

■ OPINION

MITCHELL BROOKE: Without a rail renaissance the citrus jobs bonanza is under threat

The failing rail network and congestion at SA ports cannot be allowed to continue any longer

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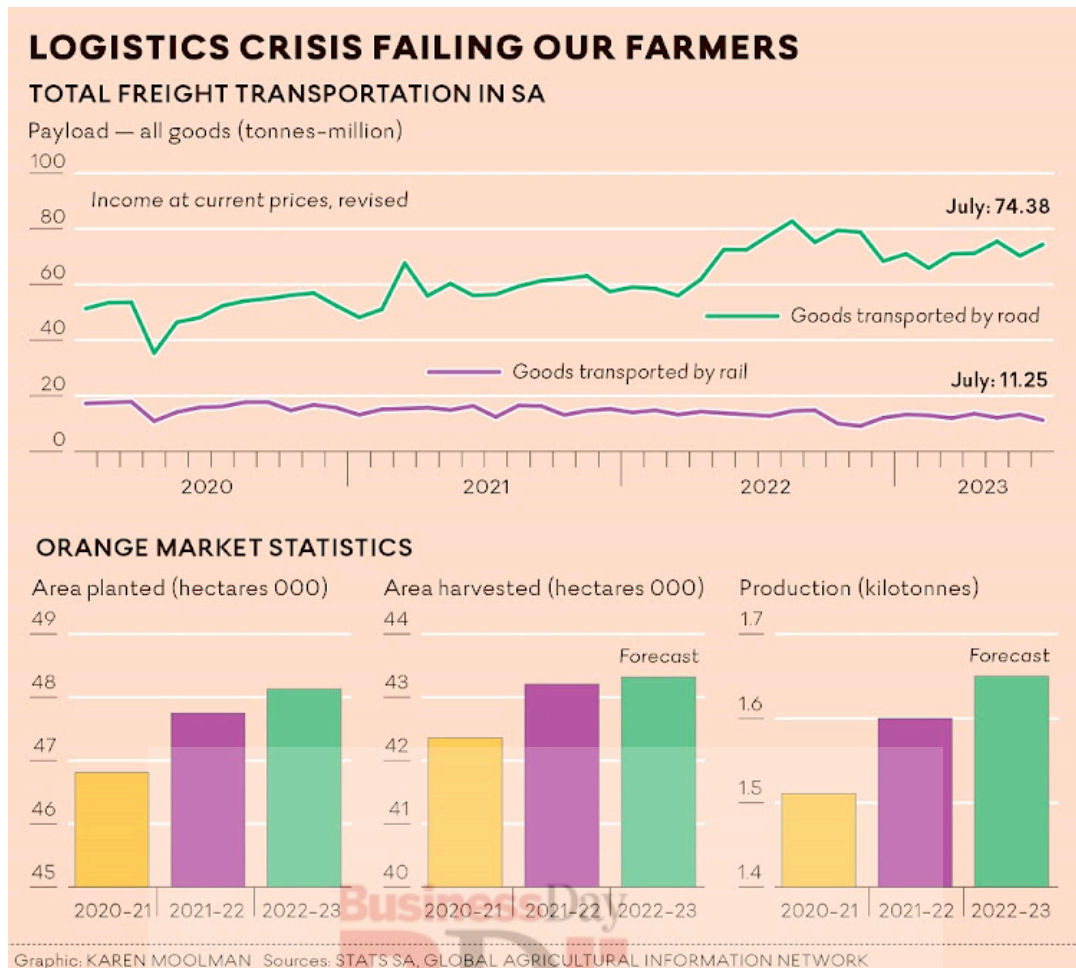


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The end of the 2023 citrus export season is around the corner. It has been a season characterised by many challenges, from the floods in Citrusdal, Western Cape, to sustained high levels of load-shedding. Another persisting challenge that received renewed attention this season was the “logistics crisis”, the description given to the exceptional transportation difficulties caused by a failing rail network and congestion at SA ports.

In June President Cyril Ramaphosa established the national logistics crisis committee to take on the issue. This was a welcome move, as the crisis needs to be taken seriously and handled with urgency. If it isn't, SA stands to lose a lot — including its citrus industry.

Predictions are that if all role players work together the local citrus industry could increase its exports by 100-million 15kg cartons by 2032.



