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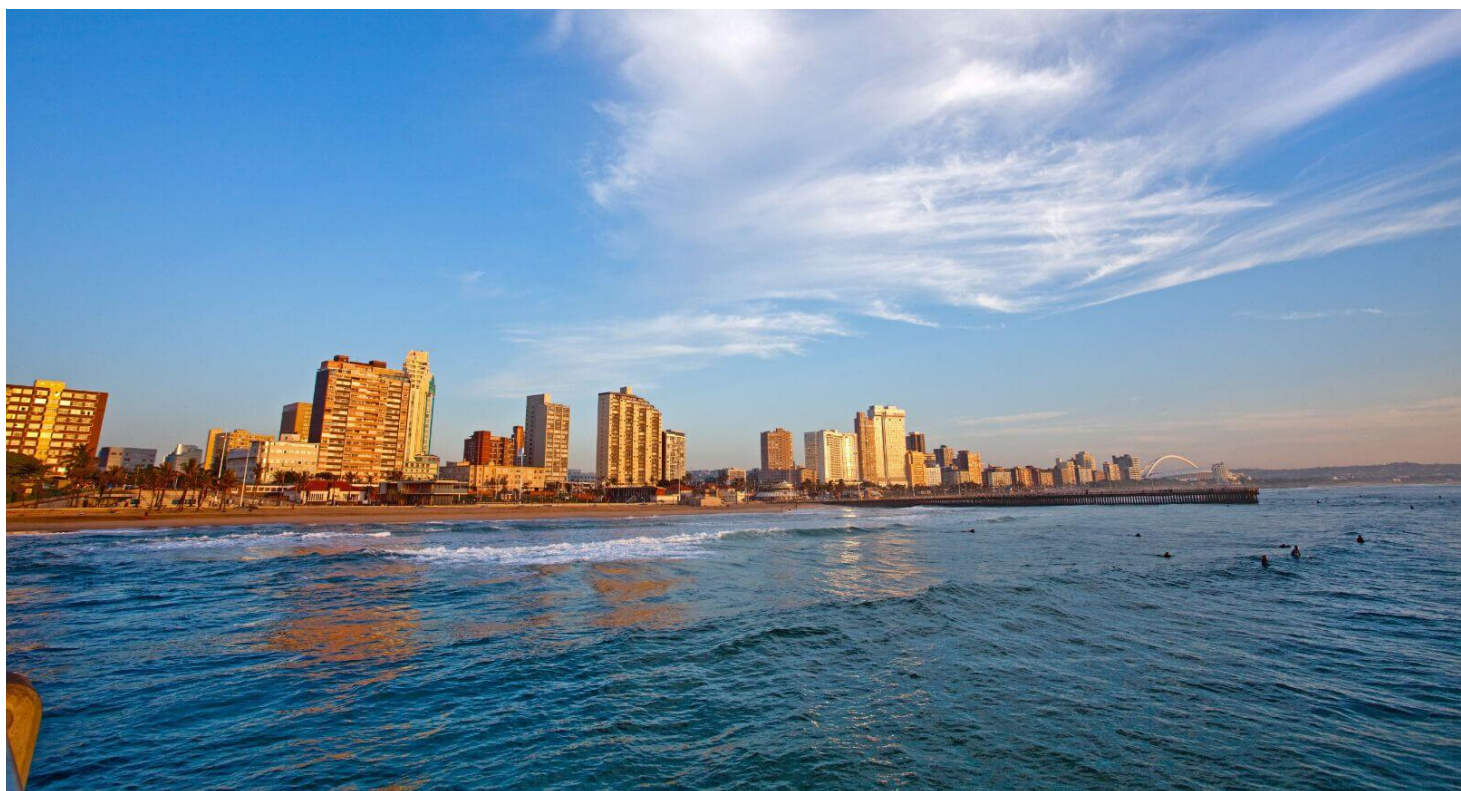
Investment in the North-South Corridor

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HASHILA DAYA

BUSINESS RETENTION OFFICER, TRADE & INVESTMENT KZN

Trade & investment KZN (TIKZN): Your gateway for investment

Provincial trade and inward investment promotion agency TIKZN has played a critical role in promoting KwaZulu-Natal as an investment destination.

"The agency aims to identify and package investment and export trade opportunities in the province, provide a professional and comprehensive service to potential and current investors and exporters, and to ensure easy access to investment and export trade opportunities."

