Citrus Growers Association

WELCOME

Maputo Citrus
Stake Holders Workshop
(Action Meeting)

Agenda

- Maputo Citrus Volume Analysis 2004 – 2013
- Infrastructure Considerations
- Maputo Hinterland
- Current Maputo Port Constraints
- Exporter Commitment
- Complete by 11h30

Objective: **To increase the volume throughput of Citrus exported from the port of Maputo to 100,000 pallets in 2009 and beyond.**

CGA's Role in the Logistics Chain

- Monitor ***Logistical Trends*** and inform industry stake holders
- Create an awareness of ***Citrus Logistical Dilemmas***
- Create informative ***Mediums and Forums*** that are orientated towards identifying and overcoming the industries logistical dilemmas
- ***Facilitate*** a stabilized and sustainable logistics environment
- Identify and ***Coordinate Logistical Developments*** that meet with the industries long term demands

RSA Citrus Volume Analysis 2004 - 2013

- Port Export Volume Analysis
- Shipping Mode Volume Analysis
- Market Volume Analysis
- 2004 – 2008 are actual shipped volumes
- 2009 – 2013 tree census data linked to port

Key to Graphs

Port loaded: loaded at port cold store facility

Inland loaded: loaded at farm or hinterland cold store

Conventional loaded: loaded in break-bulk vessel at port terminal

\- - - - - - Effective volume throughput based on cold store capacity

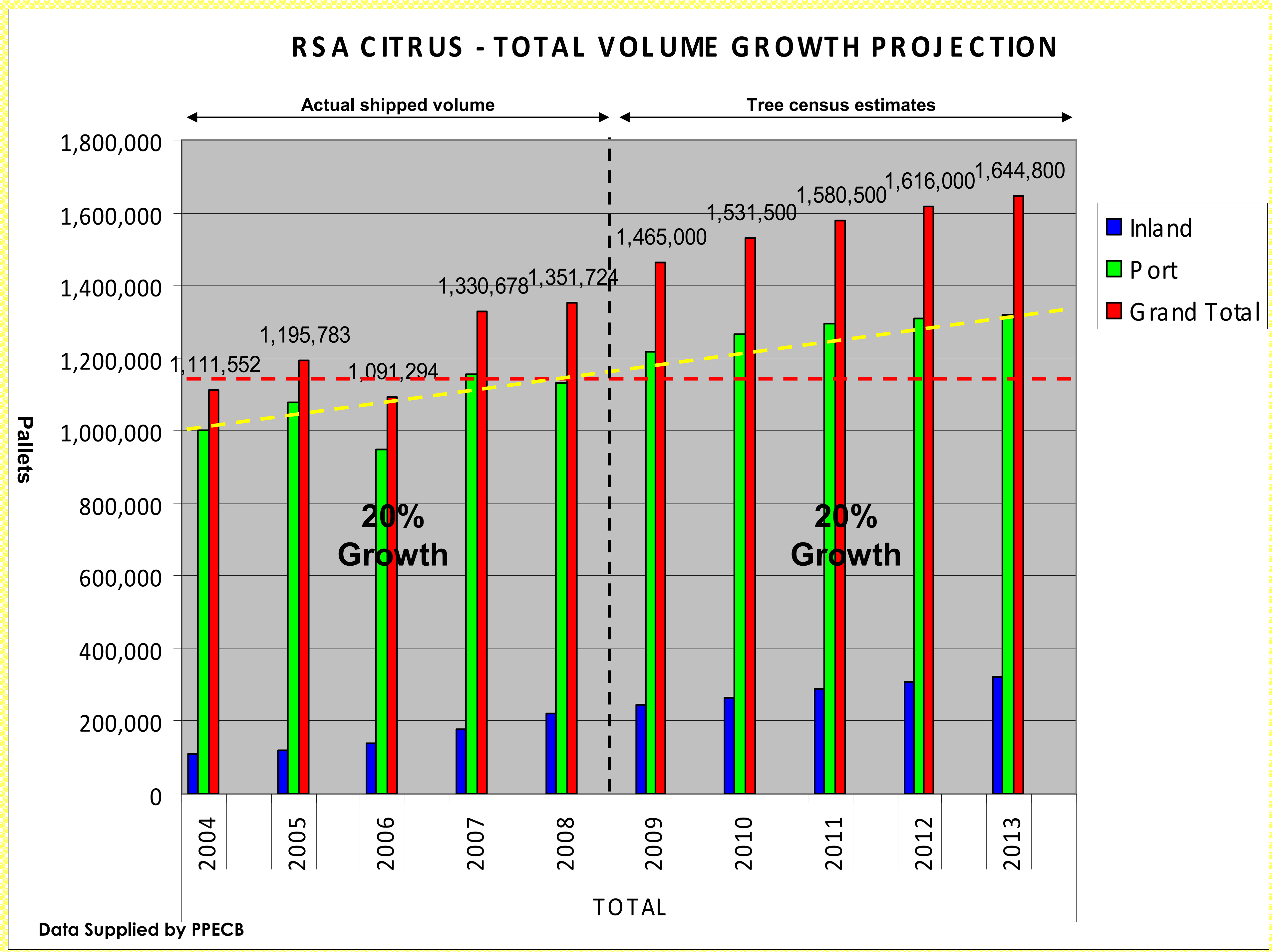
\- - - - - Capacity cross roads curve

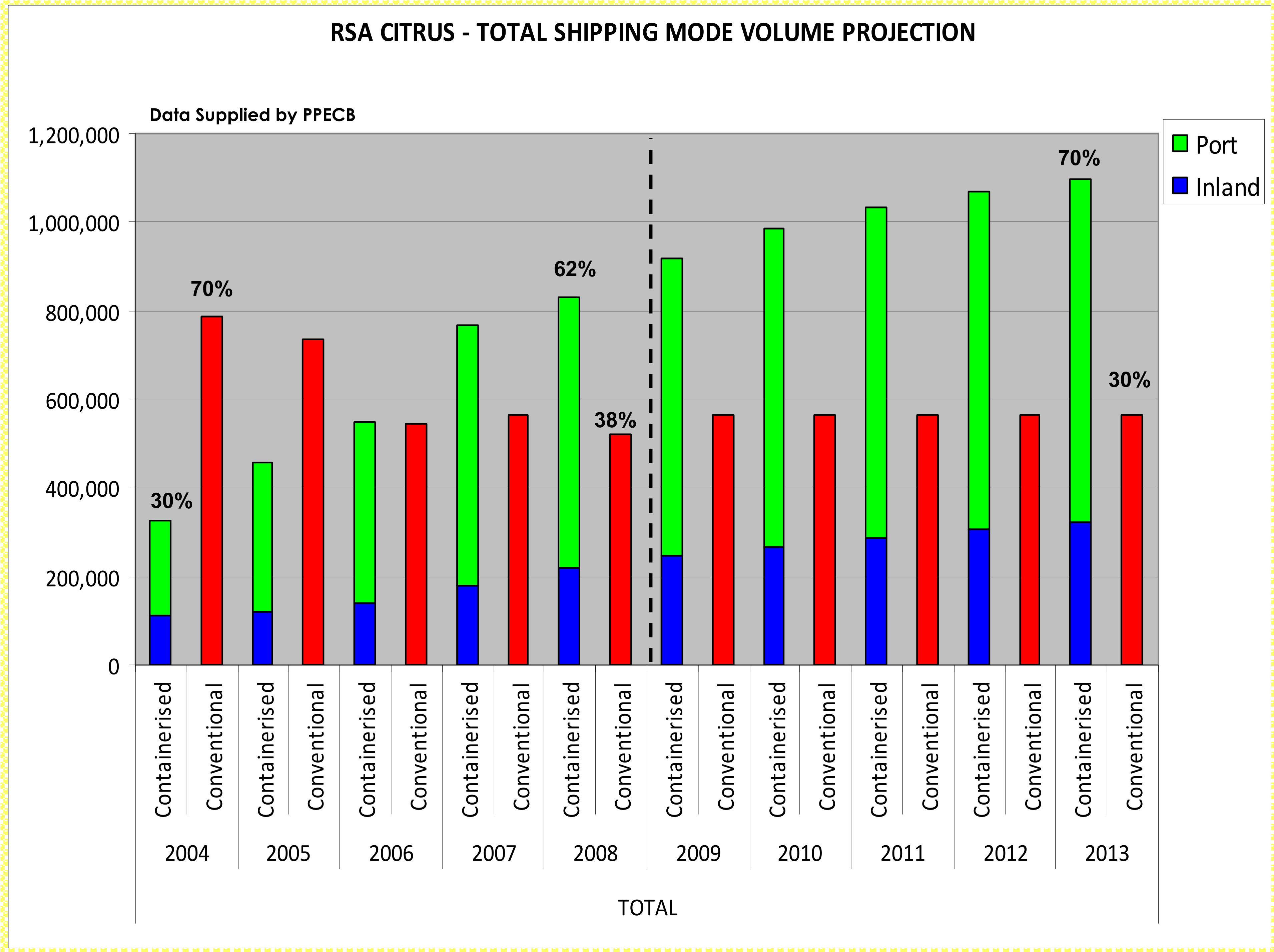
Capacity throughput calculation is based on 80% utilization during peak weeks 20 - 40 with an ave. dwell of 10 days.

