

## Port Concessions in Mozambique



Ankara, February 12<sup>th</sup>, 2015

# WHO ARE WE?



## Vision

- ❑ To become a reference and the best logistical option company through the quality of our services and relationships.

## Mission Statement

- ❑ To build a rail and port network to become modern, competitive, efficient, market oriented and financially sound

## Our values

- ❑ Integrity, commitment, People Appreciation, Meeting targets, Continuous Improvement, Innovation and Sustainability

## Objectives

- ❑ Promote and develop rail and port infrastructures;
- ❑ Operate the rail and port network, promoting logistics activity of goods and passengers transport; and
- ❑ Maximize the rationalization of our assets

# MOZAMBIQUE IN THE LOGISTIC CHAIN

## 2 Regional railway network

*Mozambique at the center of the Southern Africa and the world*



**COMPARATIVE DISTANCES**  
IN KMS OF RAILWAY LINE

PORTOS	Nacala	Dar Es Salaam	Richards Bay
Lilongwe (Malawi)	1007	—	2712
Blantyre (Malawi)	807	—	2368

PORTOS	Beira	Dar Es Salaam	Richards Bay
Harare (Zimbabwe)	602	3468	1986
Lusaka (Zâmbia)	2025	2042	2737

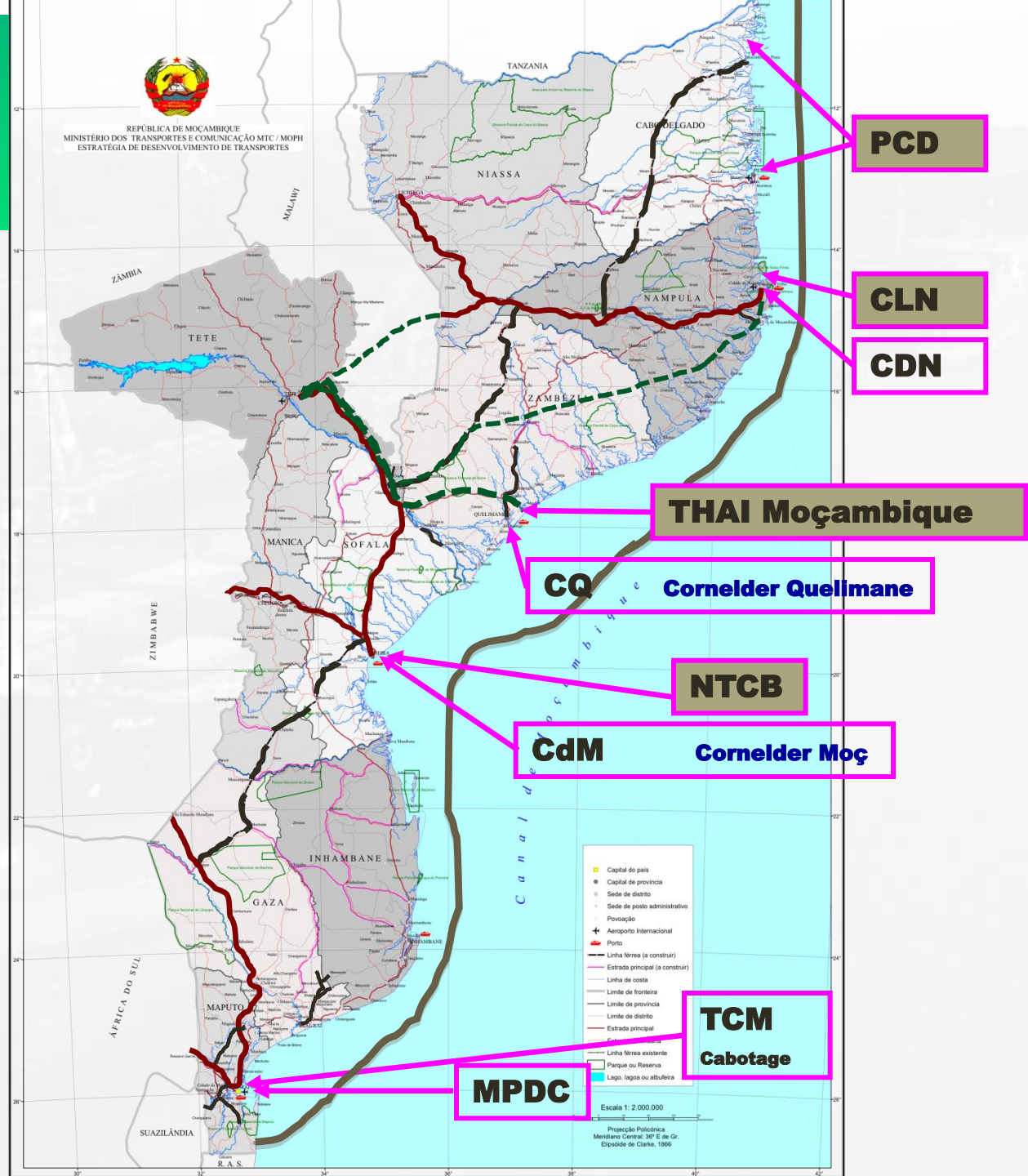
PORTOS	Maputo	Durban	Richards Bay
Witbank (RAS)	437	819	627
Polokwane (RAS)	550	935	802
Gweru (Zimbabwe)	967	1764	1684
Bulawayo (Zimbabwe)	1083	1880	1800
Gaborone (Botswana)	1027	1170	1104
Matsapa (Swaziland)	228	544	371

