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Transhipment hub port selection: Competition in the Southern African container port system

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ABSTRACT

In recent decades, shipping liners have started shifting away from direct call services in favour of hub-and-spoke and relay liner network structures. These developments marked the advent of intermediacy in container shipping. Container terminals expanded and progressed rapidly to serve the growing transhipment market, leading to increased competition among container terminals for regional and global hub port status. This study analyses the competitive dynamics between the main Southern African transhipment hub port rivals situated along the Cape passage, namely Ngqura and Port Louis. The two ports are compared on total transit times and generalised shipping cost for an extensive list of shipping routes in both hub-and-spoke and relay liner network structures. The results show that Port Louis is the optimal hub port in to serve as an intermediate node along the Cape passage in the short term. The findings also highlight the challenges both ports will face in attaining global hub port status and the potential impacts of anticipated maritime regulations and other market forces that may come in to play in the medium and long term.