FROM THE DESK OF THE CEO (32/23)
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"Someone is sitting in the shade today because someone planted a tree a long time ago." — Warren Buffett

VITAL IMPORTANCE OF FUNCTIONAL RAIL TRANSPORT FOR THE CITRUS EXPORT INDUSTRY (MITCHELL BROOKE)

This past week the CGA staff reflected on the logistics projects relative to Vision260. The long-term crop projection model has been broken down to create sub-sets of data for us to analyze regional growth in demand as the industry edges towards a potential 206 million cartons by the 2027 season; or close thereafter. Some very interesting but also concerning data shows trends relative to the growth in demand as far as transportation, cold storage capacity, port terminal capacity, and reefer container demand goes. These 4 categories within Vision260 are where we are seeing a great need for further development to sustain the growth in export potential. These developments will be aligned at a regional level, where some production regions and corridors will need a greater focus than others due to the rate of growth. All of this detail and more will be contained in this very important project outline. For now, I'd like to focus on what I think is the most important – rail transportation. When analyzing the transport demand, it shows broadly each production region's trucking demand. This has been looked at in terms of weekly truck trips currently undertaken to the number of weekly truck trips that will likely be required by 2027. Regions, where there is high growth, will demand higher transport needs than others where the growth rate is nominal. However, since [road] transport is an open system, the demand, and supply for transport cuts across and affects all areas (unless otherwise in fixed contracts). If we calculate as an example the collective growth in demand for the Northern production regions combined, the peak season weekly trips go from 2,200 truck trips per week to over 3,000 truck trips per week (36%). An additional 250 truck trips per week for ambient transport and 560 truck trips for refrigerated transport (mostly required for Mandarins). This demand is calculated at a net zero rail transport factor. To keep the current peak road transport demand balanced against the growth forecast for this region, a total of 18,000 pallets per week will need to be transported from the Northern regions to the port by rail. Since the only viable option to transport citrus by rail is to run containers on reefer trains, this means at a minimum 900 reefer containers will need to be railed to port. This is about 20 train trips a week to Maputo, Durban and Cape Town. A massive undertaking but ultimately there is no other choice since we don't expect the supply of road transport to balance against the potential growth in demand by 2027. Many are probably raising eyebrows knowing that the rail networks are operating in peril at this time, however, there is light at the end of the tunnel. The all-important rail line between Durban and Gauteng, commonly known as the Container Corridor line is being put out to Private Sector Participation. The timing of this could not be better and already we've heard of large logistics operators keen to participate. There is a massive investment and commitment aligned to that investment required to make rail transport viable in the long term. We've done the research and know exactly what project is needed as a catalyst to achieve this ambitious target. A commercial partner has already implemented the project and is ready and waiting to upscale. All it needs now is a guarantee that trains will run on time every time. The reefer rail operations out of Bela Bela are a testament that when rail works it works well (most likely 40 trains this year).

PACKED AND SHIPPED

End of Week 31 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AGRIHUB	2021	2022	2023	2022	2023	2023	2023	2022
Grapefruit	19.1 m	15.6 m	13.5 m	13.6 m	12.0 m	14.4 m	13.8 m	16.7 m
Mandarins	22.7 m	23.9 m	28.8 m	20.0 m	24.6 m	34.1 m	33.8 m	31.8 m
Lemons	26.8 m	31.1 m	33.1 m	28.7 m	31.7 m	37.3 m	35.4 m	34.7 m
Navels	23.5 m	22.6 m	21.3 m	19.8 m	17.7 m	25.3 m	23.2 m	27.8 m
Valencia	21.4 m	20.5 m	21.9 m	14.1 m	14.6 m	54.5 m	49.8 m	53.8 m
Total	**113.5m**	**113.7m**	**118.6m**	**96.2 m**	**100.6 m**	**165.6 m**	**156.0 m**	**164.8 m**