NOVEMBER 2012

ftw

FREIGHT & TRADING WEEKLY

# MOZAMBIQUE

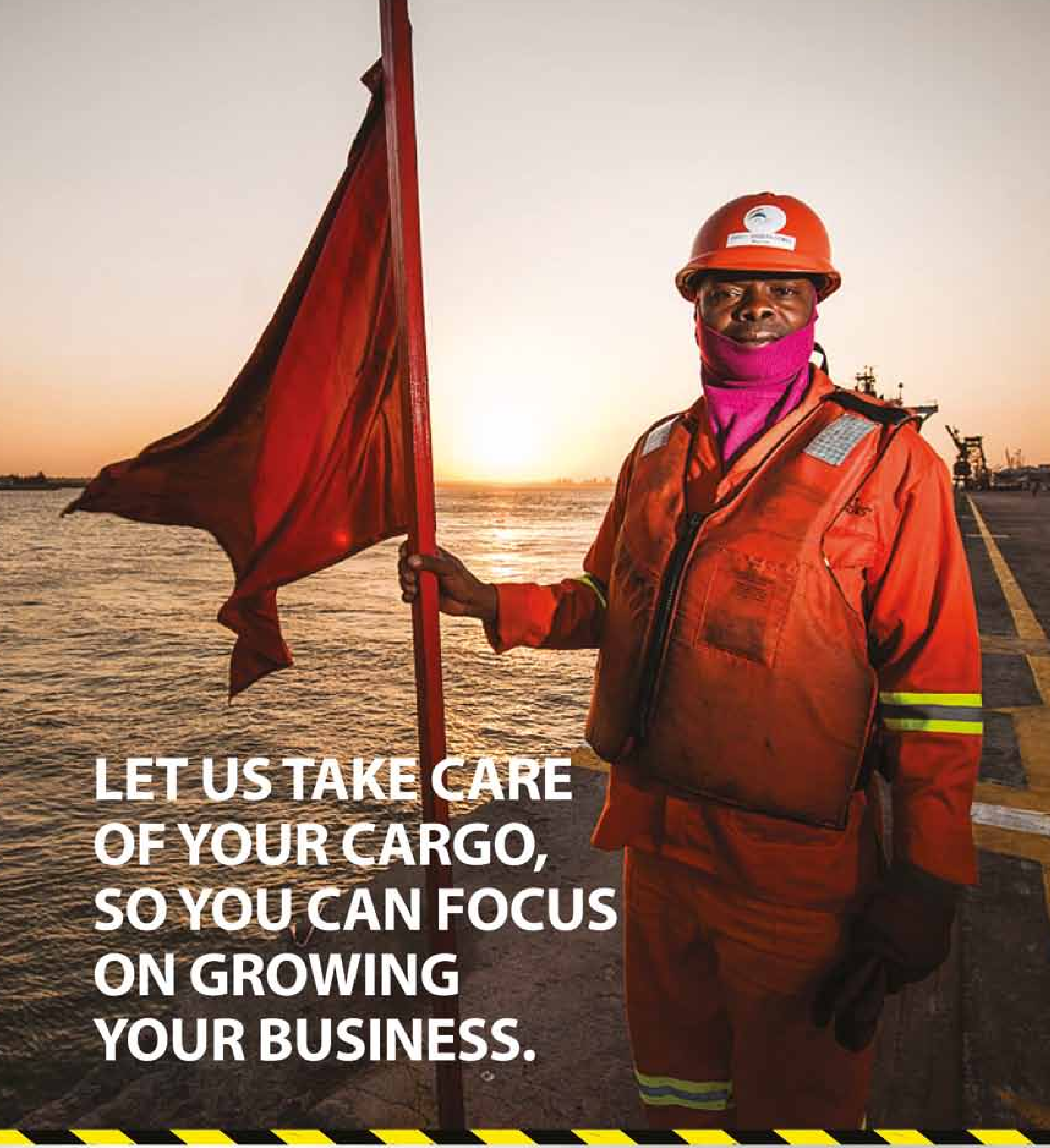
## Mozambique's new war... **can it be won?**

## On track

– rail key to port growth

# MAPUTO COMES UP TRUMPS

## Four lessons for project shippers from Les Dodds


LET US TAKE CARE
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SO YOU CAN FOCUS
ON GROWING
YOUR BUSINESS.

Les Dodds, Amec – Page 2

Photo: Shannon Van Zyl; Cover Design: Dirk Voorneveld


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# Maputo comes up trumps for M&R

BY Ed Richardson

Using Maputo for project cargo proved to be "a lot more pleasant than was expected," said Les Dodds, while he was with Murray & Roberts Projects.

The engineering and project management company decided to use Maputo for the importation of equipment for the Medupi Power station in Limpopo. A total of 3 456 cubic metres of fabricated structural steel consisting of 286 packages filled 96 truckloads out of Maputo.

"Port management responded speedily to some of the operational issues, Mozambique customs were very cooperative, the Mozambique transporter (Lalgy Transport) was very professional, and the border crossings presented no problems," he told FTW.

Maputo was selected as there was a significant concern about Durban and Richards Bay. "The port of Maputo is well positioned and is steadily being equipped to handle project cargo (mainly breakbulk), versus congestion and other issues in Durban and Richards Bay.

"But, as with all projects, there were challenges. Offloading was planned through a lot of preparation meetings with the port authorities and the drawing up of detailed schedules," he said. Schedules cannot however factor in all eventualities, including the human element.

"During the offloading process, the operations had to be halted due to the arrival of a passenger vessel. Passengers who are on holiday don't see the danger of walking in front of a fully laden heavy vehicle.

"Then we had a ro-ro vessel offloading and loading, plus the weather – it really rains in Maputo port!" he added.

An essential part of the planning was ensuring that right equipment was available – and that it was in working order. There were constant requests to the controllers, ensuring all parties were aware of the urgency and had back-up plans in case of mechanical failures.

A good relationship was developed with the customs authorities. "As with the offloading, there were many meetings before obtaining written agreement from customs management on the process to be used," said Dodds.

"We then held daily follow-up meetings with all the customs offices to ensure they were aware what was happening. These meetings were critical to the success of the project," he said.

At the border, there was another pleasant experience.

"Customs control at Komatipoort was considered a major risk in terms of delays. Frankly it was one of easiest parts of the operation. Once again a lot of pre-planning meetings and agreed processes kept the goods flowing," he said.

Dodds offers a checklist of lessons learned for others shipping project cargo through Maputo:

Rain, rain and more rain nearly bogged down the project.

Truck loading cargo on the Maputo quayside.

