Final Report

EGYPT: OPTIONS FOR INCREASING MARKET COMPETITION IN MARITIME PORT SERVICES

Prepared For
The Government of Egypt

Submitted To
USAID
Economic Analysis/Policy Office
Cairo, Egypt

Submitted By
Nathan Associates Inc.

Under
Contract # 263-0233-C-00-6001-00

June 1996

CONTENTS

1.0 **INTRODUCTION**

This study was commissioned as a service of the USAID/Egypt-financed Development Economics Policy Reform Analysis (DEPRA) Project. The DEPRA Project provides technical assistance and services to the Government of the Arab Republic of Egypt's Ministry of Economy and International Cooperation (MOEIC) to enhance the capability of the MOEIC to advocate more effectively for macro-economic reforms through the provision of more credible, cogent decision support economic and statistical analyses and recommendations. The DEPRA Project provides assistance to the MOEIC in three modes: specialized expertise for economic studies and analyses; training in statistical and economic analysis; and provision of physical infrastructure to support statistical gathering and analytical functions.

This reports on a study carried out by six consultants, Siegfried Marks (Team Leader), Bengt Bostrom, Daniel Reiss, Farouk El-Saigh, Mahmoud Hosny, and Mustafa Abu-Safi, provided by Nathan Associates Inc. at the request of the Economic Analysis and Policy Office of USAID in Cairo as part of the USAID Development Economic Policy Reform (DEPRA) Project. Mr. Maurice Thorne acted as project coordinator. The purpose of the DEPRA Project is "to support the Government of Egypt's economic reform program by helping to improve the ability to collect and analyze information and to develop recommendations for policy reforms and other measures that will alleviate regulatory and other constraints on trade, investment, private sector development, and economic growth."

The objective of this Study is to recommend an action plan that will "assist the Government of Egypt in determining the actions necessary to ensure greater competition in maritime transportation services for the purpose of increasing Egyptian exports."

In executing this Study, the consultants collected and reviewed extensive information about diverse approaches taken to privatizing port services in different countries in Latin America, Europe, Asia, and Africa. The experience in other countries was used to demonstrate a worldwide trend toward privatizing the operations of port services and to analyze alternative ways for Egypt to introduce private participation and competition in port services.

Visits to the ports of Alexandria, Dekheila, Damietta, Port Said, Suez, and Adabyia were undertaken to inspect the port installations, to obtain relevant data and information, and to discuss the port operations and port costs with officials at the Ministry of Transport, the Port Authorities, and with executives from public and private companies which provide and use port services. Analyses of port service charges and other port costs as well as port service conditions and port traffic trends are presented in this Report.

The consulting team reviewed the Government's Economic Development Plan, export policies and prospects, historical economic growth performance, laws and regulations that govern the institutional structure and operation of port services, the setting of port charges, revenue generation from port operations, ownership rights, investments and other aspects relevant for this study of port services. Expert opinion was obtained to determine how state monopolies of port services can be modified and other obstacles removed to permit private sector participation and competition along alternative paths outlined in this Report.

Data and other information about the level and composition of port costs was used to show comparisons with ports in other countries and to estimate the burden of port costs for exporters and importers. Conclusions from these calculations were used to assess the impact on the Egyptian economy, and specifically on exports, imports, Government revenue, and employment. The availability and accessibility of relevant data proved to be too limited to develop a reliable cost-benefit analysis of the likely impact of adopting the recommended action plan on the Egyptian economy.

Feasible alternative ways to reform Egypt's port services and a preferred action plan have been outlined in this Report. These proposals were derived from the experience with such reforms in other countries and from the data and other information the team was able to collect in Egypt during meetings with representatives from the public and the private sector and from available published information. The country's unique geographical advantage provided by the Suez Canal and the legal and regulatory changes that would accompany these reforms were taken into consideration in formulating alternative scenarios as well as the preferred action plan. Close attention was paid to the announced economic priorities of the Government of Egypt relating to economic growth targets, privatization, stimulation of exports and investments, and maintenance of employment and government revenue.

The recommended action plan is designed to help Egypt achieve its economic development targets, competitive, lower port costs, more efficient port services, and substantial new private investments in modernizing and expanding port facilities in order to position Egypt for dynamic export growth and as a world class transshipment center.

2.0 **EXECUTIVE SUMMARY**

Last year, Egypt's seaports at the Mediterranean and Red Sea handled 36 million tons of dry cargo (including containerized transshipment, but excluding about 9 million tons of petroleum). Trade volume (except for transshipment) moving through the ports increased only modestly in 1982 through 1994, enabling the state monopolies in the ports to handle the cargo with the existing organization and investments in capacity expansion. This situation is expected to change radically in the future. According to the Government's Economic Development Plan, the rate of GDP growth is to be accelerated significantly from 3% recently to 6.5% by year 2000 and eventually to an annual rate of 8%. This will require substantially faster growing and larger volumes of exports and imports moving through the ports. The annual trade volume will be at least one third, that is about 11 to 13 million tons, larger in year 2000 than in 1995, if the Government's economic growth target is reached.

To ensure that the ports will not become a major obstacle to the attainment of the Government's economic development targets, it is necessary to undertake reforms at the ports, aimed at making them more efficient, more competitive, with lower costs for exporters and importers, and receptive to private national and foreign investment. To attain faster economic growth, the Government has shifted the emphasis of its trade policy from import substitution to export promotion and the orientation of its economic policy from expanding state controls and state ownership to encouraging private investment and privatization. It is assumed in this Study that these policies will also be applied to the port sector by encouraging private participation in port services to stimulate competition in order to lower the port costs and improve the quality of port services for the benefit of Egypt's exporters, importers, producers, and consumers. The ports will become a major bottleneck for realizing the Government's economic development and export goals, if the port reforms outlined in this Report are not carried during the next 4-5 years.

There is a worldwide trend underway toward increasing privatization of port services in order to compete for shipping business and to lower the costs of exporting and importing. Currently, 36 countries are moving forward with new measures aimed at privatizing their port services. Countries have taken diverse approaches to reach different objectives. Panama wants to maximize the benefits of its Panama Canal by attracting foreign investments and international shipping lines to build and operate a major international transshipping center in Panama. Under 20-year concessions, foreign investors are expanding or building several new container terminals and attracting a number of international shipping lines to use the terminals on a regular basis. Bechtel, a major US engineering firm has responded to a Government bid offer and submitted a detailed proposal for organizing a consortium of foreign and national investors and shipping lines to invest $620 million to modernize the major two ports, Balboa and Cristobal, at each end of the Canal. In this proposal, very large ships that cannot pass through the Canal will be able to efficiently unload their containers onto a connecting railroad for rapid re-loading at the other end of the Canal to another very large vessel or for transshipment on smaller vessels. In this way, the savings and benefits of the Canal will be realized without actually passing through it.

Mexico has decentralized all port functions, with the objective of stimulating competition, privatization, modernization, and transferring responsibilities for ports to the local communities and provincial Governments. A separate Port Authority was created for each port and transformed into a joint stock company, with its shares gradually to be sold to private shareholders. All operations at the ports are offered by public bid to private companies on a concession basis. Important criteria for winning a concession are investment plans to modernize/expand a terminal, the amount of annual rent payments to the Government for using its infrastructure, and an up-front lump sum offered to win the bid and to purchase the Government's port equipment.

Argentina's Law of Ports permits any private national or foreign investor to build and to operate a terminal or other port installations without restrictions, except those relating to safety, the environment, and tax matters. To encourage competition, each publicly owned terminal has been leased to different private concession holders. The United Kingdom has transferred the assets and liabilities of each public sector port to a new joint stock company administered by the local community in order then to be sold entirely by public tender or through negotiated arrangements to the private sector. Preference has been given to bids from port managers and employees or from groups that would operate the port in the best interests of the local community or preserve the port's viable, competitive operations.

Russia has adopted a somewhat different approach. A joint stock company for each port was created and then privatized, with 51% of the shares sold on preferential terms to port worker associations, 29% to private investors, and 20% retained temporarily by the Government. These joint stock companies in turn lease their installations to private companies that operate the terminals, container handling, stevedoring, and other port services. The Sea Port Authority monitors that the fees charged by the joint stock companies for leases and services remain competitive. Poland, South Africa, India, Pakistan, Venezuela, and many other countries also are in various stages of privatizing their port services, while most of Western Europe has done so some decades ago.

In Egypt,

- All port services are essentially reserved for state entities and state-owned operating companies.
- The Port Authority in each port is responsible to the Ministry of Transport and Communications for carrying out administration and overall supervision of port operations.

- The Port Authorities administer the Government-owned infrastructure and provide some port services, such as pilotage, safety, and tugboat services.
- State-owned companies operate the terminals and warehouses and provide stevedoring and shipping agency services.
- Interlocking directorships and share ownership between the state operating companies and the Port Authorities inhibit competition and reduce incentives to maintain and improve port facilities.
- All tariffs, fees, and commissions charged by these state entities are either set by the responsible Ministries or approved by them.
- A series of laws and regulations gives the Minister of Transport the power to maintain state monopolies and state controls over port charges.
- The law allows the Minister of Transport to make exceptions by granting private firms permission to provide port services. Only two private companies were able to meet highly restrictive conditions for private stevedoring of ships at berth.
- Private ship's agents are hired to expedite cargo and vessel documentation and other procedures. They are allowed to operate unofficially because the state-owned shipping agencies do not perform all of the functions of ship's representative or they do not perform them satisfactorily for the line owners and shippers. Fees have to be paid to both the private and the public shipping agencies, even when only the private firms perform the service.

The prevailing state port monopolies and interlocking directorships and shareholdings as well as excessive red tape, high port costs, inefficiencies, poor operating practices, and deterioration of port installations and equipment have been outlined in this Report and in Appendix A. A multitude of problems has grown at the ports to the point where the ports could well become a major impediment preventing realization of the Government's medium term economic development goals.

Attainment of the Government's target of annual real GDP growth accelerating to 6.5% per year will require 30-40 % larger trade (export and import) volume by year 2000. The ports are now operating at varying levels of capacity, with average berth utilization at around 70%. Very costly delays would occur for vessels, once berth utilization in a port exceeds 80%. For efficient container loading and unloading, berth utilization should not exceed 40%. Shipping companies will avoid ports where such berth utilization is reached in order not to pay excessive demurrage costs. Currently, theoretical port capacity, that is, 100% berth utilization, is about 51 million tons, but actual capacity, 75% berth utilization, is 37 million tons. Non-oil trade volume, including transshipment, moving through the ports has now reached 36 million tons.

The ports will need to expand their actual throughput capacity by an estimated additional volume of 11 to 13 million tons during the next 4 - 5 years to avoid becoming a bottleneck for the larger trade volume associated with the Government's economic growth targets. This additional volume is equivalent to the current throughput volume at the two ports of Damietta and Dekheila. If the efficiency measures recommended in this Report were to be implemented, the ports could handle an estimated additional 5 million tons per year. Beyond the efficiency improvements, sizable investments of the order of $700 million will still be needed to fill the additional gap in capacity to move the larger trade volume, if the Government's economic plan is to be realized.

The ports do not generate sufficient revenue for financing the required capacity expansions. In fiscal 1994/95, the Government obtained $50 million in net tax revenue from the state-owned operating companies and only $11 million from the four Port Authorities. Furthermore, the relatively new ports of Dekheila and Damietta plan to request that the Government budget take over their heavy external debt payment resulting from the construction of the terminals there. In fiscal 1994/95, the state operating companies in the ports generated $75 million in after-tax profits and $60 million in tax exempt income mostly from dividends received and funds set aside to offset depreciation. These funds, however, need to be spent on maintenance and replacement of equipment and installations, which have been left to deteriorate.

This Report documents that Egyptian exporters and importers currently suffer from higher port costs which are also reflected in freight charges higher than those paid by their competitors. Egyptian port costs for containerized cargo represent 9-14% of the CIF price for cotton, depending on the level of unit prices, distance and overall transport costs. Freight plus port costs are as much as 40% of the CIF price for some perishable goods requiring refrigerated containers. Container freight rates to Alexandria are generally 15-20% higher than to other Mediterranean destinations. In Alexandria, container handling costs are about $225 per 20-foot container, but in nearby foreign ports only $120-$180.

Lower port costs, greater efficiency of cargo handling, fewer delays and bureaucratic obstacles, and improved quality of port services are required for Egypt's exporters to be able to compete against competitors from ports in other countries. Bureaucratic delays in Egyptian ports sometimes lead to spoilage of perishable cargo. Inefficient and high cost port services can also mean that Egypt will not be able to triple its non-oil exports during the next five years and thereby fail to fulfill the targets of the Economic Development Plan.

The Government's current plans include

- selling a minority of shares in shipping agencies to employees and to the private sector,
- splitting each of the two shipping agencies into three or four separate units,
- allowing private stevedoring companies to operate on vessels at berth, if they employ equipment and working capital worth a minimum of $7.4 million,
- allowing private investors to build single commodity terminals,

- decreasing some port charges by decree and undertaking some investments for capacity expansion.

These plans, however, appear insufficient to provide adequate port capacity and port services and costs competitive with those of other countries. The state-owned port monopolies have failed to spend a sufficient share of their profits on maintenance, repair, and replacement of port installations and equipment. They will do so only under competitive pressures when private companies are allowed freely to enter all port services and compete for business against existing port operators. It will then become important to offer port users top quality services, employing productive equipment, and competitive port charges. Port Authorities should be allowed to offer long-term leases of their terminals and fixed installations to private operating companies and replace public terminal operators if they fail to maintain satisfactorily the port installations and to offer efficient, high quality services.

Deregulation of port operations is needed to remedy the problems noted in this Report. Private participation in port services to stimulate competition, investment, lower port costs, and improved services would conform to and support the Government's economic reform program and goals for economic development. The Government can choose among alternative options, outlined in this Report, to introduce private participation and competition in port services and stimulate investments and efficiency of port operations.

Options to Introduce Private Participation

• **Private Share Participation –** The Government would move beyond its plan for minority private participation in state-owned shipping agencies and sell a majority and eventually all the shares to the public, including the port employees, in all of its port operating companies. The private shareholders would then vote in a new Board of Directors, who would nominate a new management of the port operating company. This is one method for privatizing port agencies, stevedoring, container handling, and warehousing companies. Inter-locking directorships should be prohibited or limited so as not to inhibit competition. The state-owned Port Authority would continue to represent the Government's interests in each port supervising compliance with laws and regulations affecting port operations and providing the customary pilotage and tugboat services.

• **Private Port Services –** This case emphasizes competition rather than private share holding. Laws and regulations that provided for state monopolies in port services would be abolished and private companies allowed to enter stevedoring, container handling, warehousing, and shipping agency operations in competition on equal terms with the existing companies. To survive, the state companies would probably privatize or merge or form joint ventures with private companies.

- **Private Port Management** -- One port can be selected for a special effort to turn around a deteriorating, non-competitive, declining port operation into a dynamic, growth oriented, competitive port. The Port Authority would transfer the operation of the port facilities to an experienced private consortium under a renewable medium-term management contract. The benefits from temporary private port management will be sustainable beyond the contract period, if the role of the management team extends beyond that of advisor to the Port Authority.

- **Several Private Port Operators –** The emphasis here would be on private investments and operations to make the ports more efficient and more competitive. The Port Authority in each port would lease specific installations to separate private operators. The objective would be to encourage an operator to improve a specific operation, such as a container terminal, and to compete for business not only against a port in a foreign country, but also against a terminal operator in another Egyptian port or even in the same port if an additional facility is built.

- **Combination of Alternatives –** The Government would implement some combination of the alternative options summarized earlier, either simultaneously or in phases according to some convenient order of priority.

> The net effect of the various alternative options on Government revenues and on employment will be positive in varying degrees, if both the direct and the indirect effects of these port reforms are fully taken into account. The direct effects will be negative in some cases, particularly in the near terms. For example, some revenue and employment would be lost when competition is allowed among shipping agencies. Reduction in fees charged by the shipping agencies, however, would benefit exporters and importers, with a consequent positive impact on trade, employment, and Government revenue. Reductions in employment by the Government shipping agencies would be partly offset by new jobs created when private companies enter this business. Future investments in expanding port capacity carried out by the private sector rather than Government relieves the Government of the burden of financing and later debt payments or the need to divert revenue in its budget from other infrastructure investments or social expenditures to port development.

The proposed action plan outlined below contains all of the options presented above, as it would be the most effective way to convert Egyptian ports into a competitive, world class operation serving efficiently Egypt’s exporters. Not all elements of the plan need to be implemented simultaneously in order to start achieving positive results. A proposed time chart is included in Chapter 9, which outlines the plan in more detail.

It is advisable to proceed simultaneously to the extent possible with all aspects of the proposed reform program. A phased, gradual introduction of reforms would be designed to minimize any associated social and political costs. The negative side, however, is that Egypt's exporters could be disadvantaged because other Governments continuously strive to restructure their ports in order to reduce port costs, raise productivity, and expand capacity and thereby help improve the competitiveness of their exports in international markets. Also, if opponents of port reforms have time to organize campaigns in opposition to reforms, they might well succeed in arresting the entire process before the full benefits from such reforms can be perceived.

Preferred Action Plan

- A strong Government commitment in support of port reform and private participation in port services should be announced by the highest level of Government. Such an announcement could be made at the Cairo Summit in November 1996, when there will be present Government representatives and business leaders from other countries potentially interested in new investment opportunities in the Egyptian port sectors. A Government statement should be designed
  -- to clarify how port reforms fit into a national strategy for encouraging economic development, exports, private investments, and privatization;
  -- to build confidence among private national and foreign investors to invest in port and export development;
  -- to underscore the Government's dedication to port reforms to international financial institutions that help finance Egypt's economic and social development.

  Failure to announce a clear Government commitment to port reforms could make the reform process more difficult and more costly. It should also be made clear that port reforms will be carried out within a broader framework of other major reforms, such as customs administration, inland transport, export promotion, and other areas to ensure that port reforms yield maximum benefits for the Egyptian economy.

- A task force should be formed at each port, composed of representatives from the Port Authority and the operating companies, to draw up a detailed work program with manpower assignment and supervision to implement the numerous recommendations in this Report for making the existing port operations more efficient. The work program should include
  - ♦ measures designed to expedite cargo handling, customs clearance, and shipping agency activities;
  - ♦ speedier return of import duty drawbacks;
  - ♦ review and improvements of management and operational practices;
  - ♦ regular inspections, maintenance, repairs, and replacement of equipment;
  - ♦ minor infrastructure and port traffic improvements.

A committee should also be formed with the task to draw up proposals and a program for reducing excessive bureaucratic documentation and cumbersome procedures to speed up the process and the time for vessels and cargo passing through the ports.

- Periodic training programs should be organized at the ports
    - ♦ how to perform stevedoring services more efficiently and safely,
    - ♦ how to inspect, maintain, and service more effectively the different equipment and installations at the ports, and
    - ♦ how to collect and analyze detailed statistics on vessel and cargo handling at the ports. The computerized data bank, now in operation, should be expanded to accurately report berth and equipment utilization, the timing of future capacity expansion requirements, pinpoint areas of efficiency deterioration, and in other ways support the decision making process.

- Opportunities should be provided for officials from the Ministry of Transport, the Port Authorities, and port operating companies to visit more frequently ports in Europe, the U.S., and Latin America in order to become thoroughly acquainted with the different programs and experiences with port reforms and privatization; strategies for attracting major shipping lines; policies governing port charges; incentives and contract terms for private investments in ports; and efficient port management practices.

- A port promotion office should be established in each port by an alliance among the Port Authority, the public and private port operating companies, the local Government, Chamber of Commerce, and other business associations of the community where the port is situated to promote the activities and development of the port. A port promotion office should have an adequate budget to be able to aggressively promote the business of the port. Campaigns should be organized to attract new port users, more frequent, regular ship scheduling, and private investors and operators.

- A legislative process should be started to terminate the legal and regulatory status of state monopolies in port services. Law 12-1964 and other regulations pertaining to such state monopolies should be abrogated or changed to open the door to private national and foreign companies to invest in and to operate port services and installations directly, in joint ventures with state companies, or under concessions with the Port Authority. The law should prohibit all forms of discrimination between private and public or between national and foreign companies to ensure that whoever wants to invest in, expand, or improve port services or facilities should be encouraged, and not prevented, to do so.

- Deregulation of port charges should proceed gradually and in step with the development of competition.

- The Government should start to sell shares of all state-owned port operating companies (excluding Port Authorities) in the stock market, to employees, and to private investors until they are privatized and the management and Board of Directors pass to private control. Legal and regulatory reform should make such privatization possible.

- Interlocking directorships and share holdings between the Port Authority and operating companies or among port operating companies should not be allowed because they inhibit competition and impede effective supervision by the Port Authority of compliance with Government port policies.

- Private national and foreign companies should be permitted to freely engage in port service operations in competition on equal terms against existing state-owned companies.

- Private companies should be allowed to offer stevedoring for ships at berth as well as at anchor.

- Port users should be free to choose whether they want to be represented by a private or a public shipping agency.

- Private companies should be free to compete against existing companies for the container handling business at the ports.

- The Port Authorities should seek to improve the port operations by contracting private companies to operate and invest in container terminals and other port installations. Public tender bids can be offered for individual terminals and other port installations to attract different, specialized operators, who would compete against operators in such activities not only in foreign ports, but also in the other Egyptian ports.

- The Port Authority of one port, such as the port of Alexandria, should consider hiring an experienced port management team and transfer temporarily to them the management of the port. The task of the management team would be to transform the port into an efficient, competitive, world-class operation under a renewable five-year contract. If they succeed, the other ports will be under pressure to follow this example.

- Rather than divert substantial budgetary resources that are needed for social expenditures and other infrastructure investments, the Government should attract major private foreign and national investments in building terminals and other installations in the ports, under long-term operating contracts that permit the investor to recover his capital with an acceptable rate of return. Aside from this "build-operate-transfer" concept, the Government should also continue to encourage private producers, exporters, and importers of commodities to invest in building specialized commodity terminals, similar to the oil terminals, under the concept of "build-own-operate."

- Incentives should be offered to major foreign investors to build and operate major terminals designed for transshipment activities near existing port facilities at both ends of the Suez Canal. Competing major transshipment facilities have already been built or are under construction nearby by others at the Red Sea and eastern Mediterranean. To ensure success for such a major project, it is necessary to explore commitments by major shipping lines to use the facilities in the future in order to assure adequate throughput volume to yield a rate of return commensurate with the size of the investment. Such an investment will probably be too large and too risky for the Government to undertake.

PORTS A PROBLEM FOR GOVERNMENT
GDP AND EXPORT TARGETS

		1995	2000
Real GDP Growth	%	3.2	6.5
Non-oil Exports	$ Bill.	2.8	8.8
Imports	% of GDP	28	30
Imports	$ Bill.	12.8	20.0
Trade Volume	Mill. Tons	30	43
- including Transshipment	Mill. Tons	36	51
Average	$ per Ton	520	700
Theoretical Port Capacity (100% Utilization)	Mill. Tons	51	
Actual Capacity (75% Utilization) (40% for Containers)	Mill. Tons	37	
With Efficiency Improvements			42
plus $700 mill. Capacity Expansion			50

PORT OPERATING COMPANY REVENUE

Fiscal 1994/95

	L.E. Mill.	$ Mill.
All State Port Monopolies		
Total gross revenue	**2,257**	**666**
Operating and other costs	**1,629**	**480**
Net Revenue before tax	**628**	**185**
Tax exempt income	**203**	**60**
Taxable net revenue	**425**	**125**
Income Tax (40%)	**170**	**50**

	L.E. Mill.	$ Mill.
Shipping Agencies Only		
Total gross revenue	**834**	**246**
Operating and other costs	**492**	**145**
Net revenue, before tax	**342**	**101**
Tax exempt income	**160**	**47**
Taxable net revenue	**182**	**54**
Income tax (40%)	**73**	**22**

GOVERNMENT BENEFITS LITTLE FROM PORTS

Government Net Revenue (annual)	Mill. LE
from Shipping Agencies	73
from Other Operating Companies	97
from Damietta Port Authority	loss(45)
from Other Port Authorities	80
Total Government Revenue from Ports	205

	$ Mill.
Total Government Revenue from Ports	61
Total Annual Port Authority Budget	35
State Operating Companies Net Profit After Tax	75
Tax Exempt Income	60
TOTAL Maximum Available for Maintenance, Repair, Replacement, and Investment	135

3.0 **WORLD TREND PRIVATIZING PORT SERVICES**

The case examples of deregulation and privatization of port services in other countries presented below are designed to demonstrate

- a worldwide trend toward privatization of port services with benefits from which Egypt is deprived,

- diverse approaches taken in deregulating and privatizing port services offering Egypt choices for introducing port reforms, and

- diverse motivations and/or objectives underlying the choice of deregulation and privatization in different countries, some of which may be applicable to Egypt.

Deregulation and privatization of port services in most countries aims at one or more of the following:

- reducing inefficiency and non-competitive port costs
- stimulating competition at the ports
- relieving port congestion and removing impediments to trade expansion
- converting revenue losses into revenue generation at the ports
- stimulating investments in port modernization and expansion
- building world class major transshipment centers
- supporting a general Government policy of free market economic reforms
- transferring control of ports to local Governments
- some combination of these goals.

At last count, 36 governments in different parts of the world are in the process of privatizing operations some or all of the major commercial ports – via asset sale or long term operating concessions. Western Europe has privatized port services and deregulated most port charges several decades ago. Shipping agencies are private probably in all countries, except in Egypt, because their role is to act in the best interest of the vessel and the cargo by expediting port procedures. Below are a few examples demonstrating the diversity of approaches taken and some of the options available to Egypt.

3.1. **Panama**

Panama, like Egypt, attracts a considerable volume of maritime transit traffic through its Canal, which presents an attractive potential for developing major transshipment facilities. An additional attraction for such port developments is the Colon Free Zone located near the Panama Canal, the second largest free trade zone in the world, doing $10 billion business per year. The Government of Panama started only in 1991 to implement a new port policy designed to promote major private foreign investments in new transshipment port facilities and to reform inefficient port services.

A special law, approved by the Government cabinet and by parliament, granted Stevedoring Services of America and Motors Internationals (a large Panama importing company) jointly a 20-year concession to build and operate a major new transshipment terminal. The viability and attractive location of this Manzanillo International Terminal (MIT) near the Atlantic exit of the Panama Canal helped secure financing from the International Finance Corporation (an affiliate of the World Bank) and from private banks. After an initial investment of $100 million, planned expansion may result in an eventual total investment of $250 million. The aim is for MIT, together with another nearby terminal under construction to become the largest transshipment container terminal complex in Latin America. Some of the best known international shipping lines have already contracted to use the terminal, such as Sea Land Service, Zim Israel Navigation, Maersk, Mitsui OSK, Nedlloyd Lines, Wilhemsen Lines, and American President Lines.

At the end of the contract period, all installations will pass to the National Port Authority of the Government of Panama. In the meantime, the foreign investors are the operators of the terminal. The Government approves all service rates, inspects all equipment used in the terminal, and issues permits for dredging, access road, warehouse and other construction. The land of the terminal and surrounding water belongs to the Government and rent is paid by the investors for the use of the land.

"The private Manzanillo Terminal has been able to reduce freight costs for shippers, lower port charges, provide incentives for consolidating cargo and transshipment to a number of nearby ports in Latin America and the Caribbean." Manzanillo succeeded in substantially lowering the turn-around times and port costs in Panama by forcing the existing major ports of Cristobal and Balboa to lower their port charges. The Government of Panama enjoys a new revenue source from the operation of the new terminal, which has created 600 new jobs, more than twice the number guaranteed by the investors in their contract with the Government. The end result will be expansion of port service capacity, more efficient port services, increased competition, more employment and Government revenue.

Evergreen, Taiwan's major international container shipping line, has negotiated a 20-year contract to build another new container terminal on the Atlantic exit of the Panama Canal. It will be a terminal competing against MIT and the other nearby ports for the business of other shipping lines and to transship more cargo via Panama from East Asia to the United States. It will be Evergreen's largest overseas investment. Two additional container terminals are planned elsewhere in Panama.

In a third development, Bechtel, a major U.S. engineering firm, has responded to a public bid offer and renewed its original 1991 proposal to the Government of Panama for an investment of $620 million to substantially modernize Panama's two major ports, Balboa and Cristobal, at each end of the Panama Canal and to connect the two ports by building an efficient, fast container railroad in place of the existing shut-down, obsolete rail link between the two ports. Very large post PanaMax ships would be able to efficiently unload their cargo onto the connecting railroad for rapid reloading at the other end of the Canal to another very large or some smaller transshipment vessels. The Canal itself can accept vessels of only up to a maximum beam of 103 feet which limits vessels passing through the Canal to a maximum size of roughly 70,000 tons. Under the Bechtel plan, many larger vessels would also be able to move their cargo via Panama instead of choosing more costly and time-consuming alternative routes. Bechtel claims that very large carriers using the proposed new system would enjoy an estimated 30% cost saving. Lower costs would encourage larger cargo volume to Panama which would attract other private investments in diverse service sectors. Bechtel predicts ultimately as much as $1 billion in ancillary investments attracted by this project with tens of thousands of new jobs.

The private investor consortium will hold a 30-year concession to operate and administer the ports and railroad. Debt financing would represent 60% of total project cost. Private local investors and international shipping companies will be invited to become shareholders in this project, but no single shipping company would be permitted to acquire a controlling interest.

3.2 **Mexico**

Mexico started sweeping reforms of its port policy only three years ago in line with its general policy of free market reforms emphasizing de-regulation, privatization, and competition and after it was realized that the public sector lacked the funds to modernize and improve the efficiency of its ports. Initially, specialized ports handling single commodities, such as grains, fertilizer, cement, and steel, were converted to private terminals owned by producers of these products. Soon, however, a new Law of Ports in 1993 replaced the central public sector port management authority, Puertos Mexicanos, with independent Port Authorities for each Mexican commercial port. Each new Port Authority has been constituted as a company, with all shares initially owned by the public sector, but later to be sold via public bids to the private sector, with foreign ownership restricted to a maximum 49%. Such independent Port Authorities have been created for Mexico's 22 major commercial ports. While a general port authority, Direction General de Puertos, was created under the Ministry of Communications and Transport in 1994, its functions are merely supervisory and regulatory, not managerial and operational.

In this way, the administrative functions of ports, including planning, promotion, and construction at ports, have been decentralized with the objective of stimulating competition, making each port financially independent of the Federal Government, and placing responsibility for performance at the local level. The aim is to give end users efficient, low cost port services. The Ministry of Communications and Transport grants a

50-year renewable concession to each Port Authority, but can withdraw it for poor performance.

Each Port Authority is required to develop and to follow a master plan for its port, which allows the Ministry of Communications and Transport to monitor performance. The Port Authorities now perform only regulatory and supervisory functions, while the Government retains ownership to the land and surrounding water at the ports, and the Government's Secretariat of Social Development retains ultimate authority over land use and administration of environmental regulations pertaining to ports. The role of government thus changed from port operating monopoly to that of landlord collecting rent on leasing its port infrastructure to a private operator.

The Ministry of Communications and Transport has started to offer, via public bids, 20-year, renewable concessions to private companies to operate terminals, port facilities and services. Later, the Port Authorities will offer these concessions. The company winning the concession is required to develop a plan of work rules for operating the port and to submit its plan for approval to a Port Authority operations committee, which coordinates the administration, operations, and services to ensure smooth and efficient operations of the port. After approval by the committee, the concession holder's work rules plan is then registered with the Ministry of Communications and Transport.

A private company or consortium can acquire a concession for no more than two terminals – one at the Pacific coast and one at the Gulf of Mexico – in order to ensure competition among terminal operators. Also each terminal operator needs to provide access to the various shipping lines interested in using the port. A concessionaire can also acquire the right to develop an industrial park for location of export operations on Government-owned land adjacent to or part of the port area.

The most important criteria that have guided the Mexican authorities in deciding who wins the bid for operating a terminal were the plan for investments to modernize the terminal and the amount of annual rent payments offered to the government for the concession. The bids also include an up-front lump sum for the right to acquire the concession and purchase of Government-owned equipment at the port. Foreign companies have chosen to bid mostly as joint ventures with private Mexican companies to enhance prospects of winning, although the law allows also 100% foreign owned companies to bid for concessions to operate port services.

The Mexican Government does not seem to show a preference between shipping lines or stevedoring companies to be the concessionaires best able to attract the largest increase in container traffic and charge the most competitive rates. In contrast to the practice in the United States, the Mexican Government has established maximum, rather than minimum, tariffs the independent Port Authorities can charge the private port operator for hiring its pilot or tugs or other services or renting facilities provided by the

Port Authorities. Setting maximum tariffs reflects an effort to keep port costs competitive. Shipping lines and other port users may be able to negotiate these rates below the allowed maximum. As a result some Port Authorities could become unprofitable because they have to pay a fixed fee to the Government and thus they would be difficult to privatize.

3.3 **Argentina**

Argentina's port operations suffered for many years from excessive regulation complex bureaucratic procedures and documentation, which inhibited competition and efficiency. It also resulted in insufficient investments and maintenance of equipment and installations, an excessively large labor force, high port charges, and a general deterioration of port services. These conditions affected negatively the competitiveness of exports and the cost of imports.

Starting in 1992, the Government began to introduce fundamental changes in its port policy aimed at de-regulation of port services, de-centralization of port management, and de-monopolization and privatization of port operations in order to enhance the quality of port services, lower the cost, and create competition among providers of port services. Argentina's Law of Ports permits any private national or foreign investor to build and operate a terminal and other port installations without restrictions, except those relating to safety, the environment, and tax matters.

The Government's National Port Authority has been confined to regulating and supervising the operations of ports. The State retains ownership of the land and the port installations and maintains most of the port infrastructure. To achieve greater efficiency, the administration of all ports, except that of Buenos Aires, has been transferred to the jurisdiction of the respective Provincial Governments. Each port has a separate Port Authority with a Board composed of representatives from the Provincial and Municipal Government, local business and labor leaders. The large port of Buenos Aires has been divided into three separate autonomous port administrations. Each port in Argentina is now responsible for its own performance, investments, expenditures, and revenue generation. Income is generated from fees levied on cargo passing through the port, on carriers docking at the port, and on private holders of concessions to provide port services.

Six terminals at the Port of Buenos Aires were privatized by granting, via public tender, 20-year concessions to five separate consortia of local and foreign companies. According to one informed source, total port costs on imports of grain at one terminal declined as a consequence of these reforms from US$9.00 per ton to US$3.50 per ton. Various port charges decreased by 20% to 50%. The number of stevedores working at the Port could be reduced from 3,200 to 1,200, while the average productivity per worker increased from 743 tons to 2,800 tons per year. Installation of new cranes last year doubled the container handling capacity to one million TEU's annually at the Port of Buenos Aires.

3.4 **Chile and Other Latin American Countries**

Chile started in 1981 to permit private stevedoring operations. Also private producers/exporters or importers were allowed to build and operate 25 terminals specialized for trading specific basic products. The main 10 commercial ports, however, have remained under the management and control of the National Port Authority, EMPORCHI. Chile's very rapid growth of foreign trade is creating port congestion which is causing costly delays waiting several days to load or unload and a deterioration of the quality of port services. The Government appears unwilling to spend an estimated $800 million required during the next four years to carry out capacity expansion and modernization at the major ports to alleviate bottlenecks faced by exporters and importers.

As a consequence, the law governing the activities of EMPORCHI will soon be modified to transfer the role of future port operations, investments, and development from the public sector to the private sector. EMPORCHI's regulatory role will be transferred to a new government department and the single National Port Authority will be decentralized into 6 to 9 separate Port Authorities as a first step to encourage competition for business among the Chilean ports. Each Port Authority will have the right to grant long-term concessions to private national and foreign companies to operate existing terminals, to provide port services, and to invest in expanding existing or building new terminals. It is hoped that essentially all new investments in port facilities will be done by the private sector.

Chile's new port policy will be to retain Government ownership of existing port facilities, but to let the private sector operate them and invest in modernizing and expanding port capacity. Port operations will increasingly be transferred to private companies and supervision of port operations by Port Authorities will be decentralized – all with a view to stimulating competition and greater efficiency.

Most other Latin American countries are following similar paths toward privatizing port services and stimulating competition as those outlined for Panama, Mexico, Argentina, and Chile. **Venezuela** started port reforms in 1989 to encourage competition, investments, and greater efficiency. The National Ports Institute was abolished and control over ports transferred to State Governments. They in turn offered long-term concessions to private companies to operate the ports. The concession terms varied among ports, but basically encouraged the private operators to reduce port costs, increase handling efficiency, and make investments in upgrading and maintaining facilities. As a result, in some cases productivity reportedly increased by up to 50% and unloading time was reduced from 2-3 days to one day or less. Working hours at ports were increased from 8 hours for 5 days per week to 24 hours 7 days per week.

Peru's Government has appointed a special privatization committee to implement the privatization of seven major ports, currently controlled by ENAPU, the National Port Authority. After eliminating a labor union monopoly over all stevedoring activities, stevedoring rates and container handling costs were reduced substantially, making Peru's port service costs competitive with levels prevailing in neighboring countries. The Peruvian investment incentive law provides for port operations by private companies on a long-term concession basis.

Colombia's Port Law of 1991 replaced its National Port Authority by local port companies ("sociedades"), which can be private or public, and accorded them the right "to construct, maintain, and operate ports, port terminals and piers, and to offer all port services." The Law prohibits these port companies from engaging in practices that restrict competition. A Superintendency of Ports was established that supervises compliance with national port policy and administers directly the four major ports. Decentralization of port management and reforms in port operations have reduced the cost of port services and increased efficiency of cargo handling. **Uruguay** also reformed its port policy recently by confining the role of the National Port Authority to that of supervising port operations, while de-monopolizing port services and allowing private companies to operate port facilities under concessions or shorter term licenses. As a consequence of these steps, several reductions in port charges were made, benefiting all port users.

Brazil passed a port reform law in 1993 to permit port operation by private concession holders and issued a law and implementing regulations in 1995 for granting concessions to private companies to operate public services, including port services, via public tenders. Opposition from organized labor and other political groups stalled implementation. Subsequently, the Federal Government wanted to start privatizing port services only at the smaller ports. Local governments, however, have been given control over their ports and they want to move aggressively to attract private investment and operations of their ports in order to expand capacity to relieve port congestion and to make ports efficient and competitive for the benefit of expanding exports.

3.5 **United Kingdom and Other European Countries**

In the United Kingdom, deregulation of ports began in 1981 with the abolition of the National Ports Council, the creation of Associated British Ports at year-end 1982 and sale in the stock market to the public. Subsequently, legal restrictions were removed for investments in port development. Restrictive labor regulations were replaced by more flexible hiring and firing practices. Local political and labor opposition delayed further substantial progress with deregulation and privatization of ports until the Ports Act was passed by Parliament in 1991. The main objectives of the new Law were to:

- stimulate port development with better access to equity capital;
- remove restrictions for developing surplus land at the ports;
- encourage ports to diversify their operations;
- improve administrative accountability and improve profitability; and
- enable port workers to own shares in the port business.

