



## IUMI 2018

### VIEWS OF A LOCAL AFRICAN SURVEYOR ON AFRICA PORTS INVESTMENTS

The case of the Cote D'Ivoire Average Agent

Compagnie des Experts Maritimes - CEM

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## Presentation structure:

- Brief presentation of Group 'Compagnie des Experts Maritimes (CEM)'
- A local African 'Average agent' view on current Africa ports infrastructure
- Evolution of the roles of local African 'Average agents'
- Conclusion
- Questions and answers

## Group 'Compagnie des Experts Maritimes – CEM'

- A CESAM accredited Average agent, present in West Africa since 1946
- Maritime surveys of all types of cargos and commodities
- Hull and machinery surveys
- Surveys of Petroleum cargoes
- Inspections of warehouses, terminals, quays, and Oil and Gas facilities
- Assistance in handling of sensitive / high value equipment for incidents prevention.
- Advisory role on 'Transport' Risk management issues
- Our Cargo Surveys in 2017: 3,400 missions with total estimated damages over € 5,000,000.00
- Our Hull and Machinery Surveys in 2017: 27 assignments with total estimated damages of over € 1 000 000



## CEM - Typical cargos and commodities surveys :



**Bags of rice in vessel holds**



**Wheat in bulk in vessel hold**

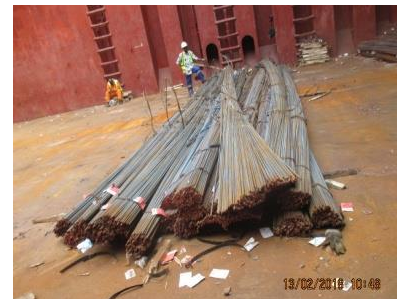


**Oil & Gas surveys**



**Warehouse stock inventory**

**Frozen goods in reefer container**



**Bundles of steel bars in vessel holds**

## CEM - Recent Hull and Machinery assignment:

- Fire in the engine room of a Tuna fishing vessel while vessel was in dry dock in Abidjan (June 2017)
- Assignment was to establish cause of fire, quantum of damages and follow up repairs.
- Material damages of about 300 000 Euros



**Damages in engine room**



**Damages in engine room**



**Engine room after repairs**





# CEM – Africa ports infrastructure

Clear case for growth

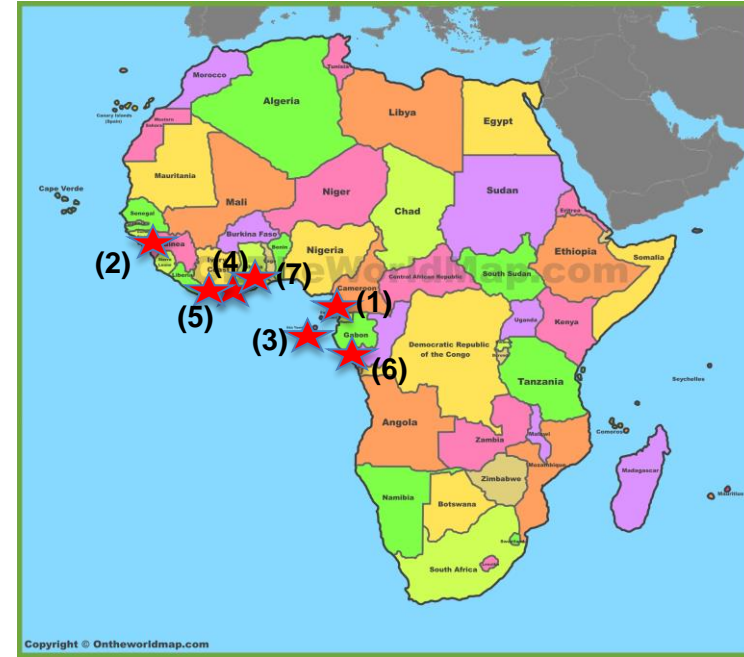
- Disclaimer: In my presentation, the word Africa will have 54 shades of color...There is not 'one Africa'...
- Growth in Africa is forecasted to pick up from 2.6% in 2017 to 3.9% in 2022, and is predicated on commodity exports and rapidly transforming economies. As 90% of imports and exports in Africa are driven by sea, the ports infrastructure need to cope with the increased demand.
- Challenge for African ports is that shipment sizes are small compared to those globally, driving up the unit cost of a shipment. This means moving a single container (or any other unit of volume) is 1.5 to 3.5 times more expensive from Africa than for high-volume trade routes over a comparable distance.
- There has been significant investments in the ports infrastructure in the region (during last decade Sub Sahara Africa received 10% of global investment allocations imports, while it accounts for about 1% of global trade volume growth). Though almost 90% of this external investment was in concession agreements for existing port terminals, rather than investment in new infrastructure.



## CEM - Africa ports infrastructure

Some recent projects on the map

- The **Kribi deep-water container terminal**: Project of \$574 millions. Consortium of Bolloré, CMA-CGM and China Harbor Engineering Company (CHEC) signed a 25-year concession in July 2016. (1)
- **Port of Conakry (Guinea)**: An extension project for the port, driven by CHEC, for a projected cost of \$ 774 millions. (2)
- **Port of Sao Tomé**: CHEC is also working on the trans-shipment port of São Tomé and Príncipe, estimated at \$ 800 million (3)
- **Port of Abidjan**: Second container terminal being built. Project of \$ 980 millions led by Bolloré-APTMBouygues (4)
- **Port of San Pedro (Cote d'Ivoire)**: MSC obtained a 35 years concession for port extension at a project cost of \$ 560 millions (5)
- **Port of Pointe Noire (Congo)**: Bolloré is working on a port extension project of \$ 250 millions (6)
- **Tema Ghana**: A new deep water port project was launched end 2016 by a consortium (Bolloré-APM- Ghana port authority) for a projected cost of \$ 1 500 millions (7)
- **Etc....**
- Though some experts are worried about the profusion of megaprojects in an era of overcapacity in merchant ships. It is likely that only few dominant ports will eventually emerge as major hubs.