- Make sure a new entrant engages with the MCLI and Mozambique customs.
- Contract a well-resourced and experienced project freight forwarder.
- Where possible, contract with a Mozambique transporter.
- Hold daily planning, update and feedback meetings with all parties that are involved with the shipment. Provide a constant flow of information, be factual and provide solutions not only complaints!

# 20 years on and Mozambique faces a new war

## Coal, oil and gas promise to unlock massive economic growth

BY **Ed Richardson**

A new struggle faces the people of Mozambique 20 years after the ending of the civil war with the signing of the Rome Accord on October 4, 1992.

This time the fight is for jobs, breaking the poverty cycle, and creating a reason to hope for the youth of the country.

More than half of the present population of Mozambique is under 18, which means they have no memory of the devastating 16-year civil war in which a million people died and rural infrastructure and society were largely destroyed.

Instead, they face a daily war against hunger and joblessness – and they are getting angry.

"There is no peace when we have more Mercedes and fewer hospitals... when we have more mega-projects and more unemployment," the president of Mozambique's "Youth Parliament", Salomao Muchanga, said in a statement published in the daily newspaper CanalMoz on the anniversary of the Rome Accord.

Squatter settlements in and around Mozambican cities bear testimony to the challenges still facing those whose families fled the fighting. Many live on as little as US$1 a day.

But the government has a new arsenal of powerful weapons with which to fight the poverty trap.

Massive reserves of coal, oil and gas, as well as the revival of the agricultural sector, promise to unlock massive economic growth.

Private public partnerships have been entered into with port and rail operators in order to build up the infrastructure needed to handle the growing flow of cargo in and out.

The rapidly expanding economies of Mozambique's neighbours add more strings to the bows of policy-makers and leaders – and support investors in the country's ports and railways.

There are also signs that the Mozambican manufacturing sector is starting to revive, according to the International Monetary Fund's (IMF) Regional Economic Outlook: Sub-Saharan Africa.

This has been accompanied by "rapid average labour productivity growth".

One of the challenges facing all industries – including logistics and freight – is the lack of skills. According to the IMF report, Mozambicans averaged 3.4 years of schooling in 2010 – which is up from the 2.4 in 1995.

Mozambique has the advantage of being able to learn from the mistakes of others after literally striking it rich. There are signs that the authorities understand the risks of non-inclusive economic growth.

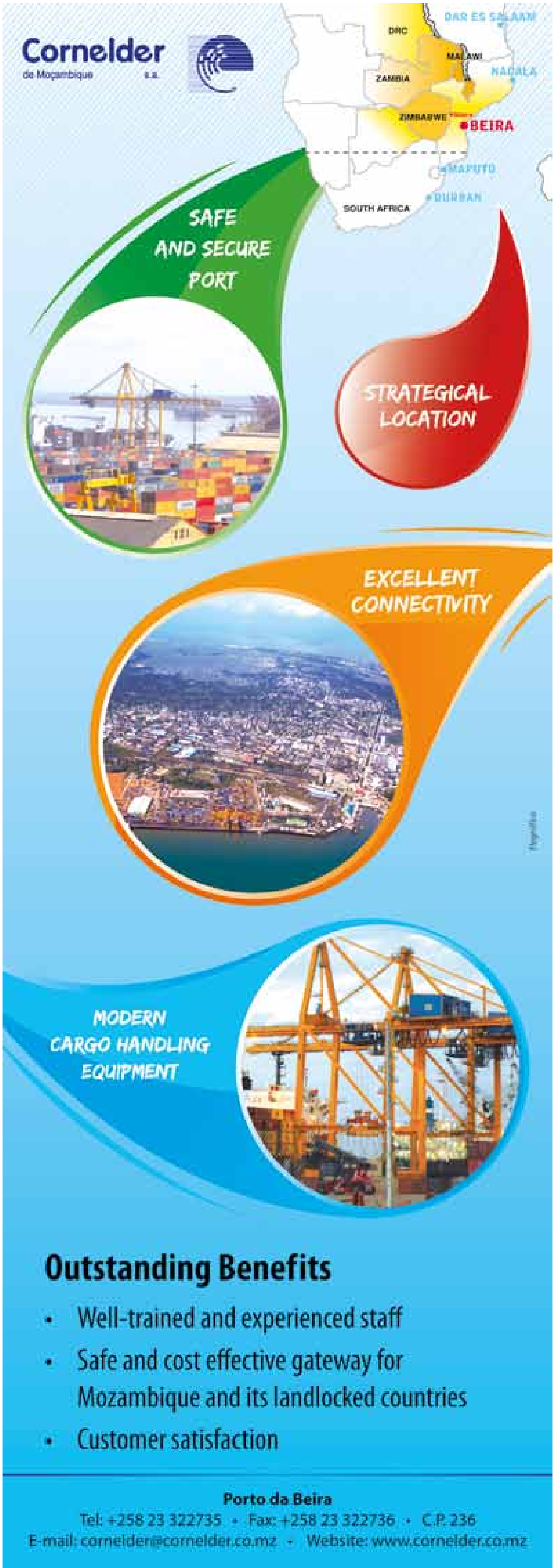
Trucks and bicycles share the entrance road for container traffic into the port of Beira.

A statement issued by an IMF mission to Mozambique in March "welcomes the authorities' commitment to accelerating poverty reduction and the initial steps in implementing the 2011-14 Poverty Reduction Strategy (PARP).

"The mission concurs with authorities' structural reform priorities. It welcomes their sustained commitment to further strengthening financial sector development, public finance management, tax policy and administration, debt management and investment project selection, natural resource management, and the framework to fight corruption and money laundering," it adds.

Whatever happens, freight will need to move.

But it will be a whole lot easier to be profitable in a country at peace with itself, and in which the wealth is more evenly shared.








# Rail key to growth of Maputo and Matola Ports

BY Ed Richardson

Efficient and cost-effective rail links are key to allowing the Maputo and Matola ports to contribute fully to regional economic growth, according to Maputo Port Development Company (MPDC) chief operating officer Gerhard Botha.

His warning is echoed by a number of shippers and logistics companies either using Maputo, or wanting to ship through the port.

The benefits will be felt beyond Mozambique.

Having an efficient corridor in an out of Maputo will open up economic opportunities for Mpumalanga, Gauteng, Zimbabwe and Swaziland, they tell FTW.

The port ships ferrochrome and chrome ore from Zimbabwe, Steelpoort and Lydenburg; coal from Hwangwe, Botswana, the Waterberg and Limpopo; magnetite from Phalaborwa; iron ore and sugar from Swaziland; and containers from all neighbouring countries.

Far-reaching plans to deepen the channel, strengthen and deepen the berths and expand the container and bulk handling facilities in the port are in the pipe-line with the first phase of construction starting early 2013.

Maputo has become predominantly a bulk port, and rail is needed to carry the higher volumes it will be able to handle.

