

Grand plans for Djibouti

Doraleh Multi-purpose Port - phase I & II

Lying on the Bab el-Mandeb Strait, the tiny African nation of Djibouti serves as a gateway to the Suez Canal, one of the world's busiest shipping routes. Its port is the lifeblood of its economy, providing the biggest source of income and employment. World Port Development reports...

The Port of Djibouti, strategically located on the Red Sea, plays a critical role in the country's USD 982 million economy. The port is also vital to the landlocked Ethiopia and is an important trans-shipment hub for trade for East African countries. For this reason, the Port of Djibouti SA (DPSA) has embarked on an expansion vision to give the ports and the country a competitive advantage. The new expansion plans include constructing five new ports in Djibouti/Doraleh, Tadjourah town, Ghoubet and Damerjog, and will contribute to making the country an indispensable trans-shipment hub for trade for East African countries and beyond. The construction is needed to respond to increased demand as Ethiopia's economic growth meant more reliance on port activities to fuel that growth. Besides the expansion of port services, a new railway that links Djibouti to the hinterland (Addis Ababa in Ethiopia) is being constructed offering - once completed - increased

efficiency of the transportation services and lower costs. In addition, the new port in Doraleh - the Doraleh Multi-purpose Port (DMP) will be supported by a free trade zone that should enable foreigners to invest in small and light industries.

Become a trans-shipment hub

At present, the port is the major trans-shipment port for East African countries. The Government of Djibouti is committed to offer the best port services and they work hard to achieve this objective. The location of Djibouti on the Red Sea - one of the busiest shipping lanes in the world - has made the ports attractive for investors. Currently, the country is host to some prestigious port operators including DP World and China Merchant Holding International (CMHI). With China's vision of establishing a 21st Maritime Silk Road, Djibouti is becoming a critical node in a belt that links the old Continents; Asia, Africa and Europe. Therefore, Djibouti expects to attract more investors resulting in more expansion projects. The port of Djibouti has greatly grown as a regional hub between 2012 and 2014 thanks to an agreement with their partner CMHI, which took a share in the new co-operation Ports of Djibouti SA in January 2013. Port statistics for 2016 show a three-fold growth in cargo

throughput since 2010. "This is an important indicator of the confidence customers have in our services," said Saad Omar Guelleh, CEO of Ports of Djibouti. The increase in cargo throughput has compelled the managerial team to expand the port facilities by developing five other ports in response to the increasing demand. The ports will contribute to developing a trans-shipment hub to improve all cargo traffics including containers, vehicles and break-bulk cargo. Last year, the port handled just over 6.5 million metric tonnes of cargo alone, and Ports of Djibouti plans to attract more business to the port with the aim to break the 10 million metric tonnes barrier. "The challenge would be to win these new volumes in a five-year plan to make the Port of Djibouti the best port in the continent," said Guelleh.

An ambitious plan

Djibouti port has an ambitious vision that aims at equipping Djibouti with a number of state-of-the-art port facilities that are able to compete with the biggest African players. To do so, they have developed a new port expansion programme. This includes the construction of a new multi-purpose port in the Doraleh district - the Doraleh Multi-purpose Port (DMP), which will be commissioned at the end of April 2017.



Doraleh Multi-purpose Port - phase I

In addition, a new terminal at Ghoubet will be completed, as well as a new livestock port in Damerjog district and a new port in Tadjourah. The DMP comprises four terminals for handling containers, general cargo, bulk cargo and vehicles. The investment jointly provided by Djibouti Port SA (DPSA) and China Merchant Holdings (CMHI) came to USD 590 million. The new DMP (phase I) will feature a 94 hectare terminal area with a 1.2km berth length and will feature 4 gantry cranes, 12 portal cranes and 8 mobile cranes. The depth of the port (15.5m) allows to accommodate vessels with 100,000 dwt, which is a huge improvement from their existing port facilities that could handle only 60,000 dwt. The construction of DMP is part of the policy of the Djiboutian government to set up a multi-modal transport system and an integrated high-tech system which will manage the movement of the cargo. One of the largest free trade zones in East Africa will be located next to DMP in order to store goods for transit. The port of Tadjourah is planned to handle bulk commodities and in particular potash handling. The port's investment amounted to USD160 million and will be completed in numerous phases with

the first phase planned to become operational by the end of May 2017. The new USD64 million port in Ghoubet region has been built for salt export from Lac Assal with an annual throughput of 6 million tonnes. The port is expected to handle vessels with a capacity of 100,000 dwt and will be operational in June 2017. In the Dameriog region, a new USD70 million port is being constructed and is specifically designed for handling livestock. The port will be operational by the end of 2017. All of these new projects are supported by an electric railway and a free trade zone.

A new railway

At present, two Chinese companies are completing building the new 756km electrified railway that links the port of Djibouti to landlocked Ethiopia. Ethiopia, with a population of 95 million people and a 10.3% economic growth in 2014, relies heavily on Djibouti as 99% of their imports and exports pass through Djibouti port. This has stretched the road transportation services in the country, thus, the need for a new railway network was an obvious choice. The new railway is expected to be operational by the end of 2017 and is planned to connect Djibouti to

not only Ethiopia, but also to other East African landlocked countries such as Uganda and South Sudan. The railway will speed up cargo transportation and lower costs considerably, which will make the port more competitive. To support the expansion strategy the port authorities have conducted and finalised a feasibility study for a new free trade zone covering 43.5sqkm adjacent to DMP. The new free trade zone is planned to establish small and light industries as well as warehousing for stored cargo to be re-distributed to neighbouring countries. The aim and objectives of the free trade zones are to enable foreign firms to operate freely in the country, benefit from more competent foreign firms investing in the free trade zone, and to fuel economic growth. The vision embraced by the port of Djibouti with its mega investments will

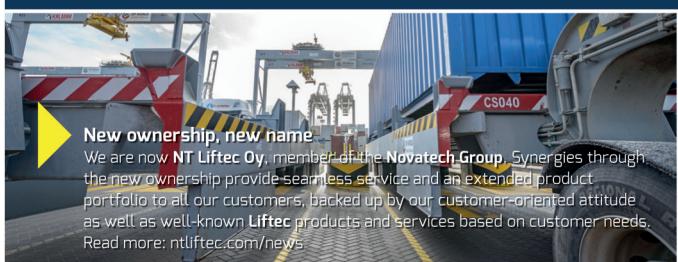


At Ghoubet a new terminal will be constructed for salt export

strengthen the existing facilities at the Doraleh Container Terminal (DCT), which is a joint venture between DP World and the Djibouti government. It will also make the ports more competitive and will contribute to making Djibouti a connecting node that links the world's Continents. "We are on a good path and we have a great partners behind us especially Ethiopia and all the other African countries. Djibouti is the Singapore of Africa and will soon change this continent for the better," said Guelleh. 

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