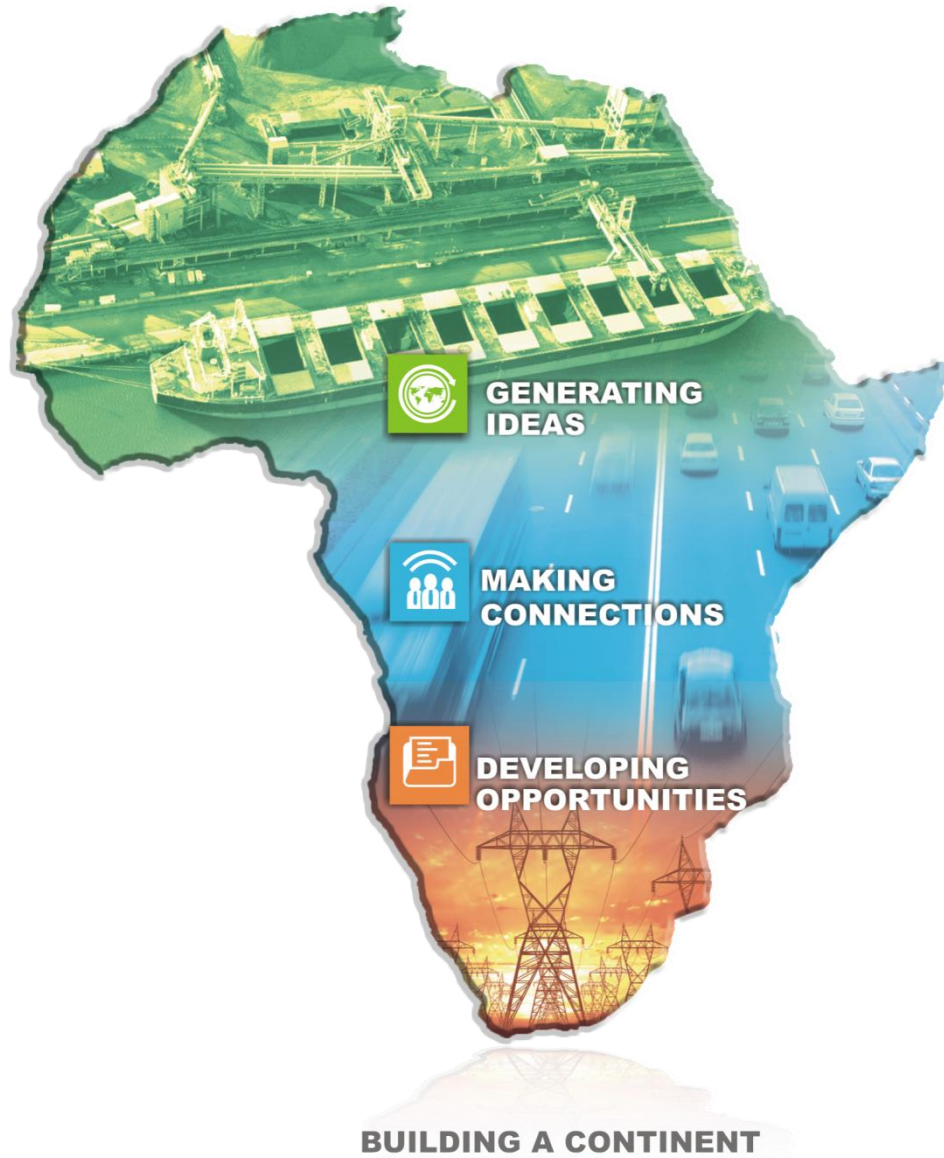




INVESTMENT HOLDINGS PTY LTD

# Old Ports - New Trade Patterns Reflections

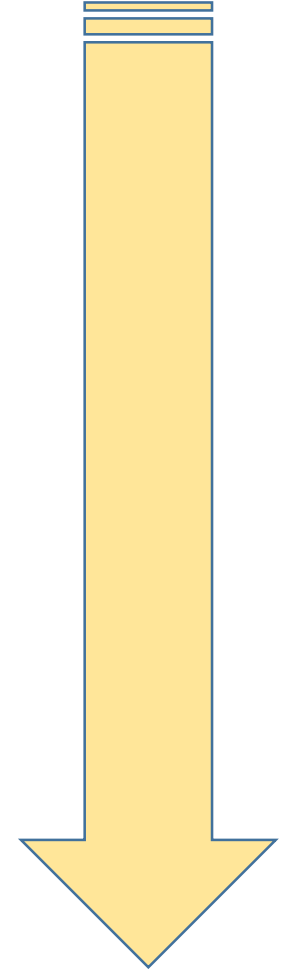
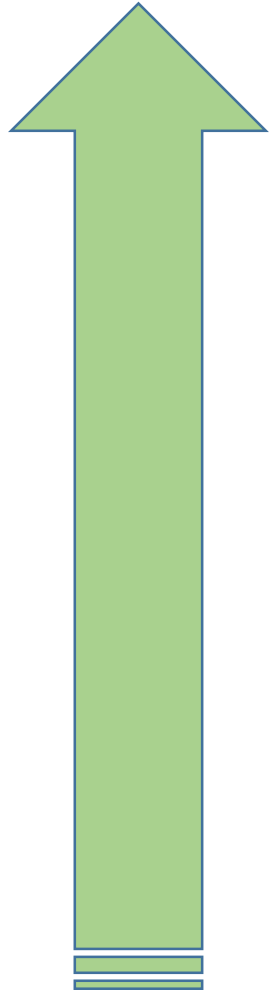
May 2018



**BUILDING A CONTINENT**



**NEW OPPORTUNITIES**



**NEW CHALLENGES**



# The Perpetual Coastal Challenge

- We think of ports as timeless because they have been with us for so long.
- But in fact they are the pulse of the global economy and they handle so much trade that they **have to change with change!**
- The global economy is dynamic and ever more so!
- So the exercise that Liguria is now going through is a very sensible one.
- Let me share some thoughts from a similar challenge we face in South Africa that arose, and arises, from our rapid re-immersion in the global economy after 1994.
- But I am enjoying learning from all of you.

