



Ethiopian Maritime Affairs Authority



Overview of Ethiopia's Logistics Sector: Current Issues and Outlook on Manufacturing Logistics

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Content

- Understand the Existing System
- Identify the Challenges
- Possible Solutions
- The way forward

National Logistics Strategy

- Diagnosis have been carried out
- Major Challenges



Major Challenges & Concerns

- 1) Trade Finance and Trade System**
- 2) Transit and Trade Facilitation**
- 3) Inadequate Logistics Services Capability and Poor Coordination**
- 4) Unregulated Services under Exclusive Operators/Monopoly Practice**
- 5) Inadequate Infrastructure/Facility and Poor Management**
- 6) Insufficient Competency in Logistics**



- Implications and the need to develop NLS
- **The NLS has :-**
 - 6 strategies
 - 30+ sub strategies
 - 100+ Interventions out of which Mojdo Logistics hub
 - Develop efficient & Effective transit transport corridor IPs



Objective

- ❑ Improve the quality of Logistics services to make Ethiopia 1st choice by Investors.

This Program is:-

- ❑ Part of National Logistics strategy, an attempt to translate the Intervention into program.
- ❑ Developed through a joint effort by:-
 - EMAA
 - ERCA
 - ESLSE
 - EDR
 - Freight forwarders (CLS, Panafric, Maccfa & others)
- ❑ The 1052 KM long Hawasa Transit Transport corridor.



- To understand the transit transport system of the corridor.
 - Complexity
 - Time
 - Cost



Export





Total Time to export 34 days (Hawasa-Humburg)

Total Cost to export:-

- 20 ft container USD 2200
- 40 ft “ USD 3340

• [link](#)



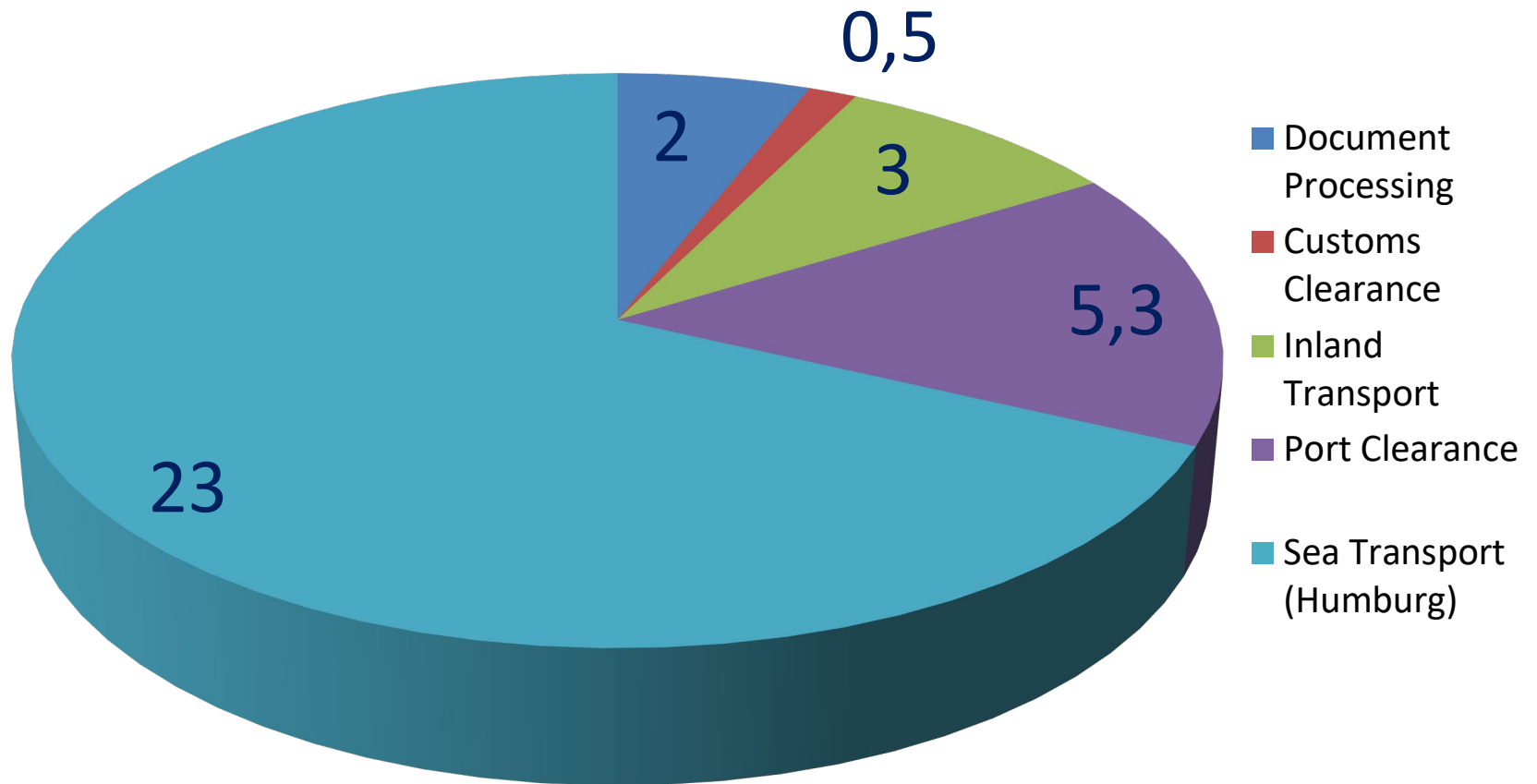
- **With out Sea Transport**
- **Time 10.8 days**
- **Cost**

