

■ OPINION

MITCHELL BROOKE: Port inefficiencies must not be allowed to spoil citrus exports

Operations have improved since 2023, but the industry is preparing for potential bottlenecks

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by MITCHELL BROOKE



Picture: SUPPLIED

Millions of cartons of citrus will in coming weeks make their way to SA's ports as citrus season starts to ramp up. But a serious obstacle stands in the way of getting a record volume of our high-quality citrus to overseas markets — underperforming ports.

Citrus exports generate R30bn in foreign revenue for SA every year, so it is essential that our ports (and the logistics network that feeds into them) function effectively to enable the citrus industry to make this significant contribution to the economy.

From November to February backlogs and other logistical problems, especially at the Port of Cape Town, had a near disastrous effect on the deciduous fruit industry. While the 2023 citrus season (April to September) saw a relative improvement in port logistics performance

compared with 2022's, it is feared that citrus growers will face obstacles in getting their produce to foreign markets in 2024 similar to those of growers in the deciduous fruit industry.

SA's port container terminal efficiency is at a low base and has been since 2020. It faces problems both landside (handling containers from trucks or rail) and waterside (making sure there are berthing spaces and a smooth loading of cargo).

The duration of ship movements across the SA port system provides an example. It is not uncommon for some ships to take more than 21 days on rotation at Cape Town, Gqeberha and Durban before they move on to destinations in Europe or Asia. By global standards, this is an unacceptable period of time to complete loading, resulting in a substantial indirect tax on cargo owners through inefficiency surcharges and inflated base rates.

For fresh produce these delays are potentially ruinous. The less time spent on a ship the better the quality the produce. This is especially so when it is considered that producers face large financial penalties not only for delays but also for any quality loss.

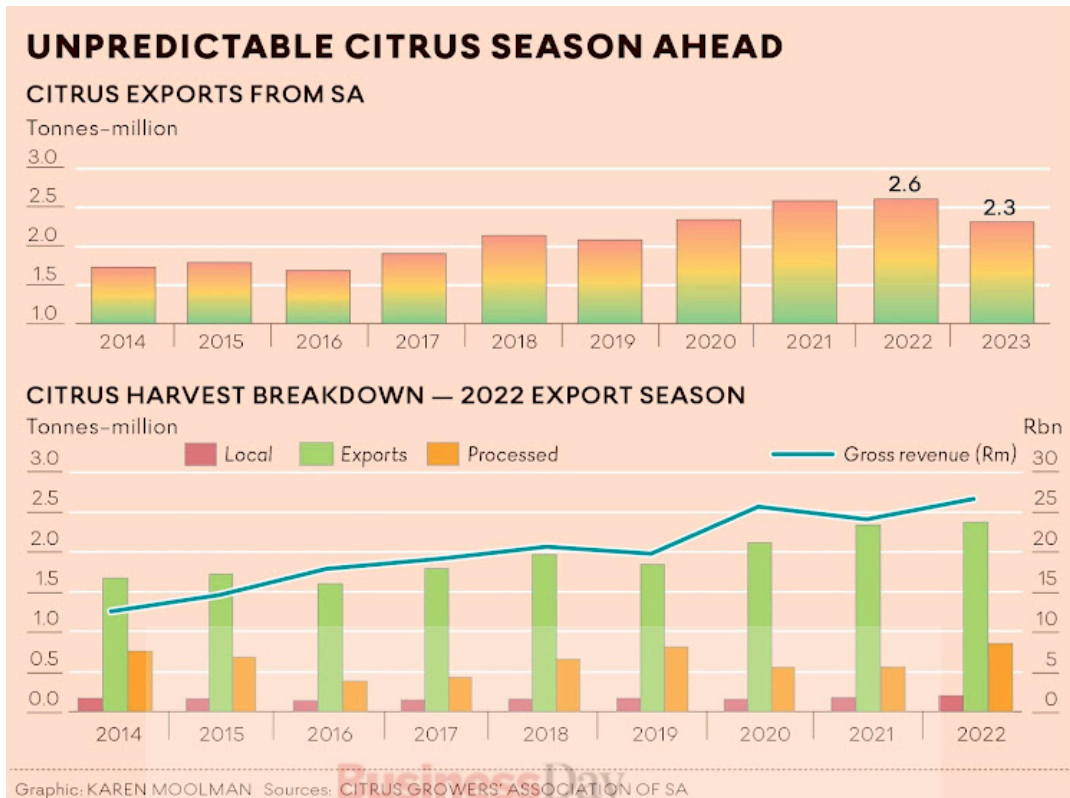
Transnet has taken some strides in improving port efficiency since the height of the port backlogs a few months ago. Also, the positive work of the national logistics crisis committee must be acknowledged. The committee has been rolling out operational excellence centres, involving the private sector directly in resolving equipment issues, and making leadership changes at ports.

