



Photo: René Strandbygaard

# The Group juicing up **globalisation**

## Value chain of globalisation |

Follow KwaZulu-Natal oranges as they're trucked and shipped inside cold boxes, from South African groves to Scandinavian tastebuds, for a look at the value chain behind the invisible business of globalisation.

BY BENJAMIN JOHNSON

**S**ucking on sweet oranges in summer, Scandinavians are blissfully unaware of the transport matrix behind those juicy balls of sunshine.

Nor do those picking them in South Africa a few weeks earlier realise how they help Danes maintain year-round vitamin C levels and, oddly, pork exports to Asia.

But meshing labour and markets via roads and waterways in an invisible global web is at the forefront of Maersk's many logistical minds.

"There are hundreds of things happening behind the scenes to make sure the goods get there all year round," says Maersk Line's Head of Inland Operations Processes, Mike Andres, who helps align those in the cluster bridging ports and warehouses.

### Farming out bumper crops

Between June and October, Scandinavian consumers owe part of their vitamin C intake to reefer shipments from South Africa, where KwaZulu-Natal and Cape region oranges are trucked from groves to local pack stores and loaded in cold containers for European markets.

Last year Damco, the Group's freight forwarder, shipped about 30 reefers to Denmark for an exporter representing Maersk's retail arm, Dansk Supermarked.

*Oranges trucked in South Africa.*

Photo: René Strandbygaard

The Group juicing up ...continued

They sailed on the weekly Durban-Northern Europe trade, a joint service between Maersk Line, Safmarine and two other partners that's supported by the Reefer Express - from Cape harbours Port Elizabeth and Cape Town - during the busy citrus season.

"It was up on 2010 in the vicinity of 8%," Safmarine South Africa-Europe Trade Manager Ian Fairlie says of the wider trade to Scandinavia. "And the initial expectations for 2012 are strong."

After arriving at the major ports of Rotterdam or Bremerhaven, oranges are unloaded and later reloaded onto small feeder vessels for transshipment on Nordic routes or distributed by trucks, trains and barges inland to Holland, Germany etc.

**Healthy partnerships crucial to supply**

When the fruits hit Danish ports, trucking companies hungry to do business with Dansk Supermarked, the Group's big grocer with outlets in Denmark, Germany, Poland and Sweden, cover the final leg to warehouses for later distribution.

While these truck legs are organised by the shipper and consignee in "merchant haulage" arrangements, almost a third of Maersk Line's volumes are moved by its inland teams – at one end – in what are known as "carrier haulage" networks.

"The trucks with the seven-pointed star on the chassis go the final mile to the customer's door," Andres notes.

"So all vendors must have proven safety records, robust liability coverage, environmental focus and dedication to reliability." Simplification of Inland Operations' networks over the past three years has produced better customer service, less carbon emissions through more rail and barge movements and helped Maersk Line's bottom line.

**Customer care around the clock**

In South Africa about ten major fruit exporters dominate the orange trade and sell 70% of their shipments to Europe in containers that carried in toys, fruit and Persian rugs from Asia, America and the Middle East.

"If you're a small exporter you don't really get the big gains," Damco's Reefer Intermodal Manager in South Africa, Shaun van Eck, says.

**Logistics is...**

...the management of the flow of goods between the point of origin and the point of destination in order to meet the requirements of customers or corporations. Logistics involves the integration of information, transportation, inventory, Warehousing, material handling, and packaging, and often security. Logistics is a channel of the supply chain which adds the value of time and place utility.

"The small guys don't get the margins and the better supply and logistics prices, and if you're small, obviously they're going to try you out and pay you bad prices."

At any given time van Eck can be coordinating 70 trucks from five different companies charged with ferrying oranges from dozens of pack stores to port.

"You have to love your job," says the man on call around the clock to handle hiccups known in the game as 'exceptions'. "You need to be available and the clients expect that."

**Linking inbound with out**

Oranges account for just a fraction of the 2,400 packed cold-boxes that sail into APM Terminals Cargo Service at Denmark's Århus Port each year.

But, together with units repositioned from Russia, they ultimately help meet strong demand in China and Japan for Danish pork.

Most of the 14,000 reefers that leave with pig products are first shipped to Århus as "empties" from St Petersburg while Russians are eating the Latin American bananas that formerly occupied the boxes.

Other reefers arrive at Århus with refrigerated goods from elsewhere or with dry cargo in non-operating units from Asia. "Whatever it is, it's good to have import reefers for Denmark because there's a huge demand," says Helle Almind, Head of Commercial at Århus.

"Denmark is a high demand area and we have the regions' biggest maintenance and repair facility where the boxes come back for checking, and then they're reloaded with Danish pork."

**Northern nectar another unknown**

Once the South African season ends in late October, Dansk Supermarked sources oranges from Spain until mid-April.

Trucking 10-12 reefers north each week, on account of different packing standards and in adequate shipping services, is straightforward enough for Knud Pedersen, a buyer for the giant grocer.

Additional port stops by ships, however, have disrupted the South African supplies and caused him headaches during the past two years.

"Going to Rotterdam or England causes us a problem," Pedersen says. "They miss the feeder ships from Bremerhaven and then we have delayed goods."

He leans on Rotterdam-based traders to fill such gaps, just as he relies on small Moroccan shipments to bridge the Spanish and South African seasons.

But the logistics web started by far-off fruit pickers and finessed by Pedersen won't occur to European consumers – for when North African nectar hits Nordic taste buds in May, ignorance will still be bliss. ■

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South Africa



South Africa



South Africa



Port of Rotterdam



Netto in Scandinavia