The New Suez Canal influencing to Enhancing Africa Inbound Maritime Logistics & Operations

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ABSTRACT: Inhabit in ports is original sin associated with delays, queuing and extra time of voyage and inhabit of ships and cargo at the port, which always occur with unpleasant consequences on Logistics and supply chain. These often translates into extra costs, loss of trade and disruption of trade and transport agreements. In a study to identify the consequences of port congestion on Logistics and supply chain operations in some African ports, this paper try to discovering the benefits of new Suez canal and reflection of Africa ports in addition Logistics area examined the common port congestion scenarios, their dimensions and the various factors that trigger inhabit in the ports of Lagos, Durban, Mombasa and the catchment ports focusing with expectation earning resulted by the new Suez canal. This paper typically applied the concept of variations in turn-around time of ships and cargo and the port’s capacity and relative efficiency level in order to identify the active factors that cause port congestion in African ports. The results provided some explanations on the consequences arising from these on notable African logistics and supply chain networks. The findings revealed that the bane of congestion in African ports emanates entirely from either planning, Regulation, capacity, efficiency or a combination of these. In addition therefore recommends that African ports should enhance their regulatory mechanisms, and then to improve capacity and efficiency level in order to shoulder the ever-increasing challenges of port congestion in years ahead with combined and take part of New Suez Canal advantages.

1 INTRODUCTION

Most companies can benefit from accessing international markets to source or produce their goods. However, when it comes to setting up their import supply chain, few companies are fully prepared to take advantage of their efficiencies – a major hurdle to success. Unnecessary costs and delays can diminish the initial value of sourcing from international markets, which in turn, diverts focus and resources from business growth. A number of elements can affect the performance of import supply chains, making it important for companies to work with a partner to help them verify that:

- The entire import supply chain is operating in the smartest and most efficient manner for their business
- There are contingency plans and processes in place to address potential issues or challenges
- Stakeholders have access to the right level of supply chain visibility throughout the import process
- Companies maintain control over their operations and shipments even from thousands of miles away
- The common goal to reduction the cost and maximize the revenues
The top business pressures companies are facing include growing global operations and complexity, the need to improve supply chain operations and shipment accuracy, speed and timeliness, and pressures to reduce supply chain execution costs focusing on enhancing import supply chains can address all of these pressure points. The following is an in-depth look at the challenges and opportunities that exist in the key stages of the import supply chain, including the solutions and new Suez canal role to support African ports enhance their global supply chain and logistics operations.

2 LOGISTICS COMPANIES AND EMPLOYERS LOOKS TO ACHIEVE THE FOLLOWING:

Growing global operations/complexity
1. Need to improve supply chain operational speed and/or accuracy
2. Increased demand for accuracy and timeliness of shipment event information
3. The business mandate to reduce supply chain execution costs

In this regard shipping companies must install a performance-management culture in their organizations: stating clear goals and closely monitoring performance are essential for achieving and sustaining positive impact. Key performance indicators (KPIs), such as adherence to the schedule and compliance with slow steaming, should be established to promote more efficient bunker use, and they should be linked to departments or cross-department teams so that the company can improve accountability, ownership, and collaboration. They should also be defined to exclude uncontrollable factors, such as region-specific price volatility, to the greatest extent possible. Perhaps most important, KPIs should be sufficiently detailed for the company to be able to determine what is causing underperformance and then begin improving it. In addition to the availability of strategies over the long term for the transition to the new waterway, the Suez Canal where there were many positives resulting from the expansion of the Suez Canal and some are linked to the economies of the fuel in operating exploited the current decline in oil prices as well as the best use to reduce marine-distance shipping lines and the waiting times of ships may. It reached the standards of an ideal as outlined in the following table. Dashboards can also increase operational awareness and create value by communicating best practices between teams on shore and at sea. For example, enhanced performance monitoring and improved communications can help minimize variations in speed and thereby reduce bunker consumption. Finally, industry benchmarks—including KPIs that cover both consumption and procurement performance—can highlight best practices, and reveal areas needing improvement, for each vessel class. Companies can use these benchmarks to set tangible goals and to evaluate the success of improvement initiatives.

