

Is Africa the next major expansion point?

This past week, MSC scheduled the deployment of 23,000+ TEU vessels on their Asia-WAF 'Africa Express' service. At present, the largest vessel on the service is of 16,600 TEU, with the average vessel size on the service of 14,465 TEU. These new phase-in's would increase the nominal capacity of the service by 50%, which is a substantial increase. The first of these deployments, MSC Diletta, was pulled from the Asia-NEUR 'Lion' service, and was later replaced by a smaller 15,500 TEU vessel. This is a surprising development considering that over the past few years, the opposite trend has been prevalent i.e., smaller vessels on Asia-NEUR being replaced by larger vessels.

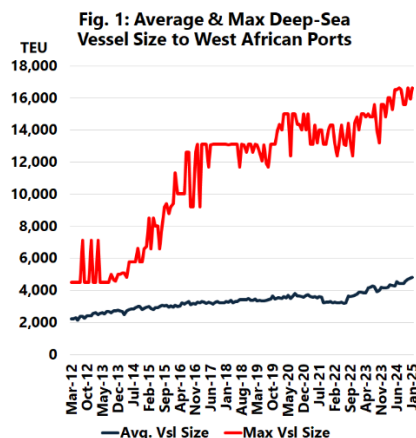


Figure 1 shows the average and maximum vessel size of vessels deployed on deep-sea services to West Africa. Since June 2022, the average vessel size to West Africa has grown by 50%. Shipping lines have also been deploying larger and larger vessels to the region, with the largest existing vessels (before MSC's latest deployments), of over 16,000 TEU. Since January 2024, 26 vessels of 15,000 TEU and over have been deployed on trades connecting to West Africa, of which 22 were operated by MSC on their standalone services. Additionally, these vessels

were deployed across 4 services, 3 of which are these MSC standalone services. This shows that MSC is strengthening their West Africa network and anticipating an even stronger growth opportunity in the region. The economic indicators for Africa can provide an explanation why.

Population of Africa reached 1.5 billion in 2024 and is expected to grow to 2.5 billion by 2050. This would increase Africa's share of the global population to 28%. At present, 30% of the 1.5 billion people are in West Africa. Furthermore, over the last 18 months, 56% of the ports in West Africa have seen an increasing connectivity trend. Even in economic terms, Y/Y growth in Sub-Saharan Africa (the only African aggregate for which the IMF publishes economic growth figures) is eclipsing that of the world as well as that of the advanced economies.

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