

DRY PORT INFRASTRUCTURE INTEGRAL FOR THE FUTURE RESILIENCE OF LOGISTICS AND SUPPLY CHAINS FOR LANDLINKED COUNTRIES – BOTSWANA DRY PORT CASE

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OUTLINE



Provide an overview about why Dry Ports remain important



Understanding the current environment and founding intentions of SeaRail & the “Botswana Dry Port in Namibia



Provide feedback on the Lessons Learnt during the development and operations to date



Propose Strategic Interventions on the way forward for the future resilience of logistics and supply chains for landlocked countries - Botswana



Introduction



- Dry ports are critical in enhancing connectivity and access to international markets for landlocked nations. This promotes economic growth and development. (World Bank Research on “Economics of Dry Ports”)
- There is overwhelming evidence that intermodal facilities such as dry ports are critical to the efficiency of such corridors as they act as points of convergence where multiple interactions between transport modes, operators and service providers can be synchronized. At the same time, they offer benefits to a broad spectrum of stakeholders with different interests, such as port operators and local authorities who can use them to implement a range of economic, social and environmental policies (United Nations, Economic and Social Commission for Asia and the Pacific, 2018)
- What is a Dry Port?
A Dry Port is an inland intermodal terminal directly connected by road or rail to a Sea Port and operating as centre for the transshipment of Sea Cargo to inland destinations. It is a common user facility with public authority status, equipped with fixed installations and offering services for handling and temporary storage of any kind of goods (including containers) carried under customs transit by any applicable mode of transport, placed under customs control and with customs and other agencies competent to clear goods for home use, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export (United Nations, 1991: Geneva).

Overview – About SeaRail



- Sea Rail (Botswana) (Pty) Ltd (“**SeaRail**”) is 100% owned subsidiary of Botswana Railways, established in 2013 to develop & operate a dry port facility in Walvis Bay, Namibia.
- The dry port facility was designated as an important strategic development for land-linked Botswana, with the following key objectives:

Objectives

- consolidate maritime goods into inter-modal short and long-distance transport flows
- improve cargo processing through coordinated operations
- facilitate collection and distribution of local, regional and international transport
- integrate Botswana and the SADC region with the Walvis Bay port
- strengthen multi-modal solutions and create opportunities for new services
- strengthen the role of Walvis Bay port in freight logistics and transport value chains
- consolidate individual or unsynchronised container flows to and from Botswana
- reduce total transport and logistics costs as well as journey time
- provide the catalyst to Botswana's growing economy by creating appropriate infrastructure, processes and a supportive regulatory environment to encourage international trade

Successes

What has been done so far from Inception:

- **Total Spend on PPE as at March 2023 – N\$64 million (100% FDI from BW)**
- **Total Dry Port Volume as at March 2023 – 70,000 Tons**
- **Tonnage average growth rate is at 128%**
- **Large parcels handled so far:**
 - **Handling 10 000 cbm Mohembo bridge project cargo from Italy in 2020**
 - **Handling 20 900 tons breakbulk sugar from Brazil in 2022**
- **Appointed a Business Development Manager based in Gaborone, Botswana - 2024**