20 ft. Ctr.	USD 1250
40 "	USD 1940

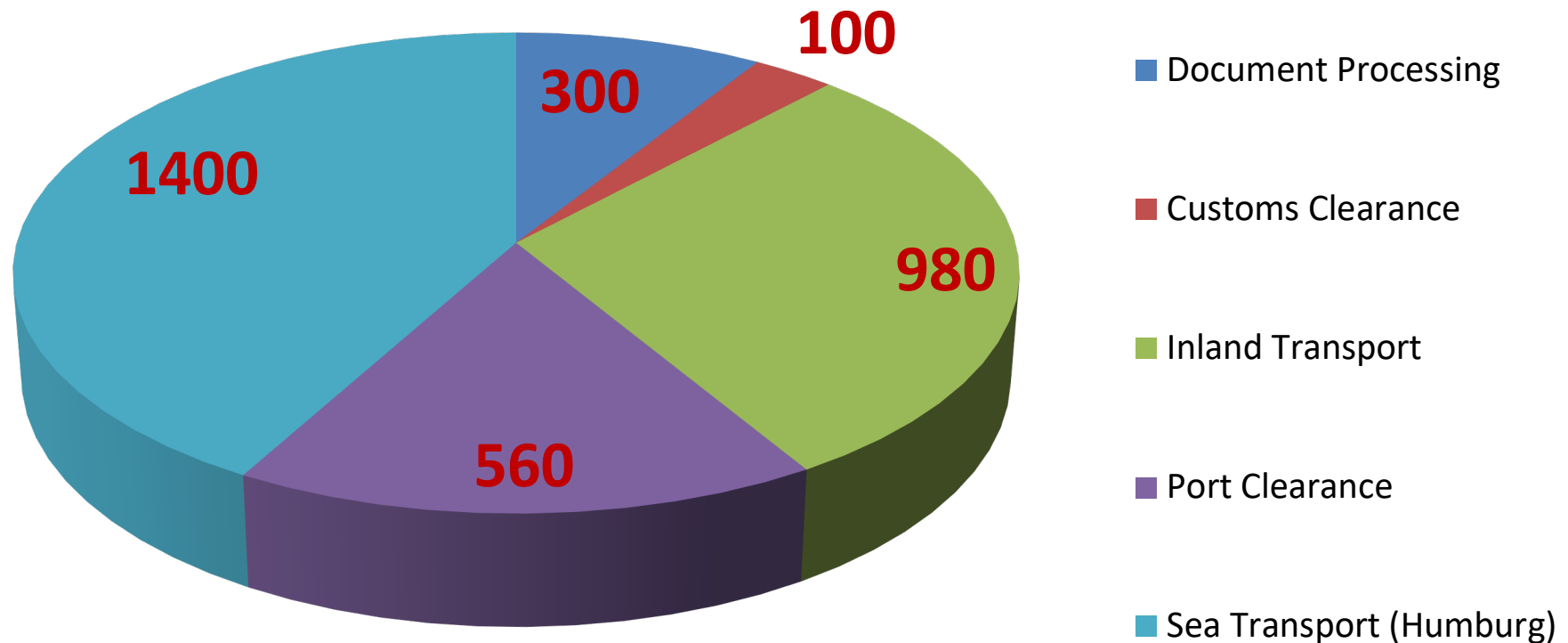
- **Cost Break down of the 3 basic Components for 40 ft. Container**

