

OVERVIEW OF THE AFRICAN CONTAINER MARKET AND OVERCOMING ASSOCIATED MARITIME RISKS VERSUS **ECONOMIC SUSTAINABILITY**

Intermodal Africa 2015

Tom Griffin, Managing Director, West Africa

25th November 2015



■ Agenda For the Next 30 Minutes....

- About Control Risks
- Context: The Good, the Bad and the Ugly
- Understanding and Overcoming associated maritime risks
 - Onshore Risk Environment
 - Offshore Risk Environment
- Managing & Mitigating Risk

Control Risks

Control Risks in Nigeria and West Africa

- Operating in Africa for 30 years. Regional hub office in Nigeria since 2006
- Broad client sector focus support Nigerian and international firms globally and locally. Shipping & logistics sector expertise
- Projects and networks across all countries in the region. Offices in SA, Kenya and Nigeria. 140 consultants & staff in Nigeria
- **Political Risk:**
 - Pre-market entry intelligence gathering and analysis
 - Political risk monitoring & mapping
- **Integrity Risk**
 - Reputational Due Diligence and Fraud Investigations
 - Implementation of ABC, whistle-blowing and compliance programs
- **Security Risk**
 - Management of crises incident, training and response (K&R)
 - Security consulting, threat & risk assessments, etc
 - Management of client security operations



KEY	
■ (Darkest Blue)	CONTROL RISKS OFFICE OR PERMANENT PRESENCE
■ (Medium Blue)	IN-COUNTRY PRESENCE
■ (Light Blue)	CONSULTING WORK CONDUCTED DURING THE PAST 12 MONTHS
■ (Red Outline)	MARITIME ASSIGNMENTS

Control Risks

- The Good, The Bad & The Ugly: Nigeria's Largest Export?



Control Risks

- The Good, The Bad & The Ugly: Nigeria's Largest Export?

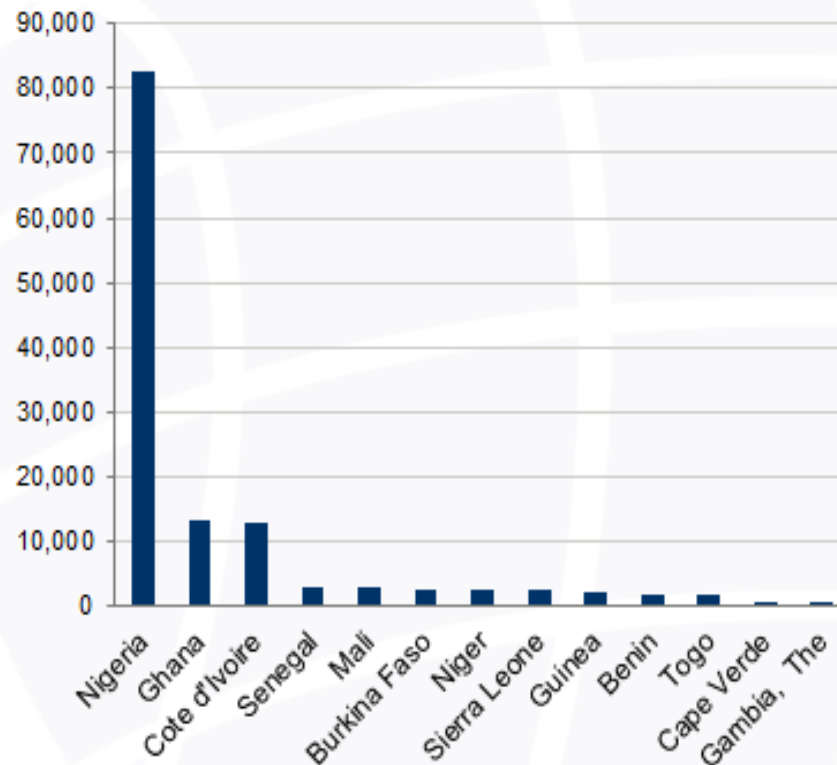


Control Risks

The Good, The Bad & The Ugly: The China Effect

Total exports of goods in 2014

Nominal value of exports, US\$ millions



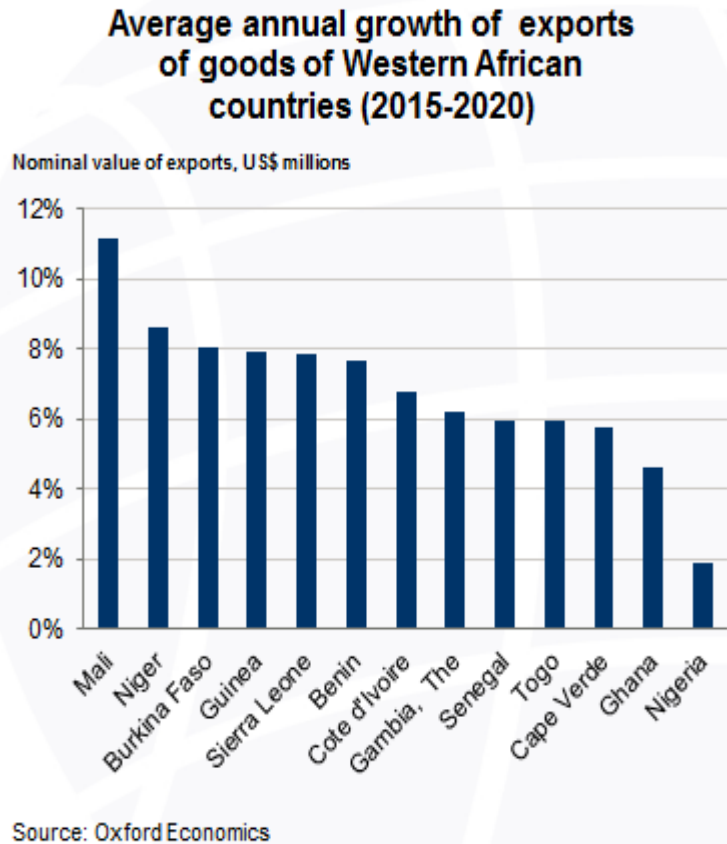
Source: Oxford Economics

The surge in commodity exports from Nigeria (accounting for around 65% of West African exports) to Asian countries (China and India in particular) has been boosting African trade in recent years and prompted large-scale investments in major ports.

