Western Cape Government

FOR YOU

Economic Development and Tourism

Fourth Annual Stakeholder Engagement
Port of Cape Town Logistics Chain

Minister Mireille Wenger

20 January 2023

Wifi AC Hotel_Conference Pw: PORT23

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FOR YOU

Port of Cape Town Stakeholder dialogue

Dr Ivan Meyer

Minister of Agriculture

20 January 2023

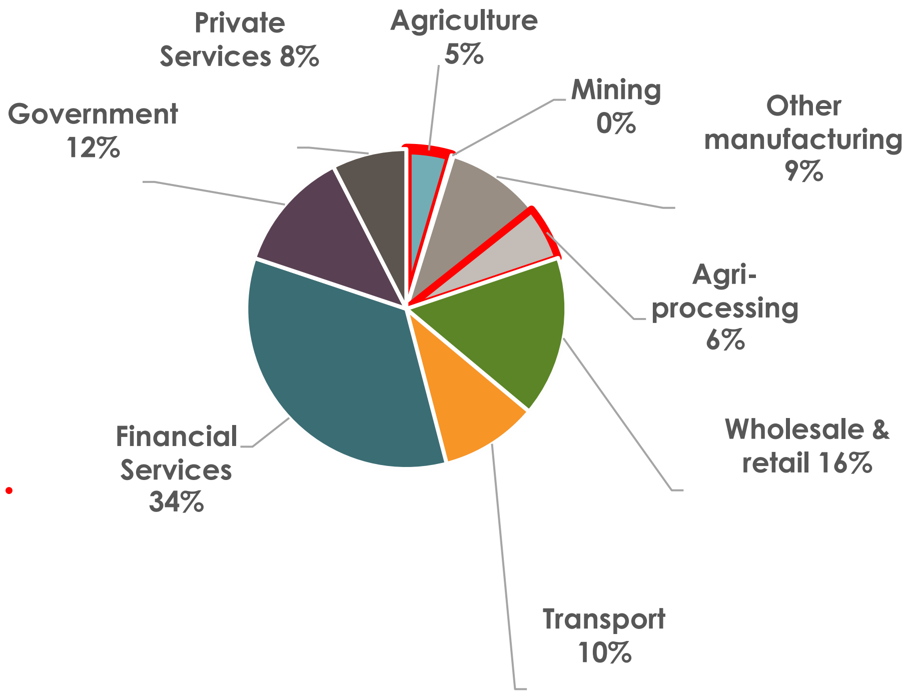
CONTENT

- INTRODUCTION - AGRICULTURAL GROWTH
- WESTERN CAPE AGRICULTURAL TRADE
- WESTERN CAPE AGRICULTURAL EXPORTS
- WINE EXPORT VALUES OVER TIME
- WESTERN CAPE AGRICULTURAL IMPORTS
- MARKET ACCESS PRIORITY
- VISIT TO MAPUTO PORT
- KEY POINTS AND QUESTIONS

Introduction - Agricultural Growth

- **Agriculture & Agri processing** = **11% of Western Cape GDP**
- **Employment in Western Cape (QLFS Q2 of 2021):**
  - Agriculture = 187 951
  - Agri processing = 191 751
  - Combined **= 14,4% of all jobs in the Province**
- **Rural footprint:**
  - Most competitive sector in the economy
  - 2nd most competitive is tourism – with a strong agric. Foundation.
- **Export focussed:**
  - **8 of 10 biggest export products from WC with an agric. foundation.**
  - For every 5% increase in agric. exports, 22 951 jobs are created.
  - **66% of the value of WC agricultural production gets exported.**
  - **55% of South Africa's agricultural exports originate in the WC.**

Western Cape Sectoral break-down : 2020



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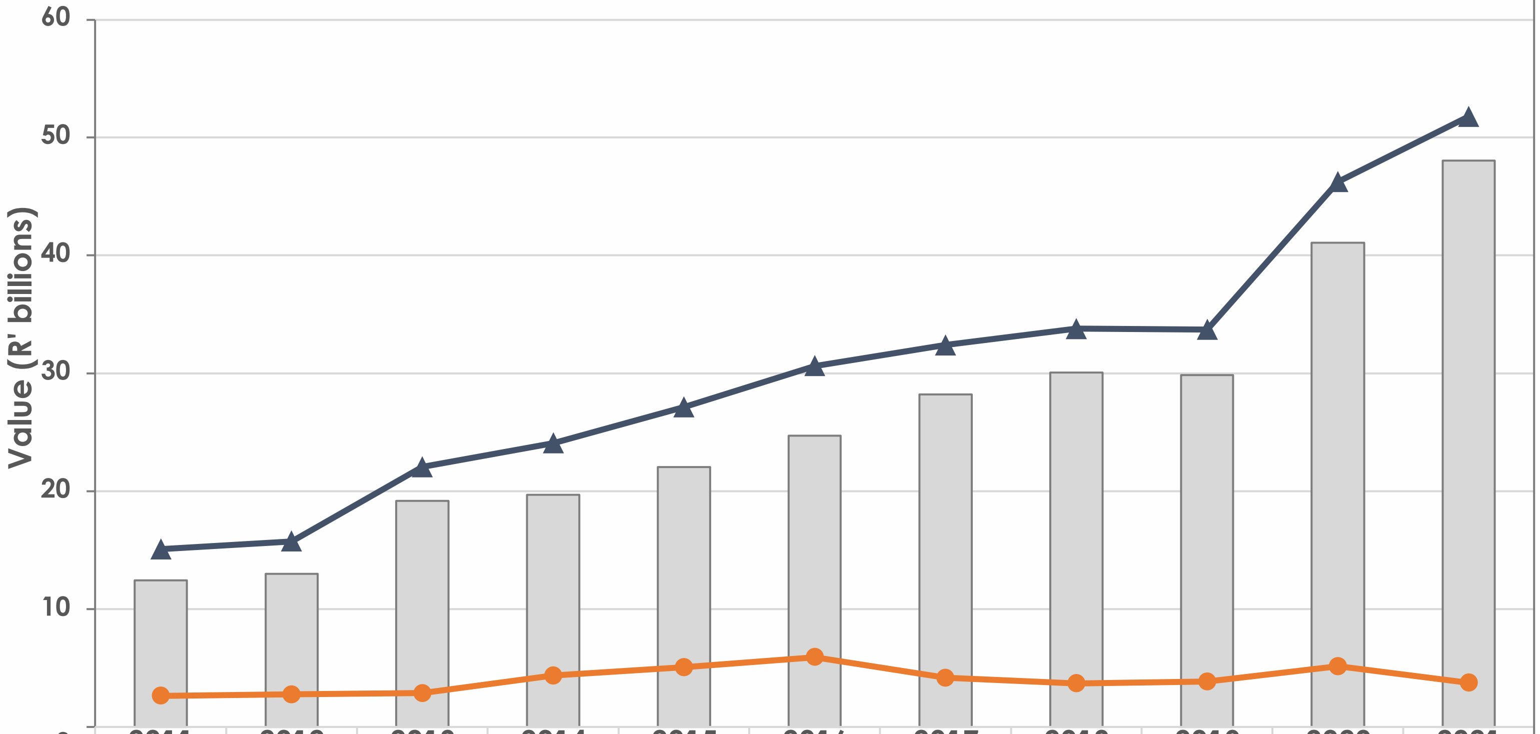
WESTERN CAPE AGRICULTURAL TRADE BALANCE

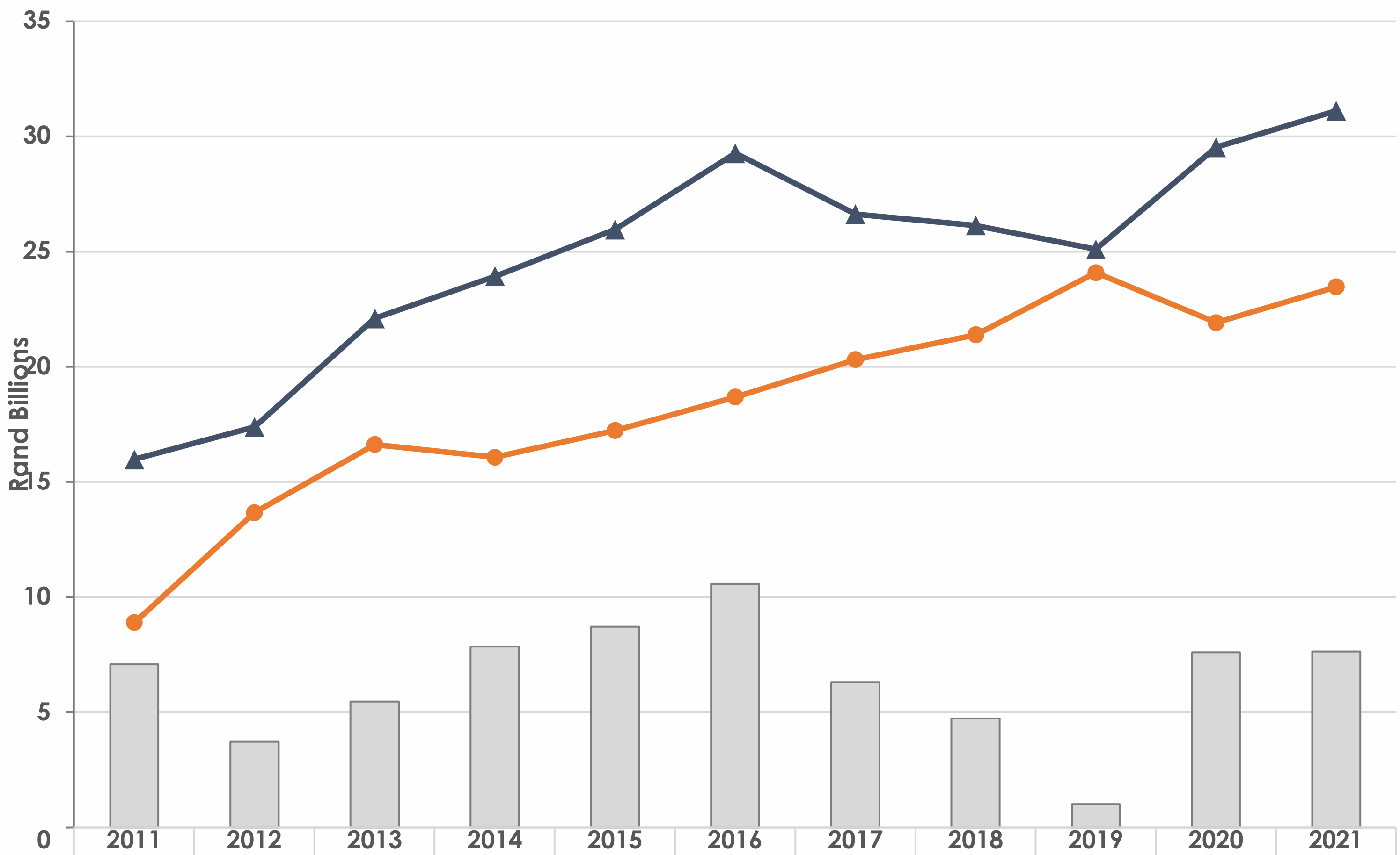
- **The WC primary agricultural exports totaled R51.8.0 billion in 2021, higher than the previous years.**



