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## SHIPPING AND TRADING IN WEST AFRICA OPPORTUNITIES AND GROWTH IN 2014 AND BEYOND



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March, 2014.

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# West Africa – Overview

West African sub-region consists of 16 countries out of which 3 are landlocked and 13 are coastal states with a total of 16,663 km of navigable rivers and inland waterways.

Inland waterways and the stretches of coastlines are used for both domestic and sub regional movements of goods and passengers. The coastal states of West Africa are relatively equipped with seaports, cargo handling equipment, private and public maritime education and training institutions with the main seaports in Nigeria, for example, concessional to foreign operators. Maritime trade in West Africa is dominated by foreigners from Western and European countries with indigenous entrepreneurs trailing far behind due to lack of finance capital. Agreements under bilateral and multilateral platforms are largely uncompleted and those that were concluded have remained passive.





# West Africa – Key Trade Statistics

	Benin	Burkina Faso	Cape Verde	Cote D'Ivoire	Gambia	Ghana	Guinee	Guinee Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo
Pop'n millions	10	17	½	21	2	25	11	2	4	15	17	170	13	5	7
WB Ease of Doing Business Rank	175	150	119	167	149	63	179	176	151	146	173	133	154	141	162
GDP growth 2011	3.8%	4.9%	5.6%	-5.8%	5.5%	13.5%	4%	4.8%	6.9%	5.3%	5.5%	6.9%	4%	5.1%	3.8%
Per capita GDP \$	1,500	1,500	4,000	1,600	2,100	3,100	1,100	1,100	400	1,300	800	2,600	1,900	800	900
Language	FR	FR	POR	FR	ENG	ENG	FR	POR	ENG	FR	FR	ENG	FR	ENG	FR

Sources: [www.cia.gov/library/publications/the-world-factbook](http://www.cia.gov/library/publications/the-world-factbook)  
<http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>



# West Africa – Trade Potentials

**One of the world's regions of highest intrinsic wealth: oil/gas, gold, bauxite, manganese, diamonds, cocoa, coffee, sesame and much of the land highly suitable for agriculture;**

Currently one of the poorest areas in the world – but almost all countries showing high positive growth – best three performers 6-13% annual GDP growth;

**Legacy of colonialism: many countries encompass multiple ethnic groups and have had long-term internal conflicts. But, growing number of peaceful democracies**

Poor infrastructures such as power, water, telecommunications, roads, etc. But, this is also a huge opportunity for infrastructure companies to invest in;

**Endemic health problems in region: malaria, water-borne illnesses, maternal/child mortality – but, progress on almost all fronts;**

Known for internet fraud. Checking potential business partners with your embassies will limit the risk of being a victim. Payment in advance is highly recommended or other methods of limiting risk (letter of credit, etc.) Courts often slow and judgments difficult to enforce;

**Formal business culture (suits, use of titles, etc.) but relaxed sense of time (things take a long time and culturally people are not deadline conscious);**

Opportunities for infrastructure companies across the region – growing middle class in a few markets (ie consumer goods).



The West African region is the EU's most important trade partner in the African, Caribbean and Pacific region. The West African countries account for 40% of all trade between the EU and the African, Caribbean and Pacific region.

Of the West African countries the Ivory Coast, Ghana and Nigeria account for 80% of the exports to the EU.

Despite advanced regional integration processes in the region, barriers to intra-regional trade remain a challenge for the economies in West Africa. Regional trade lags behind compared to trade with developed and emerging countries outside West Africa.

All the countries in the West Africa region except for Liberia are members of the WTO. Liberia is currently going through the accession process with full support of the EU.

EU exports to the Ivory Coast and Ghana are dominated by industrial goods, machinery, vehicles and transport equipment and chemicals.

EU imports from the West African countries are dominated by a limited number of basic commodities. Nigeria is a major oil exporter, recently followed by Ghana. Ghana and Ivory Coast are the world's two largest cocoa exporters. They also export bananas and, together with Cape Verde and Senegal, processed fisheries products. Other exports from the region include a range of agricultural commodities (mango, pineapple, groundnuts, cotton etc.) and to a far lesser extent metals (copper, gold) and diamonds.

