FROM THE DESK OF THE CEO (41/13)

Justin Chadwick (11 October 2013)

QUOTE OF THE WEEK "The biggest risk is not taking any risk... In a world that is changing really quickly, the only strategy that is guaranteed to fail is not taking risks". Mark Zuckerberg.

THE 2013 SEASONS LOGISTICS CHALLENGES IN DURBAN - See: http://www.cga.co.za/pages/42213 [Mitchell Brooke]

This past season has been one of the most difficult seasons faced by the growers from the north (and their respective exporters or agents handling their cargo) who routed cargo out of the Durban port. From the onset congestion and delays prevailed and continued right throughout the season, this not only affected trucks bound for the receiving facilities but also containers moving to the Durban Container Terminals (DCT). Mitchell Brooke has summarized the symptomatic problems of why this occurred; it appears there were many factors that influenced the overall problems leading to congestion, delays and extra dwell times - all adding to increased costs. Durban has handled an additional 100,000 pallets of citrus this year compared to the last 3 year average. There were 35,000 containers packed and delivered to DCT which was 8,000 more than in the last 3 years. Durban storage capacity has actually decreased by 10,000 pallet slots over the last 3 years while at the same time volume from the north is increasing – and possibly set to increase further. So in summary there was just too much pressure at the loading facilities to keep up with the additional work load, and in addition increased inspections required by DAFF – holding up railings that are needed to be stowed away to allow for new railings to be brought in. The CGA Board initiated a special Transport and Logistics meeting on the 11th September in Port Elizabeth, coordinated by Charles Rossouw (CGA Director, Senwes). In attendance were the northern regions CGA Board members, the MD's of the Durban cold stores, Chairman of FPEF, the regional GM of Transnet Port Terminals (TPT) and the terminal managers of DCT and Pier 1 container terminals. This provided a valuable platform to discuss what interventions will be required to ensure that the problems of the 2013 season are addressed. There were 5 main criteria that emanated from this meeting, 1) there needs to be better management of the container flows into DCT through specific planning, infrastructure and capacity interventions by TPT, 2) the cold stores must find a way to cooperate on infrastructure and address the transport bottlenecks, 3) appeal to DAFF to implement additional resources ahead of 2014, 4) there must be a strong move to route cargo back to Maputo to relieve the pressure in Durban, and 5) there needs to be a renewed focus on railing of containers from Limpopo to Cape Town – Mitchell Brooke is already addressing the latter with key stakeholders. As a follow up from the meeting held on the 11th September, Transnet Port Terminals held a workshop on Wednesday with the citrus industry. The CE, Mr Karl Socikwa, and the Regional GM, Mr Zeph Ndlovu gave presentations on TPT's commitment in addressing the citrus industries challenges. These are knowledgeable people who know what they are doing and what needs to be done, with the right equipment we think they'll get it right. The key challenges as mentioned by the audience boiled down to proper equipment, additional capacity and better planning and communication, the latter in particular to stack dates. Mr Hoosen Ahmed from FPT gave a good summary at the end stating that what is required is not rocket science, it's just a matter of solid commitment, thorough planning and good communication – something the audience thought the CGA could play a role in facilitating. Infrastructure and capacity interventions have already been actioned by TPT as witnessed during the tour of DCT, Pier 1 and Maydon Wharf container terminals. Pier 1 will increase plug-in points from 600 to 1,200, Pier 2 from 1,200 to 1,850 and MW from 300 to 600. Pier 1 will be implementing Reach Stackers in addition to the wind sensitive Rubber Tyre Gantry cranes (RTG's), this they say should minimize the wind stoppages which has become common place. TPT have committed to hosting another workshop with the citrus industry in March 2014 to give an update on their interventions ahead of the 2014 season.

UPDATE ON MAPUTO PORT

Given the problems faced in Durban, a renewed focus on Maputo is considered important. Mitchell Brooke has visited Baltic Shipping in St. Petersburg and Seatrade in Rotterdam recently. These companies formed the Reefer Alliance group earlier this year, they cooperate by consolidating shipments to Northern Europe, UK and Russia on a shared pool of vessels. Through this alliance and a partnership with producers and exporters there is a real chance of loading a full ship a week out of Maputo next season. This is a real possibility if producers and exporters are willing to commit to the service; by doing so a dedicated service to Maputo is a strong possibility. This could get your product into the markets a full 10-14 days ahead of shipping in containers from Durban.

DON'T FORGET THE CITRUS MARKETING FORUM MEETING SCHEDULED FOR 1 NOVEMBER 2013 IN STELLENBOSCH

PACKED AND SHIPPED

To Week 40 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB	2011	2012	2013	2012	2013	2013	2013	2012
Grapefruit	15.5 m	13 m	17.9 m	13 m	17.5 m*	15 m	17.9 m	13 m
Soft Citrus	6.9 m	7.6 m	8.4 m	7.6 m	8.4 m	8.2 m	8.4 m	7.6 m
Lemons	10.7 m	10.5 m	10.5 m	10.4 m	10.5 m	11.1 m	10.5 m	10.5 m
Navels	21.2m	24.6 m	25.4 m	24.6 m	25.4 m	24.9 m	25.4 m	24.6 m
Valencia	40 m	45.1 m	49.2 m	44.4 m	44 m	47.7 m	50 m	47.2 m
Total	94.3 m	100.8 m	111.4 m	100 m	105.8 m	106.8 m	112.2 m	103 m

Swaziland and Zimbabwe packed - Grapefruit 1 million cartons; Valencia packed 2.9 million cartons.   *estimate