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# Newsletter | Jan/Feb 2022


A distinct shift in landscape has been playing out globally and most definitely in the agricultural context, and we're all feeling it.

Climate change and the COVID-19 pandemic have resulted in various changes in the regulatory environment, the demands of which include strict compliance, robust risk mitigation and ongoing innovation. And focused adoption of digitisation has become mandatory for sustained growth.

In that vein, I am proud of the meaningful strides that the industry has made in migrating to paperless processing of information – an integral part of market relations. In this edition, we share an update from Sean Hay (General Manager: eCertification) that allows for a pause, to contemplate the way we've come. Srong partnerships, especially with the Department of Agriculture, Land Reform and Rural Development (DALRRD), have been instrumental in these achievements.

But while the industry still navigates economically the aftermath of the July 2021 unrest, we continue to explore alternatives that will hopefully make for seamless export of our world-class fruit. According to Hortgro's Jacques du Preez, apple exporters may opt for conventional reefer programmes in an attempt to circumvent possible challenges with containers. However, this is a more expensive alternative that hasn't yet been widely adopted. As for the long-standing debate about the transportation of high-cube containers on the roads of SA – as outlined in Regulation 224 (b) of the National Road Traffic Act (93 of 1996) – we remain hopeful for a speedy resolution. Having the Fresh Produce Exporters' Forum (FPEF) – on invitation from the Department of Transport – as part of a task team looking at road to rail opportunities for the fresh produce export industry is therefore, a real boon.

But despite various setbacks and warranted concern, we have to remain focused on our market access goals. One way of doing so is to stay informed regarding market dynamics: this year the virtual Southern Hemisphere Fresh Fruit Trade Congress will take place on 30 March, themed “The New Reality for Southern Hemisphere Fruit Exports”. Please save the date and register here.

We also look forward to attending Fruit Logistica Berlin on 5-7 April this year, after what has felt like an extended hiatus.

And who knows what the rest of this year will bring. All we can do is continue to pull together and sing from the same hymn sheet.

Take care.

## TRANSFORMATION

### Avocado maturity testing for the local markets

The South African Avocado Growers Association (SAAGA) remains focused on retaining and growing its avocado export markets, protecting its growers, maintaining consumer trust, and supporting emerging avocado growers. This is in line with Export Standards and Requirements set out by DALRRD for maturity standards under the section “Quality Assurance and Food Safety”.

In a quest to meet these standards, SAAGA transformation initiatives to assist emerging growers include:

**Subsidising maturity testing**

SAAGA has partnered with packhouses in Levubu and Letaba to grant registered emerging growers two free maturity testing opportunities. When the two opportunities are used, growers receive a discounted rate on additional testing.

**Educating emerging growers**

SAAGA follows a tailored approach to keep emerging growers informed. The growers are assisted with setting up of study groups in conjunction with government extension officers. The association also arranges on-farm and off-farm visits and mentorships; and runs a preharvest educational initiative that focuses mainly on overall timing, moisture testing and market standards?.

On 2 February, SAAGA and Prokon hosted a roadshow on fruit maturity and product grading. And as fruit in, for example, Levubu and the Soutpansberg are amongst the first to be ready for market, training was solely focused on this region. Training focus areas were maturity testing, readiness of avocados, and sizing and packaging; ensuring growers’ understanding of maturity testing was also high on the radar.

HORTGRO
Growing Fruit IQ

**Transformation evaluation in the Langkloof region**

In 2016 black producers were invited to request aid from the Jobs Fund and, after evaluation, everything from trees to tractors were granted to kick-start sustainable growth on these farms. The Jobs Fund Initiative (JFI) was launched as the Deciduous Fruit Development Chamber's (DFDC) commercialisation programme, to advance a group of smallholder farmers to commercial status.

On a recent monitoring and evaluation trip to the Langkloof – a year after the project had ended – Hortgro and the DFDC-SA visited some farms that formed part of this initiative, to assess progress. They were accompanied by representatives from Standard Bank, the Small Enterprise Finance Agency (SEFA) and Khula Credit Guarantee.

A snapshot of the team's findings appears below.

**JD Rovon**

The Jobs Fund Initiative (JFI) initially assisted the farm with funding to plant 6 ha of apples, a tractor and sprayer, as well as some production inputs. They have managed to reduce their debt and increase production. In fact, more bins were harvested in 2021 than in the previous year. And as for the persistent drought, fortunately, the farm has adequate water supply for irrigation of the orchards.