Daya told delegates that the business retention unit was established to facilitate the business expansion and business retention needs of companies both locally and internationally. "This also assists municipalities, industry associations and businesses to develop business linkages opportunities," she said.

Following international best practice it is a facilitation role, but one that has proved to be critical to growing the profile and investment of the province. Activities include company visitation programmes, industry competitive development programmes, supplier development programmes for BBBEE companies, assisting companies with regards to incentives applications, work permits and business permits, permissions to operate as well as the promotion of local purchasing, education and training and technical assistance.

"The agency is equipped with the professional expertise and experience as well as national and international networks geared to maintaining and growing KwaZulu-Natal's competitive advantage as a premier investment destination and leader in export trade."

The strength of KwaZulu-Natal as a preferred investment destination is its two major seaports - Durban and Richards Bay - as well as Dube TradePort, home to King Shaka International Airport.

"KZN has a highly competitive advantage in capital-intensive manufacturing, transport, storage and communications, as well as finance and business services. It is also well-positioned in agriculture, forestry and fishing, agricultural resource-intensive manufacturing and in the tourism and accommodation sectors."



MIKE DANIEL CEO, RAILRUNNER SOUTH AFRICA

How a multimodal solution can add value to the North-South Corridor

The North-South transport corridor (NSC) from Durban to Kolwezi in the DRC is arguably one of Africa's most important trade routes and its development will bring major value not to mention increased intra-regional trade.

Running through six countries and involving six railways, development of this corridor, requires a new approach and new solutions that speak directly to the needs of Africa.

According to Daniel, Railrunner offers the innovation required for the development of the NSC.

"Roadrunner will do for African logistics what cellphones did for African communication," he says.

This is thanks to the unique system the company offers that combines the economics of rail with the flexibility of trucking while linking directly into international containerised shipping networks.

The company already has a signed agreement with Transnet to put its high-density bi-modal trailers into service on the Cape Corridor and other parts of Transnet's 20 000-km rail system, and hopes are high that development of prototypes will happen this year despite Covid-19.

Railrunner had developed bimodal technology that allows a patented RailRunner trailer to run over the road as well as rail. The RailRunner trailers and bogies (the specialised sets of wheels that allow the trailers to operate on rails) are used to form a bimodal block train which can be connected to a standard locomotive for the terminal-to-terminal transport leg. Standardised containers handled by the RailRunner system can be interchanged between all modes of traditional intermodal transport: road, rail, and ship.

Daniel says stable operations can be delivered on trains running at 100km per hour.

According to Daniel, increased volumes on rail are necessary if corridors were going to develop and grow.

"Highway infrastructure is behind the demand curve, so building new infrastructure and maintaining existing infrastructure will be a significant and unaffordable drain on any national fiscus."

More so, heavy trucking operations currently being used on the corridors are labour intensive, consume high amounts of expensive imported fuels, cause air, noise and other environmental pollution while being widely recognised as unsafe.

"Railrunner offers impactful logistics solutions to the transportation industry lowering transportation costs," says Daniel. "The introduction of this bimodal technology will deliver significant benefits assisting with moving freight from road to rail."

He says logistics costs can be reduced by up to 20% and carbon dioxide outputs by more than 40%.

Calling it a disruptive technology Daniel said Railrunner was a simple operation to grow the network reach.

GAVIN KELLY

CEO, ROAD FREIGHT ASSOCIATION

Healthy Corridor = Prosperous Ports

Improved cooperation amongst stakeholders to implement policies and agreements would significantly boost the development of the North-South Corridor. Whilst there have been numerous agreements signed over the years by corridor partners, few have been put in place and are being adhered to.

"We are still struggling to get a lot of the great agreements and the wild, fantastic, euphoric ideas that were floated ten, twenty years ago in place. The cooperation is just not there."

According to Kelly economic cooperation between neighbouring states was also not what it was supposed to be. "It is critical for the success of any corridor that there is economic cooperation and that the agreements are enforced because only then will it see the growth and unlock the value which is intended."

Comparing a corridor to axels and bearings Kelly said it only worked well if each component was operational and well-functioning. "A corridor has several players in it and there are interlinkages between them all. Much like a bearing tribals around an axel, they all need to operate smoothly and seamlessly for the entire system to work."

