

Funding ports and terminals projects

Public – Private relations : some examples from Latin- America

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Michel Donner
Port & Maritime Transport Consultant

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Role of the port industry

- To serve the international trade of the Country, incarnated by:
 - The Citizen (local and national)
 - The Consumer
 - The Economy
 - The Exporter & Importer

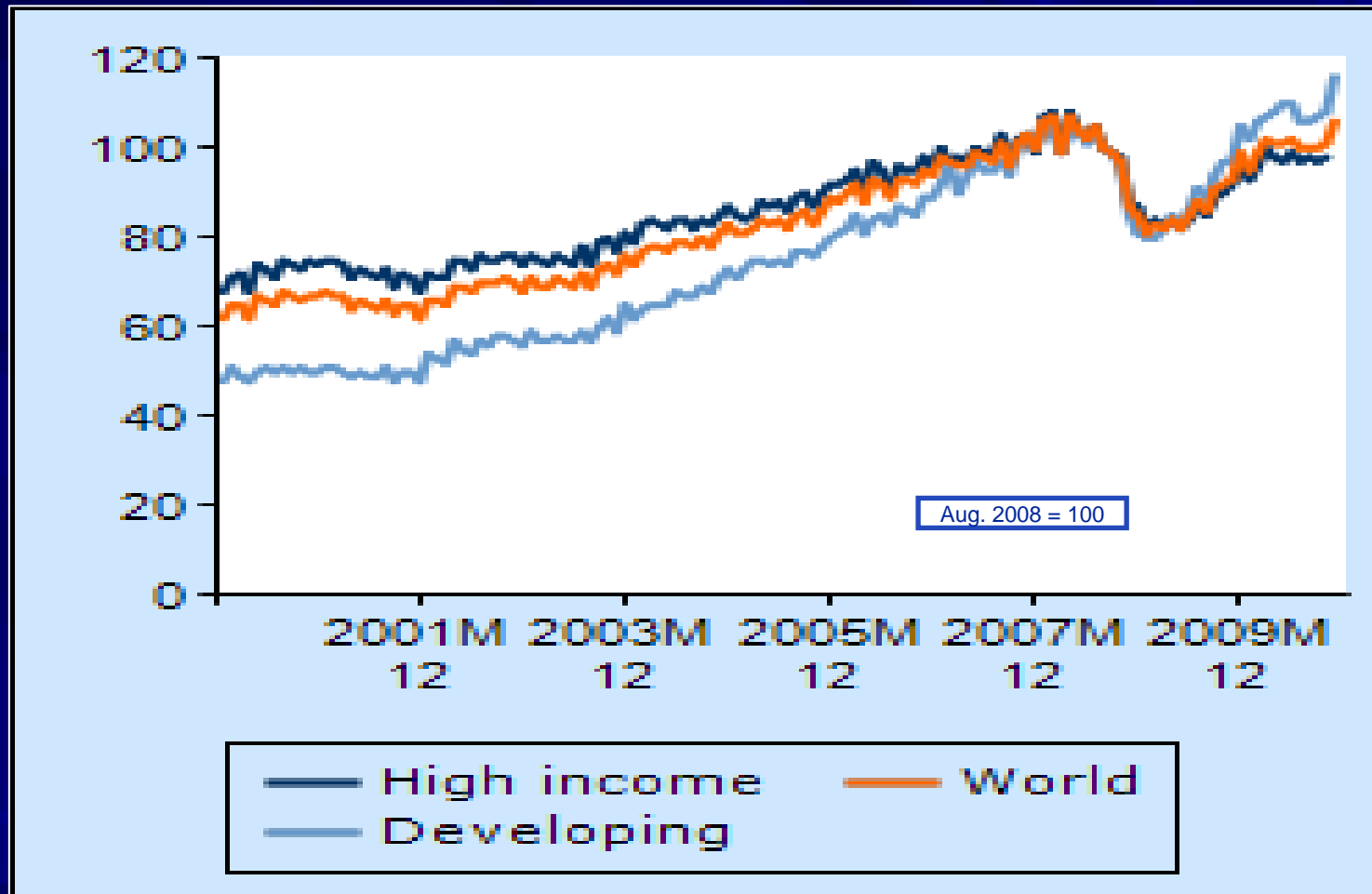
- Providing “the Society” with port services and capacity in time and in terms of quantity, quality, efficiency and cost

Role of the port industry

- objectives should be aligned with the macroeconomic goals of the State and the needs of the Region, such as
 - creation of jobs,
 - strengthening of the economic structure, etc...
 - Developing trade in a specific region

- Enabling the national products to compete on the exterior markets on a “level playing field” or better.

Trade rebound: cargo is back !