**Misgund-Oos**

Through the JFI the farm received assistance to plant 19 ha of pome fruit orchards. But due to devastating hailstorms in January last year, they suffered a 90% loss in production. Needless to say, cash flow is currently a challenge. But the coming season looks promising with a good harvest from the trees that were planted through the project.

**Mistico Trading**

A much-needed kick-start from the JFI enabled the planting of 20 ha of pome fruit orchards, with the harvest anticipated in the 2022 season. And through a joint venture with Humansdorp Co-op in 2019, Mistico Trading established an operating company – Mistico Farming Company – in which the 29 beneficiaries of Mistico Trading have 51% shares. However, increased profitability hinges on planned replanting of a certain hectarage on the farm.

**Rica's Fruit**

Situated on the farm Langfontein, this enterprise received JFI support to develop 20 ha of pome fruit orchards and to purchase seven tractors and sprayers. But the said hailstorm in January 2021 nearly decimated their entire harvest, severely compromising their yields and income. But a funding and marketing partnership with Golden Harvest as well as removal of low production orchards, present hope for financial recovery.

**Anhalt**

This farm received assistance to develop 16 ha of pome fruit orchards, and currently has 81 ha established. And despite steadily rising dam levels, farm manager Nico du Preez highlights water and old infrastructure as their biggest challenges. But fiscally, they're performing well and are expecting a good harvest in 2022.

**Hoë-uitsig Co-op, Ongelegen**

Though currently in financial distress due to the prevailing drought and the aftermath of hail damage in January 2021, a rising dam level is a boon. This enterprise is, however, in dire need of cash flow. Fortunately, emergency funding can be requested through the 50 Commercial Programme with the Western Cape Department of Agriculture. In the meantime, though, they're hanging in there.

**Tulpieskraal**

Another beneficiary of the JFI, Tulpieskraal was assisted to plant 8 ha of pears on their farm, and they now have 16 ha established. With no available land for further development, they wish to purchase the neighbouring 17-ha farm, when they're financially able. Their trees planted through the commercialisation programme will deliver its first harvest in the 2022 fruit season.

Overall, the sentiment amongst the evaluation team was one of admiration for beneficiaries' resilience, amidst gruelling – and often persistent – challenges.

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## MARKET ACCESS

**The market access agenda** (By **Dr Mono Mashaba,** Specialist Consultant: Market Development)

Challenges around accessing new markets have continued due to COVID-19, as outstanding sanitary and phytosanitary (SPS) verification visits still need to be undertaken by the Philippines and South Korea for table grapes, India for avocados and litchis, Japan for avocados, and Vietnam for citrus. Nevertheless, work relating to market access negotiations continues through exchanges of pest risk assessment (PRA) information between National Plant Protection Offices (NPPO) and ministerial letters.

But Fruit SA is thrilled about the signing of the pear protocol at the end of December 2021 between SA and China , opening the market for South African pears into China for the first time! Given that SA produces about 410 000 tonnes of pears annually, of which about 50.5% (210 000 tonnes) is exported, Hortgro projects on average, an additional 20% tonnage in exports as a result of this significant market access development. Thus, in the next 2 - 5 years SA will export about 40 000 tonnes of pears into China. And with effective marketing, Fruit SA foresees continued growth in years to come, with economic spin-offs like increased job creation and foreign exchange earnings.

Fruit SA is also poised to harness the successes of 2021 with a view to growing market access. Amongst the focus areas for this year is advocating for the adoption of new ways to process market access applications between

SA and its trading partners, given the persisting challenges relating to the pandemic; as well as continued garnering of relevant stakeholders' support (nationally and internationally), with ongoing collaboration a key priority.

## INDUSTRY

**eCertification (eCert) update (**by **Sean Hay,** eCert General Manager)

It took many hours of tireless work in a high-pressure development period for this much-needed industry platform to reach optimal operation: 400 000 total phytosanitary submissions (over 200 000 p.a.). And their customer base is happy. This achievement is largely due to a robust partnership between the fruit industry and DALRRD. Not forgetting the invaluable input from clients, which helps with continued system enhancement.

The eCert team did a good job of celebrating their second anniversary in November 2021. But they've also used this time to reflect: the inaugural platform, PhytClean (launched to the industry a few years ago), has advanced from a manual system to a fully digitised (paperless) operation on PhytClean V2.0. And TUR V2.0 (Tracking Unit Manager) launches in February this year.

