If ports are the arteries that ensure a country's economic lifeblood, then in some East African countries the economy is being well supported with the opportunity to pump vigorously, whilst others are facing the potential of a serious coronary and all that goes with it. **Steve Cameron** investigates.

THERE'S GOOD NEWS AND BAD NEWS

PMAESA the port secretariat, for port activity in southern as well as eastern Africa, noted that container and to some extent breakbulk, are the fastest growing components of the port cargo mix with increases between 1997 and 2002 of:-

- +44% in TEUs for total container throughput (equivalent to +7,5% per year)
- +64% in TEUs for transhipment (equivalent to +10% per year)

During this period Mauritius has seen the largest growth at almost 100%, followed by Dar- Es- Salaam at 60% (and more that 50% in the last two years) and Mozambique at 46%. See Figure 1.

Throughput – TEUs	1997	1998	1999	2000	2001	2002
Djibouti	148,872	133,128	124,425	122,473	142,185	176,453
Mombasa	230,698	248,451	232,417	236,928	290,500	305,427
Dar-Es-Salaam	103,627	119,585	111,055	126,628	147,863	166,253
Mozambique	69,786	80,457	90,438	100,954	99,136	102,102
Sub Total	552,983	581,621	558,335	586,983	679,684	750,235
Mauritius	117,998	137,893	150,350	160,835	165,508	234,270
Reunion Island	123,732	145,172	146,172	155,877	159,006	162,636
Sub Total	241,730	283,065	296,522	316,712	324,514	396,906
Grand Total	**794,713**	**864,686**	**854,857**	**903,695**	**1,004,198**	**1,147,141**

Figure 1: East African container traffic growth *Source (PMAESA the ports association)*

In terms of trade lanes it is predictable that the Asian trades have shown the biggest growth. As an example, between 1998 and 2004 container volumes with some locations grew by 24%. In terms of types of port, initial findings unsurprisingly indicate it's the privatised ports that have faired the best with the converse also being true.

DJIBOUTI – GULF MONEY PUMPING IN

Last year Djibouti Port handled 242,705 TEUs, an increase of 26% year-on-year. And according to reports from the Gulf, Dubai Ports International (DPI) is investing $30 million in development of a container terminal, logistics centre and oil terminal.

Ethiopian cargo has risen from 30% of Djibouti's total traffic to 70%. The port's expansion is looking to break Djibouti's reliance on Ethiopia's trade by encouraging other countries to use the port as a gateway too. The port's strategy is to ready itself for increased container handling capacity whilst maintaining high productivity figures of over 22 moves/hour/crane. New cargo handling and IT equipment has also been ordered.

There will be also a focus on training that will include international trainers supporting operational staff, a training school that will concentrate on administration skills (language and PC) as well as theoretical support to all staff. Key positions will be reinforced with on the job training with exchange programmes with Dubai for existing staff and trainees.

The port's md, Hans De Jong, says Djibouti is aiming for 10% growth this year. He continued that the investments in equipment will support an increasing export of coffee and other products. All depends on the Doraleh project where today under phase one, there is a new petroleum jetty. The real challenge he continued, is the container terminal. Consultants are due to prepare a feasibility study and a conclusion is expected before the end of the year.

DAR ES SALAAM – BETTER PRODUCTIVITY THAN FELIXSTOWE?

At the Transafrica 21 Infrastructure conference in London last month, delegates referred to the privatisation at Dar es Salaam container terminal as the first fully fledged container terminal privatisation in Africa and a successful model that proves what can be done with the consistent support of government. One major factor was that the government was bold enough to deal with the labour issues prior to the lease. Another was the major upgrade programme initiated by the port authority beforehand.

The terminal, leased for ten years and originally concessioned to ICTSI and then transferred, has been under Hutchinson Port Holdings (HPH) management since August 2000. It is believed that under the agreement, the company is paying an annual lease fee of $3m plus a royalty of $13 per TEU.

Today ships are being worked at a healthy and consistent beat of 20 moves per hour or more and unlike its neighbouring ports, the delays to clear cargo are limited. One observer noted that Dar now has a better average over-the-quay handling rate than Felixstowe and is believed to be more profitable than ECT.

As part of the continued successful privatisation process, the current Tanzania Harbours Authority is to be converted into a port authority under the name of Tanzania Ports Authority (TPA) with operational activities contracted to the private sector. TPA will move from being a service to a landlord organisation.

The Tanzanian Government will continue to own the assets, which are not being transferred to the private company. The country's unprofitable ports will probably remain the responsibility of the port authority and the private sector are likely to be contracted to carry out port operation activities for a fee with the local authorities involved in an advisory capacity, but still free to invest.

