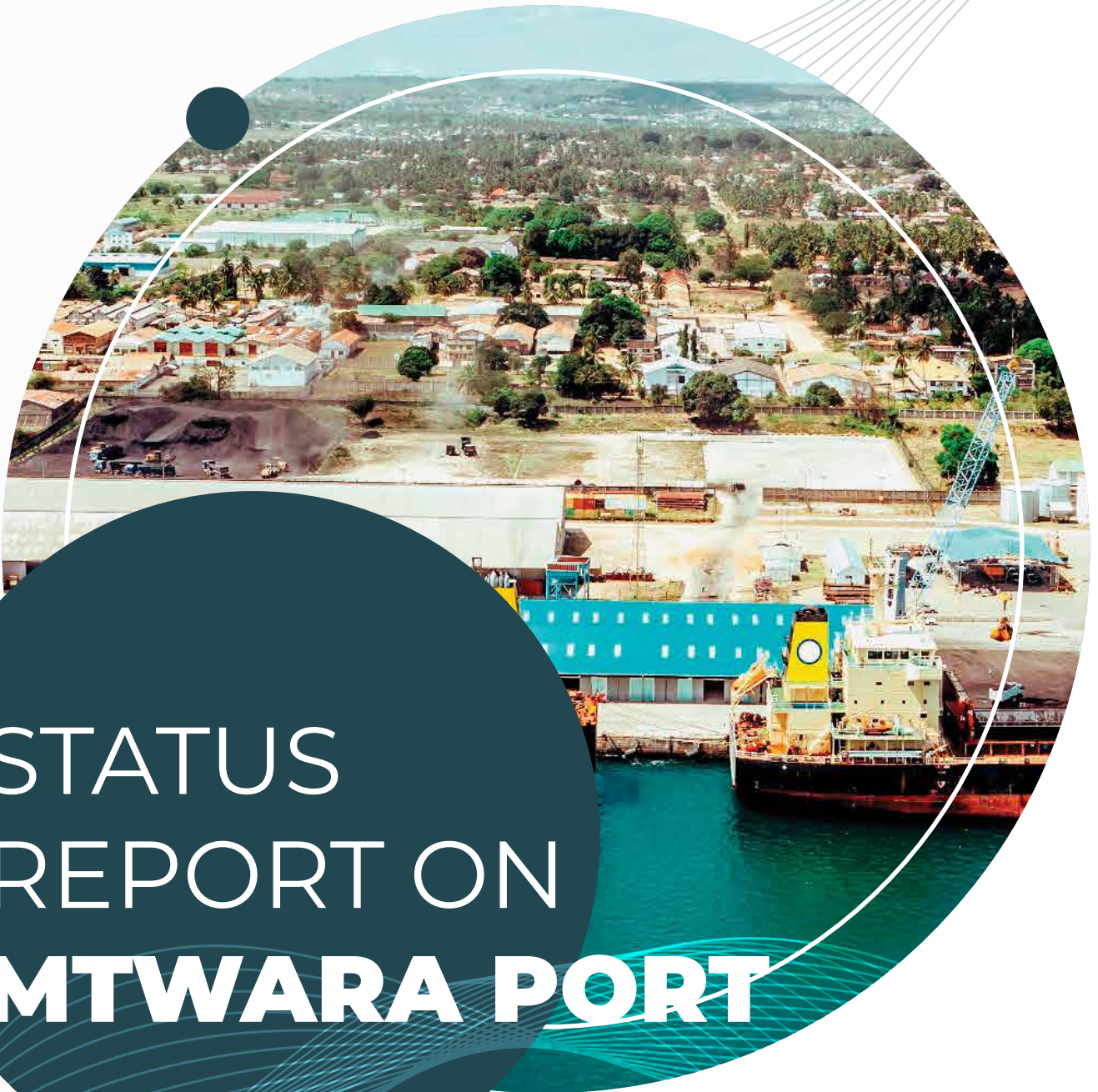




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STATUS REPORT ON **MTWARA PORT**

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A STATUS REPORT ON THE NEW MTWARA PORT AT MGAO-KISIWA AREA

PART I

**THIS REPORT IS INTENDED TO AMPLIFY
AND GIVE CONFIDENCE TO INVESTORS
ON COAL, GRAPHITES, CEMENTS, IRON
ORE AND OTHER RELATED
RAW MATERIALS IN TANZANIA.**



1. GENERAL PUBLIC INFORMATION ON TANZANIA

PORT DEVELOPMENT

Tanzania Ports Authority (TPA) eyes to boost further its operational efficiency and provide cost-effective port services to cater for the rising cargo volumes. The TPA Director General, Plasduce Mbossa recently said that huge investment made by the government had improved operational efficiency of the country's ports which created a huge demand for port services from the neighbouring countries.

Officials have been quoted saying that, a lot is being done by the sixth phase government on port infrastructure investments including installation of modern cargo handling facilities and with these, we have witnessed rising cargo volumes and strong demand for our port services from land-linked countries, and to stay at the heart of competition with regional and global ports, the improvement of operational efficiency is of no compromise.

Where port efficiency is low, revenues will go down and the cost of goods handled goes up," Mr Mbossa said. For example, he said after improving infrastructures in Tanga and Mtwara ports cargo volumes have gone up. Mbossa also said the increased cargo volumes, changes in cargo types and vessel fleets are some of the challenges facing the country's ports.

To address these challenges there is a need for more investments in port infrastructures to enhance port capacity and efficiency which will boost revenue and lower the cost of goods and services.