Internationally, eCert has become a leader in its field, with many achievements that include:

- the digitisation of the phytosanitary certificate (ePhyto), preceded by an entirely paperless process
- digital signing and sending of ePhyto to the International Plant Protection Council (IPPC) hub and TRACES (the European Commission's digital certification and management platform for all sanitary and phytosanitary requirements)
- advanced security to build trust with SA's trading partners
- these updated features on the PDF phytosanitary certificate (ePhyto): an electronic PDF certificate that is digitally signed; a digital watermark; a QR barcode; a PDF 417 barcode; and an electronic signature and stamp on the ePhyto PDF.
- a National Plant Protection Organisation (NPPO) module that enables trading partner countries to log in and view their ePhyto data and certificates on the eCert platform.SATI's first crop estimate for 2021/22

Globally, industry growth and competitiveness hinge heavily on having the right programmes and processes in place. And PhytClean and eCert are amongst the initiatives that have continued to serve the industry well.

## Turning market share goals to Germany

South African blueberry growers have stepped up their promotional drive in Germany, highlighting the quality and sustainability credentials of their fruit.

The expected shipment from SA to Germany this season stands at 3 000 tonnes – a fraction of the country's exports to the EU amidst long-term plans to boost market share.

Location, a lower air and sea footprint, and various sustainability initiatives on farms make SA an attractive option for retail buyers and conscious consumers alike. "There are amazing varieties coming out of South Africa," said Elzette Schutte, Berries ZA Manager. "They have good size, the quality is exceptional, and they have a beautifully sweet taste. The climate makes the fruit very consistent, so consumers get the same quality experience each time."

South African exporters believe they have not yet fully tapped into the potential of the German market, but are looking to rectify that through trade media and digital and print advertising, highlighting SA's beautiful fruit and outstanding taste credentials. The campaign will be visible throughout the season and in the run up to the Fruit Logistica trade show in Berlin, where Berries ZA will be on hand to meet key industry contacts and develop new relationships.

Berry growers have signed up to the UN's Sustainable Development Goals and a number of projects are taking place across farms, including the use of renewable energy, reforestation strategies, biodiversity growth, and the implementation of detailed waste-reduction and recycling programmes. And socially, a series of projects is taking place to improve the lives of local farm communities, including the Ernita Sewing enterprise that provides sanitary products for women and girls who do not have access to them; on-site nurses at 13 production facilities to help engender better physical and emotional wellbeing; support for schools through financial contributions and kitchen-building projects; and the OZblu Academy, which provides both in-person and online educational opportunities.

"We run projects on several farms in collaboration with retailers and the growers themselves, aimed at uplifting and supporting the communities from which the farm workers come," explained BerryWorld SA Sales Manager Stefan Viljoen. "This includes building and maintaining crèches and a library, upgrading canteens and rest areas, and supporting education and medical initiatives." When German consumers buy and enjoy delicious South African blueberries, they are choosing fruit that have been produced with the utmost thought and care, he concluded.

## Mandatory citrus cold treatment

The CGA has written a letter to the EU SCOPAFF Plant Health Section representatives regarding their endorsement on 8 February of a draft amendment of Implementing Regulation (EU) 2019/2072, relating to the import requirements of false codling (FCM) on citrus from third countries like SA.

The draft amendment includes a mandatory requirement that all oranges from third countries in Africa and Israel be subjected to cold treatment for a minimum of 16 days, at a temperature ranging between 0 and -1°C. This new requirement will have a catastrophic impact on the more than 100-year citrus trade between Europe and SA (the most important source of citrus for the EU during the European summer, valued at over EUR 1 billion).

In particular, the amendment – if implemented – will prevent the import of all organic and non-chemically treated oranges, as well as several important cultivars that do not tolerate this temperature. This will result in significant gaps in the availability of excellent quality oranges to EU consumers through the European summer – a supply that they've come to rely on over decades. Thus, organic and non-chemically treated produce will no longer be available to EU consumers who represent the biggest demand for them.

The CGA letter appealed for opposition of the draft amendment of Implementing Regulation (EU) 2019/2072 on plant health grounds, according to which the proposed measure is contrary to the WTO SPS principle that the least trade-restrictive measure available should be applied. The letter also asked for a request to the European Commission to apply more proportionate, effective and – above all – readily available alternatives, following further consultation with SA.

The industry hopes for a constructive and objective resolution of this critical matter.