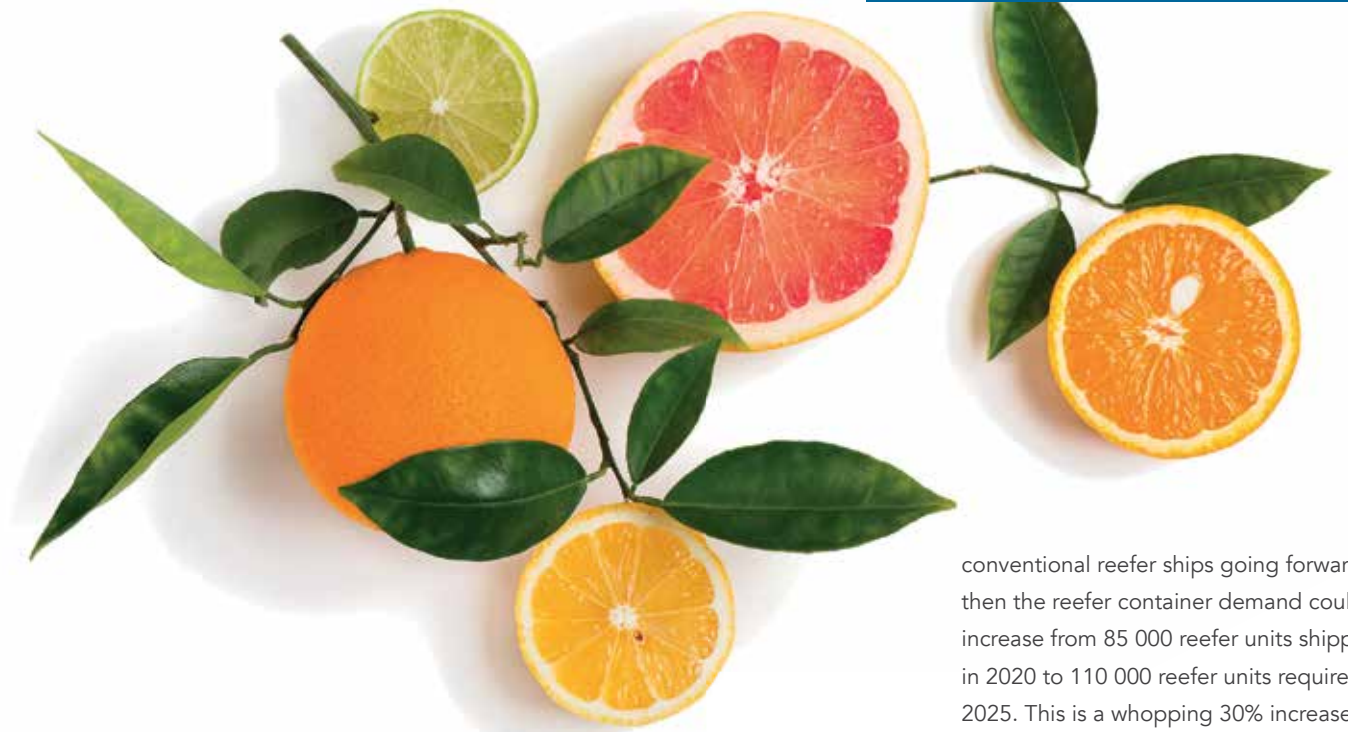


Increased export of citrus in conventional reefer vessels



MV Cool Eagle arriving to FPT Terminal in Cape Town



The outlook on citrus production and export from Southern Africa clearly shows a massive current growth phase.

By Mitchell Brooke



Mitchell Brooke



Tree census data confirms the significant growth in citrus and the outlook is for more than 200 million 15 kg equivalent cartons being produced and exported in the near future.

Evaluating the data in Table 1 shows that by the 2025 export season, the probability of producing and exporting 190 million 15 kg equivalent cartons is a definite reality. The big question that should be on every grower and exporter's mind is how the logistics chain is going to manage this volume. Specifically, is there shipping capacity and are there enough spare refrigerated (reefer) containers globally to be in position in South Africa to match this demand? My gut feeling is that it's going to be very difficult, given that annually the global demand for reefer containers outweighs supply. Aligned to this is the high probability of reefer freight rates surging as demand for reefer containers begins to significantly exceed supply.

If one considers that the fleet of conventional reefer ships is in rapid decline due to the scrapping of vessels significantly exceeding new builds, this could spell disaster. Assuming a stagnant (or even declining) volume of citrus shipments in

conventional reefer ships going forward, then the reefer container demand could increase from 85 000 reefer units shipped in 2020 to 110 000 reefer units required by 2025. This is a whopping 30% increase.

Only four new conventional reefer vessels have been built in recent years, which means the availability of these ships will get to a level where container lines would have no real direct competition on this trade lane. Unless there is a radical increase in new builds of reefer ships, I fear the outcome will be disastrous. The vessel MV Cool Eagle built in 2021, the most recently built conventional reefer ship, was called to SA to load citrus for Rotterdam and St. Petersburg. This reefer vessel is the only one of its kind and the largest in the world. Uniquely, it can load around 8 000 high-cube pallets under-deck and about 6 000 high-cube pallets in containers loaded on deck. That's the equivalent of roughly 700 reefer containers of citrus.

