

DEVELOPMENT OF DRY PORT IN LIMPOPO PROVINCE: BIRTH OF TRUCKING HUB

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ABSTRACT

Although many challenges still remain, Limpopo's transport sector is seeing major reforms, with developments taking place in civil aviation, rail and road networks, and urban transportation. Yet, with growing exports along with continued growth in the tourism industry, farming, demand for transportation infrastructure will continue to rise for years to come. With container traffic expected to triple by 2020, congestion around the N1 road to Beitbridge border and from other African countries such as Zimbabwe, Malawi, and Zambia is certain to get worse. Any expansion of the N1 is decades away, while the alternative Corridors are underutilized because it's not convenient for importers. Weekly traffic at the Beitbridge border facility totals about 100 truck-hauled containers and two to three planes in OR Tambo International Airport, each bringing 103 tons of cargo to and from SADC. Typically the cargo is non-existent in Limpopo which can be broken up and sent to distribution centers or retail stores by truck.

1 INTRODUCTION

Road, rail and air transport in Africa face some challenging infrastructural problems, with road transport currently being the most important and hence the most pressing concern for trade. Today, trade and widespread distribution are becoming highly profitable activities and companies the world over are increasingly focusing on improving distribution and logistics to create a competitive advantage. It provides a full suite of transportation solutions in vertical industries, namely sugar, steel, powders, fuels and chemicals, backed up by an extensive national and cross-border infrastructure, industry expertise and best-of-breed software.

While the region's physical infrastructure is being upgraded with 12 new and planned corridors across southern and east African states, traffic jams characteristic of certain border post crossings have become an impediment to the smooth passage of trade goods. One of the busiest border posts in the region - Beit Bridge, at South Africa's border with Zimbabwe - is a case in point. Scott says, "The Beit Bridge crossing links the SADC's harbour-rich South Africa with Botswana, Zimbabwe, northern Mozambique, Zambia, Malawi and the DRC to the north.

2. BACKGROUND

The emergence of Mactransco trucking company in Musina for the past 26 years and its infrastructure on the entrance of Musina town from south has yielded a new era with an integrated warehouse network, an extensive fleet of trucks, a well defined time-proven strategy in cost effective logistics solution, a qualified and experienced management team providing world class logistics support, world class software that is able to successfully integrate and provide effective logistics to every corner of South Africa, even across borders.

2.1 Trucking operation in Musina by Mactransco

- Bulk transport of coal, magnetite, stone, etc. over long and short distances
- Cross border transport of bulk products into Zimbabwe and Botswana
- Cross border transport of palletized goods
- Material handling on mines ,i.e. Transport, bagging and distribution of magnetite and transport of run-of-mine coal
- Warehousing at Musina for cross border products like fertilizer, citrus, palletized goods, cement, grain, cars, etc.
- Import, export, transport, storage and handling of coal on private railway siding.

2.2 Facilities of Mactransco at Musina depot

- Complete workshop for truck maintenance, trailer rebuilding, tire fitting and underground diesel bunkers.
- Administration offices.
- Helicopter landing pad.
- Railway siding for bulk material handling of 40 000 tons per month
- 6500 sq meters warehouse facility with railway siding
- 10 ha industrial ground for development as shown below in Fig. 1

All of the above suggests that there is a need for an inland port in Limpopo Province, preferably at Musina Municipality. A key element of Musina is creating or leveraging distribution and logistics hub that can act as a centre for distribution to dispersed geographic regions in Africa. This distribution and logistics hub can be an integrated, sophisticated set of transportation, warehousing and distribution facilities and services that provides access to a marketplace.



Arial view of stockpile at Musina Siding

3 THE CENTRALITY OF MUSINA: BACKGROUND

Musina, a town in the Vhembe region, lies about 180 kilometres north of Limpopo. It can serve as a port on the Beit Bridge border post. The relief is flat and low-lying with a Limpopo river coastal mangrove and a dry forest vegetation. Storage and distribution of both the exported and imported goods in South Africa have led to the establishment of depots, dry ports and the demand for extensive road networks across the country. Can Musina participate in this? In the absence of a natural port does the Province have the will to develop a man-made port or harbor through depots? Would this make economic sense and would it be economically viable? Does the economic activity of the Province involving collection and distribution of import and export produce justify the development of a dry port? This also necessitates other infrastructural development such as, electricity and rail line.

