

“Is Transnet the biggest threat to the [citrus] fruit export industry?” asks Citrus Growers’ Association

South Africa: CGA learns that state port authority is broke due to corruption

It is a bleak note sounding from the Citrus Growers’ Association logistics development manager Mitchell Brooke in a hard hitting weekly newsletter in which he reveals that even they, despite their close cooperation with the state-owned ports authority Transnet, weren’t aware of how deep the rot goes.

“We now know,” Brooke writes, “that Transnet has been a subject of mass corruption as a result of state capture. Millions of Rands have been embezzled out of Transnet, where to, we will hopefully find out. Transnet have conceded they are broke and do not have enough capital (or access to capital) to inject into the business to sustain its operations.”

He says that the poor state of Transnet’s operations is “seriously compromising” South African agriculture and manufacturing industries and calls it a huge threat to the local economy. The realisation of the depths to which Transnet’s finances have sunk came at a meeting last week between Transnet executives and a wide array of stakeholders.



Durban Container Terminal (photo © Druid007 | Dreamstime.com)

Transnet: locus of theft during Zuma years

It has been estimated that R48,122,117,466.82 (2.739 billion euros) was stolen from the state coffers during the tenure of former President Jacob Zuma. Transnet has been the most heavily leached: the Daily Maverick ([https://www.dailymaverick.co.za/article/2021-06-05-top-10-sites-of-state-capture-what-the-guptas-really-cost-our-country/?](https://www.dailymaverick.co.za/article/2021-06-05-top-10-sites-of-state-capture-what-the-guptas-really-cost-our-country/?utm_medium=email&utm_campaign=168%20Newspaper%20Edition%206%20June%202021%20Strauss&utm_content=168%20Newspaper%20Edition%206%20June%202021%20Strauss+CID_a5c39d0a0df60a40f9f06db326d5127c&utm_source=TouchBasePro&utm_term=Top%2010%20sites%20of%20State%20Capture%20What%20the%20Guptas%20really%20cost%20our%20country)

[utm_medium=email&utm_campaign=168%20Newspaper%20Edition%206%20June%202021%20Strauss&utm_content=168%20Newspaper%20Edition%206%20June%202021%20Strauss+CID_a5c39d0a0df60a40f9f06db326d5127c&utm_source=TouchBasePro&utm_term=Top%2010%20sites%20of%20State%20Capture%20What%20the%20Guptas%20really%20cost%20our%20country](https://www.dailymaverick.co.za/article/2021-06-05-top-10-sites-of-state-capture-what-the-guptas-really-cost-our-country/?utm_medium=email&utm_campaign=168%20Newspaper%20Edition%206%20June%202021%20Strauss&utm_content=168%20Newspaper%20Edition%206%20June%202021%20Strauss+CID_a5c39d0a0df60a40f9f06db326d5127c&utm_source=TouchBasePro&utm_term=Top%2010%20sites%20of%20State%20Capture%20What%20the%20Guptas%20really%20cost%20our%20country)) has put the total funds disbursed by Transnet and related to the period of State Capture (their capitals) at R40,084,201,927 or 2.28 billion euros.

The losses at Transnet account for 81.59% of the total amount lost to state capture, the Daily Maverick investigative team alleges.

Former President Zuma, who has not stood trial for the theft that occurred under his reign, was sentenced for not testifying at the Zondo Commission probing state capture, but he has been released on medical parole.

Continuous breakdowns after years of neglect



“Capital that should have been allocated to procure or replace items such as tugboats, pilot boats, helicopters, ship-to-shore cranes, mobile harbour cranes, straddle carriers [right], rubber tyre gantry cranes, reach stackers and hauliers, was not undertaken.

Maintenance and mid-life refurbishment of the current fleet of machinery and equipment in the ports was mostly ignored,” Mitchell continues.

“What is there is mostly past the serviceable lifespan and now failing and breaking down continuously.”

“The situation at the South African ports is so bad that ships spend days or weeks before calling ports and in some cases months on the coast before finally departing South Africa after completing the full port rotation. This has led to shipping lines pulling services from some of the ports and in many cases omitting to call ports due to the severity of the delays ships are encountering. Over the past few months this situation has resulted in massive bottlenecks and congestion at the ports cold stores. Considerable amounts of fruit spent a long time waiting before finally being shipped.”

Availability of containers remains "immense battle"

The fruit export industry is facing losses as a result of the additional cost of logistics and quality compromised due to high dwell times, Brooke notes. Last week a Turkish lemon exporter told FreshPlaza (<https://www.freshplaza.com/article/9358484/this-year-the-supply-of-citrus-in-general-is-better-than-last-year/>) that Northern Hemisphere buyers were hesitant to order product from South Africa due to, he said, supply inconsistency.

Delays at ports have also retarded the placement of empty reefer containers in South Africa. “The availability of empty reefer containers was an immense battle this past export season,” Brooke remarks.

Citrus growers have lauded Brooke for his frank piece, calling it “very necessary”.

Uncertainty creates anxiety among clients

“Clients become nervous because programmes fall behind schedule. Uncertainty creates anxiety,” says a citrus grower with retail programmes across the world. “There is flow and rhythm as in the past, which can make South Africa a risk, but one should compare it with logistical uncertainties in other countries too.”

Growing volumes not only in citrus (specifically mandarins and lemons) but also in avocados, grapes and blueberries will put increased pressure on an already compromised port infrastructure.

“Transnet will be reengaging in one weeks’ time to respond in full as to what actions are going to be undertaken to change the situation South Africa finds itself,” Brooke concludes.

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