

The Ideal Criteria for Port Selection

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[Caucedo & Posorja Case]

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4th Largest Marine Terminal Operator Worldwide [77 port - terminals]

60M TEU's p/year; 6% YoY increase and +36,000 employees



Port Selection and Development ..

... what WE provide and what the government expect...

What we sell	What governments want?
Common User Operation	Volume growth
World Class Operating Standards	High productivity
Training for local people	Employment
Long term partnership	Committed Investment
Acceptable return on investment	\$\$\$\$\$\$\$\$\$\$\$\$

..... *Many common interests*

Our Priorities for port selection

- 1) Politically stable
- 2) Market – foreseeable growth
- 3) OD versus TS
- 4) "best terminal in the market" (in terms of marine access, ability to handle large ships)
- 5) Opportunities for free zones and/or logistics parks
- 6) Projected demand-supply balance (i.e Santos Brazil)
- 7) Multiple cargo opportunities (not just containers)
- 8) Unregulated tariffs is preferred
- 9) Potential synergies (Saint John rail, Caucedo with the Airport, Callao-Posorja for TS)
- 10) Regulatory framework (Concessions vs Freehold Licenses)**

New Projects Pipeline - committed



Concessions vs Freehold Licenses

Concession

versus

Freehold License

- **Excessive and bureaucratic**
- **Unreasonable demands or obligations**
- **High fees**
- **Lack of understanding of the business**
- **Lack of effective regulatory controls**
- **... concession are purely based on which party offers the highest concession fees**
- **Greater margin of failure**
 - **[Callao, Peru, BUE, Argentina]**

- **Fewer, if any, obligations, either in terms of minimum investments, performance standards, employment requirements, or termination provisions**
- **None Restrictive**
- **provide Flexibility**
- **Usually allows more opportunities to Invest and keep on investing driving growth**
- **Get More Commitment from Operator/investor**
 - **[Caucedo, Dominican Rep, SSZ, Brazil Posorja, Ecuador]**

What's World Bank's Port toolkit reform recommends?

1. Governments should recognize **freehold (Licenses)** port projects as a viable alternative to concessions
2. **AVOID EXCESSIVE REGULATION OF OBLIGATIONS**
3. **NO TARIFF REGULATION WHERE THERE IS COMPETITION** [*EITHER INTRA-PORT LIKE CALLAO MS and MN OR INTER-PORT LIKE CAUCEDO/HAINA, or MIT Manzanillo, Panama and Colon Panama Ports*]
4. **ENSURE FAIR TREATMENT OF ALL INVESTORS**

...It makes sense

DP World Posorja



DP World Caucedo



At the End, it's about ...



Risks and Returns



(ROCE / ROI).

...basic business logic

Regardless of whether a port project would be developed through a concession or a freehold license, the selection process should put much more emphasis on the experience and proven performance track record of the operator, considering metrics such as:

- actual productivity levels achieved at comparable terminals around the world**
- proven experience managing large-scale construction / development projects**
- financial capability and demonstrated willingness to invest in large-scale projects**
- actual experience implementing semi-automated and automated terminals**

Thank You

A Hub full of opportunities

@dpworldcaucedo



Creating the Future, **Now.**

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