An important requirement for a distribution and logistics hub is the ability to combine, at one point, the movement of goods into and out of a country as well as distribution within the country. This minimises delays and duplication of processes for a company. Musina's central location within Limpopo Province, its strong transportation links with other parts of the country and the access it provides into SADC make it a suitable location for a distribution and logistics hub.

By 2010, Musina will be the distribution and logistics centre of choice for companies wanting to move goods within South Africa as well as to and from South Africa and Africa. It will match the logistical capabilities of global hubs such as Holland and Singapore and be the benchmark hub in South Africa. This vision may seem implausible but is, in fact, attainable. The ingredients for success already exist. Musina is located in Musina on the border to Africa and has good rail linkages to other parts of Africa. It also has a long National Road that cuts across, which can be used to link Africa with international markets. South Africa and Limpopo Province in particular, has several airports albeit with limited

facilities. With improvements in infrastructure, Musina linkages are bound to improve.

In addition, the development of a distribution and logistics hub dovetails with other developments planned under Vision 2020. For example, growth in labour intensive, export-oriented industries like minerals, petrol and diesel, garments and leather products will require a strong focus on developing and serving export markets. This distribution and logistics hub will provide just the kind of infrastructure support this calls for: high quality port/inland harbor, adequate rail and road links to international and domestic airports, and transportation facilities.

To achieve the vision, Musina will create the key factors for the success of a distribution and logistics hub. These will include:

- Creating the blueprint for a distribution and logistics hub in the triangular zone connecting Botswana, Zimbabwe, Lesotho, Namibia, Mozambique, Swaziland, Zambia, Malawi and to the rest of Africa.
- Building, upgrading and integrating the specialised infrastructure needed to create the hub and links to it.
- Creating efficient processes and working procedures in the hub (e.g., in customs) and building skills to support them.
- Galvanising the entry of key private players.
- Creating an autonomous body to market and manage the distribution and logistics hub.

4 IMPORTANCE OF A PORT IN LIMPOPO PROVINCE

The economic advantages which accrue to a Province by virtue of close proximity to a port are numerous. A port could serve as a catalyst for the rapid economic development of a State. States that are traditional producers of agriculture and/or have large oil deposits are putting desired pressure on the Federal Government through various means, both orthodox and unorthodox, to develop their port facilities.

4.1.1 Infrastructural development

Limpopo and Musina in particular has the unique opportunity by reason of its strategic geographical location (the spaghetti link of SADC). Her agricultural products found outlets through the entire district as well as rich deposits of Coal makes it central point of trucking and containerization. Since the creation of this Province, the area has become land locked; thereby cutting out all the benefits she could accrue when she has a port or hub.

4.1.2 Stimulation of economic growth

No doubt, port development would stimulate the much needed economic growth for Limpopo province and Musina Municipality in particular. Industrialization of Musina town could only result from investment in the area by both Governments and organized private sector. With the advent of a democratic government in 1994, a number of policies have been put in place in order to create conducive climate for investment in all the sectors of

the economy. The Government's economic strategy has been to transfer the epicentre of growth and development to the private sector. Opportunities abound for investment in Musina.

5 CREATING A DISTRIBUTION AND LOGISTICS HUB

In addition, the creation of additional capabilities will need to be considered. These include:

- Developing a well developed port/harbor at Musina.
- Creating a connecting rail terminal at the site.
- Configuring the road network differently.

These decisions will be based on the impact on transit times for goods, operating cost, required investment and reliability. Also, the design and layout of the hub will take into account the flow of goods and the nature of the goods to be shipped. Musina will need to undertake this effort in conjunction with global players specialising in creating such capabilities. It will seek the views of relevant private and public sector players in the development of the blueprint.

