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Newsletter | September/October 2021



CEO's note

The agricultural sector and by extension the fruit industry, remains a beacon of hope for the economy that is reeling in the aftermath of COVID-19. This is thanks to the favourable weather conditions. Despite retracting from an all-time high of 75 in Q2, the Agbiz/IDC Agribusiness Confidence Index (ACI) of 65 for Q3 still portrays conditions for the country's agricultural sector as favourable.

And in light of ongoing logistical challenges, Public Enterprises Minister Pravin Gordhan's announcement in August that Transnet is looking for private investors to partner in the R100 bn expansion of the Durban port, is a welcome development. This partnership, Gordhan says, will increase the capacity of the Durban port to handle nearly 60% of the container traffic into and out of SA.

In anticipation of World Food Month, Fruit SA (and in fact, the entire industry) continues to maximise opportunities to boost nutrition amongst the vulnerable. In August Fruit SA partnered with DALRRD to donate nearly 3 tonnes of nutritious fruit to four NGOs in Gauteng. We thank all the producers who donated the fruit.

And at the time of writing, about 11.5% South African adults had been fully vaccinated against the COVID-19 pandemic, with 25% partially vaccinated. This is heartening progress that will hopefully expedite the restoration of economic activity and livelihoods for SA, as highlighted by Minister Didiza during her speech at Eastern Cape Agriculture Indaba. And from an industry perspective, the successful rollout of the vaccine will assist

in accelerating some of the market access activities that have come to a halt due to travel restrictions.

Then, I'd like to congratulate AJ Griesel and Theo Boshoff who have been appointed as CEOs of SATI and Agbiz, respectively, effective beginning of 2022.

And as the final quarter of 2021 looms, I wish you continued strength as we navigate COVID-19 and related challenges.

MARKET ACCESS



Above: Mono Mashaba, Market Development Specialist

The relevance of food systems

The UN Food Systems Summit 2021 took place on 23 September during the UN General Assembly.

The goal is to develop a global food system that will ensure access to good food to boost health, strengthen communities, power economies, and protect the planet.

Global demand for food correlates closely with the nutritional importance of fruit. In this vein, countries could benefit greatly from the liberalisation of trade leading to the opening of borders, which could produce several positive spin-offs in terms of the achievement of the summit goals.

A free flow of food without tariff and non-tariff barriers is critical.

Currently, the global food system operates in a difficult protectionist environment. Trade barriers are restrictive and impede easy access to affordable food, resulting in hunger and uneven food distribution. It's for this very reason that Fruit SA has been working to grow, retain and optimise markets for fresh fruit. Sadly, the protectionist policies in some countries have caused significant delays to market access applications. A case in point is the fact that many countries insist on individual per-product negotiations, with some products spending decades in the 'queue'. This protectionism is impacting negatively on food systems globally, and perpetuates global food disparities. Some countries also inflate import tariffs, rendering imported fruit more expensive and less competitive. This

automatically makes imported fruit inaccessible for the poor, and compromises demand. It also jeopardises the chances of the importing country growing its economy and strengthening its communities.

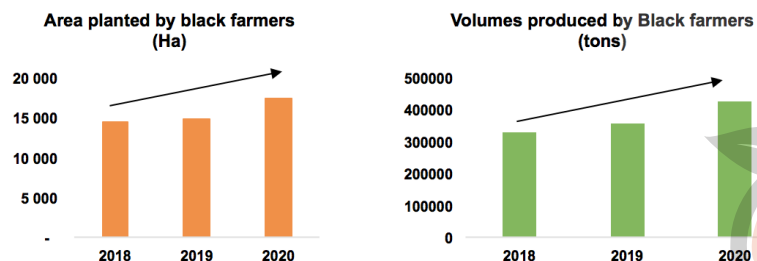
Fruit SA hopes that the outcomes of the UN Food Systems Summit 2021 discussions will continue to address these critical challenges:

- eradication of global food trade barriers to guarantee easy access to affordable and healthy imported food
- promotion of food trade that will lead to job creation, enabling accessibility to affordable food for ordinary citizens
- promotion of sustainable agricultural production.

Efficient processing of market access applications for fruit (and in fact, any other commodity) will facilitate much needed competition. Thereby, strengthening food systems globally to the benefit of governments, producers, labourers, consumers, and ultimately the vulnerable.

TRANSFORMATION

Fruit industry transformation strategy



Above: transformation progress to date its production

On 20 July Fruit South Africa (Fruit SA) hosted a session to review the Fruit Industry Transformation Strategy.

The session revealed major changes in the agricultural funding landscape. With a struggling economy and limited government funding, the industry will continue to seek innovative ways of integrating previously disadvantaged groups into the fruit value chain. It also aims to reach its 2038 goal of a fully transformed sector, with BEE producers contributing 30% of fruit, 30% of exports and 15% ownership across the value chain. Special attention needs to be given to young people, women and people living with disabilities; as well as the upliftment of fruit producing communities.

In tracking progress to date, an uptick in inclusive growth was noted. The area planted by BEE growers has increased by 21% to 17 480 ha since 2018, while production has increased by 29% to the current level of 424 702 tonnes. The number of Fresh Produce Exporters Forum (FPEF) member companies with black ownership increased from 13 to 15 between 2019 and 2020 (based on responses from FPEF members). Overall, about 8% of total land under fruit production is in the hands of BEE producers, virtually unchanged y/y.

