

# **INTERACTION BETWEEN THE PORT OF WALVIS BAY AND THE WALVIS BAY CORRIDOR: A CASE STUDY OF OPPORTUNITIES AND CHALLENGES**

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## **INTRODUCTION**

Following substantial investment in port infrastructure and port dredging over the last 5 years, the Port of Walvis Bay is now poised for its role as an alternative gateway to SADC markets on the west coast of Africa, for import/export business with Europe and the Americas. Utilisation of the Port of Walvis Bay for this natural geographical catchment area for its business with SADC will reduce congestion and pressure on currently overloaded South African ports, and would allow for a more logical distribution of freight transport throughout the region. Effective surface transport between the port and its SADC target markets remains however a key success determinant in this regard. Clearly, intermodality lies at the heart of the success of this transport corridor concept. The logistics aspects of the overland route, inclusive of the sea/land interface and possible road/rail intermodal transfers and the effective management of the interface between different players through the Walvis Bay Corridor route remain of paramount importance for this development. To achieve the objective to establish the Port of Walvis Bay as a key conduit to cut transit times to and from overseas markets, the Walvis Bay Corridor has now been introduced in the region as such an alternative trade route.

## **INSTITUTIONAL PHILOSOPHY AND DESIGN**

Following independence in 1990, Namibia's National Strategy for Transport and Logistics pursued *inter alia* the goal of becoming a regional transport hub for the SADC region. National transport infrastructure to support this, with the Port of Walvis Bay, the Trans Kalahari Corridor and the Trans Caprivi Corridor being its core elements, was constructed in the first development decade (1990 – 2000); the required infrastructure was completed with the deepening of the Port of Walvis Bay to 12,8m below Chart Datum in mid 2000. The challenge now remains to fully operationalise the Corridor, to increase utilization of investments and to maximize the economic benefits and business opportunities for transport service industries and to reduce transport and distribution costs. For that purpose, the Walvis Bay Corridor Group (WBCG) has been established in March 2000 as a service and facilitation centre and a coordinating mechanism for corridor development and management. The Port of Walvis Bay forms the point of exit and entry for trans Atlantic trade and the interface between land and sea transport for the SADC region and its western and American markets. Namport initiated the institution building process by providing initial funding and ensuring qualified staffing and equipment for the WBCG office in Windhoek.

The WBCG is a joint operations concept of Namibian transport stakeholders from both public and private sector. Members represented from the private sector are port users, the forwarding industry and road carriers (at national association level), and the Namibia Chamber of Commerce and Industry. Parastatal organisations represented are: Namport

and TransNamib (respectively the ports and rail operators). Government from a transport and trade perspective is represented by the Ministries of Works, Transport and Communication, Finance (customs), Trade and Industry (Namibia Investment Centre), as well as the Municipality of Walvis Bay. As opposed to certain other regional Corridor Groups which are skewed towards either public or private sector, the WBCG represents a balanced public private sector partnership; proven by equally shared financing through the industry and Government. A lean Secretariat with three positions serves as the executive arm of the WBCG, with the mandate to increase the utilization of the Walvis Bay Corridor and to maximize the flow of traffic on the Corridor routes by facilitating the provision of relevant enabling frameworks; by engaging in marketing activities that focus on business development and on attracting Atlantic business from traditional routes; and by leading capacity building exercises in the transport and transport corridor sector with anticipated results to the benefit of Corridor stakeholders and the SADC region. To date, this public private sector partnership has proved to be the major institutional asset of the Corridor Group: it has allowed the pooling of the resources and expertise of Government as the transport regulator and of the industry as the transport operator. The WBCG is now extensively utilised by partners and customers as the central entry structure for any Corridor enquiries; facilitated by enquiry section of the WBCG website. The WBCG has now matured into a recognised national agency in Namibia, and now acts as the main custodian for corridor development on the western seaboard of Southern Africa. This is fully acknowledged by the Namibian Government.

The institutional set-up of the WBCG has been recognised as a possible template for further such developments in the region. Given the mission of the WBCG to facilitate an optimised logistic chain along the Corridor routes, the trilateral Trans Kalahari Corridor Management Committee has been established through the joint initiative of the Namibian Ministry of Works, Transport and Communication and the WBCG, with stakeholders from the three member countries South Africa, Botswana and Namibia and the regional associations from road hauliers and freight forwarders. The establishment of this corridor management committee fulfils the requirements of the relevant SADC Protocol on corridor development, and the WBCG has been appointed to the Secretariat function of this corridor committee. Support through the USAID funded regional RAPID programme has provided highly qualified and implementation driven support to the Trans Kalahari Corridor Management Committee.

