



GATEWAY TO EUROPE IN THE INDIAN OCEAN



Hosted By



Agenda

- A. Port Reunion:** a European port in the Indian Ocean
- B. A vector of added value**
- C. Developing East Africa connectivity** through maritime networks



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A. REUNION ISLAND



More than 850 000 inhabitants



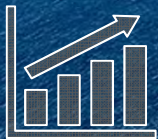
Territorial area: 2 512 km²



Official language: French



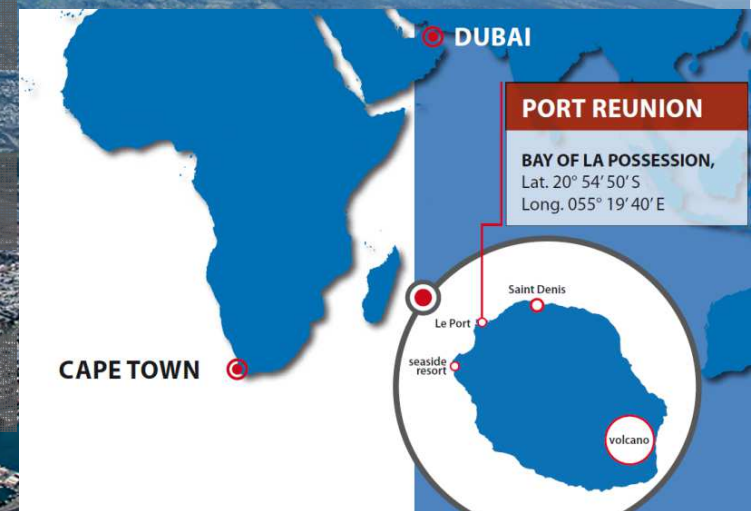
French and European region



The GDP growth: 3.2% (2017)



GDP per capita: 21 500€ (2017)



A. A European port in the Indian Ocean

Réunion Island

An overseas French Department and an outermost European Region:
a stable and secure environment.

Port Reunion is a “*Tool Port*”:

- The Port Authority (**GPMDLR**: French state owned company): runs the infrastructures and lends the quay cranes.
- Handling operations: private companies

