

FROM THE DESK OF THE CEO (25/19)

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Justin Chadwick 21 June 2019

“Great things in business are never done by one person, they’re done by a team of people.” Steve Jobs

CITRUS RAIL TRANSPORT STRATEGY GETS THE ALL GO FROM TRANSNET

On Friday 14 June the CGA hosted a rail transport workshop in Tzaneen to present the Transnet Freight Rail (TFR) plans to put some serious traction on rail development for the citrus export industry in the coming years. This project is being driven from Transnet group executive level and is being supported by different spheres within national government and even the office of the president. To highlight the importance of rail development for the northern production regions (KZN, Swaziland, Mpumalanga, Limpopo and Zimbabwe). 1) Production forecast shows a potential growth of 20% to some 90 million (15kg Eqv) cartons by the 2022 season. 2) Coupled to that, demand for an additional 400 road truck trips per week will be required during peak season to transport citrus to ports for export. 3) Due to the forecast increase in Late Mandarin production, demand for refrigerated trucks will grossly outstrip supply in peak season. 4) An additional 20,000 pallet cold store capacity will be required to sufficiently manage the peak seasons production output, this is not likely to materialize. 5) The forecast shows the additional production will require a further 10,000 FEU reefer containers per season, this is deemed to be problematic to run the additional trucks into the Durban Container Terminal. Rail transport development for this region is deemed highly imperative to counteract a number of foreseeable challenges. The short-term target is to rail 10,000 FEU containers from the hinterland production regions to the ports by 2022 (At present only about 1,500 reefer containers are being railed annually). To reach this target some serious commitment and effort is needed by all role players involved in the process. An 8-point rail plan was highlighted by the CGA. 1) Investment in cold storage infrastructure aligned to rail sidings will be needed, particularly to permit cold treatment shipments (preliminary studies show viability at Musina, Tzaneen, Marble Hall, Nelspruit and the new Tambo Springs rail terminal in south Gauteng). Investment to increase throughput capacity at Bela Bela and Tzaneen sidings (Transnet are considering a branch line concession for the Bela Bela to Marble Hall terminal) is needed. In addition, investment in 16 equipped reefer train sets will be required to achieve the volume target (An additional 2 reefer rail sets are imminent boosting the total to 6 sets). 2) Strong collaboration will be needed from producers, exporters, shipping lines, Transnet and rail service providers to make the project a success. 3) Shipping lines in particular will need to support the project by releasing containers to the hinterland for rail transport. 4) Pricing will be of particular importance to stimulate eagerness to convert to rail, of particular importance is a pricing subsidy to rail containers to Cape Town for export (TFR have outlined a new wagon procurement and pricing policy for the fruit industry). 5) The railing of import reefer containers to the hinterland will add to reduce the cost of railing citrus to ports and will permit reefer containers to be made available in the hinterland (CGA are in process of consulting major meat importers and DAFF on this aspect). 6) Integration between Transnet Freight Rail and Transnet Port Terminals will be essential to ensure the operational efficiency of reefer rail service is fully optimized. 7) Security of the containers to protect the reefer trains and containers cabling and all risks that could destabilize the project must be given attention. 8) Operational guarantees will be required by Transnet and rail service providers to mitigate against rail obstructions in the event that such occurs. Jan Louis Pretorius, CGA director for Letsitele aptly concluded the workshop by stating that it is indeed encouraging to know that the light at the end of the tunnel is in fact a train.

PACKED AND SHIPPED

Million 15 Kg Cartons to end Week 24	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AgriHub	2017	2018	2019	2018	2019	2019	2019	2018
Grapefruit	11.8 m	13.3 m	11.6 m	9 m	8.2 m	17.1 m	15.5 m	18.8 m
Soft Citrus	6.8 m	7.4 m	7.3 m	5.9 m	5.3 m	18.3 m	18.4 m	16.2 m
Lemons	12 m	11 m	10.9 m	9.8 m	8.3 m	22 m	21.4 m	19.9 m
Navels	10.6 m	11.4 m	9.1 m	7.1 m	4.4 m	26.9 m	25.7 m	26.7 m
Valencia	2.9 m	1.2 m	1.3 m	0.5 m	0.4 m	52.9 m	52.4 m	54.4 m
Total	44.1 m	44.3 m	40.2 m	32.3 m	26.6 m	137.2 m	133.4 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