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Report reveals high costs of Cape Town port delays

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Congestion at the Port of Cape Town costs logistics firms R330 000 per day, with the two main reasons for delays described as terminal capacity challenges and inclement weather.

This was among the key findings of a new report released by the Department of Economic Development and Tourism in the Western Cape, which revealed that the busy port moved around R210 billion worth of imports and exports in 2021.

According to the report, which was initiated to investigate congestion challenges, R110.49bn worth of exports and R99.96bn worth of imports were processed via the Port of Cape Town, totalling R210.45bn for the period.

Georgina Maree, spokesperson for Provincial Minister of Finance and Economic Opportunities Mireille Wenger, said the overarching purpose of the research report project was to provide a quantitative indication of the economic importance of the Port of Cape Town's container terminals to the provincial and national economy. She said the findings would help the provincial government to plan its support of initiatives that positively impacted the port's future economic contribution.

According to the findings, the port handles 8-20% of the total South African port container volumes. In 2021, a total of 52% of all Western Cape exports were exported via the Port of Cape Town, amounting to R86.482bn.

The value of total exports increased by 184% from 2010 to 2021, while citrus exports increased by 297%, grape exports by 238%, and the value of “other fresh fruit” rose by 5125%.

She said the main purpose of the study was to map the container truck logistics chain to identify key points of congestion, and corresponding root causes, to determine the costs of congestion and identify opportunities for improvement

Truck delay costs

“The cost of truck delays for all truck owners for the container terminals is, on average, R330 000 per day,” she said,

The main causes of truck delays included wind/weather gate closure (30%), shift change (9%), Stack congestion and IT system failure (4%), and unexplained delays which included terminal capacity limitations (57%).

The report sets out enhancements made to the Provincial Freight Demand Model for containerised cargo, to serve as an integrated evidence base for short- to medium-term capacity planning and implementation of interventions.

According to the report, fruit exports have the potential to grow by 26% over the next five years. Capacity will need to be created in the logistics chain to accommodate this growth. Non-containerised (bulk) imports of 4.3 million tonnes represent nearly half (45%) of the Port of Cape Town's flows, while containerised imports of 1.9m tonnes account for a further 20%. This supports the port's reputation as a predominantly import-orientated port (6.2m tonnes, 65% of all flows) in terms of volume.

Wine export efficiency

The study also aimed to build on existing research to improve wine export efficiency.

Wine exports are expected to increase by 7% in 2022 and 12% in 2023, from the base level of 2021, which will increase current pressure on CTCT, especially during the peak citrus and pome fruit export periods. South Africa's wine exports grew from R1.95bn in 2001 to R11.1bn in 2021, the equivalent of 9% average growth per annum over the period.

The report found that the wine value chain was made up of 2 696 primary farmers who produced around 1.3m tons of grapes for winemaking. There are 529 wine cellars scattered mostly in and around the Western Cape. It is estimated that wine exports will grow to 407m litres in 2022 and further increase to 425m litres in 2023.

“The main purpose of the seminar was to present the main findings of the reports and to ultimately build consensus between the various stakeholders on how to increase efficiency at the port,” Maree said.

“The next step will be to engage the various operating divisions of Transnet to develop consensus on priorities for implementation. At the forefront of these discussions will be the implementation of short-term interventions needed to facilitate a successful table grape and deciduous fruit export season for 2022, which kicks off in December,” she said.

She added that the port needed improved capital expenditure “which we believe must include private sector participation”.

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