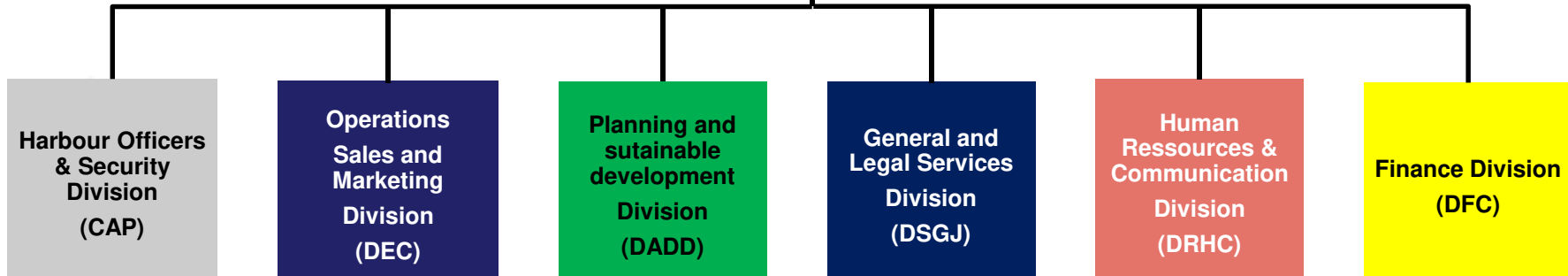
SUPERVISORY BOARD

ADVISORY BOARD



EXECUTIVE BOARD

E. LEGRIGEOIS (CEO)





East Port: 112 Ha

Quay length: 1650 m

Turning circle: 480 m

Depth : 13m-16 m

- Containers
- Liquid and solid bulks facilities
- Ro-ro and break-bulk
- Cruise

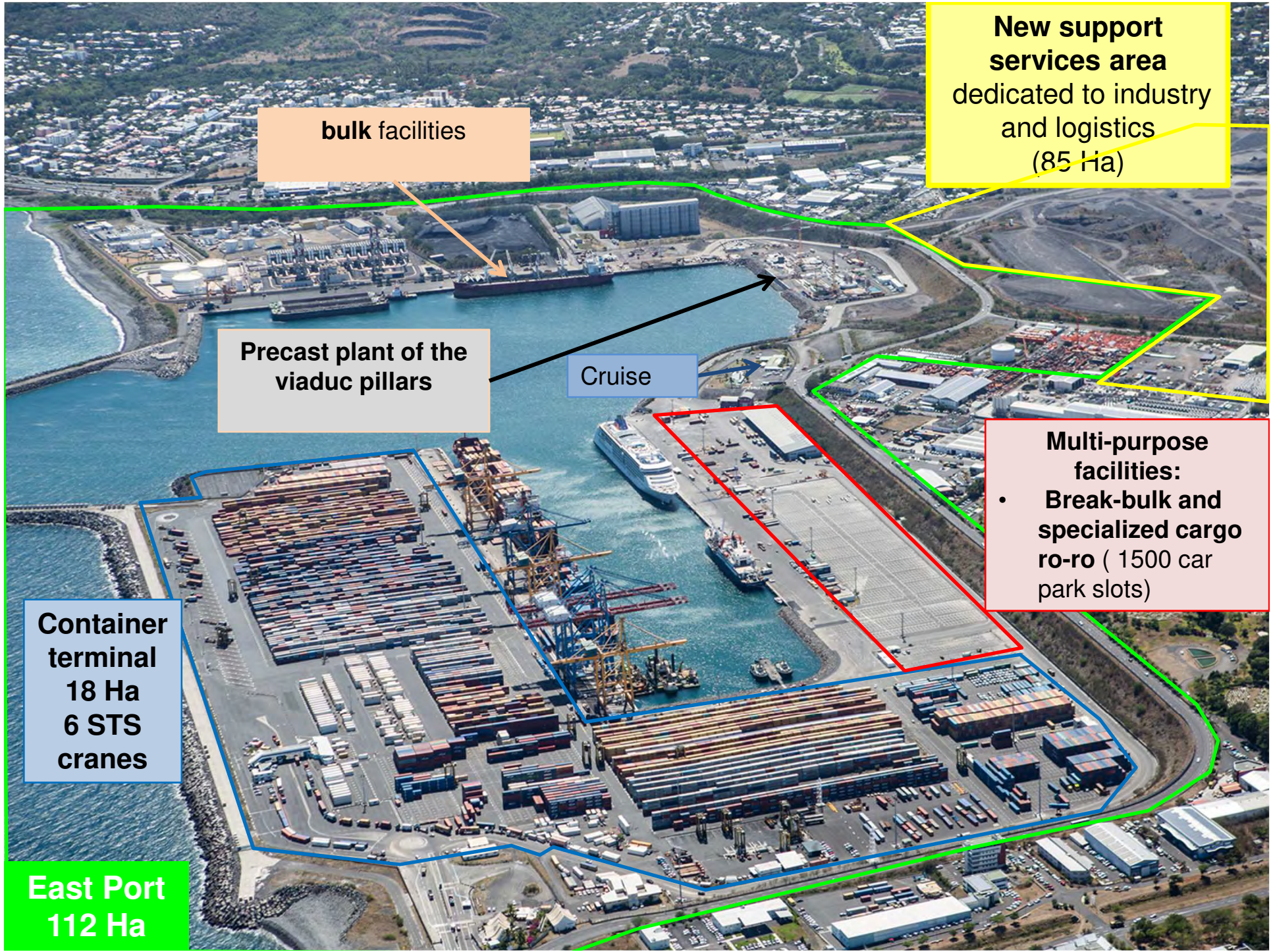
West Port: 69 Ha

Quay length: 3 000 m

Turning circle: 350 m

Depth: 4,5m-11m

- Fisheries and yatching
- France's 3rd navy base
- Bulk sugar loading facilities.
- Cement, gas and bitumen unloading facilities
- Ship repair



bulk facilities

New support services area dedicated to industry and logistics (85 Ha)

Precast plant of the viaduc pillars

Cruise

Multi-purpose facilities:

