

Statement by CGA CEO Justin Chadwick

CGA calls on Minister Gordhan to provide an urgent update on interventions at the ports

"Tomorrow, Minister of Public Enterprises, Pravin Gordhan will be delivering his department's 2022/2023 budget speech in Parliament. The Citrus Growers' Association (CGA) hopes that Minister Gordhan will use this opportunity to provide an urgent update on government's plans to address the ongoing challenges at South African ports over the short and longer term.



This follows an Indaba held by CGA in Pretoria last week, which was attended by citrus growers from across the country. The meeting focused on the many serious challenges currently facing the sector, which threaten the longer term sustainability and profitability of the industry and, in turn, the 130 000 jobs it sustains and R30 billion in export revenue it brings in annually.

The main challenges raised by growers were the significant increases in a number of input costs, including fuel, fertilizer and electricity prices. However, their biggest concern was the surge in freight costs over the past year, which has seen some shipping lines hiking their prices by as much as 150%. At these levels, it now costs between 2 and 2.5 times as much to ship the fruit, as it does to produce it over the course of an entire year. It was therefore agreed at the Indaba, that the CGA would investigate the feasibility of collaborating with other fruit sectors to take control of their shipping in order to guarantee some price stability in the future.

The other serious challenge raised was the ongoing operational issues at the country's ports as a result of aging and out of service equipment and staff shortages. The perennial productivity problems at Durban port, which handles 60% of the country's citrus exports, was further compounded by the recent rain and flooding in KwaZulu-Natal. Despite the impressive efforts by Transnet and the eThekweni municipality to ensure the damage to port access roads and the port itself was repaired in record time, it still interrupted the start of the season with many growers having to delay their harvesting and packing of fruit.

The citrus industry is expected to export 170 million cartons this season, which will result in billions more Rands in revenue for the country and more jobs being sustained. However, if current issues at the ports continue to hamper citrus reaching key markets, it will have a severe impact on fruit quality and grower sustainability.

It is therefore critical that Minister Gordhan provides a progress update on the short-term interventions, announced by President Ramaphosa in his SONA in February, which Transnet was planning to implement including: procuring additional equipment and implementing new systems to reduce congestion at the ports.

It is also crucial that he provides an update on the Request for Qualification (RFQ) published by Transnet earlier this year with regard to introducing Private Sector Participation (PSP) in the Durban Port Container Terminal Pier 2 and Nqura Container Terminal. Critical to the success of this process is for it to include realistic ownership provisions for private operators. We would also appreciate an update on the planned R100 billion infrastructure development project at Durban port that was announced last year.

The CGA remains committed to working with government and stakeholders across the value chain to address issues affecting the ports. In this regard, it has established a Logistics Response Committee

that identify risks in the logistics chain, including problems at the ports, and then develop plans to tackle the highest priority items. We will continue working with all role players so our industry is able to export quality fruit across the globe during the current season and remain a key contributor to the economy and jobs."

By Justin Chadwick.

For more information:

CGA

Tel: +27 31 765 2514

info@cga.co.za

www.cga.co.za

Publication date: Thu 19 May 2022