However, strong trade ties with Asia leave Africa highly exposed to the sharp fall in Chinese import demand and its regional repercussions this year.

A recovery in African trade is therefore closely reliant on an improvement of economic conditions in China

The Good, The Bad & The Ugly: China Effect



- We believe a cyclical stabilisation in China will reduce negative spillovers to trade in coming months, but growth in its manufacturing sector will remain moderate.
- Thus, resource-rich economies face a more extended adjustment to the decline in their terms of trade and excess capacity generated by the preceding commodity boom.
- Close ties to China also expose Africa subject to downside risks (i.e. a cyclical rebound in China's manufacturing sector will take longer than expected to materialise....)

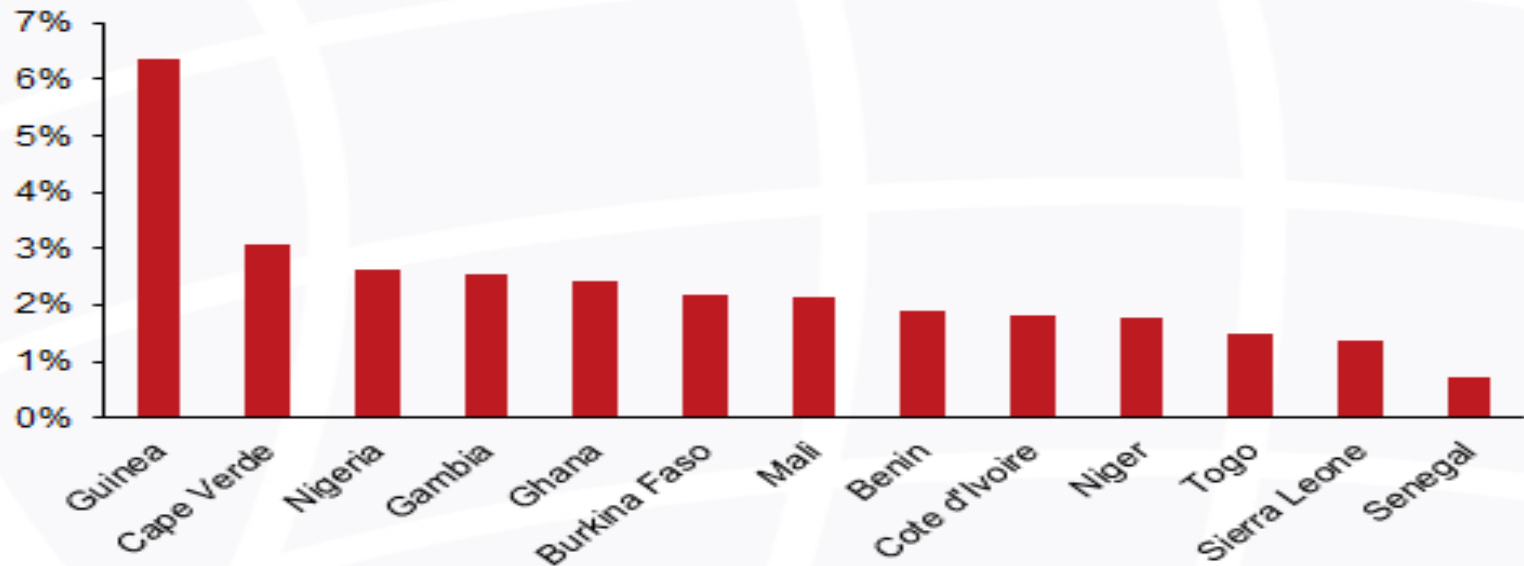
Control Risks

■ The Good, The Bad & The Ugly: Low Import Growth

As a result of weakening African currencies and low commodity prices, growth in imports of goods (in US\$ terms) will remain subdued over the next years.

Average annual growth of imports of goods of Western African countries (2015-20)

Nominal value of imports, US\$

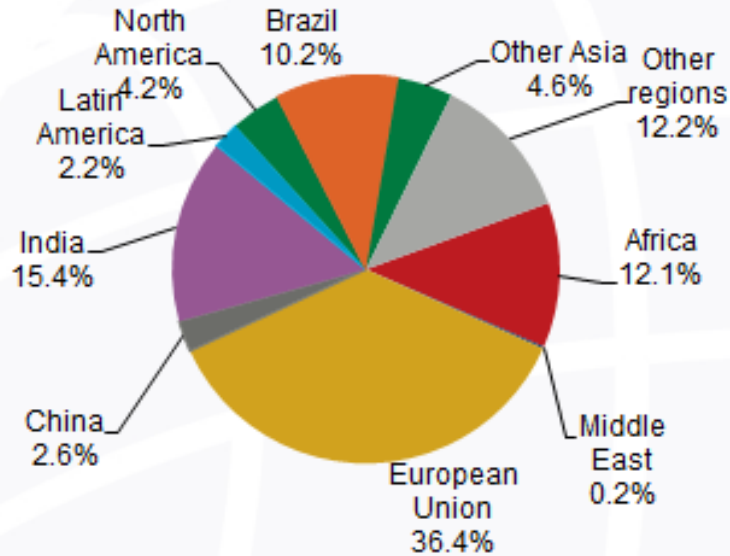


Source : Oxford Economics/[Haver Analytics](#)