## **BUSINESS DEVELOPMENT**

Beside its own internal marketing activities and generic marketing efforts in the SADC region and abroad, the institutional design of the Walvis Bay Corridor Group (WBCG) allows mechanisms to mobilize and streamline the individual extensive marketing resources of the different member institutions into a combined corridor marketing and business development effort. The key landside elements of the corridor route is represented by the two-leg highway network consisting of the Trans-Kalahari highway linking Walvis Bay with Botswana and Gauteng on the one hand, and on the other the Trans Caprivi highway to the north, that provides links to southern Angola, Zambia and Zimbabwe. Primary challenges on these routes are the long overland haulage distance and concomitant cost issues, and the number of regional border post crossings that have to be effected in the transport process. Teething issues such as animals on the road and lack of support facilities along the route of specifically the Trans Kalahari Highway also play a significant role. These primary issues have been the current focal point of the WBCG's optimising efforts. The current business development approach can be summarised as follows:

- design of a Corridor concept which is based on efficient intermodal operations and an integrated corridor costing system
- generic marketing activities of the corridor opportunity in the region and abroad
- packaging of market information into business opportunities for the industry
- facilitation of joint corridor marketing campaigns, for example participation in regional/international trade fairs, JMCCI breakfast meeting in Johannesburg, presentation on AGOA workshops, promotional tour in Germany in cooperation with the German Africa Verein
- co-ordination of operational proposals and quotations for big volume customers, e.g. SA mining industry, food aid operations

## **FACILITATION OF ENABLING CORRIDOR FRAMEWORKS**

Efforts in this regard have been concentrated on the Trans Kalahari Corridor to date, which links the Port of Walvis Bay with Botswana and Gauteng across the industrial heartland of Southern Africa. The Trans Kalahari Corridor has been officially opened in March 1998 by the Namibian and Botswana State Presidents. Initially a vicious cycle of low utilization and bad press coverage started developing, creating a risk of even lower utilization. In 1999, a trilateral inspection team travelled the road from Pretoria to Walvis Bay, documented the problems, drafted recommendations and produced an Inspection Report (September 1999). The WBCG, in cooperation with the Namibian Ministry of Works, Transport and Communications, initiated follow-ups to ensure the implementation of the reports recommendations.

The following is an excerpt of a RAPID document, which has been produced to promote the TK facilitation process, specifically the TK MoU)

“Major transport investments have been made in port and road infrastructure on the Trans Kalahari Corridor, yet it is still operating considerably under capacity. A group of government ministries and private sector interests on the Trans Kalahari Corridor met to consider what could be done to realize the potential of the infrastructure in place. A series of studies were carried out to identify the problems and cost factors that are negatively impacting the use of the route. Based on these findings and several meetings of stakeholders, the governments of Botswana, Namibia and the Republic of South Africa decided to form a Corridor Management Committee in accordance with the SADC Transport Protocol. Co-chairmen were selected from the Ministry of Transportation in each country and the stakeholders began the process of building an organization and shaping its agenda. For the first year the Namibian MWTC chairs the TK CMC and WBCG has been appointed as Secretariat”

The “Memorandum of Understanding between the Governments of the Republics of Botswana, Namibia and South Africa on the Development and Management of the Trans Kalahari Corridor” has been drafted to create a legal framework for cooperation, to set the goals of the organization, to determine an agenda of issues to be addressed by the Corridor Management Committee and to set a timeframe for achievement of the agenda. The MoU graphic below illustrates the concept of the MoU, as a cooperative framework linking the countries on the corridor, and the areas to be addressed by the Committee through Working Groups on each of the 12 topics shown.

# Trans Kalahari Corridor



## ACHIEVEMENTS

On an operational level, achievements include the extension of border post operating hours at Buitepos / Mamuno. Border post hours have been synchronized and lengthened to 18 hours on the TKC. More important, however, is the drafting of a trilateral Memorandum of Understanding on the "Development and Management of the Trans Kalahari Corridor" which defines and recommends necessary improvements of core issues of regional transport facilitation, such as customs issues, border post management, transport and traffic regulations, commercial opportunities etc. The MoU is expected to be signed and ratified by the three Governments in early 2002. The new procedures are based on (a) a single Customs document, (b) a single bond and (c) the accreditation of carriers. This Customs initiative is meant to effectively reduce border delays (between 4 and 48 hours in SADC currently, compared to between 5 and 30 minutes at US Canadian borders; border crossing delays at the 7 major border crossings in the region are estimated to cost US\$122 million. (Based on a standing cost for a 56-ton truck of US\$22/hour.)