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Trade Balance	12.5	13.0	19.2	19.7	22.1	24.7	28.2	30.1	29.9	41.1	48.0
Exports	15.1	15.8	22.1	24.1	27.2	30.6	32.4	33.8	33.7	46.3	51.8
Imports	2.7	2.8	2.9	4.4	5.1	5.9	4.2	3.7	3.9	5.2	3.8

WESTERN CAPE FOOD, BEVERAGE AND TOBACCO TRADE (2011-2021)

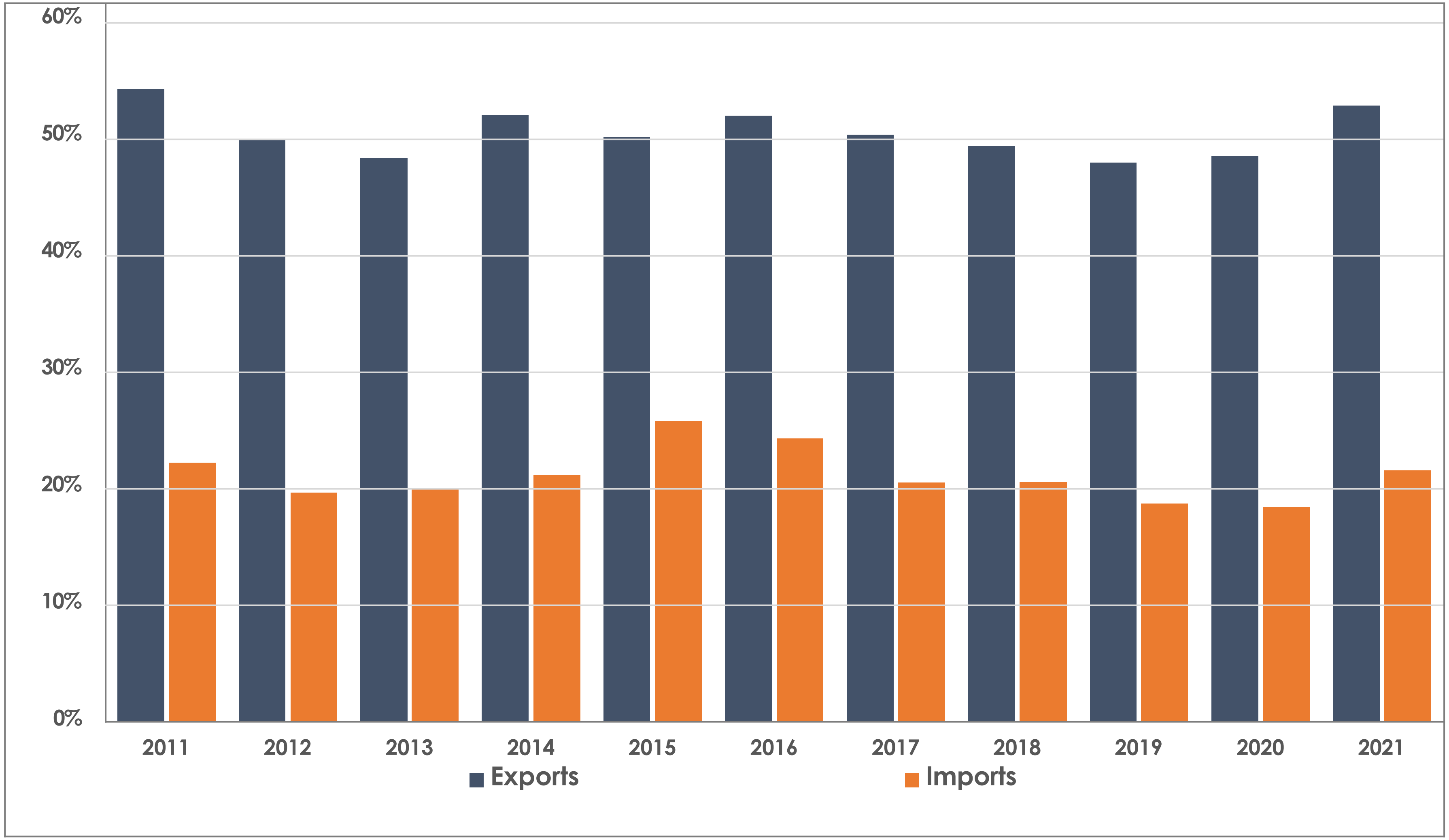
- In 2021 Food, Beverage and Tobacco (FBT) exports showed an increase of 10.7%
- Imports showed the same trajectory increasing by 7.1%



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Trade Balance	7.1	3.7	5.5	7.9	8.7	10.6	6.3	4.7	1.0	7.6	7.6
Exports	16.0	17.4	22.1	23.9	26.0	29.3	26.6	26.1	25.1	29.5	31.1
Imports	8.9	13.7	16.6	16.1	17.2	18.7	20.3	21.4	24.1	21.9	23.5

WESTERN CAPE SHARE IN NATIONAL AGRICULTURAL TRADE (2011-2021)

WC's agricultural share in national agricultural exports increased by 2% (from 53% to 55%) (2020 – 2021)



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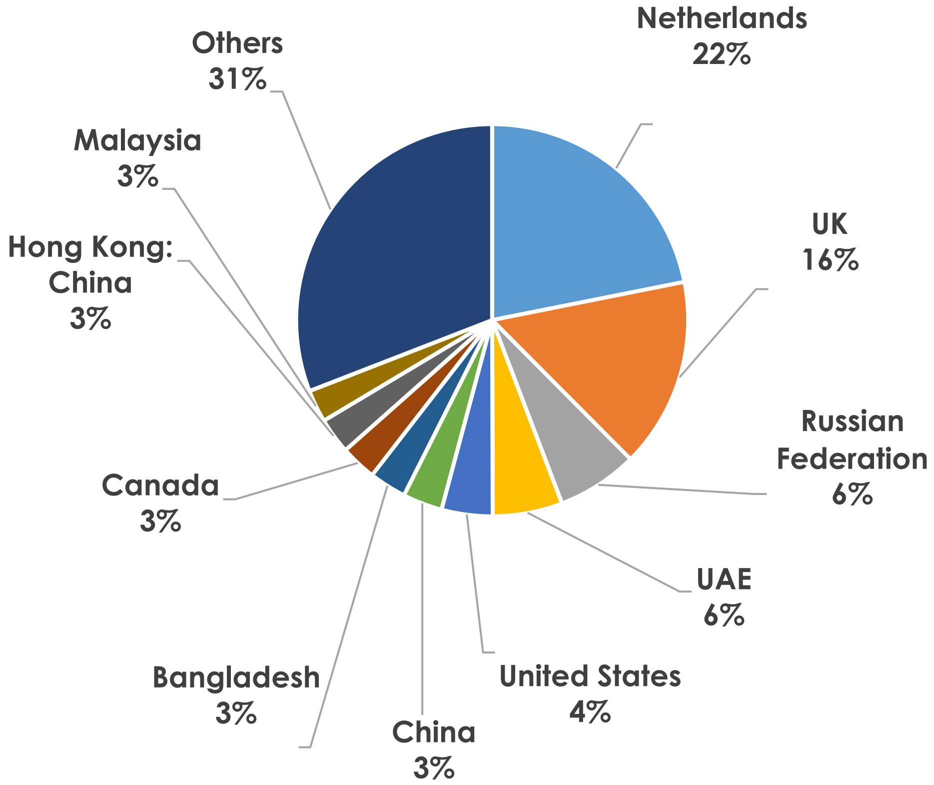
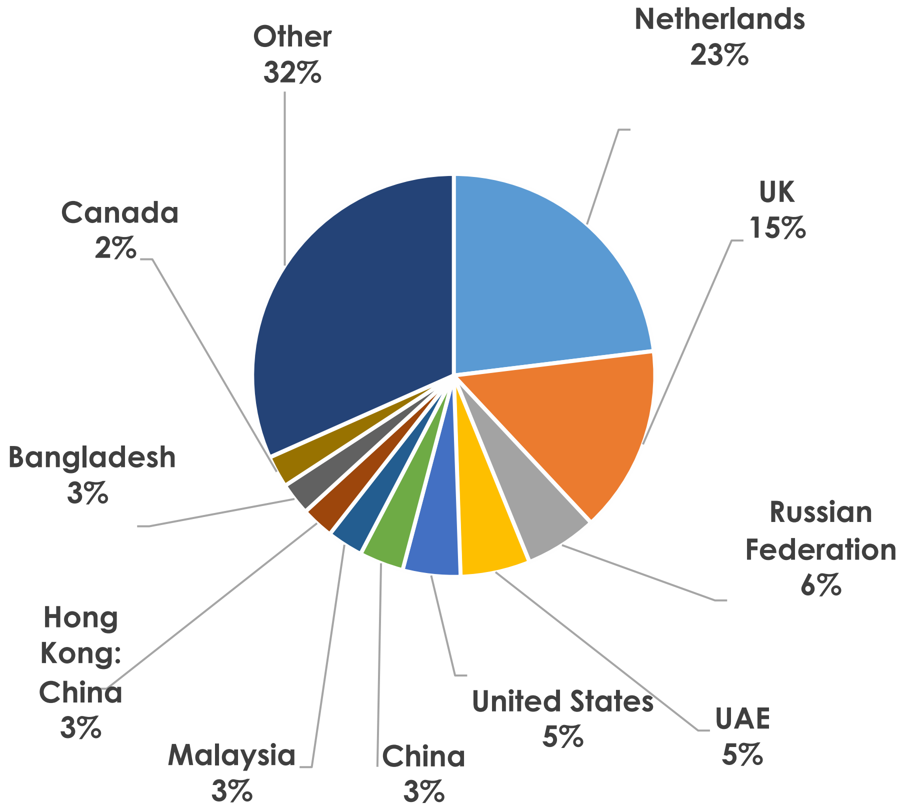
WCDoA, 2022

WESTERN CAPE AGRICULTURAL EXPORTS DESTINATIONS BY COUNTRY

- The 3 main agricultural export destinations in 2021 were the Netherlands (23%), the UK (15%) & Russia (6%)
- The combined share of agricultural exports going to these regions was 44% in 2021.

