

Lifting global trade
across Africa

Unlocking the East
African Community's
potential through
integrated logistics



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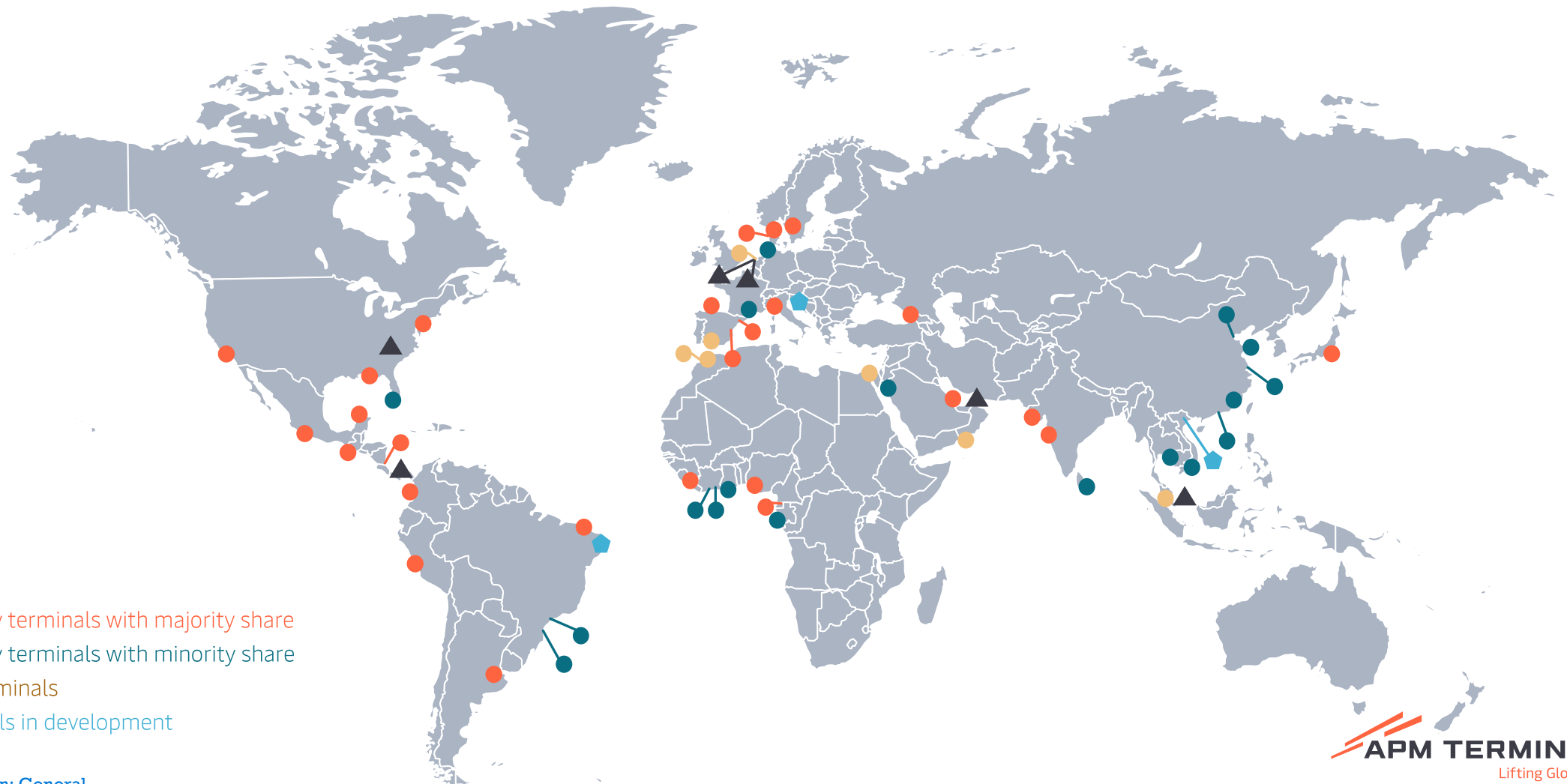
 **APM TERMINALS**
Lifting Global Trade

What we will discuss today

- 1 Where does East Africa stand **today**?
- 2 What is the **state of logistics** in East Africa?
- 3 **Why** is an efficient transport infrastructure important?
- 4 **What** does the East African Community need to create an efficient logistics framework?
- 5 **How** can integrated logistics help to fill the gap in the East African Community?



APM Terminals is part of A.P. Moller-Maersk and is seamlessly and sustainably integrating land and sea in **60 locations** across the globe...



...lifting standards in
the port industry
across **Africa**.