The trial project runs for 3 months from 01 April to 30 June 2002 and will be monitored and evaluated to, if necessary, optimise regulations and procedures for SADC wide implementation. SADC Heads of Customs have approved that the Trans Kalahari Corridor serves as a model and test case for the development and implementation of the Model

Transit Procedures for the SADC region. This will effectively facilitate cross border trade and give a further boost to the utilization of the Trans Kalahari Corridor. Recent traffic counts (June 2001) showed that the heavy vehicle throughput has tripled since end 1999, with capacity utilization increasing from 15 % to approximately 45 %. The next step would be the introduction of joint border posts so that a vehicle can make only one stop to clear customs with both countries. The Heads of Customs have approved the development of a joint border post pilot, enabling legislations has been prepared, SARS has begun an internal consensus-building process, and Namibia and Botswana have expressed interest.

## **CHALLENGES**

Presently Namport and the WBCG are designing a joint regional marketing campaign, incorporating the "Port Plus Concept" which integrates Port and Corridor operations and activities. Namibia in general and the Trans Kalahari Corridor specifically play an important role for SADC regional trade, specifically between SADC countries and South Africa. Against the background of severe under utilization of the Trans Kalahari Corridor two years after opening, the current figures show an impressive positive trend.

According to traffic counts at TK / Mamuno in 1999, 2000 and 2001 the number of heavy vehicles rose from 17, 40 to 46 per day, indicating an increase of 200%. According to the traffic count in 2000, 87 % of the vehicles run between Namibia and South Africa, 12 % between Namibia and Botswana, indicating the high level of Namibia – South Africa trade.

In 2000, an estimated 450,000 tons have been transported on the Trans Kalahari Corridor.

For the WBCG, the challenges now remain:

- (a) To design and introduce a self-sustainable financial strategy for the group that ensures activity generated source of income
- (b) To regionalize the institutional structures to align the institutional with the operational scope of the Corridor; that will effectively extend Namport into the region, e.g. through involvement in regional facilitation committees and alliances with transport and business associations in the region and abroad (e.g. JMCCI, Chamber of Commerce and Industries, Africa Councils abroad)
- (c) To further streamline, integrate and focus promotion and marketing of WBCG members into a joint Corridor marketing campaign and to steadily grow Corridor business and to get the buy in from major business partners
- (d) To negotiate with shipping lines improved shipping services to Walvis Bay: frequency, lead times, costs
- (e) To attract Atlantic business and to maximise the flow of traffic through the Port of Walvis Bay and the various WB Corridor routes. With present infrastructure capacities, the throughput can be tripled without major additional infrastructure investments
- (f) Final ratification of TK MoU and implementation of SADC Transit Procedures
- (g) Replication of both institutional arrangements and agreements onto other Corridor routes; e.g. a trilateral Walvis Bay-Ndola-Lubumbashi Corridor Committee has been formally established on 08 March in Walvis Bay, in line with TK CMC

Finally, increasing traffic will generate private sector investment into commercial facilities along the route, such as truck stops, service stations, communication facilities. A final infrastructure option to be investigated (within a feasibility study) is the potential of a Trans Kalahari rail link as an additional logistic solution for the Corridor, running in conjunction with the Trans Kalahari Highway to cost effectively cater for bulk and non-intermodal traffic.

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## CURRICULUM VITAE: WESSEL J. A. WESSELS

**Age:** 46

**Citizenship:** Namibian

### Academic Qualifications :

- Honours B.Eng (Civil) (University of Stellenbosch) 1979
- M.Sc. Eng (Mechanical : Industrial) (University of the Witwatersrand) 1987
- MBA (cum laude) (University of Stellenbosch Business School) 1991

### Professional Qualifications :

- Professional Civil Engineer registered with the Engineering Council of South Africa (ECSA)
- Member of the South African Institute of Civil Engineers

### Past Work Experience

From 1980 to 1983 active in the field of civil/structural engineering and design and multi disciplinary construction and project management, based in Johannesburg, South Africa.

From 1983 to 1990 worked in the field of civil/mechanical engineering, project management, distribution and logistics/transport management in the petroleum industry with Shell South Africa, covering the Southern African region.

Based in Namibia since 1990 and has been active in general and executive management up to the present time, with emphasis on the fields of marketing, financial management, executive management and logistics/transport optimisation.

### Present Position

As Chief Executive Officer and Board member for the Namibian Ports Authority (Namport), involved in all aspects of executive and strategic management and port development functions pertaining to the ports of the Republic of Namibia.

### Sport & Clubs

Member of the Walvis Bay Yacht Club and the Atlantis Archery Club, as well as the Archery Association of Namibia. Chairman of the Board of the Sea Rescue Institute of Namibia.