■ The Good, The Bad & The Ugly: BRICS Exposure

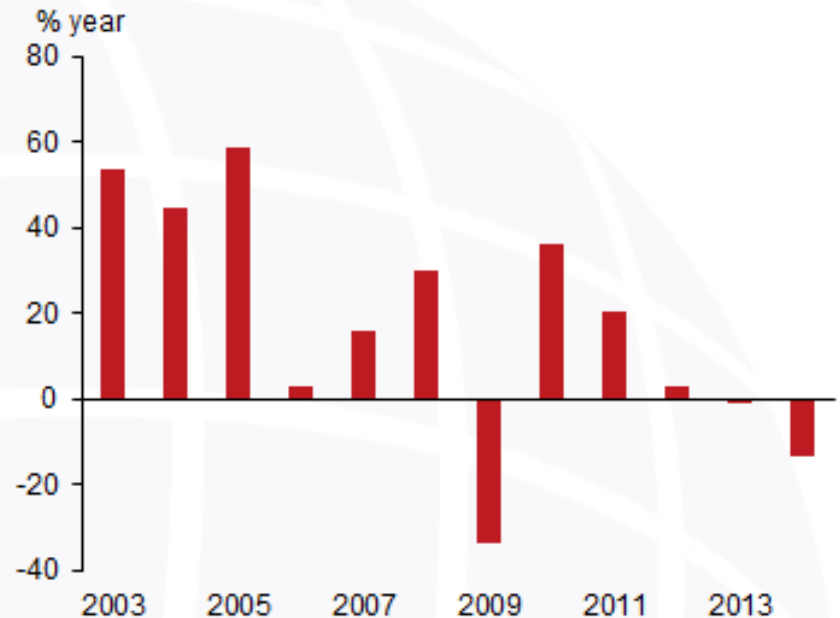
Nigeria: Exports by destination (2014)

Share of total



Source: Oxford Economics/Haver Analytics

Nigeria: Annual growth in Exports



Source: Oxford Economics/Haver Analytics

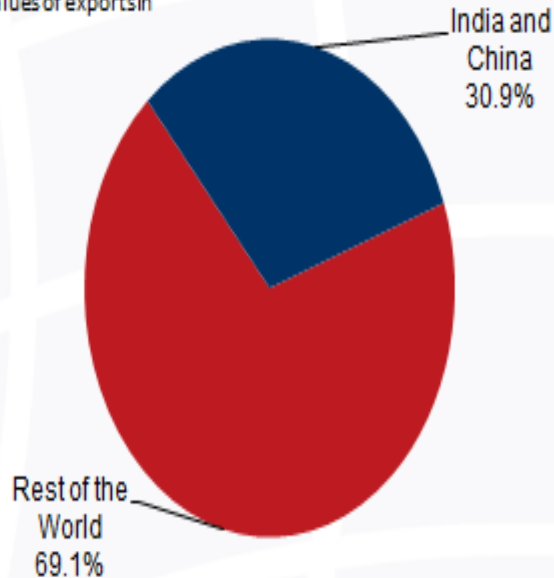
Nigeria's high exposure to the BRIC economies is dampening exports

Control Risks

■ The Good, The Bad & The Ugly: BRICS Exposure

Contribution to growth in exports of goods from West Africa (2015-20)

Nominal values of exports in US\$



Source: Oxford Economics/Haver

India became the main destination for Western African oil exports, and will together with China contribute around one third to total export growth over the coming five years.