Under this Law, ports were privatized by first transferring the assets and liabilities of the existing "trust port" into a new company which could then be sold to a private company. The preferred process was a negotiated sale to the port's own management/employee group. In this way, control over the port remained in local hands with little threat of a take-over by some outsider and the benefits of reforms and privatization were spread among the employees of the port. Criteria used in cases of competitive bidding were (a) preference for management/employee bids; (b) bidders that would likely operate the port in the best interest of the local community; and (c) bidders capable of maintaining a "viable, competitive port as a separate entity."

Elsewhere in Europe, further deregulation and privatization of ports is proceeding at an uneven, piecemeal, and generally slow pace. European ports, however, already have a long tradition of privately operated port services. Little, therefore, remains to be privatized. Regulations governing port service fees and other aspects of port operations are generally programmed to keep ports efficient and competitive. Eastern Europe and the countries of the former Soviet Union are tentatively taking steps toward regulatory reform and private sector participation in port operations. **Poland** is probably the most advanced. Its Port of Gdynia has restructured its terminals and associated port services into separate companies which are to be privatized through public tenders. The port infrastructure will remain with the public Port Authority, but the facilities have been transferred to the companies for privatization.

Russia's State Committee for the Management of State Property started privatizing port operations in 1992. The Government retains the assets that are excluded from privatization, such as the land, breakwater, roads, and wharves. The remainder was transferred to a newly created joint stock company at each port. A privatization committee at each port prepared a privatization plan for approval by the Ministry of Transport and by the State Committee. The plan included the charter of the joint stock company, a list of the estimated value of the assets to be transferred to the joint stock company, and a plan for auctioning these assets in the privatization process. In 1993, the State Committee for the Management of State Property was replaced by a newly created Sea Port Authority which took over the port assets that are retained by the State. It was given the authority to lease these assets to public or private port operating entities. The Sea Port Authority is responsible for safety of port navigation, maintenance of the Government-owned assets, and investments in new facilities. Its operations are being financed from port charges (tonnage, anchorage, berthage, canal and light fees), from rent payments and charges for services to port users. The Sea Port Authority also monitors the fees charged by the joint stock company for stevedoring, ship-chandlering, and tugboat services to ensure that these charges are competitive.

Share ownership of the joint stock companies is typically 51% sold on preferential terms to port worker associations, 29% sold through a bidding process to private holders of privatization vouchers, and 20% retained temporarily by the state for later sale. These joint stock companies are required to create new companies that perform the functions of stevedoring, towing, freight forwarding, and terminal operations. Thus the process of privatization in Russia is to have one public Sea Port Agency at each port performing regulatory, safety, and maintenance functions and administration of state property at the port. It also is charged with encouraging private sector port operations and competition. The initial joint stock companies are gradually becoming holding companies controlled by the port workers, while private sector controlled companies increasingly take over the operations of port services. This privatization process has encountered delays and difficulties in the transition from entrenched bureaucratic, centralized state monopoly toward decentralization, deregulation, and privatization.

3.6 India, Pakistan, Malaysia, and other Countries

India plans to follow suggestions from the World Bank to reform and privatize port operations under leasing and concession arrangements. In some ports, on-board stevedoring, cargo pick-up for delivery, and other services are already performed by private operators who have their own mobile equipment kept in allocated storage areas. Inefficiencies, delays, and low productivity similar to port operations in other countries are proving costly for developing foreign trade in India and are the motivation behind pressures for reform. According to the World Bank, “cargo is handled by several entities with different objectives, management structures and working practices. The planning and coordination of cargo handling activities are weakened by multiple management control, inadequate communication and duplication of operational and administrative activities.” “The major and real costs which result from slow and unreliable service are in lack of export opportunities due to the slowness and unreliability of operations.”

Boards appointed by the Government currently manage and operate the individual ports. Management at the ports has identified facilities and services which they propose to transfer to private operators. India’s stated port policy reforms aim to (a) have the Ministry of Surface Transport develop a receptive environment for successful privatization of port operations; (b) reduce, simplify, and speed up procedures and documentation requirements at ports; (c) have the Ministry continue to establish limits for port charges to be levied for services provided by the private operators and the Port Authorities; (d) maintain existing labor laws and rules at the ports; and (e) grant each port the authority to plan and implement the extent to which its port operations will be privatized. It is hoped, however, that competition for trade will develop among ports and lead to improved management, greater efficiency, and lower costs for users.

Pakistan decided in 1991 to start advancing privatization of port operations (stevedoring has been traditionally private) aiming at private sector financing, building, and operating additional container handling capacity and modernizing existing port facilities and operations. To enhance the confidence of private national and foreign stevedoring and shipping agencies to invest in a new 300,000 TEU common carrier container terminal at the Port of Karachi, the Government invited the World Bank's International Finance Corporation to participate with equity and loan financing. It also agreed to let the private consortium set its own cargo handling charges, after consultation with, but without prior approval, by the public sector Karachi Port Trust.

Malaysia passed a Law in 1990 to allow privatization of port operations under licensing arrangements and it gave this authority to the individual Port Authorities by revising the Port Authorities Act in 1992. Prior approval from the Transport Minister is required before a plan for private operations can be implemented. An increasing number of other countries have also started to liberalize regulatory constraints on port operations and to seek to attract private operators of port services. Among them are Italy, Estonia, Slovenia, China, Philippines, South Korea, Thailand, and Senegal.

3.7 **African Countries**

In general, the experience of deregulation and privatization of ports, is not as developed in Africa as in Latin America or Asia. Nevertheless the process of disengagement of the state has started in some countries. In **South Africa,** ports are managed by Portnet, a large, efficient parastatal, owned by Transnet, a much larger government holding company, which also owns the national railway, Spoornet, the national airline, SAA, and several other enterprises in the transport sector. The government has started privatizing some of the Transnet holdings, but not yet determined the calendar for privatization of Portnet. The new port of Richard's Bay, a major 60 million ton per year coal loading facility, is operated by a group of large private coal exporters. In this and other South African ports there are several terminals owned and/or operated largely by private freight forwarding companies.

Mozambique's port and railway authority has begun to offer concessions, generally for 15 years, to operate terminals for handling containers, coal, citrus and sugar exports from the port of Maputo. Concessions are being considered for the remaining port activities. The main objective is to improve the competitiveness for transit of cargo to or from neighboring countries (South Africa and Zimbabwe). In **Angola** concessions were let in 1993 for an initial three years to operate the six terminals covering all cargo handling in the port. After reviewing the results, it was decided to reduce the number to 3-4 terminals, while retaining at least two operators of containers and general cargo that would compete in the port. The initial concessions were operated mostly by domestic and international ship owning companies.

4.0 **BENEFITS/COSTS OF PORT SERVICE REFORM**

The proposals advanced in this Study for reforming Egypt's port operations, will lower the cost while improving the quality of port services. This will clearly bring substantial net benefits to the Egyptian economy, although there will also be some associated short-term costs. Benefits for the economy will outweigh costs by a substantial margin. In fact, the reforms of port operations proposed in this Study will prove to be a critical element for helping to expand and for lowering the cost of imports and exports in order to realize the Government's economic growth targets for the next decade. The ports should operate efficiently and maintain the capacity to handle a substantial acceleration in the volume of exports and imports needed to support the Government's plan for a much higher future rate of economic growth. Egypt's port policy should be re-oriented and be accompanied by greater institutional and legal/regulatory flexibility in order to permit the ports to operate more as a business in support of expanding trade, and not as a state monopoly providing a social service. Such a policy re-orientation will produce positive effects directly and indirectly on foreign trade, on Government revenues, and on employment compared to the maintenance of the status quo.

The best results can be achieved, if these changes are implemented within a framework of other broad based economic reforms aimed at establishing a competitive market economy, open to trade, to foreign investment, and to new technology, with the private sector as the main driving force, as is happening in most other developing countries. Port reforms will not produce the expected benefits if they are carried out in isolation without customs reform, without reducing import and export taxes and other restrictions, without export incentives and promotion, and without deregulation and stimulation of national and foreign private investments and competition. The reforms of port operations outlined and proposed in this Study can bring a number of important benefits at relatively little cost to the Egyptian economy, if supported and reinforced by such other economic reforms.

4.1 **Foreign Trade Expansion**

The Egyptian Government has announced an important shift in its trade policy -- from import substitution to a new emphasis on dynamic export development. The Government's past foreign trade policy stimulated a strong anti-exporting bias throughout the economy by artificially creating advantages for selling to the highly protected domestic market rather than exporting. The predictable result is that today Egypt's 60 million people export less non-traditional products than tiny Costa Rica's 5 million people. Egypt's old policy of high levels of protection, with duties ranging up to 70 %, and even 160% for imports of vehicle engines, provides generally higher and more stable profits in the domestic than in foreign markets and with less risks and less competitive pressures. As member of the world trade organization, Egypt will be required to reduce its high level of protection, which will benefit both imports and exports. The multitude of problems at the ports, enumerated in this Study, has further elevated the risks and the costs of exporting.

Reforms aimed at reducing delays, red tape, complex procedures, inflated fees and other port charges, while employing better equipment and work habits will significantly reduce both the risks and the costs of exporting. Exporters will respond most positively to these reforms of port operations, if they are accompanied by other trade related positive steps, such as more active export promotion, trade financing available at international cost levels, a reliable, efficient internal transport system, faster customs clearance, and lower import costs.

Efficient low cost port services and investments in modernizing and expanding port operations will be key elements in helping realize the Government's ambitious economic growth targets in future years. This development plan will require growth of imports faster than the growth of GDP, that is, imports growing considerably faster than have occurred in recent years. It will place a burden on existing port operations and develop pressures for greater efficiency and capacity expansion. Egypt, moreover, will have to convert to an export driven economy, as was pointed out by the President, in order to help realize a high rate of annual GDP growth. Plans call for tripling the annual volume of non-oil exports during the next five years to keep the projected expansion of imports from producing a balance of payments problem. This could happen if future aid disbursements and oil exports began to decline and Suez Canal tolls and worker remittances stagnated at current levels.

Egypt can reap substantial benefits from efficient, low cost port services also for another important reason. Despite initial negotiating set-backs, Egypt is expected to be able to join a future Free Trade Zone between the European Union and the Mediterranean countries outside the Union. Membership in such a free trade area will provide Egyptian exporters increasingly free access to the rich European market, while European producers will gain free entry into the Egyptian market. A key element to help Egypt take maximum advantage of these opportunities, despite competition from neighboring and other countries, will be an efficient, low cost, competitive port system.

The Government's new high priority for deregulating the export sector will produce the best results, if efficient port services help make exports more competitive in world markets. The lowering of import duties, particularly for inputs needed in the production of exports, will go far in lowering the cost of importing, but not far enough, unless the imported products can move through the ports faster, with lower risk of unexpected bureaucratic delays, and at lower cost. Inefficient, high cost port services produce the same effect on imports as import duties and on exports as export taxes, except that inefficiency does not generally produce higher government revenues.

Egyptian ports have been left out of regular scheduling by major international shipping lines with the deterioration of its port services, while Latin American countries are gaining new regular scheduling by additional major lines as these countries advance deregulation, privatization, modernization, and new investments at their ports. The recommended improvements and reforms of Egypt's port operations and prospects of larger trade volumes will bring more frequent, regular scheduling by major carriers. Such a trend would lower the costs and risks of exporting, because it would provide for improved, more frequent scheduling, which is vital for perishable agricultural exports, and for more direct, cheaper, faster, and on-time delivery.

More direct and more frequent shipping services will help encourage more export diversification and development of non-traditional exports, including new products not exported before from Egypt, as the cost and risk of exporting is being reduced. As improved port services help exports become more competitive, production will be able to undergo expansion, with corresponding positive effects for generating income, employment, and Government revenue.

4.2 **Estimated Benefits and Costs to the Economy**

The estimated faster growth and higher levels of imports and exports will require substantial capacity for cargo handling at Egypt's ports. Most of the export growth is likely to come from labor intensive sectors, such as textiles and clothing, agricultural and processed agricultural products, furniture and leather products, and iron and steel. Some of it can probably be shipped as bulk cargo, while import growth will be heavily weighted toward products arriving in containers or that could be containerized.

An important part of the estimated higher trade volume can be handled by improving the efficiency of port operations with current capacity levels. Lower port costs and more efficient port operations will minimize new investment requirements, but also help attract needed new private investment to modernize existing facilities and to build new capacity. Required additions to port capacity will entail substantial investments in port facilities, some of which private foreign shipping lines would be willing to provide, given

- a stable operating environment,
- acceptable concession terms,
- non-discriminatory treatment, and
- prospects of growing trade volume.

A reduction of port costs by moving from current operating modes to a more efficient, competitive system can be quantified only very roughly, including the quantification of qualitative inefficiencies. If adequate data were to become available, it would be possible to develop quantified estimates of the impact of port improvements on the economy by calculating the direct impact of port service reform on trade, employment, and tax revenue. More difficult to measure would be

- the direct impact from port users on employment and tax revenue,
- the direct impact of investments on trade, employment, and tax revenue, and
- the multiplier impact on the economy from the indirect effects of suppliers of goods and services to port operators and port users.

That would still leave the broader indirect effects on the community surrounding each port, the benefits on the providers of internal transport related to more efficient and larger volume port operations and new port investments. All of these assessments would be necessary to be able to estimate the net value added to the GDP, that is, to the Egyptian economy from the impact of reforms and expansion of the port sector.

The key challenge for an economic impact analysis is the time consuming effort to collect all the necessary data to calculate the direct and indirect effects. For such an effort, for example, one must disaggregate the forecast increase in total trade by product categories. It is then necessary to translate local currency or dollar values of these trade sectors into volumes measured in terms of TEU's and tonnage to be able to analyze the ability of the ports to handle the expected additional trade volume with existing levels of capacity and efficiency. One can then derive estimates for increased trade volume with improved port efficiency in order to isolate the need for investments in new terminals to expand port capacity. In this way, one can determine what action will become necessary for the ports not to obstruct the movement of larger foreign trade volume that will be required in order to meet the future economic growth targets of the Egyptian Government. This would be the beginning for a cost-benefit analysis as indicated above.

4.2.1 **Trade Effects**

Below is an attempt to develop the trade effects from port reforms. For the past decade, Egypt's real GDP growth rate (in constant prices, discounting for inflation) averaged 4% per year, according to Central Bank data (other sources show lower growth rates), including 2.9% growth in fiscal 1993/94 and 3.2% in 1994/95. According to the Government's revised Five Year Plan, real GDP growth is forecast to gradually accelerate from an estimated 4.5% in fiscal 1995/96 to 5.7% in 1996/97 to 6.5% by year 2000 and further eventually to 8.0% per year.

A key element for reaching the Government's future economic development targets will be the associated growth in exports and imports. The President has indicated that dynamic growth of non-traditional exports will be essential for Egypt to be able to accelerate its economic growth. Such export growth will be needed to limit the future trade deficit to prevent a balance of payments crisis and pressures for devaluation. Furthermore, Egypt cannot count on continued indefinite growth of all of its other substantial sources of foreign exchange income, namely, from oil exports, Suez Canal tolls, tourism, worker remittances, and foreign aid.

In this analysis, it was assumed that non-oil exports will provide roughly half of the annual GDP growth increment. Thus, while the annual level of GDP is assumed to expand by about $15 billion, from $30 billion in 1995 to $45 billion by 2000, annual non-oil export levels will expand by less than half as much, that is by $6 billion, from $2.8 billion in 1995 to $8.8 billion by 2000. An ambitious effort of this order of magnitude will be needed to realize the equally ambitious GDP growth target.

Although agricultural exports represent only 22% of total non-oil exports currently, the Plan calls for much greater emphasis on accelerating the growth of and share of agricultural products in total non-oil exports in future years. With non-oil exports becoming the engine for Egypt's future economic growth, the share of non-oil exports in the GDP would increase from only 6.2% in 1994/95 to 14.2% in 1999/00.

The level of annual imports will also have to expand substantially, if Egypt is to succeed in accelerating its economic growth. Larger volumes of machinery, vehicles, components, and raw materials will have to be imported and used to produce larger volumes of products for export and for domestic consumption. During the past decade, particularly from 1987 till 1994, there was essentially no volume growth of imports, because the Government continued to pursue a vigorous policy of import substitution which had the effect of also limiting the growth of the GDP and of non-traditional exports.

In the future, faster economic growth, dynamic export promotion, import liberalization (lowering of import duties), and eventual entry into a Mediterranean free trade agreement with the European Union – all will contribute to a much faster growth of imports than in the past. The Government has not revealed its forecast of import growth beyond 1997 that is associated with its long-term economic growth projections. Taking the above factors and trends into consideration, it can be estimated very conservatively that the ratio of imports to GDP will at best remain constant at its present level of 28.5%, but, much more likely, gradually increase.

Experience in other countries demonstrates that an accelerating rate of economic growth is usually associated with still faster growth of foreign trade, particularly when trade barriers are also lowered. During the nine-year period 1984-93, when Chile's real rate of GDP growth increased an average 8% per year, Chile's exports expanded 12% per year and its imports even faster. When Costa Rica's real GDP growth rate advanced an average 5.5% per year during 1982-92, its exports grew 8.8% per year and its imports still faster.

In the case of Egypt, assuming conservatively that the import coefficient (imports as percent of GDP) will increase only very gradually from 28.4% in 1995 to 30.0% in

2000. This means that imports will grow only slightly faster than the real GDP growth target of the Government. In this case, the annual level of imports will reach $20 billion in fiscal 1999/00 compared to $12.8 billion in 1994/95. Thus the combined annual level of foreign trade – imports and exports – will be approximately $13 billion larger by year 2000 than in 1995, that is, increasing from $15.6 billion in fiscal 1994/95 to $28.8 billion in 1999/00. Non-oil exports will account for $6.0 billion and imports for $7.2 billion of this increase. In view of uncertainties about the future, the increase in exports and imports combined is likely be within the range of $11 billion and $15 billion for the Government's economic growth target in 2000.

According to the Planning Ministry's Summary of the Third Five Year Plan, Egypt's total foreign trade volume was 24.1 million tons (millT) in fiscal 1991/92 or US$13.2 billion. This results in a ratio of 0.55, or $550 per ton on average. Applying this ratio to other years would result in combined imports and exports of 52 millT by fiscal 1999/00. It can be assumed, however, that the average unit value of trade, that is, dollars per ton, may gradually increase, particularly as higher value capital and intermediate goods needed for the production process are imported. On the export side, some additional exports will be shipped in containers that are now returned empty due to the imbalance in containerized trade. This portion of the increase in exports would not cause an additional burden for the ports.

Assuming, therefore, that the average trade value per ton will gradually increase from $550 per ton to roughly $700 per ton by the year 2000, This means that Egypt's ports will face a 44% increase in the total annual trade volume level in year 2000 compared to 1995, if the Government's accelerated economic growth targets are actually reached. The total annual non-oil trade volume would rise from about 28 millT in 1994/95 to about 41 millT by 1999/00, or by 13 millT. These are rough estimates because the ability to reach the Government's ambitious growth targets will depend on many factors and on various important reforms. The future growth in foreign trade volume will depend on policy decisions relating to the exchange rate, credit and banking policies, trade liberalization, investment incentives, export promotion, international prices, and other trade related issues.

4.2.2 **Port Capacity**

A key factor for the future success of the Government's Economic Development Plan is whether or not Egypt's ports are in a position to handle efficiently an increase in annual trade volume of the order of 13 millT. This question can also be reformulated: What will it take for Egypt's ports to be able to handle an 13 millT increase in trade volume five years from now?

Without any efficiency improvements, the increased capacity needed will be about the same as the combined present capacity of the two commercial ports, Damietta and

Dekheila. An indication of the investment cost involved to develop that much additional capacity is the $365 million that was needed to develop 5.7 million tons capacity in the first phase of the Dekheila port development. Terminals and new ports with an additional capacity of 11 - 15 million tons per year will require investments in excess of $700 million. The current budget for maintenance and investments by the Port Authorities in Egypt is only about $35 million per year. The annual level of tax revenue accruing to the Government from the state-run Port Authorities and state-owned port operating companies is only US$61 million. The Government would have to forego all of its revenues from the ports during the next five years and still not be able to finance these major investments for capacity expansion without the help from the private sector or substantial borrowing or transfers from other budgeted expenditures.

Information from the state-owned operating companies indicated that they generated in fiscal 1994/95 a total of $75 million after tax profits plus $60 million in tax exempt income to offset depreciation and from dividends earned. These funds should go mostly for maintenance and replacement of port equipment and installations, with little left for major investments in new terminals and other new installations to expand port capacity.

At present levels of efficiency, there is insufficient capacity to handle the estimated required increase in trade volume. Berth utilization of about 70% currently cannot be increased much without causing very costly delays for ships arriving and departing. For container handling, berth utilization should not exceed 40% to ensure a smooth, time effective operation. Without the improvements in efficiency enumerated in this Report, some ports are already reaching capacity levels, particularly container handling at Alexandria and Port Said and general cargo at Alexandria. Although there is scope for further growth at Dekheila, Damietta, and the ports near Suez, they have nautical access constraints that are costly to contain or remove. After implementing the efficiency improvements recommended in this Report, an additional 5 millT of cargo capacity would probably become available at the ports without additional major investments in new terminals. The remaining 8 millT of port capacity needed in year 2000 would have to be built with an investment of around $700 million.

4.2.3 **Employment Effects**

It is not possible to calculate accurately the net effect of the proposed port reforms on employment, because employment will be affected in many different ways from institutional and legal changes of the port sector. The state monopolies offering port services employ currently about 18,000 workers, excluding employees of the holding companies. Out of this total, about 3,000 are employed by the state-owned shipping agencies, 5,000 in container handling, and the remaining 10,000 in stevedoring and warehousing. Pressures on these companies to become more competitive would lead to a very gradual reduction in the work force in future years. Conversion of the state companies to private ownership and management through the sale of shares would produce a somewhat larger reduction of the work force. The largest potential redundancy in the work force can probably be found in the shipping agencies.

De-monopolization by opening port services to the entry of private firms in competition against the existing ones would force these to seek to be competitive. As part of this effort they would scale back their work force; however, the new private companies entering port service would hire workers, thus ameliorating the net negative effect on employment. Dissolution of a state enterprise would cause a major loss of employment. Transferring terminal operations to private companies on a concession basis would result in reduced employment, unless the contract specifies labor force stability during an initial number of years. Investments in new terminals and expansions of other port facilities as well as extensive repairs produces temporary employment for construction workers as well as permanent jobs to operate the new facilities.

Far larger than the direct effect on employment is the indirect one resulting from reforms in the port sector. Gain or loss of employment in the port increases or decreases wages and salaries which becomes reflected in the volume of daily purchases of goods and services in the community. This produces a multiplier effect on sales and other business activity which affects employment is many diverse activities.

New investments, expansions, repairs, and maintenance at the ports generates a large demand for many types of supplies and equipment and services, generating production and profits and employment among diverse local firms. Installation of new private firms in the ports or new regular shipping line scheduling produces a demand for offices and office workers at the ports.

Greater efficiencies at the ports, including faster turn-around of vessels and containers and speedier cargo handling and customs clearance may result in small reductions of redundant workers. Similarly, streamlining documentation procedures and less bureaucratic red tape at the ports may cause some office workers to lose their job.

Greater efficiency at the ports and lower port costs would help make exports more competitive and imports cheaper and encourage more frequent direct liner scheduling. To the extent these developments would help stimulate more trade and bring more business to the ports, it would produce more employment directly at the ports and indirectly in the community and in transport accessing the ports. Most importantly, it would have a substantial positive direct and indirect impact on employment in the export sectors and in all production and service sectors supplying the export sectors.

Larger tax revenues accruing to the Government from firms benefiting from improved port services would permit the Government to spend additional funds on employment creating activities.

Although the aggregate direct and indirect employment effects from port reforms cannot be measured easily and accurately, there is no doubt that the net employment effect would be substantially positive.

4.2.4 **Revenue Effects**

According to available information, the Government of Egypt received a net transfer of only $61 million in fiscal 1994/95 from the Government operations of the commercial ports. More specifically, 205 million Egyptian pounds were transferred to the state budget in the last fiscal year by the Port Authorities, the state shipping agencies, stevedoring, container handling, and warehousing companies, assuming no revenue transfers by their parent companies. Only a net amount of 35 million pounds (US$10.4 million) came from the four Port Authorities, which collect port dues, light dues, towing charges, fees from piloting services, moving crane hires, and fines imposed for pollution or berth damages. Heavy external debt service for foreign supplier credits when the ports of Damietta and Dekheila were built accounts for the small size of the net transfers. In fact, the ports are now requesting that future debt service be fully paid out of the Government's budget.

The revenue situation of the state monopolies providing port services was as follows:

	Mill. L. E.	Mill. US $
All state port monopolies		
Total gross revenue	2,257	666
Operating and other costs	1,629	480
Net revenue, before tax	628	185
Tax exempt income	203	60
Taxable net revenue	425	125
Income tax (40%)	170	50

The tax exempt income consists of retained earnings to offset depreciation and dividends received from shares held in the other state monopolies that presumably paid taxes on dividend distributions. The most profitable, but least taxed among the state port monopolies were the shipping agencies.

	Mill. L. E.	Mill. US $
Shipping agencies only		
Total gross revenue	834	246
Operating and other costs	492	145
Net revenue, before tax	342	101
Tax exempt income	160	47
Taxable net revenue	182	54
Income tax (40%)	73	22

The shipping agencies generated 54% of the net revenue of the state port monopolies, but enjoyed nearly 80% of all the net income that escaped taxation. Shipping agencies are strictly service companies that have only very small requirements for fixed investments, mostly office space and furniture. Yet they escape taxation of a disproportionate share of their net revenues, presumably by diverting some or most of these revenues into investments unrelated to the activities of shipping agencies. To administer and supervise these activities probably accounts for the relatively large labor force of 3,000 employed by the two state shipping agencies.

Shipping agency fees are paid directly or via freight charges by the Egyptian exporters and importers. That burden is substantial. The Government collects in tax revenue only 8.7% of these shipping agency fees. There is little doubt that these fees would drop to a fraction of their present level, if private companies were freely permitted to compete for this business and shippers and ship owners were free to choose among competing agencies. The fees would decline to the level customary in ports of other countries paid by competitors in Egypt's export markets.

There would be some net loss of employment when the state monopolies are forced to adjust to competition. Currently, some of this manpower, however, is very likely redundant and unproductively employed, because shipping agencies normally require only a small fraction of these 3,000 workers to run this business. More efficient, less labor intensive agency operations charging lower fees would probably still be profitable. If they paid income taxes on a larger share of their net revenue than the state monopolies, the loss in government tax revenue as a result of competition may prove to be relatively minor. It will be more than offset by the income tax paid by exporters and importers on larger income as a result of paying much smaller agency fees on the shipment of goods.

In the broader context, it seems clear that the tax revenue paid by the state port monopolies is relatively modest at only $50 million per year. The proposed reforms in this Report would result in generating substantially more annual revenue for the Government after private companies are allowed to participate in port services and generate more trade and vessel arrivals, reduce costs, invest in expanding port capacity and making port operations more efficient, and building specialized commodity ports and transshipment terminals. More revenue would be spent on maintenance, repair, and replacement, while increased productivity would generate larger incomes.

5.0 **INSTITUTIONS AND LAWS GOVERNING PORT OPERATIONS**

The close institutional relationship between the Port Authorities and the state-owned companies providing port services is illustrated in Appendix A, Table 5.1. The Board of Directors of each Port Authority is composed of the chairman of each state-owned shipping agency, stevedoring, and container handling company of the port in which they operate, as well a representative each from the Ministry of Transport, Economy, and Supply & Trade and the customs administration, the local governor, and other community representatives. Each Port Authority in turn owns stock in state-owned companies operating in its port. The interlocking relationship between the Port Authority and the state-owned port operating companies would probably make it difficult for private companies to be able to compete under equal conditions against the existing state companies once their monopoly status is lifted, unless this “cozy” relationship is terminated.

Laws and decrees prescribe how the Port Authorities are organized and how they should operate. Basically, the Port Authority in each port

- supervises compliance with the port policies established by the Ministry of Transport, such as fee structures to be charged for port services, observance of safety and environmental standards;
- acts as the Government’s landlord over the water, land and infrastructure of the ports and maintains its infrastructure;
- oversees the smooth functioning of all aspects of port operations; and
- performs port services normally performed by Port Authorities, such as pilotage, tugboat services.

In accordance with Article 7, Law 12 of 1964 (Appendix A, 5.2), “maritime transport activities, including freight forwarding, loading and unloading, catering of vessels, maintenance of maritime supplies, as defined in a subsequent decree by the Minister of Transport, shall be restricted to persons or entities registered by EPOMT (the Egyptian Public Organization for Maritime Transport, created by the Ministry of Transport to administer this law). Registration shall be confined to public organizations or companies wherein the Government holds at least 25% of its capital. The Minister of Transport may, however, after consultation with another concerned Minister, authorize exceptions to these provisions when the need arises.”

Law 12 of 1964 effectively created state monopolies over all port services. All container terminals at the commercial ports are operated by state-owned companies. Container handling is done by state-owned companies. Private companies are confined to stevedoring on ships at anchor, while state-owned companies perform stevedoring for ships at berth (with two exceptions). State-owned port operating companies include:

•	United Arab Stevedores	A general cargo stevedore
•	General Warehouse Company	An operator of container freight stations, warehouses and cold stores
•	Suez Mechanical Stevedore Company	A dry bulk and general cargo stevedore
•	General Silos & Storage Company	A dry bulk silo operator
•	Martrans	A freight forwarder

Except for the United Arab Stevedores which are restricted to Alexandria/Dekheila, and Suez Mechanical Stevedores which operate in the Red Sea ports, the above companies are authorized to provide services in all Egyptian ports. In addition, container handling and container terminal operations (including CFS operations) are in the hands of companies established for particular ports. Specifically,

- Alexandria Container Handling Company (Alexandria & Dekheila)
- Damietta Container Terminal Stevedoring
- Port Said Container Terminal Stevedoring

Decrees 33 of 1993 and 19 of 1995, issued by the Ministry of Transport, have granted exceptions to the provisions of Law 12. Decree 19 "allows the Egyptian private sector to perform mechanical loading and unloading in the port of Port Said and Damietta and all related works, especially building and managing a silo for grain in the ports, and after obtaining a license from the Ministry of Transport." The conditions for granting the license were that the company had to be a joint stock company headquartered in Egypt with a capital of no less than L.E. 20 million. This decree was specifically designed for one private importer in Damietta who could meet these conditions. Subsequently, a similar exception was made for a stevedoring company in Dekheila. According to the Under Secretary of Maritime Transport, any private company can now obtain this exempt status, if it can prove that it will employ a minimum of L.E. 25 million ($7.4 million) worth of equipment and working capital for its stevedoring operation. Some local private executives consider this condition onerous and unnecessary.

Private companies are allowed to discharge charter cargo and grain at anchorage at Alexandria and this business is flourishing. (Decree 106, 1978). Decree 33 of 1995 allows dry bulk stevedoring at Dekheila and a private company is already constructing silos there. A private operator is managing a small container yard in Adabiya. Law 1 of 1966 permits private national or foreign companies to build and operate specialized single commodity ports under the supervision of the Ministry of Transport. The First Under Secretary of Maritime Transport has indicated that Amoco is interested in building an oil terminal near Damietta and a foreign investor a $150 million chemical terminal at Dekheila under the new provision. These are indications that the Government is willing to adopt a more flexible future policy toward private participation in port operations, provided the private companies are willing to make major investments.

Shipping agencies are state-owned and controlled by two parent companies, Canal Shipping Agencies and Alexandria Shipping Agency. Each controls four subsidiary companies. All of these companies in turn are controlled by either the Holding Company for Inland Transport or the Holding Company for Maritime Transport (Appendix A, Table 5.3). Ship owner's, however, hire private protection agents or ship's representatives, which are tolerated to perform unofficially shipping agency functions of expediting the vessels operations in port. The Government plans to sell minority share participation in the Government shipping agencies to employees and to private investors. This plan is labeled a privatization and the splitting of each of the two shipping agencies into four subsidiaries is considered to generate competition. Privatization, however, will happen only after private investors control a majority of the shares and a majority of the seats on the Board of Directors, with the right to replace the existing management team. Competition will emerge only after private companies are permitted to freely operate their own shipping agencies in competition against the existing state companies.

Silos and grain handling are provided at Alexandria, Damietta, Port Said and Safaga by the Silos and Storage Company which resides within the Ministry of Supply and Home Trade.

There are port related transportation services which directly affect the operation of port services. These include companies engaged in inland barge service, rail service and local and long distance trucking. Except for the railroad, these companies are controlled by parastatal holding companies which report to the Ministry of State Enterprises (Appendix A, Table 5.3). The adequacy of roads and public utilities also directly affects the efficiency of ports, but an analysis of these services is beyond the scope of this study.

The plethora of laws and decrees which provide for the establishment and operation of Port Authorities and the service companies is summarized in Appendix A, 5.4. They list the most relevant existing laws and decrees creating each entity and the subsidiary decrees which have affected the jurisdiction and operation since the state monopolies were created. A few amendatory decrees of the Minister of Transportation and Communications are included, the most important of which is Decree 19 of 1995 that permitted the first private company to provide onshore stevedoring.

These laws and decrees in turn are grouped in Appendix A, 5.5 according to laws, Presidential decrees, Ministerial decrees by the Minister of Transportation and Communications; decrees by the Governor of Alexandria concerning the Port of Alexandria; and Alexandria Port Authority decrees. The laws and decrees in each category are listed chronologically and the responsible executing agency is identified. Finally the entity or function affected by each is identified. These appendices provide an overview of the legal web in which port services are entangled.

The recommendation in this Study to abrogate Law 12 of 1964 would terminate the state monopolies and replace it with a law that would allow private companies to enter all areas of port services, except for the functions performed by the Port Authorities, and offer port services in competition against the state-owned operating companies. It would also allow the complete privatization of the state companies and for them to operate as private companies. To prohibit interlocking Boards of Directors, the Government would have to issue such a law or decree. It would trigger a new decree for each Board of Directors, modifying its membership rules.

Law 24 of 1983 gives the Ministry of Transport and Communications the authority to set the fees imposed by the Port Authorities and the commissions charged by the state-owned shipping agencies. The Ministry of Transport also sets upper and lower limits for fees charged by the state-owned stevedoring companies, whose Board of Directors then establishes within that range the actual fee charged. Under new regulations, the Boards can reduce existing fees, but still require prior authorization from the Ministry before they can raise them. In practice, they discuss any change in fees with the First Under Secretary for Maritime Transport before approving them. To deregulate some or all of the price controls over port charges, Law 24 of 1983 and related implementing regulations should be terminated. As the state monopolies and price controls over port services are phased out, the majority of the Ministerial decrees will become superfluous.

The Port Authorities should retain their regulatory authority over health, safety and navigation. The Port Authorities should continue to administer most or all of the services currently directly under their control, such as pilotage and the assignment of berths.. The Ministry of Transport could de-control the tariffs charged by the Port Authorities for use of their facilities and those of the container terminals and CFSs. The Ministry could set an upper limit to ensure that port service remain competitive with those in ports of other countries. It could set lower limits for charges by the Port Authorities to ensure a minimum flow of revenue. The actual rates paid by users of port services should be allowed to vary and be negotiable in order to encourage competition among ports benefiting Egyptian exporters and importers. The Port Authorities should be free to compete among themselves as well as with the foreign ports in the region.

6.0 **EGYPT'S PORT OPERATIONS**

6.1 **Introduction**

Egypt relies on maritime transport for the largest share of its foreign trade. There are four large ports, Port Said, Damietta, Alexandria and adjacent Dekheila, on the Mediterranean and a total of nine ports on the Red Sea, under the Ministry of Transport and Communications. In addition, there are several loading terminals for petroleum, mainly on the Red Sea. The ports on the Mediterranean, Suez and Safaga are all connected by road and rail services to the rest of Egypt. Alexandria and Damietta are also linked with the Nile river by canals. Three Port Authorities have local jurisdiction (Port Said, Damietta and Alexandria/Dekheila) while the Port Authority for the Red Sea Ports is a regional authority.

Within each Port Authority there are major departmental divisions of authority. This study concentrates on ports and port services and does not provide details on administrative departments, such as finance and accounting; or subsidiary operating departments, such as engineering. The principal operating departments that interface with users of port services are the marine department and the harbor master. (Appendix A, Table 5.1) The harbor master provides pilotage and the supporting radio and radar services. The marine department provides tugboats (and tug masters), pilot boats (and masters), launches (and boat handlers) line handlers and floating cranes (along with the crane operators and engineers necessary for their operation. An exception to this is at Port Said, where pilotage and tugboat services are provided by the Suez Canal Authority.

The port of Alexandria and adjacent Dekheila dominate the traffic volume for Egypt. In 1995 they handled some 18 million tons of dry cargo, compared to Damietta with 8.9 million tons, Port Said with 5.8 million tons and the Red Sea ports with some 3.1 million of dry cargo. The total of dry cargo handled, including transshipped containers, was 35.8 million tons (Appendix A, Table 6.1-6.4). Alexandria is an old, multipurpose port, congested, with insufficient space for expansion due to its location in a major metropolitan area. This situation does not correspond to the needs of modern cargo handling. Dekheila has been developed nearby to overcome these constraints, initially for handling of bulk commodities, such as coal and ores for the adjacent steel mill, and more recently for handling containers and grain imports. Damietta is also a new port developed only in the last decade, initially for grain imports, but in the last four years increasingly also for substantial container traffic for transshipment, taking advantage of its proximity to the Suez Canal. Port Said is used for grain imports, passenger services, and more recently containers. The Suez ports (Port Taufiq and Adabyia) are multipurpose ports for general cargo traffic in the Red Sea area (including roll-on/roll-off services to Saudi Arabia).

6.2 Current Operating Conditions

The efficient and competitive delivery of port services in Egypt is frustrated by:

- the condition of the port infrastructure which ranges from poor at Alexandria to good at Adabiya and Dekheila;
- the poorly maintained majority of cargo handling equipment in Egyptian ports; and
- the excessive costs of moving cargo in Egyptian ports.

These problems are reflected in freight rates charged by international container shipping companies serving Egypt. For example, the freight charge on a 20 foot dry container from Northern Europe to Alexandria is between $280 to $500 higher than to Piraeus, and $650 to $1,000 higher for a 40 foot container. Terminal handling charges (stevedoring, transport to the first point of rest and delivery to consignee's transport) for containers on liner terms range from approximately $183 to $225 for a 20 foot dry container and $367 to $441 for a 40 foot unit. This compares to $109 and $117 in Antwerp and $100 (20 or 40) in Zeebrugge. Northern Europe has some of the highest labor rates in the world.