- Gateway terminals with majority share
- Gateway terminals with minority share
- Hub terminals
- ▲ Office



Zooming in: where does East Africa stand today?

Africa in general

- Africa will be the world's second-fastest-growing continent in 2024 (behind Asia)
- Intra-African trade was around 15.2% during the period 2015–2017, while comparative figures for America, Asia, Europe and Oceania were, respectively, 47%, 61%, 67% and 7%

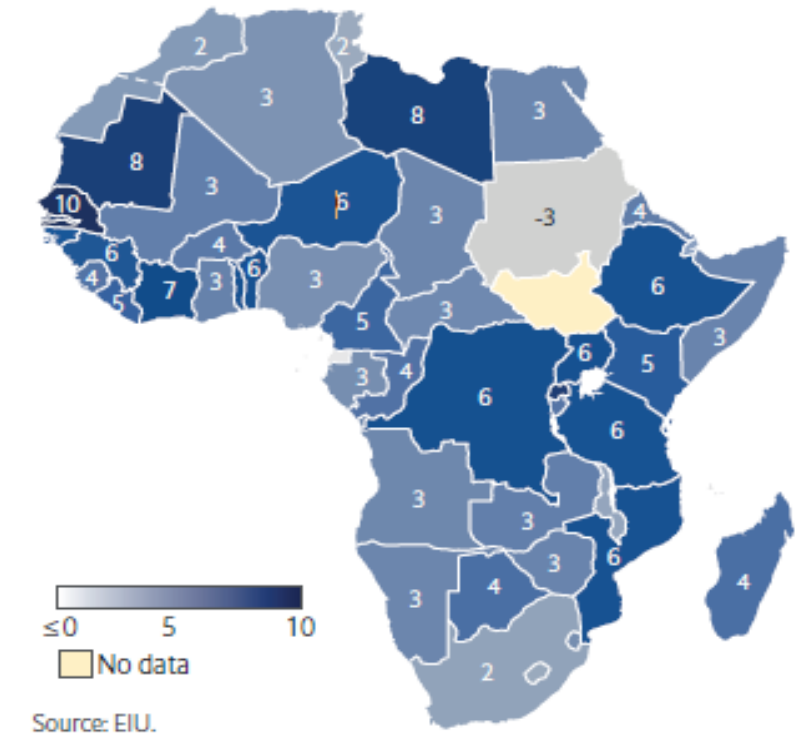
East Africa community

- East Africa will be the most dynamic part of the continent in terms of growth
- East African Community is mainly accessed via key ports, including Djibouti (Ethiopia), Mogadishu, Mombasa (Kenya, Uganda, South Sudan), and Dar es Salaam (Tanzania, Rwanda, Burundi).
- EAC's population of 330m and including Ethiopia close to 450m, cumulative GDP of USD 330 billion

East Africa trade

- The wealth of the region in terms of commodities is vast, incl. diamonds, gold, oil & gas, cobalt etc.
- Export markets are driven by valuable minerals & agricultural products
- Imports range from food to chemicals and a consistent flow of energy and infrastructure projects.

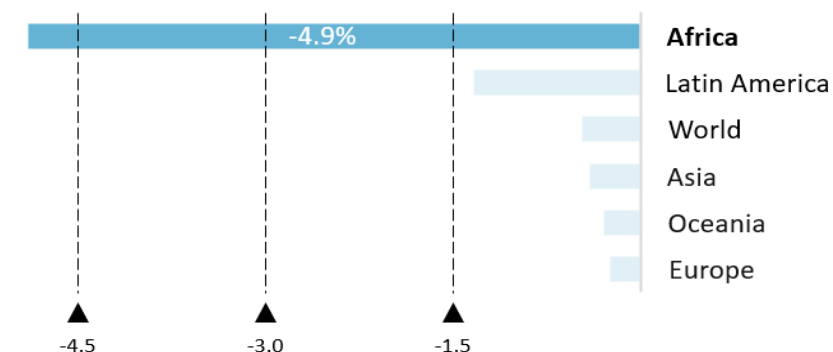
African economic growth, 2024
(real GDP; % annual change)



What is the state of infrastructure & logistics in East African Community?

