Middle East Logistics and Consultant Group

NEWSLETTER

MAY 2022

The final signing of the concession agreement of the new Damietta terminal has taken place in Cairo.

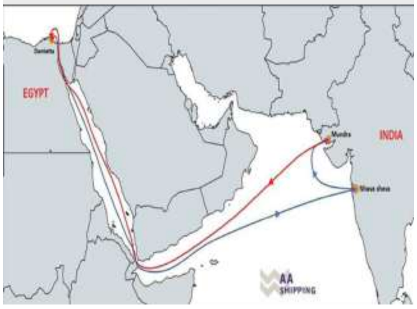
Melcgroup as the Consultant and advisory body for both Eurogate Damietta GmbH and Contship Damietta announced the final signing of the concession agreement of a new terminal that will be built in the port of Damietta/Egypt.
For this purpose, a Joint Venture was founded to develop and operate the new "Terminal 2" in the port. The Joint Venture "Damietta Alliance Container Terminal S.A.E." consists of three core shareholders which are Hapag-Lloyd Damietta GmbH (39%}, Eurogate Damietta GmbH (29.5%) and Contship Damietta Srl (29.5%}. Two other partners, Middle East Logistics & Consultant Group and Ship & C.R.E.W. Egypt S.A.E., will each hold 1%.
The new Terminal 2 at the port of Damietta is expected to start operations by 2024. It will have a final total operational capacity of 3.3 Mio TEU and serve as Hapag-Lloyd's dedicated strategic transshipment hub in the East Mediterranean.
The concession to operate the facility is granted to the Joint Venture for 30 years. This gives a long-term perspective in the port of Damietta
The Egyptian Minister of Transport, commented: "This is a very encouraging, well-planned partnership of international and Egyptian private sector in order to position Egypt as a global hub for logistics and trade.

MELC Group as an agent for AAS Shipping Lines announced the launching of fixed service to transport containers to and from India

Officially, Damietta Container and General Cargo Handling Company, affiliated with the Holding Company for Maritime and Land Transport, revealed that the "MELC Group" company in Alexandria and the shipping agent for AAS Shipping Lines will, during the next few days, launch a new service linking Damietta Port with Indian ports.

The new service includes operating a ship every 15 days from Damietta to the port of Nhava Sheva, which takes 13 days directly without a transit port and from Damietta to the port of Mundra , which takes 14 days and vice versa.

The service is for dry containers only, for the time being. The line will perform this service through its vessels, without entering into alliances with other shipping lines.



MELC Delivers the final Market and shipping study Reports to ARTELIA

In order to develop the mid port terminal, APA have commissioned ARTELIA to develop Breakwater to shelter the mid port terminal for a safe berth & operation of the vessels. MELC Group as Consultant to ARTELIA, issued the necessary Market & Shipping study reports.

Construction of China funded container terminal project kicks off in Egypt

The groundbreaking ceremony of the foundation treatment of Abu Qir Marine Port Container Terminal Project constructed by China Harbour Engineering Company Ltd (CHEC) was held in Alexandria, Egypt. It marked the official start of the onshore construction of the project and laid a solid foundation for accelerating the construction of the main body of the project.

The Abu Qir marine port container terminal project is to build a 1.2 kilometer long container terminal shoreline in Abu Qir which can achieve an annual throughput of 2 million TEUs upon completion.

The project mainly based on local resources, main administrators including the labor cooperation team and the suppliers are from Egypt, in this way while the project is being implemented a large number of job opportunities will be created for Egypt.

Upon completion the project will help to promote local economic and social development and continue to drive local employment.

Egypt signs MoU with Maersk International to produce green fuel for bunkering

A.P. Moller-Maersk will partner with authorities in Egypt to explore the large-scale production of green fuel for ships in the country. (MoU) was signed in a joint bid to further accelerate the supply of green fuels for ships as part of the shipping industry's transition to net-zero. The MoU, signed with the Suez Canal Economic Zone (SCZone), the Egyptian New and Renewable Energy Authority (NREA), the Egyptian Electricity Transmission Company (EETC), and the Sovereign Fund of Egypt for Investment and Development (TSFE), follows six fuel sourcing partnerships announced earlier this month.
The SCZone includes ports and industrial parks around the Suez Canal.

