

Malawi Can Benefit by Using Nacala Corridor More

Globally, the Corona Virus has thrown every business person into a hole they never ventured into before, and there is no Best Practice or template on how to handle such a global crisis. Fuel tankers are spread globally at anchorage due to low demand and transportation has been affected everywhere. It is clear that those that will survive this global crisis will rise out of it stronger having built resilience and strategic dynamism through the period.

COVID19 has disrupted our way of life, period. The year 2020 which had brought up hopes for many globally, especially also in Malawi, is now raising many questions as to whether revenue and production targets can indeed be met. Let us take a comparative look at performance of Malawi volumes through the Mozambique ports of Nacala and Beira.

There is keen interest on the performance of the Nacala Corridor from a Malawi perspective. The Nacala Corridor currently links the port of Nacala with the Malawian cities of Blantyre and Lilongwe, and also has stops in Mchinji, Machinga Districts in Malawi and Chipata City in Zambia. This Corridor has great potential for growth:

- Nacala is a natural deep sea port, a bay port, with no draft issues
- The draft at the Container Terminal Quay is 14m whereas the draft at the general cargo terminal is 10.5m.
- Nacala Corridor provides rail transportation which is expectedly cheaper than road freight
- Nacala corridor provides comparatively the shortest transport corridor distance from inland points Blantyre and Lilongwe to the main operational coastal ports on the Indian Ocean.
- As regards volumes:
 - So far an average of 9-15% of the containerized volumes through Nacala port are Malawi volumes, which suggests there is more that this port can do to increase Malawi containerized volumes.
 - Nacala enjoys less than 5% of the total tonnage to Malawi, Beira Corridor comparatively enjoys close to 20% of the total tonnage that Malawi imports and exports.

Malawi 2018 Tonnage via Ports	International Trade Centre[1]	Port Statistics	% of Total Malawi Tonnage
Nacala	No Splits Available	98,950.00	2.80%
Beira	No Splits available	574,096.00	16.26%
Total Malawi Tonnage Imports and exports	3,531,391.00	673,046.00	19.06%

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Comparative to Beira, one can see that Nacala is not enjoying a lot of containerized volumes both imports and exports and the variance between the Beira Corridor that uses road, and the Nacala Corridor largely rail is vast, but it should not be the case. It is clear that there has to be specifically targeted tailor-made services to suit the demands of the specific exports and imports that this corridor is losing out on.

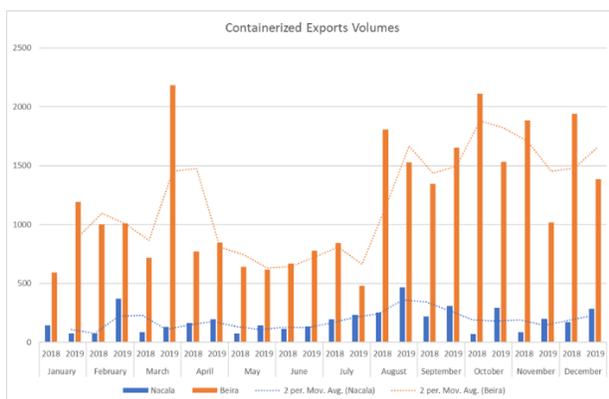


Figure 1: Containerized Exports 2018-2019²

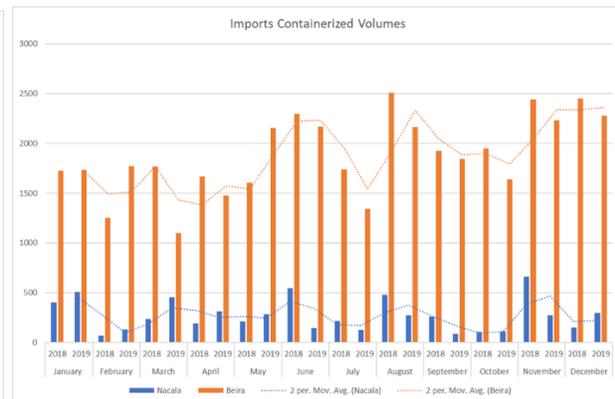


Figure 2: Containerized Imports 2018-2019³

The above, covering 2018-2019 shows the comparison between Nacala and Beira port statistics for Malawi cargo and the trend is the same in the 1st quarter on 2020.