In my view the fruit export industry needs to apply focused strategic thinking around commissioning the building of four such vessels that can be brought into a long-term charter between SA, the Netherlands (or Belgium for that matter) and the UK. There is ample export volume of fruit from Southern Africa to these targeted countries to warrant such a long-term development. There is then also scope to ship goods back to SA, to ensure the vessels don't return empty. Consider all the challenges brought

about by Transnet and the repercussions of this going forward. For what it's worth, we don't see any indication that the state of affairs at Transnet is going to change. In fact, the likelihood is for the situation to worsen, due to massive underinvestment in equipment and maintenance. Citrus growers and exporters would be astounded to learn that it takes on average 21 days (average evaluation SAECs & MSCEM, March to May 2021 – Source: Linernet) for a container to leave South African ports, and approximately another 16 days to arrive in Europe. This is

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because container vessels are taking that long to call through the South African port system due to low productivity, amongst other delays. I reckon that the fruit growers of Southern Africa need to consider that the future sustainability of the exporting of fruit, in particular to Europe and the UK, needs a serious rethink. The answer is not to ship containers from Walvis Bay, Richards Bay or Maputo. The answer in my humble opinion lies with vessels like the MV Cool Eagle which operate from private South African terminals, terminals which in fact were owned by the fruit farmers themselves at one point.

Note: This article was prepared in June 2021

Table 1: Citrus production forecast up to 2025 (Source: CGA)

Southern Africa citrus production for export (15 kg carton equivalent)								
Supplier Region	Product	2016	2017	2018	2019	2020	2021 Estimate rev5	Forecast 2025
Eastern Cape to PE and Coega ports	Grapefruit	539,904	366,616	477,653	487,385	427,065	485,000	500,000
	Lemons	8,104,616	9,611,276	10,074,446	12,027,550	14,356,000	13,268,000	21,045,000
	Navels	11,130,159	6,971,878	9,135,388	10,266,855	10,450,000	9,640,000	11,690,000
	Soft citrus	4,323,443	4,278,158	5,411,927	5,927,305	7,009,000	7,831,108	11,035,000
	Valencias	8,466,021	8,346,660	7,142,982	8,115,312	8,623,000	8,046,800	10,100,000
	Total	32,564,143	29,574,588	32,242,396	36,824,407	40,865,065	39,270,908	54,370,000
Northern region to Durban Port (Incl. Zimbabwe and Eswatini)	Grapefruit	12,167,071	12,735,349	15,908,800	13,236,818	11,975,137	15,200,133	16,500,000
	Lemons	5,031,588	7,271,300	7,772,142	7,750,277	11,569,000	10,327,000	14,460,000
	Navels	8,312,636	8,618,666	11,585,602	8,171,655	8,977,000	8,945,000	10,030,000
	Soft citrus	2,131,191	3,227,355	4,757,887	4,508,202	6,913,000	10,422,000	13,465,500
	Valencias	28,887,833	39,997,469	42,309,467	34,310,117	39,091,000	41,333,468	45,510,000
	Total	56,530,319	71,850,139	82,333,898	67,977,069	78,525,137	86,227,601	99,965,500
Western/ Northern Cape to Cape Town Port	Grapefruit	1,107,312	1,367,113	1,375,298	1,649,559	1,188,968	1,406,000	1,750,000
	Lemons	1,888,943	2,109,730	1,977,127	2,456,088	3,450,000	3,228,500	4,700,000
	Navels	6,867,154	5,626,744	6,374,232	6,251,267	7,850,000	6,749,000	7,525,000
	Soft citrus	5,726,557	5,914,358	6,008,280	7,873,309	9,621,000	11,784,000	15,000,000
	Valencias	4,803,574	5,424,167	4,527,273	4,178,373	5,269,000	5,986,000	6,350,000
	Total	20,393,540	20,442,112	20,262,210	22,408,597	27,378,968	29,153,500	35,325,000
Southern Africa (Incl. Zimbabwe and Eswatini)	Grapefruit	13,814,287	14,469,078	17,761,751	15,373,762	13,591,170	17,091,133	18,750,000
	Lemons	15,025,147	18,992,306	19,823,715	22,233,915	29,375,000	26,823,500	40,205,000
	Navels	26,309,949	21,217,288	27,095,222	24,689,778	27,277,000	25,334,000	29,245,000
	Soft citrus	12,181,191	13,419,871	16,178,094	18,308,816	23,543,000	30,037,108	39,500,500
	Valencias	42,157,428	53,768,296	53,979,722	46,603,802	52,983,000	55,366,268	61,960,000
	Total	109,488,002	121,866,839	134,838,504	127,210,073	146,769,170	154,652,009	189,660,500



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