This growth would create 100,000 jobs and generate an additional R20bn in annual revenue. But if the transportation infrastructure is already under pressure and has become a serious headache for growers, how on earth will our overburdened roads, underutilised rail networks and congested ports handle the enormous increase of 100-million cartons per year in the coming years?

Urgently improving the freight rail system is the only real answer to the problem. Our roads are struggling. We see it in the decaying state of rural roads, in the arson attacks on trucks that made headlines this season and in the bottlenecks experienced on highways.

We need to increase freight rail to take pressure off our roads and to handle the increased citrus production we are expecting.

More freight rail transport will not only introduce much-needed competition in the transport of fresh produce, but will lessen the disastrous effects of truck attacks and protests. The N3 between Gauteng and the Durban port is an essential artery that can be severed far too easily, as we've unfortunately seen in the past few years.

The data on transport demand supports the argument for increased freight rail. Let's suppose nothing substantial changes in the country's logistics set-up and we have to export just more than 200-million cartons in 2027. What would truck density on our roads be like then? In one word: frightening.

If we calculate, as an example, the collective growth in transport demand for the northern production regions, peak season weekly trips will go from the current 2,200 truck trips a week to well more than 3,800 truck trips a week. And that is obviously just for citrus. It is an enormous increase that our roads simply cannot handle.

To keep the peak road transport demand balanced against the growth forecast for the northern regions, a total of 18,000 pallets per week will need to be transported from the northern regions to the ports by rail. Since the only viable option to transport citrus by rail is to run containers on reefer trains, this means a minimum of 900 reefer containers will need to be railed to port.

This is about 20 train trips a week to Maputo, Durban and Cape Town. It is a huge undertaking, but ultimately there is no other choice since we do not expect the supply of road transport to balance the potential growth in demand before 2027.

Many are probably raising their eyebrows knowing that the rail networks are struggling with no solution in sight. They will point to the recent exodus of leaders at Transnet. They will also point to cable theft that leaves rail lines inoperable on an almost daily basis. They will point to all the dilapidated locomotives.

But we cannot afford to allow Transnet to slide into total chaos. There is a glimmer of light at the end of the tunnel. We need to focus on the projects that work, and expand from there. The all-important rail line between Durban and Gauteng, commonly known as the Container Corridor, is being put out to private sector participation.

The 20-year Container Corridor operating lease will require investment in the rehabilitation, upgrade and maintenance of the rail network and rolling stock assets. The corridor could truly become a lifeline for our export economy again. But the clock is ticking and one can only hope the government realises how vital this partnership with the private sector is for the growth of our economy.

There are other reasons to be cautiously optimistic about freight rail. A spark of hope is to be found in Bela-Bela, Limpopo. Since 2017 Kholwa Logistics has been running reefers on trains from Bela-Bela to Durban, with considerable success. Kholwa works closely with Transnet, and a group of citrus producers in the Groblersdal-Marble Hall area makes use of this freight option for their export citrus.

In the season that has just come to an end these producers transported no fewer than 1,772 refrigerated containers. This line of transport from Bela-Bela has shown impressive growth in the years it has been operational, and clearly this project shows the potential of rail. The trick will be to enlarge these types of endeavour.

Kholwa Logistics director Althea Thysen explains that part of the challenge is to get producers to trust rail again as a reliable option. She has considerable faith in the project, pointing out that demand is clearly there and it is a more cost-effective option for growers. When rail works, it works well. But the effort needs to be made to make it work again.

Our ports will also need to be in shape to receive increased citrus from rail. Durban and Cape Town are among the world's worst ports. They are listed in the bottom 10 of the 348 ranked by the World Bank's latest Container Port Performance index. There is a glimmer of hope in the recent announcement by Transnet of a private sector participation project at the Durban port.

Philippines-based multinational International Container Terminal Services will run and expand Durban's Pier 2, the largest container terminal on the continent. The deal is the first port joint venture by Transnet and one hopes many will follow, for instance in Gqeberha.

Also heartening are recent news reports of a plan — originating in the presidency — to overhaul Transnet's freight offering through far greater private sector involvement. This plan needs to be more than another turnaround document. The hope is that all stakeholders will realise that a rail renaissance simply must take place.

Without it SA will unavoidably forfeit a large amount of the forecast job growth in citrus, and in many other industries as well. This simply cannot be allowed to happen.

- *Brooke is logistics development manager at the Citrus Growers Association of Southern Africa.*

