



ZRL GUARANTEES SAFETY AND BUSINESS GROWTH

ZAMBIA RAILWAYS LIMITED

**THE ROLE OF ZRL TO PROMOTE ECONOMIC
AND TRADE GROWTH IN ZAMBIA:**

**PRESENTATION AT THE 17TH EDITION OF THE
INTERMODAL TRANSPORT AFRICA
CONFERENCE**

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1. INTRODUCTION

1.1 BACKGROUND TO THE PRESENTATION

- The railway sector plays the role of an economic engine in the development of countries.
- Growth of economies correlates positively with the growth of the railways.
- India, China, Brazil and European countries, etc have achieved economic growth through railway investments.
- The sector allows nations to take advantage of economies of scale.
- To influence a country's economic growth, the railway sector becomes a catalyst.
- Other benefits include:
 - i. Reduced Cost of Doing Business
 - ii. Preservation of roads and leading to reduced road maintenance cost
 - iii. Reduces carnage levels
 - iv. Low levels of air pollution
 - v. Guaranteed easy collection of taxes by the Zambia Revenue Authority (ZRA)

1.2 BRIEF OVERVIEW ON ZAMBIA RAILWAYS LIMITED

- ZRL was set up to be the main carrier of heavy freight especially mining raw materials and products.
- The company operates a total track length of 1,248km long single line of 1,067mm gauge made up of:
 - i. Mainline from Vic Falls Bridge to Kitwe.....848 km; and
 - ii. Branch Lines (Including Mulobezi, Masuku and Chipata Lines).....400 km;
- At present ZRL has a total fleet of 40 Locomotives and 2,094 wagons.



1.4 ZRL- PORT CONNECTIVITY



Distance from Ndola to:

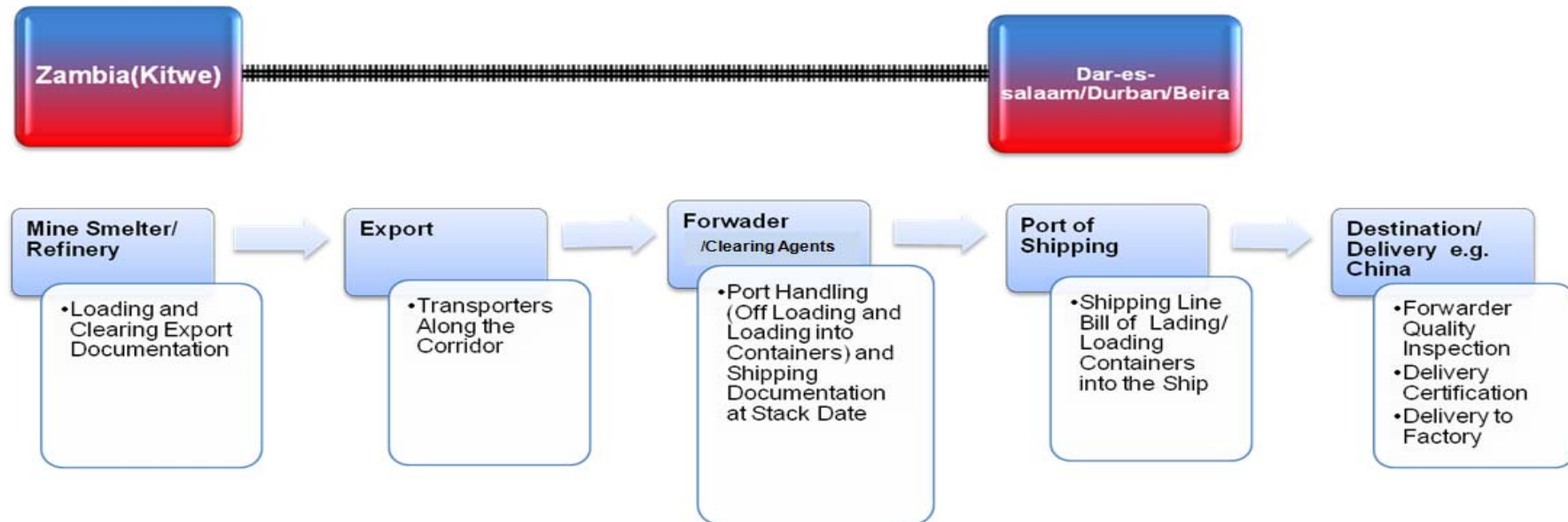
- i. Beira.....2,333km
- ii. Durban...2,951km
- iii. Dar-es-salaam.....1,976k
- iv. Richards Bay.....2,864k
- v. Maputo...2,328km
- vi. Nacala....2,057km

The role of ZRL in the Region:

- i. ZRL is the vice president of SARA and will be president in June, 2017;
- ii. ZRL is linked to all the ports in Southern Africa; and
- iii. ZRL is Playing a role in the current NEPAD activities.



2. LOGISTICS CHAIN SATISFYING CUSTOMERS E.G. KONKOLA AND MOPANI COPPER MINES



Notes:

- It is clear that the satisfaction thermometer for the customer is the total logistic chain
- The competitive rate is measured as the total cost from the mines to the final destination of the copper
- Thus the rail rate itself just forms a part of the total chain and price
- For example the cost of logistics the customer is interested in is the total cost of copper from the plant in Zambia to China inclusive of the following:
 - a. Documentation cost;
 - b. Handling cost;
 - c. Inland transport cost;
 - d. Clearing cost; and
 - e. Shipping cost.



2. LOGISTICS CHAIN SATISFYING CUSTOMERS

2.1 DEVELOPMENT OF TERMINAL FACILITIES

The ambition of Zambia Railways is to graduate from being just a bulk commodity supplier to a full logistics provider with the involvement of the private players and other stake holders.