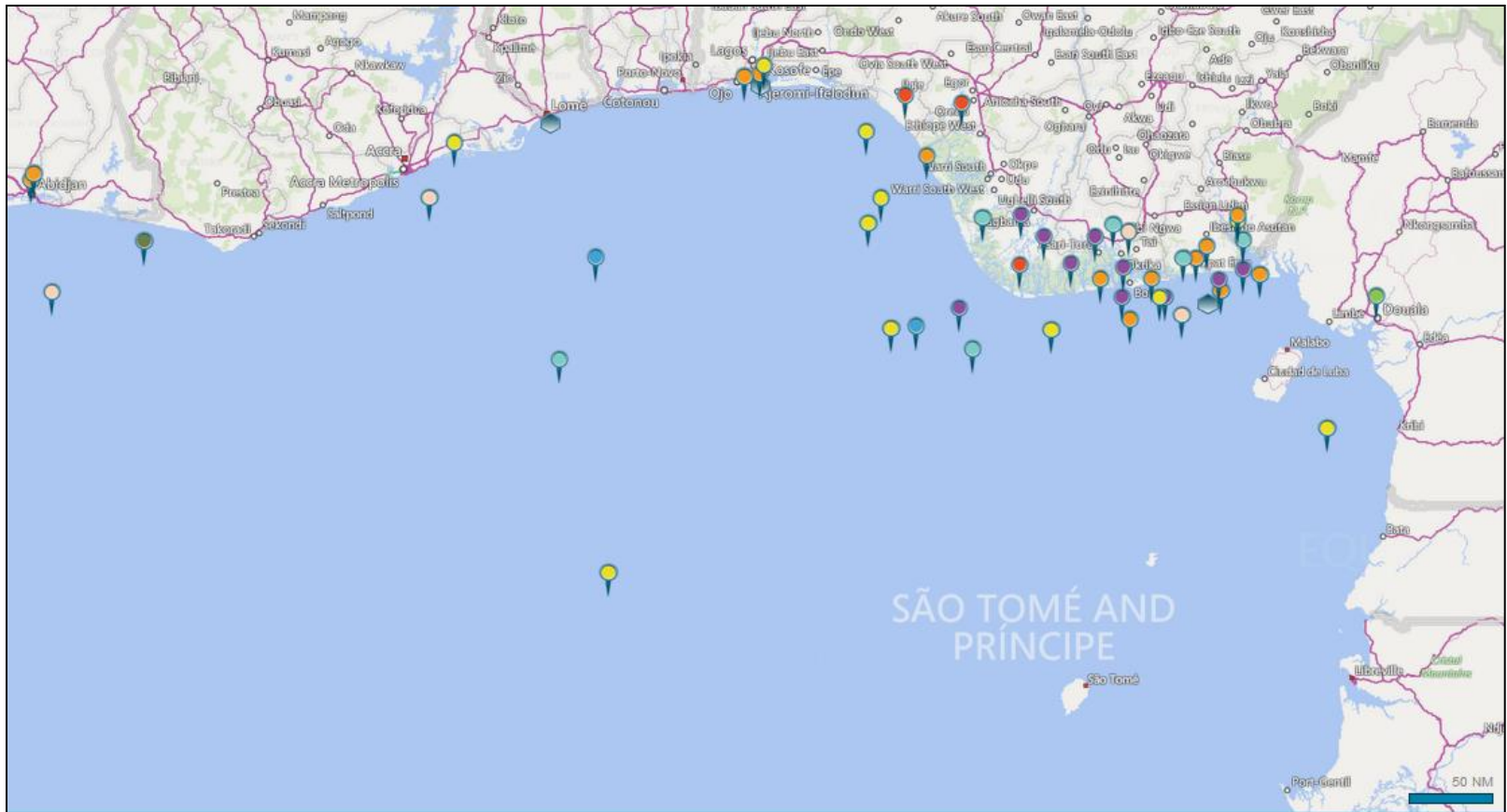
Control Risks

- The Good, The Bad & The Ugly: Onshore Maritime Risks
 - Political Stability? Political Capability?
 - Significant Economic Challenges
 - Islamic Militancy / Terrorism
 - Delta: Amnesty, Secessionist Movement, Federal Representation, Labour & Social unrest
 - Violent Crime
 - Infrastructure & Energy
 - Fraud & Corruption (through FCPA / UKBA eyes)

Control Risks

The Good, The Bad & The Ugly: Offshore Maritime Risks

Reported activity | 1 January 2015 – 18 November 2015

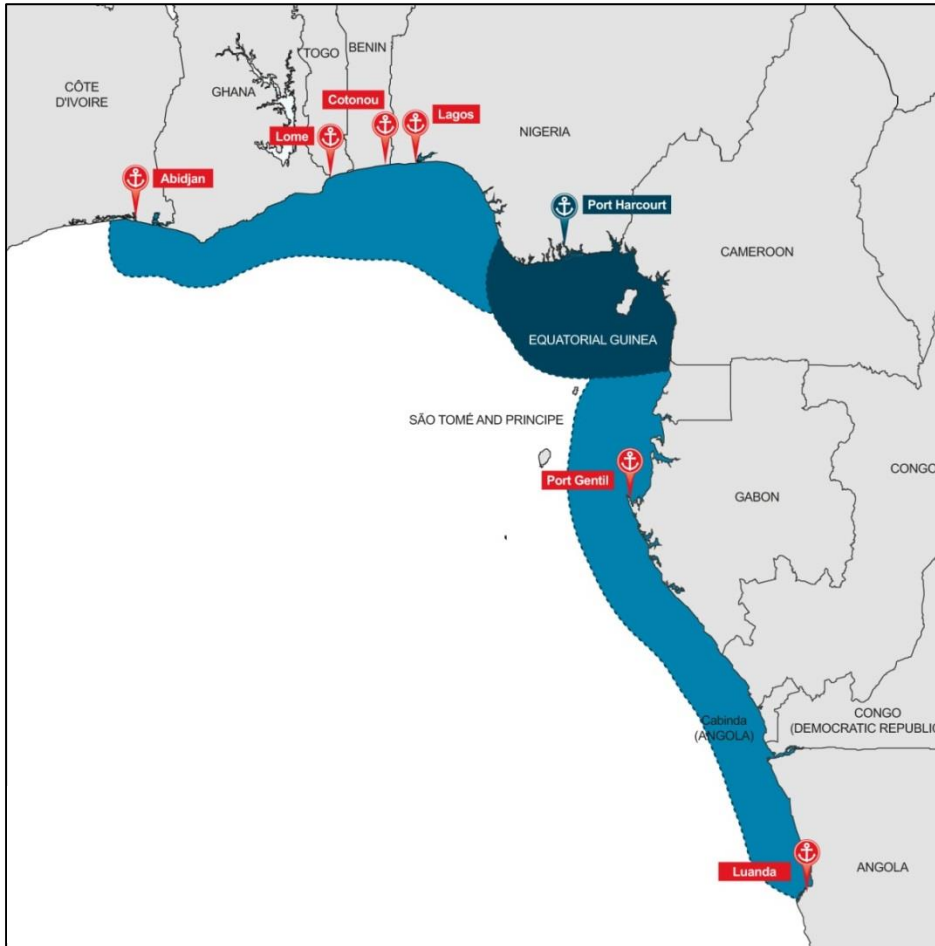


KEY

Incident: ● ACTIVISM ● APPROACH ● ASSAULT ● ATTEMPT ● HIJACK ● KIDNAP ● ROBBERY ● SUSPICIOUS ACTIVITY ● TERRORISM ● THEFT ● CLUSTER