The process of concessions began in the late 90s with the aim of involving the private sector (domestic and foreign) in the reconstruction, exploration and development of rail and port systems for it to be modern, competitive, efficient, market-oriented and financially viable.

This document aims to present the performance of Port Concessions in Mozambique, its impact on the national economy and the identification of complementary actions that influence the Transport and Logistics Sector.

# EXISTING PORT CONCESSIONS

The CLN, THAI Mozambique, PCD and NTCB concessions, are recent. They were established in the period ranging from 2012-2014.





## South Region

### **1. MPDC – Maputo Port Development Company, SARL**

Concessionaire of the Port of Maputo since April 2003, with participation by CFM with 49% of its share capital, having absorbed the specific terminal sub-concessions, namely:

DPWM - Dubai Ports World Maputo (exploitation of container terminal);

- MPT - Maputo Produce Terminal (operating the terminal fruit);
- STAM - Society Maputo Sugar Terminal (Terminal exploitation of sugar);
- TCM - Matola Coal Terminal (exploitation of the coal terminal in Matola).

- **Concession Period: 30 Years.**

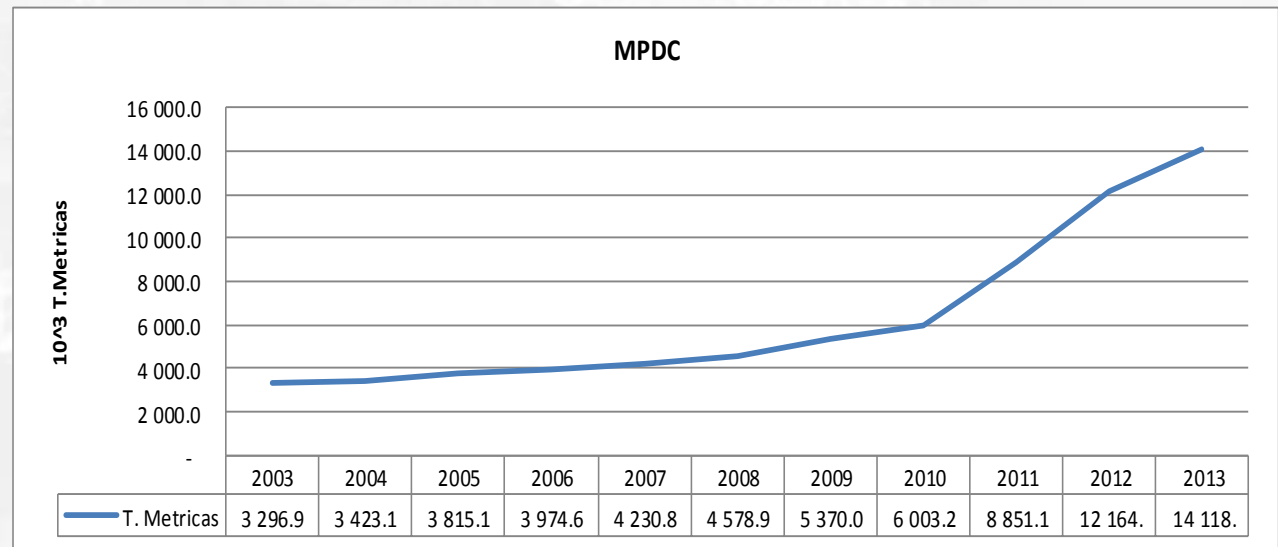
# EXISTING PORT CONCESSIONS

## South Region

### 1. MPDC – Maputo Port Development Company, SARL

#### 1.1 Operational Performance

The graph shows a positive trend with an average annual rate of 15.66%.



