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CGA Logistics Report 2011 – Week 32

The charts linked to this report can be found on the CGA Website, Logistics / Reports or downloaded from this link: http://www.cga.co.za/pages/30494

Statistics are based on data reflected at the end of the previous week

1. Packed and Shipped Volume (Pallets)
   - YTD packed: 6% down from 2010. GF 25% up, LE 8% up, OR 18% down and SC 8% down. Refer chart 1.1
   - YTD shipped: 2% down from 2010. GF 25% up, LE 12% up, OR 13% down and SC 10% down on 2010. Refer chart 1.2

GF packing is now almost over with only a few consignments that will make their way to port. The 2nd Lemon cycle will be tapering off from this week, the PPECB data shows the 1st cycle was 1m cartons behind last years packing but the 2nd cycle produced good volumes which made up the loss. OR production (predominantly Navel and Valencia types) has been low this year and is currently 8m cartons below last year's volume YTD. From week 27, the production of OR types (mostly Valencia's) has been close to 1m (in some weeks 2m) cartons lower than 2010 – this is ~12,500 pallets worth of citrus and about ~500 truckloads of fruit less being sent to port. In totality there is about 100k of pallets and ~4,000 truckloads of OR types less sent to port compared to 2010 YTD. Indeed the decreased flow of citrus to the ports will be more than evident. Peak Valencia production; at the current packing pace, ought to continue over the next 4 weeks. On the SC side there is evidence that production volume has not been as high as 2010 from week 26 which is about 10,000 pallets below 2010 YTD.

YTD commodity co-efficient[1]: It's no surprise to see the volume co-efficient of production against shipping being higher this year than 2010 up by 3.8%. The SC % is slightly lower though. Refer chart 1.3

   - YTD commodity shipped by port: It's very interesting to see a greater volume of citrus being routed through the Eastern Cape ports. LE exports through this region show growth with OR types marginally down on 2010. Maputo is still holding ground with Durban and Cape Town showing less citrus being exported from those ports. Refer chart 1.4

Port Export Volume Comparison 2011				
Year	**Cape Town**	**Durban**	**Maputo**	**Port Elizabeth**
2010	-6.20%	-4.63%	39.99%	1.36%
2009	19.80%	2.82%	39.57%	26.29%

It would appear that there is strong evidence that volume of citrus routed through Durban will be quite low this year in comparison to previous years.

2. Port Stock Dwell Time, Fruit Age & Port Stock Volume
   - While the stock levels are well under capacity pressure point in all the ports, the Durban port does show an increase in stock holding. Some of the cold store facilities in Durban are showing an increase in stock holding while others are not showing pressure on capacity. Refer chart 2.5
3. Export Market Volume
   - The citrus market spread shows a relatively stable volume base although volume of citrus sent to Europe is notably down in conjunction to lower OR volume of production. The volume of citrus sent to the EU / UK markets is very relative to volume of production whilst other markets appear to be stable year on year. The volume base to Russia has stabilized on the back of the increase seen earlier this year. Refer charts 3.1 and 3.2.
   - There is still more citrus being routed out of Maputo to EU resulting in a decline being routed from Durban. Refer chart 3.3.
4. Port Shipping Mode Gearing
   - There has been a shift in citrus container loading volume which currently represents 72% (60% in 2010) of export volume shipped this way. Even with the decreased volume of production there has been an increase in container packing – seen out of PE, Ngqura, Durban and Maputo. Refer charts 4.1 – 4.3.
5. Shipping Mode Volume Trend
   - A significant volume of containers left SA shores in week 26 which is much higher than any amount sent in a single week. Refer charts 5.1 – 5.2.
   - It is also seen that volume of citrus loaded by Specialized Reefer ships has declined significantly in the later part of the season. Refer charts 5.3 – 5.4.
   - The increase in container volume can be seen to Middle East, Asian, Canadian and Japanese ports with a decrease in conventional (break-bulk reefer ships) to Europe and Med ports. Refer chart 5.5 – 5.6.
6. Regional Shipping Mode Volume
   - Increased volume of container loading to Middle East seen out of Cape Town with a spike in container loading during week 25 – highest in a single week. Refer charts 6.1 – 6.3.

[1] Commodity Co-efficient is the difference between Packed and Shipped volume, this percentage indicates the efficiency of stock movement out the country and will also relate to stock age and storage costs.

- Similarly in Durban an increase in container activity can be seen to Middle East, Japan and Europe markets. No evidence of a spike in container loading in any given week although more containers were loading in the earlier part of the season in conjunction with GF production volume. Refer charts 6.4 – 6.6.
- Most notable is an increase in container loading to Middle East and conventional to Europe out of Maputo this year. Refer charts 6.7 – 6.9.
- Port Elizabeth and Ngqura ports are moving rapidly each year to becoming a fully containerized region where 90% of citrus is shipped by containers with an increase seen to Far East and Med ports. The spike in container loading during week 26 can be seen from PE and Ngqura ports. Refer charts 6.7 – 6.10.

