

Import prioritisation weighs on exports already under strain

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Source: Freight Academy

Exports from key ports in South Africa remain depressed, lagging behind the prioritisation of imports which itself is below par, while external factors further weigh on the country's ability to optimise primary outflows like citrus.

A source at Mediterranean Shipping Company (MSC), which earlier this year opened a R350 million cold-storage facility in Durban with capacity to handle 10 000 pallets, said "the expected peak of citrus exports is simply not there".

Volume data shared with *Freight News* corroborates this, showing a year-on-year (y-o-y) decrease in shipped fruit relative to 2023 across all citrus types: grapefruit, mandarins, lemons, navels and valencias.

The respective 2023/24 y-o-y figures are as follows: 9.1 million down to 8.9m, 11.4m to 10.6m, 19.9m to 16.5m, 6.1m to 5.2m, 0.9m to 0.3m.

Overall, citrus exports declined from 47.4m last year to 41.5m.

The latest prediction is that projected volumes shipped will be well below the anticipated 181.7m for 2024, revised down to 170.4m.

The MSC source said a major reason for the disappointing citrus exports are seasonal constraints, causing fruit to ripen later.

The source added that black spot outbreaks in the Eastern Cape also meant that fruit was being sent to “reducing facilities” where it’s frozen into concentrate and shipped out for juicing.

It was emphasised that whereas the price for concentrate on the open market was R1 700 per tonne last year, current prices range between R4 000 and R7 000/t.

Justin Chadwick, CEO of the Citrus Growers Association (CGA), confirmed that “juice prices are at an all-time high.

“Hence, fruit that may be at risk of pest or disease issues are diverted to juice.”

He added that because exports to the European Union are perceived as risky due to “unjustified citrus measures”, with juice prices as they are, any marginal or risky fruit is sent to juicing facilities.

Imperfect climate conditions also pose problems for producers.

“Later onset of winter conditions delays colour,” Chadwick said.

“In addition, rain halted harvesting of lemons for a while in the Eastern Cape,” he said.

Port side issues didn’t make matters any easier.

According to the latest *Cargo Movement Update* sent out on July 2, operations last week were mainly constrained by congestion, inclement weather, equipment breakdowns and shortages.

“Vessel ranging proved to be the most prominent operational problem in Cape Town, while equipment breakdowns, shortages, and congestion ensured operational delays in Durban,” the report said.

Absa’s latest Purchasing Manager’s Index, concurred with the *Update*, compiled by the South Africa Association of Freight Forwarders (Saaff) and Business Unity SA (Busa), highlighting that at Durban Container Terminal, only seven of 16 ship-to-shore cranes were operating.

Out of 67 straddle carriers on hand, only 55 were being used.

Saaff and Busa reported that “congestion at the Port of Durban has intensified, exacerbating delays and prioritising imports over exports, which diminishes export capacity.

“Shipping lines adapt by consolidating cargo in Asia before the extended journeys to Europe, optimising vessel utilisation, and reducing costs. Despite tight market

conditions and the continuation of the ordering frenzy for new vessels, the container market remains highly competitive, with spot freight rates reaching new highs."

But the east-west journey is itself a massive headache, with congestion related to the Red Sea crisis straining throughput capacity at Sri Lanka's Port of Colombo, and at Singapore, an important transshipment hub for Asian rotations.

"We don't even call at Colombo anymore. Recently we had a vessel at berth for 10 days. Things are very tough at the moment," the MSC source said.

As for boosting local export potential of citrus, the CGA is pulling out all the proverbial stops to fight supposed phyto-sanitary import impediments set down by the EU.

Chadwick reported that "with the support of the CGA, South Africa has this week requested the establishment of two panels at a meeting of the Dispute Settlement Body of the World Trade Organization to examine what, in South Africa's view, are unscientific and discriminatory measures placed on citrus imported from South Africa by the European Union".

"These steps were taken to address the EU's regulations on two separate plant health issues, namely Citrus black spot and False codling moth. The regulations are being challenged by the South African government to protect the livelihoods of tens of thousands of people in the local citrus industry," said Chadwick.

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