Source : Global Economic Prospects
12 Jan 2011 – World Bank

And so are the ships... and congestion

Santos, 3 Aug. 2010 : 38 vessels waiting on roads



And so are the ships... and congestion

(2) Paranaguá, 3 Aug. 2010 : 44 vessels waiting on roads



Source: Datamar
3 Aug.2010

And so are the ships...and congestion (3)

Paranaguá, 28 May 2011 : 27 vessels waiting on roads



Source : Datamar

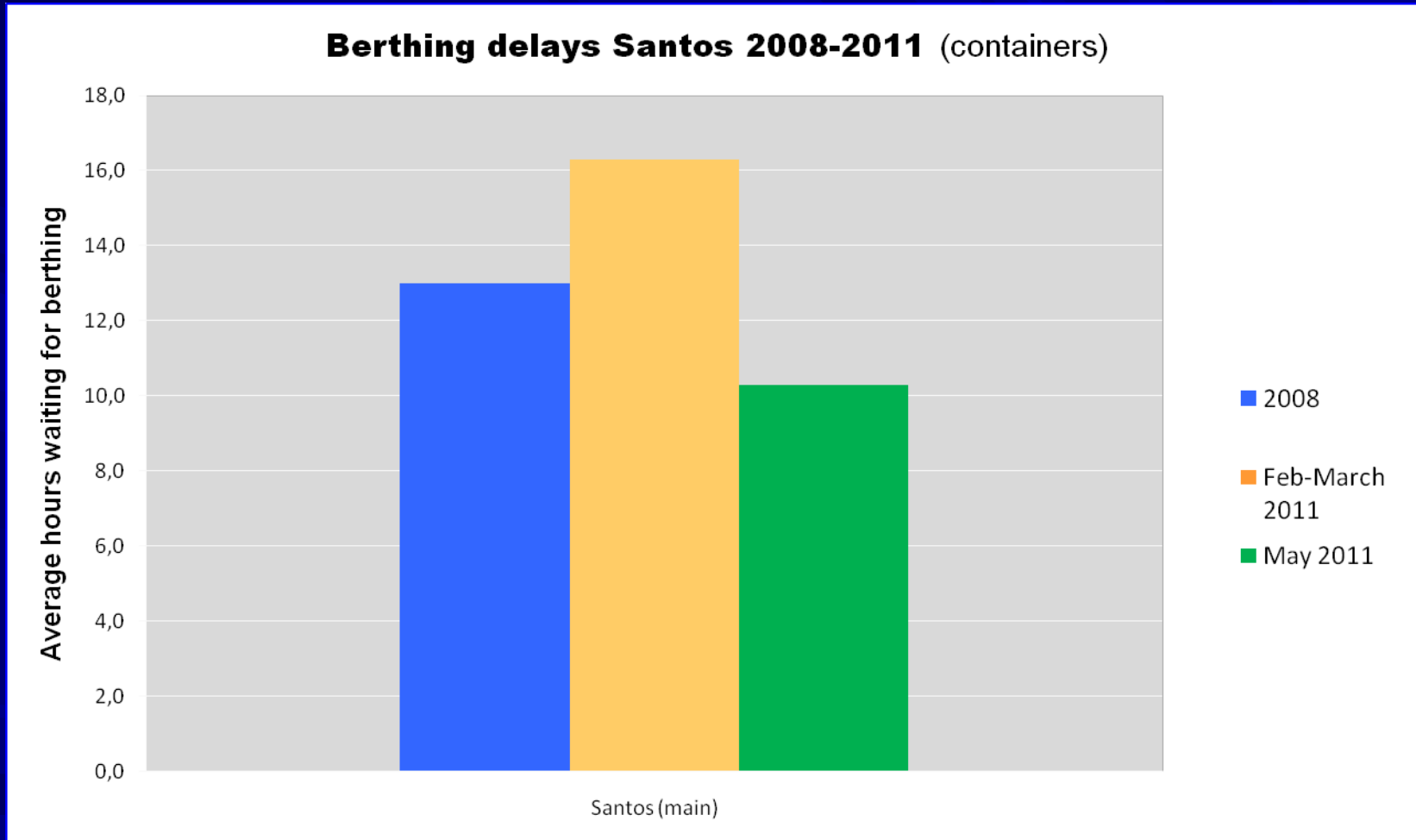
And so are the ships...and congestion (4)

