

# CONTAINER TRADES

## OF EAST AND SOUTHERN AFRICA

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Dynamar has recently issued its Container Markets and Trades series and the fourth biennial edition of the East & Southern Africa Container Trades. Salient details and some of the interesting findings of this study are discussed in this paper for PTI. Dynamar's biennial East & Southern Africa Container Trades studies alternate with similarly structured reports on the West Africa container trade, although they both cover Sub-Saharan Africa, two quite different trades are concerned.

### WEST AFRICA

West Africa is clearly moving in the direction of maturation. Compared to East Africa, ships are bigger, there are more carriers and there is a substantial presence of international port operators. Currently, 112 box ships sail the core Asia-West Africa routes. Deployed by ten different carriers, their average capacity is 5,300 TEU, with the biggest ship measuring no less than 13,100 TEU.

The service employing the largest units is a veritable hub-and-spoke operation, connecting the Lomé hub with a large

number of regional ports by feeder. Foreign terminal operators include APM Terminals, Bolloré, China Merchants, CMA Terminals, DP World, ICTSI, Portek and TIL Group.

### EAST AFRICA

East Africa still has some way to go compared to West Africa. With 2,900 TEU, the average of the 52 container vessels serving the area from Asia is little more than half the size of its West African sister. Including the largest 4,900 TEU unit, they are operated by nine different carriers.

Hub and spoke is not practiced in East Africa. Hutchison Port Holdings (Dar es Salaam) was the single foreign terminal operator in the region until DP World started operating Berbera and sister company P&O Ports announced to develop Bosaso. Mombasa, the region's largest outlet, is operated by its port authority.

### GEOGRAPHICAL CONSIDERATION

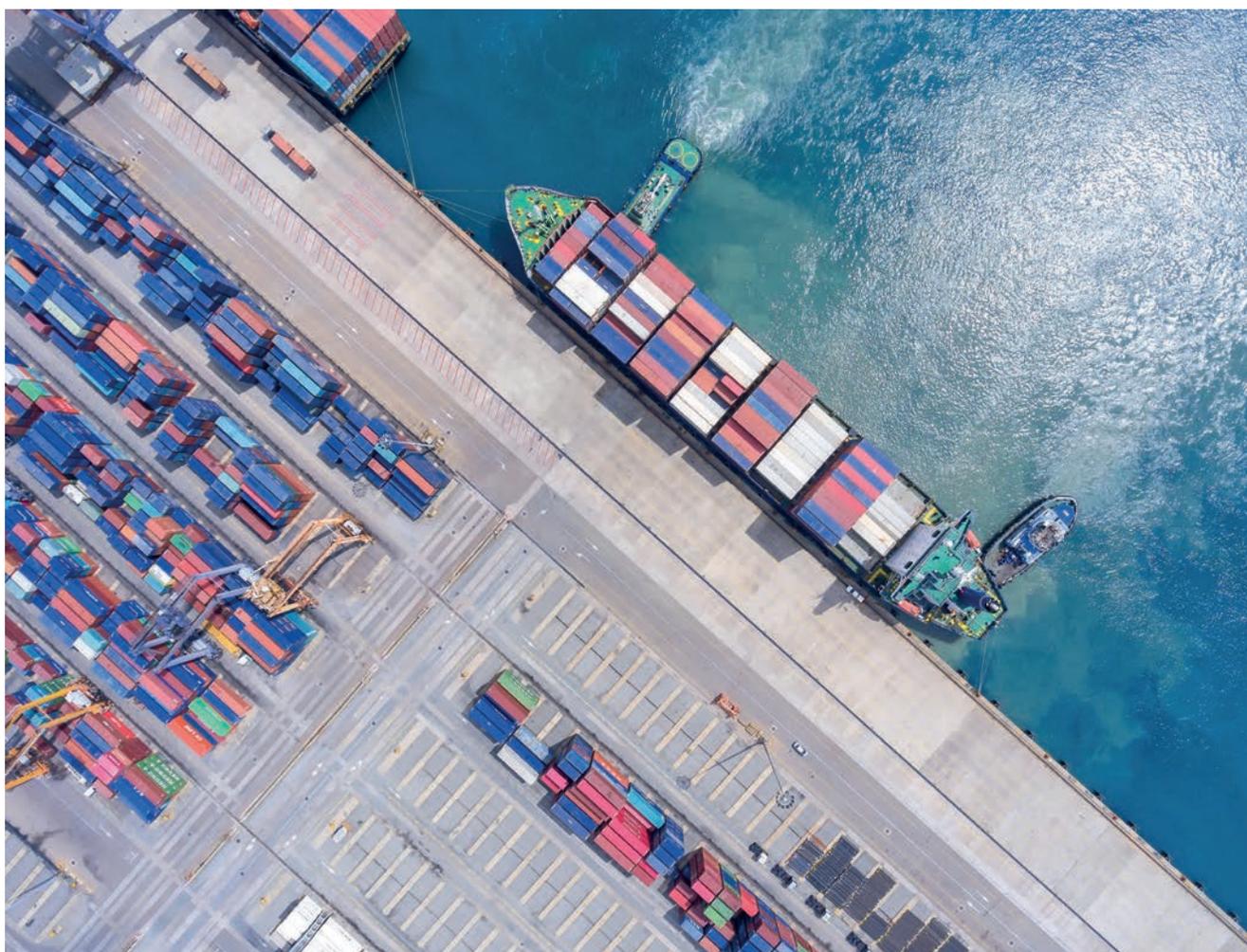
In all fairness, East Africa is the smaller area. Including, in part, defunct Somalia, there are just three littoral countries with an overall 5,300-kilometre coastline

