

Robust growth in New Year

KBSP: world-class terminal facilities and operational facilities



KBSP is stepping up its efforts to increase transshipment volumes in the New Year 2018, focusing primarily on Kuwait and Iraq markets. PUMMY KAUL reports

Bahrain's Khalifa Bin Salman Port (KBSP), which has seen a significant surge in 2017 throughput in container and general cargo compared to the previous year, expects to clock robust growth in the New Year with greater emphasis on developing and expanding transshipment operations and volume.

Giving out the 2017 statistics, Mark Hardiman, CEO and managing director of APM Terminals Bahrain, the port operator of KBSP, told *Gulf Industry* magazine that the port has recorded an impressive 8 per cent growth in the total containers volume (exports and imports) as compared to 2016, with an additional 29 per cent spike in general cargo, signifying a positive growth despite a slowdown in the regional economy.

Hardiman said that the total number of containers handling at the port is estimated at 405,000 twenty feet equivalent unit (TEUs) in 2017 and 1m freight tonnes of general cargo. In 2016, KBSP handled approximately 380,000 TEUs and 0.8m freight tonnes of general cargo.

KBSP is located on 110 hectares of reclaimed land and has a 1,800 m quay which includes a container terminal and

general cargo area of 900,000 sq m served by four 61 m post-Panamax cranes as well as general cargo, roll on/roll off and passenger facilities. The facility also includes a dedicated passenger terminal that is capable of handling cruise and ferry calls. In addition, it has 63,500 sq m of covered warehouse space available in addition open yard space, for the storage of cargo.

POSITIVE GROWTH IN 2017

The year 2017 started on a positive trend for KBSP as it saw encouraging growth in most sectors in the first-half (H1) of 2017. From seeing a 5 per cent year-on-year growth in its domestic business container volumes in H1 this year, the port has steadily gone ahead to record 8 per cent growth.

Hardiman said that the impressive performance achieved was contributed significantly by project cargo imports, mainly for the ongoing projects in the kingdom such as Alba Line 6, Electricity and Water Authority (EWA), Government Housing project, Bahrain LNG amongst many other ongoing projects.

According to him, project cargo, consumer goods, increased inflow of raw

materials for key export units were the types of cargo which dominated the inbound traffic while the outbound traffic was ruled by aluminum and steel.

"While the ongoing and scheduled projects in the project pipeline have contributed largely to the volume development, some are related to increased production capabilities of key manufacturing industries thereby impacting the exports positively in the near future," he said while detailing the trends in the cargo traffic.

He added that the volume of transshipment containers at KBSP in 2017 recorded a 55 per cent decline compared to 2016. He attributed the decline to increased terminal capacity in the region.

However, the number of vessels served by KBSP has gone up, in 2017, impacting positively on the port's growth. "In 2016, we had 893 calls which increased to 942 calls in 2017. Projected traffic is expected to grow by an average of 3 to 5 per cent year on year," Hardiman revealed.

KBSP's strategic location in the middle of the Arabian Gulf, together with its deep-water berths and approach channel enable it to accept the largest oceangoing container vessels. Recent efforts by the government of Bahrain to dredge the approach channel has enabled KBSP to handle even deeper draft vessels upto 14,000 TEUs.

Towards this, APM Terminals Bahrain early in 2017 marked a milestone with the arrival of the largest container ship --

OOCL (Orient Overseas Container Line) Singapore – ever to call KBSP.

OOCL Singapore has an overall length of 366.469 metres and a capacity of 13,208 TEUs. The introduction of the Ocean Alliance MEA3 service, offers Bahrain customers with a direct main line call to China and the Far East thus helping to boost business opportunities. This also coincides with APM Terminals' ongoing efforts to make KBSP the transshipment hub for the upper Gulf region with an overall increase in container throughput.

"With the calling of Ocean Alliance MEA3 string at KBSP, offering direct connectivity between Bahrain and major Asian destinations including China, has enhanced the trade growth," he added.

The introduction of MSC's Cheetah service also enabled connecting Bahrain to East Africa and India leveraging direct access to the kingdom. The initiative was in continuation of APM Terminals Bahrain's efforts to attract new main shipping lines to call KBSP with their mother vessels and to explore the hinterland business opportunities.