Moreover, Partnerships between ship operators and ship owners, ports, or bunker suppliers can play a key role in lowering costs. When implemented correctly, partnerships between operators and owners can produce wins for both parties. These partnerships are especially valuable for container carriers that operate time charter vessels. Such vessels have slightly higher bunker costs than vessels owned by carriers. Because the carriers pay for bunker in a time charter arrangement, ship owners and their crews typically lack incentives to curtail bunker consumption. To address this, carriers should work with the owners of time charter vessels to apply best practices in fuel efficiency and to permit the installation of consumption-monitoring equipment and energy-saving devices.

The impact of a strong global trade compliance on a company’s bottom line is evident. Companies considered best in class in maintaining compliance errors and shipments held at customs at a minimum, spend less in compliance costs and have higher productivity levels than the industry average. It is critical for companies to address potential issues and challenges related to global trade compliance from the beginning to avoid potentially costly fines and customs delays in their import supply chains – improper classification and regulatory knowledge gaps can pose a significant risk to the importer. Similarly, a lack of insight into existing preferential trade agreements can mean missed opportunities potentially totaling millions of dollars. Considerable time and money can be saved by companies that take advantage maintained by the expansion Suez Canal (New Suez Canal).

3 THE STATUS OF THE MOST IMPORTANT AFRICAN PORTS

There is no doubt that there is a strong and close correlation values between the flow and the flow of goods from the sea ports and among logistics operations, which aims eventually to the speed of delivery of goods of various kinds of raw materials and materials, semi-finished products and final to the end user of the goods so that it can take advantage of two basic things:

1. The flow of production lines and the succession of its products
2. The savings resulting from the speed of trading

With the fact that Transporting goods by sea remains the most common way to trade globally, but in Africa cargo spends an abnormally long time in ports before it is moved inland, presenting a serious obstacle to the successful integration of sub-Saharan economies in worldwide trade networks. The port of Durban, however, has managed to buck the trend, which titled “cargo spend weeks in sub-Saharan African ports”. Not only African ports in particular, but this logo extends to most developing countries which analyzed lessons from six countries, found the average cargo waiting time to be 20 days and that more than half of the time needed to transport cargo from ports to hinterland cities in landlocked countries in sub-Saharan Africa is wasted because of the time cargo spend in ports. longer transport times dramatically reduce trade and estimates that each day in transit is worth 0.6% to 2% of the value of the goods. Long transit delays also significantly lower the
probability that a country will successfully export its goods. Africa’s estimated infrastructure deficit of $48-
biillion a year is often singled out as the culprit for hampering trade in and around the continent, but reasons for bottlenecks are far more complex and a lot more challenging to resolve. Long dwell times are in
the interest of certain players in the system and that
dealing with the proximate cause of the problem, such as the apparent lack of berths in African ports, is
unlikely to trigger a solution. “Specifically, importers
use the ports to store their goods; in Douala (Cameroon) for example, storage in the port is the
cheapest option for up to 22 days,” Customs brokers,
meanwhile, have little incentive to move the goods
because they can pass on the costs of delay to the
importers. Worse still, when the domestic market is a
monopoly, the downstream producer has an incentive
to keep the cargo dwell times long as a way of
deterring entry of other producers.” The evidence in
the study shows that discretionary behaviors increase
system inefficiencies and raise total logistics costs. “In
most ports in sub-Saharan Africa, the interests of
controlling agencies, port authorities, private terminal
operators, logistics operators (freight forwarders) and
large shippers collude at the expense of consumers, in
addition” the surveys demonstrate that low logistics
skills and cash constraints explain why most
importers have no incentive to reduce cargo dwell
time as, in most cases, doing so would increase their
input costs. “Moreover, some terminal operators
generate large revenues from storage, and customs
brokers do not necessarily fight to reduce dwell time
because time inefficiency is charged to the importer
and eventually to the consumer.”