2020 2021

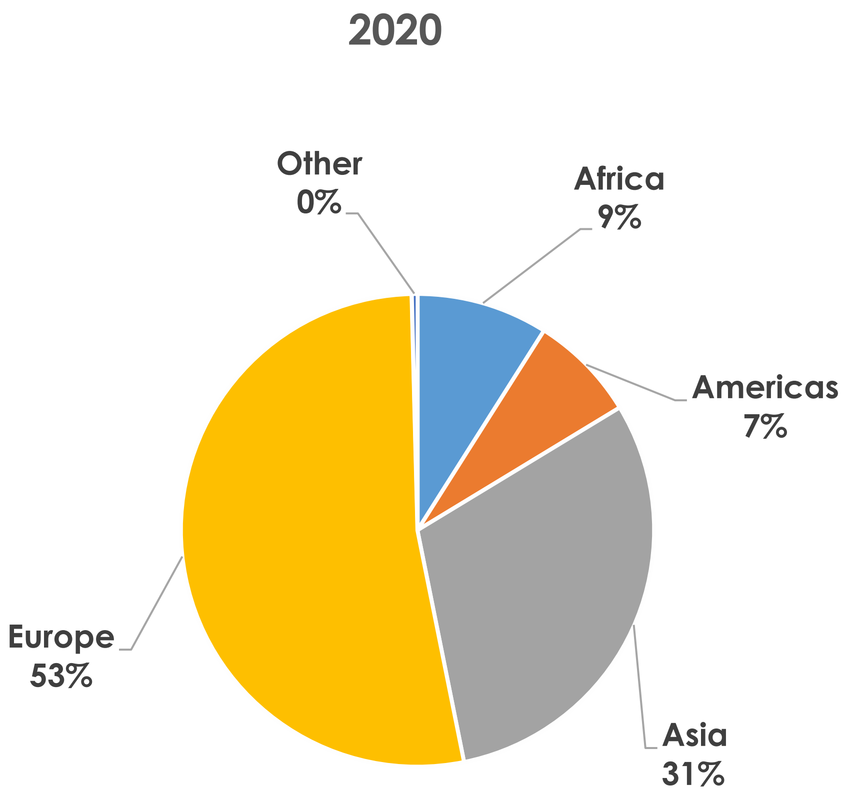


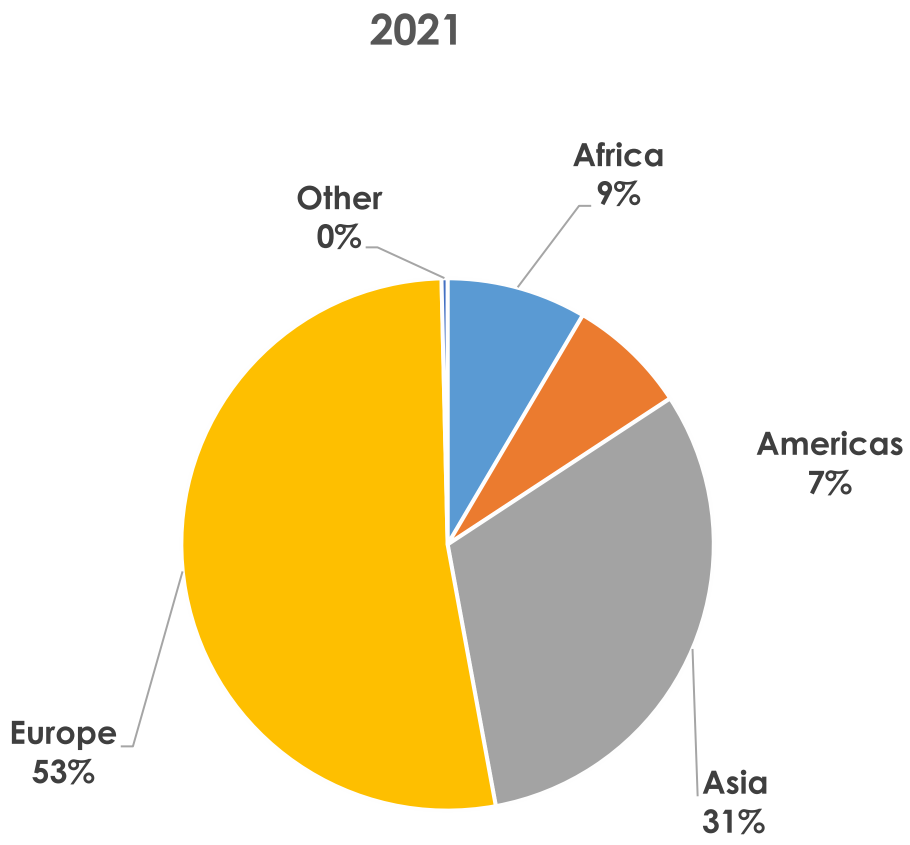


WESTERN CAPE AGRICULTURAL EXPORTS DESTINATIONS

- The 3 main agricultural export destinations in 2021 were the Netherlands (23%), the UK (15%) & Russia (6%)
- The combined share of agricultural exports going to these countries was 44% in 2021.

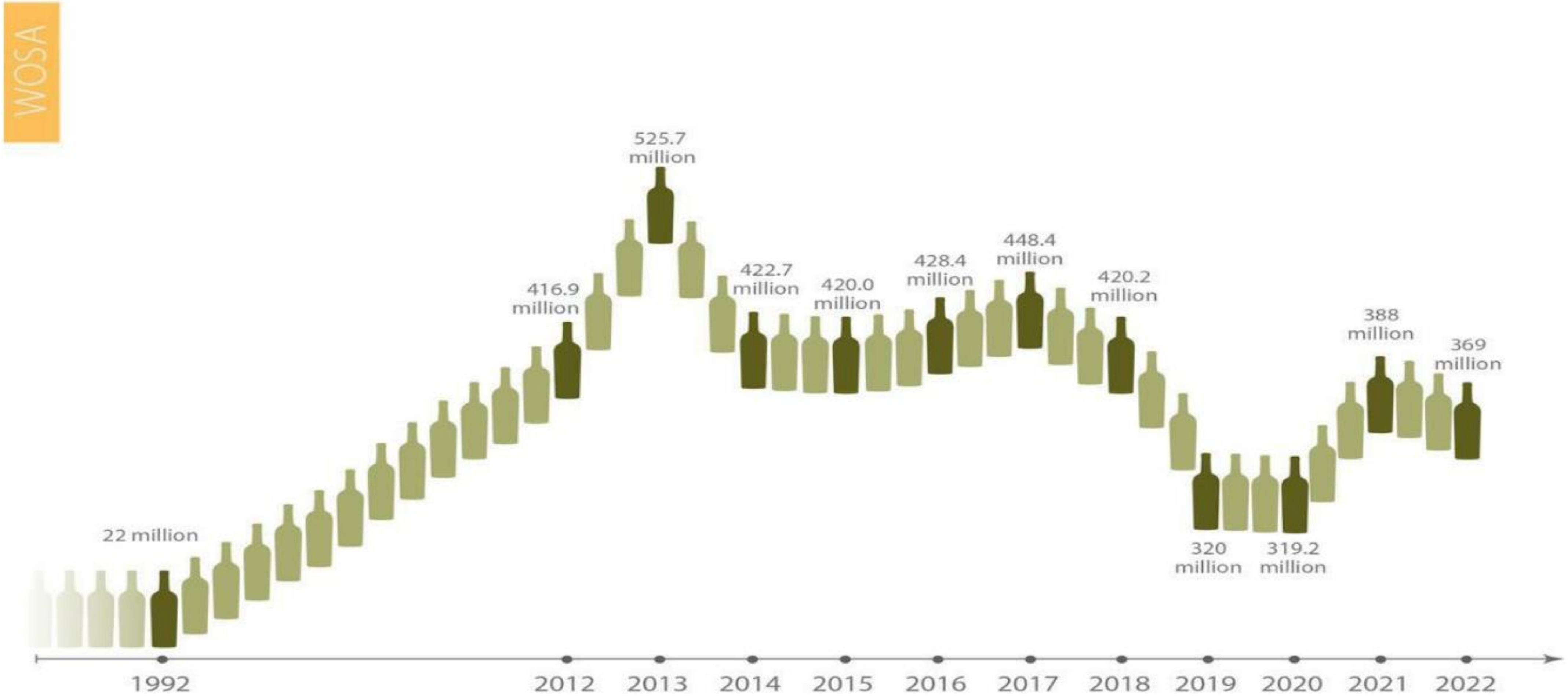
The share of WC agricultural exports by region.





Wine export values over time

It is difficult to make projections due to huge uncertainty. VINPRO and WOSA are estimating the volume of wine exports similar to 2022 and projecting it at 380 million liters of still wine with an estimated value of more than R10 billion.



