THE EGYPTIAN MARITIME TRANSPORT STRATEGY, DEVELOPMENT & INCREASING THE COMPETITIVENESS OF PORTS

2018

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Introduction

The Maritime Transport Sector aims to meet the demands of national economy with regard to maritime transport industry advancement and development, developing plans to ensure its efficiency and quality of performance to keep up with the global innovations within the framework of the Presidential mandate to develop a strategy to improve and increase the competitiveness of Egyptian ports at the regional/global level and within the timeframe necessary for its implementation in accordance with international standards in this regard in light of the following:

1. Turning Egypt into a global hub for energy, trade and logistics at the regional, African and global levels.
3. Utilization of Egypt’s enormous potential manifested in the commercial and specialized ports on the coasts of the two Seas (the Red Sea / the Mediterranean) and Suez Canal.
4. Linking Egyptian ports (maritime, land and dry) to investment zones by utilizing both the national road network and various modes of transport (land, river, and railroad) in an integrated vision.

It should be noted that an integrated maritime policy has been developed at the level of the Egyptian Ministry of Transport (Maritime Transport Sector) which is consistent with the comprehensive national strategy aiming at increasing the efficiency of the maritime transport system; which mainly includes maritime ports, and the enhancement of the Egyptian Maritime Fleet.
Hence, it is imperative that Egyptian ports meet international performance standards that ensure more reliable services and higher standards related to quality, security, safety, financial sustainability, resource and environment protection, community participation, noting that many of these aspects are linked to sustainable development objectives.

The Maritime Transport Sector has developed a comprehensive strategy to improve and increase the competitiveness of Egyptian maritime transport, in coordination with the related authorities in the country, in addition to using the previous strategies as an important input to the current strategy. It is worth mentioning that the Maritime Transport Sector work team used the SWOT Analysis in preparing and formulating the strategy.
## Components of Egyptian Maritime Transport and Main Related Authorities

<table>
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<tr>
<th>Ministry of Transport</th>
<th>SCZONE</th>
<th>Related Authorities (Locally)</th>
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<tr>
<td>3. Damietta Port Authority</td>
<td>11. El Arish Port</td>
<td>3. Egyptian naval forces</td>
<td>3. League of Arab States</td>
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</tbody>
</table>

11. Central Association of Egyptian ship-owners
12. Egyptian Environmental Affairs Agency
13. Shipping Agencies
14. Egyptian Navigation Chambers
15. Construction and Repair Shipyards
16. Ministry of Tourism
17. Ministry of Agriculture
18. Ministry of Petroleum
19. Ministry of Investment
20. General Union of Maritime Transport Workers
21. General Union of Egyptian Chambers of Commerce
22. International Maritime Organization (IMO)
23. International Labor Organization (ILO)
24. League of Arab States
25. European Commission (EC)
26. Med-Cruise
27. Mediterranean Memorandum of Understanding (Port State Control)
28. Arab Transport Unions (fright-forwarders, carriers, exporters, etc.)
29. Arab Sea Ports Federation (ASPF)
30. North African Port Management Association (NAPMA)
31. (ESCWA / COMESA)
32. Arab Federation of Chambers of Shipping
33. Egyptian, African and Euro-Mediterranean Chambers Federations
34. Union for the Mediterranean (UFM)
35. Indian Ocean Rim Association (IORA)
36. African Union (AU)
37. Japan International Cooperation Agency (JICA)
Characteristics of Egyptian Maritime Transport

1. **Egypt's strategic geographical location**: Egypt with its geographical location is considered the most fundamental route of international trade between East and West. It has a number of commercial and specialized maritime ports overlooking the Red Sea and the Mediterranean sustaining Egypt's foreign trade and serving as the main link between maritime, land and river transport and railways; while Suez Canal plays a major role in saving time, cost and facilitating global trade.

2. **Availability of Promising Investment Opportunities**: Manifested in the establishment of new seaports, upgrading the efficiency of existing ports, the development of Suez Canal axis, the reconstruction and investment of the Northwest Gulf of Suez, North Sinai and the North West Coast, and the transformation of Egypt into an international logistic hub; developing the Golden Triangle and other projects that represent high-value investment opportunities.

