

Inefficient logistics cost citrus industry R5.2bn in the latest season

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Photo by: Creamer Media's Marleny Arnoldi

The Bureau for Food and Agricultural Policy (BFAP) has found in an independent study that the citrus industry suffered a

R5.2-billion direct and indirect cost owing to inefficient logistics in the 2024 season.

This represents a debilitating loss of foreign revenue to the country and a setback to creating desperately needed jobs.

The Citrus Growers' Association of Southern Africa (CGA) hopes that Finance Minister **Enoch Godongwana** will prioritise South Africa's logistics crisis in the upcoming Budget speech.

"The huge cost makes it clear that large-scale public-private partnerships at ports across South Africa are urgently needed. While the findings of the impact assessment are deeply concerning, the CGA views this as an opportunity to collaborate with stakeholders and implement effective solutions," says CGA incoming CEO Dr **Boitshoko Ntshabele**.

The BFAP estimates the direct expenditure increase for the citrus industry as a result of the logistics system was R1.5-billion in the 2024 season, while the indirect cost, which relates to revenue not earned as produce is sold at a lesser price, amounted to R2.6-billion. Another R1.1-billion was lost owing to waste.

Citrus is a perishable product with a limited shelf life, so it is especially vulnerable to the impact of delays.

The BFAP study quantifies the effects of slow port throughput, deteriorating road and rail infrastructure, unreliable schedules, inefficiency surcharges imposed by shipping lines, and missed market opportunities.

"The losses and added costs jeopardise the long-term viability of the citrus industry. They also impact on emerging growers and new entrants the hardest," the BFAP states.

CGA chairperson **Gerrit van der Merwe** says it is important to finally quantify the damage to the industry. "In a certain sense South Africa has gotten used to the destruction of value that has been happening on a greater or lesser scale over the last few years. It is incredibly frustrating for the growers and their rural communities, who feel the impact directly," he adds.

Citrus is South Africa's biggest agricultural export industry. The industry maintains close to 140 000 jobs on farm level. With the industry poised to have harvest increases over the next few

years, there is potential to create tens of thousands of more jobs. It is also one of the farming sectors in which black ownership is most advanced.

"If all role-players work together, we can reach an export level of 260-million 15 kg cartons of citrus by 2032, creating 100 000 jobs in the process. Last year we exported 165-million cartons.

"More fruit will be coming off our trees, but physically moving them to all the many markets that have a taste for our high-quality citrus is a problem. If not addressed soon, our ports, already beset with these delays, will not be able to handle the increased volumes at all," Ntshabele warns.

The CGA acknowledges the progress having been made on logistics in the past year, as well as President Cyril Ramaphosa's pledge in his 2025 State of the Nation Address to revitalise port terminals and rail corridors, but argues that the pace of reform is not nearly what it should be.

As Godongwana sets out the country's budget priorities this week, it should be acknowledged that an efficient export industry can generate billions in additional tax revenue and contribute to true inclusive growth for all South Africans.

"Public-private partnerships are the only long-term way to ensure logistical efficiency. The citrus industry is hopeful that Treasury and Godongwana will facilitate urgent and true reforms," the CGA concludes. 🇿🇦

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