LOGISTICS INDUSTRY WEATHERS THE PERFECT STORM
PORT OF BEIRA

The Shortest, Fastest and Safest route to the Sea for the Southern African Hinterland.

Road Distances in Km

<table>
<thead>
<tr>
<th>PORTS</th>
<th>Lusaka ZAMBIA</th>
<th>Kitwe ZAMBIA</th>
<th>Lubumbashi DRC</th>
<th>Harare ZIMBABWE</th>
<th>Bulawayo ZIMBABWE</th>
<th>Blantyre MALAWI</th>
<th>Lilongwe MALAWI</th>
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<tr>
<td>BEIRA</td>
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<td>1,370</td>
<td>1,600</td>
<td>559</td>
<td>726</td>
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<tr>
<td>DURBAN</td>
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<td>2,707</td>
<td>2,611</td>
<td>1,711</td>
<td>1,454</td>
<td>2,323</td>
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<td>DAR ES SALAAM</td>
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<td>2,290</td>
<td>2,634</td>
<td>3,028</td>
<td>2,031</td>
<td>1,667</td>
</tr>
</tbody>
</table>

Direct calls from the largest shipping lines in the World.
Zambian logistics sector is keeping the wheels of the economy turning – albeit at one of the slowest rates in years. As detailed in this feature the country’s economy has been hit by a perfect storm of factors which have seen volumes of freight drop by 40% or more and major projects put on hold. On the positive side the logistics sector is surviving. It is investing in people, facilities and equipment, and is ready for the next upturn in the economic cycle.

Ed Richardson reports.
Zambian logistics sector riding out a ‘perfect storm’

Ed Richardson

Freight and logistics companies in Zambia are navigating their way through what is being described as a “perfect storm” of events and factors outside of their control.

These include the global decline in commodity prices, a 60% drop in the value of the kwacha against a basket of currencies, drought, energy cuts of up to eight hours a day and political uncertainty.

This adds up to Zambia’s worst economic crisis in more than 10 years, according to African Economic Outlook 2016 published by the African Development Bank.

Real economic growth fell to its lowest in 15 years. Contributing factors include a decline in maize output by 22% due to poor rains, and a 28% drop in copper prices year-on-year.

An electricity-supply deficit, which began in June 2015, has affected manufacturing and other businesses.

It is estimated by the Economic Outlook that 40-50% of baseload was lost due to low water levels as the country is reliant on hydro power.

This led to daily load shedding and increased operating costs as firms have had to invest in diesel generators.

This cost has been passed on to consumers, contributing to an inflation rate that is hovering around 21% – compared to 7.1% in July 2015.

Investors have held back ahead of August 11 general elections because of concerns that the result will be contested, leaving the country in political limbo for several more months at least.

Presidential candidates have to secure 50% +1 to win an election.

Most affected has been project cargo, as most of the mines have cut back on investment.

Zambia’s reliance on copper is adding strength to the storm.

According to a World Bank analysis, Zambia is one of the countries that will not gain from China’s switch to a more consumption-based growth model.

It will need to focus more on agricultural exports as demand for food is expected to increase in China as imports of commodities drop.

As a result Zambia’s ranking in the World Bank’s “Doing Business” report has declined from 91st globally in 2015 to 97th in 2016.

Most important from a logistics perspective is that it declined by 42 places in the “trading across borders” category – from 110 to 152 globally.

It is not all doom and gloom, however. Companies that are committed to Zambia are taking the downturn in their stride and are diversifying where they see a gap or offering value-added services.

One clearing agent based in Kitwe, for example, has gone into the business of supplying solar panels.

Another has started a limousine service in Lusaka to take business people to and from the airport.

Others are looking afresh at markets in neighbouring countries and the rest of the region.

Despite its challenges Zambia is still one of the preferred countries in which to do business in Africa.

It is ranked sixth on the continent – just two behind South Africa (Mauritius is first).

And, as those who have been in business know – the economy moves in cycles, and it will start growing again.

“When?” is the question everyone is asking.