¹ Source: www.intracen.org . Some 2019 tonnage data unavailable to enable comparison with 2018 table.

² Source: CDN and Cornelder Port Statistics

³ Source: CDN and Cornelder Port Statistics

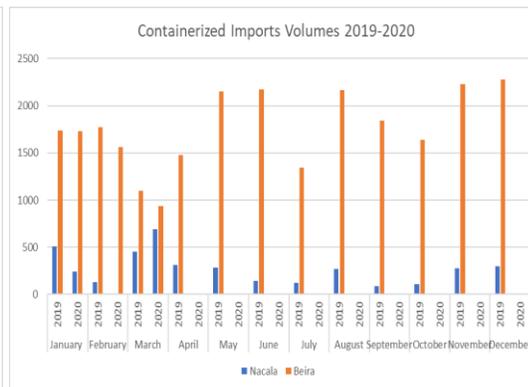
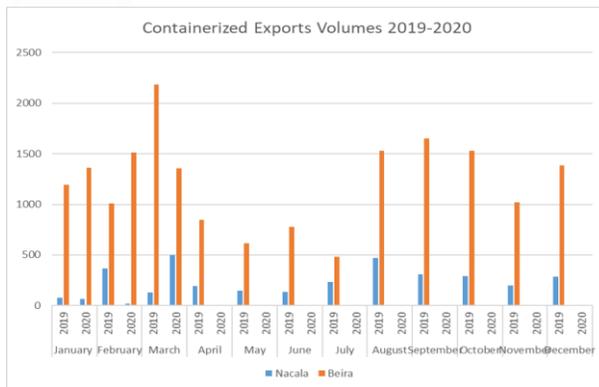
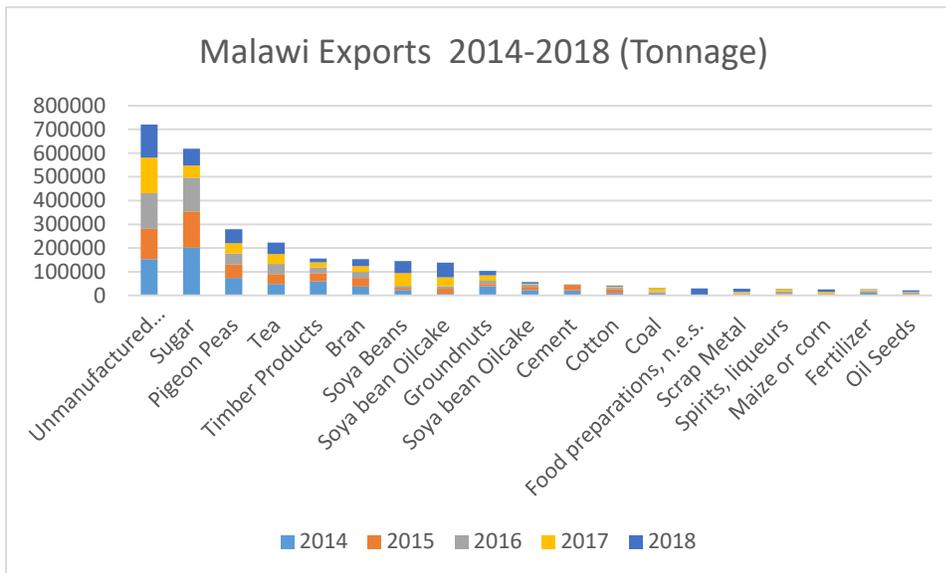


Figure 3: Containerized Exports 2019-2020 March⁴ Figure 4: Containerized Imports 2019-2020 March⁵

The 1st quarter does not show a huge variance in volumes, possibly because most imports were shipped being lockdowns were effected. The exports spike in March 2019 is explainable by backlog volumes from 2018, mainly tobacco and some movements of soya.

A study of the Malawi imports and exports would assist to see what products could be targeted for the Nacala Corridor, which from our analysis is currently Tobacco on the exports leg and bulk products on imports.:



⁴ Source: CDN and Cornelder Port Statistics

⁵ Source: CDN and Cornelder Port Statistics



Malawi Imports 2014-2018 - Tonnage