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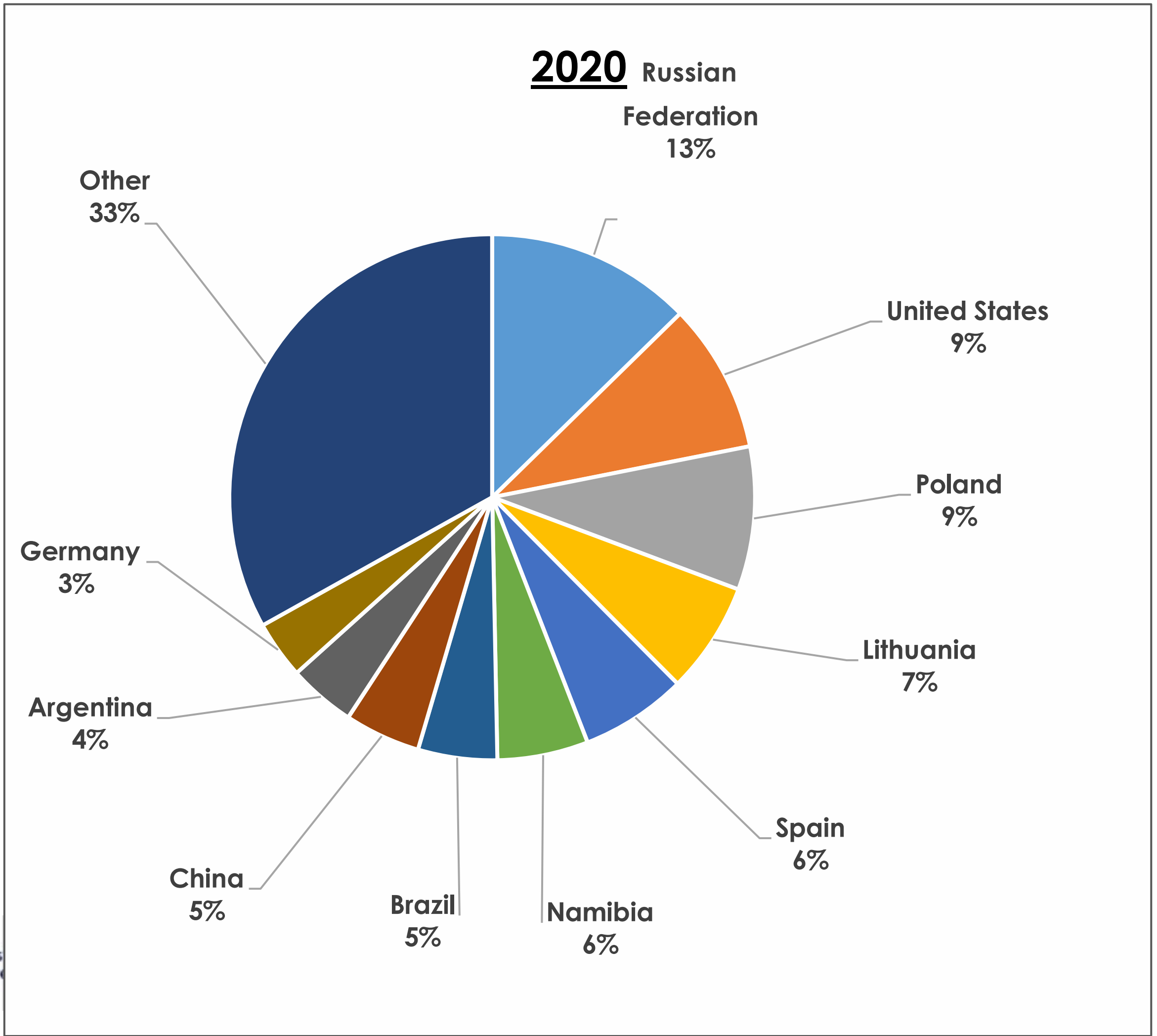
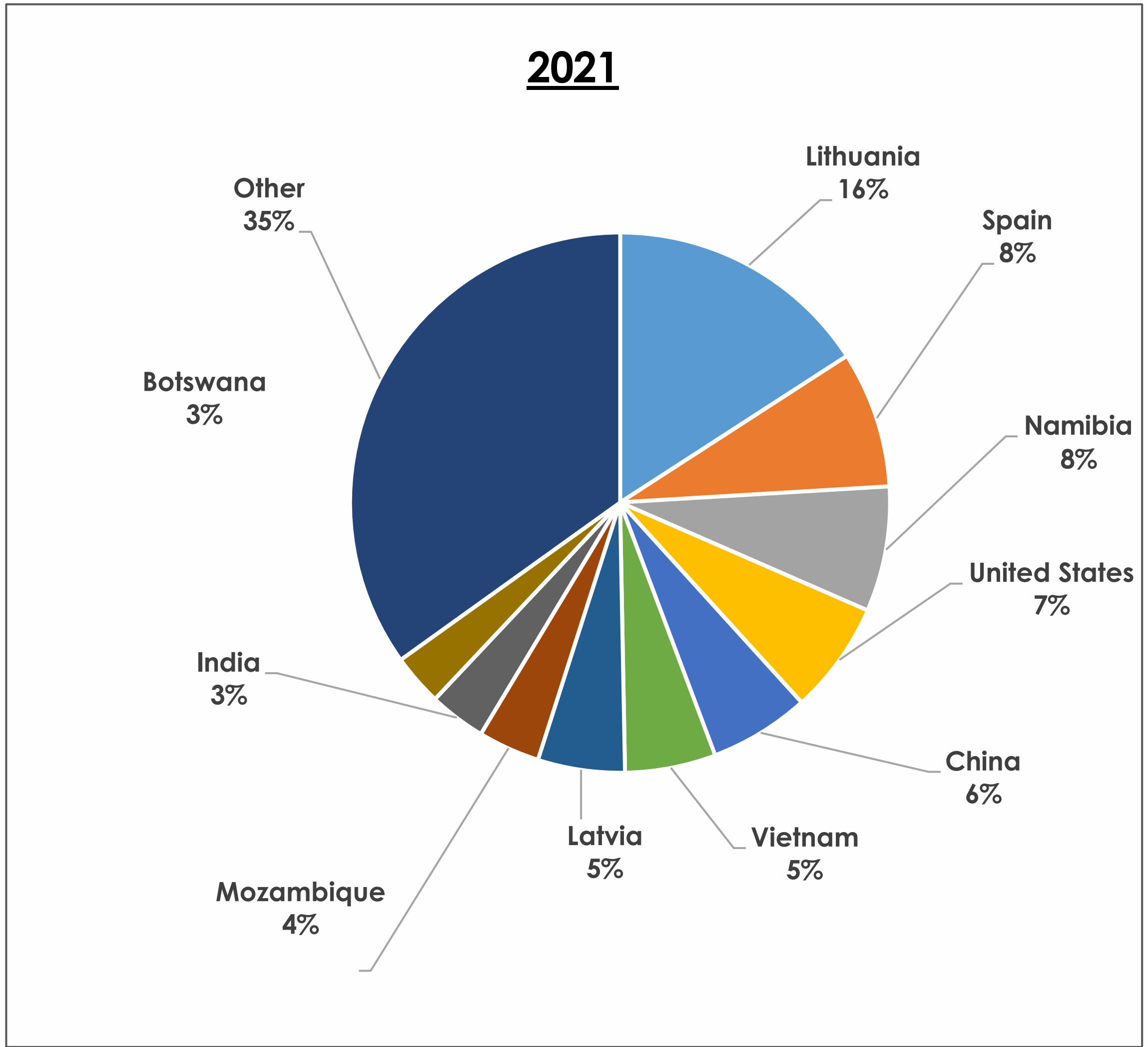
WC Agricultural Import Origins- Country, 2020 vs 2021

In 2020 the WC top imports origins by share value, were Russia accounting for 13%, Poland and the USA, each at 9% and Lithuania 7%

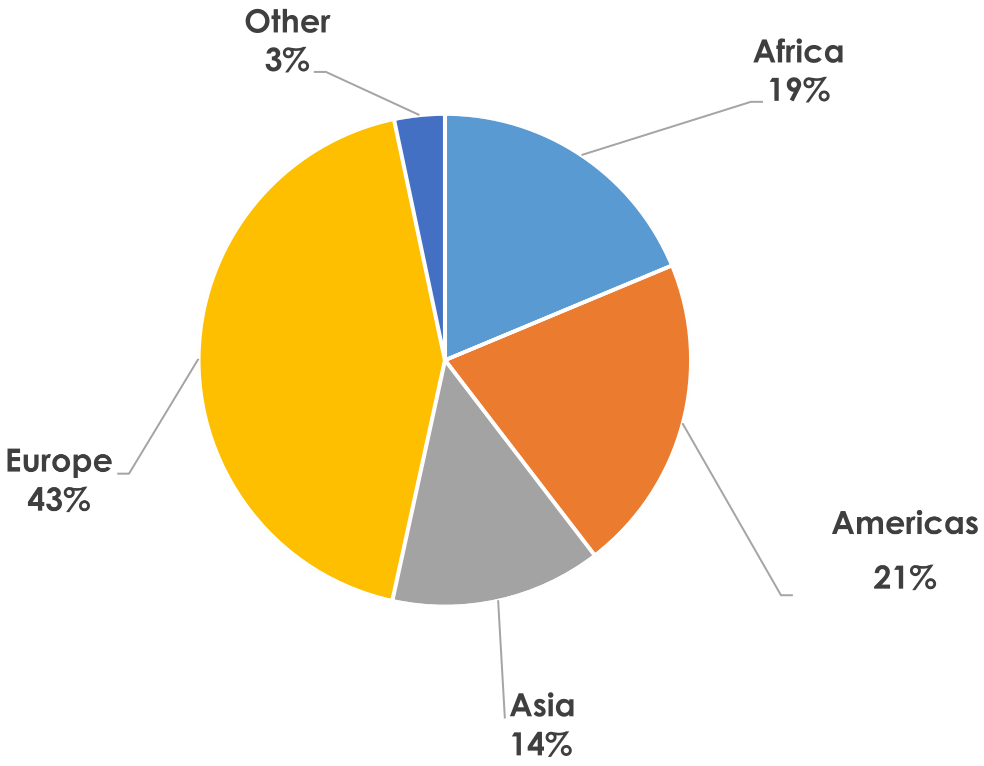


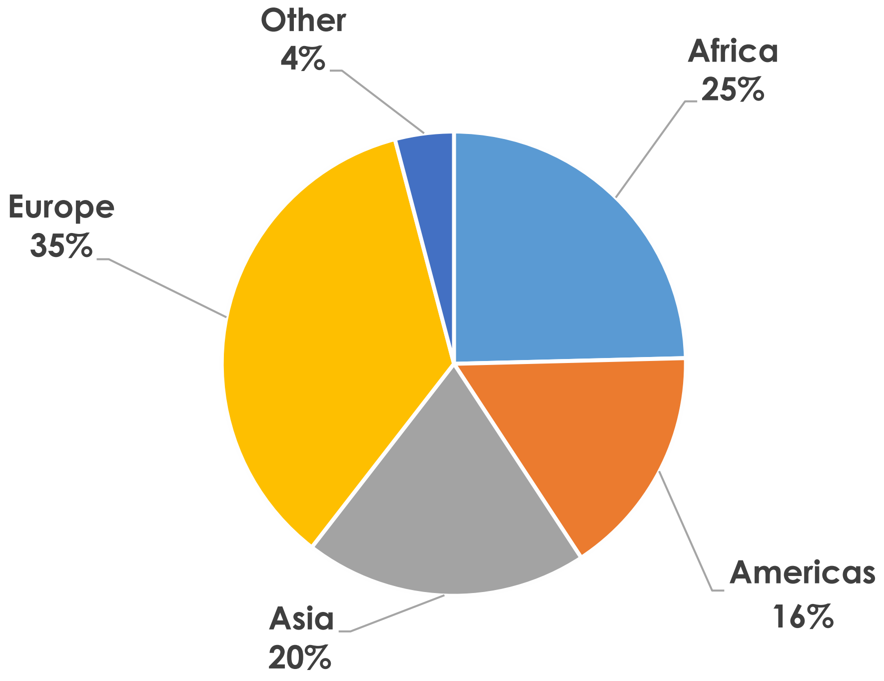


WC Agricultural Import Origins-Regions, 2020 vs 2021

- In 2021, 35% of imports came from Europe, Africa & Asia, with Africa's share increasing from 19% in 2020 to 25% in 2021.
- Europe's share of imports declined from 43% to 35% in the respective years.

2020 **2021**





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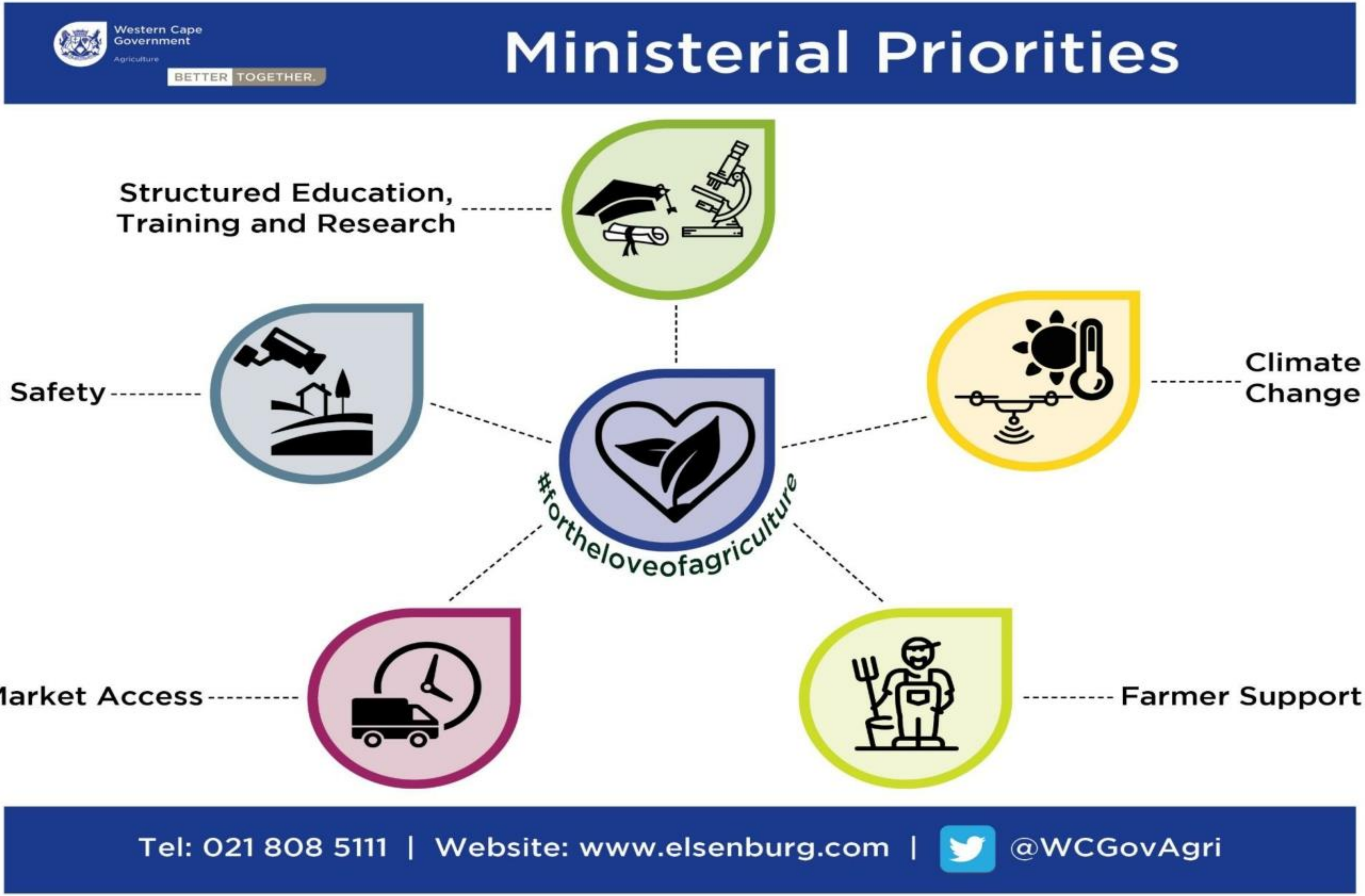
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Agriculture
BETTER TOGETHER.
Ministerial Priorities
Structured Education, Training and Research
Rural Safety
Climate Change
#fortheloveofagriculture
Market Access
Farmer Support
Tel: 021 808 5111 | Website: www.elsenburg.com | @WCGovAgri