	USD	%
• Transport	1280	66
• Terminal Handling +Port Dues	282	15
• Document Processing	<u>378</u>	<u>19</u>
Total	<u>1940</u>	<u>100%</u>

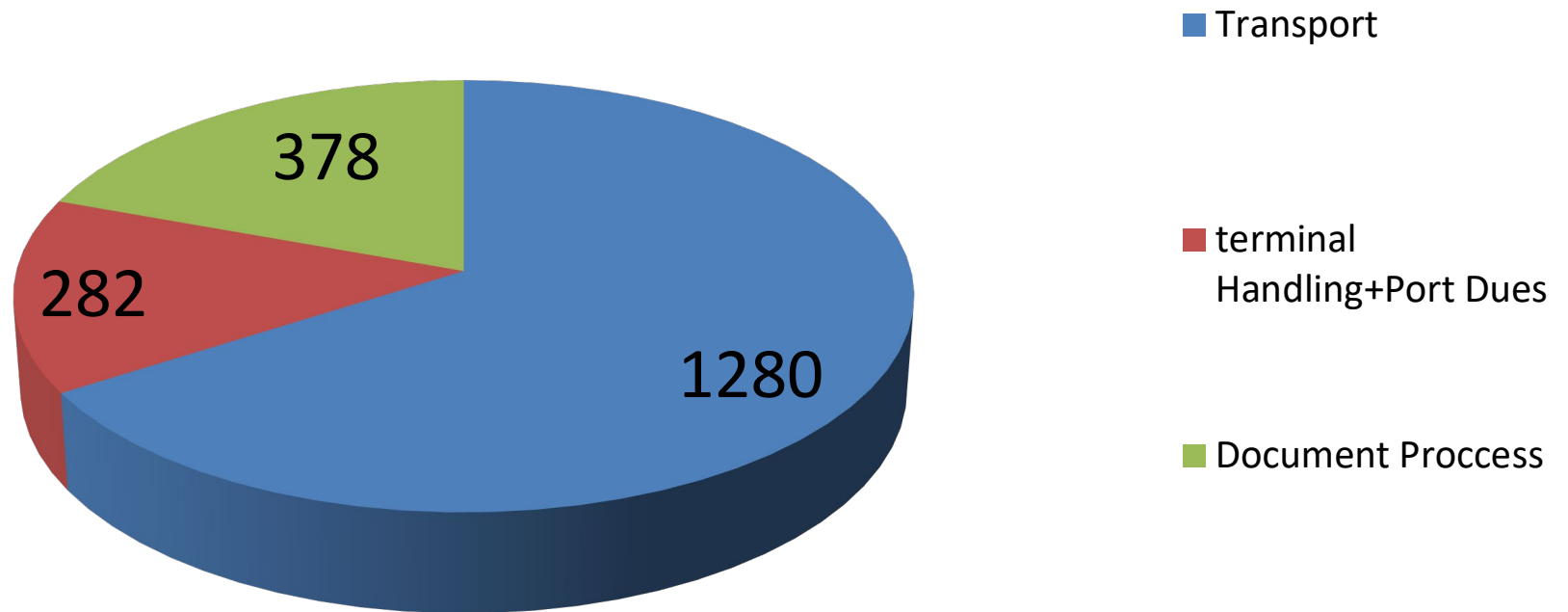
Time



Export Cost of 40ft container



Cost Break down of the 3 basic Components for 40 ft. Container





Import





Total Time to import 36 days (Shanghai – Hawasa)

Total Cost to Import:-

- 20 ft container USD 2650
- 40 ft “ USD 4050

[Link](#)



