SA port container terminal productivity and capacity

Service delivery in the Southern African supply chain needs to be top-notch if we are to provide the discerning global consumer with world-class fruit. By **Justin Chadwick** and **Mitchell Brooke**

Growers invest in producing an excellent piece of fruit on the tree, which is then packed in state-of-the-art packhouses to meet the requirements of demanding global consumers. Members of the Citrus Growers' Association of Southern Africa (CGA) call on all value chain partners to diligently play their part in ensuring that this quality is maintained as the fruit moves through the supply chain. If we all work together to achieve this goal, we will jointly contribute to the economic recovery of the region and development of its people.

The remarkable growth achieved by the Southern African citrus industry over the past few years is reflected by the 161 million cartons growers exported during the 2021 export season, sustaining thousands of jobs and generating R30 billion in export revenue for the country. This is a 10% increase from 2019 and demonstrates the ever-growing demand for Southern African citrus across the globe, which is largely because of its excellent appearance and eating quality.

In order to maintain this high standard and ensure only the best quality citrus is shipped to key markets, local growers have invested R150 million per annum in research, development, phytosanitary and other quality assurance programmes, as well as billions of rands in the establishment of state-of-the-art packhouses and cold storage facilities to process, pack and export citrus. This results in perfect citrus fruit being produced on the tree and packed into a carton.

With citrus exports expected to grow by a further 500 000 tonnes over the next three to five years, which will create thousands more jobs and bring in billions of rands in additional export revenue, it is crucial that all stakeholders across the citrus value chain invest attention and employ resources in the entire system, so that citrus reaches markets on time, and in top condition.

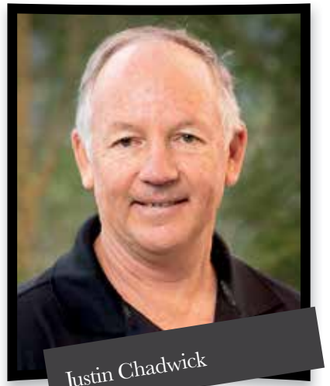
However, the current poor performance of South African ports as a result of aging and out-of-service equipment and staff shortages, severely impacted the 2021 export season, resulting in fruit arriving way too late in many markets – in some cases by over a month. At the same time there was an undersupply in some regions, and an oversupply of fruit in other key markets. If this continues, the future profitability and sustainability of the industry will be under severe threat.

The poor performance of the ports is also impacting the competitiveness of a number of other sectors including the automotive industry, chemical manufacturers, steel manufacturers, retailers and other agricultural exporters. As it stands, the estimated potential loss of annual revenue to Transnet due to poor productivity at the ports amounts to between R3 billion and R3.5 billion annually.

Of great concern are the lengthy delays when it comes to the movement of container ships through the ports system. In some cases, ships are left standing at ports for three weeks or more, with a total accumulative time of more than 30 days after calling at multiple ports. The CGA has received reports of containers full of citrus sitting for an average of 21 days before being shipped off to the markets waiting to receive the fruit.

Citrus is a highly perishable product and delays severely impact the quality of the fruit and result in major losses for growers. Given the urgency and importance of reliability in consistent shipping supply to international customers, the results of our ports' poor performance will continue to bear significant repercussions for citrus growers and in turn, the economy, in particular rural communities that are in desperate need of employment and development.

Recent announcements by government that are aimed at improving port performance are welcomed. These include a R100 billion infrastructure development project at Durban port, Transnet National Ports Authority being turned into an independent subsidiary with its own board, and the state entity's plans to secure private sector partner investment into the ports over the next few years. However, immediate action is desperately required at the Durban and Cape Town ports to ensure citrus reaches key markets on time in 2022.



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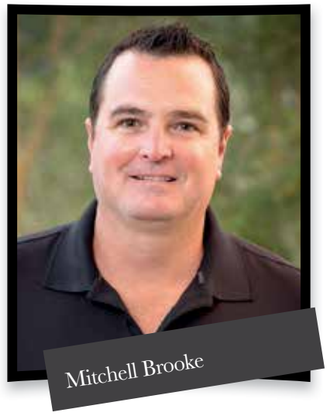

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All stakeholders across the citrus value chain must employ resources in the entire system for citrus to reach markets on time, and in top condition.

In this regard, there are a number of areas that need urgent attention and resources ahead of the coming season:

1. Sufficient funds must be allocated to Transnet to invest in critical equipment and personnel, in order to ensure an immediate improvement in performance and productivity at the ports container terminals, particularly Durban Pier 1 and 2, and Cape Town Container Terminals. It is critical that vessels move to and from the ports to global markets with constancy, regularity and reliably in 2022 – an essential part of the success in supplying fruit to receivers and maximising industry returns.
2. Transnet and logistics partners must also plan and execute the receiving and despatching of trucks at the terminals with absolute precision, in order to ensure the truck throughput is maximised so there is minimal downtime of this limited resource. Currently, the truck booking system at the aforementioned terminals is not proving to be beneficial in facilitating the efficient and effective movement of reefer containers, full and empty, through the terminals.
3. Reefer capacity was mostly oversubscribed in Durban and Coega ports, which limited the ability to export citrus during the 2021 season. It is crucial that all stakeholders deliberate on the most optimal reefer capacity at each container terminal aligned to export forecasts for each region in 2022.

These steps must be prioritised and realised as a matter of urgency in the months to come, not only to avoid a repeat of 2021 but also to prevent shipping lines increasingly bypassing South African ports, which robs growers of the opportunity to access all markets and threatens their future survival.

The CGA remains committed to working with government and stakeholders across the value chain to address issues affecting the ports, so that our industry is able to continue exporting quality fruit across the globe, and remain a key contributor to the economy and jobs. But we need everyone to play their part in this regard.