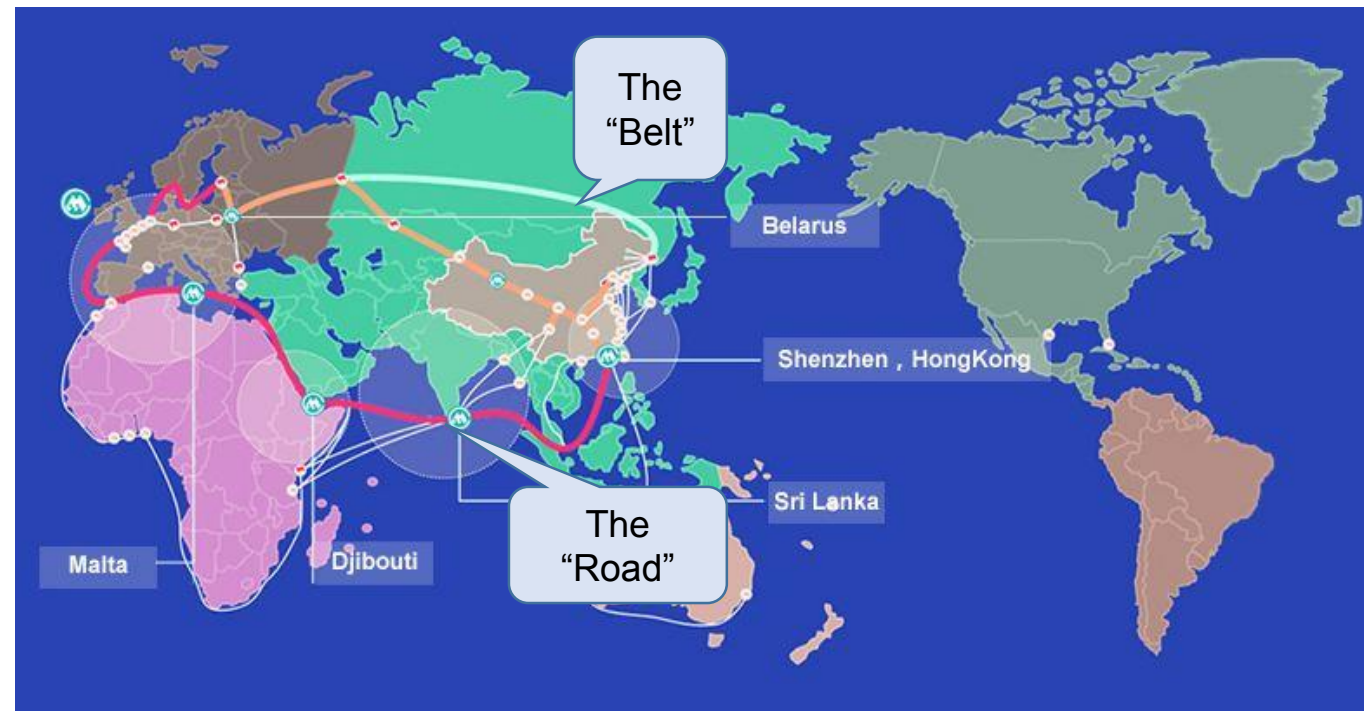


# The Endless Change

- Trading partners and trading patterns change.
- Economies are dynamic and the composition of trade changes as do the sources and destinations of the products.
- Most ports were built in a different era and trading environment - not the era where 'just-in-time' logistics and production is king!
- The Port hinterland is changing, although not necessarily the topography and geology.
- The proximate economy of the Port is changing –whether for better or worse is often unknown.

# Changing Trading Partners

- South Africa after 1994 entered a dramatically new trading economy after decades of isolation.



## New Opportunities Arose

- The complex trade opportunities of East and West Africa arose
- Trade between African economies was new. For decades trade had been out of Africa direct to Europe of the United States.
- Now everything has changed.
- Take West Africa – an ancient trading regions but now so new!





There are 5 significant ports serving to 3 landlocked countries:

- Dakar
- Abidjan
- Tema
- Lomé
- Cotonou

# The Composition of Trade Changes

- South Africa had traditionally been an exporter of minerals and agricultural products.
- However, it also had a manufacturing sector. Automotive production took place and industrial policy looked to export vehicles.
- We developed Industrial Development Zones – not Free Trade Zones.
- However, we could not easily do this at the older ports so we had to build new – there are pros and cons to that!



## Ports from the Past – a future?

- The largest of South Africa's ports were long established – Durban, Port Elizabeth and Cape Town.
- This meant they had many constraints:
  - Shallow draft.
  - Constricted berth sizes.
  - The city had encroached on the port.
  - Entry and exit for rail and road congested.
- However, historically economic activity was located around these ports and the hinterland links were with them.
- New ports could be operationally more efficient, but where was the traffic volume?

# The Economy Changes but the Topography and Geology doesn't

- South Africa has most of its economic activity far inland on a high plateau. Abundant diamonds, gold, coal, manganese, chrome and a host more dictated this.