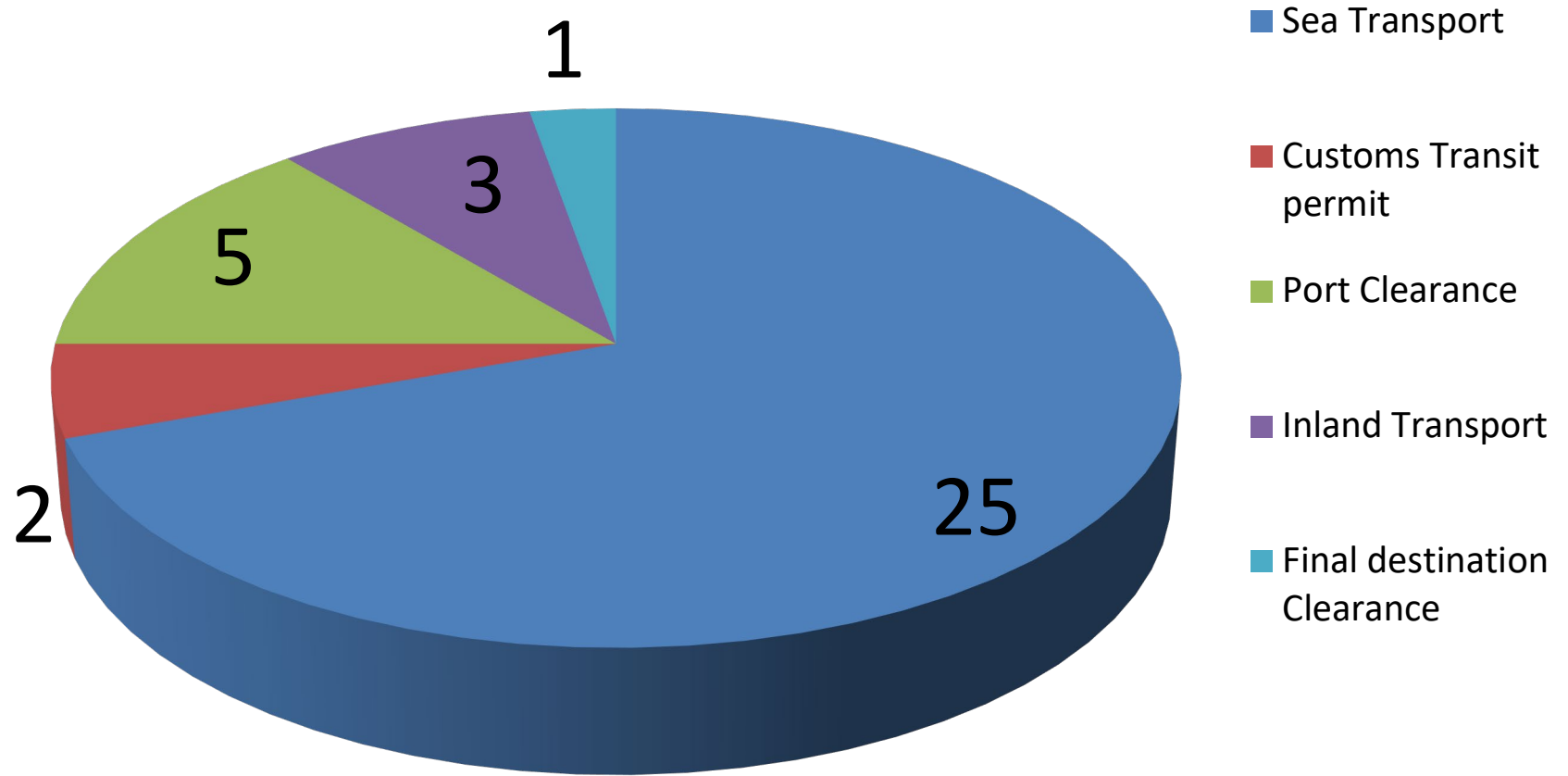
- With out Sea Transport
- Time 11 days
- Cost