The length of the leases/concessions will vary depending on the level of investment needed, but are likely to be between 15 to 30 years. The following are expected to attract blue chip private investors and are therefore going to be leased/ concessioned to private operators:

- The Multi Purpose Terminal
- Marine Services
- The Liquid Bulk Terminal
- Single Buoy Mooring

Bid submission is expected to be between September and October 2004. Phase II is expected to conclude between October and November 2004 but provision has been made for slippage until the end of the first quarter of 2005.

MOMBASA'S LAMENT

With the exception of some bulk terminals, the Kenya Ports Authority (KPA) owns all infrastructure, superstructure and equipment and provides the services to ships and cargo handling at Mombasa. The privately run bulk terminals are:

- Bamburi Cement (has leased quay and adjacent land, but own the silos and handling equipment)
- Magadi Soda (leased shed, adjacent land, conveyors and equipment)
- Grain Bulk Handler (silos outside port boundaries, conveyor belt and handling equipment property of GBHL)

There was hope that after the elections and the change in government further privatisation would follow. Although it is thought the port sector may be scheduled for privatisation next year, there are no clear indications of a framework for progress. As a consequence the port continues to suffer and certainly falls into the latter of the two extremes expressed in the introduction.

A representative of one of the major liner operators explained that "Mombasa port has been a victim of a lack of investment and poor maintenance for 10 years. Experienced organisations like the ports of Felixstowe and Singapore have provided free consultancy that have brought temporary improvements but once they departed these soon disappeared. It seems the port is just not interested in efficiency," the representative lamented.

As productivity last year hovered at around a meagre eight moves per hour and berthing delays increased to around four days, a nightmare for operators in terms of providing service levels as well as facing delay costs, the conference operators applied a congestion surcharge as much to highlight the issues as to try to staunch the increased outflow of vessel delay costs.

The port explained that at the time the increased delay was due a mini boom. Yet today there is still no significant improvement and local operators state that "congestion is mainly due to frequent breakdowns of ageing facilities with most vessels forced to wait for berths for an average of 2-3 days." There is a steady flow of hinterland cargo diverting to Dar es Salaam and since this represents between 30-40% ofs total volume it should be of grave concern to the port authority.

If all this was not enough, issues between the port authority and Kenyan Railways coupled with track problems, have resulted in the under-utilisation of the railway and as a consequence, of the Embakasi ICD at Nairobi. Greater use of the ICD would help relieve some of the terminal congestion, but at present it's only operating at 30% capacity. This has caused pressure on the demand for road trucks as alternative transport, which in turn has caused a shortage of supply. The resultant congestion on the terminal means that it's taking a day just to find boxes on the terminal that have been waiting two to three weeks to clear.

There has been a tender issued by the port for new gantry cranes and RTGs. As it's likely to be at least another year before the equipment arrives, some liner operators have offered to provide free mobile harbour cranes in return for a reduction on the port tariff but apparently this offer has yet to be accepted.

As the timetable for privatisation continues to remain unclear, another liner operator commented that "it seems the port may be stuck in something of a vicious circle. If privatisation really is going to happen in 2005, the port will not want to be investing beforehand." Yet it really needs to take some drastic action. Perhaps Mombasa should take up that offer of free mobile harbour cranes after all.

MOZAMBIQUE - WORK IN PROGRESS

In Maputo the 15-year concession that commenced in 2003 with the international consortium headed by Mersey Docks & Harbour Company, Grindrod, Skanska, the Portuguese operator Liscont, and local consulting group Mozambique Gestores, continues to do well. The consortium has 51% of the shares. All physical assets remain the property of the government, and the consortium has agreed to invest $57m for the restructuring of the port. The lease fee is $5m per year plus a percentage of the gross income (10% for the first five years, rising to 12.5% and 15% incrementally for the subsequent periods of five years).

For the port of Beira, Cornelder of Mozambique (CdM), a joint venture between the Dutch company Cornelder and CFM, took over from CFM in October 1998, the management of the container, general cargo and dry bulk terminals. The agreement also includes some rehabilitation of the port, notably securing the concession area, repair of the existing cranes and provision of additional handling equipment. Services to ship are still under the responsibility of CFM, and the ownership of sea and land based infrastructure has not been transferred. However, CdM owns some handling equipment and some warehouses. Cornelder who were, apparently not actually looking for this type of business, are said to be happy with the progress but do not to appear to be actively pursuing other similar opportunities. PS