Eni and EGAS agree to increase Egypt's gas production and supply

Eni and Egyptian Gas agreed to promote Egyptian gas export to Europe specifically to Italy, in the context of the transition to a low carbon economy. The parties agreed to valorize Egyptian gas reserves by increasing jointly operated gas activities and identifying opportunities to maximize short-term gas production. Eni will also optimize the exploration campaigns in existing blocks and in the newly acquired acreage in the Nile Delta, Eastern Mediterranean and Western Desert regions. This agreement, together with the one signed for the restart of Damietta liquefaction plant last year, will provide LNG cargoes for overall volumes of up to 3 BCM in 2022 for Eni LNG portfolio bound to Europe and Italy.

Suez Canal to hike transit fees for ships in May 2022

Suez Canal Authorities decided to hike transit fees starting May this year. The decision to raise the fees is related to "significant growth in global trade, the improvement of ship economics, the Suez Canal development, and the enhancement of the transit service." Known that this is the second hike in fees that the SCA has enacted this year after it increased transit tolls for vessels traveling through the waterway by six per cent in February. The hikes are related to dealing with the challenges of the Covid-19 and appropriate pricing mechanisms and controls, taking into account the recovery and growth of global trade, according to a statement by the SCA.The hike in transit fees will include Ships carrying crude oil and petroleum products as they will pay a surcharge of 15 per cent of normal dues, up from the current five per cent, Empty crude oil and petroleum tankers transiting in both directions will also pay a surcharge of five per cent of normal transit fees. Additional charges on laden and empty liquefied natural gas (LNG) tankers, chemical tankers, and other liquid bulk tankers will double by up to 20 per cent. The extra tolls levied on laden and empty dry bulk vessels will increase to 10 per cent of normal transit dues, from five per cent currently, while other vessels will have to pay surcharges of 14 per cent, up from seven per cent at present. In mid-March, the authority cancelled the 15 per cent discount for LNG carriers passing through the Suez Canal that it had been granting since last November. The rebate has been cancelled entirely, with LNG carriers expected to pay full transit fees. Prices have increased due to the Covid-19 pandemic and not the Ukraine war, which has mainly affected navigation in the Black Sea and the Arctic Sea.

Container schedule reliability improves marginally in March

ANALYSTS at Sea Intelligence say container line schedule reliability continue to "creep" upwards month-to-month in March to 35.9 per cent, reports Colchester's Sea-trade Maritime News.

But reliability is still lower than a year earlier. "Despite being the highest 2022 reliability figure so far, the March 2022 score is still slightly below the 2021 level," commented Alan Murphy, CEO of Sea-Intelligence.

The analyst surveys schedule reliability of over 60 lines across 34 different trades.

The only line to record a schedule reliability above 50 per cent was Maersk with a 50.3 per cent rating. Next highest was Maersk subsidiary Hamburg Sud with a schedule reliability of 45.9 per cent. Wan Hai Lines had the lowest schedule reliability in March of 22.6 per cent.

"On a year-on-year level, only three of the top-14 carriers recorded an improvement in schedule reliability in March 2022, with the largest improvement of just 1.6 percentage points," Mr Murphy said.

Egypt plans to increase its ports' share of transit trade

Transport Ministry (MOT), is implementing a comprehensive plan to develop the maritime transport sector and all sea ports, by increasing revenues, circulation and transit traffic at the port while reducing expenses.

The Ministry announced that the aim is to increase the Egyptian ports share of transit trade, make maximum use of the facilities available in the ports and geographical location, and maximize the competitive advantage of Egyptian ports to serve international trade and stressed to work around the clock to swiftly implement all projects, and adhere to schedules set for their completion.

On the other hand, MOT is focusing on increasing Damietta port's capacity , as part of the construction of the integrated Damietta Logistics Corridor project. MOT followed up the latest developments of the project to deepen the shipping lane and the circulation basin to reach a depth of 18.5 meters.

The Project is expected to transform the port into a global trading center for transit containers in the Mediterranean Sea and expected to be completed by the end of this year.

EGP 700 billions of investments implemented to develop Sinai

The new Republic's has launched major and unprecedented national projects covering various sectors, linking the Eastern Egypt Portal to the Delta by making the Canal cities a natural extension of the Nile Valley and overcoming all obstacles in order to attract investment opportunities through national and comprehensive plans to change life on the turquoise land by launching mega projects on every inch on it, with investments amounting to more than EGP 700 billions in 8 years, which were being dedicated for Sinai's development.