20 ft. Ctr.	USD 1950
40 "	USD 2950

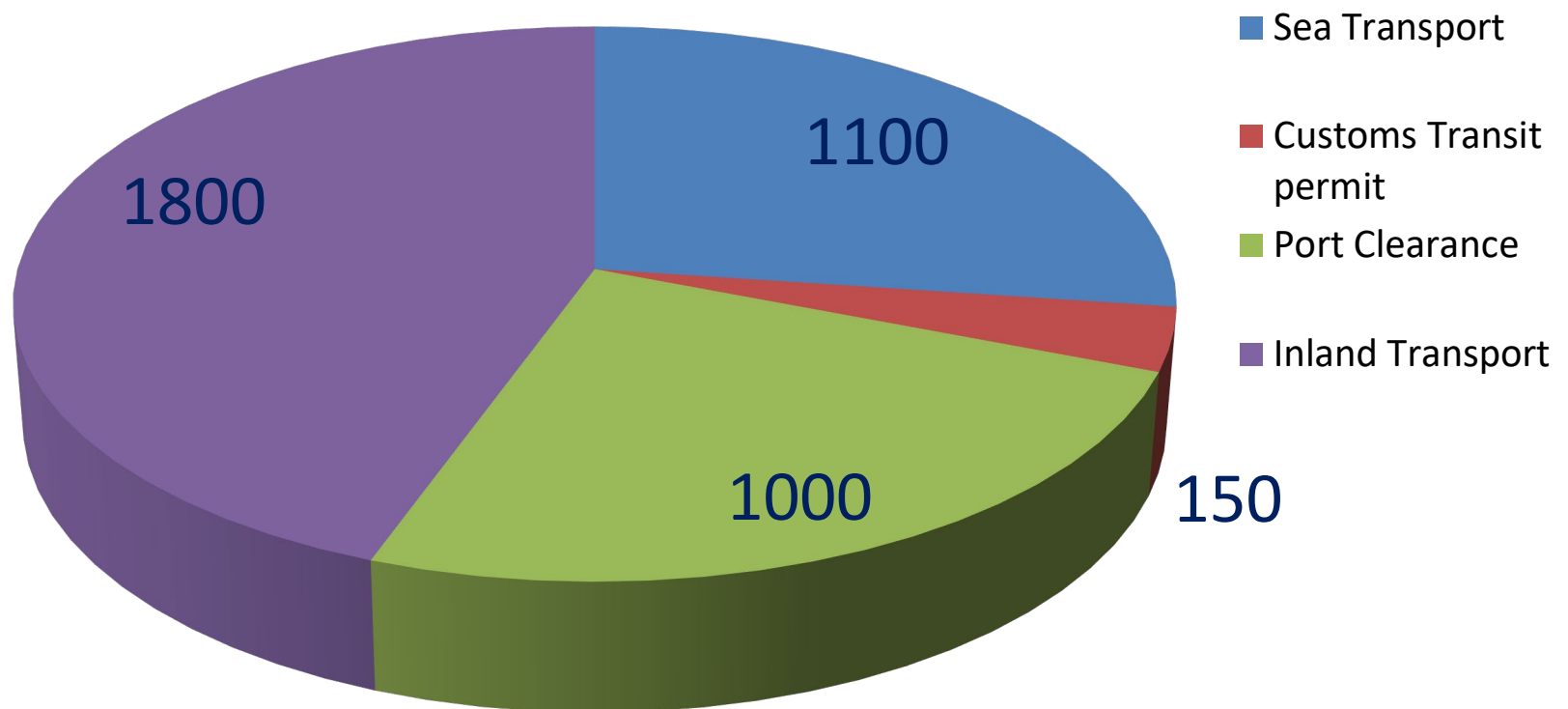
- Cost Break down of the 3 basic Components for 40 ft. Container

	USD	%
• Transport	1800	61
• Terminal Handling +Port Dues	634	21
• Document Processing	<u>516</u>	<u>18</u>
Total	<u>2950</u>	<u>100%</u>

