



Ships and cranes in the port of Maputo, Mozambique

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traffic had climbed to about three million tons a year, and now the port of Maputo is handling nearly three times that amount – but it has yet to match its former prosperity.

At least the port is on the right track, having got there by courting a huge degree of private investment in what historically were state-owned facilities. The Grindrod Group and Dubai Ports World (DPW) have put a great deal of money towards developing these ports.

Those still reeling from the recession may think this is a time of slashed budgets and tightened belts – not a time for major investment. Few industries have enjoyed gentle seas in the recent economic climate, and the shipping industry has certainly experienced its share of upset. (Figures have looked particularly bad because the recession hit at a time of unprecedented market boom in shipping.)

The Baltic Dry Index – a leading economic indicator that tracks international shipping prices – plummeted 94% in the second half of 2008, a frightening indicator of how the global recession was affecting not only trade, but also those who handle the cargo.

At last year's African Ports and Harbours Congress, Andrew Shaw of South Africa's Department of Public Enterprises suggested port authorities could make lemonade from these economic lemons. With shipping down

between 8–14% at the time, reduced cargo traffic could give Transnet Port Terminals and the National Ports Authority (NPA) breathing space to improve port capacity, he said.

The South African government seems to have taken this advice to heart. *Engineering News* reported government plans to invest up to US\$3.5 billion in the country's ports over five years. In fact, despite the serious pummeling exacted by the global recession, there are plans to increase port capacity all over the continent – which brings us back to Mozambique.

Just a few kilometres upriver from Maputo the Grindrod-operated Matola Coal Terminal doubled its throughput capacity earlier this year. The major facilities revamp, refurbished rail yard and stacker/reclaimer, and new locomotives and tractors, resulted in increased throughput capacity of 2–4 million tons a year since Grindrod bought the terminal concession in 2005. By August this year Grindrod aims to have installed a new ship loader, a new stacker/reclaimer, and will also be dredging the port. In total they expect to raise capacity to 6 million tons a year. A company spokesperson says the ship loading rate is expected to increase to 25 000 tons a day.

According to the Maputo Corridor Logistics Initiative, the Matola terminal can handle

vessels of up to 45 000 tons, but the current project will allow vessels of up to 250 000 tons to dock at the mineral quay.

Down the river, Maputo port is one of the region's fastest growing harbours. Grindrod has invested US\$92.4 million in the facility since buying a 12% interest in the port concession in 2006, and in 2008 the group teamed up with DPW to take a serious stake in the running of the terminal.

The two groups are major shareholders in Portus Indico, the company that partnered with the Mozambican government to operate the Maputo Port Development Company (MPDC). DPW, one of the largest terminal operators in the world, has pumped US\$32 million into the MPDC.

Based in southern Africa, Grindrod is the smaller partner. With recent volatile shipping markets, low trade volumes and softer commodity prices, the Grindrod Group's earnings last year lost 60% on 2008. And yet CEO of the shipping group, Alan Olivier, announced at the start of this year that his company had set aside US\$1.2 billion for investment opportunities over the next three years.

But why invest in a place like the port of Maputo? Two reasons are immediately obvious. The first is that Maputo is closer to Johannesburg than any of South Africa's major ports,