Zambian ranking in sub-Saharan Africa.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>ZAMBIA</th>
<th>MAURITIUS</th>
<th>SOUTH AFRICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>STARTING A BUSINESS</td>
<td>8</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>DEALING WITH CONSTRUCTION PERMITS</td>
<td>8</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>GETTING ELECTRICITY</td>
<td>11</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>GETTING PROPERTY REGISTRED</td>
<td>32</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>GETTING CREDIT</td>
<td>2</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>PROTECTING MINORITY INVESTORS</td>
<td>9</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>TRADING ACROSS BORDERS</td>
<td>26</td>
<td>4</td>
<td>21</td>
</tr>
<tr>
<td>ENFORCING CONTRACTS</td>
<td>22</td>
<td>1</td>
<td>16</td>
</tr>
</tbody>
</table>

Zambia ranking in trading across borders.

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>ZAMBIA</th>
<th>SUB-SAHARAN AFRICA</th>
<th>OECD HIGH INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIME TO EXPORT: BORDER COMPLIANCE (HOURS)</td>
<td>136</td>
<td>108</td>
<td>15</td>
</tr>
<tr>
<td>COST TO EXPORT: BORDER COMPLIANCE (US$)</td>
<td>370</td>
<td>542</td>
<td>160</td>
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<tr>
<td>TIME TO EXPORT: DOCUMENTARY COMPLIANCE (HOURS)</td>
<td>130</td>
<td>97</td>
<td>5</td>
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<tr>
<td>COST TO EXPORT: DOCUMENTARY COMPLIANCE (US$)</td>
<td>200</td>
<td>246</td>
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<tr>
<td>TIME TO IMPORT: BORDER COMPLIANCE (HOURS)</td>
<td>139</td>
<td>160</td>
<td>9</td>
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<tr>
<td>COST TO IMPORT: BORDER COMPLIANCE (US$)</td>
<td>380</td>
<td>643</td>
<td>123</td>
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<tr>
<td>TIME TO IMPORT: DOCUMENTARY COMPLIANCE (HOURS)</td>
<td>134</td>
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<tr>
<td>COST TO IMPORT: DOCUMENTARY COMPLIANCE (US$)</td>
<td>175</td>
<td>351</td>
<td>25</td>
</tr>
</tbody>
</table>
Zambian trucking companies are lobbying government to impose a quota on mines to use local transporters.

According to Robert Mtonga, chief executive officer of the Truckers’ Association of Zambia (TAZ), this support is needed in order to level the playing fields.

“Transport contributes around 27% to the Zambian gross domestic product, but local truckers do not have a fair share due to a number of barriers to entry outside of their control,” he says.

Chief among the barriers is the local cost of finance – up to 50% interest is charged on loans for commercial vehicles. Zambia also has among the highest fuel prices in the region, and Zambian-registered vehicles effectively pay higher toll fees than foreign-registered trucks. Local hauliers face stiff competition from Namibian, South African, Democratic Republic of Congo (DRC), Mozambican and Tanzanian trucking companies and one man operations. Most can offer more competitive rates than Zambian truckers because they have already brought cargo into the country and are able to cut charges to the bone on the return leg. Zambian truckers, on the other hand, find it difficult to secure back haul loads in neighbouring countries.

“South African exporters do not want to use Zambian trucks,” he says. If the loads out of Zambia were shared more fairly then, the association argues, Zambian hauliers would be competitive.

“If government designates that, say, 50% of copper exports had to be transported by Zambian hauliers then we would have the critical mass required to be competitive,” says Mtonga.

TAZ argues there is provision for such support in the 1996 Southern African Development Community (SADC) Protocol on Transport, Communications and Meteorology, which requires member states to develop “a harmonised road transport policy providing for equal treatment, non-discrimination, reciprocity and fair competition, harmonised operating conditions and promoting the establishment of an integrated transport system”.

The association is also lobbying for the allocation of 20% of Zambian fuel movements to be allocated to local truckers. There are no refineries in the country, and all fuel is imported.

Allied to this is pressure that the association believes the Zambian government should be placing on Tanzanian authorities to allow Zambian trucks to work on the Dar es Salaam route.

“Around 94% of Zambian cargo travelling on the route is carried by Tanzanian truckers, he says. This is despite Zambia and Tanzania signing a revised agreement on the regulation of cross-border traffic in June 2015.

If 50% of copper exports were transported by Zambian haulers we would have the critical mass required to be competitive

— ROBERT MTONGA

Zambian trucking companies want a slice of the action
Business forum helps ease the way for SA companies in Zambia

If South African companies do more business in Zambia then it follows that they will be contributing to making the country do better, says Daniel de Beer, the second chairperson of the South African Business Forum (SABF). The SABF was set up in 2015 to serve as a networking forum for South African companies doing business in Zambia, and to represent the interests of SA companies. “In terms of our constitution our aim is to help South African companies overcome the many challenges of doing business here – both for the company’s benefit and the benefit of Zambia,” says De Beer, who is the regional brand manager for Hino. Successful businesses support sustainable jobs and attract more investment into a region or country, he says.