Market Access Priority

- Market access is a critical variable in the growth of the agricultural sector and the WC economy, hence it is a ministerial and an apex priority for the province.

- The focus of the market access intervention is to increase exports of agricultural products by 5%, targeting mainly the growing and developing markets while also maintaining the traditional markets.

- The desired outcome is increased jobs and improved well-being of the people of the Western Cape.

Visit to Maputo Port

- Visit to Mozambique's port, where citrus from SA is exported.
- Maputo Port Development Company (MPDC) is a **National Private Company.**
- The **government holds 49% stake**, and Private companies, Grinrod, DP World and Portus indico the rest (51%).
- **MPDC holds the rights** to finance, rehabilitate, construct, operate, manage, maintain, develop & optimize the entire concession area.
- The company **has the powers of a Port Authority**, being responsible for maritime operations, piloting towing (tugboats), stevedoring, terminal & warehouse operations and the port's planning and development.
- Their **motto is" *Invest, develop and operate."***

Visit to Maputo Port (Market Access Priority)

- The Container part of the business is operated by D.P. World.
- 80% of the export through the port is S.A. based, mainly of mineral exports.
- They also partner with some S.A. companies, i.t.o. equipment. It is a matter of reliability and quality!
- Not a prerequisite that companies need to team up with Moz companies to do business with them.
- They have a port school with 4-5 heavy equipment simulators.
- In addition, the Port of Antwerpen provides skills training.
- The Maputo Port management believes in constant training and re-training of company staff.

KEY POINTS FOR THE PORT OF CAPE TOWN

- Importance of the Port of Cape Town for exports, and with that the associated impact on growth and jobs.
- The appropriateness of infrastructure, the capacity of staff & technological solutions.
- A well-functioning port, offers an opportunity for the growth of agriculture and the economy in general.
- The need to explore private sector partnerships to enhance the overall efficiency of the Port.
- The lesson from the Port of Maputo is evidence of how a structured partnership between State and a competent private sector partner can dramatically improve the functioning and strategic investments in the port.

QUESTIONS FROM THE FRUIT INDUSTRY IN THE WC

- What can be done to lbring Middle East Shipping lines back to the port of Cape Town? They pass CT because of ineffective functioning. Grape producers now have to send grapes by truck to Durban to export to the Middle East at R60 000 a load.
- What specific capital expansions are planned in the container terminal to provide capacity for agricultural products that have yet to come into production?

- What is the long-term outlook of inland ports?
- What is the planning in terms of "road-to-rail" initiatives?
- What is the Policy Framework regarding private sector participation of ports and related logistics?
- Transnet Port Terminals equipment deteriorated over the last 3 years and hampers port productivity. How will we ensure that there is sufficient budget available, and that it is spent on replacing ailing terminal equipment?
- We ask that PSP (Private Sector Participation) processes to be accelerated.


SA Maritime School
& Transport College
Freight Forwarding &
Customs Compliance
Freight Logistics
Driver Academy
Leadership Academy

Dankie

Thank you

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Economic Development and Tourism

PORT OF CAPE TOWN STAKEHOLDER DIALOGUE

Recent performance & PoCT high-growth scenario

Ilse Van Schalkwyk

20 January 2023

Presentation Outline

1. The Journey of Collaboration since Dec 2019
2. Action Research results
3. Proposed Way Forward

The Journey of Collaboration since December 2019

Context in **2019** was good rain after devasting drought.

Fruit and wine represent almost **50%** of WC exports.

Yields increased from improved rootstock.

Port congestion drove stakeholders **together**.

Consensus was reached on a need for collaboration & collective focus on top priorities.

Root causes of congestion were identified as:

a)**Institutional**, including poor logistics integration, communications, industrial relations, data and weak voice of cargo owners,

b)**No strategy** for cargo growth, seasonal peaks, high wind speeds and ranging,

c)**Congestion** of truck arrivals in the morning, with queuing on Marine Drive and Duncan Road.

The Journey Continued: Top 3 Priorities

1

Adequate operations of port & terminal equipment for growing cargo volumes:

- ✓ TNPA improved the marine fleet and are approaching zero marine delays
- ✓ Hydraulic tensioners installed in Nov 2022 to mitigate ranging
- ✓ TPT improved STS fleet to 9 and RTG's to 21. Industry is appealing for more RTG's

2

Improved communication in the Port Logistics value chain:

- ✓ WhatsApp groups and access to shift manager contact details are valuable to improve comm's
- ✓ Weekly operations co-ordination meetings with port and terminal managers promote collaboration
- ✓ Room to further improve real time multi-stakeholder communications

3

Transporter Congestion:

- ✓ Remains problematic – interfaces with all priorities
- ✓ Truck booking system is helpful, but requires fine tuning
- ✓ Night shift utilization improved to 17% in week of 5 Dec. Further improvement requires agency co-ordination.

The Journey Continued: Priorities 4-6

Data and Logistics Chain Integration:

4

- ✓ Excellent data parcels exist, but isolated at points of collection
- ✓ Data integration has started to improve management of seasonal cargo flow – refer to applied research
- ✓ Next step is improved interface between container terminal, cold stores, shipping lines and transporters

Comparative Best Practice Performance Indicators:

5

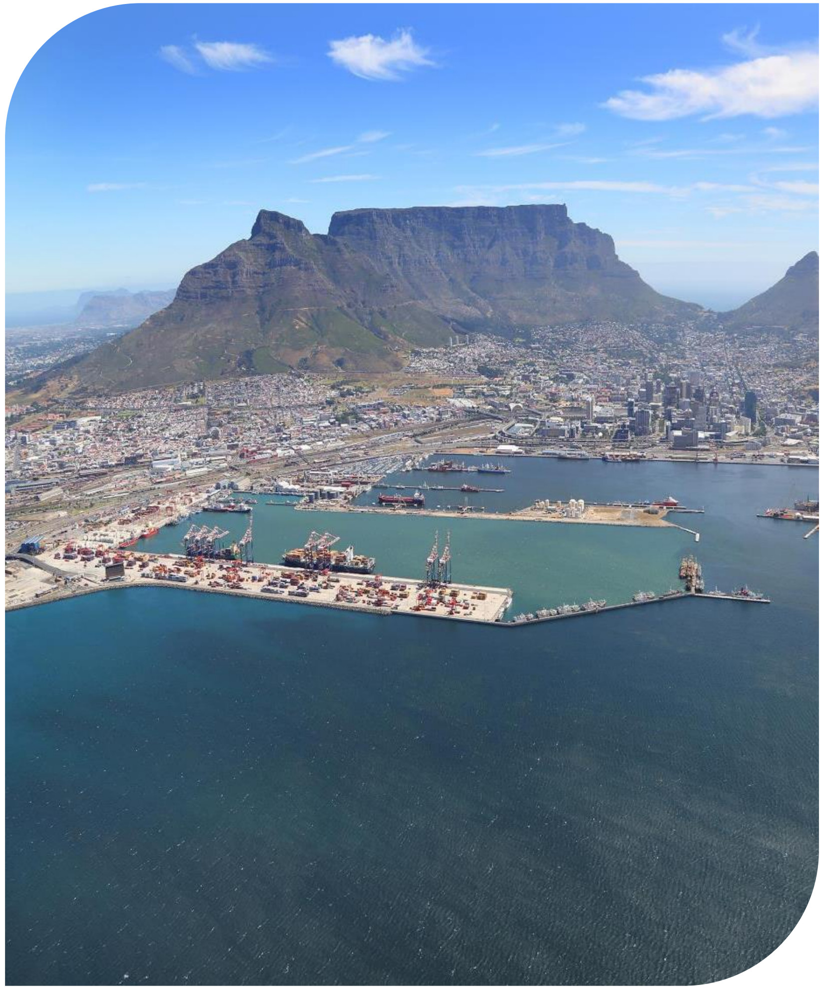
- ✓ Consensus is emerging on marine and terminal performance indicators (WTTB, VTAT, TEU's moved, SWH)
- ✓ Information is increasingly being provided, processed and discussed to improve performance/reduce delays
- ✓ Focus needs to expand to nodes in logistic chain beyond the container terminals

Inland Terminal Development:

6

- ✓ Belcon is an exciting opportunity. Slow to start, but pace can change in 2023
- ✓ Kraaifontein provides an additional option for the longer term
- ✓ Both options could trigger valuable shifts from road to rail

Action Research Completed

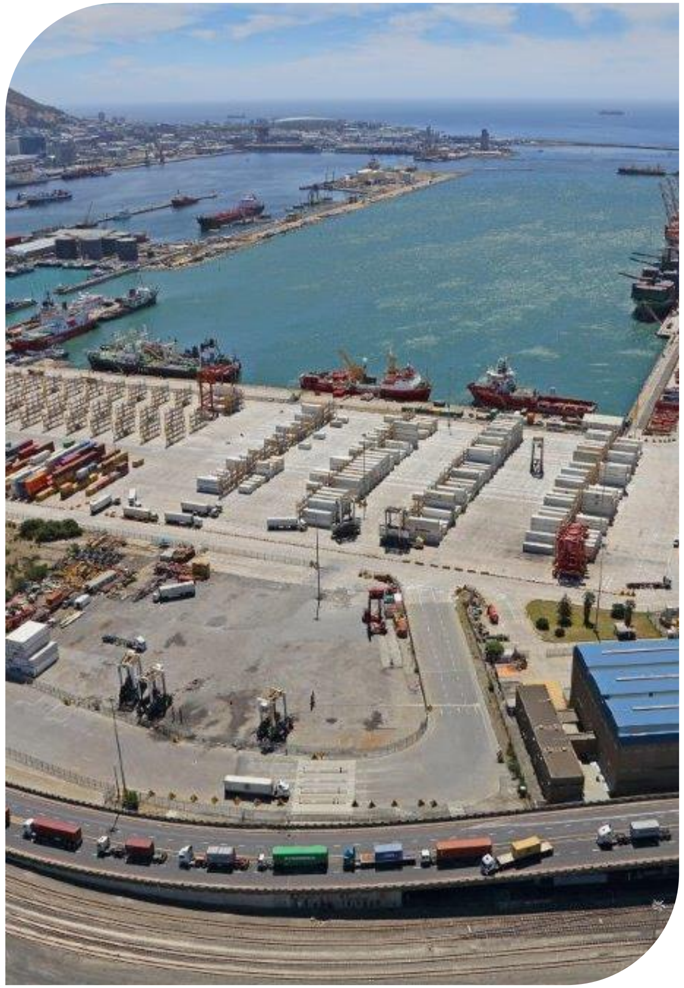


- Root cause analysis on transporter congestion.
- Enhanced the Western Cape FDM to understand growth in containerized cargo volumes per commodity until 2026.
- Deep dive to understand wine export trends and dynamics.
- Estimated the economic contribution of container terminals.