7. Regional Inland Container Loading (Containers packed on farm or inland cold stores)
    - The Eastern Cape region packs 80% of containers inland which is double the amount of containers packed inland at all the other regions combined. This trend can be seen quite evidently on chart 7.3. Refer charts 7.1 – 7.3.
8. Citrus Rail Volume Statistics
    - The Letsitele container train seems to be running relatively smoothly this year compared to previous years. There is no evidence that rail activity from Pretoria and Polokwane will come to fruition this year. Some might have seen publications that the Limpopo Dept. Of Roads and Transport have signed a MOU with TFR to stimulate growth in citrus rail activity from this province. The CGA works closely with both these entities to ensure that this does materialize. The break-bulk rail mode has seen no further activity after the first group of wagons were delayed beyond an acceptable time frame to port – has this mode of transporting citrus to port seen its day? Refer chart 8.1.
9. RSA Port Total Container Volume Statistics (All containers handled at each port container terminal)
    - Durban has seen an increase in container activity during May, June and July months this year compared to previous years. Refer chart 9.1.

Notes:

After much communication regarding the damages incurred during road transporting of citrus to port – more so to Durban, a report has been compiled that highlights some of the factors that should be considered after a brief bit of research was done regarding this issue. This report was distributed last week and already there has been much feedback to reiterate and strengthen the need to find a solution to address this problem. In fact it was highlighted that this year has been the worst as far as damages occurring during transport and even so far as markets responding to address the issue of damaged product landing overseas – but quite possibly not connected to damages from road transport as more often than not it is not exported. After a recent trip by road along the northern corridors (2,800km's in 4 days) it was very clear that there are severe problems with the road conditions and driving on these roads can be quite hazardous due to road users general disregard for traffic laws – not to mention the inability for motorists to drive sensibly and safely along these malfunctioning roads. I'm glad to be home in one piece I might add, although my new vehicle took some damage from rocks (not just stones) thrown up from road trucks which at present are excessively abundant on the national corridors. Parking at stop and go's on the N11 for hours on end I was hoping to catch a glimpse of the 'Anaconda Train' running containers in the thousand (annually) between Durban and Johannesburg, but low and behold not even a single train could be seen the entire time. Might have just been a bad day for the rail line I guess, but still rather concerning given the plight to move more product by rail. I did however manage to see the Letsitele container train yesterday stationed in Balgowan just outside Pietermaritzburg – was overjoyed to see it since I will be presenting the plight of this train at the Cool Logistics Conference in Belgium next month. Anyhow coming back to the road transport damages. The Fleetwatch editor Patrick O'Leary has made some strong comments featured in the June and July magazine. He has made a call to action regarding the failure of some truck owners or operators to maintain their fleet to ensure that safety is prioritized and that the cargo being carried is not placed at jeopardy. His message carries the sentiment that the sector has come under disrepute by those who neglect to operate a sound fleet of vehicles – and it seems there are many. The 'Call to Action' by the trucking industry is being addressed in a one day workshop being held here in Hillcrest during the Truck and Bus show on Friday 19th August. Fleetwatch is aiming for the biggest gathering of truck operators ever seen in this country to discuss a new era of road safety. http://www.fleetwatch.co.za/index.php?option=com_content&view=article&id=923&Itemid=348. The message seems clear that there are an abundance of operators running trucks that are not fit to be on our roads (no matter how bad they are) and likewise not fit to carry citrus to ports. So I'll be in attendance to find out three things:

1. How do you identify an operator or a truck that does not comply with road safety standards?
2. What evidence must or should be presented by an operator or broker to guarantee the condition of vehicles and how often should or must this be done.
3. How do you build into the contract between an operator or transport broker that they do not supply un-roadworthy vehicles?

To deal with the issue of damages of citrus during transportation, I would propose a workshop be held to discuss some of the factors at play to do with palletization and load securing, and to present the most practical and feasible solutions to ensuring that each load of citrus is received in port in the condition that it was loaded from the packhouse. It is proposed that this be coordinated with the Road Freight Association (RFA) and be attended by representatives from some of the major transporters of citrus as well as a citrus industry interest group. Communication in this regard will be distributed as soon as a date has been firmed with the RFA. The conclusions of the research can then be compiled and presented at the CRI packhouse study sessions and various other road shows given at the commencement of the 2012 citrus season. (Please find the report on the CGA website homepage www.cga.co.za)