along which six ports are being served. In addition, East Africa comprises seven landlocked countries. Total population across all countries is 317 million. The corresponding West Africa data reads: 20 littoral plus 5 landlocked countries; 9,700 kilometre coastline; nine ports served; 491 million people.

### DEFUNCT, BUT INCREASINGLY SERVED

Somalia may still be considered partly defunct, but evermore containerships are coming to its ports. Eight different services are concerned, operated by six carriers: CMA CGM, Emirates Shipping, MSC, PIL, Simatech and X-Press Feeders. Ports called at include Berbera, Mogadishu and Kismayo. The seventeen ships used have an average capacity of 2,000 TEU, ranging between 1,100 TEU and 2,700 TEU.

Berbera, an old port city and once the capital of then British Somaliland, is located in 1991-declared independent Somaliland. Although not recognized, it has been able to maintain a stable existence. Its neighbour is the semi-autonomous state of Puntland, self-governing since 1998.



Bosaso, its mid-1980s multipurpose port, is not yet called by container services. The capital Mogadishu and, situated nearer the Kenyan border, Kismayo are the two more or less functioning ports of the (southern) Somali Republic. It seems as if, after falling back during the last few years, piracy is returning to the Horn of Africa.

#### **EAST AND SOUTHERN AFRICA**

Despite South Africa's political turmoil and its year 2016 3.3% imports/exports decline, the country's fundamentals are still considered sound. Like other emerging markets, it should benefit from a stronger currency, lower inflation, declining interest and better economic growth. Commodity prices and mining exports are picking up and a recovery of reefer produce is in sight.

Mozambique's capital Maputo is completing the construction of Africa's longest suspension bridge. The Maputo-Catembe Bridge will connect with Johannesburg and Durban, amongst others. The fifty-seven metal deck parts, weighing 125 tons each, are being shipped in from China.

Djibouti is not part of East Africa, trade-wise. Nearly all fourteen services calling there do so as part of a larger Red Sea/Middle East rotation. A separate write-

up in the report discusses the position of Djibouti as the all-important gateway to Ethiopia, together with all services profiles.

#### **LANDLOCKED EXPENSES**

Sixteen of all Africa's 56 countries are landlocked. Their lifeline is the connection with the nearest seaport in an adjacent country. Inland transport is two-and-a-half times more expensive than ocean carriage. It means that the welfare of 228 million people in eleven East & Southern African countries is impacted as they pay more for their imports and get less for their exports.

As befits good neighbours, authorities in the coastal countries, often with the help of China or Japan-based investors, have initiated grand plans to develop new corridors. These come in addition to the many passageways already in existence some of which may be improved, expanded or extended.

