Citrus container rail progress for 2014- the future outlook of rail developments

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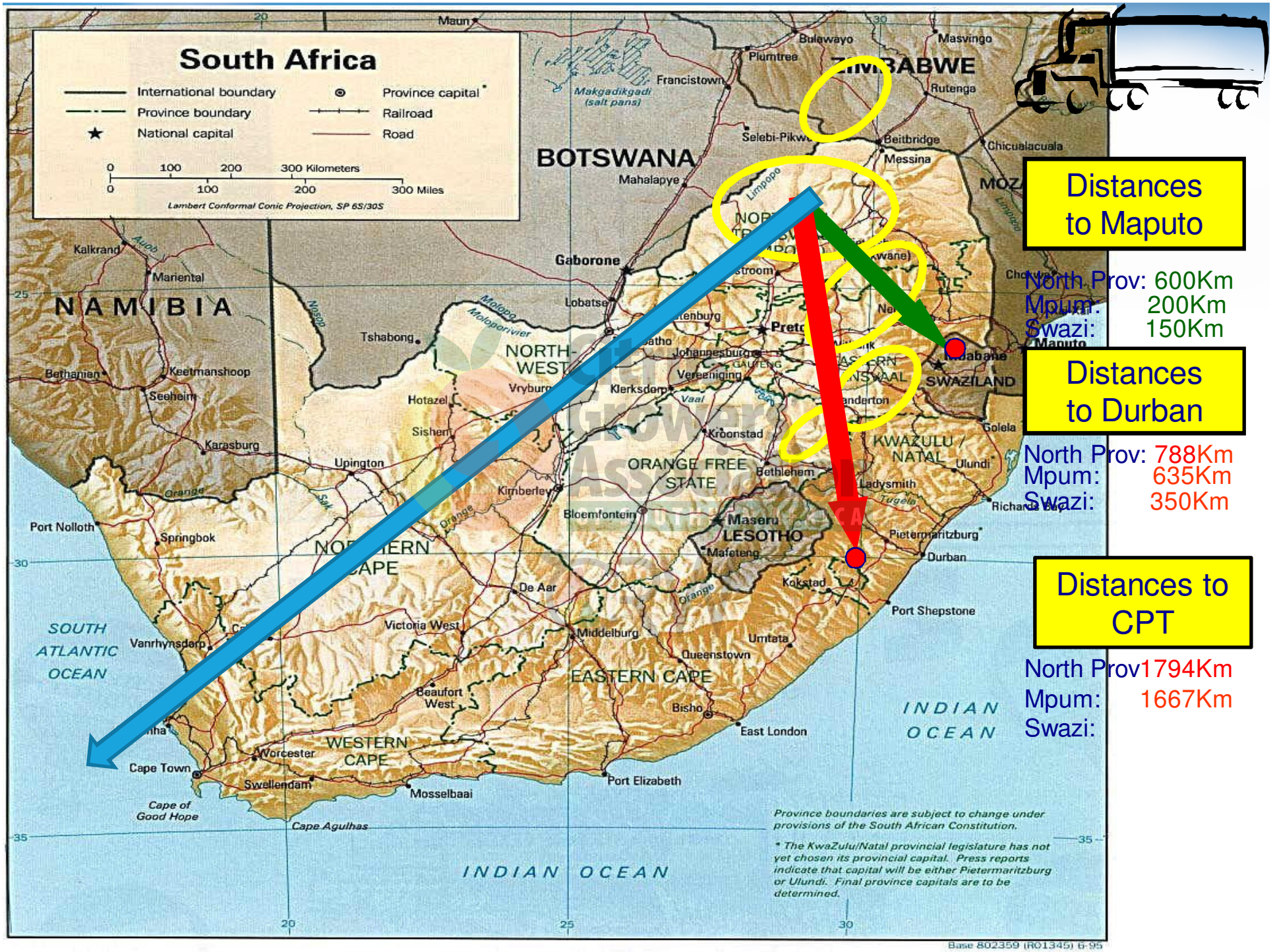
2014 Season, and what we face again

Status quo during the citrus season of the two ports:

Durban	**Cape Town**
Prone to congestion	very fluid,
Very little effective capacity	Abundant capacity
No reefer equipment inventory	inventory of reefer is in Cpt
Empty reefer has to be positioned	mt equipment already in Cpt
Container depots under strain	depots repair hubs at lower ebb
NATCOR heavily subscribed	CAPCOR under subscribed
NATCOR not able to be flexible	CAPCOR capacity allows flexibility

PORT CONGESTION-NACALA (MOZAMBIQUE)

PORT CONGESTION-DURBAN (SOUTH AFRICA)