These players included the ports, road, rail, customs, authorities, investors and customers. "It is a system of interaction where each component has to play a role. When road and rail present at a border crossing, customs need to be a well-oiled machine where seamless interaction takes place. Only then will we get to something that we have been struggling with – investors. For more than 20 years investment has come in small bits and pieces along corridors only to be followed by tall barriers and tariffs."

"What we want is to prove to investors that these corridors can work and to invest in the total corridor. That is how we keep this bearing moving."

He said it was just as important that all the entities in the bearing needed to understand they were allies and not enemies. "Authorities need to work with all of the stakeholders on the corridor. We cannot be isolated or insulated entities each protecting its turf. A healthy corridor will in turn see the ports prosper. By changing the approach to the corridor concept the region will see its corridors and ports not just survive but thrive."

Whilst some of the plans for the North-South Corridor remained ambitious, such as linking Cape Town to Cairo, Kelly said there was still much that could be achieved. "Just imagine what it would mean in terms of how we move freight, the businesses along this corridor and how we would be able to unlock markets if we could get this right?"

"There are numerous challenges to overcome including making sure the fundamental building blocks are in place. Some hard and soft infrastructure issues must be addressed. The dream, however, is a good one. It is time we take action and make it a reality."





WARWICK LORD CEO, CATO RIDGE LOGISTICS HUB CONSORTIUM

Addressing the bottleneck

The Cato Ridge Logistics Hub will completely change the logistics landscape in KwaZulu-Natal, the start of the North-South Corridor.

Thanks to its prime location 20km South-East of Pietermaritzburg and consisting of vast amounts of land it will act as a logistics pillar between Durban and Gauteng and further North.

"It is commonly accepted that cargo, in particular freight destined for movement to the hinterland of Johannesburg and beyond, should be moved away from the port as soon as possible and then handled in an area suitable for stuffing and de-stuffing an onward movement," said Lord.

Considering the congestion already being experienced at the Port of Durban, one of the busiest ports on the African continent, the picture looks even bleaker considering that freight projections indicated that with existing expansions and improvement the port will exceed its maximum capacity of 5,5 million TEUs by 2035.

Whilst several options have been identified including a new dugout port, current financial constrictions have delayed most of these options.

An intermodal logistics hub in Cato Ridge makes the most sense, said Lord. "Transnet already has a small rail terminal here and expanding this into a fully-fledged freight handling facility will bring about much efficiency to the supply chain."

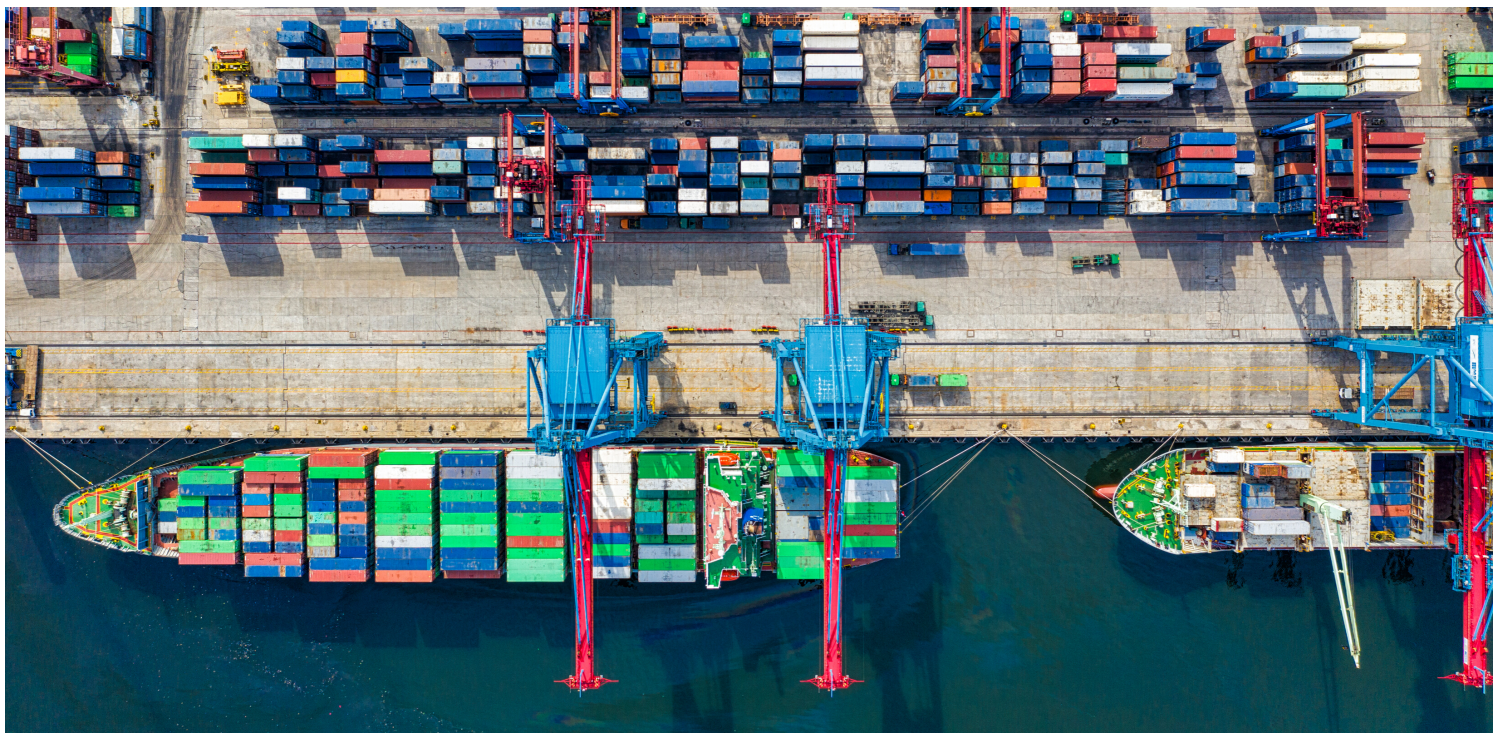
Support for the development has been growing and it is now recognised as a catalytic project for the metro and the province. "There is complete understanding on all three levels of government that this hub is needed to decongest the Port of Durban, the city and improve the efficiency of the port and logistics in and out of the province."