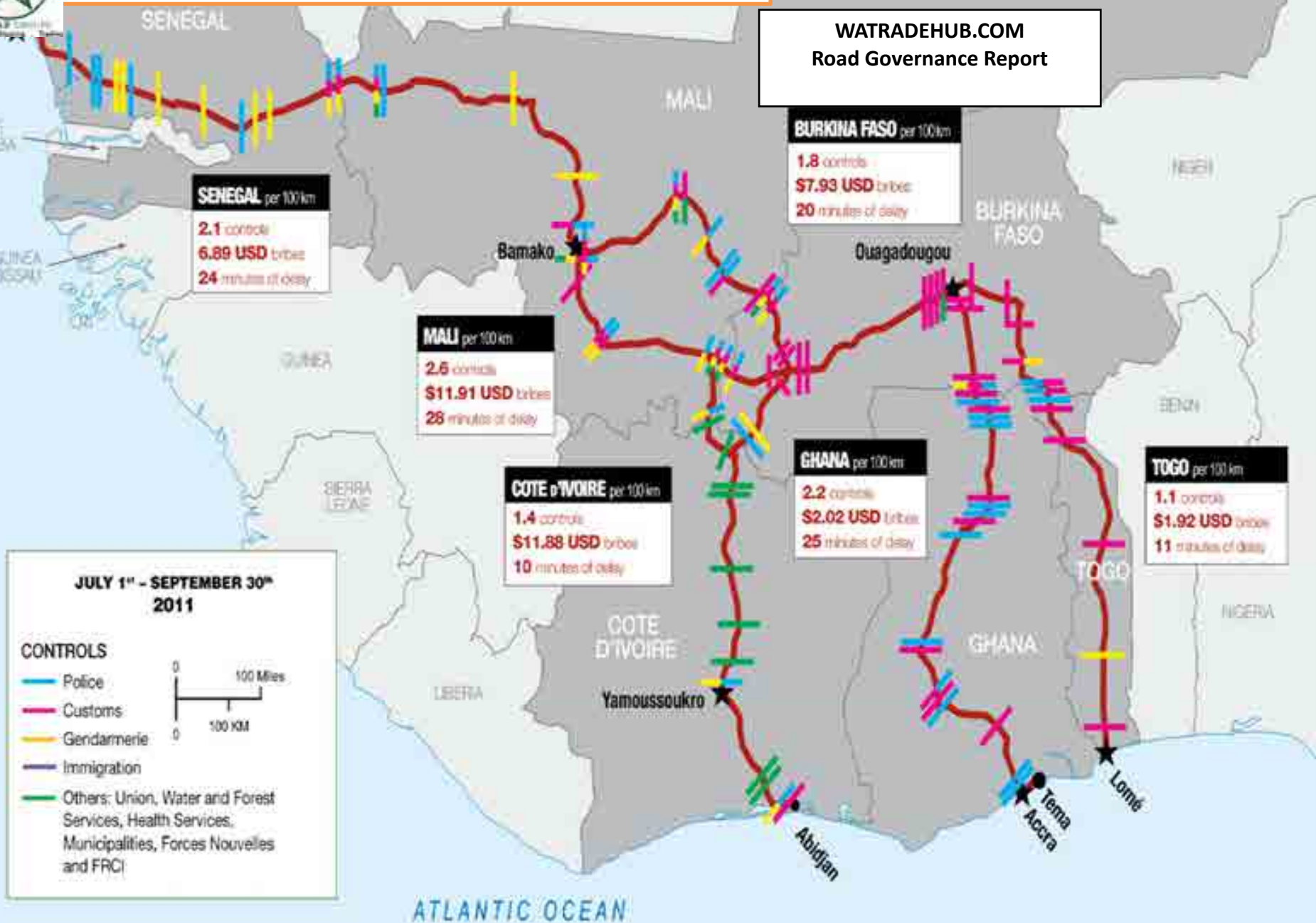




# West African – Cargo Movements & Challenges

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Road Governance Report





- Infrastructure: water, power, internet – both reliability and quality is poor
- Lack of business service providers (a handful of reliable providers, used by almost all the companies)
- High costs (hotel, car rental, commercial real estate – all expensive)
- Difficulty sourcing qualified staff and high training costs
- Lack of reliable ‘cold chain’, most goods are trans-shipped through Europe
- Contract sanctity – contract seen by many as starting point, not end, of negotiation. International arbitration clause is a must. Use qualified lawyers.
- Check any potential business partner with the Commercial Service or Embassy. A handful of fraudsters are very active. You would be amazed how legitimate some of them seem.
- Payment in advance is highly recommended or other methods of limiting risk (letter of credit, etc.) Just because one transaction was ok – don’t let down your guard.
- Culturally some West Africans have a very difficult time saying ‘no’. Actions speak louder than words when dealing with people from the region.



