



AN INTRODUCTORY GUIDE TO EXPORTING COAL THROUGH RICHARDS BAY COAL TERMINAL

This document is **not** a legal document. Its aim is to give a summarised overview of the coal exporting process through the Richards Bay Coal Terminal (RBCT), and to outline the necessary requirements for its users.

IN A NUTSHELL

The Richards Bay Coal Terminal (RBCT) is the largest single coal export facility in the world. It has an export capacity of 72 million tons per annum (mt/a), all of which is handled twice: Once to unload the trains, and again to load it onto vessels.

In brief, the process is as follows:

An RBCT user finds a buyer for his coal. Once a deal has been brokered, the user or buyer will charter a vessel to carry the coal from RBCT to the nominated port of unloading. Once a suitable vessel has been found, the user will “clear” the ship with the RBCT Operations Planning department, who manage the entire process from an RBCT point of view. If the vessel is acceptable, the user will “nominate” the vessel, with an Estimated Time of Arrival (ETA).

At the same time, the user will need to make sure that he has enough stock on the ground at RBCT for when the vessel arrives. The coal will need to be railed to RBCT from the user’s various load-out points.

Coal is railed to RBCT from the coal mines via dedicated trucks owned by COALink – a dedicated Spoornet business unit. The scheduling of these trains is managed by the RBCT Rail & Stock Coordinator, and is done on a weekly basis.

Once the coal train arrives at RBCT, the trains are tipped using one of the four tandem tipplers. The coal is stockpiled on the user’s allotted stock space.



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In the meantime, an agent for the specific visit would have been appointed. The agent is the “go-between” for the user, RBCT, the client and the vessel. RBCT will be informed of all specific loading instructions, e.g. the grade of coal to load, the mass, what specific quality control tests need to be performed, and a continuously updated ETA of the vessel.

On arrival at Richards Bay, the vessel is inspected by a Marine surveyor. Provided that the full stock consignment is on the ground at RBCT, and a clean bill of health is issued by the surveyor, the vessel will be allowed to enter port and commence loading at the RBCT quay.

Once loading is completed, a Bill of Lading will be issued to the owners of the vessel, which will be released once all freight is paid, or guaranteed to be paid. RBCT will process all clearing and forwarding.

Now for a closer look at each of the processes:

RAIL

Allocation and scheduling of trains is the responsibility of the RBCT Rail Coordinator.

Once a user has found a buyer for his coal and agreed on terms and conditions, and the intended vessel to be used for shipping has been approved by RBCT, the user needs to get his coal down to Richards Bay. The user will need to notify the RBCT Rail Coordinator of the intended load-out points. If the intended siding is not a currently COALink approved siding, this approval must first be obtained from COALink prior to any trains being placed.

All export sidings are to adhere to loading times, heights, profiles, axle masses, environmental requirements, etc, as detailed in the **Agreement on Standard of Service and Operational Procedures** (SSOP) between COALink and RBCT. All load-out points must be capable of loading at least one 100-truck train per 24 hours. A train will generally consist of 100 trucks capable of loading 84 tons each. It may in some instances consist of 100 trucks capable of loading 58 tons each, depending on the particular siding and rolling stock availability. Bear in mind that RBCT is a high throughput terminal, and **no** vessel will be berthed for loading without the full consignment being on the ground at RBCT.

The user must also provide RBCT with a comprehensive list of relevant contact numbers prior to the scheduling of trains, and if possible, stock availability must be confirmed before the scheduling of trains is done.



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All scheduling requirements must be communicated to the Rail Coordinator by no later than 09h00 on the Wednesday prior to the week of intended railing. RBCT will endeavour to provide train scheduling to allow the user to get the cargo to RBCT in the shortest possible time to complete the consignment. During the railing period the normal rail rate will be maintained and additional capacity will be provided to accommodate the consignment. RBCT will not allocate any trains to a user unless they have a firm vessel nomination with laycan, making the only risk to RBCT a late vessel or one in distress.

If a train is not utilized in the time that it is at the user's disposal, that train will be removed from the user's schedule.

The key points to railing coal to RBCT:

- Siding must be COALink approved
- Must have adequate stock at the mine or siding
- Must be registered as an exporter with SARS
- Must have a rail rate agreement with COALink
 - Private Siding Agreement
 - Signed SSOP
 - Adhere to conditions as set out in Schedule A2 of SSOP

STOCK

Stock management at RBCT is the responsibility of the Stock and Quality Coordinator.

