Shipping for the future in post-revolutionary Libya

Libya has huge potential for container shipping, but lacks decent facilities to handle boxes. **Thomasin Westcott** reports on the fledgling attempts to rebuild its transport infrastructure

Since the fall of Muammar Qaddafi during Libya's 2011 revolution, security issues have been hampering the rebuilding of Libya. Shipping, however, is one sector which has been quietly thriving.

Libya imports most of its goods and services and at least 80 per cent of those imports come by sea, to one of Libya's four main commercial ports. Since the revolution, shippers have been swift to capitalise on the lucrative potential that Libya offers.

Several small companies have been set up since the revolution, offering direct routes to Libya. They include Italian shipper Med Cross Lines and Alsari Shipping Co, a Libyan shipping agent for Turkey's Sana Shipping. Established companies, such as the French operator CMA CGM, say the market is increasing from one year to the next.

The first major shipping line to come to Libya, CMA CGM is now working with a new Libyan agent, Libyan Waves for Shipping. This is a requirement for foreign shippers, under Libyan law. "We have very good business here because Libya imports everything and anything," Libyan Waves head of sales, Haithem Ben Aoun, says. "And of course we hope to increase our services."

CMA CGM has weekly services to Libya's major ports from its main Mediterranean hub in Malta. A roro vessel calls at Tripoli and Benghazi ports because, Mr Ben Aoun says, this helps to reduce waiting times and to speed up discharge.

Serious shipping expansion, however, is being hampered by the legacy of 42 years of neglect of the country's ports. With no strategic plan, Libya's ports were left to limp on with outmoded equipment and facilities. The whims of the former regime caused further problems. A 2004 plan to invest in a port at Sirte was abandoned in 2007, while a decision in 2009 to replace Tripoli Port with a passenger terminal led to the destruction of a fixed crane on rails and quayside buildings. The regime then lost interest and left the port with seriously reduced facilities.

Lacking equipment - there are only two gantry cranes in the whole country, both at Misrata Free Zone - and with neglected berths literally crumbling into the sea, Libya's ports are functioning at reduced capacity.

Discharging cargo is also a time-consuming business. At Tripoli Port, even with 24 reach stackers and four heavy-duty cranes, it often takes days to discharge a ship. Geared vessels are used by many carriers calling at Libya's ports, to help speed up unloading.

These problems create a knock-on effect: vessels have to wait at anchor from three to ten days. This, carriers claim, makes Libya the most expensive shipping destination in the Mediterranean.

On average there are ten vessels waiting to dock at Tripoli Port at any one time and the record, earlier this year, was 22 ships. Despite this, however, Tripoli received 1,038 vessels in 2012. This figure is set to increase this year, thanks in no small part to increased shipments of cement that is being imported to support the construction sector's rebuilding efforts.

Another impediment to progress is the state handling company, the Libyan Ports Company (LPC), which has a monopoly on stevedoring at all ports apart from Misrata. Functioning under its own rules, it only works one shift. The ports are busy in the mornings but by 1400 hrs operations are winding down and almost nothing happens after 1600 hrs. In a global industry which works round the clock, Libya is lagging far behind. "Our goal is to eventually have this port working 24 hours a day, like most ports in the world," Tripoli Port manager Hassan Gwile says.

One port, Misrata Free Zone, has already achieved this. The only independent Libyan port authority, Misrata claims to handle an estimated 65 per cent of the country's container trade - some 290,000 teu. It also boasts shorter waiting times for vessels than other ports. Misrata is the exception that proves the rule, however. It works independently, rather than leading the way for other ports.

Things are looking up for the shipping sector in Libya, according to the dynamic new president of the Libyan Ports & Marine Transport Authority, Sharafeddin Banghazi. Setting aside the cost of salaries, 85 per cent of the Authority's 2013 LD50 million (US$40 million) budget is earmarked for new projects, with 72 per cent of this going on much-needed reconstruction and maintenance work at the ports.