"We need rail. Our goal is to reach 40 million tons of cargo a year by 2020," he says.

The predicted volume for 2012 is 15 million tons.

"We are now back to the 1972 volumes. The port experienced 300% growth between 2003 and 2012," he says.

Some 85% of the cargo is carried by road.

A steady stream of 800-900 road trucks a day delivers or picks up cargo in the port, and the road infrastructure is being upgraded to handle this traffic.

Gerhard Botha ... 'efficient corridor will open opportunities.'

But road is not suitable for bulk, and the existing infrastructure is being destroyed by the heavy traffic.

The port authorities are working with Transnet Freight Rail and its Mozambican counterpart CFM to address the problem.

Botha welcomes plans for a strategic rail link with 50-ton minimum axle loading from Ermelo utilising the Buhrmanskop – Lothair branch line to connect with the Swaziland rail network, and from there into CFM and Maputo.

Construction is scheduled to start in 2013, according to Cleopatra Shiceka, executive manager of the office of the chief executive officer of Transnet Freight Rail. She was speaking at the Maputo Port Conference earlier this year.

CFM chairman Rosário Mualeia told the conference that the upgrading of the Ressano Garcia line from South Africa to Maputo to handle more than 20 million tons a year was one of the investment projects on which the company was working.

The Limpopo line serving Zimbabwe and Zambia is also due for upgrading and strengthening.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M&S Logistics

# Additional Beira gantries scheduled for next April

BY Ed Richardson

Beira will have two additional post-Panamax gantries fitted with twin-lift spreaders by April 2013, according to Felix Machado, marketing and sales manager of Cornelder de Moçambique – the port operator.

This will bring the total to four gantries, which means that the port will be able to handle two vessels at a time with two dedicated gantries each, with a targeted productivity of 25 gross crane moves per hour.

The existing two ship-to-shore container gantry cranes have been refurbished. They can handle 42 metric tons with a spreader, and 50 metric tons with a hook.

Land-side, the number of container slots has been increased to accommodate 11 400 TEUs a day.

The port has already renewed its fleet of container handling equipment, and is confident that it will be able to handle the additional traffic, he says.

Flow in and out of the container terminal was improved through the construction of a US$3-million entrance and exit gate and adjacent marshalling area for trucks.

This has reduced congestion at the main gate and allows for growth in container traffic, he says.

Fast-growing economies in neighbouring landlocked states are increasing demand for shipping services through Beira.

The port is 319 kilometres from the Zimbabwe border at Machipanda, and 685km by road from Malawi.

By mid-2013 the port will also have its own dedicated maintenance dredger, which will ensure that the channels remain open for the larger container vessels.

Mozambique Ports and Railways (CFM) has obtained financing of about €40 million through the Danish International Development Agency (Danida) to acquire the purpose-built dredger.

Vessels of 60 000 tons were able to call on the port from June 2011 for the first time in 28 years following a two-year €43-million dredging programme financed through the Mozambican government via Mozambique's CFM port and railways company, the European Investment Bank, the Netherlands-based ORET Fund, and the Dutch company Van Oord Dredging and Marine Contractors.

The project involved dredging a total of 27.5km of the approaches to the port and to a width of 230 metres and a depth of 11 metres.

The Punge River on which the port is situated deposits some two million tons of silt a year.

Containers stacked high in the port of Beira.

Machado expects to see more lines calling on the port as it regains its status as a gateway to the sub-region.

The Container and General Cargo Terminal of Beira Port are managed through a joint venture between CFM and Cornelder Holding – based in Holland.

At present Maersk, MSC, DAL and CMA CGM/Delmas operate services to Beira.

"Once the shipping lines see the new gantries in operation, the growth will happen naturally," he says.


Felix Machado… 'growth will happen naturally.'

# Import cargo crucial to Maputo's growth potential

BY **Joy Orlek**

If Maputo is to realise its growth potential and become a cost-competitive alternative to Durban, it will need to go all out to attract transit import cargo.

It's one of the clear targets of clearing and logistics company Metreta Investments and has, for some time, been a clear focus of the Port of Maputo.

"To reduce the costs on the corridor we have to get transit import cargo going through the port," says Metreta Investments director Jan Bekker, who estimates that the cost of moving a container between Gauteng and Maputo is probably double the rate to Durban. That's because trucking companies and bulk carriers are costing it on 100% empty return while flatbed carriers would be costing on around 80% empty return, according to Bekker.

"If we could start attracting bulk imports like coking coal, sulphur and fertiliser, these would provide return loads and reduce the cost of transport on the inland leg."

The problem is that a lot of bulk imports like fertiliser need under-cover storage – and there isn't a lot available either in the port or outside.

It's an issue that Metreta is looking to address through an agreement with Mozambique-based logistics company Our Corridor Logistics (OCL).

Former head of the Maputo Port Development Company, Jorge Ferraz, set up OCL in February this year as a joint venture with Metreta – and warehousing is high on their agenda.

"We have earmarked a few warehouses already and by early next year we plan to have dedicated under-cover and open storage warehousing for specific products – both imports and exports – up and running," Bekker told FTW.

"Ideally we would do packing of bulk commodities, containerising and general cargo.

"And through our operation in Maputo with OCL, we are looking to grow business to and from Zimbabwe, Zambia and Malawi."

The idea of the joint venture, says Ferraz, is to make corridor trade as simple as possible for our clients – importers and exporters requiring logistics solutions for their transit cargo – by finding viable solutions.

"The way we do it is by having people in both companies with knowledge of the processes and current available resources in the region to put together a package that is both efficient and seamless for the shipper."

Jan Bekker … 'Our strength at this stage is in bulk road haul moves.'

Jorge Ferraz … 'making corridor trade as simple as possible.'

Bekker, whose involvement on the corridor spans more than a decade, was sales and business development manager for the Maputo Container Terminal before setting up Metreta Investments with well-known industry personality Eddie Ferreira.

The Komatipoort-based company was established to provide total logistics solutions on the Maputo corridor.

Along with Delta Clearing, a separate clearing company run by Hester Ferreira, Bekker estimates that some 400 plus trucks a day are handled by the two companies through the border.

While volumes through the port have taken a dive this year for a variety of reasons, among them the poor chrome price, Metreta has secured a large contract for the movement by road of iron ore to Maputo, according to Bekker.

"Our strength at this stage is in bulk road haul moves to the port but we are growing our container business where we reposition containers into South Africa and pack for export. One of our contracts is for the movement of logs in 40-foot containers, packed in White River for onward transport to South East Asia."

Looking to the future, Bekker is upbeat."If commodity prices are right, business can only grow."

## Telecoms improving as third mobile operator gets set for launch

BY **Ed Richardson**

Telecommunications – an essential element in the logistics chain – is improving rapidly in Mozambique, with a third mobile operator launching a test phase in June this year.