- Although there are variations from port to port, some of the cargo handling practices are among the worst observed anywhere in the world. Housekeeping and maintenance are practically non-existent; and the physical condition of the infrastructure is mostly fair to poor, and particularly bad in Alexandria. This situation adversely impacts the ability of the stevedores to handle cargo and to achieve reasonable throughput rates. The container terminals are in marginally better condition.
- Aside from the new container cranes and handling equipment at Dekheila, the container equipment complement at the other ports can be considered fair to good at best. The ship-to shore cranes at Damietta are currently being refurbished and up-graded after being in service for only five years.
- Equipment for handling general cargo (cranes, forklifts, terminal tractors etc.) by the state-owned stevedoring companies is either inoperable or in poor to fair condition. The equipment of United Arab Stevedores at Alexandria is mostly junk and should be sold for scrap.

The foregoing is only a sample of the most obvious operational problems in Egyptian ports. To date the state monopolies responsible for these operations have not had the incentive nor come under pressure to re-invest enough of their earnings to adequately maintain port equipment and installations. Nothing of substance will change until the monopoly status and practices by state companies are replaced by competition from private companies, which creates the inducement or the incentive to improve service and reduce costs.

■ The Shipping Agencies

Unreasonable and excessive port charges are created by the operations of the Government shipping agencies. They do not adequately perform their function of shipping agent, that is, expediting the movement of vessels and cargo through the port. For this reason, a parallel, unofficial function of private "ship's representative" has emerged. These private companies do perform as shipping agents the indispensable task of ensuring the timely submission of correctly filled-out documentation and timely performance of necessary tasks of loading and unloading of vessels. Egyptian exports and importers pay for this duplication of shipping agency services partly directly, but mostly indirectly via the higher freight bill, which includes the charges collected from the ship owner.

The Government-owned shipping agencies customarily "pad" the bills presented to the vessel owners by over-charging for services or by charging for services they did not perform. The official tariff schedule merely lists the charges they can claim, but it does not authorize charging if the service is not performed. Yet this is the practice among the shipping agencies. An example of a bill specifying such "padded" charges is attached in Appendix A, Table 6.5. These monopoly practices enable the Government shipping agencies to maintain an excessive work force of 3,000 and still generate net revenue of L.E. 342 million last year, paid for by Egyptian exporters and importers. Allowing vessel owners to choose among competing public and private shipping agencies would lead to better service and lower cost.

■ Ship Performance

A good agent will always seek to improve the vessel performance and reduce its time in port. The time value of a ship is roughly reflected in its demurrage rate or daily charter hire. For small general cargo ships it can be as low a $5,000 per day; for bulk carriers of 40,000 to 50,000 DWT it ranges from $12,000 to $15,000 per day and for Panamax container ships it can be as high as $50,000 or more, exclusive of the daily hire on the containers on board. To expedite the handling of the vessel and the cargo, the agent will attend every step in the process of bringing a vessel on berth; discharging the cargo; collecting the freight and charges due; and in the vessel's departure.

Appendix A, Table 6.6 shows a flow chart based on the process for handling vessels in Alexandria. The flow from one function on the chart to the next is not smooth. In fact it is discontinuous. The agent's task is to make that flow as continuous and as smooth as possible. Without these representatives, productivity in Egyptian ports would be lower than it is now.

A typical example of the impact of port performance on service levels and costs is demonstrated in Appendix A, Table 6.7. It shows a ship report of a 43,500 DWT bulk carrier which discharged wheat at Alexandria. All five hatches were workable. To the right of the reporting event the time lost (non-working, not due to the fault of the ship or cargo) is indicated. The two major factor were the long delay in testing the ship and cargo for radiation and the time after finishing unloading the cargo and departing of the vessel. Some of that time was probably spent on unloading equipment on the vessel used for unloading cargo. Nonetheless, vessel time lost in port appears excessive, reflecting some of the inefficiencies in Egyptian port services. In this case, total chargeable time was 196.70 hours; of which nearly 10% was dead-time. Assuming $12,000 per day demurrage ($500 per hour) the vessel lost nearly $10,000. As this vessel was under charter, assumptions with regard to productivity are included in each charter party and thus in the freight cost of the commodity. Every vessel calling Egyptian ports reflects such considerations either in the freight (if it is a liner vessel) or in the cost of the charter party.

Another detail illustrates operating limitations of the port, which required part of the cargo to be discharged (by a private stevedoring company) at anchorage in order to lighten the vessel. Altogether 6,580 MT were discharged in 36 hours or 182.8 tons per hour. This compares to the 250.7 tons unloaded per hour at berth by the more productive shoreside equipment (two large discharge towers; each with two feeders). Lightering is done into small barges using relatively low capacity portable equipment and is normally avoided because of its additional cost, but was necessary because of the depth limitations at the berth. The lightering operation was conducted by a private bulk stevedore who supplied adequate discharging equipment in good working order and the gangs worked continuously which minimized the cost.

- **Working Areas**

Lack of adequate planning and management of resources was also apparent at some ports. In Alexandria, for example, long lines of trucks were observed waiting to use a single scale. At one weighing station, there were two scales, both operable. Apparently one was reserved for inbound trucks, as one empty truck was observed using the scale. Both scales should have been in use for the outbound traffic because an occasional inbound truck could have been easily accommodated. Furthermore, other nearby scales were unused. Adding to the congestion, was a closed gate near the scales, which could have been kept open to help speed up the process.

At Port Said, Dekheila and Damietta consignee's trucks are allowed to be inside the container yard to deliver or pick up containers. The assumed efficiencies of direct delivery inside the port becomes illusory particularly as the terminals approach their full throughput capacities. The throughput of the container terminals can be increased substantially by effecting delivery and receipt of containers in a designated drive-through area using top-lifts. The container yard and the ship cranes should only be serviced by chassis using terminal tractors or yard hustlers.

To the poor planning, work habits and lack of meaningful supervision, one must add deteriorated infrastructure and inoperable or deficient equipment. Appendix A, Table 6.8 provides a general inventory of the cargo and container berths available at the principal ports in Egypt. Appendix A, Table 6.9 provides an inventory of the mechanical cargo handling equipment of the public sector stevedores in these ports. Unfortunately, some of the published information is out of date and in conflict with what had been observed on the ground. These tables should, therefore, be treated as rough summaries, with some of the information adjusted to reflect field observations.

All of the ports, with the exception of Port Taufiq/Adabyia, suffer from bad housekeeping to outright neglect. At Alexandria, trash, used dunnage, derelict equipment and cargo handling gear litter the landscape. This debris interferes in traffic patterns, clogs working areas and creates safety hazards. The roadways as well as traffic lanes in the working areas seem to have never been maintained or repaired. Some of the deficiencies stem from poor or incomplete original construction. Where a four lane road is reduced to two lanes, traffic flow is reduced by up to 50%. Debris such as pig iron, rail tracks and heavy dunnage can severely damage vehicles and cause serious bodily harm. Exposed, embedded metal (such as foundations or stanchions) can cause tire damage and break wheels. There is a substantial amount of scrap metal lying about the ports, particularly in Alexandria, which could probably be sold to a nearby steel mill.

Some of the disrepair can be traced to improperly completed, or incomplete construction and installation. Open holes and variations in grade large enough to cause damage to large trucks abound. In Alexandria, the covers to the underground conveyors at the grain silos are broken and some are missing. Traffic, therefore, must divert to a secondary road to avoid falling into the conveyor pit. Most of the general cargo and multi-purpose berths are in similar bad or worse condition.

Recommendations for a series of easy improvements in port operations at relatively little cost, but considerable impact on operating efficiency are detailed in Appendix A, 6.10.

7.0 **BURDEN OF PORT SERVICES FOR EXPORTERS AND IMPORTERS**

7.1 **Introduction**

Egypt had a sizable trade deficit of US$ 7.8 billion in fiscal 1994/95, which was covered by tourism receipts, remittances from Egyptian workers overseas, Suez Canal tolls and foreign aid. Imports amounted to US$ 12.8 billion, oil exports US$2.2 billion and non-oil exports were only US$ 2.8 billion. Encouragement of exports is of high priority for the Egyptian Government. The total trade volume (except oil) increased from close to 23 million tons in 1990 to over 28 million tons in 1994. The number of containers handled in and out of ports increased from 335,000 20-foot equivalent units (TEU's) in 1990 to 1.1 million, including 700,000 transshipped in 1995. (Appendix A, Tables 6.1-6.4). Egypt's container traffic represents about 1/3 of total container movements in the Eastern Mediterranean, a market estimated to grow at least 6% yearly until year 2010.

Transport costs represent roughly 11% of the CIF cost for imports to Egypt and a relatively high proportion of the price of its exports. A high cost of imports also affects the cost of exports which use imported raw materials or components. For this reason, the competitiveness of Egyptian exports is influenced both by the freight rates and port costs for exports as well as the costs of inputs imported by exporters. In addition, there will be capacity constraints in certain ports, if efficiency does not improve. The capacity constraints will translate into costly delays for ships and cargo.

The products which Egypt has been able to place in the export market in the recent past are rice, preserved vegetables, prepared sugar, petroleum products and petroleum-based chemicals, manufactured fertilizer, essential oils, textile yarn and thread, cotton fabrics, floor covering, pig iron and steel shapes, aluminum and clothing. (Appendix A, Table 6.3). Some of these products move in bulk, such as petroleum and chemicals, but most are or could be containerized.

7.2 **General Cargo and Containerized Cargo**

Depending on unit value and distance (to the importing country from Egypt), the total sea and inland freight rates and port costs for containerized export cargo represent 9% to 14% of the CIF price for cotton, a typical example. For perishable commodities, such as oranges, if refrigerated containers are required, the freight and port costs can approach 40% of the CIF price. At this level of costs, the market for exports is very small, if at all viable. According to one estimate, port transaction costs alone range from 7% for cotton to 14% for oranges.

These estimates of freight and port costs do not include the cost of insurance and/or losses and damages in transit. Inefficient cargo handling and the practice of stripping/stuffing (loading/unloading) of containers inside the ports increase these costs for certain cargoes. Merchandise is removed from containers in the ports in large part because a customs deposit (equivalent to an import duty) is collected for containers leaving the port. This levy is in addition to the duty collected on the value of cargo in the container. These deposit payments are refunded when the containers are returned to the port under a draw-back procedure which is cumbersome and time-consuming. Leaving and storing the containers in the port avoids paying the customs deposit. The unloading of the containers in the port, however, removes the protection the container provides to the cargo during the transport to the final consumer. The practice of leaving containers in the port area encourages the exporters to stuff containers in the port rather than at the factory, thereby eliminating the advantage of door-to-door service. In Alexandria the containers parked in the port congest the open areas and adversely affect the port's cargo handling capacity.

Ocean freight rates reflect some, but not all, of the inefficiencies of the ports in Egypt. For containers, these rates are some 15-20% higher for destination to Alexandria than to some other ports in the Eastern Mediterranean. For exports in containers, these rates are lower than for imports due to the imbalance of cargo flows in the area with more containerized imports than exports. The exception is cargo in refrigerated containers which can be three times as expensive as normal containers for dry cargo. An order of magnitude of the negative impact of the difference in freight rates can roughly be estimated by the number of inbound containers multiplied by the freight rate differential. For the 200,000 TEU (twenty-foot equivalent unit) containers imported in 1995, this differential amounts to more than US$ 35 million in the case of a freight rate differential from Northern Europe of US$ 175 per TEU relative to other destinations in the Eastern Mediterranean.

The cost of handling containers is also out of line with the levels prevailing in other ports of the region. These costs should be in the range of US$ 120-180 per TEU (twenty-foot equivalent unit) whereas in Alexandria they are US$ 220-225 per TEU (based on liner terms). For Egyptian customers, paying for these services directly, the rates are quoted in Egyptian pounds, which translates to US$136-147 per TEU. In other foreign container ports, tariffs vary widely, as indicated in the attached table (Appendix A, Table 7.1). The variation is between US$100 and US$221 per TEU, with the cost of handling in Alexandria far outside this range. Other Egyptian ports set different tariffs. The high container handling costs are partly offset by lower costs for unloading and loading of containers as result of very low labor rates in Egypt.

In addition to the costs of container handling, productivity is an important cost element, not only for the use of the vessels, but also of the containers. The daily rental cost for containers varies but is mostly of the order of US$ 5-8 per day for regular containers and US$ 30 per day for refrigerated containers. Long dwell times (time between arrival of the container and its subsequent departure) for container cause the shipping companies additional costs, which will be reflected in higher freight rates or demurrage expenses. The container owner also pays storage fees to the port after a few days of free storage. The free time for containers without extra cost for storage ranges from 5 to 20 and up to 30 days, depending on the port. All of these additional costs are charged to the Egyptian exporters and importers.

Transit time is a very important cost element for high value goods, and especially those that are perishable or have to meet very defined delivery times. Any deviation from a set schedule can prove to be very costly. Lost business as a result of delays or slow handling procedures is sometimes impossible to recover.

7.3 **Bulk Cargo**

For bulk cargoes (of grain, fertilizer or coal) and full shiploads of lumber or other such commodities, the port costs are fully reflected in the freight rates since these cargoes are under a separate contract (charter party) for each shipment or contracts for several shipments (contract of affreightment). These contracts also include provisions for demurrage, if certain loading and discharging times are exceeded (or a rebate, dispatch money, if times are substantially reduced).

Several constraints for bulk cargoes have been identified in Egyptian ports. Among the constraints are the draught of vessels allowed (determining the size of vessels), the efficiency of individual terminals, the reliability and security of transport, and the interface between rail, road transport and barge services and port operations. Several of these factors interact with each other and determine the total cost of transport and other factors of choice for the transport user. These are critical factor for cost reductions and for the scope for increased traffic.

One indicator of port productivity for bulk cargo is the tonnage loaded or discharged for vessels and the time required for a ship's stay in port. This productivity indicator is one of the more important since the daily cost for most large vessels is US$8-10,000 or more depending on the size, age and type of ship. The rate of discharge can be as low as 4,000 tons per ship per day. Under those conditions, for a 40,000 deadweight ton ship with time charter rates of US$12-13,000 per day, the stay in port would cost US$ 3-3.25 per ton of cargo. An improvement of the rate of discharging such a vessel to 6,000 tons per day at Alexandria would reduce the freight rate by about US$ 1 per ton of cargo. An even better option may be to change the unloading of such a vessel to Damietta or Port Said, with unloading rates as high as 8,000 tons per day. This would have an impact on the freight rate of US$ 1.50-1.60. This is a significant cost saving for wheat and similar commodities with a value of some US$ 200 per ton. If, at the same time, losses of cargo in handling can be reduced from currently 5-7% to 4-5%, additional saving of US$ 2-4 would be possible. With some 6 million tons of grain imported to Egypt each year, these factors alone could represent savings of US$ 18-34 million per year.

For handling of cargo and ships in the ports, the most directly concerned is the stevedoring at the different specialized terminals. These operators control the productivity of loading and unloading of ships by their efficiency of management and the optimal use of handling equipment. In each of the Egyptian ports most of these operations are performed by a government-owned stevedoring firm. Discharging of ships at anchor (lightering), however, has been allowed for private firms, but at extra cost. It is more efficient and faster to unload a vessel at berth. The need for lightering is due to inadequate water depth, particularly at the public grain terminal at Alexandria.

7.4 **General Port Services**

A port provides many supporting services that only indirectly affect the movement of cargo. For ship handling, these are services provided by the harbor masters office, navigational aids, pilotage, towage, berthing/unberthing, ship supplies, waste reception and disposal and security. These services are performed by the Port Authority in Egyptian ports.

For cargo, in addition to direct cargo handling, port services include storage delivery/reception services, other cargo processing (verification and inspection) and security. The coordinator or expediter for all these activities is the shipping agency, privately owned in other countries, but state-owned in the case of Egypt. Since shipping agency services need to be provided around the clock and be very responsive to customer needs, a governmental agency is not sufficiently motivated to meet these requirements expeditiously. The result is that many shipping companies have appointed their own additional private ship's representation in Egyptian ports. This alleviates certain, but not all, of the service constraints. At the same time, the fees charged by the government agencies range from about 2% of the freight for imports to 2.5 or 5% of the CIF value for exports (except bulk cargoes). This is a burden for exporters and importers.

Because of the role of the shipping agency as a facilitator and expediter of services to both ships and cargo, it is the practice in almost all countries that this function is open to unrestricted competition between private agencies.

While most of the constraints relating to port services are institutional or regulatory, there are also infrastructure constraints. The port of Alexandria currently has draught limitations for ships above some 40,000 dwt. This limits its use to smaller container-ships and bulk carriers. Since this is an old port the room for expansion of storage areas is severely limited. The near-by port of Dekheila has more space and deeper water, but suffers from inadequate breakwater protection. The Damietta port is fairly new with very adequate space and water depth but the port requires regular dredging to maintain the access channel from time to time. The present port facilities of Port Said are well located in relation to the Suez Canal, with a large volume of passing container ships, but the surface areas are too limited for future expansion. A solution to this problem would be the establishment of a "dry port" for containers near the new industrial city of 10th of Ramadan on the road to Cairo from the Port Said. Suez is also well located for the Canal traffic, but port facilities are much less developed for container operations than those of the other ports. If a decision were made to overcome already apparent capacity constraints at some of the ports, major investments should be concentrated in one or more of these ports, near the Suez Canal.

Aside from significant institutional reform of the Egyptian port sector designed to make port operations more responsive to exporter needs, as proposed in this study, investments to expand port capacity would be needed to meet future market growth. As has been demonstrated in the case of Dekheila, investment in new infrastructure requires major resources and a long lead time. This is one of several reasons why at least for specialized commodity port terminals this may best be met by investors having a direct stake in moving the product being handled. There is a general trend world-wide for more integration between the production and the distribution process, of which port handling is only part of the transport chain.

7.5 **Superstructure and Equipment**

The port superstructure, such as surfacing, storage, workshops and offices, would be adequate if it were in good condition. Unfortunately in many instances these installations have not been well maintained. Rehabilitation, in particular of quays and surface areas in the older ports, is required as well as removal of unnecessary sheds. Repair and rehabilitation of existing port assets is by far more cost-effective than building new installations to improve productivity. Equipment is adequate in the newer ports (Dekheila and Damietta), but needs much better maintenance and in some cases rehabilitation or replacement. With rapid growth of containerization, more handling equipment will be needed to make the best use of ship-to-shore cranes. More resources provided for equipment and surface maintenance can be justified and will provide better turn-around for ships and cargo. Poor surface areas lead to breakdowns of mobile cargo handling equipment which in turn requires more maintenance to avoid delays or interruptions of cargo handling. Private operation and maintenance of port equipment has the advantage of more rapid responsiveness to emerging problems. This is vital for port operations to meet market needs.

7.6 **Services to Ships**

In general, the services performed directly for ships by the harbor master, navigation aids, pilots, towage, berthing and unberthing and provision of supplies do not present major problems, but can cause delays. This is due largely to inadequate communications (lack of working telephones and VHF links) limiting the work by the shipping agency. Some time savings for ships are feasible by improved means of communication.

7.7 **Services to Cargo**

Cargo handling, storage and processing needs major improvement. Part of the problem lies with the condition of the equipment and surface areas, but the major part is due to institutional and regulatory factors. A part of this problem could be resolved by customs reform, but competition in port services would also go far in improving cargo handling at the ports. Cargo handling and processing needs improvement for several reasons. One is to reduce the direct cost of the operation, the other is to reduce the time of delivery of the imported or exported cargo and a third reason is to reduce loss or damage to the cargo.

Warehousing is another important port related function where independent service ought to be provided. A disengagement of the central government from the operations of the Egyptian General Warehouse Co. should therefore be considered. This could aim at improving the efficiency of storage of refrigerated cargo for export where again a revival of this market depends entirely on the efficiency of the chain of transport.

8.0 **ALTERNATIVE PROPOSALS FOR PORT REFORM**

In the previous sections of this report, details were presented about the operation of state monopolies of port services. It was shown that the port installations and equipment are not being adequately maintained and that the annual investment budget is insufficient to expand port capacity for handling the future increases in trade volumes related to meeting the Government's accelerating economic growth targets. It was also shown that the revenues transferred to the Government by the state entities from port operations are rather modest, while sizable profits apparently remain tax exempt and are diverted for other investments. It was also demonstrated how the lack efficient port services and non-competitive rates translate into an added cost burden for Egypt's exporters and importers. Areas for improving the quality of port services and lowering port costs were highlighted. The benefits and costs of introducing competition and more private participation in port operations and services were assessed. Case examples from other countries were presented to demonstrate a world trend toward privatizing port services and investments.

Based on the experience and results in other countries, Egypt can choose among several feasible alternative forms of organizing port operations that will meet the country's objectives. A case has been made in this report for deregulating and introducing competition in the port sector. The Government has alternative options for proceeding with reforms in the port sector. In all of the alternative options selected for discussion, it has been assumed that the Government is willing to extend its policy of privatizing state companies to the port sector. The basic issues to be examined, therefore, are the desirable form of private participation, the division of responsibilities over port operations and services between the public sector and the private sector, and the speed of reforms for arriving at the objectives.

8.l **Variables for Alternative Port Scenarios**

The alternative proposals for introducing reforms at Egypt's ports relate to the following variables:

- Administration of ports
- Operation of terminals and other port infrastructure
- Operation of port services
- Documentation and procedures for cargo and vessels in port
- Investments in and operation of single commodity terminals
- Investments in and operation of transshipment facilities
- Legal and regulatory reform.

8.1.1 **Port Administration**

Port authorities carry out the administration and overall supervision of commercial ports that handle diverse cargo from a variety of sources. Some countries have established a single national port authority for all of their commercial ports, while Egypt and most countries have a separate port authority for each port. A main motivation for establishing a single national port authority is the exercise of centralized control over all port operations to ensure that national port policies are uniformly implemented at all commercial ports. Separate port authorities for each port could facilitate competition among ports. Depending on the legal framework and the composition of the Board of Directors, control over the port authority could be exercised by the local government and commercial interests. Control over the port administration and operation of each port can vary and be oriented toward maximizing the port's natural or economic advantages or toward pursuing new opportunities.

Port authorities are usually national or local public sector entities, as in the case of Egypt. They can also be organized as a joint stock company and issue shares for private national and foreign investors to assist the public sector in administering the port effectively and profitably. In either case, the Board of Directors supervising the operation of the port authority can have representatives from the private sector, the local government, and from the central government (Ministry of Transport, Economy, Industry, Commerce or Foreign Trade). The goals of a national port policy or the goals for a particular port should determine who controls the port authority and the extent of its activities in the port.

The port authority should probably be under some oversight by the central government if the main objective of the port authority is to monitor that the operators in the port comply with all aspects of the Government's port policy, laws and regulations. The port authority should probably be under the control of the local government and the local business interests if the main objective is for the port to benefit the local economy around the port. Strong private sector participation in the port authority can be useful if the main objective is for the port authority to adopt efficient business practices in the port administration and to promote actively major private investments and more shipping lines to the port. Government control of the port authority is usually exercised if the port authority acts as the "landlord" representing the Government's ownership and long-term planning interests in the port. The port authority exercises jurisdiction over the land area of the port, surrounding water and breakwater, and all fixed installations owned by the Government.

The function of port administration and monitoring that all port operators and users comply with the Government's port policies and regulations should be separated as much as feasible from functions performed by port operators and port service providers. If these two functions are mixed up, as in the case of Egypt, there is conflict of interest, which hinders the efficient exercise of port operations. The practice of interlocking directorships with Board representation by port authorities in the state monopolies that carry out cargo handling operations and vice versa, as well as between state operating companies, greatly inhibits competition and effective deregulation of port services. It may even limit the Government's ability to pursue port policies in the best national interest free from effective interference by the special interests of managements of the state operating companies. The Chairman of a state-owned container handling company, for example, sits on the Board of Directors of the Port Authority. He is in a strong position to influence policies relating to services performed by the Port Authority and the setting or changing of port tariffs affecting his company's profitability and in the decision which private companies to allow to operate in the port and hence to compete against his company.

8.1.2 **Operation of Terminals and Other Port Infrastructure**

Governments in virtually all countries retain some measure of control over the ports, for reasons of national security and planning. Ports are a key link of the transport chain and are viewed as an important element in a country's foreign trade strategy. The land, surrounding water, the terminals and other major port infrastructure are usually owned by the Government, as in the case of Egypt. Port authorities represent the Government's interests in the ports. The fixed port installations can be operated

- by the Government companies, if the Government wants to maintain total control over the ports and finance all port investments or
- by private operators under management contracts, if the Government is interested in improving operating efficiency at the ports, but make its own investments, or
- by private operators under long term concession arrangements, if the Government wants the private operators also to finance and carry out the investments to maintain and expand the port facilities, or
- by private companies operating under short-term leases, if the Government wants to participate in market opportunities.

Under management contracts, the private operators are paid a fixed amount for their efforts, regardless of the results. Under concession contracts, the operator risks his capital in port investments and, therefore, shares with the Government's tax authorities the profits from port operations. Storage facilities are sometimes leased for short terms to private users, but berths are usually available to all vessels. A Government monopoly is maintained over all aspects of port operations, including the operation of terminals, as in the case of Egypt, when port operations are viewed as a public service.

Private national and/or foreign investors are invited, via competitive public tenders, to operate ports or individual terminals essentially in order to improve the competitiveness of exports by lowering port costs and improving the quality of port services. Private operators may also be able to attract major shipping lines to set up regular port calls, so important for efficient, competitive exporting. They may be needed to introduce new technologies to raise productivity. Only foreign investors may be in a position to make major investments in upgrading the port equipment and infrastructure and expanding capacity or build transshipment terminals. In the hands of private operators, the ports are not operated as a public service, but as a business for profit to serve customers.

Major shipping lines are often interested in bidding for concessions to operate container terminals and are willing to organize major investments for improving port operations. Contract terms can be tailored to ensure competition. Vessels of different lines should be allowed to use the berths and other port facilities and to contract independent stevedoring services. As mentioned in a Working Paper on "European Sea Port Policy" by the European Parliament in 1993 (page 8), "port competition takes place at three different levels: among ports, among undertakings that operate in different ports, and among operators or providers of facilities within the same port." Thus Egypt can establish conditions in contracts with private port operators for incentives designed to stimulate competition at any or all three levels mentioned above. Contracts for port operations usually include fixed or minimum guaranteed payments to the Port Authority from the private operator.

8.1.3 **Operation of Port Services**

Most services in ports, such as cargo handling, maintenance operations, piloting, tugboat operations, and security, can be provided either by Government entities or by private companies. Cargo handling and related services on board and on land and ship owner representation are performed by private companies in almost all countries. Egypt is an exception, particularly in regard to the public sector monopoly in bonded warehousing, freight forwarding, shipping agency, and stevedoring. Inadequate performance, described earlier in this report, has created opportunities for some private operations. They operate under exemption within existing legislation granted by the Ministry of Transport.

Poor service by state monopolies, excessive red tape at the ports, inflated port charges, delays, and some arbitrary charging by Government shipping agents have raised the costs and the risks with the result that some major shipping lines have stopped calling at Egyptian ports. Less frequent shipping service has caused delays and raised the transport risks for exporters, particularly of perishable products. Opening this sector to competition among private service companies and between private and public companies would lead to more efficient and reliable service at lower cost, benefiting Egypt's exporters and importers.

8.1.4 **Documentation and Procedures**

Streamlining, simplifying, standardizing, computerizing, and minimizing documentation requirements and procedures for vessels in port and for inbound and outbound cargo and containers could greatly reduce many problems for port users. Exporters, importers, and shipping representatives have revealed that problems at Egyptian ports have grown to the point that a group of exporters of perishable products are searching for ways to avoid the Egyptian ports altogether by chartering air freight services. They experienced losses from unanticipated delays in port resulting in spoiling of perishable cargoes. Excessive red tape invites arbitrary acts by port bureaucracy, corrupt practices, or misplaced or incorrectly filled-out documents holding up the movement of cargo. Egypt can greatly benefit from the experiences in other countries of how to reduce red tape and greatly speed up documentation procedures in ports. A listing to facilitate procedures at ports is included in the Appendix of this report.

8.1.5 **Single Commodity Terminals**

Most countries permit producers/exporters or importers of a single commodity, such as petroleum, grain, or minerals to invest in, to own, and to operate exclusively a terminal designed for handling a specific commodity for the owner's benefit. In such case, the Government's role is limited to monitoring compliance with safety standards and environmental rules and making sure that the owner/operator observes all the terms in the investment contract, which relate mainly to payments to the Government.

8.1.6 **Transshipment Terminals**

Some port locations in a number of countries, including Egypt, are particularly favorably situated for servicing as transshipment centers. Egypt's Suez Canal offers an attractive potential for major transshipment operations both at the Red Sea and Mediterranean. A flexible attitude toward foreign investment, active promotion, and port reform would very likely attract long-term large foreign investment commitments, despite other transshipment facilities having already come on stream at nearby, competing locations.

Countries that want to build transshipment ports have invited foreign investors, including international shipping and stevedoring companies, to make the large investments and set up world class port operations able to compete against any other nearby service. To attract foreign investors, Governments have offered long term concessions of 20 to up to 50 years, along with generous tax incentives, and considerable operating freedom.

Major private investments in new terminals or development of new ports are often made on the basis of "build, operate, and transfer"(BOT) or "build, own, and operate"(BOO). Under the BOT arrangement, the investor finances the investment for a negotiated share of profits and agrees to transfer all the assets to the Government after an agreed period of 20 years or more. The BOO arrangement applies mostly to single commodity export or import terminals.

A major international hub for transshipment operations can bring substantial benefits for Egypt. Construction of new transshipment terminals near either or both ends of the Suez Canal would bring new investment, new construction, additional employment and revenue, and considerable ancillary supply, maintenance, and other activities. New terminals create new permanent jobs, in the case of Panama's new Manzanillo transshipment terminal 570 full-time, permanent jobs. New transshipment operations may bring additional ship transits through the Suez Canal and it would attract additional regular scheduling by major shipping lines which could even lead to improved scheduling at some of Egypt's existing ports. Increased volume at transshipment ports would also provide opportunities for more and better service for Egyptian exporters and importers. Potential benefits from transshipment facilities can be further enhanced by promoting the nearby construction and operation of an industrial park for export operations and a free trade zone for re-export assembly operations.

8.1.7 **Legal and Regulatory Reform**

Extensive deregulation in many countries has accompanied the introduction of competition and privatization of or private participation in port services, operations, and investments. Deregulation has taken many forms. Laws and regulations need to be abolished or modified to permit termination of state monopolies in port services and allow private national and foreign companies to operate and compete on equal terms to those available for state companies. Fair competition implies that both public and private companies in the same activity operate under the same rules in setting their fees, paying taxes, bidding for contracts, obtaining services from the port authority, being inspected, and negotiating contracts with their work force. Most countries have replaced laws and regulations that discriminated against foreign investors by new laws guaranteeing foreign companies equal treatment to that of national companies in order to attract foreign capital, foreign services, and foreign technology.

Companies providing port services are usually allowed to compete not only in quality of service, but also in the prices and fees they charge. Freedom of entry by private companies to provide port services will result in competition when more than one company offers the same service. This permits decontrolling fees charged for port services. Lower port costs would result from more efficient service and lower fees. Non-competitive high rates in an otherwise free environment produce loss of business or such attractive profits that they invite entry and competition from newcomers seeking market share with the result that the tariffs are driven down to competitive levels. Port authorities should not hold equity or Board membership in any operating company, because they need to be free to prevent monopolistic pricing practices. Port authorities can set maximum or minimum rates where price competition is not possible or where it may prove detrimental to the quality of service.

8.2 **Alternative Feasible Port Reforms**

Egypt has a wide choice of how to manage port services. One possible scenario is to continue the status quo with the Government retaining ownership of port assets, through port authorities, and operational responsibilities for port services largely through state-owned corporations, grouped under holding companies. Another possible case is the example of Singapore, where the port authority is the sole operator of all facilities in the port. As such, it is also the sole employer. All substantial investments in maintaining, upgrading, and expanding the port infrastructure, superstructure, and equipment are done by the port authority and financed by the state. The private sector participates only in such port services as ship agency representation, warehousing, distribution, and local drayage. Marine port services, such as pilotage and berthing tug service, are provided by the port authority. The Singapore port operation is considered one of the most efficient and most profitable in the world. It is unique, however, because other state operated ports have not succeeded in attaining a satisfactory level of efficiency and competitiveness, which has caused a worldwide trend toward various forms of port privatization. Singapore has a highly productive, disciplined work force and abundant, educated management talent, trained to operate like modern, technically advanced private businessmen. It would be very difficult to replicate successfully Singapore’s state port monopoly. No other countries are currently following this example and moving in the direction of state monopolies and greater controls over port services.

A fundamentally different approach is for the Government to retain ownership only of the land and fixed port superstructures, while a private enterprise owns all other assets and controls all port operations. This case exists mostly for single-user commodity terminals, such as loading or receiving crude oil, minerals, or some primary agricultural products.

A number of intermediate scenarios are feasible for Egypt, the more important of which are described in further detail in this section. In addition, for each port a variant or different case and timetable of implementation can be adopted. The most important feature is that private owners or a public-private joint venture would be responsible for operations of loading and unloading of ships and cargo handling. This usually includes ownership and management of equipment related to these operations as well as responsibility for maintaining surface areas and quays. Among various intermediate cases, the Port Authority can retain responsibility for access to the port and perform such functions as dredging to maintain the access channel, upkeep of navigation aids, security, environmental protection, and general supervision. In other cases, the port authority would retain ownership, but not upkeep, of such major assets as container cranes, tugboats, and silos, while contracting out operation of container and grain terminals and supporting services, such as dredging, towing, and pilotage.

Only the major alternative forms of port services can be outlined here. Variations from these scenarios are quite possible as well as moving in stages from one of the scenarios described below to another one or adopting one approach for some of the ports and a different approach for any of the other ports. In the alternative feasible cases selected, it is assumed that the Government is ready to enter into some form of partnership with the private sector by allowing private participation and competition in port services. A decision on how to proceed or which aspects of reforms to emphasize will depend on the objectives the Government wants to pursue and on how it wants to reach its objectives. These strategies and objectives can include some of the following:

- attracting major international shipping services with regular scheduling for direct service to improve access to major potential export markets**;**

- attracting private investment to modernize port facilities and to introduce new technologies and equipment;

- improving the efficiency and lowering the cost of port services to help make Egypt's exports more competitive in world markets;

- decontrolling port charges and stimulating competition among providers of port services within each port, among ports, and with ports in other countries;

- transferring operating control over ports to experienced private operators, while retaining ownership of port infrastructure and facilities and overall administration of port policies for the Government;

- attracting large private investments in new terminals to take care of expanding future trade volumes;

- stimulating private commodity producers/exporters or importers to build, own and operate their own exclusive, specialized terminals;

- attracting large foreign investments to create a major international hub of transshipment terminals by taking advantage of the Suez Canal location;

- stimulating broad based Egyptian stock ownership in the country's port facilities and services;

- giving preference to private Egyptian over foreign investors in controlling future port development;

- retaining the existing institutional and ownership structure, administration, and operating control over the ports as well as the existing managements at the ports, but introducing some decentralization;

- maximizing or maintaining employment levels at the ports;

- maximizing or maintaining Government revenue from port operations;

- transferring control over and responsibilities for port operations to the local Governments and communities where the ports are located;

- privatizing by selling all Government port facilities and equipment, not the land and surrounding water, to private companies.

Certainly not all of the above strategies and objectives which the Government may choose to pursue would result in effective competition and meaningful private participation in port services nor in improving the efficiency and lowering the cost of port services for Egypt's exporters and importers.

Below is a brief outline of several major alternative ways feasible for Egypt to introduce reforms at the ports:

8.2.1 **Alternative A – Private Share Participation**

Case A is an extension of the Government's current plan of selling shares in state owned shipping agencies, also to the workers, in order to achieve wider stock ownership and gain labor support for privatization. In Case A all shares would be gradually sold and thus the state companies effectively privatized.

Control over port policy in Case A would remain centralized at the Ministry of Maritime Transport. The Boards of Directors of the Port Authorities and state companies would be given greater responsibility to initiate, develop, propose, and implement policies relating to operations, investments, and profit distribution. Legal and regulatory provisions, including Law 12 of 1964, governing the state monopoly over port services could remain unchanged initially, but will have to be changed when equity control in these state companies passes to private shareholders.

Control over tariffs and fees charged for port services would stay with the Ministry of Maritime Transport, which ultimately approves changes in port charges proposed by the Board of Directors of the Port Authority or a state operating company at the ports. Tariffs and other fees will be set with the aim of remaining competitive with ports in other countries and subsidizing the rates paid by exporters, while "taxing" those paid by importers. Thus market forces do not trigger changes in fees nor determine their level, except that the Government uses the tariff levels prevailing in other countries as benchmarks when it decides to change its port tariffs and fees.

A separate Port Authority at each port is responsible to the Ministry of Maritime Transport for monitoring and enforcing compliance with the Government's port policy at each port. The Port Authority currently sits on the Board of some state operating companies and a member of their Board or management, usually the Chairman, sits on the Board of Directors of the Port Authority. The local government, the Governorate, is also represented on the Port Authority Boards. These interlocking Directorships inhibit competition and the efficient functioning of ports. They also highlight a conflict of interest because the Chairman of a state operating company sitting on the Board of the policy supervising Port Authority has opportunities to influence Government decisions on prices, subsidies, profit allocation, and other key policy decisions which critically influence his company's performance. A good case can be made for discontinuing interlocking Directorships and share holding where it creates a conflict of interest, particularly after companies are privatized and after private participation in port services results in pressures for discrimination.

Privatization of port services can be carried out in several different ways,

- by outright sale of the state companies providing port services,
- by the sale of shares to private groups or in the stock market,
- by forming joint ventures between the state companies and private firms, or
- by allowing private companies to compete against the existing state companies.

Under the Government's current plan, private participation of only the shipping agencies is to be phased in very gradually. Shares representing 10% of the equity are to be sold to the employees and 30 % to private investors, through the local stock market. Dominant state ownership and control over these companies will remain unchanged.

Increasing share ownership in port service companies by the public is a positive step toward privatization. Aside from gradual private share participation, however, little else of substance is being changed by the Government. Law 12-1964, which grants these state-owned company a monopoly over port services, is to continue. The same state company managements are to remain in charge of these companies. Although competition is to be stimulated by creating three or four separate state-controlled stevedoring companies, interlocking Board of Directorships and share holding take care of severely limiting true competition. Although a change in regulation now permits the Board of Directors of a port service company to change the tariffs charged for cargo handling, most rates have not changed and do not vary among ports. Any increase would require prior approval from both the Port Authority and also from the Ministry of Transport.

All port infrastructure, facilities, and most equipment remain under Government ownership and operating control. Minimal investments continue to be made by each state-controlled company out of retained earnings for maintenance and depreciation. Any larger investments have to be approved by the holding company and the Ministry of Transport and/or the Ministry of State Enterprises, because it triggers a reduction in revenue transfers to the Holding Company and to the Government. In this situation, investments are made at the expense of revenue transfers to the Government or from Government budget allocations. The employment level at the ports remain essentially unaffected by reforms under this scenario.