#### **EYE-CATCHING CORRIDORS**

##### **TWO PLANNED CORRIDORS ARE:**

1. The Lamu Port-South Sudan-Ethiopia-Transport corridor (LAPSSET) plans to connect the Kenyan UNESCO World Heritage port of Lamu with the countries

stated through an 880km highway plus a 1,710km railway. The first of 32 berths is slated for commissioning in 2018. Total costs include a 2,240-km crude oil pipeline are estimated at US\$24.5 billion, equal to 40% of Kenya's 2015 GDP. LAPSSET may ultimately be stretched to an equatorial land bridge touching the South Atlantic Ocean at Douala/Cameroon

2. The Mwambani Port and Railway Corridor Company (MWAPORC) plan includes a deep-sea port at Tanga/Mwambani which handles bulk and 18,000+ TEU box ships. An 8,500km railway is to link the Indian Ocean from Tanzania through Rwanda, Uganda and Congo D.R. all the way to Banana on the South Atlantic Ocean. And furthermore: water, gas and oil pipelines, airport- and railway cities. The costs? \$30 billion
- What the above two and similar other corridors have in common is delays, stagnation and a lot of external sceptic.

#### **PORTS AND CRANES**

The 42 services carrying containers on the global routes connecting with East Africa, the Indian Ocean Islands and South Africa, call at a total of 24 African ports. Just 10 of these ports are equipped with STS

Port	Country	AREA	2016 TEU	2015 TEU	2014 TEU	2013 TEU	2012 TEU
Mombasa	Kenya	East Africa	1,091,000	1,076,100	1,012,000	894,000	903,400
Dar Es Salaam	Tanzania	East Africa	n/a	683,600	612,600	553,900	507,200
Toamasina	Madagascar	Indian Ocean	n/a	140,600	139,200	137,800	131,600
Port Louis	Mauritius	Indian Ocean	511,300	467,200	556,400	517,500	576,400
Port Reunion	Reunion (FR)	Indian Ocean	324,700	249,700	241,000	213,000	221,400
Beira	Mozambique	Southern Africa	n/a	211,000	211,200	184,000	170,000
Cape Town	South Africa	Southern Africa	926,600	909,700	892,600	920,600	848,300
Durban	South Africa	Southern Africa	2,620,000	2,784,300	2,664,300	2,632,500	2,568,900
Maputo	Mozambique	Southern Africa	N/A	140,900	134,000	127,500	101,200
Ngqura	South Africa	Southern Africa	571,400	661,300	705,400	774,800	574,900
Port Elizabeth	South Africa	Southern Africa	152,400	221,200	259,900	290,000	288,200
Walvis Bay	Namibia	Southern Africa	N/A	386,600	359,500	334,400	334,400

5-year throughput of East and Southern African ports handling minimum 100,000 TEU



container cranes. This comes down to a crane density of 3.6 per port overall, or 8.7 per equipped facility. Most STS gantries, 25, can be found in Durban, with Mombasa following: 13 such devices. The Indian Ocean Islands have to do with just nine STS gantry cranes in La Reunion (four) and Mauritius (five).

**UPS AND DOWNS**

Every continent with a great future has its ups and downs. The worldwide trade slowdown has also affected the Eastern and Southern African economies, albeit not all of them. South Africa, normally the larger area’s growth generator, is struggling. In contrast, Kenya is doing very well and Mombasa expects a throughput of 2.5 million TEU by 2020.

Tanzania could barely exist without the World Bank, currently financing 30

projects worth some US\$4.3 billion. This sum includes US\$690 million for a second container terminal to double Dar es Salaam’s capacity to 1.2 million TEU.

Yes, politically troubled South Africa caused a decline of the overall trade by 1% on-year in 2016, yet TEU volumes for Southern Africa as a whole are forecast to grow by CAGR 3.2% over the period 2015 to 2020. For East Africa and the Indian Ocean Islands combined, the expected growth rate is nearly 10%. The overall number of full containers to be carried by 2020 is anticipated to exceed 7 million TEU for the first time.

*The 200-page East and Southern Africa (worldwide) Container Trades 2017 report is immediately available and can be ordered for direct download at on the Dynamar website*

**ABOUT THE AUTHOR**

Prior to joining Dynamar in 1999, Dirk Visser has been working for more than 30 years in the Amsterdam and Rotterdam agency and forwarding industry in several senior positions. During that period, he has been involved in the representation of a large number a of (liner) shipping companies of all kinds. As a senior shipping consultant and managing editor, at Dynamar Dirk is overall responsible for the company’s consultancy and publications departments.

**ABOUT THE ORGANISATION**

Since 1981, Dynamar B.V. of Alkmaar, the Netherlands, has provided Transport and Shipping Information and Consultancy services for the Marine, Energy and Financial sectors. Dynamar today is world’s leading container sector credit risk analyst, a major provider of analytical container shipping and terminals news and commentary, and a regular supplier of bespoke liner shipping and ports/terminals consultancy services.

**ENQUIRIES**

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