These integrated planned intermodal terminals “gateways” will include provision of:

- i. Customs facilities
- ii. Weigh bridges
- iii. 3rd party logistics providers
- iv. Freight forwarders
- v. Distribution center services
- vi. Warehousing and consolidation; and
- vii. Provision of through rate offer to final customer

ZRL intends to develop the facilities in the following areas through PPP:

- Livingstone
- Lusaka
- Chipata
- Kitwe
- Chingola
- Ndola
- Bwana Mkubwa
- Chililabombwe

ROAD COVERAGE AND RAIL NETWORK IN ZAMBIA



Targeted PPP players include:

- Road hauliers
- Forwarding and clearing agents
- Port handlers
- Tax authorities, etc



2. LOGISTICS CHAIN SATISFYING CUSTOMERS

2.2 LOCAL CONNECTIVITY

- ZRL is also implementing rail connectivity projects on the Inter-mine so as to link new customers who are not connected by rail.
- These projects are being implemented through joint funding arrangements (cost sharing arrangements) with the customer.
- To date we have implementing the following projects:
 - a) The Chambishi Copper Smelter Siding;
 - b) Zambia Furnace Supplies Siding (Bwana 3);
 - c) Manica Siding; and
 - d) Bridge Shipping.



Bridge Shipping



CCS Project



Bwana 3 Project



Manica Rail Facility



2. LOGISTICS CHAIN SATISFYING CUSTOMERS

2.3 INTERMINE CONNECTIVITY

- The company intends to construct more railway linkages to the new mining plants in its Inter-mine region on the Copperbelt Province at an estimated cost of **USD25m**

| S/No | From | To | Km |
|------|----------------------|-------------------------|-----|
| 1 | Lubambe Mine | Chililabombwe Station | 20 |
| 2 | Mwekera Copper Mine | Ndola line | 9 |
| 3 | Neelkanth Lime Plant | Ndola Line | 3.5 |
| 4 | Ndola Line | Zambezi Portland Cement | 4 |
| 5 | Dangote Cement | Bwanamkubwa Line | 9 |
| 6 | Mopani Mine Mufurila | Mufurila Smelter | 1 |
| 7 | Ndola | Handymans | 4 |



- Currently, the market size in the Inter- mine Region which is Zambia's main economic stay is 3 million tons per year.
- ZRL expects to move up to 2.1 million tons per annum from the Inter- mine region once the new lines are constructed.



3. THE GREENFIELD RAILWAY PROJECTS

There are 8 main Greenfield railway spurs that the GRZ has proposed to develop in order to connect the country to all regional trade corridors as follows:

- A. Chipata-Serenje via Petauke, approx. 389km;
- B. Nseluka- Mpulungu connecting Nseleka on the TAZARA Line to the Graet Lakes Region via Mbala, approx. 175km;
- C. Livingstone-Katima Mulilo via Kazungula, approx. 200km;
- D. Kafue-Lions Den in Zimbabwe, approx. 306km;
- E. Petauke-Beira, approx. 960km;
- F. Kasama-Luwingu-Mansa-Matanda Border, approx. 340km
- G. Lusaka-Mongu, approx. 541km; and
- H. Chingola to Jimbe via Solwezi approx. 600km.



The GRZ intends to develop the projects through PPP arrangements.

GRZ is also considering the development of an urban railway tram system in Lusaka so as to promote public transportation and reduce congestion, pollution and increase daily production time



4. ZRL- SERVICE STRENGTHS

- **Bulk haulage capacity:** Able to transport a minimum of 1,200 tons per one train, compared to road haulers an average of 40 road trucks is needed to haul the same capacity.
- **Convenience:** ZRL gives access to all Zambia's mining towns on the copper belt.
- **Inter- railway working arrangements:** ZRL has effective operational arrangements with neighboring railways such as the Democratic Republic of Congo (SNCC), Zimbabwe (NRZ), Tanzania (TAZARA) , South Africa (TFR), Malawi (CEAR) and Mozambique (CFM and CDN).
- **Security:** ZRL provides security of goods in transit. Trains are secured from hand over at departure till delivery to the customer upon arrival. Armed security personnel trains are reinforced by armed personnel on escort vehicles which run parallel to the train.
- **Suitable wagons:** ZRL has different wagon types for loading various commodities tailored to suit client needs.



5. THE PROPOSED QUOTA SYSTEM (SI)

- The Government of the Republic of Zambia intends to introduce a Statutory Instrument on quota system for the transportation of certain heavy and bulk cargo by rail.
- The introduction of a transport quota system (the enactment of an SI) will optimize the utilization of various modes of transport in the transport sector.
- We are in process of consultations with stakeholders over the proposed transport quota system.
- We had a productive consultative meeting with various stakeholders in January, 2017, the:
 - ❑ Truckers Association of Zambia (TAZ),
 - ❑ The Chamber of Mines of Zambia; and
 - ❑ The Zambia Chamber of Commerce and Industry (ZACCI).



6. CONCLUSION

- Intermodal is an ideal form of transportation for import, export and local traffic. It is key to any success in any supply logistic chain management.
- In Zambia, where ZRL cannot reach all business houses due to lack of railway connectivity, the road hauliers are being engaged to collaborate with us to deliver the cargo for the customers. This has worked well for movement of local coal from Maamba Collieries and fertiliser etc.
- Intermodal working system can also be employed as a strategy to pick more cargo by ZRL and local road hauliers. The company intends to link new customers who are not linked by rail such as Dangote Cement, Zambezi Portland Cement, etc by implementing intermodal system before they are linked by rail.