GRAIN STORAGE SOLUTIONS LTD (GSS)

GRAIN TRADING BUSINESS
IN
ZAMBIA

Lake Safari Lodge, Lusaka, Zambia
8 July, 2011
• Grain Storage Solutions Ltd is a company owned equally (by Zdenakie Limited and CHC Commodities)
  ✓ Purpose built warehousing complex for the storage of grain and other agricultural inputs
  ✓ Capacity of 63,000MT of storage amongst the 18 sheds of 1,200sq m each.
  ✓ Complex is serviced by a double weighbridge and a lab, canteen, ablution block and a 900sq m two storey office block.
• The complex is situated in the heart of the industrial area in Lusaka close to the FRA depots on Mwembeshi Extension Road and there are 11 milling companies in a radius of 2-5km.
• GSS has offered this additional space to FRA for the 2011 marketing season. These stocks could be issued with warehouse receipt to enable FRA to finance the same stocks through the Banks. – Public Private Partnership.
Future Plans

- Grain Storage Solutions has only utilised 60% of the 23 acre site it occupies in terms of enclosed warehouse structures, the additional open space can be used to store grain under tarpaulins (estimated 60,000mt).

- The company intends to increase its storage capacity by introducing bulk storage in silos or bunkers and bring the total storage capacity to 100,000MT over the next 2-3 years.

- Develop similar storage facilities at a smaller scale in Mkushi (secured land and commencing works before the end of 2011)

- Develop similar complex in Kapiri Mposi

- Grain Storage Solutions has been funded by Industrial Development Corporation (IDC) of South Africa, the total project cost is $5.2m of which IDC has funded $4.1m over 10 years. (current structures)
Grain Storage Solutions
SERVICES OFFERED BY GSS

- Storage
- Fumigation Procurement
- Logistics Selling

- Services offered by its principal shareholders Zdenakie & CHC
- Procurement
- Commodity Brokering
- Input finance (Outgrower management)
- Cross border trade
- Approved/Certified warehouses in Lusaka
- Warehouse receipts
COMMODITIES STORED & TRADED

- Maize
- Soya beans
- Wheat
- Beans
- Groundnuts
- Sunflower
- Rice
- Sorghum
- Cowpeas
- Soya/Cotton cake

• Barley

Non Grain
• Fertilizers
• Seeds
• Cement
GSS Current Trade Regime

- Procure on mandate for third parties
- Procure for trading activities
- Provide storage facilities to third party clients
- Trade Finance to small & medium traders CMA (Collateral Management Facilities)
- Trade Finance to farmers CMA (offer growers the arbitrage to store their crop and offer it to the market later in the season when prices may have risen)
CHALLENGES FOR THOSE DECIDING TO USE THE WAREHOUSE RECEIPT OPTION

- Uncertainty in the market:
  - Export & Import restrictions (adverse influence on the price of the commodity under warehouse receipt)
  - Government interventions (FRA)
  - Bank acceptance of warehouse receipt (discount the receipt and avail finance to owner of receipt/certificate)
Agricultural Credit Act No. 35 of 2010

First Policy environment has to be correct.
- Consistent policy - Reduce uncertainty
- Sector players – Stop immediate benefit behaviour
- Government – Enhance Stock Committee/ regulate and monitor (interim)
- Legislation (Marketing act)
GSS & Agr. Credit Act 2010

- GSS supports appointment of credible (possibly experienced agent – authority)
- GSS will sign up with the agency
- GSS will ensure compliance with Quality and Quantity
- Enable GSS and/or its clients finance activities using warehouse receipt
- GSS ready to collaborate with all stakeholders to ensure smooth implementation of credit act
THANK YOU

GRAIN STORAGE SOULTUTIONS
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DIRECTORS
George Liacopoulos
Chris Hawke
PREDICTABLE

- Unsurprising
- Expected
- Conventional
- Obvious
- Knowable
- Clear
- Understandable

- Palpable
- Noticeable
- Apparent
- Evident
- Observable