Santos, 28 May 2011 : 24 vessels waiting on roads



Source : Datamar

Berthing delays

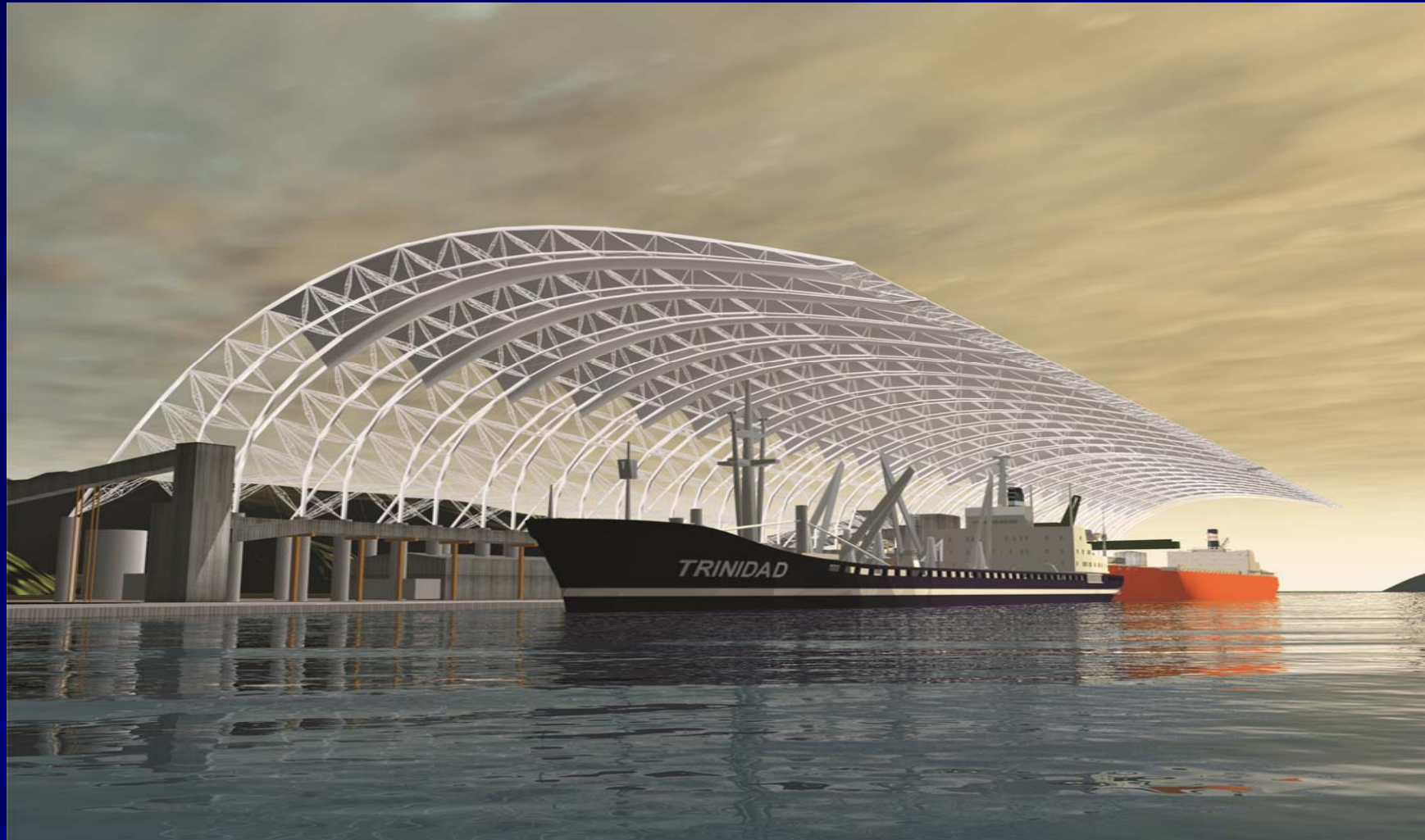


Brazilian ports “at capacity limit”

- “In 2010, ports in Brazil handled 833.9 Mt, a 13.8% increase compared to 2009
- “This is the capacity limit of the ports and this year we are going to have to live with queues and delays,”
- “New investment is urgently needed, but the government's General Concession Plan, which will list the most important infrastructure projects in the country, has yet to be “anything other than paper proposals.”
- “Antaq has received 14 requests for the construction of private terminals for mixed use, which will be built outside existing port boundaries. This is a controversial question that has still not been settled judicially”
 - *National Waterways Transport Agency (Antaq)*