- **Break-bulk and specialized cargo ro-ro (1500 car park slots)**

Container terminal
18 Ha
6 STS cranes

East Port
112 Ha

WEST PORT

Naval bassin

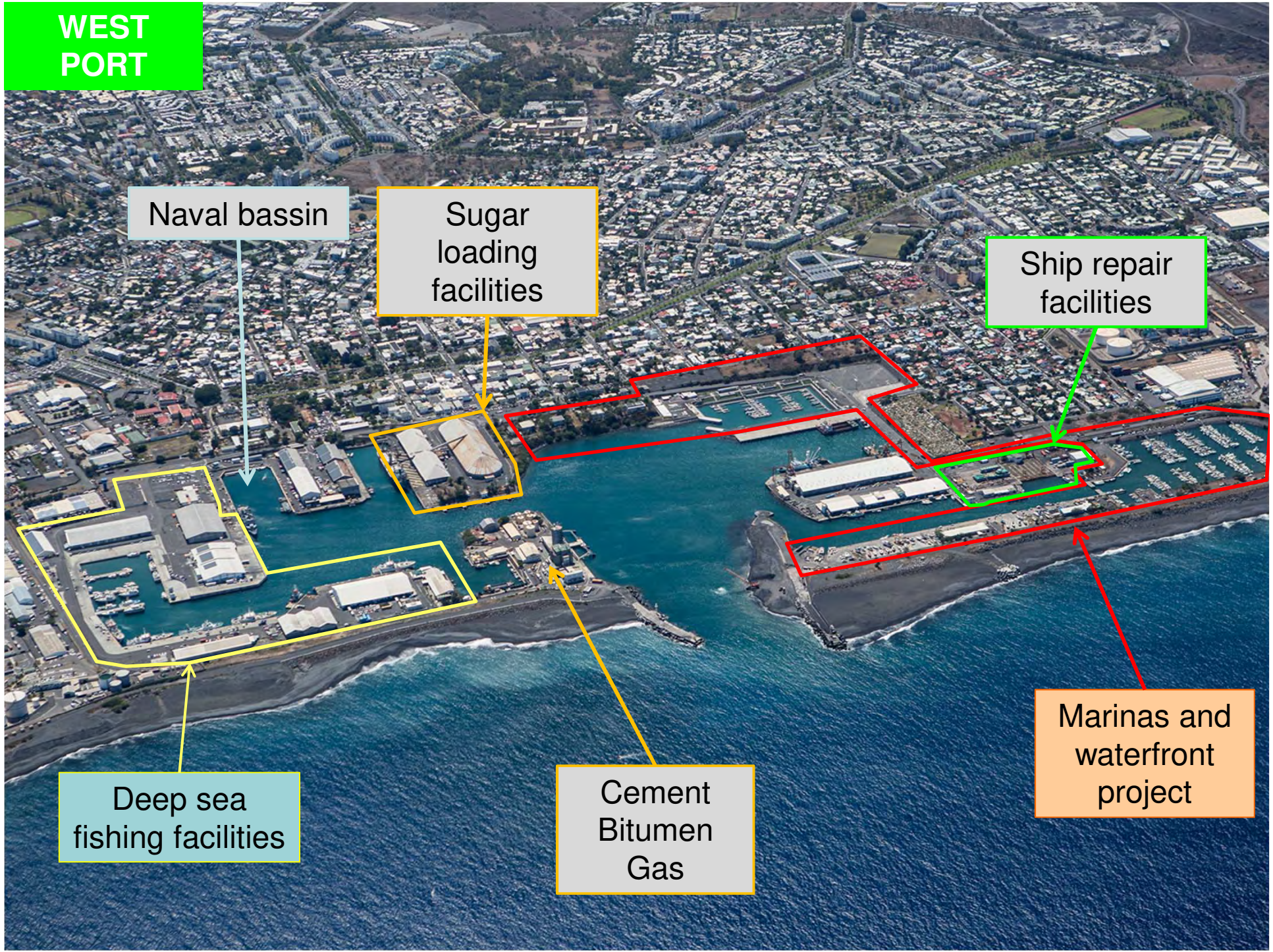
Sugar loading facilities

Ship repair facilities

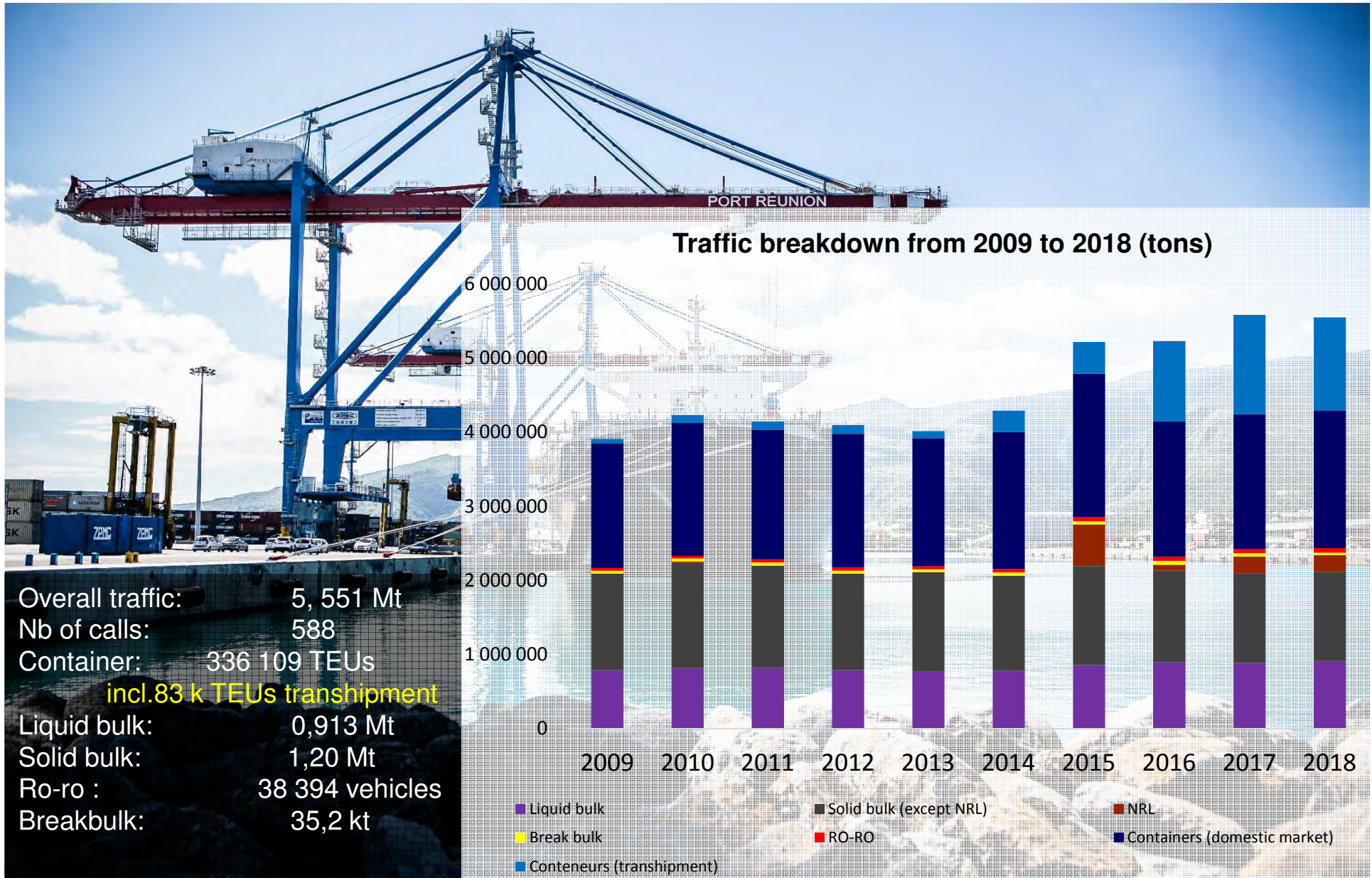
Deep sea fishing facilities

Cement
Bitumen
Gas

Marinas and waterfront project



STATISTICS 2018



Overall traffic: 5,551 Mt
 Nb of calls: 588
 Container: 336 109 TEUs
 incl. 83 k TEUs transhipment
 Liquid bulk: 0,913 Mt
 Solid bulk: 1,20 Mt
 Ro-ro : 38 394 vehicles
 Breakbulk: 35,2 kt

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A. **Port Reunion**: an European port in the Indian Ocean

B. A vector of added value

- **The industrial port zone of PORT REUNION**
- Port Reunion: A place in growth

C. **Developing East Africa connectivity** through maritime networks



THE INDUSTRIAL PORT ZONE OF PORT REUNION

- 4330 employees working for 344 companies
 - 2 Billion € of turnover
- 431 Million € of Economic Added Value generated



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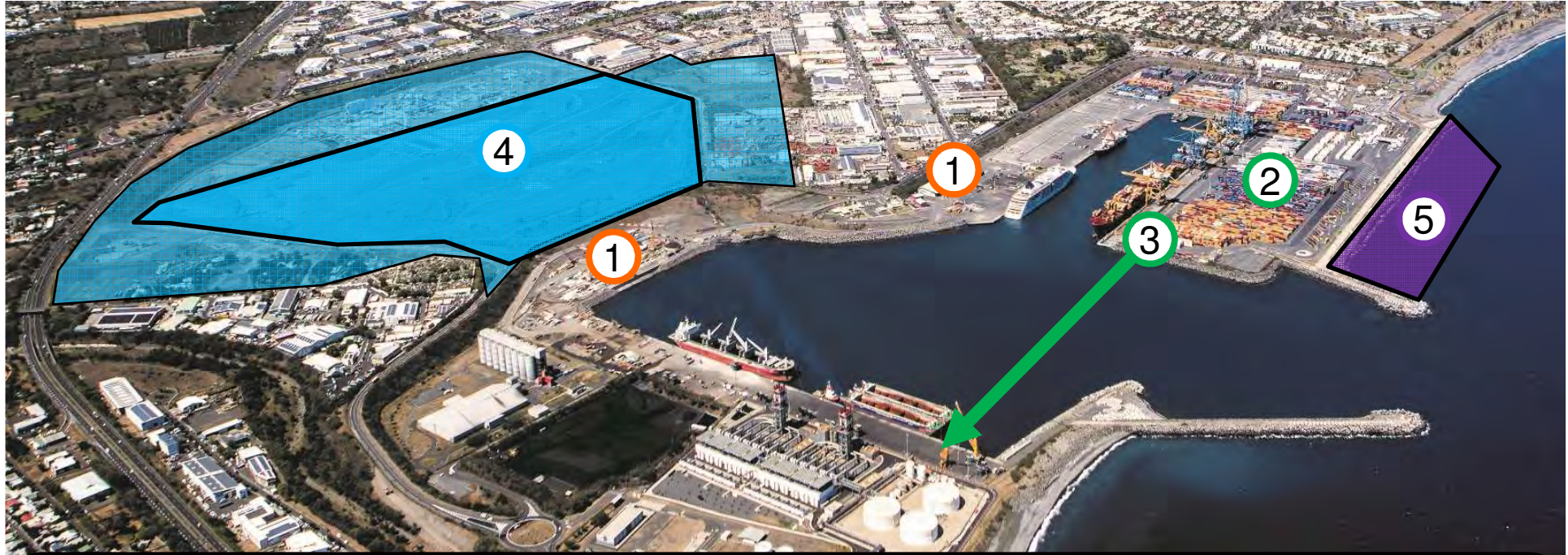
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FUTURES DEVELOPMENTS FOR THE EAST PORT



