



THE IMPACT OF LANDSIDE LOGISTICS ON PORT EFFICIENCIES LESSONS FROM THE MAPUTO CORRIDOR

9TH INDIAN OCEAN
PORTS & LOGISTICS
2015

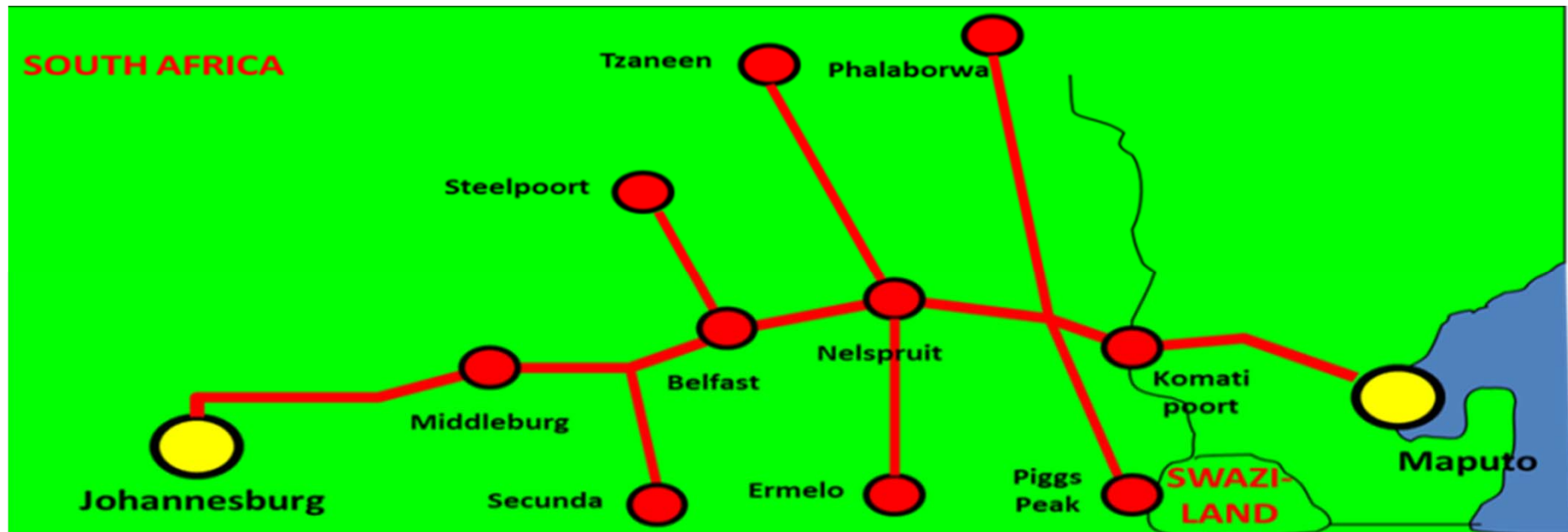
GIRASSOL INDY VILLAGE
MAPUTO
22 JANUARY 2015

**Why infrastructure,
information, collaboration and
partnerships
are CRITICALLY important**



THE SADC TRANSPORT CORRIDORS

THE MAPUTO CORRIDOR



Road distance – 581kms

Rail distance – 590kms

INFRASTRUCTURE

Significant Investment in key transport infrastructure is a key economic driver on the Maputo Corridor

N4 Toll Road

Ressano Garcia Railway

Border Post

Port of Maputo

TRANS AFRICAN CONCESSIONS N₄ TOLL ROUTE

The first tolled cross border road on the continent

R4,5 billion invested since 2000

R3 billion in the next 15 years

Build-Operate-Transfer agreement



INVESTMENT IN RAIL INFRASTRUCTURE

RAIL

\$100 million on the rehabilitation of the 90 km stretch of the Ressano Garcia Line since 2006

CFM will invest ***\$204 million in the next three years*** on

Doubling, electrification, signalling, locos and rolling stock



PORT AND RAIL COLLABORATION

Establishment of a Joint Operations Centre

Collaboration and engagement between

Port
Rail Service Providers
Customers

The result?