## CEM - Africa ports infrastructure:

A volatile competing scene

- Beyond own local market supply, main ports are also entry points to West Africa land locked countries
- New ports investments are competing with each other to supply land locked markets, with other investments made to strengthen hinterland connections infrastructure.
- Beside 'hardware infrastructure', many parameters to consider in assessing / selecting a port of entry: Political climate, temporary import bans, quays/warehouse congestion, piracy risk, change in port and handling taxes, quality of inland connections, etc....
- Changing realities and volatile environment create the need for permanent and reliable local relays. A role good local Average agents can fill.





## CEM – Africa ports infrastructure

An uneven investment repartition with limited impact on loss prevention

- Bulk of the new investments are made in new container terminals geared to attract 8000+ TEU ships, but very little was invested in the port infrastructure linked to bulk / conventional freight and other basic port and hinterland infrastructure.
- Sub Sahara Africa imports are predominated by containerized cargo, while exports are mainly raw materials and agricultural products, which are mostly handled as bulk freight.
- There may be therefore a growing imbalance between imports and exports infrastructure.
- Net impact of African ports investments on 'non containerized' cargoes loss prevention is still limited.
- For active Loss prevention, still need to actively address basic issues: quay / warehouse availability, stevedore quality, dated handling equipment, cargo storage conditions, theft, etc..



**Abidjan container terminal**



**Cocoa bags loaded in vessel holds**



**Poor drainages in some port areas**



**Bags stored directly on floor**

## CEM - Africa ports infrastructure:

Not enough focus on improving basic standards and maintenance



Under quay erosion leading to sinking and collapsing



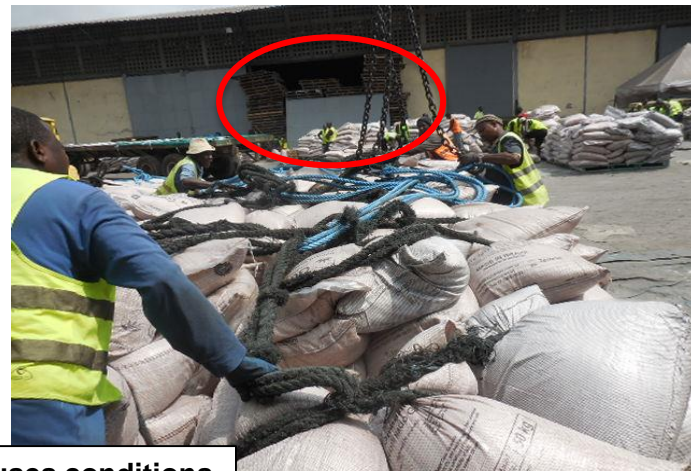
Congestion in some areas



Accident at Abidjan Terminal



Poor warehouses conditions



## CEM – Africa ports infrastructure

Ranking of ports where we operate from a local Average Agent perspective

- Infrastructure investment is only one piece of the puzzle required to handle more cargo in a more secure and efficient manner.
- From a loss prevention perspective, it is a combination of several factors that can minimize the risks associated with cargo handling in african ports
- Quality of ports infrastructure: Numbers of quays/warehouses and conditions, space for goods and trucks movement, etc...
- Port operations efficiency: Streamlining of ports / customs / vessel discharge / cargo clearance operations, etc...
- Quality of stevedores: Efficiency, quality of equipment and automation levels, loss prevention performance, etc...
- Port safety and security: Access control, use of Personal Protective Equipment, cargo theft control, etc...

Port	Quality of port infrastructure	Port operations efficiency	Quality of Stevedores	Port safety and security	Total /20
Conakry - Guinea	2	2	3	2	9
Abidjan - Cote d'Ivoire	3,5	3	4	4	14,5
Tema - Ghana	3,5	4	4	4,5	16
Lomé - Togo	2	4	4	3	13
Cotonou - Benin	2	3	3	3,5	11,5
Lagos Apapa - Nigeria	3,5	3,5	3,5	4	14,5

- Individual items scored from 0 (very poor) to 5 (excellent)

This is a June 2018 picture....



# CEM – Evolution of the roles of local African ‘Average agents’

A case for change

- Despite the heavy investments made over the years, loss prevention statistics have not drastically changed
- 80% of our assignments today are for post damage surveys, and only 20% in the area of Loss Prevention
- The next step change in area of Loss Prevention performance will come from more use of local market intelligence to better manage risk in a volatile environment. The devil is in the details, on the ground, every day...
- Because we are in the ports everyday and we dealt with all the actors of the local supply chain for over 60 years, we can help provide valuable market intelligence: Updated ports performance statistics, significant incidents alerts, updated security / political climate, updated stevedores performance, proactive demurrage risk management, periodic vetting of local insured prospect, competitive intelligence, etc...
- Use of competent and reliable local relays, who know the local market but also know and understand today's global markets requirements is a necessity to properly safeguard your commercial transactions to and from the African continent.
- There are highly technically competent local Average agents and surveyors in Africa now (hull and machinery, oil & Gas, etc.) willing to go beyond 'just surveying' .... Call upon us, we can help more !



# CONCLUSION

- Indeed very large investments have been made recently in Africa ports. Investments geared mainly to increase overall capacity and efficiency, especially for containerized goods.
- However, for this to translate into much improved Loss Prevention performance, a stronger focus and better use of local Average Agent is needed on damage prevention activities, and continuously updated market intelligence.



# THANK YOU

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