The process of gradual privatization through sales of shares should be extended to all state companies at the ports and speeded up. The private shareholders would be represented on the Board of Directors according to the percentage of shares held by the private sector. Majority equity control by the state should not be maintained indefinitely. After all, the decision to start the process of privatization was made because the current system of state monopolies is not yielding satisfactory results. Minority private participation does not change this situation.

Case A does not provide for effective private participation in the near term to influence port operations nor does it encourage effective competition leading to improved quality and efficiency of port services. It would not lower port costs and increase investments in upgrading and maintaining existing equipment and infrastructure. It would not result in expanding capacity to meet the increased volume of trade in the future and to help improve the competitiveness of Egypt's exporters. The ability of Egypt's ports to compete against ports in neighboring countries in the Mediterranean and Red Sea will suffer. Reliable, high quality, low cost services in these ports will attract future growth in regular, direct scheduling by major shipping lines, while Egypt will have to be satisfied with less frequent, more costly indirect shipping services.

The First Under Secretary of the Ministry of Maritime Transport is aware of the need to remain competitive *vis-a-vis* ports in neighboring countries and to attract regular direct services of major international shipping lines. The Government, however, seems to want to accomplish this by dictating uniform port charges for all ports to discourage competition between ports, but to set the rates at levels that are competitive with those charged by neighboring competing ports. The Government has decreed "discounts of 50%" for container handling charged to exporters and for transshipment. The First Under Secretary of the Ministry of Maritime Transport also wants to order all entities operating in the ports to participate in efficiency investments.

The elimination of padded port fees and fees for services that are not actually being performed by state shipping agencies or Port Authorities would help restore some interest in Egypt's ports by international shipping lines. Investments to modernize equipment and port installations would improve cargo handling at the ports. Lower port charges imposed by Government order, however, do not resolve the fundamental problems at the ports outlined in this report. Lower port charges in this case will mean lower profits realized by the state companies and less generated for investments at a time when investments need to be increased to reverse the deterioration of port infrastructure and installations. The Government may have to forego tax revenues from state-operated port services altogether and help finance the necessary investments in restoring, maintaining, and expanding port infrastructure, facilities, and equipment. The Government would have to convert the state monopolies in the ports into fully independent, competing profit centers, run like businesses with business-oriented managements for the state companies to be able to maintain profitability and increase investments, while charging lower fees and tariffs.

These ports should have to compete for business not only against ports in other countries, but also against each other within Egypt, in order to come under pressure to reduce and keep controlling costs and improving productivity and efficiency. Attempts at reforms and restructuring, while maintaining the Government in control of all port services, have proven too timid and insufficient in most countries to result in world class, efficient port operations without private sector participation and competition. The Government's plan to sell only a minority of shares in only the shipping agencies to the private sector and to divide each of the two shipping agencies into three or four separate entities will, therefore, not resolved the problems of high port costs and inefficiencies outlined in this Report. Even adopting Case A by privatizing all operating companies will not introduce effective competition and adequate port improvements, if this step is not accompanied by free entry into port services by other private companies and deregulation of port charges.

8.2.2 **Alternative B -- Private Port Services**

Under Case B, port services, such as stevedoring and shipping agencies, would be de-monopolized and opened to private sector participation, if the Government wants to encourage competition to lower port costs for exporters and importers.

The Port Authority at each port should be limited to administering the Government's overall port policies and its ownership of the land, port infrastructure, fixed installations, and equipment at the commercial ports. Terminal operations, stevedoring, shipping agency, and warehousing activities are performed by separate state companies which can be gradually privatized through sales of shares and private shareholder representation on the Board. The arbitrary discretion of the Ministry of Transport to decide if and which private company is allowed to offer stevedoring services at berth should be substituted by legal provisions that outline the conditions in a transparent way for a private company to enter this business.

In Case B, rather than introducing private participation gradually through the sale of shares in state monopolies, private companies would be allowed to compete against them by abolishing the state monopoly in stevedoring and shipping agencies. Private national and foreign companies would be allowed to compete on equal terms against existing state-controlled port service companies. To survive, these companies would probably also privatize or merge or form joint ventures with private companies. Under competitive pressure, they would undergo radical modernization of their managements or face decline. In practice, ship owners will no longer be required to hire state-owned shipping representatives and then rely on the services of private ship owner representatives (so-called protection agencies as well as other types of ship agents or representatives). Such duplication and extra expense will be avoided by being allowed to freely choose to hire either the state-controlled or the private ship owner representatives.

In Case B, the state monopoly over onshore stevedoring would be eliminated and private stevedoring companies allowed to operate not only at anchorage but also at berth for unloading or loading ships. Law 12-1964 would be replaced by a new Law that ends state monopolies over port services and creates the conditions for competition among private stevedoring companies and among shipping agencies and between private and state-controlled companies in the same ports, between ports, and with ports in other, neighboring countries.

Competition should be allowed under Case B, not only in the quality of service, but also in the fees charged for such port services. To implement price competition, it will be necessary to deregulate all port fees and commissions charged by shipping agencies and stevedoring companies, and only set some limits and/or regulation aimed at avoiding monopolistic practices as well as sub-standard services, poor maintenance of equipment, or deteriorating work conditions.

The Government can maintain some transparent regulations as long as they are applied non-discriminatorily and designed to maintain safety and minimum service quality as well as protection against monopolistic practices. Very small port operations can probably be handled by a stevedoring company from a nearby larger port. The private companies would be allowed to own their equipment and rent storage space in the port and operate under equal conditions to those of competing state companies.

The Port Authority would administer the port and Government ownership over all port infrastructure and provide some services. State monopolies would continue to operate terminals and other port installations. All investments in maintaining and expanding port infrastructure and installations would remain the responsibility of the Port Authority and the state-owned terminal operators. In both Case A and B, the Government would continue to bear the burden of financing all investments in upgrading and expanding the port infrastructure, fixed installations, and most equipment. This burden could prove substantial for the Government budget.

8.2.3 **Alternative C -- One Private Port Operation**

In Case C, the Government would decide to transfer temporarily the management of one port to an experienced private operating consortium as an experiment aimed at re-establishing a world-class, competitive, dynamic port operation.

In Case C, the operation of one port would be turned over by the Port Authority to a private consortium to operate all facilities under a long-term management contract. The Port Authority would merely represent the interests of the Government by monitoring that the private group complies with all the terms of its contract, including

- payment of rent from operators of the infrastructure and facilities,
- arrangements with private contractors to maintain the equipment and installations,
- bid procedures and contract terms for companies to operate, maintain, and make the necessary investments in the terminal and other port operations,
- staying within a range of agreed fees and tariffs,
- maintaining an agreed minimum overall level of port employment,
- management training and manpower development,
- keeping the berths available to vessels of all lines on a non-discriminatory basis or offering them on short-term leases,
- organizing an aggressive campaign to attract more port business, and
- generally meeting all commitments for improving the efficiency of port operations and stimulating competition among providers of port services.

Foreign investors should not face discrimination in the bidding process, because only they might have the experience in rehabilitating port operations effectively and in attracting major investments and international shipping lines. They should be encouraged, but not forced, to invite private national investors to participate in the investment and in the rehabilitation efforts in the port. There is also a great competitive advantage for a port to try to attract experienced operators. If the port management consortium succeeded in improving the efficiency of the one port, they would not only improve port services for exporters and importers in that port, but provoke competition among Egyptian ports as well as efforts to upgrade their facilities and services in order to retain market share and not lose it to the privately managed port. Practices introduced in that port could be studied and introduced in the other ports. If this experiment in one port were perceived to be successful, support would then emerge for similar private management of other ports on a contract basis.

The benefits from private port management will be sustainable beyond the contract period if the role of the management team is sufficiently comprehensive to be able to produce lasting results. Prospects for best results from management contracts will vitally depend on the operating freedom granted the private management team and the extent of responsibility for managing the port transferred from the Port Authority to them. The Government should also be willing to consider proposals from the private management for regulatory reform to facilitate competition and encourage investments. Less than optimum results would be achieved, if the port management team is limited to a consulting and advisory role with the Port Authority carrying out all decisions regarding port improvements. A management contract normally does not include a commitment by the contract holder to undertake major investments. He can be instrumental, however, in helping to attract, select, and supervise private investors to be contracted by the Port Authority.

Under Case C, control over port administration would thus be transferred temporarily to a private management team, but the Port Authority would continue to supervise overall compliance with the Government's port policy and with the management team's contract terms. Legal and regulatory reforms would be proposed by the management team to remove obstacles to an efficient port operation. The private management would be able to propose changes in port fees and tariffs or have the freedom to make such changes but within contractually agreed limits. Competition and private participation in port services would be encouraged by the port management team in order to reach contractual commitments to attain higher efficiency standards, to attract new business, and to make investments in upgrading and expanding port installations. Port services would be opened to private companies to compete against existing operators. In Case C, Government revenue from port services is likely to increase, while direct employment in the port is likely to be reduced with measures to improve operating efficiency and to cut costs.

8.2.4 **Alternative D -- Several Private Operators of Port Services**

In Case D, the emphasis would be on private investments and private operations to result in competitive and efficient port operations.

To avoid replacing a state monopoly by a private monopoly, port operations could be divided and leased separately not to one, but to several private operators in Case D. A container terminal, for example, could be offered to one operator, while another would handle general cargo or single commodity operations in the port, while other facilities might be operated by one or more additional private operators. The diversity of private operators and the flexible operating terms that might be necessary could pose a challenge for the Port Authority to coordinate and to monitor.

This type of segregation or specialization of private operations within one port would not necessarily stimulate competition within a single port, but it would lead to more competition between operators of similar facilities in Egypt's different ports. Case D would probably stimulate the Port Authorities of the other Egyptian ports to follow this example and offer parts of their port operations to private operators in order to improve the ability to compete. The competition generated among ports would encourage the private operators to improve their services and to invest in upgrading their equipment and maintaining the leased port installations in order to remain competitive.

Operating contracts for long periods of 20 years or more would include investment commitments to maintain or upgrade or expand port facilities and equipment, while lease contracts of less than 5 years would generally leave investments to the Port Authority or to a long term concession operator. For a Government burdened by heavy debt payments, shortage of foreign exchange, a tight budget, and large social expenditures, it would be important to shift the burden of future port investment to the private sector. The Government can adopt a new policy calling for all major future investments to be made by private companies. They could be offered participation in port services in return for making these investments and equity participation in existing state companies in proportion to the value of their investments. In this way, state monopolies could be converted to joint venture companies, with the private equity partner providing all future investments and helping maintain the company efficient and profitable.

8.2.5 **Alternative E – Comprehensive Privatization**

In Case E, the Government would implement a combination of the Cases developed above, either simultaneously or in phases.

Law 12-1964 and other restrictive legislation would be replaced to allow deregulation of port services and port charges and private participation in providing port services and making investments.

The sale of shares in state monopolies to employees, to private investors, and to the public through the stock market would progressively expand private ownership and Board membership in the state companies.

Private companies would be allowed to enter stevedoring operations and shipping agency operations in all ports in competition with existing state companies. To meet this competition, the state companies would be free to privatize, to merge, to form joint ventures with private partners, or to dissolve.

The management of one or more ports could be transferred temporarily to an experienced private consortium under contract with the Port Authority. The management team would propose, implement, and supervise port reforms and investments designed to introduce deregulation, private sector participation, and competition with the aim of making the ports more efficient, more competitive, and attract more business.

Long term concessions or shorter term leases could be offered by public tender to private companies to operate terminals and other port installations and to make investments in maintaining, upgrading, and expanding these port facilities.

8.2.6 **Overlapping Reforms**

In each of these Cases, the Government should undertake various regulatory reforms designed to encourage competition within and/or among ports, such as freeing from Government controls those port fees and commissions that will be limited by competitive market forces. The Government should continue to set tariffs for marine services performed by the Port Authority and upper limits to other port charges where competition cannot emerge despite deregulation and operating freedom.

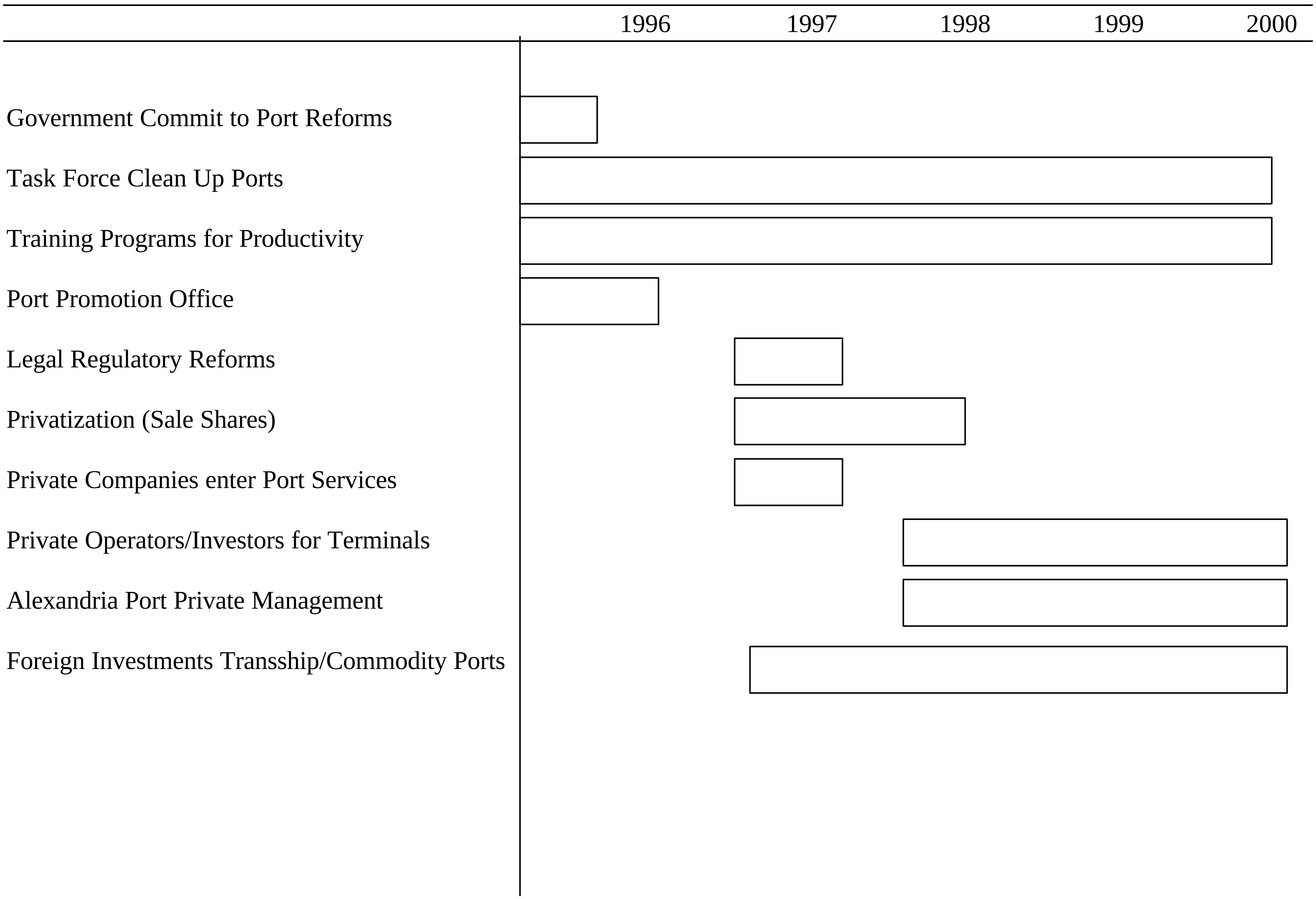
Regulations or practices that discriminate against foreign investors should be eliminated, if the Government wants to stimulate competition and efficiency, attract private investments and foreign technology, major shipping lines and experienced port operators.

Special regulations and incentives should be established to encourage private investments in single commodity terminals and ports by producers/exporters or by importers of these commodities. Aside from safety, environmental, tax, and customs regulations, there is little the Government needs to regulate in these cases.

Maximum benefits from the introduction of private participation and competition in port services and related reforms and port improvements can be attained only if the recommended program is accompanied by ongoing, comprehensive economic reforms in other areas, such as

- banking reform (to improve financing vehicles for the local private sector to invest in port operations),
- customs reform (to expedite the movement of exports and imports),
- more public investments for inland transport (to improve access to ports),
- reduced red tape at the ports (to expedite turn-around of containers and vessels and to reduce delays of cargo movement), and
- legal reforms (to open the doors to private investment in all sectors of the economy).

IMPLEMENTATION OF RECOMMENDED ACTION PLAN



9.0 **A PREFERRED ACTION PLAN**

Case E is recommended as the preferred action plan for Egypt to implement. The recommended reform program is designed to

- remove obstacles to providing efficient port services,

- deregulate port operations and some of the port fees and allow private companies to participate in port services in order to stimulate competition,

- encourage private investments to help modernize port operations and expand capacity, and

- attract additional major international shipping lines to establish regular direct service from Egyptian ports to important export markets in order to lower freight costs for Egyptian exporters and importers.

Implementation of this action plan will result in more efficient port services at competitive cost, benefiting Egyptian exporters, importers, producers, and consumers. The action plan outlined here will have net positive trade, revenue, and employment effects for the Egyptian economy. It will prevent Egyptian ports from becoming a bottleneck for the achievement of the Government's economic growth targets in the Economic Development Plan. The direct and indirect generation of tax revenue for the Government and employment created from new private investments in port operations, additional demand for supplying equipment and services, and many ancillary activities stimulated by port modernization, better maintenance, and new investments will far outweigh any loss in employment due to the introduction of more efficient port services.

A plan should be developed, however, for redundant labor that will be released from employment as a result of the efficiency measures recommended and the competition among supplier of port services. An employment agency should be organized specifically for finding new job placements for younger port workers that many be displaced. A retraining program to provide new skills in occupations where workers are needed could also be considered. Older workers should be provided early retirement with a pension plan that could be set up with shares and from some proceeds from the sale of shares of state operating companies that are being privatized. After incentives to voluntarily choose retirement do not reach expected targets, state operating companies should then be given the freedom to retire an additional number of workers.

Efficient, low cost port services, and more frequent, direct ship scheduling will improve the competitiveness of Egyptian exports and lower the cost of imports and thereby create more production and more commerce, generating more employment and more revenue for the Government.

A stepwise implementation of the recommended action plan is outlined below, although simultaneous, early implementation of as many of the recommendations as possible would produce the best results in terms of creating an efficient, competitive, world class port sector. This program, however, can be implemented in any sequence that is most convenient for the Government.

- **Government Commitment to Port Reforms**

An unequivocal, strong Government commitment should be announced by the highest levels of Government in support of a thorough reform program of the port sector and the opening of port services to private national and foreign companies and investments in order to stimulate competition and improve port services benefiting Egyptian exporters, importers, producers, and consumers. The Government should also enunciate the objectives it aims to achieve with a program of port reforms and how these objectives coincide with the goals of its Economic Development Plan. The Government should consider making this announcement at the Cairo Summit Conference in November 1996 in the presence of Governments and business leaders from other countries who might be interested in responding to new investment opportunities in Egypt's port sector.

A clear Government commitment to reforms is needed for several reasons. The public would want to be informed about the Government's position on this important issue and how port reforms fit into a national strategy for encouraging economic development, exports, private investment, and privatization. All Government departments and personnel, particularly those involved in port operations and in the implementation of port reforms should understand clearly the Government's strong commitment to port reforms. Private national and foreign investors want to be encouraged by an unequivocal Government commitment to reforms to gain confidence for risking major investments in the port sector and in export development. International financial institutions that help finance Egypt's economic and social development want to understand the extent and dedication of the Government's commitment to reforms in various economic sectors, including the vital port sector.

Failure to announce a clear Government commitment to reforms in the port sector by the highest levels of Government could make it much more difficult to generate the required confidence, enthusiasm, and dynamic actions to fully achieve expected results from these reforms in a timely manner. In the absence of a clear Government commitment, the Government may have to pay a higher price in the form of more generous incentives to attract private foreign investors to risk large long-term investments in port development in Egypt.

It should also be made clear that reforms in the port sector will be carried out within the framework of other major economic reforms of the customs administration, in the bank credit sector, in inland transport, and for export promotion to ensure that port sector reforms yield maximum benefits for the Egyptian economy.

- **Port Improvements and Clean-Up Operations**

The Port Authorities, terminal operators, and stevedoring companies at each port should review the diverse problems in the ports pinpointed in this Report as well as the recommendations for removing these problems. They should then jointly organize a work committee or task force at each port to draw up a detailed work program, a work schedule, manpower assignment, and supervision for implementing the numerous recommendations in this Report to make port operations more efficient. The supervisor of this work program should report progress and completion of individual tasks to the work committee, which would then review and inspect the results.

The work program should include clean-up operations in the ports; improved safety provisions; regular scheduling of inspections of port installations and equipment; maintenance and repair work; minor infrastructure improvements; review and improvement of management and operational practices; expediting cargo handling, shipping agency activities, and customs clearance; speedier return of import duty drawbacks; improved management of container moving and storage; review and improvements of marine services performed by the Port Authorities; removal of bottlenecks for truck movement inside the ports; reduction and streamlining of cargo and vessel documentation procedures; and many other port improvements that can be carried out at little cost.

There should also be formed a separate work committee charged with the task of reducing red tape at each port. This committee should make specific recommendations for eliminating, consolidating, and standardizing all documentation, forms, and paperwork that has to be filled out, notarized, transmitted, submitted, returned, copied, translated, and filed by port authorities, operating companies, vessel owners, and port users. Procedures for generating and processing such paperwork should also be examined and recommendations made for expediting, simplifying, and reducing the steps in this process. The objective should be to reduce less unproductive, time consuming paperwork for everybody.

The purpose of these many relatively modest port reforms is to improve the efficiency of port services and to reduce the problems, waiting time, and costs for exporters and importers. Although many of the problems pinpointed in this study and the recommended solutions appear to be minor; however, 50 or more of these minor problems aggregated, add up to a major cost factor for Egyptian exporters who have to face competitors in foreign markets that do not suffer from these impediments and additional costs in their ports.

The improvements recommended in this Report would raise productivity of the port services, increase cargo handling capacity, diminish the waiting time for vessels in port and the turn-around time for containers, reduce port costs, and remove recurring problems and unexpected crises currently often suffered by users of Egypt's port services. A thorough clean-up, maintenance and repair operation at the ports as well as improvements in vessel and cargo handling would give a clear signal to international shipping lines, to exporters and importers, and to private investors that Egypt is serious about providing competitive world-class port operations.

- **Training Programs and Visits to Other Ports**

Training programs should be organized for diverse personnel working in the ports. The purpose should be to improve skills and productivity. Practical training programs can teach workers

- how to do stevedoring work more efficiently and more safely,
- how to effectively and regularly inspect, maintain, service, and repair port equipment and installations, and
- how to collect and analyze statistics on vessel and cargo handling at the port and set up a comprehensive data bank on port operations meaningful for the port management, the Ministry of Transport, and private investors.

Officials from the Ministry of Transport and the Port Authorities as well as managers of port operating companies should have opportunities to visit more frequently the ports in Europe, the U.S.A., Latin America, and Asia. They should become thoroughly acquainted with

- different programs and experiences with port reforms and privatization;
- strategies for attracting major shipping lines;
- incentives for private investments in port installations;
- policies governing port charges;
- efficient management of port operations; and
- diverse contract terms for private management of ports and concessions for private terminal operations.

The Port Authorities should use the information and experience collected from foreign ports to reassess their own port strategies and objectives, including the scope for expanding the port and the marketing of the port's services.

• Port Promotion

In each port, an alliance should be formed among the Port Authority, the private and public operating companies in the port, the local Government of the community in which the port is situated, and the local Chamber of Commerce and other business associations to promote the activities and development of the port. A port promotion office should be created that would aggressively promote the best interests of the port. The member entities of this alliance all have an economic interest in the welfare and prosperity of the port. They should jointly contribute funds for a budget of the promotion office. This office should be able to hire an expert international public relations firm to develop an effective, impressive brochure advertising the advantages, the position, the beauty, the excellent condition of the port installations, the activities, the operating companies, and the competitiveness of the port. An impressive video presentation of the port and its activities could be added to the promotional arsenal of the port promotion office.

The port promotion office would be charged with the responsibility of effectively supporting all the efforts and initiatives of the Port Authority and the other members of this alliance in seeking to expand the business of the port. Efforts should be directed to attract international shipping lines to set up new regular scheduling at the port. Exporters and importers should be contacted and connected with providers of port services to negotiate the terms for new business and to obtain feedback on how to further improve services and be competitive. Visits abroad should be arranged to other ports to observe the competition and to return with new technology. Efforts should be organized to obtain a maximum number of responses to public tender bids for leases, investments, or equipment purchases in order to choose the bid most advantageous for the country.

•Legal and Regulatory Reform

Even before all of the recommended port service improvements and clean-up operations are completed, a legislative process should start terminating the legal and regulatory status of state monopolies over port services. Law 12-1964 and other regulations pertaining to state monopolies over port services should be abrogated and replaced by a new law. A new law should be designed to open the door to private national and foreign company investments in and operations of port installations and services, directly or in joint ventures with state companies. Regulations should also allow the Port Authority to negotiate short-term leases or long-term concessions or management contracts for private companies to operate port installations or to manage port operations. Private company participation in port services should no longer be left to the arbitrary discretion of the Ministry of Transport nor should private companies be burdened by hurdles that prove to be discriminatory and prevent free entry into competition for port services.

The law should prohibit all forms of discrimination between private and public companies providing port services or making investments or between foreign and national companies. Private companies should not be encumbered by legal constraints to operate, compete, and invest.

The Port Authorities in each port should remain an entity of the Government responsible to the First Under Secretary for Maritime Transport of the Ministry of Transport and Communications. The Port Authority should enforce compliance with the Government's overall port and transport policies and administer the Government's ownership of land and infrastructure in the port. It should be responsible for navigation safety rules, observance of environmental regulations and provide some marine services, such as pilotage and tugboat service. The Port Authority should develop, offer, and administer public tenders for private companies to operate port installations on a concession basis or under management contracts.

Deregulation of port charges should proceed gradually and be introduced only when prospects become favorable for price competition to develop. For services where competition is not possible, the Ministry of Transport should continue to fix the rates to be charged or to set a range or upper limits.

- **Privatization of Container Handling and Stevedoring Companies**

The Government should plan to privatize the state operating companies in the ports for the reasons outlined earlier in this Report. It should determine the total market value of the state companies providing port services and then start selling shares of the container handling and stevedoring companies in the stock market, to the companies' own employees, and to private investors and companies. Part or all of the proceeds from the sale of the shares can be used to finance the purchase, maintenance, and repair of installations and equipment used and owned by these companies. Part of the shares or proceeds from the sale of shares can also be transferred to a pension fund for workers in these companies who may become redundant in a future corporate re-structuring.

After a majority of the companies' shares are sold, the private shareholders should have an opportunity to elect a majority of the members to the Board of Directors, and the Board of Directors should then nominate a new management team or confirm the old one for each company. In this way, each company would be privatized and management would become directly responsible to the shareholders for the performance of the company. After appropriate legal and regulatory reforms, the Government could sell the remainder of its shares and divest completely from these port service companies and confine itself largely to a regulatory role over port operations and ownership of the port infrastructure.

- **Demonopolization of Port Services**

After legalizing private participation in port services, private national and foreign companies should be allowed to freely enter port service operations in competition against existing companies. New private companies should be allowed to set up stevedoring operations in all the ports and offer stevedoring for ships at berth as well as at anchor. Port users should have the choice to hire private or public shipping representatives (or ship owner representatives or protection agents). Private companies should be free to compete for the container handling business at the ports against existing companies. The Port Authorities should issue public tenders for leasing container terminal operations, giving opportunities for private operators to bid for the lease. Port Authorities in other countries have issued such public tenders and a variety of different terms and conditions and experiences are available for Egypt's Port Authorities to study.

The existing state monopolies in all port service operations would compete against private companies under equal terms and conditions, including equal tax treatment and access to credit. Competition will provide an incentive to offer better services to port users at reduced cost. Competition will induce existing firms to reduce costs and become competitive and/or seek strong partners or privatize or dissolve. Private national companies would be willing and able to set up shipping agencies, because they do not require large amounts of capital at risk and expected profits appear attractive.

- **Contracting Private Port Operators**

The Port Authority at each port should be encouraged to seek to improve port operations and investments by contracting private companies to operate the port terminals and other port installations on a longer term concession basis in order to improve the efficiency of these operations and finance the required investments to maintain, replace, upgrade or expand the port installations and possibly also some infrastructure. Contracts should be let on a public tender bid basis separately for individual terminals and other operating areas in the port in order to have more than one company operating. The criteria for accepting a bid should take into consideration the experience and financial strength of the potential concessionaire, his proposed purchase price of the Government's port equipment, his rent payment offer for the installations to be leased, and his plan for maintenance and investment.

The Port Authority will supervise compliance with contract terms and monitor and compare the improvements and results attained by the different private operators. Competition would be encouraged between an operator in one port with those in the other ports performing the same service. Warehouse space and other storage areas can be leased for short terms.

The Port Authority can call for management contracts instead of concessions of specific port installations. In this case, investments normally continue to be made by the Government instead of the private operating companies.

- **Private Management Contract**

It was shown in this Report that a number of problems exist in the port of Alexandria that seriously affect its ability to remain competitive relative to other ports in Egypt and other countries of the eastern Mediterranean. Yet, nearly 40% of total trade volume moves through the port of Alexandria. Only a prolonged, sustained, comprehensive effort to revamp the operations of the port will remove the present and potential problems.

The Port Authority of Alexandria should consider transferring temporarily the management of the port to an experienced team with the authority to propose reforms, to carry them out, to manage and to supervise all of the activities in the port. The aim would be to transform, to the extent feasible, the port of Alexandria into an efficient, competitive, world class operation. The management team should be given the authority to manage, not just to advise. Some of its proposed tasks were outlined in the previous chapter. The management contract should be for a five-year term, renewable by mutual consent, in order to give the management team the incentive to produce positive results relatively quickly and the Port Authority the option to discontinue the arrangement if performance falls below expectations. Non-compliance with any contract terms should be cause for dismissal at any time.

- **Private Investments in Terminals**

Egypt’s overall port capacity will need to be expanded substantially in future years as part of the efforts to fulfill the economic growth targets of the Government’s Economic Development Plan. The Government should attract major foreign investments in building new terminals to avoid diverting public sector tax revenues from needed other infrastructure investments and from large expenditure requirements in the social areas. Private national investors may be unwilling to take on the risks associated with such major investments, but they could be invited to participate under some joint venture arrangement.

Foreign investors should be invited to bid for investing to build terminals in the commercial ports, operating them long enough to recover their investment with an acceptable profit, and then transferring the entire operation to the Port Authority at the end of a contractually agreed period. In several countries such contract are usually for 20 years, renewable for another 20 years at the option of both parties. In some cases, the private operator might be offered the opportunity of extending the contract in exchange for making additional investments. Although the terminal would be operated by a private company, the berths should be open to any shipping line. Private firms should be free to compete for stevedoring, container handling, and shipping agency services.

Investments in specialized terminals handling single commodity exports or imports can be offered on a different basis. As has been done in the past, producers, exporters, and importers of major single commodities should be encouraged to include in their development program an investment in building, owning, and operating a terminal exclusively specialized for the commodity traded. The private owner of the terminal, rather than a Port Authority, would be responsible for complying with all safety and environmental regulations and for arranging for all port services.

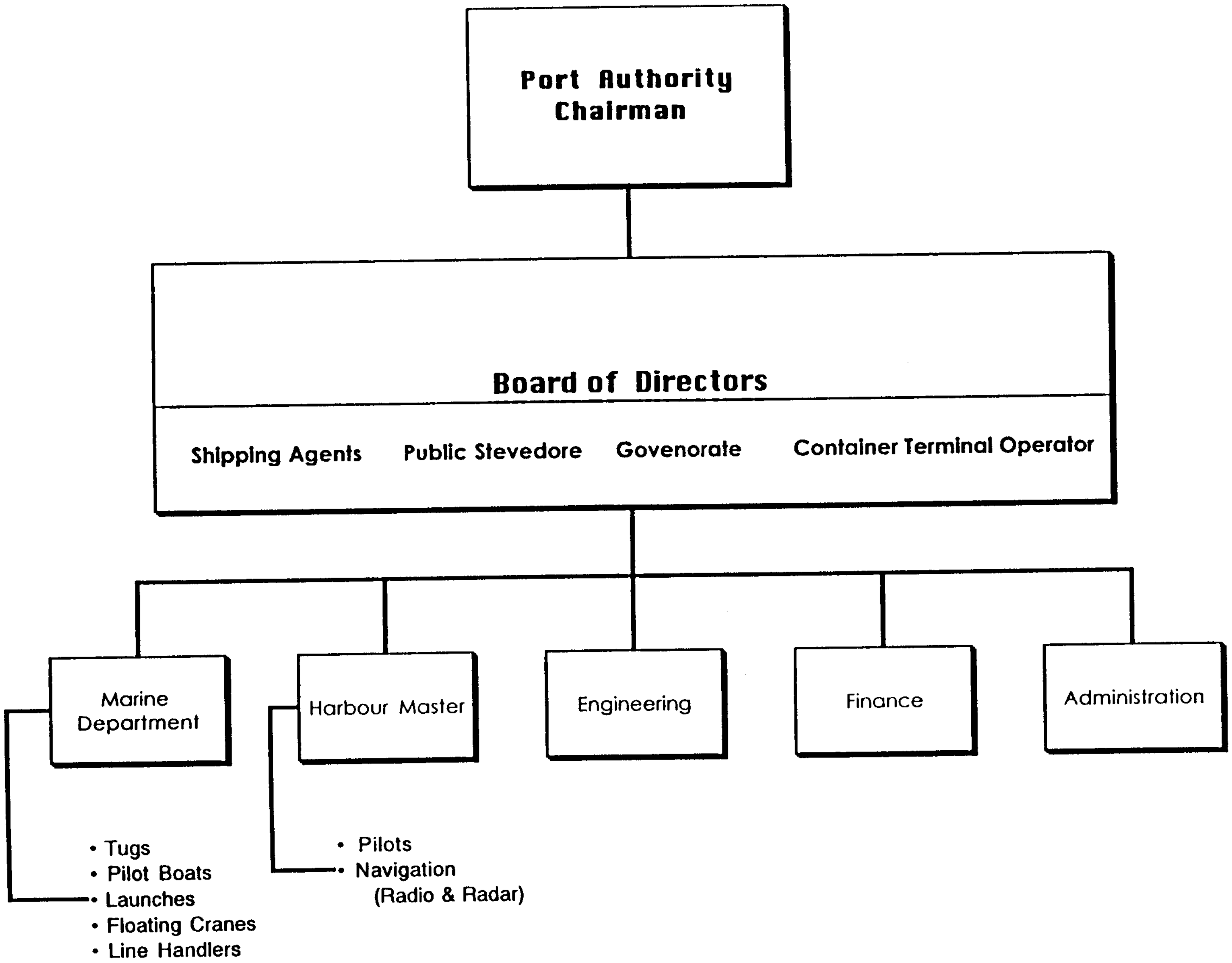
- **Transshipment Operations**

The concept of developing a major transshipment port near Suez at the Red Sea entrance to the Suez Canal should be explored very carefully in order to ensure a successful operation. Competing major transshipment facilities have already been built or are under construction nearby in the Red Sea and eastern Mediterranean. All of these investments could result in excess port capacity around Egypt. To ensure success that such a new investment will be adequately utilized in the future after it is completed, it is necessary to explore the feasibility that major international shipping lines would use the facilities and perhaps make an early commitment to participate in funding the investment.

It is also necessary to seek clarification about the incentives that will have to be offered in order to attract such a large foreign investment. It would have to generate a sufficient cash flow in the future to be profitable. The public tender inviting bids from private companies would reflect these terms to elicit positive responses from potentially interested investor groups. The best prospects would be major shipping lines or foreign companies that can contract shipping lines to use the facilities. Such an investment may prove too risky and too large for the Government and for national private investors to undertake.

Appendix A
Table 5.1

Typical Organization
Egyptian Port Authority



Appendix A
Table 5.2

Presidential Decree
Promulgating Law no. 12 of 1964
Concerning the creation of the Egyptian Public Organization for Maritime Transport (EPOMT)

In the name of the Nation, the
President of the United Arab Republic

Having reviewed:

- The Provisional Constitution
- The Constitutional Statement, issued on the Sept., 27th 1962 regarding policy organization of the state's higher authorities.
- Law no. (88) of 1959, whereby a Public Authority for Maritime Transport Affairs was established.
- Law no. (32) of 1961 concerning the Maritime Passport.
- Law no. (109) of 1961 concerning regulation of Maritime Transport.
- Law no. (146) of 1961 concerning the Public Organization for Maritime Transport and,
- Law no. (167) of 1961 concerning the financial control and auditing of public organizations and companies .
- Law no. (57) of 1962 amending the fiscal year (FY) of public authorities organizations and subsidiary companies.
- Law no. (139) of 1962 concerning EPOMT participation in some companies and establishments and organizing Maritime Transport related works.
- Law no. (60) of 1963 promulgating law of Public Enterprises
- Presidential Decree (1203) of 1961 confining public contracts only to companies and public organization, wherein government's equity rights are no less than 50% of their capitals.
- Presidential Decree (3546) of 1962, Promulgating regulation of personnel by-laws for companies subsidiary to public organizations.
- Presidential Decree (800) Promulgating Personnel internal rules and regulations for public organizations.
- Presidential Decree (1520) of 1961, Promulgating the organizational structure of the Legal Departments at the public organization.
- Presidential Decree (1899) of 1961, creating the Higher Council of Public Organizations.
- Presidential Decree (1900) of 1961, regarding distribution of powers among cabinet ministers and their responsibility in attaining policy objectives set for public organizations.
- Presidential Decree (1025) of 1962 defining the approved capitals of public organizations.
- The opinion of the Council of the State and,
- The approval of the Presidency Council.

Promulgates the following law

Article 1:

A public organization bearing the name of " The Egyptian Public Organization for Maritime Transport: EPOMT " is hereby established, with an independent legal personality and is affiliated with the Minister of Transport.

Article 2:

EPOMT's Headquarters shall be situated in Cairo. However, the Board of Directors may, at its discretion, decide to establish branch offices in and outside the Republic.

