

Atlas Copco

ATLAS COPCO TANZANIA

FIRST IN MIND AND CHOICE
FOR TANZANIA



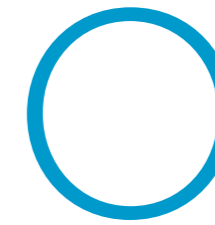
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FIRST IN MIND AND CHOICE FOR TANZANIA

Atlas Copco is a big name with a big global reach: here we look at the mining equipment and associated support, maintenance and ancillary services it offers in Tanzania and throughout East Africa

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f all the economies in Africa that are waking up to the resources they are blessed with, Tanzania stands out for several reasons. Not least

among these must be its stability. Though it has never been a rich country, since independence in 1962 it has hardly ever been in the news. Turbulent decades have attracted the wrong type of attention to every one of Tanzania's neighbours: cross-border conflict, inter-ethnic tension and population displacement have too frequently characterised the post colonial era. Julius Nyerere's African Socialism may be considered a bit passé these days but there's no denying that it spared Tanzania from problems of this sort, and that makes it one of the most attractive places in Africa to do business today.

But what are the factors that make Tanzania an attractive place for Atlas Copco to do business? The group has made a long-term commitment to this dynamic East African market. Specialising in industrial productivity equipment, Atlas Copco established a full subsidiary in Tanzania in 2007 to focus on the mining sector. The stability we have spoken about is certainly one reason for this, says Henry Ngugi, Regional General Manager for East Africa, but there are others. "Tanzania has a well-defined mining legislation, something other countries in the region are still working on. It also has the most developed mining sector in the region, in terms of production and exploration and received the largest share of investment capital in this area: all this makes it an excellent market for our range of mining





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and exploration equipment, tools and after sales support.”

Atlas Copco Tanzania has signed equipment maintenance and spare parts supply contracts with many of the major players in Tanzania’s

mining sector, including Africa Barrick Gold and Capital Drilling the drilling contractor for AngloGold Ashanti’s Geita Mine. Indeed most of the exploration companies in Tanzania are using Atlas Copco equipment

and consumables. Gold mining always seems to hold its place as the most sexy sector, nevertheless with prices currently well below \$1,250 and showing no immediate sign of rallying this is an industry under pressure, if not yet in crisis. But Henry Ngugi is undismayed: “Our activities in Tanzania are today focused on supporting gold mining players. Of course our customers are under pressure to operate and produce at a lower cost in order to stay in business; so our strategy has been to help them to reduce their operating costs. Several new projects have

been put on hold, so we have had to focus on keeping our existing client base satisfied, and tried to grow the consumables, spare parts and skilled labour segments of our business.” It is one of the advantages of being part of a group that has international clout and deep pockets – Atlas Copco is always prepared to invest in locations and segments that position it to serve its customers in the best way possible, he says.

Of course mining in Tanzania is not all about gold. It involves a rich mix of minerals, and that is one of the sector’s strengths. If the



most important commodities in the African context can be said to comprise platinum group metals, coal, gold, iron ore, diamond, copper, manganese ore and mineral sands, Tanzania has them all and can add its diamonds, tanzanite and other precious stones, rare earths, potash and a number of niche minerals. “In the short and mid term I think the greatest opportunities within Tanzania itself will be in gold, copper, coal, nickel, iron ore, titanium and vanadium, but definitely not limited to these! If I can extend my comments to Eastern Africa, we also see

promising development in coal, copper, nickel, potash mining in emerging mining markets such as Ethiopia, Eritrea, South Sudan and Kenya.” he adds. “In a broader sense Oil & Gas is a new segment in the region, particularly in Tanzania, Uganda and Kenya.”

High enthusiasm for Tanzania, where he is now based, is palpable. Henry Ngugi has amassed unrivalled experience since he joined the company in Kenya 20 years ago. That subsidiary was established as long ago as 1938, to service Kenya’s more advanced industrial sector but though its presence in Tanzania dates back only to 2003, with full local incorporation in 2007, the fact that he has led regional mining operations from his office in Dar es Salaam for the last five years reflects Tanzania’s rapid growth to its current



status as East Africa’s mining ‘tiger’. “Tanzania is already the largest mining economy in the region and the situation is changing all the time. Early development of the sector was mainly in the Lake Victoria region which is why we placed our warehouse facility and maintenance workshops in Mwanza to service the mines around Kahama, Mwanza, Geita, and the Mara region near the Kenyan border. But now we see mine companies opening up in the south near Songea, Mbeya and towards the Malawi and Zambia borders.”

Tanzania has resources in every district, but the biggest challenge to developing them remains very poor road, rail and communications networks, not to mention unreliable or nonexistent electricity supplies to some of the areas. Mining companies can

overcome the last two of these with satellite connectivity and diesel power, but the need to get equipment in and ore out can only be served by good infrastructure, and the investment for this is lagging.

Nevertheless, Atlas Copco is 140 years old, and a pioneer in development of mining equipment, with access to very technically skilled people of different nationalities and it is used to supporting its clients wherever they are. “We believe we are a customer focused organisation,” says Henry Ngugi. “Since mining companies are becoming more focused on productivity and more cost conscious, we need to focus on increasing our customers’ long term productivity. All our actions are geared in this direction and it resonate well with them. Within our global organisation we have a culture that has evolved over the years and now unites us, and enables us to work towards a common aim: ‘To be first in mind and first in choice, for our customers, by delivering sustainable productivity in whatever we do.’”

The company’s 120 employees are well grounded in this philosophy, which embraces the concept of continuous improvement, he concludes. “We believe that there is always a better way of doing things. We believe every single employee has the capability to contribute to the growth of their business unit by continually improving the processes for which they are responsible.” **BE**

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