Improvements in efficiencies

2006 - 15 tpw

2014 - 48 to 52 tpw

**Magnetite trains TAT reduced from 118 hours
to 62 hours**

Current capacity 58 trains per week





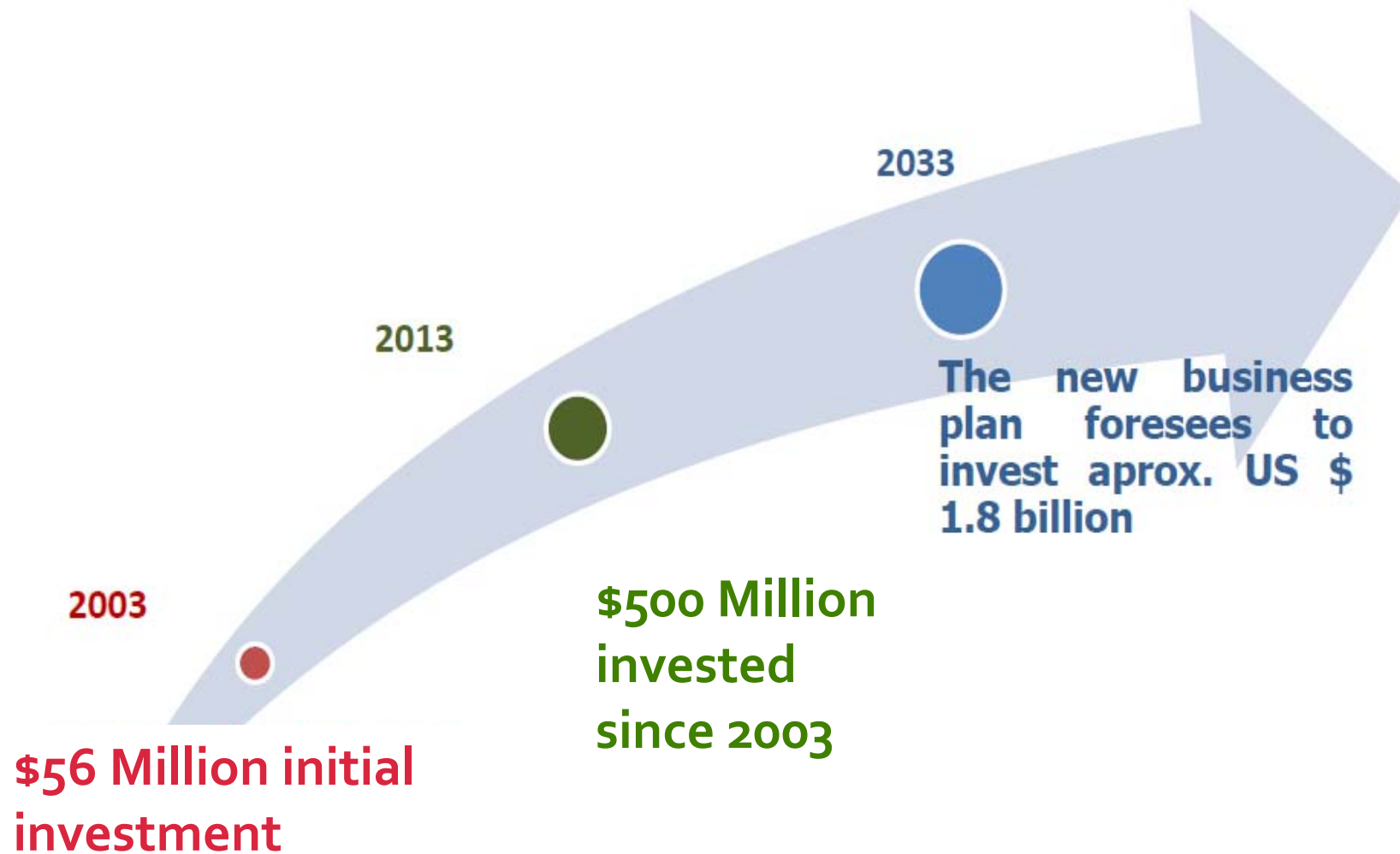




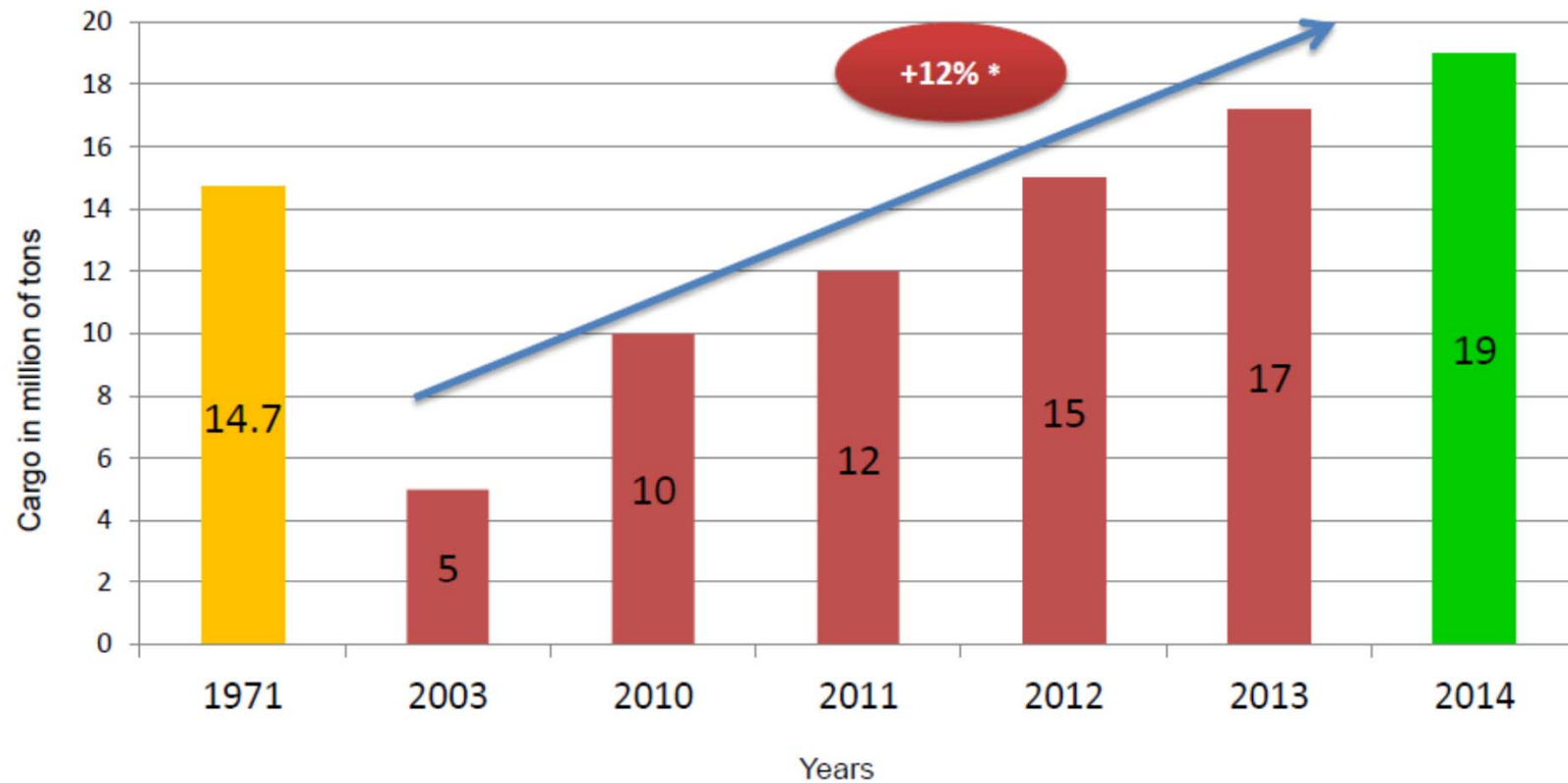
FREIGHT BYPASS ROAD OPENED 11 JUNE 2010



Investment Stages at the Port of Maputo



Volume growth



2003-2013 → 344% Growth

INFRASTRUCTURE INVESTMENT

2 successful PPP arrangements on the Maputo Corridor

Trans African Concessions - N4 Toll Route



The Maputo Port Development Company

Border Post Improvements – Freight Bypass Road

Rail Rehabilitation and Capacity Improvements

ECONOMIC DRIVERS ON THE MAPUTO CORRIDOR

*Shorter distances to and from the port of Maputo
to the hinterland*

COMPARATIVE ROAD DISTANCES

	JHB	ROSS LYN	PHALA BORWA	WIT BANK	STEEL POORT	NEL SPRUIT	KOMATI POORT
MAPUTO	590	545	416	450	354	221	92
DURBAN	580	637	868	595	758	710	780
RICHARDS BAY	640	688	770	545	652	574	661