4 THE REGIONAL CAUSES PREVALENT IN
AFRICAN PORTS

Major causes of port weakness in Africa are:
1 Ship berth congestion, mainly caused by bunching
of ships waiting on the port entry routes because
the other ships to have occupied the available
berth designated or likely to be allocated to the
waiting traffic.
2 Ship delays, mainly caused by delays attributable
to lapses in the procedure for work on loading and
/ or unloading the ship, which could result in
stoppages that could elongate the period of time
the ship had to remain in port to accomplish the
cargo operation task.
3 Vehicle Gate traffic, mainly resulting from poor
programming of landward access to the port via
trucks scheduled arrivals at the port gate. If
impediments or programming defaults occur, it
will instantaneously send queuing signals to
trucks coming into or out of the port gate for
delivery or evacuation of cargo. This results in
port gate congestion.
4 Vehicle motions, mainly resulting from lapses
associated with loading or unloading of vehicle
and trucks either due to lack of requisite
equipment or due to low efficiency at which
vehicle work is delivered.
5 Cargo handling, mainly emanating from
continuous stay of cargo at the storage area
beyond reasonable hours/days or above the
maximum capacity of the cargo stacking area.
6 Ship mooring route arises mainly when there is any
circumstantial blockade on the marine side access
routes to the port facility. Such blockade could
lead to queuing, bunching and ultimately overstay
of ships around the port facility.

The definition of inhabit time is the time cargo
remains in a terminal’s in-transit storage areas while
awaiting shipment for export or onward
transportation by road or rail to the hinterland as
import. Inhabit time is one indicator of a port’s
efficiency. The higher the dwell time, the lower of
efficiency. Moreover, longer inhabit times results into
inefficiencies relating to port congestion or overstock
and can have an adverse effect on economic growth.

In addition to operational reasons previously
mentioned there are a number of reasons beyond the
control of ports and logistics areas in Africa and vary
from one area to another and thus the logistics area to
another area, including:
- Bad weather that stops ships or cargo operations;
- Accidents that could suddenly damage port
equipment or ship entry route;
- Industrial action that entails work stoppage at the
port, labor strike or limitation of stevedoring
services.
- Sudden increase or peak in trade demand.
- Surge in international trade on certain articles or
between certain countries or regions.
- Land side transport congestion that could slow
down the evacuation and delivery of cargo out of
the Port, thereby blocking the discharge of more
cargo as storage capacity is exhausted or
overstretched.
- Harbor port/route that connects ships to the port.
- Channel water of port entry or access to a
particular terminal.
- Lack of appropriate equipment or quay terminal to
handle with certain ships or services.
- Lack of documentation process.
- Congestion of cargo on the quay apron.
- Congestion of trucks within port or terminal.
- Unsatisfactory of cargo at storage yards and sheds.
- Insufficient along the landward access route to the
port.
- Scanty associated with internal mobility in port
city.
- Out of control emanating from effects of public
holidays and work free days.

5 THE MAIN CAUSES OF THE WEAKNESS OF
LOGISTICS NETWORKS PRODUCTIVITY

1 The weakness of cargo flow through the shipping
lanes around the world (external causes)
2 The weakness of the flow of goods between ships
and port terminals (internal causes)
3 Overstock and the slow flow of goods between the
port terminals to the final destination (Domestic
causes)
In an effort to ease congestion at the Lagos Port Complex, Nigeria is looking into ways to encourage shippers to use the country’s underutilized eastern ports more. The country identified better use of its eastern ports as one of the quickest ways to decongest Lagos, Nigeria’s largest container gateway. Lagos is the second-largest manufacturing hub in the country, which is the continent’s largest and fastest-growing economy. Nigeria has currently been adopting policies and strategies that could encourage shippers to use the country’s six main eastern ports at Onne, Calabar, Port-Harcourt, Warri, Sapele and Koko.

Nigeria being a predominantly import dependent country, particular for manufactured goods and certain raw materials is always susceptible to port congestion and its negative effects. For instance, strike threat by clearing and forwarding agents associations operating in Nigerian seaports may mean more than imagined for the country’s economy as a few days of not moving cargoes out of the Lagos seaports can cause the level of congestion that can create unnecessary expenses and costs to the economy. Another implication of port congestion in Lagos ports is the non-accessible commercial city of Apapa in which thousands of man-hours are already being lost to traffic gridlock daily. So much has been about the gridlock at Apapa that has seemingly defied all solutions. Beyond the confusion on the road, the traffic situation is also to be affecting ships berthing at the Lagos ports. They are reportedly queuing up for days, and in some cases weeks, before being able to berth and discharge their contents. Vessels conveying containers and other general goods were unable to berth due to lack of space at the port to discharge their contents. Similarly, some tanker vessels conveying petrol, aviation fuel and other liquids are sometimes stranded for days or weeks, as they cannot discharge their contents to a number of tank farms located in the Apapa area. This is because tankers expected to take fuel from the tank farms are stuck in traffic. At times, over 21 vessels usual were awaiting berth because of the congestion at the ports. A ship berths when it comes into the port to discharge imported materials and load export materials. In this regard, discharged products are taken away from the ports by trucks. Now, if the trucks can’t get in, the imports would remain in the port, leaving no room for fresh imports to be discharged. This would cause ships that have already berthed to wait. If the ships on berth do not leave, those arriving cannot berth. Therefore, they would keep waiting, all the while burning fuel and having to pay employees on board. When they could have quickly discharged their contents, picked up exports and moved on to their next destination. The same situation applies to the importation of liquid products like fuel. When a ship brings in fuel, there are smaller vessels that convey this product to the tank farms. Now, if the retail tankers cannot get access to the tank farms to offload the products, there would not be any space for the tank farms to accommodate new products. This is affecting everyone negatively. So how do you expect to be addressing the following shortcomings of the Nigeria Ports under the multi-advantages resulted from the new Suez Canal:

