

CONFERENCE REPORT



Juggling with the politics of perishables

Trade barriers are a growing concern, heard attendees at Cool Logistics Africa 2014, but progress is also being made in tackling some of the transport issues that have so far eroded Africa's perishable logistics competitiveness

London, 04.04.2014 – More than 120 representatives from Africa's perishable logistics community met for the 3rd [Cool Logistics Africa](http://www.coollogisticsconference.com) conference in Cape Town, South Africa on 2-4 March 2014 to review achievements across the continent over the last 12 months and identify solutions in the face of mounting trade barriers.

Issues such as citrus black spot (CBS) are likely to cause problems for South Africa citrus exporters to the EU this year, as highlighted by Philippe Binard, Delegate General at [Freshfel](http://www.freshfel.com), the European Fresh Produce Association. "In light of the uncertain legal frameworks and the mounting policy pressure on the EC to monitor more closely for the disease, especially from the southern countries such as Spain, one could expect additional and stricter measures being put in place," he told delegates. This could affect shipping volumes from South Africa in the coming season, he warned.

The European Food Safety Authority (EFSA) was due to meet at the end of March to discuss temporary measures for the coming few months. Mr. Binard cautioned that new measures might not be made public for some while, but “we can expect far more structural changes to be put in place, with a much more dedicated approach by EU inspectors.” Vaughn Hattingh, CEO of [Citrus Research International](#) (CRI) – the research arm of the Citrus Growers Association of Southern Africa Citrus (CGSA) – added that despite there being no record that CBS had ever spread to another region via infected fruit, all indications were pointing to increased stricter measures from the EU. His statements imply that CGSA will likely continue to convey to the growers a virtual “zero CBS tolerance” message.

Trade barriers are not restricted to exporters, either. George Southey, Manager at South African frozen food distributor [Merlog](#), said that high tariffs on imported chickens – up to 82% on non-EU whole birds – were driving up costs for shippers and consumers, as well as forcing shipping lines to pay more for container positioning. Mr Southey made a plea to fruit exporters to join forces and resist protectionism.

Viewed from an even more strategic level, the “spaghetti bowl” of African trade ‘agreements’ is also hampering much-needed regional growth, said John Purchase, CEO of the [Agricultural Business Chamber](#). In his speech on Africa and the Global Food Economy, Mr. Purchase outlined how low and stagnating agricultural productivity, policy distortions, weak institutions and poor infrastructure have seen Sub-Saharan Africa transform a \$0.5bn agricultural trade surplus in the 1980s to a >\$10bn deficit today. Africa has in fact become a net food importer, despite representing about 60% of the potentially available cropland in the world. Given population growth predictions, this is neither sensible nor sustainable.

Current trade regimes, he said, lead to “nonsensical” situations such as table grapes from southern Africa being exported to Europe before being exported back to Dakar, Senegal. Africa is already the hungriest continent on the planet and in the next 35 years is expected to add another billion people. The continent therefore needs to sort out its trading relations to boost intra-regional food supply chains, which will be the most cost-effective way of feeding the growing African population, argued Mr. Purchase.

Despite the proliferation of trade agreements, discussions at this year’s conference implied strongly that various tariffs and non-tariff-based trade barriers are utterly failing to protect indigenous producers, while seriously hampering trade liberalisation.

Unlocking Intra-Africa potential

So, governments and policy-makers clearly have a great deal to do – or perhaps more pertinently, undo. But delegates from over 20 countries attending the 2014 conference also took heart from the fact that over the past 12 months there have been positive developments in intra-regional trade at practical industry level, even if modest.

Esteve Servajeán, recently-appointed regional director for Southern Africa at [CMA CGM](#), told the conference that reefer exports from South Africa to other Africa nations reached 11,466 TEU in 2013, up 19% from 9,294 TEU in 2012. This is still just 5.2% of South Africa's total reefer export trade, which grew 12% overall in 2013 to just under 221,500 TEU, according to Servajeán. Nonetheless, exports from RSA to other parts of Africa have been growing proportionately faster than other trades.

One case in point is the trade in South African apples and pears (pome fruit), where exports to the rest of Africa have grown from 4 million to 9 million cartons in just 4 years, said Ian McIntosh, Regional Sales Manager at [MOL](#) South Africa. To set this in context, the total annual RSA pome fruit crop is around 65 million cartons, equivalent to 40,625 40ft high-cube reefer shipments. McIntosh said that Nigerian demand has been the main catalyst, with imports jumping from a meagre 2,000 cartons in 2009 to 2 million cartons last year.