Article 3 (EPOMT PURPOSES):

I. Develop the National economy through commercial Maritime activities in and outside the country.
II. Promote and support Maritime Transport in accordance with a special executive rules and regulations to be promulgated by a Presidential Decree.
III. Establish companies and cooperatives to implement Maritime Transport Project. The existing cooperatives for maritime transport works shall be directly affiliated with EPOMT as of the date this law becomes effective.
IV. Lay-down training policy for maritime transport staff and candidate personnel. These programs, which will cover technical, financial and administrative skills, will be designed in conformity with a training strategy to be formulated EPOMT's Board of directors and issued by Ministerial Decree signed by the Minister of Transport. Officers, engineers and students of the Commercial Navy College are to be excepted from such training programs.
V. Propose routes and tariffs of maritime transport freight, unloading, agency fees and other maritime transport tariffs, having received the approval of the concerned authorities and companies. All these details shall be incorporated in a decree to be issued by the Minister of Transport.
VI. Conclude agreements pertaining to maritime transport fares, goods distribution and mutual benefits between EPOMT and similar organizations in foreign countries, having secured the approval of the Minister of Transport.
VII. Regulation of chambers of navigation, oversee their performance and endorse their resolutions according to rules and conditions stipulated in a decree to be issued by the Minister of Transport.

Article 4 EPOMT Capital:

EPOMT's capital shall be composed of :-

I. Net funds of the General Authority for Maritime Transport Affairs, abrogated by law 109 of 1961 on July 11th 1961.

II. Net Revenues stipulated in Article 15 of law 88 of 1959, for the period extending from July 11th 1961 to August 28th 1961.
III. Government shares in the capitals of EPOMT's subsidiary companies and installation.
IV. Capitals of public enterprise to be incorporated into EPOMT.
V. Funds allocated by the government to EPOMT.

Article 5 EPOMT's Financial Resources:

EPOMT's financial resources shall come from:

I. Receipts of a royalty not less than 0.1% and not exceeding 0.5% of the price of good or passage fares of individuals. A decree shall be issued by the concerned Minister, defining that royalty and its terms reference, having secured the Ministry of finance's approval. That royalty will be calculated on an assessment value, if transport or passage was carried out free of charge.
II. Exempted from this royalty are imported goods exempted from duties, accompanying baggage not exceeding LE 20/ - for each passenger. The royalty shall be on all goods, excepting the aforementioned, even if import permission of or export form has not been issued.
III. Amounts transferred to it from the net profits of subsidiary companies, cooperatives and installations.
IV. Funds allocated by the state to EPOMT.
V. Loans solicited by EPOMT.
VI. Grants and wills accepted by EPOMT.

Article 6 :

All Ministries, government agencies, public authorities, organizations and companies wherein the government, or any of its public establishments, holds 50% or more of their shares are banned from contracting the transport of good and passengers by sea except through EPOMT's subsidiary companies. However, the Minister of Transport shall issue a decree, stating the special rules for exceptions. He may also, in consultation with the concerned Minister, permit of freight of goods and passage of individuals by sea through EPOMT's subsidiary companies.

Article 7:

Maritime transport activities, freight, loading and unloading, catering for vessels, maintenance or maritime supplies, to be defined in a decree that shall be issued by the Minister of Transport, shall only be confined to persons registered in a special register kept with EPOMT. However, the Minister of Transport may, in consultation with the concerned Minister, issue exceptions from these provisions when need arises. Enrollment in the aforementioned register shall only be confined to public organizations or companies wherein the states holds at least 25% of its capital.

Article 8:

EPOMT shall have a board of Directors whose formation, appointed members and remunerations shall be instituted by a Presidential Decree. EPOMT's Director General shall be a Board member.

Article 9:

The Board is higher authority in EPOMT and, as such, is the policy making body. It has the right to take decisions that serve the purposes for which EPOMT was established without prejudice to the provisions of this law. It particularly has the right to:

I. Issue resolutions, internal rules and decisions on pertaining to EPOMT's financial, administrative and technical affairs without abiding by government rules and regulations.
II. Issue decisions on staff appointment, promotion, transfer, dismissal, salaries, fringe benefits and pension according to the provisions of this law and within the boundaries of general rules and regulations of the (State - Owned) organizations.
III. Approve the draft annual budget of EPOMT.
IV. Consider all pertinent matters referred to it by the concerned Minister or the Board chairman.
V. Review periodical reports on progress of EPOMT's plans and its financial position.

The Board may constitute from among its members an ad hoc committee to which it may entrust some of its jurisdictions. It may also authorize the Board - Chairman or EPOMT's Director to assume some of its functions. The Board has the right to authorize any board - member or one of EPOMT's directors to assume clearly defined tasks.

Article 10:

The Board - Chairman shall assume the responsibility of managing the organization according to the provisions of this law and under the supervision of the Minister of Transport. He may, however delegate some of his powers to one or more than one director.

Article 11:

The Board - Chairman shall represent EPOMT with the others and before the judiciary. He shall be responsible before the Minister of Transport for the implementation of the set general policy.

Article 12:

The Board shall meet at least once a month at EPOMT's headquarters or elsewhere when need arises. The Board shall be convoked by the Board - Chairman or whoever acts on his behalf or upon a request in writing by at least one-third of the Board's membership. A letter of invitation, attached to the meeting's agenda, is to be sent to the Board - members at least three days before the set date of meeting, unless emergency requires otherwise.

Article 13:

The meeting shall be presided over by the Board Chairman or, in his absence, by a board member selected by members present. The meeting is considered in quorum if and when an absolute majority of members is attending. Board decisions shall be taken by a majority vote. When supporting and opposing votes equate, the chairman shall have a casting vote.

Article 14:

The Minister of Transport has the right to convene the Board whenever he deems this necessary. He is also entitled to include in the agenda any item that falls within the provinces of EPOMT.

Article 15:

The Board's Secretariat shall prepare proceedings and minutes of the Board meetings, including summary of discussions and decisions. The Board - Chairman shall submit to the Minister of Transport the decisions taken by the Board for approval; who in turn shall submit to the President of Republic a memorandum on the matters that require a Presidential Decree.

Article 16:

Whoever violates the provisions of Article 7 shall be punished with imprisonment for a period not exceeding six months and a fine not less than one hundred Egyptian pounds and not exceeding five hundred Egyptian pounds or with one of these two penalties. Individuals assuming maritime agency activities, loading and unloading or any other maritime transport works; and the management of the companies involved in such activities shall be held accountable for any violation to article 7.

Article 17:

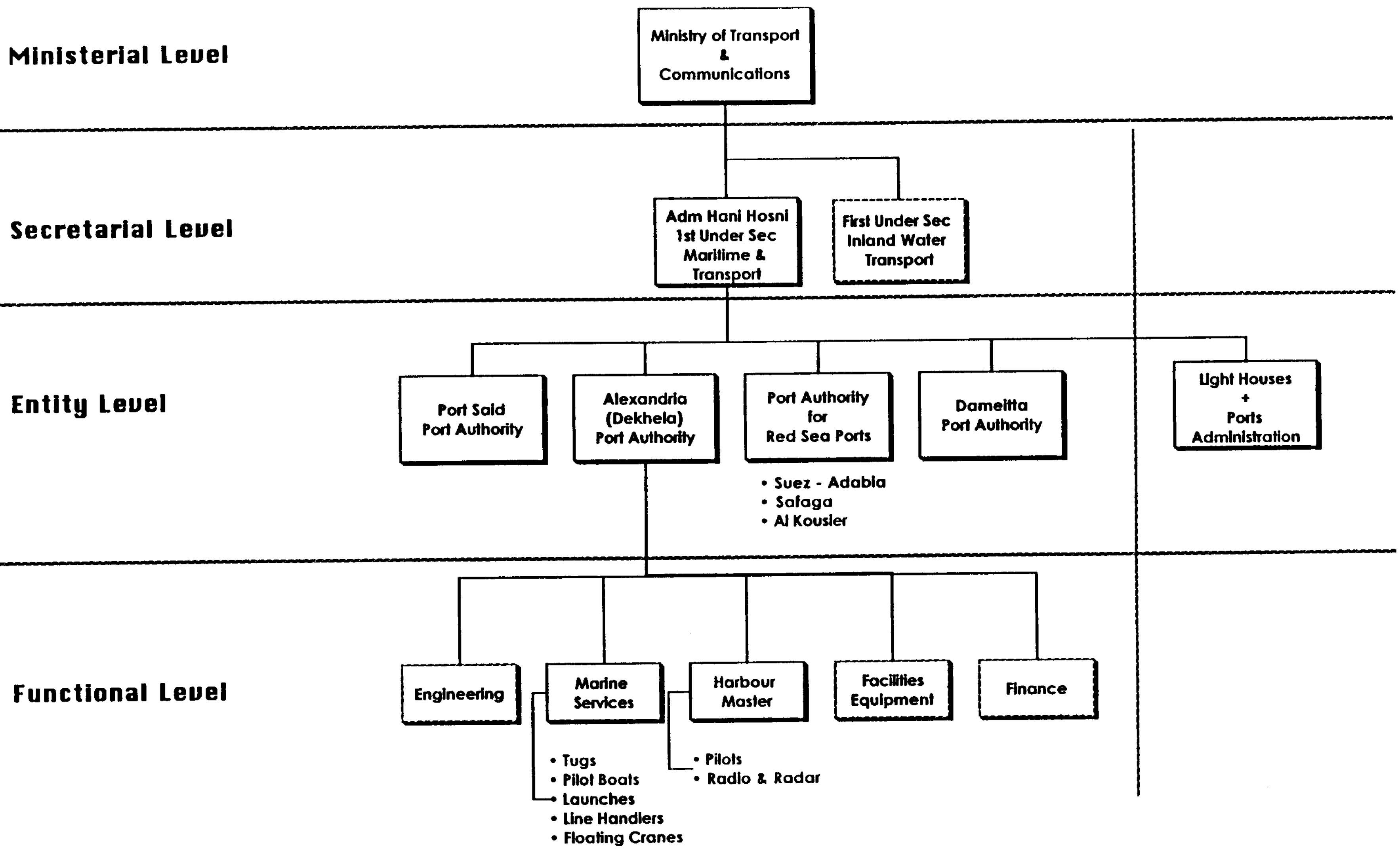
By the power of this law, EPOMT shall replace the General organization for Maritime Transport, in all rights and obligations. The employees and workers shall be transferred to the new EPOMT by way of a decree to be issued by the Minister of Transport. Their service shall, thus, be considered unintermitted. However, the Minister of Transport may, upon a proposal submitted to him by the Board - Chairman, transfer some of EPOMT staff to the companies referred to in article 6 within one year of effecting this law.

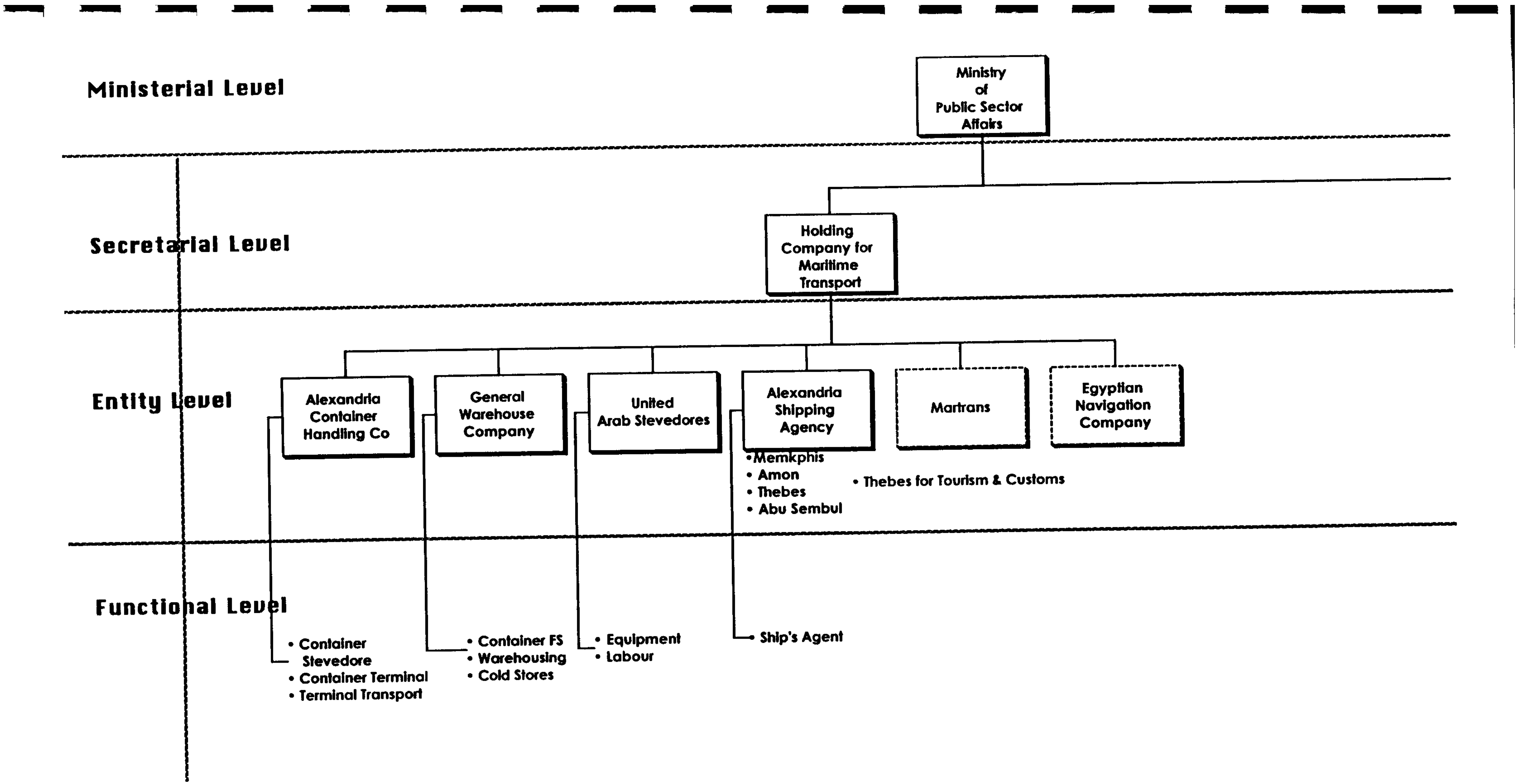
Article 18:

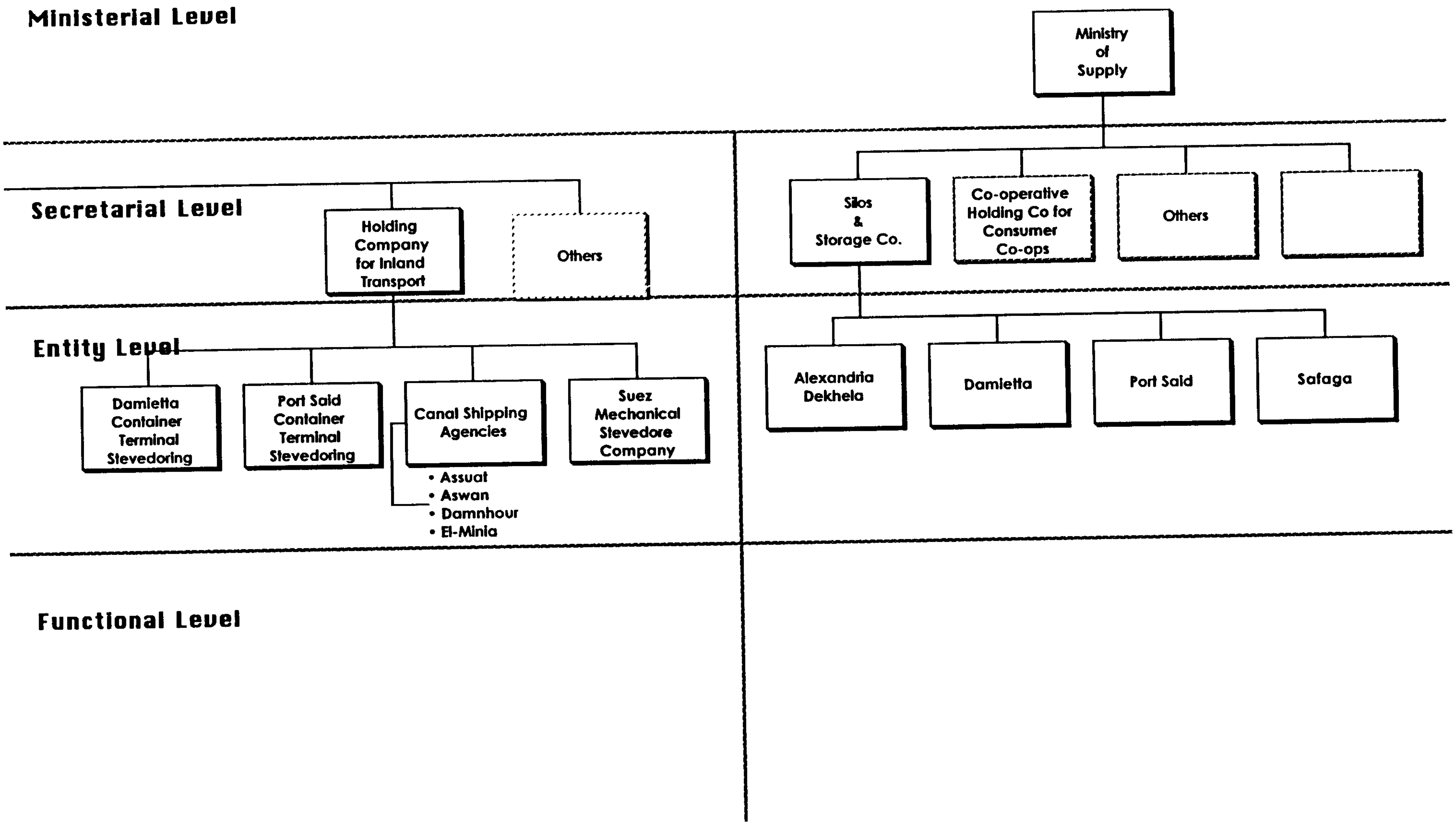
Law 146 of 1961 and law 88 of 1959, referred to above, are hereby abrogated and so is any provision that contradicts the provisions of this law, without prejudice to para. (B) of article (4) of this law.

Organizations Affecting Ports & Supporting Services • Egypt • Level 01

Appendix A
Table 5.3




Ministerial Level
Ministry of Public Sector Affairs
Secretarial Level
Holding Company for Maritime Transport
Entity Level
Alexandria Container Handling Co
General Warehouse Company
United Arab Stevedores
Alexandria Shipping Agency
Martrans
Egyptian Navigation Company
•Memkphis
• Amon
• Thebes
• Abu Sembul
• Thebes for Tourism & Customs
Functional Level
• Container Stevedore
• Container Terminal
• Terminal Transport
• Container FS
• Warehousing
• Cold Stores
• Equipment
• Labour
Ship's Agent


Ministerial Level
Secretarial Level
Entity Level
Functional Level
Ministry of Supply
Holding Company for Inland Transport
Others
Silos & Storage Co.
Co-operative Holding Co for Consumer Co-ops
Others
Damietta Container Terminal Stevedoring
Port Said Container Terminal Stevedoring
Canal Shipping Agencies
• Assuat
• Aswan
• Damnhour
• El-Minia
Suez Mechanical Stevedore Company
Alexandria Dekhela
Damietta
Port Said
Safaga

(1) Establishing and Organizing Ministries

Ministry of Transport and Communications.
Ministry of Public Sector Enterprise.
Ministry of Trade and Supply.

According to article 137 and 141 of the constitution:-

-- The president is responsible for the executive authority.
-- The president appoints the Prime Minister and Vice Prime Minister and Ministers and their deputies...etc.

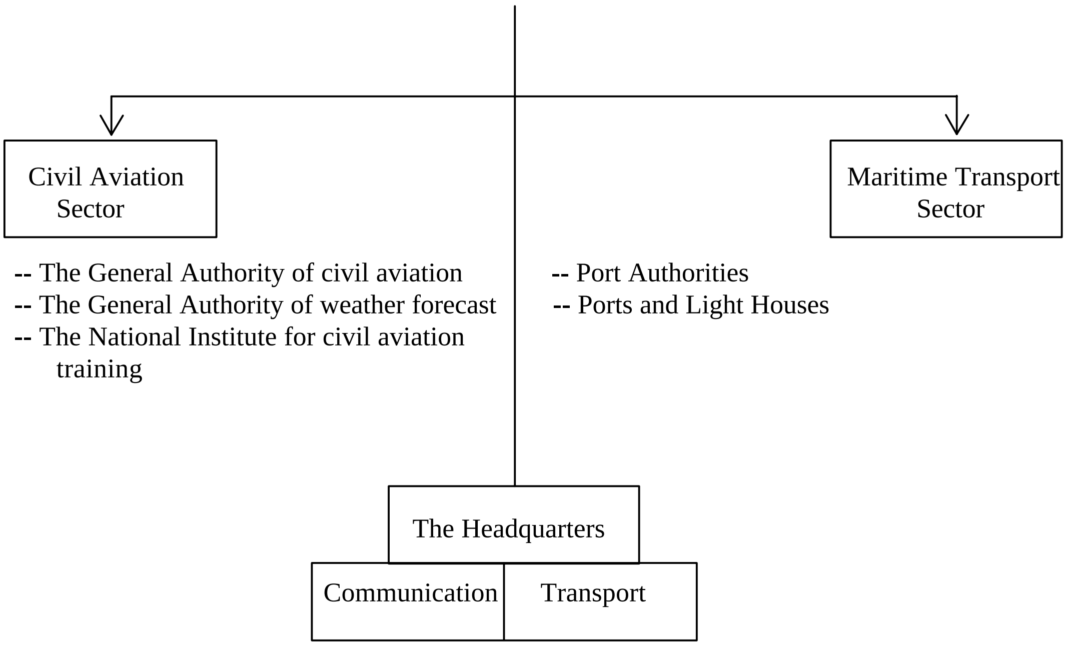
(2) Establishing the holding companies and its affiliates

1. Law (203) (1991) public sector enterprises.

2. Prime Minister decree (1590) (1991) concerning the executive regulations for the law 203 (amended by decree no (258) (1993).

3. Supplementary laws:
   -- Law (159 (1981) concerning establishing
   -- Law (144) (1988) establishing the Central Agency for Audits.

(3) The structure of the Ministry of Transport and Communications:



1. The General authority of Wire and Wireless Communication
2. The National Authority for Post (mail)
3. The National Institute of Wire and Wireless Communication

1. The General Authority for Water Transport.
2. The General Authority for Roads and Bridges
3. The National Authority for Egyptian Railways
4. The National Authority for Tunnels
5. The National Institute for Transport
6. The General Authority for Transport Project Planning

Appendix A
Table 5.4

Ports

(1) Alexandria Port Authority

1. Law No. 6 (1967) establishing port of Alexandria

2. Presidential decree no. 3293 (1966) determining the responsibilities of port of Alexandria.

3. Presidential decree no. 3891 (1966) placed the port of Alexandria under the supervision of the Minister of Transport.

4. Prime Minister decree no. 736 (1977) determining the Board of Directors of port of Alexandria

5. The Ministerial decrees concerning the port of Alexandria of the Minister of Transport:-

   5/1 Decree no. 107 (1967) concerning the regulations of the workers and employees of port of Alexandria

   5/2 Decree no. 157 (1973) determining the usage fees for the floating unites and towage related to the port of Alexandria

   5/3 Decree no. 33 (1978) concerning the regulations that control the registration of Tallymen in port of Alexandria (amended by decree no. 16 (1979) and decree no. 37 (1985).

   5/4 Decree no. 128 (1978) concerning giving permission to buy ship scrap in port of Alexandria

   5/5 Decree no. 129 (1978) concerning the fees and charges for services in port of Alexandria (amended by decrees: 77 (1986), 72 (1987), 73 (1987), 89 (1987), 15 (1989), 35 (1990).

   5/6 Decree no. 43 (1979) concerning port services in port of Alexandria (amended by decree 100 (1987).

   5/7 Decree no. 46 (1980) determining the usage fee for the dry dock.

   5/8 Decree no. 168 (1980) concerning storage.

   5/9 Decree no. 7 (1984) delegating the head of Alexandria port authority to control and secure the port's assets. (This authority is originally given to the Minister of Transport and delegated to the Head of the Port of Authority).

5/10 Decree no. 125 (1984) concerning the fees and charges of the container station in port of Alexandria (amended by decree no. 43 (1985), decree no. 102 (1985), decree no. 71 (1987) and decree no. 20 (1990).

5/11 Decree no. 46 (1987) determining the usage fees for maritime equipment owned by the authority of port of Alexandria

6. Decree by the Head of Alexandria port authority:-

6/1 Decree no. 644 (1976) concerning the regulations that cover the movement of merchandise in port of Alexandria

6/2 Decree no. 617 (1979) concerning how to book the berth - (amended by decree no. 3 (1981), decree no. 16 (1982), decree no. 28 (1985), decree 43 (1986).

6/3 Decree no. 48 (1987) concerning the goods allowed to be unloaded in the anchorage in port of Alexandria

<u>The relationship between the Governor of Alexandria and the Port of Alexandria</u>

-- The presidential decree no. 5 (1979) delegating to the Governor some of the president's authority concerning ports.

-- The presidential decree no. 242 (1981) giving the Governor of Alexandria some of the Ministerial authorities concerning port of Alexandria

-- According to the former delegations the Governor of Alexandria decreed the following:-

1. Decree no. 167 (1980) determining the usage fee for equipment.

2. Decree no. 191 (1980) determining the usage fee for the floating crane.

3. Decree no. 12 (1983) determining the changes and dues for warehousing facilities in port of Alexandria (amended by the following decrees issued by the head of the port authority and approved by the governor of Alexandria:

   Decree no. 75 (1983), decree no. 273 (1983) decree no. 15 (1984), decree no. 212 (1984), decree no. 29 (1985), decree no. 203 (1985), decree no. 37 (1986) and decree no. 44 (1986).

<u>Port Said Port Authority</u>

1. Law no. 88 (1980) establishing the general authority of Port Said port.

2. The presidential decree no. 565 (1980) determining the authorities and responsibilities of the general authority of Port Said port.

3. The presidential decree no. 400 (1984) amending the former decree.

4. The ministerial decrees (Minister of Maritime Transport).

   4/1 Decree no. 23 (1979) concerning the fees and charges for services in all ports in the Suez Canal area and Suez Gulf and the Red Sea (amended by the following decrees: decree no. 145 (1979), decree no 67 (1987), decree no 70 (1987), decree no 113 (1988), decree 113 (1988), and decree no. 36 (1990).

   4/2 Decree no. 159 (1985) determining the usage fee of warehousing services in Port Said port (amended by decree no. 68 (1986) and decree no. 91 (1987), decree no. 133 (1988).

   4/3 Decree no. 21 (1988) concerning the usage fees and services of containers stations (amended by decree no. 104 (1989) and decree no. 21 (1990).

Port Authority for Red Sea ports

1. Presidential decree no. 217 (1978) establishing the general authority for Red Sea ports.

2. Presidential decree no. 27 (1985) amending the former decree.

3. The ministerial decrees:-

   3/1 Decree no. 23 (1979) concerning the fees and charges for services in all ports in the Suez Canal area and Suez Gulf and Red Sea.

   3/2 Decree no. 33 (1985) determining the services fees for berths at Neweiba port for the maritime line between Egypt and Jordan {amended by the decree no. 64 (1985)}.

   3/3 Decree no. 34 (1985) determining the fees for services rendered by the port authority at Neweiba port {amended by decree 63 (1985) and decree 169 (1988)}.

   3/4 Decree no. 90 (1987) determining the usage fees for floating units and cranes owned by the port authority.

   3/5 Decree no. 78 (1988) determining the usage fees for warehousing facilities of ports related to the port authority of the Red Sea ports.

   3/6 Decree no. 170 (1988) determining the fees for services at Neweiba berth for shipping agencies, shippers and passengers.

   3/7 Decree no. 36 (1990) determining the fees for warehousing facilities at Neweiba port.

Appendix A
Table 5.4

Damietta Port Authority

1. Presidential decree no. 317 (1985) establishing the Damietta port authority.

2. The ministerial decrees:-

2/1 Decree no. 28 (1986) concerning the regulations of the workers and employees of Damietta port.

2/2 Decree no. 3 (1986) concerning giving permission to buy ship scrap in Damietta port.

2/3 Decree no. 32 (1986) concerning the regulations that control the registration of Tallymen in Damietta port.

2/4 Decree no. 44 (1986) determining the usage fees for towage and floating units owned by the Damietta port authority,{(amended by decree no. 145 (1986), decree no. 56 (1987), decree no. 12 (1988), decree no. 104 (1988).}.

2/5 Decree no. 60 (1986) determining the storage fees at Damietta port {amended by decree no. 116 (1987) and decree no. 140 (1987).}

2/6 Decree no. 61 (1987) determining the fees for services at the container terminal in Damietta port {amended by decree no. 144 (1987) and decree no. 103 (1989)}.

2/7 Decree no. 108 (1987) determining the storage fees for the refrigerated warehouses at Damietta port owned by the port authority.

2/8 Decree no. 88 (1988) determining the usage fees for the towage and floating unites owned by the port authority {amended by decree no. 106 (1989)}.

2/9 Decree no. 40 (1990) concerning giving discounts for transit containers, ships dues and fees.

Appendix A
Table 5.4

Dekhela Port of Authority

1. The presidential decree no. 494 (1986) establishing Dekhela port.

2. The ministerial decree no. 95 (1988) determining the usage fees for mineral raw materials station at Dekhela port.

Remarks:

-- Article one of the presidential decree no. 494 determined the boundaries of Dekhela port.

-- Article two of the former decree assigned the administration of Dekhela port to the general authority of Alexandria port.

Port Authorities for Specialized Ports

- Law no. 1 (1996) concerning the establishment of specialized ports.

- Article 1 of the law permits establishing specialized ports in the following fields:-
  Fishing, mining, petroleum, tourism, and other specialized ports.

- Article 2 applications to establish such ports must be submitted to the Ministry of Transport and communication.

- Article 3 such ports are subject to the supervision of Ministry of Transport and Communication.

  After that a presidential decree to be issued concerning the establishment of such ports.

- Up to now there is no port established under such law.

Ministry of Transport and Communications

Decree No. 73 (1995)

Minister of Transport and Communications

After reviewing law (12) (1964) and law (24) (1983) and law (203) (1991) and the presidential decree (1985) (1972) and the ministerial decree (70) (1987) and decree /(95) (1987) and decree (147) (1991) and decree (148) (1991).

Decided

Article (1): All the foreign vessels that carry a foreign flag but owned to Egyptians or fully rented by them under a charter contract to be treated as the national vessels with regard to the charges and fees considerations according to the categories mentioned by the law (24) (1983) and its amendments and the decrees that arrange the relations between the shipping agencies and the ship owners.

Article (2): All the concerned bodies to apply this decree.

Article (3): To be published in the Egyptian official Gazette and be in effect from that day.

Ministry of Transport and Communication

Decree No. (31) (1994)

The Minister of Transport and Communication

After reviewing the law (24) (1983), law (230) 1989) and the P-d (985) 1972)

Decided

Article (1): The following should be canceled and decree related to determining fees and charges.

> "Egyptian companies and vessels that are treated as foreign companies and vessels from the perspective of fees and charges".

Article (2): To be applied and published.

The General Authority of the Red Sea ports

Board of directors decree no. (2) (1995)

After reviewing the P-d (217) (1978), board of directors decree no. (2) (1992).

Article (1): The fees for handling imported wheat, corn, flour, and sugar to either bodies except for the general authority of goods and the principal bank of development the whole cargo approximated to the nearest ton.

Article (2): All the concerned bodies have to apply it.

Article (3): To be published.

Chairman
Board of Directors

The General Authority for
Red Sea ports

Ministry of Transport and Communication

Decree No. 42 (1994)

Minister of Transport and Communication.

After reviewing the presidential decree (217) (1978), the ministerial decree (78 (1988) and the approval of board of directors of the general authority of the Red Sea ports on 12 Oct. , 1994.

Decided

Article (1): A new paragraph has to be added to article (7) for exemptions that come from the ministerial decree (78) (1988) as follows:-

d) All the general goods to be exported.

Article (2): To be applied and published.

Appendix A
Table 5.4

Ministry of Maritime Transport

Decree No. 19 (1995)

Minister of Transport and Communication

After reviewing the law (159) (1981), the law (12) (1964), the presidential decree (985) (1972), PD (217) (1978), PD (565) (1980), PD (317) (1985).

Decided

Article (1): As an exception from article (7) the first paragraph of the law (12) (1964):

It is allowed to the Egyptian private sector to perform mechanical loading and unloading in port, Port Said port, and Damietta port, and all the related works especially building and managing the silo for grain in the ports after having the license from the ministry subject to:

- The license must be a share company and the headquarters should be in Egypt.
- The capital of the company should not be less than (20) million Egyptian pounds or equivalent

Article (2): The General authority of Red Sea ports, the G.A of Port Said port and the G.A of Damietta.

- The ports are entitled to deal with such companies exclusively, each in its area.

As far as the charges and fees are concerned, there must be an agreement between the port authority and these companies to determine the categories of such charges and fees, which will be fixed for five years, and it includes:

- A rent of yards and spaces inside the port.
- Fees for all services offered by the port authority or any related bodies.
- Fees for handling cargo in the port.

Article (3): To be applied and published.

Appendix A
Table 5.4

Ministry of Transport and Communications

Decree No. 35 (1995)

Minister of Transport and Communication

After reviewing law (12) (1964) and law (24) (1983), law (203) (1991), the presidential decree (985) (1972), presidential decree (217) (1978), ministerial decree (70) (1987), decree (95) (1987), decree (148) (1991) and the report on meeting of the Egyptian / Saudi Committee for bilateral Cooperation held in Riyadh on 24 - 25 Dec. (1994).

Decided

Article (1): All the passenger ships that carry the Saudi flag and registered as a regular line between the Saudi and Egyptian ports in the Red Sea and Suez Gulf to be treated as the Egyptian ships with regard to all fees and charges.

Article (2): To be applied.

Article (3): To be published.

