

A review on Rotterdam

Incoming mission

South African Embassy
The Hague – the Netherlands

27 November



COMMERCIALLY DRIVEN DEVELOPMENT &
MANAGEMENT IN PORTS, CORRIDORS AND
ASSOCIATED FACILITIES

DEVELOPMENT & MARKETING STRATEGY
BUSINESS & CASE DEVELOPMENT
PUBLIC PRIVATE COOPERATION & TRANSACTION
ADVISORY

.....



Where do objectives meet



South Africa

- increase market share in international trade & transport
- develop shipping industry and infra network
- skill development
- Job creation
- Find partners

The Netherlands

- build economic relations
- increase presence in South Africa
- market our knowledge, experience, capacity
- Find partners



Rotterdam as a case



Showcase Port of Rotterdam

- high performance
- synergies and innovation
- state of art civil works and logistics

Industrial complex: private sector

- over 87,000 jobs.
- 450 Mtons per annum.
- 32,000 calls seagoing vessels
- 100,000 calls inland vessels per year

Port authority as regulator

- 1.200 employees,
- turnover approx. €600 million,



Intermediate questions?



What (choices) drive performance?
other than location.....

Consider governance levels....

institutional
framework

statutory and
administrative rules

management &
operation



Rotterdam



model	port administration	nautical management	nautical infrastructure	port infrastructure	superstructure (equipment)	superstructure (buildings)	cargo handling activities	pilotage	towage	mooring services	dredging	other functions
public service port	public	public	public	public	public	public	public	public	public	public	public	public
private sector port	private	private	private	private	private	private	private	public	private	private	public	public
tool port	public	public	public	public	public	public	public	public	public	public	public	public
landlord port	public	public	public	public	private	private	private	public	public	public	public	public

public
private
joint operation

source: worldbank 2007

- authority provides and operates main infra and port infra, private sector operators (port's clients) provides and operates terminal infra
- pro-actively attracts private sector companies
- co-invests after anterior agreement(s) and eventually a land lease agreement with far-reaching conditions
- AUTHORITY ALSO INVESTS IN COMMON CARRIERS TO HINTFRI AND

leverage

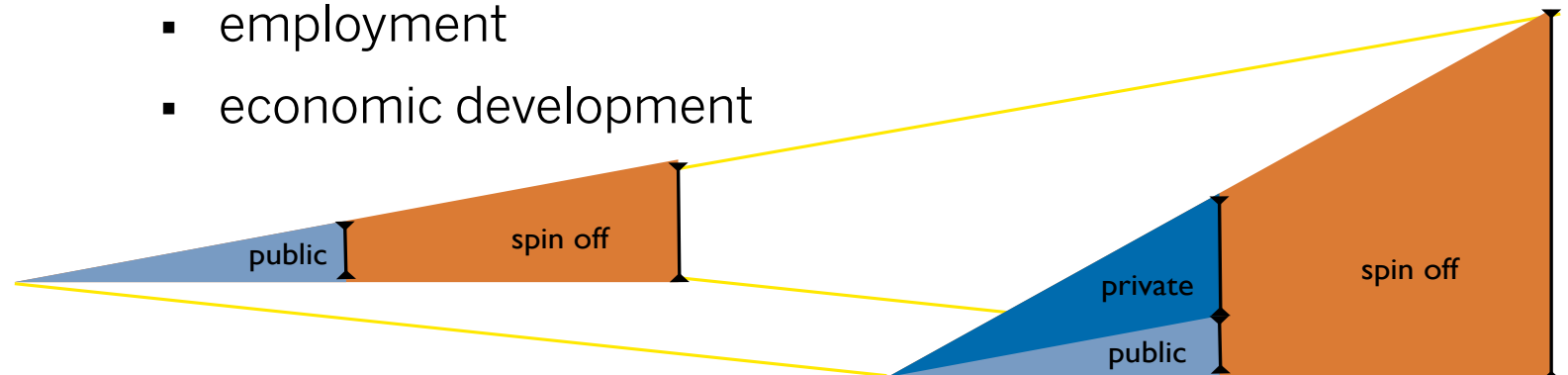


- equity distribution
- revenue distribution

private equity: 2/3

public equity: 1/3

- not sharing but leveraging
- leverage investment X 3
- leverage spin off:
 - development pace = market share
 - employment
 - economic development