Available areas:

1. Bonded warehouses & stacking yards

2. Container facilities upgrade.

3. Relocation of the oil terminal

4. Development of the New Support Services area: dedicated to industry and logistics (85 Ha, with 45 Ha for port activities)

Long term developments:

5. Container terminal extension reclaimed from the sea

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➤ **The emergence of a range of ports**

➤ **Port Network:**

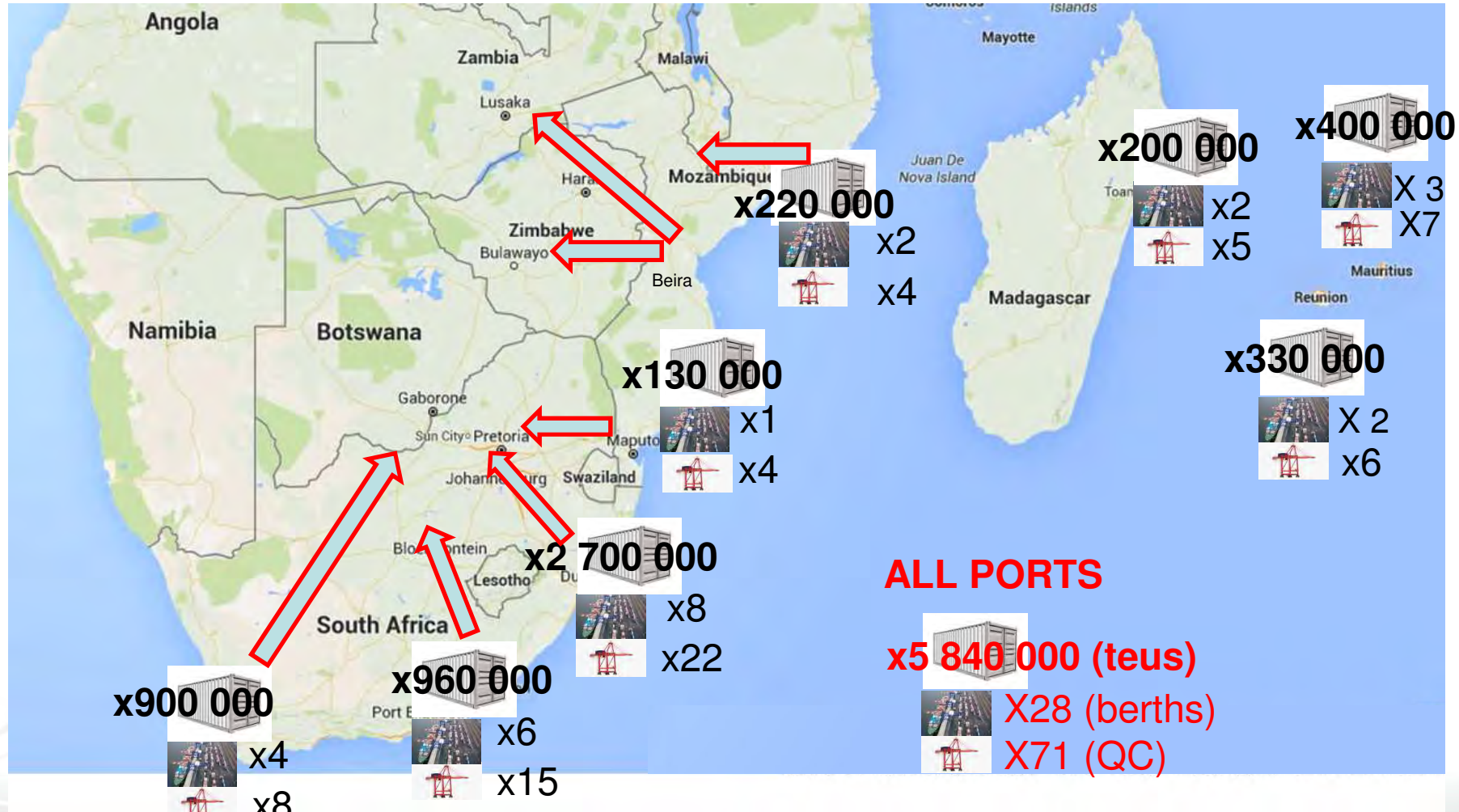
PAIOI, Indian Ocean islands port regional network

➤ **Liner shipping service network:**

An improved connectivity through hub and spokes and relay services

➤ **A risk mitigation tool for sub saharan economies**

The emergence of a range of ports



ALL PORTS

x5 840 000 (teus)

X28 (berths)

X71 (QC)

Servicing 156 Millions people

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Indian Ocean Islands port regional network

➤ Members

- Seychelles Ports Authority
- Mauritius Ports Authority
- Toamasina Port Authority (SPAT)
- Port Réunion
- Port of Ehoala (Madagascar)
- Port de LONGONI (Mayotte)
- Comoros Ports Authority