MPDC, handled 14,118,500 metric tons in 2013, compared to 3,296,900 metric tons in 2003.

# EXISTING PORT CONCESSIONS



## Center Region

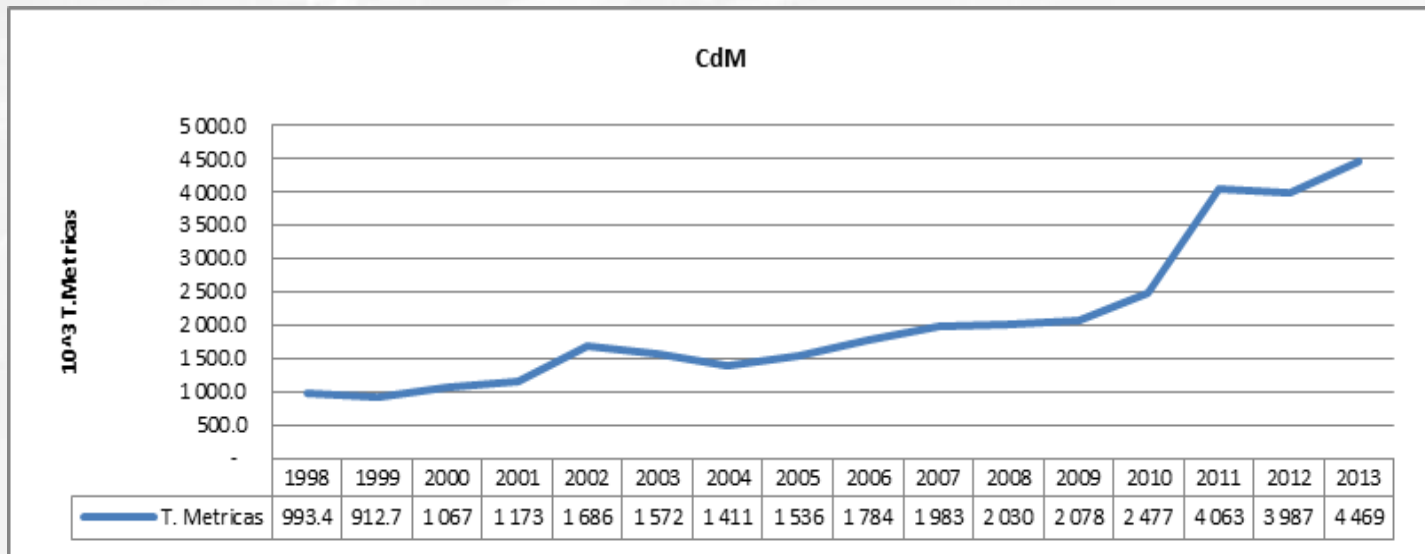
### 2. CdM – Cornelder de Moçambique, SARL

Concessionaire of the general cargo, container and multi-purpose terminals of port of Beira, since October 1998, in which CFM shares 33% of its capital.

**Concession Period:** 25 Years.

#### 2.1 Operational Performance

CdM handled 4,469.4 metric tons in 2013 against 993.4 thousand metric tons in 1998. Has registered positive growth with an annual average rate of **10.55%**.