Recent analysis from Frost & Sullivan found that Mozambique currently has around 4.5 million mobile subscribers.

By 2015, this could reach 30.7 million at a compound annual growth rate of 30%.

The advantage to the freight and logistics industries will be that this growth will support the roll-out of infrastructure throughout the country, and into the more isolated rural areas.

The chairman of Telecomunicações de Moçambique (TdM), Teodato Hunguana, told delegates at a meeting of the Southern Africa Telecommunications Association (Sata) earlier this year that cellular phone penetration had reached nearly 33%.

"The availability of telecommunications and information technologies is no longer a luxury that can only be accessed by the wealthy and privileged, and is now an essential part of how normal society operates."

That level of penetration will be mainly in the urban areas – over 90% of university students have cell phones according to another study – which means that growth will come from the smaller towns in the rural areas.

Movitel, which joined the state-run MCel and Vodacom in the market this year, said in a statement that its network covered all the provinces and cities in the country.

In a year, it built more than 1000 stations with 2G and 3G technology connected by 5 500 kilometres of fibre-optic cable.

# MOL goes big in Maputo

BY Ed Richardson

Mitsui OSK Lines has become the biggest user of the port of Maputo following the line's decision to use the port as a transhipment hub for its pure car carrier (PCC) southern Africa operations, and to use larger container vessels.

"We recently upgraded our container vessels from 2100 to 2800 TEUs, and in October 2011 commenced using Maputo as a transhipment hub for PCC vessels due to lack of space and congestion in the Durban Car Terminal," says Richard Purchase, MOL's owner's representative who has been based in Maputo for the past three years.

MOL's liner service is hubbed out of Singapore.

The vehicle hub is used for the transhipment of second-hand and new vehicles to the west and east coasts of Africa.

Cars are imported from Singapore, Japan and Dubai, where large numbers of vehicles are stored in the desert before being sold into the African and other markets.

Maputo currently has capacity to help South African shippers avoid the delays in Durban due to the upgrading of the port, he says.

"The citrus-growing areas of Mpumalanga, Limpopo and Swaziland are much closer to Maputo than Durban, but most shippers still prefer to use Durban, despite the congestion, due to perceived higher costs and tradition," he says.

Overall container import volumes for the port are down by 15% mainly due to a decline in cement imports as local factories came on line.

"Currently there is very little or no transit cargo into SA, Swaziland or Zimbabwe due to the Customs bond that is required.

"Shippers are advised to monitor the situation as this matter is currently being negotiated, and we are all hoping for resolution and withdrawal of this requirement in the near future," he says.

MOL is carrying increasing volumes of cargo bound for Mozambique itself – a reflection of economic growth in the country.

Containerised imported cargo includes rice, construction-related cargo, used clothing, used vehicles, manufactured goods and foodstuffs.

Exports – which have also declined – are made up of a mixed bag of chrome, timber and citrus out of South Africa; scrap metal and frozen fish from Mozambique; citrus, sugar and timber from Swaziland; and chrome from Zimbabwe.

Richard Purchase ... 'Maputo currently has capacity to help South African shippers avoid the delays in Durban.'

MOL and other members of the Maputo Shippers' Forum are working with the port authorities and terminal operators in order to attract more cargo by reducing costs.

# Eliminating ‘empty’ leg helps reduce rates

BY Ed Richardson

Eliminating an empty southbound leg from northern Mozambique has helped reduce rates for exporters out of South Africa, says Ruan van der Westhuizen of Namgola Logistics.

We’re involved with various large projects in Mozambique with roadfreight to the northern parts (ie, Pemba, Nacala, Nampula, Tete etc) forming the bulk of our business.

“A big plus for us is the contracts we’ve secured on southbound cargo, and as a result of this we can offer our clients (the exporters) much better rates,” he says.

Securing southbound cargo has been made possible through the expansion of the company’s network in northern Mozambique.

“Road can be a slow option and it’s therefore vital for transporters to have the expertise and knowledge of how to deal with the various challenges and problems.

> ‘Mozambique expects to invest US$350 million to build 500 kilometres of road in the next few months.’

“The devil is in the detail, and one must plan and be prepared for any eventuality. This means having the right people in the right place, and for this reason we’ve set up an integrated network of agents, depots and workshops in Mozambique all the way to the northern parts,” he says.

Goods that are moving include dry foods, telecommunications equipment, chemicals, as well as construction and mining equipment.

“Two of the biggest threats to economic growth are high fuel costs and deteriorating road conditions in Africa, which will have a big impact on transport costs. Because we have secured large contracts on southbound cargo, we can keep empty kilometres to a minimum and ultimately keep transport costs low,” he says.

Van der Westhuizen is bullish about prospects for Mozambique.

“Mozambique does have its challenges, but the opportunities are far greater. We predict that export volumes into Mozambique will keep on growing in 2013 and beyond.

“There is so much development at present. From coal projects to power stations to upgrading the road infrastructure and networks.

“Mozambique expects to invest US$350 million to build 500 kilometres of road in the next few months.

“Chinese trade with Africa alone is to exceed $110bn and Africa is making the effort to be able to improve its trade by addressing its infrastructure and communication backlogs.

“Africa is the drawcard for investment, and South Africa is the gateway,” he says.


## Food for thought …

The main minerals being exported through the port of Maputo – chrome in different forms from Kwekwe and Gweru in Zimbabwe, as well as Steelpoort and Lydenburg (SA); coal from Hwangwe (Zimbabwe), Botswana, and Witbank, Waterberg and Limpopo (SA); iron ore from Swaziland, Zimbabwe, and Steelpoort and Lydenburg (SA); and magnetite from Phalaborwa (SA). Maputo is the closest port with the necessary infrastructure to most of these deposits.

## Damco responds to growing need for warehousing

Demand for warehousing in Mozambique is growing quickly as the harbours become busier and focus more on their core business, pushing ancillary services such as warehousing out of the port, says Damco Mozambique managing director Agnaldo Laice.

"For cargo owners and shippers, efficient warehousing can help reduce logistics costs and build up long-term competitiveness," says Laice.

"Damco has a sizeable network of its own and third party leased warehouses in most of the major African cargo gateways," he says.

"In Mozambique we are developing warehousing solutions across the main ports by investing in facilities, equipping them with relevant handling equipment, employing people with the specialised skills needed, and installing the IT platforms required to run them," he says.

"Among the facilities being developed is a flagship warehouse that will demonstrate the company's capabilities, covering the full spectrum of warehousing and distribution services for all types of goods, including commodities.

"Damco's flexible warehousing solutions enable shippers to respond rapidly to changes in the market place," he says.

