



MCLI

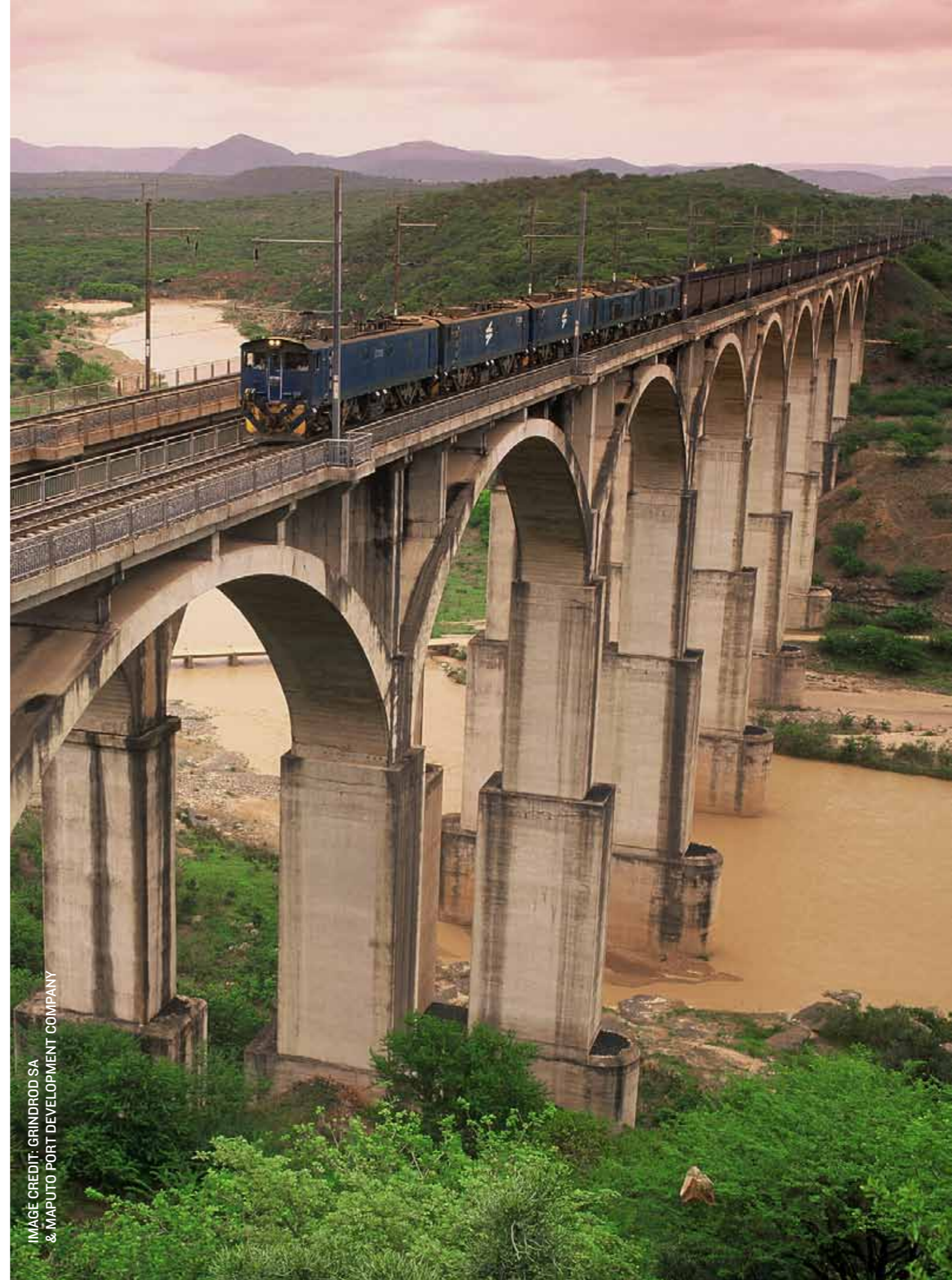
A PATHWAY OF PROSPERITY



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*The Maputo Corridor is just one part
of a network that is key to securing
Africa's economic future*

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The Maputo Corridor is a great African success story in terms of regional integration between the regions of Swaziland, southern Mozambique and the industrialised regions of Mpumalanga, Gauteng and Limpopo. And it is a traditional route for people and goods to take when they want to get from South Africa to the sea. In the 1970s 40 percent of South Africa's exports went out through Lourenço Marques, as the capital of Mozambique was then called. The situation has changed out of recognition since then. South Africa has developed specialised hubs at Durban, Richards Bay, Port Elizabeth and Coega that take much of its bulk exports, cars, container traffic and the like, but Maputo has invested too, and has developed as a multi-terminal port that suits many freight carriers. And it retains its geographical advantage for anyone situated in the north of South Africa. The number of businesses and people wanting to use the corridor is growing at a rapid rate as Africa's economy expands.