COMPARATIVE RAIL DISTANCES

	MAPUTO	DURBAN	RICHARDS BAY
City Deep (SA)	581	714	647
Witbank (SA)	437	819	627
Polokwane (SA)	550	935	802
Gweru (Zimbabwe)	967	1764	1684
Bulawayo (Zimbabwe)	1083	1880	1800
Matsapa (Swaziland)	228	544	371

ECONOMIC DRIVERS ON THE MAPUTO CORRIDOR

Proximity of Indian and Far East markets to Port Maputo

A vastly improved trade facilitation environment (SARS Rollout and SeW in Mozambique)

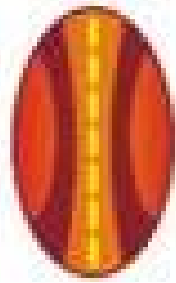
Regional integration imperatives at continental and REC level which favour corridor development

ECONOMIC CHALLENGES ON THE MAPUTO CORRIDOR

- *Volatile commodity prices* (drop in coal, magnetite, chrome, iron ore) balance in commodity export, beneficiation, to avoid dependency on Chinese demand
- *Border Crossing* (Customs and CBRTA Permit costs)
- *Non Intrusive inspection tariffs*

ECONOMIC CHALLENGES ON THE MAPUTO CORRIDOR

- *Substantially Higher rail tariffs in relation to Durban and RB*
- *Delays due to road construction over past 20 months (major impact on the efficiency of the route)*
- *Corruption a significant factor on cross border routes*



Kudumba

Tecnologia Integrada Para Segurança Fronteiriça

KM₄ Facility operational December 2014

\$10 million invested to date







Transit cargo is tariff exempt

20 seconds per vehicle

3 minutes to complete the process







SOME ISSUES WORTH RAISING:

- **Ports across the world have the tension between road and rail transport and the need for greater role of rail**
- **Aligning supply chains with product uncertainties is something shippers councils and corridor management institutions and their partners must get right**
- **Need for hybrid strategies as opposed to the product/service specializations (particularly in emerging economies)**

- *Policy vacuum with regard to the efficiencies on transport corridors.*
- **Policy on port development, customs modernisation, border posts, transport, intermodal facilities, trade facilitation, etc,**
- **But often these are not integrated into the supply chain elements relating to efficiencies**

***FOR SUPPLY CHAINS TO BE EFFICIENT
AND MAXIMISE ECONOMIC BENEFITS
FOR THE REGION
TWO THINGS ARE REQUIRED:***

- ***Reliability***
- ***Predictability***

Key issues affecting supply chain:

Cost reductions

Forecasting Demand variability

Inventory Optimisation

Inventory management and optimisation

Supply chain visibility

Sustainable Development

Will not happen *while Africa's mineral wealth leaves its shores in their raw form*

Will not happen *while governments pay lip service to trade facilitation CFTA????*

Will not happen *while investment in infrastructure is funded by resource swaps the value of which far exceeds the value of the infrastructure*

BIGGER PICTURE CONSIDERATIONS

- *Efficient corridors* have a significant impact on the *competitiveness of local business and regional economies*
- Efficient Corridor provide *a measure of predictability, reliability and efficiency* central to trade and logistics supply chains
- Key to providing access to markets.
- *Transport logistics is a key barometer of economic activity and growth*
- *Cost and transport time is a major determinant for use of Maputo.*

BIGGER PICTURE CONSIDERATIONS

- *Economy of the region is heavily dependent on cargo volumes on the corridor*
- *Economic sub sectors servicing freight movement is crucial to the economy of the region, not only to the city and province of Maputo*

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COLLABORATION BETWEEN ALL STAKEHOLDERS IS ESSENTIAL

- *Predictability and reliability of the supply chain is pivotal to sustained cargo volumes*
- *Transparency, Consultation, Communication*
- *Costs must be directly related to efficiencies and improved turn around times*



THANK YOU

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