Action Research Completed (cont.)

Root Causes of Transporter Congestion:

- Wind/weather: 30%
- Gate closure, including shift change: **9%**
- Stack congestion and IT system failure: **4%**
- Unspecified, including terminal capacity limitations/operational availability of equipment – **57%**

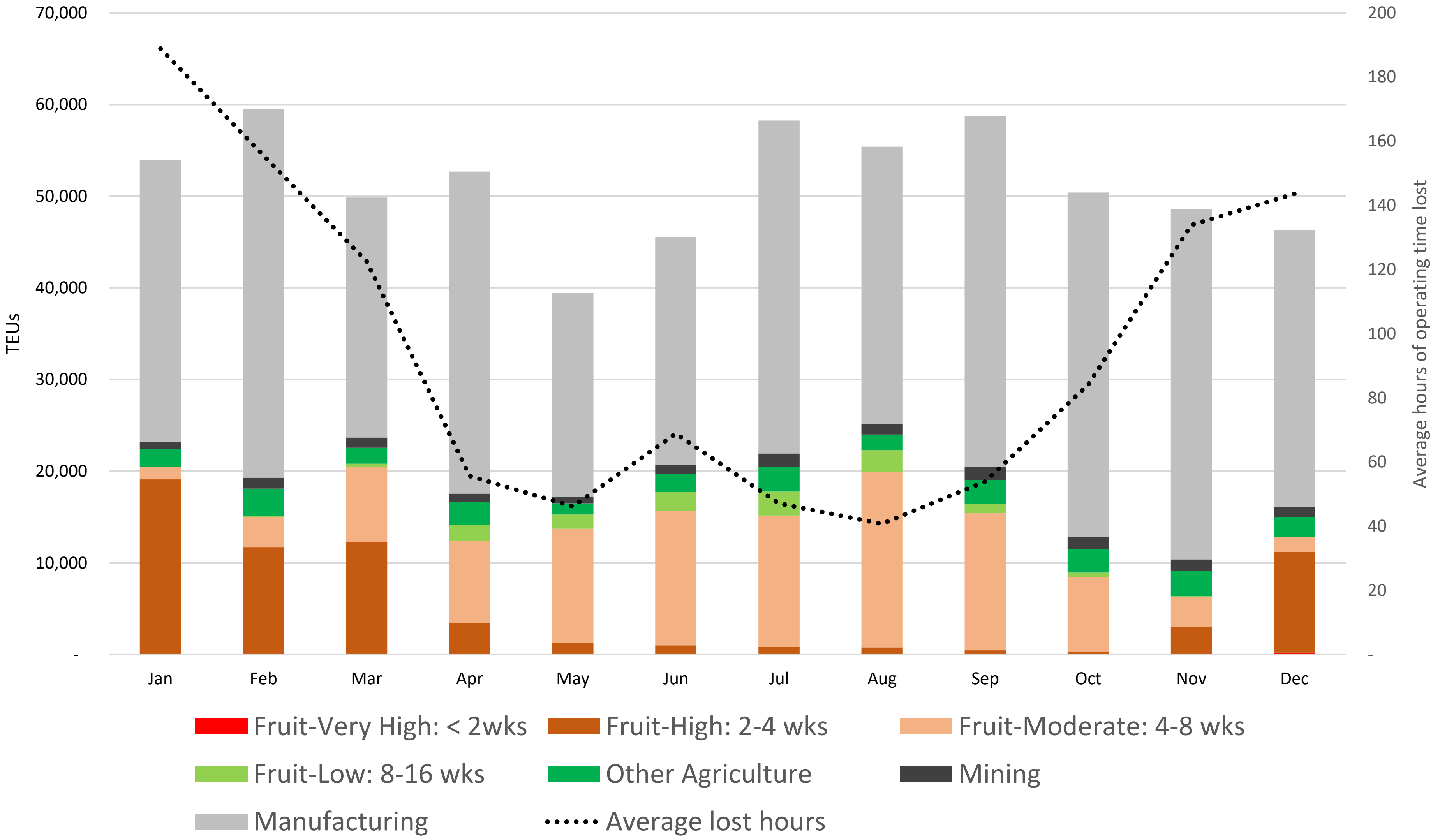


Recommendations:

1. Truck booking system –Oct '21- consider optimization (Completed)
2. Improve traffic control and driver behavior
3. Improve terminal capacity/performance (time lost on shift change)
4. Improve planning & communication among different members in logistics chain.

Action Research: Projected containerized cargo by 2026

High growth scenario: Anticipated Growth is 26%



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Action Research: Current & Expected Growth in Wine Exports

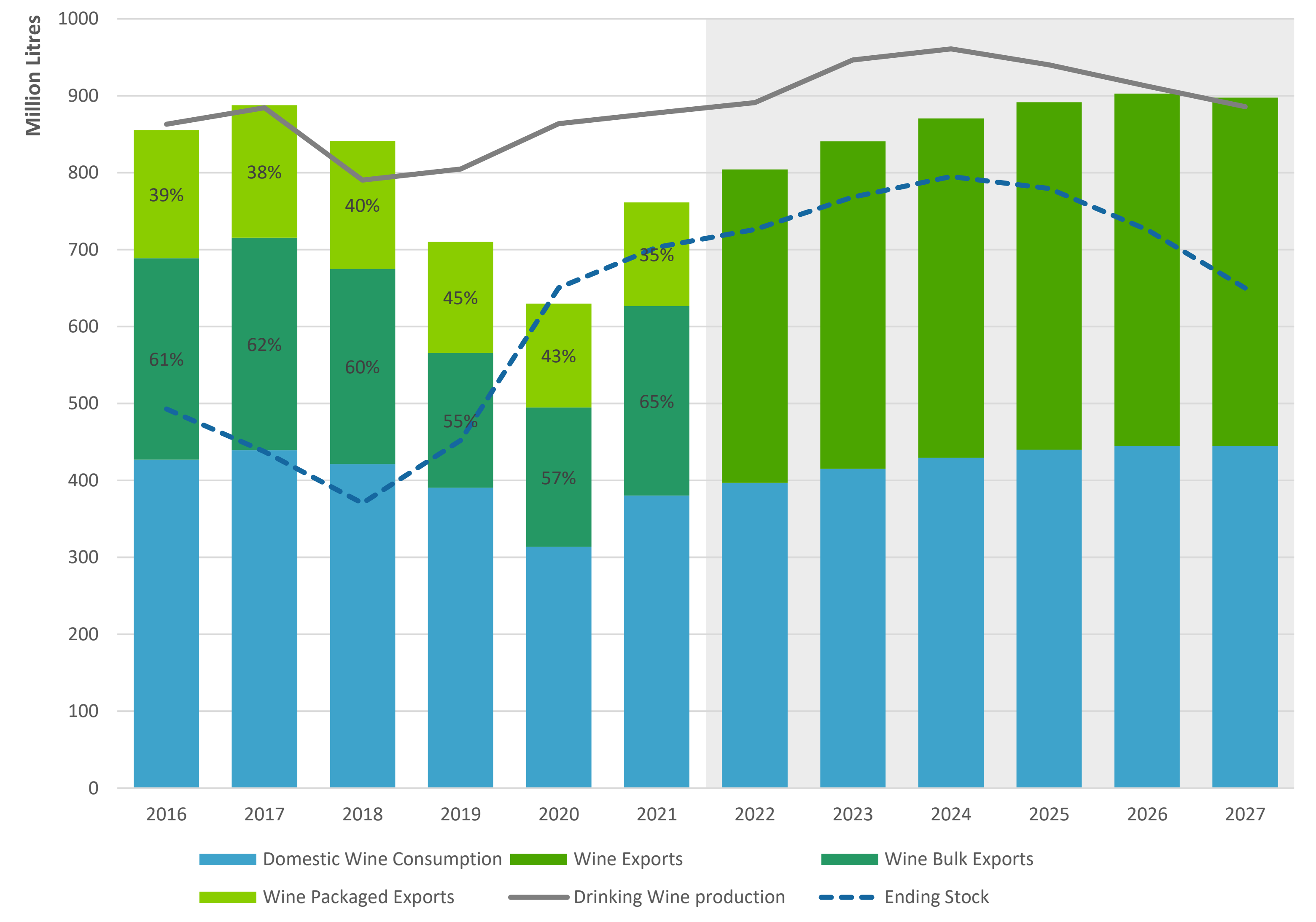
Wine exports are expected to grow until 2026, after the slump from 2019 to 2020. Volume growth in 2023 is expected to be 12%.

Exporters are concerned about terminal efficiency and vessels bypassing Cape Town.

Wine is less perishable than fruit and provides some opportunity for **logistics management** during off-peak periods for Port of Cape Town.

Wine export industry is well organized and should be engaged to develop **win-win export solutions**. Data intelligence can be improved via DALLRD WoL.

Stakeholders could collaborate to increase **joint export promotion** of wine related commodities.



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Action Research: Contribution of CT Container Terminals to WC Economy

It is estimated that container terminals contributed towards **R72.5 bn** of the GVA in Western Cape in 2021 (8.6%) and to the creation/sustaining of **225,000 jobs**. Taxes paid from these activities was almost **R20 billion**.

Difference between high and low growth scenarios for 2026 (at current prices) is as follows:

Indicator	High Growth	Low Growth	Difference
GVA R'bn	74.7	69.1	5.6
Jobs	240,000	220,500	19,500
Remuneration R'bn	32	29.9	2.1
Taxes Paid R'bn	21.8	20.2	1.6

DEDAT interventions are aimed at facilitating the **high-growth outcome** in collaboration with all agencies in the port logistics chain.