While the forum engages with government on behalf of South African businesses together with the South African High Commission to Zambia, the real value of the organisation is with the networking opportunities it provides, believes De Beer. “Many heads are better than one, and when members share their challenges they often find that someone else has already found a solution. “This doesn’t mean that we don’t compete with each other for market share.” As expats operating in a foreign country South Africans need to provide support to each other in order to compete against other foreign-owned firms, he adds.

De Beer, who is a relative newcomer to Zambia, says South Africans who want to succeed in Zambia have to learn to be “more tolerant of other cultures. We are guests in a foreign country, and it is us who have to adapt.” The forum will help South Africans who want to set up a business in Zambia. “Again this is the power of networking. There will be another South African company that will have gone through the process six months previously and can tell you what to do and what not to do”. A golf day is planned for October to raise funds for Zambian charities and to provide an informal networking opportunity. Any South African companies with operations in Zambia – or who wish to enter the Zambian market – can email DebeerD@toyotazambia.co.zm

Zambia’s goal to position itself as a regional logistics hub will be strengthened when work has been completed on the upgrade of the Kenneth Kaunda International Airport.

According to Zambia Airports Corporation spokesperson Mweembe Sikaulu, the organisation is investing US$360 million in new facilities for both cargo and passengers. Work has started by contractor China Jiangxi, and is due to be completed by the end of 2018.
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Having direct calls at all four of the main ports serving Zambia and Southern Democratic Republic of Congo (DRC) gives Maersk Line a unique helicopter view of the ebb and flow of freight volumes through the different gateways. “We are seeing total throughput decreasing through Dar es Salaam for both import and exports,” says Bruce Marshall, Maersk Line’s sales and country representative for the southern African hinterland territories of Zambia, Zimbabwe and Malawi. More reliable road and rail links between the Copperbelt and Durban, Walvis Bay and Beira combined with better efficiencies in some of these ports may, however, make it quicker to use one of these routes.

As much as 85% of the cost of importing or exporting a container between Zambia and Asia is incurred on the land-side transport, according to Maersk Line’s calculations.

There are other factors at play as well. According to a report in the Daily News of Tanzania, exporters are also moving away from Dar es Salaam due to the proposed introduction of Value Added Tax (VAT) on transit goods by the Tanzanian revenue authorities.

First mooted in 2009 the VAT is officially due to be implemented in the 2015/2016 financial year. Shippers have also moved to other ports because the Tanzanian road authority Tanroad has banned the use of interlinks.

“We are getting more enquiries for Walvis Bay and do expect this port to play a larger role in the future,” says Marshall. Maersk is one of the few shipping lines to offer a direct call from the Far East to Walvis Bay.

The shipping line is also helping importers and exporters in the region to weather the current economic turmoil and to select the most cost-effective routes by offering end-to-end services which include inland transport.

An example is a partnership with logistics service provider Manica and rail operator Grindrod to move copper and chemicals for Konkola Copper Mines (KCM), one of Zambia’s four major copper producers.
Companies are eliminating the risk of paying demurrage by making use of through bill of lading (TBL) services, according to Mesele Seyuba, director of Mediterranean Shipping Company (MSC) Zambia.

Once a container is released from Lusaka to the customer, the transporter’s responsibility is to have the container loaded within 24 hours and delivered to Johannesburg within 10 days. MSC holds the haulier responsible for any demurrage due to delays, says Seyuba.

“While merchant haulage – where companies appoint their own carriers – may seem to be cheaper, there are hidden or unforeseen costs which include demurrage,” he says.

The shipping company offers TBL services to all the ports serving Zambia, with the majority of exports moving through Beira and Durban.

Companies that want to use their own transporters are given 10 days from the release of the container for export to deliver it to the stack before incurring demurrage. With TBL imports the demurrage deadline is seven days from arrival at the border point of entry up to turn-in of empty container unit to MSC depot.

He adds that MSC has taken the strategic decision to ensure that there are always sufficient containers on hand in Zambia to meet the needs of exporters.

The line has a storage facility in Lusaka, and can deliver a container to most destinations in Zambia within 48 hours.

