



**Why competition from New African Ports is a good thing -
SA's Ports and Terminals capacity**
Pamela Yoyo, Terminal Manager
Cape Town Terminals





Introduction

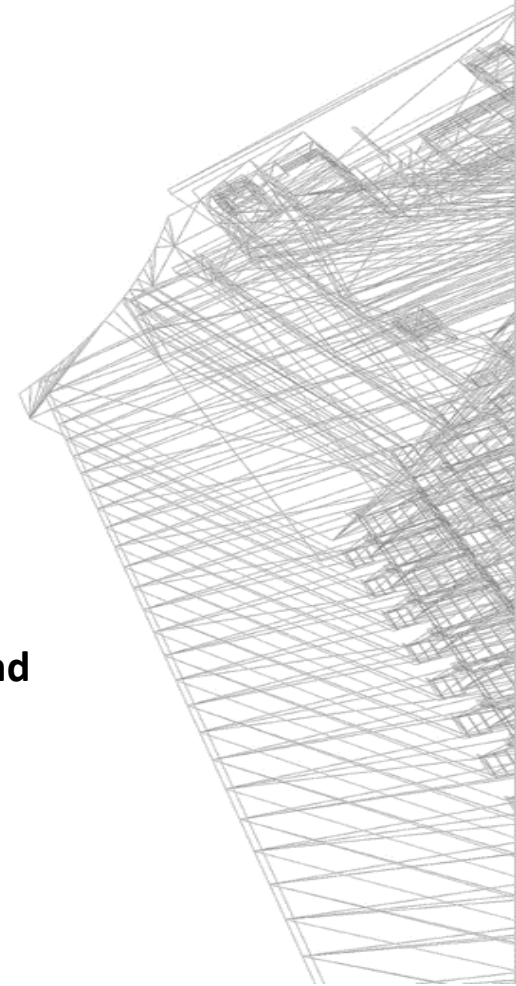
- Who are the new African ports ?
- The development of globally competitive African Ports

Friend or Foe strategy

- Competition or Cooperation

Regional Integration & Lessons Learnt

- Highlighting the opportunities for regional development and employment opportunities when building new ports





Transnet Group: Responsible for leadership and policy setting across the Operating Divisions



Advanced Manufacturing

- Support TFR for rolling stock and TPT for lifting equipment maintenance
- eight product-focused businesses, 150 depots, seven factories and 15, 000 employees



Transnet Freight Rail (TFR)

- 20 500 km of railway track (80% of Africa's total rail)
- 182 million tons of freight
- General freight & 2 heavy haul export lines
- 25, 000 employees



Transnet National Ports Authority (TNPA)

- 8 Commercial ports along 2 954 km of coastline
- Plan, provide, maintain and improve port infrastructure
- Providing marine-related services , including dredging, aids to navigation, ship repairs and marine operations



Transnet Port Terminals (TPT)

- 16 Cargo Terminals (68 berths) operating across 7 ports
- Containers, Mineral Bulk and the Agricultural Bulk and Ro-Ro (roll on/roll off)



Transnet Pipelines (TPL)

- Transnet pipelines' network transports 100% of South Africa's bulk petroleum products.
- 18 billion litres of petroleum products and gas through 3 000 km of pipelines, mainly to Gauteng



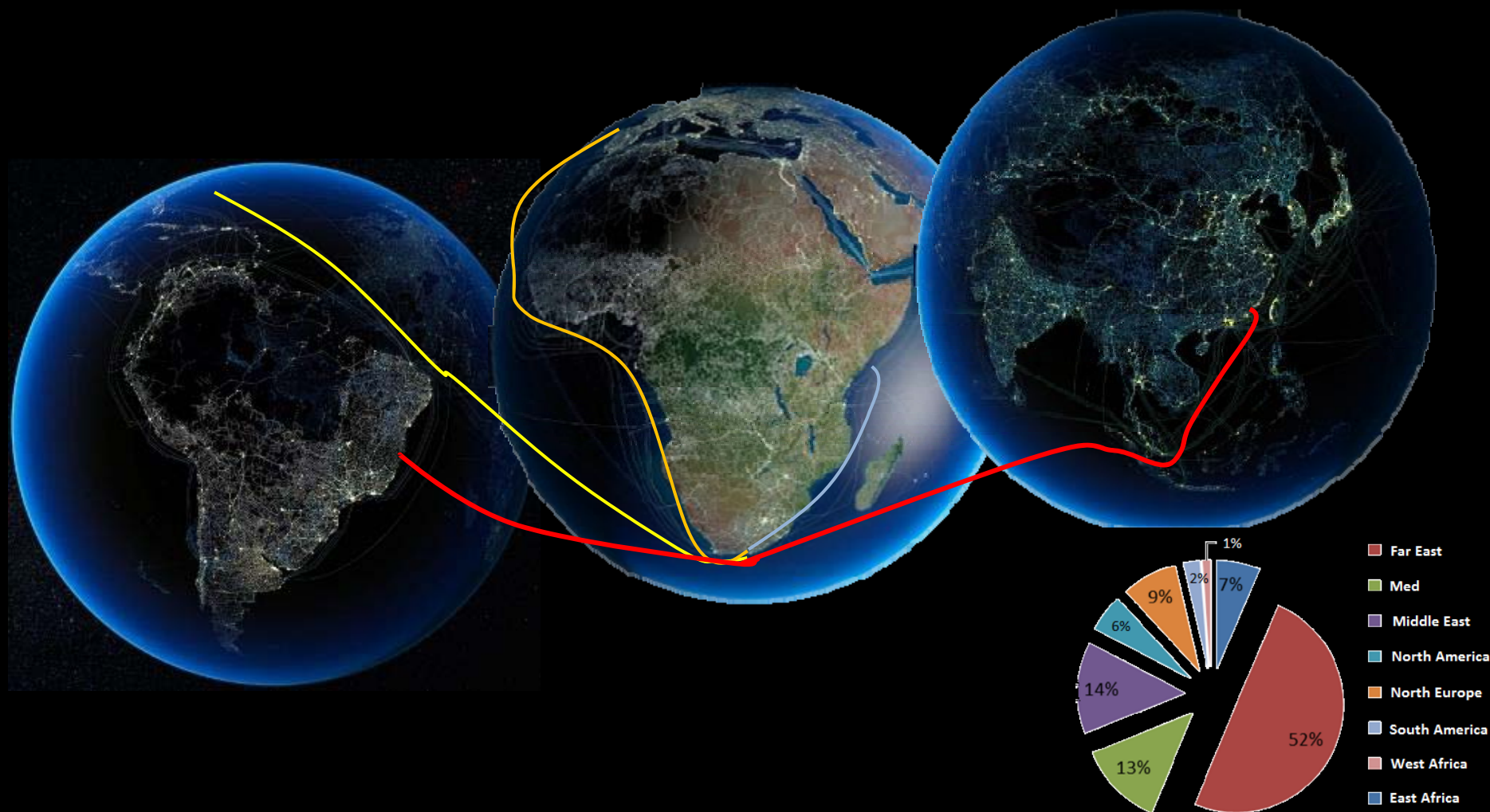
Capital Projects Transnet Foundation Property Schools