3. **Availability of renewable energy resources**: Egypt is one of the most promising countries in the fields of renewable energy production. Egypt has large natural resources such as natural gas, as well as many mineral resources, which vary in quantity, quantity and distribution. Egypt has adopted the strategy of transforming Egypt into a regional hub for energy interchange and trading giving it a national disposition. Due to the availability of the fundamental resources to play a pivotal role in the field of energy, the Maritime Transport Sector works to consolidate this role so that Egypt is a strategic hub for accruing and trading energy, both locally and regionally and re-exporting it to meet the needs of other countries.
4. **Egyptian Maritime Transport in Figures (July 2018):**

- Total length of the Egyptian coastline is about 3000 km (1000 km on the Mediterranean, 2000 km on the Red Sea).

- Total number of Egyptian seaports 48 ports (15 commercial, 33 specialized), in addition to (2) commercial port under construction “Gargoub Port” West Mediterranean, “Ras Banas Port” south of Red Sea”.

- Container capacity of 11.6 million TEUs (6 container companies).

- Average annual turnover of TEUs is around 7 million TEU.

- Average annual turnover of cargo is about 150 million tons.

- Total number of berths 188 with a total length of 35 km.

- Maximum depth of the navigation channel 20 meters in the port of Dekheila.

- Total number of vessels that crossed the Suez Canal 17,550 vessels, with a tonnage of 1,041,573 thousand tons (in 2017).

- Total number of Egyptian merchant fleet vessels is 117 vessels (as at December 2017).

- Total tonnage of the Egyptian merchant fleet is 1.1 million tons (until December 2017).
Regional Competitiveness of Egyptian Seaports

- Countries in competition with Egypt in the Mediterranean Sea region (Turkey, Syria, Lebanon, Israel, Cyprus, Greece), especially ports of Haifa and Ashdod in Israel, Mersin and Port of Ambarli, in Turkey and Piraeus port in Greece.

- Countries in competition with Egypt in the Red Sea region: (Saudi Arabia, Sudan, Jordan, Yemen, Djibouti, Eritrea), especially Jeddah port in Saudi Arabia.

- However, it is worth mentioning that East Port Said Port occupies the fifth position among the top 10 ports in the Middle East.
Maritime Transport Global Features

- Maritime transport contributes more than 80% of the world trade volume. Sea-borne trade increased by 2.6% in 2016 reaching 10.3 billion tons, hence the importance of maritime transport as an essential medium of trade and development. Given the strategic nature of this sector, the United Nations Global Policy Framework under Plan 2030 has focused on sea-borne trade as the instrument of growth and sustainable development.

- Achieving environmental sustainability is an integral part of the 2030 agenda. Hence, the growing importance of LNG. The increasing growth of trade in this area has led to increasing investments in LNG carriers and increasing use of LNG as fuel.

- On the other hand, ports are one of the most important links that maintain maritime, river and land interaction. Container ports must keep pace with the growing use of giant ship fleets, the transferal of ships from major roads to other secondary roads, the growing development of regular linear shipping lines and the restructuring of alliances and clusters.

- Increasing competition between ports is obligated them to apply global standards that ensure more reliable services and higher standards related to quality, security, safety, financial sustainability, resource protection, environmental protection and community participation, many of which are linked to sustainable development objectives.

- Accordingly, ports are to develop policies and plans to adapt to changing market demands for linear shipping in the light of the existence of clusters, alliances and mergers of shipping lines. Achieving this requires more private sector involvement in port projects to bridge the growing funding gap, as well as the use of new technical solutions in ports and assessing the port performance as a basis for the planning process and management of the port.

- There is also a growing need for port development and providing ports with modern cargo handling equipment, advanced terminal management systems, high-level security systems and qualified professional workforce. Governments can therefore rely on various public-private partnership models through contracts that ensure fair distribution of roles, activities and risk sharing and flexibility under a legislative and legal system that ensures effectiveness and enforcement.

- It should be noted that the merchant marine fleet is one of the most important elements in the maritime transport industry, which plays a key role in facilitating the movement of cargoes, reducing the prices of transport and boosting economic evolution.
National Policy for the Development of the Maritime Transport Sector up to 2030

1. Achieving a balance between the different modes of transport and setting the regulations governing this, with special attention to multimodal transport (Seaports, railways, river transport, and road network).

2. Enhancing the vital role of maritime transport whereas Egyptian seaports are the economic lifeline of the country, since they are linked to foreign trade as they dominate the majority of cargo transport activities.

3. Enhancing the role of private sector contribution in the development of the transport system in addition to the provision of facilities and services so that it can play its role in investing or taking part in transport projects in general.

