

Grain logistics - Transnet needs to come to the party

By [Shannon Sherry](#)

13 Apr 2012

Despite its R300bn expansion plans, Transnet will continue to be a spoke in the wheel for SA's grain industry as farmers attempt to cash in on increasing exports and economic growth in sub-Saharan Africa.



Transnet expects to double grain tonnages transported over the seven years of its expansion plan, but this is still a far cry from the requirements of the industry, says Albert Swart, Transnet Freight Rail executive manager of sales & marketing for agriculture.

"We might come close to meeting the requirements of the industry eventually, but we will not be able to do it overnight," says Swart.

He says Transnet Freight Rail transported 3,3Mt of grain last year - or just over 20% of SA's 15Mt production total. The rest was transported by road, adding greatly to the cost.

Swart admits there has been a drop in tonnages transported by Transnet over the past few years. He ascribes this to unreliable rolling stock and outdated locomotives.

Though the freight rail division will be allocated R201bn of the R300bn expansion budget, most grain and other agricultural produce will still have to be transported by road.

The R201bn will be split R77,2bn for new locomotives, R76,7bn for infrastructure improvement and R47,1bn for new trucks.

Annatjie Loio, president of the Grain Handling Organisation of Southern Africa, says the industry is "low on the list of priorities" for Transnet, which is more geared towards "loading mining commodities at a single point and taking it to another".

Says Loio: "With grain, there are 10 trucks to load at Bothaville, for instance, then another 17 at Hertzogville and 12 more at another stop, then there are stops all along the way to offload, and so on. I appreciate the great difficulty for Transnet in this kind of complex operation, compared with the relative simplicity of transporting mining commodities, but it is food we

are talking about. It is vital that it be transported as cheaply as possible to where it is needed."

Loio says Transnet "will have to come to the party" as the grain industry enters a new growth phase. This was initiated by the exporting of more than 2Mt of grain in the past season to neighbouring countries and Mexico, Italy, Korea, Venezuela, Kuwait, Iran, Japan, Madagascar and Taiwan.

"In the sub-Saharan region there is a population of 1bn that must be fed. There are also huge opportunities in SA being one of the Brics countries, which have a total population of almost 3bn."

Economist Roelof Botha says the Brics countries consume US\$2trillion worth of food every year, which is about 34 times SA's total agricultural yield.

Loio says the SA grain industry will "definitely" play an even bigger role in the future in feeding the region due to its "privileged position with regard to storage capacity and infrastructure".

But though the SA industry is able to receive, handle, fumigate, dispatch and store in its silos the 15Mt of grain produced, it is forced to transport about 80% of this by road.

"The proportions used to be 90% rail and 10% road, now it is almost the other way around," says Loio. "It is expensive and increases traffic. The heavy trucks add to the wear on the roads."

Source: Financial Mail

For more, visit: <https://www.bizcommunity.com>