- R337 billion of capital investments over 7 years
- CSI in Education, Health, Sport, Arts & Agriculture
- Property Management
- Transnet Schools

South Africa's Position on the trade routes

- Southern Hub for World Shipping Routes

The position of South Africa's ports system enables it to access South-South trade, Far East trade, Europe & USA, East & West Africa regional trade



TPT's annual capacity

TRANSNET



delivering freight reliably

port terminals

Bulk: 93,6m tons

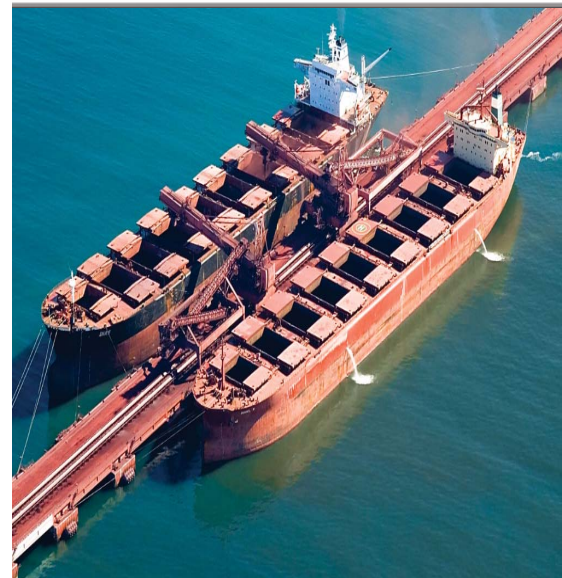


Breakbulk:
19,3m tons



delivering freight reliably

Automotive:
827 000 units

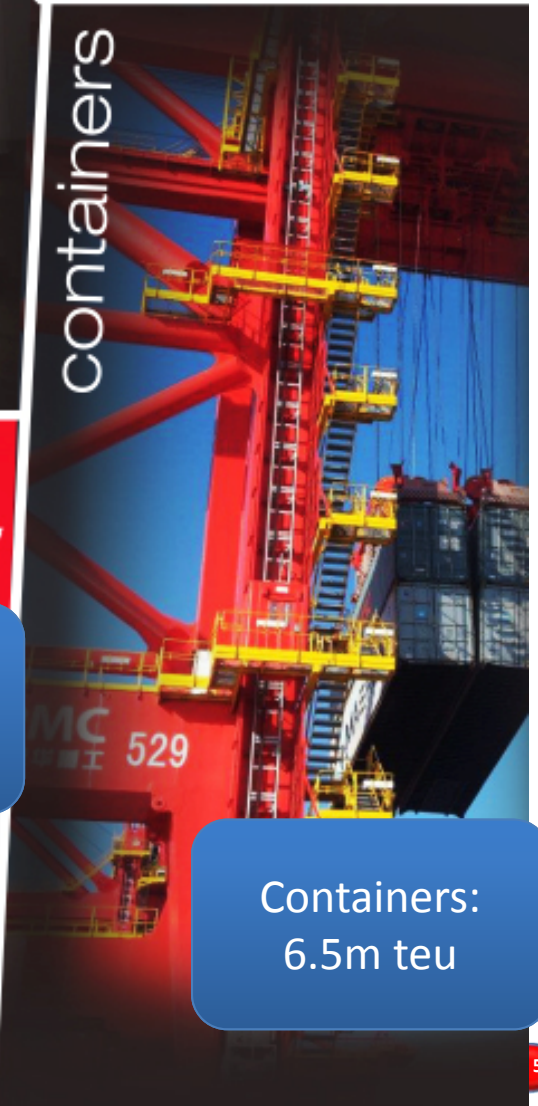


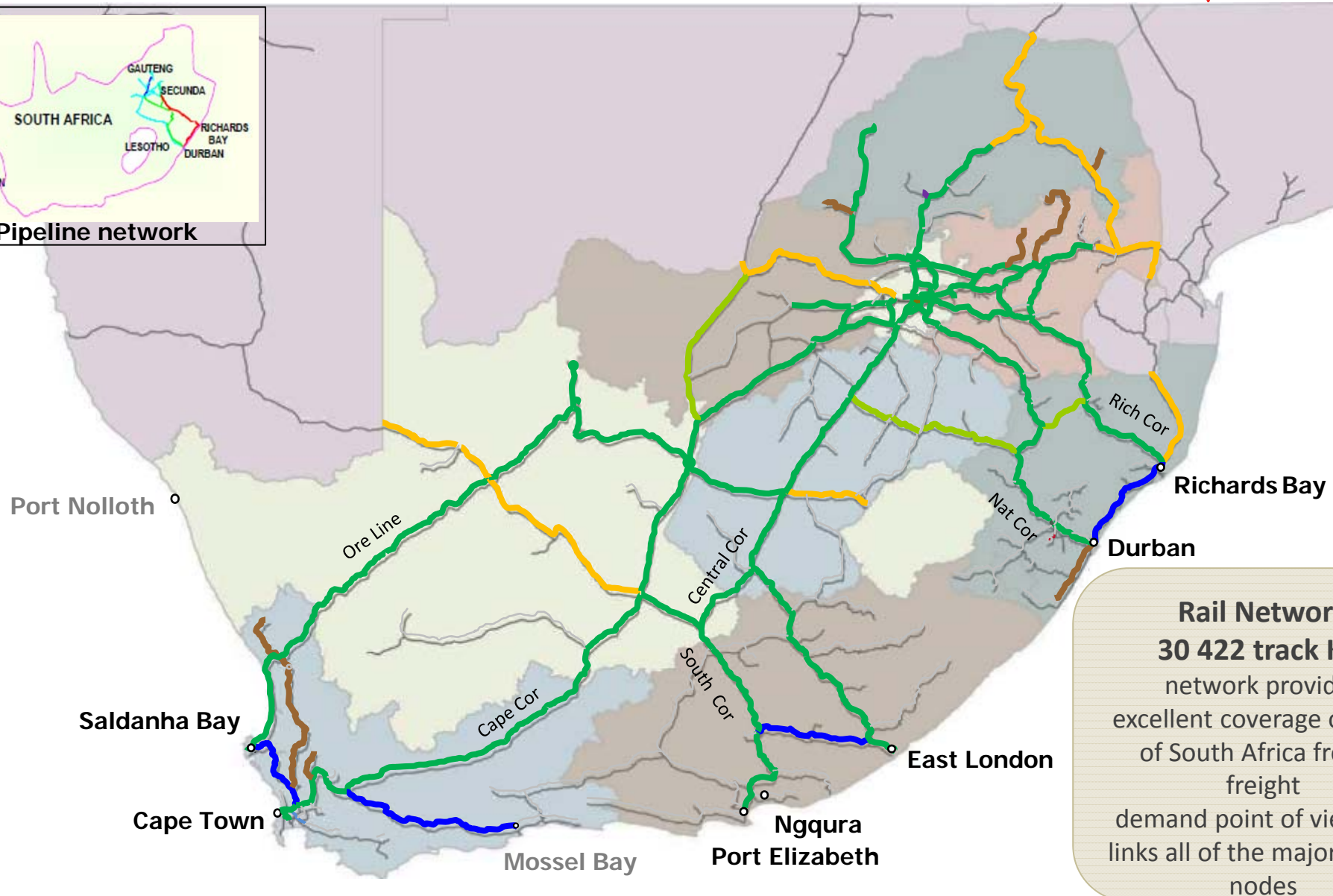
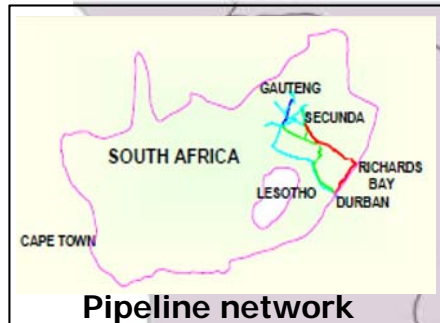
automotive



