

stronger TOGETHER

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The next step of Port of Duqm's development will be looking for the right partners in operations, freight forwarding, and logistics to ensure its success.

What is the status of Port of Duqm's infrastructure development, and how do these developments highlight the strategic roadmap of the port?

According to the initial timeline, the Port of Duqm will become a full capacity port capable of handling full-fledged operations by the end of 2020. In the meantime, we are actively looking for proper partners in different areas, such as operations, freight forwarding, and logistics. The choice of players we approach has to be cautious, because partnerships in the industry will redefine our business models. Historically, ports used to be built and operated by governments because the payback on just the quay holds is extremely long-term and rarely bankable. However, the PPP model is changing the nature of ports from a standard authority to an enabler of the logistics industry. The private sector is thus starting to be approached in strategic, large investments with long-term commitments in the Middle East just like other parts of the world. Within this environment, ports are not only physical platforms, but also technological ones too, from where information exchanges and visibility are enhanced.

What is the key to implementing technology where all key factors and pillars around port operations are successful and financially feasible?

While automation in the ports started 15 years ago, logistics is a slow moving and conservative industry whose transition to automation will depend on the opportunity cost of new technological investments versus the cost of labor. For this reason, automation will happen first where labor is more expensive, and the transition will be slow because of the skills that are required will change dramatically. Indeed, the industry would need to move from employees with lower education to hiring engineers and IT experts capable of operating sophisticated machines. That being said, it will eventually embrace every aspect of the industry, although container business, because of

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its high standardization measures, is expected to witness it before regular cargo or dry bulk. Moreover, the container business is the most time sensitive because the margins are sharp and small. It is all a matter of how fast you go and how efficient you turn your ship in the port.

How does consolidation under the ASYAD impact the port's logistics strategy?

The consolidation of all ports within the ASYAD Group has as great advantage that a national strategy can be rolled out to the benefit of the entire nation. Having said that, it is clear that each of the three industrial ports in Oman has its own identity, is operating in a distinct business environment, and offers unique selling points according to its individual clientele. There will always be an element of competition amongst the three ports, but it is clear that the national goal of Oman to become a leading global logistical hub, taking full advantage of its prime location, requires the three ports to look at its individual strengths and capture the market in the most possible innovative and creative way. The international competitive market will regulate in the end where each of the opportunities will go, and the different offerings by each entity will enhance Oman's chances for success. It is ASYAD's merit, as the major shareholder in each of the ports, having created a common vision and ambition allowing each entity to fully develop and focus on its individual strengths, while creating a horizontal alignment across all players in the logistics industry. ✖

BIO

Reggy Vermeulen is the CEO of Port Duqm. Prior to his current position, he was PDC's commercial director for three years. Before joining Port of Duqm in 2012, he was CEO of the port and industrial zone of Hai Phong in Vietnam. Under his leadership, the area attracted over USD1.5 billion in investment and was elected amongst the top five companies in Vietnam. He started his career as a consultant at Deloitte, consulting with a specialization in supply chain optimization and company restructuring.