

FROM THE DESK OF THE CEO (32/18)

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"The essence of strategy is choosing what not to do." —Michael Porter

STRATEGIC THINKING AROUND CITRUS EXPORTS FROM DURBAN PORT IS NEEDED

Exporting of citrus from the Durban port is proving to be another challenging year, but this year the challenges are of a different nature to the challenges of the previous seasons. The Grapefruit season up north started three weeks later with production overlapping with the Navel season. Production of both commodities was higher in the north along with higher production of Lemons and Soft Citrus. This caused a massive influx of consignments into Durban between weeks 21-25 which caused a block out of cold storage capacity in port. A surge in containerized shipping followed which resulted in the container terminals running out of reefer plug points stopping the packing of containers for 3 days. Similarly, production of Valencias also started later this season, which peaked on the back of higher tail end production of Grapefruit, Navels, Lemons and Soft Citrus. A huge peak in production from the north caused another influx of consignments into Durban between weeks 28-32 causing another block out of cold storage capacity in port. The terminals again running out of reefer plug points with a surge in containerized shipping following. The northern regions have estimated 77.5million cartons for 2018, which is 5million cartons higher than final production in 2017. The projections indicate a probable 90million cartons of production from the north is likely by the 2022 season. Given the challenges faced this season due to lack of cold storage capacity, container equipment, trucks, container terminal disruptions and so on, it seems imperative that growers and exporters going forward make strategic based decisions regarding logistics. Mitchell Brooke will be presenting some ideas around strategic thinking at the CRI Symposium next week.

Containerized exports to China has doubled this season and this has caused many operational challenges in Durban. Exports to China requires cold treatment which doubled the requirement for forced air precooling space as well as specific types of containers as well as trucks that need Genset units (to provide power to the containers during transport). The added demand of cold treatment shipments caused a backlog in exports as the supply of container equipment and trucks could not keep up with demand. Going forward DAFF have suggested that a form of operational intervention is required to streamline the challenges around increasing preclearance inspections and cold treatment shipments. On the back of growth in exports to China could mean better prospects to ship citrus in breakbulk to China – potentially resolving many issues in Durban going forward. More on these proposals will be presented and discussed at the annual citrus coordination meeting in October.

The Durban Container Terminals (DCT) has performed reasonably well so far this season compared to previous seasons. Transporters have cited delays are much less than previously experienced although truck congestion at the terminals is still a problem at times. Transnet Port Terminals (TPT) acknowledged that there were labour issues for a few weeks at the start of the season. This led to strike action being implemented by RETUSA on 11th July, which was resolved over two days. Vessel berthing has been very accurate this year with very few vessels being delayed at anchorage and there have been no major disruptions to vessel schedules. At this time DCT are functioning better and more productively than seen in the past with some good productivity levels recorded of late. DCT have been very forthcoming in assisting with amending export stacks dates and accepting reefers early, this has assisted immensely. The north quay berth extension and deepening project has commenced and this will continue for the next few years. The full impact of this project cannot be ascertained until the berths are decommissioned for construction. One berth will be decommissioned at a time and this will result in displacement of one of the larger vessels that typically berth at the north quay. On a positive note, there are plans afoot that should see at least 12,000 pallet spaces of capacity being implemented in Durban ahead of the 2019 season. Of this some 4,000 pallets capacity will be for cold treatment shipments. However, the challenges around trucking (trucks to transport consignments from the farms and trucks to transport containers) and reefer container equipment delivery is one that is not easily resolved. Mitchell Brooke circulates a report each Friday outlining the prevailing logistics conditions in the Durban port. To receive a copy of this report email: mitchell@cga.co.za

PACKED AND SHIPPED

To Week 29 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB	2016	2017	2018	2017	2018	2018	2018	2017
Grapefruit	13.1 m	15.0 m	17.5 m	13.3 m	14.9 m	16.8 m	17.9 m	15.7 m
Soft Citrus	10.1 m	10.8 m	12.7 m	9.6 m	11.3 m	14.7 m	16.6 m	13.4 m
Lemons	13.4 m	17.4 m	16.8 m	16.2 m	15.7 m	20.6 m	19.9 m	19 m
Navels	23.9 m	19.5 m	23.7 m	18.1 m	20.9 m	25.7 m	25.3 m	21.1 m
Valencia	18.3 m	23.6 m	17.8 m	14.9 m	11.2 m	53.9 m	51.7 m	53.8 m
Total	78.8 m	86.3 m	88.5 m	72.1 m	74 m	131.7 m	131.4 m	123 m

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