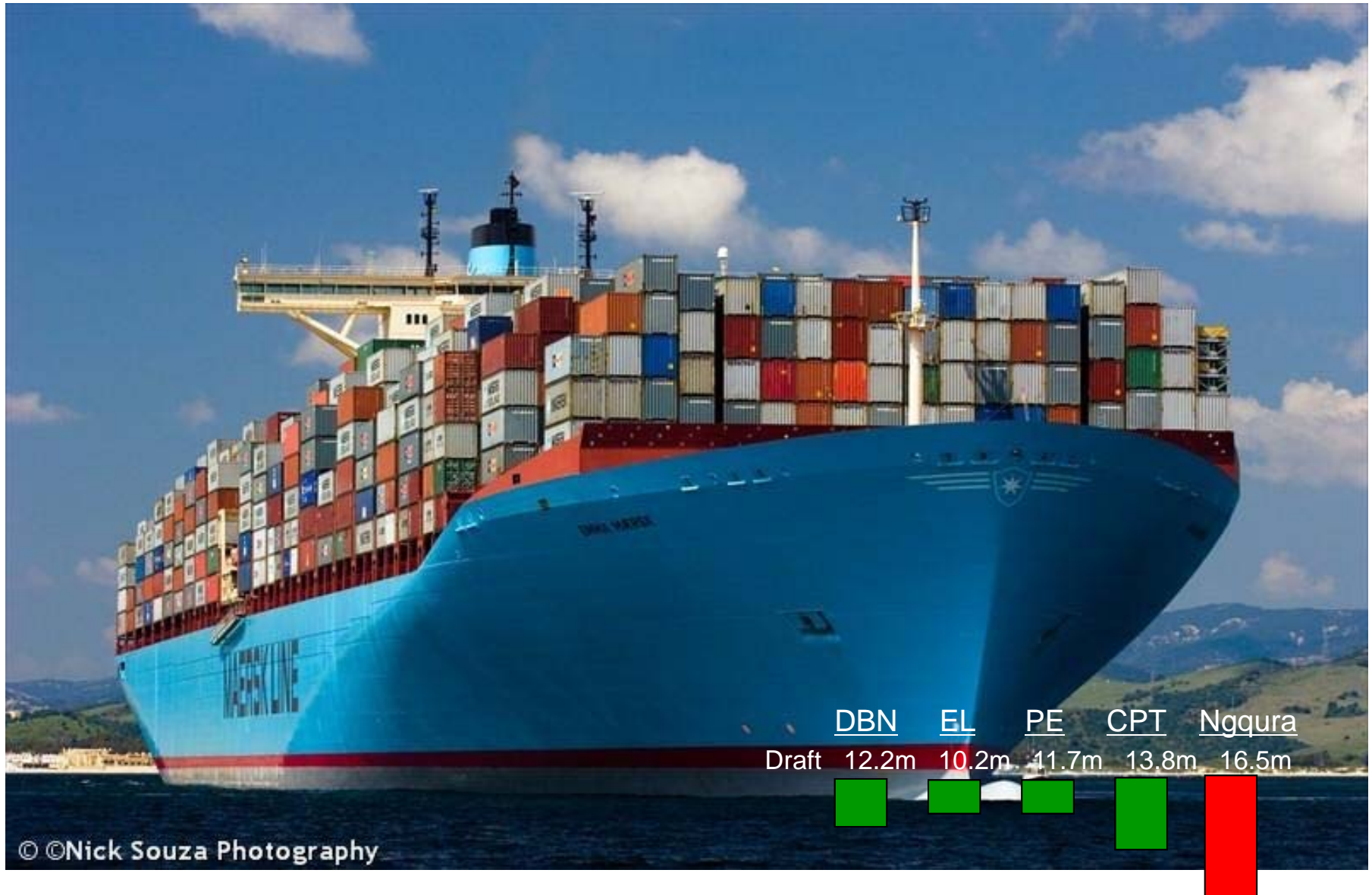
containers

Containers:
6.5m teu





Rail Network
30 422 track km
network provides
excellent coverage of
of South Africa from
freight
demand point of view
