Eastern Cape Ports and Maritime Conference

**The economic influence and impact of the Eastern Cape Ports on the development and growth of the EC Business Sector**

Honourable Minister of Economic Development, Mr Ebrahim Patel
Honourable Eastern Cape MEC of Economic Development, Environment, Agriculture and Tourism, Mr Mcebisi Jonas
The Executive Mayor of Nelson Mandela Bay, Mr Benson Fihla
The President of the Nelson Mandela Bay Business Chamber, Mr Mandla Madwara
The Chief Executives of all divisions of the Transnet Group, namely:
  - Mr Tau Morwe, CE of Transnet National Ports Authority
  - Mr Karl Socikwa, CE of Transnet Port Terminals
  - Mr Siyabonga Gama, CE of Transnet Freight Rail
All your Senior Management and staff of all divisions of the Transnet Group
The CEO of the Coega Development Corporation, Mr Pepi Selinga
The CEO of the East London IDZ, Mr Simphiwe Kondlo
The CEO of SAMSA, Commander Tsietsi Mokhele
Members of Nelson Mandela Metropolitan University, particularly Professor Richard Haines and Professor Patrick Vrancken
Chairman of the NMB Maritime Cluster, Mr Peter Myles
Honoured Guests, Ladies and Gentlemen

The Programme Director ...

All protocol observed, I bid you all a good morning

There was a time when Port Elizabeth and its Eastern Cape hinterland were the economic centre of South Africa.

During the past 150+ years the region has seen and weathered the winds of trade and investment change in the various seasons and cycles of both international and local market forces. In this time our humble Ports of Port Elizabeth and East London have adapted, modernised and grown to meet the needs of an ever demanding maritime and logistics industry, requiring massive capital investment to ensure greater capacity with the international standards of productivity and efficiency.
According to Graham Taylors paper, “Joining the Dots: New Growth Path opportunities for the NMBM and regional economy”, in Perspectives 2011, 3rd edition, due to the booming South African wool industry, Port Elizabeth held its supremacy for a period of approximately 12 years, before the economically dominant Eastern Cape lost its dominance to Cape Town by failing to establish the necessary infrastructure in a rail link to the interior and not developing its port.

We have come a long way from these scenes from over 150 years ago. We now stand on the brink of an exciting economic future, expectant with the incredible opportunities on the near horizon, with key constraints relating to rail and port infrastructure due to be relieved, due particularly, to the capital investments by the Transnet Group in the Eastern Cape during the next 7-10 years. This will go a long way to provide the logistical backbone to unlock the true economic potential of our magnificent province to the benefit of all our businesses and citizens. This will put us on a positive trajectory once again.

We must appreciate, at this point, the key roles played by the Transnet Group divisions, Department of Economic Development, Environment, Agriculture and Tourism, both the CDC and EL Industrial Development Zones and the Local Municipalities, for the respective roles they each have played in creating an environment conducive to these investments between our three ports and the rail infrastructure. The future success in unlocking the full potential of these investments will require a much greater level of integrated planning and an intense amount of transparent, proactive and participative engagement all levels. These entities and critical stakeholders, including academia, business and civil society, need to intensify their engagements to ensure that the Eastern Cape ports are placed firmly on the map to claim their rightful place in the international maritime arena.

In the past 5 years the Nelson Mandela Bay Municipality, in partnership with the Nelson Mandela Bay Business Chamber, commissioned a team of consultants to research and develop an Industrial Development Strategy for the Nelson Mandela Bay Metropole and 150km radius surrounding hinterland.
Let me share with you the Strategy on a Page, a picture that sums up more than a few thousand words and a couple of hundred pages of supporting documentation.

The diversification of our economy is key to our survival into the future with the Priority Sectors in Orange, the Supportive Sectors in Green and the Enabling Sectors in Blue are indicative of the vision we should work toward in unison for this region, and so we should have similar vision for the greater Buffalo City region and indeed the balance of the province in aligned with Vision 2030 for the Province of the Eastern Cape. Please not the critical supportive role the Maritime Industry in partnership with the Logistics Sector plays to deliver to all the surrounding sectors.

A few extracts from the Development Partners research, pertaining to the Maritime Sector, give an indication of where we currently stand as the Nelson Mandela Bay region, and I’m almost certain is reflective of the Province as a whole.

- Context
  - South Africa is a sea-faring nation with an underdeveloped maritime industry
  - The country is not a significant ship owning or ship operating nation and there is a need for ship repair and ship-building
  - South Africa’s new Maritime Charter of December 2003 has the long-term vision “to develop South Africa to become one of the world’s top 35 maritime nations by the year 2014”.
  - There has been little progress from an Eastern Cape perspective.

- Strengths
  - Strengths of the Eastern Cape maritime sector:
    - Three international ports
    - A strong logistics sector
    - A good engineering skills base
    - One of the world’s premier locations for boating activities

- Constraints and weaknesses
  - Constraints and weaknesses of the Eastern Cape maritime sector:
    - A lack of a training academy
- Space constraints in the two ports
- A lack of a large regional local market

**Threats**

**Threats to the Eastern Cape maritime sector:**
- There are other ports on the African coast gearing up for ship repair
- Maritime centres of excellence in KwaZulu-Natal and Western Cape.

**Opportunities**
- Training (a maritime school and university department)
- Ship repair

**Enablers**
- The province has three world-class ports
- There is a strong shipping industry

**Critical Interventions**
- Establishment of Centres of Excellence
- Including a small ship repair facility in the plans for a select port

**Conclusion and Prioritization**
- This sector has potential in the education and manufacturing industries

**Responsibility**
- A Maritime Cluster has been established

In wrapping up, I would like to share 3 closing slides with you:

1. The Port environment provides many opportunities when moving of cargo and ships through ports with many business opportunities beyond those traditionally undertaken by the port operators. It is up to business to seize those opportunities as they are presented in the future growth within our port, rail and logistics environments. Not forgetting the incredible opportunities presented in the capital
expenditure in the massive projects in the near future. At this point I wish to express my sincere appreciation to Derrick Zimmerman, of Rand International Capital, for his inputs and slides provided to support this presentation.

2. Minister of Energy, Dipou Peters, recently stated at the CDC, that the Eastern Cape is poised to be South Africa’s future energy hub with all the exciting energy projects on our horizons, namely Wind, Solar, Bio-Fuel and Nuclear as well as the Project Mthombo refinery. There is a tremendous amount of convergence in the implementation periods of these projects. It is thus critical to ensure that the port, rail and road infrastructure is in a state of readiness to receive and support these mega and catalytic projects.

3. Lastly, I wish to dare each one of you to dream with me about a future where we have ports that are once again integrated into the cities, giving greater access to the community to interact with the maritime space, where the youth are inspired to grow into the ever exciting and dynamic maritime and logistics industries. Let us dream of the Eastern Cape being a destination of choice for the cruise liner industry, for foreign tourists to explore our magnificent beaches, rich cultural heritage, magnificent malaria-free game reserves. Let us dream of a vibrant and fully integrated port marina and waterfront development which will leave a rich heritage maritime experience for our children’s children and many foreign tourists being attracted to our beautiful shores and hospitable people. Let's dream of this region rising strongly as the Watersport Capital of Africa, with an eye to one day being the host to the Olympic Sailing village, if South Africa secures the Olympics one day! I dare you to dream the dream, and put the plans into action to realise our joint dreams and aspirations.

Thank you.

Kevin Hustler, CEO, Nelson Mandela Bay Business Chamber.

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