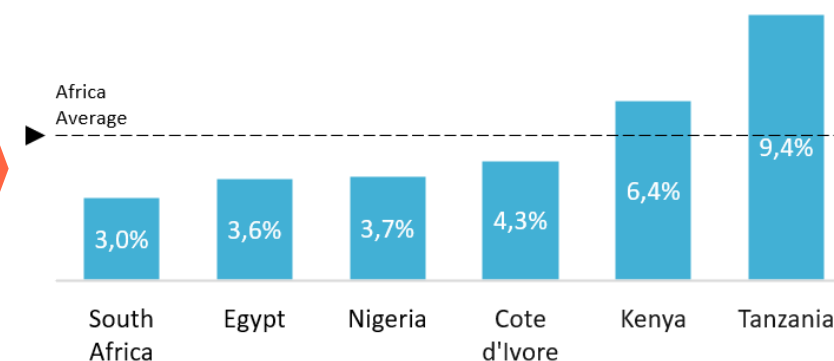
Africa in general

- Africa's infrastructure investment gap is substantial and much higher than other global regions.
- Closing the African infrastructure gap matters greatly for economic development and the quality of life of Africa's people.



East Africa community

- The infrastructure gap is wider in East Africa than in West and Southern Africa.
- The infrastructure risk score (1-100) varies significantly between African countries: South Africa at a safer score of 40, with Kenya and Tanzania's score being around 65-70



Source: Global Infrastructure Hub; Economist Intelligence Unit.

Logistics in East Africa

- EAC faces significant logistics challenges due to complex supply chains and a lack of high-quality logistics infrastructure and solutions, leading to high logistics costs
- Due to the nature of the imports and exports and considering current logistical challenges, there is a demand and huge opportunity for integrated supply chains.

Why is having an efficient transport infrastructure important?

1 Enabling exports & imports

- Exports create employment, in sectors like manufacturing, agriculture, and services which leads to income generation and poverty reduction
- Imports can lower the costs of vital production inputs and can make manufacturers more competitive on international markets, increasing demand, production, jobs and GDP

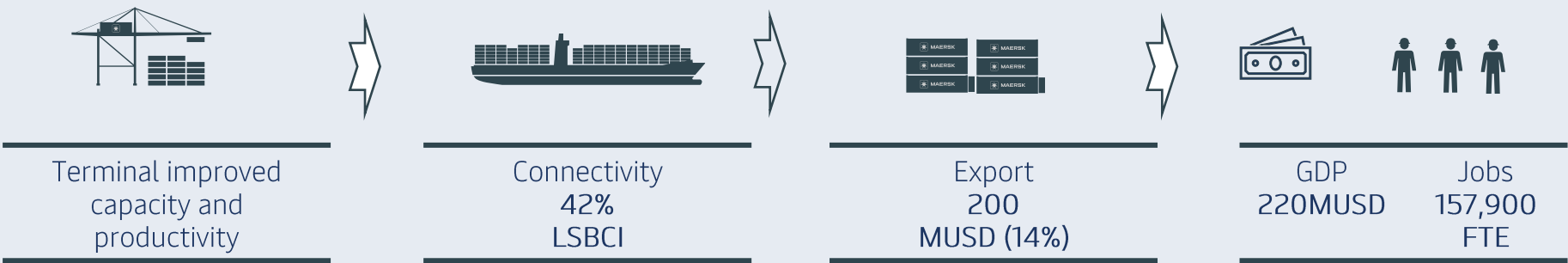
2 Optimizing use of infrastructure

- Utilizing infrastructure assets such as ports or railways optimally, increases capacity and productivity, which results in improved connectivity.
- Better connectivity results in higher export, jobs and GDP increase
- Efficient port operations and minimal stay in ports results in reduced costs

3 Enabler of development & integration

- Efficient transportation infrastructure is a critical factor for trade activities and regional integration and therewith for economic sustainable development and bridging economic disparities

Example from the region: The impact of privatization in Nigeria

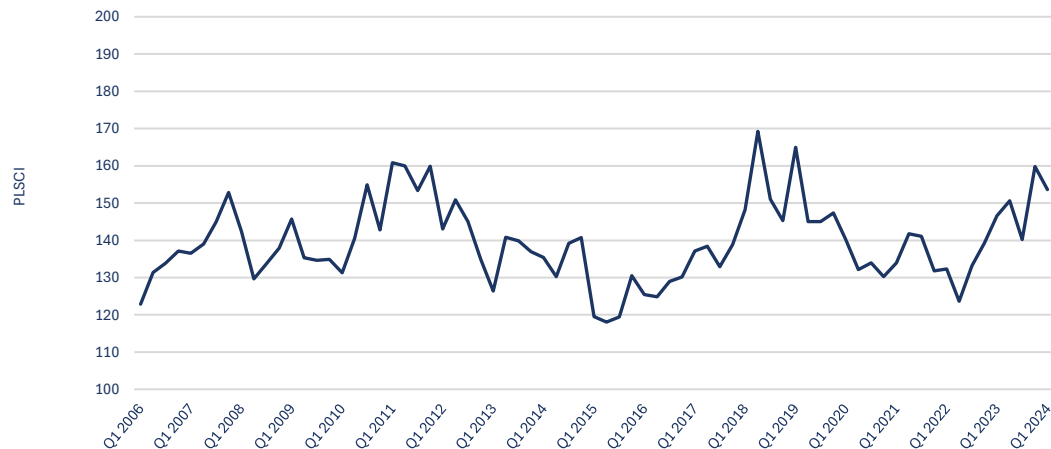




What does EAC need, to create an
efficient logistics framework?