links all of the major
nodes

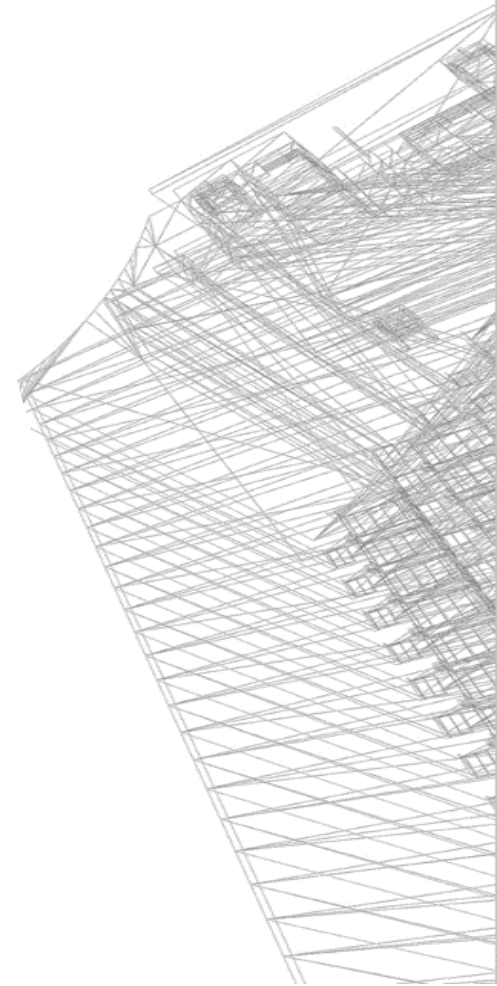




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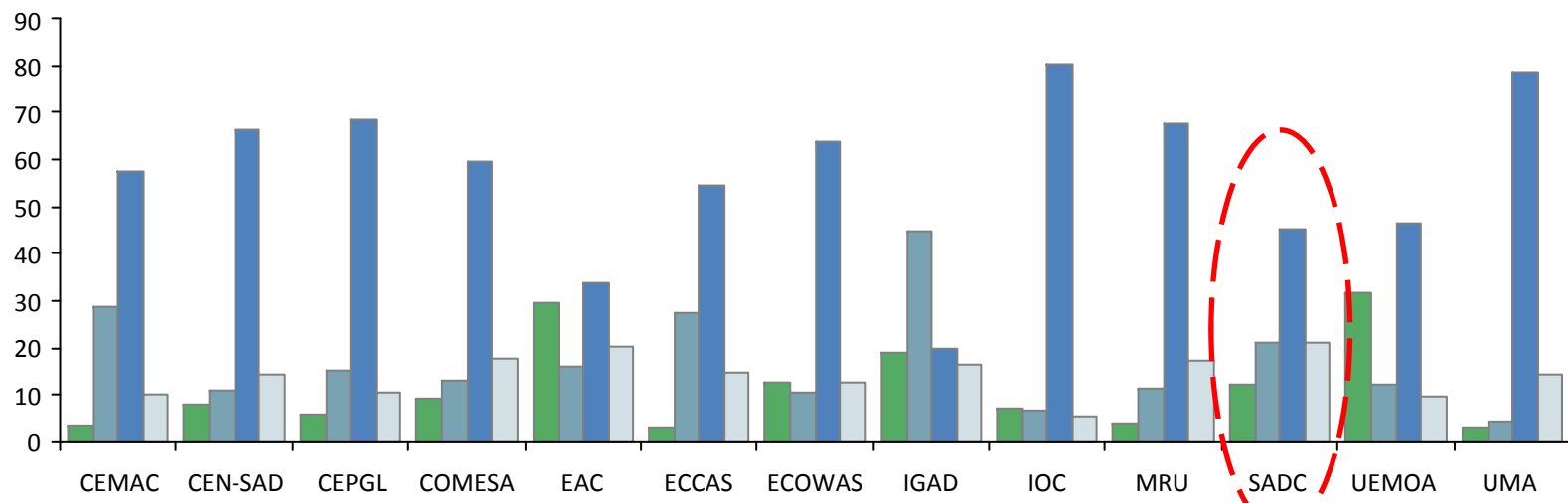
Current Reality