FOCUS ON TRANSSHIPMENTS

That trend, perhaps, is driving APM Terminals Bahrain to foresee a greater possibility of attracting transshipment volumes. The company is stepping up its efforts to increase transshipment volumes in the New Year 2018, focusing primarily on Kuwait and Iraq markets.

"The increasing domestic volume has been the reason for direct mainliner calls and as more and more mainliners have started calling at Bahrain, which is further creating the need for them to also explore transshipment possibilities thereby helping reduce costs to carriers and increased efficiencies," Hardiman added.

With ports across the region expanding with new capacity as well as enhancements to existing capacity, Bahrain's efforts to be a transshipment hub have been impeded to a certain extent. The port which saw record volumes of transshipment cargo pass through its facilities few years ago, witnessed a decline in the overall container throughput in 2016 contributed mainly by the lack of transshipment volume.

Again in 2015, the volume of transshipment containers at KBSP recorded a 46 per cent decline compared to 2014, as the number of transshipment containers reached 54,543 TEUs in 2015. The decline was attributed to the slowdown in global economy and the big losses suffered by maritime transportation companies.

Despite that, APM Terminals is deter-



Hardiman: putting the missing pieces together

mined to continue its efforts to develop the kingdom's transshipment operations in the Upper Gulf region by offering world-class terminal facilities and operational facilities.

"We have always been pushing for transshipments with a focus on efficiency and cost saving gains for carriers and will continue this in the future also," Hardiman reiterated when asked about the transshipment prospects for KBSP over the next three to five years. "Whilst this has been received well by most of the carriers, we continue our efforts to bring some of the missing pieces together and we expect this fall in place in 2018 thereby increasing our chances of attracting increased transshipment volumes," he added.

Laying down its transshipment strategy, he said: "Going forward KBSP will continue to focus on securing transshipment volume primarily targeting the Kuwait and Iraq markets considering the limitations of these ports."

"Our focus will also be to expand this to our landside customers also which will help them optimise / reduce their supply chain cost," he added.

KBSP is currently the only port in the region and one of the very few around the world which offers various value-added services such as stuffing, destuffing, consolidation, storage services etc.

It is designed to receive cruise ships, general cargo ships and container ships, with a capacity of 1.1 million TEU. The port provides shipping and maritime services as well as logistics in accordance with the highest level of international standards and specifications in this sector. Operations are divided in three categories: containers handling, general cargo handling and cruise ships.

The port is expected to receive 54 cruise vessel calls from prestigious lines dur-

ing this season with an estimated 100,000 passengers. This is an impressive 30 per cent growth over the past year in terms of vessel calls and 23 per cent in terms of the number of passengers.

The port is immediately not looking at any capacity expansion. "Our priority is to maximise utilisation of the existing capacity which is currently at 40 per cent in terms of container handling," he said and added: "Once the utilisation reaches approx 70 per cent we will look at further capacity enhancements."

OUTLOOK FOR NEW YEAR

For the current year, Hardiman has a far more optimistic outlook for the port's performance. "The container throughput is expected to grow by 8 to 9 per cent in 2017 over 2016, with an overall volume growth estimated to be in the range of 5 to 7 per cent in 2018," he said.

"We expect the domestic volume growth to follow the GDP growth. Considering the growth forecast and the ongoing projects we estimate overall volume to grow in the next three years both on container as well as general cargo segment. While we are actively working on container transshipment services, the growth of which will depend on various factors which cannot be predicted currently considering the sufficient capacity that is available in all neighbouring ports," he added.

Meanwhile, APM Terminals Bahrain continues to invest in the modernisation of equipment and constant improvement of processes to reduce wastages and increase efficiency and safety at the port.

The port operator, Hardiman said, will continue to invest in modernising its equipment and enhancing its safety performance. Among the major initiatives lined up is the roll out of a new Customer Platform IT operating solution (Lift). In addition, the port plans an upgrade of the verified gross mass (VGM) process.

The port was one among the first in the world to go live with the VGM process as stipulated by the International Maritime Organization (IMO) and is currently the sole provider of this services to the trade in Bahrain.

"We expect to digitise our service offerings through launching our customer platform Lift making it easier for customer to track and trace containers, request and pay for services online. We will continue to invest in modernising our equipments and enhancing our safety performance from time to time with some of the upgrades scheduled for 2018, which includes the VGM services," he said.