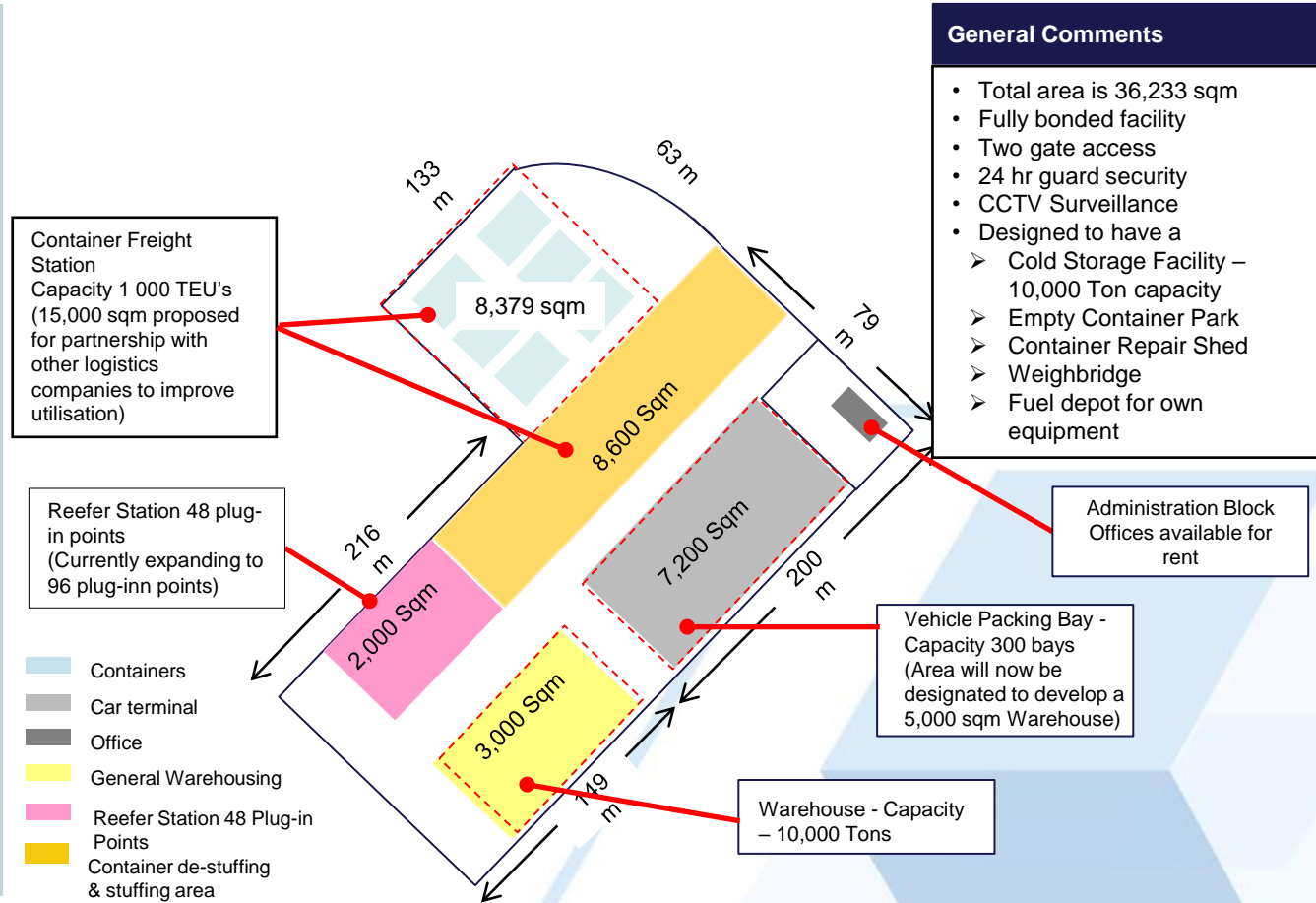
Overview – About SeaRail Cont.



Key Products and Services

- Containers, Bulk & Breakbulk handling
- Ro-Ro Vehicle handling
- General & Specialised Storage / Warehousing
- Transportation / Deliveries
- Documentation
- Value added services:
 - ✓ De-stuffing & Stuffing Containers,
 - ✓ On-sight Customs/Vet Inspections
 - ✓ Equipment Hiring

Dry Port Layout Master Plan

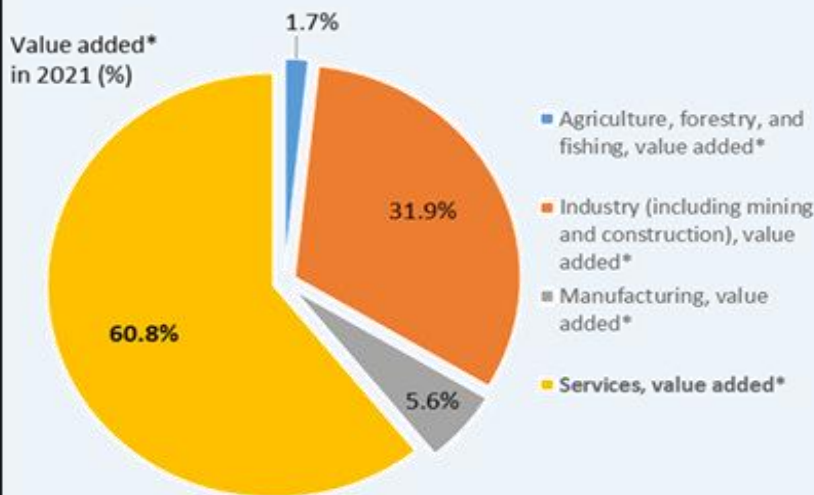


Environmental Analysis



Snapshot into Botswana's Economy

Botswana Economic Snapshot



Source: World Bank – World Development Indicators, updated 11/10/2022

* Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. Gross domestic product (GDP) represents the sum of value added by all its producers.