Maersk is also offering a through bill of lading through the four ports, and has introduced a vessel and rail service between Durban and Ndola.

“We are working hard to round-trip our containers, working with customers through supply-chain reviews to try and unlock more round-tripping opportunities, making servicing the inland locations more sustainable,” says Marshall.

As much as 85% of the cost of importing or exporting a container between Zambia and Asia is incurred on the land-side transport.

— Bruce Marshall

While merchant haulage may seem to be cheaper, there are hidden or unforeseen costs.

— Mesele Seyuba

Through bill helps control costs

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Efficiency drive cuts 25 days off transit time on SA-DRC route

Ed Richardson

By focusing on improving efficiencies at every point in the logistics chain between Durban and the Katanga region of the Democratic Republic of Congo (DRC), Bolloré Zambia is saving 22 to 25 days on the turnaround time, port to port, for trucks running between South Africa and the DRC, according to Olivier Terra, managing director of Bolloré Transport & Logistics Zambia.

At the heart of the operation is a US$10-million Chingola hub opened in May 2014.

It is the meeting point for two fleets of trucks – the one carrying copper and other minerals from the Katanga province in the DRC, and the other bringing supplies from South Africa.

Cargo is transferred in the 18 000-sqm secure warehouse facility.

Terra, who was based in Lubumbashi as the former deputy general manager of Bolloré in the DRC, says using DRC-registered trucks and drivers in the Congo is important as the drivers speak the language and understand the systems. Similarly, Zambian and South African drivers are more at home on the Durban-Chingola route than Congolese drivers.

Bolloré is using the latest tracking and information technology to monitor the progress of cargo “every step of the way”.

“Excellent rule keeping is one of our key performance indicators (KPIs) as it allows us to identify problems the moment they arise and to fix them”.

“The Bolloré teams on both sides of the Zambia-DRC border have put their full support behind the initiative and I am proud of what they have already achieved,” he says.

Most of the loads are pre-cleared, with formalities being completed “well before the truck is loaded. We start four or five days before the truck loads for both imports and exports,” he says.

Selected and trusted third party hauliers are used, with Bolloré adding in its own trucks where needed.

It was decided to focus on the Durban-Chingola route because it has the volumes necessary to balance the loads.

Chingola-Walvis Bay and Chingola-Dar es Salaam are at present not sufficiently balanced to ensure that trucks are not left idle while waiting for a load, he says.

“Bolloré has offices at all 12 border posts in Zambia, all of which are fully connected to the Bolloré network in Lusaka and which work with customs on a daily basis to minimise border delays,” he adds.
New app fast-tracks clearances

Trucks moving in Transit (RIT) freight through Zambia to neighbouring countries are being cleared at the borders within twelve hours, “on good days”, thanks to an app developed by a bank for the industry.

Using the app, which communicates between the Zambian customs, the bank and CML systems, bond payment can be made and confirmed within 30 minutes of the cargo dues being assessed by customs, according to CML operations manager, Richard Powell. “The bank sent out a team of developers from America and worked closely with us, others in the industry and the Zambian Revenue Authorities (ZRA) until we got it right.”

CML has now been using the system for some time and it has proved to be robust and able to handle over 200 entries a day, he says. However it is not only shippers of goods in transit who are benefiting from ZRA’s investment in new information technology.

The introduction of the Asycuda World customs system has made it possible to pre-clear cargo without the physical truck being at the border.

“While trucks have been cleared and are moving again within 24 hours, our current monthly average is 30 hours for all clearances at all the Zambian border posts.”

— Ed Richardson

Trilateral agreement paves way for Walvis gateway

A trilateral road transport agreement has been signed by Namibia, Zambia and the Democratic Republic of Congo (DRC).

It is part of the development of the Walvis Bay-Ndola-Lubumbashi Development Corridor (WBNLDC). Under way since June 2015 and signed in April this year, the agreement aims to develop a strong and competitive transport industry to ensure all operators compete successfully for a fair share of the transport market between the territories of the member states.

The Walvis Bay Corridor Group established an office in Zambia in 2005 and DRC in 2012 to develop business along the corridor.

At the meeting where the agreement was signed, the technical and permanent secretary committees of the WBNLDC agreed to establish a permanent secretariat by December 2017.

The African Development Bank is facilitating the running of the secretariat for a period of three years.

