

## Business Case: Mombasa Port

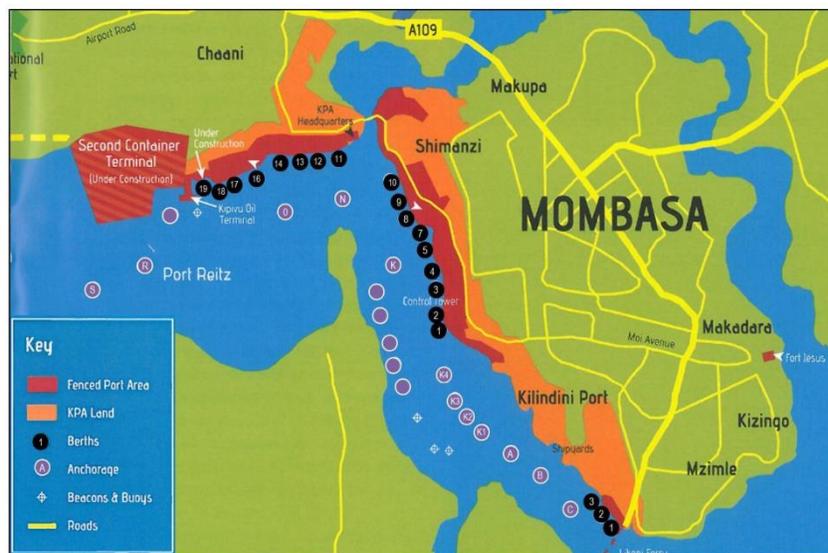
### Background Information

Fuelled by the overall economic development of the East Africa region, East Africa's transport and logistics sector is at present experiencing significant growth. NABC's Market Study 'Maritime Infrastructure and Logistics, Kenya', commissioned by the Dutch Embassy in Nairobi, identified several opportunities in the region, specifically in Mombasa Port and around 'The Lamu Port Southern Sudan-Ethiopia Transport Corridor' (LAPPSET). At present Mombasa Port provides the greatest opportunities for Dutch companies in the transport, logistics and Port Development Sectors. The LAPPSET Corridor might host bankable infrastructural projects in the future, but it is becoming clear that such projects are unlikely to be realized in the near future as they largely depend on the further commercial development of the oil industry in Northern Kenya.

### Facts & Figures

The port of Mombasa is the Principal Kenyan seaport and comprises of Kilindini Harbour and Port Reitz on the Eastern side of the Mombasa Island and the Old Port and Port Tudor north of the Mombasa Island. Volumes traded through Mombasa Port are steadily growing at present, due to the following facts:

- Kenya is currently experiencing a steady 5% GDP rise, a growth which will continue in the near future;
- Kenya offers a consumer market of 45.5 million people, and is linked to a regional market of 348 million people (Kenya, Burundi, Democratic Republic of the Congo, Ethiopia, Mozambique, Rwanda, Uganda, Tanzania);
- Trade volumes will increase even further in the coming years, especially in oil & gas, consumer goods and horticulture;
- Port throughput is forecast to be in the region of 44 million tonnes by 2025. Twenty-foot equivalent units (TEU) containers will increase from 903,000 TEU in 2012 to 2.5 million TEU in 2025.
- The Dutch involvement in Kenya in horticulture is significant, 80-90% of all Kenyan flowers fly through the Netherlands (air transportation). 60% of all roses traded via the Netherlands originate from Kenya;



### Current situation

Mombasa's port currently consists of one completed container terminal and one under construction, 18 commercial container and general cargo berths 2 bulk cement berths at Ras Kidomoni (for vessels up to 55 metres long, 8 metre draught), the dockyard, a grain bulk terminal, KOT liquid bulk terminal and Shimazi Oil Terminal. Facilities exist for most cargo types. No specialized terminal exists at present for cars, these are being handled at general cargo facilities. Principal exports include soda ash, coffee and tea while main imports include iron, steel, sugar and vehicles. Currently, the port has a maximum 15 metre draught and hence is unable to accept fully laden Panamax vessels or Post-Panamax vessels (whose draught exceeds 17 metres).

The Dutch private sector is currently relatively unknown in the Kenyan maritime sector. Dutch companies have been and still are involved in port development, port management and port logistics, though this is sporadic and based on the success of individual company efforts. Dutch contractors play a role in Mombasa developments and some Dutch consultants have been actively involved in the master planning of the ports.

There is at present limited activity of Dutch logistics companies and shipbuilders in Mombasa. However the Dutch knowledge and expertise in the maritime infrastructure and logistic sector could be of significant added value in these developments. By combining the expertise of different Dutch companies a contribution can be delivered to the development of Mombasa port and the agri-logistic value chains while generating significant commercial business opportunities for the Dutch sector.

### Business and Investment Opportunities

The current challenges faced by the Mombasa Transport and Logistics Sectors can in fact be considered as business opportunities for Dutch companies, NGO's and Knowledge Institutes, creating an entry point for further positioning of the Dutch private sector in the region. Key opportunities are identified in the following three areas:

#### Mombasa as a Port City

The Mombasa port has been developing predominantly as an entry point for goods in East Africa while less focus has been on the development of the passenger transport sector. Potential exists in the integration of the port in the city. The Dutch private sector can play a role in urban planning, ensuring proper integration of living and business objectives, and passenger transportation, both inland, within the port and in sea transport.

#### Port Development and Operation

The Dutch private sector can play a role in improving the efficiency in logistics, maximizing the current infrastructure. Opportunities include:

- Cold Storage
- IT Solutions
- Security systems and onshore and offshore security
- Supply of equipment for port operations

#### Oil & Gas

There are two main oil terminals:

Kipevu Oil Terminal, situated on the mainland Port Reitz area, is designed to accommodate crude oil tankers up to 100,000 dwt, depth alongside 13.41 metres at LOWST, maximum LOA 259 metres. Shimanzi Oil Terminal can accommodate vessels up to 30,000 dwt, 198.1 metres LOA, and 9.75 metres draught. Slop tank facilities available. Vegetable oil handling and storage facilities are available at the Mbaraki Wharf, Berth 10 and SOT and are operated by two private companies Gulf Stream and East African Storage.

For the further development of the industry, Dutch expertise can be crucial on operations advisory services for the Oil and Gas exploration and (eventually) exploitation in the North East of Kenya.