Control Risks

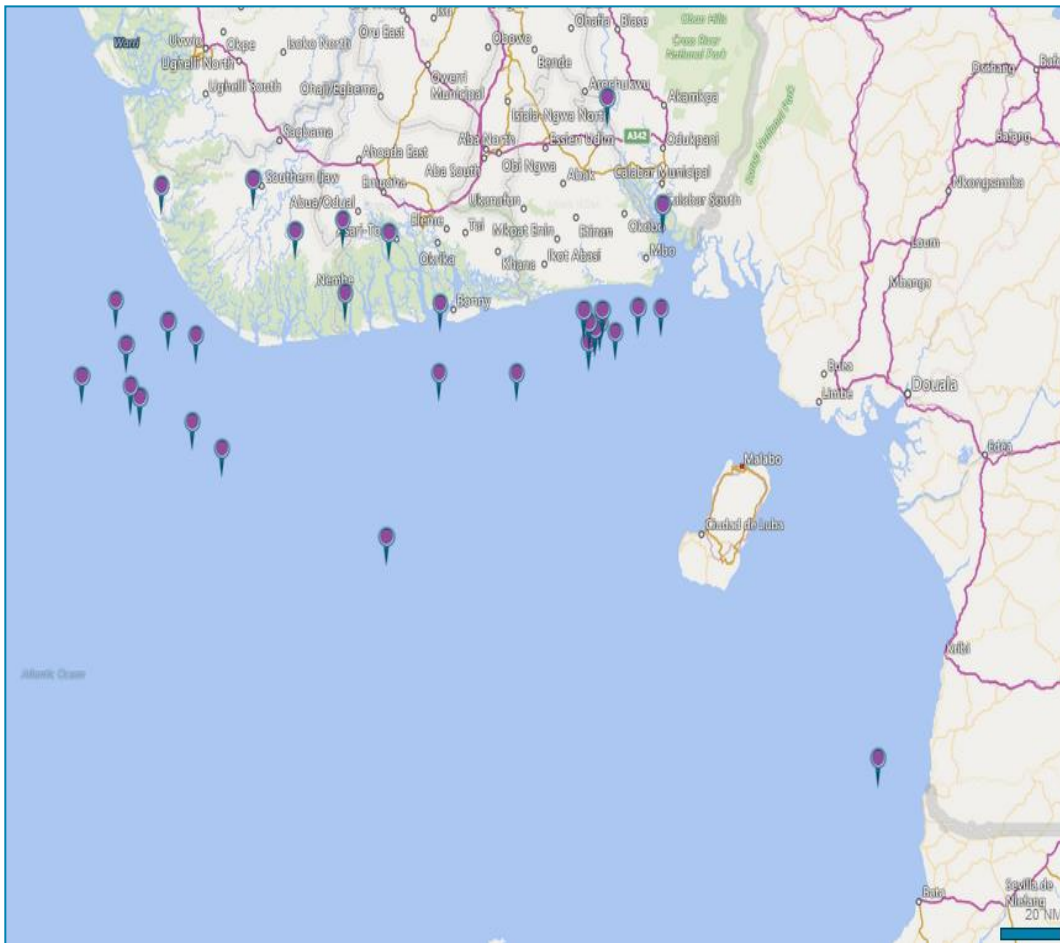
■ The Good, The Bad & The Ugly: Offshore Maritime Risks



- Variety of incident types
- Threat varies depending on location and vessel type
- Port and anchorage crime most common incident type
- Most serious incidents:
 - Hijack-for-cargo
 - Kidnap-for-ransom

The Good, The Bad & The Ugly: Offshore Maritime Risks

Maritime kidnaps | 1 January 2014 – 18 November 2015

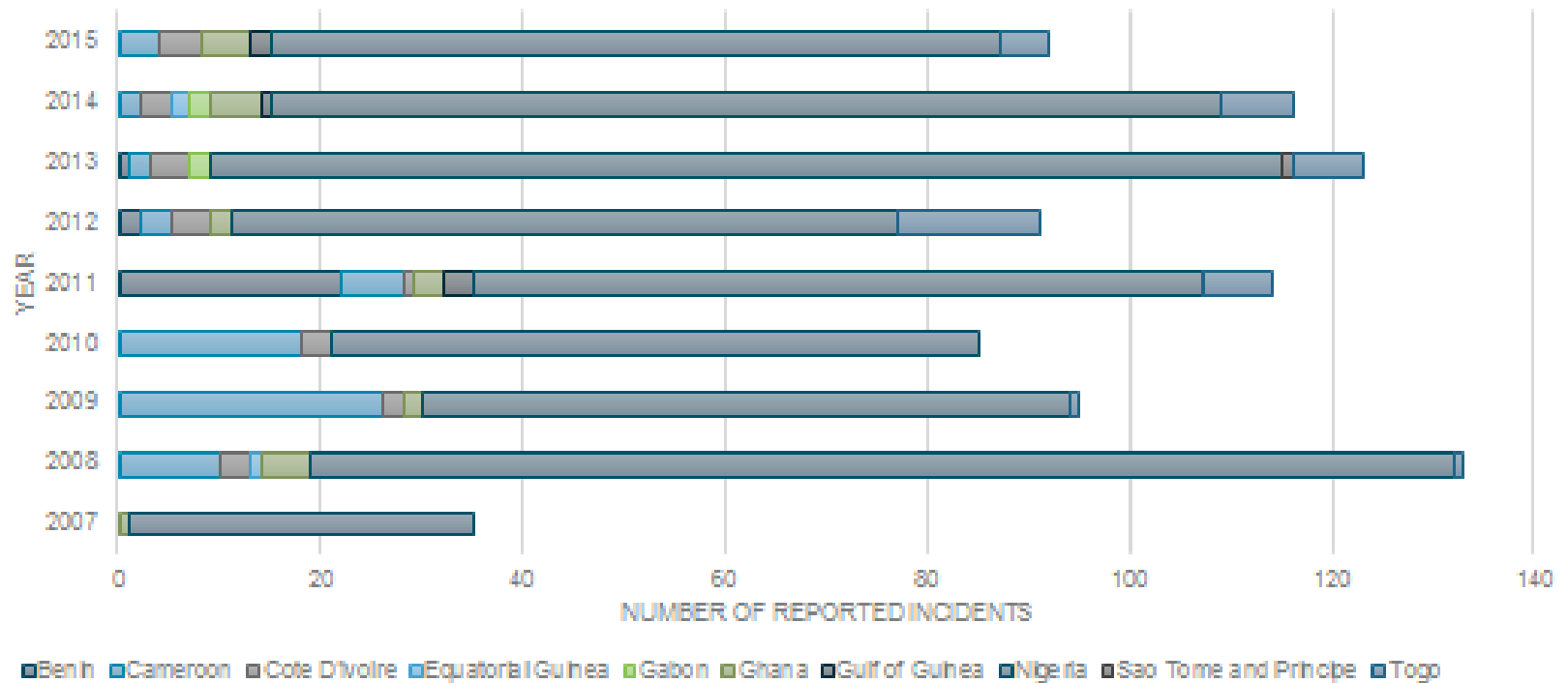


- 48 incidents recorded during the period
- Modus operandi has remained consistent with previous years
- Fewer incidents have been recorded further offshore in 2015 compared to previous years, however there is a greater concentration off the eastern Niger Delta.

