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Rising costs are threatening citrus industry – CGA exec

21 Feb 2022 - by Eugene Goddard



Cost concerns are casting a pall over the citrus industry – which celebrated a milestone last week when the inaugural shipment of lemons departed for China following the successful completion of a six-year protocol revision period.

Citrus Growers' Association executive Justin Chadwick lauded last week's shipment, calling the resumption of fruit heading east to the country's biggest trade partner a "promising start to the 2022 citrus export season".

He added that big volumes of fruit were expected to be shipped to key markets across the globe.

Unfortunately, nagging costs concerns on several fronts are leaving a bitter taste in the mouth, especially after last year's challenges – the usual port delays, disruption on the N3, not to mention July's riots in and around crucial assets of South Africa's logistics industry.

Said Chadwick: "Of major concern is the exponential increase in input costs over the past year, which will no doubt put a major squeeze on growers' returns.

“These increases include fertiliser prices almost doubling, and agrochemical prices increasing on average by 50%.”

Rising fuel costs, and the portents of yet another increase in the price of fuel, were also putting major strain on growers, with little relief on the way, Chadwick said.

“Exacerbating this situation is the major increase in freight costs over the past year.

“On average, freight costs increased by approximately 30% to 40% in 2021, when compared to the previous year, with some markets being significantly higher.

“These increases could climb to between 50% and 75% on average in 2022, with some markets already seeing a 150% increase in export costs.”

Chadwick warned that if these bottom-line bugbears weren’t addressed, South Africa’s flourishing citrus industry – a world leader to be sure – could be in peril.

“If the 2022 minimum prices for fruit currently being negotiated do not cover these rising costs, the future profitability and sustainability of local growers will be threatened, and in turn, the 120 000 mostly rural jobs sustained by the industry.”

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