When a train is scheduled for RBCT, the train and stock needs to be identified. To this end, RBCT will allocate grade names to each user. When a consignment is scheduled to be railed from a siding to RBCT, a train grade identification prefix will be issued by RBCT. This identification is to be used for any further references to the specific consignment. In addition, each train will show the following information on the first six and last six trucks:

- Truck number
- RBCT train number
- RBCT grade name
- Colliery name in full
- User name
- Date and Time of dispatch

In addition, the dispatch point needs to provide RBCT with the following by fax or telex:

- List of sequential truck numbers by train, per grade



- RBCT train number
- RBCT grade name
- Colliery name in full
- User name
- Date and Time of dispatch
- Colliery Tonnage

Finally, a telephonic advice must be given to RBCT, with the following information:

- Truck numbers of first six and last six trucks, per train per grade
- RBCT train number
- RBCT grade name
- Colliery name in full
- User name
- Date and Time of dispatch
- Name of colliery person providing information
- Name of RBCT clerk receiving information

On arrival at RBCT, the train will be identified, and tipped to the user's allocated stockpile area. The following will apply:

- Coal railed to RBCT should contain **no foreign matter** of any kind. Metal contamination is to be avoided at all costs. RBCT has Tippler grizzlies, ingo and outgo magnets to extract metal objects in coal. However every precaution must be taken by the user to ensure that no metal or foreign objects are present in coal arriving at RBCT. Metal detectors on all ingo conveyors will monitor metal counts on individual trains. RBCT reserves the right to penalize users for metal which is contaminating the coal.
- The temperature of coal when discharged may not be higher than 40°C. Any trains with coal recording temps of over 40°C will be removed from the tippler. RBCT will in consultation with the user appoint a contractor to take measures to reduce the temperature of the coal on the train, the cost of which will be for the user's account.
- Particle size of any product unloaded at RBCT must be no larger than 50mm.
- Coal destined for export at RBCT must be dust free, and may not pose any environmental threat due to excessive dust. Should a train contain coal with dust levels that are unacceptable to RBCT, a contractor will be appointed, in consultation with the user, to apply measures to counteract the dust, the cost of which will be for the user's account.



- The cost of any delays in the tippler that are due to the user will be for the specific user's account.
- All trains that are tipped will be weighed on the tippler scales, and RBCT will provide these figures to the respective users. While the RBCT scales are not assized, the weights will be the "official" masses used by RBCT for stockpile accounting.
- All cargo will be sampled by the independent Coal & Mineral Technologies (CMT) laboratory. Sampling will occur for both incoming coal (trains) and outgoing coal (ships). Each user will be liable to CMT for sampling and analysis costs.
- All shipments will require the services of a Stevedoring company. Each user will be liable to S.A.S. (South African Stevedores) for Stevedoring fees.
- If a stockpile heats up above acceptable levels at any stage, all costs of rectifying the situation will be for the user's account.
- In some instances a number of trucks may become "detached" from a rail consignment. This will typically happen when COALink inspects rolling stock en route to RBCT, and removes damaged trucks for repairs. Such trucks are referred to as "detached trucks". After some delay, a number of these trucks will be put together into a "hospital train", and be sent to RBCT. Should these trucks arrive at RBCT *after* the consignment has been loaded, the coal on these trucks will be forfeited to RBCT unless the users makes private arrangements for another user to take the coal.
- The same will apply to surplus coal left on the stockpile after a consignment has been loaded onto a vessel, or for any shortfall on a specific consignment – it is entirely at the exporters' risk, and RBCT can bear no responsibility for its scale inaccuracies.
- RBCT reserves the right to charge storage fees for coal that has to be stored in the stock yard for longer than 10 days due to a user not performing on laycan days.
- RBCT reserves the right to do ad-hoc inspections on all sidings and load-out points, to ensure strict adherence to RBCT Quality Control specifications.
- RBCT will make every effort to handle coal as per users' instructions, but will bear no responsibility for any errors that may occur.

RBCT will provide all users with complete information regarding coal receipts and exports daily (week days only) by fax or e-mail.

Shipping management at RBCT is the responsibility of the Shipping Coordinator.

The first thing a prospective exporter must do is find a buyer for his coal. This can be done by active marketing, or through brokers/ traders. Once a buyer has been sourced, a contract must be negotiated to deliver coal to the buyer. Two common methods of international contracts of sale are: CIF (Cost, Insurance and Freight), or FOB (Free On Board).

- CIF: As its name implies, it involves the Seller in the arrangement of carriage, the insurance as well as the provision of goods.
- FOB: The Seller has the responsibility for loading the goods over the ships rail.