BOTSWANA Real GDP Growth by industry (%)

Industry	2016	2017	2018	2019	2020	2021
Agriculture, forestry and fishing	15.4%	-8.8%	8.1%	2.4%	-2.7%	-2.9%
Industry (incl. mining and construction)	3.3%	4.9%	5.4%	-1.5%	-20.5%	19.4%
Manufacturing	5.0%	-2.2%	-1.2%	4.5%	-14.9%	8.1%
Services	10.3%	3.8%	3.2%	6.8%	-1.3%	7.8%
GDP at market prices	7.2%	4.1%	4.2%	3.0%	-8.7%	11.4%

Source: (World Bank World Development Indicators (WDI), 2023)

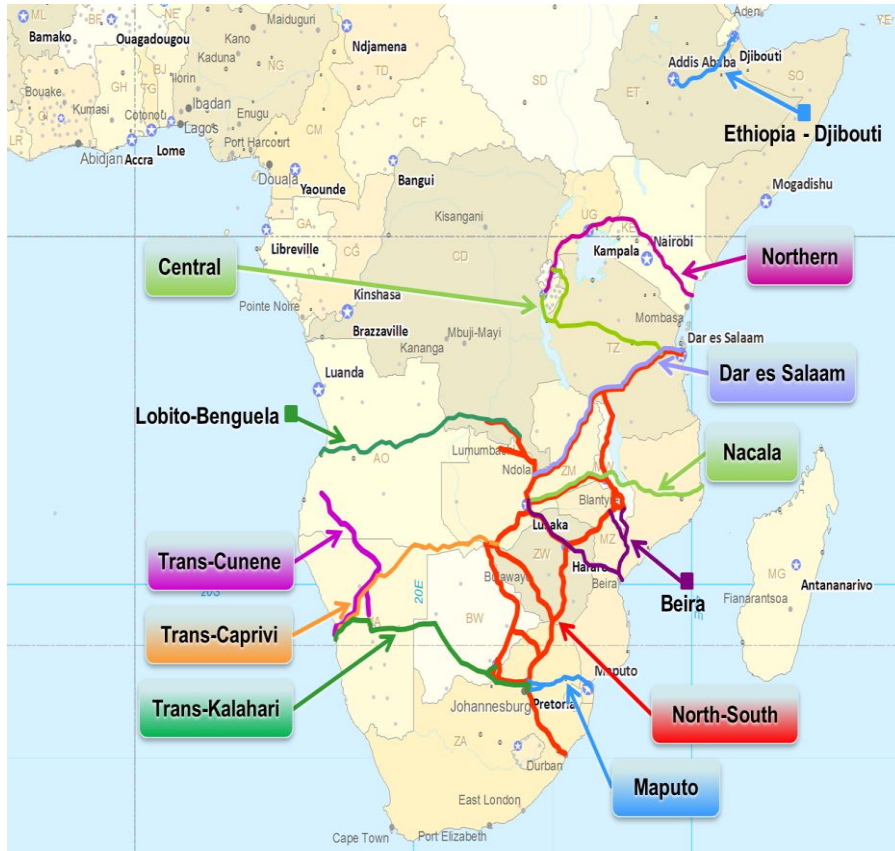
- Over 90% of GDP is in services and industry which includes mining)
- Projected growth rate for 2024 and 2025 is @ 4.2% and 5.4% respectively (source: Ministry of Finance, Feb 2024)

Environmental Analysis



Botswana Trade Corridors to Ports in the Region

Corridor Trade Flows in SADC and sub-Saharan Africa



Source: Southern and Eastern African Trade Corridors

Distance of Gaborone to Key Alternate Ports

Sea Port	Border entry to Botswana	Main Transport Mode	General Condition	Rail Distance to Gaborone (Kms)
Durban	Lobatse, Tlokweng, Ramatlabama	Road or rail	Good	1020
Maputo	Lobatse, Tlokweng	Road or rail	Fair	985
Cape Town	Mafikeng	Road or rail	Good	1500
Walvis Bay	Buitepos	Road	Good	1480
Richards Bay	Ramatlabama	Rail	Good	980
Port Elizabeth	Mafikeng	Road or rail	Good	1200

- The Eastern corridors for Botswana to South Africa & Mozambique have an advantage of rail connectivity & proximity to Ports as compared to Walvis Bay
- The inland cost thereof more competitive
- Currently over 85% of imports and exports flow through the Durban Corridor
- Poor Logistics performance of other regional ports