He further, said the contribution of ports to the economy is huge including revenues as well as the cost of goods and services in the Country. He mentioned Zambia and DRC as the leading markets for the Tanzanian ports. Also, cargo for Rwanda and Uganda are still on the higher side. He said due to the ongoing improvement and modernization, TPA forecasts cargo handling through Dar, Tanga and Mtwara ports to rise to 27.5 million tonnes by 2024/25 against the projections of 26.1 million tonnes. According to the TPA boss, there is the possibility of reaching this target before the time due to rising demand from land-linked countries and increased cargo volumes.

TPA believes that in line of thinking that called for the need to invest in new ports particularly the Bagamoyo port in Coast Region, Chongoleani in Tanga and Kisiwa Mgao in Mtwara. "Therefore it is necessary that we invest in modernizing our ports to contain and capitalise on the huge demand for port services from the neighbouring countries," he said

2. BACKGROUND ON THE NEW MTWARA PORT (DIRTY PORT)

According to various media reports the Tanzania Ports Authority (TPA) is planning to construct a 'Dirty' Port at Kisiwa Mgao area in the outskirts of Mtwara Region, which will serve as a special terminal to transport coal.

Tanzania is anticipating a rise in coal exports following a huge demand for the commodity in the world market. The volume of cargo handled by Mtwara Port has more than doubled in the past financial year, thanks to the coal mining, which significantly boosted exports through the port.

Mr Ng'wandu, the then acting Port Manager, said the export of cement from Dangote factory through the port continues to grow; there is equally significant increase of coal shipment through the southern terminal since October 2021.

The said port, whose capacity is projected to be one million tonnes of cargo annually, handled a total of 779,233 tonnes of cargo in the first half of this financial year, meaning by end of June this year, they will break even by handling more than the capacity.

Mr Ng'wandu further said that out of the 779,233 tonnes of cargo, consignment of coal totaled 614,380 tonnes.

The coal was exported to various parts of the world including the Netherlands, Singapore, Poland, Germany, Senegal, Ghana, Egypt, the Democratic Republic of Congo (DRC) and India.

The port started receiving coal for export on October 31, 2021 and the actual tonnes loaded in total so far are 1,094,908 tonnes. The port receives at least five vessels per month loading coal. He said, since the port started transporting coal in 2021, it has fetched a total of 19.22bn/-.

We started slowly with one vessel that had the capacity of carrying 50,000 tonnes of coal per month but the figure is now surging and this January, we were able to transport 150,000 tonnes of coal," he said. The volume increased to 592,365 tonnes in the year to June 30, 2022 compared to 177,388 tonnes handled in 2020/2021.

According to the management, the port's target was serving 377,700 tonnes per year.

Indeed, already, coal is dominating the exports for the current financial year, with July and August accommodating 169,571 tonnes out of 215,715 tonnes handled at the Mtwara Port. This, according to Mr Ng'wandu, has pushed TPA to come up with long term plans to construct 'Dirty' Port at Kisiwa Mgao area, near Dangote Factory, which will be dedicated for shipping coal.

The objective is to protect the environment, based on the nature of coal, which contains a lot of dust,” he said.

Mr Ng’wandu said this February, a tender will be floated for bidders to submit their bids and when the procedure is completed, and construction will begin at an area of 25 hectares of land. The construction project will last for two or three years.

2.1 STRATEGIC LOCATION AND SUSTAINABILITY:

This port (Kisiwa Mgao) will be strategic because it will also serve to transport cement, graphite from Ruangwa District, Lindi Region,” .It will also be readily available for use when the much-touted Liganga and Mchuchuma project kicks off, according to Mr Ng’wandu.

“Required infrastructure will already be in place to support transportation of products from Liganga and Mchuchuma,” he said, while calling on the government to fast-track construction of the Standard Gauge Railway (SGR) from Mtwara to Mbamba Bay and other places of southern regions for the port to be fully utilized.

At the moment, TPA is making enough efforts to protect the environment, since transporting coal carries with it a volume of dust which is a threat to the environment and causes pollution to people living near the Mtwara Port.

We have come up with short- and long-term plans to deal with the challenge. In short term plans, we have erected special nets to trap dust at the compound where the coal is stored before being loaded into the ships,” he said.

The port is also using cannon dust to clean out dust from the coal as well as using water bowsers at the trails and stockpiling. Another short-term measure the port is taking is to install a conveyor belt system, to transport the coal from where it is stored to the vessels, whereby according to Acting Port Engineer, Stephan Kashushura, the port has set aside 9bn/- this financial year to start and complete the project.

3. CONCLUSION

According to an International Energy Agency (IEA) report, global coal demand increased only marginally in 2022.

However, this increased demand was enough to push it to an all-time high amid the energy crisis. With the ongoing war between Russia and Ukraine the demand is anticipated to go much higher this year.

A summary of the potential project impacts and the corresponding significance can only be obtained from TPA and as we speak the information availed here is all that is in the public domain and is backed with actual ground activity in the area which has other notable strategic investments some government, funded, PPP models and yet others donor funded like the 300MW Combined Cycle Gas Turbine (CCGT) power plant at Kisiwa Village, Naumbu Ward, Mtwara District, Mtwara Region in Tanzania.

Overall based on the available information we are convinced that the Mgao-Kisiwa locality is conducive environment for investment and other undertakings since the data available points to the sustainability of the port project and surrounding environment being investor friendly.

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