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Zimbabwe Office: Tel: +263 4 447171 – 6 | e-mail: info@jjzim.com
Zambian expertise drives regional expansion

Ed Richardson

Having established a strong client base through its Zambian and British offices, Cargo Management and Logistics (CML) is expanding into neighbouring countries in the region. Founded in 1994, CML says it has developed “special expertise in moving cargo internationally, but especially to, from and around the African continent.”

CML Zambia has a network of 15 offices throughout Zambia, including at all major border posts.

It is moving freight through all the harbours serving Zambia and through this, has established good relationships with reliable agents in Beira, Dar es Salaam, Durban and Walvis Bay, according to customer service manager, Rainer Frick. “We are responding to requests from the clients we serve in Zambia. Many have operations elsewhere in the region,” he says. According to CML, Zambia operations manager Richard Powell, the company has established support networks into Tanzania, Uganda, the Democratic Republic of Congo, Rwanda, Zimbabwe, Mozambique, Malawi, Botswana, Namibia and South Africa.

“We are applying what works in Zambia into the rest of the region.”

Richard Powell

Dissertation on copper movement gets global recognition

A 6000-word dissertation on moving copper from Kitwe to Rotterdam through Durban port, as well as an abnormal cargo shipment movement for a project site from China to Lusaka, saw Zambian Daniella Smal win the 2015 Young International Freight Forwarder of the Year (Yiffy) Award.

In addition to the dissertation she had to present her paper to a panel of international freight forwarding experts at the world congress of the International Federation of Freight Forwarders (Fiata), which was hosted in Taipei in September last year.

After winning the regional section of the competition representing Zambia, she represented the global trade association’s Africa/Middle East region, and is one of the first Africans to win the global award. Smal’s dissertation dealt with all aspects of the transport of the different cargoes.

As part of her prize she will receive one week’s practical experience of transport infrastructure (multimodal), which is likely to include visits to container terminals, air freight terminals, ports and surveyors’ offices based in Hong Kong as well as one week’s academic training in the TT Club’s head office in London later this year.

“I feel it is important to know more about the complexities of insurance in freight forwarding; there are so many parties involved and things manage to go wrong all the time,” says Smal, the logistics development manager of Lusaka-based Customized Clearing and Forwarding.

The daughter of Valerie Sesia, one of the leading freight forwarders in the region and former vice chairperson of the Federation of Clearing and Forwarding Associations of Southern Africa (PCFASA), Smal has been exposed to the industry from a young age. “I never once considered not working in logistics,” she says.

After completing school, she went to the University of Pretoria where she obtained a BCom in marketing and communications, followed by honours in business management from Unisa. She is currently studying towards an MBA.

Diploma on copper movement gets global recognition

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After completing school, she went to the University of Pretoria where she obtained a BCom in marketing and communications, followed by honours in business management from Unisa. She is currently studying towards an MBA.

Diploma on copper movement gets global recognition

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loser co-operation between the associations representing clearing agents in Zambia and the country’s customs authority (ZRA) may help prevent extended delays caused by systems failures when upgrades and enhancements are introduced.

According to Eston Sakala, board secretary of the Zambia Customs and Forwarding Agents Association (ZCFAA), the authorities have agreed to pilot the next phase of the Asycuda World introduction with ZCFAA members.

The latest addition to the system will allow Zambian agents and shippers to self-assess their declarations.

“This will reduce border delays on the Zambian side as cargo will be cleared almost immediately,” he says.

That is “unless the system red flags a shipment that may be of interest to the authorities and subject to further verification or inspections”.

However, past experience has shown that there are usually teething problems with the introduction of a new Asycuda module – hence the agreement with ZRA to pilot the module before it goes live for all clearing agents.

In addition to the instability following the addition of new modules, the industry faces challenges with daily power outages and a lack of reliable and affordable bandwidth – which is needed because Asycuda is a cloud-based system.

Electronic messages are being delayed because servers are down at different times across the country.

This leads to communication problems with the Asycuda system as the ZRA server is at times offline when the clearing agent’s is up, or vice-versa.

While all of the bigger agents will have standby power, the problem is that there is not always the necessary backup throughout the system, he says.

“In industry stakeholder meetings ZRA has confirmed that funding has been secured to upgrade the current vsat link in all major stations as a backup. “This will assist in alleviating complete connection disruptions even though slower than the main links when up,” he says.