Control Risks

■ The Good, The Bad & The Ugly: Offshore Maritime Risks

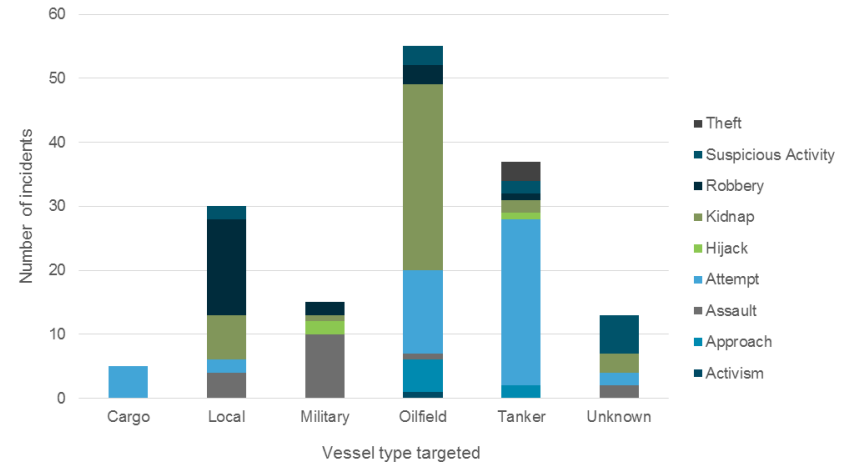
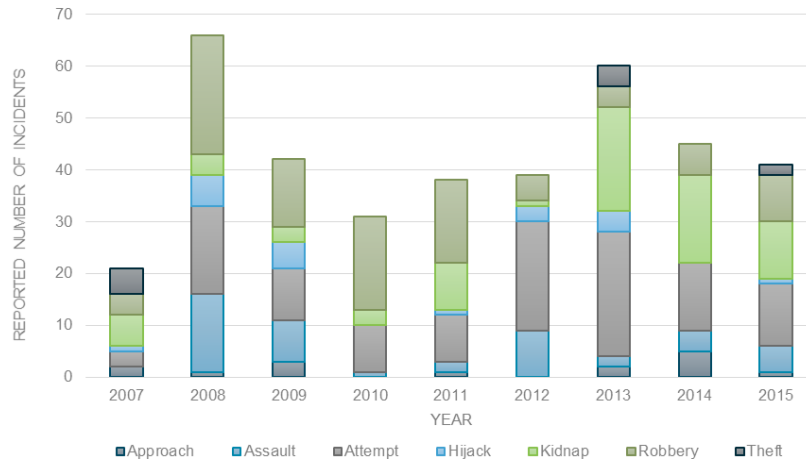
Number of reported incidents, Year-To-Date, 2007-2015



Control Risks

The Good, The Bad & The Ugly: Offshore Maritime Risks

- Focus of targeting remains on vessels supporting the oil and gas industry (supply vessels, crew boats and support vessels).
- Other vessel types, particularly tankers, also remain vulnerable both off the Niger Delta and to port and anchorage crime off Lagos



- Overall, 2014 and 2015 have seen a decline in activity compared to 2013.
- However the level of kidnapping remains high despite a drop in other incident types.

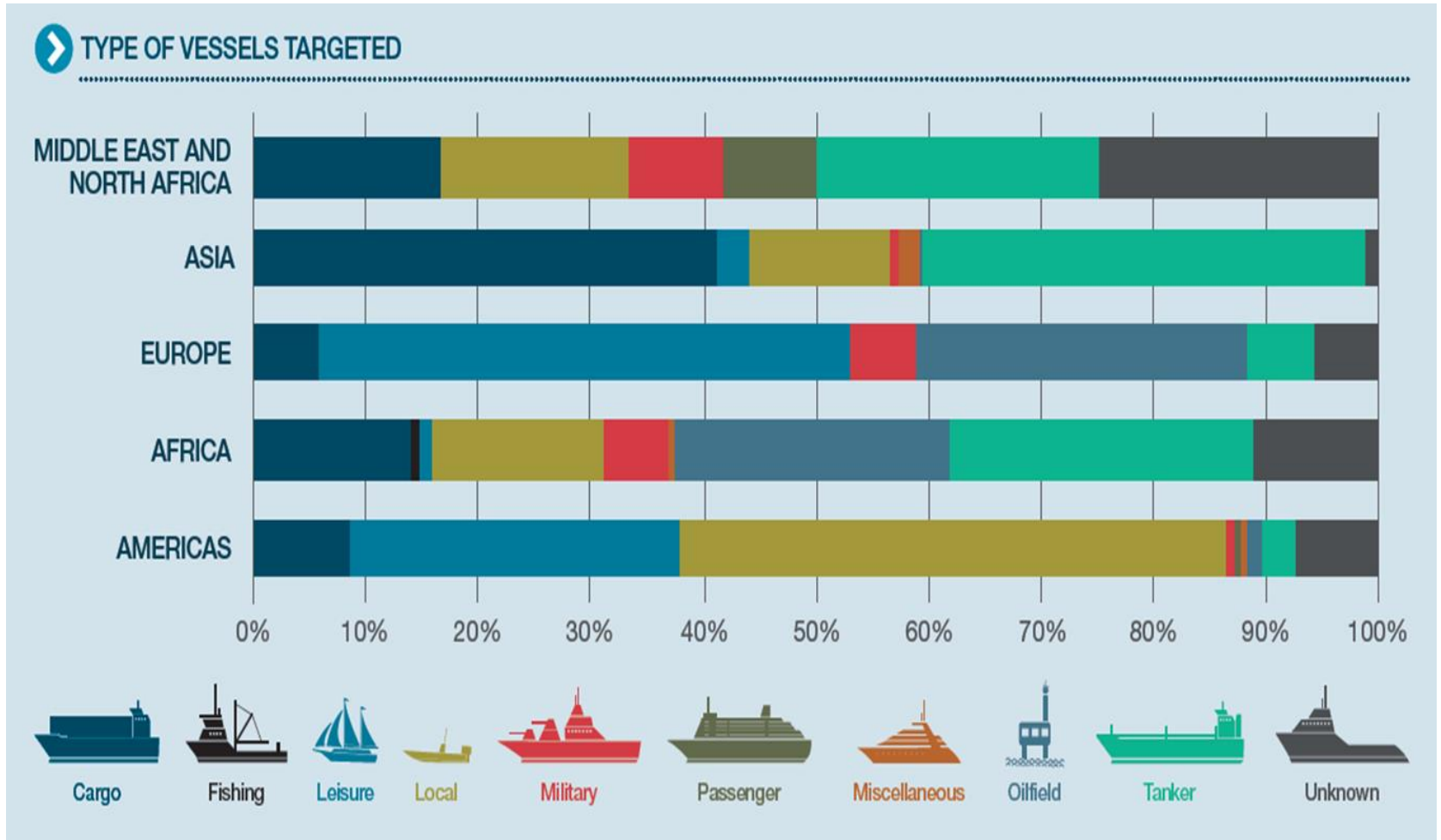
■ The Good, The Bad & The Ugly: Offshore Maritime Risks