TENSION

- customer – supplier relationship with common goal (competitiveness and market share) making it a partnership.
- authority perceives itself as dominant and market maker (promotion).
- private sector perceives the port as facilitator – still in it's former role – follow my lead....!
- Result of tension: professionalisation in project and risk management – not only port's case but also operator's case at risk - both financial and permitting



Business cases & financing

- CASES at 8,5% IRR
- On portfolio level 55% port duties / 45% landlease to cover investment
- to secure income above the already secure landlease. Landlease is benchmarked by the private sector (so always a hard fight)
- The port demands tonnage guarantees (variable!!). tonnage guarantees are always..... a hard fight (as they conflict 100% with operators results)



opinion

- Authority's marketing value, often underestimated by the private sector, yet...
- private sector better market maker.. Their risk, their money, their business
- mutual understanding and respecting objectives improves pace of deal making. Public or private – it is still one system! Together they retain the port's competitiveness



Discussion - South Africa

institutional
framework

statutory and
administrative
rules

management
& operation

To boost performance, enlarge market share, increase investment and operations levels and develop knowledge industry:

- Does SA need/wish to increase private sector involvement in the transport industry?
- In what capacity? direct investment, partners, skills development?
- Rebel's Coega case....



Example cases

- Establishment of Neste Oil – biodiesel plant
- Widening Amazone basin
- Maasvlakte 2 – very large expansion project (Durban size) – several reasons



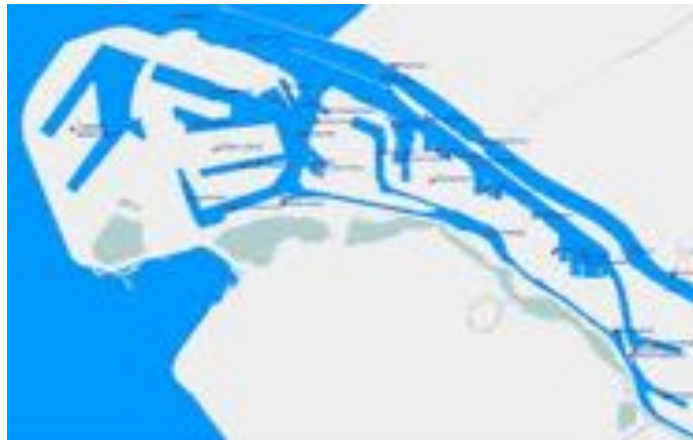
Establishment of Neste Oil – biodiesel plant

- new establishment – sustainable product – fashionable in 2008
- available land, sustainable product – strategic fit in, proclaimed synergy with neighboring Loders Croklaan (edible oils),
- Loders Croklaan owned a land option



Widening Amazone basin

- ECT – Hutchinson, EMO, Electrabel
- objective: widen basin to accommodate larger vessels or
- 12.000 – 15.000 TEU vessel orderbook exceeded 200. Rotterdam needed to follow to retain market position
- bad cards, but still business case controlled (%)



Maasvlakte 2

- Very large expansion project (Durban dig out port size) – two reasons
 - 1. economies of scale – bigger container vessels, containerisation
 - 2. end of lifecycle – former port area Merwe 4 havens –fruit port
- The city expands and so does the port...



Maasvlakte 2

- 2 billion euro public, approx. 8 billion or more private
- 3 large container terminals (APMT, RWG, Hutchinson), 100 hectares of industry (not designated)
- anterior agreements with container operators
- what happened during the crisis?
- PERMITTING RISK – Dutch political climate





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- founding partner in consulting firm **STIG**, economic development with focus on port-cities
- background in consulting
- Msc. Business Economics, Nijenrode, Bsc. Civil Engineering, the Hague
- speaks Dutch, English, French, German, Spanish
- lifetime partner, three kids (4, 2 and 0 years)

Contact details

QUESTIONS?

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