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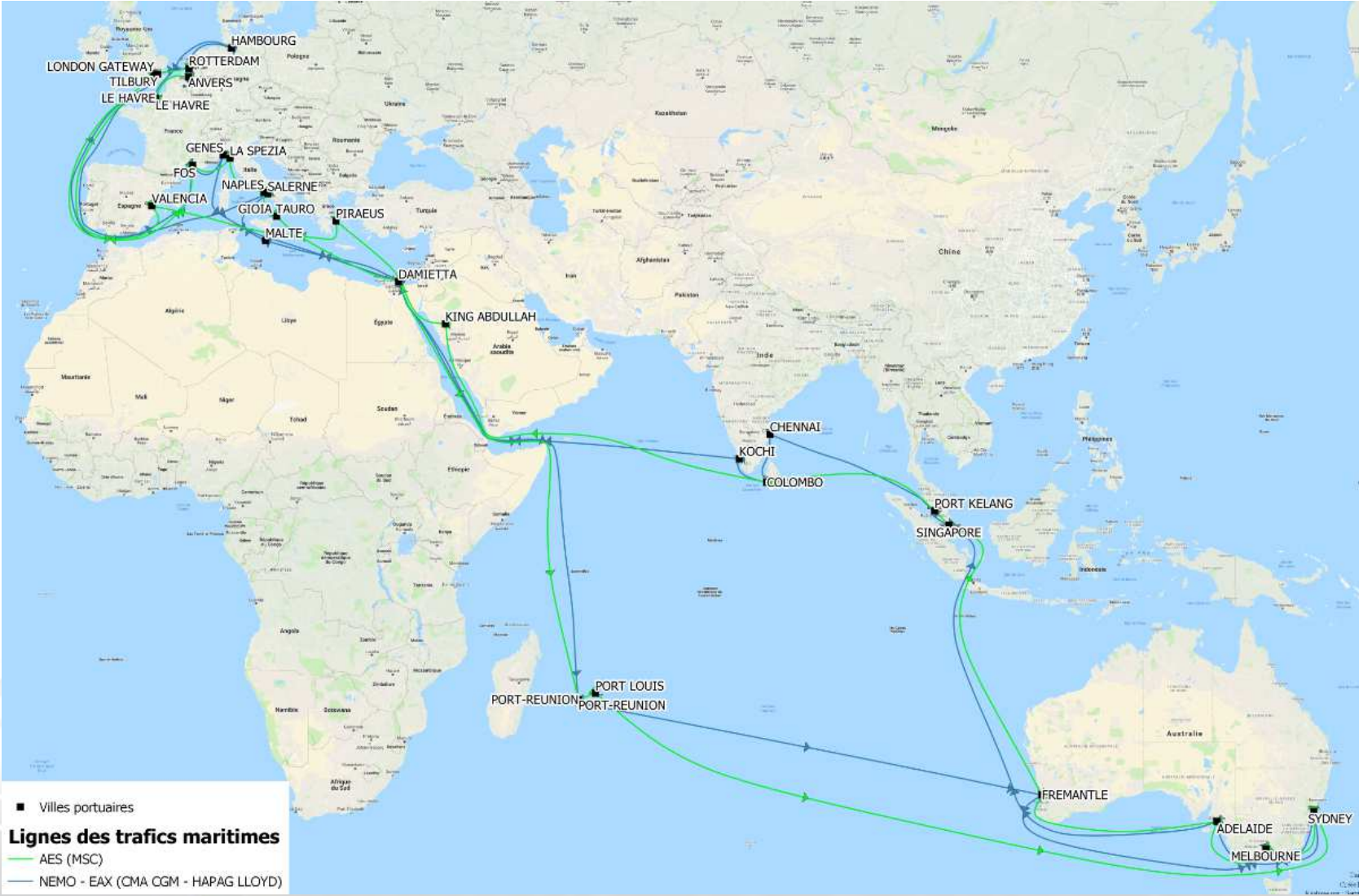
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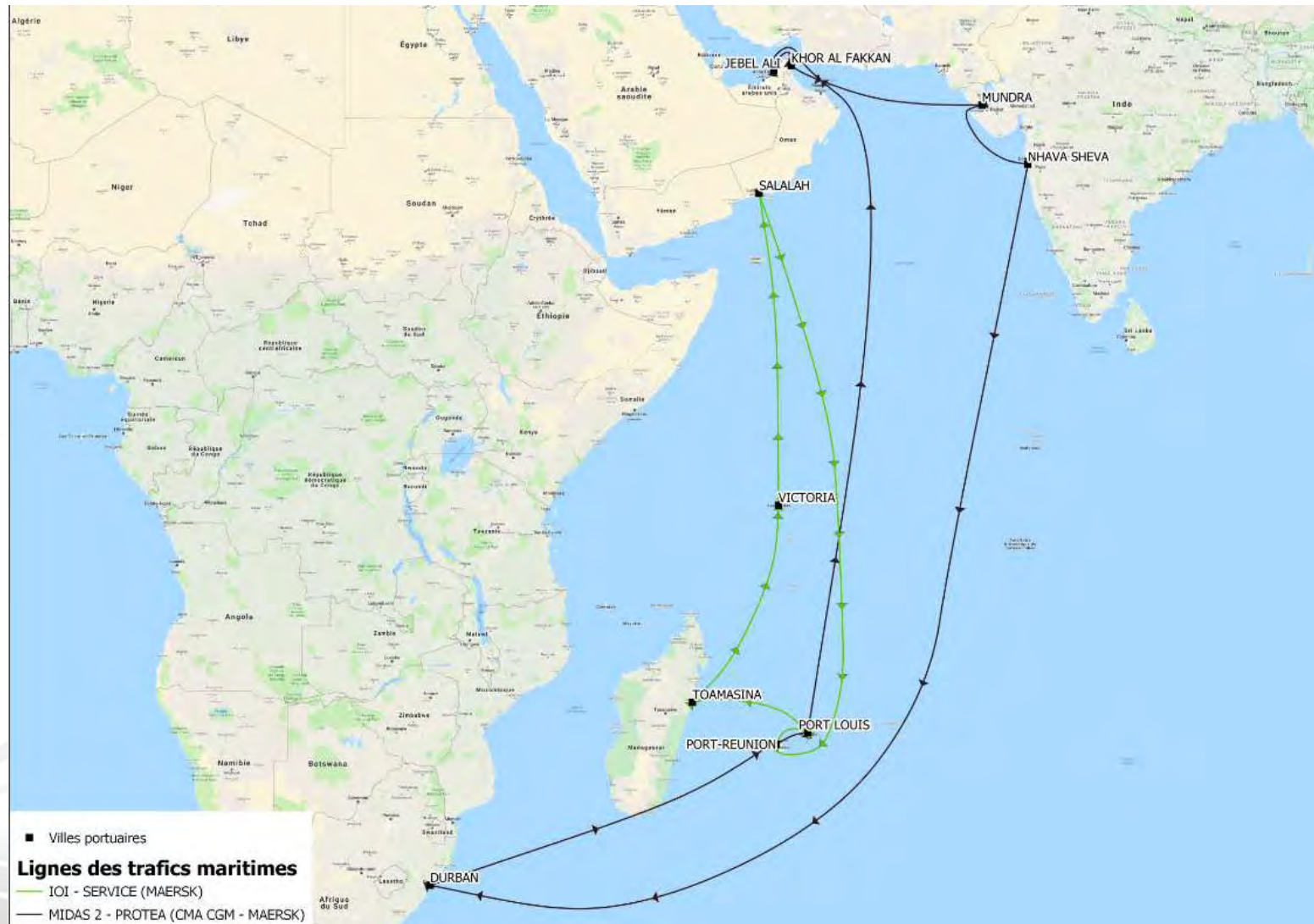
An improved connectivity through hub and spokes and relay services