Proposed way forward

1

Build on what has worked. Intensify collaboration with TRANSNET/other stakeholders to synchronize & extend the logistics chain as a platform for further development.

2

Improve planning co-ordination between cold stores, container terminals, shipping lines & transporters. Mitigate wind disruption & optimize utilization of operational time.

3

Build on what has worked. Agree upon and jointly pursue appropriate performance targets, with the required resources.

4

Investigate suitable opportunities for private sector participation in the port logistics chain.

5

Collaboratively make the **best-case scenario** happen, with **26% export** and cargo growth by 2026; and **20,000 new jobs**.

Western Cape Government

Thank you

Port of Cape Town stakeholder dialogue

Dr Juanita Maree
Chief Executive Officer
South African Association of Freight Forwarders (SAAFF)

20 January 2023

About JOBS and ECONOMIC GROWTH…

“The Supply Chain is the continuous linking of activities that take place for the systematic movement of goods from place of origin to the place of final destination”

As defined by the World Customs Organisation (WCO)

THE LOGISTICS NETWORK IS THE CORE OF ANY SUPPLY CHAIN:

1. Time
2. Cost
3. Service Reliability

LOGISTICS is about JOBS and ECONOMIC GROWTH…

As a collective - Logistics serves all industries and every sector of the economy – the Architect of the Economy

Logistics touches all of humanity

A sector - first to show signs of economic stagnation in the national, regional and local context

First to show the signs of growth and expansion in economies through demand and supply - evidential in Logistics with the least lag

One of the First industries to shed jobs in a downturn or register demand for workforce and skills as the economy stabilises

At the forefront of automation

First line provider of measured economic indicators through stringent regulatory reporting

Shared infrastructure – Shared responsibility

SHARED RESPONSIBILITY

The Private Sector has called on the National Government to introduce a PUBLIC | PRIVATE PARTNERSHIP CLUSTER IN THE PRESIDENCY

President Ramaphosa said, “the State must create an environment in which the private sector can invest and unleash the dynamism of the economy” SONA, February 2022.

- South Africa needs the Supply Chain role players to function in a cohesive manner within an embedded multi-modal logistics network, operating smoothly.
- Our shared, fundamental mission is to protect the supply chain from disruption and insecurity.
- Adopting shared responsibility requires that, proactively and based on a structured, strategic, continuous dialogue model; the voices of all key stakeholders must be represented and present at the planning table.
- The introduction of an official consultative forum to drive reform is key to South Africa’s competitive positioning in world trade and continued regional leadership

The Supply Chain: Simplified

Pipelines | Conveyor | Linkage, behaviour

AIR · SEA · ROAD · RAIL

THE LOGISTICS NETWORK IS THE CORE OF ANY SUPPLY CHAIN	COST COMPETITIVENESS	TIME (UNDERPINNED BY TRUST)	SERVICE RELIABILITY
SHARED INFRASTRUCTURE	**SHARED** RESPONSIBILITY	**SHARED** MAINTENANCE	BEHAVIOUR TRACKING

The Supply Chain Fluid Ratio >>> impact key deliverables

Time

Cost

Resilience

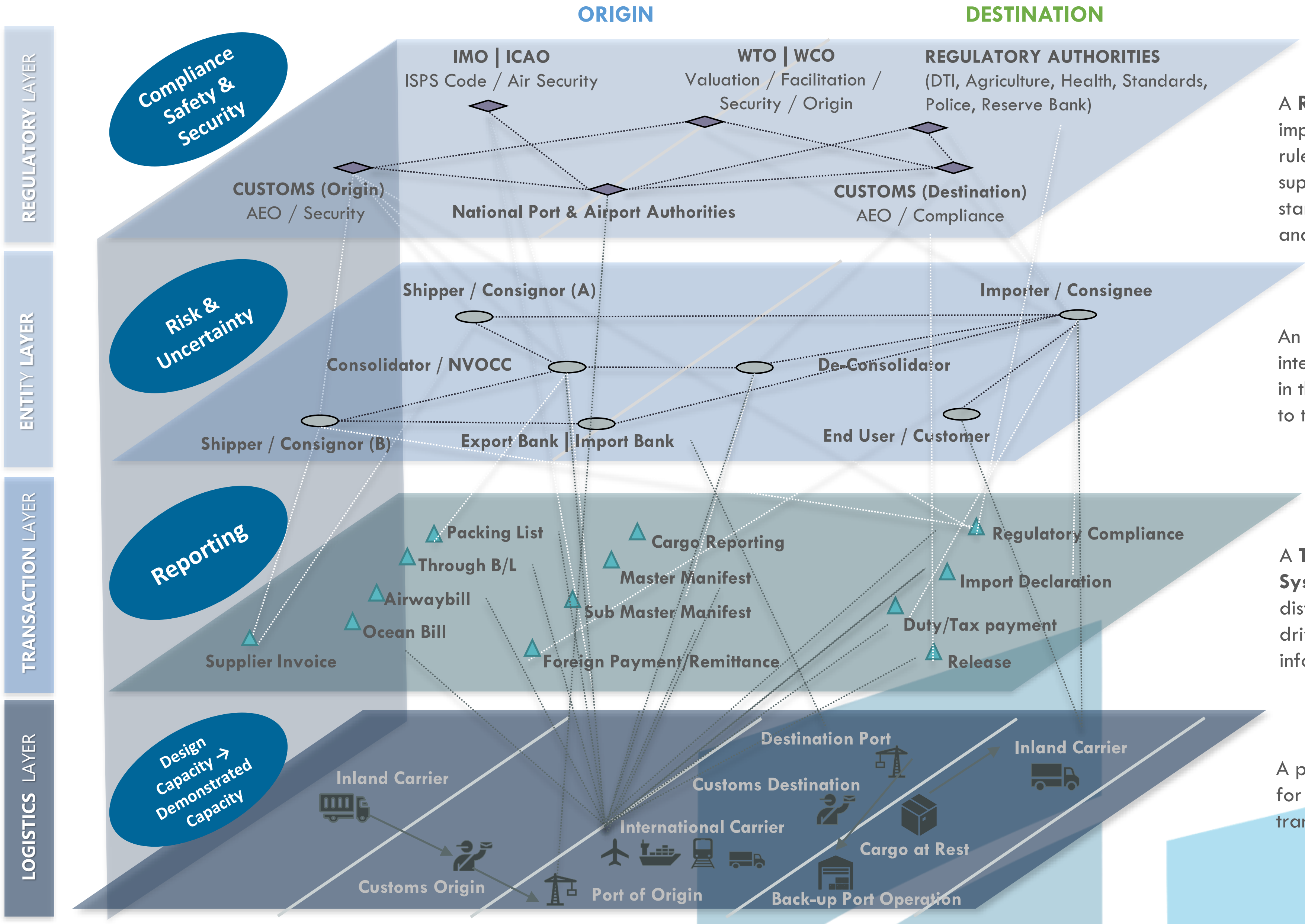
Sustainability

Understanding the Players and Transaction linkage in the Supply Chain movements

HOLISTIC VIEW: Inter-dependencies: Shared Infrastructure & Shared Responsibility. There needs to be Accountability concerning Transparent KPI Structures, with Real-Time Monitoring of Best Practices, Unlocking the Demonstrated Capacity to Support Trade & Trade Growth.

THE LOGISTICS NETWORK IS THE CORE OF ANY SUPPLY CHAIN:

1. Time
2. Cost
3. Service Reliability



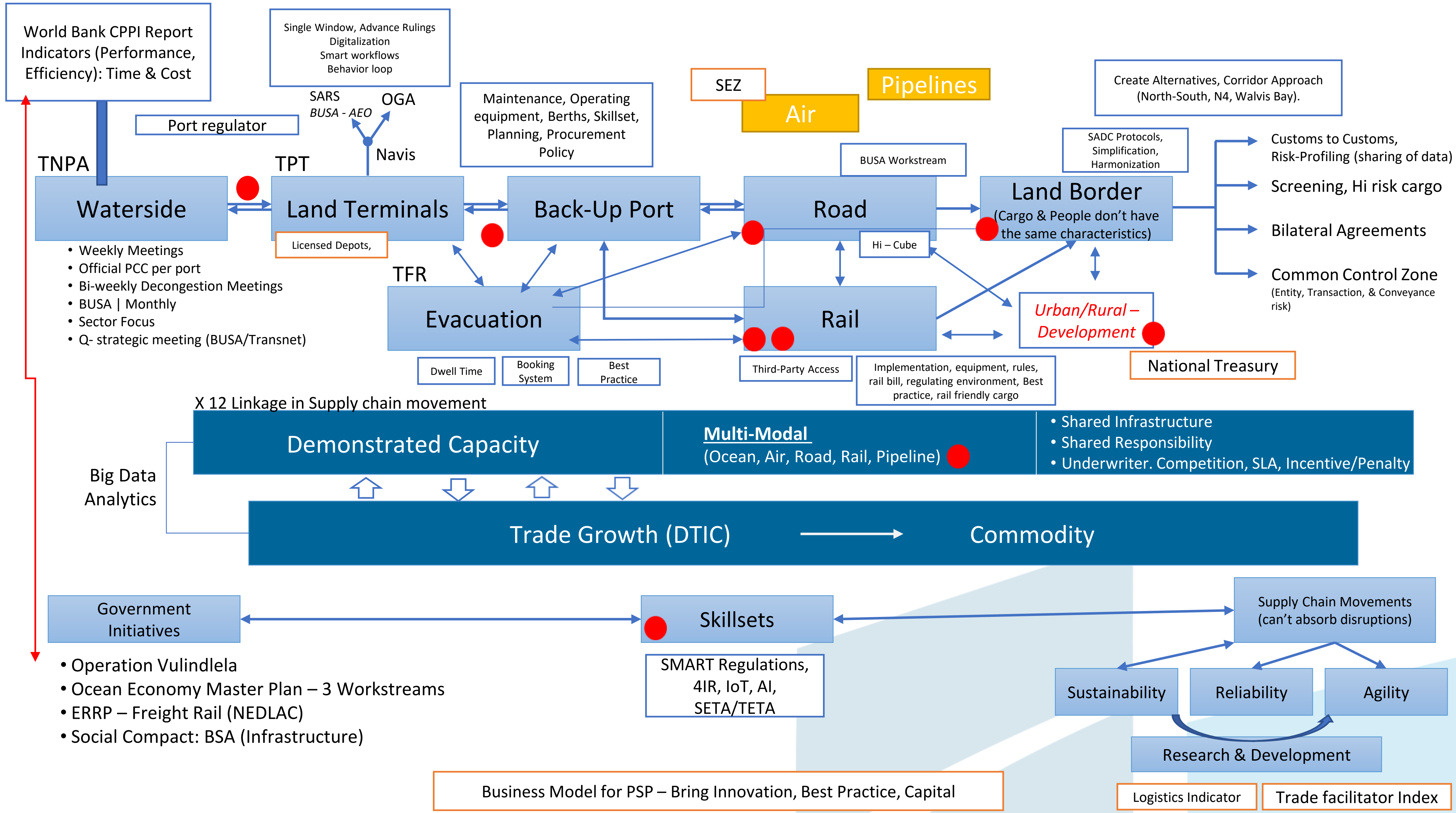
A **Regulatory System** that implements and enforces rules of behaviour within the supply chain through standards, penal provisions, and fiscal measures.

