

## **Multimillion Rand Africa Projects Offer Huge Potential For SA Stainless Steel Supply**

**Johannesburg, 5 August 2016** - Strategic trips by the Southern Africa Stainless Steel Development Association (sassda) to Tanzania, Senegal and Mozambique as part of the dti's Export Marketing and Investment Assistance Scheme (EMIA) have yielded a number of exciting, 'new market' opportunities for local companies wishing to ramp up their returns on existing or potential African investments. Sassda Market Intelligence Specialist **Lesley Squires** says the value of these trips cannot be under estimated. "My work is as much about connecting key players as it is about opening up new markets and supporting members to understanding the best way to doing business on our continent.

"For example, Tanzania's new 2 561km railway project and 532km natural gas pipeline to the coast, offers sassda's fabrication members the opportunity to broaden their scope with both Tanzania and other landlocked countries."

### **SENEGAL GROWS ITS AGRO-PROCESSING POTENTIAL**

Expanding on these opportunities, Squires turns her attention to Senegal that has yet to take full economic advantage of its strategic, equidistant location from the US, Europe and South Africa.

Particular focus is being given to the area around Dakar situated at the coast, which is enjoying a growth phase with construction of its new international airport and adjoining office parks, already well under way. There is also now a big focus on growing the country's agro-processing industry. The Senegalese government is therefore looking to existing markets like South Africa for quotations and the supply of relevant food and beverage processing equipment and fittings. As a result, Senegal is co-operating with South Africa with liaison taking place with the Ferrous Metals Desk of the dti.

Squires elaborates; "There is currently no meat industry in Senegal as to date all meat products have been imported. To bolster local production, they are introducing a new sheep-goat hybrid - a 'geep'

or 'shoat' - that will offer a succulent meat product." This is being done in close partnership with South African farmers situated in the Karoo which features similar, semi-arid climatic conditions as those found within Senegal. In addition, because there has been no local meat supply in the country, it currently has no abattoirs, leaving scope to establish and grow the Senegalese agro-processing industry."

Due to the highly corrosive nature of animal blood, research is currently underway between the local abattoir industry, local representatives and sassda to establish a longest lasting, hygienic stainless steel that is also cost-effective for the building of abattoirs, both locally and for export markets.

Also populating the Senegalese horizon is the growing number of telecommunications companies such as MTN, Vodacom and French-based Orange, which require logistics laboratories with specified enclosures. Squires reveals; "We have had a lot of interest for our 3CR12 stainless steel, since Dakar is located on the coast and therefore has a highly-corrosive atmosphere."

## **MOZAMBIKAN INFRASTRUCTURE PROJECTS HAVE HUGE**

**POTENTIAL** South Africa has always enjoyed a natural synergy with its eastern neighbour and as a result there are a number of Mozambican projects that South African stainless companies could potentially look to supply.

**Gas:** Squires reveals that Pemba's liquid gas reserves close to the Tanzanian border have resulted in a potential \$30-billion Liquefied Natural Gas (LNG) plant with production set to commence in 2018 on the outskirts of Palma. The two companies involved in this development are ENI (Italian) and Anadarko (USA).

Power supply is also a major problem and a gas power plant will be built in the area to address this problem. Anadarko have stated that the main harbours - for the supply of the materials necessary for the construction of this huge project - could be in Dubai or South Africa. Overall, the plan is to have a gas pipeline from Palma to Beira with various off shoots (supply links) along the way. The Mozambique

government is insistent that there must be local 'value-add' in this development. ENI wanted an offshore plant but that means that there will be less local beneficiation and this is therefore still under discussion with the government in Maputo.

**Harbour:** The linchpin in the Pemba development hub is the region's new harbour that will be the largest, deep water harbour on the continent. The development of the Ports of Pemba and Palma have been awarded to the same state owned petrol company with Pemba's deep water harbour benefiting from partnerships and funding from Italian investor ENI in partnership with Anadarko Petroleum.

Testing is currently taking place of the levels and silt quality of the harbour to investigate if pilings should be concrete or steel.

Anadarko is also working with the Mozambican government in building infrastructure, and registering and vaccinating local populations for employment prospects.

**Industrial Park:** The development of the harbour will take place in tandem with the development of a new urbanisation plan for 18 000 hectares that will see the building of residential homes and the Pemba Industrial Park. Construction of the Park has already commenced and one is also planned for Palma. The on-shore contract has been awarded to Chicago Bridge and China Harbour Engineering Corporation will be developing the Pemba Industrial Hub which should be complete by the mid to end of 2017.

In terms of tourism development, Pemba is also becoming quite active and there are currently two hotels in Pemba, the Nautilus and the Pemba Beach Hotel (which is much more expensive and owned by Saudi nationals). Pemba and Palma are being considered by Government for Industrial Zone Status, which would mean tax incentives etc.

**Agro Processing:** Agro and food and beverage processing will also be required and the government is focussed on developing this. During her visit to Mozambique, Squires spoke with the Governor of the Province of Cabo Delgado who is tasked with identifying

requirements for each area of industry so they can attract the necessary resources; underpinned by the construction of two new distribution warehouses outside both Pemba and Maputo.

Squires comments; “Overall, there is huge potential in Mozambique in facilitating members and business into the region. In the past, I have put the relevant Mozambican partners in contact with our sassda members who are able to meet their requirements and supply them and will continue to do so in light of the range of exciting projects planned or already underway”.