# OPPORTUNITIES

- Asian and European competitors already very aware of opportunities in the region – but U.S. companies much less aware/experienced in this part of the world;
- In many parts of West Africa, U.S. brands/goods are highly sought after/esteemed;
  - While risks higher in this part of the world, returns can also be higher;
  - Sectors of particular opportunity:
    - Energy (Power and Oil/Gas – both will see sig. growth in next decade)
    - Transportation (Bridges, Rail, Ports, Aviation and Roads)
    - Heavy Equipment (Mining, Construction and Oil/Gas)
    - Telecommunications (high cell phone penetration, increasing use of internet)
    - Agriculture (starting to transition from very small farms to larger-scale commercial farming)
    - Healthcare – equipment, hospital construction in particular
    - Consumer – Limited for most of region but opportunities in some markets (e.g. Nigeria and Ghana)



Spotlight on Major Shipping Opportunities and Growth Within

# ECOWAS

Nigeria & Togo





## NIGERIA: SHIPPING PORT OVERVIEW

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Nigeria port sector has for a long time been globally recognized as one of the least efficient and carrying high cost. It was plagued with unusual degree of centralization, where any major decision had to be approved by the President or the Minister. This led to more inefficiency and lengthy decision making process.



And all the above is why Nigeria as a big brother to other ECOWAS nations has made very significant efforts within the past five years to take the lead in ensuring we close the trend gap by not just upgrading the existing ports and creating policies that will usher in port efficiency but has also gone further to establish and erect a more modernized Free Trade Zone seaport with the support of Lagos state government and private investors.

In 2005, a reform process was initiated, with the adoption of the “Landlord” model, where the public sector is responsible for regulation of the sector and port planning, as well as remaining owner of port land and infrastructure. The private sector would be responsible for marine and terminal operations, superstructure and equipment. The agreed institutional reform included:

1. **Creation of two Autonomous Port and Harbor Authorities**
2. Creation of a National Transport Regulatory Commission (NTC)
3. **Limiting the role of the Government (Ministry of Transport)**
4. Private operators to perform port operations



**Private operators to perform port operations** Preparation and implementation of the reform followed three main parallel processes:

1. **Legal and regulatory reform**
2. Labor reform
3. **Competitive and transparent transactions to select private operators**

To date, a new port bill and a NTC bill have been introduced and was signed into law in 2007, labor redundancies with severance package undertaken (reducing Nigerian Port Authority staffing from 13,000 to 3,000), and 26 terminal concessions granted.

In 2006 the initial concessions became operational. While the long term benefits is already manifesting, it is clear that improvement in port operations is already having positive impact. Within a few months of private operation of the Lagos container terminals, productivity has gone up. Chronic delays for berthing space had nearly vanished, leading shipping lines to reduce their congestion surcharge from Euro 525 in March 2006 just before concessioning to Euro 75 in January 2007. Using rough estimates, just the reduction in congestion charges is saving the Nigerian economy about US\$200 million annually.

All of the above Nigerian port sector reforms has no doubt yielded to what we can proudly boast of as the Lekki Free Trade Zone seaport and the establishment of Onne Free Port Zone today.