- African Trade
- Port Geography – The African Port System
- What makes a port competitive?
- A snapshot of SADC performance

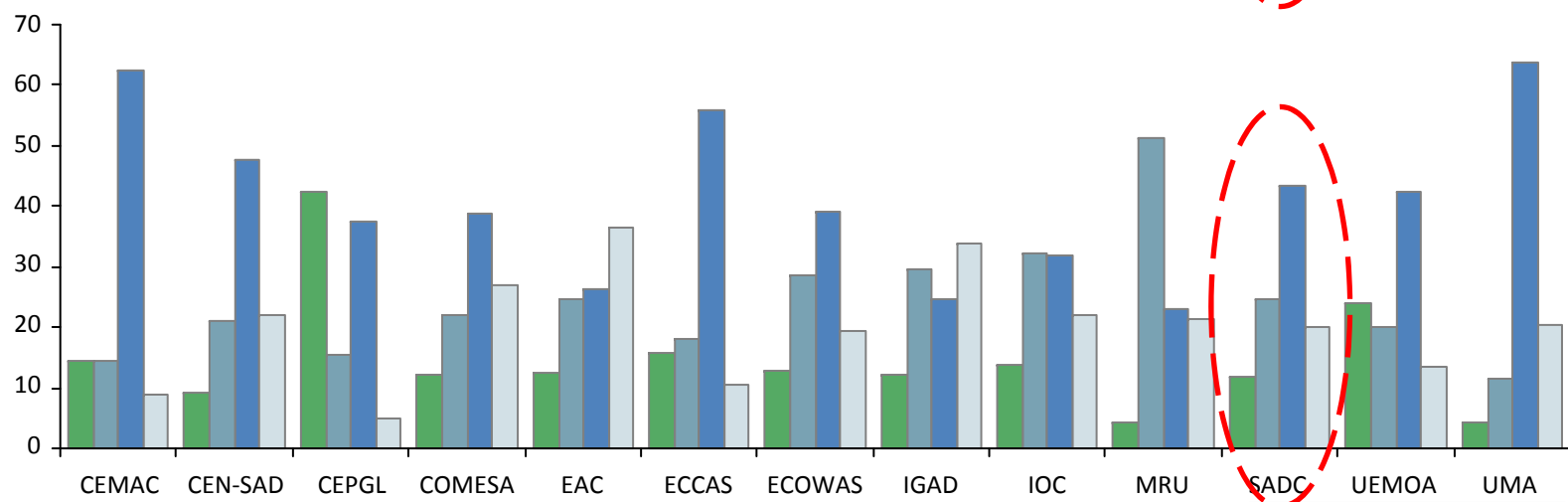




Direction of REC's* exports (%)



Source of REC's* imports (%)



* Regional Economic Community

Source: Assessing Regional Integration in Africa (ARIA IV) cited in Khoufi, Harvard Business School N.d.





Major ports within the four major Port systems



West African Port ranges

300 Mill people

LOME
ABIDJAN
COTONOU
CONAKRY
FREETOWN
SAN PEDRO
ACCRA
TEMA

East African Port ranges

270 mill people

Dar Es Salaam
Mombasa
LAMU
Mogadishu

Central African Port ranges

110 mill people

DOUALA
LIBREVILLE
POINTE-NOIRE

Southern African Port ranges

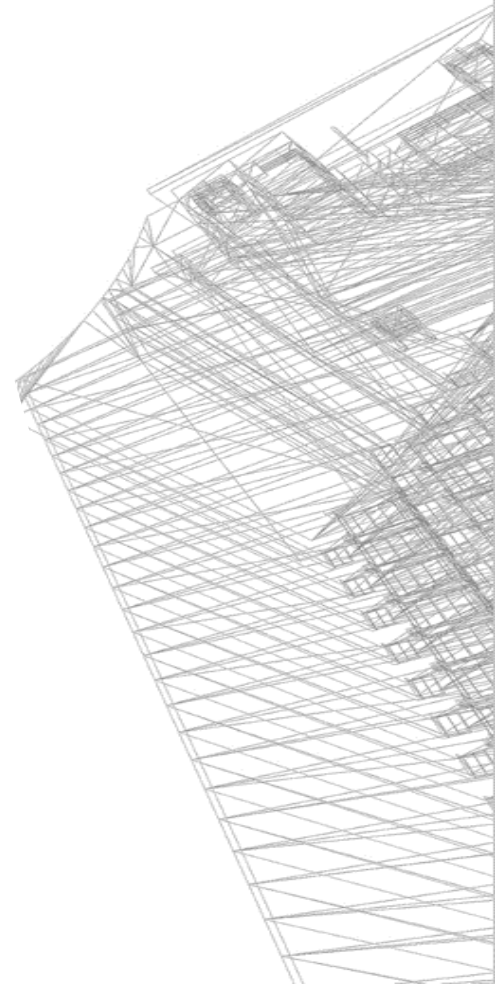
160 mill people

DURBAN
CAPE TOWN
RICHARDS BAY
WALVIS BAY
NGQURA
PORT LOUIS
MAPUTO
MAMBASA



The Progress so far...

- Transnet's Capital expansion program
- Recent Port expansion projects
- Future projects on the continent
- What makes a port competitive?