Source: Guia Maritimo 20 May 2011

Berthing delays... and possible solutions



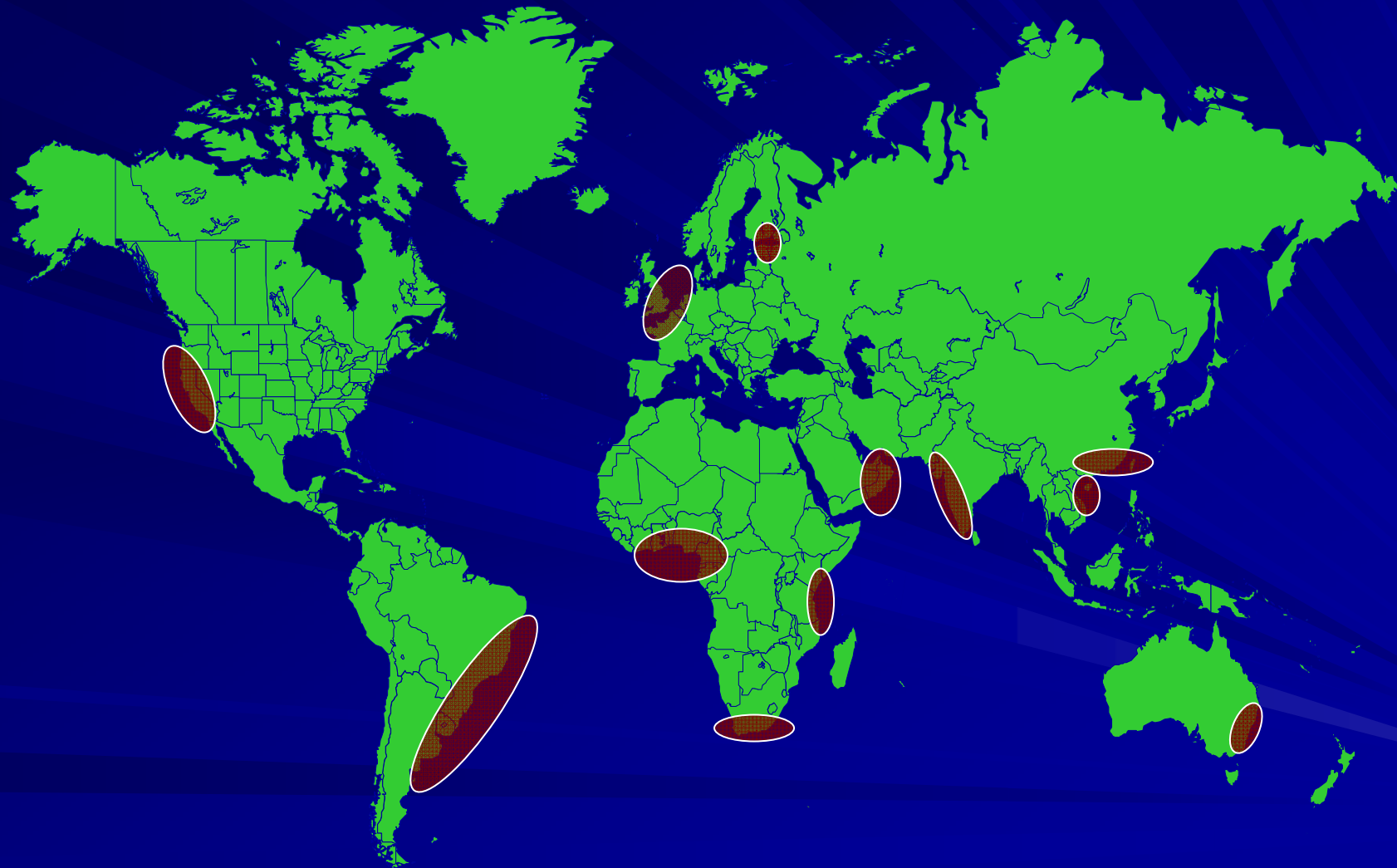
Source : RumoLogistica

Not enough ? ... too late ?