6 BUILDING, UPGRADING AND INTEGRATING HUB INFRASTRUCTURE AND LINKS

To build the distribution and logistics hub, infrastructure in the hub itself and in links to the hub needs to be developed, upgraded and integrated. A logistics hub can be developed in a triangular zone that connects districts or regions like the one exhibited in AP (Exhibit 26.1). Companies distributing goods in this type of zone benefits from rail and road linkages. Port and rail terminal facilities, rail lines, roads, cargo terminals will need to be developed in accordance with world standards for facilities, operational efficiency and versatility in handling different types of goods. Maryland, (Exhibit 26.2) and Holland (Exhibit 26.3) could be used as benchmarks.

Attention will be paid to the links between the facilities to allow access for multimodal transportation. In addition, warehouses, distribution parks, container terminals, etc., will be constructed around the various transportation facilities. Furthermore, current plans for developing trunk infrastructure in the site will be dovetailed with those for the hub. For areas not under its control, such as railways and airports, Musina will aggressively petition the Government to upgrade and build infrastructure, through private investment, where necessary.

Exhibit 26.1

LOGISTICS AND DISTRIBUTION HUB IN AP

ILLUSTRATIVE

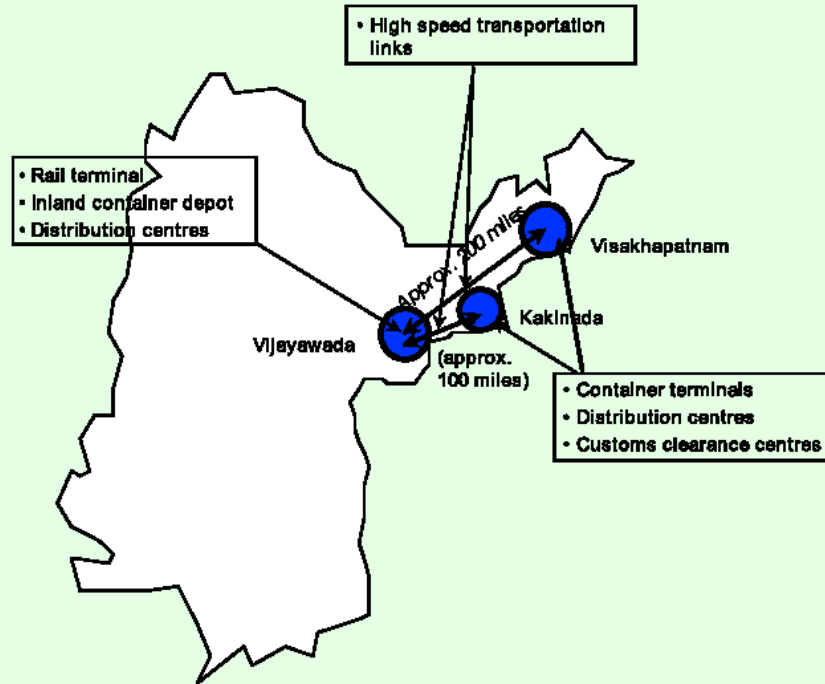
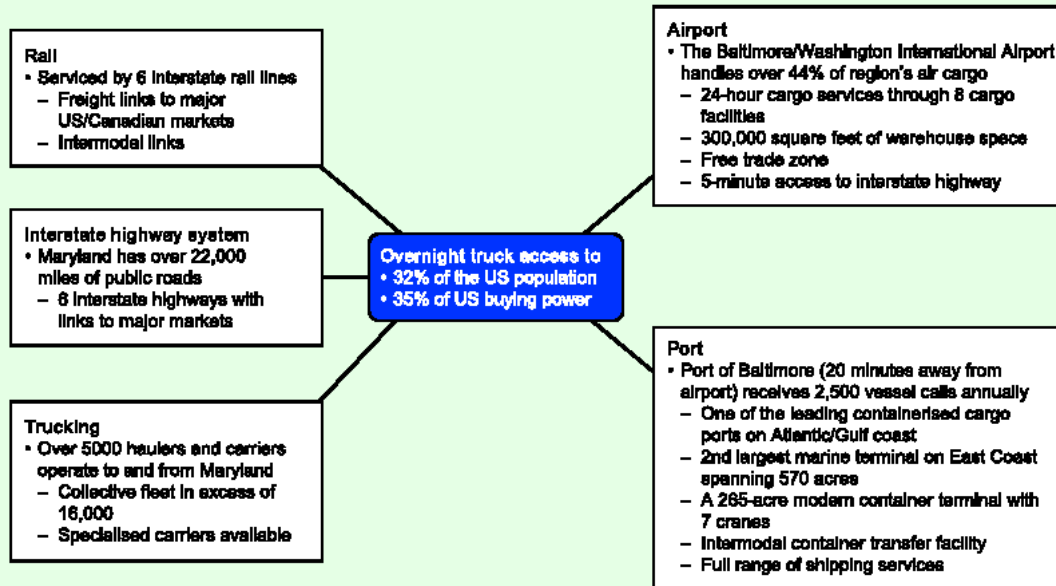