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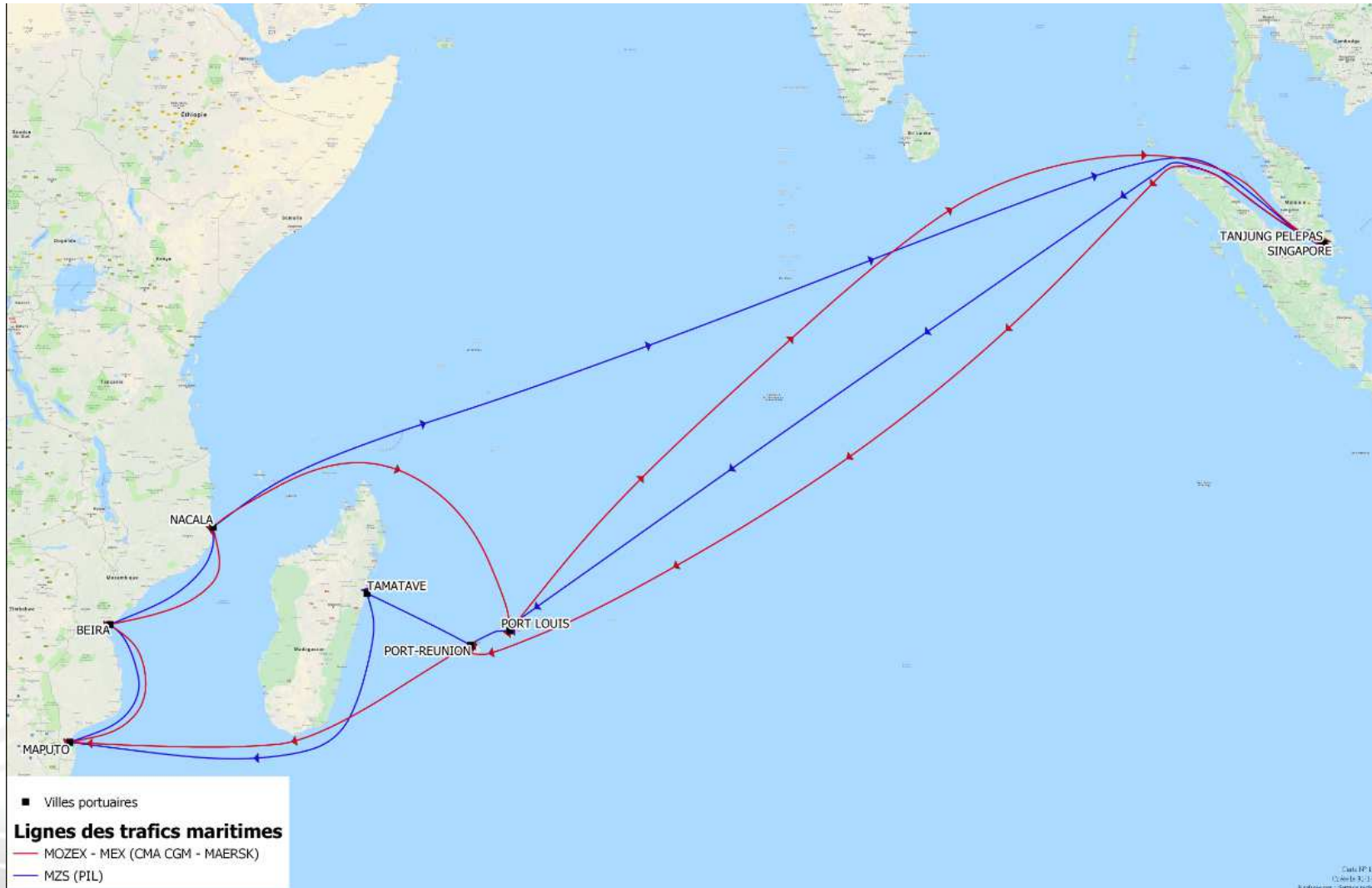
Weekly mainline services linking Europe and Indian Ocean



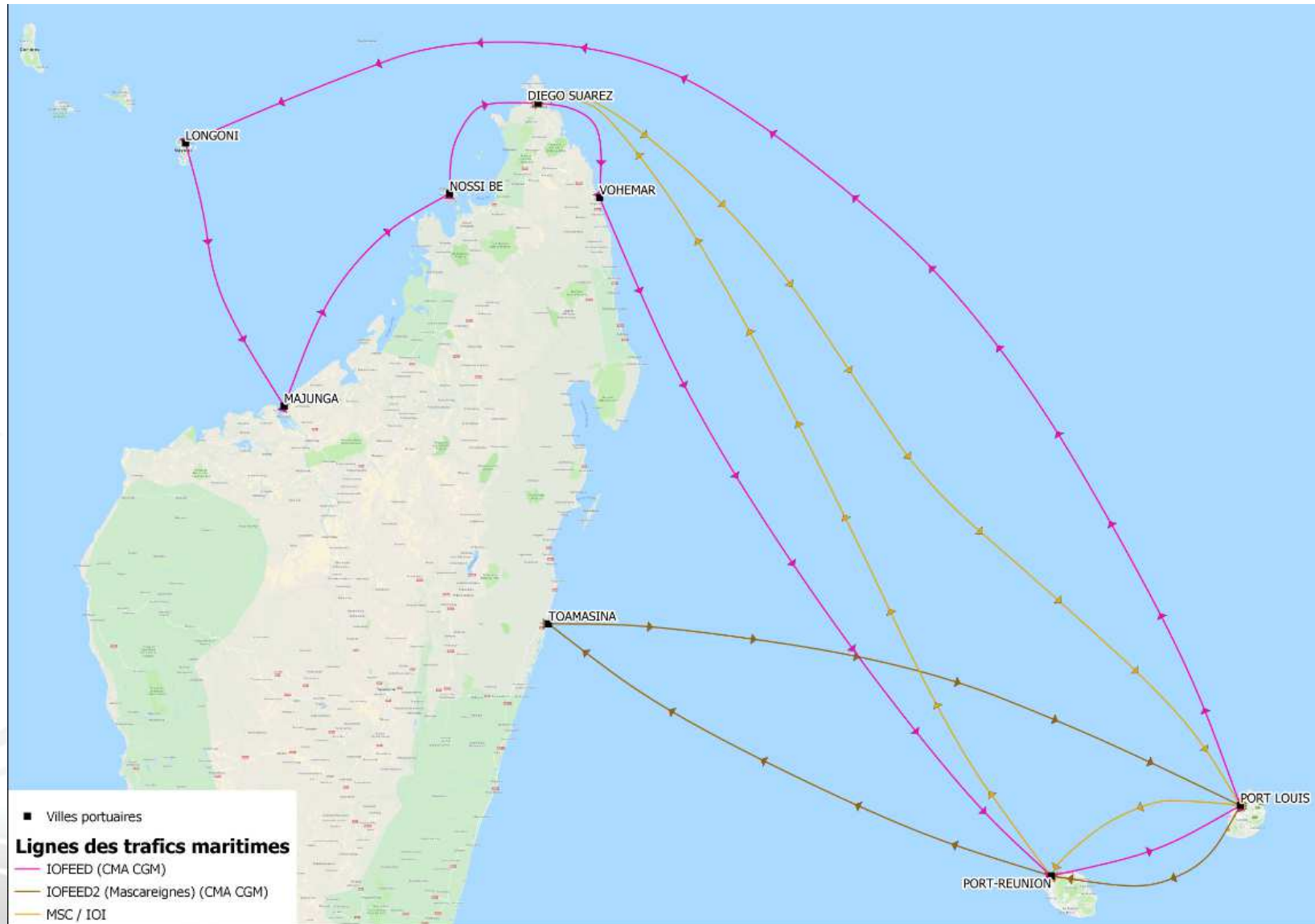
Weekly services linking ME and Indian subcontinent and Indian Ocean



