

South Africa: Citrus industry hopeful for resolution to port crisis as operator takes action

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The South African citrus industry has been greatly affected by numerous issues in the country's ports over recent weeks, but with the port operator taking action against its employees and meeting with government representatives today, it is hopeful that a resolution is near.

Problems, including congestion, low container availability, and more recently, a port worker 'go-slow', have severely impacted the two terminals at Port Elizabeth – Port Elizabeth Container Terminal (PECT) and Ngqura Container Terminal (NCT). Over the past few days there have also been issues at the Port of Durban and Cape Town.

"Our concerns in the past have already been around Durban Port, which takes around 70% of the [citrus], so the issues at Port Elizabeth sort of caught us a bit off guard," said Justin Chadwick, CEO of the Citrus Growers Association of Southern Africa (CGA).

He said the PECT and NCT – which collectively handle almost a quarter of citrus shipments – have not kept up with the rapidly growing volumes coming from the Eastern Cape.

"Very early on in the season we alerted Transnet, the port operator, to the fact that they needed to make sure there was sufficient infrastructure available," he said. But he emphasized that this has not happened.

In addition, one of the two cranes that recently blew over has not been replaced.

The situation worsened a few days ago when port workers started to go on a 'go-slow', with work moving forward at a "snail's pace". This has led to an even greater build-up of containers waiting to be shipped, lower container availability, and significant delays, which impacts fruit quality and sales.

Hannes de Waal, CEO of the Sundays River Citrus Company, estimates the "enormous delays" are costing the region around 50-100 million rand (US\$3.5 – 7 million) per week.

"There are always six, eight, nine vessels outside the port. We've had containers sitting in the terminal for more than 20 days now, and you just can't afford it," he said.

He added that in the Sundays River Valley and nearby regions, this year's crop has been a good one thanks to some rains after the drought. But he said that "it's been a mess" since these port problems began.

Some South African citrus is being diverted to Cape Town and Durban, but there have also been problems at those ports more recently too.

In a statement on Thursday, Transnet said that along with the "protracted 'go-slow'" by workers at the NCT, operations at the Durban Container Terminal have "also been affected by equipment failure and a high-level of absenteeism".

"Furthermore, a decline in performance levels at the Cape Town Container Terminal has been noted," it said.

However, it also said that it has “suspended a number of employees at [NCT] for engaging in illegal industrial action” and that “discussions are also being held with labor with a view to normalize port operations”.

And according to de Waal, Transnet’s management was due to meet with representatives of the Agricultural Business Chamber of South Africa (AgBiz) on Thursday to try and find a solution to the crisis.

“We caught the attention of the presidency and a number of cabinet ministers, so as far as political pressure is concerned we’ve done everything we could,” he said. “We’ll hopefully see a positive result soon, [but] if this continues for a very long time we’re going to have a lot of damage.”

Chadwick added that the CGA is engaging with Transnet and the port’s custodians to ensure that they understand the urgency of the situation.

High citrus volumes in Europe

Aside from the port issues, de Waal commented that this campaign has been “a very different year for us than last season”, with generally more challenging market conditions.

He said that Spain’s bumper crop of oranges and lemons has led to fruit lingering in the market for longer than normal, with prices overall tending to be lower than last year. But he didn’t expect it would be a bad year.

“Until now things have been fine, although we expected Europe to have started clearing by now. I think the success of the South African citrus season is very much going to depend on what happens in the next month,” he said. “If Europe clears of orange and lemons we should have a very good season overall.”

Chadwick commented that it seemed as though grapefruit shippers had enjoyed relatively strong market conditions in Europe, amid a significant decline in forecast exports. The grapefruit industry is now expected to export 15.7 million cartons, down from the estimate of 17.1 million.

Meanwhile, the lemon forecast is down from 22 million to 21.4 million and Navel oranges are down from 26.9 million to 24.5 million, while the soft citrus estimate remains steady at 18.3 million.

The total citrus forecast is down from 137.2 million cartons to 131.7 million. Last year 136 million were packed and passed for export.

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