# Transnet on the hunt for foreign contracts

By Nicky Smith

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Transnet Engineering (TE), a unit of the state-owned freight and logistics company, is exploring new narrow-gauge markets in Latin America, South-east Asia and Australia in a bid to meet its growth targets, according to strategy and marketing general manager Thoba Majoka.

Transnet previously had an "Africa first" approach. While it has largely focused on wagons, it has recently built capacity in the manufacture of locomotives. Its contract to build 143 locomotives for General Electric was regarded as the only programme globally that was running ahead of schedule.

Majoka said there were greater opportunities for the company if it focused its marketing efforts on all of the places which use narrow-gauge rail.

TE's target for business generated outside SA for 2019 was R5bn. "We must get a lot of that from the region, but we can't wait for 2019, we have to get out there and develop markets as far away as Colombia," he said. "A lot of our revenue comes from Transnet Freight Rail - R11bn of the R13bn - so we need external revenue to meet our targets."

Last week he and his team met prospective clients in Colombia, which is looking to buy wagons to transport coal, oil and cement.

"We met with people interested in Transnet's narrow-gauge technology - they are using a lot of trucks there and they want to get them off the roads," he said.

A mining firm in Chile had also approached TE about buying wagons with self-steering bogeys. These allow the wagon to move more freely on track in the country's mountainous regions - reducing friction, along with and wear and tear on the wheels as well as the track.

## Opportunities out there

Majoka said there were many other opportunities in Latin America and in South-east Asia, in countries such as Thailand, Malaysia and Vietnam. Transnet had commissioned rail studies and established that there would be increasing demand for passenger coaches.

"There will be growing demand in that region between now and 2016," he said.

However, Majoka admitted that it would be tough to compete with Chinese and Indian train companies. But he said TE could differentiate itself from larger regional suppliers by being more responsive to customer needs, by optimising designs and focusing on better, more cost-competitive sourcing from regional suppliers.

In Africa, TE has signed a number of agreements to supply locomotives and wagons to Botswana, the Democratic Republic of Congo and Mozambique.

It has a R430m contract to supply 560 wagons to Botswana.

CDM, Mozambique's equivalent of Transnet, has recently contracted TE to buy 20 coaches (for passengers) and three locomotives, with a further seven on lease.

"They are also looking for wagons (in future) so we are preparing for that," Majoka said.

TE recently sold six locomotives to Congo to boost its hauling capacity for general cargo since much of its rolling stock is broken.

"The whole idea in the Congo is to revive their rail network. They have lost of a lot of cargo to road frieght. This market will develop and we are keeping an eye on it," he said.

Source: Business Day via I-Net Bridge