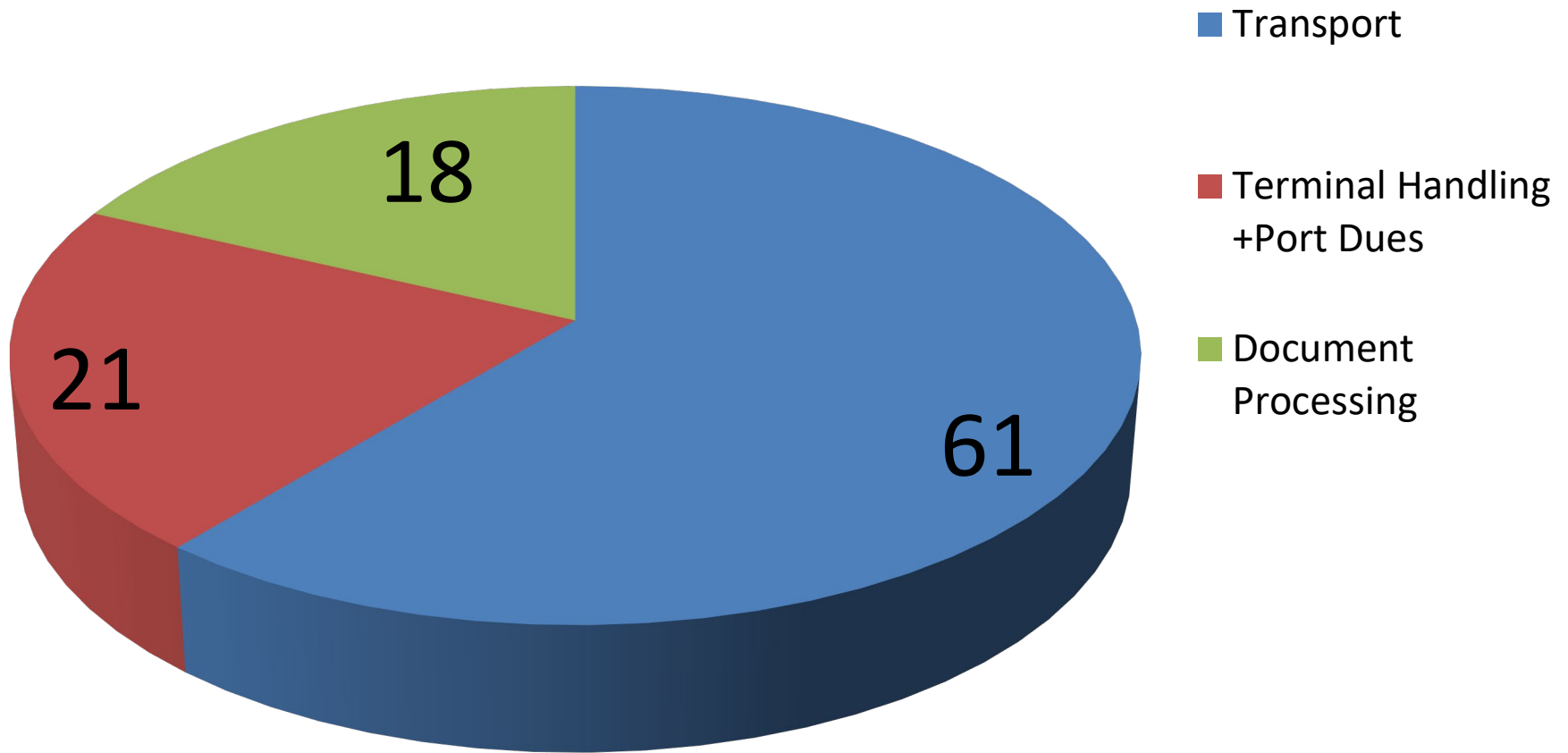
Time to Import



Cost of 40ft container



Cost Break down of the 3 basic Components for 40 ft. Container in %



Comparison With Other markets (Import & Export)

S.No.	Description		Ethiopia	Market Average			
				H &M		Other Sources	
				USD	%	USD	%
1	<u>Export</u>	20 ft USD	2200	1227	+79	1707	+30
		40 ft USD	3340	1668	+100	2267	+47
		time days	34	28	+21	28	+21
2	<u>Import</u>	20 ft USD	2650	1305	+103		
		40 ft USD	4050	1869	+117		
		time days	36	13	+177		
	Distance from sea Port		1052 km	278 Km	+285%		

Transport Cost/ KM

Ethiopia	1.71
Vietnam	3.14
Bangladesh	1.79
India	1.45

East African countries cost Per Km

Nairobi	2.08
Kampala	2.14
Kigali	2.18
Bujumbura	2.9





- Total cost of Ethiopia's import & export logistics is :
 - two times of other average markets
 - three times of Vietnam
- This is mainly due to:
 - Economy of scale
 - Distance
 - Inefficiency
 - Level of commitment



Challenges /Issues

1. Empty Container Positioning is time taking and incurs cost.
2. Transport cost is somewhat higher due to Empty container return and cargo flow imbalance.
3. Port dwelling time is higher due to lengthy customs process and waiting time of vessel.
4. Rail Transport is not yet operationalized and the total end – to – end rail rate is somewhat higher.
5. Shipping cost is higher due to low volume of cargo.



III/ Possible Solutions

1. Establish empty container stock at HIP

- Container yard
- Cargo handling equipment
- Develop Procedure

2. To reduce the rail transport rate

- Waive transfer cost of DCT
- Apply direct loading/unloading Rail to truck at Modjo
- Finalize Procedures
 - Djibouti
 - Ethiopia
- Reduce Rail transport fee by **15%**



3. Apply shuttle transport service between Modjo and Hawassa

Phase 1

- Integrate cargo flow
- Assign dedicated Trucks
- Exclusive Transport service provider

Phase 2

- Agreements between transport companies
- Big Trucks to transport two 40 ft containers at a time.