- Questions about the efficiency of cargo handling equipment at the terminals, which results into ships waiting to get a space to berth in order to discharge cargo at the terminals. The waiting is often necessitated by the presence of other vessels at the berths discharging cargo as well, albeit slowly.
- Numerous public holidays at certain seasons of the year also disrupts port operations to an extend that queuing results into bunching of vessels either waiting to enter or halting operations at berth or even non-evacuation of cargo out of the port.
- Persistent refusal by shipping companies to transfer their containers to off-dock facilities have
also been identified as one of the major causes of congestion at the container storage yards in most terminals in Nigerian ports.

- As a result of the concession of the Nigerian ports and terminals to private operators by the Nigerian government owned port Authority, the system of ship allocation to berths was controlled by the concessionaires, thereby negating the even spread of berth utilization, which causes congestion in highly patronized terminals leaving less competitive operators with idle berths. This situation compounds waiting time, increases delay and add up to loss of revenue on idle berths.

- Cumbersome ship and cargo clearance and documentation process has also exerted a lot of pressure on congestion in Nigerian ports of Lagos. This is as a fall out of the bureaucratic and multi-agency roles played on the process of ship and cargo clearance in the ports. Delays and subsequent congestion in this regard emanates from positioning of containers for scanning, physical examination and the process of release for delivery, which sometimes takes weeks to accomplish.

This situation can be applied to many African ports such as Durban, Mombasa, Doula, Lagos and others

7 THE KEYS TO SUCCESS SHIPPING AND AFRICAN LOGISTICS:

By following this framework, a company can realize annual savings of 5 to 10 percent. (See Exhibit 1 and 2.)

One global tanker management company operating a large fleet, for example, used this framework to identify initiatives that the organization hoped would achieve annual savings on bunker costs of approximately 8 percent. A top-quartile performer in most dimensions of Tanker Benchmarking Initiative, the company recognized that it needed to optimize its end-to-end bunker process for even greater performance. The leaders responsible for bunker cost management honed their implementation skills. Members of the relevant departments became highly engaged, supporting the initiatives and transferring capabilities deep into the organization. Moreover, top management closely monitored progress through monthly performance reviews.

A leading global container-ship management company also applied the framework, hoping to realize annual bunker cost savings of up to 7 percent. The company was particularly interested in freeing-up cash in the short term to implement a turnaround strategy. Consequently, time- and resource-consuming initiatives, such as optimizing the fleet and improving port operations, were not considered. Instead, the company focused on shorter-term initiatives, such as streamlined port approaches, accelerated hull cleaning, efficient engine operation, and optimized trim (the distribution of load and ballast). After an eight-week diagnostic period, the company rolled out a pilot in stages across six service lines, led by a cross-functional team. The first pilots achieved cost reductions in the range of 4 to 11 percent.

7.1 Going beyond Slow Steaming

Overall, shipping companies have made significant progress in implementing reduced sailing speed, known as “slow steaming,” to consume less bunker. Most companies have also improved the way they procure bunker. Yet very few players have gone beyond those basics. To establish bunker cost management as a clear strategic priority, companies need to mobilize cross-functional teams to address costs end to end, consider all possible improvement levers, and lock-in savings with diligence and discipline. In our work with shipping companies, we have identified seven tactics that foster continuous improvement and help companies build a sustainable competitive advantage.

