

Ross van der Merwe – Orbit Integral

“We'll have to start getting creative with citrus logistics”

Orbit Integral's general manager Ross van der Merwe believes that the truck attacks are, for the time being at least, under control.

“In the Western Cape, particularly, it was cleared up very quickly. Our biggest frustration is that there haven't been arrests. Most of the drivers I spoke to are opposed to the protest action. They don't want to operate under these circumstances, getting shot at, and they also lose income when the truck has to be stationary in the safety of their yard.”

He gives no credence whatsoever, like many in the transport industry, to the claim made by the All Africa Truck Drivers Foundation that over 90% of truck drivers operating in South Africa are not citizens.

“The big challenge now,” he continues, “is getting the trucks back north to take up their next loads of citrus.”



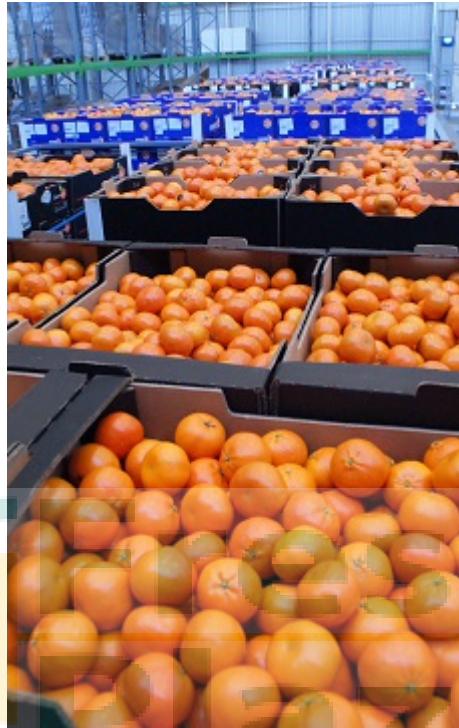
Citrus being loaded on a tautliner (photos supplied by Orbital Integral)

Orbit Integral (Pty) Ltd specialises in the road transport of citrus and citrus-related products like fertilisers and packaging across the country, moving around 150 truckloads of citrus per day during peak citrus season.

They are the link between the farmer and the trucking company, not an easy job at the moment as the pool of available trucks shrinks and a bidding war between growers ensues. In the beginning of the year, until June, there are usually more trucks than cargo, but the situation completely changes over during peak citrus season until around end-of-August.

He believes a big stumbling block is some growers who use the supply and demand mismatch at the start of the season, and pay a commercially unviable rate for transport. The transporter will then need to make up that shortfall in the peak periods, which have the effect of even tripling in transport rates, for the same route.

Soft citrus expansion is going to put refrigerated transport capacity under big pressure



He also notes that there is a big concern regarding the future available capacity of refrigerated transport to match the big expansion of soft citrus in rural areas like Ohrigstad.

“There are only five or six large companies in South Africa that have refrigerated trucks – all soft citrus is transported in refrigerated trucks – and the total capacity is really going to come under pressure over the next few years.”

"We did some tests on soft citrus in ordinary tautliners but the temperature fluctuates to such an extent that the risk of claims makes it unfeasible.”

Avocados and citrus are also overlapping to an increasing degree, with a particular potential impact on soft citrus. Consequently, avocados are growing competition for citrus when it comes to refrigerated transport.

“The reality is that avocados, from a transporter’s point of view, gives work for a good number of months per year while soft citrus gives work for about six weeks.”

The feasibility of growers owning their own fleet is also not viable, as a vehicle will need to be utilized throughout the year to justify the capital input.

Big wave of citrus trucks arrived together in Durban past weekend

A very large number of trucks arrived at Durban last weekend, all those held up during the week by the truck attacks, as well as new vehicles that loaded in the production area.

“Where our benchmark is to empty a truck within four hours of arrival, this past weekend some trucks waited for a day. We have a port presence, which enabled us to still achieve an acceptable turnaround time on vehicles under our management, but some loads stood for a lot longer. We’ve heard of trucks that recently waited for up to six days outside stores in Durban to be offloaded. To make things worse, just for July, 71,000 tonnes of fertiliser is arriving in Durban, ahead of the planting season, so that the truck traffic in the notorious Bayhead Road currently carries an array of tautliners, flatbeds, diesel tankers as well as tippers.”

“Currently there isn’t sufficient cargo for trucks to carry inland out of Durban. There are fewer imports due to the weaker Rand exchange rate plus Covid19, therefore there are obstacles to getting the trucks back in the north to pick up the next load. This past weekend there were trucks that returned empty to Letsitele. If you consider a truck runs on R15 [0.78 euro] or R16 [0.84 euro] per kilometre and it’s a trip of 900km – and the farmer is forced to cover that cost for running the empty truck up north.”