The Plan highlights efforts to develop investment and industrial infrastructure to attract and encourage investors in Sinai and Canal cities, where total public investments for Sinai and Canal cities reached EGP 45.1 billion in 2021/2022, compared to EGP 6.2 billion in 2013/2014, with an increase of 627.4%.

The Plan noted 3 centers were inaugurated to serve investors at a cost of EGP 206.4 million, in addition to more than 8800 companies, as well as the launching of 8 industrial projects and zones within the industrial investment map, as well as Sinai and the Canal cities have 275 investment opportunities on the investment map.

According to Plan, the Suez Canal Economic Zone, with a total area of 460.6 km2, comprises 250 industrial and service establishments in various fields. The total cost of infrastructure and investments within the region amounts to about $ 18 billion, while projects implemented in the area provided 100 thousand direct jobs.

News Brief.

- Egyptian ports achieved 7.2 million TEUs the year 2021.
- The Egyptian Parliament approved a second container terminal in Damietta Port.
- Red Sea Ports Authority is studying the establishment of a new service hub on an area of 4 km between Safaga Old and new ports.
- An Egyptian-Italian consortium submits an offer to establish and operate a dry port in Burj Al Arab.
- Inland and Dry ports Authority Allocates land for 8 dry ports and 5 logistic areas in 6th of October, 10th of Ramadan, Suhag, Bani Sweif, Toor Sinai and Damietta cities.
- UAE National Diggers company is deepening the navigation shipping lane of Alexandria port to 19 mt. for a length of 3 Km.

Impact of Russia's Invasion of Ukraine on MENA Macroeconomic & Aspects of the crisis on the Suez Canal

Russia's invasion of Ukraine will affect the MENA region through multiple channels: higher energy, grain prices, supply disruption of wheat and other grains from Russia and Ukraine, lower tourism and remittance inflows, and increased risk-off sentiment.

The implications of these channels on macroeconomic conditions in MENA countries, will affect namely inflation, monetary policy, fiscal and external positions, political risks and economic growth.

The consequences are expected to lead to Inflation and political risks in North Africa and Levant, Rising import and subsidy bill exacerbating fiscal and external imbalances in hydrocarbon importers and Higher energy prices boosting external and fiscal positions of net hydrocarbon exporters.

On the other hand, the Suez Canal Authority explained that there are negative effects of the Ukrainian-Russian war, especially the possible move of Asia's imports from the Black Sea to trade areas relatively far from the Suez Canal such as grains from Northwest Europe and America and iron ore from eastern Canada and northwestern Europe.

A positive expected aspect of the crisis is the European countries transformation to import some goods from new regions through the canal Instead of the Black Sea, especially crude oil and gas from the Arabian Gulf; Which may equal the difference expected to decrease behind the Black Sea trade.

China-EU trade increases 12pc in first quarter

BILATERAL trade between China and the European Union (EU) rose robustly in the first quarter, said Gao Feng of the Ministry of Commerce said, rising 12.2 per cent year on year to reach US$205.87 billion, reports Xinhua.

In the first quarter, bilateral trade in mechanical and electrical products, light industrial goods, and high-tech products climbed 10 per cent, 19 per cent, and 31 per cent, respectively.

China and the EU share broad common interests and a profound foundation for cooperation. "The two economies are highly complementary," Mr Gao said.

Deepening bilateral cooperation is beneficial to both sides and the recovery of the world economy, he said.

China is ready to work with the EU to maintain the stability of the industrial and supply chains and foster new growth drivers in epidemic prevention, digital, science, and technology to inject impetus into bilateral economic and trade cooperation development, Mr Gao said.

Comment on the news by MELC CEO

- World trade still show robust demands though the Russian-Ukraine war uncertainty, while tonnage supply still short.
- Our views that the container market will continue to surge post 2023, in view of the vessel supply is not anywhere soon having piles of order books at ship yards.
- Sign of relief in the Egyptian economy with back logs off DFIs from the gulf, which may ease currency volatility.
- Freight forwarder are facing real challenges in 2022 with carrier negotiating direct shippers.