Southern Africa's freight news by ftw

Citrus growers explore shipping price structure options

14 Dec 2022 - by Lyse Comins

The Citrus Growers Association of Southern Africa (CGA) is investigating options to bring about structural change in shipping to control the spiralling costs of getting crops to market.

CGA CEO Justin Chadwick said the association had prioritised its efforts to address some of the astronomical costs growers were facing.

“The significant shipping price hikes that have seen freight costs increase by over 150% over the past two years have had a devastating impact on growers’ profit margins, putting many of these local businesses at risk,” Chadwick said.

“This is why the CGA has commissioned a project with other fruit sectors to investigate options to bring about structural change in the shipping environment in order to control freight rates and improve service delivery,” he said.

However, he added that early indications of the normalisation of container movement around the world should also bring about a balance in container supply and demand and some relief in shipping rates in 2023.

Chadwick said that structural issues at ports also needed to be confronted to improve the efficiency of moving exports.

“There have been some short-term improvements at the country’s ports as a result of interventions driven by Transnet during the 2022 season. The expected annual increase in containers of fruit being shipped from South Africa over the next few years will pose a major strain on the ports if ongoing infrastructure and operational issues are not addressed,” he said.

The CGA has committed to working with Transnet and other stakeholders during the upcoming 2023 season to identify any issues at the ports and find solutions.

“The fact that the process to bring public-private partnerships into Durban and Ngqura ports remains on track to be concluded early next year is extremely positive, and it is critical that similar partnership opportunities be explored for Cape Town port,” he said.

“While it is clear that the challenges faced this season have squeezed growers’ profit margins and continue to threaten the future profitability and sustainability of the industry, the CGA hopes to work with government and other value chain partners to ensure the sector not only survives over the short term, but remains the number one South African agricultural exporter and top agricultural employer in years to come.”

Citrus export volumes increased by 3.2 million cartons compared to 2021, but this was less than the 5.7 million cartons predicted at the start of the 2022 season.