In 2004 eight interested parties came together to form the Maputo Corridor Logistics Initiative (MCLI). It is a non-profit organisation designed to present to the interested governments the case for sustained investment in the corridor to keep pace with the growing pressure on the infrastructure, and work together to anticipate and plan for future growth. It was inaugurated to support the Maputo Development Corridor (MDC), launched as a 'spatial development initiative' (SDI) in 1996, as the governments of South Africa and Mozambique sought to rebuild their economies and restore trade and



Mozambique Community Network S.A..

What is it?



Mozambique Community Network (MCNet), is a Public Private Partnership, with the main objective to facilitate international trade and enhance the business environment in Mozambique with innovative solutions designed to facilitate international trade.

The major objectives of MCNet are the design, implementation and operation of the Single Electronic Window (SeW) in Mozambique.

A SeW is a complete trade facilitation solution that includes all infrastructure and resources necessary for an efficient, effective, sustainable and continuous operation of a system for the clearance and monitoring of goods movements.

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MCNET & CUSTOMS CLEARANCE EFFICIENCY SINCE SEPTEMBER 2011



Mozambique Community Network (MCNet), was created on 2009 within the context of improving the business environment, following a Public and Private Partnership (PPP) model in accordance with current Mozambican legislation.

The company was created as a joint venture between the public and private sector, with the Government holding 20% of the total shares, another 20% held by CTA (Confederation of Business Associations of Mozambique) and 60% held by Escopil, with SGS as a strategic partner responsible for the implementation and operation of the Single Electronic Window (SeW).

The system observes the best practices and international standards established by such organizations as the UN Economic Commission for Europe (UNECE) and embraces the principles established by the Revised Kyoto Convention.

The system is a complete trade facilitation solution customized to take account of the conditions pertaining in the Mozambique business environment, involving 2 components, namely Tradenet, working as a messaging tool for data submission by the trade community to Customs and Customs Management System (CMS), a closed network for declarations process by Customs. The SeW system boasts a number of advantages, including reducing the time and cost involved in the clearance process, the fact that operations are performed faster and safer with the use of computers, that the amendment of errors can be made faster and that it enables an increase in competitiveness.

MCNet provides since September 2011 two systems for information exchange that enables a faster sharing of information among the users, government entities and others that depend on this information for their operation. Mozambique TradeNet (TradeNet) is the SeW server that contains a platform that allows the sharing of information among several parts involved in the processing of commercial documents for the clearance of goods. Mozambique Customs Management System (MCMS) is a Customs Management System for the processing of goods clearance operations.

These two systems bring benefits to Mozambique Customs and to the Trading Community, such as the submission of declarations, 24 hours a day, 7 days a week, the validation of declarations performed automatically by the system, integrated risk assessment module for customs, the automatic clearance of goods, a powerful monitoring tool for customs and an integrated database enabling accurate trade statistics.

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Official launch of SeW by former prime Minister and Minister of finance



Maputo car terminal

\$204 MILLION

Investment needed to upgrade
Mozambique rail link

investment ties. Today MCLI has more than a hundred members. “We see ourselves as part of the African Union’s push to increase regional trade and also inter-African trade,” says Barbara Mommen, the organisation’s Chief Executive Officer. “But also we see more and more from the AU and the United Nations Economic Commission for Africa (UNECA) that the corridors are being used to push at a greater speed the implementation of a truly continent-wide free trade area.”

The Maputo Corridor links to the trans-Kalahari and trans-Oranje corridors and the much longer North-South Corridor that links Dar es Salaam with Durban through them to a pan-African network that will be the key to the continent’s economic growth. She sees it as one of her tasks to sell this broader vision to the members, who naturally focus on day to day issues connected with getting their cargoes through the congested border crossings and thence to the ports at Maputo and Matola.

It is becoming increasingly evident that the corridors will play an important role in the social as well as the economic development of Africa. And not just in making them efficient tools to allow mining companies to rush Africa’s wealth to the ports. Mozambique in particular has to be prudent about its



Lebombo border dry port

exploding coal industry. “How do you derive benefits for the man on the ground in such a big picture?” she asks. “We have always assumed that if we can ensure that goods and people move and at the same time create the environment for economic development along the routes so these benefits trickle down. But we don’t really know that.”

Barbara Mommen is determined that MCLI

should be more than a lobbying group for the transport industry but should engage all the stakeholders in a true public-private partnership whose aim is to improve living standards, and the economy of the region as a whole. “My grand vision for the Corridor is to have a special economic zone from Ressano Garcia to Matola.” There’s plenty of opportunity, she points out, for support

“WE SEE OURSELVES AS PART OF THE
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MOCARGO - ALL THE DIFFERENCE ON TRANSPORT AND LOGISTICS

industries, tourism, mineral beneficiation activities and the like to grow. Just as much as the large corporations, she asks how MCLI can be relevant to the small traders (mostly women) carrying goods on their back or their head between Komatipoort and Ressa Garcia. "We need to ask that increasingly as we see the growth of bulk cargo driven by demand from

India and China. I wonder are we doing any real service to the poorest? I believe we need to start broadening the scope of our organisation, not so much into social issues as to understanding the underlying dynamics we are facing."

