

# GRAIN STORAGE SOLUTIONS LTD (GSS)

## GRAIN TRADING BUSINESS IN ZAMBIA

Lake Safari Lodge , Lusaka, Zambia  
8 July, 2011



# Introduction

- 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

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# 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 boarder 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 SOLUTIONS

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# PREDICTABLE

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

- Palpable
- Noticeable
- Apparent
- Evident
- Observable

