

## **South African ports need revamp to sustain agriculture exports**

*By Wandile Sihlobo, [Business Day](#), 29 May 2019*

I have written a bit about SA's agricultural trade success after 2018 exports reached a record level of \$10.6bn. I have also discussed the need for expansion of labour-intensive and globally sought-after agricultural products such as horticultural products and livestock, among others, in the underutilised land of the former homelands and underperforming land reform farms across the country.

But what I have not mentioned is the need for improved and well-functioning ports infrastructure as the growth of SA's agricultural sector is export-led, and its sustainability depends on exports — a point that is well understood by policymakers.

In his state of the nation address earlier in 2019, President Cyril Ramaphosa acknowledged the importance of agricultural exports and specifically noted that “in the coming year the government will continue to focus on high-value agricultural products with export potentials such as fruit, wine and vegetable industries, as well as poultry and red meat”.

This all sounds exciting if one assumes the shipping ports are well-functioning. But they are not, specifically in agriculture-focused terminals. In his newsletter to members at the weekend, Justin Chadwick, CEO of the Citrus Growers Association of Southern Africa, expressed concern about the poor performance of the Durban port, which has led to delays in shipments of citrus products.

### **More efficient**

The challenges Durban port is facing are primarily technical, including the narrowness of Bayhead Road, which often leads to congestion; a lack of investment in maintaining and upgrading the port; insufficient cold storage infrastructure; and the long-term need for a dug-out port.

Not too long ago, I boasted that SA's logistics were comparatively more efficient than most industrialising countries, albeit showing a concerning trend in having regressed from 2016's ranking. I based this view on the World Bank's logistics performance index (LPI), which ranked SA in 2018 at 33 out of 160 countries surveyed, down from number 20 in 2016 — with number one being the best in the ranking and 160 the worst.

The LPI essentially reflects perceptions of a country's logistics system. The subindices that make up the overall LPI are the efficiency of the customs clearance process, quality of trade and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services and competence, ability to track and trace consignments, and the frequency with which shipments reach the consignee within the scheduled time.

While some exporting industries have been experiencing unsatisfactory conditions since 2018 — as shown by a decline in the LPI ranking and from conversations with role players — the country is still broadly in a good position. There is still good activity in the ports — SA reported an agricultural trade surplus of \$660m in the first quarter of 2019, up 11% from the corresponding period in 2018. This was primarily due to an 18% year-on-year decline in the value of imports, which came in at \$1.45bn, not an

uptick in exports. SA's agricultural exports were down 10% to \$2.11bn from the first quarter of 2018.

The African continent and Europe continued to be the largest markets for SA's agricultural exports, accounting for 44% and 30% respectively in value terms. Asia was the third-largest market, taking up 18% of agricultural exports in the first quarter of 2019. The balance of 8% was spread across other regions of the world.

Shipping ports infrastructure is an area SA has to improve on, by ensuring good management and investment in infrastructure, and addressing the challenges outlined by the citrus growers association.

Other exporting sectors of the economy will ultimately benefit from improved shipping ports infrastructure. The industry concerns should therefore be addressed swiftly so this great country can get onto its export-led growth path.

- *Sihlobo is chief economist of the Agricultural Business Chamber of SA (Agbiz).*