

# Logistics conference calls for action

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When Athenian orator Demosthenes was asked what were the three tests of a great action, he replied that it was "action, action, action." This is how Danie Schoeman, the MD of terminal operator FTP Group concluded his presentation at the Cool Logistics Africa conference in Cape Town last week.

The action conference participants wanted was improved port handling efficiencies, reduced dwell times at ports and border posts, a move to more environmentally-friendly practices such as using photovoltaic panels for refrigeration and an end to corruption, which increased costs.

For instant, Ocean Shipping Consultants estimated that sub-Saharan ports only averaged 13 container gantry moves per hour, while Port Said in Egypt averaged 40 moves and the rest of the world average was near 30.

Ports that had been concessioned such as those in Nigeria averaged 15 moves per hour, while non-concessioned ports such as those in SA only averaged 9 moves per hour.

That is why participants felt action should initially be focused on sweating existing port assets, although they welcomed plans to expand port capacity.

"We have a seven year R46.9 billion capital expenditure programme with the bulk of that taking place at Durban in 2016 through to 2019," Transnet National Ports Authority (TPNA) CEO Tau Morwe said.

The TPNA strategic plan aims to lift container throughput at SA's ports from 4.344 million Twenty Foot Equivalent Units (TEU) in 2012 to 7.646 million TEU in 2019.

Freight rates were expected to remain under pressure, as they have been since 2005, as there was overcapacity in the industry with more tonnage still being constructed, David Williams, from shipping company Maersk said.

"We are facing extreme pressure on our margins as bunker fuel costs have risen by more than 200% since 2005, while general inflation has increased by more than 20%, yet freight rates last year were less than in 2005," he said.

He noted that SA was the world's fourth largest perishable goods exporter accounting for 10% of Maersk's SA volume, yet providing 18% of the revenue.

The United Nations estimated demand to ship containers from Durban was 140% of current capacity, which meant that on

time delivery fell from near 90% in April to less than 20% in the peak demand months of April to August, both months included.

The industry was working at reducing port stay by 7 hours, but until the capacity expansions were completed, Durban's congestion would remain a problem.

Logistics cost 13.5% of SA's gross domestic product (GDP) in 2009 according to the 2010 CSIR report on logistics. This was split into 48% transport, 19% inventory carrying costs, 18% administration and 15% storage and ports. This compared with only 7.7% of GDP for the US in the same year.

The Cool Logistics Africa conference was the first of many annual events, event director Alex von Stempel told I-Net Bridge/BusinessLIVE.

"This is the first Cool Logistics conference that has taken place in the southern hemisphere. We will be returning to Cape Town next year. Our experience in Europe is that we stay at one venue for two years before moving to the next venue. We are looking at Durban for 2014 as there is also a large perishable food logistics chain industry there, but for our initial conference we thought that Cape Town would be a good choice and have been gratified by the response," he said.

Delegates' comments were that apart from the networking opportunities, the conference had been really useful in terms of sharing data such as dwell times at ports and border posts that made planning for imports and exports easier.

"The focus at this conference was on perishable fruit and vegetables, but we aim to expand this to other perishable items such as meat, fish and pharmaceuticals. Participants came from the rest of Africa, Europe and the Middle East, and we aim to expand that to the Americas and Asia. In particular we are excited about the prospects in Myanmar, which can act as a gateway to the western and central parts of China," von Stempel added.

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