# EXISTING PORT CONCESSIONS



## Center Region

### 3. CQ – Cornelder de Quelimane, SARL

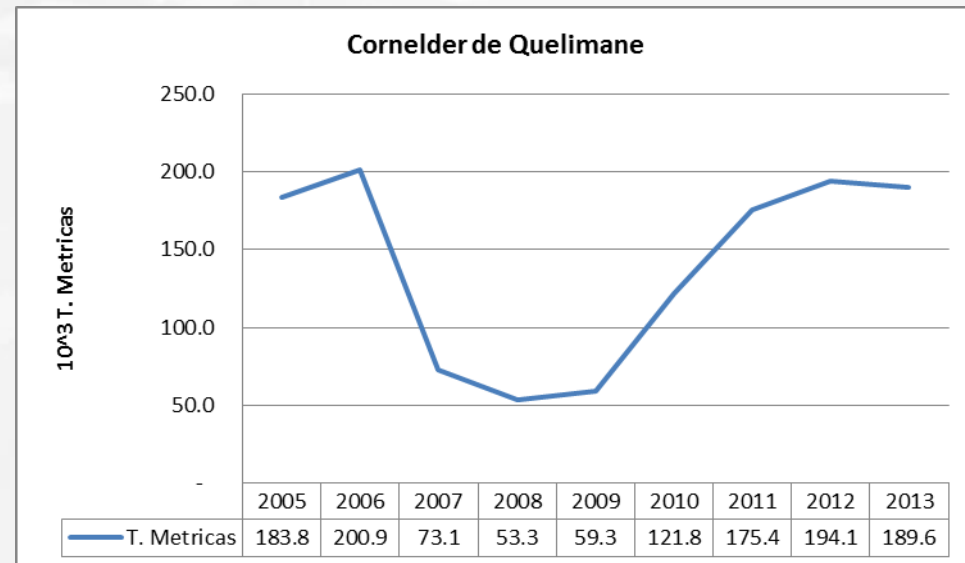
Concessionaire of the Port of Quelimane, from March 2005, in which CFM has a share of 49% of its share capital.

#### 3.1 Operational Performance

In 2013 Cornelder Quelimane handled 189.6 thousand metric tons against 183.8 in 2005. As the graph below shows the evolution was very irregular

This concessionaire had a promising start, and was the first to distribute dividends in the first two economic exercise.

From 2007 began to have losses, through the reduction of income caused by the significant reduction of cabotage operations.



# EXISTING PORT CONCESSIONS



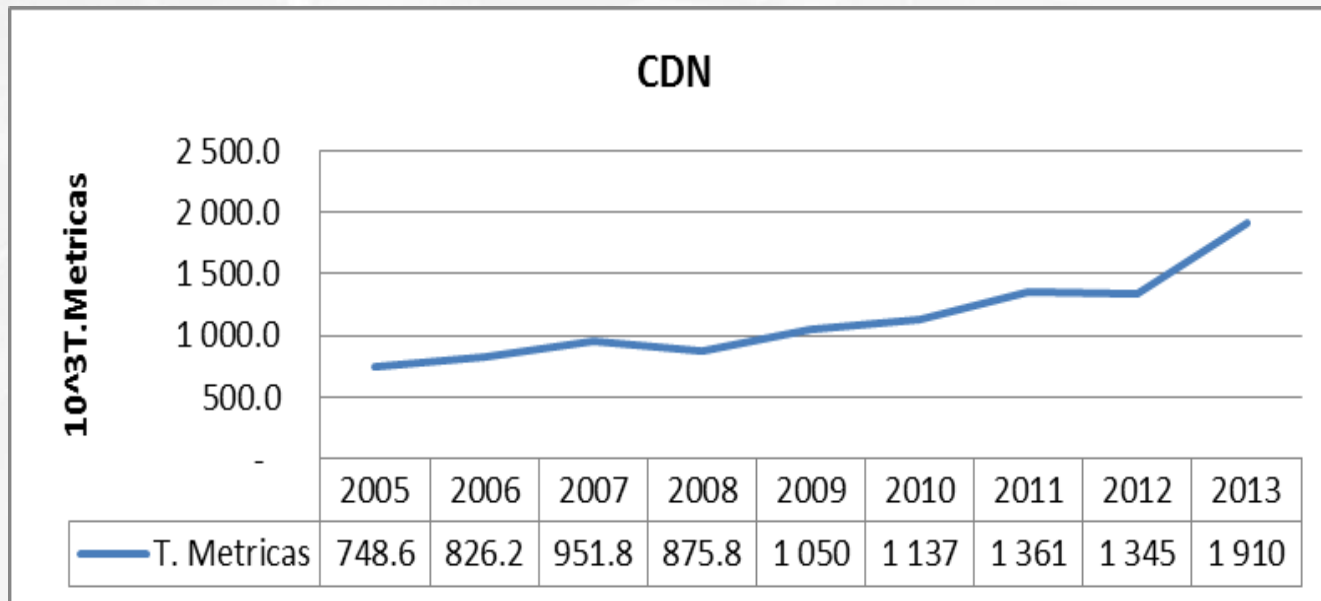
## North Region

### 4. CDN – Corredor de Desenvolvimento do Norte

Concessionaire of the Northern Railway Line and the Port of Nacala, in which CFM shares 49% of its capital.