7.2 Go for the quick wins first

To build momentum and motivate the organization, companies should pursue immediate initial successes and then celebrate those gains with the company and reward the employees responsible for the results. Examples of quick wins include optimizing the frequency of hull cleaning to reduce water resistance and improving ship-to-shore communication to maximize sailing time and allow for slow steaming.

7.3 Use customized decision-support tools

Companies should develop customized decision-support tools, which solve complex issues by using
the same principles that traditional planners apply but achieve results more quickly and with greater accuracy. Leading tanker companies already use such tools for lifting optimization and tank utilization. The lifting-optimization tool helps a company develop a plan that minimizes bunker costs while allowing the vessel to deliver its cargo on time at the designated port. The tank-utilization tool is used to generate a report with specific directions regarding all bunker-related activities, such as the sequence of tanks from which fuel is burned, placement of new loads in empty tanks, transfers of fuels among tanks, and fuel mixing.

7.4 **Streamline processes from end to end**

Instead of focusing on specific steps, companies should examine the entire bunker process including technical efficiency, voyage execution, commercial functions, and the link between teams on shore and at sea. Consider trim optimization, for instance. Traditionally, shipping companies have focused on optimizing the distribution of load and ballast at departure.

7.5 **Strengthen skills**

Building stronger skills throughout the organization, including the leaders and teams on shore and at sea, will help lower costs. Skills that enhance cross-departmental collaboration—such as early communication of changes in voyage prospects—are especially important for achieving rapid savings. Define clear responsibilities and accountabilities.

7.6 **Blueprint clear goals for the organization and monitor performance**

In this regard Shipping companies must instill a performance-management culture in their organizations: stating clear goals and closely monitoring performance are essential for achieving and sustaining positive impact. Key performance indicators (KPIs), such as adherence to the schedule and compliance with slow steaming, should be established to promote more efficient bunker use, and they should be linked to departments or cross-department teams so that the company can improve accountability, ownership, and collaboration.

7.7 **Create partnerships**

Partnerships between ship operators and ship owners, ports, and correctly channel or bunker suppliers can play a key role in lowering costs. When implemented correctly, partnerships between operators. Owners and correctly shipping routes can produce wins for all parties. These partnerships are especially valuable for container carriers that operate time charter vessels such vessels have slightly higher bunker costs than vessels owned by carriers. Because the carriers pay for bunker in a time charter arrangement, ship owners and their crews typically lack incentives to curtail bunker consumption.

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8 **SPOTLIGHT OF ADVANTAGES NEW SUZE CANAL**

According to reports from the Suez Canal Authority, the total number of ships passing through the canal increased 2 percent in 2015 to 17,483. However, the number of bulk carriers and container ships fell 5.7 percent and 3.1 percent respectively. Over the last decade, trades passing through the Canal recorded significant annual increases, with the exception of the three years between 2009 and 2011, and increasing by over 300 million tons between 2004 and 2014 when it changed from 520 to 822 million tons. The upward trend and the pressure for a greater predictability of the transit time – an element increasingly important for container traffic that represents more than 50% of the volume of the market served by the Canal – pushed the Egyptian Government to realize, in a very short time, an investment of considerable economic and geopolitical importance.

The focus of the analysis is the impact which the expansion of the Suez Canal may determine on the traffic in the Mediterranean and it takes into account the specific geographical background in the area of the Canal and in the Sinai Peninsula and the expansion as part of a specific path of economic growth driven by public long term strategies. In particular, special attention is directed at the possible increase in the exchange between Mediterranean countries and those of the Gulf, in light of the recent evolution of international policies that will lead to the full inclusion of Iran amongst the countries involved.
in the commercial exchanges with leading companies in the Western world.

Egypt is the country in the world of a significant size. Moreover, the following positive reflection of New Suze Canal:

The area of the new Suez Canal will be able to compete with the major logistics regions in the world and in particular with Northern European cities such as Rotterdam and Hamburg.

