

South Africa's agri sector is hit by bottlenecks at the nation's ports

As factories and supply chains come back to life after years of pandemic-related lockdowns, it is causing transport bottlenecks, rising shipping costs, and shortages of commodities. South Africa also faces large-scale congestion and logistical challenges at its ports, due to decaying railway infrastructure, as well as damage from the floods in Kwa-Zulu Natal. What is the impact on insurance during such an unprecedented time?

According to Samantha Boyd, Old Mutual Insure Chief Executive for Specialty Insurance, there is a perfect storm brewing in the shipping industry. Brought on by an extraordinary set of global and local circumstances, it is having the domino effect of driving global and local inflation to levels not seen for decades, with significant cost implications on the transportation of goods, as well as the goods themselves. In the last 18 months alone, the rate for a single shipping container has increased dramatically since the COVID-19 pandemic disrupted supply chains and trade channels.

“The impact of this situation on South Africa could undermine post-COVID-19 economic recovery. Consumers and businesses may have to make difficult trade-offs when it comes to the transportation of goods, paying an inflated price for these items, and coping with shortages,” says Boyd.

But, says Boyd, it is not only the cost of goods and the rising impact of inflation that South Africans have to be concerned about.

The Bureau for Food and Agricultural Policy (BFAP) recently said that South Africa's agricultural sector is being hit by bottlenecks at South African ports, adding that there is a struggle to get table grapes out into international markets within 21 days – currently it takes 50 days.

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