Other major areas of investment opportunities in Nigeria shipping industry includes;

## Maritime Sub-Sectors

1. Liner Services – Foreign Shipping Companies can engage in the provision of Liner services through joint sailing agreement with Nigerian shipping companies
2. Cabotage – Government encourages joint ventures in the ownership and operation of light vessels between ports, which must be fully registered in Nigeria
3. Ship Acquisition and Ship Building Fund/Lifting of Crude Oil and Gas
4. Pollution Control in the Oil Producing Coastal Regions
5. Search and Rescue – provision of equipment to meet various requirements
6. Training/Technical Assistance
7. Tanker Trade – joint venture with Nigerians in the exportation of Nigerian crude oil



## **Proposed Nigerian Maritime Consultancy Centre – this will cover the following;**

- a) Marine engineering spare parts supplies
- b) Ships and Port management
- c) Ships, Port and boats supplies
- d) Seaports, oil terminal and ship communication equipment
- e) Seaport and ships educational material
- f) Combined maritime publications





## National Inland Waterways

- 1) Dredging of the River Niger
- 2) Rehabilitation of Warri and Lokoja dockyards, operational vessels, pollution control
- 3) Study and development of River Benue system for all year round navigation
- 4) Dredging of Oguta Lake for effective navigation with larger vessels

## Free Port Zones

The establishment of the Onne Free Zone makes Nigeria the focal point for the oil and gas industry in West Africa. It provides incentives such as; easy registration in the Nigerian oil and gas market – drilling, construction, pipe coating, ship repair, minimum bureaucracy, free corporate tax, import and export duties exemption for goods within the zone, 100% foreign repatriation of capital and profit, 100% foreign ownership, free pre-shipment inspection for imported goods, free expatriation quota and the possibility to sell products and services in the West African sub-region.

It also offers excellent business opportunities to investors wishing to participate in both planned and existing projects that require huge investment;

- a) The Bonny Terminal
- b) Eleme Petrochemical Complex (NNPC)
- c) Fertilizer Plant (NAFCON)
- d) Aluminum Smelter Plant (ALSCON) and
- e) West African Gas Pipeline (Escravos – Ghana)



## Proposed Terminals

1. Bulk Cargo Terminal – major bulk commodities such as coal, sugar, petroleum, grain, ore, and bauxite can be handled here.
2. Onne Self-Run Transit Terminal – this will accommodate a container terminal, a RORO terminal and a centre with trans-shipment facilities for the West Africa sub-region and neighboring landlocked countries
3. Lagos Specialized Trans-shipment Terminal – this will provide a break away from all the usually congested Apapa and Tin Can Island ports, serving both the manufacturing and trading sectors.

## Railways

There is serious need for the construction of a modernized railway system from Nigeria's various seaports to assist ease out goods from the seaport terminals to other inland bonded terminals within and around the country.



# Road Transport

Provision of;

1. Modern buses equipped with communication systems and tracking devices
2. Trams to facilitate cargo movement in both rural and urban areas
3. Suitable haulage trucks for goods and services within Nigeria and across the West African coasts (It will surprise you to know there is no registered 30-60ton lowbed trucking services that ply from Lagos to any other ECOWAS countries such as Ghana for cargoes that would like to go by road)
4. Service facilities at the terminals on both the highways and destinations
5. Collection of tolls for use of the service facilities provided to help sustain the system
6. Computerization of services to enhance efficiency and control of operations
7. Commercialization of terminal facilities
8. Central terminals in various urban and rural locations in the country with service facilities



## The Aviation Sub-Sector

- 1) Maintaining a hangar. Existing hangar owned by the airline needs refurbishment and modern equipment
- 2) Aircraft Engine Workshop – A workshop that can effect A,B,C & D checks on various grades of aircrafts used in the country and in the West African sub-region
- 3) Development and management of a five-star hotels in Lagos and across West African sub-region
- 4) Provision of catering equipment and infrastructure to meet the needs of airline industry
- 5) Establishment of a modern aircraft training facility
- 6) Development/construction of more airport terminals



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## TOGO: SHIPPING PORT OVERVIEW



A major hub for the distribution circuit in West Africa, the Port of Lomé wants to play its full role as a major transshipment port.

To meet this goal, the Togolese Port Authority has implemented an extensive program of rehabilitation and expansion of the Port infrastructure to expand its capabilities.

These projects include:

- The construction of a third dock for container ships; the dock will be located between Pier 2 and the fishing port has a length of 450 meters and 15 meters deep;
- The construction of a dock 1050 meters quay length and 16.70 meters deep to accommodate a container terminal;
- Extension of the phosphate and ore dock;
- Performing a bypass Aledjo and cervical Défalé to facilitate conditions for crossing the Togolese corridor for drivers;
- The construction of a dry port in the country and the creation of a rail link for goods closer economic operators in the Sahel;
- The establishment of a single window with the objective of simplifying the formalities for billing and collection of goods.