# Economies of sca preferential rates

BY Ed Richardson

Given the many physical and administrative challenges of delivering freight on time in Mozambique and surrounding countries, it pays shippers to use freight forwarders and logistics service providers that can offer a full and integrated end-to-end service, says Damco Mozambique managing director Agnaldo Laice.

Supply chain predictability (and visibility) can only be assured by companies that have extensive global and African networks and resources at their disposal, says Laice.

"They have to be both independent and flexible," he says.

Today, shippers are increasingly looking for a single "one-stop shop" and a fixed "flat rate" fee, as well as track and trace capabilities throughout the logistics chain, he says.

"Working as an independent business unit, Damco is the logistics division of the AP Moller-Maersk Group, and prides itself on being a truly integrated end-to-end transportation and logistics solutions provider offering ocean, air, landside, and value-added services that best suit its customers' supply chain needs," he adds.

In Mozambique, Damco operates out of offices in Maputo, Beira and Nacala.

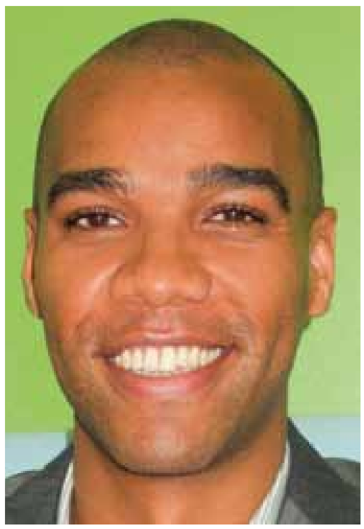
# le provide

It specialises in multi-modal transportation – both locally and in-transit through the neighbouring countries, he says.

It is involved in all types of freight, including containerised cargo, breakbulk and project cargo across a diverse range of industries including retail, mining and aid and relief.

To the north, Damco is also involved in providing logistics support to the companies prospecting in the area, which is the heart of Mozambique's oil and gas industry.

"As a global freight forwarder, Damco is able to leverage economies of scale to obtain preferential rates with shipping lines and road transporters," he says, "helping our customers to reduce operating costs and meet market requirements."



Agnaldo Laice ... integrated end-to-end service.

# Destrans sets up Mozambican presence

BY Ed Richardson

Midvaal-based transport broker and consultant Destrans is in the process of registering a company in Mozambique in order to assist clients wanting to access the fast-growing northern areas of the country.

Destrans provides long-distance transport services from South Africa into Mozambique, and is seeing demand growing.

"We are looking at the northern Mozambique region in particular due to business opportunities there for both our clients and ourselves," says Sandra de Kock, managing director of Destrans.

Mining equipment for Zambia and the Democratic Republic of Congo, steel and building materials are all in demand.

Having a presence in Mozambique will enable the company to use the ports of Beira and Nacala, as well as those in South Africa.

Having a local presence will also help speed up trans-border crossings by providing advance warning of Customs changes.

Documentation at the border continues to be the biggest cause of delays.

"An example is the introduction of a new procedure called the 'Contra Marca' number which was not communicated to the parties until it was actually implemented. This caused huge delays.

"Most customers are still not aware of this change which delays the vehicles. Customers need to have the 'Contra Marca' before we even despatch the truck to load," she says.

# Mozambicans invest in modern lifting equipment

BY Ed Richardson

Mozambican ports and heavy industries are investing in modern lifting equipment in order to improve efficiencies, according to Francois Muller, area sales manager for Kalmar products at Cargotec.

There is particular interest in the new DCG90-180 range of Kalmar lift trucks, which use a 'G' generation of counterbalance equipment.

The first G series forklift will arrive in South Africa in January 2013, and will be used by a customer based in Richards Bay, according to Muller.

Mozambican customers will be closely monitoring the performance of the unit.

Kalmar is supported in Mozambique by Matola-based ECV Mozambique.

"The G series forklift is well suited for general purpose work around ports, as well as product handling within steel mills, aluminium smelters and the timber and paper industries," he says.

According to Thomas Malmborg, vice president of forklift trucks of the manufacturers Cargotec Sweden, the new "G" generation of nine to 18-ton forklifts delivers improvements in fuel efficiency, safety, serviceability and ergonomics while reducing environmental impact.

"Everybody finds something to like in G generation. The drivers will enjoy the new cabin and the control system, the service people will like the accessibility, and management will certainly be happy with the fuel efficiency and more productive employees," says Malmborg.

One of the most visible changes is a redesigned driver cabin.

"The new cabin design is completely different from the previous one, which was about 10 years old."

The Kalmar G Series forklift in action … improving efficiencies.

# Naval ready to invest in infrastructure

BY **Ed Richardson**

Naval Servicos a Navegacao is well placed to invest in infrastructure in order to meet the needs of its clients, says Luis Gonçalves, managing director of the Maputo-based company.

Founded in Mozambique in 1971, Naval has been contracted to manage and provide all the handling in the Maputo Sized Coal Terminal, as well as the management and handling requirements at the new Iron Ore Terminal, the handling of bagged sugar, and provide all the staffing for the Maputo Citrus Terminal.

"Our team processes in excess of 100 road trucks a day with no errors, and has the capacity to offload the same number of rail trucks with bulk cargoes," says Goncalves. "This expertise, coupled with the access to funding, means that the company is able to expand to meet new demands arising from the growing volumes handled through the ports of Maputo and Beira.

> 'Processing in excess of 100 road trucks a day with the capacity to offload the same number of rail trucks with bulk cargoes.'

"Our position is that we have the ability to provide the services needed and will make the necessary investments in human and capital resources, wherever these are justified," he told FTW.

Besides its head office and branch in Maputo, Naval also has a branch in Beira where the company has an exclusive contract to lash and handle granite exported from Zimbabwe.

The services offered by Naval are not restricted to the ports, with numerous services currently provided in third party cargo storage facilities located in the surrounding industrial areas of these two cities.

## Swazi minerals could use Maputo

BY **Ed Richardson**

Transnet Freight Rail (TFR) has announced that it has secured a contract to transport hematite products from Swaziland to Richards Bay.

TFR says it is "also exploring the opportunity of railing hematite from Swaziland to Maputo," which is used by the Salgoacar Swaziland mining company for shipments.

Operators based in Maputo have told FTW that a combination of high port costs, lack of investment by Mozambican state rail operator CFM and aggressive TFR tactics is chasing business away from the port.

# ‘Belief’ in port of Beira pays dividends

## Investments increase flexibility and efficiency

BY Ed Richardson

Beira has all the right ingredients in place to continue as the preferred gateway for Zambia, Zimbabwe, Malawi, the Democratic Republic of Congo, and central Mozambique, says Rod Goncalves, operations director of CWT-Aquarius Shipping International.