Distances to Maputo

North Prov: 600Km
Mpum: 200Km
Swazi: 150Km

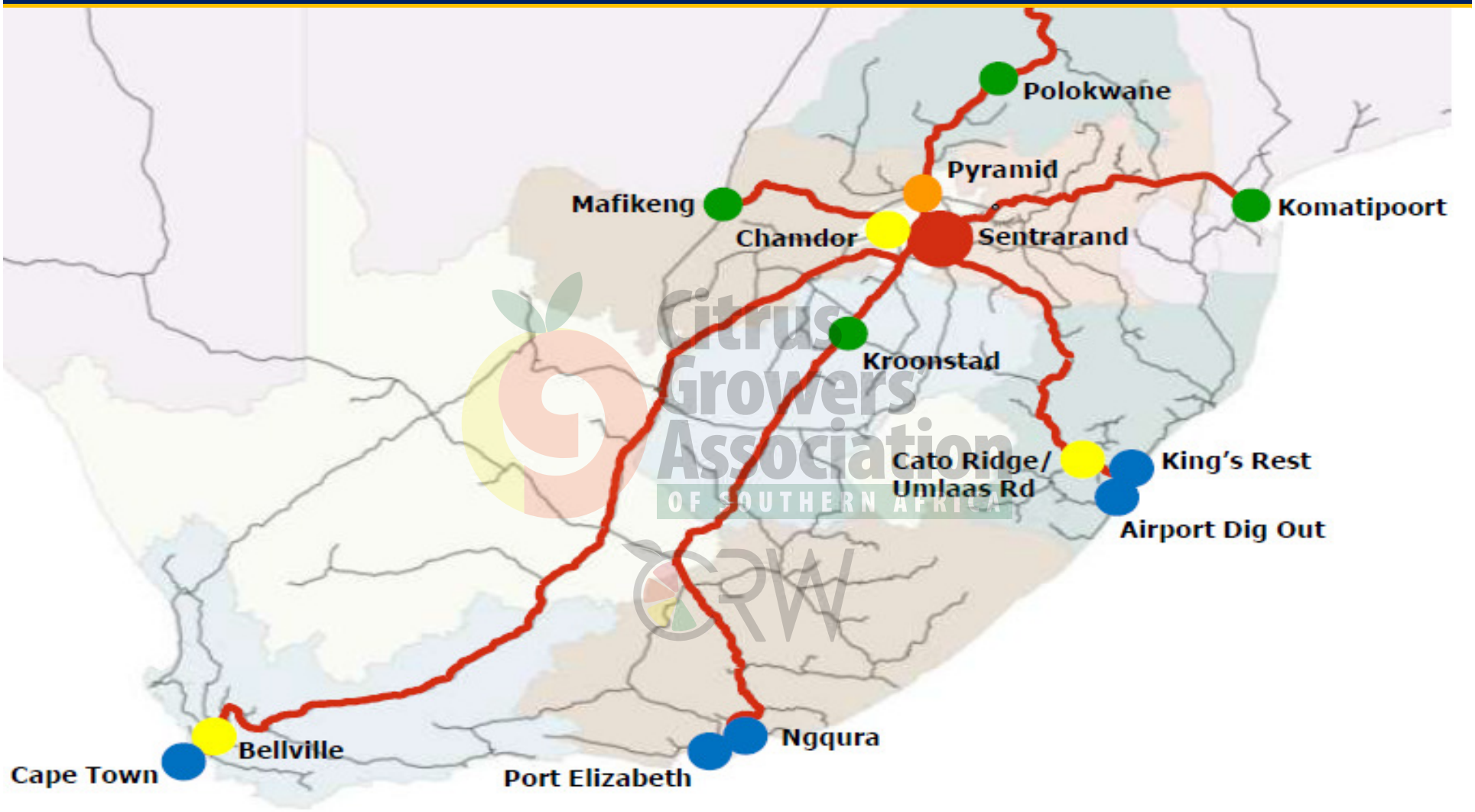
Distances to Durban

North Prov: 788Km
Mpum: 635Km
Swazi: 350Km

Distances to CPT

North Prov1794Km
Mpum: 1667Km
Swazi:

TFR rail infrastructure



Terminals are likely to be developed in partnership with public and private sector players or rail may only offer services to privately owned terminals. (Final positions are therefore indicative only)

'significant modal shift from road to rail'

SA's rail and port infrastructure would be significantly upgraded and expanded over the next seven years ,resulting in "a significant increase in freight volumes, especially in commodities such as iron ore, coal and manganese, while leading to a "significant modal shift from road to rail".

The lion's share of Transnet's R300-billion capital investment programme, R205-billion, would be spent on rail projects - R151-billion of this on freight rail - as the company pushed to increase freight rail volumes from about 200-million to 350-million tons by 2019, while increasing its market share of container traffic from around 79% to 92%.

This increase would significantly reduce the cost of doing business in South Africa,

Transnet said, citing internal studies showing that rail in the country was on average 75% cheaper than road transport.

A large-scale shift in freight transport from road to rail would also "address costs, congestion and reduce carbon emissions

A few things to ponder about

NATCOR is 650 km long
NATCOR is under siege- heavily over subscribed

CAPCOR is 1650 km long
CAPCOR is under subscribed and can offer flexible train slots

Even though the rail leg is much longer the rail line has lots of capacity.

23 day DUR transit to EU. Vessel must still call PE and CPT
18 day CPT transit to EU. Cape Town is last call

Fruit will be more fresh than fruit via Durban
You will not encounter truck stop delays and intake delays
Rail would ease the traditional long-haul truck shortage problem in peak season

TFR must stick to running trains ,and only provide equipment and manage the bookings
Growers must stick to growing fruit, and the best quality fruit
Exporters get this fruit in containers as soon as possible and shipped

3PL provider must be appointed to run the rail-head logistics both ends

What our goal should be

There is a few key factors that plays a role in the success of rail logistics:

- **Rate equalisation between Durban versus Cape Town rates**
- **Reliability of TFR and their service levels**
- **Effective communication between all role players**
- **Trust, co-operation and commitment from exporters**
- **The combined co-operation of below players to share the additional cost to divert rail to Cape Town, and how each one benefits:**

-TNPA
reduction in cargo dues in CPT, but increased berth utilization and volumes
-TPT
reduction in THC in CPT, enhancing productivity in a 'quite' port period
-TFR
better utilization of their corridor, and reduction in their rail rate
-Shipping Lines
possible freight rebate , in order to make their services more effective
-Exporters
to get fresher fruit in the market, invest in commitment to cause

In the end only below really matters:

COST OF LOGISTICS
QUALITY FRUIT
RETURNS TO GROWER

THANK YOU