

TRANSNET PREDICTIONS

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Transnet says coal exports expected to dip this year

CAPE TOWN (miningweekly.com) – Coal exports are expected to drop this year, following a disappointingly slow run over the past few months, says Transnet Freight Rail coal GM Mandisa Mondi.

“For the current financial year, the target for export was 77-million tonnes. We are trending at 73- million tonnes. We hope to have a good February and March, but unfortunately we are seeing a cancellation in terms of orders,” she told the IHS Market Southern African coal conference, in Cape Town, on Friday.

“We are geared up to execute, but there are not enough tonnes. We will probably end at 73-million tonnes, which is unfortunate, given the 77-million tonnes gained last year.”

Mondi said market demand was simply not as strong as before. Of the 269-million tonnes of coal produced in South Africa a year, 30% is exported. A large share of it goes to India. Investment uncertainty and a lack of commitment from the market was a concern.

A range of projects are under way or in the planning stage to free up freight rail for more exports. The current export capacity of over 80-million tonnes a year will be significantly increased by investment in a range of rail capacity programmes. Mondi said Transnet was set to declare a capacity beyond 81-million tonnes a year in the new financial year. She called for more collaboration with prospective public and private sector partners to accelerate development.

“Transnet’s investment plan is geared to give confidence to the industry that we are hungry for more tonnes to move in.”

A key feature is to bypass Ermelo on the way from the coalfields to Richards Bay. “The opportunity and benefits of this would save us 270 minutes. We need to find a way of dealing with this consistently. There is great opportunity in cutting out four hours in Ermelo in a turnaround system of 58 hours. “

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Transnet is also in discussions with Botswana about a link between Botswana and South Africa. She said she expected the two countries to sign agreements about this at the Investing in African Mining Indaba, being held in Cape Town next week. Botswana has abundant reserves of coal and rail and port links would open up massive opportunities. Mondi outlined the coal backbone upgrade, which is aimed at growing coal exports to 91-million tonnes a year. The project aims to upgrade the coal rail system north of Ermelo to meet future demands for domestic and export coal. The coal backbone acts as a conduit for coal flows for Eskom, the Waterberg, Swazi link and exports. This includes accommodating coal export growth to 91-million tonnes a year while at the same time migrating nine□million tonnes a year of additional Eskom coal from road to rail. The project must still undergo the gate review.

Work will be ongoing on the line between Richards Bay and Ermelo over the next few years. There are plans to build another tunnel with two rail lines. It would involve drilling through the mountain. Currently, there is only one line, which is a major stumbling block. “Once the Overvaal tunnel kicks in, the capacity unlocked by that would be humongous,” said Mondi. The Waterberg Existing line project is part of the Waterberg programme to increase capacity from Lephalale for export coal. The programme is split into stages and every stage is activated and aligned to validate volume demand. The project involves upgrading the existing line to increase capacity by lengthening loops, strengthening bridges, level crossing upgrades, doubling of sections and electrification.

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Other developments include the Swazi rail link, a bilateral project between Transnet and Swaziland Railway, aimed at establishing a strategic rail link from Lothair to Sidvokodvo in Swaziland. The link aims to create a dedicated Export General Freight Rail corridor to the eastern seaboard ports of Richards Bay and Maputo. The new link project – Lothair to Sidvokodvo – has already been completed but upgrade projects are at different stages.

Meanwhile, Richards Bay Coal Terminal CEO Allan Waller said the terminal was designed to transport 91-million tonnes of coal. It averages 32 trains a day. But he also indicated a drop in coal exports. Cargo size had dropped by 1.3% year-on-year in 2018, with parcel sizes having decreased by 5%.

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“We have to accept that market-driven is our new reality and we need to respond to that as a terminal.

” He said inclement weather had impacted on terminal performance. Changing weather patterns had led to 38 days of port closures in 2017 and 36 days in 2018. Despite the closures, the port had moved record tonnage in 11 months in 2017.

The terminal had also responded to this.

“We now have three operational tugs in the water. This allows us to catch up in the initial 24-hour period after bad weather when we need to clear the boats and get new vessels in.

” He said new helicopters had also been ordered for Richards Bay and Durban, giving greater reliability for marine services..

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