Table 1. Examples saving Nautical Miles for shipping routes by New Suez Canal

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Distance (NM) SC Cape</th>
<th>Saving Miles</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ras Tanura</td>
<td>Constanza</td>
<td>4 144 12 094 7 950 66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lavora</td>
<td></td>
<td>4 684 10 783 6 099 57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotterdam</td>
<td></td>
<td>6 436 11 169 4 733 42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td></td>
<td>8 281 11 794 3 513 30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeddah</td>
<td>Piraeus</td>
<td>1 320 11 207 9 887 88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotterdam</td>
<td></td>
<td>6 337 10 743 4 406 41</td>
<td></td>
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</tr>
<tr>
<td>Tokyo</td>
<td>Rotterdam</td>
<td>11 192 14 807 3 315 23</td>
<td></td>
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<tr>
<td>Singapore</td>
<td>Rotterdam</td>
<td>8 288 11 755 3 647 29</td>
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</tbody>
</table>

Sources: Reuters/EIA/Suez Canal Authority

The 2015 order book provides for an increase, by 2018, of the fleet of container ships amounting to about 7%, with the figure rising to 72% if we consider the megaship ranging from 18.000 to 21.000 TEUs, and 20.7% for the fleet from 13.000 to 18.000 TEUs.

The estimates for 2018 predict a number of 83 megaships, mainly concentrated in the far Northeast of Europe and far East-Mediterranean routes where the Great Alliances also operate - amongst others - the 2M and the Ocean Three which, on the Asia-Med route, holds a market share of respectively 39% and 27%.

The potential impact on the choice of the routes by shipping companies is evident when considering that the opening of the new Canal led to a decrease in the transit time from 18 to 11 hours. In particular, it is estimated that using the Suez route, any shipping company may have an average saving of 5-10% of total operating costs (depending on routes and distances). For example, on the Honk Kong-New York route, the new Canal, with its reduction in transit time, might be a valid alternative to Panama.

The reduction of transport costs, combined with the increased capacity of the Canal, might have important implications both on the hierarchy of the Mediterranean ports and on the volume of traffic bound for the Mediterranean which, in 2015, remained at 19% (up, if compared to 15% in 2005).

The strengthening of the Mediterranean-Suez-Gulf route is a strategic opportunity both for Egypt and Africa channels especially for its Northern regions, which could develop its natural role as a logistics platform in the heart of the Mediterranean, thus supporting as well the Africa economy.
the infrastructure include an expansion of up to 5.4 million TEUs.

The development of the Suez Canal is part of an economic development path which saw the transport, maritime and port sector at the center of a number of massive infrastructural and organizational investments aimed at retrieve efficiency in worldwide trades as witnessed by the improvements in Egypt’s position in the World Bank rankings (up by 35 positions in the Logistics Performance Index between 2007 and 2014) and in the UNCTAD world rankings where Egypt in 2015 is 19th with a value of 61.5 compared to the 67.4 of Italy and to 68.8 of Japan, it rosette three positions compared to 2010.

Between 2000 and 2014 the trend in the sector were very positive (overall +123%) with southbound traffic which grew more (+162%) compared to the northbound ones (+94%). This differentiated trend confirmed also itself in the first 6 months of 2015 compared to the same period of 2014 showing +7.7% in southbound traffic and a slight drop in northbound traffic (-1.2%) mostly due to a reduction in the tonnage of crude oil (-21.7%).

About 53% of all the 2014 traffic was made up of container ships (55% northbound and 51% southbound), 11% of these ships transported crude oil (17% northbound and 4% southbound), 5% of the cargo was made up of grains (0.1% northbound and 9.3% southbound).

The containerized flows influenced the evolution of maritime transport through the Canal, in fact they globally grew by 202% from 2000 to 2014 (although differently with reference to the routes). As a matter of fact, north-south containerized trade volumes grew by 187% while the south-north ones grew by 219%, and in 2014 reached a substantial balance (212 million tons north-south and 222 million tons south-north). This result can be explained by looking at the operation of international trade characterized by the phenomenon of globalization driven by the relocation of production to countries with low labor costs, mainly in the Asian continent. In addition, over the last few years, the use of sacks to stow into the container goods that previously used to be stowed as bulk or general cargo has somewhat increased. This partly explains the contraction between 2000 and 2014 of some types of trades passing through the Suez Canal; cement -96%, coal and coke -61%, timber -49%.

10 IN DEVELOPING THE SUEZ CANAL ZONE WE HAVE LISTENED TO THE PARTNERS

The Suez Canal Zone represents a new chapter in the economic development of Egypt. While, the Suez Canal Zone is governed by the General Authority for the Suez Canal Economic Zone: an independent body with executive powers of regulation and approval including the full authority to oversee all areas of operation, staffing, control over budgets, funding, development of partnerships with developers and business facilitation services.