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
Laws:											
Law 280 (1960) 1.Regulations concerning ports and national waters (Territorial waters)	All port Authorities	✓			✓						
2. Law 66 (1963) Customs law	Customs Authority								✓		
3. Law 12 (1964) Establishing the Egyptian organization for Maritime transport	Ministry of Trans. and Comm.					✓	✓	✓			
4. Law 6 (1967) Establishing Alex Port Authority	Board of directors of Alex. Port Authority	✓									
5. Law 88 (1980) Establishing Port Said Port Authority	Board of directors	✓									
6. Law 24 (1983) amended by law 60 (1988) and law 5 (1990) concerning the fees and charges for piloting, port serv-ices, light houses, berthing	Ministry of Finance and Ministry of Transport and Communication	✓	✓		✓					✓	
7. Law 4 (1986) concerning pilotage in Dammietta port	Board of directors	✓	✓		✓						
8. Law 26 (1989) organizing pilotage in port of Alex. and Dekhela port	Board of directors of each port	✓	✓								
9. Law 8 (1990) concerning the Maritime trade	Minister of Trans-port and Comm.		✓		✓	✓		✓			Light Houses
10. Law 203 (1991) Establishing the Public sector enterprises	Minister of Public sector enterprise					✓	✓	✓		✓	
11. Law 6 (1995) organizing pilotage in the Red Sea ports	Board of directors of each port	✓	✓								
12. Law 1 (1996) concerning the establish-ment of specialized ports	The Minister of Trans.and Comm.	✓									

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
Presidential Decrees: 1. Decree 1482 (1959) assigning Suez Canal Authority to administrate pilotage in Suez port.	Board of directors of Suez Canal Authority	✓	✓		✓						
2. Decree 3293 (1966) determin-ing the authorities and responsibilities of Alex. port authority.	Board of directors of Port Authority	✓			✓						
3. Decree 2062 (1967) concerning transferring the port authority and light houses to the Ministry of Transport.	Ministry of Transport and Communications	✓									
4. Decree 1198 (1974) establishing the higher council for ports and light houses	Ministry of Transport and Communications	✓			✓						
5.Decree 217 (1978) establishing the general authority of Red Sea ports amended by decree 27 (1985).	Board of Directors of Red Sea Ports Authority	✓			✓						
6. Decree 565 (1980) organizing and determining the authorities and responsibilities of Port - Said port authority.	Board of Directors of Port Said Port.	✓			✓						

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
7. Decree 242 (1981) giving the Alex. governor all the Minister's authority with respect to port of Alex.	Governor of Alexandria	✓			✓						
8. Decree 317 (1985) establishing Damietta port authority.	Board of Directors of the Port Authority	✓			✓						
9. Decree 494 (1986) establishing Dakheila port.	Board of Directors of the Port Authority	✓			✓						
10. Decree 182 (1994) reorganizing or restructuring the Ministry of Transport.	Minister of Transport and Communication										

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
Ministerial Decrees by Minister of Transport and Communication											
1.Decree 568 (1962 determining the vision areas for light houses and shore signals and the height of other buildings.	Ministry of Transport and Communication		✓		✓						
2.Decree 28 (1963) issuing the executive regulations the control registration in Maritime Transport and the related activities record.	The Committee form-ed to follow up the registration				✓						
3.Decree 138 (1964) to allow some exceptions from some article of law 12 (1964) amen-ded by decree 150 (1969).	All ports Authorities	✓			✓						
4.Decree 107 (1967) concerning the regulation the Govern. registration in the employees record in Alex. port.	Alex. port Authorities	✓			✓						
5.Decree 300 (1970) concerning supervision of navigation chambers in Egyptian ports amended by decree 14 (1971).	Minister of Transport and Communication	✓			✓						
6.Decree 157 (1973) determining the fees and charges categories for using the flouting units owned by Alex. port Authority.	Port Authority and companies and ships dealing with the port Authority	✓			✓						Ship services

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
7.Decree 161 (1974) allowing the private sector to perform some works related to Maritime Transport (painting works, security, ...etc.).	Ministry of Transport and Port Authorities	✓			✓						Ship services
8. Decree 116 (1976) concerning dealing in ship supply as an exception of law 12 (1964).	Ministry of Transport and Port Authorities.	✓			✓						Ship services
9.Decree 143 (1976) establishing the Canal Shipping Agency Co.	Board of Directors of the company				✓					✓	
10.Decree 144 (1976) establish-ing Alexandria Shipping Agencies Co. *according to the general assembly of the companies, it has been divided into <u>three</u> companies during April 1996.	Board of directors of the company.				✓					✓	
11.Decree 114 (1977) concerning the regulations that govern the activities of security for mer-chandise and ships in port of Alexandria.	Port of Alexandria Authority.	✓			✓						Security
12. Decree 98 (1978) forming a Committee to supervise registration in Maritime Tran-port and the related works record	The concerned Committee	✓			✓						
13.Decree 106 (1978) allowing the exception of some articles of law 12 (1964) concerning	Port of Alexandria Authority				✓	✓					

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
loading and unloading on an charge port of Alex.											
14. Decree 128 (1978) concerning the conditions that control giving permissions to buy ships garbage at port of Alex.	Port of Alexandria Authority.				✓						ship service
15.Decree 129 (1978) determining the fees and charges for port services at port of Alex. (amended by decrees 72, 73 (1987) and decree 15 (1989) and decree 35 (1990).	Port of Alexandria Authority	✓		✓	✓	✓	✓	✓		✓	
16.Decree 163 (9178) concerning the organization of shipping Chamber in Alexandria.	The Chairman of Shipping Chamber	✓			✓						
17.Decree 22 (1970) determining the fees and charges for port services at Suez Canal area, and Red Sea.	All the concerned Port Authorities	✓		✓	✓	✓	✓	✓		✓	
18.Decree 23 (1979) determining the fees and charges for port services at port of Alexandria amended by decree 77 (1986) and decree 100 (1987).	Port of Alexandria Authority	✓		✓	✓	✓	✓	✓		✓	
19.Decree 46 (1980) determining the usage fee of the dry dock at port of Alex.	Port of Alexandria Authority	✓			✓						Ships services
20.Decree 291 (1981) establishing Suez company for	Board of directors of the company					✓		✓			

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
mechanical stevedoring Co.											
21.Decree 15 (1983) concerning the safety and condition of ships that work within the territorial waters	Ministry of Transport and communication	✓	✓		✓						Navigat-ion
22.Decree 25 (1984) establishing Alex. Container Handling Co.	Board of directors of the Committee.	✓			✓	✓		✓			
23.Decree 76 (1984) establishing Port Said Container Handling Co.	Board of directors of the committee	✓			✓	✓		✓			
24.Decree 125 (1984) determin-ing the fees and charges for services at Container Terminal at Alex. port (amended by decree 43 (1985).	Board of directors of Alex. container handling Co.	✓				✓		✓			
25.Decree 23 (1985) determing the services fees at Newieba port.	Neweiba port Authority	✓	✓	✓	✓	✓	✓	✓			
26.Decree 34 (1985) determining the fees of services offered by Newieba port Authority.		✓	✓	✓	✓	✓	✓	✓			
27.Decree 159 (1985) determin-ing the storage fees at Port Said port. (amended by decree 68 (1986) and decree 133 (1988).	Port Said port Authority	✓					✓				
28. Decree 22 (1986) organizing the registration of Tallymen at Damietta port	Damietta port Authority	✓				✓		✓			Labor

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
29. Decree 28 (1986) organizing the registration of workers at Damietta port (amended by decree 205 (1986)	Damietta port Authority	✓									Labor
30. Decree 29 (1986) establishing a Shipping Chamber at Damietta port.	Chairman of Shipping Chamber	✓			✓	✓				✓	
31. Decree 44 (1986) determining the rules and usage fees for the floating units of Damietta port amended by decree 145 (1986), decree 56 (1987), decree 116 (1987), decree 102 (1988) and decree 104 (1988).	Damietta port Authority	✓			✓	✓					Ship services
32. Decree 69 (1986) determining the storage fees at Damietta port (amended by decree 108 (1989).	Damietta port Authority	✓					✓				
33. Decree 97 (1986) establishing the Damietta Container Handling Co.	Board of directors	✓				✓		✓			
34. Decree 98 (1986) concerning the permission of Egyptian private sectors companies and the Egyptians to practice the Maritime transport works as an exception from law 12 (1964) amended by decree 163 (1988).	- Ministry of Transport and Communication - Port Authorities	✓				✓	✓	✓		✓	Ship services

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
35.Decree 61 (1987) determining the fees and charges for services at Containers Terminal at Damietta port (amended by decree 144 (1987) and 103 (1989).	- Damietta port authority - Damietta Container Handling Co.	✓				✓		✓			
36.Decree 90 (1987) determining the usage fees for floating units and cranes owned by Port Authorities and Light Houses and the Red Sea ports authority.	Red sea ports Authority	✓			✓	✓					Ship services
37.Decree 91 (1987) determining the fees for storage services at Port Said port.	Port Said port Authority	✓				✓	✓				
38.Decree 94 (1987) determining the fees of storage services at Damietta port (amended by decree 140 (1987).	Damietta port Authority	✓					✓				
39.Decree 108 (1987) determining the fees of storage at the refrigerated store at Damietta port.	Damietta port Authority	✓					✓	✓			
40.Decree 21 (1988) determining the fees and charges at the Container Terminal at Port Said port (amended by decree 104 (1989) and decree 21 (1990).	- Port Said port Authority - Port Said Containers Handling Co.	✓				✓	✓	✓			

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
41.Decree 78 (1988) determining the fees for storage services at Red Sea ports.	Red Sea ports Authority	✓				✓	✓	✓			
42.Decree 88 (1988) determining the usage fees for the floating units owned by Damietta port Authority. amended by decree 106 (1989).	Damietta port Authority	✓			✓	✓					
43.Decree 95 (1988) determining the usage fees for the mineral Dock at Dekhela port	Dekhela port Authority	✓				✓	✓				
44.Decree 137 (1988) considering the works of ships clearance of ships as maritime transport works.	- Ministry of Transport and Communication - Port Authorities	✓			✓					✓	Ship services
45.Decree 26 (1990) determining the fees of storage services at Neweiba port.	Port Authority	✓					✓	✓			
46.Decree 34 (1990) determining the rules and conditions needed to allow the private sector to handle agency works for ship of maximum capacity of 400 Tons.	- Committee of registration of Maritime transport - Port Authority	✓			✓					✓	
47.Decree 40 (1990) concerning giving discounts for vessels that carry transshipment containers per the fees and charges by law 24 (1983).	Each port Authority	✓				✓		✓			

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantin	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	
The Governor of Alex. decrees concerning Alex. Port Authority											
1. Decree 167 (1980) determining the usage fees for mechanical ship stevedoring	Alex. Port Authority	✓				✓					
2. Decree 191 (1980) determining the usage fees for the floating crane	Alex. Port Authority	✓			✓	✓					

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
Alex. Port Authority decrees											
These decrees must be approved by the Minister of Transport and Communication or the Governor of Alex. according to the delegations he has been given.											
1. Decree 151 (1969) concerning the security regulations at Alex. port.	Alex. Port Authority	✓			✓				✓		Security
Alex. Port Authority Decrees: 2. Decree 153 (1969) giving the right to port of Alex. police to issue the licence for merchandise guards at berth.	Alex. Port Authority	✓			✓						Security
3. Decree 617 (1979) concerning the berth reservation amended by decree 3 (1981), decree 6 (1982), decree 16 (1984), decree 28 (1985) 43 (1986).	Alex. Port Authority	✓			✓	✓		✓			
4. Decree 168 (1980) concerning storage.	Alex. Port Authority	✓					✓				
5. Decree 12 (1983) determining the fees for storage services at Alex. port amended by decree 15 (1984), decree 29 (1985), decree 44 (1986) and decree 49 (1987).	Alex. Port Authority	✓			✓		✓				

Laws And Regulations Affecting Ports and Port Services

Law or Regulation	Responsible Agency	Port Administration	Pilotage	Health and Quarantine	Harbor Master	Stevedoring	Sheds and Warehouses	CFS	Customs	Agency	Other
6. Decree 37 (double) (1986) determining the fees for storage service at Alex. port (amended by decree 44 (1986)	Alex. Port Authority	✓					✓				
7. Decree 45 (1986) determining the usage fees of the bulldozer owned by the Alex. port authority	Alex. Port Authority	✓				✓					
8. Decree 48 (1987) manifesting the merchandise which is allowed to be unloaded at anchorage at Alex. port.	Alex. Port Authority	✓			✓	✓			✓		
9. Decree 50 (1987) determning the fees for handling cement or grain from soils at Alex. port.	Alex. Port Authority	✓				✓	✓			✓	

Appendix A
Table 6.1

			Egypt Port Services					
Port			Yearly port traffic -		thousand metric tons			
							Number of berths	Thousand tons per berth/year
	1990	1991	1992	1993	1994	1995		
Alexandria and Dekheila								
General cargo			7858	9972	9109	10227		
(non-containerized)			5954	7706	6371	7431	34	219
(containerized)			1904	2266	2738	2796	4	699
Reefer					197			
Dry bulk			5719	6426	7154	7752	25	310
Liquid bulk			3123	4177	3853	3625	5	725
	21370	20648	16700	20575	20313	21604		
Port Said								
General cargo			1352	1627	1970	3332		
(non-containerized)			521	368	442	720	8	90
(containerized)			831	1259	1528	2612	1	2,612
Reefer					38			
Dry bulk			1478	1086	1932	2422	4	606
Liquid bulk			437	517	631	724	3	241
	2896	2846	3267	3230	4571	6478		
Damietta								
General cargo			2892	3412	3998	4722		
(non-containerized)			227	303	132	459	8	57
(containerized)			2665	3109	3866	4263	4	1,066
Reefer								
Dry bulk			2298	1696	3368	4171	2	2,086
Liquid bulk				2		0		
	2873	1805	5190	5110	7366	8893		
Suez								
General cargo			1456	1263	1172	1253	16	78
Dry bulk			1095	1179	876	514	3	171
Liquid bulk			2336	3072	2443	2563	1	2,563
	4647	5600	4887	5514	4491	4330		
Safaga								
General cargo			4	2	55	26	1	26
Dry bulk			1594	2103	1856	1324	4	331
Liquid bulk					32	47		
	2015	1634	1598	2105	1943	1397		
TOTAL	33801	32533	31642	36534	38684	42702		

Appendix A
Table 6.2

			Egypt Port Services						
Port			Yearly port traffic -		TEU				
		1990	1991	1992	1993	1994	1995	Number of berths	TEU per berth/year
Alexandria	and Dekheila								
(only for container terminal, does not include containers at general cargo or ro-ro berths)									
In		100014	109433	117655	136271	149450	131175		
Out		90776	103877	111598	121502	134977	120928		
Total		190790	213310	229253	257773	284427	252103	4	63026
Port Said									
In		27247	31018	59355	85337	92637	170348		
Out		27536	29783	58160	86000	90900	164313		
Total		54783	60801	117515	171337	183537	334661	1	334661
Damietta									
In		39118	105908	166662	211091	259891	265867		
Out		38540	102055	157018	210446	258112	262421		
Total		77658	207963	323680	421537	518003	528288	4	132072
Suez and Adabiya									
In		3906	3743	2835	2036	3702	4349		
Out		7970	3600	2375	1975	2095	4370		
		11876	7343	5210	4011	5797	8719		
TOTAL									
In		170285	250102	346507	434735	505680	571739		
Out		164822	239315	329151	419923	486084	552032		
Total		335107	489417	675658	854658	991764	1123771		

Appendix A
Table 6.3

		Egypt Port Services			
		Export Tonnages 1990-1994			
	1990	1991	1992	1993	1994
Product		Thousand tons			
Sugar	2	10	1	0	22
Phosphate	54	86	0	147	611
Salt	125	121	188	277	446
Molasses	110	105	149	93	19
Fresh fruit	162	128	115	87	55
Potatoes	136	205	209	176	131
Onions	60	60	70	143	138
Other agricultural products	164	242	281	697	715
Raw cotton	10	1	6	5	0
Yarn	116	102	81	83	140
Gen. cargo	2582	5663	3748	4164	6077
Aluminum	117	97	136	103	113
Crude oil	2664	9116	5682	9037	6313
Total	6302	15936	10666	15012	14780
Total exports	6335	19837	15057	18637	17992
Total imports	16389	14873	16252	14634	21597
Total	22724	34710	31309	33271	39589
	Export/import tonnages for certain key commodities				
Product					
Fertilizer, Sulphur	600	526	762	614	858
Gen. cargo	8626	10979	9474	9810	13712
Timber	1100	1055	902	1187	1335
Grain	5423	5124	6408	3999	8620
Coal, coke	1518	1206	1155	1433	1853
Refrigerated cargo	243	200	224	253	281
Crude/refined petroleum	2664	9341	5707	9069	6313
Total	20174	28431	24632	26365	32972

Appendix A
Table 6.4

Egypt Port Services

Container Traffic in Major Ports in the Eastern Mediterranean Sea 1985-1994

(Thousand TEU)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Alexandria	134.3	134.4	143.1	156.1	136.6	190.7	213.3	229.3	257.7	284.4
Damietta	0	0	0	0	0	77.6	207.9	323.7	421.5	518
Port Said	42	35.9	33.2	31.9	39.3	54.8	60.8	117.5	171.3	183.5
Piraeus	196.9	232	265.6	331.9	375	426.2	463	511.5	526	517
Limassol	122.4	123.8	141.2	187.9	273.1	273.8	228.6	217.6	220.8	266
Larnaca	74.9	83.1	104.4	103.6	96.2	110.5	94.9	134.3	193.3	105
Ashdod	120	132.3	119.3	135.7	136.7	173.8	235.5	249	263	n.a.
Haifa	152.1	163.3	154.9	171.9	194.8	285.5	322.7	353.8	422	n.a.
Total	842.6	904.8	961.7	1119	1251.7	1592.9	1826.7	2136.7	2475.6	

Source: Ocean Shipping Consultants Ltd.; World Container Port Demand to 2010, Chertsey 1993

Appendix Table 6.5

Disbursement Account for a Container Ship (See next page)

This container vessel discharged 360 TEU's and loaded 290 TEU's. A total of 650 TEU's were handled. The time in port was 50 hours.

Comments on some items of account:

7. Commission on inward freight (if collected by agent). As the majority of containers discharged were on liner terms, the state agent claimed this commission as allowable under the Tariff of the Alexandria Chamber of Shipping for services by Shipping Agents.

9 Commission on outward freight. This commission in other countries is paid to agents who actually book the cargo. In Egypt, however, the government agent even if he did nothing to earn the commission, is allowed to charge it under the above tariff;

18. Translation fees. These are charged whether translations are performed or not.

19. Cab hire. Hire of taxi cabs is for the convenience of the agent, per tariff. This amount charged is excessive

21. Motor launch and boat hire. According to the tariff, the agent is allowed $12.50 for the round trip, including one hour waiting time. The Captain in this instance numbered and signed five trip tickets; but eight were submitted to cover officials travel to and from the ship.

22. Postage and petties. Same comment as for item 18.

30. Tally clerks and supervisors. Charged per tariff even though personnel was not supplied.

31. Storage fees for containers reflecting the very long dwell time in the port.

2 days in port 95.12.08 – 95.12.10
Charged 2 days to
Container Vessel

Discharged – 360 Teus
Loaded – 290
350

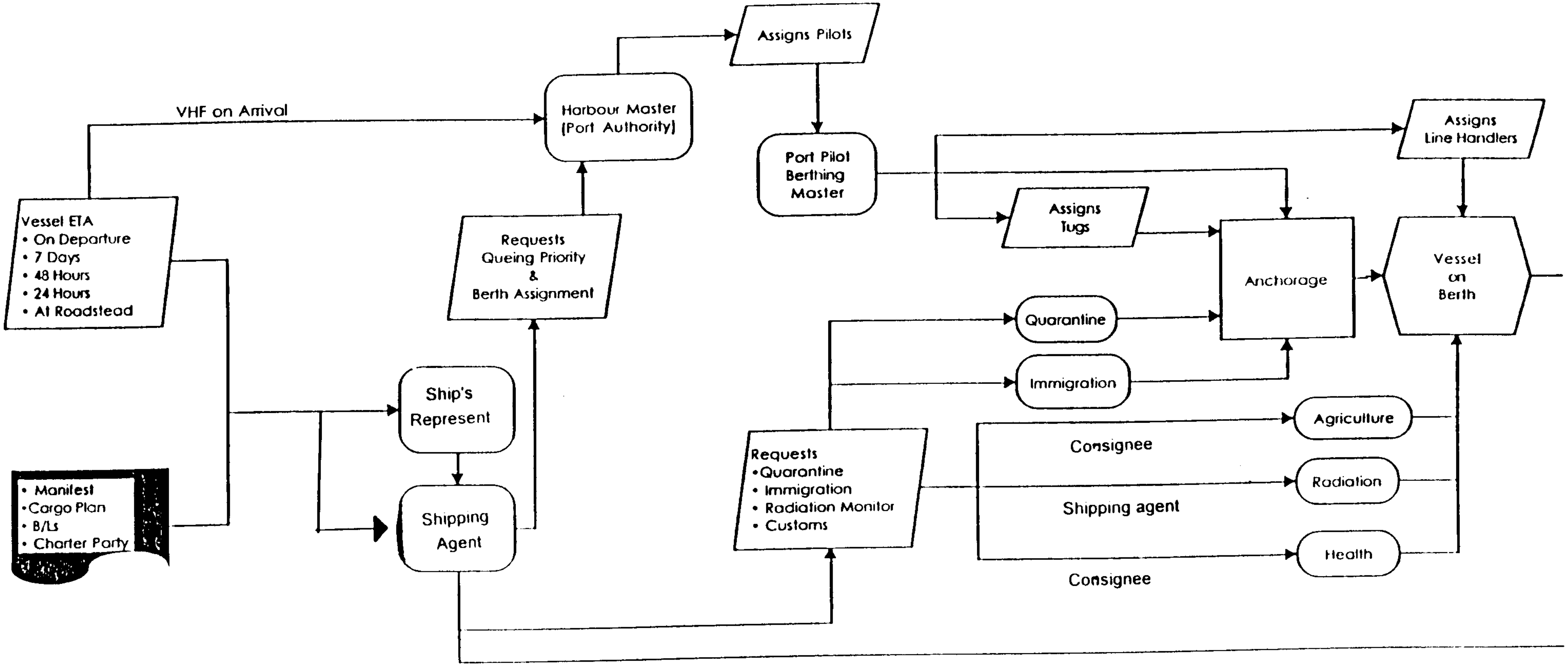
ON Berth...... TABLE 6.5

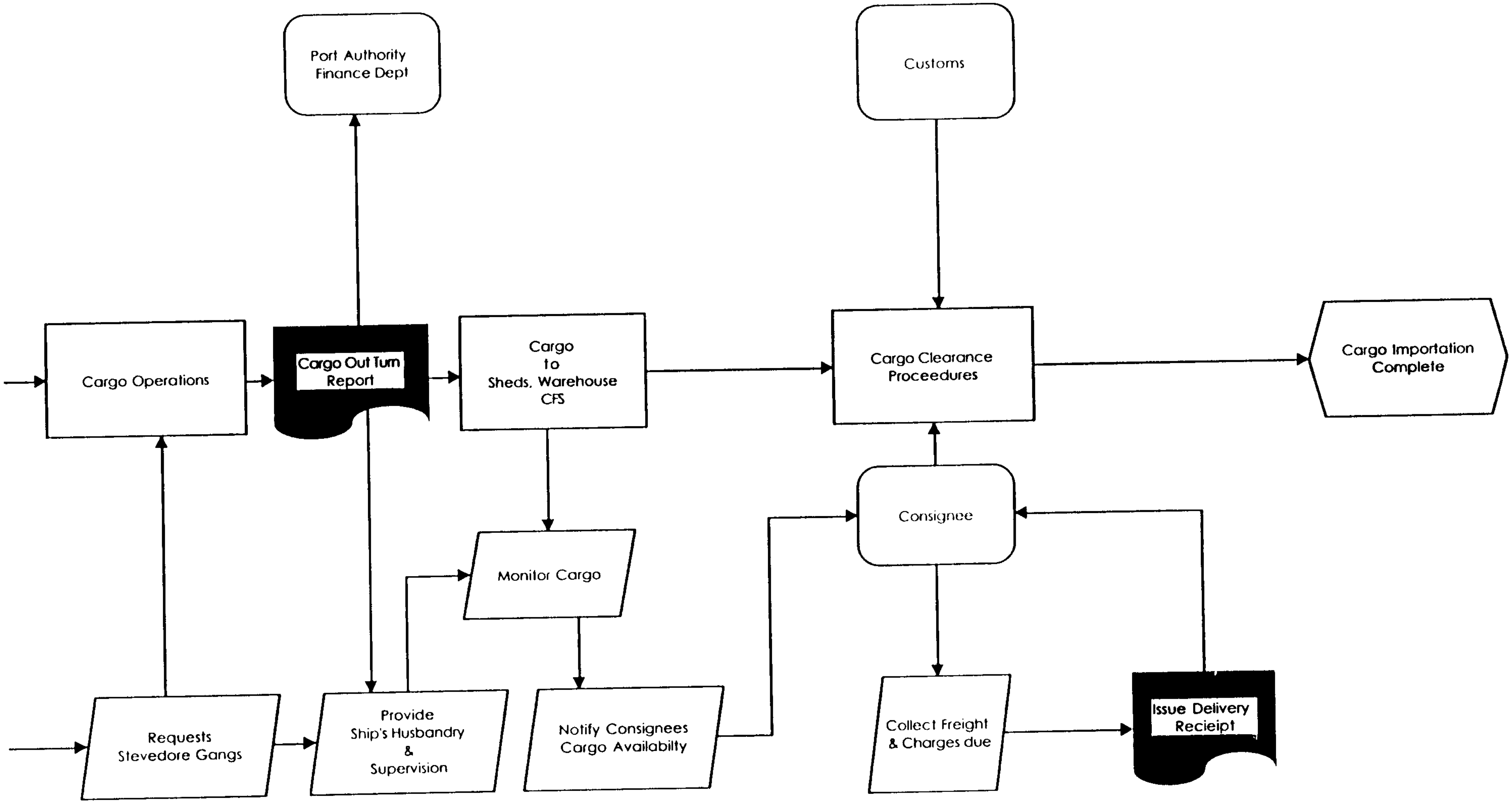
V.		L.E.	P.T.	U.S.D.	CENT
1	Port & Lights Dues	33640	18	9920	54
2	Sanitary & Quarantine Dues	129	50	38	12
3	Customs Permit of Departure	22	25	6	55
4	Immigration Dues				
5	Port Police Overtime	40	00	11	80
6	Fiscal Stamps on Inward Freight	1332	40	392	25
7	Commission on Inward Freight	32986	11	9710	95
8	Collecting Commission	~~1411~~	~~88~~	~~415~~	~~65~~
9	Outward Freight Commission	11696	65	3443	44
10	Passengers Commission				
11	Transit Commission				
12	~~Clearing Expenses~~ D.H.L	368	00	108	33
13	~~Medical Treatment~~ CUSTOMS FINE	744	25	219	12
14	Survey fees / REPAIRS				
15	STORAGE EXPENSES outside TERMINAL				
16	Agency fees	1039	42	306	00
17	Additional Fess				
18	Translation Fees	214	00	63	00
19	Cab Hire	519	71	153	00
20	Telegrams / Telexes / Fax	480	00	141	30
21	Motor Launch & Boat Hire	334	10	98	36
22	Postage & Petties	214	00	63	00
23	Crew and ship's mail				
24	Ship's supply				
25	Shore Leave Passes for Crew	104	92	30	90
26	Water				
27	WATCHMEN A/C				
28	Stevedoring Charges / Discharging				
29	Stevedoring Charges / Loading				
30	Tally Clerks & Supervisors	857	70	252	50
31	Storage Expenses	150033	26	44169	00
32	Customs Overtime Discharging / Loading	259	00	76	25
33	Stevedoring Charges Transit				
34	Repatriation Expenses				
35	Reception Expxenses				
36	Supervision Fees	37235	72	10962	00
37	Agency Remuneration				
38	Seamen Club	84	92	25	00
39	Cost of Photo Copies	525	00	154	55
40	Transport of Empty cont	12513	81	3684	00
41					
42					
	Total	286786	78	84445	61

E & O. E.

Vessel Entry Flow Chart.Alexandria

Appendix A
Table 6.6




Port Authority Finance Dept
Customs
Cargo Operations
Cargo Out Turn Report
Cargo to Sheds, Warehouse CFS
Cargo Clearance Proceedures
Cargo Importation Complete
Consignee
Monitor Cargo
Requests Stevedore Gangs
Provide Ship's Husbandry & Supervision
Notify Consignees Cargo Availabilty
Collect Freight & Charges due
Issue Delivery Recieipt

Appendix A
Table 6.7

03/05 '96 11:44 FAX 4821770 GAC EGYPT

GAC ®

Gearless Bulker - 43.500 DWT
Total Tonnage 41,800 - Grain
Discharged Anchor. 6580
Demurrage $12 - 15.000/Day
Hatches 5 - All workable
Cargo Red Durham #09

Telefax Message

To:	RAMSES HILTON	Date:	MAY 3/96
Fax No.:	5752945	Ref. No.:	
Attention:	MR. DAN REUSS	c.c.:	
From:	GULF AGENCY CO.EGYPT		
No. of pages:	ONE		

Please, advise if you have not received all pages included in this telefax transmission.
Fax No.: 4821770 Phone No.: 4840256/7/8

Dead time =

THANKS YOUR FAX DID APRIL 30TH

RE BULK CARRIER DISCHARGE GRAIN ALEX PORT

		Time Δ 1
- VSL ARRIVED ALEX PILOT STATION	0530 HRS 17/4/96	0
- PILOT ON BOARD	0625 HRS 17/4/96	
- DUE TO VSL DRAFT 38FT AND BERTH CAN ACCEPT ONLY 32FT		1
- VSL ANCHORED ALEX ROADS FOR LIGHTERING	0745 HRS 17/4	
- AFTER COMPLETED FORMALITIES AND SAMPLES ANALYSIS RESULT RCVD COMMENCE DISCHARGE AT BARGES	1700 HRS 17/4	9
		36
- VSL REACH 32 FT DRAFT AT	0500 HRS 19TH	1
- PILOT ON BOARD	0645 HRS 19th	1
- BERTHED ON BERTH 85	0840 HRS 19TH	1
- RESUME DISCHARGING	0955 HRS 19th	137
- COMPLETED DISCHARGING	0320 HRS 25TH	6
- UNBERTHED AND SAILED	1000 HRS 25TH	

Total chargeable time 196.70 Hrs
of which dead time 20.21
Approx 10.%
@ $12.000/Day = $500/Hr
Lost = $10,105

BEST REGARDS
GAC EGYPT
MAGDY ABBAS

Daily Production

- Berth
- Light

M/V." EUN JI" PANAMA FLAG ARRIVED ALEX. PORT OUTER TOAD AT 0530 hrs. ON 17.4.1996 FOR DISCHARGE 41701.025 M/T WHEAT IN BULK.

TERMS, CONDITIONS, AND TIME TO COUNT AS PER CHARTER PARTY.

nonK

M.v. Bostrom

STATMENT OF FACTS

VESSEL ARRIVED OUTER ROAD	ON 17.04.96 AT 0530 hrs.
SEA PILOT ON BOARD	ON 17.04.96 AT 0625 hrs.
CABLE N.O.R. TENDERED BY MASTER ...	ON 17.04.96 AT 0530 hrs.
VESSEL ENTERED INNER RORT	ON 17.04.96 AT 0725 hrs.
VESSEL BERTHED ON 78/6 BY STERN ...	ON 17.04.96 AT 0820 hrs.
FREE PRATIQUE GRANTED	ON 17.04.96 AT 0930 hrs.
SAMPLES TAKEN FOR RADIO ACTIVITY ...	ON 17.04.96 AT 1000 hrs.
RESULT OF RADIO ACTIVITY	ON 17.04.96 AT 1400 hrs.
VESSEL COMMENCED LIGHTING ON BARGES ..	ON 17.04.96 AT 1650 hrs.
VESSEL COMPLETED LIGHTING	ON 19.04.96 AT 0645 hrs.
VESSEL SHIFTED TO QUAY NO.85FM0730TO0840...	ON 19.04.96 AT 0840 hrs.
VESSEL COMMENCED DISCHARGING ON QUAY NO.85..	ON 19.04.96 AT 0955 hrs.
VESSEL SHIFTED 12 MTS FORE. FM2130 TO 2200..	ON 20.04.96 AT 2200 hrs.
VESSEL RESUMED DISCHARGING	ON 20.04.96 AT 2220 hrs.
VESSEL COMPLETED DISCHARGING	ON 25.04.96 AT 0320 hrs.

N.O.R. ACCEPTED AS PER C/P.

DISCHARGING OPERATIOS

DATE	FROM - TO	
17.4.96	1650-2400	3 GANGS LIGHTING ON BARGES HOL 1,4,5
18.4.96	0000-0700	4 " " " " " 1,2,4,5
	0845-2400	4 " " " " 2 1,2,4,5
19.4.96	0000-0645	4 " " " " " 1,2,3,4,5
19.4.96	0955-2400	DISCHARGING ON QUAY NO 85.
20.4.96	0000-2400	
21.4.96	0000-2400	
22.4.96	0000-2400	
23.4.96	0000-2400	
24.4.96	0000-2400	
25.4.95	0000-0520	

RAINE TIME:- ON 17/4 FM 1300 TILL 1630 hrs. ON 20/4 FM 2030 TILL2100hrs.

N.B:- ON 25/04/96 OFFICIAL HOLIDAY (SINAI DAY.

- ALL CARGO HAS BEEN DISCHARGED AS PER CARGO MANIFEST AND B/L.
- ALL CARGO HAS BEEN DISCHARGED AND NO CARGO REMAINING ON BOARD.

STOPPAGES FROM SHORE CUT ELECTRICETY SILOS RESPONSEBELITY

ON 20/4 FROM 1120 TO 1255.hrs. AND ON 23/4 FM 1535 TO 1810 hrs.

- VESSEL HAS FIVE HOLDS WITH FOUR CRANES.

RECEIVERS   ABU SIMBEL SHIPPING AGENCY   M A S T E R

REMARKS: 6580M/T Cargo   AS AGENT ONLY   M.RET

lighted as per draft survey.And actual quantity willbe certain by siles scales.

TOTAL quantity discharged ON quay 85 as per siles scale are 34929.360 M/T

MOHAMED HENNAWY
COMMERCIAL MANAGER

MASTER

Master remark:- Total quantity cargo of discharged as by draft survey with joint surveyor 41721.025 M/T.

Appendix A
Table 6.8

Port Infrastructure Matrix

Appendix

	Alexandria				Dekheila				Port Said			
	Number	Length (m)	Depth (m)	Condition	Number	Length (m)	Depth (m)	Condition	Number	Length (m)	Depth (m)	Condition
Berths												
General Cargo	34	3626	4.6-10	Poor-fair	2	750	12.8	Fair	6	1700	5-12	Fair
Grain	9	1020	7.3-9.7	Poor-fair	2	800	12.8	Fair	2	440	14.5	Fair
Dry Bulk	12	827	5.5-10	Poor-fair					4	791	8-11.5	Fair
Container	4	691	12.8	Fair	2	500	12.8	Fair	2	589	11.4	Fair
Ro-ro	2	Stern ramp	10.4	Fair					1	40	8.5	Fair
Coal	4	480	8.8-10	Fair	2	873	14-20	Fair				
Livestock	1	105	5.2	Fair								
Liquid Bulk	5	762	9.5-10.4	Fair					3	775	3	Poor-fair
Total	71				8				18			

Port Infrastructure Matrix

Appendix

Damietta

	Number	Length (m)	Depth (m)	Condition
Berths				
General Cargo	8	1700	12	Fair
Grain	2	600	14.5	Fair
Dry Bulk				
Container	4	1050	14.5	Fair
Ro-ro				
Coal				
Livestock				
Liquid Bulk				
Total	14			

Red Sea Ports

	Number	Length (m)	Depth (m)	Condition
Berths				
Suez				
General Cargo	8	1340	6.7-8	Fair
Passenger/roro	5	650	8	Fair
Adebya				
Bulk	3	590	11-12.8	Fair
General Cargo	8	1590	8	Fair
Liquid bulk	1	92	10	Fair
Safaga				
General Cargo	1	414	10	Fair
Dry bulk	4	625	8-14	Fair
Total	30			

Appendix A
Table 6.9

Equipment Matrix | Appendix A Table

	Alexandria				Dekheila				Port Said			
	Number	Capacity	Condition	Comment	Number	Capacity	Condition	Comment	Number	Capacity	Condition	Comment
Equipment		Metric ton										
• General Cargo												
Cranes	92	10 - 140	Poor to Fair						24	6-37		
Fork Lifts	135	3 - 35	Poor						15	2.5-3		
Medium												
Small												
• Barges	243	200 - 250	Bad	Never cleaned properly					27	200-250		
• Neo-Bulk & Project												
Maffis/Trailers	123	50	Poor to Fair									
• Grain & Dry Bulk												
Discharge Towers	2		Fair									
Branches	2		Fair									
Vacuvators									2	Floating silos		260 t/hour each

Appendix A Table

Equipment Matrix

	Alexandria				Dekheila				Port Said			
	Number	Capacity	Condition	Comment	Number	Capacity	Condition	Comment	Number	Capacity	Condition	Comment
• Container												
Ship Cranes	3	32 - 40	Good	1x40; 2x32	3	45	New	Post-panamax	3	2x41;1x45	Fair	
Mobile Cranes (Tower)	15	75	Poor	Cannot lift rated load 10ver					2	32		
RTGs	4	32	Good	1 over 3; 7 lanes								
Top Lifts					6	45	New		6	35-42		Real capa. 12-28 t
Heavy Forklifts (> 15 tons)	10	42 - 45	Fair		4	2X45;2x67.5			4			
Stackers	2											
Chassis/Bombcarts					12				17			
Terminal Tractors (Hustlers)	28		Fair		6	16	New					
Medium FTLs (6 -15 tons)	10				4	3-5						
Small FTLs (1 - 5 tons)	3	4	Fair to Poor									
• Ro-Ro												
Maffis	10								10	50		
Top lifts												
Heavy Forklifts	2	37										
Stackers	2	32										
Chassis/Bombcarts												
Terminal Tractors (Hustlers)												

Equipment Matrix | Appendix A Table . . .

	Damietta Number	Damietta Capacity	Damietta Condition	Damietta Comment	Red Sea Ports Number	Red Sea Ports Capacity	Red Sea Ports Condition	Red Sea Ports Comment
• Container								
Ship Cranes	4 (+2)	40	Rehabilit.	2 on lease				
Mobile Cranes (Tower)					1	70		2x45;1x30
RTGs	3	30						
Top Lifts								
Heavy Forklifts (> 15 tons)								
Stackers								
Chassis/Bombcarts					106			
Terminal Tractors (Hustlers)	33				25			
Medium FTLs (6 -15 tons)								
Small FTLs (1 - 5 tons)								
• Ro-Ro								
Maffis								
Top lifts								
Heavy Forklifts								
Stackers								
Chassis/Bombcarts								
Terminal Tractors (Hustlers)								

Equipment Matrix

Appendix A Table [illegible]

Equipment	Damietta Number	Damietta Capacity	Damietta Condition	Damietta Comment	Red Sea Ports Number	Red Sea Ports Capacity	Red Sea Ports Condition	Red Sea Ports Comment
• General Cargo								
Cranes	3	10-40			15	10-70		10 in Port Taufiq
Fork Lifts	42	5-40			26			in all Red Sea ports
Medium								
Small								
• Barges								
• Neo-Bulk & Project								
Maffis/Trailers								
• Grain & Dry Bulk								
Discharge Towers	2	7000 t/day	Good		3		Large vacuvator	Total capa. 8000 t/day
Branches	2							
Vacuvators					40			

Appendix A 6.10

Quick Hits for Early Improvements in Port Operations

Cargo Handling Practices

It has already been said that Egyptian ports are inefficient, in poor state of repair, suffer from inadequate maintenance and are being operated at less than their nominal capacity. Many of these problems can be traced to poor management practices and lack of supervision. In the following are recommendations that carry virtually no incremental cost, will have an immediate impact on productivity and throughput, as well as capacity, lower costs and improved service quality and can be implemented immediately.

24 Hour Work Day

Although port management asserts that they have shifted to 24 hour working it is not apparent in the practices employed in the ports. Adoption of this regime means:

- Pilots and tugs are scheduled on a shift basis. They should be dispatched by the Harbor Master so that vessels do not wait for the Pilot but proceed directly to the pilot station where the Pilot boards the vessel while under way.

- Gatemen, watchmen, stevedore labor and supervisors work the shift hours as published despite that sometimes overtime compensation is necessary.

- Managers of operating departments are on call 24 hours per day; their home telephone numbers are published in port directories and on their business cards.

Operations managers ought to work on the docks and in the yards. Managers of operating departments should verify that operating instructions are properly executed. Until supervision improves substantially and work practices reflect consistent improvement, operating department managers should be on the docks and in the yards actively supervising the performance.

Clean up Operating Areas

Some of the ports suffer from poor housekeeping. Trash, used dunnage, derelict equipment and cargo handling gear litter some ports. This can interfere with traffic patterns, clog working areas and create safety hazards. Solution:

- Clear the roadways edge-to-edge. This means not only large pieces of debris but also trash and garbage as well as sand and spilled cargo.

- Retrieve and stack cargo handling gear in designated areas which are defined by painted lines or some physical barrier.

- Collect and sell for scrap all abandoned equipment, gear and vehicles.

Given the large labor force already employed in the ports, all of this work can be accomplished at little or no incremental cost. Some of the available manpower can be employed in this effort.

Infrastructure Repair

Disrepair where it exists can often be traced to improperly completed, or incomplete construction and installation. Apparently projects were accepted with kerbs and gutters incomplete, construction debris not cleared from roadways and light standards unfinished. Even the container terminals, which are all relatively new, already exhibit varying degrees of deterioration. In Alexandria open holes exist, or variations in grade sufficient to cause damage to large trucks. The covers to the underground conveyors at the grain silos are broken and traffic must divert to a secondary road to avoid the holes.

Although repair of the extensive damage will require capital improvement projects, much can be done by ordinary repairs. For example:

- Where light standards have been knocked down, or traffic guards have been broken, these should be cut down below grade and refilled. Where concrete foundations have deteriorated the foundations should be removed and brought to grade level.

- Rail crossings should be re-graded.

- Drain and conduit covers should be repaired and replaced.

Traffic control in the ports is poor and the deteriorated infrastructure then contributes to the truck congestion in several of the ports.

Equipment Repair or Replacement

With the exception of the new container cranes and top lifts at Dekheila, much of the equipment in Egyptian ports is in need of a preventive maintenance and repair. A large percentage of the shoreside cranes as well as many forklifts in Alexandria have been allowed to deteriorate seriously. The situation in Damietta, Port Said and Suez is better.

Good housekeeping would require the manager to:

- Inspect all mechanical equipment under their control for operating capability and condition.

- Equipment, which is not operational or is marginal should be moved away and evaluated for use as spares supply or scrap.

- Usable equipment should be cleaned up by the operators of the equipment. They should be made responsible for insuring its future maintenance. Routine maintenance such as checking fluid levels and clean up after each shift should be the responsibility of the operator for that shift.

- Container cranes should be inspected by independent crane surveyors and recommendations obtained with regard to the maintenance programs as well as installation of state-of-the-art drives and controls. Algorithm-based anti-sway systems should be considered for all container cranes.

These recommendations for early action are important. They should be implemented on the basis of existing authority and at very low cost. The impact of these operational proposals on productivity should be felt immediately. Some of the recommendations are designed to demonstrate to the work force that management is determined to improve operating conditions and is prepared to do its part.

