

FROM THE DESK OF THE CEO (24/20)

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Justin Chadwick 26 June 2020



"There are two ways to be fooled. One is to believe what is not true; the other is to refuse to accept what is true" Soren Kierkegaard

UPDATE ON SHIPPING AND PORT OPERATIONS AMONGST THE COVID-19 PANDEMIC [Mitchell Brooke]

At the start of South Africa's Covid-19 lockdown at the end of March, much concern was raised regarding the reduction in operational capacity at the countries container terminals operated by Transnet Port Terminals. From the onset it was identified that any reduction in operational capacity would be seriously detrimental to the exporting of citrus. Within the first week of lockdown an accumulation of 21 container ships anchored off the four major exporting ports resulted in delays to berthing of vessels and thus constraining exports of citrus. Since early April was still well before the start of South Africa's peak production, there was time at that stage to exert major pressure within Transnet and government to increase the container terminals operating capacity to 100% prior to the peak citrus season. Transnet took heed of the call and by the end of April, Durban, Port Elizabeth and Ngqura terminals had increased capacity to 100% - this was done by applying strict procedures to safeguard the workforce while providing much needed business continuity measures. At this stage vessels calling at Durban, PE and Ngqura terminals are working productively without any berthing delays. However, the Covid-19 pandemic has impacted the Cape Town container terminal which has only been able to operate at 50% capacity due to high numbers of staff being affected by the pandemic. Exports of citrus are continuing from Cape Town with a main focus on services to Europe, UK, Med, Russia and North America. However due to delayed berthing, shipments are being delayed. Citrus containerized exports from the Western Cape are being trucked in high volume to PE and Ngqura for exporting to ensure continuity in supply to markets. The main European continental services provided by MSC and the SAECS VSA provided by Maersk, Safmarine, DAL, ONE Line and Hamburg Sud are omitting Cape Town at this time with Cape Town being serviced by these lines with alternative services. This is deemed a much more conducive measure to keep the supply of citrus consistent. Transnet are in the process of gearing the Cape Town container terminal to reach 100% operating capacity and this should be achieved quite soon, with the main backlog of vessels being cleared over a short period of time (many vessels are bypassing Cape Town so the vessel backlog is only 6 vessels at this time). The conventional breakbulk service provided by the Reefer Alliance (Seatrade and Baltic Shipping) has been operating without any delays and a vessel a week is calling at Durban, PE and Cape Town for shipments to Europe and Russia. Similarly, conventional breakbulk shipments to Japan and China continues unobstructed from Durban and to the USA from Cape Town. We have a much more optimistic outlook that supply of citrus from South Africa will continue unobstructed and with relative consistency as production enters the peak season.

PACKED AND SHIPPED

The Lemon, Navel and Valencia Focus Groups met this week – with all making slight downward adjustments to their predictions.

Million 15 Kg Cartons to end Week 25	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AgriHub	2018	2019	2020	2019	2020	2020	2020	2019
Grapefruit	15.2 m	13.3 m	12.2 m	10.1 m	10.2 m	16.7 m	14.6 m	16.1 m
Soft Citrus	8.3 m	8.5 m	11 m	6 m	8.5 m	23.3 m	22.6 m	18.3 m
Lemons	12 m	12.7 m	18.4 m	9.3 m	14.7 m	26.4 m	27.4 m	22.1 m
Navels	14.3 m	11.8 m	13.3 m	6.3 m	7.9 m	26.5 m	26.4 m	24.3 m
Valencia	2.3 m	2.9 m	4.4 m	0.9 m	1.9 m	50.4 m	50.3 m	46.8 m

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Total	52.1 m	49.2 m	59.3 m	32.6 m	43.2 m	143.3 m	141.3 m	127.5 m
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