South Africa's pome fruit exports to West Africa have the potential to reach 10-12 million cartons a year, said Mr. McIntosh, but the trade is facing a number of barriers. Not least of these is duty varying from 30% to a lump sum of US\$10,000 (over 50% of FOB value). Pointing to the €42 billion ECOWAS-EU Free Trade Agreement signed recently, he asked: "If EU/ECOWAS can open free trade access, why can't Africa-Africa?" Mr. McIntosh argued that other markets such as intra-Europe and intra-Asia, where barriers are far lower or non-existent, illustrate the massive regional trade growth that could be achieved with a more liberal approach.



Esteve Servajeán, Regional Director for Southern Africa at CMA CGM



Ian McIntosh, Regional Sales Manager at MOL South Africa

Look to the landside

At last year's Cool Logistics Africa, South African state port and rail operator Transnet came under heavy fire for lengthy delays and congestion at the Port of Cape Town, which ultimately led a number of major citrus exporters to switch some volumes back from containers into specialised reefer vessels. The atmosphere this year was markedly more cordial. [Transnet's](#) willingness to listen to and engage with shippers, shipping lines and other stakeholders in the business was well-received, with positive feedback from regional logistics professionals including Andy Connell from [Dole South Africa](#), Danie Schoeman from [Perpetuity Solutions](#) and Dawie Ferreira of [Capespan Logistics](#).

Nico Walters, Head of Strategy at [Transnet National Port Authority](#) (TNPA), reminded delegates that migration of fruit exports from conventional to containerised has been the dominant trend at South Africa ports over the past 10-15 years. In 2013, he said, 89.4% of perishable volumes handled by TNPA were containerised, compared with 55% in 2005 and just 28% in 1998. Mr. Walters said that TNPA was continuing to explore a number of ways to improve port performance and supply chain costs, including the establishment of Truck Staging Areas outside the port to avoid long gate queues; the setting up of oversight reviews with customers; and a more regulated pricing strategy to address the imbalances of the past.

The conference also heard from Wiseman Zazi Madinane, Executive Manager Intermodal at [Transnet Freight Rail](#) (TFR), about investment in reefer container rail operations. This includes a new reefer train service for citrus from Tzaneen/Letsitele, in north-east Pretoria, to Cape Town, which will cut time-to-market in Europe by 5 days compared with using the heavily congested Port of Durban. Mr. Madinade said that TFR was looking to develop new generator sets based on the latest technology; increase generator capability to allow for 48 x 40ft reefers to be carried per train; add more reefer train sets to the fleet to increase capacity and flexibility; and explore public private partnerships (PPP).

Working on West Africa

As companies such as Dole and Del Monte have repeatedly demonstrated in the past, there are definitely new opportunities to be developed in both West and East Africa. At this year's conference, agri-business developer [Durabilis](#), together with perishable logistics specialist foodcareplus, outlined plans to set up an integrated supply chain solution to tackle inland container imbalance and availability issues in West Africa. The two companies introduced the audience to WAMANGO, a joint project between Durabilis's Fair-Fruit division, foodcareplus and Belgian importer Special Fruit.

Aimed at "unlocking the potential" of mango exports from Ivory Coast, Burkina Faso, Mali and Senegal for the European ready-to-eat market, the keys to the WAMANGO project, said the partners, are tight co-ordination, training and communication. At the beginning of a campaign, reefer containers will be shipped from Europe to West Africa via the Ivorian Port of Abidjan, from where inland logistics will be overseen. Boxes from the pool will be dispatched inland to load mangoes harvested by Fair-Fruit growers and will then be used for cold

transport back to Abidjan. Mangoes will be unloaded and stored cold and then shipped out with the first available carrier. In the future, the partners hope to add Dakar as a second gateway port for the initiative. At the end of the campaign, the reefer boxes will be returned to Europe.

By providing a pool of centrally co-ordinated reefer containers for the mango export season, the project has been designed to overcome some of West Africa's perennial challenges, said [foodcareplus](#) Director Steve Alaerts. These typically include reefer boxes tied to ports, unreliable rail service, long distances from packing houses to port, border barriers en route, distrust between shipping line and packing house representatives, high handling and documentation costs, lack of gensets and very limited cold storage.