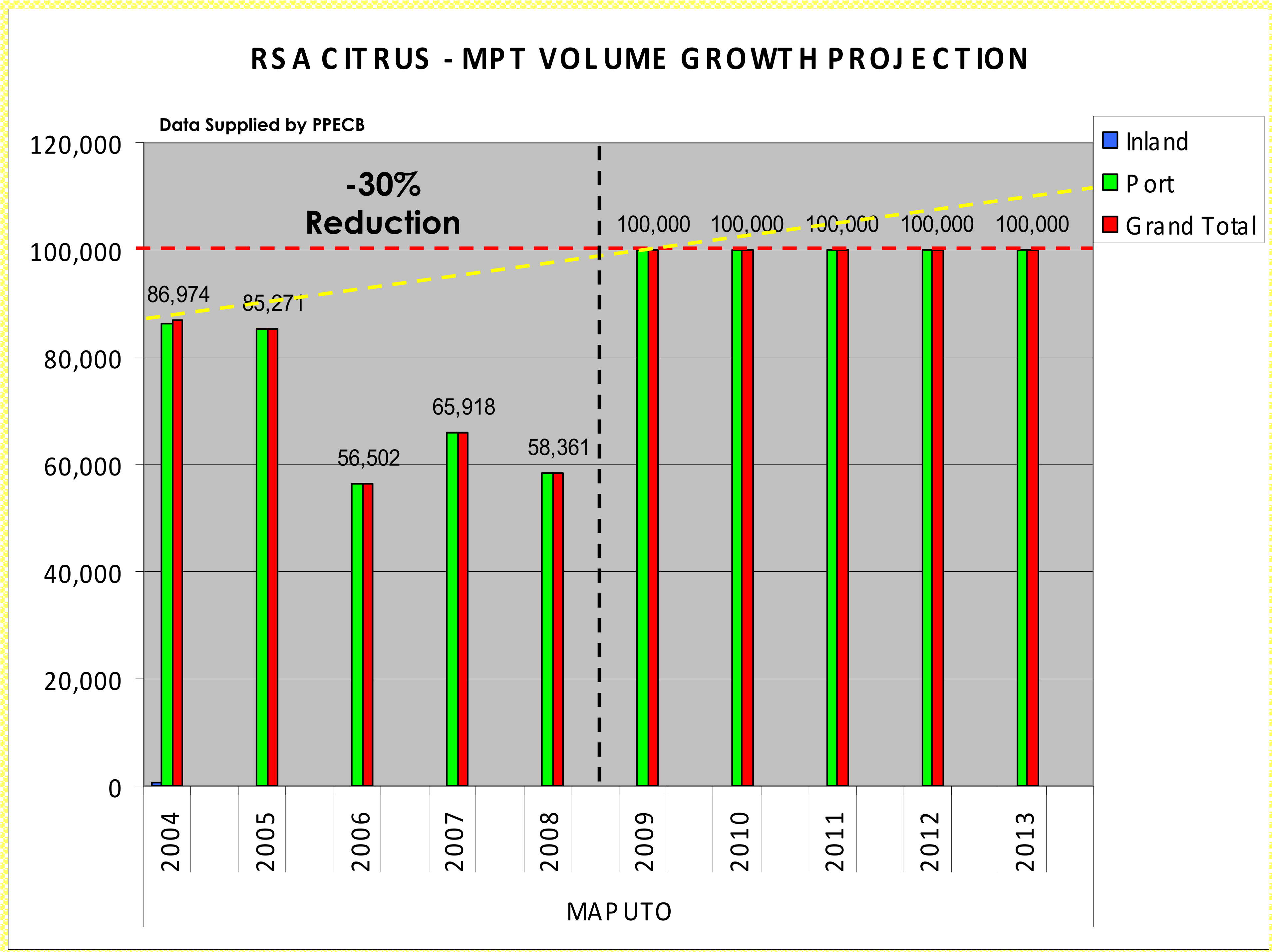
= 20 weeks x 7 days = 140 days / 10 (dwell) = 14 utilization factor per slot.

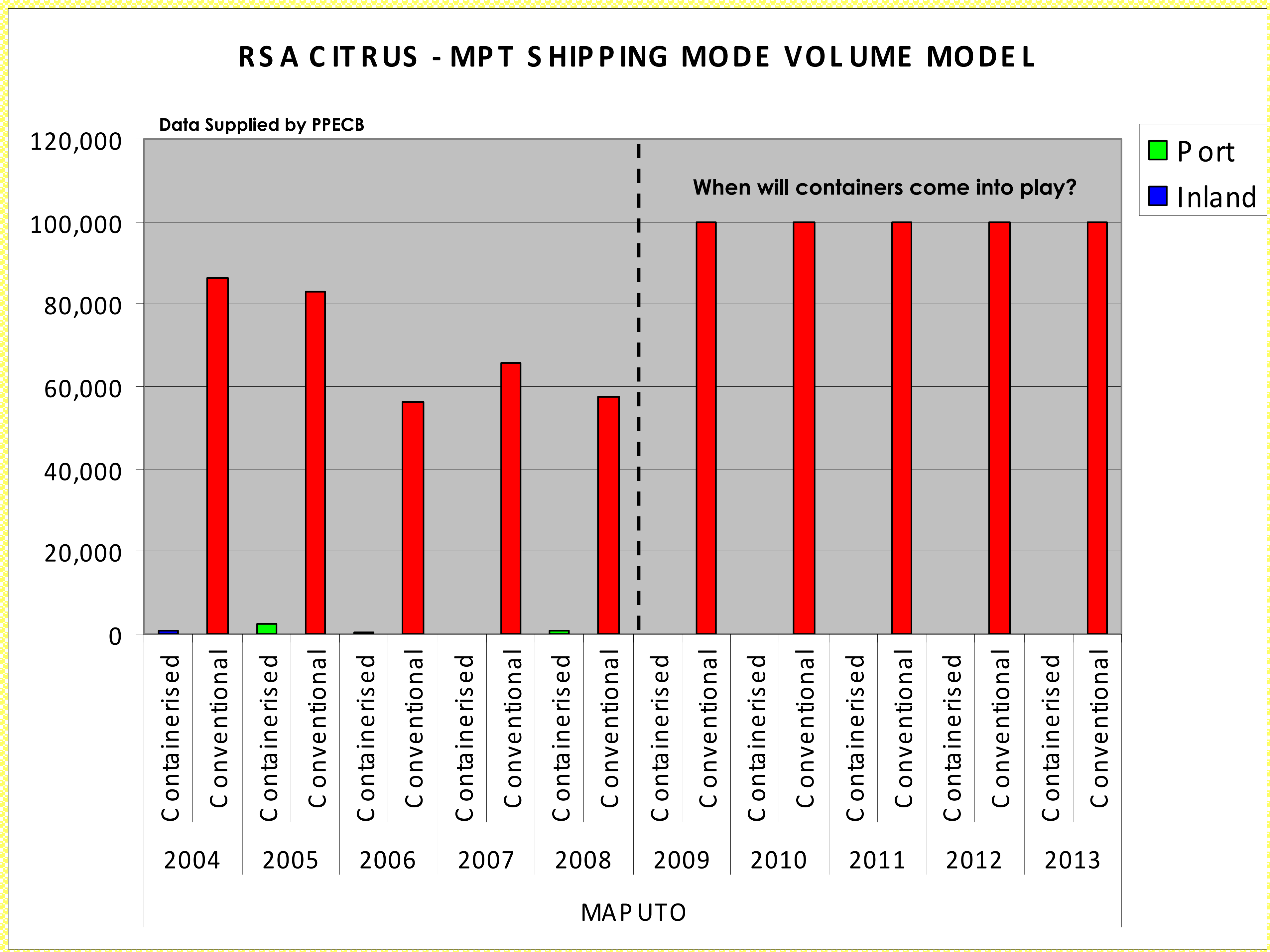
e.g. Maputo capacity = 8,000 pallets

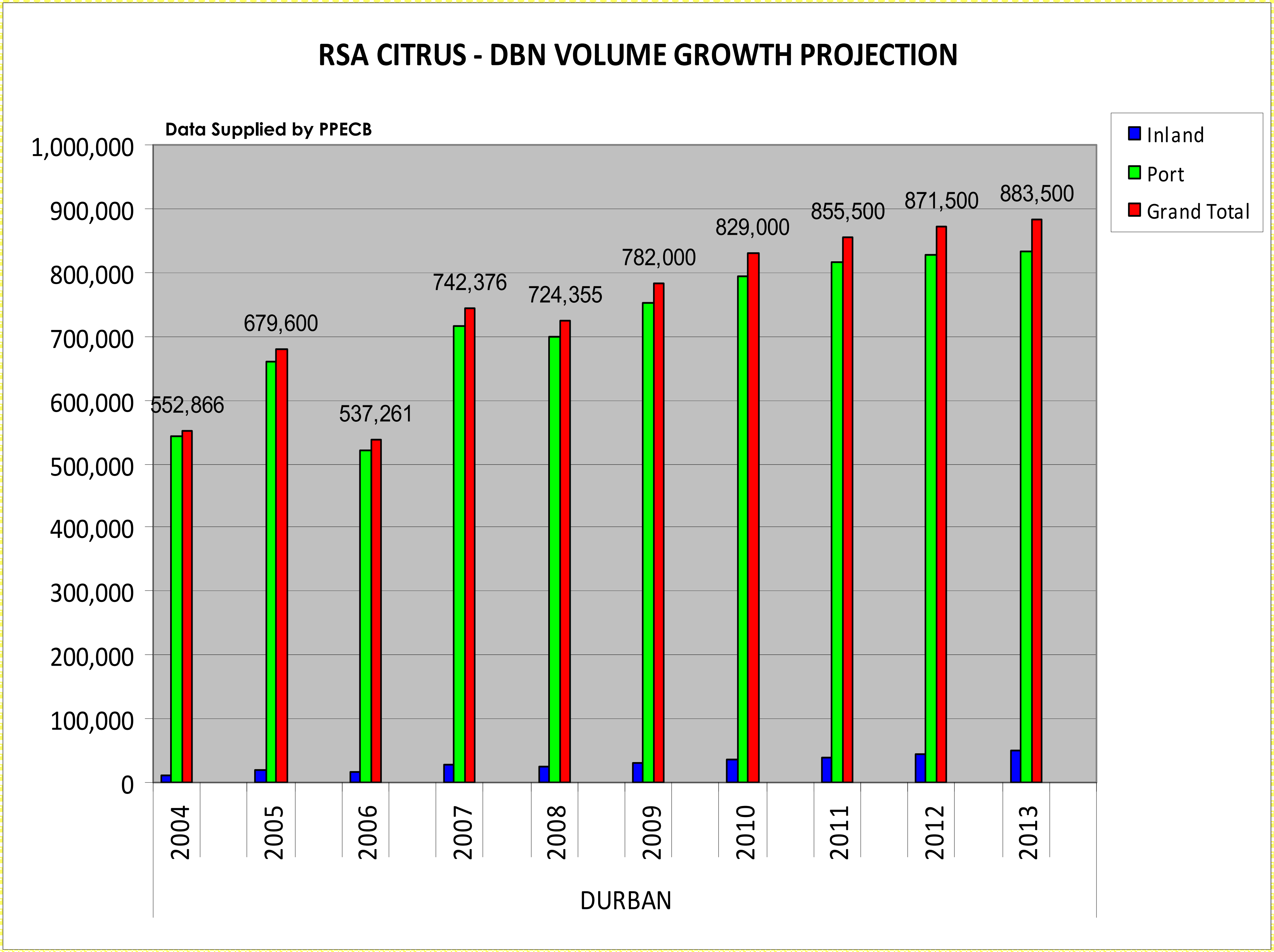
= 8,000 slots x 80% utilization x 14 u.f.p.s = 90,000 pallets throughput capability