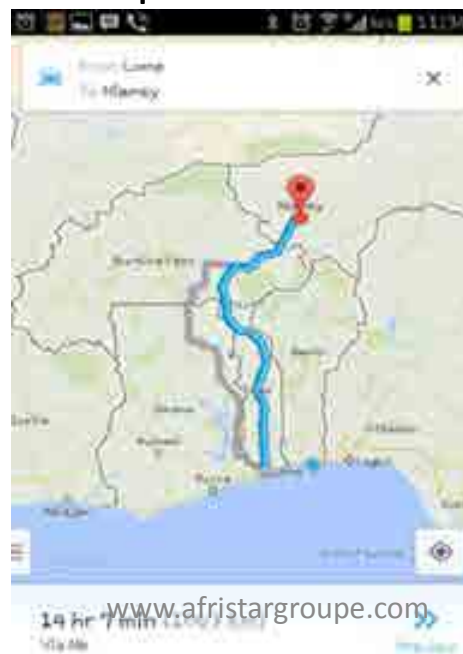
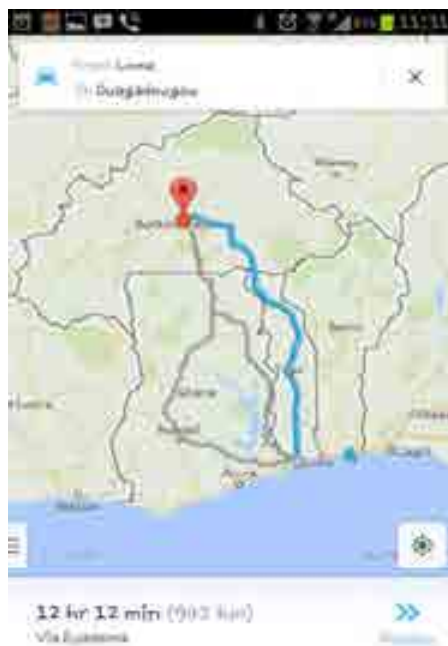


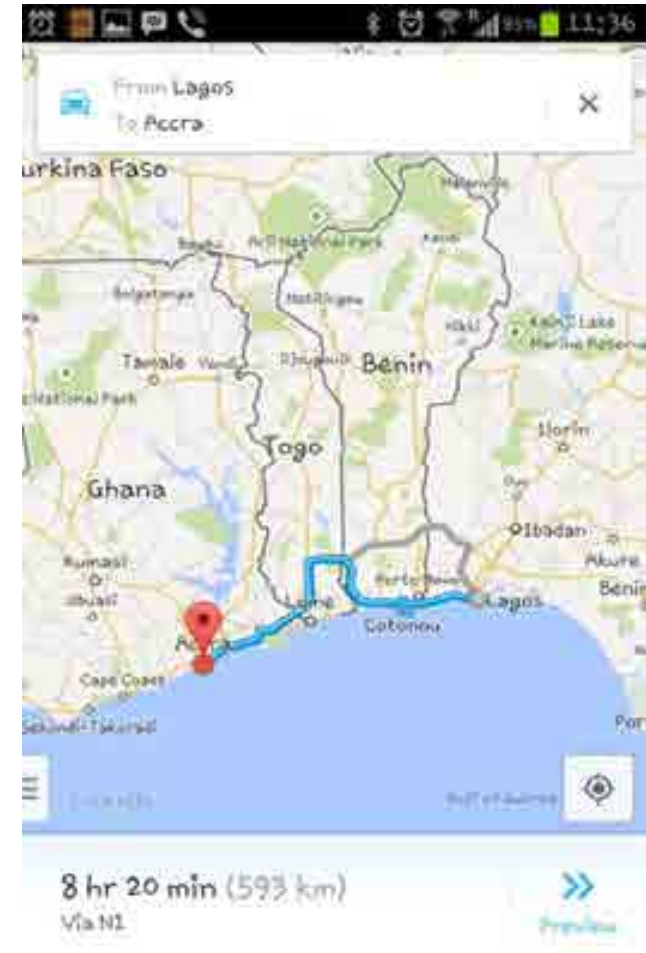
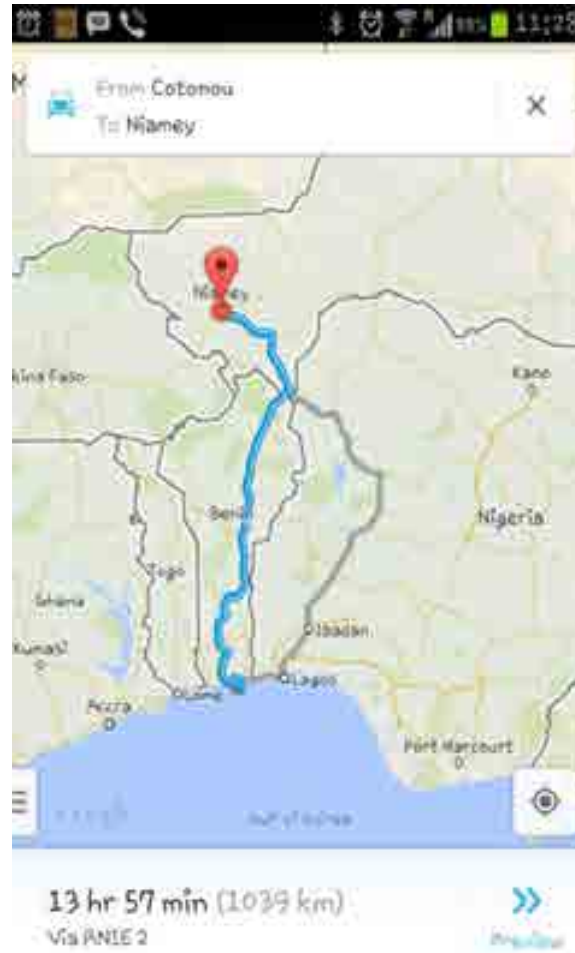


