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Gulf Stevedoring sees strong throughput at Saudi Arabia's Jubail terminal

Peter Shaw-Smith, Middle East | 6 February 2018

Jubail Commercial Port. Credit: Saudi Port Authority

A strong performance at Jubail Commercial Port (JCP) and a recovery from the loss of UASC volumes at its North Container Terminal at Jeddah Islamic Port underscored a good year for Saudi port operator Gulf Stevedoring Contracting Company (GSCCO).

Jubail recorded an impressive 26% increase in throughput to more than 680,000 teu for 2017, albeit off a small base, driven by petrochemical volumes from massive complexes now in full production. These are owned by the likes of Saudi Arabia Basic Industries Corp, Sadara, Tasnee, and others, all of which operate in Jubail Industrial City, one of the world's biggest manufacturing sites, drove performance.

"At Jubail, export volumes continue apace, but we are also seeing also a significant increase in imports. Jeddah throughput was flat, but still impressive considering loss of UASC to DP World after its purchase by Hapag-Lloyd, and since April, NCT enjoys the largest market share in JIP container traffic at 40%," Richard James, managing director, GSCCO, told *Fairplay*.

GSCCO operates three facilities in Saudi Arabia: North Container Terminal at Jeddah on the west coast; a container and multipurpose terminal at Jubail ; and an operations and maintenance project in King Fahad Industrial Port and in Jubail – both facilities being located on the eastern seaboard.

GSCCO is 51% owned by Gulftainer, which was established in Sharjah in 1976 and claims to be the world's largest privately owned independent port operator and operates terminals in Iraq, Lebanon, the United States, and the UAE. In 2013, Gulftainer acquired 51% of GSCCO, which was itself founded in 1985.

North Container Terminal is spread across an area of about 1.1 million m^2. It has seven operating berths with a quay length of 1,700 m and maximum operating alongside draught of 15 m. It has a capacity of 3 million teu, Gulftainer said.

"As we approach the end of the current concession in Jeddah [at the end of 2019], we recognise the needs of our terminal – and Jeddah as a whole – to expand. Accordingly, we have submitted our proposals to outline our vision for the Red Sea's largest hub and are confident that we can deliver the next phase of this historic port's continued evolution," James said.

The plans involve a proposal to increase crane height and dredge the northern basin in Jeddah to support existing trade in addition to extensive works.

"It is a very exciting time to be in Saudi Arabia and the fast-paced reforms are only improving the country's logistics network at an accelerated pace. All the region's players need to provide their input in these truly transformational and invigorating times for the industry."

JCP claims to have the fastest customs processes in the kingdom, with calls from 10 shipping lines with direct weekly services. It received the largest container vessel to visit Jubail to date, with the maiden call on 25 January of the 14,568 teu-capacity *COSCO Shipping Kilimanjaro*. Crane moves were 692, for a crane rate of 37.4 moves/hour and vessel rate of 76 moves/hour.

At King Fahad Industrial Port, GSCCO's contract is for the operation, maintenance, and refurbishment of 22 commercial berths including the open-sea tanker terminal. This is said to include docking facilities, firefighting equipment and infrastructure, mooring and breasting dolphins, telescopic gangways, and all the other facilities required for the berthing and handling of cargo vessels and tankers.

"The port currently handles in excess of 35 million tonnes of cargo annually, which is anticipated to grow substantially in the future," Gulftainer said.

JCP, where imports were said to be up 72% last year (again off a low base), is calling for more incoming boxes to ensure a ready supply of empties that can be sourced more cheaply onsite than having to bring them from Dammam or Riyadh Dry Port, which is an additional cost.

GSCCO hosted a 'Jubail Value Proposition' event on 15 January, in which company officials discussed import volume growth at Jubail. They attributed this increase to changes in perception and the willingness of GSCCO customers to adopt an alternative route for their import requirements, thereby driving inefficiencies. However, the inevitable result is that JCP is cannibalising business from the east coast's traditional import destination, Dammam.

Due to alliance changes effective April last year, several of the lines that traditionally called Dammam only are now understood to have slots available on services coming through Jubail direct.

James said that service quality at North Container Terminal was proving an effective counterweight to the increasing trend for liner company mergers and acquisitions to lead to a situation where the shipping lines were attempting to obtain discounts from terminal operators.

“Jeddah is a good example of a port location where import customers put considerable importance [on] the service received in their preferred terminal. As lines have switched terminals, consignees have in turn enquired which lines they can switch to in order to remain at our terminal,” he said.

“Competition is a good thing and drives efficiencies, but where we have seen success is when line, terminal, transporter, and end-customer communicate effectively to ensure each party is catering sufficiently to each element of the entire supply chain. That requires a co-ordinated approach to deliver quality at a competitive price – an old style race the bottom merely skimps on service levels and ultimately costs the customer more in the long run,” he elaborated.

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