4. Development of human resources through the improvement of training and motivation programs especially for the professional Ministry of Transport cadres.

5. Updating legislations and introducing regulations that guarantee freedom of competition in relation to transport services provision.

6. Identify environmental goals that promote sustainable development of transport, especially with regard to reducing all types of pollution, especially maritime and river pollution.
General Features of the Strategy

Vision

Developed and safe ports capable of adapting to local and global variables, compete regionally / globally, a developed merchant marine fleet, both enhancing the economic growth of the Arab Republic of Egypt within the framework of sustainable development strategy (Egypt Vision 2030)

Mission

Developing, improving and increasing competitiveness of Egyptian maritime transport by achieving integration among Egyptian seaports in order to enhance competitiveness with neighboring ports to become more enticing to shipping lines, domestic and foreign investments, in addition to playing an active role in the local and international economy, facilitate trade and transform Egypt into a global hub for energy, trade and logistics at the regional level, along with developing and enlarging the national maritime merchant fleet and maximizing its role in transporting Egypt's foreign trade.

Governing Principles

- Continuous Improvement and Development of Shipping Services Provision.
- Human Resources Development and Qualification.
- Environment Preservation.
- Customer Satisfaction.
- Quality and Transparency.
### Objectives

<table>
<thead>
<tr>
<th>No.</th>
<th>Primary Objectives</th>
<th>Subsidiary Objectives</th>
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<tbody>
<tr>
<td>1.</td>
<td>Achievement of integration between Egyptian ports within the framework of an integrated Master Plan including an investment map for Egyptian ports</td>
<td>Developing a Master Plan for Egyptian seaports in order to achieve integration between all ports taking into consideration maximizing the competitive advantage of each port in the light of the following: 1. Transforming Egypt into a global hub for energy, trade and logistics on the regional, African and World levels. 2. Compatibility and integration with Egypt Vision 2030. 3. Making use of the great potentials of Egypt manifested in its commercial and specialized ports in the Mediterranean/ Red Sea as well as Suez Canal 4. Connecting ports (sea/land/dry) to investment zones using the national roads network and different modes of transport (land - river - railways) in an integrated vision. 5. The priorities of investment and port development that allow for economic development on the long term 2030. 6. Integration between capacities and facilities available in ports. 7. Enhancing the competitiveness of Egyptian seaports by upgrading their service performance level and achieving integration between those ports, as well as setting a flexible pricing policy. 8. Maximizing the role of Egyptian ports in logistics and multimodal transport system. 9. The impact of Suez Canal Economic Zone development on the development of Egyptian ports.</td>
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<tr>
<td>2.</td>
<td>The Completion of the Geographical Coverage of Maritime Transport Services in</td>
<td>The establishment of new commercial ports in the non-covered geographic areas (Gargoub Port west the Mediterranean and Ras Banas Port south Red Sea) to serve as development and pivots</td>
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<td>No.</td>
<td>Primary Objectives</td>
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<tr>
<td></td>
<td>Egypt in order to enhance Comprehensive Development</td>
<td>integrated with the road network and different modes of transport in order to provide the new urban areas with their needs and enable them to export their products.</td>
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</table>
| 3.  | The establishment and development of infra and super structure of seaports according to the market economics and international criteria. | - The establishment and upgrading of berths.  
- Raising ports capacities enabling them to accommodate new generations of vessels.  
- Enhancing the role and involvement of private sector in port development.  
- Improving the stevedoring system in order to reduce vessels’ dwell time  
- Reforming and ameliorating the work environment in ports and achieving the electronic linkage of operation systems as a step towards the smart port system. |
| 4.  | Connecting Egyptian ports to the investment zones using the national road network and different modes of transport in an integrated vision. | - Connecting seaports to logistic areas.  
- Providing pivots and linkages between Egyptian ports (railways - river waterways - roads) and investment zones (industrial – agricultural – mining - etc....) using the national roads network and different modes of transport. |
| 5.  | Transforming Egypt into a global hub for energy, trade and logistics on the regional, African and world levels. | - Maximizing the benefit from existing specialized ports (petroleum, gas, and mining) on the Mediterranean and Red Sea.  
- The establishment of new specialized ports to support the new energy discoveries and petroleum services.  
- The establishment of new specialized berths and raise the efficiency of existing Petrol and Gas berths within the main commercial ports on the Mediterranean and Red Sea with the partnership of private sector.  
- The establishment of bunkering and maritime service terminals.  
- Concluding a large number of bilateral maritime agreements in the field of energy.  
- Achieving the connection between different modes of transport and logistic areas according to the international standards of trade facilitation. |
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<td>6.</td>
<td>Qualification and Capacity Building of Human Resources</td>