The import of fertiliser does, however, establish loads out of Durban, which assist in getting vehicles back to citrus areas. Unfortunately, most of the fertilizer goes to central South Africa’s grain-producing areas, and the vehicles will take another day or two to reach citrus production areas and back into circulation.

“The faster we can turn around trucks in Durban, the quicker those vehicles are back in our production areas, to load another load of citrus to the port, and in the process assist in a better balance between the supply and demand between cargo and trucks.”

FPT-Durban, always open 24 hours a day, had to work in an extra shift on Sunday night to get the trucks empty due to the huge influx this past weekend.

Some transporters don't accept citrus jobs anymore

A bidding war is underway to procure trucks for citrus transport in Limpopo and Mpumalanga, a process in which Orbit Integral is not participating exactly because they set transport contracts with trucking companies at the start of the year.



A tautliner carrying citrus getting ready for the approximately 900km journey southwards

They believe that a stable rate through the season will create a win/win situation for both the transporter, as well as the grower.

The flipside of the huge arrivals in Durban over the weekend, he points out, is that those trucks now have to head back inland, sparking the opposite bidding war from clients in Durban who pound on the oversupply of vehicles, but due to insufficient return cargo, trucks are waiting around empty for a day or two, all the while losing income.

“It gets to the point that, if you are a transport owner, you do the maths and you ask yourself whether it is worth the trouble to transport citrus in the peak periods if every time you get to Durban the truck is held up for two days,” Ross says.

“It's not the fault of the citrus industry but the fault of the economy. Luckily,” he continues, “we have service providers who are committed throughout the season, and who take the bitter with the sweet. But this is also because of the fact that we believe in a fair rate throughout the season, and not a ‘you kick me, I kick you’ scenario.”

Ross says that there are already transporters that decided not to take on citrus jobs down to Durban. Running fast-moving consumer goods (FMCG) cargo between Cape Town and Johannesburg is an easier alternative.

Pool of available trucks for citrus shrinking

“The pool of trucks from which the citrus industry can draw is becoming smaller, once again sparking a bidding war. This is also fuelled by multiple trucking companies that closed down in the past year, due to tough economic conditions. It is however not limited to smaller companies, Barloworld announced that they will exit logistics, and also Imperial Cargo announced a massive restructuring of their business. This puts even more pressure on the total pool of vehicles on South African roads.”



Importance of truck booking system

If the citrus industry were situated in a major hub like Johannesburg, there would always be plenty of trucks available, but in reality the production areas are outlying areas, he says, and vehicles will need to load cargo from the hubs (Johannesburg, Durban and Cape Town) into citrus production areas. The distance from the hub to these areas does not justify to run empty to go and load. Unfortunately, there are fewer consumers in the production areas, which limits the cargo into those areas to mostly FMCG and building material.

At Orbit Integral aspects like the truck booking system are taken very seriously in order bring discipline and accountability to the sector and to avoid miscommunication between the farmer, the transporter and the coldstore facility.

"By booking a vehicle, the coldstore facility can plan their labour accordingly. But if the industry as a whole does not comply with the booking system, they plan for 50 vehicles, and 150 pitch up. That places a strain not only on the available labour, but also the overall capacity of the facility. By Orbit Integral taking responsibility for all vehicles under our control, we not only bring order to the facility, but also improve the total efficiency of the chain."

Railway capacity lower than trucks

He is sceptical of the capacity of the railways to meaningfully shoulder citrus transport. "A tautliner carries up to 28 pallets of citrus. A single train wagon takes 20 pallets, so even if there are 40 wagons hitched to a locomotive it doesn't supplant the volumes we can take away by truck every day. It can only take around thirty trucks off the road and we, as only one of multiple service providers in the industry, load 150 vehicles per day. Moreover, the train doesn't run every day, mostly only once per week."

Many of the possible railway stations also require large capital insets to get it back to operational standards.

He continues that the flexibility offered by trucks comes in handy if there is a last-minute change to the market destination, which is impossible with an inspected or sealed rail container.

"In conclusion, we will need to get creative regarding road transport in the citrus industry, and create a mutually beneficial relationship between growers and hauliers, as well as between hauliers and return-cargo owners that need their product moved into the area. By collaboration between all parties, we can not only address the shortage of vehicles in the peak period, we can subsequently also save cost on the transport from farm to port."



For more information:

Ross van der Merwe

Orbit Integral (Pty) Ltd

Tel: +27 74 343 6666

Email: ross@orbitintegral.co.za

Publication date: Thu 16 Jul 2020

Author: [Carolize Jansen](#)

© FreshPlaza.com