Speeding up Customs clearance

There are around 700 registered clearing agents in Zambia, ZCFAA members accounting for between 75 and 90% collection of customs revenue, according to Sakala.

The latest addition to the system will allow Zambian agents and shippers to self-assess their declarations.

— Eston Sakala

The J&J Group and transporter, Cargo 2 Congo, have joined forces to better serve the route between South Africa and the Copperbelt, as well as the rest of Zambia, according to Oscar Gutierrez, general manager of J&J Transport Zambia.

“Going forward we intend to be more involved in the South African market. J&J will continue with its primary focus on the Beira route, and can now move freight on the South African route as well using the Cargo 2 Congo infrastructure. “Beira remains the preferred route for exports, while most of the mining equipment and a large percentage of the supplies comes through Gauteng,” he says.
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Celtic takes bold steps to move containers off road

Ed Richardson

It’s full steam ahead for the return of rail for the transport of goods in and out of Zambia, according to Aileen Ryan, commercial manager of the Celtic Freight Group.

The company is at present one of the largest movers of containers by road between South Africa and Zambia, and has its own container terminal in Lusaka, as well as warehouses in Durban and Gauteng.

“Celtic recognises that rail will one day return to play a huge part in Zambia’s import and export potential. “The future of bulk transport in Africa logically should be rail. “We have banked on that becoming a reality, and invested a huge amount of effort and some capital into paving the way for what in some ways is our competition,” she says.

Celtic’s investment in creating a 20 000-sqm paved area at its new rail siding, which is equipped with a reach stacker for full containers and stackers to handle empties, will pay dividends in the medium to long term.

“In our experience logistics companies are able to book and fill a block train to and from Lusaka. The problem comes in with the efficient offloading, storage and distribution or packing of the containers,” she says.

The rail siding is being managed through the same systems developed by Celtic for its road haulage operations.

“Zambia Railways has been slated in the press. Yet, our experience is that they in fact are interested in solving problems, and are keen to work with the private sector. Officials from Zambian Railways have inspected Celtic’s facility, “like the set up, and are looking forward to the big international shipping lines and forwarding operations moving containers off the road and onto rail,” she says.

Until recently there were only two other private rail and container terminals, in Kitwe and Kapiri Mposhi. “Having an independent modern facility in the heart of Lusaka’s industrial area creates opportunities for the cement, agricultural and steel sectors in particular to reduce logistics costs. “We are currently in negotiation with a cement company to service their needs in central Lusaka,” she says.

Celtic also sees an opportunity for more containerised freight to move to rail.

Ryan points out that the world’s three largest shipping companies provide a through bill of lading service to Zambia, and also use the Celtic terminal for their empty and full container handling.

Among the first orders for the Celtic siding have been the loading of empty containers from its stack onto rail for use elsewhere in the country and region.

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14 Zambia August 2016
The Zambian government has stepped in to regulate transport and logistics in the country – with the support of the sector.

In terms of the Zambia Chartered Institute of Logistics and Transport (ZCILT) Act it is illegal for any professional to work in the industry without being registered with the “Logisticians and Transport Registration Board”.

According to the ZCILT website, the “principal objective of ZCILT is “to promote and encourage the art and science of logistics and transport, and achieves this through both its membership and its educational qualifications.

“Membership provides a professional identity to those in the logistics and transport sector, as well as international recognition”.

It is a legal requirement that persons, firms and indeed government agencies only employ persons to perform logistics and transport functions who are members of ZCILT, according to the organisation.

Industry representatives in the transport and clearing sectors interviewed by FTW welcomed the formation of the ZCILT, saying it would help raise standards in the industry.
A new Reddy Logistics warehouse and truck staging precinct is taking shape in Ndola following delays caused by four months of heavy rains – while much of the rest of the country is suffering from drought.

The ground has been drained, raised, levelled and compacted – and all the steel and formwork for the structure is either at the temporary premises in Ndola or in storage at the Reddy facility in Johannesburg, according to Reddy Logistics Zambia country manager Moses Funiro.

“Ndola is in need of quality modern warehousing, and this will help fill the gap. There will also be offices and secure facilities for trucks and drivers to overnight,” he says.

It will cater for trucks of clients and service providers, as well as Reddy Logistics’ own fleet.

The facility, which is situated in a new industrial area, has its own borehole and sub-station. Being on the same grid as two large mining operations means that it will not suffer from the regular power cuts experienced in the city, he says.