New Container Terminal – Pier 1

- 1st RTG in the SADC region
- Paperless procedures, complete EDI integration, latest TOS and customer portal
- Optical Camera recognition
- Dynamic planning environment
- 10 years



- Ngqura in the Eastern Cape – has been specifically developed as a container transshipment hub for Sub-Saharan Africa.
- The terminal was named the fastest growing container terminal in the world in 2012 and again in 2013 by Drewry Maritime Research





Lome Container Terminal (Togo)



(China Merchants Holdings & Terminal Investment Ltd)

- Installed capacity: 1.5m moves (2.2m TEUs)
- Draught: 15.5m
- Quay length: 1,050m
- Area: 54ha
- Maximum vessel size: 14,000 TEUs
- No. of Quay Cranes (STS): 12

The Port of Walvis Bay - Namibia

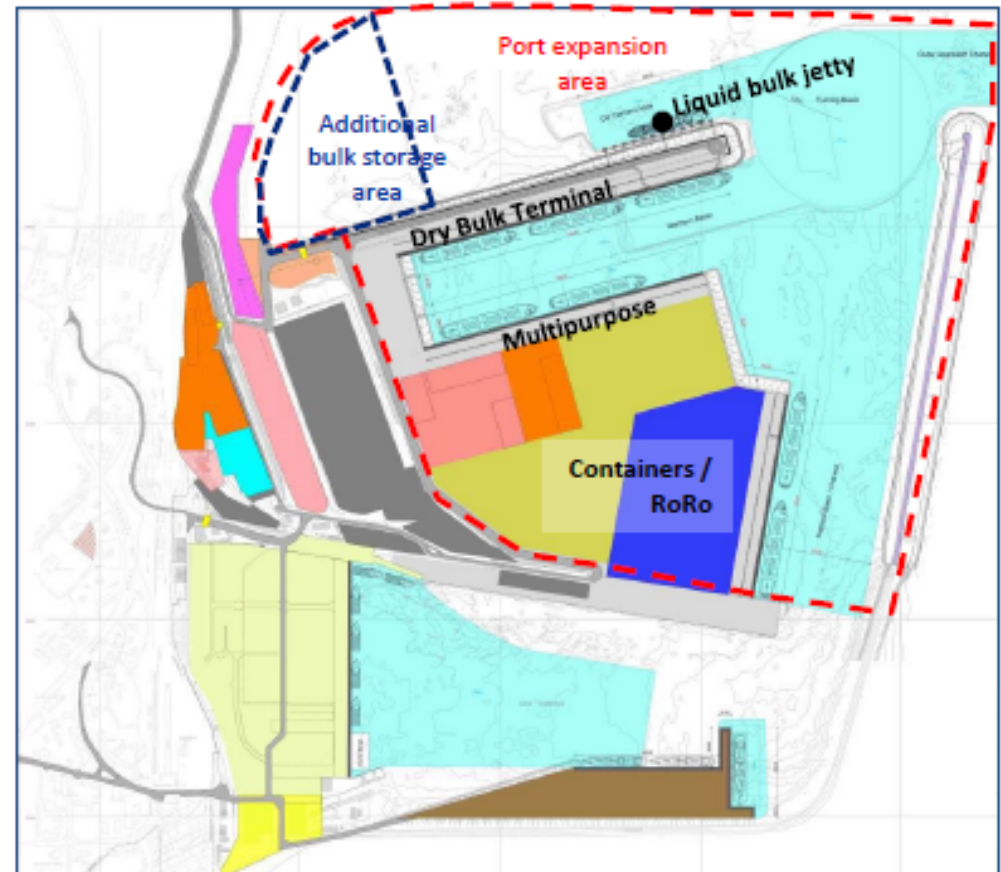


- Triple capacity Port of Walvis Bay from 350,000 TEUs to 1,050,000 TEUs per annum.(N\$ 2,98 BILL (338US\$))
- Capacity-building for the Walvis Bay Corridor Groupserve 15 Landlocked countries SADC (Namport)





- EOI – MPT Terminal, 2017
(agricultural, RoRo and containers)
- RFP – DBT Terminal, 2017
(Manganese and Bauxite)