At Tripoli Port, even with 24 reach stackers and four heavy-duty cranes, it often takes days to discharge a ship (©Thomasin Westcott)

The relatively undeveloped port of Khoms has the greatest potential for development in Libya (©Thomasin Westcott)

Long-term strategies include early plans for a container terminal, possibly at Khoms, a port with significant potential. Strategically located outside the town but just 100km away from Tripoli, since opening in 2003 this has become the country's fourth largest port. In May this year an agreement was signed with the Libyan Navy, which shares the port, to acquire four extra deepwater berths able to accommodate vessels drawing up to 14m, and some 40,000 hectares of land.

General manager Mustafa Morshan sees the acquisition as a golden opportunity to transform the land into a container terminal and hub, offering storage for some 30,000 teu. Two international shipping lines and one major ports organisation expressed interest in investing in Khoms Port in 2007 and Mr Morshan is confident that a container terminal proposal would attract a lot of interest. The port is now waiting to hear whether the government will take on the project or if it will be tendered out to private companies.

This ambitious project will take time, as will complying with international regulations, something Mr Banghazi says is essential if Libya wants to be a real player in the Mediterranean Sea. For the moment, however, the focus is on serious investment to improve the ports so they can better accommodate vessels waiting to dock.

Libya's potential is huge. With the fifth largest oil reserves in the world and a population of less than six million people, it can easily afford to transform its maritime sector. The problem is, a near total lack of infrastructure, and the country's political and security problems, mean that transformation is not going to be fast. "At Tripoli Port we have started at minus, not even zero," Capt Gwile says. "We are rebuilding our country and we know that this could take two or three years." ***CST***

Toamasina shows how to do it

If Libya wanted to look at a case study on how to modernise an African port it could do worse than look at the Madagascar port of Toamasina. This embarked on a modernisation programme following the award of the redevelopment contract to Filipino port operator International Container Terminal Services (ICTSI) in 2005.

Funding for the project came from a consortium of international lenders including the Dutch, Swedish and UK governments, headed by the International Finance Corp (IFC), a member of the World Bank Group. A key point in the bidding process was IFC's requirement that the winning operator had to reduce port tariffs by 10-20 per cent, in the interests of providing the country's shippers with access to more efficient port services.

ICTSI soon identified areas where a number of efficiencies could be found. The first of these was crane moves which, prior to its involvement, amounted to five or six per hour - around a third of the global average at the time. By increasing the number of crane moves per hour the operator could reduce the handling fee per container as well as increasing its revenues.

A related target was the reduction of the amount of time it took for containers to pass through the terminal, which had been an average of 20 days. This length of time causes huge inefficiencies in container supply chains and inevitably leads to higher shipping costs, as lines need to charge more for destinations where they believe their equipment is going to be held up for longer periods of time.

As with many African ports, another challenge the terminal faced was the very large numbers of empty containers generated from import activities. Ensuring that these empties did not cause congestion in the terminal became a major priority.

Tim Vancampen, general manager at Madagascar International Container Terminal Services (MICTSL), says: "We urged our customers to distinguish between what they define as stock and evacuation of the container from the terminal. We explained to them that empty containers should not necessarily come back to the terminal but can be triangulated between the place of delivery, where stripping import cargo takes place, to the place of reception, where loading export products occurs.

"We have set up our tariff system to reward shippers who regularly remove their containerised cargo from the terminal, and penalise those who effectively use the terminal for long-term storage. Thanks to this initiative, the turnaround times of empties have been reduced to less than a week."

In terms of infrastructure development, the yard was improved through a reinforcement and rehabilitation programme to allow five-high container stacking. A complete rehabilitation of the water drainage and evacuation system was made, with the installation of oil separators.

In addition, 287m of the quay was rehabilitated and reinforced with new fenders, and new light masts of 40m and 45m were installed to ensure a minimum of 50 lux in all non-operational zones.