

FROM THE DESK OF THE CEO (49/18)

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Justin Chadwick 7 December 2018



“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way – in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only” Charles Dickens

CITRUS INDUSTRY GROWTH – OPPORTUNITY OR NOT

The trees are in the ground and the fruit will be produced. In the next three to five years’ citrus exports from South Africa will increase from 2 million tons to 2.5 million tons. The additional 500 000 tons will either be a disaster, or an opportunity. If all role-players work together, and work hard, this extra volume will result in additional jobs, a growing industry, rural development, additional investment and foreign exchange earnings. In broad terms there are two essential elements to a successful growth path – 1) attention to the logistics infrastructure and equipment so as to get the additional volume to the port of loading, through the port, and to the final destination. 2) Opening up of new markets for southern African citrus, retaining of present markets and optimisation of market access conditions.

Logistics: There is a saying that “planes are sexier than cranes”. When faced with investment decisions in the past the South African government has tended to pour money into its loss making national airline carrier, while ignoring investments in its money making port state owned enterprise. As a result, Durban port, which handles the bulk of southern African citrus, is creaking. The infrastructure is badly in need of an upgrade, and new equipment is sorely needed. In addition, the port operations lag international norms in terms of port efficiency. One of the points in the six-point plan is to improve efficiency of the port. The other elements include making more use of Maputo port, increasing the volume transported to Durban by rail, increasing capacity of cold stores in the Durban port precinct, as well as investment in hubs where cargo can be accumulated and railed into the port, and the use of IT to assist in improving efficiencies. So government and industry have the opportunity to make this work – the product is there; we just need to make it happen. In particular Transnet, Department of Transport, cold store owners, Department of Agriculture, Fisheries and Forestry, road hauliers and shipping lines need to work together to make it the “best of times”.

Market Access: Export volumes to the Asian region have increased over the past ten years, and this region offers the most opportunity for continued growth. DAFF is at the cusp of getting citrus accepted to Philippines, and oranges into Vietnam. However, there is a need for more proactive action, and a greater sense of urgency. Finalising a change in the lemon protocol to China will be a game changer, and needs to be high on government agenda. Likewise, the in-transit cold treatment for Indian cargo has been pending for too long. The USA has been sitting on the final rule making for wider access for South African citrus for an inordinately long time – DAFF needs to get answers as to why a rule promised end September, then 15 October, has not yet been finalized. As for the EU, South African citrus exporters cannot continue to afford R1.86 billion per annum to comply with excessive EU measures for CBS; it is time to settle the technical dispute once and for all. Then there is the issue of Free Trade Agreements or Preferential Trade Agreements – competing southern hemisphere countries seem to be signing these on a weekly basis, while South Africa is hamstrung by regional agreements and capacity constraints that leave the fruit industries fighting for market share with one hand tied behind their back. For the increased volumes to be the “best of times” industry and government are going to have to address these issues as a true public private partnership. It cannot be business as usual – we do not have the time.

THE CITRUS SUMMIT WILL ADDRESS MANY OF THESE ISSUES – VISIT WWW.CGA.CO.ZA

BREAK BULK SHIPMENTS APPROVED FOR CHINA

On 16 November 2018 the South African and Chinese governments signed a protocol allowing citrus fruit to be shipped from South Africa to China in specialized reefer vessels (bulk reefers). The original protocol signed in 2004 allowed shipments to take place only in containers. This change in protocol makes it possible for exporters to consider co-loading China shipments with cargo destined for Japan and/or South Korea. Co-loaded shipments will need to be kept in separate holds. Thanks to DAFF, PPECB and CRI in getting the protocol amended.

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