The Suez Canal Zone will apply a new investor friendly business environment that will be a blueprint for future development nationally. It will be a genuine one-stop shop with all critical elements deployed. Simple declarative investment registration systems with streamlined investment approvals, granting of import and export licenses as well as accelerated on-site customs inspection procedures will be available. Similarly, secondary permits and authorizations relating to land, building, labor, health and safety will be addressed directly by the Suez Canal Zone authority whose efficiency will be enhanced by partnerships with key stakeholders including government ministries, private sector representatives, be it developers or investors in the zone, or affected communities and community groups and certainly international development partners.

The expected repercussions of the new canal on the logistics, transportation and tourism sectors besides all operations related to maritime flows as part of the Canal’s development. It also highlighted the planning framework of the new infrastructure in addition to the potential investment opportunities and new projects that the government intends to implement in the Suez Canal area. The new canal will lead to a decrease in transit time from 18 to 11 hours and reduce maritime operating costs by 5-10%. Plus considered Egypt Opens the Largest Wind Power Station in MENA.

The project includes the construction of a large seaport, an industrial area with a capacity of 20 factories, a logistics hub along with a residential area hosting 50,000 houses. A fish farm and a road tunnel under the Suez Canal running constructed.

11 ADVANTAGES AS LOGISTIC HUB

1 Unique Geographic Position: Located at the crossroads of international trade between Europe, the Middle East, Africa and Asia, Egypt is positioned to become a major global logistics hub. As a result, businesses are increasingly seeking to base themselves in the country as a springboard to Europe and booming regional markets.

2 Rising Domestic Demand: A growing domestic demand for imports and a rapid rise in export-oriented businesses is creating strong demand for logistics and transportation services in a market that is far from saturated.

3 Greenfield Opportunities: Greenfield opportunities exist in subsectors such as the road network, which is the most, used means of transporting freight but currently has no logistics provider with a consistent distribution infrastructure.

4 Built-in Markets: Approximately 8% of world maritime trade flows through the Suez Canal each year, with many opportunities for ship/container repair and value added services. In addition, Egypt’s growing import/export trade requires logistics and transportation solutions. Built-in markets provide a broad customer base and variety of opportunities for logistics and transportation companies looking to set up shop in Egypt.

5 Underdeveloped and Expanding Sector: Growing demand is causing capacity short falls in the nation’s logistics and transportation sector, which is currently underdeveloped in terms of both infrastructure and services. There are therefore, major investment opportunities from infrastructure projects to value-added services and the ability for investors to attain large market share.

6 Labour Force: Egypt has a large, educated, trained and competitively priced labour force eager to work in such
sectors as logistics and transportation. A government-run industrial training program is providing hundreds of thousands of skilled workers for the industry. These low labour costs combined with educated, skilled labour improve profitability year after year.

12 CONCLUSION

The Suez Canal has been an important part of the Egyptian economy since its completion almost a century and a half ago. If properly enlarged and upgraded, it can turn the region into a global port, and be an engine for development and growth in Egypt for the 21st century. Nevertheless, the mega project must be carefully planned and properly managed and lessons must be learned from similar attempts in other countries; otherwise, the project also risks draining valuable resources, will remain modest performance for African ports obsession importantly to the authorities of the ports and to develop the necessary strategies for the development of these ports so that the logistics sector of advancement and access to tap ideal for operations of the African Export and especially with the ownership of the continent for most of the natural sources of wealth, and that the other European countries and the United States, China, Japan and South Korea side is looking and are deep to get those natural resources which are considered raw materials diverse industries and those countries most in need of natural raw materials and then the logistics sector of Africa by optimizing the mutual exchange with these countries in this field, the savings that produces and resulted from a project of the Suez Canal, which is the corridor the closest of the African countries which are reflected pluses on the overall savings that result on performance and economies of ships run and shorten the Navy distances and the speed of circulation of raw materials faster navigation and then the speed and increase the returns to capital and encourage the logistical expansion of African countries and then considered the locomotive of growth for African countries, which calls for many storage centers for African countries move on either side of the Suez Canal and through the economic zones of the Suez Canal plus take advantage of the facilities offered by the Egyptian authorities.

REFERENCES