Developments such as those at Transnet and WAMANGO are clear signs of improvement in tackling some of the inland transport issues that have so far eroded Africa's perishable logistics competitiveness.

Taking flight

For the first time this year, [Cool Logistics Africa](#) also featured a dedicated perishable airfreight session which led to a heated debate when a representative from South Africa's [Perishable Products Export Control Board](#) (PPECB) highlighted the fact that there were no international standards for cleaning airfreight containers. It was suggested that land-locked countries in Africa in particular might benefit from similar institutions such as PPECB fulfilling a new role and possibly act as a model for other Africa countries.

Clive Lawrence, Director of [Omnia Management](#) and previously head at British Airways World Cargo Handling, asked pointedly whether the perishable airfreight sector "needed freight forwarders at all" and why airlines refused to deal directly with shippers.

Mr. Lawrence also challenged received notions of how airfreight pallets should best be stacked, producing a slide featuring a 4.3 tonne tightly-packed pallet stacked with highly perishable pre-packed fruit in Kenya, with apparent zero damage at the other end. Naturally, this brought some of the delegates to their feet who remonstrated that if such practice were ever allowed in the ocean freight business, logistics and other post-harvest specialists having might as well pack up and go home.

Post-harvest specialists such as Deirdre Holcroft and Malcolm Dodd, both longstanding advocates of good practice in temperature and ethylene management, argued in favour of proper ventilation and humidity management in ISO containers. Dr. Holcroft also called for a continued focus on improving, and closing the gap between, post-harvest and perishable logistics expertise. "There is a need for training, education and research in postharvest science and technology to complement the needed improvements in infrastructure, transportation and management in order to guarantee the success of horticultural exports (and imports) in Africa," she said.

Back on technology, Alfred Cheung of [Green Society Association](#) presented the latest developments in reefer container technology from Japanese conglomerate Denso. Mr. Cheung said the new integral design has been developed to provide better pull-down to as low as -35°C with the use of a dual compressor and dual inverter.

He also discussed advances in mixed loading capability using a combination of controlled atmosphere (CA) container technology and modified atmosphere packaging (MAP). The technique has already been tested with success by NYK Line, said Mr. Cheung, moving a very mixed load of shallots, tomato, green pepper, sweet potatoes, lettuce, grapes and strawberry from Hakata, Japan to Pusan, Korea and then onto Hong Kong.



Export and Shipping Manager at Matanuska, Mozambique



*Dr. Augustine Langyintuo, Senior Operations Officer
Agribusiness at International Finance Corporation, Kenya*

Wrapping up

Providing a kind of synthesis of the 3rd Cool Logistics Africa Conference, supply chain consultant Danie Schoeman of Perpetuity Solutions advocated that in future the discussion should move away from the modal straight jacket, i.e. sea freight vs airfreight vs land freight. He argued that the modal approach would continue to allow carriers to cement their focus on assets rather than on serving customers.

This may be a familiar view brought forward by logistics service providers i.e. that transport service providers will always remain primarily driven by the need to sweat their assets rather than focus on shippers needs. So, should this be the era of the perishable logistics service provider? Indeed, should we move on from the concept of mere service provider to service partner? Schoeman's closing questions added even more food for thought for the next Cool Logistics Africa.

By Alex von Stempel. Additional reporting and editing from Rachael White

Ends



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About Cool Logistics Resources

Cool Logistics Resources Ltd. provides top-quality business intelligence and networking for supply chain, logistics and transport professionals in the international perishables markets.

The annual Cool Logistics™ Global conference in Europe connects perishable cargo owners with cold chain logistics and transport professionals from around the world to assess key market trends and operational best practice for the international movement of chilled and frozen cargoes by air, land and sea.

Cool Logistics™ Africa assembles all of the key players to discuss how to deliver better cold chain costs and efficiency for Africa's perishable export, import and regional trades. 2014 sees the launch of Cool Logistics™ Americas, which aims to be a vital forum to question if and how private and public initiatives are measuring up to perishable shipper requirements on the continent.

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The live events are supported year-round by the Cool Logistics discussion group on LinkedIn, social media and website activity, and the online Cool Logistics Community for conference participants. Cool Logistics also offers latest industry news through The Coolstar, its joint venture information portal focused on all things perishable.

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