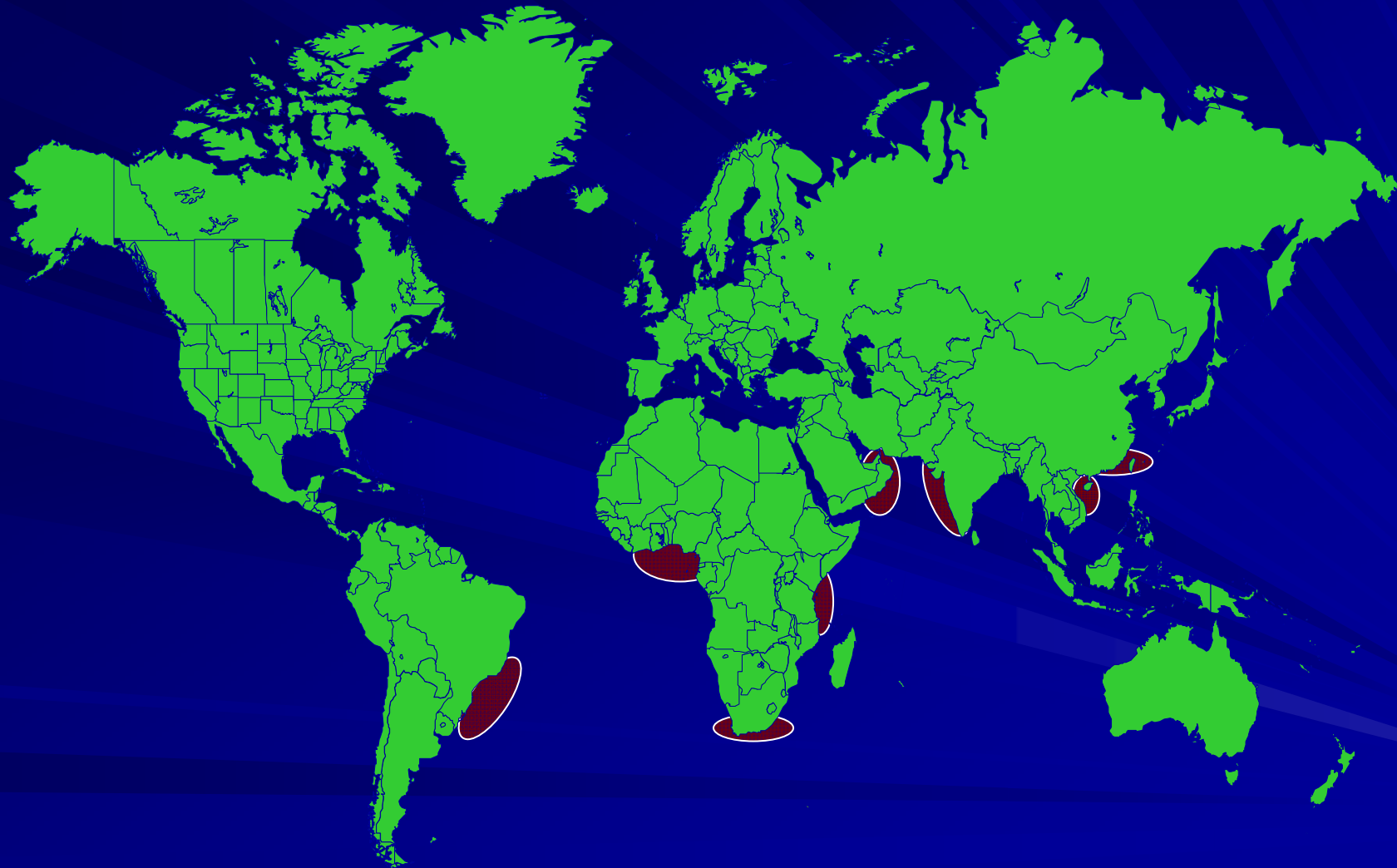
Upcoming additional capacity

Santos	Libra	300m quay	2011
Santos	BTP I	1,1 mio teu/y	2013
Santos	Embraport I	0,4 mio teu/y	2012
Itapoa (SC)	TSC I	0,3 mio teu/y	2010

Regiões com problemas de capacidade 2008



Regions with port capacity problems 2010



Michel **Donner**, Port & Maritime Transport
Consultant

Private and institutional investors' strong appetite for investing in Brazil's port infrastructure

- **January 2011:** the equity fund **Advent** took 50% (\$480M) participation in the **TCP** container terminal in **Paranaguá**
- (should enable **TCP** to expand its congested facilities).

- **December 2010:** the Inter-American Development Bank (**IADB**) approved a \$100M loan to finance the **Embraport** project in Santos.
- (This loan will be coupled with a large syndicated loan from international commercial banks in excess of \$400M).

Private and institutional investors' strong appetite for investing in Brazil's port infrastructure (2)

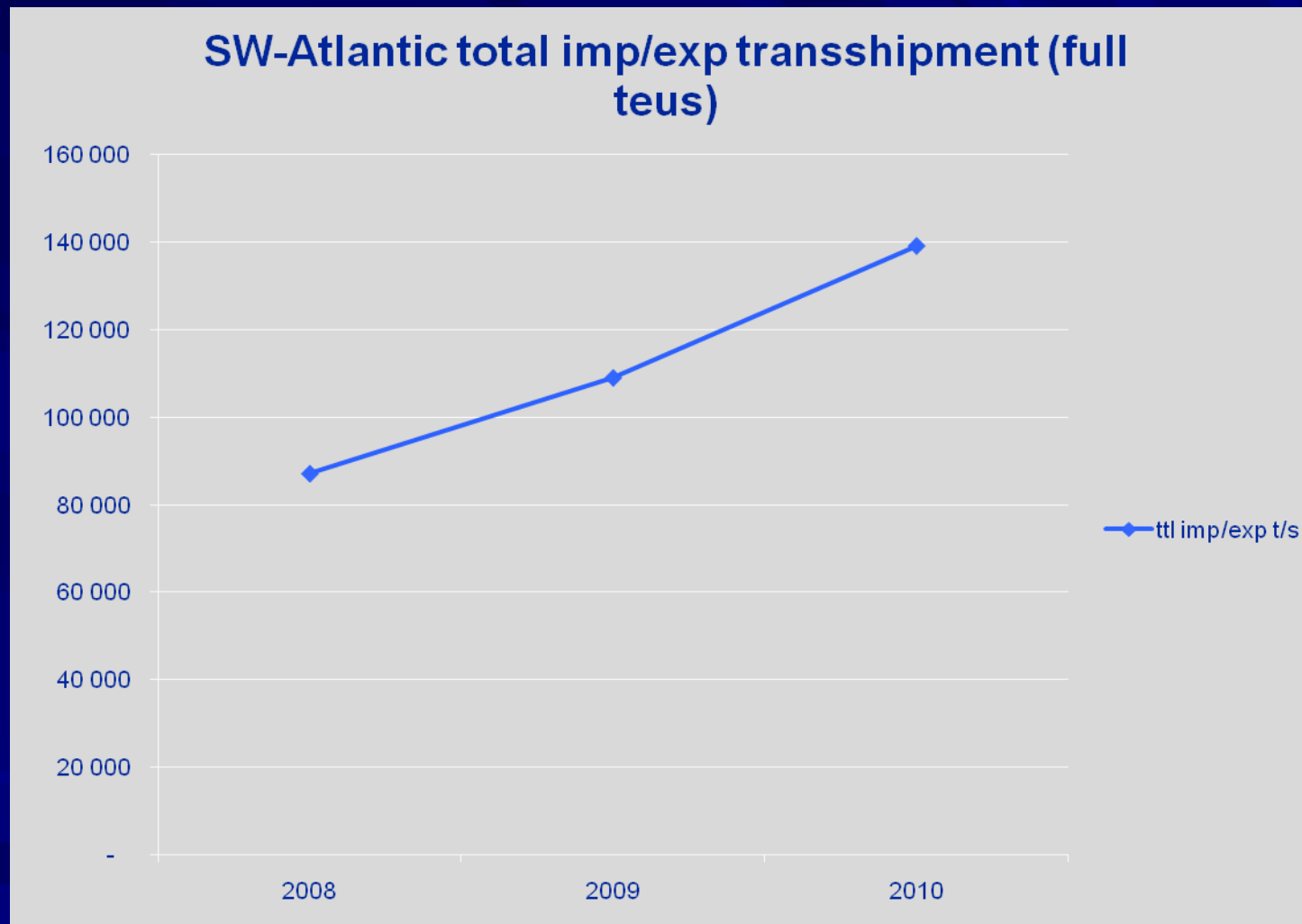
- **Earlier in 2010**, APM Terminals (**APMT**) and Terminal Investment Ltd (**TIL**) formed a joint venture and together will manage **BTP**.
- **March 2011: BTP** landed an International Finance Corporation (**IFC**) syndicated loan of \$679M.