RSA CITRUS - TOTAL VOLUME GROWTH PROJECTION
Actual shipped volume
Tree census estimates
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
Pallets
1,111,552
1,195,783
1,091,294
1,330,678
1,351,724
1,465,000
1,531,500
1,580,500
1,616,000
1,644,800
20% Growth
20% Growth
Inland
Port
Grand Total
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
TOTAL
Data Supplied by PPECB

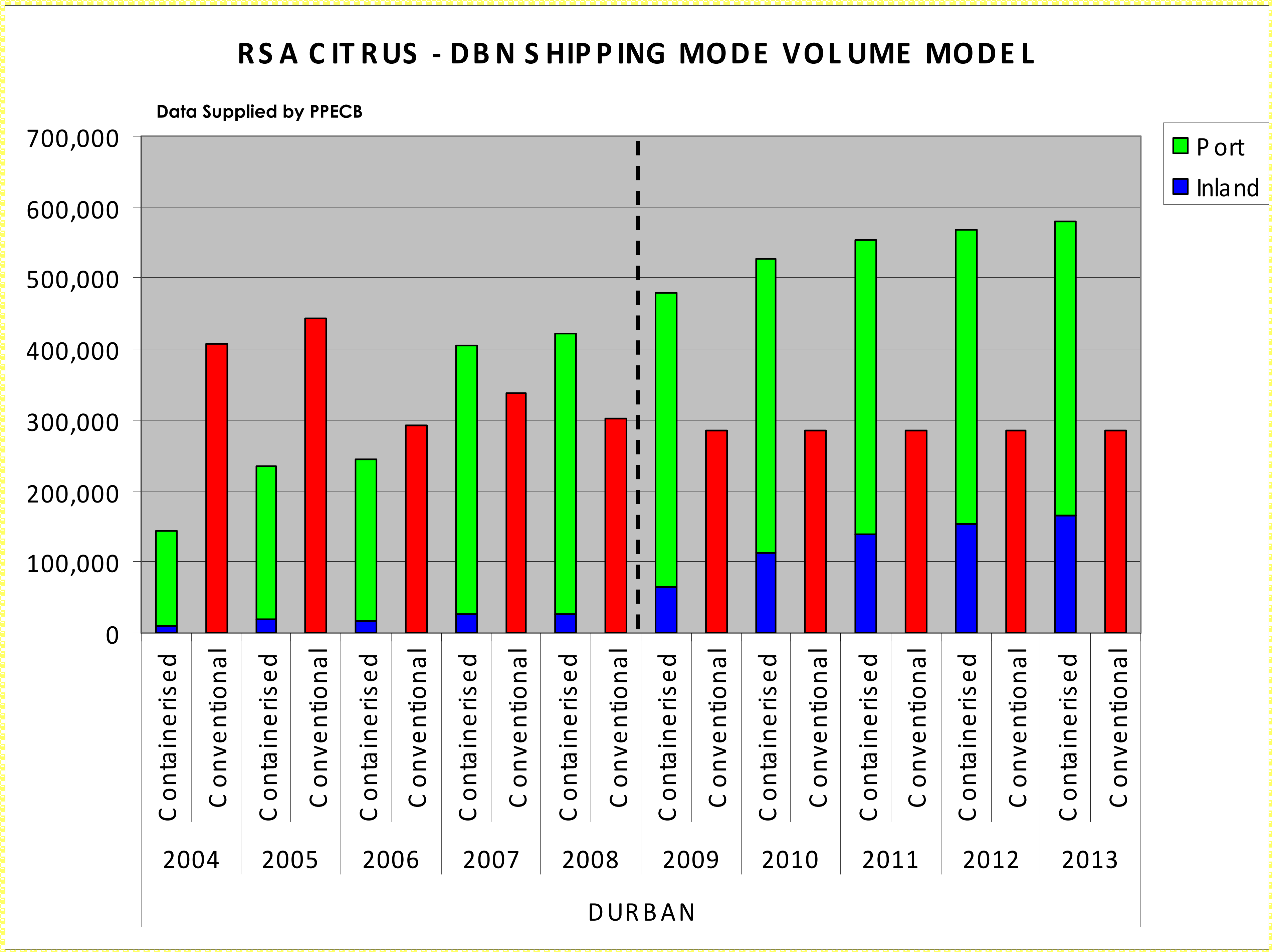

RSA CITRUS - TOTAL SHIPPING MODE VOLUME PROJECTION
Data Supplied by PPECB
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
Port
Inland
30%
70%
62%
38%
70%
30%
Containerised
Conventional
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
TOTAL

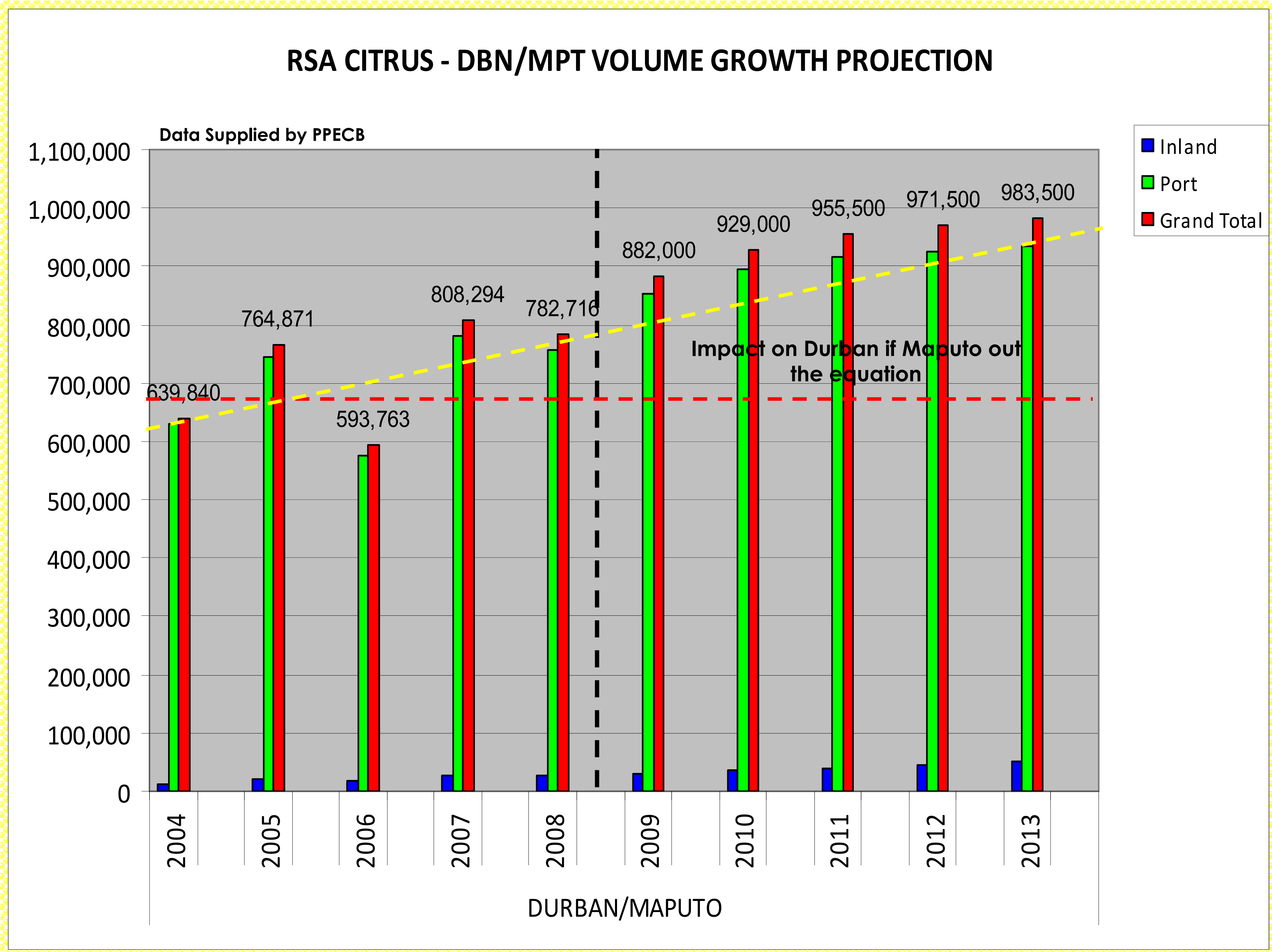

RSA CITRUS - MPT VOLUME GROWTH PROJECTION
Data Supplied by PPECB
-30% Reduction
120,000
100,000
80,000
60,000
40,000
20,000
0
86,974
85,271
56,502
65,918
58,361
100,000
100,000
100,000
100,000
100,000
Inland
Port
Grand Total
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
MAPUTO