With CWT-Aquarius having had a presence in Beira for the past eight years, Goncalves is full of praise for the port authorities and transporters who are continuously breathing new life into the port.

The dredging of the port in 2011 has supported further expansion and investment.

CWT-Aquarius has seen volumes grow thanks to its presence in Beira.

“But, it is not only about us. It is all the ingredients. Cornelder, the port operator under managing director Carlos Mesquita and marketing manager Felix Machado, are incredibly experienced and professional. They are focused on developing and increasing the volumes through the port of Beira.

“But it is not just a one-sided investment by any single party. The transport providers are just as important. They have invested millions in trucks and facilities to increase the flexibility and efficiency of the Beira corridor.”

Due to the efficiencies of the corridor, CWT-Aquarius has secured various contracts with some of the biggest mineral exporters, he said.

The company also shares new tobacco warehousing space in the port with Cornelder and UTi. This will give it a total of around 10 000 sqm of warehouse space in the port.

The city of Beira at night … the economy is lighting up thanks to investments by both the private and public sector.

Such is the growth in business and volumes that CWT-Aquarius is also in the process of establishing additional facilities outside of the port to handle various commodities and other services.

Efficiencies and success are achieved in Beira by starting with a “belief in the port of Beira and the people”.

Shipping lines, freight forwarders and other companies using the port should be prepared to “get their hands dirty” and help find solutions to the challenges rather than criticising it and diverting cargo elsewhere.

“When issues do occur in the port, all parties should work together to solve them.

“CWT-Aquarius is in Beira to help the port grow. The service providers have shown that they are willing to commit investment on their side if the volumes are there,” he says.

Shipping lines, which are part of the growth, will be better positioned into the future to serve their customers through the port, he adds.

# Market expected to double in next four years – Safmarine

Mozambique’s Maputo, Beira and Nacala corridors have opened the doors for business in the southern African region by providing Mozambique and its neighbours – Zimbabwe, Malawi and South Africa – with improved access to important global markets.

“Malawian, Zambian and Zimbabwean agri-commodity exporters who use the Beira corridor for their exports to the Far East and Europe have doubled volumes in the last two years, while South African exporters of minerals and fresh fruit exporters have benefited from the growth of the Maputo corridor,” says Eduardo Miyazawa, Safmarine’s country manager in Mozambique.

He says Safmarine Mozambique has, on average, grown volumes through the ports of Beira and Maputo by 20% in the past five years and similar growth trends are expected in the years ahead.

“In the next four years we expect the market to double, thanks to developments in agri-businesses and the construction boom which is already under way. Both these developments are expected to ‘economically revolutionise’ Mozambique and stimulate business for Safmarine and our customers in this region,” said Miyazawa.

“Our focus in the year ahead will be to further strengthen our brand in this market,” he added.

Safmarine Mozambique recently opened a dedicated commercial desk in Nacala to provide its Nacala customers, who were previously served from its offices in Beira and Maputo with a local point of contact and an improved service.

The line provides a weekly service between Mozambique and the Far East.

Eduardo Miyazawa … ‘strengthening our brand.’

# Modern warehouse complex to open in Beira

BY Ed Richardson

Modern warehouse storage and handling facilities in Beira are in such strong demand that they are being taken up as soon as they open, says Christian Roeder, managing director of Beira Logistics Terminals (BLT).

In March the company – which is part of the J&J group of companies – opened its first 5 400 sqm warehouse surrounded by approximately 20000 sqm of yard space for other logistical operations, such as bagging of bulk cargo, stripping and stuffing of containers, and fumigation.

A second 9 720 sqm warehouse with 30 000 sqm of surrounding logistics space is being built adjacent to the first warehouse at Munhava. It is planned to open this month (November).

"We are also planning a third one of 9720 sqm to open in the third quarter of 2013," he says.

"We operate independently of the other companies in the J&J group. Our objective is to assist with improving the efficiencies of the Beira Corridor," says Roeder.

A second facility, an inland container depot, is being developed in the Manga industrial suburb. It is due to "go live" in the second quarter of 2013.

Value-added services being provided by BLT include a bagging facility capable of handling 1 500 tons every 24 hours.

The open logistics area in front of the warehouse provides space for about 600TEUs of full container storage at all times.

The facility has one 45t container handler on site (2011,

Christian Roeder ... strong demand.

Kalmar) and several smaller machines enabling us to handle empty and full containers, 1mt IBCs, bags, pallets, drums, etc, he says.

Out of gauge goods can be accommodated within the facility.

All trucks are weighed as they enter the gate and before they leave on a 22-metre heavy-duty weighbridge and a group axle scale. The weighbridge is fully integrated into BLT's warehouse management system, says Roeder.

"We have a full track and trace system in place, and our system can be customised for EDI solutions to meet clients' requirements," he says.

Full CCTV coverage and 24-hour security allow the facility to handle high-value cargo such as copper cathodes and blisters.

The facility is also able to handle certain dangerous goods on request.

BLT's second new warehouse will offer the same range of services, while the container park is designed to handle 2 000 TEUs a month.

# Lalgy gears up to handle growing demand for bulk transport

BY Ed Richardson

Mozambican road haulier Transportes Lalgy has responded to the need for bulk transport as the coal mines in the Tete province start producing ahead of the completion of the rail infrastructure.

The company currently has about 80 vehicles hauling coal from Tete through to the port of Beira, according to Transportes Lalgy logistics manager Galbo Ismael.

Founded in 1989, it has grown to be one of the largest road transport operators in the region and has offices in Beira and Chimoio (Zambia), in addition to its Matola head office outside Maputo.

Lalgy invested in the vehicles for Tete to support the start of production by the Minas Moatize coal mine operated by Beacon Hills Resources in Tete.

In 2011, it allocated a fleet of 20 trucks, each capable of carrying 36 tons, to the project. The fleet is expected to transport half a million tons of coal a year to the port of Beira to supply Jindal Steel and Power of India.

Rail delays have seen demand for road increasing, which led to the additional investment, according to Aly Lalgy, one of the owners of Transportes Lalgy.

The company expects to be in Tete "for the long term" even when the rail system starts operating more efficiently, and when a link is built through Malawi to the northern port of Nacala, according to Ismael.

Junior miners will find it difficult to access rail, and will have to rely on road, he believes.

A Lalgy truck carrying coal from Tete to Beira crossing the bridge over the Zambezi River.

Transportes Lalgy could also reassign its vehicles to other corridors, where it is also a major carrier.

When chrome exports out of Zimbabwe were at their height, the company carried around 80 000 tons a month for export through Beira. There are signs that this traffic is recovering from its low of 10 000 tons a month, he says.

# Maersk ships Mozambican head office to Beira

BY Ed Richardson

Maersk Mozambique sees so much growth potential in central and northern Mozambique that it is moving its head office from Maputo to Beira.