Ever changing patterns

- **Bigger ships :**
- Maersk Line “SAMMAX class”
capacity 7,450-TEU ;1,707 reefer plugs; 299.9 metres long; 45.2 metres wide
- Hamburg-Süd “Santa class” capacity 7,100-TEU

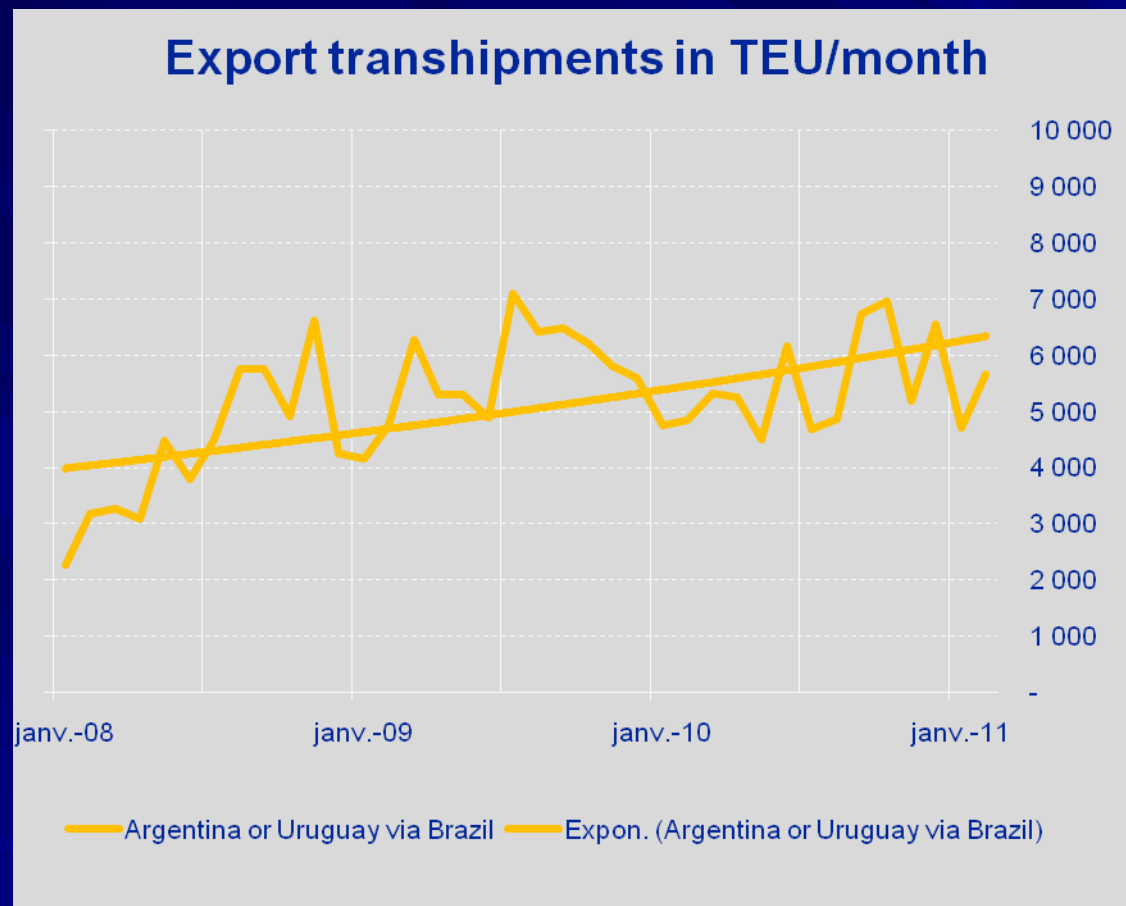
- **Transshipment emerging:**
- South Atlantic :
- 140,000 teus in 2010
- Grew 60% since 2008
- South Pacific :
Callao is expected to be able to handle large post-panamax vessels