<td>- Drafting training plans and programs for the qualification and development of human resources including specialized training programs in coordination with training centers and institutes locally and internationally to fulfill the needs and prerequisites of ports with the aim of enhancing the competitiveness of Egyptian ports.</td>
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<td>7.</td>
<td>Developing the Legislative Structure in Consistency with National and International Developments while Conforming to International Conventions and Commitments.</td>
<td>- The completion of the development of the legislative, procedural and institutional structure and to work towards creating a favorable business climate for in the field of maritime transport, ports, maritime safety while taking the necessary measures and procedures to enforce them.</td>
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</table>
| 8.  | Achieving Seaports Security | - Providing the necessary equipment to secure Egyptian seaports  
- Implementing regular security audits according to ISPS Code |
| 9.  | Raising the environmental classification of Egyptian seaports to be transformed into green ports to achieve environment sustainability. | - Reviewing the environmental requirements and standards in Egyptian ports in accordance with the national and international laws and conventions as well as the resolutions related to stevedoring, bunkering and waste dumping operations in addition to taking the necessary corrective actions.  
- Taking the necessary actions to ensure the commitment of the vessels calling at Egyptian ports to the national and international environmental requirements.  
- Observing the environmental aspect in the development of ports and the establishment of new ports by adhering to the national and international environmental standards and criteria when drafting plans for the establishment and development of ports and the execution of projects.  
- Using renewable energy sources in the operation of port facilities to achieve energy savings and environment protection. |
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<tr>
<td>10.</td>
<td>The development and reinforcement of the Egyptian merchant fleet to enable it to</td>
<td>- Supporting national companies by establishing a consortium between a number of Egyptian banks, insurance companies, and major exporters and importers to finance the purchase, charter or construction of ships.</td>
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<td>transport 25% of the Egyptian foreign trade</td>
<td>- Providing incentives and facilities for Egyptian vessels when dealing with ports and national institutions.</td>
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<td>- Developing existing shipyards and establishing new shipyards in the Suez Canal Zone as a supporting tool for the replacement and rehabilitation of the merchant marine fleet.</td>
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<td>- Carrying out urgent amendments to some articles of marine legislation in order to develop and optimize of the Egyptian merchant fleet.</td>
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<td>- Forming national shippers union to regulate competition and prevent monopoly to enable the national fleet to obtain a fair share of the Egyptian foreign trade and support the competitiveness of the Egyptian exports by reducing the transport costs.</td>
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<td>11.</td>
<td>Enhancing Maritime Tourism</td>
<td><strong>Encouraging tourist vessels to increase their calls at Egyptian seaports by:</strong></td>
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<td>- Setting a pricing policy that can provide incentives and attractive discounts to attract vessels and cruise yachts.</td>
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<td>- Raising the efficiency of tourist ports and marinas to provide quality competitive services.</td>
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<td></td>
<td></td>
<td>- Developing a marketing plan to promote the potentials of Egyptian seaports and to participate effectively in relevant national and international tourism conferences and forums such as (such as MEDCRUISE).</td>
</tr>
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</table>
Major Challenges Facing Egyptian Maritime Transport (According To Egypt Vision 2030)

(1) Intensification of Regional and Global Competition in the Field of Maritime Transport Industry in the light of Political and Economic Transformations:

1. Coordination between Egyptian seaports in the light of each port’s merits (natural / logistic / infrastructure) to achieve commune integration and reduce internal competition and reinforce the competitive position of Egyptian maritime transport.

2. Benefiting from the international relations of each port (memorandums of understanding / memorandums of fraternization / agreements ...) in supporting other ports as a partner or a complementary consolidation element to achieve maximum benefit from all kinds of cooperation instruments.

3. Commitment to applying state-of-the-art advancements in international ports with regard to operation and technology through exchange of experiences, visits and training in fraternal ports.

4. Commitment to the implementation of international environmental standards on vessels, in order to reduce marine environment pollution to reach the concept of green ports in light of the global trend towards these types of ports.
(2) Development, Operation and Maintenance of Port Infrastructure and the Provision of Required Funding for the Development and Modernization of the Merchant Marine Fleet

1. Increase the efficiency and develop seaports infrastructure and increase the depths of shipping lanes and berths in all ports. The geographic location is no longer the only attraction in the selection of the shipping lines of the ports, yet the capacity and depths that allow the reception of the latest generations of the giant vessels.

