

Eldib Pandi | New Developments in Egyptian Ports

Planes, trains, automobiles, and let's not forget vessels. For the past two years, Egypt's infrastructure reform agenda has addressed and acted on the development of all transport sectors across the country. The initial changes and developments were seen and felt by road upgrades. Then came the rail tenders, the monorail project and high-speed train, to now, Egyptian ports and waterways.

According to Al-Ahram newspaper, the Minister of Transport, Rear Admiral/ Kamel Elwazir, announced the establishment of a new holding company to manage 7 of Egypt's largest ports, namely: Alexandria, Damietta, East and West Port Said, Adabiya, Sokhna and Safaga.¹ Elwazir further added that the public ports and terminals in Alexandria, Damietta and Port Said will most likely be made available for public offering (IPO) on the Egyptian Stock Exchange. The Minister also added that the Light Rail Transit Authority, the Monorail and the High-Speed Transportation shall merge under one company.

Earlier this year, ADQ, an Abu Dhabi wealth fund, acquired stakes in Egypt state-held Abou Kir Fertilizers & Chemical Industries, Misr Fertilizers Production Co. and Alexandria Container & Cargo Handling Co. [ACCHCO], however no public comment has been made about these acquisitions. ADQ has further invested in the Egyptian market, however its stake in ACCHCO has yet to be made clear². [Bloomberg]

Such moves of IPO'ing public companies and offering stakes in well established government companies is a move the current cabinet has come to implement in order to entice more investors. Bearing in mind that said investors shall also be granted the right to appoint representatives as part of the board of directors of these public companies.

Furthermore, looking at Egypt's comprehensive scheme to upgrading its seaports, the Port of Alexandria, which is the oldest port in Egypt and currently the main port responsible for about 65 percent of the country's throughput, is undertaking a massive expansion, connecting both the ports of Alexandria and El Dekheila with an 8KM stretch of the El Max area which is expected to be completed by 2024.

As for new port operations, the Egyptian Group for Multipurpose Terminals or "EGMPT" for short which is the commercial arm of the Ministry of Transport has entered into a Joint Venture with the international shipping conglomerate CMA CGM in the operations of a new multi-purpose terminal within the larger area of Port of Alexandria. This project is to be run and operated by CMA CGM. The terminal aims to transform the Port of Alexandria into a regional and global hub for trade and logistics.

From an operational standpoint, the newly appointed chairman of the Alexandria Port Authority has issued a decision to govern control over the outer anchorage area by referring all maritime agents to the Decree No. 2699 for the year 2019 issued on 8/12/2019 which entails the collection of fees for occupying the waters of the outer anchorage area in case vessels fail to notify the port authority that she will drop anchor in the outer anchorage area, whether it was due to an emergency or otherwise.

Moving to the Red Sea Ports, as per a press release by Abu Dhabi Ports (ADP), AD Ports Group has signed a Term Sheet and Head of Terms Agreements for Port Projects in Egypt which will focus on joint developments and operation of a Multipurpose Terminal in Safaga Port and management of cruise ship berths at Sharm El Sheikh, Hurghada and Safaga ports as part of a joint venture with the Red Sea Ports Authority and the Transport Ministry's commercial arm³. These said port projects are also expected to be completed by 2024. Furthermore, the company recently signed agreements with the Transport Ministry to manage and operate a multi-purpose terminal in Ain Sokhna port and a river port in Minya Governorate.

We are keeping an eye on further developments in Egypt and following up all updates on all fronts in the maritime field.

Please do not hesitate to reach out to our teams for any further clarifications or queries.

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¹ Minister of Transport: merging 7 major ports into one holding company... The state supervises and monitors, and there is "no sale" |

<https://gate.ahram.org.eg/News/3517921.aspx>

² Giant UAE-Egypt Deal to Include Stakes in Fertilizer Firms | <https://www.bloomberg.com/news/articles/2022-03-23/giant-uae-egypt-deal-said-to-include-stakes-in-fertilizer-firms?sref=mmeFTDW1>

³ AD Ports Group Signs Term Sheet and Head of Terms Agreements for Port Projects in Egypt | <https://www.adportsgroup.com/en/news-and-media/2022/05/04/ad-ports-group-signs-term-sheet-and-head-of-terms-agreements-for-port-projects-in-egypt>