However, there is still a lot of work to be done before there can be confidence in SA's port performance. If one looks at data on hauler availability and ship-to-shore cranes at the Port of Durban, the seriousness of the situation becomes clear. (Haulers are mobile cargo transport vehicles, and cranes are used to move containers into or out of ships.)

It is calculated that the minimum required assets for Pier 1 and 2 collectively are 118 haulers and 22 cranes. But the operational average is only 85 haulers and 18 cranes.

About half of all citrus exports move through the Port of Durban. The longer-term solution to the crisis is the rollout of public sector participation in all ports. Therefore, the approval of Transnet's

partnership with International Container Terminal Services for Pier 2 is good news.



However, the commencement date has been pushed back and the full benefit of the venture will not be felt by the citrus industry in 2024. This is a disappointing development, and also an example of why a greater sense of urgency in public-private partnerships is needed by all parties involved.

The recently issued call by Transnet for private bids to operate a liquid bulk terminal at the Port of Cape Town is also a welcome development. The Citrus Growers' Association of Southern Africa hopes this might signal a change in the urgency with which private sector involvement at ports is sought.

Western Cape citrus growers are big exporters to the US and will certainly benefit from private partnerships involving container terminals. Even the Port of Saldanha could be considered as a longer-term private container solution in future.

To return to the present dilemma, the greatest risk at ports this season is equipment failure. A lot of the equipment is aged and prone to breakdowns. Though replacement of some large machinery has been secured, most will not arrive in time. Replacing big and complicated machinery does not happen quickly.

Transnet and the citrus industry will need to monitor operations carefully and be responsive to whatever unfolds. This means real-time information about what is occurring at the ports is of immense importance. Fortunately, a network has been established between the industry and Transnet, through which information can be shared immediately and corrective actions or substitute measures proposed and then executed.

Detailed data has also been collected on possible bottlenecks during high peak season (July and August) as most citrus will be arriving at ports then. The scenarios that have been assessed highlight concerns about vessel service alignment, port plug-in capacity and cold store capacity.

This all forms part of the association's plans to handle the challenges of the 2024 season. But these plans are only stopgap measures for coping in the short term. They are unsustainable. Private capital and management are needed to increase productivity at container terminals.

The citrus industry is dependent on improved logistics to achieve its goals, and secure its sustainability and global competitiveness. The growth potential of the industry is immense. The association's goal is to help growers increase exports by 100-million cartons by 2032, which could create 100,000 new jobs, mostly in vulnerable rural communities. Private participation offers so many growth opportunities in the export economy that one hopes they will be seized with due haste.

Another way in which our industry has been readying itself for potential bottlenecks at the ports is by learning from other sectors. Different fruit sector bodies can assist each other in this way. Recently, at the association's Port Indaba, the SA Table Grape Industry reported on its logistics experiences and data collected during the recent deciduous fruit season. All types of co-operation are essential for handling the logistics challenges in our export economy.

The value of co-operation, be it between fruit sectors or between the government and the private sector, cannot be understated. With an unpredictable citrus season ahead, all role players should continue to do everything they can to minimise risk. Entire sections of the economy and the livelihoods of hundreds of thousands of South Africans depend on it.

- *Brooke is logistics development manager at the Citrus Growers' Association of Southern Africa.*