The 24 hectares of ground acquired by the company will be transformed into a logistics hub with accommodation on site for drivers and other staff, as well as a workshop.

Reddy Logistics Zambia, which started operating in Ndola during 2015, is growing despite the downturn in the local economy, and has outgrown its temporary premises, according to Funiro.

“We are hoping to complete and move in within four months.”

Expansion into Zambia is part of the company’s drive to provide transport and logistics services throughout the region.

Ndola is in need of quality modern warehousing, and this will help fill the gap.

– Moses Funiro

The current downturn in Zambia is being used by Bolloré Zambia to fine-tune its operations and to ensure that the company is able to support new markets such as projects in renewable energy, pharmaceuticals and agriculture – all of which are gaining importance in Zambia and its neighbours, according to Olivier Terra, managing director of Bolloré Transport & Logistics Zambia.

He says Bolloré’s investment in Zambia supports the use of the country as a logistics hub for the region.

“We have around 41 000sqm of warehousing and move 220 000 tons of freight a year, with a team of 290 people.

“All the systems are in place to support the next phase of growth in the economy,” he adds.
The sight of large cranes working daily on a new terminal for Kenneth Kaunda International Airport in Lusaka has prompted airfreight specialist NAC2000 to continue investing in its own systems and infrastructure to support plans to make the airport a regional airfreight hub.

Work started on the new passenger terminal in June 2015, and is due to be completed by late 2019.

As part of its US$360-million expansion, the Zambia Airports Corporation (ZACL) will be constructing new aprons, taxiways and a control tower.

“The vision of Kenneth Kaunda International serving as an airfreight hub for the region is becoming a reality,” says Jonathan Lewis, managing director of NAC2000.

In preparation for the expected growth in airfreight the company is completing the fitting out of a new warehouse designed to handle perishable cargo and is in a process of continuous improvement of its internal systems in order to eliminate unnecessary and wasteful costs in its systems.

NAC2000 is the only Zambian airfreight company to be invited to participate in a Japanese International Cooperation Agency-sponsored Kaizen programme.

There is, however, more than enough capacity at the airport to handle larger volumes of airfreight, according to Lewis.

Total capacity is around 9,280 tons of freight a year, with 9,000sqm of warehouse facilities on the border of the airport.

The necessary ground equipment is available to handle all types of air cargo.

NAC2000 also has modern X-ray equipment, which has enabled it to obtain Third Country EU Aviation Security Validated Regulated Agents (RA3) certification, which means that clients are able to export directly into the European Union out of Lusaka without their cargo having to be security checked at another airport.
Zambia’s strategic central location from a logistics perspective has been recognised by egg producers, with nearly eight tons of broiler hatching eggs being exported a month to Cameroon, according to Nkula Kasanga, regional manager of BidAir Cargo. The West African country is just one of the destinations for Zambian-produced eggs, he says.

According to a Netherlands-government-funded study of the poultry industry in Zambia, the sector contributes 4.8% to the agricultural gross domestic product, and 48% of the livestock sector.

According to the Poultry Association of Zambia, the poultry sector provides direct and indirect employment to 80 000.

Production is reported by the association to be over a 1.1 billion eggs and 75 million broilers.

The main producers are largely foreign-owned integrated companies Zambeef (which includes poultry feed producer Novatek), Zamchick, Eureka chicken, Olympic Stock Feeds, Nam Feeds, Hybrid Poultry, Ross Breeders, Tiger Chicks, Copper Belt chickens and Golden Lay.

In 2015 South Africa’s Rainbow Chicken entered into a joint venture with Zambeef to form Zamhatch, which provides day-old broiler chicks to the local market.

BidAir Cargo makes use of Ethiopian Airlines for its exports to Cameroon via Addis Ababa. Airfreight is preferred over road because the eggs are subjected to less stress than those hauled by road, according to Kasanga.

BidAir Cargo Zambia is a joint venture with Zega, one of the biggest exporters of fresh produce from Zambia.

It has offices and representation in Livingstone, Lusaka, Ndola, Chipata, Mfuwe, Mansa, Kasama and Solwezi in Zambia, as well as a number of destinations in neighbouring countries.

“We can reach most destinations in Africa from here,” he says.

In addition to agricultural exports BidAir handles urgent spares for the mines and the export of ore samples for analysis by labs in China and Europe.
Study points to huge losses due to misinvoicing

Relations between the mining industry and the Zambian government could sour again after the elections following the publishing of a report “Trade Misinvoicing in Primary Commodities in Developing Countries” by professor Léonce Ndikumana of the University of Massachusetts in Amherst.