According to Lord, another key benefit will be that it will strengthen the logistics and transport between the port and the country's main industrial hubs.

"Furthermore, it will integrate the currently disconnected industrial and logistics activities as well as marginalised rural productions centres surrounding the corridor."

Lord said the project was in line with the national, provincial and local government policy framework and represented a private-led investment with an estimated value of R18 billion.

This would develop an intermodal container and automotive terminal with a truck stop and staging area, a logistics and industrial park, a tank farm and petroleum products supply pipeline as well as a range of bulk infrastructure, rail infrastructure and new road infrastructure including a new interchange on the N3.



JOHN ROCHA **CHIEF DIRECTOR: TRADE INVEST AFRICA**

North-south Corridor as key factor for SA supply chain in SADC & beyond

Major Southern African trade corridors and regional trade nodes need to align to ensure the smooth flow of trade along the North-South Corridor. The outbreak of the Covid-19 pandemic highlighted this necessity, said Rocha, indicating how the different measures implemented by various countries to contain the virus, had wreaked havoc with trade.

“Covid-19 has forced us to press the reset button. We don’t know what the epidemiology and the evolution of this virus are going to be in the next 12 to 24 months,” he said. “It is therefore important that we start to think about how we are going to effectively respond to the challenges and enhance efficiencies for South Africa to supply more products to the north of its borders.”

He said trade with Kenya year-to-date was down by 50%, Tanzania by 21% and the DRC 30%.

The non-alignment of policy and the lack of harmonisation has, however, been problematic in SADC since long before Covid-19.

“It is clear that we need to take a far more integrated approach to grow intra-regional trade,” said Rocha. From a South African perspective growing exports into Africa remained a top priority. “We need to move beyond the space we currently dominate in Southern Africa and increase our penetration in East and West Africa and to some extent central and North Africa.”

The approach to achieve this goal was underpinned by three pillars. “Firstly through the promotion of bilateral trade. We want to increase South African exports, but at the same time also look for opportunities to import more goods into the country. This will reduce transport costs.”

The second pillar was the promotion of industrialisation and thirdly, infrastructure development.

“Over the next 15 years we will have strong competition to capture some of the trade currently going up the North-South Corridor. As a country, we need to position ourselves strongly to take advantage of opportunities that present themselves.”

Admitting that the biggest challenge at present was efficiency he called on the private sector to enter into a dialogue with the government to deliberate a workable solution that was sustainable.

“We need to jointly identify and prioritise projects and sectors which are critical to support the South African industrial development and growth agenda by way of stimulating increased demand for our goods and services.”

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