



EGYPT THROUGH THE PRISM OF PORT-CENTRIC LOGISTICS

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In Egypt, many steps have been taken to support the development of ports by enhancing ship and cargo services, increasing storage capacity and dry port usage, and establishing port-centric logistics centers. IT has become crucial to buttress the move towards better performance via the electronic exchange of documents, electronic controlling and cargo traffic systems, and using periodical reports from data centres. Thus, special attention is given to applying International maritime codes particularly ISPS Code.

INTERNATIONAL TIES

International ties remain vital to the development of port logistics in Egypt, with Egypt the first Arab state to become a member of IMO. However, it did lose its seat from 2013 till 2014 due to political instability. Egypt was re-elected in 2016, and since then has strived to maintain sound relations with other maritime-related

entities such as the European Maritime Safety Agency (EMSA), and the International Labor Organization (ILO). This is because a smooth harmonious relationship keeps Egypt and its port networks abreast of the latest developments in the sector, and ensures stability for workers.

The Egyptian maritime sector usually formulates in coordination with port authorities any draft resolutions for the rules and practices regulating transport activities. Therefore, any necessary amendments to standing legislation are made regularly to cope with global and domestic variables and meet the country's maritime strategic objectives.

THE NEW INVESTMENT LAW

Recently, the government of Egypt has initiated an ambitious programme for financial and economic reform. The progression achieved at regional level enables Egypt to have a higher international

position. Given its strategic location, and the presence of several key ports like Alexandria and Damietta and the progressive development of port-centric logistics in the region make it ever more attractive and reliable to cargo owners. As world trade digitizes and the major players increase customer expectations regarding speed of delivery, it is vital for Egypt, at the main intersection of east-west trade at the Suez Canal, to facilitate optimal efficiency. In this regard, the government of Egypt has looked to attract Arab and foreign investment.

The Executive Regulations of the New Investment Law No.72/2017 aim to provide incentives, facilitate cross-border trade relations and supply sufficient guarantees to cushion against any coercive measures. They also generate regulatory tools to ease the investment process. Key among the investment law advantages are several factors that prove conducive to the development of port-centric logistics in the region. Among

these factors are: curbing bureaucracy, allowing new incentives, and creating dispute settlement tools so that investors can finalize their procedures online.

Timetables for investment services are now set where government authorities respond to investor requests. Single-window systems are provided to save time and effort, as representatives of different government departments, which form the so-called Investment Services Center, can check and approve submitted documents on time. Special incentives as per the new law are tied with the project location in one of the two main sectors below and according to the investment map:

- Sector A: Economic Zone of the Suez Canal (SCZone) – Economic Zone of The Golden Triangle (three towns in Northern Egypt: Safaga, Koseer and Qena) – other zones needing development
- Sector B: Parts of the country that entertain good ingredients for development and lure investment

EVOLVING INTO LOGISTICS PORTS

In December 2017, Egypt's Ministry of Transport (MOT) received a detailed study by the Maritime Research & Consultations Center (MRCC) on how feasible it is to turn ports into port-centric logistics ports. The study confirms that the aim is to achieve added value for handled commodities when activities such as warehousing and diligent customs procedures are performed. This in order to reduce time and effort - aside from the supply of IT networking - and connect all port community members through a communication system that reaches the customer directly. The study recommends that more port 'Free Zones' (FZ) should be established to deliver the incentives set forth by the New Law of Investment. An entity to supervise proposed zones is also recommended by MRCC study. According to the study, higher port productivity and better services are the key benefits of the FZ proposal, not to mention less modal transport and reduced cargo handling charges. Investment returns for port projects will increase in light of project volume and services provided by each project, the study predicts.

Recently, Transport Minister Dr. Hesham Arafat held intensive meetings with national port authority chairmen to draw a timetable to put the study into action in the wake of his successful visit to London and Germany, where he met with leading global shipping lines. This is the beginning of the evolution. In fact, the MRCC study paves the way for a scheme drawn by a Germany-based consultant for a detailed assessment of Egyptian ports' competitiveness. This study stresses twenty six recommendations to implement the plan to transform Egypt's

ports into logistics ports, and offers five pointers to increase port competitiveness regionally and globally.

THE PORT OF DAMIETTA

The above study selects the Port of Damietta as a viable sample to evolve from a traditional port into a port-centric logistics port. Damietta has the logistics port ingredients, such as automated operations, good use of land and rail transport networks, as well as the supporting services for large scale logistic potentials (such as investible land). The study recommends that some integrated logistics centers should be established inside Damietta.

A fully-developed manufacturing services center is also proposed where a versatile set of services can be provided, including the import of auto parts from manufacturing companies abroad, for assembly and re-export to the Eastern Mediterranean or Far Eastern countries. The study also underlines the need for a container repair logistics center to provide services for several shipping lines which make regular voyages to the ports of Egypt, including Damietta.

A key precedent before the full implementation of port centric logistics is the necessity to form regulations to guarantee investment, and provide a framework to supervise the entire process of developing the port-centric logistics evolution. Egypt should also take necessary measures to join international treaties related to logistics management and multi-modal transport facilitation to ensure ease of practicing optimal operations to global standards. This would allow Egypt to create a "One Stop Shop" system where all licenses, invoices, tax exemptions and concessions can be administered through one single office.

Below are five key steps to a vision for port logistics competitiveness as proposed by the MRCC study.

1. A comprehensive investment plan should be drawn showing maritime projects and the state's objectives behind these projects
2. Projects should include licenses and requirements with an implementation timetable for each project. Advanced IT is needed for this
3. Slash bureaucracy in logistics so ports can coordinate and harmonize with existing laws and marine-related regulations
4. Efforts should be consolidated to promote Egypt's niche in East Med. region and increase its competitive edge by taking measures to intensify hub presence in the Red Sea Region
5. Rehabilitation of the transport network in the Red Sea Region and provision of investment incentives to attract foreign entrepreneurs to the area

FINAL THOUGHTS

The study points out one key thing: Port projects in Egypt lack integration. While huge funds are required for port investment, capital turnover is slow and initial operation stages generate little return. Further, there are no signs that overall transport plans are matching trade and industrial investment activities.

Also, ports may well need a change in their port management system. According to the Global Productivity Index, the East Port-Said Port in Egypt came 35th globally in 2014, three steps up from its 2012 ranking. This ranking confirms that a diverse range of shipping lines are dealing with the ports of Egypt, but this may simply be due to its good geographical location. The introduction of e-commerce in a number of ports and low labour costs are good points of strength to climb up the ranking table however. This, with the emergence of a complete network of feeders to serve the ports such as East Port-Said Port, will undoubtedly see Egypt become a much bigger player in the port-centric logistics sphere.

ABOUT THE AUTHOR

Ashraf Ghazy holds a Master's Degree in International Transport & Logistics from the International Transport & Logistics Institute of the Arab Academy. Mr Ghazy moved to Damietta Port Authority (DPA) in 1994, and after 24 years in port-related activities, he is now a senior translator in DPA's Information Technology Department. Mr Ghazy has written extensively in the global maritime media, and is an often-sourced commentator on the maritime issues affecting Egypt and the Suez Canal.

ABOUT THE ORGANIZATION

The Port of Damietta is a government-run Egyptian port. It is 10.5kms west of the River Nile Estuary, and 70km west of Port Said. Access is via a manmade entrance channel from the north, and the total space of the Port of Damietta is 11,6 kms². It handles containers, general cargo and bulk commodities. Several private companies are operating successfully in the port, including significant joint venture gas liquefaction complexes.

ENQUIRIES

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