Masterplan Takoradi Port Expansion : GPHA, 2015

Kenya

Second Container terminal – Brand
New facility operated by KPA



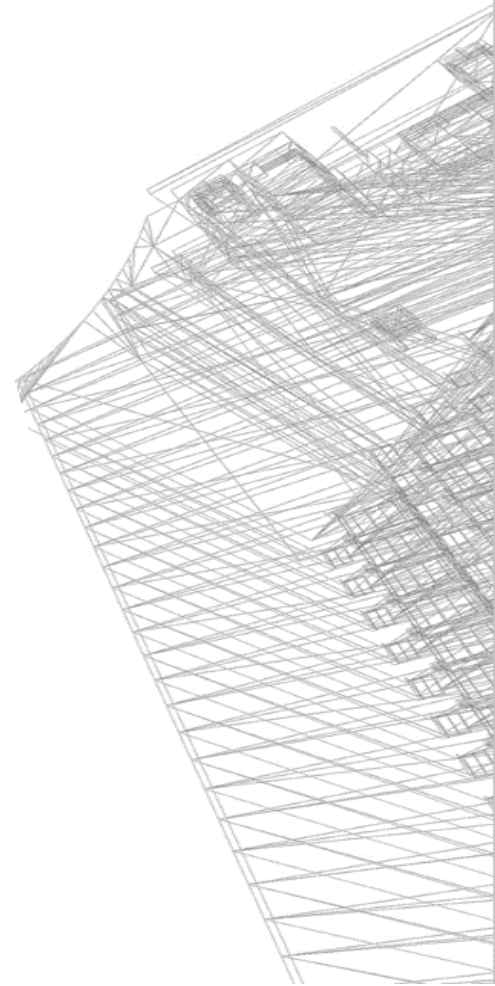
Tanzania

Pending berth 13 & 14 container port
development

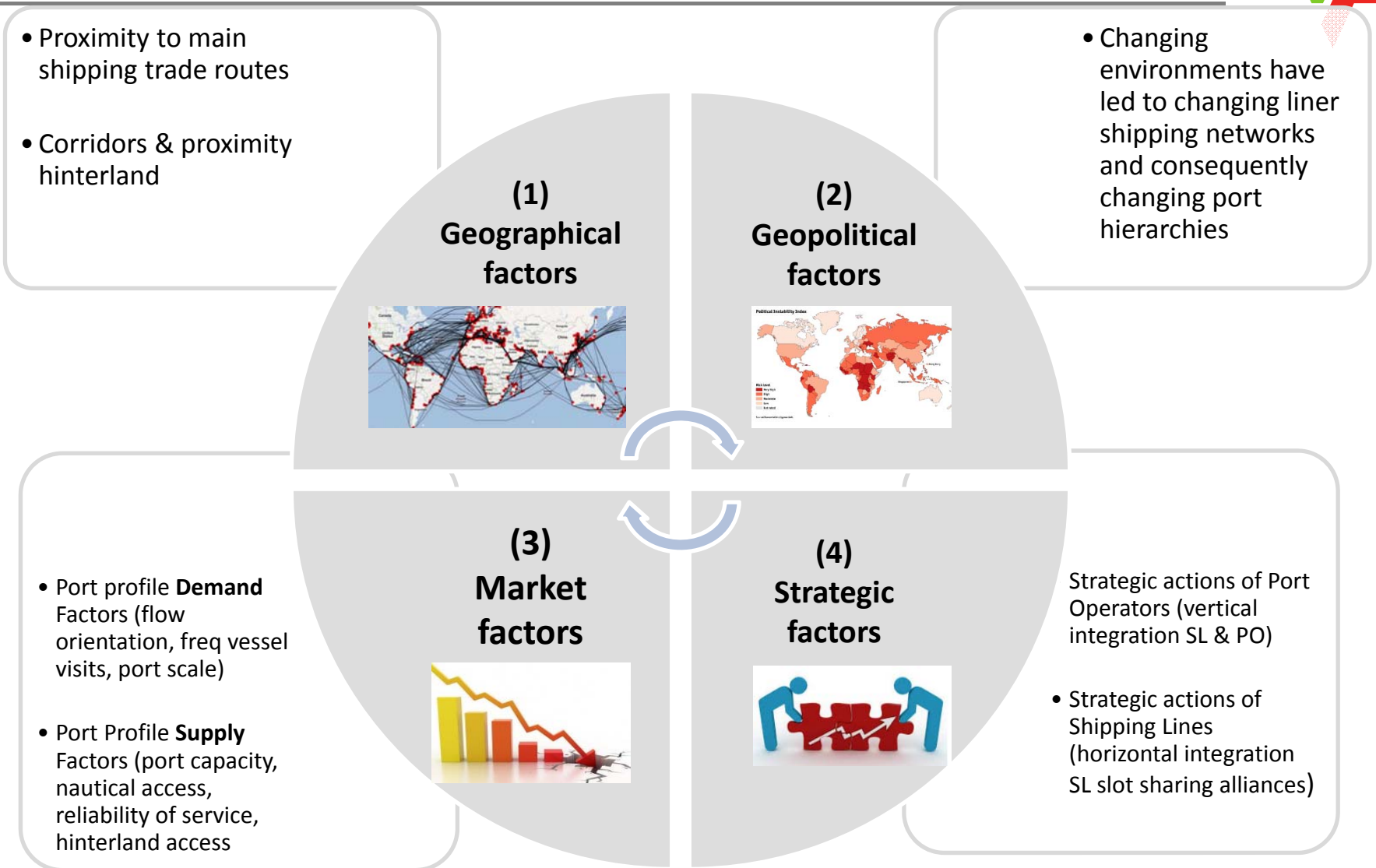


Competition

- What makes a port competitive?
- Why competition in ports is healthy?
- Typology of port cooperation activities
- Global Examples
- Opportunity for Africa!



What makes a Port Competitive?





1. Innovation, only player cant improve – in a crowded market need to stand out.
2. Customer service – improved
3. Shakes off complacency
4. Competition forces you understand your core market geographical location/demographic to– understand challenges.
5. Education – seeing what your competitors do well – practices teach/force you to do the same





....But what about cooperation? Notwithstanding the benefits of competition, there are also merits in cooperation as outlined by Brooks et al, 2010 in their study of Cooperation between peripheral competing ports

Activity	Formal	Informal
Marketing and Business Development	<ul style="list-style-type: none">• Joint advertising and promotional activities• Establishing a joint marketing agency	<ul style="list-style-type: none">• Seeking joint clients• Exchange of experts• Promoting the use of each other's facilities
Operations	<ul style="list-style-type: none">• Common training agreements• Joint application of new communications technologies• Port development planning• Partnerships with other actors• Joint development of similar operating practices	<ul style="list-style-type: none">• Information exchange on terminal management• Sharing of information on port development• Exchange of experts• Joint studies



Activity	Formal	Informal
Administrative	<ul style="list-style-type: none">• Port representatives participating in other ports• Joint investments in hinterland infrastructures• Joint management of port expansion• Formation of (inter)national cooperative organizations	<ul style="list-style-type: none">• Technical assistance in port management• Common positions at international forums
Regulatory	<ul style="list-style-type: none">• Joint environmental protection initiatives• Coordinated investment in safety and security	<ul style="list-style-type: none">• Information sharing on environmental programs



North America.....

Los Angeles and Long Beach cooperate in the application of environmental initiatives (i.e. *PierPass and clean truck program*) and coordinate reductions of cargo storage fees for the common goal of **congestion reduction**.

Seattle and Tacoma **cooperate on infrastructure, port promotion (marketing) and environmental issues**. The infrastructure projects are both operational and administrative in scope, involving road and rail, to improve access to port areas.