The complete Fruit Industry Value Chain Round Table (FIVCRT) Annual Review can be viewed [here](#).

INDUSTRY

Excerpts from the BFAP Baseline 2021 report

The fruit industry was delighted to be part of the BFAP Baseline 2021 online launch on 17 September.

The purpose of the Baseline report is “to provide a clear benchmark or yardstick of current realities that can serve as a roadmap to pinpoint required interventions that will lead to an improved socio-economic state for the country and its people.” Rather than giving a forecast, it presents a useful benchmark of possible scenarios under a particular set of assumptions.

A call for a concerted effort to drive development in rural areas across the entire country is echoed in the report, whereby a diverse range of producers can be empowered to flourish.

Importantly, the report also points to the importance of transformation by supporting small scale farmers, and the significance of sustaining the commercial agricultural sector. Commercial farming operations of both white and black commercial farmers and corporate agribusinesses like the fruits, poultry and egg producers will continue to play a critical role in sustaining SA's largely urbanised population and economically important international trade balance.

Overall, expectations signal strong growth in the fruit industry on the back of expansion in hectares in most fruit types, and replacement of old cultivars with new high-yielding ones, especially in the table grape sector. Noting strong growth in blueberries production, BFAP is in the process of developing a sector and farm model for blueberries and this will be included in the 2022 baseline. It's worth noting that the the aforementioned growth will yield much needed job opportunities for the labour-intensive fruit industry.

Notwithstanding various caveats, real agricultural GDP could climb by up to 14% above baseline projections by 2030, the report states. In which case the total gross production value from agriculture could see a further uptick of R32 billion in real terms. While the share of black farmer output of production could increase to more than 20% in most of the industries where transformation has been trailing.

For 2021, BFAP expects further growth of 7.6% in real agricultural GDP, “underpinned by an expected bumper harvest for the major summer crops, sold at strong prices, as well as

record exports from major fruit sectors such as citrus, pome fruit and table grapes.”

The latest BFAP report and recordings can be downloaded [here](#)



Above: Buhle Ngidi

The industry needs the youth, and vice versa

Buhle Ngidi, born in Doordrift and raised in Jamestown, made Cape Town her home after having initially moved to Welkom with her family.

For her, the potential of achieving academic excellence made school “an exceptionally motivating experience.”

Upon starting her tertiary education, Buhle knew she enjoyed science, but had to choose between physiotherapy, a BSc degree in life sciences, and agri-science. But it was thanks to Monica Basson at Stellenbosch University that Buhle’s choice became clear: she invited the top 30 students who applied to study agri-science to see the different departments, including Babylonstoren. Monica also allowed them a glimpse into what agriculture entails. It was then that the agricultural field truly caught Buhle’s attention.

Buhle loves that through agriculture, she gets to learn about the environment, help feed people, and work outdoors (in most cases).

As for the future of agriculture and the importance of science for the industry, Buhle says: “I think it has to do with how our technology can improve productivity and create better working conditions. I also think it has to do with a move to a younger and more female industry. I see the integration of youth and the creation of easier entryways for young women to enter the agricultural industry as a definite way forward.”

“Science provides us with the reasons as to why things are implemented. It provides the foundation for our practices. Like chilling, science helps you understand why it happens, how it affects dormancy and what the farmer can do to adapt his practices for the best possible outcome for the crop. You don’t trim an apple tree to look a certain way because it looks nice, you do it for a reason. It’s these reasons that form the basis of our practices in agriculture.”

After graduating, Buhle wants to start working on a farm as a farm manager, and one day, a technical advisor. And her ultimate goal is to become a consultant, or to run her own farm. This way, she’d create jobs and be her own boss, Buhle gushes. She also wants to enroll for a PhD programme later on – after she’d gained sufficient knowledge and experience in the industry.



Lessons learnt, and staying the course

Notwithstanding much needed market access wins (e.g. Indonesia and the Philippines), the citrus industry has also learnt many valuable lessons in 2021 so far, not the least of which has been the power of pulling together.

Amongst the most important industry lessons learnt – and reflecting on the recent Transnet cyber attacks – Justin Chadwick singles out the importance of preparedness, but concedes that it’s virtually impossible to plan for absolutely everything.

On the back of the COVID-19 pandemic and resultant challenges, the industry has also navigated significant port tailbacks and container shortages – and citrus was hardly spared. This has had a direct impact on the export of fruit, and whether it arrives in its export destination in good nick. It takes on average 21 days for a container to leave South African ports, and another 16 days to arrive in Europe. This is due to container vessels’ long wait to call through the South African port system, caused by low productivity (amongst others).

“Assuming a stagnant (or even declining) volume of citrus shipments in conventional reefer ships going forward, reefer container demand could increase from 85 000 reefer units shipped in 2020 to 110 000 reefer units required by 2025,” says Mitchell Brooke from the CGA. This is a 30% increase. He also points out that 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. This is, unless there is a radical increase in new builds of reefer ships, he says.





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