2. Tending towards investment through the establishment of new projects and terminals of different types (general cargo / containers / bulk / dangerous goods etc.), taking into account the actual needs of each port while developing future plans to address the needs that will arise in the future.

3. Upgrading existing projects and increasing their operational, administrative and technical efficiency.

4. Setting stimulating frameworks and standards for marine supply and provisions, as well as other services, that are carried out by independent entities directly to vessels and shipping lines, with the necessity of establishing a price control mechanism to avoid exaggeration.

5. Considering the possibility of reducing the costs of dredging operations conducted by external / foreign parties, in order to determine the most appropriate alternative for conducting the dredging process (using foreign parties or establishing a specialized national company).

6. Developing and modernizing the Egyptian Maritime Fleet by providing incentives and facilities for Egyptian vessels, upgrading the efficiency of existing marine shipyards and establishing advanced shipyards as a supporting tool for the replacement and rehabilitation of the merchant marine fleet.
## Egyptian Maritime Transport Development Programs (Egypt Vision 2030)

<table>
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<tr>
<th>Program</th>
<th>Implementation Phases</th>
<th>Competent Authorities</th>
<th>Supportive Authorities</th>
</tr>
</thead>
</table>
| Maritime Transport Sector Development | • Phase 1  
• Phase 2  
• Phase 3                          | • Ministry of Transport                                   | • Ministry of Planning  
• Ministry of Finance                 |
| Shipbuilding Development      | • Phase 1                      | • Ministry of Commerce and Industry  
• Suez Canal Authority  
• Ministry of Investment             | • Sectoral Ministries                                      |
| Suez Canal Area Development Project | • Phase 1  
• Phase 2  
• Phase 3                          | • General Authority of the Economic Zone of the Suez Canal | • Suez Canal Authority  
• Private sector  
• Competent Ministries              |

Implementation Stages are divided into three phases each phase is 5 years:  
The first (2016-2020), the second (2021-2025), the third (2026-2030)
**Egyptian Maritime Transport Sector Development Programs until 2030**

- **Program Description:**
  This program aims to increase the capacity of sea ports and enhance the efficiency of the services provided.

- **Key elements of the program:**
  1. Establishment of construction, replacement, and development projects of commercial seaports.
  2. Raising efficiency and establishing logistic areas.
  3. Developing the stevedoring system in order to reduce vessels dwell time.
  4. Develop the legislative, procedural and institutional structure to ensure freedom of competition in the provision of transport services.
  5. Developing and modernizing the working environment within the commercial seaports and achieving the electronic linking of operation systems within each port.
  6. Achieving the highest rate of utilization of available spaces and warehouses within the ports.
  7. Pursuing the implementation of the one-widow project in order to facilitate dealing with the public.
  8. Purchasing and modernizing port security devices.
(2) Shipbuilding Development Program until 2030

- **Program Description:**
  This program aims to localize and develop shipbuilding in Egypt by 2030.

- **Key elements of the program:**
  1. Stimulate investment in the following areas:
     - Marine shipyards.
     - Vessels construction and Repair.
     - Ship supply.
     - Manufacture, repair and maintenance of containers.
  2. Reinforcement and development of shipping companies for vessel operation.
Annexes

1. SWOT Analysis.


3. Investment plans in Egyptian seaports at different stages.

4. The organizational structure of the Ministry of Transport.

5. Commercial Seaports Map.


7. Legislative package regulating shipping industry.


9. Land and Dry Ports Chart.

10. Road Network Map.

11. The map of the lanes and the network of navigational roads along the Nile River.

12. Industrial Zones Map (Ministry of Commerce and Industry website).

13. Detailed Chart showing industrial zones.


15. Illustrative Report of the National Commercial Fleet (December 2017).
Sources

2. Strategic Plan of the Ministry of Transport (November 2015)
4. The Ministry of Transport Strategy 2016 (NICapital)
7. Competitiveness of the Egyptian economy according to the Global Competitiveness Index issued by the World Economic Forum.
8. Study of the transformation of Egyptian commercial ports into logistic ports (Maritime Research and Consultation Center, September 2017)
10. Strategy of the General Authority for Land and Dry Ports
11. Strategy of the General Authority for River Transport