Environmental Analysis



Botswana Volumes through the Port of Walvis Bay

Botswana Crossborder Cargo – 2019 to 2023

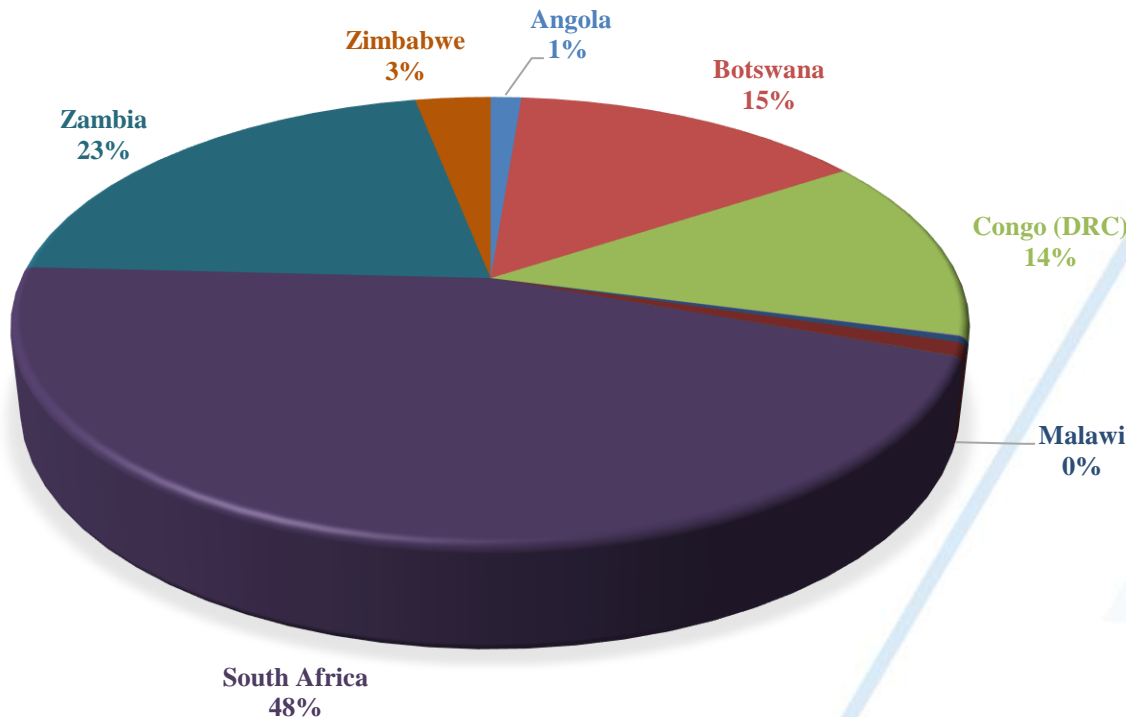
	2019	2020	2021	2022	2023
Imports	35 264	49 864	65 529	89 101	116 531
Exports	44	264	572	1 672	233 038
Total	35 308	50 128	66 101	90 773	349 569

7%

**Average Growth
Rate**

Crossborder Cargo Market Share (%)

2022/23 Financial Year



7%

**Average Market
Share**

Environmental Analysis – Future Volumes



Potential Botswana Target Volumes for Walvis Bay into the Future

Botswana Exports – Key Commodities

Commodities	Tons in 2019	Ton by 2025	Ton by 2050
Coal Mining	886 000	727 000	1 394 000
Salt	487 000	512 000	874 000
Chemicals	180 000	268 000	468 000
Animal feed	40 000	44 000	81 000
Copper Concentrate	0	60 000	100 000

Botswana Imports – Key Commodities

Commodities	Tons in 2019	Tons by 2025	Tons by 2050
Fuel refined	1 524 000	1 709 000	2 745 000
Cement	388 000	430 000	666 000
Processed Foods	281 000	308 000	445 000
Beverages	104 000	115 000	196 000
Motor vehicles and trucks	97 000	113 000	203 000
Chemicals	65 000	74 000	125 000
Animal feed	46 000	50 000	105 000
Fertilizer	36 000	41 000	69 000

- Not all will be shipped through Walvis Bay



Key Issues



Function & Location Issues



Ownership Issues



Measures to minimize total logistics costs



Offers of Tariff Incentives



Reform of customs & other border control procedures



Development of Dry Port Incentives

Mitigation Measures

- Collaborate more with Namport to clarify function with Namport, put an SOP in Place
- Review the Lease Agreement to cede more rights to SeaRail as operator
- Development of the Gobabis Dry Port to tranship some of the cargo TKC on rail – up to 30% cut in cost
- Develop preferential rates for corridor cargo to attract volumes (Shipping Lines, Namport & Industry)
- Promulgate Dry Port Procedures to enhance seamless movement of cargo (NamRa)
- Fast track one stop border posts (BW, NA Govts)
- Lobby GoB to provide funding for further capacitation & incentives attract PPPs

Conclusion



- The role of dry ports infrastructure is pivotal in bolstering logistics and supply chain resilience for the region and Namibia becoming a logistics hub
- More collaboration among industry stakeholders to drive strategic initiatives for sustainable growth is required
- Seize the opportunities presented by the development of dry port infrastructure for a more connected and prosperous future



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Thank you