Recommendations to Improve Port Practices

Cargo handling practices also need to be improved:

- Large amounts of spilled grain can be found on the decks of ships and on the quay due to poorly made connections.

- Open top coal and aggregate barges are often berthed, without covers, adjacent to the grain berths in Alexandria (presenting a serious risk of contamination). Unfortunately this is the best waiting area for barges using the main Nobaria canal to the Nile.

- Containers have been stacked in general cargo areas, outside container terminals, haphazardly and should be stacked properly.

- Empty containers outside terminals are often handled with 2 hooks and wire rope on opposite corners. Fixed manually operated spreaders should always be used and at a minimum a bridle with 4 hooks.

- Bagged cargo has sometimes been handled with wire rope rather than slings or pallets.

- Bundles or paper pulp and wood products are lifted incorrectly resulting in damage to the packing wires and the bundles.

- High value cold rolled steel coils are deformed due to improper handling. Entire consignments of this valuable cargo were observed in open areas where literally been dumped. Steel cargoes are valuable and fragile. Such neglect can lead to substantial claims and further damage to the reputation of Egyptian ports

The stevedoring companies should institute a training program on correct cargo handling and stowage practices.

Improvement of Marine Services Operations

Private ship's representatives have consistently complained of lack of timely responsiveness from the marine service providers. Vessels should not have to wait for pilots and tugboats and vessels should depart the berth immediately upon completion.

Re-instatement of VHF Licenses

Previously, the protecting agents ship's representatives, stevedores and others could use VHF radios in the ports. For some unknown reason, the licenses have been suspended. Use of VHF should be reinstated at the earliest possible moment. If conflicts exist with frequencies assigned to official users, frequencies should be reallocated.

Use of Existing EDI Facilities

The constraints of the Shipping Agency Companies has been detailed elsewhere, but this is a particularly telling example. Port Said Container and Cargo Handling Co. has developed and implemented an EDI (Electronic Data Interchange) capability. They reported that Canal shipping Agencies have refused to use the EDI link. The Agencies should be required to start using the EDI link immediately. If they fail to do so these links should be made available to the Protecting Agents and shipping companies.

Geodesic Information Systems (GIS)

GIS can be a useful tool in the effort to maintain, upgrade and improve facilities. As the Port Authorities start improving their existing facilities, they should adopt GIS methodologies to correctly and accurately map and record details of infrastructure location, specification, condition, and modification.

Customs Practices

Customs should work with the Port Authorities, stevedores and container terminals, as well as the shippers and consignees. There are three aspects which customs can improve to help ease the congestion in Egyptian ports and help realize the throughput and capacity norms for which they were designed.

- Deposit for Containers

Customs currently imposes a deposit on inbound containers. This seems to be an illogical and counter productive practice. Although the deposit is reimbursed once the container is back in the port, the draw-back procedure is cumbersome and slow.

This practice has had the effect of limiting the supply of empty containers within the country (and thereby creating problems for exporters); and congesting the ports. To avoid paying the customs deposit, the containers are left in the port where the consignees unload the containers to their own trucks. Export containers are mostly stuffed in the same way. This practice brings more truck traffic into an already congested port area. It also converts working areas into non-revenue storage areas because some of the ports are granting up to 30 days free storage. Customs should suspend and revoke all deposits on containers.

- Inspection in Cargo Handling Areas

For containerized cargo inspection of cargo in working areas is cumbersome, dangerous and counterproductive.

Customs requires that containers in staging areas be stacked two-high to accommodate this practice. Additionally, in both the working stacks and in the staging areas containers must be stowed end-to-end (doors out) with enough space between the containers to allow the doors to be opened and the cargo removed. This adversely impacts the capacity of the terminal in two ways:

- Stack height is limited to 2 containers high vs the stacking capability in the rest of the terminal which is generally 3-high or 4- high (modern container terminals stack 6-high.

- Twenty to thirty percent of the ground space is wasted.

When Customs requires an inspection, which is often, the cargo is completely de-vanned and spread on the ground, usually into the roadway obstructing trucks and container handlers. Customs should develop an effective system of spot checks rather than opening and emptying every single container.

Customs should cease this practice, but can require that containers for inspection be removed to a specified devanning area. Generally these are called Customs Examination Stations (CESs) which can be located virtually anywhere outside working areas. Customs should also limit their inspections to containers identified through intelligence or technical means and occasional random inspections.

- Gate Personnel and Manning

Customs procedures at port gates are slow and largely redundant, particularly with regard to containers. When the truck arrives at the port gate it is again checked by Customs. Inordinate delays occur. Containers released from the container terminals will have already been through at least two clearance procedures; once by the consignee to clear his cargo and again at the gate of the container terminal to clear the container.

Checks at the port gates should be limited to verification of the truck identification and the seal numbers. Two officers should be provided for each traffic lane; one to perform the truck verification and one to check the seals. All traffic lanes should be manned at all times.

On a longer term basis the Customs stations at the port gates should be supplied with computer terminals linked directly to the container terminal's computer and gate system as well as to the Customs information system. This will eliminate multiple paper copies of clearance documents and gate receipts.

Appendix A
Table 7.1

			Egypt Port Services				
		Handling charges and freight rates					
	Comparative rates for containers (US$)						
Terminal handling charges				Stripping/stuffing charges			
	per container			per ton of cargo			
	40 feet	20 feet		unitized	non-unitized		
Alexandria	441	225			7-8		
Zeebrugge	100	100		n.a	n.a		
Antwerp	117	109		9	15		
Haifa	118	78		3.3	9.1		
Trieste	138	138		7.2	27.01		
Felixstowe	152	116		46	46		
Le Havre	168	157		n.a	n.a		
Montreal	170	170		n.a	n.a		
Marseilles	214	214		29.18	29.18		
Barcelona	221	183		14.82	14.82		
Source: Comparative Port Charges: Wydra Institute of Shipping and Aviation Research,							
Z. Raanan 1995			Alexandria Container Terminal Tariffs 1996				
	Indicative freight rates		(US$)		Terminal handling charges		
					in relation to freight rates		
		40 feet	20 feet		40 feet	20 feet	
		regular container			container		
Antwerp-					5.85	10.21	% of
Alexandria		2000	1067		22.05	21.09	freight
Ashdod		1867	933		6.32	8.36	rates
Istanbul		1767	1067				
Piraeus		1333	786				
					40 feet	20 feet	
					regular container		
Rotterdam/Hamburg-				Alexandria-			
Alexandria		2200	1267	Hamburg	1000	533	
Genoa-				Alexandria-			
Alexandria		1450	750	Genoa	850	450	
Marseilles-				Alexandria-			
Alexandria		1450	750	Marseilles	850	450	
US East Coast-				Alexandria-			
Alexandria		4000	2400	US EC	2850	2250	

	Indicative freight rates	(US$)	
		refrigerated container	
		40 feet	20 feet
Alexandria-			
Trieste		2950	
Marseilles		3950	
Jeddah		2500	1400
Damietta-			
La Spezia		3000	1600
Jeddah		4000	2000

Source: Private Sector Development Secretariat: Quotes from Orient Transport
Company Ltd. and Kuhne & Nagel
Transportation assessment for Egyptian export products
Pamela Michel, Trade Development Center

APPENDIX B

SUMMARY OF THE SCOPE OF WORK FOR THE REPORT ON OPTIONS FOR INCREASING MARKET COMPETITION IN MARITIME PORT SERVICES

Development Economic Policy Reform Analysis (DEPRA) Project
Cairo, Egypt

8 April 1996

I. BACKGROUND

This research study will be one of the major studies carried out under USAID's DEPRA project, whose purpose is to support the Government of Egypt's (GOE's) economic reform program, improving the government's abilities to gather and analyze information, and to develop recommendations for policy reforms and measures that will alleviate regulatory and other constraints on trade, investment, private sector development and economic growth. This is the scope of work for the first study proposed under the DEPRA project.

As part of a comprehensive economic reform program, begun in 1991, the GOE is currently concentrating its attention on improving the economy's export performance by reducing regulatory constraints and promoting competitiveness through lower prices and improved quality. The high cost of port services in Egypt has been identified as a major impediment to better export performance due to the unfavorable impact on the prices of exports. Lack of competition in the provision of port services is a significant factor.

Egypt's Maritime and Air Transport Law (Law 12 of 1964), with other laws and regulations, effectively award monopolies to public sector entities for most port and airport services, including shipping agencies, stevedoring, container port services, storage, and cargo handling and movement within the port. As currently structured these public sector monopolies are generally significant employers and major generators of revenue for the government. However, the high cost of these service monopolies weakens Egypt's ability to compete in world markets and deprives Egypt of the investment and jobs that faster export growth would generate.

This study is part of USAID's Sector Policy Reform II (SPR II) Program to support GOE's agenda for policy reforms. One trade sector policy measure scheduled for the first year of SPR II is: "The GOE will carry out a study to determine the actions necessary to ensure greater competition in maritime transportation, including service activities." For a follow-up measure for the second year, the SPR II states, "The GOE will adopt and begin implementation of an action plan to break up monopolies in maritime transportation, including service industries."

I. OBJECTIVE

The objective of this study is to assist the GOE in determining the actions necessary to ensure greater competition in maritime transportation services for the purpose of increasing Egyptian exports. The final report will contain recommendations and an action plan for increasing competition and private sector participation.

I. TASKS

To accomplish the objective the consultant team's activities should include, but not necessarily be limited to:

1) Briefly review the existing maritime services situation in Egypt, including restraints on competition and their impact on exporters and importers. This review would incorporate an analysis, description, and comparison of costs in international ports in the region and elsewhere.
2) Identify the areas where increased competition could improve the quality and reduce the cost of port services; also develop options for increasing competition and more private sector participation in the supply of port services.
3) Evaluate the willingness and likelihood that private sector operators will enter into competition as providers of port services, if legally permitted to do so. Consider both the possibility of private sector entities competing against existing government-owned entities and the possibility of competition among private entities only.
4) Develop order-of-magnitude estimates of the potential costs and benefits to the Egyptian economy from replacing monopolistic arrangements with a competitive system for supplying port services, (including estimates of new exports and employment that could be generated by introducing a competitive system for providing maritime services).
5) Delineate feasible alternative actions for reforms and efficient markets in the provision of maritime port services; discuss the alternatives in a special meeting of key persons for the purpose of formulating preferred options and an indicative timetable for actions to be specified in the implementation action plan.
6) Recommend feasible alternatives for increasing competition in the supply of maritime services. Indicate implementation paths, probable impacts on exports, employment, and government revenues for each recommended alternative. Address responsibilities for investment in maintenance and expansion of port infrastructure.
7) Develop an action plan for implementing the preferred set of recommendations, taking into account the feasibility of implementation and the need for a significant increase in competition.
8) Submit a draft report for discussion.
9) Help organize and participate in a meeting to discuss the reports findings, conclusions, recommendations, and proposed action plan.
10) Submit a revised final report.
11) Submit a detailed work plan for accomplishing all the above tasks. The detailed work plan should be submitted to the DEPRA Chief of Party or his designated Study Supervisor for this task order within 6 working days of the arrival of the Team Leader in Cairo.

4. METHODOLOGY

The Team Leader should propose in the detailed work plan whatever methodologies are deemed appropriate and cost effective to complete the tasks. Suggested methodologies include: review of important documents, including laws and regulations governing the organization and supply of maritime services in Egypt, review of financial information from government-owned corporations providing maritime services, cost benefit analysis techniques, comparison of the cost of maritime services in Egypt to costs in other countries, and interviews with (I) public and private suppliers of port services, (ii) users of port services principally exporters, and (iii) private sector operators who would potentially enter a competitive market in port services.

Egypt's major international maritime ports are Alexandria, Port Said, and Suez. There are also newer ports at Damiatta, Dikhheila, Safaaga, and Nuweiba. The team should plan to visit and study all three of the major ports and two or three of the newer ports. It should be possible, however, to obtain most of the information needed from Cairo, with field visits limited to less than 15 days.

Steps to increase competition may include comprehensive or selective privatization of public enterprises, and open entry to private sector suppliers in all or only a few specified services.
The consultants will work in close cooperation with GOE officials, particularly in developing major recommendations and the draft action plan.

5. STAFF AND DURATION OF WORK

The work will be carried out over a period of nine weeks by a team of six consultants comprised of three expatriate advisors having international experience and three national consultants. The team should mobilize and arrive in Egypt to begin work by mid-April, and complete the final report by mid-June, 1996.

Expatriate: Economist-Team Leader, Port Services Expert, and Port Management -Private Sector Participation Expert.

Egyptian: Economist, Maritime Port Services Expert, and Legal Expert.
The international advisors will have, among them, experience covering seaport organization, management, private sector port services and operations. The experience of the national advisors will be Egypt-specific and complementary to that of the international experts. The team has the skills and experience needed to analyze the port services situation in Egypt and to make recommendations for increasing competition and maximizing the net benefit to the economy.

Appendix

INFORMATION ON PORT SERVICES IN EGYPT

The GOE has taken a number of steps to reduce barriers and stimulate growth in exports, including commissioning a comprehensive export strategy, and establishing in 1994 a Higher Export Committee especially for eliminating impediments faced by exporters and for streamlining export and import procedures.[1]

The essence of the problem that exporters face in dealing with state-owned port service companies is indicated in the following quotation:

> In Alexandria there are four shipping agencies under one state company, the Alexandria Shipping Agencies Company, and one state stevedoring company, the Arab Oriental Stevedoring company. Private companies may provide stevedoring only in the anchorage (a small percentage of the cargo). In Port Said there is only the Canal Shipping Agencies Company and one stevedoring company. In theory the

[1]Mention has also been made of a "High Committee for Export Promotion (by Prime Minister Decree No 975 of 1994)" and the "Higher Council on Exports." See Schouten, Bastiaan. "Transaction Costs to Private Exporters." Draft for discussion (input for Chapter 8 of World Bank, Private Sector Development in Egypt, II). February 2, 1995, Cairo, Egypt: "Executive Summary," page I.

> state shipping agencies represent the interests of foreign shipping companies. (The Law permits Egyptian flag lines to represent themselves.) In fact, foreign shipping lines have found it necessary to engage the services of more than 20 local, private shipping representatives in Alexandria to protect their interests .... Because the private shipping representatives perform many of the functions that private shipping agencies perform in other countries, importers and exporters effectively are charged twice for similar ... services. Because the shipping representative may not legally perform shipping agency services, freight charges include their costs which are not invoiced separately to the shipper (and not included here in the “throughput” costs). Similarly, private stevedoring companies may only perform cabotage stevedoring in the harbor, but shippers were charged for stevedoring by state shipping agencies (charges for the use of unneeded equipment).[2]

The primary focus of the study will be on determining the actions that will ensure greater competition among the suppliers of port services for the purpose of better serving Egypt's exporters and making Egyptian exports more competitive in world markets. Issues regarding the quality and cost of services and most cost effective means of supplying port services are included within this focus. However, many important issues relevant to expanding exports are excluded from the primary focus of this study unless they can relate to measures for increasing competition among port services. Such peripheral issues include policies for temporary admission, duty drawback and tax rebate schemes, free zone matters, non-tariff barriers, the direct cost of customs duties and fees, customs clearance, import or export licenses and documentation. Also excluded from the direct focus of the study are certain non-maritime, export-related services such as: procurement of foreign exchange, banking, financial instruments, insurance, marketing, market information, and telecommunications.

[2]Schouten, *ibid,* page 14.

APPENDIX C

Background of the Authors of the Study

Siegfried Marks

The team leader, Siegfried Marks, is President of Sigmar International, a Miami-based consulting firm offering advisory services on economic reforms to governments and operating problems to private companies. He is an international economist with thirty years work experience in a wide range of economic reform projects, export promotion, investment incentive legislation, deregulation of investments, foreign trade, prices, and markets. Mr. Marks has worked with the major international oil companies, Esso, Shell, Texaco, and Mobil Oil, analyzing regional oil markets and government energy policies. Contracted by the World Bank and USAID, he has advised governments in Latin American countries and in the Newly Independent States (former Soviet Union) on government policy reform programs and private business associations on trade liberalization, investment promotion, privatization, and other areas of deregulation. He has done extensive work, written books and articles on free trade agreements, customs reform, and petroleum sector deregulation.

Bengt Bostrom

A broad-gauged transport specialist/economist with over 30 years practical experience. This experience includes work in many different developing countries, mainly in Africa and the Americas, and fluency in several languages. He has primarily been specializing in different areas of maritime transport and port and airport development He has also been extensively involved in identification, evaluation and implementation of transport infrastructure projects in different developing countries and for all modes (air, rail, maritime and road) of transport. His most recent assignments have included a market study for continuing privatization of port facilities in Maputo, Mozambique and an analysis of impact on competition if an existing terminal operator in one Mexican Gulf port were to be awarded a concession for container terminal operations in another Mexican Gulf port.

Daniel Reiss

He has more than 22 years experience in the design, development and implementation of transportation related projects. Most of that experience is international in nature and much of it is centered on the middle East. Mr. Reiss was responsible for the management and start-up of Mina Quaboos in Oman and for the establishment of the first region-wide warehousing and distribution network established in the Middle East. As a principal in Automated Terminal Development and previously in CMT Systems, he has been responsible for the design and development of advanced cargo handling facilities. These have included specialized terminal for handling boxed and bagged cargo as well as neo-bulk and containers. Most of these facilities have been financed through public-private partnerships with Port Authorities or other governmental agencies.

Captain Farouk El Saigh

Captain Farouk has extensive practical experience in Egypt's maritime and port services. He was an officer of the Egyptian Navy (Submarines), a ship Master (merchant vessels), Manager and Operations Manager of Merzario Line in Alexandria. He is Certified/Registered Marine Surveyor for inspection and estimation of damage. He established his own Surfaro office in 1982 for marine surveying, consulting, and representation for ten major international navigation and shipping companies, mostly European. Also, he managed the maritime consulting business in all Egyptian ports for other international and Egyptian navigation and commercial companies.

Mustafa Mohamed Abu Safi

Mr. Abu Safi has worked as councilor in the State Council of Egypt and as legal advisor to the Port Authorities of the Government of Saudi Arabia, to Martrans, to the Electronic Research Institute, and to a number of Egyptian public entities. He has been a member of the Advisory Council to the Ministries of Education and of Health. Mr. Abu Safi has extensive work experience drafting important regulations and developing legal procedures governing Egyptian ports. He has been a member of the Juridical Court, the High Disciplinary Court, and the High Administration Court, as well as President of the Port Said Administration Juridical Court.

Dr. Mahmoud Hassan Hosny

Dr. Hosny is an economist specialized in foreign trade and economic development issues. He is active in research and training programs aimed at export development. He has directed several market research studies on salt, glass, and refractory products for the Foreign Trade Research and Studies Center at Helwan University. As a staff member in the Foreign Trade Department of the University's Faculty of Commerce, he has prepared and taught training programs for the Foreign Trade Research and Studies Center, the Bank of Development and Agricultural Credit, and some foreign trade companies. He has written books and articles on foreign trade policies and on planning issues. He has been an advisor to the Ministry of Economy and been appointed to the Ministry's Permanent Commission for Export Promotion.

APPENDIX D

CONTACT LIST ▪ DEPRA ▪ PORT SERVICES EGYPT

COMPANY	NAME	TITLE	ADDRESS	TEL.	FAX
Africa For Import Export	Abdel Aziz, Mohamed	Chairman	78 Abdel Salam Aref St. Glym . Alex. , Egypt	203 587 - 9500	203 587 - 6788
Administrative Development Civil Service Reform (CSR)	Mobarak, Hamed		Government Training Center,Salah Salem St. Cairo - Egpyt	202 403 - 0410 202 403 - 1076	202 262 - 5404
Arab Express Co.	El - Lakany, Mahmoud	Operation Manager	59, El Horria St. Alex.	203 493 - 9142 203 492 - 9706	203 490 - 9696
Administrative Development	Winning, Bill		Government Training Center, Salah Salem St.	202 403 - 1076 202 403 - 0410	202 262 - 5404
Alexandria Container Handling Co.	El-Gawad, Abass Abd	Head Operations Sector	Alex. Egypt	203 483 - 9226	203 482 - 2124
Alexandria Container Handling Co.	El Sawi, Maughazi	Consultant Operations Sector	Alex. Egypt	203 809 - 209	203 482 - 2124
Arab Academy for Science & Technology	Abd El - Monsef, Ahmed	Prof. Faculty of Maritime Transport & Technology	Alex. Egypt	203 5482419 off. 203 5860030 h.	203 548 - 2517
Best Marine	Khalil, Capt. Yahia		6, El Gabarty St. Port Said, Egypt P.O.Box: 525 Port Said	066 326954 off. 066 349191 ho.	066 322967
Cairo Three A	El Gamil, Refaat		13, Ahmed Oraby St., Mohandiseen, Cairo Egypt	202 344 - 1030 202 344 - 1033 202 346 - 4560	202 344 - 1030
Chemonics	Shiels, Dr. Tony	Management Advisor / COP	P.O.Box: 28 Giza 12211 Nile Tower Bldg., Floor 24- 21 Giza St., Egypt	202 570 - 2511 202 570 - 2532 202 570 - 25 86	202 570 - 2565

APPENDIX D

Canal Shipping Agencies Company	Koraitim, A. A.	Chairman & Managing Director	Port Said Cairo	066 227 - 500 202 575 - 7877	
Damietta Port Authority (DPA)	Kamel Abd El - Hamid, Rear Admiral Ossama	Board Chairman		202 325 - 926 202 325 - 927	202 325 - 930
Egyptian Businessmen's Association E3A	El Sherif, Taher	Secretary General	21, Giza St., Nile Tower, Cairo - Egypt P.O.Box: 265 Orman	202 573 - 6030 202 572 - 3020 202 572 - 3855	202 573 - 7258 202 621 - 014
Egyptian Businessmen's Association E3A	Hashish, Mohamed Ali	Commercial Director	Eisc Build. 18 Hussein Waasif St.P.O.Box 110 Orman Giza, Egypt	202 348 - 1571 202 348 - 7821 202 360 - 7537	202 348 - 1116
Egyptian International Shipping Co. (EIL)	Hashish, Ali G.A.	Chairman	Eisc Build. 18 Hussein Waasif St.P.O.Box 110 Orman Giza, Egypt	202 348 - 1571 202 348 - 7821 202 360 - 7537	202 348 - 1116
Embassy of the United States of America - Cairo	Sanderson, Janet A.	Minister Counselor for Economic Affairs		202 357 - 2253	202 357 - 2181
Egyptian Transport & Commercial Services (EGYTRANS)	Leheta, Hussam	Vice Chairman & Managing Director	11 Dr. Kamel Morsy St. El Shatby - 21519 Alex.	203 596 - 4696	203 595 - 0193
Economic Research Forum	Handoussa, Heba	Managing Director	7 Boulos Hanna St., Dokki, Cairo - Egypt	202 337 - 0810 202 348 - 5553	202 361 - 6042
Egyptian Transport & Commercial Services (EGYTRANS)	Leheta, Wa'el	Chairman	21 Ahmed Orabi St., El Nahda Tower Mohandiseen - Cairo	202 344 - 8787 202 347 - 9925	202 345 - 0761 202 344 - 7285
The Egyptian Center for Economic Studies (ECES)	Galal, Dr. Ahmed	Acting Executive Director and Director of Research	World Trade Center 1191 Corniche El Nil 14 th floor - Cairo-Egypt	202 578 - 1202 202 578 - 1203 202 578 - 1204	202 578 - 1205
El - Mezawie	El-Mezawie, Dr. Ali A.	Consultant Management - Economics - Transportation		202 262 - 2339 202 393 - 5083 202 261 - 8446 202 355 - 7591	202 354 - 0441 202 260 - 0648

APPENDIX D

Faculty of Economics & Political Science	Mohieldin, Dr. Mahmoud		Cairo University	5728055 off. 5728116 off. 3372797 home. 3371277 home	3600097
Federation of Egyptian Industries	Khamis, Mohamed Farid	Chairman	26, A Sherif St. Cairo - Egypt	202 392 - 8366 202 392 - 8317	202 392 - 8075
Federation of Egyptian Industries	Sines, Richard	Consultant	Ramses Hilton Hotel	777444	
Gulf Agency Company (GAC)	Khamis, Mohamed Badawi	General Manager	P.O. Box 85 - 21111 Alexandria - Egypt	203 484 - 0256 203 484 - 0257	203 4821 - 770
Gulf Agency Company (GAC)	Abbas, Magdy	Oeration Manager	P.O.Box: 85 - 21111 Alexandria - Egypt	203 484 - 0256 203 484 - 0257	203 484 - 0258
Gulf Agency Co. Ltd	El Nims, Mortada	General Manager	Freeport building Port Said, Egypt	066 333 -212	066 333 - 213
Gulf Agency Co. Ltd	Mustafa, Magdi	General Manager	10 Gohar Al Kaeid St. Port Tewfik, Egypt	062 333 -252	062 333 - 251
International Associated Cargo Carrier IACC	Alahwal, Mustafa	Chairman	4, 204 St., Degla Maadi Maadi - Cairo	202 352 - 7172 202 353 - 7522	202 353 - 5537
Lykes Lines	Abousif, Milad	Special Representative for Egypt	8 - Ahmed Orabi St. Alex. - Egypt	203 4820 - 542 203 4829 - 441	203 4835 - 644
Ministry of Economy & Foreign Trade	Said, Eng. Mostafa	Under Secretary for Information & Statistics Head of Egyptian Trade Point		202 303 - 3475 202 303 - 3474 202 303 - 3471	202 303 - 3480
Ministry of Maritime Transport	Madkour, R. Admiral Ahmed G.	Counsellar of Ports	4, Batalsa St. Alex.	203 482 - 7174 203 483 - 8983	203 482 - 1096
Ministry of Maritime Transport	Hosni, R. Admiral Hani H.	First Under secretary	Alexandria	203 482 - 0773 203 482 - 4631	203 482 - 1096

Maxwell Stamp PLC	Magdlener, Peter		Nasr City Cairo-Egypt	202 403 - 1076	202 262 - 5404
Maritime Reasearch & Consultation Center	El - Nabawy Eng. Bahig Zaki	Head of Inf. Systems Dept.	P.O.Box: 1029 Miami Alex. Egypt	203 873 - 327	203 540 - 8374
Ministry of Planning	El Shawi, Mohamed Mokbel	First Under Secretary for Transport and Communication	Salah Salim St. Nasr City	401 - 4706	
Ministry of Trade and Supply	Goweili, Dr. Ahmed		Kasr El - Eini St.		
Maritime Transport Egypt	El Bari, A. Abd	Counceller	4, Batalsa St. Alex. Egypt	203 482 - 7542	203 482 - 1056
Office for Studies & Finance, S.A.E. OSAF	Khalifa, Dahlia O.	Vice Chairman	13, El Khalifa El Maamoun St.Heliopolis Cairo - Egypt	202 2917 - 231 202 2917 - 233	202 291 - 3878
Port Sid Containers & Cargo Handling Co.	Elerian, Abou Elatta M.	General Director		066 237 - 152 066 227 - 478	066 239 - 347
Port Said Containers Handling Co.	Elmor, Lothy Hassan			322-400 Home 239-321 office	239 - 347
Port Said Containers & Cargo Handling Co.	Soliman, Admiral Mohamed Ali	Chairman	Port Said	066 - 237151	066 220 - 419
Port Said Chamber of Commerce	El-Masry, Mohamed	Chairman	Port Said	066 236 - 141 066 222 - 733	066 236 - 141
Port Said Port Authority	Hamza, Rear Admiral RTD.Maged	Chairman	Port Said Cairo	066 224 - 613 202 575 - 4072	066 235 - 913
Public Enterprise Office - (PEO)	Arman, Dr. Ismail	Manpower & Human Resources Development Consultant	2, Latin America St., Garden City - Cairo	202 355 - 9287 202 355 - 9288	202 355 - 9233
Red Sea Ports Authority	El - Masry R. Admiral Mohamed Mohsen	Deputy Chairman	P.O.Box: 1 Port Tawfik- Suez	062 222 - 205	062 226 - 761

River Transport Authority	Hamdy, Soheir	General Manager of the Dept. of Information	Location known by Capt Farouk : "7 Km before Maadi		
SALAMARINE EGYPT For Trade & Transport S.A.E	Salama, Karim	Managing Director	El Obour Bldg. 30 Lomomba Alex.	203 494 - 1663 203 494 - 1664	203 493 - 1013
Suez Canal Authority	Gaber, Cap. Moustafa	Deputy Transit Manager Port Said	Port Said	066 221744 off. 066 386010 ho.	
Schouten Consulting	Schouten, Bastiaan	Principal	USAID/Cairo, APO AE 09839 (USA) Email: rubbs@rusys. EG. net	202 348 - 7692	202 357 - 2233
Suez Mechanical Stevedoring Co.	El - Hamid Adm. Farouk Abd	Chairman	Suez		
Trading & Investment C. "GEFCO"	Hennawy, Mohamed	Commerical Operations Manager	17, Kasr El Nil St. Cairo - Egypt	202 393 - 1479 203 483 - 4086	202 392 - 7549
Transport Planing Authority	Saleh,Dr. Ahmed Eisawi	Ex Vice Chairman	105 Kasr El Aini St. Cairo - Egypt	202 355 - 3592	
Tabadol Shipping Co.	El Saghir, Abdel Fattah	Shipping Consultant	35 Shahid Salah Moustafa St.Alex. Egypt	203 4824557 off. 203 846252	203 482 - 3999
Tabadol Shipping Co.	Tadro, Helmy	General Manager	35 Shahid Salah Moustafa St.Alex. Egypt	203 4824557 off. 203 4839198 h.	203 482 - 3999
Tabadol Shipping Co.	El Sayegh, Hazem H.	Port Operations Manager	35 Shahid Salah Moustafa St.Alex. Egypt	203 4824557 off. 203 5460996 h.	203 482 - 3999
Tabadol Shipping Co.	El Shazli, Nazli	President	35 Shahid Salah Moustafa St.Alex. Egypt	203 4839198 off. 203 5879672 h.	203 482 - 3999
US Embassy Consulate	Abdelnour, John	Senior Commercial Specialist	110 Avenue El Horrey Alex. Egypt	203 483 - 6330	203 482 - 9199

US Agency for International Development	Deuster, Paul	Assoc Dir Economic Analysis & Policy American Embassy	106, Kasr El Aini St. Cairo, Egypt	202 3572068 off. 202 3489520 h.	202 356 - 2932
US Agency for International Development	Gellerson, Mark	Economic Advisor	106, Kasr El Aini St. Cairo, Egypt	202 3573780 off. 202 3489520 h.	202 356 - 2932
US Agency for International Development	Morsy, Judith	Project Manager	106, Kasr El Aini St. Cairo, Egypt	202 3573717 off.	202 356 - 2932
US Agency for International Development	Mulligan, Paul	Dpty. Assoc. Dir. Econ Analysis & Policy - American Embassy	106, Kasr El Aini St. Cairo, Egypt	202 3573734 off. 202 3616381 h.	202 356 - 2932
US Agency for International Development	Wertz, Robert	Economic Advisor	106, Kasr El Aini St. Cairo, Egypt	202 3573783 off. 202 3489520 h.	202 356 - 2932
Worms Alexandria Cargo Services (Worms A.C.S.)	Ragab, Dr. Ahmed	Managing Director	47, Sultan Hussein St. P.O. Box: 2234 Alex. 37 Bagdad St., Heliopolis - P.O.Box:16 Cairo - Egypt	203 482 - 5572 202 2919 - 633	203 483 - 6361 202 666 - 461

APPENDIX E

BIBLIOGRAPHY

"America's International Business Journal," " Florida Ports Announce Five-Year Plan to Meet State's Economic Development Goals," April 1996

American Chamber of Commerce in Egypt, "Impediments to the Private Sector Development in Egypt."

APH Consultants, "Lantau Port & Western Harbour Development Studies, Institutional Arrangements Study - Final Report," prepared for The World Bank Private Sector Development Department, September 1992.

Arab Academy for Science and Technology Port Training Institute, "Proceedings, 12th International Port Conference on Port Strategy & Development, 14-16 January 1996, Alexandria, Egypt.

Argentina, Puerto de Bahia Blanca, "Informacion General."

Argentina, Puerto de Bahia Blanca, "Ley Nacional No 24,093 Actividades Portuarias."

Business Monthly, Wael Leheta "Transport Problems, Finding the Right Track," 4/June 1992.

Chile, Reunion Portuaria Latinoamericana, 23-25 febrero 1992, Vina del Mar, Chile, "The Chilean Case - The Last Two Decades of the Chilean Port Model."

Colombia, El Congreso de Colombia, Cuadernillos Jurismatica, Legislacion Portuaria, "Ley 1a de 1991."

Development Technologies, Inc., for Ministerio de Planificacion y Politica Economica, Gobierno de Panama, Alan Harding, Edward Boatman, Frank Pope, "Alternatives for the Improvement of Port Efficiency," February, 1991.

Economist Intelligence Unit, "Country Report - Egypt," 1st quarter 1996.

Arab Republic of Egypt, Ministry of Economy & Foreign Trade International Trade Point, "The Egyptian International Trade Point (EITP)."

Egypt, "Al Ahram", Ministry of Planning outlines the main features of Socio-Economic Plan for 1996/97, 21/May 1996, pps. 1-15.

Arab Republic of Egypt, Private Sector Development Secretariat, Civil Service Reform Program, "The Role of Ports - Private Sector Involvement in Port Operations, Export Processing Zones and Transshipment Trade," February 1996.

Arab Republic of Egypt, Suez Canal Authority, *Rules of Navigation*, February, 1995.

Arab Republic of Egypt, Suez Canal Authority, “Yearly Report,” 1995.

Egyptian Businessmen’s Association, “Report on the Meeting of the Egyptian Businessmen’s Association and the Excellencies Ministers and Officials of Sea Transport and Port Services in Egypt,” March 19, 1996 & “The Suggestion of MBI International Group for Designing Construction & Operation of Aden Port Containers Services.”

Egyptian Co. for Transport, Services & Trade, “Port Said Container and Cargo Handling Co.”

“Financial Times,” “Private capital eases the travellers’ ride,” 9/29/93; Financial Times Survey “EGYPT”, 5/15/95, pps. i-viii.

“El Financiero,” “Estricta Planeacion Requisto Para la Privatizacion Portuaria,” 3/2/94.

J.C. Grosdidier de Matons, “Public Port Administration and Private sector Intervention in Ports and in the Port Industry,” Washington, D.C., October 5, 1995.

International Association of Ports and Harbours, Entry submitted to IAPH Committee on International Port Development, Jose Paul, “How Could the Efficiency of Indian Major Ports be Improved?” 1986.

International Association of Ports and Harbours, EUROMONEY SEMINARS, “Latin American Port Privatisation, 27-28 April 1995, Miami, Florida.

“International Business Chronicle,” “Venezuela Reforms Spur Boom,” 9/14-28 1992.

International Finance Corporation, “Argentina - Terminal 6 S.A.” December 1986; “Argentina - Terminal 6 S. A. Investment Assessment Report,” 1989; “Argentina -Terminal 6 S.A. III, Appraisal Report,” June 1990; “Argentina Proposed Investment in Terminal 6 S.A.,” November 1995.

International Finance Corporation, “Islamic Republic of Pakistan - Proposed Investment in Karachi Container Terminal (KCT),” May 1993.

International Finance Corporation, Gary Bond, Laurence Carter, “Financing Private Infrastructure Porjects, Emerging Trends from IFC’s Experience,” Discussion Paper 23, (1994).

“Journal of Commerce” various articles, Latin America privatization, port reforms.

“Lagniappe Letter,” various articles, ports, Panama, Mexico, Peru.

“Latin Trade,” Tim Coone and Ian Katz, “Safe Passage? Ports Begin Dismantling Snags to Free Trade” April 1996.

Mexico, Secretaria de Comunicaciones y Transportes, Puertos Mexicanos, “Compilacion de LEGISLACION PORTUARIA.”

Mexico, Gerencia Corpora, “Framework for Restructuring the Mexican Port System.”

Miami, Florida, Port of Miami, “Terminal Tariff No. 010 - Rates Rules and Regulations,” 1994.

Miami, Florida, Port of Miami, “1996 Official Directory.”

Malaysia, “Laws of Malaysia Act 488 PORT AUTHORITIES ACT 1963 (Revised - 1992)”; “Laws of Malaysia Act 422 PORTS (PRIVATISATION) ACT 1990; PORTS (PRIVATISATION) BILL 1989.

“Maritime Policy Managment, 1994, Vol. 21, No.2, B.J. Thomas, “The privatization of United Kingdom seaports.”

Nathan Associates Inc., James L. Kenworthy, “Privatization: A Conceptual Outline and Diagnostic Protocol,” 9/27/94.

“El Panama America,” Jose Hilario Gomez, “Vision Empresarial - modernizara puertos,” 17 March 1996.

Republic de Panama, Gaceta Oficial No. 22,079 - 16/julio 1992, “Ley No. 16: Por la Cual Se Establece y Regula el Proceso de Privatizacion de Empresas, Bienes y Servicios Estatales;” Gaceta Oficial No. 22, 945 - 5/enero 1996, “Ley No.12: Por la Cual Se Aprueba el Contrato de Desarrollo, Construccion, Operacion, Administraction y Direccion de Una Terminal de Contenedores en la Puerto de Coco Solo Norte, Provincia de Colon, Entre el Estado y la Sociedad Colon Container Terminal, S.A.”

Republic de Panama, Autoridad Portuaria Nacional, “Reglamentos y Tarifas Portuarias,” 1992.

“Reforma,” various articles on Mexican ports.

Reason Foundation, Policy Study No.156, April 1993, Davide Haarmeyer, Peter Yorke, “Port Privatization: An International Perspective.”

The Services Group, Inc. and SRI International, “Industry Diagnostics and Roadmaps to Increase Egypt’s Export Performance: Test Application on the Horticulture and Processed Food Sector,” submitted to USAID Cairo, January 1996.

Temple, Barker & Sloane Inc., Lexington, MA, “ Port Economic Impact Kit,” for U.S. Department of Transportation Maritime Administration Office of Port and Intermodal Development.

United Nations Economic Commission for Latin America and the Caribbean, Cuadernos de la CEPAL, No. 68 “The Restructuring of Public-Sector Enterprises: The Case of Latin American and Caribbean Ports, 1992.

United Nations Economic Commission for Latin America and the Caribbean, Cuadernos de la CEPAL, No. 65 “Cambios Estructurales en los Puertos y la Competitividad del Comercio Exterior de America Latina y el Caribe,” 1991.

United Nations Conference on Trade and Development, Trade and Development Board, Committee on Shipping, “Interim Report of the Meeting of the Group of Experts to Develop and Recommend Model Rules for Multimodal Container Tariffs,” Palais des Nations, Geneva, 13-17 January 1986.