Northern Europe

The port authorities of Rotterdam, Antwerp, Hamburg, Bremen and Le Havre **meet regularly to discuss**, amongst other matters of shared concern, **financial, environmental and security issues**. Rotterdam and Amsterdam have **merged their independent port data systems to allow the exchange of data between themselves, their customers and Customs**. One single port community information system is both an operational and administrative initiative resulting from the demand of the international business community operating in both ports.

The ports of Antwerp, Mannheim, Rotterdam, Strasbourg and Switzerland signed a **cooperation agreement to introduce LNG as a fuel for inland shipping along the Rhine-Main-Danube corridor**.

Antwerp Port Authority's CEO has claimed that ***'stronger cooperation between Antwerp and Rotterdam is necessary to retain competitiveness over southern European ports which have recently received international investment...'***





Regional cooperation in inter-continental marketing and operations is also evident in the Channel and Mediterranean regions. Algeciras, Dover, Calais, and Tangiers Med **cooperate in marketing, commercial development, and the management of ro-ro terminals.**

Barcelona cooperates with the Tunisian Maritime Authority in enhancing quality of port services, as do Las Palmas and several ports in Morocco.





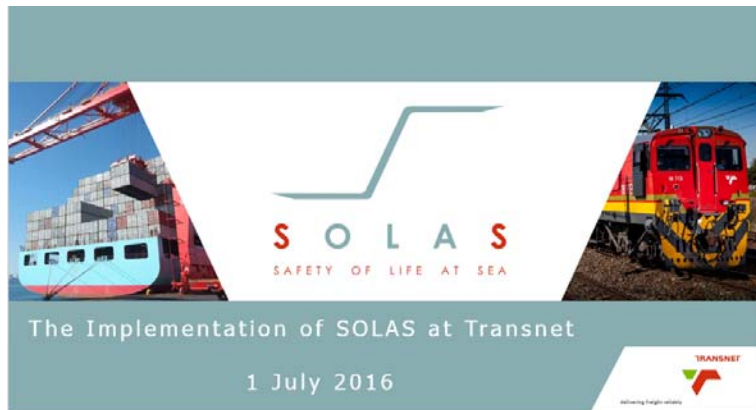
*What about collaboration
between competing African
Ports, in the hope of mutually
beneficial results?*



As part of our Africa Strategy, Transnet has been working with Ports on the continent and signed numerous MOUs/ Port cooperation agreements – cooperate matters of mutual benefit:

Signed agreements :

- Namibia
- Mozambique
- Ghana
- Kenya
- Sudan



TPT's Track Record on the Continent



- Benin-South Africa (Benisa) Maritime Project

1. MOBILIZE

2. STABILIZE

3. OPTIMIZE

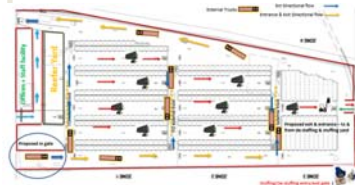
Country
Manager

CI
consultant

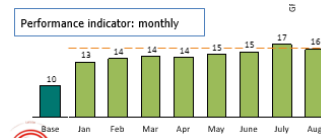
Chief Ops

Ops
specialist

Yard Configuration



Operational Process
Efficiencies and
practices



GCOS
Enterprise



BENISA
MARITIME PROJECT





–Strategic Intent

Transnet's goals in Africa include fostering regional integration, supporting logistics sector improvements for economic growth, as well as achieving commercial success

1

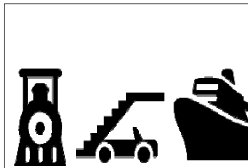
Foster Regional Integration



- Foster regional integration across Sub-Saharan Africa through active participation in regional infrastructure revitalisation programmes such as PIDA, SADC Transport Sector Plan and other Regional Economic Community Initiatives

2

Ingrain Expertise in Africa



- Position Transnet as an active player in Africa throughout the logistics value chain driving sectorial improvements through government-to-government partnerships

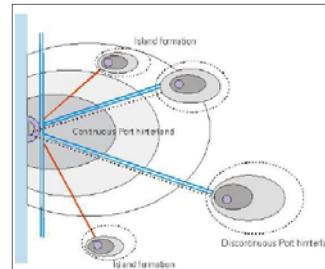
3

Achieve Commercial Success

- Cultivate commercial success through the pursuit of commercial targets
- Focus on geographic expansion, export sales, transshipment and cross-border volumes

4

Maritime Network Development



- Position nodes such as the Port of Lamu to serve Kenya as the East Africa Hub



Alignment with Operation Phakisa



- i. Combined Exclusive Maritime Zone
- ii. Improve awareness on maritime issues
- iii. Enhance political will
- iv. Enhance wealth creation, and regional and international trade performance
- v. Ensure security and safety of maritime transportation systems
- vi. Minimize environmental damage
- vii. Prevent hostile and criminal acts at sea,
- viii. Protect from maritime pollution
- ix. Improve Integrated Coastal Zone/Area Management in Africa
- x. Implementation of international legal instruments
- xi. Ensure synergies and coherence between sectoral policies
- xii. Protect the right of access to sea and freedom of transit of goods for landlocked States.

"To foster increased wealth creation from Africa's oceans and seas by developing a sustainable thriving blue economy in a secure and environmentally sustainable manner."



Competitive PUSH leading to....

- ☐ Improved Customer service. More players encourage improved customer service to offering and productivity – thereby reducing user costs.
- ☐ Reduced complacency. No longer the only player inculcate discipline to deliver on required and continuously improve.

Cooperative PULL encourage mutually beneficial....

- ☐ Joint marketing and business development initiatives
- ☐ Operations: Common Training agreements, joint/mutual application of new technologies encourage seamless data flow.
- ☐ Administratively, joint hinterland developments, optimization of port precincts.
- ☐ Regulation: Coordinated investment on safety & security requirements

