

Bidvest Tanks seals storage facility deal

Bidvest Tank Terminals will invest R1bn in a new liquid petroleum gas (LPG) import and storage facility in Richards Bay for global LPG logistics company Petredec, it said late last week.



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This is a significant investment in SA when business confidence is weak and capital projects are dwindling. SA's gross domestic fixed capital formation picked up slightly in the first quarter of 2017 but is significantly less than in the third quarter of 2015.

In the recently concluded investigation by the Competition Commission into the LPG market, it found that because of limited import and storage facilities for LPG in SA it was cheaper to make it locally. If supply bottlenecks were eased, LPG prices could be deregulated.

Bidvest Tanks will build a 22,600- tonne storage facility adjacent to its existing tanks. Petredec will use the terminal as a customer.

780,000m of bulk storage in SA

Bidvest Tanks has 780,000m of bulk storage in SA in 544 tanks at Durban, Richards Bay and Isando. The expansion will add about 350-million litres over the next five years to the 3.5-billion litres of products such as chemicals, liquefied gases, edible fuels and oil additives it handles annually.

Work on the tanks will begin in September and will take 27 months to complete. First delivery of the product will be in the fourth quarter of 2019.

A Bidvest spokesman said the investment was made to meet existing and future expected demand for imported LPG from established customers in southern Africa. He declined to comment on Bidvest Tanks' possible future plans for storage and handling of LNG, which the Department of Energy has identified as a long-term source of cleaner energy for power generation, industrial and household use.

"Our commitment to the development of the southern African LPG market underlines our confidence in the growth potential of this region," Petredec CEO Giles Fearn said.

Source: Business Day

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