Weekly mainline services linking Far East and Africa



Feeder services





PORT REUNION
L'ESPRIT DE L'EUROPE, LE CŒUR DE L'OCEAN INDIEN

A NEW HUB IN THE INDIAN OCEAN



DISTANCES	
South Africa and East Africa	5 days
Australia	10 days
Indian Sub Continent and Middle East	16 days
South East Asia	12 days
Europe and China	16 days
Egypt	13 Days
Madagascar	2 days

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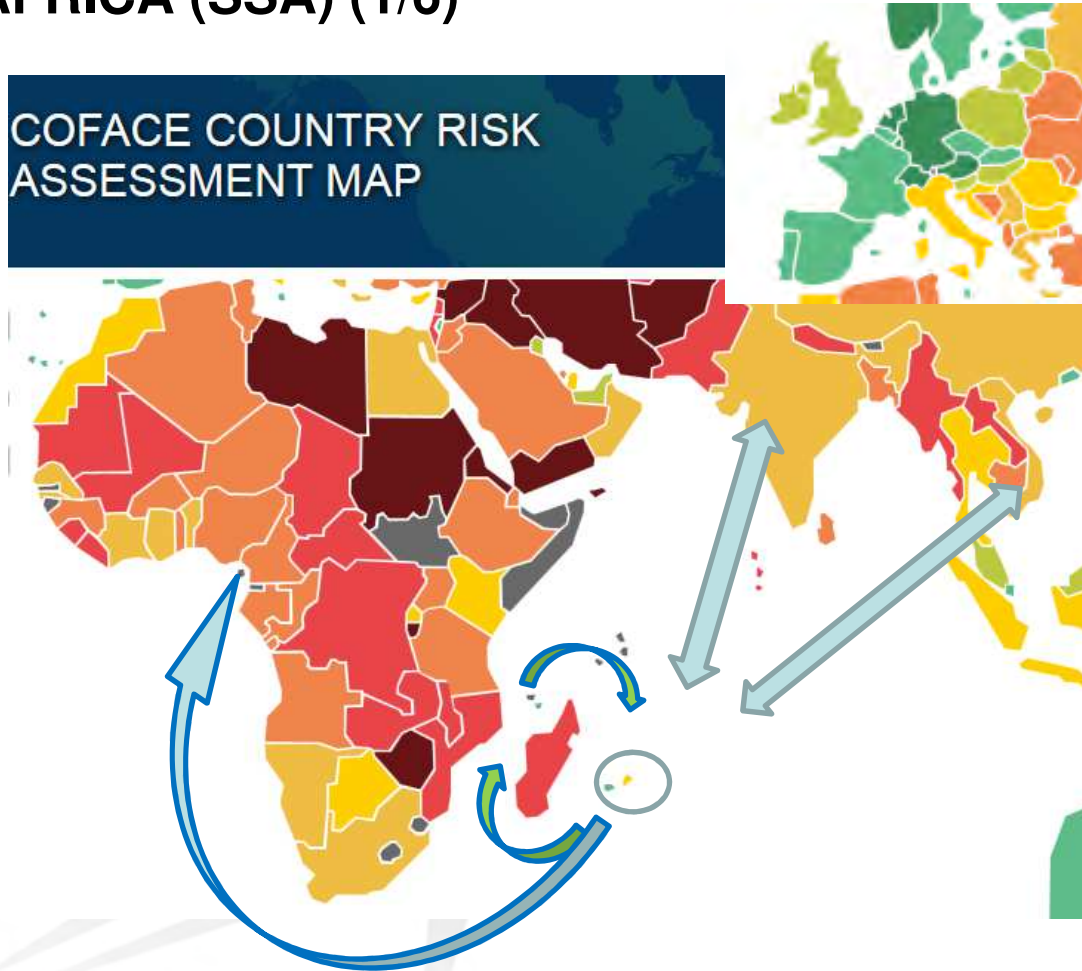
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- **A risk mitigation tool for sub saharan economies**

RISK MITIGATION OPPORTUNITIES RELATED TO DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA (SSA) (1/6)



COFACE COUNTRY RISK ASSESSMENT MAP



SEARCH BY
COUNTRY RISK
ASSESSMENT



OUR VISION

Port Reunion offers logistic solutions to reduce risks:

- ideally located to be an advanced logistical place between Asia and SSA
- Safe trading place
- Well-performing logistics platform in a "risk-free" environment
- Top rated infrastructures
- Modern IT connections

RISK MITIGATION OPPORTUNITIES RELATED TO DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA (SSA) (2/6)



RISK-BASED PRICE

- A company tendering for an *Engineering, procurement, construction and Installation* (EPCI) contract could break down his price **I (X)** as follows:

$$I (X) = A \times X + B$$

where:

