

# Role of African Ports in Global Trade & Shipping

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# GLOBAL TRADE GROWTH

## World Trade Volume Growth

(Annual percentage change)

	2000-04	2002	2003	2004
<b>World merchandise exports</b>	4.0	3.5	5.0	9.0
Agricultural products	3.0	3.5	3.5	3.5
Fuels and mining products	2.5	1.0	4.5	5.5
Manufactures	4.5	4.0	5.0	10.0
<b>World merchandise production</b>	2.0	2.5	3.5	4.0
Agriculture	2.0	1.5	2.5	3.0
Mining	2.0	0.0	3.5	4.0
Manufacturing	2.0	3.0	3.5	4.0
<b>World GDP</b>	2.0	1.5	2.5	3.5

Source: WTO 2004 Report

# Africa's share of International Trade

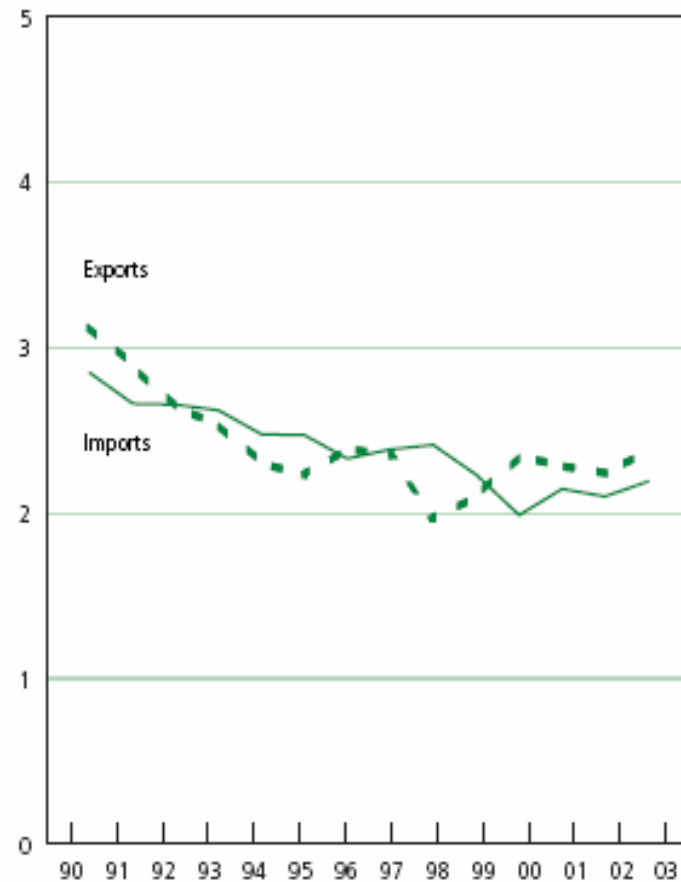
Merchandise trade of Africa, 1990-03

(Billion dollars)



Share of Africa in world merchandise trade, 1990-03

(Percentage based on value data)