South West Atlantic transshipment growth



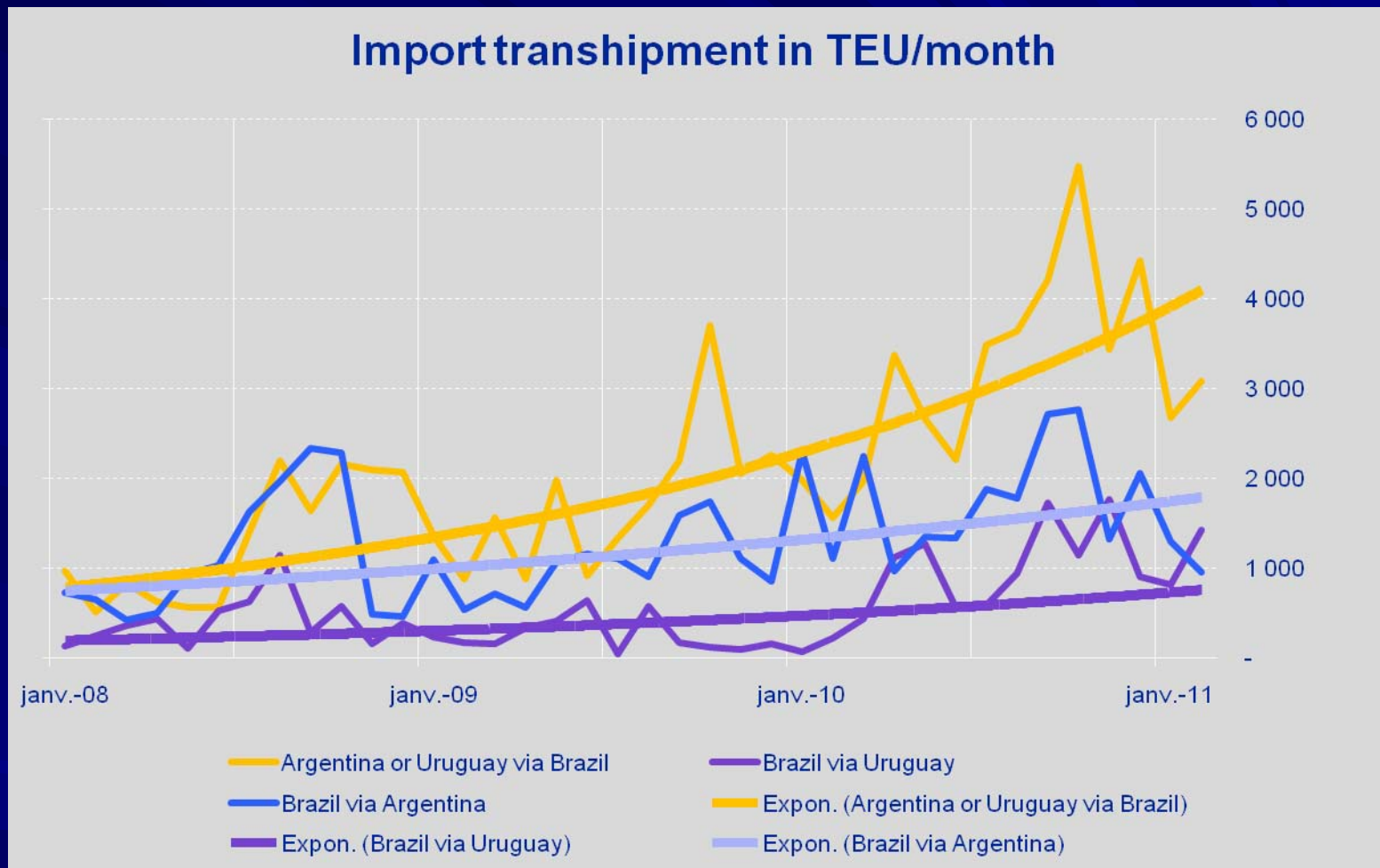
Source: Datamar

South West Atlantic transshipment growth



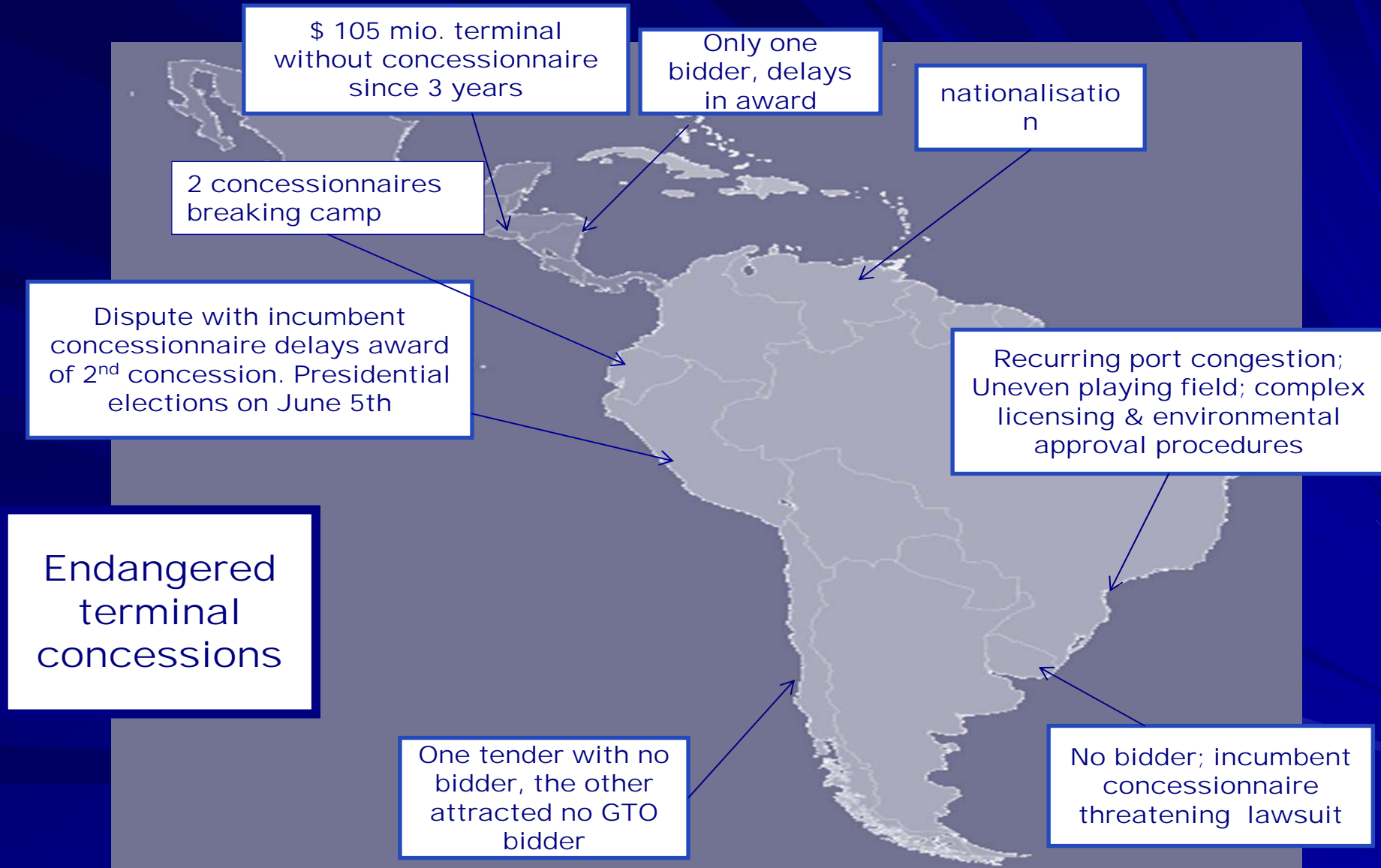
Source: Datamar

South West Atlantic transshipment growth



Source: Datamar

Endangered terminal concessions (2011)



\$ 105 mio. terminal without
concessionnaire since 3 years



Source: <http://puertolaunion.gob.sv/>

\$ 105 mio. terminal without
concessionnaire since 3 years



Source: <http://puertolaunion.gob.sv/>

There are many projects and
concessions who are doing fine, thank
you

Something went wrong

- It is still necessary to attract the private sector and the organisational resources, capacity, know-how and experience that normally comes along.
- because public funding and capacity are themselves under pressure.
- Public-Private Partnerships (PPP) and the Landlord model remain the most adequate vehicle today
- The World Bank's **Port Reform Toolkit** (2007 edition) describes in details most aspects of the PPP approach
- <http://www.ppiaf.org/ppiaf/sites/ppiaf.org/files/documents/toolkits/Portoolkit/Toolkit/index.html>

Attracting private partners for port development projects

- There are no two ports alike
- Port projects can take from 2 to 5 years to be commissioned
- Concession's life-span : 10 to 40 years
- How big were containerships in 1971 ?
- port projects will need to be tailored to realistic and prudent combinations of costs and prospects
- while at the same time including plans and room for growth
- Over-ambitious or ill-timed public tenders run the risk to find few candidates
- But they shouldn't be too shy either

Attracting private partners for port development projects

- Risk aversion can be mitigated by:
- Legal frame should be in place
- Alignment of respective goals & strategies
- Clear rules
 - a.o. on the development of new concessions
- Level playing field

- Modularity :
- Whenever possible, a project should be progressive and modular, with finely tuned market-related thresholds that trigger staggered phases of investment and expansion.

Conclusion

- To fully play the role assigned to a country's port system in terms of **timely capacity development**, Authorities need today to go out of their way to design, propose and facilitate the right projects that will attract the right private investors and operators.

Thank you very much for your attention

Illustration : Thierry Cap de Coume



Michel Donner, Port & Maritime Transport Consultant