

World Cup traffic congestion 'threat to road freighters'

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Supply chain and logistics firms have warned of possible disruption to the movement of perishable goods with a limited shelf life during the World Cup, which could result in losses if retailers failed to get them on to the shelves in time.

Nicholas Maweni, marketing director at Crossroads Distribution, an unlisted logistics firm, on Wednesday, 14 April 2010, said the group expected traffic congestion during the World Cup, posing a "huge threat" to the road freight industry.

It is not clear yet whether these disruptions, especially in host cities such as Johannesburg, Durban and Cape Town, will affect companies' bottom lines.

Logistics companies transporting fast-moving consumer goods that are sold quickly, have contractual obligations to deliver goods at certain times to destinations such as retailers.

Maweni said delays threatened fresh produce such as milk, some agricultural goods and other products that had limited shelf life, leading to some goods "not being available on the shelves".

Crossroads, which has revenue of more than R1,4bn, carried milk from farmers to some retailers and this was likely to be affected by the World Cup, he said.

Traffic volume, dedicated lanes

During the event, which runs from June 11 to July 11, the traffic volume is expected to increase substantially, with an estimated 200000-500000 fans forecast to come to SA.

On the by-laws pertaining to public roads, Maweni said some lanes would be closed for public use and be dedicated to Fifa.

In terms of the Municipal Services Act, host cities and towns have passed Fifa by-laws to ensure efficient running of the soccer competition.

The by-laws are identical for all the host cities, which are required to regulate advertising, controlled access, public spaces and city beautification, public roads, traffic guidance and street trading.

Maweni said the company had cautioned some of its clients and made them aware of the likely hiccups. Most clients, he said, understood the effect of the World Cup on the movement of goods.

Planning for delays

Murray Bolton, joint CEO of Cargo Carriers, which has an annual revenue of about R483m, said he expected the delivery of goods into metropolitan areas to be disrupted by traffic congestion during the World Cup.

The movement of goods, especially bulk products, to outlying areas was unlikely to be disrupted, Bolton said. Cargo Carriers mainly transports products such as steel and agricultural commodities.

One analyst said he did not think these disruptions would change valuations of the supply chain and logistics companies. "The impact on the groups will be negligible," the analyst said.

Hubert Brody, CEO of Imperial Holdings, the transport and logistics group with R52bn revenue a year, said he was confident the company would be able to deal with high congestion on roads expected in some areas.

Brody said the group had made changes to route planning, which ensured that the timing of deliveries would be accurate.

If road freight companies planned properly, he did not think that the World Cup would have a major effect on the movement of goods.

Source: Business Day

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