

FROM THE DESK OF THE CEO (19/19)

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Justin Chadwick 10 May 2019

“A lot of people ask me if I were shipwrecked, and could only have one book, what would it be? I always say ‘How to Build a Boat.’ Steven Alexander Wright

MITCHELL BROOKE

Ten years ago, led by then Chairman Pieter Nortje, the CGA Board decided that growers needed to have resources at CGA that could look at logistics issues. I knew there was one person who could fulfil this envisaged role – Mitchell Brooke. Mitchell has developed this role over his ten years in the position – to a point where CGA makes meaningful contributions to ensuring the growers voice is heard in all logistics issues. Thank you Mitchell for your commitment to your job

FIRST BREAK BULK VESSEL TO CHINA

It is not often that the citrus industry gets to host the Minister of Agriculture, but this last week we hosted the Minister, Deputy Minister and two DDG's as we celebrated the first specialized reefer vessel (SRV) to be loaded for China. The initial protocol for shipping South African citrus to China was signed in June 2004. This initial protocol stipulated that shipments could only be done using containers. In September 2015 industry requested Department Agriculture, Fisheries and Forestry (DAFF) to request a second option for shipping – by break bulk or SRV's. The protocol was finally amended in 2018, after considerable work by PPECB, Citrus Research International (CRI) and DAFF. This allowed SRV shipments in 2018. Equally important, the amended protocol allows for co-loading shipments to other countries (as long as they are in different sealed holds and kept completely apart).

Although container shipping is more cost effective than SRV, and containers allow smaller parcels of fruit to be sent more conveniently to final receivers, SRV's also have some advantages. For one, temperature control for cold treatment in the holds of SRVs has been found to be better than containers, leading to better fruit quality (hence USA and Japan shipments predominantly in SRVs). Two of the most compelling arguments for SRV's is the large amount of fruit that one vessel clears from the cold stores, and the fact that the fruit does not have to travel on the congested Bayhead road to the container terminals. Both facilities for SRV loading (Maydon Wharf Fruit Terminals (MFT) and Fresh Produce Terminals (FPT)) can be easily accessed without getting caught up in the congestion.

It has been calculated that the South African citrus industry will grow by 500 000 tons in the next three to five years. A lot of this production is in the north of the country, requiring shipment from Maputo or Durban. This will put additional pressure on an already congested Durban port. SRV's clear thousands of pallets in a few days, making space for new fruit to enter the port precinct.

Container equipment demand is expected to exceed supply in the medium term, meaning that increased volumes will need to be shipped in SRV's. The possibility of using these vessels for China, and co-loading for Japan or South Korea will become more important as this higher volume is realized.

Co-loading is also important. A full vessel into any market does tend to result in short term oversupply and puts pressure on cold store capacity in the port of discharge. By co-loading, exporters can supply smaller amounts into the market in a staggered manner.

Sincere thanks to Kees, Colin and his staff at MFT; your facility was a perfect backdrop for the Ministers visit. Thanks to Zest/Komati for being pioneers in testing this route to market. Thanks also to CGA logistics crew – Mitchell, Rauff, and Faisal – for all your arrangements. And finally thanks to PPECB, CRI and DAFF for getting the protocol amended.

PACKED AND SHIPPED

Million 15 Kg Cartons to end Week 18	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AgriHub	2017	2018	2019	2018	2019	2019	2019	2018
Grapefruit	3.9 m	3.2 m	3.9 m	1.5 m	1.2 m	17.1 m	16.4 m	18.8 m
Soft Citrus	2.3 m	2.7 m	2 m	2 m	1 m	18.3 m	18.3 m	16.2 m
Lemons	4.8 m	5.5 m	3.8 m	4.1 m	2.6 m	22 m	21.8 m	19.9 m
Navels	0.8 m	0.6 m	0.3 m			26.9 m	26.9 m	26.7 m
Valencia		0.1 m				52.9 m	52.9 m	54.4 m
Total	11.8 m	12.1 m	10 m	7.8 m	4.8 m	137.2 m	136.2 m	136 m

CGA GROUP OF COMPANIES (CRI, RIVER BIOSCIENCE, XSIT, CGA CULTIVAR COMPANY, CGA GROWER DEVELOPMENT COMPANY & CITRUS ACADEMY) ARE FUNDED BY THE SOUTHERN AFRICAN CITRUS GROWERS