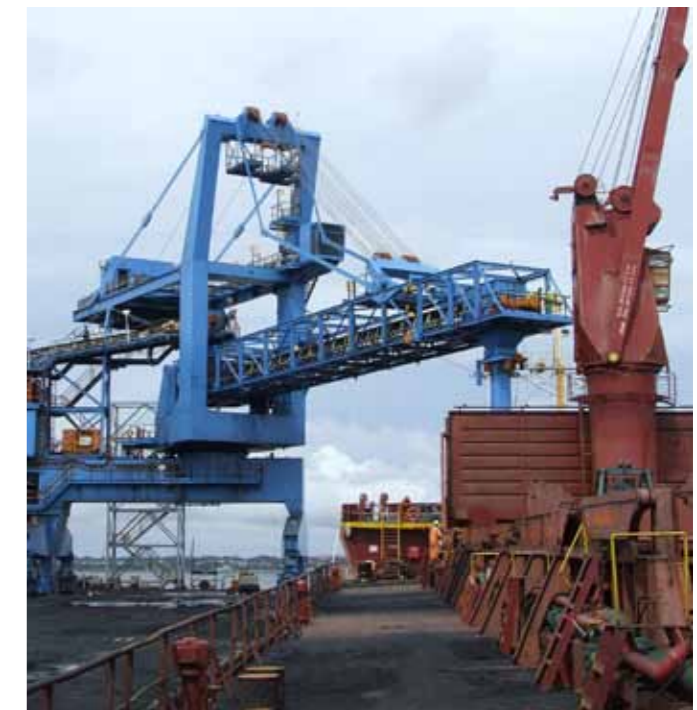
Of course these concerns have to go hand in hand with the need to ensure that Corridor traffic is economically viable, efficient and corruption-free. MCLI has been spending a lot of time lobbying the three governments of South Africa, Swaziland and Mozambique to engage them in a memorandum of understanding with the South African Revenue Service (SARS), representing the public sector and MCLI the private sector, to work closely on advancing the economic

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Maputo ship loader

"MY GRAND VISION FOR THE CORRIDOR IS TO HAVE A SPECIAL ECONOMIC ZONE FROM RESSANO GARCIA TO MATOLA"

trajectory of the region. To do this will require a shift in her organisation's role. "At the moment this is not possible because of our pure freight focus so I think it important that we get the balance right. We can do that by involving the governments and understanding their policies on economic growth and see how we might leverage their work to benefit the corridor from an

efficiency, economic growth and a research point of view. That way you create a balance of accountability which does not exist in our present arrangement."

Though MCLI is in fact a coalition of private and public sector partners it runs on goodwill. That will always be needed but the goals need to be hardened up. "We have the multinationals pushing coal and magnetite and

"OUR KEY MESSAGE IS THAT IT IS VITAL TO CREATE THE ENVIRONMENT FOR BORDERLESS TRADE"



Maputo Port

other commodities through the ports at a rate of knots but where does that leave the man on the street in those communities along the corridor? We need to balance the exports with manufacturing beneficiation and want to move towards providing or facilitating research on the corridor that can be passed on to government agencies to work with us. We have a moral obligation to answer these questions."

Meanwhile there are plenty of headaches to be faced if Maputo is not to lose traffic to the alternative ports to the south. The creakiness of the rail link, which is double track electrified on the South African side but single track and not electrified on the Mozambican side. A bad crash closed that line earlier this year. The loss was great. Before

the accident the Ressano Garcia line carried seven goods trains and two passenger trains a day. Each month it carried 30 trainloads of coal and iron ore from South Africa to Maputo port. "It was something of a wake up call for the corridor," says Mommen. "Now there's a plan to spend \$204 million on upgrading the track and rolling stock." The three operators in the corridor, MCLI partners Transnet Freight Rail (TFR), Swazi Rail and Portos e Caminhos de Ferro de Moçambique (CSM) have formed a joint operations centre that, she feels, will offer a more robust approach to future needs.

The pressure for rail to function efficiently needs to be kept up though. Road capacity is bursting at the seams with up to 600 trucks



Loading of sized coal



trying to get through the border crossing daily. For an African border post it copes quite efficiently, she concedes, but so much more could be done quickly if the political will was there. “We need the implementation of the one stop border post which was agreed by the governments in 2007 and still has not been implemented. Without that we are not going to be able to compete with Durban.” And though the port itself is open 24/7/365 the crossing shuts overnight except at peak periods over Christmas and Easter. “This is a short corridor and you want to maximize turnaround times,” she says.

MCLI has made good progress on issues like corruption, which will decline as the trade environment gets fairer and the goals of trade facilitation and customs modernisation are advanced, Barbara Mommen believes. “Our key message is that it is vital to create the environment for borderless trade: I think the political will is there now. SADC, COMESA and the EAC have agreed to implement a free trade area in 2014. The African Union was looking to that tripartite free trade area to be the precursor to a continent-wide FTA. It is a complex situation and I may be over simplifying it, but smaller countries are still seeing their revenues running the wrong way. Nevertheless I believe that if you see the bigger picture the benefits of vibrant intra-African trade are far greater than the loss of customs duties.” **BE**

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