Overview

The Port of Callao is the third largest port in South America, the largest port on the west coast of South America, and the largest port in Peru. Peru’s Port of Callao is the main port in the country, accounting for approximately 75 percent of its maritime trade, and is estimated to have handled approximately 90 percent of the country’s container volumes and approximately 50 percent of non-container tonnage in 2014.

The Port includes two terminals: the South Terminal (containers only) under concession to DP World and the North Terminal (multipurpose) under concession to APM Terminals Callao for 30 years. Growing demand of approximately 12.9 percent compound annual growth rate between 2001 and 2011, expected commercial needs, and other strategic factors led the Government of Peru to enter into these concession agreements with both operators to develop the Port of Callao to international standards.

This series showcases how the World Bank Group supports the development and implementation of public-private partnerships. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.
Background

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Project Description

IFC supported APM Terminals Callao in the development of Callao’s North Terminal. The project consists of stages 1 and 2 required under the concession agreement and is designed to:

1. modernize and expand the terminal’s container handling facilities to world class standards, almost doubling the port’s capacity to 1.2 million twenty-foot equivalent units (TEUs); and
2. improve the efficiency of the terminal’s non-container handling facilities.

The project also includes demolishing and rebuilding the terminal’s main container and grain handling berths, constructing a new container berth to establish a new 660 meter container quay, installing new container handling equipment, and developing the container yard and supporting infrastructure. The total project cost is $385 million in construction works. Formal completion is expected by mid-2016. The investment is part of a larger five-stage expansion program.

APM Terminals Callao is 51 percent owned by APM Terminals B.V., 29 percent owned by Terminal Investment Limited, and 20 percent owned by Central Portuaria S.A.C. APM Terminals is one of the world’s leading container terminal operators with a global network of over 55 facilities in 64 countries and five continents. As of 2012, APMT was serving over 60 shipping lines, and was one of the world’s fastest-growing terminal operating companies with the largest capacity of any terminal operator in the world. APM Terminals handled 36.3 million TEUs (based on equity share) during the twelve months ending September 30, 2012. During the same period, APM Terminals generated revenues of $4.7 billion and net income of $726 million. As of September 30, 2012, APM Terminals had total invested capital of $5.2 billion.

World Bank Group Role

IFC mobilized all financing required by the project on a long-term basis. IFC provided a total debt of $267 million, consisting of a $57.5 million and facilitated a $209.5 million loan from other lenders—DNB Bank, ING, KFW, and FMO. IFC also ensured compliance with environmental and social standards.

Outcomes

• Increases the port’s capacity from 800,000 to 1.2 million TEUs.
• Supports the government’s privatization objectives in the port sector.
• Supports Peru’s competitiveness and indirectly drives trade growth by increasing container cargo capacity and improving efficiency levels to better serve exports and imports.
• Helps improve efficiency and productivity as well as increasing competition, benefitting shippers, shipping lines and consumers alike.
• Benefits the national government with royalties and tax payments.
• Creates new employment opportunities.

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