

South African reefer market soars due to high fruit demand

Even though 2016 saw the South African reefer (refrigerated cargo solutions) market contract by about 3% - largely due to lower crop yields of citrus caused by the severe drought - refrigerated container trade still makes up about 19% of total South African container exports.

This is according to Matthew Conroy, trade manager of Maersk Line Southern Africa, a member of Maersk Group.

He explains that the reefer trade sector connects South Africa's shopping trolley – the agriculture sector – to the rest of the world. "South Africa's moderate climate make it the ideal location for fruit farming, which makes up over 90% of total reefer exports.



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"The large majority of produce that gets exported via reefer containers from South Africa is fruit, consisting mainly of citrus and deciduous varieties. Citrus fruits such as lemons and oranges make up the bulk of this trade, accounting for about 58%, while deciduous fruits such as apples, pears and grapes make up around 35%. Citrus crops are sourced from throughout the country, while deciduous crops – particularly grapes – are found predominantly in the Western Cape."

In contrast

In contrast to the thriving reefer export trade, Conroy says that reefer imports for South Africa are very low. "Total reefer imports that South Africa receives are in single digits. Operationally, because of the imbalance, we actually bring thousands of empty reefer containers into South Africa just to service our strong reefer export market."

Conroy says that in terms of demand, the European continent receives close to 60% of South Africa's reefer exports, a market which has been very consistent over time.

"Our biggest importer region would be the EU, which receives around 35%, while the UK and Russia receive roughly 15% and 7% respectively. Other import regions include Asia (17%), the Middle East (16%), Intra-Africa (5%) and North America (4%). The market has experienced no major shifts in demand with this split having been largely the same over the past five years."

While South Africa is still experiencing extremely dry conditions in certain regions, Conroy concludes that moderate growth can be expected in 2017. "South African fruit is in high demand globally, so the market decline is more a reflection of the reduced crop output associated with the drought. As fruit farms are spread across the country and the drought has impacted each of these regions differently, the full impact of the drought on 2017 produce remains unknown. While this impact is very much dependent on water supply, our initial estimate is that there will be mid-single digit growth."

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