Source: WTO, World Trade Report, 2004

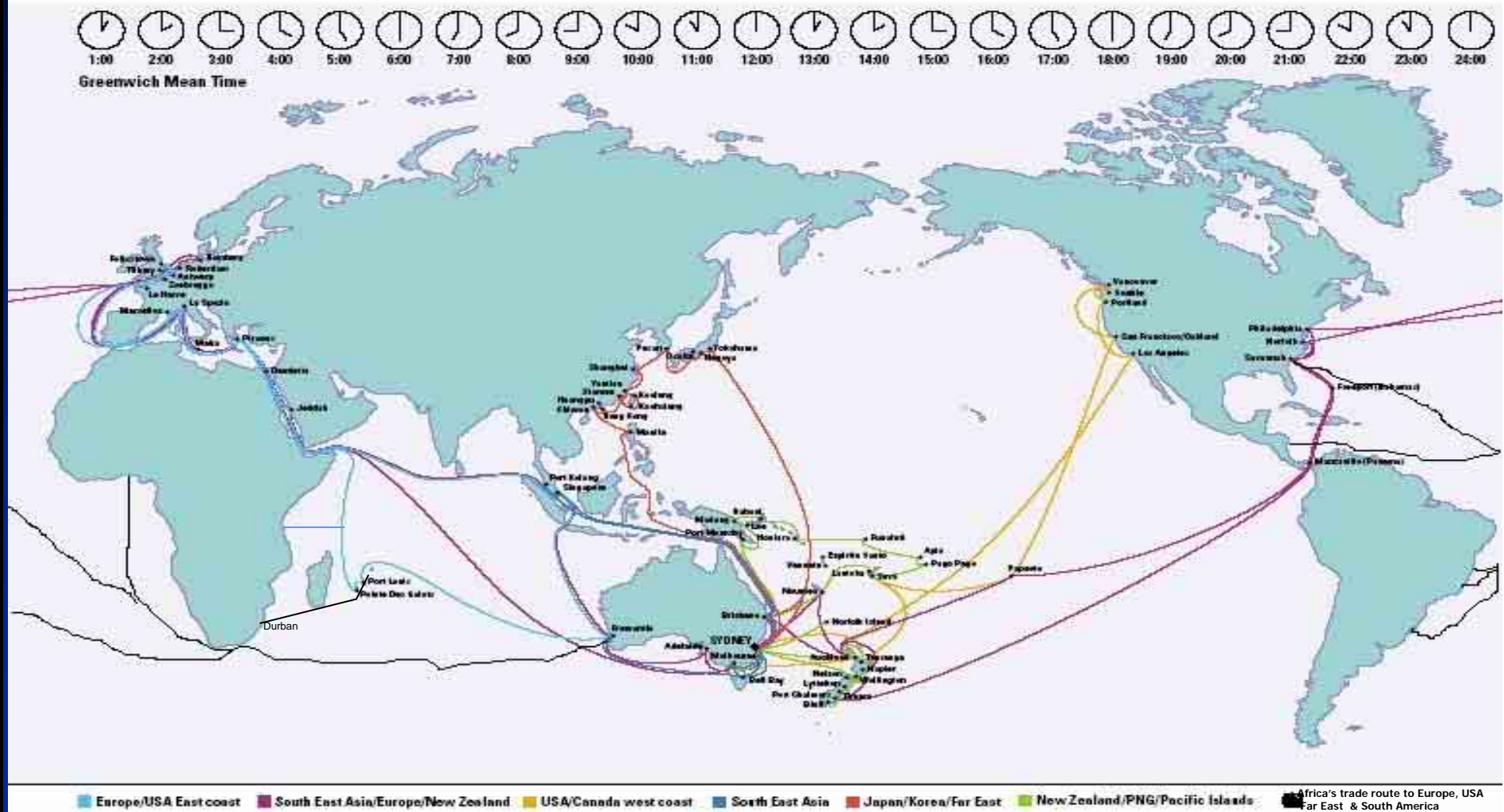
# Global Trade

- Declining African share in global trade
- Changing political/economic climate (NEPAD)
  - Key areas of NEPAD: market access, infrastructure development, political stability, human capital (skills) development
- Political stability slowly emerging
- Implications on global shipping
- Oil & Gas opportunities

# Key Changes in the Africa

- Significant economic growth across Africa
- Opportunities in oil & gas fields and other areas
- Proliferation of Economic Partnership Agreements (EPA's)
  - AGOA
  - SACU-EU
  - SACU-USA
  - SACU-INDIA
  - SACU-CHINA
  - AAP
  - EU-Cotonou
  - MERCOSUR-SACU
- Africa constitutes 2,3% of world trade, of which more than 50% Southern Africa (World Trade Report, WTO, 2004)

# SHIPPING ROUTES WITH AFRICAN PORTS PARTICIPATION



## Capacity deployed (capacity increases) on primary East/West Shipping trade routes 2004 -2006

Route	1.1.2004	1.7.2004	1.1.2005	1.7.2005	1.1.2006 est
Australia	3,637,400	3,869,500	4,086,400	4,388,200	4,520,000
East coast South America	4,776,500	5,277,300	5,742,000	6,423,700	6,850,000
West coast South America	2,327,200	2,294,900	2,425,500	2,824,500	2,930,000
South Africa	1,871,000	1,929,500	1,982,200	2,233,000	2,290,000
West Africa	2,083,100	2,121,800	2,154,300	2,109,800	2,220,000
Total north-south sample	14,695,200	15,493,000	16,390,400	17,979,200	18,810,000

Source: Drewry Shipping Consultants \_ Container Market Review 05/06

## Capacity % deployed (capacity increases) on primary East/West Shipping trade routes 2004 -2006

Route	2H 2003	1H 2004	2H 2004	1H 2005	2H 2005 est
Australia	1,8%	6.4%	5.6%	7.4%	3.0%
East coast South America	-0.6%	10.5%	8.8%	11.9%	6.6%
West coast South America	-0.2%	-1.4%	5.7%	16.5%	3.7%
South Africa	0.1%	3.1%	2.7%	12.7%	2.6%
West Africa	n/a	1.9%	1.5%	-2.1%	5.2%
Total north-south sample	n/a	5.4%	5.8%	9.7%	4.6%

Source: Drewry Shipping Consultants \_ Container Market Review 05/06

# Implications on Trade & Shipping

- Increase in Containerized cargo
- Influence on major trade routes i.e.
  - South-South (Developing Countries)
  - Future on Post-Suez canal vessels
  - East-West trade route
- Economic integration among countries
- Inflow of Foreign direct investment (FDI)

# Implications on Trade & Shipping

- The trend of smaller trade routes are partly compensating for the decline in growth in the two major east/west trades.
- New “stars” which now show buoyant, double-digit demand growth are:
  - ✓ *the secondary trades along the east/west maritime axis, notably Asia/Mediterranean and the South Asian and Middle Eastern trades, and*
  - ✓ *South America and South Africa, which are acting as new locomotives in the north/south trades*

## Key Benefits/Dividends

- Higher economic growth
- Higher share of International trade
- Improved shipping opportunities in the region
- Ports required to develop to accommodate additional trade

# Africa's Port Response

- Legislative Reforms
- Port Privatisation (BOO,BOOT & BOT)
- Port Operations Management International operators
- Total Container handling on the Continent
- New Ports Infrastructure to create container handling capacity – Port of Ngqura - 16,5m draft
- Vessel sizes
- Alternate route to East-West trade route
- Transshipment Hubs & Logistics Centres

# Conclusion

- Development and Enhancement of multimodal & logistics integration for increasing efficiencies in Trade Flows
- African port compliance to Container Security Initiative
- Willingness by African governments to lure private sector to port operations
- Building of regional competencies and Cost-sharing for key Trade functions through NEPAD by African countries.