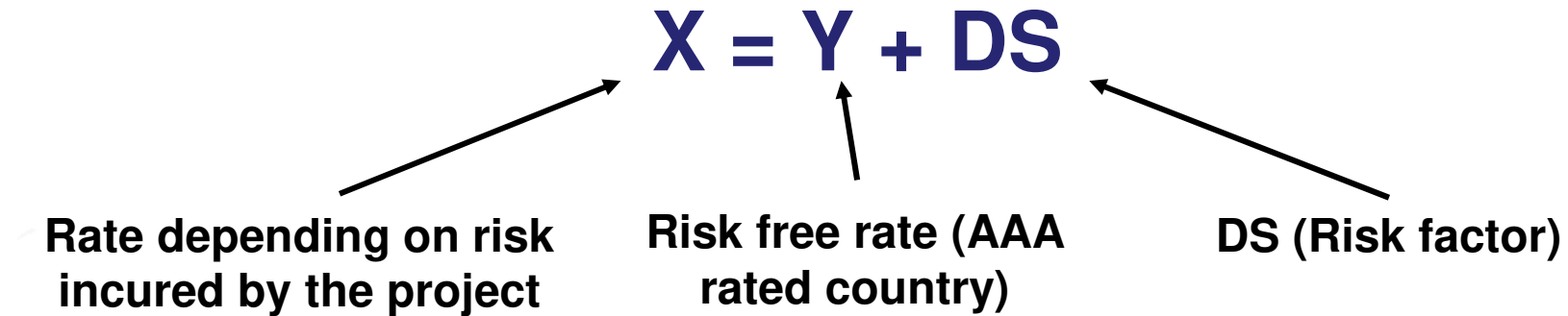
- **B**: FEED studies, purchasing and construction costs
- **A** : is the part of the supplies shipped by sea
- **X**: the insurance's premium rate plus interest rate indexed to the risk applied on the purchase of **A**.



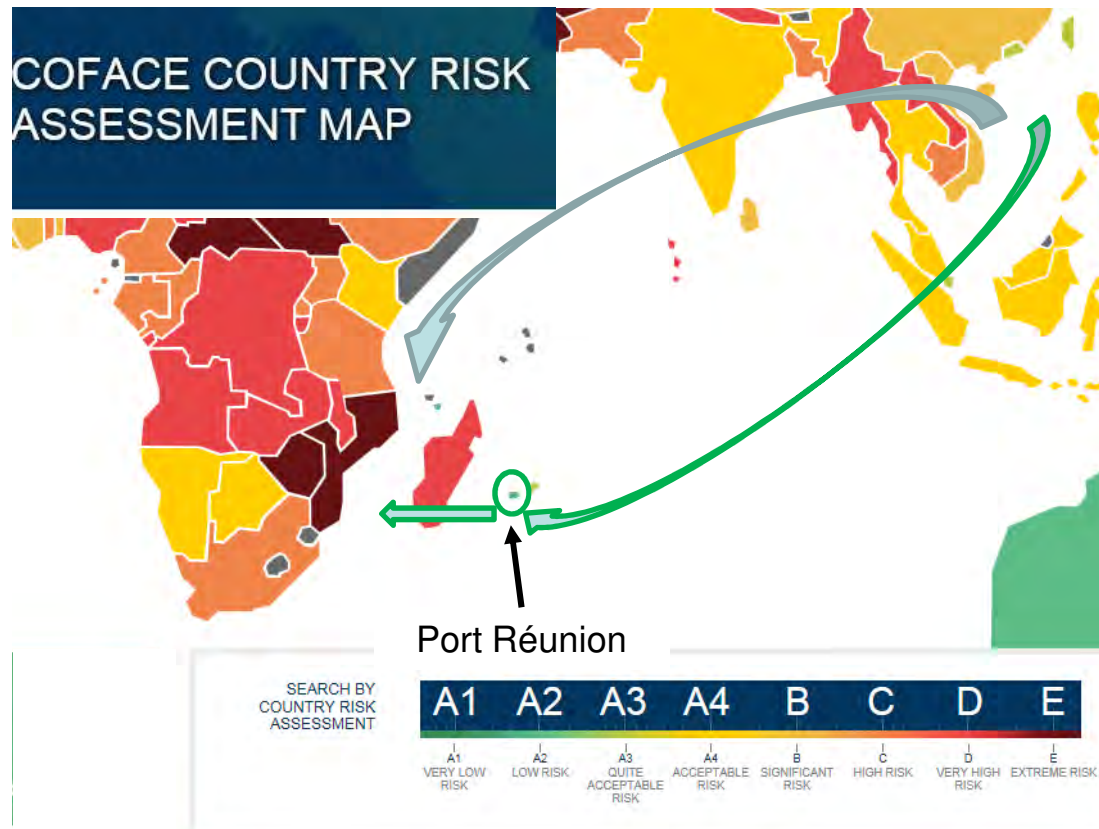
RISK MITIGATION OPPORTUNITIES RELATED TO DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA (SSA) (3/6)



The addition of insurance's premium rate and interest rate indexed to area risk



RISK MITIGATION OPPORTUNITIES RELATED TO DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA (SSA) (4/6)



Scenario n°1:

All supplies are directly delivered and stored in the "at risk" zone. The operating budget depends entirely on country risk rate X:

$$I(X) = A X + B$$

Scenario n°2:

All supplies are stored in a "risk-free zone" before being shipped depending on the progress of the works. The operating budget will depend on the risk-free country Y rate compounded with port transit costs

$$I(Y) = A Y + B + \text{port transit costs (PR)}$$

RISK MITIGATION OPPORTUNITIES RELATED TO DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA (SSA) (5/6)



Scenario n°1: Impact/likelihood Matrix

Impact ↑	High		1	
	Medium		2	
	Low			
		Low	Medium	High
		Likelihood →		

Main issues facing the project (regarding country risk)

- 1 Insurance issues could become overwhelming and could hamper project profitability
- 2 WACC required, reliant on country risk, could not be consistent with revenues and would hamper project to reach FID

RISK MITIGATION OPPORTUNITIES RELATED TO DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA (SSA) (6/6)



Scenario n°2: Impact/likelihood Matrix



Mitigation provided by Scenario 2

- 1** Logistics flows passing through Port Reunion could trigger off a decline of overall insurances rates
- 2** Spreading logistical risk with a low risk area (Port Reunion) would trigger off lower WACC expectations and makes the project more resilient



THANK YOU FOR YOUR KIND ATTENTION

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