# Port of Lomé has enormous potential that make a real burst pole on the West African coast.

## **A strategic position**

Located at 06 ° 08 N and 01 ° 17 E the Port of Lomé is the only port on the west coast of Africa through which we can reach several capitals in a single day. Port of Lomé and has the advantage of moving goods on time and at very competitive costs to Burkina Faso, Mali, Niger and Benin Republic (where congestion is still a major battle). As a result of same currency, same language, same customs policy and same cultural background most of these countries considers Lome seaport as their number one option for cargo/goods export and import.





## Deepwater port

With a depth of 14 meters, the Port of Lomé is the only port in the deep West African coast that can accommodate ships of fourth generation water.

## Exceptional natural and nautical terms

Basin Harbor is bounded by two breakwaters 950 m and 1720 m long, which protect it from silting. Moreover, Lomé enjoys a low tidal range (1.20 m) and moderate winds. These conditions and allow access to Port 24 to 24 hours every type of vessel.





## Freeport

With the free port status enjoyed by the Port of Lomé, handling and transfer of goods in the port area are made without customs barriers, allowing saving time in processing operations of ships and goods. Port of Lomé houses a vast free trade zone for industrial use which is located in industrial production units.

## A large port area

Both international trading hub, the Port of Lomé, with an area 900 ha is also a magnet for trade and industry through a vast industrial free zone where are located several dozen companies. These companies port infrastructure quality, flexible regulation and tax, customs and financial.



## Optimum safety of goods and merchandise and speed of operations

One of the strengths of the Port Autonome de Lomé based on the speed of paperwork that is the result of efforts to simplify removal of goods circuits.

In order to comply with safety standards recommended by the International Code for the Security of Ships and Port Facilities (ISPS Code), the Autonomous Port of Lomé has implemented new security measures, including the installation of a telemonitoring system of port facilities, ensuring optimum safety on all goods.

Governments, through cooperation between port authorities, shipping lines and donors, should benchmark port efficiency in WA, so that individual ports and terminals could compare their performance against their neighbors as well as globally.

Should land transport be facilitated along the corridor Abidjan-Lagos, these ports would be in a situation of direct competition to serve landlocked countries.

Despite the fact that some ports have witnessed rapid increased traffic, such as the Ports of Onne in Nigeria or Lomé in Togo, West and Central Africa is characterized by a multitude of small ports: not a single port is ranked in the top 70 ports worldwide.

