

# Coal plan delayed by slow rail build

## ■ Export opportunities lost

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THE RICHARDS Bay Coal Terminal's (RBCT's) plans for increased export volumes will be put on ice until 2015, and even then the rail infrastructure development by Transnet will be below envisaged capacity.

The single largest coal exporting terminal in the world, estimated to have an opportunity cost loss of about \$3.3 billion (R22.6bn) a year, will miss out on increased demand from Asian markets, particularly China, which has stepped up its coal requirements.

Raymond Chirwa, RBCT's chief executive, said the company's efforts to expand exports were frustrated because of limited rail infrastructure provided by Transnet.

"It would be irresponsible for RBCT to expand when the other items of the value chain have not expanded. We can extend beyond 100 million tons a year, but that depends on the performance of Transnet Freight Rail, which has not expanded its infrastructure to our 91 million tons capacity. At the moment there is a deficit in the rail," Chirwa said.

RBCT reported an improved performance last year, when it exported 63 million tons, 2.7 percent more than 2008 and 3.8 percent better than 2009.

RBCT expanded its export capacity to 91 million tons last year, from a 12 million ton capacity when it was established in 1976. With the coal price at \$129 a ton, the South African

### Fast Facts

Richards Bay Coal Terminal (RBCT) is a 24-hour operation with a capacity of 91 million tons a year.

It is the biggest single coal exporting terminal in the world with the fastest ship and rail turnaround times.

The terminal was established in 1976 by South African exporters who wanted access to international markets.

Last year the terminal exported 59 percent to Asian markets and 25 percent went to European markets. Of the total 63.43 million tons, India and China imported 32 percent and 11 percent, respectively.

The 276ha site currently boasts a quay 2.2km long with six berths and four ship loaders.

Source: Business Report research

coal exporting industry may be losing out on an estimated \$3.3bn worth of revenue a year.

Transnet spokesman Sandile Simelane said yesterday that all issues regarding the export coal line were a priority. He said there were discussions with coal export industry players on a regular basis. Various issues such as operational challenges and future plans were shared.

"Transnet Freight Rail has always admitted that it is faced with a number of challenges on the coal export line. These are being addressed through the coal line's R37bn expansion programme geared to ramp up

capacity to 81 million tons by 2015... Transnet has stated on record that expanding to 91 million tons will require significant capital investment amounting to billions," he said.

Chirwa, whose company employs about 500 people, said of the recently expanded 91 million ton capacity, 72 million tons were allocated to majority shareholders including

BHP Billiton, Anglo American and Xstrata. The rest was allocated to South Dunes Coal Terminal (SDCT), junior mining houses managed by the Department of Mineral Resources to get into coal exports, black empowerment companies and independent companies.

SDCT wanted to create its own terminal but RBCT was instead extended. SDCT con-

tributed 40 percent of the R1.6bn expansion of the RBCT.

Many shareholders had given up part of their coal allocation to benefit smaller companies, said Chirwa.

"Companies like Optimum Coal originated from BHP over 60 percent black economic empowerment (BEE) tons, also Exxaro which has a 1 million tonnage. Siyanda Coal, which

belongs to Optimum Coal, also came from BHP Billiton. A total of 6.5 million tons of coal are allocated to BEE companies.

"By bringing in new BEE shareholders, that means other shareholders will regress. If you look at transformation in terms of new shareholding, I would not compare us with any other company. We've done quite a lot," Chirwa said.