An **Entity System** which interconnects various actors in the supply chain according to their role/function

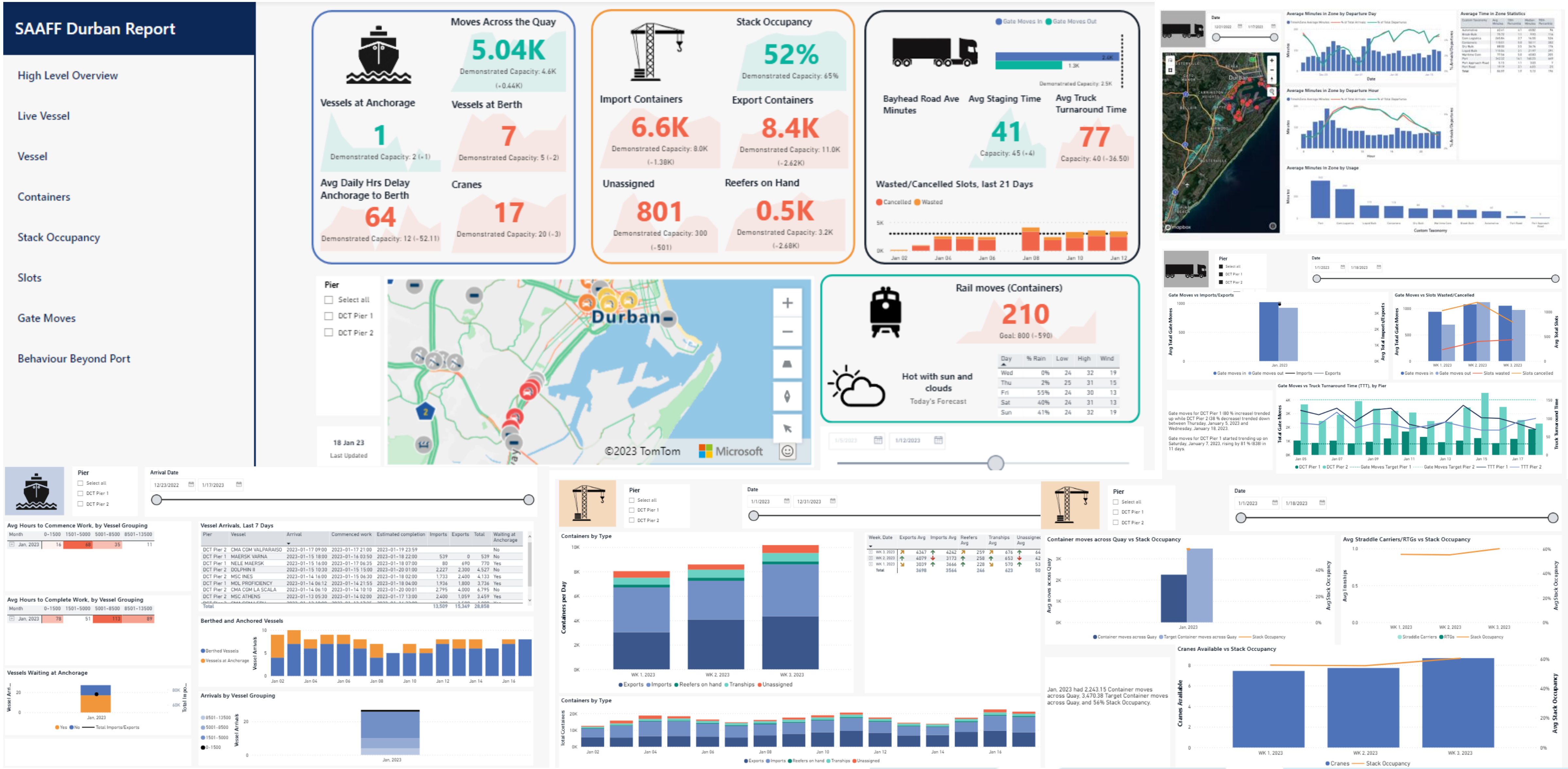
A **Transaction-based System** that procures and distributes goods that are driven primarily by information flows.

A physical **Logistics System** for the trans-national transportation of goods.

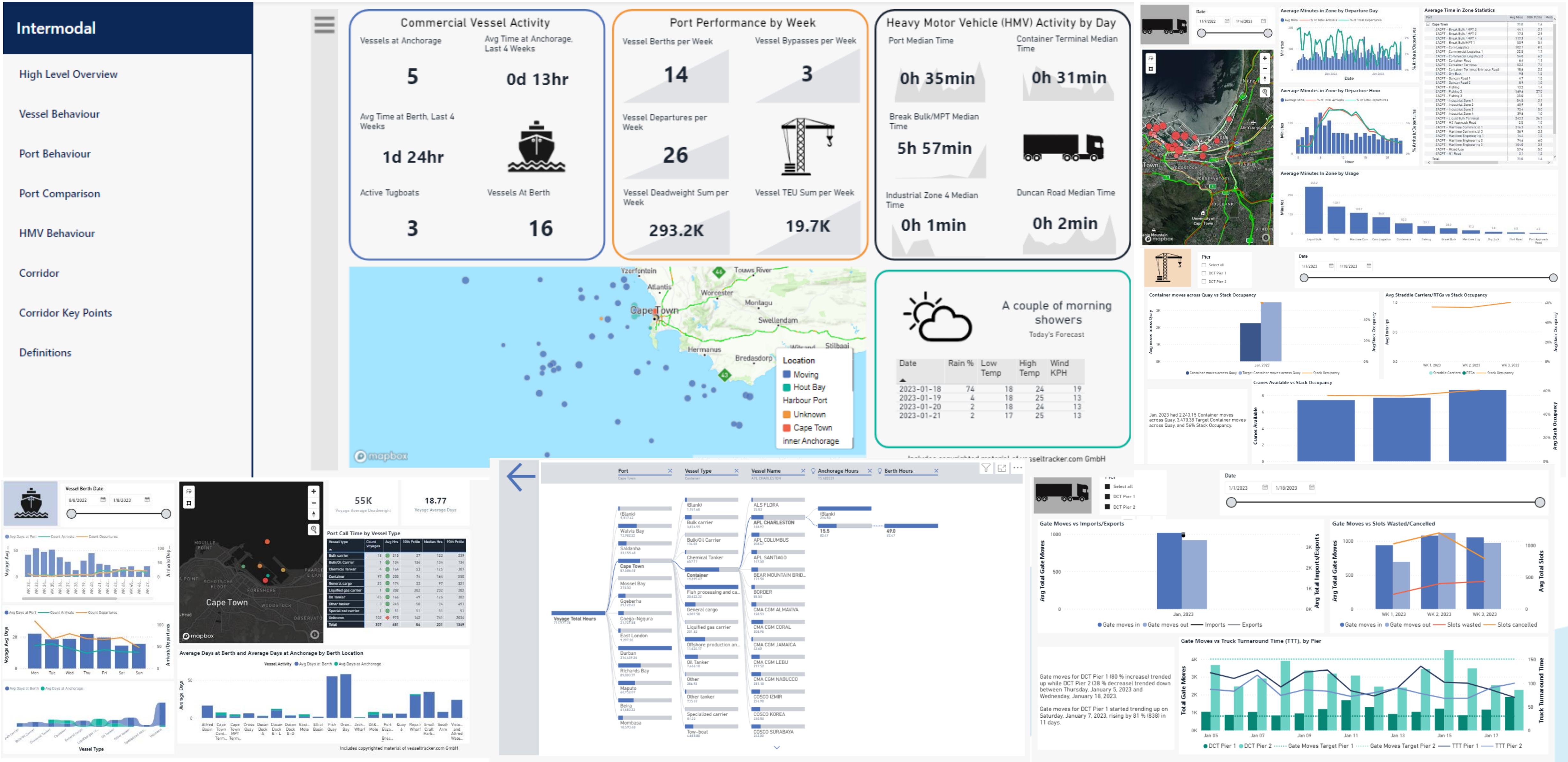
Logistics Network: Updated, with different focus…..



Durban Dashboard



Proposed Cape Town Dashboard



Demonstrated Capacity: Where are we?

What is the design capacity across all modalities?

Demonstrated capacity, across all modalities

GAP-5 parameter setting:
Time, Cost, Service Reliability, Risk, Predictability

How do we close the gap?

PSP (how will it look, lesson learned around the world)

World Models: Concession model, Open- Access model, Joint Venture model, Private Ownership model

SAAFF view: Hybrid, which is intended with an activity-based focussed approach

End-to-End perspective

CSIR – logistic Observatory

Three Pilot Projects:

N4 Corridor

Northern Cape

N2 – Richards Bay

SA Statistics

Peer reviewed articles and research projects

Uplifting SA Inc.
… what needs to be done!

SA inc. as a Supply Chain

THROUGHOUT THE SUPPLY CHAIN, THERE SHOULD BE PRIVATE PARTNERSHIPS BTW GOV AND BUSINESS

SA competes with the world and in the Africa Continent

Where barriers to optimal flow occur

We need to stitch the supply chain together for SA Inc.

Shippers

Customs

Port operation Air Terminals

Road and rail operators

Consignors/ consignees

Import
Export

South Africa is not growing!

The fluid ratio in supply chains

TEU ↗0,2% p/a
(GACR between 2009-2021)

BULK ↗1,9% p/a
(GACR between 2009-2021)

AIR ↘0,5% p/a
(GACR between 2016-2021)

Ref: Prof M Christopher Cranfield University (adapted for context)

From DAVOS … Global support for Africa possibilities

- It is good news from DAVOS this week, for Logistics, for Africa and, indeed, for South Africa **– as global enterprises declare their support for the African Continental Free Trade Area.** The World Economic Forum (WEF) meeting in DAVOS on Wednesday met to explore and discuss how global business can work with and support the African Continental Free Trade Area AfCFTA.

- In this recessionary environment, localisation and regional trade take the front seat, and Logistics is at the heart of the matter. It is common knowledge that trade in our Continent is slower than in other parts of the world. **The opportunity to boost intra-Africa trade could unlock quite a number of investments.**

- **It is estimated that some $3.4 trillion from across the world could be unlocked if the AfCFTA shows progress and commitment from the African members** and the AfCFTA picks-up momentum. At Davos this week, global companies agreed to back the FABULOUS AfCFTA plan.

The Logistics Network (Enable reforms)

Single Transport Independent Economic Regulator

Open-Access infrastructure model

Integrate the end–to–end supply chain movements

Intermodal infrastructure: Logistics network = SEZ

Thank You

Our Calling

"When the winds of change blow, some build walls, others build windmills."

Chinese Proverb

Proposed Way Forward

1. Build on what has worked. Intensify collaboration among stakeholders on three top priorities. (Equipment augmentation; communication and transporter congestion, with structures for escalation)
2. Integrated logistics planning, including wind mitigation and night shift utilization
3. Agree upon and jointly pursue appropriate good practice performance targets
4. Investigate suitable opportunities for private sector participation in the port logistics chain
5. Inland terminal development
6. Collaboratively make the best case scenario happen, with 26% export and cargo growth by 2026; and 20,000 new jobs
7. Establish full-time project management capacity to make all this happen