Funded by the United Nations Conference on Trade and Development (Unctad), the study found that between 1995 and 2014 the Zambian fiscus suffered severe losses due to under-invoicing of copper exports totalling over US$37 billion.

In 2015 War on Want published a study which estimated that Zambia was losing up to US$3 billion a year due to “tax avoidance and tax evasion” by multinationals.

“Zambia’s results show copper export under-invoicing, with the notable exception of trade with Switzerland and the United Kingdom, which exhibits export over-invoicing of US$31.8 billion and US$4.4 billion, respectively,” says Ndikumana in the Unctad report.

Trade with Singapore, South Africa and the United Republic of Tanzania also exhibits export over-invoicing, albeit at a “relatively smaller proportion compared to Switzerland”.

Switzerland and China accounted for an accumulated US$31.8 billion of export over-invoicing and US$5.6 billion of export under-invoicing, respectively.

Logistics company helps balance loads

Both shippers and hauliers can benefit when a logistics company is used to coordinate the movement of cargo in and out of Zambia, according to Minesh Parmar, founder of Logistix Zambia.

Freight rates are affected by empty legs due to an imbalance of cargo on most of the main corridors serving the country. “When we act as a broker we can negotiate better deals with transporters than most shippers can on their own. We guarantee the haulier a certain number of loads a month, as well as back loads,” he says.

Hauliers benefit because they are able to fill their trucks both ways, with minimal delays while waiting for a return load.

Logistix has regional offices in both Ndola and Johannesburg, and operates throughout the Southern African Development Community (SADC).

It provides a consolidation service from its own warehouse in Johannesburg for smaller loads from South Africa.

In Zambia it offers stock control and distribution services supported by the GPS Track and Trace systems for both imports and exports.

The company has its own fleet of long-distance trucks, which are supplemented through contracts with leading hauliers in the region. At present Walvis Bay is the most cost-effective corridor for full containers between Zambia and its neighbours, according to Parmar.

“The port is very efficient and the route is more cost-effective than Durban. Dar es Salaam is very congested,” he says.

Mystery of disappearing copper

Much of the copper exported by Zambia never arrives at its primary destination, according to “Trade Misinvoicing in Primary Commodities in Developing Countries” by professor Léonce Ndikumana of the University of Massachusetts in Amherst.

On paper 51% of Zambian copper is exported to Switzerland, but “copper exports to Switzerland present a peculiar case, as no such exports are recorded in Switzerland at all,” says the report.

Switzerland is not alone. “The results for trade with Italy show US$2 billion of copper export under-invoicing compared to only $16 million of exports reported in Zambia’s data. “The respective values for trade with the Republic of Korea are $3.9 billion in export under-invoicing and $358 million of declared exports.

“Most of the copper exports to these countries are not recorded in Zambia’s official statistics,” says the report.
A renewed focus on improving efficiencies within the business is helping clients to weather the present economic downturn in Zambia – and J&J Transport Zambia to continue investing in the country.

The company is in the process of expanding its Lusaka premises by 40% to support a fleet of around 1,200 trucks run by the J&J Group and its partners, according to Oscar Gutierrez, general manager of J&J Transport Zambia.

Included in the investment is the paving of the entire area amongst other infrastructure.

“The facility is perfectly positioned to serve as a hub for Zambia and neighbouring countries. “We have already invested in new container handling equipment which allows us to be a lot more flexible,” he adds.

Once all developments are completed, container unpacking and packing services will be offered on site, and transit containers will be staged in Lusaka.

“All the best practices from our experience in Beira are being incorporated into the Zambian operation in order to maximise efficiencies,” says Gutierrez.

“Customers benefit from greater efficiencies because they get their cargo earlier, and there are fewer delays due to accidents and breakdowns. We are also able to offer more competitive rates,” he says.

As part of the efficiency drive, customers are also being asked to rate the service they receive and to suggest ways to improve.

“Our flat management structure enables us to be nimble and to make changes quickly where needed,” says Gutierrez.

One example is that J&J Transport Zambia is now handling domestic deliveries as well as strengthening cross-border and project cargo in order to improve efficiencies through the maximisation of fully loaded round trips.

“Our objective is to reduce the number of empty legs in order to bring down costs to our customers,” says Tiddy.
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