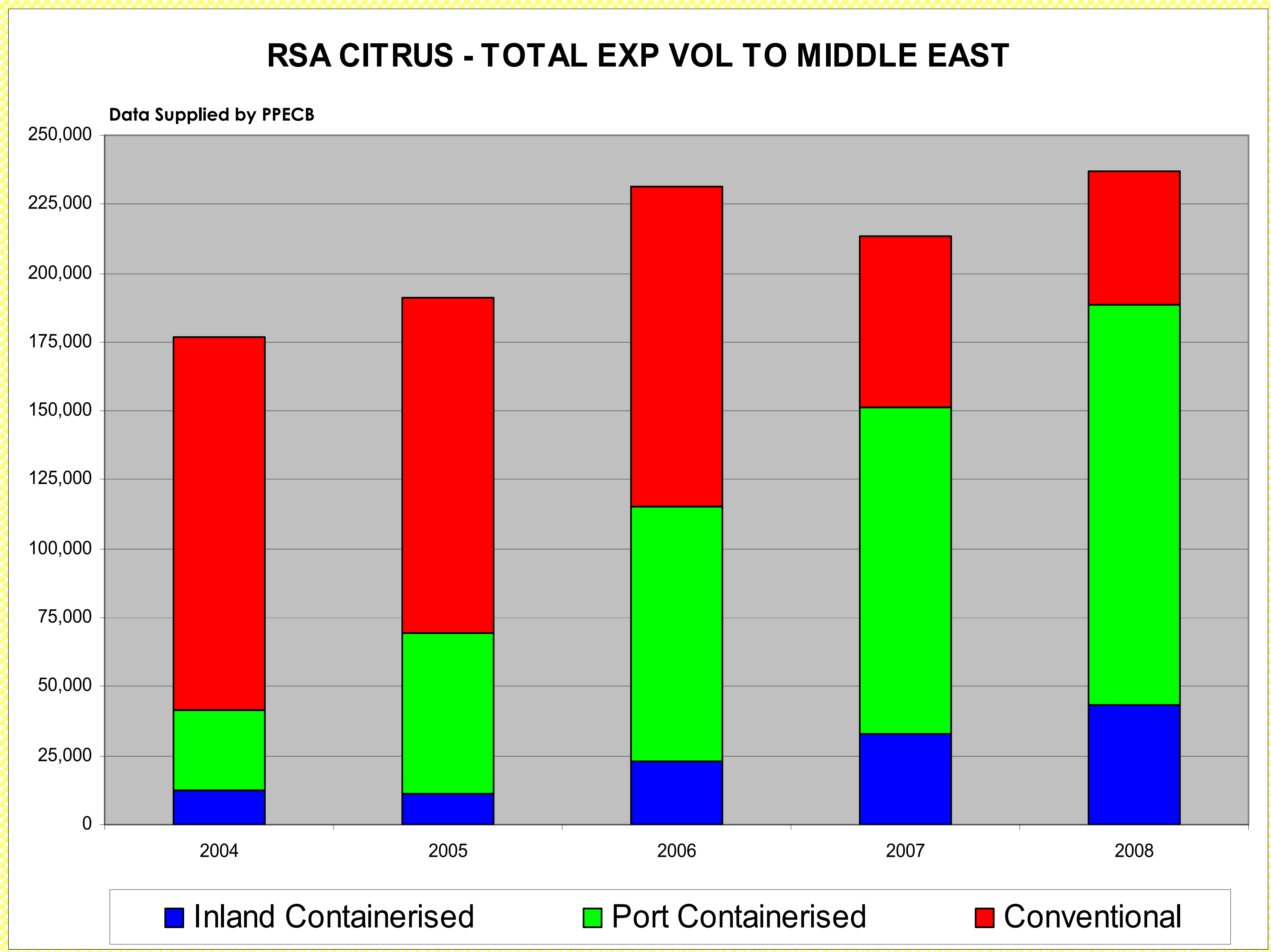

RSA CITRUS - MPT SHIPPING MODE VOLUME MODEL
Data Supplied by PPECB
When will containers come into play?
Port
Inland
120,000
100,000
80,000
60,000
40,000
20,000
0
Containerised
Conventional
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
MAPUTO



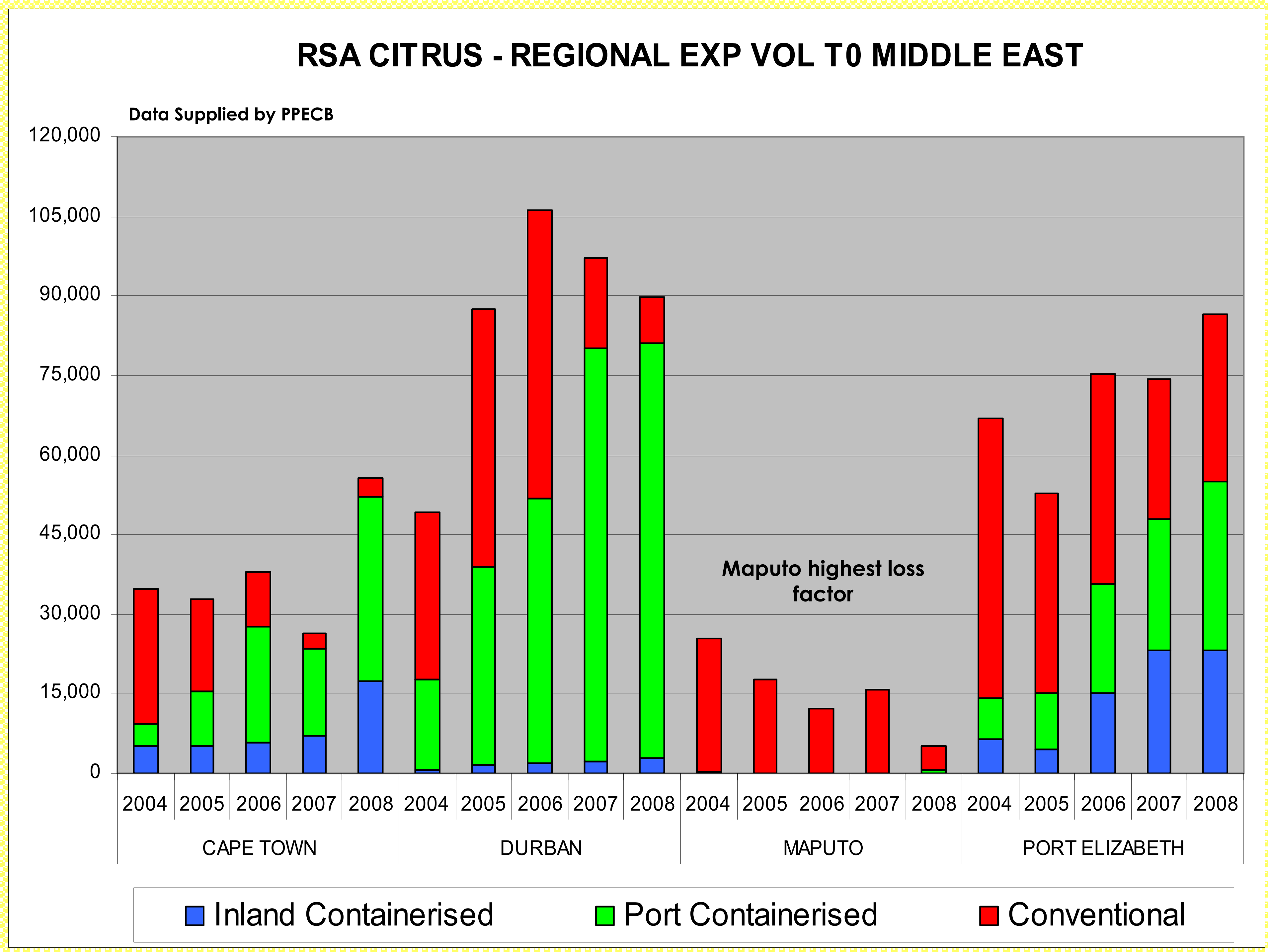
RSA CITRUS - DBN VOLUME GROWTH PROJECTION
Data Supplied by PPECB
Inland
Port
Grand Total
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
552,866
679,600
537,261
742,376
724,355
782,000
829,000
855,500
871,500
883,500
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
DURBAN

