Steve Cameron considers the accelerating move towards the commercialisation of Africa's ports.

The scramble for Africa

Until recently, with some exceptions, Africa has been left largely to the specialist operators to provide liner services. In a few short years this has changed dramatically as companies like OTAL, Safmarine and Torm Line have been acquired by giants such as Bollore or AP Moller. The stage is now set for a similar process of acquisitions in the ports sector where Africa, as the last frontier, has hitherto been left largely untouched.

Globally, by 2001 70% or 172m of the world's 245m TEU movements, was already being handled by the private sector. In Africa less than 10%, or 800,000 TEUs of container terminal handling capacity is today under private sector control. It is not surprising therefore that terminal operators are now focusing on Africa.

Of its 54 countries, 39 have direct access to the sea. There are some 90 ports in Africa of which 52 handle containers. In 2001, approximately 6% of worldwide waterborne cargo traffic and approximately 3% of container traffic was handled at African ports. Yet disproportionately Africa accounts for some 13% of world population. But as the continent develops, the increased investment in sectors like oil and gas should help to increase the GDP and stimulate much needed trade growth.

As Africa is such a diverse continent with different regional trading patterns, it is helpful to look at TEU volumes by region:

Region	1980	1992	2002	%
N. Africa	217,067	956,355	2,782,582	34.4%
E. Africa	110,254	528,304	1,172,356	14.5%
S. Africa	599,531	923,404	2,251,206	27.9%
W. Africa	527,083	813,356	1,872,667	23.2%
Total	**1,453,935**	**3,221,419**	**8,078,811**	**100.0%**

(Source: Drewry Shipping)

Not surprisingly, with its strategic transhipment location, a population of 70m people and a comparatively stable political structure, Egypt is the driver that puts North Africa at the top of the list. This is followed by South then West Africa close behind. Over the last 22 years North and East Africa have experienced a 10-fold growth whilst South and West Africa have lagged behind managing a growth factor of only 3.5 during the same period. With all the changes afoot in South Africa and the huge oil and gas investments in West Africa, this looks set to change.

In terms of the country league table, the top six countries or 15% of those with direct access to the sea, enjoy more than 70% of total traffic. The GDP for these counties more or less mirrors throughput; South Africa has the highest at $9,400 whilst Nigeria's is just $840.

The top six countries in terms of TEU throughput reflect their economic standing:

Top Countries	1980	1992	2002	%
S. Africa	599,531	923,404	2,251,206	27.9%
Egypt	104,111	682,937	1,969,642	24.4%
Cote D'Ivoire	133,858	188,727	535,000	6.6%
Morocco	60,270	147,684	392,000	4.9%
Kenya	30,660	135,325	310,835	3.8%
Nigeria	210,805	169,340	301,000	3.7%
Total	**1,139,235**	**2,247,417**	**5,759,683**	**71.3%**

(Source: Drewry Shipping)

A proportion of these 2002 figures are forecasts and so are subject to interpretation. In Cote D'Ivoire where about 50% of the throughput is transhipment traffic, the attempted coup and subsequent unrest has reduced overall volumes of containers handled including transhipment and hinterland traffic, by 30-40%.

Research by Eleanor Hadland of Drewry Shipping highlights that "for containerised cargoes, the region is still constrained by underdeveloped consumer economies and low investment levels in ports. In general ports are under-equipped. West African ports for example are largely without suitable container cranes and self-sustaining vessels are still required for this trade which limits vessel size and affects operating economics."

She continues: "African ports tend to be hinterland-specific - i.e. one main container port per country, usually close to or in the major city. This imbalance (compared to more developed regions) is maintained by the imbalance in population distribution (especially in terms of industry and disposable incomes) and the lack of inland infrastructure.

In most ports congestion is an increasing problem, be it year-round or seasonal. Utilisation estimated by Drewry has risen from 68% in 2001 to 72% in 2002. The lack of options for many carriers means that even if one port is highly congested it is still a 'must call' port unlike Europe for example where ports can compete more freely due to lower border control, a lack of customs bureaucracy and good hinterland transport.

PORT REFORM IMPEDED

Despite this pressing need for improved port efficiency to help battered economies, a malaise in central, regional and local government as well as vested interests have held back African port reform. Customs and cargo inspection processes are lengthy, tortuous and often expensive and have led to increased border and port congestion. Nigeria suffered huge congestion in 2001 and 2002 due to changes in the cargo inspection process leading to the diversion of cargo via other ports and a congestion surcharge that is still being applied by some operators.

Where privatisation has allowed competition this is reflected in the stevedoring costs. The Francophone ports of Dakar, Abidjan and Douala charge between USD 60-75 per 20ft container where as Lagos charges total $200. A comparison of the combined port and stevedoring tariff plus operating costs for a Lagos call against an aggregate of the UK's Thamesport and Teesport indicates a difference of more than $450/TEU. This equates to more than $80m per annum.

Privatisation has been discussed off and on for more than ten years in Nigeria and Ghana and is only now showing signs of progress. Nigeria's port privatisation came to a virtual standstill in the build-up to the recent elections and despite prompting to get on with it from the World Bank, Ghana too has been dragging its feet. However where there is support at senior central government level then the results can be impressive.

PRESIDENTIAL BACKING

Those involved in the privatization of Dar es Salaam's container terminal believe that the project has been not only the most successful privatisation of its type in Africa, but also throughout the port community in the world. Tom Falknor of ICTSI believes the success was due to the country's President who championed the restructuring process and took a significant personal interest in the project.

Elsewhere progress is gathering pace. South African port privatisation appears to be on schedule with the tender for Durban to be released by June. It will be interesting to see whether the Durban unions who are currently picketing the port authority, will be abated or if the private investors will be left to struggle with the difficult labour situation. In the meantime significant investment continues with an order of 60 straddle carriers just being completed and a further large order for Durban's pier one likely. Further along the coast the situation at the Coega project, 22km from Port Elizabeth, seems to have clarified itself. It seems that, for the time being, TCI and P&ONedlloyd have succeeded in obtaining preferred bidder status. Whilst in Cape Town Maersk Sealand and ICTSI are showing a keen interest for a concession that is scheduled for next year but may come up earlier.

In Ghana a group consisting of a large number of diverse players including Bathgate, Bougues, MDHC, Maersk Sealand and SDV, will be involved in running the new container operations in Tema and Takoradi. In Nigeria it is rumoured that a deal for the container terminal may be completed even before the new regulatory framework is in place. Already in Nigeria there is a successful example of privatisation: the Onne river port terminal near Port Harcourt where the private partnership between Intels and Maersk Sealand, supported by the Emerging Africa Advisors based at Standard Bank in London, is expecting to secure funding for further development and a container berth extension.

A quick look elsewhere in Africa shows that in Egypt the opening of East Port Said next year will highlight close links between Africa and southern Europe. At Maputo, where MDHC is involved, financial closure is reported to have been reached. Wherever you look in Africa at present port privatisation is being discussed or implemented. It is just over 100 years since the original Scramble for Africa by the European powers intent on carving up the vast continent for their gains. 20 or 30 years later we were scrambling to get out again. Let's hope this time, for the sake of the African people, the port users and the investors, we shall see a longer-term commitment.