accounts for approximately 2.7% of global trade by value, the continent contributes higher shares to global seaborne trade - 7% and 5% of maritime exports and imports by volume, respectively. While one-third of African countries are landlocked, maritime transport remains the main gateway to the global marketplace.
- ▶ Maritime trade in Africa is shaped by the continent's trade concentration and limited diversification. Accordingly, 40% of goods exported by sea comprise crude oil, while over two-thirds of imports account for dry cargoes (dry bulks and containerized goods) and close to 20% of imports are made up of petroleum products and gas. In some areas of Africa, transport costs constitute a higher trade barrier than import tariffs or other trade restrictions.
- ▶ There is therefore a strong case for the setting up of a Regional Maritime Service, which can act as a vector of regional integration, adapted to the development needs of the Eastern and Southern African region. Furthermore, the proposed Regional Maritime Service will allow the emergence of new opportunities for increased trade in the region; which then can help to make it financially sustainable in the medium to long term.

Our ports becoming future ready

- ▶ Ultimately, with exemplary planning and adaptive solutions, we will ensure that our port operations remain efficient and become more resilient.
- ▶ Demonstrated experience during this time period will be useful for future scenario planning, especially with the onset of more frequent extreme weather events, such as high wind speeds, swells and flooding.
- ▶ Preparedness, good organisation, and robust governance with flexible future-ready systems will prove to our stakeholders that we have in-built adaptive capacity and can demonstrate tangible resilience.
- ▶ One thing is certain: COVID-19 is going to make our ports more resilient, and if in the next level of planning we can also address climate change concerns in a sustainable manner, we will be making great strides toward becoming future ready.

Our ports becoming future ready

- ▶ To help support and restore our regional economy, it is essential for our ports to continue developing more capacity for long-term growth and respond to changing shipping dynamics. Demand is assessed over 25 years or more.
- ▶ So, preparing for a successful future means looking beyond the first several months of 2021 while considering the short-term impacts of the COVID-19.
- ▶ Our capital investment projects in the consolidation, modernisation and transformation of our ports augur well for our expansion programme in 2021 and beyond. With the current development in our ports, we can rise up to the occasion and manage the crisis with optimism.

Thank you for your kind attention!

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