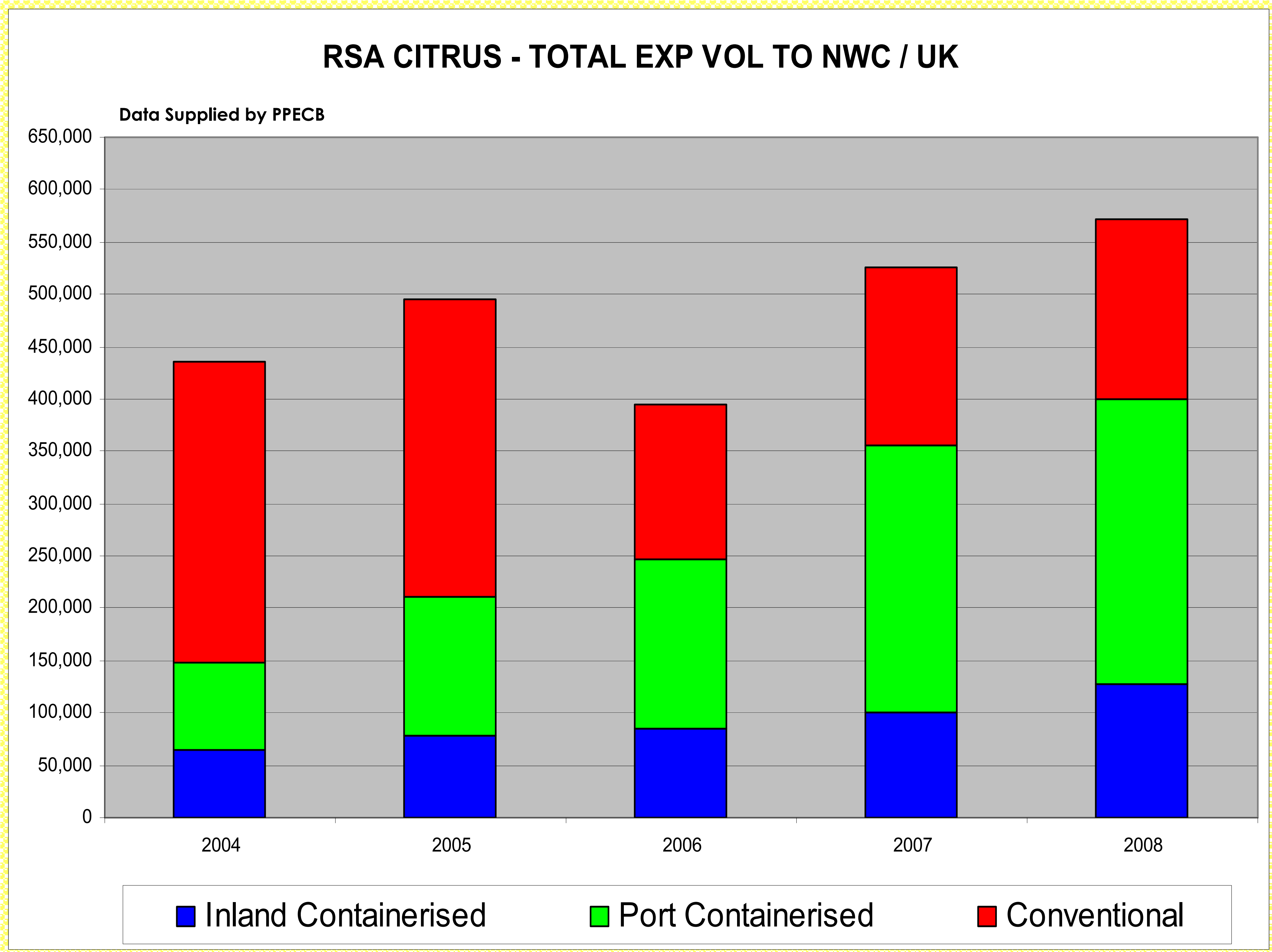

RSA CITRUS - DBN SHIPPING MODE VOLUME MODEL
Data Supplied by PPECB
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
Port
Inland
Containerised
Conventional
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
DURBAN

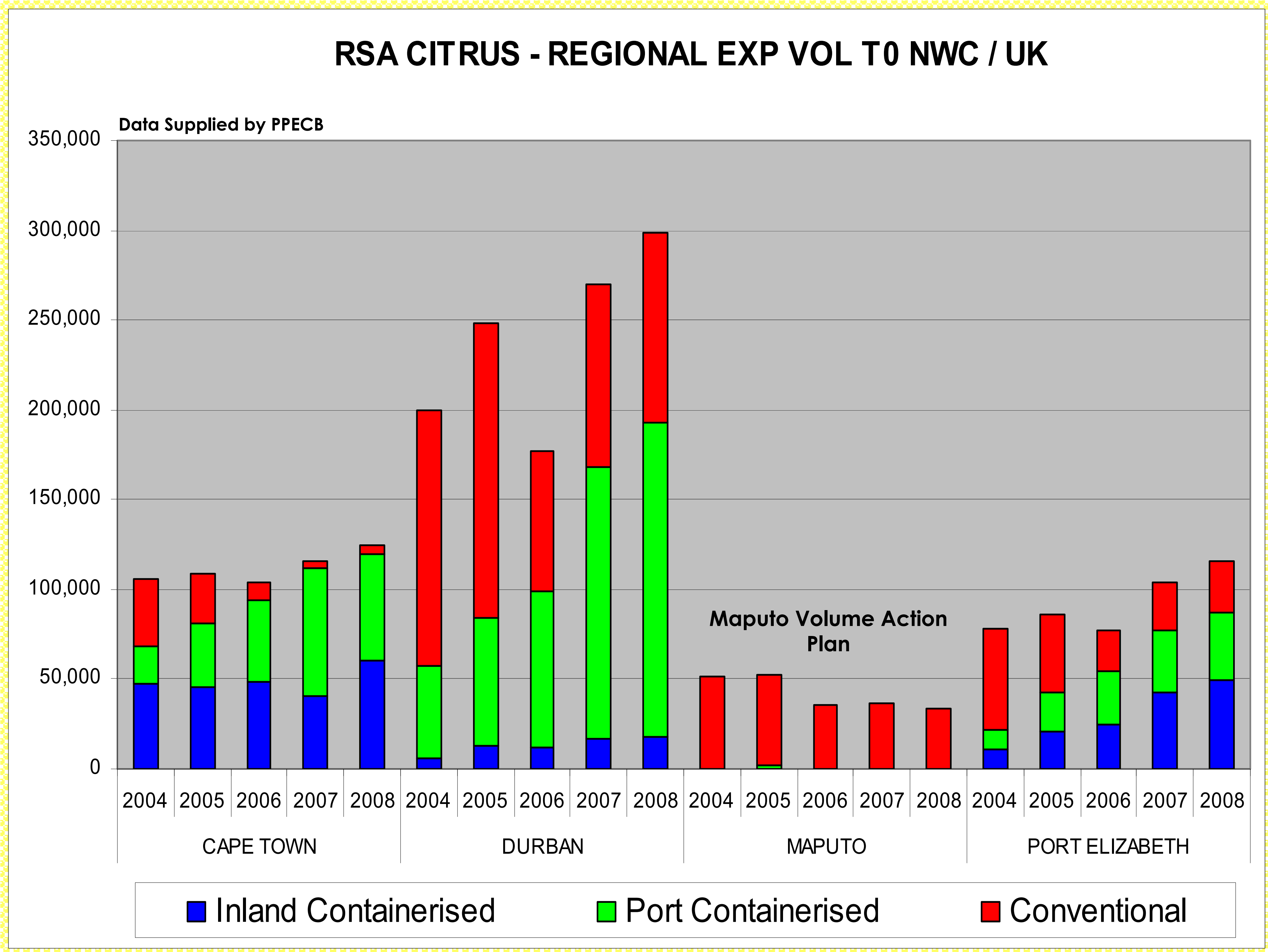

RSA CITRUS - DBN/MPT VOLUME GROWTH PROJECTION
Data Supplied by PPECB
1,100,000
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
Inland
Port
Grand Total
639,840
764,871
593,763
808,294
782,716
882,000
929,000
955,500
971,500
983,500
Impact on Durban if Maputo out the equation
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
DURBAN/MAPUTO

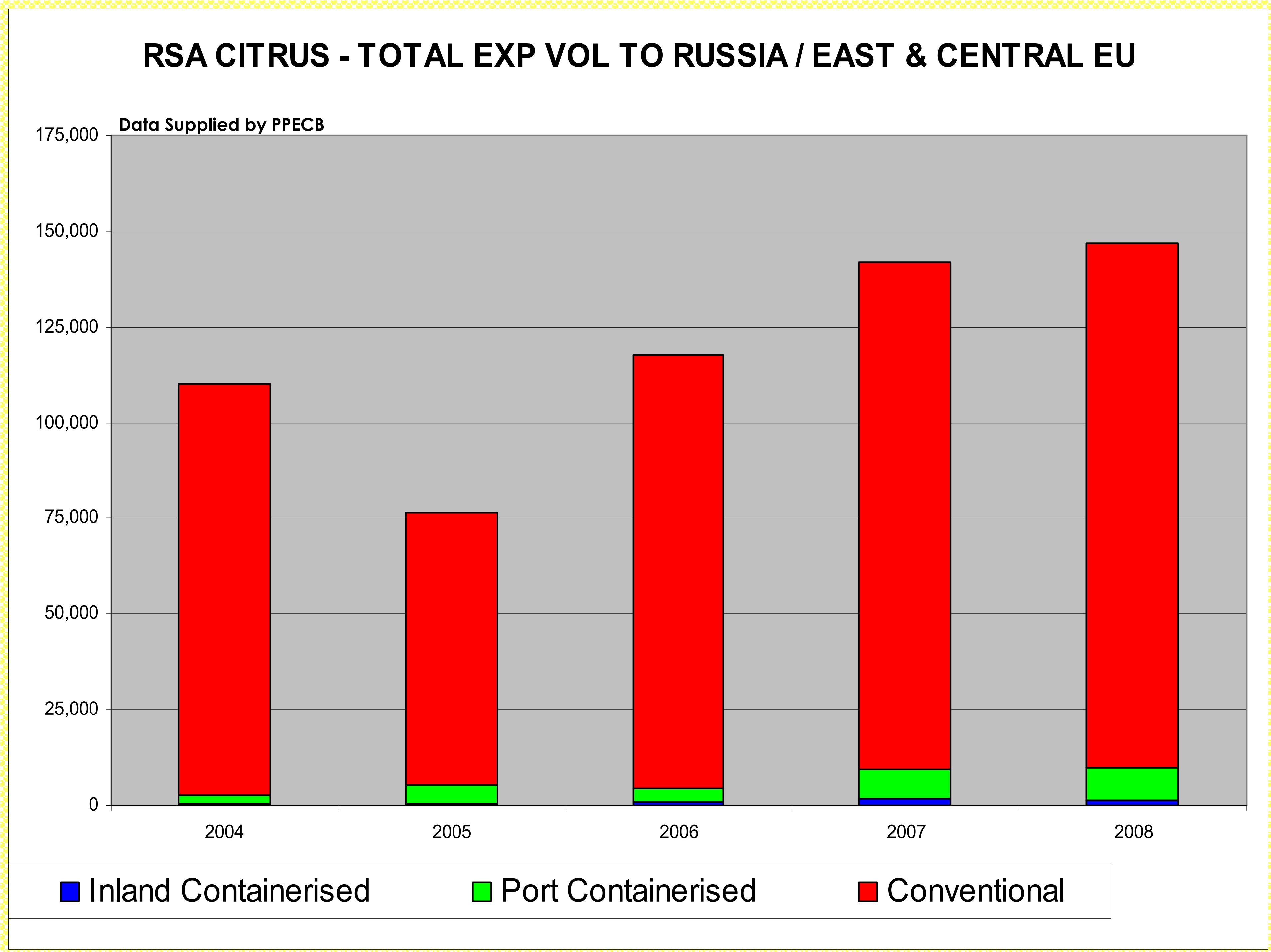


RSA CITRUS - TOTAL EXP VOL TO MIDDLE EAST
Data Supplied by PPECB
250,000
225,000
200,000
175,000
150,000
125,000
100,000
75,000
50,000
25,000
0
2004
2005
2006
2007
2008
Inland Containerised
Port Containerised
Conventional