"Beira has been experiencing explosive growth over the past three years. Volumes in the first three months of 2012 were 53% up on the previous year," says Jorge Fernandes, managing director of Maersk Mozambique.

The move will consolidate Maersk's operations in Mozambique, and allow it to raise its levels of service, he says.

It will also put Maersk in the right position to be part of the development of the Beira corridor into neighbouring states.

Another plus is that having its head office in the centre of the country will allow Maersk to develop its services through all the growing ports in Mozambique.

"Being in Beira is crucial for a shipping line, but that is not to say that we will not continue to focus on the other ports. Maputo is the gateway into South Africa, and we will retain a strong team in the city to service our clients," he says.

The new offices are expected to open in February 2013 in one of the new office complexes being built in Beira.

Having a strong presence in Beira will also help Maersk to closely monitor developments in the port, which continues to present draught challenges after being dredged.

To the north, Nacala is presenting a challenge at present due to a fall-off in wood exports following government action to protect the natural forests.

But planned investment into a new container export terminal and investments in agriculture hold promise for the future.

Maersk is currently the biggest carrier of bananas grown in northern Mozambique and exported to the Middle East and provides exporters with the required technical reefer support.

According to the Confederation of Mozambican Economic Associations, the country's eight major producers exported around US$50-million worth of bananas in 2011.

Maersk is working with the various farmers to help expand their markets into Europe and the Far East.

Jorge Fernandes ... explosive growth.

# New system improves efficiency at Maputo Coal Terminal

Mineral export capacity expanded

BY Ed Richardson

Capacity through the ports of Maputo and Matola is being expanded to cater for more minerals, as well as increasing the current coal capacity.

According to Pieter Venter and Sarel Ceronio, executives of Grindrod Mozambique, and Terminal de Carvao da Matola, Maputo offers the "shortest route to market" for mines in Mpumalanga, Zimbabwe and Swaziland.

New systems have improved efficiencies to increase the capacity of the Maputo Coal Terminal. Despite the world economic slowdown, coal volumes grew from 2 million tons in 2010 to 4.5 million in 2012.

Volumes are expected to continue growing following the sale in January 2012 of 35% of Grindrod's interest in the company which owns the Maputo coal terminal concession to Vitol, one of the world's largest energy trading businesses.

Further to this, Vitol and Grindrod entered into a partnership (65 % Vitol and 35% Grindrod) to combine their sub-Saharan coal trading businesses, according to Grindrod.

Further planned expansion of the coal facility will expand its capacity by 20 million tons a year. The US$800-million plan includes excavation and land reclamation resulting in a 120-hectare footprint, the construction of two additional berths, a stockyard and railway infrastructure.

One of the tasks of the newly appointed chief executive of Terminal de Carvão de Matola, Sarel Ceronio, is to expand the magnetite and iron ore handling capacity of the Maputo port.

New landside infrastructure is being put in place to handle up to 11 million tons of magnetite a year.

Maputo's coal capacity will also be increased to handle 20 million tons a year through a facility that is "totally independent" of the current Matola Coal Terminal, he says.

Sarel Ceronio ... 'shortest route to market.'

# Continuous dialogue minimises delays

## MoCargo helps develop alternate routes

BY **Ed Richardson**

Border and port delays in Mozambique can be minimised through continuous dialogue with concerned stakeholders to minimise disruptions to the process flow of documentation through customs, and the movement of freight in the ports, says Frederico Dengo of MoCargo.

MoCargo has been providing ship's agency, clearing and forwarding, warehousing and logistics, and ships brokering in Mozambique since 1982.

With a staff of around 240, MoCargo has a presence in all the major Mozambican centres. The major growth at present is in the central region, with the coal now moving out of Moatize, he says.

Having a local presence is important because of the challenges of logistics in a region prone to flooding, and where infrastructure is still being rebuilt.

> 'Having a local presence is important because of the challenges of logistics.'

MoCargo is helping develop alternate routes and corridors for the coal and other freight coming out of and through the region.

The ports of Beira and Quelimane serve the central region, while Nacala is better positioned for freight moving out of the northern region.

"The company is well staffed and equipped in these ports to handle cargo traffic to superior standards," he says.

Dengo says cargo owners find that the advantages of dealing with a locally owned private company is that they can deal directly with management, who can make decisions quickly without having to refer to head office.

### Demand grows for express road freight service

A dedicated express roadfreight service covering Mozambique and other African destinations has been established by Namgola in order to counter "uncontrollable delays involved with consolidations and part loads," says Hannes Rust, one of the founders of the company.

"This service is ideal for the exporter who only has a pallet or two, and who cannot afford the usual delays that form part of consolidation shipments," he says.

Namgola has 1-, 4-, 8- and 12-ton vehicles leaving for Mozambique on a daily basis, in addition to tri-axles and super-links moving dedicated loads door-to-door.

# Air charter demand takes off

BY Ed Richardson

There has been a "huge growth" in demand for air charter services in northern Mozambique, southern Tanzania, and offshore, according to Iain Clark, managing director of Chapman Freeborn Airchartering Africa.

The company has flown more than 32 charters into Pemba alone this year. All were either out of Johannesburg or Entebbe.

Chapman Freeborn, which is a global company, has offices in Johannesburg and Entebbe, Uganda.

Established in 1973, the company has over 30 offices around the world and has been voted the Air Cargo Charter Broker of the year at the ACW World Air Cargo Awards for six consecutive years since 2007.

Cargo being flown into Mozambique and southern Tanzania includes heavy and outsize pieces, high value commodities, dangerous goods, oil and gas equipment, drilling equipment, as well as smaller time-sensitive equipment, according to Clark.

Shippers do not have to wait until they have a full load.

"Part charters are proving very popular," says Clark

With Mozambique's relatively undeveloped road and rail infrastructure, the demand for airfreight services is growing.

"We have been called on to analyse routes and payloads in order to develop commercially innovative solutions for ad-hoc, peak season and project cargo," he says.

Bigger volumes combined with Chapman Freeborn's global buying power are keeping costs contained, he added.

Iain Clark ... 'Part charters are proving very popular.'

Outsize cargo bound for Africa and handled by Chapman Freeborn being loaded onto a Hercules transporter.

# Companies urged to get more involved in their logistics

BY Ed Richardson

Importers and exporters making use of Beira and other ports in southern Africa are urged to take control of their own destiny by getting more involved in understanding and managing their logistics chain, says Chris Harvie, commercial and new business manager of Transcom Sharaf.

Founded in Lilongwe Malawi in 2003, the company was among the first new investors in warehousing and logistics in Beira.

It opened offices in Beira, Tete and Johannesburg in 2004.