Reported activity | 1 January 2013 till present

- 14 attacks on Container Vessels
- Majority (11 incidents) have been attempted but unsuccessful thefts, robberies and kidnaps
- These have involved anchored vessels in Lomé port, Togo; in Douala port, Cameroon; and Apapa-Lagos, Nigeria; as well as vessels underway offshore Nigeria
- One theft reported on a container vessel in Abidjan anchorage, Cote d'Ivoire
- Two kidnaps involving container vessels were recorded in April 2013, involving the City of Xianmen and the Hansa Marburg (see incident details in the notes section)

Control Risks

The Good, The Bad & The Ugly: Offshore Maritime Risks



Control Risks

Managing & Mitigating the Ugly

Threat Monitoring & Risk Assessments

- Specific vessel (cargo) or asset targeting
- Risk & Vulnerability assessments

Training and procedures

- On-board: Lockdown procedures, enhanced watch keeping
- Shoreside: Crisis management training and procedures

On board security measures

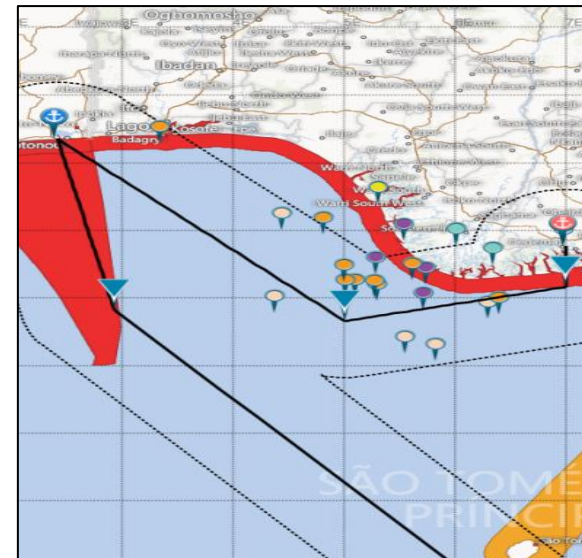
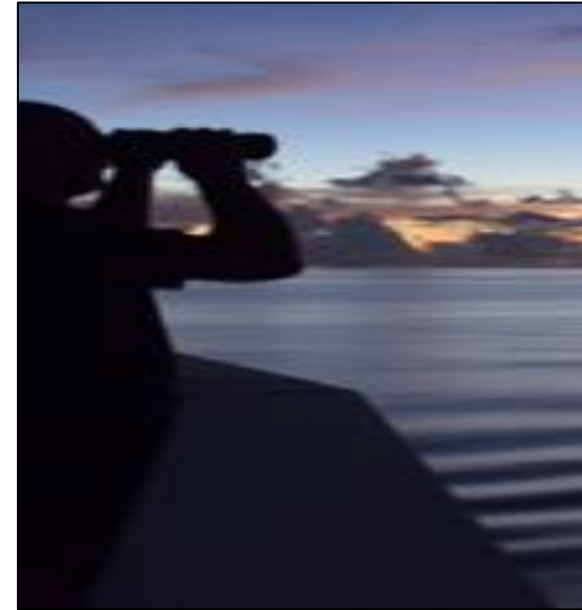
- Temporary: Anti-boarding measures, razor wire, access control
- Citadel: Specially designed safe room for high risk areas

Security personnel

- Unarmed: Security liaison officers
- Armed: Local armed forces personnel
- Escort vessel: Local provision