In order for a vessel to be allowed to call at RBCT, it must fully comply with the RBCT Shipping Regulations. To this end, any potential vessel that will be chartered must be “nominated” to the RBCT Shipping Coordinator by the user. RBCT will check the vessel specifications, and if suitable, will accept the nomination. As soon as the nomination is accepted, the user is obliged to give at least 14 days notice of the vessel’s ETA.

As per the regulations, RBCT does not handle parcels of smaller than 25 000 tons.

The appointment of a shipping agent depends on the sale that was agreed upon: If CIF, the user will appoint an agent (since the user is responsible for chartering the vessel), and if FOB, the buyer will appoint an agent. The agent is responsible for all liaison between RBCT and the ship, the ship’s owner and the buyer. Users in turn liaise directly with the Operations Planning department at RBCT regarding their export requirements.

The **agent** will provide RBCT with the following information:

- ETA notices
- Cargo requirements
- Shipping documents

The **user** will provide RBCT with the following information at least 48 hours before the vessel’s arrival:

- Full shipping instructions, which include the grade to be loaded, the tonnage FOB/FAS value, and the estimated tonnage to be exported.
- Coal analysis requirements to be performed by Coal Mineral Technologies
- Document requirements



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On arrival, the vessel will undergo a hold (hatch) cleanliness survey, the cost of which is for the ship owner's account. The user also needs to appoint a draft surveyor to attend to the vessel at the users costs. The draft surveyor will ascertain by means of survey the total cargo loaded. This tonnage is reflected on the Bill of Lading for which the User is paid, based on tons exported.

The Bill of Lading is prepared by RBCT as per instructions from the user. The Bill of Lading is handed to the ship's agent and eventually released to RBCT after the Owners have indicated agreement with all conditions therein. The original Bill of Lading (plus a full set of export documentation) is then sent to the Shipper within 24 hours of the bill of lading being released.

The RBCT Operations Planning department will process all clearing and forwarding, which includes:

- DA 550 and DA 554 – Goods declaration and SARS
- F178 – Banking documents stating that foreign currency will be received.
- Cargo Dues Order – NPA charge for Cargo Dues
- Certificate of Origin
- Weight Certificate
- Mate's Receipt
- Bill of Lading (negotiable and not negotiable)
- Statement of Facts
- Draft Survey Certificate
- Master's Authority to sign the Bill of Lading
- IMO Certificate – Cargo Declaration
- Hold Cleanliness Certificate
- Notice of Readiness
- Analysis Certificate
- Cargo Manifest

However, the following will be the responsibility of the user: (Contact detail available on Annexure A).

- **Obtain permission to be a registered coal exporter from SARS.**
This is a registration with the South African Revenue Service. The relevant application form (DA 185) can be obtained from SARS.
- **Payment of Cargo Dues.**



Since the quays used to load coal are owned by the National Ports Authority (NPA), they will charge a fee for all cargo being exported, for the use of their infrastructure. In order to export from Richards Bay, the NPA will raise a charge called “Cargo Dues”, payable by the user.

- **Opening a harbour ledger account with the National Ports Authority**
In order to become a client of the NPA a user needs to be a registered exporter, complete the necessary application forms as required by the NPA and provide financial statements. Cargo Dues can be settled in cash (by bank guaranteed cheque), or the exporter can arrange for a 30 day credit facility through NPA in the event of the necessary guarantees being in place.
- **Agreement with Coal & Mineral Technologies (CMT)**
All quality control sampling and analysis is done by CMT in their laboratories at RBCT. A user must negotiate an agreement with CMT in this regard.
- **Agreement with SA Stevedores (SAS)**
All users employ the services of SAS for stevedoring functions. A user must negotiate an agreement with SAS in this regard.
- **Agreement with RBCT**
Each user will need to agree and sign a legal contract document with RBCT that will outline all services and charges involved.

It is important to acknowledge that things can and do go wrong. RBCT shall not be obliged to load any vessel which has been attached at berth or is subject to other legal process. RBCT will also not partake in any charter party agreement or contract of afreightment.



ANNEXURE A

SARS/CUSTOMS - Pretoria

Telephone: +27 (0) 12 422 6861 or +27 (0) 12 4226057

Contact: Irma Nel or Albert Rakubu

NPA (National Ports Authority)

Telephone: +27 (0)35 9053202

Contact: Tutu Shange (Key Accounts Manager) e-mail address: tutus@npa.co.za

CMT (Coal & Mineral Technologies)

Telephone: +27 (0) 35 7977213

Contact: Rob Withers (Manager) e-mail: rwithers@rbct.co.za

SAS (SA Stevedores)

Telephone: +27 (0) 35 7976267

Contact: Glyn Lee (Branch Manager) e-mail address: GLee@stevedores.co.za