East Africa is primed for growth...

- EAC has vast potential due to its resources and growing population
- Fast growing economies are outgrowing their current infrastructure, limiting export potential.
- This infrastructure gap must be closed to release the full potential for international trade
- EAC's seaports can play an important role here and can monetize on their proximity to the Copperbelt upon infrastructure and logistics adequately being developed
- Efficient transport infrastructure improves connectivity which effectively accelerates intra-regional trade and enables domestic production of exports



*Port-Liner Shipping
Connectivity Index
Mombasa 2006-2023.*





.....but requires effort, policies & investment to realize it.

- EAC has many masterplans, which need execution to ensure adequate, efficient, and high-quality connecting transport infrastructure
- Collaborating with private sector partners needs to be intensified to facilitate investment, knowledge transfer and access to financing
- Skills development through educational curricula, training programs, to build the skills and knowledge Africa needs, linking talent with job opportunities
- Policies and processes need streamlining within the region, be it on tariff policies, customs processes, border checks etc. to reduce barriers to trade
- Business needs to be incentivized, be it through SEZ's, tax breaks, simplified customs procedures, and public infrastructure commitments
- Producing goods for domestic consumption is critical, which in East Africa still is at a relatively low level.

A person wearing a light green button-down shirt is holding two dark green avocados in their hands. The background is blurred, showing green foliage and a red flower.

How can integrated logistics help to fill the gap in East African Community?

The persistent inefficiencies in cargo movement im- and exporters face, poor infrastructure, abundance of natural resources and growing population all point to the appeal for integrated logistics offerings to further develop.

Integrated logistics: a case study from Kenya

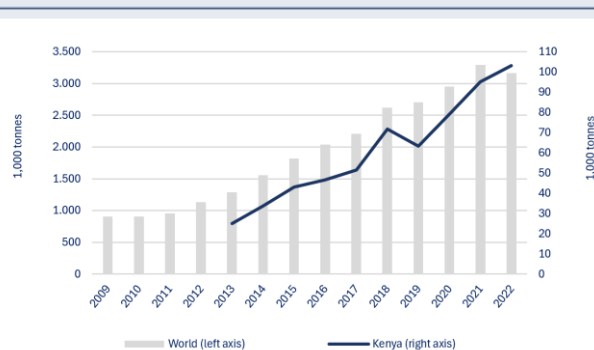
1 Maersk is enabler of Kenyan exports

- Kenya's exports are growing steadily, at CAGR of 3.3%.
- Kenya's exports of avocados has increased from 2,800 FFE in 2019 to 4,570 FFE in 2022. Maersk share of avocado export increased up to 80%
- Kenya has become the fifth-largest producer in the world, due to advanced logistics for this specific cargo.

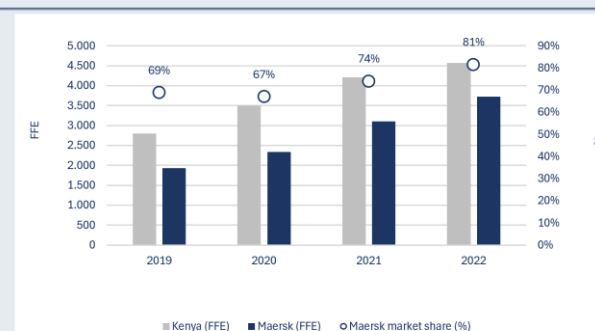
2 Maersk is offering integrated logistics

- Maersk has invested in products that enable these exports, including importing empty reefer containers into Kenya to enable exports.
- From farm/cold store offering incl. 24 hour monitoring of containers and temperature
- Maersk offers a dedicated service to Europe to enable the exports to get to market quickly

Avocados demand and Kenya exports, tonnes, 2009-2023



Avocados export, Kenya and Maersk, FFE & %, 2019-2022





Similar initiatives are being rolled out for Kenya's flower and vegetable export allowing significant cost savings vs. to air freight – delivering fresh produce to market with a significantly lower carbon footprint.



Learn more about
unlocking potential in East
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