United Nations Conference on Trade and Development, Trade and Development Board, Committee on Shipping, “Development and Improvement of Ports - Guidelines for port managers on the use of computers - Report by the UNCTAD secretariat,” 20 July 1990.

United Nations Conference on Trade and Development, Trade and Development Board, Committee on Shipping, Adhoc Intergovernmental Group of Port Experts, “Development and Improvement of Ports - The establishment of trans-shipment facilities in developing countries - Report by the UNCTAD secretariat,” 20 August 1990.

United Nations Conference on Trade and Development, Trade and Development Board, Committee on Shipping, Adhoc Intergovernmental Group of Port Experts, “Port Development - The Role of UNCTAD - Report by the UNCTAD secretariat,” 24 September 1990.

United Nations Conference on Trade and Development, Trade and Development Board, Committee on Shipping, Adhoc Intergovernmental Group of Port Experts, “Development and Improvement of Ports - Co-operation among ports in developing countries - Report by the UNCTAD secretariat,” Geneva, 24 September 1990.

United Nations Conference on Trade and Development, Trade and Development Board, Committee on Shipping, Adhoc Intergovernmental Group of Port Experts, “Development and Improvement of Ports - Guidelines for port managers on the use of computers: Computerized information systems for port operations - Report by the UNCTAD secretariat,” 9 April 1991.

United Nations Conference on Trade and Development, Trade and Development Board, Standing Committee on Developing Services Sectors (Shipping), Intergovernmental Group of Experts Ports, “ Port Organization and Management - Report of the UNCTAD secretariat,” Geneva, 25 October 1993.

United Nations Conference on Trade and Development, SDD/PORT/3, “Comparative analysis of deregulation, commercialization and privatization of ports - Report by the UNCTAD secretariat,” 24 May 1995.

Uruguay, Container Terminal Port of Montevideo, Working Group ANP-MTOP-OPP, “Bidding Process - Basic Ideas,” 8 March 1996.

U.S. Agency for International Development Cairo, Egypt, Export Enterprise Development Project, Pamela d. Michel (Chemonics International), “Transportation Assessment for Egyptian Export Products,” December 1993.

U.S. Department of Commerce International Trade Administration, “Egypt - Port Development Services - ISA9407,” 1995.

U.S. Department of Commerce International Trade Administration, “Chile - Chilean Ports Sector - ISA9505,” 1995.

U.S. Department of Commerce International Trade Administration, “Mexico - Ports and Commercial Shipping Equipment - ISA9408,” 1995.

U.S. Department of Commerce International Trade Administration, “Mexico - Port Terminal Privatization - IMI950317,” 1995.

U.S. Department of Commerce International Trade Administration, “Mexico - Ports and Commercial Shipping Equipment - ISA9408,” 1995.

U.S. Department of Commerce International Trade Administration, “Port Privatization,” Panama, 1995.

“U.S./Latin Trade,” Richard Alm, “Mexico Ports go Private,” May 1994; Joachim Bamrud, “Ports of the Americas,” February 1995; “The New Panama,” October 1995.

Washington Sea Grant Marine Advisory Services, Advisory Report, Thomas J. Dowd, “Container Terminal Leasing/Pricing Methods and Their Economic Effects,” March 1987.

Washington Sea Grant Marine Advisory Services, Port Management Series, Thomas J. Dowd and Thomas M. Leschine, “Container Terminal Productivity: A Perspective,” March 1989.

Washington Sea Grant Marine Advisory Services, Port Management Series, Thomas J. Dowd and Candace Jonson, “Port Capital Investment Decision-making: A Process,” November 1991.

Washington Sea Grant Marine Advisory Services, Port Management Series, Thomas J. Dowd, “Considering Strategic Planning for Your Port?” June 1987, revised January 1992.

Washington Sea Grant Marine Advisory Services, Port Management Series, Thomas J. Dowd, “Port Pricing: A Process,” August 1992.

The World Bank, “Arab Republic of Egypt, Egypt - Into the Next Century, Discussion Papers, Volume I: Macroeconomic Framework,” May 26, 1995.

The World Bank, “India Port Sector Strategy Report,” Report No. 14059-IN, March 3, 1995.

The World Bank, “ Mexico - Port Sector Privatization Project,” MXPA07632, March 15, 1995.

مشروع تحليل وإصلاح السياسات الاقتصادية والتنمية

مقدمة وملخص التقرير النهائى

مصر :خيارات الزيادة التنافسية فى سوق خدمات الموانى البحرية

معد لآجل

حكومة جمهورية مصر العربية

مقدم الى

الوكالة الآمريكية للتنمية الدولية(USAID)

مقدم من

مؤسسة ناثان (Nathan Associates Inc)

عقد رقم ٠٠-٦٠٠١-C٠٠—٢٣٣-٢٦٣

يونيو ١٩٩٦

FREE ENTERPRISE
IN THE PUBLIC INTEREST

افتتاحية

قام بأعداد هذه الدراسة مشروع تحليل إصلاح السياسات الاقتصادية والتنمية **DEPRA**، الممول من الوكالة الأمريكية للتنمية الدولية بمصر **(USAID/EGYPT)**.

ويقدم "مشروع **DEPRA**" المساعدات الفنية والخدمات الى وزارة الاقتصاد والتعاون الدولى بجمهورية مصر العربية، بهدف إثراء قدرات كوادر الوزارة فيما يتعلق بالإصلاحات الاقتصادية الكلية، لدعم اتخاذ القرار والارتقاء بمستوى التحليل الاقتصادى والاحصائى والتوصيات.

ويقدم "مشروع **DEPRA**" المساعدات الفنية لوزارة الاقتصاد والتعاون الدولى على ثلاثة محاور هى: أعداد مجموعة من الدراسات الاقتصادية بالاستعانة بخبرات متخصصة، تدريب كوادر الوزارة لأثراء قدرات التحليل الاقتصادى والاحصائى، تدعيم البنية الأساسية فى مجال تجميع البيانات والمعلومات وتحليلها.

المقدمة:

قام بالعمل فى هذا المشروع ستة استشاريون هم سيجفريد ماركس (قائد المجموعة)، بنجت بوستزوم، دانيال ريس، فاروق الصايغ، محمود حسنى، ومصطفى أبو صافى، من خلال "مؤسسة ناثان" بناء على طلب من مكتب الإصلاح الاقتصادى والسياسات بالمعونة الامريكية فى القاهرة كجزء من مشروع المعونة الامريكية لتنمية الإصلاح الاقتصادى "دبرا". وقد عمل السيد موريس ثورن كمنسق للمشروع. أن الهدف من مشروع "دبرا" هو مساندة الحكومة المصرية فى برنامج الإصلاح الاقتصادى عن طريق تحسين إمكانية تجميع وتحليل المعلومات وتقديم الاقتراحات والتدابير التى تساعد على سياسات الإصلاح وتقلل من القيود على التجارة والاستثمار، وتساعد على تطوير القطاع الخاص والنمو الاقتصادى.

أما هدف هذه الدراسة هو اقتراح خطة العمل التى سوف تساعد الحكومة المصرية على تحديد العمل الضرورى لضمان المنافسة فى مجال خدمات النقل البحرى بهدف زيادة التصدير للمنتجات المصرية.

قام الاستشاريون أثناء تنفيذ هذه الدراسة بتجميع ومراجعة كثير من المعلومات عن الطرق المختلفة التى اتبعت فى خصخصة خدمات الموانئ فى بلاد مختلفة فى أمريكا اللاتينية، وأوربا، وآسيا، وأفريقيا. وقد استخدمت تجارب البلاد الاخرى فى اظهار الاتجاه العالمى نحو خصخصة عمليات خدمات الموانئ وتوضيح الوسائل البديلة لمصر كمشاركة القطاع الخاص للمنافسة فى تقديم هذه الخدمات.

قام الفريق بزيارات الى موانئ الإسكندرية والدخيلة ودمياط وبورسعيد والسويس، والادبية لفحص التجهيزات والحصول على البيانات والمعلومات المتعلقة بالدراسة. كذلك اجتمع فريق العمل مع المسؤلين فى وزارة النقل، والهيئات المسؤلة عن الموانئ، ومع المسؤلين من شركات القطاع العام والخاص الذين يقومون بهذه الخدمات والذين يتعاملون معها. يشتمل هذا التقرير على تحليل عن تكاليف خدمات الموانئ وحالاتها ومؤشرات الحركة فيها.

قامت مجموعة الاستشاريين بمراجعة خطة الحكومة للتنمية الاقتصادية، وكذلك سياسات التصدير وتوقعاتها المستقبلية، وما تم تنفيذه فى الماضى بالنسبة للتنمية الاقتصادية والقوانين والانظمة التى تحكم الهيكل المؤسسى وعمليات خدمات الموانئ وتحديد رسوم الموانئ وتحقيق العوائد من تشغيل الموانئ وحقوق الملكية والاستثمار واوجه اخرى متعلقة بدراسة خدمات الموانئ. وقد تم الحصول على آراء خبراء لكى تتحدد كيفية تعديل الوضع الاحتكارى لخدمات الموانئ وازالة معوقات اخرى لمنح القطاع الخاص فرصة المشاركة والمنافسة فى اتجاهات بديلة تم ذكرها فى هذا التقرير.

وقد تم استخدام بيانات ومعلومات اخرى عن مستوى وتكلفة الموانئ ومكونات تلك التكلفة لمقارنتها بموانئ بلاد أخرى ولتقدير عبء تكلفة الموانئ على المصدرين والمستوردين. استخدمت إستنتاجات هذه الحسابات لتقييم المردود على الاقتصاد المصرى، وبالاخص على الصادرات والواردات، والإيرادات الحكومية والعمالة. وقد ثبت محدودية توافر البيانات

المناسبة وصعوبة الحصول عليها مما يحد إمكانية وضع تحليل دقيق للعائد والتكلفة نتيجة تبنى خطة العمل المقترحة على الاقتصاد المصرى.

يشتمل هذا التقرير على وسائل بديلة ممكنة لإصلاح خدمات الموانئ المصرية وكما حدد التقرير خطة العمل المفضلة. والعروض المقترحة مستمدة من تجارب الإصلاح فى بلاد اخرى ومن بيانات ومعلومات حصلت عليها مجموعة العمل أثناء لقائها مع ممثلين من القطاعين العام والخاص ومن المعلومات المنشورة المتاحة. ولوضع الوسائل البديلة وخطة العمل المفضلة اخذ التقرير فى اعتباره ميزة الموقع الجغرافى الفريد للبلد التى توفره قناة السويس، وايضاً التغيرات القانونية والتنظيمية المصاحبة لعملية الإصلاح. وقد اولى التقرير اهمية خاصة للأولويات الاقتصادية المعلنة للحكومة المصرية فيما يتعلق بأهداف النمو الاقتصادى والخصخصة ودفع التصدير والاستثمار، والحفاظ على العمال والإيرادات الحكومية.

وتم تصميم خطة العمل المقترحة بما يجعلها خطة مساندة لمصر لإنجاز اهداف التنمية الاقتصادية والوصول الى مستوى تنافسى وتخفيض تكلفة الموانئ وتحسين خدماتها والحصول على استثمارات خاصة لتجديد وتوسيع منشآت الموانئ لكى تنطلق مصر فى اتجاه نمو الصادرات ولتكون مركزاً عالمياً للنقل البحرى.

ملخص

تعاملت موانئ مصر فى البحر المتوسط والبحر الأحمر فى العام الماضى فى نحو ٣٦ مليون طن من البضائع الجافة (تشمل الحاويات ماعدا ٩ مليون طن من البترول). بينما ارتفع حجم التجارة (عدا الشحن العابر) بين الموانئ بنسبة متواضعة خلال ١٩٨٢ - ١٩٩٤.

ومن المتوقع ان يتغير هذا الوضع جذريا فى المستقبل ، فوفقا لخطة الدولة للتنمية الاقتصادية ، من المقدر أن يرتفع معدل نمو الناتج المحلى الاجمالى من ٣٪ حاليا إلى ٦,٥٪ بحلول عام ٢٠٠٠ ثم إلى ٨٪ سنويا بعد ذلك . ويتطلب هذا نمواً سريعاً وملموساً فى حجم الصادرات والواردات بين الموانئ . وسيرتفع حجم التجارة السنوى على الأقل حينئذ بنحو الثلث أى ما يبلغ ١١ - ١٣ مليون طن فى عام ٢٠٠٠ ، بالمقارنة بعام ١٩٩٥ إذا ما تم تحقيق اهداف الحكومة فيما يتعلق بالنمو الإقتصادى.

ومن أجل ضمان عدم عرقلة الموانئ لأهداف الحكومة ، يجب إجراء الإصلاحات اللازمة للموانئ بحيث تصبح اكثر كفاءة وتنافسية واكثر إستيعاباً للاستثمار الخاص المحلى والأجنبى.

وقد قامت الحكومة ، من اجل دفع عجلة النمو الإقتصادى ، بتغيير سياستها بحيث أصبح الهدف هو تنمية الصادرات بدلا من احلال الواردات ، وكذلك تعديل سياستها بدلاً من توسيع ملكية الدولة إلى تشجيع الإستثمار الخاص والخصخصة . ومن المتوقع ان يتم تطبيق هذه السياسات على قطاع الموانئ وذلك بتشجيع مشاركة القطاع الخاص فى خدمات الموانئ للتحفيز على التنافس الذى سيؤدى بدوره إلى تخفيض تكاليف الموانئ وتحسين جودة الخدمات الأمر الذى يحقق صالح المصدر والمستورد والمنتج وكذلك المستهلك المصرى . وواقع الأمر ، أن الموانئ ستمثل عقبة رئيسية أمام تحقيق اهداف التنمية الاقتصادية والاهداف التصديرية إذا لم يتم تنفيذ الاصلاحات المشار إليها فى هذه الدراسة فى خلال السنوات الأربعة أو الخمسة القادمة .

ويسود إتجاه عالمى نحو زيادة خصخصة خدمات الموانئ نظراً لتزايد السمة التنافسية فى صناعة الشحن والانخفاض فى تكاليف الاستيراد والتصدير . وقد شرع ما يقرب من ٣٦ دولة فى إتخاذ إجراءات جديدة تستهدف خصخصة خدمات الموانئ . واختلفت مناهج تلك الدول لتحقيق اهدافها المختلفة . فعلى سبيل المثال ، تسعى بنما إلى تحقيق أقصى استفادة من قناة بنما عن طريق جذب الاستثمارات الأجنبية وخطوط الشحن الدولية لبناء وتشغيل مركز نقل عالمى فى بنما .

وبموجب امتياز مدته ٢٠ عاماً ، يقوم المستثمرون الأجانب بتوسيع أو بناء محطات للحاويات وبالعمل على تشجيع عدد من خطوط الشحن العالمية باستخدام تلك المحطات بصورة منتظمة . وقد قامت شركة بكتل – وهى من أشهر الشركات الهندسية الامريكية – بتقديم عرض تفصيلى لتكوين اتحاد يضم مستثمرين محليين وأجانب وشركات شحن باستثمار ٦٢٠ مليون دولار فى بنما لتجديد مينائى بالبوا وكريستوبال على طرفى القناة . ويشير العرض إلى ان السفن الكبيرة التى لا تستطيع المرور عبر القناة يمكنها تفريغ شحناتها على خط سكة حديد ، ليعاد تحميلها سريعاً على الطرف الأخر للقناه على سفينة أخرى كبيرة أو على عدة سفن صغيرة . وبهذه الطريقة سيتم الحصول على مزايا ووفورات القناة دون المرور فيها .

أما المكسيك ، فقد تخلصت من المركزية فى جميع وظائف موانيها ، وذلك بهدف تحقيق المنافسة ، والخصخصة ، والتطوير ونقل مسئوليات الموانئ إلى المحليات واجهزة الحكم المحلى . وقد تم إنشاء هيئة ميناء منفصلة لكل ميناء وتحول كل منها إلى شركة مساهمة تباع أسهمها تدريجياً إلى القطاع الخاص . ويتم طرح كافة العمليات المتعلقة بالموانئ فى مناقصات عامة للشركات الخاصة بنظام الإمتياز . ومن أهم المعايير للفوز بالامتياز مدى وجود خطط استثمارية لتجديد أو توسيع المحطات ، وقيمة الإيجار السنوى الذى سيتم دفعه للحكومة مقابل استخدام البنية الأساسية والمبلغ الذى سيتم عرضه لشراء معدات الميناء التابعه للحكومة .

ويسمح قانون الموانئ فى الأرجنتين للمستثمر ، سواء كان أجنبياً أو محلياً ، ببناء وتشغيل المحطات أو أى قواعد أخرى بدون أى قيود عدا تلك المتعلقة بأمور السلامة ، البيئة والضرائب .

واستهدافاً لتشجيع المنافسة ، يتم تأجير كل محطة تملكها الدولة لمختلف شركات القطاع الخاص . وقد قامت المملكة المتحدة بنقل جميع الأصول والخصوم الخاصة بموانئ القطاع العام لشركة مساهمة جديدة تديرها جمعية محلية وذلك تمهيداً لبيعها بالكامل في مناقصة عالمية أو من خلال مفاوضات مع القطاع الخاص . وتعطى الأفضلية للعروض المقدمة من مديرى الموانئ والموظفين أو من المجموعات التى يخطط لقيامها بإدارة الموانئ على النحو الذى يحقق الأفضل لمصالح المجتمع المحلى و يحافظ على نمو وتنافسية عمليات الميناء .

أما روسيا ، فقد تبنت منهجاً مختلفاً إلى حد ما . فقد تم إنشاء شركة مساهمة لكل ميناء وتمت خصخصتها بحيث يباع ٥١٪ من الأسهم بأسعار تفضيلية لاتحادات عمال الميناء ، و ٢٩٪ للمستثمرين بالقطاع الخاص ويحتفظ بـ ٢٠٪ مؤقتاً فى حوزة الحكومة . وتقوم تلك الشركات بتأجير أماكن للشركات الخاصة التى تدير المحطات والخدمات الأخرى . وتتولى هيئة الموانئ الرقابة على إستمرارية تنافسية الرسوم التى تتقاضاها الشركات المساهمة مقابل الايجار والخدمات . ولاتزال بولندا ، وجنوب أفريقيا ، والهند ، وباكستان ، وفنزويلا والعديد من الدول الآخرى فى مراحل الخصخصة المختلفة لخدمات الموانئ ، بينما انتهت دول غرب أوروبا من ذلك منذ سنوات مضت .

وفى مصـر:

- كافة خدمات الموانئ تختص بها الشركات الحكومية .
- تعد هيئات الموانئ مسئوله أمام وزارة النقل والمواصلات عن الإدارة والإشراف على مختلف العمليات فى الميناء .
- تقوم هيئات الموانئ بإدارة البنية الاساسية الحكومية وتوفير بعض خدمات الموانئ مثل خدمات السلامة والارشاد وخدمات زوارق السحب ...... الخ .
- تقوم الشركات المملوكة للحكومة بتشغيل المحطات والمخازن وتوفير خدمات الشحن والتفريغ والتوكيلات البحرية.
- تعمل الإدارة والملكية المشتركة بين الشركات التابعة للحكومة وهيئات الموانئ على منع التنافس وخفض الحافز على تحسين خدمات الموانئ .

- تتولى الوزارات المختصة تحديد والموافقة على كافة التعريفات والرسوم والعمولات التى تحصلها تلك الشركات المملوكة للحكومة .
- تخول مجموعة من القوانين واللوائح وزير النقل الصلاحية للإبقاء على إحتكار الحكومة وتحديدها لرسوم الموانئ .
- يخول القانون وزير النقل الحق فى منح إستثناءات منها اعطاء الشركات الخاصة التصريح بتوفير خدمات الموانئ . وقد استطاعت شركتان خاصتان فقط إستيفاء الشروط المتشددة لخدمة الشحن والتفريغ للسفن على الرصيف .
- يتم تأجير وكالات شحن خاصة لاستيفاء أوراق ومستندات السفن والبضائع . ويسمح لهم بالعمل بصورة غير رسمية نظراً لان الوكالات التابعة للدولة لا تضطلع بتلك الوظائف أو أنها لا تقوم بها بشكل مرض سواء لمالكى الخطوط أو الشاحنين . ويتم دفع الرسوم لكل من وكالات الشحن الخاصة والعامة ، حتى وان تولت الوكالات الخاصة فقط تقديم الخدمات .

وقد تمت الاشارة فى هذا التقرير إلى أن سيادة إحتكار الدولة للموانئ وتداخل الادارة والملكية (التى تعوق المنافسة) وكذلك البيروقراطية والتكلفة العالية والافتقار إلى الكفاءة وتدهور المعدات والتسهيلات بالموانئ ، ولقد نما العديد من المشكلات فى الموانئ بحيث اصبحت تشكل عائقاً حقيقياً أمام تحقيق اهداف التنمية الاقتصادية فى الأجل المتوسط .

ويتطلب تحقيق هدف الحكومة الخاص بزيادة معدل نمو الناتج القومى الاجمالى سنوياً بنسبة ٦,٥٪ زيادة حجم التجارة (الاستيراد والتصدير) بنسبة تترواح بين ٣٠ و٤٠٪ بحلول عام ٢٠٠٠ . وتعمل الموانئ الآن بسعات مختلفة ، وحيث يصل متوسط معدل استخدام الارصفة إلى ٧٠٪ .

وتتكبد السفن تكلفة تأخير عالية إذا زاد إستخدام الرصيف عن ٨٠٪ بينما تتطلب كفاءة الشحن والتفريغ ألا تزيد النسبة عن ٤٠٪ . وتتجنب شركات الشحن الموانئ التى ترتفع فيها نسبة إستخدام الارصفة وذلك حتى لا تتكبد تكاليف التأخير (غرامات التأخير) .

وستكون هناك حاجة إلى حجم توسع يتراوح بين ١١ و١٣ مليون طن إضافيين حتى لا تكون هناك نقاط اختناق مع الزيادة المتوقعة فى حجم التجارة لمواكبة النمو الاقتصادى المستهدف . ويعادل هذا الحجم الإضافى حجم التجارة الحالية فى مينائى دمياط والدخيلة .

وفى حالة ما تم تنفيذ التوصيات الواردة فى هذا التقرير بشأن إجراءات الكفاءة ، ستتمكن الموانئ من إستيعاب نحو ٥ مليون طن إضافيين فى العام . وبالاضافة إلى تحسين الكفاءة، ستكون ثمة حاجة إلى استثمارات ضخمة تقدر بحوالى ٧٠٠ مليون دولار لسد الفجوة الاضافية فى الطاقة خلال السنوات الأربعة أو الخمسة القادمة لتحريك حجم التجارة الأكبر وذلك إذا ما اردنا تحقيق خطة الحكومة الاقتصادية .

وواقع الأمر ، أن الموانئ لا تولد العائد الكافى لتمويل التوسيعات اللازمة . ففى العام المالى ١٩٩٥/١٩٩٤ حصلت الحكومة على ٥٠ مليون دولار فقط فى صورة صافى عائد الضرائب من الشركات العاملة المملوكة للدولة بالإضافة إلى ١١ مليون دولار من هيئات الموانئ الأربعة . وتقوم الشركات العاملة التابعة للدولة بتوليد نحو ٧٥ مليون دولار فى صورة أرباح بعد خصم الضرائب ، بالاضافة إلى ٦٠ مليون دولار فى صورة دخل معفى من الضرائب من التوزيعات ومخصص الإهلاك . ويتعين انفاق هذه المبالغ على صيانة وإحلال المعدات والتركيبات التى تدهورت أحوالها .

ويشير هذا التقرير إلى ان المصدرين والمستوردين المصريين يعانون من إرتفاع تكاليف الموانئ والتى تنعكس أيضاً فى رسوم الشحن المرتفعه بالمقارنة بتلك التى يتحملها منافسوهم . فعلى سبيل المثال ، تتكلف حاويات البضائع فى الموانئ المصرية نحو ٩-١٤٪ من سعر القطن (سيف) ، وذلك وفقاً لسعر الوحده ، المسافة وتكاليف النقل .

وتمثل رسوم الشحن بالإضافة الى تكلفة الميناء نحو ٤٠٪ من السعر سيف لبعض البضائع القابلة للتلف التى تستلزم وجود حاويات مبردة . وتزيد تكلفة شحن البضائع إلى الاسكندرية

بنحو ١٥-٢٠٪ عن أى ميناء أخر فى البحر المتوسط حيث تصل تكلفة التداول للحاوية سعة ٢٠ قدم إلى ٢٢٥ دولاراً ، بينما تتكلف نفس الحاوية فى الموانئ الأجنبية القريبة نحو ١٢٠-١٨٠ دولاراً .

ويتعين على المصدر المصرى المرور بالعديد من الإجراءات حتى يتمكن من منافسة الأخرين الذين يصدرون من موانئ الدول الأخرى ، والذين يتمتعون بانخفاض التكلفة وارتفاع الكفاءة فى مناولة البضائع ، وكذا بانخفاض التعقيدات البيروقراطية وارتفاع جودة خدمات الموانئ . والواقع أن التعقيدات البيروقراطيه فى الموانئ المصرية تؤدى أحياناً إلى تلف البضائع القابلة للتلف . كما أن ارتفاع التكلفة وانخفاض كفاءة خدمات الموانئ يعنى ان مصر لن تستطيع أن تزيد حجم صادراتها الغير بترولية إلى ثلاثة أضعاف الحجم الحالى خلال الخمس سنوات القادمة ، الأمر الذى سيؤدى بدوره إلى عدم تحقيق اهداف خطة التنمية الاقتصادية .

وتعتزم الحكومة بيع نسبة صغيرة من أسهم وكالات الشحن للعاملين وللقطاع الخاص وتقسيم كل من وكالتى الشحن إلى ثلاث أو أربع وحدات منفصلة، واصدار قرار خفض بعض رسوم الموانئ . ولدى الحكومة أيضاً بعض الخطط الإستثمارية لزيادة سعة الموانئ ، غير ان تلك الخطط لا تبدو كافية لتوفير سعة مناسبة أو تقديم خدمات منافسة لتلك التى تقدمها الدول الأخرى .

يجب إعادة تنظيم عمليات الموانئ لمعالجة المشكلات الواردة فى هذا التقرير ، إشراك القطاع الخاص فى خدمات الموانئ لإثارة روح المنافسة ، وخفض تكاليف الموانئ وتحسين الخدمات المقدمه ، كل هذا من شأنه مساندة ودعم برنامج الاصلاح الاقتصادى و اهداف التنمية الاقتصادية . ويمكن للحكومة أن تختار من بين البدائل المشار إليها فى هذا التقرير لتشجيع مشاركة القطاع الخاص والمنافسة والاستثمارات .

بدائل إشراك القطاع الخاص :

إشراك القطاع الخاص :

تتخلى الحكومة عن سياستها التى تتمثل فى مشاركة ضئيلة للقطاع الخاص فى وكالات الشحن المملوكة للدولة ، وبيع معظم أو كافة الأسهم إلى العامة ومنهم موظفى الميناء فى كافة شركاتها العاملة بالميناء .

وبعد ذلك يختار المساهمون مجلس ادارة جديد يتولى - بدوره - ترشيح إدارة جديدة للشركة. وتمثل هذه إحدى طرق خصخصة وكالات الموانئ وشركات الشحن والتفريغ ومناولة الحاويات المخازن . ويتم تحديد السلطات داخل الإدارة للسماح بتحقيق المنافسة . وتستمر هيئة الميناء المملوكة للدولة فى تمثيل مصالح الحكومة فى كل ميناء ، والاشراف على إتباع القوانين واللوائح التى تؤثر على العمليات فى الموانئ وتوفير خدمات الارشاد و زوارق السحب .

تقديم خدمات خاصة للموانئ :

تؤكد هذه الصيغة على المنافسة بدرجة أكبر من الملكية الخاصة . ويتم إلغاء كافة القوانين واللوائح التى تنص على إحتكار الدولة لخدمات الموانئ ، كما يتم السماح للقطاع الخاص بالدخول فى مختلف مجالات الخدمات مثل الشحن والتفريغ ، ومناولة الحاويات ، والتخزين ووكالات الشحن وذلك بمنافسة الشركات القائمة والتى تضطر - لامكان الاستمرار - إلى اللجوء إلى الخصخصة أو الاندماج أو إلى تكوين شركات مساهمة مع شركات القطاع الخاص.

إدارة خاصة للموانئ :

وبالامكان إختيار ميناء واحد لتحويله من وضع التدهور وانخفاض المنافسة ليصبح ميناء حيوياً ديناميكياً يتميز بقابلية عالية للتنافس . ستقوم هيئة الميناء بنقل تشغيل أجهزة الميناء إلى إتحاد خاص ذو خبرة كبيرة وذلك بعقد ادارة متوسط الأجل وقابل للتجديد . وتستمر المزايا المتحققة نتيجة الادارة الخاصة المؤقته للميناء إلى ما بعد مده العقد إذ ما إمتد دور الإدارة ليصبح المستشار لهيئة الموانئ .

وجود أكثر من جهة تشغيل خاصة للميناء

يكون التأكيد فى هذه الحالة على الادارة الخاصة والاستثمار الخاص لتصبح الموانئ أكثر كفاءة وتنافسية . وتقوم هيئة الموانئ فى كل ميناء بتأجير تسهيلات محددة ، ويتمثل الهدف من ذلك فى تشجيع جهة التشغيل على تحسين إحدى العمليات ، على سبيل المثال محطة الحاويات ، ومنافسة غيرها ليس فقط فى الموانئ الأجنبية بل وأيضاً منافسة نظيراتها فى الموانئ المصرية الأخرى أو حتى فى نفس الميناء .

مزيج من البدائل :

تطبق الحكومة مزيجاً من البدائل المذكورة عاليه إما بالتزامن أو على مراحل وفقاً للأولويات . ومن الأفضل مواصلة كافة جوانب برنامج الإصلاح المقترح بصورة متزامنة . فادخال الاصلاحات على مراحل تدريجية وإن كان من شأنه خفض أى تكاليف اقتصادية أو سياسية ، إلا أن من سلبياته أن المصدر المصرى قد يضار لأن الحكومات الأخرى تسعى بإستمرار إلى إعادة هيكلة موانيها لخفض التكلفة ، رفع الانتاجية وزيادة السعة وبالتالى تحسين منافسة صادراتهم فى الأسواق العالمية . فى الوقت نفسه إذا تمكن معارضو الاصلاح من تنظيم حملات معادية فقد ينجحوا فى وقف العملية بأسرها قبل تحقيق كافة مزايا الاصلاح .

وتشمل خطة العمل المقترحة الآتيه على كافة البدائل سابقة الذكر حيث يعد ذلك بمثابة الطريقة المثلى والأكثرفاعلية لتحويل الموانئ المصرية إلى موانئ ذات مقدرة عالية من حيث المنافسة وتقديم خدمات متميزة . الأمر الذى يحقق صالح المصدر المصرى . ويلاحظ أنه ليس من الضرورى تنفيذ كافة عناصر الخطة فى وقت واحد من أجل تحقيق نتائج إيجابية . ويرفق بالفصل العاشر جدول زمنى يوضح الخطة بصورة تفصيلية .

خطة العمل المقترحة :

- اعلان إلتزام الحكومة بتأييد ومساندة عملية اصلاح الموانئ ومشاركة القطاع الخاص فى خدمات الموانئ ، وذلك بهدف ايضاح الكيفية التى يتسق بها اصلاح الموانئ مع الاستراتيجية القومية لتشجيع التنمية الاقتصادية ، والتصدير ، والاستثمار الخاص والخصخصة .

- بناء الثقة بين المستثمر الأجنبى ونظيره المحلى الخاص للإستثمار فى تنمية الموانئ والتصدير.

- تأكيد حرص الحكومة على إصلاح الموانئ ، وذلك للهيئات المالية الدولية التى تساعد فى تمويل مشروعات مصر للتنمية الاقتصادية والاجتماعية . إذ أن عدم الاعلان الواضح لالتزام الحكومة بإصلاحات الموانئ قد يؤدى إلى جعل عملية الاصلاح اكثر تعقيداً وتكلفة . كما ينبغى كذلك إبراز ان تلك الإصلاحات تتم فى إطار إصلاحات أخرى مثل إدارة الجمارك ، والنقل البرى ، وتنمية الصادرات ومجالات أخرى وذلك لضمان تحقيق الفائدة القصوى لصالح الاقتصاد المصرى .

- تكوين فريق عمل فى كل ميناء يتكون من ممثلى هيئة الموانئ والشركات العاملة وذلك لرسم برنامج عمل تفصيلى لتنفيذ التوصيات العديدة الواردة فى هذا التقرير وبهدف رفع كفاءة مختلف العمليات فى الموانئ . ويجب ان يشمل البرنامج ما يلى :

  - قواعد لتسهيل مناولة البضائع ، والتخليص الجمركى ونشاطات وكالات الشحن .
  - الاسترداد السريع للرسوم الجمركية على الواردات المعاد تصديرها .
  - مراجعة وتحسين الممارسات الادارية والتشغيلية .
  - تفتيش دورى وصيانة واصلاح وإحلال المعدات .
  - إجراء تحسينات طفيفة للبنية الاساسية و حركة المرور فى الميناء.

كما يجب تكوين لجنة إعداد العروض وبرنامج للحد من الإجراءات البيروقراطية وذلك لإسراع لتسهيل مرور السفن والبضائع عبر الموانئ .

- تنظيم دورات تدريبية بصورة منتظمة فى الموانئ تتناول مايلى :

  - كيفية القيام بعملية الشحن والتفريغ بطريقة اكثر أماناً وكفاءة .
  - كيفية التفتيش والصيانة وخدمة المعدات والاجهزة وجمع وتحليل الإحصاءات المفصلة عن السفن ومناولة البضائع فى الموانئ . كما ينبغى توسيع بنك المعلومات الالكترونى لإعطاء تقارير اكثر دقة عن إستخدام المراسى والمعدات ، ومتطلبات زيادة السعة فى المستقبل وتوقيتها ، تحديد مناطق القصور وبطريقة أخرى دعم عملية إتخاذ القرار

- إنشاء مكتب لتنمية الموانئ فى كل ميناء يديره إتحاد يضم هيئة الميناء ، والشركات العاملة التابعة للقطاعين العام والخاص ، والحكومة المحلية ، والغرف التجارية وجمعيات الأعمال الأخرى وذلك لتنمية نشاطات الموانئ . كما ينبغى تخصيص ميزانية مناسبة لهذا المكتب ليتمكن من تنمية وتطوير العمل بالميناء. كما يجب تنظيم حملات لجذب عملاء جدد وزيادة نسبة المرور فى الميناء وكذلك تشجيع الاستثمار والتشغيل من جانب القطاع الخاص .

- البدء فى عملية تشريعية لإنهاء إحتكار الدول لخدمات الموانئ . كما يجب تغيير القانون رقم ١٢ لعام ١٩٦٤وغيره من اللوائح التى تتعلق بإحتكار الدولة وذلك لفتح الباب أمام الشركات الاجنبية والمحلية الخاصة للاستثمارفى تشغيل خدمات الموانئ مباشرة ، فى صورة شركات مشتركة مع الشركات التابعة للدولة أو تحت إمتيازات مع هيئة الموانئ . ويجب ان يمنع القانون كافة صور التفرقة والتميز بين شركات القطاع العام والخاص أوبين الشركات الاجنبية والمحلية وذلك لضمان تشجيع كل من يريد الاستثمار أو توسيع أو تحسين خدمات الموانئ .

- تحرير رسوم الموانئ تدريجياً مع زيادة القدرة التنافسية.

- بدء الحكومة فى بيع أسهم الشركات العاملة المملوكة للدولة (عدا هيئات الموانئ) فى سوق الأوراق المالية للعاملين والمستثمرين حتى اتمام عملية الخصخصة بكافة جوانبها .

- عدم السماح بتداخل الملكية بين هيئة الموانئ والشركات العاملة أو بين الشركات بعضها ببعض حيث أن من شأن ذلك عرقلة التنافس والإشراف الفعال من قبل هيئة الموانئ على تطبيق سياسات الحكومة الخاصة بالموانئ .

- السماح للشركات الاجنبية والمحلية الخاصة بالدخول فى مجال خدمات الموانئ ومنافسة الشركات المملوكة للدولة .

- السماح للشركات الخاصة بتقديم خدمات الشحن والتفريغ للسفن فى المراسى وفى المخطاف .

- إعطاء مستخدمى الميناء الحرية فى إختيار من يمثلهم سواء من وكالات الشحن الخاصة أو العامة .

- منح الشركات الخاصة حق منافسة الشركات القائمة فى مجال خدمة مناولة الحاويات .

- سعى هيئات الموانئ لتحسين كافة العمليات وذلك بالتعاقد مع شركات خاصة للتشغيل والاستثمار فى محطات الحاويات وغيرها . ويمكن طرح مناقصات عامة لجذب مختلف المتخصصين الذين بامكانهم التنافس مع نظائرهم لا فى الموانئ الاجنبية فحسب وأنما فى الموانئ المصرية أيضاً .

- أن تعمل هيئة الموانئ التابعة لكل ميناء مثل ميناء الاسكندرية على النظر فى إمكانية إستئجار فريق خبيرفى إدارة الموانئ ونقل إدارة الميناء إليه بصورة مؤقتة . وتكون مهمة هذا الفريق هى جعل الميناء اكثر كفاءة وقدرة على المنافسة وذلك تحت عقد مدته خمس سنوات قابلة للتجديد. فإذا ما نجحت التجربة ، يتم تطبيقها فى الموانئ الأخرى .

- يجب على الحكومة بدلاً من تحويل موارد الميزانية التى تعد حيوية للمصروفات الاجتماعية وسائر إستثمارات البنية الاساسية ، يجب عليها العمل على جذب إستثمارات أجنبية ومحلية خاصة لبناء المحطات وغيرها من التسهيلات فى ظل عقود تشغيل طويلة الأجل والتى تسمح للمستثمر باسترداد رأس ماله بمعدل عائد مقبول . وبالاضافة إلى مفهوم "البناء وتشغيل ونقل الملكية (BOT)"، يجب على الحكومة الاستمرار فى تشجيع المنتج والمصدر والمستورد على الاستثمار فى بناء محطات متخصصة للسلع ، مماثلة لمحطات البترول وذلك وفقاً لنظام "البناء والتملك والتشغيل (BOO)" .

- تقديم حوافز للمستثمرين الأجانب لبناء وتشغيل المحطات الأساسية المصممة لنشاطات الشحن العابر على طرفى قناة السويس . وقد تم بناء خدمات شحن رئيسية ، وأخرى تحت الإنشاء فى البحر الأحمر وشرق البحر المتوسط . ومن أجل ضمان نجاح هذا المشروع ، يجب بحث إمكانية الحصول على التزام من خطوط الشحن الرئيسية بأستخدام تلك التسهيلات فى المستقبل وذلك لضمان حجم تعامل مناسب يحقق عائداً يتوافق مع الاستثمار الذى تجد الحكومة فيه حجماً كبيراً ويتسم بدرجة من المخاطرة .