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Citrus exporters face testing logistics challenges

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CGA CEO Justin Chadwick.

The Citrus Growers' Association (CGA) has taken decisive action to prepare for the upcoming citrus export season in the face of equipment shortages and escalating freight rates exacerbated by the Covid-19 pandemic.

CGA logistics development manager Mitchell Brooke has drafted a report - which has already been shared with Transnet and all major shipping lines that transport fruit - providing a forecast of the equipment demand by port by export market, and there will clearly be a supply/demand shortfall.

According to CGA CEO Justin Chadwick, the estimates received by focus groups - 162m 15kg cartons - indicate that 95 000 reefer containers will be needed to export this year's citrus crop.

"When we include the deciduous and subtropical fruit volume, it equates to 120 000 reefer containers needed between April and October," he says.

In addition, there's a challenge globally in repositioning of reefer equipment to places around the world.

“Since there is such a high demand for general freight movement out of China to the USA, South America and EU, with exorbitant freight rates being charged due to the high demand, lines are forgoing allocating space on vessels to reposition reefer containers,” he points out.

Add to the mix the massive demand for protein products (pork) due to the swine flu pandemic in China, which has seen many reefer containers being shipped from the USA, South America and EU back to China, and it’s a perfect storm. “So it seems there is a perfect imbalance in trade flows causing an equipment stockpile in China. The severity of this issue has affected the deciduous exports from the Western Cape with devastating consequences on exports,” he adds.

The probability of reefer equipment shortages is being closely monitored and exporters have been warned that freight costs are likely to be high this year as SA competes in the current global freight demand cycle.

“Specialised reefer ships are coming and additional ships can be brought in based on demand.” Chadwick has urged exporters to use this opportunity to move fruit.

It’s critical, however, that they ensure that market prices can cover the higher cost of freight.

Capacity and infrastructure will be tested to the limit if the volume meets the estimates – and Transnet will need to step up to the plate if the industry is to achieve success this year.

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