#### 4.1 Operational Performance

In 2013 CDN handled 1,910,800 metric tonnes against 748.6 in 2005. The average annual growth was 12.43%.



## 1. Partners Selection Criteria

- Internationally recognized experience, with "know-how" and a total knowledge of specific technologies of the transport, logistics and distribution sectors;
- Solid financial capacity, able to create critical mass and continue to inject capital or mobilize it from external sources, to continue the investment program;
- Willingness to ensure the involvement of national private sector;
- Knowledge of the regional market and ability to capture traffic of international trade within the area of influence of each of our three international ports and each of the transport systems that converge to them (rail and road);
- Partners with influence within the international trade actors from the "shipping" to the "brokers" of cargo, navigation and transport in their multimodal design and able to recapture all that the principles of rationality and cost-efficiency requires;
- Ability to induce high returns over the past and future investments; i.e, the selected partners should add value to the value that CFM have or used to have.

A quick analyses of the developments that are happening in the region indicates that the national ports could seep largest cargo volumes if they had the ideal conditions to compete in the market, whether regional or global. Such conditions can be seen in 3 perspectives/approaches:

1. Transport infrastructure that allow the connection of ports with their region of influence, including railways, roads and waterways;
2. Infrastructural basic conditions of the ports themselves in terms of access channels (depth and signalling), berths (length and depth), handling equipment, among others;
3. Side/complimentary services associated with port activity.

## 1. Transport infrastructure

- Single railway lines with limited crossing loops;
- Speed limitation to 60km/h or even less, due to construction characteristics;
- The shortage of rolling stock (locomotives and wagons);

These and other aspects end up limiting the flow capacity of the national railway lines which, in turn, limits the amount of cargo handled by ports;

To address these challenges, are underway or in the pipeline the following projects:

- Rehabilitation of the South railway system and each of its railway lines (Ressano Garcia, Goba and Limpopo, as well as the extension of Salamanga) with the ultimate goal of increasing its capacity to 40MTPA;
- Rehabilitation of the Center railway system (lines Machipanda and Sena);
- Rehabilitation of North railway system (lines of Nacala and Cuamba-Lichinga);
- Construction of Railway Line linking Moatize to Macuzi (514 km long);

## 2. Port infrastructures

The national ports (excluding Nacala and Pemba) have limiting access channels, allowing, with proper care, the entry of vessels with capacities of up to 35,000 tones (Beira) at high tide and 50,000 tones (Maputo) also at high tide and, in some cases, night navigation is impossible due to defective signalling.

With regard to the docks, it is noted that the depth of the piers does not exceed 12m, and only a small part of them reaches this level, limiting the amount of cargo per ship.

Regarding the liquid bulk, the great limiting factor is the capacity of the tank farms installed in ports.

**Ongoing actions and/or in portfolio that aim to solve or minimize these problems:**

- Rehabilitation and expansion of the Commercial Port of Nacala;
- Construction of Coal Terminals in Ports of Beira and Nacala-a-Velha;
- Construction of fuel and liquid bulk terminals in the Ports of Nacala and Pemba;
- Acquisition of 4 tug-boats to improve Maritime Services of Beira and Pemba ports.



## 3. Side/complimentary services associated with port activity.

The customs control services, migration, health, among others, are viewed as being too bureaucratic, consuming excessive time and financial resources that at the end of the day, end up reducing the flow capacity of loads by national ports if we consider that productivity is measured by the amount of cargo handled per unit time.

# IN CONCLUSION



In general, all concessionaires are complying with the minimum that is required from them and they all have good prospects for the future, both in business and economic sense for the country.

Portfolio investments will significantly increase the response capacity of ports to the demand of the region and the positive trend of the results of concessionaires are bringing the financial strength necessary for raising capital.

**Thank You**