- Railway and road has to climb steep escarpments to get to this economic activity.
- Railway lines were designed for smaller train lengths and tunnels never contemplated that one day there would be double stacked container trains.
- Building new more efficient logistics systems requires vision, confidence and lots and lots of money – non of which easily accords with the political cycles of the present.

# Old Ports - Aging Economies

- Old ports are likely to be associated with the origins of industrial growth and earlier stages of economic development.
- Yet the trade going through them will reflect the changing patterns of national and global trade. The EU - a very special case in global terms – something to be nurtured!
- The phenomenon of trade entering a port and then going through areas of industrial collapse is all too common.
- How does the immediate economy of the port adjust to the changes in the port or how does it compensate for loss of economic activity as a result of its past?

## South Africa is struggling to adjust .....

- But it is adjusting with new ports, new systems and new economic activity.
- Yet it is only on the cusp of entering the great new trading systems that are evolving in the Atlantic, Indian and Pacific oceans.
- Ten years ago it was a rare South African that could tell you anything about a relatively new Chinese city and port called Shenzhen.
- That has changed!! But to make the trade links real in the great new Silk Road is still work in progress.



# Success to Liguria !!!

- What you are doing is undoubtedly correct:
  - Analyse
  - Consult
  - And learn
- I predict the greatest need for innovation will be:
  - A political construct that can sustain long term projects. The EU construct seminal for all of us!!
  - The delivery institutions that can invest within a strategic framework on a sustained basis.
  - Public private partnerships that provide sustainable financial and equitable economic solutions!

# **Aluta Liguria !!!**

Please come and share your wisdom with us in South Africa in the future!!

*Thank you!*  
*Ngiyabonga!*  
*Grazie!*