With a fleet of 150 cross-border haul trucks in 2007, Transcom entered into a partnership agreement with the Sharaf Group from Dubai to form Transcom Sharaf.

The new company invested in warehousing and container terminals in Beira comprising 20 000 sqm of modern warehousing, a 3 000-TEU container terminal with two 40-ton Kalmar reach stackers.

It is an approved Collateral Management Centre for various commodities such as tobacco, minerals, cotton and fertiliser.

The customs bonded facility was the first of its kind outside of the port in the city of Beira, and was built in anticipation of demand, according to Harvie.

The facility offers a total logistics package, including clearing and forwarding, warehousing and shipping from its container park and warehouses in Beira, according to regional general manager Allison Pinheiro.

She recently moved to Beira from Lilongwe and one of her focus areas is the increasing volume of agricultural and manufacturing exports from Mozambique and neighbouring states.

"Often the last thing farmers or factory owners think of is getting their products to market," she says.

High regional logistics costs can price the products out of the market, says Harvie.

Just as important is being able guarantee on-time delivery.

Cargo owners can best manage these risks and costs by entering into long-term agreements with logistics providers such as Transcom Sharaf, rather than constantly looking for the lowest price, he says.

Contracts enable the logistics service provider to invest in the right equipment, and to plan ahead in order to minimise costly empty legs.

Allison Pinheiro … focusing on agricultural and manufacturing exports.

# Big demand for SA-designed weighbridges in Mozambique

BY Ed Richardson

Some of the biggest projects in Mozambique are making use of a South African-designed weighbridge.

They include the giant Vale coal mine in the Tete province, as well as operators in Maputo and Beira, with more enquiries coming in on a daily basis, according to Dawie Spangenberg of the Central Weighbridge Company of South Africa (CWC).

"We see Mozambique as an exciting opportunity," he says.

CWC, which has positioned itself as "the global leader in weighbridge technology," designs and installs a range of low-maintenance weighbridges consisting of modular concrete decks resting on load cells configured to provide real-time readings with an accuracy of 20 kilograms.

Basic weighbridges can be moved from one site to another and all components are transferable, thus making such relocations highly cost effective.It typically takes eight to ten hours to move a basic weighbridge system within a 30km radius, he says.

Installation at a new site takes 14-18 hours, including the building of two entry ramps.

"They are particularly well suited to remote locations, such as the new mines and agricultural developments in Mozambique," says Spangenberg.

Both road and rail models are available.

Mozambique's coal boom is generating a demand for weighbridges.

The 22- and 11-metre-long weighbridges can accommodate a mass of up to 100 metric tons and 60 metric tons respectively.

The system has 29 international standard certifications.

CWC supplies the weighbridges on short- and long-term leases, as well as outright sale.

# Maputo set to become regional logistics hub

## Further US$7bn to be spent by 2030

BY **Ed Richardson**

Maputo will be transformed into a regional logistics hub through the investment of a further US$1.7 bn between 2012 and 2030 in the ports of Maputo and Matola, according to Maputo Port Development Company (MPDC) commercial director Johann Botha.

This follows the transformation of the two ports through the investment of U$291 million (around R2.3 billion) over the past nine years.

Of this, MPDC has spent US$64 million on roads, rail, warehouses, quay rehabilitation, tugs, equipment and operations.

MPDC is responsible for marine operations, towage, stevedoring, terminal and warehousing operations as well as port planning and development for the Port of Maputo.

> In the future, the main expenditure will be US$834 million in the coal terminal.

In respect of the Matola Terminal, the MPDC is responsible for berth planning and marine operations.

Access to both port systems was opened by MPDC and the Maputo Port Dredging Company (EDPM) investing US$18 million to dredge the channel to 11metres.

Maputo International Port Services and DP World bought equipment, cranes and infrastructure worth US$61 milion, and Mozambique Railways and Harbours (CFM) invested US$113 million in equipment and infrastructure.

Another US$35 million was spent on the vehicle, vegetable oil, sugar, citrus, and ferro slab terminals.

Johann Botha ... ports transformed.

In the future, the main expenditure will be US$834 million in the coal terminal, US$300 million to double the container terminal, US$104 million in the bulk terminal, US$47 million on dredging the channel to 14 metres, and US$246 million on the roads, rail and berths.

# Grindrod revs up car terminal expansion plans

BY Ed Richardson

Aerial view of the Grindrod Maputo car terminal, with the city of Maputo in the background.

Pieter Venter ... focus on transhipment cargo and the local Mozambican market

Grindrod has pushed the "start" button on plans to expand the Maputo Car Terminal following a repositioning of the facility, according to Pieter Venter, executive of Grindrod Mozambique.

The Grindrod Maputo car terminal covers 34 757 sqm and came into operation in November 2007.

Phase 1 has a capacity to park about 1 455 cars, and an annual throughput capacity of 52 000 cars.

This has already been exceeded, with the terminal making use of parking space on the quayside to accommodate up to 3 500 additional vehicles at a time – depending on their size and configuration.

Work has started on expanding the capacity to an effective five thousand bays in order to "accommodate current business and what we have in the pipeline," he says.

The car terminal, which Grindrod operates in partnership with Höegh Autoliners, was initially intended to serve the Gauteng market.

Following slow uptake from Gauteng-based original equipment manufacturers (OEMs) and importers, the operators "changed our business model. Now our main focus is on transhipment cargo and the local Mozambican market," he says.

There is a steady flow of "high and heavy" equipment for the rapidly expanding mining industry in Mozambique and neighbouring countries, while the two main shipping lines using the port – Mitsui OSK Lines (MOL) and Höegh – also use it as a transhipment hub for both new and used vehicles bound for west and east Africa and the Middle East.

Upgrades to the port allow three ro-ro vessels or pure car and truck carriers (PCTCs) to call at a time, and there are now up to 20 calls a month on Maputo by car carriers and ro-ro vessels, he says.

"We have huge capacity in terms of vessels. So, if a line asks whether we can handle a shipment of 300 vehicles at short notice, the answer is 'yes we can.' We are very flexible, and open to talking to anybody," he says.

The terminal handles the loading and unloading itself using its own team of drivers which it has trained. "Their training is part of our social programme. We have helped the drivers develop their skills set beyond that needed in the terminal," he says.

Many work as drivers in Maputo when not loading vessels.

Maputo is expected to handle 52 000 vehicles in 2012 – having started at three thousand in the first year of operation.

Having taken the risk to build the terminal, Grindrod was under a lot of pressure to convert the space to bulk storage, but the company's decision to retain the terminal and look to new markets has paid off.

Gauteng-destined transhipments now make up only a small percentage of the volumes, despite the advantages Maputo offers for Gauteng-based vehicle importers and exporters, says Venter.

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