4. Reduce the time spent on port and customs clearance

- **Fully Implement custom agreements**
- **Promote Port Community System**
- **Promote through bill of loading**



5. Fix Maximum Rates

- Economic Regulations
- Negotiations

Intervention Out comes

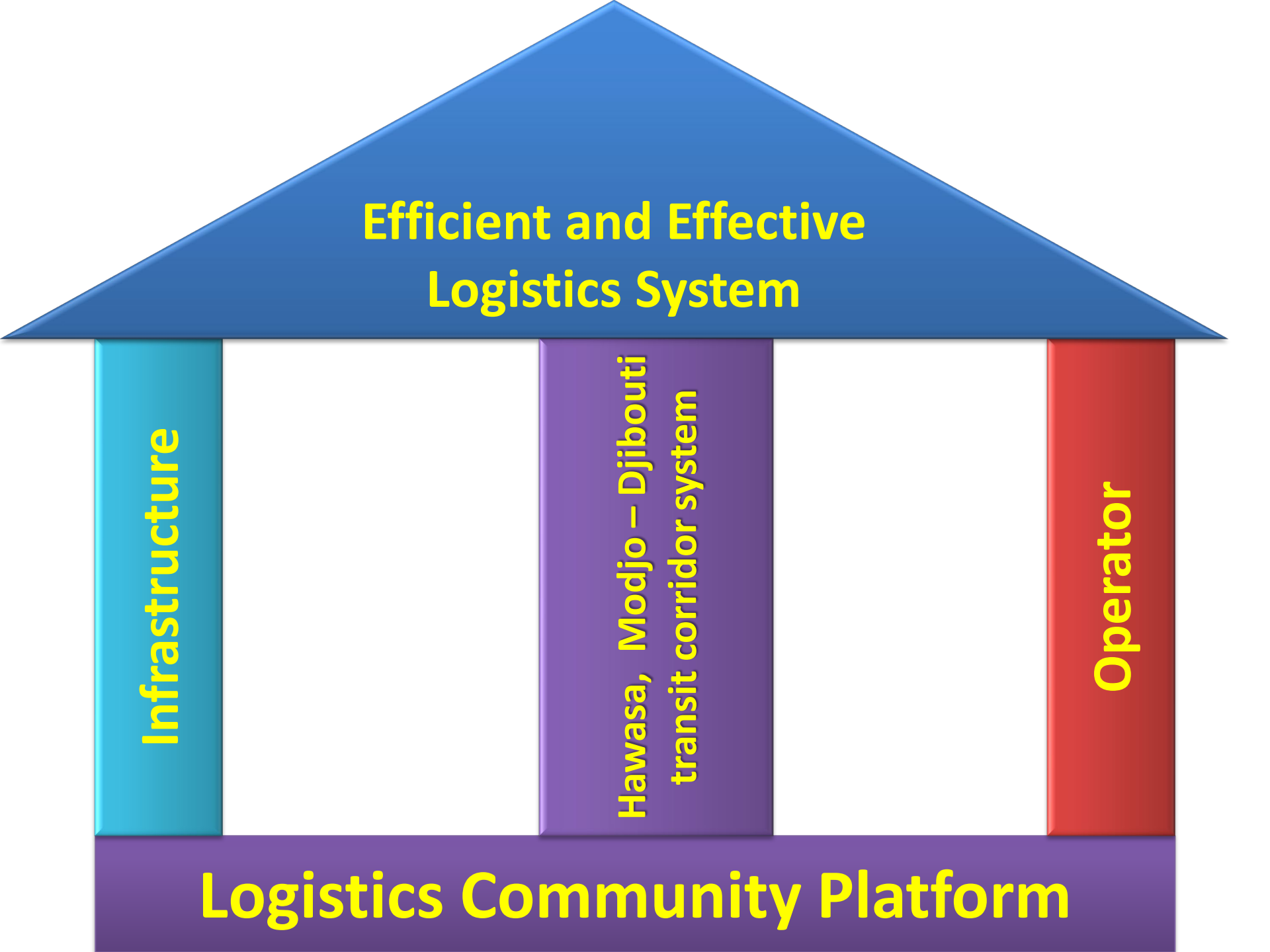
Process		Time reduction (Days)		Cost reduction (USD)	
		From	to	From	to
Export	20ft	10.8	5	643	394
	40ft	10.8	5	980	758
Import	20ft	11	4 - 5	1150	650
	40ft	11	4 - 5	1800	1300