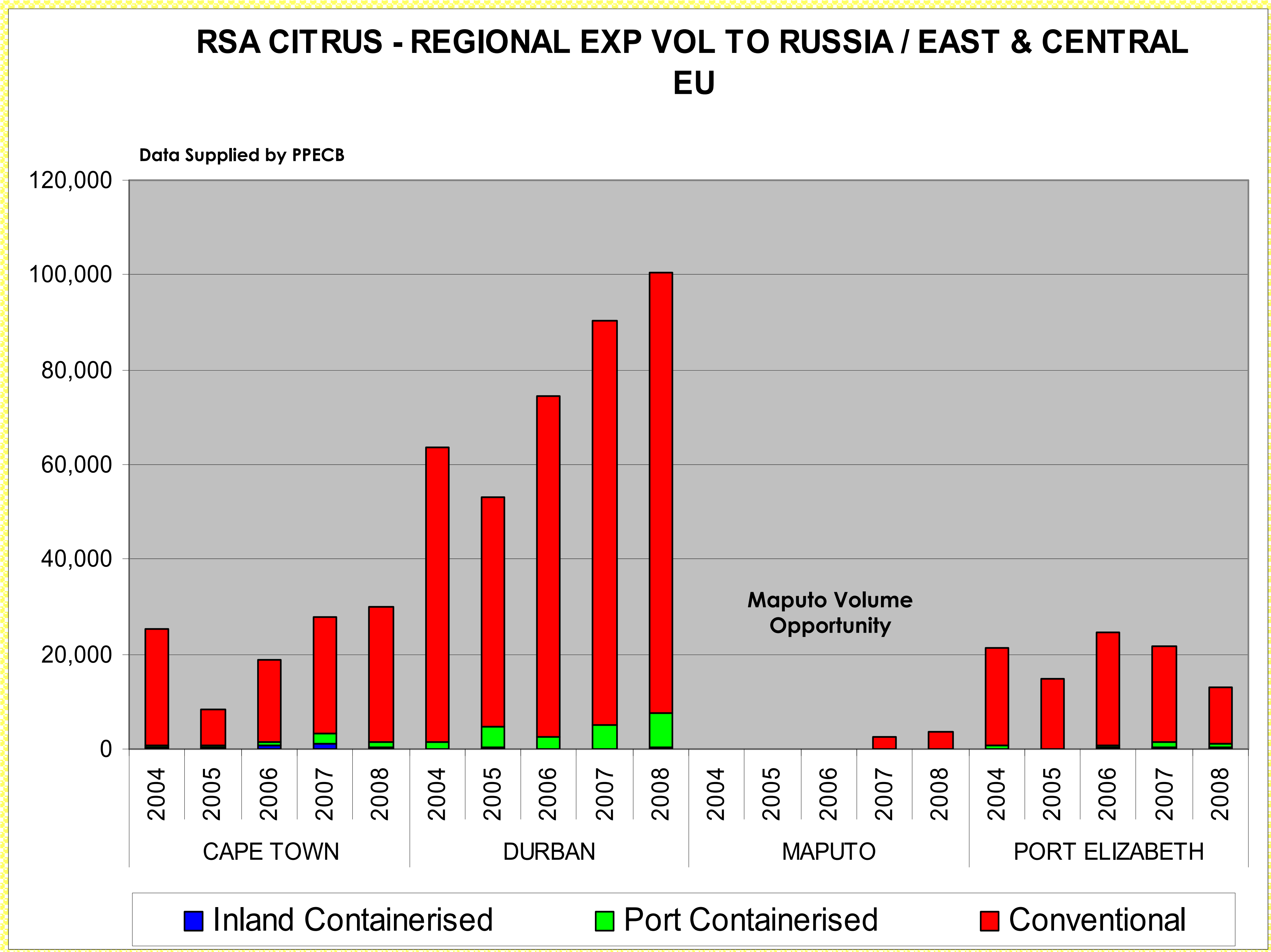

RSA CITRUS - REGIONAL EXP VOL T0 MIDDLE EAST
Data Supplied by PPECB
120,000
105,000
90,000
75,000
60,000
45,000
30,000
15,000
0
Maputo highest loss factor
2004
2005
2006
2007
2008
CAPE TOWN
DURBAN
MAPUTO
PORT ELIZABETH
Inland Containerised
Port Containerised
Conventional


RSA CITRUS - TOTAL EXP VOL TO NWC / UK
Data Supplied by PPECB
650,000
600,000
550,000
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
2004
2005
2006
2007
2008
Inland Containerised
Port Containerised
Conventional

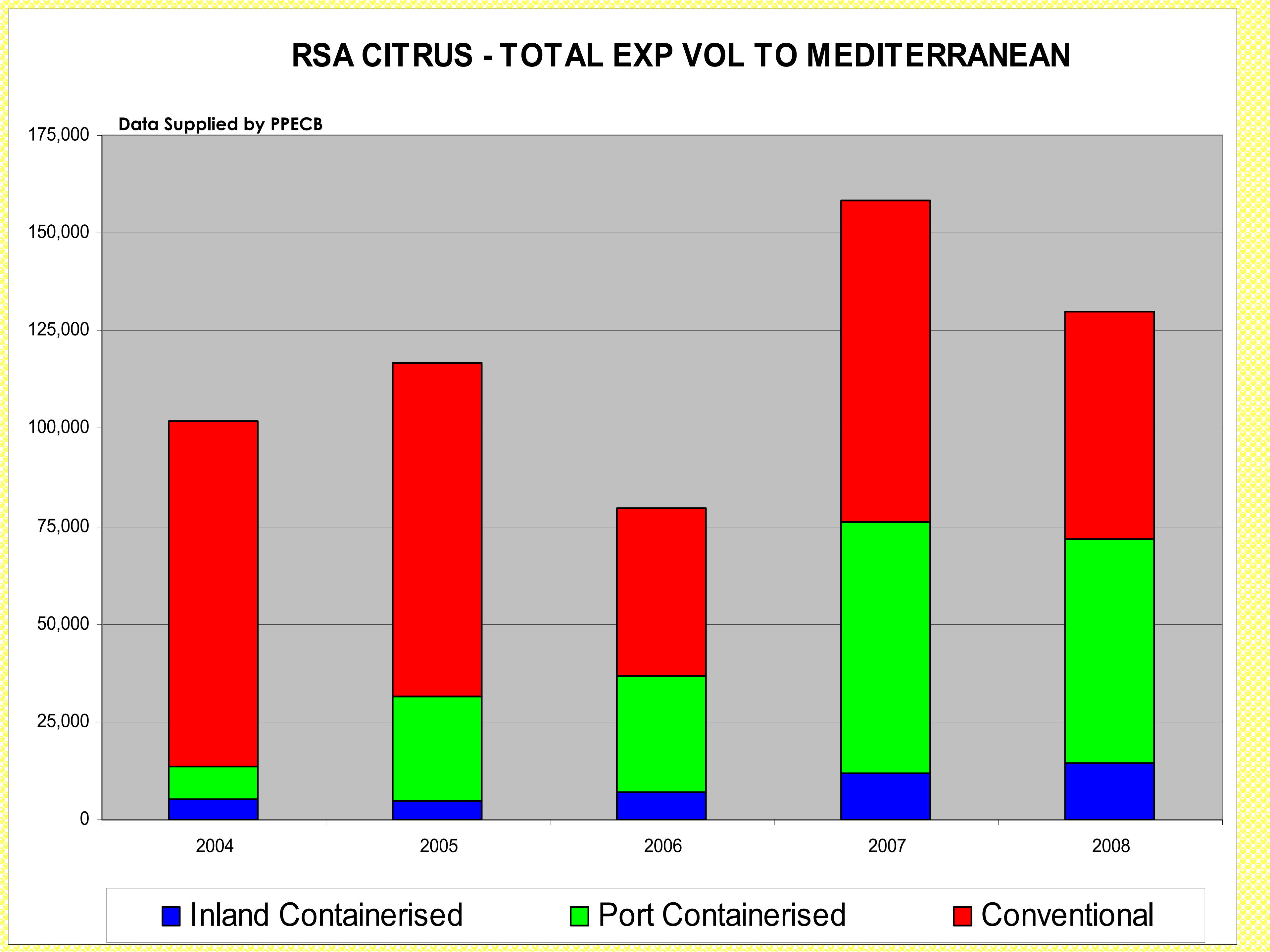

RSA CITRUS - REGIONAL EXP VOL T0 NWC / UK
Data Supplied by PPECB
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
Maputo Volume Action Plan
2004
2005
2006
2007
2008
CAPE TOWN
DURBAN
MAPUTO
PORT ELIZABETH
Inland Containerised
Port Containerised
Conventional

