



Takao Omori, CEO, Portek International

## Long-term vision

### OBG talks to Takao Omori, CEO, Portek International

#### How can private sector involvement in port management activities be encouraged?

**OMORI:** One of the primary reasons behind the success of our Algerian joint venture, Bejaia Mediterranean Terminal between Portek International and Entreprise Portuaire of Bejaia, has been the ability for the two partners to complement each other and make a stronger joint venture company.

Partners need to constantly seek out ways to realise operational efficiency through closer collaboration with other port stakeholders and technical and productivity enhancement within the terminal itself. Portek itself is not getting directly involved in ancillary activities. We believe that storage and logistics services are integral to the entire chain.

However local players can and should play a role, finding more economical and efficient ways to provide services. In addition, having a strong relationship in any public-private partnership (PPP) is a necessary but not a sufficient condition to encourage greater private investment. Further investment incentives, such as freedom of capital flows and tax incentives are just some examples of the ways in which investments from the private sector could be encouraged. One other area that governments in general could consider in order to encourage greater private investment is by making the attraction, retention and expansion of private investment a key performance indicator for senior civil servants.

#### To what extent are high port fees in Africa a result of structural factors?

**OMORI:** The fees in Africa are generally high due to the lack of efficient port and supporting infrastructure, as well as the lack of the volume that would justify the greater investment. The delicate balance between the willingness of private investors to build large infrastructure and the ability of the government to offer the private investor a fair return and protection for such investment is quite challenging to

find, but will enable a decrease of ports and exports costs over time, meaning more savings may be passed on to the consumer. Efficient infrastructure will create the impetus for volumes to grow, as it stimulates industry growth and consumption. These factors and other structural issues such as legal and legislative considerations are inextricably linked.

Governments must be willing to implement a holistic long-term solution in order to raise private investment and lower operation costs. Attracting private investors and protecting the interests of its citizens are often regarded as in conflict. However, if both sides have a similarly long-term vision, then the interests of both sides can be very much aligned. Hence, the paramount importance of attracting the right type of investor – one with foresight, integrity, community awareness and a good track record.

#### What scope do you see for increasing trans-shipment activity in Africa?

**OMORI:** This topic has been debated frequently amongst industry players. The discussion differs greatly depending on which African region is being discussed. The North African/Mediterranean container shipping scene must be considered alongside the rest of southern Europe.

Arguably, the West African hub-and-spoke network is one which is most in need of an obvious trans-shipment hub. Here Ivory Coast and Nigeria come to mind as possible significant centres. Then again, the West African market also has sub-regions; for example the West African market may also contain the Central West African region, which may be served by hubs at Pointe-Noire, for instance.

East Africa is, again, a completely different scene; this area will have, by virtue of its proximity to Asia, more scope for exploring synergies with Asian and Middle Eastern shipping routes. Therefore, it will be difficult to predict which ports will emerge as the main hubs for shipping to these different regions.