The way Forward

The three Pillars

- Develop **1052** Hawasa, Modjo – Djibouti transit corridor system
- Infrastructure
- Operators



Efficient and Effective Logistics System

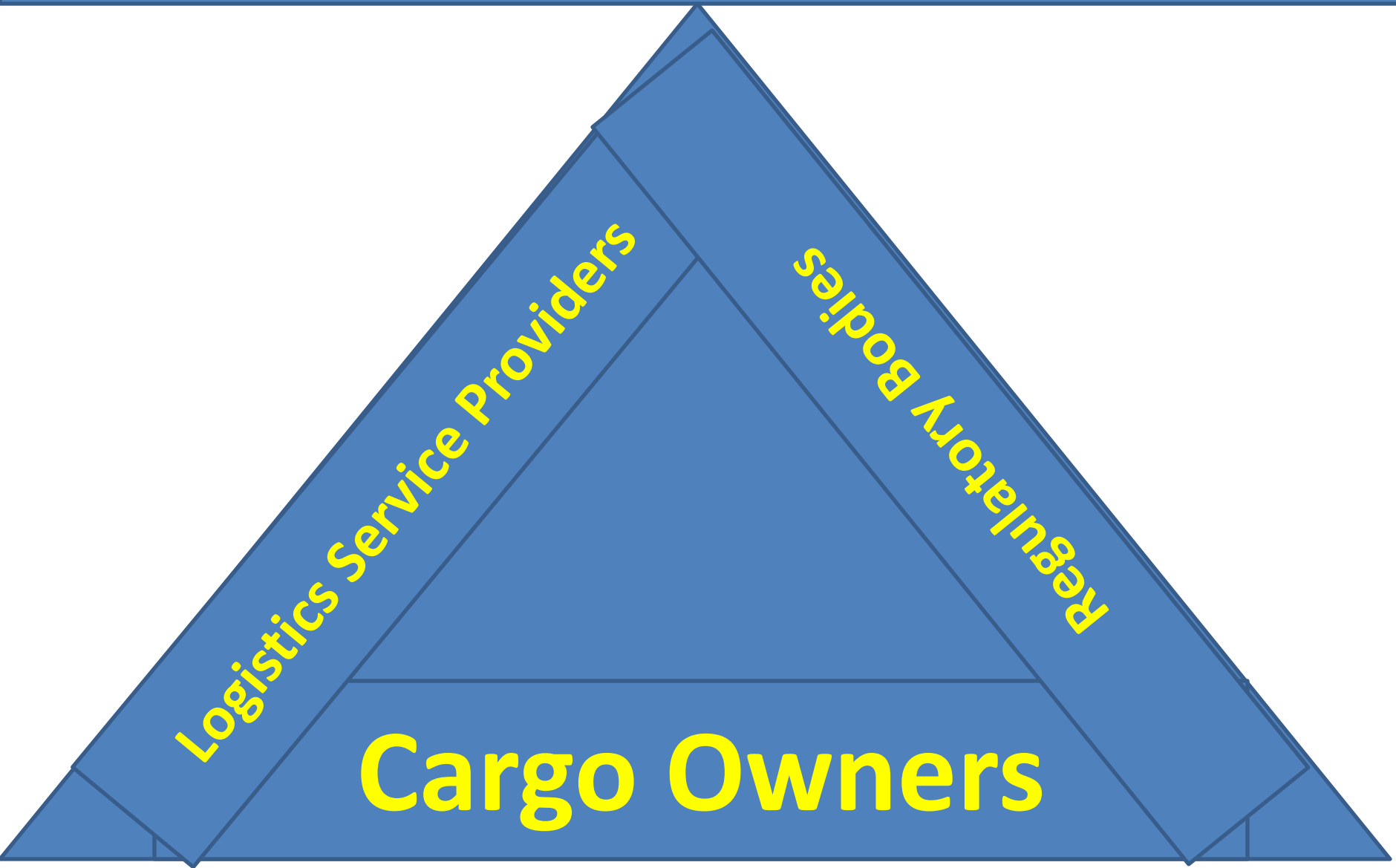
Infrastructure

**Hawasa, Modjo – Djibouti
transit corridor system**

Operator

Logistics Community Platform

Core Logistics Actors



Thank you!