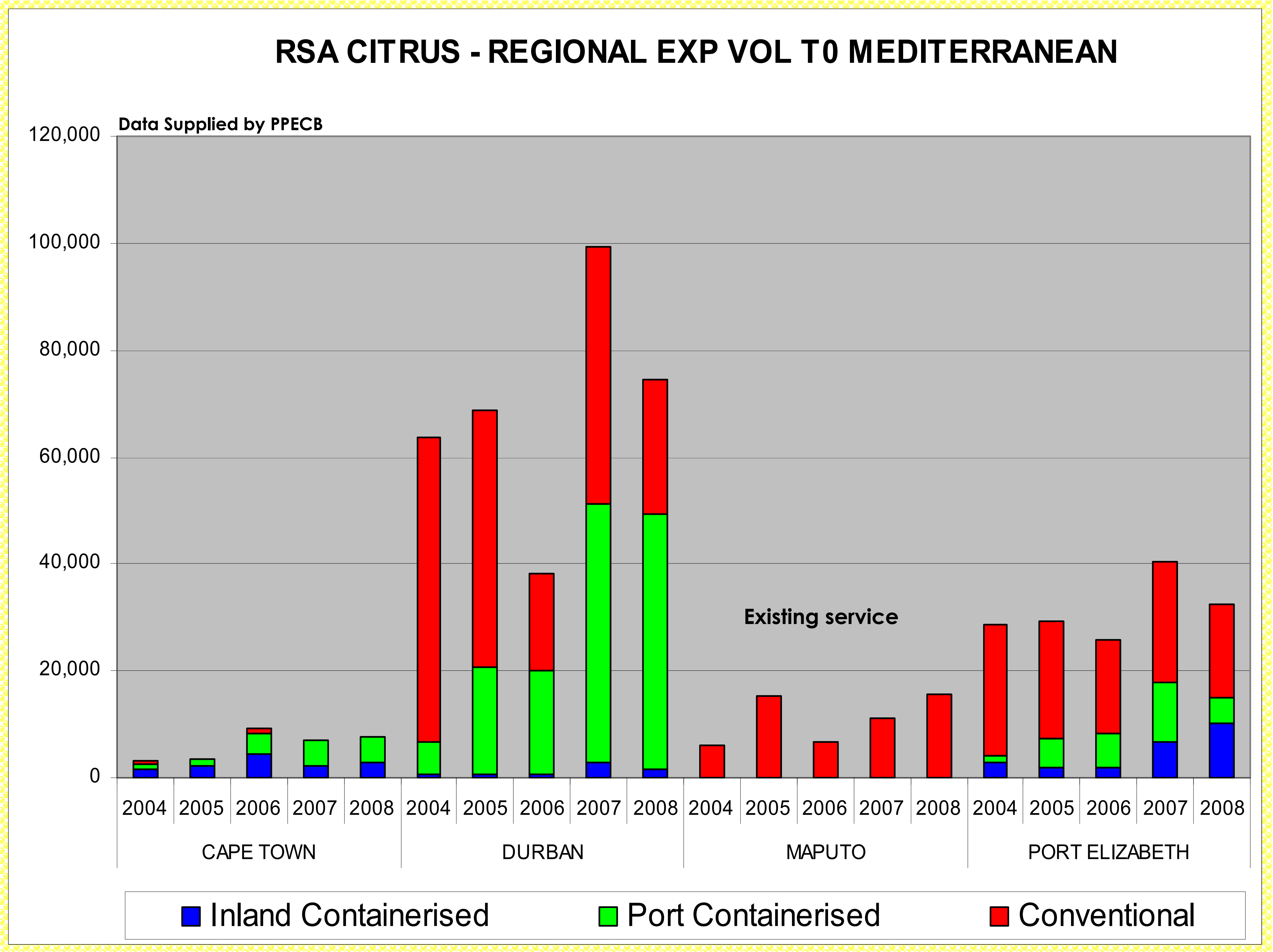


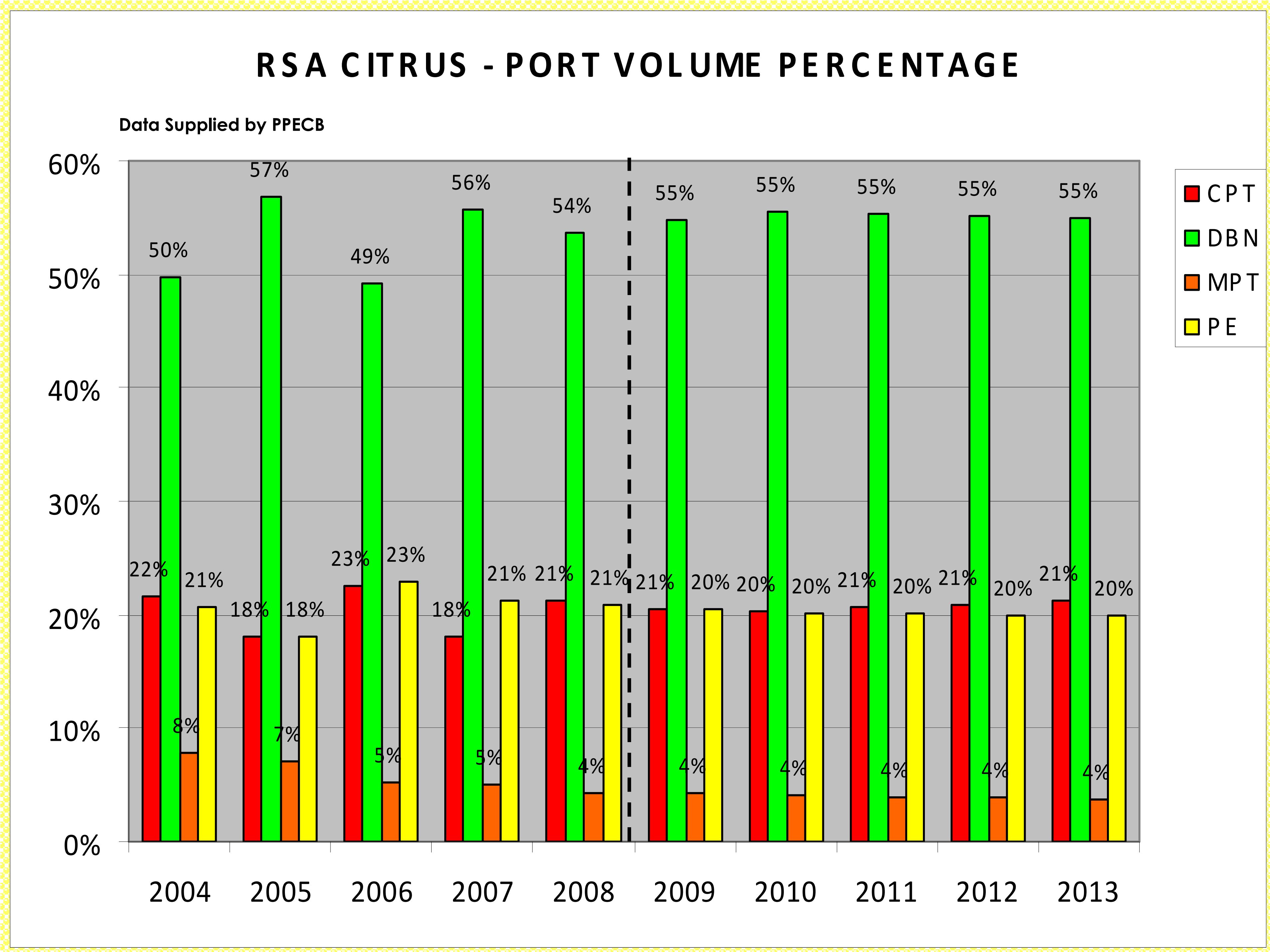
RSA CITRUS - TOTAL EXP VOL TO RUSSIA / EAST & CENTRAL EU
Data Supplied by PPECB
175,000
150,000
125,000
100,000
75,000
50,000
25,000
0
2004
2005
2006
2007
2008
Inland Containerised
Port Containerised
Conventional



RSA CITRUS - REGIONAL EXP VOL TO RUSSIA / EAST & CENTRAL EU
Data Supplied by PPECB
120,000
100,000
80,000
60,000
40,000
20,000
0
Maputo Volume Opportunity
2004
2005
2006
2007
2008
CAPE TOWN
DURBAN
MAPUTO
PORT ELIZABETH
Inland Containerised
Port Containerised
Conventional


RSA CITRUS - TOTAL EXP VOL TO MEDITERRANEAN
Data Supplied by PPECB
175,000
150,000
125,000
100,000
75,000
50,000
25,000
0
2004
2005
2006
2007
2008
Inland Containerised
Port Containerised
Conventional


RSA CITRUS - REGIONAL EXP VOL T0 MEDITERRANEAN
Data Supplied by PPECB
120,000
100,000
80,000
60,000
40,000
20,000
0
Existing service
2004 2005 2006 2007 2008 2004 2005 2006 2007 2008 2004 2005 2006 2007 2008 2004 2005 2006 2007 2008
CAPE TOWN
DURBAN
MAPUTO
PORT ELIZABETH
Inland Containerised
Port Containerised
Conventional


RSA CITRUS - PORT VOLUME PERCENTAGE
Data Supplied by PPECB
60%
50%
40%
30%
20%
10%
0%
CPT
DBN
MPT
PE
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
22% 50% 8% 21%
18% 57% 7% 18%
23% 49% 5% 23%
18% 56% 5% 21%
21% 54% 4% 21%
21% 55% 4% 20%
20% 55% 4% 20%
21% 55% 4% 20%
21% 55% 4% 20%
21% 55% 4% 20%