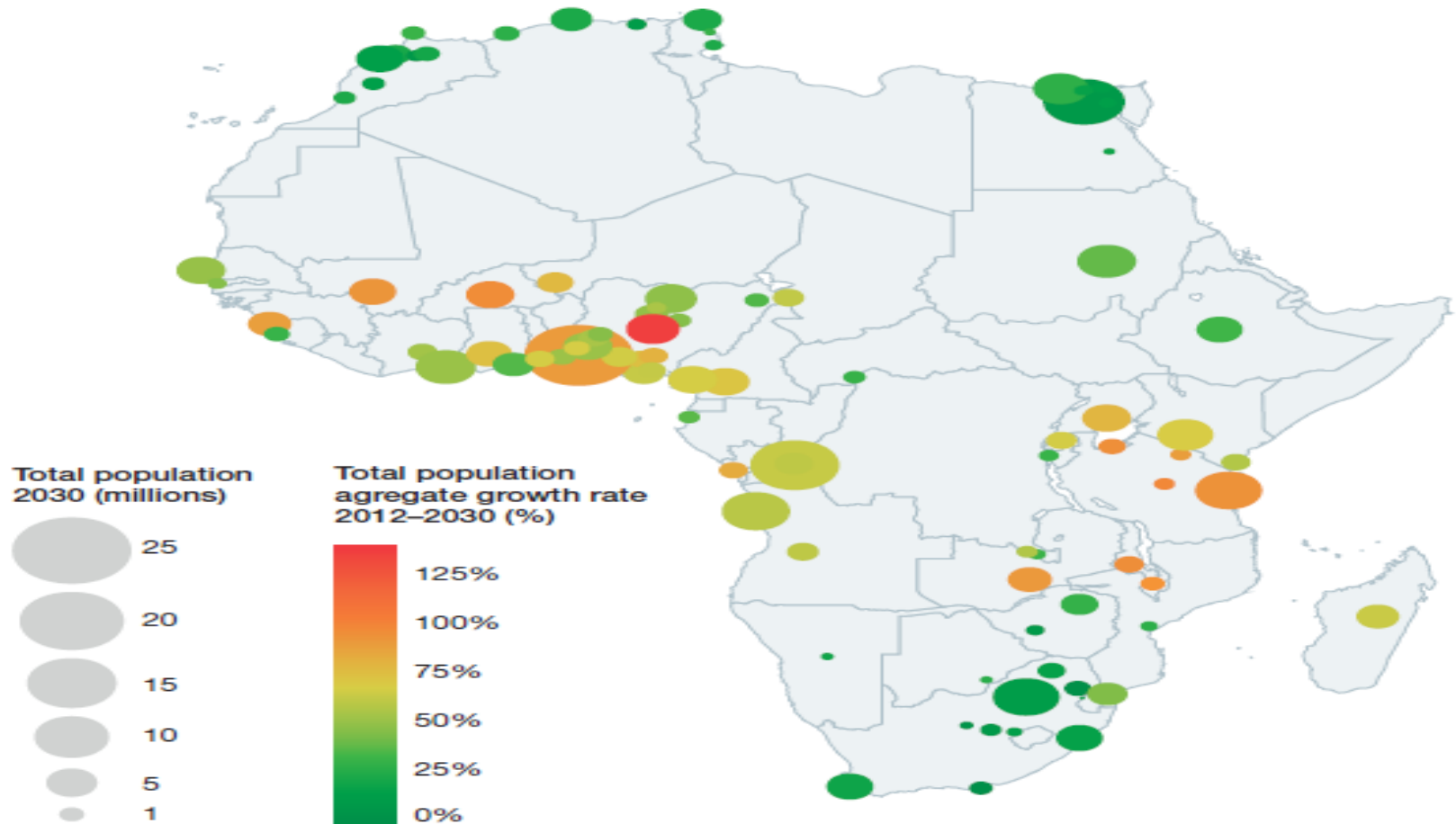
Tracking and monitoring

- Vessel tracking: Route planning based on latest activity
- Information support: Ensuring information



Control Risks

The Good, The Bad & The Ugly: Nigeria - The Population & Investment Heavyweight

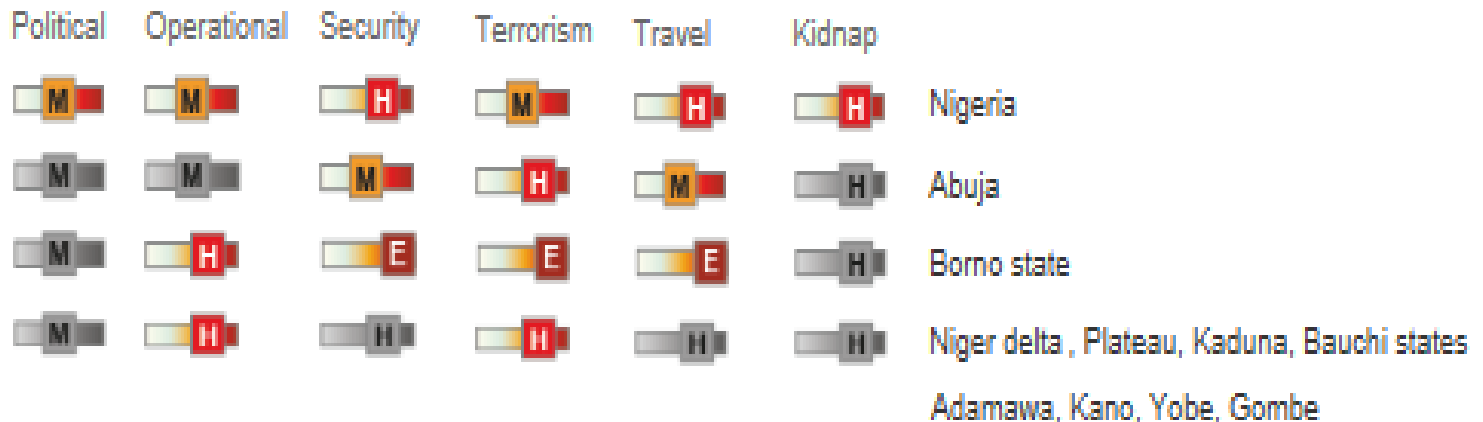


Source: Oxford Economics

Control Risks

Nigeria – A Perfect Paradox

- Remains a complex and challenging environment for businesses to operate in



- Risk environment is improving as we head out of this election cycle
- Reputational, operational & integrity risks remain very high
- High profile international issues to address: Boko Haram, Security & Corruption

Control Risks

Just Over

■ Nigeria at the Crossroads

- Global Context – risk versus reward. “Be fearful when others are greedy and be greedy where others are fearful”
- Actual threats vs likely risks. Balanced perspective. When CNN sneezes...
- Growing & educated middle class = political and social accountability
- Change takes sustained willingness and time. Stability and resilience of current structures & institutions is key
- Will of the people for change. Leadership in place
- Fundamentals in a market of opportunity cannot be ignored but risk management needs to be front & centre
- Cautiously Optimistic