Exhibit 28.2

MARYLAND AS A DISTRIBUTION HUB



Source: Press clippings; Internet

Exhibit 26.3

HOLLAND'S LOGISTICS AND DISTRIBUTION HUB

Transportation Linkages

- Port of Rotterdam handles largest amount of cargo (tonnage) in the world
- Major sea and airports are strategically located around this key port
 - Amsterdam and other ports complement Rotterdam as major transshipment points
 - Amsterdam's Schipol airport, located only 40 miles from Rotterdam, is the third largest cargo airport in Europe
 - Five other regional airports support Schipol
- Extensive road, rail and waterway links to the hinterland exist
- Holland is tying into Europe's high-speed rail network; a dedicated rail line for container transport is being laid from Rotterdam to Germany

Distribution facilities

- Holland acts as a key centre of distribution to the European market; nearly 60% of the European distribution centres of American and Asian companies are located here
- Distribution facilities are state-of-the-art
 - ECT's three highly sophisticated container terminals account for 75% of containers loaded/unloaded at Rotterdam and provide seamless, sophisticated intermodal transport
 - Intensive use of EDI-technology and load-handling management systems at the terminals
 - 'Distri-parks' (areas designated for establishment of distribution centres) are connected directly to container terminals to minimise delay

Source: Press clippings; McKinsey research

7 CREATING AND IMPROVING PROCESSES AND BUILDING SKILLS

To create a successful distribution and logistics hub, Musina will need to meet operational challenges by adopting world-class technology and business processes. To begin with, we will need to initiate major efficiency improvements in the various elements that will make up the hub. For instance, the procedures to obtain railway and airport cargo clearances will need to be improved immediately through exercises such as business process re-engineering.

In addition, we will need to significantly expand the skills of staff working in the hub as well as ensure continual retraining. Again, international hubs have shown the way.

8 CREATING AN AUTONOMOUS BODY TO MANAGE THE HUB

The success of the hub will depend not only on the efficient functioning of its individual components like ports, roads, railways, airports, etc., but also on how these facilities are leveraged in tandem. For instance, having a world-class port will not be enough if road and rail connections to the port are absent or inefficient. If large scale trade and distribution are to take place through Musina, we will have to undertake a concerted effort with the Limpopo Government, industry and Municipality to develop all the elements of the hub simultaneously and in synchronisation with each other.

9 CONCLUSION

Musina distribution hub is a logical extension of the overall infrastructure initiative and a tangible way for the company to jump-start trade. It will also play a vital part in the success of many growth engines with an emphasis on exports. This situation can be resolved by creating an inland or Dry Port which will house all the cargos. The author argues in this paper that Musina is in a very attractive location and could be vital for this purpose. When fully built out, the 35,000-acre hub would be capable of handling 35 million containers and thousands of tons of cargo each year, shipped in or out by truck or rail.

Our rich cultural heritage is definitely something to be proud of and quite honorable. However, the challenge ahead of us – addressing the numerous problems plaguing Limpopo peoples at home and in other provinces is enormous. Past glory is not sufficient. It is not enough to reminisce on the trade relationship which existed between us and the Europeans in the past. The flashback should help us to develop trucking hub outlet or dry port as this is as important now as it was centuries ago. The task may appear daunting, but with a clear vision that the province cherishes which this paper is trying to articulate, it is my hope that the blueprint crafted would go a long way towards developing a structure which will concretize a platform towards developing a dry port for Limpopo Province in Musina.

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