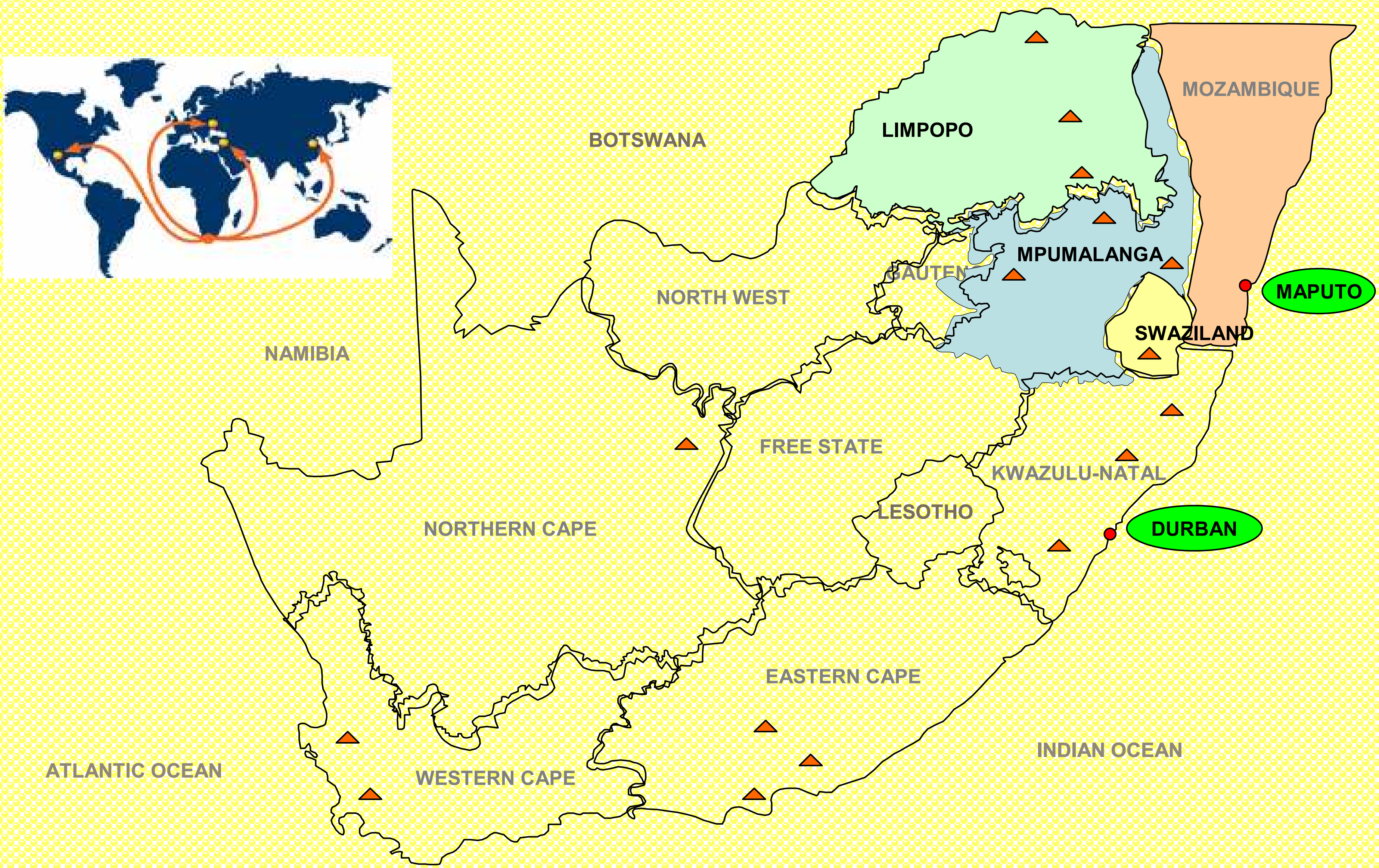
Maputo Port Volume Summary

- Approx 40,000 pallets diverted to Durban for container loading.
- Mostly ME fruit diverted due to lack of container service.
- Maputo main markets NWC / UK / MED.
- Maputo volume decrease is adding severe pressure on the Durban port.
- Durban reached capacity cross – road therefore cargo re-diversion back to Maputo of paramount importance.
- Maputo may need to increase capacity to 200,000 pallets annually based on tree census data.
- Tree census data reflects huge growth in volume from Maputo Hinterland Regions.
- Maputo port currently handles less than 8% of the Hinterland crop and less than 4% of the annual total Southern African citrus crop.

DBN / MPT Infrastructure Considerations

1. Develop additional infrastructure in Durban
   - This may strain the pipeline further
2. Add additional capacity to Maputo port
   - Will this be sustainable in the long term?
3. Develop a central hub in City Deep / Komatipoort
   - City Deep - Fruit could be loaded in containers and sent to ports by rail
   - Will rail handle the volume?
   - Komatipoort – Containers loaded and sent to Maputo, cold fruit sent direct to vessels

MAPUTO HINTERLAND REGIONS



REGIONAL VOLUME GROWTH PROJECTIONS BASED ON THE TREE CENSUS DATA

Sum of PLTS	Year								
Region	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Grand Total**	**%**
Boland	37,110	39,959	42,577	44,327	45,416	46,118	46,755	302,261	26%
E. Cape Midlands	38,118	38,818	41,428	43,810	41,684	42,902	44,257	291,017	16%
Hoedspruit	45,982	51,168	56,653	59,038	64,425	66,500	65,051	408,817	**41%**
Letsitele	**232,951**	**247,318**	**261,256**	**277,271**	**291,127**	**293,305**	**294,577**	**1,897,805**	26%
N. Cape	13,652	15,261	16,829	18,221	19,489	19,917	20,040	123,408	**47%**
Nelspruit	84,439	87,477	90,785	93,040	92,888	90,106	90,544	629,279	**7%**
Nkwaleni	61,086	63,677	67,489	70,496	62,757	65,451	67,397	458,352	10%
Onderberg	133,689	135,518	139,923	144,611	149,231	151,437	151,606	1,006,015	13%
Patensie	58,492	62,310	65,597	67,819	69,951	71,047	71,176	466,392	22%
Pongola	19,433	20,136	21,058	20,575	21,669	21,972	21,445	146,288	10%
Senwes	105,198	114,812	124,019	128,723	134,241	139,275	143,571	889,838	36%
Southern KZN	26,390	28,483	30,515	32,389	33,610	35,385	37,071	223,842	**40%**
Sundays River Valley	165,972	176,772	185,931	193,956	199,216	202,040	204,149	1,328,036	23%
Swaziland	43,020	45,147	47,015	47,653	47,641	48,279	47,371	326,126	10%
Tshipise/Musina	61,983	67,650	69,706	73,951	77,786	80,401	83,079	514,555	34%
W. Cape	194,373	204,428	216,697	228,537	237,193	249,087	257,856	1,588,170	33%
Maputo Hinterland	**707,500**	**748,100**	**790,200**				**875,300**		**24%**
Grand Total	**1,321,887**	**1,398,934**	**1,477,479**	**1,544,415**	**1,588,323**	**1,623,220**	**1,645,945**	**10,600,202**	**25%**

Maputo handles less than 8% of annual Hinterland crop

Current Maputo Constraints

PRODUCERS COST CHAIN

EXPORTERS COST CHAIN

Producers

1. Transit time to markets
2. Risks
3. Restrictions

Transport

1. Border constraints
2. Return haulage
3. Permits
4. Slow turnaround
5. Rail
6. DBN vs. MPT differential
7. Risk
8. Currency
9. Dedicated hauler

Maputo Port

1. MPT lease agreement
2. Cold Storage Rates
3. Productivity
4. Capacity constraints
5. Port location
6. Cargo dues
7. Port limitations
8. Incentives
9. Rail

Ships

1. Conventional
   - Surcharge
   - Weekly service
2. Containers
   - No service

Markets

1. NWC / UK
2. Med
3. Middle East
4. Russia

TOTAL COST CHAIN

Action Meeting Summary Points (1)

1. General recognition that Maputo volumes must increase.
2. The total cost chain to ship via Durban may not be an advantage vs. Maputo.
3. The immediate objective is to capitalize on current conventional service from Maputo.
4. It was highlighted that a guaranteed weekly service from Lines are essential (NWC / UK / Med).
5. MPT Maputo service levels are recognized as being higher than other FPT terminals.
6. Vessels calling Maputo adds an additional 3 days to reach the market.
7. Maputo Port Authorities have conveyed their support for the initiative.
8. MPT (FPT) and MPDC should combine to add incentives that will attract volumes to Maputo.
9. It was noted that the MPT lease will expire in 2009 and other options are on the table.

Action Meeting Summary Points (2)

1. Noted that Exporters and Shipping Lines are not driving to increase the Maputo volume base.
2. NWC / Med are currently the most attractive shipping options to increase additional volume throughput for 2009.
3. At present Steri markets are not an option, this may change in the future.
4. Some Exporters noted that Durban is a cheaper option than using Maputo, not all Exporters agreed to this statement.
5. The need to analyze the cost comparison was noted, participants agreed to share cost info to CGA for the exercise (confidentially).
6. Need to look for opportunities to reduce the Maputo cost chain.
7. MPT (FPT) must make themselves attractive for Exporters.
8. It was mentioned that the Liner surcharge ($12) must be reconsidered. This was considered an important factor.
9. Recent experiences of vessels being delayed for (8) days awaiting cargo has made Maputo unattractive.

Action Meeting Summary Points (3)

1. It was noted that a weekly service should incentives the volume flow to Maputo.
2. It was mentioned that MPT has been unprofitable in recent years.
3. Noted that in terms of the lease agreement MPT are obligated to ship 90,000 pallets annually, this has not been achieved in recent years and has resulted in penalties.
4. Rail service to Maputo is efficient.
5. Opportunities for MPT to service Far East / Middle East and Russia markets should be explored.
6. Noted that past experience with Russia cargo through Maputo places doubt on reinstating the Russia service (FOB).
7. Noted that MPT should reinstate the rate incl. of (10) days storage.
8. It is estimated that a potential 150,000 pallets could be shipped via Maputo if direct container services are added. Services include Far East, Middle East, NWC, UK and Mediterranean.
9. Noted that the seasonal fluctuations of Citrus production hamper the implementation of direct container services.

The Way Forward

1. Work with participating Exporters to receive the cost structures to compare the cost chain of Durban vs. Maputo.
2. Liaise with participating producers to receive the transport cost comparison of Durban vs. Maputo.
3. Identify the total cost chain comparative parameters.
4. Feedback to participating stake holders.
5. Liaise with the Shipping Lines to obtain a guaranteed regular weekly shipment to NWC / UK / Med.
6. Liaise with participating Exporters to obtain a guaranteed weekly volume commitment.
7. MPT to monitor weekly volume progress and send feedback to participating stake holders.

THRESHOLD DEADLINE SHOULD COMMENCE NO LATER THAN 6TH JUNE 2009

Maputo Volume Target 2009

➢ **NWC / UK**	≥ **60,000 = 3,000 p.p.w**
➢ **Mediterranean**	≥ **20,000 = 1,000 p.p.w**
➢ **Middle East**	≥ **10,000 = 500 p.p.w**
➢ **Russia**	≥ **10,000 = 500 p.p.w**
➢ **<u>TOTAL</u>**	≥ **<u>100,000 = 5,000 p.p.w</u>**

Citrus Growers Association

Many Thanks

www.cga.co.za

Mitchell Brooke
Logistics Coordinator
mitchell@cga.co.za